

MediaTek (2454.TW/2454 TT)

4Q24 financial results preview: strong performance, despite gloomy smartphone sector

FTSE4Good TIP Taiwan ESG Index stock

Outperform · Maintained

| | |
|-------------------------------|-------|
| Price as of February 5 (NT\$) | 1,525 |
| 12M target price (NT\$) | 1,700 |
| Previous target price (NT\$) | 1,700 |
| Unchanged (%) | 0.0 |
| Upside (%) | 11.5 |

Key message

1. 4Q24 sales upside surprise due to market share expansion.
2. 1Q25F guidance to be strong.
3. Concerns about Xiaomi's (CN) in-house AP overblown; price competition in 1Q25F.

Trading data

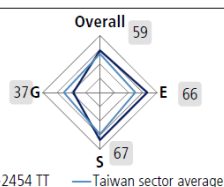
| | |
|------------------------------|----------------|
| Mkt cap (NT\$bn/US\$mn) | 2,443 / 74,143 |
| Outstanding shares (mn) | 1,602 |
| Foreign ownership (mn) | 959 |
| 3M avg. daily trading (mn) | 3.99 |
| 52-week trading range (NT\$) | 963 –1,525 |

| Performance | 3M | 6M | 12M |
|--------------|------|------|------|
| Absolute (%) | 18.2 | 53.9 | 62.8 |
| Relative (%) | 18 | 37.1 | 34.8 |

Quarterly EPS

| NT\$ | 1Q | 2Q | 3Q | 4Q |
|------|--------|--------|--------|--------|
| 2023 | 10.64A | 10.07A | 11.64A | 16.17A |
| 2024 | 19.85A | 16.19A | 15.94A | 15.83F |
| 2025 | 16.36F | 16.69F | 19.55F | 19.48F |

ESG score card



Source: Refinitiv

Event

MediaTek will hold its 4Q24 earnings call on February 7. We expect 1Q25 guidance to be strong, despite a gloomy outlook for the smartphone sector due to weak consumption recovery. Despite limited catalysts in 2025F, we are positive as market share gains will offset slow smartphone sales recovery.

Impact

4Q24 sales upside surprise due to market share expansion. MediaTek's 4Q24 sales came in at NT\$138bn, up 4.7% QoQ, beating guidance of NT\$126.5-134.5bn, thanks to: (1) market share gains for the D8400/9400 smartphone SoC; (2) product mix improvement; and (3) NT-dollar depreciation. With higher sales, we expect gross margin to arrive at the high end of guidance of 45.5-48.5%.

1Q25F guidance to be strong. We expect MediaTek to guide 1Q25 sales growth of 0-3% QoQ, with gross margin of 48%. Our industry checks suggest MediaTek will revise up 2025 SoC shipment guidance from 440mn units to 455mn units, up 2% YoY from a high base, due to: (1) strong demand for D8400/9400; (2) market share gains; and (3) anticipation of pull-in demand due to China subsidies for smartphones below Rmb6,000. In 2025, we forecast smartphone AP/SoC shipments will grow only 4% YoY. Based on current inventory, we don't expect strong restocking demand we saw in 4Q23-1Q24 over the next few quarters.

Concerns about Xiaomi's in-house AP overblown; price competition in 1Q25F. We expect Xiaomi's (CN) self-developed AP Xuanjie 1 (TSMC N3E) to be used in its special edition of the Mi15, which will be launched in 2Q25F. Some investors have concerns about MediaTek losing market share. We believe the impact will be manageable due to Xuanjie continuing to use MediaTek's modem (X35), and the initial production volume being only 400-600k units in 2025F. We expect Qualcomm (US) to initiate price competition by late 1Q25, and the impact will be greater than that from Xiaomi's competition. On the bright side, MediaTek may see margin upside from co-design fees for Nvidia's (US) GB10 super computer, and product mix improvement will likely offset the effects of price cuts by Qualcomm.

Valuation & Action

We maintain Outperform in view of new non-smartphone products, particularly AI ASIC, which will drive 2026F sales growth. Our target price of NT\$1,700 is based on 20x (cycle peak) 2026F EPS.

Risks

Smartphone shipments decline; slow progress in AI chips.

Key financials and valuations

| | Dec-22A | Dec-23A | Dec-24F | Dec-25F | Dec-26F |
|------------------------------|----------|----------|----------|----------|----------|
| Revenue (NT\$mn) | 548,796 | 433,446 | 530,585 | 616,308 | 720,768 |
| Gross profit (NT\$mn) | 270,904 | 207,367 | 262,584 | 297,952 | 345,764 |
| Operating profit (NT\$mn) | 126,788 | 71,800 | 106,477 | 118,085 | 140,719 |
| Net profit (NT\$mn) | 118,141 | 76,979 | 107,769 | 114,620 | 135,097 |
| EPS (NT\$) | 74.59 | 48.51 | 67.80 | 72.08 | 84.96 |
| Cash DPS (NT\$) | 76.01 | 55.01 | 69.01 | 68.50 | 71.97 |
| EPS growth (%) | 5.7 | (35.0) | 39.8 | 6.3 | 17.9 |
| PE (x) | 20.4 | 31.4 | 22.5 | 21.2 | 17.9 |
| PB (x) | 5.5 | 6.6 | 6.1 | 5.7 | 5.3 |
| EV/EBITDA (x) | 11.4 | 14.8 | 10.2 | 9.0 | 7.4 |
| Net debt to equity (%) | Net cash | Net cash | Net cash | Net cash | Net cash |
| Dividend yield (%) | 5.0 | 3.6 | 4.5 | 4.5 | 4.7 |
| Return on average equity (%) | 27.1 | 19.0 | 28.0 | 27.7 | 30.5 |

