

BUY (Unchanged)

Change in Numbers

TP: Bt 220.00 (From: Bt 170.00)

Upside : 22.6%

13 OCTOBER 2025

Delta Electronics Pcl (DELTA TB)

Strong relocation wave

DELTA's two new orders in the current relocation wave came in stronger than anticipated in 2H25F, with larger flows expected from next year. We raise our earnings by 4-24% p.a. into 2030F and reaffirm our BUY call on DELTA for a 30% EPS CAGR over 2025-30F.



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Two new orders and more: reaffirm BUY

We reaffirm our BUY call on DELTA with a higher DCF-based 12-month TP (2026F base year) of Bt220 (from Bt170). *First*, 2020-24 was the first major production relocation wave for DELTA, and this year marks the second. DELTA began receiving two new orders – new power management and liquid cooling system work – in the second production relocation wave from Delta Electronics (Taiwan) in 2H25, with stronger-than-expected volumes. *Second*, industry demand for existing power management products is also stronger than expected, as booming AI data centers require greater energy capacity. *Lastly*, we raise our earnings estimates by 4-24% p.a. over 2025-30F to reflect the strong relocation wave and AI boom. With a 30% EPS CAGR over 2025-30F and as the single most direct, big-cap play in Thailand on the global AI industry, DELTA deserves a premium, in our view.

New order #1: power capacitance shelves

Delta Group, one of the world's top-three makers of power management devices for US hyperscalers, focuses on three key power management systems: power supply units (PSUs), power distribution units (PDUs), and power capacitance shelves (PCS). DELTA now focuses on PSUs and PDUs, while Delta Taiwan (2308 TT) specializes in PCS. In 3Q25, Delta Taiwan began relocating PCS to DELTA.

New order 2: liquid cooling systems

DELTA began to receive new liquid cooling system orders in 3Q25 after Delta Taiwan's successful penetration of this product segment over the past few years. AI data centers need new liquid cooling technology to replace cooling fans. Delta Taiwan has won three large-scale liquid cooling projects (data center servers, racks, and infrastructure). It has begun transferring part of the rack-cooling production to Thailand. Total liquid cooling system orders came to 13% of Delta Taiwan's profit in 2Q25, on our estimate. We expect 30% of the group's liquid cooling system output to be at DELTA, with a 28% contribution to its profit in 2027F. Global liquid cooling system orders are projected to grow 22% p.a. in 2025–35F, according to various research houses.

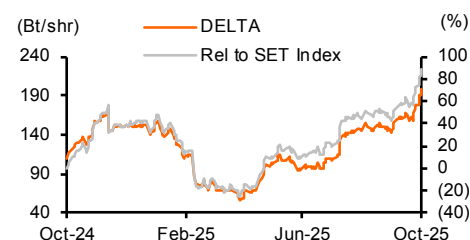
3Q25F preview

We estimate DELTA's 3Q25F profit at Bt6.2bn, up 7% y-y and 23% q-q. Excluding the impact of the global minimum tax (tax rate of 13.2% in 3Q25F vs. 2% in 3Q24), operating profit growth would be 18% y-y. Against the 9% baht appreciation vs. the US\$, we see the results being strong, driven by AI-based orders with US\$ sales rising by 50% y-y, on our estimate. DELTA expects stronger order momentum to continue into 4Q25F, despite the impact of the lowest season. From a bigger-picture perspective, we estimate DELTA's US\$ sales growth at 27% p.a. into 2030F.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	164,733	191,421	245,693	313,176
Net profit	18,939	23,072	31,435	43,987
Consensus NP	—	21,761	26,668	32,957
Diff frm cons (%)	—	6.0	17.9	33.5
Norm profit	17,980	23,072	31,435	43,987
Prev. Norm profit	—	22,108	28,618	38,785
Chg frm prev (%)	—	4.4	9.8	13.4
Norm EPS (Bt)	1.4	1.8	2.5	3.5
Norm EPS grw (%)	1.3	28.3	36.2	39.9
Norm PE (x)	125.5	97.8	71.8	51.3
EV/EBITDA (x)	91.2	66.0	48.9	35.5
P/BV (x)	28.2	23.3	18.9	15.2
Div yield (%)	0.3	0.3	0.5	0.8
ROE (%)	24.4	26.1	29.1	32.8
Net D/E (%)	(15.9)	(19.2)	(23.1)	(25.0)

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 10-Oct-25 (Bt)	179.50
Market Cap (US\$ m)	68,443.2
Listed Shares (m shares)	12,473.8
Free Float (%)	23.6
Avg. Daily Turnover (US\$ m)	69.6
12M Price H/L (Bt)	197.50/56.75
Sector	Electronics
Major Shareholder	Delta Group 62.6%

Sources: Bloomberg, Company data, Thanachart estimates

Reaffirming our BUY call

**We reaffirm our BUY call
with a higher TP of Bt220**

We reaffirm our BUY call on Delta Electronics Pcl (DELTA) with a higher DCF-based 12-month TP (2026F base year) of Bt220 (from Bt170 previously).

Ex 1: Our Assumptions

	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F	2030F
Total US\$ sales (% growth)	(0.2)	22.2	30.3	24.4	28.3	12.3	23.0	29.8	25.6	26.4	31.8	25.8
Data center (power management + liquid cooling)	9.0	38.7	12.4	34.2	26.0	68.7	62.5	58.6	38.3	37.2	42.4	32.3
- EV	33.0	152.7	15.5	94.8	20.0	(3.0)	3.0	12.0	10.0	10.0	7.0	7.0
- Traditional electronics	(7.7)	(9.7)	48.5	(10.1)	37.5	(8.0)	(2.1)	(5.1)	4.6	2.8	6.4	3.2
Gross margin (%)	22.0	24.9	20.6	23.6	22.9	24.6	26.3	26.5	27.9	29.2	30.4	31.5
SG&A (% to sales)	15.7	13.7	13.6	11.3	10.6	13.7	12.9	12.1	12.0	11.7	11.3	10.9

Sources: Company data, Thanachart estimates

**Stronger cases for our two
key investment theses**

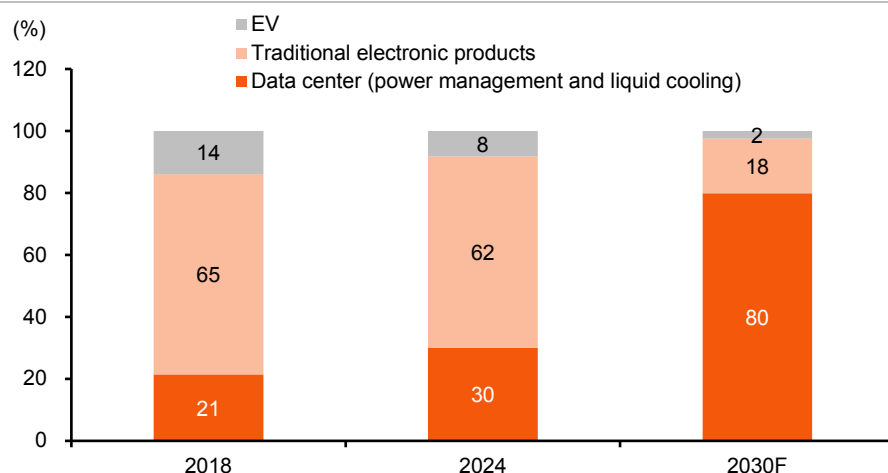
Our key investment theses for DELTA are:

First, as part of the Delta Group, one of the global top-three makers of power management products for hyperscalers, DELTA is benefiting from the global AI trend that is driving massive new investment in data centers, which use its products.

Second, DELTA (Thailand) is becoming the group's key production hub as Delta (Taiwan) relocates capacity from China amid the US-China trade conflict.

For these reasons, we estimate data center sales to increase by 45% p.a. and expect them to account for 79% of DELTA's EBIT and sales in 2030F vs. 30% in 2024.

