Asia Semis Pulse

Previewing UMC, ASMPT, ASE, and MediaTek earnings

Equities

Asia

Semiconductors

Sunny Lin
Analyst
sunny.lin@ubs.com
+886-2-8722 7346

Christine Chen, CFA
Associate Analyst
christine.chen@ubs.com
+886-2-8722 7352

Ryan Sun
Analyst
ryan-za.sun@ubs.com
+886-2-8722 7267

UMC (earnings call on Oct 28th, Wednesday 5:00pm HKT)

We are hosting a group call with UBS Asia tech team for earnings previews on Oct 20th, Tuesday at 10:30am HKT, registration here. For UMC, Q4 earnings may be less of a catalyst as we forecast sales to grow 2% QoQ amid low season and gross margin to sustain at ~mid 30%, flat to down a bit from Q3's 35.0% due to rising depreciation and limited price upside. Fundamentals should substantially strengthen into H127 with meaningful like for like price hike, improving product mix and tighter utilization. We forecast gross margin to reach 40.0% in Q227 from mid 30% in H226E, and further rise to 43.0% in H227E. New businesses including silicon photonics and advanced packaging are margin accretive when they reach high volume production even with new capex / depreciation. Maintain Buy and price target of NT$230 on 23x 2027-28E PE.

ASMPT (earnings call on Oct 28th, Wednesday 8:30am HKT)

ASMPT should post a good set of Q3 earnings and Q4 guidance, considering the tightening OSAT utilization for traditional packaging, faster CoWoS expansion and strong silicon photonics demand. We estimate Q3 sales to grow 8% QoQ, close to high-end of guidance, with 41.7% gross margin given slight margin dilution from pick up of wirebond sales. Q4 sales should grow ~5% QoQ supported by both SEMI and SMT. Looking ahead, for further re-rating, we believe it's essential that the company demonstrates stronger execution for TCBs with top clients including TSMC, Intel, SK Hynix and China. Maintain Buy and price target of HK$200 on 27x 2027E PE.

ASE (earnings call on Oct 29th, Thursday 3pm HKT)

We are optimistic and expect ASE management to further upgrade guidance on leading edge advanced packaging (LEAP) sales in 2027, IC ATM gross margin target and capex. We raise LEAP sales estimate in 2027E to US$8.2bn from US$7.5bn and forecast US $11.4bn in 2028, considering stronger outlook of full process CoWoS even with slower growth of TSMC on substrate outsourcing in 2028. See Figure 3. We forecast Q4 sales to grow 1% QoQ with IC ATM +3% and EMS -3%. IC ATM gross margin should reach 30.5% in Q4 and 34.2% in 2027 based on UBSe. Reiterate Buy and raise price target to NT$865 from NT$835 on unchanged 24x 27-28E PE.

MediaTek (earnings call on Oct 30th, Friday 3pm HKT)

Amid recent investor concerns around the Google TPU v8t & v9 execution, we view the upcoming earnings conference as a potential positive catalyst. Google TPU v8t shipment is on track and robust to drive Q4 sales to reach NT$213.5bn, or up 27% QoQ off a high base from solid Q3 sales beat, up +10% QoQ. Operating margin with fast TPU ramp is set to improve quickly from ~15% in Q3 to 18.5% in Q4 with upside, and more meaningfully to 25-26% in 2027 based on UBSe. Our 2027 sales / EPS est are 8%/25% above VA consensus. Management should reiterate TPU guidance in 2027 of US$80bn TAM and 15-20% share target or even guide towards higher end, considering the robust v8t demand by Google to expedite new LLM development. As for v9, even if tape out is delayed, it does not shift MediaTek's TPU opportunity over the next several years, and we are constructive about EMIB-T's execution to support >2m v9 supply in 2028. Management may also update on new ASIC engagements. We believe potential new projects include SpaceX's Dojo3 which MediaTek partners with Nvidia for NVLINK Fusion offering, Tesla's AI6 using Intel 14A, and TikTok's N3 project. Maintain Key Call Buy and price target of NT$7,300 on 27x 2027-28E PE.

This report has been prepared by UBS Securities Pte. Ltd., Taipei Branch. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 8.**

