

Like a rich soil in river DELTA

- Rising revenue from Power Electronics & Germany/India are key
- Net profit growth of 8% CAGR in 2025E-27E on AI data center
- Initiated with BUY and a TP of THB89 based on 50x 2025E P/E

Downsides are priced in, upsides are emerging

We believe most downsides have already been priced in and Delta is now attractive for re-entry ahead of its net profit growth of 8% CAGR in 2024-2027E, rising from THB18.4b in 2024 to THB24.2b in 2027E. Key catalysts are 1) improving demands for AI, EV, and data center for Delta's proprietary products; 2) higher revenues from Germany, India, Singapore, and Thailand to capture demand growths but avoid the geopolitical risks of potentially hiking import tariffs by US government; and 3) lower SG&A to sales on revenue shift to Germany and India.

Let leave 4Q24/2024 behind and focus on solid 2025E-27E NPs

The aftermath of highly disappointing 4Q24 and 2024 results are caused by unexpected hikes in SG&A expenses related to royalty fees, customers' rebates, provisions, rising R&D expense, legal expense, and stronger THB/USD. led to ensuing "valuation derating" and EPS downgrades for Delta in 2025E-27E. We project SG&A to sales to gradually decrease from 13.7% in 2024 down to 13% in 2025E, 12.6% in 2026E, and 13.2% in 2027E, on higher portion of revenue from the low-royalty fee Germany from 15% in 2024 to 17-20% in 2025E-27E, as Germany is Delta's own R&D center whose technology will be subject to lower royalty fee.

Power Electronics is Delta's crown jewel

The most lucrative product group is Power Electronics (PE), comprising four groups – AI, non-AI, fan/thermal management, and white goods. In 2025E-27E, we project revenue from PE to grow at 12% y-y, 6% y-y for Mobility, Infrastructure, and Automation, to bring overall revenue growth to 12.5% y-y in 2025E, 9.3% y-y in 2026E-27E, based on the industry mid-cycle.

How we derive our 50x forward P/E for DELTA?

Our 50x P/E for DELTA is high compared to average 20x P/E for local peers and 30x average P/E for Taiwan's electronics sector. Yet, we think DELTA's P/E should command premiums - 30x P/E using DELTA (Taiwan)'s P/E of 30x, 6x P/E as a sole AI and EV play in SET, 5x P/E for SET 50 index, 1x P/E for liquidity premium, 1x P/E on net profit growth of 10.5%/5.1%/9.8% in 205E-27E, 3x P/E on > 11% net profit margins in 2025E-27E, 3x P/E on high ROEs of 22-24% in 2025E-27E.

Buy DELTA for Alpha with TP of THB89

We initiated coverage on DELTA with a BUY and a TP of THB89, based on 50x 2025E P/E. Unlike other big cap peers in SET and its local and global electronics peers, we think DELTA is a unique stock that should command valuation premiums on top of its normal valuation P/E.

Analyst

Suwat Sinsadok
suwat.s@globlex.co.th,
+662 687 7026

Siriluck Pinthusoonthorn
Siriluck@globlex.co.th,
+662 672 5806

ESG Rating : A

CG Rating : ▲▲▲▲▲

BUY

Target Price 12M (THB)	89.00
VS. BB Consensus TP (%)	+13.3%
Share Price (THB)	71.00
Upside/Downside	+25.4%

Share Data

Market Cap (THB m)	885,640.95
Par (THB)	0.10
Free Float (%)	23.08
Issued shares (m shares)	12,474

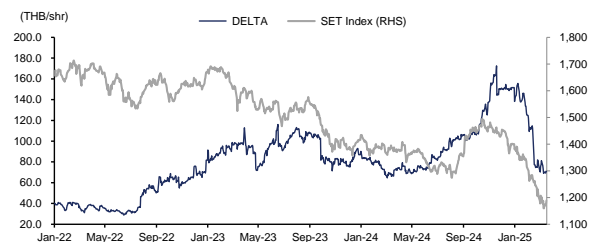
Financial forecast

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	164,733	179,983	196,792	215,332
Net profit	18,939	20,925	21,999	24,153
Core net profit	18,939	20,925	21,999	24,153
vs Consensus (%)		7.3	(5.2)	(7.5)
Net profit growth (%)	2.8	10.5	5.1	9.8
Core net profit growth (%)	2.8	10.5	5.1	9.8
EPS (THB)	1.52	1.68	1.76	1.94
Core EPS (THB)	1.52	1.68	1.76	1.94
Chg from previous (%)		0.00	0.00	0.00
DPS (THB)	0.46	0.84	0.88	0.97
P/E (x)	100.44	42.32	40.26	36.67
P/BV (x)	23.80	9.29	8.27	7.35
ROE (%)	0.30	1.18	1.24	1.36
Dividend yield (%)	25.68	23.88	21.74	21.23

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	(8.68)	(53.14)	(31.73)	(53.44)
Market	(2.37)	(44.26)	(16.66)	(44.57)
12M High/Low (THB)	173.50 / 66.50			



Major Shareholders (%) as of 28 Feb 2025

Delta Electronics Int'l (Singapore) Pte. Ltd.	42.85
Delta International Holding Limited B.V.	14.18

Company Profile

The Company's businesses are mainly involved in power management solutions and manufacture of electronic components i.e. DC fan, electromagnetic interference filter (EMI) and solenoid. Its operation has covered regions such as Asia, Europe and South America.

Source: SETSMART, SET

Like a rich soil in river DELTA

Downsides are priced in, upsides are emerging

Delta has seen its net profit growth jumping by 129% y-y to THB15.4b in 2022, up from THB6.7b in 2021, due to higher revenue and improving profitability thanks mostly to the significant growths of AI demands after the introduction of ChatGPT in November 2022 by Open AI.

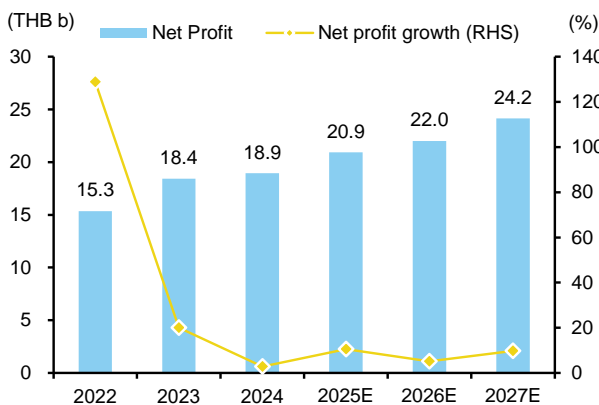
Net profit had continued to grow by 20% y-y in 2023 to THB18.4b with gross profit margin up to 22.9% and net profit margin up to 12.6%, supported by continued demand growth in AI industry.

