



Delta Electronics (2308.TW/2308 TT)

Growing sales uncertainties amid macro headwinds

FTSE4Good TIP Taiwan ESG Index stock

Neutral · Downgraded

Price as of October 24 (NT\$)	308.0
12M target price (NT\$)	325.0
Previous target price (NT\$)	401.0
Revised down (%)	19.0
Upside (%)	5.5

Key message

Delta will report 3Q23 results on October 31 and we don't expect any big negative surprises. Management notes a mixed sales outlook, with EV and data center business growth partially offset by segments hindered by macro headwinds. We downgrade to Neutral on limited share upside.

Trading data

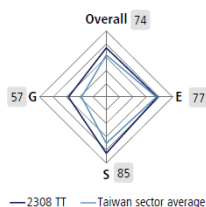
Mkt cap (NT\$bn/US\$m)	800 / 24,689
Outstanding shares (mn)	2,598
Foreign ownership (mn)	1,710
3M avg. daily trading (mn)	5.16
52-week trading range (NT\$)	256.0 –375.5

Performance	3M	6M	12M
Absolute (%)	-14.7	1.8	14.7
Relative (%)	-10.4	-2.6	-12.2

Quarterly EPS

NT\$	1Q	2Q	3Q	4Q
2022	2.33A	2.94A	4.26A	3.05A
2023	2.66A	3.14A	3.65F	3.81F
2024	3.22F	3.75F	4.20F	4.30F

ESG score card



Source: TEI

Event

Delta will report 3Q23 results on October 31 and hold an analyst meeting on November 1.

Impact

3Q23 earnings preview – We maintain EPS of NT\$3.65, up 16% QoQ, but down 14% YoY.

Delta reported 3Q23 sales of NT\$107.8bn, up 7% QoQ and 1% YoY, accounting for a respective 99% and 97% of our estimate and consensus. September sales fell 3% MoM as the firm saw softer automotive-related demand, including for automotive fans and EV components. The power electronics segment continued to outperform with 15% QoQ and 11% YoY growth, representing 65% of 3Q23 revenue, while automation and infrastructure segment sales were down 9% and 2% QoQ, respectively, to account for 12% and 23% of 3Q23 revenue. Sales of EV solutions, power supplies, and passive components outstripped other business groups on resilient EV and data center demand, as well as a smartphone client's new model launch. However, sales of the automation and networking declined QoQ on weak demand. EV-related businesses grew 75% YoY to account for 15% of 3Q23 revenue. Considering the slight revenue shortfall, partially due to weaker-than-expected Electric Vehicle Solution Business Group (EVSBG) sales, which commands below-average gross margin, we raise 3Q23 gross margin to 29.5%, but maintain operating margin at 11.2%. Factoring in higher non-op income, we maintain 3Q23 EPS at NT\$3.65, up 16% QoQ, but down 14% YoY.

We lower 2024 EPS to NT\$15.47 on poor visibility due to macro headwinds. Management guides solid sales of data center/server power supplies, cooling fans, energy storage solutions, and EV charging systems will underpin QoQ sales growth in 4Q23. EV charging sales have resumed momentum in 4Q23, following a 27% QoQ decline in 3Q23 on US NACS transition. However, strong growth of auto component sales are likely to take a breather in 4Q23 on the US United Auto Workers strike and client inventory correction. Looking into 2024, the firm guides macro uncertainties will continue to cloud the automation and telecom power business outlooks, but also notes positive secular trends, namely EV solutions and data center/server within the power electronics segment, and energy storage solutions and EV charging systems within the infrastructure segment. On growing macro headwinds and our estimate of slower EVSBG sales growth of 28%, we lower 2024 sales by 4% to NT\$452.8bn, up 10% YoY.

Valuation & Action

We cut our 12M target price from NT\$401 to NT\$325, as we revise down our target PE from 25x to 21x on growing sales volatility and worsening stock market sentiment. We downgrade our rating from Outperform to Neutral on limited share upside.

Risks

Potential recession slows growth.

Key financials and valuations

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Revenue (NT\$m)	314,671	384,443	411,527	452,810	500,273
Gross profit (NT\$m)	90,209	110,773	119,229	132,937	147,021
Operating profit (NT\$m)	31,365	41,439	43,175	51,128	57,563
Net profit (NT\$m)	26,796	32,666	34,432	40,184	45,036
EPS (NT\$)	10.32	12.58	13.26	15.47	17.34
Cash DPS (NT\$)	5.50	9.84	7.50	8.50	9.50
EPS growth (%)	5.1	21.9	5.4	16.7	12.1
PE (x)	29.9	24.5	23.2	19.9	17.8
PB (x)	5.2	4.3	4.3	3.9	3.5
EV/EBITDA (x)	19.3	15.4	14.5	12.5	11.1
Net debt to equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Dividend yield (%)	1.8	3.2	2.4	2.8	3.1
Return on average equity (%)	17.8	19.1	18.5	20.6	20.7

