Company update | Power management · Taiwan

Delta Electronics

(2308.TW/2308 TT)

FTSE4Good TIP Taiwan ESG Index stock

Outperform · Maintained

Price as of October 29 (NT$)	1,480
12M target price (NT$)	2,140
Previous target price (NT$)	2,505
Revised down (%)	14.6
Upside/downside (%)	44.6

Key message

1. We expect gross margin to recover from the 3Q26 trough.
2. Delta plans to expand its production capacity in Malaysia to a scale comparable to Thailand within 5 years.
3. We revise down our 2026-27F EPS estimates to NT$37.60 and NT$62.12, respectively.

Trading data

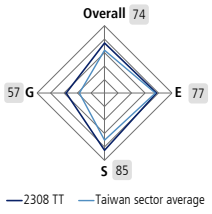
Mkt cap (NT$bn/US$mn)	3,844 / 118,529
Outstanding shares (mn)	2,598
Foreign ownership (mn)	1,563
3M avg. daily trading (mn)	7.46
52-week trading range (NT$)	890 –2,520

Performance	3M	6M	12M
Absolute (%)	-1	-31.6	39.6
Relative (%)	-16.8	-49.6	-24.3

Quarterly EPS

NT$	1Q	2Q	3Q	4Q
2025	3.94A	5.37A	7.16A	6.67A
2026	7.91A	9.68A	9.04F	10.97F
2027	12.06F	14.58F	16.98F	18.49F

ESG score card



Source: Refinitiv

Bad news largely concluded by a 3Q26 earnings miss

Event

Delta Electronics reported 3Q26 EPS of NT$9.04, below consensus by 14%. 3Q26 revenue trailed consensus by 5% (up 8% QoQ) due to data center supply chain constraints, while gross margin of 34.1% missed expectations by nearly 2ppts on component cost hikes, inventory write-offs (a 1.7ppts impact) and a less favorable than expected sales mix, leading to an operating shortfall of 16.6%, despite decent opex controls. Server power sales were hit hard by supply chain constraints, up only 7% QoQ to a 30% weighting, in 3Q26, whereas shipments for mobility and automation improved.

Impact

3Q26 margins likely the near-term bottom. Management reiterates its positive view on AI data center demand, but expects quarterly revenue growth to be bumpy, though positive over the long term, considering uncertainties surrounding AI data center buildout schedules, as well as the persistent supply chain tightness both Delta and its clients face. The firm sees power as one of the tighter parts of the data center supply chain, as production continues to be capped by undersupplied power semiconductors. We expect smoother server power shipments from 4Q26F onwards, supporting revenue growth of 10% QoQ, and foresee a 1.3ppts QoQ gross margin recovery on a favorable sales mix, narrowed inventory write-offs, and the effect of pricing adjustments to pass on inflated costs to clients.

Malaysia the next major production base. Thailand currently accounts for more than 30% of Delta's overall capacity, and management targets production in Malaysia to be comparable with Thailand in five years. Expansion plans in Thailand, the US, Taiwan and China are on track as the firm prepares for robust AI infrastructure demand 2-3 years out. As for solid-oxide fuel cells (SOFC), management foresees limited shipments in 2027F, but claims the firm's solutions have garnered serious interests from major customers.

We trim 2026-27F EPS by 7% & 6%. HVDC revenue will likely be more significant from 2H27F onwards, with earlier adoption in ASIC servers compared to GPU servers. We see upside for DC-DC module revenue in 2027-28F, as vertical power delivery (VPD) adoption for AI accelerators seems inevitable long-term, and expect minimal impacts from the Vicor (US) lawsuit through 2027F. We project data center revenue weightings of 59%, 69% and 77% in 2026-28F, respectively.

Valuation & Action

We think the earnings miss provides a good entry point given the expectations reset, and the firm's dominant position in power supplies remains entrenched. We lower our 12M target price to NT$2,140, based on 27x 2027-28F average EPS (from 30x), versus a historical PE band of 17-47x. Maintain Outperform.

Risks

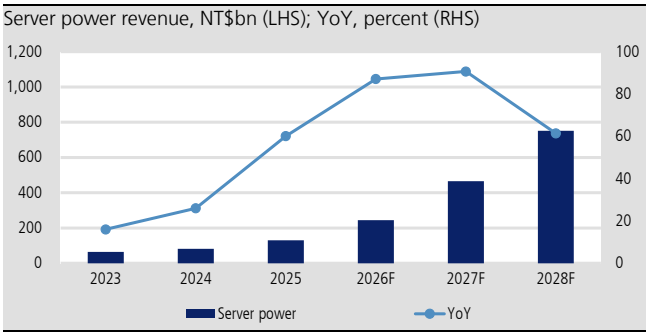
Prolonged supply chain constraints.

Key financials and valuations

	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Revenue (NT$mn)	421,148	554,885	756,985	1,076,161	1,560,577
Gross profit (NT$mn)	136,580	190,157	268,232	411,014	614,128
Operating profit (NT$mn)	47,652	83,932	130,603	226,204	359,384
Net profit (NT$mn)	35,229	60,108	97,671	161,347	250,272
EPS (NT$)	13.56	23.14	37.60	62.12	96.35
Cash DPS (NT$)	7.00	11.60	18.90	31.10	48.20
EPS growth (%)	5.5	70.6	62.5	65.2	55.1
PE (x)	109.1	64.0	39.4	23.8	15.4
PB (x)	16.7	14.3	11.1	8.4	6.1
EV/EBITDA (x)	61.6	40.2	26.5	16.3	10.5
Net debt to equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Dividend yield (%)	0.5	0.8	1.3	2.1	3.3
Return on average equity (%)	16.4	24.1	31.8	40.1	46.0

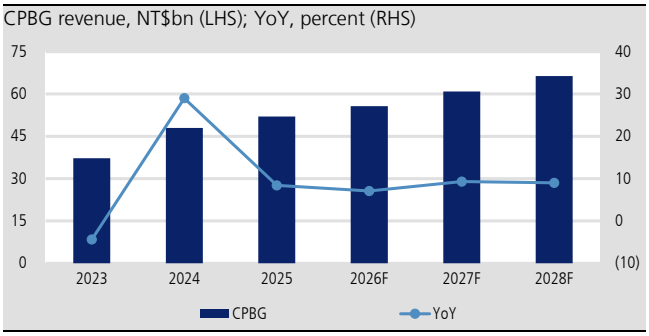
Source: Company data, KGI Research estimates

