

February 18, 2016

To: The President
The Stock Exchange of Thailand

Re: 2015 operating results

We, Delta Electronics (Thailand) Public Company Ltd, would like to notify the Company's 2015 operating results based on its audited consolidated financial statements ended 31 December 2015 as follows.

Consolidated financial information		2015	2014	2013
Total assets	million baht	43,602	38,242	36,865
Total liabilities	million baht	13,044	11,076	11,539
Total shareholders' equity	million baht	30,558	27,166	25,326
Registered capital	million baht	1,259	1,259	1,259
Paid-up capital	million baht	1,247	1,247	1,247
Key financial ratios				
Liquidity ratios				
Current ratio	times	3.34	3.44	2.92
Quick ratio	times	2.71	2.80	2.24
Cash ratio	times	0.68	0.73	0.51
Receivable turnover	times	5.23	5.34	5.45
Average collection period	days	69	67	66
Inventory turnover	times	5.96	5.67	5.32
Average inventory turnover period	days	60	63	68
Account payable turnover	times	5.70	5.88	5.40
Average payment period	days	63	63	67
Cash Conversion Cycle	days	66	67	67
Financial data and profitability ratios				
Sales revenues	million baht	46,938	44,071	41,201
% change	(%)	6.51%	6.97%	1.04%
Gross profit	million baht	12,811	11,787	10,834
Gross profit margin	(%)	27.29%	26.75%	26.30%
Operating expenses (include Research and Development)	million baht	6,599	6,381	6,110
Operating expenses to sales	(%)	14.06%	14.48%	14.83%
Operating profit margin	(%)	13.23%	12.27%	11.47%
Other income to total revenues	(%)	2.20%	2.23%	2.74%
Net profit	million baht	6,714	5,943	5,416
% change of net profit	(%)	12.97%	9.74%	24.57%
Net profit margin	(%)	14.30%	13.49%	13.14%
Net profit to total revenues	(%)	13.99%	13.18%	12.78%
Return on Equity	(%)	23.26%	22.76%	22.78%

Consolidated financial ratios		2015	2014	2013
Operating efficiency				
Return on assets	(%)	16.41%	15.83%	15.49%
Return on fixed assets	(%)	161.08%	147.51%	128.20%
Asset turnover	times	1.17	1.20	1.21
Financial Policy Ratios				
Debt to Equity	times	0.43	0.41	0.47
Interest coverage	times	248.18	114.10	82.17
Dividend payout	(%)	57.60%	62.97%	62.19%

