

DELTA ELECTRONICS
THAILAND / ELECTRONIC COMPONENT

DELTA TB

HOLD

UNCHANGED

รายได้ 3Q24 อาจไม่ต่ำเกินไป

- เราคาดว่ารายได้ 3Q24 จะโตในอัตราที่นำขึ้นต้นน้อยลง แม้ว่า AI จะยังคงดี แต่การฟื้นตัวของ EV น่าจะช้ากว่าที่คาด
- ปัจจัยหนุนการเติบโตในปี 2025 จะมาจากการโตของ AI การฟื้นตัวของ EV และ Data center
- คงคำแนะนำถือที่ราคาเป้าหมายเดิมที่ 110 บาท (P/E 50x).

TARGET PRICE	THB110.00
CLOSE	THB109.50
UP/DOWNSIDE	+0.5%
PRIOR TP	THB110.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+8.3%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	146,371	161,321	198,318	248,930
Net profit	18,423	21,333	27,282	35,016
EPS (THB)	1.48	1.71	2.19	2.81
vs Consensus (%)	-	(2.9)	9.0	19.3
EBITDA	22,992	25,902	33,552	41,934
Recurring net profit	17,201	20,196	27,282	35,016
Core EPS (THB)	1.38	1.62	2.19	2.81
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	18.1	17.4	35.1	28.4
Core P/E (x)	79.4	67.6	50.1	39.0
Dividend yield (%)	0.4	0.8	1.0	1.3
EV/EBITDA (x)	59.2	52.5	40.6	32.5
Price/book (x)	20.2	17.7	14.9	12.4
Net debt/Equity (%)	(6.0)	(9.2)	(5.3)	(4.6)
ROE (%)	28.1	27.9	32.3	34.7

กำไรปกติ 3Q24 อาจจะไม่ต่ำเกินไป

เราคาดว่ากำไรปกติ 3Q24 อยู่ที่ 6 พัน ลบ. (+1% q-q, +18.7% y-y) จากสมมติฐานรายได้ USD1.2 พัน ลบ. (+6% q-q, +6% y-y) อย่างไรก็ตามกำไรสุทธิอาจลดลง 2.3% q-q และยังคงทรงตัว y-y จากผลลบของค่าเงินบาทที่แข็งตัวขึ้น เราคาดว่าอัตรากำไรขั้นต้นใน 3Q24 จะทรงตัวที่ 26.9% เช่นเดียวกับกับใน 2Q24 แต่สูงกว่า 22.6% ใน 3Q23 โดยได้ปัจจัยผลักดันจาก Product mix ค่าใช้จ่ายรวมน่าจะทรงตัวในระดับสูงส่วนมากจากค่าธรรมเนียมที่ต้องจ่ายให้แก่ Delta Taiwan อย่างไรก็ตามกำไรสุทธิของบริษัท อาจรับรู้อาการพิเศษจากที่เช่น ผลขาดทุนจากอัตราแลกเปลี่ยนเงินบาทที่แข็งตัวขึ้น ค่าใช้จ่ายค่าเช่าที่ดินหรือค่าเช่าเครื่องจักรที่แพงขึ้นซึ่งยากที่จะประเมินออกมาได้

AI ยังคงดีแต่การฟื้นตัวของ EV ช้ากว่าที่คาด

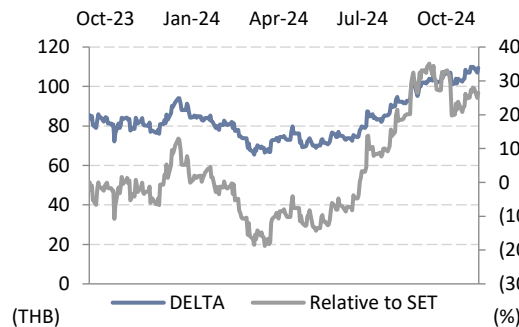
เหตุผลที่เราคาดว่ารายได้จะโตในอัตราที่นำขึ้นต้นน้อยลงแม้ว่าจะเป็น High season อยู่ที่การฟื้นตัวของ EV ซึ่งน่าจะไม่มีเสถียรภาพแม้ว่ารายได้จาก AI น่าจะยังคงดี ทั้งนี้เราคาดว่าสัดส่วนรายได้ของ AI จะเพิ่มเป็น 7-8% ของรายได้รวม และไปแตะ 10% ภายใน 4Q24 อย่างไรก็ตามรายได้จาก EV ซึ่งคิดเป็นประมาณ 30% ของรายได้รวม มีแนวโน้มที่จะฟื้นตัวช้ากว่าที่เคยคาดเนื่องจากในสหรัฐฯ ยังมีประเด็นปัญหาที่กำลังซื้อในขณะที่ยังคงมีอุปสรรคอุปทานที่จำกัดแต่เป็นอัตราที่ไม่มากพอที่จะช่วยหนุนให้ยอดขาย EV รวมโตในอัตราสองหลัก ในขณะที่เดียวกันกลุ่ม Data center (ซึ่งเป็น Non-AI) ก็น่าจะโตในระดับปานกลาง

