

# Delta Electronics (2308.TW/2308 TT)

## HVDC contribution warming up

FTSE4Good TIP Taiwan ESG Index stock

### Outperform · Maintained

|                              |       |
|------------------------------|-------|
| Price as of April 20 (NT\$)  | 1,900 |
| 12M target price (NT\$)      | 2,308 |
| Previous target price (NT\$) | 1,770 |
| Revised up (%)               | 30.4  |
| Upside (%)                   | 21.5  |

#### Key message

1. Faster-than-expected adoption of HVDC should lead to revenue contribution starting 2H26F.
2. DC-DC converter and liquid cooling system are also strong growth drivers in 2026-27F.
3. We raise 2026-27F EPS by a respective 5% and 10%, for a 2025-28F CAGR of 57%.

#### Trading data

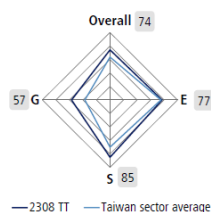
|                              |                 |
|------------------------------|-----------------|
| Mkt cap (NT\$bn/US\$m)       | 4,935 / 157,086 |
| Outstanding shares (mn)      | 2,598           |
| Foreign ownership (mn)       | 1,676           |
| 3M avg. daily trading (mn)   | 7.48            |
| 52-week trading range (NT\$) | 310.0 -1,900    |

| Performance  | 3M   | 6M   | 12M   |
|--------------|------|------|-------|
| Absolute (%) | 68.1 | 87.2 | 494.7 |
| Relative (%) | 51.7 | 53.7 | 404.1 |

#### Quarterly EPS

| NT\$ | 1Q     | 2Q     | 3Q     | 4Q     |
|------|--------|--------|--------|--------|
| 2025 | 3.94A  | 5.37A  | 7.16A  | 6.67A  |
| 2026 | 7.35F  | 9.30F  | 10.75F | 11.02F |
| 2027 | 11.93F | 13.85F | 16.59F | 18.36F |

#### ESG score card



Source: TEJ

#### Event

Delta Electronics reported 1Q26 revenue of NT\$159.4bn, down 1% QoQ, in line with our estimate. Server power sales surged by over 90% YoY to 31% of revenue, while liquid cooling system revenue was down 22% QoQ to NT\$15.0bn. Infrastructure sales were flat QoQ in 1Q26, and mobility recovered 7% QoQ, albeit still down 27% YoY.

#### Impact

**Accelerating HVDC adoption to fuel multi-year growth.** Delta showcased its 800V DC power rack solution (rated 660kW) at Nvidia (US) GTC and targets initial shipments in 2H26F, indicating potential adoption in VR200 and significant content increase over previous generations. While HVDC adoption in VR200 should be optional, the transition will be inevitable in VR300 as the thermal design power (TDP) will surge to over 1MW with the rollout of Kyber rack design, up significantly versus GB300 (136kW). In addition, Delta is also on track to become the first certified 12kW PSU vendor for VR200, reiterating its technology prowess over major competitors. Its development in grey space offerings such as solid-state transformer (SST), solid oxide fuel cell (SOFC) and energy storage (ESS) could provide further growth catalysts in the long term.

**Other drivers are DC-DC module & liquid cooling system.** Revenue from DC-DC module more than doubled YoY in 1Q26 (5-6% of sales) thanks to the adoption by a major CSP of its ASIC server, and we think such robust sales momentum will sustain for the rest of 2026F. For liquid cooling system, we project respective revenue of NT\$81.0bn and NT\$110.0bn in 2026-27F, versus NT\$48.0bn in 2025, as we assume a lower market share on intensified competition. But we believe the firm will remain a key force in thermal solutions as the industry moves on to liquid-to-liquid cooling in coming years.

**Accelerating revenue growth in 2026-28F.** We introduce our 2028 estimates and project revenue growth of 39%, 40% and 46% in 2026-28F, respectively, as we forecast data center revenue contribution of 61%, 72% and 80%, versus 46% in 2025, boosted by a revenue CAGR of 82% from server power in 2025-28F. We expect a lower opex ratio on scale economies, and raise 2026-27F EPS by a respective 5% and 10%. We project 2Q26F revenue to rise 18% QoQ, and see revenue trending up QoQ through year-end.

#### Valuation & Action

Delta will announce 1Q26 earnings on April 29. We maintain Outperform and raise our 12M target price to NT\$2,308, on 38x 2027F EPS (from 32x), versus a historical PE band of 14-43x, which we believe is justified by a 2025-28F EPS CAGR of 57%.

#### Risks

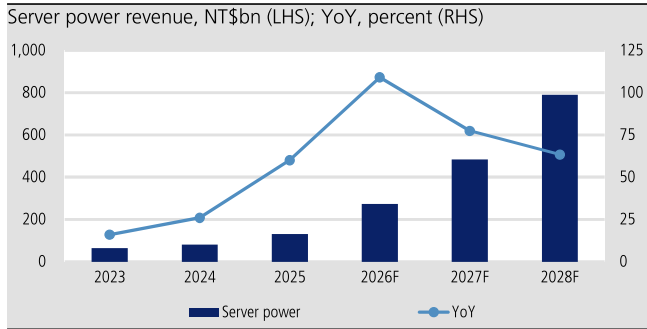
Macro headwinds.

#### Key financials and valuations

|                              | Dec-24A  | Dec-25A  | Dec-26F  | Dec-27F   | Dec-28F   |
|------------------------------|----------|----------|----------|-----------|-----------|
| Revenue (NT\$m)              | 421,148  | 554,885  | 773,312  | 1,083,793 | 1,583,608 |
| Gross profit (NT\$m)         | 136,580  | 190,157  | 275,753  | 400,167   | 583,938   |
| Operating profit (NT\$m)     | 47,652   | 83,932   | 139,470  | 223,165   | 339,379   |
| Net profit (NT\$m)           | 35,229   | 60,108   | 99,792   | 157,746   | 231,519   |
| EPS (NT\$)                   | 13.56    | 23.14    | 38.42    | 60.73     | 89.13     |
| Cash DPS (NT\$)              | 7.00     | 11.60    | 19.50    | 30.50     | 45.00     |
| EPS growth (%)               | 5.5      | 70.6     | 66.0     | 58.1      | 46.8      |
| PE (x)                       | 140.1    | 82.1     | 49.5     | 31.3      | 21.3      |
| PB (x)                       | 21.4     | 18.4     | 14.6     | 11.1      | 8.3       |
| EV/EBITDA (x)                | 78.9     | 51.5     | 34.6     | 22.8      | 15.4      |
| Net debt to equity (%)       | Net cash | Net cash | Net cash | Net cash  | Net cash  |
| Dividend yield (%)           | 0.4      | 0.6      | 1.0      | 1.6       | 2.4       |
| Return on average equity (%) | 16.4     | 24.1     | 32.9     | 40.3      | 44.4      |

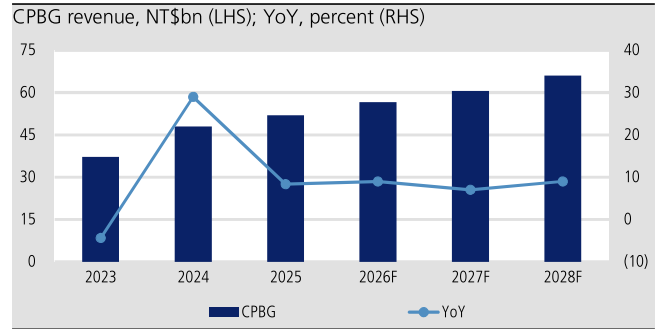
Source: Company data; KGI Research estimates

