NOMURA

Global Memory

Global Markets Research
24 June 2026

EQUITY: MEMORY

Slightly diversified earnings in 2Q26; likely better pricing in 3Q

Maintain TP of KRW670,000 for Samsung (raised on 22 June); raise TP to KRW4,700,000 for Hynix; reflect stronger memory earnings outlook in 2H26F and beyond

Expect stronger-than-expected 2Q results for Samsung; Hynix to record slower 2Q OP but strong NP thanks to Kioxia investments

We believe the results of memory players in 2Q26F are likely to show increased price differentiation across memory suppliers, customers, and applications, which could result in short-term earnings disparities among vendors. SK Hynix's (000660 KS, Buy) 2Q26F OP is likely to come in approximately 10% below our previous estimate, as the magnitude of the price increase is likely to be lower than we expected. However, Hynix's NP should significantly exceed market consensus, as gains from the disposal of its Kioxia (285A JP, Buy) stake and valuation gains from its CB investment (14% ownership) could have reached approximately KRW60tn during the quarter, a level comparable to its OP. For Samsung Electronics (SEC; 005930 KS, Buy), as we *reported* on 22 June, we believe the magnitude of price increases in 2Q was broadly in-line with our previous assumptions. In addition, following the labor-management agreement reached during the quarter, the bonus payout ratio was finalized at 10.5%. As a result, in our recent SEC report, we estimated bonus-related provisions at KRW19tn, lower than our previous assumption of KRW24tn. Accordingly, we raised our 2Q26F OP forecast for SEC from KRW67tn (from 15 May *report*) to KRW76tn.

Memory price growth to be higher than expected in 3Q; HBM profitability to catch up with commodity DRAM in 2027F

For 3Q26F, we revise our forecasts for commodity DRAM/NAND price increases, driven by rising prices of consumer-related products (which recorded relatively modest price increases in 2Q), higher DDR5 and LPDDR5 prices for CSP (cloud service provider) customers, and an increasing sales mix contribution from higher-ASP HBM4 products. We now forecast commodity DRAM prices to rise 24% q-q and NAND prices to increase 25% q-q in 3Q26F, compared with our previous forecasts of approximately +5% q-q and +25% q-q, respectively. We expect shipment growth in 2H26F to outpace that in 1H, as output from newly-added capacity should increasingly contribute to sales as the year progresses. Given that HBM profitability remains substantially lower than that of commodity DRAM, the magnitude of HBM price increases in 2027F is becoming more likely to exceed our previous expectations. We, therefore, raise our HBM pricing assumptions as well.

LTA negotiation ongoing; terms may differ by vendors and customers

We expect long-term agreements (LTAs) to be signed primarily with CSPs and Nvidia (NVDA US, Not rated). Based on our understanding, each memory supplier is currently negotiating LTAs with approximately two to four customers. Negotiation progress and key terms, including pricing and down payments, appear to vary across vendors. As a result, profitability could diverge depending on both the specific LTA terms and the vendors and customers involved. Detailed terms have not yet been disclosed, although we expect greater visibility once LTAs are applied from 2H26F or 2027F. *(continued in the next page)*

Fig. 1: Memory – Stocks for action

Company	Ticker	Rating	Target price (KRW)	Current price (KRW)	Potential Upside
Samsung Electronics	005930 KS	**Buy**	670,000	340,500	96.8%
SK Hynix	000660 KS	**Buy**	4,700,000	2,580,000	82.2%

Note: Current share prices as of 24 June 2026.
Source: Bloomberg Finance L.P., Nomura research

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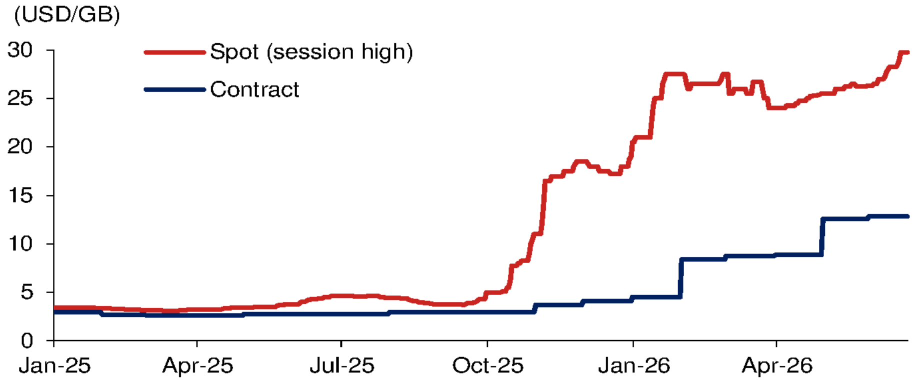
Revise up 2027F memory OP, reflecting moderated KRW appreciation outlook

We also moderate our previous assumptions regarding KRW's appreciation. While Korea's trade surplus is likely to expand substantially during the memory super-cycle, we believe overseas investment demand by Korean corporates—particularly the use of operating cash flows for overseas M&A—as well as overseas portfolio diversification by domestic institutions and retail investors, will be significantly greater than in past cycles.

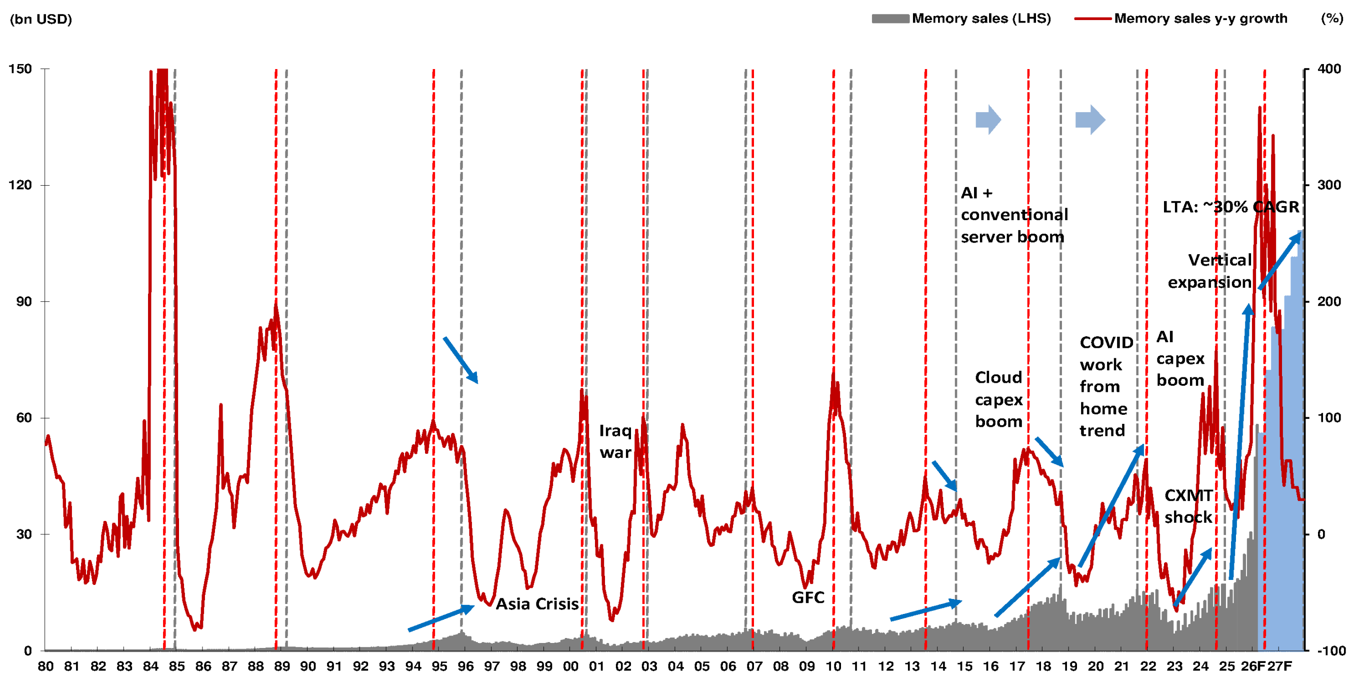
Reflecting higher pricing assumptions and a more moderate outlook for KRW's appreciation, we raise our 2027F OP forecasts. We forecast 2027F OP for SEC/Hynix at KRW598tn/468tn, representing upward revisions of 38%/19% (vs. our 15 May estimates; raised SEC OP forecasts in our 22 June *report*).

Fig. 2: DDR5 spot vs. contract price trend



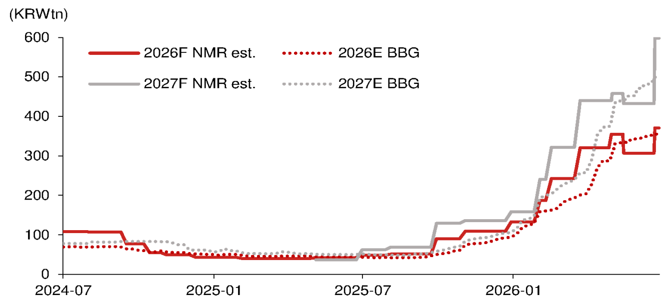
Note: Spot price based on DDR5 16Gb (2Gx8) 4800/5600 session high prices; contract prices based on DDR5 16GB U-DIMM; both prices converted into USD/GB terms
Source: DRAMeXchange, Nomura research

Fig. 3: Global memory sales and y-y growth



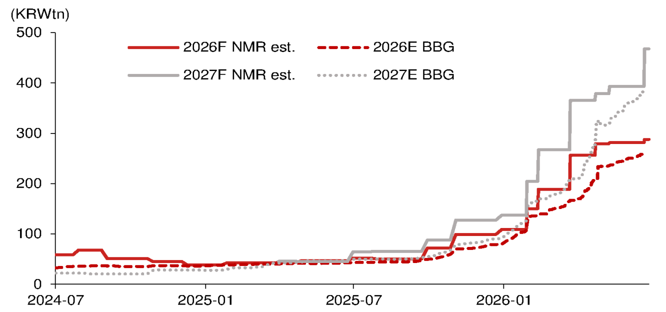
Source: WSTS, Nomura research

Fig. 4: SEC – 2026F/27F OP: Nomura vs. Bloomberg consensus estimates



Source: Bloomberg Finance L.P., Nomura estimates

Fig. 5: Hynix – 2026F/27F OP: Nomura vs. Bloomberg consensus estimate



Source: Bloomberg Finance L.P., Nomura estimates

Raised TP by 14% for SEC; raise TP by 18% for Hynix; reaffirm Buy on both names

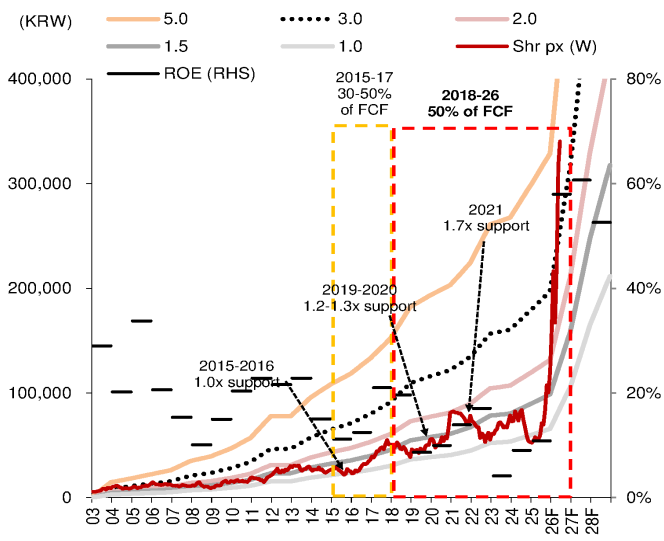
As our KRW-denominated earnings forecasts have been revised upward, we raised our TP for SEC by 14% from KRW590,000 to KRW670,000 in our 22 June *report*. In this report, we also raise our TP for Hynix by 18% from KRW4,000,000 to KRW4,700,000, and reaffirm our Buy rating for both SEC and Hynix.

Fig. 6: SEC/Hynix – Risk premium, discount rate, target multiple, and TP

	2027F TSMC discount rate				SEC target	Hynix target							Hynix current	SEC current
Equity risk premium	1.2%	3.0%	5.0%	7.0%	8.0%	8.5%	9.0%	11.0%	13.0%	15.0%	17.0%	18.0%	18.6%	19.5%
Discount rate	5.2%	7.0%	9.0%	11.0%	12.0%	12.5%	13.0%	15.0%	17.0%	19.0%	21.0%	22.0%	22.6%	23.5%
P/E (x)	19.1	14.3	11.1	9.1	8.3	8.0	7.7	6.7	5.9	5.3	4.8	4.5	4.4	4.3
SEC														
P/B (x)	11.5	8.6	6.7	5.5	5.0	4.8	4.6	4.0	3.5	3.2	2.9	2.7	2.7	2.6
Share price (KRW)	1,530,000	1,140,000	890,000	730,000	670,000	640,000	610,000	530,000	470,000	420,000	380,000	360,000	350,000	340,500
Market cap (KRWtn)	8,434	6,285	4,906	4,024	3,694	3,528	3,363	2,922	2,591	2,315	2,095	1,985	1,929	1,877
Hynix														
P/B (x)	14.4	10.8	8.4	6.8	6.3	6.0	5.8	5.0	4.4	4.0	3.6	3.4	3.3	3.2
Share price (KRW)	11,200,000	8,300,000	6,500,000	5,300,000	4,900,000	4,700,000	4,500,000	3,900,000	3,400,000	3,100,000	2,800,000	2,700,000	2,580,000	2,500,000
Market cap (KRWtn)	7,713	5,716	4,476	3,650	3,374	3,237	3,099	2,686	2,341	2,135	1,928	1,859	1,777	1,722

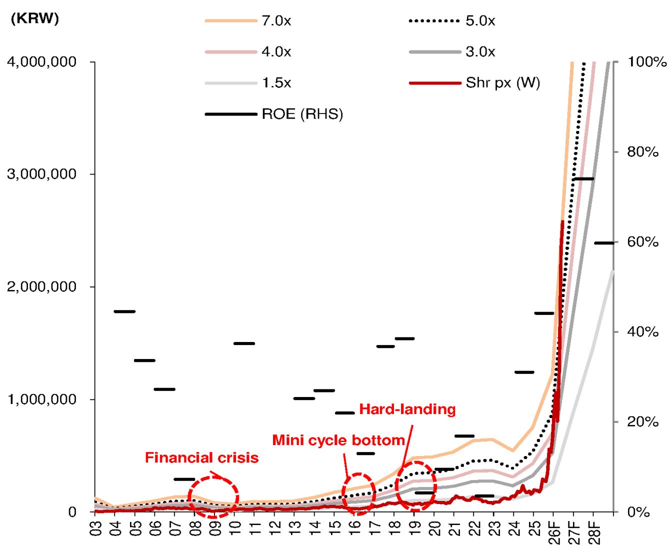
Note: Market cap is based on treasury share-adjusted number of shares; market cap for SEC excludes preferred shares; share prices as of 24 June 2026.
Source: Nomura estimates

Fig. 7: SEC - trailing P/B vs ROE and shareholder return



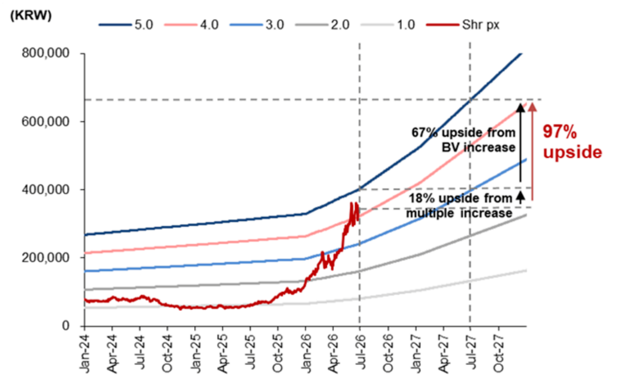
Source: Company data, Nomura estimates

Fig. 8: Hynix - trailing P/B vs ROE



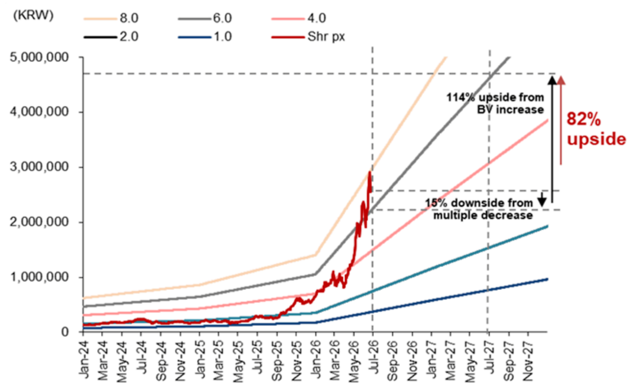
Note:
Source: Bloomberg, Nomura estimates

Fig. 9: SEC – trailing P/B: upsides from BV and multiple



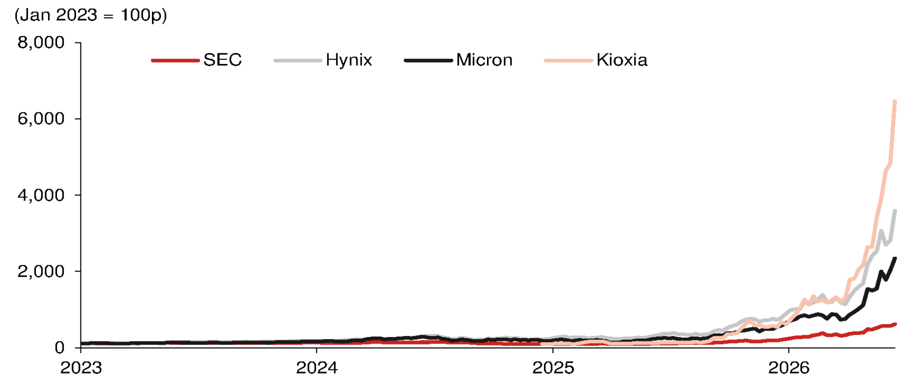
Source: Nomura estimates

Fig. 10: Hynix – trailing P/B: upsides from BV and multiple



Source: Nomura estimates

Fig. 11: SEC/Hynix vs. peers – relative market cap trend



Source: Bloomberg Finance L.P., Nomura research

Fig. 12: Global peer valuation

		Ticker	Rating	Share price (local)	M.Cap (KRW tn)	1M (%)	YTD	P/E(x) 26E	P/E(x) 27E	P/B(x) 26E	P/B(x) 27E	EV/EBITDA(x) 26E	EV/EBITDA(x) 27E	ROE(%) 26E	ROE(%) 27E	EPS GR(%) 26E	EPS GR(%) 27E
Memory	Samsung Electronics	005930 KS	Buy	340,500	1,979.0	15.5	181.1	7.1	4.2	3.3	2.1	4.2	2.2	58.0	60.7	634.4	67.8
	SK Hynix	000660 KS	Buy	2,580,000	1,842.3	33.2	296.5	6.5	4.9	4.5	2.7	4.7	3.0	108.5	74.0	571.7	33.5
	Micron	MU US	Not rated	1051.77	1,831.5	40.0	268.5	16.9	8.7	9.8	4.7	13.0	6.9	71.9	66.0	676.5	96.4
	Kioxia	285A JP	Buy	92,500	483.4	61.1	786.4	10.2	7.2	9.4	4.6	6.5	4.2	146.6	85.9	786.6	41.6
	Average							**10.2**	**6.3**	**6.8**	**3.5**	**7.1**	**4.1**	**96.3**	**71.7**	**667.3**	**59.8**
Storage	Western Digital	WDC US	Not rated	670.75	379.1	38.5	289.4	37.7	24.3	16.3	11.2	27.4	18.6	59.9	70.0	87.8	50.1
	Seagate	STX US	Not rated	1038.59	359.6	27.8	277.1	38.3	26.2	36.8	17.8	29.6	20.0	140.8	115.4	84.9	52.3
	Average							**38.0**	**25.3**	**26.6**	**14.5**	**28.5**	**19.3**	**100.3**	**92.7**	**86.3**	**51.2**
Fabless	Nvidia	NVDA US	Not rated	200.04	7,475.2	(7.1)	7.3	22.2	15.6	16.1	10.1	17.8	12.5	92.6	76.8	90.8	40.7
	AMD	AMD US	Not rated	519.85	1,308.9	11.2	142.7	71.7	39.6	11.9	10.0	60.9	34.6	14.2	21.5	85.2	83.9
	Average							**47.0**	**27.6**	**14.0**	**10.1**	**39.4**	**23.6**	**53.4**	**49.2**	**88.0**	**62.3**
Foundry	TSMC	2330 TT	Buy	2,390	3,011.3	6.0	54.2	23.8	19.1	8.3	6.1	15.5	12.1	40.5	37.0	51.7	24.6
	Intel	INTC US	Not rated	132.28	1,026.6	10.4	258.5	120.0	84.1	5.5	5.2	38.3	30.5	3.6	6.5	254.0	45.8
	Average							**71.9**	**51.6**	**6.9**	**5.7**	**26.9**	**21.3**	**22.0**	**21.7**	**152.8**	**35.2**
Total Average								**35.4**	**23.4**	**12.2**	**7.5**	**21.8**	**14.5**	**73.7**	**61.4**	**332.4**	**53.7**

Note: Priced as of 24 June 2026; Bloomberg consensus for not rated stocks and Nomura estimates for covered stocks
Source: Bloomberg Finance L.P., Nomura estimates

Risk factors to monitor

First, as we have highlighted on multiple occasions, demand across the AI hardware supply chain could be negatively affected **if US data center construction experiences significant delays** relative to schedule due to labor shortages, power supply constraints, and social opposition. In such a scenario, major hyperscalers may increasingly expand inference-focused data centers outside the US, while restrictions on the overseas use of high-performance AI (the case of Mythos) imposed by the US could accelerate sovereign AI investments globally. We believe these developments warrant continuous monitoring.

