

# Delta Electronics (2308.TW/2308 TT)

## Defying expectations with record-high 1Q26 margins

FTSE4Good TIP Taiwan ESG Index stock

### Outperform · Maintained

Price as of April 30 (NT\$)	2,165
12M target price (NT\$)	2,940
Previous target price (NT\$)	1,770
Revised up (%)	30.4
Upside (%)	35.8

#### Key message

- Record-high margins led to a 1Q26 EPS beat.
- HVDC adoption is expected from 2H26F onwards, starting with 400V DC, and then 800V DC shipments.
- We raise 2026-28F EPS to NT\$44.71, NT\$73.51, and NT\$109.42, respectively for a 2025-28F EPS CAGR of 68%.

#### Trading data

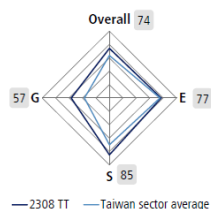
Mkt cap (NT\$bn/US\$mn)	5,624 / 177,731
Outstanding shares (mn)	2,598
Foreign ownership (mn)	1,676
3M avg. daily trading (mn)	7.18
52-week trading range (NT\$)	354.0 - 2,165

Performance	3M	6M	12M
Absolute (%)	77.5	114.4	549.2
Relative (%)	56.1	76.8	456.8

#### Quarterly EPS

NT\$	1Q	2Q	3Q	4Q
2025	3.94A	5.37A	7.16A	6.67A
2026	7.91A	10.86F	12.64F	13.29F
2027	14.49F	17.10F	19.94F	21.99F

#### ESG score card



Source: TEJ

#### Event

Delta Electronics reported record-high 1Q26 gross margin of 37.0%, beating consensus by 1-2ppts despite elevated expectations before results were announced, leading to operating margin of 17.8%, also a historic high. Management attributes the stellar margins to a favorable sales mix and economies of scale, while the gross margin benefit from one-off EV client compensation (+0.7ppts impact) was offset by inventory write-offs (-0.8ppts). 1Q26 EPS of NT\$7.91 was 8% ahead of consensus.

#### Impact

**HVDC adoption starting from 2H26F.** Delta says the adoption of HVDC in Nvidia's (US) VR200 platform is likely optional, and expects initial HVDC power rack shipments in 2H26F, starting with  $\pm$ 400V DC shipments, then followed by 800V DC shipments. We foresee the transition to HVDC architecture to be inevitable for VR300 racks, as thermal design power (TDP) will surge to over 1MW, with the rollout of Kyber rack designs, which could increase the adoption of battery backup units (BBU) at the same time.

**Capex upcycle to support long-term growth.** Delta reiterates a YoY rise in the 2026F capex budget from NT\$46.1bn in 2025, from which spending on production equipment will rise by 8-10% YoY from NT\$27.8bn last year. Management is forming capacity expansion plans worldwide to fulfill robust client demand in 2029F and beyond, especially for AI applications, and could announce plans to expand to new locations in the next few months. Current production sites include China (45% of capacity), Thailand (30%), Taiwan (10-15%), US, Slovakia, and others. A new Guanyin plant is under construction, which will mainly manufacture solid oxide fuel cells (SOFC), with initial production scheduled for 2028F.

**We revise up 2026-28F EPS by 16%, 21% and 23%, respectively.** We expect operating margin to eclipse 20% from 2Q26F on, as sales of high-margin AI-related offerings rise, while boosting operating leverage. We project a data center revenue weighting of 62%, 73%, and 80% in 2026-28F, respectively, up from 46% in 2025, boosted by a revenue CAGR of 88% from server power supplies in 2025-28F, for 2026-28F gross margins of 39.0%, 40.5% and 40.1%. We lift 2Q26F revenue growth to 21% QoQ, for gross margin of 39.1%. We expect revenue upside in the coming quarters on price adjustments.

#### Valuation & Action

We maintain Outperform and raise our 12M target price to NT\$2,940, on 40x 2027F EPS (from 38x), versus a historical PE band of 14-43x, which we believe is justified by a 2025-28F EPS CAGR of 68%.

#### Risks

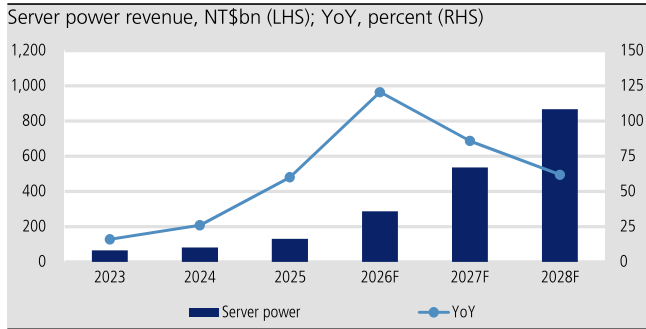
Macro headwinds.

#### Key financials and valuations

	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Revenue (NT\$mn)	421,148	554,885	789,527	1,149,290	1,677,970
Gross profit (NT\$mn)	136,580	190,157	307,935	465,889	673,341
Operating profit (NT\$mn)	47,652	83,932	165,128	275,741	412,360
Net profit (NT\$mn)	35,229	60,108	116,134	190,952	284,234
EPS (NT\$)	13.56	23.14	44.71	73.51	109.42
Cash DPS (NT\$)	7.00	11.60	22.50	37.00	55.00
EPS growth (%)	5.5	70.6	93.2	64.4	48.9
PE (x)	159.6	93.6	48.4	29.5	19.8
PB (x)	24.4	21.0	15.4	11.3	8.2
EV/EBITDA (x)	90.4	59.1	33.0	21.0	14.4
Net debt to equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Dividend yield (%)	0.3	0.5	1.0	1.7	2.5
Return on average equity (%)	16.4	24.1	36.7	44.3	48.0

