Company update | IC design · Taiwan

MediaTek

(2454.TW/2454 TT)

3Q26 results preview – Production issues an overhang

Outperform · Maintained

Price as of October 20 (NT$)	4,150
12M target price (NT$)	5,500
Previous target price (NT$)	6,600
Revised down (%)	16.7
Upside (%)	32.5

Key message

1. 3Q26 results might be ahead of consensus & guidance.
2. 4Q26F sales growth might be slightly below our previous forecast.
3. Production hurdles for Humufish, but upside for Zebrafish in 2028F.

Trading data

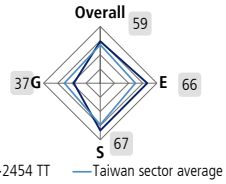
Mkt cap (NT$bn/US$mn)	6,661/209,122
Outstanding shares (mn)	1,605
Foreign ownership (mn)	874
3M avg. daily trading (mn)	5.62
52-week trading range (NT$)	1,145 –5,285

Performance	3M	6M	12M
Absolute (%)	24.3	118.4	209.7
Relative (%)	15.2	93.1	142.5

Quarterly EPS

NT$	1Q	2Q	3Q	4Q
2025	18.43A	17.50A	15.84A	14.40A
2026	15.17A	15.28A	17.41F	22.21F
2027	24.96F	26.97F	30.58F	32.54F

ESG score card



Source: Refinitiv

Event

MediaTek will host an analyst meeting and release 3Q26 results on Oct 30.

Impact

3Q26 results might be ahead of consensus & guidance. MediaTek reported 3Q26 sales of NT$168bn, up 10.4% QoQ, exceeding the higher end of guidance by 5%, and beating our forecast and consensus by 5-8%. We attribute the beat to pull-in demand for the flagship SOC D9600, and connectivity demand remaining strong. With higher operating leverage, we forecast 3Q26F operating margin to increase by 1.4ppts to 16.4% from 15% in 2Q26.

4Q26F sales growth might be slightly below our previous forecast. Looking into 4Q26F, we expect the company to guide strong QoQ sales growth, with a mild margin contraction due to an AI ASIC project ramp up. We forecast 4Q26 sales to grow by 34% QoQ, lower than our previous forecast of 48% QoQ, due to: (1) a higher base in 3Q26; (2) smartphone demand weakening in 4Q26F; and (3) the ramp up of Zebrafish in 4Q26F being slightly behind our expectations. MediaTek revised up the 2026 AI ASIC sales target from US$2bn to over US$2bn during the firm's last earnings conference, but given production noise, we forecast AI ASIC sales to be slightly below US$2bn for 2026F.

Production hurdles for Humufish, but upside for Zebrafish in 2028F. In our previous report we noted that due to shortages of IC substrate and uncertain production yields, Humufish ramp-up schedule at Intel's (US) EMIB-T facility was delayed from 4Q27F to 2Q28F. Therefore, we believe the concerns of a re-tape-out in 1Q27F to be overblown. However, from related supply chain checks, we revise down our Humufish shipment forecast in 2028F from 3.3m to 2m units, due to component shortages and delays owing to design modifications. On the other hand, we don't see any signs of TPU demand slowing, so we revise up our Zebrafish shipment forecast from 800k units to 1.8m units in 2028F. Expecting overall shipments to be lower by 8-10%, we revise down MediaTek's 2028F AI ASIC sales forecast by 28% from US$50bn to US$36bn, up 139% YoY, as the silicon content ASP for Zebrafish is much lower than for Humufish.

Valuation & Action

We maintain our target price PE of 25x (cycle peak) in 2028F, but revise down our target price to NT$5,500, due to earning revisions. MediaTek remains one of our top picks in the semiconductor space in view of strong TPU demand growth, and the firm's market share gains in AI ASIC. Maintain Outperform.

Risks

Smartphone shipments decline; slow progress in AI chip.

Key financials and valuations

	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Revenue (NT$mn)	530,586	595,966	694,820	1,194,617	1,941,809
Gross profit (NT$mn)	263,386	283,080	320,681	534,227	862,482
Operating profit (NT$mn)	102,412	103,470	109,482	194,233	377,227
Net profit (NT$mn)	106,387	105,319	111,585	183,230	349,851
EPS (NT$)	66.92	66.16	70.06	115.04	219.66
Cash DPS (NT$)	54.00	53.50	67.50	70.75	94.53
EPS growth (%)	38.0	(1.1)	5.9	64.2	90.9
PE (x)	62.0	62.7	59.2	36.1	18.9
PB (x)	16.8	16.6	15.2	13.1	8.3
EV/EBITDA (x)	29.8	29.2	27.4	18.2	12.0
Net debt to equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Dividend yield (%)	1.3	1.3	1.6	1.7	2.3
Return on average equity (%)	27.8	26.4	26.6	38.7	53.5

