

DELTA ELECTRONICS

THAILAND / ELECTRONIC COMPONENT

DELTA TB

HOLD

FROM REDUCE

TARGET PRICE	THB110.00
CLOSE	THB99.50
UP/DOWNSIDE	+10.6%
PRIOR TP	THB61.00
CHANGE IN TP	+80.3%
TP vs CONSENSUS	+16.6%

Trading on story driven by AI

- We have revised 2024-26E net profit to reflect higher AI revenue from Delta Taiwan and upcoming revenue from its own AI products in 2025.
- Stock is trading at 2024E P/E of 62x, reflecting high expectation.
- Recommend trading Buy for investors who can accept the risks.

DELTA is developing its own AI products

We have a positive outlook for the analyst meeting on 30 July, as we are gaining more clarity and seeing more significant AI revenue. DELTA aims for AI revenue to increase to c10% of total revenue by the end of 2024, with most orders still coming from Delta Taiwan. DELTA also revealed that it is in the process of developing its own AI products at its factory in Germany, expecting to begin selling these products in 2H24, with more visible orders anticipated in 2025.

Expect AI revenue growth at high rate of 34.7% in next five years

DELTA has not yet disclosed its growth targets and revenue contribution for AI by 2025. Initially, we estimate that AI revenue for 2024 will be around USD321m, accounting for 7% of total revenue. We expect revenue in 2025-26 to accelerate with growth rates of 50% and 40%, respectively, leading to an increase in revenue contribution to 11% and 13% of total revenue. We anticipate that the revenue growth rate for AI over the next five years (2025-29) will average 34.7% CAGR, slightly lower than the projected growth rate for the global AI market.

Revised up net profit due to clearer strategy for AI-related

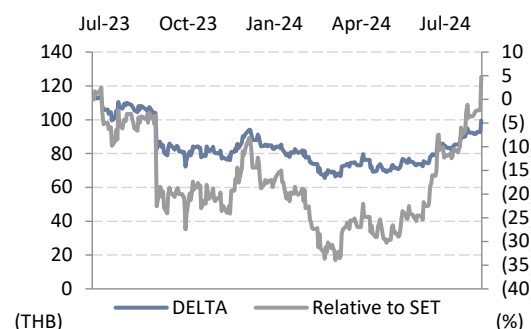
We have revised our net profit forecasts for 2024-26 upwards by 11.4%/24.4%/41%, resulting in growth rates of 16%/28%/28%, respectively. Currently, most AI orders come from Delta Taiwan, causing DELTA to pay royalty fees and technical service fees to Delta Taiwan. Initially, we estimate that the total fees for both components will be c10-15% of revenue (DELTA has not disclosed this information). However, if DELTA can recognize revenue from self-developed AI products more quickly and in greater amounts, it will further support profit growth, as there will be no fees.

Share price increasing to reflect higher expectation

We roll forward our TP to 2025, resulting in a higher TP of THB110. We raise our target P/E to 50x (from 40x), in line with the historical average P/E, to reflect the high expected growth rate of profit with a clearer growth potential in the AI-related and EV sectors. However, the risks that investors still need to monitor are the global economy, competition, and inventory write-downs. Over the past five months, the stock price has risen by 45%, trading at a 2024E P/E of 62x. Therefore, we recommend a trading Buy for investors who can accept the risks.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	146,371	161,321	198,318	248,930
Net profit	18,423	21,333	27,282	35,016
EPS (THB)	1.48	1.71	2.19	2.81
vs Consensus (%)	-	3.1	12.2	23.0
EBITDA	22,992	25,902	33,552	41,934
Recurring net profit	17,201	20,196	27,282	35,016
Core EPS (THB)	1.38	1.62	2.19	2.81
Chg. In EPS est. (%)	-	5.4	24.4	41.1
EPS growth (%)	18.1	17.4	35.1	28.4
Core P/E (x)	72.2	61.5	45.5	35.4
Dividend yield (%)	0.5	0.9	1.1	1.4
EV/EBITDA (x)	53.8	47.6	36.8	29.5
Price/book (x)	18.4	16.1	13.5	11.3
Net debt/Equity (%)	(6.0)	(9.2)	(5.3)	(4.6)
ROE (%)	28.1	27.9	32.3	34.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	19.5	42.1	(9.1)
Relative to country (%)	18.9	48.6	8.1
Mkt cap (USD m)	34,503		
3m avg. daily turnover (USD m)	34.7		
Free float (%)	0		
Major shareholder Delta Electronics International (Singapore) Pte Ltd (43%)			
12m high/low (THB)	119.50/63.25		
Issued shares (m)	12,473.82		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

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

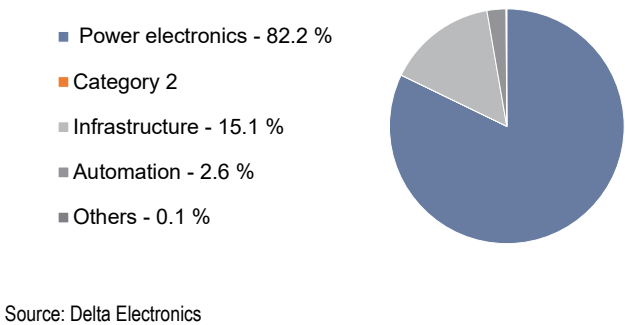
However, the risks that investors still need to monitor are 1) a greater global economic slowdown than expected; 2) higher competition than anticipated; and 3) inventory write-downs and reversals, which impact the gross margin. In addition, over the past five months, DELTA's stock price has risen by 45%, reflecting high expectations, trading at a 2024E P/E of 62x. Therefore, we recommend a trading Buy for investors who can accept the risks.

Company profile

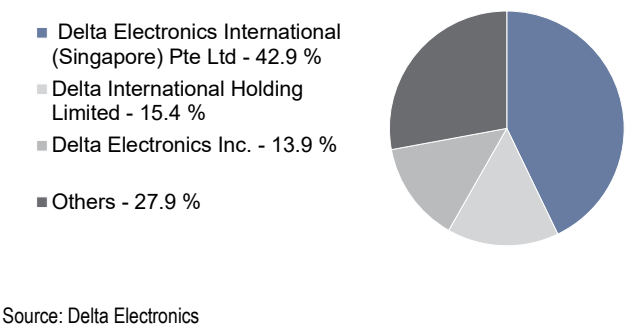
DELTA is an electronics manufacturer and exporter of power supplies and electronic components comprising cooling fans, EMI filters, and solenoids. Key power management products consist of switching power supplies, EV chargers, DC-DC converters, and solar inverters. Its operations cover regions such as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

www.deltathailand.com

Principal activities (revenue, 2023)



Major shareholders



Catalysts

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

Risks to our call

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

Event calendar

Date	Event
October 2024	3Q24 results announcement

Key assumptions

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

Source: FSSIA estimates

Earnings sensitivity

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

Source: FSSIA estimates

2Q24 core profit was a record high

DELTA reported a solid net profit of THB6.57b (+52% q-q, +41% y-y) in 2Q24. Excluding an FX gain of THB379m and compensation for contract decommitment of THB252m, the normalized profit was at THB5.93b (+56% q-q, +34% y-y). This core profit was a record high and beat our projection and Bloomberg's consensus estimate by 18% and 24%, respectively.

