BUY (Unchanged)

Change in Numbers

TP: Bt 420.00 (From: Bt 350.00)

Upside : 19.0%

Delta Electronics Pcl (DELTA TB)

Leap in growth

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We expect DELTA to get a new product order for production in 4Q26 from an existing key customer. We raise our earnings estimates by 11-15% p.a. and lift our TP to Bt420 to reflect the new order and its stronger-than-expected 1Q26 earnings. We reiterate BUY on DELTA.

Raising our earnings; reiterating BUY

We reiterate our BUY call on DELTA with a higher DCF-based 12-month TP (2026F base year) of Bt420 (from Bt350). First, DELTA expects a new product order, a new generation of power supply management for a new GPU platform, from one of its existing key customers in 4Q26. The new product is expected to come with a higher price and margin. Second, following its stronger-than-expected 1Q26 earnings, DELTA foresees potential 10%-plus q-q US$ sales growth in 2Q26. Third, we still expect a step up in earnings in 3Q26F from the scale production of power management products for liquid-to-liquid cooling systems. Lastly, after our earnings hikes of 11-15% p.a. in 2026-28F to reflect the above factors, DELTA remains a solid growth stock with a 58% EPS CAGR over 2026-30F.

A leap in quarterly growth momentum

DELTA's US$ sales grew 57% y-y and 10% q-q in 1Q26 thanks to rising AI-related orders. DELTA expects quarterly sales growth of +10% into 3Q26F. We forecast a 69% y-y and 15% q-q growth in 2Q26F. In 3Q26F, we forecast a growth of 61% y-y and 17% q-q, driven by further production relocation of AI power management products from Delta Taiwan and the scale production of new liquid-cooling products. We estimate a ~47% US$ sales CAGR in 2026-30F.

A new product order in 4Q26F

We expect DELTA to receive a new order to produce power supply units from existing GPU manufacturing client, from 4Q26. DELTA expects a higher selling price for the product, which can control power at 12kW vs. only 5.5kW for the current product generation. DELTA sees AI-based components requiring increasingly higher power capacity as a trend, in turn driving demand for more advanced and higher-value power management products. We believe DELTA is leading manufacturer capable of producing the 12kW power management device. DELTA, with its parent Delta Taiwan, now commands over a 50% market share in the power supply unit industry, on our estimate.

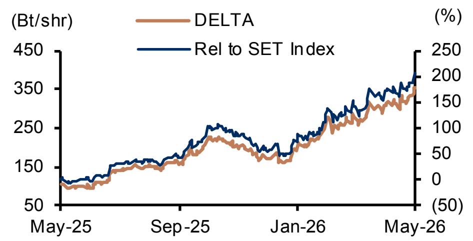
Highest earnings visibility in the sector

DELTA is our top sector pick and a key choice in our top ten stock picks list. Among the three electronics stocks we cover, we see DELTA having the highest earnings growth visibility. It is part of Delta Group, which is the world's largest producer of power supply unit products for AI data center. DELTA is also seeing an increase in relocation orders from Delta Taiwan. DELTA is the only Thai electronics firm with direct exposure to AI products and a strong record of earnings growth. We advise switching out of Hana Microelectronics (HANA TB, SELL, Bt38.5) and KCE Electronics (KCE TB, HOLD, Bt37.0) into DELTA. HANA reported -53% y-y earnings growth in 1Q26 while KCE grew only 3% y-y with an uncertain outlook for 2Q26F.

COMPANY VALUATION

Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Sales	198,153	303,562	441,647	625,893
Net profit	24,814	43,392	70,432	106,428
Consensus NP	—	37,587	47,230	58,621
Diff frm cons (%)	—	*15.4*	*49.1*	*81.6*
Norm profit	24,499	43,392	70,432	106,428
Prev. Norm profit	—	39,269	62,402	92,858
Chg frm prev (%)	—	*10.5*	*12.9*	*14.6*
Norm EPS (Bt)	1.95	3.45	5.60	8.47
Norm EPS grw (%)	28.9	77.1	62.3	51.1
Norm PE (x)	181.1	102.3	63.0	41.7
EV/EBITDA (x)	128.0	75.2	46.9	31.3
P/BV (x)	45.9	34.2	24.5	17.5
Div yield (%)	0.2	0.3	0.6	1.0
ROE (%)	27.7	38.3	45.3	48.9
Net D/E (%)	(18.2)	(18.2)	(19.7)	(19.4)

