

# Delta Electronics (Thailand)

(DELTA.BK/DELTA TB)\*

**Underperform · Maintained**

Price as of 3 April 2023	970.00
12M target price (Bt/shr)	590.00
Unchanged/Revised up(down) (%)	Unchanged
Upside/downside (%)	(39.2)

**Key messages**  
 ถึงแม้ว่า DELTA จะสามารถจับตลาดที่มีศักยภาพอย่าง server ได้ (คิดเป็นสัดส่วน 30% ของยอดขายรวม) แต่อัตรากำไรซึ่งเป็นประเด็นท้าทายอยู่ในขณะเดียวกัน ราคาหุ้นขยับขึ้นมาสูงมากแล้ว และประมาณการกำไรของเราที่มี upside จำกัด ดังนั้นเราจึงยังคงคำแนะนำ “ขาย” โดยประเมินราคาเป้าหมายสิ้นปี 2566 ที่ 590 บาท อิงจาก PER ที่ 45.0X (ค่าเฉลี่ยในอดีต +0.5 S.D.)

**Trading data**

Mkt cap (Btbn/US\$m)	1,232/30,810		
Outstanding shares (mn)	1247		
Foreign ownership (mn)	1,180		
3M avg. daily trading (mn)	3		
52-week trading range (Bt)	292.0 – 1,142.0		
Performance (%)	3M	6M	12M
Absolute	6.2	48.3	155.3
Relative	11.6	46.5	171.9

**Quarterly EPS**

EPS	Q1	Q2	Q3	Q4
2020	0.7	1.6	2.1	1.3
2021	1.4	1.3	1.0	1.7
2022	2.2	3.4	3.3	3.3



Source: SET  
 Chananthorn Pichayapanupat, CFA  
 66.2658.8888 Ext. 8849  
 chananthornp@kgi.co.th

## ประมาณการ 1Q66F: กำไรจะเพิ่มขึ้น YoY แต่จะลดลง QoQ

**Event**  
 อัปเดตแนวโน้มอุตสาหกรรม และประมาณการ 1Q66

**Impact**  
 แนวโน้มของอุตสาหกรรม server ยังคงเป็นบวก

จากบทวิเคราะห์ของ KGI Taiwan เรื่อง “IT Hardware: Shipments mostly expected to bottom in 1H23F” ที่เผยแพร่เมื่อวันที่ 17 กุมภาพันธ์ 2566 และ “IT Hardware: AI servers to boost long term server revenue” ที่เผยแพร่เมื่อวันที่ 28 มีนาคม 2566 ทางทีมวิจัยของ KGI Taiwan ประเมินว่าอุปสงค์ server จะลดลง 6% YoY ใน 1H66F เนื่องจากการปรับลดสินค้าคงเหลือกลับมาเพิ่มขึ้น YoY ใน 2H66F ทั้งนี้ KGI Taiwan คาดว่ายอดขายจัดตั้ง server ในปี 2566F จะเพิ่มขึ้น 2% YoY และคาดว่าจะเพิ่มขึ้นประมาณ 10% YoY ในปี 2567F (Figure 1) ซึ่งคาดว่าจะนำโดย AI server (คิดเป็น 1% ของยอดจัดตั้ง server ทั่วโลก) จะเป็นตัวนำทั้งในส่วนของกำไรมากขึ้นของ Shipment (คาดว่าจะโต 10.8% CAGR ในช่วงปี 2565-2569F; Figure 5) และ ราคาขายเฉลี่ยที่เพิ่มขึ้น (Figure 2) โดยในส่วนของบริษัทที่ใช้ AI server นั้น CSPS ของสหรัฐเป็นกลุ่มหลักที่ใช้ AI server โดยคิดเป็น 66% ของยอดการใช้ AI server ทั่วโลก (Figure 6)

**ยอดขายยังดี แต่อัตรากำไรถูกกดดัน เราคาดว่ากำไรใน 1Q66 จะเพิ่มขึ้น YoY แต่ลดลง QoQ**  
 เนื่องจาก DELTA มีรายได้ส่วนที่เกี่ยวข้องกับ data center ~30% ของยอดขายรวม และมีรายได้ส่วนที่มาจากสหรัฐ ~30% ของรายได้รวม เราจึงคาดว่า DELTA จะได้อานิสงส์จากอุปสงค์ในกลุ่มดังกล่าว โดยเราคาดว่ารายได้ใน 1Q66 จะอยู่ที่ 943 ล้านดอลลาร์ฯ (+27% YoY, ทรงตัว QoQ) เนื่องจากผลของปัจจัยฤดูกาล นอกจากนี้ เรายังคาดว่าอัตรากำไรจะถูกกดดันจากค่าเงินบาทที่แข็งขึ้น (อัตราแลกเปลี่ยนเฉลี่ยใน 1Q66 อยู่ที่ 33.80 บาท/ดอลลาร์ จาก 36.40 บาท/ดอลลาร์ฯ ใน 4Q65 และ 32.50 บาท/ดอลลาร์ฯ ใน 1Q65) และการบริหารจัดการวัตถุดิบ ซึ่งจะทำให้อัตรากำไรขั้นต้นใน 1Q66 อยู่ที่ 23.9% (+3.1ppt YoY, -0.6ppt QoQ) โดยสรุปแล้ว เราคาดว่ากำไรจากธุรกิจหลักของ DELTA ใน 1Q66 จะอยู่ที่ 4 พันล้านบาท (+82% YoY, -8% QoQ) คิดเป็น 25% ของประมาณการกำไรเต็มปีของเรา

**ราคาหุ้นค่อนข้างแพง และมองว่าประมาณการกำไรของเรามี upside จำกัด**  
 เราคาดว่าประมาณการกำไรของเรานี้มี upside จำกัด เนื่องจากสมมติฐานยอดขาย และ อัตรากำไรขั้นต้นของเราค่อนข้างใกล้เคียงกับเป้าหมายของบริษัท บริษัทตั้งเป้าอัตรากำไรเติบโตของยอดขายอยู่ในช่วง 15-20% (เราใช้สมมติฐานที่ 14% YoY) และตั้งเป้าอัตรากำไรขั้นต้นอยู่ในช่วง 23-24% (เราใช้สมมติฐานที่ 23.8%) ทั้งนี้ ราคาหุ้น DELTA ซื้อขายกันในระดับที่ค่อนข้างแพง (ราคาปิดล่าสุดคิดเป็น PER ที่ 75.0x จาก EPS ปี 2566)

