

# DELTA ELECTRONICS

THAILAND / ELECTRONIC COMPONENT

# DELTA TB

# REDUCE

## All reflected in the share price

- Management targets 2023 USD revenue growth of 10%-20% y-y, due to strong EV demand and additional capacity from 1Q23 on.
- We project a 2023 normalised profit of THB17.6b (+20.8% y-y).
- Maintain REDUCE with a TP of THB560, as the current share price is overvalued.

TARGET PRICE	THB560.00
CLOSE	THB976.00
UP/DOWNSIDE	-42.6%
TP vs CONSENSUS	-9.2%

### Leading supplier and provider of switching power supplies

DELTA is an electronics manufacturer and exporter of power supplies and electronic components comprising cooling fans, EMI filters and solenoids. Its key power management products consist of switching power supplies, EV chargers, DC-DC converters, and solar inverters. In 2022, its revenue contribution came mainly from power electronics at 77%, with infrastructure and automation at 20.4% and 2.5%, respectively.

### 4Q22 net profit hit a record high

DELTA reported a 4Q22 net profit of THB4.19b (+2% q-q, +100% y-y), better than our estimate by 7%. Excluding an FX loss of THB311m, its normalised earnings were THB4.5b (+16% q-q, +134% y-y). USD revenue grew 11% q-q and 38% y-y to hit a record high of USD939m, due to the high growth in EV power and the India business recovery. The gross margin increased to 24.5% in 4Q22 (vs 23.3% in 3Q22 and 20.1% in 4Q21), after the high-priced inventory burned out. DELTA's 2022 net profit hit a record high of THB15.3b (+129% y-y). Excluding extra items, its normalised earnings amounted to THB14.6b (+139.7% y-y).

### Maintain our forecasts, in line with management's targets

We project 2023 USD revenue growth of 20% y-y, in line with management's target, supported by strong EV power orders and moderate growth in data centre infrastructure. The new factory at Bangpoo Industrial Estate, Samutprakarn Province, is expected to start operating in 3Q23. Our FX assumption is THB33/USD. Hence, we forecast 2023 revenue of THB132b (+11.4% y-y). Management targets a 2023 gross margin equal to 2022's at 23%-24%. Overall, we estimate a 2023 normalised profit of THB17.6b (+20.8% y-y). Downside risks are global recession and a slower-than-expected capacity expansion.

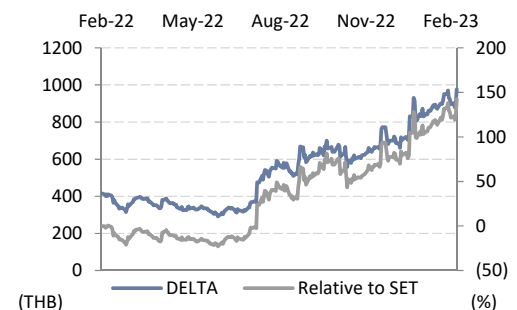
### Recommend REDUCE call due to overvalued share price

We maintain REDUCE with a TP of THB560, based on 40x 2023E P/E. The current share price is overvalued, as it is trading at 69.8x and 65x 2023-24E P/E, respectively. The board of directors has approved the change in par value from THB1 per share to THB0.1, effective after the 2023 AGM of shareholders considers and approves the measure on 7 April 2023. This report represents FSSIA's continuation of coverage of DELTA, which was previously published under FSS Research.

### KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	118,558	132,125	141,838	146,091
Net profit	15,343	17,596	18,902	19,900
EPS (THB)	12.30	14.11	15.16	15.96
vs Consensus (%)	-	22.5	15.0	5.0
EBITDA	18,240	21,154	22,646	23,830
Core net profit	14,563	17,596	18,902	19,900
Core EPS (THB)	11.57	13.98	15.01	15.81
EPS growth (%)	139.7	20.8	7.4	5.3

Core P/E (x)	84.4	69.8	65.0	61.7
Dividend yield (%)	0.4	0.5	0.6	0.7
EV/EBITDA (x)	66.3	57.0	52.9	50.0
Price/book (x)	22.3	18.8	16.0	13.9
Net debt/Equity (%)	(15.0)	(18.9)	(23.8)	(28.7)
ROE (%)	30.3	29.5	26.9	24.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	15.6	53.9	133.5
Relative to country (%)	17.5	50.4	139.6
Mkt cap (USD m)	35,464		
3m avg. daily turnover (USD m)	82.0		
Free float (%)	0		
Major shareholder	Delta Electronics Int'l (Singapore) Pte Ltd (43%)		
12m high/low (THB)	996.00/287.00		
Issued shares (m)	1,247.38		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

We have a positive view on DELTA's products, which are widely used in applications for automotive, medical, telecommunications, IT, automation, etc. DELTA has also been aggressively growing its solution businesses in EV chargers, industrial automation, data centre infrastructure and energy management in the region. We expect 2023-24 normalised profit growth at 20.8% y-y and 7.4% y-y, respectively.

However, the current share price is overvalued, as it is trading at 69.8x and 65x 2023-24E P/E, respectively. Its valuation is very expensive when compared with its historical average and regional peers.

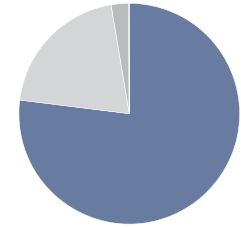
## Company profile

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 2022, its revenue contribution came mainly from power electronics at 77%, with infrastructure/automation/others at 20.4%/2.5%/0.1%, respectively.

[www.deltathailand.com](http://www.deltathailand.com)

## Principal activities (revenue, 2022)

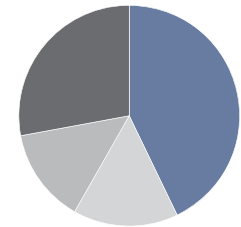
- Power electronics - 77.0 %
- Infrastructure - 20.4 %
- Automation - 2.5 %
- Others - 0.1 %



Source: Delta Electronics

## Major shareholders

- Delta Electronics Int'l (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 earning growth in 2023 are 1) stronger purchase orders for data centre and EV car components; 2) a decline in raw material costs; and 3) a faster-than-expected capacity expansion.

