UBS

Global Research
3 July 2026

SK Hynix
Three key catalysts ahead

Equities

Korea

Semiconductors

12-month rating	**Buy**
12m price target	**Won3,200,000**
	Prior : Won3,000,000
Price (03 Jul 2026)	**Won2,425,000**

RIC: 000660.KS **BBG:** 000660 KS

Trading data and key metrics

52-wk range	Won2,919,000-245,000
Market cap.	Won1,765,406b/US$1,154b
Shares o/s	728m (ORD)
Free float	66%
Avg. daily volume ('000)	5,068
Avg. daily value (m)	Won9,963,896.4
Common s/h equity (12/26E)	Won377124b
P/BV (12/26E)	4.6x
Net debt to EBITDA (12/26E)	NM

EPS (UBS, diluted) (Won)

	From	To	% ch	Cons.
12/26E	351,824	375,858	7	313,327
12/27E	637,358	713,786	12	450,883
12/28E	751,296	839,779	12	474,882

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Recent consolidation in share price should be short-lived

We believe SK Hynix continues to work towards signing more revised long term agreements (LTAs), focusing on hyperscalers for both DDR5 and NAND flash. With those contracts being over 5 years, with c. 60-70% of expected volume / pricing fixed, we believe this will provide further visibility on forward earnings. Meanwhile, we believe SK Hynix started in 2Q26 to ship HBM4 in higher volumes for Rubin, indicating that it has finalised last tweaks in design to meet specs. Whilst Samsung could move slightly ahead of SK Hynix for HBM bit market share in 2027E (41% vs. 39%), longer term, HBM will likely continue to represent a larger share of its DRAM business compared to peers. We forecast HBM to move from 15% of DRAM revenues in 2026 to 58% by 2030. Further upside to HBM ASPs could further help earnings into 2027. Lastly, the shareholders return narrative should continue to strengthen. We expect share buybacks to kick off post the ADR listing and to gather pace over time.

Further potential upside to memory ASPs

We see further potential upside to 2H26 "base line" DDR and NAND flash contract pricing (link). Factoring in revised long term agreements (LTAs) and HBM, we forecast DRAM ASPs to go up 43% QoQ in 2Q26, compared to "base line" (ex LTA) DDR blended ASPs up 67%. We then estimate DRAM ASPs up 21% QoQ in 3Q26 and 13% in 4Q. As for NAND, we forecast blended ASPs up 43% QoQ in 2Q, 25% in 3Q and 10% in 4Q.

Expect a beat for 2Q26; increasing estimates

We leave our 2Q26E OP largely unchanged at Won69tn, 14% ahead of consensus of Won60tn. On the back of higher ASP assumptions, we increase our 2026E OP by 7% to Won327tn, 2027E by 12% to Won623tn, and 2028E by 12% to Won667tn. We are 54% ahead of '27 consensus, and 52% above for '28.

Valuation: PT Won3.20m from Won3.00m; Buy

We value SK Hynix shares at 3.65x NTM P/BV (was 3.67x) based on our long-term ROE forecast of 41.9% (was 42.3%) and CoE of 11.5%.

Highlights (Wonb)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenues	32,766	66,193	97,147	403,589	726,083	795,236	590,945	625,185
EBIT (UBS)	(7,730)	23,467	47,206	327,010	622,651	667,048	445,177	457,287
Net earnings (UBS)	(9,138)	19,797	42,948	266,217	486,152	521,139	348,317	357,867
EPS (UBS, diluted) (Won)	(12,552)	27,193	58,994	375,858	713,786	839,779	634,958	767,306
DPS (net) (Won)	1,200	2,205	3,000	21,125	70,125	89,125	101,125	101,125
Net (debt) / cash	(20,548)	(8,527)	12,694	187,514	536,686	884,563	1,100,654	1,274,118
Profitability/valuation	**12/23**	**12/24**	**12/25**	**12/26E**	**12/27E**	**12/28E**	**12/29E**	**12/30E**
EBIT (UBS) margin %	(23.6)	35.5	48.6	81.0	85.8	83.9	75.3	73.1
ROIC (EBIT) %	(10.9)	32.4	56.0	251.8	303.4	256.3	160.6	155.7
EV/EBITDA (UBS core) x	15.6	3.9	3.4	4.7	2.1	1.5	1.5	1.1
P/E (UBS, diluted) x	(8.6)	6.6	5.2	6.5	3.4	2.9	3.8	3.2
Equity FCF (UBS) yield %	(8.2)	10.5	12.0	10.4	23.3	27.6	19.8	18.4
Dividend yield (net) %	1.1	1.2	1.0	0.9	2.9	3.7	4.2	4.2

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of Won 2,425,000 on 03-Jul-2026 18:51:19 KST

UBS Research THESIS MAP a guide to our thinking and what´s where in this report

PIVOTAL QUESTIONS

Q: Will memory undersupply continue into 2028?
Yes, in our view. Agentic AI is boosting further memory demand on multiple fronts beyond HBM, including DDR5/LPDDR5 for conventional servers and CPU head nodes in AI servers, as well as NAND flash for KV Cache and Storage. We now forecast an acceleration of memory demand growth into 2027 with DRAM bit end-consumption growing 36% YoY vs 22% in 2026E, and NAND flash 23% from 20%. As almost all of the incremental wafer capacity addition for DRAM is going to HBM, and no new capacity ex China is being added to NAND, supply is not catching up with demand. The main risk remains affordability as memory industry revenues are approaching US$1.8tn in 2027E.

Q: Will SK Hynix retain the lead in HBM in 2026 and 2027?
We estimate the capacity deployed for HBM will reach 230k wpm by the end of 2026 and 270k by end 2027. This leads us to forecast 17.7bn Gb of HBM shipment in 2026 (+40% YoY) and 23.1bn in 2027 (+30% YoY). We forecast SK Hynix to retain the #1 market share in HBM with 50% of industry bit shipments in 2026, but fall slightly below Samsung in 2027 with 39% of industry bit shipments (Samsung 41%; Micron 20%).

Q: Can SK Hynix manage options for its China manufacturing footprint?
Yes, but possibly costly. Over time, SK Hynix may have to ramp down DRAM capacity in China as it cannot rely on planning to get EUV litho tools for 1b nm. For NAND, we believe the Dalian fab will likely convert to 230L, but beyond that, the floating gate roadmap appears uncertain. The new Yongin complex, which could accommodate over time 4 fabs of 360-370k wpm capacity each, will likely make up for a ramp down of China production.

UBSVIEW

SK Hynix shares are up 273% YTD. Despite this outperformance, however, we believe strong near-term catalysts remain for SK Hynix with (1) the coming ADR and associated buyback, as well as (2) the significant uplift in memory demand driven by agentic AI. At the current valuation, we do not believe SK Hynix shares fully reflect structurally higher DRAM profitability, strong FCF generation, and significantly enhanced returns to shareholders.

