

BUY (Unchanged)

Change in Numbers

TP: Bt 270.00 (From: Bt 220.00)

Upside : 20.0%

27 OCTOBER 2025

Delta Electronics Pcl (DELTA TB)

Very strong results

DELTA reported very strong 3Q25 results, prompting it to raise its 4Q25 guidance. We increase our earnings estimates by 7-22% for 2025-30F and reiterate our BUY call on DELTA as the most direct AI play in Thailand with a 43% EPS CAGR over 2025-27F.



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Earnings beat; reaffirming BUY

We reiterate our BUY call on DELTA with a higher DCF-based TP (2026F base year) of Bt270 (from Bt220), which follows our 7-22% earnings hikes in 2025-30F. *First*, DELTA's 3Q25 earnings were very strong at Bt7.2bn, up 15% y-y and 54% q-q, despite the strong baht at Bt32.9/US\$ vs. Bt34.8/US\$ in 3Q24. Results beat our estimate by 17% on strong US\$ sales growth of 36% y-y and 24% q-q amid robust AI data center-related orders. *Second*, DELTA raised 4Q25F guidance to about 20% US\$ sales growth q-q despite 4Q being the weaker season. This implies more than 60% y-y growth. *Third*, we expect production of its new product, liquid cooling, to begin in 1Q26F and become a new driver from 2026F. *Forth*, DELTA is the largest-cap stock in Thailand and the most direct AI play on the SET, offering a 43% EPS CAGR over 2025-27F. Note that the Bloomberg consensus' forecast Delta Taiwan EPS CAGR of 46%. With more order relocation toward DELTA, this implies upside potential to our numbers.

Fast-growing data center business

Data centers accounted for 50% of DELTA's total sales in 3Q25, growing about 75% y-y and 55% q-q. The growth was from its key products, i.e., power supply units (PSU) and power distribution units (PDU). DELTA expects rising sales into 4Q25F amid the strong industry demand for its existing products, despite the lower quarter impact. DELTA expects new power capacitance shelf (PCS) orders in 2Q26F (2H25F earlier expected). We estimate DELTA's data center sales growth at 50% p.a. in 2025-30F.

Liquid cooling work is coming in

We expect DELTA to produce new liquid-to-liquid (L2L) from 1Q26F, as it is now in the stage of factory audit. This is relocation work from Delta Taiwan. L2L is used in the new generation of AI data centers. L2L will gradually replace the existing liquid-to-air (L2A) cooling systems in AI data centers. Delta Taiwan is currently focusing on the L2A systems but is planning to co-produce L2L products with DELTA (Thailand). We estimate liquid cooling will account for 33% of DELTA's profit in 2027F.

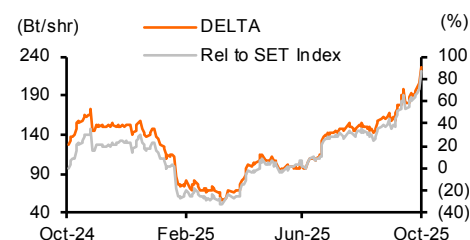
More capex in Thailand

DELTA completed two new factories in Thailand in 3Q25. The factories are designed mainly for relocated work, both new AI data centers and traditional electronics work (e.g., fans for ICE cars) from Delta Taiwan. DELTA is in the process of building four new production facilities at its Bangpu plant in Thailand, scheduled for completion by mid-2026. DELTA's capex reached US\$367m in 9M25, vs. the full-year plan of US\$300m. We expect DELTA's capex this year to account for 40% of total group capex. This is part of its relocation strategy to shift production from key factories in China to accommodate orders from US hyperscalers.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	164,733	204,592	255,487	331,132
Net profit	18,939	24,838	36,640	52,570
Consensus NP	—	22,333	27,494	34,495
Diff frm cons (%)	—	11.2	33.3	52.4
Norm profit	17,980	24,838	36,640	52,570
Prev. Norm profit	—	23,072	31,435	43,987
Chg frm prev (%)	—	7.7	16.6	19.5
Norm EPS (Bt)	1.4	2.0	2.9	4.2
Norm EPS grw (%)	1.3	38.1	47.5	43.5
Norm PE (x)	157.3	113.9	77.2	53.8
EV/EBITDA (x)	114.5	78.7	53.5	38.1
P/BV (x)	35.4	28.8	22.7	17.6
Div yield (%)	0.2	0.3	0.5	0.7
ROE (%)	24.4	27.9	32.9	36.9
Net D/E (%)	(15.9)	(16.6)	(23.8)	(27.4)

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 27-Oct-25 (Bt)	225.00
Market Cap (US\$ m)	85,802.8
Listed Shares (m shares)	12,473.8
Free Float (%)	23.6
Avg. Daily Turnover (US\$ m)	70.0
12M Price H/L (Bt)	205.00/56.75
Sector	Electronics
Major Shareholder	Delta Group 62.6%

Sources: Bloomberg, Company data, Thanachart estimates

Strong results

We raise our earnings estimates and reaffirm our BUY call on DELTA

We reaffirm our BUY rating on Delta Electronics Pcl (DELTA) with a higher DCF-based 12-month TP (2026F base year) of Bt270 (from Bt220 previously).