Figure 1: UMC - Revisions to UBS earnings estimates

	New			Old			Change		
(NT$m)	**2026E**	**2027E**	**2028E**	**2026E**	**2027E**	**2028E**	**2026E**	**2027E**	**2028E**
Revenue	**279,840**	**373,547**	**473,091**	**287,215**	**375,047**	**474,392**	**-3%**	**0%**	**0%**
- YoY chg (%)	18%	33%	27%	21%	31%	26%			
Revenue (US$m)	**8,799**	**11,673**	**14,784**	**9,030**	**11,720**	**14,825**	**-3%**	**0%**	**0%**
- YoY chg (%)	16%	33%	27%	19%	30%	26%			
Gross profit	**92,293**	**152,247**	**212,934**	**96,390**	**146,857**	**210,359**	**-4%**	**4%**	**1%**
- Gross margin	33.0%	40.8%	45.0%	33.6%	39.2%	44.3%			
Operating profit	**63,031**	**116,073**	**170,929**	**66,841**	**110,617**	**168,298**	**-6%**	**5%**	**2%**
- Operating margin	22.5%	31.1%	36.1%	23.3%	29.5%	35.5%			
Net profit	**92,362**	**102,073**	**149,757**	**96,208**	**98,871**	**149,073**	**-4%**	**3%**	**0%**
- Net margin	33.0%	27.3%	31.7%	33.5%	26.4%	31.4%			
UBS EPS (NT$)	**7.40**	**8.18**	**12.00**	**7.71**	**7.93**	**11.95**	**-4%**	**3%**	**0%**
- YoY chg (%)	122%	11%	47%	131%	3%	51%			

Source: UBS estimates. Note: Our EPS estimates here are based on basic EPS.

Figure 2: UMC - UBS earnings forecasts

	Q126	Q226	Q326E	Q426E	Q127E	Q227E	Q327E	Q427E	2022	2023	2024	2025	2026E	2027E	2028E
Capacity (8" eq.)	**2,886**	**2,936**	**2,981**	**3,015**	**3,048**	**3,082**	**3,150**	**3,183**	**10,031**	**10,519**	**11,305**	**11,617**	**11,817**	**12,463**	**13,239**
Sequential Change (%)	*-2%*	*2%*	*2%*	*1%*	*1%*	*1%*	*2%*	*1%*	*6%*	*5%*	*7%*	*3%*	*2%*	*5%*	*6%*
Shipment (8" eq.)	**2,297**	**2,540**	**2,712**	**2,743**	**2,743**	**2,928**	**3,055**	**3,088**	**9,945**	**7,189**	**7,754**	**8,710**	**10,293**	**11,814**	**12,908**
Sequential Change (%)	*3%*	*11%*	*7%*	*1%*	*0%*	*7%*	*4%*	*1%*	*1%*	*-28%*	*8%*	*12%*	*18%*	*15%*	*9%*
Utilization rate (%)	**80%**	**87%**	**91%**	**91%**	**90%**	**95%**	**97%**	**97%**	**99%**	**68%**	**69%**	**75%**	**87%**	**95%**	**98%**
ASP (US$)	**840**	**857**	**855**	**864**	**916**	**980**	**1,009**	**1,039**	**928**	**994**	**928**	**869**	**855**	**988**	**1,145**
Sequential Change (%)	*-5%*	*2%*	*0%*	*1%*	*6%*	*7%*	*3%*	*3%*	*20%*	*7%*	*-7%*	*-6%*	*-2%*	*16%*	*16%*
Wafer Revenue (US$mn)	**1,930**	**2,176**	**2,320**	**2,370**	**2,512**	**2,869**	**3,083**	**3,210**	**9,231**	**7,147**	**7,196**	**7,567**	**8,799**	**11,673**	**14,784**
Total Revenue (NT$mn)	**61,038**	**68,733**	**74,239**	**75,830**	**80,387**	**91,798**	**98,657**	**102,705**	**278,705**	**222,533**	**232,303**	**237,553**	**279,840**	**373,547**	**473,091**
Capex (US$mn)	**396**	**277**	**398**	**925**	**600**	**600**	**600**	**1,200**	**2,632**	**2,928**	**2,739**	**1,517**	**2,000**	**3,000**	**2,500**
Capex/Revenue (%)	*21%*	*13%*	*17%*	*39%*	*24%*	*21%*	*19%*	*37%*	*29%*	*41%*	*38%*	*20%*	*23%*	*26%*	*17%*
Revenue (NT$mn)	**61,038**	**68,733**	**74,239**	**75,830**	**80,387**	**91,798**	**98,657**	**102,705**	**278,705**	**222,533**	**232,303**	**237,553**	**279,840**	**373,547**	**473,091**
Sequential Change	*-1.2%*	*12.6%*	*8.0%*	*2.1%*	*6.0%*	*14.2%*	*7.5%*	*4.1%*	30.8%	-20.2%	4.4%	2.3%	17.8%	33.5%	26.6%
EPS (NT$)	1.29	3.39	1.36	1.36	1.46	1.96	2.33	2.44	7.09	4.93	3.80	3.34	7.40	8.18	12.00
Gross margin (%)	**29.2%**	**32.5%**	**35.0%**	**34.5%**	**36.0%**	**40.0%**	**42.7%**	**43.3%**	**45.1%**	**34.9%**	**32.6%**	**29.0%**	**33.0%**	**40.8%**	**45.0%**
Operating margin (%)	18.5%	21.8%	24.7%	24.4%	25.6%	30.2%	33.2%	34.0%	37.4%	26.0%	22.2%	18.5%	22.5%	31.1%	36.1%

Source: Company data, UBS estimates.

