10 July 2026

MEMO

MediaTek (2454 TT)

Share price (9 Jul): **TWD3,925.00** 12-mth rating: **Hold (3)** **Information Technology: Taiwan**

2Q26 topline beat likely on earlier-than-expected AI ASIC ramp

Rick Hsu
(886) 2 8758 6261
rick.hsu@daiwacm-cathay.com.tw

Sharon Kao
(886) 2 8758 6255
sharon.kao@daiwacm-cathay.com.tw

Summary: MediaTek (MTK) reported June revenue which resulted in its 2Q26 topline beating market expectations thanks to an earlier-than-expected AI ASIC ramp, in our opinion. While this means upside risk to our forecasts, we flag our Hold (3) rating on the stock as the equity market looks to have priced in its AI ASIC strength too far ahead of its fundamentals. MTK is scheduled to report 2Q26 results by end-July; we will be reviewing our model in due course.

Highlight

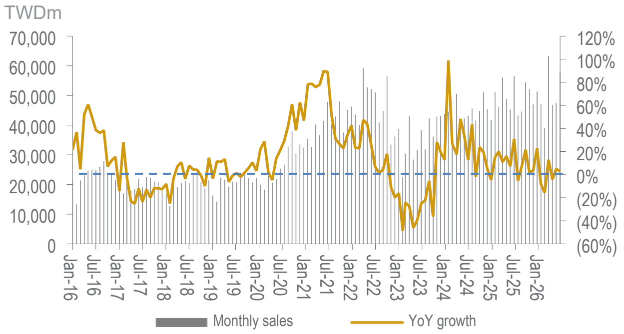
- **Upbeat revenue run rate.** MTK released June revenue of TWD58bn, up 22% MoM and 3% YoY, which closed its 2Q26 topline at TWD152bn, up 2% QoQ (+1% YoY) and beating guidance of TWD140-149bn and 5% above our/consensus estimates of TWD145bn. We attribute the beat to an earlier-than-expected AI ASIC ramp.

- **Preview and outlook.** We currently expect MTK to have earned TWD23bn in net profit for 2Q26, 5% above the consensus estimate; given the upbeat topline, we see upside risk to our estimate. As for 3Q26, we currently forecast MTK to grow revenue by 10% QoQ to TWD168bn, 12% above the consensus forecast; we are comfortable with our forecast given the earlier-than-expected AI ASIC ramp. MTK is scheduled to report 2Q26 results by end-July; we will be reviewing our model in due course.

Recommendation

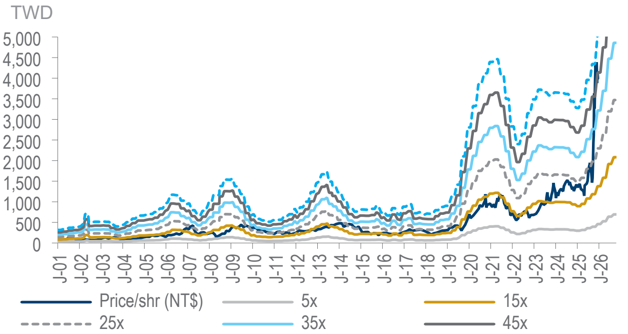
We rate MTK Hold (3). The stock has corrected 21% off its all-time high of TWD4,970 on 2 June, resetting market expectation on the AI ASIC hype back to reality and gradually justifying its fundamentals, in our opinion. Key upside/downside risk to our call would be any AI ASIC accelerator revenue ramp above/below our assumptions.

MTK: monthly revenue run rate



Source: Company

MTK: 4-quarter forward PER bands



Source: Company, TEJ, Daiwa estimates and forecasts

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MTK: 2Q26 results preview and 3Q26 business outlook

	2Q26E			3Q26E		
TWDm	**Daiwa**	**Consensus**	**Variance**	**Daiwa**	**Consensus**	**Variance**
Revenue	145,255	144,920	0%	168,341	150,607	12%
Gross profit	68,179	66,843	2%	77,968	69,311	12%
Operating profit	22,569	21,041	7%	32,011	22,807	40%
Pretax profit	27,469			36,911		
Net profit	23,212	22,207	5%	31,190	23,588	32%
Adjusted EPS (TWD)	14.47	13.85	5%	19.45	14.71	32%
Margin						
Gross	46.9%	46.1%		46.3%	46.0%	
Operating	15.5%	14.5%		19.0%	15.1%	
Net	16.0%	15.3%		18.5%	15.7%	
Revenue mix*						
Mobile phone	48%			42%		
Smart edge	46%			52%		
Power IC	6%			6%		

Source: Bloomberg, Daiwa estimates and forecasts
*Note: * Mobile phone includes smartphones and tablets, Smart edge includes IoT, computing & ASIC, digital TV/home, monitor & optical storage*

In the interests of timeliness, this document has not been edited.

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Rating	Percentage of total
Buy*	72.63%
Hold**	20.53%
Sell***	6.84%

Source: Daiwa

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