UBS

Global Research
3 July 2026

Kioxia Holdings Corp

Raising our forecasts again

Pricing outlook raised

With memory supply-demand remaining tight, our memory price outlook for both DRAM and NAND has been raised for the 10th straight month (link). Specifically, the qoq price outlook has been raised from +16% to +32% for July-September and from +10% to +12% for October-December, and we are raising our OP forecasts for Kioxia from ¥7.71trn to ¥9.18trn for FY3/27 and from ¥10.9trn to ¥12.9trn for FY3/28. Currently in AI inference, multiple agents process tasks as if consulting with one another. The more accurate the AI, the longer the context length becomes, and this is driving memory demand. Supply-demand seems unlikely to deteriorate.

Expectations for favourable LTA terms

Micron (US) has provided a detailed explanation of the negotiation terms for long-term agreements (LTA), and whether Kioxia can secure five-year contracts has become a focus for the equity market. Kioxia is negotiating with as many customers as possible and is seeking to obtain better terms while comparing the respective conditions. These terms vary by customer; for example, some involve fixed volumes and fixed prices, while others have fixed prices for the first three years and variable pricing within a range for the remaining period, and some customers are requesting capacity increases in exchange for offering favourable terms. At the results briefing, attention is likely to be on the negotiation terms and progress of these LTAs. Supply-demand conditions are very tight, and we believe the impression is likely to be positive.

Caution needed regarding power shortages and a shift to low-cost open source

Since around 10 June, the share prices of AI-related stocks, not only Kioxia, have started to become unsettled. If the current AI-related semiconductor cycle undergoes a correction, it is likely to be in the event that a shortage of power generation capacity for AI computing forces a slowdown in the pace of semiconductor shipments, or if US general corporations increasingly adopt Chinese models, whose costs are 1/50-1/100 as low for relatively simple tasks, because the use of advanced models such as Anthropic increases token costs, and this trend accelerates.

Valuation: Remaining bullish

Our valuation now reflects our average ROE forecast for FY3/28-31 of 42%, a higher COE of 9.1% (previously 8.6%) due to a rise in 10-year government bond yields, and a revised PBR of 4.63X (previously 4.88X). We are changing our price target from ¥132,000 to ¥144,000, based on end-FY3/29E BPS of ¥31,075.

Equities

Japan

Semiconductors

12-month rating	**Buy**
12m price target	**¥144,000**
	Prior : ¥132,000
Price (03 Jul 2026)	**¥83,300**
RIC: 285A.T **BBG:** 285A JP	

Trading data and key metrics

52-wk range	¥108,700-2,300
Market cap.	¥45,489b/US$283b
Shares o/s	546m (ORD)
Free float	30%
Avg. daily volume ('000)	36,181
Avg. daily value (m)	¥2,161,823.1
Common s/h equity (03/27E)	¥5843b
P/BV (03/27E)	7.8x
Net debt to EBITDA (03/27E)	NM

EPS (reported, basic) (¥)

	From	To	% ch	Cons.
03/27E	9,762.8	11,625.6	19	9,650.3
03/28E	13,856.7	16,403.8	18	11,978.5
03/29E	11,499.4	12,703.2	10	12,525.9

