Goldman Sachs Research

Equity Research

16 April 2026 | 8:37PM CST

MediaTek (2454.TW)

Looking beyond smartphone weakness, we expect a faster AI ASIC revenue ramp in 2027; reiterate Buy with TP up to NT$2,454

2454.TW	12m Price Target: **NT$2,454.00**	Price: **NT$1,895.00**	Upside: **29.5%**

An even more promising AI ASIC growth outlook

We reiterate our constructive view on MediaTek as we see stronger earnings upside potential coming from its AI ASIC business into 2027 and beyond thanks to stronger customer demand. We raise our AI ASIC revenue forecast to US$2.0bn/US$12.3bn (from US$1.5bn/US$7.0bn), with revenue contribution reaching 10%/39% of its total revenue in 2026E/27E (vs. 7%/23% previously). We believe MediaTek is progressing better than expected in the transformation of its earnings profile, diversifying its product portfolio beyond smartphone and further into the fast growing AI TAM.

Smartphone weakness likely largely priced in

While shares have mostly recovered in the past several days, by early April MediaTek's share price had corrected 25% from its recent peak in February (vs Taiex of -8%), on investors concerns about potential earnings downside from the smartphone weakness as memory pricing rises. However, while TSMC mentioned at its earnings call on 16th April that demand for high end smartphone remains robust, we believe MediaTek is on the right track to reducing its reliance on the smartphone business. We believe investors should continue to focus on the potential upside from AI ASIC opportunity and to look beyond near-term weakness from smartphones.

While we lower our 2026E EPS estimates by 22%, largely on weaker smartphone business, we raise our 2027E EPS forecast by 11.6% as to factor in our stronger view for its AI ASIC business, with stronger OpM expansion due to better operating leverage thanks to a more significant AI ASIC (OpM-accretive) revenue ramp. Net net, we expect MediaTek's 2026/27E revenue to grow by 3%/60% YoY (vs. 12%/15% YoY previously) with OpM at 13.1%/21.9% (vs. prior 15.8%/20.4%). Therefore, **we raise our 12m TP to NT$2,454 from NT$2,200**. With 29.5% upside, we reiterate Buy on MediaTek.

BUY

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Key Data

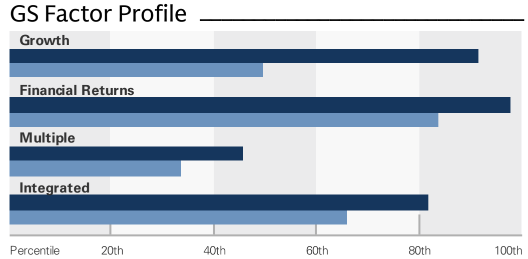
Market cap: NT$3.0tr / $95.3bn
Enterprise value: NT$2.8tr / $88.0bn
3m ADTV: NT$17.4bn / $549.9mn
Taiwan
Taiwan Semiconductor
M&A Rank: 3
Leases incl. in net debt & EV?: No

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue (NT$ mn) New	**595,965.7**	**614,931.8**	**985,588.7**	**1,273,832.0**
Revenue (NT$ mn) Old	595,965.7	687,169.8	938,557.7	–
EBITDA (NT$ mn)	126,444.1	103,379.4	236,374.8	338,454.9
EPS (NT$) New	**66.17**	**51.70**	**122.72**	**177.38**
EPS (NT$) Old	66.04	66.40	110.01	–
P/E (X)	20.7	36.7	15.4	10.7
P/B (X)	5.5	8.0	6.3	4.0
Dividend yield (%)	5.5	2.3	5.5	7.9
CROCI (%)	54.0	30.0	64.0	88.3

	12/25	3/26E	6/26E	9/26E
EPS (NT$)	14.40	13.80	9.91	8.20

GS Factor Profile



2454.TW relative to Asia ex. Japan Coverage
2454.TW relative to Taiwan Semiconductor

Source: Company data, Goldman S

BUY

MediaTek (2454.TW)