Source: Company data; KGI Research estimates

Figure 1: Breakdown of 4Q24-1Q25 forecast revisions vs. consensus

| NT\$m | 4Q24F | | | | | | | 1Q25F | | | | | | |
|------------------|----------|----------|----------|-----------|-----------|-----------|-----------|----------|----------|-----------|----------|-----------|-----------|-----------|
| | Revision | Previous | Chg. (%) | QoQ (%) | YoY (%) | Consensus | Diff. (%) | Revision | Previous | Chg. (%) | QoQ (%) | YoY (%) | Consensus | Diff. (%) |
| Revenue | 138,042 | 132,683 | 4.0 | 4.7 | 6.5 | 131,494 | 5.0 | 140,874 | 136,500 | 3.2 | 2.1 | 5.6 | 134,439 | 4.8 |
| Gross profit | 66,199 | 63,460 | 4.3 | 2.9 | 5.7 | 62,899 | 5.2 | 68,001 | 65,799 | 3.3 | 2.7 | (2.7) | 64,688 | 5.1 |
| Operating profit | 25,477 | 24,319 | 4.8 | 6.8 | 3.0 | 21,992 | 15.8 | 26,443 | 25,531 | 3.6 | 3.8 | (17.8) | 25,019 | 5.7 |
| Net profit | 25,172 | 24,141 | 4.3 | (0.7) | (1.9) | 22,360 | 12.6 | 26,022 | 25,215 | 3.2 | 3.4 | (17.5) | 25,134 | 3.5 |
| EPS (NT\$) | 15.83 | 15.18 | 4.3 | (0.7) | (2.1) | 14.13 | 12.0 | 16.36 | 15.86 | 3.2 | 3.4 | (17.6) | 15.62 | 4.8 |
| Gross margin (%) | 48.0 | 47.8 | 0.1 ppts | (0.9)ppts | (0.4)ppts | 47.8 | 0.1 ppts | 48.3 | 48.2 | 0.1 ppts | 0.3 ppts | (4.1)ppts | 48.1 | 0.2 ppts |
| OP margin (%) | 18.5 | 18.3 | 0.1 ppts | 0.4 ppts | (0.6)ppts | 16.7 | 1.7 ppts | 18.8 | 18.7 | 0.1 ppts | 0.3 ppts | (5.3)ppts | 18.6 | 0.2 ppts |
| Net margin (%) | 18.2 | 18.2 | 0.0 ppts | (1.0)ppts | (1.6)ppts | 17.0 | 1.2 ppts | 18.5 | 18.5 | (0.0)ppts | 0.2 ppts | (5.2)ppts | 18.7 | (0.2)ppts |

Source: Bloomberg; KGI Research estimates

Figure 2: Breakdown of 2025-26 forecast revisions vs. consensus

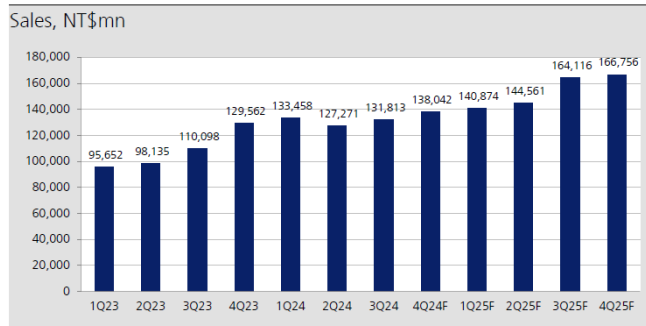
| NT\$m | 2025F | | | | | | 2026F | | | | | |
|------------------|----------|----------|----------|-----------|-----------|-----------|----------|----------|-----------|-----------|-----------|-----------|
| | Revision | Previous | Chg. (%) | YoY (%) | Consensus | Diff. (%) | Revision | Previous | Chg. (%) | YoY (%) | Consensus | Diff. (%) |
| Revenue | 616,308 | 600,872 | 2.6 | 16.2 | 597,622 | 3.1 | 720,768 | 722,068 | (0.2) | 16.9 | 702,518 | 2.6 |
| Gross profit | 297,952 | 290,146 | 2.7 | 13.5 | 286,171 | 4.1 | 345,764 | 346,408 | (0.2) | 16.0 | 339,815 | 1.8 |
| Operating profit | 118,085 | 114,793 | 2.9 | 10.9 | 115,835 | 1.9 | 140,719 | 140,992 | (0.2) | 19.2 | 150,614 | (6.6) |
| Net profit | 114,620 | 111,687 | 2.6 | 6.4 | 113,860 | 0.7 | 135,097 | 135,293 | (0.1) | 17.9 | 135,334 | (0.2) |
| EPS (NT\$) | 72.08 | 70.24 | 2.6 | 6.3 | 71.60 | 0.7 | 84.96 | 85.08 | (0.1) | 17.9 | 85.50 | (0.6) |
| Gross margin (%) | 48.3 | 48.3 | 0.1 ppts | (1.1)ppts | 47.9 | 0.5 ppts | 48.0 | 48.0 | (0.0)ppts | (0.4)ppts | 48.4 | (0.4)ppts |
| OP margin (%) | 19.2 | 19.1 | 0.1 ppts | (0.9)ppts | 19.4 | (0.2)ppts | 19.5 | 19.5 | (0.0)ppts | 0.4 ppts | 21.4 | (1.9)ppts |
| Net margin (%) | 18.6 | 18.6 | 0.0 ppts | (1.7)ppts | 19.1 | (0.5)ppts | 18.7 | 18.7 | 0.0 ppts | 0.1 ppts | 19.3 | (0.5)ppts |

