July 26, 2026 09:59 PM GMT

MediaTek | Asia Pacific

2Q26 results preview: Smartphone weak, but Cloud AI taking off; OW

MORGAN STANLEY TAIWAN LIMITED+

Charlie Chan
Equity Analyst
Charlie.Chan@morganstanley.com +886 2 2730-1725

Daniel Yen, CFA
Equity Analyst
Daniel.Yen@morganstanley.com +886 2 2730-2863

MORGAN STANLEY ASIA LIMITED+

Daisy Dai, CFA
Equity Analyst
Daisy.Dai@morganstanley.com +852 2848-7310

MORGAN STANLEY TAIWAN LIMITED+

Lucas Wang
Research Associate
Lucas.Wang@morganstanley.com +886 2 2730-2875

3Q26 should mark the bottom of MediaTek's transition to a Cloud AI ASIC revenue cycle. We see a strong TPU revenue ramp starting in 4Q26 onward, which we expect will account for more than half of revenue by end-2027.

3Q26 revenue may be down 5% Q/Q, due to China smartphone weakness: MediaTek will host its 2Q26 earnings call on July 31. We see very limited 3nm tensor processing unit (TPU) and less new flagship 2nm Dimensity 9600 smartphone SoC revenue in 3Q26. We therefore expect 3Q26 revenue to decline mid-single digits Q/Q, given the China smartphone demand weakness, below the Consensus +2% Q/Q. We also expect GM to hold at 45-46% in both 2Q26 and 3Q26, given incremental substrate and foundry costs. See Exhibit 4 for our earnings preview. We also expect the company to maintain >US$2bn TPU revenue in 4Q26.

2027 TPU revenue guidance to be the key focus for this call: In our US semi analyst Joe Moore's recent report, Broadcom Inc.: In Defense of AVGO's ASIC Share (14 Jul 2026), we reconciled our global research view on the TPU ASIC service revenue split. Our view is that MediaTek participation is significant. Its 3nm TPU volume shipment may approach that of AVGO in 2027 (see Exhibit 1). However, AVGO should remain the majority TPU supplier over time, with ~80% revenue share, given higher ASP on higher gross margin.

That said, a 20% revenue share of MediaTek on a US$100bn TPU revenue TAM in 2027 still implies US$20bn revenue for MediaTek, higher than MediaTek's current US$7bn–US$12bn guidance. We therefore expect MediaTek to raise its 2027 TPU revenue guidance to US$12bn–US$15bn (vs. our forecast of around US$15bn).

Key questions to ask during the call:

1. Progress of 2nm TPU and Intel EMIB-T production yield; any backup plan to use TSMC CoWoS?

2. How about next-generation 1.4nm TPU v10 competition?

3. Any updates on the second CSP customer?

4. Any updates on ASIC TAM and MediaTek's market share in 2028, considering new Qualcomm competition in ASIC design service?

5. AI smartphone: any killer apps, or partnerships with China or US LLM providers?

Maintain price target NT$5,588 and industry Top Pick: This implies 18x for 2028e EPS. We think that's still attractive vs. its 2025-28e revenue CAGR of >50%.

MediaTek (2454.TW, 2454 TT)
Top Pick

Greater China Technology Semiconductors | Taiwan

Stock Rating	**Overweight**
Industry View	**Attractive**
Price target	NT$5,588.00
Up/downside to price target (%)	49
Shr price, close (Jul 24, 2026)	NT$3,750.00
52-Week Range	NT$4,970.00-1,130.00
Sh out, dil, curr (mn)	1,565
Mkt cap, curr (mn)	NT$5,869,443
EV, curr (mn)	NT$5,653,914
Avg daily trading value (mn)	NT$20,316

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (NT$)**	62.79	71.45	146.67	308.38
Prior EPS (NT$)**	-	70.02	146.14	308.47
EPS (NT$)§	66.05	66.50	128.64	243.34
Revenue, net (NT$ bn)	596.0	661.5	1,094.3	2,081.8
ModelWare net inc (NT $ bn)	99.9	113.8	233.6	491.2
ROE (%)	24.7	27.8	48.5	70.3
Div yld (%)	17.3	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

AlphaSignals Earnings Preview

Focus KPI	Focus KPI Surprise	Likely impact to consensus EPS*
MediaTek 2454.TW		
2026/27e TPU revenue guidance	↑ Likely upside surprise	↑ Modest revision higher

- 3Q26 revenue may be down 5% Q/Q, due to China smartphone weakness
- 2027 TPU revenue guidance to be the key focus for this call

*Likely impact to consensus EPS is for the next 12 months
Source: Company data, Morgan Stanley Research

Cloud AI ASIC revenue ramping in 4Q26 onward

MediaTek looks to be getting more sufficient ABF substrate supply for 3nm TPU: In our recent AI supply chain tracker, we noted that MediaTek's 180k CoWoS-S booking implies ~3.6mn units of TPU 8t (ZebraFish), above our original 2.5mn shipment assumption – we had assumed ABF substrate shortages. However, it appears that MediaTek can assist Google in sourcing more T-Glass by visiting the Japanese fiber material vendor to secure supply. Hence, we see upside to our shipment and revenue assumptions for 3nm ZebraFish TPU – we now forecast 3mn units in 2027. According to our hardware analyst, Howard Kao, Zhen Ding (4958.TW) should be MediaTek's key second source for 3nm TPU besides Unimicron (3037.TW).

Exhibit 1: 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	3,000	1,000
v9 (Humufish; 2nm, by MediaTek)					150	3,000
v9a (Merope; 2nm, by US design service)						unknown
v10 (Icefish; 1.4nm, by MediaTek)						unknown
Total	**500**	**2,400**	**1,750**	**3,700**	**6,650**	**>6500**

Source: Morgan Stanley Research (e) estimates

2nm TPU TAM is also growing for 2028: At our AI Summit, MediaTek management stated that its design service is capable of both training and inference design. Recently, investors have been asking whether MediaTek is involved in the design of 2nm TriggerFish TPU, intended for AI inference. Our supply chain checks suggest this could be true; thus, we raise our 2028 2nm TPU shipment forecast, to 3mn units. The TriggerFish chip has more features (I/O die upgrade, one more simulation die, and change of HBM controller to HBM4e), so we think MediaTek's 2nm TPU blended ASP could go higher. We estimate ASP at US$12–20k (we now model US$13k). But again, the EMIB-T substrate yield should be the key risk to volume.

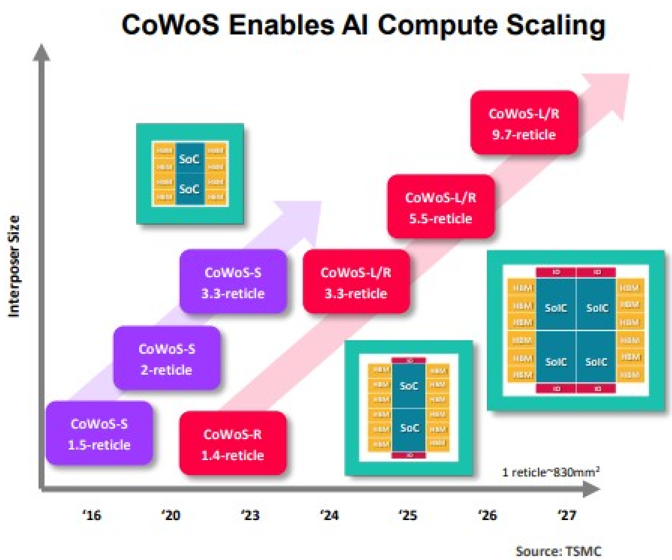
At the gross margin level, management indicated that margins vary by project, which may also reflect potential full-rack system support. We model 2nm TPU gross margin at c. 35% (vs. c. 40% for 3nm TPU) given larger revenue scale. We still expect operating margin at ~20–25%, above the smartphone BU's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

Will 2nm TPU adopt dual sourcing – both TSMC CoWoS-L and Intel EMIB?

