October 28, 2026 08:50 AM GMT

MediaTek | Asia Pacific

3Q26 results preview – all eyes on AI ASIC development

MediaTek remains competitive in the AI ASIC service industry given strong execution and design capability. We look forward to 3Q26 updates.

We expect US$2bn revenue of AI ASIC in 4Q26: MediaTek will host its 3Q26 earnings call on 10/30 Friday. It posted 10% Q/Q growth in preliminary 3Q26 revenue. Into 4Q26, given weak smartphone and consumer (eg. TV) demand, we expect non-AI revenue to decline 10%-20% Q/Q. That said, thanks to US$2bn of TPU v8t (ZebraFish) mass production, we expect 4Q26 revenue to grow 30%-40% Q/Q. For gross margin, we expect 4Q26 to decline to 44-45%, as AI ASIC will likely dilute the corporate margin. Please see Exhibit 1 for our earnings preview.

Key focus for the call – all about AI ASIC (see next section for 2028 AI ASIC):

1. 2027 AI ASIC TAM and MediaTek's market share: We expect MediaTek to modestly raise its 2027 AI ASIC TAM or market share outlook, given better visibility on TPU v8t (ZebraFish) CoWoS and substrate supply. Our Asia supply chain checks suggest 180k of CoWoS capacity could be allocated to TPU v8t, supporting production of 3.6mn units, of which we assume 3mn units will be recognized as MediaTek revenue in 2027. If substrate availability improves, we believe TSMC's CoWoS allocation to the TPU v8t could increase to 200k-220k units.

2. Google TPU v9 status (covered by Brian Nowak): This project is MediaTek's major 2028 revenue driver, and where investors appeared concerned, given uncertainty around Intel (covered by Joe Moore) EMIB-T substrate supply. We expect Mediatek to share that the TPU v9 (HumuFish) project is roughly on schedule for early 2027 tape-out, with high-volume production starting in early 2028, as previously guided. We previously discussed the possibility of MediaTek using TSMC's CoWoS to help with any 2028 TPU production concerns, and TSMC management indicated they would be willing to help customers to smooth production if they were struggling with EMIB-T supply. If MediaTek did want to tape out another CoWoS packaging version of TPU v9, we believe it could take around a year based on existing norms. Whether MediaTek adopts CoWoS for TPU v9, or waits for the next generation (IceFish, or TPU v10) as a back-up, it currently is only using EMIB-T.

3. Google TPU v10 competition: As we described in Google ASIC, who gets what for design services?, we see GUC and Alchip as partners for MediaTek coordinating around the TPU v10 IceFish design service.

4. Second customer win? In our Nvidia partnership note, we saw a higher chance of MediaTek winning a second or even third CSP customer (MediaTek had indicated it was engaging with some customers, Aug. 31 interview). MediaTek may also consider China CSP projects if its 3nm wafer allocation is sufficient for 2027-28, and projects comply with US design and TSMC production guidelines.

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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$6,188.00
Up/downside to price target (%)	46
Shr price, close (Oct 28, 2026)	NT$4,235.00
52-Week Range	NT$5,480.00-1,130.00
Sh out, dil, curr (mn)	1,565
Mkt cap, curr (mn)	NT$6,628,557
EV, curr (mn)	NT$6,413,028
Avg daily trading value (mn)	NT$29,582

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (NT$)**	66.17	73.35	146.97	342.37
Prior EPS (NT$)**	-	-	-	-
EPS (NT$)§	66.05	69.29	148.34	283.61
Revenue, net (NT$ bn)	596.0	671.9	1,095.6	2,315.2
ModelWare net inc (NT $ bn)	105.3	116.8	233.8	545.3

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ROE (%)	26.0	28.5	48.8	78.6
Div yld (%)	5.3	1.4	2.8	6.5

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		
4Q26/2027 TPU Revenue Contribution Guidance	— In-line	— Largely unchanged

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

MediaTek still sees strong 2027/28 TPU production

5. Introduction of 2028 AI ASIC TAM and market share? The company may leave this guidance to next time, once it has better visibility into its TPU v9 volume in 2028, which could be highly dependent on Intel EMIB-T substrate yield improvement. The company may also have better visibility on the possibility of a second customer win at that time.

Keep OW and sector Top Pick: Over the past month, we haven't see fundamental changes to our investment thesis or 2027/2028 earnings assumptions. The stock trades at only 27x our 2028e EPS, which is attractive. Our target price of NT$6,188 still implies 54% upside. We don't expect the company to announce a second customer or introduce its 2028 AI ASIC guidance this time, but if it does, it could be a major catalyst.

MTK 3Q26 earnings and 4Q26 guidance preview - revenue pull forward into 3Q26: 3Q26 preliminary revenue beat MSe, Visible Alpha consensus, and its guidance, given the smartphone demand pull forward from 4Q26 to 3Q26 as the company has been reflecting its new pricing from September. We expect TPU to be the main growth driver for 4Q26 revenue while non-TPU revenue could see a QoQ decline into 4Q26, given the demand pull forward and consumer demand weakness.

