

Delta Electronics (2308.TW/2308 TT)

Secular trends well on track

FTSE4Good TIP Taiwan ESG Index stock

Outperform · Upgraded

Price as of May 2 (NT\$)	309.5
12M target price (NT\$)	352.0
Previous target price (NT\$)	297.0
Revised up (%)	18.5
Upside (%)	13.7

Key message

- 2024F revenue growth of 7% on AI server power, passive components and EV.
- We project 2024F gross margin of 30.3%, up 1.1ppts YoY; 2024-25F EPS are up 1% and 18% YoY, respectively.
- Development of secular trends is on track, while accelerating YoY revenue growth will serve as a share catalyst.

Trading data

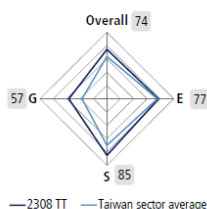
Mkt cap (NT\$bn/US\$mn)	804 / 24,687
Outstanding shares (mn)	2,598
Foreign ownership (mn)	1,641
3M avg. daily trading (mn)	8.42
52-week trading range (NT\$)	277.0 – 375.5

Performance	3M	6M	12M
Absolute (%)	8.2	3.7	3.9
Relative (%)	-3.8	-19.6	-25.4

Quarterly EPS

NT\$	1Q	2Q	3Q	4Q
2023	2.66A	3.14A	3.60A	3.45A
2024	2.22A	3.13F	3.93F	3.72F
2025	2.89F	3.74F	4.47F	4.19F

ESG score card



Source: TEJ

Event

Delta reported 1Q24 EPS of NT\$2.22, down 36% QoQ and 17% YoY.

Impact

1Q24 EPS below consensus by 14%. 1Q24 revenue of NT\$91.3bn was down 9% QoQ and 2% YoY. AI server power revenue rose over 200% YoY to account for 5% of 1Q24 revenue, whereas mobility (EV components) revenue was NT\$10.5bn, down 4% QoQ but up 18% YoY, for a 12% weighting. Gross margin held up well QoQ at 29.5% on a favorable product mix, but operating margin dipped 2.3ppts QoQ to 8.1%, on lower scale, missing consensus by 0.9ppts, for operating income of NT\$7.39bn, down 28% QoQ. Power electronics made up 51% of revenue in 1Q24 but represented 98% of operating income, reflecting Delta's struggling automation and infrastructure businesses.

AI server power, passive components & EV 2024F growth catalysts. Delta expects multiple project wins this year, especially for DC-DC module, to boost AI server power revenue to more than double in 2024F. Management reiterates a 20-30% growth target for mobility sales this year, outgrowing the overall EV market on new model deliveries, whereas new auto projects will drive 20%-plus revenue growth for the passive components business, with auto-related passive components representing 3% of consolidated revenue in 1Q24. Businesses such as automation and infrastructure, on the other hand, will remain lukewarm. For liquid cooling, the firm targets revenue contribution to reach 1% in 2025F. We fine-tune 2024F revenue growth to 7%, with server power and mobility revenue up 19% and 23%, respectively. We expect revenue growth to accelerate to 10% in 2025F.

Gross margin uptrend in 2024F. Management attributes the positive gross margin outlook to a favorable product mix and no further major inventory write-offs, while guiding 15% opex growth in 2024F. We raise 2024F gross margin to 30.3%, up 1.1ppts YoY, but trim operating margin to 10.4%, for operating income growth of 9%. Our revised 2024-25F EPS of NT\$13.00 and NT\$15.29 are up 1% and 18% YoY, respectively. We estimate 2Q24F revenue of NT\$105.2bn, up 15% QoQ and 5% YoY, for gross margin of 30.2% and EPS of NT\$3.13.

Valuation & Action

We raise our 12M target price to NT\$352, based on 23x 2025F EPS, vs. a historical PE band of 15-27x. We upgrade Delta to Outperform, as we like its dedication to secular trends like AI, EV and energy transition, and see accelerating YoY revenue growth in coming quarters adding to share price momentum.

Risks

Macro headwinds weigh on revenue and operating margin.

Key financials and valuations

	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
Revenue (NT\$mn)	384,443	401,227	429,990	474,217	518,408
Gross profit (NT\$mn)	110,773	117,213	130,171	144,544	158,661
Operating profit (NT\$mn)	41,439	40,950	44,645	52,587	59,936
Net profit (NT\$mn)	32,666	33,393	33,775	39,709	44,993
EPS (NT\$)	12.58	12.86	13.00	15.29	17.32
Cash DPS (NT\$)	9.84	6.43	6.50	7.64	8.66
EPS growth (%)	21.9	2.2	1.1	17.6	13.3
PE (x)	24.6	24.1	23.8	20.2	17.9
PB (x)	4.3	4.0	3.6	3.3	3.0
EV/EBITDA (x)	15.5	15.0	13.3	11.6	10.2
Net debt to equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Dividend yield (%)	3.2	2.1	2.1	2.5	2.8
Return on average equity (%)	19.1	17.3	16.0	17.0	17.5