We expect MediaTek to secure a portion of CoWoS capacity for 2nm TPU to ensure minimum volume production, but we believe it will use EMIB-T from Intel (covered by Joseph Moore) as the primary solution to reduce costs and scale volume in 2028, if execution proceeds well.

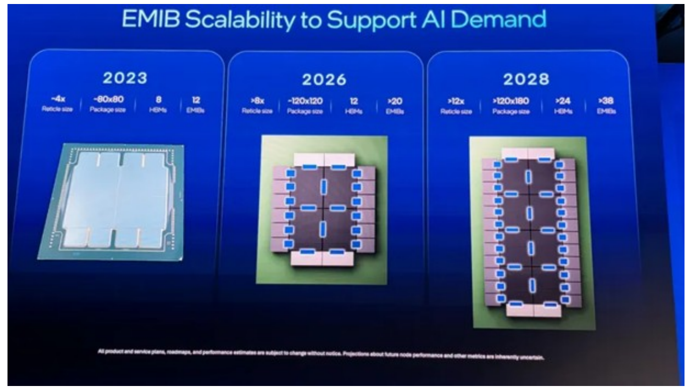
However, TSMC CoWoS is expensive, capacity-constrained, and subject to yield challenges, including potential warpage issues at larger chip sizes. Cost and manufacturing complexity remain key trade-offs.

Exhibit 2: TSMC's roadmap for interposer size



Source: Winway, TSMC

Exhibit 3: Intel's EMIB can easily support larger chips with more reticles (>12x) if its supply chain execution proceeds well



Source: Intel

Who could be the second CSP customer?

As for the second CSP customer, our industry checks suggest the company has engaged with both SpaceX (XPU attach and LEO satellite Wi-Fi router) and Meta. However, we believe a design win at SpaceX is more likely than at Meta, as our checks indicate that one of Meta's projects with the Rivos team has been awarded to GUC. For the SpaceX project, we note that competition from other Taiwanese peers remains.

In response to our question on providing full-rack support during its previous earnings call (referencing recent Broadcom-Google collaboration), MediaTek indicated that 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.

2Q26 earnings and 3Q26 guidance preview

MediaTek 2Q26 revenue came in slightly higher than the initial guidance; we believe there might be some pull-in inventory build to avoid a potential price hike and supply tightness in the semi supply chain in 2H26. That said, we expect 3Q26 revenue to decline mid-single digits Q/Q, given the pull-in to 2Q26 and the weakness in midrange/low-end smartphones. We expect the gross margin for both 2Q26 and 3Q26 to be in the range of 45-46% since the company is passing through the incremental cost to customers starting from mid/late 3Q.

Exhibit 4: MediaTek Earnings Preview Table

(NT$ bn)	2Q26				3Q26		
	Guidance	Preliminary	MS Est.	Consensus	Guidance	MS Est.	Consensus
Revenue	NT$140.2bn to NT149.2bn (flat to down 6% Q/Q)	152.2	152.2	144.2		144.3	147.5
Q/Q				*-3.3%*		*-5.2%*	*2.3%*
Y/Y				*-4.1%*		*1.6%*	*3.8%*
GM (%)	44.5% - 47.5%		45.9%	46.1%		45.3%	46.2%
OPEX ratio	29.0% - 33.0%		29.3%	31.4%		30.9%	30.9%
OPM			16.5%	14.8%		14.5%	15.3%
EPS (NT$)			**15.48**	**13.73**		**13.21**	**14.65**

Source: Company data, Visible Alpha. Morgan Stanley Research estimates

Earnings estimate revisions and quarterly financials

We raise 2026e earnings by 2%, while 2027/28e estimates are largely unchanged: Our increased 2026 estimates mostly reflect better-than-expected 2Q26 performance.

Exhibit 5: MediaTek: Earnings estimate revisions

(NT$ mn)	New 2026e	Old 2026e	*Diff. %*	New 2027e	Old 2027e	*Diff. %*	New 2028e	Old 2028e	*Diff. %*
Net sales	661,521	655,906	*1%*	1,094,291	1,092,253	*0%*	2,081,803	2,082,893	*0%*
Gross profit	299,082	296,244	*1%*	460,913	459,848	*0%*	800,441	800,627	*0%*
Operating profit	117,159	114,462	*2%*	261,456	260,441	*0%*	566,256	566,415	*0%*
Pretax income	133,158	130,461	*2%*	276,456	275,441	*0%*	581,256	581,415	*0%*
Reported net income	113,798	111,518	*2%*	233,605	232,748	*0%*	491,161	491,296	*0%*
Reported basic EPS	**71.45**	**70.02**	***2%***	**146.67**	**146.14**	***0%***	**308.38**	**308.47**	***0%***
Reported diluted EPS	**71.37**	**69.94**	***2%***	**146.51**	**145.97**	***0%***	**308.04**	**308.13**	***0%***
Margins									
Gross margin	45.2%	45.2%		42.1%	42.1%		38.4%	38.4%	
Operating margin	17.7%	17.5%		23.9%	23.8%		27.2%	27.2%	
Pretax margin	20.1%	19.9%		25.3%	25.2%		27.9%	27.9%	
Net margin	17.2%	17.0%		21.3%	21.3%		23.6%	23.6%	