Source: Company data; KGI Research estimates

Figure 1: Breakdown of 3Q-4Q26 forecast revisions vs. consensus

	3Q26F							4Q26F						
NT$mn	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Revenue	168,000	159,811	5.1	10.4	18.2	158,949	5.7	225,486	250,232	(9.9)	34.2	50.1	208,491	8.2
Gross profit	77,980	74,050	5.3	10.9	18.0	73,512	6.1	103,338	114,640	(9.9)	32.5	49.2	93,266	10.8
Operating profit	27,580	25,307	9.0	20.6	24.3	24,812	11.2	36,143	40,071	(9.8)	31.0	65.4	36,995	(2.3)
Net profit	27,729	25,948	6.9	13.9	9.9	24,954	11.1	35,367	42,933	(17.6)	27.5	54.3	35,541	(0.5)
EPS (NT$)	17.41	16.29	6.9	13.9	9.9	15.67	11.1	22.21	24.60	(9.7)	27.5	54.2	22.37	(0.7)
Gross margin (%)	46.4	46.3	0.1 ppts	0.2 ppts	(0.1)ppts	46.2	0.2 ppts	45.8	45.8	0.0 ppts	(0.6)ppts	(0.3)ppts	44.7	1.1 ppts
OP margin (%)	16.4	15.8	0.6 ppts	1.4 ppts	0.8 ppts	15.6	0.8 ppts	16.0	16.0	0.0 ppts	(0.4)ppts	1.5 ppts	17.7	(1.7)ppts
Net margin (%)	16.5	16.2	0.3 ppts	0.5 ppts	(1.2)ppts	15.7	0.8 ppts	15.7	17.2	(1.5)ppts	(0.8)ppts	0.4 ppts	17.0	(1.4)ppts

Source: Bloomberg; KGI Research estimates

Figure 2: Breakdown of 2027-28 forecast revisions vs. consensus

	2027F						2028F					
NT$mn	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Revenue	1,194,617	1,249,111	(4.4)	71.9	1,161,000	2.9	1,941,809	2,381,489	(18.5)	62.5	2,031,000	(4.4)
Gross profit	534,227	560,222	(4.6)	66.6	511,688	4.4	862,482	1,048,194	(17.7)	61.4	873,492	(1.3)
Operating profit	194,233	204,705	(5.1)	77.4	248,443	(21.8)	377,227	453,965	(16.9)	94.2	510,019	(26.0)
Net profit	183,230	196,323	(6.7)	64.2	228,624	(19.9)	349,851	421,252	(16.9)	90.9	440,694	(20.6)
EPS (NT$)	115.04	123.26	(6.7)	64.2	143.40	(19.8)	219.66	264.49	(16.9)	90.9	277.80	(20.9)
Gross margin (%)	44.7	44.8	(0.1)ppts	(1.4)ppts	44.1	0.6 ppts	44.4	44.0	0.4 ppts	(0.3)ppts	43.0	1.4 ppts
OP margin (%)	16.3	16.4	(0.1)ppts	0.5 ppts	21.4	(5.1)ppts	19.4	19.1	0.4 ppts	3.2 ppts	25.1	(5.7)ppts
Net margin (%)	15.3	15.7	(0.4)ppts	(0.7)ppts	19.7	(4.4)ppts	18.0	17.7	0.3 ppts	2.7 ppts	21.7	(3.7)ppts

Source: Bloomberg; KGI Research estimates

Figure 3: MediaTek Dimensity 9600 Pro and Qualcomm (US) Snapdragon 8 Elite Gen 6 Specifications

Chip	MediaTek Dimensity 9600 Pro	Qualcomm Snapdragon 8 Elite Gen 6 (SM8950)
Process node	TSMC 2nm (N2P)	TSMC 2nm
CPU	Arm All-Big-Core 2+3+3 (2× C2-Ultra 4.55GHz、3× C2-Pro 4.35GHz、3× C2-Pro 3.10GHz)	Qualcomm Oryon 2+6 (2× Prime 5.0GHz、6× Performance 4.0GHz)
GPU	Arm Mali G2-Ultra NX	Adreno GPU
NPU	NPU 1090 + Super Efficient NPU 2.0	Hexagon NPU + Sensing Hub(Dual Micro NPU)
Memory	LPDDR6/LPDDR5X	LPDDR6/LPDDR5X
Storage	UFS 5.0	UFS 5.0
5G	3GPP R17; Sub-6GHz; peak DL 7.4Gbps	Snapdragon X105; 3GPP R19 hardware; Sub-6GHz + mmWave; peak DL 14.8Gbps
Wi-Fi / connectivity	Wi-Fi 7; up to 7.3Gbps	Wi-Fi 8; up to 11.6Gbps

