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Delta Electronics Inc. | Asia Pacific

September Sales +1% MoM/ +15% YoY

In this report, we focus on Delta's monthly sales, which we believe could be a catalyst for its share price.

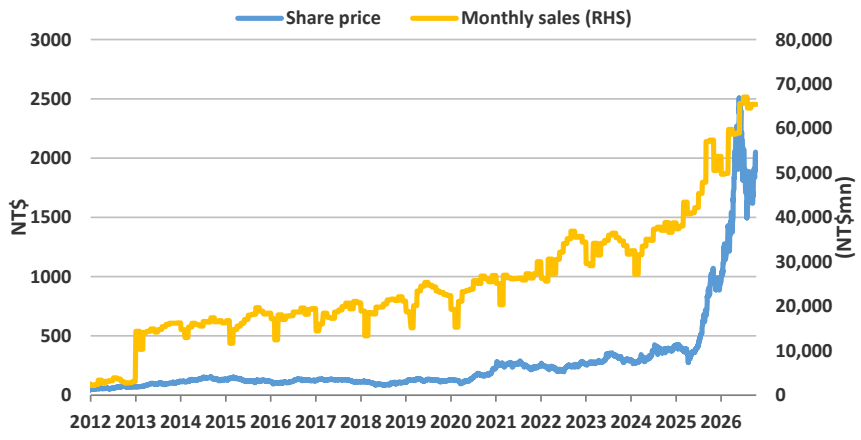
Details:

- September sales were NT$65,400mn (+1% MoM/+15% YoY).
- 3Q26 sales came in at NT$197,059mn (+8% QoQ/+31% YoY), largely in line with our estimate at NT$201,379mn (+10% QoQ/+34% YoY), but slightly below the consensus at NT$208,250mn (+14% QoQ/+39% YoY).

Our view:

- We believe the modest shortfall in 3Q26 revenue vs. the market expectation of ~10% QoQ, is due to some component supply shortages and the customer's pull-in schedule.
- Looking ahead, we expect 4Q26 revenue to grow by double-digit % QoQ on alleviated component supply and solid demand.
- Regarding the USITC Investigation No. 337, we believe near-term impact should be manageable, but we will continue to monitor the developments on this matter (see our report here).
- Stay OW.

Exhibit 1: Delta's monthly sales vs. its share price



Source: Past performance is no guarantee of future results. Results shown do not include transaction costs. Source: Company data, TEJ, Morgan Stanley Research.

MORGAN STANLEY TAIWAN LIMITED+

Derrick Yang
Equity Analyst
Derrick.Yang@morganstanley.com +886 2 2730-2862

Vivi Huang
Research Associate
Vivi.Huang@morganstanley.com +886 2 2730-2860

MORGAN STANLEY ASIA LIMITED+

Andy Meng, CFA
Equity Analyst
Andy.Meng@morganstanley.com +852 2239-7689

Delta Electronics Inc. (2308.TW, 2308 TT)

Greater China Technology Hardware | Taiwan

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	NT$2,500.00
Up/downside to price target (%)	32
Shr price, close (Oct 12, 2026)	NT$1,900.00
52-Week Range	NT$2,585.00-886.00
Sh out, dil, curr (mn)	2,598
Mkt cap, curr (mn)	US$154,524
EV, curr (mn)	US$152,862
Avg daily trading value (mn)	US$616

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (NT$)**	23.14	39.77	64.77	100.77
Prior EPS (NT$)**	-	-	-	-
EPS (NT$)§	23.91	40.39	64.11	99.50
Revenue, net (NT$ bn)	554.9	775.2	1,131.9	1,659.5
EBITDA (NT$ bn)	111.8	169.2	267.5	404.0
ModelWare net inc (NT $ bn)	60.1	103.3	168.2	261.7
P/E	41.6	47.8	29.3	18.9
P/BV	7.1	11.4	8.8	6.5
RNOA (%)	27.3	42.2	70.3	101.3
ROE (%)	21.5	31.7	42.2	50.8
EV/EBITDA	20.1	28.4	17.7	11.3
Div yld (%)	0.8	0.6	1.0	1.7
FCF yld ratio (%)**	2.1	0.9	2.2	4.1
Leverage (EOP) (%)	(41.9)	(51.7)	(57.8)	(64.0)

