BUY (Unchanged)

Change in Numbers

TP: Bt 450.00 (From: Bt 420.00)

Upside : 75.8%

Delta Electronics Pcl (DELTA TB)

Managing through the hiccup

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DELTA's share price corrected sharply after its 2Q26 results hiccup and a likely slower-than-expected q-q sales turnaround in 3Q26F. However, its supply shortage has been resolved, with raw materials secured for a 45% h-h EPS turnaround in 2H26F. We reiterate our BUY call on DELTA.

Turnaround kick-starting; reiterating BUY

We reiterate our BUY rating on DELTA seeing the current share price as a good re-entry point for a strong 2H26F turnaround. ***First***, its supply shortage in 2Q26 and for part of 3Q26F has been resolved, with raw materials fully secured for remaining orders in 2H26F. ***Second***, although a slower-than-expected sales recovery in part of 3Q26F has led us to cut our 2026F earnings estimate by 16%, we maintain our numbers thereafter, as the supply-shortage constraints are over. We still expect an EPS growth turnaround of 19% y-y and 55% q-q in 3Q26F, and 45% h-h in 2H26F. ***Third***, the AI and data center mega-trend remains unchanged, and Delta Group remains the leading supplier of power-supply systems by market share. We therefore continue to project a 64% three-year EPS CAGR over 2027-29F. After rolling our valuation over to a 2027F base year, our DCF-based 12-month TP rises to Bt450 (from Bt420).

Supply shortage resolution

DELTA's earnings hiccup in 2Q26 was due to an AI-related component shortage and customers banning one of its suppliers. Sales then grew only 3.4% q-q vs. ~15% target. Gross margin fell to 26.8% from 31.7% in 1Q26 due to higher replacement-component costs, a write-off of products related to the banned supplier, and a timing mismatch in passing higher input costs on to customers within the quarter. DELTA has since secured alternative suppliers and ramped up component purchases in July and August, and it has fully secured the materials needed for orders for the remainder of the year. We estimate US$ sales growth of 44% y-y and 17% q-q in 3Q26F, accelerating to 84% y-y and 39% q-q in 4Q26F.

Margin recovery

With the supply shortage problem solved, DELTA expects gross margin to recover to around 30% in 3Q26. Although still below 31.7% in 1Q26, this is a good recovery, in our view, from 26.8% in 2Q26. DELTA expects the margin to recover further as it passes higher material costs on to customers toward year-end. Longer term, gross margin remains on an upswing due to a structural trend toward a higher-margin AI-related product mix. We estimate gross margin to widen to 31% in 4Q26F and 35/37/38% in 2027-29F from 27/30% in 2025-26F.

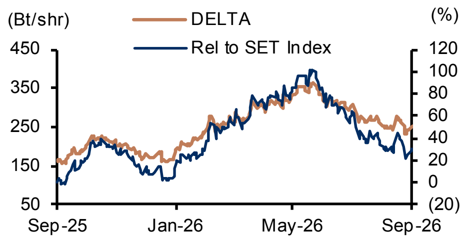
Still-strong global AI capex trend

Hyperscalers' capex rose 75% y-y on average in 1H26. With improving AI monetization, they lifted 2H26 capex guidance and expect capex to rise by about 74% in 2026F. NVIDIA, which sells GPUs, a key AI component, also expects sales to rise 70% next year. DELTA has won new power management orders for key control units used in AI data centers, including NVIDIA GPUs, Amazon ASICs, and Google TPUs for 2026-28F.

COMPANY VALUATION

Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Sales	198,153	311,937	468,069	654,311
Net profit	24,814	36,358	70,379	106,017
Consensus NP	—	34,120	47,589	62,612
Diff frm cons (%)	—	*6.6*	*47.9*	*69.3*
Norm profit	24,499	36,358	70,379	106,017
Prev. Norm profit	—	43,392	70,432	106,428
Chg frm prev (%)	—	*(16.2)*	*(0.1)*	*(0.4)*
Norm EPS (Bt)	1.95	2.89	5.60	8.43
Norm EPS grw (%)	28.9	48.4	93.6	50.6
Norm PE (x)	131.4	88.5	45.7	30.4
EV/EBITDA (x)	92.7	63.1	33.0	22.0
P/BV (x)	33.3	26.0	18.3	12.9
Div yield (%)	0.2	0.3	0.8	1.3
ROE (%)	27.7	33.0	46.9	49.9
Net D/E (%)	(18.2)	(13.7)	(13.9)	(14.3)