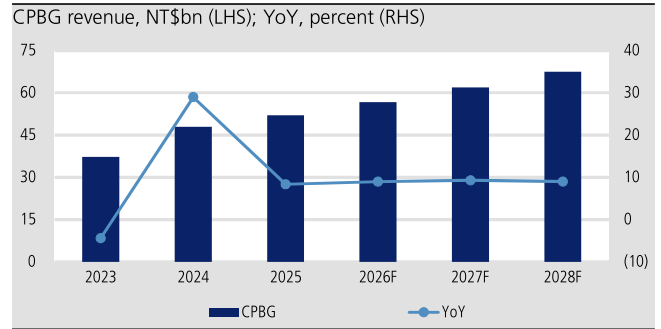
Source: Company data; KGI Research estimates

**Figure 1: We forecast a server power supply revenue CAGR of 88% in 2025-28F on AI proliferation**



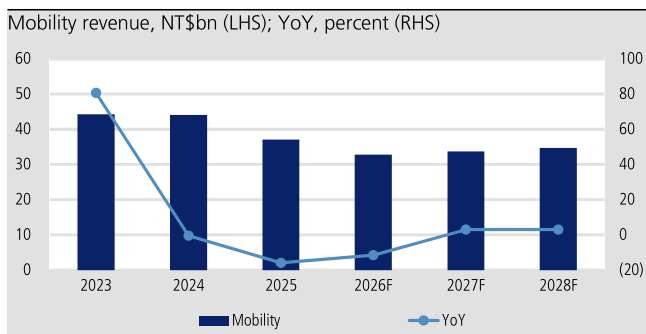
Source: Company data; KGI Research

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



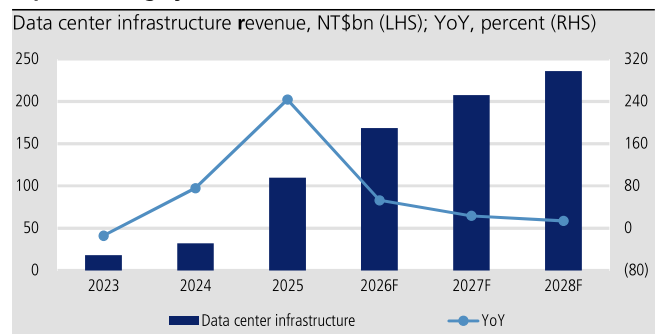
Source: Company data; KGI Research

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



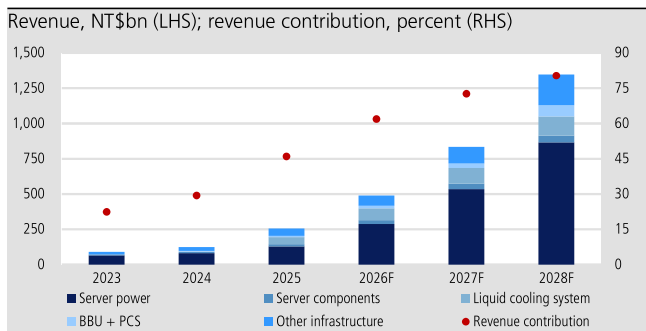
Source: Company data; KGI Research

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



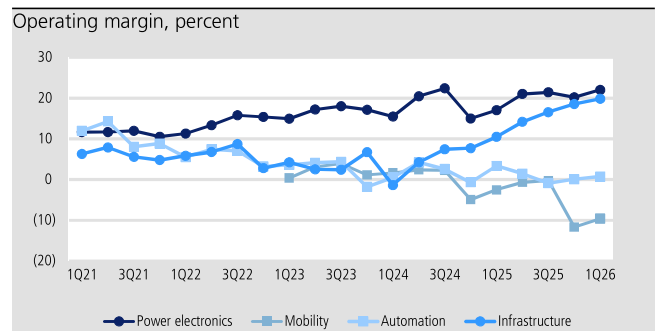
Source: Company data; KGI Research

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



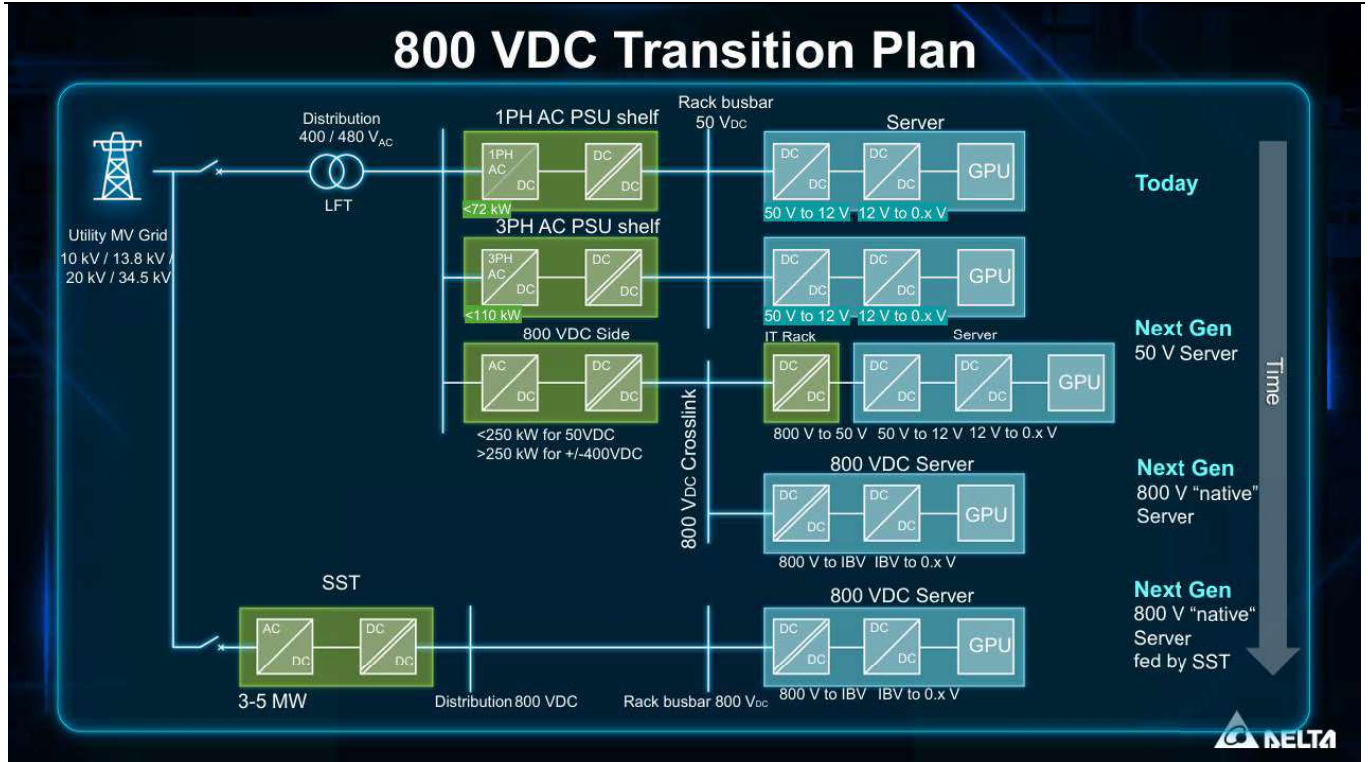
Source: Company data; KGI Research

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



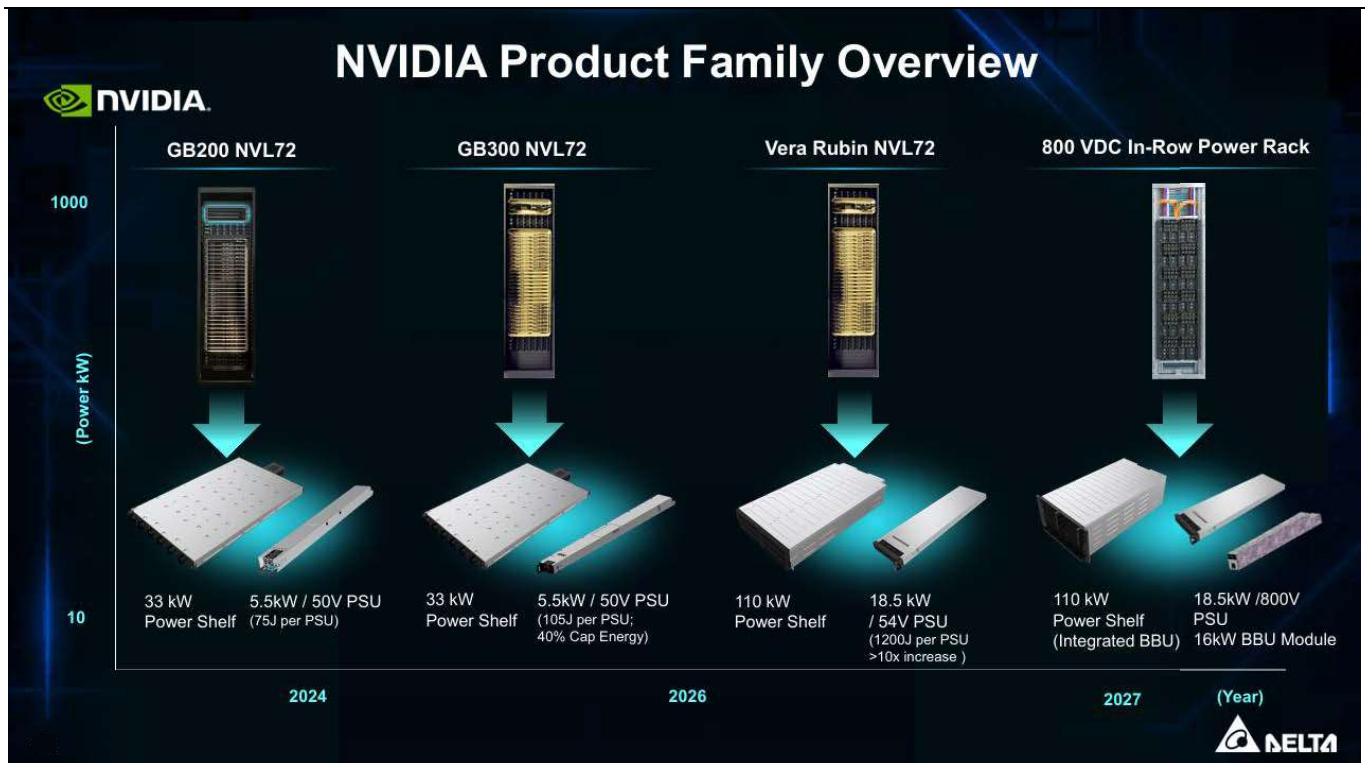
Source: Company data; KGI Research

Figure 7: Delta's HVDC transition plan



Source: Delta Electronics; KGI Research

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



Source: Delta Electronics; KGI Research

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

NT\$m	1Q26								2Q26F						
	Actual	KGI	Diff. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	
Revenue	159,353	159,353	0.0	(1.4)	34.0	158,132	0.8	192,364	187,245	2.7	20.7	55.1	179,202	7.3	
Gross profit	58,961	55,545	6.2	5.5	56.0	54,930	7.3	75,205	67,053	12.2	27.6	70.7	63,495	18.4	