Source: Morgan Stanley Research (e) estimates

Exhibit 6: MediaTek: Quarterly financials

(NT$ mn)	1Q26	2Q26e	3Q26e	4Q26e	1Q27e	2Q27e	3Q27e	4Q27e	2024	2025	2026e	2027e	2028e
Total revenues	**149,151**	**152,183**	**144,308**	**215,879**	**221,228**	**242,076**	**292,228**	**338,759**	**530,586**	**595,966**	**661,521**	**1,094,291**	**2,081,803**
Q/Q Change	*-0.7%*	*2.0%*	*-5.2%*	*49.6%*	*2.5%*	*9.4%*	*20.7%*	*15.9%*					
Y/Y Change	*-2.7%*	*1.2%*	*1.6%*	*43.7%*	*48.3%*	*59.1%*	*102.5%*	*56.9%*	*22.4%*	*12.3%*	*11.0%*	*65.4%*	*90.2%*
Cost of Sales	**80,095**	**82,377**	**78,883**	**121,083**	**126,764**	**139,241**	**169,954**	**197,419**	**267,200**	**312,886**	**362,438**	**633,378**	**1,281,362**
Percent of Revenues	*53.7%*	*54.1%*	*54.7%*	*56.1%*	*57.3%*	*57.5%*	*58.2%*	*58.3%*	*50.4%*	*52.5%*	*54.8%*	*57.9%*	*61.6%*
Gross Profit	**69,055**	**69,805**	**65,425**	**94,797**	**94,464**	**102,835**	**122,274**	**141,340**	**263,386**	**283,080**	**299,082**	**460,913**	**800,441**
Gross Margin	***46.3%***	***45.9%***	***45.3%***	***43.9%***	***42.7%***	***42.5%***	***41.8%***	***41.7%***	***49.6%***	***47.5%***	***45.2%***	***42.1%***	***38.4%***
Incremental Margin	*NM*	*25%*	*NM*	*41%*	*-6%*	*40%*	*39%*	*41%*	*58%*	*30%*	*24%*	*37%*	*34%*
Total Opex	**46,165**	**44,654**	**44,557**	**46,547**	**47,981**	**48,802**	**50,556**	**52,119**	**160,974**	**179,610**	**181,923**	**199,457**	**234,185**
Percent of Revenues	*31.0%*	*29.3%*	*30.9%*	*21.6%*	*21.7%*	*20.2%*	*17.3%*	*15.4%*	*30.3%*	*30.1%*	*27.5%*	*18.2%*	*11.2%*
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	168,240
Percent of Revenues	*25.7%*	*25.1%*	*26.5%*	*17.8%*	*17.9%*	*16.4%*	*13.7%*	*11.9%*	*24.9%*	*24.9%*	*23.1%*	*14.6%*	*8.1%*
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%*	*1.7%*	*1.9%*	*1.3%*	*1.3%*	*1.2%*	*1.1%*	*1.0%*	*2.2%*	*1.8%*	*1.7%*	*1.2%*	*0.7%*
Selling Expenses	5,015	3,805	3,608	5,397	5,531	6,052	7,306	8,469	17,090	20,448	17,824	27,357	52,045
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**	**25,151**	**20,868**	**48,250**	**46,483**	**54,034**	**71,718**	**89,221**	**102,412**	**103,470**	**117,159**	**261,456**	**566,256**
Operating Margin	*15.3%*	*16.5%*	*14.5%*	*22.4%*	*21.0%*	*22.3%*	*24.5%*	*26.3%*	*19.3%*	*17.4%*	*17.7%*	*23.9%*	*27.2%*
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**	**29,201**	**24,918**	**52,300**	**50,233**	**57,784**	**75,468**	**92,971**	**119,519**	**119,517**	**133,158**	**276,456**	**581,256**
Percent of Revenues	*17.9%*	*19.2%*	*17.3%*	*24.2%*	*22.7%*	*23.9%*	*25.8%*	*27.4%*	*22.5%*	*20.1%*	*20.1%*	*25.3%*	*27.9%*
Change vs Year Ago	*-23%*	*-12%*	*-4%*	*104%*	*88%*	*98%*	*203%*	*78%*	*37.7%*	*0.0%*	*11.4%*	*107.6%*	*110.3%*
Taxes	**2,643**	**4,526**	**3,862**	**8,106**	**7,786**	**8,956**	**11,698**	**14,410**	**12,378**	**18,770**	**19,138**	**42,851**	**90,095**
Tax Rate	9.9%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	10.4%	15.7%	14.4%	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**	**24,675**	**21,055**	**44,193**	**42,447**	**48,827**	**63,771**	**78,560**	**106,387**	**99,948**	**113,798**	**233,605**	**491,161**
Percent of Revenues	*16.0%*	*16.2%*	*14.6%*	*20.5%*	*19.2%*	*20.2%*	*21.8%*	*23.2%*	*20.1%*	*16.8%*	*17.2%*	*21.3%*	*23.6%*
Change vs Year Ago	*-18.6%*	*-11.4%*	*-1.1%*	*105.8%*	*77.8%*	*97.9%*	*202.9%*	*77.8%*	*38.2%*	*-6.1%*	*13.9%*	*105.3%*	*110.3%*
Reported Basic EPS (NT$, TW GAAP)	**14.99**	**15.49**	**13.22**	**27.75**	**26.65**	**30.66**	**40.04**	**49.33**	**66.93**	**62.79**	**71.45**	**146.67**	**308.38**
Reported Diluted EPS (NT$, TW GAAP)	**14.97**	**15.48**	**13.21**	**27.72**	**26.62**	**30.62**	**40.00**	**49.27**	**66.81**	**62.70**	**71.37**	**146.51**	**308.04**

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

Price target remains NT$5,588

We continue to derive our price target (our base case scenario value) from a residual income model. All of our 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%), intermediate growth rate of 12%, and terminal growth rate of 3.0%.

Our bull and bear case scenario values are also unchanged, at NT$7,675 and NT$2,845, respectively.

Exhibit 7: MediaTek: Residual income model

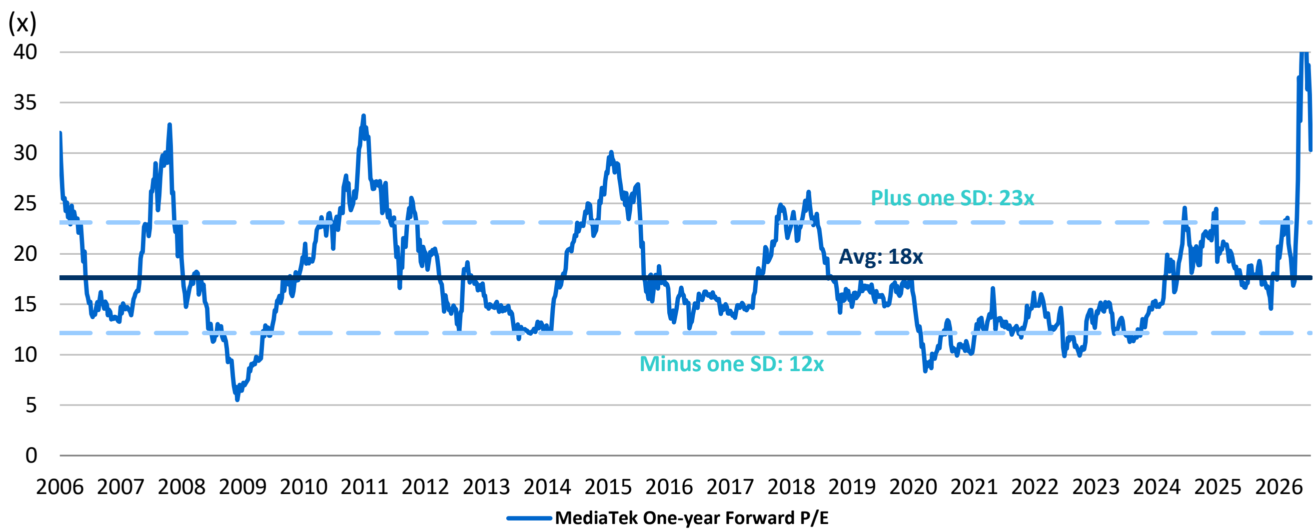
(NT$ mn)	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e	2037e
Total Equity	**481,860**	**699,068**	**1,078,820**	**1,337,807**	**1,627,873**	**1,952,747**	**2,316,606**	**2,724,127**	**3,180,552**	**3,691,747**	**4,264,286**	**4,905,529**
Net Profit	**113,798**	**233,605**	**491,161**	**550,101**	**616,113**	**690,046**	**772,852**	**865,594**	**969,465**	**1,085,801**	**1,216,097**	**1,362,029**
ROAE	**25.5%**	**39.6%**	**55.3%**	**45.5%**	**41.5%**	**38.5%**	**36.2%**	**34.3%**	**32.8%**	**31.6%**	**30.6%**	**29.7%**
Residual Income	66,872	146,307	321,936	391,896	432,774	477,673	527,332	582,487	643,907	712,423	788,943	874,468
Spread	**16.3%**	**30.4%**	**46.1%**	**36.3%**	**32.3%**	**29.3%**	**27.0%**	**25.1%**	**23.6%**	**22.4%**	**21.4%**	**20.5%**
Ending Equity Capital	481,860											
PV of Forecast Period	2,910,759											
PV of Continuing Value	5,517,479											
Equity Value	**8,910,098**											
No. of Shares	1,594											
Projected Price (NT$)	**5,588**											

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 price target of NT$5,588 implies 38x 2027e EPS.