คงประมาณการตัวเลขการเติบโตของกำไรในระดับสูงสำหรับในปี 2024 และ 2025

ถ้าผลประกอบการออกมาตามคาด กำไรปกติ 9M24 จะเท่ากับ 15.7 พัน ลบ. (+21.5% y-y) คิดเป็น 76% ของประมาณการทั้งปีของเรา ในขั้นต้นเราคาดว่ากำไรปกติ 4Q24 จะลดลง q-q จาก Low season แต่ยังคงโต y-y จากรายได้ AI ที่สูงขึ้น เราคงประมาณการกำไรปกติปี 2024-25 ของเราก่อนที่ 20.2 พัน ลบ. (+17.4% y-y) และ 27.2 พัน ลบ. (+35% y-y) ปัจจัยหนุนการเติบโตในปี 2025 น่าจะมาจาก AI การฟื้นตัวของ EV และ Data center

คงคำแนะนำถือเนื่องจากราคาหุ้นมี Upside จำกัด

เราคงราคาเป้าหมายปี 2025 ของเราก่อนที่ 110 บาท (P/E 50x) เนื่องจากราคาหุ้นมี Upside จำกัด เราแนะนำถือหรือซื้อเก็งกำไรสำหรับนักลงทุนที่สามารถรับความเสี่ยงได้ ในส่วนข่าวที่ว่า Google วางแผนลงทุน USD1 พันล้านใน Data center ในประเทศไทยเราเห็นว่าประเด็นดังกล่าวอาจให้ Upside แก่ DELTA ในอนาคต ปัจจุบัน DELTA ขายผลิตภัณฑ์ ODM ให้แก่ Google อยู่แล้วและยังสามารถให้บริการด้าน Infrastructure solutions อีกด้วยเพราะฉะนั้นจึงเป็นไปได้ว่า DELTA อาจเข้าร่วมประมูลโครงการดังกล่าวด้วย



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	2.8	31.1	32.3
Relative to country (%)	(4.6)	16.3	32.9
Mkt cap (USD m)			41,911
3m avg. daily turnover (USD m)			46.9
Free float (%)			0
Major shareholder Delta Electronics International (Singapore) Pte Ltd (43%)			
12m high/low (THB)			112.00/63.25
Issued shares (m)			12,473.82

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

We have a bullish view of DELTA's growth since its main product, power supplies, are crucial to several product groups, such as automotive, industrial, data center, cloud computing, and medical. DELTA has expanded into downstream businesses, such as EV power and EV battery chargers, infrastructure, and AI-related.

However, the risks that investors still need to monitor are 1) a greater global economic slowdown than expected; 2) higher competition than anticipated; and 3) inventory write-downs and reversals, which impact the gross margin.

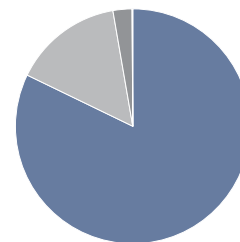
Company profile

DELTA is an electronics manufacturer and exporter of power supplies and electronic components comprising cooling fans, EMI filters, and solenoids. Key power management products consist of switching power supplies, EV chargers, DC-DC converters, and solar inverters. Its operations cover regions such as Asia, Europe, and South America. In 2023, its revenue contribution came mainly from power electronics at 53%, with mobility/infrastructure/automation/others at 29%/15.4%/2.7%/0.1%, respectively.

www.deltathailand.com

Principal activities (revenue, 2023)

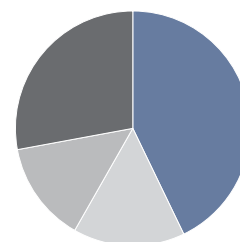
- Power electronics - 82.2 %
- Infrastructure - 15.1 %
- Automation - 2.6 %
- Others - 0.1 %



Source: Delta Electronics

Major shareholders

- Delta Electronics International (Singapore) Pte Ltd - 42.9 %
- Delta International Holding Limited - 15.4 %
- Delta Electronics Inc. - 13.9 %
- Others - 27.9 %



Source: Delta Electronics

Catalysts

Potential catalysts for DELTA's earnings growth in 2024-25 are 1) purchase order growth from EV power supporting a capacity expansion; 2) a recovery in data centers and fans; 3) lower raw material costs and an absence of inventory provisions; and 4) successful market expansion.