Figure 1: We forecast a server power supply revenue CAGR of 79% in 2025-28F on AI proliferation



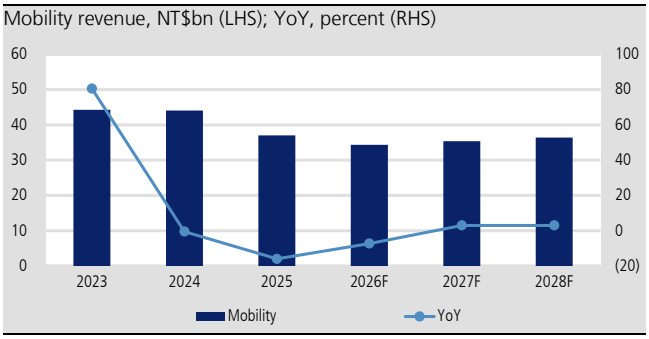
Source: Company data; KGI Research

Figure 2: Below corporate-average revenue growth for the passive component segment in 2026F



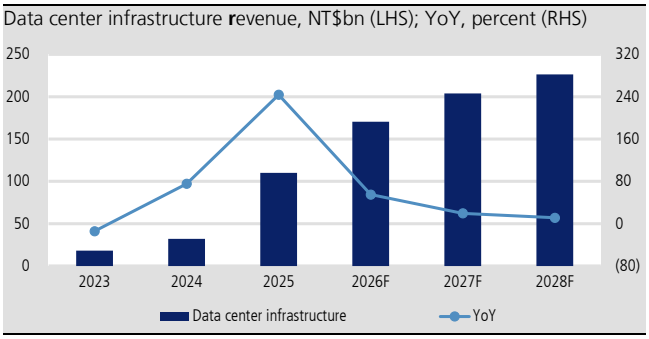
Source: Company data; KGI Research

Figure 3: Muted mobility sales growth through 2026F



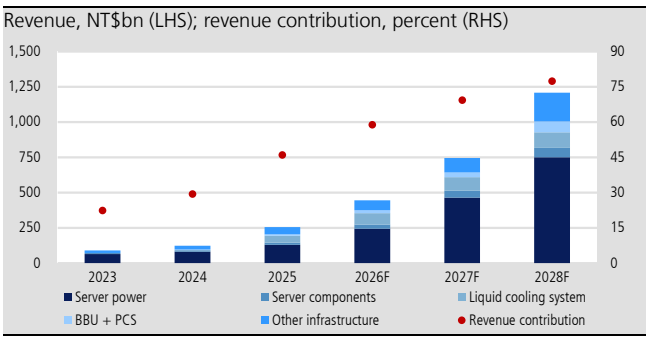
Source: Company data; KGI Research

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



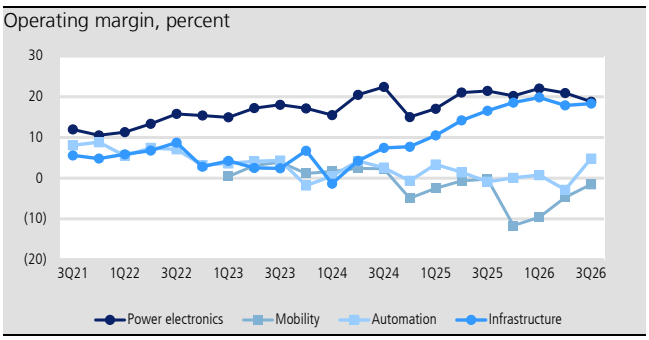
Source: Company data; KGI Research

Figure 5: Data center-related business to account for 59% of revenue from 2026F



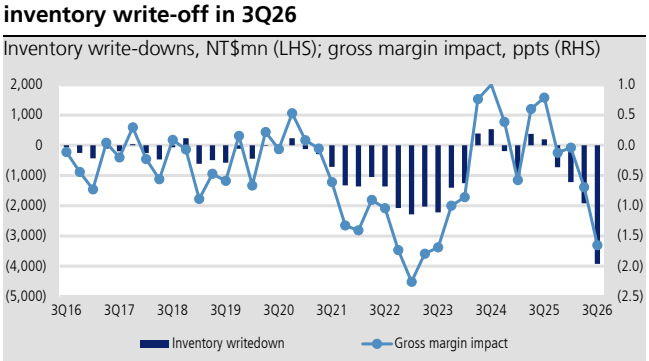
Source: Company data; KGI Research

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



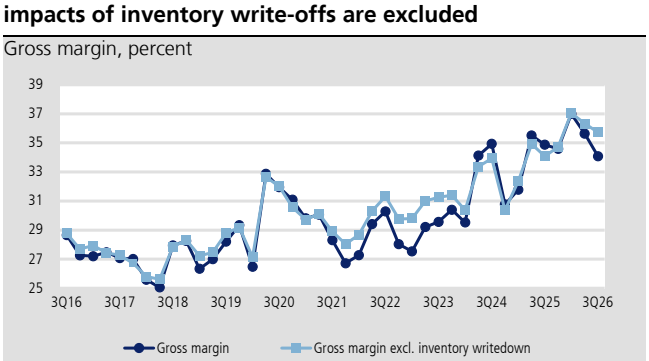
Source: Company data; KGI Research

Figure 7: A negative 1.7ppts gross margin impact on inventory write-off in 3Q26



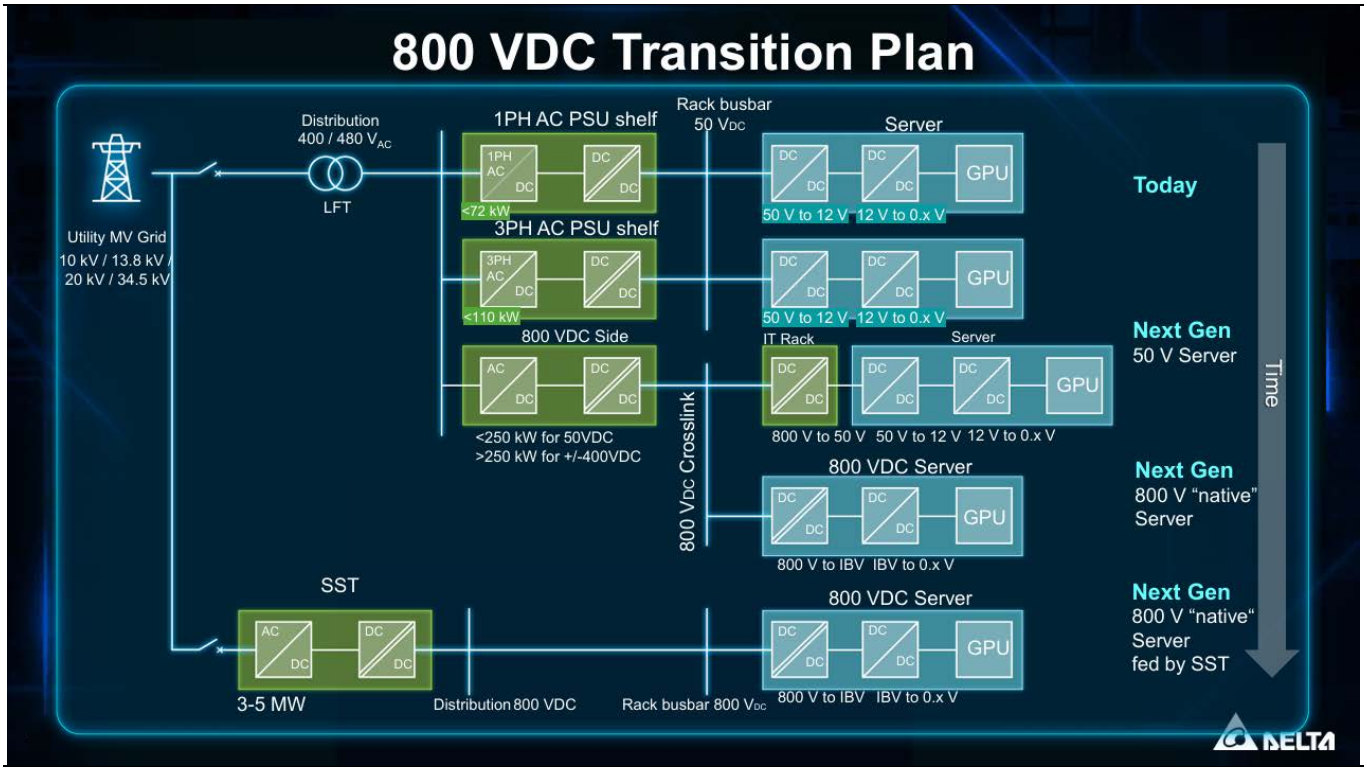
Source: Company data; KGI Research

Figure 8: Gross margin decreased by 0.6ppts QoQ in 3Q26, if impacts of inventory write-offs are excluded



