SK Hynix

Significant de-rating unwarranted - reiterate Buy

Fundamentals still in place, buybacks could follow

SK Hynix shares are down 52% from their 22 June peak, although still up 115% YTD, while consensus/UBS estimates have been lifted 361%/281% for '27E OP. This now leaves the stock at 1.66x NTM Book, which implies a LT ROE of 18.9%, compared to UBSe 40.2% for '27-31E (average) and post DRAM consolidation (2012), pre AI (2022) average of 17.7%. Yet, the memory semis industry has dramatically changed. We continue to expect agentic AI to boost up memory bit demand growth into 2027 with DRAM bit demand growth moving up to 36% YoY from 22% in 2026, NAND to 23% from 20% (see our recent APAC Focus report for a detailed analysis: link). Revised **Long Term Agreements** are also being put in place by SK Hynix at a faster pace than we expected, with 10 signed and more being negotiated. We believe customers signed up to date include US hyperscalers but also large OEMs. This may shave off some of the ASP upside near term, but will likely be accretive to margins/returns longer term. **HBM negotiations** for 2027 and beyond have progressed. The main risk remains **memory affordability**, especially as it drives hyperscaler capex further up (link). With more stable profits longer term and elevated FCFs, we believe SK Hynix may initiate **share buybacks** in 2H26 with a more comprehensive update to follow.

DRAM ASP downside in 2Q, increasing capex estimates

1/ DRAM ASPs: Only up 30% QoQ in 2Q26. We see three key factors: a/ Mobile DRAM increased in the DRAM revenue mix to 19% of total, with pricing below other segments; b/ The fixed portion of LTA pricing kicked in for some large contracts; c/ HBM4 shipments started in volumes, but late in the quarter. **2/ Capex:** SK Hynix guided '26 to "high Won40tn". We raise our forecast to Won47tn (was Won45tn) or +71% YoY, '27E to Won62tn (was Won60tn) or +31% YoY, and '28 to Won67tn (was Won63tn) or +8% YoY. Yongin 1 first clean room is due to take on equipment in Feb '27 (as expected), and the second clean room later in 2027. M17 (NAND) could ramp from 2029.

First earnings forecast cut in a while, but OP est. still 17% above '27E consensus

We lower 3Q26E OP to Won86tn from Won100tn, slightly ahead of consensus. This comes from us assuming a higher LTA coverage ratio and hence DRAM ASPs +19% QoQ (was +21% from higher base), with NAND unchanged +25% QoQ. For similar reasons, we lower our DRAM ASP estimates for '27/'28, more than offsetting higher bit growth ests., and cut our '27/'28E OP to Won505tn/Won544tn (-19%/-18% from prior) (and hence EPS ests. down by 19/19%). We continue to forecast substantial FCF generation in '26/'27/'28E at Won188tn/Won320tn/Won374tn respectively.

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

We value SK Hynix shares at 3.65x NTM P/BV (was 3.67x) based on our long-term ROE forecast of 40.2% (was 42.3%) and CoE of 11.5%.

Equities

Korea
Semiconductors

12-month rating	**Buy**
12m price target	**Won3,000,000**
	Prior : Won3,200,000
Price (29 Jul 2026)	**Won1,401,000**
RIC: 000660.KS **BBG:** 000660 KS	

Trading data and key metrics

52-wk range	Won2,919,000-245,000
Market cap.	Won1,019,931b/US$704b
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)	Won397268b
P/BV (12/26E)	2.5x
Net debt to EBITDA (12/26E)	NM

EPS (UBS, diluted) (Won)

	From	To	% ch	Cons.
12/26E	375,858	396,943	6	317,543
12/27E	713,786	576,936	-19	455,640
12/28E	839,779	680,722	-19	473,683

