

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 February 18 (NT\$)	391.0
12M target price (NT\$)	485.0
Previous target price (NT\$)	512
Revised down (%)	5.3
Upside (%)	24.0

Key message

1. 4Q24 earnings likely a miss due to a gross margin shortfall.
2. We forecast an AI server sales weighting of 13-14% in 2025F, boosting revenue growth of 16% YoY.
3. We trim 2025F EPS by 5% to NT\$17.97, up 26% YoY.

Trading data

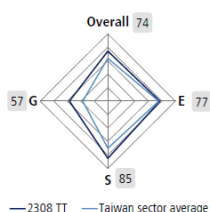
Mkt cap (NT\$bn/US\$mn)	1,016 / 31,012
Outstanding shares (mn)	2,598
Foreign ownership (mn)	1,729
3M avg. daily trading (mn)	4.98
52-week trading range (NT\$)	289.0 -437.5

Performance	3M	6M	12M
Absolute (%)	1.2	-4.9	34.1
Relative (%)	-3.8	-10.8	6.9

Quarterly EPS

NT\$	1Q	2Q	3Q	4Q
2023	2.66A	3.14A	3.60A	3.45A
2024	2.22A	3.83A	4.75A	3.46F
2025	3.51F	4.33F	5.16F	4.97F

ESG score card



Source: TEJ

Event

Delta Electronics Thailand (DET) reported lackluster 4Q24 net earnings of Bt2.16bn, down 64% QoQ, as gross margin dipped 5.1ppts QoQ to 22.5%, indicating that Delta Electronics' 4Q24 earnings could miss as well.

Impact

Headwinds in 4Q24F. DET's 4Q24 earnings miss was attributable to rising material costs, data center product rebates, defective goods provisions and auto weakness (low UTR and inventory write-offs). Delta's 4Q24 revenue came in at NT\$114.2bn (DET accounted for 35%), up 2% QoQ but below our estimate by 2%, on delays in AI server PSU and liquid cooling shipments, which could also lead to an unfavorable product mix. We trim Delta's 4Q24F gross margin to 31.5%, and accordingly lower 2024F EPS by 8% to NT\$14.26.

AI-powered 2025F revenue growth on track. We expect 1Q25F revenue to outperform normal seasonality thanks to increased liquid cooling shipments, which represented more than 5% of January revenue, up from 1% in 4Q24. We raise our 2025F liquid cooling sales weighting from 3% to 4-5%, and expect a ramp of Nvidia (US) GB200 rack assemblies by ODMs to drive AC-DC AI server PSU sales throughout the year. More deployment of ASIC servers could provide upside to DC-DC power module sales. We project AI server sales weighting of 13-14% in 2025F, up from 6% in 2024F, boosting 2025F revenue growth to 16% YoY, despite prolonged weakness in other sectors, particularly mobility.

2025F EPS trimmed by 5%. DET guides a higher tax rate (only 4% in 2024) going forward, due to the implementation of a global minimum tax (GMT) by the OECD, which would be partially offset by the effect of less minority income appearing on Delta's financials. We trim 2025F gross margin by 1.0ppt, but expect revenue growth to outpace opex growth of 11%.

Valuation & Action

We maintain Outperform and lower our 12M target price to NT\$485, based on 27x 2025F EPS (target PE unchanged). We think short-term share price volatility on a likely earnings miss will provide good entry point, as Delta's high value proposition in the AI server supply chain has not changed. The firm will announce its 4Q24 results on February 26, with an analyst meeting held the following day.

Risks

Macro headwinds; AI server supply chain constraints.

Key financials and valuations

	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
Revenue (NT\$mn)	384,443	401,227	421,148	488,597	548,068
Gross profit (NT\$mn)	110,773	117,213	137,429	164,068	183,454
Operating profit (NT\$mn)	41,439	40,950	48,610	65,832	76,890
Net profit (NT\$mn)	32,666	33,393	37,050	46,667	54,260
EPS (NT\$)	12.58	12.86	14.26	17.97	20.89
Cash DPS (NT\$)	9.84	6.43	7.13	8.98	10.44
EPS growth (%)	21.9	2.2	11.0	26.0	16.3
PE (x)	31.1	30.4	27.4	21.8	18.7
PB (x)	5.4	5.1	4.5	4.0	3.5
EV/EBITDA (x)	19.6	19.0	16.0	12.5	10.9
Net debt to equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Dividend yield (%)	2.5	1.6	1.8	2.3	2.7
Return on average equity (%)	19.1	17.3	17.4	19.3	20.0

