Regulated Information
PRESS RELEASE
August 9th 2017
6 pm CET

Half-year 2017 Report[1]

Sales Revenues of $14,370 thousand
Order Backlog as of June 30, 2017 of $12,567 thousand

Ness-Ziona (Israel) - Payton Planar Magnetics Ltd. today announced its financial results for the first half year of 2017 (six-month period ending June 30th, 2017).
Sales revenues for the first six months of 2017 totaled $14,370 thousand compared to $14,068 thousand in the six-month period that ended on June 30th, 2016.

The Group's order backlog as of June 30th, 2017 totaled $12,567 thousand.

Key financial highlights for the first half-year of 2017

Sales revenues
The Group's sales revenues for the six-month period that ended on June 30th, 2017 were $14,370 thousand compared to $14,068 thousand in the six-month period that ended on June 30th, 2016.

Cost of sales and gross result
The Group's gross profit for the six-month period that ended on June 30th, 2017 amounted to $5,596 thousand (39% of sales) compared to $4,543 thousand (32% of sales) in the six-month period that ended on June 30th, 2016. The increase in the gross profit is mainly due to a different products mix and different production locations during each sales period.

Expenses
During the first half-year that ended on June 30th, 2017, The Group's *Development Costs* were $613 thousand compared to $516 thousand in the same period last year (2016). The increase can mainly be explained by an increase in the development team's labor costs and also as a result of a local currency revaluation.
Selling & Marketing expenses are mainly comprised of: (1) commissions to the Group's representatives and marketing personnel, which are calculated as a portion of sales and of (2) other sales expenses (fixed) based on management policy. The Group's marketing efforts are focused on participation in major power electronic shows around the world and on collaborating with its worldwide representatives' Network.
The Group's Sales & Marketing expenses for the six-month period that ended on June 30th, 2017 were $1,156 thousand (8%) and $1,142 thousand (8%) in the six-month period that ended on June 30, 2016.

[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 the full annual financial statements, and should be read in conjunction with the consolidated financial statements as at December 31, 2016.

Operating and financial result

The total operating profit for the first half-year of 2017 amounted to $2,335 thousand compared to $1,426 thousand during the same period last year. During the first six months of 2017, Payton recorded a net finance income of $146 thousand, compared to a net finance income of $93 thousand for the first six months of 2016.

Income Taxes

Tax expenses for the first six months of 2017 totaled $532 thousand, compared to $276 thousand for the six-month period that ended on June 30th, 2016.

Result of the period

The total result for the first half-year of 2017 was a net profit of $1,949 thousand, compared to $1,243 thousand for the six-month period that ended on June 30th, 2016.

Balance sheet - Cash position

Cash and cash equivalents and Short-term deposits amounted to a total of $24,762 thousand as at June 30th, 2017 compared to $20,201 thousand as at December 31st, 2016 and $17,377 thousand as at June 30th, 2016. The increase in these items, compared to December 31st, 2016 can mainly be explained by the company's profitability and by the decrease in trade payables.

It is noted that after the report date, a dividend payment of the amount of $3,092 thousand was made (on July 19th, 2017).

Trade accounts receivable amounted to $4,613 thousand on June 30th, 2017 compared to $7,793 thousand on December 31st, 2016 and $4,969 thousand on June 30th, 2016. Intangible assets amounted to $33 thousand as at June 30th, 2017 compared to $44 thousand as at December 31st, 2016 and $ 816 thousand on June 30th, 2016. The decrease in this item compared to June 30th last year was mainly due to the amortization of goodwill. The mentioned goodwill was derived from the acquisition of the business operations of Himag Solutions Ltd. (UK) by Payton Planar through its fully-owned UK subsidiary. As of December 31st, 2016 the UK subsidiary recorded an impairment for the total value of this goodwill ($709 thousand).

Trade payables amounted to $2,659 thousand as at June 30th, 2017 compared to $3,738 thousand as at December 31st, 2016 and $2,770 thousand as at June 30th, 2016.

Dividend payable amounted to $3,092 thousand on June 30th, 2017 compared with $0 thousand as at December 31st, 2016 and on June 30th, 2016. This dividend was announced on June 5th, 2017 (USD 0.175 per share) and was paid in full on July 19th, 2017. No dividends were announced during 2016.