Ex 1: Assumption Revisions

	2022	2023	2024	2025F	2026F	2027F
Sales (US\$ m)						
- New	3,337	4,109	4,667	6,219	7,742	9,885
- Old				5,738	7,445	9,349
- Change (%)				8.4	4.0	5.7
Bt/US\$						
- New	35.1	34.8	35.3	32.9	33.0	33.5
- Old				33.4	33.0	33.5
Gross margin (%)						
- New	23.6	22.9	24.6	27.2	30.4	32.3
- Old				26.3	26.5	27.9
- Change (ppt)				1.0	3.8	4.4
SG&A to sales (%)						
- New	11.3	10.6	13.7	13.9	14.0	14.1
- Old				12.9	12.1	12.0
- Change (ppt)				1.0	1.8	2.1
Tax (%)						
- New	3.1	5.7	4.3	14.5	14.5	14.5
- Old				14.0	14.0	14.0
Normalized profit (Bt m)						
- New	14,564	17,747	17,980	24,838	36,640	52,570
- Old				23,072	31,435	43,987
- Change (%)				7.7	16.6	19.5

Sources: Company data, Thanachart estimates

Ex 2: 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	33.2	24.5	27.7	28.7	33.8	28.4
Data center (power management + liquid cooling)	9.0	38.7	12.4	34.2	26.0	68.7	100.6	46.2	39.4	38.4	42.8	34.0
- EV	33.0	152.7	15.5	94.8	20.0	(3.0)	(25.0)	(10.0)	12.0	10.0	10.0	7.0
- Traditional electronics	(7.7)	(9.7)	48.5	(10.1)	37.5	(8.0)	12.6	3.0	3.5	3.5	3.5	3.5
Gross margin (%)	22.0	24.9	20.6	23.6	22.9	24.6	27.2	30.4	32.3	34.1	35.9	37.2
SG&A (% to sales)	15.7	13.7	13.6	11.3	10.6	13.7	13.9	14.0	14.1	14.2	14.3	14.4

Sources: Company data, Thanachart estimates

First, 3Q25 was a beat; we expect a stronger 4Q25F

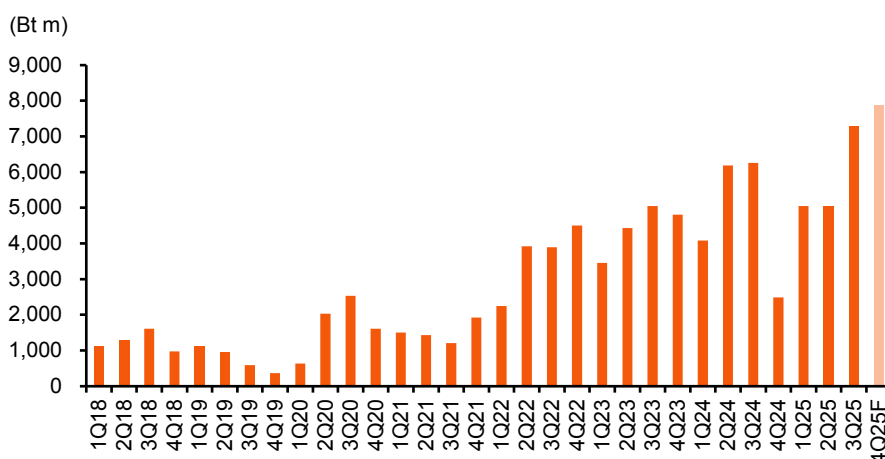
3Q25 results were a beat, and we expect a stronger 4Q25F

DELTA's 3Q25 earnings were very strong at Bt7.2n, up 15% y-y and 54% q-q, despite the strong baht at Bt32.9/US\$ (vs. Bt33.1/US\$ in 2Q25 and Bt34.8/US\$ in 3Q24). The results beat our previous estimate by 17%.

Strong US\$ sales growth of 36% y-y and 24% q-q was the key driver, driven by robust sales of AI data center products (+75% y-y), offsetting weak electric vehicle (EV) sales (-27% y-y).

Looking to 4Q25F, DELTA expects more than 20% q-q US\$ sales growth. This implies over 60% y-y growth in 4Q25F. Despite 4Q being a weaker quarter and some delays in new work orders (e.g., the new power management product, power capacitance shelf (PCS), and new liquid cooling devices) pushing into next year, the industry demand for DELTA's key products looks set to offset the negatives.