Exhibit 8: 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$5,588.00

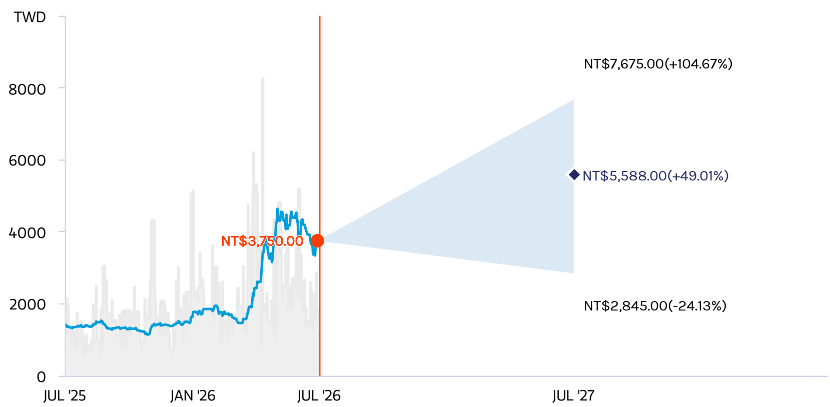
Base case, residual income model. Key assumptions: cost of equity 9.2%, intermediate growth rate 12.0%, terminal growth rate 3.0%.

Consensus Price Target Distribution NT$1,751.00 — NT$4,809.10 — MS PT — NT$10,000.00

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART



Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research

OVERWEIGHT THESIS

- We expect 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 38x 2027e P/E, more than double its 18x historical average since 2006.

Consensus Rating Distribution

93%	Overweight
7%	Equal-weight
0%	Underweight

● MS Rating

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$7,675.00

52x 20698827e 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$5,588.00

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 >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$2,845.00

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)

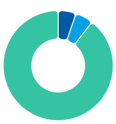
KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
Revenue from 5G Products (NT$, mn)	291,637	276,792	301,505	341,338
Revenue from Mid-low-end 4G Products (NT$, mn)	4,854	1,198	1,137	1,186
Revenue from Growing Products (NT$, mn)	195,335	305,173	715,504	1,659,551
Revenue from Mature Products (NT$, mn)	34,922	32,983	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 74.6%

Source: Refinitiv, Morgan Stanley Research

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e

	Low	Morgan Stanley Estimates	Mean	High
Sales / Revenue (NT$, mn)	605,520	661,521	649,335	688,300
EBITDA (NT$, mn)	103,095	140,969	129,624	149,000
Net income (NT$, mn)	87,060	113,798	106,347	125,100
EPS (NT$)	54.66	71.45	66.50	78.60

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

MediaTek: Financial Summary

Income Statement

NT$mn (Years End Dec)	2024	2025	2026e	2027e	2028e
Net sales	**530,586**	**595,966**	**661,521**	**1,094,291**	**2,081,803**
COGS	(267,200)	(312,886)	(362,438)	(633,378)	(1,281,362)
Gross profit	263,386	283,080	299,082	460,913	800,441
Operating expenses	(160,974)	(179,610)	(181,923)	(199,457)	(234,185)
Operating income	**102,412**	**103,470**	**117,159**	**261,456**	**566,256**
Non-operating income	17,107	16,047	15,999	15,000	15,000
Pre-tax income	119,519	119,517	133,158	276,456	581,256
Income tax	(12,378)	(18,770)	(19,138)	(42,851)	(90,095)
Net income (excl. emp. bonus)	**133,925**	**125,933**	**142,526**	**292,006**	**613,952**
Employee Bonus Expense	26,785	25,187	28,505	58,401	122,790
Net income (incl. emp. bonus)	**106,387**	**99,948**	**113,798**	**233,605**	**491,161**
Adj.wtd.avg.shrs(m)	1,589	1,592	1,593	1,593	1,593
Reported EPS (NT$)	**66.93**	**62.79**	**71.45**	**146.67**	**308.38**
Diluted EPS (NT$)	**66.81**	**62.70**	**71.37**	**146.51**	**308.04**
EPS for Consensus (NT$)	**66.81**	**62.70**	**71.37**	**146.51**	**308.04**

Cash Flow Statement

NT$mn (Years End Dec)	2024	2025	2026e	2027e	2028e
Cash flow from Operations	**156,055**	**162,793**	**31,952**	**190,470**	**354,383**
Net profits	106,385	99,948	113,798	233,605	491,161
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	(105,654)	(67,776)	(162,253)
Cash flow from Investing	**(35,928)**	**(37,754)**	**(71,388)**	**(124,967)**	**(278,744)**
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)	(66,388)	(119,967)	(273,744)
Cash flow from financing	**(90,119)**	**(87,675)**	**(64,940)**	**(41,038)**	**(136,884)**
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)	(91,038)	(186,884)
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**	**-104,376**	**24,465**	**-61,245**

Balance Sheet

NT$mn (Years End Dec)	2024	2025	2026e	2027e	2028e
Cash	203,696	235,290	130,914	155,379	94,133
Mkt Securities	15,928	12,419	12,419	12,419	12,419
AR/NR	44,713	62,121	78,645	130,096	247,497
Inventory	58,414	67,235	92,214	161,149	326,014
Other	28,274	20,392	13,636	22,556	42,912
Current Assets	**351,025**	**397,456**	**327,828**	**481,599**	**722,974**
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	183,377	303,344	577,088
Total Assets	**697,868**	**743,785**	**745,545**	**1,024,282**	**1,544,402**
S/T borrowings	940	940	940	940	940
AP/NP	40,777	48,710	60,225	105,245	212,918
Other ST liabilities	225,186	253,700	171,280	187,788	220,484
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**	**263,684**	**325,213**	**465,582**
Common shares	16,017	16,039	16,039	16,039	16,039
Retained earning	331,543	354,139	467,937	701,542	1,192,703
Other shareholders' equity	57,495	39,017	(2,115)	(18,513)	(129,923)
Total Equity	**405,055**	**409,195**	**481,860**	**699,068**	**1,078,820**
Total Liab. & Shrhldr's Equity	**697,868**	**743,785**	**745,545**	**1,024,282**	**1,544,402**

e = Morgan Stanley Research Estimates

Source: Morgan Stanley Research, Company Data

Financial Ratios

	2024	2025	2026e	2027e	2028e
Growth(%)					
Turnover	22.4	12.3	11.0	65.4	90.2
Operating profits	42.6	1.0	13.2	123.2	116.6
Pretax profits	37.7	0.0	11.4	107.6	110.3
Net profits	38.8	-6.0	13.2	104.9	110.3
EPS	38.1	-6.1	13.8	105.3	110.3
Margins (%)					
Gross Margin	49.6	47.5	45.2	42.1	38.4
Operating Margin	19.3	17.4	17.7	23.9	27.2
Pretax Margin	22.5	20.1	20.1	25.3	27.9
Net Profit	20.1	16.8	17.2	21.3	23.6
Return (%)					
ROAA	16.0	13.9	15.3	26.4	38.2
ROAE	27.3	24.5	25.5	39.6	55.3
Gearing (%)					
Net Debt/Equity	(50.1)	(57.3)	(27.0)	(22.1)	(8.6)
Liabilities/Equity	72.3	81.8	54.7	46.5	43.2
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

