22 Jul 2026 05:56:46 ET | 15 pages

Delta Electronics (2308.TW)

Near-term Uncertainties Priced in; Outlook Intact

CITI'S TAKE

Delta's share price has corrected more than 20% since recent peak due to market volatility and market concern on slow 800V deployment. While we believe near-term momentum may be impacted by new projects ramping schedule and tight component supply, the structural power solution upgrade trend remains intact. Delta will host its 2Q26 analyst meet on July 30. Maintain Buy as we believe near-term uncertainties are priced in.

800V delayed? Power rack value upgrade trend remains intact — While Nvidia's Vera Rubin NVL72 platform does not mandate an 800V power architecture, we continue to view 800V DC as the long-term trend for AI data center power delivery. Nvidia's rack power design will start transforming the traditional PSU sidecar from a simple AC/DC power shelf into an intelligent rack-level power management platform. **The most significant additions include an integrated Battery Backup Unit (BBU), bidirectional DC/DC converters, power smoothing circuitry, advanced digital controllers, and future-ready 800V HVDC interfaces.** New spec enables the sidecar to buffer rapid power fluctuations, reduce stress on the utility grid, coordinate multiple power shelves, and improve overall power efficiency. As rack power goes up beyond 200kW and eventually toward 500kW+ in future AI systems, higher-voltage distribution becomes increasingly important. In other words, the timing of adoption may be more gradual, but the structural drivers remain intact.

HDVC ramp up in 2H26 on track — For Delta, the high-voltage DC infrastructure trend remains unchanged. Delta's leadership in high-efficiency power conversion, power shelves, busbars, solid-state transformers, and the emerging high-voltage "sidecar" architecture positions the company to benefit as hyperscalers progressively migrate towards 800V DC. We therefore expect 800V-related content per rack to increase over time, with the penetration likely to reach 20% next year, supporting a multi-year upgrade cycle rather than a one-generation adoption event.

Potential near-term GM pressure on rising component cost and new project ramp up — Given more complex power system design and rising component cost such as thermal, PMIC, etc., we see potential near-term GM pressure in 2Q & 3Q, yet the structural content value upgrade and better product mix on AI should support Delta's GM recovery in 2027. We lower 2026/27/28E earnings estimates 8%/7%/11%, leading to revised TP of NT$2,280 (40x 2027 EPS retained). Maintain Buy.

Earnings Summary

Year to 31 Dec	Net Profit (NT$M)	Diluted EPS (NT$)	EPS growth (%)	P/E (x)	P/B (x)	ROE (%)	Yield (%)
2024A	35,229	13.56	5.5	138.6	16.9	13.1	0.4
2025A	60,108	23.14	70.6	81.2	14.2	19.0	0.6
2026E	93,269	35.91	55.2	52.4	12.9	25.8	1.0
2027E	148,577	57.20	59.3	32.9	9.5	33.3	1.6
2028E	235,153	90.53	58.3	20.8	6.7	38.0	2.5

Source: Powered by dataCentral

Buy

Price (22 Jul 26 13:30)	NT$1,880.00
Target price	NT$2,280.00↓
from NT$2,480.00	
Expected share price return	21.3%
Expected dividend yield	1.0%
Expected total return	22.3%
Market Cap	NT$4,883,381M
	US$150,997M

Price Performance
(RIC: 2308.TW, BB: 2308 TT)

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See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations.