Second, spending on cloud services by leading AI companies has been growing rapidly, supported by a sharp increase in token-related revenues and smooth funding conditions. **If the competitive landscape among AI developers eventually evolves into a clearly differentiated and highly concentrated market structure**, the bargaining power of the AI hardware supply chain could weaken. However, we do not believe the industry has reached that stage yet, although signs of increasing market concentration could begin to emerge as early as 2027–29F.

Third, despite tightening US sanctions, **Chinese memory manufacturers continue to demonstrate a strong commitment to capacity expansion.** We estimate that Chinese memory suppliers currently account for ~30% of the domestic Chinese memory market and are approaching a 10% share of the global market. Should these companies rapidly expand capacity (we understand that they are increasing cleanroom capacity faster than our current industry production capacity estimation) through localization of semiconductor equipment under an increasingly restrictive regulatory environment, they could become a disruptive force in the commodity memory market in China. Nevertheless, given the numerous uncertainties surrounding future US regulatory actions and the pace of China's equipment localization efforts, we do not believe the situation warrants excessive concern at this stage. In particular, we believe Chinese memory players are unlikely to supply to global big techs' data centers due to national security reasons.

Fourth, following a 7–20x increase in the share prices of SEC and Hynix from their 2025 trough levels, SEC's and Hynix's **weights in EM benchmark funds** have exceeded 10%. In addition, **domestic equity allocations of Korea's National Pension Service have surpassed their upper limits (20.8% ± 10pp),** implying that these funds are likely to face increased selling pressure whenever share prices rise further. We expect a meaningful improvement in supply-demand dynamics from 2H26F onward, driven by the acceleration of share buyback and cancellation programs, as well as employee compensation-related treasury share purchases by both SEC and Hynix. We believe these developments deserve close attention.

Fig. 13: Estimated token consumption by prompt cases

		Estimated token consumption per case							
	Main hardware	Simultaneous interpretation	Simple question	Structured constraint	Style expansion	RAG question	Image generation	Agent AI (report + model)	1-hour video generation
User's prompt input	CPU + DRAM	(instant translation)	"How's the weather today?"	"How's the weather toady? Please answer in 5 words or less"	"How's the weather today? Please answer like a poet."	"Explain about reasons behind national debt increase"	"Please describe today's weather in an abstract painting."	"Make earnings models and company note based on the model"	"Make a 1-hour video describing recent weather"
Scheduling	CPU + DRAM								
Input token	GPU + HBM	10	10	20	25	40	20	500	10
RAG	CPU + DRAM	-	-	-	-	5,000	-	20,000	-
Output token generation	GPU + HBM/ LPU	30	20	5	100	1,000	10,000	10,000	100,000,000
Total		**40**	**30**	**25**	**125**	**6,040**	**10,020**	**30,500**	**100,000,010**

Source: Nomura estimates

Fig. 14: Memory vs. logic demand from global data center capex

(USDbn)	2024	2025	2026F	2027F	2028F	2029F	2030F
Global DC capex	**668**	**1,164**	**2,295**	**2,977**	**4,197**	**5,123**	**6,127**
Total memory demand from DC	**60**	**107**	**454**	**667**	**941**	**1,181**	**1,398**
Memory % of Global DC capex	*9%*	*9%*	*20%*	*22%*	*22%*	*23%*	*23%*
AI mix within capex	31%	40%	39%	41%	46%	51%	55%
Memory mix within DC semi demand	23%	24%	38%	41%	42%	42%	42%
Big 8's DC capex	**282**	**547**	**931**	**1,226**	**1,658**	**2,122**	**2,653**
Big 8 share within global DC capex	*42%*	*47%*	*41%*	*41%*	*39%*	*41%*	*43%*
China's DC capex	**40**	**70**	**130**	**190**	**250**	**300**	**360**
China share within global DC capex	*6%*	*6%*	*6%*	*6%*	*6%*	*6%*	*6%*
AI DC capex	**206**	**466**	**888**	**1,207**	**1,942**	**2,601**	**3,379**
Memory demand	**20**	**41**	**106**	**176**	**285**	**397**	**517**
Memory % of AI DC capex	*10%*	*9%*	*12%*	*15%*	*15%*	*15%*	*15%*
Logic demand	102	176	417	528	787	1,042	1,263
Logic % of AI DC capex	*50%*	*38%*	*47%*	*44%*	*41%*	*40%*	*37%*
Logic mix (within AIDC semi)	*83%*	*81%*	*80%*	*75%*	*73%*	*72%*	*71%*
General (non-AI) DC capex	**461**	**698**	**1,407**	**1,770**	**2,256**	**2,522**	**2,747**
Memory demand	**39**	**66**	**347**	**490**	**655**	**784**	**881**
Memory % of General DC capex	*8%*	*9%*	*25%*	*28%*	*29%*	*31%*	*32%*
Logic demand	101	161	326	417	538	614	642
Logic % of General DC capex	*22%*	*23%*	*23%*	*24%*	*24%*	*24%*	*23%*
Logic mix (within General DC semi)	*72%*	*71%*	*48%*	*46%*	*45%*	*44%*	*42%*
Out of total DC capex:							
Memory %	**9%**	**9%**	**20%**	**22%**	**22%**	**23%**	**23%**
Logic %	30%	29%	32%	32%	32%	32%	31%

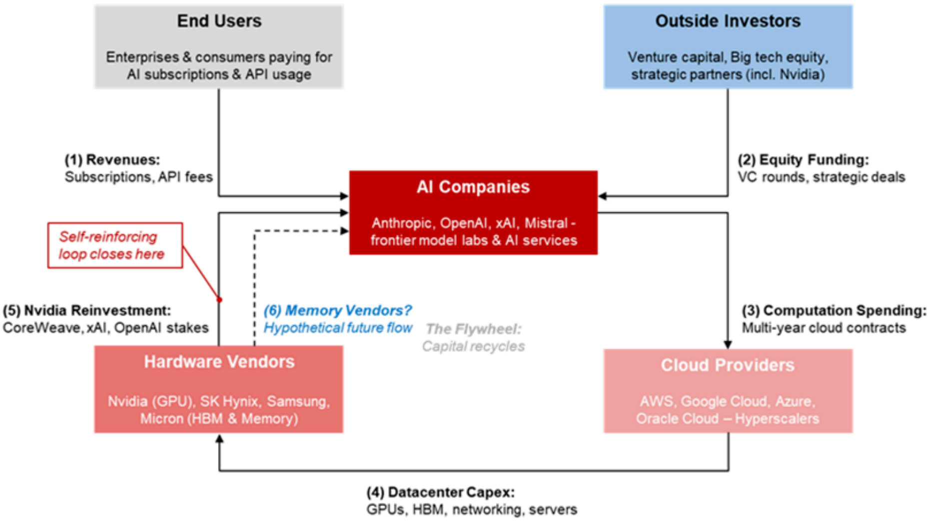
Source: Company data, Nomura estimates

Fig. 15: Global memory revenue breakdown by end demand

(USDbn)	2024	2025	2026F	2027F	2028F	2029F	2030F
Total memory revenue	**181**	**264**	**852**	**1,348**	**1,734**	**2,121**	**2,625**
Memory demand from global DC capex	**60**	**107**	**454**	**667**	**941**	**1,181**	**1,398**
Share of DC within memory revenue	*33%*	*41%*	*53%*	*49%*	*54%*	*56%*	*53%*
Memory demand for AI DC	**20**	**41**	**106**	**176**	**285**	**397**	**517**
Share of AI DC	*11%*	*16%*	*12%*	*13%*	*16%*	*19%*	*20%*
Memory demand for general DC	**39**	**66**	**347**	**490**	**655**	**784**	**881**
Share of general DC	*22%*	*25%*	*41%*	*36%*	*38%*	*37%*	*34%*
Memory demand for non-DC usage	121	157	398	682	794	940	1,226
Share of non-DC demand	*67%*	*59%*	*47%*	*51%*	*46%*	*44%*	*47%*

Source: Company data, Nomura estimates

Fig. 16: AI and memory industry – fund flow structure and self-reinforcing cycle



Source: Nomura research

Fig. 17: Memory players' wafer capacity until 2028F

(unit: k wafers/month)		end-2024	end-2025	end-2026	end-2027	end-2028
SEC	**DRAM**	**655**	**698**	**752**	**798**	**990**
	others	**565**	**538**	**502**	**488**	**470**
	P3	90	110	110	110	110
	P4	0	50	140	200	200
	P5	0	0	0	0	210
	NAND	**300**	**400**	**441**	**435**	**443**
	others	**241**	**340**	**371**	**365**	**303**
	P3	40	40	50	50	50
	P4	20	20	20	20	20
	P5	-1	0	0	0	70
SK Hynix	**DRAM**	**474**	**547**	**592**	**628**	**783**
	others	**474**	**547**	**532**	**523**	**513**
	M15X	0	0	60	90	90
	Y1				15	180
	Y2					0
	NAND	**260**	**260**	**220**	**200**	**260**
	others	**260**	**260**	**220**	**200**	**210**
	Y1				0	50
	Y2					0
Micron	**DRAM**	**345**	**365**	**385**	**515**	**560**
	Taiwan	230	245	265	340	350
	Japan	105	110	110	105	110
	US	10	10	10	70	100
	NAND	**170**	**170**	**140**	**140**	**160**
	Others	41	40	25	40	0
	SG	129	130	115	100	160
Kioxia (WD)	**NAND**	**600**	**600**	**610**	**630**	**650**
YMTC	**NAND**	**150**	**150**	**200**	**250**	**300**
CXMT	**DRAM**	**200**	**280**	**330**	**350**	**400**
Nanya	**DRAM**	**76**	**105**	**115**	**120**	**120**
Powerchip	**DRAM**	**28**	**28**	**28**	**28**	**28**
Swaysure	**DRAM**	**60**	**60**	**60**	**60**	**60**
Total DRAM cleanroom capacity (y-end)		**2,153**	**2,223**	**2,373**	**2,618**	**3,118**
y-y			70	150	245	500
y-y %			*3%*	*7%*	*10%*	*19%*
Total DRAM wafer capacity (y-end)		**1,674**	**2,083**	**2,263**	**2,498**	**2,941**
y-y			409	180	235	443
y-y %			*24%*	*9%*	*10%*	*18%*
HBM (y-end)		**181**	**380**	**480**	**670**	**900**
y-y			199	100	190	230
y-y %			*109%*	*26%*	*40%*	*34%*
Commodity (y-end)		**1,493**	**1,703**	**1,783**	**1,828**	**2,041**
y-y			210	80	45	213
y-y %			*14%*	*5%*	*3%*	*12%*
Total DRAM wafer capacity (y-average)		**1,674**	**1,878**	**2,173**	**2,380**	**2,720**
y-y			204	294	208	339
y-y %			*12%*	*16%*	*10%*	*14%*
HBM (y-average)		**181**	**318**	**438**	**595**	**785**
y-y			136	120	158	190
y-y %			*75%*	*38%*	*36%*	*32%*
Commodity (y-average)		**1,493**	**1,561**	**1,735**	**1,785**	**1,935**
y-y			68	174	50	149
y-y %			*5%*	*11%*	*3%*	*8%*
NAND cleanroom capacity (y-end)		**1,631**	**1,600**	**1,645**	**1,880**	**2,170**
y-y			-31	45	235	290
y-y %			*-2%*	*3%*	*14%*	*15%*
NAND wafer capacity (y-end)		**1,480**	**1,580**	**1,611**	**1,655**	**1,813**
y-y			100	31	44	158
y-y %			7%	2%	3%	10%
NAND wafer capacity (y-average)		**1,480**	**1,530**	**1,596**	**1,633**	**1,734**
y-y			50	66	38	101
y-y %			3%	4%	2%	6%

Note: Estimates for not rated stocks based on information from Chosun Daily, DIGITIMES Asia, Reuters, TrendForce
Source: Company data, Nomura estimates.

Fig. 18: Logic/memory TAM from OpenAI's capex by Nvidia's architecture

		Blackwell	Blackwell Ultra	Rubin	Rubin Ultra
USDmn	Memory TAM (HBM + LPDDR5X + NAND)	68,083	55,686	118,751	189,977
	HBM	47,923	34,783	30,808	85,577
	LP DDR5X	20,160	20,903	38,571	38,571
	NAND	0	0	49,371	65,829
	Logic share	33%	23%	13%	8%
	HBM share	47%	48%	23%	42%
	LPDDR5X share	20%	29%	28%	19%
	NAND share	0%	0%	36%	32%
	Memory / Logic	**200%**	**337%**	**677%**	**1190%**

Source: Company data, Nomura estimates

NOMURA

Global Markets Research

Samsung Electronics 005930.KS 005930 KS

24 June 2026

EQUITY: TECHNOLOGY

Stronger memory but lower earnings from other businesses

Maintain Buy and recently-raised TP of KRW670,000; less than expected bonus burden, but non-memory businesses facing earnings downside

Maintain Buy and TP of KRW670,000; 2Q results to be stronger than previously expected thanks to lower bonus provision expenses than projected earlier

We maintain our Buy rating for Samsung Electronics (SEC) and TP of KRW670,000 (raised from KRW590,000 on 22 June; *report*). We maintain our target P/B of 5.0x, which implies a target P/E of 8.3x. Our target multiple of 5.0x reflects enhanced business stability and visibility backed by memory long-term agreements (LTAs). We forecast SEC to generate an ROE of ~60% during 2026-27F.

We expect SEC to report 2Q26F OP of KRW76tn, above our previous forecast of KRW67tn (from 15 May *report*). We had previously incorporated KRW24tn worth bonus provisions for 2Q. However, following the final labor-management agreement, the bonus payout ratio was set at 10.5%, below our previous assumption of 12%. Accordingly, we now estimate total bonus provisions (including the recognition of all 1H bonus accruals in 2Q) at KRW19tn, lower than our previous estimate.

Greater price increase vs. peers expected in 2Q; HBM price to increase substantially from 2H26F; foundry/LSI businesses to face increased bonus burden

We expect SEC to have achieved relatively larger price increases than its peers during 2Q. In the case of high-speed HBM4, we believe the product will command a substantial price premium over standard HBM4. Given that HBM profitability remains significantly below that of commodity memory, we expect HBM prices to rise materially during 2H26F and throughout 2027F. A simple math suggests that HBM products, which currently generate an OPM of ~50%, would require ASP increases of more than 100% in order to achieve profitability similar to that of commodity memory products with OPM of ~80%. For the foundry/LSI businesses, we expect revenue growth to accelerate, supported by improving utilization rates and new customer wins. However, losses are likely to widen due to higher bonus expenses linked to the overall profitability of the semiconductor division.

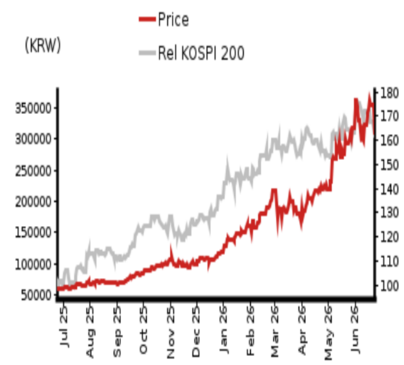
(continued on page 4)

Year-end 31 Dec	FY25	FY26F		FY27F		FY28F	
Currency (KRW)	Actual	Old	New	Old	New	Old	New
Revenue (bn)	333,606	702,147	702,147	954,304	954,304	1,123,690	1,123,690
Reported net profit (bn)	44,261	314,091	314,091	509,873	509,873	606,021	606,021
Normalised net profit (bn)	44,261	314,091	314,091	509,873	509,873	606,021	606,021
FD normalised EPS	6,571	48,262	48,262	80,985	80,985	98,307	98,307
FD norm. EPS growth (%)	32.8	634.4	634.4	67.8	67.8	21.4	21.4
FD normalised P/E (x)	51.8	–	7.1	–	4.2	–	3.5
EV/EBITDA (x)	21.6	–	4.2	–	2.2	–	1.6
Price/book (x)	5.3	–	3.3	–	2.1	–	1.6
Dividend yield (%)	0.5	–	3.1	–	4.5	–	11.0
ROE (%)	10.9	58.0	58.0	60.7	60.7	52.6	52.6
Net debt/equity (%)	net cash	net cash	net cash	net cash	net cash	net cash	net cash

Source: Company data, Nomura estimates

Rating Remains	**Buy**
Target price Remains	**KRW 670,000**
Closing price 24 June 2026	**KRW 340,500**
Implied upside	**+96.8%**
Market Cap (USD mn)	1,288,368.4
ADT (USD mn)	4,458.0

Relative performance chart



Source: LSEG, Nomura

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Key data on Samsung Electronics

Performance

(%)	1M	3M	12M		
Absolute (KRW)	16.4	79.5	462.8	M cap (USDmn)	1,288,368.4
Absolute (USD)	14.5	73.4	395.8	Free float (%)	82.0
Rel to KOSPI 200	8.6	19.8	246.4	3-mth ADT (USDmn)	4,458.0