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 28-May-26 (Bt)	353.00
Market Cap (US$ m)	134,676.8
Listed Shares (m shares)	12,473.8
Free Float (%)	24.0
Avg. Daily Turnover (US$ m)	128.9
12M Price H/L (Bt)	354.00/94.50
Sector	Electronics
Major Shareholder	Delta Group 62.2%

Sources: Bloomberg, Company data, ttb wealth estimates

ESG Summary Report P8

Raising our earnings estimates

Reiterating BUY with a higher TP of Bt420

We reiterate our BUY rating on Delta Electronics Pcl (DELTA TB) with a higher DCF-based 12-month TP (2026F base year) of Bt420/share (from Bt350).

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**	**59.0**	**44.1**	**39.5**
Data center (power management + liquid cooling)	9.0	38.7	12.4	34.2	26.0	68.7	93.1	108.6	58.6	48.3
- 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	32.2	34.8	36.3
SG&A to sales (%)	15.7	13.7	13.4	11.3	10.6	13.7	13.8	16.1	16.4	16.6

Sources: Company data, ttb wealth estimates

Ex 2: Earnings Revisions

	2023	2024	2025	2026F	2027F	2028F
Sales (US$ m)						
- New	4,156	4,667	6,026	9,576	13,801	19,258
- Old				9,373	13,482	18,792
- Change (%)				*2.2*	*2.4*	*2.5*
Sales (Bt m)						
- New	146,371	164,733	198,153	303,562	441,647	625,893
- Old				297,113	431,426	610,738
- Change (%)				*2.2*	*2.4*	*2.5*
Gross margin (%)						
- New	22.9	24.6	27.1	32.2	34.8	36.3
- Old				29.2	31.3	32.4
- Change (ppt)				*3.0*	*3.5*	*3.9*
SG&A/sales (%)						
- New	10.6	13.7	13.8	16.1	16.4	16.6
- Old				14.4	14.6	14.8
- Change (ppt)				*1.7*	*1.7*	*1.8*
Normalized profit (Bt m)						
- New	17,747	19,009	24,499	43,392	70,432	106,428
- Old				39,269	62,402	92,858
- Change (%)				*10.5*	*12.9*	*14.6*

Sources: Company data, ttb wealth estimates

First, a new pricing driver for a new generation of PSUs

First, we expect DELTA to receive new product orders for a new generation of power supply management products, called power supply units (PSUs), for a new GPU platform from one of its existing key customers in 4Q26. We expect a pricing effect, on top of the volume growth effect, from the need to use more PSUs to control heat in AI data centers, to be another driver for DELTA in 2027F.

DELTA already produces PSUs. However, the new generation of GPUs, e.g., Nvidia Vera Rubin, will use much more electricity and require PSUs with higher capacity, up from 5.5kW to 12kW per unit. For DELTA, this means each PSU will need to handle much higher power loads. We believe DELTA typically prices its PSU products based on the power they can support. Therefore, higher-capacity PSUs, such as 12kW vs. 5.5kW, will carry higher prices. Note that, on top of the pricing effect, DELTA is already enjoying rising shipment growth of its current 5.5kW PSUs as AI data centers require more power and cooling systems. When the market moves to 12kW PSUs, DELTA should benefit from both higher volume and higher pricing. Looking forward, newer generations of GPUs may require PSU capacity of 30-36kW in 2027-28. We still leave this as upside. We believe that DELTA, along with Delta Taiwan, is currently the only PSU manufacturer capable of producing the 12kW version product. The group controls over 50% of the PSU market for AI data centers.

