

Powered by AI power electronics

- A rock-solid 1Q25 net profit proves to be a strong start for 2025
- Rising demands for AI-related power electronics to 50% of revenue
- Maintain BUY and lifted TP from THB89 to THB99

Solid as a rock in 1Q25

1Q25 net profit (NP) was THB5.5b, up 27.4% y-y and 154.7% q-q, beating, beating market consensus by 30% and ours by 16%. Excluding FX gain, 1Q24 core NP was THB5.06b, up % q-q and 39% y-y, still 7% higher than our estimate. Revenue rose to THB42.7b (+12.5% y-y, +2.4% q-q) from the stronger-than-expected AI power electronics and data center and high-performance computing products to more than offset the weak sales of EV mobility.

Margin improvement a key surprise

Gross profit surged to THB10.9b and gross profit margin improved to 25.6%, up from 21% in 4Q24 and 22.5% in 1Q24 driven by the rising revenue of the high-margin power electronics. Net profit jumped to THB5.5b on net profit margin of 12.8% due to 1) the higher sales portion of power electronics to 45%, up from sub-40% in 2024; 2) lower SG&A to sales on better cost controls; 3) higher effective tax rate to 12.5%, up from 4% in 1Q24 due to the impact of Global Minimum Tax pillar 2 law enforced since 1 January 2025. Delta set a provision of THB785m for tax. Royalty fee normalized down as the sales of the high-royalty AI products did not grow much in 1Q25.

Power electronics powered by AI and data center

Revenue from power electronics surged to over 2/3 of total revenue, led by 45% revenue portion from AI-related products (40% in power electronics and 5% in infrastructure), far outpacing revenue from infrastructure, automation, and mobility EV. Operating profit margin was driven by power electronics (23%), automation (3.9%), and infrastructure (3.9%), to more than offset the depressed margin 0.3% of EV mobility, which saw continued declining revenue as a result of the poor market in Europe and North America.

Stronger q-q 2H25 outlook while 2H25 remains challenging

Management is confident that the revenue from the high-margin power electronics remains brisk, backed by the pent-up demands from the second wave of Data center using the more powerful chips that require higher-performance power supplies, the core competitiveness of Delta. Indeed, Delta concerns on its inability to produce sufficiently and on time to serve its customers who partly rush to order amid industry risk.

Maintain BUY and upgrade TP from THB89 to THB99

We maintain BUY and raise our TP to THB99, based on 60x 2025E P/E as we think Delta's share price is now likely to rerate further thanks to the stronger-than-expected demands for AI-related power electronics that are now moving from first DC-DC phase to more demanding power sources to accommodate the high-powered chips.

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ESG Rating : A

CG Rating : ▲▲▲▲▲

BUY

Target Price 12M (THB)	99.00
VS. BB Consensus TP (%)	+42.4%
Share Price (THB)	76.50
Upside/Downside	+20.7%

Share Data

Market Cap (THB m)	1,022,852.92
Par (THB)	0.10
Free Float (%)	23.08
Issued shares (m shares)	12,474

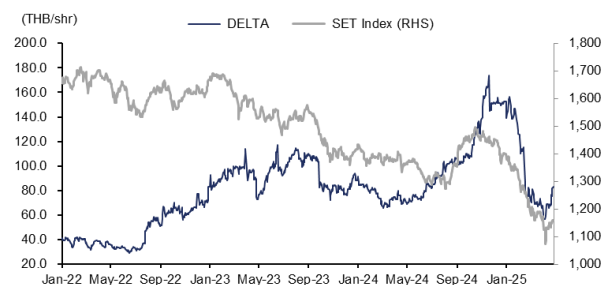
Financial forecast

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	164,733	179,983	196,792	215,332
Net profit	18,939	20,925	21,999	24,153
Core net profit	18,939	20,925	21,999	24,153
vs Consensus (%)		10.4	(1.6)	(3.3)
Net profit growth (%)	2.8	10.5	5.1	9.8
Core net profit growth (%)	2.8	10.5	5.1	9.8
EPS (THB)	1.52	1.68	1.76	1.94
Core EPS (THB)	1.52	1.68	1.76	1.94
Chg from previous (%)		0.00	0.00	0.00
DPS (THB)	0.46	0.84	0.88	0.97
P/E (x)	100.44	48.88	46.49	42.35
P/BV (x)	23.80	10.73	9.55	8.49
ROE (%)	25.68	23.88	21.74	21.23
Dividend yield (%)	0.30	1.02	1.08	1.18

