

BUY (Unchanged)

TP: Bt 350.00 (From: Bt 340.00)

Change in Numbers
Upside : 17.4%

Delta Electronics Pcl (DELTA TB)

Accelerating orders

DELTA is seeing accelerating orders in 2Q26, and we estimate its US\$ sales growth to rise from 50% y-y in 1Q26F to 54% y-y in 2Q26F and 56% y-y in 2H26F. The Iran war impact is limited and more than offset by a weaker Thai baht. We reiterate our BUY call with a higher TP of Bt350.


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Strong business momentum; BUY

We reiterate our BUY call on DELTA with a higher DCF-based 12-month TP (2026F base year) of Bt350/share (from Bt340). **First**, DELTA is seeing orders accelerate in 2Q26, and most are for AI-related products, which have higher margins than other products. **Second**, that bolsters our view of accelerating US\$ sales growth, which we estimate at 50% y-y in 1Q26F, 54% y-y in 2Q26F, and 56% y-y in 2H26F. Note that we expect DELTA to report 1Q26F earnings of Bt8.1bn, up 60% y-y and 8% q-q. **Third**, DELTA is experiencing a limited impact from the Mideast war in terms of rising costs, which should be more than offset by a weaker baht. **Lastly**, after fine-tuning our earnings by 2% p.a. due to stronger-than-expected orders, we estimate 60/59/49% EPS growth for DELTA.

Stronger orders every quarter

We project 50% y-y sales growth in 1Q26F, driven by existing AI-related products, and the first batch of new liquid-to-liquid (L2L) liquid cooling for AI data centers. We also expect EBIT margin to expand to 14.7% from 12.2% in 1Q25 due to a rising mix of AI-related products. In 2Q26F, we estimate 54% y-y and 11% q-q sales growth with accelerating demand for existing AI-related work from hyperscalers and a second, larger batch of L2L. Looking to 2H26, DELTA plans to begin a third batch, mass-scale production of L2L. There should also be new relocated orders from Delta Taiwan, including new liquid-to-air liquid cooling and new power management products, PCS. We project 56% y-y growth in 2H26F.

AI investment yet to slow down

Hyperscalers expect AI capex (Exhibit 9) to continue growing strongly at 66% in 2026F, not slowing from the 65% growth in 2025. Amid market concerns about capex monetization, some hyperscalers have reported strong earnings growth, which they attribute to monetizing their AI investments. META uses AI to improve its core Facebook business through better ad targeting, while Amazon serves its customers with AI-enhanced online shopping recommendations. There are also new generative AI companies that are key users of AI data centers, beyond ChatGPT, e.g., Claude and Gemini. The revenue of the new companies is now comparable to ChatGPT at about US\$30bn p.a.

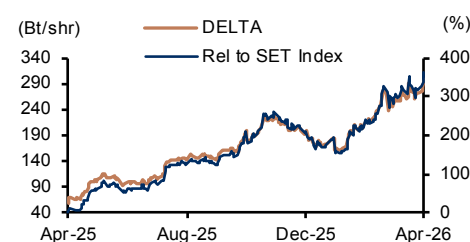
Limited war impact; weak baht helps

DELTA is experiencing a limited impact from the Mideast war. Transportation costs account for less than 1% of its operating costs. On the positive side, DELTA is benefiting from the weak baht. The baht is at Bt32.6/US\$ vs. Bt31.4 at the start of the year. We assume forex rates of Bt31.7/32.0/32.5 to the US\$ in 2026-28F. Baht sensitivity for DELTA is a 2.5% earnings increase for each 1% weakness in the baht against the US\$ and vice versa, currently.

COMPANY VALUATION

Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Sales	198,153	297,113	431,426	610,738
Net profit	24,814	39,269	62,402	92,858
Consensus NP	—	32,474	40,906	51,944
Diff frm cons (%)	—	20.9	52.6	78.8
Norm profit	24,499	39,269	62,402	92,858
Prev. Norm profit	—	38,569	60,882	91,037
Chg frm prev (%)	—	1.8	2.5	2.0
Norm EPS (Bt)	1.9	3.1	5.0	7.4
Norm EPS grw (%)	28.9	60.3	58.9	48.8
Norm PE (x)	152.9	95.4	60.0	40.3
EV/EBITDA (x)	108.0	69.1	44.0	29.8
P/BV (x)	38.7	29.7	21.8	15.9
Div yield (%)	0.2	0.3	0.6	1.0
ROE (%)	27.7	35.2	41.9	45.6
Net D/E (%)	(18.2)	(17.5)	(17.6)	(15.7)

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 9-Apr-26 (Bt)	298.00
Market Cap (US\$ m)	115,807.8
Listed Shares (m shares)	12,473.8
Free Float (%)	23.6
Avg. Daily Turnover (US\$ m)	105.1
12M Price H/L (Bt)	290.00/60.00
Sector	Electronics
Major Shareholder	Delta Group 62.2%

Sources: Bloomberg, Company data, ttb wealth estimates

Accelerating orders

We reiterate our BUY call with a higher TP of Bt350/share

We reiterate our BUY rating on Delta Electronics Pcl (DELTA TB) with a higher DCF-based 12-month TP (2026F base year) of Bt350/share (from Bt340).

Ex 1: Our Assumptions

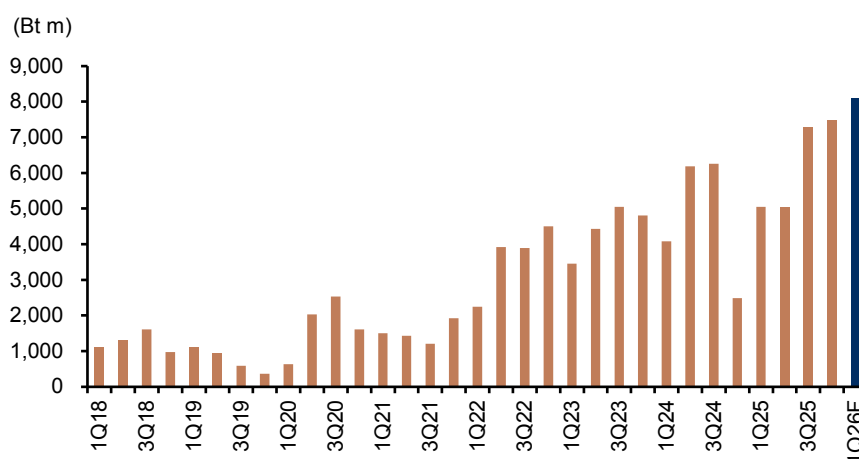
	2020	2020	2021	2022	2023	2024	2025	2026F	2027F	2028F
Total US\$ sales (% growth)	(0.2)	22.2	30.3	24.4	28.3	12.3	29.0	55.7	43.8	39.4
Data center (power management										
+ liquid cooling)	9.0	38.7	12.4	34.2	26.0	68.7	93.1	102.4	58.7	48.4
- EV	5.6	33.0	152.7	15.5	94.8	20.0	(29.4)	(10.0)	12.0	10.0
- Traditional electronics	(3.8)	14.9	17.6	23.7	7.3	(21.2)	12.1	5.1	5.7	5.8
Gross margin (%)	22.0	24.9	21.8	23.6	22.9	24.6	27.1	29.2	31.3	32.4
SG&A to sales (%)	15.7	13.7	13.4	11.3	10.6	13.7	13.8	14.4	14.6	14.8