Operating profit	28,417	26,303	8.0	7.6	102.5	26,291	8.1	40,195	33,724	19.2	41.4	115.3	32,034	25.5	
Net income	20,556	19,091	7.7	18.7	100.9	19,093	7.7	28,221	24,153	16.8	37.3	102.3	23,301	21.1	
EPS (NT\$)	7.91	7.35	7.7	18.7	100.9	7.30	8.4	10.86	9.30	16.8	37.3	102.3	9.01	20.6	
Gross margin (%)	37.0	34.9	2.1 ppts	2.4 ppts	5.2 ppts	34.7	2.3 ppts	39.1	35.8	3.3 ppts	2.1 ppts	3.6 ppts	35.4	3.7 ppts	
Op. margin (%)	17.8	16.5	1.3 ppts	1.5 ppts	6.0 ppts	16.6	1.2 ppts	20.9	18.0	2.9 ppts	3.1 ppts	5.8 ppts	17.9	3.0 ppts	
Net margin (%)	12.9	12.0	0.9 ppts	2.2 ppts	4.3 ppts	12.1	0.8 ppts	14.7	12.9	1.8 ppts	1.8 ppts	3.4 ppts	13.0	1.7 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. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Revenue	789,527	773,312	2.1	42.3	745,715	5.9	1,149,290	1,083,793	6.0	45.6	992,695	15.8	1,677,970	1,583,608	6.0	46.0	1,400,717	19.8
Gross profit	307,935	275,753	11.7	61.9	264,736	16.3	465,889	400,167	16.4	51.3	360,765	29.1	673,341	583,938	15.3	44.5	489,326	37.6
Operating profit	165,128	139,470	18.4	96.7	134,394	22.9	275,741	223,165	23.6	67.0	201,243	37.0	412,360	339,379	21.5	49.5	282,114	46.2
Net income	116,134	99,792	16.4	93.2	98,793	17.6	190,952	157,746	21.1	64.4	148,105	28.9	284,234	231,519	22.8	48.9	205,805	38.1
EPS (NT\$)	44.71	38.42	16.4	93.2	37.98	17.7	73.51	60.73	21.1	64.4	56.55	30.0	109.42	89.13	22.8	48.9	79.19	38.2
Gross margin (%)	39.0	35.7	3.3 ppts	4.7 ppts	35.5	3.5 ppts	40.5	36.9	3.6 ppts	1.5 ppts	36.3	4.2 ppts	40.1	36.9	3.3 ppts	(0.4) ppts	34.9	5.2 ppts