2308.TW: Fiscal year end 31-Dec

Price: NT$1,880.00; TP: NT$2,280.00; Market Cap: NT$4,883,381m; Recomm: Buy

Profit & Loss (NT$m)	2024	2025	2026E	2027E	2028E
Sales revenue	421,148	554,885	796,248	1,131,647	1,600,472
Cost of sales	-284,567	-364,729	-504,349	-686,853	-932,711
Gross profit	136,580	190,157	291,899	444,794	667,761
Gross Margin (%)	32.4	34.3	36.7	39.3	41.7
EBITDA (Adj)	**72,668**	**111,771**	**172,532**	**259,036**	**397,047**
EBITDA Margin (Adj) (%)	17.3	20.1	21.7	22.9	24.8
Depreciation	-25,016	-27,839	-33,064	-28,951	-32,651
Amortisation	0	0	0	0	0
EBIT (Adj)	**47,652**	**83,932**	**139,467**	**230,084**	**364,396**
EBIT Margin (Adj) (%)	11.3	15.1	17.5	20.3	22.8
Net interest	1,859	1,501	1,134	481	1,430
Associates	365	493	235	246	254
Non-Op/Except/Other Adj	1,439	1,940	5,710	5,698	8,035
Pre-tax profit	**51,316**	**87,866**	**146,547**	**236,510**	**374,115**
Tax	-10,925	-19,930	-33,813	-54,397	-86,046
Extraord./Min.Int./Pref.div.	-5,163	-7,828	-19,465	-33,535	-52,915
Reported net profit	**35,229**	**60,108**	**93,269**	**148,577**	**235,153**
Net Margin (%)	8.4	10.8	11.7	13.1	14.7
Core NPAT	35,229	60,108	93,269	148,577	235,153
Per share data	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Reported EPS ($)	13.56	23.14	35.91	57.20	90.53
Core EPS ($)	13.56	23.14	35.91	57.20	90.53
DPS ($)	7.00	11.94	18.53	29.52	46.73
CFPS ($)	28.06	37.91	51.44	70.61	118.79
FCFPS ($)	15.17	20.17	35.75	54.83	106.47
BVPS ($)	111.57	132.23	145.82	197.39	278.77
Wtd avg ord shares (m)	2,598	2,598	2,598	2,598	2,598
Wtd avg diluted shares (m)	2,598	2,598	2,598	2,598	2,598
Growth rates	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Sales revenue (%)	5.0	31.8	43.5	42.1	41.4
EBIT (Adj) (%)	16.4	76.1	66.2	65.0	58.4
Core NPAT (%)	5.5	70.6	55.2	59.3	58.3
Core EPS (%)	5.5	70.6	55.2	59.3	58.3
Balance Sheet (NT$m)	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Cash & cash equiv.	121,793	155,113	108,758	122,787	186,590
Accounts receivables	89,921	121,717	177,021	258,984	381,979
Inventory	89,706	108,208	182,228	255,436	376,746
Net fixed & other tangibles	115,710	142,040	149,726	161,774	161,123
Goodwill & intangibles	0	0	0	0	0
Financial & other assets	114,768	112,542	118,975	124,951	135,425
Total assets	**531,898**	**639,619**	**736,708**	**923,932**	**1,241,864**
Accounts payable	69,223	94,452	129,704	164,290	230,632
Short-term debt	8,121	17,325	17,325	17,325	17,325
Long-term debt	32,209	21,143	21,143	21,143	21,143
Provisions & other liab	142,779	181,310	227,303	279,504	372,626
Total liabilities	**252,332**	**314,230**	**395,475**	**482,262**	**641,726**
Shareholders' equity	289,809	343,460	378,769	512,742	724,124
Minority interests	-10,243	-18,071	-37,536	-71,071	-123,986
Total equity	**279,565**	**325,389**	**341,233**	**441,671**	**600,137**
Net debt (Adj)	**-81,463**	**-116,645**	**-70,291**	**-84,319**	**-148,122**
Net debt to equity (Adj) (%)	-29.1	-35.8	-20.6	-19.1	-24.7

Valuation ratios	2024	2025	2026E	2027E	2028E
PE (x)	na	81.2	52.4	32.9	20.8
PB (x)	16.9	14.2	12.9	9.5	6.7
EV/EBITDA (x)	64.7	41.8	27.0	17.9	11.5
FCF yield (%)	0.8	1.1	1.9	2.9	5.7
Dividend yield (%)	0.4	0.6	1.0	1.6	2.5
Payout ratio (%)	52	52	52	52	52
ROE (%)	13.1	19.0	25.8	33.3	38.0
Cashflow (NT$m)	**2024**	**2025**	**2026E**	**2027E**	**2028E**
EBITDA	72,668	111,771	172,532	259,036	397,047
Working capital	4,363	732	-53,127	-74,114	-95,061
Other	-4,136	-14,029	14,211	-1,500	6,574
Operating cashflow	**72,895**	**98,474**	**133,616**	**183,421**	**308,560**
Capex	-33,485	-46,091	-40,750	-41,000	-32,000
Net acq/disposals	-6,571	-6,528	0	0	0
Other	-304	-595	-1,386	-246	-254
Investing cashflow	**-40,360**	**-53,214**	**-42,136**	**-41,246**	**-32,254**
Dividends paid	-18,696	-20,313	-31,024	-48,140	-76,686
Financing cashflow	**-11,118**	**-9,401**	**-96,890**	**-81,675**	**-129,602**
Net change in cash	**30,003**	**33,713**	**-5,410**	**60,500**	**146,704**
Free cashflow to s/holders	**39,410**	**52,383**	**92,866**	**142,421**	**276,560**

For definitions of the items in this table, please click here.