Source: Company data; KGI Research estimates

Figure 1: Breakdown of 4Q24 & 1Q25 forecast revisions vs. consensus

NT\$m	4Q24F							1Q25F						
	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Revenue	114,202	116,406	(1.9)	1.8	14.2	115,469	(1.1)	110,416	105,683	4.5	(3.3)	20.9	106,910	3.3
Gross profit	35,985	40,287	(10.7)	(8.2)	18.4	38,452	(6.4)	35,669	35,780	(0.3)	(0.9)	32.4	34,780	2.6
Operating profit	11,660	17,006	(31.4)	(29.0)	12.5	15,265	(23.6)	12,592	13,376	(5.9)	8.0	70.3	12,807	(1.7)
Net income	8,999	12,359	(27.2)	(27.1)	0.3	11,548	(22.1)	9,115	9,621	(5.3)	1.3	58.1	9,758	(6.6)
EPS (NT\$)	3.46	4.76	(27.2)	(27.1)	0.3	4.39	(21.0)	3.51	3.70	(5.3)	1.3	58.1	3.75	(6.3)
Gross margin (%)	31.5	34.6	(3.1) ppts	(3.4) ppts	1.1 ppts	33.3	(1.8) ppts	32.3	33.9	(1.6) ppts	0.8 ppts	2.8 ppts	32.5	(0.2) ppts
Op. margin (%)	10.2	14.6	(4.4) ppts	(4.4) ppts	(0.2) ppts	13.2	(3.0) ppts	11.4	12.7	(1.3) ppts	1.2 ppts	3.3 ppts	12.0	(0.6) ppts
Net margin (%)	7.9	10.6	(2.7) ppts	(3.1) ppts	(1.1) ppts	10.0	(2.1) ppts	8.3	9.1	(0.8) ppts	0.4 ppts	1.9 ppts	9.1	(0.9) 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	421,148	423,351	(0.5)	5.0	422,777	(0.4)	488,597	483,921	1.0	16.0	485,018	0.7
Gross profit	137,429	141,731	(3.0)	17.2	139,884	(1.8)	164,068	167,428	(2.0)	19.4	160,953	1.9
Operating profit	48,610	53,957	(9.9)	18.7	52,322	(7.1)	65,832	69,934	(5.9)	35.4	64,545	2.0
Net income	37,050	40,410	(8.3)	11.0	39,905	(7.2)	46,667	49,282	(5.3)	26.0	48,894	(4.6)
EPS (NT\$)	14.26	15.56	(8.3)	11.0	15.15	(5.8)	17.97	18.97	(5.3)	26.0	18.69	(3.9)
Gross margin (%)	32.6	33.5	(0.8) ppts	3.4 ppts	33.1	(0.5) ppts	33.6	34.6	(1.0) ppts	0.9 ppts	33.2	0.4 ppts
Op. margin (%)	11.5	12.7	(1.2) ppts	1.3 ppts	12.4	(0.8) ppts	13.5	14.5	(1.0) ppts	1.9 ppts	13.3	0.2 ppts
Net margin (%)	8.8	9.5	(0.7) ppts	0.5 ppts	9.4	(0.6) ppts	9.6	10.2	(0.6) ppts	0.8 ppts	10.1	(0.5) ppts

Source: Bloomberg; KGI Research

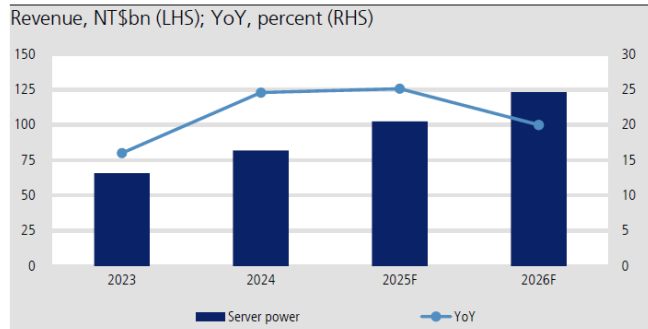
Figure 3: Delta Electronics – Business structure

Segment	4Q24 revenue weighting (%)	Business group	2024 revenue growth (%)	2025F revenue growth (%)	2025F revenue weighting (%)	Products
Power electronics	52	Power supply (PSBG)	6	17	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)	29	10	11	Passive component (Cyntec), optical transceiver
		Fan & thermal (FMBG)	6	14	9	Cooling fan, thermal module
Mobility	9	Electric vehicle solution (EVSBG)	0	2	9	On-board charger, DC/DC converter, traction motor, traction inverter
Automation	12	Industrial automation (IABG)	0	7	8	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	27	Information & communication technology (ICTBG)	8	37	23	Telecom power, data center solutions, networking
		Energy infrastructure system (EISBG)	-20	1	4	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

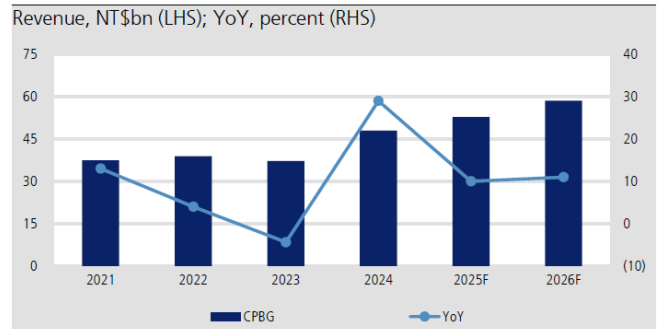
Source: Company data; KGI Research

Figure 4: We project a server power supply revenue CAGR of 23% in 2024-26F, thanks to AI proliferation