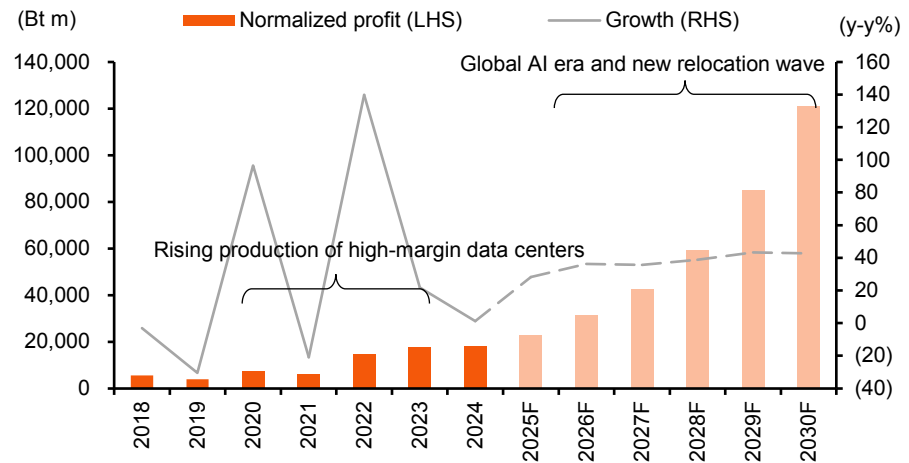
Ex 2: DELTA's Sales Breakdown



Sources: Company data, Thanachart estimates

Profit-wise, we see DELTA as the sole big-cap play in Thailand on the global AI industry and estimate a 30% EPS CAGR over 2025–30F.

Ex 3: DELTA's Earnings Outlook



Sources: Company data, Thanachart estimates

We discussed in our previous report (see *Getting back on the fast track*, 16 July 2025), the key reasons supporting our arguments for the growth outlook of AI data centers and Delta Group's relocation strategy, and we provide a recap of them in the Appendix later.

We raise 2025-30F earnings by 4-24% for two reasons

1) Stronger industry demand

2) New orders

This report focuses on the two key reasons why we have raised our earnings estimates for DELTA by 4-24% p.a. in 2025-30F.

First, demand for DELTA's existing power management products has been stronger than we'd expected earlier, as AI data centers require greater capacity and more expensive products that DELTA produces.

Second, 3Q25 to us marks the beginning of the second wave of production relocation to DELTA Thailand, with two new product lines starting from 3Q25:

- 1) New power management modules
- 2) Liquid cooling systems

Ex 4: Earnings Revisions

	2022	2023	2024	2025F	2026F	2027F
Sales (US\$ m)						
- New	3,337	4,109	4,667	5,738	7,445	9,349
- Old				5,675	6,655	8,067
- Change (%)				1.1	11.9	15.9
Bt/US\$						
- New	35.1	34.8	35.3	33.4	33.0	33.5
- Old				33.4	34.5	34.5
Gross margin (%)						
- New	23.6	22.9	24.6	26.3	26.5	27.9
- Old				26.0	27.0	28.5
- Change (ppt)				0.3	(0.4)	(0.6)
SG&A to sales (%)						
- New	11.3	10.6	13.7	12.9	12.1	12.0
- Old				13.0	13.0	12.8
- Change (ppt)				(0.1)	(0.8)	(0.8)
Tax (%)						
- New	3.1	5.7	4.3	14.0	14.0	14.0
- Old				14.0	14.0	14.0
Normalized profit (Bt m)						
- New	14,564	17,747	17,980	23,072	31,435	43,987
- Old				22,108	28,618	38,785
- Change (%)				4.4	9.8	13.4

Sources: Company data, Thanachart estimates

Rising industry demand

More AI data centers, more of DELTA's power management products

The first AI benefit for DELTA comes from the rising number and scale of AI data center units, which require far more computing power and data storage.

Ex 5: Global AI Data Centers By Volume

	2025	2030	% CAGR
Global data center capacity (GW)	82	220	22
- AI	44	156	28
- Non AI	38	64	11

Sources: McKinsey, Thanachart compilation, Thanachart estimates

Ex 6: Global AI Data Centers By Value

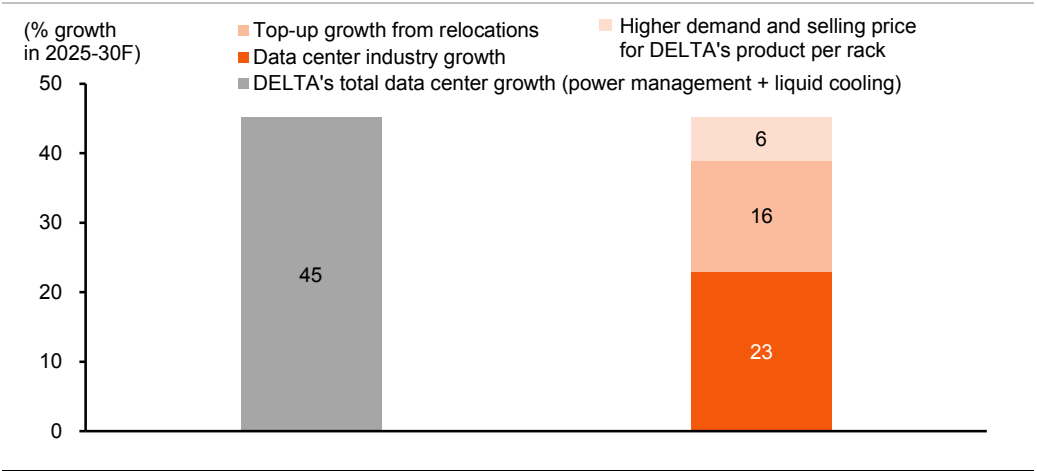
	2025	2030	% CAGR
Global data center capacity (US\$ T)	2.4	6.7	23
- AI	1.47	5.2	29
- Non AI	0.9	1.5	11

Sources: McKinsey, Thanachart compilation, Thanachart estimates

DELTA's key products
needed more than peers'

The second benefit is that each AI data center needs more units and more expensive versions of Delta's four core power management products: PSUs (Power Supply Units) and PDUs (Power Distribution Units), PCS (power capacitance shelf), and liquid cooling than in traditional non-AI data centers.

Ex 7: Our Data Center Growth Forecasts For DELTA



There are five main products in the power management module in modern AI data centers:

PSU (Power Supply Unit) acts as the charger that converts AC (alternating current) from the grid into DC (direct current) that servers and GPUs use.

PDU (Power Distribution Unit) distributes that power safely and efficiently within each rack.

UPS (Uninterruptible Power Supply) provides backup power when the grid fails.

***PCS (Power Capacitance Shelf)** is a new unit designed for AI data centers to stabilize power fluctuations from high GPU loads.

***Liquid cooling** is also the new cooling system for AI data centers. They need liquid cooling because their GPUs generate much higher heat per rack, and air cooling alone cannot handle the load. Air systems typically manage up to 15 kW per rack, while AI racks often exceed 100 kW. Liquid cooling transfers heat directly from the chip and rack through cold plates and coolant loops, keeping temperatures stable and saving power from fans and chillers.

More of DELTA's PSUs and PDUs for AI data centers

DELTA had limited benefit in the previous global investment wave of traditional non-AI data centers as these facilities do not require as many of its key PSU and PDU products as the traditional data center facilities run at steady, predictable loads. DELTA's key PCS and liquid cooling products were not yet used by them. DELTA is not strong in UPS which is the main product focused on areas where backup power reliability is the priority.

However, in AI data centers, power demand is far more dynamic because GPUs draw massive bursts of current depending on workload. PSUs must handle fast load swings, manage heat efficiently, and maintain steady voltage. PDUs must distribute this larger and more variable power flow safely across more densely packed racks, with sensors and control for each circuit. PCS and liquid cooling products are now also required due to their functions mentioned above.

Regarding the competition landscape, Delta Group is the key player in PSU, a top five player in PDU, and is among the first developers for hyperscalers for PCS and liquid cooling systems. Delta has limited business exposure on UPS.

