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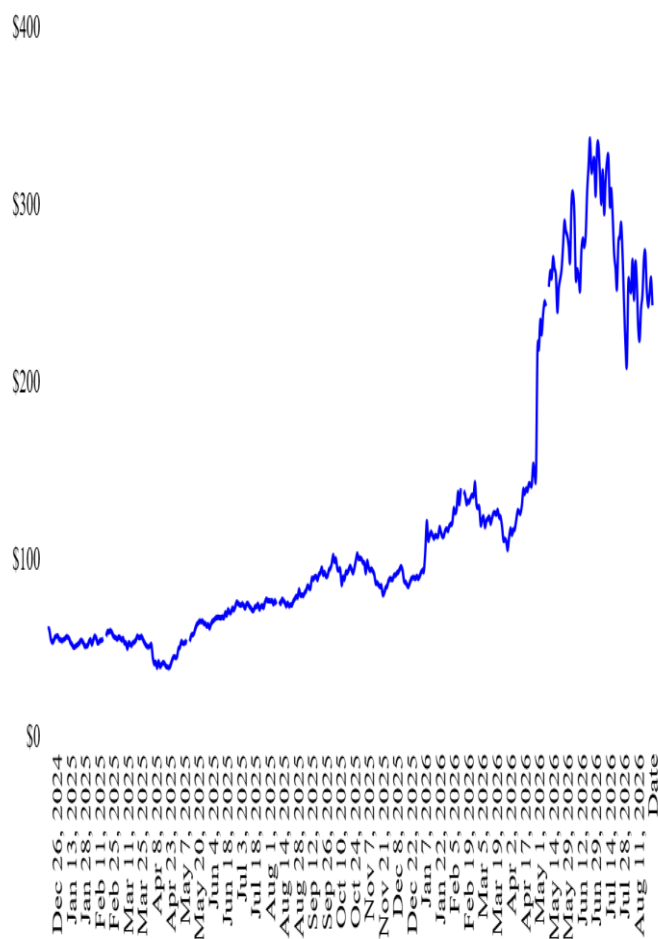
SILICON MOTION TECHNOLOGY CORPORATION (SIMO: NASDAQ)

Company Name: Silicon Motion Technology (SIMO: Nasdaq)

Recommendation: [Buy]

SCENARIOS			
	<i>Base</i>	<i>Bull</i>	<i>Bear</i>
	FY2027	FY2027	FY2027
Scenarios	\$2,430	\$2,500	\$1,940
3yr Growth	3.0%	3.5%	\$2. 5%
Adj. EBITDA	\$2,430	\$2,700	\$1,950
Margin	37.0%	42. 0%	28.0%
FCF	\$192	\$350	\$75
Margin	20.0%	14.0%	3.9%
Conversion	7.9%	13.0%	3.8%
EBITDA Multiple	9.0x	10.0x	8.0x
EV	\$11,000	\$15,000	\$9,000
Net Debt	-\$112	-\$112	-\$112
Equity Value	\$11,730	\$16,610	\$4,920
Sh. Out.	34.0	34.0	34.0
Price Target	\$345.00	\$488.53	\$144.71
Upside/Downside	43.00%	74%	-44%
IRR	24%	54%	-36%
Risk/Reward vs Bear Case	1.0	1.7	-61%

Share Price History (SIMO Nasdaq)



Executive Summary

Silicon Motion Technology Corp. (Nasdaq: SIMO)

SIMO's high-momentum growth engine is fueled by AI-driven storage demand, positioning the company as a high-potential and closely scrutinized player in the semiconductor industry. The company shattered expectations in Q2 2026, delivering \$451 million in revenue and posting a 127% year-over-year surge. A structural shift in demand toward embedded storage, enterprise SSD controllers, and high-performance AI infrastructure drives this massive growth. Furthermore, non-seasonal momentum in the eMMC+UFS and high-margin Ferri & Boot Drive solutions is continually lifting net profit margins toward the 30% threshold.

Business Overview

Since its founding in 1995, the company has grown into a leading designer and marketer of fabless flash controllers and storage solutions. It operates primarily in Taiwan, Hong Kong, South Korea, and the United States of America. Unlike vertically integrated giants (like Samsung or SK Hynix) that design and build their own controllers, Silicon Motion is a specialized merchant vendor. With trailing twelve-month (TTM) revenues hitting **\$1.31 billion**, the company is benefiting heavily from strong NAND demand.

Investment Thesis

Silicon Motion Technology Corporation has, over the years, transitioned from a cyclical NAND-controller company into a higher-

growth storage infrastructure supplier benefiting from AI, while still retaining a strong core franchise in client and mobile storage. AI systems generate and consume enormous amounts of data, which increases the need for high-performance SSDs in servers and data centers. Their revenue is growing while margins are expanding. The company describes itself as the world's largest supplier of SSD controllers and a leading merchant supplier of eMMC/UFS controllers. That ecosystem position is a significant competitive asset. Silicon Motion Technology spent many years investing in research and development and in developing products for markets that weren't yet contributing substantial revenue. Now some of those investments are beginning to monetize, as observed in the numbers:

Q1 2025 revenue: \$166.5m

Q1 2026 revenue: \$342.1m

Q1 non-GAAP operating margin: 8.9% to 18.2%

Q2 2026 non-GAAP operating margin: 23.1%

Management Team and Board of Directors

Chairman/CEO:

Wallace C. Kou (also known as Chia-Chang Kou) is the President, Chairman of the Board of Directors, and Chief Executive Officer of Silicon Motion Technology. He founded Silicon Motion Technology Corporation in 1995 and has been President since. He was previously Vice-President and chief architect at the Multimedia Products Division of Western Digital Corporation, which developed graphics processors for notebook PCs and was sold to Philips Semiconductor in 1995. Before Western Digital, Mr. Kou worked for Wyse Technology. Mr. Kou has a

B.S. in Electrical & Control Engineering from National Chiao Tung University in Taiwan and an M.S. in Electrical & Computer Engineering from the University of California, Santa Barbara.