**Valuation & action**  
 เรายังคงราคาเป้าหมายสิ้นปี 2566 เอาไว้ที่ 590 บาท อิงจาก PER เท่าเดิมที่ 45.0X (ค่าเฉลี่ยในอดีต +0.5 S.D.) และยังคงคำแนะนำ “ขาย” DELTA

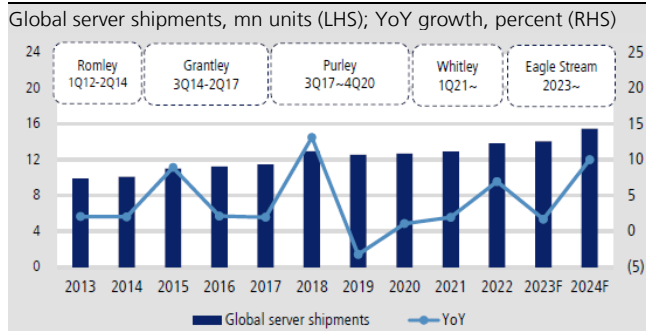
**Risks**  
 ภัยธรรมชาติ, มีการปิดโรงงานนอกแผน, ลูกค้าเปลี่ยนไปสั่งสินค้าจาก supplier รายอื่น, ขาดแคลนวัตถุดิบ, เงินบาทแข็งค่าขึ้น (เราใช้สมมติฐานอัตราแลกเปลี่ยนปี 2566-67 ที่ 33.80 บาท/ดอลลาร์ฯ)

**Key financials and valuations**

Year end Dec 31	Dec-18A	Dec-19A	Dec-20A	Dec-21A	Dec-22A	Dec-23F	Dec-24F
Revenue (Btmn)	52,428	51,151	62,341	82,994	117,211	128,414	144,898
Gross profit (btm)	12,139	10,399	15,097	16,954	27,571	30,503	34,658
SG&A (Btmn)	7,445	8,314	8,762	11,435	13,447	14,832	16,736
Net profit (Btmn)	5,137	2,960	7,102	6,699	15,279	16,200	18,522
Normalized profit (Btmn)	4,984	3,010	6,828	6,075	14,498	16,200	18,522
EPS (Bt)	4.1	2.4	5.7	5.4	12.2	13.0	14.8
Normalized EPS (Btmn)	4.0	2.4	5.5	4.9	11.6	13.0	14.8
DPS (Bt)	2.3	1.8	2.8	1.7	4.0	5.2	5.9
EPS growth (%)	4.2	(42.4)	139.9	(5.7)	128.1	6.0	14.3
Normalized EPS growth (%)	(14.2)	(39.6)	126.9	(11.0)	138.7	11.7	14.3
P/E (X)	15.0	22.1	125.0	86.2	71.4	74.7	65.3
P/B (X)	2.2	2.0	22.7	12.7	18.9	18.4	15.5
EV/EBITDA (X)	9.0	11.5	89.9	56.6	54.5	55.2	48.0
Net debt to Equity (%)	(46.0)	(37.7)	(36.9)	(11.1)	(15.4)	(26.7)	(29.1)
Dividend yield (%)	3.8	3.4	0.4	0.4	0.5	0.5	0.6
Return on Equity (%)	15.5	8.8	20.1	17.0	31.8	26.9	25.8

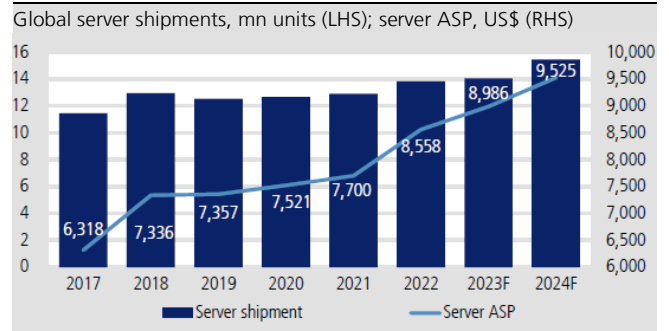
Source: Company data, KGI Research

**Figure 1: Server demand to grow in 2023-2024F**



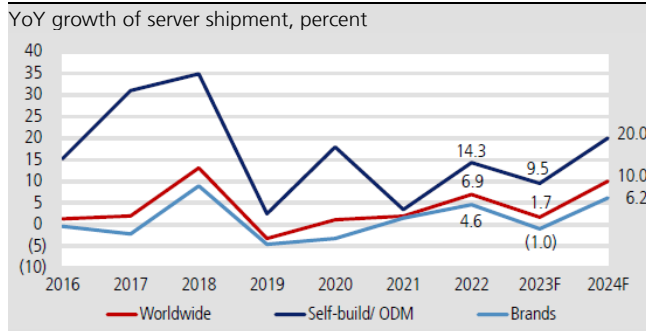
Source: Gartner; KGI Securities Research (Taiwan)

**Figure 2: Server ASP uptrend on computing performance upgrade**



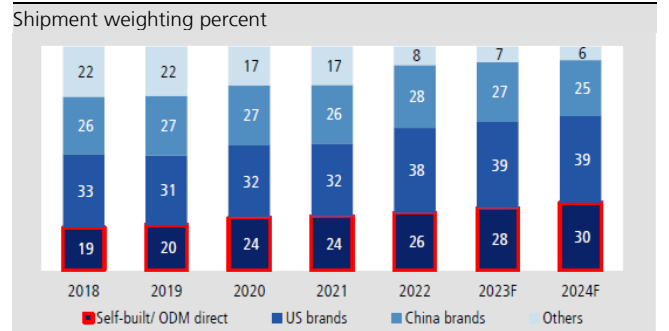
Source: Gartner; KGI Securities Research (Taiwan)