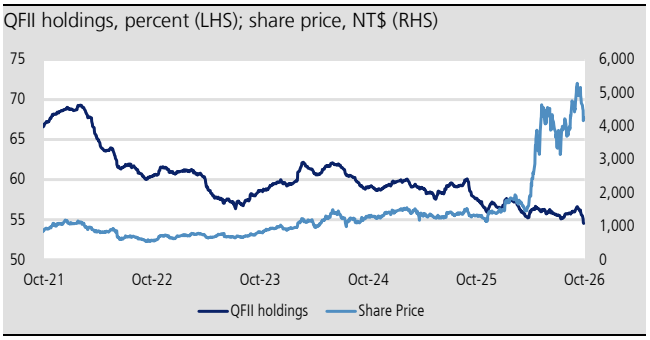
Source: Company data; KGI Research

Figure 4: 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.

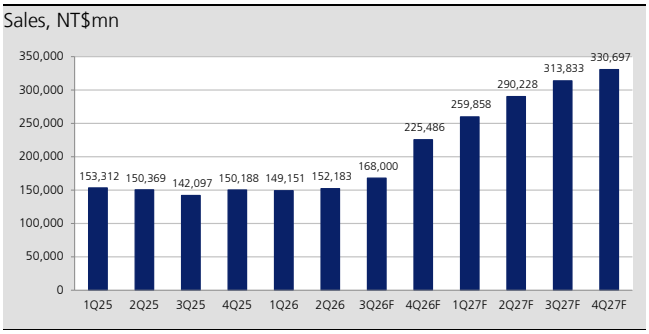
Source: Company data; KGI Research

Figure 5: MediaTek's QFII holdings vs. share price



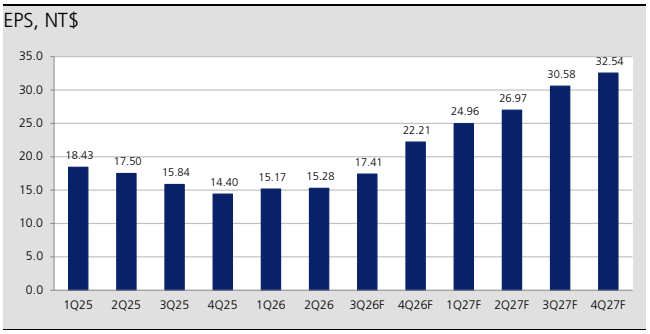
Source: TEJ; KGI Research

Figure 6: Sales



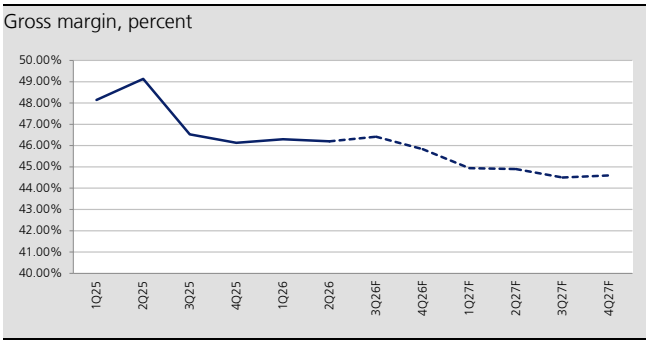
Source: KGI Research

Figure 7: EPS



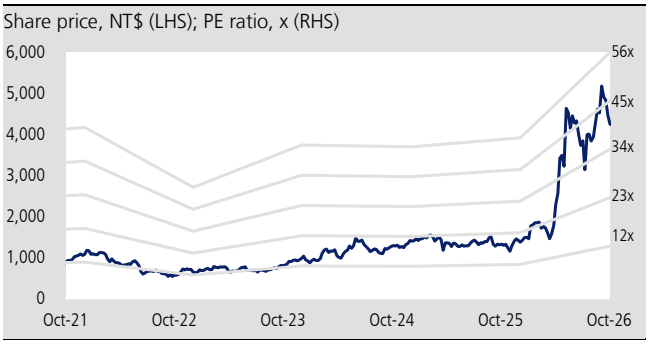
Source: KGI Research

Figure 8: Gross Margin



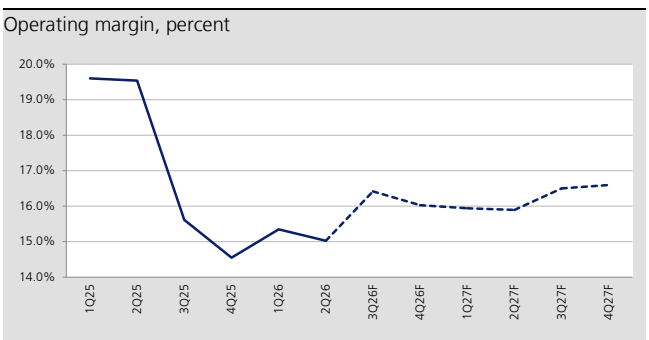
Source: KGI Research

Figure 9: 12M forward PE band