Exhibit 1: MTK: 3Q26 earnings and 4Q26 guidance preview

(NT$ bn)	3Q26				4Q26		
	Guidance	Preliminary	MS Est.	Consensus	Guidance	MS Est.	Consensus
Revenue	NT$152.2bn to NT159.8bn (flat to up 5% Q/Q)	168.1	154.6	162.2		215.9	211.2
Q/Q				*6.6%*		*39.7%*	*30.2%*
Y/Y				*14.1%*		*43.8%*	*40.6%*
GM (%)	44.5% - 47.5%		46.0%	46.1%		43.9%	45.0%
OPEX ratio	29.0% - 33.0%		30.2%	30.3%		22.4%	27.0%
OPM			15.8%	15.8%		21.5%	18.1%
EPS (NT$)			**15.60**	**16.16**		**27.26**	**23.19**

Source: Company Data, Visible Alpha, Morgan Stanley Research estimates

1. Substrate supply is the key, not demand, for MediaTek production for Google TPUs

TSMC CoWoS could support 2nm (Humufish) MediaTek's production for TPUs in 2028: In our earlier report, MediaTek: 2Q26 results preview: Smartphone weak, but Cloud AI taking off; OW (26 Jul 2026), we noted that, in our view, MediaTek might secure a portion of CoWoS capacity for 2nm TPUs to ensure minimum volume production. However, we believe, in-line with MediaTek's intention, it will use EMIB-T from Intel as the primary solution to reduce costs and scale volume in 2028, if execution proceeds well.

During TSMC's earlier earnings call, TSMC management shared that it was willing to help customers that may be struggling with Intel EMIB-T supply to smooth production, which suggested to us that it would be willing to offer support even if CoWoS were the back-up/ second source. However, our recent industry checks suggest that MediaTek may not need to adopt TSMC CoWoS for its TPU v9 as the EMIB-T substrate (for v9) output is tracking its plan. If MediaTek did decide to use CoWoS, we believe the tape-out of the CoWoS version of TPU v9 could take a year, based on previous norms.

CoWoS constraints eased, but ABF substrate supply still the gating factor for TPU production bull case: In our recent AI supply chain tracker, we noted that MediaTek's 180k CoWoS-S bookings imply ~3.6 units of TPU 8t (ZebraFish) in 2027, above our original

3mn shipment assumption. However, we continue to bake in some conservatism as we had assumed ABF substrate shortages. So, we still forecast 3mn units in 2027.

Exhibit 2: Our MediaTek production volume forecasts (v8t, v9, and v10) for Google TPUs, based on our Asia supply chain checks

k Units	2023	2024	2025e	2026e	2027e	2028e
v5	500	2,400	250			
v6 (Trillium)			1,200			
v8t (Zebrafish; 3nm, by MediaTek)				500	3,000	2,000
v9 (Humufish; 2nm EMIB-T, by MediaTek)						3,000
v10 (Icefish; 1.4nm, by MediaTek)						unknown
Total	**500**	**2,400**	**1,750**	**3,300**	**7,500**	**>9000**

Source: Morgan Stanley Asia-Pacific Research estimates

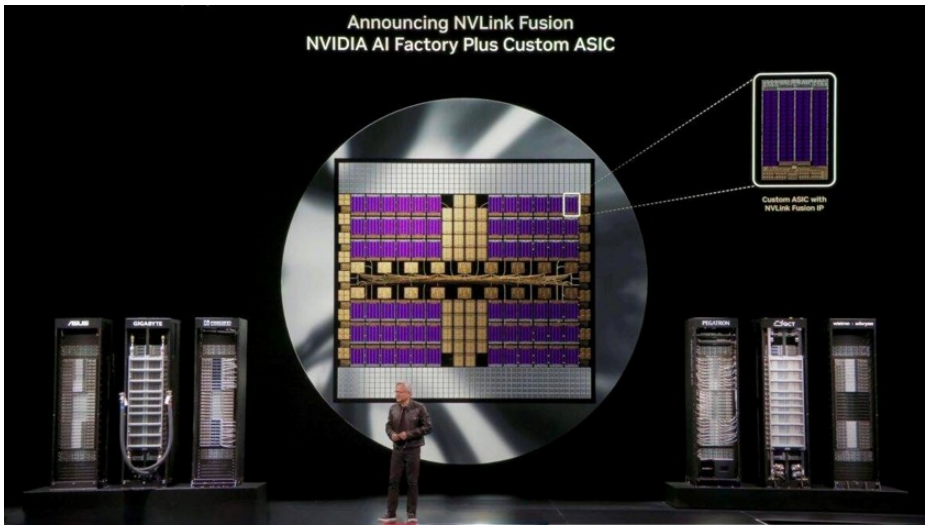
2. Could MediaTek add second and third AI ASIC customers?

Through the NVLink Fusion platform, MediaTek's XPU customers can leverage NVIDIA's (covered by Joe Moore) scale-up and scale-out networking technologies to build AI server systems. Our Asia supply chain checks suggest MediaTek may target subsystem builds for a second CSP customer rather than supplying the XPU itself. To account for the impact of the NVLink Fusion platform, we now assume an initial revenue contribution in 2028, based on approximately 100k subsystem units at an ASP of US$25k, which is a rough estimate based on materials needed, including HBM.

We therefore assume a US$2.5bn revenue contribution in 2028, based on 100k units and an ASP of US$25k, including HBM chip consignment, known-good dies (KGDs) for compute chips, and chiplets.

On margin trends, management highlighted continued value creation for customers across both silicon and packaging design. As a result, we expect ASICs to remain accretive to operating margins. At the gross margin level, management indicated that margins vary by project, potentially reflecting support for full-rack systems. We model 2nm TPU gross margins for MediaTek at c.35% (vs. c.40% for 3nm TPUs) given the larger revenue scale. We continue to expect operating margins of ~20–25%, above the smartphone business unit's 15–20%.