Source: Company data; KGI Research estimates

Figure 1: Breakdown of 1Q24 results & 2Q24 forecast revisions vs. consensus

NT\$m	1Q24							2Q24F						
	Actual	KGI	Diff. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Revenue	91,298	95,567	(4.5)	(8.7)	(1.7)	93,835	(2.7)	105,187	105,557	(0.4)	15.2	4.6	104,344	0.8
Gross profit	26,949	27,523	(2.1)	(11.4)	5.4	27,237	(1.1)	31,766	31,350	1.3	17.9	8.2	31,105	2.1
Operating profit	7,395	8,123	(9.0)	(28.6)	(12.0)	8,435	(12.3)	10,624	10,556	0.6	43.7	3.3	10,633	(0.1)
Net income	5,764	6,429	(10.4)	(35.8)	(16.6)	6,787	(15.1)	8,141	8,013	1.6	41.3	(0.1)	8,212	(0.9)
EPS (NT\$)	2.22	2.48	(10.4)	(35.8)	(16.6)	2.58	(14.0)	3.13	3.08	1.6	41.3	(0.1)	3.16	(0.7)
Gross margin (%)	29.5	28.8	0.7 ppts	(0.9) ppts	2.0 ppts	29.0	0.5 ppts	30.2	29.7	0.5 ppts	0.7 ppts	1.0 ppts	29.8	0.4 ppts
Op. margin (%)	8.1	8.5	(0.4) ppts	(2.3) ppts	(1.0) ppts	9.0	(0.9) ppts	10.1	10.0	0.1 ppts	2.0 ppts	(0.1) ppts	10.2	(0.1) ppts
Net margin (%)	6.3	6.7	(0.4) ppts	(2.7) ppts	(1.1) ppts	7.2	(0.9) ppts	7.7	7.6	0.1 ppts	1.4 ppts	(0.4) ppts	7.9	(0.1) ppts

Source: Bloomberg; KGI Research

Figure 2: Breakdown of 2024-25 forecast revisions vs. consensus

NT\$m	2024F						2025F					
	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Revenue	429,990	433,792	(0.9)	7.2	434,729	(1.1)	474,217	477,265	(0.6)	10.3	491,123	(3.4)
Gross profit	130,171	128,682	1.2	11.1	129,562	0.5	144,544	141,706	2.0	11.0	147,538	(2.0)
Operating profit	44,645	45,448	(1.8)	9.0	45,387	(1.6)	52,587	53,080	(0.9)	17.8	56,257	(6.5)
Net income	33,775	34,039	(0.8)	1.1	35,178	(4.0)	39,709	39,345	0.9	17.6	42,567	(6.7)
EPS (NT\$)	13.00	13.10	(0.8)	1.1	13.54	(4.0)	15.29	15.15	0.9	17.6	16.44	(7.0)
Gross margin (%)	30.3	29.7	0.6 ppts	1.1 ppts	29.8	0.5 ppts	30.5	29.7	0.8 ppts	0.2 ppts	30.0	0.4 ppts
Op. margin (%)	10.4	10.5	(0.1) ppts	0.2 ppts	10.4	(0.1) ppts	11.1	11.1	(0.0) ppts	0.7 ppts	11.5	(0.4) ppts
Net margin (%)	7.9	7.8	0.0 ppts	(0.5) ppts	8.1	(0.2) ppts	8.4	8.2	0.1 ppts	0.5 ppts	8.7	(0.3) ppts

Source: Bloomberg; KGI Research

Figure 3: Delta Electronics' business structure

Segment	1Q24 revenue weighting (%)	Business group	2023 revenue growth (%)	2024F revenue growth (%)	2024F revenue weighting (%)	Products
Power electronics	51	Power supply (PSBG)	5	9	33	DT power, NB power, server power, home appliance power, game console power, offline UPS, printer power, and other; medical device power, industrial power module
		Component (CPBG)	-4	20	10	Passive component (Cyntec), optical transceiver
		Fan & thermal (FMBG)	-8	4	9	Cooling fan, thermal module
Mobility	12	Electric vehicle solution (EVSBG)	81	23	13	On-board charger, DC/DC converter, traction motor, traction inverter
Automation	13	Industrial automation (IABG)	0	-3	8	Industrial automation (Servo motor, AC motor drive, PLC, CNC control, HMI, robot arms)
		Building automation (BABG)	-1	-6	4	Building automation solution, LED lighting fixture, surveillance camera, controller
Infrastructure	24	Information & communication technology (ICTBG)	-9	-1	17	Telecom power, data center solutions, networking
		Energy infrastructure system (EISBG)	16	3	6	Off-board EV-charger, renewable energy (solar inverter & wind power converter), energy storage system, display, power-conditioning system

Note: Industrial and medical power supplies (2% of revenue combined) were moved from EISBG to PSBG, effective 1Q24

