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IDEA

May 25, 2026 07:53 PM GMT

MediaTek | Asia Pacific

"Target Price Up" thanks to 2nm TPU volume upside; stay OW

WHAT'S CHANGED		
MediaTek (2454.TW)	From	To
Price Target	NT$2,988.00	**NT$5,088.00**

We expect MediaTek to re-rate further on its strong 2nm TPU design service execution. The stock remains our sector Top Pick.

MediaTek is working closely with Intel to enable the 2nm TPU "Humufish": On its latest earnings call, MediaTek indicated for the first time that it expects 2nm ASIC to enter mass production by 2027, but investors remained concerned about production volumes in 2028, as Intel's EMIB-T was not proven in a large-scale ASIC project. In our prior report, we assumed a conservative 2028 volume of 1mn units of 2nm TPU, implying ~US$20bn of total AI ASIC revenue. However, our recent industry checks suggest upside for next-gen 2nm TPU, "Humufish", given (1) more ABF substrate capacity, as we believe major EMIB substrate suppliers currently include Ibiden, Unimicron, Shinko, and AT&S, and SEMCO could be added; (2) EMIB yield at Intel foundry is already high (>90%), ie yield improvement from embedding technology/TGV (Through Glass Via); and (3) the rest of the supply chain is in place, including bumping (PTI, etc.), silicon capacitor (AP Memory/Semco), and silicon bridge die (from Intel's foundry). We now expect at least 2.5mn units of 2nm TPU in 2028, mainly based on Intel EMIB, implying at least US$37bn of total TPU revenue (2.5mn units of 2nm TPU at US$13k ASP, and 1mn units of 3nm TPU at $4.5k ASP).

Beyond 2nm TPU, MediaTek engages in the 1.4nm TPU v10 "Icefish", supporting stronger growth from 2029 onward: Our latest supply chain checks suggest MediaTek is likely to secure another TPU project (potentially v10) beyond the current 2nm TPU. Although the customer may adopt a COT (customer-owned tooling) model with potential dual-foundry supply (TSMC and Samsung foundry), we believe MediaTek could still enjoy strong revenue/earnings growth from 2029. We expect MediaTek's gross margin for the Google TPU to decline from c.40% in 2026, to around 30%-35% in 2029, but operating margin may stay at 25%-30%, accretive to corporate operating margin at around 20%-25%. We therefore raise our intermediate growth rate for MediaTek from 9% to 12%. If MediaTek also started to provide a full-rack turnkey service in 2028, there could be more revenue upside.

Raise PT to NT$5,088: We estimate Google TPU to account for 38% and 63% of MediaTek's revenue in 2027 and 2028, making the stock one of the purest Google TPU plays in Asia Tech. Our new PT of NT$5,088 implies 38x our 2027e EPS and 18x our 2028e EPS. We believe the stock deserves a re-rating, given a strong TPU pipeline with close to 50% revenue CAGR over 2025–28e. We believe the agentic AI replacement cycle may also start in 2027 for high-end Android phones, driven by Gemini Spark – another option value on MediaTek.

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MediaTek (2454.TW, 2454 TT)
Top Pick

Greater China Technology Semiconductors | Taiwan

Stock Rating	**Overweight**
Industry View	**Attractive**
Price target	NT$5,088.00
Up/downside to price target (%)	20
Shr price, close (May 25, 2026)	NT$4,245.00
52-Week Range	NT$4,245.00-1,130.00
Sh out, dil, curr (mn)	1,565
Mkt cap, curr (mn)	NT$6,644,209
EV, curr (mn)	NT$6,428,680
Avg daily trading value (mn)	NT$14,268

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (NT$)**	62.79	70.02	133.72	280.59
Prior EPS (NT$)**	-	70.23	130.26	200.57
EPS (NT$)§	66.05	65.62	117.09	193.71
Revenue, net (NT$ bn)	596.0	655.9	1,026.4	1,920.7
ModelWare net inc (NT$ bn)	99.9	111.5	213.0	446.9
ROE (%)	24.7	27.3	44.4	65.9
Div yld (%)	15.7	0.0	0.0	0.0

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
§ = Consensus data is provided by Refinitiv Estimates
e = Morgan Stanley Research estimates

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Strong AI ASIC upside in 2028 from 2nm TPU

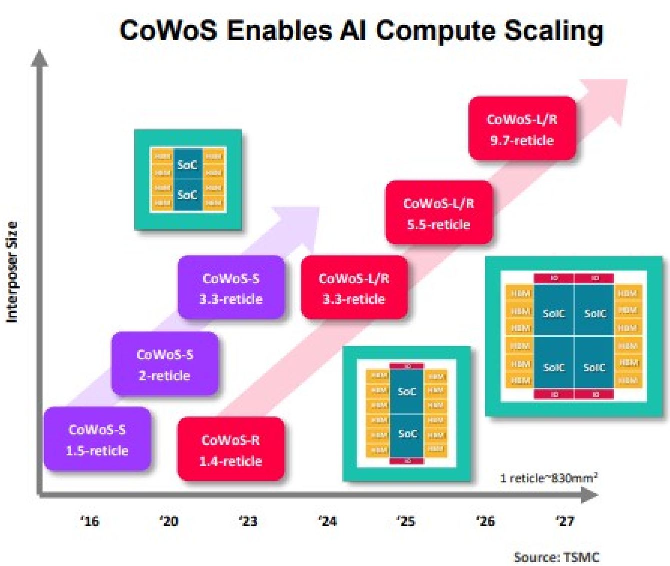
The 2nm TPU will adopt dual sourcing – both TSMC CoWoS-L and Intel EMIB

TSMC's CoWoS (Chip-on-Wafer-on-Substrate) is the industry's leading 2.5D packaging solution, particularly for AI and HPC applications. Its key advantage lies in the use of a high-density interposer or RDL layer, which enables extremely wide, low-latency connections between logic dies and HBM stacks. This makes it well suited for bandwidth-intensive workloads such as GPUs and AI accelerators.

However, these benefits come at a cost: CoWoS – particularly the silicon interposer/bridge – is expensive, capacity-constrained, and subject to yield challenges, including potential warpage issues at larger chip sizes. Cost and manufacturing complexity remain key trade-offs. As a result, we see TSMC's CoWoS roadmap supporting only up to ~9.7x reticle size, which does not appear sufficient for future AI or HPC chip designs.