CFO

Jason Tsai is the Chief Financial Officer (CFO) of Silicon Motion Technology Corporation. He took over the role permanently on October 28, 2024, after serving as the interim CFO since April of that year. He worked at the company from 2008 to 2019 as head of Investor Relations. He rejoined Silicon Motion in September 2023 as the VP of Investor Relations and Finance before being elevated to CFO. He previously held leadership roles at Zendesk and Synaptics and spent over a decade as a Wall Street equity research analyst. He holds a B.A. in Economics and Molecular and Cell Biology from the University of California, Berkeley.

V-President

Nelson Duann has been the Senior Vice President of Client & Automotive Storage business since December 2023, after serving as Senior Vice President of Marketing and R&D for mobile storage since November 2018. He joined Silicon Motion in 2007. He has nearly 25 years of experience in product design, development, and marketing in the semiconductor industry. Before Silicon Motion, he worked for Sun Microsystems, focusing on UltraSPARC microprocessor projects. Mr. Duann has an MS in Communications Engineering from National Chiao Tung University in Taiwan and an MS in Electrical Engineering from Stanford University.

Valuation

Comparable Analysis					
			USD		
		Last	Market	USD	% Chg
Ticker	Name	Price	Cap	EV	1Yr
MU	Micron Tech	\$911.29	\$980.90	\$961.25	86%
WDC	Western Digit	\$437.93	\$151.1	\$150.6	83%
INTC	Intel Corp	\$97.71	\$492.8	\$512.7	78%
MCHP	MicrochipTech	\$81.02	\$44.0	\$49.1	23%
MRVL	Marvell Tech	\$212.31	\$190.6	\$188.6	64%
QCOM	QualComm	\$162.68	\$170.8	\$177.2	5.70%
	Comp Group Average	19833%	20986%	21565%	51%
	Comp Group Median	\$162.7	\$170.8	\$177.2	64%
[SIMO]	[Silicon Motion Technology Incorporated]	\$241.31	\$7.8	\$7.8	2%

Precedent Transaction Analysis					
Date	Seller	Acquirer	Terms	Multiple	
2/14/2022	Xilinx	AMD	\$1.72/share		
8/30/2021	Dialog Semic	Renesas	All-cash		
5/31/2023	Ommic Saas	Macom Tech	All-cash		
6/22/2026	Quantum	NHanced			

Risks

Increasing Competition – from strong competitors such as Phison Electronics and Marvell Technology, which can result in lower selling prices and margin pressure.

Rising Operating Expenses - to remain competitive, Silicon Motion continues to invest heavily in research and development, which may delay the return on investment.

Geopolitical Risks - heavy dependence on Taiwan for critical research, development, and supply chain operations makes it particularly vulnerable in the event of hostilities between China and Taiwan

Over-reliance on third-party foundries - Silicon Motion designs

and develops semiconductor chips but does not manufacture them in its own fabrication plant. It depends on external manufacturers, such as Taiwan Semiconductor Manufacturing Company and other foundry partners, to manufacture its chips.

Financials

	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Revenue	\$922.10m	\$945.92m	\$639.14m	\$803.55m	\$885.63m	\$1.68b	\$2.43b	\$2.50b	\$2.57b
Growth	70.9%	2.6%	-32.43%	25.7%	10.21%	89.7%	44.6%	2.9%	2.80%
Gross Profit	\$460.8m	\$465.8m	\$270.4m	\$368.8m	\$427.5m	18.3m	\$1.20b	\$1.50b	\$1.59b
Margin	50.0%	49.3%	42.3%	45.9%	48.3%	49.0%	49.5%	50.0%	5.0%
SG&A	\$50.64m	\$62.98m	\$54.84m	\$58.80m	\$71.75m	\$87m			
Margin	5.49%	6.66%	8.58%	7.32%	8.1%	6.62%			
EBITDA	\$263.0m	\$233.2m	\$63.0m	\$117.5m	\$123.2m	\$490.1m	\$756.3m	\$924.8m	\$977.0m
Margin	28.5%	24.7%	9.9%	14.6%	13.9%	26.2%	31.1%	30.7%	30.7%
D&A	\$17.16m	\$18.93m	\$21.81m	\$25.33m	\$30.17m	\$33.73m			
Margin	1.86%	2.00%	3.41%	3.15%	3.41%	2.57%			
Operating Income	\$246.0	\$213.9	\$39.9	\$90.9	\$93.0	\$468.7	\$628.0	\$653.4	\$690.0
Margin	26.66%	22.66%	6.44%	11.47%	10.51%	16.31%			
Interest Expense	\$1.40m	\$2.64m	\$12.25m	\$14.53m	\$9.66m	\$7.04m			
EBT	\$247.26m	\$212.58m	\$61.05m	\$107.41m	\$140.13m	\$355.52m			
Tax	\$47.26m	\$40.07m	\$8.18m	\$18.16m	\$17.49m	\$65m			
Net Income	\$200m	\$172.5m	\$52.9m	\$89.2m	\$122.6m	\$289			
Sh. Out.	\$33.26m	\$33.39m	\$33.72	\$33.68	\$33.84				
EPS	\$5.19	\$5.17	\$1.58	\$2.64	\$3.64	\$8.55			
FCF	\$174.7m	\$83.9m	\$149.1m	\$77.1m	\$61.4m	-\$66.6			

Net Leverage	-1.35x	-0.97x	-4.92	-2.31x	-1.76	-0.52			