

# DELTA ELECTRONICS

THAILAND / ELECTRONIC COMPONENT

# DELTA TB

## REDUCE

UNCHANGED

TARGET PRICE	THB70.00
CLOSE	THB76.25
UP/DOWNSIDE	-8.2%
PRIOR TP	THB70.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-6.8%

## ดีทุกตรง แต่ติดที่ Valuation แพง

- ระยะสั้น คาด 4Q23 จะอ่อนลงตามฤดูกาล แต่ยังคงมุมมองบวกต่อระยะกลางยาว โดยบริษัทยังให้มุมมองระมัดระวังต่อการชะลอตัวของเศรษฐกิจโลก
- EV power ยังเป็นปัจจัยหนุนในปี 2024 แต่เราไม่เห็น Upside ใหม่
- เราขอปรับลดราคาหุ้น และฐานะทางการเงินที่ดี แต่ราคาหุ้นยังเต็มมูลค่า

### เรามุ่งมองเป็นกลางต่อการประชุมนักวิเคราะห์ล่าสุด

จากประชุมนักวิเคราะห์ช่วงเช้า โทณกลาง ระยะสั้นแนวโน้ม 4Q23 อาจอ่อนตัวลงตามฤดูกาล แต่บริษัทยังให้มุมมองบวกต่อการเติบโตระยะกลางยาว โดยให้เป้าหมายรายได้ปี 2024 เบื้องต้นจะไม่ต่ำกว่าอัตราสองหลักราว 15-20% y-y ยังถือเป็นการเติบโตดีต่อเนื่องจากปี 2023 ที่คาดโตราว 23.5% y-y โดยปัจจัยหนุนยังมาจาก EV power ที่บริษัทได้ขยายกำลังการผลิตกว่าเท่าตัวในปี 2023 และอีกราว 40%-50% ในปี 2024 เพื่อรองรับคำสั่งซื้อที่แข็งแกร่ง ขณะที่คาดกลุ่ม Data Center และ Fan & Thermal management น่าจะเติบโตในระดับปานกลาง 5-10% y-y แต่บริษัทยังให้มุมมองระมัดระวังต่อภาวะเศรษฐกิจโลกต่อไป เพราะอาจกระทบต่อ Demand มากกว่าคาด

### แนวโน้มกำไร 4Q23 น่าจะอ่อนลงตามฤดูกาล

บริษัทมีกำไรสุทธิ 9M23 เท่ากับ 13,711 ลบ. (+23% y-y) และมีกำไรปกติอยู่ที่ 12,942 ลบ. (+28.6% y-y) เบื้องต้นคาดกำไรปกติ 4Q23 อยู่ที่ 4,641 ลบ. (-8% q-q, +3% y-y) อ่อนลง q-q ตามฤดูกาล และโตเล็กน้อย y-y ส่วนหนึ่งเพราะมีลูกค้าบางส่วนเลื่อน Project ไปในปีหน้า และการส่งมอบ EV power ที่เร่งไปมากใน 3Q23 ส่วน Data Center น่าจะชะลอตามฤดูกาล โดยเฉพาะ Fan ที่บริษัทระบุว่าถูกกระทบจาก Demand ของลูกค้ายุโรปที่อ่อนลง

### คงประมาณการกำไรปี 2023-24 ยังไม่เห็น Upside

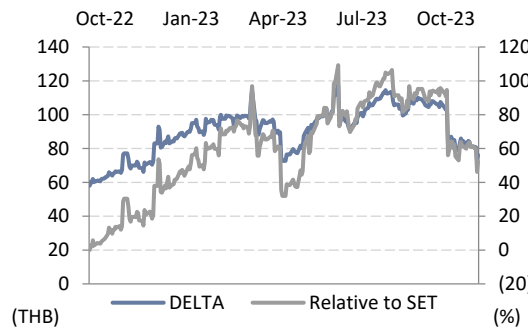
จากแนวโน้มอัตรากำไรขั้นต้นที่ต่ำกว่าคาด มาจากทั้งการเปลี่ยนแปลงของ Product Mix และปัญหา Inventory provision ที่คลี่คลายช้ากว่าคาด แต่เราจะทยอยดีขึ้นตั้งแต่ 4Q23 เป็นต้นไป ขณะที่รายได้ทำได้ดีกว่าคาด เราจึงมีการปรับสมมติฐานในปี 2023-25 โดยการปรับเพิ่มสมมติฐานรายได้ขึ้น 4.5%/5.6%/4.3% ตามลำดับ แต่ถูกหักล้างด้วยการปรับลดอัตรากำไรขั้นต้น ทำให้ประมาณการกำไรยังใกล้เคียงเดิม โดยคาดกำไรปกติปี 2023 ไว้ที่ 17,584 ลบ. (+20.7% y-y) และคาดกำไรปกติปี 2024 จะโตเร่งขึ้น +24% y-y เป็น 21,814 ลบ. ทั้งนี้บริษัทใช้เงินลงทุนสำหรับปี 2023 ราว USD280m และมีแผนลงทุนต่อเนื่องในปี 2024 ราว US\$300-330m โดยฐานะทางการเงินยังแข็งแกร่ง D/E ratio ค่อนข้างต่ำเพียง 0.6x