Ex 8: DELTA's Products Are Needed More

	Non AI data center	AI data center	Key player/s
PSU	Medium: Needed but simpler	Critical: complex, high efficiency required	Delta group
PDU	Medium: basic distribution	Critical: complex, sensor control	Delta group, Vertiv, Schneider, ABB
UPS	Critical: Backup always essential		Vertiv, Schneider and Eaton
PCS	Not used	Highly critical: for grid stability	New products, Delta group is a leader now
Cooling	Low-Medium: simple air cooling is sufficient	Most critical: GPU overheat without it	New products, Delta group, Vertiv and Schneider

Sources: Company data, Thanachart compilations

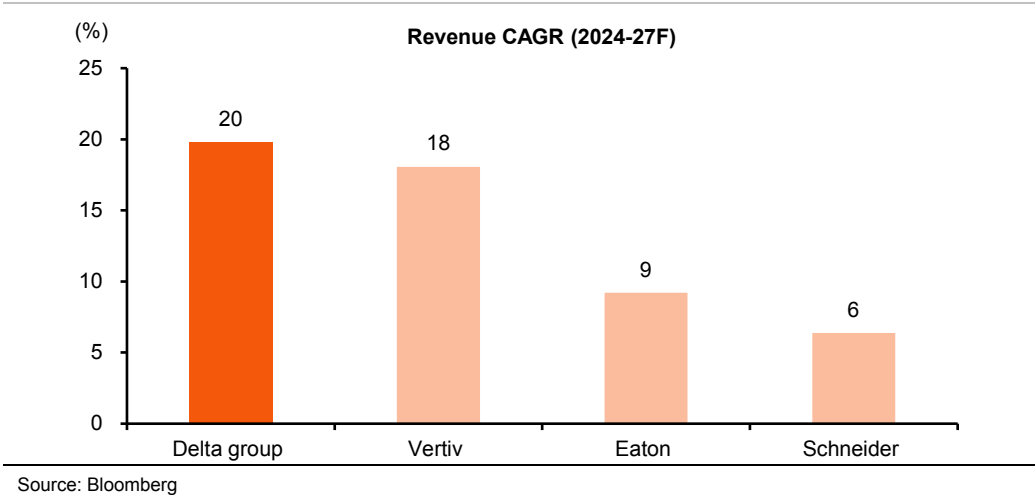
Delta Group to grow faster

Because of these reasons, Exhibit 9 shows Delta Group is forecast to grow revenue faster than Vertiv, Schneider, and Eaton over 2024-27F, based on Bloomberg and Thanachart estimates.

DELTA's products getting more expensive, too

On top of the quantitative requirements, the increasing complexity of PSUs and PDUs also supports higher selling prices. Examples of Delta's more complex products include PSUs and PDUs are redesigned to support high voltage direct current (HVDC) power systems, which cut electricity loss by distributing direct voltage instead of alternating current. Delta mentioned its new generation PSUs and PDUs achieve up to about 98% conversion efficiency, with lower power loss than the industry average, thanks to its high voltage direct current (HVDC) design and optimized components. For a large 200 MW hyperscaler AI data center facility, we estimate one percentage point improvement in efficiency translates to roughly US\$1.8m in annual power cost savings.

Ex 9: Delta Group Vs. Other Key Players



New product 1 – power capacitance shelves

Delta Group is moving into the new PCS industry...

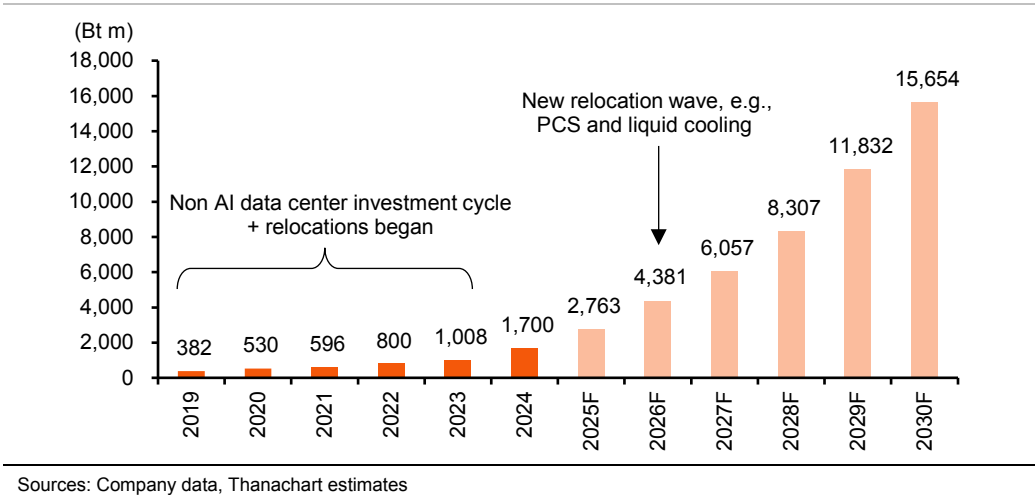
A power capacitance shelf (PCS) is a newly developed power buffer system that smooths power fluctuations caused by high GPU workloads. It uses large lithium-ion capacitors to store and release power almost instantly, acting like an electrical shock absorber. When AI servers switch suddenly between heavy and light workloads, power demand can spike and drop within milliseconds. A PCS captures and releases energy to keep the voltage stable, protecting both PSUs and the overall rack from overload or dropouts.

All three global players, Delta group, Vertiv, and Schneider, are developing PCS products. Delta group is among the first mover and we believe it has secured NVIDIA as a key customer, and we suspect other global hyperscalers are customers as well.

...and shifting production to Thailand

Within the Delta Group, Delta Taiwan began relocating PSU and PDU production to DELTA (Thailand) during the first relocation wave in 2020–24. In 3Q25, Delta Taiwan began mass production of PCS in Thailand to serve global hyperscaler orders. DELTA Thailand's data center sales grew about 38% p.a. in 2020–1H25, accounting for about 40% of total sales. With the addition of PCS orders and the continued growth of the existing PCS and PDU amid the global data center investments, we estimate DELTA's data center sales to grow by 44% p.a. over 2025–30F.

Ex 10: DELTA Data Center Growth Milestones

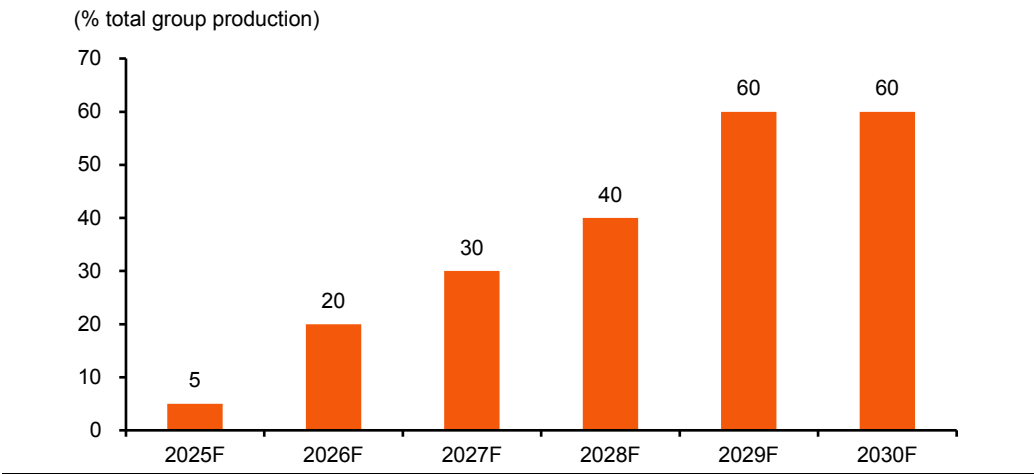


New product 2 – liquid cooling systems

New liquid cooling from
Delta Taiwan

DELTA started receiving liquid cooling system orders in 3Q25F after Delta Taiwan successfully established itself in this segment over the past few years. Liquid cooling systems accounted for about 13% of Delta Taiwan's profit in 2Q25, on our estimate. This equivalent to around 35% of DELTA's profit base. We estimate that 30% of the group's liquid cooling production will be relocated to DELTA Thailand, contributing 28% of its profit in 2027F.

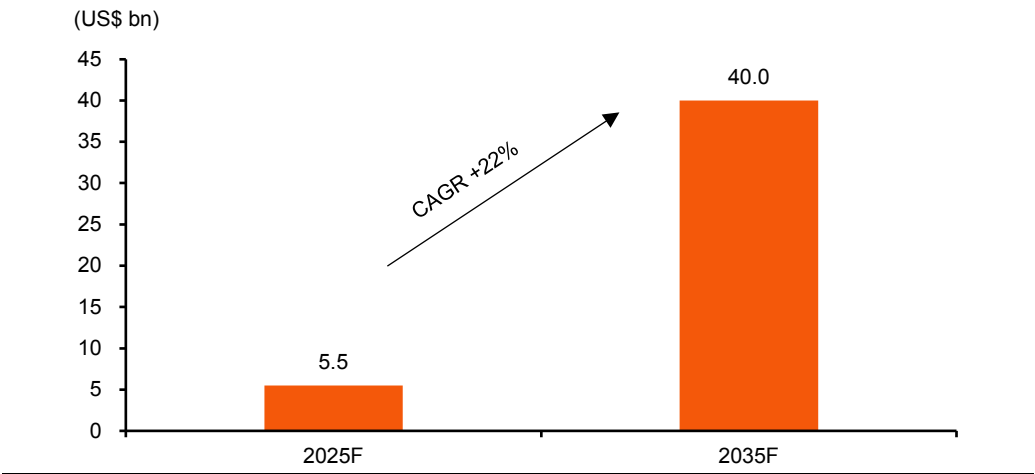
Ex 11: Our Liquid Cooling System Assumptions



Sources: Company data, Thanachart estimates

According to various research houses, global liquid cooling system demand will grow by around 22% p.a. over 2025–35F.

