

DELTA ELECTRONICS

THAILAND / ELECTRONIC COMPONENT

DELTA TB

REDUCE

UNCHANGED

TARGET PRICE	THB102.00
CLOSE	THB142.50
UP/DOWNSIDE	-28.4%
PRIOR TP	THB72.00
CHANGE IN TP	+41.7%
TP vs CONSENSUS	+18.8%

Strong revenue; profit concerns

- 2Q25 net profit pressured by several expenses, but its revenue remains strong. DELTA raised 2025 growth target to 15-20% y-y.
- Cautious view on 2H25 profit due to US tariff and fee expenses rising with a larger volume of orders from Delta Taiwan.
- Maintain REDUCE with new 2026 TP at THB102.

One-off expenses pressured 2Q net profit below expectations

2Q25 net profit came in at THB4.63b (-15.7% q-q and -29.5% y-y), missing the Bloomberg consensus by 13%. Excluding several extra items, core profit would be THB4.93b (-1% q-q, -17% y-y). Notable extra items are a US tariff-related tax expense of USD10m (or THB320m), which the company says will definitely be passed on to customers later, and a bad debt provision of USD2.6m (or THB86m) from a customer (automotive fan) undergoing business restructuring. The US patent litigation concluded in 2Q25 through settlement. DELTA has fully recognized the impact in its 2Q25 financials but did not disclose the exact damage amount.

Strong AI-led 2Q25 revenue; EV slowed as expected

DELTA's 2Q25 total revenue hit a record high at USD1.33b (+7% q-q, +18% y-y), with strong growth across all segments: Power Electronics (+3.6% q-q, +23% y-y), Data Center Infrastructure (+25% q-q, +47% y-y) and Automation (+12% q-q, +37% y-y). However, Mobility (EV) was weaker (+2% q-q, -7% y-y), mainly due to a slowdown in the US. DELTA's 1H25 net profit accounts for 45% of our full-year earnings estimate.

2H revenue remains strong, but expenses remain a concern

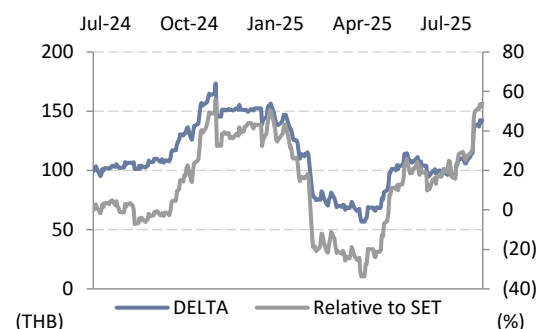
DELTA has increased its 2025 revenue growth to 15-20% y-y (from 10-15%) following strong demand in AI orders. Management guided for 3Q25 revenue to grow more than 20% y-y, with continued momentum into 4Q25. We remain cautious on the profit trend, which remains volatile even though the lawsuit has been resolved, due to ongoing advance tariff payments and higher intercompany fees expected in 2H25 (AI orders in 2H25 will primarily come from Delta Taiwan). DELTA stated it will not absorb the US tariffs but will first book them as expenses in its financials, then later pass it on to US customers for tariffs in the 10-15% range. However, for tariffs above 15%, new negotiations with US customers will be necessary. This accounting mismatch will continue to cause profit volatility.

Maintain REDUCE with a new 2026 TP at THB102

We maintain a positive view on AI growth over the next 3-5 years. However, we want to see higher-quality profit growth to match the stock's strong price performance. This is also viewed as an ESG concern. We roll forward to a 2026 TP at THB102 (raising target P/E to 50x). Expected dividend yield remains low at only 0.5%. We maintain our REDUCE rating. However, for risk-tolerant investors, the stock's high volatility presents trading opportunities, though any speculation should be approached with caution.

KEY STOCK DATA

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	164,733	177,044	203,698	233,310
Net profit	18,939	22,431	25,558	29,081
EPS (THB)	1.52	1.80	2.05	2.33
vs Consensus (%)	-	9.6	6.4	5.5
EBITDA	27,723	32,991	37,052	41,682
Recurring net profit	20,164	22,431	25,558	29,081
Core EPS (THB)	1.62	1.80	2.05	2.33
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	17.2	11.2	13.9	13.8
Core P/E (x)	88.2	79.2	69.5	61.1
Dividend yield (%)	0.3	0.4	0.4	0.5
EV/EBITDA (x)	63.6	53.5	47.5	42.0
Price/book (x)	22.2	18.4	15.7	13.3
Net debt/Equity (%)	(17.8)	(11.4)	(16.8)	(19.5)
ROE (%)	27.3	25.4	24.4	23.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	35.7	73.8	55.7
Relative to country (%)	23.5	65.5	65.3
Mkt cap (USD m)	54,928		
3m avg. daily turnover (USD m)	71.9		
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


Sureeporn Teewasuwet

Fundamental Investment Analyst on Securities; License no. 040694
sureeporn.t@fssia.com, +66 2646 9972

Investment thesis

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 slightly drop in 2025, while the data center segment is expected to grow by 15-20% y-y, and the AI segment is likely to continue its strong growth.