### การเติบโตดี ฐานะทางการเงินแข็งแกร่ง แต่ราคาหุ้นเต็มมูลค่าแล้ว

ยังคงราคาเป้าหมายปี 2024 ที่ 70 บาท (อิง PE เดิม 40x) โดยรวมถือเป็นตัวเลขที่ Aggressive ทั้งคาดการณ์กำไรและ Target PE แม้เราจะขอปรับลดราคาหุ้นที่ดีของกำไร และฐานะทางการเงินที่แข็งแกร่ง แต่ราคาหุ้นปัจจุบันเต็มมูลค่าแล้ว และ Valuation ถือว่าไม่ถูก เทรดอยู่บน PE2024-25 ที่ 43.6x และ 37.7x ตามลำดับ

## KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	118,558	146,417	169,347	189,942
Net profit	15,343	18,353	21,814	25,242
EPS (THB)	1.23	1.47	1.75	2.02
vs Consensus (%)	-	6.3	8.7	4.8
EBITDA	18,240	22,203	26,730	30,509
Recurring net profit	14,563	17,584	21,814	25,242
Core EPS (THB)	1.17	1.41	1.75	2.02
Chg. In EPS est. (%)	-	(0.1)	0.5	0.2
EPS growth (%)	139.7	20.7	24.1	15.7
Core P/E (x)	65.3	54.1	43.6	37.7
Dividend yield (%)	0.5	1.0	1.1	1.3
EV/EBITDA (x)	51.7	42.5	35.4	30.9
Price/book (x)	17.4	14.6	12.5	11.1
Net debt/Equity (%)	(15.0)	(10.2)	(6.9)	(8.6)
ROE (%)	30.3	29.3	30.8	31.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(26.0)	(30.4)	36.6
Relative to country (%)	(21.5)	(22.6)	58.1
Mkt cap (USD m)	26,255		
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)	12,473.82		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

เรามุ่งมองเชิงบวกต่อการเติบโตของ DELTA ด้วยสินค้าหลักอย่าง Power Supplies มีความจำเป็นต่อการใช้งานของสินค้าหลายกลุ่มอุตสาหกรรม อาทิ Automotive, Industrial, Data Center, Cloud Computing และ Medical นอกจากนี้บริษัทยังได้ขยายไปยังธุรกิจปลายน้ำอย่าง EV power และ EV battery chargers รวมถึงโครงสร้างพื้นฐานด้านโทรคมนาคม และการจัดการพลังงานในภูมิภาค

อย่างไรก็ตาม ราคาหุ้นปัจจุบันยังคงเต็มมูลค่าในมุมมองของเรา โดยปัจจุบันเทรดที่ PE2023-24 สูงถึง 54x และ 43.6x ตามลำดับ สูงกว่าค่าเฉลี่ยของตัวเองในอดีตและสูงกว่าค่าเฉลี่ยของกลุ่มชิ้นส่วนอิเล็กทรอนิกส์

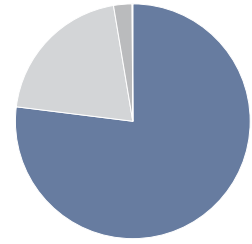
## Company profile

DELTA เป็นผู้ผลิตและส่งออกอุปกรณ์อิเล็กทรอนิกส์ในกลุ่ม Power Supplies และชิ้นส่วนในกลุ่ม Fan & Thermal management, EMI Filters, Solenoids โดยผลิตภัณฑ์หลักในการจัดการพลังงานประกอบด้วย Switching power supplies, EV chargers, DC-DC converters and solar inverters. บริษัทมีฐานการผลิตและการตลาดครอบคลุมหลายภูมิภาคทั่วโลกทั้ง เอเชีย ยุโรป และอเมริกาใต้ โดยสิ้นปี 2022 บริษัทมีรายได้มาจากกลุ่ม Power Electronics 77% รองมาคือ Infrastructure 20.4%, Automation 2.5% และอื่นๆ 0.1% ของรายได้รวม ตามลำดับ

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

## Principal activities (revenue, 2022)

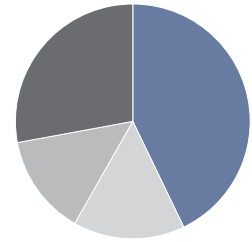
- Power electronics - 77.0 %
- Infrastructure - 20.4 %
- Automation - 2.5 %
- Others - 0.1 %



Source: Delta Electronics

## Major shareholders

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



Source: Delta Electronics

## Catalysts

ปัจจัยหนุนการเติบโตในปี 2024 คือ 1) การเติบโตของคำสั่งซื้อกลุ่ม EV power และบริษัทมีการขยายกำลังการผลิตมารองรับ 2) การฟื้นตัวของกลุ่ม Data Center และ Fan 3) ต้นทุนวัตถุดิบปรับลงและปัญหา Inventory provision หดไป 4) การประสบความสำเร็จในการขยายตลาดใหม่

## Risks to our call

ความเสี่ยงด้านบวกต่อราคาเป้าหมายของเรา 1) ยอดขายรถยนต์ EV ทั่วโลกเติบโตมากกว่าคาด 2) ต้นทุนวัตถุดิบปรับลงเร็วกว่าคาด 3) ค่าเงินบาทอ่อนตัวมากกว่าคาด