Source: Company data; KGI Research

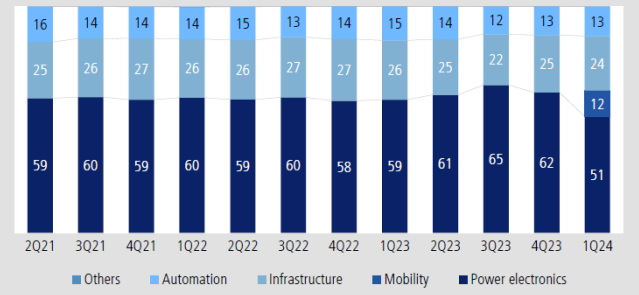
Figure 4: Company profile

Established in 1971, Delta Electronics is a leading global supplier of electronics components. Some of its products command significant global market share. Post the acquisition of Delta Electronics (Thailand) in April 2019, the firm now operates production facilities in China, Taiwan, Thailand, India, and Slovakia. Power electronics, mobility, automation, and infrastructure accounted for a respective 51%, 12%, 13% and 27% of 1Q24 revenue.

Source: KGI Research

Figure 5: Revenue mix

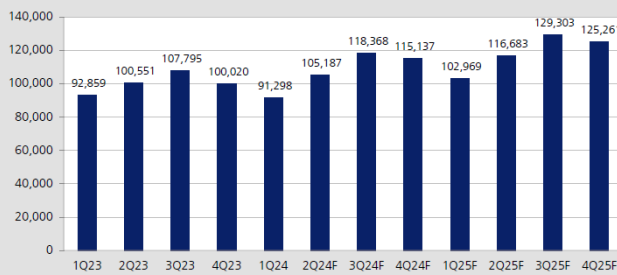
Revenue breakdown, percent



Source: KGI Research

Figure 6: Sales

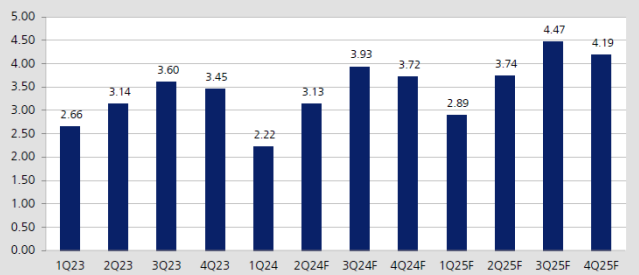
Sales, NT\$m



Source: KGI Research

Figure 7: EPS

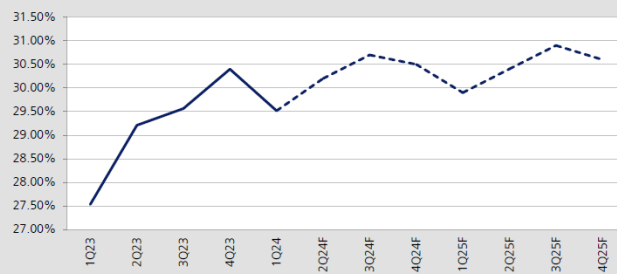
EPS, NT\$



Source: KGI Research

Figure 8: Gross Margin

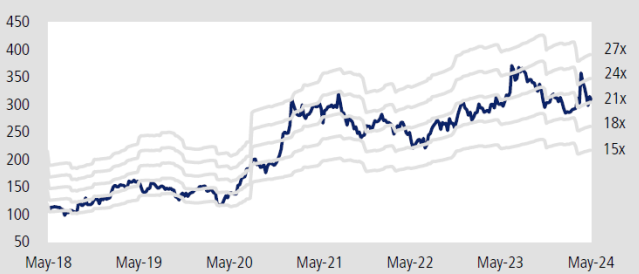
Gross margin, percent



Source: KGI Research

Figure 9: 12M forward PE band

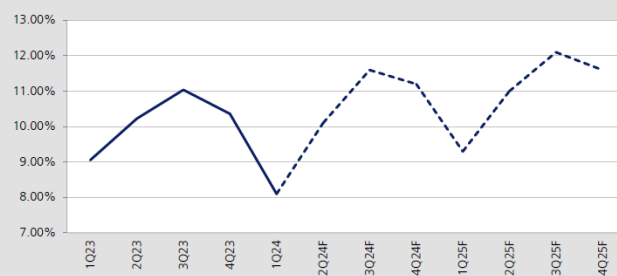
Share price, NT\$ (LHS); PE ratio, x (RHS)



Source: KGI Research

Figure 10: Operating Margin

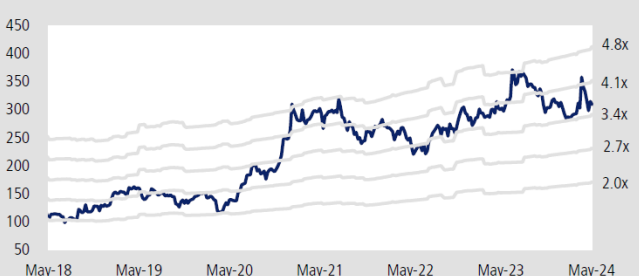
Operating margin, percent



Source: KGI Research

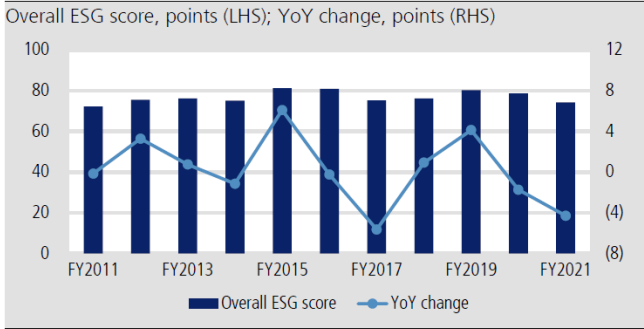
Figure 11: 12M forward PB band

Share price, NT\$ (LHS); PE ratio, x (RHS)



