

# DELTA ELECTRONICS

THAILAND / ELECTRONIC COMPONENT

## DELTA TB

**REDUCE**  
UNCHANGED

## 3Q23 results at first glance

### New high revenue and profit in 3Q23

#### Highlights

- DELTA reported a 3Q23 net profit of THB5,429m (+16% q-q, +32% y-y). Excluding FX gain of THB380m, its core profit equaled THB5,049m (+14% q-q, +30% y-y), a new high, beating our estimate and the consensus forecast by 6% and 4%, respectively.
- The above-estimate profit was made possible by higher-than-expected revenue and other income. Also, the tax rate was lower than expected.
- USD revenue accelerated to a new high of USD1,129m (+11% q-q, +33% y-y), supported mainly by EV power (+30% q-q, +122% y-y). The Data Center was flat, while Fan & Thermal Management weakened q-q and y-y. It drove the EV power revenue mix to 31.2%, surpassing Data Center, which decreased to 25%.
- The gross margin continued decreasing to 22.6% from 23.4% in 2Q23 and 23.3% in 3Q22 due to a change in product mix (since EV power margin is lower than Data Center) and persistent inventory provision.
- Overall expenses and R&D remained on the rise. However, since revenue increased, SG&A-to-sales weakened to 10.1% from 10.6% in 2Q23 and 11.2% in 3Q22.

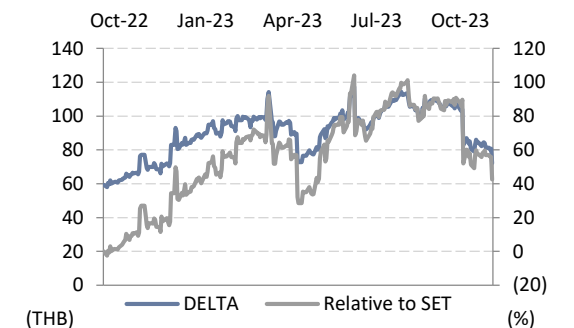
#### Outlook

- DELTA posted a 9M23 net profit of THB13,711m (+23% y-y), securing 78% of our full-year estimate. Initially, we expect a slight q-q profit decrease in 4Q23, in line with seasonality. However, continued y-y growth is likely due to higher purchase orders.
- Crucial growth drivers in 2024 would come from a continued surge in EV power purchase orders, a modest Data Center growth, and a full-year utilization of new EV power capacity that started commercial operation in 2H23. DELTA should complete its new EV power factory (No. 8) and begin commercial run in 2024.
- We maintain our 2023E net profit at THB17.5b (+14.2% y-y). Also, we expect 2024 profit growth at 24.8% y-y to THB21.8b, an aggressive assumption given our expected USD revenue growth of 18.5% y-y.
- We retain our 2024 TP of THB70 (PE 40x, maintained), which is fully valued.

TARGET PRICE THB70.00  
CLOSE THB72.25  
UP/DOWNSIDE -3.1%  
TP vs CONSENSUS -6.8%

#### KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	118,558	132,122	160,359	182,184
Net profit	15,343	17,596	21,695	25,192
EPS (THB)	1.23	1.41	1.74	2.02
vs Consensus (%)	-	2.0	8.1	4.8
EBITDA	18,240	21,154	25,467	29,175
Recurring net profit	14,563	17,596	21,695	25,192
Core EPS (THB)	1.17	1.41	1.74	2.02
EPS growth (%)	(75.8)	20.8	23.3	16.1
Core P/E (x)	61.9	51.2	41.5	35.8
Dividend yield (%)	5.5	1.2	1.4	1.7
EV/EBITDA (x)	49.0	42.2	35.2	30.7
Price/book (x)	16.5	15.0	13.3	11.6
Net debt/Equity (%)	(15.0)	(12.9)	(8.4)	(7.2)
ROE (%)	30.3	30.6	33.9	34.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(29.9)	(34.0)	29.5
Relative to country (%)	(23.4)	(25.7)	51.3
Mkt cap (USD m)	24,788		
3m avg. daily turnover (USD m)	46.2		
Free float (%)	0		
Major shareholder Delta Electronics International (Singapore) Pte Ltd (43%)			
12m high/low (THB)	119.50/54.80		
Issued shares (m)	1,247.38		

Sources: Bloomberg consensus; FSSIA estimates



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## Exhibit 1: 3Q23 results summary