Ex 3: Quarterly Earnings Trend



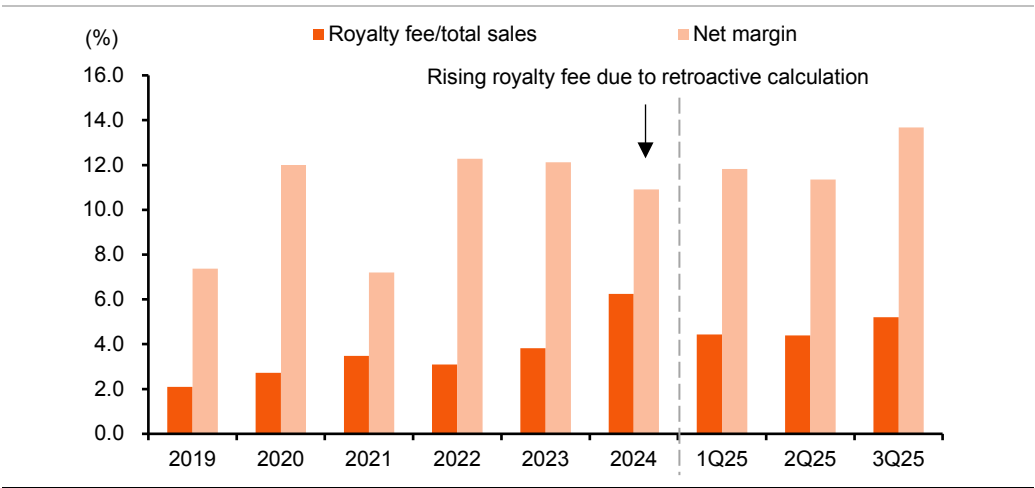
Sources: Company data, Thanachart estimates

Regarding the royalty fee, it was 5.1% in 3Q25 vs. 6.5% in 3Q24 and 4.4% in 1H25. The change reflects order relocations from Delta Taiwan. Note that DELTA develops data center-related products both in-house and receives relocation orders from Delta Taiwan, to which DELTA must pay a royalty fee. However, both product categories offer higher margins than DELTA's average products' margins. Therefore, we expect a rising margin trend into 4Q25F as well despite forecasting a higher royalty fee at 5.9% of sales, as DELTA expects further relocation work from Delta Taiwan.

We note that despite the royalty fee increasing over the years as Delta group relocated work to Thailand, DELTA's net margin has widened, because higher-end work from Delta Taiwan (e.g., power management for AI data centers) offers higher operating margins (after royalty fee) than DELTA's existing work.

DELTA mentioned that it does not expect the royalty fee to Delta group in 4Q25 to be revised up, in contrast to the increase in 4Q24.

Ex 4: Royalty Fee Trend



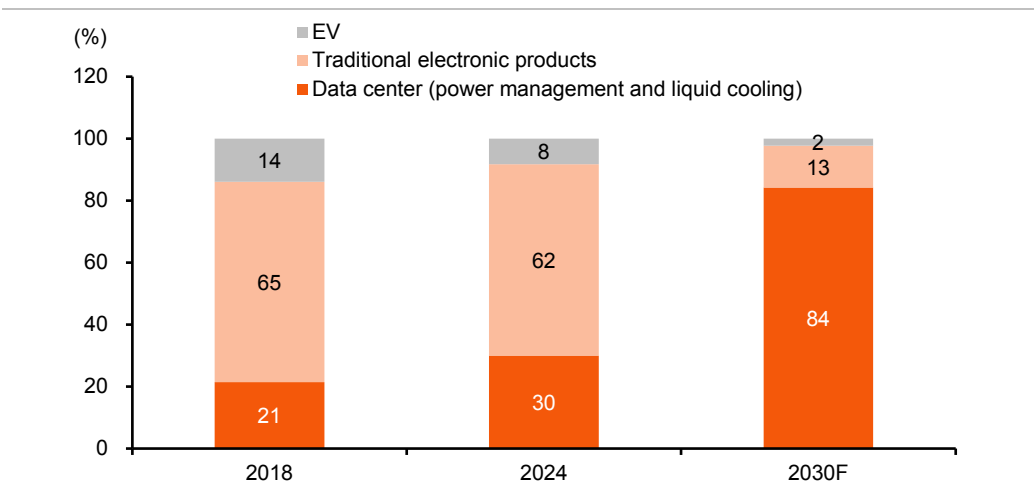
Source: Company data

Second, swift growth in the data center business

Data center-related sales are growing

The data center segment accounted for 50% of DELTA's total sales in 3Q25, growing about 75% y-y and 55% q-q, on our estimate. The strong growth was driven by strong demand for DELTA's key products, e.g., power supply units (PSU) and power distribution units (PDU). Both products are required more in AI data centers than in traditional data centers due to the need to manage significantly higher power loads and ensure precise power delivery for high-performance computing. (We discussed DELTA's product role in AI data centers in our report, DELTA: [Strong relocation wave](#), dated 13 October 2025).