**Figure 3: Self-build/ ODM server demand keeps outgrowing brands**



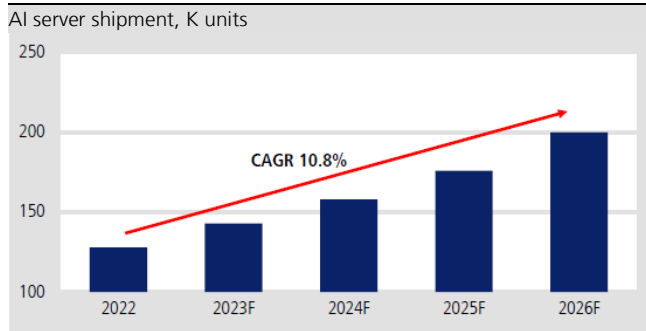
Source: Gartner; KGI Securities Research (Taiwan)

**Figure 4: Self-build/ ODM shipment weighting expansion intact, likely up to over 30% in 2024-2025F**



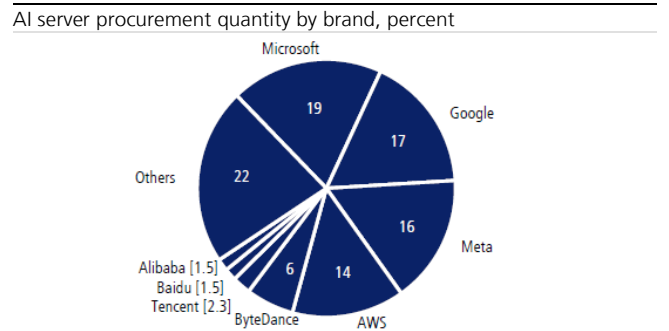
Source: Gartner; KGI Securities Research (Taiwan)

**Figure 5: AI server shipments to grow at CAGR of 10.8% in 2022-2026F, ahead of server industry CAGR**



Source: Trendforce; KGI Securities Research (Taiwan)

**Figure 6: US CSPs are major AI server users**



Source: Trendforce; KGI Securities Research (Taiwan)

**Figure 7: 1Q23 earnings preview**

<b>Btmn</b>	<b>1Q23F</b>	<b>1Q22</b>	<b>%YoY</b>	<b>4Q22</b>	<b>%QoQ</b>
Revenue from sales	32,271	24,623	31.1	34,606	(6.7)
Cost of goods sold	24,549	19,486	26.0	26,117	(6.0)
Gross profit	7,722	5,137	50.3	8,489	(9.0)
SG&A expense	3,633	2,943	23.5	3,829	(5.1)
EBIT	4,249	2,822	50.6	4,451	(4.5)
<b>Net profit</b>	<b>4,089</b>	<b>2,780</b>	<b>47.1</b>	<b>4,125</b>	<b>(0.9)</b>
Normalized profit	4,089	2,249	81.8	4,436	(7.8)
EPS (Bt)	3.28	2.23	47.1	3.31	(0.9)
Normalized EPS (Bt)	3.28	1.80	81.8	3.56	(7.8)

<b>Percent</b>	<b>1Q23F</b>	<b>1Q22</b>	<b>ppts</b>	<b>4Q22</b>	<b>ppts</b>
Gross margin	23.9	20.9	3.1	24.5	(0.6)
SG&A to sales	11.3	12.0	(0.7)	11.1	0.2
EBIT margin	13.2	11.5	1.7	12.9	0.3
Net margin	12.7	11.3	1.4	11.9	0.8

<b>Assumption</b>	<b>1Q23F</b>	<b>1Q22</b>	<b>%YoY</b>	<b>4Q22</b>	<b>%QoQ</b>
Sales (US\$m)	943	741	27.2	939	0.4
FX (Bt/US\$)	33.8	32.5	4.0	36.4	(7.2)

Source: KGI Securities Research (Thailand)

**Figure 8: Assumptions**

<b>Key assumption</b>	<b>unit</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023F</b>	<b>2024F</b>
Sales	US\$m	1,365	1,322	1,445	1,638	1,648	1,999	2,604	3,337	3,799	4,287
growth	% YoY	0.8	(3.1)	9.3	13.4	0.6	21.3	30.3	28.1	13.9	12.8
Gross margin	%	27.3	26.5	25.5	23.2	20.3	24.2	20.4	23.5	23.8	23.9
Exchange rate	Bt/US\$	34.4	35.5	34.1	32.4	31.0	31.2	32.0	35.1	33.8	33.8

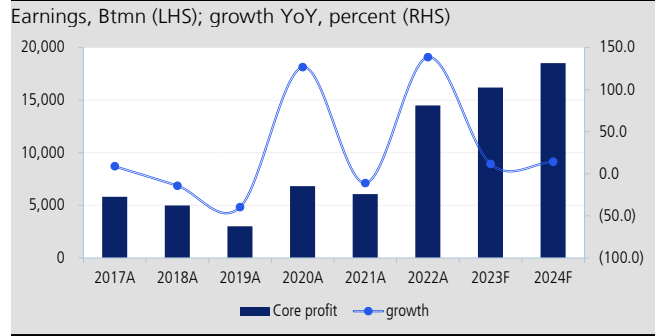
Source: KGI Securities Research

**Figure 9: Company profile**

Delta Electronics (Thailand) PCL (DELTA) was founded in 1990 and is one of the world's leading producers of power supplies and electronics components comprising cooling fans, EMI filters and solenoids. DELTA's key power management products consist of switching power supply, DC-DC converters and solar inverters. The products are widely used in applications for automotives, medical, telecommunications, IT, automation and more.

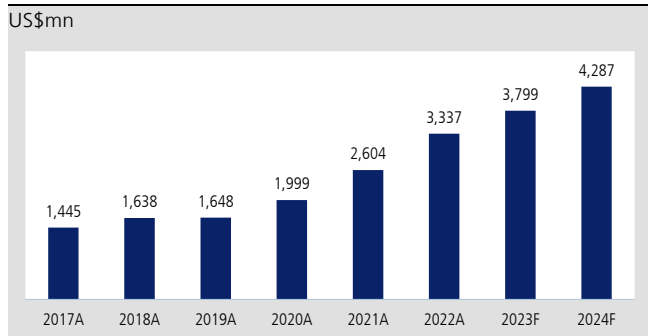
Source: Company data

**Figure 10: Core earnings**



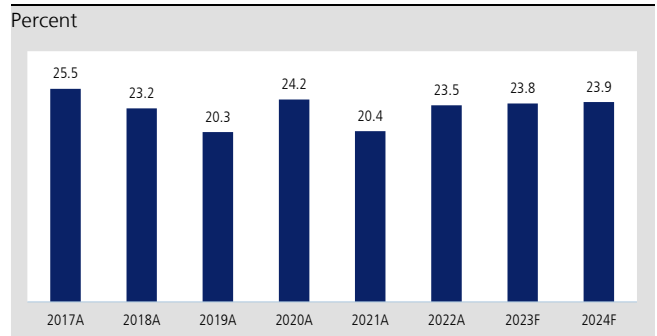
Source: Company data, KGI Securities Research

