Company update | IC design · Taiwan

MediaTek

(2454.TW/2454 TT)

FTSE4Good TIP Taiwan ESG Index stock

Outperform · Maintained

Price as of September 1 (NT$)	4,315
12M target price (NT$)	6,600
Previous target price (NT$)	6,600
Unchanged (%)	0.0
Upside/downside (%)	53.0

Key message

1. MediaTek priced US$3.9bn worth of overseas convertible bonds, with 90% invested in by Nvidia (US).
2. A win-win deal.
3. TPU business will significantly reshape MediaTek's sales structure.

Trading data

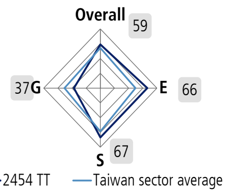
Mkt cap (NT$bn/US$mn)	6,925 / 218,473
Outstanding shares (mn)	1,605
Foreign ownership (mn)	921
3M avg. daily trading (mn)	6.57
52-week trading range (NT$)	1,145 –4,640

Performance	3M	6M	12M
Absolute (%)	-5.3	121.9	217.3
Relative (%)	-8.9	89.3	122.3

Quarterly EPS

NT$	1Q	2Q	3Q	4Q
2025	18.43A	17.50A	15.84A	14.40A
2026	15.17A	15.28A	16.29F	24.60F
2027	26.96F	28.92F	32.11F	35.27F

ESG score card



Source: Refinitiv

A win-win deal

Event

MediaTek announced the successful pricing of US$3.9bn worth of overseas convertible bonds.

Impact

MediaTek priced US$3.9bn worth of overseas convertible bonds, with 90% invested in by Nvidia. After the board recently approved capex of US$5.0bn, MediaTek announced the successful pricing of US$3.9bn worth of overseas convertible bonds, attracting investment from key AI infrastructure ecosystem partners, including Nvidia (US), Alphabet (US), and leading global institutional investors. The convertible price will be NT$4,513.75 (based on a 15% premium to the closing price on August 31) and potential share dilution will be 1.7%. Nvidia will inject US$3.5bn in MediaTek via the convertible bonds (89.7%).

A win-win deal. In addition, Nvidia and MediaTek also jointly announced they will deepen their long-standing partnership in three areas: (1) AI infrastructure – Custom chips based on Nvidia's NVLink Fusion ecosystem; (2) local AI computing – Multiple generations of RTX Spark and DGX Spark PC chips, powering consumer PCs, AI developer supercomputers, and workstations, that integrate Nvidia GPUs with MediaTek SoCs; and (3) AI powered automotive applications. In view of strong TPU growth, even if it is merely a financial investment for Nvidia, it still might be a high-return deal. Secondly, MediaTek, as Nvidia's major partner for edge computing, the investment will further strength their partnership. Lastly, the funds will largely be used to secure the supply chain's supply, particularly for IC substrates. We believe the move is mainly for the production ramp-up of Google's TPU in 2027-29F. With Nvidia's involvement, we expect AI development at MediaTek to become more diversified.

TPU business will significantly reshape MediaTek's sales structure. Before AI ASIC business, 90% of MediaTek's sales were from consumer electronics, particularly for smartphones. We expect the strong TPU business growth to completely change the company's structure. We estimate Google's 8t (Zebrafish) will contribute a respective US$2.4bn (11% of sales) and US$15.6bn (40% of sales) in 2026-27F. In 2028-29F, with production of v9 Humufish ramping up, we estimate MediaTek's market share for TPU will reach 50%, and AI ASIC sales will total US$50bn in 2028F (67% of sales) assuming no production yield issues or supply constraints.

Valuation & Action

MediaTek remains one of our top picks in the semiconductor sector. We believe Nvidia's move to invest in the majority of MediaTek's overseas convertible bonds will be a positive. We maintain Outperform with a target price of NT$6,600, based on 2028F PE of 25x (cycle peak). With the successful pricing of the convertible bond complete, strong AI ASIC ramp-up should boost the valuation.

Risks

Smartphone shipments decline; slow progress in AI chip development.