Exhibit 3: NVLink Fusion to support connection with custom ASIC



Source: Nvidia

Exhibit 4: MediaTek AI ASIC/subsystem revenue projections

		2027e	2028e	2029e
Volume (mn)	TPU v8t (Zebrafish)	3	2	
	TPU v9 (Humufish; EMIB-T)		3	4
	TPU v10 (Icefish)			1
	2nd Customer Subsystem		0.1	0.5
Chip ASP Recognized by MediaTek (US$k)	TPU v8t	4.5	4.5	
	TPU v9; EMIB-T		13	13
	TPU v10			18
	2nd Customer Subsystem		25	25
Revenue (US$bn)	TPU v8t	13.5	9	
	TPU v9; EMIB-T		39	52
	TPU v10			18
	Total TPU Revenue	13.5	48	70
	2nd Customer Subsystem		2.5	12.5
Total MediaTek Revenue (US$bn)		35	75	NA
AI ASIC Revenue %		38%	68%	NA

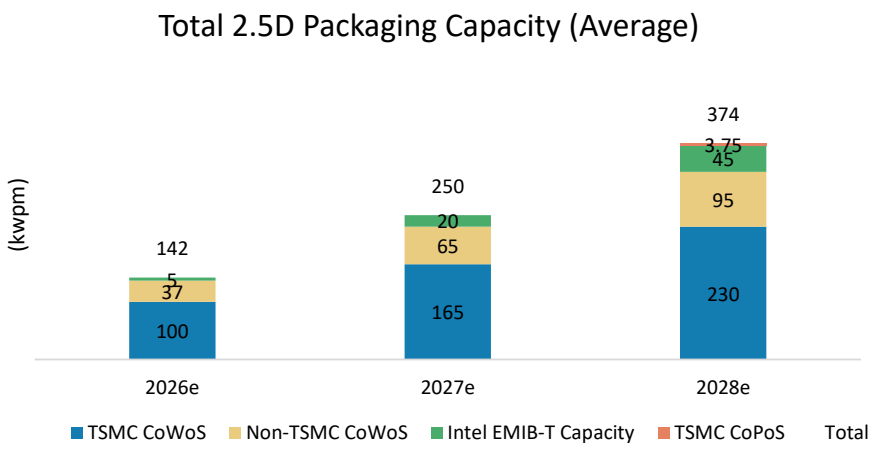
Source: Morgan Stanley Research estimates

3. Why could TSMC be motivated to support MediaTek and Google?

TSMC's CoWoS-L solution carries a structurally higher cost vs. EMIB due to its larger reticle size, as we discussed in The Foundry Floorplan: TSMC preview update; CoWoS vs. EMIB competition (14 Apr 2026). We think TSMC may want to address the growing competition from Intel's EMIB-T, for which we estimate 40-45k wafer equivalent capacity in 2028 based on our Asia supply chain checks, implying a 10-15% share of the 2.5D packaging market.

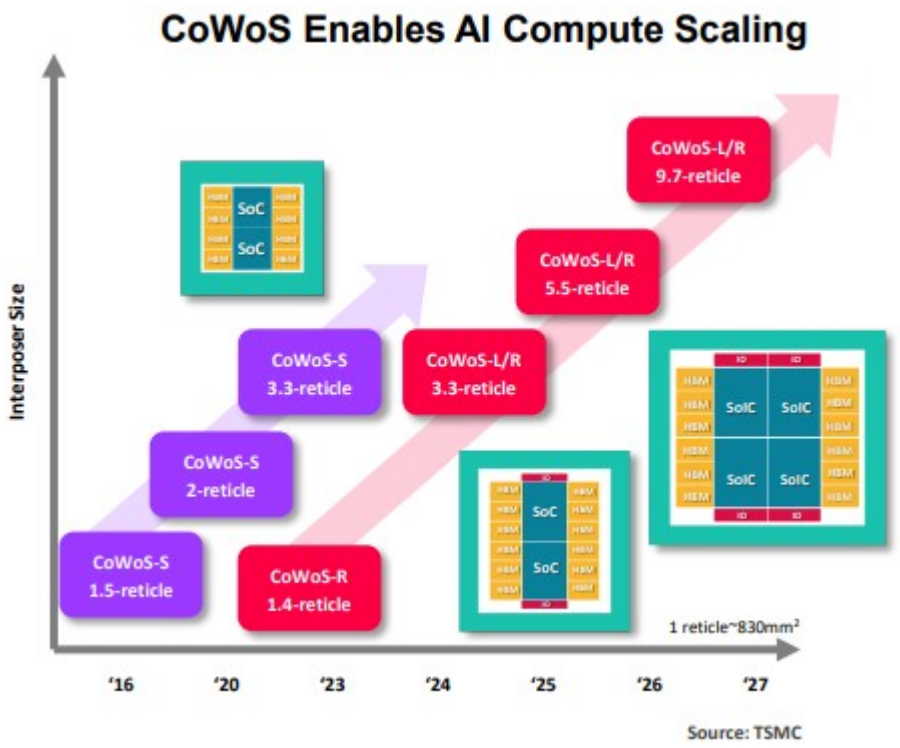
For MediaTek to adopt TSMC's CoWoS-L as a second source alongside EMIB-T, the RDL (redistribution layer) connection to the interposer requires tape-out of three additional photomask layers. However, our Asia channel checks suggest that Google may be willing to absorb the incremental costs associated with dual sourcing, which could allow MediaTek to sustain its gross margin.

