

Delta Electronics (2308.TW/2308 TT)

4Q24F EPS likely to miss, but AI strength intact

FTSE4Good TIP Taiwan ESG Index stock

Outperform · Maintained

Price as of April 30 (NT\$)	333.5
12M target price (NT\$)	428.0
Previous target price (NT\$)	475.0
Revised down (%)	9.9
Upside (%)	28.3

Key message

1. 1Q25 earnings beat consensus on revenue strength and solid opex control.
2. Limited order visibility due to US tariffs, but strong AI server demand should fuel 2025F revenue growth of 18%.
3. We trim 2025-26F EPS by a respective 1% & 3%, for 26% & 19% YoY growth.

Trading data

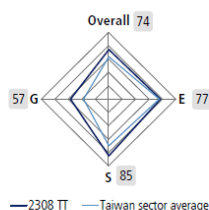
Mkt cap (NT\$bn/US\$mn)	866 / 26,743
Outstanding shares (mn)	2,598
Foreign ownership (mn)	1,684
3M avg. daily trading (mn)	6.94
52-week trading range (NT\$)	280.5 -437.5

Performance	3M	6M	12M
Absolute (%)	-23.8	-17.5	4.1
Relative (%)	-9.8	-6.2	4.9

Quarterly EPS

NT\$	1Q	2Q	3Q	4Q
2024	2.22A	3.83A	4.75A	2.76A
2025	3.94A	4.21F	4.66F	4.22F
2026	4.25F	4.96F	5.64F	5.35F

ESG score card



Source: TEJ

Event

Delta Electronics' 1Q25 EPS of NT\$3.94 beat consensus by 8%, as revenue edged up 4% QoQ on strong AI server power and liquid cooling shipments, while a more favorable sales mix and solid opex control led to operating margin of 11.8%, 0.8ppts ahead of consensus. Gross margin of 31.8% was hit by a 0.9ppt impact from inventory write-offs.

Impact

Limited order visibility on US tariffs. Delta states that it is capable of passing on US tariff costs to the majority of its customers, with the exception of its own-brand products (low single-digit exposure), and sees early pull-in for most segments, mitigating US tariff impacts (for passive components especially), while AI server demand has been robust. Nearterm demand for automation, however, is more uncertain as clients have turned cautious on capex investments due to US policy risks. We project 2Q25F revenue of NT\$124.5bn, up 5% QoQ, for operating margin of 12.6%, and EPS of NT\$4.21.

Fruitful power supply opportunities from the AI server boom. Revenue from liquid cooling system and BBU sales surged, to account for 6% and 2-3% of 1Q25 revenue, respectively, whereas server power sales represented 21%, and saw 40%+ YoY revenue growth. Management foresees booming business opportunities in the data center field, including potential PSU spec upgrades to 11-12kW for Nvidia's (US) GB300 platform, up from 5.5kW in the GB200, as well as the rising adoption of BBU, power racks, high-voltage DC (HVDC), DC-DC power modules and liquid-to-liquid cooling systems in the long run. We project Delta's data center revenue weighting to rise to 40% in 2025F, from 30% in 2024.

We trim 2025-26F EPS by a respective 1% & 3%. Lackluster EV demand was guided, and the mobility business stayed in the red in 1Q25. Tariff uncertainties could drag component demand in 2H25F, especially for smartphones, while the firm sees no signs of near-term improvement for the energy infrastructure segment. Our new financial assumptions include a lower opex ratio, and a higher tax rate due to a global minimum tax (GMT) by the OECD.

Valuation & Action

We maintain Outperform on Delta and lower our 12M target price to NT\$428, based on 23x 2025-26F average EPS (from 25x).

Risks

Macro headwinds.

Key financials and valuations

	Dec-23A	Dec-24A	Dec-25F	Dec-26F	Dec-27F
Revenue (NT\$mn)	401,227	421,148	498,866	558,281	630,076
Gross profit (NT\$mn)	117,213	136,580	162,245	183,848	207,392
Operating profit (NT\$mn)	40,950	47,652	62,576	74,334	85,380
Net profit (NT\$mn)	33,393	35,229	44,234	52,476	60,147
EPS (NT\$)	12.86	13.56	17.03	20.20	23.16
Cash DPS (NT\$)	6.43	7.00	8.51	10.10	11.58
EPS growth (%)	2.2	5.5	25.6	18.6	14.6
PE (x)	25.9	24.6	19.6	16.5	14.4
PB (x)	4.3	3.8	3.3	3.0	2.7
EV/EBITDA (x)	16.2	13.3	10.7	9.2	7.9
Net debt to equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Dividend yield (%)	1.9	2.1	2.6	3.0	3.5
Return on average equity (%)	17.3	16.4	18.0	19.0	19.5

