

# MediaTek (2454.TW/2454 TT)

## Concerns regarding AI ASIC delays may be overblown

FTSE4Good TIP Taiwan ESG Index stock

### Outperform · Maintained

Price as of July 30 (NT\$)	1,380
12M target price (NT\$)	1,700
Previous target price (NT\$)	1,650
Revised up (%)	3.0
Upside (%)	23.2

#### Key message

- 2Q25 gross margin a beat, with operating margin & EPS in line.
- 3Q25F sales to fall QoQ.
- 2026F AI ASIC sales target unchanged; 2027F sales growth to accelerate.

#### Trading data

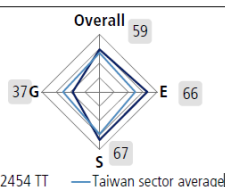
Mkt cap (NT\$/US\$mn)	2,210 / 73,985
Outstanding shares (mn)	1,602
Foreign ownership (mn)	953
3M avg. daily trading (mn)	5.17
52-week trading range (NT\$)	991 –1,560

Performance	3M	6M	12M
Absolute (%)	2.2	-5.8	10
Relative (%)	-13.7	-5.5	4.4

#### Quarterly EPS

NT\$	1Q	2Q	3Q	4Q
2024	19.85A	16.19A	15.94A	14.96A
2025	18.43A	17.50F	16.23F	16.48F
2026	17.75F	19.82F	21.27F	24.70F

#### ESG score card



Source: Refinitiv

#### Event

MediaTek's 2Q25 results and 3Q25F guidance were in line. MediaTek held its AI ASIC sales target (US\$1bn) for 2026F unchanged, which eases our concerns about tape out delays.

#### Impact

**2Q25 gross margin a beat, with operating margin & EPS in line.** Despite NT dollar appreciation of 6% in 2Q25, MediaTek reported gross margin of 49.1%, exceeding guidance and our estimates, due to one-off long-term agreement (LTA) income contributing 1.9ppts. However, due to: (1) higher R&D expenses; (2) lower non-op income; and (3) a higher tax rate, operating margin and EPS were in line with our forecast and consensus. Among the company's segments, smart-edge sales grew by 14% QoQ on strong demand for AI and Wi-Fi 7, and PMIC sales were up by 24% QoQ, due to pull-in demand and market share gains.

**3Q25F sales to fall QoQ.** MediaTek guides 3Q25F sales of NT\$130.1-140bn, down 7-13% QoQ, or down 1-8% QoQ in US dollar terms, in line with our expectations, and gross margin of 47% (±1.5%). MediaTek expects flagship SoC sales growth from 3Q25F, due to the D9500 ramp up, but mainstream product sales to be soft. Both smart-edge and PMIC sales will decline QoQ, due to pull-in demand in 1H25. MediaTek guides 2025F flagship SoC sales to exceed US\$3bn, up 40% YoY, versus our estimate of US\$3.3bn, connectivity sales to reach US\$3bn, and computing solution sales, including the GB10, to hit US\$1bn, up 80% YoY. MediaTek also guides full-year sales to grow by a mid-teens percentage YoY, versus our forecast of 17%. However, a strong NT dollar will offset some gains.

**2026F AI ASIC sales target unchanged; 2027F sales growth to accelerate.** Management reiterates a US\$1bn AI ASIC sales target. Despite some hiccups in the tape-out schedule, AI ASIC sales should begin from late 3Q26F. Mediatek has also engaged in more CSP projects, and management is positive on AI ASIC growth in 2027F. We expect MediaTek to see progress in Meta's (US) ASIC (MTIAv3.5) and Microsoft's (US) SerDes soon, and revenue recognition could begin from 2Q27F. MediaTek's first N2 product (D9600) will tape out in September, at pace with competitors. We expect the firm to gain market share 2025-26F, with the caveat that smartphone OEMs may find it difficult to pass production costs on to clients.

#### Valuation & Action

Despite delays in Google's (US) v7e tape out, MediaTek's confidence in its US\$1bn sales target eases our concerns about lower-than-expected AI ASIC sales in 2026F. We are positive on MediaTek in view of market share gains for flagship SoC and additional AI ASIC projects beyond 2026F. We maintain Outperform, and raise our target price to NT\$1,700 due to higher earnings, 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-24A	Dec-25F	Dec-26F
Revenue (NT\$mn)	548,796	433,446	530,586	585,883	664,537
Gross profit (NT\$mn)	270,904	207,367	263,386	280,372	312,394
Operating profit (NT\$mn)	126,788	71,800	102,412	111,690	133,588
Net profit (NT\$mn)	118,141	76,979	106,387	109,240	132,959
EPS (NT\$)	74.59	48.51	66.92	68.64	83.54
Cash DPS (NT\$)	76.01	55.01	54.00	68.00	69.25
EPS growth (%)	5.7	(35.0)	38.0	2.6	21.7
PE (x)	18.5	28.4	20.6	20.1	16.5
PB (x)	5.0	6.0	5.6	5.7	5.2
EV/EBITDA (x)	10.1	13.0	8.9	8.0	7.1
Net debt to equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Dividend yield (%)	5.5	4.0	3.9	4.9	5.0
Return on average equity (%)	27.1	19.0	27.8	27.9	32.8

