Company update | IC design · Taiwan

MediaTek

(2454.TW/2454 TT)

Margin upside on ASP hikes & operating leverage

Event

3Q26 results were in line. 4Q26F operating margin guidance is an upside surprise.

Impact

3Q26 results in line. MediaTek reported 3Q26 sales of NT$168bn (up 10% QoQ), with gross margin of 46% and operating margin of 16%, ahead of consensus but all in line with our revised forecasts.

2026-27F ASIC sales targets intact; operating margin guidance an upside surprise. Amid production concerns, MediaTek reiterated its AI ASIC sales targets of US$2.5bn in 2026F and US$16bn in 2027F, close to the higher end of its target market share guidance of 20% in 2027F. We attribute the difference between our recent revised 2026F AI ASIC sales forecast of US$1.8-1.9bn and the company's US$2.5bn to MediaTek raising the AI ASIC price in 3Q26 to reflect inflated costs. Gross margin dilution guidance in 4Q26F (an only 100bps contraction) is less than feared, also echoing upside from ASP hikes. The major surprise in 4Q26F guidance is an opex ratio of only 26% at midpoint, which implies: (1) a 3ppt margin expansion QoQ at the operating level (i.e.19%); and (2) an AI ASIC operating margin that is actually 9-10ppts higher than the non-AI business, despite gross margin being lower than the corporate average. Furthermore, management guides 4Q26F operating margin will now be a baseline level, and that 2027F operating margin will top 20%.

Non-AI business weaker than expected; AI ASIC project schedule on track. MediaTek guided 4Q26F sales of NT$210.1-221.8bn (up 28.5% QoQ at midpoint). Although AI ASIC sales delivery is better than our revised forecast, the higher end of sales guidance is still 2% below our revised forecast. If we exclude the US$2.5bn of AI ASIC sales, the non-AI ASIC business is actually down 16% QoQ in 4Q26F, weaker than expected. The company emphasized the process for second-generation AI ASIC is on track, with some dies having taped out already. However, as it is a multiple die structure and highly complex, some die tape out processes will take a couple of weeks longer. While we are not much concerned with the tape out process, we are worried that tight substrate supply and the ramp up of EMIB-T could be detrimental to the product mix. We revise up 2027-28F EPS by 30.8% and 15.7% to reflect a better ASP and much higher operation leverage, while keeping our shipment assumptions unchanged. All told, we forecast AI ASIC sales of US$17bn in 2027F (42% of sales) and US$39bn in 2028F (59% of sales). Upward revisions are due to ASP increases, rather than shipments growth.

Valuation & Action

On the back of our upward earnings revisions due to much stronger operating margin expansion, we raise our target price to NT$6,250, still based on a PE of 25x (cycle peak) in 2028F. MediaTek is one of our top picks in the semiconductor space. Maintain Outperform.

Risks

Smartphone shipments decline; slow progress in AI chips.

Outperform · Maintained

Price as of October 30 (NT$)	3,915
12M target price (NT$)	6,250
Previous target price (NT$)	5,500
Revised up (%)	13.6
Upside/downside (%)	59.6

Key message

1. 3Q26 results in line.
2. 2026-27F ASIC sales targets intact; operating margin guidance an upside surprise.
3. Non-AI business weaker than expected; AI ASIC project schedule on track.

Trading data

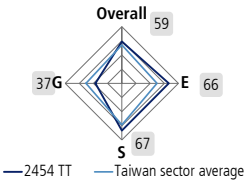
Mkt cap (NT$bn/US$mn)	6,283 / 192,966
Outstanding shares (mn)	1,605
Foreign ownership (mn)	862
3M avg. daily trading (mn)	5.02
52-week trading range (NT$)	1,145 –5,285

Performance	3M	6M	12M
Absolute (%)	21	50	198.9
Relative (%)	7.8	33.9	139.1

Quarterly EPS

NT$	1Q	2Q	3Q	4Q
2025	18.43A	17.50A	15.84A	14.40A
2026	15.17A	15.28A	17.50F	25.62F
2027	31.14F	36.66F	40.25F	42.43F

ESG score card



Source: Refinitiv

Key financials and valuations

	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Revenue (NT$mn)	530,586	595,966	692,270	1,201,264	1,972,328
Gross profit (NT$mn)	263,386	283,080	317,427	540,209	877,740
Operating profit (NT$mn)	102,412	103,470	115,128	251,267	429,035
Net profit (NT$mn)	106,387	105,319	117,192	239,750	405,002
EPS (NT$)	66.92	66.16	73.57	150.48	254.20
Cash DPS (NT$)	54.00	53.50	67.50	73.59	119.33
EPS growth (%)	38.0	(1.1)	11.2	104.5	68.9
PE (x)	58.5	59.2	53.2	26.0	15.4
PB (x)	15.8	15.7	14.2	11.5	7.2
EV/EBITDA (x)	28.0	27.5	24.9	14.1	10.2
Net debt to equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Dividend yield (%)	1.4	1.4	1.7	1.9	3.0
Return on average equity (%)	27.8	26.4	27.8	48.6	57.2