Rating since Feb 5, 2026

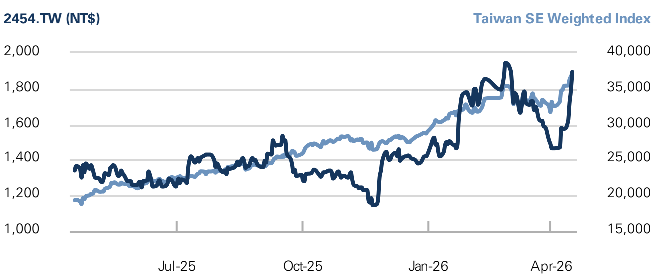
Ratios & Valuation

	12/25	12/26E	12/27E	12/28E
P/E (X)	20.7	36.7	15.4	10.7
P/B (X)	5.5	8.0	6.3	4.0
FCF yield (%)	6.7	3.6	6.9	9.8
EV/EBITDAR (X)	15.5	27.0	11.3	7.0
EV/EBITDA (excl. leases) (X)	15.5	27.0	11.3	7.0
CROCI (%)	54.0	30.0	64.0	88.3
ROE (%)	26.4	21.1	45.5	45.5
Net debt/equity (%)	(57.3)	(61.3)	(72.1)	(83.9)
Net debt/equity (excl. leases) (%)	(57.3)	(61.3)	(72.1)	(83.9)
Interest cover (X)	173.3	214.6	489.7	758.6
Days inventory outst, sales	38.5	50.6	44.6	44.4
Receivable days	36.9	56.3	52.7	52.7
Days payable outstanding	179.5	221.6	192.8	186.5
DuPont ROE (%)	25.7	21.2	39.9	36.5
Turnover (X)	0.8	0.8	1.0	0.9
Leverage (X)	1.8	2.1	2.0	1.7
Gross cash invested (ex cash) (NT$)	324,106.7	322,217.9	329,478.2	336,985.9
Average capital employed (NT$)	188,602.2	162,651.8	143,541.8	130,612.3
BVPS (NT$)	249.76	236.72	299.19	475.25

Growth & Margins (%)

	12/25	12/26E	12/27E	12/28E
Total revenue growth	12.3	3.2	60.3	29.2
EBITDA growth	2.5	(18.2)	128.6	43.2
EPS growth	(1.2)	(21.9)	137.4	44.5
DPS growth	39.7	(41.9)	137.4	44.5
EBIT margin	17.4	13.1	21.9	25.0
EBITDA margin	21.2	16.8	24.0	26.6
Net income margin	17.7	13.4	19.8	22.2

Price Performance



	3m	6m	12m
Absolute	25.9%	42.5%	38.8%
Rel. to the Taiwan SE Weighted Index	6.5%	6.1%	(27.2)%

Source: FactSet. Price as of 16 Apr 2026 close.

Income Statement (NT$ mn)

	12/25	12/26E	12/27E	12/28E
Total revenue	595,965.7	614,931.8	985,588.7	1,273,832.0
Cost of goods sold	(312,885.7)	(335,565.9)	(544,699.1)	(705,501.8)
SG&A	(31,303.9)	(33,680.3)	(34,816.7)	(37,008.9)
R&D	(148,306.4)	(164,923.8)	(190,672.0)	(212,519.5)
Other operating inc./(exp.)	–	–	–	–
EBITDA	**126,444.1**	**103,379.4**	**236,374.8**	**338,454.9**
Depreciation & amortization	(22,974.4)	(22,617.6)	(20,973.9)	(19,653.0)
EBIT	**103,469.7**	**80,761.8**	**215,400.8**	**318,801.8**
Net interest inc./(exp.)	10,222.3	10,317.1	10,285.0	10,306.1
Income/(loss) from associates	785.0	–	–	–
Pre-tax profit	**124,887.8**	**98,278.8**	**233,205.8**	**336,628.0**
Provision for taxes	(18,770.2)	(15,222.2)	(37,091.5)	(53,499.7)
Minority interest	(798.3)	(759.6)	(747.0)	(747.2)
Preferred dividends	–	–	–	–
Net inc. (pre-exceptionals)	**105,319.3**	**82,297.0**	**195,367.3**	**282,381.0**
Post-tax exceptionals	–	–	–	–
Net inc. (post-exceptionals)	**105,319.3**	**82,297.0**	**195,367.3**	**282,381.0**
EPS (basic, pre-except) (NT$)	**66.17**	**51.70**	**122.72**	**177.38**
EPS (diluted, pre-except) (NT$)	**66.17**	**51.70**	**122.72**	**177.38**
EPS (basic, post-except) (NT$)	**66.17**	**51.70**	**122.72**	**177.38**
EPS (diluted, post-except) (NT$)	**66.17**	**51.70**	**122.72**	**177.38**
DPS (NT$)	75.05	43.61	103.54	149.65
Div. payout ratio (%)	113.4	84.4	84.4	84.4