## Risks to our call

Upside risks to our P/E-based TP include 1) higher-than-expected global EV car sales; 2) lower-than-expected raw material costs; and 3) a weaker-than-expected THB against USD.

## Event calendar

Date	Event
May 2023	1Q23 results announcement

## Key assumptions

	2023E	2024E	2025E
Power electronics (USD m)	3,074	3,320	3,420
Infrastructure (USD m)	823	864	890
Automation (USD m)	103	110	114
Total revenue (USD m)	4,004	4,298	4,427
FX rate (USD/THB)	33.0	33.0	33.0
Gross margin (%)	24.0	24.2	24.5

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in USD revenue, we estimate 2023 net profit to rise by 0.9%, and vice versa, all else being equal.
- For every THB1/USD increase, we estimate 2023 net profit to fall by 6.5%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2023 net profit to rise by 3.4%, and vice versa, all else being equal.
- For every 0.2% increase in SG&A, we estimate 2023 net profit to fall by 1.8%, and vice versa, all else being equal.

Source: FSSIA estimates

## Exhibit 1: 4Q22 earnings results

	4Q21	1Q22	2Q22	3Q22	4Q22	----- Change -----		2021	2022	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Sales	23,320	24,623	28,004	31,324	34,606	10.5	48.4	84,318	118,558	40.6
Cost of sales	18,626	19,486	20,988	24,027	26,117	8.7	40.2	66,960	90,618	35.3
Gross profit	4,693	5,137	7,016	7,298	8,489	16.3	80.9	17,358	27,940	61.0
SG&A	2,781	2,943	3,152	3,524	3,829	8.6	37.7	11,435	13,447	17.6
Operating profit	1,913	2,194	3,864	3,774	4,661	23.5	143.7	5,923	14,493	144.7
Interest expense	2	3	4	0	12	nm	nm	4	20	384.6
Tax expense	38	39	48	65	314	379.8	718.1	98	467	377.8
Other gain (loss)	168	531	346	215	(311)	nm	nm	624	781	25.0
Reported net profit	2,096	2,780	4,263	4,110	4,190	1.9	99.9	6,699	15,343	129.0
Core profit	1,927	2,249	3,918	3,895	4,500	15.5	133.5	6,075	14,563	139.7
<b>Key Ratios (%)</b>						<b>(ppt)</b>	<b>(ppt)</b>			
Gross margin	20.1	20.9	25.1	23.3	24.5	1.2	4.4	20.6	23.6	3.0
SG&A / Sales	11.9	12.0	11.3	11.2	11.1	(0.2)	(0.9)	13.6	11.3	(2.2)
Operating margin	8.2	8.9	13.8	12.0	13.5	1.4	5.3	7.0	12.2	5.2
Net margin	9.0	11.3	15.2	13.1	12.1	(1.0)	3.1	7.9	12.9	5.0
Core margin	8.3	9.1	14.0	12.4	13.0	0.6	4.7	7.2	12.3	5.1
<b>Operating Statistics</b>										
THB total revenue (THB m)	23,320	24,623	28,004	31,324	34,606	10.5	48.4	84,318	118,558	40.6
FX rate (THB/USD)	33	33	34	36	36	0.0	9.0	32	36	9.7
USD total revenue (USD m)	682	742	809	849	939	10.6	37.7	2,604	3,337	28.1
<b>Revenue by segment (USD m)</b>										
Power electronics	507	558	610	667	727	9.0	43.4	1,903	2,562	34.6
Infrastructure	159	160	177	161	188	16.8	18.2	631	686	8.7
Automation	15	21	21	20	23	15.0	53.3	66	86	30.3
<b>Revenue by key product (USD m)</b>										
EV power	97	110	131	159	205	29.2	112.6	397	606	52.4
Fan & thermal management	84	89	93	101	102	1.7	22.2	297	385	29.4
India business	62	51	55	67	80	18.8	29.2	230	252	9.5

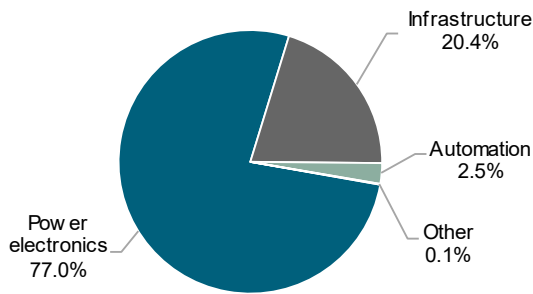
Source: DELTA

## Exhibit 2: Key assumptions for DELTA

Assumptions	----- Forecast -----				----- % Growth -----		
	2022A	2023E	2024E	2025E	2023E	2024E	2025E
Power electronics (USD m)	2,562	3,074	3,320	3,420	20.0	8.0	3.0
Infrastructure (USD m)	686	823	864	890	20.0	5.0	3.0
Automation (USD m)	86	103	110	114	20.0	7.0	3.0
Total revenue (USD m)	3,337	4,004	4,298	4,427	20.0	7.4	3.0
FX rate (THB/USD)	35.5	33.0	33.0	33.0	(7.1)	0.0	0.0
Total sales value (THB m)	118,558	132,125	141,838	146,091	11.4	7.4	3.0
Gross profit (THB m)	27,940	31,710	34,325	35,792	13.5	8.2	4.3
Gross margin (%)	23.6	24.0	24.2	24.5	0.4	0.2	0.3
SG&A expenses (THB m)	13,447	14,534	15,886	16,362	8.1	9.3	3.0
SG&A to sales (%)	11.3	11.0	11.2	11.2	(0.3)	0.2	0.0
Reported net profit (THB m)	15,343	17,596	18,902	19,900	14.7	7.4	5.3
Net margin (%)	12.9	13.3	13.3	13.6	0.4	0.0	0.3
Core profit (THB m)	14,563	17,596	18,902	19,900	20.8	7.4	5.3
Core margin (%)	12.3	13.3	13.3	13.6	1.0	0.0	0.3