Source: Company data, KGI Research estimates

Figure 1: Breakdown of 3Q26 results & 4Q26 forecast revisions vs. consensus

	3Q26							4Q26F						
NT$mn	Actual	KGI forecast	Diff. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Revenue	168,058	168,000	0.0	10.4	18.3	161,798	3.9	222,879	225,486	(1.2)	32.6	48.4	210,609	5.8
Gross profit	77,848	77,980	(0.2)	10.7	17.8	74,811	4.1	100,216	103,338	(3.0)	28.7	44.7	94,540	6.0
Operating profit	27,102	27,580	(1.7)	18.5	22.1	25,329	7.0	42,268	36,143	16.9	56.0	93.4	37,945	11.4
Net profit	27,882	27,729	0.6	14.6	10.6	25,480	9.4	40,821	35,367	15.4	46.4	78.1	36,721	11.2
EPS (NT$)	17.50	17.41	0.5	14.5	10.5	15.95	9.7	25.62	22.21	15.4	46.4	77.9	23.01	11.3
Gross margin (%)	46.3	46.4	(0.1)ppts	0.1 ppts	(0.2)ppts	46.2	0.1 ppts	45.0	45.8	(0.9)ppts	(1.4)ppts	(1.2)ppts	44.9	0.1 ppts
OP margin (%)	16.1	16.4	(0.3)ppts	1.1 ppts	0.5 ppts	15.7	0.5 ppts	19.0	16.0	2.9 ppts	2.8 ppts	4.4 ppts	18.0	0.9 ppts
Net margin (%)	16.6	16.5	0.1 ppts	0.6 ppts	(1.2)ppts	15.7	0.8 ppts	18.3	15.7	2.6 ppts	1.7 ppts	3.1 ppts	17.4	0.9 ppts

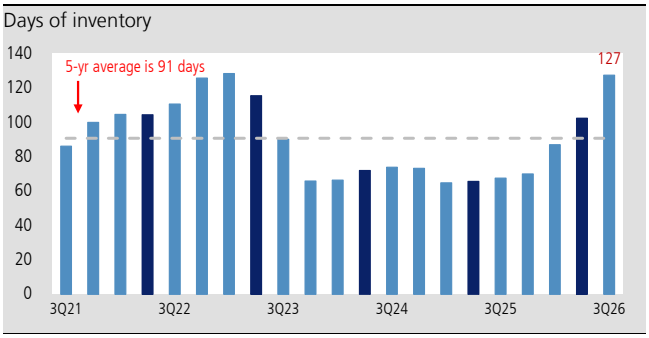
Source: Company data; Bloomberg; KGI Research estimates

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

	2027F						2028F					
NT$mn	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Revenue	1,201,264	1,194,617	0.6	73.5	1,170,000	2.7	1,972,328	1,941,809	1.6	64.2	2,019,000	(2.3)
Gross profit	540,209	534,227	1.1	70.2	515,958	4.7	877,740	862,482	1.8	62.5	871,380	0.7
Operating profit	251,267	194,233	29.4	118.2	251,233	0.0	429,035	377,227	13.7	70.7	514,161	(16.6)
Net profit	239,750	183,230	30.8	104.6	230,729	3.9	405,002	349,851	15.8	68.9	450,336	(10.1)
EPS (NT$)	150.48	115.04	30.8	104.5	143.89	4.6	254.20	219.66	15.7	68.9	284.46	(10.6)
Gross margin (%)	45.0	44.7	0.3 ppts	(0.9)ppts	44.1	0.9 ppts	44.5	44.4	0.1 ppts	(0.5)ppts	43.2	1.3 ppts
OP margin (%)	20.9	16.3	4.7 ppts	4.3 ppts	21.5	(0.6)ppts	21.8	19.4	2.3 ppts	0.8 ppts	25.5	(3.7)ppts
Net margin (%)	20.0	15.3	4.6 ppts	3.0 ppts	19.7	0.2 ppts	20.5	18.0	2.5 ppts	0.6 ppts	22.3	(1.8)ppts

