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PRESS RELEASE
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Q3 16 Report[1]

Backlog as of September 30, 2016 of USD 13,820 thousand
Sales Revenues of USD 22,374 thousand

Ness Ziona (Israel) - Payton Planar Magnetics Ltd. announced today its financial results for the third quarter of 2016 (nine-month period ending September 30, 2016). Sales revenues for the nine-month period of 2016 totaled USD 22,374 thousand compared to USD 20,442 thousand in the nine-month period ended September 30, 2015.

The order and purchase backlog of the Group as of September 30, 2016 amounted to USD 13,820 thousand.

Key financial highlights for the first nine months of 2016

Sales revenues

The Group's sales revenues for the nine-month period ended September 30, 2016 were USD 22,374 thousand compared with USD 20,442 thousand in the nine-month period ended September 30, 2015 (increase of 9%). Sales revenues in the third quarter of 2016 were USD 8,306 thousand compared with USD 6,859 thousand in the third quarter of 2015 (increase of 21%). The sales increase in the third quarter of 2016 was mainly attributed to increasing demand in few major projects.

Cost of sales and gross result

The Group's gross profit for the nine-month period ended September 30, 2016 amounted USD 7,789 thousand (35% of sales) compared with USD 7,597 thousand (37% of sales) in the nine-month period ended September 30, 2015. The Group's gross profit for the three-month period ended September 30, 2016 amounted USD 3,246 thousand (39% of sales) compared with USD 2,460 thousand (36% of sales) in the three-month period ended September 30, 2015.
The changes in the gross profit resulted mainly from different products mix and different production locations of each period sales, as well as from the sales volume increase (since part of the expenses included in the cost of sales did not increase in parallel to the sales increase).

Expenses

General & Administrative (G&A) expenses for the nine months ended September 30, 2016 amounted to USD 2,268 thousand compared with USD 2,110 thousand in the nine months ended September 30, 2015. The increase in these expenses relates mainly due to an increase in other non-reoccurring G&A expenses.
Selling & Marketing expenses are mainly comprised of: (1) commissions to the Group's reps' and Marketing Personnel, which are calculated as a portion of sales and of (2) other selling expenses (fixed) based on management policy. The Group's marketing efforts are concentrated through participation in major power electronic shows around the world and by collaborating with its worldwide rep's Network. The Group's Selling & Marketing expenses for the nine months ended September 30, 2016 amounted to USD 1,674 thousand compared with USD 1,584 thousand in the

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[1] The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". They do not include all the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements as at December 31, 2015.

nine months ended September 30, 2015. The increase in selling & marketing expenses relates mainly to expanding the Group's marketing team worldwide.

Operating and financial result

The total operating profit for the first nine months of 2016 amounts to USD 3,077 thousand compared to USD 3,197 thousand for the same period last year. During the first nine months of 2016, Payton recorded finance income of USD 108 thousand, compared with finance expenses of USD 5 thousand in the nine months ended September 30, 2015. The increase in this income resulted mainly from decrease in interest cost to bank, due to the repayment of the long term loan, and due to increase in profits from finance derivatives transactions.

Income Taxes

The tax expenses for the nine-month period ended September 30, 2016 amounted to USD 604 thousand, whereas, tax expenses for the nine-month period ended September 30, 2015 amounted to USD 566 thousand.

Result for the period

The total results for the first nine months of 2016 were a net profit of USD 2,581 thousand.

Balance sheet - Cash position

Cash and cash equivalents and Short-term deposits amounted to a total of USD 19,068 thousand as at September 30, 2016 compared to USD 19,522 thousand as at December 31, 2015 and USD 20,406 thousand as at September 30, 2015. The Company profitability during the first nine months of 2016 attributed to minimize the "cash level" decrease resulted from the dividend payment, at the amount of USD 3,092 thousand, on January 14, 2016.

Trade accounts receivable amounted to USD 5,546 thousand as at September 30, 2016 compared to USD 4,314 thousand as at December 31, 2015 and USD 4,163 thousand as at September 30, 2015. The increase in this item is in line with the sales increase in the period near the reports date.

Inventory amounted to USD 3,468 thousand as at September 30, 2016, compared to USD 4,149 thousand as at December 31, 2015 and USD 3,711 thousand as at September 30, 2015.

Liabilities to bank and others (Current & Non-current Liabilities) amounted to a total of USD 91 thousand as at September 30, 2016 compared with USD 240 thousand as at December 31, 2015 and USD 1,823 thousand as at September 30, 2015. The amount of USD 91 thousand as at September 30, 2016 represents the contingent consideration against the purchase of Himag Solutions Ltd. As at September 30, 2015 these liabilities comprised of an originally 10 year bank loan in the amount of USD 1,600 thousand, paid in full on October 2015. Additional USD 223 thousand represents the contingent consideration against the purchase of Himag Solutions Ltd.

Cash flow

Cash flows generated from operating activities for the nine-month period ended September 30, 2016 amounted USD 3,260 thousand, compared with cash flows of USD 5,461 thousand for the nine-month period ended September 30, 2015. Cash flows generated from operating activities for the three-month period ended September 30, 2016 amounted USD 1,844 thousand, compared with cash flows of USD 2,743 thousand for the three-month period ended September 30, 2015. The decrease in the cash flows from operating activities resulted mostly from the increase in trade accounts receivable (due to sales increase near the reported dates) as well as from other changes in assets and liabilities.

Cash flows generated from investing activities in the nine-month period ended September 30, 2016, amounted USD 3,056 thousand, compared with USD 418 thousand in the nine-month period ended September 30, 2015. Cash flows mostly stemmed from proceeds from bank deposits.