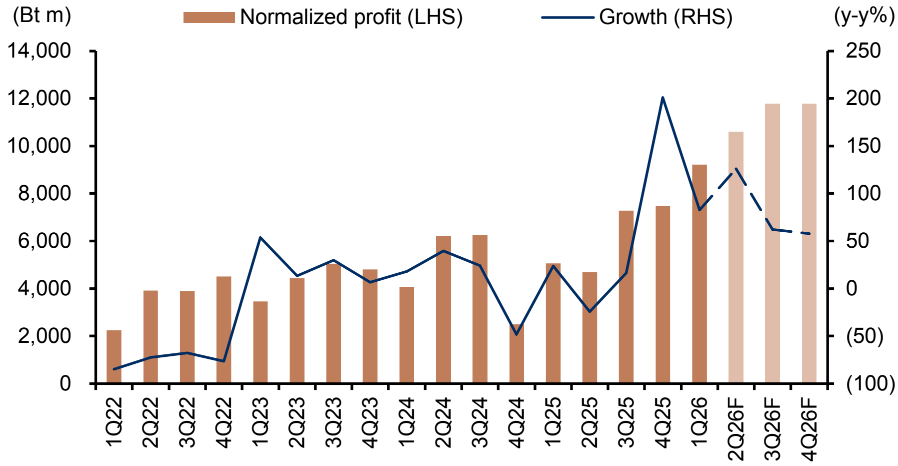
Ex 3: PSU Vs. GPU

GPU	PSU (per unit kW)	Timeline
NVIDIA Blackwell (V200/GB200)	5.5	2024-26
NVIDIA Vera Rubin	12.0	2027F
NVIDIA Rubin Ultra	30.0-36.0	2H27F

Source: ttb wealth compilations

Second, DELTA reported stronger-than-expected 1Q26 earnings (+82% y-y and 23% q-q), with 54% y-y and 8% q-q US$ sales growth, driven by rising AI-related orders. DELTA expects the quarterly growth trend to continue at 10%-plus level into 2Q26 and 3Q26. In 2Q26F, we forecast a 69% y-y and 15% q-q growth. In 3Q26F, we forecast a61% y-y and 17% q-q growth.

Ex 4: Good Quarterly Earnings Trend

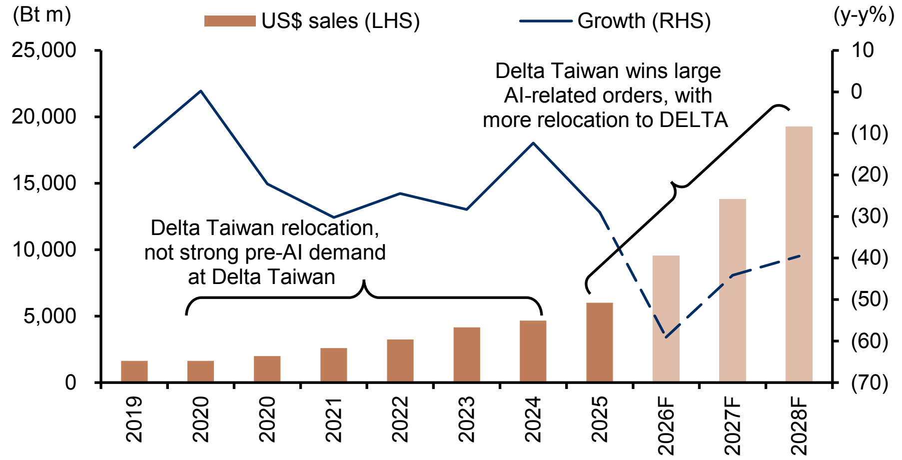


Sources: Company data, ttb wealth estimates

Additional orders stem from rising global capex, driving demand for DELTA's existing power management products. There is also further production relocation of AI power management products from Delta Taiwan, as well as scaled production of new liquid-cooling products. We recap here that DELTA received orders from Delta Taiwan for liquid-to-liquid (L2L) products from late 2025. DELTA has built the factory and begun small commercialization batches in March 2026. DELTA expects a full quarter of production in 2Q26 and expects the largest mass production in 2H26F.

In all, we estimate ~47% US$ sales CAGR in 2026-30F.

Ex 5: US$ Sales Growth Outlook



Sources: Company data, ttb wealth estimates

Our sector top pick with the highest earnings visibility

Third, we believe DELTA offers the highest earnings visibility in the sector

DELTA is our top sector pick and a key choice in our top-ten stock picks list. Among the three electronics stocks in our coverage, we see DELTA as having the highest visibility into earnings growth. It is part of the Delta Group, which is the world's largest producer of power supply management products. DELTA is also seeing an increase in relocation orders from Delta Taiwan. DELTA is the only Thai electronics company with direct exposure to AI products and a strong record of earnings growth.

We recommend switching out of Hana Microelectronics (HANA TB, SELL, Bt38.5) and KCE Electronics (KCE TB, HOLD, Bt37.0) into DELTA. HANA reported a weak -53% earnings growth in 1Q26 and KCE reported a soft 3% y-y growth in 1Q26, with an uncertain outlook continuing into 2Q26F.