Kenji Yasui
Analyst
kenji.yasui@ubs.com
+81-3-5208 6211

Atsuhiro Kinoshita
Analyst
atsuhiro.kinoshita@ubs.com
+81-3-5208 6768

Highlights (¥b)	03/24	03/25	03/26	03/27E	03/28E	03/29E	03/30E	03/31E
Revenues	1,076.6	1,706.5	2,337.6	11,191.0	15,261.0	12,510.0	11,900.0	11,900.0
EBIT (UBS)	(252.7)	451.7	870.4	9,177.0	12,947.0	10,026.0	9,146.0	9,126.0
Net earnings (UBS)	(243.7)	272.3	554.5	6,348.6	8,957.9	6,937.0	6,328.6	6,315.2
EPS (UBS, diluted) (¥)	(452.1)	505.2	1,015.4	11,625.6	16,403.8	12,703.2	11,588.9	11,564.5
DPS (net) (¥)	0.0	0.0	0.0	3,487.7	4,921.1	3,811.0	3,476.7	3,469.4
Net (debt) / cash	(1,101.3)	(827.6)	(775.3)	2,368.0	7,864.8	13,241.7	17,762.3	22,142.2
Profitability/valuation	**03/24**	**03/25**	**03/26**	**03/27E**	**03/28E**	**03/29E**	**03/30E**	**03/31E**
EBIT (UBS) margin %	(23.5)	26.5	37.2	82.0	84.8	80.1	76.9	76.7
ROIC (EBIT) %	(15.3)	28.1	45.5	320.0	331.6	248.7	245.5	246.6
EV/EBITDA (UBS core) x	-	2.8	4.5	4.7	3.0	3.4	3.1	2.7
P/E (UBS, diluted) x	-	4.3	8.0	7.2	5.1	6.6	7.2	7.2
Equity FCF (UBS) yield %	-	15.4	7.1	11.0	17.9	16.3	14.0	13.7
Dividend yield (net) %	-	0.0	0.0	4.2	5.9	4.6	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 ¥ 83,300 on 03-Jul-2026

Figure 1: Earnings summary (annual)

Kioxia	FY25	FY26			vs		FY27		vs	
(¥bn)	Actual	Consensus	UBS(old)	UBS	Consensus	Y/Y	Consensus	UBS	Consensus	Y/Y
Sales	2,338	9,565	9,721	11,191	+1,626.3	+8,853.4	12,202	15,261	+3,059.0	+4,070.0
bit shipments (mn GB)	156,875	204,463	186,960	186,960	-17,503	+30,085	250,606	232,449	-18,157	45,490
y/y	+18%	+30%	+19%	+19%	-11pt	+1pt	+23%	+24%	+2pt	+5pt
ASP (¥/GB)	*¥14.90*	*¥46.21*	*¥50.01*	*¥57.89*	*+¥11.68*	*+4.3*	*¥47.95*	*¥63.77*	*+¥15.82*	*+¥5.89*
y/y	+16%	+210%	+236%	+288%	+78pt	+27pt	+4%	+10%	+6pt	-278pt
OP (Non-GAAP)	876	7,478	7,711	9,181	+1,703.0	+8,304.8	9,426	12,951	+3,525.5	+3,770.0
OPM%	37%	78%	79%	82%	+4pt	+45pt	77%	85%	+8pt	+3pt
Dividends	0	570	1,599	1,905	+1,334.2	+1,904.6	870	2,687	+1,817.2	+782.8
Dividend payout ratio%	0%	19%	0	30%	+11pt	+30pt	17%	30%	+13pt	+0pt
Capex	284	461	480	480	+19.0	+196.3	517	510	-7.0	+30.0