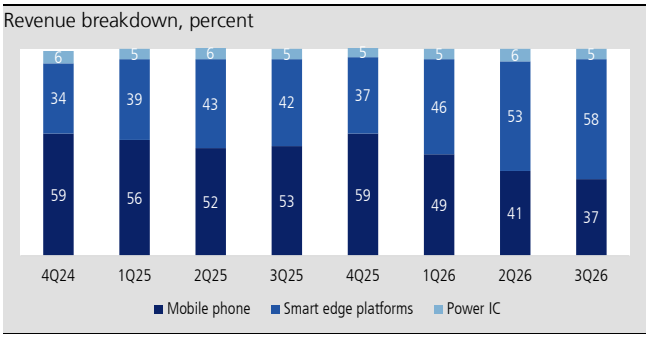
Source: Bloomberg; KGI Research estimates

Figure 3: Inventory levels



Source: TEJ; KGI Research

Figure 4: Revenue breakdown by product line



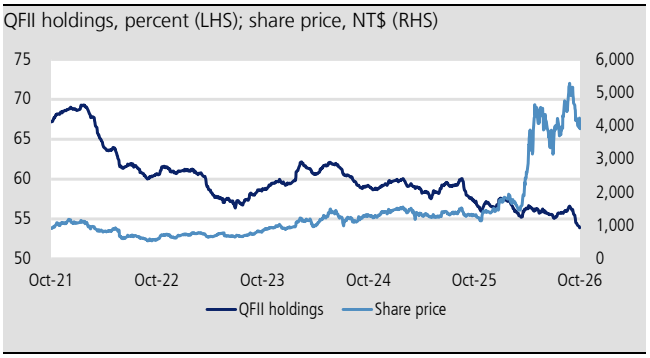
Source: Company data; KGI Research

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

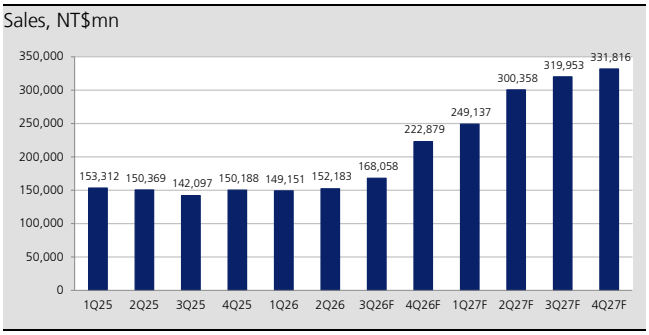
Source: Company data; KGI Research

Figure 6: MediaTek's QFII holdings vs. share price



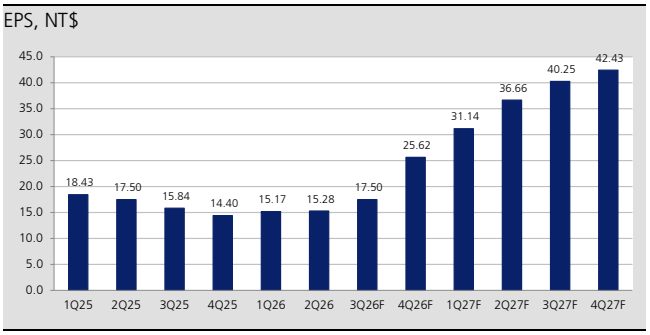
Source: TEJ; KGI Research

Figure 7: Sales



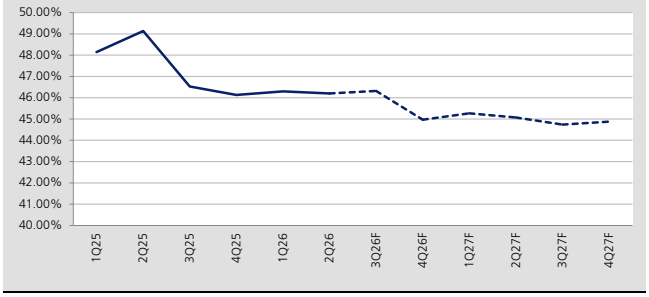
Source: KGI Research

Figure 8: EPS



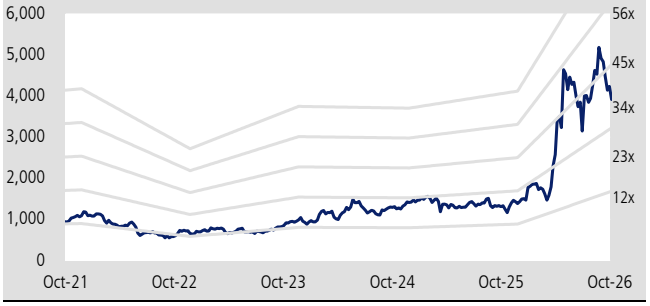
Source: KGI Research

Figure 9: Gross Margin