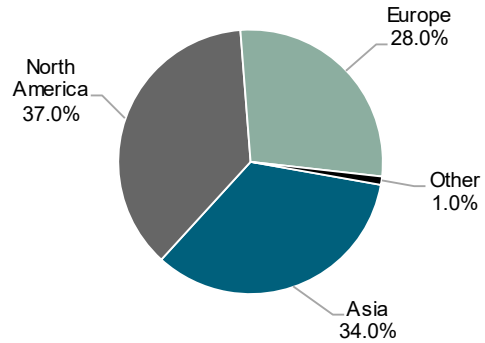
Source: FSSIA estimates

Exhibit 3: Total revenue breakdown by segment in 2022



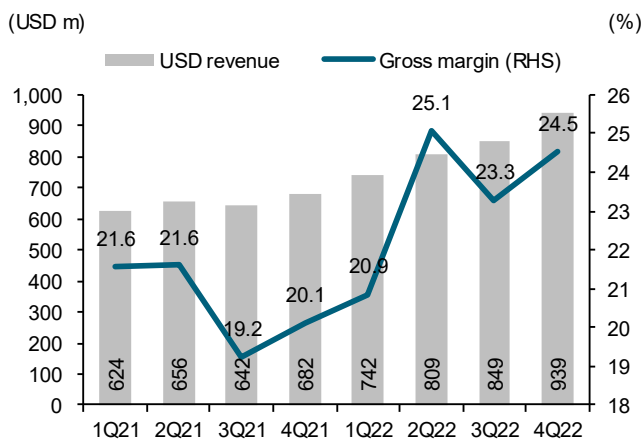
Source: DELTA

Exhibit 4: Total revenue breakdown by region in 2022



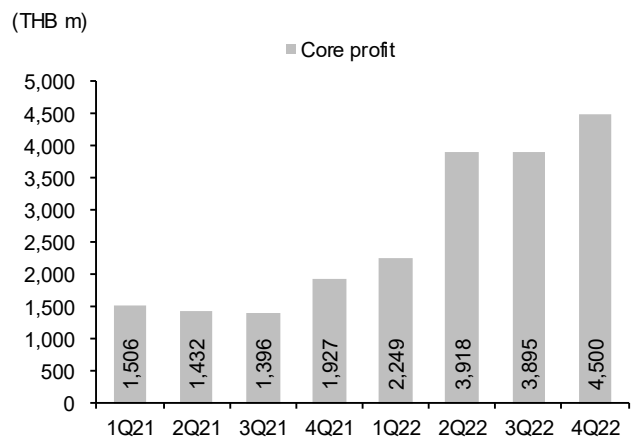
Source: DELTA

Exhibit 5: Quarterly USD revenue and GM (%)