However, in 2024, net profit grew only 2.8% y-y to THB18.9b particularly its highly disappointing 4Q24 net profit of only THB2.2b, missing consensus estimate by a large margin over 50% due to unexpected hikes in SG&A expenses related to royalty fees, customers' rebates, provisions, rising R&D expense, legal expense, and stronger THB/USD.

The aftermath of highly disappointing 4Q24 and 2024 results led to ensuing "valuation derating" and EPS downgrades for Delta in 2025E-27E, dragging down Delta's share price significantly lower from its peak of THB173.5 on 20 November 2024 down to THB72.5 as of 18 March 2025.

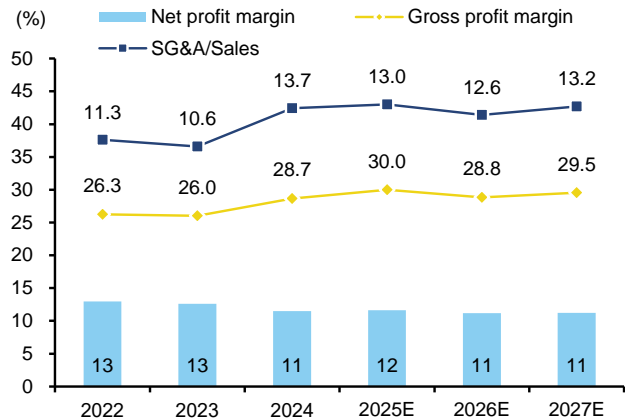
We now believe that most downsides have already been priced in and Delta is now attractive for re-entry ahead of its net profit growth of 8% CAGR in 2024-2027E, rising from THB18.4b in 2024 to THB24.2b in 2027E. Key catalysts are 1) improving demands for AI, EV, and data center for Delta's proprietary products; 2) higher revenues from Germany, India, Singapore, and Thailand to capture demand growths but avoid the geopolitical risks of potentially hiking import tariffs by US government; and 3) lower SG&A to sales on revenue shift to Germany and India.

Exhibit 1: Net profit vs net profit growth



Sources: DELTA; Globlex Research

Exhibit 2: Net profit margin, gross profit margin, and SG&A to sales

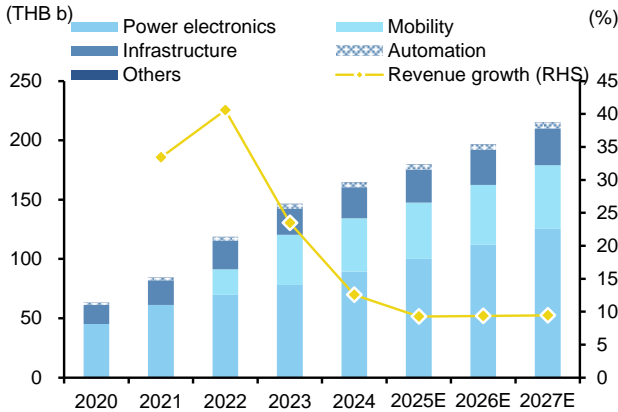


Sources: DELTA; Globlex Research

Alpha#1: Rising demands for AI, EV & data center

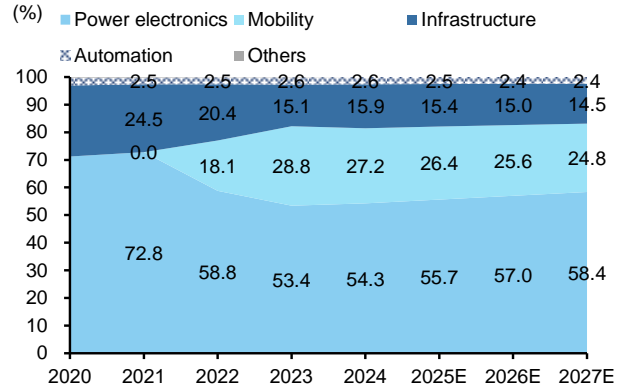
Delta has seen its revenues generated from Power Electronics (PE) jumping from THB45b in 2020 to THB89.5b (58.4% of total revenue) in 2024, followed by strong revenue growths from Mobility (MB, 24.8%), Infrastructure (IF, 15.9%), and Automation (AM, 2.6%).

Exhibit 3: Revenue and revenue growth by segment



Sources: DELTA; Globlex Research

Exhibit 4: Revenue by segment (%)

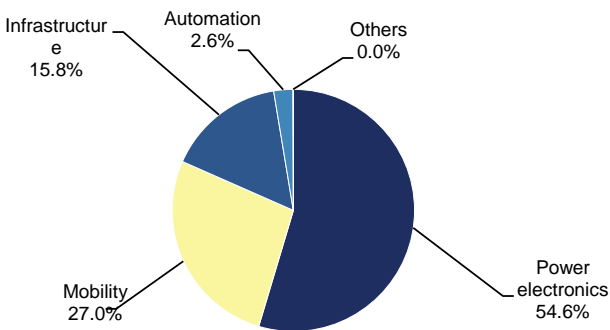


Sources: DELTA; Globlex Research

Power Electronics (PE) is Delta’s crown jewel. However, the most lucrative product group is PE, which comprises four key subsegments – AI, non-AI, fan/thermal management, and white goods. Within fan/thermal management, there are two groups of automobile and data center. Hence, PE segment is not only the largest product group with revenue accounting for 55% of total revenue in 2024 but also the most profitable segment with demands for AI, data center, and EV, as well as the applications for PC, notebook, and many home appliances (white goods) products.

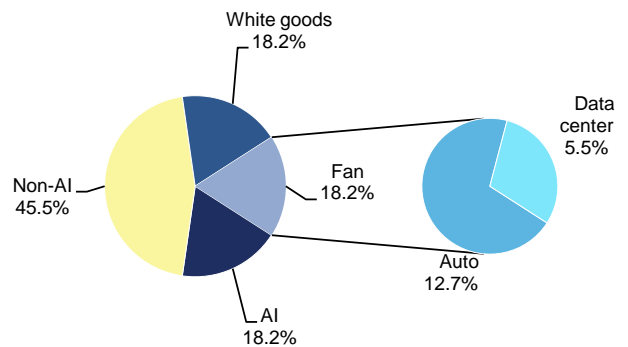
AI and Data Center products are of high demand and margin. We believe the gross profit margins for AI and data center are higher than those of non-AI, white goods, and EV, given the more complex product requirements to meet high standards of cooling (heat), speed, and reliability. Yet in 2024, Delta needs to pay higher royalty fees to its parent Delta (Taiwan) on the technology license applications to produce AI-related PE products.