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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	364,681	612,749	681,271	587,048	673,181
EBIT (UBS)	(7,730)	23,467	47,206	286,637	504,523	544,469	429,368	492,456
Net earnings (UBS)	(9,138)	19,797	42,948	281,375	393,950	425,386	335,797	385,122
EPS (UBS, diluted) (Won)	(12,552)	27,193	58,994	396,943	576,936	680,722	608,171	828,890
DPS (net) (Won)	1,200	2,205	3,000	22,725	51,125	66,125	106,125	121,125
Net (debt) / cash	(20,548)	(8,527)	12,694	170,674	429,829	680,257	873,509	1,051,763

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	78.6	82.3	79.9	73.1	73.2
ROIC (EBIT) %	(10.9)	32.4	56.0	193.2	208.9	178.9	125.8	133.1
EV/EBITDA (UBS core) x	15.6	3.9	3.4	3.0	1.3	0.8	0.5	0.1
P/E (UBS, diluted) x	(8.6)	6.6	5.2	3.5	2.4	2.1	2.3	1.7
Equity FCF (UBS) yield %	(8.2)	10.5	12.0	18.1	31.4	36.6	30.7	34.3
Dividend yield (net) %	1.1	1.2	1.0	1.6	3.6	4.7	7.6	8.6

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 1,401,000 on 29-Jul-2026

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 17.2bn Gb of HBM shipment in 2026 (+37% YoY) and 23.0bn in 2027 (+34% YoY). We forecast SK Hynix to retain the #1 market share in HBM with 48% of industry bit shipments in 2026, but fall slightly below Samsung in 2027 with 39% of industry bit shipments (Samsung 41%; Micron 20%).

Q: Will SK Hynix engage in material shareholder returns?
Yes. In spite of continuous upward revision of capex forecasts, we expect SK Hynix to generate FCF of Won188tn/Won320tn/Won374tn in 2026E/2027E/2028E. We believe SK Hynix may initiate share buybacks in 2H26 (UBSe Won12tn) with a more comprehensive update on the company's shareholder returns policy (possibly during the 3Q26 conference call). Over time, we remain of the view that SK Hynix will move towards returning 50% of FCF to shareholders, combining both dividends and share buybacks.

UBSVIEW

SK Hynix shares are now down 52% from their 22 June peak. Despite the recent sell-off, however, we believe fundamentals remain strong with agentic AI driving a significant uplift in memory demand. At current valuation, we do not believe SK Hynix shares fully reflect structurally higher memory profitability, stronger FCF generation and significantly enhanced returns to shareholders.

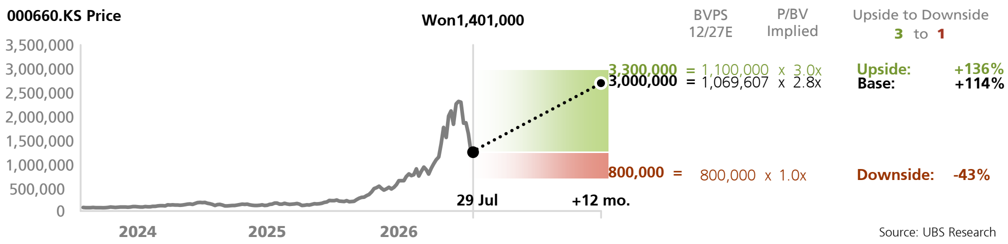
EVIDENCE

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) LTAs continue to be signed by memory players, which should narrow margins through the cycle and be ROE accretive. 3) Agentic AI continues to level up memory demand, as evidenced with strong server CPU and conventional server demand.

WHAT´S PRICED IN?

Following the recent sell-off, SK Hynix shares now trade at 1.66x NTM P/BV, discounting a long-term ROE of 18.8% vs our estimate of 40.2%.