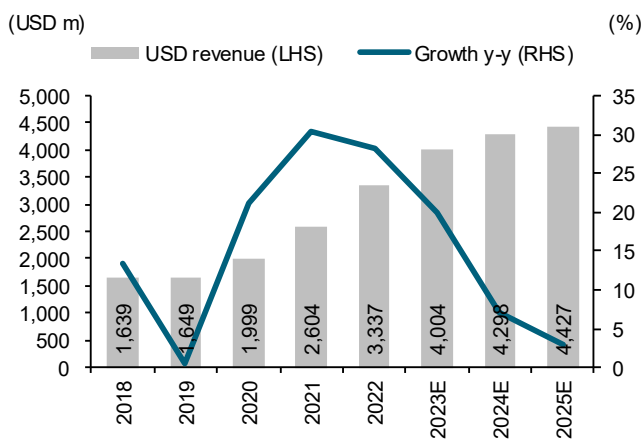
Source: DELTA

Exhibit 6: Quarterly core profit



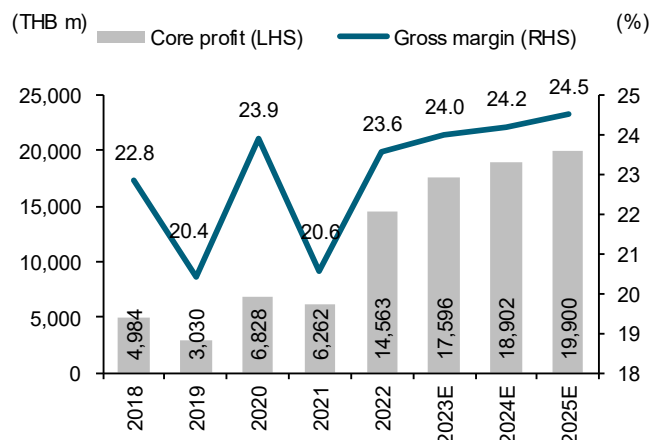
Source: DELTA

Exhibit 7: USD revenue



Sources: DELTA, FSSIA estimates

Exhibit 8: Core profit



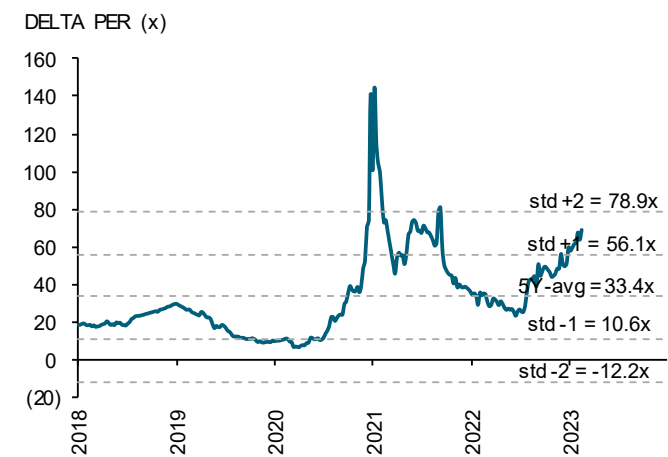
Sources: DELTA, FSSIA estimates

**Exhibit 9: Peers comparison as of 16 Feb-23**

Company	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		EV/EBITDA		
		Current (LCY)	Target (LCY)	Upside (%)		22E (x)	23E (x)	22E (%)	23E (%)	22E (x)	23E (x)	22E (x)	23E (x)	
<b>Thailand</b>														
Delta Electronics (Thailand)*	DELTA TB	REDUCE	976.00	560.00	(43)	35,464	84.4	69.8	30.3	29.5	22.3	18.8	66.3	57.0
KCE Electronics*	KCE TB	HOLD	46.75	50.00	7	1,610	24.2	23.2	17.0	17.4	4.1	4.0	16.0	14.9
Hana Microelectronics	HANA TB	n/a	58.25	n/a	n/a	1,366	22.6	18.8	8.3	10.1	2.0	1.9	12.7	11.2
SVI	SVI TB	n/a	9.15	n/a	n/a	574	13.3	12.9	29.1	22.7	3.1	2.7	12.9	11.5
Cal-Comp Electronics	CCET TB	n/a	2.34	n/a	n/a	367	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Stars Microelectronics	SMT TB	n/a	5.45	n/a	n/a	134	17.6	17.0	15.6	15.4	2.8	2.7	9.0	8.3
<b>Thailand average</b>						<b>39,516</b>	<b>32.4</b>	<b>28.4</b>	<b>20.1</b>	<b>19.0</b>	<b>6.8</b>	<b>6.0</b>	<b>23.4</b>	<b>20.6</b>
<b>Regional</b>														
Delta Electronics (Taiwan)	2308 TT	n/a	299.00	n/a	n/a	25,636	22.6	20.2	20.0	19.4	4.3	3.8	13.1	11.6
China Leadshine Technology	002979 CH	n/a	26.66	n/a	n/a	1,201	31.7	27.7	22.5	20.3	6.4	5.5	34.3	27.2
Suplet Power	300593 CH	n/a	36.20	n/a	n/a	2,184	36.1	24.6	13.5	15.6	6.5	4.7	29.3	20.7
Polycab India	POLYCAB IN	n/a	3,046.10	n/a	n/a	5,514	55.8	37.9	15.6	19.4	8.4	7.0	36.2	24.9
Zhuzhou Hongda Electronics	300726 CH	n/a	47.30	n/a	n/a	2,840	21.3	17.6	20.3	21.9	4.2	3.5	15.3	12.5
Qingdao Yunlu Advanced	688190 CH	n/a	90.00	n/a	n/a	1,575	50.7	32.3	9.5	13.3	5.4	4.8	35.1	23.1
TDG Holdings	600330 CH	n/a	12.69	n/a	n/a	2,282	16.7	17.1	13.2	10.9	2.0	1.8	n/a	n/a
Shenzhen Megmeet Electrical	002851 CH	n/a	30.30	n/a	n/a	2,198	33.7	22.8	13.1	17.3	4.3	3.8	28.7	19.7
Nexans	NEX FP	n/a	96.40	n/a	n/a	4,508	15.8	16.7	17.5	14.0	2.5	2.3	7.4	7.5
Furukawa Electric	5801 JP	n/a	2,377.00	n/a	n/a	1,255	21.0	8.5	3.0	7.1	0.6	0.6	9.8	8.4
<b>Regional average</b>						<b>49,192</b>	<b>30.5</b>	<b>22.5</b>	<b>14.8</b>	<b>15.9</b>	<b>4.5</b>	<b>3.8</b>	<b>23.3</b>	<b>17.3</b>
<b>Overall average</b>						<b>88,708</b>	<b>31.2</b>	<b>24.5</b>	<b>16.6</b>	<b>17.0</b>	<b>5.3</b>	<b>4.5</b>	<b>23.3</b>	<b>18.5</b>