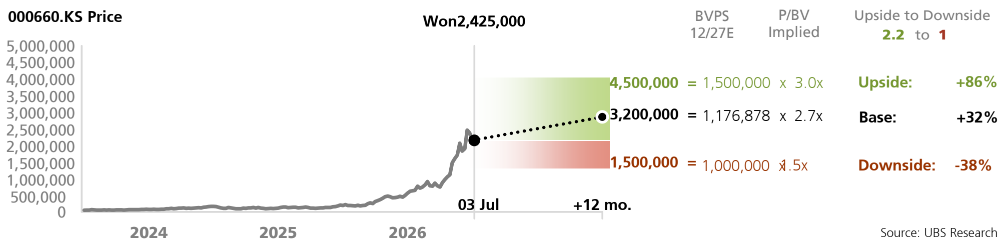
EVIDENCE

1) HBM demand is resulting in more capacity allocation away from DDR, which may moderate possible cyclical corrections in the longer run. We estimate front-end DRAM capacity for HBM could reach 500k/690k wpm by the end of 2026/2027, or 25%/31% of industry capacity. 2) 2Q26 DDR and NAND flash contract pricing is looking strongly up QoQ.

WHAT´S PRICED IN?

SK Hynix shares now trade at 2.76x NTM P/BV, discounting a long-term ROE of 31.7% vs our estimate of 41.9%.

UPSIDE/DOWNSIDE SPECTRUM



Value drivers	DRAM ASP % YoY '26E/'27E	NAND ASP % YoY '26E/'27E	Operating Profit (Won) '26E/'27E
Won4.50m upside	+240%/+65%	+255%/+50%	350tn/700tn
Won3.20m base	+208%/+52%	+237%/+39%	327tn/623tn
Won1.50m downside	+190%/+40%	+195%/+15%	290tn/510tn

Source: UBS estimates

COMPANY DESCRIPTION

SK Hynix is a pure-play memory semiconductor company, specialising in DRAM (68% of sales in 2024) and NAND flash memory chips (29% of sales). It is also the leading supplier of HBM devices.

UBS FORECASTS

Figure 1: SK Hynix – changes to estimates

	2Q26E			3Q26E			2026E			2027E			2028E			2029E		
(Won bn)	New	Old	Chg %	New	Old	Chg %	New	Old	Chg %	New	Old	Chg %	New	Old	Chg %	New	Old	Chg %
Total sales	**86,458**	**87,042**	**-0.7%**	**120,751**	**111,759**	**8.0%**	**403,589**	**381,432**	**5.8%**	**726,083**	**658,636**	**10.2%**	**795,236**	**723,952**	**9.8%**	**590,945**	**554,100**	**6.6%**
DRAM sales	66,465	65,910	0.8%	94,234	86,187	9.3%	314,711	293,500	7.2%	572,799	511,230	12.0%	672,820	605,539	11.1%	521,308	485,573	7.4%
NAND Flash sales	19,744	20,884	-5.5%	26,220	25,278	3.7%	87,483	86,603	1.0%	152,167	146,301	4.0%	121,270	117,280	3.4%	68,478	67,380	1.6%
Operating profit	**68,501**	**69,234**	**-1.1%**	**100,219**	**91,441**	**9.6%**	**327,010**	**305,457**	**7.1%**	**622,651**	**556,281**	**11.9%**	**667,048**	**597,100**	**11.7%**	**445,177**	**409,851**	**8.6%**
DRAM OP	54,917	54,458	0.8%	80,739	72,833	10.9%	264,838	244,025	8.5%	502,886	442,045	13.8%	582,674	516,331	12.8%	582,674	516,331	12.8%
NAND Flash OP	13,651	14,842	-8.0%	19,542	18,670	4.7%	61,596	60,998	1.0%	119,979	114,448	4.8%	84,569	80,961	4.5%	84,569	80,961	4.5%
% OP margin	*79.2%*	*79.5%*		*83.0%*	*81.8%*		*81.0%*	*80.1%*		*85.8%*	*84.5%*		*83.9%*	*82.5%*		*75.3%*	*74.0%*	
EPS	**75,035**	**75,794**	**-1.0%**	**110,365**	**100,646**	**9.7%**	**375,858**	**351,824**	**6.8%**	**713,786**	**637,358**	**12.0%**	**839,779**	**751,296**	**11.8%**	**634,958**	**584,435**	**8.6%**

Source: UBS estimates

Figure 2: SK Hynix – UBSe vs consensus

	2Q26E			3Q26E			2026E			2027E			2028E			2029E		
(Won bn)	UBSe	Cons	Delta	UBSe	Cons	Delta	UBSe	Cons	Delta	UBSe	Cons	Delta	UBSe	Cons	Delta	UBSe	Cons	Delta
Revenues	86,458	79,134	*9.3%*	120,751	101,294	*19.2%*	403,589	338,743	*19.1%*	726,083	517,177	*40.4%*	795,236	580,735	*36.9%*	590,945	702,376	*-15.9%*
Operating profit	**68,501**	**59,863**	**14.4%**	**100,219**	**79,590**	**25.9%**	**327,010**	**258,067**	**26.7%**	**622,651**	**405,079**	**53.7%**	**667,048**	**439,239**	**51.9%**	**445,177**	**558,130**	**-20.2%**
% OP margin	*79.2%*	*75.6%*	*358bps*	*83.0%*	*78.6%*	*442bps*	*81.0%*	*76.2%*	*484bps*	*85.8%*	*78.3%*	*743bps*	*83.9%*	*75.6%*	*825bps*	*75.3%*	*79.5%*	*-413bps*
EPS	75,035	66,014	13.7%	110,365	85,793	28.6%	375,858	294,626	27.6%	713,786	449,472	58.8%	839,779	498,062	68.6%	634,958	638,183	-0.5%

Source: Visible Alpha, UBS estimates

Figure 3: SK Hynix – changes to key assumptions

	2Q26E (QoQ)		3Q26E (QoQ)		2026E (YoY)		2027E (YoY)		2028E (YoY)		2029E (YoY)	
	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old
DRAM												
Bit Shipments	7.5%	7.5%	13.4%	13.4%	25.7%	25.7%	17.5%	17.5%	15.0%	15.0%	17.1%	17.1%
ASP change	42.6%	42.6%	21.1%	11.9%	207.7%	189.8%	52.0%	45.6%	2.1%	3.0%	-33.8%	-31.5%
% OP margin	**82.6%**	**82.6%**	**85.7%**	**84.5%**	**84.1%**	**83.1%**	**87.8%**	**86.5%**	**86.6%**	**85.3%**	**79.7%**	**78.4%**
NAND Flash												
Bit Shipments	15.0%	15.0%	2.7%	2.7%	19.8%	19.8%	21.5%	21.5%	18.3%	18.3%	11.8%	11.8%
ASP change	43.3%	52.8%	25.2%	14.3%	237.0%	236.1%	39.1%	35.5%	-32.6%	-32.2%	-49.5%	-48.6%
% OP margin	**69.1%**	**71.1%**	**74.5%**	**73.9%**	**70.4%**	**70.4%**	**78.8%**	**78.2%**	**69.7%**	**69.0%**	**43.5%**	**43.2%**