Source: Company data, company estimates, Visible Alpha, UBS estimates

Figure 2: Earnings estimates

	3/22	3/23	3/24	3/25	3/26							3/27E							CoE (1Q)	3/28E	3/29E
(¥bn)					1Q	2Q	3Q	4Q	1H	2H		1QE	2QE	3QE	4QE	1HE	2HE				
Net sales	1,526.5	1,282.1	1,076.6	1,706.5	342.8	448.3	543.6	1,002.9	791.1	1,546.5	2,337.6	1,867.3	2,699.1	3,157.5	3,466.1	4,566.4	6,623.6	11,191.0	1,750.0	15,261.0	12,510.0
Y/Y		-16%	-16%	59%	-20%	-7%	21%	189%	-13%	94%	37%	445%	502%	481%	246%	477%	328%	379%	411%	36%	-18%
COGS	1,139.8	1,240.2	1,205.9	1,137.0	271.6	326.2	367.0	359.9	597.8	726.9	1,324.7	429.5	449.5	444.5	450.5	879.0	895.0	1,774.0		2,054.0	2,224.0
/ sales	75%	97%	112%	67%	79%	73%	68%	36%	76%	47%	57%	23%	17%	14%	13%	19%	14%	16%		13%	18%
SG&A	170.4	140.9	123.4	117.7	26.3	36.2	33.9	46.2	62.5	80.0	142.5	50.0	60.0	60.0	70.0	110.0	130.0	240.0		260.0	260.0
/ sales	11%	11%	11%	7%	8%	8%	6%	5%	8%	5%	6%	3%	2%	2%	2%	2%	2%	2%		2%	2%
Operating profit	216.2	-99.0	-252.7	451.7	44.9	85.9	142.8	596.8	130.8	739.5	870.4	1,387.8	2,189.6	2,653.0	2,945.6	3,577.4	5,598.6	9,177.0	1,298.0	12,947.0	10,026.0
OPM	14%	-8%	-23%	26%	13%	19%	26%	60%	17%	48%	37%	74%	81%	84%	85%	78%	85%	82%	74%	85%	80%
Non-operating			-90.6	-81.1	-17.6	-29.2	-21.0	-18.5	-46.8	-39.5	-86.3	-0.9	-0.8	-0.9	-0.8	-1.6	-1.6	-3.2		-2.5	-1.8
Finance income			1.8	3.7	2.4	-0.4	1.6	5.9	2.0	7.5	9.5	1.0	1.0	1.0	1.0	2.0	2.0	4.0		4.0	4.0
Finance cost			92.7	85.3	19.9	29.1	22.8	25.0	49.0	47.7	96.7	2.1	2.1	2.1	2.1	4.1	4.1	8.2		7.5	6.8
Other			0.3	0.5	-0.1	0.3	0.1	0.6	0.2	0.8	0.9	0.2	0.3	0.2	0.3	0.5	0.5	1.0		1.0	1.0
Pre-Tax profit	154.4	-186.4	-343.3	370.7	27.3	56.7	121.7	578.3	84.0	700.1	784.1	1,386.9	2,188.9	2,652.1	2,944.9	3,575.8	5,597.0	9,173.8		12,944.5	10,024.2
Tax	48.4	-48.3	-99.6	98.3	9.0	16.0	33.9	170.6	25.1	204.5	229.6	427.1	674.1	816.8	907.2	1,101.2	1,724.0	2,825.2		3,986.6	3,087.1
Tax Rate	31%	26%	29%	27%	33%	28%	28%	29%	30%	29%	29%	31%	31%	31%	31%	31%	31%	31%		31%	31%
Net profit	105.9	-138.1	-243.7	272.3	18.3	40.7	87.8	407.7	58.9	495.5	554.5	959.8	1,514.8	1,835.3	2,037.6	2,474.6	3,872.9	6,348.6	869.0	8,957.9	6,937.0
Operating CF	549.1	339.1	195.1	476.4	61.1	114.0	147.0	294.4	175.2	441.4	616.5							5,542.2		8,708.5	7,872.4
Investing CF	-400.3	-498.6	-274.9	-173.0	-34.1	-72.8	-61.3	-53.3	-106.9	-114.6	-221.5							-480.0		-510.0	-400.0
Financial CF	-93.3	-50.8	3.2	-322.7	-17.3	15.3	-41.6	-52.4	-2.0	-94.1	-96.1							-2,980.7		-2,716.4	-2,110.6
Shares outstanding (mn)	51.7	51.7	51.8	53.9	53.9	54.0	54.4	54.6	54.0	54.6	54.6							54.6		54.6	54.6
EPS (¥)	204.7	-266.9	-471.0	504.9	33.9	75.3	161.3	746.6	109.2	907.4	1,015.4							11,625.6		16,403.8	12,703.2
BPS (¥)	1,534.0	1,271.6	868.9	1,367.5	1,409.1	1,517.8	1,797.2	2,561.7	1,517.8	2,561.7	2,561.7							10,699.6		22,182.3	31,074.5
Capex	400.9	510.4	305.1	225.6	53.6	91.5	70.9	67.7	145.1	138.6	283.7							480.0		510.0	400.0
Depreciation	445.4	418.2	346.1	312.3	80.0	78.9	77.6	76.4	158.8	154.0	312.8							350.0		390.0	390.0
R&D	140.3	1,282.1	1,076.6	1,706.5	342.8	448.3	543.6	1,002.9	791.1	1,546.5	2,337.6							11,191.0		15,261.0	12,510.0
Shipment	11,574.4	10,533.3	10,639.6	13,290.2	3,092.2	4,205.4	4,415.7	3,974.1	7,297.7	8,389.9	15,687.5							18,696.0		23,244.9	25,953.1
q/q					0%	36%	5%	-10%													
y/y	33%	-9%	1%	25%	-4%	19%	29%	29%	8%	29%	18%							19%		24%	12%
ASP / GB (¥)	¥13.19	¥12.17	¥10.12	¥12.84	¥11.09	¥10.66	¥12.31	¥25.23	¥10.84	¥18.43	¥14.90							¥57.89		¥63.77	¥46.34
q/q					-1%	-4%	15%	105%													
y/y	-3%	-8%	-17%	27%	-17%	-21%	-6%	125%	-19%	51%	16%							288%		10%	-27%