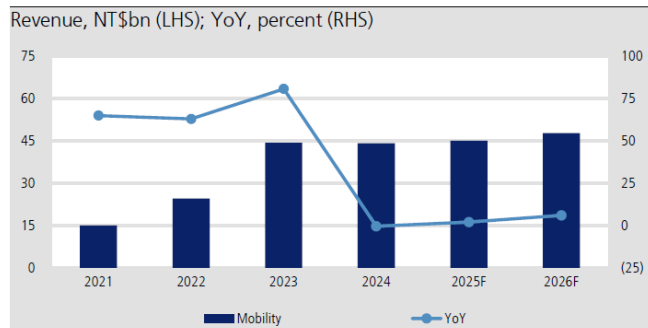
Source: Company data; KGI Research

Figure 5: We project CPBG revenue growth of 10% in 2025F



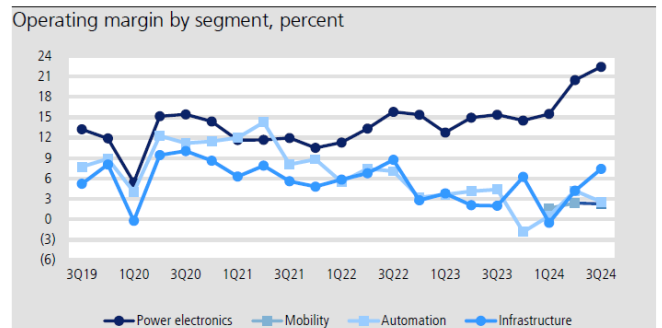
Source: Company data; KGI Research

Figure 6: We trim mobility revenue growth in 2025F to 2%



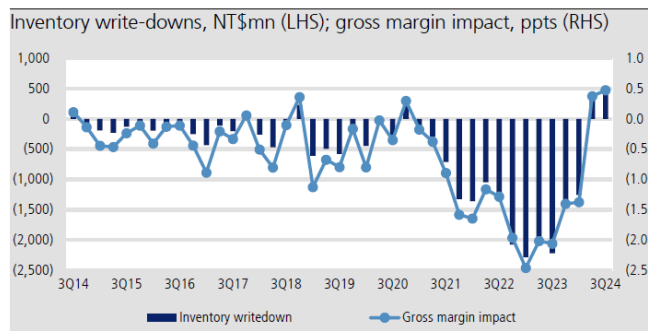
Source: Company data; KGI Research

Figure 7: Strength in AI server power supplies & passive components creating a more desirable product mix



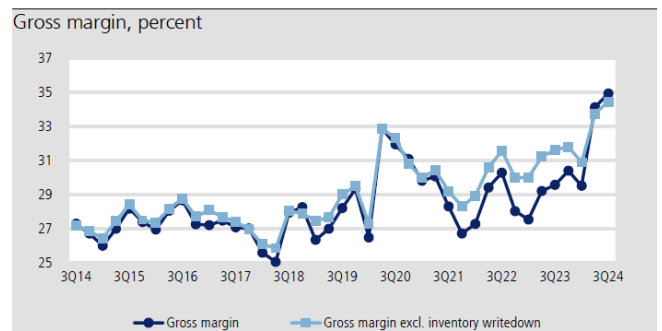
Source: Company data; KGI Research

Figure 8: Net inventory write-off reversals in 2Q-3Q24



Source: Company data; KGI Research

Figure 9: Gross margin up by 0.7ppts QoQ in 3Q24, excluding the impact of inventory write-offs



Source: Company data; KGI Research

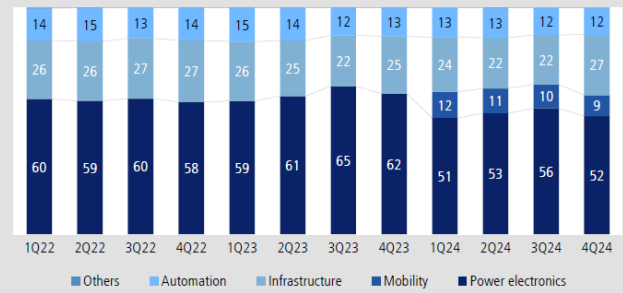
Figure 10: Company profile

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 52%, 9%, 12% and 27% of 4Q24 revenue.

