KGI

Company update | Power management · Taiwan

Delta Electronics

(2308.TW/2308 TT)

2Q26 margins missed, but to recover in 2H26F

Outperform · Maintained

Price as of July 30 (NT$)	1,530
12M target price (NT$)	2,505
Previous target price (NT$)	2,910
Revised down (%)	13.9
Upside (%)	63.7

Key message

1. Margins to improve in 2H26F on larger revenue scale and a more favorable revenue mix.
2. 2026F capex budget to increase to NT$65–70bn; the firm will continue to increase capex and R&D investments.
3. We trim our 2026–27F EPS to NT$40.57 and NT$66.29, respectively.

Trading data

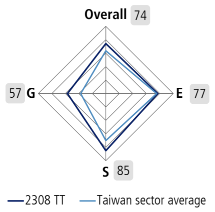
Mkt cap (NT$bn/US$mn)	3,974/122,652
Outstanding shares (mn)	2,598
Foreign ownership (mn)	1,676
3M avg. daily trading (mn)	7.54
52-week trading range (NT$)	567 –2,520

Performance	3M	6M	12M
Absolute (%)	-29.3	25.4	188.7
Relative (%)	-31.9	0.9	118.5

Quarterly EPS

NT$	1Q	2Q	3Q	4Q
2025	3.94A	5.37A	7.16A	6.67A
2026	7.91A	9.68A	11.02F	11.96F
2027	13.20F	15.51F	17.74F	19.83F

ESG score card



Source: TEJ

Event

Delta Electronics reported 2Q26 EPS of NT$9.68, ahead of our estimate by 7%, but mainly due to non-op gains. Gross margin of 35.6% missed our estimate by 1.2ppts on component cost increases, a less favorable sales mix, and inventory write-offs (a 1.1ppts impact), leading to an operating margin shortfall at 16.7%, down 1.2ppts QoQ. Server power sales were capped by supply chain constraints, rising 16% QoQ to a 30% weighting, while mobility and automation businesses reported losses in the quarter.

Impact

Margins to improve in 2H26F. Delta is facing tight supply of multiple components, in particular power semiconductor, with lead time of over six months for selected SKUs. Management is holding price adjustment negotiations to pass on inflated costs to clients, which we believe will start paying off in 2H26F. We see increased scale economies in 2H26F, coupled with a more favorable sales mix given AI server power will likely catalyze revenue growth thanks to demand from new GPU and ASIC platforms, assuming component shortages ease a bit. We maintain 3Q26F revenue growth of 14% QoQ, but trim operating margin by 2.2ppts to 18.7%, up 2.0ppts QoQ.

Heavy capex and R&D investments to support long-term business development. Delta has been aggressively expanding capacity in Thailand, the US, Taiwan and China, to prepare for robust AI infrastructure demand 2-3 years out. Its 2026F capex budget is raised by over NT$10bn to NT$65-70bn, and could further grow in 2027-28F. The firm remains committed to high R&D spending in coming years, underlining the importance of hiring more engineering and servicing talents to strengthen its capabilities across black/ grey space solutions, i.e. solid-state transformer (SST) and solid-oxide fuel cell (SOFC). We expect the R&D expense ratio to stay above 8% in the foreseeable future, and raise 2025-28F opex CAGR to 37%, vs. a revenue CAGR of 43%.

We trim 2026-27F EPS by 2% & 8%. We estimate HVDC penetration rate of 10-20% in 2027F, with ±400V DC outweighing 800V DC; both ±400V DC and 800V DC will see initial shipments in 2H26F.The long-term demand outlook for DC-DC module remains strong, and could serve as a strong driver of margins. We project a data center revenue weighting of 60%, 71% and 79% in 2026-28F, respectively, up from 46% in 2025, boosted by a revenue CAGR of 83% from server power supply in 2025-28F.

Valuation & Action

We revise down our 12M target price to NT$2,505, based on 30x 2027-28F average EPS (from 32x), versus a historical PE band of 17-47x. Maintain Outperform.

Risks

Macro headwinds.

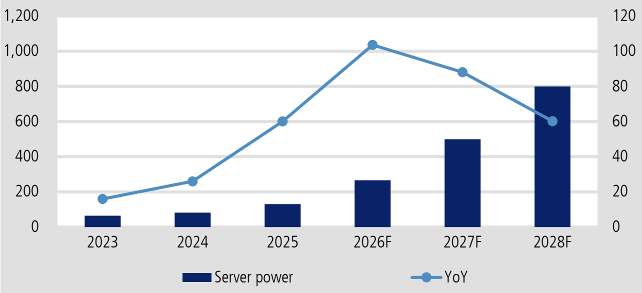
Key financials and valuations

	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Revenue (NT$mn)	421,148	554,885	775,794	1,122,637	1,626,958
Gross profit (NT$mn)	136,580	190,157	285,163	443,550	652,232
Operating profit (NT$mn)	47,652	83,932	141,698	247,055	379,700
Net profit (NT$mn)	35,229	60,108	105,393	172,189	261,608
EPS (NT$)	13.56	23.14	40.57	66.29	100.71
Cash DPS (NT$)	7.00	11.60	20.30	33.20	50.40
EPS growth (%)	5.5	70.6	75.3	63.4	51.9
PE (x)	112.8	66.1	37.7	23.1	15.2
PB (x)	17.3	14.8	11.2	8.4	6.1
EV/EBITDA (x)	63.7	41.6	25.5	15.7	10.6
Net debt to equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Dividend yield (%)	0.5	0.8	1.3	2.2	3.3
Return on average equity (%)	16.4	24.1	33.9	41.7	46.7

Source: Company data, KGI Research estimates

Figure 1: We forecast a server power supply revenue CAGR of 83% in 2025-28F on AI proliferation

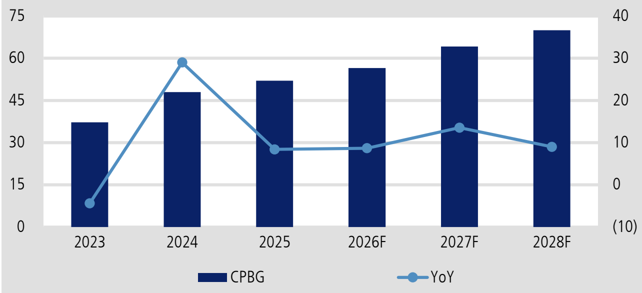
Server power revenue, NT$bn (LHS); YoY, percent (RHS)