* Pending for approval from the 2016 annual shareholders' meeting

Operating results for the year 2015, 2014, and 2013

Unit: Baht million

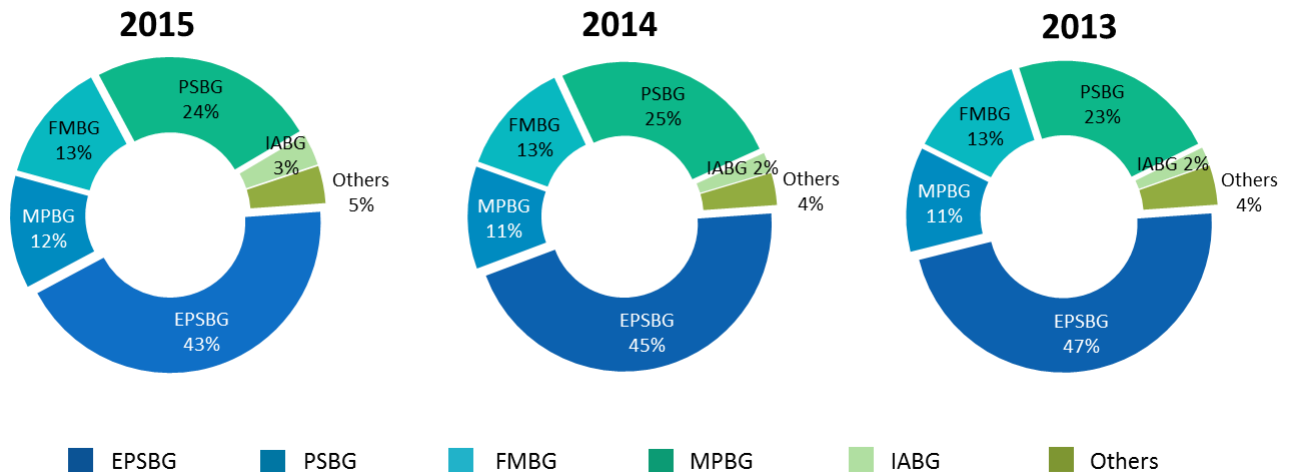
	2015	%	2014	%	Increase (Decrease)	%	2013	%	Increase (Decrease)	%
Revenue from sales and services	46,938.2	100.00	44,071.4	100.00	2,866.8	6.50%	41,201.3	100.00	5,736.9	13.92%
Cost of sales and services	34,127.2	72.71	32,283.9	73.25	1,843.3	5.70%	30,367.3	73.70	3,759.9	12.38%
Gross profit	12,811.0	27.29	11,787.5	26.75	1,023.5	8.70%	10,834.0	26.30	1,977.0	18.25%
Operating expenses	6,599.4	14.06	6,380.6	14.48	218.8	3.40%	6,110.1	14.83	489.3	8.01%
Operating profit	6,211.6	13.23	5,406.9	12.27	804.7	14.90%	4,723.9	11.47	1,487.7	31.49%
Other income	1,055.0	2.25	1,006.3	2.28	48.7	4.80%	1,158.9	2.81	(103.9)	-8.97%
Other expenses	238.6	0.51	314.9	0.71	(76.3)	-24.20%	354.7	0.86	(116.1)	-32.73%
Share of profit from investment in an associated company	0.0	0.00	2.2	0.00	(2.2)	-100.00%	17.8	0.04	(17.8)	-100.00%
Finance cost	39.4	0.08	72.7	0.16	(33.3)	-45.80%	62.8	0.15	(23.4)	-37.26%
Profit before income tax	6,988.6	14.89	6,027.8	13.68	960.8	15.90%	5,483.1	13.31	1,505.5	27.46%
Income tax expense	274.8	0.59	84.7	0.19	190.1	224.40%	67.4	0.16	207.4	307.72%
Net profit for the period	6,713.8	14.30	5,943.1	13.49	770.7	13.00%	5,415.7	13.14	1,298.1	23.97%

Breakdown of sales revenues by business group

Product Group	2015		2014		2013	
	revenue	%	revenue	%	revenue	%
Power Electronics Group	32,050	68.3%	30,464	69.1%	29,306	71.1%
EPDBG (Embedded Power Supply)	20,329	43.3%	20,006	45.4%	19,448	47.2%
- DC-DC Converter	2,695	5.7%	3,481	7.9%	4,067	9.9%
- Power Supply for Computer & Networking	4,854	10.3%	5,191	11.8%	4,455	10.8%
- DES Power	11,528	24.6%	9,774	22.2%	9,631	23.4%
- Power Supply for Automotive	1,252	2.7%	1,560	3.5%	1,295	3.1%
MPBG (Mobile Power)	5,668	12.1%	4,939	11.2%	4,675	11.3%
FMBG (Fan & Thermal Management)	6,053	12.9%	5,519	12.5%	5,182	12.6%
Energy Management Group	13,015	27.7%	12,061	27.4%	10,224	24.8%
PSBG (Power System)	11,429	24.3%	11,118	25.2%	9,346	22.7%
- Telecom Power Solutions (TPS)	10,321	22.0%	9,852	22.4%	8,214	19.9%
- Uninterruptible Power Supplies (UPS)	1,052	2.2%	1,169	2.7%	1,118	2.7%
- Wind Power	56	0.1%	98	0.2%	15	0.0%
IABG (Industrial Automation)	1,584	3.4%	942	2.1%	784	1.9%
AEBU (Automotive Electronics)	3	0.0%	1	0.0%	94	0.2%
Smart Green Life Group	318	0.7%	568	1.3%	521	1.3%
Others	1,555	3.3%	978	2.2%	1,151	2.8%
Total Sales Revenues	46,938	100.0%	44,071	100.0%	41,201	100.0%