Source: Bloomberg; KGI Research estimates

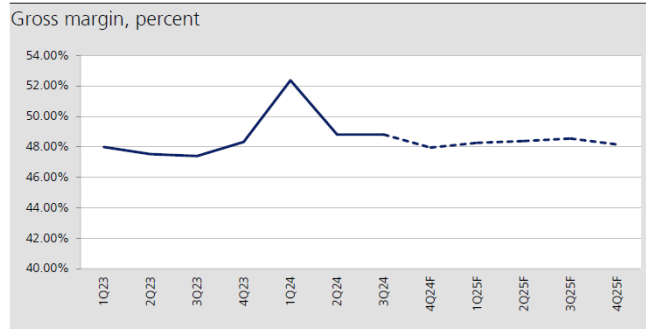
Figure 3: Company profile

MediaTek was founded in 1997 as a top-five fabless design house specializing in SoC solutions for wireless communications and digital multimedia. It holds a leading position in cutting-edge SoC system solutions for wireless communications, high-definition TV, optical storage, DVD and Blu-ray products. It also offers related product design, testing, maintenance and technology consulting services. MediaTek is headquartered in Hsinchu Science Park, Taiwan, with sales and research subsidiaries in China, Singapore, India, Japan, Korea, the US, Denmark and the UK. Employees numbered around 20,000 in 2021.

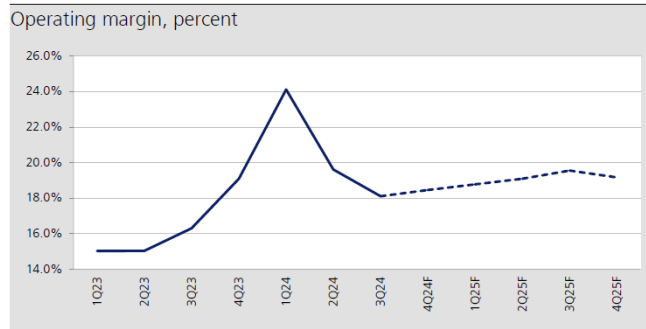
Source: Company data; KGI Research

Figure 5: Sales


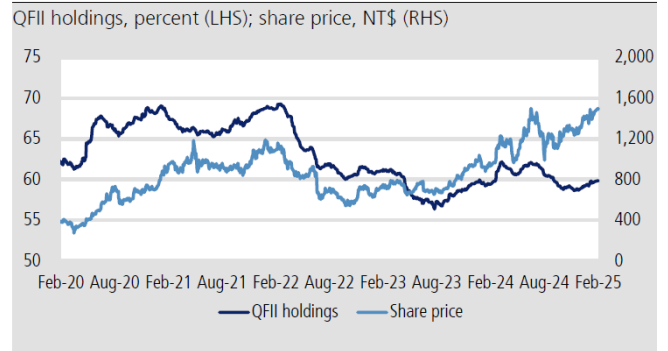
Source: KGI Research

Figure 7: Gross margin


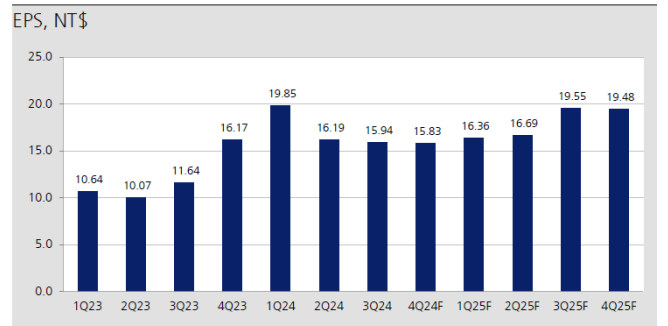
Source: KGI Research

Figure 9: Operating margin


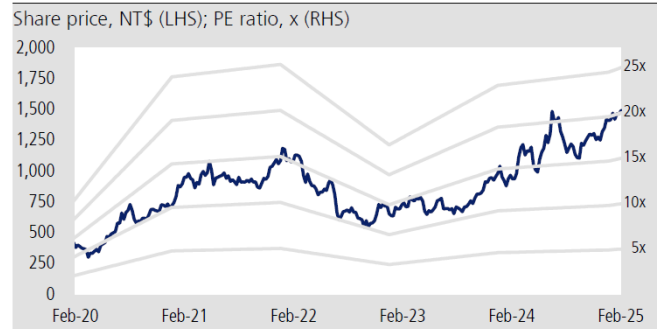
Source: KGI Research

Figure 4: MediaTek QFII holdings vs. share price


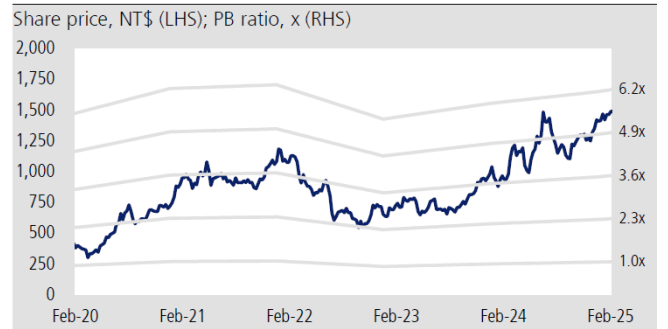
Source: TEJ; KGI Research

Figure 6: EPS


Source: KGI Research

Figure 8: 12M forward PE band


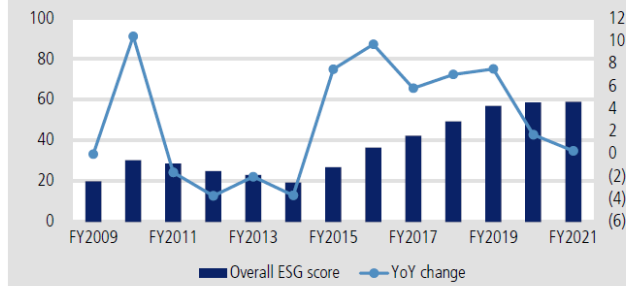
Source: TEJ; KGI Research estimates

Figure 10: 12M forward PB band


Source: TEJ; KGI Research estimates

Figure 11: Overall ESG score

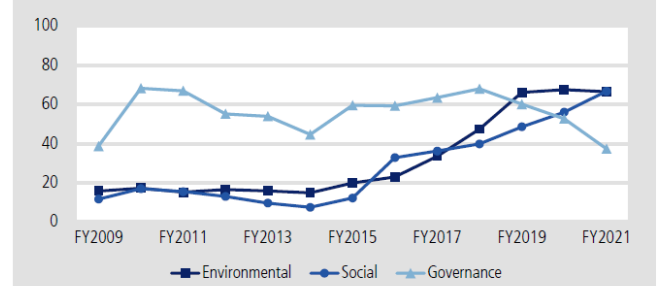
ESG score (LHS); YoY change (RHS)