Figure 3: ASE's leading-edge advanced packaging business

	2023	2024	2025	2026E	2027E	2028E
Leading edge adv packaging	**250**	**550**	**1,200**	**2,720**	**6,391**	**8,939**
Non CoWoS	**250**	**250**	**275**	**303**	**333**	**366**
CoWoS		**350**	**925**	**2,417**	**6,059**	**8,573**
- TSMC's outsourced WoS		**311**	**886**	**2,098**	**3,119**	**3,533**
Units (k per month)		432	923	1,165	1,529	1,472
Unit service revenue (US$)		60	80	150	170	200
- CoWoS S outsourcing (kwpm)		**14**	**15**	**10**	**10**	**10**
- Units per interposer		30	30	30	30	30
- CoWoS L outsourcing (kwpm)			**32**	**87**	**137**	**147**
- Units per interposer			15	10	9	8
- ASE's own CoWoS		**39**	**39**	**320**	**2,940**	**5,040**
Units (kwpm)		0.5	0.5	4.1	35	60
Unit revenue (US$)		6,500	6,500	6,500	7,000	7,000
Testing		**50**	**400**	**950**	**1,800**	**2,500**
LEAP & testing revenue (US$mn)	**250**	**600**	**1,600**	**3,670**	**8,191**	**11,439**
YoY		*140%*	*167%*	*129%*	*123%*	*40%*
% of IC ATM sales	*2%*	*6%*	*13%*	*22%*	*37%*	*42%*
% of whole company's sales	*1%*	*3%*	*8%*	*14%*	*24%*	*28%*

Source: Company data, UBS estimates.

Figure 4: ASE - Revisions to UBS earnings estimates

	New			Old			Change		
(NT$m)	**2026E**	**2027E**	**2028E**	**2026E**	**2027E**	**2028E**	**2026E**	**2027E**	**2028E**
Revenue	**836,080**	**1,086,749**	**1,302,153**	**836,080**	**1,072,054**	**1,286,842**	0%	1%	1%
- YoY chg	30%	30%	20%	30%	28%	20%			
Revenue (US$m)	**26,350**	**34,067**	**40,820**	**26,350**	**33,607**	**40,340**	0%	1%	1%
- YoY chg	27%	29%	20%	27%	28%	20%			
Gross profit	**178,550**	**278,264**	**341,626**	**178,550**	**270,247**	**335,761**	0%	3%	2%
- Gross margin	21.4%	25.6%	26.2%	21.4%	25.2%	26.1%			
Operating profit	**99,036**	**183,916**	**230,873**	**99,036**	**176,530**	**225,665**	0%	4%	2%
- Operating margin	11.8%	16.9%	17.7%	11.8%	16.5%	17.5%			
Pretax profit	104,129	179,758	220,197	104,129	172,550	215,408	0%	4%	2%
Reported net profit	**83,081**	**141,966**	**174,317**	**83,081**	**136,200**	**170,487**	0%	4%	2%
- Net margin	9.9%	13.1%	13.4%	9.9%	12.7%	13.2%			
- YoY chg	104%	71%	23%	104%	64%	25%			
UBS EPS (NT$)	**18.95**	**32.36**	**39.74**	**18.95**	**31.05**	**38.86**	0%	4%	2%
- YoY chg	102%	71%	23%	102%	64%	25%			

Source: Company data, UBS estimates Note: Our EPS estimates are based on basic EPS.