Note

- Power Electronics business comprises 1) EPSBG Product Group (e.g. Power Supply for storage devices in Computer and Networking system, Customized design Power supplies, Power Supply for Automobile and DC-DC converter); 2) MPBG Product Group (e.g. charger/adaptor for both industrial and personal use, broadband, and printer); and 3) FMBG Product Group (e.g. cooling fan, EMI filter and Solenoid)
- Energy Management business includes Power Systems for Telecom Power Solutions (TPS), Uninterruptible Power Supplies (UPS), and automatic equipment for industrial sector (Industrial automation)
- Smart Green Life business includes Display products and LED lighting



In 2015, consolidated sales revenue increased to 46,938.2 million baht or 6.5% from 44,071.4 million baht in 2014, and 13.9% from 41,201.3 million baht in 2013, driven by sales growth of power electronics and energy management businesses, as shown in the table of sales breakdown above. In 2015, sales were generated mainly in US dollars, euros and Indian rupees, respectively. Thai baht depreciation against USD has positively affected the increase in this year's sales revenues.

The growth in sales revenues of power electronics business was particularly contributed by MPBG products which rose 728.9 million baht or 14.8% from 2014 and 992.8 million baht or 21.2% from 2013. This is mainly due to continuing sales growth of power supplies products used in power tool equipment following the resumption of construction sector in developed countries (especially in America and Europe) post economic recovery. The Company took this opportunity to capture the growth in market demand by developing new models to support cost reduction, enhance energy efficiency and product's applications.

Sales of high end power supplies with customized design also increased 1,754.0 million baht or 17.9% from 2014 and 1,897.2 million baht or 19.7% from 2013. These sales growths were mainly driven by products for Server, Networking and Telecom devices (SNT), especially in the US market where expansion of information technology and internet spurs demand of bulk power supply for high end servers. With the Company's core competency in high energy efficiency power supplies, the Company therefore could offer the energy- efficient power supplies in various sizes and applications to serve the demands in several market segments. On the contrary for DC-DC converter, change in market demand caused its sales declined by 786.2 million baht or 22.6% from 2014 and 1,372.5 million baht or 33.7% from 2013. The Company then turned to

focus on Industrial channel business in a bid to stimulate sales in this segment. Sales revenues of Energy Management business also increased, driven by the power systems used for Telecom Power Solutions, whose sales grew by 469.0 million baht or 4.8% from 2014 and by 2,107.4 million baht or 25.7% from 2013. Thanks to the continued expansion of 4G LTE network communication systems in India. Again, further product development to meet the new requirements of Indian customers has also helped continually extend Telecom Power sales. Meanwhile, sales of Smart Green Life business were relative light as it was still new to the market and sales of display products experienced a decline.