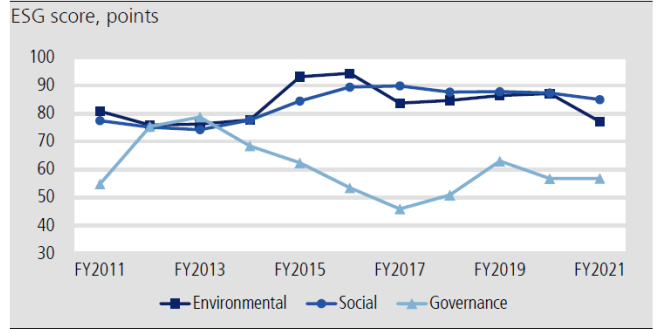
Source: KGI Research

Figure 12: Overall ESG score



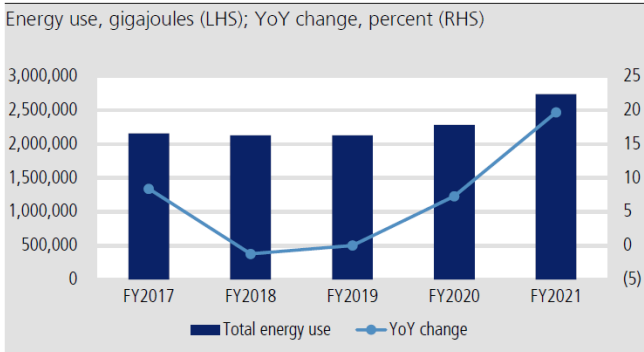
Source: Refinitiv; KGI Research; Company data

Figure 13: ESG score by category



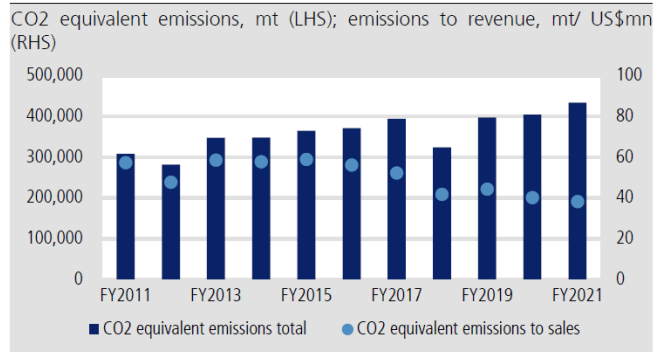
Source: Refinitiv; KGI Research; Company data

Figure 14: Energy use



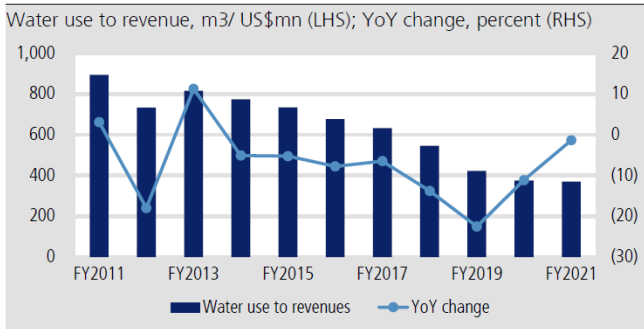
Source: Refinitiv; KGI Research; Company data

Figure 15: CO2 equivalent emissions



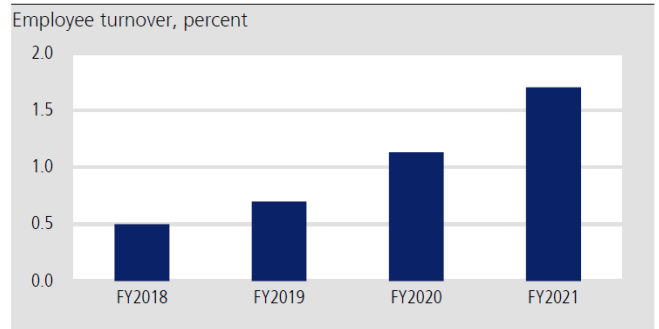
Source: Refinitiv; KGI Research; Company data

Figure 16: Water use to revenue



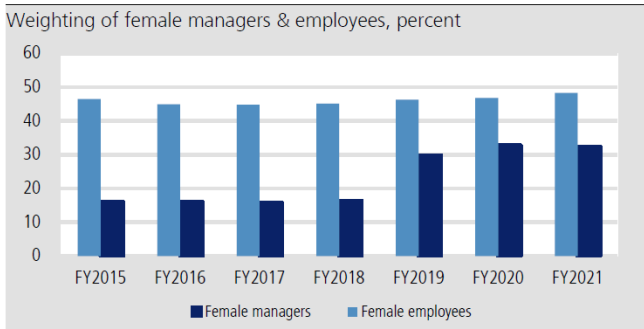
Source: Refinitiv; KGI Research; Company data