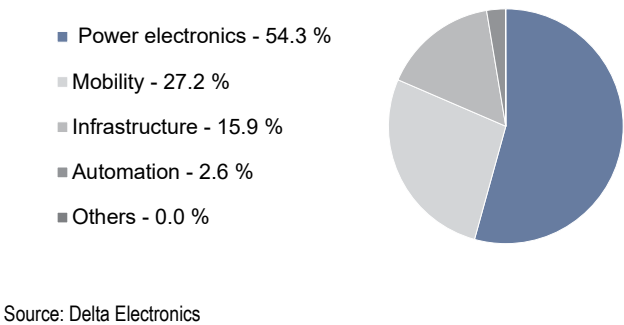
In addition, the rising fees paid to Delta Taiwan have grown faster than revenue, with the likelihood of further increases after the fee adjustment in 4Q24. DELTA guided that its new rate for non-AI products would increase to 10% of revenue, while AI products are being charged at a rate higher than 10%. Aside from that, DELTA will face a higher GMT tax rate at 12-15% starting in 1Q25, compared to 2.4% in 2024.

Company profile

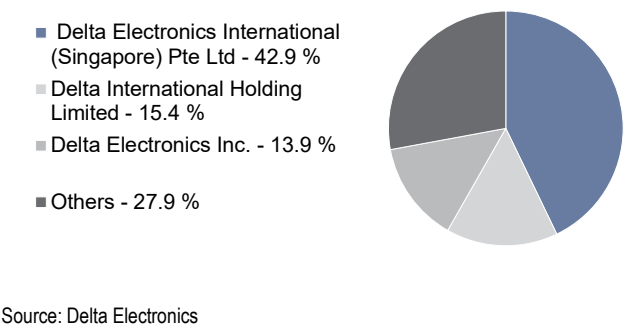
DELTA is an electronics manufacturer and exporter of power supplies and electronic components comprising cooling fans, EMI filters, and solenoids. Key power management products consist of switching power supplies, EV chargers, DC-DC converters, and solar inverters. Its operations cover regions such as Asia, Europe, and South America. In 2024, its revenue contribution came mainly from power electronics at 54.3%, with mobility/infrastructure/automation at 27.2%/15.9%/2.6%, respectively.

www.deltathailand.com

Principal activities (revenue, 2024)



Major shareholders



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 and AI-related sales growth; 2) a sooner-than-expected decrease in raw material costs; and 3) a weaker-than-expected THB.

Event calendar

Date	Event
Oct-Nov 2025	3Q25 results announcement

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

2Q25 net profit missed expectation, despite record-high revenue, but expenses and extra items remain high

2Q25 net profit came in at THB4.63b (-15.7% q-q and -29.5% y-y), missing the Bloomberg consensus by 13%. Excluding several extra items, core profit would be THB4.93b (-1% q-q, -17% y-y).

Notable extra items:

- 1) US tariff-related tax expense of USD10m (or THB320m), which the company says will definitely be passed on to customers later. This is classified as a special item and added back, but if recurring, it could increase earnings volatility.
- 2) Bad debt provision of USD2.6m (or THB86m) from a customer (automotive fan) undergoing business restructuring.
- 3) Compensation income from a contract breach totaling THB161m.
- 4) FX loss of THB58m.

The US patent litigation concluded in 2Q25 through settlement; the court dismissed the case. DELTA has fully recognized the impact in its 2Q25 financials but did not disclose the exact damage amount. Initially, we estimate the total impact may be around THB500m–1,000m, distributed across COGS and SG&A. If these are all added back, actual core profit may be THB5.4b–5.9b, which aligns more closely with the market and our estimates.

DELTA's 2Q25 total revenue hit a record high at USD1.33b (+7% q-q, +18% y-y), with strong growth across all segments: Power Electronics (+3.6% q-q, +23% y-y), Data Center Infrastructure (+25% q-q, +47% y-y) and Automation (+12% q-q, +37% y-y). However, Mobility (EV) was weaker (+2% q-q, -7% y-y), mainly due to a slowdown in the US.

The 2Q25 gross margin dropped slightly to 25% from 25.6% in 1Q25, despite AI-related revenue growth. The company attributes part of the decline to THB appreciation.

The SG&A to sales ratio rose to 13.5% from 12.2%, due to 1) lawsuit-related and other one-off expenses; and 2) higher R&D spending. Meanwhile, fees to Delta Taiwan remained flat q-q.

The effective tax rate increased to 14.2% from 12.5% in 1Q25, due to top-up tax from GMT.

