

MediaTek (2454.TW/2454 TT)

AI ASIC sales to surpass mobile sales in 3 years

FTSE4Good TIP Taiwan ESG Index stock

Outperform · Maintained

Price as of April 21 (NT\$)	2,090
12M target price (NT\$)	2,500
Previous target price (NT\$)	2,000
Revised up (%)	25.0
Upside (%)	19.6

Key message

- 1Q26 results arrived in line; smartphone headwinds in 2Q-3Q26F.
- Strong demand for Google TPU.
- Concerns about competition are overblown.

Trading data

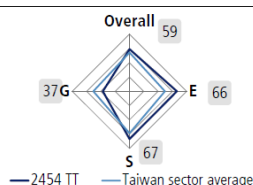
Mkt cap (NT\$bn/US\$m)	3,352 / 106,595
Outstanding shares (mn)	1,604
Foreign ownership (mn)	921
3M avg. daily trading (mn)	5.91
52-week trading range (NT\$)	1,145 -2,090

Performance	3M	6M	12M
Absolute (%)	42.7	56	55.4
Relative (%)	22.3	20.5	-41.4

Quarterly EPS

NT\$	1Q	2Q	3Q	4Q
2025	18.43A	17.50A	15.84A	14.40A
2026	14.19F	13.48F	15.59F	20.70F
2027	23.75F	24.29F	25.07F	26.20F

ESG score card



Source: Refinitiv

Event

MediaTek will host a 1Q26 earnings call on April 30.

Impact

1Q26 results arrived in line; smartphone headwinds in 2Q-3Q26F. Although we expect smartphone demand to fall 10-15% YoY on memory price hikes in 2026, these price hikes drove pull-in demand in 1Q26. As a result, MediaTek 1Q26 sales arrived in line with guidance and we expect gross margin to meet the midpoint of guidance. For 2Q26, we expect management to guide a mid- to high-single digit decline in sales on headwinds for smartphone applications and stable gross margin. Excluding Apple (US) and Samsung (KR), we estimate China's Android camp is likely to see shipments decline 20-30% YoY in 2026. However, with market share expansion, we only project a 7% YoY decline in MediaTek's 5G SoC shipment and a 14% YoY decline in 4G SoC shipment.

Strong demand for Google TPU. Despite concerns about production, we expect the mass production of Google (US) TPU v8x (Zebrafish) to be on track in July-August, and we forecast shipments will total 400k units in 2026 and 1.5-2.0mn units in 2027. We have seen some upside from MediaTek at TSMC's (2330 TT, NT\$2,050, OP) N3, which indicates solid demand for TPU. Due to CoWoS supply constraints and higher reticle size requirements, the next-generation Humufish (v9) will likely leverage Intel's (US) EMIB, which could further drive shipment growth amid supply constraints. We forecast AI ASIC sales will account for 8% of total sales in 2026, and jump to 27% in 2027. In 2H28, we believe there is a chance the firm's AI ASIC sales will surpass its smartphone SoC sales, and therefore we should rerate the company as an AI play instead of a smartphone play.

Concerns about competition are overblown. Recently, there has been market rumors about Marvell (US) likely becoming a third ASIC partner for Google, which has raised concerns about intensifying competition for MediaTek. Based on our channel checks, Marvell is likely to be involved in LPU development for Google, not TPU. In addition, despite Broadcom (US) and Google extending their partnership to 2031, we believe Google will eventually take key component, such as HBM, procurement back and rely more on MediaTek for in-house ASIC development.

Valuation & Action

Smartphone headwinds will likely cap MediaTek's share price in the short term. However, due to strong TPU demand, we expect AI ASIC sales to surpass those of smartphone applications within three years, which will drive stock rerating. We raise 2027F EPS by 2% and lift the target price to NT\$2,500, based on 25x 2027F EPS (cycle peak) and upside from future rerating potential. Maintain Outperform.

Risks

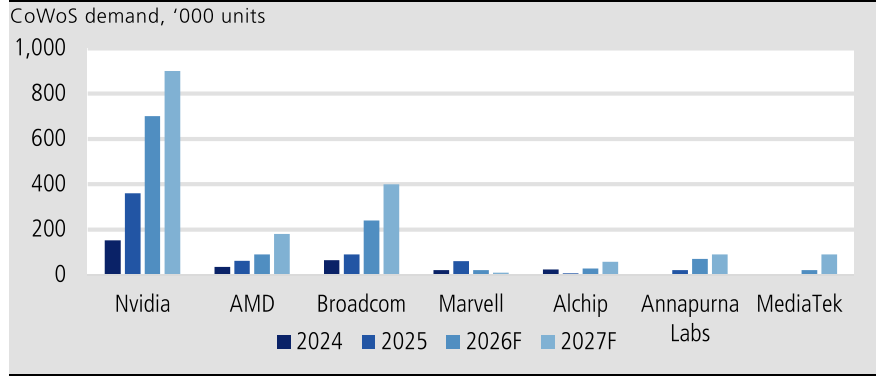
Smartphone shipments decline; slow progress in AI chips.