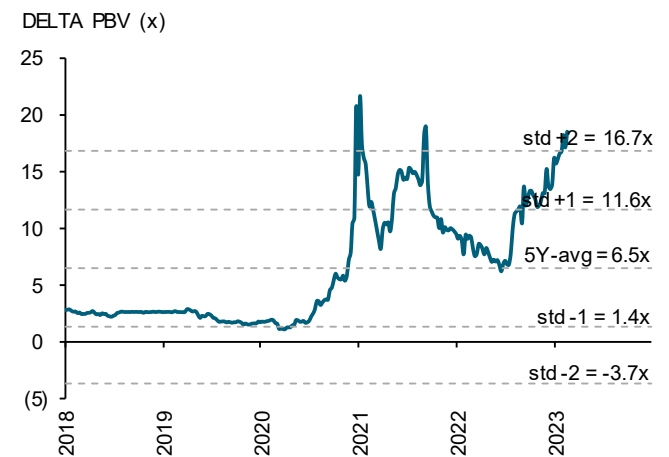
Sources: Bloomberg, \*FSSIA estimates

**Exhibit 10: Historical P/E band**



Sources: Bloomberg, FSSIA estimates

**Exhibit 11: Historical P/BV Band**



Sources: Bloomberg, FSSIA estimates

## Financial Statements

### Delta Electronics

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	84,318	118,558	132,125	141,838	146,091
Cost of goods sold	(64,452)	(87,428)	(97,051)	(103,974)	(106,584)
<b>Gross profit</b>	<b>19,866</b>	<b>31,130</b>	<b>35,075</b>	<b>37,864</b>	<b>39,507</b>
Other operating income	496	613	661	709	730
Operating costs	(11,674)	(13,502)	(14,581)	(15,927)	(16,407)
<b>Operating EBITDA</b>	<b>8,688</b>	<b>18,240</b>	<b>21,154</b>	<b>22,646</b>	<b>23,830</b>
Depreciation	(2,508)	(3,190)	(3,365)	(3,540)	(3,715)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>6,181</b>	<b>15,050</b>	<b>17,790</b>	<b>19,107</b>	<b>20,116</b>
Net financing costs	(4)	(20)	(14)	(12)	(12)
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	624	781	0	0	0
<b>Profit before tax</b>	<b>6,801</b>	<b>15,811</b>	<b>17,776</b>	<b>19,094</b>	<b>20,103</b>
Tax	(98)	(467)	(178)	(191)	(201)
<b>Profit after tax</b>	<b>6,703</b>	<b>15,345</b>	<b>17,598</b>	<b>18,904</b>	<b>19,902</b>
Minority interests	(4)	(1)	(2)	(2)	(2)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>6,699</b>	<b>15,343</b>	<b>17,596</b>	<b>18,902</b>	<b>19,900</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(624)</b>	<b>(781)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>6,075</b>	<b>14,563</b>	<b>17,596</b>	<b>18,902</b>	<b>19,900</b>
<b>Per share (THB)</b>					
Recurring EPS *	4.82	11.57	13.98	15.01	15.81
Reported EPS	5.37	12.30	14.11	15.16	15.96
DPS	1.70	4.00	4.94	6.06	6.38
Diluted shares (used to calculate per share data)	1,259	1,259	1,259	1,259	1,259
<b>Growth</b>					
Revenue (%)	33.4	40.6	11.4	7.4	3.0
Operating EBITDA (%)	(4.7)	109.9	16.0	7.1	5.2
Operating EBIT (%)	(10.5)	143.5	18.2	7.4	5.3
Recurring EPS (%)	(10.8)	139.7	20.8	7.4	5.3
Reported EPS (%)	(5.7)	129.0	14.7	7.4	5.3
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	20.6	23.6	24.0	24.2	24.5
Gross margin of key business (%)	20.6	23.6	24.0	24.2	24.5
Operating EBITDA margin (%)	10.3	15.4	16.0	16.0	16.3
Operating EBIT margin (%)	7.3	12.7	13.5	13.5	13.8
Net margin (%)	7.2	12.3	13.3	13.3	13.6
Effective tax rate (%)	1.4	3.0	1.0	1.0	1.0
Dividend payout on recurring profit (%)	35.2	34.6	35.3	40.4	40.4
Interest cover (X)	1,534.8	771.2	1,289.1	1,566.1	1,648.8
Inventory days	91.3	93.2	98.8	100.0	102.2
Debtor days	74.9	75.0	78.9	77.3	78.8
Creditor days	108.3	109.1	108.5	100.0	97.0
Operating ROIC (%)	16.0	28.3	28.2	27.6	27.2
ROIC (%)	15.0	27.1	27.0	26.1	25.5
ROE (%)	15.4	30.3	29.5	26.9	24.3
ROA (%)	9.6	18.2	18.5	18.0	17.2
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Power electronics	61,369	91,252	101,455	109,572	112,859
Infrastructure	20,685	24,185	27,166	28,524	29,380
Automation	2,098	3,009	3,406	3,644	3,753
Others	166	112	99	99	99

Sources: Delta Electronics; FSSIA estimates

## Financial Statements

### Delta Electronics

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	6,075	14,563	17,596	18,902	19,900
Depreciation	2,508	3,190	3,365	3,540	3,715
Associates & minorities	-	-	-	-	-
Other non-cash items	-	-	0	0	0
Change in working capital	(7,651)	(5,108)	(5,939)	(3,777)	(4,038)
<b>Cash flow from operations</b>	<b>931</b>	<b>12,644</b>	<b>15,021</b>	<b>18,665</b>	<b>19,577</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(8,367)	(7,788)	(3,500)	(3,500)	(3,500)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	52	213	(1,102)	(617)	(1,052)
<b>Cash flow from investing</b>	<b>(8,315)</b>	<b>(7,575)</b>	<b>(4,602)</b>	<b>(4,117)</b>	<b>(4,552)</b>
Dividends paid	(4,139)	(1,855)	(6,159)	(7,561)	(7,960)
Equity finance	0	0	0	0	0
Debt finance	2,975	569	1,109	(1,463)	(525)
Other financing cash flows	1,237	(213)	(1,550)	0	0
<b>Cash flow from financing</b>	<b>73</b>	<b>(1,499)</b>	<b>(6,600)</b>	<b>(9,024)</b>	<b>(8,485)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(7,310)</b>	<b>3,571</b>	<b>3,820</b>	<b>5,525</b>	<b>6,540</b>
Free cash flow to firm (FCFF)	(7,379.42)	5,088.89	10,433.51	14,560.44	15,037.08
Free cash flow to equity (FCFE)	(3,171.33)	5,425.24	9,978.85	13,085.25	14,499.93

#### Per share (THB)

FCFF per share	(5.92)	4.08	8.36	11.67	12.05
FCFE per share	(2.54)	4.35	8.00	10.49	11.62
Recurring cash flow per share	6.88	14.24	16.81	18.00	18.94