Source: KGI Research

Figure 11: Revenue mix

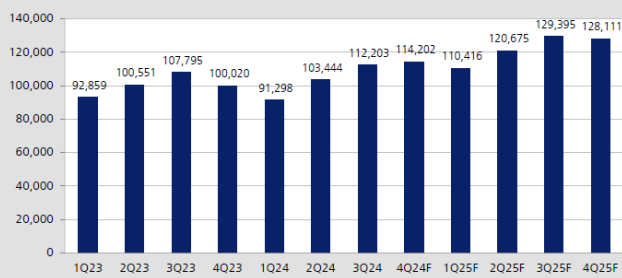
Revenue breakdown, percent



Source: KGI Research

Figure 12: Revenue

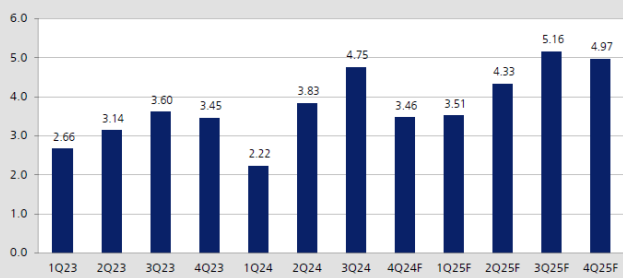
Revenue, NT\$m



Source: KGI Research

Figure 13: EPS

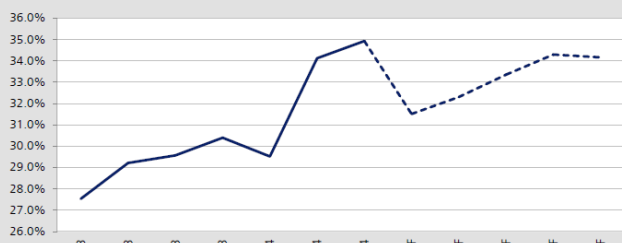
EPS, NT\$



Source: KGI Research

Figure 14: Gross margin

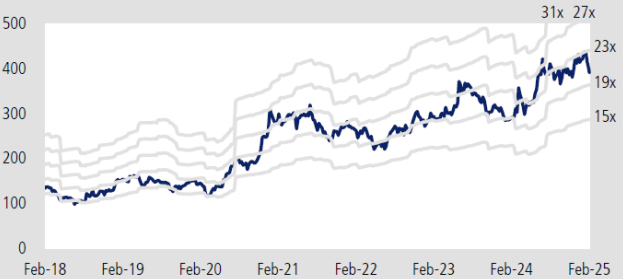
Gross margin, percent



Source: KGI Research

Figure 15: 12M forward PE band

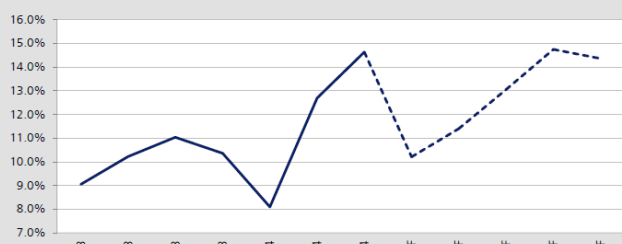
Share price, NT\$ (LHS); PE ratio, x (RHS)



Source: KGI Research

Figure 16: Operating margin

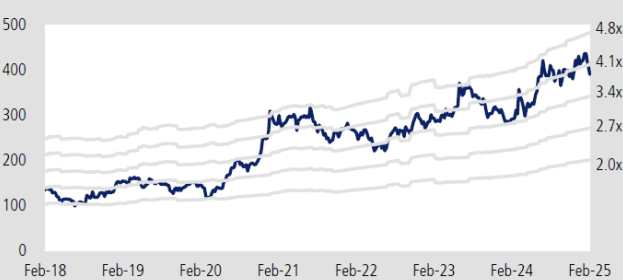
Operating margin, percent



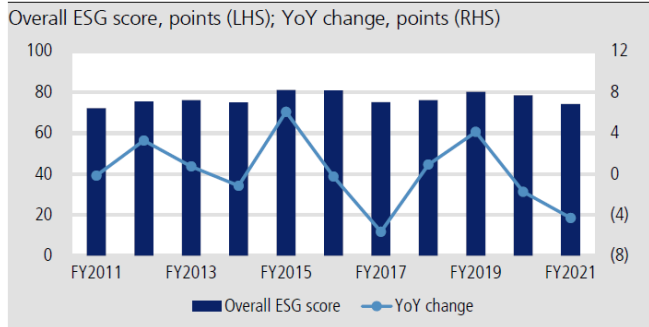
Source: KGI Research

Figure 17: 12M forward PB band

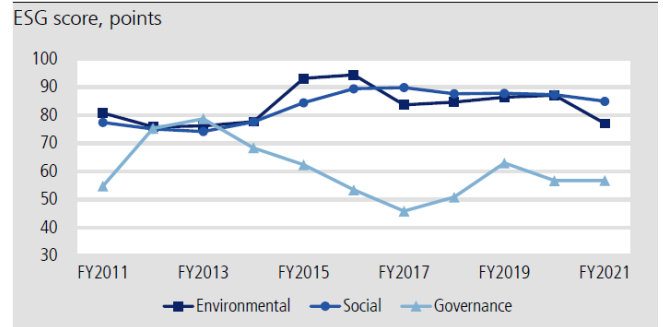
Share price, NT\$ (LHS); PE ratio, x (RHS)