Source: Company data; KGI Research estimates

Figure 1: Breakdown of 1Q25 results & 2Q25 forecast revisions vs. consensus

NT\$m	1Q25							2Q25F						
	Actual	KGI	Diff. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Revenue	118,919	111,973	6.2	4.1	30.3	111,827	6.3	124,473	122,443	1.7	4.7	20.3	120,003	3.7
Gross profit	37,788	34,795	8.6	7.5	40.2	35,208	7.3	40,819	39,290	3.9	8.0	15.6	39,063	4.5
Operating profit	14,036	11,280	24.4	31.2	89.8	12,349	13.7	15,675	14,312	9.5	11.7	19.4	15,150	3.5
Net income	10,231	9,051	13.0	42.5	77.5	9,436	8.4	10,926	10,891	0.3	6.8	9.8	11,412	(4.3)
EPS (NT\$)	3.94	3.48	13.0	42.5	77.5	3.65	7.8	4.21	4.19	0.3	6.8	9.8	4.37	(3.7)
Gross margin (%)	31.8	31.1	0.7 ppts	1.0 ppts	2.3 ppts	31.5	0.3 ppts	32.8	32.1	0.7 ppts	1.0 ppts	(1.3) ppts	32.6	0.2 ppts
Op. margin (%)	11.8	10.1	1.7 ppts	2.4 ppts	3.7 ppts	11.0	0.8 ppts	12.6	11.7	0.9 ppts	0.8 ppts	(0.1) ppts	12.6	(0.0) ppts
Net margin (%)	8.6	8.1	0.5 ppts	2.3 ppts	2.3 ppts	8.4	0.2 ppts	8.8	8.9	(0.1) ppts	0.2 ppts	(0.8) ppts	9.5	(0.7) ppts

Source: Bloomberg; KGI Research

Figure 2: Breakdown of 2025 & 2026 forecast revisions vs. consensus

NT\$m	2025F						2026F					
	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Revenue	498,866	494,073	1.0	18.5	490,780	1.6	558,281	559,666	(0.2)	11.9	549,688	1.6
Gross profit	162,245	159,521	1.7	18.8	159,057	2.0	183,848	184,643	(0.4)	13.3	178,830	2.8
Operating profit	62,576	59,811	4.6	31.3	60,414	3.6	74,334	74,102	0.3	18.8	72,241	2.9
Net income	44,234	44,767	(1.2)	25.6	46,103	(4.1)	52,476	53,849	(2.6)	18.6	54,355	(3.5)
EPS (NT\$)	17.03	17.23	(1.2)	25.6	17.76	(4.1)	20.20	20.73	(2.6)	18.6	21.03	(3.9)
Gross margin (%)	32.5	32.3	0.2 ppts	0.1 ppts	32.4	0.1 ppts	32.9	33.0	(0.1) ppts	0.4 ppts	32.5	0.4 ppts
Op. margin (%)	12.5	12.1	0.4 ppts	1.2 ppts	12.3	0.2 ppts	13.3	13.2	0.1 ppts	0.8 ppts	13.1	0.2 ppts
Net margin (%)	8.9	9.1	(0.2) ppts	0.5 ppts	9.4	(0.5) ppts	9.4	9.6	(0.2) ppts	0.5 ppts	9.9	(0.5) ppts

Source: Bloomberg; KGI Research

Figure 3: Delta Electronics – Business structure

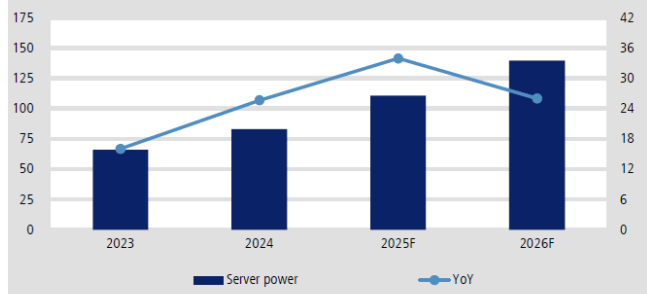
Segment	1Q25 revenue weighting (%)	Business group	2024 revenue growth (%)	2025F revenue growth (%)	2025F revenue weighting (%)	Products
Power electronics	50	Power supply (PSBG)	6	22	34	DT power, NB power, server power, home appliance power, game console power, offline UPS, printer power, and other; medical device power, industrial power module
		Component (CPBG)	29	8	10	Passive component (Cyntec), optical transceiver
		Fan & thermal (FMBG)	6	13	9	Cooling fan, thermal module
Mobility	9	Electric vehicle solution (EVSBG)	-1	0	9	On-board charger, DC/DC converter, traction motor, traction inverter
Automation	12	Industrial automation (IABG)	0	6	7	Industrial automation (Servo motor, AC motor drive, PLC, CNC control, HMI, robot arms)
		Building automation (BABG)	-11	4	4	Building automation solution, LED lighting fixture, surveillance camera, controller
Infrastructure	29	Information & communication technology (ICTBG)	9	52	25	Telecom power, data center solutions, networking
		Energy infrastructure system (EISBG)	-21	-29	3	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 1Q21

Source: Company data; KGI Research

Figure 4: We project a server power supply revenue CAGR of 30% in 2024-26F, thanks to AI proliferation

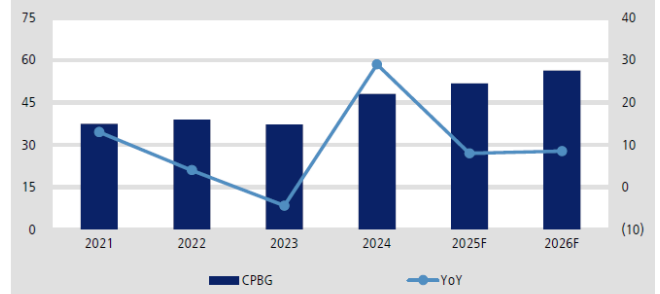
Revenue, NT\$bn (LHS); YoY, percent (RHS)