**Figure 1: We forecast a server power supply revenue CAGR of 82% in 2025-28F on AI proliferation**



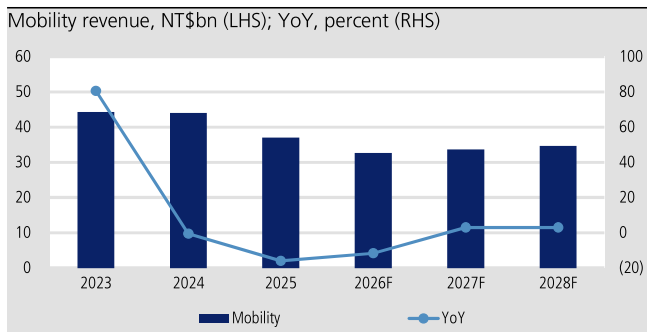
Source: Company data; KGI Research

**Figure 2: Components revenue growth decelerated in 2025F due to a high base**



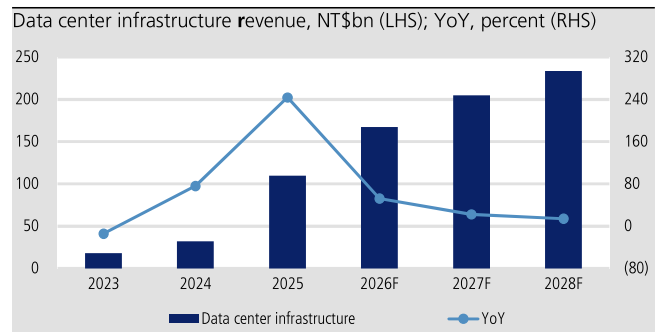
Source: Company data; KGI Research

**Figure 3: Muted mobility sales growth through 2026F**



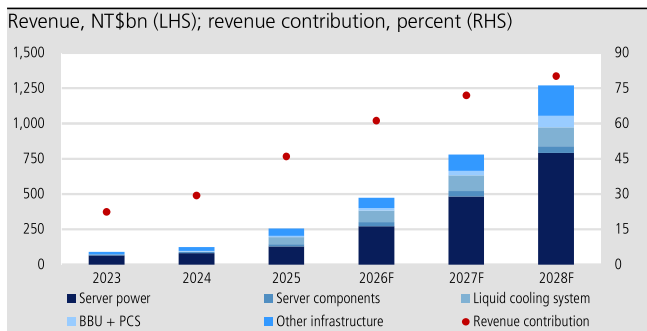
Source: Company data; KGI Research

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



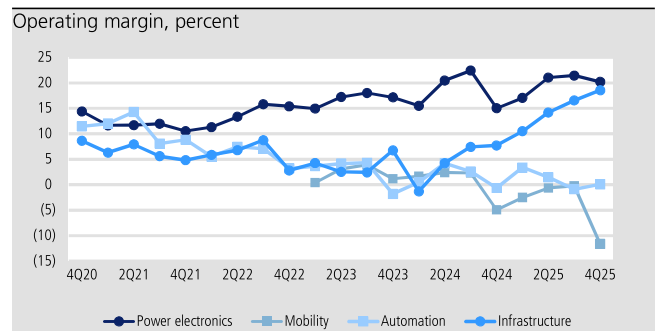
Source: Company data; KGI Research

**Figure 5: Data center-related business to account for more than 50% of revenue from 2026F**



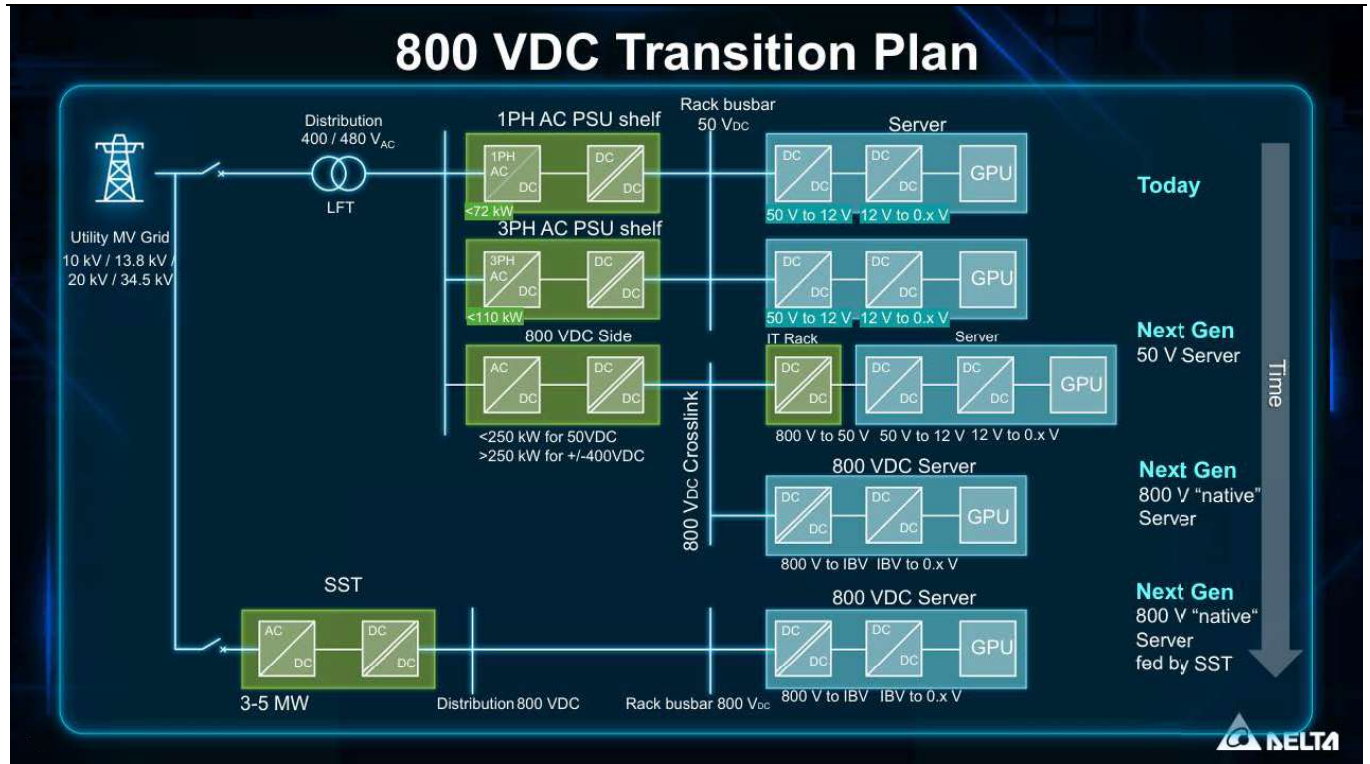
Source: Company data; KGI Research

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



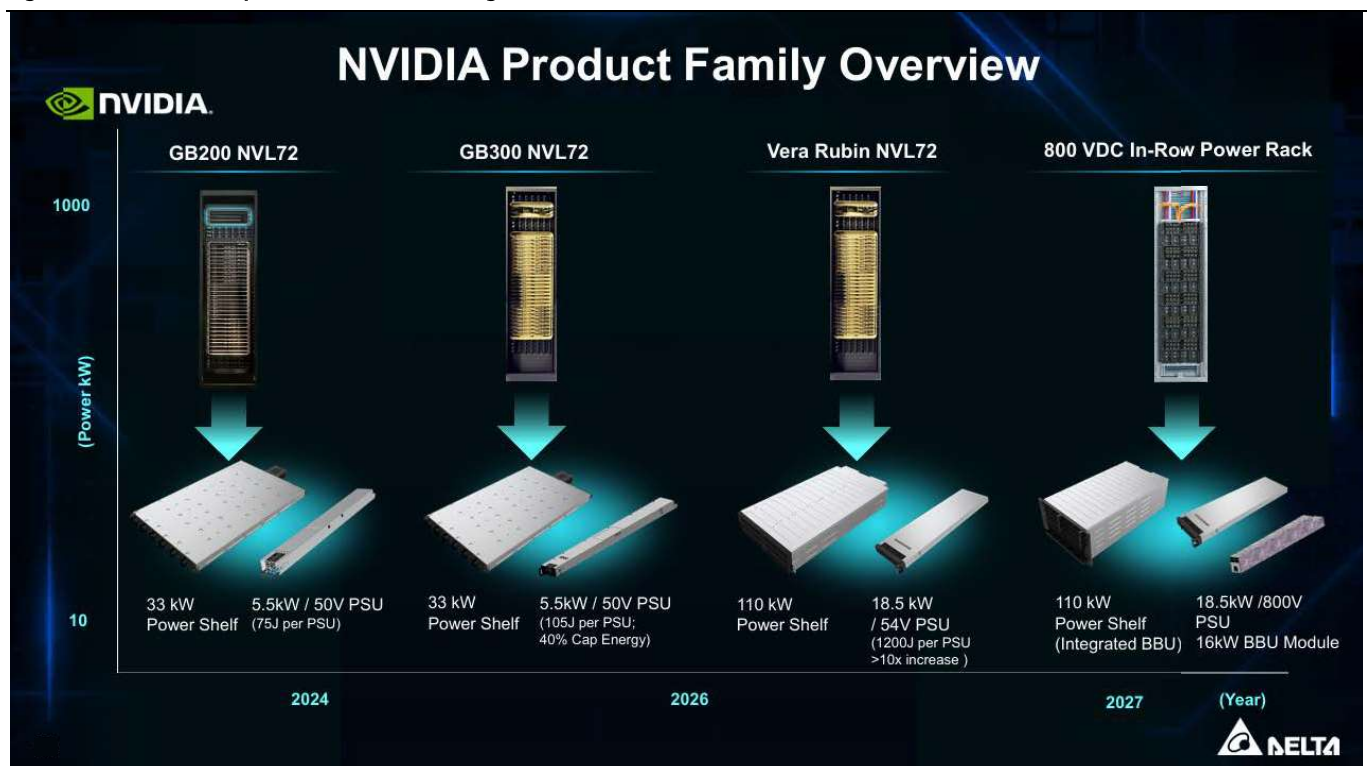
Source: Company data; KGI Research

Figure 7: Delta's HVDC transition plan



Source: Delta Electronics; KGI Research

Figure 8: Delta's PSU spec in different server generation



Source: Delta Electronics; KGI Research

**Figure 9: Breakdown of 1Q26 & 2Q26 forecast revisions vs. consensus**

| NT\$m            | 1Q26F    |          |            |          |          |           |            |          | 2Q26F    |          |          |          |           |            |  |  |
|------------------|----------|----------|------------|----------|----------|-----------|------------|----------|----------|----------|----------|----------|-----------|------------|--|--|
|                  | Revision | Previous | Chg. (%)   | QoQ (%)  | YoY (%)  | Consensus | Diff. (%)  | Revision | Previous | Chg. (%) | QoQ (%)  | YoY (%)  | Consensus | Diff. (%)  |  |  |
| Revenue          | 159,353  | 160,843  | (0.9)      | (1.4)    | 34.0     | 157,751   | 1.0        | 187,245  | 181,636  | 3.1      | 17.5     | 51.0     | 175,178   | 6.9        |  |  |
| Gross profit     | 55,545   | 56,164   | (1.1)      | (0.6)    | 47.0     | 54,718    | 1.5        | 67,053   | 64,812   | 3.5      | 20.7     | 52.2     | 62,150    | 7.9        |  |  |
| Operating profit | 26,303   | 26,649   | (1.3)      | (0.4)    | 87.4     | 26,175    | 0.5        | 33,724   | 32,118   | 5.0      | 28.2     | 80.6     | 31,117    | 8.4        |  |  |
| Net income       | 19,091   | 19,315   | (1.2)      | 10.2     | 86.6     | 18,991    | 0.5        | 24,153   | 23,073   | 4.7      | 26.5     | 73.2     | 22,914    | 5.4        |  |  |
| EPS (NT\$)       | 7.35     | 7.44     | (1.2)      | 10.2     | 86.6     | 7.27      | 1.2        | 9.30     | 8.88     | 4.7      | 26.5     | 73.2     | 8.79      | 5.8        |  |  |
| Gross margin (%) | 34.9     | 34.9     | (0.1) ppts | 0.3 ppts | 3.1 ppts | 34.7      | 0.2 ppts   | 35.8     | 35.7     | 0.1 ppts | 1.0 ppts | 0.3 ppts | 35.5      | 0.3 ppts   |  |  |
| Op. margin (%)   | 16.5     | 16.6     | (0.1) ppts | 0.2 ppts | 4.7 ppts | 16.6      | (0.1) ppts | 18.0     | 17.7     | 0.3 ppts | 1.5 ppts | 3.0 ppts | 17.8      | 0.2 ppts   |  |  |
| Net margin (%)   | 12.0     | 12.0     | (0.0) ppts | 1.3 ppts | 3.4 ppts | 12.0      | (0.1) ppts | 12.9     | 12.7     | 0.2 ppts | 0.9 ppts | 1.7 ppts | 13.1      | (0.2) ppts |  |  |

Source: Bloomberg; KGI Research

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

| NT\$m            | 2026F    |          |          |          |           |            |           | 2027F     |          |          |           |            | 2028F     |            |           |           |
|------------------|----------|----------|----------|----------|-----------|------------|-----------|-----------|----------|----------|-----------|------------|-----------|------------|-----------|-----------|
