

# DELTA ELECTRONICS

## THAILAND / ELECTRONIC COMPONENT

# DELTA TB

# REDUCE

UNCHANGED

## ยังมีความเสี่ยงรออยู่ข้างหน้า

- คาดว่ากำไรปกติ 1Q25 จะโต y-y จากความต้องการ AI ที่อยู่ในเกณฑ์ดี
- แม้ว่าคำสั่งซื้อจะเร่งตัวขึ้นในระยะสั้นหลังไตรมาสชะลอการขึ้นภาณิน่าเข้าเป็นเวลา 90 วัน หุ้นยังมีความเสี่ยงหลายประการรออยู่ข้างหน้า
- ปรับลดค่า P/E เป้าหมายเป็น 35x (-0.5 SD) และคงคำแนะนำ REDUCE

TARGET PRICE	THB55.00
CLOSE	THB68.00
UP/DOWNSIDE	-19.1%
PRIOR TP	THB72.00
CHANGE IN TP	-23.6%
TP vs CONSENSUS	-19.5%

### AI น่าจะต่อเนื่องใน 1Q25

เรคาดกำไรสุทธิ 1Q25 อยู่ที่ 4.2 พัน ลบ. (+97% q-q, -2% y-y) เมื่อหักรายการพิเศษใน 4Q24 กำไรปกติจะทรงตัว q-q และสูงขึ้น 11.5% y-y ตัวเลขที่โตขึ้น y-y น่าเกิดจากผลประกอบการที่ดีของกลุ่ม AI เป็นหลักแม้ว่าแนวโน้มเศรษฐกิจโลกจะอ่อนแอ นอกจากนี้อุปทานยังมีจำกัดในขณะที่ความต้องการของลูกค้ามีสูงต่อเนื่อง ในขณะที่กลุ่ม EV ยังไม่ฟื้นตัวใกล้เคียงกับแนวโน้มอุตสาหกรรม ทั้งนี้เรคาดว่ารายได้รวมใน 1Q25 จะสูงขึ้น 3% q-q และ 13% y-y ในขณะที่อัตรากำไรขั้นต้นน่าจะสูงขึ้นเป็น 25% (เทียบกับ 24.9% ใน 4Q24 และ 21% ใน 1Q24) ใกล้เคียงกับเป้าหมายของ DELTA ที่คาดว่าจะรายได้โต 10-15% และอัตรากำไรขั้นต้นจะอยู่ที่ 25%

### ค่าธรรมเนียมทางกฎหมายน่าจะต่อเนื่องแต่จะลดลง q-q

ค่าใช้จ่ายพิเศษที่มีนัยสำคัญใน 4Q24 ได้หมดไปแล้วในขณะที่ค่าธรรมเนียมทางกฎหมายน่าจะลดลง ในขณะที่ค่าธรรมเนียมที่จ่ายให้แก่ Delta Taiwan น่าจะยังทรงตัวในขณะที่รายได้จากรูทิจ AI น่าจะเพิ่มสูงขึ้นใน 1Q25 โดยได้ปัจจัยผลักดันสินค้าที่ DELTA พัฒนาเป็นการภายใน ดังนั้นเรจึงคาดว่าสัดส่วนค่าใช้จ่ายการขายและบริหารต่อยอดขายจะลดลงเหลือ 14% จาก 14.8% ใน 4Q24 อย่างไรก็ตามตัวเลขน่าจะยังสูงกว่าใน 1Q24 จากค่าธรรมเนียมทางกฎหมายที่มีอย่างต่อเนื่องในขณะที่คดียังไม่ถึงที่สุด ปัจจุบัน DELTA กำลังเจรจากับ Delta Taiwan ในส่วนของค่าธรรมเนียมทางกฎหมาย (1 พัน ลบ. ใน 4Q24) อย่างไรก็ตามบริษัท มีความเสี่ยงสำคัญที่ต้องจับตาอยู่ที่คำตัดสินของศาลและความเสียหายที่อาจเกิดขึ้นถ้าแพ้คดี

### กำลังการผลิต AI ใหม่จะเริ่มใน 3Q25

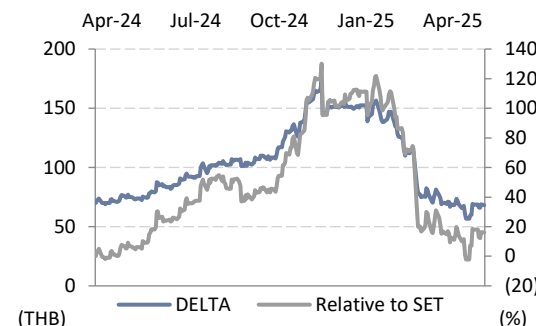
เรคาดว่ากำไร 2Q25 จะฟื้นตัวต่อเนื่องจากความต้องการสินค้า AI ที่อยู่ในเกณฑ์ดีพร้อมสัญญาณการเร่งคำสั่งซื้อของลูกค้าหลังไตรมาสชะลอการขึ้นภาณิน่าเข้าออกไปอีก 90 วัน DELTA กำลังขยายกำลังการผลิตเพื่อให้ทันต่อความต้องการ AI พร้อมคาดว่าจะได้จากรูทิจ AI จะเร่งตัวขึ้นต่อเนื่องในช่วง 2H25 เมื่อโรงงานใหม่ที่นิคมอุตสาหกรรมเวลโกรว์แล้วเสร็จและเริ่มดำเนินงานเชิงพาณิชย์ใน 3Q25 ทั้งนี้ Delta Taiwan กำลังเตรียมส่งคำสั่งซื้อให้แก่โรงงานใหม่ได้ทันที