Source: company data, company estimates, UBS estimates

Figure 3: NAND earnings estimates

	FY18	FY19	FY20	FY21	FY24					FY25					FY26E	CoE (1Q)	FY27E	FY28E
(JPY bn)						1Q	2Q	3Q	4Q		1QE	2QE	3QE	4QE				
Sales	**1,148**	**987**	**1,178**	**1,526**	**1,706.5**	**342.8**	**448.3**	**543.6**	**1,002.9**	**2,337.6**	**1,867.3**	**2,699.1**	**3,157.5**	**3,466.1**	**11,191.0**	**1,750.0**	**15,261.0**	**12,510.0**
Bit Shipments (mn GB)	49,401	66,570	87,063	115,744	132,902	30,922	42,054	44,157	39,741	156,875	41,728	45,901	48,196	51,133	186,960		232,449	259,531
y/y	1380%	35%	31%	33%	25%	-4%	19%	29%	29%	18%	35%	48%	15%	16%	19%		24%	12%
q/q						0%	36%	5%	-10%		5%	10%	5%	6%				
ASP (¥/GB)	¥23.2	¥14.8	¥13.5	¥13.2	¥12.8	¥11.1	¥10.7	¥12.3	¥25.2	¥14.9	¥42.7	¥56.7	¥63.5	¥66.1	¥57.9		¥63.8	¥46.3
y/y					27%	-17%	-21%	-6%	125%	16%	285%	412%	496%	437%	288%		10%	-27%
q/q						-1%	-4%	15%	105%		69%	33%	12%	4%				
OP (Non-GAAP)	**329**	**▲ 60**	**116**	**313**	**453**	**45**	**87**	**145**	**599**	**876**	**1,389**	**2,191**	**2,654**	**2,947**	**9,181**	**1,300**	**12,951**	**10,030**
OPM%	29%	-6%	10%	21%	27%	13%	19%	27%	60%	37%	74%	81%	84%	85%	82%	74%	85%	80%
FCF	**39**	**▲ 194**	**178**	**152**	**253**	**9**	**23**	**76**	**227**	**335**					**5,062**		**8,199**	**7,472**
CapEx	428	357	260	401	226	54	91	71	68	284					480		510	400
Depreciation	319	412	426	445	312	80	79	78	76	313					380		420	420
JPY / USD	110.3	107.7	106.0	112.0	152.6	145.0	147.0	153.0	155.0	151.4					159.8		160.0	155.0
Capacity (K/m)	**564 K**	**550 K**	**550 K**	**551 K**	**358 K**	**400 K**	**480 K**	**480 K**	**460 K**	**455 K**					**433 K**		**390 K**	**350 K**
Shipment (K/m)	**338 K**	**330 K**	**330 K**	**330 K**	**208 K**	**190 K**	**245 K**	**293 K**	**293 K**	**255 K**					**254 K**		**232 K**	**207 K**
Inventory	227.7	215.1	256.5	304.2	352.9	371.9	361.6	353.5	412.6	412.6					486.0		562.7	609.3
Sales ($) / Wafer			2,808	3,436	4,491	4,148	4,150	4,042	7,361	5,040					23,029		34,297	32,492
Cost (¥K) / Wafer			236	272	424	448	433	395	40	414					546		680	813

Source: company data, company estimates, UBS estimates

Kioxia Holdings Corp (285A.T)