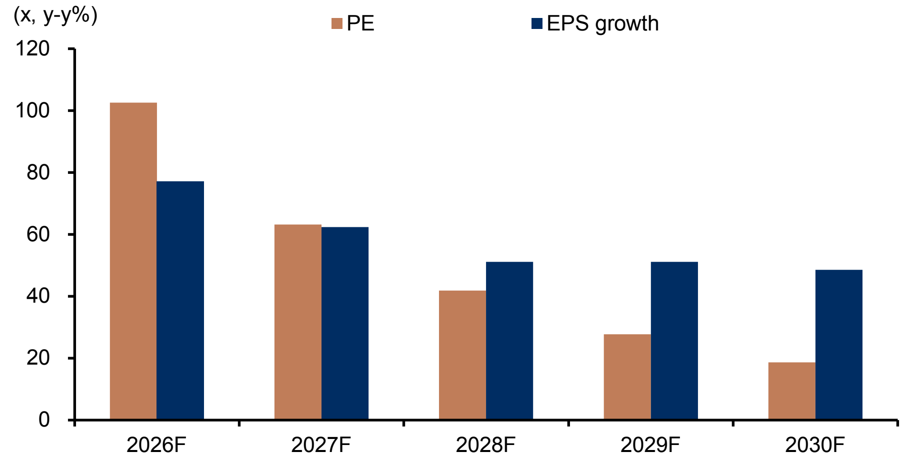
Our recent report on HANA, Head over heels, dated 27 May 2026, discusses HANA's potential new AI projects. Overall, these projects remain primarily related to packaging services for solid-state liquid cooling and to SiC chip production for solid-state transformers. Solid-state cooling for GPUs is still in its early stages of introduction, while current liquid cooling technology continues to perform well. We see good prospects for solid-state transformers, as they could become an important part of future AI data center power systems. However, we remain concerned about HANA's SiC production business, where the industry still faces an oversupply situation.

For KCE, the company has no direct exposure to AI, and it also faces order risks as key European customers are losing market share to cheaper Chinese EV brands.

A strong 58% EPS CAGR over 2026-30F

Lastly, we expect DELTA to generate 58% EPS CAGR in 2026-30F.

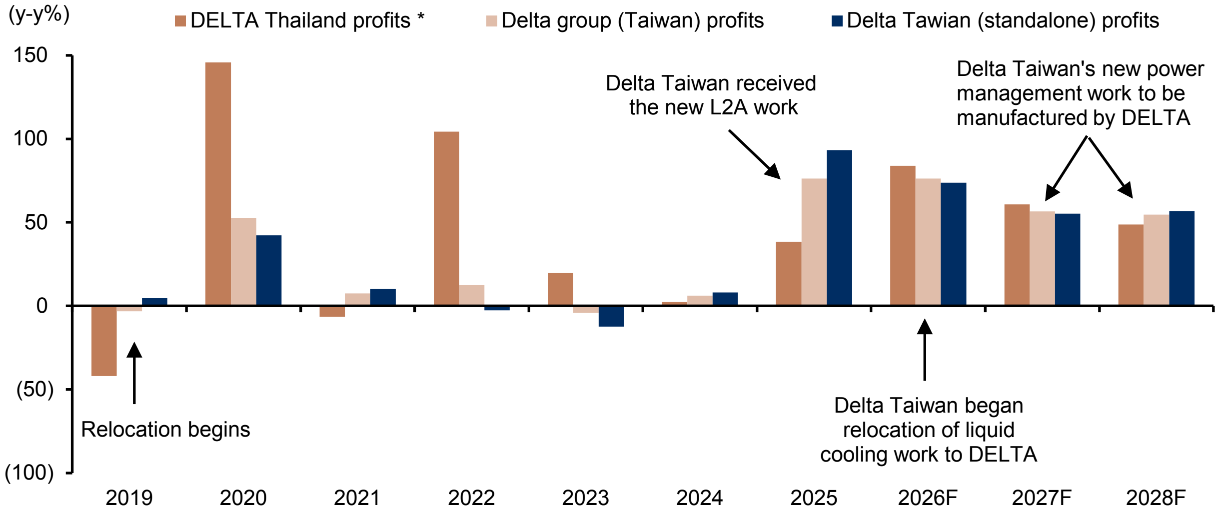
Ex 6: EPS Growth Vs. PE.



Sources: Company data, ttb wealth estimates

We do not view our 63% EPS growth estimates for DELTA in 2026-28F as overly aggressive relative to consensus' expectation 64% EPS CAGR for Delta Taiwan in 2026-28F. 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.