Figure 5: ASE - UBS earnings forecasts

(NT$m)	2025	Q126	Q226	Q326E	Q426E	2026E	Q127E	Q227E	Q327E	Q427E	2027E	2028E	2029E	2030E
Revenue	**645,388**	**173,662**	**191,064**	**234,508**	**236,845**	**836,080**	**232,510**	**259,201**	**292,487**	**302,551**	**1,086,749**	**1,302,153**	**1,522,822**	**1,777,088**
- QoQ chg		-2%	10%	23%	1%		-2%	11%	13%	3%				
- YoY chg	8%	17%	27%	39%	33%	30%	34%	36%	25%	28%	30%	20%	17%	17%
Revenue (US$m)	**20,720**	**5,508**	**6,048**	**7,351**	**7,425**	**26,350**	**7,289**	**8,125**	**9,169**	**9,484**	**34,067**	**40,820**	**47,737**	**55,708**
- QoQ chg		-4%	10%	22%	1%		-2%	11%	13%	3%				
- YoY chg	11%	22%	25%	30%	29%	27%	32%	34%	25%	28%	29%	20%	17%	17%
Gross profit	**114,193**	**34,850**	**40,150**	**50,322**	**53,227**	**178,550**	**56,915**	**64,937**	**75,427**	**80,986**	**278,264**	**341,626**	**405,625**	**489,712**
- Gross margin	17.7%	20.1%	21.0%	21.5%	22.5%	21.4%	24.5%	25.1%	25.8%	26.8%	25.6%	26.2%	26.6%	27.6%
Operating profit	**50,756**	**17,532**	**21,134**	**28,553**	**31,817**	**99,036**	**36,325**	**42,028**	**49,951**	**55,612**	**183,916**	**230,873**	**284,475**	**352,368**
- Operating margin	7.9%	10.1%	11.1%	12.2%	13.4%	11.8%	15.6%	16.2%	17.1%	18.4%	16.9%	17.7%	18.7%	19.8%
Pre-tax income	**51,301**	**18,200**	**25,700**	**28,791**	**31,437**	**104,129**	**36,062**	**41,348**	**48,841**	**53,506**	**179,758**	**220,197**	**272,351**	**340,002**
Reported net profit	**40,658**	**14,148**	**21,068**	**22,861**	**25,004**	**83,081**	**28,390**	**32,619**	**38,613**	**42,345**	**141,966**	**174,317**	**216,041**	**270,161**
- Net margin	6.3%	8.1%	11.0%	9.7%	10.6%	9.9%	12.2%	12.6%	13.2%	14.0%	13.1%	13.4%	14.2%	15.2%
Basic EPS (NT$)	**9.37**	**3.24**	**4.80**	**5.21**	**5.70**	**18.95**	**6.47**	**7.44**	**8.80**	**9.65**	**32.36**	**39.74**	**49.25**	**61.59**
- QoQ chg		-2%	48%	9%	9%		14%	15%	18%	10%				
- YoY chg	25%	88%	180%	110%	72%	102%	100%	55%	69%	69%	71%	23%	24%	25%

Source: Company data, UBS estimates Note: Our EPS estimates are based on basic EPS.

Figure 6: MediaTek - Revisions to UBS earnings estimates

	New			Old			Change		
(NT$m)	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenue	**682,910**	**1,250,308**	**2,131,656**	**673,973**	**1,248,996**	**2,139,567**	**1%**	**0%**	**0%**
- YoY chg (%)	15%	83%	70%	13%	85%	71%			
Gross profit	**315,196**	**561,183**	**934,580**	**310,833**	**560,341**	**938,344**	**1%**	**0%**	**0%**
- Gross margin	46.2%	44.9%	43.8%	46.1%	44.9%	43.9%			
Operating profit	**110,776**	**317,047**	**659,173**	**107,089**	**316,482**	**661,915**	**3%**	**0%**	**0%**
- Operating margin	16.2%	25.4%	30.9%	15.9%	25.3%	30.9%			
Pre-tax profit	**127,801**	**331,336**	**674,221**	**124,243**	**330,666**	**676,873**	**3%**	**0%**	**0%**
Reported net profit	**110,750**	**283,293**	**576,459**	**107,707**	**282,719**	**578,726**	**3%**	**0%**	**0%**
- Net margin	16.2%	22.7%	27.0%	16.0%	22.6%	27.0%			
Reported EPS (NT$)	**69.54**	**177.87**	**361.94**	**67.63**	**177.51**	**363.36**	**3%**	**0%**	**0%**
- YoY chg (%)	5%	156%	103%	2%	162%	105%			
UBS EPS (NT$)	**69.54**	**177.87**	**361.94**	**67.63**	**177.51**	**363.36**	**3%**	**0%**	**0%**
- YoY chg (%)	5%	156%	103%	2%	162%	105%	-	-	-

Source: Company data, UBS estimates Note: Our EPS estimates are based on basic EPS.