Key financials and valuations

	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Revenue (NT$mn)	530,586	595,966	711,377	1,249,111	2,381,489
Gross profit (NT$mn)	263,386	283,080	328,053	560,222	1,048,194
Operating profit (NT$mn)	102,412	103,470	111,137	204,705	453,965
Net profit (NT$mn)	106,387	105,319	113,617	196,323	421,252
EPS (NT$)	66.92	66.16	71.34	123.26	264.49
Cash DPS (NT$)	54.00	53.50	67.50	71.78	113.84
EPS growth (%)	38.0	(1.1)	7.8	72.8	114.6
PE (x)	64.5	65.2	60.5	35.0	16.3
PB (x)	17.4	17.3	17.7	15.1	8.6
EV/EBITDA (x)	33.1	32.5	28.9	18.5	10.6
Net debt to equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Dividend yield (%)	1.3	1.2	1.6	1.7	2.6
Return on average equity (%)	27.8	26.4	28.7	46.3	66.9

Source: Company data, KGI Research estimates

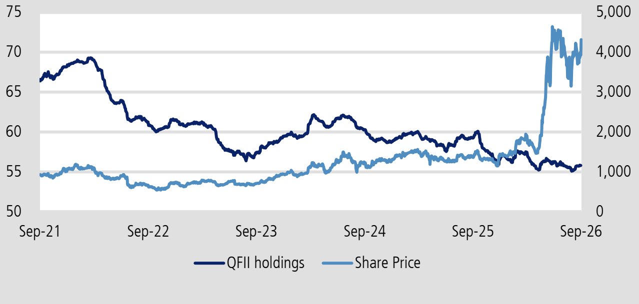
Figure 1: Company profile

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, South Korea, the US, Denmark and the UK. Employees numbered around 20,000 in 2021.

Source: Company data; KGI Research

Figure 2: MediaTek's QFII holdings vs. share price

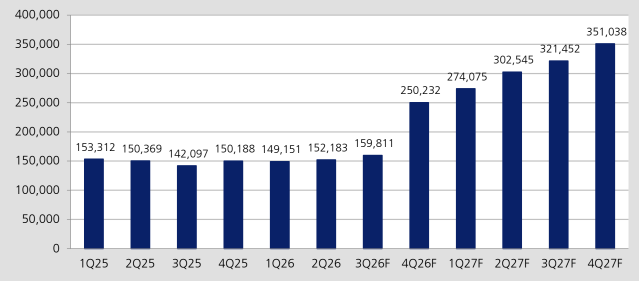
QFII holdings, percent (LHS); share price, NT$ (RHS)



