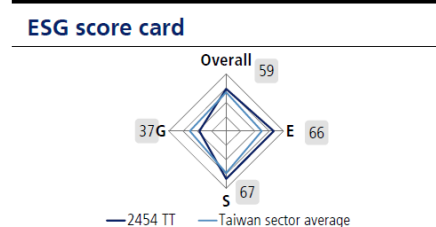


MediaTek (2454.TW/2454 TT)

Full-scale business transformation from smartphone IC to AI ASIC design

FTSE4Good TIP Taiwan ESG Index stock			
Outperform · Maintained			
Price as of April 30 (NT\$)	2,610		
12M target price (NT\$)	4,200		
Previous target price (NT\$)	2,500		
Revised up (%)	68.0		
Upside (%)	60.9		
Key message			
1. 1Q26 slightly ahead on good opex control. 2. Company sees more promising outlook for AI ASIC. 3. We see limited catalysts before 4Q26F.			
Trading data			
Mkt cap (NT\$bn/US\$m)	4,186 / 132,301		
Outstanding shares (mn)	1,604		
Foreign ownership (mn)	921		
3M avg. daily trading (mn)	6.52		
52-week trading range (NT\$)	1,145 -2,615		
Performance	3M	6M	12M
Absolute (%)	48.3	99.2	93.3
Relative (%)	26.9	61.6	0.9

Quarterly EPS				
NT\$	1Q	2Q	3Q	4Q
2025	18.43A	17.50A	15.84A	14.40A
2026	15.17F	13.87F	15.50F	23.45F
2027	24.54F	26.48F	29.43F	31.50F



Source: Refinitiv

Event

MediaTek announced 1Q26 earnings and a promising outlook for the AI ASIC business.

Impact

1Q26 slightly ahead on well-controlled opex. 1Q26 gross margin of 46.3% and operating margin of 15.3% came in at the guidance midpoint. Net income of NT\$24.2bn (EPS of NT\$15.17) was up 5.4% QoQ but down 17.7% YoY, higher than our forecast and consensus by 6-7%, thanks to well-controlled opex. By business segment, smart edge revenue grew by 23% QoQ on global market share gains and a seasonal demand rebound, offsetting smartphone weakness, with revenue down 17% QoQ.

More promising outlook for AI ASIC. MediaTek raised 2026F AI ASIC sales guidance by 100% to US\$2bn (vs. our US\$1.6bn estimate). While the company previously estimated the AI ASIC TAM to grow to US\$70-80bn in 2028F, it now expects this to happen in 2027F. MediaTek has a target market share of 10-15%, which implies AI ASIC sales could reach US\$7-12bn next year. Due to concerns regarding capacity constraints, we previously forecast 2027F AI ASIC sales at the low end of the implied range (US\$8bn). However, given that management is confident about sufficient capacity in 2027F, we now believe MediaTek's AI ASIC supply will fulfill demand next year to bring in revenue of US\$12bn, accounting for 35% of total revenue. We forecast AI ASIC sales of US\$25-30bn in 2028F, surpassing the mobile SoC business, driven by a higher silicon content and larger packaging size, together with an estimated doubling of shipments for Humufish (Google's (US) next-generation Tensor Processing Unit (TPU)).

Limited catalysts before 4Q26F. With most 2026F AI ASIC revenue contribution coming in 4Q26F, we see limited drivers for the next two quarters. Management guides 2Q26F revenue of NT\$140.2-149.2bn (flat to down 6% QoQ) slightly better than our expectation, as a strong smart edge business will offset smartphone weakness. MediaTek expects the global smartphone market to decline by 15% this year amid the memory price surge, and guides 2026F revenue to grow by mid-to-high single digits YoY in US dollar terms, with gross margin sustaining at the current range.

Valuation & Action

Assuming MediaTek will have sufficient CoWoS capacity and extended visibility into 2028F, we revise up 2026-27F EPS by 6% and 13%, respectively. We raise our target price significantly to NT\$4,200 by rolling over to 2028F EPS, based on a PE of 25x (cycle peak). Maintain Outperform.

Risks

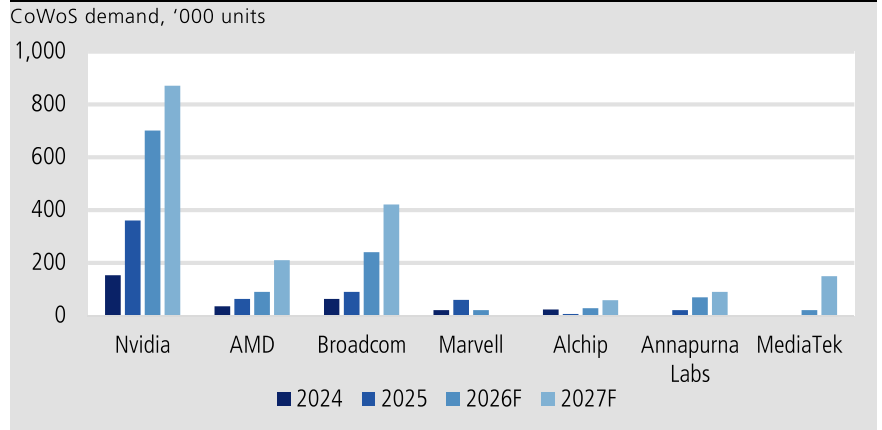
Smartphone shipments decline; slow progress in AI chip.

