Delta Electronics

Power TAM still rising amid roadmap changes

Q2 Preview - Lowering sales and margins in line with latest expectations

Results (due 30 July) should discuss the milder Q226 but still strong H226/2027 outlook. Q2 sales rose +15% QoQ, in line with our latest view, but below original UBS/Street +18%/17% QoQ due to delays in data center projects and stretching lead times on IGBT/MOSFETs. We also trim Q2 GM/OpM from 37.1%/19.5% to 36.0%/18.0%, and EPS from NT$10.51 to NT$9.36; all a bit below street (Figure 1) reflecting lower revenue scale, component costs not yet passed through and 70bp QoQ headwind from a Q1 reversal. Infrastructure led (34% of sales) +22% QoQ, with liquid cooling a bright spot (12% of Q2), while power supply (53% of sales) grew +13% QoQ, shy of 20%+ expectations. Smaller segments were mild, with mobility (5% of sales) up 8% QoQ and automation (8% of sales) up 6% QoQ though not meaningfully recovering.

H2 rebound and 400/800 VDC developments continue amid roadmap shifts

We raise Q326 sales from +11% to +15% QoQ vs. street +13% QoQ with ~3-5% price hikes to pass on component costs and continued Blackwell strength ahead of Rubin and Trainum 3 ramp albeit milder liquid cooling growth. We model Q4 +8% QoQ as Rubin rack ramps shift later in Q4 though first wave customers still deploy. We expect 20% of racks in 2027 to use 400V and 800V power racks alongside the Rubin, TPU and Trainium IT racks to simplify the IT rack and prepare for follow-on generations; important for lifting content from 1-1.5% to 2-2.5% of the BOM. For Rubin Ultra, an upgraded Oberon NVL72 rack looks likely over Kyber (link) with the option to network 8 racks with optical transceivers (link), moderating the power rack requirement until Feynman.

Growth tracking stronger for 2026, adding capacity for future years

We balance a milder ramp of power racks with our upgraded rack forecast (now 72.5k/90k in 2026-27) to still net higher NVIDIA rack power CAGR from 60% to 65% for 2025-29 from US$3.6bn to US$26.3bn, supporting Delta to scale up its NVIDIA power sales to US$16bn or 30% of sales by 2029. We expect Rubin power rack penetration at 20% in 2027, Rubin Ultra at 30% in 2027 and 50% by 2029 and Feynman at full penetration. New products layer in 2028-29 including solid state transformer where Delta is shipping to a China cloud with 2.5MW design and planning to sample 6-10MW design for US/Europe in 2027 and solid oxide fuels cells with 30-50MW mini-line in 2027 and 1GW+ capacity available mid-term in Guanyin.

Valuation: Maintain Buy and lift our PT from NT$2,600 to NT$2,750

We view the stock as more reasonably valued on the 25% pullback since late May and now 28/21x 2027/28E EPS, and stay positive on stronger CSP capex and rise in power/cooling requirements. We fine-tune 2026E reflecting the lower Q2 sales/margins but lift 2027/28E EPS by 5-6% to NT$67.5/NT$90 vs. street NT$64/NT$103, lifting PT from NT $2,600 to NT$2,750 on same 35x 27-28E average P/E in line with global/China peers re-rating to 30-40x, reflecting ~2 SD vs. its 5y avg. range.

Equities

Taiwan
Electric Components & Equipment

12-month rating	**Buy**
12m price target	**NT$2,750.00**
	Prior : NT$2,600
Price (15 Jul 2026)	**NT$1,890**

RIC: 2308.TW **BBG:** 2308 TT

Trading data and key metrics

52-wk range	NT$2,520.00-499.00
Market cap.	NT$4,909b/US$152b
Shares o/s	2,598m (ORD)
Free float	71%
Avg. daily volume ('000)	12,760
Avg. daily value (m)	NT$26,919.4
Common s/h equity (12/26E)	NT$367b
P/BV (12/26E)	13.4x
Net debt to EBITDA (12/26E)	NM

EPS (UBS, diluted) (NT$)

	From	To	% ch	Cons.
12/26E	43.35	43.00	-1	41.32
12/27E	64.00	67.50	5	66.19
12/28E	85.00	90.00	6	102.97

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Highlights (NT$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenues	401,227	421,148	554,886	782,070	1,097,681	1,422,589	1,665,440	1,880,285
EBIT (UBS)	40,950	47,652	83,932	150,784	232,792	307,241	366,098	413,594
Net earnings (UBS)	32,107	32,508	59,806	111,695	175,325	233,768	279,970	317,255
EPS (UBS, diluted) (NT$)	12.36	12.52	23.02	43.00	67.50	90.00	107.78	122.14
DPS (net) (NT$)	9.84	6.43	7.00	11.60	21.56	33.84	45.11	54.03
Net (debt) / cash	51,519	65,074	104,887	137,260	246,028	265,961	363,223	477,360
Profitability/valuation	**12/23**	**12/24**	**12/25**	**12/26E**	**12/27E**	**12/28E**	**12/29E**	**12/30E**
EBIT (UBS) margin %	10.2	11.3	15.1	19.3	21.2	21.6	22.0	22.0
ROIC (EBIT) %	23.9	26.6	43.9	68.6	92.3	95.2	87.2	85.2
EV/EBITDA (UBS core) x	12.7	12.9	13.8	26.6	17.6	13.5	11.1	9.6
P/E (UBS, diluted) x	25.8	28.7	26.3	44.0	28.0	21.0	17.5	15.5
Equity FCF (UBS) yield %	5.2	4.2	3.3	1.4	3.5	2.3	4.5	5.3
Dividend yield (net) %	3.1	1.8	1.2	0.6	1.1	1.8	2.4	2.9

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of NT$ 1,890.00 on 15-Jul-2026

TABLES AND CHARTS

Figure 1: UBS vs. VA Consensus Q126-Q326E and 2025-28E

	Q126	Q226E			Q326E			2025	2026E			2027E			2028E		
(NT$m)	Actual	UBSe	UBSe prior	VA	UBSe	UBSe prior	VA	Actual	UBSe	UBSe prior	VA	UBSe	UBSe prior	VA	UBSe	UBSe prior	VA
Revenue	159,353	183,257	188,731	186,232	211,294	210,196	206,971	554,886	782,070	777,704	770,712	1,097,681	1,051,721	1,080,814	1,422,589	1,354,900	1,542,246
- QoQ / YoY	-1.4%	15.0%	18.4%	16.9%	15.3%	11.4%	12.9%	31.8%	40.9%	40.2%	38.9%	40.4%	35.2%	40.2%	29.6%	28.8%	42.7%
Gross profit	58,961	65,902	70,101	68,818	78,527	78,129	77,198	190,157	288,288	288,437	285,882	409,134	390,190	413,472	531,464	504,278	607,280
- Gross margin	37.0%	36.0%	37.1%	37.0%	37.2%	37.2%	37.3%	34.3%	36.9%	37.1%	37.1%	37.3%	37.1%	38.3%	37.4%	37.2%	39.4%
Operating profit	28,417	33,049	36,835	35,090	42,346	41,926	40,642	83,932	150,784	151,948	147,093	232,792	221,218	234,746	307,241	290,707	368,568
- OP margin	17.8%	18.0%	19.5%	18.8%	20.0%	19.9%	19.6%	15.1%	19.3%	19.5%	19.1%	21.2%	21.0%	21.7%	21.6%	21.5%	23.9%
Non-op profit	2,676	1,438	1,438	1,358	1,438	1,438	1,406	3,934	6,990	6,990	6,751	5,753	5,753	6,417	5,753	5,753	7,499
Pre-tax profit	31,093	34,487	38,273	36,448	43,784	43,364	42,048	87,866	157,774	158,938	153,844	238,545	226,971	240,628	312,993	296,459	375,385
Tax	-7,258	-7,415	-8,229	-7,707	-9,414	-9,323	-8,958	-19,930	-34,495	-34,745	-33,366	-51,287	-48,799	-51,613	-67,294	-63,739	-81,191
- Tax rate	23.3%	21.5%	21.5%	21.1%	21.5%	21.5%	21.3%	22.7%	21.9%	21.9%	21.7%	21.5%	21.5%	21.4%	22%	22%	22%
Minority	-3,279	-2,750	-2,750	-2,937	-2,779	-2,779	-3,421	-7,828	-11,585	-11,585	-12,961	-11,932	-11,932	-16,946	-11,932	-11,932	-25,209
Net profit	20,556	24,322	27,294	25,804	31,591	31,262	29,669	60,108	111,695	112,609	107,517	175,325	166,240	172,070	233,768	220,788	268,984
EPS (NT$)	$7.91	$9.36	$10.51	$9.83	$12.16	$12.04	$11.35	$23.14	$43.00	$43.35	$41.39	$67.50	$64.00	$66.24	90.00	85.00	103.55

Source: Company data, Visible Alpha, UBS estimates. Note: 2025 EPS is based on the reported number.