Source: Company data; KGI Research

Figure 5: We project CPBG revenue growth of 8% in 2025F

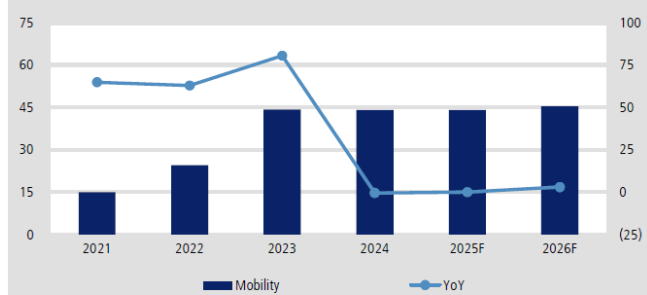
Revenue, NT\$bn (LHS); YoY, percent (RHS)



Source: Company data; KGI Research

Figure 6: We forecast 2025F mobility revenue to be flat YoY

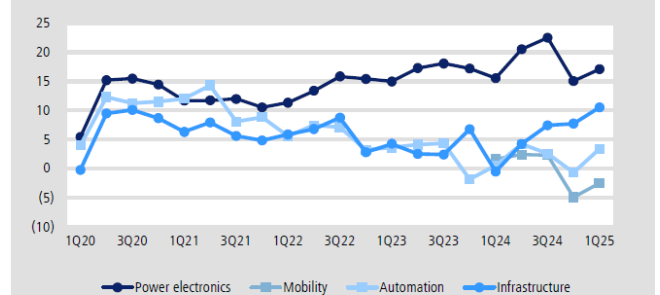
Revenue, NT\$bn (LHS); YoY, percent (RHS)



Source: Company data; KGI Research

Figure 7: Strength in AI server power supply demand creating a more desirable product mix

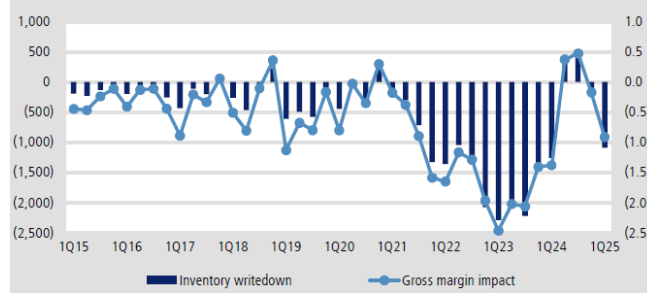
Operating margin by segment, percent



Source: Company data; KGI Research

Figure 8: A negative 0.9ppt gross margin impact on inventory write-downs in 1Q25

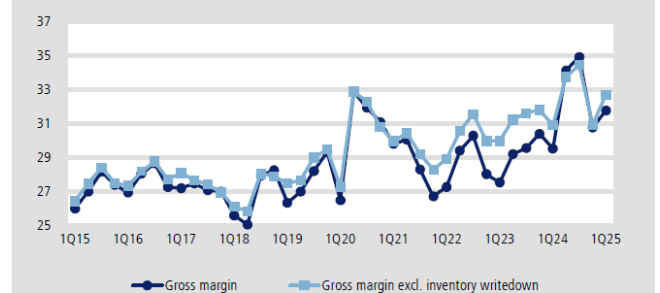
Inventory write-downs, NT\$mn (LHS); gross margin impact, ppt (RHS)



Source: Company data; KGI Research

Figure 9: Gross margin increased by 1.8ppts QoQ in 1Q25, excluding impacts of inventory write-offs

Gross margin, percent

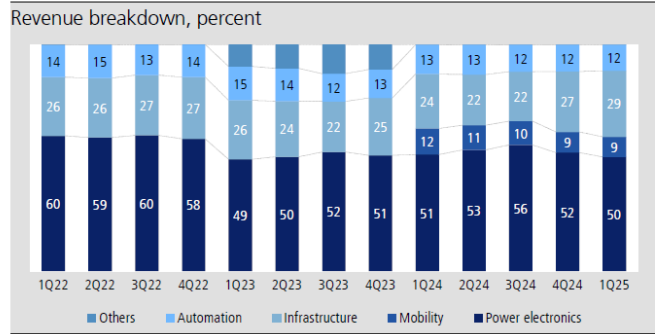


Source: Company data; KGI Research

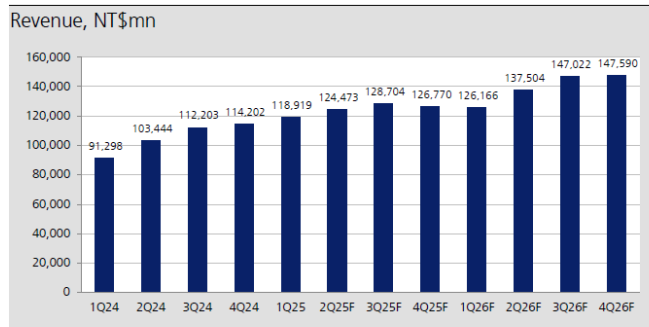
Figure 10: Company profile

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 50%, 9%, 12% and 29% of 1Q25 revenue.