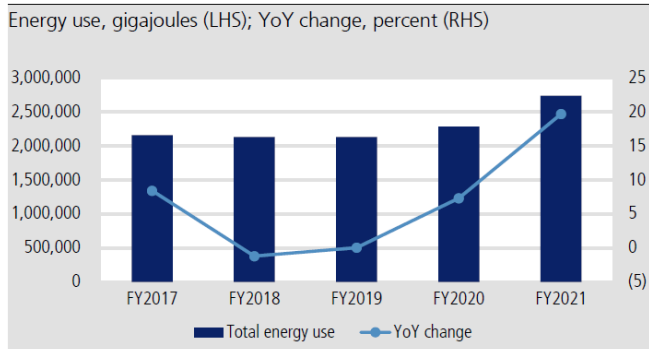
Source: KGI Research

Figure 18: Overall ESG score


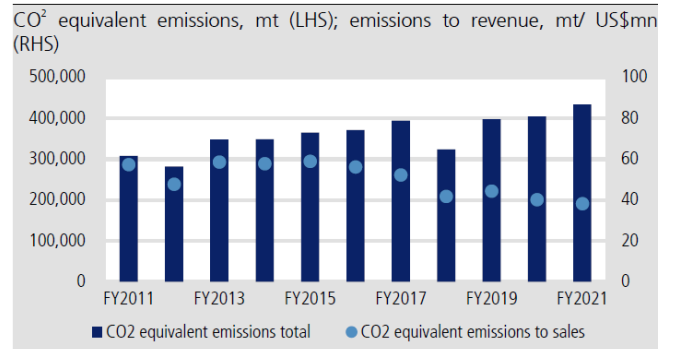
Source: Refinitiv; KGI Research; Company data

Figure 19: ESG score by category


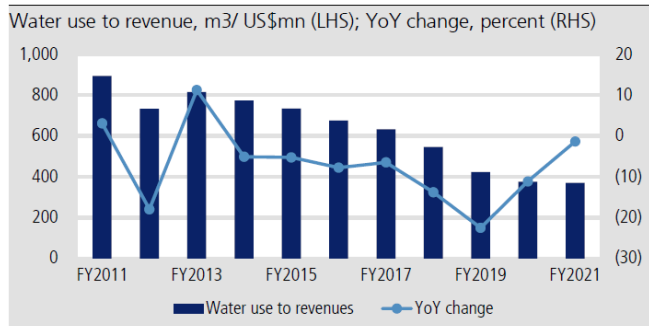
Source: Refinitiv; KGI Research; Company data

Figure 20: Energy use


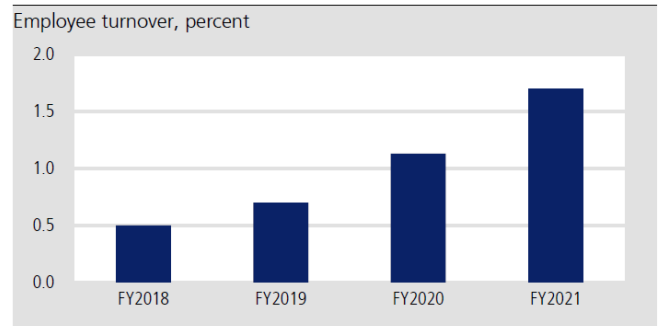
Source: Refinitiv; KGI Research; Company data

Figure 21: CO² equivalent emissions


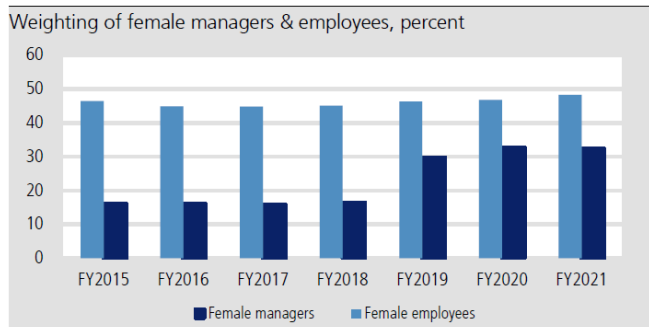
Source: Refinitiv; KGI Research; Company data

Figure 22: Water use to revenue


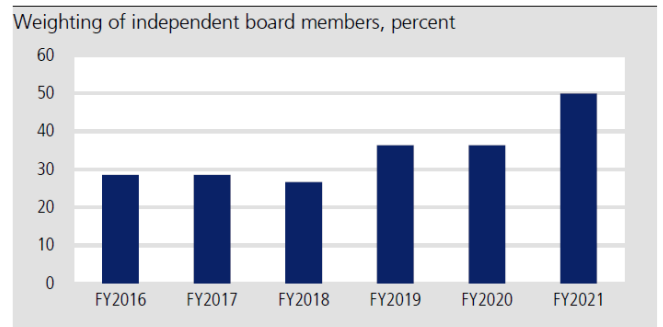
Source: Refinitiv; KGI Research; Company data