### ปรับลด Valuation จากความเสี่ยงที่สูงขึ้นในอนาคต

แม้ว่าเราจะประมาณการกำไรปี 2025 ของเราและหุ้นมีปัจจัยหนุนในระยะสั้นจากการเร่งซื้อศูนย์ข้อมูลของลูกค้า เราปรับลดค่า P/E เป้าหมายเป็น 35x (-0.5 SD) จาก 45x จากความเสี่ยงที่เพิ่มขึ้นประกอบด้วย 1) คดีที่ยังไม่ผลสรุปพร้อมความเสียหายที่ยังไม่แน่นอน 2) รายได้จากรูทิจ EV ที่อาจอ่อนแอกว่าคาดและ 3) ผลกระทบจากภาณิน่าเข้าของสหรัฐฯ หลังระยะการชะลอ 90 วันสิ้นสุดลงเนื่องจากสินค้าของ DELTA ไม่ได้รับการยกเว้นจากภาณิน่าดังกล่าว ดังนั้นเรจึงลดราคาเป้าหมายของเราเป็น 55 บาทและคงคำแนะนำ REDUCE

### KEY STOCK DATA

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	164,733	174,556	197,705	223,283
Net profit	18,939	19,619	22,392	25,473
EPS (THB)	1.52	1.57	1.80	2.04
vs Consensus (%)	-	4.5	1.1	2.5
EBITDA	27,723	30,436	34,212	38,362
Recurring net profit	20,164	19,619	22,392	25,473
Core EPS (THB)	1.62	1.57	1.80	2.04
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	17.2	(2.7)	14.1	13.8
Core P/E (x)	42.1	43.2	37.9	33.3
Dividend yield (%)	0.7	0.7	0.8	0.9
EV/EBITDA (x)	30.1	27.5	24.2	21.4
Price/book (x)	10.6	9.0	7.6	6.5
Net debt/Equity (%)	(17.8)	(12.4)	(16.9)	(21.0)
ROE (%)	27.3	22.5	21.8	21.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(1.4)	(52.3)	(1.8)
Relative to country (%)	3.1	(43.1)	15.3
Mkt cap (USD m)	25,624		
3m avg. daily turnover (USD m)	61.4		
Free float (%)	0		
Major shareholder Delta Electronics International (Singapore) Pte Ltd (43%)			
12m high/low (THB)	173.50/51.25		
Issued shares (m)	12,473.82		

Sources: Bloomberg consensus; FSSIA estimates

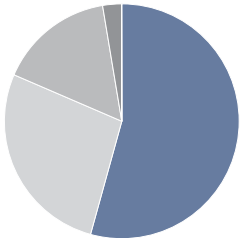
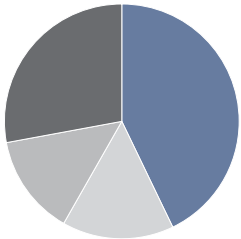


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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 22 เมษายน 2025

<div><h3>Investment thesis</h3><p>We have a more cautious outlook on the growth trend in 2025 after seeing signs of a slowdown in the EV segment. DELTA has revised down its EV growth target to single-digit growth in 2025, while the data center segment is expected to grow by 10% y-y, and the AI segment is likely to continue its strong growth.</p><p>In addition, the rising fees paid to Delta Taiwan have grown faster than revenue, with the likelihood of further increases after the fee adjustment in 4Q24. DELTA guided that its new rate for non-AI products would increase to 10% of revenue, while AI products are being charged at a rate higher than 10%. Aside from that, DELTA will face a higher GMT tax rate at 15% starting in 1Q25, compared to 2.4% in 2024.</p><h3>Company profile</h3><p>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 2024, its revenue contribution came mainly from power electronics at 54.3%, with mobility/infrastructure/automation at 27.2%/15.9%/2.6%, respectively.</p><p><a href="http://www.deltathailand.com">www.deltathailand.com</a></p></div>	<div><h3>Principal activities (revenue, 2024)</h3><div><div><div>■ Power electronics - 54.3 %</div><div>■ Mobility - 27.2 %</div><div>■ Infrastructure - 15.9 %</div><div>■ Automation - 2.6 %</div><div>■ Others - 0.0 %</div></div></div><div><p>Source: Delta Electronics</p></div><div><h3>Major shareholders</h3><div><div><div>■ Delta Electronics International (Singapore) Pte Ltd - 42.9 %</div><div>■ Delta International Holding Limited - 15.4 %</div><div>■ Delta Electronics Inc. - 13.9 %</div><div>■ Others - 27.9 %</div></div></div><div><p>Source: Delta Electronics</p></div></div></div>
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### Catalysts

Potential catalysts for DELTA’s earnings growth in 2025 are 1) purchase order growth from EV power supporting a 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

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

### Event calendar

Date	Event
25 April 2025	1Q25 results announcement
28 April 2025	1Q25 analyst meeting

### Key assumptions

	2025E	2026E	2027E
Power electronics (USD m)	3,004	3,505	4,031
Mobility (USD m)	1,348	1,456	1,601
Infrastructure (USD m)	804	883	972
Automation (USD m)	131	144	158
Total revenue (USD m)	5,290	5,991	6,766
Gross margin (%)	25.4	25.5	25.6

Source: FSSIA estimates

### Earnings sensitivity

- For every 1% increase in USD revenue, we estimate 2025 net profit to rise by 0.9%, and vice versa, all else being equal.
- For every THB1/USD increase, we estimate 2025 net profit to fall by 6.5%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2025 net profit to rise by 3.4%, and vice versa, all else being equal.
- For every 0.2% increase in SG&A, we estimate 2025 net profit to fall by 1.8%, and vice versa, all else being equal.