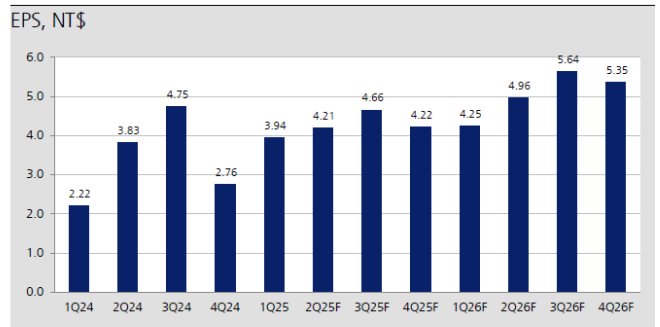
Source: KGI Research

Figure 11: Revenue mix


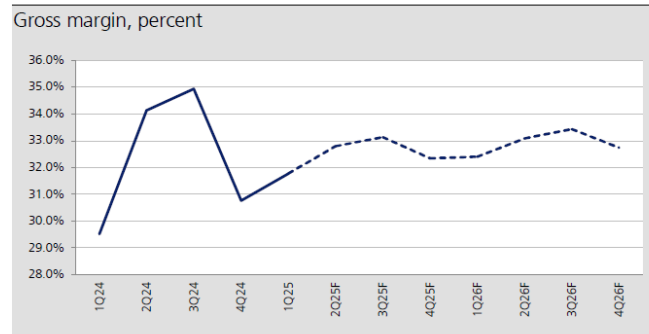
Source: KGI Research

Figure 12: Revenue


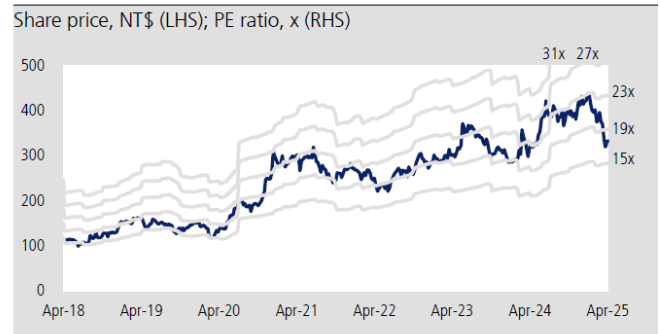
Source: KGI Research

Figure 13: EPS


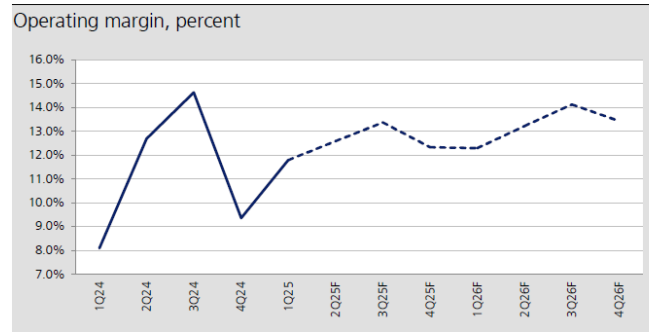
Source: KGI Research

Figure 14: Gross margin


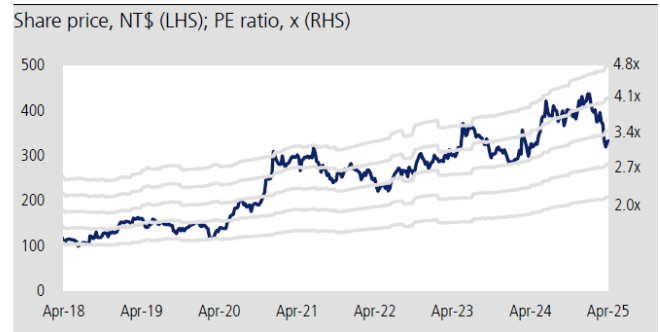
Source: KGI Research

Figure 15: 12M forward PE band


Source: KGI Research

Figure 16: Operating margin


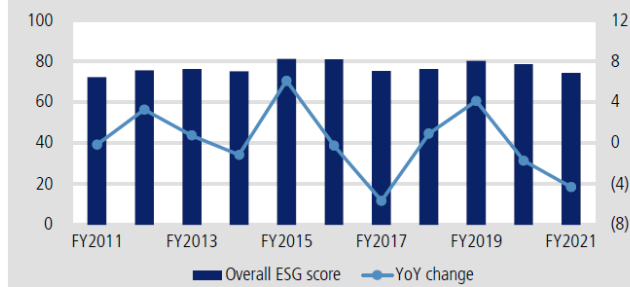
Source: KGI Research

Figure 17: 12M forward PB band


Source: KGI Research

Figure 18: Overall ESG score

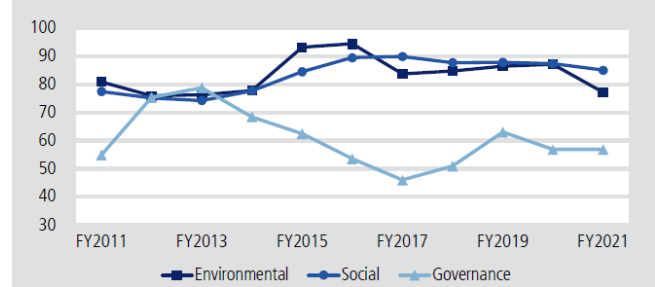
Overall ESG score, points (LHS); YoY change, points (RHS)