Source: Company data, KGI Research estimates

Figure 1: Breakdown of 3Q-4Q23 forecast revisions vs. consensus

NT\$m	3Q23F							4Q23F						
	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Sales	107,795	109,275	(1.4)	7.2	1.5	110,835	(2.7)	110,322	114,245	(3.4)	2.3	4.4	113,843	(3.1)
Gross profit	31,746	31,744	0.0	8.1	(1.3)	32,645	(2.8)	32,545	33,359	(2.4)	2.5	9.9	33,403	(2.6)
Operating profit	12,019	12,184	(1.4)	16.9	(11.2)	12,613	(4.7)	12,466	12,910	(3.4)	3.7	15.7	13,075	(4.7)
Net income	9,476	9,473	0.0	16.3	(14.4)	9,871	(4.0)	9,899	9,918	(0.2)	4.5	25.1	10,216	(3.1)
EPS (NT\$)	3.65	3.65	0.0	16.3	(14.4)	3.78	(3.6)	3.81	3.82	(0.2)	4.5	25.1	3.89	(1.9)
Gross margin (%)	29.5	29.1	0.4 ppts	0.2 ppts	(0.8) ppts	29.5	(0.0) ppts	29.5	29.2	0.3 ppts	0.0 ppts	1.5 ppts	29.3	0.2 ppts
Op. margin (%)	11.2	11.2	0.0 ppts	0.9 ppts	(1.6) ppts	11.4	(0.2) ppts	11.3	11.3	0.0 ppts	0.1 ppts	1.1 ppts	11.5	(0.2) ppts
Net margin (%)	8.8	8.7	0.1 ppts	0.7 ppts	(1.6) ppts	8.9	(0.1) ppts	9.0	8.7	0.3 ppts	0.2 ppts	1.5 ppts	9.0	(0.0) ppts

Source: Refinitiv, KGI Research

Figure 2: Breakdown of 2023-24 forecast revisions vs. consensus

NT\$m	2023F						2024F					
	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Sales	411,527	416,930	(1.3)	7.0	418,366	(1.6)	452,810	471,286	(3.9)	10.0	472,471	(4.2)
Gross profit	119,229	120,042	(0.7)	7.6	120,884	(1.4)	132,937	137,620	(3.4)	11.5	138,040	(3.7)
Operating profit	43,175	43,783	(1.4)	4.2	44,378	(2.7)	51,128	53,673	(4.7)	18.4	54,362	(5.9)
Net income	34,432	34,448	(0.0)	5.4	35,052	(1.8)	40,184	41,605	(3.4)	16.7	42,339	(5.1)
EPS (NT\$)	13.26	13.26	(0.0)	5.4	13.47	(1.6)	15.47	16.02	(3.4)	16.7	16.28	(5.0)
Gross margin (%)	29.0	28.8	0.2 ppts	0.2 ppts	28.9	0.1 ppts	29.4	29.2	0.2 ppts	0.4 ppts	29.2	0.1 ppts
Op. margin (%)	10.5	10.5	(0.0) ppts	(0.3) ppts	10.6	(0.1) ppts	11.3	11.4	(0.1) ppts	0.8 ppts	11.5	(0.2) ppts
Net margin (%)	8.4	8.3	0.1 ppts	(0.1) ppts	8.4	(0.0) ppts	8.9	8.8	0.0 ppts	0.5 ppts	9.0	(0.1) ppts

Source: Refinitiv, KGI Research

Figure 3: Delta Electronics' business structure

Segment	3Q23 sales weighting (%)	Business group	3Q23 sales weighting (%)	2023F sales weighting (%)	Products
Power electronics	65	Electric vehicle solution (EVSBG)	13	11	On-board charger, DC/DC converter, traction motor, traction inverter
		Power supply (PSBG)	34	33	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)	10	9	Passive component (Cyntec), optical transceiver
		Fan & thermal (FMBG)	9	10	Cooling fan, thermal module
Automation	12	Industrial automation (IABG)	8	9	Industrial automation (Servo motor, AC motor drive, PLC, CNC control, HMI, robot arms)
		Building automation (BABG)	5	5	Building automation solution, LED lighting fixture, surveillance camera, controller
Infrastructure	23	Information & communication technology (ICTBG)	17	18	Telecom power, data center solutions, networking
		Energy infrastructure system (EISBG)	5	6	Off-board EV-charger, renewable energy (solar inverter & wind power converter), energy storage system, display, power-conditioning system

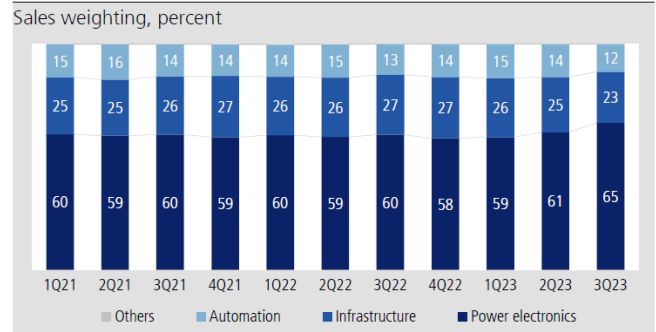
Note: Industrial and medical power supplies (2% of revenue combined) were moved from EISBG to PSBG, effective 1Q21