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 23-Sep-26 (Bt)	256.00
Market Cap (US$ m)	96,050.6
Listed Shares (m shares)	12,473.8
Free Float (%)	24.0
Avg. Daily Turnover (US$ m)	162.6
12M Price H/L (Bt)	364.00/157.50
Sector	Electronics
Major Shareholder	Delta Group 62.16%

Sources: Bloomberg, Company data, ttb wealth estimates

ESG Summary Report ……………………………… P8

Managing through the hiccup

Reiterating BUY with a higher TP of Bt450/share

We reiterate our BUY rating on shares of Delta Electronics Pcl (DELTA TB), seeing its significant share price correction as a good entry point. Our DCF-based 12-month TP, with our valuation rolled over to a 2027F base year, now stands at Bt450/share (from Bt420).

Ex 1: 12-month DCF-based TP Calculation Using A Base Year Of 2027F

(Bt m)		2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	2037F	Terminal value
EBITDA		96,842	144,658	216,720	319,825	402,376	507,327	650,917	824,925	1,037,928	1,282,855	1,476,895	—
Free cash flow		20,407	42,192	64,939	99,192	163,774	210,451	266,425	348,643	448,303	573,514	913,204	12,671,599
PV of free cash flow		20,351	34,603	48,231	66,717	99,758	116,059	133,059	157,685	183,621	212,675	306,677	4,255,444
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.0												
WACC (%)	10.4												
Terminal growth (%)	3.0												
Enterprise value - add investments	5,634,880												
Net debt	(17,016)												
Minority interest	0												
Equity value	5,651,896												
# of shares (m)*	12,572												
Target price/share (Bt)	**450**												

Sources: Company data, ttb wealth estimates

Supply shortage resolution

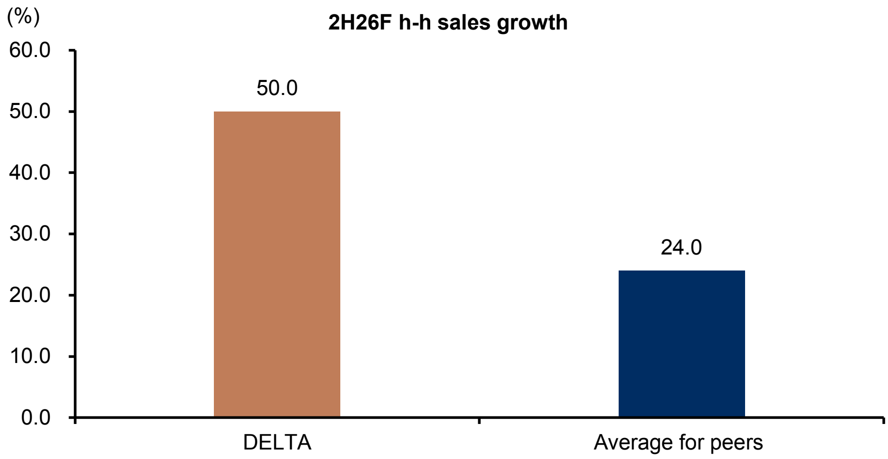
Supply hiccup is being resolved and growth cycle is resuming

We recap that DELTA's weak 2Q26 results were driven by AI-related component supply shortages and a ban on one of its suppliers imposed by some of its customers. The shortages and supplier ban impacted sales (+3.4% q-q growth vs. ~15% targeted), gross margin (higher replacement costs and a lower mix of high-margin products due to delivery delays), and led to some product write-offs. Shortages also drove up raw material costs, and the company could not pass through price increases within the quarter, thus hurting gross margin. According to DELTA, the company expects to resolve these issues in 2H26, with US$ sales growing 50% h-h. Despite a likely slower-than-expected sales recovery in some parts of 3Q26F, DELTA believes it can secure enough raw materials to deliver customers' orders in 4Q26F. We estimate US$ sales growth at 44% y-y and 17% q-q in 3Q26F, before accelerating to 84% y-y and 39% q-q in 4Q26F. Earnings-wise, we expect an EPS growth turnaround of 55% q-q in 3Q26F and 45% h-h for 2H26F.

DELTA's 50% h-h sales growth guidance would outperform peers in 2H26F

DELTA's sales growth guidance is higher than the average growth of 24% for other operators, e.g., Vertiv, Schneider, and Lite-On. Other companies have raised prices since 2Q26, and they have had greater difficulty sourcing components than DELTA. DELTA has secured additional components and has chosen to negotiate with customers and offer supply options before raising selling prices later this year. We believe this has helped drive market share gains.