Figure 2: Delta revenue growth led by power supply and infrastructure

Segment Totals (NT$mn)	Q125	Q225	Q325	Q425	Q126	Q226E	Q326E	Q426E	2025	2026E	2027E	2028E	2029E
Power Supply	$59,780	$64,892	$75,766	$80,533	$85,450	$96,334	$115,176	$126,494	$280,971	$423,454	$648,365	$881,931	$1,060,710
QoQ (%)	0.1%	8.6%	16.8%	6.3%	6.1%	12.7%	19.6%	9.8%					
YoY (%)	27.6%	17.5%	21.3%	34.8%	42.9%	48.5%	52.0%	57.1%	25.3%	50.7%	53.1%	36.0%	20.3%
Mobility (EV)	$10,703	$11,149	$7,970	$7,544	$7,968	$8,576	$9,005	$8,554	$37,365	$34,103	$34,451	$36,173	$38,706
QoQ (%)	4.3%	4.2%	-28.5%	-5.3%	5.6%	7.6%	5.0%	-5.0%					
YoY (%)	1.7%	-1.1%	-29.0%	-26.5%	-25.6%	-23.1%	13.0%	13.4%	-13.7%	-8.7%	1.0%	5.0%	7.0%
Infrastructure	$34,487	$33,957	$53,170	$59,602	$51,595	$63,099	$70,905	$76,206	$181,215	$261,805	$347,649	$430,547	$486,912
QoQ (%)	13.0%	-1.5%	56.6%	12.1%	-13.4%	22.3%	12.4%	7.5%					
YoY (%)	57.0%	46.6%	112.2%	95.4%	49.6%	85.8%	33.4%	27.9%	80.0%	44.5%	32.8%	23.8%	13.1%
Automation	$13,950	$14,037	$13,412	$13,934	$14,339	$15,247	$16,208	$16,911	$55,334	$62,706	$67,214	$73,936	$79,111
QoQ (%)	1.8%	0.6%	-4.5%	3.9%	2.9%	6.3%	6.3%	4.3%					
YoY (%)	17.8%	3.0%	-0.4%	1.7%	2.8%	8.6%	20.8%	21.4%	5.1%	13.3%	7.2%	10.0%	7.0%
Total Revenue (NT$mn)	$118,919	$124,035	$150,318	$161,613	$159,353	$183,257	$211,294	$228,167	$554,886	$782,070	$1,097,681	$1,422,589	$1,665,440
QoQ (%)	4.1%	4.3%	21.2%	7.5%	-1.4%	15.0%	15.3%	8.0%					
YoY (%)	30.3%	19.9%	34.0%	41.5%	34.0%	47.7%	40.6%	41.2%	31.8%	40.9%	40.4%	29.6%	17.1%

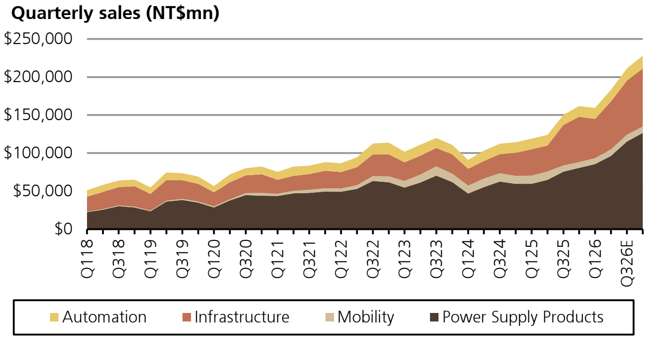
Source: Company data, UBS estimates

Figure 3: NVIDIA's roadmap to Feynman progressively ramps dedicated power racks

	NVIDIA Power Shelves					NVIDIA Power Racks			
Hardware Opportunity	**Hopper**	**Blackwell**	**BW Ultra**	**Rubin**	**Rubin Ultra**	**Rubin**	**RU Oberon**	**RU Kyber**	**Feynman**
Year of Introduction	**2023**	**2024**	**2025**	**2026**	**2027**	**2027**	**2028**	**2027**	**2028**
Rack architecture	HGX	Oberon	Oberon	Oberon	Oberon	Oberon	Oberon	Kyber	Kyber
Process node	N4	N4	N4	N3	N3P	N3P	N3P	A16	A16
XPU Dies per rack	32	144	144	144	144	144	144	288	576
Power per XPU die (W)	600	650	800	1,150	1,150	1,200	1,200	1,200	1,500
1GW of Data Center Power (W)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
PUE	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15
Power avail for AI Hardware, Net (kW)	869,565	870,000	870,000	870,000	870,000	870,000	870,000	870,000	870,000
Power per rack (kW)	**45**	**120**	**140**	**227**	**275**	**227**	**275**	**500**	**1000**
Number of racks per GW	**19,324**	**7,250**	**6,214**	**3,833**	**3,164**	**3,833**	**3,164**	**1,740**	**870**
Rack ASP (US$mn)	**$1.3**	**$3.3**	**$4.3**	**$7.0**	**$8.8**	**$7.0**	**$8.8**	**$16.1**	**$35.0**
Customer sales per GW ($bn)	**$25.1**	**$23.9**	**$26.7**	**$26.8**	**$27.7**	**$27.1**	**$27.7**	**$28.0**	**$30.5**

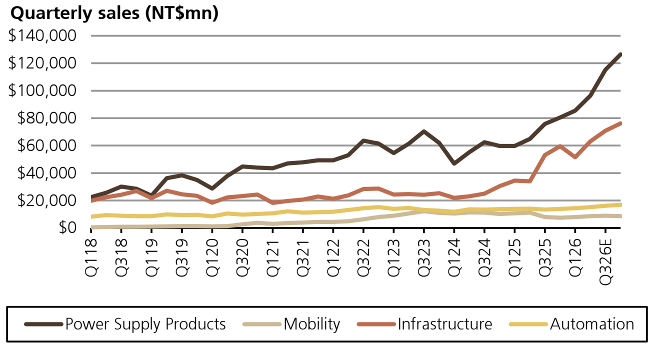
Source: UBS estimates

Figure 4: Delta sales driven by power supply/infra



Source: Company data, UBS estimates

Figure 5: Power supply leading the growth



Source: Company data, UBS estimates

Figure 6: Power supply as % of BOM rises from 1-1.5% to 1.8-2.4% upgrading to dedicated power racks

	NVIDIA Power Shelves					NVIDIA Power Racks			
Power Supply Content per rack (US$)	**Hopper**	**Blackwell**	**BW Ultra**	**Rubin**	**Rubin Ultra**	**Rubin**	**RU Oberon**	**RU Kyber**	**Feynman**
Number of racks per GW	**19,324**	**7,250**	**6,214**	**3,833**	**3,164**	**3,833**	**3,164**	**1,740**	**870**
PSU	$7,040	$23,400	$33,000	$48,000	$57,600				
Power rack						$258,400	$258,400	$258,400	$493,320
Power Shelf	$0	$6,120	$10,200	$4,200	$5,040				
BBU/Supercap	$0	$0	$0	$1,375	$1,650				
Capacitor Shelf	$0	$0	$0	$1,020	$1,224				
Power Management Unit	$300	$900	$2,000	$1,200	$1,440				
DC-DC Module	$960	$2,520	$2,700	$3,600	$4,320	$10,800	$10,800	$21,600	$43,200
Busbar	$3,000	$3,000	$3,500	$6,000	$7,200				
Other (Powerwhip, Fans, Inner Busbar, Chassis)	$1,000	$6,000	$6,000	$12,000	$14,400	$18,000	$18,000	$30,000	$50,000
Total power supply content (US$)						**$287,200**	**$287,200**	**$310,000**	**$586,520**
Power Rack to IT Hardware Ratio:						**1.8**	**1.5**	**1.0**	**1.0**
Power Supply Content per rack (US$)	**$12,300**	**$41,940**	**$57,400**	**$77,395**	**$92,874**	**$159,556**	**$191,467**	**$310,000**	**$586,520**
% of the BOM	**1.1%**	**1.4%**	**1.4%**	**1.2%**	**1.1%**	**2.4%**	**2.3%**	**2.0%**	**1.8%**
Power Supply TAM per GW (US$mn)	**$237.7**	**$304.1**	**$356.7**	**$296.6**	**$293.8**	**$611.5**	**$605.7**	**$539.4**	**$510.3**