Key financials and valuations

	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Revenue (NT\$m)	433,446	530,586	595,966	654,695	947,969
Gross profit (NT\$m)	207,367	263,386	283,080	301,153	427,357
Operating profit (NT\$m)	71,800	102,412	103,470	99,441	161,926
Net profit (NT\$m)	76,979	106,387	105,319	101,819	158,084
EPS (NT\$)	48.51	66.92	66.16	63.96	99.30
Cash DPS (NT\$)	55.01	54.00	53.50	67.59	65.81
EPS growth (%)	(35.0)	38.0	(1.1)	(3.3)	55.3
PE (x)	43.1	31.2	31.6	32.7	21.0
PB (x)	9.1	8.4	8.4	8.2	7.3
EV/EBITDA (x)	21.9	15.3	14.8	15.0	10.0
Net debt to equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Dividend yield (%)	2.6	2.6	2.6	3.2	3.1
Return on average equity (%)	19.0	27.8	26.4	25.2	36.6

Source: Company data; KGI Research estimates

Figure 1: Breakdown of 2024-27 CoWoS demand forecasts by client



Source: KGI Research estimates

Figure 2: Breakdown of AI accelerator shipment forecasts

Shipments (k units)	2023	2024	2025	2026F	2027F
GPU	1,645	4,730	6,694	9,599	9,042
YoY (%)	N.M.	187.5	41.5	43.4	(5.8)
Nvidia	1,450	3,838	5,310	8,239	7,092
- A100	1,450	88	-	-	-
- H100	-	3,218	522	203	-
- B200	-	532	2,873	559	-
- B300	-	-	1,915	5,027	252
- Rubin	-	-	-	2,450	4,320
- Rubin Ultra	-	-	-	-	2,520
AMD	168	490	868	810	1,350
Intel	27	202	16	-	-
Others	-	200	500	550	600
GPU (GPU die equiv.)	1,645	5,262	11,482	17,635	21,174
		219.9%	118.2%	53.6%	20.1%
ASIC	2,259	3,984	4,837	7,725	12,990
YoY (%)	N.M.	76.4	21.4	59.7	68.2
Amazon/AWS (Trainium)	495	1,225	1,600	2,428	3,360
Google (TPU)	1,464	2,099	2,527	4,312	7,480
Meta (MTIA)	-	300	350	400	650
MSFT (Maia)	-	60	60	60	200
Open AI	-	-	-	25	500
Others	300	300	300	500	800
AI Accelerator	3,904	8,714	11,531	17,324	22,032
YoY (%)	N.M.	123.2	32.3	50.2	27.2

Source: KGI Research estimates

Figure 3: Breakdown of 1Q-2Q26 forecast revisions vs. consensus

NT\$m	1Q26F							2Q26F						
	Actual	KGI forecast	Diff. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Revenue	149,150	145,692	2.4	(0.7)	(2.7)	145,441	2.5	139,516	148,570	(6.1)	(6.5)	(7.2)	144,842	(3.7)
Gross profit	68,240	66,646	2.4	(1.5)	(7.5)	66,865	2.1	64,175	68,439	(6.2)	(6.0)	(13.1)	66,814	(4.0)
Operating profit	21,557	21,045	2.4	(1.3)	(28.3)	21,898	(1.6)	20,785	22,234	(6.5)	(3.6)	(29.3)	21,966	(5.4)
Net profit	22,590	22,140	2.0	(1.5)	(23.0)	22,405	0.8	21,465	22,726	(5.5)	(5.0)	(22.9)	22,939	(6.4)
EPS (NT\$)	14.19	13.90	2.1	(1.5)	(23.0)	13.96	1.6	13.48	14.26	(5.5)	(5.0)	(22.9)	14.09	(4.3)
Gross margin (%)	45.8	47.1	(1.3)ppts	(0.4)ppts	(2.4)ppts	46.0	(0.2)ppts	46.0	45.8	0.2 ppts	0.2 ppts	(3.1)ppts	46.1	(0.1)ppts
OP margin (%)	14.5	16.6	(2.1)ppts	(0.1)ppts	(5.1)ppts	15.1	(0.6)ppts	14.9	14.5	0.4 ppts	0.4 ppts	(4.6)ppts	15.2	(0.3)ppts
Net margin (%)	15.1	16.7	(1.6)ppts	(0.1)ppts	(4.0)ppts	15.4	(0.3)ppts	15.4	15.4	0.0 ppts	0.2 ppts	(3.1)ppts	15.8	(0.5)ppts