Ex 12: Global Liquid Cooling System Demand Growth



Source: Thanachart compilations

Why relocate to DELTA (Thailand)?

Expecting a repeat cycle of relocations

We believe Delta Taiwan normally develops and prototypes new products at its Taiwan factory before mass production in China or Thailand. However, we are told that because most liquid cooling system customers are US hyperscalers, production in China is not feasible due to trade and data security restrictions. After the completion of its factory in Thailand, Delta Taiwan began relocating liquid cooling orders to DELTA (Thailand).

The first two product lines: Liquid-to-Liquid

Delta Taiwan began transferring two liquid cooling product lines, both for data center racks, to DELTA Thailand in 3Q25, after completing a new factory dedicated to liquid cooling systems. These products use Liquid-to-Liquid (L2L) cooling, the preferred architecture for new AI data centers. In an L2L system, a liquid coolant inside the rack absorbs heat directly from components such as GPUs and CPUs, then transfers it to another liquid loop connected to the facility's chiller or cooling tower. This design removes heat more efficiently than traditional Liquid-to-Air (L2A) systems, which still rely on fans and air exchange. L2L systems are becoming the industry standard for new high-density AI data centers due to their superior energy efficiency and smaller footprint.

Examples of other liquid cooling products yet to be relocated include infrastructure-level systems, such as:

High-power air units (AHUs / Chillers) mounted on data center walls for large-scale heat exchange.

Rear-door heat exchangers and manifold pipelines that collect and transfer heat from racks to the cooling plant.

Server-level cooling components like cold plates, vapor chambers, and heat sinks mounted directly on GPUs and CPUs.

Ex 13: DELTA Production Facilities

Existing	Focused end-products	Note
Bangpu		
F1	Traditional electronics	
F3	Delta Taiwan relocated work: Traditional electronics	
F5*	High-end data centers, consumer appliances, EV	– Non-data center and non-EV products will be moved to India to allow data center product manufacturing
F8	EV	– EV is underutilized due to weak demand, and more data center work to be accommodated here
Well Grow		
WG1	Traditional electronics	
WG2	Delta Taiwan relocation work, e.g., data center products	
New facilities		
Bangpu		
Project 1	High-end data centers	
Project 2	Traditional electronics	
Project 3	Data center solutions products	
Project 4	Data center solutions products	
Well Grow		
Project 1	Delta Taiwan relocated works, e.g., traditional electronic products	
Project 2	Delta Taiwan relocated works, e.g., data center products and liquid cooling systems	– Liquid cooling systems for data centers are currently produced by Delta Taiwan, and it is planning to move production to DELTA
India		
Expanding existing factory	Traditional electronic products, e.g., telecommunication equipment	– India provides operational flexibility as an alternative to Thailand in case of adverse US tariff impacts

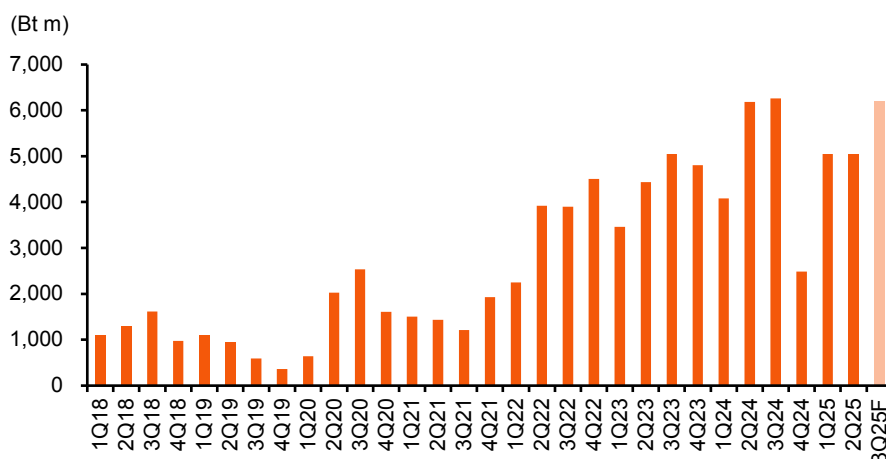
Sources: Company data, Thanachart compilations

Good quarterly earnings

We expect a strong earnings outlook

We estimate DELTA's 3Q25F profit at Bt6.2bn, up 7% y-y and 23% q-q. Excluding the impact of the global minimum tax (tax rate at 13.2% in 3Q25F vs. 2% in 3Q24), operating profit growth would be 18% y-y. Against the 9% baht appreciation against the US\$, we see the results being strong, driven by AI-based orders, with US\$ sales rising by about 50% y-y, on our estimate. DELTA expects stronger order momentum to continue into 4Q25F despite the lowest-season impact. With the weakening baht trend and a higher mix of AI products, we also expect higher profitability in 4Q25F.

Ex 14: Quarterly Earnings Momentum



Sources: Company data, Thanachart estimates

Cutting royalty expense assumption

Regarding royalty expenses, DELTA now expects lower-than-expected royalty fees in 2H25F at below the 6% previously anticipated. The royalty fee was about 6% in 2024 and 4% in 1H25F. Exhibit 15 shows that despite the royalty fee, DELTA expects margins to expand.

Ex 15: Our Royalty Fee Assumptions



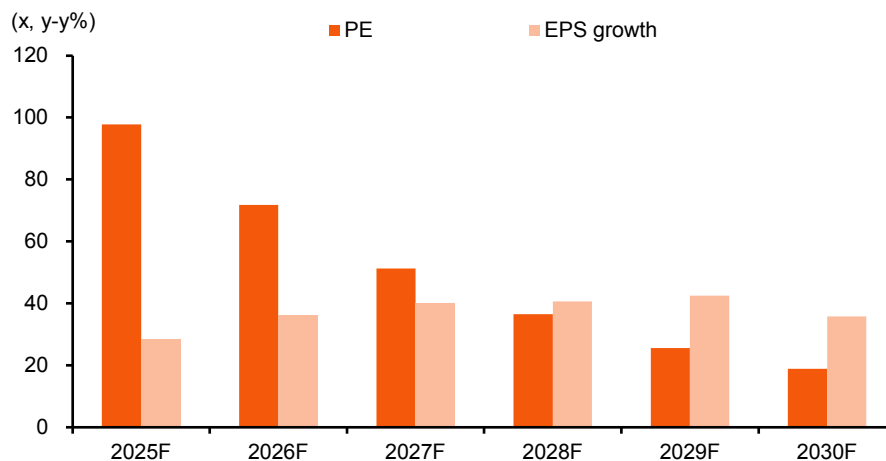
Sources: Company data, Thanachart estimates

About DELTA's valuation

We do not believe DELTA is expensive

We do not believe near-term PE reflects DELTA's earnings growth outlook. Based on our estimate of a 30% EPS CAGR in 2025–30F, DELTA's PE fell to 20x in 2030F.