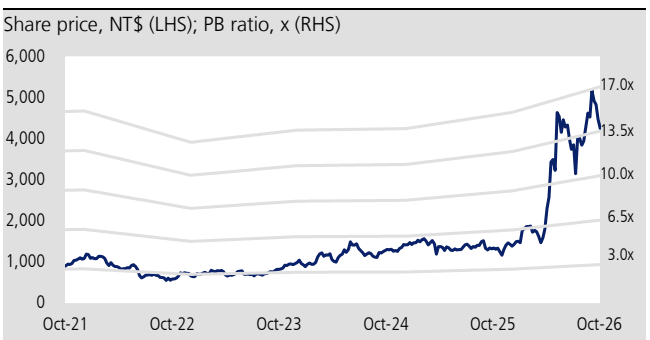
Source: TEJ; KGI Research estimates

Figure 10: Operating Margin



Source: KGI Research

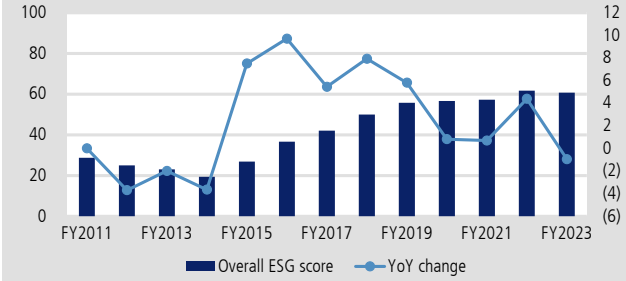
Figure 11: 12M forward PB band



Source: TEJ; KGI Research estimates

Figure 12: Overall ESG score

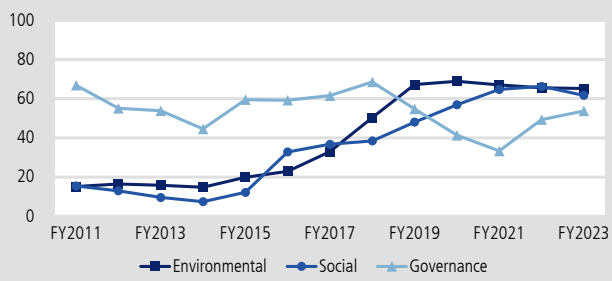
ESG score (LHS); YoY change (RHS)



Source: Refinitiv; Company data

Figure 13: ESG scores

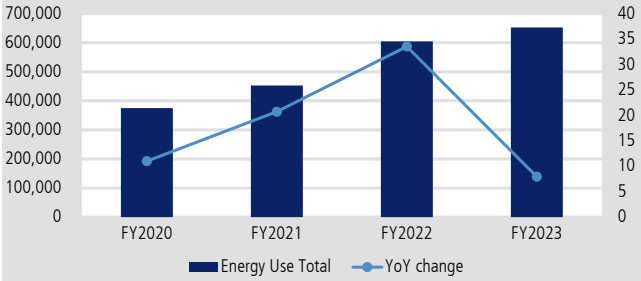
ESG score



Source: Refinitiv; Company data

Figure 14: Energy use

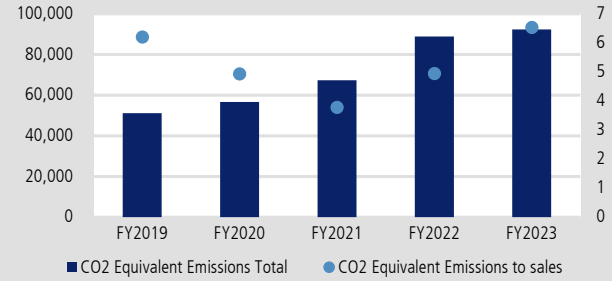
Energy use, gigajoules (LHS); YoY change, percent (RHS)