Cash flow

Cash flows generated from operating activities for the six-month period that ended on June 30th, 2017 amounted to $4,735 thousand, compared to cash flows generated from operating activities of $1,416 thousand for the six-month period that ended on June 30th, 2016. The increase in these cash flows were mostly due to the decrease in trade accounts receivable. Cash flows used for investment activities in the six-month period that ended on June 30th, 2017, amounted to $4,508 thousand, compared to cash flows generated from investing activities of $9,225 thousand in the six-month period ended June 30th, 2016. In the first half of 2017 cash flows were mostly used for short-term bank deposits. Cash flows used for financing activities in the six-month period that ended on June 30th, 2017, amounted to $24 thousand, compared to $3,251 thousand in the six-month period that ended on June 30th, 2016. During the first half of last year (2016) a dividend, of the amount of $3,092 thousand (announced November 23rd, 2015) was paid in full.

Outlook

On June 30th, 2017, the Group's order backlog totaled $12,567 thousand (compared to the position on December 31th, 2016 where the backlog totaled $10,681 thousand). The backlog is composed of firm orders only. Payton's management estimates that most of the backlog as of June 30th, 2017 will be supplied until March 31, 2018.

The complete financial statements and the half-year report 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 +972-3-9611164 -Michal@paytongroup.com
or Eline Dewulf at + 32 (0) 22 13 49 51 – eline.dewulf@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 185 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.

PAYTON PLANAR

Innovation • Design • Performance

Key financial figures – Payton Planar Magnetics Ltd.

Condensed Interim Consolidated Statements of Income
- unaudited -

	Six months ended June 30	
	2017	2016
	$000	$000
Sales revenues	**14,370**	14,068
Cost of sales	**(8,774)**	(9,525)
Gross profit	**5,596**	4,543
Development costs	**(613)**	(516)
Selling and marketing expenses	**(1,156)**	(1,142)
General and administrative expenses	**(1,492)**	(1,458)
Other income (expenses)	**-**	(1)
Operating profit	**2,335**	1,426
Financial income	**176**	110
Financial expenses	**(30)**	(17)
Financial income (expenses), net	**146**	93
Profit before income taxes	**2,481**	1,519
Income taxes	**(532)**	(276)
Profit for the period	**1,949**	1,243
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	**1,949**	1,244
Number of shares	**17,670,775**	17,670,775
Basic earnings per share (in USD)	**0.11**	0.07

Condensed Interim Consolidated Balance Sheet
- unaudited -

	June 30	
	$000	$000
	2017	2016
Current assets	**33,477**	**26,503**
Non-current assets	**11,825**	**12,997**
Total assets	**45,302**	**39,500**
Current liabilities	**8,274**	**4,609**
Non-current liabilities	**1,108**	**850**
Equity	**35,920**	**34,041**
Total liabilities and Equity	**45,302**	**39,500**

Condensed Interim Consolidated Statements of Cash Flows

Six-month period ended June 30 - unaudited $ thousands	2017	2016
Operating activities		
Profit for the period	**1,949**	1,243
Adjustments to reconcile profit to net cash generated from operating activities:		
Depreciation & amortization	**467**	499
Income taxes	**532**	276
Changes in the fair value of contingent consideration	**-**	1
Increase (decrease) in employee benefits	**160**	128
(Increase) decrease in trade accounts receivables	**3,180**	(655)
(Increase) decrease in other accounts receivable	**213**	(130)
Decrease (increase) in inventory	**(92)**	439
(Decrease) increase in trade payables	**(1,080)**	(284)
Increase (decrease) in other payables	**(192)**	(127)
Tax paid	**(290)**	(225)
Tax received	**-**	198
Finance (income) expenses, net	**(152)**	(48)
Interest received	**40**	101
Cash flows generated from operating activities	**4,735**	1,416
Investing activities		
Proceeds from (Investments in) deposits, net	**(4,246)**	9,488
Investment in fixed assets	**(262)**	(263)
Cash flows (used for) generated from investing activities	**(4,508)**	9,225
Financing activities		
Payment of contingent consideration	**(24)**	(159)
Dividend paid	**-**	(3,092)
Cash flows used for financing activities	**(24)**	(3,251)
Net increase in cash and cash equivalents	**203**	7,390
Cash and cash equivalents at beginning of the period	**8,150**	6,004
Effect of exchange rate fluctuations on cash held	**28**	(10)
Cash and cash equivalents at end of the period	**8,381**	13,384