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
§ = Consensus data is provided by Refinitiv Estimates
e = Morgan Stanley Research estimates

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AlphaSignals Catalyst Event Reaction

Company / Catalyst	Date	Impact to thesis	Catalyst versus expectation
Delta Electronics Inc. 2308.TW			
September 2026 Sales	13 Oct 2026	Unchanged	↓ Modest downside surprise

Source: Company data, Morgan Stanley Research

Valuation Methodology and Risks

Delta Electronics Inc. (2308.TW)

Base case: P/E multiple of 30x based on average 2027-28 EPS. We believe our target multiple is justified by the 63% earnings CAGR we estimate for 2025-28, implying a PEG of 0.5, versus the stock's ~23x P/E and 23% earnings CAGR during 2022-25, which implied a PEG of 1.0.

Risks to Upside

- Faster-than-expected global economic growth
- Falling raw material prices
- Margin improvement

Risks to Downside

- Global economic slowdown
- Ongoing component supply tightness
- Rising raw material prices
- Margin contraction as a result of higher operating expenses or faster ASP erosion

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(as of September 30, 2026)
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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1599	43%	455	48%	28%	783	44%
Equal-weight/Hold	1563	42%	394	42%	25%	763	43%
Not-Rated/Hold	2	0%	1	0%	50%	1	0%
Underweight/Sell	570	15%	96	10%	17%	227	13%
Total	3,734		946			1774	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

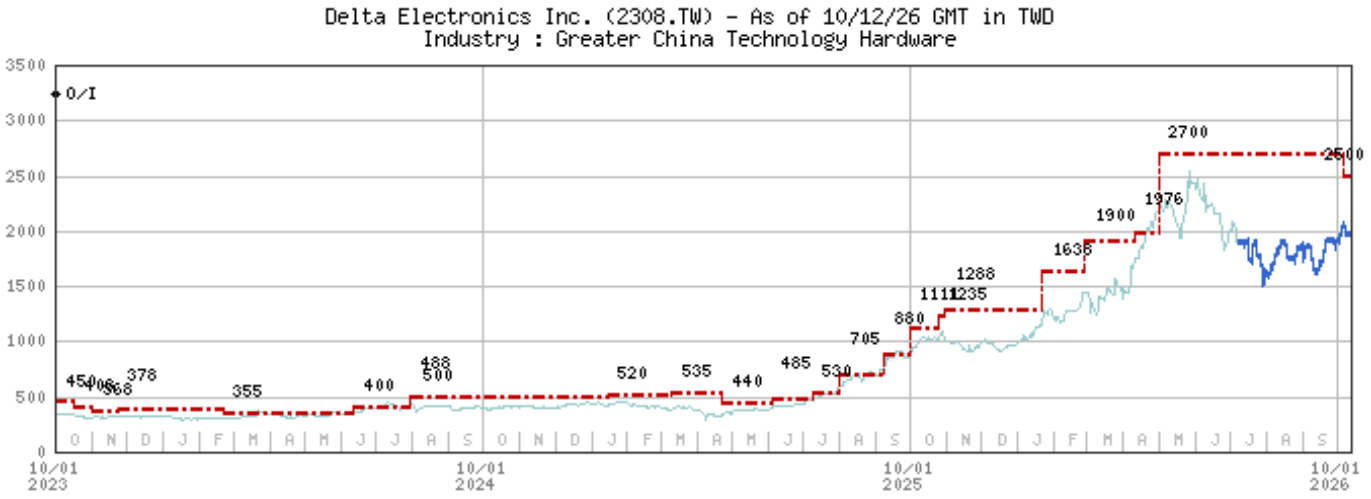
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Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 10/1/21 : O/I

Price Target History: 9/9/21 : 345; 10/29/21 : 325; 2/25/22 : 303; 7/29/22 : 312; 9/21/22 : 326; 10/6/22 : 350; 11/23/22 : 368; 8/2/23 : 450; 10/17/23 : 408; 11/1/23 : 368; 11/23/23 : 378; 2/21/24 : 355; 6/12/24 : 400; 7/30/24 : 488; 8/1/24 : 500; 1/15/25 : 520; 3/11/25 : 535; 4/23/25 : 440; 6/4/25 : 485; 7/9/25 : 530; 8/1/25 : 705; 9/8/25 : 880; 9/30/25 : 1111; 10/24/25 : 1235; 10/30/25 : 1288; 1/21/26 : 1638; 2/27/26 : 1900; 4/10/26 : 1976; 5/1/26 : 2700; 10/6/26 : 2500