Source: Company data; KGI Research

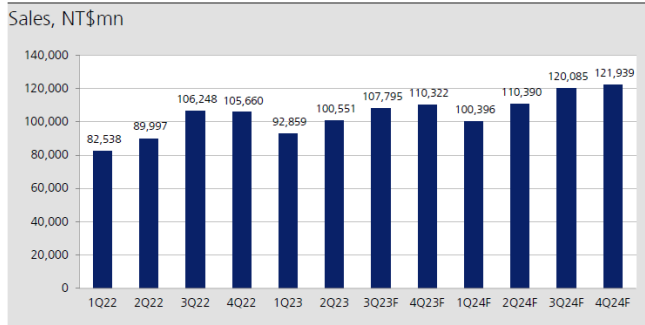
Figure 4: Company profile

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, automation, and infrastructure accounted for a respective 59%, 14%, and 27% of 2022 sales.

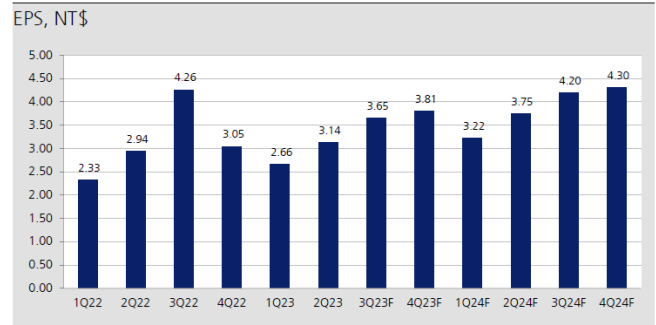
Source: KGI Research

Figure 5: Sales mix

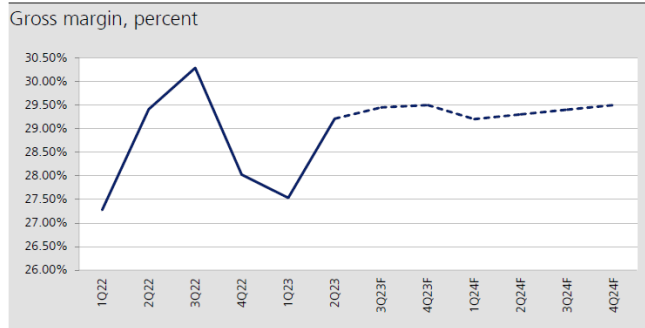
Source: KGI Research

Figure 6: Sales

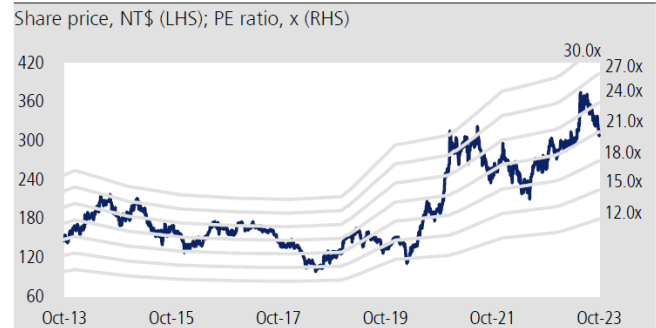
Source: KGI Research

Figure 7: EPS

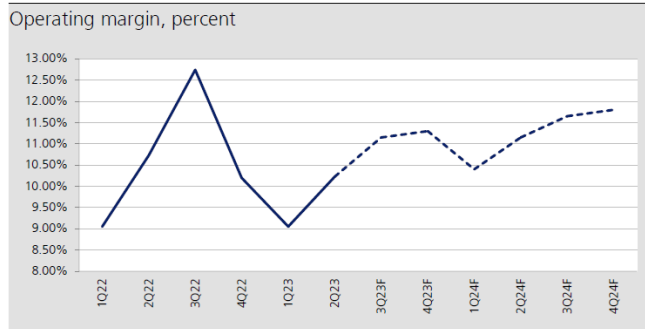
Source: KGI Research

Figure 8: Gross Margin

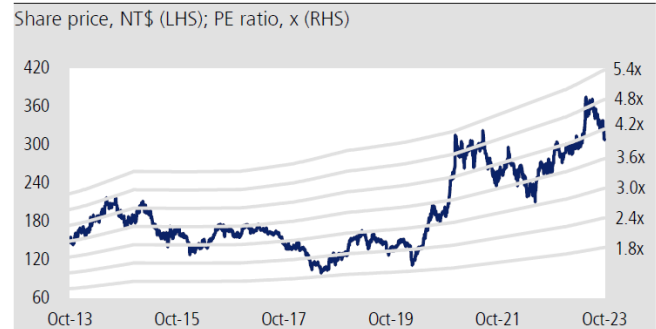
Source: KGI Research

Figure 9: 12M forward PE band

