ASIA PLUS Securities

08 October 2025

SYNOPSIS

FUNDAMENTAL

DELTA

Neutral

3Q25 profit driven by strong sales

Current Price (B)	189.50
Target Price (B)	175.00
Upside (%)	-7.7
Dividend Yield (%)	0.4

Flash Points

3Q25 net profit is estimated at B6.2bn, growing 34%qoq and 5%yoy. Sales are expected to make a record high at US$1.49bn (growing 12%qoq and 23%yoy) or B48bn (growing 10%qoq and 13%yoy), driven by growth in sales of power electronics goods for data centers. Gross margin is expected at 27.7%, rising from 25.0% in 2Q25 thanks to sales of high-margin data center goods. Plus, DELTA will not recognize massive extraordinary loss like in 2Q25 (expense related to lawsuit settlement in the US, provision for bad debt, Fx loss from THB appreciation).

Impact Insight

If 3Q25 profit is as expected, 9M25 profit is expected to make up 78% of 2025 forecast of B20bn.

4Q25 sales and gross margin are expected to increase further, driven by high demand for data center products, while SG&A may increase. DELTA will have to pay higher royalty fee to DELTA Taiwan (parent company) as it has more projects using DELTA Taiwan's technology. 4Q25 profit is expected to grow weak qoq due to these factors but still grow strong yoy from a low base in 4Q24.

Execution

We revise up 2025-26 normalized profit forecast by 11% and raise expected P/E ratio from 52.1x (-1SD) to 77.1x (+1SD) to reflect stronger profit growth from 2H25 on. 2026 fair value is B175.

We upgrade DELTA from Underperform to Neutral. While it is overvalued now, speculation is advisable. 3Q25 profit is projected to grow strong. AI and data center industries have great long-term growth potential, boosting demand for chips and power electronics goods for data centers.

Technical Chart

Price Trend: Uptrend

Support: 171.00

Resist : 200.00

Source: ASPS Research

Consensus Analysis

EPS (B)	ASPS	IAA Cons	% diff
2025F	1.80	1.73	4%
2026F	2.27	2.08	9%

Source: ASPS Research

Global Peers

Stock	PE 2025F	PE 2026F	PBV 2025F	PBV 2026F
SHENZHEN MEGME-A	84.1	44.9	6.6	5.8
GONEO GROUP CO-A	19.5	18.0	5.1	4.7
SICHUAN HUAFEN-A	144.1	87.2	26.1	20.6
VOLTRONIC POWER	21.9	21.3	10.7	9.2
MURATA MFG CO	21.8	26.1	2.0	2.0
HUBBELL INC	23.1	21.3	5.9	5.2
LEM HOLDING-REG	38.4	29.2	4.3	4.0

Source: Bloomberg

Key Financial Forecast

Ending Dec 31	2023	2024	2025F	2026F	2027F
Sales	146,371	164,733	186,176	225,092	269,634
Net Profit	18,423	18,939	22,460	28,270	35,073
Normalized Profit	17,201	21,475	22,460	28,270	35,073
Normalized EPS (B)	1.38	1.72	1.80	2.27	2.81
DPS (B)	0.45	0.46	0.54	0.68	0.84
PER (x)	137.4	110.1	105.2	83.6	67.4
Dividend Yield (%)	0.2%	0.2%	0.3%	0.4%	0.4%
BVS (B)	5.4	6.4	7.7	9.5	11.6
PBV (x)	35.0	29.6	24.5	20.0	16.4

Source: ASPS Research

ESG Assessment

SET ESG Ratings	A
CG Score	Excellent
Anti-corruption Certification	yes

Source: SET

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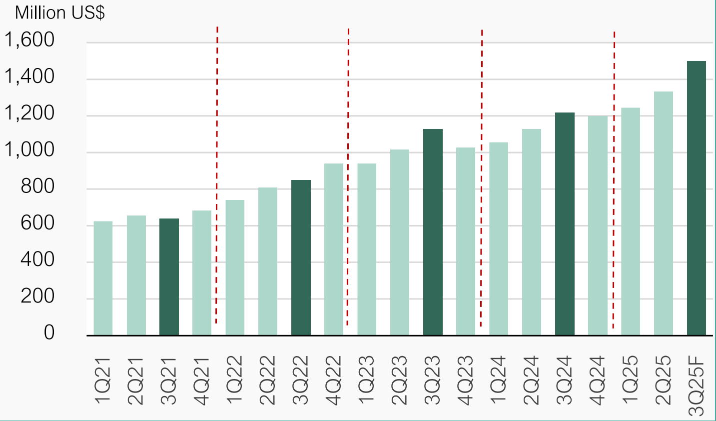
Earnings Results by Quarter