Source: UBS estimates

Figure 4: SK Hynix – UBS DRAM forecasts

	2025	1Q26	2Q26E	3Q26E	4Q26E	2026E	1Q27E	2Q27E	3Q27E	4Q27E	2027E	2028E	2029E	2030E
DRAM revenues (Won bn)	**75,349**	**41,005**	**66,465**	**94,234**	**113,007**	**314,711**	**121,236**	**136,026**	**151,267**	**164,270**	**572,799**	**672,820**	**521,308**	**543,045**
% YoY	*66.9%*	*192.2%*	*288.0%*	*392.7%*	*350.9%*	*317.7%*	*195.7%*	*104.7%*	*60.5%*	*45.4%*	*82.0%*	*17.5%*	*-22.5%*	*4.2%*
% QoQ		*63.6%*	*62.1%*	*41.8%*	*19.9%*		*7.3%*	*12.2%*	*11.2%*	*8.6%*				
DRAM revenues (US$m)	**53,456**	**28,857**	**44,258**	**60,769**	**72,875**	**206,758**	**78,181**	**87,719**	**97,548**	**105,933**	**369,381**	**433,882**	**336,176**	**350,193**
% YoY	*62.8%*	*198.7%*	*259.0%*	*335.7%*	*316.0%*	*286.8%*	*170.9%*	*98.2%*	*60.5%*	*45.4%*	*78.7%*	*17.5%*	*-22.5%*	*4.2%*
% QoQ		*64.7%*	*53.4%*	*37.3%*	*19.9%*		*7.3%*	*12.2%*	*11.2%*	*8.6%*				
DRAM unit shipment (1Gb eq)	93,014	25,453	27,368	31,026	33,054	116,901	31,508	33,350	35,304	37,248	137,409	158,065	185,057	213,781
% YoY	*24.3%*	*35.8%*	*16.8%*	*22.6%*	*29.5%*	*25.7%*	*23.8%*	*21.9%*	*13.8%*	*12.7%*	*17.5%*	*15.0%*	*17.1%*	*15.5%*
% QoQ		*-0.3%*	*7.5%*	*13.4%*	*6.5%*		*-4.7%*	*5.8%*	*5.9%*	*5.5%*				
Avg. wafer out per month (k 12"eq)	6,110	564	572	583	600	6,957	618	636	649	662	7,695	8,222	8,043	7,995
% YoY	*25.7%*	*18.9%*	*14.6%*	*12.3%*	*10.3%*	*13.9%*	*9.6%*	*11.2%*	*11.3%*	*10.3%*	*10.6%*	*6.8%*	*-2.2%*	*-0.6%*
% QoQ		*3.7%*	*1.4%*	*1.9%*	*2.9%*		*3.0%*	*2.9%*	*2.0%*	*2.0%*				
DRAM ASP (US$ 1Gb eq)	0.57	1.13	1.62	1.96	2.20	1.77	2.48	2.63	2.76	2.84	2.69	2.74	1.82	1.64
% YoY	*31.0%*	*120.0%*	*207.4%*	*255.5%*	*221.2%*	*207.7%*	*118.9%*	*62.6%*	*41.1%*	*29.0%*	*52.0%*	*2.1%*	*-33.8%*	*-9.8%*
% QoQ		*65.1%*	*42.6%*	*21.1%*	*12.6%*		*12.5%*	*6.0%*	*5.0%*	*2.9%*				
Operating profit (Won bn)	**44,895**	**31,588**	**54,917**	**80,739**	**97,594**	**264,838**	**105,796**	**119,289**	**133,389**	**144,413**	**502,886**	**582,674**	**415,541**	**422,392**
% OP margin	***59.6%***	***77.0%***	***82.6%***	***85.7%***	***86.4%***	***84.2%***	***87.3%***	***87.7%***	***88.2%***	***87.9%***	***87.8%***	***86.6%***	***79.7%***	***77.8%***
Fully Loaded Cost/Unit (1Gb US$)	0.23	0.26	0.28	0.28	0.30	0.28	0.32	0.32	0.33	0.34	0.33	0.37	0.37	0.36
% YoY	*-3.0%*	*7.0%*	*10.5%*	*26.9%*	*37.5%*	*20.9%*	*21.4%*	*15.2%*	*16.4%*	*14.3%*	*16.4%*	*12.1%*	*0.2%*	*-1.3%*
% QoQ		*19.1%*	*7.9%*	*-0.2%*	*7.2%*		*5.1%*	*2.4%*	*0.9%*	*5.3%*				
Cash Cost/Unit (1Gb US$)	0.15	0.18	0.19	0.19	0.21	0.20	0.22	0.22	0.23	0.24	0.23	0.26	0.26	0.25
% YoY	*-1.0%*	*20.8%*	*8.4%*	*34.1%*	*48.4%*	*27.8%*	*18.9%*	*18.5%*	*17.5%*	*14.8%*	*17.0%*	*11.4%*	*0.0%*	*-0.6%*
% QoQ		*27.6%*	*3.6%*	*2.0%*	*10.1%*		*2.2%*	*3.2%*	*1.2%*	*7.5%*				
DDR revenues (US$m)	**32,935**	**22,699**	**37,268**	**52,028**	**63,204**	**175,199**	**64,770**	**72,874**	**79,697**	**85,365**	**302,707**	**330,006**	**186,942**	**146,140**
% YoY	*40.4%*	*333.7%*	*419.2%*	*514.2%*	*424.4%*	*432.0%*	*185.3%*	*95.5%*	*53.2%*	*35.1%*	*72.8%*	*9.0%*	*-43.4%*	*-21.8%*
% QoQ		*88.3%*	*64.2%*	*39.6%*	*21.5%*		*2.5%*	*12.5%*	*9.4%*	*7.1%*				
DDR unit shipment (1Gb eq)	80,386	21,650	23,071	26,372	28,096	99,189	26,466	28,014	29,302	30,543	114,326	126,037	142,921	159,774
% YoY	*18.1%*	*36.7%*	*13.8%*	*19.5%*	*26.5%*	*23.4%*	*22.2%*	*21.4%*	*11.1%*	*8.7%*	*15.3%*	*10.2%*	*13.4%*	*11.8%*
% QoQ		*-2.5%*	*6.6%*	*14.3%*	*6.5%*		*-5.8%*	*5.8%*	*4.6%*	*4.2%*				
DDR ASP (US$ 1Gb eq)	0.41	1.05	1.62	1.97	2.25	1.77	2.45	2.60	2.72	2.79	2.65	2.62	1.31	0.91
% YoY	*18.8%*	*217.3%*	*356.1%*	*414.1%*	*314.4%*	*331.1%*	*133.4%*	*61.0%*	*37.9%*	*24.2%*	*49.9%*	*-1.1%*	*-50.0%*	*-30.1%*
% QoQ		*93.1%*	*54.1%*	*22.1%*	*14.0%*		*8.8%*	*6.3%*	*4.6%*	*2.8%*				
HBM revenues (US$m)	**20,521**	**6,158**	**6,989**	**8,741**	**9,671**	**31,559**	**13,411**	**14,845**	**17,850**	**20,568**	**66,674**	**103,875**	**149,234**	**204,054**
% YoY	*118.9%*	*39.1%*	*35.7%*	*59.6%*	*76.9%*	*53.8%*	*117.8%*	*112.4%*	*104.2%*	*112.7%*	*111.3%*	*55.8%*	*43.7%*	*36.7%*
% QoQ		*12.6%*	*13.5%*	*25.1%*	*10.6%*		*38.7%*	*10.7%*	*20.2%*	*15.2%*				
HBM unit shipment (1Gb eq)	12,628	3,803	4,297	4,654	4,958	17,711	5,041	5,336	6,002	6,705	23,084	32,028	42,135	54,007
% YoY	*86.0%*	*30.8%*	*35.8%*	*43.6%*	*49.5%*	*40.3%*	*32.6%*	*24.2%*	*29.0%*	*35.2%*	*30.3%*	*38.7%*	*31.6%*	*28.2%*
% QoQ		*14.6%*	*13.0%*	*8.3%*	*6.5%*		*1.7%*	*5.8%*	*12.5%*	*11.7%*				
HBM ASP (US$ 1Gb eq)	1.63	1.62	1.63	1.88	1.95	1.78	2.66	2.78	2.97	3.07	2.89	3.24	3.54	3.78
% YoY	*17.7%*	*6.3%*	*-0.1%*	*11.1%*	*18.4%*	*9.7%*	*64.3%*	*71.0%*	*58.4%*	*57.3%*	*62.1%*	*12.3%*	*9.2%*	*6.7%*
% QoQ		*-1.7%*	*0.5%*	*15.5%*	*3.8%*		*36.4%*	*4.6%*	*6.9%*	*3.1%*				