Source: Company data; KGI Research estimates

**Figure 1: Breakdown of 2Q25 results & 3Q25 forecast revisions vs. consensus**

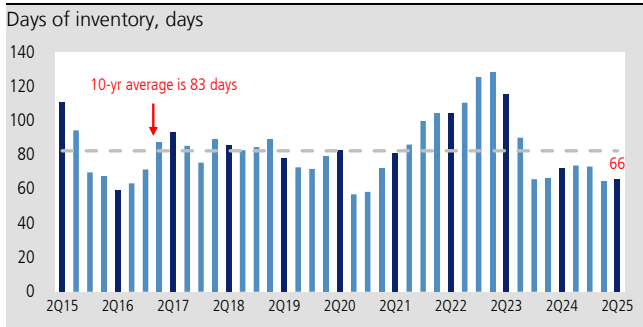
NT\$m	2Q25							3Q25F						
	Actual	KGI forecast	Diff. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Revenue	150,369	150,369	(0.0)	(1.9)	18.1	151,208	(0.6)	139,924	148,243	(5.6)	(6.9)	6.2	147,667	(5.2)
Gross profit	73,878	72,047	2.5	0.1	18.9	72,285	2.2	65,826	69,679	(5.5)	(10.9)	2.3	70,674	(6.9)
Operating profit	29,379	28,891	1.7	(2.2)	17.7	28,396	3.5	25,948	27,430	(5.4)	(11.7)	8.7	27,703	(6.3)
Net profit	27,848	27,697	0.5	(5.0)	8.3	28,022	(0.6)	25,835	27,133	(4.8)	(7.2)	1.9	27,284	(5.3)
EPS (NT\$)	17.50	17.40	0.5	(5.0)	8.1	17.68	(1.0)	16.23	17.05	(4.8)	(7.2)	1.8	17.11	(5.1)
Gross margin (%)	49.1	47.9	1.2 ppts	1.0 ppts	0.3 ppts	47.8	1.3 ppts	47.0	47.0	0.0 ppts	(2.1)ppts	(1.8)ppts	47.9	(0.8)ppts
OP margin (%)	19.5	19.2	0.3 ppts	(0.1)ppts	(0.1)ppts	18.8	0.8 ppts	18.5	18.5	0.0 ppts	(1.0)ppts	0.4 ppts	18.8	(0.2)ppts
Net margin (%)	18.5	18.4	0.1 ppts	(0.6)ppts	(1.7)ppts	18.5	(0.0)ppts	18.5	18.3	0.2 ppts	(0.1)ppts	(0.8)ppts	18.5	(0.0)ppts

Source: Company data; Bloomberg; KGI Research estimates

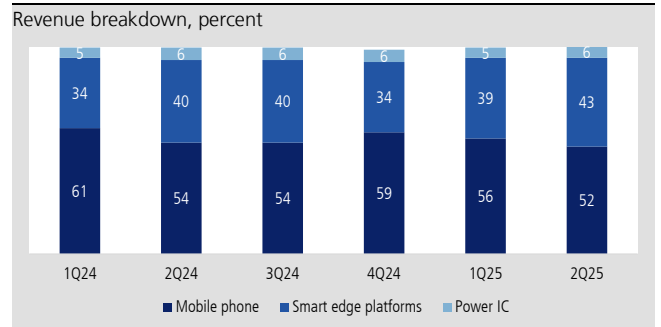
**Figure 2: Breakdown of 2025-26 forecast revisions vs. consensus**

NT\$m	2025F						2026F					
	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Revenue	585,883	599,384	(2.3)	10.4	597,697	(2.0)	664,537	651,859	1.9	13.4	674,320	(1.5)
Gross profit	280,372	284,129	(1.3)	6.4	286,350	(2.1)	312,394	304,456	2.6	11.4	321,826	(2.9)
Operating profit	111,690	112,942	(1.1)	9.1	113,490	(1.6)	133,588	128,959	3.6	19.6	132,418	0.9
Net profit	109,240	110,618	(1.2)	2.7	111,658	(2.2)	132,959	128,841	3.2	21.7	129,730	2.5
EPS (NT\$)	68.64	69.50	(1.2)	2.6	70.42	(2.5)	83.54	80.95	3.2	21.7	81.60	2.4
Gross margin (%)	47.9	47.4	0.5 ppts	(1.8)ppts	47.9	(0.1)ppts	47.0	46.7	0.3 ppts	(0.8)ppts	47.7	(0.7)ppts
OP margin (%)	19.1	18.8	0.2 ppts	(0.2)ppts	19.0	0.1 ppts	20.1	19.8	0.3 ppts	1.0 ppts	19.6	0.5 ppts
Net margin (%)	18.6	18.5	0.2 ppts	(1.4)ppts	18.7	(0.0)ppts	20.0	19.8	0.2 ppts	1.4 ppts	19.2	0.8 ppts