## Event calendar

Date	Event
February 2024	2023 results announcement

## Key assumptions

	2023E	2024E	2025E
Power electronics (USD m)	3,437	4,252	4,805
Infrastructure (USD m)	635	752	805
Automation (USD m)	107	123	142
Total revenue (USD m)	4,183	5,132	5,756
FX rate (USD/THB)	35.0	33.0	33.0
Gross margin (%)	22.6	23.1	23.5

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: 4Q23 earnings preview

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23E	----- Change -----		2022	2023E	Change
	(THB m)	(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	38,067	(6.0)	10.0	118,558	146,417	23.5
Cost of sales	24,027	26,117	25,581	27,472	31,333	29,121	(7.1)	11.5	90,618	113,327	25.1
Gross profit	7,298	8,489	6,713	8,369	9,145	8,946	(2.2)	5.4	27,940	33,090	18.4
SG&A	3,524	3,829	3,236	3,796	4,098	4,035	(1.5)	5.4	13,447	15,081	12.1
Operating profit	3,774	4,661	3,477	4,573	5,047	4,911	(2.7)	5.4	14,493	18,009	24.3
Othe income	204	182	192	265	355	100	(71.9)	(45.2)	613	922	50.6
Interest expense	0	12	25	22	34	23	(31.8)	90.5	20	110	462.8
Tax expense	65	314	121	279	167	296	77.7	(5.7)	467	867	85.7
Other gain (Loss)	215	(311)	155	234	380	0	<i>nm</i>	<i>nm</i>	781	769	(1.5)
Reported net profit	4,110	4,190	3,614	4,668	5,429	4,641	(14.5)	10.8	15,343	18,353	19.6
Core profit	3,895	4,500	3,459	4,434	5,049	4,641	(8.1)	3.1	14,563	17,584	20.7

Key Ratios (%)							(ppt)	(ppt)			(ppt)
Gross margin	23.3	24.5	20.8	23.4	22.6	23.5	0.9	(1.0)	23.6	22.6	(1.0)
SG&A / Sales	11.2	11.1	10.0	10.6	10.1	10.6	0.5	(0.5)	11.3	10.3	(1.0)
Operating margin	12.0	13.5	10.8	12.8	12.5	12.9	0.4	(0.6)	12.2	12.3	0.1
Net margin	13.1	12.1	11.2	13.0	13.4	12.2	(1.2)	0.1	12.9	12.5	(0.4)
Core margin	12.4	13.0	10.7	12.4	12.5	12.2	(0.3)	(0.8)	12.3	12.0	(0.3)

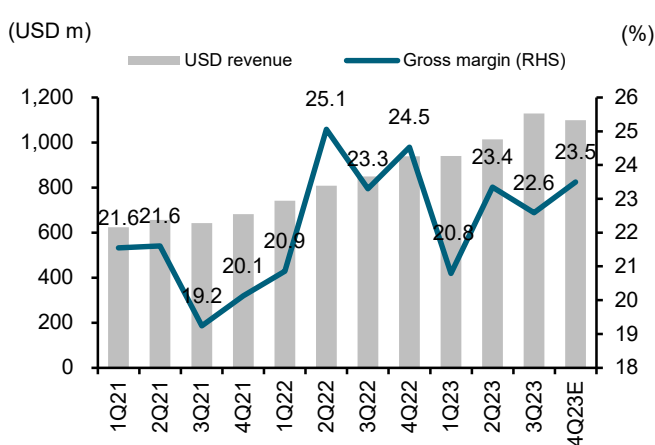
Operating Statistics											
THB total revenue (THB m)	31,324	34,606	32,294	35,840	40,478	38,067	(6.0)	10.0	118,558	146,417	23.5
FX rate (THB/USD)	36.4	36.4	33.9	34.5	34.9	36.0	3.0	(1.1)	35.5	35.0	(1.5)
USD total revenue (USD m)	849	939	940	1,014	1,129	1,100	(2.6)	17.1	3,337	4,183	25.4

Revenue by segment (USD m)											
Power Electronics	667	727	726	827	955	929	15.5	43.2	2,562	3,437	34.2
Infrastructure	161	188	183	158	147	147	(7.0)	(8.7)	686	635	(7.4)
Automation	20	23	30	29	25	23	(13.8)	25.0	85	107	25.9