Source: Company data, UBS estimates

Figure 5: SK Hynix – UBS NAND Flash forecasts

(Won bn)	2025	1Q26	2Q26E	3Q26E	4Q26E	2026E	1Q27E	2Q27E	3Q27E	4Q27E	2027E	2028E	2029E	2030E
Revenues	**20,295**	**11,342**	**19,744**	**26,220**	**30,515**	**87,483**	**33,085**	**36,946**	**40,444**	**41,693**	**152,167**	**121,270**	**68,478**	**80,970**
% YoY	*7.2%*	*259.8%*	*317.3%*	*428.7%*	*310.0%*	*331.1%*	*191.7%*	*87.1%*	*54.2%*	*36.6%*	*73.9%*	*-20.3%*	*-43.5%*	*18.2%*
% QoQ		*52.4%*	*74.1%*	*32.8%*	*16.4%*		*8.4%*	*11.7%*	*9.5%*	*3.1%*				
Revenues (US$m)	**14,396**	**7,982**	**13,147**	**16,909**	**19,678**	**57,716**	**21,335**	**23,826**	**26,081**	**26,886**	**98,128**	**78,203**	**44,160**	**52,215**
% YoY	*3.9%*	*267.7%*	*286.0%*	*367.6%*	*278.2%*	*300.9%*	*167.3%*	*81.2%*	*54.2%*	*36.6%*	*70.0%*	*-20.3%*	*-43.5%*	*18.2%*
% QoQ		*53.4%*	*64.7%*	*28.6%*	*16.4%*		*8.4%*	*11.7%*	*9.5%*	*3.1%*				
Unit shipment (1GB eq)	**160,563**	**42,002**	**48,284**	**49,605**	**52,490**	**192,381**	**53,688**	**57,189**	**60,627**	**62,171**	**233,675**	**276,459**	**309,159**	**365,259**
% YoY	*11.8%*	*62.0%*	*7.3%*	*16.0%*	*12.0%*	*19.8%*	*27.8%*	*18.4%*	*22.2%*	*18.4%*	*21.5%*	*18.3%*	*11.8%*	*18.1%*
% QoQ		*-10.4%*	*15.0%*	*2.7%*	*5.8%*		*2.3%*	*6.5%*	*6.0%*	*2.5%*				
Avg. wafer out per month (k 12"eq)	**206**	**199**	**192**	**193**	**204**	**197**	**208**	**204**	**200**	**196**	**202**	**186**	**177**	**199**
% YoY	*-3.7%*	*-10.7%*	*-5.5%*	*-2.8%*	*2.4%*	*-4.4%*	*4.6%*	*6.5%*	*3.5%*	*-4.1%*	*2.6%*	*-7.9%*	*-4.7%*	*12.1%*
% QoQ		*-0.4%*	*-3.6%*	*0.8%*	*5.8%*		*1.8%*	*-1.9%*	*-2.0%*	*-2.0%*				
ASP (US$ 1GB eq) - consol	**0.09**	**0.19**	**0.27**	**0.34**	**0.37**	**0.30**	**0.40**	**0.42**	**0.43**	**0.43**	**0.42**	**0.28**	**0.14**	**0.14**
% YoY	*-7.1%*	*126.9%*	*259.8%*	*303.1%*	*237.7%*	*237.0%*	*109.1%*	*53.0%*	*26.2%*	*15.4%*	*39.1%*	*-32.6%*	*-49.5%*	*0.1%*
% QoQ		*71.2%*	*43.3%*	*25.2%*	*10.0%*		*6.0%*	*4.8%*	*3.3%*	*0.5%*				
Operating profit - consolidated	**2,598**	**6,081**	**13,651**	**19,542**	**23,148**	**61,596**	**25,583**	**29,101**	**32,270**	**33,024**	**119,979**	**84,569**	**29,779**	**35,039**
% OP Margin	*12.8%*	*53.6%*	*69.1%*	*74.5%*	*75.9%*	*70.4%*	*77.3%*	*78.8%*	*79.8%*	*79.2%*	*78.8%*	*69.7%*	*43.5%*	*43.3%*
Fully Loaded Cost/unit (1GB US$)	**0.08**	**0.09**	**0.08**	**0.09**	**0.09**	**0.09**	**0.09**	**0.09**	**0.09**	**0.10**	**0.09**	**0.09**	**0.09**	**0.09**
% YoY	*-10.3%*	*3.1%*	*22.4%*	*4.1%*	*16.0%*	*12.1%*	*4.3%*	*11.7%*	*7.7%*	*12.1%*	*8.8%*	*0.9%*	*-6.8%*	*2.5%*
% QoQ		*9.7%*	*-5.2%*	*7.1%*	*4.1%*		*-1.3%*	*1.5%*	*3.3%*	*8.4%*				
Cash Cost/unit (1GB US$)	**0.06**	**0.07**	**0.07**	**0.07**	**0.08**	**0.07**	**0.08**	**0.08**	**0.08**	**0.09**	**0.08**	**0.08**	**0.07**	**0.07**
% YoY	*-6.8%*	*10.9%*	*27.5%*	*7.2%*	*16.0%*	*15.5%*	*8.9%*	*11.8%*	*7.3%*	*10.7%*	*9.3%*	*-1.9%*	*-12.4%*	*2.5%*
% QoQ		*4.3%*	*-1.4%*	*7.3%*	*5.1%*		*-2.1%*	*1.2%*	*3.0%*	*8.5%*				