|                  | Revision | Previous | Chg. (%) | YoY (%)  | Consensus | Diff. (%)  | Revision  | Previous  | Chg. (%) | YoY (%)  | Consensus | Diff. (%)  | KGI       | YoY (%)    | Consensus | Diff. (%) |
| Revenue          | 773,312  | 747,719  | 3.4      | 39.4     | 735,212   | 5.2        | 1,083,793 | 1,041,528 | 4.1      | 40.1     | 919,432   | 17.9       | 1,583,608 | 46.1       | 1,283,593 | 23.4      |
| Gross profit     | 275,753  | 265,076  | 4.0      | 45.0     | 260,625   | 5.8        | 400,167   | 380,049   | 5.3      | 45.1     | 333,266   | 20.1       | 583,938   | 45.9       | 430,851   | 35.5      |
| Operating profit | 139,470  | 131,852  | 5.8      | 66.2     | 131,664   | 5.9        | 223,165   | 204,627   | 9.1      | 60.0     | 192,876   | 15.7       | 339,379   | 52.1       | 242,185   | 40.1      |
| Net income       | 99,792   | 94,592   | 5.5      | 66.0     | 96,956    | 2.9        | 157,746   | 143,641   | 9.8      | 58.1     | 142,807   | 10.5       | 231,519   | 46.8       | 176,605   | 31.1      |
| EPS (NT\$)       | 38.42    | 36.42    | 5.5      | 66.0     | 37.20     | 3.3        | 60.73     | 55.30     | 9.8      | 58.1     | 54.49     | 11.4       | 89.13     | 46.8       | 67.97     | 31.1      |
| Gross margin (%) | 35.7     | 35.5     | 0.2 ppts | 1.4 ppts | 35.4      | 0.2 ppts   | 36.9      | 36.5      | 0.4 ppts | 1.3 ppts | 36.2      | 0.7 ppts   | 36.9      | (0.0) ppts | 33.6      | 3.3 ppts  |
| Op. margin (%)   | 18.0     | 17.6     | 0.4 ppts | 2.9 ppts | 17.9      | 0.1 ppts   | 20.6      | 19.6      | 0.9 ppts | 2.6 ppts | 21.0      | (0.4) ppts | 21.4      | 0.8 ppts   | 18.9      | 2.6 ppts  |
| Net margin (%)   | 12.9     | 12.7     | 0.3 ppts | 2.1 ppts | 13.2      | (0.3) ppts | 14.6      | 13.8      | 0.8 ppts | 1.7 ppts | 15.5      | (1.0) ppts | 14.6      | 0.1 ppts   | 13.8      | 0.9 ppts  |

Source: Bloomberg; KGI Research

**Figure 11: Delta Electronics – Business structure**

| Segment           | 1Q26 revenue weighting (%) | Business group                                 | 2025 revenue growth (%) | 2026F revenue growth (%) | 2026F revenue weighting (%) | Products   |
|-------------------|----------------------------|--|-------------------------|--------------------------|-----------------------------|--|
| Power electronics | 54                         | Power supply (PSBG)                            | 34                      | 70                       | 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                      | 34                       | 8                           | Cooling fan, thermal module  |
| Mobility          | 5                          | Electric vehicle solution (EVSBG)              | -16                     | -12                      | 4                           | On-board charger, DC/DC converter, traction motor, traction inverter   |
| Automation        | 9                          | Industrial automation (IABG)                   | 5                       | 9                        | 5                           | Industrial automation (Servo motor, AC motor drive, PLC, CNC control, HMI, robot arms)   |
|                   |                            | Building automation (BABG)                     | 4                       | 3                        | 2                           | Building automation solution, LED lighting fixture, surveillance camera, controller  |
| Infrastructure    | 32                         | Information & communication technology (ICTBG) | 102                     | 42                       | 30                          | Data center infrastructure, liquid cooling system, battery backup unit, on-line UPS, telecom power, networking   |
|                   |                            | Energy infrastructure system (EISBG)           | -0                      | 10                       | 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