Exhibit 5: Total 2.5D packaging production capacity from 2026-28 (excluding EMIB-M, which is mainly for CPU production), based on Asia supply chain checks



Source: Morgan Stanley Asia-Pacific Research (e) estimates

Exhibit 6: TSMC's roadmap for interposer size



Source: Winway, TSMC

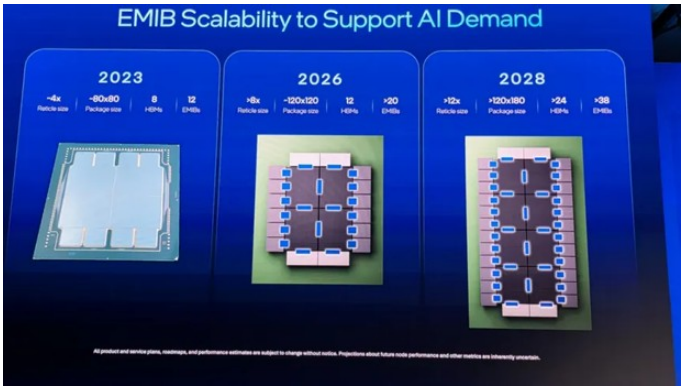
We think MediaTek may produce 3mn units for TPUv9 shipments in 2028 with support from Intel's EMIB-T

Based on Asia supply chain checks, average EMIB-T capacity is around 5kwpm in 2026, which we expect to further scale to 15-20kwpm in 2027 and 40-45kwpm in 2028. All of the capacity mentioned above is converted for 12-inch wafer equivalent for customers' easier understanding compared with TSMC's CoWoS capacity.

Although some small projects are ongoing, we still see MediaTek/Google Humufish consuming most of the capacities during 2027-28. We now expect MediaTek to produce 3mn units of TPUv9 (Humufish) with support from Intel's EMIB-T from late 2027-2028.

We see the current average EMIB-M capacity at 110kwpm, based on supply chain checks, which could slightly decrease to 95kwpm in 2027 as Intel is converting some capacities into EMIB-T.

Exhibit 7: Intel's EMIB could support larger chips with more reticles (>12x) if its supply chain execution proceeds well



Source: Intel

Quarterly financials

Exhibit 8: MediaTek: Quarterly financials

(NT$ mn)	1Q26	2Q26	3Q26e	4Q26e	1Q27e	2Q27e	3Q27e	4Q27e	2024	2025	2026e	2027e	2028e
Total revenues	**149,151**	**152,183**	**154,613**	**215,935**	**221,504**	**242,352**	**292,895**	**338,804**	**530,586**	**595,966**	**671,881**	**1,095,554**	**2,315,233**
Q/Q Change	*-0.7%*	*2.0%*	*1.6%*	*39.7%*	*2.6%*	*9.4%*	*20.9%*	*15.7%*					
Y/Y Change	*-2.7%*	*1.2%*	*8.8%*	*43.8%*	*48.5%*	*59.3%*	*89.4%*	*56.9%*	*22.4%*	*12.3%*	*12.7%*	*63.1%*	*111.3%*
Cost of Sales	**80,095**	**81,875**	**83,500**	**121,100**	**126,907**	**139,384**	**170,328**	**197,427**	**267,200**	**312,886**	**366,570**	**634,046**	**1,432,931**
Percent of Revenues	*53.7%*	*53.8%*	*54.0%*	*56.1%*	*57.3%*	*57.5%*	*58.2%*	*58.3%*	*50.4%*	*52.5%*	*54.6%*	*57.9%*	*61.9%*
Gross Profit	**69,055**	**70,308**	**71,113**	**94,835**	**94,596**	**102,968**	**122,566**	**141,378**	**263,386**	**283,080**	**305,311**	**461,508**	**882,302**
Gross Margin	***46.3%***	***46.2%***	***46.0%***	***43.9%***	***42.7%***	***42.5%***	***41.8%***	***41.7%***	***49.6%***	***47.5%***	***45.4%***	***42.1%***	***38.1%***
Incremental Margin	*NM*	*41%*	*33%*	*39%*	*-4%*	*40%*	*39%*	*41%*	*58%*	*30%*	*29%*	*37%*	*35%*
Total Opex	**46,165**	**47,440**	**46,723**	**48,456**	**47,988**	**48,809**	**50,572**	**52,120**	**160,974**	**179,610**	**188,783**	**199,489**	**251,991**
Percent of Revenues	*31.0%*	*31.2%*	*30.2%*	*22.4%*	*21.7%*	*20.1%*	*17.3%*	*15.4%*	*30.3%*	*30.1%*	*28.1%*	*18.2%*	*10.9%*
R&D	38,345	39,361	39,411	39,511	39,550	39,750	39,950	40,150	131,993	148,306	156,627	159,400	178,210
Percent of Revenues	*25.7%*	*25.9%*	*25.5%*	*18.3%*	*17.9%*	*16.4%*	*13.6%*	*11.9%*	*24.9%*	*24.9%*	*23.3%*	*14.5%*	*7.7%*
General & Adm Exp.	2,805	3,397	3,447	3,547	2,900	3,000	3,300	3,500	11,891	10,856	13,195	12,700	15,900
Percent of Revenues	*1.9%*	*2.2%*	*2.2%*	*1.6%*	*1.3%*	*1.2%*	*1.1%*	*1.0%*	*2.2%*	*1.8%*	*2.0%*	*1.2%*	*0.7%*
Selling Expenses	5,015	4,682	3,865	5,398	5,538	6,059	7,322	8,470	17,090	20,448	18,961	27,389	57,881
Percent of Revenues	3.4%	3.1%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	*3.2%*	*3.4%*	*2.8%*	*2.5%*	*2.5%*
Operating Income	**22,891**	**22,868**	**24,390**	**46,379**	**46,609**	**54,159**	**71,994**	**89,257**	**102,412**	**103,470**	**116,528**	**262,019**	**630,311**
Operating Margin	*15.3%*	*15.0%*	*15.8%*	*21.5%*	*21.0%*	*22.3%*	*24.6%*	*26.3%*	*19.3%*	*17.4%*	*17.3%*	*23.9%*	*27.2%*
Total Non-operating Income (loss)	**4,129**	**5,094**	**5,050**	**5,050**	**3,750**	**3,750**	**3,750**	**3,750**	**17,107**	**21,418**	**19,322**	**15,000**	**15,000**
Profit Before Taxes	**27,019**	**27,962**	**29,440**	**51,429**	**50,359**	**57,909**	**75,744**	**93,007**	**119,519**	**124,888**	**135,851**	**277,019**	**645,311**
Percent of Revenues	*18.1%*	*18.4%*	*19.0%*	*23.8%*	*22.7%*	*23.9%*	*25.9%*	*27.5%*	*22.5%*	*21.0%*	*20.2%*	*25.3%*	*27.9%*
Change vs Year Ago	*-22%*	*-16%*	*-2%*	*89%*	*86%*	*107%*	*157%*	*81%*	*37.7%*	*4.5%*	*8.8%*	*103.9%*	*132.9%*
Taxes	**2,643**	**3,357**	**4,563**	**7,972**	**7,806**	**8,976**	**11,740**	**14,416**	**12,378**	**18,770**	**18,534**	**42,938**	**100,023**
Tax Rate	9.8%	12.0%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	10.4%	15.0%	13.6%	15.5%	15.5%
Minor interest	222	270	0	0	0	0	0	0	754	798	493	270	0
Total Net Income to Parent	**24,154**	**24,335**	**24,877**	**43,458**	**42,553**	**48,933**	**64,004**	**78,591**	**106,387**	**105,319**	**116,823**	**233,811**	**545,288**
Percent of Revenues	*16.2%*	*16.0%*	*16.1%*	*20.1%*	*19.2%*	*20.2%*	*21.9%*	*23.2%*	*20.1%*	*17.7%*	*17.4%*	*21.3%*	*23.6%*
Change vs Year Ago	*-17.6%*	*-12.6%*	*-1.4%*	*89.6%*	*76.2%*	*101.1%*	*157.3%*	*80.8%*	*38.2%*	*-1.0%*	*10.9%*	*100.1%*	*133.2%*
Reported Basic EPS (NT$, TW GAAP)	**15.17**	**15.28**	**15.62**	**27.29**	**26.72**	**30.72**	**40.19**	**49.34**	**66.93**	**66.17**	**73.35**	**146.97**	**342.37**
Reported Diluted EPS (NT$, TW GAAP)	**15.15**	**15.26**	**15.60**	**27.26**	**26.69**	**30.69**	**40.14**	**49.29**	**66.81**	**66.07**	**73.27**	**146.81**	**341.99**