Disclosure Section

The information and opinions in Morgan Stanley Research were prepared or are disseminated by Morgan Stanley Asia Limited (which accepts the responsibility for its contents) and/or Morgan Stanley Asia (Singapore) Pte. (Registration number 199206298Z) and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H), regulated by the Monetary Authority of Singapore (which accepts legal responsibility for its contents and should be contacted with respect to any matters arising from, or in connection with, Morgan Stanley Research), and/or Morgan Stanley Taiwan Limited and/or Morgan Stanley & Co International plc, Seoul Branch, and/or Morgan Stanley Australia Limited (A.B.N. 67 003 734 576, holder of Australian financial services license No. 233742, which accepts responsibility for its contents), and/or Morgan Stanley Wealth Management Australia Pty Ltd (A.B.N. 19 009 145 555, holder of Australian financial services license No. 240813, which accepts responsibility for its contents), and/or Morgan Stanley India Company Private Limited having Corporate Identification No (CIN) U22990MH1998PTC115305, regulated by the Securities and Exchange Board of India ("SEBI") and holder of licenses as a Research Analyst (SEBI Registration No. INH000001105); Stock Broker (SEBI Stock Broker Registration No. INZ000244438), Merchant Banker (SEBI Registration No. INM000011203), and depository participant with National Securities Depository Limited (SEBI Registration No. IN-DP-NSDL-567-2021) having registered office at Altimus, Level 39 & 40, Pandurang Budhkar Marg, Worli, Mumbai 400018, India; Telephone no. +91-22-61181000; Compliance Officer Details: Mr. Tejarshi Hardas, Tel. No.: +91-22-61181000 or Email: tejarshi.hardas@morganstanley.com; Grievance officer details: Mr. Tejarshi Hardas, Tel. No.: +91-22-61181000 or Email: msic-compliance@morganstanley.com which accepts the responsibility for its contents and should be contacted with respect to any matters arising from, or in connection with, Morgan Stanley Research, and their affiliates (collectively, "Morgan Stanley"). Morgan Stanley India Company Private Limited (MSICPL) may use AI tools in providing research services. All recommendations contained herein are made by the duly qualified research analysts.

For important disclosures, stock price charts and equity rating histories regarding companies that are the subject of this report, please see the Morgan Stanley Research Disclosure Website at www.morganstanley.com/eqr/disclosures/webapp/generalresearch, or contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY, 10036 USA.

For valuation methodology and risks associated with any recommendation, rating or price target referenced in this research report, please contact the Client Support Team as follows: US/Canada +1 800 303-2495; Hong Kong +852 2848-5999; Latin America +1 718 754-5444 (U.S.); London +44 (0)20-7425-8169; Singapore +65 6834-6860; Sydney +61 (0)2-9770-1505; Tokyo +81 (0)3-6836-9000. Alternatively you may contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY 10036 USA.

Analyst Certification

The following analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: Charlie Chan; Daisy Dai, CFA; Daniel Yen, CFA.

.

Global Research Conflict Management Policy

Morgan Stanley Research has been published in accordance with our conflict management policy, which is available at www.morganstanley.com/institutional/research/conflictpolicies. A Portuguese version of the policy can be found at www.morganstanley.com.br

Important Regulatory Disclosures on Subject Companies

As of June 30, 2026, Morgan Stanley beneficially owned 1% or more of a class of common equity securities of the following companies covered in Morgan Stanley Research: ACM Research Inc, Advanced Micro-Fabrication Equipment Inc, Advanced Wireless Semiconductor Co, Alchip Technologies Ltd, AllRing Tech Co., AP Memory Technology Corp, ASE Technology Holding Co. Ltd., ASMPT Ltd, Cambricon Technology Corporation, Dosilicon Co Ltd, FOCI Fiber Optic Communications Inc, GigaDevice Semiconductor Beijing Inc, GlobalWafers Co Ltd, Gudeng Precision, Hangzhou Silan Microelectronics Co. Ltd., King Yuan Electronics Co Ltd, Macronix International Co Ltd, **MediaTek**, Montage Technology Co Ltd, Parade Technologies Ltd, Phison Electronics Corp, Powerchip Semiconductor Manufacturing Co, SG Micro Corp., Shanghai Fudan Microelectronics, Silergy Corp., Silicon Motion, TSMC, UMC, Unigroup Guoxin Microelectronics Co Ltd, Vanguard International Semiconductor, WIN Semiconductors Corp, Winbond Electronics Corp, WPG Holdings, WT Microelectronics Co. Ltd..

Within the last 12 months, Morgan Stanley managed or co-managed a public offering (or 144A offering) of securities of Alchip Technologies Ltd, Iluvatar CoreX Semiconductor Co., Ltd., Montage Technology Co Ltd, Powerchip Semiconductor Manufacturing Co.

Within the last 12 months, Morgan Stanley has received compensation for investment banking services from ASMPT Ltd, Iluvatar CoreX Semiconductor Co., Ltd., Montage Technology Co Ltd, Powerchip Semiconductor Manufacturing Co.

In the next 3 months, Morgan Stanley expects to receive or intends to seek compensation for investment banking services from Advanced Micro-Fabrication Equipment Inc, Alchip Technologies Ltd, AP Memory Technology Corp, ASE Technology Holding Co. Ltd., ASMedia Technology Inc, ASMPT Ltd, Aspeed Technology, Espressif Systems, GigaDevice Semiconductor Beijing Inc, GlobalWafers Co Ltd, Gudeng Precision, Himax Technologies Inc, Hua Hong Semiconductor Ltd, Iluvatar CoreX Semiconductor Co., Ltd., Innoscience, King Yuan Electronics Co Ltd, Macronix International Co Ltd, **MediaTek**, MetaX Integrated Circuits, Montage Technology Co Ltd, Novatek, Phison Electronics Corp, Powerchip Semiconductor Manufacturing Co, Realtek Semiconductor, SG Micro Corp., Shenzhen Longsys Electronics Co Ltd, SICC Co Ltd, Silergy Corp., Silicon Motion, TSMC, UMC, Universal Scientific Ind. (Shanghai), Vanguard International Semiconductor, Winbond Electronics Corp, WinWay Technology Co Ltd, WPG Holdings, WT Microelectronics Co. Ltd..

Within the last 12 months, Morgan Stanley has received compensation for products and services other than investment banking services from ASE Technology Holding Co. Ltd., King Yuan Electronics Co Ltd, **MediaTek**, Nanya Technology Corp., Novatek, Nuvoton Technology Corporation, Realtek Semiconductor, Silicon Motion, SMIC, TSMC, UMC, Universal Scientific Ind. (Shanghai), Winbond Electronics Corp, WT Microelectronics Co. Ltd..

Within the last 12 months, Morgan Stanley has provided or is providing investment banking services to, or has an investment banking client relationship with, the following company: Advanced Micro-Fabrication Equipment Inc, Alchip Technologies Ltd, AP Memory Technology Corp, ASE Technology Holding Co. Ltd., ASMedia Technology Inc, ASMPT Ltd, Aspeed Technology, Espressif Systems, GigaDevice Semiconductor Beijing Inc, GlobalWafers Co Ltd, Gudeng Precision, Himax Technologies Inc, Hua Hong Semiconductor Ltd, Iluvatar CoreX Semiconductor Co., Ltd., Innoscience, King Yuan Electronics Co Ltd, Macronix International Co Ltd, **MediaTek**, MetaX Integrated Circuits, Montage Technology Co Ltd, Novatek, Phison Electronics Corp, Powerchip Semiconductor Manufacturing Co, Realtek Semiconductor, SG Micro Corp., Shenzhen Longsys Electronics Co Ltd, SICC Co Ltd, Silergy Corp., Silicon Motion, TSMC, UMC, Universal Scientific Ind. (Shanghai), Vanguard International Semiconductor, Winbond Electronics Corp, WinWay Technology Co Ltd, WPG Holdings, WT Microelectronics Co. Ltd..

