

**Delta Electronics (Thailand) Pcl (DELTA TB) - BUY**

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**Analyst Meeting****A Higher High**

- **Continuous order growth**
  - **Margin improvements**
  - **Raw material shortages to ease**
  - **Consensus upside**
- DELTA held an analyst meeting yesterday. After a record 4Q25, the company expects sequential order improvements and margin expansion, thanks to strong global AI investments and accelerating support from Delta Taiwan following the completion of the new factory in Thailand.
  - In the near term, DELTA expects over 50% y-y or mid-to-high single-digit q-q US\$ revenue growth in 1Q26F. One reason is ongoing orders for AI power management products from hyperscalers amid global AI investments. Another is newly received liquid cooling orders for AI products from Delta Taiwan.
  - DELTA expects sequential order improvement throughout this year, with a more meaningful increase in 2H26F when it plans to start mass production of liquid cooling products. Note that DELTA has already received liquid cooling orders since 1Q26 but plans to proceed cautiously with production, as these are new products and it aims to avoid defects.
  - DELTA expects raw material shortages to begin easing after 1Q26F. The supply constraints in 4Q25 were related to the relocation of production from Delta Taiwan's factories in China, which disrupted parts of the existing supply chain. Earlier issues arose after China reduced exports of locally produced chips, affecting DELTA's component availability during the transition out of China. DELTA has shifted away from its previous China-based supply chain and is working to secure new suppliers.
  - Margin-wise, DELTA expects EBIT margin to continue increasing. Gross margin should improve, driven by higher-margin AI projects, more than offsetting the higher royalty fees paid to Delta Taiwan. DELTA expects royalty fees as a percentage of sales to be in the range of 5.0–6.0% in 2026F, vs. 4.7% in 2025, despite rising relocation orders.
  - DELTA guides for increased capex to US\$500m, or about 40% of the Delta Group's capex plan. This, together with the planned increase in R&D expenses (from 3.0% in 2025), implies to us an invention in expanding operations at DELTA (Thailand).
  - We maintain our street-high 2026F estimates, which are 16% above consensus, and expect the consensus to raise earnings forecasts, as current estimates imply no improvement from 4Q25 performance despite DELTA's upward guidance.
  - We reiterate our BUY rating on DELTA, supported by dual growth drivers from global AI capex and accelerating relocations within the Delta Group.

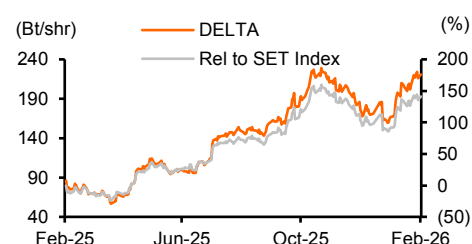
**Key Valuations**

Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Revenue	198,153	251,420	327,864	437,922
Net profit	24,814	36,798	52,609	76,139
Norm net profit	24,499	36,798	52,609	76,139
Norm EPS (Bt)	1.9	2.9	4.2	6.1
Norm EPS gr (%)	28.9	50.2	43.0	44.7
Norm PE (x)	113.4	75.5	52.8	36.5
EV/EBITDA (x)	80.0	52.5	37.4	26.2
P/BV (x)	28.7	22.3	17.4	13.3
Div. yield (%)	0.3	0.5	0.8	1.2
ROE (%)	27.7	33.3	37.0	41.3
Net D/E (%)	(18.2)	(24.1)	(27.6)	(29.1)

Source: Thanachart estimates

**Stock Data**

Closing price (Bt)	221.00
Target price (Bt)	270.00
Market cap (US\$ m)	88,635
Avg daily turnover (US\$ m)	81.2
12M H/L price (Bt)	229.00/56.75

**Price Performance**

Source: Bloomberg

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