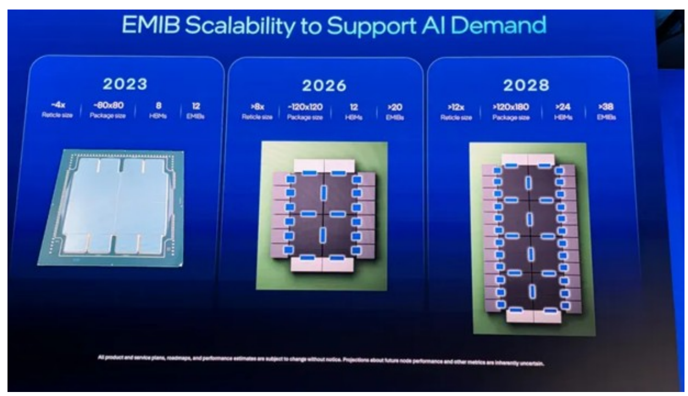
We expect MediaTek to secure a portion of CoWoS capacity for 2nm TPU to ensure minimum volume production, but we believe it will use Intel's (covered by Joseph Moore) EMIB-T as the primary solution to reduce costs and scale volume in 2028, if execution proceeds well.

Exhibit 1: TSMC's roadmap for interposer size



Source: Winway, TSMC

Exhibit 2: Intel's EMIB can easily support larger chips with more reticles (>12x) if its supply chain execution proceeds well



Source: Intel

Margin trend and full-rack system support. In response to our question on providing full-rack support during its earnings call (referencing recent Broadcom-Google collaboration), MediaTek indicated it is in discussions with the customer. Management expects any full-rack system design support to materialize after 2027.

On margin trends, management highlighted continued value addition to the customer across both silicon and packaging design. As a result, ASIC should remain accretive to operating margins

Google 2nm TPU the major growth driver for MediaTek from 2028

On April 22, Google introduced TPU v8 at Google Cloud Next, featuring two purpose-built architectures for training and inference: TPU 8t and TPU 8i. Our recent supply chain checks across multiple companies on reticle size confirm that MediaTek's 3nm TPU 8 corresponds to TPU 8t. This supports our view that MediaTek's TPU performance should be sufficient for AI training.

According to Google's announcement, "both chips will be generally available later this year and can be used as part of Google's AI Hypercompute," in line with MediaTek's guidance that AI ASIC will contribute ~US$2bn of revenue in 2026 (we now assume 450-500k units at a US$4,500 ASP).

In addition, our recent checks suggest that ASP for the next-generation 2nm Humufish TPU, supported by MediaTek, could exceed our prior expectations, driven by an increased number of main dies. For Humufish, checks across multiple sources indicate the number of main dies per chip will significantly exceed Zebrafish (one compute die with one I/O die). Combined with a SerDes upgrade and larger packaging size, we estimate ASP at US$12–15k (we now model US$13k).

At the gross margin level, management indicated margins vary by project, which may also reflect potential full-rack system support. We model 2nm TPU gross margin at c.35% (vs. c.40% for 3nm TPU) given larger revenue scale, while we still expect operating margin at ~20–25%, above the smartphone BU's 15–20%.

Exhibit 3: Our new supply chain-based Asia Google TPU volume forecasts

k Units	2023	2024	2025e	2026e	2027e	2028e
v5	500	2,400	250			
v6 (Trillium)			1,000			
v7 (Ironwood, by Broadcom)			500	2,300	500	
v8i (Sunfish; 3nm, by Broadcom)				900	3,000	2,500
v8t (Zebrafish; 3nm, by MediaTek)				500	2,500	1,000
v9 (Humufish; 2nm, by MediaTek)					150	2,500
v9a (Merope; 2nm, by US design service)						unknown
v10 (Icefish; 1.4nm, by MediaTek)						unknown
Total	**500**	**2,400**	**1,750**	**3,700**	**6,150**	**>6000**

Source: Morgan Stanley Research (e) estimates

Exhibit 4: Our previous supply chain-based Asia Google TPU volume forecasts

k Units	2023	2024	2025e	2026e	2027e	2028e
v5	500	2,400	250			
v6 (Trillium)			1,000			
v7 (Ironwood, by Broadcom)			500	2,300	500	
v8i (Sunfish; 3nm, by Broadcom)				900	3,000	2,500
v8t (Zebrafish; 3nm, by MediaTek)				500	2,500	2,000
v9 (Pumafish; 2nm, by Broadcom)					150	1,000
v10 (Humufish; 2nm, by MediaTek)					150	1,000
Total	**500**	**2,400**	**1,750**	**3,700**	**6,300**	**6,500**

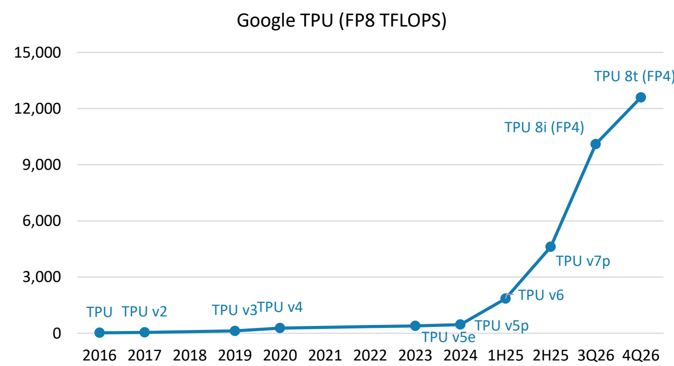
Source: Morgan Stanley Research (e) estimates

Exhibit 5: TPU 8t and TPU 8i at a glance

Feature	TPU 8t	TPU 8i
Primary Workload	Large-scale pre-training	Sampling, serving, and reasoning
Network Topology	3D torus	Boardfly
Specialized Chip Features	SparseCore (Embeddings) & LLM Decoder Engine	CAE (Collectives Acceleration Engine)
HBM Capacity	216 GB	288 GB
On-Chip SRAM (Vmem)	128 MB	384 MB
Peak FP4 PFLOPs	12.6	10.1
HBM Bandwidth	6,528 GB/s	8,601 GB/s (~1.3x of TPU 8t)
CPU Header	Arm Axion	Arm Axion