Risks to our call

Downside and upside risks to our P/E-based TP include 1) lower or higher-than-expected global EV sales growth; 2) a sooner or later-than-expected decrease in raw material costs; and 3) a stronger or weaker-than-expected THB.

Event calendar

Date	Event
25 October 2024	3Q24 results announcement
28 October 2024	3Q24 analyst meeting

Key assumptions

	2024E	2025E	2026E
Power electronics (USD m)	2,401	3,242	4,214
Mobility (USD m)	1,372	1,715	2,143
Infrastructure (USD m)	677	745	820
Automation (USD m)	116	127	140
Total revenue (USD m)	4,570	5,833	7,321
Gross margin (%)	24.2	25.2	25.5

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in USD revenue, we estimate 2024 net profit to rise by 0.9%, and vice versa, all else being equal.
- For every THB1/USD increase, we estimate 2024 net profit to fall by 6.5%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2024 net profit to rise by 3.4%, and vice versa, all else being equal.
- For every 0.2% increase in SG&A, we estimate 2024 net profit to fall by 1.8%, and vice versa, all else being equal.

Source: FSSIA estimates

Exhibit 1: DELTA – 3Q24 earnings preview

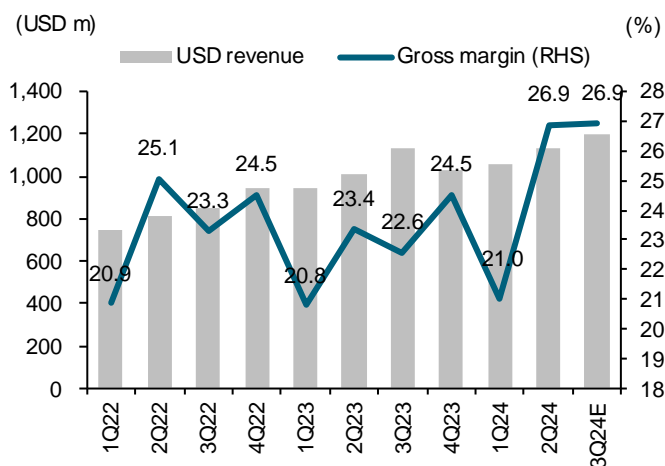
	3Q23	4Q23	1Q24	2Q24	3Q24E	--- Change ---		9M23	9M24E	Change	2024E	Change	% 9M24E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	(THB m)	(y-y%)	to 2024E
Sales	40,478	37,759	37,989	41,772	40,800	(2.3)	0.8	108,612	120,561	11.0	161,321	10.2	74.7
Cost of sales	31,333	28,495	30,017	30,550	29,825	(2.4)	(4.8)	84,386	90,392	7.1	122,281	8.3	73.9
Gross profit	9,145	9,264	7,972	11,222	10,975	(2.2)	20.0	24,227	30,169	24.5	39,040	16.6	77.3
SG&A	4,098	4,353	4,252	5,403	5,182	(4.1)	26.5	11,130	14,836	33.3	19,359	25.0	76.6
Operating profit	5,047	4,911	3,720	5,819	5,794	(0.4)	14.8	13,097	15,333	17.1	19,681	9.3	77.9
Interest expense	34	28	34	22	23	4.0	(31.8)	81	79	(2.4)	100	(8.3)	79.3
Tax expense	167	506	113	153	122	(20.1)	(26.6)	567	388	(31.5)	497	(53.7)	78.2
Other gain (Loss)	380	441	507	631	0	nm	nm	780	1,138	45.9	1,137	nm	100.1
Reported net profit	5,429	4,711	4,308	6,565	5,995	(8.7)	10.4	13,711	16,868	23.0	21,333	15.8	79.1
Core profit	5,049	4,270	3,801	5,934	5,995	1.0	18.7	12,942	15,730	21.5	20,196	17.4	77.9

Key Ratios (%)						(ppt)	(ppt)					(ppt)	
Gross margin	22.6	24.5	21.0	26.9	26.9	0.0	4.3	22.3	25.0	2.7	24.2	1.3	
SG&A / Sales	10.1	11.5	11.2	12.9	12.7	(0.2)	2.6	10.2	12.3	2.1	12.0	1.4	
Operating margin	12.5	13.0	9.8	13.9	14.2	0.3	1.7	12.1	12.7	0.7	12.2	(0.1)	
Net margin	13.4	12.5	11.3	15.7	14.7	(1.0)	1.3	12.6	14.0	1.4	13.2	0.6	
Core margin	12.5	11.3	10.0	14.2	14.7	0.5	2.2	11.9	13.0	1.1	12.5	0.8	