Source: KGI Research

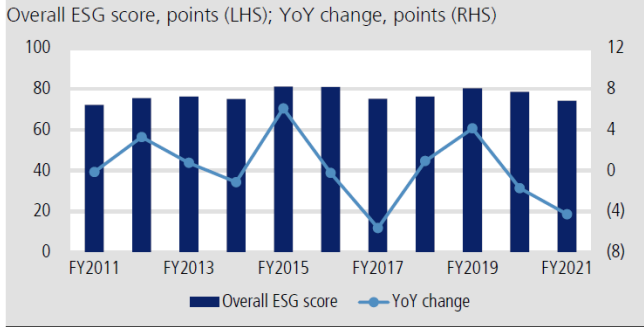
Figure 10: Operating Margin

Source: KGI Research

Figure 11: 12M forward PB band

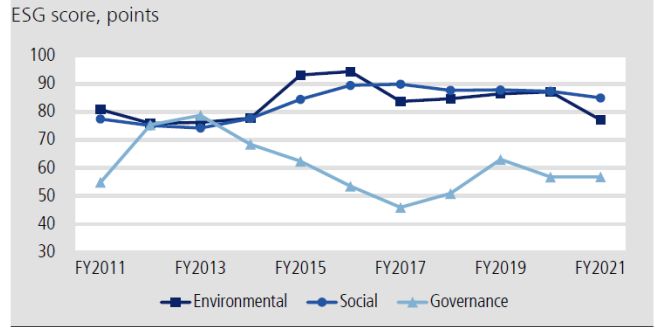
Source: KGI Research

Figure 12: Overall ESG score



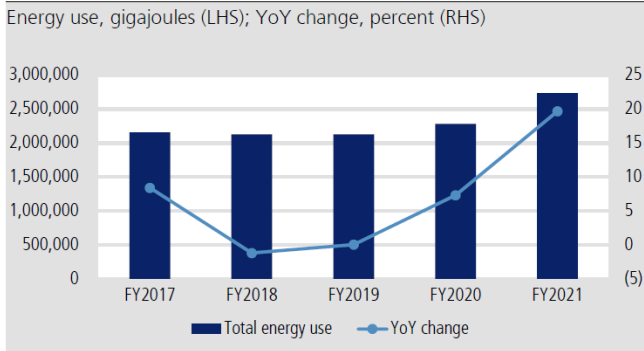
Source: Refinitiv; KGI Research; Company data

Figure 13: ESG score by category



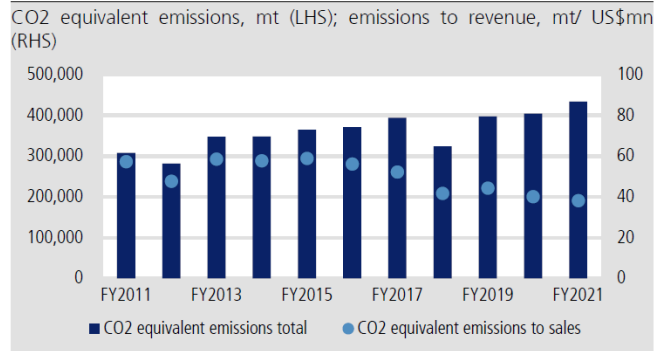
Source: Refinitiv; KGI Research; Company data

Figure 14: Energy use



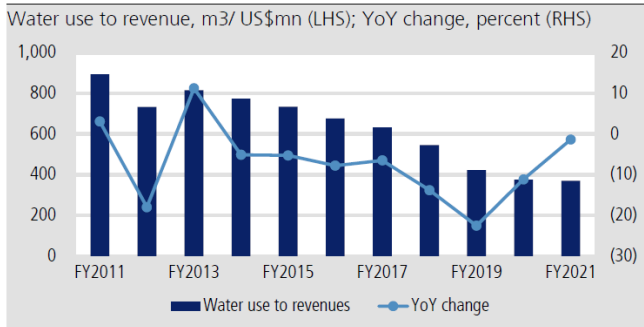
Source: Refinitiv; KGI Research; Company data

Figure 15: CO2 equivalent emissions



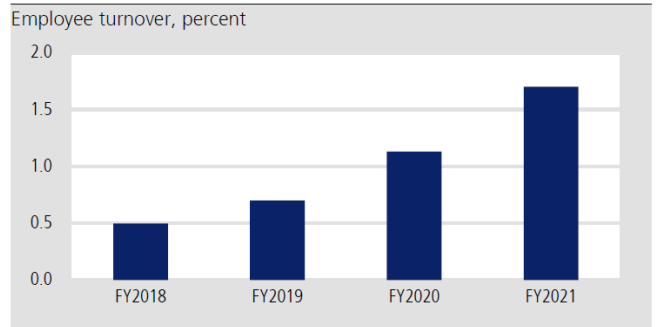
Source: Refinitiv; KGI Research; Company data