Figure 17: Employee turnover



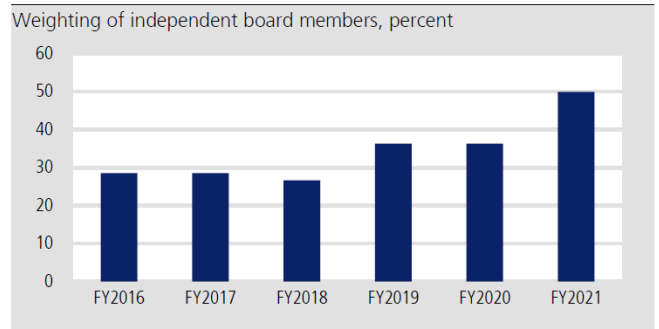
Source: Refinitiv; KGI Research; Company data

Figure 18: Gender diversification



Source: Refinitiv; KGI Research; Company data

Figure 19: Independent board members



Source: Refinitiv; KGI Research; Company data

ESG chart definition

Item	Definition	Remarks
Energy use	Total direct and indirect energy consumption in gigajoules. - the total amount of energy that has been consumed within the boundaries of the company's operations - total energy use = total direct energy consumption + indirect energy consumption - purchased energy and produced energy are included in total energy use - for utilities, transmission/ grid loss as part of its business activities is considered as total energy consumed and data does not consider electricity produced to answer energy use (utility company produces to sell) - for utilities, raw materials such as coal, gas or nuclear used in the production of energy are not considered under 'total energy use'	
Renewable energy purchased	Total primary renewable energy purchased in gigajoules. - energy consumed by the company from various sources and among the purchased energy, how much energy is renewable in nature (solar, wind, hydro, biomass, geothermal) are in scope - if there is no evidence that renewable energy is produced by the company, then we consider the reported energy figure as renewable energy purchased	
Renewable energy use ratio	Renewable energy to total energy used	
CO2 equivalent emissions	Direct CO2 and CO2 equivalent emissions in metric tons. - direct emissions from sources that are owned or controlled by the company (scope 1 emissions) - following gases are relevant: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorinated compound (PFCS), sulfur hexafluoride (SF6), nitrogen trifluoride (NF3)	
CO2 equivalent emissions to sales	Direct CO2 and CO2 equivalent emissions (metric tons) to sales (NT\$m) - direct emissions from sources that are owned or controlled by the company (scope 1 emissions) - following gases are relevant: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorinated compound (PFCS), sulfur hexafluoride (SF6), nitrogen trifluoride (NF3)	
Waste total	Total amount of waste produced in metric tons. - total waste = non-hazardous waste + hazardous waste - only solid waste is taken into consideration, exceptionally if liquid waste is reported in metric tons, then we do the summation to derive total including liquid waste - for sectors like mining, oil & gas, waste generation like tailings, waste rock, coal and fly ash are also considered	
Waste recycling ratio	The waste recycling ratio as reported by the company. - waste recycling ratio = waste recycled/total waste*100 - waste to energy or waste incinerated with energy recovery are considered as waste recycled - waste recovered via composting is considered as recycled waste	
Water withdrawal total	Total water withdrawal in cubic meters. - the total volume of water withdrawn from any water source that was either withdrawn directly by the reporting organization or through intermediaries such as water utilities - different sources of water like wells, town/utility/municipal water, river water, and surface water are considered	
Environmental expenditures	Total amount of environmental expenditures. - all environmental investment & expenditures for environmental protection or to prevent, reduce, control environmental aspects, impacts, and hazards. It also includes disposal, treatment, sanitation, and clean-up expenditures	
Turnover of employees	Percentage of employee turnover. - includes employees who left the company for any reason (voluntary or involuntary), such as resignations, retirement, natural departure/death, medical incapacitation, redundancy, layoffs, restructuring, dismissal, retrenchment or end of a fixed-term contract - employees turnover rate = (employees leaving/average number of employees)*100 - where the average number of employees = (employees at the end of the current year + employees at the end of the previous year)/2 - employees at the end of the current fiscal year = employees at the end of the previous fiscal year + new employees - employees leaving	
Women managers	Percentage of women managers. - percentage of women managers among total managers of the company - if there is a breakdown by category in percentage, such as top, senior, middle, and junior management, then we consider the percentage of middle women managers - percentage of women managers = number of women managers/total number of managers*100	
Women employees	Percentage of women employees. - percentage of women employees to the total number of employees of the company - percentage of women employees = number of women/total number of employees*100	
Training hours total	Total training hours performed by all employees. - consider only employee training hours - includes all types of training given to general employees (such as health & safety, environmental, emergency response, skills & career development training) - if the value is given in days, multiply by 8, assuming that 1 day = 8 hours worked	
Training hours per employee	Training hours per employee per year	