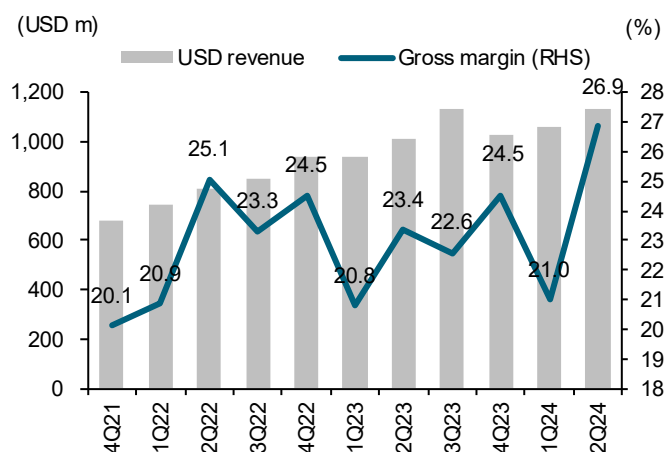
Total USD revenue grew by 6.7% q-q and 11% y-y, supported by revenue from power electronics (+11% q-q, +12% y-y) and mobility (+4% q-q, +14% y-y). To elaborate, 2Q24 EV power revenue increased by 3.9% q-q and 14% y-y due to a higher order volume from customers in Europe (+28% q-q, +42% y-y). Meanwhile, US & Asian customer orders drop by 18% q-q and 11% y-y. Revenue from data centers slightly grew by 5% q-q and 3% y-y, while the India business increased by 10% q-q and 42% y-y. Aside from that, we believe revenue from AI-related products might significantly grow from the low base and high demand. DELTA has not disclosed clear figures, only stating that the revenue contribution remains in the single digits.

The 2Q24 gross margin reached a 34-quarter high at 26.9%, up from 21% in 1Q24 and 23.4% in 2Q23. This mainly came from the reversal of the inventory provision that had been set aside previously. We expect that the 2H24 gross margin will likely decline to normal levels, while DELTA maintains its annual gross margin target of 23-24%.

SG&A to sales remained high at 12.9%, up from 11.2% in 1Q24 and 10.6% in 2Q23, due to higher royalty and technical service fees of THB2.27b (+26% q-q, +113% y-y) paid to Delta Taiwan. This fee contribution was at 5.4% of total revenue, up from 4.7% in 1Q24 and 3% in 2Q23.

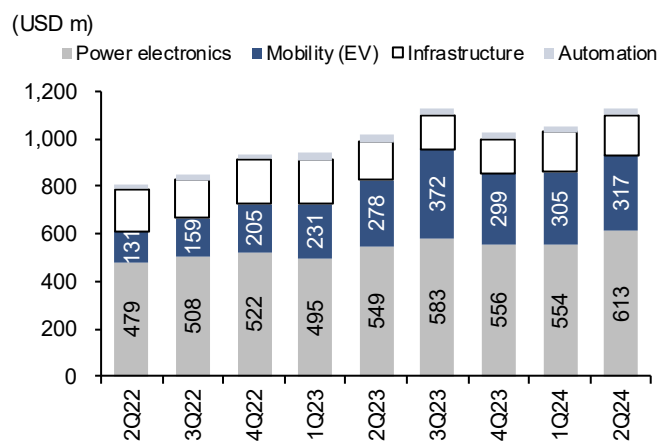
DELTA's 1H24 net profit was equal to THB10.8b (+31% y-y). We expect 3Q24 net profit to continue to increase q-q and y-y due to seasonality and higher demand for AI-related products.