Sources: Company data, ttb wealth estimates

A good 1Q26F in sight

First, we forecast a strong 1Q26F: We expect DELTA to report earnings of Bt8.1bn in 1Q26F, growing by 60% y-y and 8% q-q, driven by both sales growth and margin expansion. We estimate 50% y-y US\$ sales growth in 1Q26F, supported by existing AI-related products and the first batch of new liquid-to-liquid (L2L) products used to control temperatures in AI data centers. DELTA was already awarded these AI-related power management products last year, and they are existing work; however, global demand for AI capex has been very strong, with customers, e.g., hyperscalers, accelerating orders. As for L2L products, DELTA was awarded this work in 2H25, and after the completion of the production trial and the customer factory-auditing phase, the first commercial batch has begun in 1Q26.

Ex 2: Quarterly Earnings



Sources: Company data, ttb wealth estimates

Rising orders every quarter

Second, stronger orders. DELTA expects to receive stronger orders in 2Q26F, and we estimate 54% y-y and 11% q-q sales growth, driven by accelerating demand for existing AI-related work from hyperscalers and a second, larger batch of L2L. In 2H26F, DELTA expects more orders from the third batch, i.e., mass-scale production of L2L. There should be new relocated orders from Delta Taiwan (2308 TT, TWD1,645, Buy [1]; covered by Daiwa’s Sheng Cheng), including liquid-to-air (L2A) liquid cooling. L2A is currently the in-use liquid cooling system among hyperscalers and has larger sales than L2L at Delta Taiwan (about 5-7% of total sales). There is no disclosure of a detailed product breakdown for the relocated parts to DELTA. There should also be new power management products, likely PCS. We estimate 56% y-y sales growth in 2H26F. On a full-year basis, we project 56/44/39% p.a. sales growth in 2026-28F.

Delta Taiwan outperforms global AI; DELTA outperforms Delta Taiwan

We recap here that DELTA’s much stronger orders for AI work than the global AI capex trend are mainly due to Delta Taiwan’s mandate to manufacture most of its AI-related power management products at DELTA, while Delta Taiwan itself is also a key beneficiary of global AI capex and is growing faster than the overall AI industry.

Fortunate and able factors in the AI era

Previously not much in use in stable-energy-usage, non-AI data centers, Delta Taiwan’s key power products — basic power management devices, e.g., power supply units (PSU) that convert high-voltage electricity into lower, safer voltage, and power distribution units (PDU) that distribute those refined power — are now in high demand for AI data centers due to the highly unstable and fluctuating power usage requirements of AI workloads (i.e., power demand can spike and drop very quickly depending on processing intensity, unlike traditional data centers which run more steadily). Also, as a specialist in the in-rack data center segment, Delta Taiwan has been an early player in developing improved temperature-control devices. The much higher power density in AI data centers requires more advanced temperature-management technology than traditional fan-based systems, and Delta Taiwan has developed liquid-cooling systems ahead of its peers. Delta Taiwan is among the key players in in-demand AI-related products used for data centers. Another positive factor is that Delta Taiwan’s other products are also experiencing rising demand, including uninterruptible power supply (UPS), which has been a key product in non-AI data centers and remains essential in AI data centers.

Ex 3: Delta Group A Beneficiary As AI Needs More Stable Power Control

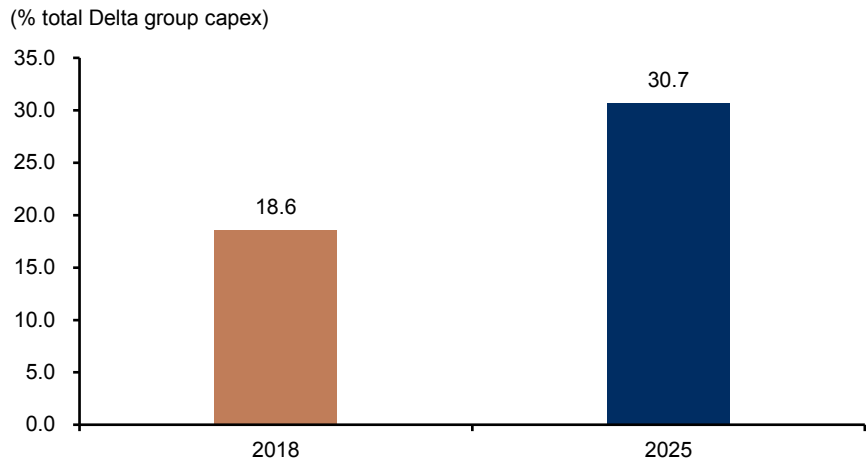
	Non-AI data center	AI data center	Key player/s
PSU	Medium: Needed but simpler	Critical: Complex, high efficiency required	Delta group
PDU	Medium: basic distribution	Critical: Complex, sensor control	Delta group, Vertiv, Schneider, ABB
UPS	————— Critical: Backup always essential —————		Vertiv, Schneider, and Eaton
PCS	Not used	Highly critical: For grid stability	New products, Delta group is the leader now
Cooling	Low-Medium: Simple air cooling is sufficient	Most critical: GPUs overheat without it	New products, Delta group, Vertiv, Schneider

Source: Company data

Reasons for production relocation to DELTA

Why did Delta Taiwan decide to carry out production at DELTA? We believe the key reason was a customer mandate. As the aforementioned AI-based technologies are used by US hyperscalers and Delta’s key factories are in China, it is not feasible to produce there. After acquiring a significant stake in DELTA in 2019, Delta Taiwan has increased capex at DELTA over the years (Exhibit 4). Delta Taiwan has no plans to expand production space for AI-related products at its key plants in China for the US clients. Exhibit 5 shows the new factory timeline at DELTA. Exhibits 7-8 show that DELTA’s profit contribution relative to Delta Taiwan has increased along with the capex expansion.