Income Statement (¥b)	03/24	03/25	03/26	03/27E	%ch	03/28E	%ch	03/29E	03/30E	03/31E
Revenues	**1,076.6**	**1,706.5**	**2,337.6**	**11,191.0**	*378.7*	**15,261.0**	*36.4*	**12,510.0**	**11,900.0**	**11,900.0**
Gross profit	(129.3)	569.4	1,012.9	9,417.0	*NM*	13,207.0	*40.2*	10,286.0	9,406.0	9,386.0
EBITDA (UBS)	**93.4**	**764.1**	**1,183.2**	**9,527.0**	*NM*	**13,337.0**	*40.0*	**10,416.0**	**9,566.0**	**9,566.0**
Depreciation & amortisation	(346.1)	(312.3)	(312.8)	(350.0)	*-11.9*	(390.0)	*-11.4*	(390.0)	(420.0)	(440.0)
EBIT (UBS)	**(252.7)**	**451.7**	**870.4**	**9,177.0**	*NM*	**12,947.0**	*41.1*	**10,026.0**	**9,146.0**	**9,126.0**
Associates & investment income	0.0	0.0	0.0	0.0	-	0.0	-	0.0	0.0	0.0
Other non-operating income	0.0	0.0	0.0	0.0	-	0.0	-	0.0	0.0	0.0
Net interest	(90.6)	(81.1)	(86.3)	(3.2)	*96.3*	(2.5)	*21.5*	(1.8)	(1.1)	(0.4)
Exceptionals (incl goodwill)	0.0	0.0	0.0	0.0	-	0.0	-	0.0	0.0	0.0
Pre-tax profit	**(343.3)**	**370.7**	**784.1**	**9,173.8**	*NM*	**12,944.5**	*41.1*	**10,024.2**	**9,144.9**	**9,125.6**
Tax	99.6	(98.3)	(229.6)	(2,825.2)	*NM*	(3,986.6)	*-41.1*	(3,087.1)	(2,816.3)	(2,810.4)
Profit after tax	**(243.7)**	**272.3**	**554.5**	**6,348.6**	*NM*	**8,957.9**	*41.1*	**6,937.0**	**6,328.6**	**6,315.2**
Preference dividends	0.0	0.0	0.0	0.0	-	0.0	-	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	-	0.0	-	0.0	0.0	0.0
Extraordinary items	0.0	0.0	0.0	0.0	-	0.0	-	0.0	0.0	0.0
Net earnings (local GAAP)	**(243.7)**	**272.3**	**554.5**	**6,348.6**	*NM*	**8,957.9**	*41.1*	**6,937.0**	**6,328.6**	**6,315.2**
Net earnings (UBS)	**(243.7)**	**272.3**	**554.5**	**6,348.6**	*NM*	**8,957.9**	*41.1*	**6,937.0**	**6,328.6**	**6,315.2**
Tax rate (%)	0.0	26.5	29.3	30.8	*5.2*	30.8	*0.0*	30.8	30.8	30.8

Per Share (¥)	03/24	03/25	03/26	03/27E	%ch	03/28E	%ch	03/29E	03/30E	03/31E
EPS (UBS, diluted)	(452.1)	505.2	1,015.4	11,625.6	*NM*	16,403.8	*41.1*	12,703.2	11,588.9	11,564.5
EPS (local GAAP, diluted)	(452.1)	505.2	1,015.4	11,625.6	*NM*	16,403.8	*41.1*	12,703.2	11,588.9	11,564.5
EPS (UBS, basic)	(452.1)	505.2	1,015.4	11,625.6	*NM*	16,403.8	*41.1*	12,703.2	11,588.9	11,564.5
DPS (net) (¥)	0.0	0.0	0.0	3,487.7	-	4,921.1	*41.1*	3,811.0	3,476.7	3,469.4
Cash EPS (UBS, diluted) [1]	189.8	1,084.5	1,588.2	12,266.5	*NM*	17,118.0	*39.6*	13,417.4	12,358.1	12,370.2
Book value per share	834.1	1,368.2	2,561.7	10,699.6	*317.7*	22,182.3	*107.3*	31,074.5	39,186.8	47,282.0
Average shares (diluted)	539.1	539.1	546.1	546.1	*0.0*	546.1	*0.0*	546.1	546.1	546.1