Ex 2: DELTA Vs. Peers' Sales Growth Guidance



Sources: Company data, ttb wealth estimates & compilations
Note: DELTA's peers include Vertiv, Schneider, and Lite-On

Margin recovery

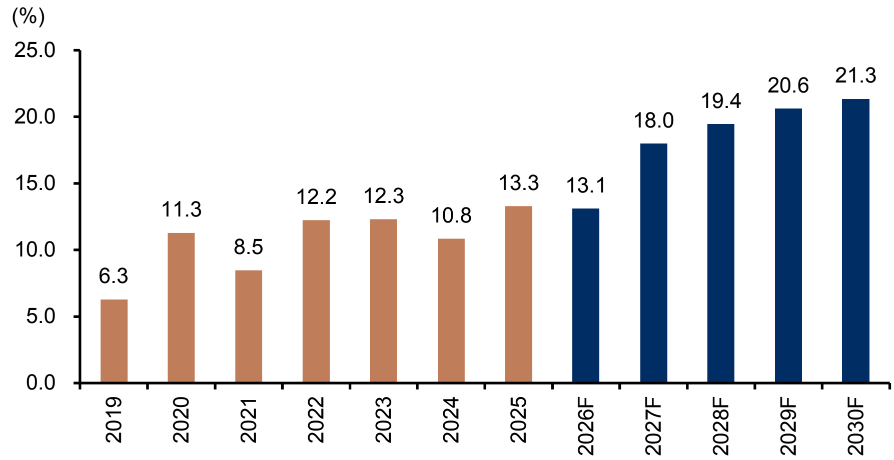
DELTA also expects gross margins to improve

With the supply shortage problem solved, DELTA expects gross margin to recover to around 30% in 3Q26. Although it is still lower than the 31.7% recorded in 1Q26, it is a good recovery, in our view, from 26.8% in 2Q26. Longer term, its gross margin remains on a rising trend due to a structural shift toward a higher-margin, AI-related product mix after DELTA secured sufficient raw materials for these products, while the product write-offs booked in 2Q26 should not recur.

DELTA expects its gross margin to improve further as it passes higher raw material costs through to customers toward the end of the year. We also expect a higher mix of high-margin AI products, and potentially higher selling prices from new PSUs for new AI-based GPUs. We estimate gross margin to widen to 31% in 4Q26F and 35/37/38% in 2027-29F, up from 27/30% in 2025-26F.

Further down the P&L, we expect DELTA's SG&A-to-sales ratio to fall from 17.4% in 2Q26 compared with 15.9% in 1Q26. Royalty expenses as a percentage of sales rose as component supply shortages affected DELTA's in-house produced royalty-free products, while Delta Taiwan continued to relocate royalty-based work to DELTA. Therefore, with production of DELTA's own products rising in 3Q26, royalty expenses as a percentage of sales should fall. Together with the gross margin recovery, we expect DELTA's EBIT margin to expand. We estimate DELTA's US$ sales growth at a 47% CAGR over 2026-30F, and for EBIT margin to widen to 19.4% in 2028F from 12.5% in 1H26.

Ex 3: EBIT Margin Has Widened



Sources: Company data, ttb wealth estimates

Decent long-term outlook appears intact

Over the long term, we maintain our view that DELTA will benefit from global AI capex. Hyperscalers raised their 2026 capex guidance after their 2Q26 results, and expect their capex to rise by about 74% in 2026F. NVIDIA, the maker of GPUs used in AI systems, expects sales to grow 70% next year, or 100% if it can secure enough supply to meet demand, which comes mainly from hyperscalers.

Securing current and new-generation GPUs

DELTA benefits from this trend as part of Delta Group, a global supplier of power-supply products. Delta Group is supplying power and cooling products for Vera Rubin, which is scheduled to ramp in 2H26, while Vera Rubin Ultra/Kyber is expected in 2027.

