

February 10, 2015

To: The President
The Stock Exchange of Thailand

Re: 2014 operating results

We, Delta Electronics (Thailand) Public Company Ltd, would like to notify the Company's 2014 operating results based on its audited consolidated financial statements ended 31 December 2014 as follows.

Financial highlights (Consolidated)		2014	2013	2012
Total assets	Baht million	38,245	36,865	33,075
Total liabilities	Baht million	10,646	11,539	10,578
Shareholders' equity	Baht million	27,598	25,326	22,497
Registered capital	Baht million	1,259	1,259	1,259
Paid-up capital	Baht million	1,247	1,247	1,247
Financial ratios				
Liquidity ratios				
Liquidity ratio	Times	3.44	2.92	2.79
Quick ratio	Times	2.80	2.24	2.12
Cash ratio	Times	0.74	0.50	0.70
Receivable turnover	Times	5.34	5.45	5.92
Average collection period	Days	67	66	61
Inventory turnover	Times	5.73	5.32	5.25
Inventory holding period	Days	63	68	69
Account payable turnover	Times	5.68	5.40	5.78
Average payable period	Days	63	67	62
Cash Conversion Cycle	Days	67	67	67
Profitability ratios				
Sales	Baht million	44,121	41,201	40,779
Gross profit	Baht million	11,817	10,834	10,795
Gross profit margin	(%)	26.78%	26.30%	26.47%
Operating expense (include R&D)	Baht million	6,348	6,110	6,608
Operating expense (include R&D) to sales	(%)	14.39%	14.83%	16.21%
Operating profit margin	(%)	12.39%	11.47%	10.27%
Other income to total income	(%)	2.16%	2.74%	1.80%
Net profit	Baht million	5,962	5,416	4,347
Net profit margin	(%)	13.51%	13.14%	10.66%
Net profit to total revenues	(%)	13.22%	12.78%	10.47%
Return on equity	(%)	22.53%	22.65%	20.53%

Financial highlights (Consolidated)		2014	2013	2012
Efficiency ratios				
Return on assets	(%)	15.87%	15.49%	13.81%
Return on fixed assets	(%)	147.91%	128.15%	106.01%
Asset turnover	Times	1.20	1.21	1.32
Financial policy ratios				
Debt to equity	Times	0.39	0.46	0.47
Interest coverage ratio	Times	115.57	82.17	76.67
Dividend payout ratio	(%)	62.77%*	62.19%	68.86%

* In the process of seeking approval from the 2015 Annual General Meeting of shareholders

Comparison of operating performance between financial year 2014 and 2013

	2014	2013	Unit: Baht million	
			Increase (Decrease)	Percentage
Revenue from sales and services	44,120.7	41,201.3	2,919.4	7.1
Cost of sales and services	32,304.0	30,367.3	1,936.7	6.4
Gross profit	11,816.7	10,834.0	982.7	9.1
Operating expenses	6,348.3	6,110.1	238.2	3.9
Operating profit	5,468.4	4,723.9	744.5	15.8
Other income	974.1	1,158.9	(184.8)	(15.9)
Other expenses	325.6	354.7	(29.1)	(8.2)
Share of profit from investment in an associated company	2.2	17.8	(15.6)	(87.6)
Finance cost	72.7	62.8	9.9	15.8
Profit before income tax	6,046.4	5,483.1	563.3	10.3
Income tax expense	84.7	67.4	17.3	25.7
Net profit for the period	5,961.7	5,415.7	546.0	10.1

Sales and Service revenues breakdown by business group

	Power Electronics			Energy Management			Smart Green Life			Other			Total (Consolidated)		
	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012
Revenue	30,464	29,306	28,439	12,061	10,130	9,643	568	521	364	1,028	1,244	2,333	44,121	41,201	40,779
Profit (loss)	6,005	5,994	5,513	946	425	(59)	30	55	(79)	(1,511)	(1,750)	(1,189)	5,470	4,724	4,186

Remark:

- **Power Electronics group** comprises products in EPSBG (DC-DC converter, power supply for Storage, networking, other DES Products and automotive products), MPBG (chargers/adapters for Industrial sector, broadband, printer, etc.), FMBG (Fan, EMI filter and Solenoid).
- **Energy Management group** comprises PSBG product group (Telecom power system and UPS) and IABU product group (industrial automation products).
- **Smart Green Life group** comprises Display products, Solar inverter and LED light.