Balance Sheet (¥b)	03/24	03/25	03/26	03/27E	%ch	03/28E	%ch	03/29E	03/30E	03/31E
Cash and equivalents	192.9	171.9	477.9	2,559.4	*NM*	8,041.5	*214.2*	13,403.3	17,908.3	22,272.0
Other current assets	458.4	634.8	1,139.9	2,528.1	*121.8*	3,323.2	*31.5*	2,884.2	2,850.5	2,856.0
Total current assets	**651.4**	**806.7**	**1,617.8**	**5,087.5**	*214.5*	**11,364.7**	*123.4*	**16,287.5**	**20,758.8**	**25,128.0**
Net tangible fixed assets	1,328.5	1,297.2	1,233.3	1,347.7	*9.3*	1,452.0	*7.7*	1,446.3	1,510.7	1,555.0
Net intangible fixed assets	406.7	405.9	406.8	406.8	*0.0*	406.8	*0.0*	406.8	406.8	406.8
Investments / other assets	478.4	409.8	432.1	432.1	*0.0*	432.1	*0.0*	432.1	432.1	432.1
Total assets	**2,864.9**	**2,919.7**	**3,690.1**	**7,274.0**	*97.1*	**13,655.6**	*87.7*	**18,572.7**	**23,108.3**	**27,521.9**
Trade payables & other ST liabilities	999.7	696.1	878.6	1,080.4	*23.0*	1,206.2	*11.6*	1,282.5	1,403.8	1,412.7
Short term debt	866.4	289.0	219.4	43.9	*-80.0*	43.9	*0.0*	43.9	43.9	43.9
Total current liabilities	**1,866.1**	**985.2**	**1,098.0**	**1,124.3**	*2.4*	**1,250.1**	*11.2*	**1,326.4**	**1,447.7**	**1,456.6**
Long term debt	427.8	710.5	1,033.8	147.5	*-85.7*	132.8	*-10.0*	117.6	102.0	85.9
Other long term liabilities	121.3	486.3	159.2	159.2	*0.0*	159.2	*0.0*	159.2	159.2	159.2
Preferred shares	0.0	0.0	0.0	0.0	-	0.0	-	0.0	0.0	0.0
Total liabilities (incl pref shares)	**2,415.2**	**2,182.0**	**2,291.0**	**1,431.0**	*-37.5*	**1,542.0**	*7.8*	**1,603.2**	**1,708.8**	**1,701.7**
Common s/h equity	**449.6**	**737.6**	**1,398.9**	**5,842.9**	*317.7*	**12,113.4**	*107.3*	**16,969.4**	**21,399.4**	**25,820.0**
Minority interests	0.1	0.1	0.2	0.2	*0.0*	0.2	*0.0*	0.2	0.2	0.2
Total liabilities & equity	**2,864.9**	**2,919.7**	**3,690.1**	**7,274.0**	*97.1*	**13,655.6**	*87.7*	**18,572.7**	**23,108.3**	**27,521.9**

Cash Flow (¥b)	03/24	03/25	03/26	03/27E	%ch	03/28E	%ch	03/29E	03/30E	03/31E
Net income (before pref divs)	(243.7)	272.3	554.5	6,348.6	*NM*	8,957.9	*41.1*	6,937.0	6,328.6	6,315.2
Depreciation & amortisation	346.1	312.3	312.8	350.0	*11.9*	390.0	*11.4*	390.0	420.0	440.0
Net change in working capital	146.0	(183.8)	(400.3)	(1,186.4)	*-196.4*	(669.4)	*43.6*	515.3	155.0	3.5
Other operating	(56.6)	70.9	144.8	(5.3)	-	(4.9)	*8.8*	(4.4)	(3.9)	(3.5)
Operating cash flow	**191.8**	**471.7**	**611.8**	**5,506.8**	*NM*	**8,673.7**	*57.5*	**7,838.0**	**6,899.6**	**6,755.3**
Tangible capital expenditure	(324.2)	(291.6)	(295.4)	(494.3)	*-67.3*	(524.3)	*-6.1*	(414.3)	(514.3)	(514.3)
Intangible capital expenditure	(0.7)	(1.8)	(2.6)	0.0	-	0.0	-	0.0	0.0	0.0
Net (acquisitions) & disposals	0.0	0.0	0.0	0.0	-	0.0	-	0.0	0.0	0.0
Other investing	30.2	52.6	62.2	0.0	-	0.0	-	0.0	0.0	0.0
Investing cash flow	**(294.6)**	**(240.8)**	**(235.8)**	**(494.3)**	*-109.6*	**(524.3)**	*-6.1*	**(414.3)**	**(514.3)**	**(514.3)**
Equity dividends paid	0.0	0.0	0.0	(1,904.6)	-	(2,687.4)	*-41.1*	(2,081.1)	(1,898.6)	(1,894.6)
Share issues / (buybacks)	0.0	30.4	11.6	0.0	-	0.0	-	0.0	0.0	0.0
Other financing	0.0	0.0	0.0	0.0	-	0.0	-	0.0	0.0	0.0
Change in debt & pref shares	26.3	(280.6)	(88.6)	(1,056.4)	*NM*	(9.8)	*99.1*	(10.8)	(11.7)	(12.6)
Financing cash flow	**26.3**	**(250.2)**	**(77.0)**	**(2,961.0)**	*NM*	**(2,697.2)**	*8.9*	**(2,091.9)**	**(1,910.3)**	**(1,907.2)**
Cash flow inc/(dec) in cash	**(76.5)**	**(19.3)**	**298.9**	**2,051.5**	*NM*	**5,452.1**	*165.8*	**5,331.8**	**4,475.0**	**4,333.7**
FX / non cash items	6.3	(1.8)	7.0	30.0	*325.7*	30.0	*0.0*	30.0	30.0	30.0
Balance sheet inc/(dec) in cash	**(70.2)**	**(21.0)**	**306.0**	**2,081.5**	*NM*	**5,482.1**	*163.4*	**5,361.8**	**4,505.0**	**4,363.7**