Source: Refinitiv; Company data

Figure 15: CO2 equivalent emissions

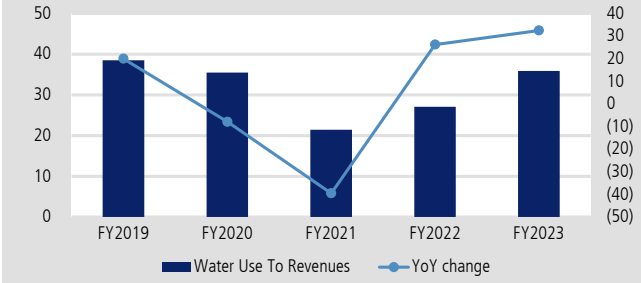
CO2 equivalent emissions, metric tons (LHS); emissions to revenue, metric tons per US$mn (RHS)



Source: Refinitiv; Company data

Figure 16: Water use to revenue

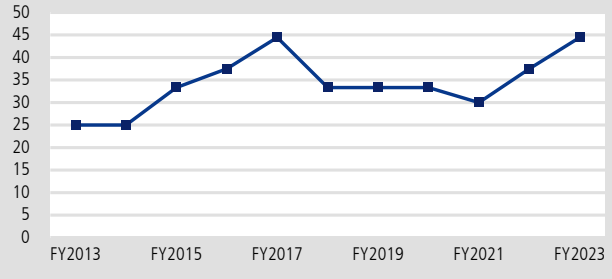
Water use to revenue, cubic meters/ US$mn (LHS); YoY change, percent (RHS)



Source: Refinitiv; Company data

Figure 17: Independent board members

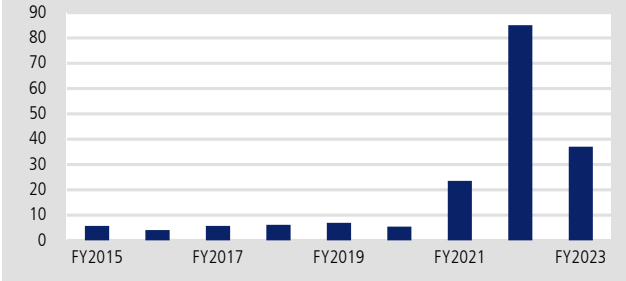
Independent Board Members, percent



Source: Refinitiv; Company data

Figure 18: Employee training

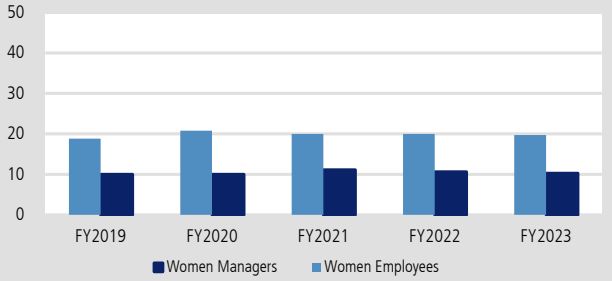
Average annual training hours per employee, annual hours/ employee



