

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

News Update

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**Strong outlook continues**

- **Strong order outlook**
- **Rising margins more than offset royalty fees**
- **Limited war impacts**
- **Reiterate BUY**

Following the very strong 1Q26, we expect strong order outlook to continue for DELTA, driven by robust AI-driven demand for its existing power management products and new liquid cooling products. We also expect DELTA to continue generating a healthy EBIT margin, as these AI-related products naturally generate higher margins.

- DELTA's US\$ sales grew 54% y-y and 8% q-q in 1Q26, driven by strong AI demand for its existing power management products and the first production batch of its new liquid-to-liquid (L2L) liquid cooling products. Good growth visibility is expected to continue from both existing and new power management products for AI-based data centers.
- On margins, we expect the strong gross margin trend (31.7% in 1Q26 vs. 25.6% in 1Q25) to continue, as high-growth AI-related products carry higher margins. DELTA expects the royalty fee paid to Delta Taiwan for relocated work to rise from 6.3% in 1Q26, but we expect this to be more than offset by the stronger gross margin. EBIT margin was 15.8% in 1Q26, and we see upside to our current assumption of 14.8% for this year.
- Regarding the war impact, DELTA's exposure is limited. Cost exposure, e.g., metal-based inputs and some transportation costs, is very low at below 1% of COGS, on our estimate. While these costs may rise with global commodity prices, the overall impact should remain minimal.
- After 82% y-y earnings growth in 1Q26, we see upside to our 60% full-year earnings growth forecast, as well as further upside to the consensus estimate of 35%.

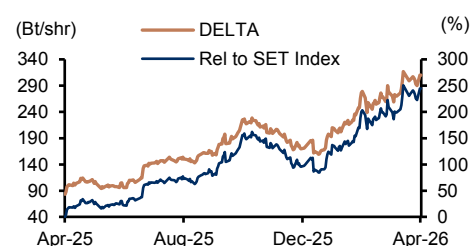
**Key Valuations**

| Y/E Dec (Bt m)  | 2025A   | 2026F   | 2027F   | 2028F   |
|-----------------|---------|---------|---------|---------|
| Revenue         | 198,153 | 297,113 | 431,426 | 610,738 |
| Net profit      | 24,814  | 39,269  | 62,402  | 92,858  |
| Norm net profit | 24,499  | 39,269  | 62,402  | 92,858  |
| Norm EPS (Bt)   | 1.9     | 3.1     | 5.0     | 7.4     |
| Norm EPS gr (%) | 28.9    | 60.3    | 58.9    | 48.8    |
| Norm PE (x)     | 159.1   | 99.2    | 62.5    | 42.0    |
| EV/EBITDA (x)   | 112.4   | 71.9    | 45.8    | 31.1    |
| P/BV (x)        | 40.3    | 30.9    | 22.7    | 16.6    |
| 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)  |

Source: ttb wealth estimates

**Stock Data**

|                             |              |
|-----------------------------|--------------|
| Closing price (Bt)          | 310.00       |
| Target price (Bt)           | 350.00       |
| Market cap (US\$ m)         | 118,926      |
| Avg daily turnover (US\$ m) | 108.7        |
| 12M H/L price (Bt)          | 317.00/83.25 |

**Price Performance**

Source: Bloomberg

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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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