Op. margin (%)	20.9	18.0	2.9 ppts	5.8 ppts	18.0	2.9 ppts	24.0	20.6	3.4 ppts	3.1 ppts	20.3	3.7 ppts	24.6	21.4	3.1 ppts	0.6 ppts	20.1	4.4 ppts
Net margin (%)	14.7	12.9	1.8 ppts	3.9 ppts	13.2	1.5 ppts	16.6	14.6	2.1 ppts	1.9 ppts	14.9	1.7 ppts	16.9	14.6	2.3 ppts	0.3 ppts	14.7	2.2 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	78	42	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	35	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	4	2	Building automation solution, LED lighting fixture, surveillance camera, controller
Infrastructure	32	Information & communication technology (ICTBG)	102	42	29	Data center infrastructure, liquid cooling system, battery backup unit, on-line UPS, telecom power, networking
		Energy infrastructure system (EISBG)	-0	11	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

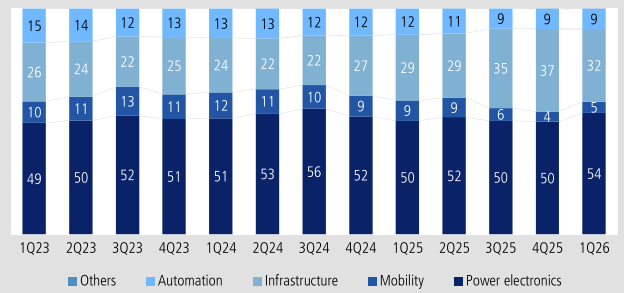
**Figure 12: Company profile**

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**

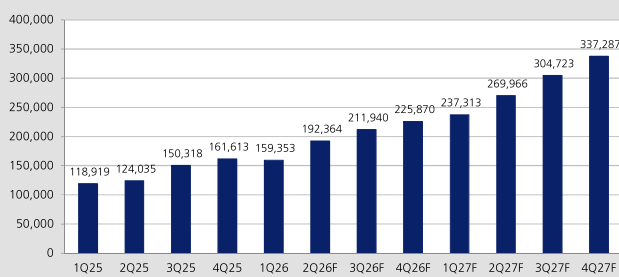
Revenue breakdown, percent



Source: KGI Research

**Figure 14: Revenue**

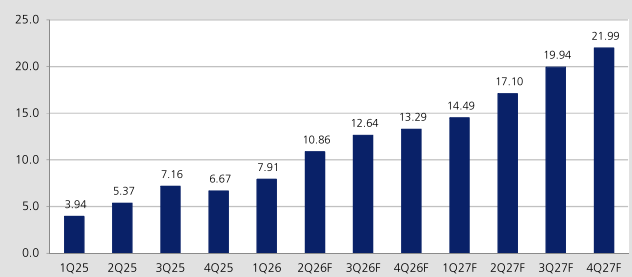
Revenue, NT\$m



Source: KGI Research

**Figure 15: EPS**

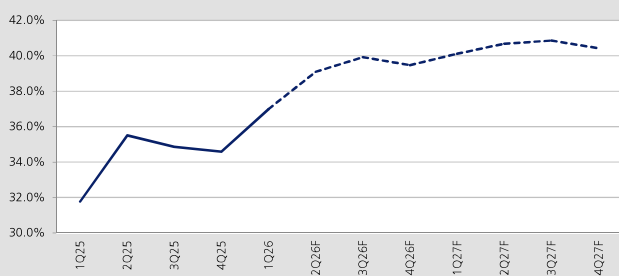
EPS, NT\$



Source: KGI Research

**Figure 16: Gross margin**

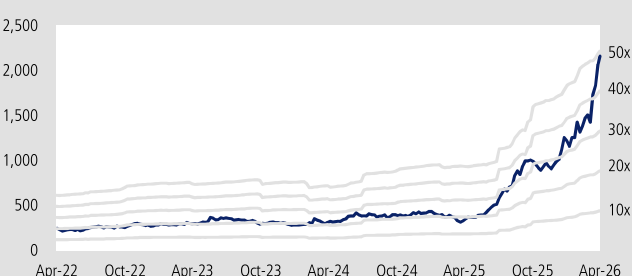
Gross margin, percent



Source: KGI Research

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

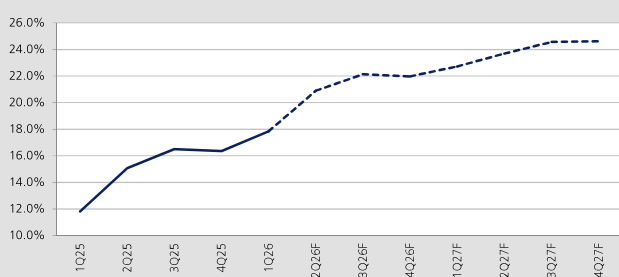
Share price, NT\$ (LHS); PE ratio, x (RHS)



