

24 Jun 2026 10:26:21 ET | 12 pages

Mediatek (2454.TW)

Potential investment in GUC?

CITI'S TAKE

[Digitimes \(24-Jun\)](#) reported that [TSMC may consider selling its holdings in GUC to Mediatek](#), which TSMC has denied. Mediatek and GUC have not yet commented on the matter. In our view, the AI semiconductor supply chain increasingly rewards companies that can integrate architecture, IP, manufacturing, packaging, and supply-chain execution. In such a framework, TSMC would provide advanced node and packaging technologies; MediaTek would contribute customer relationships, AI system architecture, networking, and memory optimization, while GUC would serve as the execution turnkey solution, delivering HBM integration, chiplet implementation, physical design, and production readiness. If such a partnership materializes, it could establish a better AI ASIC ecosystem with a breadth of capabilities in the emerging hyperscale AI market.

Buy

Catalyst Watch: Upside, expires 30-JUL-26

Price (24 Jun 26 13:30)	NT\$4,285.00
Target price	NT\$5,950.00
Expected share price return	38.9%
Expected dividend yield	1.2%
Expected total return	40.1%
Market Cap	NT\$6,872,692M US\$216,948M

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See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations

MediaTek Is Building an AI ASIC Platform, Not Just Winning TPU Projects

The most important takeaway from MediaTek's recent [Computex event](#) is that the company is positioning itself as a full-stack AI infrastructure provider rather than just a chip vendor. Management highlighted a portfolio spanning IoT, automotive, AI PCs, custom ASICs, NVIDIA GB10, DGX Spark, and NVLink Fusion-based infrastructure. For AI ASIC, MediaTek is growing investments in high speed SerDes, custom memory, chiplet architectures, and AI networking fabrics. While MediaTek has accumulated substantial expertise in architecture, system integration, and customer engagement through Google, NVIDIA, and automotive programs, GUC possesses a different set of capabilities. GUC's portfolio includes HBM controllers and PHYs, UCIe chiplet interfaces, GLink die-to-die interconnect technologies, CoWoS and SoIC implementation expertise, and advanced 2.5D/ packaging solutions. More importantly, GUC has developed a comprehensive turnkey model that spans specification, physical implementation, advanced packaging, manufacturing enablement, and production support. In essence, MediaTek knows how to architect complex AI systems, while GUC specializes in turning those architectures into manufacturable products at advanced nodes.

The Real Prize Is HBM, Chiplets, and Advanced Packaging

In our view, the strongest strategic overlap between the two companies lies in AI packaging and memory technologies. MediaTek is working on custom SRAM, LPDDR, Compute-in-Memory, and Custom HBM as key future differentiators. At the same time, GUC has emerged as providers of chiplet-related IP. Over the past two years, GUC has introduced HBM3 and HBM4 controller and PHY solutions, UCIe chiplet interfaces, and complete 2.5D/3D ASIC services built around CoWoS and SoIC. As AI accelerators evolve from monolithic designs to chiplet-based architectures connected through HBM and advanced packaging, GUC's expertise could significantly shorten MediaTek's learning curve and reduce time-to-market for future CSP programs.

Long-term AI upside intact; near term non-AI business also better than expected; Reiterate Buy

We are bullish on Mediatek's long-term growth outlook in AI ASIC, yet we also note that its non-AI business is also showing better than expected momentum. Due to broad-based structural cost increase across the semiconductor supply chain, Mediatek will start to revise its pricing across all products. We believe the surge in AI-driven computing demand is accelerating technology upgrades across the industry, making component shortages and price increases the new normal. And we see potentially better-than-expected near-term revenue and GM for Mediatek in 2Q and 3Q. We reiterate our Buy on the company.

Catalyst Watch on Mediatek (2454.TW)

Direction:

Upside

Duration:

Within 90 Days (expires 30 Jul 2026)

Date Added:

30 Apr 2026

Catalyst:

Thematic driven

We expect Mediatek's upbeat outlook on its AI ASIC business and its growth opportunity in CPO development should provide an upside catalyst for its share price.

Mediatek

Valuation

Our NT\$5,950 target price for MediaTek is based on 36x P/E to 2027/2028 EPS, which is the high end of its five-year average forward P/E given the promising outlook from its AI ASIC business starting from 2H26. We believe our target PE is also justified by Mediatek's global and regional peers' trading at an average of 36x PER. AI ASIC development with CSPs should provide more upside from 2027 onwards. We also see Mediatek well prepared for 6G and 6G+NTN Satellite communication. Despite lukewarm smartphone overall demand, we expect Mediatek to benefit from 5G migration in emerging markets and its Dimensity series should also gain shares in flagship models. Non-smartphone business is also seeing stabilizing TV and IoT demand with Mediatek outgrowing the overall market on its better technology in WiFi 7 and connectivity.

Risks

Key downside risks that could prevent the shares from reaching our target price include: 1) weaker-than-expected growth from AI ASIC business; 2) more severe competition in the smartphone segment; 3) slower overall demand related to macroeconomic risks, especially for smartphone demand; and 4) further price hikes from foundries.