Exhibit 1: Quarterly USD revenue and gross margin

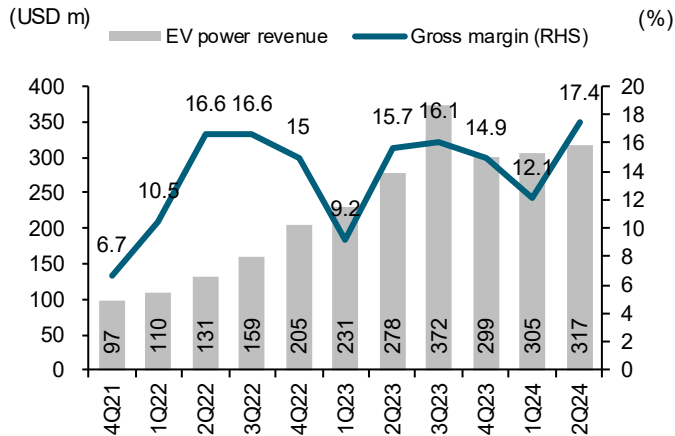


Sources: DELTA, FSSIA's compilation

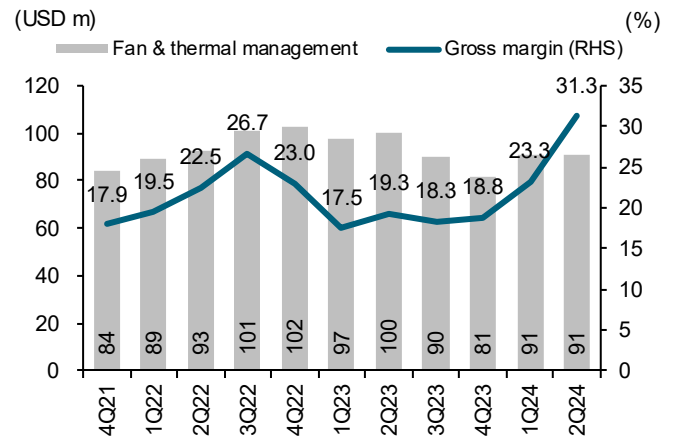
Exhibit 2: Quarterly revenue by segment



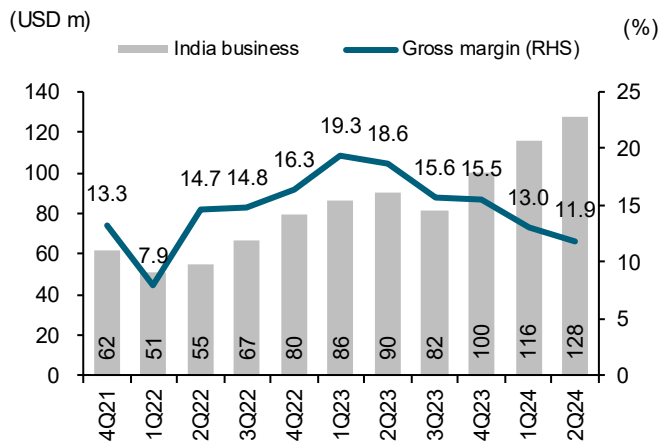
Sources: DELTA, FSSIA's compilation

Exhibit 3: EV power revenue and gross margin

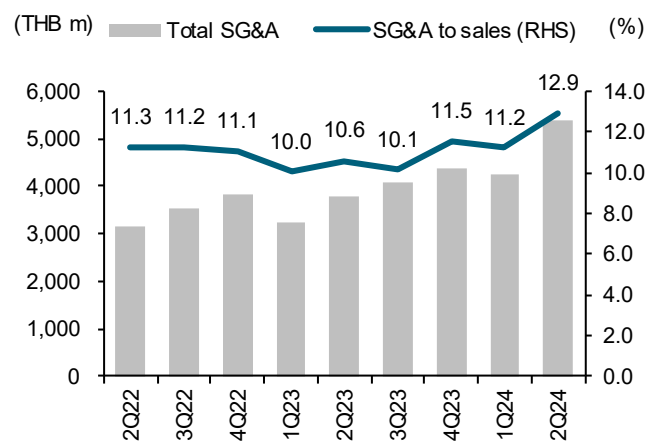
Sources: DELTA, FSSIA's compilation

Exhibit 4: Fan & thermal management revenue and gross margin

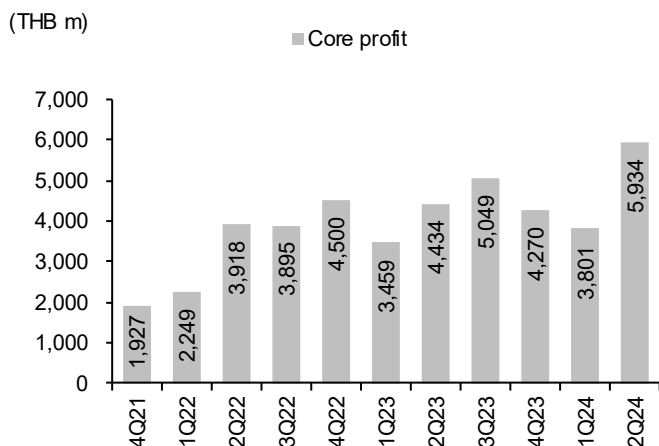
Sources: DELTA, FSSIA's compilation

Exhibit 5: India business and gross margin

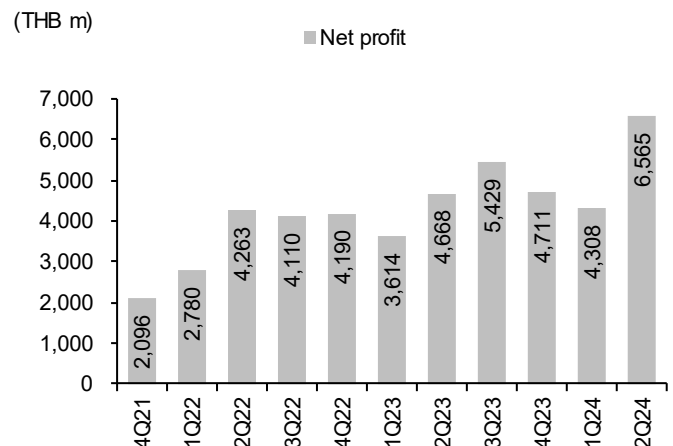
Sources: DELTA, FSSIA's compilation

Exhibit 6: Quarterly SG&A to sales

Sources: DELTA, FSSIA's compilation

Exhibit 7: Quarterly core profit

Sources: DELTA, FSSIA's compilation

Exhibit 8: Quarterly net profit

Sources: DELTA, FSSIA's compilation

Exhibit 9: DELTA – 2Q24 earnings results

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	----- Change -----	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Sales	32,294	35,840	40,478	37,759	37,989	41,772	10.0	16.6
Cost of sales	25,581	27,472	31,333	28,495	30,017	30,550	1.8	11.2
Gross profit	6,713	8,369	9,145	9,264	7,972	11,222	40.8	34.1
SG&A	3,236	3,796	4,098	4,353	4,252	5,403	27.1	42.3
Operating profit	3,477	4,573	5,047	4,911	3,720	5,819	56.4	27.2
Interest expense	25	22	34	28	34	22	(35.6)	(1.6)
Tax expense	121	279	167	506	113	153	35.9	(45.2)
Other gain (Loss)	166	234	380	441	507	631	24.6	170.0
Reported net profit	3,614	4,668	5,429	4,711	4,308	6,565	52.4	40.6
Core profit	3,459	4,434	5,049	4,270	3,801	5,934	56.1	33.8
Key ratios (%)								
							(ppt)	(ppt)
Gross margin	20.8	23.4	22.6	24.5	21.0	26.9	5.9	3.5
SG&A / Sales	10.0	10.6	10.1	11.5	11.2	12.9	1.7	2.3
Operating margin	10.8	12.8	12.5	13.0	9.8	13.9	4.1	1.2
Net margin	11.2	13.0	13.4	12.5	11.3	15.7	4.4	2.7
Core margin	10.7	12.4	12.5	11.3	10.0	14.2	4.2	1.8
Operating statistics								
THB total revenue (THB m)	32,294	35,840	40,478	37,759	37,989	41,772	10.0	16.6
USD total revenue (USD m)	940	1,014	1,129	1,027	1,057	1,128	6.7	11.2
Revenue by segment (USD m)								
Power electronics	495	549	583	556	554	613	10.6	11.7
Mobility	231	278	372	299	305	317	3.9	14.0
Infrastructure	183	158	147	145	169	170	0.6	7.6
Automation	30	29	25	25	27	27	0.0	(6.9)
Revenue by key product (USD m)								
EV power	231	278	372	299	305	317	3.9	14.1
- US & Asia	119	147	197	154	160	131	(18.1)	(10.7)
- Europe	112	131	175	145	145	186	27.8	41.9
Fan & thermal management	97	100	90	81	91	91	0.6	(9.2)
India business	86	90	82	100	116	128	10.3	42.2
Gross margin by key product (%)								
EV power	9.2	15.7	16.1	14.9	12.1	17.4	5.3	1.7
Fan & thermal management	17.5	19.3	18.3	18.8	23.3	31.3	8.0	12.0
India business	19.3	18.6	15.6	15.5	13.0	11.9	(1.1)	(6.7)