Source: Company data; KGI Research

Figure 2: Below corporate average revenue growth for passive component business in 2026F

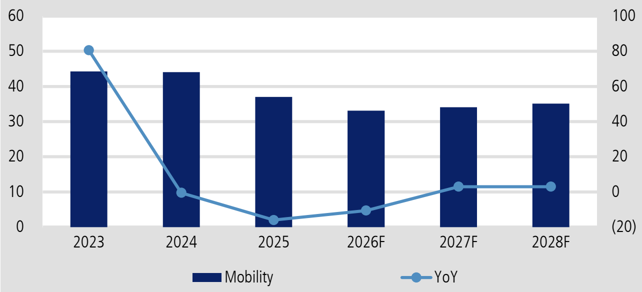
CPBG revenue, NT$bn (LHS); YoY, percent (RHS)



Source: Company data; KGI Research

Figure 3: Muted mobility sales growth through 2026F

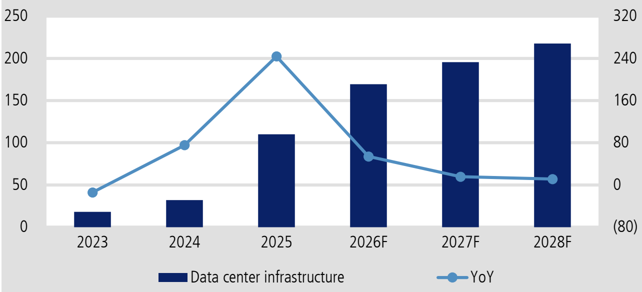
Mobility revenue, NT$bn (LHS); YoY, percent (RHS)



Source: Company data; KGI Research

Figure 4: Surging data center infrastructure revenue on liquid cooling system & BBU

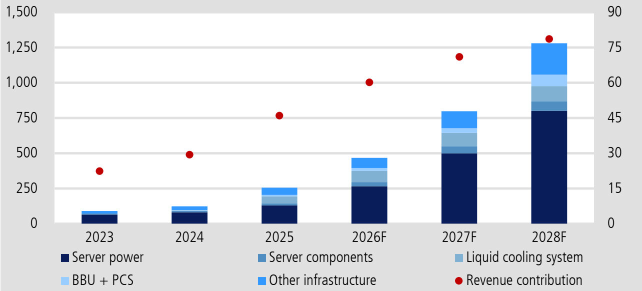
Data center infrastructure revenue, NT$bn (LHS); YoY, percent (RHS)



Source: Company data; KGI Research

Figure 5: Data center-related business to account for more than 60% of revenue from 2026F

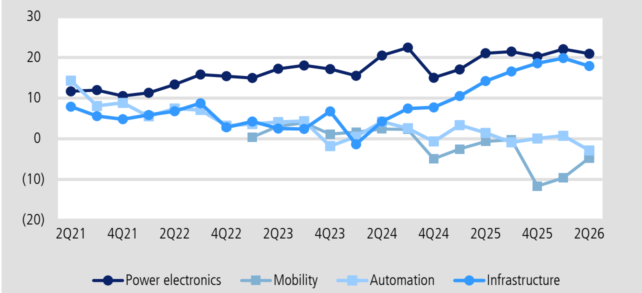
Revenue, NT$bn (LHS); revenue contribution, percent (RHS)



Source: Company data; KGI Research

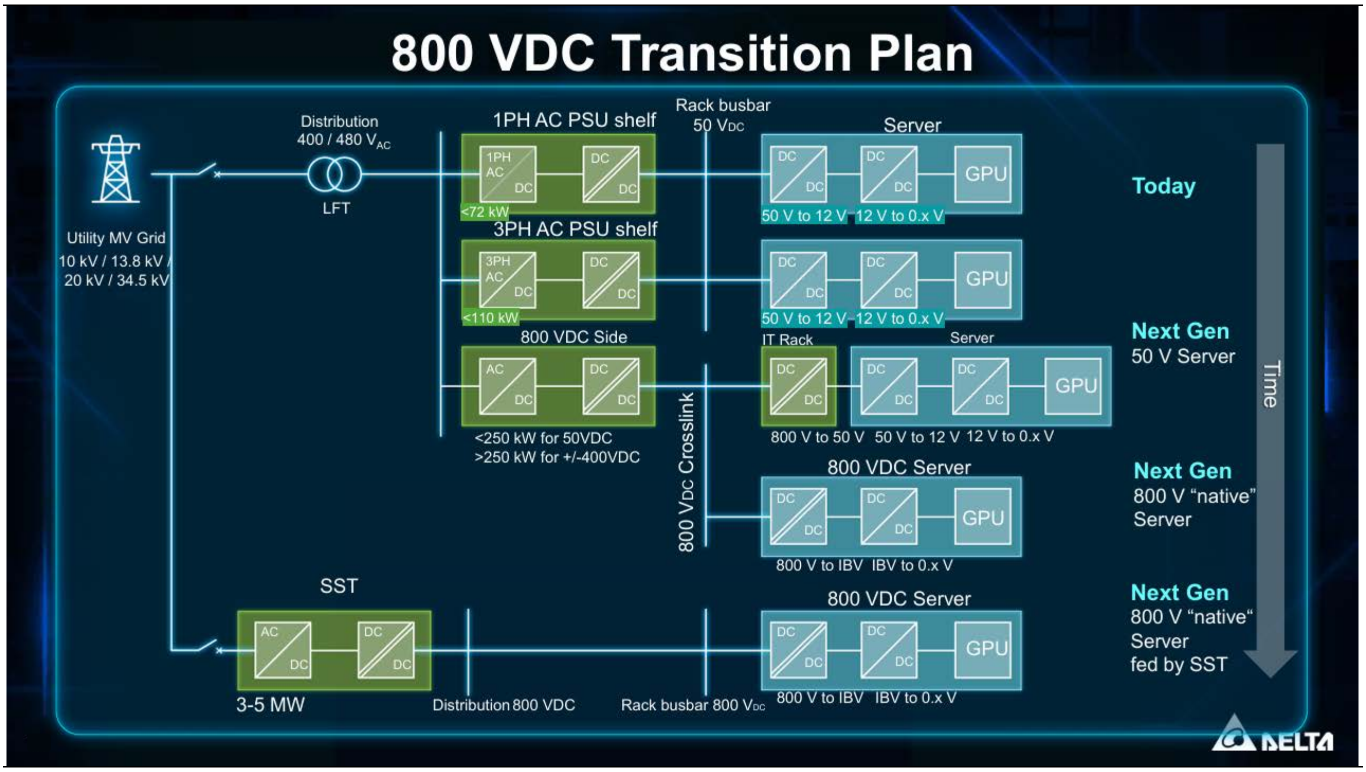
Figure 6: Strong server power & liquid cooling system demand leading to a better product mix

