J.P.Morgan

Asia Pacific Equity Research
22 July 2026

MediaTek Inc.

2Q Preview: Stronger ASIC, weaker smartphones, street EPS ests likely moving higher; OW

Overweight

2454.TW, 2454 TT
Price (21 Jul 26):NT$3,670.00
Price Target (Jun-27):NT$5,300.00

We expect MediaTek's tone in its upcoming 2Q26 earnings call (Jul 31) to be quite upbeat on ASIC, while being incrementally more guarded on near-term smartphone demand. We believe that ASIC revenues in 2027 (from TPU v8t Zebrafish) should see upside, given better supply conditions for substrate and CoWoS-wafers, while confidence in the ramp of TPUv9 Humufish is also likely to strengthen. MediaTek is likely to mention new customer engagements (likely SpaceX in our view) as well as continuation of its engagement with Google in TPU v10 projects. Smartphone demand remains challenging, and guidance for smartphones is likely to remain sub-seasonal in 3Q26, with some pressure on Gross Margins. We raise our 2028 EPS by 20% to reflect stronger TPUv9 prospects and stay OW with a Jun-27 PT of NT$5300 (10x 12M fwd core earnings + 33x 12M fwd ASIC-related earnings).

- **Stronger TPUv8 Zebrafish ramp in 2027, supply still the main constraint:** We expect the company to reiterate its AI ASIC revenue outlook of US$2bn for 2026 on the upcoming earnings call (JPMe: US$2.2bn based on ~500k TPU v8t unit shipments in 2026), as TPU v8t remains on track for a volume ramp in 4Q26. We do not see meaningful upside to 2026 ASIC revenue, given ongoing supply constraints—particularly in key components such as substrates—which should cap TPU shipments this year. However, we have revised up our 2027 MediaTek ASIC revenue estimate by 20% (JPMe: ~3.0mn v8t shipments vs. 2.5mn previously), driven by stronger TPU v8t demand, but believe risk remains on the upside if the supply tightness (particularly substrate and front end wafer) further improves. We expect MediaTek to guide at the high end of its prior range ($7-12bn) for 2027 ASIC revenues.
- **TPUv9 confidence likely higher, given better competitive positioning and smoother progress on Intel EMIB-T:** We raise our TPU v9 ("Humufish") revenue estimate to US$36bn in 2028 (from US$25bn), driven by a higher shipment expectation of ~3mn units (vs. ~2mn previously). We believe TPU v9 remains on track to tape out in late 2026, and the key competing project ("Pumafish" from a U.S. fabless vendor) appears to have been canceled or delayed, which should further strengthen MediaTek's position as the lead ASIC vendor for TPU v9. We also attribute the upward revision to smoother progress on Intel EMIB-T, the primary packaging solution for TPU v9. Based on our checks, while EMIB-T substrate yield for large-format packaging is still ~60%+ at present, we believe the risk of a meaningful execution setback remains low, given the ~1.5-year runway to further improve yields ahead of the planned production ramp in late 2027. Substrate capacity additions are also progressing well for this project, based on our checks.
- **TPUv10 in bidding stage, good chance for MediaTek to emerge as the major player:** We believe TPU v10 is currently in the bidding stage, with a final decision expected in the next couple of months. Our checks indicate a high chance of MediaTek winning the larger share of TPUv10, also substantiated by the trend that Google will continue moving toward a semi-CoT model over time. Based on our checks, key IPs (e.g. SerDes and die to die interconnect) for v10 will still come from MediaTek. Though value-add per chip may grow only

Technology and Telecoms

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Key Changes (FYE Dec)

	Prev	Cur	Δ
Adj. EPS - 27E (NT$)	116.51	128.04	9.9%

Quarterly Forecasts (FYE Dec)

Adj. EPS (NT$)

	2025A	2026E	2027E
Q1	18.31	15.07A	25.70
Q2	17.39	14.20	31.01
Q3	15.72	14.83	37.28
Q4	14.29	25.95	34.05
FY	65.71	70.05	128.04

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	51	29	29	7	23
Growth	44	55	48	51	20
Momentum	23	59	39	82	23
Quality	39	20	20	45	62
Low Vol	59	47	57	67	68
ESGQ	15	28	19	12	8

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

See page 12 for analyst certification and important disclosures, including non-US analyst disclosures.