Source: TEJ; KGI Research

Figure 3: Sales

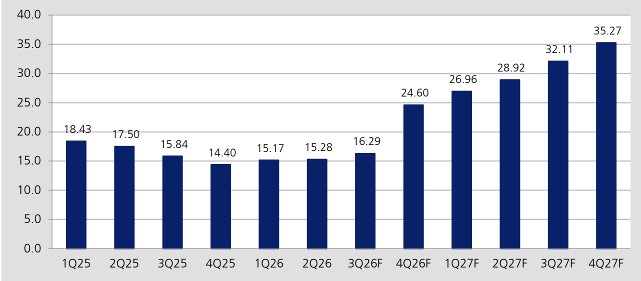
Sales, NT$mn



Source: KGI Research

Figure 4: EPS

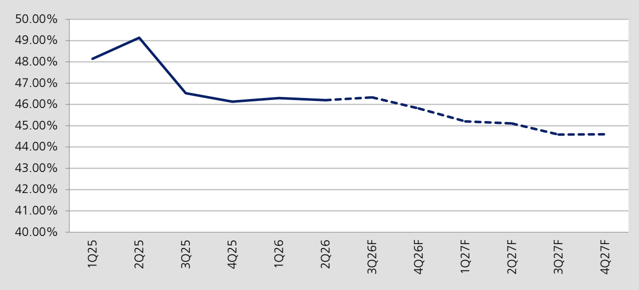
EPS, NT$



Source: KGI Research

Figure 5: Gross Margin

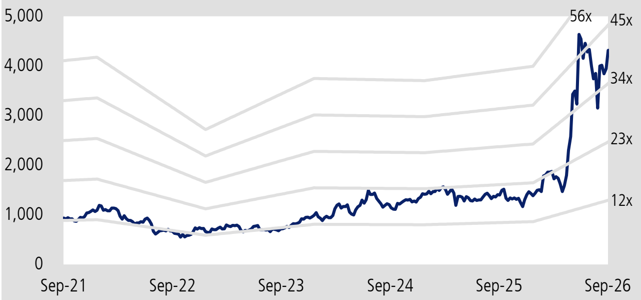
Gross margin, percent



Source: KGI Research

Figure 6: 12M forward PE band

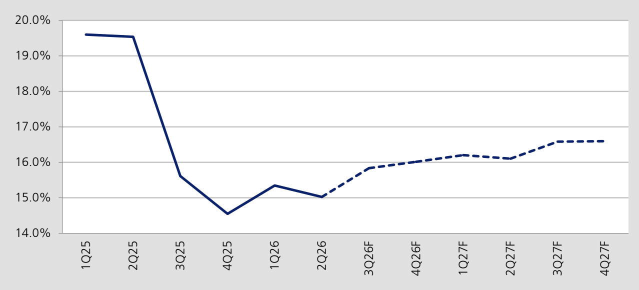
Share price, NT$ (LHS); PE ratio, x (RHS)



Source: TEJ; KGI Research estimates

Figure 7: Operating Margin

Operating margin, percent



Source: KGI Research

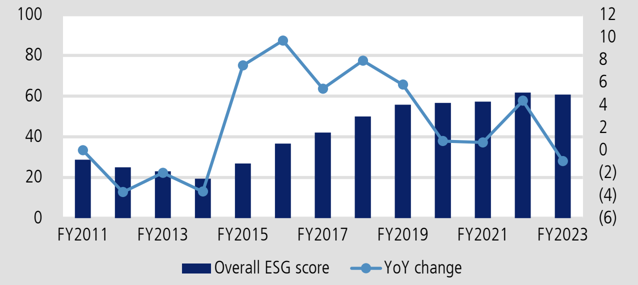
Figure 8: 12M forward PB band

Share price, NT$ (LHS); PB ratio, x (RHS)

Source: TEJ; KGI Research estimates

Figure 9: Overall ESG score

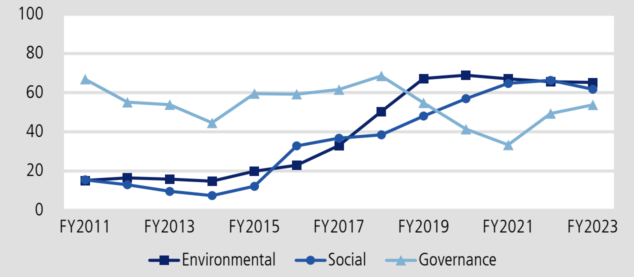
ESG score (LHS); YoY change (RHS)



Source: Refinitiv; Company data

Figure 10: ESG scores

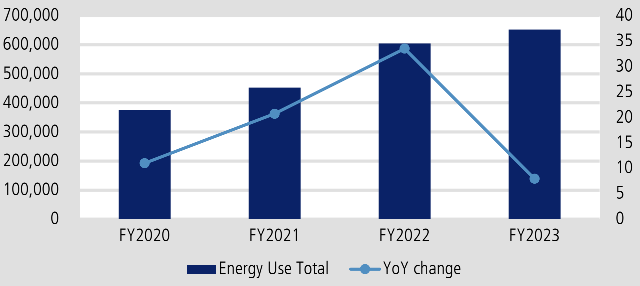
ESG score



Source: Refinitiv; Company data

Figure 11: Energy use

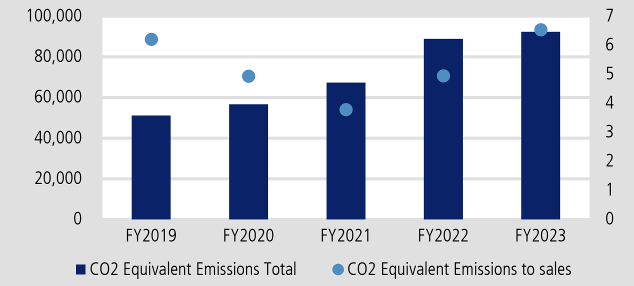
Energy use, gigajoules (LHS); YoY change, percent (RHS)