Source: Company data; Bloomberg; KGI Research estimates

Figure 4: Breakdown of 2026-27 forecast revisions vs. consensus

NT\$m	2026F						2027F					
	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Revenue	654,695	675,269	(3.0)	9.9	629,768	4.0	947,969	920,974	2.9	44.8	865,007	9.6
Gross profit	301,153	310,970	(3.2)	6.4	288,881	4.2	427,357	416,798	2.5	41.9	392,557	8.9
Operating profit	99,441	102,956	(3.4)	(3.9)	100,126	(0.7)	161,926	158,925	1.9	62.8	166,268	(2.6)
Net profit	101,819	104,916	(3.0)	(3.3)	101,367	0.4	158,084	155,567	1.6	55.3	157,530	0.4
EPS (NT\$)	63.96	65.85	(2.9)	(3.3)	63.37	0.9	99.30	97.65	1.7	55.3	98.88	0.4
Gross margin (%)	46.0	46.1	(0.2)ppts	(1.5)ppts	45.9	0.1 ppts	45.1	46.7	(1.6)ppts	(0.9)ppts	45.4	(0.3)ppts
OP margin (%)	15.2	15.7	(0.5)ppts	(2.2)ppts	15.9	(0.7)ppts	17.1	18.1	(1.0)ppts	1.9 ppts	19.2	(2.1)ppts
Net margin (%)	15.6	16.0	(0.4)ppts	(2.1)ppts	16.1	(0.5)ppts	16.7	17.8	(1.1)ppts	1.1 ppts	18.2	(1.5)ppts

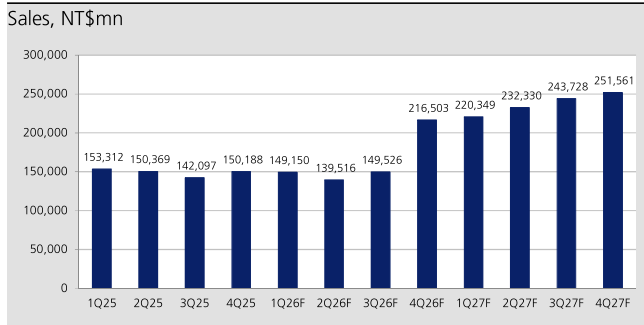
Source: Bloomberg; KGI Research estimates

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.