Ex 4: DELTA’s Capex Increased Over The Years



Source: Company data

Ex 5: Factory Timeline (Cont.)...

Existing	Focused end-products	Note
Bangpu		
Building 1	Traditional electronics	
Building 2	EV	- EV is underutilized due to weak demand, so more data center work is planned here
Building 3	Delta Taiwan relocated work: Traditional electronics	
Building 5	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
Wellgrow		
WG1	Traditional electronics	
WG2	Delta Taiwan relocation work, e.g., data center products	
New facilities		
Wellgrow (completed in 3Q25)		
Project 1	Delta Taiwan relocated work, e.g., traditional electronic products	
Project 2	Delta Taiwan relocated work, e.g., data center products and liquid cooling systems	- Used mainly for Delta Taiwan’s new liquid cooling system model, liquid to liquid (L2L)

Sources: Company data, ttb wealth

Ex 5: Factory Timeline (Con't)

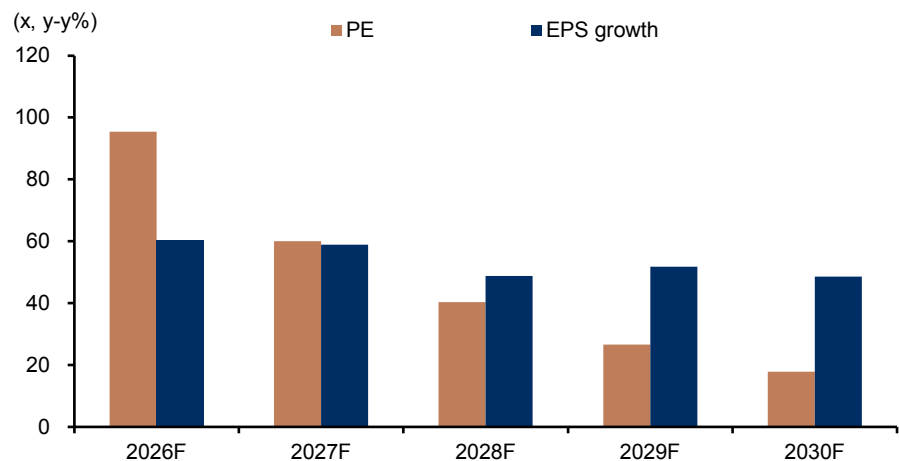
Existing	Focused end-products	Note
Factories under construction		Timeline
Bangpu		
Building 8	High-end data center	- 1Q26
Building 9	High-end data center	- 1Q26
Building 10	Not-yet disclosed. We believe it is mainly for a data center	- 4Q26
Building 6	Not-yet disclosed. We believe it is mainly for a data center	- Mid-2027
Building 7	Not-yet disclosed. We believe it is mainly for a data center	- Mid-2027
India (no definitive timeline)		
Expanding existing factory	Traditional electronic products, e.g., telecommunication equipment	- India provides operational flexibility as an alternative to Thailand in case of adverse US tariff impacts