Source: Refinitiv; KGI Research; Company data

Figure 19: ESG score by category

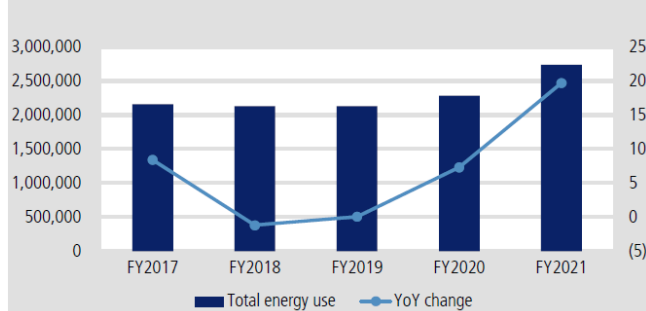
ESG score, points



Source: Refinitiv; KGI Research; Company data

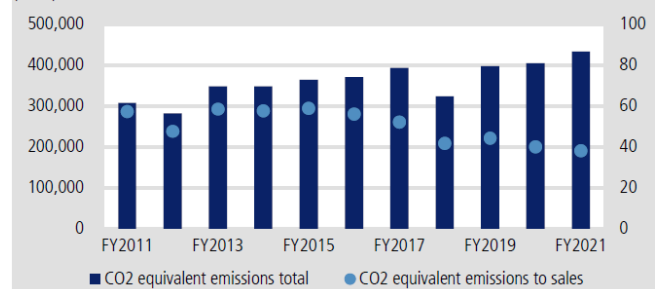
Figure 20: Energy use

Energy use, gigajoules (LHS); YoY change, percent (RHS)



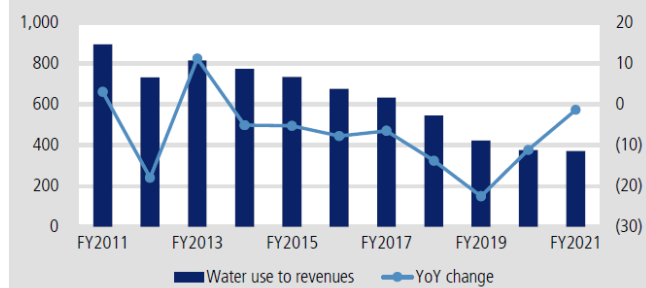
Source: Refinitiv; KGI Research; Company data

Figure 21: CO₂ equivalent emissions

CO₂ equivalent emissions, mt (LHS); emissions to revenue, mt/ US\$m (RHS)


Source: Refinitiv; KGI Research; Company data

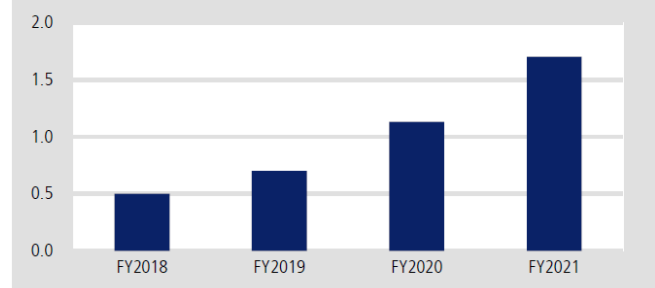
Figure 22: Water use to revenue

Water use to revenue, m³/ US\$m (LHS); YoY change, percent (RHS)


Source: Refinitiv; KGI Research; Company data

Figure 23: Employee turnover

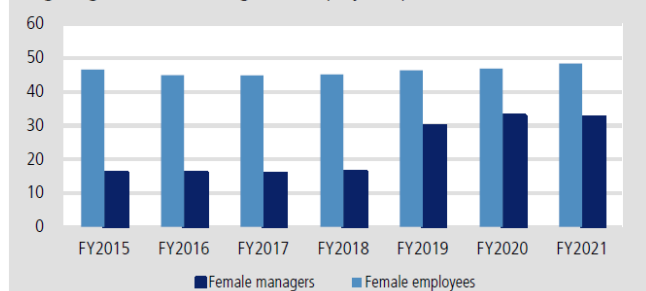
Employee turnover, percent



Source: Refinitiv; KGI Research; Company data

Figure 24: Gender diversification

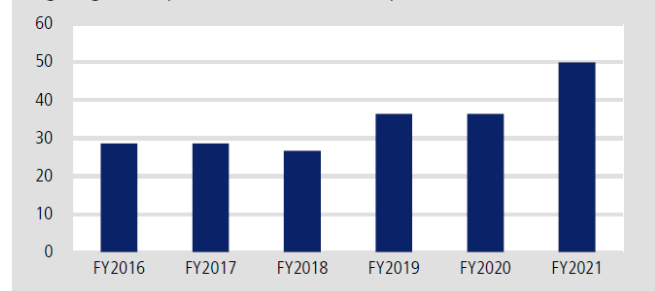
Weighting of female managers & employees, percent