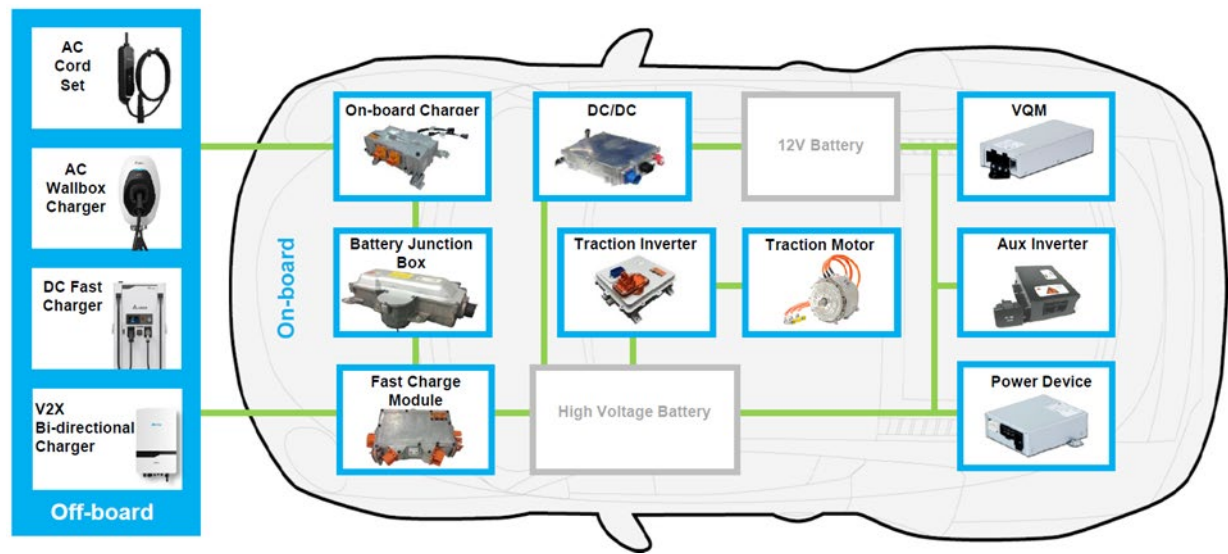
Sources: DELTA, FSSIA's compilation

DELTA is developing its own AI products

We have a positive outlook for the analyst meeting on 30 July, as we are gaining more clarity and seeing more significant AI revenue. In the short term, DELTA aims for AI revenue to increase to 10% of total revenue by the end of 2024, up from our current estimate of about 5% of total revenue in 1H24, with most orders still coming from Delta Taiwan. DELTA also revealed that it is in the process of developing its own AI products at its factory in Germany, expecting to begin selling these products in 2H24, with more visible orders anticipated in 2025.

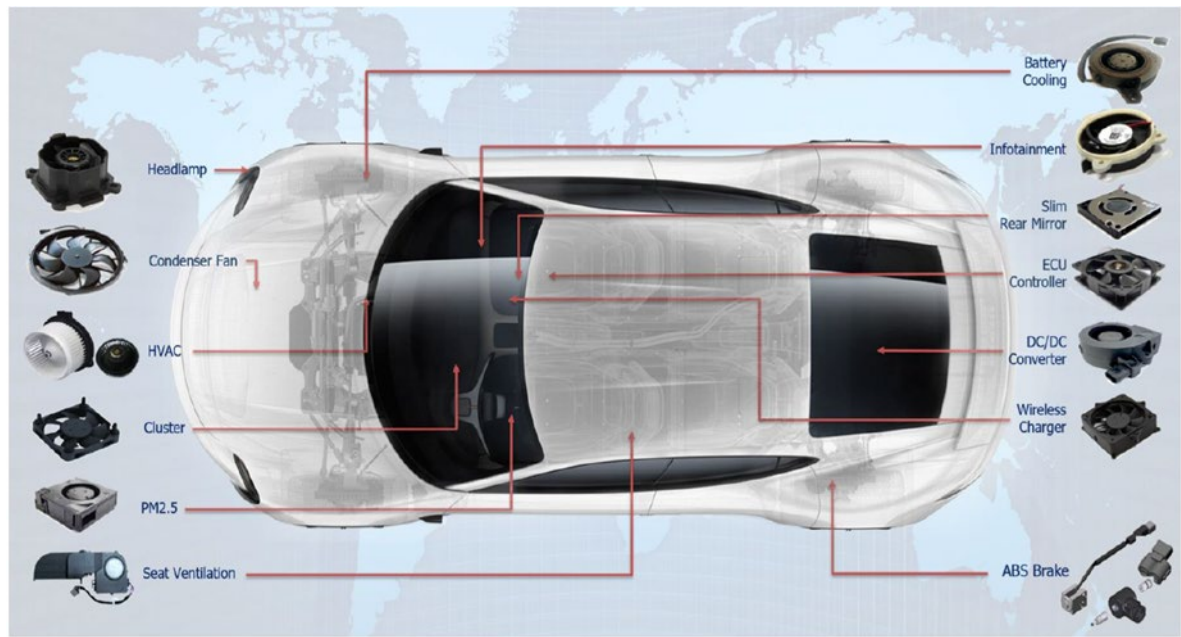
DELTA maintains its target for total revenue growth in 2024 at no less than 10% y-y, despite reducing its revenue growth target for EV to 20% y-y from the beginning of the year at 40-50% y-y due to a sharper-than-expected slowdown in the US market. DELTA also continues to project moderate growth for data centers (non-AI) as previously planned, while benefiting from a strong recovery in revenue from AI to support overall growth.