Exhibit 1: DELTA – 2Q25 results summary

	2Q24	3Q24	4Q24	1Q25	2Q25	---- Change ----		1H24	1H25	Change	2024	2025E	Change	% 1H25
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	(THB m)	(THB m)	(y-y%)	to 2025E
Sales	41,772	43,225	41,747	42,736	44,490	4.1	6.5	79,761	87,226	9.4	164,733	177,044	7.5	49.3
Cost of sales	30,550	31,298	31,368	31,809	33,381	4.9	9.3	60,567	65,190	7.6	123,233	130,658	6.0	49.9
Gross profit	11,222	11,927	10,379	10,927	11,109	1.7	(1.0)	19,194	22,036	14.8	41,500	46,385	11.8	47.5
SG&A	5,403	5,938	6,160	5,227	6,011	15.0	11.3	9,655	11,238	16.4	21,753	21,599	(0.7)	52.0
Operating profit	5,819	5,989	4,219	5,700	5,098	(10.6)	(12.4)	9,539	10,798	13.2	19,747	24,786	25.5	43.6
Interest expense	22	29	81	18	12	(32.4)	(43.5)	56	31	(45.1)	167	117	(30.2)	26.6
Tax expense	153	139	249	784	768	(2.0)	401.7	266	1,553	484.0	654	3,204	390.0	48.5
Other gain (Loss)	631	(285)	(2078)	503	103	(79.6)	(83.7)	1,138	606	(46.8)	(1225)	0	nm	nm
Reported net profit	6,565	5,911	2,155	5,488	4,629	(15.7)	(29.5)	10,873	10,117	(6.9)	18,939	22,431	18.4	45.1
Core profit	5,934	6,196	4,233	4,985	4,931	(1.1)	(16.9)	9,735	9,916	1.9	20,164	22,431	11.2	44.2

Key Ratios (%)						(ppt)	(ppt)						(ppt)	(ppt)
Gross margin (adjusted)	26.9	27.6	24.9	25.6	25.0	(0.6)	(1.9)	24.1	25.3	1.2	25.2	26.2	1.0	
SG&A to sales (adjusted)	12.9	13.7	14.8	12.2	13.5	1.3	0.6	12.1	12.9	0.8	13.2	12.2	(1.0)	
Operating margin	13.9	13.9	10.1	13.3	11.5	(1.9)	(2.5)	12.0	12.4	0.4	12.0	14.0	2.0	
Net margin	15.7	13.7	5.2	12.8	10.4	(2.4)	(5.3)	13.6	11.6	(2.0)	11.5	12.7	1.2	
Core margin	14.2	14.3	10.1	11.7	11.1	(0.6)	(3.1)	12.2	11.4	(0.8)	12.2	12.7	0.4	

Operating Statistics														
THB total revenue (THB m)	41,772	43,225	41,747	42,736	44,490	4.1	6.5	79,761	87,226	9.4	164,733	177,044	7.5	49.3
FX rate (THB/USD)	36.6	35.5	34.0	34.0	33.3	(2.1)	(9.2)	36.3	33.6	(7.4)	35.3	33.0	0.9	
USD total revenue (USD m)	1,128	1,219	1,199	1,245	1,334	7.1	18.3	2,185	2,579	18.0	4,604	5,365	16.5	48.1
Technical service fees (THB m)	2,269	2,745	3,473	1,860	1,954	5.1	(13.9)	4,068	3,814	(6.2)	10,286	14,977	83.8	25.5
% to sales	5.4	6.4	8.3	4.4	4.4	0.0	(1.0)				6.2	8.5	2.4	

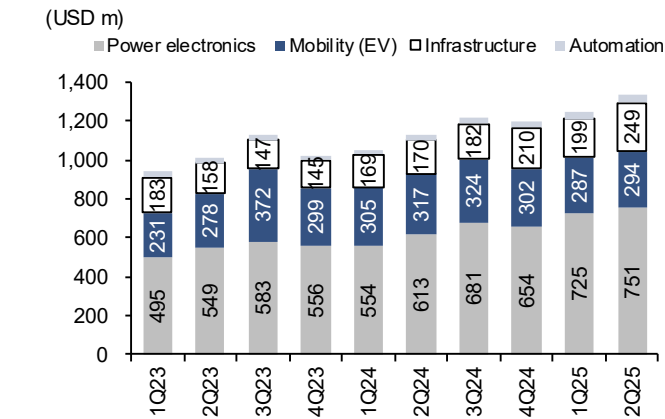
Revenue by segment (USD m)														
Power Electronics	613	681	654	725	751	3.6	22.5	1,167	1,476	26.5	2,503	3,179	14.7	46.4
Mobility	317	324	302	287	294	2.4	(7.3)	622	581	(6.6)	1,248	1,248	5.9	46.6
Infrastructure	170	182	210	199	249	25.1	46.5	339	448	32.2	731	804	15.5	55.7
Automation	27	32	32	33	37	12.1	37.0	54	70	29.6	119	131	8.2	53.5

Revenue contribution (%)														
Power Electronics	54.3	55.9	54.5	58.2	56.3	(1.9)	2.0							
Mobility	28.1	26.5	25.2	23.1	22.0	(1.0)	(6.1)							
Infrastructure	15.1	14.9	17.5	16.0	18.7	2.7	3.6							
Automation	2.4	2.6	2.7	2.7	2.8	0.1	0.4							

Operating margin (%)														
Power Electronics	23.6	20.2	9.9	23.0	20.9	(2.1)	(2.7)							
Mobility	7.2	9.1	1.8	0.3	0.5	0.2	(6.7)							
Infrastructure	3.3	5.6	4.5	3.9	4.7	0.8	1.4							
Automation	5.6	7.7	4.3	3.9	1.3	(2.6)	(4.3)							