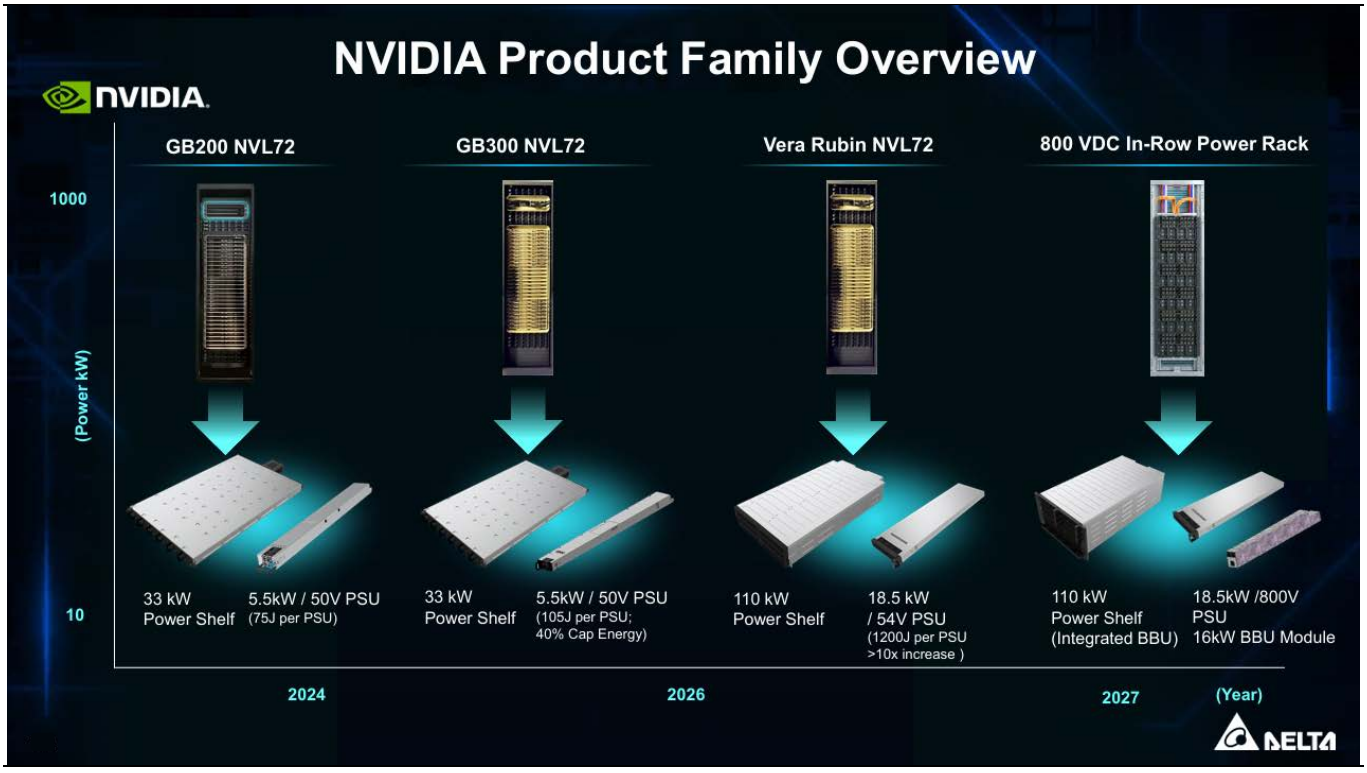
Source: Company data; KGI Research

Figure 9: Delta's HVDC transition plan



Source: Delta Electronics; KGI Research

Figure 10: Delta's PSU specs in different server generations



Source: Delta Electronics; KGI Research

Figure 11: Breakdown of 3Q26 results & 4Q26 forecast revisions vs. consensus

	3Q26							4Q26F						
NT$mn	Actual	KGI	Diff. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Revenue	197,059	209,429	(5.9)	7.5	31.1	207,389	(5.0)	217,317	223,756	(2.9)	10.3	34.5	234,972	(7.5)
Gross profit	67,155	77,037	(12.8)	2.8	28.1	74,663	(10.1)	76,808	83,857	(8.4)	14.4	37.4	85,631	(10.3)
Operating profit	32,620	39,130	(16.6)	6.7	31.5	37,994	(14.1)	38,995	43,581	(10.5)	19.5	47.6	43,046	(9.4)
Net income	23,495	28,636	(18.0)	(6.5)	26.3	29,912	(21.5)	28,485	31,066	(8.3)	21.2	64.4	31,599	(9.9)
EPS (NT$)	9.04	11.02	(18.0)	(6.5)	26.3	10.47	(13.6)	10.97	11.96	(8.3)	21.2	64.4	11.98	(8.5)
Gross margin (%)	34.1	36.8	(2.7) ppts	(1.6) ppts	(0.8) ppts	36.0	(1.9) ppts	35.3	37.5	(2.1) ppts	1.3 ppts	0.8 ppts	36.4	(1.1) ppts
Op. margin (%)	16.6	18.7	(2.1) ppts	(0.1) ppts	0.0 ppts	18.3	(1.8) ppts	17.9	19.5	(1.5) ppts	1.4 ppts	1.6 ppts	18.3	(0.4) ppts
Net margin (%)	11.9	13.7	(1.8) ppts	(1.8) ppts	(0.5) ppts	14.4	(2.5) ppts	13.1	13.9	(0.8) ppts	1.2 ppts	2.4 ppts	13.4	(0.3) ppts

Source: Bloomberg; KGI Research

Figure 12: Breakdown of 2026-28 forecast revisions vs. consensus

	2026F						2027F						2028F					
NT$mn	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Revenue	756,985	775,794	(2.4)	36.4	775,471	(2.4)	1,076,161	1,122,637	(4.1)	42.2	1,048,700	2.6	1,560,577	1,626,958	(4.1)	45.0	1,557,095	0.2
Gross profit	268,232	285,163	(5.9)	41.1	281,383	(4.7)	411,014	443,550	(7.3)	53.2	391,785	4.9	614,128	652,232	(5.8)	49.4	588,281	4.4
Operating profit	130,603	141,698	(7.8)	55.6	140,081	(6.8)	226,204	247,055	(8.4)	73.2	227,571	(0.6)	359,384	379,700	(5.4)	58.9	341,080	5.4
Net income	97,671	105,393	(7.3)	62.5	105,388	(7.3)	161,347	172,189	(6.3)	65.2	167,151	(3.5)	250,272	261,608	(4.3)	55.1	248,697	0.6
EPS (NT$)	37.60	40.57	(7.3)	62.5	40.20	(6.5)	62.12	66.29	(6.3)	65.2	63.35	(1.9)	96.35	100.71	(4.3)	55.1	95.34	1.1
Gross margin (%)	35.4	36.8	(1.3) ppts	1.2 ppts	36.3	(0.9) ppts	38.2	39.5	(1.3) ppts	2.8 ppts	37.4	0.8 ppts	39.4	40.1	(0.7) ppts	1.2 ppts	37.8	1.6 ppts
Op. margin (%)	17.3	18.3	(1.0) ppts	2.1 ppts	18.1	(0.8) ppts	21.0	22.0	(1.0) ppts	3.8 ppts	21.7	(0.7) ppts	23.0	23.3	(0.3) ppts	2.0 ppts	21.9	1.1 ppts
Net margin (%)	12.9	13.6	(0.7) ppts	2.1 ppts	13.6	(0.7) ppts	15.0	15.3	(0.3) ppts	2.1 ppts	15.9	(0.9) ppts	16.0	16.1	(0.0) ppts	1.0 ppts	16.0	0.1 ppts

Source: Bloomberg; KGI Research

Figure 13: Delta Electronics – Business structure

Segment	3Q26 revenue weighting (%)	Business group	2025 revenue growth (%)	2026F revenue growth (%)	2026F revenue weighting (%)	Products
Power electronics	54	Power supply (PSBG)	34	58	38	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	7	7	Passive component (Cyntec), optical transceiver
		Fan & thermal (FMBG)	15	43	8	Cooling fan, thermal module
Mobility	5	Electric vehicle solution (EVSBG)	-16	-7	5	On-board charger, DC/DC converter, traction motor, traction inverter
Automation	8	Industrial automation (IABG)	5	16	6	Industrial automation (Servo motor, AC motor drive, PLC, CNC control, HMI, robot arms)
		Building automation (BABG)	4	7	3	Building automation solution, LED lighting fixture, surveillance camera, controller
Infrastructure	33	Information & communication technology (ICTBG)	102	40	30	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

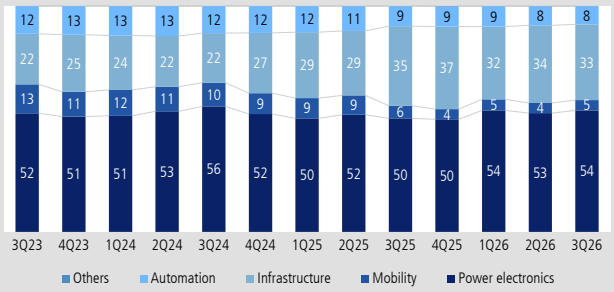
Figure 14: Company profile

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 54%, 5%, 8% and 33% of 3Q26 revenue.