Source: Refinitiv; Company data

Figure 12: ESG scores

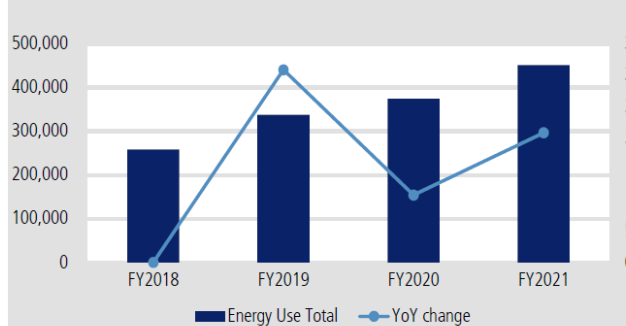
ESG score



Source: Refinitiv; Company data

Figure 13: Energy use

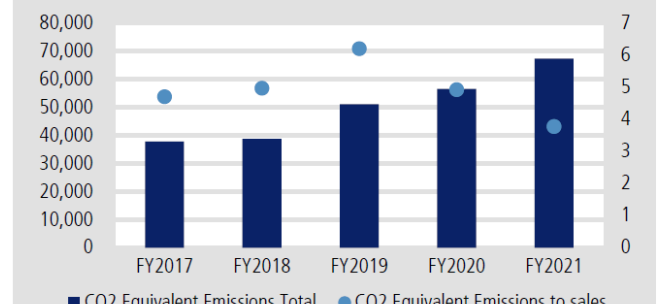
Energy use, gigajoules (LHS); YoY change, percent (RHS)



Source: Refinitiv; Company data

Figure 14: CO2 equivalent emissions

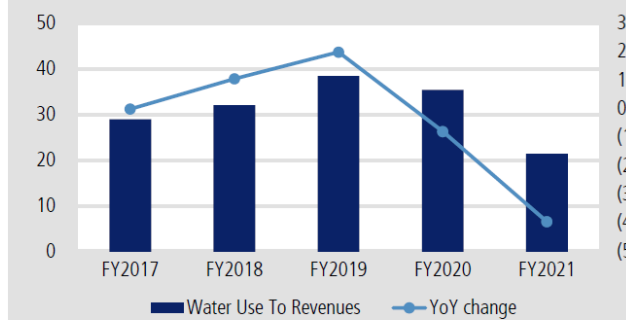
CO2 equivalent emissions, metric tons (LHS); emissions to revenue, metric tons per US\$mn (RHS)



Source: Refinitiv; Company data

Figure 15: Water use to revenue

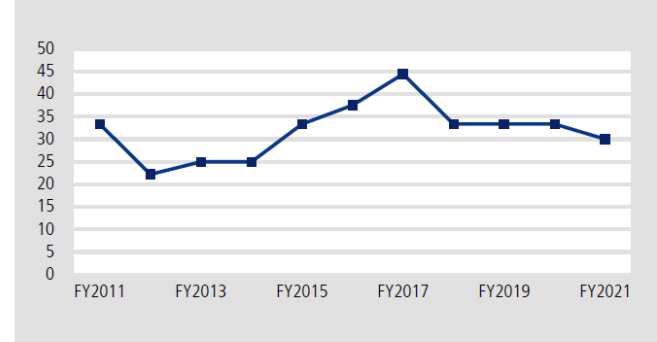
Water use to revenue, cubic meters/ US\$mn (LHS); YoY change, percent (RHS)



Source: Refinitiv; Company data

Figure 16: Independent board members

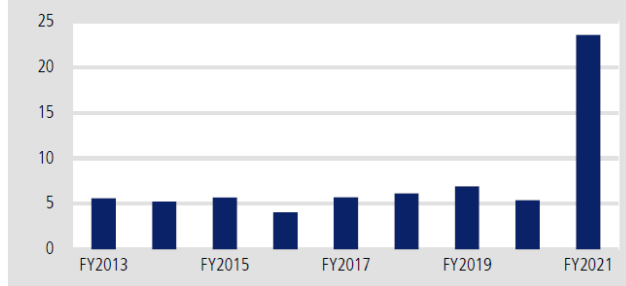
Independent Board Members, percent



Source: Refinitiv; Company data

Figure 17: Employee training

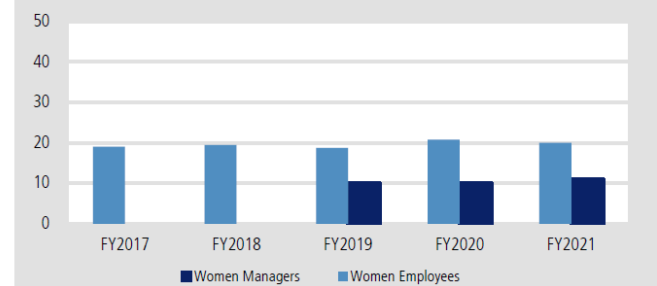
Average annual training hours per employee, annual hours/ employee