Power rack content (42-48U) (US$)	**Hopper**	**Blackwell**	**BW Ultra**	**Rubin**	**Rubin Ultra**	**Rubin**	**RU Oberon**	**RU Kyber**	**Feynman**
AC-DC PSU Modules						$72,000	$72,000	$72,000	$144,000
HVDC power shelf						$15,000	$15,000	$15,000	$30,000
Power capacitance shelf (supercap/EDLC)						$32,000	$32,000	$32,000	$64,000
BBU shelf						$88,000	$88,000	$88,000	$176,000
PMC						$5,000	$5,000	$5,000	$10,000
800V busbar						$6,000	$6,000	$6,000	$7,800
AC PDU						$6,400	$6,400	$6,400	$8,320
DC PDU						$14,000	$14,000	$14,000	$18,200
Power rack chassis						$10,000	$10,000	$10,000	$15,000
Others						$10,000	$10,000	$10,000	$20,000
Total power rack content (US$)						**$258,400**	**$258,400**	**$258,400**	**$493,320**
Power Rack to IT Hardware Ratio:						**1.8**	**1.5**	**1.0**	**1.0**
Power Supply Content per rack (US$)						**$143,556**	**$172,267**	**$258,400**	**$493,320**

Source: UBS estimates

Figure 7: NVIDIA power TAM growing at a 65% CAGR to US$26.3bn in 2029E

Rack Units	**2025**	**2026**	**2027**	**2028**	**2029**
HGX	190,530	232,085	269,280	296,207	325,828
Blackwell	20,690	17,778	1,863	0	0
Blackwell Ultra	6,344	48,608	27,537	5,000	0
Rubin Power Rack %	*0%*	*5%*	*20%*	*25%*	*30%*
Rubin Integrated Power	0	5,843	47,061	22,500	3,500
Rubin Power Rack	0	308	11,765	7,500	1,500
Rubin Ultra Power Rack %	*0%*	*0%*	*30%*	*40%*	*50%*
Rubin Ultra Integrated Power	0	0	1,260	36,000	10,000
Rubin Ultra Power Rack	0	0	540	24,000	10,000
Feynman	0	0	0	1,000	25,000
Total	**27,034**	**72,536**	**90,026**	**96,000**	**50,000**

Power Content (US$)	**2025**	**2026**	**2027**	**2028**	**2029**
HGX	$12,300	$14,760	$17,712	$21,254	$25,505
Blackwell	$41,940	$41,940	$41,940	$41,940	$41,940
Blackwell Ultra	$57,400	$57,400	$57,400	$57,400	$57,400
Rubin Integrated Power	$77,395	$77,395	$77,395	$77,395	$77,395
Rubin Power Rack	$159,556	$159,556	$159,556	$159,556	$159,556
Rubin Ultra Integrated Power	$92,874	$92,874	$92,874	$92,874	$92,874
Rubin Ultra Power Rack	$191,467	$191,467	$191,467	$191,467	$191,467
Feynman	$586,520	$586,520	$586,520	$586,520	$586,520

Total NVIDIA Power Supply TAM (US$mn)	**2025**	**2026**	**2027**	**2028**	**2029**	**25-29 CAGR**
HGX	$2,344	$3,426	$4,769	$6,296	$8,310	
Blackwell	$868	$746	$78	$0	$0	
Blackwell Ultra	$364	$2,790	$1,581	$287	$0	
Rubin Integrated Power	$0	$452	$3,642	$1,741	$271	
Rubin Power Rack	$0	$49	$1,877	$1,197	$239	
Rubin Ultra Integrated Power	$0	$0	$117	$3,343	$929	
Rubin Ultra Power Rack	$0	$0	$103	$4,595	$1,915	
Feynman	$0	$0	$0	$587	$14,663	
Total NVIDIA Rack Power Supply TAM	**$3,575**	**$7,463**	**$12,168**	**$18,046**	**$26,327**	**65%**
YoY Growth		**109%**	**63%**	**48%**	**46%**	

Delta TAM at 60% share	**2025**	**2026**	**2027**	**2028**	**2029**	**25-29 CAGR**
HGX	$1,406	$2,055	$2,862	$3,777	$4,986	
Blackwell	$521	$447	$47	$0	$0	
Blackwell Ultra	$218	$1,674	$948	$172	$0	
Rubin Integrated Power	$0	$271	$2,185	$1,045	$163	
Rubin Power Rack	$0	$29	$1,126	$718	$144	
Rubin Ultra Integrated Power	$0	$0	$70	$2,006	$557	
Rubin Ultra Power Rack	$0	$0	$62	$2,757	$1,149	
Feynman	$0	$0	$0	$352	$8,798	
Total NVIDIA Delta Opportunity	**$2,145**	**$4,478**	**$7,301**	**$10,828**	**$15,796**	**65%**
YoY Growth		**109%**	**63%**	**48%**	**46%**	
% of Delta	**11%**	**18%**	**21%**	**24%**	**31%**	

Source: UBS estimates

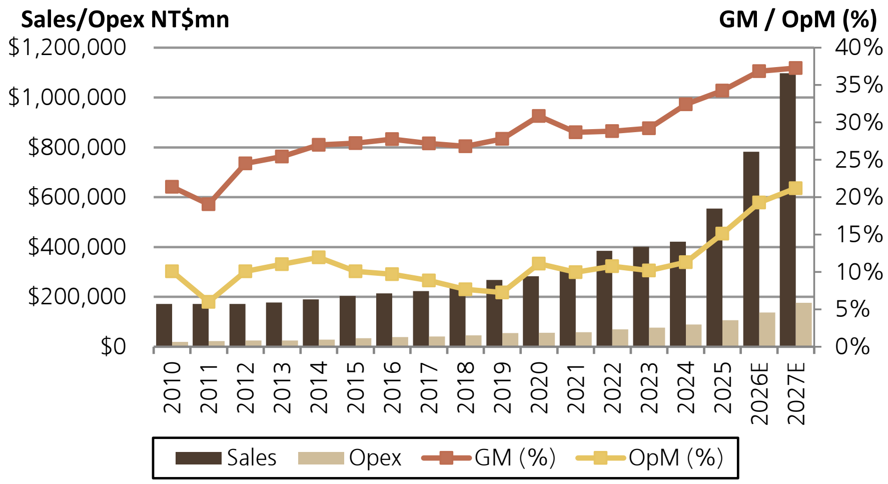
Figure 8: Delta's GMs could be slightly light in Q2 but broadly keeping the 36-37% recent range