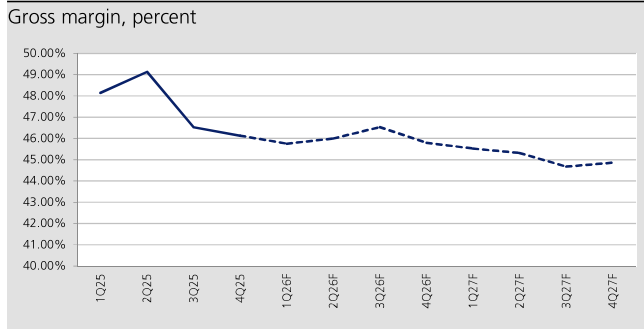
Source: Company data; KGI Research

Figure 7: Sales



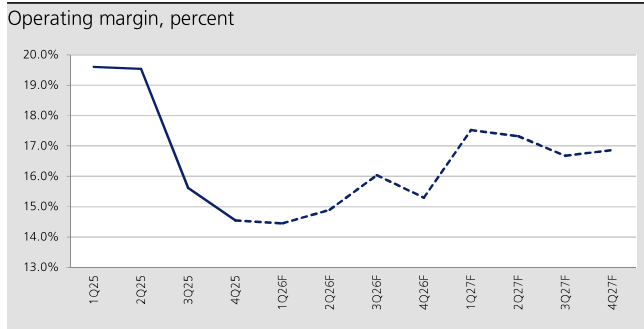
Source: KGI Research

Figure 9: Gross margin



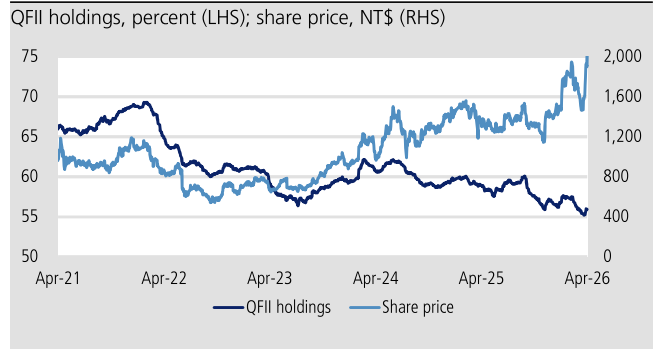
Source: KGI Research

Figure 11: Operating margin



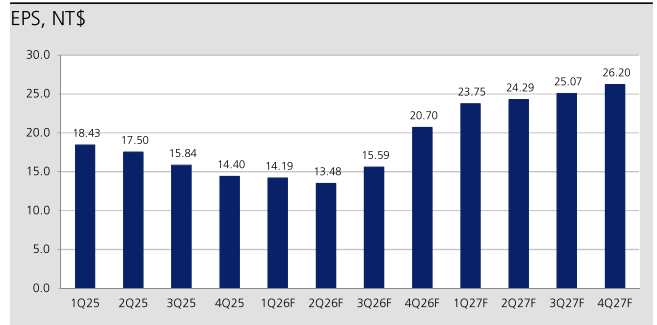
Source: KGI Research

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



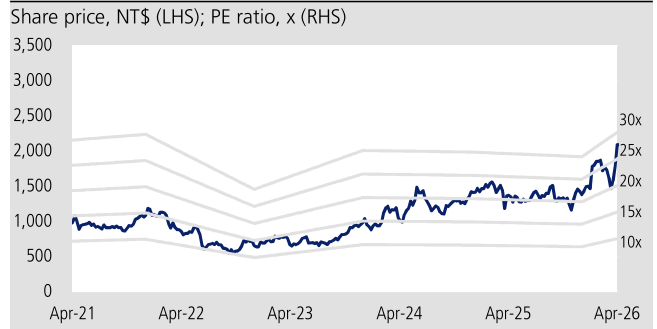
Source: TEJ; KGI Research

Figure 8: EPS



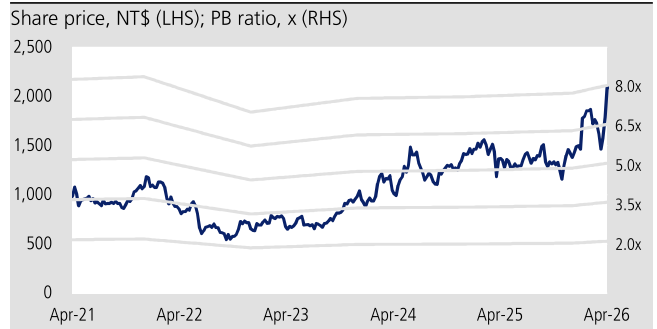
Source: KGI Research

Figure 10: 12M forward PE band



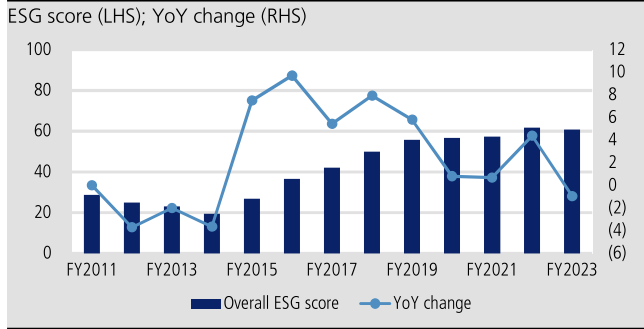
Source: TEJ; KGI Research estimates

Figure 12: 12M forward PB band



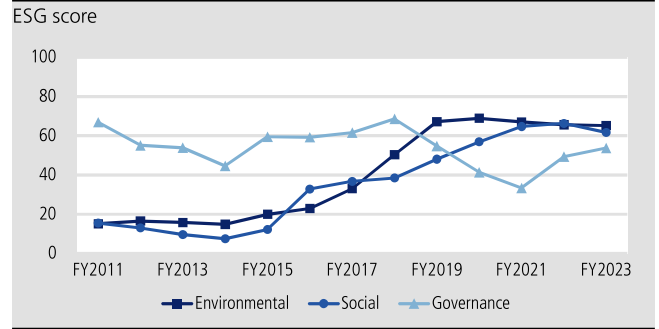
Source: TEJ; KGI Research estimates

Figure 13: Overall ESG score



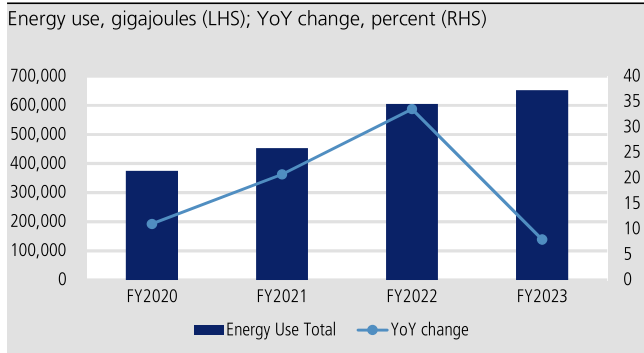
Source: Refinitiv; Company data

Figure 14: ESG scores



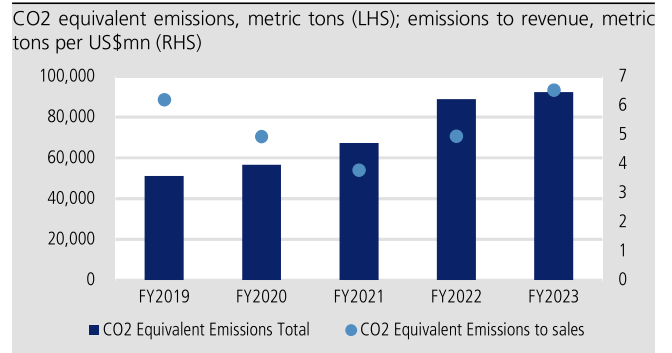
Source: Refinitiv; Company data

Figure 15: Energy use



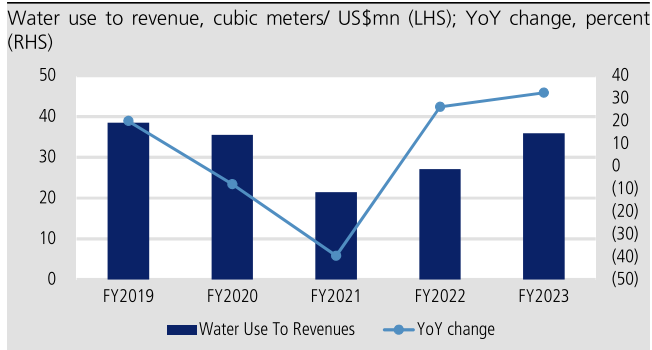
Source: Refinitiv; Company data

Figure 16: CO2 equivalent emissions



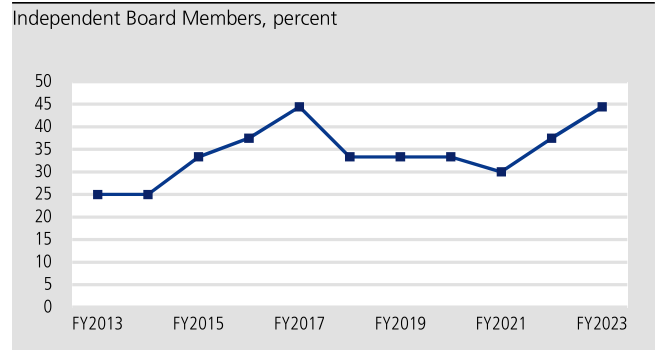
Source: Refinitiv; Company data

Figure 17: Water use to revenue



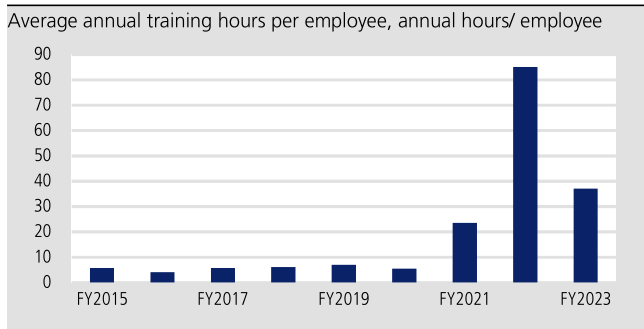
Source: Refinitiv; Company data

Figure 18: Independent board members



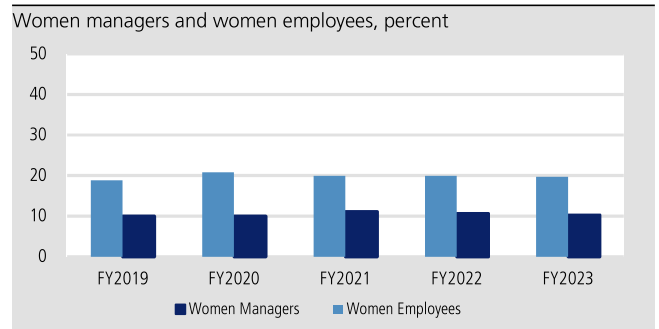
Source: Refinitiv; Company data

Figure 19: Employee training



Source: Refinitiv; Company data

Figure 20: Gender diversification



Source: Refinitiv; Company data

ESG chart definition

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

Source: Refinitiv; Company data; KGI Research

Income statement

	Quarterly								Annually		