Ex 7: DELTA Shown Faster Growth



Sources: Company data, ttb wealth estimates

Note* Data shows the % of DELTA's profits. Delta Taiwan holds 62.16% in DELTA.

Ex 8: 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	58,709	93,904	140,265	210,009	309,979	390,078	491,751	631,452	800,257	1,006,483	1,243,741	—
Free cash flow	16,719	26,013	44,744	70,543	107,551	172,478	221,221	280,350	366,042	469,671	598,608	12,945,028
PV of free cash flow	16,674	21,339	33,232	47,448	65,512	95,143	110,483	126,797	149,927	174,214	201,028	3,936,926

Risk-free rate (%)	2.5
Market risk premium (%)	8.0
Beta	1.0
WACC (%)	10.4
Terminal growth (%)	3.0
Enterprise value - add investments	5,262,446
Net debt (2025)	(17,574)
Minority interest	0
Equity value	5,280,020
# of shares (m)*	12,572
Target price/share (Bt)	**420**

Sources: Company data, ttb wealth estimates

Valuation Comparison

Ex 9: Valuation Comparison With Regional Peers

Name	BBG code	Market	EPS growth 26F (%)	EPS growth 27F (%)	PE 26F (x)	PE 27F (x)	P/BV 26F (x)	P/BV 27F (x)	EV/EBITDA 26F (%)	EV/EBITDA 27F (%)	Div. yield 26F (%)	Div. yield 27F (%)
Schneider Electric SE	SU FP	France	14.0	16.4	28.7	24.6	5.6	5.0	17.8	15.9	1.7	1.9
Delta Electronics Inc	2308 TT	Taiwan	78.3	56.9	57.9	36.9	17.2	12.9	34.7	23.5	0.7	1.2
Vertiv Holdings	VRT US	US	53.7	33.6	49.5	37.1	20.8	14.6	36.6	27.3	0.1	0.1
Snap Inc	SNAP US	US	66.3	22.1	10.2	8.3	4.3	3.1	8.4	6.9	0.0	0.0
Meta Platforms	META US	US	10.8	10.0	19.7	18.2	5.3	4.2	12.6	10.2	0.3	0.4
Alphabet	GOOGL US	US	11.2	6.5	27.4	26.5	8.4	6.4	20.2	16.0	0.2	0.2
Amazon.com	AMZN US	US	15.0	13.4	30.9	27.1	5.4	4.3	13.8	10.9	0.0	0.0
Pinterest	PINS US	US	20.7	16.2	10.4	8.9	3.8	3.0	7.7	6.6	0.0	0.0
Cisco Systems	CSCO US	US	12.4	11.9	28.0	25.0	9.5	8.5	20.7	18.9	1.4	1.4
Delta Electronics	DELTA TB*	Thailand	77.1	62.3	102.3	63.0	34.2	24.5	75.2	46.9	0.3	0.6
Hana Microelectronics	HANA TB*	Thailand	13.8	20.6	44.1	36.6	1.3	1.3	12.5	11.1	1.1	1.4
KCE Electronics	KCE TB*	Thailand	128.0	7.2	24.4	22.8	3.1	3.0	15.3	14.3	3.5	3.8
Average			**41.8**	**23.1**	**36.1**	**27.9**	**9.9**	**7.6**	**23.0**	**17.4**	**0.8**	**0.9**

Source: Bloomberg

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

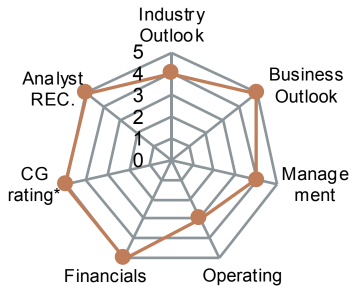
Based on 28 May 2026 closing prices

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 Wea	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.

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

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.

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)	308.54	420.00	36%
Net profit 26F (Bt m)	37,587	43,392	15%
Net profit 27F (Bt m)	47,230	70,432	49%
Consensus REC	**BUY: 10**	**HOLD: 9**	**SELL: 5**

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

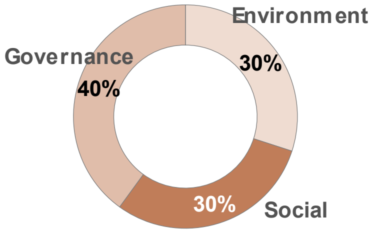
DELTA

Delta Electronics (Thailand) Pcl

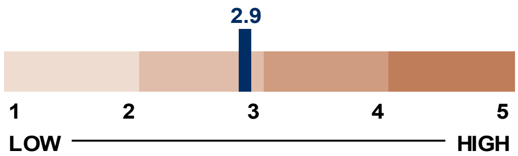
Sector: Technology | Electronic Components

ESG & Sustainability Report

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.