Source: Company data, Morgan Stanley Research estimates

Price target remains at NT$6,188

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 also remain at NT$8,500 and NT$3,150, respectively.

Exhibit 9: MediaTek: Residual income model

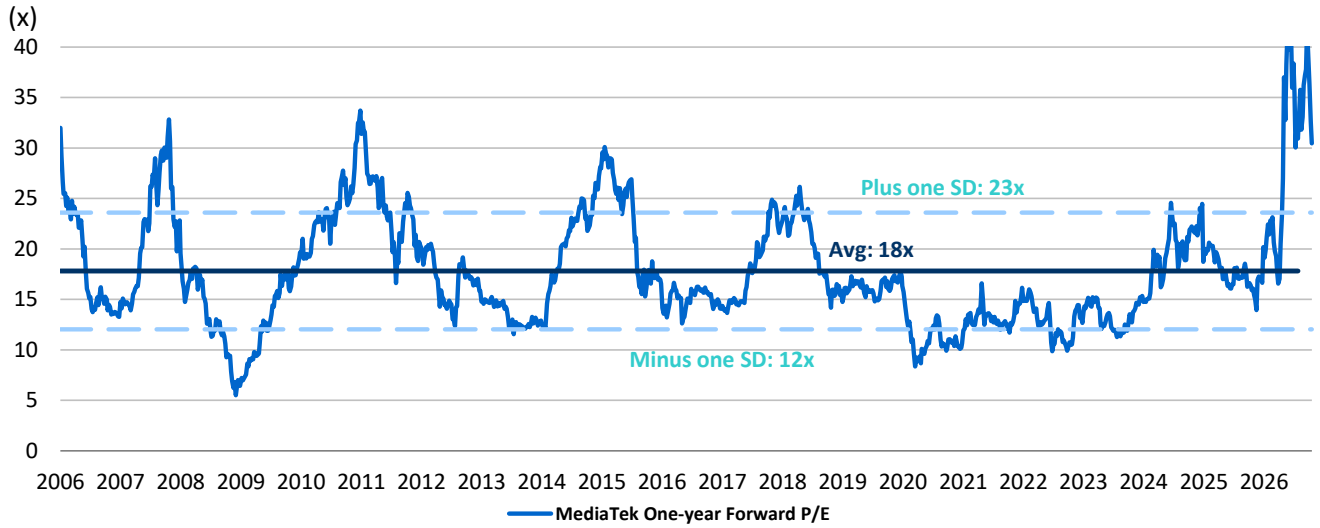
(NT$ mn)	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e	2037e
Total Equity	**478,709**	**693,702**	**1,127,416**	**1,414,944**	**1,736,975**	**2,097,651**	**2,501,607**	**2,954,038**	**3,460,761**	**4,028,290**	**4,663,923**	**5,375,832**
Net Profit	**116,823**	**233,811**	**545,288**	**610,722**	**684,009**	**766,090**	**858,021**	**960,984**	**1,076,302**	**1,205,458**	**1,350,113**	**1,512,126**
ROAE	**26.3%**	**39.9%**	**59.9%**	**48.0%**	**43.4%**	**40.0%**	**37.3%**	**35.2%**	**33.6%**	**32.2%**	**31.1%**	**30.1%**
Residual Income	70,031	146,894	351,603	437,931	483,949	534,232	589,677	651,142	719,510	795,717	880,781	975,822
Spread	**17.1%**	**30.7%**	**50.7%**	**38.8%**	**34.2%**	**30.8%**	**28.1%**	**26.0%**	**24.4%**	**23.0%**	**21.9%**	**20.9%**
Ending Equity Capital	478,709											
PV of Forecast Period	3,230,987											
PV of Continuing Value	6,156,971											
Equity Value	**9,866,666**											
No. of Shares	1,594											
Projected Price (NT$)	**6,188**											