Source: Refinitiv, KGI Research

Income statement

	Quarterly								Annually		
	Mar-24A	Jun-24F	Sep-24F	Dec-24F	Mar-25F	Jun-25F	Sep-25F	Dec-25F	Dec-24F	Dec-25F	Dec-26F
Income statement (NT\$m)											
Revenue	91,298	105,187	118,368	115,137	102,969	116,683	129,303	125,261	429,990	474,217	518,408
Cost of goods sold	(64,349)	(73,420)	(82,029)	(80,020)	(72,181)	(81,212)	(89,349)	(86,931)	(299,819)	(329,673)	(359,747)
Gross profit	26,949	31,766	36,339	35,117	30,788	35,472	39,955	38,330	130,171	144,544	158,661
Operating expenses	(19,554)	(21,142)	(22,608)	(22,221)	(21,212)	(22,637)	(24,309)	(23,800)	(85,526)	(91,957)	(98,725)
Operating profit	7,395	10,624	13,731	12,895	9,576	12,835	15,646	14,530	44,645	52,587	59,936
Depreciation of fixed assets	(4,785)	(4,881)	(4,978)	(5,078)	(5,179)	(5,283)	(5,389)	(5,496)	(19,721)	(21,347)	(23,107)
Amortisation of intangible assets	(1,054)	(980)	(980)	(980)	(980)	(980)	(980)	(980)	(3,994)	(3,920)	(3,920)
EBITDA	13,233	16,484	19,689	18,953	15,735	19,098	22,014	21,007	68,360	77,854	86,963
Interest income	701	677	648	643	746	785	762	786	2,669	3,080	3,560
Investment income	24	30	30	30	30	30	30	30	114	120	120
Other non-op income	841	820	820	820	850	850	850	850	3,301	3,400	3,400
Non-operating income	1,566	1,527	1,498	1,493	1,626	1,665	1,642	1,666	6,084	6,600	7,080
Interest expense	(340)	(340)	(340)	(340)	(340)	(340)	(340)	(340)	(1,359)	(1,359)	(1,359)
Investment loss	(32)	-	-	-	-	-	-	-	(32)	-	-
Other non-op expenses	177	250	250	250	250	250	250	250	927	1,000	1,000
Non-operating expenses	(195)	(90)	(90)	(90)	(90)	(90)	(90)	(90)	(464)	(359)	(359)
Pre-tax profit	8,765	12,061	15,139	14,298	11,113	14,411	17,198	16,106	50,264	58,828	66,657
Current taxation	(1,798)	(2,412)	(3,028)	(2,860)	(2,223)	(2,882)	(3,440)	(3,221)	(10,098)	(11,766)	(13,331)
Minorities	(1,204)	(1,508)	(1,892)	(1,787)	(1,389)	(1,801)	(2,150)	(2,013)	(6,391)	(7,354)	(8,332)
Normalised net profit	5,764	8,141	10,219	9,651	7,501	9,727	11,609	10,872	33,775	39,709	44,993
Extraordinary items	(0)	-	-	-	-	-	-	-	-	-	-
Net profit	5,764	8,141	10,219	9,651	7,501	9,727	11,609	10,872	33,775	39,709	44,993
EPS (NT\$)	2.22	3.13	3.93	3.72	2.89	3.74	4.47	4.19	13.00	15.29	17.32
Margins (%)											
Gross profit margin	29.5	30.2	30.7	30.5	29.9	30.4	30.9	30.6	30.3	30.5	30.6
Operating margin	8.1	10.1	11.6	11.2	9.3	11.0	12.1	11.6	10.4	11.1	11.6
EBITDA margin	14.5	15.7	16.6	16.5	15.3	16.4	17.0	16.8	15.9	16.4	16.8
Pretax profit margin	9.6	11.5	12.8	12.4	10.8	12.4	13.3	12.9	11.7	12.4	12.9
Net profit margin	6.3	7.7	8.6	8.4	7.3	8.3	9.0	8.7	7.9	8.4	8.7
Sequential growth (%)											
Revenue growth	(8.7)	15.2	12.5	(2.7)	(10.6)	13.3	10.8	(3.1)			
Gross profit growth	(11.4)	17.9	14.4	(3.4)	(12.3)	15.2	12.6	(4.1)			
Operating profit growth	(28.6)	43.7	29.2	(6.1)	(25.7)	34.0	21.9	(7.1)			
EBITDA growth	(17.7)	24.6	19.4	(3.7)	(17.0)	21.4	15.3	(4.6)			
Pretax profit growth	(32.4)	37.6	25.5	(5.6)	(22.3)	29.7	19.3	(6.4)			
Net profit growth	(35.8)	41.3	25.5	(5.6)	(22.3)	29.7	19.3	(6.4)			
YoY growth (%)											
Revenue growth	(1.7)	4.6	9.8	15.1	12.8	10.9	9.2	8.8	7.2	10.3	9.3
Gross profit growth	5.4	8.2	14.0	15.5	14.2	11.7	9.9	9.2	11.1	11.0	9.8
Operating profit growth	(12.0)	3.3	15.4	24.4	29.5	20.8	13.9	12.7	9.0	17.8	14.0
EBITDA growth	(1.8)	6.0	12.9	17.9	18.9	15.9	11.8	10.8	9.3	13.9	11.7
Pretax profit growth	(12.0)	0.9	9.9	10.3	26.8	19.5	13.6	12.6	3.3	17.0	13.3
Net profit growth	(16.6)	(0.1)	9.1	7.6	30.1	19.5	13.6	12.6	1.1	17.6	13.3