Operating Statistics													
THB total revenue (THB m)	40,478	37,759	37,989	41,772	40,800	(2.3)	0.8	108,612	120,561	11.0	161,321	10.2	74.7
USD total revenue (USD m)	1,129	1,027	1,057	1,128	1,200	6.4	6.3	3,083	3,385	9.8	4,570	11.2	74.1
Revenue by segment (USD m)													
Power Electronics	583	556	554	613	670	9.4	15.0	1,627	1,837	12.9	2,401	10.0	76.5
Mobility	372	299	305	317	332	4.7	(10.8)	881	954	8.3	1,372	16.3	69.5
Infrastructure	147	145	169	170	168	(1.4)	14.0	488	507	3.8	677	7.0	74.8
Automation	25	25	27	27	29	6.5	15.0	84	83	(1.5)	116	5.0	71.6

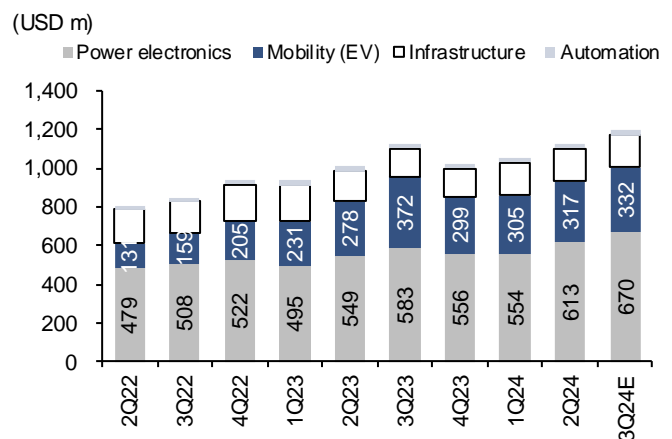
Sources: DELTA, FSSIA estimates

Exhibit 2: Quarterly USD revenue and gross margin



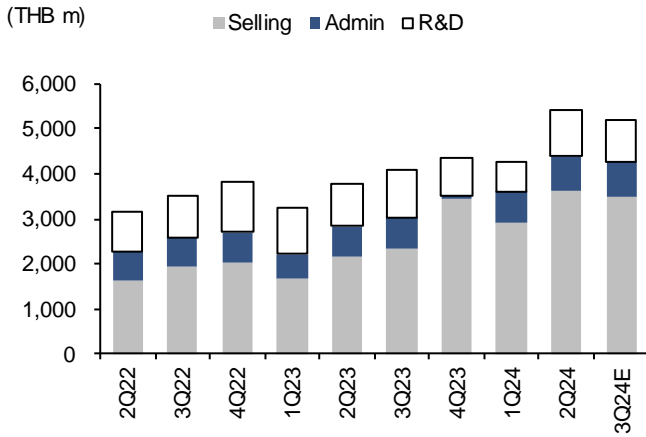