Margin Drivers	Q125	Q225	Q325	Q425	Q126	Q226E	Q326E	Q426E	2025	2026E	2027E	2028E	2029E
Total Revenue (NT$mn)	**118,919**	**124,035**	**150,318**	**161,613**	**159,353**	**183,257**	**211,294**	**228,167**	**554,886**	**782,070**	**1,097,681**	**1,422,589**	**1,665,440**
Sequential change (%)	4%	4%	21%	8%	-1%	15%	15%	8%	32%	41%	40%	30%	17%
Power Supply	34.9%	40.0%	39.3%	38.3%	40.1%	39.3%	41.0%	41.3%	38.2%	40.5%	41.2%	40.7%	40.8%
Mobility (EV)	11.0%	12.0%	9.0%	8.0%	9.0%	11.0%	12.0%	10.0%	10.3%	10.5%	12.0%	12.0%	12.0%
Infrastructure	33.7%	34.9%	32.9%	33.1%	36.4%	34.3%	34.4%	33.8%	33.5%	34.6%	32.7%	32.8%	32.3%
Automation	29.6%	34.9%	33.0%	33.9%	36.0%	36.1%	36.0%	35.8%	32.9%	36.0%	35.8%	35.8%	35.8%
Delta Blended GM %	**31.8%**	**35.5%**	**34.9%**	**34.6%**	**37.0%**	**36.0%**	**37.2%**	**37.2%**	**34.3%**	**36.9%**	**37.3%**	**37.4%**	**37.4%**
Gross Profit (NT$mn)	**$37,788**	**$44,049**	**$52,416**	**$55,903**	**$58,961**	**$65,902**	**$78,527**	**$84,898**	**$190,157**	**$288,288**	**$409,134**	**$531,464**	**$623,575**
Opex (NT$mn)	**-$23,752**	**-$25,380**	**-$27,607**	**-$29,485**	**-$30,544**	**-$32,853**	**-$36,181**	**-$37,926**	**-$106,224**	**-$137,504**	**-$176,342**	**-$224,224**	**-$257,477**
Opex/Sales %	**20.0%**	**20.5%**	**18.4%**	**18.2%**	**19.2%**	**17.9%**	**17.1%**	**16.6%**	**19.1%**	**17.6%**	**16.1%**	**15.8%**	**15.5%**
Power Supply	17.1%	20.8%	21.4%	20%	22.1%				20.0%				
Mobility (EV)	-2.5%	-0.6%	-0.2%	-11%	-9.3%				0.0%				
Infrastructure	10.6%	14.8%	16.5%	18%	19.7%				15.7%				
Automation	3.3%	1.4%	-0.9%	0%	0.8%				1.0%				
Delta OpM %	**11.8%**	**15.1%**	**16.5%**	**16.3%**	**17.8%**	**18.0%**	**20.0%**	**20.6%**	**15.1%**	**19.3%**	**21.2%**	**21.6%**	**22.0%**
Operating Profit (NT$mn)	**$14,036**	**$18,669**	**$24,809**	**$26,418**	**$28,417**	**$33,049**	**$42,346**	**$46,973**	**$83,932**	**$150,784**	**$232,792**	**$307,241**	**$366,098**
Minority Interest	**-$1,812**	**-$1,386**	**-$2,316**	**-$2,314**	**-$3,279**	**-$2,750**	**-$2,779**	**-$2,777**	**-$7,828**	**-$11,585**	**-$11,932**	**-$11,932**	**-$11,932**
Net Income	**$10,231**	**$13,948**	**$18,606**	**$17,324**	**$20,556**	**$24,322**	**$31,591**	**$35,226**	**$60,108**	**$111,695**	**$175,325**	**$233,768**	**$279,970**
EPS (NT$)	**$3.94**	**$5.37**	**$7.16**	**$6.67**	**$7.91**	**$9.36**	**$12.16**	**$13.56**	**$23.14**	**$43.00**	**$67.50**	**$90.00**	**$107.78**

Gross Profit % of Total	Q125	Q225	Q325	Q425	Q126	Q226E	Q326E	Q426E	2025	2026E	2027E	2028E	2029E
Power Supply	*55%*	*59%*	*57%*	*55%*	*58%*	*57%*	*60%*	*62%*	56%	60%	65%	68%	69%
Mobility (EV)	*3%*	*3%*	*1%*	*1%*	*1%*	*1%*	*1%*	*1%*	2%	1%	1%	1%	1%
Infrastructure	*31%*	*27%*	*33%*	*35%*	*32%*	*33%*	*31%*	*30%*	32%	31%	28%	27%	25%
Automation	*11%*	*11%*	*8%*	*8%*	*9%*	*8%*	*7%*	*7%*	10%	8%	6%	5%	5%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Company data, UBS estimates

Figure 9: Sales and margins have improved with the ramp in server power and infrastructure



Source: Company data, UBS estimates

Figure 10: UBS annual P&L for Delta - strong sales growth continues

Ticker		2308.TW	Current Price (NT$)				$1,855
Shares outstanding (mn)		2,597.5	Mkt cap (US$ mn)				$163,337
Year	**2022**	**2023**	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Revenues (NT$ mn)	**$384,443**	**$401,227**	**$421,148**	**$554,886**	**$782,070**	**$1,097,681**	**$1,422,589**
YoY Growth (%)		**4.4%**	**5.0%**	**31.8%**	**40.9%**	**40.4%**	**29.6%**
Gross profit (NT$mn)	$110,773	$117,213	$136,580	$190,157	$288,288	$409,134	$531,464
GM (%)	**28.8%**	**29.2%**	**32.4%**	**34.3%**	**36.9%**	**37.3%**	**37.4%**
Operating profit (NT$mn)	$41,439	$40,950	$47,652	$83,932	$150,784	$232,792	$307,241
OPM (%)	**10.8%**	**10.2%**	**11.3%**	**15.1%**	**19.3%**	**21.2%**	**21.6%**
Net profit (NT$ mn)	$32,666	$33,393	$35,229	$60,108	$111,695	$175,325	$233,768
EPS (NT$)	**$12.58**	**$12.86**	**$13.56**	**$23.14**	**$43.00**	**$67.50**	**$90.00**
EPS growth (%)		2%	5%	71%	86%	57%	33%
P/E (x)	**147.5**	**144.3**	**136.8**	**80.2**	**43.1**	**27.5**	**20.6**
Dividend yield (%)	0.3%	0.5%	0.3%	0.4%	0.6%	1.2%	1.8%
P/B (x)	**21.4**	**19.9**	**17.2**	**14.8**	**11.8**	**9.2**	**7.2**
ROE (%)	17.5%	16.8%	15.3%	22.4%	30.9%	35.6%	35.9%

Quarters	**Q225**	**Q325**	**Q425**	**Q126**	**Q226E**	**Q326E**	**Q426E**
Revenues (NT$ mn)	**$124,035**	**$150,318**	**$161,613**	**$159,353**	**$183,257**	**$211,294**	**$228,167**
QoQ Growth (%)		**21.2%**	**7.5%**	**-1.4%**	**15.0%**	**15.3%**	**8.0%**
Gross profit (NT$mn)	$44,049	$52,416	$55,903	$58,961	$65,902	$78,527	$84,898
GM (%)	**35.5%**	**34.9%**	**34.6%**	**37.0%**	**36.0%**	**37.2%**	**37.2%**
Operating profit (NT$mn)	$18,669	$24,809	$26,418	$28,417	$33,049	$42,346	$46,973
OPM (%)	**15.1%**	**16.5%**	**16.3%**	**17.8%**	**18.0%**	**20.0%**	**20.6%**
Net profit (NT$ mn)	$13,948	$18,606	$17,324	$20,556	$24,322	$31,591	$35,226
EPS (NT$)	**$5.37**	**$7.16**	**$6.67**	**$7.91**	**$9.36**	**$12.16**	**$13.56**

Source: Company data, UBS estimates. Note: 2025 EPS is based on the reported number.

CASH FLOW SUMMARY

Delta's 2025 capex reached NT$46.1bn, with around 60% of the budget spent on equipment. Management guided 2026 capex to increase 10%+, with equipment spending primarily supporting AI and infrastructure investments as well as overseas expansions in China, Thailand, and the US. The company noted that capacity remains tight but sufficient to support demand over the next 1-2 years, and is planning for capacity to meet longer-term growth.