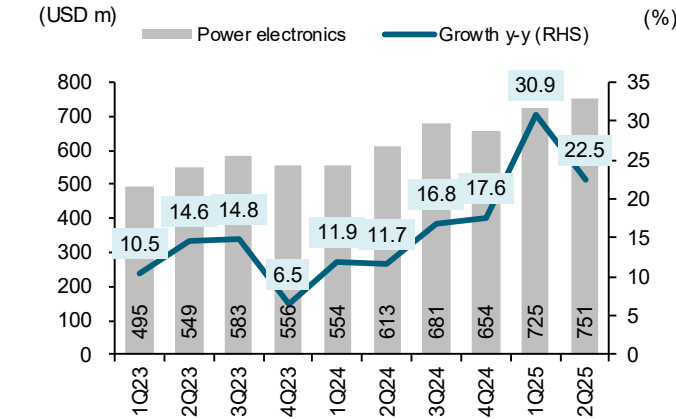
Sources: DELTA, FSSIA's compilation

Exhibit 2: Quarterly revenue breakdown by segment



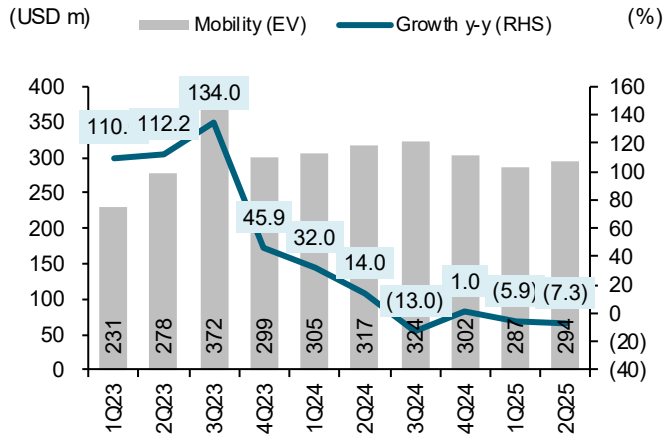
Sources: DELTA, FSSIA's compilation

Exhibit 3: Quarterly revenue from power electronics (incl. AI)



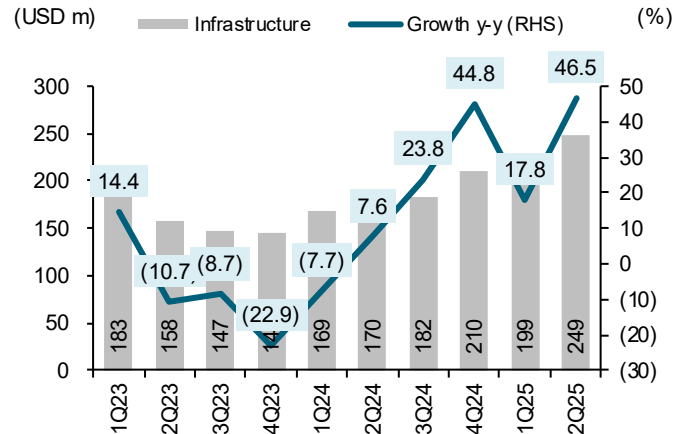
Sources: DELTA, FSSIA's compilation

Exhibit 4: Quarterly revenue from mobility (EV)