Source: KGI Research

Figure 15: Revenue mix

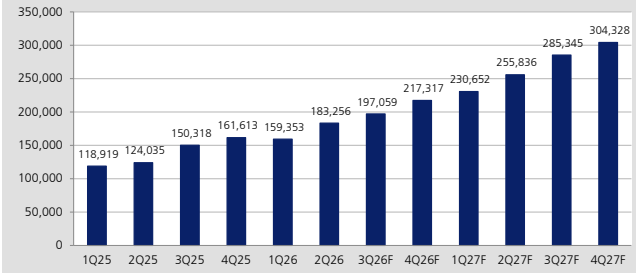
Revenue breakdown, percent



Source: KGI Research

Figure 16: Sales

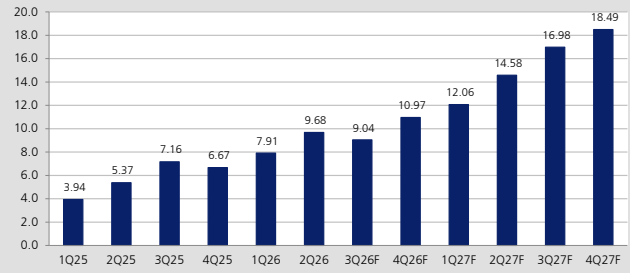
Sales, NT$mn



Source: KGI Research

Figure 17: EPS

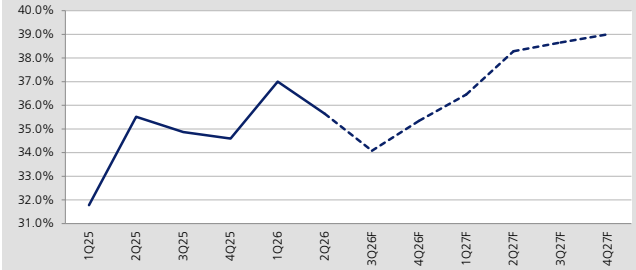
EPS, NT$



Source: KGI Research

Figure 18: Gross Margin

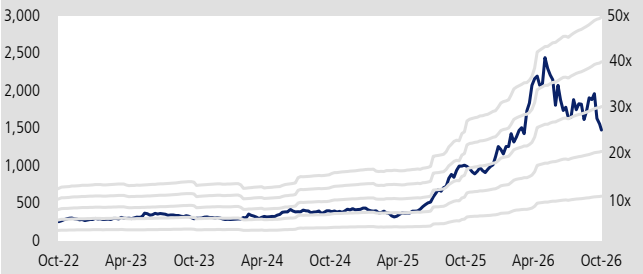
Gross margin, percent



Source: KGI Research

Figure 19: 12M forward PE band

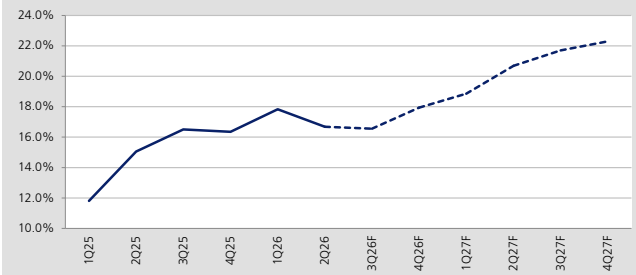
Share price, NT$ (LHS); PE ratio, x (RHS)



Source: KGI Research

Figure 20: Operating Margin

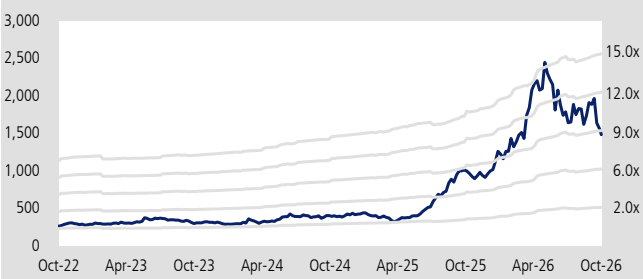
Operating margin, percent



Source: KGI Research

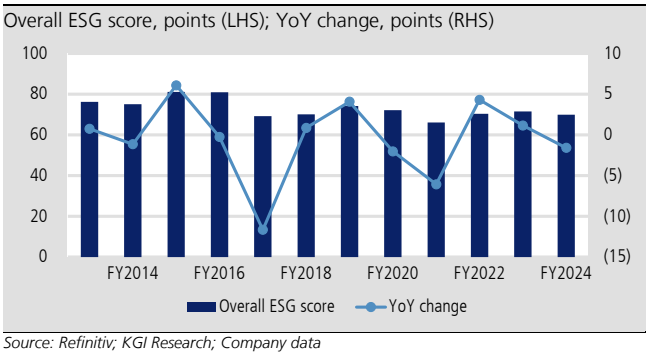
Figure 21: 2M forward PB band

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



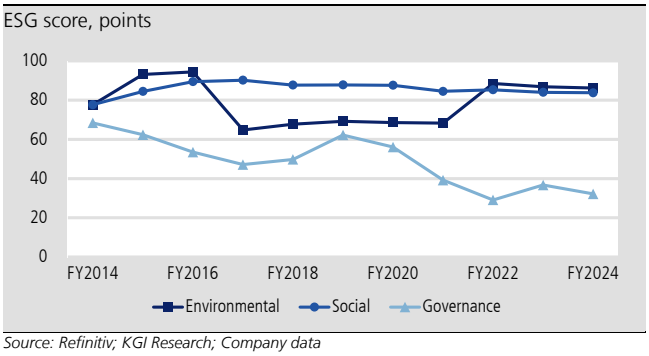
Source: KGI Research

Figure 22: Overall ESG score



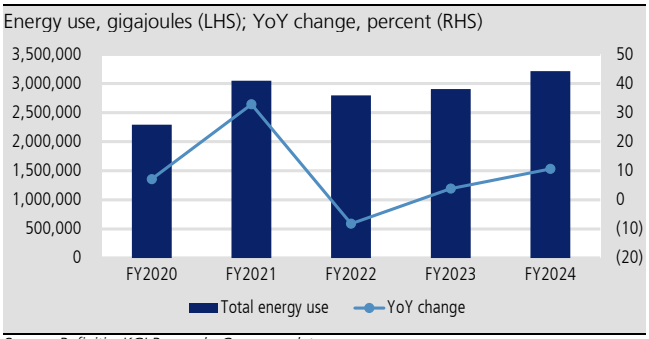
Source: Refinitiv; KGI Research; Company data

Figure 23: ESG score by category



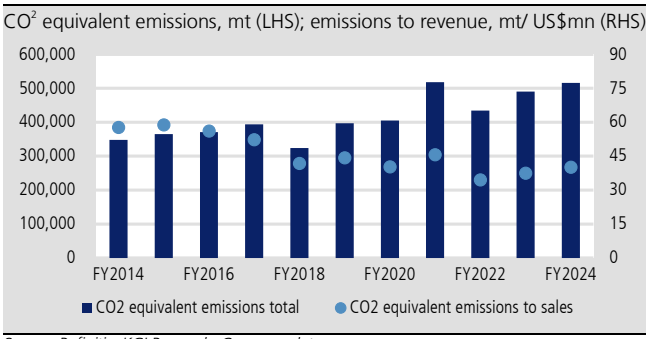
Source: Refinitiv; KGI Research; Company data

