

21 October 2016

To: The President  
The Stock Exchange of Thailand

Re: Q3-2016 operating results

We, Delta Electronics (Thailand) Public Company Ltd, would like to notify the Company's Q3-2016 (Jul - Sep) operating results based on its reviewed consolidated financial statements ended 30 September 2016 as follows.

### Highlights on Q3-2016 Operating results

| Unit : Million Baht | Q3-16       |       | Q3-15       |       | Q2-16       |       | % Change       |                |
|---------------------|-------------|-------|-------------|-------|-------------|-------|----------------|----------------|
|                     | Amount      | %     | Amount      | %     | Amount      | %     | Q3-16 VS Q3-15 | Q3-16 VS Q2-16 |
| Sales Revenue       | 11,612      | 100.0 | 12,103      | 100.0 | 11,273      | 100.0 | (4.1)          | 3.0            |
| Gross profit        | 3,078       | 26.5  | 3,158       | 26.1  | 3,070       | 27.2  | (2.5)          | 0.3            |
| Operating profit    | 1,353       | 11.7  | 1,502       | 12.4  | 1,222       | 10.8  | (9.9)          | 10.7           |
| Net profit          | 1,405       | 12.1  | 1,741       | 14.4  | 1,329       | 11.8  | (19.3)         | 5.7            |
| <b>EPS (Baht)</b>   | <b>1.13</b> |       | <b>1.40</b> |       | <b>1.07</b> |       |                |                |

Sales revenues of this quarter amounting to Baht 11,612 million declined, 4.1%, from those of the same period last year. Major decrease was caused by a decline in sales of energy management business, particularly Telecom power products sales which dropped 27.3% from those of the same period last year, mainly due to the decreasing sales in India and MENA (Middle East and North Africa). However, There was a significant growth in power electronics business i.e. Fan & Thermal management products (mainly DC Fan) which grew 21.9% from those of the same period last year. These DC fans are customized design products which can be used in various areas. In addition, Industrial Automation's sales rose 25.7% from those of the same period of last year due to the increasing sales in EMEA and India market. Although this business is currently still small but there would be a significant potential growth.

Gross profit of this quarter amounted to Baht 3,078 million, slightly increased from the same period last year which went up from 26.1% to 26.5%. Selling and administrative expenses (SGA) including R&D of this quarter rose 4.2% or Baht 69 million from the same period last year. Major increased items in SGA were R&D expenses especially for the development of products relating to automotive business. The ratio of SGA/sales therefore rose from 13.7% in the same period last year to 14.9% in this quarter which resulted in the decrease of operating profit of this quarter by 9.9% from the same period last year and also a lower operating profit margin, from 12.4% in the same period last year to 11.7%. Together with a lower gain on foreign exchange, from Baht 189 million in Q3-15 to Baht 31 million, net profit in this quarter was booked at Baht 1,405 million, or 19.3% decrease from Q3-15, with EPS of Baht 1.13, compared to Baht 1.40 in Q3-15.

## Highlights on Financial Position

| Unit : Million Baht                               | 30 Sep 16     | 31 Dec 15     | %Change      |
|---|---------------|---------------|--------------|
| Cash and Cash equivalents                         | 19,300        | 20,488        | (5.8)        |
| Trade and other receivables                       | 9,534         | 9,654         | (1.2)        |
| Inventories                                       | 7,068         | 6,141         | 15.1         |
| Property, plant and equipment                     | 5,686         | 4,942         | 15.1         |
| Others  | 2,462         | 2,377         | 3.6          |
| <b>Total Assets</b>                               | <b>44,050</b> | <b>43,602</b> | <b>1.0</b>   |
| Bank overdrafts and short-term loans              | 313           | 190           | 64.7         |
| Trade and other payable                           | 10,817        | 10,111        | 7.0          |
| Others  | 2,686         | 2,743         | (2.1)        |
| <b>Total Liabilities</b>                          | <b>13,816</b> | <b>13,044</b> | <b>5.9</b>   |
| <b>Total Shareholders' equity</b>                 | <b>30,234</b> | <b>30,558</b> | <b>(1.1)</b> |
| <b>Total Liabilities and shareholders' equity</b> | <b>44,050</b> | <b>43,602</b> | <b>1.0</b>   |

### Total Assets

As of 30 September 2016, total assets of the Company and its subsidiaries stood at Baht 44,050 million, 1.0% up from those of 31 December 2015. Major changes in key assets are summarized below.

**Cash and Cash equivalents** as of 30 September 2016 amounted to Baht 19,300 million, which reduced about Baht 1,188 million or 5.8% from 31 December 2015 due to the dividend payment for the year 2015 for Baht 3,867 million.

**Net trade and other receivables** as of 30 September 2016 were Baht 9,534 million, a decrease of Baht 120 million or 1.2% from 31 December 2015. Most of the outstanding balance of trade and other receivables were under due. Average collection period slightly increased from 70 days to 76 days, mainly due to the longer collection period of some subsidiaries and the management keeps monitoring closely on it.

**Inventories** as of 30 September 2016 were Baht 7,068 million, an increase of Baht 927 million or 15.1% from 31 December 2015. Most of increasing inventories were finished goods in transit

**Property, plant and equipment** as of 30 September 2016 amounted to Baht 5,686 million, an increase of Baht 744 million or 15.1% from those of 31 December 2015. Major investment items are the purchase of land for R&D center and purchase of building space for sales office in Bangalore, India for approximately Baht 393 million. In addition, the Company itself has also purchased some machinery and molds totaling Baht 600 million to enhance its production efficiency and some are for replacement.

### **Total Liabilities**

As of 30 September 2016, total liabilities of the Company and its subsidiaries stood at Baht 13,816 million, slightly grew up from those of 31 December 2015. This was mainly due to the increase of Baht 123 million in bank overdrafts and short-term loans from financial institutions in a subsidiary in India. This was used for its working capital.

### **Shareholders' Equity**

As of 30 September 2016, shareholders' equity of the Company and its subsidiaries were Baht 30,234 million, a decrease of Baht 324 million or 1.1% from those of 31 December 2015. This was largely due to the dividend payment of Baht 3,867 million for the year 2015. However, there were net profits of Baht 3,983 million generated during the first nine month operations.

Please be informed accordingly.

---

Anusorn Muttaraid  
Director