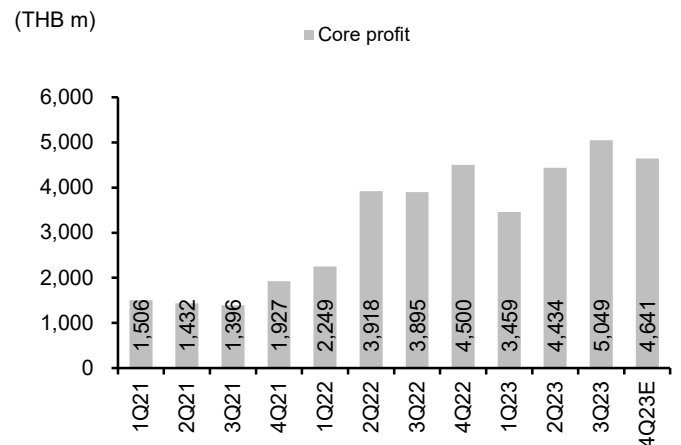
Sources: DELTA; FSSIA estimates

## Exhibit 2: Quarterly USD revenue and gross margin



Sources: DELTA, FSSIA estimates

## Exhibit 3: Quarterly core profit



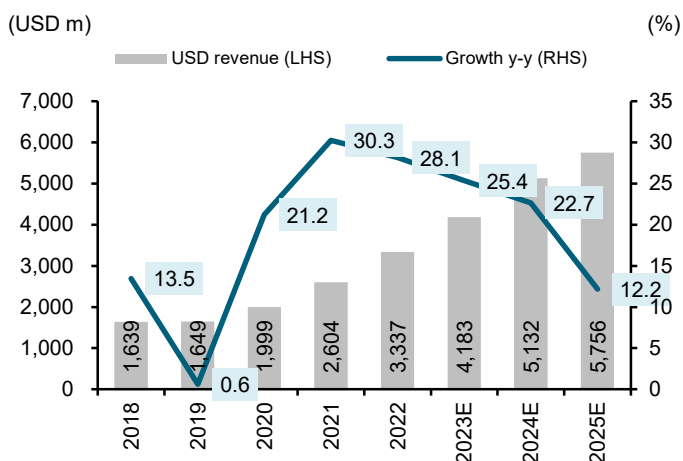
Sources: DELTA, FSSIA estimates

## Exhibit 4: Key assumptions for DELTA

	Current			Previous			Change		
	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (%)	2024E (%)	2025E (%)
Total sale value (THB m)	146,417	169,347	189,942	132,145	160,359	182,184	10.8	5.6	4.3
Costs	113,327	130,228	145,306	100,430	121,552	137,549	12.8	7.1	5.6
Gross profit	33,090	39,119	44,636	31,715	38,807	44,635	4.3	0.8	0.0
SG&A expense	15,081	17,273	19,374	14,536	17,640	20,040	3.7	(2.1)	(3.3)
Interest expense	110	100	95	14	12	12	695.9	721.5	674.6
Reported net profit	18,353	21,814	25,242	17,599	21,695	25,192	4.3	0.5	0.2
Core profit	17,584	21,814	25,242	17,599	21,695	25,192	(0.1)	0.5	0.2
<b>Key ratios (%)</b>									
Total revenue growth	23.5	15.7	12.2	11.5	21.4	13.6	12.0	(5.7)	(1.4)
Net profit growth	19.6	18.9	15.7	14.7	23.3	16.1	4.9	(4.4)	(0.4)
Core profit growth	20.7	24.1	15.7	20.9	23.3	16.1	(0.1)	0.8	(0.4)
Gross margin	22.6	23.1	23.5	24.0	24.2	24.5	(1.4)	(1.1)	(1.0)
SG&A to sales	10.3	10.2	10.2	11.0	11.0	11.0	(0.7)	(0.8)	(0.8)
Net margin	12.5	12.9	13.3	13.3	13.5	13.8	(0.8)	(0.6)	(0.5)
Core margin	12.0	12.9	13.3	13.3	13.5	13.8	(1.3)	(0.6)	(0.5)
<b>Operating statistics</b>									
Total revenue (USD m)	4,183	5,132	5,756	4,004	4,859	5,521	4.5	5.6	4.3
FX rate (THB/USD)	35.0	33.0	33.0	33.0	33.0	33.0	6.1	0.0	0.0
Power electronics (USD m)	3,437	4,252	4,805	3,181	3,977	4,573	8.0	6.9	5.1
Infrastructure (USD m)	635	752	805	720	771	825	(11.8)	(2.4)	(2.4)
Automation (USD m)	107	123	142	99	109	120	8.2	13.1	18.2