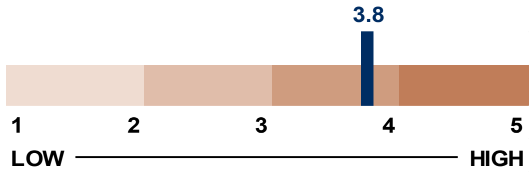
ESG Summary

- 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. Formal board committees are in place; 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 to minority shareholders.

Sector: Technology | Electronic Components

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.

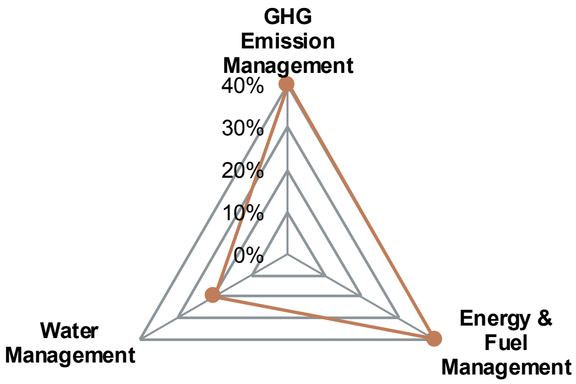
Environment (E) Rating



ENVIRONMENT

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

SCALE WEIGHTING



Our Comments

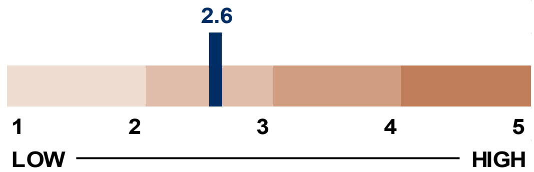
- We assign a high 3.8 E score to DELTA. DELTA is a global supplier to leading electronic product makers that prioritize strong ESG emission compliance standards.
- **Carbon management:** DELTA has a net-zero emission target of 2050. It plans to reduce Scope 1 and Scope 2 emissions by 90% and Scope 3 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, ESG screening, 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 and solar panel coating 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, reflow furnaces, and burn-in production plants.
- **Waste management:** DELTA has achieved waste diversion rate target 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 no 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). The company achieved a 27% reduction. DELTA uses water recycling systems, water purification systems, pipeline maintenance, and smart water management. The company conducts water quality testing and monitoring. DELTA has not disclosed data on total water withdrawal, water consumption volume, or its wastewater treatment percentage.

Sources: ttb wealth, Company data

Sector: Technology | Electronic Components

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.

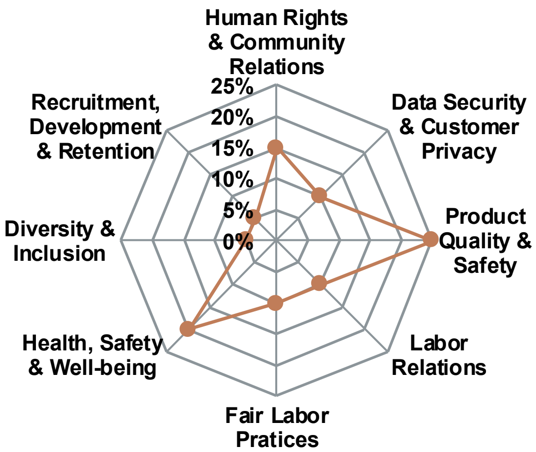
Social (S) Rating



SOCIAL	Our Comments

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

SCALE WEIGHTING



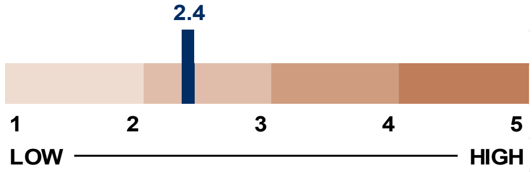
- We assign a 2.6 Social score to DELTA. The score reflects DELTA meeting global standards for social requirements, but concerns remain around staff management and the scale of social responsibility.
- **Health & safety:** DELTA meets standard requirements in this area, but some negative incidents have 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.