Source: Bloomberg; KGI Research estimates

**Figure 3: Inventory levels**


Source: TEJ; KGI Research

**Figure 4: Revenue breakdown by product line**


Source: Company data; KGI Research

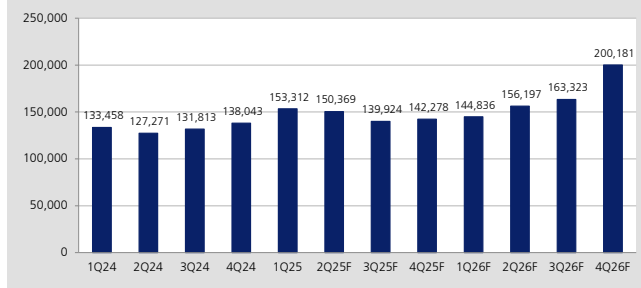
**Figure 5: Company profile**

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 7: Sales**

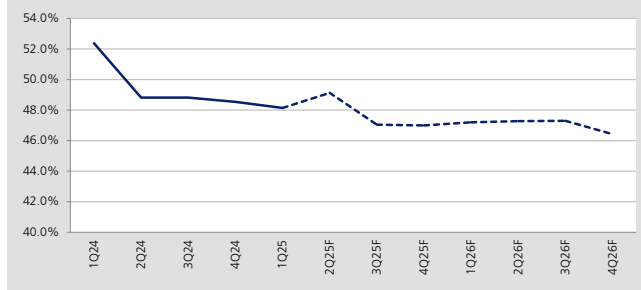
Sales, NT\$m



Source: KGI Research

**Figure 9: Gross margin**

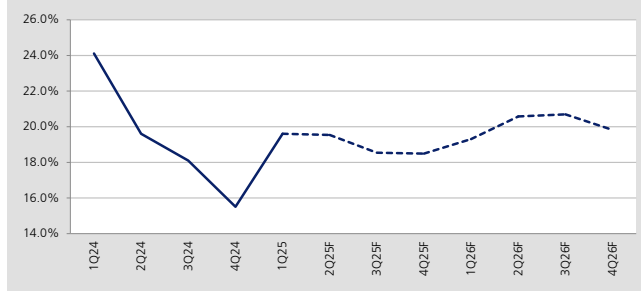
Gross margin, percent



Source: KGI Research

**Figure 11: Operating margin**

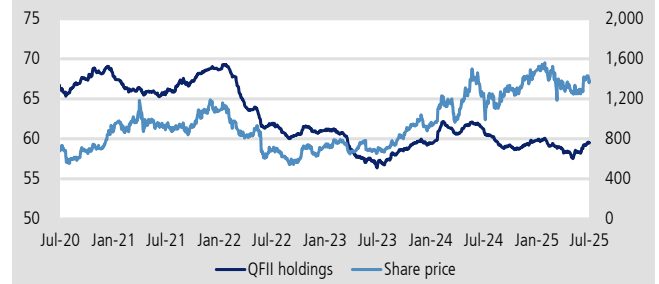
Operating margin, percent



Source: KGI Research

**Figure 6: MediaTek QFIL holdings vs. share price**

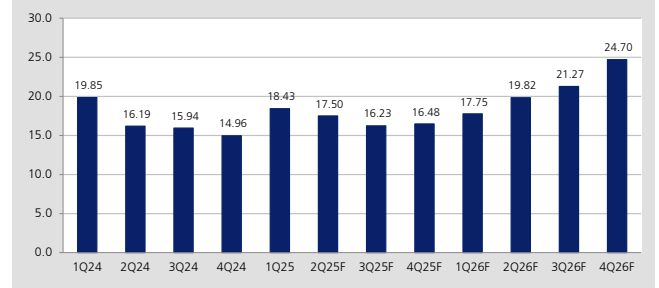
QFIL holdings, percent (LHS); share price, NT\$ (RHS)



Source: TEJ; KGI Research

**Figure 8: EPS**

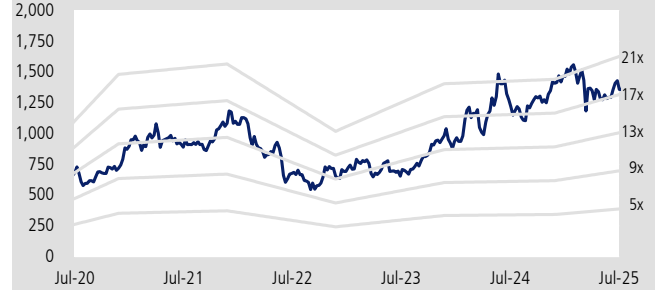
EPS, NT\$



Source: KGI Research

**Figure 10: 12M forward PE band**

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



Source: TEJ; KGI Research estimates

**Figure 12: 12M forward PB band**

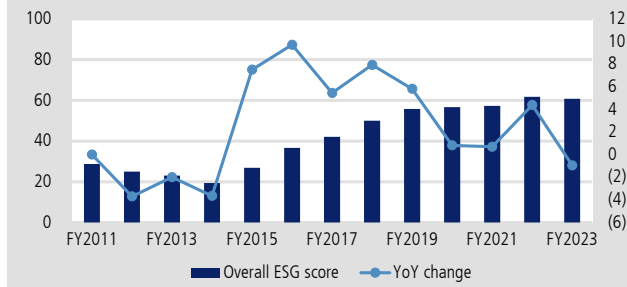
Share price, NT\$ (LHS); PB ratio, x (RHS)



Source: TEJ; KGI Research estimates

**Figure 13: Overall ESG score**

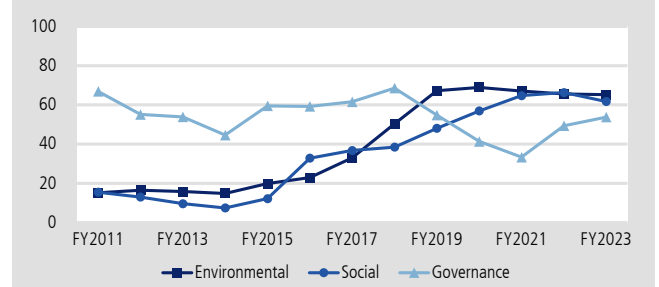
ESG score (LHS); YoY change (RHS)