Ex 16: PE Vs. EPS Growth



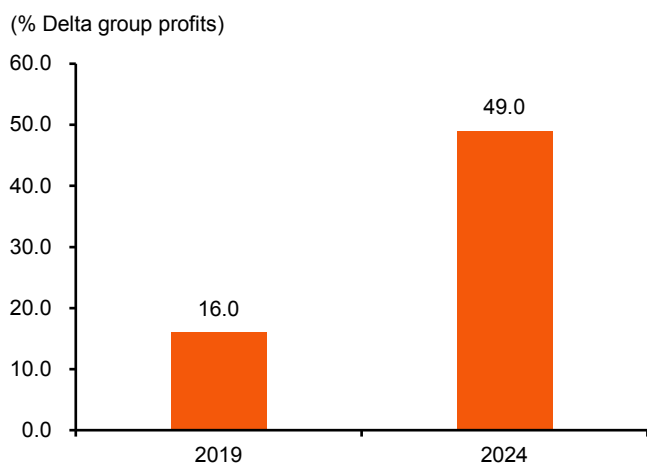
Sources: Company data, Thanachart estimates

More profits at DELTA (Thailand)

Looking at it another way, we believe the high PE reflects the market expectation for DELTA's market cap to close up to the Delta Taiwan's level, as DELTA (Thailand)'s profits have been shown over the years to be outpacing Delta Taiwan's (63% DELTA profits + pure Taiwan profits) due to the group production relocations. We expect the accelerated relocation after the completion of the new factories in Thailand to free up the capacity. Exhibit 17 shows that DELTA's profits in 2024 accounted for 49% of Delta Taiwan's vs. 16% in 2019, before production relocation began.

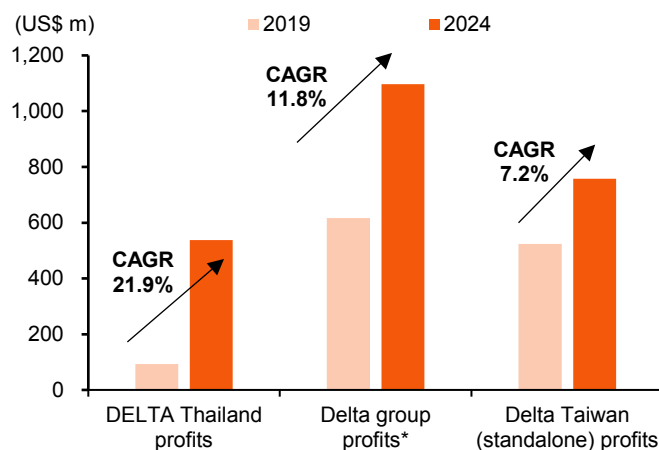
We note that our 2025-27F EPS CAGR of 38% for DELTA is lower than the Bloomberg consensus 43% CAGR forecast for Delta Group during the same period. Generally, as the group expects further production relocations toward DELTA, it could be assuming continued faster growth for DELTA. However, we do not yet assume this for Delta Group's Taiwan growth.

Ex 17: More Profits At DELTA (Thailand)



Sources: Company data; Thanachart estimates

Ex 18: DELTA (Thailand) Growing Faster Than Delta Group

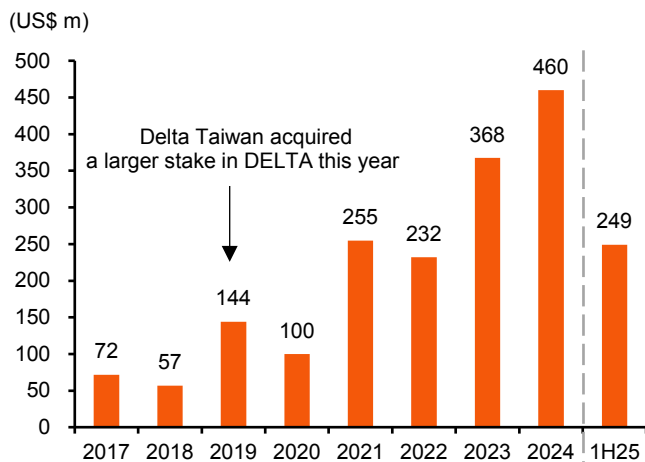


Sources: Company data; Thanachart estimates

More investments in Thailand

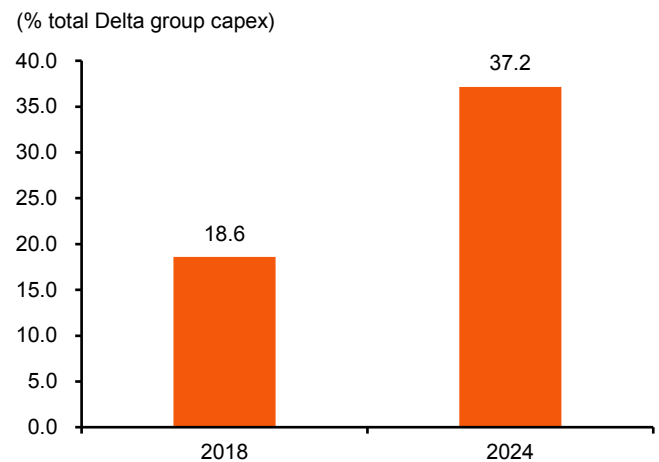
Exhibit 20 shows Delta Taiwan has increased capex for Thailand over the year. Delta Taiwan earlier expected to invest another US\$300m capex in DELTA this year or about 30% of the group's total capex. However, DELTA now sees upside to the earlier guidance with the capex reaching US\$249m in 1H25. We believe Delta Group is accelerating the completion of liquid cooling capacity in Thailand. Delta Group has mentioned that it is willing to move production to where its customers prefer. As most new AI orders are from US clients, we do not believe it is feasible to locate production at Delta Taiwan's key plants in China.

Ex 19: DELTA's Capex Over The Years



Source: Company data

Ex 20: More Capex In Thailand



Sources: Company data; Thanachart estimates

Ex 21: 12-month DCF-based Valuation, Using A Base Year Of 2026F

(Bt m)	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal value
EBITDA	45,621	62,501	86,358	120,305	160,276	202,361	265,834	335,299	410,647	498,239	615,061	—
Free cash flow	17,730	23,617	32,895	55,944	89,232	119,778	155,918	214,230	276,493	344,781	423,139	5,871,471
PV of free cash flow	17,682	19,374	24,432	37,628	54,353	66,073	77,869	96,892	113,249	127,889	142,101	1,971,789
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	1.0											
WACC (%)	10.4											
Terminal growth (%)	3.0											
Enterprise value - add investments	2,749,331											
Net debt (2025F)	(18,598)											
Minority interest	0											
Equity value	2,767,928											
# of shares (m)	12,572											
Target price/share (Bt)	220											

Sources: Company data, Thanachart estimates

Note: we have assumed additional 98m stocks from in-the-price convertible bond

Appendix

Where AI data center orders are from

AI data centers in a nutshell

Delta Group, which includes Delta Taiwan and DELTA in Thailand, is a global top-three power management electronics manufacturer. DELTA earlier benefited from the global data era, e.g., e-commerce, and is now tapping into the AI trend, which requires more data centers. Its data center sales surged to 40% of sales in 1H25, from 30% in 2024 and about 21% in 2018. We believe DELTA's data center sales will surpass 50% by the year-end. DELTA produces power management products for both AI and non-AI data center for global hyperscalers, and we believe they include Google, Meta, and Amazon. The AI-related data center work includes power management for controlling units, such as GPUs (graphics processing units), in data center racks. DELTA expects more work to be geared toward AI data centers due to:

- 1) Hyperscalers moving toward the AI trend and increasing their AI data center use.
- 2) New work from customers at the level of data center controlling units, e.g., NVIDIA.

Note that demand for non-AI data centers also continues to increase due to ongoing cloud storage needs and traditional enterprise computing that still requires dedicated infrastructure.

DELTA's data center sales grew by about 38% p.a. in 2018-1H25, on our estimate, vs. industry growth of 15% p.a. DELTA expects data center sales growth of 62% this year. We estimate DELTA's data center sales to grow by 45% CAGR into 2030F vs. 23% industry growth due to higher demand for DELTA's AI products in each data center and the relocations from Delta Taiwan as mentioned above.

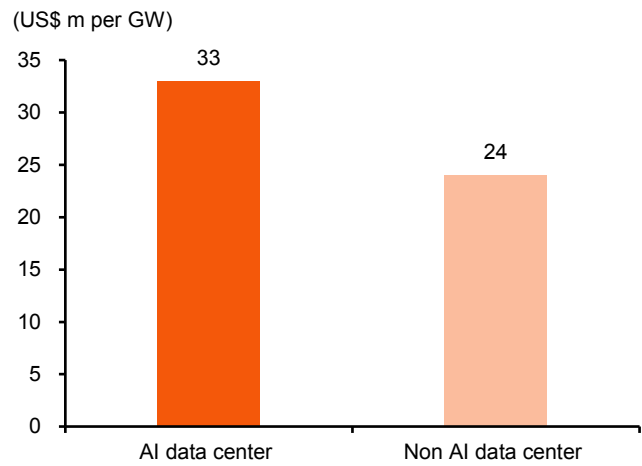
The industry factor

Data center industry benefits from the AI trend

Data centers power AI applications by providing the computing infrastructure needed to process massive datasets and run complex algorithms. McKinsey forecasts data center volume demand to grow at a 22% CAGR over 2025-34. Breaking it down, AI data center volume demand is projected to grow by 28%, while that for non-AI data centers is expected to grow by 11%. Non-AI data centers are still needed due to the continued growth of cloud services and traditional enterprise applications that require separate infrastructure. AI data centers are expected to account for 70% of total data centers in 2030 vs. 53% in 2025, according to McKinsey. By value, AI data centers require more power due to the intensive computational requirements of machine learning and neural network processing, so their price is about 30% higher. This implies that the total value of data centers grows at a 23% CAGR over 2025-34.