Source: FSSIA estimates

## Exhibit 1: DELTA – 1Q25 earnings preview

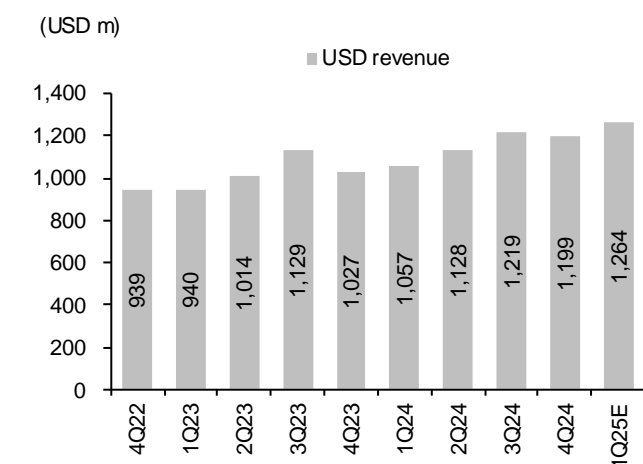
	1Q24	2Q24	3Q24	4Q24	1Q25E	----- Change -----		2024	2025E	Change	% 1Q25E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	to 2025E
Sales	37,989	41,772	43,225	41,747	42,927	2.8	13.0	164,733	174,556	6.0	24.6
Cost of sales	30,017	30,550	31,298	31,368	32,195	2.6	7.3	123,233	130,219	5.7	24.7
Gross profit	7,972	11,222	11,927	10,379	10,732	3.4	34.6	41,500	44,337	6.8	24.2
SG&A	4,252	5,403	5,938	6,160	6,010	(2.4)	41.4	21,753	22,518	3.5	26.7
Operating profit	3,720	5,819	5,989	4,219	4,722	11.9	26.9	19,747	21,820	10.5	21.6
Interest expense	34	22	29	81	80	(1.4)	133.1	167	117	(30.2)	68.6
Tax expense	113	153	139	249	748	200.6	563.3	654	3,462	429.4	21.6
Other gain (Loss)	507	631	(285)	(2078)	0	nm	nm	(1225)	0	nm	nm
Reported net profit	4,308	6,565	5,911	2,155	4,238	96.6	(1.6)	18,939	19,619	3.6	21.6
Core profit	3,801	5,934	6,196	4,233	4,238	0.1	11.5	20,164	19,619	(2.7)	21.6

Key Ratios (%)						(ppt)	(ppt)			(ppt)	(ppt)
Gross margin (adjusted)	21.0	26.9	27.6	24.9	25.0	0.1	4.0	25.2	25.4	0.2	
SG&A to sales (adjusted)	11.2	12.9	13.7	14.8	14.0	(0.8)	2.8	13.2	12.9	(0.3)	
Operating margin	9.8	13.9	13.9	10.1	11.0	0.9	1.2	12.0	12.5	0.5	
Net margin	11.3	15.7	13.7	5.2	9.9	4.7	(1.5)	11.5	11.2	(0.3)	
Core margin	10.0	14.2	14.3	10.1	9.9	(0.3)	(0.1)	12.2	11.2	(1.0)	

Operating Statistics											
THB total revenue (THB m)	37,989	41,772	43,225	41,747	42,927	2.8	13.0	164,733	174,556	6.0	74.7
USD total revenue (USD m)	1,057	1,128	1,219	1,199	1,264	5.5	19.6	4,604	5,290	14.9	73.9