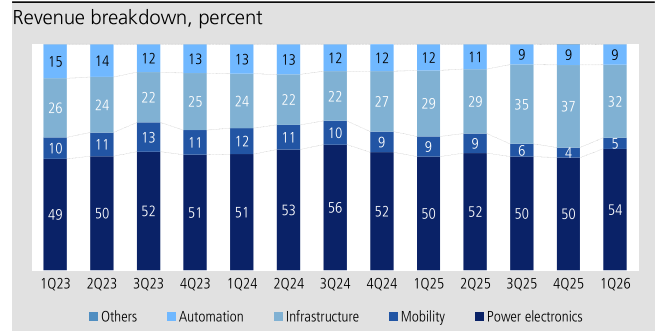
Source: Company data; KGI Research

**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 54%, 5%, 9% and 32% of 1Q26 revenue.

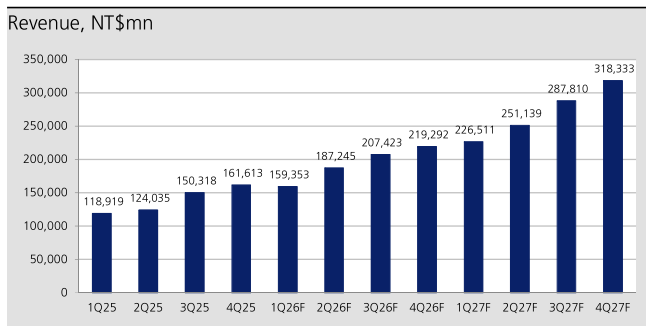
Source: KGI Research

**Figure 13: Revenue mix**



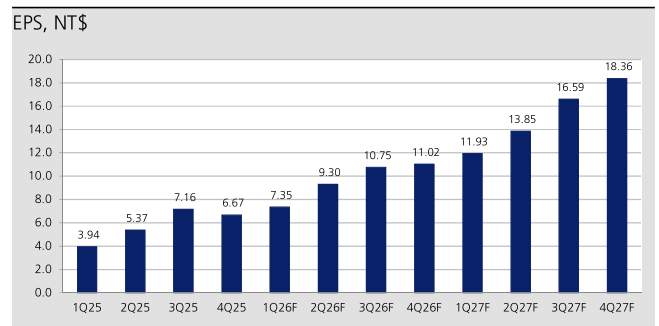
Source: KGI Research

**Figure 14: Revenue**



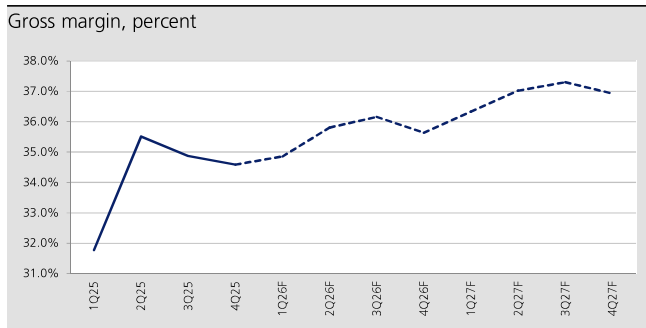
Source: KGI Research

**Figure 15: EPS**



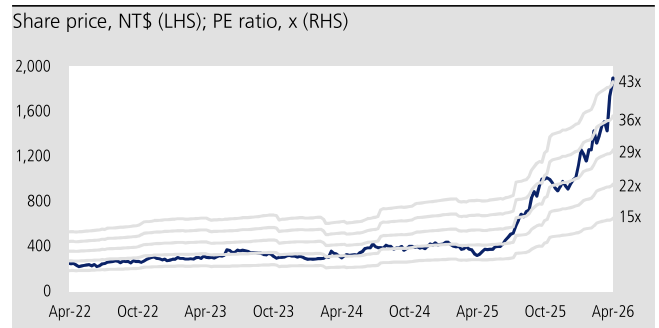
Source: KGI Research

**Figure 16: Gross margin**



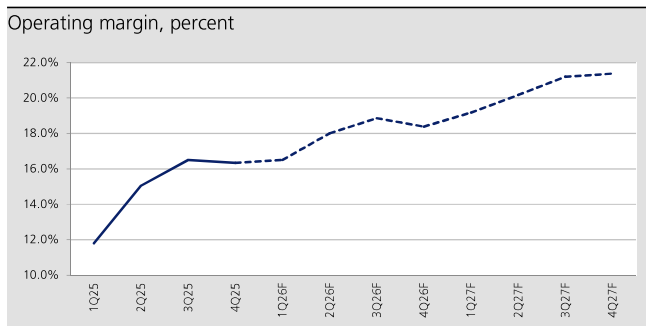
Source: KGI Research

**Figure 17: 12M forward PE band**



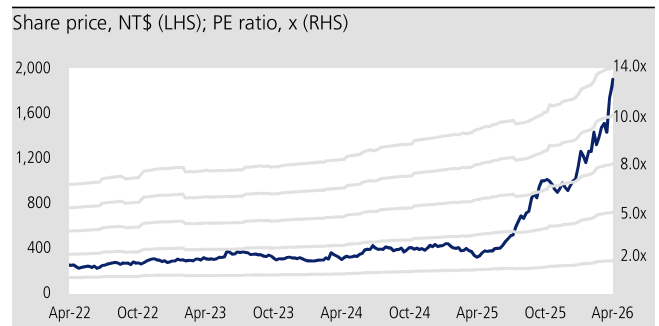
Source: KGI Research

**Figure 18: Operating margin**



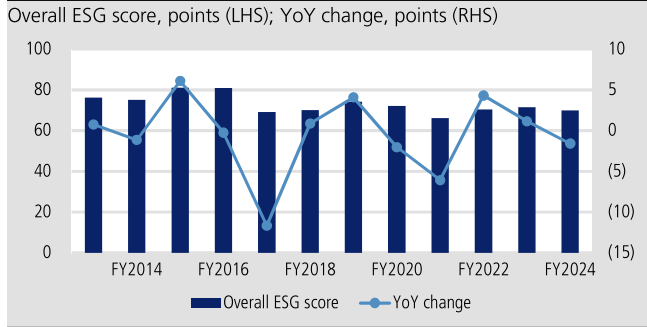
Source: KGI Research

**Figure 19: 12M forward PB band**



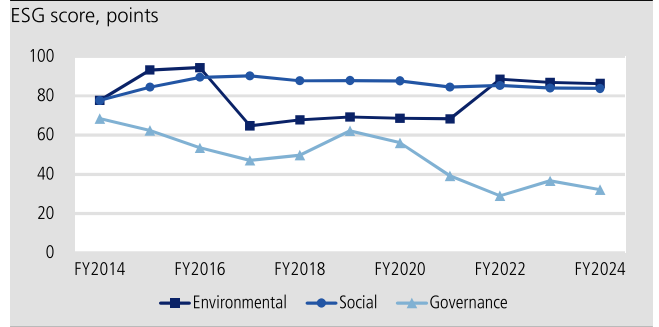
Source: KGI Research

**Figure 20: Overall ESG score**



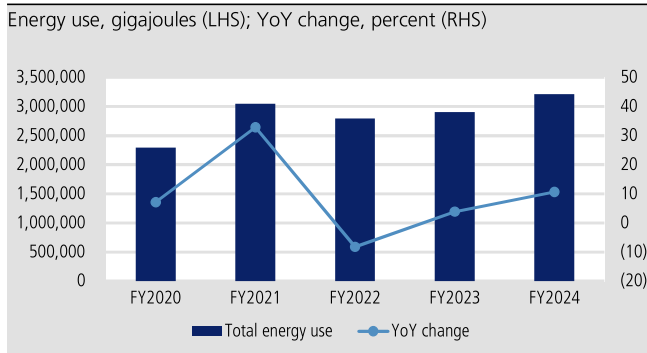
Source: Refinitiv; KGI Research; Company data