Operating margin, percent



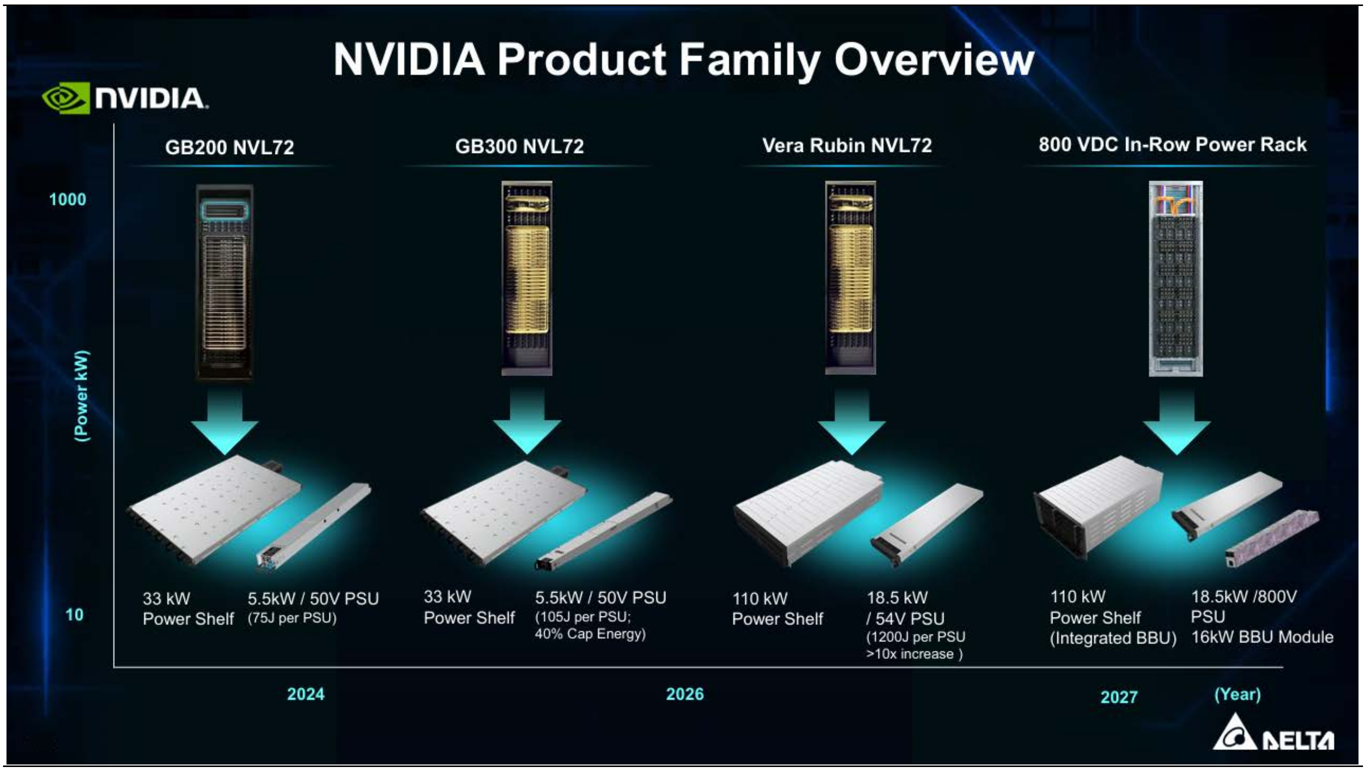
Source: Company data; KGI Research

Figure 7: Delta's HVDC transition plan



Source: Delta Electronics; KGI Research

Figure 8: Delta's PSU specs in different server generations



Source: Delta Electronics; KGI Research

Figure 9: Breakdown of 2Q26 results & 3Q26 forecast revisions vs. consensus

	2Q26							3Q26F						
NT$mn	Actual	KGI	Diff. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Revenue	183,256	178,985	2.4	15.0	47.7	182,833	0.2	209,429	208,786	0.3	14.3	39.3	207,692	0.8
Gross profit	65,308	65,867	(0.8)	10.8	48.3	66,610	(2.0)	77,037	80,702	(4.5)	18.0	47.0	76,736	0.4
Operating profit	30,570	32,039	(4.6)	7.6	63.7	33,766	(9.5)	39,130	43,538	(10.1)	28.0	57.7	40,508	(3.4)
Net income	25,136	23,493	7.0	22.3	80.2	24,846	1.2	28,636	30,679	(6.7)	13.9	53.9	29,326	(2.4)
EPS (NT$)	9.68	9.04	7.0	22.3	80.2	9.47	2.2	11.02	11.81	(6.7)	13.9	53.9	11.07	(0.4)
Gross margin (%)	35.6	36.8	(1.2) ppts	(1.4) ppts	0.1 ppts	36.4	(0.8) ppts	36.8	38.7	(1.9) ppts	1.1 ppts	1.9 ppts	36.9	(0.2) ppts
Op. margin (%)	16.7	17.9	(1.2) ppts	(1.2) ppts	1.6 ppts	18.5	(1.8) ppts	18.7	20.9	(2.2) ppts	2.0 ppts	2.2 ppts	19.5	(0.8) ppts
Net margin (%)	13.7	13.1	0.6 ppts	0.8 ppts	2.5 ppts	13.6	0.1 ppts	13.7	14.7	(1.0) ppts	(0.0) ppts	1.3 ppts	14.1	(0.4) ppts