Source: Refinitiv; KGI Research; Company data

Figure 25: Independent board members

Weighting of independent board members, percent



Source: Refinitiv; KGI Research; Company data

ESG chart definition

Item	Definition	Remarks
Energy use	<p>Total direct and indirect energy consumption in gigajoules.</p> <ul style="list-style-type: none"> - 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	<p>Total primary renewable energy purchased in gigajoules.</p> <ul style="list-style-type: none"> - 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	<p>Direct CO2 and CO2 equivalent emissions in metric tons.</p> <ul style="list-style-type: none"> - 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	<p>Direct CO2 and CO2 equivalent emissions (metric tons) to sales (NT\$mn)</p> <ul style="list-style-type: none"> - 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	<p>Total amount of waste produced in metric tons.</p> <ul style="list-style-type: none"> - 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	<p>The waste recycling ratio as reported by the company.</p> <ul style="list-style-type: none"> - 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	<p>Total water withdrawal in cubic meters.</p> <ul style="list-style-type: none"> - 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	<p>Total amount of environmental expenditures.</p> <ul style="list-style-type: none"> - 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	<p>Percentage of employee turnover.</p> <ul style="list-style-type: none"> - 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	<p>Percentage of women managers.</p> <ul style="list-style-type: none"> - 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	<p>Percentage of women employees.</p> <ul style="list-style-type: none"> - 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	<p>Total training hours performed by all employees.</p> <ul style="list-style-type: none"> - 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, Company data, KGI Research

Income statement

	Quarterly								Annually		
	Mar-25A	Jun-25F	Sep-25F	Dec-25F	Mar-26F	Jun-26F	Sep-26F	Dec-26F	Dec-25F	Dec-26F	Dec-27F
Income statement (NT\$m)											
Revenue	118,919	124,473	128,704	126,770	126,166	137,504	147,022	147,590	498,866	558,281	630,076
Cost of goods sold	(81,131)	(83,654)	(86,063)	(85,773)	(85,285)	(92,016)	(97,866)	(99,266)	(336,621)	(374,433)	(422,684)
Gross profit	37,788	40,819	42,641	40,997	40,881	45,488	49,155	48,324	162,245	183,848	207,392
Operating expenses	(23,752)	(25,144)	(25,419)	(25,354)	(25,359)	(27,295)	(28,375)	(28,485)	(99,669)	(109,514)	(122,013)
Operating profit	14,036	15,675	17,222	15,643	15,521	18,193	20,780	19,839	62,576	74,334	85,380
Depreciation of fixed assets	(5,820)	(5,937)	(6,055)	(6,177)	(6,300)	(6,426)	(6,555)	(6,686)	(23,989)	(25,967)	(28,107)
Amortisation of intangible assets	(1,013)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(4,013)	(4,000)	(4,000)
EBITDA	20,869	22,612	24,277	22,819	22,822	25,620	28,335	27,524	90,577	104,300	117,487
Interest income	824	902	854	838	919	969	963	984	3,418	3,835	4,460
Investment income	93	110	230	30	35	120	260	35	463	450	490
Other non-op income	1,106	825	825	825	850	850	850	850	3,581	3,400	3,400
Non-operating income	2,022	1,837	1,909	1,693	1,804	1,939	2,073	1,869	7,462	7,685	8,350
Interest expense	(511)	(511)	(485)	(461)	(461)	(461)	(461)	(461)	(1,967)	(1,843)	(1,843)
Investment loss	-	(20)	(20)	(20)	(15)	(15)	(15)	(15)	(60)	(60)	(60)
Other non-op expenses	115	(300)	(150)	(100)	-	-	-	-	(435)	-	-
Non-operating expenses	(395)	(831)	(655)	(581)	(476)	(476)	(476)	(476)	(2,462)	(1,903)	(1,903)
Pre-tax profit	15,663	16,682	18,476	16,755	16,849	19,656	22,378	21,232	67,576	80,116	91,827
Current taxation	(3,620)	(3,753)	(4,157)	(3,770)	(3,791)	(4,423)	(5,035)	(4,777)	(15,300)	(18,026)	(20,661)
Minorities	(1,812)	(2,002)	(2,217)	(2,011)	(2,022)	(2,359)	(2,685)	(2,548)	(8,042)	(9,614)	(11,019)
Normalised net profit	10,231	10,926	12,102	10,975	11,036	12,875	14,657	13,907	44,234	52,476	60,147
Extraordinary items	(0)	-	-	-	-	-	-	-	-	-	-
Net profit	10,231	10,926	12,102	10,975	11,036	12,875	14,657	13,907	44,234	52,476	60,147
EPS (NT\$)	3.94	4.21	4.66	4.22	4.25	4.96	5.64	5.35	17.03	20.20	23.16
Margins (%)											
Gross profit margin	31.8	32.8	33.1	32.3	32.4	33.1	33.4	32.7	32.5	32.9	32.9
Operating margin	11.8	12.6	13.4	12.3	12.3	13.2	14.1	13.4	12.5	13.3	13.6
EBITDA margin	17.5	18.2	18.9	18.0	18.1	18.6	19.3	18.6	18.2	18.7	18.6
Pretax profit margin	13.2	13.4	14.4	13.2	13.4	14.3	15.2	14.4	13.5	14.4	14.6
Net profit margin	8.6	8.8	9.4	8.7	8.7	9.4	10.0	9.4	8.9	9.4	9.5
Sequential growth (%)											
Revenue growth	4.1	4.7	3.4	(1.5)	(0.5)	9.0	6.9	0.4			
Gross profit growth	7.5	8.0	4.5	(3.9)	(0.3)	11.3	8.1	(1.7)			
Operating profit growth	31.2	11.7	9.9	(9.2)	(0.8)	17.2	14.2	(4.5)			
EBITDA growth	19.9	8.4	7.4	(6.0)	0.0	12.3	10.6	(2.9)			
Pretax profit growth	59.2	6.5	10.8	(9.3)	0.6	16.7	13.8	(5.1)			
Net profit growth	42.5	6.8	10.8	(9.3)	0.6	16.7	13.8	(5.1)			
YoY growth (%)											
Revenue growth	30.3	20.3	14.7	11.0	6.1	10.5	14.2	16.4	18.5	11.9	12.9
Gross profit growth	40.2	15.6	8.8	16.7	8.2	11.4	15.3	17.9	18.8	13.3	12.8
Operating profit growth	89.8	19.4	4.9	46.2	10.6	16.1	20.7	26.8	31.3	18.8	14.9
EBITDA growth	57.7	16.7	7.2	31.1	9.4	13.3	16.7	20.6	24.6	15.2	12.6
Pretax profit growth	78.7	10.9	4.5	70.3	7.6	17.8	21.1	26.7	31.7	18.6	14.6
Net profit growth	77.5	9.8	(1.9)	52.9	7.9	17.8	21.1	26.7	25.6	18.6	14.6