Figure 16: Water use to revenue



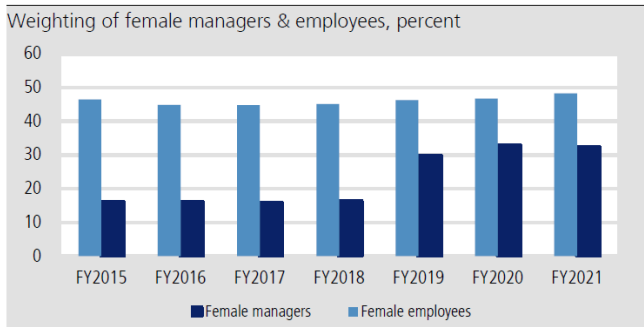
Source: Refinitiv; KGI Research; Company data

Figure 17: Employee turnover



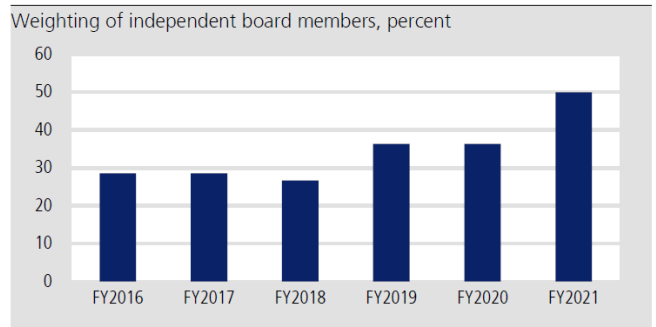
Source: Refinitiv; KGI Research; Company data

Figure 18: Gender diversification



Source: Refinitiv; KGI Research; Company data

Figure 19: 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"> - the total amount of energy that has been consumed within the boundaries of the company's operations - total energy use = total direct energy consumption + indirect energy consumption - purchased energy and produced energy are included in total energy use - for utilities, transmission/ grid loss as part of its business activities is considered as total energy consumed and data does not consider electricity produced to answer energy use (utility company produces to sell) - for utilities, raw materials such as coal, gas or nuclear used in the production of energy are not considered under 'total energy use' 	
Renewable energy purchased	<p>Total primary renewable energy purchased in gigajoules.</p> <ul style="list-style-type: none"> - energy consumed by the company from various sources and among the purchased energy, how much energy is renewable in nature (solar, wind, hydro, biomass, geothermal) are in scope - if there is no evidence that renewable energy is produced by the company, then we consider the reported energy figure as renewable energy purchased 	
Renewable energy use ratio	Renewable energy to total energy used	
CO2 equivalent emissions	<p>Direct CO2 and CO2 equivalent emissions in metric tons.</p> <ul style="list-style-type: none"> - direct emissions from sources that are owned or controlled by the company (scope 1 emissions) - following gases are relevant: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorinated compound (PFCS), sulfur hexafluoride (SF6), nitrogen trifluoride (NF3) 	
CO2 equivalent emissions to sales	<p>Direct CO2 and CO2 equivalent emissions (metric tons) to sales (NT\$mn)</p> <ul style="list-style-type: none"> - direct emissions from sources that are owned or controlled by the company (scope 1 emissions) - following gases are relevant: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorinated compound (PFCS), sulfur hexafluoride (SF6), nitrogen trifluoride (NF3) 	
Waste total	<p>Total amount of waste produced in metric tons.</p> <ul style="list-style-type: none"> - total waste = non-hazardous waste + hazardous waste - only solid waste is taken into consideration, exceptionally if liquid waste is reported in metric tons, then we do the summation to derive total including liquid waste - for sectors like mining, oil & gas, waste generation like tailings, waste rock, coal and fly ash are also considered 	
Waste recycling ratio	<p>The waste recycling ratio as reported by the company.</p> <ul style="list-style-type: none"> - waste recycling ratio = waste recycled/total waste*100 - waste to energy or waste incinerated with energy recovery are considered as waste recycled - waste recovered via composting is considered as recycled waste 	
Water withdrawal total	<p>Total water withdrawal in cubic meters.</p> <ul style="list-style-type: none"> - the total volume of water withdrawn from any water source that was either withdrawn directly by the reporting organization or through intermediaries such as water utilities - different sources of water like wells, town/utility/municipal water, river water, and surface water are considered 	
Environmental expenditures	<p>Total amount of environmental expenditures.</p> <ul style="list-style-type: none"> - all environmental investment & expenditures for environmental protection or to prevent, reduce, control environmental aspects, impacts, and hazards. It also includes disposal, treatment, sanitation, and clean-up expenditures 	
Turnover of employees	<p>Percentage of employee turnover.</p> <ul style="list-style-type: none"> - includes employees who left the company for any reason (voluntary or involuntary), such as resignations, retirement, natural departure/death, medical incapacitation, redundancy, layoffs, restructuring, dismissal, retrenchment or end of a fixed-term contract - employees turnover rate = (employees leaving/average number of employees)*100 - where the average number of employees = (employees at the end of the current year + employees at the end of the previous year)/2 - employees at the end of the current fiscal year = employees at the end of the previous fiscal year + new employees - employees leaving 	
Women managers	<p>Percentage of women managers.</p> <ul style="list-style-type: none"> - percentage of women managers among total managers of the company - if there is a breakdown by category in percentage, such as top, senior, middle, and junior management, then we consider the percentage of middle women managers - percentage of women managers = number of women managers/total number of managers*100 	
Women employees	<p>Percentage of women employees.</p> <ul style="list-style-type: none"> - percentage of women employees to the total number of employees of the company - percentage of women employees = number of women/total number of employees*100 	
Training hours total	<p>Total training hours performed by all employees.</p> <ul style="list-style-type: none"> - consider only employee training hours - includes all types of training given to general employees (such as health & safety, environmental, emergency response, skills & career development training) - if the value is given in days, multiply by 8, assuming that 1 day = 8 hours worked 	
Training hours per employee	Training hours per employee per year	