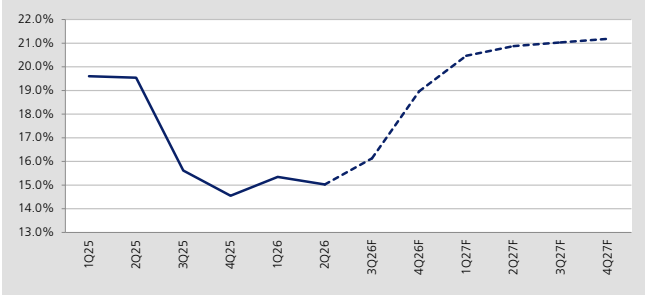
Source: KGI Research

Figure 10: 12M forward PE band



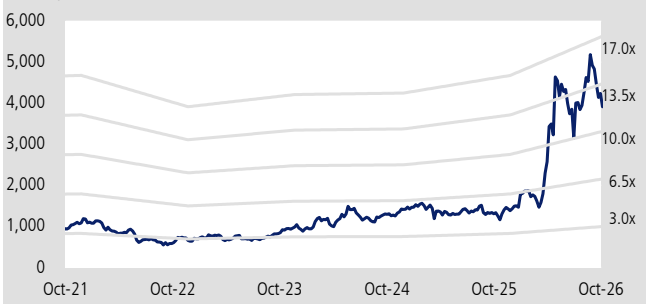
Source: TEJ; KGI Research estimates

Figure 11: Operating Margin



Source: KGI Research

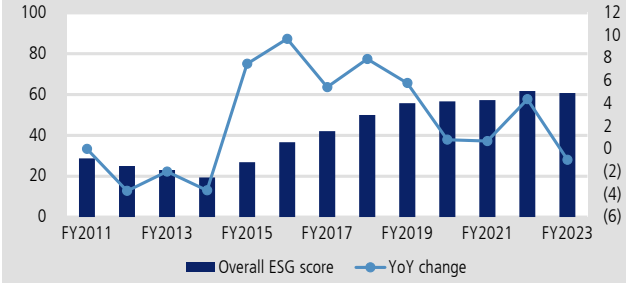
Figure 12: 12M forward PB band



Source: TEJ; KGI Research estimates

Figure 13: Overall ESG score

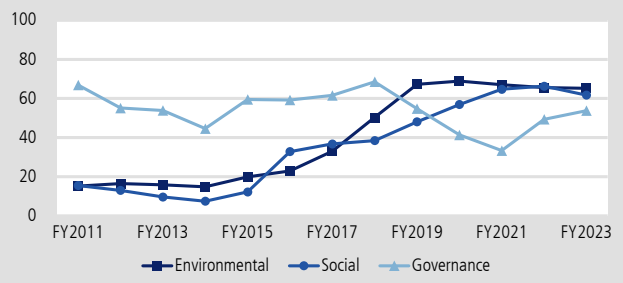
ESG score (LHS); YoY change (RHS)



Source: Refinitiv; Company data

Figure 14: ESG scores

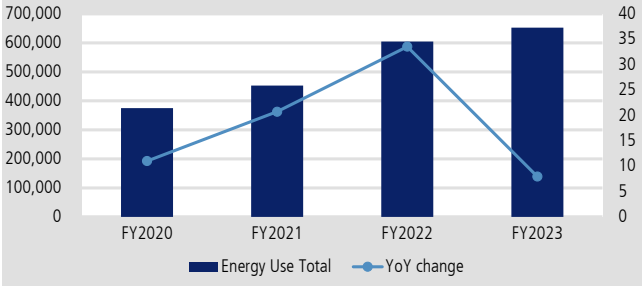
ESG score



Source: Refinitiv; Company data

Figure 15: Energy use

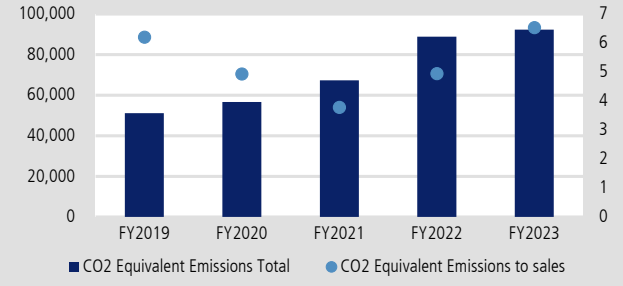
Energy use, gigajoules (LHS); YoY change, percent (RHS)