Key financials and valuations

	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Revenue (NT\$m)	530,586	595,966	665,546	1,102,218	1,661,831
Gross profit (NT\$m)	263,386	283,080	307,064	497,671	734,332
Operating profit (NT\$m)	102,412	103,470	106,314	183,948	279,378
Net profit (NT\$m)	106,387	105,319	108,226	178,221	265,339
EPS (NT\$)	66.92	66.16	67.98	111.95	166.68
Cash DPS (NT\$)	54.00	53.50	67.50	69.07	104.68
EPS growth (%)	38.0	(1.1)	2.8	64.7	48.9
PE (x)	39.0	39.5	38.4	23.3	15.7
PB (x)	10.5	10.4	9.9	8.7	6.2
EV/EBITDA (x)	18.2	17.7	17.4	11.0	8.4
Net debt to equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Dividend yield (%)	2.1	2.0	2.6	2.6	4.0
Return on average equity (%)	27.8	26.4	26.3	39.5	45.8

Source: Company data; KGI Research estimates

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



Source: KGI Research estimates

Figure 2: 1Q26 results & 2Q26 forecast revisions vs. consensus

NT\$m	1Q26				2Q26F							
	Actual	KGI forecast	Diff. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Revenue	149,151	149,150	0.0	(0.7)	146,564	1.8	144,271	139,516	3.4	(3.3)	144,910	(0.4)
Gross profit	69,055	68,240	1.2	(6.4)	67,388	2.5	66,426	64,175	3.5	(10.1)	66,838	(0.6)
Operating profit	22,891	21,557	6.2	(23.8)	22,193	3.1	21,558	20,785	3.7	(26.6)	21,940	(1.7)
Net profit	24,154	22,590	6.9	(17.6)	22,674	6.5	22,077	21,465	2.9	(20.7)	22,906	(3.6)
EPS (NT\$)	15.17	14.19	6.9	(17.7)	14.24	6.5	13.87	13.48	2.9	(8.6)	14.15	(2.0)
Gross margin (%)	46.3	45.8	0.5 ppts	(1.8)ppts	46.0	0.3 ppts	46.0	46.0	0.0 ppts	(3.1)ppts	46.1	(0.1)ppts
OP margin (%)	15.3	14.5	0.9 ppts	(4.3)ppts	15.1	0.2 ppts	14.9	14.9	0.0 ppts	(4.6)ppts	15.1	(0.2)ppts
Net margin (%)	16.2	15.1	1.0 ppts	(2.9)ppts	15.5	0.7 ppts	15.3	15.4	(0.1)ppts	(3.2)ppts	15.8	(0.5)ppts

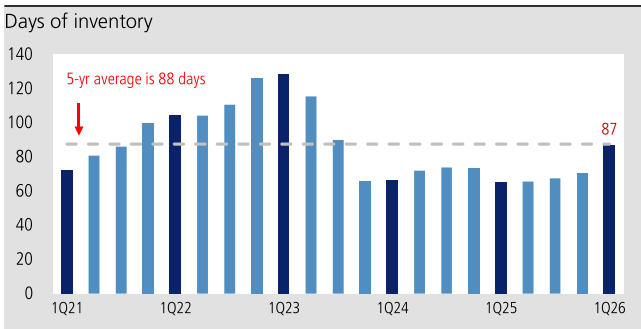
Source: Company data; Bloomberg; KGI Research estimates

Figure 3: 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	665,546	654,695	1.7	11.7	632,469	5.2	1,102,218	947,969	16.3	65.6	890,605	23.8
Gross profit	307,064	301,153	2.0	8.5	290,094	5.8	497,671	427,357	16.5	62.1	403,578	23.3
Operating profit	106,314	99,441	6.9	2.7	101,145	5.1	183,948	161,926	13.6	73.0	174,409	5.5
Net profit	108,226	101,819	6.3	2.8	102,106	6.0	178,221	158,084	12.7	64.7	165,457	7.7
EPS (NT\$)	67.98	63.96	6.3	2.8	63.92	6.4	111.95	99.30	12.7	64.7	102.99	8.7
Gross margin (%)	46.1	46.0	0.1 ppts	(1.4)ppts	45.9	0.3 ppts	45.2	45.1	0.1 ppts	(1.0)ppts	45.3	(0.2)ppts
OP margin (%)	16.0	15.2	0.8 ppts	(1.4)ppts	16.0	(0.0)ppts	16.7	17.1	(0.4)ppts	0.7 ppts	19.6	(2.9)ppts
Net margin (%)	16.3	15.6	0.7 ppts	(1.4)ppts	16.1	0.1 ppts	16.2	16.7	(0.5)ppts	(0.1)ppts	18.6	(2.4)ppts