Figure 7: MediaTek- UBS earnings forecasts

(NT$m)	2025	Q126	Q226	Q326E	Q426E	2026E	Q127E	Q227E	Q327E	Q427E	2027E	2028E	2029E	2030E
Revenue	**595,966**	**149,151**	**152,183**	**168,058**	**213,519**	**682,910**	**283,286**	**311,761**	**317,504**	**337,756**	**1,250,308**	**2,131,656**	**2,476,326**	**2,782,717**
- YoY chg (%)	12%	-3%	1%	18%	42%	15%	90%	105%	89%	58%	83%	70%	16%	12%
- QoQ chg (%)	-	-1%	2%	10%	27%	-	33%	10%	2%	6%	-	-	-	-
Revenue (US$ mn)	**19,100**	**4,717**	**4,816**	**5,252**	**6,672**	**21,472**	**8,853**	**9,743**	**9,922**	**10,555**	**39,072**	**66,614**	**77,385**	**86,960**
- YoY chg (%)	15%	1%	-1%	11%	38%	12%	88%	102%	89%	58%	82%	70%	16%	12%
- QoQ chg (%)	-	-2%	2%	9%	27%	-	33%	10%	2%	6%	-	-	-	-
Gross profit	**283,080**	**69,055**	**70,308**	**77,612**	**98,222**	**315,196**	**127,253**	**139,934**	**142,756**	**151,240**	**561,183**	**934,580**	**1,080,425**	**1,212,570**
- Gross margin	47.5%	46.3%	46.2%	46.2%	46.0%	46.2%	44.9%	44.9%	45.0%	44.8%	44.9%	43.8%	43.6%	43.6%
Operating profit	**103,470**	**22,891**	**22,868**	**25,514**	**39,504**	**110,776**	**67,480**	**80,388**	**82,112**	**87,067**	**317,047**	**659,173**	**785,743**	**881,427**
- Operating margin	17.4%	15.3%	15.0%	15.2%	18.5%	16.2%	23.8%	25.8%	25.9%	25.8%	25.4%	30.9%	31.7%	31.7%
Non-op profit	21,418	4,129	5,094	3,818	3,984	17,025	3,841	3,168	3,541	3,739	14,290	15,047	19,324	24,807
Pre-tax profit	124,888	27,019	27,962	29,331	43,488	127,801	71,321	83,556	85,654	90,806	331,336	674,221	805,067	906,233
Net profit	**105,319**	**24,154**	**24,335**	**25,078**	**37,183**	**110,750**	**60,980**	**71,440**	**73,234**	**77,639**	**283,293**	**576,459**	**688,332**	**774,830**
- YoY chg (%)	-1%	-18%	-13%	-1%	62%	5%	152%	194%	192%	109%	156%	103%	19%	13%
- QoQ chg (%)	-	5%	1%	3%	48%	-	64%	17%	3%	6%	-	-	-	-
Basic EPS (NT$)	**66.17**	**15.17**	**15.28**	**15.75**	**23.35**	**69.54**	**38.29**	**44.85**	**45.98**	**48.75**	**177.87**	**361.94**	**432.18**	**486.49**
- YoY chg (%)	-1%	-18%	-13%	-1%	62%	5%	152%	194%	192%	109%	156%	103%	19%	13%
- QoQ chg (%)	-	5%	1%	3%	48%	-	64%	17%	3%	6%	-	-	-	-
UBS EPS (NT$)	**66.17**	**15.17**	**15.28**	**15.75**	**23.35**	**69.54**	**38.29**	**44.85**	**45.98**	**48.75**	**177.87**	**361.94**	**432.18**	**486.49**
- YoY chg (%)	-1%	-17%	-12%	0%	63%	5%	152%	194%	192%	109%	156%	103%	19%	13%
- QoQ chg (%)	-	6%	1%	3%	48%	-	64%	17%	3%	6%	-	-	-	-

Source: Company data, UBS estimates Note: Our EPS estimates are based on basic EPS.

Figure 8: UBS forecasts for MediaTek's TPU business

	2026E	2027E	2028E	2029E	2030E
Google's TPU sales (US$mn)	**2,113**	**18,000**	**43,500**	**52,500**	**60,000**
Google's TPU sales (NT$mn)	67,200	576,000	1,392,000	1,680,000	1,920,000
% of total sales	*10%*	*46%*	*65%*	*68%*	*69%*
Gross profits (NT$mn)	**28,224**	**241,920**	**584,640**	**705,600**	**806,400**
Gross margin	*42%*	*42%*	*42%*	*42%*	*42%*
OPEX (NT$mn)	13,440	28,800	41,760	50,400	57,600
OPEX ratio	*20.0%*	*5.0%*	*3.0%*	*3.0%*	*3.0%*
Operating profits (NT$mn)	**14,784**	**213,120**	**542,880**	**655,200**	**748,800**
Operating margin	*22%*	*37%*	*39%*	*39%*	*39%*
Tax rate	*13.0%*	*14.5%*	*14.5%*	*14.5%*	*14.5%*
Net profits (NT$mn)	**12,869**	**182,218**	**464,162**	**560,196**	**640,224**
EPS contribution (NT$)	**8.1**	**114.4**	**291.4**	**351.7**	**402.0**
Consolidated EPS (NT$)	**69.5**	**177.9**	**361.9**	**432.2**	**486.5**