	Mar-26F	Jun-26F	Sep-26F	Dec-26F	Mar-27F	Jun-27F	Sep-27F	Dec-27F	Dec-25A	Dec-26F	Dec-27F
Income statement (NT\$m)											
Revenue	149,150	139,516	149,526	216,503	220,349	232,330	243,728	251,561	595,966	654,695	947,969
Cost of goods sold	(80,909)	(75,341)	(79,941)	(117,350)	(120,035)	(127,039)	(134,843)	(138,695)	(312,886)	(353,542)	(520,611)
Gross profit	68,240	64,175	69,585	99,152	100,315	105,291	108,886	112,866	283,080	301,153	427,357
Operating expenses	(46,684)	(43,389)	(45,605)	(66,033)	(61,698)	(65,052)	(68,244)	(70,437)	(179,610)	(201,712)	(265,431)
Operating profit	21,557	20,785	23,980	33,119	38,617	40,238	40,642	42,429	103,470	99,441	161,926
Depreciation of fixed assets	(3,663)	(3,663)	(3,663)	(3,663)	(4,463)	(4,463)	(4,463)	(4,463)	(13,336)	(14,651)	(17,852)
Amortisation of intangible assets	(2,750)	(2,750)	(2,750)	(2,750)	(3,894)	(3,894)	(3,894)	(3,894)	(9,639)	(11,001)	(15,576)
EBITDA	27,970	27,198	30,393	39,532	46,974	48,595	48,999	50,786	126,444	125,093	195,354
Interest income	3,086	2,862	3,194	2,869	3,215	3,073	3,581	3,307	10,819	12,011	13,177
Investment income	800	800	800	800	900	900	900	900	5,994	3,200	3,600
Other non-op income	500	500	500	500	500	500	500	500	736	2,000	2,000
Non-operating income	4,386	4,162	4,494	4,169	4,615	4,473	4,981	4,707	17,549	17,211	18,777
Interest expense	(102)	(102)	(102)	(102)	(102)	(102)	(102)	(102)	(652)	(407)	(407)
Investment loss	-	-	-	-	-	-	-	-	-	-	-
Other non-op expenses	-	-	-	-	-	-	-	-	4,521	-	-
Non-operating expenses	(102)	(102)	(102)	(102)	(102)	(102)	(102)	(102)	3,869	(407)	(407)
Pre-tax profit	25,841	24,845	28,372	37,186	43,130	44,610	45,521	47,034	124,888	116,245	180,295