Source: Refinitiv; Company data

**Figure 14: ESG scores**

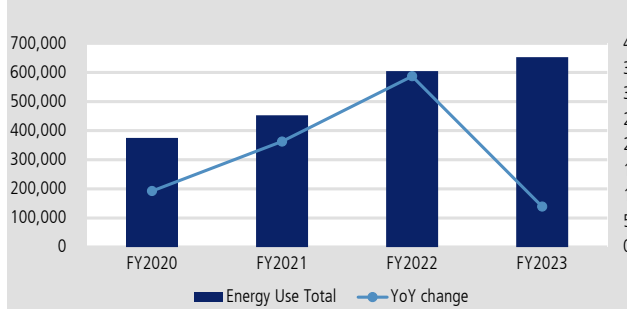
ESG score



Source: Refinitiv; Company data

**Figure 15: Energy use**

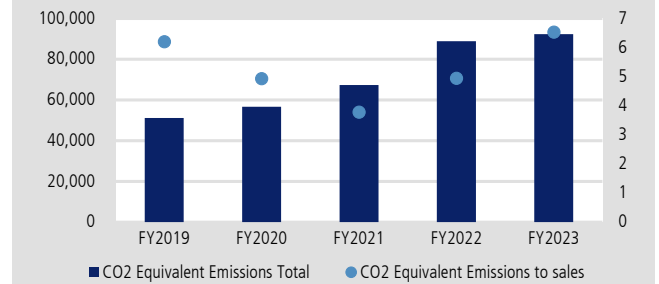
Energy use, gigajoules (LHS); YoY change, percent (RHS)



Source: Refinitiv; Company data

**Figure 16: CO2 equivalent emissions**

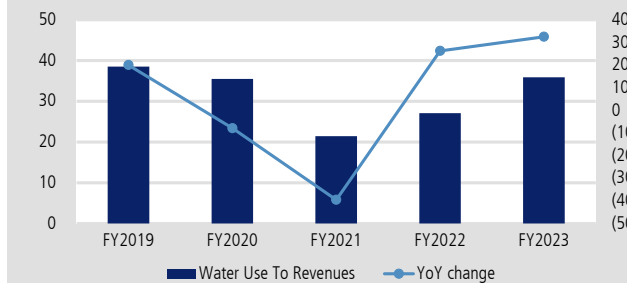
CO2 equivalent emissions, metric tons (LHS); emissions to revenue, metric tons per US\$m (RHS)



Source: Refinitiv; Company data

**Figure 17: Water use to revenue**

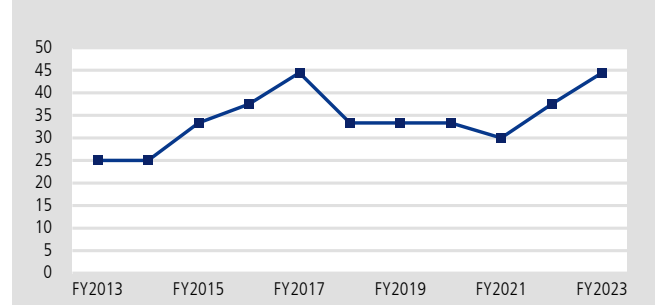
Water use to revenue, cubic meters/ US\$m (LHS); YoY change, percent (RHS)



Source: Refinitiv; Company data

**Figure 18: Independent board members**

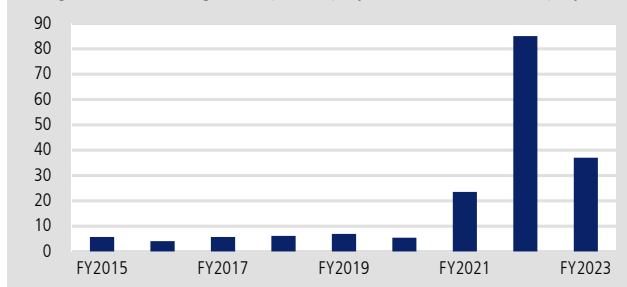
Independent Board Members, percent



Source: Refinitiv; Company data

**Figure 19: Employee training**

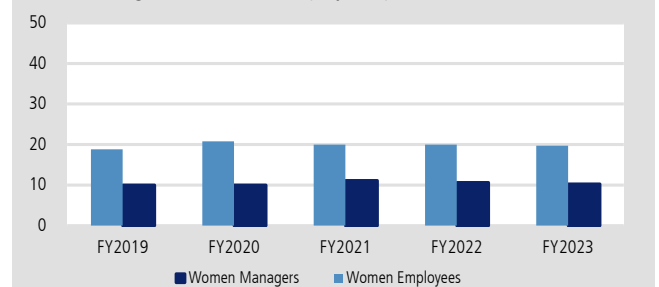
Average annual training hours per employee, annual hours/ employee