Source: Bloomberg; KGI Research

Figure 10: Breakdown of 2026-28 forecast revisions vs. consensus

	2026F						2027F						2028F					
NT$mn	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Revenue	775,794	774,929	0.1	39.8	768,662	0.9	1,122,637	1,136,896	(1.3)	44.7	1,076,927	4.2	1,626,958	1,655,981	(1.8)	44.9	1,468,734	10.8
Gross profit	285,163	292,878	(2.6)	50.0	282,552	0.9	443,550	456,325	(2.8)	55.5	407,563	8.8	652,232	670,469	(2.7)	47.0	567,210	15.0
Operating profit	141,698	151,477	(6.5)	68.8	146,337	(3.2)	247,055	269,124	(8.2)	74.4	231,685	6.6	379,700	414,423	(8.4)	53.7	345,130	10.0
Net income	105,393	107,890	(2.3)	75.3	106,528	(1.1)	172,189	187,053	(7.9)	63.4	169,892	1.4	261,608	285,313	(8.3)	51.9	252,712	3.5
EPS (NT$)	40.57	41.54	(2.3)	75.3	40.49	0.2	66.29	72.01	(7.9)	63.4	64.87	2.2	100.71	109.84	(8.3)	51.9	94.03	7.1
Gross margin (%)	36.8	37.8	(1.0) ppts	2.5 ppts	36.8	(0.0) ppts	39.5	40.1	(0.6) ppts	2.8 ppts	37.8	1.7 ppts	40.1	40.5	(0.4) ppts	0.6 ppts	38.6	1.5 ppts
Op. margin (%)	18.3	19.5	(1.3) ppts	3.1 ppts	19.0	(0.8) ppts	22.0	23.7	(1.7) ppts	3.7 ppts	21.5	0.5 ppts	23.3	25.0	(1.7) ppts	1.3 ppts	23.5	(0.2) ppts
Net margin (%)	13.6	13.9	(0.3) ppts	2.8 ppts	13.9	(0.3) ppts	15.3	16.5	(1.1) ppts	1.8 ppts	15.8	(0.4) ppts	16.1	17.2	(1.1) ppts	0.7 ppts	17.2	(1.1) ppts

Source: Bloomberg; KGI Research

Figure 11: Delta Electronics – Business structure

Segment	2Q26 revenue weighting (%)	Business group	2025 revenue growth (%)	2026F revenue growth (%)	2026F revenue weighting (%)	Products
Power electronics	53	Power supply (PSBG)	34	69	40	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)	8	9	7	Passive component (Cyntec), optical transceiver
		Fan & thermal (FMBG)	15	43	8	Cooling fan, thermal module
Mobility	4	Electric vehicle solution (EVSBG)	-16	-11	4	On-board charger, DC/DC converter, traction motor, traction inverter
Automation	8	Industrial automation (IABG)	5	12	5	Industrial automation (Servo motor, AC motor drive, PLC, CNC control, HMI, robot arms)
		Building automation (BABG)	4	6	2	Building automation solution, LED lighting fixture, surveillance camera, controller
Infrastructure	34	Information & communication technology (ICTBG)	102	41	29	Data center infrastructure, liquid cooling system, battery backup unit, on-line UPS, telecom power, networking
		Energy infrastructure system (EISBG)	-0	13	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

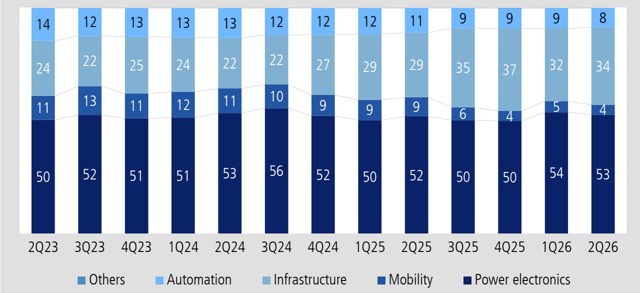
Figure 12: Company profile

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 53%, 4%, 8% and 34% of 2Q26 revenue.