Source: Refinitiv; Company data

Figure 19: 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**	**168,000**	**225,486**	**259,858**	**290,228**	**313,833**	**330,697**	**694,820**	**1,194,617**	**1,941,809**
Cost of goods sold	(80,095)	(81,875)	(90,020)	(122,148)	(143,077)	(159,927)	(174,174)	(183,212)	(374,138)	(660,390)	(1,079,326)
Gross profit	**69,055**	**70,308**	**77,980**	**103,338**	**116,781**	**130,301**	**139,659**	**147,485**	**320,681**	**534,227**	**862,482**
Operating expenses	(46,165)	(47,440)	(50,400)	(67,195)	(75,359)	(84,166)	(87,873)	(92,595)	(211,199)	(339,994)	(485,256)
Operating profit	**22,891**	**22,868**	**27,580**	**36,143**	**41,422**	**46,135**	**51,786**	**54,890**	**109,482**	**194,233**	**377,227**
Depreciation of fixed assets	(3,349)	(3,569)	(3,692)	(4,158)	(4,978)	(4,978)	(4,978)	(4,978)	(14,768)	(19,910)	(27,804)
Amortisation of intangible assets	(2,652)	(3,271)	(3,811)	(5,510)	(3,713)	(3,713)	(3,713)	(3,713)	(15,246)	(14,852)	(14,132)
EBITDA	**28,892**	**29,708**	**35,084**	**45,811**	**50,113**	**54,825**	**60,477**	**63,581**	**139,495**	**228,996**	**419,163**
Interest income	2,396	2,562	2,957	2,621	2,679	2,172	2,480	2,258	10,536	9,590	11,150
Investment income	759	2,258	800	800	900	900	900	900	4,616	3,600	4,100
Other non-op income	189	190	500	500	500	500	500	500	2,434	2,000	4,000
Non-operating income	**3,345**	**5,010**	**4,257**	**3,921**	**4,079**	**3,572**	**3,880**	**3,658**	**17,587**	**15,190**	**19,250**
Interest expense	(86)	(101)	(157)	(157)	(157)	(157)	(157)	(157)	(500)	(626)	(626)
Investment loss	-	-	-	-	-	-	-	-	-	-	-
Other non-op expenses	870	185	-	-	-	-	-	-	-	-	-
Non-operating expenses	**784**	**84**	**(157)**	**(157)**	**(157)**	**(157)**	**(157)**	**(157)**	**(500)**	**(626)**	**(626)**
Pre-tax profit	**27,019**	**27,962**	**31,681**	**39,907**	**45,345**	**49,551**	**55,510**	**58,392**	**126,569**	**208,797**	**395,850**
Current taxation	(2,643)	(3,357)	(3,802)	(4,390)	(5,441)	(6,442)	(6,661)	(6,423)	(14,191)	(24,967)	(45,399)
Minorities	(222)	(270)	(150)	(150)	(150)	(150)	(150)	(150)	(793)	(600)	(600)
Normalised net profit	**24,154**	**24,335**	**27,729**	**35,367**	**39,754**	**42,959**	**48,699**	**51,819**	**111,585**	**183,230**	**349,851**
Extraordinary items	(0)	(0)	-	-	-	-	-	-	-	-	-
Net profit	**24,154**	**24,335**	**27,729**	**35,367**	**39,754**	**42,959**	**48,699**	**51,819**	**111,585**	**183,230**	**349,851**
EPS (NT$)	15.17	15.28	17.41	22.21	24.96	26.97	30.58	32.54	70.06	115.04	219.66
Margins (%)											
Gross profit margin	46.3	46.2	46.4	45.8	44.9	44.9	44.5	44.6	46.2	44.7	44.4
Operating margin	15.3	15.0	16.4	16.0	15.9	15.9	16.5	16.6	15.8	16.3	19.4
EBITDA margin	19.4	19.5	20.9	20.3	19.3	18.9	19.3	19.2	20.1	19.2	21.6
Pretax profit margin	18.1	18.4	18.9	17.7	17.4	17.1	17.7	17.7	18.2	17.5	20.4
Net profit margin	16.2	16.0	16.5	15.7	15.3	14.8	15.5	15.7	16.1	15.3	18.0
Sequential growth (%)											
Revenue growth	(0.7)	2.0	10.4	34.2	15.2	11.7	8.1	5.4			
Gross profit growth	(0.3)	1.8	10.9	32.5	13.0	11.6	7.2	5.6			
Operating profit growth	4.8	(0.1)	20.6	31.0	14.6	11.4	12.2	6.0			
EBITDA growth	4.4	2.8	18.1	30.6	9.4	9.4	10.3	5.1			
Pretax profit growth	(0.5)	3.5	13.3	26.0	13.6	9.3	12.0	5.2			
Net profit growth	5.4	0.7	13.9	27.5	12.4	8.1	13.4	6.4			
YoY growth (%)											
Revenue growth	(2.7)	1.2	18.2	50.1	74.2	90.7	86.8	46.7	16.6	71.9	62.5
Gross profit growth	(6.4)	(4.8)	18.0	49.2	69.1	85.3	79.1	42.7	13.3	66.6	61.4
Operating profit growth	(23.8)	(22.2)	24.3	65.4	81.0	101.7	87.8	51.9	5.8	77.4	94.2
EBITDA growth	(19.0)	(15.5)	25.5	65.5	73.5	84.5	72.4	38.8	10.3	64.2	83.0
Pretax profit growth	(21.8)	(15.8)	5.7	47.0	67.8	77.2	75.2	46.3	1.3	65.0	89.6
Net profit growth	(17.6)	(12.6)	9.9	54.3	64.6	76.5	75.6	46.5	5.9	64.2	90.9