UPSIDE/DOWNSIDE SPECTRUM



Value drivers	DRAM ASP % YoY '26E/'27E	NAND ASP % YoY '26E/'27E	Operating Profit (Won) '26E/'27E
Won3.30m upside	+182%/+56%	+264%/+50%	292tn/583tn
Won3.00m base	+177%/+39%	+260%/+41%	287tn/505tn
Won800k downside	+172%/+26%	+232%/+27%	274tn/426tn

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 – 2Q26 results summary

(Won bn)	2Q26 Actual	UBSe	Cons	1Q26 Actual	% QoQ	2Q25 Actual	% YoY
Revenues	79,319	86,458	79,964	52,576	*51%*	22,232	*257%*
Gross Profit	65,991	73,647		41,679	*58%*	11,983	*451%*
% GM	83.2%	85.2%		79.3%		53.9%	
Operating Profit	**60,543**	**68,501**	**60,522**	**37,610**	*61%*	**9,213**	*557%*
% OpM	76.3%	79.2%	75.7%	71.5%		41.4%	
EPS (Won)	128,874	75,035	66,876	56,610	*128%*	9,610	*1241%*
DRAM							
Revenues	57,903	66,465		41,005	*41%*	17,130	*238%*
Bit Growth % QoQ	Up HSD%	+7.5%		-0.3%		+25.0%	
ASP % QoQ	Up c. 30%	+42.6%		+65.1%		+2.1%	
NAND							
Revenues	21,416	19,744		11,342	*89%*	4,732	*353%*
Bit Growth % QoQ	Up mid-10s%	+15.0%		-10.4%		+73.6%	
ASP % QoQ	Up mid-50s%	+43.3%		+71.2%		-9.6%	
Inventory							
Inventory	17,986	16,848		15,974		13,408	
Inventory days	123	120		134		119	

Source: UBS estimates

Figure 2: SK Hynix – changes to estimates

	3Q26E			4Q26E			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	**106,805**	**120,751**	**-11.5%**	**125,982**	**143,804**	**-12.4%**	**364,681**	**403,589**	**-9.6%**	**612,749**	**726,083**	**-15.6%**	**681,271**	**795,236**	**-14.3%**	**587,048**	**590,945**	**-0.7%**
DRAM sales	79,148	94,234	-16.0%	94,278	113,007	-16.6%	272,907	314,711	-13.3%	455,803	572,799	-20.4%	555,962	672,820	-17.4%	513,044	521,308	-1.6%
NAND Flash sales	27,384	26,220	4.4%	31,449	30,515	3.1%	90,614	87,483	3.6%	155,939	152,167	2.5%	124,275	121,270	2.5%	72,959	68,478	6.5%
Operating profit	**85,682**	**100,219**	**-14.5%**	**102,802**	**120,680**	**-14.8%**	**286,637**	**327,010**	**-12.3%**	**504,523**	**622,651**	**-19.0%**	**544,469**	**667,048**	**-18.4%**	**429,368**	**445,177**	**-3.6%**
DRAM OP	65,518	80,739	-18.9%	79,080	97,594	-19.0%	222,978	264,838	-15.8%	383,548	502,886	-23.7%	460,918	582,674	-20.9%	403,305	415,541	-2.9%
NAND Flash OP	20,221	19,542	3.5%	23,778	23,148	2.7%	63,483	61,596	3.1%	121,168	119,979	1.0%	83,727	84,569	-1.0%	26,192	29,779	-12.0%
% OP margin	*80.2%*	*83.0%*		*81.6%*	*83.9%*		*78.6%*	*81.0%*		*82.3%*	*85.8%*		*79.9%*	*83.9%*		*73.1%*	*75.3%*	
EPS	**94,463**	**110,365**	**-14.4%**	**114,087**	**133,848**	**-14.8%**	**396,943**	**375,858**	**5.6%**	**576,936**	**713,786**	**-19.2%**	**680,722**	**839,779**	**-18.9%**	**608,171**	**634,958**	**-4.2%**