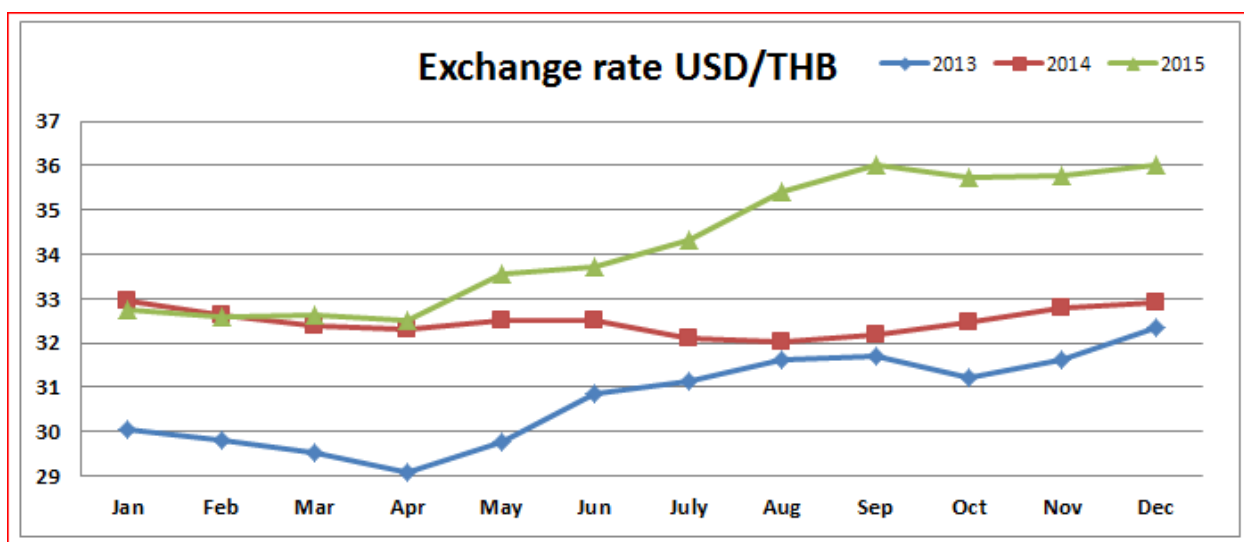
Sales revenues breakdown by geographic location

In 2015, sales revenues from the North America market, contributing 32% of total sales, saw a marginal increase from 2014 and 2013. Key market in this region is the United States, where sales improved in accordance with economic recovery. Sales in Asia, 39% of total, declined from 2014 but increased from 2013. China and India played a key role in Asia. Sales in India steadily increased from 2013 to 2015 while sales in China declined during the last two years because of economic slowdown. However, sales in Europe increased from 2014 and 2013, driven by higher sales in Germany.

Other income

Other income worth 1,055.0 million baht in 2015 consists of the following key items;

- Interest income of 224.2 million baht, increased 14.1 million baht from 2014, in relation to higher operating cash flow worth 2,311.8 million of the company and its subsidiaries
- Foreign exchange gains worth 412.1 million baht increased from 231.1 million baht in 2014 and 271.5 million baht in 2013 due to depreciation of exchange rate from 32-33 baht per US dollar in 2014 to 32-36 baht per US dollar in 2015*. Nevertheless, the Company had foreign currency exposure fully hedged on each currency's net position to minimize potential impact from exchange rate fluctuation.



*Source: Bank of Thailand

Cost of sales and expenses

In 2015, cost of sales accounted for 72.7% of total sales, below the level in 2014 and 2013 of 73.3% and 73.7%, respectively. Cost of sales was mainly in the US dollar currency, Thai baht, Indian rupee and euro respectively.

Given the relatively high proportion of raw material cost of approximate 78% of cost of goods sold, the Company emphasized on managing risk of raw material prices by sourcing materials from a number of raw material suppliers with diversified sources from various regions around the world. Substitution is also an alternative in order to obtain raw materials at a reasonable price and to minimize shortage risk. In addition, the Company has also adopted value engineering to help lower the production costs by improving the product design and production process. There is an ongoing intense campaign to reduce energy consumption to lower production costs as well as preserve the environment.

In 2015, selling and administrative expenses (including research and development – R&D) increased as selling expenses (mainly commission and sales personnel expenses) rose by 223.0 million baht from 2014 or 3.4% in relation to sales rise, but at a lower rate than growth of sales. As a result, selling and administrative expenses to sales ratio declined to 14.1%, from 14.5% in 2014 and 14.8% in 2013.

Financial costs or interest expenses worth 39.4 million baht decreased 33.3 million baht or 45.8% from previous year. This is because in 2014, to enhance business growth, the Company's subsidiary in India used short term loans from financial institutions to support its working capital.

Corporate income tax of 274.8 million baht increased 190.1 million from 2014, in relation to profitability improvement of the Company and subsidiaries.