	3Q22	4Q22	1Q23	2Q23	3Q23	---- Change ----		9M22	9M23	Change	% of 2023E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	
Sales	31,324	34,606	32,294	35,840	40,478	12.9	29.2	83,952	108,612	29.4	76.1
Cost of sales	24,027	26,117	25,581	27,472	31,333	14.1	30.4	64,501	84,386	30.8	76.7
Gross profit	7,298	8,489	6,713	8,369	9,145	9.3	25.3	19,451	24,227	24.6	74.1
SG&A	3,524	3,829	3,236	3,796	4,098	8.0	16.3	9,619	11,130	15.7	75.0
Operating profit	3,774	4,661	3,477	4,573	5,047	10.4	33.7	9,832	13,097	33.2	73.4
Othe income	204	182	192	265	355	34.0	74.6	430	812	88.8	123.8
Interest expense	0	12	25	22	34	50.1	nm	7	81	993.1	87.3
Tax expense	65	314	121	279	167	(40.3)	154.6	153	567	270.9	56.8
Other gain (Loss)	215	(311)	155	234	380	62.4	76.9	1,091	769	(29.6)	197.5
Reported net profit	4,110	4,190	3,614	4,668	5,429	16.3	32.1	11,154	13,711	22.9	78.2
Core profit	3,895	4,500	3,459	4,434	5,049	13.9	29.6	10,062	12,942	28.6	75.5

Key Ratios (%)						(ppt)	(ppt)			(ppt)	
Gross margin	23.3	24.5	20.8	23.4	22.6	(0.8)	(0.7)	23.2	22.3	(0.9)	
SG&A / Sales	11.2	11.1	10.0	10.6	10.1	(0.5)	(1.1)	11.5	10.2	(1.2)	
Operating margin	12.0	13.5	10.8	12.8	12.5	(0.3)	0.4	11.7	12.1	0.3	
Net margin	13.1	12.1	11.2	13.0	13.4	0.4	0.3	13.3	12.6	(0.7)	
Core margin	12.4	13.0	10.7	12.4	12.5	0.1	0.0	12.0	11.9	(0.1)	

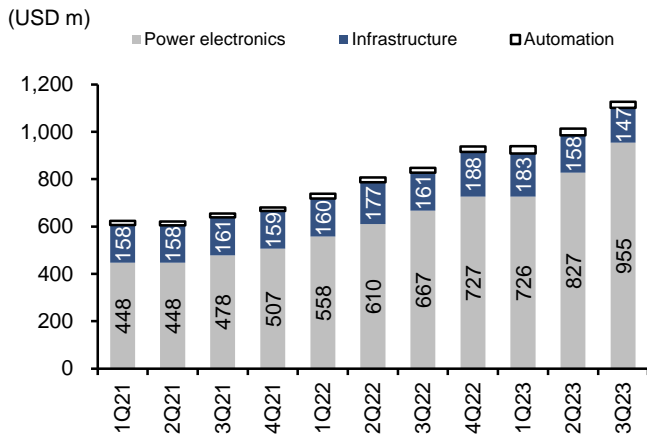
Operating Statistics											
THB total revenue (THB m)	31,324	34,606	32,294	35,840	40,478	12.9	29.2	83,952	108,612	29.4	76.1
FX rate (THB/USD)	36.4	36.4	33.9	34.5	34.9	1.4	(4.0)	34.6	34.4	(0.6)	
USD total revenue (USD m)	849	939	940	1,014	1,129	11.3	33.0	2,400	3,083	28.5	74.5

Revenue by segment (USD m)											
Power Electronics	667	727	726	827	955	15.5	43.2	1,835	2,508	36.7	77.0
Infrastructure	161	188	183	158	147	(7.0)	(8.7)	498	488	(2.0)	63.1
Automation	20	23	30	29	25	(13.8)	25.0	62	84	35.5	81.9