**Figure 11: Sales assumption**



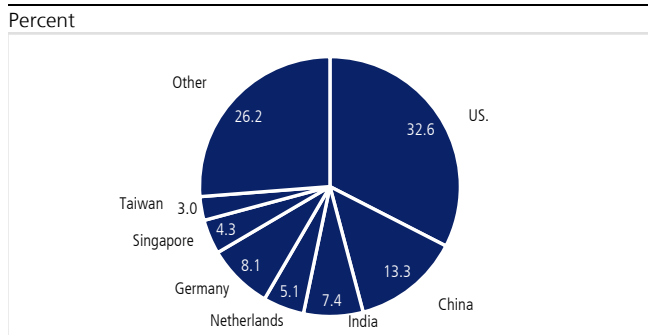
Source: Company data, KGI Securities Research

**Figure 12: Gross margin assumption**



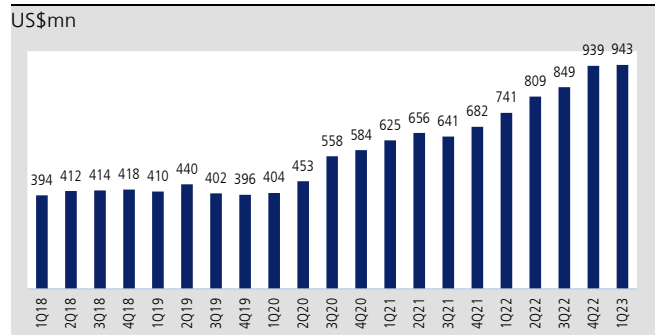
Source: Company data, KGI Securities Research

**Figure 13: Revenue contribution**



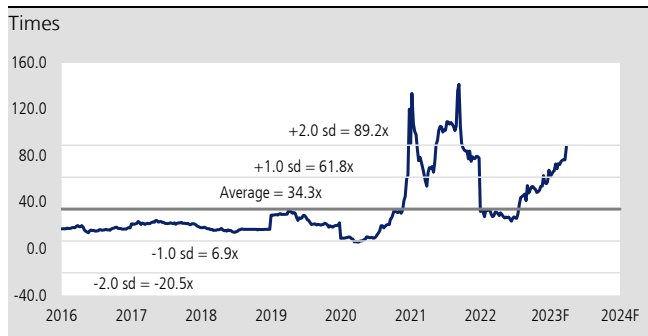
Source: Company data, KGI Securities Research

**Figure 14: Sales quarterly**



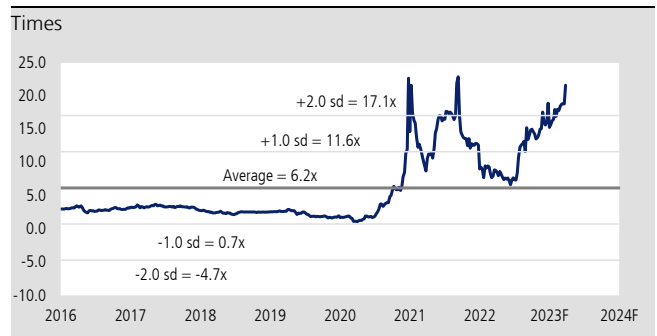
Source: Company data, KGI Securities Research