Net profit

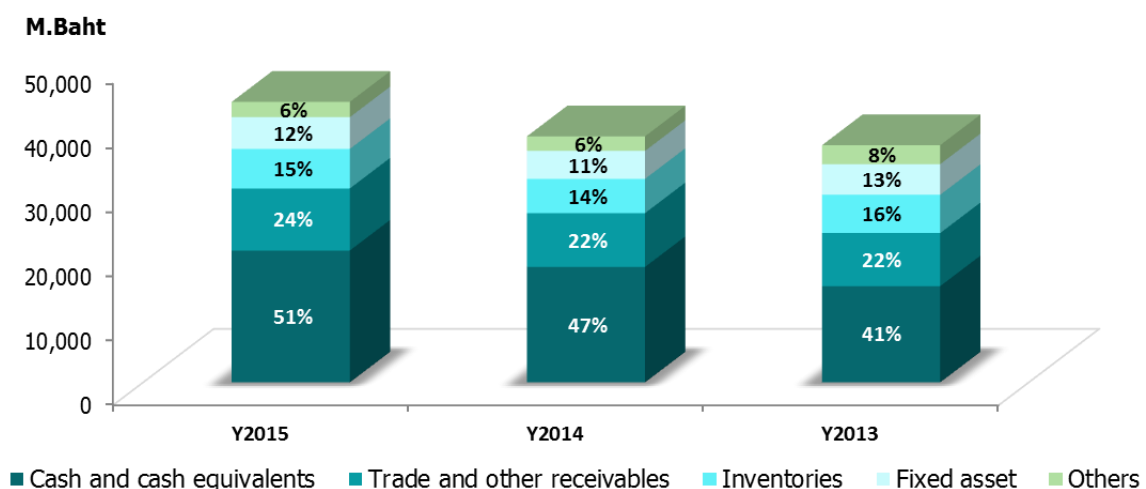
The Company managed to maintain gross margin in 2015 at satisfactory level of 27.3%, a slight improvement compared to the level in 2014 of 26.8% and in 2013 of 26.3%. Combined with further decline of selling & administrative expenses (including R&D), operating margin rose to 13.2%, respectively from 12.3% and 11.5% in 2014 and 2013. Consequently, net profit in 2015 increased to 6,713.8 million baht, a 13.0% and 24.0% from 2014 and 2013 respectively. Earnings per share rose to 5.38 baht, from 4.34 baht in 2014 and 4.76 baht in 2013.

Asset management

As at 31 December 2015, the Company had total assets worth 43,601.7 million baht, a 14.0% rise from 2014 of 38,241.8 million baht and 18.3% hike from 2013 of 36,864.7 million baht. Return on assets boosted to 16.4%, from 15.8% and 15.5% in 2014 and 2013 respectively, in relation to the higher net profit for the year. Major assets and the changes in those assets are as follows;

							2015 VS 2014		2015 VS 2013	
	31-Dec-15	%	31-Dec-14	%	31-Dec-13	%	Increase (Decrease)	%	Increase (Decrease)	%
Cash	20,488.0	47.0	17,931.3	46.9	14,952.8	40.6	2,556.7	14.3%	5,535.2	37.0%
Trade and other receivables	9,654.2	22.1	8,370.7	21.9	8,254.1	22.4	1,283.5	15.3%	1,400.1	17.0%
Inventories	6,141.3	14.1	5,320.2	13.9	5,949.1	16.1	821.1	15.4%	192.2	3.2%
Property, plant and equipment	4,941.9	11.3	4,361.3	11.4	4,766.8	12.9	580.6	13.3%	175.1	3.7%
Other assets	2,376.3	5.5	2,258.3	5.9	2,941.9	8.0	118.0	5.2%	-565.6	-19.2%
Total Assets	43,601.7	100.0	38,241.8	100.0	36,864.7	100.0	5,359.9	14.0%	6,737.0	18.3%