Current taxation	(3,101)	(3,230)	(3,405)	(4,091)	(5,176)	(5,799)	(5,462)	(5,174)	(18,770)	(13,826)	(21,611)
Minorities	(150)	(150)	(150)	(150)	(150)	(150)	(150)	(150)	(798)	(600)	(600)
Normalised net profit	22,590	21,465	24,818	32,946	37,805	38,661	39,908	41,710	105,319	101,819	158,084
Extraordinary items	-	-	-	-	-	-	-	-	-	-	-
Net profit	22,590	21,465	24,818	32,946	37,805	38,661	39,908	41,710	105,319	101,819	158,084
EPS (NT\$)	14.19	13.48	15.59	20.70	23.75	24.29	25.07	26.20	66.16	63.96	99.30
Margins (%)											
Gross profit margin	45.8	46.0	46.5	45.8	45.5	45.3	44.7	44.9	47.5	46.0	45.1
Operating margin	14.5	14.9	16.0	15.3	17.5	17.3	16.7	16.9	17.4	15.2	17.1
EBITDA margin	18.8	19.5	20.3	18.3	21.3	20.9	20.1	20.2	21.2	19.1	20.6
Pretax profit margin	17.3	17.8	19.0	17.2	19.6	19.2	18.7	18.7	21.0	17.8	19.0
Net profit margin	15.1	15.4	16.6	15.2	17.2	16.6	16.4	16.6	17.7	15.6	16.7
Sequential growth (%)											
Revenue growth	(0.7)	(6.5)	7.2	44.8	1.8	5.4	4.9	3.2			
Gross profit growth	(1.5)	(6.0)	8.4	42.5	1.2	5.0	3.4	3.7			
Operating profit growth	(1.3)	(3.6)	15.4	38.1	16.6	4.2	1.0	4.4			
EBITDA growth	1.1	(2.8)	11.7	30.1	18.8	3.5	0.8	3.6			
Pretax profit growth	(4.8)	(3.9)	14.2	31.1	16.0	3.4	2.0	3.3			
Net profit growth	(1.5)	(5.0)	15.6	32.8	14.7	2.3	3.2	4.5			
YoY growth (%)											
Revenue growth	(2.7)	(7.2)	5.2	44.2	47.7	66.5	63.0	16.2	12.3	9.9	44.8
Gross profit growth	(7.5)	(13.1)	5.3	43.1	47.0	64.1	56.5	13.8	7.5	6.4	41.9
Operating profit growth	(28.3)	(29.3)	8.1	51.6	79.1	93.6	69.5	28.1	1.0	(3.9)	62.8
EBITDA growth	(21.6)	(22.6)	8.7	42.9	67.9	78.7	61.2	28.5	2.5	(1.1)	56.2
Pretax profit growth	(25.2)	(25.2)	(5.3)	37.0	66.9	79.6	60.4	26.5	4.5	(6.9)	55.1
Net profit growth	(23.0)	(22.9)	(1.6)	43.7	67.3	80.1	60.8	26.6	(1.0)	(3.3)	55.3