Balance Sheet (NT$ mn)

	12/25	12/26E	12/27E	12/28E
Cash & cash equivalents	235,290.1	239,632.4	354,298.2	649,571.8
Accounts receivable	68,597.0	120,949.9	163,847.2	204,246.2
Inventory	67,234.6	103,321.5	137,281.0	172,332.1
Other current assets	26,334.6	26,334.6	26,334.6	26,334.6
Total current assets	**397,456.2**	**490,238.4**	**681,761.0**	**1,052,484.7**
Net PP&E	60,427.4	52,057.1	45,330.5	39,924.7
Net intangibles	80,261.7	70,014.4	59,767.1	49,519.8
Total investments	168,911.6	168,911.6	168,911.6	168,911.6
Other long-term assets	36,727.9	36,727.9	36,727.9	36,727.9
Total assets	**743,784.8**	**817,949.4**	**992,498.1**	**1,347,568.8**
Accounts payable	156,525.1	250,853.7	324,450.2	396,392.7
Short-term debt	940.0	940.0	940.0	940.0
Short-term lease liabilities	–	–	–	–
Other current liabilities	145,884.7	145,884.7	145,884.7	145,884.7
Total current liabilities	**303,349.8**	**397,678.5**	**471,274.9**	**543,217.4**
Long-term debt	60.0	60.0	60.0	60.0
Long-term lease liabilities	–	–	–	–
Other long-term liabilities	31,180.0	31,180.0	31,180.0	31,180.0
Total long-term liabilities	**31,240.0**	**31,240.0**	**31,240.0**	**31,240.0**
Total liabilities	**334,589.8**	**428,918.4**	**502,514.9**	**574,457.4**
Preferred shares	–	–	–	–
Total common equity	400,601.0	379,677.3	479,882.5	762,263.5
Minority interest	**8,594.0**	**9,353.7**	**10,100.7**	**10,847.9**
Total liabilities & equity	**743,784.8**	**817,949.4**	**992,498.1**	**1,347,568.8**
Net debt, adjusted	(234,290.1)	(238,632.4)	(353,298.2)	(648,571.8)

Cash Flow (NT$ mn)

	12/25	12/26E	12/27E	12/28E
Net income	105,319.3	82,297.0	195,367.3	282,381.0
D&A add-back	22,974.4	22,617.6	20,973.9	19,653.0
Minority interest add-back	798.3	759.6	747.0	747.2
Net (inc)/dec working capital	(20,302.7)	5,888.8	(3,260.4)	(3,507.6)
Other operating cash flow	54,003.6	–	–	–
Cash flow from operations	**162,792.9**	**111,563.0**	**213,827.9**	**299,273.6**
Capital expenditures	(15,059.1)	(4,000.0)	(4,000.0)	(4,000.0)
Acquisitions	(1,141.7)	–	–	–
Divestitures	–	–	–	–
Others	(21,553.1)	–	–	–
Cash flow from investing	**(37,754.0)**	**(4,000.0)**	**(4,000.0)**	**(4,000.0)**
Repayment of lease liabilities	–	–	–	–
Dividends paid (common & pref)	(86,069.6)	(103,220.7)	(95,162.1)	–
Inc/(dec) in debt	60.0	–	–	–
Other financing cash flows	(7,435.1)	0.0	0.0	0.0
Cash flow from financing	**(93,444.7)**	**(103,220.7)**	**(95,162.1)**	**0.0**
Total cash flow	**31,594.2**	**4,342.3**	**114,665.8**	**295,273.6**
Free cash flow	147,733.8	107,563.0	209,827.9	295,273.6