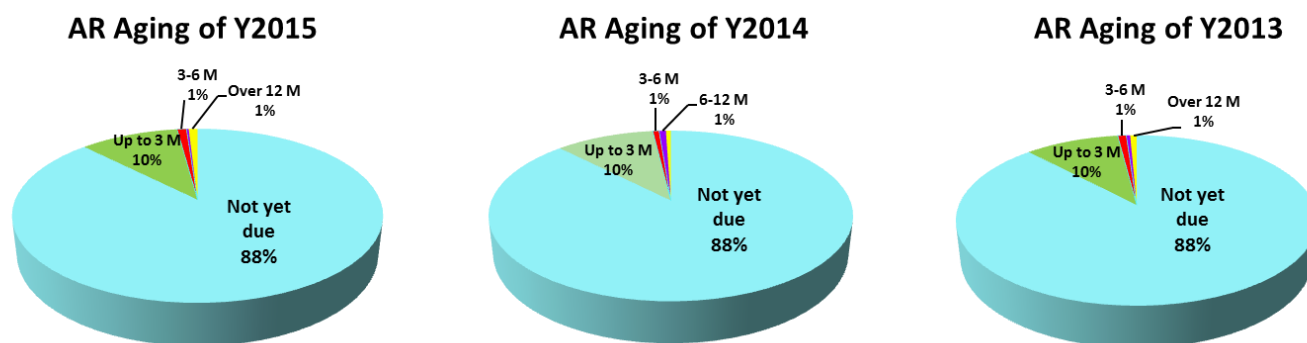
Breakdown of assets in 2013, 2014, and 2015



- **Cash and bank deposits** as at 31 December 2015 amounted to 20,488.0 million baht, increased 2,556.7 million baht or 14.3% from 2014 and 5,535.2 million baht or 37.0% from 2013, in relation to the improved operating results. Cash Conversion Cycle in 2015 was 66 days, a slight improvement from 67 days in both 2014 and 2013 and this reflected continuing strong liquidity of the Company. Average collection period which is paired with average payment period to trade payable helped balance liquidity. Current ratio consecutively increased for the fifth year to 3.34 times in 2015, respectively from 2.61, 2.79, 2.92, and 3.44 times during 2011 to 2014. So as to further increase of quick ratio of 2.71 times in 2015, respectively from 1.84, 2.11, 2.24, 2.80 times during 2011 to 2014.

- **Net trade receivables** as at 31 December 2015 of 9,654.2 million baht rose 15.3% from 2014 and 17.0% from 2013, due to higher sales of the products under “Delta” brand which the Company wanted to promote the brand awareness. However, collection period for this business is slightly longer than ODM’s, but remains in an acceptable range for normal business operation. Nevertheless, the Company and its subsidiaries closely monitored and actively managed receivables by consistently assess customers’ financial position. To counter with risk from collection of receivables, the Company insures receivables with a world leading insurance company as well as conservatively set aside allowance for doubtful accounts. Receivables passed due by more than 15 days will be allowanced at a rate of 0.5% and at a higher rate for the longer aging. As at 31 December 2015, the Company and its subsidiaries recorded allowance for doubtful accounts totaled 157.2 million baht, increased from 2014 and 2013 of 131.4 million baht and 156.4 million baht, respectively. Of the total receivables, the amount not-yet-due accounted for 87.6% and average collection period in 2015 was 69 days, higher than 67 days in 2014 and 66 days in 2013. At end of 2015, net trade receivables and other receivables represented 22.1% of total assets.

Breakdown of trade receivable aging during 2013 to 2015



- **Inventories** as at 31 December 2015 amounted to 6,141.3 million baht, increased 821.1 million baht or 15.4% from 2014, and 192.2 billion baht or 3.2% from 2013. The increase of inventory was to absorb rising demand. However, the Company managed to maintain efficiency as inventory turnover declined gradually to 60 days in 2015, from 68 days in 2013 and 63 days in

2014. With prudent control, the Company set aside provisions for obsolete inventory aging more than three months and higher for the older. The allowance for obsolete inventory in 2015 amounted to 887.0 million baht, down from 2014 and 2013 of 931.8 million baht and 945.9 million baht, respectively.