Source: Refinitiv; Company data

Figure 18: Gender diversification

Women managers and women employees, percent



Source: Refinitiv; Company data

ESG chart definition

| Item | Definition | Remarks |
|-----------------------------------|---|--|
| Energy use | <p>Total direct and indirect energy consumption in gigajoules.</p> <ul style="list-style-type: none"> - the total amount of energy that has been consumed within the boundaries of the company's operations - total energy use = total direct energy consumption + indirect energy consumption - purchased energy and produced energy are included in total energy use - for utilities, transmission/ grid loss as part of its business activities is considered as total energy consumed and data does not consider electricity produced to answer energy use (utility company produces to sell) - for utilities, raw materials such as coal, gas or nuclear used in the production of energy are not considered under 'total energy use' | |
| Renewable energy purchased | <p>Total primary renewable energy purchased in gigajoules.</p> <ul style="list-style-type: none"> - energy consumed by the company from various sources and among the purchased energy, how much energy is renewable in nature (solar, wind, hydro, biomass, geothermal) are in scope - if there is no evidence that renewable energy is produced by the company, then we consider the reported energy figure as renewable energy purchased | MediaTek has conducted carbon footprint verification on its office buildings and its internal administration process. |
| Renewable energy use ratio | Renewable energy to total energy used | |
| CO2 equivalent emissions | <p>Direct CO2 and CO2 equivalent emissions in metric tons.</p> <ul style="list-style-type: none"> - direct emissions from sources that are owned or controlled by the company (scope 1 emissions) - following gases are relevant: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorinated compound (PFCs), sulfur hexafluoride (SF6), nitrogen trifluoride (NF3) | |
| CO2 equivalent emissions to sales | <p>Direct CO2 and CO2 equivalent emissions (metric tons) to sales (NT\$mn)</p> <ul style="list-style-type: none"> - direct emissions from sources that are owned or controlled by the company (scope 1 emissions) - following gases are relevant: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorinated compound (PFCs), sulfur hexafluoride (SF6), nitrogen trifluoride (NF3) | |
| Waste total | <p>Total amount of waste produced in metric tons.</p> <ul style="list-style-type: none"> - total waste = non-hazardous waste + hazardous waste - only solid waste is taken into consideration, exceptionally if liquid waste is reported in metric tons, then we do the summation to derive total including liquid waste - for sectors like mining, oil & gas, waste generation like tailings, waste rock, coal and fly ash are also considered | |
| Waste recycling ratio | <p>The waste recycling ratio as reported by the company.</p> <ul style="list-style-type: none"> - waste recycling ratio = waste recycled/total waste*100 - waste to energy or waste incinerated with energy recovery are considered as waste recycled - waste recovered via composting is considered as recycled waste | |
| Water withdrawal total | <p>Total water withdrawal in cubic meters.</p> <ul style="list-style-type: none"> - the total volume of water withdrawn from any water source that was either withdrawn directly by the reporting organization or through intermediaries such as water utilities - different sources of water like wells, town/utility/municipal water, river water, and surface water are considered | |
| Environmental expenditures | <p>Total amount of environmental expenditures.</p> <ul style="list-style-type: none"> - all environmental investment & expenditures for environmental protection or to prevent, reduce, control environmental aspects, impacts, and hazards. It also includes disposal, treatment, sanitation, and clean-up expenditures | |
| Turnover of employees | <p>Percentage of employee turnover.</p> <ul style="list-style-type: none"> - includes employees who left the company for any reason (voluntary or involuntary), such as resignations, retirement, natural departure/death, medical incapacitation, redundancy, layoffs, restructuring, dismissal, retrenchment or end of a fixed-term contract - employees turnover rate = (employees leaving/average number of employees)*100 - where the average number of employees = (employees at the end of the current year + employees at the end of the previous year)/2 - employees at the end of the current fiscal year = employees at the end of the previous fiscal year + new employees - employees leaving | Has disclosed the retention rate in 2019-20, and its HR has launched inventive program with better compensation to keep its talents. |
| Women managers | <p>Percentage of women managers.</p> <ul style="list-style-type: none"> - percentage of women managers among total managers of the company - if there is a breakdown by category in percentage, such as top, senior, middle, and junior management, then we consider the percentage of middle women managers - percentage of women managers = number of women managers/total number of managers*100 | |
| Women employees | <p>Percentage of women employees.</p> <ul style="list-style-type: none"> - percentage of women employees to the total number of employees of the company - percentage of women employees = number of women/total number of employees*100 | |
| Training hours total | <p>Total training hours performed by all employees.</p> <ul style="list-style-type: none"> - consider only employee training hours - includes all types of training given to general employees (such as health & safety, environmental, emergency response, skills & career development training) - if the value is given in days, multiply by 8, assuming that 1 day = 8 hours worked | |
| Training hours per employee | Training hours per employee per year | |