Source: Company data; KGI Research estimates

Balance sheet

NT\$m	Dec-23A	Dec-24A	Dec-25F	Dec-26F	Dec-27F
Total assets	457,747	531,898	592,544	640,181	691,459
Current assets	259,958	310,925	360,857	406,011	456,906
Cash & ST securities	92,620	121,793	159,801	184,620	216,282
Inventory	76,227	83,856	86,865	94,320	101,200
Accounts receivable	79,380	89,921	99,245	112,125	124,478
Other current assets	11,732	15,355	14,946	14,946	14,946
Non-current assets	197,788	220,973	231,686	234,170	234,553
LT investments	3,505	8,503	4,713	5,163	5,653
Net fixed assets	98,002	115,710	125,636	131,669	135,562
Other assets	96,281	96,760	101,338	97,338	93,338
Total liabilities	215,011	252,332	271,024	278,689	285,039
Current liabilities	126,085	152,283	161,852	169,517	175,867
Accounts payable	53,539	69,223	71,735	79,399	85,750
Interest bearing ST liabilities	5,875	8,121	12,734	12,734	12,734
Other current liabilities	66,671	74,939	77,383	77,383	77,383
Non-current liabilities	88,927	100,049	109,172	109,172	109,172
Long-term debt	51,420	56,309	64,282	64,282	64,282
Other L-T liabilities	34,951	41,523	42,310	42,310	42,310
Total equity	242,735	279,565	321,519	361,492	406,420
Share capital	25,975	25,975	25,975	25,975	25,975
Retained earnings reserve	83,904	98,433	115,665	144,881	177,823
Minority interests	43,572	49,478	60,730	70,343	81,363
Preferred shareholders funds	-	-	-	-	-

Key ratios

	Dec-23A	Dec-24A	Dec-25F	Dec-26F	Dec-27F
Growth					
Revenue growth	4.4%	5.0%	18.5%	11.9%	12.9%
Operating profit growth	(1.2%)	16.4%	31.3%	18.8%	14.9%
EBITDA growth	3.6%	16.2%	24.6%	15.2%	12.6%
Net profit growth	2.2%	5.5%	25.6%	18.6%	14.6%
EPS growth	2.2%	5.5%	25.6%	18.6%	14.6%
Profitability					
Gross profit margin	29.2%	32.4%	32.5%	32.9%	32.9%
Operating margin	10.2%	11.3%	12.5%	13.3%	13.6%
EBITDA margin	15.6%	17.3%	18.2%	18.7%	18.6%
Net profit margin	8.3%	8.4%	8.9%	9.4%	9.5%
Return on average assets	7.6%	7.1%	7.9%	8.5%	9.0%
Return on average equity	17.3%	16.4%	18.0%	19.0%	19.5%
Stability					
Gross debt to equity	23.6%	23.0%	24.0%	21.3%	18.9%
Net debt to equity	Net cash	Net cash	Net cash	Net cash	Net cash
Interest coverage (x)	42.5	34.2	35.4	44.5	50.8
Interest & ST debt coverage (x)	0.9	0.8	0.8	0.8	0.9
Cash flow interest coverage(x)	60.7	47.1	37.6	42.8	48.8
Cash flow/int. & ST debt (x)	10.1	7.5	5.0	5.4	6.2
Current ratio (x)	2.1	2.0	2.2	2.4	2.6
Quick ratio (x)	1.5	1.5	1.7	1.8	2.0
Net debt (NT\$m)	(30,161)	(53,029)	(78,683)	(103,502)	(135,165)
Per share data					
EPS (NT\$)	12.86	13.56	17.03	20.20	23.16
CFPS (NT\$)	27.37	28.06	28.43	30.39	34.61
BVPS (NT\$)	76.67	88.58	100.40	112.09	125.14
Adj BVPS (NT\$)	76.67	88.58	100.40	112.09	125.14
SPS (NT\$)	154.46	162.13	192.05	214.93	242.57
EBITDA/share (NT\$)	24.08	27.98	34.87	40.15	45.23
Cash DPS (NT\$)	6.43	7.00	8.51	10.10	11.58
Activity					
Sales / avg assets	0.91	0.85	0.89	0.91	0.95
Days receivable	72.2	78.1	72.6	73.3	72.1
Days inventory	98.0	107.9	94.2	91.9	87.4
Days payable	68.8	89.0	77.8	77.4	74.0
Cash cycle	101.4	97.0	89.0	87.9	85.5