Source: KGI Research

**Figure 18: Operating margin**

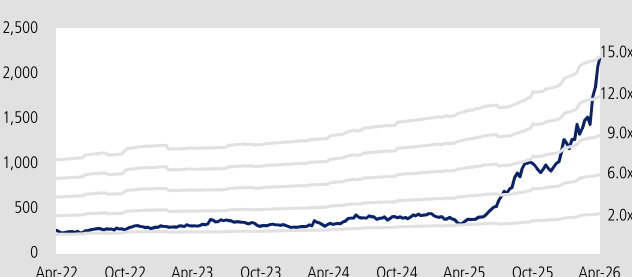
Operating margin, percent



Source: KGI Research

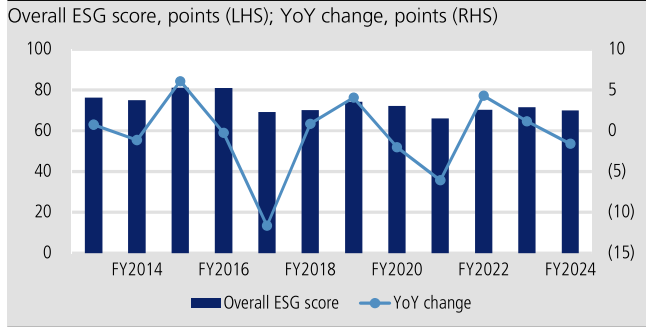
**Figure 19: 12M forward PB band**

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



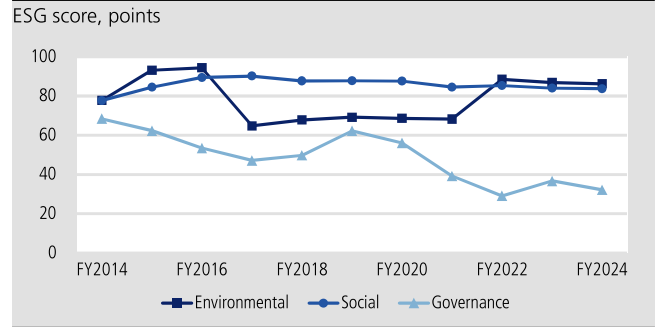
Source: KGI Research

**Figure 20: Overall ESG score**



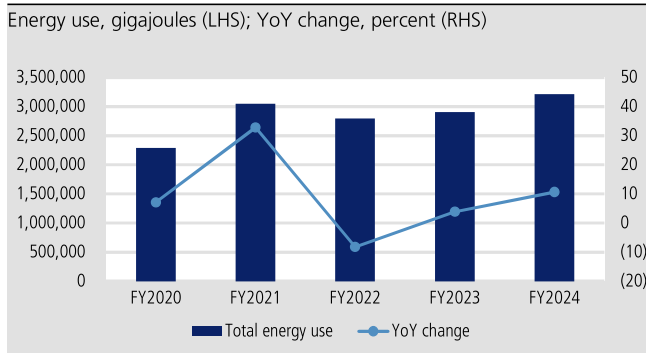
Source: Refinitiv; KGI Research; Company data

**Figure 21: ESG score by category**



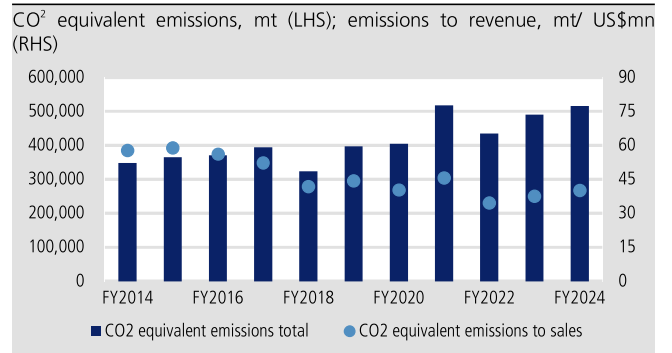
Source: Refinitiv; KGI Research; Company data

**Figure 22: Energy use**



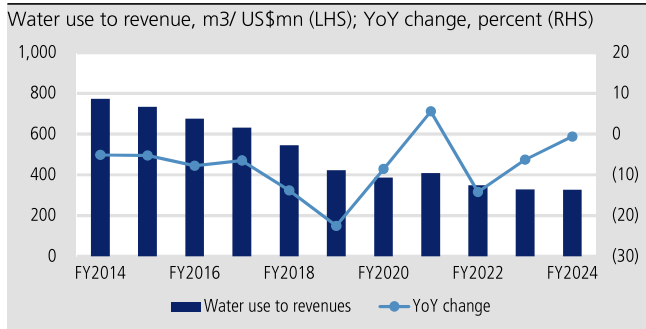
Source: Refinitiv; KGI Research; Company data

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



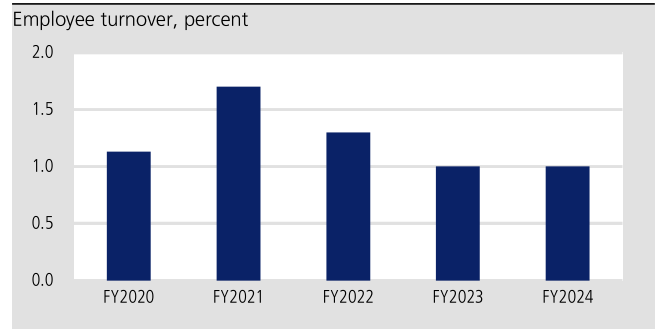
Source: Refinitiv; KGI Research; Company data