**Figure 21: ESG score by category**



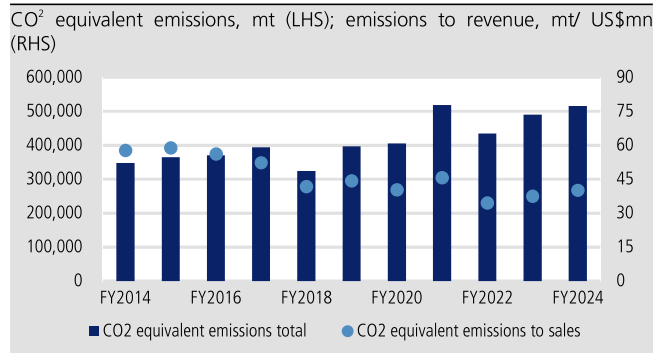
Source: Refinitiv; KGI Research; Company data

**Figure 22: Energy use**



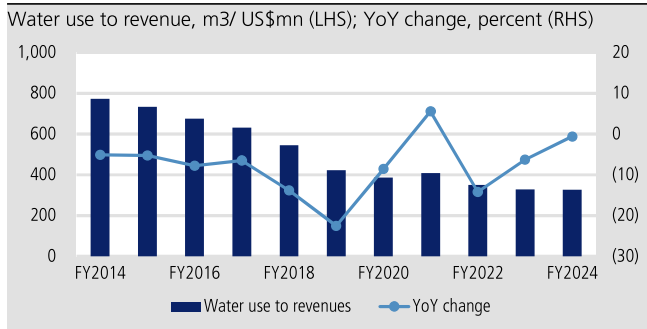
Source: Refinitiv; KGI Research; Company data

**Figure 23: CO<sup>2</sup> equivalent emissions**



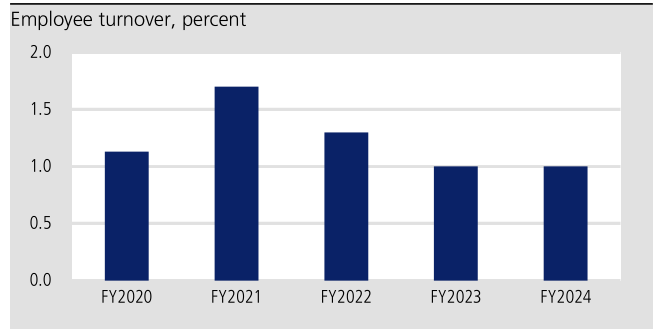
Source: Refinitiv; KGI Research; Company data

**Figure 24: Water use to revenue**



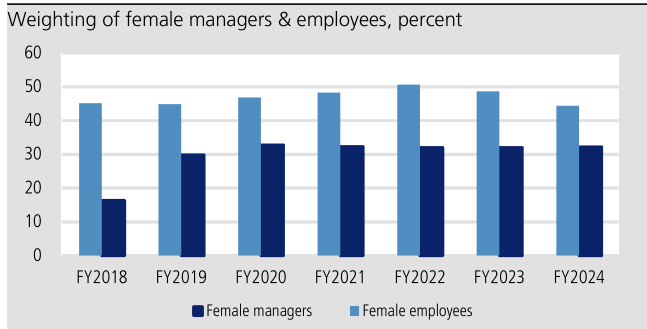
Source: Refinitiv; KGI Research; Company data

**Figure 25: Employee turnover**



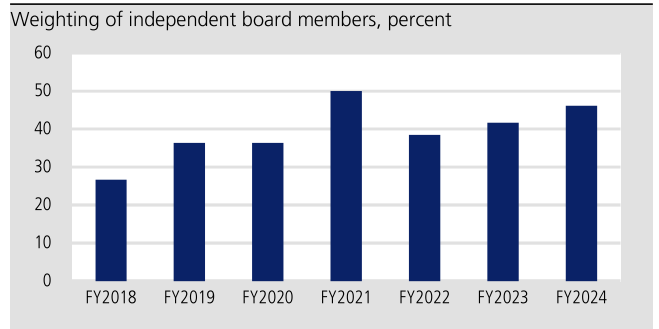
Source: Refinitiv; KGI Research; Company data

**Figure 26: Gender diversification**



Source: Refinitiv; KGI Research; Company data

**Figure 27: 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"> <li>- the total amount of energy that has been consumed within the boundaries of the company's operations</li> <li>- total energy use = total direct energy consumption + indirect energy consumption</li> <li>- purchased energy and produced energy are included in total energy use</li> <li>- 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)</li> <li>- for utilities, raw materials such as coal, gas or nuclear used in the production of energy are not considered under 'total energy use'</li> </ul> |         |
| Renewable energy purchased        | <p>Total primary renewable energy purchased in gigajoules.</p> <ul style="list-style-type: none"> <li>- 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</li> <li>- if there is no evidence that renewable energy is produced by the company, then we consider the reported energy figure as renewable energy purchased</li> </ul>   |         |
| 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"> <li>- direct emissions from sources that are owned or controlled by the company (scope 1 emissions)</li> <li>- following gases are relevant: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorinated compound (PFCS), sulfur hexafluoride (SF6), nitrogen trifluoride (NF3)</li> </ul>  |         |
| CO2 equivalent emissions to sales | <p>Direct CO2 and CO2 equivalent emissions (metric tons) to sales (NT\$m)</p> <ul style="list-style-type: none"> <li>- direct emissions from sources that are owned or controlled by the company (scope 1 emissions)</li> <li>- following gases are relevant: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorinated compound (PFCS), sulfur hexafluoride (SF6), nitrogen trifluoride (NF3)</li> </ul>   |         |
| Waste total                       | <p>Total amount of waste produced in metric tons.</p> <ul style="list-style-type: none"> <li>- total waste = non-hazardous waste + hazardous waste</li> <li>- 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</li> <li>- for sectors like mining, oil &amp; gas, waste generation like tailings, waste rock, coal and fly ash are also considered</li> </ul>  |         |
| Waste recycling ratio             | <p>The waste recycling ratio as reported by the company.</p> <ul style="list-style-type: none"> <li>- waste recycling ratio = waste recycled/total waste*100</li> <li>- waste to energy or waste incinerated with energy recovery are considered as waste recycled</li> <li>- waste recovered via composting is considered as recycled waste</li> </ul>   |         |
| Water withdrawal total            | <p>Total water withdrawal in cubic meters.</p> <ul style="list-style-type: none"> <li>- 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</li> <li>- different sources of water like wells, town/utility/municipal water, river water, and surface water are considered</li> </ul>   |         |
| Environmental expenditures        | <p>Total amount of environmental expenditures.</p> <ul style="list-style-type: none"> <li>- all environmental investment &amp; expenditures for environmental protection or to prevent, reduce, control environmental aspects, impacts, and hazards. It also includes disposal, treatment, sanitation, and clean-up expenditures</li> </ul>   |         |
| Turnover of employees             | <p>Percentage of employee turnover.</p> <ul style="list-style-type: none"> <li>- 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</li> <li>- employees turnover rate = (employees leaving/average number of employees)*100</li> <li>- where the average number of employees = (employees at the end of the current year + employees at the end of the previous year)/2</li> <li>- employees at the end of the current fiscal year = employees at the end of the previous fiscal year + new employees - employees leaving</li> </ul>  |         |
| Women managers                    | <p>Percentage of women managers.</p> <ul style="list-style-type: none"> <li>- percentage of women managers among total managers of the company</li> <li>- 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</li> <li>- percentage of women managers = number of women managers/total number of managers*100</li> </ul>  |         |
| Women employees                   | <p>Percentage of women employees.</p> <ul style="list-style-type: none"> <li>- percentage of women employees to the total number of employees of the company</li> <li>- percentage of women employees = number of women/total number of employees*100</li> </ul>  |         |
| Training hours total              | <p>Total training hours performed by all employees.</p> <ul style="list-style-type: none"> <li>- consider only employee training hours</li> <li>- includes all types of training given to general employees (such as health &amp; safety, environmental, emergency response, skills &amp; career development training)</li> <li>- if the value is given in days, multiply by 8, assuming that 1 day = 8 hours worked</li> </ul>   |         |
| Training hours per employee       | Training hours per employee per year  |         |