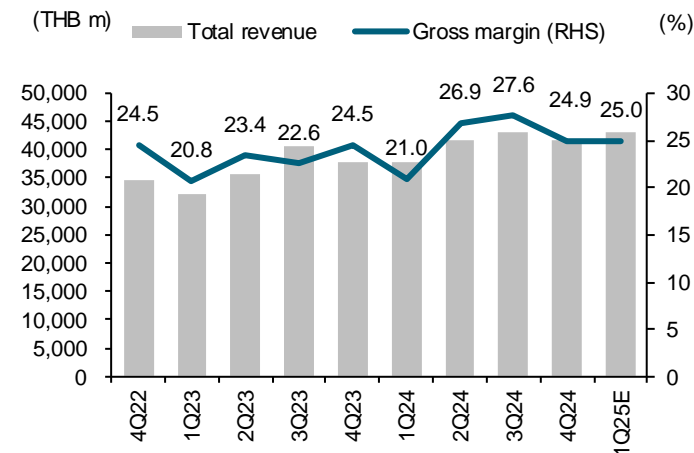
Sources: DELTA, FSSIA estimates

## Exhibit 2: Quarterly USD revenue



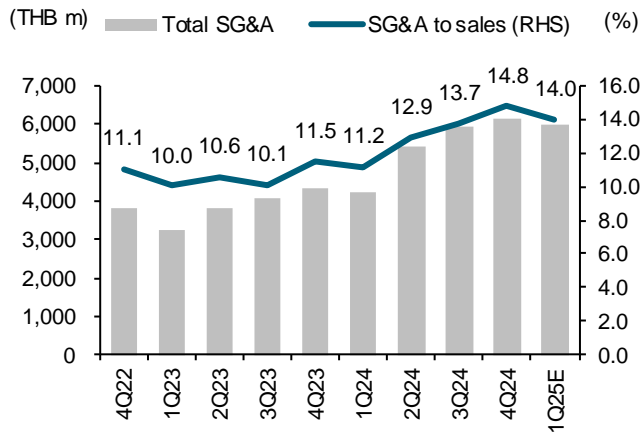
Sources: DELTA, FSSIA estimates

## Exhibit 3: Quarterly THB revenue and gross margin



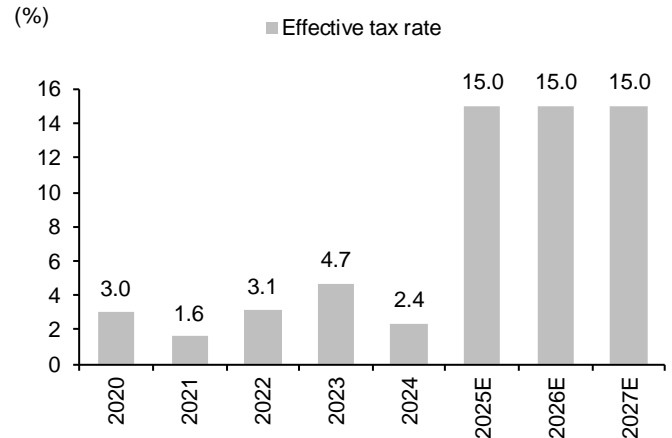
Sources: DELTA, FSSIA estimates

Exhibit 4: Quarterly SG&amp;A expenses



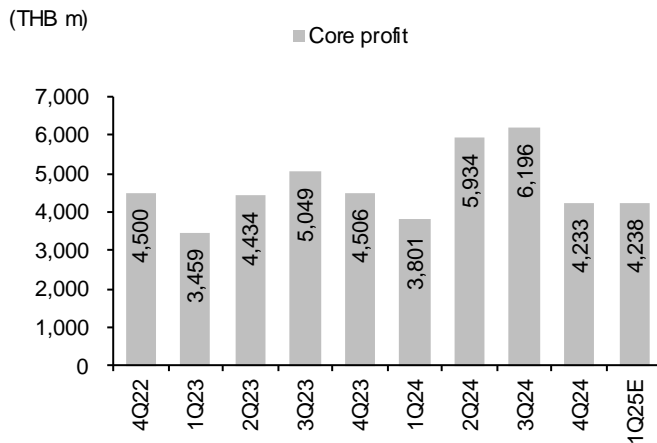
Sources: DELTA, FSSIA estimates

Exhibit 5: Effective tax rate (GMT impact)