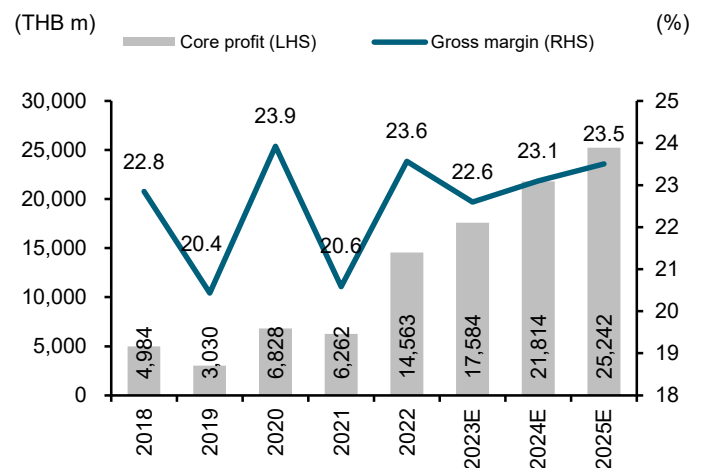
Source: FSSIA estimates

## Exhibit 5: Yearly USD revenue and growth



Sources: DELTA; FSSIA estimates

## Exhibit 6: Yearly core profit and gross margin



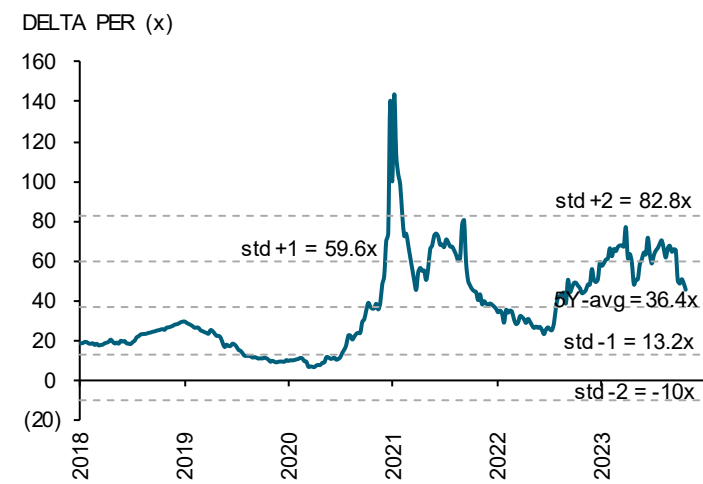
Sources: DELTA; FSSIA estimates

Exhibit 7: Peers comparison

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)	24E (x)
<b>Thailand</b>														
Delta Electronics (Thailand)*	DELTA TB	REDUCE	76.25	70.00	(8)	26,255	54.1	43.6	29.3	30.8	14.6	12.5	42.5	35.4
KCE Electronics*	KCE TB	HOLD	51.75	60.00	16	1,689	34.3	23.3	13.1	18.5	4.4	4.2	19.7	15.1
Hana Microelectronics	HANA TB	BUY	53.50	64.00	20	1,308	20.5	19.2	9.4	9.4	1.9	1.8	10.7	10.2
SVI	SVI TB	n/a	7.10	n/a	n/a	421	13.6	11.1	16.0	18.0	2.2	2.0	11.7	10.3
Cal-Comp Electronics	CCET TB	n/a	1.52	n/a	n/a	246	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Stars Microelectronics	SMT TB	n/a	4.80	n/a	n/a	115	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Thailand average</b>						<b>30,033</b>	<b>30.6</b>	<b>24.3</b>	<b>17.0</b>	<b>19.2</b>	<b>5.8</b>	<b>5.1</b>	<b>21.1</b>	<b>17.8</b>
<b>Regional</b>														
Taiwan Semiconductor	2330 TT	n/a	532.00	n/a	n/a	425,719	16.8	14.2	25.3	25.2	4.0	3.3	9.1	7.4
STMicroelectronics	STMPA FP	n/a	37.54	n/a	n/a	36,073	9.3	9.8	27.5	21.4	2.2	1.8	5.4	5.4
ROHM	6963 JP	n/a	2,492.50	n/a	n/a	6,869	12.4	14.8	9.2	7.0	1.1	1.0	5.1	5.1
Infineon	IFX GR	n/a	28.83	n/a	n/a	40,180	11.2	11.6	20.6	17.3	2.3	2.0	7.0	6.9
Mitsubishi Electric	6503 JP	n/a	1,698.00	n/a	n/a	24,388	16.5	14.0	7.1	7.5	1.1	1.1	7.4	6.7
On Semiconductor	ON US	n/a	83.52	n/a	n/a	36,041	16.0	14.7	30.7	26.2	4.4	3.4	11.2	10.3
SMIC	688981 CH	n/a	58.30	n/a	n/a	34,047	72.0	60.8	4.1	4.8	3.2	2.7	14.1	11.5
<b>Regional average</b>						<b>603,317</b>	<b>22.0</b>	<b>20.0</b>	<b>17.8</b>	<b>15.6</b>	<b>2.6</b>	<b>2.2</b>	<b>8.5</b>	<b>7.6</b>
<b>Overall average</b>						<b>633,350</b>	<b>25.1</b>	<b>21.6</b>	<b>17.5</b>	<b>16.9</b>	<b>3.8</b>	<b>3.3</b>	<b>13.1</b>	<b>11.3</b>