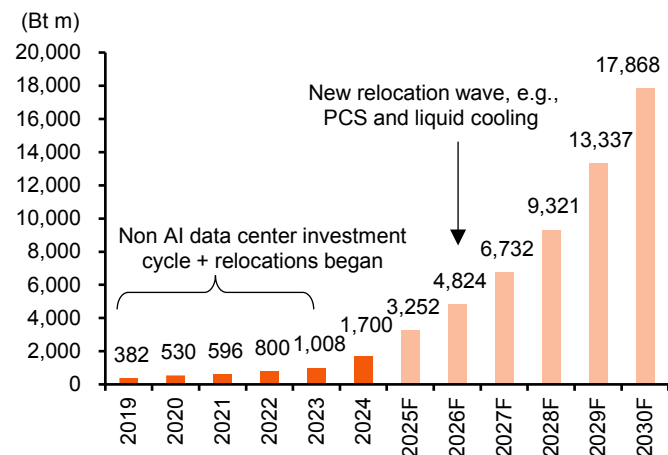
Ex 5: DELTA's Sales Breakdown



Sources: Company data, Thanachart estimates

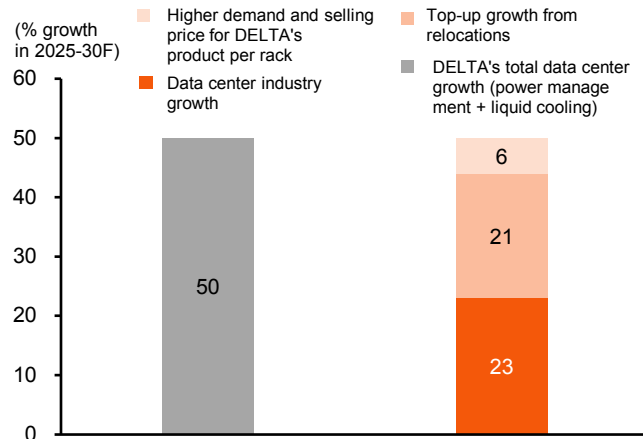
DELTA expects new power management products, power capacitance shelf (PCS) to come in 2026F (from 2H25F expected earlier). PCS is the newly developed power management products for AI data center as it works to stabilize and manage the massive, fluctuating power draws of AI racks, unlike traditional servers, which have more stable, lower power needs. We estimate DELTA's data center-related sales growth at 50% p.a. through 2025-35F. Note that we have incorporated liquid cooling systems into our data center-related assumptions for DELTA. We discuss our liquid cooling assumptions below.

Ex 6: DELTA's Data Center Growth Outlook



Sources: Company data; Thanachart estimates

Ex 7: DELTA's Data Center Growth Breakdown



Sources: Thanachart compilation, Thanachart estimates

Ex 8: Role Of DELTA's Products In Data Centers

	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: GPUs overheat without it	New products, Delta group , Vertiv, and Schneider

Sources: Company data, Thanachart compilations

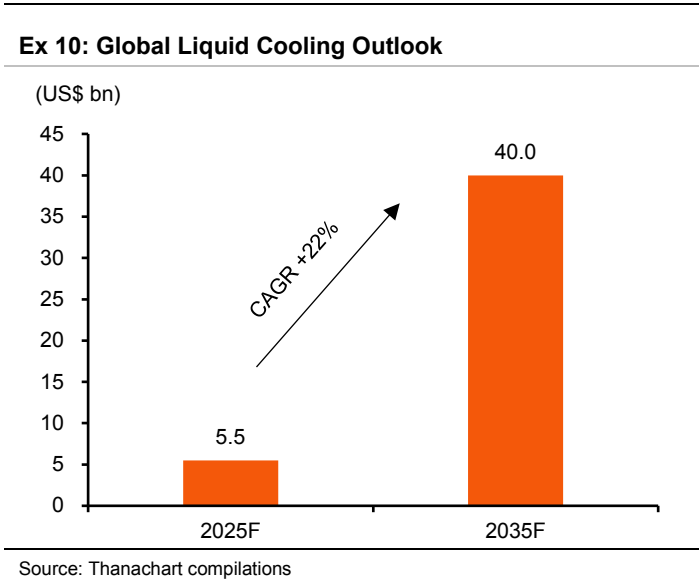
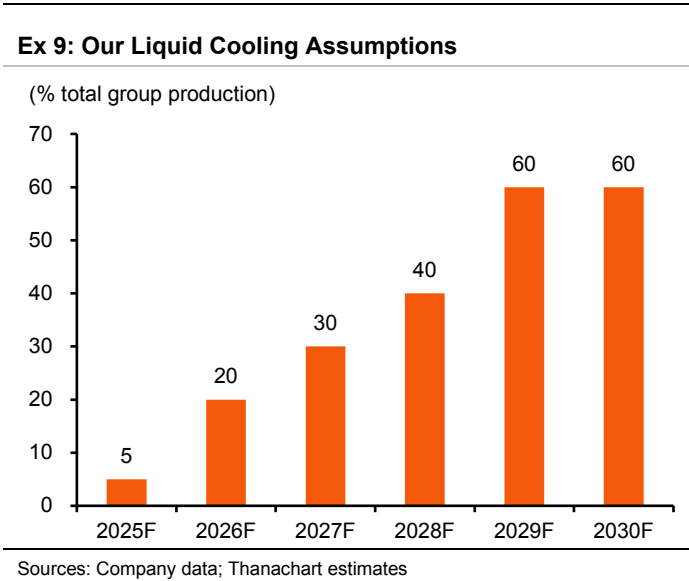
Liquid cooling system work is coming in

Third, liquid cooling work is coming in

We expect DELTA's new liquid-to-liquid (L2L) cooling systems to be produced from 1Q26F, as its factory is under the auditing stage. This is relocation work from Delta Taiwan.