Source: KGI Research

Figure 13: Revenue mix

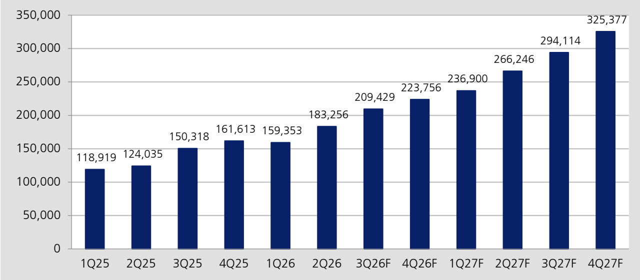
Revenue breakdown, percent



Source: KGI Research

Figure 14: Sales

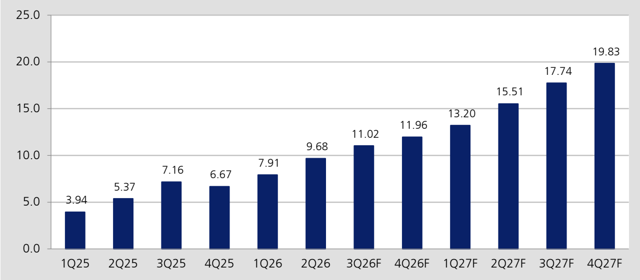
Sales, NT$mn



Source: KGI Research

Figure 15: EPS

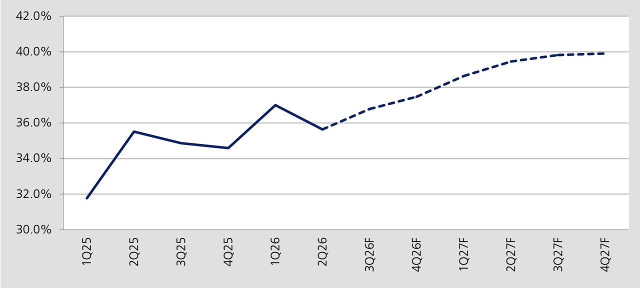
EPS, NT$



Source: KGI Research

Figure 16: Gross Margin

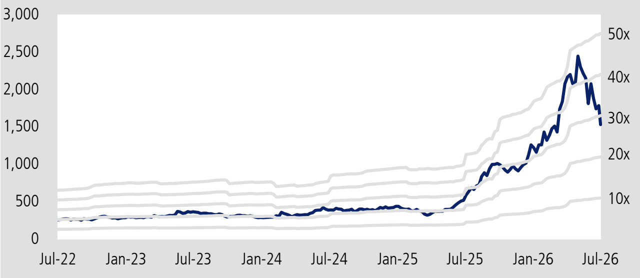
Gross margin, percent



Source: KGI Research

Figure 17: 12M forward PE band

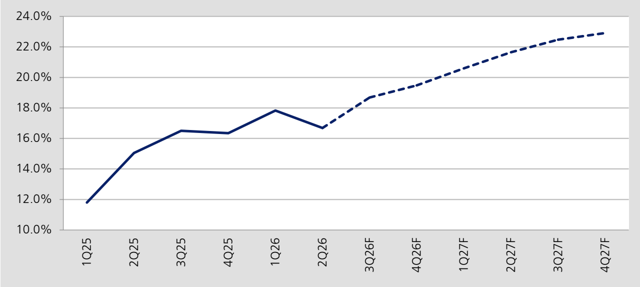
Share price, NT$ (LHS); PE ratio, x (RHS)



Source: KGI Research

Figure 18: Operating Margin

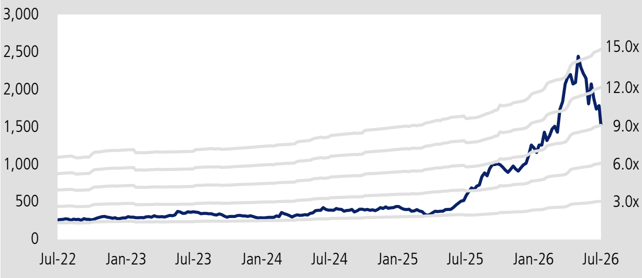
Operating margin, percent



Source: KGI Research

Figure 19: 2M forward PB band

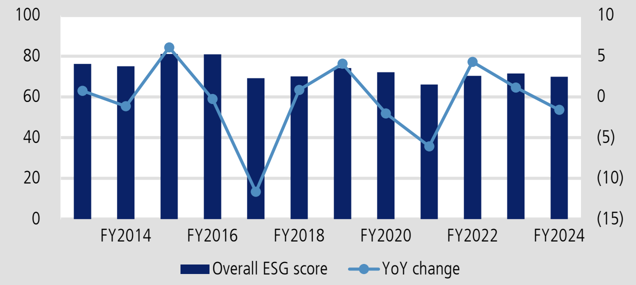
Share price, NT$ (LHS); PE ratio, x (RHS)



Source: KGI Research

Figure 20: Overall ESG score

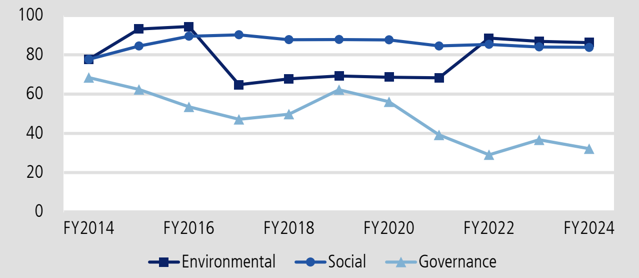
Overall ESG score, points (LHS); YoY change, points (RHS)



Source: Refinitiv; KGI Research; Company data

Figure 21: ESG score by category

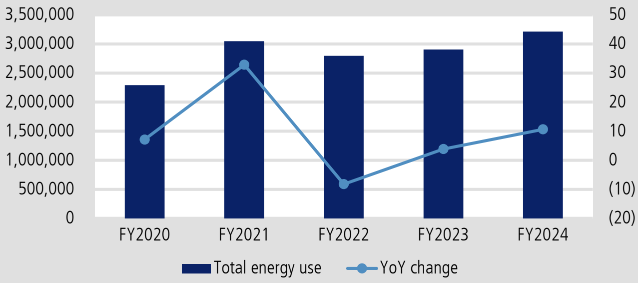
ESG score, points



Source: Refinitiv; KGI Research; Company data

Figure 22: Energy use

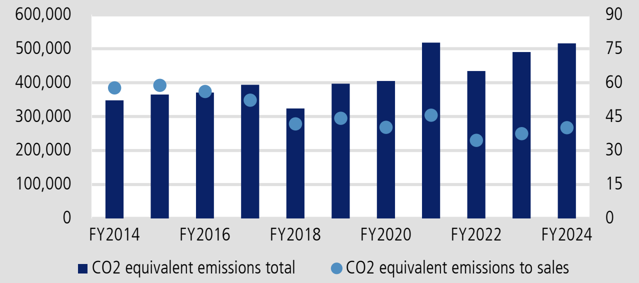
Energy use, gigajoules (LHS); YoY change, percent (RHS)



Source: Refinitiv; KGI Research; Company data

Figure 23: CO^2 equivalent emissions

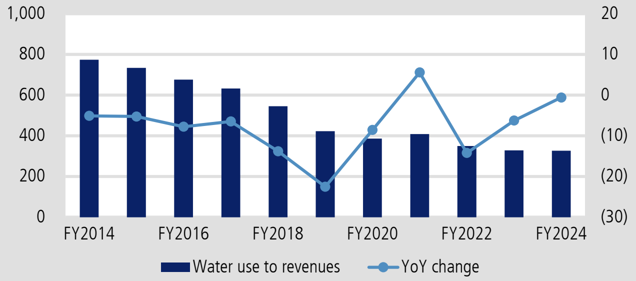
CO^2 equivalent emissions, mt (LHS); emissions to revenue, mt/ US$mn (RHS)