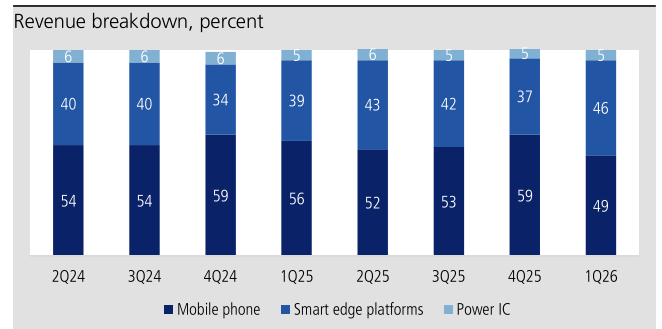
Source: Bloomberg; KGI Research estimates

Figure 4: Inventory levels



Source: TEJ; KGI Research

Figure 5: Revenue breakdown by product line



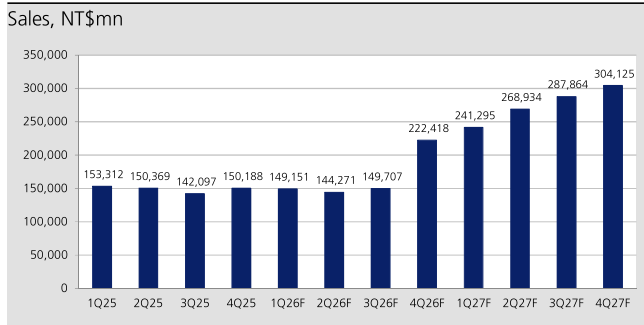
Source: Company data; KGI Research

Figure 6: 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.

