Fast Take

SK Hynix

Equities	
Korea	
Semiconductors	
12-month rating	**Buy**
12m price target	**Won3,200,000**
Price (28 Jul 2026)	**Won1,550,000**

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

Trading data and key metrics

52-wk range	Won2,919,000-245,000
Market cap.	Won1,128,404b/US$773b
Shares o/s	728m (ORD)
Free float	66%
Avg. daily volume ('000)	5,652
Avg. daily value (m)	Won11,930,310.2
Common s/h equity (12/26E)	Won377124b
P/BV (12/26E)	2.9x
Net debt to EBITDA (12/26E)	NM

EPS (UBS, diluted) (Won)

	UBS	Cons.
12/26E	375,858	317,543
12/27E	713,786	455,640
12/28E	839,779	473,683

Nicolas Gaudois
Analyst
nicolas.gaudois@ubs.com
+65-6495 5148

Jimmy Yoon
Analyst
jimmy.yoon@ubs.com
+65-6495 4617

Luke Yoo
Analyst
luke.yoo@ubs.com
+82-2-3702 8132

HEADLINE

2Q26 revenue/OP of Won79.3tn/Won60.5tn, below UBSe of Won86.5tn/Won68.5tn but in line with cons.

OUR TAKE

DRAM ASPs up c. 30% QoQ was below UBSe 43% we suspect due to LTAs. c.10 LTAs signed to date, higher than expected. Capex guide of high Won40tn for '26 slightly ahead of UBSe Won45tn. Reviewing shareholders returns but no specifics yet.

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
EBIT (UBS) margin %	(23.6)	35.5	48.6	81.0	85.8	83.9
ROIC (EBIT) %	(10.9)	32.4	56.0	251.8	303.4	256.3
EV/EBITDA (UBS core) x	15.6	3.9	3.4	2.9	1.1	0.6
P/E (UBS, diluted) x	(8.6)	6.6	5.2	4.1	2.2	1.8
Equity FCF (UBS) yield %	(8.2)	10.5	12.0	16.2	36.4	43.1
Dividend yield (net) %	1.1	1.2	1.0	1.4	4.5	5.8

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price tha price of Won 1,550,000 on 28-Jul-2026

This report has been prepared by UBS Securities Pte. Ltd. (Reg. No. 198500648C) **ANALYST CERTIFICATI DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY U 3.**

Forecast returns

Forecast price appreciation	106.5%
Forecast dividend yield	1.4%
Forecast stock return	107.8%
Market return assumption	9.0%
Forecast excess return	98.8%

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.