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.

Kioxia Holdings Corp (285A.T)

Valuation (x)	**03/24**	**03/25**	**03/26**	**03/27E**	**03/28E**	**03/29E**	**03/30E**	**03/31E**
P/E (local GAAP, diluted)	-	4.3	8.0	7.2	5.1	6.6	7.2	7.2
P/E (UBS, diluted)	-	4.3	8.0	7.2	5.1	6.6	7.2	7.2
P/CEPS	-	2.0	5.1	6.8	4.9	6.2	6.7	6.7
Equity FCF (UBS) yield %	-	15.4	7.1	11.0	17.9	16.3	14.0	13.7
Dividend yield (net) %	-	0.0	0.0	4.2	5.9	4.6	4.2	4.2
P/BV	-	1.6	3.2	7.8	3.8	2.7	2.1	1.8
EV/revenues (core)	-	1.3	2.3	4.0	2.6	2.8	2.5	2.1
EV/EBITDA (UBS core)	-	2.8	4.5	4.7	3.0	3.4	3.1	2.7
EV/EBIT (core)	-	4.8	6.1	4.9	3.1	3.5	3.3	2.8
EV/OpFCF (core)	-	2.8	4.5	4.7	3.0	3.4	3.1	2.7
EV/op. invested capital	-	1.4	2.8	15.6	10.4	8.7	8.1	6.9

Enterprise value (¥b)	**03/24**	**03/25**	**03/26**	**03/27E**	**03/28E**	**03/29E**	**03/30E**	**03/31E**
Market cap.	-	1,159.7	4,424.6	45,489.0	45,489.0	45,489.0	45,489.0	45,489.0
Net debt (cash)	1,051.6	964.4	801.5	(796.3)	(5,116.4)	(10,553.3)	(15,502.0)	(19,952.3)
Buy out of minorities	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Pension provisions/other	49.1	47.5	44.7	42.9	42.9	42.9	42.9	42.9
Total enterprise value	**-**	**2,171.8**	**5,270.9**	**44,735.7**	**40,415.6**	**34,978.7**	**30,030.0**	**25,579.7**
Non core assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Core enterprise value	**-**	**2,171.8**	**5,270.9**	**44,735.7**	**40,415.6**	**34,978.7**	**30,030.0**	**25,579.7**

Growth (%)	**03/24**	**03/25**	**03/26**	**03/27E**	**03/28E**	**03/29E**	**03/30E**	**03/31E**
Revenue	(16.0)	58.5	37.0	NM	36.4	(18.0)	(4.9)	0.0
EBITDA (UBS)	(70.7)	NM	54.9	NM	40.0	(21.9)	(8.2)	0.0
EBIT (UBS)	(155.2)	-	92.7	NM	41.1	(22.6)	(8.8)	(0.2)
EPS (UBS, diluted)	(76.4)	-	101.0	NM	41.1	(22.6)	(8.8)	(0.2)
Net DPS	-	-	-	-	41.1	(22.6)	(8.8)	(0.2)