Source: Refinitiv, Company data, KGI Research

Income statement

| | Quarterly | | | | | | | | Annually | | |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|
| | Mar-24A | Jun-24A | Sep-24A | Dec-24F | Mar-25F | Jun-25F | Sep-25F | Dec-25F | Dec-24F | Dec-25F | Dec-26F |
| Income statement (NT\$mn) | | | | | | | | | | | |
| Revenue | 133,458 | 127,271 | 131,813 | 138,042 | 140,874 | 144,561 | 164,116 | 166,756 | 530,585 | 616,308 | 720,768 |
| Cost of goods sold | (63,558) | (65,135) | (67,466) | (71,843) | (72,874) | (74,603) | (84,438) | (86,441) | (268,001) | (318,356) | (375,003) |
| Gross profit | 69,901 | 62,136 | 64,348 | 66,199 | 68,001 | 69,958 | 79,678 | 80,315 | 262,584 | 297,952 | 345,764 |
| Operating expenses | (37,721) | (37,180) | (40,483) | (40,722) | (41,558) | (42,356) | (47,594) | (48,359) | (156,107) | (179,867) | (205,046) |
| Operating profit | 32,180 | 24,956 | 23,864 | 25,477 | 26,443 | 27,601 | 32,085 | 31,956 | 106,477 | 118,085 | 140,719 |
| Depreciation of fixed assets | (3,049) | (3,097) | (3,165) | (3,397) | (4,022) | (4,022) | (4,022) | (4,022) | (12,708) | (16,087) | (20,671) |
| Amortisation of intangible assets | (1,912) | (2,124) | (2,134) | (2,044) | (3,799) | (3,799) | (3,799) | (3,799) | (8,214) | (15,196) | (24,879) |
| EBITDA | 37,141 | 30,177 | 29,163 | 30,918 | 34,264 | 35,422 | 39,905 | 39,777 | 127,398 | 149,368 | 186,269 |
| Interest income | 2,298 | 2,936 | 2,896 | 2,518 | 2,783 | 2,530 | 2,841 | 2,524 | 10,648 | 10,677 | 11,533 |
| Investment income | 766 | 1,092 | 154 | 482 | 540 | 570 | 599 | 510 | 2,494 | 2,220 | 2,019 |
| Other non-op income | 97 | 138 | 616 | - | - | - | - | - | 2,467 | - | - |
| Non-operating income | 3,161 | 4,167 | 3,665 | 2,999 | 3,322 | 3,100 | 3,440 | 3,034 | 15,609 | 12,897 | 13,552 |
| Interest expense | (58) | (39) | (204) | (25) | (25) | (25) | (25) | (25) | (326) | (98) | (98) |
| Investment loss | - | - | - | - | - | - | - | - | - | - | - |
| Other non-op expenses | 387 | 114 | 1,116 | - | - | - | - | - | - | - | - |
| Non-operating expenses | 329 | 75 | 912 | (25) | (25) | (25) | (25) | (25) | (326) | (98) | (98) |
| Pre-tax profit | 35,670 | 29,197 | 28,441 | 28,452 | 29,741 | 30,677 | 35,500 | 34,966 | 121,760 | 130,883 | 154,173 |
| Current taxation | (4,015) | (3,242) | (2,851) | (3,130) | (3,569) | (3,988) | (4,260) | (3,846) | (13,238) | (15,663) | (18,476) |
| Minorities | (119) | (240) | (243) | (150) | (150) | (150) | (150) | (150) | (752) | (600) | (600) |
| Normalised net profit | 31,536 | 25,716 | 25,346 | 25,172 | 26,022 | 26,539 | 31,090 | 30,969 | 107,769 | 114,620 | 135,097 |
| Extraordinary items | (0) | 0 | 0 | - | - | - | - | - | - | - | - |
| Net profit | 31,536 | 25,716 | 25,346 | 25,172 | 26,022 | 26,539 | 31,090 | 30,969 | 107,769 | 114,620 | 135,097 |
| EPS (NT\$) | 19.85 | 16.19 | 15.94 | 15.83 | 16.36 | 16.69 | 19.55 | 19.48 | 67.80 | 72.08 | 84.96 |
| Margins (%) | | | | | | | | | | | |
| Gross profit margin | 52.4 | 48.8 | 48.8 | 48.0 | 48.3 | 48.4 | 48.5 | 48.2 | 49.5 | 48.3 | 48.0 |
| Operating margin | 24.1 | 19.6 | 18.1 | 18.5 | 18.8 | 19.1 | 19.5 | 19.2 | 20.1 | 19.2 | 19.5 |
| EBITDA margin | 27.8 | 23.7 | 22.1 | 22.4 | 24.3 | 24.5 | 24.3 | 23.9 | 24.0 | 24.2 | 25.8 |
| Pretax profit margin | 26.7 | 22.9 | 21.6 | 20.6 | 21.1 | 21.2 | 21.6 | 21.0 | 22.9 | 21.2 | 21.4 |
| Net profit margin | 23.6 | 20.2 | 19.2 | 18.2 | 18.5 | 18.4 | 18.9 | 18.6 | 20.3 | 18.6 | 18.7 |
| Sequential growth (%) | | | | | | | | | | | |
| Revenue growth | 3.0 | (4.6) | 3.6 | 4.7 | 2.1 | 2.6 | 13.5 | 1.6 | | | |
| Gross profit growth | 11.6 | (11.1) | 3.6 | 2.9 | 2.7 | 2.9 | 13.9 | 0.8 | | | |
| Operating profit growth | 30.1 | (22.4) | (4.4) | 6.8 | 3.8 | 4.4 | 16.2 | (0.4) | | | |
| EBITDA growth | 25.5 | (18.8) | (3.4) | 6.0 | 10.8 | 3.4 | 12.7 | (0.3) | | | |
| Pretax profit growth | 26.0 | (18.1) | (2.6) | 0.0 | 4.5 | 3.1 | 15.7 | (1.5) | | | |
| Net profit growth | 22.9 | (18.5) | (1.4) | (0.7) | 3.4 | 2.0 | 17.1 | (0.4) | | | |
| YoY growth (%) | | | | | | | | | | | |
| Revenue growth | 39.5 | 29.7 | 19.7 | 6.5 | 5.6 | 13.6 | 24.5 | 20.8 | 22.4 | 16.2 | 16.9 |
| Gross profit growth | 52.2 | 33.2 | 23.3 | 5.7 | (2.7) | 12.6 | 23.8 | 21.3 | 26.6 | 13.5 | 16.0 |
| Operating profit growth | 124.0 | 69.2 | 33.0 | 3.0 | (17.8) | 10.6 | 34.4 | 25.4 | 48.3 | 10.9 | 19.2 |
| EBITDA growth | 98.8 | 59.1 | 28.1 | 4.5 | (7.7) | 17.4 | 36.8 | 28.7 | 41.6 | 17.2 | 24.7 |
| Pretax profit growth | 86.7 | 58.9 | 35.5 | 0.5 | (16.6) | 5.1 | 24.8 | 22.9 | 40.3 | 7.5 | 17.8 |
| Net profit growth | 86.9 | 61.1 | 37.2 | (1.9) | (17.5) | 3.2 | 22.7 | 23.0 | 40.0 | 6.4 | 17.9 |