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Appendix A-1

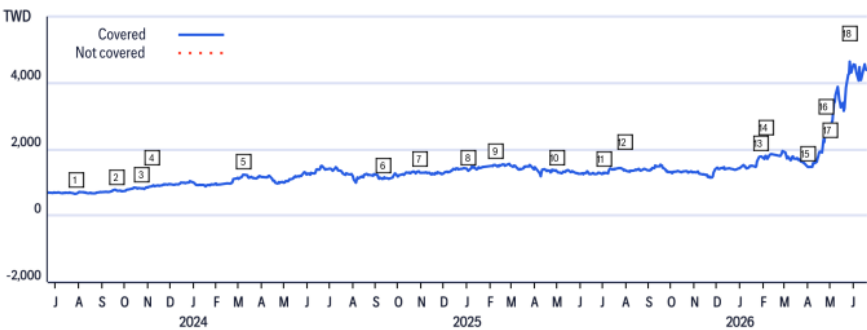
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Mediatek (2454.TW)
Ratings and Target Price History
Fundamental Research

Analyst: Laura (Chia Yi) Chen



Date	Rating	Target Price	Closing Price
1 28-Jul-23 11:22:19	2	*660.00	658.00
2 20-Sep-23 14:57:20	2	*735.00	759.00
3 24-Oct-23 12:02:27	*1	*935.00	816.00
4 06-Nov-23 16:50:42	1	*1,030.00	882.00
5 10-Mar-24 16:15:26	1	*1,420.00	1,230.00
6 11-Sep-24 10:08:27	1	*1,250.00	1,110.00

*Indicates Change

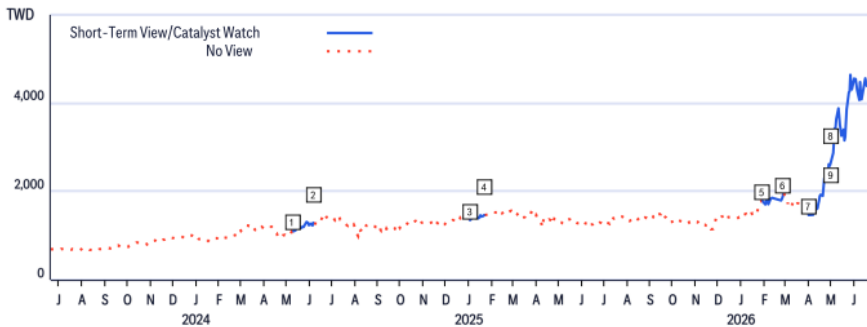
Date	Rating	Target Price	Closing Price
7 30-Oct-24 10:35:19	1	*1,420.00	1,290.00
8 02-Jan-25 08:42:43	1	*1,580.00	1,350.00
9 07-Feb-25 11:57:14	1	*1,800.00	1,525.00
10 30-Apr-25 10:15:39	1	*1,600.00	1,350.00
11 02-Jul-25 10:54:37	1	*1,450.00	1,295.00
12 30-Jul-25 08:56:32	1	*1,540.00	1,380.00

Date	Rating	Target Price	Closing Price
13 28-Jan-26 07:35:51	1	*2,200.00	1,780.00
14 04-Feb-26 07:24:16	1	*2,350.00	1,800.00
15 01-Apr-26 13:20:42	1	*2,125.00	1,465.00
16 26-Apr-26 21:10:44	1	*2,800.00	2,435.00
17 30-Apr-26 11:24:47	1	*3,100.00	2,610.00
18 27-May-26 09:26:19	1	*5,950.00	4,640.00

Rating/target price changes above reflect Eastern Time

Mediatek (2454.TW)
Short-Term View/Catalyst Watch Research

Analyst: Laura (Chia Yi) Chen



Date	Action	Expected Direction	Duration	Closing Price
1 10-May-24 03:08:23	Add CW	Upside	30 Days	1,095.00
2 07-Jun-24 12:03:57	Remove CW	Upside	30 Days	1,275.00
3 02-Jan-25 03:42:43	Add CW	Upside	30 Days	1,350.00

Date	Action	Expected Direction	Duration	Closing Price
4 31-Jan-25 12:14:36	Remove CW	Upside	30 Days	1,465.00
5 28-Jan-26 02:35:51	Add STV	Upside	30 Days	1,780.00
6 27-Feb-26 12:27:51	Remove STV	Upside	30 Days	1,945.00

Date	Action	Expected Direction	Duration	Closing Price
7 01-Apr-26 09:20:42	Add STV	Upside	90 Days	1,465.00
8 30-Apr-26 07:24:47	Remove STV	Upside	90 Days	2,610.00
9 30-Apr-26 07:24:47	Add CW	Upside	90 Days	2,610.00

CW - Catalyst Watch , STV - Short-Term View

Rating/target price changes above reflect Eastern Time

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Data current as of 01 Apr 2026	12 Month Rating			Catalyst Watch		
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