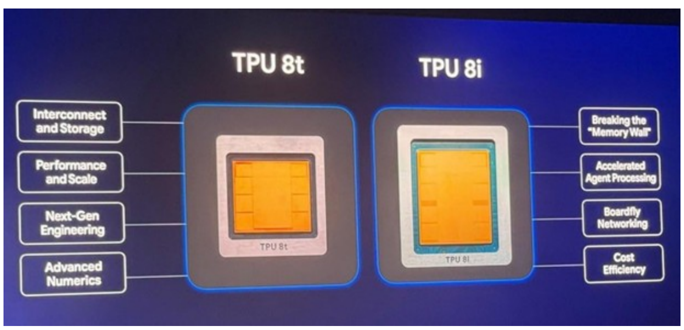
Source: Google

Exhibit 6: Performance of Google TPU by generation



Source: Google, Morgan Stanley Research; Note: TPU prior than TPU v7, performance is based on FP8

Exhibit 7: MediaTek TPU could be used for training purposes (v8t) given its smaller chip size vs. Broadcom TPU



Source: Google

Android AI agent phones as an emerging trend from Google I/O

Android AI agent phones – a trend to watch: Google is actively rolling out AI agents on Android phones, starting with Galaxy S26 and Pixel 10 in early 2026. These agents can perform multi-step tasks across apps – for example, ordering food, organizing notes, or creating calendar events through direct interaction with app UIs. Over time, we expect broader adoption across the Android ecosystem. Token consumption and cost remain key constraints for agentic AI, and we believe on-device computing on edge devices such as smartphones will help alleviate part of this cost burden.

Google I/O 2026 – Gemini evolves into an Agentic platform: At Google I/O 2026, Google repositioned Gemini from a chatbot to a proactive AI "personal agent" capable of autonomously handling tasks across apps and services. Google introduced several new technologies, including Gemini Spark – a persistent assistant operating in the background across Workspace tools – Gemini 3.5 Flash for faster real-time interaction, and Gemini Omni for advanced multimodal capabilities spanning text, audio, images, and video. The company also announced AI-driven changes to Google Search and deeper Gemini integration across Android, YouTube, shopping, and future XR devices, signaling a broader push to embed AI as a continuously available assistant that manages workflows and automates user tasks. We believe the agentic AI replacement cycle could start in 2027 from high-end Android phones – another option value on MediaTek.

Exhibit 8: Gemini transforms into 'agentic' platform

Source: Google

Earnings estimate revisions and quarterly financials

We raise our earnings estimates 0% for 2026, 3% for 2027, and 40% for 2028: Our increased estimates mostly reflect potential better-than-expected 2nm TPU demand from end-2027 and into 2028.

Exhibit 9: MediaTek: Earnings estimate revisions

(NT$ mn)	Current New 2026e	Previous Old 2026e	*Diff. %*	Current New 2027e	Previous Old 2027e	*Diff. %*	Current New 2028e	Previous Old 2028e	*Diff. %*
Net sales	655,906	655,906	*0%*	1,026,353	1,007,633	*2%*	1,920,744	1,403,360	*37%*
Gross profit	296,244	296,244	*0%*	434,806	427,692	*2%*	743,875	583,753	*27%*
Operating profit	114,462	114,475	*0%*	237,047	230,401	*3%*	513,867	362,869	*42%*
Pretax income	130,461	130,754	*0%*	252,047	245,401	*3%*	528,867	377,869	*40%*
Reported net income	111,518	111,810	*0%*	212,980	207,364	*3%*	446,892	319,299	*40%*
Reported basic EPS	**70.02**	**70.23**	***0%***	**133.72**	**130.26**	***3%***	**280.59**	**200.57**	***40%***
Reported diluted EPS	**69.94**	**70.12**	***0%***	**133.58**	**130.05**	***3%***	**280.28**	**200.26**	***40%***
Margins									
Gross margin	45.2%	45.2%		42.4%	42.4%		38.7%	41.6%	
Operating margin	17.5%	17.5%		23.1%	22.9%		26.8%	25.9%	
Pretax margin	19.9%	19.9%		24.6%	24.4%		27.5%	26.9%	
Net margin	17.0%	17.0%		20.8%	20.6%		23.3%	22.8%	