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	17.14	(44.22)	(39.93)	(46.23)
Market	19.76	(34.83)	(24.15)	(35.04)
12M High/Low (THB)	173.50 / 51.25			



Major Shareholders (%) as of 28 Feb 2025

Delta Electronics Int'l (Singapore) Pte. Ltd.	42.85
Delta International Holding Limited B.V.	14.18
CITI (NOMINEES) LIMITED-CBHK	13.86

Company Profile

The Company's businesses are mainly involved in power management solutions and manufacture of electronic components i.e. DC fan, electromagnetic interference filter (EMI) and solenoid. Its operation has covered regions such as Asia, Europe and South America.

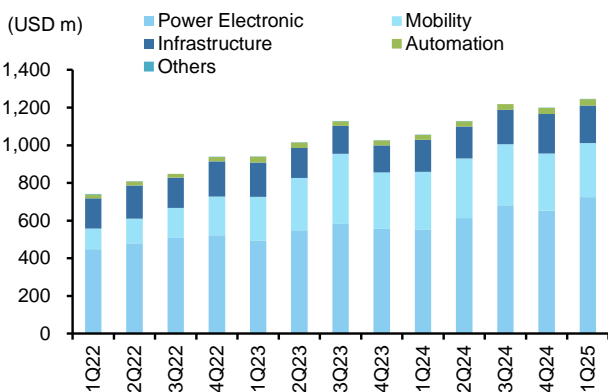
Source: SETSMART, SET

Exhibit 1: Summary of 1Q25 operations

	1Q24	4Q24	1Q25			2024	2025E	chg. (y-y%)
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	
Revenue	37,989	41,747	41,934	0.4	10.4	164,733	179,983	9.3
Operating costs	(32,792)	(37,558)	(35,963)	(4.2)	9.7	(140,135)	(149,386)	6.6
EBITDA	5,196	4,189	5,971	42.6	14.9	24,598	30,597	24.4
EBITDA margin (%)	13.7	10.0	14.2	nm	nm	14.9	17.0	nm
Depn & amort.	(1,476)	(1,857)	(1,623)	(12.6)	9.9	(6,738)	(7,938)	17.8
EBIT	3,720	2,332	4,348	86.5	16.9	17,860	22,659	26.9
Interest expense	(34)	(81)	(26)	(68.0)	(24.2)	(167)	(227)	35.7
Interest & invt inc	50	92	93	1.0	na	285	386	na
Other income	178	111	235	112.2	32.1	1,841	1,800	(2.3)
Associates' contrib	-	0	-	na	na	(0)	(0)	na
Exceptionals	507	106	753	608.1	na	(70)	-	na
Pretax profit	4,420	2,560	5,403	111.1	22.2	19,748	24,618	24.7
Tax	(113)	(405)	(673)	66.3	496.9	(810)	(3,693)	355.9
Tax rate (%)	2.6	15.8	12.5	nm	nm	4.1	15.0	nm
Minority interests	-	-	-	na	na	-	-	na
Net profit	4,308	2,155	4,730	119.5	9.8	18,939	20,925	10.5
Non-recurring	-	-	-	na	na	-	-	na
Core net profit	4,308	2,155	4,730	119.5	9.8	18,939	20,925	10.5
EPS (THB)	0.35	0.17	0.38	119.9	10.0	1.52	1.68	10.5
Core EPS (THB)	0.35	0.17	0.38	119.9	10.0	1.52	1.68	10.5