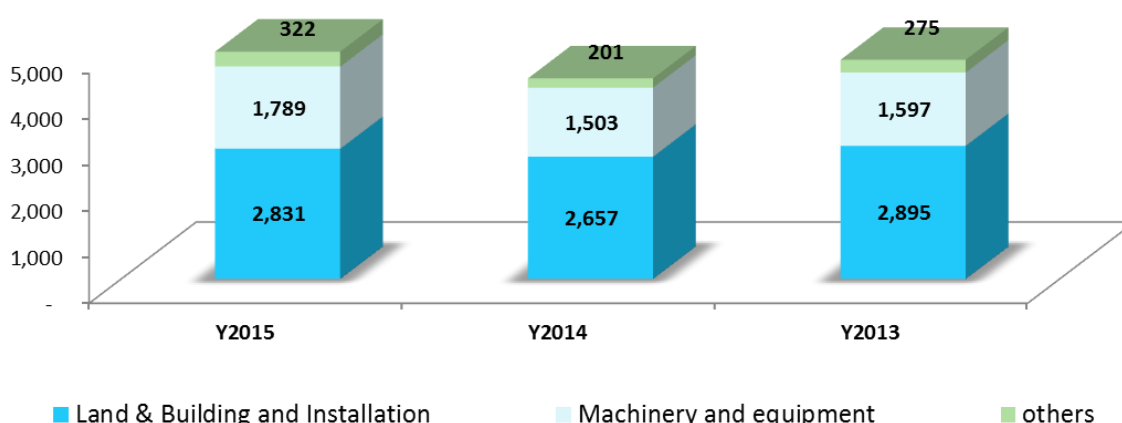
- Investments in subsidiaries and associates

During 2015, Delta Energy Systems (Singapore), a 100% owned subsidiary, established its new subsidiary company namely Delta Electronics (Myanmar) with USD 1.5 million registered capital. The new company manufactures electronic parts and devices that used as components for production in Thailand in order to help reduce labor costs.

- Property, plant and equipment amounted to 4,941.9 million baht, increased 580.6 million baht or 13.3% from 2014 and 175.1 million baht or 3.7% from 2013. During the year, the Company and its subsidiaries gradually invested 1,365.3 million baht in plant and equipment. In Thailand alone, investments in plant and equipment steadily increased from 2013 to 2015 by 292.2 million Baht, 519.8 million baht, and 1,014.1 million baht, respectively. Investment in equipment was mostly for replacement and improvement of production capacity and efficiency. Meanwhile, a subsidiary in India also invested 543.9 million baht in plant and equipment, mostly for Mumbai sales office and plant expansion for a total investment of 163.9 million baht. The Company recognizes the potential of economic growth in India, the continued investments have been planned to capture such opportunity.

Given above-mentioned satisfactory performances, return on fixed assets increased to 161.1% in 2015, from 147.5% in 2014 and 128.2% in 2013.

Comparison of net book value of property, plant and equipment during 2013 to 2015 is illustrated below.



Liabilities and Liquidity

As at 31 December 2015, the Company's total liabilities amounted 13,043.9 million baht, increased 1,968.3 million baht or 17.8% from 2014 and 1,235.9 million baht or 10.5% from 2013. Debt to Equity ratio of 0.43 times was lowered from 2013 of 0.47 times but slightly higher than 2014 of 0.41 times, the level at which signified reasonable capital structure and low financial risk.

Breakdown of major liabilities

	31-Dec-15	%	31-Dec-14	%	31-Dec-13	%	2015 VS 2014		2015 VS 2013	
							Increase (Decrease)	%	Increase (Decrease)	%
Bank overdrafts and short-term loans from financial institutions	189.9	1.46	249.6	2.25	666.7	5.65	(59.70)	-23.92%	(476.80)	-71.52%
Trade and other payables	10,111.4	77.52	8,654.9	78.14	8,969.0	75.96	1,456.5	16.8%	1,142.4	12.7%
Other current liabilities	808.1	6.20	481.8	4.35	684.4	5.80	326.3	67.7%	123.7	18.1%
Provision for long-term employee benefit	1,449.2	11.11	1,334.2	12.05	1,254.6	10.63	115.0	8.6%	194.6	15.5%
Other non-current liabilities	485.3	3.72	355.1	3.21	233.3	1.98	130.2	36.7%	252.0	108.0%
Total liabilities	13,043.9	100.00	11,075.6	100.00	11,808.0	100.00	1,968.3	17.8%	1,235.9	10.5%

Bank overdrafts and short-term loans from financial institutions were incurred by subsidiaries. The outstanding balance as at 31 December 2015 amounted to 189.9 million baht, down from 2014 of 249.6 million baht or 23.9% due to depreciation of Brazilian Real currency and down from 2013 of 666.7 million baht due to loan repayment of the subsidiaries given its strong operating performance during such period.