**Figure 24: Water use to revenue**



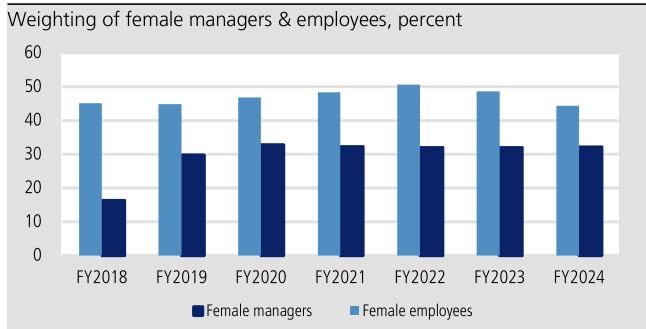
Source: Refinitiv; KGI Research; Company data

**Figure 25: Employee turnover**



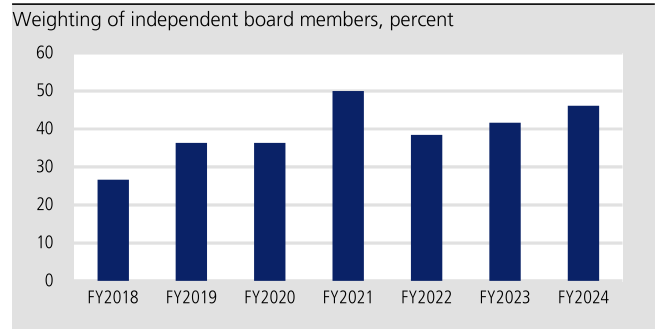
Source: Refinitiv; KGI Research; Company data

**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-26A	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>192,364</b>	<b>211,940</b>	<b>225,870</b>	<b>237,313</b>	<b>269,966</b>	<b>304,723</b>	<b>337,287</b>	<b>789,527</b>	<b>1,149,290</b>	<b>1,677,970</b>
Cost of goods sold	(100,392)	(117,159)	(127,318)	(136,723)	(142,118)	(160,135)	(180,218)	(200,929)	(481,592)	(683,400)	(1,004,629)
<b>Gross profit</b>	<b>58,961</b>	<b>75,205</b>	<b>84,622</b>	<b>89,147</b>	<b>95,195</b>	<b>109,831</b>	<b>124,505</b>	<b>136,359</b>	<b>307,935</b>	<b>465,889</b>	<b>673,341</b>
Operating expenses	(30,544)	(35,010)	(37,725)	(39,527)	(41,293)	(45,894)	(49,670)	(53,291)	(142,806)	(190,148)	(260,981)
<b>Operating profit</b>	<b>28,417</b>	<b>40,195</b>	<b>46,897</b>	<b>49,620</b>	<b>53,903</b>	<b>63,937</b>	<b>74,835</b>	<b>83,067</b>	<b>165,128</b>	<b>275,741</b>	<b>412,360</b>
Depreciation of fixed assets	(6,757)	(6,892)	(7,030)	(7,171)	(7,314)	(7,461)	(7,610)	(7,762)	(27,851)	(30,147)	(32,632)
Amortisation of intangible assets	(990)	(960)	(960)	(960)	(960)	(960)	(960)	(960)	(3,870)	(3,840)	(3,840)
<b>EBITDA</b>	<b>36,165</b>	<b>48,047</b>	<b>54,887</b>	<b>57,751</b>	<b>62,177</b>	<b>72,357</b>	<b>83,405</b>	<b>91,789</b>	<b>196,850</b>	<b>309,728</b>	<b>448,831</b>
Interest income	951	1,146	1,189	1,294	1,444	1,584	1,592	1,644	4,579	6,264	9,245
Investment income	37	120	300	35	110	130	350	40	492	630	706
Other non-op income	1,709	1,500	1,500	1,500	1,650	1,650	1,650	1,650	6,209	6,600	7,200
<b>Non-operating income</b>	<b>2,696</b>	<b>2,766</b>	<b>2,989</b>	<b>2,829</b>	<b>3,204</b>	<b>3,364</b>	<b>3,592</b>	<b>3,334</b>	<b>11,280</b>	<b>13,494</b>	<b>17,150</b>
Interest expense	(523)	(523)	(523)	(523)	(523)	(523)	(523)	(523)	(2,090)	(2,090)	(2,090)
Investment loss	(3)	-	-	-	-	-	-	-	(3)	-	-
Other non-op expenses	505	-	-	-	-	-	-	-	505	-	-
<b>Non-operating expenses</b>	<b>(21)</b>	<b>(523)</b>	<b>(523)</b>	<b>(523)</b>	<b>(523)</b>	<b>(523)</b>	<b>(523)</b>	<b>(523)</b>	<b>(1,589)</b>	<b>(2,090)</b>	<b>(2,090)</b>
<b>Pre-tax profit</b>	<b>31,093</b>	<b>42,438</b>	<b>49,363</b>	<b>51,926</b>	<b>56,584</b>	<b>66,778</b>	<b>77,904</b>	<b>85,879</b>	<b>174,820</b>	<b>287,145</b>	<b>427,420</b>
Current taxation	(7,258)	(9,761)	(11,354)	(11,943)	(13,014)	(15,359)	(17,918)	(19,752)	(40,315)	(66,043)	(98,307)
Minorities	(3,279)	(4,456)	(5,183)	(5,452)	(5,941)	(7,012)	(8,180)	(9,017)	(18,370)	(30,150)	(44,879)
<b>Normalised net profit</b>	<b>20,556</b>	<b>28,221</b>	<b>32,827</b>	<b>34,531</b>	<b>37,629</b>	<b>44,407</b>	<b>51,806</b>	<b>57,109</b>	<b>116,134</b>	<b>190,952</b>	<b>284,234</b>
Extraordinary items	0	-	-	-	-	-	-	-	-	-	-
<b>Net profit</b>	<b>20,556</b>	<b>28,221</b>	<b>32,827</b>	<b>34,531</b>	<b>37,629</b>	<b>44,407</b>	<b>51,806</b>	<b>57,109</b>	<b>116,134</b>	<b>190,952</b>	<b>284,234</b>
EPS (NT\$)	7.91	10.86	12.64	13.29	14.49	17.10	19.94	21.99	44.71	73.51	109.42
<b>Margins (%)</b>											
Gross profit margin	37.0	39.1	39.9	39.5	40.1	40.7	40.9	40.4	39.0	40.5	40.1
Operating margin	17.8	20.9	22.1	22.0	22.7	23.7	24.6	24.6	20.9	24.0	24.6
EBITDA margin	22.7	25.0	25.9	25.6	26.2	26.8	27.4	27.2	24.9	26.9	26.7
Pretax profit margin	19.5	22.1	23.3	23.0	23.8	24.7	25.6	25.5	22.1	25.0	25.5
Net profit margin	12.9	14.7	15.5	15.3	15.9	16.4	17.0	16.9	14.7	16.6	16.9
<b>Sequential growth (%)</b>											
Revenue growth	(1.4)	20.7	10.2	6.6	5.1	13.8	12.9	10.7			
Gross profit growth	5.5	27.6	12.5	5.3	6.8	15.4	13.4	9.5			
Operating profit growth	7.6	41.4	16.7	5.8	8.6	18.6	17.0	11.0			
EBITDA growth	9.9	32.9	14.2	5.2	7.7	16.4	15.3	10.1			
Pretax profit growth	21.2	36.5	16.3	5.2	9.0	18.0	16.7	10.2			
Net profit growth	18.7	37.3	16.3	5.2	9.0	18.0	16.7	10.2			
<b>YoY growth (%)</b>											
Revenue growth	34.0	55.1	41.0	39.8	48.9	40.3	43.8	49.3	42.3	45.6	46.0
Gross profit growth	56.0	70.7	61.4	59.5	61.5	46.0	47.1	53.0	61.9	51.3	44.5
Operating profit growth	102.5	115.3	89.0	87.8	89.7	59.1	59.6	67.4	96.7	67.0	49.5
EBITDA growth	73.3	89.0	68.5	75.5	71.9	50.6	52.0	58.9	76.1	57.3	44.9
Pretax profit growth	98.5	116.8	82.9	102.5	82.0	57.4	57.8	65.4	99.0	64.3	48.9
Net profit growth	100.9	102.3	76.4	99.3	83.1	57.4	57.8	65.4	93.2	64.4	48.9