Figure 23: Employee turnover


Source: Refinitiv; KGI Research; Company data

Figure 24: Gender diversification


Source: Refinitiv; KGI Research; Company data

Figure 25: Independent board members


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-24A	Jun-24A	Sep-24A	Dec-24F	Mar-25F	Jun-25F	Sep-25F	Dec-25F	Dec-24F	Dec-25F	Dec-26F
Income statement (NT\$m)											
Revenue	91,298	103,444	112,203	114,202	110,416	120,675	129,395	128,111	421,148	488,597	548,068
Cost of goods sold	(64,349)	(68,142)	(73,009)	(78,218)	(74,747)	(80,423)	(85,013)	(84,346)	(283,719)	(324,528)	(364,613)
Gross profit	26,949	35,302	39,194	35,985	35,669	40,252	44,382	43,765	137,429	164,068	183,454
Operating expenses	(19,554)	(22,169)	(22,771)	(24,325)	(23,077)	(24,497)	(25,297)	(25,366)	(88,819)	(98,237)	(106,564)
Operating profit	7,395	13,133	16,423	11,660	12,592	15,755	19,086	18,399	48,610	65,832	76,890
Depreciation of fixed assets	(4,785)	(5,202)	(5,401)	(5,509)	(5,619)	(5,731)	(5,846)	(5,963)	(20,897)	(23,160)	(25,069)
Amortisation of intangible assets	(1,054)	(1,038)	(833)	(850)	(850)	(850)	(850)	(850)	(3,774)	(3,400)	(3,400)
EBITDA	13,233	19,373	22,657	18,019	19,061	22,336	25,782	25,212	73,281	92,391	105,358
Interest income	701	893	924	895	837	893	808	799	3,413	3,337	3,494
Investment income	24	89	262	30	30	110	180	30	405	350	390
Other non-op income	841	1,053	884	825	850	850	850	850	3,603	3,400	3,500
Non-operating income	1,566	2,035	2,070	1,750	1,717	1,853	1,838	1,679	7,421	7,087	7,384
Interest expense	(340)	(354)	(403)	(383)	(364)	(364)	(346)	(328)	(1,480)	(1,402)	(1,314)
Investment loss	(32)	1	(39)	(40)	(30)	(30)	(30)	(30)	(110)	(120)	(120)
Other non-op expenses	177	221	(377)	(400)	-	(50)	(100)	-	(379)	(150)	-
Non-operating expenses	(195)	(132)	(819)	(823)	(394)	(444)	(476)	(358)	(1,968)	(1,672)	(1,434)
Pre-tax profit	8,765	15,036	17,675	12,586	13,916	17,164	20,448	19,719	54,062	71,247	82,840
Current taxation	(1,798)	(3,082)	(3,528)	(2,643)	(2,992)	(3,690)	(4,396)	(4,240)	(11,051)	(15,318)	(17,811)
Minorities	(1,204)	(2,006)	(1,808)	(944)	(1,809)	(2,231)	(2,658)	(2,563)	(5,961)	(9,262)	(10,769)
Normalised net profit	5,764	9,948	12,339	8,999	9,115	11,242	13,393	12,916	37,050	46,667	54,260
Extraordinary items	(0)	(0)	(0)	-	-	-	-	-	-	-	-
Net profit	5,764	9,948	12,339	8,999	9,115	11,242	13,393	12,916	37,050	46,667	54,260
EPS (NT\$)	2.22	3.83	4.75	3.46	3.51	4.33	5.16	4.97	14.26	17.97	20.89
Margins (%)											
Gross profit margin	29.5	34.1	34.9	31.5	32.3	33.4	34.3	34.2	32.6	33.6	33.5
Operating margin	8.1	12.7	14.6	10.2	11.4	13.1	14.7	14.4	11.5	13.5	14.0
EBITDA margin	14.5	18.7	20.2	15.8	17.3	18.5	19.9	19.7	17.4	18.9	19.2
Pretax profit margin	9.6	14.5	15.8	11.0	12.6	14.2	15.8	15.4	12.8	14.6	15.1
Net profit margin	6.3	9.6	11.0	7.9	8.3	9.3	10.4	10.1	8.8	9.6	9.9
Sequential growth (%)											
Revenue growth	(8.7)	13.3	8.5	1.8	(3.3)	9.3	7.2	(1.0)			
Gross profit growth	(11.4)	31.0	11.0	(8.2)	(0.9)	12.8	10.3	(1.4)			
Operating profit growth	(28.6)	77.6	25.1	(29.0)	8.0	25.1	21.1	(3.6)			
EBITDA growth	(17.7)	46.4	17.0	(20.5)	5.8	17.2	15.4	(2.2)			
Pretax profit growth	(32.4)	71.5	17.6	(28.8)	10.6	23.3	19.1	(3.6)			
Net profit growth	(35.8)	72.6	24.0	(27.1)	1.3	23.3	19.1	(3.6)			
YoY growth (%)											
Revenue growth	(1.7)	2.9	4.1	14.2	20.9	16.7	15.3	12.2	5.0	16.0	12.2
Gross profit growth	5.4	20.2	23.0	18.4	32.4	14.0	13.2	21.6	17.2	19.4	11.8
Operating profit growth	(12.0)	27.7	38.0	12.5	70.3	20.0	16.2	57.8	18.7	35.4	16.8
EBITDA growth	(1.8)	24.6	29.9	12.0	44.0	15.3	13.8	39.9	17.2	26.1	14.0
Pretax profit growth	(12.0)	25.8	28.3	(2.9)	58.8	14.2	15.7	56.7	11.1	31.8	16.3
Net profit growth	(16.6)	22.1	31.8	0.3	58.1	13.0	8.5	43.5	11.0	26.0	16.3