**Figure 15: PER Band**



Source: KGI Securities Research

**Figure 16: PBV Band**



Source: KGI Securities Research

**Quarterly Income Statement**

	Mar-20A	Jun-20A	Sep-20A	Dec-20A	Mar-21A	Jun-21A	Sep-21A	Dec-21A	Mar-22A	Jun-22A	Sep-22A	Dec-22A
<b>Income Statement (Btmn)</b>												
Revenue	12,755	14,618	17,619	18,215	19,039	20,640	21,320	23,320	24,623	28,004	31,324	34,606
Cost of good sold	10,169	10,711	13,040	14,170	14,935	16,181	17,217	18,626	19,486	20,988	24,027	26,117
<b>Gross profit</b>	<b>2,586</b>	<b>3,908</b>	<b>4,579</b>	<b>4,046</b>	<b>4,103</b>	<b>4,459</b>	<b>4,103</b>	<b>4,693</b>	<b>5,137</b>	<b>7,016</b>	<b>7,298</b>	<b>8,489</b>
Operating expense	2,067	2,119	2,176	2,401	2,731	3,130	2,793	2,781	2,943	3,152	3,524	3,829
Other income	62	92	153	132	174	138	(157)	49	76	101	175	140
<b>Operating profit</b>	<b>581</b>	<b>1,881</b>	<b>2,557</b>	<b>1,776</b>	<b>1,546</b>	<b>1,466</b>	<b>1,153</b>	<b>1,961</b>	<b>2,270</b>	<b>3,965</b>	<b>3,949</b>	<b>4,800</b>
Depreciation of fixed asset	500	521	526	528	527	560	627	655	691	723	799	874
<b>Operating EBITDA</b>	<b>1,081</b>	<b>2,402</b>	<b>3,083</b>	<b>2,304</b>	<b>2,073</b>	<b>2,026</b>	<b>1,780</b>	<b>2,616</b>	<b>2,961</b>	<b>4,688</b>	<b>4,748</b>	<b>5,674</b>
<b>Non-Operating income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>331</b>	<b>0</b>	<b>0</b>	<b>(0)</b>
Interest income	0	0	0	0	0	0	0	0	0	0	0	0
Other non-op. income	0	0	0	0	0	0	0	0	331	0	0	(0)
<b>Non-Operating expense</b>	<b>(0)</b>	<b>(1)</b>	<b>(2)</b>	<b>98</b>	<b>(0)</b>	<b>(1)</b>	<b>393</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(0)</b>	<b>(12)</b>
Interest expense	(0)	(1)	(2)	2	(0)	(1)	(1)	(2)	(3)	(4)	(0)	(12)
Other non-op. expense	0	0	0	95	0	0	393	(0)	0	0	0	0
Equity income	(54)	74	40	(0)	(0)	0	0	0	0	0	0	0
Pre-tax profit	792	1,973	2,723	1,771	1,816	1,699	1,152	2,134	2,819	4,312	4,175	4,439
Current taxation	36	42	(96)	(171)	(60)	(44)	45	(38)	(39)	(48)	(65)	(314)
Minorities	(29)	(1)	(15)	(5)	(1)	(0)	5	0	0	0	0	0
Extra items	223	(8)	107	48	251	223	375	168	200	346	215	(311)
<b>Net profit</b>	<b>856</b>	<b>2,017</b>	<b>2,642</b>	<b>1,586</b>	<b>1,756</b>	<b>1,655</b>	<b>1,191</b>	<b>2,096</b>	<b>2,780</b>	<b>4,263</b>	<b>4,110</b>	<b>4,125</b>
<b>Normalized profit</b>	<b>634</b>	<b>2,024</b>	<b>2,536</b>	<b>1,634</b>	<b>1,505</b>	<b>1,432</b>	<b>1,209</b>	<b>1,928</b>	<b>2,249</b>	<b>3,918</b>	<b>3,895</b>	<b>4,436</b>
EPS (Bt)	0.7	1.6	2.1	1.3	1.4	1.3	1.0	1.7	2.2	3.4	3.3	3.3
Normalized EPS (Bt)	0.5	1.6	2.0	1.3	1.2	1.1	1.0	1.5	1.8	3.1	3.1	3.6
<b>Margin (%)</b>												
Gross profit margin	20.3	26.7	26.0	22.2	21.6	21.6	19.2	20.1	20.9	25.1	23.3	24.5
Operating EBIT margin	4.6	12.9	14.5	9.8	8.1	7.1	5.4	8.4	9.2	14.2	12.6	13.9
Operating EBITDA margin	8.5	16.4	17.5	12.6	10.9	9.8	8.3	11.2	12.0	16.7	15.2	16.4
Net profit margin	6.7	13.8	15.0	8.7	9.2	8.0	5.6	9.0	11.3	15.2	13.1	11.9
<b>Growth (%YoY)</b>												
Revenue growth	(1.5)	5.1	42.0	42.6	49.3	41.2	21.0	28.0	29.3	35.7	46.9	48.4
Operating EBIT growth	(44.0)	108.4	439.5	379.1	166.0	(22.0)	(54.9)	10.4	46.8	170.4	242.7	144.7
Operating EBITDA growth	(22.1)	85.9	241.2	177.6	91.7	(15.6)	(42.3)	13.6	42.8	131.4	166.8	116.9
Net profit growth	(21.1)	131.1	327.3	314.3	105.1	(17.9)	(54.9)	32.1	58.3	157.6	245.0	96.8
Normalized profit growth	(42.7)	113.3	328.8	350.8	137.4	(29.2)	(52.3)	18.0	49.4	173.5	222.1	130.1

Source: Company data, KGI Research

**Balance Sheet**

As of 31 Dec (Btmn)	2020	2021	2022	2023F	2024F
<b>Total Assets</b>	<b>57,219</b>	<b>69,338</b>	<b>90,984</b>	<b>104,592</b>	<b>121,401</b>
<b>Current Assets</b>	<b>42,452</b>	<b>48,764</b>	<b>66,025</b>	<b>74,307</b>	<b>86,452</b>
Cash&ST Investment	13,882	6,572	10,142	18,536	23,656
Inventories	12,655	19,581	25,049	24,397	27,470
Account Receivable	13,997	20,593	28,132	28,469	32,123
Other	1,917	2,019	2,702	2,905	3,203
<b>Non-current Assets</b>	<b>14,767</b>	<b>20,574</b>	<b>24,959</b>	<b>30,286</b>	<b>34,949</b>
LT Investment	284	268	248	271	306
Net Fixed Assets	12,724	18,583	22,700	27,810	32,156
Others	1,759	1,723	2,012	2,205	2,488
<b>Total Liabilities</b>	<b>19,611</b>	<b>27,934</b>	<b>36,305</b>	<b>38,702</b>	<b>43,469</b>
<b>Current liabilities</b>	<b>17,170</b>	<b>24,736</b>	<b>32,670</b>	<b>35,590</b>	<b>39,958</b>
Account Payable	16,181	22,049	30,202	32,977	37,130
ST borrowing	0	1,594	945	945	945
Others	989	1,093	1,523	1,668	1,882
<b>Long-term liabilities</b>	<b>2,441</b>	<b>3,198</b>	<b>3,635</b>	<b>3,112</b>	<b>3,512</b>
Long-term debts	0	368	795	0	0
Others	2,441	2,831	2,841	3,112	3,512
<b>Shareholders' Equity</b>	<b>37,607</b>	<b>41,404</b>	<b>54,680</b>	<b>65,890</b>	<b>77,932</b>
Common stock	1,247	1,247	1,247	1,247	1,247
Capital surplus	1,492	1,492	1,492	1,492	1,492
retained earnings	39,216	41,776	55,265	66,475	78,517
Preferred stock	0	0	0	0	0