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	31,517	31,517	35,017	38,517	42,017
Less: Accumulated depreciation	(12,934)	(8,335)	(11,700)	(15,239)	(18,954)
<b>Tangible fixed assets (net)</b>	<b>18,583</b>	<b>23,182</b>	<b>23,317</b>	<b>23,278</b>	<b>23,063</b>
<b>Intangible fixed assets (net)</b>	<b>693</b>	<b>629</b>	<b>794</b>	<b>794</b>	<b>795</b>
Long-term financial assets	268	248	500	1,000	2,000
Invest. in associates & subsidiaries	-	-	-	-	-
Cash & equivalents	6,572	10,142	13,962	19,487	26,027
A/C receivable	20,593	28,132	28,959	31,088	32,020
Inventories	19,581	25,049	27,511	29,456	30,219
Other current assets	2,019	2,702	2,643	4,255	4,383
<b>Current assets</b>	<b>48,764</b>	<b>66,025</b>	<b>73,075</b>	<b>84,286</b>	<b>92,648</b>
Other assets	1,030	901	1,586	1,702	1,753
<b>Total assets</b>	<b>69,338</b>	<b>90,984</b>	<b>99,271</b>	<b>111,059</b>	<b>120,259</b>
Common equity	41,404	54,680	64,568	75,909	87,849
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>41,404</b>	<b>54,680</b>	<b>64,568</b>	<b>75,909</b>	<b>87,849</b>
Long term debt	512	930	880	830	779
Other long-term liabilities	2,687	2,705	3,964	2,837	2,922
<b>Long-term liabilities</b>	<b>3,198</b>	<b>3,635</b>	<b>4,844</b>	<b>3,667</b>	<b>3,701</b>
A/C payable	22,049	30,202	27,511	29,456	27,197
Short term debt	1,669	1,011	895	609	51
Other current liabilities	1,018	1,457	1,453	1,418	1,461
<b>Current liabilities</b>	<b>24,736</b>	<b>32,670</b>	<b>29,859</b>	<b>31,483</b>	<b>28,709</b>
<b>Total liabilities and shareholders' equity</b>	<b>69,338</b>	<b>90,984</b>	<b>99,271</b>	<b>111,059</b>	<b>120,259</b>
Net working capital	19,126	24,225	30,148	33,925	37,964
Invested capital	39,700	49,184	56,345	60,698	65,575

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

#### Per share (THB)

Book value per share	33.20	43.85	51.78	60.87	70.45
Tangible book value per share	32.65	43.34	51.14	60.24	69.81

#### Financial strength

Net debt/equity (%)	(10.6)	(15.0)	(18.9)	(23.8)	(28.7)
Net debt/total assets (%)	(6.3)	(9.0)	(12.3)	(16.3)	(21.0)
Current ratio (x)	2.0	2.0	2.4	2.7	3.2
CF interest cover (x)	1,291.1	678.1	977.7	1,360.4	1,476.4

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>202.3</b>	<b>84.4</b>	<b>69.8</b>	<b>65.0</b>	<b>61.7</b>
<b>Recurring P/E @ target price (x) *</b>	<b>116.1</b>	<b>48.4</b>	<b>40.1</b>	<b>37.3</b>	<b>35.4</b>
Reported P/E (x)	181.7	79.3	69.2	64.4	61.2
Dividend yield (%)	0.2	0.4	0.5	0.6	0.7
Price/book (x)	29.4	22.3	18.8	16.0	13.9
Price/tangible book (x)	29.9	22.5	19.1	16.2	14.0
EV/EBITDA (x) **	139.6	66.3	57.0	52.9	50.0
EV/EBITDA @ target price (x) **	79.9	37.8	32.4	30.0	28.2
EV/invested capital (x)	30.5	24.6	21.4	19.8	18.2

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

Sources: Delta Electronics; FSSIA estimates

## Corporate Governance report of Thai listed companies 2022

EXCELLENT LEVEL – Score range 90-100											
AAV	BAM	CIMBT	ECL	HENG	LALIN	NEP	PRG	SCC	SPRC	THRE	TTW
ADVANC	BANPU	CK	EE	HMPRO	LANNA	NER	PRM	SCCC	SPVI	THREL	TU
AF	BAY	CKP	EGCO	ICC	LHFG	NKI	PSH	SCG	SSC	TIPCO	TVDH
AH	BBIK	CM	EPG	ICHI	LIT	NOBLE	PSL	SCGP	SSSC	TISCO	TVI
AIRA	BBL	CNT	ETC	III	LOXLEY	NSI	PTG	SCM	SST	TK	TVO
AJ	BCP	COLOR	ETE	ILINK	LPN	NVD	PTA	SCN	STA	TKN	TPWC
AKP	BCPG	COM7	FN	ILM	LRH	NYT	PTTEP	SDC	STEC	TKS	UAC
AKR	BDMS	COMAN	FNS	IND	LST	OISHI	PTTGC	SEAFCO	STGT	TKT	UBIS
ALLA	BEM	COTTO	FPI	INTUCH	MACO	OR	PYLON	SEAOIL	STI	TMILL	UPOIC
ALT	BEYOND	CPALL	FPT	IP	MAJOR	ORI	Q-CON	SE-ED	SUN	TMT	UV
AMA	BGC	CPF	FSMART	IRC	MAKRO	OSP	QH	SELIC	SUSCO	TNDT	VCOM
AMARIN	BGRIM	CPI	FVC	IRPC	MALEE	OTO	QTC	SENA	SUTHA	TNITY	VGI
AMATA	BIZ	CPN	GC	ITEL	MBK	PAP	RABBIT	SENAJ	SVI	TOA	VIH
AMATAV	BKI	CRC	GEL	IVL	MC	PCSGH	RATCH	SGF	SYMC	TOP	WACOAL
ANAN	BOL	CSS	GFPT	JTS	MCOT	PDG	RBF	SHR	SYNTEC	TPBI	WAVE
AOT	BPP	DDD	GGC	JWD	METCO	PDJ	RS	SICT	TACC	TQM	WHA
AP	BRR	DELTA	GLAND	K	MFEC	PG	S	SIRI	TASCO	TRC	WHAUP
APURE	BTS	DEMCO	GLOBAL	KBANK	MINT	PHOL	S&J	SIS	TCAP	TRUE	WICE
ARIP	BTW	DOHOME	GPI	KCE	MONO	PLANB	SAAM	SITHAI	TEAMG	TSC	WINNER
ASP	BWG	DRT	GPSC	KEX	MOONG	PLANET	SABINA	SMPC	TFMAMA	TSR	XPG
ASW	CENTEL	DTAC	GRAMMY	KGI	MSC	PLAT	SAMART	SNC	THANA	TSTE	ZEN
AUCT	CFRESH	DUSIT	GULF	KKP	MST	PORT	SAMTEL	SONIC	THANI	TSTH	
AWC	CGH	EA	GUNKUL	KSL	MTC	PPS	SAT	SORKON	THCOM	TTA	
AYUD	CHEWA	EASTW	HANA	KTB	MVP	PR9	SC	SPALI	THG	TTB	
BAFS	CHO	ECF	HARN	KTC	NCL	PREB	SCB	SPI	THIP	TTCL	