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	536,263	575,990	623,874
Current assets	240,450	259,958	317,492	353,428	399,391
Cash & ST securities	63,572	92,620	132,788	161,619	187,836
Inventory	79,844	76,227	82,601	80,025	89,361
Accounts receivable	87,227	79,380	88,467	98,149	108,559
Other current assets	9,807	11,732	13,635	13,635	13,635
Non-current assets	185,423	197,788	218,771	222,562	224,483
LT investments	4,623	3,505	4,221	4,571	4,961
Net fixed assets	86,267	98,002	114,093	120,933	125,864
Other assets	94,534	96,282	100,458	97,058	93,658
Total liabilities	200,507	215,011	258,596	260,919	267,107
Current liabilities	125,013	126,085	139,722	142,045	148,233
Accounts payable	62,716	53,539	67,340	69,664	75,852
Interest bearing ST liabilities	2,119	5,875	2,607	2,607	2,607
Other current liabilities	60,179	66,671	69,775	69,775	69,775
Non-current liabilities	75,493	88,927	118,874	118,874	118,874
Long-term debt	44,337	51,420	76,620	76,620	76,620
Other L-T liabilities	28,853	34,951	39,875	39,875	39,875
Total equity	225,367	242,735	277,667	315,071	356,767
Share capital	25,975	25,975	25,975	25,975	25,975
Retained earnings reserve	65,907	83,904	99,862	118,742	148,526
Minority interests	38,578	43,572	50,082	59,344	70,113
Preferred shareholders funds	-	-	-	-	-

Key ratios

	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
Growth					
Revenue growth	22.2%	4.4%	5.0%	16.0%	12.2%
Operating profit growth	32.1%	(1.2)%	18.7%	35.4%	16.8%
EBITDA growth	24.4%	3.6%	17.2%	26.1%	14.0%
Net profit growth	21.9%	2.2%	11.0%	26.0%	16.3%
EPS growth	21.9%	2.2%	11.0%	26.0%	16.3%
Profitability					
Gross profit margin	28.8%	29.2%	32.6%	33.6%	33.5%
Operating margin	10.8%	10.2%	11.5%	13.5%	14.0%
EBITDA margin	15.7%	15.6%	17.4%	18.9%	19.2%
Net profit margin	8.5%	8.3%	8.8%	9.6%	9.9%
Return on average assets	8.3%	7.6%	7.5%	8.4%	9.0%
Return on average equity	19.1%	17.3%	17.4%	19.3%	20.0%
Stability					
Gross debt to equity	20.6%	23.6%	28.5%	25.1%	22.2%
Net debt to equity	Net cash	Net cash	Net cash	Net cash	Net cash
Interest coverage (x)	81.6	42.5	37.5	51.8	64.1
Interest & ST debt coverage (x)	0.9	0.9	0.9	0.9	1.0
Cash flow interest coverage(x)	81.4	60.7	46.3	55.2	60.6
Cash flow/int. & ST debt (x)	17.3	10.1	16.8	19.3	20.3
Current ratio (x)	1.9	2.1	2.3	2.5	2.7
Quick ratio (x)	1.3	1.5	1.7	1.9	2.1
Net debt (NT\$m)	(15,090)	(30,161)	(47,611)	(76,441)	(102,659)
Per share data					
EPS (NT\$)	12.58	12.86	14.26	17.97	20.89
CFPS (NT\$)	17.91	27.37	26.40	29.78	30.63
BVPS (NT\$)	71.91	76.67	87.62	98.45	110.36
Adj BVPS (NT\$)	71.91	76.67	87.62	98.45	110.36
SPS (NT\$)	148.00	154.46	162.13	188.10	210.99
EBITDA/share (NT\$)	23.24	24.08	28.21	35.57	40.56
Cash DPS (NT\$)	9.84	6.43	7.13	8.98	10.44
Activity					
Sales / avg assets	0.97	0.91	0.85	0.88	0.91
Days receivable	82.8	72.2	76.9	73.3	72.3
Days inventory	106.5	98.0	106.6	90.0	89.5
Days payable	83.6	68.8	86.9	78.4	75.9
Cash cycle	105.7	101.4	96.6	85.0	85.8