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Price Performance

	YTD	1m	3m	12m
Abs	156.6%	-16.4%	75.6%	157.5%
Rel	103.9%	-11.6%	58.0%	68.0%

Company Data

Shares O/S (mn)	1,599
52-week range (NT$)	4,970.00-1,130.00
Market cap ($ mn)	181,822
Exchange rate	32.27
Free float (%)	86.2%
3M ADV (mn)	13.56
3M ADV ($ mn)	1,544.5
Volatility (90 Day)	78
Index	TAIEX
BBG ANR (Buy | Hold | Sell)	29|2|0

Key Metrics (FYE Dec)

NT$ in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	595,966	683,062	1,044,079	1,991,105
Adj. EBIT	103,470	109,001	216,566	489,694
Adj. EBITDA	116,806	123,036	231,870	506,345
Adj. net income	105,319	112,360	205,368	445,708
Adj. EPS	65.71	70.05	128.04	277.89
BBG EPS	66.45	66.03	127.68	251.99
Cashflow from operations	141,195	3,464	215,576	199,805
FCFF	115,710	(14,163)	198,373	181,670
Margins and Growth				
Revenue Growth Y/Y (%)	12.3%	14.6%	52.9%	90.7%
EBIT margin	17.4%	16.0%	20.7%	24.6%
EBIT Growth Y/Y (%)	1.0%	5.3%	98.7%	126.1%
EBITDA margin	19.6%	18.0%	22.2%	25.4%
EBITDA Growth Y/Y (%)	1.6%	5.3%	88.5%	118.4%
Net margin	17.7%	16.4%	19.7%	22.4%
Adj. EPS growth	(1.1%)	6.6%	82.8%	117.0%
Ratios				
Adj. tax rate	15.0%	11.4%	12.4%	12.3%
Interest cover	NM	NM	NM	NM
Net debt/Equity	NM	NM	NM	NM
Net debt/EBITDA	NM	NM	NM	NM
ROE	26.4%	26.9%	41.7%	64.6%
Valuation				
FCFF yield	2.0%	(0.2%)	3.4%	3.1%
Dividend yield	1.5%	1.4%	1.5%	2.8%
EV/Revenue	9.7	8.3	5.4	2.9
EV/EBITDA	49.6	46.3	24.5	11.3
Adj. P/E	55.9	52.4	28.7	13.2

Summary Investment Thesis and Valuation

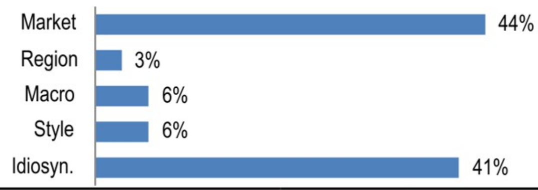
Investment Thesis

We are Overweight on MediaTek, given ASIC revenues in 2027 (from TPU v8t Zebrafish) likely to see upside, despite a more guarded view on near-term smartphone demand. On ASIC, we see a better supply conditions for substrates and CoWoS-wafers, with increasing confidence in TPUv9 Humufish ramp. We also expect MediaTek to mention new customer engagements (likely SpaceX in our view) and continuation of its engagement with Google in TPU v10 projects. On a more cautious note, we believe smartphone demand will remain sluggish, coming along with sub-seasonal 3Q26. With rising costs from substrates, OSATs and foundries, we see near-term pressure on the company's Gross Margins.

Valuation

Our Jun-27 PT of NT$5300 is based on a SoTP valuation (10x 12M fwd core earnings + 33x 12M fwd ASIC-related earnings, reflecting sluggish smartphone demand and the recent correction in market sentiments), reflecting stronger growth in 2028 for TPU v9 Humufish.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.72	0.66
Region: Taiwan	0.20	0.23
Macro:		
Markit EM Composite PMI SA	0.24	0.21
Emerging Central Bank Rate	0.16	0.20
Generic 1st 'CO' Future	-0.24	-0.19
Quant Styles:		
Size	0.29	0.13
Growth	0.20	0.09
Momentum	-0.06	-0.09

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

slightly versus v9, we believe MediaTek could capture a higher share of overall volumes, still creating meaningful revenue upside relative to v9.

- **New customer win likely in 3Q26 – we believe SpaceX most likely:** We believe MediaTek is engaging with multiple customers on AI projects, and see a potential new customer win in 3Q26, with SpaceX standing the highest chance. While revenue contribution would likely take until at least 2028, we believe any customer win could be a positive catalyst for the share price, given the diversification of its customer base and validation of its design service capabilities.
- **Move to CoT is a positive for MediaTek in the interim; customer and product diversification key to preserving margins:** We believe the industry trend toward Customer Owned Tooling (CoT) is a near- to medium-term positive for MediaTek, as CSPs seek lower-cost alternatives to turnkey vendors. Based on our checks, TPU v10 appears to lean further towards a CoT model than v9. Growth momentum for MediaTek from Google's ASIC programs should persist through at least 2029-30, in our view. Beyond that horizon, we would need to reassess how CoT adoption is progressing and whether it structurally shifts economics across the value chain. In the meantime, MediaTek's ability to diversify across customers and product types will be critical to preserving margins. We view its investments in custom HBM integration, CPO, high-speed interconnect, and rack-scale design as important steps to broaden its competitive moat beyond pure design services—positioning the company to capture more value per program and reduce dependency on any single CSP relationship.
- **Smartphone outlook weaker, cost hikes impacting near-term gross margins:** Given lukewarm consumer demand and the continued impact of memory price hikes, we believe smartphone demand is likely to remain challenging, with the outlook appearing slightly weaker than expected in the coming quarters. We forecast MediaTek's smartphone chip shipments to decline 28% YoY in 2026. While the company is currently negotiating price increases across its core businesses (JPMe 5–10% on average), with more meaningful pass-through expected from 4Q26 into early 2027, we believe rising costs from OSATs, substrates, and foundries will likely pressure near-term gross margins. We therefore expect MediaTek's 2026 gross margins to reach only ~45% (down 2.1ppts YoY).

