Fast Take

MediaTek Inc.

HEADLINE

Q2 sales in NT$ +2% QoQ beat high-end of guidance (flat to -6% QoQ).

OUR TAKE

Q2 sales was supported by resiliency of smart edge products which offset smartphone decline. We forecast Q3 sales to be +1% QoQ w/ 46.1% GM. Google TPU v8t should be on-track for mass production in H226 to meet US$2bn guidance.

Equities

Taiwan

Semiconductors

12-month rating	**Buy**
12m price target	**NT$6,500.00**
Price (10 Jul 2026)	**NT$3,925**

RIC: 2454.TW **BBG:** 2454 TT

Trading data and key metrics

52-wk range	NT$4,640.00-1,145.00
Market cap.	NT$6,295b/US$196b
Shares o/s	1,604m (ORD)
Free float	88%
Avg. daily volume ('000)	13,973
Avg. daily value (m)	NT$48,821.8
Common s/h equity (12/26E)	NT$392b
P/BV (12/26E)	16.0x
Net debt to EBITDA (12/26E)	NM

EPS (UBS, diluted) (NT$)

	UBS	Cons.
12/26E	63.77	65.96
12/27E	180.60	124.48
12/28E	299.18	247.07

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Highlights (NT$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenues	433,446	530,586	595,966	657,469	1,271,454	1,885,671	2,098,238	2,321,029
EBIT (UBS)	71,800	102,412	103,470	101,130	322,545	541,795	604,271	671,977
Net earnings (UBS)	76,979	106,387	105,319	101,777	288,219	477,465	534,141	595,549
EPS (UBS, diluted) (NT$)	48.34	66.81	66.07	63.77	180.60	299.18	334.70	373.18
DPS (net) (NT$)	79.48	82.90	53.50	51.12	144.77	239.83	268.30	299.14
Net (debt) / cash	163,196	202,756	234,290	179,093	228,181	260,059		

Profitability/valuation	12/23	12/24	12/25	12/26E	12/27E	12/28E
EBIT (UBS) margin %	16.6	19.3	17.4	15.4	25.4	28.7
ROIC (EBIT) %	61.8	231.3	>500	399.0	350.4	254.7
EV/EBITDA (UBS core) x	10.2	12.7	14.6	47.4	17.1	10.4
P/E (UBS, diluted) x	15.8	17.9	20.8	61.5	21.7	13.1
Equity FCF (UBS) yield %	13.1	7.5	6.1	1.0	3.4	5.9
Dividend yield (net) %	10.4	6.9	3.9	1.3	3.7	6.1

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price tha
price of NT$ 3,925.00 on 10-Jul-2026 16:58:14 CST

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INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 3.

Forecast returns

Forecast price appreciation	65.6%
Forecast dividend yield	1.3%
Forecast stock return	66.9%
Market return assumption	6.3%
Forecast excess return	60.6%

Company Description

MediaTek is a leading integrated circuit (IC) design company in Taiwan, focusing on solutions from the edge to the cloud, applications for its product offerings range from smartphones, smart homes and AI PCs to high-performance computing, automotive, and AI data centers.

Valuation Method and Risk Statement

Our price target for MediaTek is based on a target PE methodology.
Fabless integrated circuit (IC) design houses face a variety of uncertainties, including rapidly changing technology, end-market demand, competition, employee turnover and foundry wafer costs. They are also vulnerable to legal disputes over intellectual property rights. In addition, MediaTek is exposed to potential price competition in handset SoC, TV SoC, etc. Downside risks include slower-than-expected market share gains and a weaker-than-expected demand recovery.