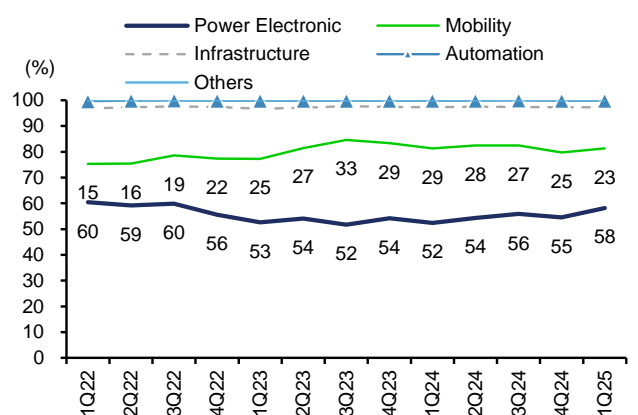
Sources: Delta, Globlex Research

Exhibit 2: Revenue breakdown by segment



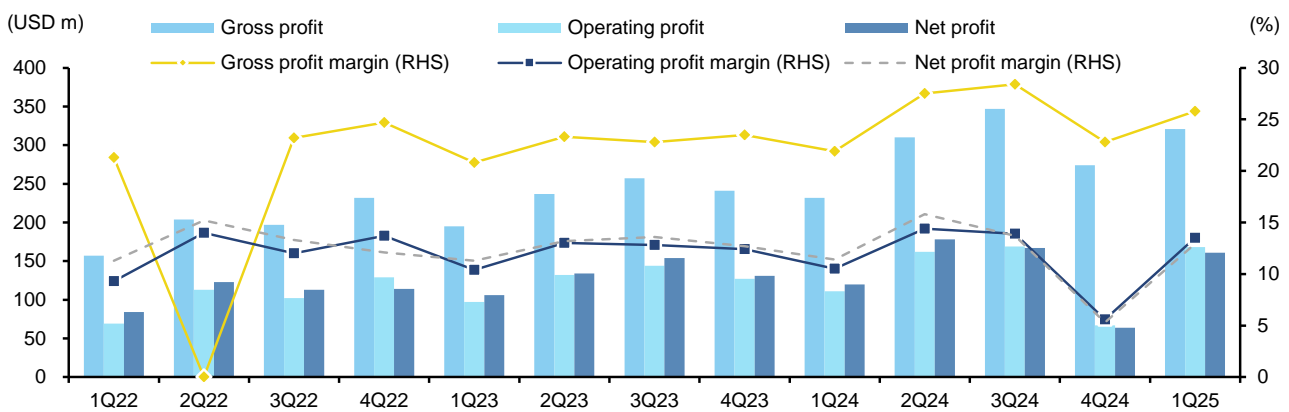
Sources: Delta

Exhibit 3: Revenue breakdown by segment (%)



Sources: Delta

Exhibit 4: Profitability



Sources: Delta; Globlex Research

Balance sheet (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Current assets					
Cash & ST investment	7,617	15,701	18,085	17,148	18,080
Account receivable	33,237	32,906	32,544	32,149	31,716
Inventories	32,747	31,697	33,988	37,773	40,937
Others	1,965	2,227	2,433	2,661	2,911
Non-current assets					
Net fixed assets	29,681	37,721	51,363	64,707	77,754
Others	2,898	2,844	2,844	2,844	2,844
Total Assets	108,145	123,097	141,257	157,281	174,243
Current liabilities					
Account payable	32,096	35,793	38,380	42,654	46,227
ST borrowing	2,607	245	438	438	438
Others	1,472	2,089	2,089	2,089	2,089
Long-term liabilities					
Long-term debts	969	1,211	1,211	1,211	1,211
Others	3,461	3,817	3,817	3,817	3,817
Total liabilities	40,606	43,155	45,934	50,208	53,782
Paid-up capital	1,247	1,247	1,247	1,247	1,247
Retained earnings	68,626	81,961	97,341	109,091	122,480
Others	(2,334)	(3,266)	(3,266)	(3,266)	(3,266)
Minority interest	0	0	0	0	0
Shareholders' equity	67,539	79,942	95,322	107,072	120,461

Key ratios					
Year ending Dec	2023	2024	2025E	2026E	2027E
Growth (%YoY)					
Sales	23.5	12.5	9.3	9.3	9.4
Operating profit	27.9	8.8	24.4	4.8	9.8
EBITDA	27.9	8.8	24.4	4.8	9.8
Net profit	20.1	2.8	10.5	5.1	9.8
Core net profit	20.1	2.8	10.5	5.1	9.8
EPS	20.1	2.8	10.5	5.1	9.8
Core EPS	20.1	2.8	10.5	5.1	9.8
Profitability (%)					
Gross margin	26.0	28.7	30.0	28.8	29.5
Operation margin	15.5	14.9	17.0	16.3	16.4
EBITDA margin	15.5	14.9	17.0	16.3	16.4
Net margin	12.6	11.5	11.6	11.2	11.2
ROE	30.1	25.7	23.9	21.7	21.2
ROA	18.5	16.4	15.8	14.7	14.6
Stability					
Interest bearing debt/equity (x)	0.1	0.0	0.0	0.0	0.0
Net debt/equity (x)	n.a.	n.a.	n.a.	n.a.	n.a.
Interest coverage (x)	164.7	107.0	100.0	100.0	100.0
Interest & ST debt coverage (x)	6.6	43.3	34.1	35.2	37.3
Cash flow interest coverage (x)	0.3	0.7	0.5	0.5	0.5
Current ratio (x)	2.1	2.2	2.1	2.0	1.9
Quick ratio (x)	1.1	1.3	1.2	1.1	1.0
Net debt (THB m)	(4,041)	(14,245)	(16,435)	(15,498)	(16,431)
Activity					
Asset turnover (X)	1.3	1.2	1.1	1.2	2.5
Days receivables	82.9	72.9	66.0	59.6	53.8
Days inventory	110.4	98.5	98.5	98.5	98.5
Days payable	108.2	111.2	111.2	111.2	111.2
Cash cycle days	85.1	60.2	53.3	46.9	41.0