Income statement (KRWbn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Revenue	300,871	333,606	702,147	954,304	1,123,690
Cost of goods sold	-186,562	-202,236	-203,920	-192,096	-210,320
Gross profit	114,309	131,370	498,227	762,208	913,370
SG&A	-81,583	-87,769	-127,541	-165,705	-191,420
Employee share expense	0	0	-70	1,555	185
Operating profit	32,726	43,601	370,616	598,058	722,135
EBITDA	75,357	90,528	421,498	657,438	794,785
Depreciation	-39,650	-43,606	-47,283	-55,690	-68,867
Amortisation	-2,981	-3,321	-3,599	-3,690	-3,783
EBIT	32,726	43,601	370,616	598,058	722,135
Net interest expense	3,915	3,987	6,070	10,838	16,387
Associates & JCEs	751	683	245	6,366	1,665
Other income	138	1,210	655	137	-8
Earnings before tax	37,530	49,481	377,586	615,399	740,180
Income tax	-3,078	-4,275	-62,604	-104,618	-133,232
Net profit after tax	34,451	45,207	314,982	510,781	606,947
Minority interests	-830	-946	-890	-908	-926
Other items					
Preferred dividends					
Normalised NPAT	33,621	44,261	314,091	509,873	606,021
Extraordinary items					
Reported NPAT	33,621	44,261	314,091	509,873	606,021
Dividends	-9,806	-11,113	-67,804	-97,151	-229,500
Transfer to reserves	23,815	33,148	246,287	412,722	376,521
Valuations and ratios					
Reported P/E (x)	68.4	51.0	6.9	4.2	3.4
Normalised P/E (x)	68.4	51.0	6.9	4.2	3.4
FD normalised P/E (x)	68.8	51.8	7.1	4.2	3.5
Dividend yield (%)	0.4	0.5	3.1	4.5	11.0
Price/cashflow (x)	31.7	26.9	6.9	4.0	3.2
Price/book (x)	5.9	5.3	3.3	2.1	1.6
EV/EBITDA (x)	25.8	21.6	4.2	2.2	1.6
EV/EBIT (x)	58.8	44.5	4.7	2.4	1.8
Gross margin (%)	38.0	39.4	71.0	79.9	81.3
EBITDA margin (%)	25.0	27.1	60.0	68.9	70.7
EBIT margin (%)	10.9	13.1	52.8	62.7	64.3
Net margin (%)	11.2	13.3	44.7	53.4	53.9
Effective tax rate (%)	8.2	8.6	16.6	17.0	18.0
Dividend payout (%)	29.2	25.1	21.6	19.1	37.9
ROE (%)	9.0	10.9	58.0	60.7	52.6
ROA (pretax %)	7.9	9.1	66.2	89.8	90.6
Growth (%)					
Revenue	16.2	10.9	110.5	35.9	17.7
EBITDA	66.6	20.1	365.6	56.0	20.9
Normalised EPS	133.6	34.1	634.9	65.4	21.7
Normalised FDEPS	132.3	32.8	634.4	67.8	21.4

Source: Company data, Nomura estimates

Cashflow statement (KRWbn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
EBITDA	75,357	90,528	421,498	657,438	794,785
Change in working capital	368	2,296	22,312	-17,722	-14,491
Other operating cashflow	-2,742	-7,509	-120,847	-99,736	-119,401
Cashflow from operations	72,983	85,315	322,963	539,980	660,893
Capital expenditure	-52,842	-53,453	-83,819	-108,922	
Free cashflow	20,141	31,862	239,144	431,059	660,893
Reduction in investments	-39,887	-16,055	-13,013	-7,348	-10,956
Net acquisitions	0	-2,200	0	0	0
Dec in other LT assets	-4,146	-9,687	-245	-1,761	-1,832
Inc in other LT liabilities	2,817	2,661	346	245	253
Adjustments	8,676	10,222	11,565	11,804	-138,755
CF after investing acts	-12,399	16,803	237,796	433,999	509,603
Cash dividends	-10,889	-9,897	-10,872	-95,146	-230,979
Equity issue	0	0	0	0	0
Debt issue	12,516	10,564	53,455	21,649	4,127
Convertible debt issue					
Others	-4,603	-13,319	-67,221	-78,570	-126,408
CF from financial acts	-2,976	-12,652	-24,638	-152,066	-353,261
Net cashflow	-15,375	4,151	213,159	281,932	156,341
Beginning cash	69,094	53,719	57,870	271,029	552,961
Ending cash	53,719	57,870	271,029	552,961	709,302
Ending net debt	-34,389	-32,631	-247,852	-534,937	-695,182

Balance sheet (KRWbn)

As at 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Cash & equivalents	53,719	57,870	271,029	552,961	709,302
Marketable securities	58,909	67,965	74,048	74,048	74,048
Accounts receivable	43,623	51,128	113,704	149,624	180,645
Inventories	51,755	52,637	63,064	78,245	89,968
Other current assets	19,056	18,085	4,104	15,957	14,255
Total current assets	227,062	247,685	525,949	870,835	1,068,219
LT investments	24,349	31,348	38,277	45,625	56,581
Fixed assets	205,945	215,305	245,012	294,322	367,455
Goodwill					
Other intangible assets	23,739	29,481	30,542	31,782	33,073
Other LT assets	33,437	43,125	43,370	45,131	46,963
Total assets	514,532	566,942	883,150	1,287,695	1,572,290
Short-term debt	15,380	18,752	17,780	14,482	11,795
Accounts payable	12,370	13,039	28,999	36,342	41,788
Other current liabilities	65,576	74,619	139,995	177,882	198,989
Total current liabilities	93,326	106,411	186,773	228,707	252,572
Long-term debt	3,950	6,487	5,397	3,542	2,325
Convertible debt					
Other LT liabilities	15,063	17,724	18,070	18,314	18,567
Total liabilities	112,340	130,622	210,239	250,563	273,463
Minority interest	10,504	12,007	13,846	15,735	17,882
Preferred stock	119	119	119	119	119
Common stock	778	778	778	778	778
Retained earnings	370,513	402,136	642,464	1,004,327	1,263,396
Proposed dividends					
Other equity and reserves	20,277	21,280	15,703	16,172	16,651
Total shareholders' equity	391,688	424,313	659,065	1,021,397	1,280,945
Total equity & liabilities	514,532	566,942	883,150	1,287,695	1,572,290
Liquidity (x)					
Current ratio	2.43	2.33	2.82	3.81	4.23
Interest cover	–	–	–	–	–
Leverage					
Net debt/EBITDA (x)	net cash	net cash	net cash	net cash	net cash
Net debt/equity (%)	net cash	net cash	net cash	net cash	net cash
Per share					
Reported EPS (KRW)	4,977	6,676	49,057	81,152	98,781
Norm EPS (KRW)	4,977	6,676	49,057	81,152	98,781
FD norm EPS (KRW)	4,950	6,571	48,262	80,985	98,307
BVPS (KRW)	57,981	63,997	102,938	162,566	208,793
DPS (KRW)	1,452	1,676	10,590	15,463	37,408
Activity (days)					
Days receivable	48.8	51.8	42.8	50.4	53.8
Days inventory	101.4	94.2	103.5	134.2	146.4
Days payable	23.2	22.9	37.6	62.1	68.0
Cash cycle	127.0	123.1	108.8	122.5	132.2

Source: Company data, Nomura estimates

Company profile

Samsung Electronics Co., Ltd. manufactures a wide range of consumer and industrial electronic equipment and products such as semiconductors, personal computers, peripherals, monitors, televisions, and home appliances including air conditioners and microwave ovens. The company also produces internet access network systems and telecommunications equipment including mobile phones.

Valuation Methodology

Our 12-month TP of KRW670,000 is derived by applying a target P/B of 5.0x to 12MF BVPS of KRW133,139. The target multiple reflects enhanced business stability and visibility backed by memory long-term agreements. The benchmark index for the stock is the KOSPI 200.

Risks that may impede the achievement of the target price

Downside risk includes potential US tariffs on semiconductor products, delay in data center construction due to power supply shortage, and slowdown in AI capex under a higher interest rate environment.

ESG

Samsung Electronics is one of the leading companies in Korea in executing ESG management. According to the mid-long-term green management roadmap, Samsung Electronics has set four key performance indicators in the areas of environment, safety and health (EHS) management system and is managing greenhouse gas, water resources, and waste during business activity. For more than 10 years, the company has been following 3R (Reduce, Reuse, Recycle) activities that conserve, reuse, and recycle water resources during manufacturing process. Samsung Electronics has established a greenhouse gas reduction plan to respond to climate change, and is also reflecting eco-friendly trends in semiconductors. The company has recently received 'Carbon Footprint Certification' from the UK 'Carbon Trust' for nine of its major memory products. Samsung Electronics establishes and operates management plans for each manufacturing process to minimize waste generated during production. In terms of social responsibility, Samsung Electronics is focusing on supporting its partners in three aspects: providing support for funds, technology, and manpower. Samsung is operating fund worth KRW2.2 tn in supporting its partner companies. Samsung is transparent with shareholder return policy by announcing shareholder return plans every three years and is working to improve corporate governance by having 54% of BOD as outside directors and implementing electronic voting for shareholders. Samsung is tackling the social issues by allowing for union activity.

(continued from page 1)

Smartphone business likely to turn to losses due to increased memory price

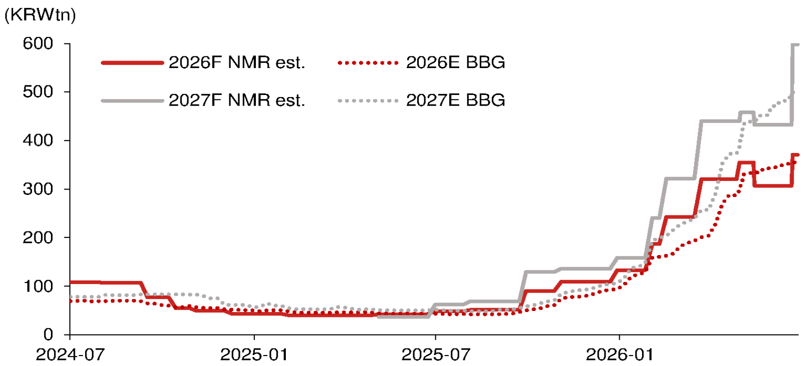
We lowered our 2Q26F OP forecast for the MX division (vs. 15 May forecast) on 22 June, reflecting higher memory prices. Excluding royalty income, we estimate that the hardware business has swung into operating losses as rising memory costs more than offset the impact of smartphone price increases. Although SEC raised smartphone prices by 10-15% recently, we think this would have been insufficient to fully offset higher memory costs. Given that its key competitor, Apple (AAPL US, Not rated), has already indicated plans to raise smartphone launch prices in response to rising memory costs, SEC is also likely to implement additional price increases in 2H26F, in our view.

2026F/27F OP to reach KRW371tn/598tn; total dividend to increase ~9x

Reflecting lower-than-expected bonus expenses and our expectation that memory price increase in 2H26F and beyond will exceed previous assumptions, we raised our 2026F and 2027F OP forecasts for SEC by 21% and 38% on 22 June (from our 15 May forecasts), respectively, to KRW371tn and KRW598tn.

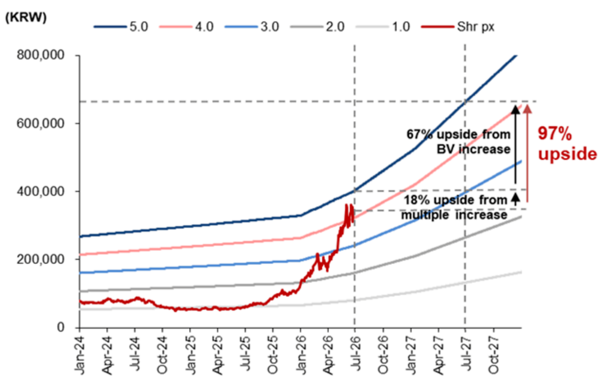
From 2H onwards, SEC is likely to initiate share repurchases both for employee compensation purposes and for shareholder returns, with a portion of the repurchased shares potentially being cancelled. Assuming the company maintains a dividend payout ratio of 25%, unchanged from the 2025 (the minimum requirement to qualify for reduced dividend income tax rates), total dividends would increase to ~KRW97tn in 2027F, representing approximately a nine-fold increase vs. 2025. **This would imply dividend yields of 4.5% for common shares and 7.5% for preferred shares, based on the current share price.**

Fig. 19: SEC – 2026F/27F OP consensus vs. Nomura estimates



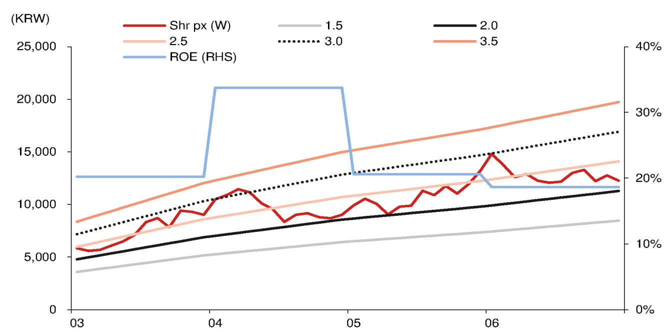
Source: Bloomberg Finance L.P., Nomura estimates

Fig. 20: SEC – trailing P/B band: upside from BV and multiple



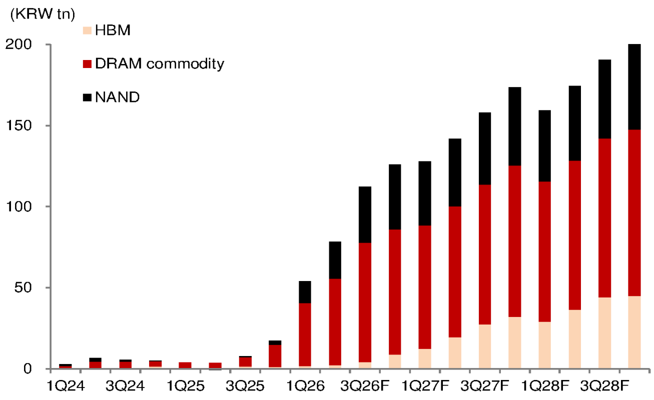
Source: Quantiwise, Nomura estimates

Fig. 21: SEC – trailing P/B vs. ROE during 2003-06



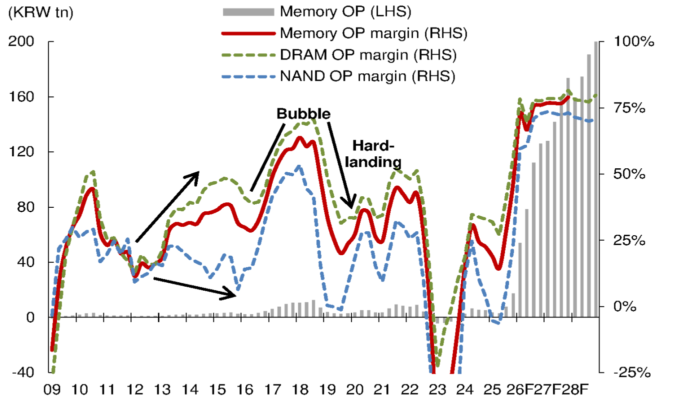
Source: Company data, Quantiwise, Nomura research