Potential pricing benefits from new GPUs

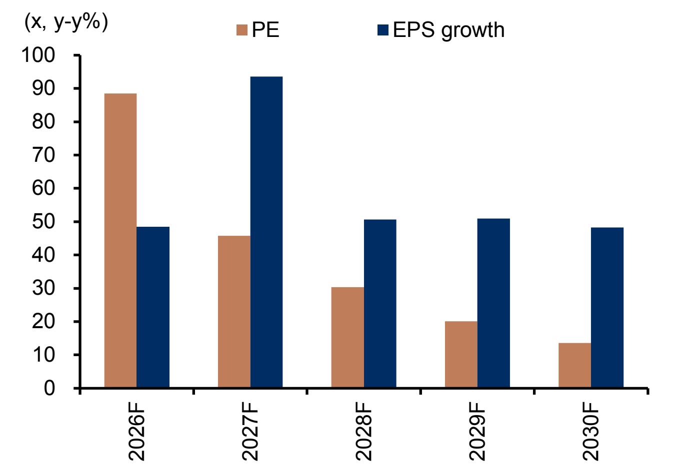
Pricing-wise, each PSU will need to handle more power. DELTA's current PSU handles about 5.5kW, while the next version is expected to handle around 12.4kW. More power per PSU should result in a higher selling price per unit. DELTA has yet to disclose the price increase. Volume-wise, growth in AI usage should require more AI data center capacity and, in turn, greater demand for DELTA's PSUs. In addition, power demand per AI rack continues to rise, increasing the amount of power equipment required across the data center. We factor in volume growth and only some impact from higher selling prices. We see potential upside from selling price increases that DELTA has yet to disclose.

Other growth areas include custom ASIC accelerators and solid-state transformer systems. Delta Group is developing solid-state transformer systems for AI data centers. This could become another product area as data centers move toward 800VDC power architecture for the next generation of AI racks.

We estimate US$ sales growth at a 49% CAGR in 2026-28F

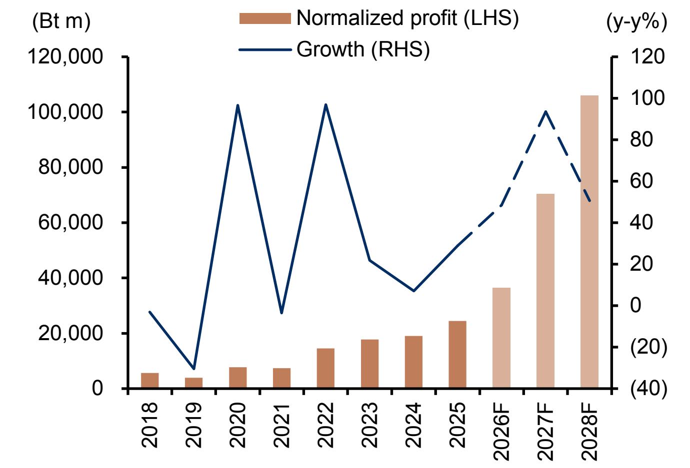
In all, we estimate DELTA's US$ sales growth at a 49% CAGR in 2026-28F and profit growth at a 64% CAGR over the same period. We do not regard our assumptions as aggressive relative to the Bloomberg consensus forecast for Delta Taiwan's (2308 TT) EPS growth at a 59% CAGR over 2026-28F. Delta Taiwan relocates AI products for US customers to DELTA, and DELTA normally grows faster than Delta Taiwan. Delta Taiwan is also growing faster than the global AI industry due to market share gains in PSU products.

Ex 4: PE Vs. EPS Growth



Sources: Bloomberg, ttb wealth estimates

Ex 5: Profit Growth Outlook



Sources: Company data, ttb wealth estimates

In this report, we cut our 2026F earnings estimate by 16% to reflect the 2Q26 results hiccup, but our projections from 2027F onward remain largely intact. We roll over our valuation to a 2027F base year, and our DCF-based 12-month TP rises to Bt450 (from Bt420).

Ex 6: Our Assumptions

	2019	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**	**60.4**	**49.1**	**39.8**
Data center (power management										
+ liquid cooling)	9.0	38.7	12.4	34.2	26.0	68.7	93.1	111.1	65.4	48.1
- 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	30.0	35.1	37.1
SG&A to sales (%)	15.7	13.7	13.4	11.3	10.6	13.7	13.8	16.9	17.2	17.6