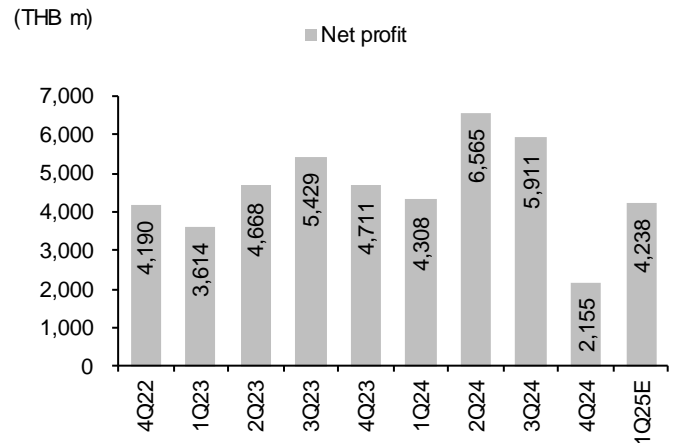
Sources: DELTA, FSSIA estimates

Exhibit 6: Quarterly core profit



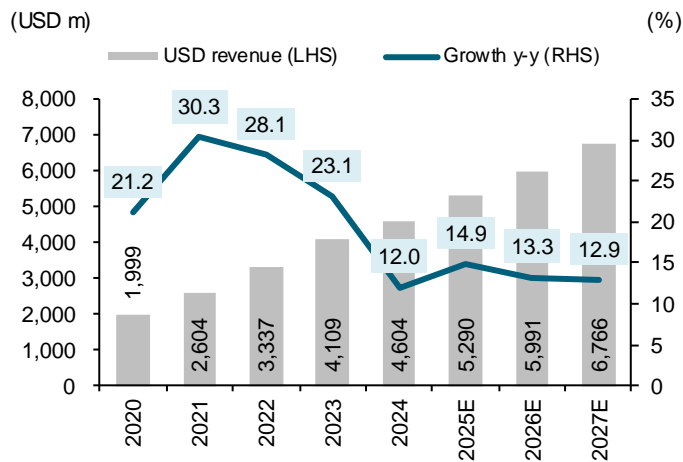
Sources: DELTA, FSSIA estimates

Exhibit 7: Quarterly net profit



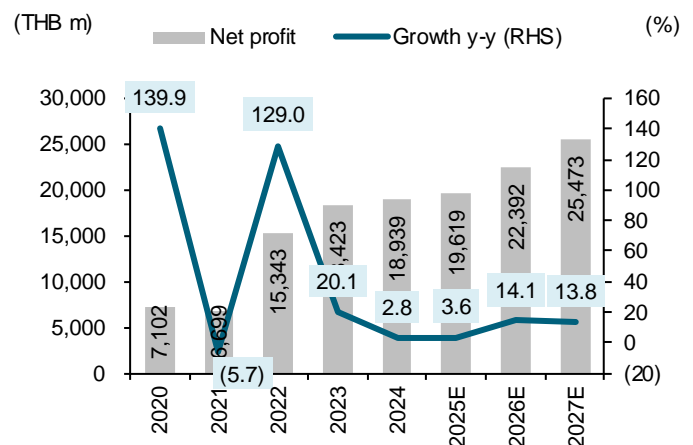
Sources: DELTA, FSSIA estimates

Exhibit 8: Yearly USD revenue and growth



Sources: DELTA, FSSIA estimates

Exhibit 9: Yearly net profit and gross margin



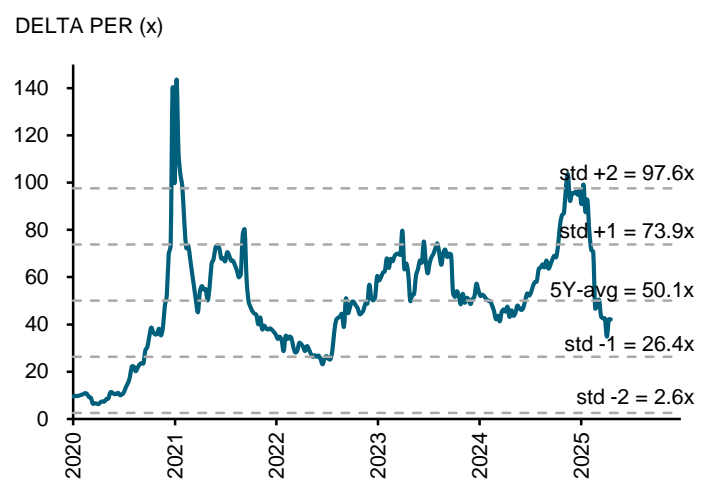
Sources: DELTA, FSSIA estimates

Exhibit 10: Peers comparison as of 21 April 2025

Company	BBG	Rec	Share price			Market Cap	PE		ROE		PBV		- EV/EBITDA -	
			Current	Target	Upside		25E	26E	25E	26E	25E	26E	25E	26E
			(LCY)	(LCY)	(%)		(USD m)	(x)	(x)	(%)	(%)	(x)	(x)	(x)
Thailand														
Delta Electronics (Thailand)*	DELTA TB	REDUCE	68.00	55.00	(19)	25,624	43.2	37.9	22.5	21.8	9.0	7.6	27.5	24.2
KCE Electronics*	KCE TB	HOLD	16.70	25.00	50	596	11.8	9.8	12.0	13.9	1.4	1.3	6.7	6.0
Hana Microelectronics*	HANA TB	HOLD	18.00	18.00	-	481	14.8	12.9	3.9	4.5	0.6	0.6	1.9	1.7
SVI	SVI TB	n/a	7.80	n/a	n/a	503	13.6	12.7	15.6	15.1	2.0	1.8	10.2	9.6
Cal-Comp Electronics	CCET TB	n/a	5.20	n/a	n/a	1,670	16.9	15.0	12.0	13.0	2.0	1.9	9.01	8.19
Thailand average						28,875	20.1	17.7	13.2	13.7	3.0	2.7	11.1	9.9
Regional														
Delta Electronics (Taiwan)	2308 TT	n/a	310.00	n/a	n/a	24,786	17.3	14.7	18.0	18.7	3.1	2.8	9.3	8.1
China Leadshine Technology	002979 CH	n/a	42.76	n/a	n/a	1,793	46.8	37.6	17.6	20.2	8.5	7.8	40.3	32.6
Suplet Power	300593 CH	n/a	13.54	n/a	n/a	1,004	39.8	25.1	n/a	n/a	2.5	2.3	27.1	18.2
Polycab India	POLYCAB IN	n/a	5,412.50	n/a	n/a	9,725	43.2	35.6	21.2	22.0	8.6	7.2	29.0	24.2
Qingdao Yunlu Advanced	688190 CH	n/a	93.85	n/a	n/a	1,540	26.1	22.4	15.3	15.6	3.95	3.47	20.26	17.57
TDG Holdings	600330 CH	n/a	6.43	n/a	n/a	1,084	26.8	21.4	3.5	4.1	0.9	0.9	11.2	9.4
Shenzhen Megmeet Electrical	002851 CH	n/a	46.25	n/a	n/a	3,450	28.9	22.5	14.9	16.8	4.3	3.7	25.7	20.5
Nexans	NEX FP	n/a	87.50	n/a	n/a	4,288	11.7	10.4	16.6	16.5	1.8	1.6	5.5	5.1
Furukawa Electric	5801 JP	n/a	4,040.00	n/a	n/a	2,034	9.9	8.8	8.8	9.3	0.8	0.8	7.3	6.9
Regional average						49,704	27.8	22.0	14.5	15.4	3.8	3.4	19.5	15.8
Global														
Nvidia	NVDA US	n/a	96.91	n/a	n/a	2,364,604	33.4	21.8	100.8	83.0	26.1	13.9	26.6	18.0
Advanced Micro Devices	AMD US	n/a	85.56	n/a	n/a	139,004	19.0	14.2	9.1	12.0	2.4	2.3	18.3	13.6
Apple	AAPL US	n/a	193.16	n/a	n/a	2,901,664	26.6	24.2	178.3	196.5	41.8	31.8	20.3	18.8
Microsoft	MSFT US	n/a	359.12	n/a	n/a	2,669,692	27.3	23.9	31.0	28.3	7.9	6.3	17.6	15.3
Meta Platforms	META US	n/a	484.66	n/a	n/a	1,223,500	18.6	16.2	30.5	26.7	5.2	4.1	11.5	9.7
Global average						9,298,463	25.0	20.1	69.9	69.3	16.7	11.7	18.9	15.1
Overall average						9,377,042	25.0	20.4	29.5	29.9	7.0	5.4	17.1	14.1

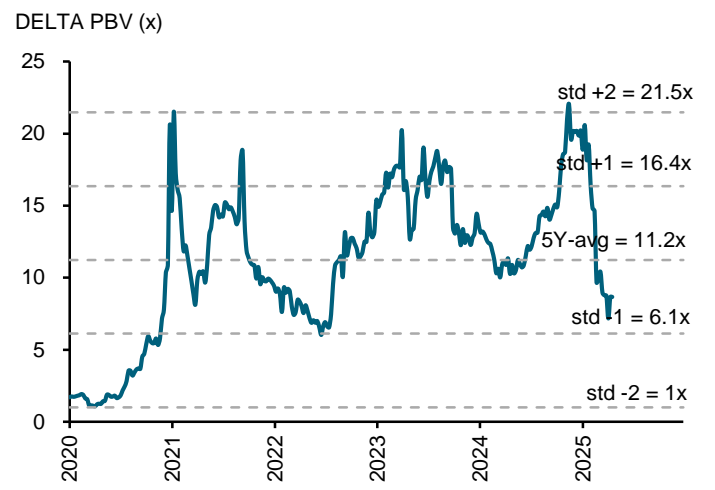
Sources: Bloomberg; FSSIA estimates

Exhibit 11: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 12: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