Within the last 12 months, Morgan Stanley has either provided or is providing non-investment banking, securities-related services to and/or in the past has entered into an agreement to provide services or has a client relationship with the following company: ASE Technology Holding Co. Ltd., Iluvatar CoreX Semiconductor Co., Ltd., King Yuan Electronics Co Ltd, **MediaTek**, Montage Technology Co Ltd, Nanya Technology Corp., Novatek, Nuvoton Technology Corporation, Realtek Semiconductor, Silicon Motion, SMIC, TSMC, UMC, Universal Scientific Ind. (Shanghai), Winbond Electronics Corp, WT Microelectronics Co. Ltd..

The equity research analysts or strategists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues and overall investment banking revenues. Equity Research analysts' or strategists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.

Morgan Stanley and its affiliates do business that relates to companies/instruments covered in Morgan Stanley Research, including market making, providing liquidity, fund management, commercial banking, extension of credit, investment services and investment banking. Morgan Stanley sells to and buys from customers the securities/instruments of companies covered in Morgan Stanley Research on a principal basis. Morgan Stanley may have a position in the debt of the Company or instruments discussed in this report. Morgan Stanley trades or may trade as principal in the debt securities (or in related derivatives) that are the subject of the debt research report.

Certain disclosures listed above are also for compliance with applicable regulations in non-US jurisdictions.

STOCK RATINGS

Morgan Stanley uses a relative rating system using terms such as Overweight, Equal-weight, Not-Rated or Underweight (see definitions below). 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. Investors should carefully read the definitions of all ratings used in Morgan Stanley Research. In addition, since Morgan Stanley Research contains more complete information concerning the analyst's views, investors should carefully read Morgan Stanley Research, in its entirety, and not infer the contents from the rating alone. In any case, ratings (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations.

Global Stock Ratings Distribution

(as of June 30, 2026)

The Stock Ratings described below apply to Morgan Stanley's Fundamental Equity Research and do not apply to Debt Research produced by the Firm.

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	1544	42%	453	49%	29%	757	44%
Equal-weight/Hold	1577	43%	390	42%	25%	769	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	544	15%	89	10%	16%	204	12%
Total	3,668		933			1731	

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.

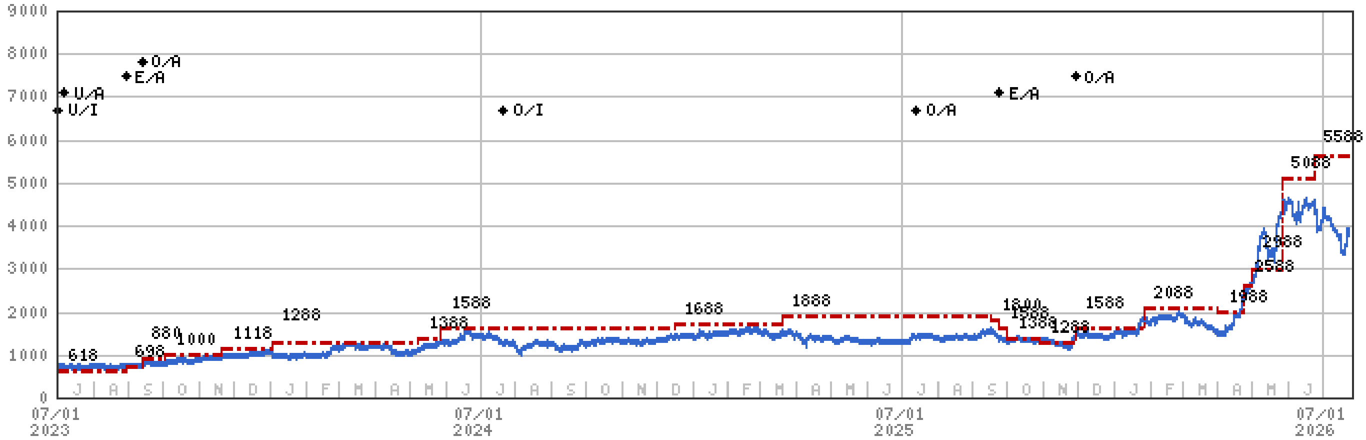
In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

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 07/26/26 GMT in TWD
Industry : Greater China Technology Semiconductors



Stock Rating History: 7/1/21 : 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: 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; 5/26/26 : 5088; 6/23/26 : 5588

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.

Important Disclosures for Morgan Stanley Smith Barney LLC Customers

Important disclosures regarding any material conflict of interest that can reasonably be expected to have influenced Morgan Stanley Smith Barney LLC's choice of a third-party research provider or the subject company of a third-party research report, are available on the Morgan Stanley Wealth Management disclosure website at www.morganstanley.com/online/researchdisclosures. For Morgan Stanley specific disclosures, you may refer to https://www.morganstanley.com/eqr/disclosures/webapp/generalresearch.

Each Morgan Stanley research report is reviewed and approved on behalf of Morgan Stanley Smith Barney LLC. This review and approval is conducted by the same person who reviews the research report on behalf of Morgan Stanley. This could create a conflict of interest.

Other Important Disclosures

Morgan Stanley Research policy is to update research reports as and when the Research Analyst and Research Management deem appropriate, based on developments with the issuer, the sector, or the market that may have a material impact on the research views or opinions stated therein. In addition, certain Research publications are intended to be updated on a regular periodic basis (weekly/monthly/quarterly/annual) and will ordinarily be updated with that frequency, unless the Research Analyst and Research Management determine that a different publication schedule is appropriate based on current conditions.

Morgan Stanley is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Morgan Stanley produces an equity research product called a "Tactical Idea." Views contained in a "Tactical Idea" on a particular stock may be contrary to the recommendations or views expressed in research on the same stock. This may be the result of differing time horizons, methodologies, market events, or other factors. For all research available on a particular stock, please contact your sales representative or go to Matrix at http://www.morganstanley.com/matrix.

Morgan Stanley Research is provided to our clients through our proprietary research portal on Matrix and also distributed electronically by Morgan Stanley to clients. Certain, but not all, Morgan Stanley Research products are also made available to clients through third-party vendors or redistributed to clients through alternate electronic means as a convenience. For access to all available Morgan Stanley Research, please contact your sales representative or go to Matrix at http://www.morganstanley.com/matrix.

Any access and/or use of Morgan Stanley Research is subject to Morgan Stanley's Terms of Use (http://www.morganstanley.com/terms.html). By accessing and/or using Morgan Stanley Research, you are indicating that you have read and agree to be bound by our Terms of Use (http://www.morganstanley.com/terms.html). In addition you consent to Morgan Stanley processing your personal data and using cookies in accordance with our Privacy Policy and our Global Cookies Policy (http://www.morganstanley.com/privacy_pledge.html), including for the purposes of setting your preferences and to collect readership data so that we can deliver better and more personalized service and products to you. To find out more information about how Morgan Stanley processes personal data, how we use cookies and how to reject cookies see our Privacy Policy and our Global Cookies Policy (http://www.morganstanley.com/privacy_pledge.html). Please use the provided link to review the Terms and Conditions and Most Important Terms and Conditions for Morgan Stanley India Company Private Limited (https://www.morganstanley.com/assets/pdfs/about-us-global-offices/india/Terms_and_conditions.pdf) and the following link to review the audit report (https://ny.matrix.ms.com/eqr/research/webapp/researchdocs/MSICPL_Morgan_Stanley_Research_Audit_Report.pdf).