Sources: DELTA, FSSIA estimates

Exhibit 3: Quarterly revenue by segment



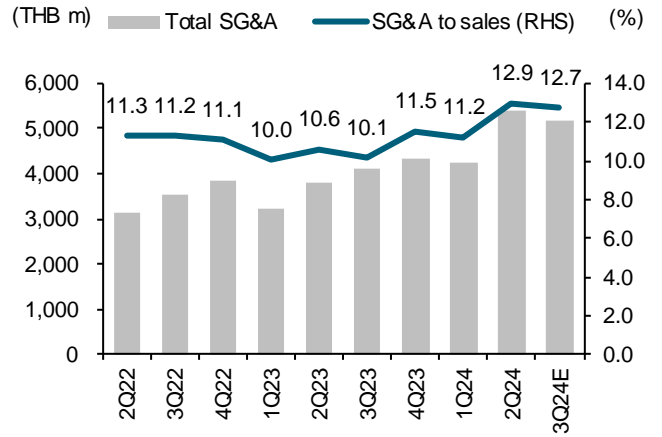
Sources: DELTA, FSSIA estimates

Exhibit 4: Quarterly SG&A expenses



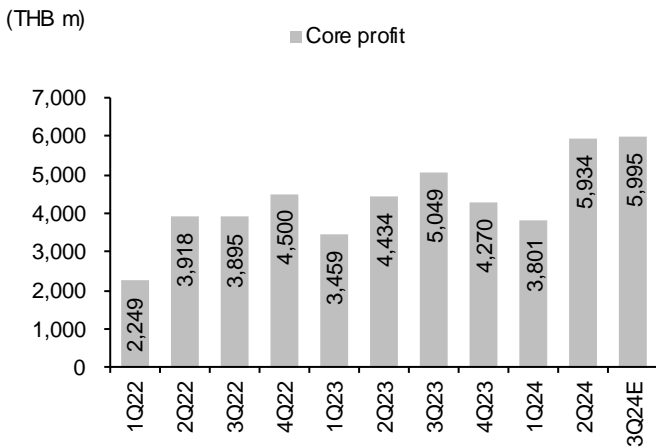
Sources: DELTA, FSSIA estimates

Exhibit 5: Quarterly SG&A to sales



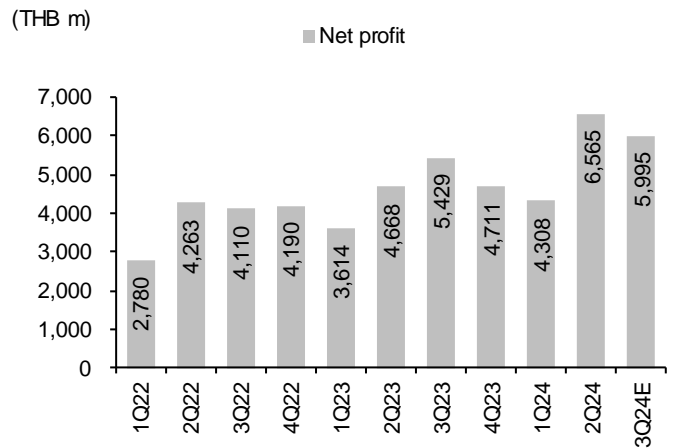
Sources: DELTA, FSSIA estimates

Exhibit 6: Quarterly core profit



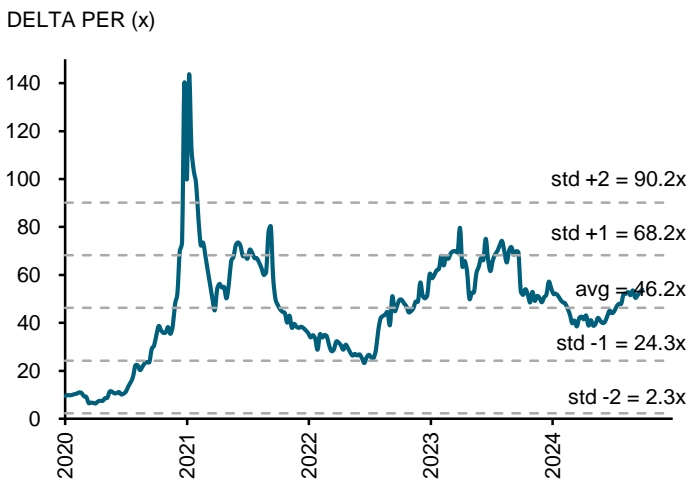
Sources: DELTA, FSSIA estimates

Exhibit 7: Quarterly net profit



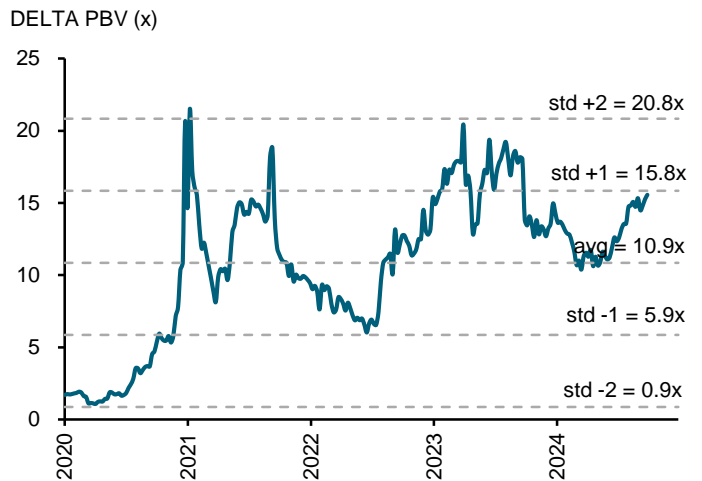
Sources: DELTA, FSSIA estimates

Exhibit 8: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 9: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Financial Statements