Source: UBS estimates

Figure 3: SK Hynix – UBSe vs consensus

	3Q26E			4Q26E			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	106,805	105,040	*1.7%*	125,982	116,964	*7.7%*	364,681	347,026	*5.1%*	612,749	544,368	*12.6%*	681,271	617,797	*10.3%*	587,048	859,022	*-31.7%*
Operating profit	**85,682**	**82,984**	**3.3%**	**102,802**	**92,579**	**11.0%**	**286,637**	**265,641**	**7.9%**	**504,523**	**430,321**	**17.2%**	**544,469**	**472,732**	**15.2%**	**429,368**	**706,865**	**-39.3%**
% OP margin	*80.2%*	*79.0%*	*122bps*	*81.6%*	*79.2%*	*245bps*	*78.6%*	*76.5%*	*205bps*	*82.3%*	*79.0%*	*329bps*	*79.9%*	*76.5%*	*340bps*	*73.1%*	*82.3%*	*-915bps*
EPS	94,463	90,788	4.0%	114,087	100,158	13.9%	396,943	304,397	30.4%	576,936	484,532	19.1%	680,722	543,422	25.3%	608,171	792,122	-23.2%

Source: Visible Alpha, UBS estimates

Figure 4: SK Hynix – changes to key assumptions

	3Q26E (QoQ)		4Q26E (QoQ)		2026E (YoY)		2027E (YoY)		2028E (YoY)		2029E (YoY)	
	New	**Old**	**New**	**Old**	**New**	**Old**	**New**	**Old**	**New**	**Old**	**New**	**Old**
DRAM												
Bit Shipments	10.3%	13.4%	12.0%	6.5%	25.6%	25.7%	20.0%	17.5%	18.2%	15.0%	15.6%	17.1%
ASP change	18.8%	21.1%	8.4%	12.6%	177.4%	207.7%	38.8%	52.0%	3.2%	2.1%	-20.2%	-33.8%
% OP margin	**82.8%**	**85.7%**	**83.9%**	**86.4%**	**81.7%**	**84.1%**	**84.1%**	**87.8%**	**82.9%**	**86.6%**	**78.6%**	**79.7%**
NAND Flash												
Bit Shipments	2.7%	2.7%	6.5%	5.8%	20.0%	19.8%	21.3%	21.5%	18.3%	18.3%	16.1%	11.8%
ASP change	25.2%	25.2%	9.9%	10.0%	259.8%	237.0%	41.0%	39.1%	-32.6%	-32.6%	-49.4%	-49.5%
% OP margin	**73.8%**	**74.5%**	**75.6%**	**75.9%**	**70.1%**	**70.4%**	**77.7%**	**78.8%**	**67.4%**	**69.7%**	**35.9%**	**43.5%**