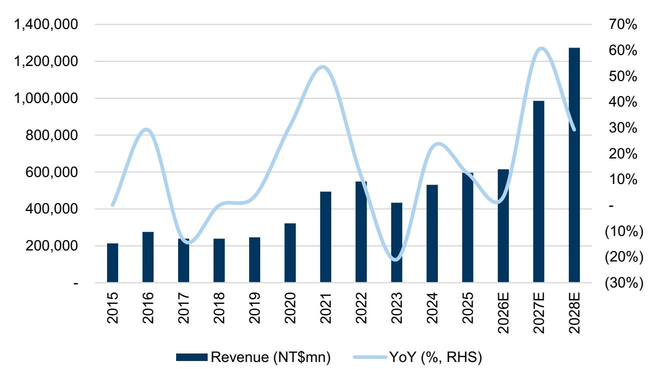
Source: Company data, Goldman Sachs Research estimates.

We expect AI ASIC to remain a key focus at the 1Q26 analyst meeting

The company will host its 1Q26 analyst meeting at end April. We believe investors key questions will be around MediaTek's view towards **1)** the impact from memory price hike on the smartphone end market, **2)** its latest progress on AI ASIC and the mass production timeline, 3) view towards the next generations of AI ASIC and the potential incremental dollar content they might gain, and **4)** the automotive business opportunity, design win pipeline, and the revenue ramp/contribution to MediaTek in 2026 and beyond.

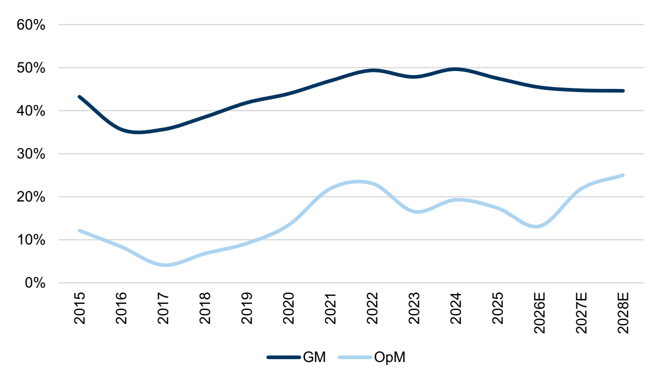
For 2Q26E, we are now expecting revenue to decline by 6.4% QoQ, with GM/OpM to decline to 45.6%/10.4% (vs 46.0% /14.6% in 1Q26E), and EPS of NT$9.91. We attribute the topline weakness to the slowdown of smartphone demand as to reflect the higher cost from memory which hampers the overall end demand for smartphone market. However, we believe the smartphone weakness is largely reflected in the current stock price. Despite the weaker smartphone end demand outlook, we believe Mediatek will partially offset this by the continued share gain in the flagship/premium smartphone market and higher blended ASP contributed by next-generation models.

Exhibit 1: MediaTek's revenue growth trends



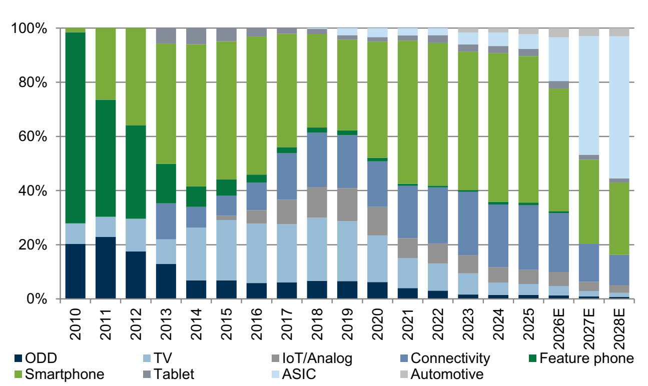
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 2: MediaTek's margin trends