Source: Refinitiv; KGI Research

**Income statement**

|                                   | Quarterly      |                |                |                |                |                |                |                | Annually       |                  |                  |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|
|                                   | Mar-26F        | Jun-26F        | Sep-26F        | Dec-26F        | Mar-27F        | Jun-27F        | Sep-27F        | Dec-27F        | Dec-26F        | Dec-27F          | Dec-28F          |
| <b>Income statement (NT\$m)</b>   |                |                |                |                |                |                |                |                |                |                  |                  |
| <b>Revenue</b>                    | <b>159,353</b> | <b>187,245</b> | <b>207,423</b> | <b>219,292</b> | <b>226,511</b> | <b>251,139</b> | <b>287,810</b> | <b>318,333</b> | <b>773,312</b> | <b>1,083,793</b> | <b>1,583,608</b> |
| Cost of goods sold                | (103,808)      | (120,192)      | (132,415)      | (141,145)      | (144,214)      | (158,164)      | (180,461)      | (200,788)      | (497,560)      | (683,626)        | (999,670)        |
| <b>Gross profit</b>               | <b>55,545</b>  | <b>67,053</b>  | <b>75,008</b>  | <b>78,147</b>  | <b>82,297</b>  | <b>92,975</b>  | <b>107,349</b> | <b>117,545</b> | <b>275,753</b> | <b>400,167</b>   | <b>583,938</b>   |
| Operating expenses                | (29,241)       | (33,330)       | (35,884)       | (37,828)       | (38,847)       | (42,317)       | (46,337)       | (49,501)       | (136,283)      | (177,002)        | (244,559)        |
| <b>Operating profit</b>           | <b>26,303</b>  | <b>33,724</b>  | <b>39,124</b>  | <b>40,320</b>  | <b>43,451</b>  | <b>50,658</b>  | <b>61,012</b>  | <b>68,044</b>  | <b>139,470</b> | <b>223,165</b>   | <b>339,379</b>   |
| Depreciation of fixed assets      | (5,652)        | (5,765)        | (5,880)        | (5,998)        | (6,118)        | (6,240)        | (6,365)        | (6,492)        | (23,296)       | (25,216)         | (27,295)         |
| Amortisation of intangible assets | (960)          | (960)          | (960)          | (960)          | (960)          | (960)          | (960)          | (960)          | (3,840)        | (3,840)          | (3,840)          |
| <b>EBITDA</b>                     | <b>32,916</b>  | <b>40,449</b>  | <b>45,964</b>  | <b>47,278</b>  | <b>50,529</b>  | <b>57,859</b>  | <b>68,337</b>  | <b>75,497</b>  | <b>166,606</b> | <b>252,221</b>   | <b>370,513</b>   |
| Interest income                   | 1,109          | 1,113          | 1,107          | 1,172          | 1,291          | 1,404          | 1,344          | 1,348          | 4,502          | 5,387            | 7,411            |
| Investment income                 | 100            | 120            | 280            | 35             | 110            | 130            | 300            | 40             | 535            | 580              | 650              |
| Other non-op income               | 1,100          | 1,100          | 1,100          | 1,100          | 1,250          | 1,250          | 1,250          | 1,250          | 4,400          | 5,000            | 5,500            |
| <b>Non-operating income</b>       | <b>2,309</b>   | <b>2,333</b>   | <b>2,487</b>   | <b>2,307</b>   | <b>2,651</b>   | <b>2,784</b>   | <b>2,894</b>   | <b>2,638</b>   | <b>9,437</b>   | <b>10,967</b>    | <b>13,561</b>    |
| Interest expense                  | (538)          | (538)          | (538)          | (538)          | (538)          | (538)          | (538)          | (538)          | (2,153)        | (2,153)          | (2,153)          |
| Investment loss                   | -              | -              | -              | -              | -              | -              | -              | -              | -              | -                | -                |
| Other non-op expenses             | -              | -              | -              | -              | -              | -              | -              | -              | -              | -                | -                |
| <b>Non-operating expenses</b>     | <b>(538)</b>   | <b>(538)</b>   | <b>(538)</b>   | <b>(538)</b>   | <b>(538)</b>   | <b>(538)</b>   | <b>(538)</b>   | <b>(538)</b>   | <b>(2,153)</b> | <b>(2,153)</b>   | <b>(2,153)</b>   |
| <b>Pre-tax profit</b>             | <b>28,075</b>  | <b>35,518</b>  | <b>41,072</b>  | <b>42,088</b>  | <b>45,563</b>  | <b>52,904</b>  | <b>63,368</b>  | <b>70,144</b>  | <b>146,754</b> | <b>231,979</b>   | <b>350,787</b>   |
| Current taxation                  | (6,317)        | (7,992)        | (9,241)        | (9,470)        | (10,252)       | (11,903)       | (14,258)       | (15,782)       | (33,020)       | (52,195)         | (82,435)         |
| Minorities                        | (2,667)        | (3,374)        | (3,902)        | (3,998)        | (4,329)        | (5,026)        | (6,020)        | (6,664)        | (13,942)       | (22,038)         | (36,833)         |
| <b>Normalised net profit</b>      | <b>19,091</b>  | <b>24,153</b>  | <b>27,929</b>  | <b>28,620</b>  | <b>30,983</b>  | <b>35,975</b>  | <b>43,090</b>  | <b>47,698</b>  | <b>99,792</b>  | <b>157,746</b>   | <b>231,519</b>   |
| Extraordinary items               | -              | -              | -              | -              | -              | -              | -              | -              | -              | -                | -                |
| <b>Net profit</b>                 | <b>19,091</b>  | <b>24,153</b>  | <b>27,929</b>  | <b>28,620</b>  | <b>30,983</b>  | <b>35,975</b>  | <b>43,090</b>  | <b>47,698</b>  | <b>99,792</b>  | <b>157,746</b>   | <b>231,519</b>   |
| EPS (NT\$)                        | 7.35           | 9.30           | 10.75          | 11.02          | 11.93          | 13.85          | 16.59          | 18.36          | 38.42          | 60.73            | 89.13            |
| <b>Margins (%)</b>                |                |                |                |                |                |                |                |                |                |                  |                  |
| Gross profit margin               | 34.9           | 35.8           | 36.2           | 35.6           | 36.3           | 37.0           | 37.3           | 36.9           | 35.7           | 36.9             | 36.9             |
| Operating margin                  | 16.5           | 18.0           | 18.9           | 18.4           | 19.2           | 20.2           | 21.2           | 21.4           | 18.0           | 20.6             | 21.4             |
| EBITDA margin                     | 20.7           | 21.6           | 22.2           | 21.6           | 22.3           | 23.0           | 23.7           | 23.7           | 21.5           | 23.3             | 23.4             |
| Pretax profit margin              | 17.6           | 19.0           | 19.8           | 19.2           | 20.1           | 21.1           | 22.0           | 22.0           | 19.0           | 21.4             | 22.2             |
| Net profit margin                 | 12.0           | 12.9           | 13.5           | 13.1           | 13.7           | 14.3           | 15.0           | 15.0           | 12.9           | 14.6             | 14.6             |
| <b>Sequential growth (%)</b>      |                |                |                |                |                |                |                |                |                |                  |                  |
| Revenue growth                    | (1.4)          | 17.5           | 10.8           | 5.7            | 3.3            | 10.9           | 14.6           | 10.6           |                |                  |                  |
| Gross profit growth               | (0.6)          | 20.7           | 11.9           | 4.2            | 5.3            | 13.0           | 15.5           | 9.5            |                |                  |                  |
| Operating profit growth           | (0.4)          | 28.2           | 16.0           | 3.1            | 7.8            | 16.6           | 20.4           | 11.5           |                |                  |                  |
| EBITDA growth                     | 0.0            | 22.9           | 13.6           | 2.9            | 6.9            | 14.5           | 18.1           | 10.5           |                |                  |                  |
| Pretax profit growth              | 9.5            | 26.5           | 15.6           | 2.5            | 8.3            | 16.1           | 19.8           | 10.7           |                |                  |                  |
| Net profit growth                 | 10.2           | 26.5           | 15.6           | 2.5            | 8.3            | 16.1           | 19.8           | 10.7           |                |                  |                  |
| <b>YoY growth (%)</b>             |                |                |                |                |                |                |                |                |                |                  |                  |
| Revenue growth                    | 34.0           | 51.0           | 38.0           | 35.7           | 42.1           | 34.1           | 38.8           | 45.2           | 39.4           | 40.1             | 46.1             |
| Gross profit growth               | 47.0           | 52.2           | 43.1           | 39.8           | 48.2           | 38.7           | 43.1           | 50.4           | 45.0           | 45.1             | 45.9             |
| Operating profit growth           | 87.4           | 80.6           | 57.7           | 52.6           | 65.2           | 50.2           | 55.9           | 68.8           | 66.2           | 60.0             | 52.1             |
| EBITDA growth                     | 57.7           | 59.2           | 41.1           | 43.6           | 53.5           | 43.0           | 48.7           | 59.7           | 49.1           | 51.4             | 46.9             |
| Pretax profit growth              | 79.2           | 81.5           | 52.2           | 64.1           | 62.3           | 48.9           | 54.3           | 66.7           | 67.0           | 58.1             | 51.2             |
| Net profit growth                 | 86.6           | 73.2           | 50.1           | 65.2           | 62.3           | 48.9           | 54.3           | 66.7           | 66.0           | 58.1             | 46.8             |