Exhibit 10: DELTA electric vehicle solutions



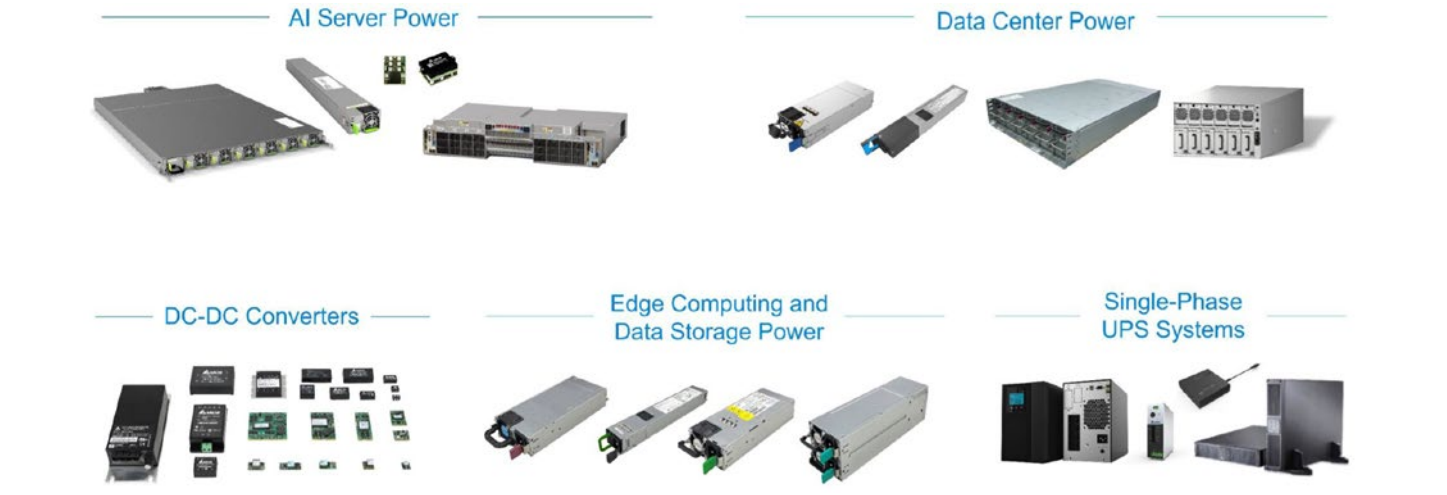
Source: DELTA

Exhibit 11: DELTA thermal management products



Source: DELTA

Exhibit 12: Power electronics



Source: DELTA

Exhibit 13: Power electronics / networking power



Source: DELTA

Exhibit 14: Power electronics / industrial power supplies



Source: DELTA

Exhibit 15: EV power electronics



Source: DELTA

Exhibit 16: EV powertrain systems



Source: DELTA

AI opportunities to drive growth

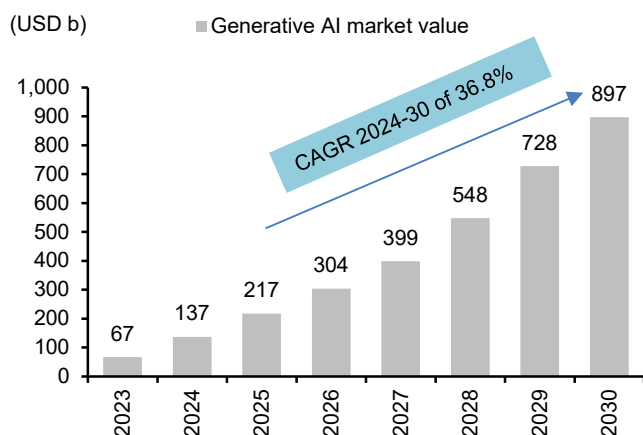
The global artificial intelligence market value is projected to grow at an annual growth rate (CAGR 2024-30) of 36-38%, according to Bloomberg. Particularly, Bloomberg estimates that the largest drivers of market value will be generative AI infrastructure as a service used for training LLMs, followed by digital ads driven by the technology and specialized generative AI assistant software. On the hardware side of this, market value would be driven by AI servers, AI storage, computer vision AI products, and conversation AI devices. This hardware information is related to DELTA's business and we can use this number to project DELTA's revenue growth in the future.

Exhibit 17: Generative AI market opportunities

	2022 (USD m)	2027E (USD m)	2032E (USD m)	CAGR (%)
Hardware	37,973	223,615	641,737	33
Devices	4,128	82,965	168,233	45
Computer vision AI products	1,032	22,124	60,564	50
Conversational AI Products	3,096	60,841	107,669	43
Infrastructure	33,845	140,650	473,505	30
AI Server	22,563	49,641	133,817	19
AI Storage	9,025	33,094	92,642	26
Generative AI infrastructure as a service	2,256	57,915	247,046	60
Software	1,493	58,826	279,899	69
Specialized generative AI assistants	447	20,864	89,035	70
Coding, DevOps and generative AI workflows	213	12,617	50,430	73
Generative AI workload infrastructure software	439	13,468	71,645	66
Generative AI drug discovery software	14	4,042	28,343	113
Generative AI-based cybersecurity spending	9	3,165	13,946	109
Generative AI education spending	370	4,669	26,500	53
Generative AI-based gaming spending	190	20,668	69,414	80
Generative AI-driven ad spending	57	64,358	192,492	125
Generative AI-focused IT services	83	21,690	85,871	100
Generative AI-based business services	38	10,188	34,138	97
Total	39,834	399,345	1,303,551	42

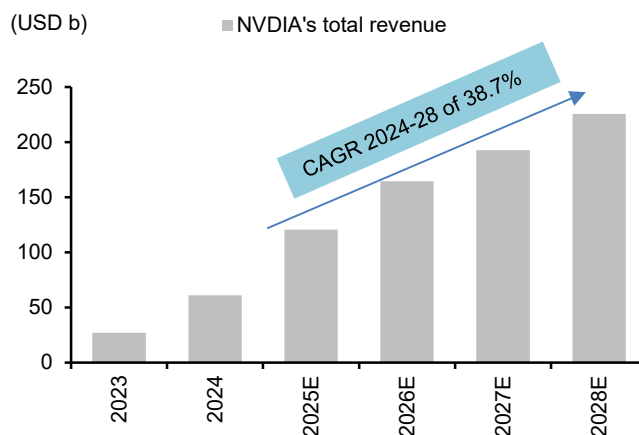
Source: Bloomberg

Exhibit 18: Global generative AI market value



Sources: Bloomberg, FSSIA's compilation

Exhibit 19: NVIDIA's total revenue

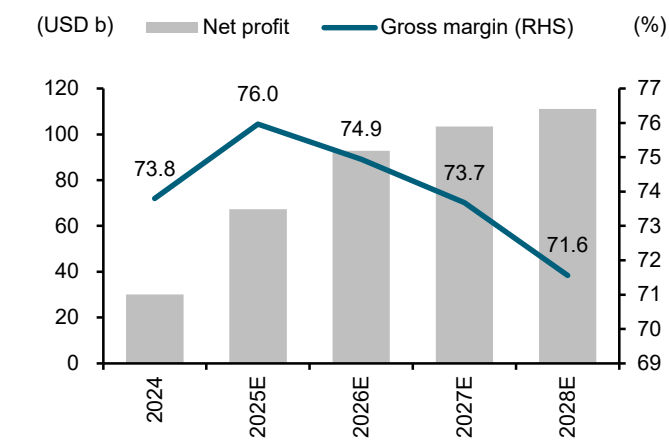


Sources: Bloomberg, FSSIA's compilation

Moreover, we would say NVIDIA is one of DELTA's AI customers. The Bloomberg consensus estimates that NVIDIA's revenue growth from 2025 to 2028 will average 38.7% CAGR, which is closely aligned with the overall growth of the AI market.