Figure 1. Power rack spec by AI GPU platform

Component	GB200/GB300 Sidecar	Vera Rubin Sidecar
AC/DC PSU Modules	✓	✓ (higher density)
PFC + LLC	✓	✓
Cooling/Fans	✓	✓ (larger)
Digital Controller	MCU	High-performance DSP/FPGA
BMC/PMBus	✓	Enhanced
BBU (Battery Backup Unit)	External or optional	Integrated
Bidirectional DC/DC	No	Yes
Power Smoothing Circuit	No	Yes
Current Sharing Controller	Limited	Advanced
HVDC Interface (800V-ready)	No	Yes
Protection & Monitoring	Standard	Enhanced

Source: Company Reports, Citi Research Estimates

Figure 2. Power & liquid cooling architecture by AI GPU platform

Generation	Approx. Rack Power Direction	Cooling Method	Power Architecture
Hopper	40-60kW	Air / Liquid hybrid	Traditional AC PSU
Blackwell GB200	120-140kW	Direct liquid cooling	Rack power shelves / busbar emerging
GB300/Blackwell Ultra	140-180kW	Full rack liquid cooling	Higher-density power shelves
Rubin NVL72	180-220kW+	Advanced rack liquid cooling	54V busbar near practical limits
Rubin Ultra	300-600kW (TBD)	Pod / Facility liquid loop	800V DC transition increasing necessary

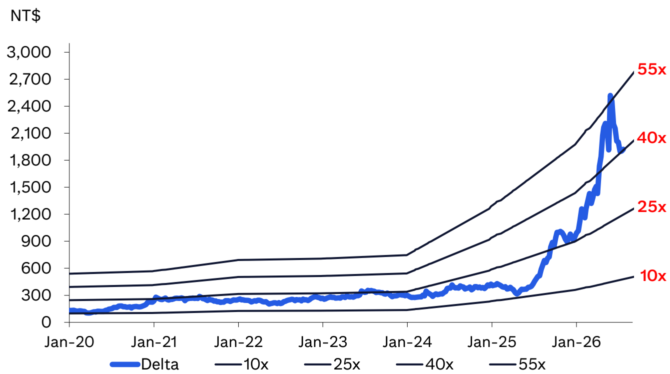
Source: Company Reports, Citi Research Estimates

Figure 3. Delta – Earnings estimate revisions

	2026E			2027E			2028E		
NT$ mn	New	Old	Chg	New	Old	Chg	New	Old	Chg
Revenue	796,248	829,612	-4%	1,131,647	1,183,234	-4%	1,600,472	1,688,792	-5%
Gross profit	291,899	310,111	-6%	444,794	470,886	-6%	667,761	728,660	-8%
OPEX	152,431	157,291	-3%	214,710	222,677	-4%	303,365	318,370	-5%
Operating profit	139,467	152,820	-9%	230,084	248,209	-7%	364,396	410,290	-11%
Pre-tax profit	146,547	160,049	-8%	236,510	254,960	-7%	374,115	420,636	-11%
Net profit	93,269	101,744	-8%	148,577	160,195	-7%	235,153	264,357	-11%
EPS (NT$)	35.91	39.17	-8%	57.20	61.67	-7%	90.53	101.77	-11%
Ratio	New	Old	diff	New	Old	diff	New	Old	diff
Gross margin (%)	36.7	37.4	-0.7	39.3	39.8	-0.5	41.7	43.1	-1.4
OPEX to Sales ratio (%)	19.1	19.0	0.2	19.0	18.8	0.2	19.0	18.9	0.1
Operating margin (%)	17.5	18.4	-0.9	20.3	21.0	-0.6	22.8	24.3	-1.5
Net margin (%)	11.7	12.3	-0.6	13.1	13.5	-0.4	14.7	15.7	-1.0