The liquid cooling system is a new method for dissipating heat in data centers, as traditional air-based cooling is insufficient to meet the high-power requirements of new-generation data centers used for AI workloads. Currently, traditional data centers are installing liquid-to-air (L2A) systems, a hybrid solution using both liquid and air to dissipate heat. However, Delta group is developing a new, pure liquid system: liquid-to-liquid (L2L). As L2L is more efficient in heat disbursement, it is expected to gradually replace L2A over time.

Currently, Delta Taiwan is focusing on manufacturing L2A. However, it is planning to manufacture L2L systems in Thailand. The production proportion is still unclear at this stage. We assume 60% of the Delta group's liquid cooling work will be produced in Thailand by 2030F, when L2L is expected to replace L2A. Delta Taiwan normally develops and prototypes new products at its Taiwan factories before mass production in China or Thailand. However, because most liquid cooling system customers are US hyperscalers, production in China is not feasible due to trade and data security restrictions. Note that US-customer-focused work (e.g., EV and data center-related products) is already produced in Thailand, accounting for more than 60% of the group's work.



Two new factories, four more facilities to come

More capex in Thailand

Delta Taiwan began relocating its production toward DELTA (Thailand) in 2019 when the US-China trade conflict began. So far in 3Q25, DELTA completed two new factories in Thailand. They are designed mainly for relocated work, both new AI data center and traditional electronics work (e.g., fans for ICE cars), from Delta Taiwan. DELTA is in the process of building four more production facilities at its Bangpu plant in Thailand, which are scheduled to be completed by mid-2026. DELTA believes its new factories and facilities can accommodate customer orders and the relocation work from Delta Taiwan.

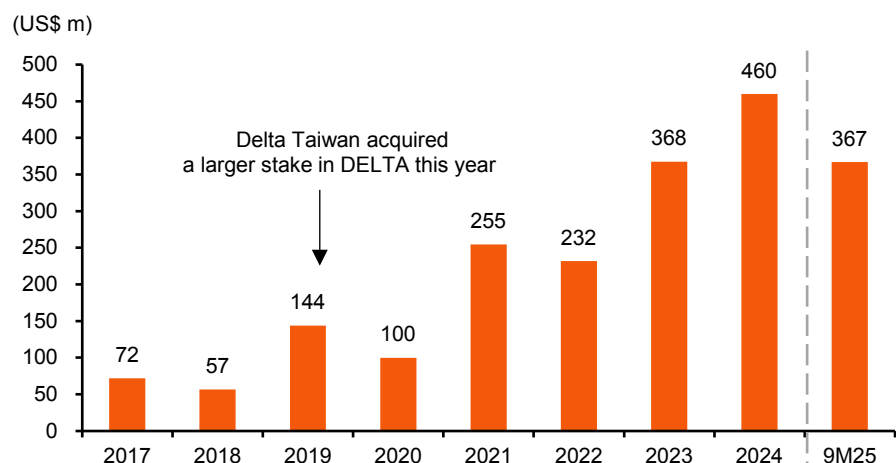
Ex 11: DELTA's Factories

Existing	Focused end-products	Note
Bangpu		
F1	Traditional electronics	
F3	Delta Taiwan relocated work: Traditional electronics	
F5*	High-end data centers, consumer appliances, and mobility EV	– Non-data center and non-EV product work will be moved to India to accommodate the production of data center products
F8	EV	– EV is underutilized due to weak demand, so more data center work is planned here
Well Grow		
WG1	Traditional electronics	
WG2	Delta Taiwan relocations works, e.g., data center products	
New facilities		
Well Grow (completed in 3Q25)		
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	– Use mainly for Delta Taiwan's new liquid cooling model, liquid to liquid (L2L)
Factories under construction		
Bangpu (to be completed in 1H26)		
Project 1	High-end data center	
Project 2	Traditional electronics	
Project 3	Data center solutions products	
Project 4	Data center solutions products	
India (no definitive timeline)		
Expanding existing factory	Traditional electronic products, e.g., telecommunication equipment	– India provides operational flexibility as alternative to Thailand in case of adverse US tariff impacts

Source: Company data

Rising capex implies more relocations

DELTA's capex reached US\$367m in 9M25, vs. the full-year plan of US\$300m. We expect DELTA's capex this year to account for 40% of the total group's capex, up from 19% in 2018, a prior year before the group's relocation strategy began from key factories in China to accommodate orders from US hyperscalers.