Sources: ttb wealth, Company data

Sector: Technology | Electronic Components

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.

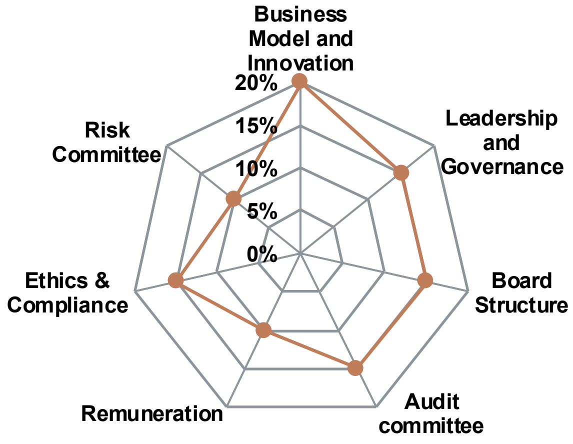
Governance (G) Rating



GOVERNANCE & SUSTAINABILITY

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

SCALE WEIGHTING



Our Comments

- 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 expenses and 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, DELTA's net margin has benefited from the relocation strategy.

Sources: ttb wealth, Company data

Profits to grow faster on margin expansion

INCOME STATEMENT

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Sales	164,733	198,153	303,562	441,647	625,893
Cost of sales	124,236	144,547	205,737	288,150	398,840
Gross profit	**40,497**	**53,606**	**97,825**	**153,497**	**227,053**
% gross margin	24.6%	27.1%	32.2%	34.8%	36.3%
Selling & administration expenses	22,637	27,280	48,997	72,265	103,858
Operating profit	**17,860**	**26,326**	**48,828**	**81,232**	**123,195**
% operating margin	10.8%	13.3%	16.1%	18.4%	19.7%
Depreciation & amortization	6,738	8,194	9,881	12,672	17,069
EBITDA	**24,598**	**34,520**	**58,709**	**93,904**	**140,265**
% EBITDA margin	14.9%	17.4%	19.3%	21.3%	22.4%
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)	(37)	(54)	(73)
Pre-tax profit	**19,819**	**28,570**	**50,751**	**82,377**	**124,477**
Income tax	810	4,073	7,359	11,945	18,049
After-tax profit	**19,009**	**24,498**	**43,392**	**70,432**	**106,428**
% net margin	11.5%	12.4%	14.3%	15.9%	17.0%
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**	**43,392**	**70,432**	**106,428**
Normalized profit	**19,009**	**24,499**	**43,392**	**70,432**	**106,428**
EPS (Bt)	1.51	1.97	3.45	5.60	8.47
Normalized EPS (Bt)	1.51	1.95	3.45	5.60	8.47

Strong balance sheet position

BALANCE SHEET

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
ASSETS:					
Current assets:	82,532	104,074	154,583	222,568	311,776
Cash & cash equivalent	15,701	20,288	30,000	44,000	61,000
Account receivables	32,906	45,936	70,373	102,384	145,096
Inventories	31,697	34,731	49,434	69,236	95,832
Others	2,227	3,118	4,776	6,949	9,848
Investments & loans	0	0	0	0	0
Net fixed assets	37,721	45,688	52,307	70,550	97,294
Other assets	2,844	4,369	4,369	3,974	3,974
Total assets	**123,097**	**154,131**	**211,259**	**297,093**	**413,044**
LIABILITIES:					
Current liabilities:	38,464	52,269	71,662	102,442	140,244
Account payables	35,793	45,228	64,375	90,161	124,796
Bank overdraft & ST loans	680	140	327	428	598
Current LT debt	0	171	400	523	731
Others current liabilities	1,991	6,729	6,561	11,330	14,119
Total LT debt	**2,342**	**2,402**	**5,604**	**7,337**	**10,257**
Others LT liabilities	2,348	2,733	4,231	6,040	8,453
Total liabilities	**43,155**	**57,404**	**81,497**	**115,819**	**158,954**
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**	**134,007**	**185,518**	**258,335**
Shareholders' equity	79,942	96,727	129,762	181,274	254,090
Liabilities & equity	**123,097**	**154,131**	**211,259**	**297,093**	**413,044**