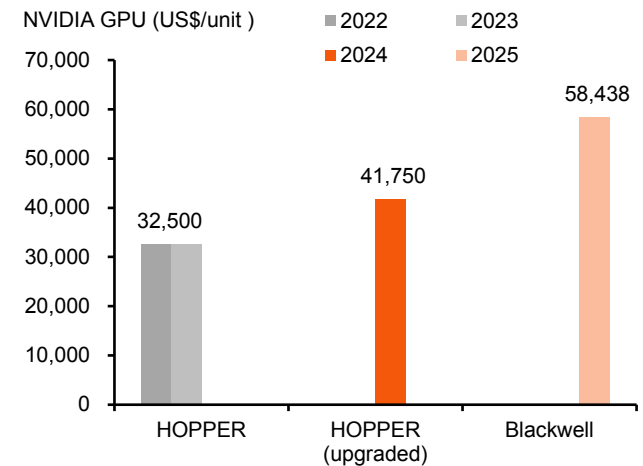
The AI trend appears sustainable to us, given its widespread adoption among both corporate and retail customers. Corporates adopt AI for business planning as intelligent assistants, allowing cost savings by automating routine tasks and operational efficiency optimization. Retail users utilize AI applications for personalized recommendations, automated customer service, and daily productivity tools, including research and problem-solving.

Ex 22: AI Data Centers Are More Expensive



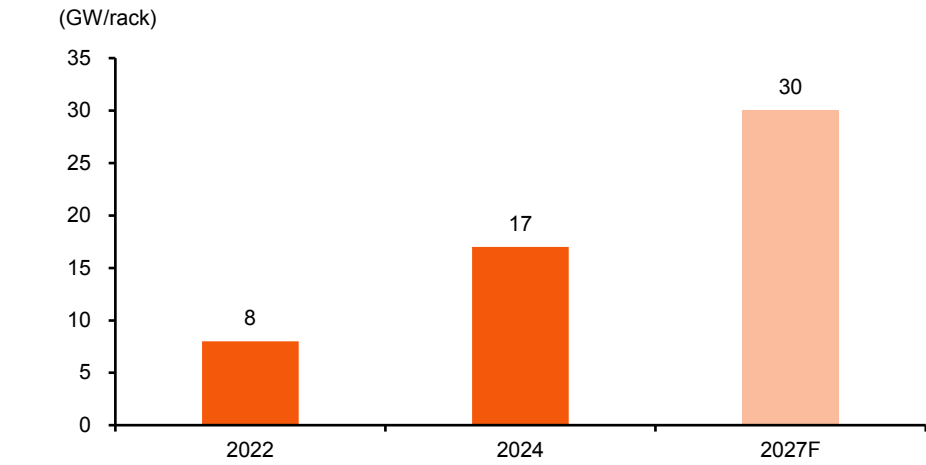
Sources: Thanachart compilation, Thanachart estimates

Ex 23: NVIDIA GPU Price Rising (US\$/unit)



Sources: Company Data, Thanachart compilation

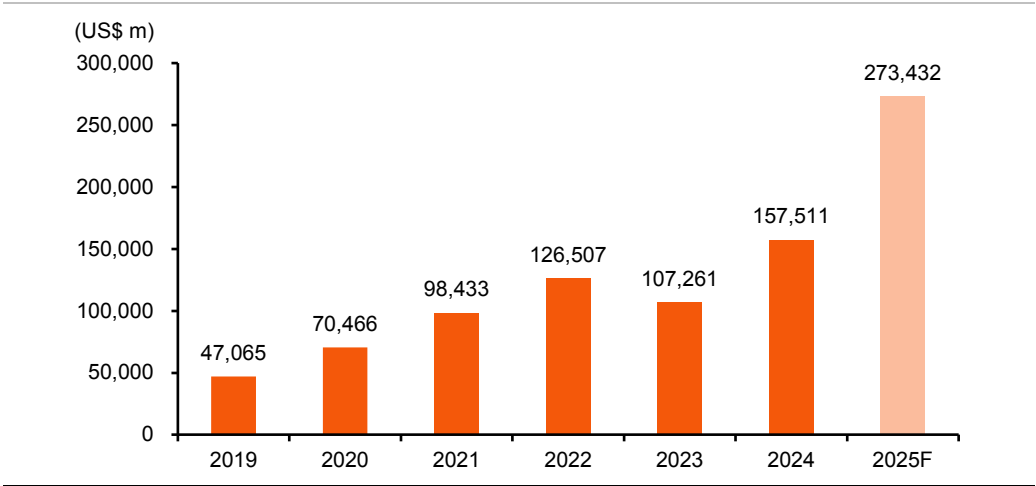
Ex 24: Data Center Power Requirements To Increase



Source: Thanachart compilation

Exhibit 24 shows hyperscalers' rising capex plans, most of which are attributable to data center investments.

Ex 25: Hyperscalers’ Capex



Source: Bloomberg
Note: Hyperscalers include Google, Meta, and Amazon

How the relocation has begun

DELTA's profits rose to 49% of Delta Group's in 2024 after the stake acquisition in 2019

Delta Group (Taiwan) in 2019 increased its stake in DELTA (Thailand) to 63% from 20%. Most of Delta Taiwan's factories are in China, with its headquarters and R&D centers in Taiwan. DELTA's profits accounted for 49% of Delta Group's profits in 2024, an increase from 16% in 2018. We believe Delta Group plans to relocate its data center and other non-China work to DELTA and keep China-customer work in China. US tariffs have accelerated the relocation, with DELTA being allocated more work from Delta Group starting in 3Q25.

Regarding the key data center product, Delta Group in Taiwan has been relocating more data center work to DELTA. We estimate that DELTA's data center work now accounts for more than 60% of Delta Group's. Due to most of Delta Group's factories being located in China, most of its data center customers being in the US, and the trade conflict between the US and China, more data center work is being allocated to DELTA in Thailand. Exhibits 13 and 19 shows that DELTA is expanding capacity for data centers, and it includes its own sourced work and work relocated from Delta Group in Taiwan. This is why we forecast DELTA's data center work to grow faster than the industry's going forward.

Exhibit 13 also shows DELTA's production capacity and its management plans. DELTA is building more space for its own sourced data center work and for additional works (data center and traditional electronic products) from Delta Taiwan. The plan includes adjusting existing facilities to accommodate data center production space, e.g., installing equipment for data center-related products on the production floor for EVs due to weak EV demand. DELTA is also building a new floor and building for new products.