Margins & Profitability (%)	**03/24**	**03/25**	**03/26**	**03/27E**	**03/28E**	**03/29E**	**03/30E**	**03/31E**
Gross profit margin	NM	33.4	43.3	NM	NM	NM	NM	NM
EBITDA margin	8.7	44.8	50.6	NM	NM	NM	NM	NM
EBIT (UBS) margin	(23.5)	26.5	37.2	82.0	84.8	80.1	76.9	76.7
Net earnings (UBS) margin	NM	16.0	23.7	56.7	58.7	55.5	53.2	53.1
ROIC (EBIT)	NM	28.1	45.5	NM	NM	NM	NM	NM
ROIC post tax	NM	20.7	32.1	NM	NM	NM	NM	NM
ROE (UBS)	(44.0)	45.9	51.9	175.3	99.8	47.7	33.0	26.7

Capital structure & Coverage (x)	**03/24**	**03/25**	**03/26**	**03/27E**	**03/28E**	**03/29E**	**03/30E**	**03/31E**
Net debt / EBITDA	11.8	1.1	0.7	(0.2)	(0.6)	(1.3)	(1.9)	(2.3)
Net debt / total equity %	244.9	112.2	55.4	(40.5)	(64.9)	(78.0)	(83.0)	(85.8)
Net debt / (net debt + total equity) %	71.0	52.9	35.7	(68.1)	NM	NM	NM	NM
Net debt/EV %	-	44.4	15.2	(1.8)	(12.7)	(30.2)	(51.6)	(78.0)
Capex / depreciation %	93.7	93.4	94.4	141.2	134.4	106.2	122.5	116.9
Capex / revenue %	NM	17.1	12.6	4.4	3.4	3.3	4.3	4.3
EBIT / net interest	-	5.6	10.1	NM	NM	NM	NM	NM
Dividend cover (UBS)	-	-	-	3.3	3.3	3.3	3.3	3.3
Div. payout ratio (UBS) %	-	-	-	30.0	30.0	30.0	30.0	30.0

Revenues by division (¥b)	**03/24**	**03/25**	**03/26**	**03/27E**	**03/28E**	**03/29E**	**03/30E**	**03/31E**
SSD & Storage	516.4	991.1	1,362.6	7,888.8	11,588.5	9,686.8	9,459.5	9,837.6
Smart Devices	374.3	501.1	760.0	2,952.2	3,252.5	2,363.2	1,890.5	1,512.4
Others	185.9	214.3	215.0	350.0	420.0	460.0	550.0	550.0
Total	**1,076.6**	**1,706.5**	**2,337.6**	**11,191.0**	**15,261.0**	**12,510.0**	**11,900.0**	**11,900.0**

EBIT (UBS) by division (¥b)	**03/24**	**03/25**	**03/26**	**03/27E**	**03/28E**	**03/29E**	**03/30E**	**03/31E**
Others	(252.7)	451.7	870.4	9,177.0	12,947.0	10,026.0	9,146.0	9,126.0
Total	**(252.7)**	**451.7**	**870.4**	**9,177.0**	**12,947.0**	**10,026.0**	**9,146.0**	**9,126.0**

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

Forecast returns

Forecast price appreciation	72.9%
Forecast dividend yield	4.2%
Forecast stock return	77.1%
Market return assumption	7.8%
Forecast excess return	69.3%

Company Description

Kioxia is a leading global semiconductor manufacturer specializing in NAND flash memory and SSDs, holding a top-tier market share in this field. Originating from Toshiba's memory business, it operates as a dedicated manufacturer focused on the NAND business, offering products tailored for data centers and smart devices.

Valuation Method and Risk Statement

Our price target is based on PBR. Risk factors include: 1) strong cyclicality of the NAND market and potential price declines following supply-demand equilibrium, 2) reduced demand due to a slowdown in AI investment and restrained semiconductor investment, 3) uncertainty regarding the sustainability of technological superiority, and 4) high profit leverage during periods of price increases.

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.

Kioxia Holdings Corp

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)	4
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)	3
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)	4
7. What's driving the difference?	Ongoing increases in bit prices.
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 31, 2026
10. Is the catalyst date an actual or approximate date?	Actual
11. What is the catalyst?	Favourable LTA terms being disclosed at Q1 results.