Source: Refinitiv, Company data, KGI Research

Income statement

	Quarterly								Annually		
	Mar-23A	Jun-23A	Sep-23F	Dec-23F	Mar-24F	Jun-24F	Sep-24F	Dec-24F	Dec-23F	Dec-24F	Dec-25F
Income statement (NT\$m)											
Revenue	92,859	100,551	107,795	110,322	100,396	110,390	120,085	121,939	411,527	452,810	500,273
Cost of goods sold	(67,292)	(71,181)	(76,049)	(77,777)	(71,080)	(78,045)	(84,780)	(85,967)	(292,298)	(319,873)	(353,253)
Gross profit	25,568	29,371	31,746	32,545	29,316	32,344	35,305	35,972	119,229	132,937	147,021
Operating expenses	(17,161)	(19,088)	(19,726)	(20,079)	(18,874)	(20,036)	(21,315)	(21,583)	(76,054)	(81,809)	(89,457)
Operating profit	8,407	10,283	12,019	12,466	10,441	12,308	13,990	14,389	43,175	51,128	57,563
Depreciation of fixed assets	(4,082)	(4,290)	(4,397)	(4,507)	(4,597)	(4,689)	(4,783)	(4,879)	(17,277)	(18,949)	(20,511)
Amortisation of intangible assets	(984)	(973)	(980)	(980)	(980)	(980)	(980)	(980)	(3,917)	(3,920)	(3,920)
EBITDA	13,472	15,546	17,396	17,954	16,019	17,978	19,753	20,248	64,368	73,997	81,994
Interest income	372	443	535	471	596	673	656	638	1,820	2,563	3,171
Investment income	10	24	30	30	30	30	30	30	93	120	120
Other non-op income	931	929	975	950	950	950	950	950	3,785	3,800	3,800
Non-operating income	1,312	1,396	1,540	1,451	1,576	1,653	1,636	1,618	5,698	6,483	7,091
Interest expense	(254)	(238)	(226)	(226)	(226)	(226)	(226)	(226)	(943)	(903)	(903)
Investment loss	-	-	-	-	-	-	-	-	-	-	-
Other non-op expenses	494	508	500	450	400	400	400	400	1,952	1,600	1,600
Non-operating expenses	241	270	274	224	174	174	174	174	1,009	697	697
Pre-tax profit	9,959	11,948	13,833	14,141	12,192	14,136	15,800	16,181	49,882	58,308	65,351
Current taxation	(1,988)	(2,425)	(2,767)	(2,828)	(2,487)	(2,827)	(3,160)	(3,236)	(10,008)	(11,710)	(13,126)
Minorities	(1,063)	(1,374)	(1,591)	(1,414)	(1,341)	(1,555)	(1,738)	(1,780)	(5,442)	(6,414)	(7,189)
Normalised net profit	6,908	8,149	9,476	9,899	8,363	9,754	10,902	11,165	34,432	40,184	45,036
Extraordinary items	0	(0)	-	-	-	-	-	-	-	-	-
Net profit	6,908	8,149	9,476	9,899	8,363	9,754	10,902	11,165	34,432	40,184	45,036
EPS (NT\$)	2.66	3.14	3.65	3.81	3.22	3.75	4.20	4.30	13.26	15.47	17.34
Margins (%)											
Gross profit margin	27.5	29.2	29.5	29.5	29.2	29.3	29.4	29.5	29.0	29.4	29.4
Operating margin	9.1	10.2	11.2	11.3	10.4	11.2	11.7	11.8	10.5	11.3	11.5
EBITDA margin	14.5	15.5	16.1	16.3	16.0	16.3	16.4	16.6	15.6	16.3	16.4
Pretax profit margin	10.7	11.9	12.8	12.8	12.1	12.8	13.2	13.3	12.1	12.9	13.1
Net profit margin	7.4	8.1	8.8	9.0	8.3	8.8	9.1	9.2	8.4	8.9	9.0
Sequential growth (%)											
Revenue growth	(12.1)	8.3	7.2	2.3	(9.0)	10.0	8.8	1.5			
Gross profit growth	(13.7)	14.9	8.1	2.5	(9.9)	10.3	9.2	1.9			
Operating profit growth	(22.0)	22.3	16.9	3.7	(16.2)	17.9	13.7	2.9			
EBITDA growth	(14.5)	15.4	11.9	3.2	(10.8)	12.2	9.9	2.5			
Pretax profit growth	(13.6)	20.0	15.8	2.2	(13.8)	15.9	11.8	2.4			
Net profit growth	(12.7)	18.0	16.3	4.5	(15.5)	16.6	11.8	2.4			
YoY growth (%)											
Revenue growth	12.5	11.7	1.5	4.4	8.1	9.8	11.4	10.5	7.0	10.0	10.5
Gross profit growth	13.6	11.0	(1.3)	9.9	14.7	10.1	11.2	10.5	7.6	11.5	10.6
Operating profit growth	12.6	6.5	(11.2)	15.7	24.2	19.7	16.4	15.4	4.2	18.4	12.6
EBITDA growth	12.6	8.6	(5.1)	13.9	18.9	15.6	13.5	12.8	6.6	15.0	10.8
Pretax profit growth	16.6	10.3	(8.8)	22.7	22.4	18.3	14.2	14.4	8.3	16.9	12.1
Net profit growth	14.0	6.8	(14.4)	25.1	21.1	19.7	15.0	12.8	5.4	16.7	12.1