Source: Company data, Morgan Stanley Research 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$6,188 implies 42x 2027 EPS, on our estimates.

Exhibit 10: MediaTek: One-year forward P/E trend



Source: Company data, FactSet, Morgan Stanley Research

MediaTek: Financial Summary

Income Statement

NT$mn (Years End Dec)	2024	2025	2026e	2027e	2028e
Net sales	**530,586**	**595,966**	**671,881**	**1,095,554**	**2,315,233**
COGS	(267,200)	(312,886)	(366,570)	(634,046)	(1,432,931)
Gross profit	263,386	283,080	305,311	461,508	882,302
Operating expenses	(160,974)	(179,610)	(188,783)	(199,489)	(251,991)
Operating income	**102,412**	**103,470**	**116,528**	**262,019**	**630,311**
Non-operating income	17,107	21,418	19,322	15,000	15,000
Pre-tax income	119,519	124,888	135,851	277,019	645,311
Income tax	(12,378)	(18,770)	(18,534)	(42,938)	(100,023)
Net income (excl. emp. bonus)	**133,925**	**132,647**	**146,645**	**292,602**	**681,610**
Employee Bonus Expense	26,785	26,529	29,329	58,520	136,322
Net income (incl. emp. bonus)	**106,387**	**105,319**	**116,823**	**233,811**	**545,288**
Adj.wtd.avg.shrs(m)	1,589	1,592	1,593	1,591	1,593
Reported EPS (NT$)	**66.93**	**66.17**	**73.35**	**146.97**	**342.37**
Diluted EPS (NT$)	**66.81**	**66.07**	**73.27**	**146.81**	**341.99**
EPS for Consensus (NT$)	**66.81**	**66.07**	**73.27**	**146.81**	**341.99**

Cash Flow Statement

NT$mn (Years End Dec)	2024	2025	2026e	2027e	2028e
Cash flow from Operations	**156,055**	**162,793**	**39,626**	**185,821**	**379,538**
Net profits	106,385	105,319	116,823	233,811	545,288
Depreciation	20,936	22,974	23,808	24,641	25,474
Equity investment losses (income)	(517)	(785)	0	0	0
Other adjustments	29,251	35,284	(101,005)	(72,631)	(191,224)
Cash flow from Investing	**(35,928)**	**(37,754)**	**(74,260)**	**(122,445)**	**(343,102)**
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)	(69,260)	(117,445)	(338,102)
Cash flow from financing	**(90,119)**	**(87,675)**	**(71,117)**	**(43,459)**	**(137,049)**
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)	(121,117)	(93,459)	(187,049)
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**	**-105,751**	**19,918**	**-100,613**

Balance Sheet

NT$mn (Years End Dec)	2024	2025	2026e	2027e	2028e
Cash	203,696	235,290	129,539	149,457	48,844
Mkt Securities	15,928	12,419	12,419	12,419	12,419
AR/NR	44,713	62,121	79,877	130,246	275,248
Inventory	58,414	67,235	93,266	161,319	364,577
Other	28,274	20,392	13,849	22,582	47,723
Current Assets	**351,025**	**397,456**	**328,950**	**476,023**	**748,812**
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	186,250	303,694	641,796
Total Assets	**697,868**	**743,785**	**749,539**	**1,019,056**	**1,634,947**
S/T borrowings	940	940	940	940	940
AP/NP	40,777	48,710	60,911	105,356	238,103
Other ST liabilities	225,186	253,700	177,739	187,818	237,248
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**	**270,830**	**325,354**	**507,531**
Common shares	16,017	16,039	16,039	16,039	16,039
Retained earning	331,543	354,139	470,962	704,773	1,250,061
Other shareholders' equity	57,495	39,017	(8,292)	(27,110)	(138,684)
Total Equity	**405,055**	**409,195**	**478,709**	**693,702**	**1,127,416**
Total Liab. & Shrhldr's Equity	**697,868**	**743,785**	**749,539**	**1,019,056**	**1,634,947**

Financial Ratios

	2024	2025	2026e	2027e	2028e
Growth(%)					
Turnover	22.4	12.3	12.7	63.1	111.3
Operating profits	42.6	1.0	12.6	124.9	140.6
Pretax profits	37.7	4.5	8.8	103.9	132.9
Net profits	38.8	-1.0	10.6	99.5	132.9
EPS	38.1	-1.1	10.9	100.4	132.9
Margins (%)					
Gross Margin	49.6	47.5	45.4	42.1	38.1
Operating Margin	19.3	17.4	17.3	23.9	27.2
Pretax Margin	22.5	21.0	20.2	25.3	27.9
Net Profit	20.1	17.7	17.4	21.3	23.6
Return (%)					
ROAA	16.0	14.6	15.6	26.4	41.1
ROAE	27.3	25.9	26.3	39.9	59.9
Gearing (%)					
Net Debt/Equity	(50.1)	(57.3)	(26.9)	(21.4)	(4.2)
Liabilities/Equity	72.3	81.8	56.6	46.9	45.0
Ratios (X)					
Current ratio	1.3	1.3	1.4	1.6	1.6
Quick ratio	0.9	1.0	0.9	1.0	0.7
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

e = Morgan Stanley Research Estimates

Source: Morgan Stanley Research, Company Data

Valuation Methodology and Risks

MediaTek (2454.TW)

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

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.