Source: Company data; KGI Research estimates

Balance sheet

NT\$m	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Total assets	635,038	697,868	743,785	836,271	934,135
Current assets	290,889	351,025	397,456	471,786	546,459
Cash & ST securities	180,673	219,624	247,709	255,321	292,996
Inventory	43,220	58,414	67,235	97,519	115,257
Accounts receivable	55,834	44,713	62,121	89,550	104,051
Other current assets	11,161	28,274	20,392	29,395	34,155
Non-current assets	344,150	346,842	346,329	364,486	387,676
LT investments	152,228	172,525	171,501	173,501	175,501
Net fixed assets	53,291	56,917	60,427	66,013	77,464
Other assets	138,631	117,400	114,400	124,971	134,711
Total liabilities	260,833	292,812	334,590	419,299	467,525
Current liabilities	231,999	266,902	303,350	382,187	427,308
Accounts payable	38,779	40,777	48,710	70,651	83,501
Interest bearing ST liabilities	7,826	8,919	4,481	4,481	4,481
Other current liabilities	185,394	217,207	250,159	307,056	339,327
Non-current liabilities	28,834	25,910	31,240	37,112	40,216
Long-term debt	4,605	2,681	6,795	6,795	6,795
Other L-T liabilities	16,169	14,853	16,279	23,581	26,685
Total equity	374,205	405,055	409,195	416,973	466,610
Share capital	15,996	16,017	16,039	16,039	16,039
Retained earnings reserve	212,670	210,599	219,519	361,316	410,354
Minority interests	6,000	8,428	8,594	9,194	9,794
Preferred shareholders funds	-	-	-	-	-

Key ratios

	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Growth					
Revenue growth	(21.0%)	22.4%	12.3%	9.9%	44.8%
Operating profit growth	(43.4%)	42.6%	1.0%	(3.9%)	62.8%
EBITDA growth	(36.5%)	37.1%	2.5%	(1.1%)	56.2%
Net profit growth	(34.8%)	38.2%	(1.0%)	(3.3%)	55.3%
EPS growth	(35.0%)	38.0%	(1.1%)	(3.3%)	55.3%
Profitability					
Gross profit margin	47.8%	49.6%	47.5%	46.0%	45.1%
Operating margin	16.6%	19.3%	17.4%	15.2%	17.1%
EBITDA margin	20.8%	23.2%	21.2%	19.1%	20.6%
Net profit margin	17.8%	20.1%	17.7%	15.6%	16.7%
Return on average assets	12.4%	16.0%	14.6%	12.9%	17.9%
Return on average equity	19.0%	27.8%	26.4%	25.2%	36.6%
Stability					
Gross debt to equity	3.3%	2.9%	2.8%	2.7%	2.4%
Net debt to equity	Net cash	Net cash	Net cash	Net cash	Net cash
Interest coverage (x)	218.3	264.7	192.5	286.5	443.7
Interest & ST debt coverage (x)	0.9	0.9	1.0	1.0	1.0
Cash flow interest coverage(x)	415.9	344.3	249.7	325.7	476.5
Cash flow/int. & ST debt (x)	20.2	16.7	31.7	27.1	39.7
Current ratio (x)	1.3	1.3	1.3	1.2	1.3
Quick ratio (x)	1.1	1.1	1.1	1.0	1.0
Net debt (NT\$m)	(152,965)	(192,095)	(224,014)	(233,626)	(273,300)
Per share data					
EPS (NT\$)	48.51	66.92	66.16	63.96	99.30
CFPS (NT\$)	104.67	98.17	102.26	83.32	121.90
BVPS (NT\$)	230.18	247.63	249.76	254.24	284.81
Adj BVPS (NT\$)	232.04	249.50	251.64	256.15	286.95
SPS (NT\$)	273.15	333.77	374.36	411.25	595.48
EBITDA/share (NT\$)	56.72	77.59	79.43	78.58	122.71
Cash DPS (NT\$)	55.01	54.00	53.50	67.59	65.81
Activity					
Sales / avg assets	0.70	0.80	0.83	0.83	1.07
Days receivable	47.0	30.8	38.0	49.9	40.1
Days inventory	69.8	80.0	78.4	100.7	80.8
Days payable	62.6	55.9	56.8	72.9	58.5
Cash cycle	54.2	55.0	59.7	77.7	62.3