Source: Company data; KGI Research estimates

**Balance sheet**

| NT\$m                           | Dec-24A        | Dec-25A        | Dec-26F        | Dec-27F        | Dec-28F          |
|---------------------------------|----------------|----------------|----------------|----------------|------------------|
| <b>Total assets</b>             | <b>531,898</b> | <b>639,619</b> | <b>750,802</b> | <b>915,536</b> | <b>1,167,736</b> |
| <b>Current assets</b>           | <b>310,925</b> | <b>395,781</b> | <b>483,565</b> | <b>626,775</b> | <b>859,460</b>   |
| Cash & ST securities            | 121,793        | 155,113        | 174,332        | 207,096        | 287,809          |
| Inventory                       | 83,856         | 101,478        | 127,547        | 170,574        | 225,956          |
| Accounts receivable             | 89,921         | 121,717        | 164,213        | 231,632        | 328,222          |
| Other current assets            | 15,355         | 17,473         | 17,473         | 17,473         | 17,473           |
| <b>Non-current assets</b>       | <b>220,973</b> | <b>243,838</b> | <b>267,237</b> | <b>288,761</b> | <b>308,276</b>   |
| LT investments                  | 8,503          | 6,722          | 5,411          | 5,991          | 6,641            |
| Net fixed assets                | 115,710        | 142,040        | 168,744        | 193,528        | 216,233          |
| Other assets                    | 96,760         | 95,076         | 93,082         | 89,242         | 85,402           |
| <b>Total liabilities</b>        | <b>252,332</b> | <b>314,230</b> | <b>341,811</b> | <b>377,413</b> | <b>440,486</b>   |
| <b>Current liabilities</b>      | <b>152,283</b> | <b>209,665</b> | <b>237,246</b> | <b>272,848</b> | <b>335,921</b>   |
| Accounts payable                | 69,223         | 94,452         | 122,033        | 157,635        | 220,708          |
| Interest bearing ST liabilities | 8,121          | 17,325         | 17,325         | 17,325         | 17,325           |
| Other current liabilities       | 74,939         | 97,888         | 97,888         | 97,888         | 97,888           |
| <b>Non-current liabilities</b>  | <b>100,049</b> | <b>104,565</b> | <b>104,565</b> | <b>104,565</b> | <b>104,565</b>   |
| Long-term debt                  | 56,309         | 56,703         | 56,703         | 56,703         | 56,703           |
| Other L-T liabilities           | 41,523         | 45,365         | 45,365         | 45,365         | 45,365           |
| <b>Total equity</b>             | <b>279,565</b> | <b>325,389</b> | <b>408,991</b> | <b>538,123</b> | <b>727,250</b>   |
| Share capital                   | 25,975         | 25,975         | 25,975         | 25,975         | 25,975           |
| Retained earnings reserve       | 98,433         | 140,397        | 208,916        | 315,043        | 467,337          |
| Minority interests              | 49,478         | 57,331         | 71,273         | 93,311         | 130,143          |
| Preferred shareholders funds    | -              | -              | -              | -              | -                |

**Key ratios**

|                                 | Dec-24A  | Dec-25A  | Dec-26F  | Dec-27F   | Dec-28F   |
|---------------------------------|----------|----------|----------|-----------|-----------|
| <b>Growth</b>                   |          |          |          |           |           |
| Revenue growth                  | 5.0%     | 31.8%    | 39.4%    | 40.1%     | 46.1%     |
| Operating profit growth         | 16.4%    | 76.1%    | 66.2%    | 60.0%     | 52.1%     |
| EBITDA growth                   | 16.2%    | 53.8%    | 49.1%    | 51.4%     | 46.9%     |
| Net profit growth               | 5.5%     | 70.6%    | 66.0%    | 58.1%     | 46.8%     |
| EPS growth                      | 5.5%     | 70.6%    | 66.0%    | 58.1%     | 46.8%     |
| <b>Profitability</b>            |          |          |          |           |           |
| Gross profit margin             | 32.4%    | 34.3%    | 35.7%    | 36.9%     | 36.9%     |
| Operating margin                | 11.3%    | 15.1%    | 18.0%    | 20.6%     | 21.4%     |
| EBITDA margin                   | 17.3%    | 20.1%    | 21.5%    | 23.3%     | 23.4%     |
| Net profit margin               | 8.4%     | 10.8%    | 12.9%    | 14.6%     | 14.6%     |
| Return on average assets        | 7.1%     | 10.3%    | 14.4%    | 18.9%     | 22.2%     |
| Return on average equity        | 16.4%    | 24.1%    | 32.9%    | 40.3%     | 44.4%     |
| <b>Stability</b>                |          |          |          |           |           |
| Gross debt to equity            | 23.0%    | 22.8%    | 18.1%    | 13.8%     | 10.2%     |
| Net debt to equity              | Net cash | Net cash | Net cash | Net cash  | Net cash  |
| Interest coverage (x)           | 34.2     | 40.7     | 69.2     | 108.7     | 163.9     |
| Interest & ST debt coverage (x) | 0.8      | 0.8      | 0.9      | 0.9       | 0.9       |
| Cash flow interest coverage(x)  | 47.1     | 44.4     | 46.1     | 62.0      | 97.5      |
| Cash flow/int. & ST debt (x)    | 7.5      | 5.0      | 5.1      | 6.8       | 10.8      |
| Current ratio (x)               | 2.0      | 1.9      | 2.0      | 2.3       | 2.6       |
| Quick ratio (x)                 | 1.5      | 1.4      | 1.5      | 1.7       | 1.9       |
| Net debt (NT\$m)                | (53,029) | (77,144) | (96,363) | (129,127) | (209,840) |
| <b>Per share data</b>           |          |          |          |           |           |
| EPS (NT\$)                      | 13.56    | 23.14    | 38.42    | 60.73     | 89.13     |
| CFPS (NT\$)                     | 28.06    | 37.91    | 38.25    | 51.36     | 80.82     |
| BVPS (NT\$)                     | 88.58    | 103.20   | 130.01   | 171.24    | 229.87    |
| Adj BVPS (NT\$)                 | 88.58    | 103.20   | 130.01   | 171.24    | 229.87    |
| SPS (NT\$)                      | 162.13   | 213.62   | 297.71   | 417.24    | 609.66    |
| EBITDA/share (NT\$)             | 27.98    | 43.03    | 64.14    | 97.10     | 142.64    |
| Cash DPS (NT\$)                 | 7.00     | 11.60    | 19.50    | 30.50     | 45.00     |
| <b>Activity</b>                 |          |          |          |           |           |
| Sales / avg assets              | 0.85     | 0.95     | 1.11     | 1.30      | 1.52      |
| Days receivable                 | 78.1     | 80.1     | 77.5     | 78.0      | 75.9      |
| Days inventory                  | 107.9    | 101.6    | 93.6     | 91.1      | 82.7      |
| Days payable                    | 89.0     | 94.5     | 89.5     | 84.2      | 80.8      |
| Cash cycle                      | 97.0     | 87.1     | 81.6     | 84.9      | 77.8      |

