

**Delta Electronics (DELTA TB) - BUY, Price Bt205.00, TP Bt220.00****Results Comment**

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**3Q25 a beat with a stronger 4Q25F**

- DELTA's normalized earnings were Bt7.3bn in 3Q25, up 16% y-y and 55% q-q. The results beat our estimates and consensus' by 20% on strong US\$ sales growth, which grew 33% y-y and 24% q-q from strong data center orders.
- Data center revenue (50% of total sales) grew likely grew more than 60% y-y and 40% q-q in 3Q25, driven by existing power management products. The new product, liquid cooling system, had yet to be booked in 3Q25.
- DELTA's EV-related revenue fell 27% y-y and 20% q-q due to weak global EV demand.
- The other income of Bt1.0bn was penalty fees charged to EV customers for lower-than-committed volumes. This was business as usual for such business contract type. The penalty is to help offset costs associated with the committed volume.
- EBIT margin was 14.1% in 3Q25 vs. 13.9% in 3Q24. The margin improved despite a stronger baht in 3Q25 at Bt32.9/US\$ vs. Bt34.8/US\$ in 3Q24. The higher margin was due to rising orders of high-margin AI-related products. The margin was at only 11.5% in 2Q25 due to a large legal expense booking.
- Royalty fee was 5.2% in 3Q25 vs. 6.3% in 3Q24 and 4.4% in 1H25. The movement reflected orders relocated from Delta Taiwan.
- Looking into 4Q25F, DELTA expects a double-digit US\$ sales growth both y-y and q-q despite 4Q being a normally low season. The growth is from strong AI-led demand. The sales growth estimate has yet to factor in revenue booking of the new liquid cooling product which should come in during the quarter.

Income Statement (consolidated)					
Yr-end Dec (Bt m)	3Q24	4Q24	1Q25	2Q25	3Q25
Revenue	43,225	41,747	42,736	44,490	53,214
<b>Gross profit</b>	<b>11,927</b>	<b>9,376</b>	<b>10,927</b>	<b>11,109</b>	<b>15,085</b>
SG&A	5,938	7,044	5,227	6,011	7,580
Operating profit	5,989	2,332	5,700	5,098	7,504
<b>EBITDA</b>	<b>7,768</b>	<b>4,189</b>	<b>7,574</b>	<b>7,214</b>	<b>9,379</b>
Other income	447	787	302	376	1,308
Other expense	6	148	149	6	240
Interest expense	29	81	18	12	7
<b>Profit before tax</b>	<b>6,400</b>	<b>2,889</b>	<b>5,835</b>	<b>5,456</b>	<b>8,566</b>
Income tax	139	405	784	768	1,289
Equity & invest. income	(0)	0	0	0	0
Minority interests	0	0	0	0	0
Extraordinary items	(350)	(329)	437	(58)	165
<b>Net profit</b>	<b>5,911</b>	<b>2,155</b>	<b>5,488</b>	<b>4,629</b>	<b>7,441</b>
<b>Normalized profit</b>	<b>6,261</b>	<b>2,485</b>	<b>5,051</b>	<b>4,687</b>	<b>7,277</b>
EPS (Bt)	0.47	0.17	0.44	0.37	0.60
Normalized EPS (Bt)	0.50	0.20	0.40	0.38	0.58

Balance Sheet (consolidated)					
Yr-end Dec (Bt m)	3Q24	4Q24	1Q25	2Q25	3Q25
Cash & ST investment	12,585	15,701	17,127	12,967	13,337
A/C receivable	34,156	32,906	37,017	38,496	47,108
Inventory	30,515	31,697	30,936	32,947	32,955
Other current assets	3,890	2,227	2,358	3,160	3,057
Investment	0	0	0	0	0
Fixed assets	34,803	37,721	39,079	42,172	44,280
Other assets	2,809	2,844	3,377	2,970	4,056
<b>Total assets</b>	<b>118,760</b>	<b>123,097</b>	<b>129,893</b>	<b>132,713</b>	<b>144,793</b>
S-T debt	139	680	625	927	592
A/C payable	35,499	35,793	36,048	39,315	42,681
Other current liabilities	1,076	1,654	2,315	3,176	4,913
L-T debt	2,352	2,342	2,439	2,219	2,413
Other liabilities	2,479	2,685	2,889	3,060	3,420
Minority interest	0	0	0	0	0
<b>Shareholders' equity</b>	<b>77,214</b>	<b>79,942</b>	<b>85,576</b>	<b>84,015</b>	<b>90,775</b>
Working capital	29,172	28,810	31,904	32,128	37,382
Total debt	2,491	3,022	3,064	3,146	3,005
<b>Net debt</b>	<b>(10,094)</b>	<b>(12,678)</b>	<b>(14,063)</b>	<b>(9,821)</b>	<b>(10,332)</b>

Sources: Company data, Thanachart estimates

Income Statement 9M as					
(Bt m)	q-q%	y-y%	% 2025F	2025F	2026F
Revenue	20	23	73	191,421	245,693
<b>Gross profit</b>	<b>36</b>	<b>26</b>	<b>74</b>	<b>50,253</b>	<b>65,215</b>
SG&A	26	28	76	24,629	29,801
Operating profit	47	25	71	25,624	35,414
<b>EBITDA</b>	<b>30</b>	<b>21</b>	<b>71</b>	<b>33,896</b>	<b>45,621</b>
Other income	248	193	115	1,725	1,720
Other expense	4,217	3,784	110	360	360
Interest expense	(47)	(77)	23	162	222
<b>Profit before tax</b>	<b>57</b>	<b>34</b>	<b>74</b>	<b>26,828</b>	<b>36,552</b>
Income tax	68	826	76	3,756	5,117
Equity & invest. income	95	na	na	0	0
Minority interests					
Extraordinary items	na	na	na	0	0
<b>Net profit</b>	<b>61</b>	<b>26</b>	<b>76</b>	<b>23,072</b>	<b>31,435</b>
<b>Normalized profit</b>	<b>55</b>	<b>16</b>	<b>74</b>	<b>23,072</b>	<b>31,435</b>
EPS (Bt)	61	26	77	1.84	2.50
Normalized EPS (Bt)	55	16	74	1.84	2.50

Financial Ratios (%)					
	3Q24	4Q24	1Q25	2Q25	3Q25
Sales grow th	6.8	10.6	12.5	6.5	23.1
Operating profit grow th	18.7	(52.5)	53.2	(12.4)	25.3
EBITDA grow th	24.2	(33.0)	45.8	(3.1)	20.7
Norm profit grow th	24.0	(48.3)	23.9	(24.2)	16.2
Norm EPS grow th	24.0	(48.3)	23.9	(24.2)	16.2
Gross margin	27.6	22.5	25.6	25.0	28.3
Operating margin	13.9	5.6	13.3	11.5	14.1
EBITDA margin	18.0	10.0	17.7	16.2	17.6
Norm net margin	14.5	6.0	11.8	10.5	13.7
D/E (x)	0.0	0.0	0.0	0.0	0.0
Net D/E (x)	(0.1)	(0.2)	(0.2)	(0.1)	(0.1)
Interest coverage (x)	264.4	51.6	na	na	na
Interest rate	4.2	11.8	2.4	1.6	0.9
Effective tax rate	2.2	14.0	13.4	14.1	15.1
ROA	21.4	8.2	16.0	14.3	21.0
ROE	33.1	12.6	24.4	22.1	33.3

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