Exhibit 5: Revenue breakdown by segment (2024)



Sources: DELTA; Globlex Research

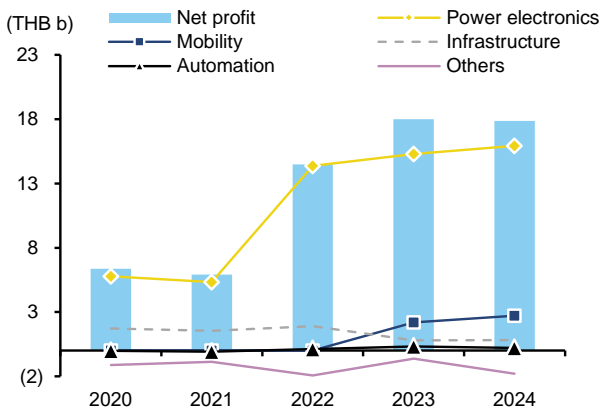
Exhibit 6: Fan/Thermal management product group



Sources: DELTA; Globlex Research

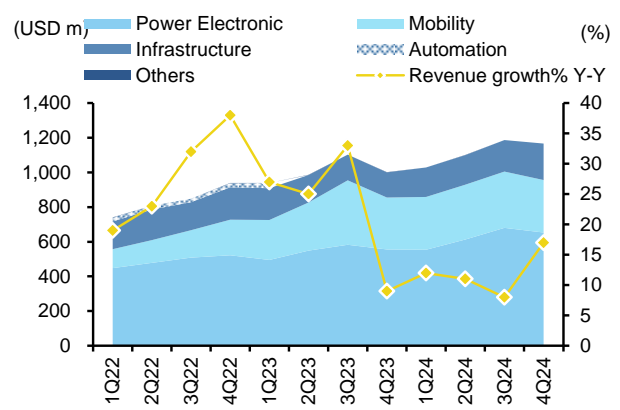
During 2020-2024, the period when Delta has seen its structural growth from the coming AI and data center, Delta's net profits from PE jumped by 2.8x from THB5.8b in 2020 to THB15.9b in 2022, further supported by rising revenue from MB to offset the weaker net profit from IF and AM. The dynamic changes in revenue mix reflects Delta's well-diversified product portfolio with core competitiveness centering on its power supply.

Exhibit 7: Net profit breakdown by segment



Sources: DELTA; Globlex Research

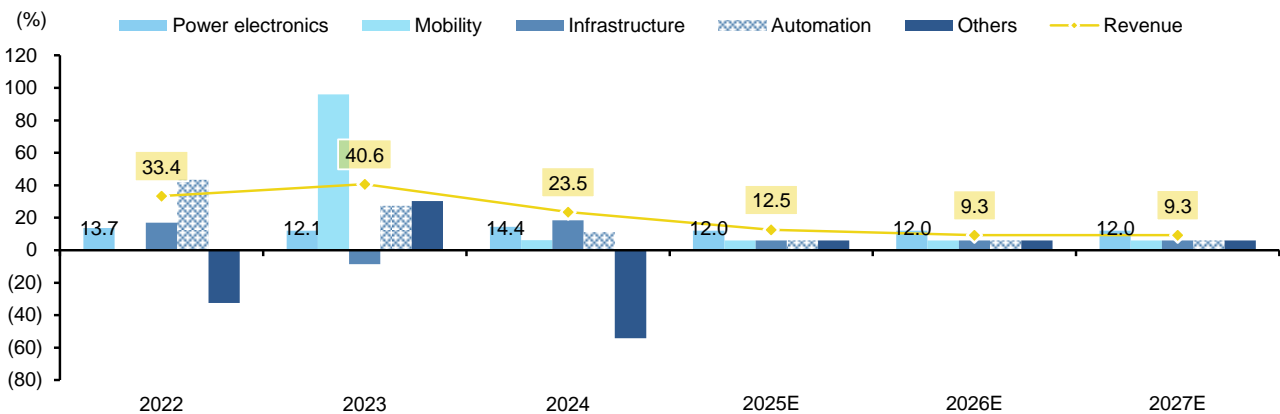
Exhibit 8: Quarterly revenue by segment



Sources: DELTA; Globlex Research

In 2025E-27E, we project revenue from PE to grow at 12% y-y, lower than 13.7%/12.1%/14.4% in 2022-24, with 6% y-y for MB, IF, AM, to bring overall revenue growth to 12.5% y-y in 2025E, 9.3% y-y in 2026E, and 9.3% y-y in 2027E. We think our assumptions of revenue growths are reasonable given the strong revenue growths in 2022-24 and the normalized growths into the industry mid-cycle.

Exhibit 9: Revenue growths by segment



Sources: DELTA; Globlex Research

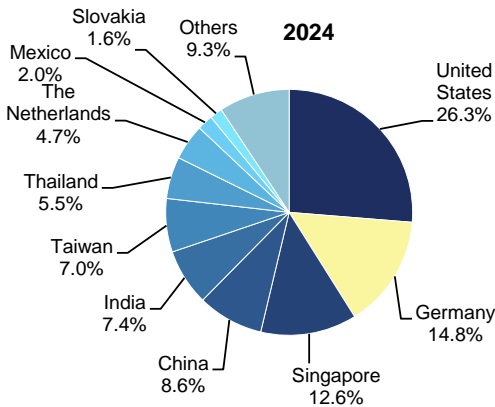
Alpha#2: Higher revenue from Germany and India

Delta markets its product worldwide and US is its largest market with 26% revenue share in 2024, followed by Germany, whose revenue share significantly growing from 8% in 2022 to 15% in 2023-24 thanks to Delta's strength in R&D and production to gradually contribute revenue and net profit streams to Delta.

India is another promising growth market with 7-8% revenue shares in 2023-24. In 2024, Delta achieved 100% revenue target in India, securing orders for industrial automation and data center projects, growing UPS and battery solutions, advanced manufacturing automation, EV charging infrastructure. In 2025E-27E, we expect Delta to grow in India market on many fronts of product segments.

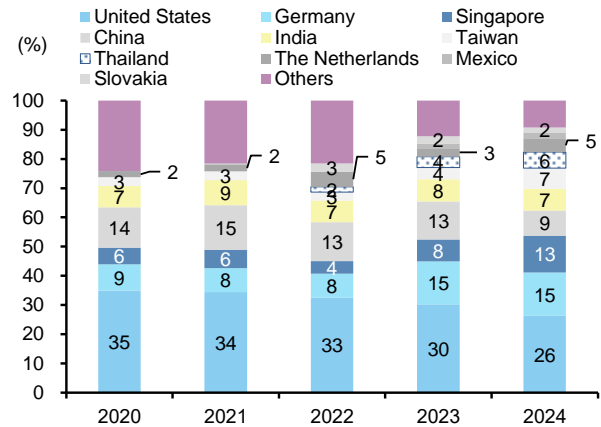
We expect revenue from Germany to rise to 17-20% in 2025E-27E, given Delta is attempting to boost its revenue from Germany in order to reduce the royalty fees paid to Delta (Taiwan) as Germany is Delta's own R&D center whose technology will be subject to lower royalty fee.