Source: UBS estimates

Figure 5: SK Hynix – UBS DRAM forecasts

	2025	1Q26	2Q26	3Q26E	4Q26E	2026E	1Q27E	2Q27E	3Q27E	4Q27E	2027E	2028E	2029E	2030E
DRAM revenues (Won bn)	**75,349**	**41,008**	**58,473**	**79,148**	**94,278**	**272,907**	**100,218**	**108,963**	**119,488**	**127,136**	**455,803**	**555,962**	**513,044**	**584,972**
% YoY	*66.9%*	*192.2%*	*241.3%*	*313.8%*	*276.2%*	*262.2%*	*144.4%*	*86.3%*	*51.0%*	*34.9%*	*67.0%*	*22.0%*	*-7.7%*	*14.0%*
% QoQ		*63.6%*	*42.6%*	*35.4%*	*19.1%*		*6.3%*	*8.7%*	*9.7%*	*6.4%*				
DRAM revenues (US$m)	**53,456**	**28,857**	**40,345**	**52,878**	**64,192**	**186,272**	**68,236**	**74,190**	**81,356**	**86,563**	**310,345**	**378,540**	**349,318**	**398,292**
% YoY	*62.8%*	*198.7%*	*227.2%*	*279.2%*	*266.4%*	*248.5%*	*136.5%*	*83.9%*	*53.9%*	*34.9%*	*66.6%*	*22.0%*	*-7.7%*	*14.0%*
% QoQ		*64.7%*	*39.8%*	*31.1%*	*21.4%*		*6.3%*	*8.7%*	*9.7%*	*6.4%*				
DRAM unit shipment (1Gb eq)	93,014	25,453	27,368	30,191	33,810	116,823	32,767	34,117	35,957	37,397	140,238	165,696	191,551	227,632
% YoY	*24.3%*	*35.8%*	*16.8%*	*19.3%*	*32.5%*	*25.6%*	*28.7%*	*24.7%*	*19.1%*	*10.6%*	*20.0%*	*18.2%*	*15.6%*	*18.8%*
% QoQ		*-0.3%*	*7.5%*	*10.3%*	*12.0%*		*-3.1%*	*4.1%*	*5.4%*	*4.0%*				
Avg. wafer out per month (k 12"eq)	6,110	564	572	583	600	6,957	618	636	654	672	7,740	8,526	9,084	9,852
% YoY	*25.7%*	*18.9%*	*14.6%*	*12.3%*	*10.3%*	*13.9%*	*9.6%*	*11.2%*	*12.2%*	*12.0%*	*11.3%*	*10.2%*	*6.5%*	*8.5%*
% QoQ		*3.7%*	*1.4%*	*1.9%*	*2.9%*		*3.0%*	*2.9%*	*2.8%*	*2.8%*				
DRAM ASP (US$ 1Gb eq)	0.57	1.13	1.47	1.75	1.90	1.59	2.08	2.17	2.26	2.31	2.21	2.28	1.82	1.75
% YoY	*31.0%*	*120.0%*	*180.2%*	*217.9%*	*176.6%*	*177.4%*	*83.7%*	*47.5%*	*29.2%*	*21.9%*	*38.8%*	*3.2%*	*-20.2%*	*-4.1%*
% QoQ		*65.1%*	*30.0%*	*18.8%*	*8.4%*		*9.7%*	*4.4%*	*4.0%*	*2.3%*				
Operating profit (Won bn)	**44,895**	**31,588**	**46,791**	**65,518**	**79,080**	**222,978**	**84,140**	**91,632**	**100,872**	**106,904**	**383,548**	**460,918**	**403,305**	**458,194**
% OP margin	***59.6%***	***77.0%***	***80.0%***	***82.8%***	***83.9%***	***81.7%***	***84.0%***	***84.1%***	***84.4%***	***84.1%***	***84.1%***	***82.9%***	***78.6%***	***78.3%***
Fully Loaded Cost/Unit (1Gb US$)	0.23	0.26	0.29	0.30	0.31	0.29	0.33	0.35	0.35	0.37	0.35	0.39	0.39	0.38
% YoY	*-3.0%*	*7.0%*	*15.9%*	*36.5%*	*40.0%*	*25.3%*	*28.3%*	*17.4%*	*16.9%*	*20.3%*	*20.0%*	*11.3%*	*-0.1%*	*-2.8%*