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>769,730</b>	<b>974,972</b>	<b>1,273,814</b>
<b>Current assets</b>	<b>310,925</b>	<b>395,781</b>	<b>502,586</b>	<b>691,184</b>	<b>975,792</b>
Cash & ST securities	121,793	155,113	212,757	269,547	390,167
Inventory	83,856	101,478	105,877	156,557	214,781
Accounts receivable	89,921	121,717	165,925	247,053	352,816
Other current assets	15,355	17,473	18,027	18,027	18,027
<b>Non-current assets</b>	<b>220,973</b>	<b>243,838</b>	<b>267,144</b>	<b>283,788</b>	<b>298,022</b>
LT investments	8,503	6,722	6,565	7,195	7,900
Net fixed assets	115,710	142,040	163,458	183,312	200,680
Other assets	96,760	95,076	97,122	93,282	89,442
<b>Total liabilities</b>	<b>252,332</b>	<b>314,230</b>	<b>331,933</b>	<b>374,517</b>	<b>440,355</b>
<b>Current liabilities</b>	<b>152,283</b>	<b>209,665</b>	<b>225,647</b>	<b>268,232</b>	<b>334,069</b>
Accounts payable	69,223	94,452	104,634	147,218	213,056
Interest bearing ST liabilities	8,121	17,325	10,846	10,846	10,846
Other current liabilities	74,939	97,888	110,168	110,168	110,168
<b>Non-current liabilities</b>	<b>100,049</b>	<b>104,565</b>	<b>106,286</b>	<b>106,286</b>	<b>106,286</b>
Long-term debt	56,309	56,703	54,745	54,745	54,745
Other L-T liabilities	41,523	45,365	48,826	48,826	48,826
<b>Total equity</b>	<b>279,565</b>	<b>325,389</b>	<b>437,797</b>	<b>600,455</b>	<b>833,459</b>
Share capital	25,975	25,975	25,975	25,975	25,975
Retained earnings reserve	98,433	140,397	225,256	356,797	544,922
Minority interests	49,478	57,331	72,808	102,958	147,837
Preferred shareholders funds	-	-	-	-	-