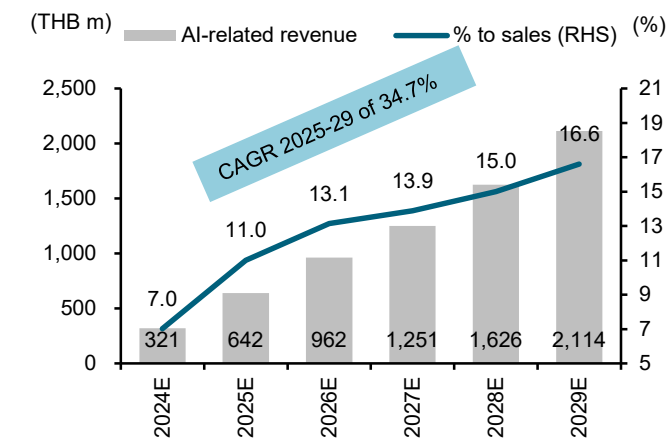
DELTA has not yet disclosed its growth targets and revenue contribution for AI by 2025. Initially, we estimate that AI revenue for 2024 will be around USD321m, accounting for 7% of total revenue. We expect revenue in 2025-26 to accelerate with growth rates of 50% and 40%, respectively, leading to an increase in revenue contribution to 11% and 13% of total revenue. We anticipate that the revenue growth rate for AI over the next five years (2025-29) will average 34.7% CAGR, slightly lower than the projected growth rate for the global AI market.

Exhibit 20: NVIDIA's net profit and gross margin



Sources: Bloomberg, FSSIA's compilation

Exhibit 21: DELTA's AI revenue projection



Source: FSSIA estimates

Revised up net profit on clearer improvement from AI-related revenue

We have revised our net profit forecasts for 2024-26 upwards by 11.4%/24.4%/41%, resulting in growth rates of 16%/28%/28%, respectively, to reflect the accelerating growth of AI revenue. In additional, we have increased our assumptions for DELTA's gross margin for 2024-26 by an average of 1.6-1.9%, resulting in margins of 24.2%/25.2%/25.5%. This adjustment is due to higher utilization rates and changes in product mix, particularly in AI, which we expect to have a gross margin of around 40-50%.

Currently, most AI orders come from Delta Taiwan, causing DELTA to pay royalty fees and technical service fees to Delta Taiwan. Initially, we estimate that the total fees for both components will be c10-15% of revenue (DELTA has not disclosed this information). However, if DELTA can recognize revenue from self-developed AI products more quickly and in greater amounts, it will further support profit growth, as there will be no royalty fees or technical service fees.

Exhibit 22: Changes in key assumptions for DELTA

	Current			Previous			Change		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
Total sales value (THB m)	161,321	198,318	248,930	166,307	186,514	204,363	(3.0)	6.3	21.8
Costs	122,281	148,342	185,453	129,220	144,548	158,382	(5.4)	2.6	17.1
Gross profit	39,040	49,976	63,477	37,086	41,966	48,843	5.3	19.1	30.0
SG&A expense	19,359	23,401	29,374	17,961	20,144	22,071	7.8	16.2	33.1
Interest expense	100	104	94	100	47	43	0.2	120.6	118.0
Reported net profit	21,333	27,282	35,016	19,157	21,931	24,809	11.4	24.4	41.1
Core profit	20,724	27,282	35,016	19,157	21,931	24,809	8.2	24.4	41.1
Key ratios (%)									
Total revenue growth	10.2	22.9	25.5	13.6	12.2	9.6	(3.4)	10.8	16.0
Net profit growth	15.8	27.9	28.4	4.0	15.7	16.4	11.8	12.2	11.9
Core profit growth	20.5	31.6	28.4	11.4	15.7	16.4	9.1	15.9	11.9
Gross margin	24.2	25.2	25.5	22.3	23.5	23.9	1.9	1.7	1.6
SG&A to sales	12.0	11.8	11.8	10.8	10.2	10.2	1.2	1.6	1.6
Net margin	13.2	13.8	14.1	11.5	13.3	14.1	1.7	0.5	0.0
Core margin	12.8	13.8	14.1	11.5	13.3	14.1	1.3	0.5	0.0
Operating statistics									
Total revenue (USD m)	4,570	5,833	7,321	5,040	5,652	6,193	(9.3)	3.2	18.2
FX rate (THB/USD)	35.3	34.0	34.0	33.0	33.0	33.0	7.0	3.0	3.0
Power electronics (USD m)	2,401	3,242	4,214	2,700	3,051	3,357	(11.1)	6.2	25.6
Infrastructure (USD m)	677	745	820	750	803	859	(9.7)	(7.2)	(4.6)
Automation (USD m)	116	127	140	127	145	160	(8.7)	(12.7)	(12.7)
Revenue by product									
	Revenue (THB m)			Growth (%)			Contribution to total revenue (%)		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
EV power	1,474	1,769	2,034	25.0	20.0	15.0	32.3	30.3	27.8
Data center (non-AI)	1,079	1,186	1,305	5.0	10.0	10.0	23.6	20.3	17.8
Fan & thermal management	424	466	503	15.0	10.0	8.0	9.3	8.0	6.9
India business	394	425	459	10.0	8.0	8.0	8.6	7.3	6.3
AI-related	321	642	962	100.0	100.0	50.0	7.0	11.0	13.1

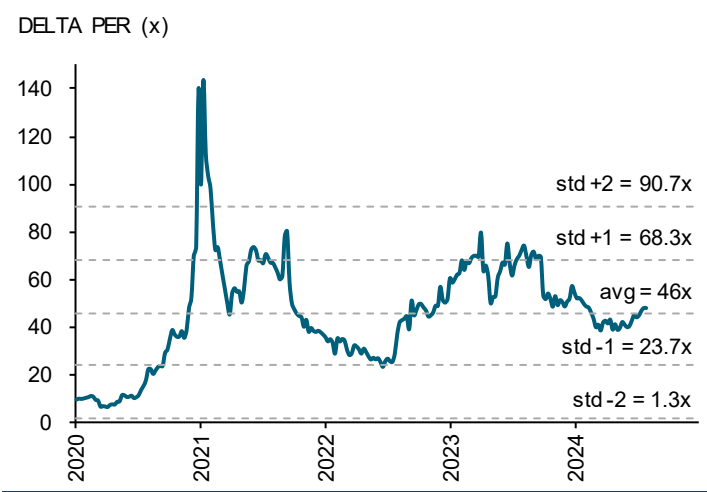
Sources: FSSIA estimates

Continues to trade on high premium valuation, driven by story

We roll forward our TP to 2025, resulting in a higher TP of THB110. We raise our target P/E to 50x (from 40x) for three reasons: 1) it is based on DELTA’s historical average P/E over the past five years; 2) it reflects the expected growth rate of revenue and profits, which are anticipated to continue increasing for at least the next 1-2 years; and 3) there is a clearer growth potential in the AI-related and EV sectors. Given the upward trend in profits, we believe that DELTA will continue to receive a premium valuation due to high expectations of high profit growth and will likely be one of the few companies in the Thai stock market with a clear revenue stream related to AI, even if it is just at the upstream level (the product that DELTA produces in AI is power systems). Moreover, NVIDIA is considered one of DELTA’s AI customers, and currently NVIDIA trades at an estimated P/E ratio of 90x and 41x for 2024-25, respectively.