Source: Morgan Stanley Research (e) estimates

Exhibit 10: MediaTek: Quarterly financials

(NT$ mn)	1Q26e	2Q26e	3Q26e	4Q26e	1Q27e	2Q27e	3Q27e	4Q27e	2024	2025	2026e	2027e	2028e
Total revenues	**149,151**	**142,588**	**148,427**	**215,741**	**211,228**	**227,348**	**272,582**	**315,195**	**530,586**	**595,966**	**655,906**	**1,026,353**	**1,920,744**
Q/Q Change	*-0.7%*	*-4.4%*	*4.1%*	*45.4%*	*-2.1%*	*7.6%*	*19.9%*	*15.6%*					
Y/Y Change	*-2.7%*	*-5.2%*	*4.5%*	*43.6%*	*41.6%*	*59.4%*	*83.6%*	*46.1%*	*22.4%*	*12.3%*	*10.1%*	*56.5%*	*87.1%*
Cost of Sales	**80,095**	**77,309**	**81,242**	**121,016**	**120,564**	**130,356**	**157,794**	**182,832**	**267,200**	**312,886**	**359,662**	**591,547**	**1,176,869**
Percent of Revenues	*53.7%*	*54.2%*	*54.7%*	*56.1%*	*57.1%*	*57.3%*	*57.9%*	*58.0%*	*50.4%*	*52.5%*	*54.8%*	*57.6%*	*61.3%*
Gross Profit	**69,055**	**65,279**	**67,185**	**94,724**	**90,664**	**96,992**	**114,788**	**132,362**	**263,386**	**283,080**	**296,244**	**434,806**	**743,875**
Gross Margin	***46.3%***	***45.8%***	***45.3%***	***43.9%***	***42.9%***	***42.7%***	***42.1%***	***42.0%***	***49.6%***	***47.5%***	***45.2%***	***42.4%***	***38.7%***
Incremental Margin	*NM*	*NM*	*33%*	*41%*	*NM*	*39%*	*39%*	*41%*	*58%*	*30%*	*22%*	*37%*	*35%*
Total Opex	**46,165**	**44,414**	**44,660**	**46,543**	**47,731**	**48,434**	**50,065**	**51,530**	**160,974**	**179,610**	**181,783**	**197,759**	**230,009**
Percent of Revenues	*31.0%*	*31.1%*	*30.1%*	*21.6%*	*22.6%*	*21.3%*	*18.4%*	*16.3%*	*30.3%*	*30.1%*	*27.7%*	*19.3%*	*12.0%*
R&D	38,345	38,195	38,245	38,345	39,550	39,750	39,950	40,150	131,993	148,306	153,130	159,400	168,090
Percent of Revenues	*25.7%*	*26.8%*	*25.8%*	*17.8%*	*18.7%*	*17.5%*	*14.7%*	*12.7%*	*24.9%*	*24.9%*	*23.3%*	*15.5%*	*8.8%*
General & Adm Exp.	2,805	2,655	2,705	2,805	2,900	3,000	3,300	3,500	11,891	10,856	10,969	12,700	13,900
Percent of Revenues	*1.9%*	*1.9%*	*1.8%*	*1.3%*	*1.4%*	*1.3%*	*1.2%*	*1.1%*	*2.2%*	*1.8%*	*1.7%*	*1.2%*	*0.7%*
Selling Expenses	5,015	3,565	3,711	5,394	5,281	5,684	6,815	7,880	17,090	20,448	17,684	25,659	48,019
Percent of Revenues	3.4%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	3.2%	3.4%	2.7%	2.5%	2.5%
Operating Income	**22,891**	**20,865**	**22,525**	**48,181**	**42,933**	**48,558**	**64,723**	**80,832**	**102,412**	**103,470**	**114,462**	**237,047**	**513,867**
Operating Margin	*15.3%*	*14.6%*	*15.2%*	*22.3%*	*20.3%*	*21.4%*	*23.7%*	*25.6%*	*19.3%*	*17.4%*	*17.5%*	*23.1%*	*26.8%*
Total Non-operating Income (loss)	**3,849**	**4,050**	**4,050**	**4,050**	**3,750**	**3,750**	**3,750**	**3,750**	**17,107**	**16,047**	**15,999**	**15,000**	**15,000**
Profit Before Taxes	**26,740**	**24,915**	**26,575**	**52,231**	**46,683**	**52,308**	**68,473**	**84,582**	**119,519**	**119,517**	**130,461**	**252,047**	**528,867**
Percent of Revenues	*17.9%*	*17.5%*	*17.9%*	*24.2%*	*22.1%*	*23.0%*	*25.1%*	*26.8%*	*22.5%*	*20.1%*	*19.9%*	*24.6%*	*27.5%*
Change vs Year Ago	*-23%*	*-25%*	*2%*	*103%*	*75%*	*110%*	*158%*	*62%*	*37.7%*	*0.0%*	*9.2%*	*93.2%*	*109.8%*
Taxes	**2,643**	**3,862**	**4,119**	**8,096**	**7,236**	**8,108**	**10,613**	**13,110**	**12,378**	**18,770**	**18,720**	**39,067**	**81,974**
Tax Rate	9.9%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	10.4%	15.7%	14.3%	15.5%	15.5%
Minor interest	222	0	0	0	0	0	0	0	754	798	222	0	0
Total Net Income to Parent	**23,874**	**21,053**	**22,456**	**44,135**	**39,447**	**44,200**	**57,860**	**71,472**	**106,387**	**99,948**	**111,518**	**212,980**	**446,892**
Percent of Revenues	*16.0%*	*14.8%*	*15.1%*	*20.5%*	*18.7%*	*19.4%*	*21.2%*	*22.7%*	*20.1%*	*16.8%*	*17.0%*	*20.8%*	*23.3%*
Change vs Year Ago	*-18.6%*	*-24.4%*	*5.4%*	*105.5%*	*65.2%*	*109.9%*	*157.7%*	*61.9%*	*38.2%*	*-6.1%*	*11.6%*	*91.0%*	*109.8%*
Reported Basic EPS (NT$, TW GAAP)	**14.99**	**13.22**	**14.10**	**27.71**	**24.77**	**27.75**	**36.33**	**44.88**	**66.93**	**62.79**	**70.02**	**133.72**	**280.59**
Reported Diluted EPS (NT$, TW GAAP)	**14.97**	**13.20**	**14.08**	**27.68**	**24.74**	**27.72**	**36.29**	**44.83**	**66.81**	**62.70**	**69.94**	**133.58**	**280.28**

Source: Company data, Morgan Stanley Research (e) estimates

Raising price target from NT$2,988 to NT$5,088

We continue to derive our price target (our base case scenario value) from a residual income model. The price target change reflects our EPS estimate revisions, which are higher in outer years. In addition to raising the intermediate growth rate to 12% (from 9%) given the strong TPU pipeline, our other key valuation assumptions remain unchanged: cost of equity at 9.2% (beta of 1.2, risk-free rate of 2%, and risk premium of 6%) and terminal growth rate of 3.0%.

Our bull and bear case scenario values also rise from NT$4,100 and NT$1,520 to NT $6,988 and NT$2,588, respectively.