Valuation Comparison

Ex 26: Valuation Comparison With Regional Peers

Name	BBG code	Market	EPS growth		— PE —		— P/BV —		EV/EBITDA		— Div. yield —	
			25F (%)	26F (%)	25F (x)	26F (x)	25F (x)	26F (x)	25F (%)	26F (%)	25F (%)	26F (%)
Schneider Electric SE	SU FP	France	5.9	12.8	30.2	25.8	4.7	4.3	18.5	16.9	1.7	1.9
Delta Electronics Inc	2308 TT	Taiwan	58.9	33.5	46.4	34.7	10.0	8.5	25.7	20.4	1.0	1.4
Vertiv Holdings	VRT US	US	34.2	23.2	44.2	35.8	18.4	14.2	31.2	25.0	0.1	0.1
Snap	SNAP US	US	(8.4)	40.1	31.5	22.5	6.4	5.9	28.1	19.6	0.0	0.0
Meta Platforms	META US	US	10.2	6.1	26.0	24.5	7.8	5.9	17.6	14.8	0.3	0.3
Alphabet	GOOGL US	US	6.1	10.2	24.4	22.5	7.2	5.9	16.8	14.6	0.3	0.3
Amazon.com	AMZN US	US	16.0	9.5	34.1	29.9	6.6	5.4	14.4	12.2	0.0	0.0
Pinterest	PINS US	US	39.4	16.7	17.7	15.2	4.0	3.3	15.0	12.4	0.0	0.0
Cisco Systems	CSCO US	US	6.2	7.4	17.3	16.1	5.5	5.0	13.0	12.4	2.4	2.4
Delta Electronics	DELTA TB*	Thailand	28.3	36.2	97.8	71.8	23.3	18.9	66.0	48.9	0.3	0.5
Hana Microelectronics	HANA TB*	Thailand	27.3	(20.5)	15.5	19.4	0.8	0.7	4.1	3.4	3.2	2.6
KCE Electronics	KCE TB*	Thailand	3.1	4.9	17.5	16.7	2.1	2.1	10.9	10.2	4.9	5.2
Average			18.9	15.0	33.6	27.9	8.1	6.7	21.8	17.6	1.2	1.2

Source: Bloomberg

Note: *Thanachart estimates, using Thanachart normalized EPS

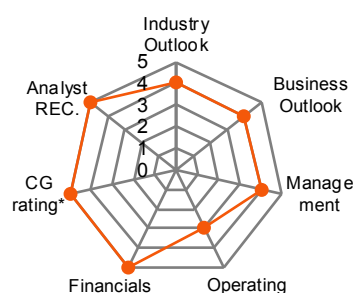
Based on 10 October 2025 closing prices

COMPANY DESCRIPTION

Delta Electronics (Thailand) Pcl designs and manufactures electronic equipment. The company makes power systems for data centers, telecoms, medical equipment, industrial automation and cars. DELTA also produces fans, electromagnetic interference filters and solenoids. DELTA has manufacturing bases in three countries, Thailand, India and Slovakia, and has more than 12,000 employees worldwide. The company also has its own R&D facilities in Thailand, Germany, Switzerland, Romania, China and India. Delta Group is the world's largest power supply producer.

Source: Thanachart

COMPANY RATING



Rating Scale

Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Well-diversified groups of customers in each industry.
- Well-established company with a net cash position.
- Strong in-house R&D capabilities.

O — Opportunity

- Growing economies of developing countries where DELTA has regional business exposure.
- M&A opportunities given DELTA's substantial cash on hand.
- Increasing popularity of electric cars would benefit DELTA's automotive business.

W — Weakness

- Regional business depends heavily on uncontrollable factors such as industry and economic conditions.
- DELTA's expertise is still limited to power supply systems.
- Interference and controlling power from parent company

T — Threat

- Industry and political uncertainties in developing countries and markets (i.e. India, Brazil, ASEAN).
- Increasing competition from the public cloud segment.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	138.59	220.00	59%
Net profit 25F (Bt m)	21,761	23,072	6%
Net profit 26F (Bt m)	26,668	31,435	18%
Consensus REC	BUY: 6	HOLD: 4	SELL: 12

HOW ARE WE DIFFERENT FROM THE STREET?

- Our TP and earnings forecasts are above the Bloomberg consensus numbers, which we attribute to us having a more bullish view of DELTA's long-term growth outlook in the AI segment.

Sources: Bloomberg consensus, Thanachart estimates

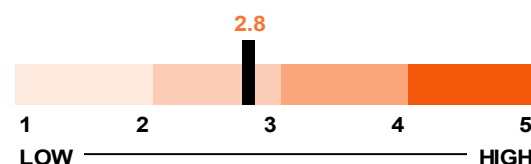
RISKS TO OUR INVESTMENT CASE

- Slower-than-expected adoption of electric vehicles and 5G technology globally represents the key downside risk to our earnings forecasts.
- Larger-than-expected currency fluctuations present a risk to our numbers.
- DELTA's future growth is highly dependent on the success of product developments and their time to market, thus delays present a secondary downside risk to our medium- to long-term projections.

Source: Thanachart

DELTA is among the world's largest manufacturers of power supply and power management products. Its factories release some greenhouse gases, and it has a long-term goal to reduce such emissions. However, our ESG score for DELTA is 2.8, which is moderate, as its overall ESG implementation plans are not yet clear.

Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
DELTA	YES	A	-	A	72.83	77.96	79.00	-	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)

Note: Please see third party on "terms of use" toward the back of this report.

Factors

Our Comments

ENVIRONMENT

- Environmental Policies & Guidelines
- Energy Management
- Carbon Management
- Water Management
- Waste Management

- We assign a 3.0 E score for DELTA.
- DELTA is a global manufacturer of power-supply and power-management products with seven factories in operation. Its factories release certain amounts of greenhouse gas (GHC) and other pollutants. DELTA has a long-term target for its emissions. Against its base year in 2020, DELTA plans to reduce GHG emissions by 35% in 2025. To achieve this, it plans to increase so-called green revenues by 30% by that year. However, the company has yet to provide clear implementation plans to achieve the goals.
- DELTA newly built factory has begun to be more environmentally focused, e.g., it has reduced water usage by 45% vs. the level at existing factories.
- DELTA has received some awards in ESG areas, e.g., the Bronze Class Sustainability Award 2022 by S&P Global.

SOCIAL

- Human Rights
- Staff Management
- Health & Safety
- Product Safety & Quality
- Social Responsibility

- We assign a 2.4 S score for DELTA, which reflects areas of improvement for DELTA.
- DELTA provides various employee development programs, e.g., sending workers to train at factories abroad. DELTA also occasionally gets its senior management to share their knowledge and insights with younger employees.
- The company also recognizes employees' loyalty by providing awards to those who have worked at DELTA for many years.
- However, they have been reported incidents of employee dissatisfaction, which shows that DELTA still lacks sufficient support programs.
- DELTA has been active in providing support, such as donations and other help, for those in need. The company provided more than 50 tonnes of used carbon box material, including field hospital beds, for COVID victims.

GOVERNANCE & SUSTAINABILITY

- Board
- Ethics & Transparency
- Business Sustainability
- Risk Management
- Innovation

- We assign a 2.9 G score for DELTA.
- DELTA's board structure needs improvement, in our view. DELTA has a nine-member board of directors (BOD), which is similar to other businesses of a similar scale. Of the nine members, four are independent directors. The chairman is also the company director. There is one female board member.
- DELTA has highly diversified end-products of EV and non-EV cars, cloud-related products, telecom infrastructure, and various industrial and consumer-based electronic products.
- DELTA has been active in developing automation to reduce its workforce.

Sources: Company data, Thanachart

INCOME STATEMENT

We expect S-Curve sales growth from AI adoption

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	146,371	164,733	191,421	245,693	313,176
Cost of sales	112,881	124,236	141,168	180,478	225,717
Gross profit	33,491	40,497	50,253	65,215	87,459
% gross margin	22.9%	24.6%	26.3%	26.5%	27.9%
Selling & administration expenses	15,483	22,637	24,629	29,801	37,528
Operating profit	18,008	17,860	25,624	35,414	49,931
% operating margin	12.3%	10.8%	13.4%	14.4%	15.9%
Depreciation & amortization	4,608	6,738	8,271	10,207	12,570
EBITDA	22,616	24,598	33,896	45,621	62,501
% EBITDA margin	15.5%	14.9%	17.7%	18.6%	20.0%
Non-operating income	1,304	1,260	1,725	1,720	1,820
Non-operating expenses	(382)	(163)	(360)	(360)	(360)
Interest expense	(109)	(167)	(162)	(222)	(243)
Pre-tax profit	18,820	18,790	26,828	36,552	51,148
Income tax	1,073	810	3,756	5,117	7,161
After-tax profit	17,747	17,980	23,072	31,435	43,987
% net margin	12.1%	10.9%	12.1%	12.8%	14.0%
Shares in affiliates' Earnings	0	(0)	0	0	0
Minority interests	0	0	0	0	0
Extraordinary items	675	959	0	0	0
NET PROFIT	18,423	18,939	23,072	31,435	43,987
Normalized profit	17,747	17,980	23,072	31,435	43,987
EPS (Bt)	1.5	1.5	1.8	2.5	3.5
Normalized EPS (Bt)	1.4	1.4	1.8	2.5	3.5