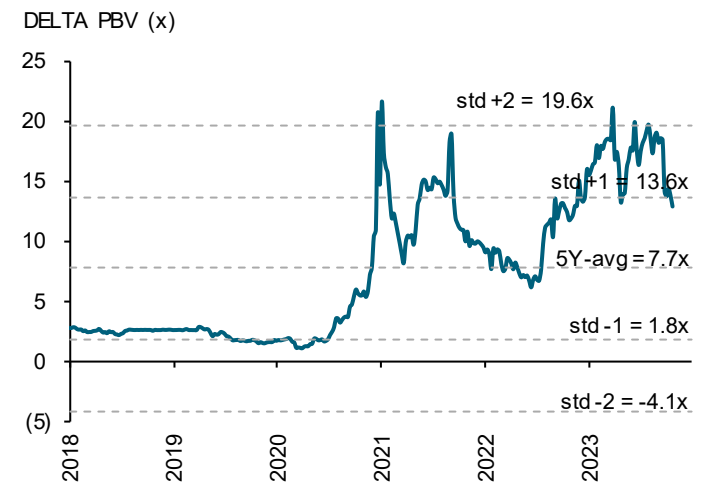
Sources: Bloomberg, FSSIA estimates

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	2021	2022	2023E	2024E	2025E
Revenue	84,318	118,558	146,417	169,347	189,942
Cost of goods sold	(66,960)	(90,618)	(113,327)	(130,228)	(145,306)
<b>Gross profit</b>	<b>17,358</b>	<b>27,940</b>	<b>33,090</b>	<b>39,119</b>	<b>44,636</b>
Other operating income	496	613	922	1,016	1,140
Operating costs	(11,674)	(13,502)	(15,450)	(17,545)	(19,657)
<b>Operating EBITDA</b>	<b>8,688</b>	<b>18,240</b>	<b>22,203</b>	<b>26,730</b>	<b>30,509</b>
Depreciation	(2,508)	(3,190)	(3,640)	(4,140)	(4,390)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>6,181</b>	<b>15,050</b>	<b>18,563</b>	<b>22,590</b>	<b>26,119</b>
Net financing costs	(4)	(20)	(110)	(100)	(95)
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	624	781	769	0	0
<b>Profit before tax</b>	<b>6,801</b>	<b>15,811</b>	<b>19,222</b>	<b>22,490</b>	<b>26,025</b>
Tax	(98)	(467)	(867)	(675)	(781)
<b>Profit after tax</b>	<b>6,703</b>	<b>15,345</b>	<b>18,355</b>	<b>21,816</b>	<b>25,244</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>18,353</b>	<b>21,814</b>	<b>25,242</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(624)</b>	<b>(781)</b>	<b>(769)</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>6,075</b>	<b>14,563</b>	<b>17,584</b>	<b>21,814</b>	<b>25,242</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.49	1.17	1.41	1.75	2.02
Reported EPS	0.54	1.23	1.47	1.75	2.02
DPS	0.17	0.40	0.74	0.87	1.01
Diluted shares (used to calculate per share data)	12,474	12,474	12,474	12,474	12,474
<b>Growth</b>					
Revenue (%)	33.4	40.6	23.5	15.7	12.2
Operating EBITDA (%)	(4.7)	109.9	21.7	20.4	14.1
Operating EBIT (%)	(10.5)	143.5	23.3	21.7	15.6
Recurring EPS (%)	(10.8)	139.7	20.7	24.1	15.7
Reported EPS (%)	(5.7)	129.0	19.6	18.9	15.7
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	20.6	23.6	22.6	23.1	23.5
Gross margin exc. depreciation (%)	23.6	26.3	25.1	25.5	25.8
Operating EBITDA margin (%)	10.3	15.4	15.2	15.8	16.1
Operating EBIT margin (%)	7.3	12.7	12.7	13.3	13.8
Net margin (%)	7.2	12.3	12.0	12.9	13.3
Effective tax rate (%)	1.4	3.0	4.5	3.0	3.0
Dividend payout on recurring profit (%)	34.9	34.3	52.2	50.0	50.0
Interest cover (X)	1,534.8	771.2	169.0	225.4	276.4
Inventory days	91.3	93.2	90.8	91.8	92.9
Debtor days	74.9	75.0	75.1	74.6	75.7
Creditor days	108.3	109.1	101.9	96.6	95.2
Operating ROIC (%)	16.0	28.3	27.6	27.4	27.9
ROIC (%)	15.0	27.1	26.5	26.3	26.7
ROE (%)	15.4	30.3	29.3	30.8	31.2
ROA (%)	9.6	18.2	18.1	19.6	20.2
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Power electronics	61,369	91,252	120,307	140,316	158,557
Infrastructure	20,685	24,185	22,225	24,832	26,570
Automation	2,098	3,009	3,745	4,061	4,670
Others	166	112	140	139	146

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	17,584	21,814	25,242
Depreciation	2,508	3,190	3,640	4,140	4,390
Associates & minorities	-	-	-	-	-
Other non-cash items	-	-	0	0	0
Change in working capital	(7,651)	(5,108)	(7,618)	(5,170)	(6,504)
<b>Cash flow from operations</b>	<b>931</b>	<b>12,644</b>	<b>13,605</b>	<b>20,783</b>	<b>23,127</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(8,367)	(7,788)	(9,000)	(10,000)	(5,000)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	52	213	(856)	(275)	(817)
<b>Cash flow from investing</b>	<b>(8,315)</b>	<b>(7,575)</b>	<b>(9,856)</b>	<b>(10,275)</b>	<b>(5,817)</b>
Dividends paid	(4,139)	(1,855)	(9,176)	(10,907)	(12,621)
Equity finance	0	0	0	0	0
Debt finance	2,975	569	2,615	(1,184)	306
Other financing cash flows	1,237	(213)	1,450	0	(3,000)
<b>Cash flow from financing</b>	<b>73</b>	<b>(1,499)</b>	<b>(5,111)</b>	<b>(12,090)</b>	<b>(15,315)</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>(1,361)</b>	<b>(1,582)</b>	<b>1,995</b>
Free cash flow to firm (FCFF)	(7,379.42)	5,088.89	3,859.63	10,608.52	17,404.92
Free cash flow to equity (FCFE)	(3,171.33)	5,425.24	7,815.00	9,324.72	14,616.33

#### Per share (THB)

FCFF per share	(0.59)	0.41	0.31	0.85	1.40
FCFE per share	(0.25)	0.43	0.63	0.75	1.17
Recurring cash flow per share	0.69	1.42	1.70	2.08	2.38