Sources: Company data, ttb wealth

We believe near-term PE does not capture DELTA's growth potential

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Ex 6: PE Vs. EPS Growth

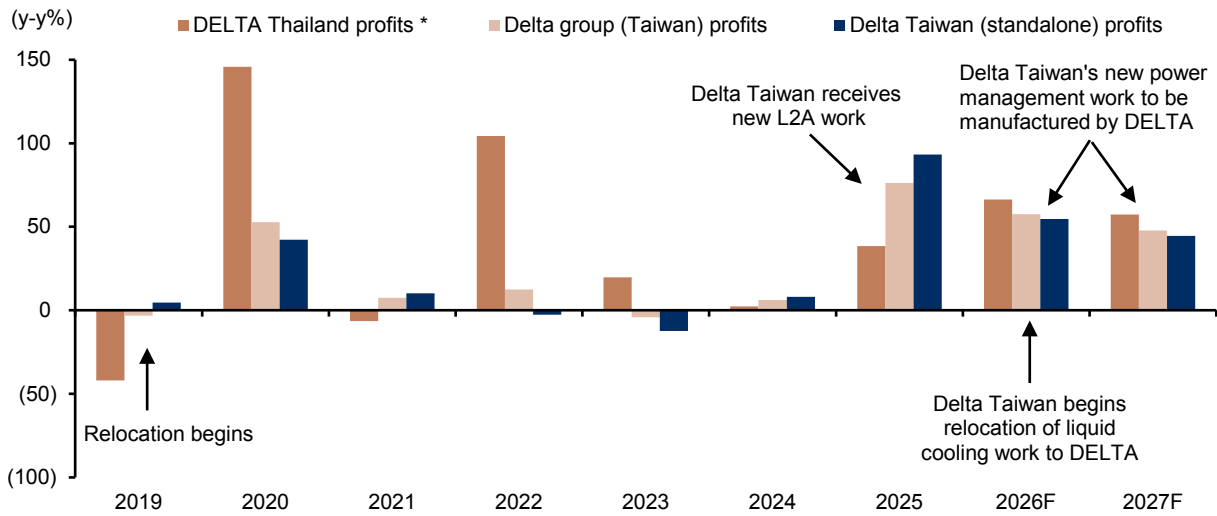


Sources: Company data, ttb wealth estimates

Our EPS growth forecasts are not aggressive vs. the expectation for Delta Taiwan

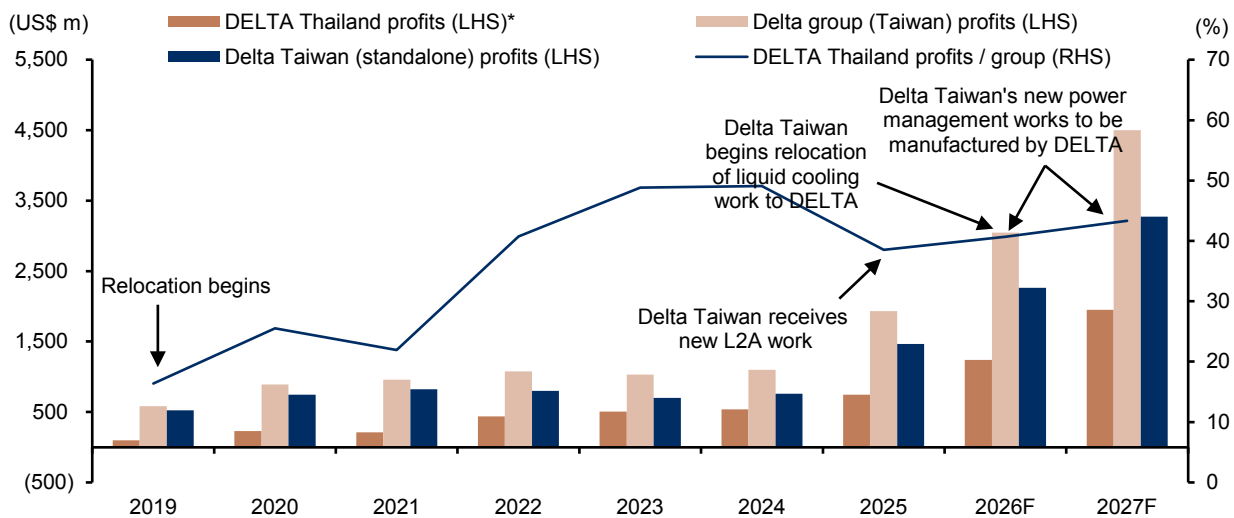
We do not view our EPS growth estimates of 60/59% p.a. for DELTA in 2026-27F as overly aggressive relative to consensus' expectation of 55/57% EPS growth for Delta Taiwan in 2026-27F. The growth is AI-driven, and Delta Taiwan has indicated that key AI-related production needs to be shifted to DELTA, as these are orders from US clients and are not feasible to produce at its main factories in China. Our projection implies that DELTA's profits will account for 42% of Delta Taiwan's profits in 2027F from 39% in 2025. DELTA's profits reached 49% of Delta Taiwan's profits in 2024, before Delta Taiwan had the new growth driver of liquid-to-air products. As mentioned above, Delta Taiwan will likely relocate liquid-to-air products to DELTA as well. Exhibits 7-8 show that DELTA's rising profit contribution indicates Delta Taiwan's structural intentions.

Ex 7: Faster Growth At DELTA



Sources: Company data, ttb wealth estimates
 Note* Data shows the % of DELTA's profits. Delta Taiwan holds 62.16% in DELTA.

Ex 8: Delta Group's Profit Contribution

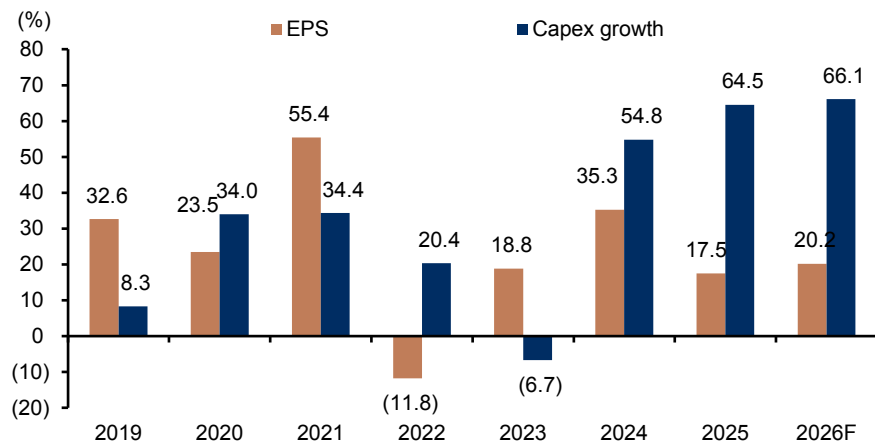


Sources: Company data, ttb wealth estimates
 Note* Data shows the % of DELTA's profits. Delta Taiwan holds 62.16% in DELTA.

Global, structural AI capex reasons

Third: a more solid AI foundation. Hyperscalers, the key users of AI data centers, have increased plans to accelerate their capex mainly for AI, with 66% growth this year, from a strong 65% in 2025, above the consensus's previous expectation of about 35%. We believe the reasons are that some of them have successfully monetized AI investments earlier and delivered strong earnings growth, e.g., META using AI to improve its core Facebook business via better ad targeting, and Amazon serving its customers via AI-enhanced online shopping recommendations. We also believe hyperscalers need to consider competitive risks, as peers are also investing heavily in AI; for example, traditional search engines like Google could be replaced by ask-and-answer AI systems such as ChatGPT in the future if they do not invest and develop their own systems, e.g., Gemini. Lastly, there are also new generative AI companies that are key users of AI data centers beyond ChatGPT, e.g., Claude and Gemini. Revenue generated by these companies is now comparable to ChatGPT at about US\$30bn p.a..

Ex 9: Accelerating AI Capex



Source: Bloomberg

Note: Hyperscalers include Google, META, Amazon and Microsoft

Ex 10: 12-month DCF-based TP Calculation Using A Base Year Of 2026F

(Bt m)	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal value
EBITDA	53,892	84,494	124,311	186,478	275,222	346,339	434,025	553,125	694,202	866,051	1,092,146	—
Free cash flow	14,425	19,829	33,695	54,017	83,083	140,236	178,292	221,389	285,331	362,020	481,620	10,910,585
PV of free cash flow	14,385	16,267	25,026	36,332	50,608	77,358	89,043	100,130	116,869	134,284	161,740	3,318,198
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	1.0											
WACC (%)	10.4											
Terminal growth (%)	3.0											
Enterprise value - add investments	4,379,372											
Net debt (2025)	(17,574)											
Minority interest	0											
Equity value	4,396,946											
# of shares (m)*	12,572											
Target price/share (Bt)	350											