Source: Company data, KGI Research estimates

Balance sheet

NTSmn	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Total assets	365,112	425,874	444,671	481,958	522,761
Current assets	196,878	240,450	249,964	286,000	331,113
Cash & ST securities	51,268	63,572	60,885	76,320	100,833
Inventory	66,107	79,844	83,909	94,096	104,715
Accounts receivable	70,885	87,227	95,622	106,035	116,016
Other current assets	8,618	9,807	9,549	9,549	9,549
Non-current assets	168,234	185,423	194,707	195,958	191,648
LT investments	5,017	4,623	5,280	5,400	5,520
Net fixed assets	76,607	86,267	97,493	102,545	102,034
Other assets	86,609	94,534	91,934	88,014	84,094
Total liabilities	178,988	200,507	216,735	226,905	237,562
Current liabilities	108,169	125,013	129,289	139,459	150,116
Accounts payable	54,570	62,716	66,415	76,585	87,242
Interest bearing ST liabilities	4,442	2,119	2,508	2,508	2,508
Other current liabilities	49,157	60,179	60,366	60,366	60,366
Non-current liabilities	70,818	75,493	87,446	87,446	87,446
Long-term debt	43,914	44,337	25,213	25,213	25,213
Other L-T liabilities	25,538	28,853	59,971	59,971	59,971
Total equity	186,125	225,367	227,937	255,053	285,199
Share capital	25,975	25,975	25,975	25,975	25,975
Retained earnings reserve	53,623	65,907	84,708	105,411	128,368
Minority interests	31,338	38,578	42,958	49,372	56,560
Preferred shareholders funds	-	-	-	-	-

Key ratios

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Growth					
Revenue growth	11.3%	22.2%	7.0%	10.0%	10.5%
Operating profit growth	(0.2%)	32.1%	4.2%	18.4%	12.6%
EBITDA growth	2.6%	24.4%	6.6%	15.0%	10.8%
Net profit growth	5.1%	21.9%	5.4%	16.7%	12.1%
EPS growth	5.1%	21.9%	5.4%	16.7%	12.1%
Profitability					
Gross profit margin	28.7%	28.8%	29.0%	29.4%	29.4%
Operating margin	10.0%	10.8%	10.5%	11.3%	11.5%
EBITDA margin	15.4%	15.7%	15.6%	16.3%	16.4%
Net profit margin	8.5%	8.5%	8.4%	8.9%	9.0%
Return on average assets	7.6%	8.3%	7.9%	8.7%	9.0%
Return on average equity	17.8%	19.1%	18.5%	20.6%	20.7%
Stability					
Gross debt to equity	26.0%	20.6%	12.2%	10.9%	9.7%
Net debt to equity	Net cash	Net cash	Net cash	Net cash	Net cash
Interest coverage (x)	121.7	81.6	53.9	65.6	73.4
Interest & ST debt coverage (x)	0.9	0.9	0.9	0.9	0.9
Cash flow interest coverage(x)	95.9	81.4	58.7	65.2	73.7
Cash flow/int. & ST debt (x)	6.0	17.3	16.0	17.3	19.5
Current ratio (x)	1.8	1.9	1.9	2.1	2.2
Quick ratio (x)	1.2	1.3	1.3	1.4	1.5
Net debt (NT\$m)	(1,499)	(15,090)	(30,826)	(46,261)	(70,775)
Per share data					
EPS (NT\$)	10.32	12.58	13.26	15.47	17.34
CFPS (NT\$)	10.90	17.91	21.31	22.68	25.64
BVPS (NT\$)	59.59	71.91	71.21	79.18	88.02
Adj BVPS (NT\$)	59.59	71.91	71.21	79.18	88.02
SPS (NT\$)	121.14	148.00	158.43	174.32	192.59
EBITDA/share (NT\$)	18.68	23.24	24.78	28.49	31.57
Cash DPS (NT\$)	5.50	9.84	7.50	8.50	9.50
Activity					
Sales / avg assets	0.90	0.97	0.95	0.98	1.00
Days receivable	82.2	82.8	84.8	85.7	84.6
Days inventory	107.5	106.5	104.8	107.7	108.2
Days payable	88.7	83.6	82.9	87.6	90.1
Cash cycle	101.0	105.7	106.7	105.7	102.7