Source: KGI Research

**Key Ratios**

Year to 31 Dec	2020	2021	2022	2023F	2024F
<b>Growth (%YoY)</b>					
Sales	21.9	33.1	41.2	9.6	12.8
OP	144.0	(9.8)	144.6	11.5	14.3
EBITDA	98.3	(1.7)	105.5	14.6	14.6
NP	139.9	(5.7)	128.1	6.0	14.3
Normalized profit	126.9	(11.0)	138.7	11.7	14.3
EPS	139.9	(5.7)	128.1	6.0	14.3
Normalized EPS	126.9	(11.0)	138.7	11.7	14.3
<b>Profitability (%)</b>					
Gross margin	24.2	20.4	23.5	23.8	23.9
Operating margin	10.9	7.4	12.8	13.0	13.2
EBITDA margin	15.0	11.1	16.1	16.8	17.1
Net margin	11.4	8.1	13.0	12.6	12.8
ROAA	13.7	10.6	19.1	16.6	16.4
ROAE	20.1	17.0	31.8	26.9	25.8
<b>Stability</b>					
Gross debt/equity (%)	52.1	67.5	66.4	58.7	55.8
Net debt/equity (%)	(36.9)	(11.1)	(15.4)	(26.7)	(29.1)
Interest coverage (x)	6,217.5	1,689.6	807.8	960.6	2,020.3
Interest&ST debt coverage	6,217.5	4.3	16.3	17.4	20.0
Cash flow interest coverage	6,006.6	458.7	664.6	1,393.4	2,295.2
Cash flow/interest&ST debt	6,006.6	1.2	13.4	25.2	22.7
Current ratio (x)	2.5	2.0	2.0	2.1	2.2
Quick ratio (x)	1.7	1.2	1.3	1.4	1.5
Net debt (Btmn)	(13,882)	(4,610)	(8,402)	(17,591)	(22,711)
<b>Per share data (Bt)</b>					
EPS	5.7	5.4	12.2	13.0	14.8
Normalized EPS	5.5	4.9	11.6	13.0	14.8
CFPS	5.6	1.5	10.4	19.4	17.4
BVPS	30.1	33.2	43.8	52.8	62.5
Sales/share	50.7	67.6	95.0	104.1	117.5
EBITDA/share	7.5	7.4	15.1	17.3	19.8
DPS	2.8	1.7	4.0	5.2	5.9
<b>Activity</b>					
Asset turnover (x)	1.1	1.2	1.3	1.2	1.2
Days of receivables	82	91	88	81	81
Days of inventory	96	107	101	90	90
Days of payable	123	120	122	122	122
Cash cycle	55	77	67	49	49

Source: KGI Research

**Profit & Loss**

Year to Dec 31 (Btmn)	2020	2021	2022	2023F	2024F
<b>Revenue</b>	<b>63,208</b>	<b>84,318</b>	<b>118,558</b>	<b>129,890</b>	<b>146,563</b>
Cost of good sold	48,089	66,960	90,618	98,945	111,406
<b>Gross profit</b>	<b>15,119</b>	<b>17,358</b>	<b>27,940</b>	<b>30,945</b>	<b>35,157</b>
Operating expense	8,762	11,435	13,447	14,832	16,736
Other income	439	203	492	599	676
<b>Operating Profit</b>	<b>6,795</b>	<b>6,127</b>	<b>14,985</b>	<b>16,712</b>	<b>19,097</b>
Depreciation of fixed asset	2,075	2,368	3,087	4,890	5,654
<b>Operating EBITDA</b>	<b>8,870</b>	<b>8,495</b>	<b>18,071</b>	<b>21,602</b>	<b>24,751</b>
<b>Non-operating income</b>	<b>111</b>	<b>54</b>	<b>331</b>	<b>0</b>	<b>0</b>
Interest income	111	54	0	0	0
Other non-op income	0	0	331	0	0
<b>Non-operating expense</b>	<b>(96)</b>	<b>(397)</b>	<b>(20)</b>	<b>(17)</b>	<b>(9)</b>
Interest expense	(1)	(4)	(20)	(17)	(9)
Other non-op expense	(95)	(393)	0	0	0
<b>Equity income/(loss)</b>	<b>61</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Pretax profit</b>	<b>7,259</b>	<b>6,801</b>	<b>15,746</b>	<b>16,695</b>	<b>19,088</b>
Current taxation	(189)	(98)	(467)	(495)	(566)
Minorities	(50)	4	0	0	0
Extra item	369	1,018	450	0	0
<b>Net profit</b>	<b>7,102</b>	<b>6,699</b>	<b>15,279</b>	<b>16,200</b>	<b>18,522</b>
<b>Normalized profit</b>	<b>6,828</b>	<b>6,075</b>	<b>14,498</b>	<b>16,200</b>	<b>18,522</b>
EPS (Bt)	5.7	5.4	12.2	13.0	14.8
Normalized EPS (Bt)	5.5	4.9	11.6	13.0	14.8

Source: KGI Research

**Cash Flow**

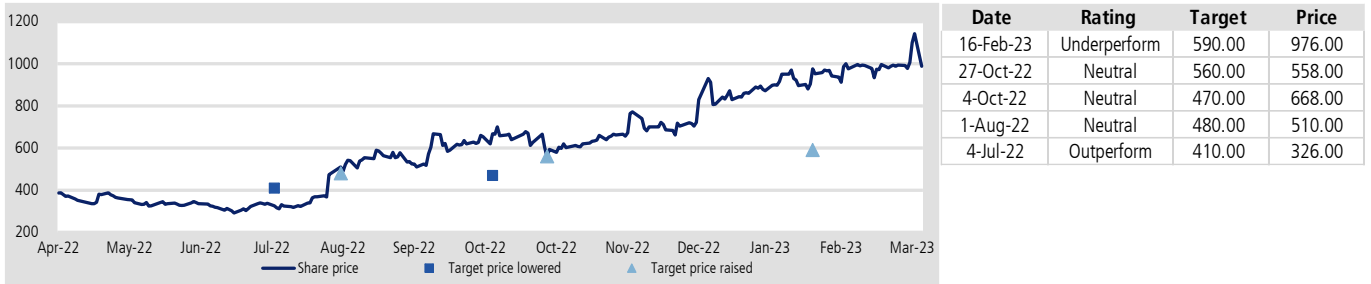
Year to Dec 31 (Btmn)	2020	2021	2022	2023F	2024F
<b>Operating cash flow</b>	<b>7,014</b>	<b>1,848</b>	<b>12,972</b>	<b>24,243</b>	<b>21,696</b>
Net profit	7,102	6,699	15,279	16,200	18,522
Depreciation&Amortization	2,075	2,368	3,087	4,890	5,654
Change in working capital	(2,162)	(7,220)	(5,394)	3,154	(2,480)
Others					
<b>Investment cash flow</b>	<b>(2,960)</b>	<b>(8,217)</b>	<b>(7,176)</b>	<b>(10,065)</b>	<b>(10,096)</b>
Net CAPEX	(3,391)	(8,227)	(7,203)	(10,000)	(10,000)
Change in LT investment	429	10	27	(65)	(96)
Change in other assets	2	0	0	0	0
Free cash flow	4,055	(6,369)	5,795	14,178	11,600
<b>Financing cash flow</b>	<b>(2,676)</b>	<b>(941)</b>	<b>(2,225)</b>	<b>(5,784)</b>	<b>(6,480)</b>
Change in share capital	0	0	0	0	0
Net change in debt	0	1,961	(221)	(795)	0
Change in other liabs	(2,676)	(2,902)	(2,003)	(4,990)	(6,480)
<b>Net cash flow</b>	<b>1,378</b>	<b>(7,310)</b>	<b>3,571</b>	<b>8,394</b>	<b>5,120</b>