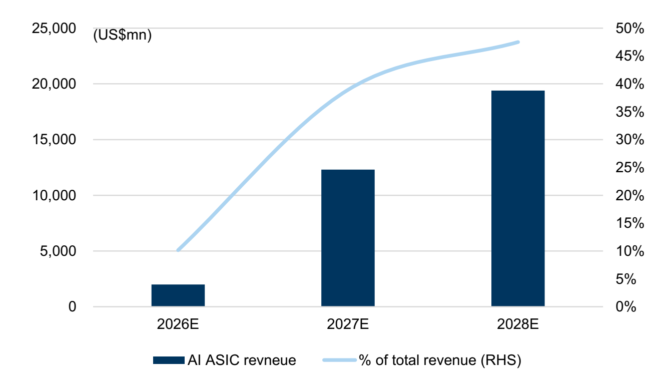
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 3: MediaTek's revenue mix by segment



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 4: MediaTek's AI ASIC business revenue and revenue contribution



Source: Company data, Goldman Sachs Global Investment Research

Earnings changes, valuation and risks

Forecast changes

We revise down our 2026E EPS estimates by 22.1% mainly as we factored the weakness from smartphone segments, while we revise up our 2027E EPS by 11.6% as we factor in our stronger view for AI ASIC revenue growth outlook. We also introduce our 2028 numbers in this note.

Exhibit 5: Earnings revisions

		2026E			2027E			2028E	
(NT$mn)	Old	New	Diff (%)	Old	New	Diff (%)	Old	New	Diff (%)
Revenue	687,170	614,932	-10.5%	938,558	985,589	5.0%	NA	1,273,832	NA
Gross profit	315,300	279,366	-11.4%	428,781	440,890	2.8%	NA	568,330	NA
Op. income	108,774	80,762	-25.8%	191,083	215,401	12.7%	NA	318,802	NA
Net income	105,908	82,297	-22.3%	175,480	195,367	11.3%	NA	282,381	NA
EPS (NT$)	66.40	51.70	-22.1%	110.01	122.72	11.6%	NA	177.38	NA
GM	45.9%	45.4%	-0.5%	45.7%	44.7%	-1.0%	NA	44.6%	NA
OpM	15.8%	13.1%	-2.7%	20.4%	21.9%	1.5%	NA	25.0%	NA
NM	15.4%	13.4%	-2.0%	18.7%	19.8%	1.1%	NA	22.2%	NA

		2Q26E			3Q26E			4Q26E	
(NT$mn)	Old	New	Diff (%)	Old	New	Diff (%)	Old	New	Diff (%)
Revenue	157,724	140,144	-11.1%	165,920	132,253	-20.3%	213,748	192,757	-9.8%
Gross profit	72,710	63,964	-12.0%	76,700	60,522	-21.1%	97,044	86,046	-11.3%
Op. income	23,407	14,644	-37.4%	24,931	11,202	-55.1%	38,546	33,054	-14.2%
Net income	23,269	15,774	-32.2%	24,595	13,046	-47.0%	36,093	31,504	-12.7%
EPS (NT$)	14.59	9.91	-32.1%	15.42	8.20	-46.9%	22.63	19.79	-12.5%
GM	46.1%	45.6%	-0.5%	46.2%	45.8%	-0.5%	45.4%	44.6%	-0.8%
OpM	14.8%	10.4%	-4.4%	15.0%	8.5%	-6.6%	18.0%	17.1%	-0.9%
NM	14.8%	11.3%	-3.5%	14.8%	9.9%	-5.0%	16.9%	16.3%	-0.5%