Exhibit 10: Revenue breakdown by country



Sources: DELTA; Globlex Research

Exhibit 11: Revenue breakdown by country (%)

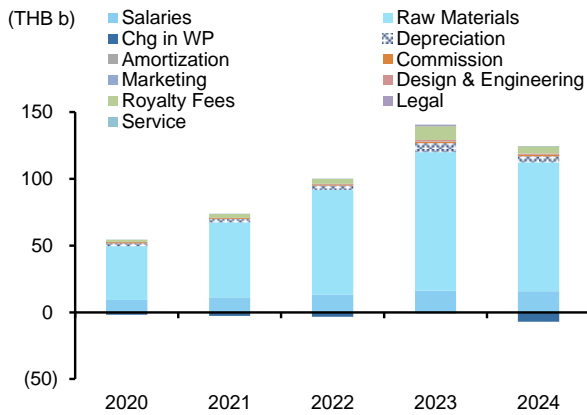


Sources: DELTA; Globlex Research

Cost structure vs revenue mix impact. In 2023-24, Delta has witnessed higher royalty fee as % of sales, rising from 3.7%-3.9% in 2021-22 to 7.3% in 2023 and 4.5% in 2024. The key reason is the higher revenues from the royalty-based segments of AI and non-AI PE products as well as the higher royalty fee rates charged to Delta by Delta (Taiwan).

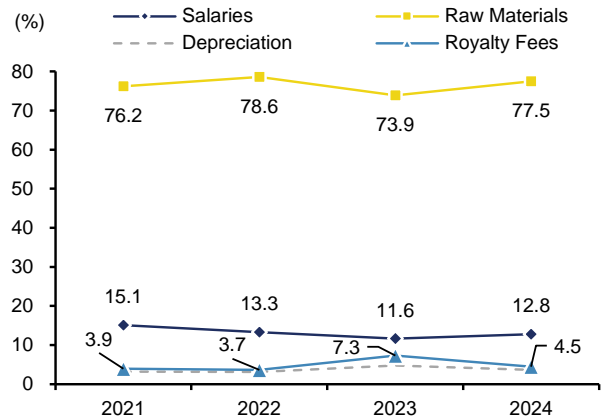
As a result, the higher revenue from Germany, the lower royalty fee that Delta needs to pay to Delta (Taiwan). We project up to 5% of incremental revenue from Germany to replace revenues generated from US and China, the two countries with the highest risk of import tariff hikes and complete bans arising from the intensifying geopolitical conflict.

Exhibit 12: Cost structure



Sources: DELTA; Globlex Research

Exhibit 13: Cost structure as % of sales revenue

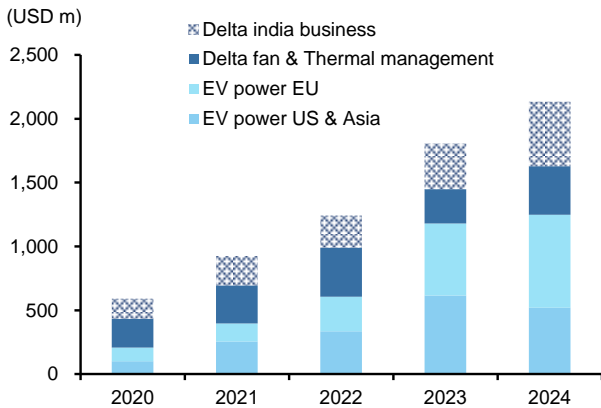


Sources: DELTA; Globlex Research

Classified by Delta's definitions, revenue will be divided into four segments – Delta India, Delta Fan & Thermal management, EV power EU, and EV power US & Asia. It is evident that the gross profit margin for Delta's fan and thermal management is the most lucrative segment with over 20% gross profit margin.

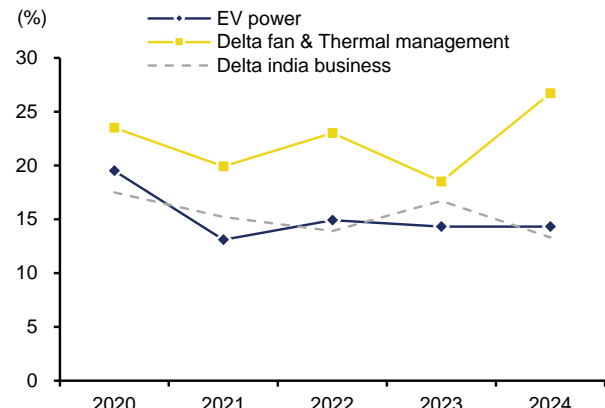
The other two segments have their gross profit margins at 13%-19%, lower than that of fan and thermal management. Hence, we believe PE for Fan and Thermal Management will be the key growth engine for Delta in 2025E-27E.

Exhibit 14: Revenue by segment/country



Sources: DELTA; Globlex Research

Exhibit 15: Gross profit by segment/country

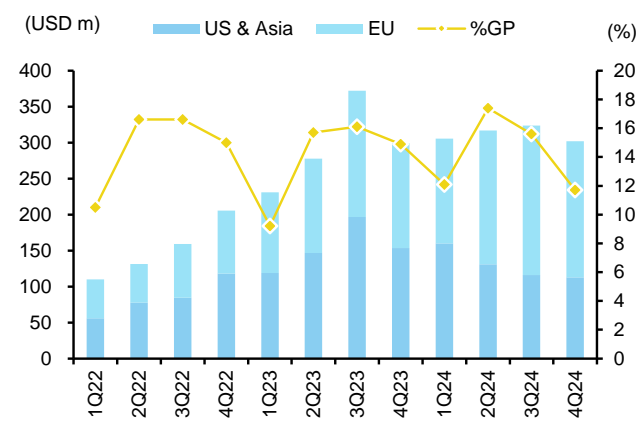


Sources: DELTA; Globlex Research

EV power: growth slows down. After peaking in 3Q23, revenue from EV power has declined mostly in EU market as EV adoptions slowed down due to the policy uncertainties in many EU countries. However, we think revenue from EV power will remain stable or slightly rise in 2025E-27E, driven by the new product launched, new series of onboard charger, and investments in charging infrastructure.

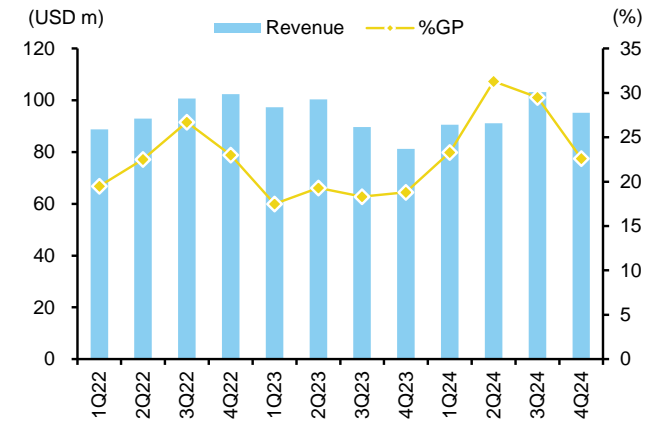
Fan and thermal management growth remains sanguine. As Delta's largest product segment, we think Fan and Thermal management will be the key catalyst to Delta's revenue and net profit growth in 2025E-27E, backed by rising demands for data centers and AI in Thailand, Vietnam, Malaysia, Singapore, Australia, India, Germany, and US markets.