If you do not agree to our Terms of Use and/or if you do not wish to provide your consent to Morgan Stanley processing your personal data or using cookies please do not access our research.

Morgan Stanley Research does not provide individually tailored investment advice. Morgan Stanley Research has been prepared without regard to the circumstances and objectives of those who receive it. Morgan Stanley recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial adviser. The appropriateness of an investment or strategy will depend on an investor's circumstances and objectives. The securities, instruments, or strategies discussed in Morgan Stanley Research may not be suitable for all investors, and certain investors may not be eligible to purchase or participate in some or all of them. Morgan Stanley Research is not an offer to buy or sell or the solicitation of an offer to buy or sell any security/instrument or to participate in any particular trading strategy. The value of and income from your investments may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. If provided, and unless otherwise stated, the closing price on the cover page is that of the primary exchange for the subject company's securities/instruments.

The fixed income research analysts, strategists or economists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality, accuracy and value of research, firm profitability or revenues (which include fixed income trading and capital markets profitability or revenues), client feedback and competitive factors. Fixed Income Research analysts', strategists' or economists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.

The "Important Regulatory Disclosures on Subject Companies" section in Morgan Stanley Research lists all companies mentioned where Morgan Stanley owns 1% or more of a class of common equity securities of the companies. For all other companies mentioned in Morgan Stanley Research, Morgan Stanley may have an investment of less than 1% in securities/instruments or derivatives of securities/instruments of companies and may trade them in ways different from those discussed in Morgan Stanley Research. Employees of Morgan Stanley not involved in the preparation of Morgan Stanley Research may have investments in securities/instruments or derivatives of securities/instruments of companies mentioned and may trade them in ways different from those discussed in Morgan Stanley Research. Derivatives may be issued by Morgan Stanley or associated persons.

With the exception of information regarding Morgan Stanley, Morgan Stanley Research is based on public information. Morgan Stanley makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. We have no obligation to tell you when opinions or information in Morgan Stanley Research change apart from when we intend to discontinue equity research coverage of a subject company. Facts and views presented in Morgan Stanley Research have not been reviewed by, and may not reflect information known to, professionals in other Morgan Stanley business areas, including investment banking personnel.

Morgan Stanley Research personnel may participate in company events such as site visits and are generally prohibited from accepting payment by the company of associated expenses unless pre-approved by authorized members of Research management.

Morgan Stanley may make investment decisions that are inconsistent with the recommendations or views in this report.

To our readers based in Taiwan or trading in Taiwan securities/instruments: Information on securities/instruments that trade in Taiwan is distributed by Morgan Stanley Taiwan Limited ("MSTL"). Such information is for your reference only. The reader should independently evaluate the investment risks and is solely responsible for their investment decisions. Morgan Stanley Research may not be distributed to the public media or quoted or used by the public media without the express written consent of Morgan Stanley. Any non-customer reader within the scope of Article 7-1 of the Taiwan Stock Exchange Recommendation Regulations accessing and/or receiving Morgan Stanley Research is not permitted to provide Morgan Stanley Research to any third party (including but not limited to related parties, affiliated companies and any other third parties) or engage in any activities regarding Morgan Stanley Research which may create or give the appearance of creating a conflict of interest. Information on securities/instruments that do not trade in Taiwan is for informational purposes only and is not to be construed as a recommendation or a solicitation to trade in such securities/instruments. MSTL may not execute transactions for clients in these securities/instruments.

Certain information in Morgan Stanley Research was sourced by employees of the Shanghai Representative Office of Morgan Stanley Asia Limited for the use of Morgan Stanley Asia Limited. Morgan Stanley is not incorporated under PRC law and the research in relation to this report is conducted outside the PRC. Morgan Stanley Research does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. PRC investors shall have the relevant qualifications to invest in such securities and shall be responsible for obtaining all relevant approvals, licenses, verifications and/or registrations from the relevant governmental authorities themselves. Neither this report nor any part of it is intended as, or shall constitute, provision of any consultancy or advisory service of securities investment as defined under PRC law. Such information is provided for your reference only.

Morgan Stanley Research is disseminated in Brazil by Morgan Stanley C.T.V.M. S.A. located at Av. Brigadeiro Faria Lima, 3600, 6th floor, São Paulo - SP, Brazil; and is regulated by the Comissão de Valores Mobiliários; in Mexico by Morgan Stanley México, Casa de Bolsa, S.A. de C.V which is regulated by Comision Nacional Bancaria y de Valores. Paseo de los Tamarindos 90, Torre 1, Col. Bosques de las Lomas Floor 29, 05120 Mexico City; in Japan by Morgan Stanley MUFG Securities Co., Ltd. and, for Commodities related research reports only, Morgan Stanley Capital Group Japan Co., Ltd; in Hong Kong by Morgan Stanley Asia Limited (which accepts responsibility for its contents) and by Morgan Stanley Bank Asia Limited; in Singapore by Morgan Stanley Asia (Singapore) Pte. (Registration number 199206298Z) and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H), regulated by the Monetary Authority of Singapore (which accepts legal responsibility for its contents and should be contacted with respect to any matters arising from, or in connection with, Morgan Stanley Research) and by Morgan Stanley Bank Asia Limited, Singapore Branch (Registration number T14FC0118J); in Australia to "wholesale clients" within the meaning of the Australian Corporations Act by Morgan Stanley Australia Limited A.B.N. 67 003 734 576, holder of Australian financial services license No. 233742, which accepts responsibility for its contents; in Australia to "wholesale clients" and "retail clients" within the meaning of the Australian Corporations Act by Morgan Stanley Wealth Management Australia Pty Ltd (A.B.N. 19 009 145 555, holder of Australian financial services license No. 240813, which accepts responsibility for its contents; in Korea by Morgan Stanley & Co International plc, Seoul Branch; in India by Morgan Stanley India Company Private Limited having Corporate Identification No (CIN) U22990MH1998PTC115305, regulated by the Securities and Exchange Board of India ("SEBI") and holder of licenses as a Research Analyst (SEBI Registration No. INH000001105); Stock Broker (SEBI Stock Broker Registration No. INZ000244438), Merchant Banker (SEBI Registration No. INM000011203), and depository participant with National Securities Depository Limited (SEBI Registration No. IN-DP-NSDL-567-2021) having registered office at Altimus, Level 39 & 40, Pandurang Budhkar Marg, Worli, Mumbai 400018, India; Telephone no. +91-22-61181000; Compliance Officer Details: Mr. Tejarshi Hardas, Tel. No.: +91-22-61181000 or Email: tejarshi.hardas@morganstanley.com; Grievance officer details: Mr. Tejarshi Hardas, Tel. No.: +91-22-61181000 or Email: msic-compliance@morganstanley.com. Morgan Stanley India Company Private Limited (MSICPL) may use AI tools in providing research services. All recommendations contained herein are made by the duly qualified research analysts; in Canada by Morgan Stanley Canada Limited; in Germany and the European Economic Area where required by Morgan Stanley Europe S.E., authorised and regulated by Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin) under the reference number 149169; in the US by Morgan Stanley & Co. LLC, which accepts responsibility for its contents. Morgan Stanley & Co. International plc, authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, disseminates in the UK research that it has prepared, and research which has been prepared by any of its affiliates, only to persons who (i) are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Order"); (ii) are persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended) may otherwise lawfully be communicated or caused to be communicated. RMB Morgan Stanley Proprietary Limited is a member of the JSE Limited and A2X (Pty) Ltd. RMB Morgan Stanley Proprietary Limited is a joint venture owned equally by Morgan Stanley International Holdings Inc. and RMB Investment Advisory (Proprietary) Limited, which is wholly owned by FirstRand Limited. The information in Morgan Stanley Research is being disseminated by Morgan Stanley Saudi Arabia, regulated by the Capital