Fig. 25: SEC – Memory OP by product



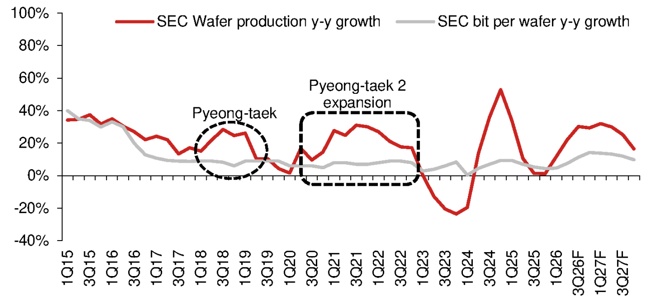
Source: Company data, Nomura estimates

Fig. 26: Memory OP and OPM trends



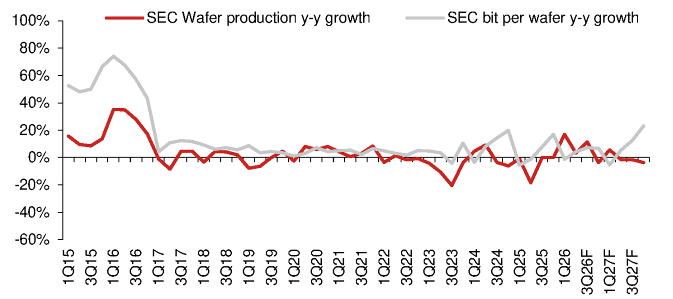
Source: Company data, Nomura estimates

Fig. 27: SEC – DRAM wafer production and bit per wafer growth outlook



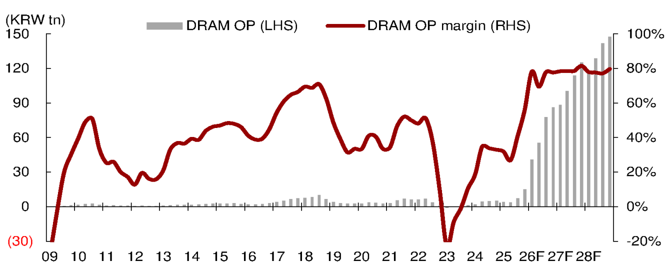
Source: Company data, Nomura estimates

Fig. 28: SEC – NAND wafer production and bit per wafer growth outlook



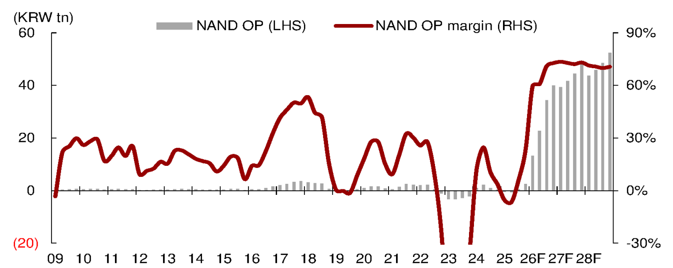
Source: Company data, Nomura estimates

Fig. 29: SEC – DRAM OP and OPM trends



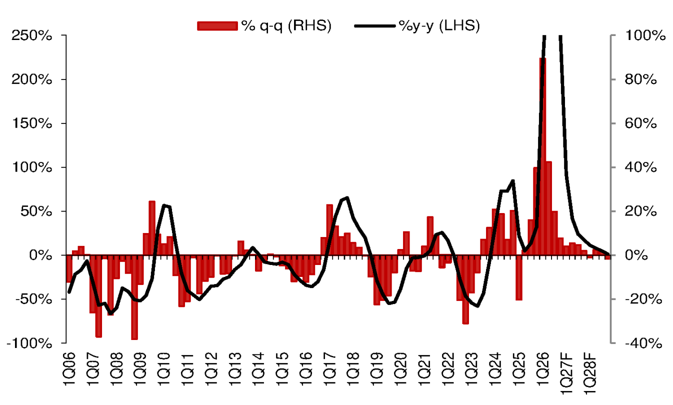
Source: Company data, Nomura estimates

Fig. 30: SEC – NAND OP and OPM trends



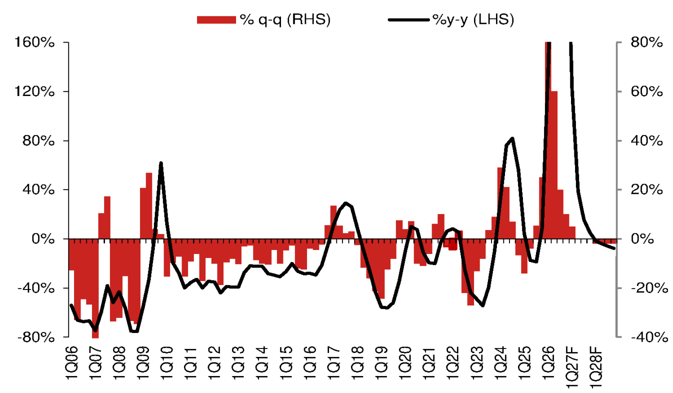
Source: Company data, Nomura estimates

Fig. 31: SEC – DRAM ASP q-q / y-y, %



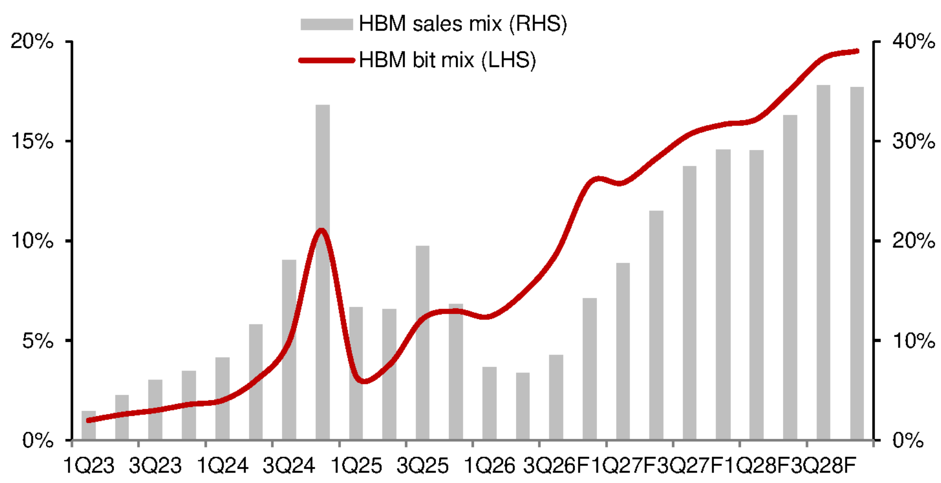
Source: Company data, Nomura estimates

Fig. 32: SEC – NAND ASP q-q / y-y, %



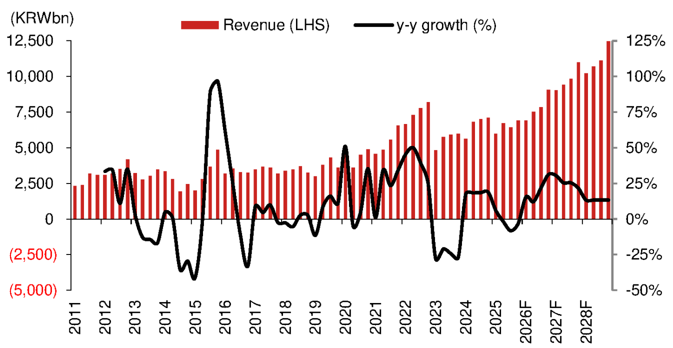
Source: Company data, Nomura estimates

Fig. 33: SEC – HBM sales, bit mix



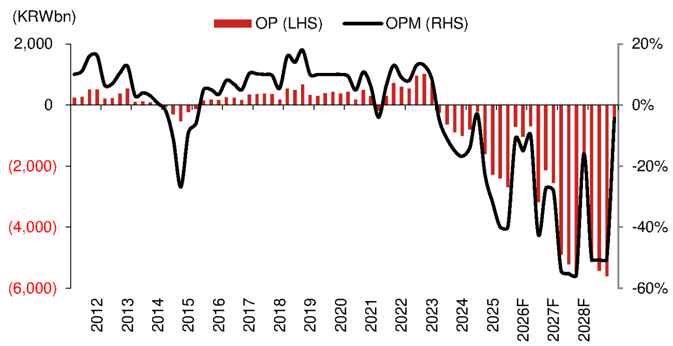
Source: Company data, Nomura estimates

Fig. 34: SEC – Non-memory sales trend



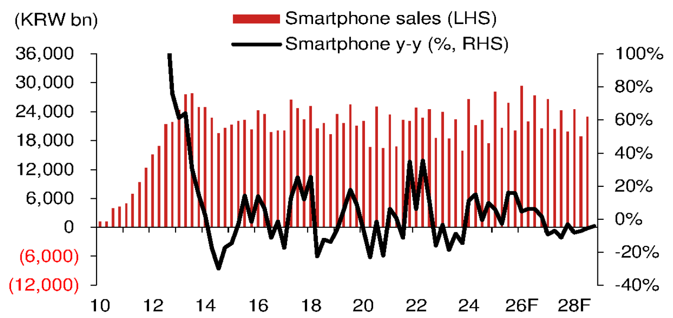
Source: Company data, Nomura estimates

Fig. 35: SEC – Non-memory OP and OPM trends



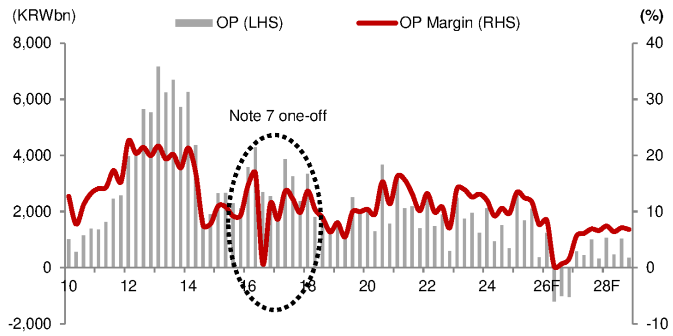
Source: Company data, Nomura estimates

Fig. 36: SEC – smartphone sales and y-y growth trends



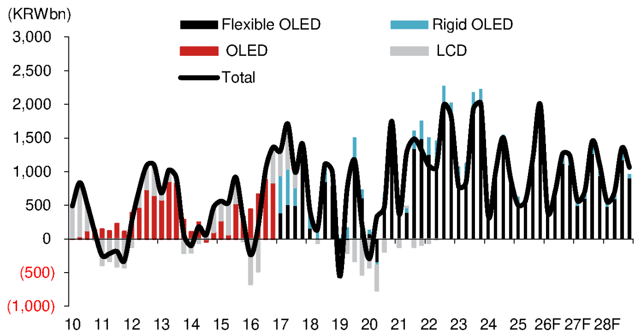
Note:
Source: Company data, Nomura estimates

Fig. 37: SEC – handset OP and OPM trends



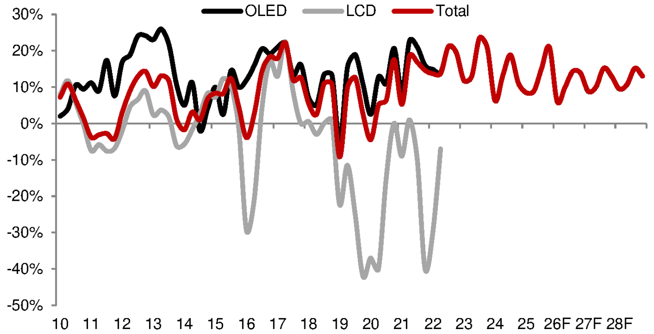
Source: Company data, Nomura estimates

Fig. 38: SEC – quarterly LCD/OLED OP trends



Source: Company data, Nomura estimates

Fig. 39: SEC – OPM for LCD, OLED and total display



Source: Company data, Nomura estimates

Fig. 40: SEC – our key assumptions

	2023	2024	2025	1Q	2QF	3QF	4QF	2026F	1QF	2QF	3QF	4QF	2027F	2028F
DRAM ASP (8Gb eq., US$)	1.77	2.90	3.52	8.93	12.72	15.24	16.42	13.50	17.10	18.03	18.88	19.24	18.39	19.47
% q-q				89%	42%	20%	8%		4%	5%	5%	2%		
% y-y	-45%	64%	22%	214%	337%	352%	248%	283%	91%	42%	24%	17%	36%	6%
DRAM shipments (8Gb eq., units mn)	11,152	12,809	13,916	3,979	4,190	4,453	4,681	17,302	4,681	5,128	5,669	6,044	21,521	27,079
% q-q				2%	5%	6%	5%		0%	10%	11%	7%		
% y-y	9%	15%	9%	33%	28%	18%	20%	24%	18%	22%	27%	29%	24%	26%
DRAM revenue (KRW bn)	25,845	50,637	69,666	52,057	79,908	99,779	110,675	343,016	112,838	127,585	144,473	153,499	540,244	682,797
% q-q				96%	54%	25%	11%		2%	13%	13%	6%		
% y-y	-39%	96%	38%	321%	497%	468%	316%	392%	117%	60%	45%	39%	57%	26%
NAND ASP (8GB eq., USD)	0.41	0.65	0.61	1.37	2.20	2.64	2.90	2.31	3.04	3.04	3.04	3.04	3.04	2.89
% q-q				88%	60%	20%	10%		5%	0%	0%	0%		
% y-y	-42%	60%	-6%	138%	296%	351%	297%	277%	122%	39%	16%	5%	32%	-5%
NAND shipments (8GB eq., units mn)	34,063	37,826	39,498	11,048	11,379	12,517	13,143	48,086	12,486	13,609	14,970	16,467	57,533	72,086
% q-q				8%	3%	10%	5%		-5%	9%	10%	10%		
% y-y	17%	11%	4%	39%	13%	12%	29%	22%	13%	20%	20%	25%	20%	25%
NAND flash sales (KRW bn)	18,196	33,624	34,405	22,225	37,497	48,507	54,882	163,443	53,604	57,185	61,536	66,186	239,119	269,679
% q-q				105%	69%	29%	13%		-2%	7%	8%	8%		
% y-y	-31%	85%	2%	233%	376%	434%	407%	375%	141%	53%	27%	21%	46%	13%
Smartphone shipments (units mn)	224	228	231	58	51	56	50	216	59	54	56	52	221	221
% q-q				8%	-12%	9%	-10%		18%	-8%	3%	-8%		
% y-y	-13%	2%	1%	-5%	-5%	-8%	-7%	-6%	2%	6%	0%	2%	3%	0%
Smartphone ASP (USD)	275	282	288	341	293	344	295	320	396	340	394	362	374	398
% q-q				34%	-14%	17%	-14%		34%	-14%	16%	-8%		
% y-y	1%	3%	2%	9%	8%	13%	15%	11%	16%	16%	15%	23%	17%	7%
IT&Mobile Com. OPM	12%	9%	10%	7%	0%	1%	2%	3%	5%	5%	6%	6%	6%	6%
% q-q				0.9%	-7.0%	0.4%	0.8%		3.5%	0.3%	0.8%	-0.4%		
% y-y	2.3%	-2.6%	0.8%	-4.3%	-10.2%	-9.5%	-5.0%	-7.2%	-2.3%	5.0%	5.4%	4.2%	2.9%	0.5%
IT&Mobile Com. revenue (W bn)	110,874	119,988	129,494	37,890	31,487	37,820	31,215	138,413	42,437	34,356	39,286	34,325	150,404	151,260
% q-q				29%	-17%	20%	-17%		36%	-19%	14%	-13%		
% y-y	-8%	8%	8%	3%	8%	11%	7%	7%	12%	9%	4%	10%	9%	1%
OLED unit (000'/month)	369,520	343,834	330,249	25,632	24,979	30,281	31,237	336,387	24,365	25,855	32,131	29,321	335,013	332,260
% q-q				-24%	-3%	21%	3%		-22%	6%	24%	-9%		
% y-y	-13%	-7%	-4%	7%	8%	4%	-8%	2%	-5%	4%	6%	-6%	0%	-1%
OLED flexible mix (%)	59%	57%	61%	54%	56%	59%	62%	58%	55%	58%	63%	63%	60%	0%
OLED revenue (W bn)	29,553	27,531	27,979	6,021	6,230	7,717	7,863	27,868	5,436	5,952	7,625	6,680	25,767	23,903
% q-q				-33%	3%	24%	2%		-31%	9%	28%	-12%		
% y-y	-10%	-7%	2%	10%	5%	2%	-13%	0%	-10%	-4%	-1%	-15%	-8%	-7%
OLED total OPM	22%	15%	16%	7%	12%	16%	15%	13%	10%	12%	18%	15%	14%	14%
OLED total OP (W bn)	6,604	4,076	4,430	445	726	1,243	1,177	3,591	559	686	1,360	1,001	3,605	3,445
% q-q				-77%	63%	71%	-5%		-53%	23%	98%	-26%		
% y-y	-9%	-38%	9%	-29%	16%	3%	-40%	-19%	26%	-6%	9%	-15%	0%	-4%
OP (KRW bn)	6,567	32,726	43,601	57,233	76,266	112,161	125,361	370,616	125,982	139,557	157,089	175,430	598,058	722,135
% q-q				185%	33%	47%	12%		0%	11%	13%	12%		
% y-y	-85%	398%	33%	756%	1531%	822%	525%	750%	120%	83%	40%	40%	61%	21%
EPS (KRW, annualized)	2,131	4,977	6,676	7,237	10,156	14,888	16,657	49,057	16,869	18,946	21,230	23,698	81,152	98,781
% q-q				149%	40%	47%	12%		1%	12%	12%	12%		
% y-y	-74%	134%	34%	504%	1276%	722%	472%	635%	133%	87%	43%	42%	65%	22%
BPS (KRW)	52,002	57,981	63,997	72,827	79,141	94,880	102,938	102,938	118,152	130,788	149,682	162,566	162,566	208,793
% q-q				14%	9%	20%	8%		15%	11%	14%	9%		
% y-y	2%	11%	10%	23%	36%	56%	61%	61%	62%	65%	58%	58%	58%	28%
ROE	4.1%	9.0%	10.8%	41.9%	53.0%	68.4%	67.4%	58.0%	61.0%	60.5%	60.5%	60.7%	60.7%	52.6%
KRW/USD	1,310	1,364	1,420	1,465	1,500	1,470	1,440	1,469	1,410	1,380	1,350	1,320	1,365	1,295
% q-q				1%	2%	-2%	-2%		-2%	-2%	-2%	-2%		
% y-y	1%	4%	4%	1%	7%	6%	-1%	3%	-4%	-8%	-8%	-8%	-7%	-5%

Source: Company data, Nomura estimates

Fig. 41: SEC – SOTP valuation implied by current market cap

SOTP valuation by business (2025F)	2026F OP after tax (OPAT) (KRWtn)	OP Margin (OPM) (%)	adj. OPAT multiple applied (x)	New Fair value (FV) (KRWtn)
Memory	315	73%	5.0	1,575
DRAM	221	76%	5.0	1,105
NAND	94	68%	5.0	469
Sys-LSI	-7	-27%	-	40
IT& Mobile (IM)	3	3%	15.0	41
Display (85% of S.Display)	3	11%	9.0	24
CE & Others	0	0%	8.0	-2
(1) Business sum	**313**	**22%**	**5.4**	**1,677**
(2)+(3) Other assets				**379**
(2) Net cash				322
(3) Invested asset, 30% discount on market value				57
Harman (consolidated)				15
Other affiliates (30% discount)				66
Samsung SDI - 19.6% stake				8
SEMCO - 23.7% stake				35
Samsung Biologics - 31.2% stake				20
Samsung SDS - 22.6% stake				3
Cheil Worldwide - 25.2% stake				1
(1+2+3) Total FV (KRW tn)				**2,056**
Current Market cap (KRWtn)	Total			2,080
	common			1,911
	preferred			168
Outstanding share (mn shares)	Total			6,403
	common			5,614
	preferred			789
Current share price (KRW)	Weighted average			320,000
	common			340,500
	preferred			213,500
SOTP-implied share price (KRW)				**320,000**

Note: Current share price as of 24 June 2026.
Source: Company data, Nomura estimates

Fig. 42: SEC – capex forecasts by division

(KRWtn)	2019	2020	2021	2022	2023	2024	2025	2026F	2027F	2028F	2019 % growth	2020 % growth	2021 % growth	2022 % growth	2023 % growth	2024 % growth	2025 % growth	2026F % growth	2027F % growth	2028F % growth
Semi	22.7	31.9	45.2	51.1	52.3	42.0	47.5	79.2	96.8	140.2	-1%	41%	42%	13%	2%	-20%	13%	67%	22%	45%
Memory	17.1	23.3	31.2	35.1	35.8	34.0	42.6	61.4	75.8	115.2	-15%	36%	34%	12%	2%	-5%	25%	44%	23%	52%
DRAM	9.1	11.0	16.0	21.4	20.3	24.2	31.1	50.3	54.1	84.3	-29%	20%	46%	33%	-5%	19%	29%	62%	8%	56%
NAND	8.0	12.3	15.2	13.7	15.5	9.8	11.5	11.1	21.7	30.9	9%	55%	23%	-10%	13%	-37%	17%	-4%	96%	43%
S-LSI	5.6	8.6	14.0	16.0	16.5	8.0	4.9	17.8	21.0	25.0	100%	54%	63%	14%	3%	-52%	-38%	261%	18%	19%
OLED	2.2	4.5	2.6	2.5	2.4	4.8	2.8	2.0	2.0	2.0	-27%	105%	-42%	-4%	-4%	100%	-42%	-29%	0%	0%
Telecom/DM	1.0	1.0	1.0	1.0	1.1	1.2	1.0	1.0	1.0	1.0	0%	0%	0%	0%	10%	9%	-17%	0%	0%	0%
Others	1.0	1.0	0.0	1.6	1.8	3.0	1.4	2.0	3.0	3.0	-60%	0%	-100%	na	13%	67%	-53%	43%	50%	0%
Total	**26.9**	**38.4**	**48.8**	**56.2**	**57.6**	**51.0**	**52.7**	**84.2**	**102.8**	**146.2**	-10%	43%	27%	15%	3%	-12%	3%	60%	22%	42%

Source: Company data, Nomura estimates

Fig. 43: SEC – FCF/EV and FCF/MC analysis

(KRWtn)	2018	2019	2020	2021	2022	2023	2024	2025P	2026F	2027F	2028F
Operating cash flow	**67.0**	**45.4**	**65.3**	**65.1**	**62.2**	**44.1**	**73.0**	**85.3**	**323.0**	**540.0**	**660.9**
NP	44.3	21.7	26.4	39.9	54.7	14.5	33.6	44.3	314.1	509.9	606.0
Dep	25.2	26.6	27.1	31.3	36.0	35.5	39.6	43.6	47.3	55.7	68.9
working capital change	-10.3	-6.7	11.7	-6.1	-28.5	-5.9	-0.3	-2.6	-38.4	-25.6	-14.0
Investment Cash Flow	**-30.3**	**-27.6**	**-39.5**	**-47.2**	**-52.2**	**-59.6**	**-52.8**	**-53.5**	**-83.8**	**-108.9**	**-146.2**
Capex	-29.6	-25.4	-37.6	-47.1	-49.4	-57.6	-51.4	-47.5	-80.1	-105.0	-142.0
intangible asset	-1.0	-3.2	-2.7	-2.7	-3.7	-2.9	-2.3	-4.6	-4.6	-4.8	-5.1
Net M&A	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2.2	0.0	0.0	0.0
Others	0.3	1.0	0.8	2.7	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Free Cash Flow	**36.8**	**17.8**	**25.8**	**17.9**	**10.0**	**-15.5**	**20.1**	**31.9**	**239.1**	**431.1**	**514.7**
Share holder return (cash flow basis)	**18.4**	**8.9**	**12.9**	**9.0**	**5.0**	**-7.7**	**10.1**	**15.9**	**119.6**	**215.5**	**257.4**
% of FCF	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
sharebuy back	0.9	0.0	0.0	0.0	0.0	0.0	1.8	8.2	13.1	51.8	118.4
cash dividend	10.2	9.6	9.7	20.5	9.8	9.9	10.9	9.9	10.9	95.1	231.0
Net Cash (including marketing securities)	**81.7**	**84.7**	**101.6**	**102.4**	**104.5**	**79.1**	**93.3**	**101.4**	**321.9**	**609.0**	**769.2**
weighted Avg. Share price (KRW)	**37,858**	**54,540**	**80,104**	**77,440**	**54,719**	**76,537**	**52,110**	**116,185**	**324,854**	**324,853**	**325,088**
common	38,700	55,800	81,000	78,300	55,300	78,500	53,200	119,900	340,500	340,500	340,500
prefered	31,750	45,400	73,600	71,200	50,500	62,300	44,200	89,200	213,500	213,500	213,500
outstanding shares (mn shares)	**6,793**	**6,793**	**6,793**	**6,793**	**6,793**	**6,793**	**6,793**	**6,736**	**6,508**	**6,296**	**6,165**
common	5,970	5,970	5,970	5,970	5,970	5,970	5,970	5,920	5,706	5,519	5,414
prefered	823	823	823	823	823	823	823	816	802	777	750
Dividend-paying shares (outstanding shares ex T.S.; mn shares)	**6,793**	**6,793**	**6,793**	**6,793**	**6,793**	**6,793**	**6,755**	**6,630**	**6,403**	**6,283**	**6,135**
common	5,970	5,970	5,970	5,970	5,970	5,970	5,937	5,828	5,614	5,509	5,391
prefered	823	823	823	823	823	823	818	802	789	774	744
Market cap	**257**	**370**	**544**	**526**	**372**	**520**	**354**	**783**	**2,114**	**2,045**	**2,004**
Market cap ex T.S.	**257**	**370**	**544**	**526**	**372**	**520**	**352**	**770**	**2,080**	**2,041**	**1,994**
EV	**176**	**286**	**443**	**424**	**267**	**441**	**259**	**669**	**1,758**	**1,432**	**1,225**
Free cash / EV	**20.9%**	**6.2%**	**5.8%**	**4.2%**	**3.7%**	**-3.5%**	**7.8%**	**4.8%**	**13.6%**	**30.1%**	**42.0%**
Free cash / MC	**14.3%**	**4.8%**	**4.7%**	**3.4%**	**2.7%**	**-3.0%**	**5.7%**	**4.1%**	**11.3%**	**21.1%**	**25.7%**
Free cash / MC ex T.S.	**14.3%**	**4.8%**	**4.7%**	**3.4%**	**2.7%**	**-3.0%**	**5.7%**	**4.1%**	**11.5%**	**21.1%**	**25.8%**