Figure 24: Energy use



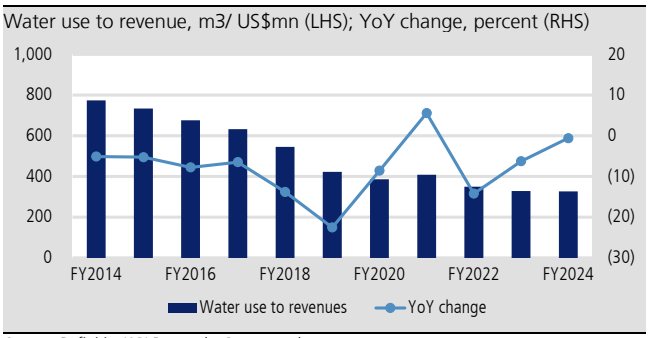
Source: Refinitiv; KGI Research; Company data

Figure 25: CO^2 equivalent emissions



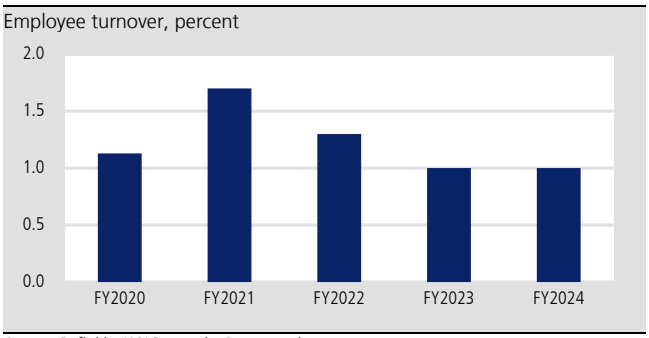
Source: Refinitiv; KGI Research; Company data

Figure 26: Water use to revenue



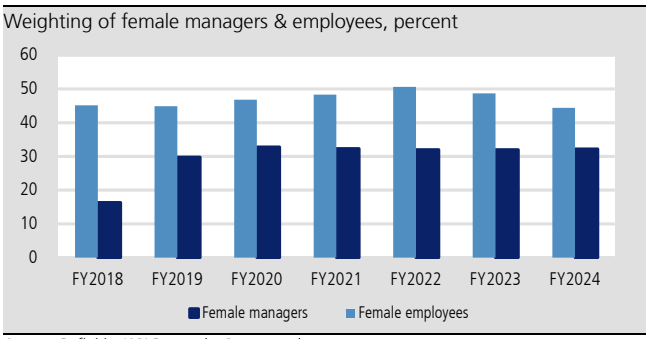
Source: Refinitiv; KGI Research; Company data

Figure 27: Employee turnover



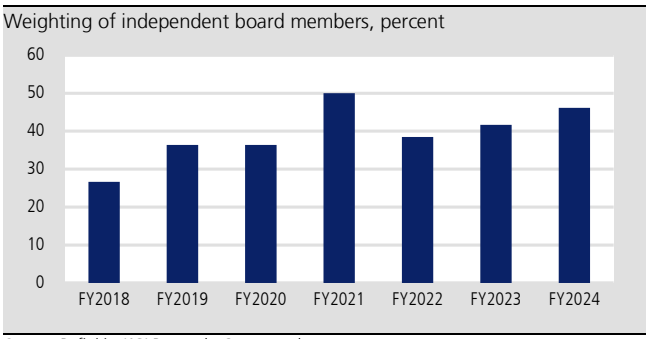
Source: Refinitiv; KGI Research; Company data