Source: Refinitiv; Company data

**Figure 20: 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"> <li>- the total amount of energy that has been consumed within the boundaries of the company's operations</li> <li>- total energy use = total direct energy consumption + indirect energy consumption</li> <li>- purchased energy and produced energy are included in total energy use</li> <li>- 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)</li> <li>- for utilities, raw materials such as coal, gas or nuclear used in the production of energy are not considered under 'total energy use'</li> </ul>	
Renewable energy purchased	<p>Total primary renewable energy purchased in gigajoules.</p> <ul style="list-style-type: none"> <li>- 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</li> <li>- if there is no evidence that renewable energy is produced by the company, then we consider the reported energy figure as renewable energy purchased</li> </ul>	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"> <li>- direct emissions from sources that are owned or controlled by the company (scope 1 emissions)</li> <li>- following gases are relevant: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorinated compound (PFCS), sulfur hexafluoride (SF6), nitrogen trifluoride (NF3)</li> </ul>	
CO2 equivalent emissions to sales	<p>Direct CO2 and CO2 equivalent emissions (metric tons) to sales (NT\$m)</p> <ul style="list-style-type: none"> <li>- direct emissions from sources that are owned or controlled by the company (scope 1 emissions)</li> <li>- following gases are relevant: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorinated compound (PFCS), sulfur hexafluoride (SF6), nitrogen trifluoride (NF3)</li> </ul>	
Waste total	<p>Total amount of waste produced in metric tons.</p> <ul style="list-style-type: none"> <li>- total waste = non-hazardous waste + hazardous waste</li> <li>- 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</li> <li>- for sectors like mining, oil &amp; gas, waste generation like tailings, waste rock, coal and fly ash are also considered</li> </ul>	
Waste recycling ratio	<p>The waste recycling ratio as reported by the company.</p> <ul style="list-style-type: none"> <li>- waste recycling ratio = waste recycled/total waste*100</li> <li>- waste to energy or waste incinerated with energy recovery are considered as waste recycled</li> <li>- waste recovered via composting is considered as recycled waste</li> </ul>	
Water withdrawal total	<p>Total water withdrawal in cubic meters.</p> <ul style="list-style-type: none"> <li>- 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</li> <li>- different sources of water like wells, town/utility/municipal water, river water, and surface water are considered</li> </ul>	
Environmental expenditures	<p>Total amount of environmental expenditures.</p> <ul style="list-style-type: none"> <li>- all environmental investment &amp; expenditures for environmental protection or to prevent, reduce, control environmental aspects, impacts, and hazards. It also includes disposal, treatment, sanitation, and clean-up expenditures</li> </ul>	
Turnover of employees	<p>Percentage of employee turnover.</p> <ul style="list-style-type: none"> <li>- 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</li> <li>- employees turnover rate = (employees leaving/average number of employees)*100</li> <li>- where the average number of employees = (employees at the end of the current year + employees at the end of the previous year)/2</li> <li>- employees at the end of the current fiscal year = employees at the end of the previous fiscal year + new employees - employees leaving</li> </ul>	Has disclosed the retention rate in 2019-20, and its HR has launched incentive program with better compensation to keep its talents.
Women managers	<p>Percentage of women managers.</p> <ul style="list-style-type: none"> <li>- percentage of women managers among total managers of the company</li> <li>- 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</li> <li>- percentage of women managers = number of women managers/total number of managers*100</li> </ul>	
Women employees	<p>Percentage of women employees.</p> <ul style="list-style-type: none"> <li>- percentage of women employees to the total number of employees of the company</li> <li>- percentage of women employees = number of women/total number of employees*100</li> </ul>	
Training hours total	<p>Total training hours performed by all employees.</p> <ul style="list-style-type: none"> <li>- consider only employee training hours</li> <li>- includes all types of training given to general employees (such as health &amp; safety, environmental, emergency response, skills &amp; career development training)</li> <li>- if the value is given in days, multiply by 8, assuming that 1 day = 8 hours worked</li> </ul>	
Training hours per employee	Training hours per employee per year	