Ex 12: DELTA's CAPEX Over The Year

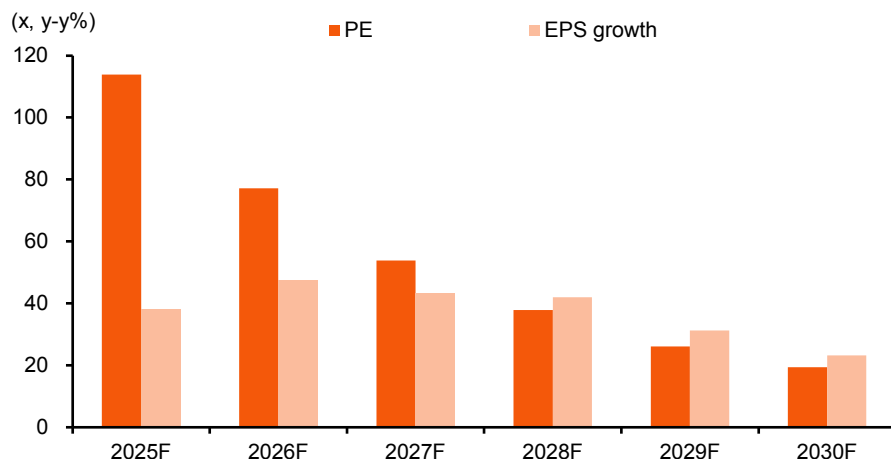
Source: Company data

The valuation

We do not believe DELTA's valuation is overvalued

We do not believe near-term PE reflects DELTA's earnings growth outlook. Based on our estimate of a 41% EPS CAGR over 2025-30F, DELTA's PE has fallen to 19x in 2030F.

Ex 13: PE Vs. EPS Growth



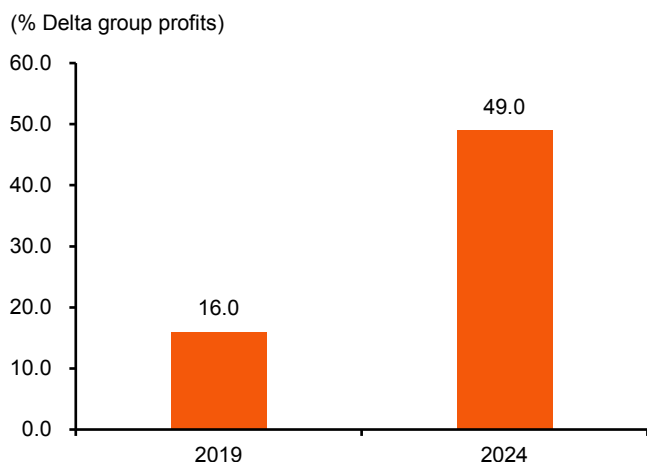
Sources: Company data, Thanachart estimates

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 rise to Delta Taiwan's level to reflect an acceleration in DELTA (Thailand)'s profits over the years toward Delta Taiwan's (63% DELTA profits + pure Taiwan profits) due to the group's production relocations. We expect accelerated relocations after the completion of the new factories in Thailand, which would free up capacity. Exhibit 14 shows that DELTA's profits in 2024 accounted for 49% of Delta Taiwan's vs. 16% in 2019, before production relocation began.

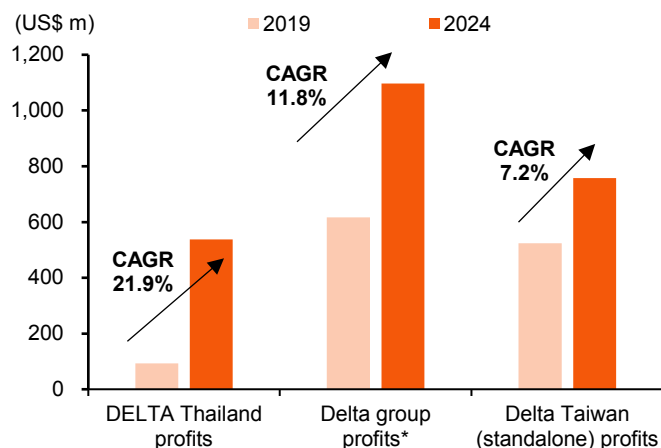
We note that our 2025-27F EPS CAGR estimate of 43% for DELTA is lower than the Bloomberg consensus EPS CAGR forecast of 46% for Delta Group over the same period. Generally, as the group expects to make further production relocations to DELTA, it could be assumed that DELTA will continue to enjoy faster earnings growth. However, we do not yet assume this for Delta Group's Taiwan growth.

Ex 14: More Profits At DELTA (Thailand)



Sources: Company data; Thanachart estimates

Ex 15: DELTA (Thailand) Growing Faster Than Delta Group



Sources: Company data; Thanachart estimates

Ex 16: 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	52,356	73,136	101,942	144,902	192,543	241,371	317,966	403,787	501,514	612,683	740,888	—
Free cash flow	23,519	30,788	43,323	72,742	107,936	147,960	193,529	261,823	337,852	425,599	518,027	7,188,130
PV of free cash flow	23,455	25,257	32,177	48,927	65,746	81,619	96,653	118,418	138,381	157,867	173,967	2,413,956
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	1.0											
WACC (%)	10.4											
Terminal growth (%)	3.0											
Enterprise value - add investments	3,376,421											
Net debt (2025F)	(16,303)											
Minority interest	0											
Equity value	3,392,724											
# of shares (m)	12,572											
Target price/share (Bt)	270											