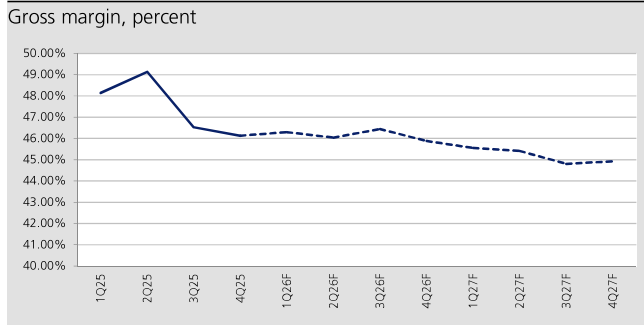
Source: Company data; KGI Research

Figure 8: Sales



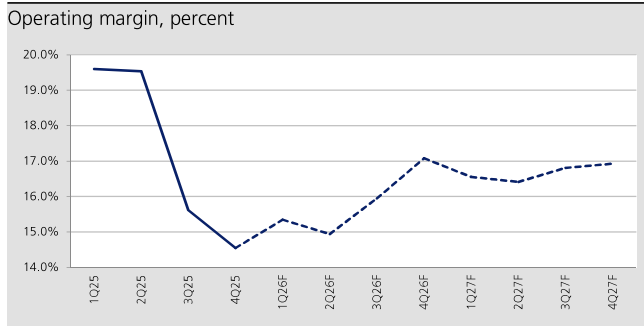
Source: KGI Research

Figure 10: Gross margin



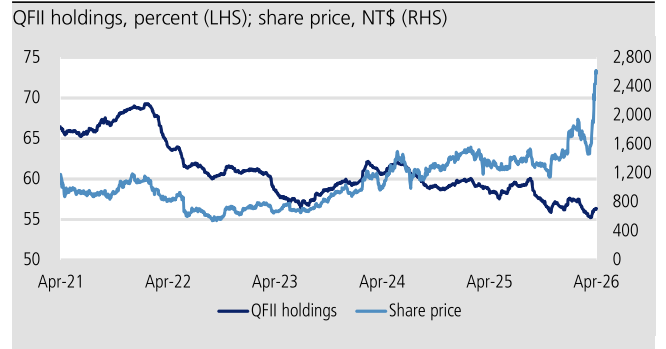
Source: KGI Research

Figure 12: Operating margin



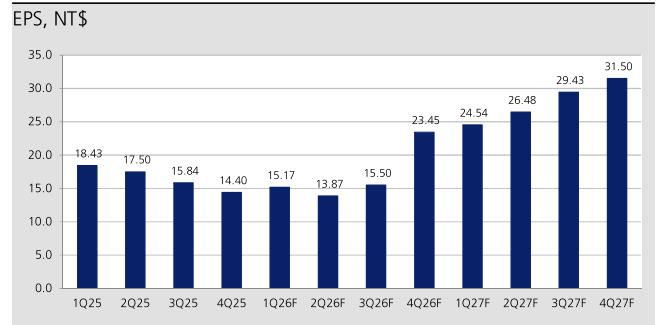
Source: KGI Research

Figure 7: MediaTek's QFII holdings vs. share price



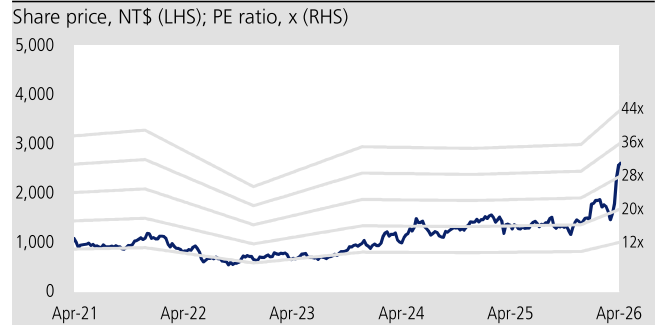
Source: TEJ; KGI Research

Figure 9: EPS



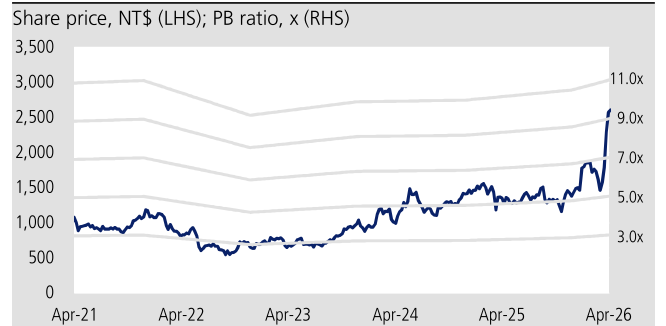
Source: KGI Research

Figure 11: 12M forward PE band



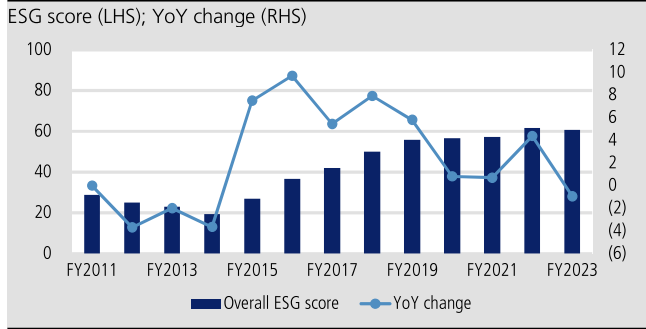
Source: TEJ; KGI Research estimates

Figure 13: 12M forward PB band



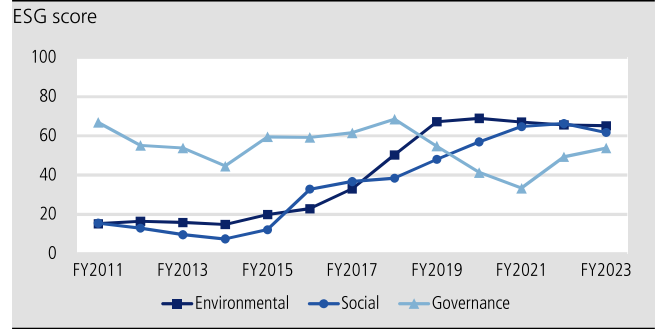
Source: TEJ; KGI Research estimates

Figure 14: Overall ESG score



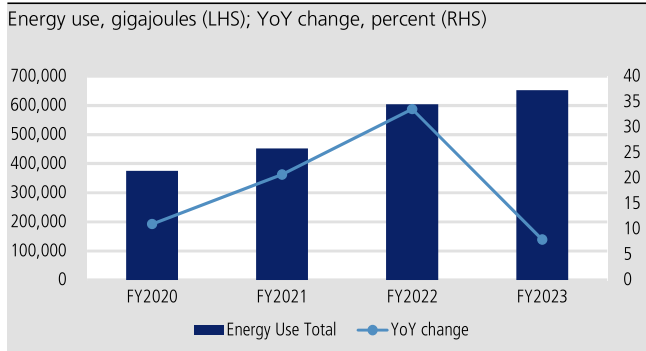
Source: Refinitiv; Company data

Figure 15: ESG scores



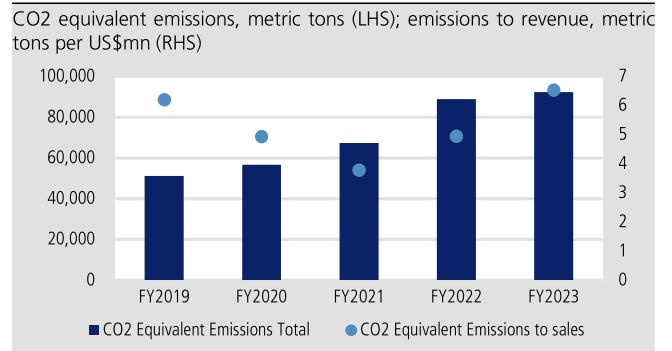
Source: Refinitiv; Company data

Figure 16: Energy use



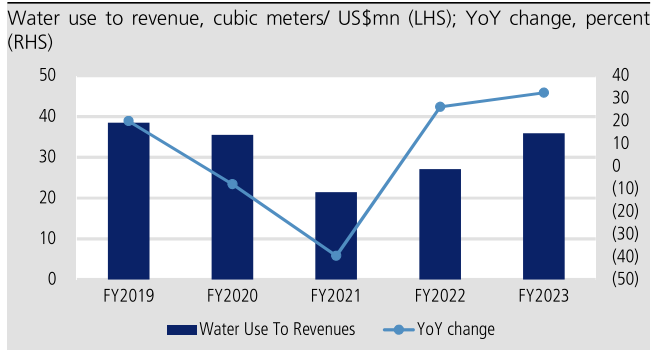
Source: Refinitiv; Company data

Figure 17: CO2 equivalent emissions



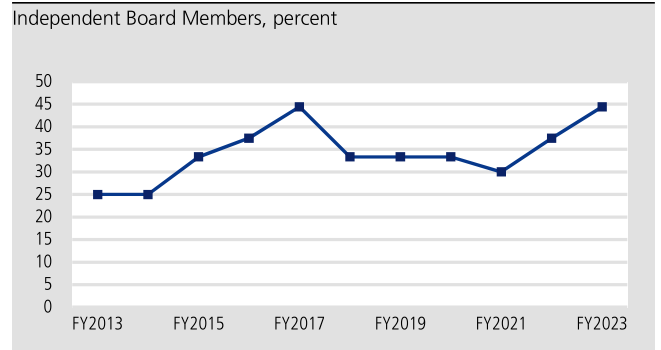
Source: Refinitiv; Company data

Figure 18: Water use to revenue



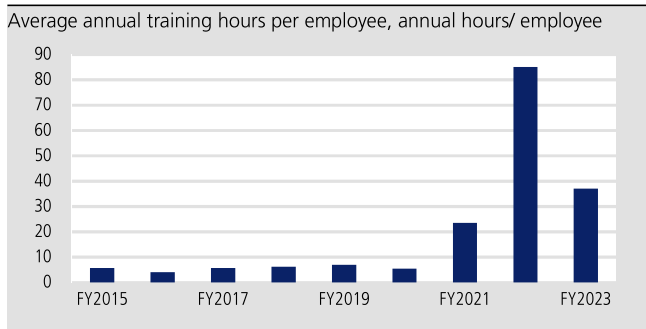
Source: Refinitiv; Company data

Figure 19: Independent board members



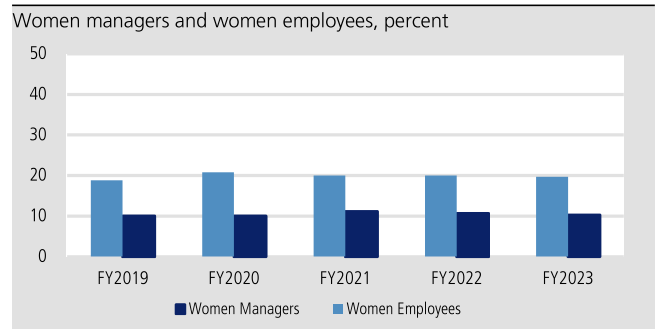
Source: Refinitiv; Company data

Figure 20: Employee training



Source: Refinitiv; Company data

Figure 21: 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-26F	Dec-27F	Dec-28F
Income statement (NT\$m)											
Revenue	149,151	144,271	149,707	222,418	241,295	268,934	287,864	304,125	665,546	1,102,218	1,661,831
Cost of goods sold	(80,096)	(77,844)	(80,172)	(120,370)	(131,373)	(146,804)	(158,871)	(167,498)	(358,482)	(604,547)	(927,499)
Gross profit	69,055	66,426	69,534	102,048	109,921	122,130	128,993	136,627	307,064	497,671	734,332
Operating expenses	(46,165)	(44,868)	(45,661)	(64,056)	(69,975)	(77,991)	(80,602)	(85,155)	(200,750)	(313,723)	(454,954)
Operating profit	22,891	21,558	23,874	37,991	39,946	44,139	48,391	51,472	106,314	183,948	279,378