Source: Company data, KGI Research estimates

Balance sheet

NTSmn	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
Total assets	425,874	457,747	495,817	533,668	575,842
Current assets	240,450	259,958	281,525	314,523	353,604
Cash & ST securities	63,572	92,620	110,026	128,640	150,901
Inventory	79,844	76,227	74,339	81,603	89,912
Accounts receivable	87,227	79,380	85,789	92,908	101,420
Other current assets	9,807	11,732	11,371	11,371	11,371
Non-current assets	185,423	197,788	214,292	219,145	222,238
LT investments	4,623	3,505	8,802	8,922	9,042
Net fixed assets	86,267	98,002	109,109	117,762	124,655
Other assets	94,534	96,282	96,381	92,461	88,541
Total liabilities	200,507	215,011	222,563	230,240	238,944
Current liabilities	125,013	126,085	130,708	138,384	147,088
Accounts payable	62,716	53,539	55,711	63,387	72,091
Interest bearing ST liabilities	2,119	5,875	7,456	7,456	7,456
Other current liabilities	60,179	66,671	67,541	67,541	67,541
Non-current liabilities	75,493	88,927	91,856	91,856	91,856
Long-term debt	44,337	51,420	53,864	53,864	53,864
Other L-T liabilities	28,853	34,951	35,437	35,437	35,437
Total equity	225,367	242,735	273,253	303,428	336,899
Share capital	25,975	25,975	25,975	25,975	25,975
Retained earnings reserve	65,907	83,904	92,631	107,008	131,004
Minority interests	38,578	43,572	50,835	58,189	66,521
Preferred shareholders funds	-	-	-	-	-

Key ratios

	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
Growth					
Revenue growth	22.2%	4.4%	7.2%	10.3%	9.3%
Operating profit growth	32.1%	(1.2%)	9.0%	17.8%	14.0%
EBITDA growth	24.4%	3.6%	9.3%	13.9%	11.7%
Net profit growth	21.9%	2.2%	1.1%	17.6%	13.3%
EPS growth	21.9%	2.2%	1.1%	17.6%	13.3%
Profitability					
Gross profit margin	28.8%	29.2%	30.3%	30.5%	30.6%
Operating margin	10.8%	10.2%	10.4%	11.1%	11.6%
EBITDA margin	15.7%	15.6%	15.9%	16.4%	16.8%
Net profit margin	8.5%	8.3%	7.9%	8.4%	8.7%
Return on average assets	8.3%	7.6%	7.1%	7.7%	8.1%
Return on average equity	19.1%	17.3%	16.0%	17.0%	17.5%
Stability					
Gross debt to equity	20.6%	23.6%	22.4%	20.2%	18.2%
Net debt to equity	Net cash	Net cash	Net cash	Net cash	Net cash
Interest coverage (x)	81.6	42.5	38.0	44.3	50.1
Interest & ST debt coverage (x)	0.9	0.9	0.8	0.9	0.9
Cash flow interest coverage(x)	81.4	60.7	46.0	48.2	53.1
Cash flow/int. & ST debt (x)	17.3	10.1	7.1	7.4	8.2
Current ratio (x)	1.9	2.1	2.2	2.3	2.4
Quick ratio (x)	1.3	1.5	1.6	1.7	1.8
Net debt (NT\$m)	(15,090)	(30,161)	(44,152)	(62,767)	(85,028)
Per share data					
EPS (NT\$)	12.58	12.86	13.00	15.29	17.32
CFPS (NT\$)	17.91	27.37	24.07	25.22	27.76
BVPS (NT\$)	71.91	76.67	85.63	94.41	104.09
Adj BVPS (NT\$)	71.91	76.67	85.63	94.41	104.09
SPS (NT\$)	148.00	154.46	165.54	182.56	199.58
EBITDA/share (NT\$)	23.24	24.08	26.32	29.97	33.48
Cash DPS (NT\$)	9.84	6.43	6.50	7.64	8.66
Activity					
Sales / avg assets	0.97	0.91	0.90	0.92	0.93
Days receivable	82.8	72.2	73.0	71.5	71.4
Days inventory	106.5	98.0	90.7	90.3	91.2
Days payable	83.6	68.8	68.0	70.2	73.1
Cash cycle	105.7	101.4	95.8	91.7	89.5