Source: Company data; KGI Research estimates

Profit & loss

NTSmn	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
Revenue	384,443	401,227	421,148	488,597	548,068
Cost of goods sold	(273,671)	(284,013)	(283,719)	(324,528)	(364,613)
Gross profit	110,773	117,213	137,429	164,068	183,454
Operating expenses	(69,334)	(76,263)	(88,819)	(98,237)	(106,564)
Operating profit	41,439	40,950	48,610	65,832	76,890
Non-operating income	4,001	6,519	7,421	7,087	7,384
Interest income	610	2,070	3,413	3,337	3,494
Investment income	323	222	405	350	390
Other non-op income	3,068	4,227	3,603	3,400	3,500
Non-operating expenses	626	1,173	(1,968)	(1,672)	(1,434)
Interest expense	(571)	(1,171)	(1,480)	(1,402)	(1,314)
Investment loss	-	-	(110)	(120)	(120)
Other non-op expenses	1,197	2,344	(379)	(150)	-
Pre-tax profit	46,065	48,642	54,062	71,247	82,840
Current taxation	(9,075)	(9,762)	(11,051)	(15,318)	(17,811)
Minorities	(4,325)	(5,488)	(5,961)	(9,262)	(10,769)
Extraordinary items	-	0	-	-	-
Net profit	32,666	33,393	37,050	46,667	54,260
EBITDA	60,375	62,540	73,281	92,391	105,358
EPS (NT\$)	12.58	12.86	14.26	17.97	20.89

Cash flow

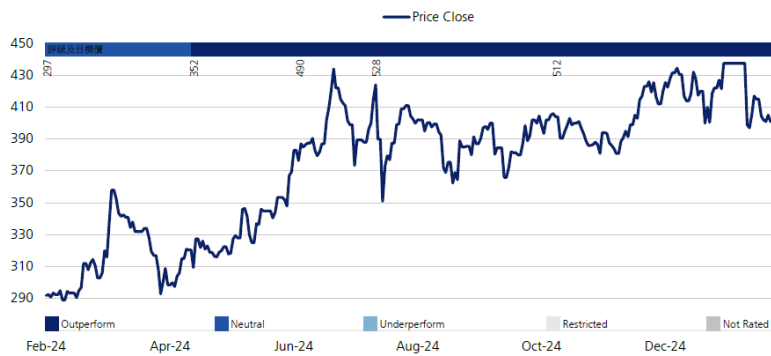
NTSmn	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
Operations cash flow	46,529	71,086	68,584	77,356	79,551
Net profit	32,666	33,393	37,050	46,667	54,260
Depreciation & amortisation	18,936	21,590	24,671	26,560	28,469
Decrease in working capital	(20,062)	2,466	(1,782)	(4,783)	(13,557)
Other operating cash flow	14,990	13,638	8,644	8,912	10,379
Investing cash flow	(24,719)	(33,502)	(38,038)	(30,000)	(30,000)
Sale of ST investment	218	213	-	-	-
New investments	-	89	1	-	-
Capital expenditure	(21,824)	(27,830)	(32,591)	(30,000)	(30,000)
Others investing cashflow	(3,113)	(5,974)	(5,448)	-	-
Free cash flow	6,409	24,945	25,198	40,055	41,870
Financing cash flow	(19,739)	(10,478)	3,529	(18,525)	(23,333)
Increase in short term debt	(2,321)	874	(1,749)	-	-
Increase in long term loans	421	9,452	23,681	-	-
New ordinary shares issued	-	-	-	-	-
Ordinary dividends paid	(15,026)	(27,455)	(16,702)	(18,525)	(23,333)
Other financing cashflow	(2,814)	6,651	(1,700)	(0)	(0)
Forex effects	9,621	(1,198)	5,307	-	-
Total cash generated	11,692	25,909	39,382	28,830	26,217

ROIC

	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
1 - COGS/revenue					
- Operating exp./revenue	18.0%	19.0%	21.1%	20.1%	19.4%
= Operating margin	10.8%	10.2%	11.5%	13.5%	14.0%
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	2.5	2.7	2.7
Operating margin	10.8%	10.2%	11.5%	13.5%	14.0%
x Capital turnover	2.7	2.7	2.5	2.7	2.7
x (1 - tax rate)	80.3%	79.9%	79.6%	78.5%	78.5%
= After-tax ROIC	23.1%	21.9%	22.8%	28.5%	30.2%

Source: Company data; KGI Research estimates

Delta Electronics – Recommendation & target price history



Date	Rating	Target	Price
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
2023-08-01	Outperform	410	373
2023-06-13	Outperform	415	343

Source: TEJ; KGI Research

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