Sources: Company data, ttb wealth estimates

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

Valuation Comparison

Ex 11: Valuation Comparison With Regional Peers

Name	BBG code	Market	EPS growth		— PE —		— P/BV —		EV/EBITDA		— Div. yield —	
			26F (%)	27F (%)	26F (x)	27F (x)	26F (x)	27F (x)	26F (%)	27F (%)	26F (%)	27F (%)
Schneider Electric SE	SU FP	France	13.4	16.4	27.3	23.4	5.1	4.8	17.1	15.3	1.8	2.0
Delta Electronics Inc	2308 TT	Taiwan	60.8	46.5	44.2	30.2	12.6	9.6	26.7	19.1	1.0	1.5
Vertiv Holdings	VRT US	US	45.3	32.3	46.0	34.8	18.9	13.6	33.8	25.6	0.1	0.1
Snap Inc	SNAP US	US	26.6	39.4	10.8	7.7	3.2	2.5	8.2	8.2	0.0	0.0
Meta Platforms	META US	US	4.1	16.6	20.7	17.7	5.1	4.2	12.5	10.0	0.4	0.4
Alphabet	GOOGL US	US	(5.1)	14.9	27.3	23.4	7.3	5.7	17.3	14.5	0.3	0.2
Amazon.com	AMZN US	US	2.0	18.5	28.6	23.7	4.6	3.6	11.2	9.0	0.0	0.0
Pinterest	PINS US	US	15.0	13.6	9.8	8.7	2.5	2.0	5.7	4.9	0.0	0.0
Cisco Systems	CSCO US	US	9.1	8.6	20.1	18.6	6.7	6.1	15.0	14.1	2.0	2.0
Delta Electronics	DELTA TB*	Thailand	60.3	58.9	95.4	60.0	29.7	21.8	69.1	44.0	0.3	0.6
Hana Microelectronics	HANA TB*	Thailand	28.6	56.7	25.9	16.5	0.9	0.8	5.7	3.9	1.9	3.0
KCE Electronics	KCE TB*	Thailand	128.0	7.2	15.5	14.5	1.9	1.9	9.5	8.8	5.5	5.9
Average			32.3	27.5	31.0	23.3	8.2	6.4	19.3	14.8	1.1	1.3

Source: Bloomberg

Note: * ttb wealth estimates, using ttb wealth normalized EPS

Based on 9 April 2026 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: ttb wealth

COMPANY RATING



Rating Scale

Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

Source: ttb wealth; *CG Rating

TTB WEALTH'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	ttb wealth	Diff
Target price (Bt)	235.98	350.00	48%
Net profit 26F (Bt m)	32,474	39,269	21%
Net profit 27F (Bt m)	40,906	62,402	53%
Consensus REC	BUY: 9	HOLD: 8	SELL: 6

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.

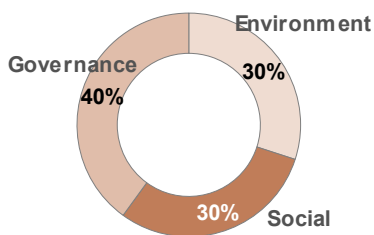
Sources: Bloomberg consensus, ttb wealth estimates

RISKS TO OUR INVESTMENT CASE

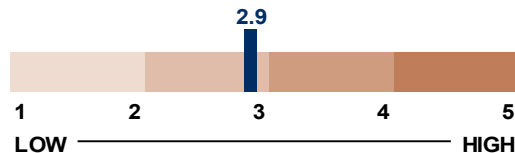
- Slower-than-expected adoption of electric vehicles and 5G technology globally represents the key downside risk to our earnings forecasts.
- Larger-than-expected currency fluctuations present a risk to our numbers.
- DELTA's future growth is highly dependent on the success of product developments and their time to market, so delays in the company's new product launches present a secondary downside risk to our medium- to long-term earnings projections.

Source: ttb wealth

ESG Weighting



ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	ttb wealth ESG Rating (1.0-5.0)	MSCI (CCC-AAA)	ESG Book (0-100)	CG Rating (0-5)
DELTA	-	-	-	2.88	A	70.13	5.0

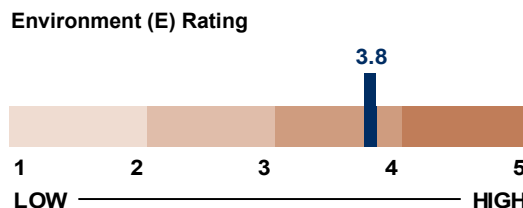
Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI) MSCI ESG Research LLC, ESG Book, Thai IOD (CG rating)
 Note: Please see third party on "terms of use" toward the back of this report.



ESG Summary

- DELTA is part of the Delta group, one of the top three global power management solution providers, and is the largest electronic product manufacturer in Thailand. Although the company operates in a manufacturing-heavy industry, its emissions level is lower than global industry standards. However, the Social and Governance dimensions raise concerns in our view. Our ESG score for DELTA is 2.9 vs. the sector average of 2.8.
- We do not see DELTA as an aggressive ESG play. DELTA adopts demanding global ESG standards due to its position as a global supplier to leading electronics manufacturers that prioritize strong ESG practices. However, DELTA falls short of meeting some of its own targets, even though these standards remain higher than those of most Thai peers.
- On the Environmental side, DELTA follows global frameworks and, in our view, performs well. Beyond basic pollution control, it has implemented aggressive measures to achieve its reduction goal, including targets for green products, internal carbon pricing, and funding allocations for decarbonization.
- On the Social side, DELTA applies global human-rights standards, enforces strict supply-chain screening, and invests in employee development. However, there have been socially related incidents, including employee stress cases and community disruptions.
- The Governance dimension receives the lowest ESG score. From a business sustainability perspective, DELTA has a strong position in long-term global trends such as EV and AI-related technologies. However, governance concerns remain for us. There is an ongoing lack of clarity around expense allocation between Delta Taiwan and DELTA Thailand, which has at times resulted in material cost charges without adequate explanation.

We assign an E score of 3.8 to DELTA, vs. the sector average of 3.2. DELTA has clear emissions-reduction goals and has implemented concrete mechanisms to support them, including internal carbon pricing and a rapid increase in renewable electricity use. Progress is also visible.