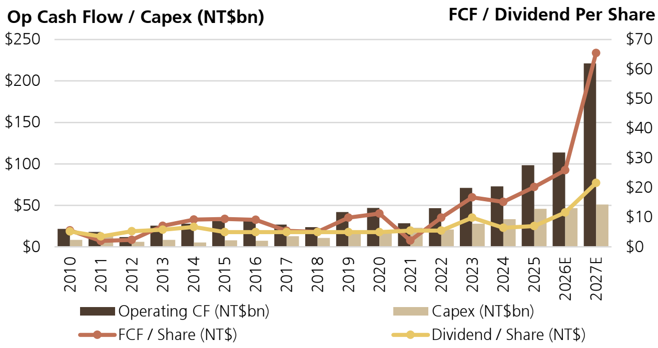
Figure 11: Mild positive free cash flows continue for Delta

Annual (NT$mn)	**2021**	**2022**	**2023**	**2024**	**2025**	**2026E**	**2027E**	**21-25 Avg**
Revenue	$314,671	$384,443	$401,227	$421,148	$554,886	$782,070	$1,097,681	$415,275
Capital spending	$22,815	$20,981	$27,778	$33,430	$45,950	$46,500	$51,150	$30,191
Capex/revenue (%)	**7.3%**	**5.5%**	**6.9%**	**7.9%**	**8.3%**	**5.9%**	**4.7%**	**7.2%**
Dep and amort	$17,151	$18,936	$21,590	$21,095	$24,022	$29,489	$33,020	$20,559
Depr/revenue (%)	**5.5%**	**4.9%**	**5.4%**	**5.0%**	**4.3%**	**3.8%**	**3.0%**	**5.0%**
Operating cash flow	$28,319	$46,529	$71,086	$72,895	$98,474	$113,790	$221,173	$63,461
Free cash flow	**$5,505**	**$25,548**	**$43,309**	**$39,465**	**$52,525**	**$67,290**	**$170,023**	**$33,270**

FCF and Dividends	**2021**	**2022**	**2023**	**2024**	**2025**	**2026E**	**2027E**	**21-25 Avg**
FCF / share (NT$)	$2.12	$9.84	$16.67	$15.19	$20.22	$25.91	$65.46	$12.81
FCF / EV Yield (%)	**0.1%**	**0.5%**	**0.9%**	**0.8%**	**1.1%**	**1.4%**	**3.6%**	**0.7%**
FCF Yield (%)	**0.1%**	**0.5%**	**0.9%**	**0.8%**	**1.1%**	**1.4%**	**3.5%**	**0.7%**
Dividend/share (NT$)	$5.50	$5.50	$9.84	$6.43	$7.82	$11.60	$21.56	$7.02
Payout rate (%)	**56%**	**53%**	**78%**	**50%**	**52%**	**50%**	**50%**	**58%**
Dividend amount (NT$)	$14,286	$14,286	$25,560	$16,702	$20,313	$30,131	$55,991	$18,230
Pre-Dividend close (NT$)	$297.50	$221.50	$344.50	$390.50	$428.00	$2,230.00	$1,855.00	
Dividend Yield (%)	**1.8%**	**2.5%**	**2.9%**	**1.6%**	**1.8%**	**0.5%**	**1.2%**	**2.1%**

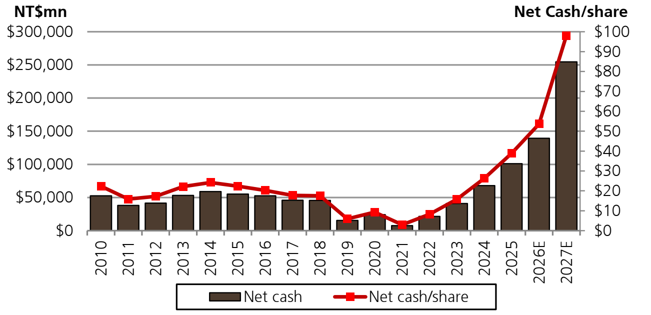
Source: Company data, UBS estimates. Note: Capital spending includes both purchase/sales of fixed assets.

Figure 12: Op CF rising with the growth acceleration



Source: Company data, UBS estimates

Figure 13: Net cash/share also increasing



Source: Company data, UBS estimates

VALUATION

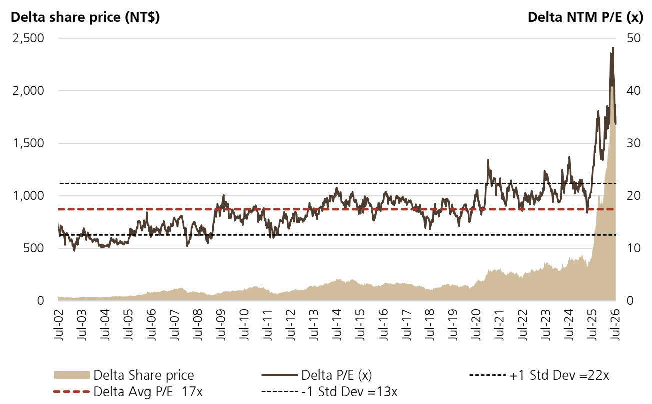
We view the stock as more reasonably valued on the 25% pullback since late May and now 28/21x 2027/28E EPS, and stay positive on stronger CSP capex and rise in power/cooling requirements. We fine-tune 2026E reflecting the lower Q2 sales/margins but lift 2027/28E EPS by 5-6% to NT$67.5/NT$90 vs. street NT$64/NT$103, lifting PT from NT$2,600 to NT$2,750 on same 35x 27-28E average P/E in line with global/China peers re-rating to 30-40x, reflecting ~2 SD vs. its 5y avg. range. We still view Delta as well positioned in AI power & cooling to deliver strong growth at GMs near recent highs.

Figure 14: Delta valuation vs global peers

Company	Ticker	Market cap (US$m)	6-month ADT (US$m)	Price 15-Jul (LC$)	Price target (LC$)	Rating	EPS (LC$)			Earnings growth (%)			PE (x)		P/B (x)		ROE (%)		Div Yld (%)	
							2026E	2027E	2028E	2026E	2027E	2028E	2027E	2028E	2026E	2027E	2026E	2027E	2026E	2027E
Asian IDC power equipment																				
Delta	2308.TW	152,389	724	1,890	2,750	Buy	43.00	67.50	90.00	85.8	57.0	33.3	28.0	21.0	13.4	9.7	35.2	40.2	0.6	1.1
Delta Thailand	DELTA.BK	117,804	153	311	-	NC	1.96	3.13	4.00	28.9	59.5	28.1	99.5	77.7	39.0	30.7	26.4	33.6	0.2	0.3
LiteOn	2301.TW	15,565	189	216	-	NC	6.60	8.68	12.03	28.1	31.6	38.6	24.9	18.0	5.5	5.0	16.4	21.0	2.4	3.0
Average Asian IDC		**95,252**	**355**										**50.8**	**38.9**	**19.3**	**15.2**	**26.0**	**31.6**	**1.1**	**1.5**
Global IDC power equipment																				
Vertiv	VRT.N	115,876	454	304	370	Buy	5.72	8.16	9.67	56.6	43.0	19.0	33.8	28.6	20.4	13.9	51.8	49.0	0.1	0.1
Eaton	ETN.N	162,967	261	416	360	Neutral	13.41	15.38	17.12	10.7	13.6	9.0	27.0	24.3	7.2	6.7	24.8	25.5	1.1	1.1
Schneider	SCHN.PA	179,211	300	275	310	Buy	9.19	11.07	12.84	13.2	20.1	15.6	22.6	20.1	5.9	5.3	22.9	24.8	1.8	2.0
Average Global IDC		**152,685**	**338**										**27.8**	**24.3**	**11.1**	**8.6**	**33.2**	**33.1**	**1.0**	**1.1**
China IDC power equipment																				
Kehua	002335.SZ	3,595	267	33	46.1	Buy	0.91	1.39	1.76	62.9	52.7	26.4	23.4	18.5	3.6	3.3	10.3	14.6	1.7	2.6
Envicool	002837.SZ	12,750	724	68	123.0	Buy	1.23	3.51	4.51	198.8	185.9	28.6	19.3	15.0	17.8	9.8	37.6	65.4	0.6	1.6
Zhongheng Electronic	002364.SZ	4,056	308	49	-	NC	0.28	0.43	0.69	n.a.	51.8	62.4	114.6	70.6	10.7	10.2	6.4	9.1	0.1	0.3
Kstar	002518.SZ	3,313	109	39	-	NC	1.07	1.56	2.20	58	45.4	40.9	24.7	17.5	4.6	4.1	13.2	16.7	0.8	1.6
Hopewind	603063.SH	2,510	187	37	-	NC	1.32	1.48	1.70	32	12.5	14.8	24.7	21.5	3.4	2.9	12.3	11.8	0.5	-
Megmeet	002851.SZ	14,484	496	169	-	NC	0.54	1.39	2.75	-34	156.4	96.8	120.9	61.4	15.0	12.5	4.5	11.0	0.0	0.1
Honor Electronic	300870.SZ	5,619	245	249	-	NC	2.16	2.77	3.99	11	28.3	44.1	89.9	62.4	15.8	11.1	14.0	15.0	0.2	0.2
Average China IDC		**6,774**	**362**										**93.5**	**59.2**	**10.1**	**7.7**	**14.0**	**18.1**	**0.6**	**1.1**
Global Average		**60,780**	**340**										**50.3**	**35.1**	**12.5**	**9.6**	**21.2**	**26.0**	**0.8**	**1.2**