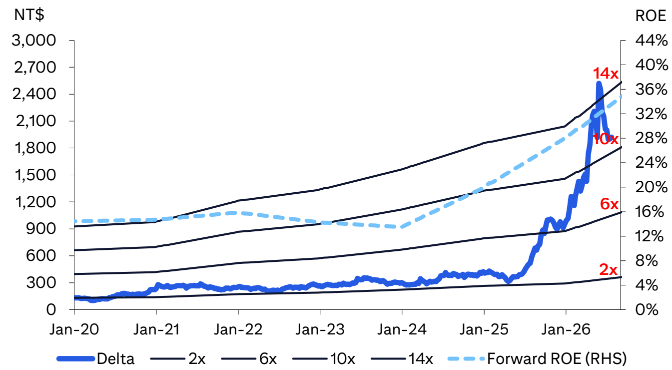
Source: Citi Research Estimates

Figure 4. Delta – Forward P/E band



Source: Company Reports, Citi Research Estimates, TEJ

Figure 5. Delta – Forward P/B band



Source: Company Reports, Citi Research Estimates, TEJ

Figure 6. Delta – Quarterly earnings forecasts

NT$mn	1Q26	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2025	2026E	2027E	2028E
Net sales	159,353	183,269	216,079	237,547	227,034	265,201	315,681	323,730	554,885	796,248	1,131,647	1,600,472
Gross profit	**58,961**	**64,509**	**78,862**	**89,567**	**87,173**	**104,486**	**124,411**	**128,724**	**190,157**	**291,899**	**444,794**	**667,761**
OPEX	30,544	35,308	41,457	45,123	43,420	50,553	59,624	61,113	106,224	152,431	214,710	303,365
Operating profit	**28,417**	**29,201**	**37,406**	**44,444**	**43,752**	**53,933**	**64,788**	**67,611**	**83,932**	**139,467**	**230,084**	**364,396**
Total Non-OP	2,676	1,826	1,235	1,343	1,549	1,713	1,547	1,617	3,934	7,079	6,426	9,719
Pre-tax profit	31,093	31,027	38,640	45,786	45,302	55,646	66,334	69,228	87,866	146,547	236,510	374,115
Income tax	7,258	7,136	8,887	10,531	10,419	12,799	15,257	15,923	19,930	33,813	54,397	86,046
Net profit	**20,556**	**19,352**	**24,100**	**29,262**	**28,255**	**34,706**	**41,373**	**44,244**	**60,108**	**93,269**	**148,577**	**235,153**
EPS (NT$)	**7.91**	**7.45**	**9.28**	**11.27**	**10.88**	**13.36**	**15.93**	**17.03**	**23.14**	**35.91**	**57.20**	**90.53**
Product Mix (%)												
Power Electronics	59%	59%	59%	56%	60%	61%	60%	61%	57%	58%	61%	66%
Infrastructure	32%	32%	33%	36%	33%	33%	34%	34%	33%	34%	33%	30%
Automation	9%	9%	8%	8%	7%	6%	6%	5%	10%	8%	6%	4%
Others	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Margins (%)												
Gross profit	**37.0**	**35.2**	**36.5**	**37.7**	**38.4**	**39.4**	**39.4**	**39.8**	**34.3**	**36.7**	**39.3**	**41.7**
OPEX to Sales Ratio	19.2	19.3	19.2	19.0	19.1	19.1	18.9	18.9	19.1	19.1	19.0	19.0
Operating profit	**17.8**	**15.9**	**17.3**	**18.7**	**19.3**	**20.3**	**20.5**	**20.9**	**15.1**	**17.5**	**20.3**	**22.8**
Pre-tax profit	19.5	16.9	17.9	19.3	20.0	21.0	21.0	21.4	15.8	18.4	20.9	23.4
Net profit	12.9	10.6	11.2	12.3	12.4	13.1	13.1	13.7	10.8	11.7	13.1	14.7
Y/Y(%)												
Net sales	34.0	47.8	43.7	47.0	42.5	44.7	46.1	36.3	31.8	43.5	42.1	41.4
Gross profit	56.0	46.4	50.5	60.2	47.8	62.0	57.8	43.7	39.2	53.5	52.4	50.1
OPEX	28.6	39.1	50.2	53.0	42.2	43.2	43.8	35.4	19.4	43.5	40.9	41.3
Operating profit	102.5	56.4	50.8	68.2	54.0	84.7	73.2	52.1	76.1	66.2	65.0	58.4
Pre-tax profit	98.5	58.5	43.2	78.5	45.7	79.3	71.7	51.2	71.2	66.8	61.4	58.2
Net profit	100.9	38.7	29.5	68.9	37.5	79.3	71.7	51.2	70.6	55.2	59.3	58.3
Q/Q(%)												
Net sales	(1.4)	15.0	17.9	9.9	(4.4)	16.8	19.0	2.5				
Gross profit	5.5	9.4	22.3	13.6	(2.7)	19.9	19.1	3.5				
Operating profit	7.6	2.8	28.1	18.8	(1.6)	23.3	20.1	4.4				
Pre-tax profit	21.2	(0.2)	24.5	18.5	(1.1)	22.8	19.2	4.4				
Net profit	18.7	(5.9)	24.5	21.4	(3.4)	22.8	19.2	6.9				