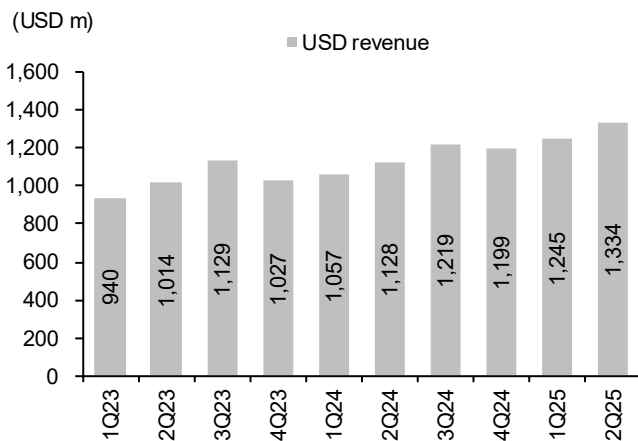
Sources: DELTA, FSSIA's compilation

Exhibit 5: Quarterly revenue from infrastructure



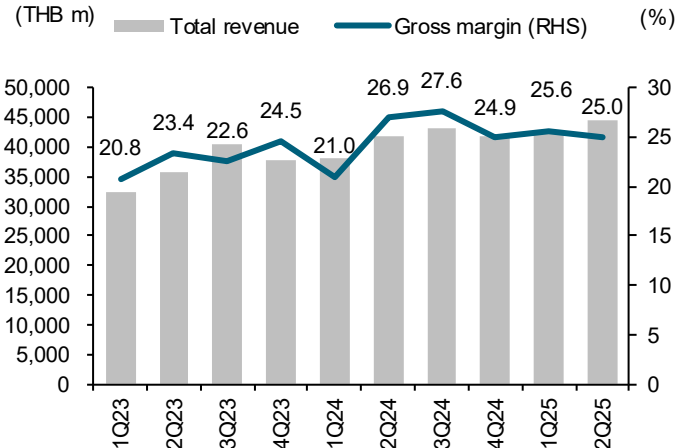
Sources: DELTA, FSSIA's compilation

Exhibit 6: Quarterly USD revenue



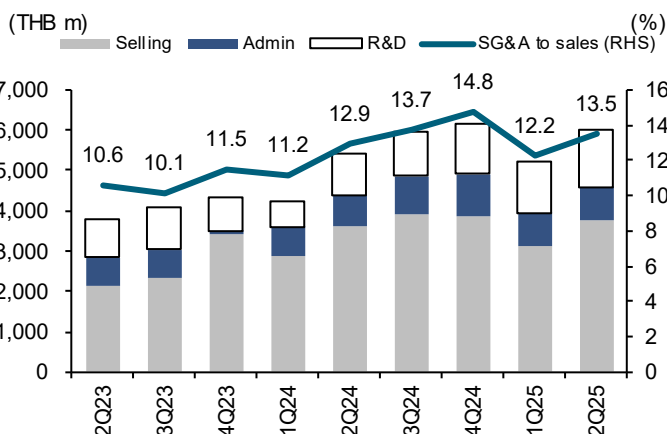
Sources: DELTA, FSSIA's compilation

Exhibit 7: Quarterly total revenue and gross margin



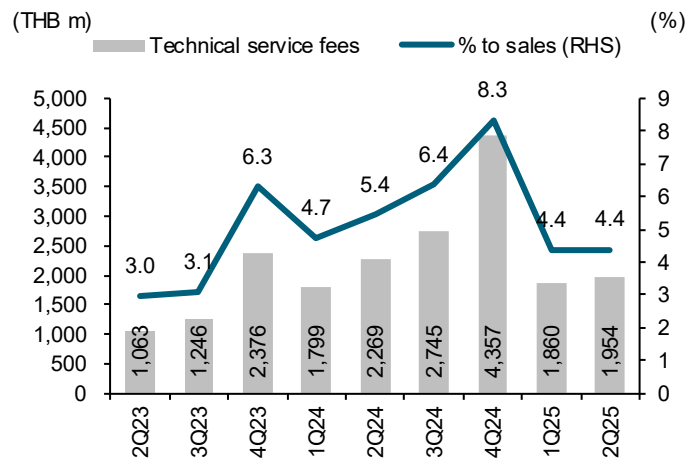
Sources: DELTA, FSSIA's compilation

Exhibit 8: Quarterly SG&A to sales



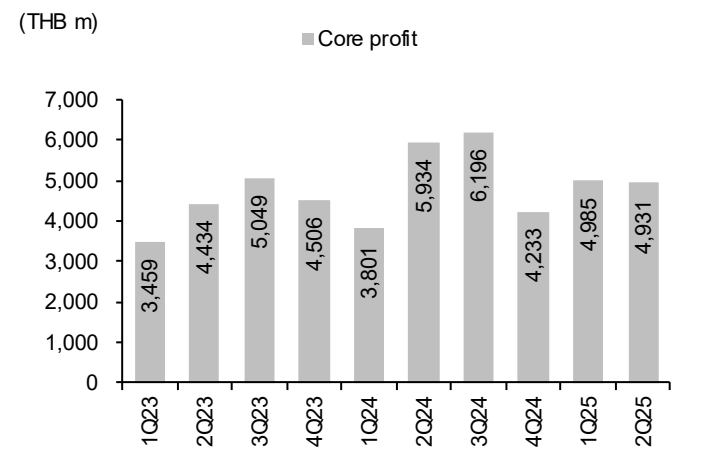
Sources: DELTA, FSSIA's compilation

Exhibit 9: Quarterly technical service fees to Delta Taiwan



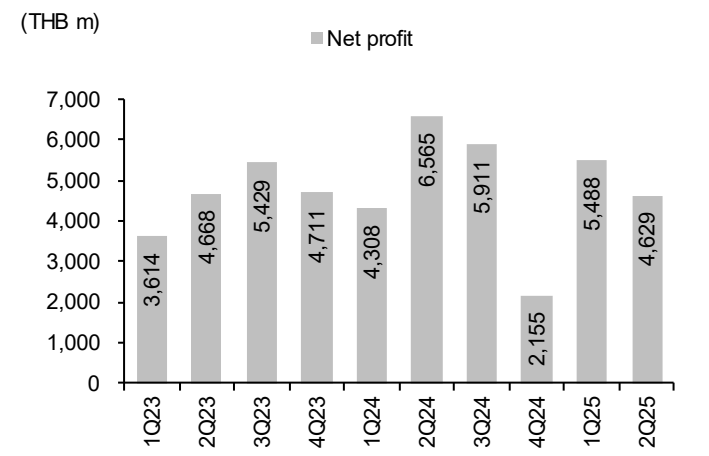
Sources: DELTA, FSSIA's compilation

Exhibit 10: Quarterly core profit



Sources: DELTA, FSSIA's compilation

Exhibit 11: Quarterly net profit



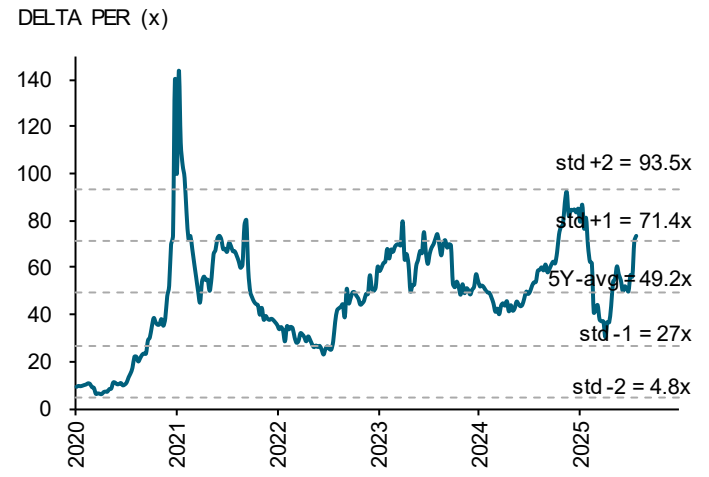
Sources: DELTA, FSSIA's compilation

Exhibit 12: Peers comparison as of 25 July 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	142.50	102.00	(28)	54,928	79.2	69.5	25.4	24.4	18.4	15.7	53.5	47.5
KCE Electronics*	KCE TB	HOLD	22.50	20.00	(11)	822	23.2	15.8	8.2	11.8	1.9	1.8	10.8	8.7
Hana Microelectronics*	HANA TB	HOLD	21.50	22.00	2	588	17.6	13.3	3.9	5.1	0.7	0.7	2.9	2.5
SVI	SVI TB	n/a	6.20	n/a	n/a	411	13.8	12.2	11.9	12.5	1.6	1.5	10.1	9.0
Cal-Comp Electronics	CCET TB	n/a	6.45	n/a	n/a	2,090	22.2	18.8	11.7	12.8	2.5	2.4	10.69	9.99
Thailand average						58,839	31.2	25.9	12.3	13.3	5.0	4.4	17.6	15.5
Regional														
Delta Electronics (Taiwan)	2308 TT	n/a	522.00	n/a	n/a	45,834	29.2	24.5	18.2	19.4	5.1	4.5	15.1	13.0