Source: Refinitiv; Company data; KGI Research

# Income statement

	Quarterly								Annually		
	Mar-25A	Jun-25F	Sep-25F	Dec-25F	Mar-26F	Jun-26F	Sep-26F	Dec-26F	Dec-24A	Dec-25F	Dec-26F
<b>Income statement (NT\$m)</b>											
<b>Revenue</b>	<b>153,312</b>	<b>150,369</b>	<b>139,924</b>	<b>142,278</b>	<b>144,836</b>	<b>156,197</b>	<b>163,323</b>	<b>200,181</b>	<b>530,586</b>	<b>585,883</b>	<b>664,537</b>
Cost of goods sold	(79,503)	(76,491)	(74,098)	(75,419)	(76,468)	(82,349)	(86,081)	(107,245)	(267,200)	(305,510)	(352,144)
<b>Gross profit</b>	<b>73,809</b>	<b>73,878</b>	<b>65,826</b>	<b>66,859</b>	<b>68,368</b>	<b>73,848</b>	<b>77,242</b>	<b>92,936</b>	<b>263,386</b>	<b>280,372</b>	<b>312,394</b>
Operating expenses	(43,756)	(44,499)	(39,878)	(40,549)	(40,409)	(41,705)	(43,444)	(53,248)	(160,974)	(168,683)	(178,806)
<b>Operating profit</b>	<b>30,053</b>	<b>29,379</b>	<b>25,948</b>	<b>26,310</b>	<b>27,958</b>	<b>32,144</b>	<b>33,798</b>	<b>39,688</b>	<b>102,412</b>	<b>111,690</b>	<b>133,588</b>
Depreciation of fixed assets	(3,322)	(3,472)	(3,472)	(3,622)	(3,890)	(3,890)	(3,890)	(3,890)	(12,560)	(13,889)	(15,559)
Amortisation of intangible assets	(2,293)	(1,946)	(1,946)	(1,599)	(1,004)	(1,004)	(1,004)	(1,004)	(8,376)	(7,783)	(4,016)
<b>EBITDA</b>	<b>35,668</b>	<b>34,797</b>	<b>31,366</b>	<b>31,531</b>	<b>32,852</b>	<b>37,037</b>	<b>38,692</b>	<b>44,581</b>	<b>123,348</b>	<b>133,362</b>	<b>153,162</b>
Interest income	2,840	2,740	3,174	3,017	3,414	3,280	3,733	3,540	11,150	11,770	13,967
Investment income	1,614	570	599	510	800	800	800	800	3,938	3,294	3,200
Other non-op income	113	732	-	-	300	400	500	500	512	974	1,700
<b>Non-operating income</b>	<b>4,566</b>	<b>4,042</b>	<b>3,774</b>	<b>3,527</b>	<b>4,514</b>	<b>4,480</b>	<b>5,033</b>	<b>4,840</b>	<b>15,600</b>	<b>16,038</b>	<b>18,867</b>
Interest expense	(196)	(193)	(193)	(193)	(193)	(193)	(193)	(193)	(453)	(776)	(774)
Investment loss	-	-	-	-	-	-	-	-	-	-	-
Other non-op expenses	129	-	-	-	-	-	-	-	1,960	-	-
<b>Non-operating expenses</b>	<b>(67)</b>	<b>(193)</b>	<b>(193)</b>	<b>(193)</b>	<b>(193)</b>	<b>(193)</b>	<b>(193)</b>	<b>(193)</b>	<b>1,506</b>	<b>(776)</b>	<b>(774)</b>
<b>Pre-tax profit</b>	<b>34,553</b>	<b>33,228</b>	<b>29,528</b>	<b>29,643</b>	<b>32,279</b>	<b>36,430</b>	<b>38,638</b>	<b>44,334</b>	<b>119,519</b>	<b>126,952</b>	<b>151,681</b>
Current taxation	(5,024)	(5,163)	(3,543)	(3,261)	(3,873)	(4,736)	(4,637)	(4,877)	(12,378)	(16,991)	(18,123)
Minorities	(204)	(216)	(150)	(150)	(150)	(150)	(150)	(150)	(754)	(720)	(600)
<b>Normalised net profit</b>	<b>29,325</b>	<b>27,848</b>	<b>25,835</b>	<b>26,233</b>	<b>28,256</b>	<b>31,544</b>	<b>33,851</b>	<b>39,307</b>	<b>106,387</b>	<b>109,240</b>	<b>132,959</b>
Extraordinary items	0	-	-	-	-	-	-	-	-	0	-
<b>Net profit</b>	<b>29,325</b>	<b>27,848</b>	<b>25,835</b>	<b>26,233</b>	<b>28,256</b>	<b>31,544</b>	<b>33,851</b>	<b>39,307</b>	<b>106,387</b>	<b>109,240</b>	<b>132,959</b>
EPS (NT\$)	18.43	17.50	16.23	16.48	17.75	19.82	21.27	24.70	66.92	68.64	83.54
<b>Margins (%)</b>											
Gross profit margin	48.1	49.1	47.0	47.0	47.2	47.3	47.3	46.4	49.6	47.9	47.0
Operating margin	19.6	19.5	18.5	18.5	19.3	20.6	20.7	19.8	19.3	19.1	20.1
EBITDA margin	23.3	23.1	22.4	22.2	22.7	23.7	23.7	22.3	23.2	22.8	23.0
Pretax profit margin	22.5	22.1	21.1	20.8	22.3	23.3	23.7	22.1	22.5	21.7	22.8
Net profit margin	19.1	18.5	18.5	18.4	19.5	20.2	20.7	19.6	20.1	18.6	20.0
<b>Sequential growth (%)</b>											
Revenue growth	11.1	(1.9)	(6.9)	1.7	1.8	7.8	4.6	22.6			
Gross profit growth	10.2	0.1	(10.9)	1.6	2.3	8.0	4.6	20.3			
Operating profit growth	40.4	(2.2)	(11.7)	1.4	6.3	15.0	5.1	17.4			
EBITDA growth	32.8	(2.4)	(9.9)	0.5	4.2	12.7	4.5	15.2			
Pretax profit growth	31.8	(3.8)	(11.1)	0.4	8.9	12.9	6.1	14.7			
Net profit growth	23.3	(5.0)	(7.2)	1.5	7.7	11.6	7.3	16.1			
<b>YoY growth (%)</b>											
Revenue growth	14.9	18.1	6.2	3.1	(5.5)	3.9	16.7	40.7	22.4	10.4	13.4
Gross profit growth	5.6	18.9	2.3	(0.2)	(7.4)	(0.0)	17.3	39.0	27.0	6.4	11.4
Operating profit growth	(6.6)	17.7	8.7	22.9	(7.0)	9.4	30.3	50.8	42.6	9.1	19.6
EBITDA growth	(4.0)	15.3	7.6	17.4	(7.9)	6.4	23.4	41.4	37.1	8.1	14.8
Pretax profit growth	(3.1)	13.8	3.8	13.1	(6.6)	9.6	30.9	49.6	37.7	6.2	19.5
Net profit growth	(7.0)	8.3	1.9	10.3	(3.6)	13.3	31.0	49.8	38.2	2.7	21.7