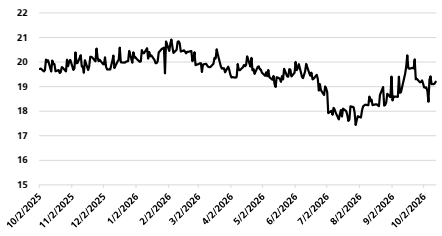
Source: UBS estimates

Figure 9: MediaTek's key growth drivers

Base case (NT$m)	2025	2026E	2027E	2028E
5G flagship	**110,921**	**107,181**	**159,929**	**174,779**
% of sales	19%	16%	13%	8%
Units (m)	21.5	19.0	26.5	28.0
ASP (US$)	165.3	177.4	188.6	195.1
5G non-flagship	**166,745**	**124,168**	**112,356**	**133,168**
% of sales	28%	18%	9%	6%
Units (m)	189.0	145.0	136.0	160.0
ASP (US$)	28.3	26.9	25.8	26.0
PC CPUs		**4,744**	**9,217**	**15,190**
% of sales		1%	1%	1%
Units (m)		3.7	7.2	11.9
- Total NB units (m)		*186*	*192*	*198*
- WOA penetration in PC market		*10%*	*15%*	*20%*
- NVIDIA/MediaTek's share		*20%*	*25%*	*30%*
Royalty fee (US$ per chip)		40.0	40.0	40.0
Cloud ASICs		**67,200**	**576,000**	**1,392,000**
% of sales		10%	46%	65%
Edge AI ASICs			**16,000**	**32,000**
% of sales			1%	2%
Automotive	**11,233**	**15,139**	**20,480**	**56,000**
% of sales	2%	2%	2%	3%
TAM for cockpit, connectivity (US$bn)	24	28	32	35
MediaTek's share	2%	2%	2%	5%
Wi-Fi 7	**4,487**	**7,735**	**12,096**	**16,769**
% of sales	1%	1%	1%	1%
Units (m)	17.8	33.4	54.6	79.6
ASP (US$)	8.1	7.3	6.9	6.6
Revenue from new growth drivers (NT$m)	**293,386**	**326,167**	**906,078**	**1,819,906**
% of sales	49%	48%	72%	85%
Total MediaTek sales (NT$m)	**595,966**	**682,910**	**1,250,308**	**2,131,656**
YoY growth	*12%*	*15%*	*83%*	*70%*

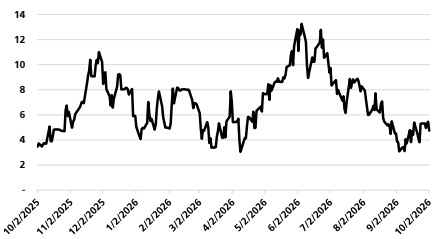
Source: Company data, UBS estimates

Figure 10: TSMC crowding score



Source: UBS Quant research

Figure 11: MediaTek crowding score



Source: UBS Quant research

Figure 12: Coverage crowding scores as of October 13, 2026

Company	Score
TSMC	19.2
ASMPT	6.5
ASE	5.6
MediaTek	5.5
UMC	3.8
Aspeed	3.0
Silergy	0.6
All Ring	-0.8
Vanguard	-0.9
Hon. Precision	-3.6
PSMC	-4.9
KYEC	-5.3
Realtek	-6.3
GlobalWafers	-8.6

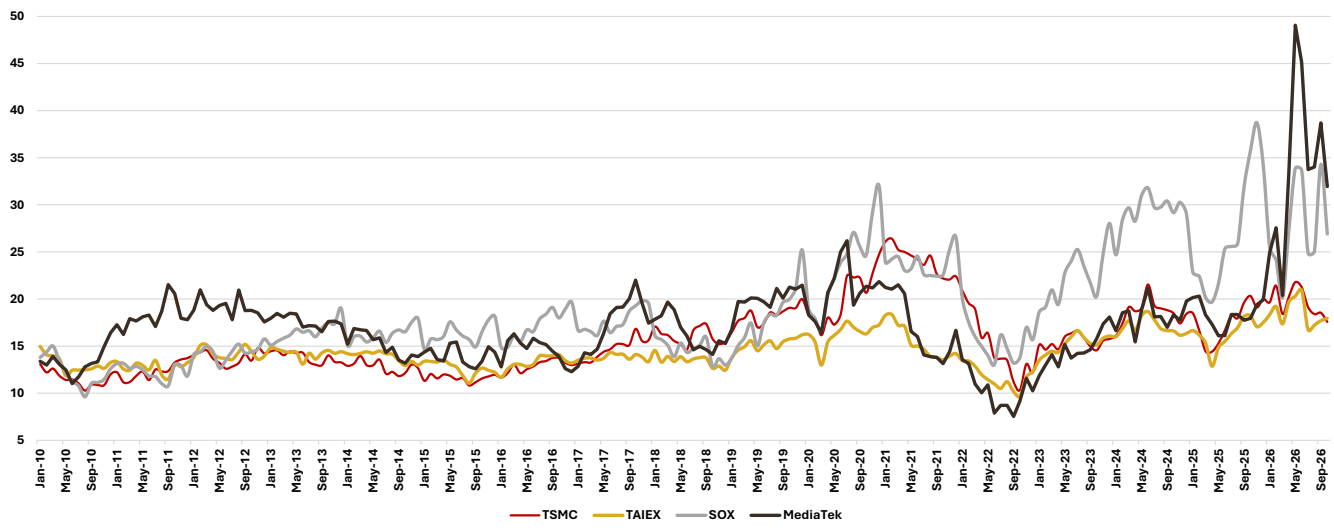
Source: UBS Quant research. Note: The crowding factors are standardized using z-scores and combined into a single daily factor, typically ranging from approximately +30 to -30 for each stock, with stocks ranked from the most heavily longed to the most heavily shorted.