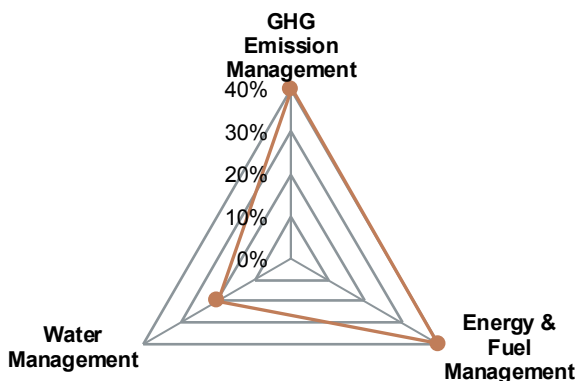


ENVIRONMENT **Our Comments**

- **GHG Emission Management**
- **Energy & Fuel Management**
- **Water Management**

- We assign a high 3.8 E score to DELTA. DELTA is a global supplier to leading electronic product makers that prioritize strong ESG emission compliance standards.
- **Carbon management:** DELTA has a net-zero emission target of 2050. It plans to reduce Scope 1 and Scope 2 emissions by 90% and Scope 3 by 25% by 2030 (2021 base year). In 2024, DELTA made 29% progress toward its 2030 target for Scope 1 and 2 and 56% for its Scope 3 target. Scope 1 is low due to DELTA’s relying on electricity rather than combustion. DELTA is cutting Scope 2 by replacing traditional energy with renewable energy by 2030. DELTA plans to cut Scope 3 through supplier engagement, and collaboration with renewable energy providers. DELTA also uses other active strategies. First, it set up an internal carbon fine system in which divisions are fined if carbon emissions exceed target and this is reflected in KPI. Second, DELTA has set green revenue target (end products that reduce emissions like EV) at 50% of revenue by 2030. Third, DELTA plans to replace combustion vehicles with electric vehicles by 2030.
- **Energy management:** DELTA has set a goal to replace traditional energy with renewables by 2030. It achieved 58% renewable electricity in 2024 (the target was 50%). These include 6% self-generated solar and 52% purchased Unbundled Energy Attribute Certificates. DELTA operates solar rooftops at five facilities and uses solar inverter improvement to increase efficiency. DELTA also purchases renewable electricity through Power Purchase Agreements. DELTA achieved a 31% energy intensity cut in 2024 (2020 base year) vs. its 16% target. DELTA implemented 58 energy conservation projects in 2024 targeting equipment including sintering furnaces, and burn-in production plants.
- **Waste management:** DELTA achieved a waste diversion rate of 98% in 2024 vs. its 100% target in 2030. Production waste is handed over to local qualified recycling businesses. Non-production waste is also recycled. DELTA has not disclosed data on total waste generation, waste generation intensity reduction, or landfill waste volume.
- **Water management:** DELTA set a goal to reduce water intensity by 8% in 2024 (2020 base year). DELTA achieved a 27% reduction. DELTA uses water recycling systems, water purification systems, and smart water management. DELTA conducts water quality testing and monitoring. DELTA has not disclosed data on total water withdrawal, water consumption volume, or its wastewater treatment percentage.

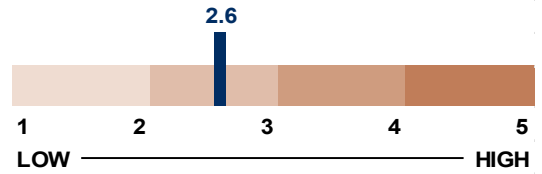
SCALE WEIGHTING



Sources: ttb wealth, Company data

We assign an S score of 2.6 to DELTA, vs. the sector average of 2.7. DELTA operates under global social standards stricter than those of most local peers, reflecting its role as a supplier to multinational customers. However, negative incidents have still occurred despite these standards.

Social (S) Rating



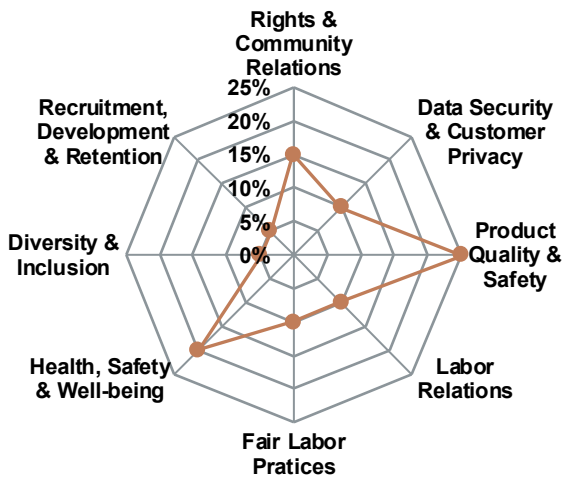
SOCIAL

Our Comments

- Human Rights & Community Relations
- Data Security & Customer Privacy
- Product Quality & Safety
- Labor Relations
- Fair Labor Practices
- Health, Safety & Well-being
- Diversity & Inclusion
- Recruitment, Development & Retention

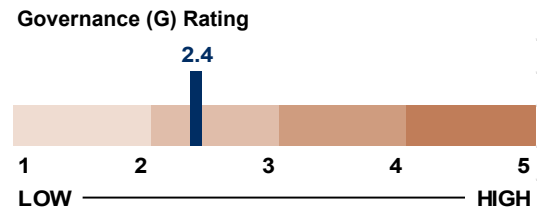
- We assign a 2.6 Social score to DELTA. The score reflects DELTA meeting global standards for social requirements, but concerns remain around staff management and the scale of social responsibility.
- **Health & safety:** DELTA meets standard requirements in this area, but some negative incidents have been seen. The company provides first-aid services with medical teams and emergency vehicles at all facilities, shuttle bus services, uniforms, savings cooperatives, and a provident fund. Employees are allowed to join labor unions, and DELTA has a whistleblowing channel operated through a third party. However, there have also been some negative incidents reported. For example, DELTA faced a public incident regarding the alleged denial of sick leave to a worker, although an investigation cleared DELTA of violations.
- **Staff management:** DELTA meets standard requirements, but overall performance remains at a baseline level. Training hours per employee were 43.8 in 2024, up 3.5% from 42.3 hours in 2023, which is broadly in line with general global manufacturing benchmarks. Employee satisfaction improved to 88% in 2024, compared with 83% in 2022, DELTA provides development programs beyond work-related knowledge aimed at broader employee well-being, including language, reward programs, partner discounts, sports clubs, health programs, annual health check-ups, and management communication sessions. DELTA does not disclose data on training costs per employee, employee retention rates, or turnover rates.
- **Product safety & quality:** DELTA has a solid record in this area. DELTA has supplied power management products to leading global electronics manufacturers for several years. DELTA holds several international certifications, including ISO-related standards, and its factories receive audit certification from customers prior to production. Product failures have occurred but resulting in defect claims of only 0.88% of total revenue.
- **Social responsibility:** DELTA focuses on standard social responsibility activities and is active in providing donations to schools, farmers, and small business start-ups. However, the total contribution was only about Bt1.7m in 2024, or around 0.001% of revenue, which we view as too small to drive a meaningful social impact. DELTA has also occasionally organized corporate activities that have indirectly caused social disruption, such as traffic congestion.