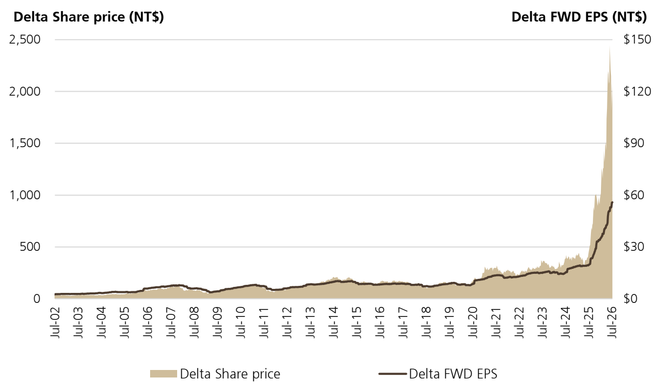
Source: Eikon estimates, UBS estimates

Figure 15: Delta has re-rated the past year to 35x FWD P/E and 28x 2027 P/E



Source: FactSet, UBS

Figure 16: Delta share price has re-rated beyond its earnings anticipating further growth/upgrades



Source: FactSet, UBS

Figure 17: UBS Delta base / upside / downside scenarios

		New UBS			Prior UBS			Upside Case			Downside Case		
	2025	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Sales	$554,886	$782,070	$1,097,681	$1,422,589	$777,704	$1,051,721	$1,354,900	$797,712	$1,152,565	$1,422,589	$742,967	$933,029	$1,225,561
YoY Growth	31.8%	40.9%	40.4%	29.6%	40.2%	35.2%	28.8%	43.8%	44.5%	23.4%	33.9%	25.6%	31.4%
Gross Profit	**$190,157**	**$288,288**	**$409,134**	**$531,464**	**$288,437**	**$390,190**	**$504,278**	**$295,649**	**$435,354**	**$531,464**	**$266,444**	**$319,773**	**$423,909**
GM%	**34.3%**	**36.9%**	**37.3%**	**37.4%**	**37.1%**	**37.1%**	**37.2%**	**37.1%**	**37.8%**	**37.4%**	**35.9%**	**34.3%**	**34.6%**
Opex	$106,224	$137,504	$176,342	$224,224	$136,488	$168,972	$213,571	$140,116	$184,718	$224,224	$134,066	$163,117	$208,696
Op Profit	**$83,932**	**$150,784**	**$232,792**	**$307,241**	**$151,948**	**$221,218**	**$290,707**	**$155,533**	**$250,635**	**$307,241**	**$132,378**	**$156,657**	**$215,212**
OpM%	**15.1%**	**19.3%**	**21.2%**	**21.6%**	**19.5%**	**21.0%**	**21.5%**	**19.5%**	**21.7%**	**21.6%**	**17.8%**	**16.8%**	**17.6%**
Non-Op	$3,934	$6,990	$5,753	$5,753	$6,990	$5,753	$5,753	$6,990	$5,753	$5,753	$6,990	$5,753	$5,753
Pretax	$87,866	$157,774	$238,545	$312,993	$158,938	$226,971	$296,459	$162,523	$256,388	$312,993	$139,368	$162,409	$220,965
Tax rate	-23%	-22%	-22%	-22%	-22%	-22%	-22%	-22%	-22%	-22%	-22%	-22%	-22%
Tax	($19,930)	($34,495)	($51,287)	($67,294)	($34,745)	($48,799)	($63,739)	($35,533)	($55,123)	($67,294)	($30,471)	($34,918)	($47,508)
Minority/other	($7,828)	($11,585)	($11,932)	($11,932)	($11,585)	($11,932)	($11,932)	($11,585)	($11,932)	($11,932)	($11,585)	($11,932)	($11,932)
Net income	**$60,108**	**$111,695**	**$175,325**	**$233,768**	**$112,609**	**$166,240**	**$220,788**	**$115,405**	**$189,332**	**$233,768**	**$97,313**	**$115,559**	**$161,525**
EPS	**$23.14**	**$43.00**	**$67.50**	**$90.00**	**$43.35**	**$64.00**	**$85.00**	**$44.43**	**$72.89**	**$90.00**	**$37.46**	**$44.49**	**$62.18**
Shares	2,598	2,598	2,598	2,598	2,598	2,598	2,598	2,598	2,598	2,598	2,598	2,598	2,598
EPS vs. base case								**3.3%**	**69.5%**	**109.3%**	**-12.9%**	**3.5%**	**44.6%**
Current Price		**$1,855**											
P/E			35			35				35		30	
Implied Share Price			**$2,750**			**$2,600**				**$3,150**		**$1,600**	
Upside/Downside			**48.2%**							**69.8%**		**-13.7%**	

Source: UBS estimates. Note: 2025 EPS is based on the reported number.

Delta Electronics (2308.TW)

Income Statement (NT$m)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Revenues	**401,227**	**421,148**	**554,886**	**782,070**	40.9	**1,097,681**	40.4	**1,422,589**	**1,665,440**	**1,880,285**
Gross profit	117,213	136,580	190,157	288,288	51.6	409,134	41.9	531,464	623,575	704,266
EBITDA (UBS)	**62,540**	**68,746**	**107,954**	**180,273**	67.0	**265,812**	47.5	**344,025**	**406,927**	**458,795**
Depreciation & amortisation	(21,590)	(21,095)	(24,022)	(29,489)	-22.8	(33,020)	-12.0	(36,784)	(40,828)	(45,201)
EBIT (UBS)	**40,950**	**47,652**	**83,932**	**150,784**	79.7	**232,792**	54.4	**307,241**	**366,098**	**413,594**
Associates & investment income	5,507	(916)	2,131	5,277	147.6	4,040	-23.4	4,040	4,040	4,040
Other non-operating income	0	0	0	0	-	0	-	0	0	0
Net interest	899	1,859	1,501	1,713	14.1	1,713	0.0	1,713	1,713	1,713
Exceptionals (incl goodwill)	1,286	2,720	302	0	-	0	-	0	0	0
Pre-tax profit	**48,642**	**51,316**	**87,866**	**157,774**	79.6	**238,545**	51.2	**312,993**	**371,851**	**419,347**
Tax	(9,762)	(10,925)	(19,930)	(34,495)	-73.1	(51,287)	-48.7	(67,294)	(79,948)	(90,160)
Profit after tax	**38,880**	**40,391**	**67,936**	**123,280**	81.5	**187,258**	51.9	**245,700**	**291,903**	**329,187**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	(5,488)	(5,163)	(7,828)	(11,585)	-48.0	(11,932)	-3.0	(11,932)	(11,932)	(11,932)
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	**33,393**	**35,229**	**60,108**	**111,695**	85.8	**175,325**	57.0	**233,768**	**279,970**	**317,255**
Net earnings (UBS)	**32,107**	**32,508**	**59,806**	**111,695**	86.8	**175,325**	57.0	**233,768**	**279,970**	**317,255**
Tax rate (%)	20.1	21.3	22.7	21.9	-3.6	21.5	-1.7	21.5	21.5	21.5

Per Share (NT$)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
EPS (UBS, diluted)	12.36	12.52	23.02	43.00	86.8	67.50	57.0	90.00	107.78	122.14
EPS (local GAAP, diluted)	12.86	13.56	23.14	43.00	85.8	67.50	57.0	90.00	107.78	122.14
EPS (UBS, basic)	12.36	12.52	23.02	43.00	86.8	67.50	57.0	90.00	107.78	122.14
DPS (net) (NT$)	9.84	6.43	7.00	11.60	65.7	21.56	85.8	33.84	45.11	54.03
Cash EPS (UBS, diluted) [1]	20.67	20.64	32.27	54.35	68.4	80.21	47.6	104.16	123.50	139.54
Book value per share	76.67	88.58	103.20	141.34	37.0	194.19	37.4	257.15	326.49	401.14
Average shares (diluted)	2,598	2,598	2,598	2,598	0.0	2,598	0.0	2,598	2,598	2,598