Source: Refinitiv; Company data

Figure 12: CO2 equivalent emissions

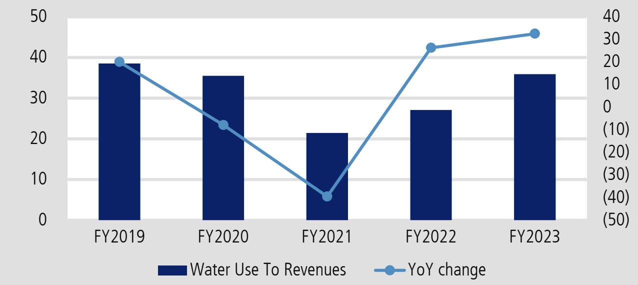
CO2 equivalent emissions, metric tons (LHS); emissions to revenue, metric tons per US$mn (RHS)



Source: Refinitiv; Company data

Figure 13: Water use to revenue

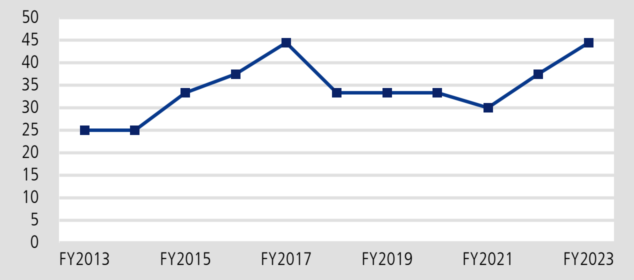
Water use to revenue, cubic meters/ US$mn (LHS); YoY change, percent (RHS)



Source: Refinitiv; Company data

Figure 14: Independent board members

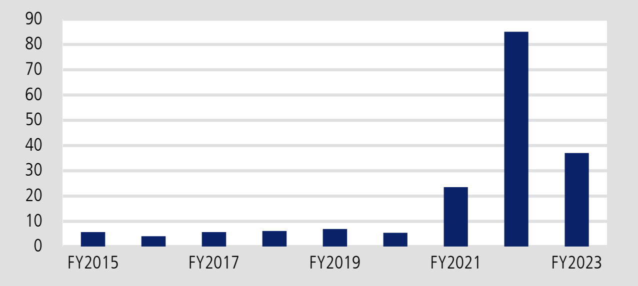
Independent Board Members, percent



Source: Refinitiv; Company data

Figure 15: Employee training

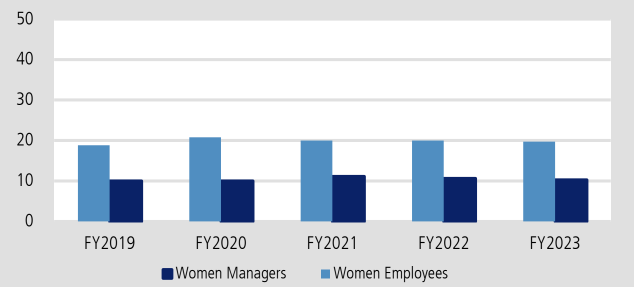
Average annual training hours per employee, annual hours/ employee