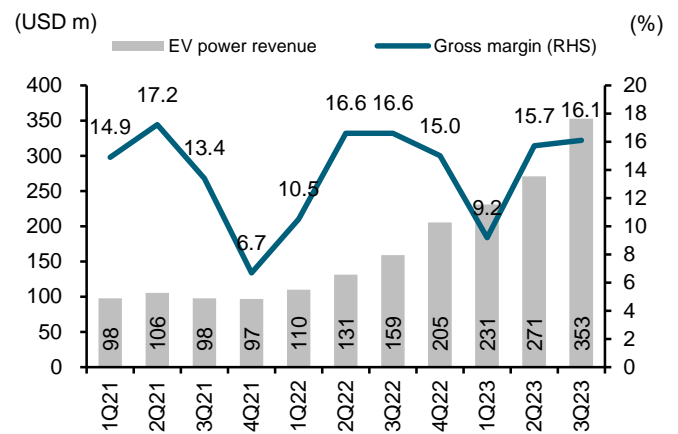
Revenue by key product (USD m)											
EV power	159	205	231	271	353	30.2	121.9	400	855	113.6	
Fan & Thermal management	101	102	97	100	90	(10.6)	(10.9)	282	287	1.7	
India business	67	80	86	90	82	(9.1)	21.8	173	258	49.2	

Gross margin by key product (%)											
EV power	16.6	15.0	9.2	15.7	16.1	0.4	(0.5)	14.6	13.7	(0.9)	
Fan & Thermal management	26.7	23.0	17.5	19.3	18.3	(1.0)	(8.4)	22.9	18.4	(4.5)	
India business	14.8	16.3	19.3	18.6	15.6	(3.0)	0.9	12.5	17.8	5.4	

