



25 July 2017

To: The President
The Stock Exchange of Thailand

Re: Q2-2017 operating results

We, Delta Electronics (Thailand) Public Company Ltd, would like to notify the Company's Q2-2017 (Apr-Jun) operating results based on its reviewed consolidated financial statements ended 31 June 2017 as follows.

Highlights on Q2-2017 Operating results

Unit : Million Baht	Q2-17		Q2-16		Q1-17		% Change	
	Amount	%	Amount	%	Amount	%	Q2-17 VS Q2-16	Q2-17 VS Q1-17
Sales Revenue	12,296	100.0	11,273	100.0	12,127	100.0	9.1	1.4
Gross profit	3,123	25.4	3,070	27.2	3,218	26.5	1.7	(3.0)
Operating profit	1,441	11.7	1,222	10.8	1,377	11.4	18.0	4.7
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	843	6.9	1,329	11.8	1,348	11.1	(36.6)	(37.5)
EPS (Baht)	0.68		1.07		1.08			

Sales revenues of this quarter increased to Baht 12,296 million, 9.1% up from Baht 11,273 million in the same period last year, driven by sales growth of EVSBG products (Electric Vehicle Solutions). EVSBG's sales revenues rose 99.3% from the same quarter of last year because of several new models having been launched. Recently the Company has focused more on Automotive businesses and spent more the resources, R&D and equipment to enhance capability in production and product development. Furthermore, ESPBG's Sales improved 7.0% over the same quarter of last year, mainly contributed by sales of DCBU and CDBU. The other sales contributions are also from MPBG (Merchant Power Solutions), sales of which rose 27.7% from those of the same period last year. This was attributable to the continuous growth in power tools in America market.



For Telecom Power System (TPS) products, even with the expectation that its sales revenues would get affected by the disposal of investment in subsidiaries*, its sales revenues dropped Baht 200 million, or 9.6% from the same period last year. This was because of the increase of TPS sales in India amounting to Baht 279 million, sales from Eltek, s.r.o., the new subsidiary in Slovakia, of Baht 602 million and some more TPS sales growths contributed by Delta Electronics Slovakia (the old Slovakia subsidiary) and DET Thailand itself.

Gross profit of this quarter amounted to Baht 3,123 million, slightly rose from the same period last year but gross margin was down to 25.4%, from 27.2% in the same period last year. This was partly due to the adjustment of inventory value that has been revalued to reflect the current market prices of raw materials, which some items were in downtrend and the significant appreciation of Baht, resulting in higher cost of goods sold. The lower gross margin was also affected by the disposal of the subsidiaries* as this group of companies used to generate high gross margin (but also high selling and admin expenses). Moreover, the subsidiaries in Slovakia has mainly operated as contract manufacturers with slightly low but stable profit margin. However, its operating profit margin was improved from 10.8% in same period last year to 11.7%. This was attributable to the lower selling and admin expenses from 16.4% of sales in the same period last year to 13.7% mainly caused by the above mentioned disposal of subsidiaries which had high SGA/sales.

This quarter, the Company has gain on sale of investments in subsidiaries of Baht 474 million. Gain from sale of investments is caused by the disposal of 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.. After net of loss from a fair value adjustment of investment in associated companies of Baht 59 million, net gain on sale of investment is worth Baht 415 million.

The Company has also booked a major expense item incurred by tax assessment totaling Baht 992 million. This amount consists of;

- 1) provision for tax assessment (including penalties and surcharges) during the year 1997-2000 which the Company has to pay to the Revenue Department by the judgement of the Supreme Court announced on 26 June 2017 for the amount of Baht 734 million, and
- 2) provisions totaling Baht 258 million and the existing provision of Baht 100 million) for tax assessment (including penalties and surcharges) for the year 2001-2006 for the total amount of Baht 557 million, including cases under the consideration of the Supreme Court and Tax Appeal Committee of the Revenue Department (please find more details in notes to financial statements, item 20.3)

After included the above expenses, net profit in this quarter was down to Baht 843 million, 36.6% down from Baht 1,329 million in the same period last year, with EPS of Baht 0.68 in Q2-17, compared to Baht 1.07 in Q2-16.

*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. in April 2017 (according to the resolution of the board of directors' meeting no. 1/2017 held on 14 February 2017).