SCALE WEIGHTING



Sources: ttb wealth, Company data

We assign a G score of 2.4 to DELTA, vs. the sector average of 2.4. DELTA shows a commitment to long-term business sustainability and has formal governance structures in place. That said, we remain cautious on transparency and governance execution.

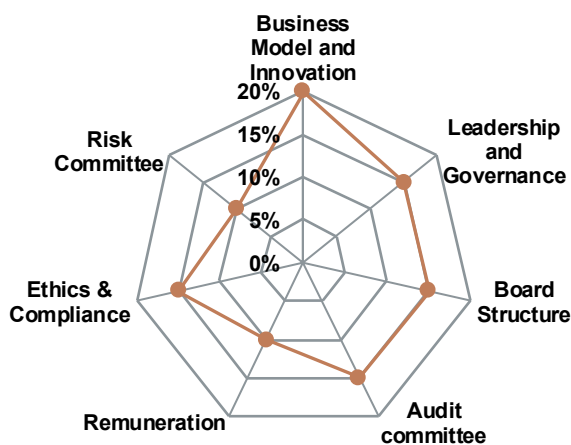


GOVERNANCE & SUSTAINABILITY **Our Comments**

- Business Model and Innovation
- Leadership and Governance
- Board Structure
- Audit committee
- Remuneration
- Ethics & Compliance
- Risk Committee

- We assign a 2.4 Governance score to DELTA, which is the lowest among the ESG dimensions. While DELTA scores highly for business sustainability, we see ongoing concerns in the Governance area.
- **Business sustainability and innovation:** This is a strong area for DELTA. First, DELTA is part of the Delta group, one of the top three global power management product manufacturers, with leading global electronics makers as customers. Second, within these products, DELTA has a strong business position in EV-related applications and AI data center power solutions, which we view as global mega-trend growth areas. Third, DELTA benefits from the relocation strategy of its parent company, Delta Taiwan, shifting production capacity from China to Thailand.
- **Risk management:** This area is linked to business sustainability. DELTA has diversified its business across multiple end products that are essential to daily life, i.e., cars, smartphones, industrial equipment, and AI-related applications. Given its strong competitive position across these segments, the company is naturally well diversified and carries relatively low business risk. An additional buffer is its role as a key relocation destination within the Delta group.
- **Board structure:** DELTA’s board structure is not ideal but not weak, in our view. The board has nine members, of which three are independent directors, representing 33%, below the ideal two-thirds threshold. The board chairman is not the CEO and the two roles are separated, which we view positively. However, the overall level of board independence remains low relative to best-practice governance standards.
- **Committees:** DELTA has the required board committees in place. These include audit, nomination and remuneration, risk and sustainable development and corporate governance committees. The audit committee is fully composed of independent directors.
- **Ethics & transparency:** This is the weakest area in our view. Despite no outright misconduct, we have concerns regarding how the Delta group allocates responsibilities with DELTA. The parent group sends work orders to Thailand and charges royalty fees, which at times increase materially without clear explanations to investors. There have also been cases where DELTA bears legal-related costs for work originating from the Delta group. Note that over the long term, royalty fees have generally increased in line with the volume of work transferred, and as these relocated activities are higher margin.

SCALE WEIGHTING



Sources: ttb wealth, Company data

INCOME STATEMENT

We expect S-curve sales growth from AI adoption

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Sales	164,733	198,153	297,113	431,426	610,738
Cost of sales	124,236	144,547	210,265	296,501	412,819
Gross profit	40,497	53,606	86,849	134,925	197,919
% gross margin	24.6%	27.1%	29.2%	31.3%	32.4%
Selling & administration expenses	22,637	27,280	42,838	63,060	90,531
Operating profit	17,860	26,326	44,011	71,865	107,388
% operating margin	10.8%	13.3%	14.8%	16.7%	17.6%
Depreciation & amortization	6,738	8,194	9,881	12,629	16,923
EBITDA	24,598	34,520	53,892	84,494	124,311
% EBITDA margin	14.9%	17.4%	18.1%	19.6%	20.4%
Non-operating income	2,289	2,710	2,431	1,670	1,825
Non-operating expenses	(163)	(402)	(471)	(471)	(471)
Interest expense	(167)	(64)	(42)	(79)	(136)
Pre-tax profit	19,819	28,570	45,929	72,984	108,606
Income tax	810	4,073	6,660	10,583	15,748
After-tax profit	19,009	24,498	39,269	62,402	92,858
% net margin	11.5%	12.4%	13.2%	14.5%	15.2%
Shares in affiliates' Earnings	(0)	1	0	0	0
Minority interests	0	0	0	0	0
Extraordinary items	(70)	315	0	0	0
NET PROFIT	18,939	24,814	39,269	62,402	92,858
Normalized profit	19,009	24,499	39,269	62,402	92,858
EPS (Bt)	1.5	2.0	3.1	5.0	7.4
Normalized EPS (Bt)	1.5	1.9	3.1	5.0	7.4

Profits to grow faster on margin expansion

BALANCE SHEET

Strong balance sheet position

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
ASSETS:					
Current assets:	82,532	104,074	154,074	222,045	311,383
Cash & cash equivalent	15,701	20,288	30,000	44,000	61,000
Account receivables	32,906	45,936	68,878	100,014	141,583
Inventories	31,697	34,731	50,522	71,242	99,191
Others	2,227	3,118	4,675	6,788	9,610
Investments & loans	0	0	0	0	0
Net fixed assets	37,721	45,688	52,307	69,877	95,706
Other assets	2,844	4,369	4,369	3,974	3,974
Total assets	123,097	154,131	210,750	295,896	411,063
LIABILITIES:					
Current liabilities:	38,464	52,269	73,365	105,957	146,437
Account payables	35,793	45,228	65,791	92,774	129,170
Bank overdraft & ST loans	680	140	406	714	1,237
Current LT debt	0	171	497	874	1,513
Others current liabilities	1,991	6,729	6,670	11,595	14,517
Total LT debt	2,342	2,402	6,974	12,254	21,227
Others LT liabilities	2,348	2,733	4,146	5,906	8,255
Total liabilities	43,155	57,404	84,485	124,117	175,918
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	(4,758)	(6,994)	(6,994)	(6,994)	(6,994)
Retained earnings	81,961	100,981	130,510	176,023	239,390
Shareholders' equity	79,942	96,727	126,266	171,779	235,145
Liabilities & equity	123,097	154,131	210,750	295,896	411,063