Source: Refinitiv; Company data

Figure 16: Gender diversification

Women managers and women employees, percent



Source: Refinitiv; Company data

ESG chart definition

Item	Definition	Remarks
Energy use	Total direct and indirect energy consumption in gigajoules. - 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	Total primary renewable energy purchased in gigajoules. - 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	Direct CO2 and CO2 equivalent emissions in metric tons. - 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	Direct CO2 and CO2 equivalent emissions (metric tons) to sales (NT$mn) - 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	Total amount of waste produced in metric tons. - 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	The waste recycling ratio as reported by the company. - 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	Total water withdrawal in cubic meters. - 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	Total amount of environmental expenditures. - 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	Percentage of employee turnover. - 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	Percentage of women managers. - 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	Percentage of women employees. - 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	Total training hours performed by all employees. - 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-26A	Jun-26A	Sep-26F	Dec-26F	Mar-27F	Jun-27F	Sep-27F	Dec-27F	Dec-26F	Dec-27F	Dec-28F
Income statement (NT$mn)											
Revenue	**149,151**	**152,183**	**159,811**	**250,232**	**274,075**	**302,545**	**321,452**	**351,038**	**711,377**	**1,249,111**	**2,381,489**
Cost of goods sold	(80,095)	(81,875)	(85,762)	(135,593)	(150,185)	(166,086)	(178,136)	(194,482)	(383,324)	(688,889)	(1,333,294)
Gross profit	**69,055**	**70,308**	**74,050**	**114,640**	**123,890**	**136,459**	**143,316**	**156,556**	**328,053**	**560,222**	**1,048,194**
Operating expenses	(46,165)	(47,440)	(48,742)	(74,569)	(79,482)	(87,738)	(90,007)	(98,291)	(216,916)	(355,517)	(594,229)
Operating profit	**22,891**	**22,868**	**25,307**	**40,071**	**44,408**	**48,721**	**53,310**	**58,266**	**111,137**	**204,705**	**453,965**
Depreciation of fixed assets	(3,349)	(3,569)	(3,563)	(3,772)	(4,445)	(4,445)	(4,445)	(4,445)	(14,252)	(17,778)	(23,741)
Amortisation of intangible assets	(2,652)	(3,271)	(3,434)	(4,377)	(2,986)	(2,986)	(2,986)	(2,986)	(13,734)	(11,945)	(14,119)
EBITDA	**28,892**	**29,708**	**32,304**	**48,219**	**51,839**	**56,152**	**60,741**	**65,696**	**139,123**	**234,428**	**491,825**
Interest income	2,396	2,562	3,152	2,922	3,252	3,096	3,685	3,730	11,262	13,763	19,573
Investment income	759	2,258	800	800	900	900	900	900	3,159	3,600	3,600
Other non-op income	189	190	500	500	500	500	500	500	3,663	2,000	2,000
Non-operating income	**3,345**	**5,010**	**4,452**	**4,222**	**4,652**	**4,496**	**5,085**	**5,130**	**18,084**	**19,363**	**25,173**
Interest expense	(86)	(101)	(102)	(102)	(102)	(102)	(102)	(102)	(391)	(407)	(407)
Investment loss	-	-	-	-	-	-	-	-	-	-	-
Other non-op expenses	870	185	-	-	-	-	-	-	-	-	-
Non-operating expenses	**784**	**84**	**(102)**	**(102)**	**(102)**	**(102)**	**(102)**	**(102)**	**(391)**	**(407)**	**(407)**
Pre-tax profit	**27,019**	**27,962**	**29,657**	**44,191**	**48,958**	**53,115**	**58,293**	**63,294**	**128,829**	**223,660**	**478,731**
Current taxation	(2,643)	(3,357)	(3,559)	(4,861)	(5,875)	(6,905)	(6,995)	(6,962)	(14,420)	(26,737)	(56,879)
Minorities	(222)	(270)	(150)	(150)	(150)	(150)	(150)	(150)	(792)	(600)	(600)
Normalised net profit	**24,154**	**24,335**	**25,948**	**39,180**	**42,933**	**46,060**	**51,148**	**56,182**	**113,617**	**196,323**	**421,252**
Extraordinary items	(0)	(0)	-	-	-	-	-	-	-	-	-
Net profit	**24,154**	**24,335**	**25,948**	**39,180**	**42,933**	**46,060**	**51,148**	**56,182**	**113,617**	**196,323**	**421,252**
EPS (NT$)	15.17	15.28	16.29	24.60	26.96	28.92	32.11	35.27	71.34	123.26	264.49
Margins (%)											
Gross profit margin	46.3	46.2	46.3	45.8	45.2	45.1	44.6	44.6	46.1	44.8	44.0
Operating margin	15.3	15.0	15.8	16.0	16.2	16.1	16.6	16.6	15.6	16.4	19.1
EBITDA margin	19.4	19.5	20.2	19.3	18.9	18.6	18.9	18.7	19.6	18.8	20.7
Pretax profit margin	18.1	18.4	18.6	17.7	17.9	17.6	18.1	18.0	18.1	17.9	20.1
Net profit margin	16.2	16.0	16.2	15.7	15.7	15.2	15.9	16.0	16.0	15.7	17.7
Sequential growth (%)											
Revenue growth	(0.7)	2.0	5.0	56.6	9.5	10.4	6.2	9.2			
Gross profit growth	(0.3)	1.8	5.3	54.8	8.1	10.1	5.0	9.2			
Operating profit growth	4.8	(0.1)	10.7	58.3	10.8	9.7	9.4	9.3			
EBITDA growth	4.4	2.8	8.7	49.3	7.5	8.3	8.2	8.2			
Pretax profit growth	(0.5)	3.5	6.1	49.0	10.8	8.5	9.7	8.6			
Net profit growth	5.4	0.7	6.6	51.0	9.6	7.3	11.0	9.8			
YoY growth (%)											
Revenue growth	(2.7)	1.2	12.5	66.6	83.8	98.8	101.1	40.3	19.4	75.6	90.7
Gross profit growth	(6.4)	(4.8)	12.0	65.5	79.4	94.1	93.5	36.6	15.9	70.8	87.1
Operating profit growth	(23.8)	(22.2)	14.1	83.4	94.0	113.1	110.7	45.4	7.4	84.2	121.8
EBITDA growth	(19.0)	(15.5)	15.5	74.2	79.4	89.0	88.0	36.2	10.0	68.5	109.8
Pretax profit growth	(21.8)	(15.8)	(1.0)	62.8	81.2	90.0	96.6	43.2	3.2	73.6	114.0
Net profit growth	(17.6)	(12.6)	2.9	70.9	77.7	89.3	97.1	43.4	7.9	72.8	114.6