Figure 28: Gender diversification



Source: Refinitiv; KGI Research; Company data

Figure 29: 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$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**	**197,059**	**217,317**	**230,652**	**255,836**	**285,345**	**304,328**	**756,985**	**1,076,161**	**1,560,577**
Cost of goods sold	(100,392)	(117,948)	(129,904)	(140,509)	(146,571)	(157,888)	(175,041)	(185,646)	(488,753)	(665,146)	(946,449)
Gross profit	**58,961**	**65,308**	**67,155**	**76,808**	**84,082**	**97,948**	**110,304**	**118,681**	**268,232**	**411,014**	**614,128**
Operating expenses	(30,544)	(34,738)	(34,535)	(37,813)	(40,595)	(45,027)	(48,366)	(50,823)	(137,629)	(184,811)	(254,744)
Operating profit	**28,417**	**30,570**	**32,620**	**38,995**	**43,487**	**52,921**	**61,938**	**67,858**	**130,603**	**226,204**	**359,384**
Depreciation of fixed assets	(6,757)	(7,521)	(8,369)	(8,704)	(9,052)	(9,414)	(9,790)	(10,182)	(31,351)	(38,438)	(44,967)
Amortisation of intangible assets	(990)	(953)	(920)	(960)	(960)	(960)	(960)	(960)	(3,824)	(3,840)	(3,840)
EBITDA	**36,165**	**39,044**	**41,909**	**48,659**	**53,499**	**63,295**	**72,688**	**79,001**	**165,777**	**268,482**	**408,192**
Interest income	951	970	1,104	1,243	1,299	1,379	1,327	1,367	4,268	5,372	6,758
Investment income	37	98	190	35	100	130	250	40	360	520	582
Other non-op income	1,709	1,220	793	1,500	1,650	1,650	1,650	1,650	5,221	6,600	7,200
Non-operating income	**2,696**	**2,288**	**2,087**	**2,778**	**3,049**	**3,159**	**3,227**	**3,057**	**9,850**	**12,492**	**14,541**
Interest expense	(523)	(572)	(788)	(788)	(788)	(788)	(788)	(788)	(2,670)	(3,152)	(3,152)
Investment loss	(3)	(6)	(4)	-	-	-	-	-	(14)	-	-
Other non-op expenses	505	2,720	(249)	-	-	-	-	-	2,976	-	-
Non-operating expenses	**(21)**	**2,142**	**(1,041)**	**(788)**	**(788)**	**(788)**	**(788)**	**(788)**	**292**	**(3,152)**	**(3,152)**
Pre-tax profit	**31,093**	**35,000**	**33,666**	**40,986**	**45,748**	**55,292**	**64,377**	**70,127**	**140,745**	**235,544**	**370,773**
Current taxation	(7,258)	(7,831)	(7,608)	(9,222)	(10,293)	(12,441)	(14,485)	(15,779)	(31,919)	(52,997)	(83,424)
Minorities	(3,279)	(2,033)	(2,564)	(3,279)	(4,117)	(4,976)	(5,794)	(6,311)	(11,155)	(21,199)	(37,077)
Normalised net profit	**20,556**	**25,136**	**23,495**	**28,485**	**31,337**	**37,875**	**44,098**	**48,037**	**97,671**	**161,347**	**250,272**
Extraordinary items	0	(0)	-	-	-	-	-	-	-	-	-
Net profit	**20,556**	**25,136**	**23,495**	**28,485**	**31,337**	**37,875**	**44,098**	**48,037**	**97,671**	**161,347**	**250,272**
EPS (NT$)	7.91	9.68	9.04	10.97	12.06	14.58	16.98	18.49	37.60	62.12	96.35
Margins (%)											
Gross profit margin	37.0	35.6	34.1	35.3	36.5	38.3	38.7	39.0	35.4	38.2	39.4
Operating margin	17.8	16.7	16.6	17.9	18.9	20.7	21.7	22.3	17.3	21.0	23.0
EBITDA margin	22.7	21.3	21.3	22.4	23.2	24.7	25.5	26.0	21.9	24.9	26.2
Pretax profit margin	19.5	19.1	17.1	18.9	19.8	21.6	22.6	23.0	18.6	21.9	23.8
Net profit margin	12.9	13.7	11.9	13.1	13.6	14.8	15.5	15.8	12.9	15.0	16.0
Sequential growth (%)											
Revenue growth	(1.4)	15.0	7.5	10.3	6.1	10.9	11.5	6.7			
Gross profit growth	5.5	10.8	2.8	14.4	9.5	16.5	12.6	7.6			
Operating profit growth	7.6	7.6	6.7	19.5	11.5	21.7	17.0	9.6			
EBITDA growth	9.9	8.0	7.3	16.1	9.9	18.3	14.8	8.7			
Pretax profit growth	21.2	12.6	(3.8)	21.7	11.6	20.9	16.4	8.9			
Net profit growth	18.7	22.3	(6.5)	21.2	10.0	20.9	16.4	8.9			
YoY growth (%)											
Revenue growth	34.0	47.7	31.1	34.5	44.7	39.6	44.8	40.0	36.4	42.2	45.0