## Financial Statements

### Delta Electronics

Profit and Loss (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Revenue	146,371	164,733	174,556	197,705	223,283
Cost of goods sold	(112,881)	(123,233)	(130,219)	(147,290)	(166,123)
<b>Gross profit</b>	<b>33,491</b>	<b>41,500</b>	<b>44,337</b>	<b>50,415</b>	<b>57,160</b>
Other operating income	758	1,260	1,396	1,582	1,786
Operating costs	(15,865)	(21,775)	(22,536)	(25,523)	(28,823)
<b>Operating EBITDA</b>	<b>22,992</b>	<b>27,723</b>	<b>30,436</b>	<b>34,212</b>	<b>38,362</b>
Depreciation	(4,608)	(6,738)	(7,238)	(7,738)	(8,238)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>18,384</b>	<b>20,985</b>	<b>23,197</b>	<b>26,473</b>	<b>30,124</b>
Net financing costs	(109)	(167)	(117)	(130)	(155)
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	1,221	(1,225)	0	0	0
<b>Profit before tax</b>	<b>19,496</b>	<b>19,593</b>	<b>23,081</b>	<b>26,343</b>	<b>29,969</b>
Tax	(1,073)	(654)	(3,462)	(3,952)	(4,495)
<b>Profit after tax</b>	<b>18,423</b>	<b>18,939</b>	<b>19,619</b>	<b>22,392</b>	<b>25,473</b>
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>18,423</b>	<b>18,939</b>	<b>19,619</b>	<b>22,392</b>	<b>25,473</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(1,221)</b>	<b>1,225</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>17,201</b>	<b>20,164</b>	<b>19,619</b>	<b>22,392</b>	<b>25,473</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.38	1.62	1.57	1.80	2.04
Reported EPS	1.48	1.52	1.57	1.80	2.04
DPS	0.45	0.46	0.47	0.54	0.61
Diluted shares (used to calculate per share data)	12,474	12,474	12,474	12,474	12,474
<b>Growth</b>					
Revenue (%)	23.5	12.5	6.0	13.3	12.9
Operating EBITDA (%)	26.1	20.6	9.8	12.4	12.1
Operating EBIT (%)	22.1	14.1	10.5	14.1	13.8
Recurring EPS (%)	18.1	17.2	(2.7)	14.1	13.8
Reported EPS (%)	20.1	2.8	3.6	14.1	13.8
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	22.9	25.2	25.4	25.5	25.6
Gross margin exc. depreciation (%)	26.0	29.3	29.5	29.4	29.3
Operating EBITDA margin (%)	15.7	16.8	17.4	17.3	17.2
Operating EBIT margin (%)	12.6	12.7	13.3	13.4	13.5
Net margin (%)	11.8	12.2	11.2	11.3	11.4
Effective tax rate (%)	5.5	3.3	15.0	15.0	15.0
Dividend payout on recurring profit (%)	32.6	28.5	30.0	30.0	30.0
Interest cover (X)	168.1	125.7	199.0	203.6	194.3
Inventory days	97.4	101.0	97.3	97.1	101.9
Debtor days	76.5	73.3	74.4	75.3	75.4
Creditor days	105.0	106.4	100.8	89.5	89.3
Operating ROIC (%)	26.3	25.5	24.8	24.2	24.7
ROIC (%)	25.3	24.6	23.8	23.2	23.7
ROE (%)	28.1	27.3	22.5	21.8	21.1
ROA (%)	17.4	17.6	15.3	15.5	15.2

\* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2023	2024	2025E	2026E	2027E
Power electronics	78,167	89,445	99,119	115,672	133,022
Mobility	42,123	44,774	44,479	48,037	52,841
Infrastructure	22,105	26,191	26,535	29,136	32,078
Automation	3,830	4,255	4,320	4,752	5,227