Source: Company data; KGI Research estimates

Profit & loss

NT\$m	Dec-23A	Dec-24A	Dec-25F	Dec-26F	Dec-27F
Revenue	401,227	421,148	498,866	558,281	630,076
Cost of goods sold	(284,013)	(284,567)	(336,621)	(374,433)	(422,684)
Gross profit	117,213	136,580	162,245	183,848	207,392
Operating expenses	(76,263)	(88,928)	(99,669)	(109,514)	(122,013)
Operating profit	40,950	47,652	62,576	74,334	85,380
Non-operating income	6,519	8,163	7,462	7,685	8,350
Interest income	2,070	3,407	3,418	3,835	4,460
Investment income	222	438	463	450	490
Other non-op income	4,227	4,319	3,581	3,400	3,400
Non-operating expenses	1,173	(4,499)	(2,462)	(1,903)	(1,903)
Interest expense	(1,171)	(1,547)	(1,967)	(1,843)	(1,843)
Investment loss	-	(73)	(60)	(60)	(60)
Other non-op expenses	2,344	(2,879)	(435)	-	-
Pre-tax profit	48,642	51,316	67,576	80,116	91,827
Current taxation	(9,762)	(10,925)	(15,300)	(18,026)	(20,661)
Minorities	(5,488)	(5,163)	(8,042)	(9,614)	(11,019)
Extraordinary items	-	0	-	-	-
Net profit	33,393	35,229	44,234	52,476	60,147
EBITDA	62,540	72,668	90,577	104,300	117,487
EPS (NT\$)	12.86	13.56	17.03	20.20	23.16

Cash flow

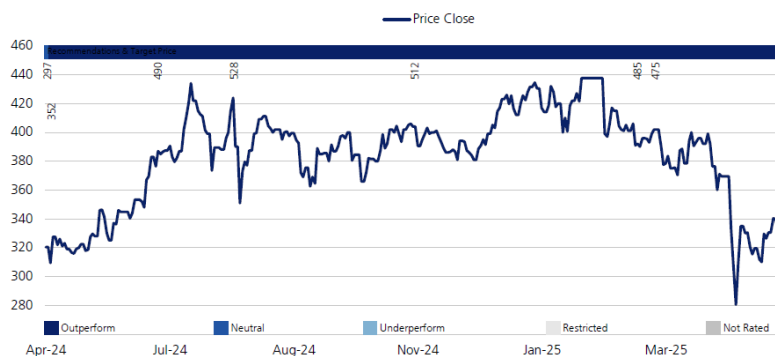
NT\$m	Dec-23A	Dec-24A	Dec-25F	Dec-26F	Dec-27F
Operations cash flow	71,086	72,895	73,858	78,936	89,900
Net profit	33,393	35,229	44,234	52,476	60,147
Depreciation & amortisation	21,590	25,016	28,002	29,967	32,107
Decrease in working capital	2,466	(2,538)	(9,882)	(12,670)	(12,882)
Other operating cash flow	13,638	15,188	11,504	9,164	10,529
Investing cash flow	(33,502)	(40,360)	(35,843)	(32,000)	(32,000)
Sale of ST investment	213	(334)	-	-	-
New investments	89	(213)	-	-	-
Capital expenditure	(27,830)	(33,430)	(32,233)	(32,000)	(32,000)
Others investing cashflow	(5,974)	(6,383)	(3,611)	-	-
Free cash flow	24,945	22,634	30,282	38,905	49,394
Financing cash flow	(10,478)	(11,118)	(3,544)	(22,117)	(26,238)
Increase in short term debt	874	(1,417)	(400)	-	-
Increase in long term loans	9,452	8,552	12,987	-	-
New ordinary shares issued	-	-	-	-	-
Ordinary dividends paid	(27,455)	(16,702)	(18,183)	(22,117)	(26,238)
Other financing cashflow	6,651	(1,550)	2,052	-	-
Forex effects	(1,198)	8,586	3,770	-	-
Total cash generated	25,909	30,003	38,240	24,819	31,663

ROIC

	Dec-23A	Dec-24A	Dec-25F	Dec-26F	Dec-27F
1 - COGS/revenue	19.0%	21.1%	20.0%	19.6%	19.4%
- Operating exp./revenue	10.2%	11.3%	12.5%	13.3%	13.6%
= Operating margin	10.2%	11.3%	12.5%	13.3%	13.6%
1 / (Working capital/revenue	0.1	0.1	0.1	0.1	0.1
+ Net PPE/revenue	0.2	0.3	0.3	0.2	0.2
+ Other assets/revenue)	0.0	0.0	0.0	0.0	0.0
= Capital turnover	2.7	2.6	2.7	2.7	2.8
Operating margin	10.2%	11.3%	12.5%	13.3%	13.6%
x Capital turnover	2.7	2.6	2.7	2.7	2.8
x (1 - tax rate)	79.9%	78.7%	77.4%	77.5%	77.5%
= After-tax ROIC	21.9%	22.7%	25.9%	28.0%	29.8%

Source: Company data; KGI Research estimates

Delta Electronics – Recommendation & target price history



Date	Rating	Target	Price
2025-02-27	Outperform	475	402
2025-02-18	Outperform	485	391
2024-10-30	Outperform	512	404
2024-08-01	Outperform	528	424
2024-06-24	Outperform	490	377
2024-05-02	Outperform	352	310
2024-03-01	Neutral	297	294
2024-01-10	Neutral	297	291
2023-10-24	Neutral	325	308
2023-09-28	Outperform	401	325

Source: TEJ; KGI Research

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