



24 October 2017

To: The President  
The Stock Exchange of Thailand

Re: Q3-2017 operating results

We, Delta Electronics (Thailand) Public Company Ltd, would like to notify the Company's Q3-2017 (Jul - Sep) operating results based on its reviewed consolidated financial statements ended 30 September 2017 as follows.

### Highlights on Q3-2017 Operating results

Unit : Million Baht	Q3-17		Q3-16		Q2-17		% Change	
	Amount	%	Amount	%	Amount	%	Q3-17 VS Q3-16	Q3-17 VS Q2- 17
Sales Revenue	12,148	100.0	11,612	100.0	12,296	100.0	4.6	(1.2)
Gross profit	3,100	25.5	3,078	26.5	3,123	25.4	0.7	(0.7)
Operating profit	1,390	11.4	1,353	11.7	1,441	11.7	2.7	(3.6)
Gain on sales of investment in Subsidiaries	-	-	-	-	474	3.9	N/A	N/A
Tax assessment expenses	-	-	-	-	(992)	(8.1)	N/A	N/A
Net profit	<b>1,409</b>	<b>11.6</b>	<b>1,405</b>	<b>12.1</b>	843	6.9	0.3	67.2
<b>EPS )Baht(</b>	<b>1.13</b>		<b>1.13</b>		<b>0.68</b>			

Sales revenues of this quarter increased to Baht 12,148 million, 4.6% up from Baht 11,612 million in the same period last year driven by 49.3% sales growth of EVSBG products (Electric Vehicle Solutions) since the Company has focused continuously on developing its automotive businesses. In addition, ESPBG's sales (including mainly customized design power supplies and DCDC converters) rose 9.7% over the same quarter of last year, largely contributed by the increase in sales of DCDC converters and Customized Design Power Supply products which was caused by higher demand in data center business in US market.

Sales of ICTBG products (mainly Telecom Power System (TPS)) dropped 8.8% from those of the same period last year. This was because of the disposition of some of the subsidiaries\* in Q2-17.

However, some of TPS sales are contributed by the two subsidiaries in Slovakia totaling Baht 997 million and together with some sales growth generated by subsidiary in India.

\*The Company disposed 51% of investments in Delta Energy Systems (Switzerland) AG and Delta Electronics Industry LLC and 100% of investments in Delta Greentech (USA) and Delta Greentech (Brasil) S.A. and the transaction was completed in April 2017 (according to the resolution of the board of directors' meeting no. 1/2017 held on 14 February 2017).



Gross profit of this quarter amounted to Baht 3,100 million, slightly rose from the same period last year but gross margin was down to 25.5%, from 26.5% in the same period last year. This was primarily due to the increase in provisions of obsolete inventory of Baht 74 million or 0.6%. Selling and admin expenses (excluding R&D expenses) reduced to 8.0% of sales, from 10.2% in the same period last year mainly caused by lower selling expenses after the above mentioned disposition of some subsidiaries. However, R&D expenses rose significantly principally due to the continuous development of automotive products which are expected to contribute higher growth.

Operating profit slightly increased from Baht 1,353 million in Q3-16 to Baht 1,390 million but its ratio to sales was slightly lower from 11.7% to 11.4%. Net profit rose 0.3% to Baht 1,409 million with EPS of Baht 1.13, which is equal to that of the same period last year.

### Highlights on Financial Position

Unit : Million Baht	30 Sep 17	31 Dec 16	%Change
Cash and Cash equivalents	17,755.3	20,116.7	(11.7)
Trade and other receivables	9,706.0	10,696.5	(9.3)
Inventories	8,023.9	7,296.8	10.0
Property, plant and equipment	6,695.1	5,965.7	12.2
Investments in associated companies	497.4	-	-
Others	3,036.4	2,243.6	35.3
<b>Total Assets</b>	<b>45,714.1</b>	<b>46,319.3</b>	<b>(1.3)</b>
Bank overdrafts and short-term loans	264.8	321.1	(17.5)
Trade and other payable	11,336.1	11,249.1	0.8
Liabilities and provision from tax assessments	368.8	100.0	268.8
Others	2,435.5	2,758.0	(11.7)
<b>Total Liabilities</b>	<b>14,405.2</b>	<b>14,428.2</b>	<b>(0.2)</b>
<b>Total Shareholders' equity</b>	<b>31,308.9</b>	<b>31,891.1</b>	<b>(1.8)</b>
<b>Total Liabilities and shareholders' equity</b>	<b>45,714.1</b>	<b>46,319.3</b>	<b>(1.3)</b>

### Total Assets

As of 30 September 2017, total assets of the Company and its subsidiaries stood at Baht 45,714 million, decreased 1.3% from those of 31 December 2016. Changes in key assets can be summarized below.

**Cash and bank deposits (Including current investment)** as at 30 September 2017 amounted to 17,755 million baht, a decrease of Baht 2,361 million or 11.7% from 31 December 2016 due to the dividend payment for the year 2016 of Baht 3,742 million and the payment of corporate income tax from tax assessment of Baht 713 million. However, the Company has generated cash from its operations during the 9 months period of 2017 of Baht 3,600 million.



**Net trade and other receivables** as of 30 September 2017 were Baht 9,706 million, a decrease of Baht 991 million or 9.3% from 31 December 2016. This is mainly caused by a reduction in the trade receivables of the subsidiaries that have been disposed as mentioned above amounting to Baht 1,219 million. However, there were some increases in trade receivables of the newly acquired subsidiary in Slovakia, other subsidiaries in India and the Company. Most of the outstanding balance of trade and other receivables, approx. 90.3% of total net trade and other receivables, are under due. Average collection period decreased from 77 days to 74 days.

**Inventory (net)** as of 30 September 2017 amounted to Baht 8,024 million, an increase of Baht 727 million or 10.0% up from those of 31 December 2016. This resulted in the longer inventory turnover period from 70 days to 76 days. The high inventories are mainly composed of goods in transit and finished goods which have been prepared to promptly deliver to our customers.

**Investments in associated companies** as of 30 September 2017 were booked at Baht 497 million for the remaining 49% investment in Delta Energy Systems (Switzerland) AG and Delta Electronics Industry LLC. The amount is based on the fair value assessed in the second quarter this year.

**Advance payment for land** An India's subsidiary had paid an advance payment of INR 396 million or equivalent to Baht 202 million for a purchase of a plot of land. This plot of land is planned for a manufacturing site to support business expansion in India.

**Consolidation goodwill** as of 30 September 2017 were Baht 690 million, an increase of Baht 383 million as compared to that of 31 December 2016. This is caused by the acquisition of the new subsidiary in Slovakia, Eltek s.r.o, in Q2-17.

### **Total Liabilities**

As of 30 September 2017, total liabilities of the Company and its subsidiaries stood at Baht 14,405 million, 0.2% down from those of 31 December 2016. In this quarter, the Company paid corporate income tax incurred by the previous tax assessment of Baht 713 million to the Revenue Department.

### **Shareholders' Equity**

As of 30 September 2017, shareholders' equity of the Company and its subsidiaries were Baht 31,309 million, a decrease of Baht 582 million or 1.8% from those of 31 December 2016. This is due to the dividend payment of Baht 3,742 million and the booking of the surplus on business combination under common control, in accordance with the accounting principles, of Baht 1,004 million. However, the reduction in equity was partially offset by the profits being generated during the first 9 months of 2017.

Please be informed accordingly.

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Anusorn Muttaraid  
Director