Figure 13: Recent key publications

10/16/2026	TSMC Q326: "Taiwan Semiconductor Manufacturing "Full speed on capacity expansion,..."
10/13/2026	KYEC: First Read: King Yuan Electronics "Nvidia partnership reinforces KYEC's AI..."
10/12/2026	Asia Semis Pulse: "TSMC's US expansion, MediaTek debates, Testing initation, September sales"
10/8/2026	Testing sector deep-dive: "AI put to the test: the new era of chip testing"
10/7/2026	Aspeed: "Marvell's new AI management silicon is more complement than competitor"
9/28/2026	Asia Semis Pulse: "TSMC's A14 faster ramp; MediaTek's new ASICs; silicon..."
9/28/2026	TSMC preview: "Raising 2027-28 capex for next phase of AI growth"
9/28/2026	Foundry: "Much larger N2 TAM and faster A14 expansion; mature foundry upcycle underway"
9/23/2026	MediaTek: "Multiple catalysts ahead on TPU; quantifying upside in new ASIC projects"
9/22/2026	CoWoS: "ASICs and CPUs move to center stage, driving the next wave of CoWoS expansion"
9/18/2026	Wafer S/D: "UBS Global I/O Silicon Wafers "Silicon wafers: Meaningful price hikes..."
9/16/2026	UBS TW Summit: "Takeaways from UBS Taiwan Summit 2026 – Days 2..."
9/15/2026	UBS TW Summit: "2026 UBS Taiwan Summit Takeaways – Day 1"
9/14/2026	Asia Semis Pulse: MediaTek catalysts, Aug sales, TSMC & ASML collaboration, UMC silicon photonics
9/07/2026	2026 SEMICON Taiwan: 5 key takeaways for advanced packaging, advanced logic, CPO & test
8/31/2026	MediaTek: Expanding partnership with Nvidia and Google for AI computing platforms
7/27/2026	CoPoS vs. EMIB: "Can Intel challenge TSMC's advanced packaging leadership?"
7/27/2026	All Ring Initiation: "Share gainer in expanding advanced packaging TAM"

Source: UBS

Figure 14: Valuation: Consensus forward P/E of TSMC, MediaTek, SOX, and TAIEX



Source: LSEG, UBS estimates

Figure 15: APAC Semiconductors Valuation: Foundry & Fabless

Company name	Ticker	Rating	Analyst	Market cap (US$m)	Price target (LC)	Share price (LC)	EPS growth (%)		P/E (x)		P/BV (x)		ROE (%)		Dividend yield (%)	
							2027E	2028E	2027E	2028E	2027E	2028E	2027E	2028E	2027E	2028E
Foundry																
Hua Hong	1347.HK	Neutral	Jimmy Yu	16,873	148	76	44.1	39.3	67	48	2.1	2.0	3.2	4.3	0.1	0.1
PSMC	6770.TW	Buy	Sunny Lin	8,830	100.0	68	33.6	16.7	7	6	2.1	1.7	33.7	31.4	3.8	5.0
SMIC	0981.HK	Buy	Jimmy Yu	53,612	102	53	49.6	34.6	29	21	1.9	1.7	6.7	8.4	0.0	0.0
TSMC	2330.TW	Buy	Sunny Lin	1,952,799	3,650	2,435	35.9	35.2	16	12	5.9	4.3	43.1	42.1	1.2	1.7
UMC	2303.TW	Buy	Sunny Lin	52,360	230	135	10.6	46.7	16	11	3.3	2.8	20.6	27.0	3.9	4.3
Vanguard	5347.TWO	Neutral	Sunny Lin	9,440	168	164	32.4	36.1	19	14	3.1	2.7	16.3	20.1	2.8	2.8
WIN Semi	3105.TWO	Buy	Jerry Su	6,647	725	507	71.9	30.9	37	28	4.4	4.0	12.5	15.1	0.8	1.4
Average									**27.3**	**20.1**	**3.2**	**2.8**				
Fabless																
Alchip	3661.TW	Buy	Jerry Su	9,281	6,600	3,690	59.5	29.3	16	13	3.8	3.2	25.5	27.8	0.9	1.9
ASMedia	5269.TW	Buy	Jerry Su	3,480	1,700	1,505	10.0	20.9	13	11	2.4	2.1	18.8	20.5	3.8	4.2
Aspeed	5274.TWO	Buy	Sunny Lin	18,641	22,000	15,945	73.9	42.9	49	34	32.9	22.5	84.3	78.7	0.9	1.5
Faraday	3035.TW	Neutral	Jerry Su	1,628	190	202	151.9	61.8	23	14	3.3	2.9	15.2	21.7	0.9	0.9
GUC	3443.TW	Buy	Jerry Su	32,497	8,660	7,845	138.9	39.7	56	40	31.5	19.0	72.5	58.7	0.3	0.3
MediaTek	2454.TW	Buy	Sunny Lin	213,534	7,300	4,305	155.8	103.5	24	12	11.9	8.3	55.4	82.0	1.3	3.3
Novatek	3034.TW	Neutral	Jerry Su	10,689	540	568	(1.9)	(3.8)	17	17	5.0	4.8	30.9	28.7	4.0	5.2
Parade	4966.TWO	Neutral	Jerry Su	1,328	565	544	33.9	47.1	13	9	1.7	1.5	13.4	18.0	2.8	3.8
Realtek	2379.TW	Neutral	Sunny Lin	12,292	690	775	19.6	7.2	19	18	7.6	6.9	42.0	40.2	3.6	4.3
Silergy	6415.TW	Buy	Sunny Lin	5,781	700	481	64.7	56.9	25	16	4.0	3.4	17.2	23.2	1.0	2.4
Average									**25.6**	**18.4**	**10.4**	**7.5**				
Average (ex-Design service/IP)									**22.8**	**16.7**	**9.4**	**7.1**				