Exhibit 16: Revenue of Delta EV power by region



Sources: DELTA; Globlex Research

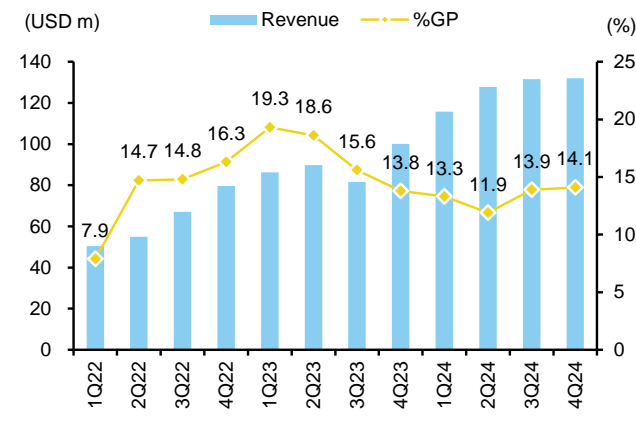
Exhibit 17: Revenue and gross profit margin of Delta Fan and Thermal management



Sources: DELTA; Globlex Research

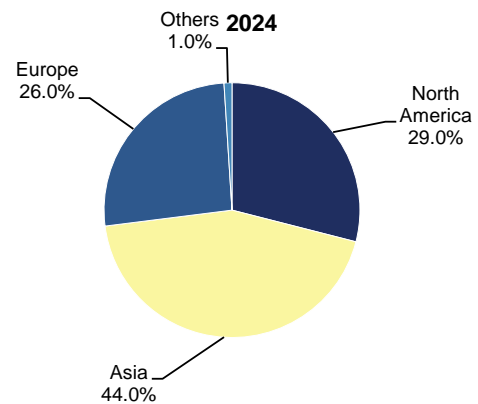
Delta India is growing and growing. Delta India is one of Delta's fastest growing markets in 2024, growing y-y to more than double, catalyzed by demand growths from data centers, industrial automation, EV charging infrastructure and onboard. We think gross profit margin for India will stay healthy at 13-14% with a product mix of low-margin EV charging products with high-margin AI and data center PE.

Exhibit 18: Revenue and gross profit margin of Delta India



Sources: DELTA; Globlex Research

Exhibit 19: Revenue by region (2024)



Sources: DELTA; Globlex Research

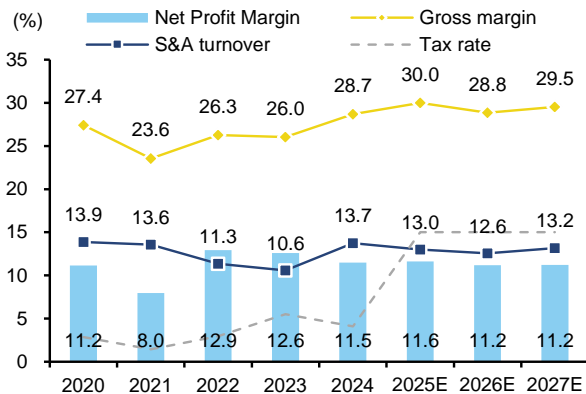
Alpha#3: Structurally lower SG&A to sales ratio

The last factors for Delta’s net profit growth will come from its high SG&A to sales and higher gross profit margin due to the benefits of economies of scales and high operating leverage (high fixed cost structure).

Gross profit margin to stay afloat at 29-30%. In 2020-24, Delta saw its gross profit margin zigzagged between 23.6% in 2021 to 27.4% in 2020 with the recent performance of gross profit margin at 28.7% in 2024. The improvement in gross profit margin was clearly driven by the lower fixed cost per unit as Delta ramped up its productions to meet rising demands.

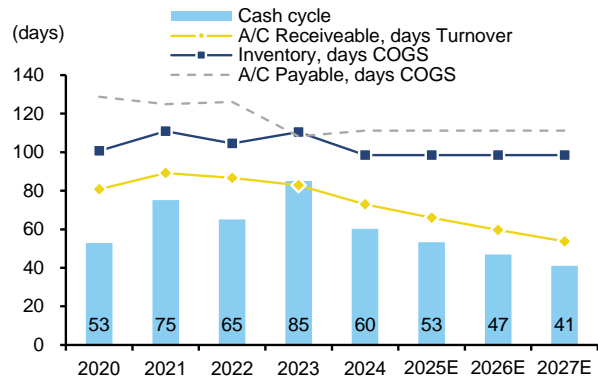
We project gross profit margin to rise from 28.7% in 2024 to 30.0% in 2025E on the back of higher revenue from the high-margin PE segment and higher utilization rates. However, in 2026E-27E, we expect gross profit margins to decline slightly to 28.8% in 2026E and 29.5% in 2027E due to the higher raw material cost by 1% pts mainly due to the higher import tariff aftermath triggered by US.