Profits to grow faster due to margin expansion

BALANCE SHEET

Strong balance sheet position

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Current assets:	75,566	82,532	101,842	133,447	169,381
Cash & cash equivalent	7,617	15,701	25,000	35,000	45,000
Account receivables	33,237	32,906	38,237	49,078	62,558
Inventories	32,747	31,697	36,017	46,047	57,589
Others	1,965	2,227	2,588	3,322	4,234
Investments & loans	0	0	0	0	0
Net fixed assets	29,681	37,721	44,300	51,291	60,643
Other assets	2,898	2,844	2,844	2,812	2,812
Total assets	108,145	123,097	148,986	187,550	232,836
LIABILITIES:					
Current liabilities:	36,176	38,127	44,112	58,566	72,872
Account payables	32,096	35,793	40,671	54,391	68,024
Bank overdraft & ST loans	2,530	680	1,441	1,681	1,751
Current LT debt	0	0	0	0	0
Others current liabilities	1,549	1,654	2,000	2,494	3,097
Total LT debt	1,963	2,342	4,962	5,790	6,032
Others LT liabilities	2,468	2,685	3,252	4,096	5,146
Total liabilities	40,606	43,155	52,327	68,452	84,050
Minority interest	0	0	0	0	0
Preferred shares	0	0	0	0	0
Paid-up capital	1,247	1,247	1,257	1,257	1,257
Share premium	1,492	1,492	1,492	1,492	1,492
Warrants	0	0	0	0	0
Surplus	(3,826)	(4,758)	(4,758)	(4,758)	(4,758)
Retained earnings	68,626	81,961	98,669	121,107	150,796
Shareholders' equity	67,539	79,942	96,659	119,098	148,787
Liabilities & equity	108,145	123,097	148,986	187,550	232,836

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	18,820	18,790	26,828	36,552	51,148
Tax paid	(933)	(1,039)	(3,528)	(5,069)	(6,922)
Depreciation & amortization	4,608	6,738	8,271	10,207	12,570
Chg In working capital	(10,908)	5,077	(4,773)	(7,152)	(11,388)
Chg In other CA & CL / minorities	777	238	(242)	(288)	(549)
Cash flow from operations	12,364	29,804	26,557	34,250	44,859
Capex	(11,503)	(14,711)	(14,850)	(17,199)	(21,922)
Right of use	(43)	61	0	0	0
ST loans & investments	0	0	0	0	0
LT loans & investments	0	0	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(307)	1,005	567	876	1,050
Cash flow from investments	(11,853)	(13,645)	(14,283)	(16,322)	(20,873)
Debt financing	2,527	(1,540)	3,380	1,068	313
Capital increase	0	0	10	0	0
Dividends paid	(4,990)	(5,613)	(6,364)	(8,996)	(14,299)
Warrants & other surplus	(574)	(922)	0	0	0
Cash flow from financing	(3,036)	(8,076)	(2,974)	(7,928)	(13,986)
Free cash flow	861	15,094	11,707	17,052	22,936

Capex needed for expansion but cash flow position still strong

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	127.2	125.5	97.8	71.8	51.3
Normalized PE - at target price (x)	155.8	153.8	119.9	88.0	62.9
PE (x)	122.5	119.2	97.8	71.8	51.3
PE - at target price (x)	150.1	146.0	119.9	88.0	62.9
EV/EBITDA (x)	99.6	91.2	66.0	48.9	35.5
EV/EBITDA - at target price (x)	122.2	111.9	81.0	60.0	43.7
P/BV (x)	33.4	28.2	23.3	18.9	15.2
P/BV - at target price (x)	41.0	34.6	28.6	23.2	18.6
P/CFO (x)	182.5	75.7	85.0	65.9	50.3
Price/sales (x)	15.3	13.6	11.7	9.1	7.1
Dividend yield (%)	0.2	0.3	0.3	0.5	0.8
FCF Yield (%)	0.0	0.7	0.5	0.8	1.0
(Bt)					
Normalized EPS	1.4	1.4	1.8	2.5	3.5
EPS	1.5	1.5	1.8	2.5	3.5
DPS	0.4	0.5	0.6	0.9	1.4
BV/share	5.4	6.4	7.7	9.5	11.8
CFO/share	1.0	2.4	2.1	2.7	3.6
FCF/share	0.1	1.2	0.9	1.4	1.8

Sources: Company data, Thanachart estimates

High PE is justified by earnings growth, in our view

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate					
Sales (%)	23.5	12.5	16.2	28.4	27.5
Net profit (%)	20.1	2.8	21.8	36.2	39.9
EPS (%)	20.1	2.8	21.8	36.2	39.9
Normalized profit (%)	21.9	1.3	28.3	36.2	39.9
Normalized EPS (%)	21.9	1.3	28.3	36.2	39.9
Dividend payout ratio (%)	30.5	30.3	30.3	35.0	40.0
Operating performance					
Gross margin (%)	22.9	24.6	26.3	26.5	27.9
Operating margin (%)	12.3	10.8	13.4	14.4	15.9
EBITDA margin (%)	15.5	14.9	17.7	18.6	20.0
Net margin (%)	12.1	10.9	12.1	12.8	14.0
D/E (incl. minor) (x)	0.1	0.0	0.1	0.1	0.1
Net D/E (incl. minor) (x)	(0.0)	(0.2)	(0.2)	(0.2)	(0.3)
Interest coverage - EBIT (x)	164.7	107.0	158.6	159.5	205.7
Interest coverage - EBITDA (x)	206.8	147.3	209.8	205.5	257.5
ROA - using norm profit (%)	17.8	15.6	17.0	18.7	20.9
ROE - using norm profit (%)	29.0	24.4	26.1	29.1	32.8
DuPont					
ROE - using after tax profit (%)	29.0	24.4	26.1	29.1	32.8
- asset turnover (x)	1.5	1.4	1.4	1.5	1.5
- operating margin (%)	12.9	11.5	14.1	15.0	16.4
- leverage (x)	1.6	1.6	1.5	1.6	1.6
- interest burden (%)	99.4	99.1	99.4	99.4	99.5
- tax burden (%)	94.3	95.7	86.0	86.0	86.0
WACC (%)	10.4	10.4	10.4	10.4	10.4
ROIC (%)	36.0	26.5	32.8	39.0	46.9
NOPAT (Bt m)	16,981	17,090	22,037	30,456	42,940
invested capital (Bt m)	64,414	67,263	78,062	91,568	111,570

Sources: Company data, Thanachart estimates

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The SETESG Index reflects the price movement of stock of companies that have sustainable business practices which consider environmental, social and governance (ESG) aspect.

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SET ESG Index (SET ESG)

Currently, long-term investment guidelines abroad are beginning to focus on investing in companies that have sustainable business practices. which considers environmental, social and governance factors (Environmental, Social and Governance or ESG) of the company in making investment decisions along with analyzing the company's financial data.

Stock Exchange Has prepared the results of evaluating sustainable stocks which are stocks of listed companies (SETESG Rating) as an alternative for investors who want to invest in stocks of listed companies that are outstanding in ESG, including to support listed companies with operations. sustainable business Taking into account all stakeholders in both social and environmental aspects. There is a management process to create sustainability for the organization, such as risk management. Supply chain management and innovation development. Therefore, the SETESG index was created to be an index that reflects the price movement of a group of securities. of companies with sustainable business operations that meet the required size and liquidity criteria

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Score range	Description
CCC - B	LAGGARD: A company lagging its industry based on its high exposure and failure to manage significant ESG risks
BB - BBB - A	AVERAGE : A company with a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers
AA - AAA	LEADER: A company leading its industry in managing the most significant ESG risks and opportunities

The Dow Jones Sustainability Indices (DJSI)

The Dow Jones Sustainability Indices (DJSI) are a family of best-in-class benchmarks for investors who have recognized that sustainable business practices are critical to generating long-term shareholder value and who wish to reflect their sustainability convictions in their investment portfolios. The family was launched in 1999 as the first global sustainability benchmark and tracks the stock performance of the world's leading companies in terms of economic, environmental and social criteria. Created jointly by S&P Dow Jones Indices and SAM, the DJSI combine the experience of an established index provider with the expertise of a specialist in Sustainable Investing to select the most sustainable companies from across 61 industries. The indices serve as benchmarks for investors who integrate sustainability considerations into their portfolios, and provide an effective engagement platform for investors who wish to encourage companies to improve their corporate sustainability practices.

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ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. We identify five categories of ESG risk severity that could impact a company's enterprise value

Moody's ESG Solutions

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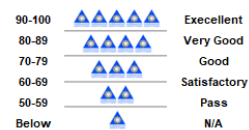
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