Source: Company data, UBS estimates

Figure 6: SK Hynix – UBS capex forecasts

	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Semis Capex (US$m)											
DRAM	5,808	7,553	11,033	4,760	10,860	17,076	25,289	27,257	29,757	31,757	33,757
% YoY	*-18.1%*	*30.0%*	*46.1%*	*-56.9%*	*128.1%*	*57.2%*	*48.1%*	*7.8%*	*9.2%*	*6.7%*	*6.3%*
NAND Flash	2,700	3,357	3,734	1,523	784	2,428	4,375	8,069	9,069	9,069	10,069
% YoY	*-34.9%*	*24.3%*	*11.2%*	*-59.2%*	*-48.5%*	*209.7%*	*80.2%*	*84.4%*	*12.4%*	*0.0%*	*11.0%*
Semis Capex	**8,508**	**10,911**	**14,767**	**6,283**	**11,644**	**19,504**	**29,664**	**35,326**	**38,826**	**40,826**	**43,826**
% YoY	*-24.3%*	*28.2%*	*35.3%*	*-57.5%*	*85.3%*	*67.5%*	*52.1%*	*19.1%*	*9.9%*	*5.2%*	*7.3%*
Semis Capex (Won bn)	**10,069**	**12,487**	**19,010**	**8,325**	**15,920**	**27,519**	**44,676**	**54,779**	**60,207**	**63,308**	**67,960**
% YoY	*107.6%*	*24.0%*	*52.2%*	*-56.2%*	*91.2%*	*72.9%*	*62.3%*	*22.6%*	*9.9%*	*5.2%*	*7.3%*
Semis WFE (US$m)											
DRAM	3,009	5,530	7,424	2,409	7,178	10,117	14,664	17,476	19,976	21,976	23,976
% YoY	*-16.7%*	*83.8%*	*34.2%*	*-67.6%*	*198.0%*	*40.9%*	*44.9%*	*19.2%*	*14.3%*	*10.0%*	*9.1%*
NAND Flash	1,500	1,552	1,500	935	375	1,200	2,500	4,350	5,350	5,350	6,350
% YoY	*-21.1%*	*3.5%*	*-3.4%*	*-37.7%*	*-59.9%*	*220.0%*	*108.3%*	*74.0%*	*23.0%*	*0.0%*	*18.7%*
Semis WFE	**4,509**	**7,082**	**8,924**	**3,344**	**7,553**	**11,317**	**17,164**	**21,826**	**25,326**	**27,326**	**30,326**
% YoY	*-18.2%*	*57.1%*	*26.0%*	*-62.5%*	*125.9%*	*49.8%*	*51.7%*	*27.2%*	*16.0%*	*7.9%*	*11.0%*

Source: Company data, UBS estimates

Figure 7: SK Hynix – UBS income statement forecasts

(Won bn)	**2025**	**1Q26**	**2Q26E**	**3Q26E**	**4Q26E**	**2026E**	**1Q27E**	**2Q27E**	**3Q27E**	**4Q27E**	**2027E**	**2028E**	**2029E**	**2030E**
Revenues	**97,147**	**52,576**	**86,458**	**120,751**	**143,804**	**403,589**	**154,574**	**173,239**	**192,017**	**206,254**	**726,083**	**795,236**	**590,945**	**625,185**
% YoY	46.8%	*198.1%*	*288.9%*	*393.9%*	*338.1%*	315.4%	*194.0%*	*100.4%*	*59.0%*	*43.4%*	79.9%	9.5%	-25.7%	5.8%
% QoQ		*60.2%*	*64.4%*	*39.7%*	*19.1%*		*7.5%*	*12.1%*	*10.8%*	*7.4%*				
DRAM	75,349	41,005	66,465	94,234	113,007	314,711	121,236	136,026	151,267	164,270	572,799	672,820	521,308	543,045
NAND Flash	20,295	11,342	19,744	26,220	30,515	87,483	33,085	36,946	40,444	41,693	152,167	121,270	68,478	80,970
Gross Profit	**58,691**	**41,679**	**73,647**	**106,406**	**127,760**	**349,492**	**138,468**	**155,998**	**173,795**	**186,106**	**654,368**	**703,077**	**483,772**	**498,490**
% GP margin	*60.4%*	*79.3%*	*85.2%*	*88.1%*	*88.8%*	*86.6%*	*89.6%*	*90.0%*	*90.5%*	*90.2%*	*90.1%*	*88.4%*	*81.9%*	*79.7%*
Opex	-11,484	-4,069	-5,146	-6,187	-7,080	-22,483	-7,150	-7,667	-8,182	-8,719	-31,717	-36,028	-38,595	-41,204
Opex as % of Revenues	*-11.8%*	*-7.7%*	*-6.0%*	*-5.1%*	*-4.9%*	*-5.6%*	*-4.6%*	*-4.4%*	*-4.3%*	*-4.2%*	*-4.4%*	*-4.5%*	*-6.5%*	*-6.6%*
Operating profit	**47,206**	**37,610**	**68,501**	**100,219**	**120,680**	**327,010**	**131,318**	**148,331**	**165,613**	**177,387**	**622,651**	**667,048**	**445,177**	**457,287**
% OP margin	***48.6%***	***71.5%***	***79.2%***	***83.0%***	***83.9%***	***81.0%***	***85.0%***	***85.6%***	***86.2%***	***86.0%***	***85.8%***	***83.9%***	***75.3%***	***73.1%***
Pre-tax profit (adjusted)	50,466	51,617	68,561	100,264	120,754	341,195	131,435	148,496	165,761	177,579	623,271	668,127	446,561	458,803
Tax	-7,518	-11,271	-15,083	-22,058	-26,566	-74,978	-28,916	-32,669	-36,467	-39,067	-137,120	-146,988	-98,243	-100,937
Net profit	**42,948**	**40,346**	**53,477**	**78,206**	**94,188**	**266,217**	**102,520**	**115,827**	**129,294**	**138,512**	**486,152**	**521,139**	**348,317**	**357,867**
EPS (Won) ex-treasury	**61,810**	**56,940**	**75,035**	**110,365**	**133,848**	**376,188**	**147,057**	**168,120**	**190,383**	**208,225**	**713,786**	**839,779**	**634,958**	**767,306**
EPS (Won) incl. treasury	**58,994**	**56,610**	**75,035**	**110,365**	**133,848**	**375,858**	**147,057**	**168,120**	**190,383**	**208,225**	**713,786**	**839,779**	**634,958**	**767,306**
DPS (Won)	**3,000**	**375**	**375**	**375**	**20,000**	**21,125**	**375**	**375**	**375**	**69,000**	**70,125**	**89,125**	**101,125**	**101,125**

Source: Company data, UBS estimates

Figure 8: SK Hynix – UBS cash flow statement forecasts

(Won bn)	**2025**	**1Q26**	**2Q26E**	**3Q26E**	**4Q26E**	**2026E**	**1Q27E**	**2Q27E**	**3Q27E**	**4Q27E**	**2027E**	**2028E**	**2029E**	**2030E**
Net income	42,919	40,330	53,477	78,206	94,188	266,201	102,520	115,827	129,294	138,512	486,152	521,139	348,317	357,867
Dep & Amort	13,890	3,729	4,701	5,210	5,567	19,207	5,924	6,280	6,637	6,994	25,835	33,340	39,543	44,815
Other non-cash	4,948	-1,930	0	0	0	-1,930	0	0	0	0	0	0	0	0
Total non-cash transactions	18,838	1,799	4,701	5,210	5,567	17,277	5,924	6,280	6,637	6,994	25,835	33,340	39,543	44,815
Changes in Assets/liabilities	-2,881	-16,265	-10,500	-18,702	-9,500	-54,966	-10,627	-14,672	-11,403	-9,615	-46,318	-7,889	24,558	-10,576
Cash Flow from Ops	**53,373**	**26,330**	**47,678**	**64,714**	**90,255**	**228,978**	**97,816**	**107,435**	**124,527**	**135,890**	**465,668**	**546,590**	**412,418**	**392,105**
Capex	-27,519	-7,657	-9,500	-12,000	-15,518	-44,676	-13,695	-13,695	-13,695	-13,695	-54,779	-60,207	-63,308	-67,960
Cash flow from Investment	**-30,987**	**-7,128**	**-9,500**	**-12,000**	**-15,518**	**-44,146**	**-13,695**	**-13,695**	**-13,695**	**-13,695**	**-54,779**	**-60,207**	**-63,308**	**-67,960**
Change in Debt	768	-2,754	-100	-100	-2,296	-5,250	-100	-100	-100	-660	-960	-780	-600	-600
Dividends	-1,681	0	-1,594	-267	-266	-2,127	0	-14,204	-258	-255	-14,717	-45,506	-51,019	-50,681
Cash flow from Financing	**-1,445**	**-2,951**	**-1,694**	**-5,367**	**-8,562**	**-18,575**	**-8,100**	**-24,304**	**-12,358**	**-17,915**	**-62,677**	**-139,286**	**-133,619**	**-151,281**
Net Cash Flow	20,786	19,388	36,484	47,347	66,175	169,394	76,022	69,436	98,474	104,280	348,212	347,097	215,491	172,864
EBITDA	61,096	41,339	73,201	105,429	126,247	346,217	137,242	154,612	172,250	184,381	648,485	700,389	484,720	502,102
% EBITDA margin	62.9%	*78.6%*	*84.7%*	*87.3%*	*87.8%*	85.8%	*88.8%*	*89.2%*	*89.7%*	*89.4%*	89.3%	88.1%	82.0%	80.3%
FCF	25,854	18,673	38,178	52,714	74,737	184,302	84,122	93,740	110,833	122,195	410,889	486,383	349,110	324,145
% FCF margin	26.6%	*35.5%*	*44.2%*	*43.7%*	*52.0%*	45.7%	*54.4%*	*54.1%*	*57.7%*	*59.2%*	56.6%	61.2%	59.1%	51.8%