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Table 1: MediaTek: SoTP Valuation

NT$/x

NT$ / x	2027E	2028E
Core business		
Core earnings per share	58	59
Core PE multiple		10x
Core business value per share		584
DC ASIC business		
DC ASIC earnings per share	70	219
DC ASIC PE multiple		33x
DC ASIC business value per share		4716
MediaTek Jun-27 SoTP		**5,300**

Source: J.P. Morgan estimates.

Table 2: MediaTek: DC ASIC Key Assumptions

	2026E	2027E	2028E
ASIC Revenue (USUS$mnn)	**2,239**	**12,887**	**41,776**
TPU v8 Zebrafish			
Units (mn)	0.5	3.0	1.5
ASP (US$)	4,250	4,250	3,750
Revenue (US$mn)	2,125	12,750	5,625
TPU v9 Humufish			
Units (mn)	-	-	3.0
ASP(US$)	-	-	12,000
Revenue (US$mn)	-	-	36,000
Other Enterprise ASIC			
Revenue (US$mn)	114	137	151

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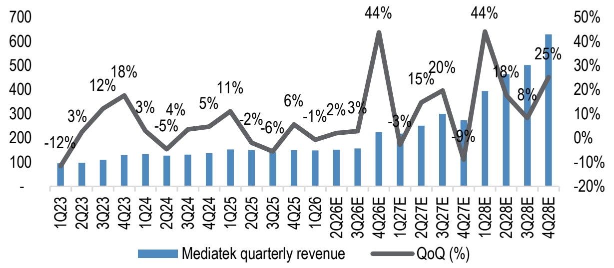
Key charts

Figure 1: MediaTek – Quarterly revenue and qoq

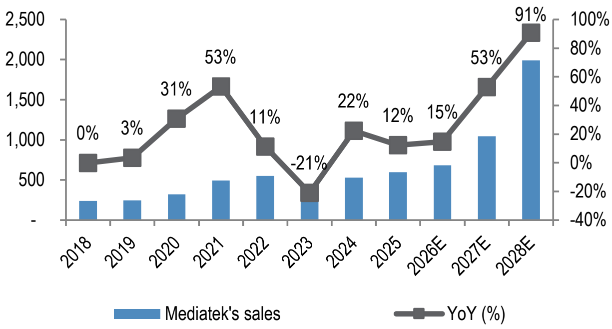
NT$ in billions, %



Source: Company data, J.P. Morgan estimates.

Figure 2: MediaTek – Annual revenue and yoy

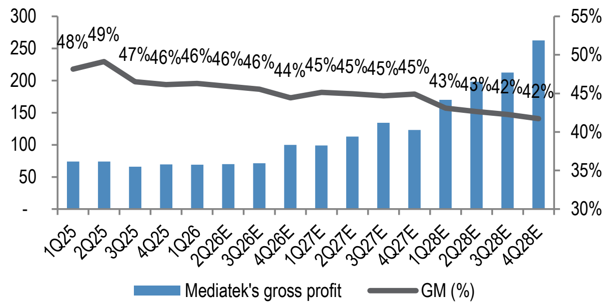
NT$ in billions, %



Source: Company data, J.P. Morgan estimates.

Figure 3: MediaTek – Gross profit and GM (quarterly)

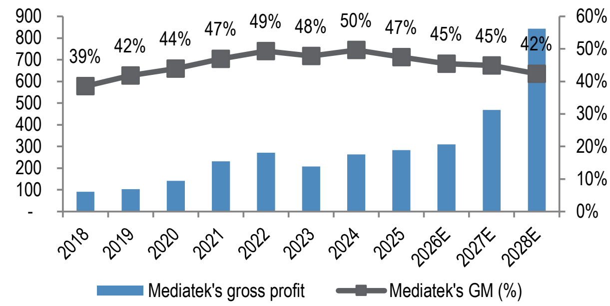
NT$ in billions, %



Source: Company data, J.P. Morgan estimates.

Figure 4: MediaTek – Gross profit and GM (annual)

NT$ in billions, %



Source: Company data, J.P. Morgan estimates.