Delta Electronics

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	118,558	146,371	161,321	198,318	248,930
Cost of goods sold	(90,618)	(112,881)	(122,281)	(148,342)	(185,453)
Gross profit	27,940	33,491	39,040	49,976	63,477
Other operating income	613	758	1,129	1,388	1,743
Operating costs	(13,502)	(15,865)	(19,375)	(23,420)	(29,393)
Operating EBITDA	18,240	22,992	25,902	33,552	41,934
Depreciation	(3,190)	(4,608)	(5,108)	(5,608)	(6,108)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	15,050	18,384	20,794	27,944	35,827
Net financing costs	(20)	(109)	(100)	(104)	(94)
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	781	1,221	1,137	0	0
Profit before tax	15,811	19,496	21,831	27,840	35,733
Tax	(467)	(1,073)	(497)	(557)	(715)
Profit after tax	15,345	18,423	21,335	27,284	35,018
Minority interests	(1)	0	(2)	(2)	(2)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	15,343	18,423	21,333	27,282	35,016
Non-recurring items & goodwill (net)	(781)	(1,221)	(1,137)	0	0
Recurring net profit	14,563	17,201	20,196	27,282	35,016
Per share (THB)					
Recurring EPS *	1.17	1.38	1.62	2.19	2.81
Reported EPS	1.23	1.48	1.71	2.19	2.81
DPS	0.40	0.45	0.86	1.09	1.40
Diluted shares (used to calculate per share data)	12,474	12,474	12,474	12,474	12,474
Growth					
Revenue (%)	40.6	23.5	10.2	22.9	25.5
Operating EBITDA (%)	109.9	26.1	12.7	29.5	25.0
Operating EBIT (%)	143.5	22.1	13.1	34.4	28.2
Recurring EPS (%)	139.7	18.1	17.4	35.1	28.4
Reported EPS (%)	129.0	20.1	15.8	27.9	28.4
Operating performance					
Gross margin inc. depreciation (%)	23.6	22.9	24.2	25.2	25.5
Gross margin exc. depreciation (%)	26.3	26.0	27.4	28.0	28.0
Operating EBITDA margin (%)	15.4	15.7	16.1	16.9	16.8
Operating EBIT margin (%)	12.7	12.6	12.9	14.1	14.4
Net margin (%)	12.3	11.8	12.5	13.8	14.1
Effective tax rate (%)	3.0	5.5	2.3	2.0	2.0
Dividend payout on recurring profit (%)	34.3	32.6	52.8	50.0	50.0
Interest cover (X)	771.2	168.1	207.5	269.5	382.1
Inventory days	93.2	97.4	100.6	90.1	91.0
Debtor days	75.0	76.5	77.6	72.5	71.9
Creditor days	109.1	105.0	102.2	89.6	83.8
Operating ROIC (%)	28.3	26.3	24.6	28.4	29.8
ROIC (%)	27.1	25.3	23.7	27.3	28.5
ROE (%)	30.3	28.1	27.9	32.3	34.7
ROA (%)	18.2	17.4	18.0	21.6	23.2
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Power electronics	91,252	120,290	84,766	110,220	143,286
Mobility			48,421	58,297	72,871
Infrastructure	24,185	22,105	23,909	25,331	27,865
Automation	3,009	3,830	4,077	4,320	4,752

Sources: Delta Electronics; FSSIA estimates

Financial Statements

Delta Electronics

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	14,563	17,201	20,196	27,282	35,016
Depreciation	3,190	4,608	5,108	5,608	6,108
Associates & minorities	-	-	-	-	-
Other non-cash items	-	(546)	(1,137)	0	0
Change in working capital	(5,108)	(10,111)	(946)	(12,186)	(14,648)
Cash flow from operations	12,644	11,152	23,220	20,703	26,476
Capex - maintenance	-	-	-	-	-
Capex - new investment	(7,788)	(11,633)	(10,000)	(10,000)	(10,000)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	213	(595)	(428)	(1,039)	(759)
Cash flow from investing	(7,575)	(12,227)	(10,428)	(11,039)	(10,759)
Dividends paid	(1,855)	(5,188)	(10,666)	(13,641)	(17,508)
Equity finance	0	0	0	0	0
Debt finance	569	3,568	(708)	958	1,282
Other financing cash flows	(213)	(376)	(1,174)	1,000	1,000
Cash flow from financing	(1,499)	(1,996)	(12,548)	(11,683)	(15,226)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	546	1,137	0	0
Net other adjustments	0	546	1,137	0	0
Movement in cash	3,571	(2,525)	1,381	(2,019)	491
Free cash flow to firm (FCFF)	5,088.89	(965.85)	12,892.29	9,768.01	15,810.46
Free cash flow to equity (FCFE)	5,425.24	2,663.13	12,047.11	11,622.24	17,998.96

Per share (THB)

FCFF per share	0.41	(0.08)	1.03	0.78	1.27
FCFE per share	0.43	0.21	0.97	0.93	1.44
Recurring cash flow per share	1.42	1.70	1.94	2.64	3.30