Total sales based on the consolidated financial statements of 2014 increased by 7.1% from Baht 41,201.3 million in the previous year to Baht 44,120.7 million and from Baht 40,779.1 million or an increase of 8.2% compared to those of 2012. The sales growth was mainly caused by the three main business groups as indicated in the above table showing revenue from sales and services breakdown by business group.

Major products contributed in sales growth of Power Electronics business group were from EPSBG products which rose because of significant growth in sales of power supply for computer storage devices and network systems, totaling Baht 767.7 million, representing an increase of 17.4% from 2013 and Baht 1,297.4 million or 33.4% from 2012. Sales in this product group continue to strongly expand in line with growing demand for computer storage devices market and a more variety of new product items. In addition, sales of automotive power solutions rose by Baht 292.4 million or an increase of 23.1% from 2013 and by Baht 510.7 million or 48.7% from 2012 as a result of a continuing expansion of the electric car market brought about by a strong trend towards environmental awareness in the American and European markets. However, sales of DC-DC converters declined by Baht 586.0 million or 14.4% from 2013 and a decline of Baht 517.2 million or 12.9% from 2012 due to reduced market demand. MPBG product group sustained a sales growth of 5.6% of the previous year and 9.7% from 2012 because of the improved sales mainly of industrial power solutions product. The major product contributing in sales of Energy Management business group, Telecom power solutions, increased from 2013 by Baht 1,631.9 million or over a 19.9% increase because of the growth in the US market and continuing expansion of the 4G LTE network in India. The business operation of the Smart Green Life business group, a new business line, improved only slightly for display solutions product.

However, solar inverters showed a decline in sales by Baht 249.4 million or 35.3% from 2013 and a decline of Baht 1,251.9 million or 73.2% from 2012 due to lower demand in the EMEA market.

Other income

Other income in 2014 amounting Baht 974.1 million comprised mainly of the following:

- Interest income totaled Baht 210.1 million, a Baht 16.3 million increase from 2013. This was due to a significant increase in cash flows from operations generated during the year for the amount of Baht 2,994.6 million.
- Gains on exchange rate amounted to Baht 231.1 million, a Baht 40.4 million decrease from 2014, but an increase of Baht 78.7 million from 2012 due to fluctuations in exchange rates. However, the Company engaged in full hedging of the net position of the exposed currencies to minimize foreign exchange risk.
- Gain on sale of investments in subsidiary and associated company for a total amount of Baht 195 million.
- Other income from other services

Cost of sales and expenses

In 2014, cost of sales was 73.2% of sales. This was a slight decrease from 73.7% of prior year and 73.5% in 2012. This improvement highlights the ability of the Company and its subsidiaries to better maintain and manage cost at an appropriate level. Risk management measures have been taken to minimize risk from fluctuations of prices of raw materials by doing business with various suppliers in different geographical locations to cover all regions of the world. This is to ensure that the raw materials are purchased at reasonable prices.

In 2014, although selling and administrative expenses (including research and development expenses) were on an upward trend, selling and administrative expenses to sales ratio accounted

for 14.4%, a decrease from 14.8% in 2013 and 16.2% in 2012. The higher selling and administrative expenses was mainly caused by an increase in (1) research and development expenses of Baht 79.7 million from the previous year which was to support the sales growth, and (2) an increase in selling expenses of Baht 165.4 million from 2013 resulted from expenses for market penetration in SE Asia and expansions in EMEA, Australia and the US market.

Financial costs or interest expenses increased to Baht 72.7 million, representing a Baht 9.8 million increase from the previous year. This is caused a subsidiary in India has expanded its operations by improving its production capacity and sales activities. As a result, loans and bank facilities were required to support the need of working capital to serve the business growth

Net Profit

The Company has maintained a gross margin in 2014 at a satisfactory level of 26.8%, slightly increased from previous year of 26.3% and 26.5% in 2012. Continuing decline in selling and administrative expenses (including research and development expenses) discussed above helped boost up operating profit margin in 2014 to 12.4% from 11.5% and 10.3% in 2013 and 2012 respectively. Net profit in 2014 surged to Baht 5,962 million, up 10.1% and 37.1%, compared to 2013 and 2012 respectively. EPS of 2014 went up from Baht 3.49 in 2012 and Baht 4.34 in 2013 to Baht 4.78.

Yours sincerely,

Delta Electronics (Thailand) Public Company Limited

(Anusorn Muttaraid)

Director