Note: 2018-2025 share price as of year-end and 2026-28F share price as of 24 June 2026.
Source: Company data, Nomura estimates

Fig. 44: SEC – dividend yield and shareholder returns yield

	2018	2019	2020	2021	2022	2023	2024	2025	2026F	2027F	2028F
FCF (KRWbn)	**36,755**	**17,765**	**25,815**	**17,983**	**9,955**	**(15,497)**	**20,141**	**31,862**	**239,144**	**431,059**	**514,730**
Annual shareholder return budget (KRWbn; balance sheet basis)	**18,377**	**8,883**	**12,908**	**8,992**	**4,977**	**(7,748)**	**10,070**	**15,931**	**119,572**	**215,529**	**257,365**
Annual shareholder return budget per share (KRW)	**2,705**	**1,308**	**1,900**	**1,324**	**733**	**(1,141)**	**1,491**	**2,403**	**18,676**	**34,304**	**41,950**
* (30% x preceding FCF for 2015; the rest 50% x preceding year FCF; KRWbn)											
Annual cash dividends (KRWbn; balance sheet basis)	**7,079**	**9,619**	**20,338**	**9,820**	**9,819**	**9,820**	**9,806**	**11,113**	**67,804**	**97,151**	**229,500**
Common shares	6,226	8,453	17,874	8,629	8,629	8,629	8,618	9,768	59,450	85,177	201,502
Preferred shares	853	1,166	2,465	1,190	1,189	1,190	1,189	1,345	8,354	11,973	27,998
Annually remaining shareholder return budget (KRWbn)	**11,299**	**(737)**	**(7,430)**	**(828)**	**(4,841)**	**(17,568)**	**264**	**4,818**	**51,768**	**118,378**	**27,865**
*(Annual shareholder return budget - annual cash dividends)											
Accumulated Annual shareholder return budget (KRWbn)		**10,562**	**3,132**	**2,304**	**(2,538)**	**(20,106)**	**(19,842)**	**(15,024)**	**36,744**	**155,123**	**182,988**
DPS (KRW; balance sheet basis)											
Common shares	1,416	1,416	2,994	1,446	1,446	1,446	1,446	1,669	10,584	15,421	37,103
Preferred shares	1,417	1,417	2,995	1,447	1,446	1,447	1,447	1,669	10,585	15,422	37,104
DPS (KRW; cash flow basis)											
Common shares	1,492	1,416	1,416	1,438	1,446	2,530	1,446	1,446	1,669	14,921	37,103
Preferred shares	1,493	1,417	1,417	3,017	1,447	2,530	1,447	1,447	1,669	14,922	37,104
weighted Avg. Share price (KRW)	**37,858**	**54,540**	**80,104**	**77,440**	**54,719**	**76,537**	**52,110**	**116,185**	**324,854**	**324,853**	**325,088**
Common shares	38,700	55,800	81,000	78,300	55,300	78,500	53,200	119,900	340,500	340,500	340,500
Preferred shares	31,750	45,400	73,600	71,200	50,500	62,300	44,200	89,200	213,500	213,500	213,500
outstanding shares ex Treasury shares (mn shares)	**6,793**	**6,793**	**6,793**	**6,793**	**6,793**	**6,793**	**6,755**	**6,630**	**6,403**	**6,283**	**6,135**
Common shares	5,970	5,970	5,970	5,970	5,970	5,970	5,937	5,828	5,614	5,509	5,391
Preferred shares	823	823	823	823	823	823	818	802	789	774	744
Dividend yield (DPS / share price)											
Common shares	3.7%	2.5%	3.7%	1.8%	2.6%	1.8%	2.7%	1.4%	3.1%	4.5%	10.9%
Preferred shares	4.5%	3.1%	4.1%	2.0%	2.9%	2.3%	3.3%	1.9%	5.0%	7.2%	17.4%
Shareholder return yield (total shareholder return / market cap)											
Common shares	7.0%	2.3%	2.3%	1.7%	1.3%	-1.5%	2.8%	2.0%	5.5%	10.1%	12.3%
Preferred shares	8.5%	2.9%	2.6%	1.9%	1.5%	-1.8%	3.4%	2.7%	8.7%	16.1%	19.6%
Cash dividend payout ratio	21.6%	44.2%	36.4%	24.1%	17.5%	66.3%	28.6%	21.7%	3.1%	1.9%	1.6%
Share holder return payout ratio	41.4%	40.9%	48.9%	22.5%	9.1%	-53.5%	30.0%	36.0%	38.1%	42.3%	42.5%

Note: 2018-2025 share price as of year-end and 2026-28F share price as of 24 June 2026.
Source: Company data, Nomura estimates

SK Hynix 000660.KS 000660 KS

EQUITY: MEMORY

Weaker-than-expected OP in 2Q; stronger from 2H26F

Maintain Buy and raise TP to KRW4,700,000; deeper pocket from Kioxia and ADR

Rating Remains	**Buy**
Target price Increased from KRW 4,000,000	**KRW 4,700,000**
Closing price 24 June 2026	**KRW 2,580,000**
Implied upside	**+82.2%**
Market Cap (USD mn)	1,190,066.1
ADT (USD mn)	4,256.9

Maintain Buy and raise TP to KRW4,700,000; 2Q results to be slightly below our expectations due to slow price increases for certain products

We maintain Buy and raise TP for SK Hynix from KRW4,000,000 to KRW4,700,000, reflecting our increased 2027F earnings forecasts. We maintain our 12MF target P/B multiple of 6.0x. Our target price implies a target P/E of 8.0x. The stock currently trades at a 2027F P/B of 2.7x (BVPS: KRW960,780).

We expect SK Hynix to report 2Q26F OP of around KRW60tn, slightly below our expectation. This primarily reflects our view that price increases for certain customers, as well as for consumer electronics and smartphone-related products, will temporarily lag those of server products, more than we had previously anticipated for 2Q26F.

Strong returns from investments in Kioxia to be recognized in 2Q

Hynix had initially invested approximately KRW4tn in Kioxia (285A JP, Buy). Of this investment, the LP stake (~34% = 20% from SPC1 + 14% from CB holding) held through SPC1 began to be divested through Bain Capital (unlisted) in October last year and was fully sold during 2Q. We understand that Hynix currently retains only its convertible bonds (CB) investment, which represents an approximately 14% equity interest. As Kioxia's market capitalization has risen significantly from KRW94tn as of end-March to KRW483tn currently, we estimate the value of Hynix's CB investment to have increased by around KRW54tn during 2Q, reaching roughly KRW67tn.

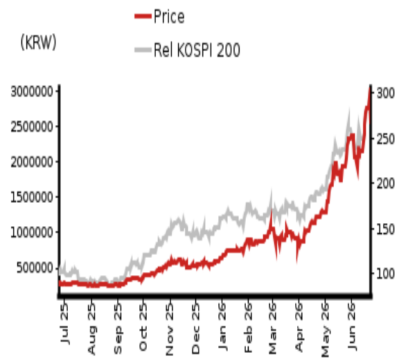
In addition, gains from the disposal of the remaining SPC1 stake are also likely to be recognized in 2Q, we think. As a result, non-operating income related to Kioxia, including valuation gains and disposal gains, is likely to exceed KRW60tn during the quarter. Given the initial investment amount of KRW4tn, we estimate total returns from the Kioxia investment at KRW70-80tn to date, implying an investment multiple approaching ~20x. While Hynix has not disclosed any plans regarding the disposal of its CB holdings, we believe the company is likely to monetize the investment following Kioxia's ADR listing. With increased OP and Kioxia investments, we expect Hynix's 2Q26F NP to approach the KRW100tn-level.

(continued on the next page...)

Year-end 31 Dec	FY25	FY26F		FY27F		FY28F	
Currency (KRW)	Actual	Old	New	Old	New	Old	New
Revenue (bn)	97,147	359,989	375,077	506,560	594,750	643,715	732,850
Reported net profit (bn)	42,948	235,084	281,050	315,878	375,315	384,943	456,976
Normalised net profit (bn)	42,948	235,084	281,050	315,878	375,315	384,943	456,976
FD normalised EPS	58,710	329,849	394,344	443,211	526,608	595,907	711,902
FD norm. EPS growth (%)	116.9	461.8	571.7	34.4	33.5	34.5	35.2
FD normalised P/E (x)	43.9	–	6.5	–	4.9	–	3.6
EV/EBITDA (x)	25.2	–	4.7	–	3.0	–	2.0
Price/book (x)	14.7	–	4.5	–	2.7	–	1.3
Dividend yield (%)	0.1	–	0.4	–	1.0	–	0.1
ROE (%)	44.1	100.2	108.5	72.5	74.0	54.3	59.7
Net debt/equity (%)	6.1	net cash	net cash	net cash	net cash	net cash	net cash

Source: Company data, Nomura estimates

Relative performance chart



Source: LSEG, Nomura

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Key data on SK Hynix

Performance

(%)	1M	3M	12M		
Absolute (KRW)	32.9	161.7	826.4	M cap (USDmn)	1,190,066.1
Absolute (USD)	30.8	152.8	716.1	Free float (%)	64.0
Rel to KOSPI 200	25.1	102.0	610.0	3-mth ADT (USDmn)	4,256.9

Income statement (KRWbn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Revenue	66,193	97,147	375,077	594,750	732,850
Cost of goods sold	-34,365	-38,456	-66,655	-102,839	-134,796
Gross profit	31,828	58,691	308,421	491,911	598,053
SG&A	-8,361	-11,484	-20,389	-24,095	-28,253
Employee share expense	0	0	0	0	0
Operating profit	23,467	47,206	288,032	467,816	569,800
EBITDA	35,827	61,200	304,450	490,321	603,389
Depreciation	-12,360	-13,993	-16,417	-22,505	-33,589
Amortisation					
EBIT	23,467	47,206	288,032	467,816	569,800
Net interest expense	-1,000	-429	342	1,140	1,140
Associates & JCEs	-38	11,968	59,980	160	160
Other income	1,457	-8,279	4,143	27	119
Earnings before tax	23,885	50,466	352,497	469,143	571,219
Income tax	-4,088	-7,518	-71,447	-93,829	-114,244
Net profit after tax	19,797	42,948	281,050	375,315	456,976
Minority interests	0				
Other items	0				
Preferred dividends	0				
Normalised NPAT	19,797	42,948	281,050	375,315	456,976
Extraordinary items					
Reported NPAT	19,797	42,948	281,050	375,315	456,976
Dividends	-1,522	-2,066	-7,785	-15,917	-963
Transfer to reserves	18,275	40,882	273,265	359,398	456,013
Valuations and ratios					
Reported P/E (x)	89.7	41.4	6.3	4.7	3.6
Normalised P/E (x)	89.7	41.4	6.3	4.7	3.6
FD normalised P/E (x)	95.3	43.9	6.5	4.9	3.6
Dividend yield (%)	0.1	0.1	0.4	1.0	0.1
Price/cashflow (x)	63.3	35.4	9.3	4.8	3.5
Price/book (x)	24.0	14.7	4.5	2.7	1.3
EV/EBITDA (x)	51.7	25.2	4.7	3.0	2.0
EV/EBIT (x)	79.0	31.2	4.9	3.1	2.2
Gross margin (%)	48.1	60.4	82.2	82.7	81.6
EBITDA margin (%)	54.1	63.0	81.2	82.4	82.3
EBIT margin (%)	35.5	48.6	76.8	78.7	77.8
Net margin (%)	29.9	44.2	74.9	63.1	62.4
Effective tax rate (%)	17.1	14.9	20.3	20.0	20.0
Dividend payout (%)	7.7	4.8	2.8	4.2	0.2
ROE (%)	31.1	44.1	108.5	74.0	59.7
ROA (pretax %)	23.3	43.9	141.1	129.8	131.0
Growth (%)					
Revenue	102.0	46.8	286.1	58.6	23.2
EBITDA	525.9	70.8	397.5	61.1	23.1
Normalised EPS		116.8	554.4	33.5	30.6
Normalised FDEPS		116.9	571.7	33.5	35.2

Source: Company data, Nomura estimates

Cashflow statement (KRWbn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
EBITDA	35,827	61,200	304,450	490,321	603,389
Change in working capital	1,987	3,111	-46,600	64,756	-2,640
Other operating cashflow	-8,019	-10,937	-59,494	-175,735	-127,070
Cashflow from operations	29,796	53,373	198,355	379,342	473,679
Capital expenditure	-15,946	-27,519	-42,657	-61,000	-96,000
Free cashflow	13,850	25,854	155,698	318,342	377,679
Reduction in investments	-1,695	-28,765	-59,678	-3,647	-3,832
Net acquisitions					
Dec in other LT assets	0	0	0	0	0
Inc in other LT liabilities	-2,665	433	80	81	83
Adjustments	2,301	7,796	48,210	-81	-83
CF after investing acts	11,791	5,319	144,309	314,695	373,847
Cash dividends	-826	-1,681	-1,033	-963	-963
Equity issue	115	4,467	-538	0	0
Debt issue	-7,376	768	-7,754	-8,000	-6,000
Convertible debt issue	0	0	0	0	0
Others	-86	-5,153	745	-70,064	-143,254
CF from financial acts	-8,173	-1,600	-8,579	-79,027	-150,217
Net cashflow	3,618	3,719	135,730	235,668	223,631
Beginning cash	7,587	11,205	14,924	150,654	386,322
Ending cash	11,205	14,924	150,654	386,322	609,952
Ending net debt	11,479	7,324	-136,336	-378,131	-606,959

Balance sheet (KRWbn)

As at 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Cash & equivalents	11,205	14,924	150,654	386,322	609,952
Marketable securities	2,951	20,018	33,163	33,163	33,163
Accounts receivable	13,019	18,199	73,496	92,721	112,473
Inventories	13,314	14,289	15,137	18,400	17,855
Other current assets	1,790	2,027	30,246	21,964	28,845
Total current assets	42,279	69,458	302,696	552,570	802,288
LT investments	13,400	25,097	71,632	75,278	79,110
Fixed assets	60,157	77,503	104,316	142,811	205,222
Goodwill	4,019	4,049	4,173	4,343	4,519
Other intangible assets					
Other LT assets	0	0	0	0	0
Total assets	119,855	176,108	482,817	775,002	1,091,140
Short-term debt	5,252	8,162	891	140	318
Accounts payable	2,277	2,848	7,055	11,324	13,906
Other current liabilities	17,436	26,369	59,926	134,618	155,484
Total current liabilities	24,965	37,379	67,872	146,082	169,708
Long-term debt	17,432	14,086	13,427	8,051	2,676
Convertible debt	0	0	0	0	0
Other LT liabilities	3,543	3,976	4,055	4,136	4,219
Total liabilities	45,940	55,441	85,354	158,269	176,602
Minority interest	0	0			
Preferred stock	0	0			
Common stock	3,658	3,658	3,564	3,564	3,564
Retained earnings	65,418	106,577	381,924	671,257	1,112,316
Proposed dividends	0	0			
Other equity and reserves	4,840	10,433	11,976	-58,088	-201,342
Total shareholders' equity	73,916	120,667	397,463	616,732	914,537
Total equity & liabilities	119,855	176,108	482,817	775,002	1,091,140
Liquidity (x)					
Current ratio	1.69	1.86	4.46	3.78	4.73
Interest cover	23.5	109.9	–	–	–
Leverage					
Net debt/EBITDA (x)	0.32	0.12	net cash	net cash	net cash
Net debt/equity (%)	15.5	6.1	net cash	net cash	net cash
Per share					
Reported EPS (KRW)	28,769	62,368	408,137	545,026	711,902
Norm EPS (KRW)	28,769	62,368	408,137	545,026	711,902
FD norm EPS (KRW)	27,062	58,710	394,344	526,608	711,902
BVPS (KRW)	107,339	175,230	577,190	960,780	1,989,854
DPS (KRW)	2,210	3,000	11,305	24,797	2,095
Activity (days)					
Days receivable	54.1	58.6	44.6	51.0	51.2
Days inventory	142.3	131.0	80.6	59.5	49.2
Days payable	21.9	24.3	27.1	32.6	34.3
Cash cycle	174.5	165.3	98.1	77.9	66.2

Source: Company data, Nomura estimates

Company profile

SK Hynix Inc. provides products and services for the electronic components industries. The Company manufactures semiconductors such as dynamic random access memory (DRAM) and NAND flash memory.

Valuation Methodology

Our 12-month target price of KRW4,700,000 is derived by applying a target P/B of 6.0x to 12MF BVPS of KRW776,181. Our target multiple reflects increased conviction for transition into longer-term cash flow scheme based on memory LTAs. The benchmark index for this stock is the KOSPI 200.

Risks that may impede the achievement of the target price

Downside risk includes potential US tariffs on semiconductor products, delay in data center construction due to power supply shortage, and slowdown in AI capex under a higher interest rate environment.

ESG

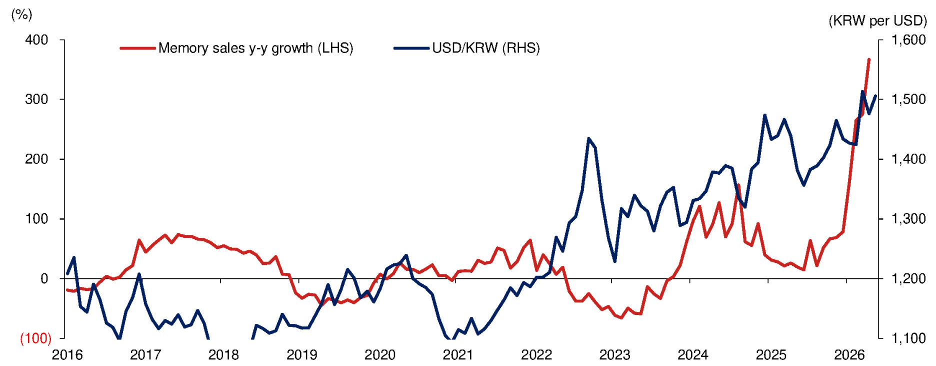
We believe Hynix is heavily focused on following ESG policies. Recently Hynix issued green bonds worth USD 1 billion (KRW 1.1 trillion) and social bonds worth KRW 440 billion to ESG. Green bonds are used for eco-friendly projects such as water quality management, energy efficiency, pollution prevention, and ecological environment restoration and social infrastructure. Social bonds are invested in projects to solve social problems, such as creating jobs, supporting the vulnerable, and building social infrastructure. Both bonds are used exclusively for ESG purposes. Furthermore, Hynix announced the mid- to long-term roadmap ‘SV 2030’ for maximizing social value creation and set goals in four areas: environment, shared growth, social safety net, and corporate culture. The company presented a direction to focus on ESG management and explained that Hynix would strengthen 'RE100' and 'Zero Net Emissions', which increase the use of renewable energy to 100% by 2050.

(...continued from page 1)

Price growth to accelerate more than expected in 3Q26F; M15x production to ramp up in 2H26F; we estimate 2027F OP at KRW468tn

We now expect memory prices for consumer-related products to increase more sharply, partly due to a lower base in 2Q26, than previously expected in 3Q. Accordingly, we revise our 3Q26F commodity DRAM/NAND price growth assumptions from +5% q-q/ +25% q-q to +24% q-q/+25% q-q. In addition, as commodity DRAM production at M15x is expected to ramp-up further in 2H26F, we raise our 3Q26F OP forecast from KRW83tn to KRW86tn. Despite the downward revision to 2Q earnings, our full-year 2026F OP forecast remains broadly unchanged at KRW288tn, as our upward revisions for 2H offset the weaker 2Q26F outlook. Reflecting our revised FX assumptions and higher-than-expected memory prices, we raise our 2027F OP forecast for Hynix from KRW394tn to KRW468tn.