China Leadshine Technology	002979 CH	n/a	44.78	n/a	n/a	1,921	49.3	39.5	16.4	18.4	8.1	7.2	42.8	33.7
Suplet Power	300593 CH	n/a	16.38	n/a	n/a	1,306	93.4	44.3	2.25	6.86	3.6	3.4	40.6	24.2
Polycab India	POLYCAB IN	n/a	6,837.50	n/a	n/a	11,862	53.7	40.8	21.2	23.0	10.6	8.7	36.8	28.2
Qingdao Yunlu Advanced	688190 CH	n/a	97.75	n/a	n/a	1,678	n/a	n/a	14.8	15.5	n/a	n/a	n/a	n/a
TDG Holdings	600330 CH	n/a	7.79	n/a	n/a	1,447	38.3	32.4	3.0	3.4	1.3	1.2	16.1	14.1
Shenzhen Megmeet Electrical	002851 CH	n/a	55.06	n/a	n/a	4,231	46.5	33.6	10.0	12.2	4.6	4.1	32.8	24.0
Nexans	NEX FP	n/a	119.50	n/a	n/a	6,065	16.4	14.6	17.1	16.3	2.5	2.3	7.4	6.9
Furukawa Electric	5801 JP	n/a	8,051.00	n/a	n/a	3,889	20.1	16.0	8.8	10.3	1.7	1.6	10.5	9.4
Regional average						78,233	43.3	30.7	12.4	13.9	4.7	4.1	25.3	19.2
Global														
Nvidia	NVDA US	n/a	176.75	n/a	n/a	4,312,700	60.8	40.3	100.8	84.9	47.5	29.5	48.7	33.9
Advanced Micro Devices	AMD US	n/a	173.66	n/a	n/a	281,573	43.3	29.2	8.6	12.1	4.7	4.5	40.5	27.1
Apple	AAPL US	n/a	214.05	n/a	n/a	3,197,014	29.9	28.0	183.8	209.6	53.8	49.5	22.6	21.2
Microsoft	MSFT US	n/a	512.50	n/a	n/a	3,809,179	38.2	33.7	31.8	29.3	11.1	9.0	24.1	21.1
Meta Platforms	META US	n/a	717.63	n/a	n/a	1,804,357	22.1	20.7	30.6	27.3	7.7	6.1	18.9	15.2
Global average						13,404,822	38.9	30.4	71.1	72.6	25.0	19.7	31.0	23.7
Overall average						13,541,894	38.7	29.3	27.8	29.2	10.4	8.5	24.7	19.4

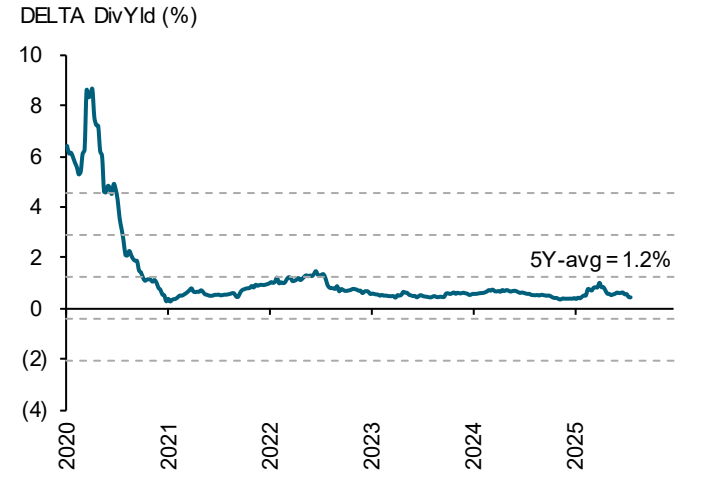
Sources: Bloomberg; *FSSIA estimates

Exhibit 13: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 14: Historical dividend yield