% QoQ		*19.1%*	*13.1%*	*2.4%*	*1.5%*		*9.2%*	*3.5%*	*1.9%*	*4.5%*				
Cash Cost/Unit (1Gb US$)	0.15	0.18	0.22	0.22	0.23	0.21	0.24	0.25	0.26	0.27	0.25	0.28	0.27	0.26
% YoY	*-1.0%*	*20.9%*	*24.2%*	*54.0%*	*57.6%*	*39.4%*	*32.4%*	*14.7%*	*14.9%*	*19.1%*	*19.1%*	*8.9%*	*-3.7%*	*-4.0%*
% QoQ		*27.6%*	*18.7%*	*2.2%*	*1.8%*		*7.2%*	*2.7%*	*2.4%*	*5.6%*				
DDR revenues (US$m)	**32,935**	**22,699**	**34,106**	**44,316**	**54,300**	**155,421**	**54,288**	**59,004**	**63,710**	**66,946**	**243,948**	**277,527**	**204,622**	**202,722**
% YoY	*40.4%*	*333.7%*	*375.1%*	*423.2%*	*350.5%*	*371.9%*	*139.2%*	*73.0%*	*43.8%*	*23.3%*	*57.0%*	*13.8%*	*-26.3%*	*-0.9%*
% QoQ		*88.3%*	*50.3%*	*29.9%*	*22.5%*		*0.0%*	*8.7%*	*8.0%*	*5.1%*				
DDR unit shipment (1Gb eq)	80,386	21,650	23,564	25,632	28,739	99,585	27,524	28,658	30,024	31,002	117,208	134,573	150,728	175,853
% YoY	*18.1%*	*36.7%*	*16.3%*	*16.1%*	*29.4%*	*23.9%*	*27.1%*	*21.6%*	*17.1%*	*7.9%*	*17.7%*	*14.8%*	*12.0%*	*16.7%*
% QoQ		*-2.5%*	*8.8%*	*8.8%*	*12.1%*		*-4.2%*	*4.1%*	*4.8%*	*3.3%*				
DDR ASP (US$ 1Gb eq)	0.41	1.05	1.45	1.73	1.89	1.56	1.97	2.06	2.12	2.16	2.08	2.06	1.36	1.15
% YoY	*18.8%*	*217.3%*	*308.7%*	*350.6%*	*248.0%*	*280.9%*	*88.1%*	*42.2%*	*22.7%*	*14.3%*	*33.4%*	*-0.9%*	*-34.2%*	*-15.1%*
% QoQ		*93.1%*	*38.1%*	*19.4%*	*9.3%*		*4.4%*	*4.4%*	*3.1%*	*1.8%*				
HBM revenues (US$m)	**20,521**	**6,158**	**6,239**	**8,563**	**9,892**	**30,851**	**13,947**	**15,186**	**17,646**	**19,618**	**66,397**	**101,013**	**144,697**	**195,570**
% YoY	*118.9%*	*39.1%*	*21.1%*	*56.4%*	*81.0%*	*50.3%*	*126.5%*	*143.4%*	*106.1%*	*98.3%*	*115.2%*	*52.1%*	*43.2%*	*35.2%*
% QoQ		*12.6%*	*1.3%*	*37.2%*	*15.5%*		*41.0%*	*8.9%*	*16.2%*	*11.2%*				
HBM unit shipment (1Gb eq)	12,628	3,803	3,804	4,559	5,072	17,237	5,243	5,459	5,933	6,395	23,029	31,123	40,824	51,779
% YoY	*86.0%*	*30.8%*	*20.2%*	*40.7%*	*52.9%*	*36.5%*	*37.9%*	*43.5%*	*30.1%*	*26.1%*	*33.6%*	*35.1%*	*31.2%*	*26.8%*
% QoQ		*14.6%*	*0.0%*	*19.8%*	*11.2%*		*3.4%*	*4.1%*	*8.7%*	*7.8%*				
HBM ASP (US$ 1Gb eq)	1.63	1.62	1.64	1.88	1.95	1.79	2.66	2.78	2.97	3.07	2.88	3.25	3.54	3.78
% YoY	*17.7%*	*6.3%*	*0.8%*	*11.1%*	*18.4%*	*10.1%*	*64.3%*	*69.6%*	*58.4%*	*57.3%*	*61.1%*	*12.6%*	*9.2%*	*6.6%*
% QoQ		*-1.7%*	*1.3%*	*14.5%*	*3.8%*		*36.4%*	*4.6%*	*6.9%*	*3.1%*				