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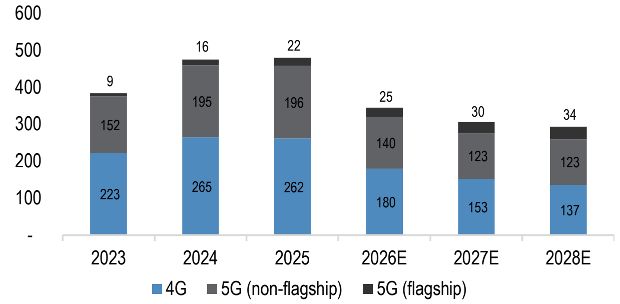
Figure 5: MediaTek – Smartphone shipment breakdown

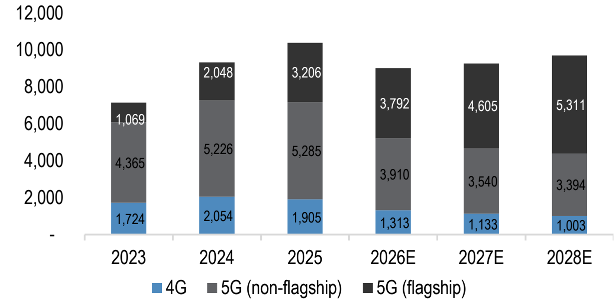
Units in millions



Source: Company data, J.P. Morgan estimates.

Figure 6: MediaTek – Smartphone revenue breakdown

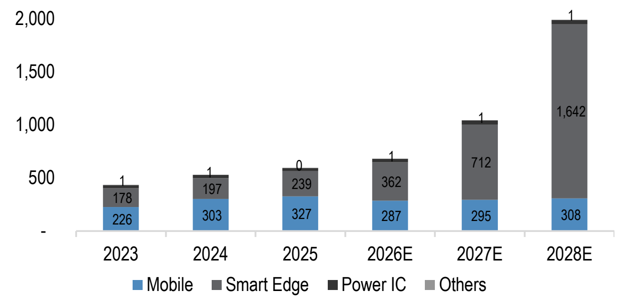
US$ in millions



Source: Company data, J.P. Morgan estimates.

Figure 7: MediaTek – Revenue by segment

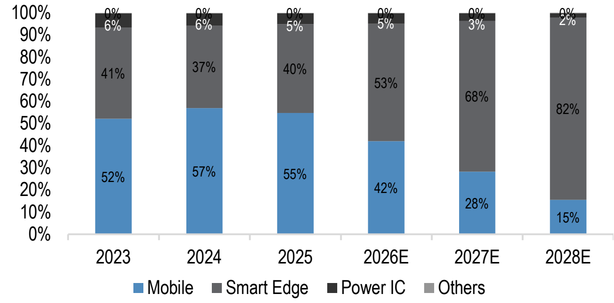
NT$ in billions



Source: Company data, J.P. Morgan estimates.

Figure 8: MediaTek – Revenue mix by segment

%



Source: Company data, J.P. Morgan estimates.

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Estimate revisions

Table 3: MediaTek – Quarterly estimate revisions

	Revised			Prior			Change (%)		
NT$ million	2Q26E	3Q26E	4Q26E	2Q26E	3Q26E	4Q26E	2Q26E	3Q26E	4Q26E
Revenues	**152,183**	**156,635**	**225,094**	**145,877**	**151,478**	**222,462**	**4%**	**3%**	**1%**
Gross profit	69,881	71,358	99,985	66,940	68,948	99,025	4%	3%	1%
GM (%)	*45.9%*	*45.6%*	*44.4%*	*45.9%*	*45.5%*	*44.5%*	*3bps*	*4bps*	*-9bps*
Operating profit	22,276	22,130	41,705	21,280	21,302	41,462	5%	4%	1%
OPM (%)	*14.6%*	*14.1%*	*18.5%*	*14.6%*	*14.1%*	*18.6%*	*5bps*	*7bps*	*-11bps*
Net profit	22,782	23,789	41,616	21,936	23,129	41,380	4%	3%	1%
EPS (NT$)	**14.20**	**14.83**	**25.95**	**13.68**	**14.42**	**25.80**	**4%**	**3%**	**1%**
Smartphone Shipment (mn units)	87	84	80	84	84	84	3%	0%	-5%
4G	46	44	41	45	44	43	2%	-1%	-4%
5G	41	40	39	39	40	41	3%	1%	-6%
Smartphone ASP (US$)	24.7	26.4	29.5	24.8	26.2	28.8	0%	1%	2%
Mobile revenue	68,079	70,454	75,133	66,332	69,918	77,065	3%	1%	-3%
Smart Edge revenue	75,959	77,489	140,817	71,400	72,868	136,254	6%	6%	3%
Power IC revenue	7,910	8,444	8,897	7,910	8,444	8,897	0%	0%	0%

Source: J.P. Morgan estimates.