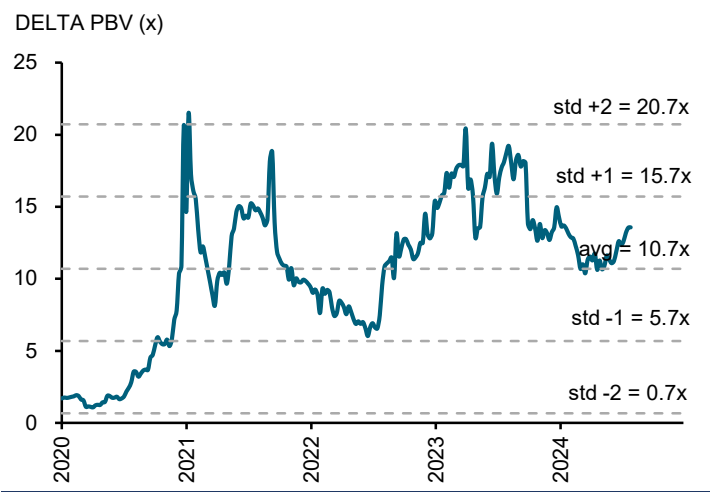
However, the risks that investors still need to monitor are 1) a greater global economic slowdown than expected; 2) higher competition than anticipated; 3) customer loss; and 4) inventory write-downs and reversals, which impact the gross margin. In addition, over the past five months, DELTA’s stock price has risen by 45%, reflecting high expectations, trading at a 2024E P/E of 62x. Therefore, we recommend a trading Buy for investors who can accept the risks.

Exhibit 23: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 24: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 25: Peers comparison as of 30 July 2024

Company	BBG	Rec	---- Share price ----			Market Cap (USD m)	----- PE -----		----- ROE -----		----- PBV ----		-- EV/EBITDA --	
			Current	Target	Upside		24E	25E	24E	25E	24E	25E	24E	25E
			(LCY)	(LCY)	(%)		(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
Thailand														
Delta Electronics (Thailand)*	DELTA TB	HOLD	99.50	110.00	11	34,503	61.5	45.5	27.9	32.3	16.1	13.5	47.6	36.8
KCE Electronics*	KCE TB	BUY	44.75	50.00	12	1,471	23.3	21.0	16.2	17.3	3.7	3.5	14.4	13.2
Hana Microelectronics*	HANA TB	BUY	47.00	50.00	6	1,157	19.0	17.0	7.4	7.9	1.4	1.3	8.4	7.6
SVI	SVI TB	n/a	8.25	n/a	n/a	494	14.9	13.4	16.3	16.2	2.3	2.1	11.8	10.7
Cal-Comp Electronics	CCET TB	n/a	3.80	n/a	n/a	1,103	16.5	14.6	8.9	9.9	1.5	1.4	n/a	n/a
Thailand average						38,727	27.1	22.3	15.3	16.7	5.0	4.4	20.6	17.1
Regional														
Delta Electronics (Taiwan)	2308 TT	n/a	400.00	n/a	n/a	31,626	29.5	23.8	15.8	17.7	4.7	4.2	14.7	12.5
China Leadshine Technology	002979 CH	n/a	18.07	n/a	n/a	764	23.9	18.8	16.0	18.2	3.9	3.5	20.0	15.7
Suplet Power	300593 CH	n/a	10.19	n/a	n/a	762	40.8	27.0	3.8	5.7	1.8	1.7	25.1	18.2
Polycab India	POLYCAB IN	n/a	6,681.75	n/a	n/a	11,999	59.1	49.0	22.8	22.2	12.6	10.3	40.7	34.0
Qingdao Yunlu Advanced	688190 CH	n/a	63.60	n/a	n/a	1,052	20.0	16.3	14.8	15.8	n/a	n/a	n/a	n/a
TDG Holdings	600330 CH	n/a	6.26	n/a	n/a	1,065	19.6	16.9	4.7	5.1	0.9	0.9	10.0	8.6
Shenzhen Megmeet Electrical	002851 CH	n/a	26.56	n/a	n/a	1,843	17.7	14.2	14.9	15.9	2.6	2.3	15.5	12.5
Nexans	NEX FP	n/a	117.30	n/a	n/a	5,682	16.6	14.9	17.8	17.2	2.8	2.5	7.9	7.4
Furukawa Electric	5801 JP	n/a	3,996.00	n/a	n/a	1,823	122.4	22.0	0.6	3.8	0.9	0.8	13.9	9.5
Regional average						56,617	38.8	22.6	12.4	13.5	3.8	3.3	18.5	14.8
Global														
Nvda	NVDA US	n/a	111.59	n/a	n/a	2,745,114	89.9	40.9	83.1	90.2	63.4	31.5	77.0	34.4
Advanced Micro Devices	AMD US	n/a	139.75	n/a	n/a	225,880	40.1	25.6	8.2	12.8	3.9	3.6	32.5	22.0
Tesla	TSLA US	n/a	232.10	n/a	n/a	741,476	100.7	73.9	11.1	12.8	10.9	9.6	49.9	37.9
Apple	AAPL US	n/a	218.24	n/a	n/a	3,346,510	32.9	29.8	153.4	146.9	48.2	44.2	24.6	22.8
Microsoft	MSFT US	n/a	426.73	n/a	n/a	3,171,588	36.1	32.0	35.9	33.3	11.8	9.4	24.5	21.5
Meta Platforms	META US	n/a	465.71	n/a	n/a	1,181,431	22.6	19.7	30.8	29.7	6.2	4.8	13.3	11.5
Global average						11,411,999	53.7	37.0	53.8	54.3	24.1	17.2	37.0	25.0
Overall average						11,507,343	40.4	26.8	25.5	26.5	10.5	8.0	25.1	18.7

Sources: Bloomberg; FSSIA estimates

Financial Statements

Delta Electronics

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

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Power electronics	91,252	120,290	84,766	110,220	143,286
Mobility			48,421	58,297	72,871
Infrastructure	24,185	22,105	23,909	25,331	27,865
Automation	3,009	3,830	4,077	4,320	4,752

Sources: Delta Electronics; FSSIA estimates

Financial Statements

Delta Electronics

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

Per share (THB)

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

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

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

Per share (THB)

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

Financial strength

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

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	85.2	72.2	61.5	45.5	35.4
Recurring P/E @ target price (x) *	94.2	79.8	67.9	50.3	39.2
Reported P/E (x)	80.9	67.4	58.2	45.5	35.4
Dividend yield (%)	0.4	0.5	0.9	1.1	1.4
Price/book (x)	22.7	18.4	16.1	13.5	11.3
Price/tangible book (x)	23.0	18.5	16.2	13.6	11.3
EV/EBITDA (x) **	67.6	53.8	47.6	36.8	29.5
EV/EBITDA @ target price (x) **	74.8	59.5	52.7	40.8	32.6
EV/invested capital (x)	25.1	18.5	16.9	13.6	11.2

* 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 26: 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 27: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings					Bloomberg		
	ESG score	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 28: ESG score by Bloomberg

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

Sources: Bloomberg; FSSIA's compilation

Exhibit 29: ESG score by Bloomberg (cont.)