Source: Refinitiv; KGI Research; Company data

Figure 24: Water use to revenue

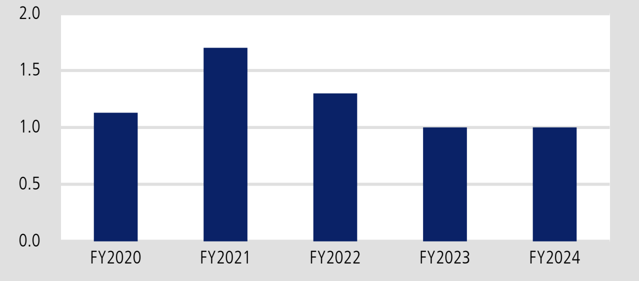
Water use to revenue, m3/ US$mn (LHS); YoY change, percent (RHS)



Source: Refinitiv; KGI Research; Company data

Figure 25: Employee turnover

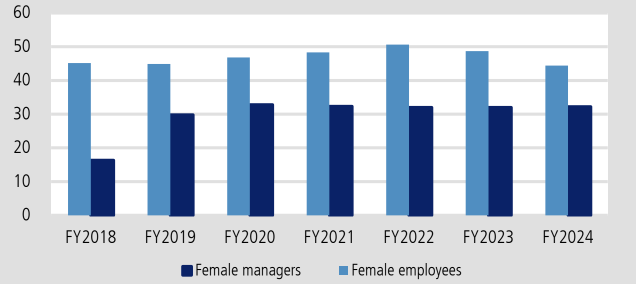
Employee turnover, percent



Source: Refinitiv; KGI Research; Company data

Figure 26: Gender diversification

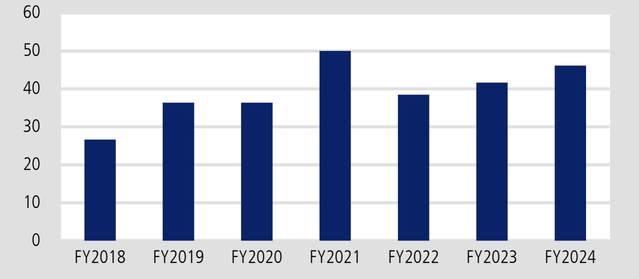
Weighting of female managers & employees, percent



Source: Refinitiv; KGI Research; Company data

Figure 27: Independent board members

Weighting of independent board members, percent



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$mn) - 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 (such4 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-26A	Jun-26A	Sep-26F	Dec-26F	Mar-27F	Jun-27F	Sep-27F	Dec-27F	Dec-26F	Dec-27F	Dec-28F
Income statement (NT$mn)											
Revenue	**159,353**	**183,256**	**209,429**	**223,756**	**236,900**	**266,246**	**294,114**	**325,377**	**775,794**	**1,122,637**	**1,626,958**
Cost of goods sold	(100,392)	(117,948)	(132,393)	(139,899)	(145,355)	(161,206)	(176,991)	(195,535)	(490,632)	(679,087)	(974,726)
Gross profit	**58,961**	**65,308**	**77,037**	**83,857**	**91,544**	**105,041**	**117,123**	**129,842**	**285,163**	**443,550**	**652,232**
Operating expenses	(30,544)	(34,738)	(37,907)	(40,276)	(42,760)	(47,392)	(51,029)	(55,314)	(143,464)	(196,495)	(272,532)
Operating profit	**28,417**	**30,570**	**39,130**	**43,581**	**48,784**	**57,649**	**66,094**	**74,528**	**141,698**	**247,055**	**379,700**
Depreciation of fixed assets	(6,757)	(7,521)	(7,822)	(8,135)	(8,460)	(8,798)	(9,150)	(9,516)	(30,234)	(35,925)	(42,027)
Amortisation of intangible assets	(990)	(953)	(960)	(960)	(960)	(960)	(960)	(960)	(3,864)	(3,840)	(3,840)
EBITDA	**36,165**	**39,044**	**47,912**	**52,676**	**58,204**	**67,407**	**76,204**	**85,004**	**175,797**	**286,820**	**425,567**
Interest income	951	970	1,143	1,141	1,208	1,293	1,257	1,243	4,205	5,001	6,604
Investment income	37	98	300	35	110	130	350	40	470	630	706
Other non-op income	1,709	1,220	1,500	1,500	1,650	1,650	1,650	1,650	5,929	6,600	7,200
Non-operating income	**2,696**	**2,288**	**2,943**	**2,676**	**2,968**	**3,073**	**3,257**	**2,933**	**10,604**	**12,231**	**14,509**
Interest expense	(523)	(572)	(572)	(572)	(572)	(572)	(572)	(572)	(2,238)	(2,288)	(2,288)
Investment loss	(3)	(6)	-	-	-	-	-	-	(10)	-	-
Other non-op expenses	505	2,720	-	-	-	-	-	-	3,225	-	-
Non-operating expenses	**(21)**	**2,142**	**(572)**	**(572)**	**(572)**	**(572)**	**(572)**	**(572)**	**977**	**(2,288)**	**(2,288)**
Pre-tax profit	**31,093**	**35,000**	**41,501**	**45,686**	**51,180**	**60,150**	**68,779**	**76,889**	**153,279**	**256,998**	**391,922**
Current taxation	(7,258)	(7,831)	(9,545)	(10,508)	(11,772)	(13,835)	(15,819)	(17,684)	(35,142)	(59,110)	(90,142)
Minorities	(3,279)	(2,033)	(3,320)	(4,112)	(5,118)	(6,015)	(6,878)	(7,689)	(12,744)	(25,700)	(40,172)
Normalised net profit	**20,556**	**25,136**	**28,636**	**31,066**	**34,291**	**40,301**	**46,082**	**51,515**	**105,393**	**172,189**	**261,608**
Extraordinary items	0	(0)	-	-	-	-	-	-	-	-	-
Net profit	**20,556**	**25,136**	**28,636**	**31,066**	**34,291**	**40,301**	**46,082**	**51,515**	**105,393**	**172,189**	**261,608**
EPS (NT$)	7.91	9.68	11.02	11.96	13.20	15.51	17.74	19.83	40.57	66.29	100.71
Margins (%)											
Gross profit margin	37.0	35.6	36.8	37.5	38.6	39.5	39.8	39.9	36.8	39.5	40.1
Operating margin	17.8	16.7	18.7	19.5	20.6	21.7	22.5	22.9	18.3	22.0	23.3
EBITDA margin	22.7	21.3	22.9	23.5	24.6	25.3	25.9	26.1	22.7	25.5	26.2
Pretax profit margin	19.5	19.1	19.8	20.4	21.6	22.6	23.4	23.6	19.8	22.9	24.1
Net profit margin	12.9	13.7	13.7	13.9	14.5	15.1	15.7	15.8	13.6	15.3	16.1
Sequential growth (%)											
Revenue growth	(1.4)	15.0	14.3	6.8	5.9	12.4	10.5	10.6			
Gross profit growth	5.5	10.8	18.0	8.9	9.2	14.7	11.5	10.9			
Operating profit growth	7.6	7.6	28.0	11.4	11.9	18.2	14.6	12.8			
EBITDA growth	9.9	8.0	22.7	9.9	10.5	15.8	13.1	11.5			
Pretax profit growth	21.2	12.6	18.6	10.1	12.0	17.5	14.3	11.8			
Net profit growth	18.7	22.3	13.9	8.5	10.4	17.5	14.3	11.8			
YoY growth (%)											
Revenue growth	34.0	47.7	39.3	38.5	48.7	45.3	40.4	45.4	39.8	44.7	44.9
Gross profit growth	56.0	48.3	47.0	50.0	55.3	60.8	52.0	54.8	50.0	55.5	47.0
Operating profit growth	102.5	63.7	57.7	65.0	71.7	88.6	68.9	71.0	68.8	74.4	53.7
EBITDA growth	73.3	53.6	47.1	60.0	60.9	72.6	59.1	61.4	57.3	63.2	48.4
Pretax profit growth	98.5	78.8	53.8	78.1	64.6	71.9	65.7	68.3	74.4	67.7	52.5
Net profit growth	100.9	80.2	53.9	79.3	66.8	60.3	60.9	65.8	75.3	63.4	51.9