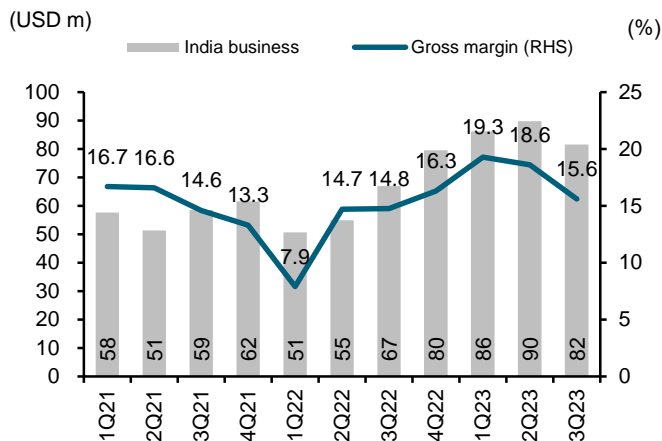
Sources: DELTA, FSSIA's compilation

**Exhibit 2: Quarterly revenue breakdown by segment**

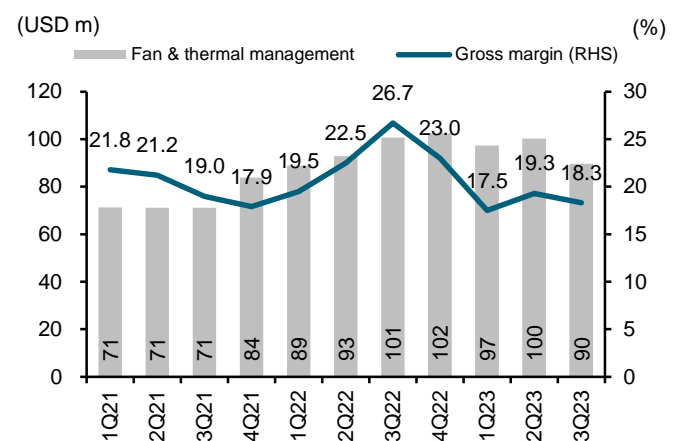
Sources: DELTA, FSSIA's compilation

**Exhibit 3: EV power revenue and gross margin**

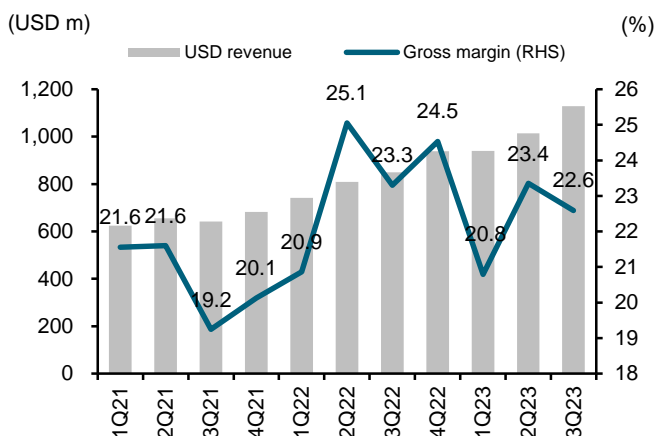
Sources: DELTA, FSSIA's compilation

**Exhibit 4: India revenue and gross margin**

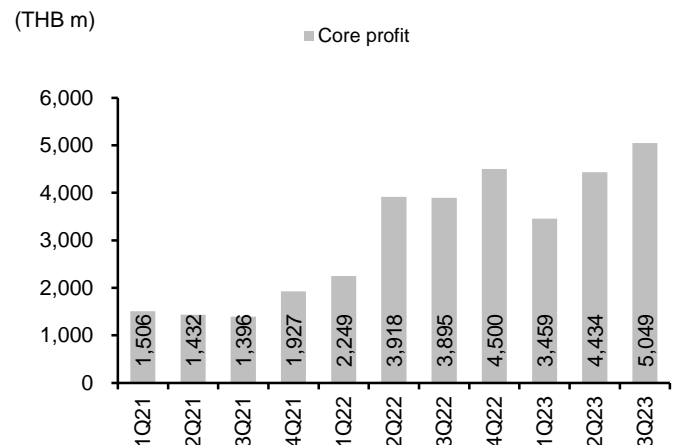
Sources: DELTA, FSSIA's compilation

**Exhibit 5: Fan & thermal management revenue and margin**

Sources: DELTA, FSSIA's compilation

**Exhibit 6: Quarterly USD revenue and gross margin**

Sources: DELTA, FSSIA's compilation

**Exhibit 7: Quarterly core profit**

Sources: DELTA, FSSIA's compilation

## Financial Statements

### Delta Electronics

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	84,318	118,558	132,122	160,359	182,184
Cost of goods sold	(66,960)	(90,618)	(100,413)	(121,552)	(137,549)
<b>Gross profit</b>	<b>17,358</b>	<b>27,940</b>	<b>31,709</b>	<b>38,807</b>	<b>44,635</b>
Other operating income	496	613	661	802	911
Operating costs	(11,674)	(13,502)	(14,581)	(17,681)	(20,085)
<b>Operating EBITDA</b>	<b>8,688</b>	<b>18,240</b>	<b>21,154</b>	<b>25,467</b>	<b>29,175</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>17,789</b>	<b>21,928</b>	<b>25,461</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>17,775</b>	<b>21,916</b>	<b>25,449</b>
Tax	(98)	(467)	(178)	(219)	(254)
<b>Profit after tax</b>	<b>6,703</b>	<b>15,345</b>	<b>17,598</b>	<b>21,696</b>	<b>25,194</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>21,695</b>	<b>25,192</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>21,695</b>	<b>25,192</b>
<b>Per share (THB)</b>					
Recurring EPS *	4.82	1.17	1.41	1.74	2.02
Reported EPS	5.37	1.23	1.41	1.74	2.02
DPS	1.70	4.00	0.85	1.04	1.21
Diluted shares (used to calculate per share data)	1,259	12,474	12,474	12,474	12,474
<b>Growth</b>					
Revenue (%)	33.4	40.6	11.4	21.4	13.6
Operating EBITDA (%)	(4.7)	109.9	16.0	20.4	14.6
Operating EBIT (%)	(10.5)	143.5	18.2	23.3	16.1
Recurring EPS (%)	(10.8)	(75.8)	20.8	23.3	16.1
Reported EPS (%)	(5.7)	(77.1)	14.7	23.3	16.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	20.6	23.6	24.0	24.2	24.5
Gross margin exc. depreciation (%)	23.6	26.3	26.5	26.4	26.5
Operating EBITDA margin (%)	10.3	15.4	16.0	15.9	16.0
Operating EBIT margin (%)	7.3	12.7	13.5	13.7	14.0
Net margin (%)	7.2	12.3	13.3	13.5	13.8
Effective tax rate (%)	1.4	3.0	1.0	1.0	1.0
Dividend payout on recurring profit (%)	35.2	342.6	60.0	60.0	60.0
Interest cover (X)	1,534.8	771.2	1,289.1	1,797.4	2,087.0
Inventory days	91.3	93.2	98.8	94.0	96.8
Debtor days	74.9	75.0	78.9	73.0	75.2
Creditor days	108.3	109.1	108.5	94.0	91.7
Operating ROIC (%)	16.0	28.3	28.2	30.5	30.9
ROIC (%)	15.0	27.1	27.0	28.8	28.8
ROE (%)	15.4	30.3	30.6	33.9	34.6
ROA (%)	9.6	18.2	18.9	21.5	22.3