Gross profit growth	56.0	48.3	28.1	37.4	42.6	50.0	64.3	54.5	41.1	53.2	49.4
Operating profit growth	102.5	63.7	31.5	47.6	53.0	73.1	89.9	74.0	55.6	73.2	58.9
EBITDA growth	73.3	53.6	28.7	47.8	47.9	62.1	73.4	62.4	48.3	62.0	52.0
Pretax profit growth	98.5	78.8	24.8	59.8	47.1	58.0	91.2	71.1	60.2	67.4	57.4
Net profit growth	100.9	80.2	26.3	64.4	52.5	50.7	87.7	68.6	62.5	65.2	55.1

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**	**866,566**	**1,028,618**	**1,296,621**
Current assets	**310,925**	**395,781**	**571,607**	**695,417**	**921,645**
Cash & ST securities	121,793	155,113	233,367	275,626	377,224
Inventory	83,856	101,478	161,688	191,271	252,744
Accounts receivable	89,921	121,717	156,299	208,268	271,424
Other current assets	15,355	17,473	20,253	20,253	20,253
Non-current assets	**220,973**	**243,838**	**294,959**	**333,201**	**374,976**
LT investments	8,503	6,722	8,937	9,457	10,039
Net fixed assets	115,710	142,040	187,483	229,044	274,077
Other assets	96,760	95,076	98,540	94,700	90,860
Total liabilities	**252,332**	**314,230**	**450,372**	**478,972**	**540,408**
Current liabilities	**152,283**	**209,665**	**322,608**	**351,207**	**412,644**
Accounts payable	69,223	94,452	132,444	161,043	222,480
Interest bearing ST liabilities	8,121	17,325	39,241	39,241	39,241
Other current liabilities	74,939	97,888	150,923	150,923	150,923
Non-current liabilities	**100,049**	**104,565**	**127,764**	**127,764**	**127,764**
Long-term debt	56,309	56,703	71,385	71,385	71,385
Other L-T liabilities	41,523	45,365	53,010	53,010	53,010
Total equity	**279,565**	**325,389**	**416,194**	**549,647**	**756,212**
Share capital	25,975	25,975	25,975	25,975	25,975
Retained earnings reserve	98,433	140,397	201,952	313,239	482,727
Minority interests	49,478	57,331	69,512	90,711	127,788
Preferred shareholders funds	-	-	-	-	-

Key ratios

	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Growth					
Revenue growth	5.0%	31.8%	36.4%	42.2%	45.0%
Operating profit growth	16.4%	76.1%	55.6%	73.2%	58.9%
EBITDA growth	16.2%	53.8%	48.3%	62.0%	52.0%
Net profit growth	5.5%	70.6%	62.5%	65.2%	55.1%
EPS growth	5.5%	70.6%	62.5%	65.2%	55.1%
Profitability					
Gross profit margin	32.4%	34.3%	35.4%	38.2%	39.4%
Operating margin	11.3%	15.1%	17.3%	21.0%	23.0%
EBITDA margin	17.3%	20.1%	21.9%	24.9%	26.2%
Net profit margin	8.4%	10.8%	12.9%	15.0%	16.0%
Return on average assets	7.1%	10.3%	13.0%	17.0%	21.5%
Return on average equity	16.4%	24.1%	31.8%	40.1%	46.0%
Stability					
Gross debt to equity	23.0%	22.8%	26.6%	20.1%	14.6%
Net debt to equity	Net cash	Net cash	Net cash	Net cash	Net cash
Interest coverage (x)	34.2	40.7	53.7	75.7	118.6
Interest & ST debt coverage (x)	0.8	0.8	0.8	0.8	0.9
Cash flow interest coverage(x)	47.1	44.4	49.3	54.4	86.4
Cash flow/int. & ST debt (x)	7.5	5.0	3.1	4.0	6.4
Current ratio (x)	2.0	1.9	1.8	2.0	2.2
Quick ratio (x)	1.5	1.4	1.3	1.4	1.6
Net debt (NT$mn)	(53,029)	(77,144)	(117,926)	(160,185)	(261,783)
Per share data					
EPS (NT$)	13.56	23.14	37.60	62.12	96.35
CFPS (NT$)	28.06	37.91	50.70	65.97	104.86
BVPS (NT$)	88.58	103.20	133.47	176.68	241.93
Adj BVPS (NT$)	88.58	103.20	133.47	176.68	241.93
SPS (NT$)	162.13	213.62	291.42	414.30	600.79
EBITDA/share (NT$)	27.98	43.03	63.82	103.36	157.15
Cash DPS (NT$)	7.00	11.60	18.90	31.10	48.20
Activity					
Sales / avg assets	0.85	0.95	1.01	1.14	1.34
Days receivable	78.1	80.1	75.4	70.6	63.7
Days inventory	107.9	101.6	120.7	105.0	97.7
Days payable	89.0	94.5	98.9	88.4	86.0
Cash cycle	97.0	87.1	97.2	87.2	75.4