Source: Company data; KGI Research estimates

## Balance sheet

NT\$m	Dec-22A	Dec-23A	Dec-24A	Dec-25F	Dec-26F
<b>Total assets</b>	<b>608,399</b>	<b>635,038</b>	<b>697,868</b>	<b>747,473</b>	<b>856,664</b>
<b>Current assets</b>	<b>297,654</b>	<b>290,889</b>	<b>351,025</b>	<b>414,188</b>	<b>522,567</b>
Cash & ST securities	164,810	180,673	219,624	257,108	300,784
Inventory	70,703	43,220	58,414	51,736	73,568
Accounts receivable	40,842	55,834	44,713	73,962	104,061
Other current assets	21,298	11,161	28,274	31,382	44,154
<b>Non-current assets</b>	<b>310,746</b>	<b>344,150</b>	<b>346,842</b>	<b>333,285</b>	<b>334,096</b>
LT investments	125,575	152,228	172,525	173,569	175,569
Net fixed assets	53,862	53,291	56,917	55,742	53,918
Other assets	131,309	138,631	117,400	103,974	104,609
<b>Total liabilities</b>	<b>165,341</b>	<b>260,833</b>	<b>292,812</b>	<b>351,109</b>	<b>423,871</b>
<b>Current liabilities</b>	<b>141,570</b>	<b>231,999</b>	<b>266,902</b>	<b>326,087</b>	<b>393,974</b>
Accounts payable	21,518	38,779	40,777	38,712	55,048
Interest bearing ST liabilities	6,569	7,826	8,919	36,584	36,584
Other current liabilities	113,484	185,394	217,207	250,792	302,342
<b>Non-current liabilities</b>	<b>23,771</b>	<b>28,834</b>	<b>25,910</b>	<b>25,021</b>	<b>29,898</b>
Long-term debt	863	4,605	2,681	5,317	5,317
Other L-T liabilities	14,599	16,169	14,853	17,608	22,485
<b>Total equity</b>	<b>443,058</b>	<b>374,205</b>	<b>405,055</b>	<b>396,364</b>	<b>432,793</b>
Share capital	15,994	15,996	16,017	16,017	16,017
Retained earnings reserve	286,689	212,670	210,599	321,602	357,431
Minority interests	2,949	6,000	8,428	8,539	9,139
Preferred shareholders funds	-	-	-	-	-

## Key ratios

	Dec-22A	Dec-23A	Dec-24A	Dec-25F	Dec-26F
<b>Growth</b>					
Revenue growth	11.2%	(21.0%)	22.4%	10.4%	13.4%
Operating profit growth	17.4%	(43.4%)	42.6%	9.1%	19.6%
EBITDA growth	19.5%	(36.5%)	37.1%	8.1%	14.8%
Net profit growth	6.0%	(34.8%)	38.2%	2.7%	21.7%
EPS growth	5.7%	(35.0%)	38.0%	2.6%	21.7%
<b>Profitability</b>					
Gross profit margin	49.4%	47.8%	49.6%	47.9%	47.0%
Operating margin	23.1%	16.6%	19.3%	19.1%	20.1%
EBITDA margin	25.8%	20.8%	23.2%	22.8%	23.0%
Net profit margin	21.5%	17.8%	20.1%	18.6%	20.0%
Return on average assets	18.6%	12.4%	16.0%	15.1%	16.6%
Return on average equity	27.1%	19.0%	27.8%	27.9%	32.8%
<b>Stability</b>					
Gross debt to equity	1.7%	3.3%	2.9%	10.6%	9.7%
Net debt to equity	Net cash	Net cash	Net cash	Net cash	Net cash
Interest coverage (x)	366.5	218.3	264.7	164.6	197.1
Interest & ST debt coverage (x)	1.0	0.9	0.9	0.8	0.8
Cash flow interest coverage(x)	389.8	415.9	344.3	142.5	191.2
Cash flow/int. & ST debt (x)	20.8	20.2	16.7	3.0	4.0
Current ratio (x)	2.1	1.3	1.3	1.3	1.3
Quick ratio (x)	1.6	1.1	1.1	1.1	1.1
Net debt (NT\$m)	(140,070)	(152,965)	(192,095)	(201,951)	(247,628)
<b>Per share data</b>					
EPS (NT\$)	74.59	48.51	66.92	68.64	83.54
CFPS (NT\$)	91.29	104.67	98.17	69.47	92.93
BVPS (NT\$)	275.16	230.18	247.63	242.14	264.50
Adj BVPS (NT\$)	277.88	232.04	249.50	243.68	266.19
SPS (NT\$)	346.51	273.15	333.77	368.12	417.54
EBITDA/share (NT\$)	89.51	56.72	77.59	83.79	96.24
Cash DPS (NT\$)	76.01	55.01	54.00	68.00	69.25
<b>Activity</b>					
Sales / avg assets	0.86	0.70	0.80	0.81	0.83
Days receivable	27.2	47.0	30.8	46.1	57.2
Days inventory	92.9	69.8	80.0	61.8	76.3
Days payable	28.3	62.6	55.9	46.2	57.1
Cash cycle	91.8	54.2	55.0	61.6	76.4

Source: Company data; KGI Research estimates

## Profit & loss

NT\$m	Dec-22A	Dec-23A	Dec-24A	Dec-25F	Dec-26F
<b>Revenue</b>	<b>548,796</b>	<b>433,446</b>	<b>530,586</b>	<b>585,883</b>	<b>664,537</b>
Cost of goods sold	(277,892)	(226,079)	(267,200)	(305,510)	(352,144)
<b>Gross profit</b>	<b>270,904</b>	<b>207,367</b>	<b>263,386</b>	<b>280,372</b>	<b>312,394</b>
Operating expenses	(144,116)	(135,568)	(160,974)	(168,683)	(178,806)
<b>Operating profit</b>	<b>126,788</b>	<b>71,800</b>	<b>102,412</b>	<b>111,690</b>	<b>133,588</b>
<b>Non-operating income</b>	<b>7,137</b>	<b>14,287</b>	<b>15,600</b>	<b>16,038</b>	<b>18,867</b>
Interest income	3,218	7,308	11,150	11,770	13,967
Investment income	3,281	6,471	3,938	3,294	3,200
Other non-op income	638	508	512	974	1,700
<b>Non-operating expenses</b>	<b>1,636</b>	<b>696</b>	<b>1,506</b>	<b>(776)</b>	<b>(774)</b>
Interest expense	(371)	(399)	(453)	(776)	(774)
Investment loss	-	-	-	-	-
Other non-op expenses	2,007	1,095	1,960	-	-
<b>Pre-tax profit</b>	<b>135,561</b>	<b>86,782</b>	<b>119,519</b>	<b>126,952</b>	<b>151,681</b>
Current taxation	(16,936)	(9,591)	(12,378)	(16,991)	(18,123)
Minorities	(484)	(212)	(754)	(720)	(600)
Extraordinary items	-	0	(0)	0	-
<b>Net profit</b>	<b>118,141</b>	<b>76,979</b>	<b>106,387</b>	<b>109,240</b>	<b>132,959</b>
<b>EBITDA</b>	<b>141,768</b>	<b>90,000</b>	<b>123,348</b>	<b>133,362</b>	<b>153,162</b>
EPS (NT\$)	74.59	48.51	66.92	68.64	83.54