Exhibit 11: MediaTek: Residual income model

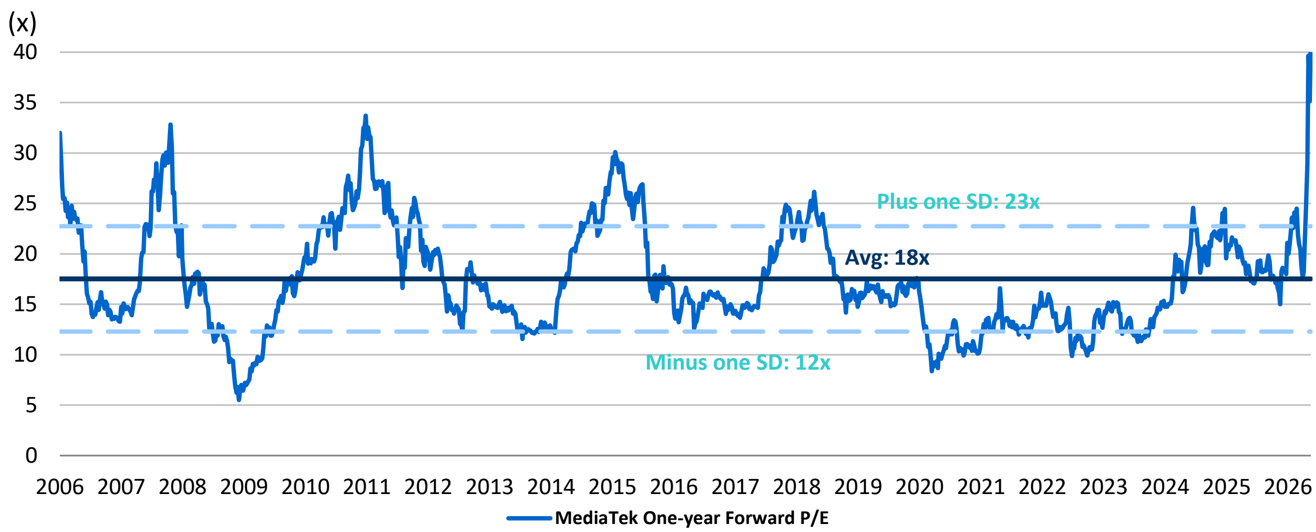
(NT$ mn)	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e	2037e
Total Equity	**479,581**	**677,987**	**1,029,970**	**1,265,614**	**1,529,536**	**1,825,128**	**2,156,192**	**2,526,983**	**2,942,269**	**3,407,390**	**3,928,325**	**4,511,772**
Net Profit	**111,518**	**212,980**	**446,892**	**500,519**	**560,582**	**627,851**	**703,194**	**787,577**	**882,086**	**987,936**	**1,106,489**	**1,239,267**
ROAE	**25.1%**	**36.8%**	**52.3%**	**43.6%**	**40.1%**	**37.4%**	**35.3%**	**33.6%**	**32.3%**	**31.1%**	**30.2%**	**29.4%**
Residual Income	65,041	132,354	292,420	354,383	391,214	431,812	476,808	526,851	582,626	644,880	714,433	792,193
Spread	**15.9%**	**27.6%**	**43.1%**	**34.4%**	**30.9%**	**28.2%**	**26.1%**	**24.4%**	**23.1%**	**21.9%**	**21.0%**	**20.2%**
Ending Equity Capital	479,581											
PV of Forecast Period	2,634,017											
PV of Continuing Value	4,998,363											
Equity Value	**8,111,960**											
No. of Shares	1,594											
Projected Price (NT$)	**5,088**											

Source: Company data, Morgan Stanley Research (e) estimates

Relative valuation

We view the P/E as relatively attractive – even after the share price rally – given strong AI demand. Although MediaTek faces smartphone headwinds in 2026, we believe it is time to look beyond 2026; we think this margin pressure is fully priced in, while TPU upside is not. We believe the stock should trade more than +1SD above its historical average, supported by strong TPU demand. Our new price target of NT$5,088 implies 38x 2027e EPS.

Exhibit 12: MediaTek: One-year forward P/E trend



Source: Company data, FactSet, Morgan Stanley Research

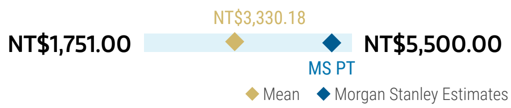
Risk Reward – MediaTek (2454.TW) Top Pick

AI ASIC demand likely to offset smartphone headwind; Top Pick

PRICE TARGET NT$5,088.00

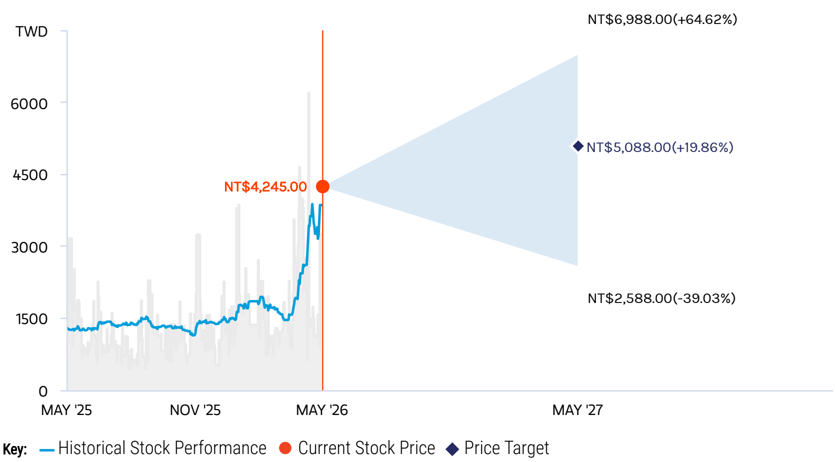
Base case, residual income model. Key assumptions: cost of equity 9.2%, intermediate growth rate 12.0%, terminal growth rate 3.0%.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART

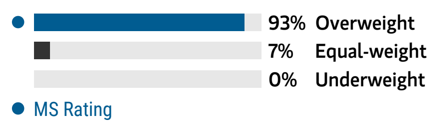


Source: Refinitiv, Morgan Stanley Research

OVERWEIGHT THESIS

- We think MediaTek's gross margin to decline in both 2026 and 2027 as a result of smartphone headwinds and TPU margin dilution, but strong demand from TPU should drive earnings growth.
- Overall AI ASIC demand looks very strong, especially from Google's TPU, which should benefit MediaTek in the coming years.
- The AI smartphone replacement cycle is the key wild card. AI smartphone replacement could be too mild to pass through additional costs in Chinese smartphones.
- Risk-reward is attractive at the current level given strong TPU demand. We believe the stock could re-rate to >35x 2027e P/E, doubling from its 18x historical average since 2006.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

New Data Era: *Positive*
Technology Diffusion: *Positive*

View descriptions of Risk Rewards Themes here

BULL CASE NT$6,988.00

52x 2027e EPS

MediaTek receives US licenses for shipments to all Chinese smartphone brands. Emerging market demand recovers to trend-line growth. MediaTek reaches 90% of an enlarged addressable market for 5G Android smartphones in 2027, including share gains in premium smartphone models. Blended ASP rises in 2027. Better business development in IoT, autos, enterprise networking chips, edge AI projects and AI ASIC business, especially on Google TPU demand.

BASE CASE NT$5,088.00

38x 2027e EPS

MediaTek maintains around 35-40% overall share in the Chinese smartphone market, with a share of 30-40% in 5G SoC for 2025 (ex-Apple). Besides smartphones, AI ASIC should be the largest focus for the company now. We expect a 40-50% revenue CAGR during 2025-28. Non-smartphone business development stays on track, including IoT, autos, enterprise networking chips, edge AI projects and AI ASIC business.

BEAR CASE NT$2,588.00

19x 2027e EPS

Competitive pressures are worse than expected, with some market share loss, which hurts gross margin. Emerging market smartphone growth stalls. Chinese smartphone chipset vendors show a breakthrough in 5G technologies or foundry supply and start to take more market share in mid-range 5G smartphone SoCs. Slow new business development in ASIC, IoT and automotive, edge AI projects and AI ASIC business.