Exhibit 20: Profitability, SG&A to sales and tax rate



Sources: DELTA; Globlex Research

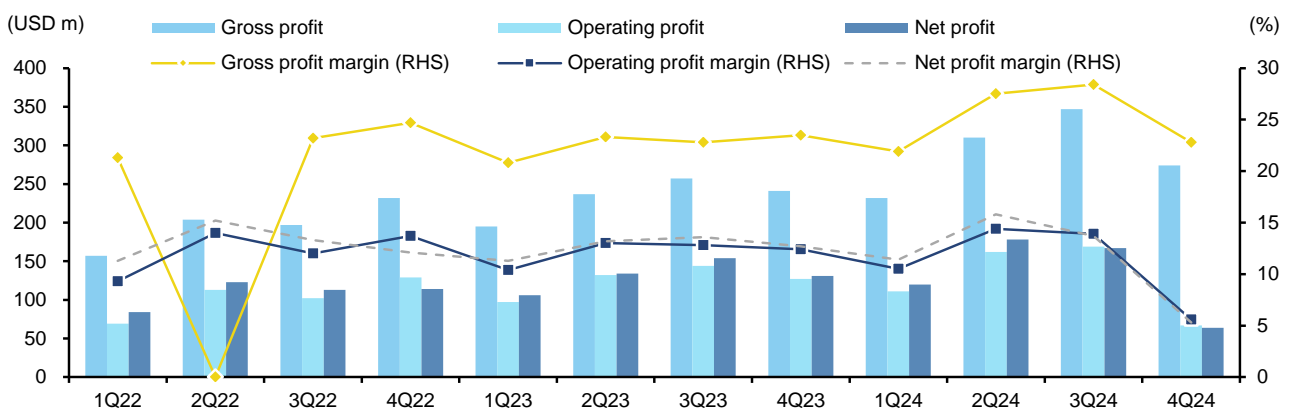
Exhibit 21: Cash cycle



Sources: DELTA; Globlex Research

Lower royalty fee to drive down SG&A to sales. We project SG&A to sales to gradually decrease from 13.7% in 2024 down to 13% in 2025E, 12.6% in 2026E, and 13.2% in 2027E, on the assumptions that Delta will gradually increase the portion of revenue from the low-royalty fee Germany in favor of revenues generated from other countries where royalty fees paid to Delta (Taiwan) will be high. The benefits will also be created in shorter cash cycle days that we project to decline from 60 days in 2024 to 41 days in 2027E.

Exhibit 22: Profitability ratios



Sources: DELTA; Globlex Research

Financials: Normalized profitability with healthy B/S

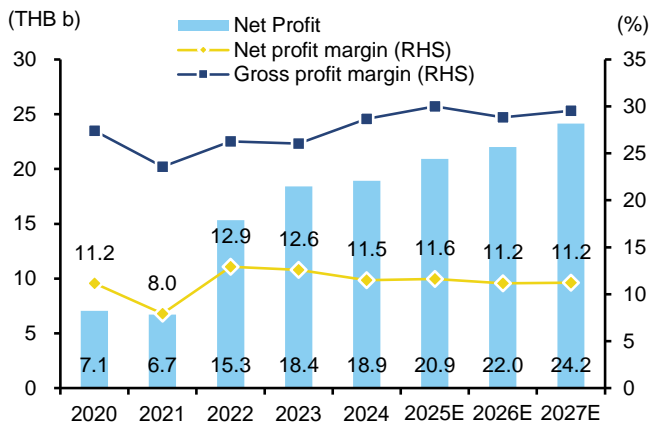
We project Delta's net profit margin to decline from 11.5% in 2024 to 11.2% in 2026E-27E, mainly due to the higher tax rate from 4.1% in 2024 to 15% in 2025E-27E, in complying with Global Minimum Tax of 15% enforced in Thailand since 1 January 2025.

According to management, Delta would have to raised its effective tax rate to 15% from 4.1% in 2024. However, we think the impact of higher tax rates will be offset partly by the higher gross profit margins due to the benefits of operating leverage and economies of scales.

ROEs to stay above 20%. We highlight that despite the higher tax rates and higher royalty fees paid to Delta (Taiwan), we project Delta to still see ROEs above 20% in 2025E-27E, but dropping from 25.7% in 2024 as 11% pts higher tax rates will erode ROEs unless Delta increases its financial leverage from 1.7x to 2.0x.

Balance sheet wise, Delta has a healthy balance sheet with net cash position throughout 2025E-27E thanks to its low short term and long-term debts. Delta's equity is projected to reach THB100b in 2026E while cash on hand will be sufficient to fund its growth projects.

Exhibit 23: Net profit, gross profit margin, and net profit margin



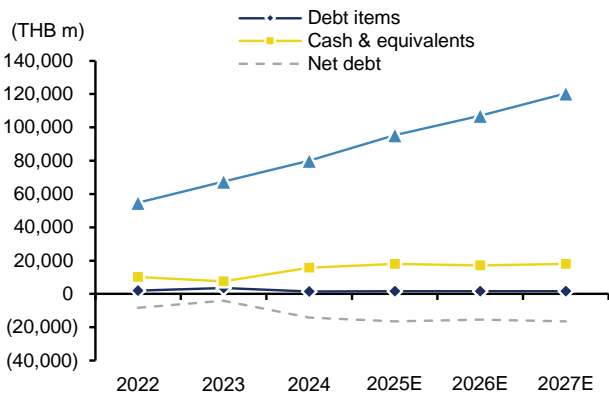
Sources: DELTA; Globlex Research

Exhibit 24: Dupont analysis

	2024 (THB m)	2025E (THB m)	2026E (THB m)	2027E (THB m)
Sales	164,733	179,983	196,792	215,332
Total assets	123,097	141,064	157,088	161,576
Asset Turnover (x)	1.34	1.28	1.25	1.33
Operating profit	17,860	22,659	23,747	26,079
OPM (%)	10.8	12.6	12.1	12.1
Net profit	18,939	20,925	21,999	24,153
NPM (%)	11.5	11.6	11.2	11.2
Shareholders' equity	73,740	87,536	100,898	107,006
Leverage	1.7	1.6	1.6	1.5
ROE (%)	25.7	23.9	21.8	22.6