Source: Company data, KGI Research estimates

Profit & loss

NTSmn	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Revenue	314,671	384,443	411,527	452,810	500,273
Cost of goods sold	(224,461)	(273,671)	(292,298)	(319,873)	(353,253)
Gross profit	90,209	110,773	119,229	132,937	147,021
Operating expenses	(58,845)	(69,334)	(76,054)	(81,809)	(89,457)
Operating profit	31,365	41,439	43,175	51,128	57,563
Non-operating income	3,520	4,001	5,698	6,483	7,091
Interest income	430	610	1,820	2,563	3,171
Investment income	296	323	93	120	120
Other non-op income	2,795	3,068	3,785	3,800	3,800
Non-operating expenses	743	626	1,009	697	697
Interest expense	(295)	(571)	(943)	(903)	(903)
Investment loss	(0)	-	-	-	-
Other non-op expenses	1,038	1,197	1,952	1,600	1,600
Pre-tax profit	35,628	46,065	49,882	58,308	65,351
Current taxation	(7,128)	(9,075)	(10,008)	(11,710)	(13,126)
Minorities	(1,703)	(4,325)	(5,442)	(6,414)	(7,189)
Extraordinary items	-	(0)	-	-	-
Net profit	26,796	32,666	34,432	40,184	45,036
EBITDA	48,516	60,375	64,368	73,997	81,994
EPS (NT\$)	10.32	12.58	13.26	15.47	17.34

Cash flow

NTSmn	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Operations cash flow	28,319	46,529	55,366	58,917	66,592
Net profit	26,796	32,666	34,432	40,184	45,036
Depreciation & amortisation	17,151	18,936	21,194	22,869	24,431
Decrease in working capital	(20,506)	(20,062)	(8,653)	(10,430)	(9,943)
Other operating cash flow	4,878	14,990	8,393	6,294	7,069
Investing cash flow	(26,481)	(24,719)	(28,485)	(24,000)	(20,000)
Sale of ST investment	178	218	-	-	-
New investments	604	-	(105)	-	-
Capital expenditure	(23,027)	(21,824)	(28,097)	(24,000)	(20,000)
Others investing cashflow	(4,235)	(3,113)	(282)	-	-
Free cash flow	(4,977)	6,409	15,039	25,379	36,569
Financing cash flow	(8,337)	(19,739)	(29,273)	(19,482)	(22,079)
Increase in short term debt	2,396	(2,321)	245	-	-
Increase in long term loans	4,597	421	(19,111)	-	-
New ordinary shares issued	-	-	-	-	-
Ordinary dividends paid	(15,751)	(15,026)	(25,560)	(19,482)	(22,079)
Other financing cashflow	421	(2,814)	15,153	(0)	(0)
Forex effects	(2,358)	9,621	(608)	-	-
Total cash generated	(8,857)	11,692	(3,000)	15,435	24,513

ROIC

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
1 - COGS/revenue					
- Operating exp./revenue	18.7%	18.0%	18.5%	18.1%	17.9%
= Operating margin	10.0%	10.8%	10.5%	11.3%	11.5%
1 / (Working capital/revenue					
+ Net PPE/revenue	0.1	0.1	0.2	0.2	0.2
+ Other assets/revenue)	0.2	0.2	0.2	0.2	0.2
= Capital turnover	2.6	2.7	1.8	1.8	1.9
Operating margin	10.0%	10.8%	10.5%	11.3%	11.5%
x Capital turnover	2.6	2.7	1.8	1.8	1.9
x (1 - tax rate)	80.0%	80.3%	79.9%	79.9%	79.9%
= After-tax ROIC	20.7%	23.1%	14.8%	16.4%	17.8%

Source: Company data, KGI Research estimates

Delta Electronics – Recommendation & target price history



Date	Rating	Target	Price
2023-09-28	Outperform	401.0	324.5
2023-08-01	Outperform	410.0	372.5
2023-06-13	Outperform	415.0	343.0
2023-04-28	Outperform	348.0	300.0
2023-03-17	Outperform	322.0	286.5
2023-02-23	Outperform	325.0	290.0
2023-02-07	Outperform	325.0	296.0
2022-10-27	Outperform	325.0	258.0
2022-10-17	Outperform	325.0	268.5
2022-09-14	Outperform	308.0	268.0

Source: TEJ, KGI Research

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