Source: Refinitiv; Company data

Figure 16: CO2 equivalent emissions

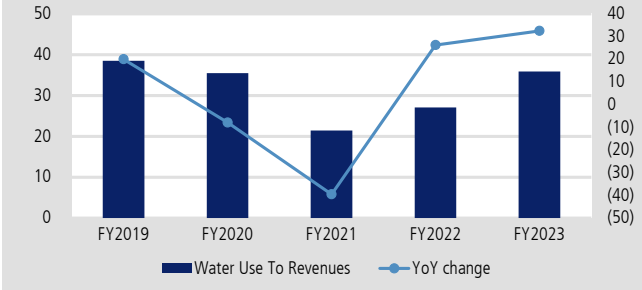
CO2 equivalent emissions, metric tons (LHS); emissions to revenue, metric tons per US$mn (RHS)



Source: Refinitiv; Company data

Figure 17: Water use to revenue

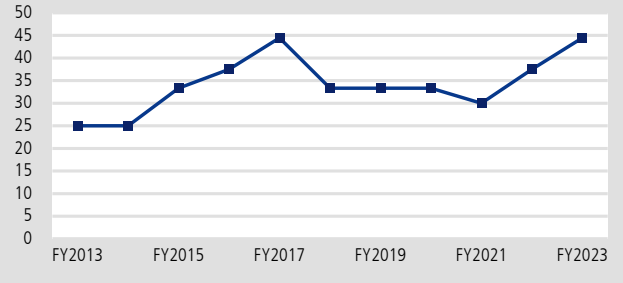
Water use to revenue, cubic meters/ US$mn (LHS); YoY change, percent (RHS)



Source: Refinitiv; Company data

Figure 18: Independent board members

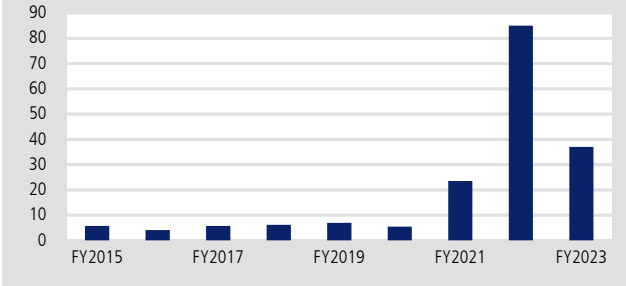
Independent Board Members, percent



Source: Refinitiv; Company data

Figure 19: Employee training

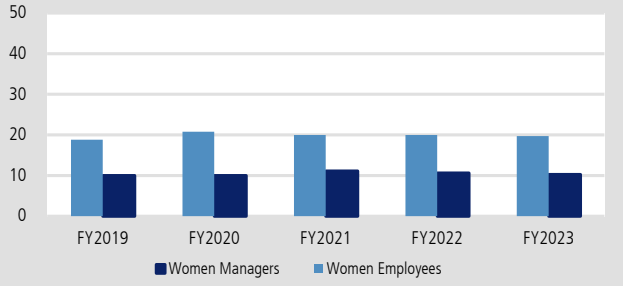
Average annual training hours per employee, annual hours/ employee