Source: Company data, KGI Research estimates

Balance sheet

NT$mn	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Total assets	**531,898**	**639,619**	**804,653**	**986,122**	**1,259,155**
Current assets	**310,925**	**395,781**	**514,811**	**655,415**	**883,609**
Cash & ST securities	121,793	155,113	186,062	207,810	272,560
Inventory	83,856	101,478	142,894	187,087	259,798
Accounts receivable	89,921	121,717	167,744	242,409	333,141
Other current assets	15,355	17,473	18,110	18,110	18,110
Non-current assets	**220,973**	**243,838**	**289,842**	**330,707**	**375,546**
LT investments	8,503	6,722	9,450	10,080	10,785
Net fixed assets	115,710	142,040	182,441	226,516	274,489
Other assets	96,760	95,076	97,952	94,112	90,272
Total liabilities	**252,332**	**314,230**	**387,295**	**423,605**	**481,096**
Current liabilities	**152,283**	**209,665**	**287,588**	**323,899**	**381,390**
Accounts payable	69,223	94,452	129,873	166,184	223,674
Interest bearing ST liabilities	8,121	17,325	22,607	22,607	22,607
Other current liabilities	74,939	97,888	135,109	135,109	135,109
Non-current liabilities	**100,049**	**104,565**	**99,706**	**99,706**	**99,706**
Long-term debt	56,309	56,703	48,031	48,031	48,031
Other L-T liabilities	41,523	45,365	48,961	48,961	48,961
Total equity	**279,565**	**325,389**	**417,358**	**562,517**	**778,058**
Share capital	25,975	25,975	25,975	25,975	25,975
Retained earnings reserve	98,433	140,397	209,675	328,167	503,536
Minority interests	49,478	57,331	63,946	89,646	129,818
Preferred shareholders funds	-	-	-	-	-

Key ratios

	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Growth					
Revenue growth	5.0%	31.8%	39.8%	44.7%	44.9%
Operating profit growth	16.4%	76.1%	68.8%	74.4%	53.7%
EBITDA growth	16.2%	53.8%	57.3%	63.2%	48.4%
Net profit growth	5.5%	70.6%	75.3%	63.4%	51.9%
EPS growth	5.5%	70.6%	75.3%	63.4%	51.9%
Profitability					
Gross profit margin	32.4%	34.3%	36.8%	39.5%	40.1%
Operating margin	11.3%	15.1%	18.3%	22.0%	23.3%
EBITDA margin	17.3%	20.1%	22.7%	25.5%	26.2%
Net profit margin	8.4%	10.8%	13.6%	15.3%	16.1%
Return on average assets	7.1%	10.3%	14.6%	19.2%	23.3%
Return on average equity	16.4%	24.1%	33.9%	41.7%	46.7%
Stability					
Gross debt to equity	23.0%	22.8%	16.9%	12.6%	9.1%
Net debt to equity	Net cash	Net cash	Net cash	Net cash	Net cash
Interest coverage (x)	34.2	40.7	69.5	113.3	172.3
Interest & ST debt coverage (x)	0.8	0.8	0.9	0.9	0.9
Cash flow interest coverage(x)	47.1	44.4	59.3	67.5	105.3
Cash flow/int. & ST debt (x)	7.5	5.0	5.3	6.2	9.7
Current ratio (x)	2.0	1.9	1.8	2.0	2.3
Quick ratio (x)	1.5	1.4	1.3	1.4	1.6
Net debt (NT$mn)	(53,029)	(77,144)	(111,175)	(132,923)	(197,673)
Per share data					
EPS (NT$)	13.56	23.14	40.57	66.29	100.71
CFPS (NT$)	28.06	37.91	51.08	59.47	92.78
BVPS (NT$)	88.58	103.20	136.06	182.05	249.56
Adj BVPS (NT$)	88.58	103.20	136.06	182.05	249.56
SPS (NT$)	162.13	213.62	298.66	432.19	626.34
EBITDA/share (NT$)	27.98	43.03	67.68	110.42	163.83
Cash DPS (NT$)	7.00	11.60	20.30	33.20	50.40
Activity					
Sales / avg assets	0.85	0.95	1.07	1.25	1.45
Days receivable	78.1	80.1	78.9	78.8	74.9
Days inventory	107.9	101.6	106.3	100.6	97.6
Days payable	89.0	94.5	96.6	89.3	84.0
Cash cycle	97.0	87.1	88.6	90.0	88.5