Depreciation of fixed assets	(3,668)	(3,668)	(3,668)	(3,668)	(4,552)	(4,552)	(4,552)	(4,552)	(14,670)	(18,207)	(23,311)
Amortisation of intangible assets	(2,761)	(2,761)	(2,761)	(2,761)	(4,118)	(4,118)	(4,118)	(4,118)	(11,043)	(16,471)	(23,902)
EBITDA	29,319	27,986	30,302	44,420	48,615	52,809	57,061	60,142	132,027	218,626	326,591
Interest income	3,086	2,792	3,131	2,919	3,324	3,180	3,727	3,745	11,928	13,975	17,138
Investment income	800	800	800	800	900	900	900	900	3,200	3,600	3,600
Other non-op income	344	500	500	500	500	500	500	500	1,844	2,000	2,000
Non-operating income	4,230	4,092	4,431	4,219	4,724	4,580	5,127	5,145	16,972	19,575	22,738
Interest expense	(102)	(102)	(102)	(102)	(102)	(102)	(102)	(102)	(407)	(407)	(407)
Investment loss	-	-	-	-	-	-	-	-	-	-	-
Other non-op expenses	-	-	-	-	-	-	-	-	-	-	-
Non-operating expenses	(102)	(102)	(102)	(102)	(102)	(102)	(102)	(102)	(407)	(407)	(407)
Pre-tax profit	27,019	25,548	28,203	42,109	44,568	48,617	53,416	56,515	122,879	203,116	301,709
Current taxation	(2,643)	(3,321)	(3,384)	(4,632)	(5,348)	(6,320)	(6,410)	(6,217)	(13,981)	(24,295)	(35,769)
Minorities	(222)	(150)	(150)	(150)	(150)	(150)	(150)	(150)	(672)	(600)	(600)
Normalised net profit	24,154	22,077	24,668	37,327	39,070	42,147	46,856	50,148	108,226	178,221	265,339
Extraordinary items	-	-	-	-	-	-	-	-	-	-	-
Net profit	24,154	22,077	24,668	37,327	39,070	42,147	46,856	50,148	108,226	178,221	265,339
EPS (NT\$)	15.17	13.87	15.50	23.45	24.54	26.48	29.43	31.50	67.98	111.95	166.68
Margins (%)											
Gross profit margin	46.3	46.0	46.4	45.9	45.6	45.4	44.8	44.9	46.1	45.2	44.2
Operating margin	15.3	14.9	15.9	17.1	16.6	16.4	16.8	16.9	16.0	16.7	16.8
EBITDA margin	19.7	19.4	20.2	20.0	20.1	19.6	19.8	19.8	19.8	19.8	19.7
Pretax profit margin	18.1	17.7	18.8	18.9	18.5	18.1	18.6	18.6	18.5	18.4	18.2
Net profit margin	16.2	15.3	16.5	16.8	16.2	15.7	16.3	16.5	16.3	16.2	16.0
Sequential growth (%)											
Revenue growth	(0.7)	(3.3)	3.8	48.6	8.5	11.5	7.0	5.6			
Gross profit growth	(0.3)	(3.8)	4.7	46.8	7.7	11.1	5.6	5.9			