**Key ratios**

	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
<b>Growth</b>					
Revenue growth	5.0%	31.8%	42.3%	45.6%	46.0%
Operating profit growth	16.4%	76.1%	96.7%	67.0%	49.5%
EBITDA growth	16.2%	53.8%	76.1%	57.3%	44.9%
Net profit growth	5.5%	70.6%	93.2%	64.4%	48.9%
EPS growth	5.5%	70.6%	93.2%	64.4%	48.9%
<b>Profitability</b>					
Gross profit margin	32.4%	34.3%	39.0%	40.5%	40.1%
Operating margin	11.3%	15.1%	20.9%	24.0%	24.6%
EBITDA margin	17.3%	20.1%	24.9%	26.9%	26.7%
Net profit margin	8.4%	10.8%	14.7%	16.6%	16.9%
Return on average assets	7.1%	10.3%	16.5%	21.9%	25.3%
Return on average equity	16.4%	24.1%	36.7%	44.3%	48.0%
<b>Stability</b>					
Gross debt to equity	23.0%	22.8%	15.0%	10.9%	7.9%
Net debt to equity	Net cash	Net cash	Net cash	Net cash	Net cash
Interest coverage (x)	34.2	40.7	84.6	138.4	205.5
Interest & ST debt coverage (x)	0.8	0.8	0.9	1.0	1.0
Cash flow interest coverage(x)	47.1	44.4	65.0	79.1	127.6
Cash flow/int. & ST debt (x)	7.5	5.0	10.5	12.8	20.6
Current ratio (x)	2.0	1.9	2.2	2.6	2.9
Quick ratio (x)	1.5	1.4	1.8	2.0	2.3
Net debt (NT\$m)	(53,029)	(77,144)	(143,557)	(200,347)	(320,968)
<b>Per share data</b>					
EPS (NT\$)	13.56	23.14	44.71	73.51	109.42
CFPS (NT\$)	28.06	37.91	52.27	63.61	102.69
BVPS (NT\$)	88.58	103.20	140.51	191.53	263.95
Adj BVPS (NT\$)	88.58	103.20	140.51	191.53	263.95
SPS (NT\$)	162.13	213.62	303.95	442.45	645.98
EBITDA/share (NT\$)	27.98	43.03	75.78	119.24	172.79
Cash DPS (NT\$)	7.00	11.60	22.50	37.00	55.00
<b>Activity</b>					
Sales / avg assets	0.85	0.95	1.12	1.32	1.49
Days receivable	78.1	80.1	76.7	78.5	77.0
Days inventory	107.9	101.6	80.2	83.6	78.2
Days payable	89.0	94.5	79.3	78.6	77.6
Cash cycle	97.0	87.1	77.6	83.4	77.6

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>789,527</b>	<b>1,149,290</b>	<b>1,677,970</b>
Cost of goods sold	(284,567)	(364,729)	(481,592)	(683,400)	(1,004,629)
<b>Gross profit</b>	<b>136,580</b>	<b>190,157</b>	<b>307,935</b>	<b>465,889</b>	<b>673,341</b>
Operating expenses	(88,928)	(106,224)	(142,806)	(190,148)	(260,981)
<b>Operating profit</b>	<b>47,652</b>	<b>83,932</b>	<b>165,128</b>	<b>275,741</b>	<b>412,360</b>
<b>Non-operating income</b>	<b>8,163</b>	<b>9,233</b>	<b>11,280</b>	<b>13,494</b>	<b>17,150</b>
Interest income	3,407	3,717	4,579	6,264	9,245
Investment income	438	484	492	630	706
Other non-op income	4,319	5,032	6,209	6,600	7,200
<b>Non-operating expenses</b>	<b>(4,499)</b>	<b>(5,299)</b>	<b>(1,589)</b>	<b>(2,090)</b>	<b>(2,090)</b>
Interest expense	(1,547)	(2,216)	(2,090)	(2,090)	(2,090)
Investment loss	(73)	-	(3)	-	-
Other non-op expenses	(2,879)	(3,083)	505	-	-
<b>Pre-tax profit</b>	<b>51,316</b>	<b>87,866</b>	<b>174,820</b>	<b>287,145</b>	<b>427,420</b>
Current taxation	(10,925)	(19,930)	(40,315)	(66,043)	(98,307)
Minorities	(5,163)	(7,828)	(18,370)	(30,150)	(44,879)
Extraordinary items	-	(0)	-	-	-
<b>Net profit</b>	<b>35,229</b>	<b>60,108</b>	<b>116,134</b>	<b>190,952</b>	<b>284,234</b>
<b>EBITDA</b>	<b>72,668</b>	<b>111,771</b>	<b>196,850</b>	<b>309,728</b>	<b>448,831</b>
EPS (NT\$)	13.56	23.14	44.71	73.51	109.42

**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>135,777</b>	<b>165,235</b>	<b>266,729</b>
Net profit	35,229	60,108	116,134	190,952	284,234
Depreciation & amortisation	25,016	27,839	31,721	33,987	36,472
Decrease in working capital	(2,538)	(24,348)	(38,436)	(89,224)	(98,150)
Other operating cash flow	15,188	34,875	26,358	29,520	44,173
<b>Investing cash flow</b>	<b>(40,360)</b>	<b>(53,214)</b>	<b>(49,818)</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)	(48,591)	(50,000)	(50,000)
Others investing cashflow	(6,383)	(6,422)	(1,227)	-	-
<b>Free cash flow</b>	<b>22,634</b>	<b>18,478</b>	<b>67,871</b>	<b>103,244</b>	<b>201,999</b>
<b>Financing cash flow</b>	<b>(11,118)</b>	<b>(9,401)</b>	<b>(30,459)</b>	<b>(58,445)</b>	<b>(96,109)</b>
Increase in short term debt	(1,417)	446	(1,146)	-	-
Increase in long term loans	8,552	11,283	(7,291)	-	-
New ordinary shares issued	-	-	-	-	-
Ordinary dividends paid	(16,702)	(20,313)	(30,132)	(58,445)	(96,109)
Other financing cashflow	(1,550)	(817)	8,110	-	-
<b>Forex effects</b>	<b>8,586</b>	<b>(2,146)</b>	<b>2,477</b>	-	-
<b>Total cash generated</b>	<b>30,003</b>	<b>33,713</b>	<b>57,976</b>	<b>56,790</b>	<b>120,620</b>

**ROIC**

	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
1 - COGS/revenue					
- Operating exp./revenue	21.1%	19.1%	18.1%	16.5%	15.6%
<b>= Operating margin</b>	<b>11.3%</b>	<b>15.1%</b>	<b>20.9%</b>	<b>24.0%</b>	<b>24.6%</b>
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	0.1
+ 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>3.2</b>	<b>3.2</b>	<b>3.6</b>
Operating margin	11.3%	15.1%	20.9%	24.0%	24.6%
x Capital turnover	2.6	2.8	3.2	3.2	3.6
x (1 - tax rate)	78.7%	77.3%	76.9%	77.0%	77.0%
<b>= After-tax ROIC</b>	<b>22.7%</b>	<b>33.1%</b>	<b>51.3%</b>	<b>59.6%</b>	<b>67.3%</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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