Source: KGI Research

**Rates of Return on Invested Capital**


Year	1- Revenue	+ COGS Revenue	+ Depreciation Revenue	+ Operating expense Revenue	= Operating margin	
2020	76.1%		3.3%	13.9%	6.8%	
2021	79.4%		2.8%	13.6%	4.2%	
2022	76.4%		2.6%	11.3%	9.6%	
2023F	76.2%		3.8%	11.4%	8.6%	
2024F	76.0%		3.9%	11.4%	8.7%	
Year	1/ Revenue	+ Working capital Revenue	+ Net PPE Revenue	+ Other assets Revenue	= Capital Turnover	
2020	(0.0)		0.2	0.7	1.1	
2021	(0.1)		0.2	0.6	1.4	
2022	(0.0)		0.2	0.6	1.4	
2023F	0.0		0.2	0.6	1.2	
2024F	(0.0)		0.2	0.6	1.2	
Year	1/ Operating margin	x	Capital turnover	x	Cash tax rate	= After-tax return on Inv.capital
2020	6.8%		1.1		2.6%	0.2%
2021	4.2%		1.4		1.4%	0.1%
2022	9.6%		1.4		3.0%	0.4%
2023F	8.6%		1.2		3.0%	0.3%
2024F	8.7%		1.2		3.0%	0.3%

Source: KGI Research

**Delta Electronics (Thailand) - Recommendation & target price history**



Source: KGI Research

# Corporate Governance Report of Thai Listed Companies




### Companies with Excellent CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	EGCO	ELECTRICITY GENERATING	PTTEP	PTT EXPLORATION AND PRODUCTION
ADVANC	ADVANCED INFO SERVICE	GFPT	GFPT	PTTGC	PTT GLOBAL CHEMICAL
AMA	AMA MARINE	GGC	GLOBAL GREEN CHEMICALS	PYLON	PYLON
AMATA	AMATA CORPORATION	GPSC	GLOBAL POWER SYNERGY	QH	QUALITY HOUSES
ANAN	ANANDA DEVELOPMENT	HANA	HANA MICROELECTRONICS	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
AOT	AIRPORTS OF THAILAND	HMPRO	HOME PRODUCT CENTER	RS	RS
AP	ASIAN PROPERTY DEVELOPMENT	INTUCH	SHIN CORPORATION	SCB	THE SIAM COMMERCIAL BANK
BANPU	BANPU	IRPC	IRPC	SCC	THE SIAM CEMENT
BCP	THE BANGCHAK PETROLEUM	IVL	INDORAMA VENTURES	SCCC	SIAM CITY CEMENT
BCPG	BCPG	KBANK	KASIKORNBANK	SEAFCO	SEAFCO
BDMS	BANGKOK DUSIT MEDICAL SERVICES	KCE	KCE ELECTRONICS	SMPC	SAHAMITR PRESSURE CONTAINER
BEC	BEC WORLD	KKP	KIATNAKIN BANK	SPALI	SUPALAI
BEM	BANGKOK EXPRESSWAY AND METRO	KTB	KRUNG THAI BANK	SPRC	STAR PETROLEUM REFINING
BGRIM	B. GRIMM POWER	KTC	KRUNGTHAI CARD	SVI	SVI
BPP	BANPU POWER	LH	LAND AND HOUSES	TACC	T.A.C. CONSUMER
BTS	BTS GROUP HOLDINGS	LPN	L.P.N. DEVELOPMENT	TCAP	THANACHART CAPITAL
CENTEL	CENTRAL PLAZA HOTEL	MAKRO	SIAM MAKRO	THCOM	THAI COM
CK	CH. KARNCHANG	MBK	MBK	TISCO	TISCO FINANCIAL GROUP
CKP	CK POWER	MINT	MINOR INTERNATIONAL	TOP	THAI OIL
CPALL	CP ALL	MTC	MUANGTHAI CAPITAL	TRUE	TRUE CORPORATION
CPF	CHAROEN POKPHAND FOODS	PLANB	PLAN B MEDIA	TTB	TMBTHANACHART BANK
CPN	CENTRAL PATTANA	PSH	PRUKSA HOLDING	VGI	VGI GLOBAL MEDIA
DELTA	DELTA ELECTRONICS (THAILAND)	PTG	PTG ENERGY	WHA	WHA CORPORATION
DTAC	TOTAL ACCESS COMMUNICATION	PTT	PTT	WHAUP	



### Companies with Very Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
BAM	BANGKOK COMMERCIAL ASSET MANAGEMENT	GULF	GULF ENERGY DEVELOPMENT	SAPPE	SAPPE
BBL	BANGKOK BANK	JMT	JMT NETWORK SERVICES	SAWAD	SRI SAWAD POWER 1979
CBG	CARABAO GROUP	LPH	LADPRAO GENERAL HOSPITAL	SINGER	SINGER THAILAND
CHG	CHULARAT HOSPITAL	M	MK RESTAURANT GROUP	SPA	SIAM WELLNESS GROUP
COM7	COM7	MAJOR	MAJOR CINEPLEX GROUP	TFG	THAIFOODS GROUP
DOHOME	DOHOME	MEGA	MEGA LIFESCIENCES	TKN	TAOKAENOI FOOD & MARKETING
ERW	THE ERWAN GROUP	NETBAY	NETBAY	ZEN	ZEN CORPORATION GROUP
GLOBAL	SIAM GLOBAL HOUSE	OSP	OSOTSPA		



### Companies with Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
BCH	BANGKOK CHAIN HOSPITAL	ESSO	ESSO (THAILAND)	SF	SIAM FUTURE DEVELOPMENT
BH	BUMRUNGRAD HOSPITAL	HUMAN	HUMANICA	SISB	SISB
EKH	EKACHAI MEDICAL CARE	RBF	R&B FOOD SUPPLY	TPCH	TPC POWER HOLDING

### Companies classified Not in the three highest score groups

Stock	Company name	Stock	Company name	Stock	Company name
IIG	I&I GROUP	OR	PTT OIL AND RETAIL BUSINESS	STGT	SRI TRANG GLOVES (THAILAND)
KEX	KERRY EXPRESS (THAILAND)	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION		

Source: www.thai-iod.com

**Disclaimer:** The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an assessment of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of such survey result.