\* Pre exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2021	2022	2023E	2024E	2025E
Power electronics	61,369	91,252	104,989	131,237	150,922
Infrastructure	20,685	24,185	23,770	25,434	27,214
Automation	2,098	3,009	3,264	3,590	3,949
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	21,695	25,192
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)	(8,207)	(8,987)
<b>Cash flow from operations</b>	<b>931</b>	<b>12,644</b>	<b>15,022</b>	<b>17,027</b>	<b>19,919</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)	(839)	(1,809)
<b>Cash flow from investing</b>	<b>(8,315)</b>	<b>(7,575)</b>	<b>(4,602)</b>	<b>(4,339)</b>	<b>(5,309)</b>
Dividends paid	(4,139)	(1,855)	(10,558)	(13,017)	(15,115)
Equity finance	0	0	0	0	0
Debt finance	2,975	569	1,109	(1,092)	250
Other financing cash flows	1,237	(213)	(1,550)	(1,000)	0
<b>Cash flow from financing</b>	<b>73</b>	<b>(1,499)</b>	<b>(10,999)</b>	<b>(15,109)</b>	<b>(14,865)</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>(578)</b>	<b>(2,421)</b>	<b>(255)</b>
Free cash flow to firm (FCFF)	(7,379.42)	5,088.89	10,433.89	12,700.37	14,621.90
Free cash flow to equity (FCFE)	(3,171.33)	5,425.24	9,979.13	10,595.70	14,860.20
<b>Per share (THB)</b>					
FCFF per share	(5.92)	4.08	8.36	10.18	11.72
FCFE per share	(2.54)	4.35	8.00	8.49	11.91
Recurring cash flow per share	6.88	1.42	1.68	2.02	2.32
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	9,564	7,143	6,888
A/C receivable	20,593	28,132	28,958	35,147	39,931
Inventories	19,581	25,049	27,510	33,302	37,685
Other current assets	2,019	2,702	2,642	4,811	5,466
<b>Current assets</b>	<b>48,764</b>	<b>66,025</b>	<b>68,675</b>	<b>80,403</b>	<b>89,969</b>
Other assets	1,030	901	1,585	1,924	2,733
<b>Total assets</b>	<b>69,338</b>	<b>90,984</b>	<b>94,871</b>	<b>107,399</b>	<b>118,559</b>
Common equity	41,404	54,680	60,169	67,846	77,923
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>41,404</b>	<b>54,680</b>	<b>60,169</b>	<b>67,846</b>	<b>77,923</b>
Long term debt	512	930	880	830	779
Other long-term liabilities	2,687	2,705	3,964	3,207	3,644
<b>Long-term liabilities</b>	<b>3,198</b>	<b>3,635</b>	<b>4,844</b>	<b>4,038</b>	<b>4,423</b>
A/C payable	22,049	30,202	27,510	33,302	33,916
Short term debt	1,669	1,011	895	609	475
Other current liabilities	1,018	1,457	1,453	1,604	1,822
<b>Current liabilities</b>	<b>24,736</b>	<b>32,670</b>	<b>29,859</b>	<b>35,515</b>	<b>36,213</b>
<b>Total liabilities and shareholders' equity</b>	<b>69,338</b>	<b>90,984</b>	<b>94,871</b>	<b>107,399</b>	<b>118,559</b>
Net working capital	19,126	24,225	30,147	38,354	47,343
Invested capital	39,700	49,184	56,344	65,350	75,934
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	33.20	4.38	4.82	5.44	6.25
Tangible book value per share	32.65	4.33	4.76	5.38	6.18
<b>Financial strength</b>					
Net debt/equity (%)	(10.6)	(15.0)	(12.9)	(8.4)	(7.2)
Net debt/total assets (%)	(6.3)	(9.0)	(8.2)	(5.3)	(4.8)
Current ratio (x)	2.0	2.0	2.3	2.3	2.5
CF interest cover (x)	1,291.1	678.1	977.7	1,156.4	1,505.9
Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>15.0</b>	<b>61.9</b>	<b>51.2</b>	<b>41.5</b>	<b>35.8</b>
<b>Recurring P/E @ target price (x) *</b>	<b>14.5</b>	<b>60.0</b>	<b>49.6</b>	<b>40.2</b>	<b>34.7</b>
Reported P/E (x)	13.4	58.7	51.2	41.5	35.8
Dividend yield (%)	2.4	5.5	1.2	1.4	1.7
Price/book (x)	2.2	16.5	15.0	13.3	11.6
Price/tangible book (x)	2.2	16.7	15.2	13.4	11.7
EV/EBITDA (x) **	9.9	49.0	42.2	35.2	30.7
EV/EBITDA @ target price (x) **	9.5	47.4	40.9	34.1	29.7
EV/invested capital (x)	2.2	18.2	15.9	13.7	11.8
* 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