Sources: Company data, ttb wealth estimates

Ex 7: Earnings Revisions

	2023	2024	2025	2026F	2027F	2028F
Sales (Bt m)						
- New	146,371	164,733	198,153	311,937	468,069	654,311
- Old				303,562	441,647	625,893
- Change (%)				*2.8*	*6.0*	*4.5*
Gross margin (%)						
- New	22.9	24.6	27.1	30.0	35.1	37.1
- Old				32.2	34.8	36.3
- Change (ppt)				*(2.2)*	*0.4*	*0.8*
SG&A/sales (%)						
- New	10.6	13.7	13.8	16.9	17.2	17.6
- Old				16.1	16.4	16.6
- Change (ppt)				*0.8*	*0.8*	*1.1*
Normalized profit (Bt m)						
- New	17,747	19,009	24,499	36,358	70,379	106,017
- Old				43,392	70,432	106,428
- Change (%)				*(16.2)*	*(0.1)*	*(0.4)*

Sources: Company data, ttb wealth estimates

Valuation Comparison

Ex 8: Valuation Comparison With Regional Peers

			EPS growth		— PE —		— P/BV —		EV/EBITDA		— Div. yield —	
Name	**BBG code**	**Market**	**26F (%)**	**27F (%)**	**26F (x)**	**27F (x)**	**26F (x)**	**27F (x)**	**26F (x)**	**27F (x)**	**26F (%)**	**27F (%)**
Schneider Electric SE	SU FP	France	18.7	19.3	30.6	25.2	6.3	5.6	19.0	16.6	1.6	1.8
Delta Electronics Inc	2308 TT	Taiwan	74.6	57.2	47.0	29.9	14.0	10.7	28.4	18.6	0.9	1.5
Vertiv Holdings	VRT US	US	59.2	35.9	37.9	27.9	16.3	11.3	28.2	20.4	0.1	0.1
Snap Inc	SNAP US	US	71.7	21.6	9.4	7.8	4.0	3.4	8.0	6.5	0.0	0.0
Meta Platforms	META US	US	10.9	9.4	23.6	21.7	6.2	4.8	15.4	12.0	0.3	0.3
Alphabet	GOOGL US	US	48.9	(16.3)	17.0	23.3	6.0	4.7	18.2	14.0	0.3	0.2
Amazon.com	AMZN US	US	62.2	(14.7)	19.9	23.7	4.8	3.8	12.6	9.8	0.0	0.0
Pinterest	PINS US	US	27.1	15.8	9.0	7.8	3.1	2.5	6.9	6.0	0.0	0.0
Cisco Systems	CSCO US	US	17.8	9.5	20.9	19.1	7.6	6.6	15.8	14.6	1.6	1.7
Delta Electronics	DELTA TB*	Thailand	48.4	93.6	88.5	45.7	26.0	18.3	63.1	33.0	0.3	0.8
Hana Microelectronics	HANA TB*	Thailand	69.5	61.0	39.2	24.4	1.7	1.6	15.3	11.1	1.3	2.1
KCE Electronics	KCE TB*	Thailand	84.0	54.0	55.3	35.9	6.1	5.9	30.1	21.8	1.8	2.8
Average			**49.4**	**28.9**	**33.2**	**24.4**	**8.5**	**6.6**	**21.8**	**15.4**	**0.7**	**0.9**

Source: Bloomberg, ttb wealth estimates

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

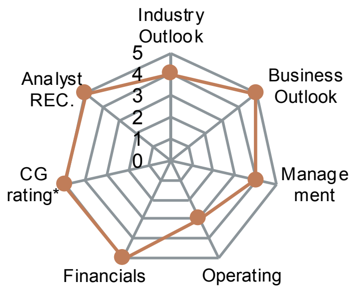
Based on 23 September 2026 closing prices

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.

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 control of power from the 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)	328.63	450.00	37%
Net profit 26F (Bt m)	34,120	36,358	7%
Net profit 27F (Bt m)	47,589	70,379	48%
Consensus REC	**BUY: 22**	**HOLD: 3**	**SELL: 0**

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.

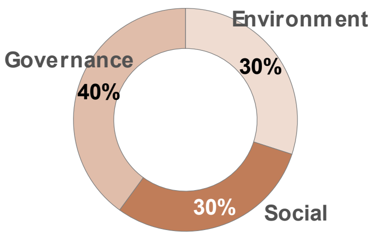
Source: ttb wealth

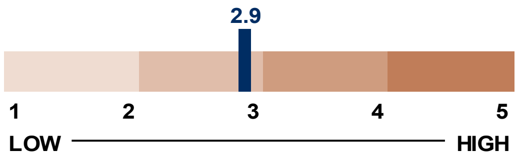
DELTA

ESG & Sustainability Report

Delta Electronics (Thailand) Pcl

Sector: Technology | Electronic Components





	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.

