

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)					Income Statement					12M as		
Yr-end Dec (Bt m)	4Q24	1Q25	2Q25	3Q25	4Q25	(Bt m)	q-q%	y-y%	% 2025F	2025A	2026F	
Revenue	41,747	42,736	44,490	53,214	57,714	Revenue	8	38	99	198,153	251,420	
Gross profit	9,376	10,927	11,109	15,085	16,485	Gross profit	9	76	99	53,606	77,272	
SG&A	7,044	5,227	6,011	7,580	8,462	SG&A	12	20	98	27,280	35,313	
Operating profit	2,332	5,700	5,098	7,504	8,024	Operating profit	7	244	99	26,326	41,959	
EBITDA	4,189	7,574	7,214	9,379	10,353	EBITDA	10	147	99	34,520	52,366	
Other income	787	302	376	1,308	724	Other income	(45)	(8)	115	2,666	1,600	
Other expense	148	149	6	240	8	Other expense	(97)	(95)	85	243	471	
Interest expense	81	18	12	7	26	Interest expense	292	(68)	142	64	50	
Profit before tax	2,889	5,835	5,456	8,566	8,714	Profit before tax	2	202	100	28,685	43,038	
Income tax	405	784	768	1,289	1,230	Income tax	(5)	204	99	4,073	6,241	
Equity & invest. income	0	0	0	0	0	Equity & invest. income	29	7,185	na	1	0	
Minority interests	0	0	0	0	0	Minority interests						
Extraordinary items	(329)	437	(58)	165	(228)	Extraordinary items	na	na	na	201	0	
Net profit	2,155	5,488	4,629	7,441	7,256	Net profit	(2)	237	102	24,814	36,798	
Normalized profit	2,485	5,051	4,687	7,277	7,484	Normalized profit	3	201	101	24,613	36,798	
EPS (Bt)	0.17	0.44	0.37	0.60	0.58	EPS (Bt)	(2)	237	103	1.97	2.93	
Normalized EPS (Bt)	0.20	0.40	0.38	0.58	0.60	Normalized EPS (Bt)	3	201	102	1.96	2.93	
Balance Sheet (consolidated)					Financial Ratios							
Yr-end Dec (Bt m)	4Q24	1Q25	2Q25	3Q25	4Q25	(%)	4Q24	1Q25	2Q25	3Q25	4Q25	
Cash & ST investment	15,701	17,127	12,967	13,337	20,288	Sales growth	10.6	12.5	6.5	23.1	38.2	
A/C receivable	32,906	37,017	38,496	47,108	45,936	Operating profit growth	(52.5)	53.2	(12.4)	25.3	244.1	
Inventory	31,697	30,936	32,947	32,955	34,731	EBITDA growth	(33.0)	45.8	(3.1)	20.7	147.2	
Other current assets	2,227	2,358	3,160	3,057	3,118	Norm profit growth	(48.3)	23.9	(24.2)	16.2	201.2	
Investment	0	0	0	0	0	Norm EPS growth	(48.3)	23.9	(24.2)	16.2	201.2	
Fixed assets	37,721	39,079	42,172	44,280	45,688	Gross margin	22.5	25.6	25.0	28.3	28.6	
Other assets	2,844	3,377	2,970	4,056	4,369	Operating margin	5.6	13.3	11.5	14.1	13.9	
Total assets	123,097	129,893	132,713	144,793	154,131	EBITDA margin	10.0	17.7	16.2	17.6	17.9	
S-T debt	680	625	927	592	311	Norm net margin	6.0	11.8	10.5	13.7	13.0	
A/C payable	35,793	36,048	39,315	42,681	45,228	D/E (x)	0.0	0.0	0.0	0.0	0.0	
Other current liabilities	1,991	2,315	3,176	4,913	6,729	Net D/E (x)	(0.2)	(0.2)	(0.1)	(0.1)	(0.2)	
L-T debt	2,342	2,439	2,219	2,413	2,402	Interest coverage (x)	51.6	409.7	577.3	1,409.9	397.4	
Other liabilities	2,348	2,889	3,060	3,420	2,733	Interest rate	11.8	2.4	1.6	0.9	3.6	
Minority interest	0	0	0	0	0	Effective tax rate	14.0	13.4	14.1	15.1	14.1	
Shareholders' equity	79,942	85,576	84,015	90,775	96,727	ROA	8.2	16.0	14.3	21.0	20.0	
Working capital	28,810	31,904	32,128	37,382	35,439	ROE	12.6	24.4	22.1	33.3	31.9	
Total debt	3,022	3,064	3,146	3,005	2,714							
Net debt	(12,678)	(14,063)	(9,821)	(10,332)	(17,574)							

Sources: Company data, Thanachart estimates