Source: TEJ, UBS estimates. Note: Priced as of 15 Oct 2026; DPS paid in 2028/2027E based on 2027/2026E earnings, respectively.

Figure 16: APAC Semiconductors Valuation: Semi-backend & Silicon wafers

Company name	Ticker	Rating	Analyst	Market cap (US$m)	Price target (LC)	Share price (LC)	EPS growth (%)		P/E (x)		P/BV (x)		ROE (%)		Dividend yield (%)	
							2027E	2028E	2027E	2028E	2027E	2028E	2027E	2028E	2027E	2028E
Semi-backend																
All Ring	6187.TWO	Buy	Sunny Lin	4,222	1,700	1,400	57.4	64.0	29	18	11.4	8.4	43.9	54.2	1.5	2.4
Amkor	AMKR.O	Buy	Randy Abrams	10,820	80	44	7.9	32.0	16	12	2.0	1.7	13.1	15.3	0.8	0.9
ASE	3711.TW	Buy	Sunny Lin	92,574	865	673	70.7	22.8	21	17	5.6	4.9	29.5	30.8	1.8	3.1
ASMPT	0522.HK	Buy	Sunny Lin	7,268	200	138	47.7	24.4	19	15	2.8	2.4	16.0	17.3	1.9	2.8
Chipbond	6147.TWO	Buy	Jerry Su	4,940	290	215	45.9	34.0	26	19	3.1	2.9	12.1	15.2	1.3	1.8
Chroma ATE	2360.TW	Buy	Jerry Su	26,446	2,960	2,010	37.5	22.1	32	26	17.8	13.8	64.0	59.0	1.0	1.6
Gudeng	3680.TWO	Buy	Sunny Lin	1,559	710	525	34.5	35.0	26	19	3.6	3.4	14.2	18.0	2.1	2.8
GPTC	3131.TWO	Buy	Sunny Lin	1,947	4,300	2,155	66.7	65.4	22	13	14.2	8.8	79.6	81.7	1.9	3.2
Hon Precision	7769.TW	Buy	Sunny Lin	29,046	10,000	5,220	85.5	49.9	22	14	9.3	6.9	50.1	55.4	1.8	3.2
KYEC	2449.TW	Buy	Sunny Lin	10,418	370	276	70.2	28.5	19	15	4.7	4.0	26.9	29.6	2.0	2.1
Powertech	6239.TW	Neutral	Jerry Su	6,397	260	273	21.1	16.9	18	15	2.9	2.6	17.1	18.1	1.7	2.3
Average									**22.1**	**16.5**	**6.7**	**4.9**				
Silicon wafer																
GlobalWafers	6488.TWO	Buy	Sunny Lin	13,618	1,750	921	113.5	94.1	23.8	12.3	3.9	3.2	17.7	28.9	0.8	1.7

Source: TEJ, UBS estimates. Note: Priced as of 15 Oct 2026; DPS paid in 2028/2027E based on 2027/2026E earnings, respectively.

Valuation Method and Risk Statement

We base our price target for UMC on a P/E multiple. In our view, UMC faces a variety of risks, including rapidly changing technology, intense competition, high capital investment and cyclical demand. The company has a history of paying out stock options to employees, which could dilute earnings.

We derive our ASMPT price target from the PE methodology relative to ASMPT's historical trading range. ASMPT's sales are tied to the global semiconductor industry, which historically has been tied to global economic growth and is volatile. Although it is a market leader in the packaging assembly industry, the company faces global competition. Downside risks include a weaker than expected automotive recovery, unsustainable wirebonder demand and a failure to adapt to technological changes.

Our ASE Industrial price target is based on a PE multiple relative to ASE and SPIL's previous historical valuation ranges. We believe ASE Industrial faces a variety of upside and downside risks, including rapidly changing technology, intense competition, high capital investment and cyclical demand.

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.