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**	**874,459**	**1,059,607**	**1,576,746**
Current assets	**351,025**	**397,456**	**468,638**	**608,082**	**1,012,429**
Cash & ST securities	219,624	247,709	173,369	170,149	118,881
Inventory	58,414	67,235	146,833	220,236	450,946
Accounts receivable	44,713	62,121	114,065	167,288	340,113
Other current assets	28,274	20,392	34,372	50,410	102,488
Non-current assets	**346,842**	**346,329**	**405,821**	**451,524**	**564,317**
LT investments	172,525	171,501	184,728	186,728	188,728
Net fixed assets	56,917	60,427	75,784	107,329	163,163
Other assets	117,400	114,400	145,309	157,468	212,426
Total liabilities	**292,812**	**334,590**	**427,759**	**540,772**	**768,570**
Current liabilities	**266,902**	**303,350**	**385,982**	**488,534**	**682,360**
Accounts payable	40,777	48,710	76,576	114,857	235,176
Interest bearing ST liabilities	8,919	4,481	27,496	27,496	27,496
Other current liabilities	217,207	250,159	281,911	346,181	419,688
Non-current liabilities	**25,910**	**31,240**	**41,777**	**52,238**	**86,210**
Long-term debt	2,681	6,795	0	0	0
Other L-T liabilities	14,853	16,279	33,611	44,073	78,044
Total equity	**405,055**	**409,195**	**446,700**	**518,834**	**808,176**
Share capital	16,017	16,039	16,039	16,039	16,039
Retained earnings reserve	210,599	219,519	378,343	449,878	738,619
Minority interests	8,428	8,594	8,751	9,351	9,951
Preferred shareholders funds	-	-	-	-	-

Key ratios

	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Growth					
Revenue growth	22.4%	12.3%	16.6%	71.9%	62.5%
Operating profit growth	42.6%	1.0%	5.8%	77.4%	94.2%
EBITDA growth	37.1%	2.5%	10.3%	64.2%	83.0%
Net profit growth	38.2%	(1.0%)	5.9%	64.2%	90.9%
EPS growth	38.0%	(1.1%)	5.9%	64.2%	90.9%
Profitability					
Gross profit margin	49.6%	47.5%	46.2%	44.7%	44.4%
Operating margin	19.3%	17.4%	15.8%	16.3%	19.4%
EBITDA margin	23.2%	21.2%	20.1%	19.2%	21.6%
Net profit margin	20.1%	17.7%	16.1%	15.3%	18.0%
Return on average assets	16.0%	14.6%	13.8%	18.9%	26.5%
Return on average equity	27.8%	26.4%	26.6%	38.7%	53.5%
Stability					
Gross debt to equity	2.9%	2.8%	6.2%	5.3%	3.4%
Net debt to equity	Net cash	Net cash	Net cash	Net cash	Net cash
Interest coverage (x)	264.7	192.5	254.1	334.4	633.1
Interest & ST debt coverage (x)	0.9	1.0	0.8	0.9	0.9
Cash flow interest coverage(x)	344.3	249.7	85.1	243.9	290.9
Cash flow/int. & ST debt (x)	16.7	31.7	1.5	5.4	6.5
Current ratio (x)	1.3	1.3	1.2	1.2	1.5
Quick ratio (x)	1.1	1.1	0.8	0.8	0.8
Net debt (NT$mn)	(192,095)	(224,014)	(137,470)	(136,250)	(86,982)
Per share data					
EPS (NT$)	66.92	66.16	70.06	115.04	219.66
CFPS (NT$)	98.17	102.26	26.74	95.90	114.40
BVPS (NT$)	247.63	249.76	273.05	317.65	497.67
Adj BVPS (NT$)	249.50	251.64	274.97	319.89	501.18
SPS (NT$)	333.77	374.36	436.26	750.06	1,219.20
EBITDA/share (NT$)	77.59	79.43	87.58	143.78	263.18
Cash DPS (NT$)	54.00	53.50	67.50	70.75	94.53
Activity					
Sales / avg assets	0.80	0.83	0.86	1.24	1.47
Days receivable	30.8	38.0	59.9	51.1	64.1
Days inventory	80.0	78.4	143.2	121.7	152.9
Days payable	55.9	56.8	74.7	63.5	79.7
Cash cycle	55.0	59.7	128.5	109.4	137.3