Table 4: MediaTek – Annual estimate revisions

	Revised			Prior			Change (%)		
NT$ million	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenues	**683,062**	**1,044,079**	**1,991,105**	**668,967**	**971,066**	**1,604,882**	**2%**	**8%**	**24%**
Gross profit	310,279	468,893	843,278	303,969	433,905	670,261	2%	8%	26%
GM (%)	*45.4%*	*44.9%*	*42.4%*	*45.4%*	*44.7%*	*41.8%*	*-1bps*	*23bps*	*59bps*
Operating profit	109,001	216,566	489,694	106,935	195,272	404,763	2%	11%	21%
OPM (%)	*16.0%*	*20.7%*	*24.6%*	*16.0%*	*20.1%*	*25.2%*	*-3bps*	*63bps*	*-63bps*
Net profit	112,360	205,368	445,708	110,618	186,875	371,239	2%	10%	20%
EPS (NT$)	**70.05**	**128.04**	**277.89**	**68.97**	**116.51**	**231.46**	**2%**	**10%**	**20%**
Smartphone Shipment (mn units)	345	306	294	347	322	311	-1%	-5%	-5%
4G	180	153	137	181	159	142	-1%	-4%	-4%
5G	165	153	157	166	163	168	-1%	-6%	-7%
Smartphone ASP (US$)	26.1	30.3	33.1	26.0	29.7	32.9	1%	2%	1%
Mobile revenue	287,050	295,044	308,423	286,698	302,691	323,141	0%	-3%	-5%
Smart Edge revenue	362,129	711,748	1,641,792	348,385	631,088	1,240,851	4%	13%	32%
Power IC revenue	32,932	36,238	39,734	32,932	36,238	39,734	0%	0%	0%

Source: J.P. Morgan estimates.

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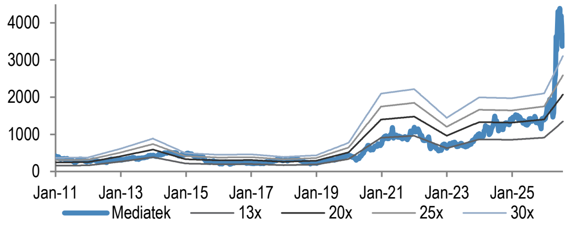
P/E and P/BV charts

Figure 9: MediaTek – 12-month forward P/E

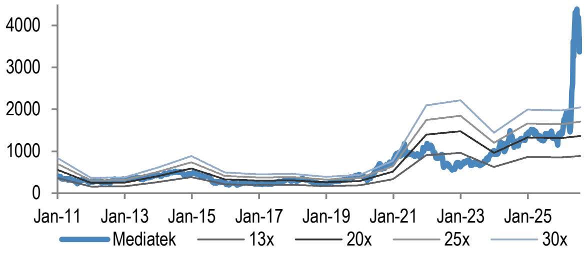
NT$, x



Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates.

Figure 10: MediaTek – 12-month trailing P/E

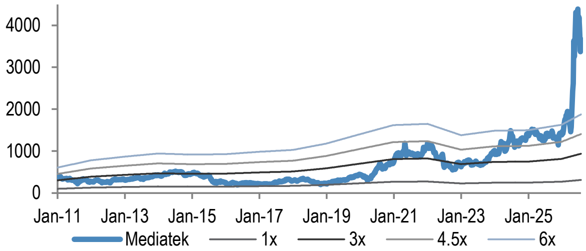
NT$, x



Source: Bloomberg Finance L.P., J.P. Morgan estimates.

Figure 11: MediaTek – 12-month forward P/BV

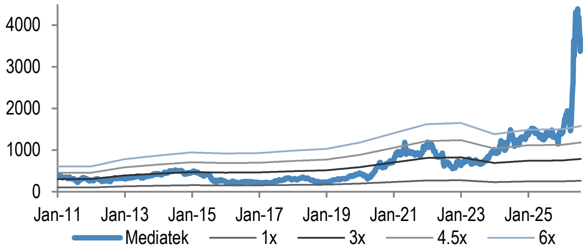
NT$, x



Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates.

Figure 12: MediaTek – 12-month trailing P/BV

NT$, x



Source: Bloomberg Finance L.P., J.P. Morgan estimates.