Source: Company data, KGI Research estimates

Profit & loss

NTSmn	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
Revenue	384,443	401,227	429,990	474,217	518,408
Cost of goods sold	(273,671)	(284,013)	(299,819)	(329,673)	(359,747)
Gross profit	110,773	117,213	130,171	144,544	158,661
Operating expenses	(69,334)	(76,263)	(85,526)	(91,957)	(98,725)
Operating profit	41,439	40,950	44,645	52,587	59,936
Non-operating income	4,001	6,519	6,084	6,600	7,080
Interest income	610	2,070	2,669	3,080	3,560
Investment income	323	222	114	120	120
Other non-op income	3,068	4,227	3,301	3,400	3,400
Non-operating expenses	626	1,173	(464)	(359)	(359)
Interest expense	(571)	(1,171)	(1,359)	(1,359)	(1,359)
Investment loss	-	-	(32)	-	-
Other non-op expenses	1,197	2,344	927	1,000	1,000
Pre-tax profit	46,065	48,642	50,264	58,828	66,657
Current taxation	(9,075)	(9,762)	(10,098)	(11,766)	(13,331)
Minorities	(4,325)	(5,488)	(6,391)	(7,354)	(8,332)
Extraordinary items	-	0	-	-	-
Net profit	32,666	33,393	33,775	39,709	44,993
EBITDA	60,375	62,540	68,360	77,854	86,963
EPS (NT\$)	12.58	12.86	13.00	15.29	17.32

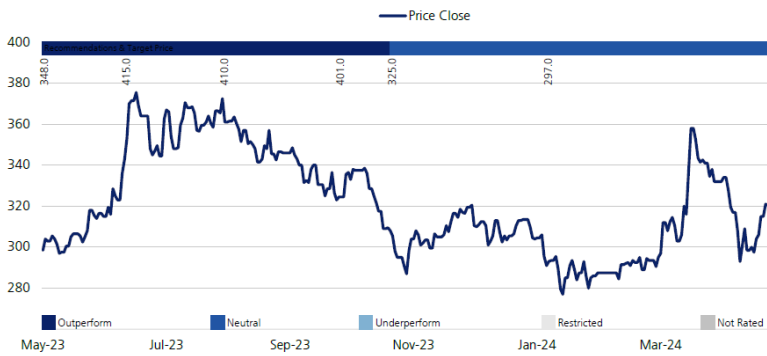
Cash flow

NTSmn	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
Operations cash flow	46,529	71,086	62,515	65,502	72,115
Net profit	32,666	33,393	33,775	39,709	44,993
Depreciation & amortisation	18,936	21,590	23,715	25,267	27,027
Decrease in working capital	(20,062)	2,466	(2,517)	(6,707)	(8,117)
Other operating cash flow	14,990	13,638	7,541	7,234	8,212
Investing cash flow	(24,719)	(33,502)	(34,789)	(30,000)	(30,000)
Sale of ST investment	218	213	-	-	-
New investments	-	89	1	-	-
Capital expenditure	(21,824)	(27,830)	(29,798)	(30,000)	(30,000)
Others investing cashflow	(3,113)	(5,974)	(4,992)	-	-
Free cash flow	6,409	24,945	23,082	26,710	32,939
Financing cash flow	(19,739)	(10,478)	(13,501)	(16,888)	(19,854)
Increase in short term debt	(2,321)	874	1,581	-	-
Increase in long term loans	421	9,452	2,443	-	-
New ordinary shares issued	-	-	-	-	-
Ordinary dividends paid	(15,026)	(27,455)	(16,702)	(16,888)	(19,854)
Other financing cashflow	(2,814)	6,651	(823)	(0)	(0)
Forex effects	9,621	(1,198)	3,791	-	-
Total cash generated	11,692	25,909	18,016	18,615	22,261

ROIC

	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
1 - COGS/revenue					
- Operating exp./revenue	18.0%	19.0%	19.9%	19.4%	19.0%
= Operating margin	10.8%	10.2%	10.4%	11.1%	11.6%
1 / (Working capital/revenue	0.1	0.1	0.1	0.1	0.1
+ Net PPE/revenue	0.2	0.2	0.3	0.2	0.2
+ Other assets/revenue)	0.0	0.0	0.0	0.0	0.0
= Capital turnover	2.7	2.7	2.7	2.7	2.7
Operating margin	10.8%	10.2%	10.4%	11.1%	11.6%
x Capital turnover	2.7	2.7	2.7	2.7	2.7
x (1 - tax rate)	80.3%	79.9%	79.9%	80.0%	80.0%
= After-tax ROIC	23.1%	21.9%	22.2%	23.9%	25.1%

Source: Company data, KGI Research estimates

Delta Electronics – Recommendation & target price history


Date	Rating	Target	Price
2024-03-01	Neutral	297.0	293.5
2024-01-10	Neutral	297.0	291.0
2023-10-24	Neutral	325.0	308.0
2023-09-28	Outperform	401.0	324.5
2023-08-01	Outperform	410.0	372.5
2023-06-13	Outperform	415.0	343.0
2023-04-28	Outperform	348.0	300.0
2023-03-17	Outperform	322.0	286.5
2023-02-23	Outperform	325.0	290.0
2023-02-07	Outperform	325.0	296.0

Source: TEI, KGI Research

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