Sources: Company data, ttb wealth estimates

CASH FLOW STATEMENT

Capex needed for expansion but cash flow position still strong

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Earnings before tax	19,819	28,570	45,929	72,984	108,606
Tax paid	(1,039)	(3,886)	(6,488)	(10,205)	(15,349)
Depreciation & amortization	6,738	8,194	9,881	12,629	16,923
Chg In working capital	5,077	(6,629)	(18,169)	(24,874)	(33,121)
Chg In other CA & CL / minorities	576	3,725	(1,788)	2,434	(299)
Cash flow from operations	31,171	29,975	29,365	52,969	76,760
Capex	(14,711)	(16,099)	(16,500)	(30,200)	(42,752)
Right of use	61	(7)	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	(362)	(1,259)	1,413	2,155	2,349
Cash flow from investments	(15,012)	(17,365)	(15,087)	(28,045)	(40,403)
Debt financing	(1,540)	7	5,164	5,965	10,135
Capital increase	0	0	10	0	0
Dividends paid	(5,613)	(5,738)	(9,740)	(16,889)	(29,492)
Warrants & other surplus	(922)	(2,291)	0	0	0
Cash flow from financing	(8,076)	(8,023)	(4,567)	(10,924)	(19,357)
Free cash flow	16,159	12,610	14,278	24,924	36,357

VALUATION

High PE is justified by earnings growth, in our view

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Normalized PE (x)	197.09	152.9	95.4	60.0	40.3
Normalized PE - at target price (x)	231.48	179.6	112.1	70.5	47.4
PE (x)	197.82	151.0	95.4	60.0	40.3
PE - at target price (x)	232.34	177.3	112.1	70.5	47.4
EV/EBITDA (x)	151.8	108.0	69.1	44.0	29.8
EV/EBITDA - at target price (x)	178.4	127.0	81.2	51.7	35.1
P/BV (x)	46.9	38.7	29.7	21.8	15.9
P/BV - at target price (x)	55.0	45.5	34.8	25.6	18.7
P/CFO (x)	120.2	125.0	127.6	70.7	48.8
Price/sales (x)	22.6	18.8	12.5	8.6	6.1
Dividend yield (%)	0.2	0.2	0.3	0.6	1.0
FCF Yield (%)	0.4	0.3	0.4	0.7	1.0
(Bt)					
Normalized EPS	1.5	1.9	3.1	5.0	7.4
EPS	1.5	2.0	3.1	5.0	7.4
DPS	0.5	0.6	0.9	1.7	3.0
BV/share	6.4	7.7	10.0	13.7	18.7
CFO/share	2.5	2.4	2.3	4.2	6.1
FCF/share	1.3	1.0	1.1	2.0	2.9

Sources: Company data, ttb wealth estimates

FINANCIAL RATIOS

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Growth Rate					
Sales (%)	12.5	20.3	49.9	45.2	41.6
Net profit (%)	2.8	31.0	58.3	58.9	48.8
EPS (%)	2.8	31.0	58.3	58.9	48.8
Normalized profit (%)	7.1	28.9	60.3	58.9	48.8
Normalized EPS (%)	7.1	28.9	60.3	58.9	48.8
Dividend payout ratio (%)	30.3	30.4	30.4	35.0	40.0
Operating performance					
Gross margin (%)	24.6	27.1	29.2	31.3	32.4
Operating margin (%)	10.8	13.3	14.8	16.7	17.6
EBITDA margin (%)	14.9	17.4	18.1	19.6	20.4
Net margin (%)	11.5	12.4	13.2	14.5	15.2
D/E (incl. minor) (x)	0.0	0.0	0.1	0.1	0.1
Net D/E (incl. minor) (x)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Interest coverage - EBIT (x)	107.0	413.4	na	906.0	791.6
Interest coverage - EBITDA (x)	147.3	542.0	na	na	916.3
ROA - using norm profit (%)	16.4	17.7	21.5	24.6	26.3
ROE - using norm profit (%)	25.8	27.7	35.2	41.9	45.6
DuPont					
ROE - using after tax profit (%)	25.8	27.7	35.2	41.9	45.6
- asset turnover (x)	1.4	1.4	1.6	1.7	1.7
- operating margin (%)	12.1	14.5	15.5	16.9	17.8
- leverage (x)	1.6	1.6	1.6	1.7	1.7
- interest burden (%)	99.2	99.8	99.9	99.9	99.9
- tax burden (%)	95.9	85.7	85.5	85.5	85.5
WACC (%)	10.4	10.4	10.4	10.4	10.4
ROIC (%)	26.6	33.6	47.5	59.0	64.8
NOPAT (Bt m)	17,130	22,573	37,629	61,444	91,817
invested capital (Bt m)	67,263	79,153	104,143	141,620	198,122

Sources: Company data, ttb wealth estimates

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Currently, long-term investment guidelines abroad are beginning to focus on investing in companies that have sustainable business practices. which considers environmental, social and governance factors (Environmental, Social and Governance or ESG) of the company in making investment decisions along with analyzing the company's financial data.

Stock Exchange Has prepared the results of evaluating sustainable stocks which are stocks of listed companies (SETESG Rating) as an alternative for investors who want to invest in stocks of listed companies that are outstanding in ESG, including to support listed companies with operations. sustainable business Taking into account all stakeholders in both social and environmental aspects. There is a management process to create sustainability for the organization, such as risk management. Supply chain management and innovation development. Therefore, the SETESG index was created to be an index that reflects the price movement of a group of securities. of companies with sustainable business operations that meet the required size and liquidity criteria

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Score range	Description
CCC - B	LAGGARD: A company lagging its industry based on its high exposure and failure to manage significant ESG risks
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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90-100		Excellent
80-89		Very Good
70-79		Good
60-69		Satisfactory
50-59		Pass
Below		N/A

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For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.

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