Fig. 45: Global memory sales growth vs. USD/KRW over past 10 years



Source: WSTS, Quantiwise, Nomura research

Fig. 46: Hynix – revisions to our earnings forecasts

(K-IFRS consolidated)	2026F				2027F				2028F			
Unit: KRWbn, %	**Old**	**New**	**Diff. %**	**% y-y**	**Old**	**New**	**Diff. %**	**% y-y**	**Old**	**New**	**Diff. %**	**% y-y**
Sales	**359,989**	**375,077**	**4.2%**	**286.1%**	**506,560**	**594,750**	**17.4%**	**58.6%**	**643,715**	**732,850**	**13.8%**	**23.2%**
Sales - DRAM	259,279	278,431	7.4%	268.9%	359,768	433,915	20.6%	55.8%	446,145	546,715	22.5%	26.0%
Sales - NAND	99,134	95,618	-3.5%	379.0%	145,295	159,858	10.0%	67.2%	196,148	185,207	-5.6%	15.9%
Sales - Other	1,576	1,028	-34.8%	-40.1%	1,497	976	-34.8%	-5.0%	1,422	927	-34.8%	-5.0%
Operating Profit	**281,249**	**288,032**	**2.4%**	**510.2%**	**393,513**	**467,816**	**18.9%**	**62.4%**	**479,761**	**569,800**	**18.8%**	**21.8%**
OP - DRAM	211,154	222,999	5.6%	387.8%	287,889	350,160	21.6%	57.0%	344,647	437,050	26.8%	24.8%
OP - NAND	70,784	66,118	-6.6%	3073.5%	106,372	118,144	11.1%	78.7%	135,328	132,890	-1.8%	12.5%
% OPM	**78%**	**77%**	**-1.3%p**	**28.2%p**	**78%**	**79%**	**1.0%p**	**1.9%p**	**75%**	**78%**	**3.2%p**	**-0.9%p**
% OPM - DRAM	81%	80%	-1.3%p	19.5%p	80%	81%	0.7%p	0.6%p	77%	80%	2.7%p	-0.8%p
% OPM - NAND	71%	69%	-2.3%p	58.7%p	73%	74%	0.7%p	4.8%p	69%	72%	2.8%p	-2.2%p
Net Profit	**235,084**	**281,050**	**19.6%**	**554.4%**	**315,878**	**375,315**	**18.8%**	**33.5%**	**384,943**	**456,976**	**18.7%**	**21.8%**
DRAM bit shipment (1Gb eq., mn)	13,934	14,062	0.9%	26.1%	18,551	18,434	-0.6%	31.1%	23,189	23,863	2.9%	29.5%
% y-y	25%	26%	1.1%p		33%	31%	-2.0%p		25%	29%	4.5%p	
DRAM ASP (1Gb eq., USD)	12.98	13.48	3.9%	183.5%	14.75	17.24	16.9%	27.9%	15.45	17.69	14.5%	2.6%
% y-y	173%	183%	10.6%p		14%	28%	14.3%p		5%	3%	-2.2%p	
DRAM Cost (1Gb eq., USD)	2.41	2.68	11.4%	43.2%	2.95	3.33	13.0%	24.0%	3.52	3.55	0.9%	6.6%
% y-y	28%	43%	14.7%p		22%	24%	1.7%p		19%	7%	-12.7%p	
NAND bit shipment (8Gb eq., mn)	35,200	35,200	0.0%	29.9%	45,993	48,846	6.2%	38.8%	69,907	62,329	-10.8%	27.6%
% y-y	30%	30%	0.0%p		31%	39%	8.1%p		52%	28%	-24.4%p	
NAND ASP (8Gb eq., USD cents)	196.43	184.95	-5.8%	257.3%	240.24	239.76	-0.2%	29.6%	225.37	229.46	1.8%	-4.3%
% y-y	279%	257%	-22.2%p		22%	30%	7.3%p		-6%	-4%	1.9%p	
NAND Cost (8Gb eq., USD cents)	56.18	57.06	1.6%	23.1%	64.36	62.56	-2.8%	9.6%	69.88	64.82	-7.2%	3.6%
% y-y	21%	23%	1.9%p		15%	10%	-4.9%p		9%	4%	-5.0%p	
KRW:USD1	1,434	1,469	2.4%	3.2%	1,315	1,365	3.8%	-7.1%	1,245	1,295	4.0%	-5.1%

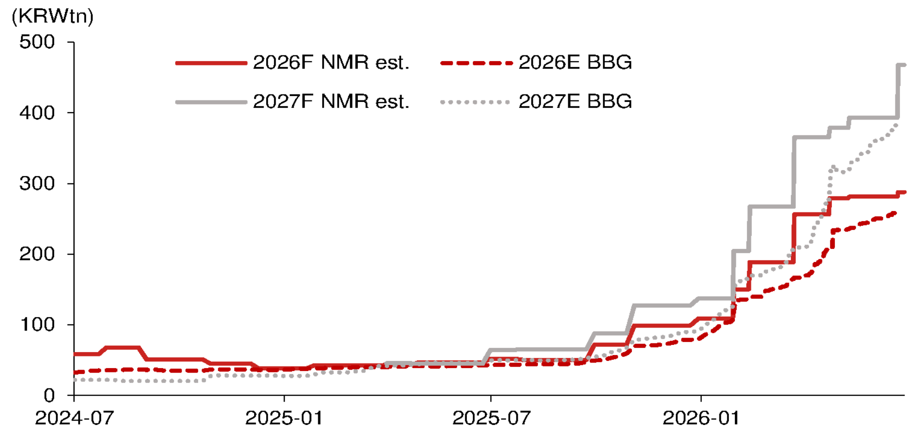
Sources: Nomura estimates

Fig. 47: Global peer valuation

		Ticker	Rating	Share price (local)	M.Cap (KRW tn)	1M (%)	YTD	P/E(x) 26E	P/E(x) 27E	P/B(x) 26E	P/B(x) 27E	EV/EBITDA(x) 26E	EV/EBITDA(x) 27E	ROE(%) 26E	ROE(%) 27E	EPS GR(%) 26E	EPS GR(%) 27E
Memory	Samsung Electronics	005930 KS	Buy	340,500	1,979.0	15.5	181.1	7.1	4.2	3.3	2.1	4.2	2.2	58.0	60.7	634.4	67.8
	SK Hynix	000660 KS	Buy	2,580,000	1,842.3	33.2	296.5	6.5	4.9	4.5	2.7	4.7	3.0	108.5	74.0	571.7	33.5
	Micron	MU US	Not rated	1051.77	1,831.5	40.0	268.5	16.9	8.7	9.8	4.7	13.0	6.9	71.9	66.0	676.5	96.4
	Kioxia	285A JP	Buy	92,500	483.4	61.1	786.4	10.2	7.2	9.4	4.6	6.5	4.2	146.6	85.9	786.6	41.6
	Average							**10.2**	**6.3**	**6.8**	**3.5**	**7.1**	**4.1**	**96.3**	**71.7**	**667.3**	**59.8**
Storage	Western Digital	WDC US	Not rated	670.75	379.1	38.5	289.4	37.7	24.3	16.3	11.2	27.4	18.6	59.9	70.0	87.8	50.1
	Seagate	STX US	Not rated	1038.59	359.6	27.8	277.1	38.3	26.2	36.8	17.8	29.6	20.0	140.8	115.4	84.9	52.3
	Average							**38.0**	**25.3**	**26.6**	**14.5**	**28.5**	**19.3**	**100.3**	**92.7**	**86.3**	**51.2**
Fabless	Nvidia	NVDA US	Not rated	200.04	7,475.2	(7.1)	7.3	22.2	15.6	16.1	10.1	17.8	12.5	92.6	76.8	90.8	40.7
	AMD	AMD US	Not rated	519.85	1,308.9	11.2	142.7	71.7	39.6	11.9	10.0	60.9	34.6	14.2	21.5	85.2	83.9
	Average							**47.0**	**27.6**	**14.0**	**10.1**	**39.4**	**23.6**	**53.4**	**49.2**	**88.0**	**62.3**
Foundry	TSMC	2330 TT	Buy	2,390	3,011.3	6.0	54.2	23.8	19.1	8.3	6.1	15.5	12.1	40.5	37.0	51.7	24.6
	Intel	INTC US	Not rated	132.28	1,026.6	10.4	258.5	120.0	84.1	5.5	5.2	38.3	30.5	3.6	6.5	254.0	45.8
	Average							**71.9**	**51.6**	**6.9**	**5.7**	**26.9**	**21.3**	**22.0**	**21.7**	**152.8**	**35.2**
Total Average								**35.4**	**23.4**	**12.2**	**7.5**	**21.8**	**14.5**	**73.7**	**61.4**	**332.4**	**53.7**

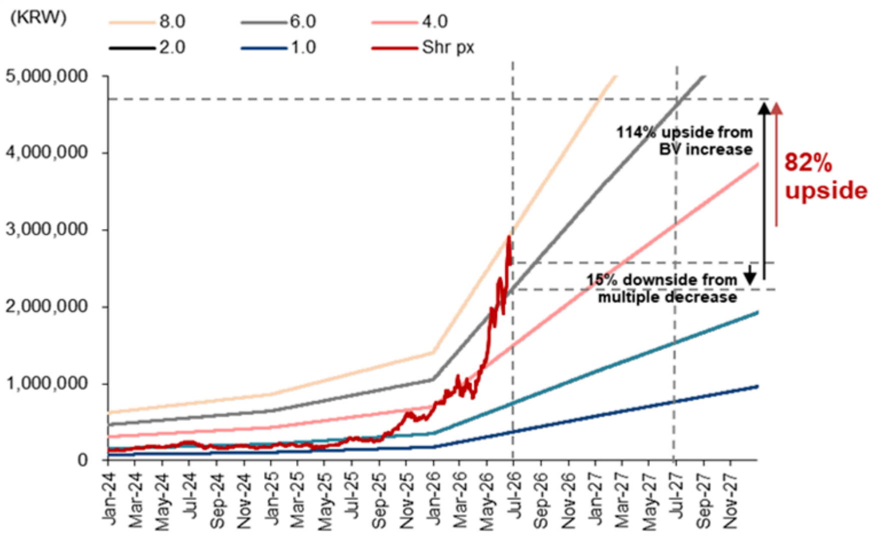
Note: Priced as of 24 June 2026; Bloomberg consensus for not rated stocks and Nomura estimates for covered stocks
Source: Bloomberg Finance L.P., Nomura estimates

Fig. 48: Hynix – 2026F/2027F OP consensus vs Nomura estimates



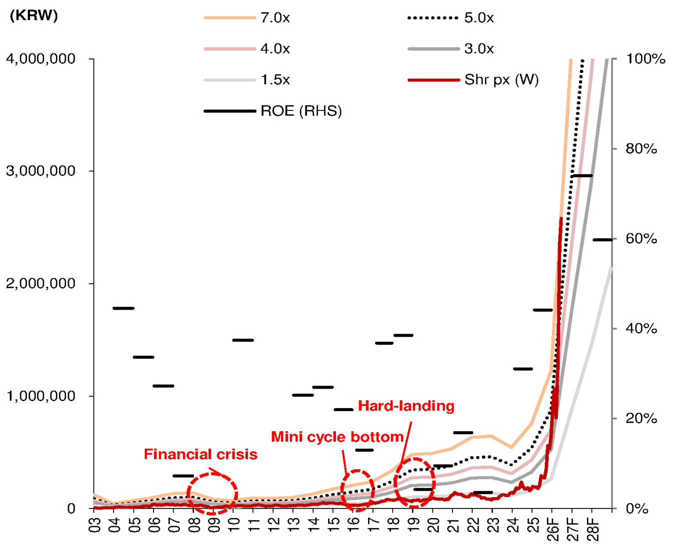
Source: Bloomberg Finance L.P., Nomura estimates

Fig. 49: Hynix - trailing P/B band: upside from BV increase



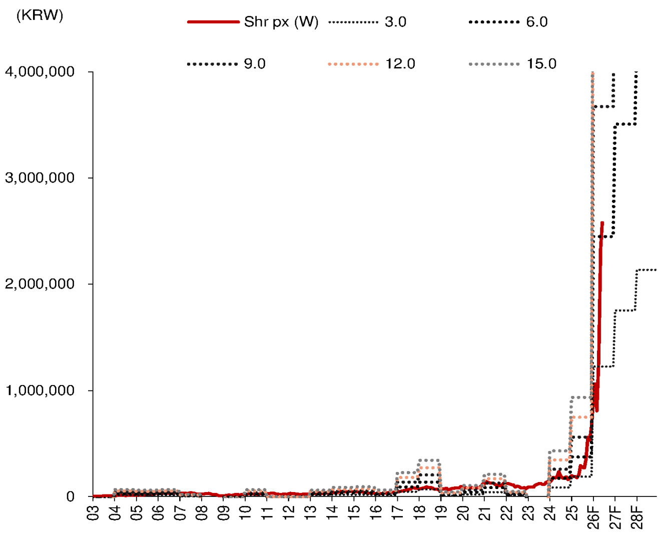
Source: Quantiwise, Nomura estimates

Fig. 50: Hynix – trailing P/B vs ROE



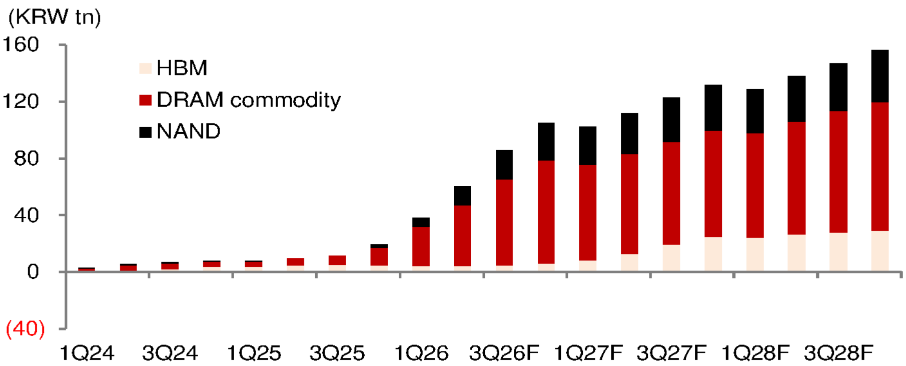
Sources: Bloomberg Finance L.P., Quantiwise, Nomura estimates

Fig. 51: Hynix – P/E vs share price



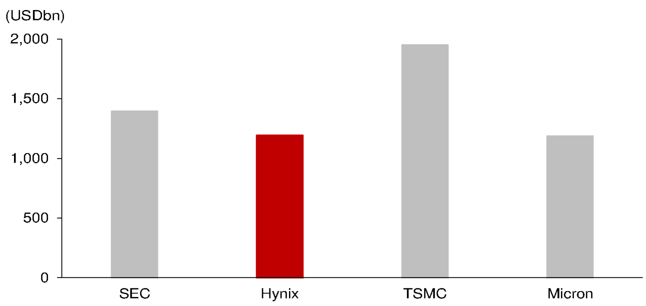
Source: Bloomberg Finance L.P., Quantiwise, Nomura estimates

Fig. 52: Hynix – OP trend by product



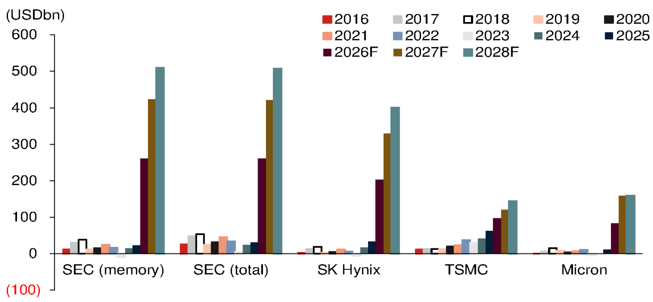
Source: Company data, Nomura estimates

Fig. 53: Market cap comparison – Hynix vs. peers



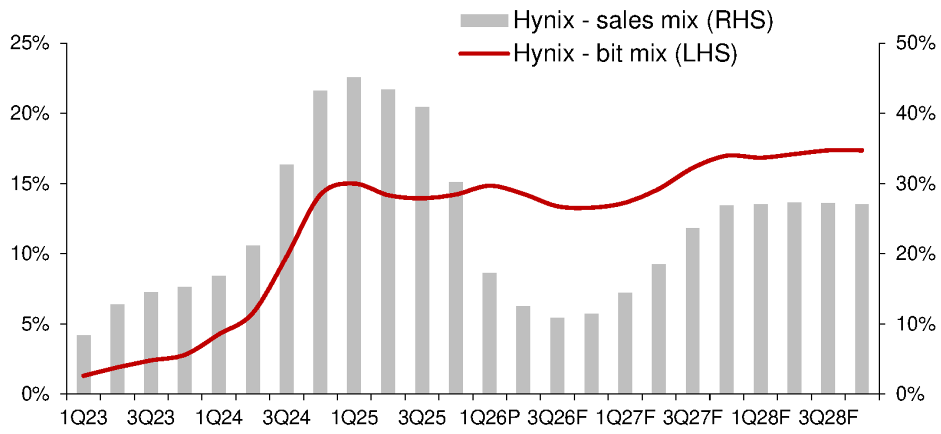
Note: Market cap as of 24 April 2026; SEC market cap includes both common and preferred shares.
Source: Bloomberg Finance L.P., Nomura research

Fig. 54: OP comparison – Hynix vs. peers



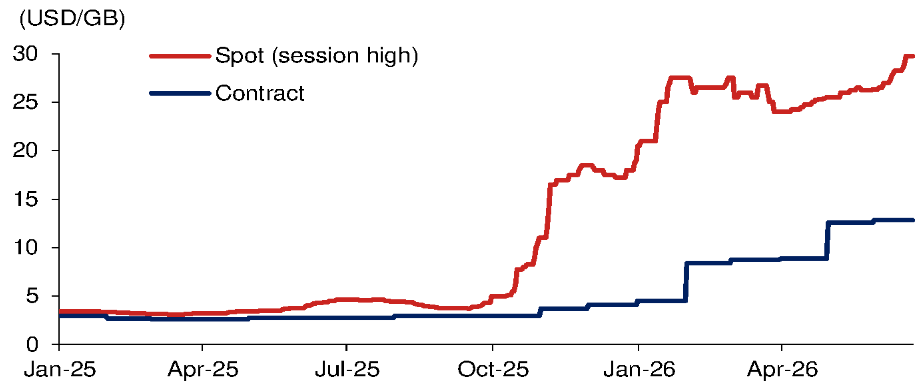
Note: Bloomberg consensus estimates for Micron.
Source: Company data, Bloomberg Finance L.P., Nomura estimates.