Source: Company data, KGI Research estimates

Profit & loss

NT$mn	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Revenue	**421,148**	**554,885**	**756,985**	**1,076,161**	**1,560,577**
Cost of goods sold	(284,567)	(364,729)	(488,753)	(665,146)	(946,449)
Gross profit	**136,580**	**190,157**	**268,232**	**411,014**	**614,128**
Operating expenses	(88,928)	(106,224)	(137,629)	(184,811)	(254,744)
Operating profit	**47,652**	**83,932**	**130,603**	**226,204**	**359,384**
Non-operating income	**8,163**	**9,233**	**9,850**	**12,492**	**14,541**
Interest income	3,407	3,717	4,268	5,372	6,758
Investment income	438	484	360	520	582
Other non-op income	4,319	5,032	5,221	6,600	7,200
Non-operating expenses	**(4,499)**	**(5,299)**	**292**	**(3,152)**	**(3,152)**
Interest expense	(1,547)	(2,216)	(2,670)	(3,152)	(3,152)
Investment loss	(73)	-	(14)	-	-
Other non-op expenses	(2,879)	(3,083)	2,976	-	-
Pre-tax profit	**51,316**	**87,866**	**140,745**	**235,544**	**370,773**
Current taxation	(10,925)	(19,930)	(31,919)	(52,997)	(83,424)
Minorities	(5,163)	(7,828)	(11,155)	(21,199)	(37,077)
Extraordinary items	-	(0)	(0)	-	-
Net profit	**35,229**	**60,108**	**97,671**	**161,347**	**250,272**
EBITDA	**72,668**	**111,771**	**165,777**	**268,482**	**408,192**
EPS (NT$)	13.56	23.14	37.60	62.12	96.35

Cash flow

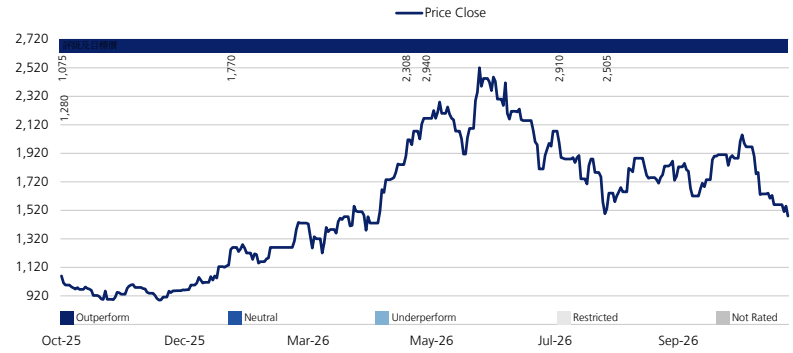
NT$mn	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Operations cash flow	**72,895**	**98,474**	**131,686**	**171,352**	**272,381**
Net profit	35,229	60,108	97,671	161,347	250,272
Depreciation & amortisation	25,016	27,839	35,175	42,278	48,807
Decrease in working capital	(2,538)	(24,348)	(57,587)	(52,952)	(63,193)
Other operating cash flow	15,188	34,875	56,427	20,679	36,495
Investing cash flow	**(40,360)**	**(53,214)**	**(70,544)**	**(80,000)**	**(90,000)**
Sale of ST investment	(334)	(566)	-	-	-
New investments	(213)	(135)	(1,384)	-	-
Capital expenditure	(33,430)	(46,091)	(66,878)	(80,000)	(90,000)
Others investing cashflow	(6,383)	(6,422)	(2,282)	-	-
Free cash flow	**22,634**	**18,478**	**7,870**	**80,794**	**170,298**
Financing cash flow	**(11,118)**	**(9,401)**	**15,555**	**(49,094)**	**(80,784)**
Increase in short term debt	(1,417)	446	10,415	-	-
Increase in long term loans	8,552	11,283	26,182	-	-
New ordinary shares issued	-	-			
Ordinary dividends paid	(16,702)	(20,313)	(30,132)	(49,094)	(80,784)
Other financing cashflow	(1,550)	(817)	9,089	(0)	-
Forex effects	**8,586**	**(2,146)**	**683**	**-**	**-**
Total cash generated	**30,003**	**33,713**	**77,380**	**42,259**	**101,598**

ROIC

	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
1 - COGS/revenue					
- Operating exp./revenue	21.1%	19.1%	18.2%	17.2%	16.3%
= Operating margin	**11.3%**	**15.1%**	**17.3%**	**21.0%**	**23.0%**
1 / (Working capital/revenue	0.1	0.1	0.1	0.1	0.1
+ 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**	**3.1**	**3.5**
Operating margin	11.3%	15.1%	17.3%	21.0%	23.0%
x Capital turnover	2.6	2.8	3.0	3.1	3.5
x (1 - tax rate)	78.7%	77.3%	77.3%	77.5%	77.5%
= After-tax ROIC	**22.7%**	**33.1%**	**40.6%**	**51.0%**	**61.7%**

Source: Company data, KGI Research estimates

Delta Electronics – Recommendation & target price history



Date	Rating	Target	Price
2026-07-30	Outperform	2,505	1,530
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

Source: TEJ, KGI Research

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