### Exhibit 8: FSSIA ESG score implication

**87.59 /100**

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 9: 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 10: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	<b>3.90</b>	<b>3.63</b>	<b>3.92</b>	<b>4.13</b>	<b>4.06</b>	<b>4.24</b>	<b>4.03</b>	<b>4.15</b>
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	—
<b>ESG disclosure score</b>	<b>61.65</b>	<b>63.10</b>	<b>63.96</b>	<b>60.99</b>	<b>65.87</b>	<b>67.09</b>	<b>68.34</b>	<b>—</b>
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	—
<b>Environmental</b>								
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 11: 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
<b>Social</b>								
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
<b>Governance</b>								
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
<b>Sustainability governance</b>								
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 ( <a href="#">DJSI</a> ) 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 ( <a href="#">THSI</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	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 <b>THSI inclusion</b> , 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. <b>SETTHSI Index</b> 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.																				
<a href="#">CG Score</a> by Thai Institute of Directors Association ( <a href="#">Thai IOD</a> )	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%).																				
<a href="#">AGM level</a> 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&amp;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.																				
<a href="#">Thai CAC</a> 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.																				
<a href="#">Morningstar Sustainalytics</a>	The Sustainalytics' 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 &amp; 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. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	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+																		
<a href="#">ESG Book</a>	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.	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.																				
<a href="#">MSCI</a>	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><tr><td><b>AAA</b></td><td>8.571-10.000</td><td rowspan="3"><b>Leader:</b></td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td><b>AA</b></td><td>7.143-8.570</td></tr><tr><td><b>A</b></td><td>5.714-7.142</td></tr><tr><td><b>BBB</b></td><td>4.286-5.713</td><td rowspan="3"><b>Average:</b></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><b>BB</b></td><td>2.857-4.285</td></tr><tr><td><b>B</b></td><td>1.429-2.856</td></tr><tr><td><b>CCC</b></td><td>0.000-1.428</td><td><b>Laggard:</b></td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>		<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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<a href="#">Moody's ESG solutions</a>	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.																					
<a href="#">Refinitiv ESG rating</a>	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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.</i> )																					
<a href="#">S&amp;P Global</a>	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.																				

Source: FSSIA's compilation



## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

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

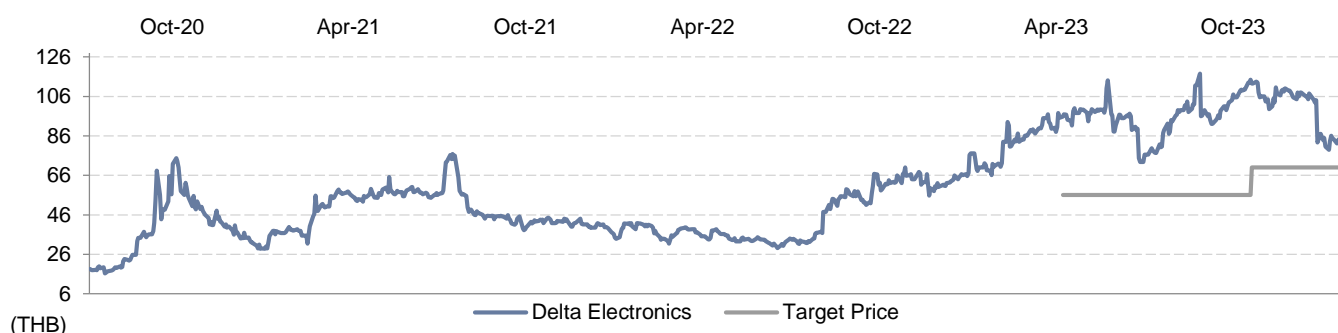
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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

##### Delta Electronics (DELTA TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
17-Feb-2023	REDUCE	56.00	02-Aug-2023	REDUCE	70.00	-	-	-

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 72.25	REDUCE	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.

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 26-Oct-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.