Source: Company data, UBS estimates

Figure 9: SK Hynix – UBS balance sheet forecasts

(Won bn)	2025	1Q26	2Q26E	3Q26E	4Q26E	2026E	1Q27E	2Q27E	3Q27E	4Q27E	2027E	2028E	2029E	2030E
Cash and cash eq	34,942	54,330	90,814	138,161	204,336	204,336	280,357	349,793	448,267	552,548	552,548	899,645	1,115,135	1,287,999
Accounts receivable	18,199	33,808	43,584	62,195	70,917	70,917	81,310	94,925	105,215	113,016	113,016	109,766	75,589	89,462
Inventory	14,289	15,974	16,848	17,292	18,461	18,461	18,532	19,838	20,968	23,183	23,183	35,605	46,106	44,632
Other current assets	2,027	2,394	2,394	2,394	2,394	2,394	2,394	2,394	2,394	2,394	2,394	2,394	2,394	2,394
Total current assets	69,458	106,506	153,641	220,042	296,108	296,108	382,594	466,951	576,844	691,140	691,140	1,047,410	1,239,224	1,424,488
Investment	15,868	22,014	22,014	22,014	22,014	22,014	22,014	22,014	22,014	22,014	22,014	22,014	22,014	22,014
Tangible assets	77,503	82,052	86,755	93,409	103,161	103,161	110,777	118,043	124,960	131,527	131,527	157,857	181,146	203,829
Intangible assets	4,049	4,051	4,147	4,282	4,481	4,481	4,637	4,785	4,926	5,060	5,060	5,598	6,073	6,536
Other	9,229	8,206	8,206	8,206	8,206	8,206	8,206	8,206	8,206	8,206	8,206	8,206	8,206	8,206
Total non-current assets	106,650	116,323	121,122	127,912	137,863	137,863	145,634	153,049	160,106	166,808	166,808	193,674	217,440	240,584
Total Assets	176,108	222,829	274,763	347,954	433,971	433,971	528,228	620,000	736,950	857,948	857,948	193,674	217,440	240,584
AP	2,848	2,798	2,948	3,301	3,692	3,692	3,530	3,779	3,794	4,195	4,195	5,478	6,359	8,183
ST borrowings	2,396	2,522	2,472	2,422	2,372	2,372	2,322	2,272	2,222	2,172	2,172	1,972	1,772	1,572
Current portion of LT borrowings	5,766	3,369	3,319	3,269	3,219	3,219	3,169	3,119	3,069	3,019	3,019	2,819	2,619	2,419
Other current liabilities	26,369	32,012	32,012	32,012	32,012	32,012	32,012	32,012	32,012	32,012	32,012	32,012	32,012	32,012
Current liabilities	37,379	40,701	40,751	41,004	41,295	41,295	41,033	41,181	41,097	41,398	41,398	42,280	42,762	44,185
Debenture	11,206	10,751	10,751	10,751	10,621	10,621	10,621	10,621	10,621	10,421	10,421	10,221	10,021	9,821
LT borrowings	2,880	2,676	2,676	2,676	609	609	609	609	609	249	249	69	69	69
Other LT liabilities	3,976	4,322	4,322	4,322	4,322	4,322	4,322	4,322	4,322	4,322	4,322	4,322	4,322	4,322
LT liabilities	18,062	17,748	17,748	17,748	15,552	15,552	15,552	15,552	15,552	14,992	14,992	14,612	14,412	14,212
Total liabilities	55,441	58,449	58,499	58,752	56,847	56,847	56,585	56,733	56,649	56,390	56,390	56,892	57,174	58,397
Total equity	120,667	164,380	216,264	289,202	377,124	377,124	471,644	563,267	680,302	801,559	801,559	1,184,192	1,399,490	1,606,675
% ROE	44.1%	113.2%	112.4%	123.8%	113.1%	107.0%	96.6%	89.5%	83.2%	74.8%	82.5%	52.5%	27.0%	23.8%
Book value per share	173,663	232,077	303,442	408,127	535,922	532,910	676,540	817,571	1,001,735	1,204,988	1,176,879	1,908,240	2,551,172	3,444,894

Source: Company data, UBS estimates

Figure 10: SK Hynix – UBS valuation

UBS price target	**3,200,000**
Current stock price (Won)	2,425,000
Number of shares (bn) - ex treasury shares	0.708
Treasury shares (bn)	0.004
Market cap. (Won bn)	1,728,303
Debt (Won bn)	19,318
Cash & equivalents (Won bn)	54,330
Adjusted EV (Won bn)	1,693,291

	2025	2026E	2027E	2028E	2029E	2030E
Current valuation						
EV/Revenues	17.43	4.20	2.33	2.13	2.87	2.71
P/Book	14.32	4.58	2.16	1.46	1.23	1.08
P/E (ex-treasury shares)	39.23	6.45	3.40	2.89	3.82	3.16
P/E (including treasury shares)	41.11	6.45	3.40	2.89	3.82	3.16
EV/EBITDA	27.72	4.89	2.61	2.42	3.49	3.37
UBS valuation						
EV/Revenues	23.12	5.56	3.09	2.82	3.80	3.59
P/Book	18.90	6.05	2.85	1.93	1.63	1.42
P/E (ex-treasury shares)	51.77	8.51	4.48	3.81	5.04	4.17
P/E (including treasury shares)	54.24	8.51	4.48	3.81	5.04	4.17
EV/EBITDA	36.53	6.45	3.44	3.19	4.60	4.44
Other						
% ROE	***44.1%***	***107.0%***	***82.5%***	***52.5%***	***27.0%***	***23.8%***
Tangible book per share (Won)	164,645	526,111	1,124,526	1,663,983	1,967,278	2,259,136
Cash per share (Won)	49,333	288,489	780,107	1,270,152	1,574,389	1,818,445
Free cash flow per share (Won)	36,502	260,204	580,109	686,694	492,886	457,640
% Free cash flow yield	*1.5%*	*10.7%*	*23.9%*	*28.3%*	*20.3%*	*18.9%*

Source: Company data, UBS estimates. Priced as of 3 July 2026.