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	31,517	31,517	40,517	50,517	55,517
Less: Accumulated depreciation	(12,934)	(8,335)	(11,975)	(16,114)	(20,504)
<b>Tangible fixed assets (net)</b>	<b>18,583</b>	<b>23,182</b>	<b>28,542</b>	<b>34,403</b>	<b>35,013</b>
<b>Intangible fixed assets (net)</b>	<b>693</b>	<b>629</b>	<b>629</b>	<b>629</b>	<b>629</b>
Long-term financial assets	268	248	248	248	248
Invest. in associates & subsidiaries	-	-	-	-	-
Cash & equivalents	6,572	10,142	8,781	7,199	9,194
A/C receivable	20,593	28,132	32,091	37,117	41,631
Inventories	19,581	25,049	29,496	33,895	37,819
Other current assets	2,019	2,702	2,928	3,387	3,799
<b>Current assets</b>	<b>48,764</b>	<b>66,025</b>	<b>73,297</b>	<b>81,598</b>	<b>92,443</b>
Other assets	1,030	901	1,757	2,032	2,849
<b>Total assets</b>	<b>69,338</b>	<b>90,984</b>	<b>104,472</b>	<b>118,909</b>	<b>131,182</b>
Common equity	41,404	54,680	65,307	76,213	85,834
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>41,404</b>	<b>54,680</b>	<b>65,307</b>	<b>76,213</b>	<b>85,834</b>
Long term debt	512	930	976	954	874
Other long-term liabilities	2,687	2,705	4,393	3,387	3,799
<b>Long-term liabilities</b>	<b>3,198</b>	<b>3,635</b>	<b>5,369</b>	<b>4,341</b>	<b>4,673</b>
A/C payable	22,049	30,202	31,048	35,679	37,819
Short term debt	1,669	1,011	1,138	982	956
Other current liabilities	1,018	1,457	1,611	1,693	1,899
<b>Current liabilities</b>	<b>24,736</b>	<b>32,670</b>	<b>33,797</b>	<b>38,354</b>	<b>40,675</b>
<b>Total liabilities and shareholders' equity</b>	<b>69,338</b>	<b>90,984</b>	<b>104,472</b>	<b>118,909</b>	<b>131,182</b>
Net working capital	19,126	24,225	31,857	37,027	43,531
Invested capital	39,700	49,184	63,032	74,338	82,269

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

#### Per share (THB)

Book value per share	3.32	4.38	5.24	6.11	6.88
Tangible book value per share	3.26	4.33	5.19	6.06	6.83

#### Financial strength

Net debt/equity (%)	(10.6)	(15.0)	(10.2)	(6.9)	(8.6)
Net debt/total assets (%)	(6.3)	(9.0)	(6.4)	(4.4)	(5.6)
Current ratio (x)	2.0	2.0	2.2	2.1	2.3
CF interest cover (x)	1,291.1	678.1	154.1	193.8	208.6

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>156.6</b>	<b>65.3</b>	<b>54.1</b>	<b>43.6</b>	<b>37.7</b>
<b>Recurring P/E @ target price (x) *</b>	<b>143.7</b>	<b>60.0</b>	<b>49.7</b>	<b>40.0</b>	<b>34.6</b>
Reported P/E (x)	142.0	62.0	51.8	43.6	37.7
Dividend yield (%)	0.2	0.5	1.0	1.1	1.3
Price/book (x)	23.0	17.4	14.6	12.5	11.1
Price/tangible book (x)	23.4	17.6	14.7	12.6	11.2
EV/EBITDA (x) **	109.0	51.7	42.5	35.4	30.9
EV/EBITDA @ target price (x) **	100.0	47.4	39.0	32.5	28.4
EV/invested capital (x)	23.8	19.2	15.0	12.7	11.5

\* 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; 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
<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 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
<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>								
<b>Board size</b>	<b>9</b>	<b>8</b>	<b>8</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
<b>No. of independent directors (ID)</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
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
<b>No. of executives / company managers</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>3</b>	<b>4</b>	<b>4</b>
No. of female executives	1	1	1	1	0	0	1	1
Executive share ownership guidelines	No	No	No	No	No	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
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
<b>Size of compensation committee</b>	<b>3</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
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
<b>Size of nomination committee</b>	<b>3</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
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 (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 <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.																												
<b>CG Score</b> 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%).																												
<b>AGM level</b> 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.																												
<b>Thai CAC</b> 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.																												
<b>Morningstar Sustainalytics</b>	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 border="1" style="margin-left: auto; margin-right: auto;"> <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>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																		
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<b>ESG Book</b>	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.																												
<b>MSCI</b>	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" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td><b>Leader:</b></td> <td>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> <td></td> <td></td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td><b>Average:</b></td> <td>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> <td></td> <td></td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> <td></td> <td></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> </tbody> </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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<b>Moody's ESG solutions</b>	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.																													
<b>Refinitiv ESG rating</b>	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>																													
<b>S&amp;P Global</b>	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.																													
<b>Bloomberg</b>	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