Operating profit growth	4.8	(5.8)	10.7	59.1	5.1	10.5	9.6	6.4			
EBITDA growth	5.9	(4.5)	8.3	46.6	9.4	8.6	8.1	5.4			
Pretax profit growth	(0.5)	(5.4)	10.4	49.3	5.8	9.1	9.9	5.8			
Net profit growth	5.4	(8.6)	11.7	51.3	4.7	7.9	11.2	7.0			
YoY growth (%)											
Revenue growth	(2.7)	(4.1)	5.4	48.1	61.8	86.4	92.3	36.7	11.7	65.6	50.8
Gross profit growth	(6.4)	(10.1)	5.2	47.3	59.2	83.9	85.5	33.9	8.5	62.1	47.6
Operating profit growth	(23.8)	(26.6)	7.6	73.9	74.5	104.7	102.7	35.5	2.7	73.0	51.9
EBITDA growth	(17.8)	(20.4)	8.4	60.5	65.8	88.7	88.3	35.4	4.4	65.6	49.4
Pretax profit growth	(21.8)	(23.1)	(5.9)	55.1	64.9	90.3	89.4	34.2	(1.6)	65.3	48.5
Net profit growth	(17.6)	(20.7)	(2.2)	62.8	61.8	90.9	89.9	34.3	2.8	64.7	48.9

Source: Company data; KGI Research estimates

Balance sheet

NT\$m	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Total assets	697,868	743,785	851,402	1,039,018	1,492,692
Current assets	351,025	397,456	485,817	638,630	1,020,551
Cash & ST securities	219,624	247,709	263,593	332,353	425,724
Inventory	58,414	67,235	100,029	139,192	273,910
Accounts receivable	44,713	62,121	91,997	125,793	241,609
Other current assets	28,274	20,392	30,198	41,292	79,309
Non-current assets	346,842	346,329	365,585	400,388	472,140
LT investments	172,525	171,501	173,501	175,501	177,501
Net fixed assets	56,917	60,427	66,329	82,193	110,249
Other assets	117,400	114,400	125,754	142,694	184,390
Total liabilities	292,812	334,590	420,480	548,560	802,900
Current liabilities	266,902	303,350	382,844	503,689	733,235
Accounts payable	40,777	48,710	72,468	100,842	198,441
Interest bearing ST liabilities	8,919	4,481	4,481	4,481	4,481
Other current liabilities	217,207	250,159	305,895	398,367	530,313
Non-current liabilities	25,910	31,240	37,636	44,871	69,665
Long-term debt	2,681	6,795	6,795	6,795	6,795
Other L-T liabilities	14,853	16,279	24,105	31,340	56,134
Total equity	405,055	409,195	430,922	490,458	689,792
Share capital	16,017	16,039	16,039	16,039	16,039
Retained earnings reserve	210,599	219,519	375,194	434,130	632,864
Minority interests	8,428	8,594	9,266	9,866	10,466
Preferred shareholders funds	-	-	-	-	-