Source: Company data; KGI Research estimates

**Profit & loss**

| NT\$m                         | Dec-24A        | Dec-25A        | Dec-26F        | Dec-27F          | Dec-28F          |
|-------------------------------|----------------|----------------|----------------|------------------|------------------|
| <b>Revenue</b>                | <b>421,148</b> | <b>554,885</b> | <b>773,312</b> | <b>1,083,793</b> | <b>1,583,608</b> |
| Cost of goods sold            | (284,567)      | (364,729)      | (497,560)      | (683,626)        | (999,670)        |
| <b>Gross profit</b>           | <b>136,580</b> | <b>190,157</b> | <b>275,753</b> | <b>400,167</b>   | <b>583,938</b>   |
| Operating expenses            | (88,928)       | (106,224)      | (136,283)      | (177,002)        | (244,559)        |
| <b>Operating profit</b>       | <b>47,652</b>  | <b>83,932</b>  | <b>139,470</b> | <b>223,165</b>   | <b>339,379</b>   |
| <b>Non-operating income</b>   | <b>8,163</b>   | <b>9,233</b>   | <b>9,437</b>   | <b>10,967</b>    | <b>13,561</b>    |
| Interest income               | 3,407          | 3,717          | 4,502          | 5,387            | 7,411            |
| Investment income             | 438            | 484            | 535            | 580              | 650              |
| Other non-op income           | 4,319          | 5,032          | 4,400          | 5,000            | 5,500            |
| <b>Non-operating expenses</b> | <b>(4,499)</b> | <b>(5,299)</b> | <b>(2,153)</b> | <b>(2,153)</b>   | <b>(2,153)</b>   |
| Interest expense              | (1,547)        | (2,216)        | (2,153)        | (2,153)          | (2,153)          |
| Investment loss               | (73)           | -              | -              | -                | -                |
| Other non-op expenses         | (2,879)        | (3,083)        | -              | -                | -                |
| <b>Pre-tax profit</b>         | <b>51,316</b>  | <b>87,866</b>  | <b>146,754</b> | <b>231,979</b>   | <b>350,787</b>   |
| Current taxation              | (10,925)       | (19,930)       | (33,020)       | (52,195)         | (82,435)         |
| Minorities                    | (5,163)        | (7,828)        | (13,942)       | (22,038)         | (36,833)         |
| Extraordinary items           | -              | (0)            | -              | -                | -                |
| <b>Net profit</b>             | <b>35,229</b>  | <b>60,108</b>  | <b>99,792</b>  | <b>157,746</b>   | <b>231,519</b>   |
| <b>EBITDA</b>                 | <b>72,668</b>  | <b>111,771</b> | <b>166,606</b> | <b>252,221</b>   | <b>370,513</b>   |
| EPS (NT\$)                    | 13.56          | 23.14          | 38.42          | 60.73            | 89.13            |

**Cash flow**

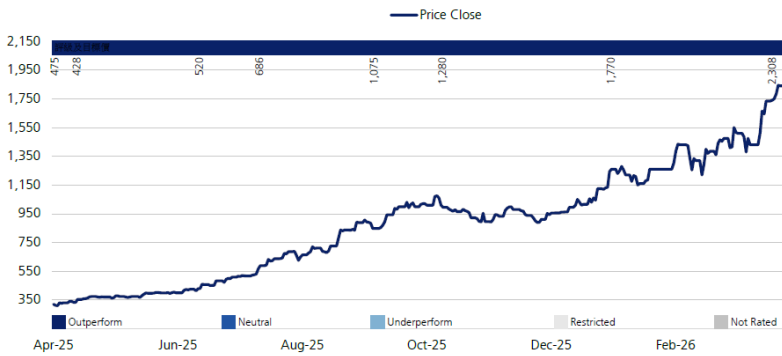
| NT\$m                       | Dec-24A         | Dec-25A         | Dec-26F         | Dec-27F         | Dec-28F         |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Operations cash flow</b> | <b>72,895</b>   | <b>98,474</b>   | <b>99,351</b>   | <b>133,416</b>  | <b>209,937</b>  |
| Net profit                  | 35,229          | 60,108          | 99,792          | 157,746         | 231,519         |
| Depreciation & amortisation | 25,016          | 27,839          | 27,136          | 29,056          | 31,135          |
| Decrease in working capital | (2,538)         | (24,348)        | (40,984)        | (74,844)        | (88,899)        |
| Other operating cash flow   | 15,188          | 34,875          | 13,407          | 21,458          | 36,183          |
| <b>Investing cash flow</b>  | <b>(40,360)</b> | <b>(53,214)</b> | <b>(50,000)</b> | <b>(50,000)</b> | <b>(50,000)</b> |
| Sale of ST investment       | (334)           | (566)           | -               | -               | -               |
| New investments             | (213)           | (135)           | -               | -               | -               |
| Capital expenditure         | (33,430)        | (46,091)        | (50,000)        | (50,000)        | (50,000)        |
| Others investing cashflow   | (6,383)         | (6,422)         | -               | -               | -               |
| <b>Free cash flow</b>       | <b>22,634</b>   | <b>18,478</b>   | <b>40,401</b>   | <b>73,325</b>   | <b>148,020</b>  |
| <b>Financing cash flow</b>  | <b>(11,118)</b> | <b>(9,401)</b>  | <b>(30,131)</b> | <b>(50,652)</b> | <b>(79,225)</b> |
| Increase in short term debt | (1,417)         | 446             | -               | -               | -               |
| Increase in long term loans | 8,552           | 11,283          | -               | -               | -               |
| New ordinary shares issued  | -               | -               | -               | -               | -               |
| Ordinary dividends paid     | (16,702)        | (20,313)        | (30,132)        | (50,652)        | (79,225)        |
| Other financing cashflow    | (1,550)         | (817)           | 0               | -               | -               |
| <b>Forex effects</b>        | <b>8,586</b>    | <b>(2,146)</b>  | -               | -               | -               |
| <b>Total cash generated</b> | <b>30,003</b>   | <b>33,713</b>   | <b>19,219</b>   | <b>32,764</b>   | <b>80,712</b>   |

**ROIC**

|                              | Dec-24A      | Dec-25A      | Dec-26F      | Dec-27F      | Dec-28F      |
|------------------------------|--------------|--------------|--------------|--------------|--------------|
| 1 - COGS/revenue             |              |              |              |              |              |
| - Operating exp./revenue     | 21.1%        | 19.1%        | 17.6%        | 16.3%        | 15.4%        |
| <b>= Operating margin</b>    | <b>11.3%</b> | <b>15.1%</b> | <b>18.0%</b> | <b>20.6%</b> | <b>21.4%</b> |
| 1 / (Working capital/revenue | 0.1          | 0.1          | 0.1          | 0.2          | 0.2          |
| + Net PPE/revenue            | 0.3          | 0.3          | 0.2          | 0.2          | 0.1          |
| + Other assets/revenue)      | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>= Capital turnover</b>    | <b>2.6</b>   | <b>2.8</b>   | <b>2.9</b>   | <b>3.0</b>   | <b>3.3</b>   |
| Operating margin             | 11.3%        | 15.1%        | 18.0%        | 20.6%        | 21.4%        |
| x Capital turnover           | 2.6          | 2.8          | 2.9          | 3.0          | 3.3          |
| x (1 - tax rate)             | 78.7%        | 77.3%        | 77.5%        | 77.5%        | 76.5%        |
| <b>= After-tax ROIC</b>      | <b>22.7%</b> | <b>33.1%</b> | <b>40.7%</b> | <b>47.4%</b> | <b>54.5%</b> |

Source: Company data; KGI Research estimates

**Delta Electronics – Recommendation & target price history**



| Date       | Rating     | Target | Price |
|------------|------------|--------|-------|
| 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   |
| 2025-02-27 | Outperform | 475    | 402   |
| 2025-02-18 | Outperform | 485    | 391   |

Source: TEJ; KGI Research

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