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	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**	**168,058**	**222,879**	**249,137**	**300,358**	**319,953**	**331,816**	**692,270**	**1,201,264**	**1,972,328**
Cost of goods sold	(80,095)	(81,875)	(90,210)	(122,663)	(136,358)	(164,977)	(176,823)	(182,896)	(374,843)	(661,055)	(1,094,587)
Gross profit	**69,055**	**70,308**	**77,848**	**100,216**	**112,779**	**135,380**	**143,130**	**148,920**	**317,427**	**540,209**	**877,740**
Operating expenses	(46,165)	(47,440)	(50,746)	(57,949)	(61,786)	(72,687)	(75,829)	(78,640)	(202,299)	(288,942)	(448,705)
Operating profit	**22,891**	**22,868**	**27,102**	**42,268**	**50,993**	**62,694**	**67,301**	**70,279**	**115,128**	**251,267**	**429,035**
Depreciation of fixed assets	(3,349)	(3,569)	(3,691)	(4,156)	(4,975)	(4,975)	(4,975)	(4,975)	(14,764)	(19,898)	(28,051)
Amortisation of intangible assets	(2,652)	(3,271)	(3,811)	(5,511)	(3,709)	(3,709)	(3,709)	(3,709)	(15,246)	(14,836)	(14,365)
EBITDA	**28,892**	**29,708**	**34,604**	**51,934**	**59,677**	**71,377**	**75,984**	**78,963**	**145,138**	**286,001**	**471,452**
Interest income	2,396	2,562	2,374	2,624	4,803	4,634	4,983	5,082	9,956	19,503	25,057
Investment income	759	2,258	800	800	900	900	900	900	4,616	3,600	4,100
Other non-op income	189	190	3,498	500	500	500	500	500	5,432	2,000	4,000
Non-operating income	**3,345**	**5,010**	**6,672**	**3,924**	**6,203**	**6,034**	**6,383**	**6,482**	**20,005**	**25,103**	**33,157**
Interest expense	(86)	(101)	(201)	(157)	(641)	(641)	(641)	(641)	(545)	(2,562)	(2,562)
Investment loss	-	-	-	-	-	-	-	-	-	-	-
Other non-op expenses	870	185	-	-	-	-	-	-	-	-	-
Non-operating expenses	**784**	**84**	**(201)**	**(157)**	**(641)**	**(641)**	**(641)**	**(641)**	**(545)**	**(2,562)**	**(2,562)**
Pre-tax profit	**27,019**	**27,962**	**33,573**	**46,035**	**56,556**	**68,087**	**73,043**	**76,121**	**134,588**	**273,808**	**459,629**
Current taxation	(2,643)	(3,357)	(5,374)	(5,064)	(6,787)	(9,532)	(8,765)	(8,373)	(16,437)	(33,457)	(54,028)
Minorities	(222)	(270)	(316)	(150)	(150)	(150)	(150)	(150)	(959)	(600)	(600)
Normalised net profit	**24,154**	**24,335**	**27,882**	**40,821**	**49,619**	**58,405**	**64,128**	**67,598**	**117,192**	**239,750**	**405,002**
Extraordinary items	(0)	(0)	-	-	-	-	-	-	-	-	-
Net profit	**24,154**	**24,335**	**27,882**	**40,821**	**49,619**	**58,405**	**64,128**	**67,598**	**117,192**	**239,750**	**405,002**
EPS (NT$)	15.17	15.28	17.50	25.62	31.14	36.66	40.25	42.43	73.57	150.48	254.20
Margins (%)											
Gross profit margin	46.3	46.2	46.3	45.0	45.3	45.1	44.7	44.9	45.9	45.0	44.5
Operating margin	15.3	15.0	16.1	19.0	20.5	20.9	21.0	21.2	16.6	20.9	21.8
EBITDA margin	19.4	19.5	20.6	23.3	24.0	23.8	23.7	23.8	21.0	23.8	23.9
Pretax profit margin	18.1	18.4	20.0	20.7	22.7	22.7	22.8	22.9	19.4	22.8	23.3
Net profit margin	16.2	16.0	16.6	18.3	19.9	19.4	20.0	20.4	16.9	20.0	20.5
Sequential growth (%)											
Revenue growth	(0.7)	2.0	10.4	32.6	11.8	20.6	6.5	3.7			
Gross profit growth	(0.3)	1.8	10.7	28.7	12.5	20.0	5.7	4.0			
Operating profit growth	4.8	(0.1)	18.5	56.0	20.6	22.9	7.3	4.4			
EBITDA growth	4.4	2.8	16.5	50.1	14.9	19.6	6.5	3.9			
Pretax profit growth	(0.5)	3.5	20.1	37.1	22.9	20.4	7.3	4.2			
Net profit growth	5.4	0.7	14.6	46.4	21.6	17.7	9.8	5.4			
YoY growth (%)											
Revenue growth	(2.7)	1.2	18.3	48.4	67.0	97.4	90.4	48.9	16.2	73.5	64.2
Gross profit growth	(6.4)	(4.8)	17.8	44.7	63.3	92.6	83.9	48.6	12.1	70.2	62.5
Operating profit growth	(23.8)	(22.2)	22.1	93.4	122.8	174.2	148.3	66.3	11.3	118.2	70.7
EBITDA growth	(19.0)	(15.5)	23.8	87.7	106.6	140.3	119.6	52.0	14.8	97.1	64.8
Pretax profit growth	(21.8)	(15.8)	12.1	69.6	109.3	143.5	117.6	65.4	7.8	103.4	67.9
Net profit growth	(17.6)	(12.6)	10.6	78.1	105.4	140.0	130.0	65.6	11.3	104.6	68.9