Source: Company data; KGI Research estimates

Balance sheet

| NT\$m | Dec-22A | Dec-23A | Dec-24F | Dec-25F | Dec-26F |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|
| Total assets | 608,399 | 635,038 | 709,541 | 769,975 | 838,710 |
| Current assets | 297,654 | 290,889 | 352,615 | 386,674 | 436,042 |
| Cash & ST securities | 164,810 | 180,673 | 216,468 | 222,492 | 249,327 |
| Inventory | 70,703 | 43,220 | 59,244 | 71,282 | 81,231 |
| Accounts receivable | 40,842 | 55,834 | 50,212 | 60,657 | 68,874 |
| Other current assets | 21,298 | 11,161 | 26,691 | 32,243 | 36,611 |
| Non-current assets | 310,746 | 344,150 | 356,926 | 383,302 | 402,668 |
| LT investments | 125,575 | 152,228 | 169,566 | 171,566 | 173,566 |
| Net fixed assets | 53,862 | 53,291 | 56,664 | 55,384 | 52,030 |
| Other assets | 131,309 | 138,631 | 130,696 | 156,352 | 177,071 |
| Total liabilities | 165,341 | 260,833 | 300,043 | 335,047 | 368,391 |
| Current liabilities | 141,570 | 231,999 | 275,322 | 307,562 | 338,731 |
| Accounts payable | 21,518 | 38,779 | 37,997 | 45,718 | 52,099 |
| Interest bearing ST liabilities | 6,569 | 7,826 | 26,216 | 26,216 | 26,216 |
| Other current liabilities | 113,484 | 185,394 | 211,108 | 235,627 | 260,416 |
| Non-current liabilities | 23,771 | 28,834 | 24,722 | 27,485 | 29,660 |
| Long-term debt | 863 | 4,605 | 3,149 | 3,149 | 3,149 |
| Other L-T liabilities | 14,599 | 16,169 | 19,911 | 22,674 | 24,849 |
| Total equity | 443,058 | 374,205 | 409,498 | 434,928 | 470,319 |
| Share capital | 15,994 | 15,996 | 16,017 | 16,017 | 16,017 |
| Retained earnings reserve | 286,689 | 212,670 | 339,894 | 364,724 | 399,515 |
| Minority interests | 2,949 | 6,000 | 8,456 | 9,056 | 9,656 |
| Preferred shareholders funds | - | - | - | - | - |

Key ratios

| | Dec-22A | Dec-23A | Dec-24F | Dec-25F | Dec-26F |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|
| Growth | | | | | |
| Revenue growth | 11.2% | (21.0%) | 22.4% | 16.2% | 16.9% |
| Operating profit growth | 17.4% | (43.4%) | 48.3% | 10.9% | 19.2% |
| EBITDA growth | 19.5% | (36.5%) | 41.6% | 17.2% | 24.7% |
| Net profit growth | 6.0% | (34.8%) | 40.0% | 6.4% | 17.9% |
| EPS growth | 5.7% | (35.0%) | 39.8% | 6.3% | 17.9% |
| Profitability | | | | | |
| Gross profit margin | 49.4% | 47.8% | 49.5% | 48.3% | 48.0% |
| Operating margin | 23.1% | 16.6% | 20.1% | 19.2% | 19.5% |
| EBITDA margin | 25.8% | 20.8% | 24.0% | 24.2% | 25.8% |
| Net profit margin | 21.5% | 17.8% | 20.3% | 18.6% | 18.7% |
| Return on average assets | 18.6% | 12.4% | 16.0% | 15.5% | 16.8% |
| Return on average equity | 27.1% | 19.0% | 28.0% | 27.7% | 30.5% |
| Stability | | | | | |
| Gross debt to equity | 1.7% | 3.3% | 7.2% | 6.8% | 6.2% |
| Net debt to equity | Net cash | Net cash | Net cash | Net cash | Net cash |
| Interest coverage (x) | 366.5 | 218.3 | 374.3 | 1,334.1 | 1,571.3 |
| Interest & ST debt coverage (x) | 1.0 | 0.9 | 0.8 | 0.8 | 0.9 |
| Cash flow interest coverage(x) | 389.8 | 415.9 | 433.8 | 1,479.8 | 1,834.6 |
| Cash flow/int. & ST debt (x) | 20.8 | 20.2 | 5.3 | 5.5 | 6.8 |
| Current ratio (x) | 2.1 | 1.3 | 1.3 | 1.3 | 1.3 |
| Quick ratio (x) | 1.6 | 1.1 | 1.1 | 1.0 | 1.0 |
| Net debt (NT\$m) | (140,070) | (152,965) | (169,414) | (177,437) | (206,272) |
| Per share data | | | | | |
| EPS (NT\$) | 74.59 | 48.51 | 67.80 | 72.08 | 84.96 |
| CFPS (NT\$) | 91.29 | 104.67 | 89.03 | 91.37 | 113.28 |
| BVPS (NT\$) | 275.16 | 230.18 | 250.71 | 266.23 | 287.98 |
| Adj BVPS (NT\$) | 277.88 | 232.04 | 252.32 | 267.83 | 289.71 |
| SPS (NT\$) | 346.51 | 273.15 | 333.82 | 387.59 | 453.28 |
| EBITDA/share (NT\$) | 89.51 | 56.72 | 80.15 | 93.94 | 117.14 |
| Cash DPS (NT\$) | 76.01 | 55.01 | 69.01 | 68.50 | 71.97 |
| Activity | | | | | |
| Sales / avg assets | 0.86 | 0.70 | 0.79 | 0.83 | 0.90 |
| Days receivable | 27.2 | 47.0 | 34.6 | 35.9 | 34.9 |
| Days inventory | 92.9 | 69.8 | 80.9 | 81.7 | 79.1 |
| Days payable | 28.3 | 62.6 | 51.9 | 52.4 | 50.7 |
| Cash cycle | 91.8 | 54.2 | 63.7 | 65.2 | 63.2 |