Source: Company data, Goldman Sachs Global Investment Research

Reiterate Buy, TP raise to NT$2,454 from NT$2,200

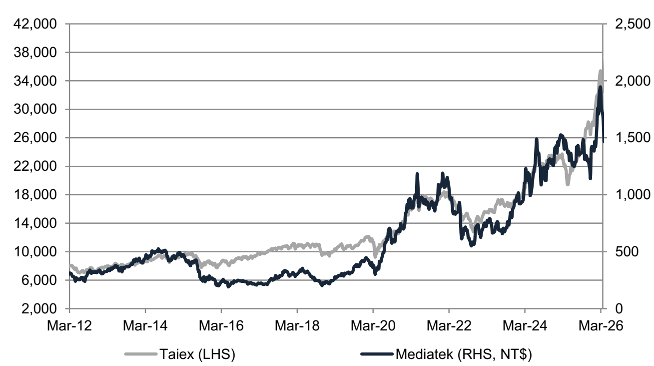
We raise our 12m TP to NT$2,454 from NT$2,200 previously, following our upward revision on 2027E earnings estimates. Our TP is based on a target P/E multiple of 20x (unchanged; 1stdv above its 5-year trading average) applied to our FY27E EPS (unchanged). Our 12m TP implies 29.5% upside; we reiterate our Buy rating on MediaTek.

Exhibit 6: MediaTek P&L summary

	1Q26E	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2026E	2027E	2028E
P&L (NT$mn)											
Revenue	149,778	140,144	132,253	192,757	211,134	237,333	260,497	276,625	614,932	985,589	1,273,832
Gross profit	68,833	63,964	60,522	86,046	94,004	105,885	116,855	124,145	279,366	440,890	568,330
Operating profit	21,862	14,644	11,202	33,054	39,848	50,129	59,894	65,530	80,762	215,401	318,802
Net income	21,973	15,774	13,046	31,504	37,233	45,666	53,858	58,610	82,297	195,367	282,381
EPS (NT$)	13.80	9.91	8.20	19.79	23.39	28.69	33.83	36.82	51.70	122.72	177.38
Margins (%)											
Gross margin	46.0%	45.6%	45.8%	44.6%	44.5%	44.6%	44.9%	44.9%	45.4%	44.7%	44.6%
Operating profit margin	14.6%	10.4%	8.5%	17.1%	18.9%	21.1%	23.0%	23.7%	13.1%	21.9%	25.0%
Net margin	14.7%	11.3%	9.9%	16.3%	17.6%	19.2%	20.7%	21.2%	13.4%	19.8%	22.2%
YoY (%)											
Revenue	-2.3%	-6.8%	-6.9%	28.3%	41.0%	69.3%	97.0%	43.5%	~~3.2%~~	60.3%	29.2%
Gross profit	-6.7%	-13.4%	-8.5%	24.2%	36.6%	65.5%	93.1%	44.3%	~~-1.3%~~	57.8%	28.9%
Operating profit	-27.3%	-50.2%	-49.5%	51.3%	82.3%	242.3%	434.7%	98.3%	~~-21.9%~~	166.7%	48.0%
Net income	-25.1%	-43.4%	-48.3%	37.4%	69.5%	189.5%	312.8%	86.0%	~~-21.9%~~	137.4%	44.5%
EPS	-25.1%	-43.4%	-48.3%	37.4%	69.5%	189.5%	312.8%	86.0%	~~-21.9%~~	137.4%	44.5%
QoQ (%)											
Revenue	-0.3%	-6.4%	-5.6%	45.7%	9.5%	12.4%	9.8%	6.2%			
Gross profit	-0.6%	-7.1%	-5.4%	42.2%	9.2%	12.6%	10.4%	6.2%			
Operating profit	0.1%	-33.0%	-23.5%	195.1%	20.6%	25.8%	19.5%	9.4%			
Net income	-4.2%	-28.2%	-17.3%	141.5%	18.2%	22.6%	17.9%	8.8%			
EPS	-4.1%	-28.2%	-17.3%	141.5%	18.2%	22.6%	17.9%	8.8%			