## Cash flow

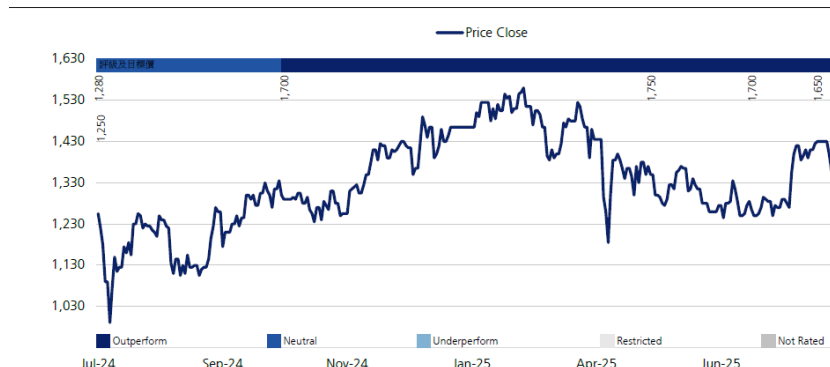
NT\$m	Dec-22A	Dec-23A	Dec-24A	Dec-25F	Dec-26F
<b>Operations cash flow</b>	<b>144,583</b>	<b>166,091</b>	<b>156,055</b>	<b>110,568</b>	<b>147,896</b>
Net profit	118,141	76,979	106,387	109,240	132,959
Depreciation & amortisation	14,980	18,200	20,936	21,672	19,575
Decrease in working capital	164	30,356	(1,001)	(24,635)	(35,596)
Other operating cash flow	11,298	40,556	29,733	4,290	30,959
<b>Investing cash flow</b>	<b>(37,535)</b>	<b>(28,746)</b>	<b>(35,928)</b>	<b>(16,474)</b>	<b>(13,735)</b>
Sale of ST investment	(19,467)	(12,157)	(14,697)	1,115	2,000
New investments	(199)	116	26	(2,095)	(2,000)
Capital expenditure	(13,622)	(9,325)	(13,787)	(12,109)	(13,735)
Others investing cashflow	(4,247)	(7,379)	(7,471)	(3,384)	-
<b>Free cash flow</b>	<b>106,772</b>	<b>95,897</b>	<b>89,578</b>	<b>73,886</b>	<b>83,855</b>
<b>Financing cash flow</b>	<b>(156,280)</b>	<b>(118,569)</b>	<b>(90,119)</b>	<b>(56,182)</b>	<b>(88,485)</b>
Increase in short term debt	(48,016)	(1,500)	(1,260)	30,300	-
Increase in long term loans	(558)	(828)	-	-	-
New ordinary shares issued	-	-	-	-	-
Ordinary dividends paid	(116,141)	(120,981)	(87,551)	(86,264)	(88,485)
Other financing cashflow	8,435	4,740	(1,309)	(217)	-
<b>Forex effects</b>	<b>13,030</b>	<b>(883)</b>	<b>8,292</b>	<b>2,244</b>	<b>-</b>
<b>Total cash generated</b>	<b>(36,202)</b>	<b>17,894</b>	<b>38,300</b>	<b>40,156</b>	<b>45,676</b>

## ROIC

	Dec-22A	Dec-23A	Dec-24A	Dec-25F	Dec-26F
1 - COGS/revenue					
- Operating exp./revenue	26.3%	31.3%	30.3%	28.8%	26.9%
<b>= Operating margin</b>	<b>23.1%</b>	<b>16.6%</b>	<b>19.3%</b>	<b>19.1%</b>	<b>20.1%</b>
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	0.0	0.0	0.0
<b>= Capital turnover</b>	<b>6.2</b>	<b>(16.3)</b>	<b>(9.2)</b>	<b>(9.0)</b>	<b>(10.1)</b>
Operating margin	23.1%	16.6%	19.3%	19.1%	20.1%
x Capital turnover	6.2	(16.3)	(9.2)	(9.0)	(10.1)
x (1 - tax rate)	87.5%	88.9%	89.6%	86.6%	88.1%
<b>= After-tax ROIC</b>	<b>124.5%</b>	<b>(240.6%)</b>	<b>(158.8%)</b>	<b>(148.3%)</b>	<b>(179.3%)</b>

Source: Company data; KGI Research estimates

## MediaTek – Recommendation & target price history



Date	Rating	Target	Price
2025-07-23	Outperform	1,650	1,430
2025-06-19	Outperform	1,700	1,265
2025-04-30	Outperform	1,750	1,350
2025-04-25	Outperform	1,700	1,380
2025-02-07	Outperform	1,700	1,525
2025-02-05	Outperform	1,700	1,525
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

Source: TEJ; KGI Research

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