Table 5: MediaTek – Financials

NT$ millions, year-end Dec.	2025				2026E				2027E				2028E							
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	1QE	2QE	3QE	4QE	1QE	2QE	3QE	4QE	2025	2026E	2027E	2028E
Revenue	153,312	150,369	142,097	150,188	149,151	152,183	156,635	225,094	218,820	251,095	300,440	273,724	394,405	464,344	502,749	629,607	595,966	683,062	1,044,079	1,991,105
COGS	79,503	76,491	75,985	80,907	80,095	82,302	85,276	125,109	120,023	138,243	166,166	150,753	224,403	266,293	290,229	366,903	312,886	372,783	575,186	1,147,827
Gross profit	73,809	73,878	66,112	69,281	69,055	69,881	71,358	99,985	98,797	112,851	134,273	122,972	170,003	198,051	212,520	262,704	283,080	310,279	468,893	843,278
R&D expenses	35,782	36,923	36,353	39,248	38,345	39,541	40,890	48,409	46,243	49,010	58,709	55,626	61,242	68,241	79,114	85,095	148,306	167,185	209,588	293,693
Operating income	30,053	29,379	22,188	21,850	22,891	22,276	22,130	41,705	43,123	53,847	63,593	56,003	96,271	115,895	117,272	160,256	103,470	109,001	216,566	489,694
Pre-tax profit	34,553	33,228	29,960	27,147	27,019	26,803	27,033	46,240	47,388	58,508	67,946	60,685	101,713	119,120	122,781	164,353	124,888	127,096	234,527	507,967
Net profit (Reported)	29,325	27,848	25,221	22,925	24,172	22,782	23,789	41,616	41,228	49,732	59,792	54,616	88,490	101,252	108,048	147,918	105,319	112,360	205,368	445,708
New Taiwan GAAP EPS (NT$)	18.3	17.4	15.7	14.3	15.1	14.2	14.8	25.9	25.7	31.0	37.3	34.1	55.2	63.1	67.4	92.2	65.7	70.1	128.0	277.9
Shipment units (millions)																				
Feature Phone	18	17	16	16	15	15	14	12	12	12	12	11	11	11	10	10	66	55	47	42
Smartphone	129	121	113	117	94	87	84	80	76	76	77	76	72	73	75	74	480	345	306	294
4G	71	66	62	62	49	46	44	41	39	39	38	37	35	34	34	33	262	180	153	137
5G	58	55	51	55	46	41	40	39	37	38	40	39	37	38	42	41	218	165	153	157
Total Handset	147	138	129	132	109	101	97	93	88	88	89	87	83	83	86	84	546	400	353	336
Chromebook/Tablet	15	17	16	15	17	16	14	13	12	12	12	12	11	11	11	11	63	60	47	43
ASP (US$)																				
Feature Phone	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Smartphone	20.0	20.7	21.9	24.2	24.4	24.7	26.4	29.5	28.9	29.2	30.3	32.9	32.3	32.3	32.9	34.6	21.7	26.1	30.3	33.1
4G	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.5	7.5	7.4	7.4	7.4	7.4	7.3	7.3	7.3	7.3	7.3	7.4	7.3
5G	35.8	37.0	39.9	43.2	42.7	44.4	47.2	53.0	51.8	51.4	52.1	57.1	56.2	54.9	53.7	56.7	38.9	46.6	53.1	55.4
Total Handset	17.8	18.3	19.3	21.5	21.2	21.3	22.9	25.7	25.1	25.4	26.5	28.9	28.2	28.4	29.1	30.6	19.2	22.7	26.5	29.1
Chromebook/Tablet	8.1	8.1	8.1	8.1	9.0	9.0	10.0	10.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	8.1	9.5	11.0	11.0
Revenue Breakdown (%)																				
Mobile	56%	52%	53%	59%	49%	45%	45%	33%	32%	28%	25%	29%	19%	16%	16%	13%	0%	0%	0%	0%
Smart Edge	39%	43%	42%	37%	46%	50%	49%	63%	64%	68%	72%	67%	79%	82%	82%	85%	0%	0%	0%	0%
PMIC	5%	6%	5%	4%	5%	5%	5%	4%	4%	4%	3%	4%	2%	2%	2%	2%	0%	0%	0%	0%
Others	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Margins (%)																				
Gross margin	48.1	49.1	46.5	46.1	46.3	45.9	45.6	44.4	45.1	44.9	44.7	44.9	43.1	42.7	42.3	41.7	47.5	45.4	44.9	42.4
Operating margin	19.6	19.5	15.6	14.5	15.3	14.6	14.1	18.5	19.7	21.4	21.2	20.5	24.4	25.0	23.3	25.5	17.4	16.0	20.7	24.6
Pre-tax margin	22.5	22.1	21.1	18.1	18.1	17.6	17.3	20.5	21.7	23.3	22.6	22.2	25.8	25.7	24.4	26.1	21.0	18.6	22.5	25.5
New Taiwan GAAP net margin	19.1	18.5	17.7	15.3	16.2	15.0	15.2	18.5	18.8	19.8	19.9	20.0	22.4	21.8	21.5	23.5	17.7	16.4	19.7	22.4
Sequential Growth (%)																				
Revenue	11	-2	-6	6	-1	2	3	44	-3	15	20	-9	44	18	8	25	12	15	53	91
Gross profit	10	0	-11	5	0	1	2	40	-1	14	19	-8	38	16	7	24	7	10	51	80
Operating income	40	-2	-24	-2	5	-3	-1	88	3	25	18	-12	72	20	1	37	1	5	99	126
Net profit	23	-5	-9	-9	5	-6	4	75	-1	21	20	-9	62	14	7	37	-1	7	83	117
New Taiwan GAAP EPS	23	-5	-10	-9	5	-6	4	75	-1	21	20	-9	62	14	7	37	-1	7	83	117

Source: Company data, J.P. Morgan estimates.