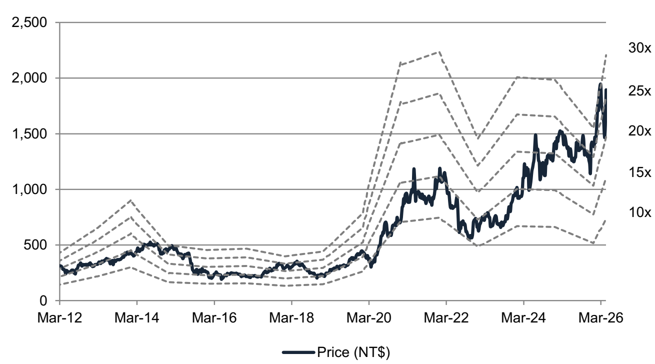
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 7: Taiex vs. MediaTek



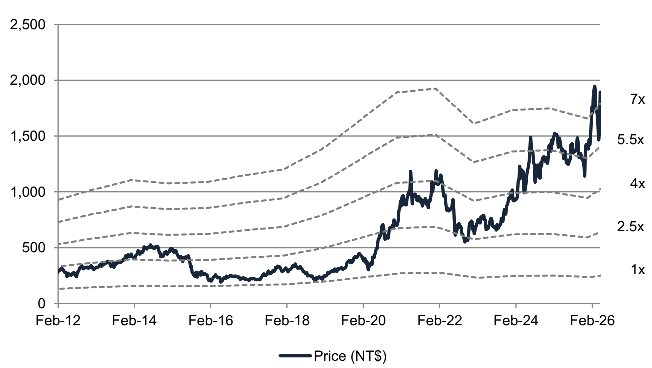
Source: Bloomberg

Exhibit 8: MediaTek Forward P/E



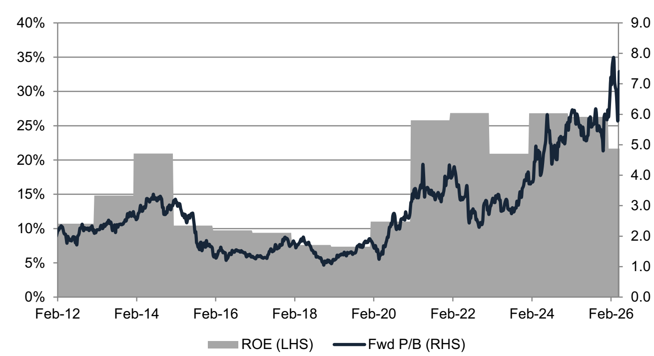
Source: Bloomberg

Exhibit 9: MediaTek Forward P/B



Source: Bloomberg

Exhibit 10: MediaTek P/B vs. ROE



Source: Bloomberg

Investment Thesis, Price Target Risks and Methodology

Investment Thesis - Mediatek
MediaTek is a leading global IC design house specializing in smartphone AP (application processor). We have a positive stance on MediaTek, viewing it as well-positioned to transition from a traditional smartphone application provider to an AI-focused vendor, beginning with AI smartphones and extending to enterprise ASICs and smart automotive solutions (in partnership with NVIDIA) in 2025 and beyond. We expect MediaTek to achieve solid multi-year growth, with revenue and earnings expected to increase by 44%/85% CAGR, respectively, in 2026-28E. This growth will be primarily driven by: 1) market share gains, particularly in the premium segment (specifically high-end 5G flagship SoCs), 2) strong ramp in AI ASIC business, and 3) new TAM in automotive/computing sectors.

Price Target Risks and Methodology - MediaTek (2454.TW)
Valuation: We have a 12m TP of NT$2,454. Our TP is based on a target P/E multiple of 20x (1stdv above its 5-year trading average) applied to our FY27E EPS.

Key risks to our views: (1) Weaker-than-expected end demand especially with smartphones, (2) Higher foundry cost to impact its margin outlook, (3) Intensifying competition would result in change in profitability as competition would normally lead to change in pricing dynamics, and (4) Slower ramp in ASIC would result in changes in operating leverage