Balance Sheet (NT$m)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Cash and equivalents	92,360	121,793	155,113	192,271	24.0	306,304	59.3	332,028	435,661	556,806
Other current assets	167,598	189,132	240,668	339,861	41.2	332,152	-2.3	534,270	623,527	703,167
Total current assets	**259,958**	**310,925**	**395,781**	**532,133**	34.5	**638,456**	20.0	**866,298**	**1,059,188**	**1,259,973**
Net tangible fixed assets	98,002	115,710	142,040	159,051	12.0	177,181	11.4	196,662	217,725	240,604
Net intangible fixed assets	78,544	78,783	75,326	79,093	5.0	83,047	5.0	87,200	91,560	96,138
Investments / other assets	21,242	26,480	26,472	29,831	12.7	33,407	12.0	37,220	41,294	45,656
Total assets	**457,747**	**531,898**	**639,619**	**800,108**	25.1	**932,091**	16.5	**1,187,379**	**1,409,767**	**1,642,371**
Trade payables & other ST liabilities	122,750	139,305	207,301	275,498	32.9	276,875	0.5	374,781	422,612	466,225
Short term debt	3,335	1,918	2,364	2,364	0.0	2,364	0.0	2,364	2,364	2,364
Total current liabilities	**126,085**	**141,223**	**209,665**	**277,862**	32.5	**279,239**	0.5	**377,145**	**424,976**	**468,589**
Long term debt	37,506	54,800	47,861	52,647	10.0	57,912	10.0	63,703	70,074	77,081
Other long term liabilities	51,420	56,309	56,703	56,703	0.0	56,703	0.0	56,703	56,703	56,703
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**215,011**	**252,332**	**314,230**	**387,213**	23.2	**393,854**	1.7	**497,552**	**551,753**	**602,373**
Common s/h equity	**199,164**	**230,087**	**268,058**	**367,148**	37.0	**504,423**	37.4	**667,946**	**848,065**	**1,041,980**
Minority interests	43,572	49,478	57,331	45,746	-20.2	33,814	-26.1	21,882	9,949	(1,983)
Total liabilities & equity	**457,747**	**531,898**	**639,619**	**800,108**	25.1	**932,091**	16.5	**1,187,379**	**1,409,767**	**1,642,371**

Cash Flow (NT$m)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Net income (before pref divs)	33,393	35,229	60,108	111,695	85.8	175,325	57.0	233,768	279,970	317,255
Depreciation & amortisation	21,590	21,095	24,022	29,489	22.8	33,020	12.0	36,784	40,828	45,201
Net change in working capital	9,359	(4,979)	16,460	(30,996)	-	9,086	-	(104,211)	(41,427)	(36,027)
Other operating	6,745	21,550	(2,116)	3,603	-	3,742	3.9	3,537	3,336	3,141
Operating cash flow	**71,086**	**72,895**	**98,474**	**113,790**	15.6	**221,173**	94.4	**169,878**	**282,708**	**329,571**
Tangible capital expenditure	(27,778)	(33,430)	(45,950)	(46,500)	-1.2	(51,150)	-10.0	(56,265)	(61,892)	(68,081)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	(5,541)	(4,739)	(135)	0	-	0	-	0	0	0
Other investing	(183)	(2,191)	(7,130)	0	-	0	-	0	0	0
Investing cash flow	**(33,502)**	**(40,360)**	**(53,214)**	**(46,500)**	12.6	**(51,150)**	-10.0	**(56,265)**	**(61,892)**	**(68,081)**
Equity dividends paid	(25,560)	(16,702)	(20,313)	(30,131)	-48.3	(55,991)	-85.8	(87,888)	(117,184)	(140,345)
Share issues / (buybacks)	0	0	0	0	-	0	-	0	0	0
Other financing	4,755	(2,967)	21,774	0	-	0	-	0	0	0
Change in debt & pref shares	10,327	8,552	(10,862)	0	-	0	-	0	0	0
Financing cash flow	**(10,478)**	**(11,118)**	**(9,401)**	**(30,131)**	-220.5	**(55,991)**	-85.8	**(87,888)**	**(117,184)**	**(140,345)**
Cash flow inc/(dec) in cash	**27,107**	**21,417**	**35,859**	**37,159**	3.6	**114,032**	206.9	**25,725**	**103,632**	**121,145**
FX / non cash items	1,947	8,015	(2,538)	0	-	0	-	0	0	0
Balance sheet inc/(dec) in cash	**29,054**	**29,433**	**33,320**	**37,159**	11.5	**114,032**	206.9	**25,725**	**103,632**	**121,145**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.[1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Delta Electronics (2308.TW)

Valuation (x)	**12/23**	**12/24**	**12/25**	**12/26E**	**12/27E**	**12/28E**	**12/29E**	**12/30E**
P/E (local GAAP, diluted)	24.8	26.5	26.2	44.0	28.0	21.0	17.5	15.5
P/E (UBS, diluted)	25.8	28.7	26.3	44.0	28.0	21.0	17.5	15.5
P/CEPS	15.4	17.4	18.8	34.8	23.6	18.1	15.3	13.5
Equity FCF (UBS) yield %	5.2	4.2	3.3	1.4	3.5	2.3	4.5	5.3
Dividend yield (net) %	3.1	1.8	1.2	0.6	1.1	1.8	2.4	2.9
P/BV	4.2	4.1	5.9	13.4	9.7	7.3	5.8	4.7
EV/revenues (core)	2.0	2.1	2.7	6.1	4.3	3.3	2.7	2.3
EV/EBITDA (UBS core)	12.7	12.9	13.8	26.6	17.6	13.5	11.1	9.6
EV/EBIT (core)	19.3	18.6	17.8	31.8	20.1	15.1	12.4	10.7
EV/OpFCF (core)	13.8	14.3	15.0	28.3	18.2	14.2	11.5	9.9
EV/op. invested capital	4.6	5.0	7.8	21.8	18.5	14.4	10.8	9.1

Enterprise value (NT$m)	**12/23**	**12/24**	**12/25**	**12/26E**	**12/27E**	**12/28E**	**12/29E**	**12/30E**
Market cap.	827,149	933,285	1,574,188	4,909,351	4,909,351	4,909,351	4,909,351	4,909,351
Net debt (cash)	(51,519)	(65,074)	(104,887)	(137,260)	(246,028)	(265,961)	(363,223)	(477,360)
Buy out of minorities	41,075	46,525	53,405	51,539	39,780	27,848	15,915	3,983
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	**816,705**	**914,735**	**1,522,706**	**4,823,629**	**4,703,103**	**4,671,238**	**4,562,043**	**4,435,973**
Non core assets	(25,159)	(27,940)	(30,879)	(30,879)	(30,879)	(30,879)	(30,879)	(30,879)
Core enterprise value	**791,545**	**886,795**	**1,491,826**	**4,792,750**	**4,672,224**	**4,640,358**	**4,531,164**	**4,405,094**

Growth (%)	**12/23**	**12/24**	**12/25**	**12/26E**	**12/27E**	**12/28E**	**12/29E**	**12/30E**
Revenue	4.4	5.0	31.8	40.9	40.4	29.6	17.1	12.9
EBITDA (UBS)	3.6	9.9	57.0	67.0	47.4	29.4	18.3	12.7
EBIT (UBS)	(1.2)	16.4	76.1	79.7	54.4	32.0	19.2	13.0
EPS (UBS, diluted)	1.4	1.3	84.0	86.8	57.0	33.3	19.8	13.3
Net DPS	78.9	(34.7)	8.9	65.7	85.8	57.0	33.3	19.8

Margins & Profitability (%)	**12/23**	**12/24**	**12/25**	**12/26E**	**12/27E**	**12/28E**	**12/29E**	**12/30E**
Gross profit margin	29.2	32.4	34.3	36.9	37.3	37.4	37.4	37.5
EBITDA margin	15.6	16.3	19.5	23.1	24.2	24.2	24.4	24.4
EBIT (UBS) margin	10.2	11.3	15.1	19.3	21.2	21.6	22.0	22.0
Net earnings (UBS) margin	8.0	7.7	10.8	14.3	16.0	16.4	16.8	16.9
ROIC (EBIT)	23.9	26.6	43.9	68.6	NM	NM	NM	NM
ROIC post tax	18.3	20.7	33.7	53.1	72.1	74.5	68.2	66.7
ROE (UBS)	16.6	15.1	24.0	35.2	40.2	39.9	36.9	33.6