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**	**1,003,626**	**1,242,130**	**1,758,481**
Current assets	**351,025**	**397,456**	**598,321**	**790,194**	**1,195,516**
Cash & ST securities	219,624	247,709	304,149	351,903	326,189
Inventory	58,414	67,235	147,451	219,856	438,885
Accounts receivable	44,713	62,121	112,746	167,854	330,769
Other current assets	28,274	20,392	33,974	50,580	99,672
Non-current assets	**346,842**	**346,329**	**405,305**	**451,937**	**562,965**
LT investments	172,525	171,501	184,728	186,728	188,728
Net fixed assets	56,917	60,427	75,677	107,520	164,422
Other assets	117,400	114,400	144,900	157,689	209,815
Total liabilities	**292,812**	**334,590**	**553,622**	**687,123**	**877,508**
Current liabilities	**266,902**	**303,350**	**387,694**	**510,364**	**668,725**
Accounts payable	40,777	48,710	76,898	114,659	228,886
Interest bearing ST liabilities	8,919	4,481	27,496	27,496	27,496
Other current liabilities	217,207	250,159	283,300	368,209	412,342
Non-current liabilities	**25,910**	**31,240**	**165,928**	**176,760**	**208,783**
Long-term debt	2,681	6,795	124,410	124,410	124,410
Other L-T liabilities	14,853	16,279	33,352	44,184	76,208
Total equity	**405,055**	**409,195**	**450,004**	**555,007**	**880,973**
Share capital	16,017	16,039	16,039	16,039	16,039
Retained earnings reserve	210,599	219,519	381,480	485,884	811,250
Minority interests	8,428	8,594	8,918	9,518	10,118
Preferred shareholders funds	-	-	-	-	-

Key ratios

	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Growth					
Revenue growth	22.4%	12.3%	16.2%	73.5%	64.2%
Operating profit growth	42.6%	1.0%	11.3%	118.2%	70.7%
EBITDA growth	37.1%	2.5%	14.8%	97.1%	64.8%
Net profit growth	38.2%	(1.0%)	11.3%	104.6%	68.9%
EPS growth	38.0%	(1.1%)	11.2%	104.5%	68.9%
Profitability					
Gross profit margin	49.6%	47.5%	45.9%	45.0%	44.5%
Operating margin	19.3%	17.4%	16.6%	20.9%	21.8%
EBITDA margin	23.2%	21.2%	21.0%	23.8%	23.9%
Net profit margin	20.1%	17.7%	16.9%	20.0%	20.5%
Return on average assets	16.0%	14.6%	13.4%	21.4%	27.0%
Return on average equity	27.8%	26.4%	27.8%	48.6%	57.2%
Stability					
Gross debt to equity	2.9%	2.8%	33.8%	27.4%	17.2%
Net debt to equity	Net cash	Net cash	Net cash	Net cash	Net cash
Interest coverage (x)	264.7	192.5	248.1	107.9	180.4
Interest & ST debt coverage (x)	0.9	1.0	0.8	0.9	0.9
Cash flow interest coverage(x)	344.3	249.7	89.6	81.4	97.2
Cash flow/int. & ST debt (x)	16.7	31.7	1.7	6.9	8.3
Current ratio (x)	1.3	1.3	1.5	1.5	1.8
Quick ratio (x)	1.1	1.1	1.2	1.1	1.1
Net debt (NT$mn)	(192,095)	(224,014)	(143,840)	(193,594)	(169,880)
Per share data					
EPS (NT$)	66.92	66.16	73.57	150.48	254.20
CFPS (NT$)	98.17	102.26	30.65	130.94	156.37
BVPS (NT$)	247.63	249.76	275.01	340.10	542.96
Adj BVPS (NT$)	249.50	251.64	276.89	342.37	546.59
SPS (NT$)	333.77	374.36	434.58	753.97	1,237.92
EBITDA/share (NT$)	77.59	79.43	91.11	179.51	295.90
Cash DPS (NT$)	54.00	53.50	67.50	73.59	119.33
Activity					
Sales / avg assets	0.80	0.83	0.79	1.07	1.31
Days receivable	30.8	38.0	59.4	51.0	61.4
Days inventory	80.0	78.4	143.6	121.4	146.8
Days payable	55.9	56.8	74.9	63.3	76.5
Cash cycle	55.0	59.7	128.1	109.1	131.6