Investment Thesis, Valuation and Risks

MediaTek Inc. *(Overweight; Price Target: NT$5,300.00)*

Investment Thesis

We are Overweight on MediaTek, given ASIC revenues in 2027 (from TPU v8t Zebrafish) likely to see upside, despite a more guarded view on near-term smartphone demand. On ASIC, we see a better supply conditions for substrates and CoWoS-wafers, with increasing confidence in TPUv9 Humufish ramp. We also expect MediaTek to mention new customer engagements (likely SpaceX in our view) and continuation of its engagement with Google in TPU v10 projects. On a more cautious note, we believe smartphone demand will remain sluggish, coming along with sub-seasonal 3Q26. With rising costs from substrates, OSATs and foundries, we see near-term pressure on the company's Gross Margins.

Valuation

Our Jun-27 PT of NT$5300 is based on a SoTP valuation (10x 12M fwd core earnings + 33x 12M fwd ASIC-related earnings, reflecting sluggish smartphone demand and the recent correction in market sentiments), reflecting stronger growth in 2028 for TPU v9 Humufish.

Risks to Rating and Price Target

Key downside risks include: (1) further pressure on Smartphone SoC GMs due to cost escalations and increased competition; and (2) slower progress on the NVDA partnership, given NVDA's expanded engagement with Intel and other chip makers.

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MediaTek Inc.: Summary of Financials

Income Statement - Annual	FY23A	FY24A	FY25A	FY26E	FY27E
Revenue	**433,446**	**530,586**	**595,966**	**683,062**	**1,044,079**
COGS	(226,079)	(267,200)	(312,886)	(372,783)	(575,186)
Gross profit	**207,367**	**263,386**	**283,080**	**310,279**	**468,893**
SG&A	(24,183)	(28,981)	(31,304)	(34,093)	(42,740)
Adj. EBITDA	**82,801**	**114,972**	**116,806**	**123,036**	**231,870**
D&A	(11,001)	(12,560)	(13,336)	(14,035)	(15,304)
Adj. EBIT	**71,800**	**102,412**	**103,470**	**109,001**	**216,566**
Net Interest	6,908	10,696	10,167	8,599	7,724
Adj. PBT	**86,782**	**119,519**	**124,888**	**127,096**	**234,527**
Tax	(9,591)	(12,378)	(18,770)	(14,531)	(29,159)
Minority Interest	(212)	(754)	(798)	(204)	0
Adj. Net Income	**76,979**	**106,386**	**105,319**	**112,360**	**205,368**
Reported EPS	48.12	66.47	65.71	70.05	128.04
Adj. EPS	**48.12**	**66.47**	**65.71**	**70.05**	**128.04**
DPS	**76.00**	**54.97**	**53.96**	**53.19**	**56.74**
Payout ratio	102.9%	114.2%	81.2%	80.9%	81.0%
Shares outstanding	1,600	1,601	1,603	1,604	1,604

Income Statement - Quarterly	1Q26A	2Q26E	3Q26E	4Q26E
Revenue	**149,151**	**152,183**	**156,635**	**225,094**
COGS	(80,095)	(82,302)	(85,276)	(125,109)
Gross profit	**69,055**	**69,881**	**71,358**	**99,985**
SG&A	(7,819)	(8,063)	(8,338)	(9,872)
Adj. EBITDA	**26,239**	**25,805**	**25,690**	**45,301**
D&A	(3,349)	(3,529)	(3,560)	(3,597)
Adj. EBIT	**22,891**	**22,276**	**22,130**	**41,705**
Net Interest	2,311	1,968	2,344	1,976
Adj. PBT	**27,019**	**26,803**	**27,033**	**46,240**
Tax	(2,643)	(4,020)	(3,244)	(4,624)
Minority Interest	(204)	0	0	0
Adj. Net Income	**24,172**	**22,782**	**23,789**	**41,616**
Reported EPS	15.07	14.20	14.83	25.95
Adj. EPS	**15.07**	**14.20**	**14.83**	**25.95**
Shares outstanding	1,604	1,604	1,604	1,604