SK Hynix (000660.KS)

Income Statement (Wonb)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Revenues	**32,766**	**66,193**	**97,147**	**403,589**	315.4	**726,083**	79.9	**795,236**	**590,945**	**625,185**
Gross profit	(533)	31,828	58,691	349,492	NM	654,368	87.2	703,077	483,772	498,490
EBITDA (UBS)	**5,889**	**36,012**	**61,096**	**346,217**	NM	**648,485**	87.3	**700,389**	**484,720**	**502,102**
Depreciation & amortisation	(13,619)	(12,545)	(13,890)	(19,207)	-38.3	(25,835)	-34.5	(33,340)	(39,543)	(44,815)
EBIT (UBS)	**(7,730)**	**23,467**	**47,206**	**327,010**	NM	**622,651**	90.4	**667,048**	**445,177**	**457,287**
Associates & investment income	15	(38)	(565)	(27)	95.3	0	-	0	0	0
Other non-operating income	(2,691)	1,457	4,253	14,012	229.4	0	-	0	0	0
Net interest	(1,252)	(1,000)	(429)	201	-	621	208.9	1,079	1,383	1,517
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	**(11,658)**	**23,885**	**50,466**	**341,195**	NM	**623,271**	82.7	**668,127**	**446,561**	**458,803**
Tax	2,520	(4,088)	(7,518)	(74,978)	NM	(137,120)	-82.9	(146,988)	(98,243)	(100,937)
Profit after tax	**(9,138)**	**19,797**	**42,948**	**266,217**	NM	**486,152**	82.6	**521,139**	**348,317**	**357,867**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	25	(8)	(29)	(16)	45.0	0	-	0	0	0
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	**(9,112)**	**19,789**	**42,919**	**266,201**	NM	**486,152**	82.6	**521,139**	**348,317**	**357,867**
Net earnings (UBS)	**(9,138)**	**19,797**	**42,948**	**266,217**	NM	**486,152**	82.6	**521,139**	**348,317**	**357,867**
Tax rate (%)	0.0	17.1	14.9	22.0	47.5	22.0	0.1	22.0	22.0	22.0

Per Share (Won)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
EPS (UBS, diluted)	(12,552)	27,193	58,994	375,858	NM	713,786	89.9	839,779	634,958	767,306
EPS (local GAAP, diluted)	(12,517)	27,182	58,955	375,836	NM	713,786	89.9	839,779	634,958	767,306
EPS (UBS, basic)	(12,552)	27,193	58,994	375,858	NM	713,786	89.9	839,779	634,958	767,306
DPS (net) (Won)	1,200	2,205	3,000	21,125	NM	70,125	232.0	89,125	101,125	101,125
Cash EPS (UBS, diluted) [1]	6,156	44,425	78,073	402,975	NM	751,717	86.5	893,504	707,042	863,395
Book value per share	73,494	101,532	165,750	532,442	221.2	1,176,878	121.0	1,908,240	2,551,172	3,444,893
Average shares (diluted)	728	728	728	708	-2.7	681	-3.8	621	549	466

Balance Sheet (Wonb)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Cash and equivalents	8,921	14,156	34,942	204,336	NM	552,548	170.4	899,645	1,115,135	1,287,999
Other current assets	21,547	28,123	34,516	91,772	165.9	138,593	51.0	147,765	124,089	136,488
Total current assets	**30,468**	**42,279**	**69,458**	**296,108**	326.3	**691,140**	133.4	**1,047,410**	**1,239,224**	**1,424,488**
Net tangible fixed assets	52,705	60,157	77,503	103,161	33.1	131,527	27.5	157,857	181,146	203,829
Net intangible fixed assets	3,835	4,019	4,049	4,481	10.7	5,060	12.9	5,598	6,073	6,536
Investments / other assets	13,323	13,400	25,097	30,220	20.4	30,220	0.0	30,220	30,220	30,220
Total assets	**100,330**	**119,855**	**176,108**	**433,971**	146.4	**857,948**	97.7	**1,241,084**	**1,456,664**	**1,665,072**
Trade payables & other ST liabilities	11,151	19,713	29,217	35,704	22.2	36,207	1.4	37,489	38,371	40,194
Short term debt	9,857	5,252	8,162	5,591	-31.5	5,191	-7.2	4,791	4,391	3,991
Total current liabilities	**21,008**	**24,965**	**37,379**	**41,295**	10.5	**41,398**	0.2	**42,280**	**42,762**	**44,185**
Long term debt	19,611	17,431	14,086	11,230	-20.3	10,670	-5.0	10,290	10,090	9,890
Other long term liabilities	6,207	3,543	3,976	4,322	8.7	4,322	0.0	4,322	4,322	4,322
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**46,826**	**45,940**	**55,441**	**56,847**	2.5	**56,390**	-0.8	**56,892**	**57,174**	**58,397**
Common s/h equity	**53,504**	**73,916**	**120,667**	**377,124**	212.5	**801,558**	112.5	**1,184,192**	**1,399,490**	**1,606,675**
Minority interests	0	0	0	0	-	0	-	0	0	0
Total liabilities & equity	**100,330**	**119,855**	**176,108**	**433,971**	146.4	**857,948**	97.7	**1,241,084**	**1,456,664**	**1,665,072**

Cash Flow (Wonb)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Net income (before pref divs)	(9,112)	19,789	42,919	266,201	NM	486,152	82.6	521,139	348,317	357,867
Depreciation & amortisation	13,619	12,545	13,890	19,207	38.3	25,835	34.5	33,340	39,543	44,815
Net change in working capital	714	(4,656)	(5,780)	(54,943)	NM	(46,318)	15.7	(7,889)	24,558	(10,576)
Other operating	(3,334)	1,896	3,386	(3,019)	-	0	-	0	0	0
Operating cash flow	**1,887**	**29,574**	**54,415**	**227,447**	318.0	**465,668**	104.7	**546,590**	**412,418**	**392,105**
Tangible capital expenditure	(8,325)	(15,946)	(27,519)	(44,676)	-62.3	(54,779)	-22.6	(60,207)	(63,308)	(67,960)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	0	0	0	0	-	0	-	0	0	0
Other investing	892	(441)	(3,468)	530	-	0	-	0	0	0
Investing cash flow	**(7,433)**	**(16,387)**	**(30,987)**	**(44,146)**	-42.5	**(54,779)**	-24.1	**(60,207)**	**(63,308)**	**(67,960)**
Equity dividends paid	(825)	(826)	(1,681)	(2,127)	-26.5	(14,717)	NM	(45,506)	(51,019)	(50,681)
Share issues / (buybacks)	0	0	0	(11,001)	-	(47,000)	-327.2	(93,000)	(82,000)	(100,000)
Other financing	48	(502)	(532)	(197)	62.9	0	-	0	0	0
Change in debt & pref shares	6,969	(7,376)	768	(5,250)	-	(960)	81.7	(780)	(600)	(600)
Financing cash flow	**6,191**	**(8,704)**	**(1,445)**	**(18,575)**	NM	**(62,677)**	-237.4	**(139,286)**	**(133,619)**	**(151,281)**
Cash flow inc/(dec) in cash	**645**	**4,483**	**21,983**	**164,726**	NM	**348,212**	111.4	**347,097**	**215,491**	**172,864**
FX / non cash items	1,867	753	(1,197)	4,668	-	0	-	0	0	0
Balance sheet inc/(dec) in cash	**2,512**	**5,235**	**20,786**	**169,393**	NM	**348,212**	105.6	**347,097**	**215,491**	**172,864**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.[1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

