

Delta (Thailand) (DELTA TB)

1Q26 Remains A Softer Season; Liquid Cooling To Contribute Meaningfully In 2H26

Highlights

- We expect DELTA to report a 1Q26 net profit of Bt7.55b (+38% yoy, +4% qoq). 1Q is typically a softer quarter due to the long holiday period.
- We revised up our 2026-2028 earnings forecasts by 3%/6%/8% driven by stronger liquid cooling contribution in 2H26 and strong demand visibility in power supply over 2026-2028. Hence, we maintain HOLD with a higher target price of Bt280.
- DELTA's valuation already reflects strong fundamentals and is relatively expensive compared to DELTA Taiwan (2308.TT).

Analysis

4Q25 Results					
Year to 31 Dec (Btm)	1Q26F	1Q25	4Q25	yoy%	qoq%
Revenue	58,687	42,736	57,714	37.3%	1.7%
Gross profit	16,785	10,927	16,485	53.6%	1.8%
Operating profit	8,216	5,700	8,024	44.1%	2.4%
Other income	663	573	462	15.8%	43.4%
Operating EBITDA	10,742	7,574	10,353	41.8%	3.8%
Core profit	7,198	4,985	7,061	44.4%	1.9%
Net profit	7,548	5,488	7,256	37.5%	4.0%
EPS	0.61	0.44	0.58	37.5%	4.0%
Financial ratio			ppts	ppts	
Gross profit margin (%)	28.6	25.6	28.6	0.0	3.0
EBITDA margin (%)	18.3	17.7	17.9	0.4	0.6
Operating margin (%)	14.0	13.3	13.9	0.1	0.7
SG&A Exp./ Sales (%)	11.5	9.2	11.9	-0.4	2.3
Net profit margin (%)	12.9	12.8	12.6	0.3	0.0

Source: Delta (Thailand), UOB Kay Hian

- While 1Q26 is the softest season, operating margin is expected to stay high.** We expect DELTA to report a 1Q26 net profit of Bt7.55b (+38% yoy, 2% qoq). Sales are expected to come in at Bt58.69b (+37% yoy, +2% qoq), mainly driven by the strong power electronics segment, which should offset the weakness in the mobility segment (EV-related products). The mobility segment is expected to be loss-making in 2026, with revenue declining at a high single-digit rate. As a result, the qoq earnings softness reflects 1Q seasonality (1Q26 sales at 23% of full-year 2026 forecast due to the long holiday period and softer customer demand).

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	164,732.7	198,153.4	263,200.7	323,774.1	384,712.3
EBITDA	24,598.2	34,520.1	46,425.9	59,823.4	73,468.3
Operating profit	17,859.9	26,325.9	36,321.7	47,271.0	58,091.6
Net profit (rep./act.)	18,938.6	24,814.3	33,203.0	42,237.8	51,339.1
Net profit (adj.)	17,979.7	22,963.9	31,803.0	41,117.8	50,387.1
EPS	1.4	1.8	2.6	3.3	4.0
PE (x)	155.4	121.7	87.9	68.0	55.4
P/B (x)	35.0	28.9	23.2	18.8	15.5
EV/EBITDA (x)	94.8	67.4	50.0	38.8	31.5
Dividend yield (%)	0.2	0.3	0.4	0.6	0.8
Net margin (%)	11.5	12.5	12.6	13.0	13.3
Net debt to equity (%)	(17.0)	(18.9)	(17.9)	(17.9)	(17.9)
Consensus net profit	n.a	n.a	31,940.9	39,875.5	50,994.2
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: Delta (Thailand), Bloomberg, UOB Kay Hian

HOLD (Maintained)

Share Price	Bt284.00
Target Price	Bt280.00
Upside	-1.4%
Previous TP	Bt210.00

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Stock Data

GICS sector	Information Technology
Bloomberg ticker:	DELTA TB
Shares issued (m):	12,473.8
Market cap (Bt\$m):	3,442,773.2
Market cap (US\$m):	105,801.3
3-mth avg daily t'over (US\$m):	139.1

Price Performance (%)

52-week high/low	Bt290.0/Bt59.5			
1mth	3mth	6mth	1yr	YTD
8.2	48.4	45.6	386.3	59.5

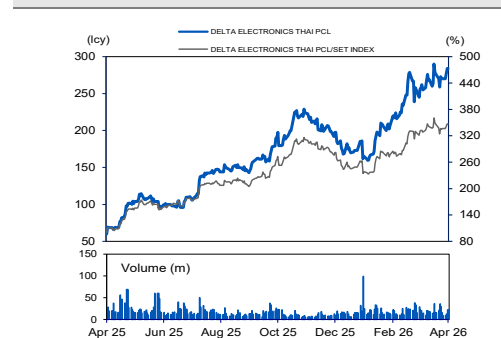
Major Shareholders

	%
DELTA ELECTRONICS INT'L (SINGAPORE) PTE. LTD.	42.85
CITI (NOMINEES) LIMITED-CBHK-PBGSG-RESTRICTED SHARES	13.86
DELTA INTERNATIONAL HOLDING LIMITED B.V.	12.71

Balance Sheet Metrics

	%
FY26 NAV/Share (Bt)	9.6
FY26 Net Debt/Share (Bt)	(1.7)

Price Chart



Source: Bloomberg

Company Description

Delta Electronics is an electronics exporter, manufacturer of power supplies and electronic components, ie DC fans, EMI filters and solenoids.