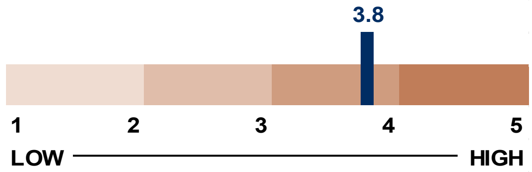
ESG Summary

- 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 are below global industry standards. However, the Social and Governance dimensions raise concerns. 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 because it supplies 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, socially related incidents have occurred, including employee stress cases and community disruptions.
- The Governance dimension receives the lowest ESG score. From a business sustainability perspective, DELTA is well positioned for long-term global trends such as EV and AI-related technologies. Formal board committees are in place; however, governance concerns remain. 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 share-holders.

Sector: Technology | Electronic Components

We assign DELTA an E score of 3.8, above 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.

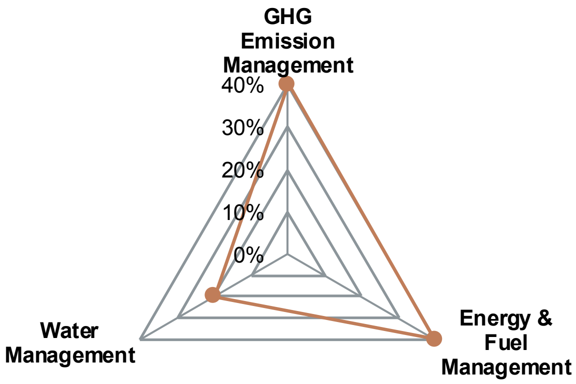
Environment (E) Rating



ENVIRONMENT

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

SCALE WEIGHTING



Our Comments

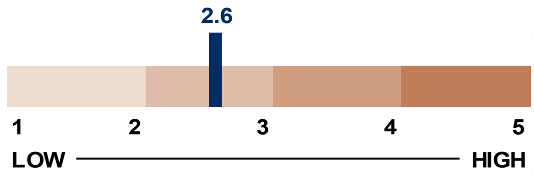
- We assign a high 3.8 E score to DELTA. DELTA is a global supplier to leading electronics manufacturers that prioritize strong ESG emissions compliance standards.
- **Carbon management:** DELTA has a net-zero emissions target of 2050. It plans to reduce Scope 1 and Scope 2 emissions by 90% and Scope 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 reliance 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 achieved a waste diversion rate of 98% in 2024 vs. its 100% target for 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 DELTA an S score of 2.6, 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.

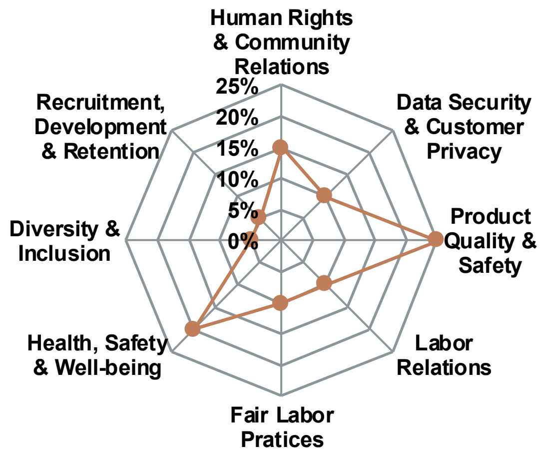
Social (S) Rating



SOCIAL	Our Comments

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

SCALE WEIGHTING



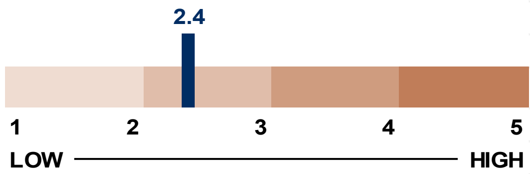
- We assign a 2.6 Social score to DELTA. The score reflects DELTA meeting global social standards, but concerns remain around staff management and the scale of social responsibility.
- **Health & safety:** DELTA meets standard requirements in this area, but some negative incidents have been seen. The 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 may join labor unions, and DELTA operates a third-party whistleblowing channel. However, negative incidents have also been 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 resulted 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 DELTA a G score of 2.4 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.