Key ratios

	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Growth					
Revenue growth	22.4%	12.3%	11.7%	65.6%	50.8%
Operating profit growth	42.6%	1.0%	2.7%	73.0%	51.9%
EBITDA growth	37.1%	2.5%	4.4%	65.6%	49.4%
Net profit growth	38.2%	(1.0%)	2.8%	64.7%	48.9%
EPS growth	38.0%	(1.1%)	2.8%	64.7%	48.9%
Profitability					
Gross profit margin	49.6%	47.5%	46.1%	45.2%	44.2%
Operating margin	19.3%	17.4%	16.0%	16.7%	16.8%
EBITDA margin	23.2%	21.2%	19.8%	19.8%	19.7%
Net profit margin	20.1%	17.7%	16.3%	16.2%	16.0%
Return on average assets	16.0%	14.6%	13.6%	18.9%	21.0%
Return on average equity	27.8%	26.4%	26.3%	39.5%	45.8%
Stability					
Gross debt to equity	2.9%	2.8%	2.6%	2.3%	1.6%
Net debt to equity	Net cash	Net cash	Net cash	Net cash	Net cash
Interest coverage (x)	264.7	192.5	302.7	499.8	741.9
Interest & ST debt coverage (x)	0.9	1.0	1.0	1.0	1.0
Cash flow interest coverage(x)	344.3	249.7	342.9	536.9	811.8
Cash flow/int. & ST debt (x)	16.7	31.7	28.6	44.7	67.6
Current ratio (x)	1.3	1.3	1.3	1.3	1.4
Quick ratio (x)	1.1	1.1	1.0	1.0	1.0
Net debt (NT\$m)	(192,095)	(224,014)	(241,898)	(312,658)	(408,028)
Per share data					
EPS (NT\$)	66.92	66.16	67.98	111.95	166.68
CFPS (NT\$)	98.17	102.26	87.72	137.33	207.67
BVPS (NT\$)	247.63	249.76	262.89	299.64	423.54
Adj BVPS (NT\$)	249.50	251.64	264.87	301.89	426.73
SPS (NT\$)	333.77	374.36	418.07	692.37	1,043.90
EBITDA/share (NT\$)	77.59	79.43	82.93	137.33	205.15
Cash DPS (NT\$)	54.00	53.50	67.50	69.07	104.68
Activity					
Sales / avg assets	0.80	0.83	0.83	1.17	1.31
Days receivable	30.8	38.0	50.5	41.7	53.2
Days inventory	80.0	78.4	101.8	84.0	108.1
Days payable	55.9	56.8	73.8	60.9	78.3
Cash cycle	55.0	59.7	78.5	64.8	83.0

Source: Company data; KGI Research estimates

Profit & loss

NT\$m	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Revenue	530,586	595,966	665,546	1,102,218	1,661,831
Cost of goods sold	(267,200)	(312,886)	(358,482)	(604,547)	(927,499)
Gross profit	263,386	283,080	307,064	497,671	734,332
Operating expenses	(160,974)	(179,610)	(200,750)	(313,723)	(454,954)
Operating profit	102,412	103,470	106,314	183,948	279,378
Non-operating income	15,600	17,549	16,972	19,575	22,738
Interest income	11,150	10,819	11,928	13,975	17,138
Investment income	3,938	5,994	3,200	3,600	3,600
Other non-op income	512	736	1,844	2,000	2,000
Non-operating expenses	1,506	3,869	(407)	(407)	(407)
Interest expense	(453)	(652)	(407)	(407)	(407)
Investment loss	-	-	-	-	-
Other non-op expenses	1,960	4,521	-	-	-
Pre-tax profit	119,519	124,888	122,879	203,116	301,709
Current taxation	(12,378)	(18,770)	(13,981)	(24,295)	(35,769)
Minorities	(754)	(798)	(672)	(600)	(600)
Extraordinary items	-	(0)	-	-	-
Net profit	106,387	105,319	108,226	178,221	265,339
EBITDA	123,348	126,444	132,027	218,626	326,591
EPS (NT\$)	66.92	66.16	67.98	111.95	166.68