Source: Company data, KGI Research estimates

Balance sheet

NT$mn	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Total assets	**697,868**	**743,785**	**889,785**	**1,104,907**	**1,869,805**
Current assets	**351,025**	**397,456**	**517,975**	**702,787**	**1,365,846**
Cash & ST securities	219,624	247,709	208,974	264,754	345,078
Inventory	58,414	67,235	144,692	207,534	486,840
Accounts receivable	44,713	62,121	132,955	186,516	432,045
Other current assets	28,274	20,392	31,353	43,983	101,883
Non-current assets	**346,842**	**346,329**	**371,810**	**402,120**	**503,959**
LT investments	172,525	171,501	176,413	178,413	180,413
Net fixed assets	56,917	60,427	68,245	86,146	130,427
Other assets	117,400	114,400	127,152	137,562	193,119
Total liabilities	**292,812**	**334,590**	**490,837**	**638,283**	**1,057,850**
Current liabilities	**266,902**	**303,350**	**451,046**	**589,248**	**966,441**
Accounts payable	40,777	48,710	83,899	120,337	282,291
Interest bearing ST liabilities	8,919	4,481	19,981	19,981	19,981
Other current liabilities	217,207	250,159	347,167	448,931	664,170
Non-current liabilities	**25,910**	**31,240**	**39,791**	**49,035**	**91,409**
Long-term debt	2,681	6,795	6,855	6,855	6,855
Other L-T liabilities	14,853	16,279	24,770	34,014	76,388
Total equity	**405,055**	**409,195**	**398,948**	**466,624**	**811,954**
Share capital	16,017	16,039	16,039	16,039	16,039
Retained earnings reserve	210,599	219,519	339,168	406,244	750,974
Minority interests	8,428	8,594	8,737	9,337	9,937
Preferred shareholders funds	-	-	-	-	-