VERY GOOD LEVEL – Score range 80-89											
2S	ASIMAR	CHOTI	ESSO	INSURE	LH	NRF	PROEN	SCI	SR	TMC	UMI
7UP	ASK	CHOW	ESTAR	IRCP	LHK	NTV	PROS	SCP	SRICHA	TMD	UOBKH
ABM	ASN	CI	FE	IT	M	NUSA	PROUD	SE	SSF	TMI	UP
ACE	ATP30	CIG	FLOYD	ITD	MATCH	NWR	PSG	SECURE	SSP	TNL	UPF
ACG	B	CITY	FORTH	J	MBAX	OCC	PSTC	SFLEX	STANLY	TNP	UTP
ADB	BA	CIVIL	FSS	JAS	MEGA	OGC	PT	SFP	STC	TNR	VIBHA
ADD	BC	CMC	FTE	JCK	META	ONEE	PTC	SFT	STPI	TOG	VL
AEONTS	BCH	CPL	GBX	JCKH	MFC	PACO	QLT	SGP	SUC	TPA	VPO
AGE	BE8	CPW	GCAP	JMT	MGT	PATO	RCL	SIAM	SVOA	TPAC	VRANDA
AHC	BEC	CRANE	GENCO	JR	MICRO	PB	RICHY	SINGER	SVT	TPCS	WGE
AIE	BH	CRD	GJS	KBS	MILL	PICO	RJH	SKE	SWC	TIPL	WIHK
AIT	BIG	CSC	GTB	KCAR	MTSIB	PIMO	ROJNA	SKN	SYNEX	TIPIP	WIN
ALUCON	BJC	CSP	GYT	KGEN	MK	PIN	RPC	SKR	TAE	TPLAS	WINMED
AMANAH	BJCHI	CV	HEMP	KIAT	MODERN	PJW	RT	SKY	TAKUNI	TPS	WORK
AMR	BLA	CWT	HPT	KISS	MTI	PL	RWI	SLP	TCC	TQR	WP
APCO	BR	DCC	HTC	KK	NATION	PLE	S11	SMART	TCMC	TRITN	XO
APCS	BRI	DHOUSE	HUMAN	KOOL	NCAP	PM	SA	SMD	TFG	TRT	YUASA
AQUA	BROOK	DITTO	HYDRO	KTIS	NCH	PMTA	SABUY	SMIT	TFI	TRU	ZIGA
ARIN	BSM	DMT	ICN	KUMWEL	NDR	PPP	SAK	SMT	TFM	TRV	
ARROW	BYD	DOD	IFS	KUN	NETBAY	PPPM	SALEE	SNNP	TGH	TSE	
AS	CBG	DPAINT	IIG	KWC	NEX	PRAPAT	SAMCO	SNP	TIDLOR	TVT	
ASAP	CEN	DV8	IMH	KWM	NINE	PRECHA	SANKO	SO	TIGER	TWP	
ASEFA	CHARAN	EASON	INET	L&E	NNCL	PRIME	SAPPE	SPA	TIPH	UBE	
ASIA	CHAYO	EFORL	INGRS	LDC	NOVA	PRIN	SAWAD	SPC	TITLE	UEC	
ASIAN	CHG	ERW	INSET	LEO	NPK	PRINC	SCAP	SPCG	TM	UKEM	

GOOD LEVEL – Score range 70-79											
A	BEAUTY	CMAN	EMC	HL	KWI	MORE	PF	RSP	SUPER	TOPP	VARO
A5	BGT	CMO	EP	HTECH	KYE	MPIC	PK	SIMAT	TC	TPCH	W
AI	BLAND	CMR	EVER	IHL	LEE	MUD	PPM	SISB	TCCC	TPOLY	WFX
ALL	BM	CPANEL	F&D	INOX	LPH	NC	PRAKIT	SK	TCJ	TRUBB	WPH
ALPHAX	BROCK	CPT	FMT	JAK	MATI	NEWS	PTECH	SOLAR	TEAM	TTI	YGG
AMC	BSBM	CSR	GIFT	JMART	M-CHAI	NFC	PTL	SPACK	THE	TYCN	
APP	BTNC	CTW	GLOCON	JSP	MCS	NSL	RAM	SPG	THMUI	UMS	
AQ	CAZ	D	GLORY	JUBILE	MDX	NV	ROCK	SQ	TKC	UNIQ	
AU	CCP	DCON	GREEN	KASET	MENA	PAF	RP	STARK	TNH	UPA	
B52	CGD	EKH	GSC	KCM	MJD	PEACE	RPH	STECH	TNPC	UREKA	

**Disclaimer:**

The disclosure of the survey results 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 evaluation 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 results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

\* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021



## Anti-corruption Progress Indicator

CERTIFIED										
2S	BCPG	CPI	GCAP	JR	MCOT	PHOL	RABBIT	SNC	THANI	TTCL
7UP	BE8	CPL	GEL	K	META	PK	RATCH	SNP	THCOM	TU
ADVANC	BEC	CPN	GFPT	KASET	MFC	PL	RML	SORKON	THIP	TVDH
AF	BEYOND	CRC	GGC	KBANK	MFEC	PLANB	RWI	SPACK	THRE	TVI
AI	BGC	CSC	GJS	KBS	MILL	PLANET	S&J	SPALI	THREL	TVO
AIE	BGRIM	DCC	GPI	KCAR	MINT	PLAT	SAAM	SPC	TIDLOR	TWPC
AIRA	BKI	DELTA	GPSC	KCE	MONO	PM	SABINA	SPI	TIPCO	UBE
AJ	BLA	DEMCO	GSTEEL	KGEN	MOONG	PPP	SAPPE	SPRC	TISCO	UBIS
AKP	BPP	DIMET	GULF	KGI	MSC	PPPM	SAT	SRICHA	TKS	UEC
AMA	BROOK	DRT	GUNKUL	KKP	MST	PPS	SC	SSF	TKT	UKEM
AMANAHA	BRR	DTAC	HANA	KSL	MTC	PR9	SCB	SSP	TMILL	UOBKH
AMATA	BSBM	DUSIT	HARN	KTB	MTI	PREB	SCC	SSSC	TMT	UPF
AMATAV	BTS	EA	HEMP	KTC	NEP	PRG	SCCC	SST	TNITY	UV
AP	BWG	EASTW	HENG	KWI	NINE	PRINC	SCG	STA	TNL	VGI
APCS	CEN	EGCO	HMPRO	L&E	NKI	PRM	SCGP	STGT	TNP	VIH
AS	CENDEL	EP	HTC	LANNA	NOBLE	PROS	SCM	STOWER	TNR	WACOAL
ASIAN	CFRESH	EPG	ICC	LH	NOK	PSH	SCN	SUSCO	TOG	WHA
ASK	CGH	ERW	ICHI	LHFG	NSI	PSL	SEAOIL	SVI	TOP	WHAUP
ASP	CHEWA	ESTAR	IFS	LHK	NWR	PSTC	SE-ED	SYMC	TOPP	WICE
AWC	CHOTI	ETE	III	LPN	OCC	PT	SELIC	SYNTEC	TPA	WIIK
AYUD	CHOW	FE	ILINK	LRH	OGC	PTG	SENA	TAE	TPCS	XO
B	CIG	FNS	INET	M	ORI	PTT	SGP	TAKUNI	TPP	YUASA
BAFS	CIMBT	FPI	INSURE	MAJOR	PAP	PTTEP	SINGER	TASCO	TRU	ZEN
BAM	CM	FPT	INTUCH	MAKRO	PATO	PTTGC	SIRI	TCAP	TRUE	ZIGA
BANPU	CMC	FSMART	IRC	MALEE	PB	PYLON	SITHAI	TCMC	TSC	
BAY	COM7	FSS	IRPC	MATCH	PCSGH	Q-CON	SKR	TFG	TSTE	
BBL	COTTO	FTE	ITEL	MBAX	PDG	QH	SMIT	TFI	TSTH	
BCH	CPALL	GBX	IVL	MBK	PDJ	QLT	SMK	TFMAMA	TTA	
BCP	CPF	GC	JKN	MC	PG	QTC	SMPC	TGH	TTB	
DECLARED										
AH	CHG	DHOUSE	EVER	J	KUMWEL	NRF	RS	SUPER	TQM	VIBHA
ALT	CI	DOHOME	FLOYD	JMART	LDC	NUSA	SAK	SVT	TRT	W
APCO	CPR	ECF	GLOBAL	JMT	MEGA	OR	SIS	TKN	TSI	WIN
ASW	CPW	EKH	ILM	JTS	NCAP	PIMO	SSS	TMD	VARO	
B52	DDD	ETC	INOX	KEX	NOVA	PLE	STECH	TMI	VCOM	

### Level

Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

### Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute 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 Thaipat Institute that is 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, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Sources: The Securities and Exchange Commission, Thailand; \* FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

#### Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

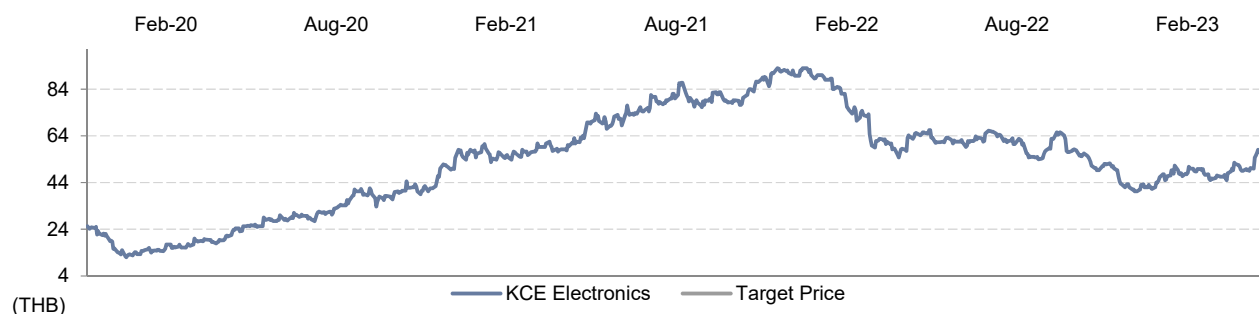
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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#### History of change in investment rating and/or target price

##### KCE Electronics (KCE TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Feb-2023	HOLD	50.00	-	-	-	-	-	-

Sureeporn Teewasuwet started covering this stock from 09-Feb-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Delta Electronics	DELTA TB	THB 976.00	REDUCE	Upside risks to our PE-based TP include 1) higher-than-expected global EV car sales; 2) lower-than-expected raw material costs; and 3) a weaker-than-expected THB against USD.
KCE Electronics	KCE TB	THB 46.75	HOLD	Downside and upside risks to our P/E-based TP include 1) a slower or faster-than-expected automotive recovery; 2) a potential rise or fall in raw material costs; and 3) a stronger or weaker-than-expected THB against USD.

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

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All share prices are as at market close on 16-Feb-2023 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.