Source: Company data, KGI Research estimates

Profit & loss

NT$mn	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Revenue	**421,148**	**554,885**	**775,794**	**1,122,637**	**1,626,958**
Cost of goods sold	(284,567)	(364,729)	(490,632)	(679,087)	(974,726)
Gross profit	**136,580**	**190,157**	**285,163**	**443,550**	**652,232**
Operating expenses	(88,928)	(106,224)	(143,464)	(196,495)	(272,532)
Operating profit	**47,652**	**83,932**	**141,698**	**247,055**	**379,700**
Non-operating income	**8,163**	**9,233**	**10,604**	**12,231**	**14,509**
Interest income	3,407	3,717	4,205	5,001	6,604
Investment income	438	484	470	630	706
Other non-op income	4,319	5,032	5,929	6,600	7,200
Non-operating expenses	**(4,499)**	**(5,299)**	**977**	**(2,288)**	**(2,288)**
Interest expense	(1,547)	(2,216)	(2,238)	(2,288)	(2,288)
Investment loss	(73)	-	(10)	-	-
Other non-op expenses	(2,879)	(3,083)	3,225	-	-
Pre-tax profit	**51,316**	**87,866**	**153,279**	**256,998**	**391,922**
Current taxation	(10,925)	(19,930)	(35,142)	(59,110)	(90,142)
Minorities	(5,163)	(7,828)	(12,744)	(25,700)	(40,172)
Extraordinary items	-	(0)	(0)	-	-
Net profit	**35,229**	**60,108**	**105,393**	**172,189**	**261,608**
EBITDA	**72,668**	**111,771**	**175,797**	**286,820**	**425,567**
EPS (NT$)	13.56	23.14	40.57	66.29	100.71

Cash flow

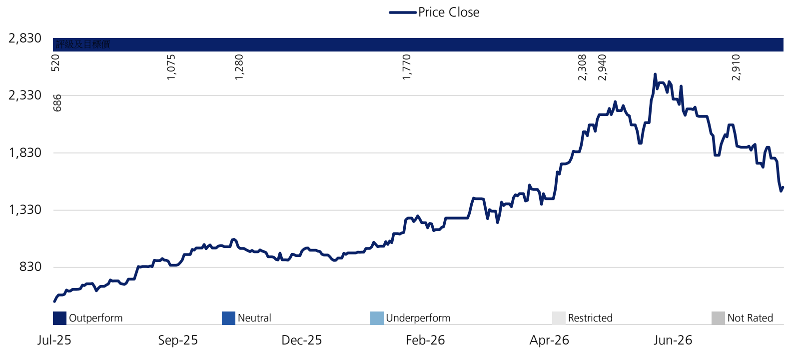
NT$mn	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Operations cash flow	**72,895**	**98,474**	**132,695**	**154,478**	**240,988**
Net profit	35,229	60,108	105,393	172,189	261,608
Depreciation & amortisation	25,016	27,839	34,098	39,765	45,867
Decrease in working capital	(2,538)	(24,348)	(52,910)	(82,546)	(105,953)
Other operating cash flow	15,188	34,875	46,115	25,070	39,466
Investing cash flow	**(40,360)**	**(53,214)**	**(70,282)**	**(80,000)**	**(90,000)**
Sale of ST investment	(334)	(566)	-	-	-
New investments	(213)	(135)	(1,002)	-	-
Capital expenditure	(33,430)	(46,091)	(67,451)	(80,000)	(90,000)
Others investing cashflow	(6,383)	(6,422)	(1,829)	-	-
Free cash flow	**22,634**	**18,478**	**19,085**	**63,612**	**138,443**
Financing cash flow	**(11,118)**	**(9,401)**	**(32,751)**	**(52,730)**	**(86,238)**
Increase in short term debt	(1,417)	446	13,937	-	-
Increase in long term loans	8,552	11,283	(17,328)	-	-
New ordinary shares issued	-	-			
Ordinary dividends paid	(16,702)	(20,313)	(30,132)	(52,730)	(86,238)
Other financing cashflow	(1,550)	(817)	771	-	-
Forex effects	**8,586**	**(2,146)**	**980**	**-**	**-**
Total cash generated	**30,003**	**33,713**	**30,641**	**21,748**	**64,750**

ROIC

	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
1 - COGS/revenue					
- Operating exp./revenue	21.1%	19.1%	18.5%	17.5%	16.8%
= Operating margin	**11.3%**	**15.1%**	**18.3%**	**22.0%**	**23.3%**
1 / (Working capital/revenue	0.1	0.1	0.1	0.1	0.2
+ Net PPE/revenue	0.3	0.3	0.2	0.2	0.2
+ Other assets/revenue)	0.0	0.0	0.0	0.0	0.0
= Capital turnover	**2.6**	**2.8**	**3.0**	**2.9**	**3.0**
Operating margin	11.3%	15.1%	18.3%	22.0%	23.3%
x Capital turnover	2.6	2.8	3.0	2.9	3.0
x (1 - tax rate)	78.7%	77.3%	77.1%	77.0%	77.0%
= After-tax ROIC	**22.7%**	**33.1%**	**42.8%**	**49.8%**	**54.6%**

Source: Company data, KGI Research estimates

Delta Electronics – Recommendation & target price history



Date	Rating	Target	Price
2026-07-06	Outperform	2,910	1,995
2026-04-30	Outperform	2,940	2,165
2026-04-20	Outperform	2,308	1,900
2026-02-27	Outperform	1,770	1,430
2026-01-22	Outperform	1,770	1,245
2025-10-30	Outperform	1,280	1,010
2025-09-26	Outperform	1,075	848
2025-07-31	Outperform	686	567
2025-07-01	Outperform	520	428
2025-05-01	Outperform	428	334

Source: TEJ, KGI Research

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