- **Operating margin to remain in expansion phase in 2026, driven by data centre sales.** Delta (Thailand)'s (DELTA) operating margin is expected to remain strong throughout 2026, with 1Q26 operating margin at 14.0% (vs 13.3% in 1Q25 and 13.9% in 4Q25). Despite gradually rising opex from royalty fees (power supply and liquid cooling technologies from Delta Taiwan), this should be offset by a better product mix driven by the power electronics segment tied to AI infrastructure. Data centre sales are expected to contribute 60% of total revenue in 2026 (vs 55% in 2025 and 34% in 2024).
- **We believe liquid cooling contribution will become more meaningful from 2H26 onward, after its initial launch in 1Q26.** We forecast liquid cooling contribution at 7%/9%/12% of sales in 2026-2028. Despite high royalty fees, the product should deliver a positive operating margin. Note that Delta Electronics (Taiwan) reported liquid cooling contribution at 9-10% of sales in 2025 during the late-February analyst meeting, with demand remaining strong, supported by hyperscaler capex and system-level solutions demand. Hyperscaler is still in its investment phase in 2026, backed by aggressive capex guidance (Bloomberg consensus: +70% yoy in 2026 vs +65% yoy in 2025).

Valuation/Recommendation

- **We maintain HOLD with a higher target price of Bt290.0 (from Bt210.00).** Our target price is based on 106x 2026E PE, implying +2.6SD above its five-year mean, with DELTA currently trading at 2.7 SD.
- We re-rate the multiple and assign a 45% premium compared to the average PE of 73x over 2021-2024, reflecting: a) a structural shift toward higher-margin data centre products and a liquid cooling ramp-up in 2H26, b) a higher gross margin expected to remain at 30% in 2025-2028 (vs 23% in 2021-2024) and operating margin at 15% (vs 11% in 2021-2025), and c) a significantly lower free float compared to DELTA Taiwan.
- However, we believe DELTA's valuation is quite high and relatively expensive compared with DELTA Taiwan (2308.TT).
- We recommend buying and accumulating on any pullbacks only within the Bt260.00-275.00 range (2.25-2.50SD) for long-term investment in 2026-2028, as Thailand offers limited proxies for AI and data centre power infrastructure.

Earnings Revision/Risk

- We revised up our net profit forecasts by 3%/6%/8%, reflecting meaningful liquid cooling contribution in 2026-2028.

Share Price Catalyst

- Stronger-than-expected operating margin and sales, stronger-than-expected contribution from liquid cooling in 2026-2028.

Environment, Social, Governance (ESG) Updates

Environmental

- **DELTA aims to reduce energy consumption and increase renewable energy use.** DELTA targets to reduce 20% electricity consumption intensity (EI) by the year 2025 (compared with the base year 2020) and has also set a target to increase the proportion of renewable energy use to 100% by 2030.

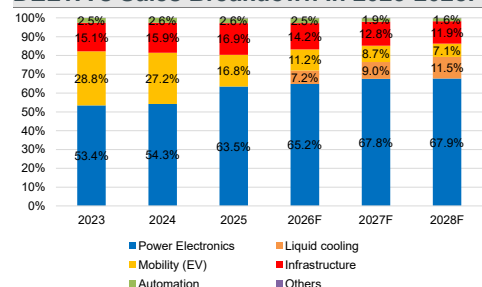
Social

- DELTA is committed to conducting business according to our Corporate Social Responsibility Policy covering to governance, regulator and environment.

Governance

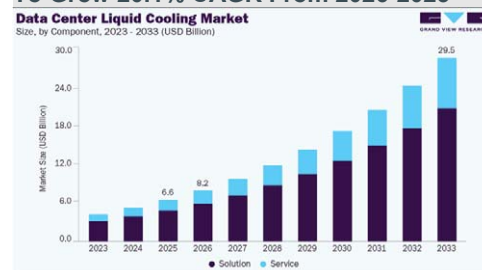
- **DELTA achieves board diversity target with 30% female representation, enhancing governance strength.** DELTA has achieved its board diversity target by appointing three female directors, representing 30% of total board members as of 2024, reinforcing board independence and expertise.