Sources: Company data, Thanachart estimates

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

Valuation Comparison**Ex 17: Valuation Comparison With Regional Peers**

Name	BBG code	Market	EPS growth		— PE —		— P/BV —		EV/EBITDA		— Div. yield —	
			25F	26F	25F	26F	25F	26F	25F	26F	25F	26F
			(%)	(%)	(x)	(x)	(x)	(x)	(%)	(%)	(%)	(%)
Schneider Electric SE	SU FP	France	6.8	12.1	32.2	29.2	4.9	4.5	19.2	17.5	1.6	1.8
Delta Electronics Inc	2308 TT	Taiwan	64.7	36.8	47.9	35.0	10.6	9.1	26.8	20.9	1.0	1.3
Vertiv Holdings	VRT US	US	43.6	23.7	45.5	36.8	19.7	14.7	33.3	26.0	0.1	0.1
Snap	SNAP US	US	(9.3)	36.8	30.2	22.1	6.2	5.7	26.9	18.9	0.0	0.0
Meta Platforms	META US	US	13.3	0.9	26.2	24.6	7.8	6.0	18.4	14.6	0.3	0.3
Alphabet	GOOGL US	US	6.5	10.3	31.5	24.7	7.8	6.3	17.6	15.6	0.3	0.3
Amazon.com	AMZN US	US	16.5	10.4	33.5	29.4	6.4	5.3	14.2	12.0	0.0	0.0
Pinterest	PINS US	US	38.7	14.2	19.0	16.6	4.2	3.5	16.1	13.3	0.0	0.0
Cisco Systems	CSCO US	US	6.2	7.5	19.1	18.6	6.1	5.6	13.7	13.1	2.3	2.3
Delta Electronics	DELTA TB*	Thailand	38.1	47.5	113.9	77.2	28.8	22.7	78.7	53.5	0.3	0.5
Hana Microelectronics	HANA TB*	Thailand	27.3	(20.5)	15.5	19.5	0.8	0.7	4.2	3.4	3.2	2.6
KCE Electronics	KCE TB*	Thailand	3.1	4.9	18.2	17.3	2.2	2.2	11.4	10.7	4.7	5.0
Average			21.3	15.4	36.1	29.3	8.8	7.2	23.4	18.3	1.2	1.2

Source: Bloomberg

Note: *Thanachart estimates, using Thanachart normalized EPS

Based on 27 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)	160.52	270.00	68%
Net profit 25F (Bt m)	22,333	24,838	11%
Net profit 26F (Bt m)	27,494	36,640	33%
Consensus REC	BUY: 3	HOLD: 6	SELL: 13

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

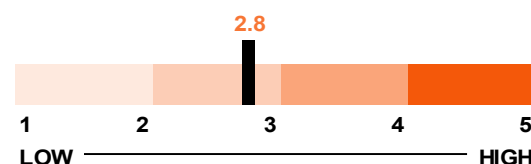
RISKS TO OUR INVESTMENT CASE

- 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, so delays present a secondary downside risk to our medium- to long-term earnings 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	70.35	78	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's 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, there have been reported incidents of employee dissatisfaction, which could suggest 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	204,592	255,487	331,132
Cost of sales	112,881	124,236	148,882	177,849	224,153
Gross profit	33,491	40,497	55,710	77,638	106,978
% gross margin	22.9%	24.6%	27.2%	30.4%	32.3%
Selling & administration expenses	15,483	22,637	28,352	35,689	46,612
Operating profit	18,008	17,860	27,358	41,950	60,366
% operating margin	12.3%	10.8%	13.4%	16.4%	18.2%
Depreciation & amortization	4,608	6,738	8,371	10,406	12,769
EBITDA	22,616	24,598	35,729	52,356	73,136
% EBITDA margin	15.5%	14.9%	17.5%	20.5%	22.1%
Non-operating income	1,304	1,260	2,359	1,600	1,700
Non-operating expenses	(382)	(163)	(471)	(471)	(471)
Interest expense	(109)	(167)	(196)	(225)	(110)
Pre-tax profit	18,820	18,790	29,050	42,854	61,485
Income tax	1,073	810	4,212	6,214	8,915
After-tax profit	17,747	17,980	24,838	36,640	52,570
% net margin	12.1%	10.9%	12.1%	14.3%	15.9%
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	24,838	36,640	52,570
Normalized profit	17,747	17,980	24,838	36,640	52,570
EPS (Bt)	1.5	1.5	2.0	2.9	4.2
Normalized EPS (Bt)	1.4	1.4	2.0	2.9	4.2

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	106,619	134,865	172,812
Cash & cash equivalent	7,617	15,701	25,000	35,000	45,000
Account receivables	33,237	32,906	40,868	51,035	66,145
Inventories	32,747	31,697	37,985	45,376	57,190
Others	1,965	2,227	2,766	3,454	4,477
Investments & loans	0	0	0	0	0
Net fixed assets	29,681	37,721	45,850	52,642	61,795
Other assets	2,898	2,844	2,844	2,812	2,812
Total assets	108,145	123,097	155,314	190,319	237,419
LIABILITIES:					
Current liabilities:	36,176	38,127	46,958	57,297	70,919
Account payables	32,096	35,793	42,894	53,598	67,553
Bank overdraft & ST loans	2,530	680	1,957	1,205	235
Current LT debt	0	0	0	0	0
Others current liabilities	1,549	1,654	2,107	2,494	3,131
Total LT debt	1,963	2,342	6,740	4,150	808
Others LT liabilities	2,468	2,685	3,457	4,249	5,425
Total liabilities	40,606	43,155	57,156	65,695	77,152
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	100,167	126,633	162,277
Shareholders' equity	67,539	79,942	98,158	124,623	160,267
Liabilities & equity	108,145	123,097	155,314	190,319	237,419