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	177,044	203,698	233,310
Cost of goods sold	(112,881)	(123,233)	(130,658)	(150,940)	(172,416)
Gross profit	33,491	41,500	46,385	52,758	60,894
Other operating income	758	1,260	1,416	1,630	1,866
Operating costs	(15,865)	(21,775)	(22,049)	(25,074)	(29,417)
Operating EBITDA	22,992	27,723	32,991	37,052	41,682
Depreciation	(4,608)	(6,738)	(7,238)	(7,738)	(8,338)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	18,384	20,985	25,752	29,313	33,344
Net financing costs	(109)	(167)	(117)	(104)	(108)
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
Profit before tax	19,496	19,593	25,636	29,209	33,236
Tax	(1,073)	(654)	(3,204)	(3,651)	(4,154)
Profit after tax	18,423	18,939	22,431	25,558	29,081
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	18,423	18,939	22,431	25,558	29,081
Non-recurring items & goodwill (net)	(1,221)	1,225	0	0	0
Recurring net profit	17,201	20,164	22,431	25,558	29,081
Per share (THB)					
Recurring EPS *	1.38	1.62	1.80	2.05	2.33
Reported EPS	1.48	1.52	1.80	2.05	2.33
DPS	0.45	0.46	0.54	0.61	0.70
Diluted shares (used to calculate per share data)	12,474	12,474	12,474	12,474	12,474
Growth					
Revenue (%)	23.5	12.5	7.5	15.1	14.5
Operating EBITDA (%)	26.1	20.6	19.0	12.3	12.5
Operating EBIT (%)	22.1	14.1	22.7	13.8	13.7
Recurring EPS (%)	18.1	17.2	11.2	13.9	13.8
Reported EPS (%)	20.1	2.8	18.4	13.9	13.8
Operating performance					
Gross margin inc. depreciation (%)	22.9	25.2	26.2	25.9	26.1
Gross margin exc. depreciation (%)	26.0	29.3	30.3	29.7	29.7
Operating EBITDA margin (%)	15.7	16.8	18.6	18.2	17.9
Operating EBIT margin (%)	12.6	12.7	14.5	14.4	14.3
Net margin (%)	11.8	12.2	12.7	12.5	12.5
Effective tax rate (%)	5.5	3.3	12.5	12.5	12.5
Dividend payout on recurring profit (%)	32.6	28.5	30.0	30.0	30.0
Interest cover (X)	168.1	125.7	220.9	281.0	309.0
Inventory days	97.4	101.0	99.8	98.3	101.2
Debtor days	76.5	73.3	73.9	74.8	74.9
Creditor days	105.0	106.4	100.6	88.5	88.7
Operating ROIC (%)	26.3	25.5	27.1	26.2	26.5
ROIC (%)	25.3	24.6	26.1	25.2	25.4
ROE (%)	28.1	27.3	25.4	24.4	23.6
ROA (%)	17.4	17.6	17.4	17.4	17.0