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Total	3,734		946			1774	

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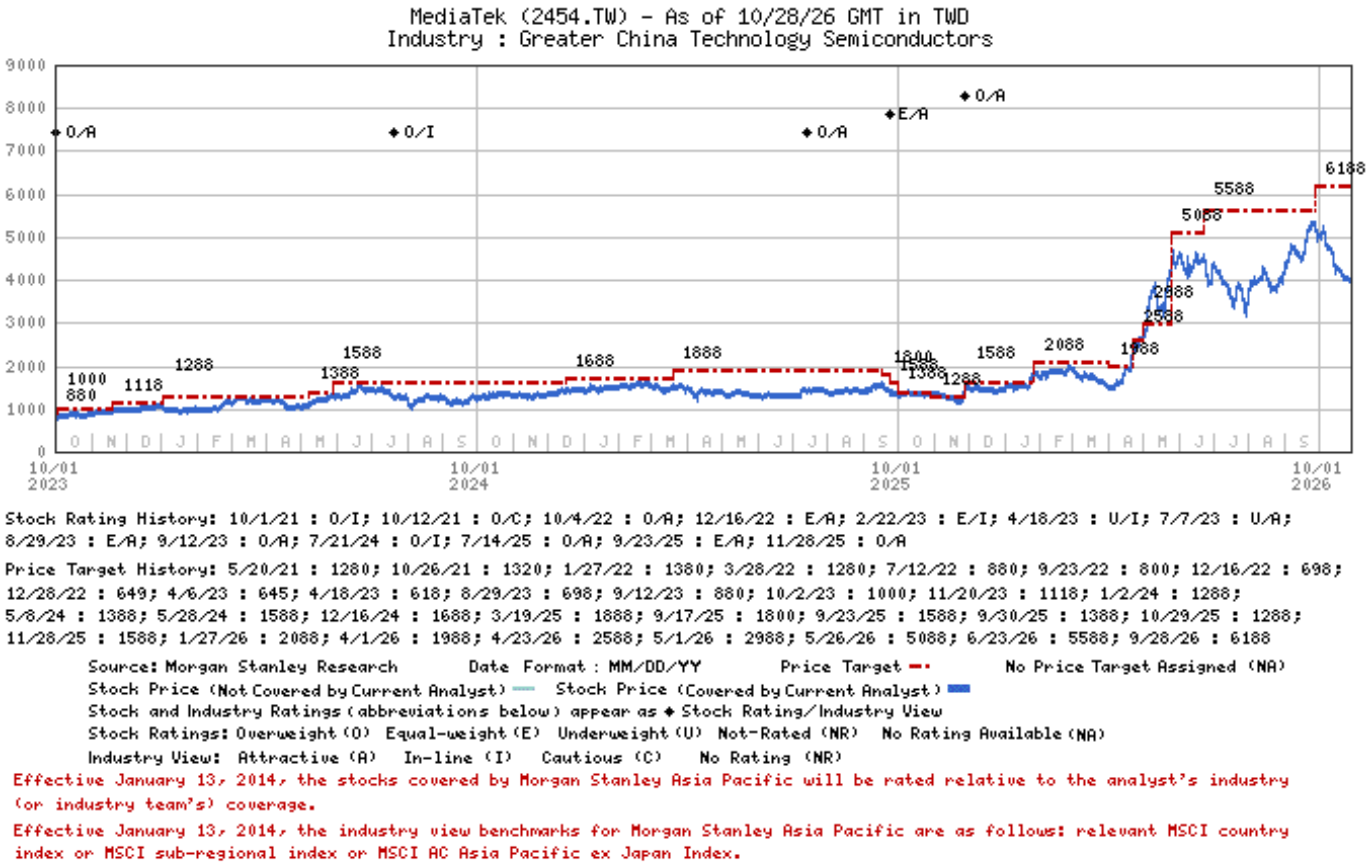
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INDUSTRY COVERAGE: Greater China Technology Semiconductors

