

**Delta Electronics (DELTA TB) - BUY, Price Bt310.00, TP Bt350.00****Results Comment**

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**Very strong 1Q26 beat significantly**

- DELTA reported net earnings of Bt9.1bn in 1Q26. Excluding FX gains and impairment losses, we estimate normalized earnings of Bt9.2bn, growing 82% y-y and 23% q-q. Earnings beat our estimate by 15% and consensus by 18%, driven by a very strong gross margin.
- US\$ revenue grew 54% y-y and 8% q-q, mainly due to strong demand for DELTA's AI-related power management products. DELTA also began delivering the first batch of its new liquid cooling products for AI-based data centers.
- Gross margin rose to 31.7% from 25.6% in 1Q25 and 28.6% in 4Q25. Despite the strong baht, the key driver was the strong growth in high-margin AI data center products.
- SG&A to sales increased to 15.9% from 12.2% in 1Q25 and 14.7% in 4Q25, mainly due to higher royalty fees paid to Delta Taiwan, its parent company, following the relocation. The royalty rate rose to 6.3% from 4.4% last year and 5.1% in 4Q25. That said, the expansion in gross margin more than offset the higher expenses.
- We expect stronger orders from 2Q26F, driven by rising AI demand, new orders linked to ASIC-related workloads (GPU alternatives), and new liquid-to-air liquid cooling projects.
- We see upside to our estimates, and more to consensus, which still appears to be factoring in weaker orders for the remainder of the year.

Income Statement (consolidated)						Income Statement (3M as)					
Yr-end Dec (Bt m)	1Q25	2Q25	3Q25	4Q25	1Q26	(Bt m)	q-q%	y-y%	% 2026F	2026F	2027F
Revenue	42,750	44,490	53,214	57,699	61,387	Revenue	6	44	21	297,113	431,426
<b>Gross profit</b>	<b>10,932</b>	<b>11,109</b>	<b>15,085</b>	<b>16,481</b>	<b>19,466</b>	<b>Gross profit</b>	<b>18</b>	<b>78</b>	<b>22</b>	<b>86,849</b>	<b>134,925</b>
SG&A	5,230	6,011	7,580	8,458	9,775	SG&A	16	87	23	42,838	63,060
Operating profit	5,701	5,098	7,504	8,022	9,691	Operating profit	21	70	22	44,011	71,865
<b>EBITDA</b>	<b>7,576</b>	<b>7,213</b>	<b>9,379</b>	<b>10,352</b>	<b>12,015</b>	<b>EBITDA</b>	<b>16</b>	<b>59</b>	<b>22</b>	<b>53,892</b>	<b>84,494</b>
Other income	302	376	1,308	724	907	Other income	25	200	37	2,431	1,670
Other expense	149	6	240	8	11	Other expense	50	(92)	2	471	471
Interest expense	18	12	7	26	9	Interest expense	(67)	(54)	20	42	79
<b>Profit before tax</b>	<b>5,836</b>	<b>5,456</b>	<b>8,566</b>	<b>8,713</b>	<b>10,577</b>	<b>Profit before tax</b>	<b>21</b>	<b>81</b>	<b>23</b>	<b>45,929</b>	<b>72,984</b>
Income tax	784	768	1,289	1,231	1,363	Income tax	11	74	20	6,660	10,583
Equity & invest. income	0	0	0	0	1	Equity & invest. income	219	1,540	na	0	0
Minority interests	(2)	0	0	0	0	Minority interests					
Extraordinary items	438	(58)	165	(228)	(135)	Extraordinary items	na	na	na	0	0
<b>Net profit</b>	<b>5,488</b>	<b>4,629</b>	<b>7,441</b>	<b>7,254</b>	<b>9,081</b>	<b>Net profit</b>	<b>25</b>	<b>65</b>	<b>23</b>	<b>39,269</b>	<b>62,402</b>
<b>Normalized profit</b>	<b>5,051</b>	<b>4,687</b>	<b>7,277</b>	<b>7,482</b>	<b>9,216</b>	<b>Normalized profit</b>	<b>23</b>	<b>82</b>	<b>23</b>	<b>39,269</b>	<b>62,402</b>
EPS (Bt)	0.44	0.37	0.60	0.58	0.73	EPS (Bt)	25	65	23	3.12	4.96
Normalized EPS (Bt)	0.40	0.38	0.58	0.60	0.74	Normalized EPS (Bt)	23	82	24	3.12	4.96

  

Balance Sheet (consolidated)						Financial Ratios (%)					
Yr-end Dec (Bt m)	1Q25	2Q25	3Q25	4Q25	1Q26		1Q25	2Q25	3Q25	4Q25	1Q26
Cash & ST investment	17,127	12,967	13,337	20,328	19,052	Sales growth	12.5	6.5	23.1	38.2	43.6
A/C receivable	37,017	38,496	47,108	45,966	56,957	Operating profit growth	53.3	(12.4)	25.3	244.0	70.0
Inventory	30,936	32,947	32,955	34,731	42,690	EBITDA growth	45.8	(3.1)	20.7	147.1	58.6
Other current assets	2,358	3,160	3,057	3,125	2,730	Norm profit growth	23.9	(24.2)	16.2	201.1	82.5
Investment	0	0	0	0	0	Norm EPS growth	23.9	(24.2)	16.2	201.1	82.5
Fixed assets	39,079	42,172	44,280	45,688	47,714	Gross margin	25.6	25.0	28.3	28.6	31.7
Other assets	3,377	2,970	4,056	4,370	5,066	Operating margin	13.3	11.5	14.1	13.9	15.8
<b>Total assets</b>	<b>129,893</b>	<b>132,713</b>	<b>144,793</b>	<b>154,209</b>	<b>174,210</b>	EBITDA margin	17.7	16.2	17.6	17.9	19.6
S-T debt	625	927	592	311	435	Norm net margin	11.8	10.5	13.7	13.0	15.0
A/C payable	36,048	39,315	42,681	45,230	53,485	D/E (x)	0.0	0.0	0.0	0.0	0.0
Other current liabilities	2,315	3,176	4,913	6,729	8,640	Net D/E (x)	(0.2)	(0.1)	(0.1)	(0.2)	(0.2)
L-T debt	2,439	2,219	2,413	2,402	2,457	Interest coverage (x)	409.9	577.2	1,409.9	397.3	1,399.9
Other liabilities	2,889	3,060	3,420	2,736	2,677	Interest rate	2.4	1.6	0.9	3.6	1.2
Minority interest	0	0	0	73	0	Effective tax rate	13.4	14.1	15.1	14.1	12.9
<b>Shareholders' equity</b>	<b>85,576</b>	<b>84,015</b>	<b>90,775</b>	<b>96,727</b>	<b>106,515</b>	ROA	16.0	14.3	21.0	20.0	22.4
Working capital	31,904	32,128	37,382	35,467	46,162	ROE	24.4	22.1	33.3	31.9	36.3
Total debt	3,064	3,146	3,005	2,714	2,893						
<b>Net debt</b>	<b>(14,063)</b>	<b>(9,821)</b>	<b>(10,332)</b>	<b>(17,615)</b>	<b>(16,159)</b>						

Sources: Company data, ttb wealth estimates

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