Risk Reward – MediaTek (2454.TW)

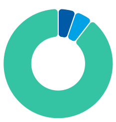
KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
Revenue from 5G Products (NT$, mn)	291,637	276,362	301,505	341,338
Revenue from Mid-low-end 4G Products (NT$, mn)	4,854	1,189	1,137	1,186
Revenue from Growing Products (NT$, mn)	195,335	300,325	647,565	1,498,492
Revenue from Mature Products (NT$, mn)	34,922	32,845	32,857	32,682

INVESTMENT DRIVERS

- Market share in major smartphone brands
- Overall demand from non-smartphone businesses, such as TVs and set-top boxes
- Introduction of new products, such as SoC, smartphones, and tablets

GLOBAL REVENUE EXPOSURE



- 0-10% APAC, ex Japan, Mainland China and India
- 0-10% Europe ex UK
- 80-90% Mainland China

Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

2/5 MOST | 3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Edge AI proliferates smartphone replacement cycle.
- Smartphone demand rises in China and other EMs.
- New products attract high demand, resulting in market share gains.
- Google's TPU spurs demand.

RISKS TO DOWNSIDE

- Smartphone demand deteriorates in China and other EMs.
- Competition heats up, resulting in pricing competition.
- New products attract low demand, causing market share loss.
- Margin dilution is more severe.

OWNERSHIP POSITIONING

Inst. Owners, % Active 74%

Source: Refinitiv, Morgan Stanley Research

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e

	Low	Mean	Morgan Stanley Estimates	High
Sales / Revenue (NT$, mn)	601,300	644,918	655,906	673,340
EBITDA (NT$, mn)	114,800	127,292	138,272	142,387
Net income (NT$, mn)	94,800	104,845	111,518	115,467
EPS (NT$)	59.10	65.62	70.02	71.99

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

MediaTek: Financial Summary

Income Statement

NT$mn (Years End Dec)	2024	2025	2026e	2027e	2028e
Net sales	**530,586**	**595,966**	**655,906**	**1,026,353**	**1,920,744**
COGS	(267,200)	(312,886)	(359,662)	(591,547)	(1,176,869)
Gross profit	263,386	283,080	296,244	434,806	743,875
Operating expenses	(160,974)	(179,610)	(181,783)	(197,759)	(230,009)
Operating income	**102,412**	**103,470**	**114,462**	**237,047**	**513,867**
Non-operating income	17,107	16,047	15,999	15,000	15,000
Pre-tax income	119,519	119,517	130,461	252,047	528,867
Income tax	(12,378)	(18,770)	(18,720)	(39,067)	(81,974)
Net income (excl. emp. bonus)	**133,925**	**125,933**	**139,676**	**266,225**	**558,615**
Employee Bonus Expense	26,785	25,187	27,935	53,245	111,723
Net income (incl. emp. bonus)	**106,387**	**99,948**	**111,518**	**212,980**	**446,892**
Adj.wtd.avg.shrs(m)	1,589	1,592	1,593	1,593	1,593
Reported EPS (NT$)	**66.93**	**62.79**	**70.02**	**133.72**	**280.59**
Diluted EPS (NT$)	**66.81**	**62.70**	**69.94**	**133.58**	**280.28**
EPS for Consensus (NT$)	**66.81**	**62.70**	**69.94**	**133.58**	**280.28**

Cash Flow Statement

NT$mn (Years End Dec)	2024	2025	2026e	2027e	2028e
Cash flow from Operations	**156,055**	**162,793**	**30,569**	**180,519**	**326,301**
Net profits	106,385	99,948	111,518	212,980	446,892
Depreciation	20,936	22,974	23,808	24,641	25,474
Equity investment losses (income)	(517)	(785)	0	0	0
Other adjustments	29,251	40,655	(104,758)	(57,102)	(146,065)
Cash flow from Investing	**(35,928)**	**(37,754)**	**(69,831)**	**(107,690)**	**(252,931)**
Capex	(13,787)	(15,059)	(5,000)	(5,000)	(5,000)
Change of LT Investment	(14,226)	(9,851)	0	0	0
Change of ST Investment	283	(69)	0	0	0
Other adjustments	(8,198)	(12,775)	(64,831)	(102,690)	(247,931)
Cash flow from financing	**(90,119)**	**(87,675)**	**(64,940)**	**(39,215)**	**(120,384)**
Increase in L/T debt	0	60	50,000	50,000	50,000
Increase in S/T debt	(1,260)	0	0	0	0
Cash Dividend Paid	(87,551)	(86,070)	(114,940)	(89,215)	(170,384)
Dir& Emp Bonus Paid	0	0	0	0	0
Issuance of stock	0	0	0	0	0
Other adjustments	(1,309)	(1,665)	0	0	0
Exchange rate adjustment	0	0	0	0	0
Net change in cash	**30,008**	**37,364**	**-104,203**	**33,614**	**-47,013**

Balance Sheet

NT$mn (Years End Dec)	2024	2025	2026e	2027e	2028e
Cash	203,696	235,290	131,087	164,701	117,688
Mkt Securities	15,928	12,419	12,419	12,419	12,419
AR/NR	44,713	62,121	77,978	122,019	228,349
Inventory	58,414	67,235	91,508	150,506	299,428
Other	28,274	20,392	13,520	21,156	39,592
Current Assets	**351,025**	**397,456**	**326,512**	**470,800**	**697,476**
Long-term investments	169,970	168,912	168,912	168,912	168,912
Fixed assets	56,917	60,427	65,427	70,427	75,427
Other assets	119,955	116,990	181,821	284,511	532,442
Total Assets	**697,868**	**743,785**	**742,672**	**994,650**	**1,474,256**
S/T borrowings	940	940	940	940	940
AP/NP	40,777	48,710	59,763	98,294	195,555
Other ST liabilities	225,186	253,700	171,148	186,189	216,552
LT debt	2,681	6,795	6,795	6,795	6,795
Other LT liabilities	23,228	24,444	24,444	24,444	24,444
Total Liabilities	**292,812**	**334,590**	**263,091**	**316,663**	**444,287**
Common shares	16,017	16,039	16,039	16,039	16,039
Retained earning	331,543	354,139	465,657	678,637	1,125,529
Other shareholders' equity	57,495	39,017	(2,115)	(16,689)	(111,599)
Total Equity	**405,055**	**409,195**	**479,581**	**677,987**	**1,029,970**
Total Liab. & Shrhldr's Equity	**697,868**	**743,785**	**742,672**	**994,650**	**1,474,256**