Source: Company Reports, Citi Research Estimates

Bull/Bear: Delta Electronics (2308.TW)

NT$ 2,700.00	NT$ 2,280.00	NT$ 1,500.00
▲44% Upside	▲21% Upside	▼20% Downside

Spread 64pp
Current Price and expected returns (upside/downside) as of 22 Jul 2026

BULL Assumptions

- Target multiple at 45x

BASE Assumptions

- Sales to grow by 42-43% in 2026E-27E with OPM at 17.5-20.3%
- Target multiple at 40x

BEAR Assumptions

- Sales to grow by 10% in 2026E-27E with OPM at 14.0%
- Target multiple at 25x

Delta Electronics

Company description

Delta was established in 1975 and is the world's leading computer switching power supply manufacturer. Its business is divided into: 1) Power Electronics (59% of 2022 revenue), including Switching Power Supply, Components, Display and EV Solution; 2) Infrastructure (27% of revenue), including Wind power, Telecom power, UPS, EV Infrastructure, Networking; 3) Automation (14% of revenue), including Industrial Automation (IA), Building Automation; and 4) Others (<1% of revenue).

Investment strategy

We rate Delta Electronics shares as Buy due to its strong execution and the ability to expand margin through favorable product mix shift to AI power and thermal solutions. We believe EV business slowdown is in the price, and we expect margins to improve driven by AI solution spec upgrades and expanding business scale. Delta is now positioning itself as an infrastructurer enabler rather than a pure component supplier, which deepens its key position in the AI supply chain.

Valuation

Our target price for Delta Electronics of NT$2,280 is based on 40x 2027E EPS estimate. Our target multiple is set at the higher end of its trading range since 2023, which we believe is warranted by Delta’s strong earnings growth and better product mix prospects. We also believe the company’s leading industry position, long product development cycle, and strong engagement with customers should translate into high orders/earnings visibility.

Risks

Key downside risks that could impede the stock from reaching our target price are: 1) lower contribution from non-PC businesses; 2) products in the new businesses (LED lighting, electric vehicle, and Voice) growing more slowly than expected; and 3) PC power supply losing market share.

Appendix A-1

ANALYST CERTIFICATION

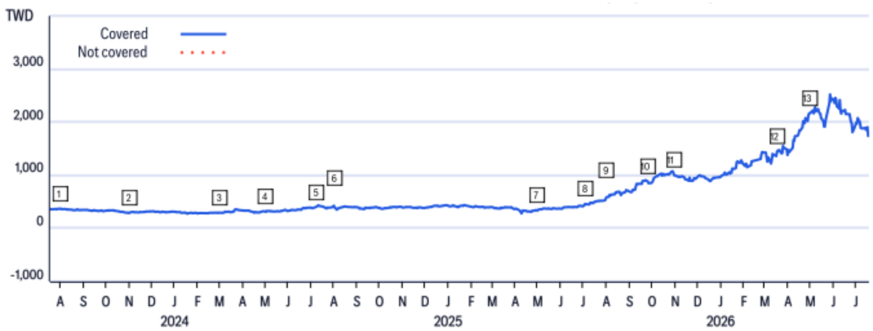
The research analysts primarily responsible for the preparation and content of this research report are either (i) designated by “AC” in the author block or (ii) listed in bold alongside content which is attributable to that analyst. If multiple AC analysts are designated in the author block, each analyst is certifying with respect to the entire research report other than (a) content attributable to another AC certifying analyst listed in bold alongside the content and (b) views expressed solely with respect to a specific issuer which are attributable to another AC certifying analyst identified in the price charts or rating history tables for that issuer shown below. Each of these analysts certify, with respect to the sections of the report

for which they are responsible: (1) that the views expressed therein accurately reflect their personal views about each issuer and security referenced and were prepared in an independent manner, including with respect to Citigroup Global Markets Inc. and its affiliates; and (2) no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in this report.