Key ratios

	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Growth					
Revenue growth	22.4%	12.3%	19.4%	75.6%	90.7%
Operating profit growth	42.6%	1.0%	7.4%	84.2%	121.8%
EBITDA growth	37.1%	2.5%	10.0%	68.5%	109.8%
Net profit growth	38.2%	(1.0%)	7.9%	72.8%	114.6%
EPS growth	38.0%	(1.1%)	7.8%	72.8%	114.6%
Profitability					
Gross profit margin	49.6%	47.5%	46.1%	44.8%	44.0%
Operating margin	19.3%	17.4%	15.6%	16.4%	19.1%
EBITDA margin	23.2%	21.2%	19.6%	18.8%	20.7%
Net profit margin	20.1%	17.7%	16.0%	15.7%	17.7%
Return on average assets	16.0%	14.6%	13.9%	19.7%	28.3%
Return on average equity	27.8%	26.4%	28.7%	46.3%	66.9%
Stability					
Gross debt to equity	2.9%	2.8%	6.7%	5.8%	3.3%
Net debt to equity	Net cash	Net cash	Net cash	Net cash	Net cash
Interest coverage (x)	264.7	192.5	330.3	550.2	1,176.6
Interest & ST debt coverage (x)	0.9	1.0	0.9	0.9	1.0
Cash flow interest coverage(x)	344.3	249.7	150.6	487.2	819.8
Cash flow/int. & ST debt (x)	16.7	31.7	2.9	9.7	16.4
Current ratio (x)	1.3	1.3	1.1	1.2	1.4
Quick ratio (x)	1.1	1.1	0.8	0.8	0.9
Net debt (NT$mn)	(192,095)	(224,014)	(173,373)	(231,153)	(313,477)
Per share data					
EPS (NT$)	66.92	66.16	71.34	123.26	264.49
CFPS (NT$)	98.17	102.26	36.99	124.56	209.61
BVPS (NT$)	247.63	249.76	243.29	285.11	500.04
Adj BVPS (NT$)	249.50	251.64	245.00	287.12	503.56
SPS (NT$)	333.77	374.36	446.65	784.28	1,495.26
EBITDA/share (NT$)	77.59	79.43	87.35	147.19	308.80
Cash DPS (NT$)	54.00	53.50	67.50	71.78	113.84
Activity					
Sales / avg assets	0.80	0.83	0.87	1.25	1.60
Days receivable	30.8	38.0	68.2	54.5	66.4
Days inventory	80.0	78.4	137.8	110.0	133.6
Days payable	55.9	56.8	79.9	63.8	77.5
Cash cycle	55.0	59.7	126.1	100.7	122.5

Source: Company data, KGI Research estimates

Profit & loss

NT$mn	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Revenue	**530,586**	**595,966**	**711,377**	**1,249,111**	**2,381,489**
Cost of goods sold	(267,200)	(312,886)	(383,324)	(688,889)	(1,333,294)
Gross profit	**263,386**	**283,080**	**328,053**	**560,222**	**1,048,194**
Operating expenses	(160,974)	(179,610)	(216,916)	(355,517)	(594,229)
Operating profit	**102,412**	**103,470**	**111,137**	**204,705**	**453,965**
Non-operating income	**15,600**	**17,549**	**18,084**	**19,363**	**25,173**
Interest income	11,150	10,819	11,262	13,763	19,573
Investment income	3,938	5,994	3,159	3,600	3,600
Other non-op income	512	736	3,663	2,000	2,000
Non-operating expenses	**1,506**	**3,869**	**(391)**	**(407)**	**(407)**
Interest expense	(453)	(652)	(391)	(407)	(407)
Investment loss	-	-	-	-	-
Other non-op expenses	1,960	4,521	-	-	-
Pre-tax profit	**119,519**	**124,888**	**128,829**	**223,660**	**478,731**
Current taxation	(12,378)	(18,770)	(14,420)	(26,737)	(56,879)
Minorities	(754)	(798)	(792)	(600)	(600)
Extraordinary items	-	(0)	(0)	-	-
Net profit	**106,387**	**105,319**	**113,617**	**196,323**	**421,252**
EBITDA	**123,348**	**126,444**	**139,123**	**234,428**	**491,825**
EPS (NT$)	66.92	66.16	71.34	123.26	264.49