SK Hynix (000660.KS)

Valuation (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
P/E (local GAAP, diluted)	NM	6.6	5.2	6.5	3.4	2.9	3.8	3.2
P/E (UBS, diluted)	(8.6)	6.6	5.2	6.5	3.4	2.9	3.8	3.2
P/CEPS	17.6	4.0	3.9	6.0	3.2	2.7	3.4	2.8
Equity FCF (UBS) yield %	(8.2)	10.5	12.0	10.4	23.3	27.6	19.8	18.4
Dividend yield (net) %	1.1	1.2	1.0	0.9	2.9	3.7	4.2	4.2
P/BV	1.5	1.8	1.9	4.6	2.1	1.3	1.0	0.7
EV/revenues (core)	2.8	2.1	2.1	4.1	1.9	1.3	1.3	0.9
EV/EBITDA (UBS core)	15.6	3.9	3.4	4.7	2.1	1.5	1.5	1.1
EV/EBIT (core)	NM	5.9	4.4	5.0	2.2	1.5	1.7	1.2
EV/OpFCF (core)	NM	6.9	6.1	5.4	2.3	1.6	1.8	1.3
EV/op. invested capital	1.3	1.9	2.4	12.7	6.7	4.0	2.7	1.9

Enterprise value (Wonb)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Market cap.	78,842	130,367	223,698	1,765,406	1,765,406	1,765,406	1,765,406	1,765,406
Net debt (cash)	18,567	14,538	(2,083)	(100,104)	(362,100)	(710,625)	(992,609)	(1,187,386)
Buy out of minorities	0	0	0	0	0	0	0	0
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	**97,409**	**144,904**	**221,614**	**1,665,301**	**1,403,305**	**1,054,781**	**772,797**	**578,020**
Non core assets	(5,473)	(5,982)	(15,868)	(22,014)	(22,014)	(22,014)	(22,014)	(22,014)
Core enterprise value	**91,936**	**138,922**	**205,746**	**1,643,287**	**1,381,291**	**1,032,767**	**750,783**	**556,006**

Growth (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenue	(26.6)	102.0	46.8	NM	79.9	9.5	(25.7)	5.8
EBITDA (UBS)	(71.9)	NM	69.7	NM	87.3	8.0	(30.8)	3.6
EBIT (UBS)	-	-	101.2	NM	90.4	7.1	(33.3)	2.7
EPS (UBS, diluted)	-	-	116.9	NM	89.9	17.7	(24.4)	20.8
Net DPS	0.0	83.8	36.1	NM	NM	27.1	13.5	0.0

Margins & Profitability (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Gross profit margin	NM	48.1	60.4	NM	NM	NM	NM	NM
EBITDA margin	18.0	54.4	62.9	NM	NM	NM	NM	NM
EBIT (UBS) margin	(23.6)	35.5	48.6	81.0	85.8	83.9	75.3	73.1
Net earnings (UBS) margin	NM	29.9	44.2	66.0	67.0	65.5	58.9	57.2
ROIC (EBIT)	NM	32.4	56.0	NM	NM	NM	NM	NM
ROIC post tax	NM	26.8	47.8	NM	NM	NM	NM	NM
ROE (UBS)	(15.6)	31.1	44.1	107.0	82.5	52.5	27.0	23.8

Capital structure & Coverage (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Net debt / EBITDA	3.5	0.2	(0.2)	(0.5)	(0.8)	(1.3)	(2.3)	(2.5)
Net debt / total equity %	38.4	11.5	(10.5)	(49.7)	(67.0)	(74.7)	(78.6)	(79.3)
Net debt / (net debt + total equity) %	27.7	10.3	(11.8)	(98.9)	NM	NM	NM	NM
Net debt/EV %	19.1	10.0	(0.9)	(6.0)	(25.8)	(67.4)	NM	NM
Capex / depreciation %	63.0	131.0	NM	NM	NM	186.2	165.1	156.3
Capex / revenue %	25.4	24.1	28.3	11.1	7.5	7.6	10.7	10.9
EBIT / net interest	-	23.4	NM	-	-	-	-	-
Dividend cover (UBS)	-	12.3	19.7	17.8	10.2	9.4	6.3	7.6
Div. payout ratio (UBS) %	-	8.1	5.1	5.6	9.8	10.6	15.9	13.2

Revenues by division (Wonb)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
DRAM	20,761	45,148	75,349	314,711	572,799	672,820	521,308	543,045
NAND	9,757	18,936	20,295	87,483	152,167	121,270	68,478	80,970
Others	2,248	2,109	1,503	1,395	1,117	1,146	1,159	1,170
Total	**32,766**	**66,193**	**97,147**	**403,589**	**726,083**	**795,236**	**590,945**	**625,185**

EBIT (UBS) by division (Wonb)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
DRAM	(1,367)	20,915	44,895	264,838	502,886	582,674	415,541	422,392
NAND	(6,353)	2,534	2,598	61,596	119,979	84,569	29,779	35,039
Others	(10)	18	(287)	576	(214)	(195)	(143)	(144)
Total	**(7,730)**	**23,467**	**47,206**	**327,010**	**622,651**	**667,048**	**445,177**	**457,287**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Forecast returns

Forecast price appreciation	32.0%
Forecast dividend yield	0.9%
Forecast stock return	32.8%
Market return assumption	9.0%
Forecast excess return	23.8%

Company Description

SK Hynix is a pure-play memory semiconductor company, specialising in DRAM (78% of sales in 2025) and NAND flash memory chips (21% of sales). In 2012, Hynix became part of the SK Group after SK Telecom became its biggest shareholder (21%). The company was renamed SK Hynix. Globally, SK Hynix is the second-largest DRAM chip manufacturer and the third-largest NAND flash vendor in terms of revenue. It has manufacturing operations in Korea and Wuxi/Dalian, China.

Valuation Method and Risk Statement

Whilst overall cyclical risks have decreased longer term for DRAM (our "Goldilocks scenario"), amidst significant consolidation (3 players, from 15 in 1998) and lower growth, cyclical corrections will still occur as the sector retains commodity-like characteristics. The NAND flash industry structure has not changed as dramatically, but the coming rollout of 3D NAND flash manufacturing is restraining the players' willingness to add large increments of capacity at 2D. That being said, both segments are sensitive in particular to smartphones/tablets demand, mix within those segments, and to a lesser extent enterprise spend (enterprise solid state drives, servers). The industry also remains capital-intensive, and with contract prices negotiated every 2 weeks to 3 months, cash flows can change quickly – so adequate capitalization is required. Lastly, the industry may have to move to new memory technologies longer term to supplement, if not replace, current silicon-based Flash and RAM memory structures.
We value SK Hynix with a target price-to-book multiple based on long-term average ROE vs. cost of equities.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on ubs-quant-answers@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

SK Hynix

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	5
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	5
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	5
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Positive Catalyst
9. Is there an actual or approximate date for the catalyst?	July 24, 2026
10. Is the catalyst date an actual or approximate date?	Approximate
11. What is the catalyst?	Monthly smartphone sell-through numbers, pricing negotiation finalization, NT supply chain color on GPU demand, updates on ADR