Highlights on Financial Position

Unit : Million Baht	30 Jun 17	31 Dec 16	%Change
Cash and Cash equivalents	16,663.7	20,116.7	(17.2)
Trade and other receivables	10,103.8	10,696.5	(5.5)
Inventories	7,721.1	7,296.8	5.8
Property, plant and equipment	6,534.8	5,965.7	9.5
Investments in associated companies	525.1	-	-
Others	2,798.3	2,243.6	24.7
Total Assets	44,346.8	46,319.3	(4.3)
Bank overdrafts and short-term loans	115.5	321.1	(64.0)
Trade and other payable	10,728.1	11,249.1	(4.6)
Liabilities and provision from tax assessments	1,091.9	100.0	-
Others	2,335.3	2,758.0	(15.3)
Total Liabilities	14,270.8	14,428.2	(1.1)
Total Shareholders' equity	30,076.1	31,891.1	(5.7)
Total Liabilities and shareholders' equity	44,346.8	46,319.3	(4.3)

Total Assets

As of 30 June 2017, total assets of the Company and its subsidiaries stood at Baht 44,347 million, decreased 4.3% from those of 31 December 2016. Changes in key assets can be summarized below.

Cash and bank deposits (Including current investment) as at 30 June 2017 amounted to 16,664 million baht, a decrease of Baht 3,453 million or 17.2% from 31 December 2016 due to the dividend payment for the year 2016 of Baht 3,742 million .

Net trade and other receivables as of 30 June 2017 were Baht 10,104 million, a decrease of Baht 593 million or 5.5% 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 acquired subsidiary in Slovakia amounting Baht 171 million and also the trade receivables in subsidiaries in India and the Company amounting Baht 714 million. Most of the outstanding balance of trade and other receivables, approx. 99.7% of total net trade and other receivables, were under current due. Average collection period decreased from 77 days to 76 days.



Investments in associated companies as of 30 June 2017 were Baht 525 million as currently the company holds 49% investment in Delta Energy Systems (Switzerland) AG and Delta Electronics Industry LLC. The Company had assessing the fair value of these investments in associated companies in this quarter and loss from fair value adjustment of investments in associated companies Baht 59 million under loss from a fair value adjustment of investment in associated companies in the consolidated statements of comprehensive income.

Advance payment for purchase of land as of 30 June 2017 amounted to Baht 209 million. An India's subsidiary had paid advance payment for a purchase of 125 Acres (approx. 316 Rais) plot of land amounting INR 396 million (equivalent to THB 209 million). This plot of land is to be used for a manufacturing site to support business expansion in India.

Consolidation goodwill increased Baht 378 million as compared to that of 31 December 2016. This is due to the acquisition of Eltek, s.r.o., which caused an increase in consolidation goodwill of Baht 470 million. And after net of the impairment loss in the consolidation goodwill incurred by the disposal of the investment in subsidiaries as mentioned above of Baht 92 million under other expenses in the consolidated statement of comprehensive income, the consolidation goodwill as of 30 June 2017 is worth Baht 684 million.

Total Liabilities

As of 30 June 2017, total liabilities of the Company and its subsidiaries stood at Baht 14,271 million, 1.1% up from those of 31 December 2016. Major change in liabilities is liabilities and provision for tax assessments of Baht 1,091 million as the Company has recorded full provisions for the tax assessments (including penalties and surcharges) as described in section of the operating results above.

Bank overdrafts & short-term loans and Trade & other payable reduced by Baht 206 million and 521 million, respectively, largely owing to the disposal of the above mentioned investment of subsidiaries.

Shareholders' Equity

As of 30 June 2017, shareholders' equity of the Company and its subsidiaries were Baht 30,076 million, a decrease of Baht 1,815 million or 4.3% from those of 31 December 2016 following the dividend payment of Baht 3,742 million and the profits being generated during the year 2017.

In 2006, the Company had restructured the shareholding of the subsidiaries among the group. This resulted in some investment gains from such restructuring in a subsidiary, Delta Energy Systems (Switzerland) AG. Such gain did not affect the Company's consolidated financial reports as it was an internal restructuring. In 2017, the Company disposed 51% investment in Delta Energy Systems (Switzerland) AG and lost the control in such subsidiary.



Therefore, as of 30 June 2017, the surplus on business combination under common control has been recorded in the consolidated financial reports of both DET International Holding (the wholly owned subsidiary of the Company) and the Company for the amount of Baht 1,004 million (please find further details in the notes of financial reports as of 30 June 2017, item 8).

Please be informed accordingly.

Anusorn Muttaraid
Director