Source: Company data; KGI Research estimates

Profit & loss

| NT\$m | Dec-22A | Dec-23A | Dec-24F | Dec-25F | Dec-26F |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|
| Revenue | 548,796 | 433,446 | 530,585 | 616,308 | 720,768 |
| Cost of goods sold | (277,892) | (226,079) | (268,001) | (318,356) | (375,003) |
| Gross profit | 270,904 | 207,367 | 262,584 | 297,952 | 345,764 |
| Operating expenses | (144,116) | (135,568) | (156,107) | (179,867) | (205,046) |
| Operating profit | 126,788 | 71,800 | 106,477 | 118,085 | 140,719 |
| Non-operating income | 7,137 | 14,287 | 15,609 | 12,897 | 13,552 |
| Interest income | 3,218 | 7,308 | 10,648 | 10,677 | 11,533 |
| Investment income | 3,281 | 6,471 | 2,494 | 2,220 | 2,019 |
| Other non-op income | 638 | 508 | 2,467 | - | - |
| Non-operating expenses | 1,636 | 696 | (326) | (98) | (98) |
| Interest expense | (371) | (399) | (326) | (98) | (98) |
| Investment loss | - | - | - | - | - |
| Other non-op expenses | 2,007 | 1,095 | - | - | - |
| Pre-tax profit | 135,561 | 86,782 | 121,760 | 130,883 | 154,173 |
| Current taxation | (16,936) | (9,591) | (13,238) | (15,663) | (18,476) |
| Minorities | (484) | (212) | (752) | (600) | (600) |
| Extraordinary items | - | 0 | (0) | - | - |
| Net profit | 118,141 | 76,979 | 107,769 | 114,620 | 135,097 |
| EBITDA | 141,768 | 90,000 | 127,398 | 149,368 | 186,269 |
| EPS (NT\$) | 74.59 | 48.51 | 67.80 | 72.08 | 84.96 |

Cash flow

| NT\$m | Dec-22A | Dec-23A | Dec-24F | Dec-25F | Dec-26F |
|-----------------------------|------------------|------------------|-----------------|-----------------|-----------------|
| Operations cash flow | 144,583 | 166,091 | 141,511 | 145,289 | 180,121 |
| Net profit | 118,141 | 76,979 | 107,769 | 114,620 | 135,097 |
| Depreciation & amortisation | 14,980 | 18,200 | 20,921 | 31,283 | 45,550 |
| Decrease in working capital | 164 | 30,356 | (11,183) | (14,762) | (11,785) |
| Other operating cash flow | 11,298 | 40,556 | 24,004 | 14,148 | 11,259 |
| Investing cash flow | (37,535) | (28,746) | (39,967) | (49,973) | (58,443) |
| Sale of ST investment | (19,467) | (12,157) | (11,580) | 2,000 | 2,000 |
| New investments | (199) | 116 | (475) | (2,000) | (2,000) |
| Capital expenditure | (13,622) | (9,325) | (13,445) | (14,807) | (17,317) |
| Others investing cashflow | (4,247) | (7,379) | (14,466) | (35,166) | (41,126) |
| Free cash flow | 106,772 | 95,897 | 82,980 | 90,471 | 115,425 |
| Financing cash flow | (156,280) | (118,569) | (71,721) | (87,293) | (92,842) |
| Increase in short term debt | (48,016) | (1,500) | 16,934 | - | - |
| Increase in long term loans | (558) | (828) | - | - | - |
| New ordinary shares issued | - | - | - | - | - |
| Ordinary dividends paid | (116,141) | (120,981) | (87,551) | (87,293) | (92,842) |
| Other financing cashflow | 8,435 | 4,740 | (1,104) | - | - |
| Forex effects | 13,030 | (883) | 3,560 | - | - |
| Total cash generated | (36,202) | 17,894 | 33,383 | 8,023 | 28,835 |

ROIC

| | Dec-22A | Dec-23A | Dec-24F | Dec-25F | Dec-26F |
|------------------------------|---------------|-----------------|-----------------|-----------------|-----------------|
| 1 - COGS/revenue | | | | | |
| - Operating exp./revenue | 26.3% | 31.3% | 29.4% | 29.2% | 28.4% |
| = Operating margin | 23.1% | 16.6% | 20.1% | 19.2% | 19.5% |
| 1 / (Working capital/revenue | (0.0) | (0.3) | (0.2) | (0.2) | (0.2) |
| + Net PPE/revenue | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| + Other assets/revenue) | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| = Capital turnover | 6.2 | (16.3) | (18.3) | (21.4) | (19.9) |
| Operating margin | 23.1% | 16.6% | 20.1% | 19.2% | 19.5% |
| x Capital turnover | 6.2 | (16.3) | (18.3) | (21.4) | (19.9) |
| x (1 - tax rate) | 87.5% | 88.9% | 89.1% | 88.0% | 88.0% |
| = After-tax ROIC | 124.5% | (240.6%) | (327.7%) | (361.4%) | (341.4%) |

Source: Company data; KGI Research estimates

MediaTek – Recommendation & target price history



| Date | Rating | Target | Price |
|------------|------------|--------|-------|
| 2024-12-13 | Outperform | 1,700 | 1,410 |
| 2024-10-30 | Outperform | 1,700 | 1,290 |
| 2024-07-31 | Neutral | 1,250 | 1,220 |
| 2024-07-25 | Neutral | 1,280 | 1,275 |
| 2024-01-31 | Neutral | 986 | 966 |
| 2024-01-26 | Neutral | 976 | 936 |
| 2023-10-27 | Outperform | 956 | 801 |
| 2023-10-13 | Outperform | 956 | 842 |
| 2023-07-28 | Outperform | 805 | 658 |
| 2023-04-28 | Neutral | 658 | 665 |

Source: TEJ; KGI Research

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