Balance Sheet & Cash Flow Statement	FY23A	FY24A	FY25A	FY26E	FY27E
Cash and cash equivalents	180,673	219,624	247,709	170,979	279,104
Accounts receivable	60,641	51,770	68,597	125,806	152,986
Inventories	43,220	58,414	67,235	144,058	138,069
Other current assets	6,354	21,217	13,916	12,737	12,737
Current assets	**290,889**	**351,025**	**397,456**	**453,581**	**582,896**
PP&E	53,291	56,917	60,427	56,404	51,539
LT investments	152,228	172,525	171,501	179,413	185,413
Other non current assets	138,631	117,400	114,400	122,588	122,588
Total assets	**635,038**	**697,868**	**743,785**	**811,985**	**942,436**
Short term borrowings	7,826	8,919	4,481	28,691	28,691
Payables	38,779	40,777	48,710	77,235	93,330
Other short term liabilities	185,394	217,207	250,159	231,557	231,557
Current liabilities	**231,999**	**266,902**	**303,350**	**337,483**	**353,578**
Long-term debt	4,605	2,681	6,795	6,305	6,305
Other long term liabilities	24,229	23,228	24,444	24,217	24,217
Total liabilities	**260,833**	**292,812**	**334,590**	**368,005**	**384,100**
Shareholders' equity	368,206	396,627	400,601	435,814	550,170
Minority interests	6,000	8,428	8,594	8,167	8,167
Total liabilities & equity	**635,038**	**697,868**	**743,785**	**811,985**	**942,436**
BVPS	**230.18**	**247.95**	**250.12**	**271.72**	**343.02**
y/y Growth	*(16.3%)*	*7.7%*	*0.9%*	*8.6%*	*26.2%*
Net debt/(cash)	(168,242)	(208,023)	(236,433)	(135,984)	(244,109)
Cash flow from operating activities	**199,780**	**131,571**	**141,195**	**3,464**	**215,576**
o/w Depreciation & amortization	11,001	12,560	13,336	14,035	15,304
o/w Changes in working capital	111,800	12,624	22,540	(122,931)	(5,096)
Cash flow from investing activities	**(44,405)**	**(15,253)**	**(12,822)**	**(26,111)**	**(16,439)**
o/w Capital expenditure	(10,431)	(16,186)	(16,846)	(10,011)	(10,439)
as % of sales	*2.4%*	*3.1%*	*2.8%*	*1.5%*	*1.0%*
Cash flow from financing activities	**(139,511)**	**(77,368)**	**(100,288)**	**(54,083)**	**(91,012)**
o/w Dividends paid	(121,574)	(87,979)	(86,491)	(88,877)	(91,012)
o/w Net debt issued/(repaid)	6,321	(1,831)	892	23,492	-
Net change in cash	**15,864**	**38,951**	**28,085**	**(76,730)**	**108,125**
Adj. Free cash flow to firm	**183,204**	**105,796**	**115,710**	**(14,163)**	**198,373**
y/y Growth	*85.0%*	*(42.3%)*	*9.4%*	*(112.2%)*	*(1500.6%)*

Ratio Analysis	FY23A	FY24A	FY25A	FY26E	FY27E
Gross margin	47.8%	49.6%	47.5%	45.4%	44.9%
EBITDA margin	19.1%	21.7%	19.6%	18.0%	22.2%
EBIT margin	16.6%	19.3%	17.4%	16.0%	20.7%
Net profit margin	17.8%	20.1%	17.7%	16.4%	19.7%
ROE	19.0%	27.8%	26.4%	26.9%	41.7%
ROA	12.4%	16.0%	14.6%	14.4%	23.4%
ROCE	15.4%	23.3%	21.4%	21.9%	35.9%
SG&A/Sales	5.6%	5.5%	5.3%	5.0%	4.1%
Net debt/equity	NM	NM	NM	NM	NM
P/E (x)	76.3	55.2	55.9	52.4	28.7
P/BV (x)	15.9	14.8	14.7	13.5	10.7
EV/EBITDA (x)	69.3	50.1	49.6	46.3	24.5
Dividend Yield	2.1%	1.5%	1.5%	1.4%	1.5%
Sales/Assets (x)	0.7	0.8	0.8	0.9	1.2
Interest cover (x)	NM	NM	NM	NM	NM
Operating leverage	206.3%	190.2%	8.4%	36.6%	186.7%
Revenue y/y Growth	(21.0%)	22.4%	12.3%	14.6%	52.9%
EBITDA y/y Growth	(39.1%)	38.9%	1.6%	5.3%	88.5%
Tax rate	11.1%	10.4%	15.0%	11.4%	12.4%
Adj. Net Income y/y Growth	(34.8%)	38.2%	(1.0%)	6.7%	82.8%
EPS y/y Growth	(34.9%)	38.1%	(1.1%)	6.6%	82.8%
DPS y/y Growth	4.1%	(27.7%)	(1.8%)	(1.4%)	6.7%

Source: Company reports and J.P. Morgan estimates.
Note: NT$ in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

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Date	Rating	Price (NT$)	Price Target (NT$)
30-Jul-23	N	658.00	730
17-Oct-23	N	840.00	780
29-Oct-23	N	801.00	750
05-Jan-24	N	928.00	800
01-Feb-24	N	966.00	880
11-Apr-24	N	1195.00	1,050
28-Apr-24	N	1005.00	1,060
29-Jul-24	N	1245.00	1,050
01-Aug-24	N	1220.00	1,150
22-Oct-24	N	1330.00	1,175
31-Oct-24	N	1290.00	1,180
05-Feb-25	N	1490.00	1,275
27-Apr-25	N	1380.00	1,350
16-Jun-25	N	1250.00	1,300
25-Nov-25	N	1150.00	1,260
28-Jan-26	N	1775.00	1,525
05-Feb-26	N	1800.00	1,600
30-Apr-26	OW	2575.00	3,400
31-May-26	OW	4310.00	5,300

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