Profit & loss (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Revenue					
Revenue	146,371	164,733	179,983	196,792	215,332
Cost of goods sold	(108,273)	(117,498)	(125,988)	(140,019)	(151,749)
Gross profit	38,098	47,235	53,995	56,774	63,583
Operating expenses	(15,483)	(22,637)	(23,398)	(24,708)	(28,369)
Operating profit	22,616	24,598	30,597	32,066	35,215
EBIT					
EBIT	18,008	17,860	22,659	23,747	26,079
Depreciation	(4,608)	(6,738)	(7,938)	(8,319)	(9,136)
EBITDA	22,616	24,598	30,597	32,066	35,215
Non-operating income					
Other incomes	192	812	1,800	1,968	2,153
Other non-op income	729	1,314	386	405	444
Non-operating expense	566	(237)	(227)	(237)	(261)
Interest expense	(109)	(167)	(227)	(237)	(261)
Other non-op expense	675	(70)	0	0	0
Equity income/(loss)	0	(0)	(0)	(0)	(0)
Pre-tax Profit	19,496	19,748	24,618	25,882	28,415
Extraordinary items					
Current taxation	(1,073)	(810)	(3,693)	(3,882)	(4,262)
Minorities	0	0	0	0	0
Net Profit	18,423	18,939	20,925	21,999	24,153
Core net profit	18,423	18,939	20,925	21,999	24,153
EPS (THB)	1.48	1.52	1.68	1.76	1.94
Core EPS (THB)	1.48	1.52	1.68	1.76	1.94

Cash flow (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Operating cash flow					
Operating cash flow	10,712	29,464	22,090	23,390	25,557
Net profit	18,423	18,939	20,925	21,999	24,153
Depre. & amortization	4,608	6,738	7,938	8,319	9,136
Change in working capital	(10,155)	5,431	645	871	826
Others	(2,163)	(1,644)	(7,418)	(7,799)	(8,558)
Investment cash flow	(10,435)	2,166	7,919	9,516	11,923
Net CAPEX	(11,589)	(14,778)	(10)	(10)	(9)
Change in LT investment	1,154	16,944	7,929	9,526	11,932
Change in other assets	0	0	0	0	0
Free cash flow	277	31,630	30,009	32,906	37,480
Financing cash flow					
Financing cash flow	(2,802)	(23,546)	(27,625)	(33,843)	(36,548)
Change in share capital	0	0	0	0	0
Net change in debt	0	0	0	0	0
Dividend paid	(5,613)	(5,738)	(5,738)	(10,463)	(11,000)
Others	2,811	(17,808)	(21,887)	(23,380)	(25,548)
Net cash flow	(2,525)	8,084	2,384	(937)	932

Per share (THB)					
EPS	1.48	1.52	1.68	1.76	1.94
Core EPS	1.48	1.52	1.68	1.76	1.94
CFPS	1.85	2.06	2.31	2.43	2.67
BVPS	5.41	6.41	7.64	8.58	9.66
Sales/share	11.73	13.21	14.43	15.78	17.26
EBITDA/share	1.81	1.97	2.45	2.57	2.82
DPS	0.45	0.46	0.84	0.88	0.97
Valuation					
P/E (x)	na	100.44	48.88	46.49	42.35
P/BV (x)	na	23.80	10.73	9.55	8.49
Dividend yield (%)	na	0.30	1.02	1.08	1.18
Dividend payout ratio (%)	30.47	30.30	50.00	50.00	50.00

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RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

- BUY:** Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Sector Recommendations

- Overweight:** The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral: Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight: Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.