Capital structure & Coverage (x)	**12/23**	**12/24**	**12/25**	**12/26E**	**12/27E**	**12/28E**	**12/29E**	**12/30E**
Net debt / EBITDA	(0.8)	(0.9)	(1.0)	(0.8)	(0.9)	(0.8)	(0.9)	(1.0)
Net debt / total equity %	(21.2)	(23.3)	(32.2)	(33.2)	(45.7)	(38.6)	(42.3)	(45.9)
Net debt / (net debt + total equity) %	(26.9)	(30.3)	(47.6)	(49.8)	(84.2)	(62.7)	(73.4)	(84.8)
Net debt/EV %	(5.0)	(6.4)	(5.6)	(2.5)	(4.1)	(5.5)	(6.9)	(9.5)
Capex / depreciation %	128.7	158.5	191.3	157.7	154.9	153.0	151.6	150.6
Capex / revenue %	6.9	7.9	8.3	5.9	4.7	4.0	3.7	3.6
EBIT / net interest	-	-	-	-	-	-	-	-
Dividend cover (UBS)	1.3	1.9	3.3	3.7	3.1	2.7	2.4	2.3
Div. payout ratio (UBS) %	79.6	51.4	30.4	27.0	31.9	37.6	41.9	44.2

Revenues by division (NT$m)	**12/23**	**12/24**	**12/25**	**12/26E**	**12/27E**	**12/28E**	**12/29E**	**12/30E**
Power supply	248,257	224,270	280,971	423,454	648,365	881,931	1,060,710	1,224,058
Passive components	37,477	45,611	46,581	51,865	55,466	61,013	67,114	73,825
IA	39,600	34,736	36,712	45,908	48,531	53,384	57,121	59,977
Networking	26,121	26,381	28,584	31,298	35,328	38,154	41,206	44,503
Others	49,772	90,150	162,038	229,545	309,991	388,107	439,289	477,922
Total	**401,227**	**421,148**	**554,886**	**782,070**	**1,097,681**	**1,422,589**	**1,665,440**	**1,880,285**

EBIT (UBS) by division (NT$m)	**12/23**	**12/24**	**12/25**	**12/26E**	**12/27E**	**12/28E**	**12/29E**	**12/30E**
Component & Systems	40,950	47,652	83,932	150,784	232,792	307,241	366,098	413,594
Others	0	0	0	0	0	0	0	0
Total	**40,950**	**47,652**	**83,932**	**150,784**	**232,792**	**307,241**	**366,098**	**413,594**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Forecast returns

Forecast price appreciation	45.5%
Forecast dividend yield	0.6%
Forecast stock return	46.1%
Market return assumption	6.3%
Forecast excess return	39.8%

Company Description

Delta Electronics provides computer switching power supply solutions, as well as video display and electronics components, for computers, smartphones, telecom and industrial products. Founded in 1971, the firm has production bases in Taiwan, China, Thailand and India. In 2023, its power electronics, infrastructure and automation segments contributed 62%, 25% and 13% of revenue, respectively.

UBS EPS and Consensus EPS

The UBS EPS is an adjusted diluted EPS metric. It is calculated using the UBS analyst's interpretation of earnings suitable for valuation purposes divided by the diluted number of shares. This may differ to the way the consensus EPS metric has been calculated.

Valuation Method and Risk Statement

We base our price target on PE multiple valuation.
Delta's businesses include SPS and components for a variety of end-applications, video displays and data networking subsystem and system products. Any changes in these end-markets could affect our forecasts for Delta. Investment risk could increase/decrease on any deviation from our expectations for end-market demand and competition.
Downside risks for Delta include: severe supply chain constraints; weaker-than-expected PC/server demand; a slower-than-expected IA recovery; and a slower ramp of 5G in 2022.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on ubs-quant-answers@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Delta Electronics

Question	**Response**
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	5
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	4
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	4
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	No Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Required Disclosures

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UBS Global Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	55%	24%
Neutral	FSR is between -6% and 6% of the MRA.	40%	21%
Sell	FSR is > 6% below the MRA.	6%	21%

Source: UBS. Rating allocations are as of 30 June 2026.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

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UBS Securities Pte. Ltd., Taipei Branch: Annie Chen, Diana Chang, Randy Abrams.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Delta Electronics[4,6,28]	2308.TW	Buy	NT$1,890	15 Jul 2026

Source: UBS Global Research; LSEG Eikon. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

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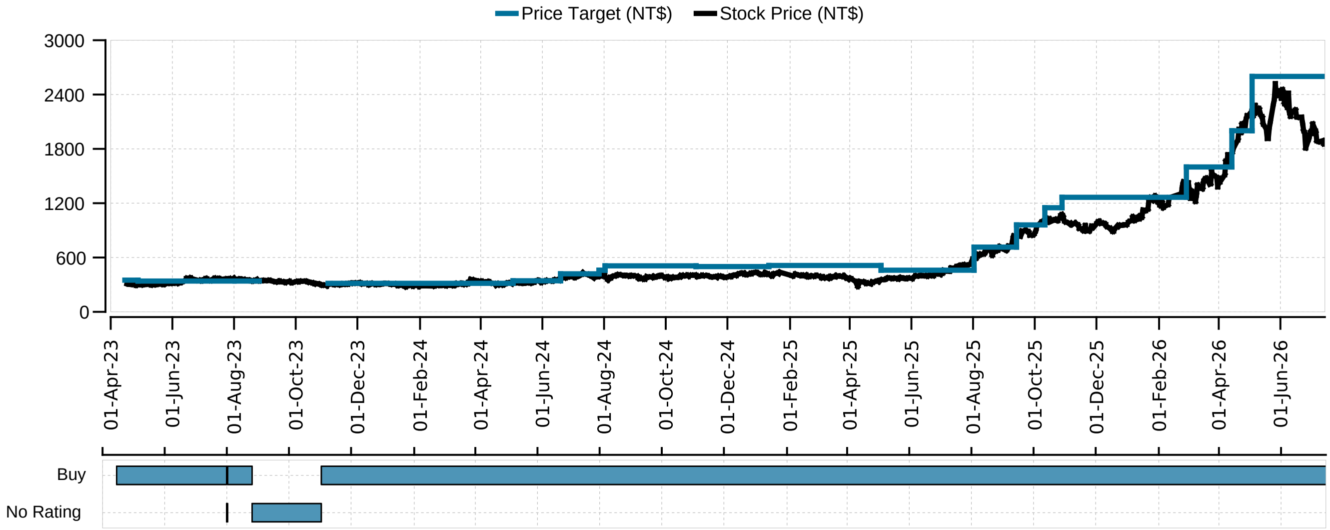
Delta Electronics (NT$)



Date	Stock Price (NT$)	Price Target (NT$)	Rating
2023-04-14	314.50	350.00	Buy
2023-04-27	295.50	340.00	Buy
2023-07-31	365.50	-	No Rating
2023-08-01	372.50	340.00	Buy
2023-08-25	345.50	-	No Rating
2023-11-01	287.00	315.00	Buy
2024-05-02	309.50	343.00	Buy
2024-06-18	348.00	420.00	Buy
2024-07-26	388.00	460.00	Buy
2024-08-01	424.00	508.00	Buy
2024-10-30	404.00	500.00	Buy
2025-01-10	420.00	512.00	Buy
2025-05-01	333.50	460.00	Buy
2025-08-01	588.00	715.00	Buy
2025-09-12	837.00	960.00	Buy
2025-10-10	999.00	1150.00	Buy
2025-10-27	1070.00	1265.00	Buy

Date	Stock Price (NT$)	Price Target (NT$)	Rating
2026-02-27	1430.00	1600.00	Buy
2026-04-13	1740.00	2000.00	Buy
2026-05-03	2165.00	2600.00	Buy

Source: UBS Global Research; LSEG Eikon as of 15-Jul-2026. All prices as of local market close. Ratings as of date shown.

Additional Prices: NVIDIA Corp, US$211.80 (14 Jul 2026); Source: UBS. All prices as of local market close.

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