Sources: Delta Electronics; FSSIA estimates

## Financial Statements

### Delta Electronics

Cash Flow (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Recurring net profit	17,201	20,164	19,619	22,392	25,473
Depreciation	4,608	6,738	7,238	7,738	8,238
Associates & minorities	-	-	-	-	-
Other non-cash items	(546)	(959)	0	0	0
Change in working capital	(10,111)	5,406	(12,844)	(7,557)	(8,653)
<b>Cash flow from operations</b>	<b>11,152</b>	<b>31,349</b>	<b>14,012</b>	<b>22,573</b>	<b>25,058</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(11,633)	(14,717)	(10,000)	(10,000)	(10,000)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(595)	(7)	(1,053)	(347)	(384)
<b>Cash flow from investing</b>	<b>(12,227)</b>	<b>(14,724)</b>	<b>(11,053)</b>	<b>(10,347)</b>	<b>(10,384)</b>
Dividends paid	(5,188)	(5,603)	(5,886)	(6,718)	(7,642)
Equity finance	0	0	0	0	0
Debt finance	3,568	(780)	634	733	782
Other financing cash flows	(376)	(932)	758	1,000	1,000
<b>Cash flow from financing</b>	<b>(1,996)</b>	<b>(7,316)</b>	<b>(4,493)</b>	<b>(4,985)</b>	<b>(5,860)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	546	0	0	0	0
<b>Net other adjustments</b>	<b>546</b>	<b>(1,225)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(2,525)</b>	<b>8,084</b>	<b>(1,534)</b>	<b>7,242</b>	<b>8,814</b>
Free cash flow to firm (FCFF)	(965.85)	16,791.54	3,075.86	12,356.19	14,829.51
Free cash flow to equity (FCFE)	2,663.13	13,687.00	4,351.83	13,959.11	16,456.03
<b>Per share (THB)</b>					
FCFF per share	(0.08)	1.35	0.25	0.99	1.19
FCFE per share	0.21	1.10	0.35	1.12	1.32
Recurring cash flow per share	1.70	2.08	2.15	2.42	2.70
<b>Balance Sheet (THB m) Year Ending Dec</b>					
Tangible fixed assets (gross)	47,866	61,044	71,044	81,044	91,044
Less: Accumulated depreciation	(17,659)	(22,858)	(30,097)	(37,835)	(46,073)
<b>Tangible fixed assets (net)</b>	<b>30,207</b>	<b>38,186</b>	<b>40,947</b>	<b>43,209</b>	<b>44,971</b>
<b>Intangible fixed assets (net)</b>	<b>591</b>	<b>571</b>	<b>629</b>	<b>629</b>	<b>629</b>
Long-term financial assets	236	186	186	186	186
Invest. in associates & subsidiaries	-	-	-	-	-
Cash & equivalents	7,617	15,701	14,167	21,409	30,223
A/C receivable	33,237	32,906	38,259	43,333	48,939
Inventories	32,747	31,697	33,893	40,354	47,789
Other current assets	1,965	2,227	3,491	3,954	4,466
<b>Current assets</b>	<b>75,566</b>	<b>82,532</b>	<b>89,810</b>	<b>109,049</b>	<b>131,416</b>
Other assets	1,545	1,622	2,618	2,966	3,349
<b>Total assets</b>	<b>108,145</b>	<b>123,097</b>	<b>134,190</b>	<b>156,038</b>	<b>180,550</b>
Common equity	67,539	79,942	94,433	111,108	129,939
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>67,539</b>	<b>79,942</b>	<b>94,433</b>	<b>111,108</b>	<b>129,939</b>
Long term debt	969	1,211	1,131	1,051	971
Other long-term liabilities	3,461	3,817	3,491	3,954	4,466
<b>Long-term liabilities</b>	<b>4,431</b>	<b>5,028</b>	<b>4,622</b>	<b>5,005</b>	<b>5,437</b>
A/C payable	32,096	35,793	32,109	36,318	40,962
Short term debt	2,607	245	1,280	1,630	1,980
Other current liabilities	1,472	2,089	1,746	1,977	2,233
<b>Current liabilities</b>	<b>36,176</b>	<b>38,127</b>	<b>35,134</b>	<b>39,925</b>	<b>45,175</b>
<b>Total liabilities and shareholders' equity</b>	<b>108,145</b>	<b>123,097</b>	<b>134,190</b>	<b>156,038</b>	<b>180,550</b>
Net working capital	34,380	28,949	41,788	49,345	57,999
Invested capital	66,959	69,514	86,168	96,334	107,133
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	5.41	6.41	7.57	8.91	10.42
Tangible book value per share	5.37	6.36	7.52	8.86	10.37
<b>Financial strength</b>					
Net debt/equity (%)	(6.0)	(17.8)	(12.4)	(16.9)	(21.0)
Net debt/total assets (%)	(3.7)	(11.6)	(8.8)	(12.0)	(15.1)
Current ratio (x)	2.1	2.2	2.6	2.7	2.9
CF interest cover (x)	131.7	171.1	124.1	185.2	171.6
<b>Valuation</b>					
<b>Recurring P/E (x) *</b>	<b>49.3</b>	<b>42.1</b>	<b>43.2</b>	<b>37.9</b>	<b>33.3</b>
<b>Recurring P/E @ target price (x) *</b>	<b>39.9</b>	<b>34.0</b>	<b>35.0</b>	<b>30.6</b>	<b>26.9</b>
Reported P/E (x)	46.0	44.8	43.2	37.9	33.3
Dividend yield (%)	0.7	0.7	0.7	0.8	0.9
Price/book (x)	12.6	10.6	9.0	7.6	6.5
Price/tangible book (x)	12.7	10.7	9.0	7.7	6.6
EV/EBITDA (x) **	36.7	30.1	27.5	24.2	21.4
EV/EBITDA @ target price (x) **	29.7	24.2	22.2	19.5	17.2
EV/invested capital (x)	12.6	12.0	9.7	8.6	7.7
* 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


**80.05 /100**

### Exhibit 13: 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 14: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings						Bloomberg	
		DJSI	SET ESG	SET ESG Rating	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	68.42	5.72	4.39	4.54	4.76	4.43	4.02	Medium	57.06	BBB	22.81	61.26	67.56	1.22	35.11
Coverage	66.06	4.94	4.20	4.40	4.82	4.46	3.88	Medium	54.14	BB	18.11	57.41	66.38	1.36	36.75
DELTA	80.05	Y	Y	A	5.00	4.00	Certified	Low	70.14	AA	--	83.69	79.00	--	--
HANA	58.59	--	Y	AA	5.00	5.00	Certified	Negligible	62.50	BBB	--	59.86	28.00	1.77	38.09
KCE	52.42	--	--	A	5.00	5.00	Certified	Medium	64.70	--	--	52.50	24.00	2.35	56.17

Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation

### Exhibit 15: ESG score by Bloomberg

FY ending Dec 31	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>ESG financial materiality scores - ESG score</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>4.21</b>	<b>—</b>
BESG environmental pillar score	4.68	5.12	5.75	5.33	5.80	5.25	5.77	—
BESG social pillar score	2.72	2.72	2.72	2.72	2.72	2.72	2.72	—
BESG governance pillar score	3.27	3.71	3.65	3.90	3.94	3.91	3.89	—
<b>ESG disclosure score</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>74.97</b>	<b>—</b>
Environmental disclosure score	63.03	65.00	63.03	63.03	69.86	70.52	77.68	—
Social disclosure score	38.82	39.42	32.47	47.13	43.95	47.07	59.82	—
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	Yes	Yes	Yes
Risks of climate change discussed	No	No	No	No	No	Yes	Yes	Yes
GHG scope 1	0	0	0	0	1	1	2	3
GHG scope 2 location-based	41	40	39	42	40	51	62	73
GHG Scope 3	28	19	46	40	82	127	189	172
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	80	80	92	84	80	102	104	216
Renewable energy use	0	3	7	9	10	10	13	64
Electricity used	78	79	92	80	80	91	97	149
Fuel used - natural gas	—	—	—	—	196	233	201	187

Sources: Bloomberg; FSSIA's compilation



## Exhibit 16: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hazardous waste	0	0	0	0	0	0	0	0
Total waste	2	2	2	3	6	8	6	9
Waste recycled	2	2	2	3	4	4	5	8
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	226	293
<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	Yes	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	Yes	Yes	Yes	Yes	Yes
Pct women in workforce	80	75	71	71	65	69	71	73
Pct disabled in workforce	—	—	—	—	—	—	—	0
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	0
Total recordable incident rate - employees	1	0	0	1	0	—	—	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	9,764	10,691	11,088	11,297	13,852	16,951	20,022	27,607
Employee turnover pct	11	—	—	7	6	7	3	12
Total hours spent by firm - employee training	96,865	115,161	128,431	168,455	678,748	1,017,000	918,317	1,333,420
Social supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Governance</b>								
Board size	8	8	9	9	9	9	9	9
No. of independent directors (ID)	3	3	4	4	4	4	4	3
No. of women on board	0	0	1	1	1	1	1	2
No. of non-executive directors on board	6	6	7	6	6	6	6	5
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	5	6	6	6	5	5	6	8
Board meeting attendance pct	97	93	96	100	100	98	98	100
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	53	54	55	52	53	54	61	54
Age of the oldest director	71	72	73	73	73	74	75	76
No. of executives / company managers	5	5	5	5	3	4	4	4
No. of female executives	1	1	1	0	0	1	1	2
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	4	4	4	4	4	4	4	4
Audit meeting attendance %	90	92	100	100	100	100	100	100
Size of compensation committee	5	3	3	3	3	3	3	3
No. of ID on compensation committee	3	2	2	2	2	2	2	2
No. of compensation committee meetings	4	4	4	4	5	5	6	5
Compensation meeting attendance %	91	83	83	100	93	100	94	100
Size of nomination committee	5	3	3	3	3	3	3	3
No. of nomination committee meetings	4	4	4	4	5	5	6	5
Nomination meeting attendance %	91	83	83	100	93	100	94	100
<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.																				
SET ESG Ratings List (SETESG) by The Stock Exchange of Thailand (SET)	SET ESG 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>SETESG 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>SETESG Index</b> is extended from the SET ESG Ratings 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&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.																				
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 &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
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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="3">Average:</td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</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	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;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

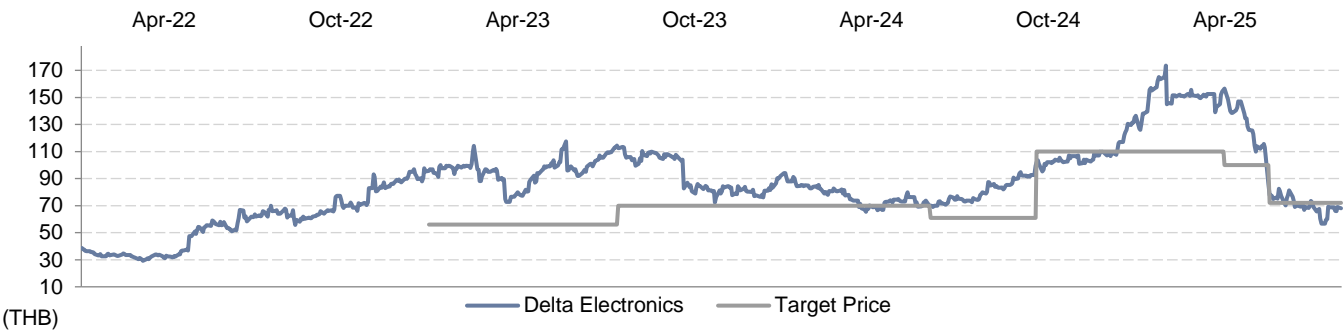
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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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	29-Apr-2024	REDUCE	61.00	09-Jan-2025	HOLD	100.00
02-Aug-2023	REDUCE	70.00	30-Jul-2024	HOLD	110.00	17-Feb-2025	REDUCE	72.00

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

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Delta Electronics	DELTA TB	THB 68.00	REDUCE	Upside risks to our P/E-based TP include 1) higher-than-expected global EV sales growth; 2) a sooner-than-expected decrease in raw material costs; and 3) a weaker-than-expected THB.

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 21-Apr-2025 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

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

**BUY (B).** The upside is 10% or more.

**HOLD (H).** The upside or downside is less than 10%.

**REDUCE (R).** The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Industry Recommendations

**Overweight.** The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

**Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

**Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

### Country (Strategy) Recommendations

**Overweight (O).** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral (N).** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight (U).** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.