

Q1 2016 Report¹

Sales Revenues of USD 6,570 thousand Backlog as of March 31, 2016 of USD 10,422 thousand

Ness-Ziona (Israel) - Payton Planar Magnetics Ltd. today announced its financial results for the first quarter of 2016 (three-month period ending March 31, 2016). Sales revenues for the first quarter of 2016 totalled USD 6,570 thousand compared to USD 6,185 thousand on March 31, 2015.

The order and purchase backlog as of March 31, 2016 amounted to USD 10,422 thousand.

Key financial highlights for Q1 2016

Sales revenues

The Group's sales revenues for the three-month period ended March 31, 2016 were USD 6,570 thousand compared with USD 6,185 thousand in the three-month period ended March 31, 2015.

Cost of sales and gross result

Cost of sales for the first quarter of 2016 were USD 4,405 thousand compared to USD 3,955 thousand in the same period last year. Payton's gross profit for the three-month period ended March 31, 2016 amounted to USD 2,165 thousand (33% of sales) compared with USD 2,230 thousand (36% of sales) in the three-month period ended March 31, 2015. The decrease in the gross profit is mainly due to material cost of different products mix sold during each quarter.

Operating and financial result

The Q1 2016 operating income totals amounted to USD 703 thousand compared to an operating income of USD 864 thousand the same period last year. For the first three months of 2016, Payton recorded a net financial income of USD 83 thousand compared with a net finance expense of USD 83 thousand in the three-month period ended March 31, 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 profits from economic hedging transactions.

Income Taxes

The tax expenses for the three-month period ended March 31, 2016 decreased to USD 149 thousand, compared to tax expenses of USD 178 thousand during the three-month period ended March 31, 2015.

Result of the period

The total result for Q1 2016 was a net profit of USD 637 thousand.

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.

Balance sheet - Cash position

Cash and cash equivalents, Marketable securities and Short-term Deposits decreased to a total of USD 16,102 thousand as at March 31, 2016 compared to USD 19,522 thousand as at December 31, 2015 and USD 16,305 thousand as at March 31, 2015. The decrease in these items, compared with December 31, 2015 is mainly explained by a dividend payment at the amount of USD 3,092 thousand that was paid on January 14, 2016.

Other accounts receivable amounted to USD 747 thousand as at March 31, 2016 compared with USD 317 thousand as at December 31, 2015 and USD 581 thousand as at March 31, 2015. The increase in this item at the first quarter of 2016, compared to the end of last year is explained mainly by an increase in advance payments to suppliers.

Cash flow

Cash flows used for operating activities for the three-month period ended March 31, 2016 amounted to USD 191 thousand, compared with cash flows generated from operating activities of USD 1,067 thousand for the three-month period ended March 31, 2015. The decrease in these cash flows resulted mostly from the increase in trade accounts receivable.

Cash flows generated from investing activities in the three-month period ended March 31, 2016, amounted to USD 846 thousand, compared with USD 2,349 thousand in the three-month period ended March 31, 2015. Cash flows mostly stemmed from proceeds from bank deposits.

Cash flows used for financing activities in the three-month period ended March 31, 2016, amounted USD 3,092 thousand, compared with USD 216 thousand in the three-month period ended March 31, 2015.

The 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

Order and purchase backlog of the Group as of March 31, 2016 were USD 10,422 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 March 31, 2016 will be supplied until December 31, 2016.

The complete unaudited financial statements 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 Joy Delagrangre at 00-32-2-713-07-44 – joy.delagrangre@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 195 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 Comprehensive Income

- unaudited -

	3 months ended March 31	
	USD 000 2016	USD 000 2015
Sales revenues	6,570	6,185
Cost of sales	4,405	3,955
Gross profit	2,165	2,230
Development costs	(243)	(220)
Selling and marketing expenses	(550)	(483)
General and administrative expenses	(668)	(671)
Other income (expenses)	(1)	8
Operating income	703	864
Financial income (expenses), net	83	(83)
Profit before income taxes	786	781
Income taxes	(149)	(178)
Net profit for the period	637	603
Other comprehensive income items that will not be transferred to profit or loss		
Remeasurement of defined benefit plan, net of taxes	1	-
Total other comprehensive income	1	-
Total comprehensive income for the period	638	603
Number of shares	17,670,775	17,670,775
Basic earnings per share (in \$)	0.04	0.03

Condensed Interim Consolidated Balance Sheet

- unaudited -

	March 31	
	USD 000 2016	USD 000 2015
Current assets	25,803	25,525
Non-current assets	13,084	13,712
Total assets	38,887	39,237
Current liabilities	4,565	3,785
Non-current liabilities	887	2,287
Shareholders' equity	33,435	33,165
Total liabilities and shareholders' equity	38,887	39,237

Condensed Consolidated Interim Cash Flow Statement
- unaudited -

	3 months ended March 31	
	USD 000	USD 000
	2016	2015
Operating activities		
Profit (loss) for the period	637	603
Adjustments to reconcile profit to net cash generated from (used for) operating activities:		
Depreciation and amortization	244	259
Income taxes	149	178
Capital (gain) loss on sale of equipment	-	(8)
Increase (decrease) in employee benefits	45	30
Changes in the fair value of contingent consideration	1	-
Decrease (increase) in trade accounts receivables	(398)	1,221
Decrease (increase) in other accounts receivable	(430)	(159)
Decrease (increase) in inventory	(93)	(155)
(Decrease) increase in trade payables	(115)	(730)
(Decrease) increase in other payables	(112)	(147)
Finance expenses (income), net	(41)	48
Interest received	27	38
Interest paid	-	(17)
Tax paid	(105)	(94)
Cash flows (used for) generated from operating activities	(191)	1,067
Investing activities		
Proceeds from (investment in) deposits, net	1,000	3,184
Investment in fixed assets	(154)	(843)
Proceeds from sale of fixed assets	-	8
Cash flows generated from (used for) investing activities	846	2,349
Financing activities		
Repayment of loan	-	(57)
Payment of contingent consideration	-	(159)
Dividend paid	(3,092)	-
Cash flows (used for) generated from financing activities	(3,092)	(216)
Net increase (decrease) in cash and cash equivalents	(2,437)	3,200
Cash and cash equivalents at beginning of the period	6,004	4,692
Effect of exchange rate fluctuations on cash held	6	(52)
Cash and cash equivalents at end of the period	3,573	7,840