INDUSTRY COVERAGE: Greater China Technology Semiconductors

COMPANY (TICKER)	RATING (AS OF)	PRICE* (07/24/2026)
Charlie Chan		
ACM Research Inc (ACMR.O)	O (03/07/2023)	US$84.32
Advanced Micro-Fabrication Equipment Inc (688012.SS)	O (11/06/2023)	Rmb388.50
Advanced Wireless Semiconductor Co (8086.TWO)	U (07/14/2025)	NT$118.50
Alchip Technologies Ltd (3661.TW)	O (05/14/2021)	NT$3,405.00
ASE Technology Holding Co. Ltd. (3711.TW)	O (09/15/2024)	NT$613.00
Cambricon Technology Corporation (688256.SS)	O (04/27/2026)	Rmb1,225.00
Global Unichip Corp (3443.TW)	O (06/24/2026)	NT$4,070.00
GlobalWafers Co Ltd (6488.TWO)	E (05/19/2026)	NT$1,030.00
Gudeng Precision (3680.TWO)	O (11/25/2025)	NT$460.00
Hua Hong Semiconductor Ltd (1347.HK)	E (03/12/2026)	HK$149.80
Iluvatar CoreX Semiconductor Co., Ltd. (9903.HK)	O (04/27/2026)	HK$563.00
King Yuan Electronics Co Ltd (2449.TW)	O (03/03/2023)	NT$271.00
Maxscend Microelectronics Co Ltd (300782.SZ)	U (01/11/2021)	Rmb71.00
MediaTek (2454.TW)	O (11/28/2025)	NT$3,750.00
MetaX Integrated Circuits (688802.SS)	E (04/27/2026)	Rmb821.61
Nanya Technology Corp. (2408.TW)	O (05/28/2026)	NT$401.00
NAURA Technology Group Co Ltd (002371.SZ)	O (11/06/2023)	Rmb757.00
OmniVision Integrated Circuits Group Inc (603501.SS)	E (11/17/2025)	Rmb96.90
Phison Electronics Corp (8299.TWO)	E (02/25/2026)	NT$1,825.00
SG Micro Corp. (300661.SZ)	E (11/03/2025)	Rmb100.41
Silergy Corp. (6415.TW)	U (05/19/2026)	NT$467.50
SMIC (0981.HK)	O (10/21/2025)	HK$71.35
TSMC (2330.TW)	O (02/07/2022)	NT$2,350.00
UMC (2303.TW)	O (05/19/2026)	NT$128.00
Vanguard International Semiconductor (5347.TWO)	E (01/14/2026)	NT$157.00
WIN Semiconductors Corp (3105.TWO)	U (07/14/2025)	NT$341.50

Daisy Dai, CFA		
ASMPT Ltd (0522.HK)	O (07/24/2025)	HK$163.40
China Resources Microelectronics Limited (688396.SS)	U (03/02/2026)	Rmb60.40
Empyrean Technology Co Ltd (301269.SZ)	E (01/17/2025)	Rmb91.45
Hangzhou Silan Microelectronics Co. Ltd. (600460.SS)	U (08/25/2025)	Rmb31.57
Hygon Information Technology Co., Ltd. (688041.SS)	O (07/03/2026)	Rmb314.28
Innoscience (2577.HK)	E (10/13/2025)	HK$44.00
JCET Group Co Ltd (600584.SS)	E (01/16/2026)	Rmb82.90
Shanghai Fudan Microelectronics (1385.HK)	O (03/07/2025)	HK$25.22
SICC Co Ltd (688234.SS)	O (03/20/2026)	Rmb95.81
StarPower Semiconductor Ltd (603290.SS)	E (05/14/2026)	Rmb83.78
Unigroup Guoxin Microelectronics Co Ltd (002049.SZ)	U (01/10/2023)	Rmb64.50
Universal Scientific Ind. (Shanghai) (601231.SS)	O (11/05/2025)	Rmb23.94
Yangjie Technology (300373.SZ)	O (06/10/2022)	Rmb90.60
Daniel Yen, CFA		
AP Memory Technology Corp (6531.TW)	O (07/11/2025)	NT$858.00
ASMedia Technology Inc (5269.TW)	U (10/03/2025)	NT$1,385.00
Aspeed Technology (5274.TWO)	O (06/09/2025)	NT$14,730.00
Egis Technology Inc (6462.TWO)	E (01/28/2026)	NT$102.00
Elan Microelectronics Corp (2458.TW)	O (10/03/2025)	NT$168.00
Espressif Systems (688018.SS)	O (05/15/2023)	Rmb105.16
GigaDevice Semiconductor Beijing Inc (603986.SS)	O (05/15/2025)	Rmb457.00
Macronix International Co Ltd (2337.TW)	O (09/18/2025)	NT$124.00
Montage Technology Co Ltd (6809.HK)	O (03/18/2026)	HK$332.60
Montage Technology Co Ltd (688008.SS)	O (03/18/2026)	Rmb233.66
Novatek (3034.TW)	U (02/04/2026)	NT$507.00
Nuvoton Technology Corporation (4919.TW)	U (11/10/2025)	NT$135.50
Parade Technologies Ltd (4966.TWO)	O (05/27/2026)	NT$611.00
Powerchip Semiconductor Manufacturing Co (6770.TW)	O (10/27/2025)	NT$61.60
Realtek Semiconductor (2379.TW)	E (01/30/2026)	NT$744.00
Shenzhen Goodix Technology Co Ltd (603160.SS)	U (07/14/2025)	Rmb49.20
Winbond Electronics Corp (2344.TW)	O (05/28/2026)	NT$154.50
WPG Holdings (3702.TW)	O (03/16/2026)	NT$117.50
WT Microelectronics Co. Ltd. (3036.TW)	O (01/27/2026)	NT$205.50
Duan Liu		
Dosilicon Co Ltd (688110.SS)	U (09/06/2024)	Rmb110.15
Shenzhen Longsys Electronics Co Ltd (301308.SZ)	E (02/25/2026)	Rmb370.01
Tiffany Yeh		
AllRing Tech Co. (6187.TWO)	O (09/23/2025)	NT$942.00
FOCI Fiber Optic Communications Inc (3363.TWO)	O (01/15/2025)	NT$582.00
Himax Technologies Inc (HIMX.O)	E (02/04/2026)	US$12.62
Hon Precision (7769.TW)	O (04/17/2026)	NT$6,055.00
MPI Corporation (6223.TWO)	O (04/17/2026)	NT$5,705.00
Silicon Motion (SIMO.O)	O (05/06/2024)	US$270.90
WinWay Technology Co Ltd (6515.TW)	O (04/17/2026)	NT$6,295.00

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.