Cash flow

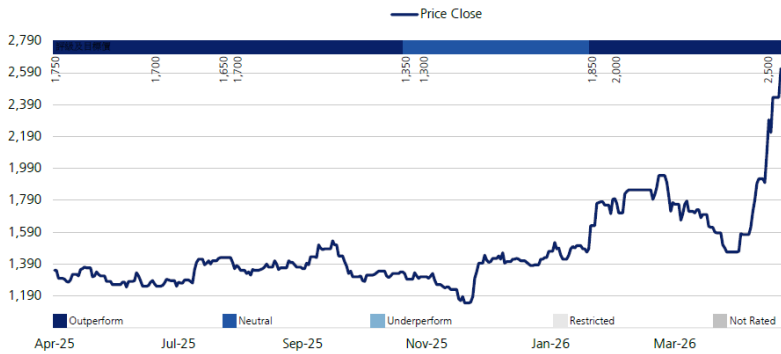
NT\$m	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Operations cash flow	156,055	162,793	139,650	218,630	330,596
Net profit	106,387	105,319	108,226	178,221	265,339
Depreciation & amortisation	20,936	22,974	25,713	34,678	47,214
Decrease in working capital	(1,001)	(19,508)	(38,911)	(44,586)	(152,934)
Other operating cash flow	29,733	54,007	44,622	50,317	170,977
Investing cash flow	(35,928)	(37,754)	(35,957)	(59,548)	(89,782)
Sale of ST investment	(14,697)	(9,762)	2,000	2,000	2,000
New investments	26	(887)	(2,000)	(2,000)	(2,000)
Capital expenditure	(13,787)	(15,059)	(20,572)	(34,070)	(51,368)
Others investing cashflow	(7,471)	(12,046)	(15,384)	(25,478)	(38,414)
Free cash flow	89,578	66,687	49,405	101,496	65,266
Financing cash flow	(90,119)	(87,675)	(85,809)	(88,322)	(145,444)
Increase in short term debt	(1,260)	-	-	-	-
Increase in long term loans	-	60	-	-	-
New ordinary shares issued	-	-	-	-	-
Ordinary dividends paid	(87,551)	(86,070)	(85,809)	(88,322)	(145,444)
Other financing cashflow	(1,309)	(1,665)	-	-	-
Forex effects	8,292	(5,770)	-	-	-
Total cash generated	38,300	31,594	17,884	70,760	95,370

ROIC

	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
1 - COGS/revenue					
- Operating exp./revenue	30.3%	30.1%	30.2%	28.5%	27.4%
= Operating margin	19.3%	17.4%	16.0%	16.7%	16.8%
1 / (Working capital/revenue	(0.2)	(0.3)	(0.2)	(0.2)	(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)	(9.8)	(13.6)	50.3
Operating margin	19.3%	17.4%	16.0%	16.7%	16.8%
x Capital turnover	(9.2)	(7.2)	(9.8)	(13.6)	50.3
x (1 - tax rate)	89.6%	85.0%	88.6%	88.0%	88.1%
= After-tax ROIC	(158.8%)	(106.2%)	(138.1%)	(199.4%)	745.5%

Source: Company data; KGI Research estimates

MediaTek – Recommendation & target price history



Date	Rating	Target	Price
2026-04-21	Outperform	2,500	2,090
2026-02-04	Outperform	2,000	1,800
2026-01-23	Outperform	1,850	1,630
2025-10-31	Neutral	1,300	1,310
2025-10-22	Neutral	1,350	1,330
2025-07-30	Outperform	1,700	1,380
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

Source: TEJ; KGI Research

All the above named KGI analyst(s) is SFC licensed person accredited to KGI Asia Ltd to carry on the relevant regulated activities. Each of them and/or his/her associate(s) does not have any financial interest in the respectively covered stock, issuer and/or new listing applicant.

Disclaimer

All the information contained in this report is not intended for use by persons or entities located in or residing in jurisdictions which restrict the distribution of this information by KGI Asia Limited ("KGI") or an affiliate of KGI. Such information shall not constitute investment advice, or an offer to sell, or an invitation, solicitation or recommendation to subscribe for or invest in any securities or investment products or services nor a distribution of information for any such purpose in any jurisdiction. In particular, the information herein is not for distribution and does not constitute an offer to sell or the solicitation of any offer to buy any securities in the United States of America, or to or for the benefit of United States persons (being residents of the United States of America or partnerships or corporations organised under the laws of the United States of America or any state, territory or possession thereof). All the information contained in this report is for general information and reference purpose only without taking into account of any particular investor's objectives, financial situation or needs. Such information is not intended to provide professional advice and should not be relied upon in that regard.

Some of KGI equity research and earnings estimates are available electronically on www.kgi.com.hk. Please contact your KGI representative for information. The information and opinions in this report are those of KGI internal research activity. KGI does not make any representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of the information and opinions contained in this report. The information and opinions contained in this report are subject to change without any notice. No person accepts any liability whatsoever for any loss however arising from any use of this report or its contents. This report is not to be construed as an invitation or offer to buy or sell securities and/or to participate in any investment activity. This report is being supplied solely for informational purposes and may not be redistributed, reproduced or published (in whole or in part) by any means for any purpose without the prior written consent of KGI. Members of the KGI group and their affiliates may provide services to any companies and affiliates of such companies mentioned herein. Members of the KGI group, their affiliates and their directors, officers and employees may from time to time have a position in any securities mentioned herein.