Sources: Company data, ttb wealth estimates

Capex needed for expansion but cash flow position still strong

High PE is justified by earnings growth, in our view

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Earnings before tax	19,819	28,570	50,751	82,377	124,477
Tax paid	(1,039)	(3,886)	(7,173)	(11,557)	(17,639)
Depreciation & amortization	6,738	8,194	9,881	12,672	17,069
Chg In working capital	5,077	(6,629)	(19,993)	(26,026)	(34,674)
Chg In other CA & CL / minorities	576	3,725	(2,013)	2,209	(521)
Cash flow from operations	**31,171**	**29,975**	**31,454**	**59,674**	**88,712**
Capex	(14,711)	(16,099)	(16,500)	(30,915)	(43,813)
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)	1,498	2,204	2,414
Cash flow from investments	**(15,012)**	**(17,365)**	**(15,002)**	**(28,711)**	**(41,399)**
Debt financing	(1,540)	7	3,617	1,957	3,298
Capital increase	0	0	10	0	0
Dividends paid	(5,613)	(5,738)	(10,367)	(18,921)	(33,611)
Warrants & other surplus	(922)	(2,291)	0	0	0
Cash flow from financing	**(8,076)**	**(8,023)**	**(6,740)**	**(16,963)**	**(30,313)**
Free cash flow	**16,159**	**12,610**	**16,452**	**30,963**	**47,313**

VALUATION

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Normalized PE (x)	233.46	181.1	102.3	63.0	41.7
Normalized PE - at target price (x)	277.78	215.5	121.7	75.0	49.6
PE (x)	234.33	178.8	102.3	63.0	41.7
PE - at target price (x)	278.80	212.8	121.7	75.0	49.6
EV/EBITDA (x)	179.9	128.0	75.2	46.9	31.3
EV/EBITDA - at target price (x)	214.1	152.4	89.5	55.8	37.3
P/BV (x)	55.5	45.9	34.2	24.5	17.5
P/BV - at target price (x)	66.1	54.6	40.7	29.1	20.8
P/CFO (x)	142.4	148.1	141.1	74.4	50.0
Price/sales (x)	26.7	22.2	14.5	10.0	7.0
Dividend yield (%)	0.1	0.2	0.3	0.6	1.0
FCF Yield (%)	0.4	0.3	0.4	0.7	1.1
(Bt)					
Normalized EPS	1.51	1.95	3.45	5.60	8.47
EPS	1.51	1.97	3.45	5.60	8.47
DPS	0.46	0.60	1.05	1.96	3.39
BV/share	6.36	7.69	10.32	14.42	20.21
CFO/share	2.48	2.38	2.50	4.75	7.06
FCF/share	1.29	1.00	1.31	2.46	3.76

Sources: Company data, ttb wealth estimates

FINANCIAL RATIOS

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Growth Rate					
Sales (%)	12.5	20.3	53.2	45.5	41.7
Net profit (%)	2.8	31.0	74.9	62.3	51.1
EPS (%)	2.8	31.0	74.9	62.3	51.1
Normalized profit (%)	7.1	28.9	77.1	62.3	51.1
Normalized EPS (%)	7.1	28.9	77.1	62.3	51.1
Dividend payout ratio (%)	30.3	30.4	30.4	35.0	40.0
Operating performance					
Gross margin (%)	24.6	27.1	32.2	34.8	36.3
Operating margin (%)	10.8	13.3	16.1	18.4	19.7
EBITDA margin (%)	14.9	17.4	19.3	21.3	22.4
Net margin (%)	11.5	12.4	14.3	15.9	17.0
D/E (incl. minor) (x)	0.0	0.0	0.0	0.0	0.0
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	na	na
Interest coverage - EBITDA (x)	147.3	542.0	na	na	na
ROA - using norm profit (%)	16.4	17.7	23.8	27.7	30.0
ROE - using norm profit (%)	25.8	27.7	38.3	45.3	48.9
DuPont					
ROE - using after tax profit (%)	25.8	27.7	38.3	45.3	48.9
- asset turnover (x)	1.4	1.4	1.7	1.7	1.8
- operating margin (%)	12.1	14.5	16.7	18.7	19.9
- leverage (x)	1.6	1.6	1.6	1.6	1.6
- 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	52.7	65.5	72.4
NOPAT (Bt m)	17,130	22,573	41,748	69,454	105,332
invested capital (Bt m)	67,263	79,153	106,093	145,562	204,676

Sources: Company data, ttb wealth estimates

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