Source: Company data, KGI Research estimates

Profit & loss

NT$mn	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Revenue	**530,586**	**595,966**	**692,270**	**1,201,264**	**1,972,328**
Cost of goods sold	(267,200)	(312,886)	(374,843)	(661,055)	(1,094,587)
Gross profit	**263,386**	**283,080**	**317,427**	**540,209**	**877,740**
Operating expenses	(160,974)	(179,610)	(202,299)	(288,942)	(448,705)
Operating profit	**102,412**	**103,470**	**115,128**	**251,267**	**429,035**
Non-operating income	**15,600**	**17,549**	**20,005**	**25,103**	**33,157**
Interest income	11,150	10,819	9,956	19,503	25,057
Investment income	3,938	5,994	4,616	3,600	4,100
Other non-op income	512	736	5,432	2,000	4,000
Non-operating expenses	**1,506**	**3,869**	**(545)**	**(2,562)**	**(2,562)**
Interest expense	(453)	(652)	(545)	(2,562)	(2,562)
Investment loss	-	-	-	-	-
Other non-op expenses	1,960	4,521	-	-	-
Pre-tax profit	**119,519**	**124,888**	**134,588**	**273,808**	**459,629**
Current taxation	(12,378)	(18,770)	(16,437)	(33,457)	(54,028)
Minorities	(754)	(798)	(959)	(600)	(600)
Extraordinary items	-	(0)	(0)	-	-
Net profit	**106,387**	**105,319**	**117,192**	**239,750**	**405,002**
EBITDA	**123,348**	**126,444**	**145,138**	**286,001**	**471,452**
EPS (NT$)	66.92	66.16	73.57	150.48	254.20

Cash flow

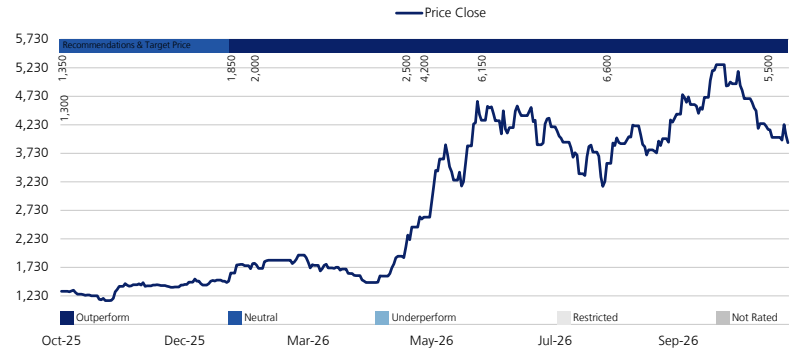
NT$mn	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Operations cash flow	**156,055**	**162,793**	**48,821**	**208,617**	**249,140**
Net profit	106,387	105,319	117,192	239,750	405,002
Depreciation & amortisation	20,936	22,974	30,010	34,734	42,417
Decrease in working capital	(1,001)	(19,508)	(102,654)	(89,752)	(267,717)
Other operating cash flow	29,733	54,007	4,272	23,885	69,438
Investing cash flow	**(35,928)**	**(37,754)**	**(44,277)**	**(63,286)**	**(103,908)**
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)	(27,654)	(51,742)	(84,953)
Others investing cashflow	(7,471)	(12,046)	(20,183)	(11,545)	(18,955)
Free cash flow	**89,578**	**66,687**	**(14,475)**	**98,969**	**53,985**
Financing cash flow	**(90,119)**	**(87,675)**	**53,965**	**(95,576)**	**(168,946)**
Increase in short term debt	(1,260)	-	16,160	-	-
Increase in long term loans	-	60	124,470	-	-
New ordinary shares issued	-	-	-	-	-
Ordinary dividends paid	(87,551)	(86,070)	(85,583)	(95,576)	(168,946)
Other financing cashflow	(1,309)	(1,665)	(1,083)	-	-
Forex effects	**8,292**	**(5,770)**	**1,948**	**-**	**-**
Total cash generated	**38,300**	**31,594**	**60,456**	**49,755**	**(23,714)**

ROIC

	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
1 - COGS/revenue					
- Operating exp./revenue	30.3%	30.1%	29.2%	24.1%	22.8%
= Operating margin	**19.3%**	**17.4%**	**16.6%**	**20.9%**	**21.8%**
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	0.0
= Capital turnover	**(9.2)**	**(7.2)**	**16.3**	**10.7**	**4.0**
Operating margin	19.3%	17.4%	16.6%	20.9%	21.8%
x Capital turnover	(9.2)	(7.2)	16.3	10.7	4.0
x (1 - tax rate)	89.6%	85.0%	87.8%	87.8%	88.2%
= After-tax ROIC	**(158.8%)**	**(106.2%)**	**237.5%**	**197.1%**	**77.4%**

Source: Company data, KGI Research estimates

MediaTek – Recommendation & target price history



Date	Rating	Target	Price
2026-10-20	Outperform	5,500	4,150
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

Source: TEJ, KGI Research

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