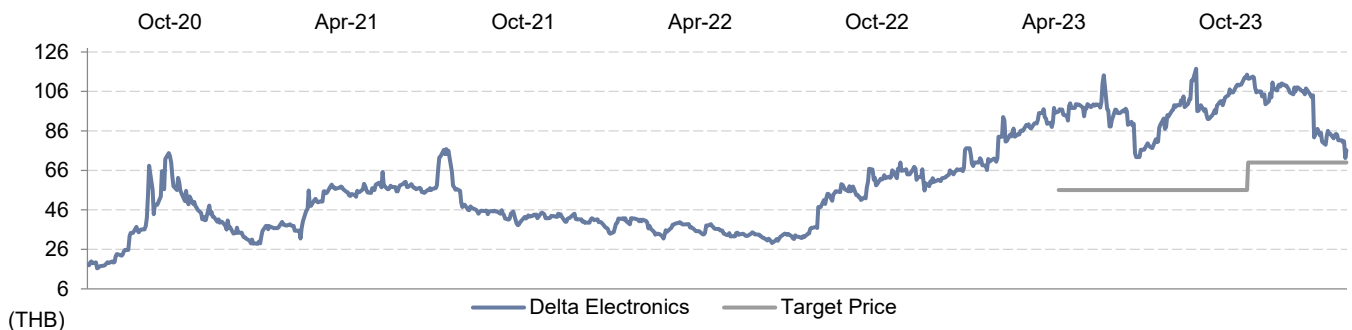
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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



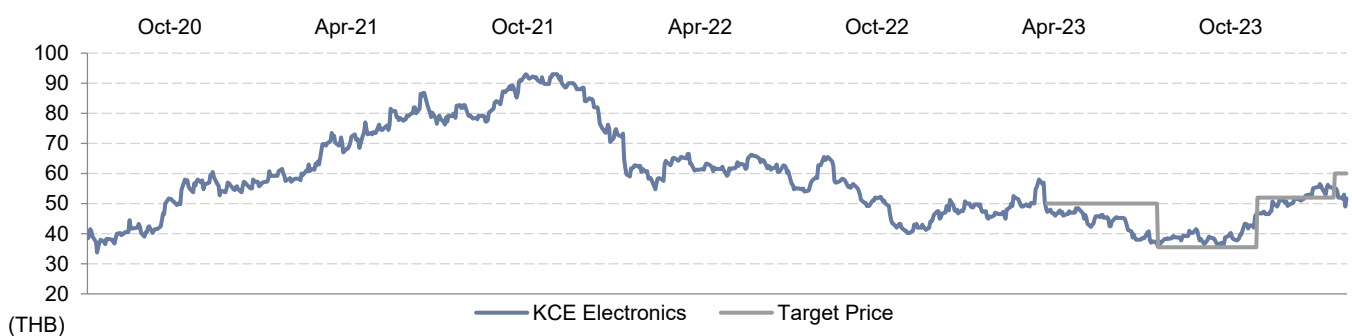
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
17-Feb-2023	REDUCE	56.00	02-Aug-2023	REDUCE	70.00	-	-	-

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

Price and TP are in local currency

Source: FSSIA estimates

#### KCE Electronics (KCE TB)



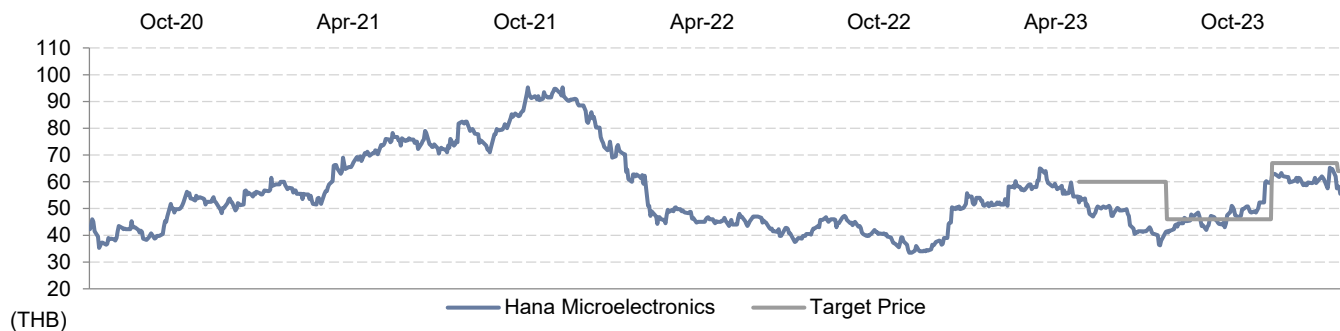
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Feb-2023	HOLD	50.00	10-Aug-2023	BUY	52.00	-	-	-
16-May-2023	HOLD	35.50	16-Oct-2023	HOLD	60.00	-	-	-

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

Price and TP are in local currency

Source: FSSIA estimates

## Hana Microelectronics (HANA TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
07-Mar-2023	HOLD	60.00	21-Aug-2023	BUY	67.00	-	-	-
22-May-2023	BUY	46.00	17-Oct-2023	BUY	64.00	-	-	-

Sureeporn Teewasuwet started covering this stock from 07-Mar-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Delta Electronics	DELTA TB	THB 76.25	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.
KCE Electronics	KCE TB	THB 51.75	HOLD	Downside and upside risks to our P/E-based TP include 1) sooner- or later-than-expected global economic and car sales recoveries; 2) higher- or lower-than-expected increase or decrease in raw material costs; 3) a stronger or weaker-than-expected increase or decrease in THB; and 4) a minimum wage increase or a labour shortage.
Hana Microelectronics	HANA TB	THB 53.50	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected consumption recovery; 2) a potential rise in raw material costs; and 3) a stronger-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 27-Oct-2023 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

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