Fig. 55: Hynix – HBM bit, sales mix in DRAM



Source: Company data, Nomura estimates

Fig. 56: DDR5 16Gb spot price vs contract price



Note: Converted DDR5 16Gb (2Gx8) 4800/5600 spot price and DDR5 16GB U-DIMM contract price into USD/GB unit.
Source: DrameXchange, Nomura research

Fig. 57: DRAM/NAND ASP forecast revisions

	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26F	3Q26F	4Q26F	1Q27F	2Q27F	3Q27F	4Q27F	2025	2026F	2027F	2028F
New forecasts																
DRAM blended ASP (USD/GB)	4.3	4.4	4.6	5.7	9.3	12.3	15.1	16.1	16.3	17.0	17.6	18.0	4.8	13.5	17.3	17.7
q-q (%)	*0%*	*2%*	*4%*	*24%*	*65%*	*32%*	*22%*	*6%*	*1%*	*5%*	*4%*	*2%*				
y-y (%)	*49%*	*32%*	*19%*	*33%*	*118%*	*183%*	*232%*	*184%*	*75%*	*38%*	*17%*	*12%*	*32%*	*184%*	*28%*	*2%*
Commodity ASP	2.8	2.9	3.1	4.6	9.1	12.6	15.6	16.4	16.1	16.2	16.1	15.8	3.4	13.8	16.1	15.6
q-q (%)	*-2%*	*4%*	*9%*	*47%*	*97%*	*39%*	*24%*	*6%*	*-2%*	*1%*	*-1%*	*-1%*				
y-y (%)	*11%*	*4%*	*10%*	*63%*	*229%*	*338%*	*398%*	*257%*	*78%*	*29%*	*3%*	*-3%*	*24%*	*305%*	*17%*	*-3%*
HBM ASP	12.9	13.4	13.4	12.0	10.8	10.8	12.2	13.8	17.3	21.6	25.9	28.5	12.9	12.0	24.1	28.0
q-q (%)	*-1%*	*4%*	*0%*	*-10%*	*-10%*	*0%*	*13%*	*13%*	*25%*	*25%*	*20%*	*10%*				
y-y (%)	*13%*	*10%*	*5%*	*-7%*	*-16%*	*-19%*	*-8%*	*15%*	*60%*	*100%*	*112%*	*106%*	*2%*	*-7%*	*100%*	*16%*
NAND ASP (US cents/GB)	6.1	5.5	6.1	8.0	13.9	20.8	26.0	28.6	30.0	30.0	30.0	30.0	6.5	23.1	30.0	28.7
q-q (%)	*-20%*	*-10%*	*11%*	*32%*	*73%*	*50%*	*25%*	*10%*	*5%*	*0%*	*0%*	*0%*				
y-y (%)	*3%*	*-20%*	*-22%*	*6%*	*129%*	*280%*	*328%*	*257%*	*117%*	*44%*	*16%*	*5%*	*-7%*	*257%*	*30%*	*-4%*
Old forecasts																
DRAM blended ASP (USD/GB)	4.3	4.4	4.6	5.7	9.3	13.4	14.2	14.5	14.4	14.6	14.9	15.1	4.8	13.1	14.8	15.5
q-q (%)	0%	2%	4%	24%	65%	44%	6%	2%	-1%	2%	2%	1%				
Commodity ASP	2.8	2.9	3.1	4.6	9.1	13.7	14.3	14.4	13.9	13.7	13.5	13.4	3.4	13.1	13.6	13.2
q-q (%)	-2%	4%	9%	47%	97%	51%	5%	1%	-4%	-1%	-1%	-1%				
HBM ASP	12.9	13.4	13.4	12.0	10.8	11.8	13.3	15.1	17.3	19.9	21.9	23.0	12.9	12.9	20.9	24.1
q-q (%)	-1%	4%	0%	-10%	-10%	9%	13%	13%	15%	15%	10%	5%				
NAND ASP (US cents/GB)	6.1	5.5	6.1	8.0	13.9	22.9	28.6	30.0	30.0	30.0	30.0	30.0	6.5	24.6	30.0	28.2
q-q (%)	-20%	-10%	11%	32%	73%	65%	25%	5%	0%	0%	0%	0%				

Source: Company data, Nomura estimates

Fig. 58: Hynix—assumptions on DRAM (commodity, HBM), NAND ASP/cost/shipments

Total	2026F Old	2026F New	2027F Old	2027F New
OP (KRW tn)	**281**	**288**	**394**	**468**
y-y	496%	510%	40%	62%
DRAM	211	223	288	350
NAND	71	66	106	118
Others	-1	-1	-1	0
OPM	**78%**	**77%**	**78%**	**79%**
DRAM	81%	80%	80%	80%
Commodity	84%	83%	82%	84%
HBM	63%	57%	72%	70%
NAND	71%	69%	73%	74%
DRAM OP (KRW tn)	**211**	**223**	**288**	**350**
Commodity	189	204	230	285
HBM	23	19	59	66
DRAM OPM	**81%**	**80%**	**80%**	**80%**
Commodity	84%	83%	82%	84%
HBM	63%	57%	72%	70%
DRAM OP mix (%)				
Commodity	90	92	80	82
HBM	11	9	20	19
ASP y-y	**175%**	**184%**	**13%**	**28%**
Commodity	285%	305%	4%	17%
HBM	0%	-7%	62%	100%
Cost y-y				
Commodity	40%	57%	19%	16%
HBM	8%	18%	22%	36%
Bit shipment y-y	**25%**	**26%**	**33%**	**31%**
Commodity	25%	27%	30%	29%
HBM	24%	22%	50%	46%
Bit mix (%)				
Commodity	86%	86%	84%	85%
HBM	14%	14%	16%	15%
NAND OP (KRW tn)	**71**	**66**	**106**	**118**
OPM	71%	69%	73%	74%
ASP y-y	279%	257%	22%	30%
Cost y-y	21%	23%	15%	10%
Bit shipment y-y	30%	30%	31%	39%
KRW/USD	1,434	1,469	1,315	1,365

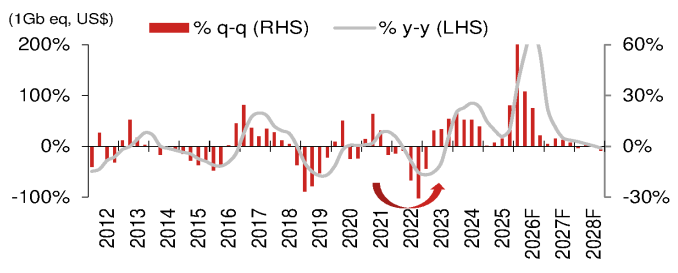
Source: Company data, Nomura estimates

Fig. 59: Hynix – quarterly earnings forecasts

K-IFRS, KRWbn	2025 Total	1Q	2QF	3QF	4QF	2026F Total	1QF	2QF	3QF	4QF	2027F Total	2028F Total
Sales	**97,147**	**52,576**	**80,226**	**109,706**	**132,568**	**375,077**	**129,492**	**141,768**	**156,243**	**167,246**	**594,750**	**732,850**
DRAM	75,470	41,181	59,858	80,378	97,014	278,431	93,778	102,904	113,595	123,639	433,915	546,715
Flash	19,961	11,467	19,948	28,898	35,305	95,618	35,783	38,466	42,239	43,370	159,858	185,207
Others	1,716	-72	420	430	250	1,028	-69	399	409	238	976	927
Cost of Goods Sold	38,456	10,897	15,369	18,566	21,823	66,655	22,071	24,664	27,313	28,790	102,839	134,796
Gross Profit	58,691	41,679	64,857	91,140	110,745	308,421	107,421	117,104	128,930	138,457	491,911	598,053
SG&A	11,484	4,069	4,820	5,500	6,000	20,389	5,086	5,784	6,325	6,900	24,095	28,253
Other operating gain(loss)	0	0	0	0	0	0	0	0	0	0	0	0
Operating Profit	**47,206**	**37,610**	**60,037**	**85,640**	**104,745**	**288,032**	**102,334**	**111,320**	**122,605**	**131,557**	**467,816**	**569,800**
DRAM	45,719	31,905	47,113	65,142	78,838	222,999	75,637	83,054	91,661	99,807	350,160	437,050
Flash	2,083	6,281	13,091	20,713	26,032	66,118	26,662	28,465	31,148	31,868	118,144	132,890
Others	-596	-576	-168	-215	-125	-1,084	34	-200	-204	-119	-488	-139
Non-Operating Profit (Loss)	5,391	14,007	50,100	112	246	64,465	225	270	329	503	1,327	1,419
Net interest income	-429	22	60	120	140	342	200	240	300	400	1,140	1,140
FX transaction & translation Gain, net	-448	1,573	15	-33	-34	1,521	-35	-35	-36	-37	-143	-51
Equity Method and capital gain	11,968	9,940	50,000	0	40	59,980	40	40	40	40	160	160
Pre-Tax Profit	**50,466**	**51,617**	**110,136**	**85,752**	**104,991**	**352,497**	**102,559**	**111,590**	**122,934**	**132,060**	**469,143**	**571,219**
Tax	-7,518	-11,271	-22,027	-17,150	-20,998	-71,447	-20,512	-22,318	-24,587	-26,412	-93,829	-114,244
Net Profit	**42,948**	**40,346**	**88,109**	**68,602**	**83,993**	**281,050**	**82,047**	**89,272**	**98,347**	**105,648**	**375,315**	**456,976**
EBITDA	61,136	41,339	63,994	89,935	109,409	304,677	107,349	116,765	128,506	137,941	490,561	603,629
Depreciation & Amortization	13,930	3,729	3,957	4,295	4,664	16,645	5,015	5,445	5,901	6,384	22,745	33,829
OP Margin	49%	72%	75%	78%	79%	77%	79%	79%	78%	79%	79%	78%
EBITDA Margin	63%	79%	80%	82%	83%	81%	83%	82%	82%	82%	82%	82%
Net Profit Margin	44%	77%	110%	63%	63%	75%	63%	63%	63%	63%	63%	62%
EPS(Anualized)	526,608	234,359	511,803	398,491	487,894	711,902	511,271	556,292	612,844	658,337	0	0
BPS	175,230	238,710	366,149	465,397	577,190	577,190	692,058	776,181	874,442	960,780	960,780	1,424,717
ROE	44%	113%	169%	96%	94%	108%	78%	76%	74%	72%	74%	60%
Share price (Period-end)	651,000	807,000	807,000	807,000	807,000	807,000	807,000	807,000	807,000	807,000	807,000	807,000
PBR (12M FWD)	3.7	3.4	2.2	1.7	1.4	1.4	1.2	1.0	0.9	0.8	0.8	0.6
PER (12M FWD)	14.9	1.6	1.5	1.3	1.2	18.5	-	-	-	-	18.5	18.5
DRAM sales (KRW, bn)	**75,470**	**41,181**	**59,858**	**80,378**	**97,014**	**278,431**	**93,778**	**102,904**	**113,595**	**123,639**	**433,915**	**546,715**
% q-q	0%	62%	45%	34%	21%	0%	-3%	10%	10%	9%	0%	0%
% y-y	66%	195%	251%	321%	283%	269%	128%	72%	41%	27%	56%	26%
Shipment (8Gb eq, mn)	**11,150**	**3,016**	**3,235**	**3,618**	**4,193**	**14,062**	**4,083**	**4,379**	**4,768**	**5,204**	**18,434**	**23,863**
% q-q		-2%	7%	12%	16%		-3%	7%	9%	9%		
% y-y	21%	34%	16%	19%	36%	26%	35%	35%	32%	24%	31%	29%
ASP (8Gb eq, US$)	**4.8**	**9.3**	**12.3**	**15.1**	**16.1**	**13.5**	**16.3**	**17.0**	**17.6**	**18.0**	**17.2**	**17.7**
% q-q		65%	32%	22%	6%		1%	5%	4%	2%		
% y-y	32%	118%	183%	232%	184%	183%	75%	38%	17%	12%	28%	3%
Cost (8Gb eq, US$)	**1.9**	**2.1**	**2.6**	**2.9**	**3.0**	**2.7**	**3.2**	**3.3**	**3.4**	**3.5**	**3.3**	**3.5**
% q-q		14%	25%	9%	5%		5%	4%	4%	2%		
% y-y	-4%	6%	37%	59%	64%	43%	50%	25%	19%	15%	24%	7%
DRAM OP (KRW, bn)	**45,719**	**31,905**	**47,113**	**65,142**	**78,838**	**222,999**	**75,637**	**83,054**	**91,661**	**99,807**	**350,160**	**437,050**
OP margin	61%	77%	79%	81%	81%	80%	81%	81%	81%	81%	81%	80%
Flash sales (KRW, bn)	**19,961**	**11,467**	**19,948**	**28,898**	**35,305**	**95,618**	**35,783**	**38,466**	**42,239**	**43,370**	**159,858**	**185,207**
% q-q		57%	74%	45%	22%		1%	7%	10%	3%		
% y-y	5%	265%	328%	496%	383%	379%	212%	93%	46%	23%	67%	16%
Shipment (8GB eq, mn)	**27,092**	**7,052**	**7,989**	**9,447**	**10,711**	**35,200**	**10,559**	**11,598**	**13,018**	**13,671**	**48,846**	**62,329**
% q-q		-10%	13%	18%	13%		-1%	10%	12%	5%		
% y-y	9%	58%	5%	31%	36%	30%	50%	45%	38%	28%	39%	28%
ASP (8GB eq, US cents)	**51.8**	**111.0**	**166.5**	**208.1**	**228.9**	**184.9**	**240.3**	**240.3**	**240.3**	**240.3**	**239.8**	**229.5**
% q-q		73%	50%	25%	10%		5%	0%	0%	0%		
% y-y	-7%	129%	280%	328%	257%	257%	117%	44%	16%	5%	30%	-4%
Cost (8GB eq, US cents)	**46.4**	**50.2**	**57.2**	**58.9**	**60.1**	**57.1**	**61.3**	**62.5**	**63.1**	**63.7**	**62.6**	**64.8**
% q-q		14%	14%	3%	2%		2%	2%	1%	1%		
% y-y	0%	5%	25%	21%	36%	23%	22%	9%	7%	6%	10%	4%
Flash OP (KRW, bn)	**2,083**	**6,281**	**13,091**	**20,713**	**26,032**	**66,118**	**26,662**	**28,465**	**31,148**	**31,868**	**118,144**	**132,890**
OP margin	10%	55%	66%	72%	74%	69%	75%	74%	74%	73%	74%	72%

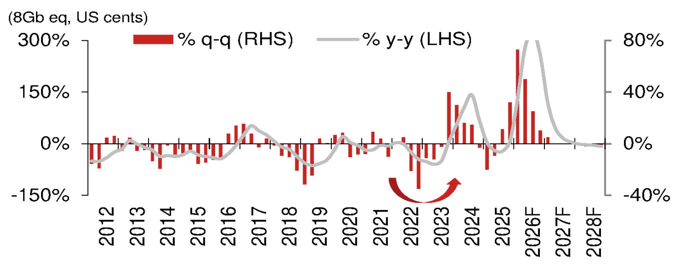
Sources: Company data, Nomura estimates

Fig. 60: Hynix – DRAM ASP change (q-q %, y-y %)



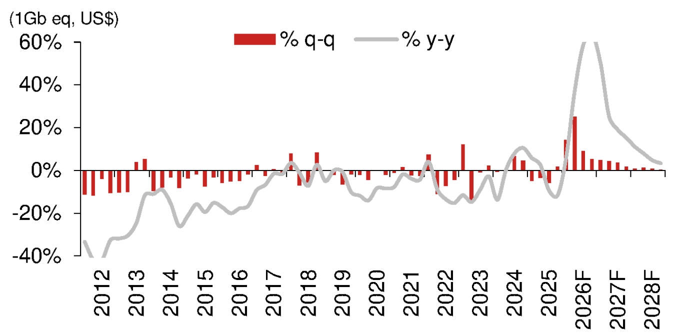
Sources: Company data, Nomura estimates

Fig. 61: Hynix – NAND ASP change (q-q %, y-y %)



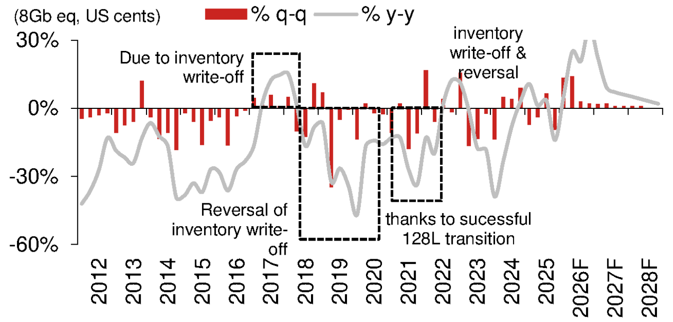
Sources: Company data, Nomura estimates

Fig. 62: Hynix – DRAM cost trend (q-q %, y-y %)



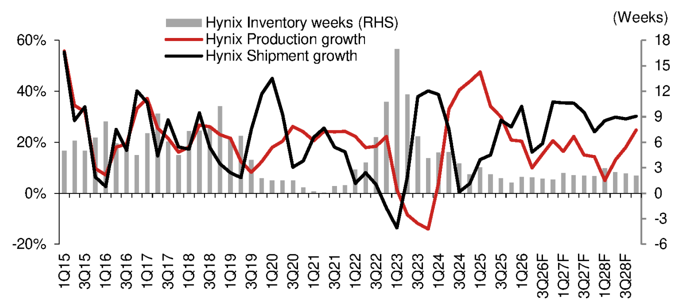
Source: Company data, Nomura estimates

Fig. 63: Hynix – NAND cost trend (q-q %, y-y %)



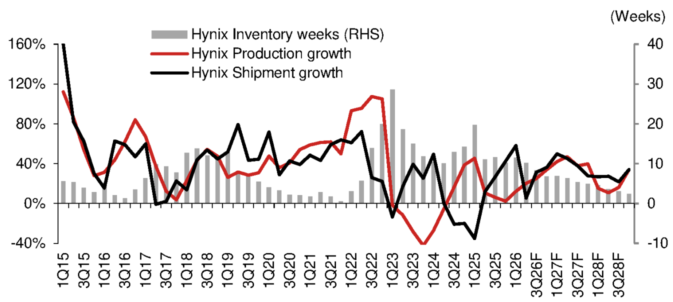
Source: Company data, Nomura estimates

Fig. 64: Hynix – DRAM production and shipments growth and inventory



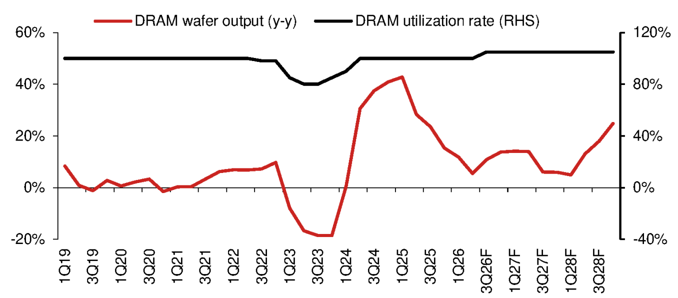
Source: Company data, Nomura estimates

Fig. 65: Hynix – NAND production and shipments growth and inventory



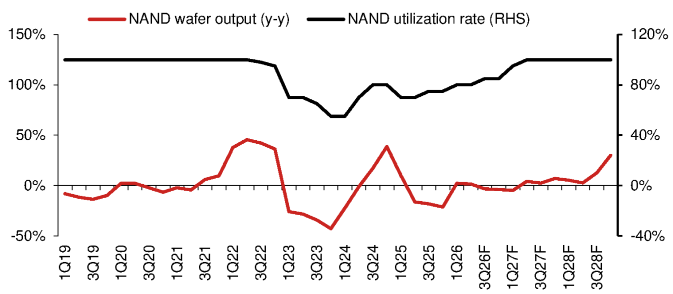
Source: Company data, Nomura estimates

Fig. 66: Hynix – DRAM wafer output and utilization



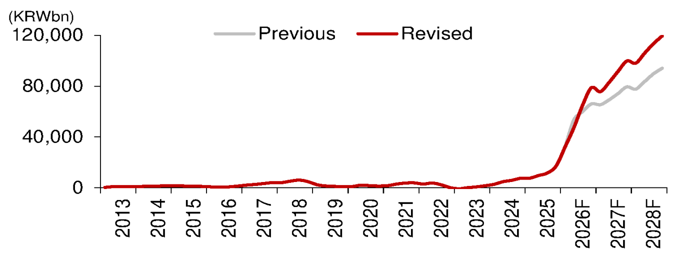
Source: Company data, Nomura estimates

Fig. 67: Hynix – NAND wafer output and utilization



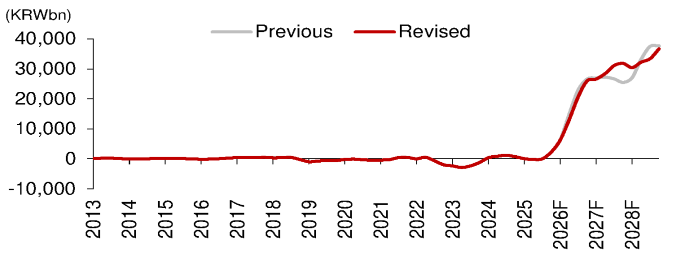
Source: Company data, Nomura estimates

Fig. 68: Hynix – DRAM OP



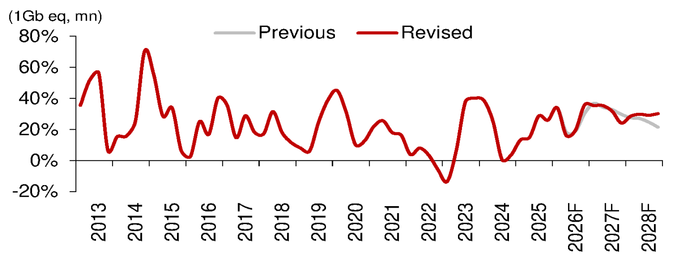
Source: Company data, Nomura estimates

Fig. 69: Hynix – NAND OP



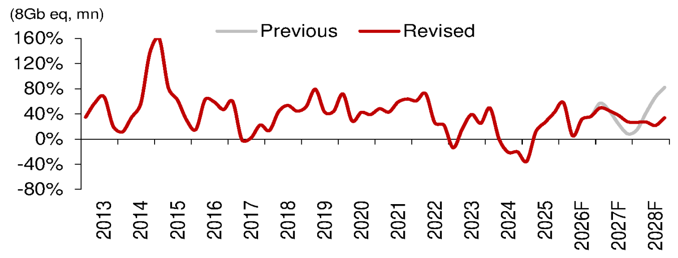
Source: Company data, Nomura estimates

Fig. 70: Hynix – DRAM bit growth (y-y, %)