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
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INDUSTRY COVERAGE: Greater China Technology Hardware

COMPANY (TICKER)	RATING (AS OF)	PRICE* (10/12/2026)
Andy Meng, CFA		
AAC Technologies Holdings (2018.HK)	O (01/29/2024)	HK$36.06
Accelink Technologies Co. Ltd. (002281.SZ)	U (05/12/2022)	Rmb140.17
BYD Electronics (0285.HK)	O (04/28/2023)	HK$22.80
China TransInfo Technology Co Ltd (002373.SZ)	E (07/18/2023)	Rmb7.44
Dahua Technology Co. Ltd. (002236.SZ)	E (12/12/2024)	Rmb15.51
Eoptolink Technology Inc Ltd (300502.SZ)	O (02/27/2026)	Rmb347.60
Genius Electronic Optical Co. Ltd. (3406.TW)	E (10/13/2026)	NT$1,070.00
GoerTek Inc (002241.SZ)	E (08/14/2026)	Rmb20.85
Gosuncn Technology Group Co Ltd (300098.SZ)	U (11/07/2022)	Rmb4.17
HIKVision Digital Technology (002415.SZ)	E (12/12/2024)	Rmb33.24
Largan Precision (3008.TW)	O (10/13/2026)	NT$7,325.00
LianChuang Electronic Technology Co Ltd (002036.SZ)	U (06/12/2024)	Rmb5.73
Lingyi Itech Guangdong Co (002600.SZ)	U (04/23/2025)	Rmb10.88
Lingyi Itech Guangdong Co (1688.HK)	O (08/14/2026)	HK$4.97
Luxshare Precision Industry Co., Ltd. (2475.HK)	O (08/14/2026)	HK$49.50
Luxshare Precision Industry Co., Ltd. (002475.SZ)	O (10/24/2016)	Rmb46.32
OFILM Group Co Ltd (002456.SZ)	U (06/12/2024)	Rmb6.36
Q Technology (Group) Company Ltd (1478.HK)	U (03/23/2026)	HK$4.79
Quectel Wireless Solutions Co Ltd (603236.SS)	E (10/09/2024)	Rmb69.76
Shanghai Conant Optical Co Ltd (2276.HK)	O (04/10/2026)	HK$34.68
Shenzhen Transsion Holdings Co Ltd (688036.SS)	E (03/23/2026)	Rmb49.36
Sunny Optical (2382.HK)	E (03/23/2026)	HK$58.80
Suzhou TFC Optical Communication Co Ltd. (300394.SZ)	E (11/06/2025)	Rmb229.54