Source: Company data; KGI Research estimates

Profit & loss

NT$mn	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Revenue	**530,586**	**595,966**	**694,820**	**1,194,617**	**1,941,809**
Cost of goods sold	(267,200)	(312,886)	(374,138)	(660,390)	(1,079,326)
Gross profit	**263,386**	**283,080**	**320,681**	**534,227**	**862,482**
Operating expenses	(160,974)	(179,610)	(211,199)	(339,994)	(485,256)
Operating profit	**102,412**	**103,470**	**109,482**	**194,233**	**377,227**
Non-operating income	**15,600**	**17,549**	**17,587**	**15,190**	**19,250**
Interest income	11,150	10,819	10,536	9,590	11,150
Investment income	3,938	5,994	4,616	3,600	4,100
Other non-op income	512	736	2,434	2,000	4,000
Non-operating expenses	**1,506**	**3,869**	**(500)**	**(626)**	**(626)**
Interest expense	(453)	(652)	(500)	(626)	(626)
Investment loss	-	-	-	-	-
Other non-op expenses	1,960	4,521	-	-	-
Pre-tax profit	**119,519**	**124,888**	**126,569**	**208,797**	**395,850**
Current taxation	(12,378)	(18,770)	(14,191)	(24,967)	(45,399)
Minorities	(754)	(798)	(793)	(600)	(600)
Extraordinary items	-	(0)	(0)	-	-
Net profit	**106,387**	**105,319**	**111,585**	**183,230**	**349,851**
EBITDA	**123,348**	**126,444**	**139,495**	**228,996**	**419,163**
EPS (NT$)	66.92	66.16	70.06	115.04	219.66

Cash flow

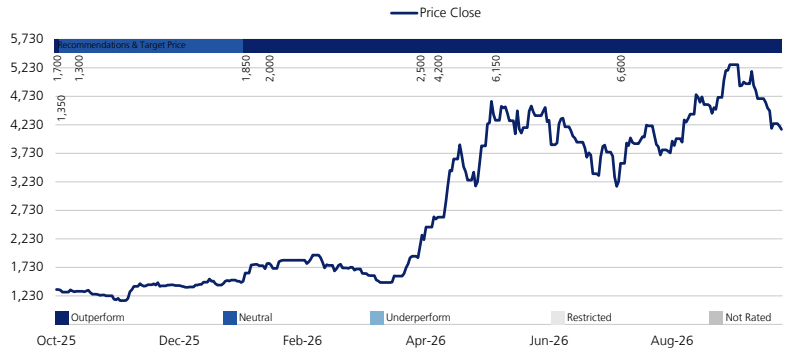
NT$mn	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Operations cash flow	**156,055**	**162,793**	**42,585**	**152,736**	**182,196**
Net profit	106,387	105,319	111,585	183,230	349,851
Depreciation & amortisation	20,936	22,974	30,013	34,762	41,936
Decrease in working capital	(1,001)	(19,508)	(103,676)	(88,345)	(283,216)
Other operating cash flow	29,733	54,007	4,663	23,089	73,626
Investing cash flow	**(35,928)**	**(37,754)**	**(44,411)**	**(62,936)**	**(102,300)**
Sale of ST investment	(14,697)	(9,762)	4,701	2,000	2,000
New investments	26	(887)	(1,141)	(2,000)	(2,000)
Capital expenditure	(13,787)	(15,059)	(27,764)	(51,455)	(83,639)
Others investing cashflow	(7,471)	(12,046)	(20,207)	(11,481)	(18,662)
Free cash flow	**89,578**	**66,687**	**(19,466)**	**51,118**	**(5,087)**
Financing cash flow	**(90,119)**	**(87,675)**	**(70,445)**	**(91,020)**	**(129,163)**
Increase in short term debt	(1,260)	-	16,160	-	-
Increase in long term loans	-	60	60	-	-
New ordinary shares issued	-	-	-	-	-
Ordinary dividends paid	(87,551)	(86,070)	(85,583)	(91,020)	(129,163)
Other financing cashflow	(1,309)	(1,665)	(1,083)	-	-
Forex effects	**8,292**	**(5,770)**	**1,948**	**-**	**-**
Total cash generated	**38,300**	**31,594**	**(70,324)**	**(1,220)**	**(49,268)**

ROIC

	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
1 - COGS/revenue					
- Operating exp./revenue	30.3%	30.1%	30.4%	28.5%	25.0%
= Operating margin	**19.3%**	**17.4%**	**15.8%**	**16.3%**	**19.4%**
1 / (Working capital/revenue	(0.2)	(0.3)	(0.1)	(0.0)	0.1
+ Net PPE/revenue	0.1	0.1	0.1	0.1	0.1
+ Other assets/revenue)	0.0	0.0	0.0	0.0	0.1
= Capital turnover	**(9.2)**	**(7.2)**	**15.2**	**9.0**	**3.9**
Operating margin	19.3%	17.4%	15.8%	16.3%	19.4%
x Capital turnover	(9.2)	(7.2)	15.2	9.0	3.9
x (1 - tax rate)	89.6%	85.0%	88.8%	88.0%	88.5%
= After-tax ROIC	**(158.8%)**	**(106.2%)**	**212.0%**	**128.5%**	**66.6%**

Source: Company data; KGI Research estimates

MediaTek – Recommendation & target price history



Date	Rating	Target	Price
2026-09-01	Outperform	6,600	4,315
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

Source: TEJ; KGI Research

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