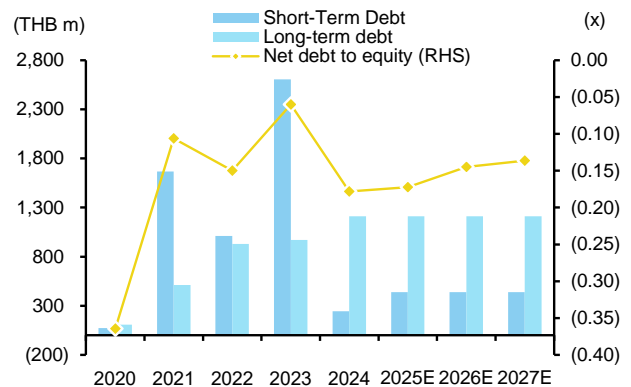
Sources: DELTA; Globlex Research

Exhibit 25: Debt, cash, net debt, and equity



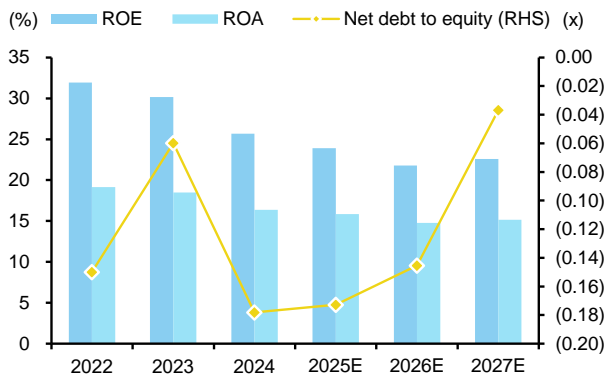
Sources: DELTA; Globlex Research

Exhibit 26: Short and LT debts vs net debt to equity



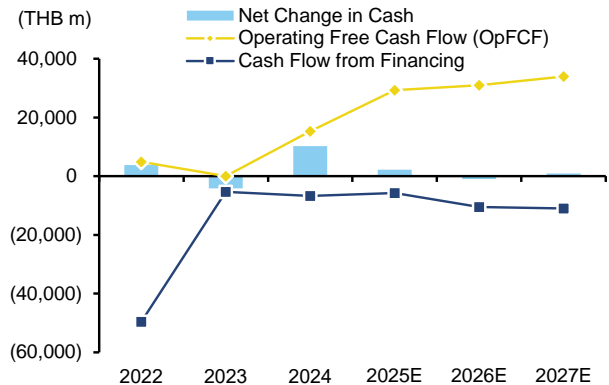
Sources: DELTA; Globlex Research

Exhibit 27: ROE, ROA, net debt to equity



Sources: DELTA; Globlex Research

Exhibit 28: Changes in cash flows



Sources: DELTA; Globlex Research

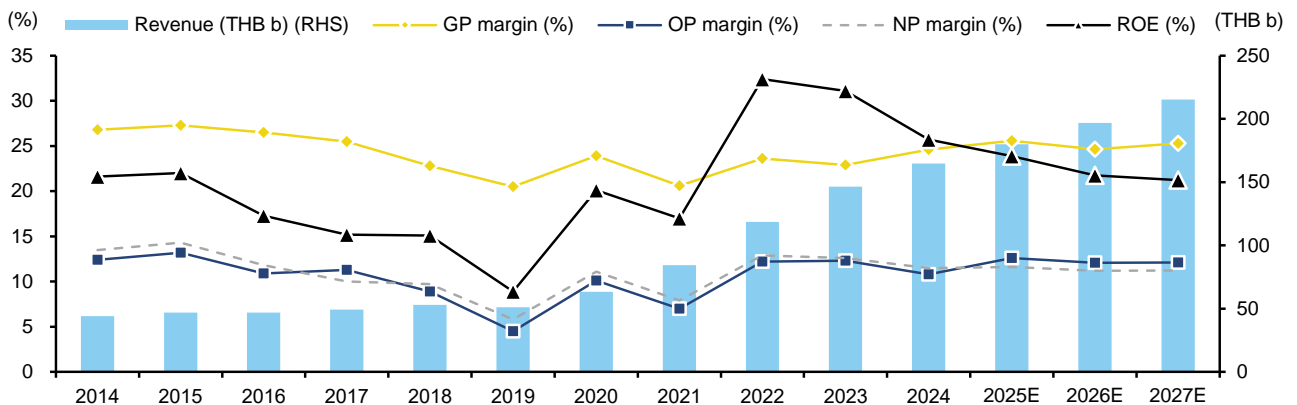
Initiated with BUY and a TP of THB89

We initiated coverage on DELTA with a BUY and a TP of THB89, based on 50x 2025E P/E. Unlike other big cap peers in SET and its local and global electronics peers, we think DELTA is a unique stock that should command valuation premiums on top of its normal valuation P/E.

From a small regional power supply player to a global AI-EV player. In 2022, DELTA successfully transformed itself from a small electronics component company to a global AI and EV-related product portfolio, leveraging on its long-standing core competitiveness in power electronics (PE) and power supply (PS) products that enable DELTA to build a portfolio of PE/PS products in a number of applications, from potato chip to semiconductor chip.

The end applications for DELTA's products embrace common white goods and telecommunication to AI and data center for PE/PS. Automation, Mobility, and Infrastructure segments all are built upon DELTA's core strength in PE/PS technology. Hence, the structural change in DELTA's business product portfolio with the arrivals of EV and AI should result in DELTA's premium valuations.

Exhibit 29: DELTA has a structural change in 2022 with revenue, profitability, and ROE all jumping

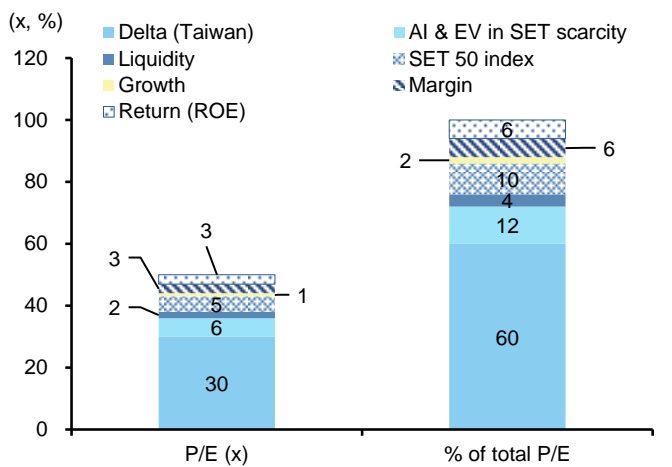


Sources: DELTA; Globlex Research

How we derive our 50x forward P/E for DELTA? On the surface, it appears that DELTA’s hefty 50x P/E is high compared to the average 20x P/E for local electronics companies and 30x average P/E for Taiwan’s electronics sector. However, we think DELTA’s P/E valuation should command multiple premiums on following reasons.

- **30x P/E as a base - DELTA (Taiwan)’s P/E of 30x is our starting P/E** for DELTA given both parent and subsidiary share similarities in operations, technologies, and profitability levels.
- **6x P/E for AI and EV play in SET.** The scarcity of 6x P/E is fully justified by DELTA’s position as the only company in SET to have earnings exposures to AI and EV directly.
- **5x P/E for SET 50 index.** It is undeniable that the big cap stocks in SET 50, particularly in top 10 largest market cap, will have more or less valuation premium arising from the “must hold” position in SET 50 mutual fund
- **1x P/E for liquidity premium.** As one of the largest cap stocks in SET with high liquidity, DELTA deserves to gain 1x P/E premium, in our view.
- **1x P/E growth premium.** DELTA is projected to see marginal net profit growth of 10.5%/5.1%/9.8% in 2025E-27E. Hence, we assign only small premium to DELTA’s P/E.
- **3x P/E margin premium.** With 11%+ net profit margins in 2025E-27E, we think DELTA is qualified to have some 3x P/E premium.
- **3x P/E high ROEs of 22-24% in 2025E-27E.** DELTA has capability of creating high shareholders’ returns.