DELTA's Sales Breakdown In 2023-2028F



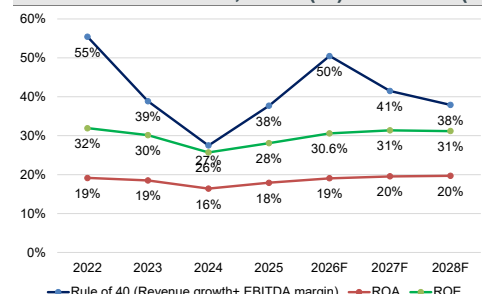
Source: UOB Kay Hian

Data Centre Liquid Cooling Market Expect To Grow 20.1% CAGR From 2026-2023



Source: Grandview Research, Data Centre Liquid Cooling Market

DELTA's Rule of 40, ROA (%) and ROE (%)



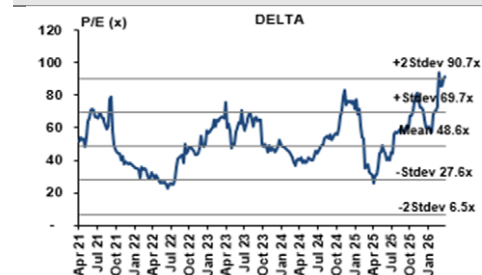
Source: UOB Kay Hian

DELTA Sales Seasonality (2015-2026F)

Year	Q1	Q2	Q3	Q4
2015	23%	24%	26%	26%
2016	24%	24%	25%	27%
2017	25%	25%	25%	26%
2018	24%	25%	26%	26%
2019	25%	27%	24%	23%
2020	20%	23%	28%	29%
2021	23%	24%	25%	28%
2022	21%	24%	26%	29%
2023	22%	24%	28%	26%
2024	23%	25%	26%	25%
2025	22%	22%	27%	29%
2026F	23%	25%	25%	27%

Source: Bloomberg

DELTA's Five-Year Forward PE Band



Source: Bloomberg

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	198,153	263,201	323,774	384,712
EBITDA	34,520	46,426	59,823	73,468
Deprec. & amort.	8,194	10,104	12,552	15,377
EBIT	26,326	36,322	47,271	58,092
Total other non-operating income	2,370	2,477	2,249	2,136
Associate contributions	1	1	0	0
Net interest income/(expense)	189	171	171	171
Pre-tax profit	28,887	38,970	49,691	60,399
Tax	(4,073)	(5,767)	(7,454)	(9,060)
Minorities	0	0	0	0
Net profit	24,814	33,203	42,238	51,339
Net profit (adj.)	22,964	31,803	41,118	50,387

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	29,682	37,721	47,443	57,253
Pre-tax profit	28,887	38,970	49,691	60,399
Tax	(4,073)	(5,767)	(7,454)	(9,060)
Deprec. & amort.	8,194	10,104	12,552	15,377
Working capital changes	(8,565)	(10,075)	(11,839)	(14,564)
Non-cash items	0	0	0	0
Other operating cashflows	5,239	4,489	4,491	5,102
Investing	(16,132)	(19,953)	(23,662)	(26,866)
Capex (growth)	(14,957)	(20,366)	(23,437)	(26,640)
Investments	(1,177)	(167)	(458)	(458)
Others	3	580	233	232
Financing	(5,956)	(9,071)	(13,836)	(19,576)
Dividend payments	(5,738)	(9,553)	(13,836)	(19,576)
Issue of shares	0	0	0	0
Proceeds from borrowings	(126)	481	0	0
Others/interest paid	(93)	0	0	0
Net cash inflow (outflow)	7,594	8,697	9,945	10,810
Beginning cash & cash equivalent	15,701	20,288	24,018	29,055
Ending cash & cash equivalent	23,295	28,985	33,963	39,866

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	46,840	57,200	68,144	79,486
Other LT assets	3,218	3,459	4,177	4,773
Cash/ST investment	20,288	24,018	29,055	34,708
Other current assets	83,786	109,823	136,087	165,036
Total assets	154,131	194,501	237,464	284,004
ST debt	926	1,039	1,039	1,039
Other current liabilities	51,343	66,926	80,994	95,402
LT debt	1,037	1,405	1,405	1,405
Other LT liabilities	4,098	4,753	5,246	5,616
Shareholders' equity	96,727	120,377	148,779	180,542
Minority interest	0	0	0	0
Total liabilities & equity	154,131	194,501	237,464	284,004

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	17.4	17.6	18.5	19.1
Pre-tax margin	14.6	14.8	15.4	15.7
Net margin	12.5	12.6	13.0	13.3
Growth				
Net profit (adj.)	27.7	38.5	29.3	22.5
Leverage				
Debt to total capital	2.0	2.0	1.6	1.4
Debt to equity	2.0	2.0	1.6	1.4
Net debt/(cash) to equity	(18.9)	(17.9)	(17.9)	(17.9)

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