

**Delta Electronics (DELTA TB) - BUY, Price Bt216.00, TP Bt270.00****Results Comment**

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**Strong 4Q25 beat**

- DELTA reported net profit of Bt7.2bn in 4Q25. Excluding FX losses, normalized profit was Bt7.5bn, increasing 201% y-y and 3% q-q. Earnings beat our estimate by 3% and consensus by 11% on stronger margins.
- US\$ revenue increased by 50% y-y and 9% q-q despite the raw material shortage.
- AI-related product sales likely more than doubled y-y. Traditional electronic products, including ICE car parts and telecommunications infrastructure, saw sales increase by 40%. Despite not strong industry demand, DELTA likely benefited from Delta Taiwan's relocation of production to Thailand after the commencement of DELTA's factories. EV product sales were weak, falling 39% y-y, which we believe was due to weak global EV demand.
- Gross margin was 28.6% in 4Q25 vs. 22.5% in 4Q24 and 28.3% in 3Q25. The solid margin, despite DELTA recording some inventory provision expenses likely from weaker-than-expected EV sales, was driven by strong growth in high-margin AI orders.
- SG&A to sales was 14.7% in 4Q25, falling from 16.9% in 4Q24 when DELTA recorded abnormal expenses for legal fees and upward adjustments of royalty fees. SG&A to sales was higher than 14.2% in 3Q25 due to a higher royalty rate of 5.0% in 4Q25 vs. 4.6% in 3Q25, which increased along with more relocated work from Delta Taiwan.
- DELTA expects stronger orders in 1Q26F, followed by further growth in 2Q26F, supported by global AI investment. The company expects a more meaningful increase in 2H26F when mass production of the new AI-based liquid cooling products begins.

Income Statement (consolidated)					
Yr-end Dec (Bt m)	4Q24	1Q25	2Q25	3Q25	4Q25
Revenue	41,747	42,736	44,490	53,214	57,714
<b>Gross profit</b>	<b>9,376</b>	<b>10,927</b>	<b>11,109</b>	<b>15,085</b>	<b>16,485</b>
SG&A	7,044	5,227	6,011	7,580	8,462
Operating profit	2,332	5,700	5,098	7,504	8,024
<b>EBITDA</b>	<b>4,189</b>	<b>7,574</b>	<b>7,214</b>	<b>9,379</b>	<b>10,353</b>
Other income	787	302	376	1,308	724
Other expense	148	149	6	240	8
Interest expense	81	18	12	7	26
<b>Profit before tax</b>	<b>2,889</b>	<b>5,835</b>	<b>5,456</b>	<b>8,566</b>	<b>8,714</b>
Income tax	405	784	768	1,289	1,230
Equity & invest. income	0	0	0	0	0
Minority interests	0	0	0	0	0
Extraordinary items	(329)	437	(58)	165	(228)
<b>Net profit</b>	<b>2,155</b>	<b>5,488</b>	<b>4,629</b>	<b>7,441</b>	<b>7,256</b>
<b>Normalized profit</b>	<b>2,485</b>	<b>5,051</b>	<b>4,687</b>	<b>7,277</b>	<b>7,484</b>
EPS (Bt)	0.17	0.44	0.37	0.60	0.58
Normalized EPS (Bt)	0.20	0.40	0.38	0.58	0.60

Balance Sheet (consolidated)					
Yr-end Dec (Bt m)	4Q24	1Q25	2Q25	3Q25	4Q25
Cash & ST investment	15,701	17,127	12,967	13,337	20,288
A/C receivable	32,906	37,017	38,496	47,108	45,936
Inventory	31,697	30,936	32,947	32,955	34,731
Other current assets	2,227	2,358	3,160	3,057	3,118
Investment	0	0	0	0	0
Fixed assets	37,721	39,079	42,172	44,280	45,688
Other assets	2,844	3,377	2,970	4,056	4,369
<b>Total assets</b>	<b>123,097</b>	<b>129,893</b>	<b>132,713</b>	<b>144,793</b>	<b>154,131</b>
S-T debt	680	625	927	592	311
A/C payable	35,793	36,048	39,315	42,681	45,228
Other current liabilities	1,991	2,315	3,176	4,913	6,729
L-T debt	2,342	2,439	2,219	2,413	2,402
Other liabilities	2,348	2,889	3,060	3,420	2,733
Minority interest	0	0	0	0	0
<b>Shareholders' equity</b>	<b>79,942</b>	<b>85,576</b>	<b>84,015</b>	<b>90,775</b>	<b>96,727</b>
Working capital	28,810	31,904	32,128	37,382	35,439
Total debt	3,022	3,064	3,146	3,005	2,714
<b>Net debt</b>	<b>(12,678)</b>	<b>(14,063)</b>	<b>(9,821)</b>	<b>(10,332)</b>	<b>(17,574)</b>

Sources: Company data, Thanachart estimates

Income Statement 12M as					
(Bt m)	q-q%	y-y%	% 2025F	2025A	2026F
Revenue	8	38	99	198,153	251,420
<b>Gross profit</b>	<b>9</b>	<b>76</b>	<b>99</b>	<b>53,606</b>	<b>77,272</b>
SG&A	12	20	98	27,280	35,313
Operating profit	7	244	99	26,326	41,959
<b>EBITDA</b>	<b>10</b>	<b>147</b>	<b>99</b>	<b>34,520</b>	<b>52,366</b>
Other income	(45)	(8)	115	2,666	1,600
Other expense	(97)	(95)	85	243	471
Interest expense	292	(68)	142	64	50
<b>Profit before tax</b>	<b>2</b>	<b>202</b>	<b>100</b>	<b>28,685</b>	<b>43,038</b>
Income tax	(5)	204	99	4,073	6,241
Equity & invest. income	29	7,185	na	1	0
Minority interests					
Extraordinary items	na	na	na	201	0
<b>Net profit</b>	<b>(2)</b>	<b>237</b>	<b>102</b>	<b>24,814</b>	<b>36,798</b>
<b>Normalized profit</b>	<b>3</b>	<b>201</b>	<b>101</b>	<b>24,613</b>	<b>36,798</b>
EPS (Bt)	(2)	237	103	1.97	2.93
Normalized EPS (Bt)	3	201	102	1.96	2.93

Financial Ratios (%)					
	4Q24	1Q25	2Q25	3Q25	4Q25
Sales grow th	10.6	12.5	6.5	23.1	38.2
Operating profit grow th	(52.5)	53.2	(12.4)	25.3	244.1
EBITDA grow th	(33.0)	45.8	(3.1)	20.7	147.2
Norm profit grow th	(48.3)	23.9	(24.2)	16.2	201.2
Norm EPS grow th	(48.3)	23.9	(24.2)	16.2	201.2
Gross margin	22.5	25.6	25.0	28.3	28.6
Operating margin	5.6	13.3	11.5	14.1	13.9
EBITDA margin	10.0	17.7	16.2	17.6	17.9
Norm net margin	6.0	11.8	10.5	13.7	13.0
D/E (x)	0.0	0.0	0.0	0.0	0.0
Net D/E (x)	(0.2)	(0.2)	(0.1)	(0.1)	(0.2)
Interest coverage (x)	51.6	409.7	577.3	1,409.9	397.4
Interest rate	11.8	2.4	1.6	0.9	3.6
Effective tax rate	14.0	13.4	14.1	15.1	14.1
ROA	8.2	16.0	14.3	21.0	20.0
ROE	12.6	24.4	22.1	33.3	31.9