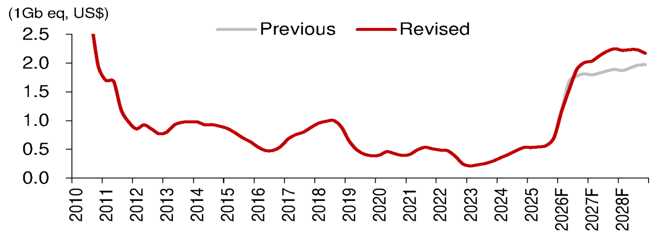
Sources: Company data, Nomura estimates

Fig. 71: Hynix – NAND bit growth (y-y, %)



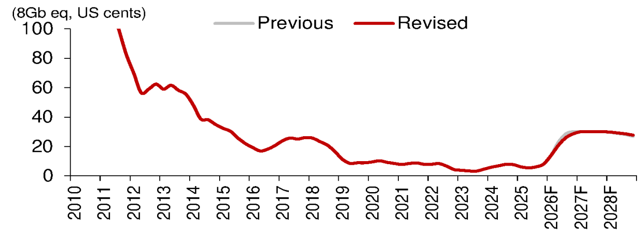
Sources: Company data, Nomura estimates

Fig. 72: Hynix – DRAM ASP forecasts



Sources: Company data, Nomura estimates

Fig. 73: Hynix – NAND ASP forecasts



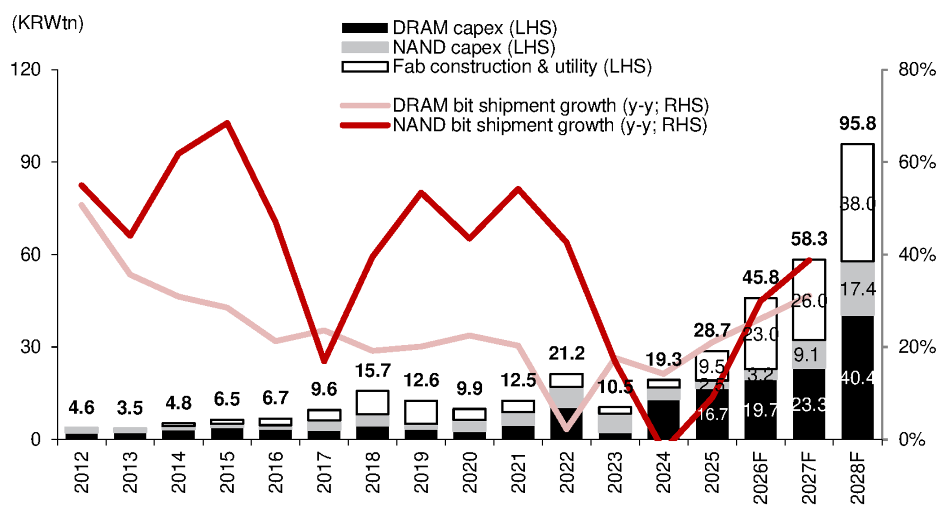
Sources: Company data, Nomura estimates

Fig. 74: Estimated token consumption by prompt cases

	Main hardware	Estimated token consumption per case							
		Simultaneous interpretation	Simple question	Structured cosntraint	Style expansion	RAG question	Image generation	Agent AI (report + model)	1-hour video generation
User's prompt input	CPU + DRAM	(instant translation)	"How's the weather today?"	"How's the weather toady? Please answer in 5 words or less"	"How's the weather today? Please answer like a poet."	"Explain about reasons behind national debt increase"	"Please describe today's weather in an abstract painting."	"Make earnings models and company note based on the model"	"Make a 1-hour video describing recent weather"
Scheduling	CPU + DRAM								
Input token	GPU + HBM	10	10	20	25	40	20	500	10
RAG	CPU + DRAM	-	-	-	-	5,000	-	20,000	-
Output token generation	GPU + HBM/ LPU	30	20	5	100	1,000	10,000	10,000	100,000,000

Source: Nomura estimates

Fig. 75: Hynix – capex and memory bit shipments outlook



Sources: Company data, Nomura estimates

Fig. 76: Hynix – FCF/EV, FCF/MC analysis

(W bn)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026F	2027F	2028F
Operating cash flow	**14,691**	**22,227**	**6,550**	**12,315**	**19,798**	**14,781**	**4,278**	**29,796**	**53,373**	**198,355**	**379,342**	**473,679**
NP	10,642	15,540	2,009	4,759	9,616	2,242	-9,138	19,797	42,948	281,050	375,315	456,976
Dep	5,026	6,428	8,620	9,772	10,657	14,151	13,674	12,582	13,930	16,645	22,745	33,829
working capital change	-3,190	-1,997	270	-1,650	-3,018	-2,690	794	-5,600	-2,881	-50,859	-18,218	-16,625
Investment Cash Flow	**-11,919**	**-21,429**	**-10,451**	**-11,840**	**-22,392**	**-17,884**	**-7,335**	**-18,005**	**-48,054**	**-54,046**	**-64,647**	**-99,832**
Capex	-9,128	-16,036	-13,920	-10,069	-12,487	-19,010	-8,325	-15,946	-27,519	-42,657	-61,000	-96,000
Others	-2,791	-5,393	3,469	-1,772	-9,906	1,127	990	-2,059	-20,535	-11,389	-3,647	-3,832
Free Cash Flow	**5,562**	**6,191**	**-7,371**	**2,246**	**7,311**	**-4,230**	**-4,047**	**13,850**	**25,854**	**155,698**	**318,342**	**377,679**
Share holder return (cashflow basis)	**424**	**2,443**	**1,412**	**1,000**	**1,311**	**1,973**	**1,002**	**934**	**12,927**	**77,849**	**159,171**	**188,840**
% of previous year's free cashflow	8%	39%	-19%	45%	18%	-47%	-25%	7%	50%	50%	50%	50%
sharebuy back	0.0	1,736.5	385.8	315.7	506.4	291.7	176.2	108.0	10,861.3	70,064.1	143,253.7	187,876.8
cash dividend	424	706	1,026	684	805	1,681	826	826	2,066	7,785	15,917	963
Net Cash	3,454	3,096	-6,529	-6,304	-7,041	-16,884	-20,548	-8,528	12,694	169,499	413,167	642,797
Share price	76,500	60,500	94,100	118,500	131,000	75,000	141,500	173,900	651,000	2,580,000	2,580,000	2,580,000
outstanding shares ex T.S.	706	684	684	684	688	688	688	689	689	689	642	642
common	706	684	684	684	688	688	688	689	689	689	642	642
preferred	0	0	0	0	0	0	0	0	0	0	0	0
Market cap exc. Treasury shares	54,009	41,382	64,364	81,054	90,078	51,574	97,372	119,751	448,290	1,776,633	1,656,122	1,656,122
EV	50,555	38,286	70,894	87,358	97,119	68,458	117,920	128,278	435,595	1,607,134	1,242,955	1,013,325
Free cash / EV	**11.0%**	**16.2%**	**-10.4%**	**2.6%**	**7.5%**	**-6.2%**	**-3.4%**	**10.8%**	**5.9%**	**9.7%**	**25.6%**	**37.3%**
Free cash / MC	**10.3%**	**15.0%**	**-11.5%**	**2.8%**	**8.1%**	**-8.2%**	**-4.2%**	**11.6%**	**5.8%**	**8.8%**	**19.2%**	**22.8%**

Note: 2016-2025 share prices are as of year-end; 2026-28F share prices are as of 24 June 2026.
Sources: Company data, Nomura estimates

Appendix A-1

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Materially mentioned issuers

Issuer	Ticker	Price	Price date	Stock rating	Sector rating	Disclosures
SK Hynix	000660 KS	KRW 2580000	24-Jun-2026	Buy	N/A	A4,A6
Samsung Electronics	005930 KS	KRW 340500	24-Jun-2026	Buy	N/A	
Kioxia Holdings	285A JP	JPY 92,500	24-Jun-2026	Buy	N/A	A6

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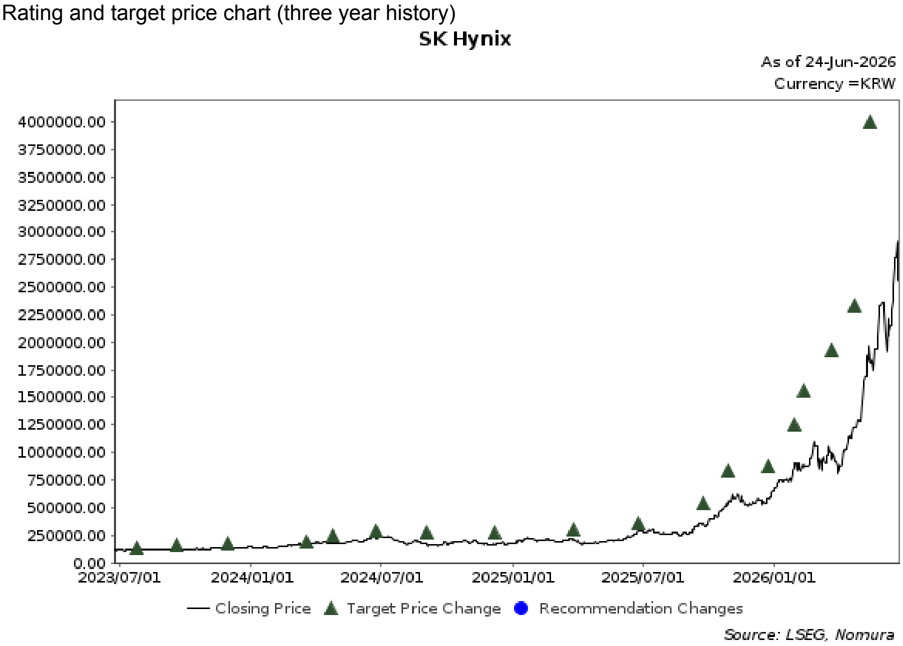
A6 The Nomura Group expects to receive or intends to seek compensation for investment banking services from the subject company in the next three months.

SK Hynix (000660 KS) **KRW 2580000 (24-Jun-2026)** Buy (Sector rating: N/A)

Rating and target price chart (three year history)



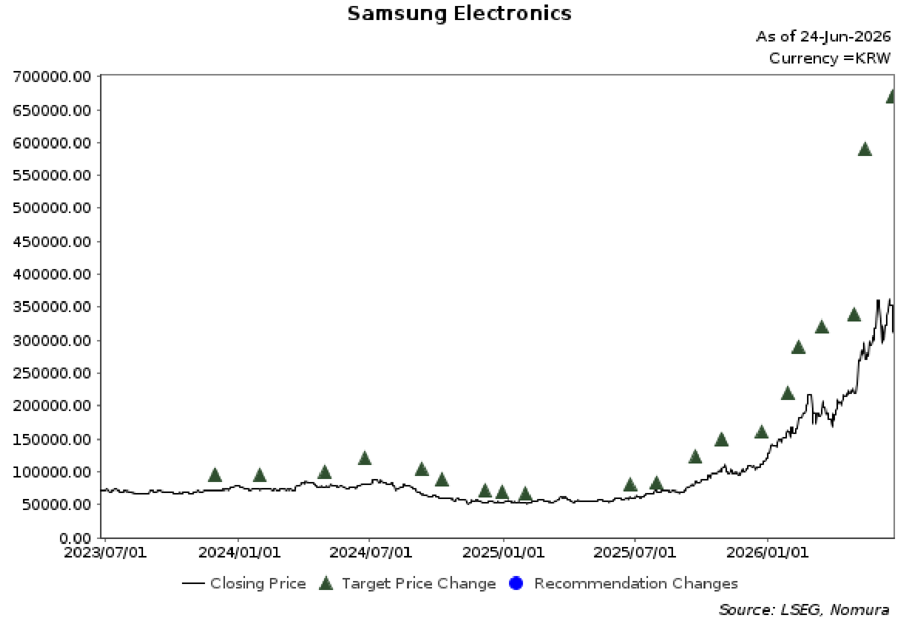
Date	Rating	Target price	Closing price
15-May-26		4,000,000.00	1,819,000.00
23-Apr-26		2,340,000.00	1,225,000.00
23-Mar-26		1,930,000.00	933,000.00
12-Feb-26		1,560,000.00	888,000.00
29-Jan-26		1,250,000.00	861,000.00
24-Dec-25		880,000.00	588,000.00
29-Oct-25		840,000.00	558,000.00
24-Sep-25		540,000.00	357,500.00
25-Jun-25		360,000.00	286,000.00
26-Mar-25		300,000.00	214,000.00
06-Dec-24		270,000.00	167,100.00
02-Sep-24		280,000.00	174,000.00
24-Jun-24		290,000.00	223,000.00
25-Apr-24		250,000.00	170,600.00
19-Mar-24		190,000.00	160,200.00
30-Nov-23		180,000.00	133,900.00
19-Sep-23		158,000.00	119,200.00
26-Jul-23		140,000.00	113,000.00

For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology Our 12-month target price of KRW4,700,000 is derived by applying a target P/B of 6.0x to 12MF BVPS of KRW776,181. Our target multiple reflects increased conviction for transition into longer-term cash flow scheme based on memory LTAs. The benchmark index for this stock is the KOSPI 200.
Risks that may impede the achievement of the target price Downside risk includes potential US tariffs on semiconductor products, delay in data center construction due to power supply shortage, and slowdown in AI capex under a higher interest rate environment.

Samsung Electronics (005930 KS) **KRW 340500 (24-Jun-2026)** Buy (Sector rating: N/A)

Rating and target price chart (three year history)



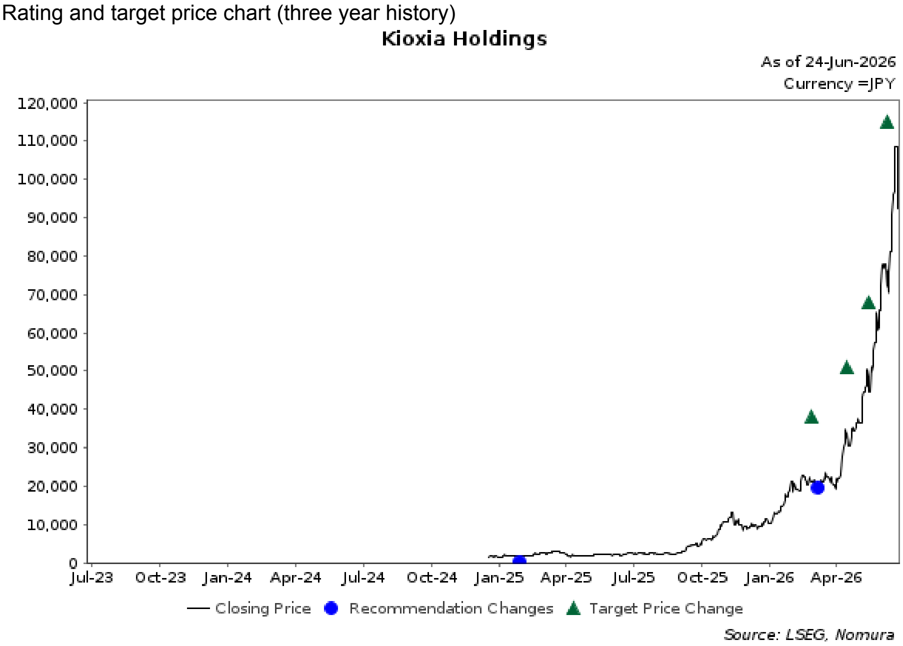
Date	Rating	Target price	Closing price
22-Jun-26		670,000.00	353,500.00
15-May-26		590,000.00	270,500.00
30-Apr-26		340,000.00	220,500.00
17-Mar-26		320,000.00	193,900.00
12-Feb-26		290,000.00	178,600.00
29-Jan-26		220,000.00	160,700.00
24-Dec-25		160,000.00	111,100.00
30-Oct-25		150,000.00	104,100.00
24-Sep-25		123,000.00	85,400.00
31-Jul-25		84,000.00	71,400.00
25-Jun-25		80,000.00	61,300.00
01-Feb-25		67,000.00	52,400.00
30-Dec-24		70,000.00	53,200.00
06-Dec-24		72,000.00	54,100.00
08-Oct-24		88,000.00	60,300.00
10-Sep-24		104,000.00	66,200.00
24-Jun-24		120,000.00	80,600.00
30-Apr-24		100,000.00	77,500.00
31-Jan-24		95,000.00	72,700.00
30-Nov-23		96,000.00	72,800.00

For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology Our 12-month TP of KRW670,000 is derived by applying a target P/B of 5.0x to 12MF BVPS of KRW133,139. The target multiple reflects enhanced business stability and visibility backed by memory long-term agreements. The benchmark index for the stock is the KOSPI 200.
Risks that may impede the achievement of the target price Downside risk includes potential US tariffs on semiconductor products, delay in data center construction due to power supply shortage, and slowdown in AI capex under a higher interest rate environment.

Kioxia Holdings (285A JP) **JPY 92,500 (24-Jun-2026)** Buy (Sector rating: N/A)

Rating and target price chart (three year history)



Date	Rating	Target price	Closing price
09-Jun-26		115,000	76,450
15-May-26		68,000	44,450
15-Apr-26		51,000	32,410
27-Feb-26	Buy		21,210
27-Feb-26		38,000	21,210
20-Jan-25	Not Rated		1,708.0

For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology We obtain our target price of ¥115,000 by multiplying our 28/3 free cash flow (FCF) forecast by a fair-value market cap (MC)/FCF ratio of 10.0x, referencing the peak MC/trailing FCF (past 12 months) ratio for Micron Technology and SK Hynix during upcycles since 2011
Risks that may impede the achievement of the target price Risk factors include: (1) sluggish NAND demand because of a slowdown in AI investment or a downturn in consumer sentiment; (2) deterioration in the competitive environment due to factors including the emergence of new NAND producers; (3) forex movements; (4) parts supply risks; and (5) the emergence of new technologies.

Rating and target price changes

Issuer	Ticker	Old Stock Rating	New Stock Rating	Old Target Price	New Target Price
SK Hynix	000660 KS	Buy	Buy	KRW 4000000	KRW 4700000

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