Million B	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25F	%qoq	%yoy	9M24	9M25F	%yoy
Sales & Service Revenue	37,989	41,772	43,225	41,747	42,736	44,490	48,429	8.9%	12.0%	122,986	135,655	10.3%
Cost of Sales & Service	(30,017)	(30,550)	(31,298)	(32,371)	(31,809)	(33,381)	(35,014)	4.9%	11.9%	(91,865)	(100,204)	9.1%
Gross Profit	7,972	11,222	11,927	9,376	10,927	11,109	13,415	20.8%	12.5%	31,121	35,451	13.9%
SG&A	(4,252)	(5,403)	(5,938)	(7,044)	(5,227)	(6,011)	(6,540)	8.8%	10.1%	(15,593)	(17,778)	14.0%
Operating Profit	3,720	5,819	5,989	2,332	5,700	5,098	6,875	34.9%	14.8%	15,528	17,672	13.8%
Normalized Profit	4,514	5,934	6,196	4,831	4,985	4,526	6,181	36.6%	-0.2%	16,644	15,693	-5.7%
Extraordinary Items	(207)	631	(285)	(2,676)	503	103	-	-100.0%	-100.0%	139	606	336.0%
Net Profit	4,308	6,565	5,911	2,155	5,488	4,629	6,181	33.5%	4.6%	16,783	16,299	-2.9%
EPS (B)	0.35	0.53	0.47	0.17	0.44	0.37	0.50	33.5%	4.6%	1.35	1.31	-2.9%
Gross Profit Margin (%)	21.0%	26.9%	27.6%	22.5%	25.6%	25.0%	27.7%			25.3%	26.1%	
SG&A/Sales (%)	11.2%	12.9%	13.7%	16.9%	12.2%	13.5%	13.5%			12.7%	13.1%	
Net Profit Margin (%)	11.3%	15.7%	13.7%	5.2%	12.8%	10.4%	12.8%			13.6%	12.0%	
Normalized Profit Margin (%)	11.9%	14.2%	14.3%	11.6%	11.7%	10.2%	12.8%			13.5%	11.6%	

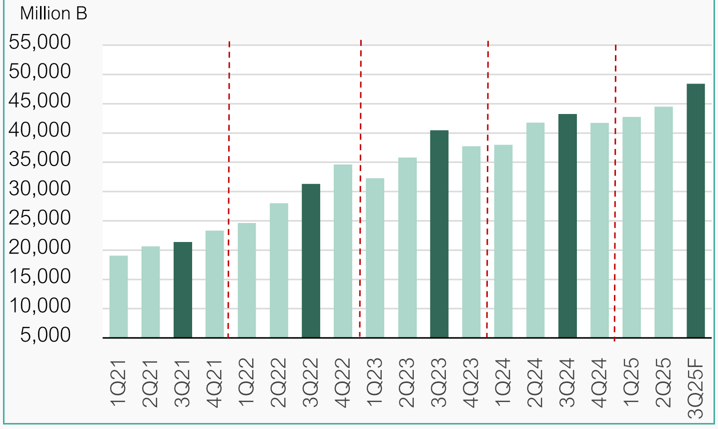
Source: ASPS Research

Sales & Service Revenue (USD)



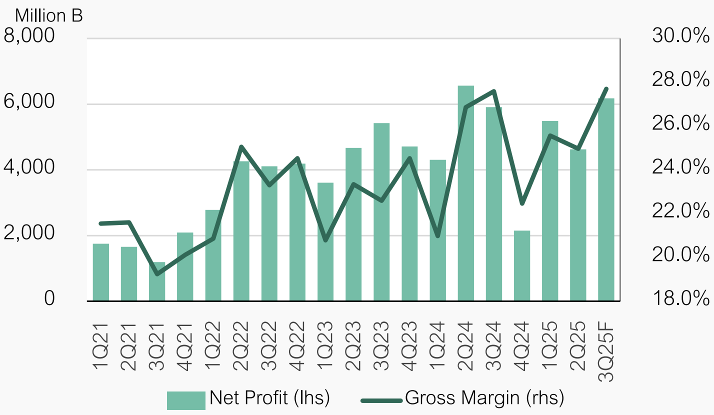
Source: DELTA

Sales & Service Revenue (THB)



Source: DELTA

Gross Margin & Net Profit



Source: DELTA

Key Risk

1) Electronic industries are always changing, so DELTA must always evolve to keep up with changes in technology and demand.
2) DELTA's sales are mostly in USD, resulting in Fx risk.

Source: ASPS Research

2025-2027 Earnings Forecast

Statement of Income (Million B)

Ended Dec31	2024	2025F	2026F	2027F
Sales	164,733	186,176	225,092	269,634
Cost of sales	(124,236)	(137,779)	(165,519)	(196,941)
Gross profit	40,497	48,396	59,573	72,693
SG&A	(21,608)	(23,708)	(28,217)	(33,575)
Operating profit	18,889	24,688	31,356	39,118
Shared profit from associates	(0)	-	-	-
Other income/expense	1,260	1,050	1,000	1,000
Interest expense	(167)	(45)	(23)	(10)
Earnings before tax	19,749	25,668	32,308	40,083
Income tax	(810)	(3,209)	(4,039)	(5,010)
Earnings before minority interest	18,939	22,460	28,270	35,073
Minority interest	-	-	-	-
Net profit	18,939	22,460	28,270	35,073
Normalized profit	21,475	22,460	28,270	35,073
EPS	1.52	1.80	2.27	2.81
Normalized EPS	1.72	1.80	2.27	2.81
Sales growth (yoy)	12.5%	13.0%	20.9%	19.8%
Operating profit growth (yoy)	1.8%	30.7%	27.0%	24.8%
Gross margin	24.6%	26.0%	26.5%	27.0%
Net profit margin	11.5%	13.3%	13.9%	14.5%