Cash flows used for financing activities in the nine-month period ended September 30, 2016, amounted USD 3,251 thousand, compared with USD 329 thousand in the nine-month period ended September 30, 2015. A dividend, at the amount of USD 3,092 thousand, that was announced on November 23, 2015 (USD 0.175 per share), was paid in full on January 14, 2016.

Outlook

The Group's order backlog as of September 30, 2016 totaled USD 13,820 thousand (December 31, 2015 - USD 11,010 thousand). The backlog is composed only of firm orders. Management estimates that most of the backlog as of September 30, 2016 will be supplied until June 30, 2017.

The complete financial statements and the nine-month report as well as Q3 figures are available for downloading in the investors section of www.paytongroup.com.

For more information, please visit Payton's web site at www.paytongroup.com
or contact Michal Lichtenstein, CFO at 00-972-3-9611164 – Michal@paytongroup.com
or Bert Victor at 00-32-2-713-07-44 – Bert.Victor@citigate.be

About us

Payton Planar Magnetics Ltd., an Israeli-based high-tech company, designs, manufactures and markets Planetics®, its customized line of planar transformers, conventional transformers and inductors to Original Equipment Manufacturers and their suppliers of power electronics. The group currently employs about 190 people (including executive officers). Planar Magnetic Components are used in end products in various industries, including Telecommunications, cellular infrastructure, welding machines, Military/Avionics, portable equipment and consumer goods. Planar Magnetics is a revolutionary design technology that is superior to conventional transformers and inductors, and has already been accepted by electronics design engineers as the state-of-the-art in high frequency power electronics design. Payton Planar Magnetics is a subsidiary of Payton Industries, headquartered in Israel, and has manufacturing and marketing operations in Israel, U.K. and United States. Payton Planar Magnetics is publicly traded on the Euronext stock exchange in Brussels (ticker: PAY).

Annex: Selected Financial Statements

Note:

This press release contains certain forward-looking statements and information relating to the Company that are based on the beliefs of the Management of the Company as well as assumptions made by and information currently available to the Management of the Company. Such statements reflect the current views of the Company with respect to future events, management emphasize that the assumptions do not in any way imply commitment towards realization. The outcome of which is subject to certain risks and other factors which may be outside of the Company's control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those described herein as projected, anticipated, believed, estimated, expected or intended.

Key financial figures – Payton Planar Magnetics Ltd.

Condensed Interim Consolidated Statements of Income
- unaudited -

	Nine months ended September 30	
	2016	2015
	USD 000	USD 000
Sales revenues	**22,374**	20,442
Cost of sales	**(14,585)**	(12,845)
Gross result	**7,789**	7,597
Development costs	**(769)**	(722)
Selling and marketing expenses	**(1,674)**	(1,584)
General and administrative expenses	**(2,268)**	(2,110)
Other (expenses) income	**(1)**	16
Operating profit (loss)	**3,077**	3,197
Financial income	**177**	102
Financial expense	**(69)**	(107)
Finance income (expenses), net	**108**	(5)
Profit (loss) before taxes on income	**3,185**	3,192
Income taxes	**(604)**	(566)
Profit for the period	**2,581**	2,626
Other comprehensive income items that will not be transferred to profit and loss		
Remeasurement of defined benefit plan, net of taxes	**1**	-
Total comprehensive income for the period	**2,582**	2,626
Number of shares	**17,670,775**	17,670,775
Basic earnings per ordinary share (in USD)	**0.15**	0.15

Condensed Interim Consolidated Balance Sheet
- unaudited -

	September 30	
	2016	2015
	USD 000	USD 000
Current assets	**28,530**	28,787
Non-current assets	**12,825**	13,388
Total assets	**41,355**	42,175
Current liabilities	**5,028**	6,140
Non-current liabilities	**948**	847
Equity	**35,379**	35,188
Total liabilities and equity	**41,355**	42,175

Condensed Interim Consolidated Statements of Cash Flows

Nine-month period ended September 30 – unaudited **$ thousands**	**2016**	**2015**
Operating activities		
Profit for the period	**2,581**	2,626
Adjustments to reconcile profit to net cash generated from operating activities:		
Depreciation and amortization	**754**	788
Capital loss (gain) on sale of fixed assets	**-**	(16)
Income Taxes	**604**	566
Increase (decrease) in employee benefits	**80**	80
Decrease (increase) in trade accounts receivables	**(1,232)**	1,756
Changes in the fair value of contingent consideration	**1**	-
(Increase) decrease in other accounts receivable	**(131)**	(85)
Decrease (increase) in inventory	**681**	(178)
Increase (decrease) in trade payables	**(75)**	(225)
Increase (decrease) in other payables	**127**	204
Interest received	**122**	103
Interest paid	**-**	(50)
Tax paid	**(370)**	(363)
Tax received	**198**	261
Finance (income) expenses, net	**(80)**	(6)
Cash flows generated from operating activities	**3,260**	5,461
Investing activities		
Proceeds from sale of marketable securities held for trading	**-**	205
Proceeds from (Investments in) deposits, net	**3,486**	1,264
Investment in fixed assets	**(439)**	(1,081)
Proceeds from sale of fixed assets	**9**	30
Cash flows generated from (used for) investing activities	**3,056**	418
Financing activities		
Repayment of loan	**-**	(170)
Payment of contingent consideration	**(159)**	(159)
Dividend Paid	**(3,092)**	**-**
Cash flows (used for) generated from financing activities	**(3,251)**	(329)
Net (decrease) increase in cash and cash equivalents	**3,065**	5,550
Cash and cash equivalents at beginning of the period	**6,004**	4,692
Effect of exchange rate fluctuations on cash held	**(10)**	(20)
Cash and cash equivalents at end of the period	**9,059**	10,222