e = Morgan Stanley Research Estimates

Source: Morgan Stanley Research, Company Data

Financial Ratios

	2024	2025	2026e	2027e	2028e
Growth(%)					
Turnover	22.4	12.3	10.1	56.5	87.1
Operating profits	42.6	1.0	10.6	107.1	116.8
Pretax profits	37.7	0.0	9.2	93.2	109.8
Net profits	38.8	-6.0	10.9	90.6	109.8
EPS	38.1	-6.1	11.5	91.0	109.8
Margins (%)					
Gross Margin	49.6	47.5	45.2	42.4	38.7
Operating Margin	19.3	17.4	17.5	23.1	26.8
Pretax Margin	22.5	20.1	19.9	24.6	27.5
Net Profit	20.1	16.8	17.0	20.8	23.3
Return (%)					
ROAA	16.0	13.9	15.0	24.5	36.2
ROAE	27.3	24.5	25.1	36.8	52.3
Gearing (%)					
Net Debt/Equity	(50.1)	(57.3)	(27.1)	(24.2)	(11.3)
Liabilities/Equity	72.3	81.8	54.9	46.7	43.1
Ratios (X)					
Current ratio	1.3	1.3	1.4	1.6	1.7
Quick ratio	0.9	1.0	0.9	1.0	0.8
Others					
AR/NR Turnover (days)	43	43	43	43	43
Inventory Turnover (days)	92	92	92	92	92
AP Turnover (days)	60	60	60	60	60
Cash Conversion (days)	75	75	75	75	75

Risk Reward Reference links

1. View explanation of Options Probabilities methodology - Options_Probabilities_Exhibit_Link.pdf

2. View descriptions of Risk Rewards Themes - RR_Themes_Exhibit_Link.pdf

3. View explanation of regional hierarchies - GEG_Exhibit_Link.pdf

4. View explanation of Theme/Exposure methodology - ESG_Sustainable_Solutions_External_Link.pdf

5. View explanation of HERS methodology - ESG_HERS_External_Link.pdf

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Global Stock Ratings Distribution

(as of April 30, 2026)

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For disclosure purposes only (in accordance with FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight, Not-Rated and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1546	42%	467	51%	30%	709	44%
Equal-weight/Hold	1568	43%	358	39%	23%	715	44%
Not-Rated/Hold	4	0%	0	0%	0%	1	0%
Underweight/Sell	555	15%	84	9%	15%	202	12%
Total	3,673		909			1627	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

Analyst Stock Ratings

Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

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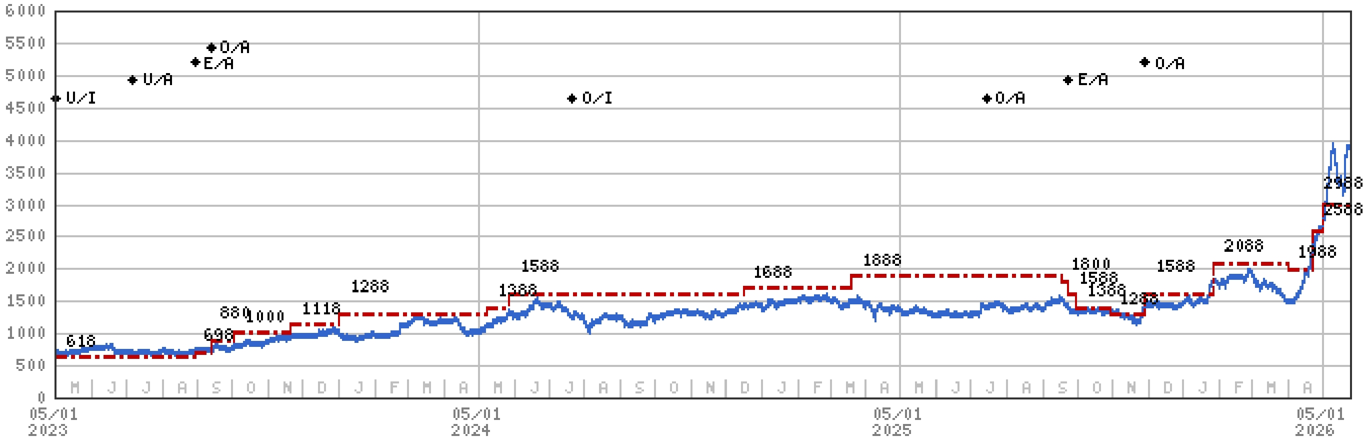
Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Stock Price, Price Target and Rating History (See Rating Definitions)

MediaTek (2454.TW) - As of 05/25/26 GMT in TWD
Industry : Greater China Technology Semiconductors



Stock Rating History: 5/1/21 : O/I; 10/12/21 : O/C; 10/4/22 : O/A; 12/16/22 : E/A; 2/22/23 : E/I; 4/18/23 : U/I; 7/7/23 : U/A; 8/29/23 : E/A; 9/12/23 : O/A; 7/21/24 : O/I; 7/14/25 : O/A; 9/23/25 : E/A; 11/28/25 : O/A

Price Target History: 4/29/21 : 1380; 5/20/21 : 1280; 10/26/21 : 1320; 1/27/22 : 1380; 3/28/22 : 1280; 7/12/22 : 880; 9/23/22 : 800; 12/16/22 : 698; 12/28/22 : 649; 4/6/23 : 645; 4/18/23 : 618; 8/29/23 : 698; 9/12/23 : 880; 10/2/23 : 1000; 11/20/23 : 1118; 1/2/24 : 1288; 5/8/24 : 1388; 5/28/24 : 1588; 12/16/24 : 1688; 3/19/25 : 1888; 9/17/25 : 1800; 9/23/25 : 1588; 9/30/25 : 1388; 10/29/25 : 1288; 11/28/25 : 1588; 1/27/26 : 2088; 4/1/26 : 1988; 4/23/26 : 2588; 5/1/26 : 2988

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.