Statement of Income (Million B)

Quarterly	4Q24	1Q25	2Q25	3Q25F
Sales	41,747	42,736	44,490	48,429
Cost of sales	(32,371)	(31,809)	(33,381)	(35,014)
Gross profit	9,376	10,927	11,109	13,415
SG&A	(7,044)	(5,227)	(6,011)	(6,540)
Operating profit	(81)	(18)	(12)	(10)
Shared profit from associates	-	0	0	-
Earnings before tax	2,560	6,273	5,398	7,230
Income tax	(405)	(784)	(768)	(1,048)
Earnings before minority interest	2,155	5,488	4,629	6,181
Minority interest	-	-	-	-
Net profit	2,155	5,488	4,629	6,181
Extraordinary items	(2,676)	503	103	-
Normalized profit	4,831	4,985	4,526	6,181
Sales growth (qoq)	-3.4%	2.4%	4.1%	8.9%
Gross profit growth (qoq)	-21.4%	16.5%	1.7%	20.8%
Operating profit growth (qoq)	-61.1%	144.4%	-10.6%	34.9%

Financial Ratio

Ended Dec31	2024	2025F	2026F	2027F
Current ratio	2.16	2.53	3.22	4.30
Quick ratio	1.33	1.57	1.98	2.69
Account receivables turnover	4.98	5.61	6.08	6.06
Inventory turnover	3.86	4.23	4.47	4.42
Account payables turnover	3.66	3.98	5.09	6.44
Debt to Equity ratio	0.54	0.40	0.31	0.23
Gearing ratio	Net cash	Net cash	Net cash	Net cash
ROAA	16.4%	17.4%	19.5%	21.1%
ROAE	25.7%	25.5%	26.4%	26.7%

Statement of Cash Flows (Million B)

Ended Dec31	2024	2025F	2026F	2027F
Cash flows from operating activities				
Net profit	19,749	25,668	32,308	40,083
Adjustments :	814	54	81	91
Depreciation and amortisation	6,671	7,792	8,575	9,192
Unrealized Fx gain/loss	-	-	-	-
Increase/decrease in operating assets	4,015	(10,099)	(20,453)	(23,286)
Net cash flows from operating activities	31,248	23,415	20,511	26,080
Cash flows from investing activities				
Increase/decrease in short-term investments	2	1	1	1
Increase/decrease in fixed assets	(13,695)	(15,000)	(10,050)	(8,050)
Others	(1,069)	(136)	(153)	(176)
Net cash flows from investing activies	(14,762)	(15,135)	(10,203)	(8,226)
Cash flows from financing activities				
Increase/decrease in loans	(2,489)	190	(397)	(926)
Increase/decrease in other liabilities	-	(58)	(54)	(51)
Increase/decrease in capital & share premium	-	-	-	-
Increase/decrease in shareholders' equity	(647)	(103)	(106)	(109)
Dividend paid	(5,613)	(5,738)	(6,738)	(8,481)
Net cash flows from financing activities	(8,749)	(5,708)	(7,295)	(9,567)
Increase/decrease in net cash	7,738	2,572	3,013	8,287
Net cash flow	15,355	17,927	20,941	29,228

Statement of Financial Position

Ended Dec31	2024	2025F	2026F	2027F
Cash and cash equivalents	15,701	18,273	21,287	29,574
Account receivables	32,906	33,512	40,517	48,534
Inventories	31,697	33,512	40,517	48,534
Other current assets	2,227	2,404	2,594	2,800
Net PP&E	37,721	44,929	46,404	45,262
Other non-current assets				
Total assets	123,097	135,496	154,222	177,661
Account payables	35,793	33,512	31,513	29,660
Other current liabilities	1,472	2,089	301	271
Short-term interest-bearing debt (1yr)	85	297	396	-
Long-term interest-bearing debt	1,559	1,497	1,437	1,380
Other non-current liabilities	1,088	726	330	-
Total liabilities	43,155	38,955	36,255	33,211
Paid-up share capital	1,247	1,247	1,247	1,247
Share premium	1,492	1,492	1,492	1,492
Retained earnings	81,961	98,663	120,194	146,786
Total shareholders' equity	79,942	96,541	117,967	144,450
Total liabilities and shareholders' equity	123,097	135,496	154,222	177,661

Assumption

Ended Dec31	2024	2025F	2026F	2027F
Sales				
- USD	4,604	5,551	6,730	8,080
- THB	164,733	186,176	225,092	269,634
THB/USD exchange rate	34.50	33.00	33.00	33.00
Gross margin	24.6%	26.0%	26.5%	27.0%

Source: ASPS Research