Wingtech Technology Co Ltd (600745.SS)	U (05/18/2026)	Rmb14.89
Xiaomi Corp (1810.HK)	O (04/14/2021)	HK$24.52
Yangtze Optical Fibre and Cable JSC Ltd (601869.SS)	U (10/13/2021)	Rmb362.18
Yangtze Optical Fibre and Cable JSC Ltd (6869.HK)	O (07/15/2026)	HK$156.10
Yongxin Optics Co Ltd (603297.SS)	E (11/15/2022)	Rmb99.88
Zhejiang Crystal-Optech Co Ltd (002273.SZ)	O (11/15/2022)	Rmb21.36
Zhongji Innolight Co Ltd (300308.SZ)	O (09/07/2026)	Rmb724.47
Zhongji Innolight Co Ltd (3308.HK)	O (09/07/2026)	HK$903.00
ZTE Corporation (0763.HK)	O (06/04/2026)	HK$20.36
ZTE Corporation (000063.SZ)	E (06/04/2026)	Rmb28.44
Derrick Yang		
Accton Technology Corporation (2345.TW)	O (06/06/2024)	NT$2,130.00
Advantech (2395.TW)	O (01/20/2021)	NT$721.00
AirTAC International (1590.TW)	O (04/16/2025)	NT$1,210.00
Asia Vital Components Co. Ltd. (3017.TW)	O (07/30/2024)	NT$3,385.00
AU Optronics (2409.TW)	E (02/10/2026)	NT$35.55
Auras Technology Co Ltd (3324.TWO)	E (05/04/2023)	NT$1,540.00
Bizlink (3665.TW)	O (03/10/2025)	NT$2,355.00
BOE Technology (000725.SZ)	O (09/06/2019)	Rmb5.33
Chenbro (8210.TW)	O (07/23/2025)	NT$861.00
Chroma Ate Inc. (2360.TW)	O (10/05/2021)	NT$2,365.00
Delta Electronics Inc. (2308.TW)	O (07/13/2017)	NT$1,900.00
E Ink Holdings Inc. (8069.TWO)	E (08/10/2026)	NT$149.00
Ennostar Inc (3714.TW)	U (09/23/2022)	NT$63.80
Fositek Corp (6805.TW)	O (06/25/2025)	NT$2,270.00
Hiwin Technologies Corp. (2049.TW)	O (03/30/2026)	NT$338.00
Innolux (3481.TW)	E (04/07/2025)	NT$51.30
King Slide Works Co. Ltd. (2059.TW)	O (11/08/2023)	NT$10,580.00
Lens Technology (300433.SZ)	E (07/22/2020)	Rmb26.73
Lite-On Technology (2301.TW)	E (01/15/2025)	NT$288.00
TCL Corp. (000100.SZ)	E (04/07/2025)	Rmb4.52
Tianma Microelectronics (000050.SZ)	U (01/24/2018)	Rmb6.08
Wuhan Jingce Electronic Group Co Ltd (300567.SZ)	E (11/26/2021)	Rmb167.00
Howard Kao		
Acer Inc. (2353.TW)	U (04/23/2025)	NT$31.35
Asustek Computer Inc. (2357.TW)	U (11/16/2025)	NT$977.00
Catcher Technology (2474.TW)	U (11/17/2025)	NT$194.50
Compal Electronics (2324.TW)	U (04/23/2025)	NT$36.60
Elite Material Co. (2383.TW)	O (09/14/2026)	NT$6,150.00
FIT Hon Teng Ltd (6088.HK)	O (11/03/2025)	HK$4.43
Foxconn Industrial Internet Co. Ltd. (601138.SS)	O (07/10/2019)	Rmb52.05
Giga-Byte Technology Co. Ltd. (2376.TW)	E (11/16/2025)	NT$356.00
Gold Circuit Electronics Ltd. (2368.TW)	O (10/06/2022)	NT$1,235.00
Hon Hai Precision (2317.TW)	O (03/15/2024)	NT$244.50
Inspur Electronic Information (000977.SZ)	E (08/28/2023)	Rmb62.05
Kingboard Laminates Holdings Ltd. (1888.HK)	O (09/14/2026)	HK$46.80
LandMark Optoelectronics Corporation (3081.TWO)	E (03/26/2026)	NT$3,025.00
Lenovo (0992.HK)	O (07/10/2026)	HK$32.34
Lotes Co. Ltd. (3533.TW)	E (05/12/2025)	NT$1,880.00
Nan Ya PCB (8046.TW)	O (02/23/2026)	NT$1,440.00
Pegatron Corporation (4938.TW)	E (03/25/2026)	NT$98.60
Quanta Computer Inc. (2382.TW)	O (05/01/2023)	NT$322.00
Shengyi Technology Co Ltd. (600183.SS)	E (05/26/2022)	Rmb120.00
Shennan Circuits Co Ltd (002916.SZ)	E (08/24/2023)	Rmb327.78
Unimicron (3037.TW)	O (02/23/2026)	NT$1,255.00

Visual Photonics Epitaxy Co Ltd (2455.TW)	E (09/11/2023)	NT$564.00
Wistron Corporation (3231.TW)	O (07/12/2023)	NT$189.50
Wiwynn Corp (6669.TW)	O (11/10/2025)	NT$2,275.00
Yageo Corp. (2327.TW)	O (10/28/2025)	NT$636.00
Zhen Ding (4958.TW)	++	NT$581.00
Irene Yen		
Co-Tech Development Corp. (8358.TWO)	O (09/14/2026)	NT$522.00
Taiwan Union Technology Corporation (6274.TWO)	O (09/14/2026)	NT$1,735.00

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