Source: Company data; KGI Research estimates

Profit & loss

NT\$m	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Revenue	433,446	530,586	595,966	654,695	947,969
Cost of goods sold	(226,079)	(267,200)	(312,886)	(353,542)	(520,611)
Gross profit	207,367	263,386	283,080	301,153	427,357
Operating expenses	(135,568)	(160,974)	(179,610)	(201,712)	(265,431)
Operating profit	71,800	102,412	103,470	99,441	161,926
Non-operating income	14,287	15,600	17,549	17,211	18,777
Interest income	7,308	11,150	10,819	12,011	13,177
Investment income	6,471	3,938	5,994	3,200	3,600
Other non-op income	508	512	736	2,000	2,000
Non-operating expenses	696	1,506	3,869	(407)	(407)
Interest expense	(399)	(453)	(652)	(407)	(407)
Investment loss	-	-	-	-	-
Other non-op expenses	1,095	1,960	4,521	-	-
Pre-tax profit	86,782	119,519	124,888	116,245	180,295
Current taxation	(9,591)	(12,378)	(18,770)	(13,826)	(21,611)
Minorities	(212)	(754)	(798)	(600)	(600)
Extraordinary items	-	(0)	(0)	-	-
Net profit	76,979	106,387	105,319	101,819	158,084
EBITDA	90,000	123,348	126,444	125,093	195,354
EPS (NT\$)	48.51	66.92	66.16	63.96	99.30

Cash flow

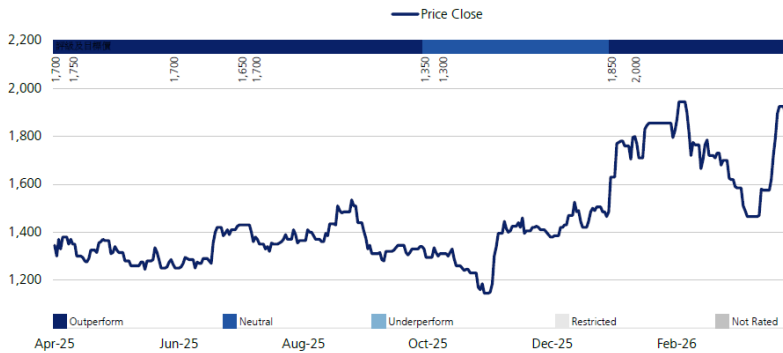
NT\$m	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
Operations cash flow	166,091	156,055	162,793	132,649	194,056
Net profit	76,979	106,387	105,319	101,819	158,084
Depreciation & amortisation	18,200	20,936	22,974	25,652	33,428
Decrease in working capital	30,356	(1,001)	(19,508)	(35,773)	(19,388)
Other operating cash flow	40,556	29,733	54,007	40,951	21,932
Investing cash flow	(28,746)	(35,928)	(37,754)	(35,370)	(51,215)
Sale of ST investment	(12,157)	(14,697)	(9,762)	2,000	2,000
New investments	116	26	(887)	(2,000)	(2,000)
Capital expenditure	(9,325)	(13,787)	(15,059)	(20,237)	(29,302)
Others investing cashflow	(7,379)	(7,471)	(12,046)	(15,134)	(21,913)
Free cash flow	95,897	89,578	66,687	46,254	111,678
Financing cash flow	(118,569)	(90,119)	(87,675)	(87,666)	(103,167)
Increase in short term debt	(1,500)	(1,260)	-	-	-
Increase in long term loans	(828)	-	60	-	-
New ordinary shares issued	-	-	-	-	-
Ordinary dividends paid	(120,981)	(87,551)	(86,070)	(87,666)	(103,167)
Other financing cashflow	4,740	(1,309)	(1,665)	-	-
Forex effects	(883)	8,292	(5,770)	-	-
Total cash generated	17,894	38,300	31,594	9,612	39,675

ROIC

	Dec-23A	Dec-24A	Dec-25A	Dec-26F	Dec-27F
1 - COGS/revenue					
- Operating exp./revenue	31.3%	30.3%	30.1%	30.8%	28.0%
= Operating margin	16.6%	19.3%	17.4%	15.2%	17.1%
1 / (Working capital/revenue	(0.3)	(0.2)	(0.3)	(0.2)	(0.2)
+ Net PPE/revenue	0.1	0.1	0.1	0.1	0.1
+ Other assets/revenue)	0.1	0.0	0.0	0.0	0.0
= Capital turnover	(16.3)	(9.2)	(7.2)	(8.8)	(14.0)
Operating margin	16.6%	19.3%	17.4%	15.2%	17.1%
x Capital turnover	(16.3)	(9.2)	(7.2)	(8.8)	(14.0)
x (1 - tax rate)	88.9%	89.6%	85.0%	88.1%	88.0%
= After-tax ROIC	(240.6%)	(158.8%)	(106.2%)	(118.1%)	(211.2%)

Source: Company data; KGI Research estimates

MediaTek – Recommendation & target price history



Date	Rating	Target	Price
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
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

Source: TEJ; KGI Research

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