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	37,631	47,866	57,866	67,866	77,866
Less: Accumulated depreciation	(14,449)	(17,659)	(22,767)	(28,374)	(34,482)
Tangible fixed assets (net)	23,182	30,207	35,099	39,492	43,384
Intangible fixed assets (net)	629	591	629	629	629
Long-term financial assets	248	236	236	236	236
Invest. in associates & subsidiaries	-	-	-	-	-
Cash & equivalents	10,142	7,617	8,998	6,980	7,470
A/C receivable	28,132	33,237	35,358	43,467	54,560
Inventories	25,049	32,747	31,827	38,609	50,809
Other current assets	2,702	1,965	3,226	3,966	4,979
Current assets	66,025	75,566	79,409	93,022	117,818
Other assets	901	1,545	1,936	2,975	3,734
Total assets	90,984	108,145	117,309	136,353	165,800
Common equity	54,680	67,539	77,031	91,672	110,180
Minorities etc.	0	0	0	0	0
Total shareholders' equity	54,680	67,539	77,031	91,672	110,180
Long term debt	930	969	954	874	794
Other long-term liabilities	2,705	3,461	3,226	3,966	4,979
Long-term liabilities	3,635	4,431	4,180	4,840	5,773
A/C payable	30,202	32,096	33,502	36,577	45,728
Short term debt	1,011	2,607	982	1,280	1,630
Other current liabilities	1,457	1,472	1,613	1,983	2,489
Current liabilities	32,670	36,176	36,097	39,841	49,847
Total liabilities and shareholders' equity	90,984	108,145	117,309	136,353	165,800
Net working capital	24,225	34,380	35,296	47,482	62,130
Invested capital	49,184	66,959	73,196	90,813	110,113

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)

Book value per share	4.38	5.41	6.18	7.35	8.83
Tangible book value per share	4.33	5.37	6.13	7.30	8.78

Financial strength

Net debt/equity (%)	(15.0)	(6.0)	(9.2)	(5.3)	(4.6)
Net debt/total assets (%)	(9.0)	(3.7)	(6.0)	(3.5)	(3.0)
Current ratio (x)	2.0	2.1	2.2	2.3	2.4
CF interest cover (x)	678.1	131.7	221.0	209.5	299.6

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	93.8	79.4	67.6	50.1	39.0
Recurring P/E @ target price (x) *	94.2	79.8	67.9	50.3	39.2
Reported P/E (x)	89.0	74.1	64.0	50.1	39.0
Dividend yield (%)	0.4	0.4	0.8	1.0	1.3
Price/book (x)	25.0	20.2	17.7	14.9	12.4
Price/tangible book (x)	25.3	20.4	17.9	15.0	12.5
EV/EBITDA (x) **	74.4	59.2	52.5	40.6	32.5
EV/EBITDA @ target price (x) **	74.8	59.5	52.7	40.8	32.6
EV/invested capital (x)	27.6	20.3	18.6	15.0	12.4

* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income

Sources: Delta Electronics; FSSIA estimates

Delta Electronics Thailand (DELTA TB)

FSSIA ESG rating

87.59 /100
Exhibit 10: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 11: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings						Bloomberg	
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
DELTA	87.59	Y	Y	Y	5.00	5.00	Certified	Low	68.81	AA	--	91.19	74.00	4.15	--
HANA	56.35	--	Y	Y	5.00	5.00	Certified	Negligible	56.93	BBB	--	44.01	31.00	1.81	--
KCE	45.77	--	--	--	5.00	5.00	Certified	Medium	52.70	--	--	61.53	16.00	2.16	52.98

Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation
Exhibit 12: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	3.90	3.63	3.92	4.13	4.06	4.24	4.03	4.15
BESG environmental pillar score	4.87	4.68	5.12	5.75	5.33	5.80	5.25	—
BESG social pillar score	2.72	2.72	2.72	2.72	2.72	2.72	2.72	—
BESG governance pillar score	3.91	3.27	3.71	3.65	3.90	3.94	3.91	—
ESG disclosure score	61.65	63.10	63.96	60.99	65.87	67.09	68.34	—
Environmental disclosure score	59.71	63.03	65.00	63.03	63.03	69.86	70.52	—
Social disclosure score	37.79	38.82	39.42	32.47	47.13	43.95	47.07	—
Governance disclosure score	87.36	87.36	87.36	87.36	87.36	87.36	87.36	—
Environmental								
Emissions reduction initiatives	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	Yes	Yes
Risks of climate change discussed	No	No	No	No	No	No	Yes	Yes
GHG scope 1	0	0	0	0	0	1	1	1
GHG scope 2 location-based	40	41	40	39	42	40	51	60
GHG Scope 3	—	28	19	46	40	82	127	167
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	76	80	80	92	84	80	102	121
Renewable energy use	0	0	3	7	9	10	10	—
Electricity used	74	78	79	92	80	80	91	120
Fuel used - natural gas	—	—	—	—	—	196	233	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 13: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hazardous waste	0	0	0	0	0	0	0	0
Total waste	2	2	2	2	3	6	8	9
Waste recycled	1	2	2	2	3	4	4	5
Waste sent to landfills	0	0	0	0	0	0	0	0
Environmental supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—	—	434	445	536
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Quality assurance and recall policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Consumer data protection policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	Yes	Yes	Yes	No
Pct women in workforce	84	80	75	71	71	65	69	—
Pct disabled in workforce	—	—	—	—	—	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	—	—	0	—	0	0
Total recordable incident rate - employees	1	1	0	0	1	0	—	—
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Number of employees – CSR	10,466	9,764	10,691	11,088	11,297	13,852	16,951	20,022
Employee turnover pct	13	11	—	—	7	6	7	3
Total hours spent by firm - employee training	131,464	96,865	115,161	128,431	168,455	678,748	1,017,000	1,561,720
Social supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Governance								
Board size	9	8	8	9	9	9	9	9
No. of independent directors (ID)	4	3	3	4	4	4	4	4
No. of women on board	1	0	0	1	1	1	1	1
No. of non-executive directors on board	7	6	6	7	6	6	6	6
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	5	5	6	6	6	5	5	6
Board meeting attendance pct	93	97	93	96	100	100	98	98
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	52	53	54	55	52	53	54	61
Age of the oldest director	72	71	72	73	73	73	74	75
No. of executives / company managers	5	5	5	5	5	3	4	4
No. of female executives	1	1	1	1	0	0	1	1
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	3	3	3	3	3	3	3	3
No. of ID on audit committee	3	3	3	3	3	3	3	3
Audit committee meetings	5	4	4	4	4	4	4	4
Audit meeting attendance %	100	90	92	100	100	100	100	100
Size of compensation committee	3	5	3	3	3	3	3	3
No. of ID on compensation committee	2	3	2	2	2	2	2	2
No. of compensation committee meetings	2	4	4	4	4	5	5	6
Compensation meeting attendance %	60	91	83	83	100	93	100	94
Size of nomination committee	3	5	3	3	3	3	3	3
No. of nomination committee meetings	2	4	4	4	4	5	5	6
Nomination meeting attendance %	60	91	83	83	100	93	100	94
Sustainability governance								
Verification type	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																				
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																				
Morningstar Sustainability	The Sustainability's ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored.																				
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	<table border="1"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table> <p>The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.</p>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
NEGL	Low	Medium	High	Severe																		
0-10	10-20	20-30	30-40	40+																		
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers.																					
	<table border="1"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td rowspan="3">Leader:</td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td rowspan="3">Average:</td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks	
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																					
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																					
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																					
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																				
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																				

[Rating](#) regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**"; 2) "**AGM Level**"; 3) "**Thai CAC**"; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

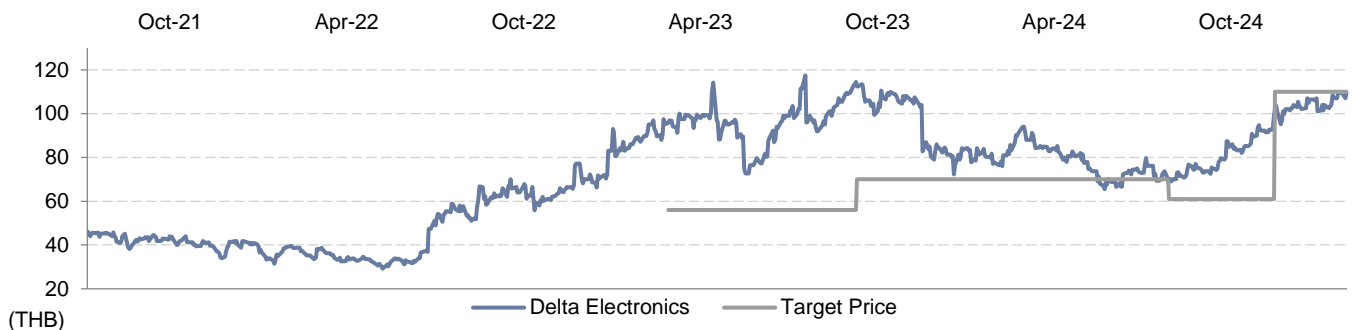
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History of change in investment rating and/or target price

Delta Electronics (DELTA TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
17-Feb-2023	REDUCE	56.00	29-Apr-2024	REDUCE	61.00	-	-	-
02-Aug-2023	REDUCE	70.00	30-Jul-2024	HOLD	110.00			

Sureeporn Teewasuwet started covering this stock from 17-Feb-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Delta Electronics	DELTA TB	THB 109.50	HOLD	Downside and upside risks to our P/E-based TP include 1) lower or higher-than-expected global EV sales growth; 2) a sooner or later-than-expected decrease in raw material costs; and 3) a stronger or weaker-than-expected THB.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 01-Oct-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

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

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a 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.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). 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 (N). 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 (U). 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.