Trade and other payables as at 31 December 2015 increased 1,456.5 million baht or 16.8% from 2014 and 1,142.4 million baht or 12.7% from 2013. Overall, the increase was due to trade payable and accrued expenses incurred in relation to sales growth. On average, period of payment to trade payable in 2015 was 63 days, unchanged from the level in 2014 but declined from 67 days in 2013.

Provision for long-term employee benefits

In 2015, the Company and its subsidiaries have changed the recognition of actuarial gains and losses in the current period from a gradual recognition in profit or loss to an immediate recognition in other comprehensive income. So, The Company adjusted the current period's transactions and restated the prior period's financial statements, presented as comparative information, as if the Company had always applied this accounting policy. The amounts of adjustments affecting the statements of financial position and the statements of comprehensive income are summarised below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2014	1 January 2014	31 December 2014	1 January 2014
Statements of financial position:				
Increase in provision for long-term employee benefits	432	269	78	83
Decrease in unappropriated retained earnings	(432)	(269)	(78)	(83)

As at 31 December 2015, the Company and its subsidiaries' provision for long-term employee benefits amounted to 1,449.2 million baht, increased 115.0 million baht from 2014 and 194.6 million baht from 2013.

Return on equity

As at 31 December 2015, shareholders' equity amounted to 30,557.8 million baht, rose 3,391.6 million baht or 12.5% from 2014 and 5,501.1 million baht or 22.0% from 2013. Gradual improving profitability enhanced return on equity in 2015 to 23.3% from 22.8% in both 2014 and 2013.

Commitments and Contingent liabilities

As at 31 December 2015, the Company and its subsidiaries had commitments and contingent liabilities both in baht and foreign currencies. Below table summarizes commitments and contingent liabilities in equivalent to Thai Baht currency based on exchange rate at the end of 2015.

	Total	Due from Term of Payment			
		Not over than 1 Year	Over than 1-3 Year	Over than 3-5 Year	Over than 5 Years
Obligation					
Obligation in Operating Lease Contract	222	94	63	46	20
Obligation in Asset Purchase	541	541			
Obligation in Other Debts - Bank Guarantee	1,571	151	211	11	1,198
Total	2,334	786	273	56	1,218

Key factors or events that could affect financial position or operating performance in the future

Key factors that could affect financial position or operating results in the future consist of both external and internal factors. External factors include growth of the global economy, costs of raw materials and sourcing ability, adequacy and quality of labor, fluctuations in exchange rates. Natural disasters may impact both directly and indirectly to business operations of the Company.

According to the World Bank report, 2016 world GDP is forecasted to expand by around 2.9%*. The Company anticipated appreciation of the US dollar which implies depreciation of Thai Baht against US dollar and therefore expects exchange rate at the range of USD/THB 35-37. Despite potential positive impact on operating performance, the Company remains cautious and closely monitors in case the situation diverse from expectation and may impact business operation.

As for internal factors, continuing development remains the key. The Company moves further on improving innovation capabilities towards product development and production processes, enhancing human resources in both quality and sufficiency of workforce, controlling of costs and expenses, and operating business with responsibly to society and environment. The management recognizes the importance of all the above factors and therefore schedules plans and nominates committees or working groups to ensure smooth operation and sustainable growth.

*Source: Global Economic Prospects: January 2016.

Please be informed accordingly.

Yours sincerely,

Delta Electronics (Thailand) Public Company Limited

(Anusorn Muttaraid)
Director