

**Delta Electronics (DELTA TB) - SELL, Price Bt904, TP Bt538****Results Comment**

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**Stronger-than-expected 4Q22 results**

- DELTA's norm earnings in 4Q22 were Bt4.5bn, increased 134% y-y from the low base and also grew by 16% y-y. Earnings beat our expectation by 11%.
- Revenues increased 48% y-y and 10% q-q. Growth was mainly from EV business.
- Gross margin was 24.5% vs. 23.3% in 3Q22 and 20% in 4Q22. We suspect it was mainly due to operating leverage impact.
- SG&A to sales was relatively stable at 11%.
- We are cautious on the outlook as major electronic players are facing with clients' inventory depletion amid soft demand.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q21	1Q22	2Q22	3Q22	4Q22	(Bt m)	q-q%	y-y%	% 2022F	2022A	2023F
Revenue	23,320	24,623	28,004	31,324	34,606	Revenue	10	48	101	118,558	129,981
<b>Gross profit</b>	<b>4,693</b>	<b>5,137</b>	<b>7,016</b>	<b>7,298</b>	<b>8,489</b>	<b>Gross profit</b>	<b>16</b>	<b>81</b>	<b>104</b>	<b>27,940</b>	<b>30,445</b>
SG&A	2,781	2,943	3,152	3,524	3,829	SG&A	9	38	102	13,447	14,729
Operating profit	1,913	2,194	3,864	3,774	4,661	Operating profit	24	144	105	14,493	15,716
<b>EBITDA</b>	<b>2,567</b>	<b>2,912</b>	<b>4,613</b>	<b>4,603</b>	<b>5,555</b>	<b>EBITDA</b>	<b>21</b>	<b>116</b>	<b>106</b>	<b>17,683</b>	<b>19,045</b>
Other income	75	115	112	204	182	Other income	(10)	144	103	613	646
Other expense	20	17	6	16	15	Other expense	(7)	(24)	110	55	50
Interest expense	2	3	4	0	12	Interest expense	7,446	640	91	20	24
<b>Profit before tax</b>	<b>1,966</b>	<b>2,288</b>	<b>3,966</b>	<b>3,961</b>	<b>4,816</b>	<b>Profit before tax</b>	<b>22</b>	<b>145</b>	<b>105</b>	<b>15,031</b>	<b>16,288</b>
Income tax	38	39	48	65	314	Income tax	380	718	206	467	258
Equity & invest. income	0	0	0	0	0	Equity & invest. income				0	0
Minority interests	0	0	0	0	0	Minority interests				0	(7)
Extraordinary items	168	531	346	215	(311)	Extraordinary items	na	na		781	0
<b>Net profit</b>	<b>2,096</b>	<b>2,780</b>	<b>4,263</b>	<b>4,110</b>	<b>4,191</b>	<b>Net profit</b>	<b>2</b>	<b>100</b>	<b>109</b>	<b>15,345</b>	<b>16,023</b>
<b>Normalized profit</b>	<b>1,928</b>	<b>2,249</b>	<b>3,918</b>	<b>3,895</b>	<b>4,502</b>	<b>Normalized profit</b>	<b>16</b>	<b>134</b>	<b>103</b>	<b>14,564</b>	<b>16,023</b>
EPS (Bt)	1.68	2.23	3.42	3.29	3.36	EPS (Bt)	2	100	110	12.19	12.73
Normalized EPS (Bt)	1.55	1.80	3.14	3.12	3.61	Normalized EPS (Bt)	16	134	104	11.57	12.73

  

Balance Sheet						Financial Ratios					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q21	1Q22	2Q22	3Q22	4Q22	(%)	4Q21	1Q22	2Q22	3Q22	4Q22
Cash & ST investment	6,572	6,639	8,156	11,312	10,142	Sales grow th	26.6	29.3	35.7	46.9	48.4
A/C receivable	20,593	20,654	23,354	25,779	28,132	Operating profit grow th	19.2	59.9	190.9	188.2	143.7
Inventory	19,581	19,617	20,811	23,624	25,049	EBITDA grow th	20.5	50.4	139.0	133.7	116.4
Other current assets	1,663	2,451	1,690	1,806	2,702	Norm profit grow th	20.0	49.4	173.5	222.1	133.5
Investment	0	0	0	0	0	Norm EPS grow th	20.0	49.4	173.5	222.1	133.5
Fixed assets	18,583	19,090	20,015	21,716	22,700	Gross margin	20.1	20.9	25.1	23.3	24.5
Other assets	2,346	1,848	2,338	2,325	2,260	Operating margin	8.2	8.9	13.8	12.0	13.5
<b>Total assets</b>	<b>69,338</b>	<b>70,299</b>	<b>76,363</b>	<b>86,563</b>	<b>90,984</b>	EBITDA margin	11.0	11.8	16.5	14.7	16.1
S-T debt	1,692	379	590	602	990	Norm net margin	8.3	9.1	14.0	12.4	13.0
A/C payable	22,049	21,884	25,162	29,646	30,202	D/E (x)	0.1	0.0	0.0	0.0	0.0
Other current liabilities	994	884	968	1,380	1,478	Net D/E (x)	(0.1)	(0.1)	(0.1)	(0.2)	(0.1)
L-T debt	913	911	983	1,205	1,651	Interest coverage (x)	1,573.4	877.8	1,163.1	28,770.1	460.1
Other liabilities	2,286	2,297	2,305	2,255	1,985	Interest rate	0.4	0.7	1.1	0.0	2.2
Minority interest	0	0	0	0	0	Effective tax rate	2.0	1.7	1.2	1.7	6.5
<b>Shareholders' equity</b>	<b>41,404</b>	<b>43,944</b>	<b>46,354</b>	<b>51,474</b>	<b>54,680</b>	ROA	11.4	12.9	21.4	19.1	20.3
Working capital	18,125	18,387	19,003	19,756	22,979	ROE	19.0	21.1	34.7	31.9	33.9
Total debt	2,605	1,290	1,574	1,807	2,641						
<b>Net debt</b>	<b>(3,967)</b>	<b>(5,348)</b>	<b>(6,582)</b>	<b>(9,505)</b>	<b>(7,502)</b>						

Sources: Company data, Thanachart estimates

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