Exhibit 30: Forward P/E valuation premium breakdown



Sources: Globlex Research

Exhibit 31: Forward P/E valuation premium breakdown and % of total P/E at 50x for DELTA

Premium factors	P/E (x)	% of total P/E
Delta (Taiwan)	30	60
AI & EV in SET scarcity	6	12
Liquidity	2	4
SET 50 index	5	10
Growth	1	2
Margin	3	6
Return (ROE)	3	6
Total P/E	50	100

Sources: DELTA; Globlex Research

Exhibit 32: Selected peers to DELTA’s valuation

Sector/Company	P/E (x)
S&P 500 IT	35
Delta (Taiwan)	30
Foxconn	28
Mediatek	22
Accton tech	30
E-INK	39
Silergy	78
Aspeed	50
Average Taiwan electronics	40
NVIDIA	60
KCE	20
HANA	13

Sources: Bloomberg

Balance sheet (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Current assets					
Cash & ST investment	7,617	15,701	18,085	17,148	18,080
Account receivable	33,237	32,906	32,544	32,149	31,716
Inventories	32,747	31,697	33,988	37,773	40,937
Others	1,965	2,227	2,433	2,661	2,911
Non-current assets					
Net fixed assets	29,681	37,721	51,363	64,707	77,754
Others	2,898	2,844	2,844	2,844	2,844
Total Assets	108,145	123,097	141,257	157,281	174,243

Current liabilities					
Account payable	32,096	35,793	38,380	42,654	46,227
ST borrowing	2,607	245	438	438	438
Others	1,472	2,089	2,089	2,089	2,089
Long-term liabilities					
Long-term debts	969	1,211	1,211	1,211	1,211
Others	3,461	3,817	3,817	3,817	3,817
Total liabilities	40,606	43,155	45,934	50,208	53,782
Paid-up capital	1,247	1,247	1,247	1,247	1,247
Retained earnings	68,626	81,961	97,341	109,091	122,480
Others	(2,334)	(3,266)	(3,266)	(3,266)	(3,266)
Minority interest	0	0	0	0	0
Shareholders' equity	67,539	79,942	95,322	107,072	120,461

Key ratios					
Year ending Dec	2023	2024	2025E	2026E	2027E
Growth (%YoY)					
Sales	23.5	12.5	9.3	9.3	9.4
Operating profit	27.9	8.8	24.4	4.8	9.8
EBITDA	27.9	8.8	24.4	4.8	9.8
Net profit	20.1	2.8	10.5	5.1	9.8
Core net profit	20.1	2.8	10.5	5.1	9.8
EPS	20.1	2.8	10.5	5.1	9.8
Core EPS	20.1	2.8	10.5	5.1	9.8
Profitability (%)					
Gross margin	26.0	28.7	30.0	28.8	29.5
Operation margin	15.5	14.9	17.0	16.3	16.4
EBITDA margin	15.5	14.9	17.0	16.3	16.4
Net margin	12.6	11.5	11.6	11.2	11.2
ROE	30.1	25.7	23.9	21.7	21.2
ROA	18.5	16.4	15.8	14.7	14.6
Stability					
Interest bearing debt/equity (x)	0.1	0.0	0.0	0.0	0.0
Net debt/equity (x)	n.a.	n.a.	n.a.	n.a.	n.a.
Interest coverage (x)	164.7	107.0	100.0	100.0	100.0
Interest & ST debt coverage (x)	6.6	43.3	34.1	35.2	37.3
Cash flow interest coverage (x)	0.3	0.7	0.5	0.5	0.5
Current ratio (x)	2.1	2.2	2.1	2.0	1.9
Quick ratio (x)	1.1	1.3	1.2	1.1	1.0
Net debt (THB m)	(4,041)	(14,245)	(16,435)	(15,498)	(16,431)
Activity					
Asset turnover (X)	1.3	1.2	1.1	1.2	2.5
Days receivables	82.9	72.9	66.0	59.6	53.8
Days inventory	110.4	98.5	98.5	98.5	98.5
Days payable	108.2	111.2	111.2	111.2	111.2
Cash cycle days	85.1	60.2	53.3	46.9	41.0

Profit & loss (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Revenue					
Revenue	146,371	164,733	179,983	196,792	215,332
Cost of goods sold	(108,273)	(117,498)	(125,988)	(140,019)	(151,749)
Gross profit	38,098	47,235	53,995	56,774	63,583
Operating expenses	(15,483)	(22,637)	(23,398)	(24,708)	(28,369)
Operating profit	22,616	24,598	30,597	32,066	35,215
EBIT	18,008	17,860	22,659	23,747	26,079
Depreciation	(4,608)	(6,738)	(7,938)	(8,319)	(9,136)
EBITDA	22,616	24,598	30,597	32,066	35,215
Non-operating income					
Other incomes	192	812	1,800	1,968	2,153
Other non-op income	729	1,314	386	405	444
Non-operating expense	566	(237)	(227)	(237)	(261)
Interest expense	(109)	(167)	(227)	(237)	(261)
Other non-op expense	675	(70)	0	0	0
Equity income/(loss)	0	(0)	(0)	(0)	(0)
Pre-tax Profit	19,496	19,748	24,618	25,882	28,415
Extraordinary items					
Current taxation	(1,073)	(810)	(3,693)	(3,882)	(4,262)
Minorities	0	0	0	0	0
Net Profit	18,423	18,939	20,925	21,999	24,153
Core net profit	18,423	18,939	20,925	21,999	24,153
EPS (THB)	1.48	1.52	1.68	1.76	1.94
Core EPS (THB)	1.48	1.52	1.68	1.76	1.94

Cash flow (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Operating cash flow					
Net profit	18,423	18,939	20,925	21,999	24,153
Depre. & amortization	4,608	6,738	7,938	8,319	9,136
Change in working capital	(10,155)	5,431	645	871	826
Others	(2,163)	(1,644)	(7,418)	(7,799)	(8,558)
Investment cash flow	(10,435)	2,166	7,919	9,516	11,923
Net CAPEX	(11,589)	(14,778)	(10)	(10)	(9)
Change in LT investment	1,154	16,944	7,929	9,526	11,932
Change in other assets	0	0	0	0	0
Free cash flow	277	31,630	30,009	32,906	37,480
Financing cash flow					
Change in share capital	0	0	0	0	0
Net change in debt	0	0	0	0	0
Dividend paid	(5,613)	(5,738)	(5,738)	(10,463)	(11,000)
Others	2,811	(17,808)	(21,887)	(23,380)	(25,548)
Net cash flow	(2,525)	8,084	2,384	(937)	932

Per share (THB)					
EPS	1.48	1.52	1.68	1.76	1.94
Core EPS	1.48	1.52	1.68	1.76	1.94
CFPS	1.85	2.06	2.31	2.43	2.67
BVPS	5.41	6.41	7.64	8.58	9.66
Sales/share	11.73	13.21	14.43	15.78	17.26
EBITDA/share	1.81	1.97	2.45	2.57	2.82
DPS	0.45	0.46	0.84	0.88	0.97
Valuation					
P/E (x)	na	100.44	42.32	40.26	36.67
P/BV (x)	na	23.80	9.29	8.27	7.35
Dividend yield (%)	na	0.30	1.18	1.24	1.36
Dividend payout ratio (%)	30.47	30.30	50.00	50.00	50.00

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RECOMMENDATION STRUCTURE

Stock Recommendations

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

- BUY:** Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause 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.

Sector Recommendations

- Overweight:** The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: 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: 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: 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.