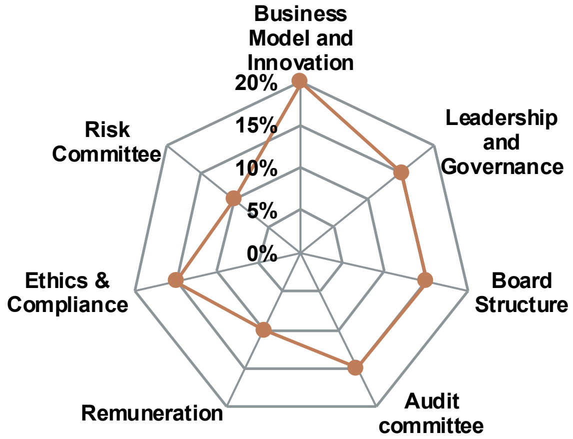
Governance (G) Rating



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 on business sustainability, we see ongoing concerns in Governance.
- **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 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 applica-tions. 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 Delta Group allocates expenses and respon-sibilities 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 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 due to margin expansion

Strong balance sheet position

INCOME STATEMENT

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Sales	164,733	198,153	311,937	468,069	654,311
Cost of sales	124,236	144,547	218,287	303,721	411,614
Gross profit	**40,497**	**53,606**	**93,649**	**164,348**	**242,698**
% gross margin	24.6%	27.1%	30.0%	35.1%	37.1%
Selling & administration expenses	22,637	27,280	52,802	80,287	115,444
Operating profit	**17,860**	**26,326**	**40,847**	**84,061**	**127,254**
% operating margin	10.8%	13.3%	13.1%	18.0%	19.4%
Depreciation & amortization	6,738	8,194	9,881	12,780	17,404
EBITDA	**24,598**	**34,520**	**50,728**	**96,842**	**144,658**
% EBITDA margin	14.9%	17.4%	16.3%	20.7%	22.1%
Non-operating income	2,289	2,710	3,490	1,670	1,825
Non-operating expenses	(163)	(402)	(100)	(100)	(100)
Interest expense	(167)	(64)	(60)	(117)	(161)
Pre-tax profit	**19,819**	**28,570**	**44,177**	**85,515**	**128,818**
Income tax	810	4,073	7,819	15,136	22,801
After-tax profit	**19,009**	**24,498**	**36,358**	**70,379**	**106,017**
% net margin	11.5%	12.4%	11.7%	15.0%	16.2%
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**	**36,358**	**70,379**	**106,017**
Normalized profit	**19,009**	**24,499**	**36,358**	**70,379**	**106,017**
EPS (Bt)	1.51	1.97	2.89	5.60	8.43
Normalized EPS (Bt)	1.51	1.95	2.89	5.60	8.43

BALANCE SHEET

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
ASSETS:					
Current assets:	82,532	104,074	159,671	232,851	321,881
Cash & cash equivalent	15,701	20,288	30,000	44,000	61,000
Account receivables	32,906	45,936	72,314	108,509	151,684
Inventories	31,697	34,731	52,449	72,977	98,901
Others	2,227	3,118	4,908	7,365	10,295
Investments & loans	0	0	0	0	0
Net fixed assets	37,721	45,688	52,307	72,291	100,689
Other assets	2,844	4,369	4,369	3,974	3,974
Total assets	**123,097**	**154,131**	**216,348**	**309,116**	**426,543**
LIABILITIES:					
Current liabilities:	38,464	52,269	76,715	109,199	146,303
Account payables	35,793	45,228	68,302	95,033	128,793
Bank overdraft & ST loans	680	140	670	1,002	1,316
Current LT debt	0	171	819	1,226	1,610
Others current liabilities	1,991	6,729	6,924	11,937	14,584
Total LT debt	**2,342**	**2,402**	**11,495**	**17,198**	**22,584**
Others LT liabilities	2,348	2,733	4,340	6,386	8,826
Total liabilities	**43,155**	**57,404**	**92,550**	**132,783**	**177,712**
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**	**128,042**	**180,578**	**253,076**
Shareholders' equity	79,942	96,727	123,797	176,333	248,831
Liabilities & equity	**123,097**	**154,131**	**216,348**	**309,116**	**426,543**