## Anti-corruption Progress Indicator

### Level 5: Extended

Stock	Company name	Stock	Company name	Stock	Company name
ADVANC	ADVANCED INFO SERVICE	GLOBAL	SIAM GLOBAL HOUSE	QH	QUALITY HOUSES
ANAN	ANANDA DEVELOPMENT	GPSC	GLOBAL POWER SYNERGY	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
BBL	BANGKOK BANK	HMPRO	HOME PRODUCT CENTER	ROBINS	ROBINSON DEPARTMENT STORE
BCH	BANGKOK CHAIN HOSPITAL	IRPC	IRPC	SCC	THE SIAM CEMENT
BDMS	BANGKOK DUSIT MEDICAL SERVICES	KBANK	KASIKORN BANK	SIRI	SANSIRI
BIGC	BIG C SUPERCENTER	KCE	KCE ELECTRONICS	SPALI	SUPALAI
CK	CH. KARNCHANG	KKP	KIATNAKIN BANK	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION
DCC	DYNASTY CERAMIC	KTB	KRUNG THAI BANK	TCAP	THANACHART CAPITAL
DELTA	DELTA ELECTRONICS (THAILAND)	LPH	LADPRAO GENERAL HOSPITAL	TISCO	TISCO FINANCIAL GROUP
DRT	DIAMOND ROOFING TILES	PACE	PACE DEVELOPMENT CORPORATION	TMT	THAI METAL TRADE
EGCO	ELECTRICITY GENERATING	PTT	PTT	TOP	THAI OIL
GFPT	GFPT	PTTGC	PTT GLOBAL CHEMICAL		

### Level 4: Certified

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	ERW	THE ERAWAN GROUP	SAPPE	SAPPE
AP	ASIAN PROPERTY DEVELOPMENT	GLOW	GLOW ENERGY	SAWAD	SRISAWAD POWER 1979
BA	BANGKOK AIRWAYS	GUNKUL	GUNKUL ENGINEERING	SCB	THE SIAM COMMERCIAL BANK
BANPU	BANPU	ILINK	INTERLINK COMMUNICATION	SCN	SCAN INTER
BCP	THE BANGCHAK PETROLEUM	KTC	KRUNGTHAI CARD	SEAFKO	SEAFKO
BH	BUMRUNGRAD HOSPITAL	LH	LAND AND HOUSES	SVI	SVI
BJCHI	BJC HEAVY INDUSTRIES	LPN	L.P.N. DEVELOPMENT	TASCO	TIPCO ASPHALT
CBG	CARABAO GROUP	MAKRO	SIAM MAKRO	TKN	TAOKAENOI FOOD & MARKETING
CENDEL	CENTRAL PLAZA HOTEL	MALEE	MALEE SAMPRAN	TMB	TMB BANK
CHG	CHULARAT HOSPITAL	MINT	MINOR INTERNATIONAL	TRT	TIRATHAI
CKP	CK POWER	MODERN	MODERNFORM GROUP	TRUE	TRUE CORPORATION
CPF	CHAROEN POKPHAND FOODS	NOK	NOK AIRLINES	TVO	THAI VEGETABLE OIL
CPN	CENTRAL PATTANA	PTTEP	PTT EXPLORATION AND PRODUCTION		
DTAC	TOTAL ACCESS COMMUNICATION	PYLON	PYLON		

### Level 3: Established

Stock	Company name	Stock	Company name	Stock	Company name
BEM	BANGKOK EXPRESSWAY AND METRO	MTLS	MUANGTHAI LEASING	SPRC	STAR PETROLEUM REFINING
CPALL	CP ALL	SCI	SCI ELECTRIC		

### No progress

Stock	Company name	Stock	Company name	Stock	Company name
AOT	AIRPORTS OF THAILAND	BPP	BANPU POWER	FN	FN FACTORY OUTLET
BCPG	BCPG	BTS	BTS GROUP HOLDINGS	TPCH	TPC POWER HOLDING

Source: www.cgthailand.org

**Disclaimer:** The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by the relevant institution as disclosed by the Office of the Securities and Exchange Commission, is made in order to comply with the policy and sustainable development plan for the listed companies. The relevant institution made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of the assessment result.

**KGI Locations**

<b>China</b>	Shanghai	Room 2703B-2704, Tower A , Shanghai Dawning Centre,500 Hongbaoshi Road Shanghai, PRC 201103
	Shenzhen	Room 24D1, 24/F, A Unit, Zhen Ye Building, 2014 Bao'annan Road, Shenzhen, PRC 518008
<b>Taiwan</b>	Taipei	700 Mingshui Road, Taipei, Taiwan Telephone 886.2.2181.8888 · Facsimile 886.2.8501.1691
<b>Hong Kong</b>		41/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong Telephone 852.2878.6888 Facsimile 852.2878.6800
<b>Thailand</b>	Bangkok	8th - 11th floors, Asia Centre Building 173 South Sathorn Road, Bangkok 10120, Thailand Telephone 66.2658.8888 Facsimile 66.2658.8014
<b>Singapore</b>		4 Shenton Way #13-01 SGX Centre 2 Singapore 068807 Telephone 65.6202.1188 Facsimile 65.6534.4826

**KGI's Ratings**

<b>Rating</b>	<b>Definition</b>
Outperform (OP)	The stock's excess return over the next twelve months is ranked in the top 40% of KGI's coverage universe in the related market (e.g. Taiwan)..
Neutral (N)	The stock's excess return over the next twelve months is ranked in the range between the top 40% and the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan)
Under perform (U)	The stock's excess return over the next twelve months is ranked in the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan).
Not Rated (NR)	The stock is not rated by KGI.
Restricted (R)	KGI policy and/or applicable law regulations preclude certain types of communications, including an investment recommendation, during the course of KGI's engagement in an investment banking transaction and in certain other circumstances.  Excess return = 12M target price/current price-
Note	When an analyst publishes a new report on a covered stock, we rank the stock's excess return with those of other stocks in KGI's coverage universe in the related market. We will assign a rating based on its ranking. If an analyst does not publish a new report on a covered stock, its rating will not be changed automatically.

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