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

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

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

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

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

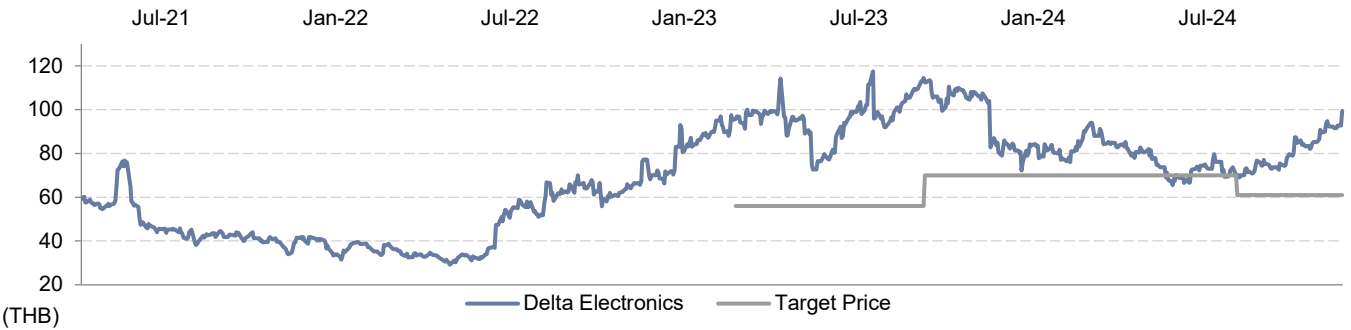
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

History of change in investment rating and/or target price

Delta Electronics (DELTA TB)



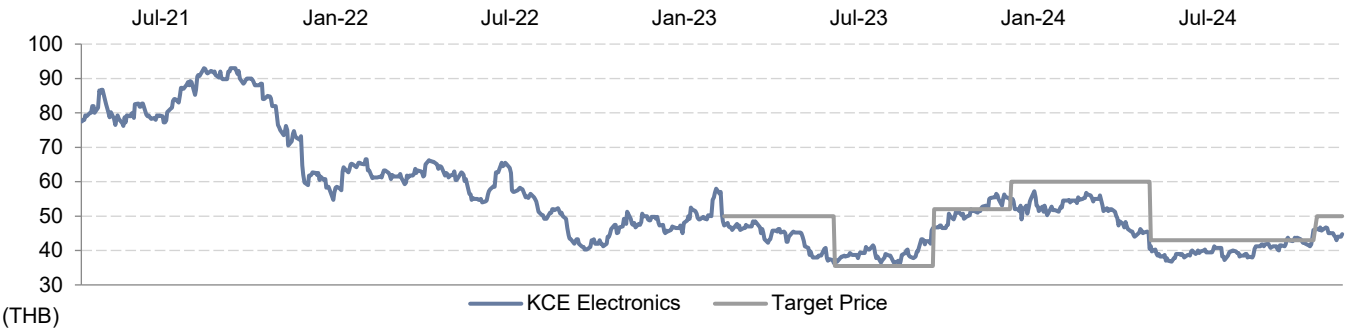
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
17-Feb-2023	REDUCE	56.00	02-Aug-2023	REDUCE	70.00	29-Apr-2024	REDUCE	61.00

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

Price and TP are in local currency

Source: FSSIA estimates

KCE Electronics (KCE TB)



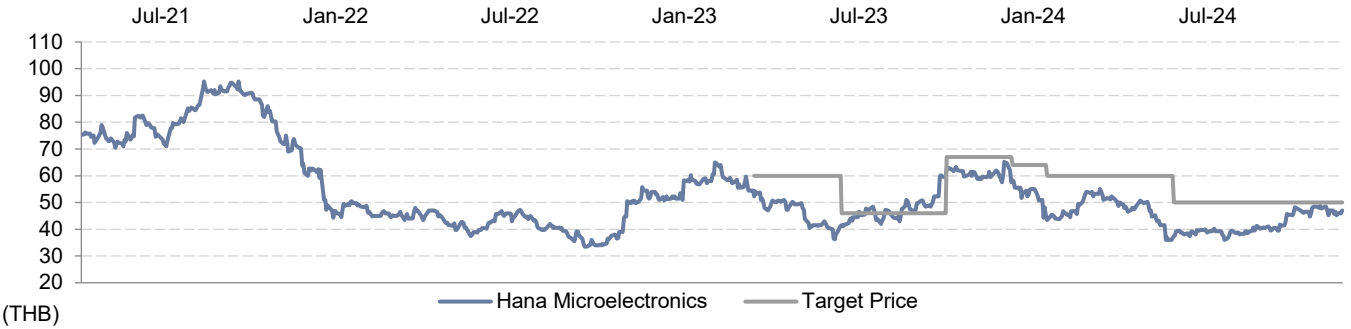
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Feb-2023	HOLD	50.00	10-Aug-2023	BUY	52.00	14-Feb-2024	HOLD	43.00
16-May-2023	HOLD	35.50	16-Oct-2023	HOLD	60.00	05-Jul-2024	BUY	50.00

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	16-Nov-2023	BUY	60.00
22-May-2023	BUY	46.00	17-Oct-2023	BUY	64.00	05-Mar-2024	BUY	50.00

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 99.50	HOLD	Downside and upside risks to our P/E-based TP include 1) lower or higher-than-expected global EV sales growth; 2) a sooner or later-than-expected decrease in raw material costs; and 3) a stronger or weaker-than-expected THB.
KCE Electronics	KCE TB	THB 44.75	BUY	Downside risks to our P/E-based TP include 1) slower-than-expected global economic and car sales recoveries; 2) lower-than-expected decrease in raw material costs; 3) a weaker-than-expected in THB; and 4) a minimum wage increase or a labour shortage.
Hana Microelectronics	HANA TB	THB 47.00	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected recovery in the global economy and purchasing power, 2) higher-than-expected raw material costs, 3) Baht strength, and 4) higher minimum wage and labor shortages.

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 30-Jul-2024 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.