IMPORTANT DISCLOSURES

Delta Electronics (2308.TW)
Ratings and Target Price History
Fundamental Research

Analyst: Laura (Chia Yi) Chen



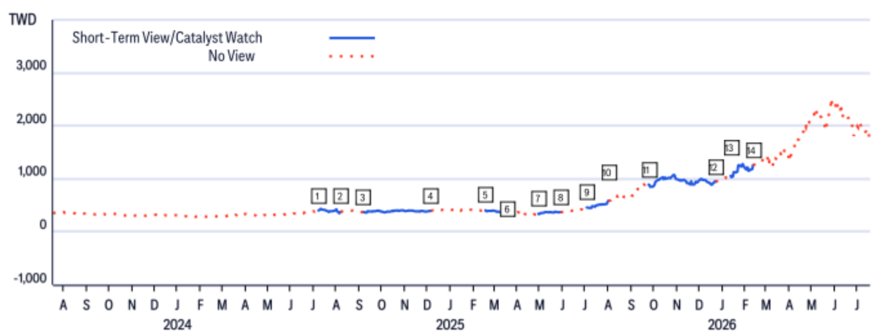
Date	Rating	Target Price	Closing Price
1 01-Aug-23 09:14:17	1	*435.00	372.50
2 01-Nov-23 11:16:22	1	*395.00	287.00
3 01-Mar-24 10:25:56	1	*360.00	293.50
4 02-May-24 08:54:00	1	*380.00	309.50
5 08-Jul-24 10:18:54	1	*472.00	402.00
6 01-Aug-24 11:07:09	1	*510.00	424.00
7 01-May-25 06:09:58	1	*455.00	333.50
8 03-Jul-25 07:13:04	1	*550.00	459.00
9 31-Jul-25 09:49:29	1	*670.00	567.00
10 24-Sep-25 11:08:07	1	*1,175.00	891.00
11 30-Oct-25 12:21:32	1	*1,225.00	1,010.00
12 17-Mar-26 05:15:52	1	*1,960.00	1,440.00
13 30-Apr-26 09:07:23	1	*2,480.00	2,165.00

*Indicates Change

Rating/target price changes above reflect Eastern Time

Delta Electronics (2308.TW)
Short-Term View/Catalyst Watch Research

Analyst: Laura (Chia Yi) Chen



Date	Action	Expected Direction	Duration	Closing Price
1 08-Jul-24 06:18:54	Add CW	Upside	30 Days	402.00
2 07-Aug-24 21:42:20	Remove CW	Upside	30 Days	379.50
3 08-Sep-24 23:18:10	Add STV	Upside	90 Days	375.50
4 08-Dec-24 19:58:12	Remove STV	Upside	90 Days	399.00
5 17-Feb-25 04:02:18	Add CW	Downside	30 Days	406.00
6 19-Mar-25 21:44:33	Remove CW	Downside	30 Days	390.50
7 29-Apr-25 05:33:45	Add STV	Upside	30 Days	340.00
8 29-May-25 21:56:10	Remove STV	Upside	30 Days	374.00
9 03-Jul-25 03:13:04	Add CW	Upside	30 Days	459.00
10 01-Aug-25 14:03:10	Remove CW	Upside	30 Days	588.00
11 24-Sep-25 07:08:07	Add CW	Upside	90 Days	891.00
12 23-Dec-25 19:51:30	Remove CW	Upside	90 Days	943.00
13 12-Jan-26 00:13:05	Add STV	Upside	30 Days	1,055.00
14 11-Feb-26 19:44:45	Remove STV	Upside	30 Days	1,260.00

CW - Catalyst Watch , STV - Short-Term View

Rating/target price changes above reflect Eastern Time

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