COMPANY (TICKER)	RATING (AS OF)	PRICE* (10/28/2026)
Charlie Chan		
Advanced Wireless Semiconductor Co (8086.TWO)	U (07/14/2025)	NT$125.00
Alchip Technologies Ltd (3661.TW)	O (05/14/2021)	NT$3,800.00
ASE Technology Holding Co. Ltd. (3711.TW)	O (09/15/2024)	NT$695.00
Cambricon Technology Corporation (688256.SS)	O (04/27/2026)	Rmb958.00
CXMT Corp (688825.SS)	O (08/26/2026)	Rmb44.36
Global Unichip Corp (3443.TW)	O (06/24/2026)	NT$8,170.00
GlobalWafers Co Ltd (6488.TWO)	E (05/19/2026)	NT$849.00
Gudeng Precision (3680.TWO)	O (11/25/2025)	NT$532.00
Hua Hong Semiconductor Ltd (1347.HK)	E (03/12/2026)	HK$70.00
Iluvatar CoreX Semiconductor Co., Ltd. (9903.HK)	O (04/27/2026)	HK$73.60
MediaTek (2454.TW)	O (11/28/2025)	NT$4,235.00
MetaX Integrated Circuits (688802.SS)	E (04/27/2026)	Rmb489.40
Nanya Technology Corp. (2408.TW)	O (05/28/2026)	NT$477.00
OmniVision Integrated Circuits Group Inc (603501.SS)	E (11/17/2025)	Rmb85.20
Phison Electronics Corp (8299.TWO)	E (02/25/2026)	NT$2,040.00
SG Micro Corp. (300661.SZ)	E (11/03/2025)	Rmb90.03
Silergy Corp. (6415.TW)	U (05/19/2026)	NT$525.00
SMIC (0981.HK)	O (10/21/2025)	HK$47.80
TSMC (2330.TW)	O (02/07/2022)	NT$2,425.00
UMC (2303.TW)	O (05/19/2026)	NT$128.00
Vanguard International Semiconductor (5347.TWO)	E (01/14/2026)	NT$167.50
WIN Semiconductors Corp (3105.TWO)	E (10/09/2026)	NT$540.00

Daisy Dai, CFA

ASMPT Ltd (0522.HK)	O (07/24/2025)	HK$118.30
China Resources Microelectronics Limited (688396.SS)	U (03/02/2026)	Rmb49.10
Empyrean Technology Co Ltd (301269.SZ)	E (01/17/2025)	Rmb101.92
Hangzhou Silan Microelectronics Co. Ltd. (600460.SS)	U (08/25/2025)	Rmb25.07
Hygon Information Technology Co., Ltd. (688041.SS)	O (07/03/2026)	Rmb192.70
Innoscience (2577.HK)	E (10/13/2025)	HK$30.92
JCET Group Co Ltd (600584.SS)	O (09/16/2026)	Rmb55.41
Shanghai Fudan Microelectronics (1385.HK)	O (03/07/2025)	HK$23.22
SICC Co Ltd (688234.SS)	O (03/20/2026)	Rmb81.00
SJ Semiconductor Corp (688820.SS)	E (09/16/2026)	Rmb87.90
StarPower Semiconductor Ltd (603290.SS)	E (05/14/2026)	Rmb70.98
Unigroup Guoxin Microelectronics Co Ltd (002049.SZ)	U (01/10/2023)	Rmb50.13
Universal Scientific Ind. (Shanghai) (601231.SS)	O (11/05/2025)	Rmb22.02
Yangjie Technology (300373.SZ)	O (06/10/2022)	Rmb74.94
Daniel Yen, CFA		
AP Memory Technology Corp (6531.TW)	O (07/11/2025)	NT$843.00
ASMedia Technology Inc (5269.TW)	U (10/03/2025)	NT$1,505.00
Aspeed Technology (5274.TWO)	O (06/09/2025)	NT$17,295.00
Egis Technology Inc (6462.TWO)	E (01/28/2026)	NT$99.00
Elan Microelectronics Corp (2458.TW)	O (10/03/2025)	NT$130.00
eMemory Technology Inc (3529.TWO)	O (08/18/2026)	NT$2,655.00
Espressif Systems (688018.SS)	O (05/15/2023)	Rmb142.55
GigaDevice Semiconductor Beijing Inc (603986.SS)	O (05/15/2025)	Rmb289.88
Himax Technologies Inc (HIMX.O)	E (02/04/2026)	US$11.94
Macronix International Co Ltd (2337.TW)	O (09/18/2025)	NT$103.50
Montage Technology Co Ltd (6809.HK)	O (03/18/2026)	HK$230.20
Montage Technology Co Ltd (688008.SS)	O (03/18/2026)	Rmb174.70
Novatek (3034.TW)	U (02/04/2026)	NT$598.00
Nuvoton Technology Corporation (4919.TW)	U (11/10/2025)	NT$142.00
Parade Technologies Ltd (4966.TWO)	O (05/27/2026)	NT$525.00
Powerchip Semiconductor Manufacturing Co (6770.TW)	O (10/27/2025)	NT$71.30
Realtek Semiconductor (2379.TW)	E (01/30/2026)	NT$791.00
Shenzhen Goodix Technology Co Ltd (603160.SS)	U (07/14/2025)	Rmb61.38
Silicon Motion (SIMO.O)	O (05/06/2024)	US$204.17
Winbond Electronics Corp (2344.TW)	O (05/28/2026)	NT$172.00
WPG Holdings (3702.TW)	O (03/16/2026)	NT$116.00
WT Microelectronics Co. Ltd. (3036.TW)	O (01/27/2026)	NT$217.00
Henry Zhao		
ACM Research Inc (ACMR.O)	O (03/07/2023)	US$51.97
Advanced Micro-Fabrication Equipment Inc (688012.SS)	O (11/06/2023)	Rmb240.00
Maxscend Microelectronics Co Ltd (300782.SZ)	U (01/11/2021)	Rmb56.00
NAURA Technology Group Co Ltd (002371.SZ)	O (11/06/2023)	Rmb511.68
Lucas Wang		
AllRing Tech Co. (6187.TWO)	O (09/23/2025)	NT$1,345.00
FOCI Fiber Optic Communications Inc (3363.TWO)	E (10/09/2026)	NT$533.00
Hon Precision (7769.TW)	O (04/17/2026)	NT$5,565.00
King Yuan Electronics Co Ltd (2449.TW)	O (03/03/2023)	NT$277.50
MPI Corporation (6223.TWO)	O (04/17/2026)	NT$5,115.00

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