Effective January 13, 2014, the industry view benchmarks for Morgan Stanley Asia Pacific are as follows: relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

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INDUSTRY COVERAGE: Greater China Technology Semiconductors

COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/25/2026)
Charlie Chan		
ACM Research Inc (ACMR.O)	O (03/07/2023)	US$73.35
Advanced Micro-Fabrication Equipment Inc (688012.SS)	O (11/06/2023)	Rmb485.30
Advanced Wireless Semiconductor Co (8086.TWO)	U (07/14/2025)	NT$163.00
Alchip Technologies Ltd (3661.TW)	O (05/14/2021)	NT$4,900.00
ASE Technology Holding Co. Ltd. (3711.TW)	O (09/15/2024)	NT$617.00
Cambricon Technology Corporation (688256.SS)	O (04/27/2026)	Rmb1,406.50
Global Unichip Corp (3443.TW)	O (07/27/2024)	NT$5,310.00
GlobalWafers Co Ltd (6488.TWO)	E (05/19/2026)	NT$788.00
Gudeng Precision (3680.TWO)	O (11/25/2025)	NT$595.00
Hua Hong Semiconductor Ltd (1347.HK)	E (03/12/2026)	HK$130.10
Iluvatar CoreX Semiconductor Co., Ltd. (9903.HK)	O (04/27/2026)	HK$487.00
King Yuan Electronics Co Ltd (2449.TW)	O (03/03/2023)	NT$317.00
Maxscend Microelectronics Co Ltd (300782.SZ)	U (01/11/2021)	Rmb123.22
MediaTek (2454.TW)	O (11/28/2025)	NT$4,245.00
MetaX Integrated Circuits (688802.SS)	E (04/27/2026)	Rmb754.10
Nanya Technology Corp. (2408.TW)	E (03/20/2026)	NT$296.00
NAURA Technology Group Co Ltd (002371.SZ)	O (11/06/2023)	Rmb698.19
OmniVision Integrated Circuits Group Inc (603501.SS)	E (11/17/2025)	Rmb108.94
Phison Electronics Corp (8299.TWO)	E (02/25/2026)	NT$2,480.00
SG Micro Corp. (300661.SZ)	E (11/03/2025)	Rmb118.60
Silergy Corp. (6415.TW)	U (05/19/2026)	NT$618.00
SMIC (0981.HK)	O (10/21/2025)	HK$79.85
TSMC (2330.TW)	O (02/07/2022)	NT$2,310.00
UMC (2303.TW)	O (05/19/2026)	NT$125.00
Vanguard International Semiconductor (5347.TWO)	E (01/14/2026)	NT$168.50
WIN Semiconductors Corp (3105.TWO)	U (07/14/2025)	NT$543.00

Daisy Dai, CFA		
ASMPT Ltd (0522.HK)	O (07/24/2025)	HK$184.60
China Resources Microelectronics Limited (688396.SS)	U (03/02/2026)	Rmb66.20
Elan Microelectronics Corp (2458.TW)	O (10/03/2025)	NT$163.50
Empyrean Technology Co Ltd (301269.SZ)	E (01/17/2025)	Rmb125.04
Hangzhou Silan Microelectronics Co. Ltd. (600460.SS)	U (08/25/2025)	Rmb34.19
Innoscience (2577.HK)	E (10/13/2025)	HK$67.45
JCET Group Co Ltd (600584.SS)	E (01/16/2026)	Rmb80.17
Shanghai Fudan Microelectronics (1385.HK)	O (03/07/2025)	HK$37.60
SICC Co Ltd (688234.SS)	O (03/20/2026)	Rmb160.31
StarPower Semiconductor Ltd (603290.SS)	E (05/14/2026)	Rmb139.56
Unigroup Guoxin Microelectronics Co Ltd (002049.SZ)	U (01/10/2023)	Rmb85.02
Universal Scientific Ind. (Shanghai) (601231.SS)	O (11/05/2025)	Rmb42.20
Yangjie Technology (300373.SZ)	O (06/10/2022)	Rmb95.24
Daniel Yen, CFA		
AP Memory Technology Corp (6531.TW)	O (07/11/2025)	NT$1,055.00
ASMedia Technology Inc (5269.TW)	U (10/03/2025)	NT$1,535.00
Aspeed Technology (5274.TWO)	O (06/09/2025)	NT$17,725.00
Egis Technology Inc (6462.TWO)	E (01/28/2026)	NT$155.00
Espressif Systems (688018.SS)	O (05/15/2023)	Rmb186.11
GigaDevice Semiconductor Beijing Inc (603986.SS)	O (05/15/2025)	Rmb515.60
Macronix International Co Ltd (2337.TW)	O (09/18/2025)	NT$152.50
Montage Technology Co Ltd (6809.HK)	O (03/18/2026)	HK$471.80
Montage Technology Co Ltd (688008.SS)	O (03/18/2026)	Rmb284.08
Novatek (3034.TW)	U (02/04/2026)	NT$489.00
Nuvoton Technology Corporation (4919.TW)	U (11/10/2025)	NT$219.00
Parade Technologies Ltd (4966.TWO)	E (01/30/2026)	NT$818.00
Powerchip Semiconductor Manufacturing Co (6770.TW)	O (10/27/2025)	NT$67.60
Realtek Semiconductor (2379.TW)	E (01/30/2026)	NT$583.00
Shenzhen Goodix Technology Co Ltd (603160.SS)	U (07/14/2025)	Rmb67.96
Winbond Electronics Corp (2344.TW)	E (03/20/2026)	NT$128.50
WPG Holdings (3702.TW)	O (03/16/2026)	NT$123.50
WT Microelectronics Co. Ltd. (3036.TW)	O (01/27/2026)	NT$301.50
Duan Liu		
Dosilicon Co Ltd (688110.SS)	U (09/06/2024)	Rmb166.60
Shenzhen Longsys Electronics Co Ltd (301308.SZ)	E (02/25/2026)	Rmb565.50
Tiffany Yeh		
AllRing Tech Co. (6187.TWO)	O (09/23/2025)	NT$1,210.00
FOCI Fiber Optic Communications Inc (3363.TWO)	O (01/15/2025)	NT$846.00
Himax Technologies Inc (HIMX.O)	E (02/04/2026)	US$21.04
Hon Precision (7769.TW)	O (04/17/2026)	NT$7,645.00
MPI Corporation (6223.TWO)	O (04/17/2026)	NT$6,200.00
Silicon Motion (SIMO.O)	O (05/06/2024)	US$276.14
WinWay Technology Co Ltd (6515.TW)	O (04/17/2026)	NT$8,850.00

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