Sources: Company data, ttb wealth estimates

Capex needed for expansion but cash flow position still strong

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Earnings before tax	19,819	28,570	44,177	85,515	128,818
Tax paid	(1,039)	(3,886)	(7,614)	(14,702)	(22,388)
Depreciation & amortization	6,738	8,194	9,881	12,780	17,404
Chg In w orking capital	5,077	(6,629)	(21,022)	(29,991)	(35,340)
Chg In other CA & CL / minorities	576	3,725	(1,801)	2,122	(697)
Cash flow from operations	**31,171**	**29,975**	**23,621**	**55,725**	**87,798**
Capex	(14,711)	(16,099)	(16,500)	(32,765)	(45,802)
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)	1,608	2,441	2,440
Cash flow from investments	**(15,012)**	**(17,365)**	**(14,892)**	**(30,324)**	**(43,362)**
Debt financing	(1,540)	7	10,271	6,442	6,084
Capital increase	0	0	10	0	0
Dividends paid	(5,613)	(5,738)	(9,298)	(17,842)	(33,520)
Warrants & other surplus	(922)	(2,291)	0	0	0
Cash flow from financing	**(8,076)**	**(8,023)**	**983**	**(11,401)**	**(27,436)**
Free cash flow	**16,159**	**12,610**	**8,729**	**25,401**	**44,436**

High PE is justified by earnings growth, in our view

VALUATION

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Normalized PE (x)	169.3	131.4	88.5	45.7	30.4
Normalized PE - at target price (x)	297.6	230.9	155.6	80.4	53.4
PE (x)	169.9	129.7	88.5	45.7	30.4
PE - at target price (x)	298.7	228.0	155.6	80.4	53.4
EV/EBITDA (x)	130.3	92.7	63.1	33.0	22.0
EV/EBITDA - at target price (x)	229.5	163.4	111.2	58.2	38.9
P/BV (x)	40.3	33.3	26.0	18.3	12.9
P/BV - at target price (x)	70.8	58.5	45.7	32.1	22.7
P/CFO (x)	103.2	107.4	136.2	57.8	36.7
Price/sales (x)	19.4	16.1	10.2	6.8	4.9
Dividend yield (%)	0.2	0.2	0.3	0.8	1.3
FCF Yield (%)	0.5	0.4	0.3	0.8	1.4
(Bt)					
Normalized EPS	1.51	1.95	2.89	5.60	8.43
EPS	1.51	1.97	2.89	5.60	8.43
DPS	0.46	0.60	0.88	1.96	3.37
BV/share	6.36	7.69	9.85	14.03	19.79
CFO/share	2.48	2.38	1.88	4.43	6.98
FCF/share	1.29	1.00	0.69	2.02	3.53

Sources: Company data, ttb wealth estimates

Both sales growth and margin expansion

FINANCIAL RATIOS

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Growth Rate					
Sales (%)	12.5	20.3	57.4	50.1	39.8
Net profit (%)	2.8	31.0	46.5	93.6	50.6
EPS (%)	2.8	31.0	46.5	93.6	50.6
Normalized profit (%)	7.1	28.9	48.4	93.6	50.6
Normalized EPS (%)	7.1	28.9	48.4	93.6	50.6
Dividend payout ratio (%)	30.3	30.4	30.4	35.0	40.0
Operating performance					
Gross margin (%)	24.6	27.1	30.0	35.1	37.1
Operating margin (%)	10.8	13.3	13.1	18.0	19.4
EBITDA margin (%)	14.9	17.4	16.3	20.7	22.1
Net margin (%)	11.5	12.4	11.7	15.0	16.2
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)	(0.1)	(0.1)	(0.1)
Interest coverage - EBIT (x)	107.0	413.4	680.5	720.1	792.5
Interest coverage - EBITDA (x)	147.3	542.0	845.2	829.6	900.9
ROA - using norm profit (%)	16.4	17.7	19.6	26.8	28.8
ROE - using norm profit (%)	25.8	27.7	33.0	46.9	49.9
DuPont					
ROE - using after tax profit (%)	25.8	27.7	33.0	46.9	49.9
- asset turnover (x)	1.4	1.4	1.7	1.8	1.8
- operating margin (%)	12.1	14.5	14.2	18.3	19.7
- leverage (x)	1.6	1.6	1.7	1.8	1.7
- interest burden (%)	99.2	99.8	99.9	99.9	99.9
- tax burden (%)	95.9	85.7	82.3	82.3	82.3
WACC (%)	10.4	10.4	10.4	10.4	10.4
ROIC (%)	26.6	33.6	42.5	64.8	69.0
NOPAT (Bt m)	17,130	22,573	33,617	69,183	104,730
invested capital (Bt m)	67,263	79,153	106,781	151,759	213,341

Sources: Company data, ttb wealth estimates

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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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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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