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2023	2024	2025E	2026E	2027E
Power electronics	78,167	89,445	104,901	126,405	149,158
Mobility	42,123	44,774	41,184	43,243	46,703
Infrastructure	22,105	26,191	26,535	29,189	32,108
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	22,431	25,558	29,081
Depreciation	4,608	6,738	7,238	7,738	8,338
Associates & minorities	-	-	-	-	-
Other non-cash items	(546)	(959)	0	0	0
Change in working capital	(10,111)	5,406	(15,210)	(6,664)	(9,737)
Cash flow from operations	11,152	31,349	14,459	26,632	27,683
Capex - maintenance	-	-	-	-	-
Capex - new investment	(11,633)	(14,717)	(10,000)	(10,000)	(12,000)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(595)	(7)	(1,090)	(400)	(444)
Cash flow from investing	(12,227)	(14,724)	(11,090)	(10,400)	(12,444)
Dividends paid	(5,188)	(5,603)	(6,729)	(7,667)	(8,724)
Equity finance	0	0	0	0	0
Debt finance	3,568	(780)	330	235	445
Other financing cash flows	(376)	(932)	758	(1,000)	0
Cash flow from financing	(1,996)	(7,316)	(5,641)	(8,433)	(8,279)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	546	0	0	0	0
Net other adjustments	546	(1,225)	0	0	0
Movement in cash	(2,525)	8,084	(2,272)	7,799	6,959
Free cash flow to firm (FCFF)	(965.85)	16,791.54	3,485.47	16,336.41	15,346.77
Free cash flow to equity (FCFE)	2,663.13	13,687.00	4,457.09	15,466.89	15,683.88
Per share (THB)					
FCFF per share	(0.08)	1.35	0.28	1.31	1.23
FCFE per share	0.21	1.10	0.36	1.24	1.26
Recurring cash flow per share	1.70	2.08	2.38	2.67	3.00
Balance Sheet (THB m) Year Ending Dec					
Tangible fixed assets (gross)	47,866	61,044	71,044	81,044	93,044
Less: Accumulated depreciation	(17,659)	(22,858)	(30,097)	(37,835)	(46,173)
Tangible fixed assets (net)	30,207	38,186	40,947	43,209	46,871
Intangible fixed assets (net)	591	571	629	629	629
Long-term financial assets	236	186	186	186	186
Invest. in associates & subsidiaries	-	-	-	-	-
Cash & equivalents	7,617	15,701	13,429	21,228	28,188
A/C receivable	33,237	32,906	38,804	44,646	51,136
Inventories	32,747	31,697	35,797	41,354	49,599
Other current assets	1,965	2,227	3,541	4,074	4,666
Current assets	75,566	82,532	91,570	111,302	133,589
Other assets	1,545	1,622	2,656	3,055	3,500
Total assets	108,145	123,097	135,988	158,381	184,774
Common equity	67,539	79,942	96,402	113,293	133,650
Minorities etc.	0	0	0	0	0
Total shareholders' equity	67,539	79,942	96,402	113,293	133,650
Long term debt	969	1,211	1,131	1,051	971
Other long-term liabilities	3,461	3,817	3,187	3,667	4,200
Long-term liabilities	4,431	5,028	4,318	4,718	5,171
A/C payable	32,096	35,793	32,217	37,218	42,514
Short term debt	2,607	245	1,280	1,115	1,107
Other current liabilities	1,472	2,089	1,770	2,037	2,333
Current liabilities	36,176	38,127	35,268	40,370	45,954
Total liabilities and shareholders' equity	108,145	123,097	135,988	158,381	184,774
Net working capital	34,380	28,949	44,154	50,819	60,555
Invested capital	66,959	69,514	88,572	97,897	111,740
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	5.41	6.41	7.73	9.08	10.71
Tangible book value per share	5.37	6.36	7.68	9.03	10.66
Financial strength					
Net debt/equity (%)	(6.0)	(17.8)	(11.4)	(16.8)	(19.5)
Net debt/total assets (%)	(3.7)	(11.6)	(8.1)	(12.0)	(14.1)
Current ratio (x)	2.1	2.2	2.6	2.8	2.9
CF interest cover (x)	131.7	171.1	125.0	245.2	257.6
Valuation					
Recurring P/E (x) *	103.3	88.2	79.2	69.5	61.1
Recurring P/E @ target price (x) *	74.0	63.1	56.7	49.8	43.8
Reported P/E (x)	96.5	93.9	79.2	69.5	61.1
Dividend yield (%)	0.3	0.3	0.4	0.4	0.5
Price/book (x)	26.3	22.2	18.4	15.7	13.3
Price/tangible book (x)	26.6	22.4	18.6	15.8	13.4
EV/EBITDA (x) **	77.1	63.6	53.5	47.5	42.0
EV/EBITDA @ target price (x) **	55.2	45.4	38.2	33.8	29.9
EV/invested capital (x)	26.5	25.4	19.9	18.0	15.7
* 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 15: 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 16: 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 17: ESG score by Bloomberg

FY ending Dec 31	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
ESG financial materiality scores - ESG score	3.63	3.92	4.13	4.06	4.24	4.03	4.21	—
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	—
ESG disclosure score	63.10	63.96	60.99	65.87	67.09	68.34	74.97	—
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	—
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	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 18: 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
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	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
Governance								
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
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.																				
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 SETESG 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. SETESG Index 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&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 Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
NEGL	Low	Medium	High	Severe																		
0-10	10-20	20-30	30-40	40+																		
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	
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																			
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

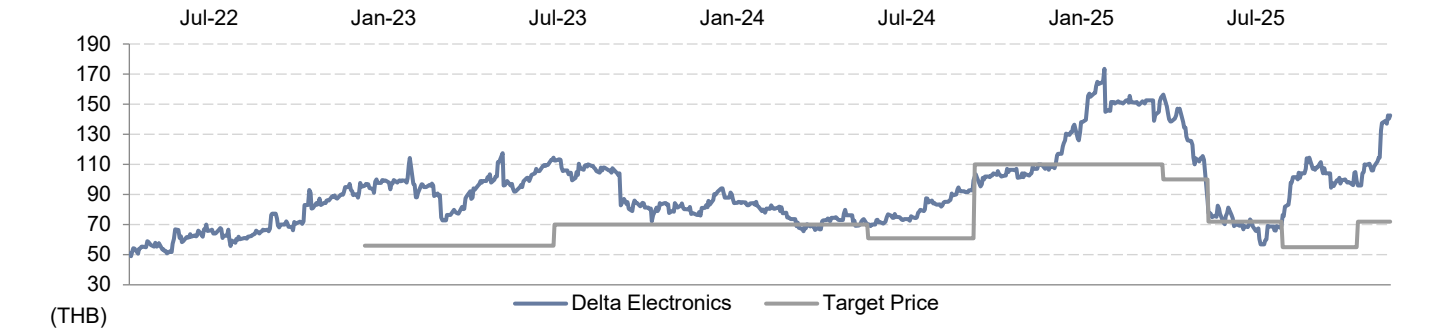
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

This report has been prepared by FSS International Investment Advisory Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

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	30-Jul-2024	HOLD	110.00	22-Apr-2025	REDUCE	55.00
02-Aug-2023	REDUCE	70.00	09-Jan-2025	HOLD	100.00	26-Jun-2025	REDUCE	72.00
29-Apr-2024	REDUCE	61.00	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 142.50	REDUCE	Upside risks to our P/E-based TP include 1) higher-than-expected global EV and AI-related 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 25-Jul-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.