Cash flow

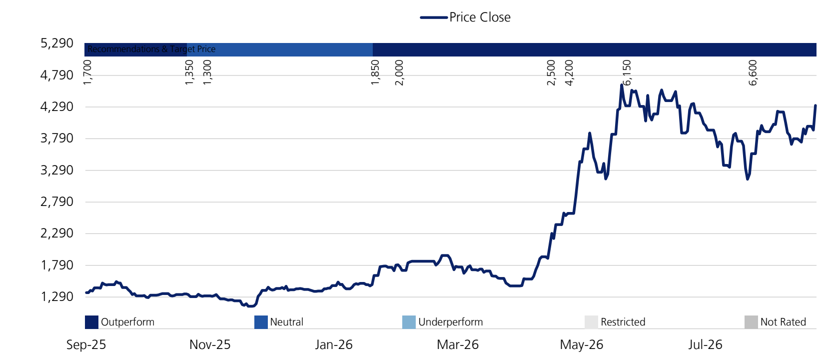
NT$mn	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Operations cash flow	**156,055**	**162,793**	**58,906**	**198,384**	**333,841**
Net profit	106,387	105,319	113,617	196,323	421,252
Depreciation & amortisation	20,936	22,974	27,986	29,723	37,860
Decrease in working capital	(1,001)	(19,508)	(113,103)	(79,964)	(362,881)
Other operating cash flow	29,733	54,007	30,406	52,303	237,610
Investing cash flow	**(35,928)**	**(37,754)**	**(25,663)**	**(47,927)**	**(91,375)**
Sale of ST investment	(14,697)	(9,762)	3,306	2,000	2,000
New investments	26	(887)	(1,707)	(2,000)	(2,000)
Capital expenditure	(13,787)	(15,059)	(20,319)	(35,678)	(68,023)
Others investing cashflow	(7,471)	(12,046)	(6,943)	(12,249)	(23,353)
Free cash flow	**89,578**	**66,687**	**(20,473)**	**82,369**	**(7,134)**
Financing cash flow	**(90,119)**	**(87,675)**	**(70,433)**	**(92,678)**	**(160,141)**
Increase in short term debt	(1,260)	-	15,500	-	-
Increase in long term loans	-	60	60	-	-
New ordinary shares issued	-	-	-	-	-
Ordinary dividends paid	(87,551)	(86,070)	(85,583)	(92,678)	(160,141)
Other financing cashflow	(1,309)	(1,665)	(410)	-	-
Forex effects	**8,292**	**(5,770)**	**2,110**	**-**	**-**
Total cash generated	**38,300**	**31,594**	**(35,081)**	**57,779**	**82,325**

ROIC

	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
1 - COGS/revenue					
- Operating exp./revenue	30.3%	30.1%	30.5%	28.5%	25.0%
= Operating margin	**19.3%**	**17.4%**	**15.6%**	**16.4%**	**19.1%**
1 / (Working capital/revenue	(0.2)	(0.3)	(0.2)	(0.1)	0.0
+ Net PPE/revenue	0.1	0.1	0.1	0.1	0.1
+ Other assets/revenue)	0.0	0.0	0.0	0.0	0.0
= Capital turnover	**(9.2)**	**(7.2)**	**(24.8)**	**(126.2)**	**8.3**
Operating margin	19.3%	17.4%	15.6%	16.4%	19.1%
x Capital turnover	(9.2)	(7.2)	(24.8)	(126.2)	8.3
x (1 - tax rate)	89.6%	85.0%	88.8%	88.0%	88.1%
= After-tax ROIC	**(158.8%)**	**(106.2%)**	**(343.5%)**	**(1820.8%)**	**139.7%**

Source: Company data, KGI Research estimates

MediaTek – Recommendation & target price history



Date	Rating	Target	Price
2026-07-31	Outperform	6,600	3,555
2026-07-23	Outperform	6,150	3,875
2026-05-29	Outperform	6,150	4,310
2026-04-30	Outperform	4,200	2,610
2026-04-21	Outperform	2,500	2,090
2026-02-04	Outperform	2,000	1,800
2026-01-23	Outperform	1,850	1,630
2025-10-31	Neutral	1,300	1,310
2025-10-22	Neutral	1,350	1,330
2025-07-30	Outperform	1,700	1,380

Source: TEJ, KGI Research

KGI Locations

China	Shanghai	Room 1507, Park Place, 1601 Nanjing West Road, Jingan District, Shanghai, PRC 200040
Taiwan	Taipei	700 Mingshui Road, Taipei, Taiwan Telephone 886.2.2181.8888 · Facsimile 886.2.8501.1691
Hong Kong		41/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong Telephone 852.2878.6888 Facsimile 852.2878.6800
Thailand	Bangkok	8th - 11th floors, Asia Centre Building 173 South Sathorn Road, Bangkok 10120, Thailand Telephone 66.2658.8888 Facsimile 66.2658.8014
Singapore		4 Shenton Way #13-01 SGX Centre 2 Singapore 068807 Telephone 65.6202.1188 Facsimile 65.6534.4826
Indonesia		Sona Topas Tower Fl.11 Jl. Jend. Sudirman kav.26 JakartaSelatan 12920 Indonesia Telephone 62 21 250 6337

Disclaimer