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	29,050	42,854	61,485
Tax paid	(933)	(1,039)	(3,945)	(6,180)	(8,652)
Depreciation & amortization	4,608	6,738	8,371	10,406	12,769
Chg In working capital	(10,908)	5,077	(7,149)	(6,853)	(12,970)
Chg In other CA & CL / minorities	777	238	(352)	(335)	(649)
Cash flow from operations	12,364	29,804	25,975	39,892	51,984
Capex	(11,503)	(14,711)	(16,500)	(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	772	824	1,176
Cash flow from investments	(11,853)	(13,645)	(15,728)	(16,375)	(20,746)
Debt financing	2,527	(1,540)	5,675	(3,343)	(4,312)
Capital increase	0	0	10	0	0
Dividends paid	(4,990)	(5,613)	(6,632)	(10,175)	(16,926)
Warrants & other surplus	(574)	(922)	0	0	0
Cash flow from financing	(3,036)	(8,076)	(947)	(13,517)	(21,238)
Free cash flow	861	15,094	9,475	22,694	30,062

Capex needed for expansion but cashflow position still strong

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	159.4	157.3	113.9	77.2	53.8
Normalized PE - at target price (x)	191.3	188.8	136.7	92.6	64.6
PE (x)	153.5	149.4	113.9	77.2	53.8
PE - at target price (x)	184.3	179.2	136.7	92.6	64.6
EV/EBITDA (x)	124.9	114.5	78.7	53.5	38.1
EV/EBITDA - at target price (x)	150.0	137.5	94.5	64.3	45.8
P/BV (x)	41.9	35.4	28.8	22.7	17.6
P/BV - at target price (x)	50.3	42.5	34.6	27.2	21.2
P/CFO (x)	228.8	94.9	108.9	70.9	54.4
Price/sales (x)	19.2	17.0	13.7	11.0	8.5
Dividend yield (%)	0.2	0.2	0.3	0.5	0.7
FCF Yield (%)	0.0	0.5	0.3	0.8	1.1
(Bt)					
Normalized EPS	1.4	1.4	2.0	2.9	4.2
EPS	1.5	1.5	2.0	2.9	4.2
DPS	0.4	0.5	0.6	1.0	1.7
BV/share	5.4	6.4	7.8	9.9	12.7
CFO/share	1.0	2.4	2.1	3.2	4.1
FCF/share	0.1	1.2	0.8	1.8	2.4

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	24.2	24.9	29.6
Net profit (%)	20.1	2.8	31.2	47.5	43.5
EPS (%)	20.1	2.8	31.2	47.5	43.5
Normalized profit (%)	21.9	1.3	38.1	47.5	43.5
Normalized EPS (%)	21.9	1.3	38.1	47.5	43.5
Dividend payout ratio (%)	30.5	30.3	30.3	35.0	40.0
Operating performance					
Gross margin (%)	22.9	24.6	27.2	30.4	32.3
Operating margin (%)	12.3	10.8	13.4	16.4	18.2
EBITDA margin (%)	15.5	14.9	17.5	20.5	22.1
Net margin (%)	12.1	10.9	12.1	14.3	15.9
D/E (incl. minor) (x)	0.1	0.0	0.1	0.0	0.0
Net D/E (incl. minor) (x)	(0.0)	(0.2)	(0.2)	(0.2)	(0.3)
Interest coverage - EBIT (x)	164.7	107.0	139.6	186.7	549.4
Interest coverage - EBITDA (x)	206.8	147.3	182.3	233.0	665.6
ROA - using norm profit (%)	17.8	15.6	17.8	21.2	24.6
ROE - using norm profit (%)	29.0	24.4	27.9	32.9	36.9
DuPont					
ROE - using after tax profit (%)	29.0	24.4	27.9	32.9	36.9
- asset turnover (x)	1.5	1.4	1.5	1.5	1.5
- operating margin (%)	12.9	11.5	14.3	16.9	18.6
- leverage (x)	1.6	1.6	1.6	1.6	1.5
- interest burden (%)	99.4	99.1	99.3	99.5	99.8
- tax burden (%)	94.3	95.7	85.5	85.5	85.5
WACC (%)	10.4	10.4	10.4	10.4	10.4
ROIC (%)	36.0	26.5	34.8	43.8	54.3
NOPAT (Bt m)	16,981	17,090	23,391	35,867	51,613
invested capital (Bt m)	64,414	67,263	81,855	94,978	116,310

Sources: Company data, Thanachart estimates

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Score range	Description
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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

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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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