Source: Company data, UBS estimates

Figure 6: SK Hynix – UBS NAND Flash forecasts

(Won bn)	2025	1Q26	2Q26	3Q26E	4Q26E	2026E	1Q27E	2Q27E	3Q27E	4Q27E	2027E	2028E	2029E	2030E
Revenues	**20,295**	**11,343**	**20,617**	**27,384**	**31,449**	**90,614**	**33,905**	**37,862**	**41,446**	**42,726**	**155,939**	**124,275**	**72,959**	**87,153**
% YoY	*7.2%*	*259.8%*	*335.7%*	*452.2%*	*322.6%*	*346.5%*	*198.9%*	*83.6%*	*51.3%*	*35.9%*	*72.1%*	*-20.3%*	*-41.3%*	*19.5%*
% QoQ		*52.4%*	*81.8%*	*32.8%*	*14.8%*		*7.8%*	*11.7%*	*9.5%*	*3.1%*				
Revenues (US$m)	**14,396**	**7,982**	**14,225**	**18,295**	**21,413**	**61,915**	**23,085**	**25,779**	**28,219**	**29,091**	**106,175**	**84,616**	**49,676**	**59,340**
% YoY	*3.9%*	*267.7%*	*317.7%*	*405.9%*	*311.6%*	*330.1%*	*189.2%*	*81.2%*	*54.2%*	*35.9%*	*71.5%*	*-20.3%*	*-41.3%*	*19.5%*
% QoQ		*53.4%*	*78.2%*	*28.6%*	*17.0%*		*7.8%*	*11.7%*	*9.5%*	*3.1%*				
Unit shipment (1GB eq)	**160,563**	**42,002**	**48,284**	**49,605**	**52,809**	**192,701**	**53,688**	**57,189**	**60,627**	**62,171**	**233,675**	**276,459**	**320,929**	**381,865**
% YoY	*11.8%*	*62.0%*	*7.3%*	*16.0%*	*12.7%*	*20.0%*	*27.8%*	*18.4%*	*22.2%*	*17.7%*	*21.3%*	*18.3%*	*16.1%*	*19.0%*
% QoQ		*-10.4%*	*15.0%*	*2.7%*	*6.5%*		*1.7%*	*6.5%*	*6.0%*	*2.5%*				
Avg. wafer out per month (k 12"eq)	**206**	**199**	**192**	**193**	**204**	**197**	**208**	**204**	**200**	**196**	**202**	**186**	**177**	**199**
% YoY	*-3.7%*	*-10.7%*	*-5.5%*	*-2.8%*	*2.4%*	*-4.4%*	*4.6%*	*6.5%*	*3.5%*	*-4.1%*	*2.6%*	*-7.9%*	*-4.7%*	*12.1%*
% QoQ		*-0.4%*	*-3.6%*	*0.8%*	*5.8%*		*1.8%*	*-1.9%*	*-2.0%*	*-2.0%*				
ASP (US$ 1GB eq) - consol	**0.09**	**0.19**	**0.29**	**0.37**	**0.41**	**0.32**	**0.43**	**0.45**	**0.47**	**0.47**	**0.45**	**0.31**	**0.15**	**0.16**
% YoY	*-7.1%*	*126.9%*	*289.3%*	*336.2%*	*265.3%*	*259.8%*	*126.3%*	*53.0%*	*26.2%*	*15.4%*	*41.0%*	*-32.6%*	*-49.4%*	*0.4%*
% QoQ		*71.2%*	*55.0%*	*25.2%*	*9.9%*		*6.0%*	*4.8%*	*3.3%*	*0.5%*				
Operating profit - consolidated	**2,598**	**6,086**	**13,813**	**20,221**	**23,778**	**63,483**	**25,846**	**29,346**	**32,547**	**33,429**	**121,168**	**83,727**	**26,192**	**34,392**
% OP Margin	*12.8%*	*53.6%*	*67.0%*	*73.8%*	*75.6%*	*70.1%*	*76.2%*	*77.5%*	*78.5%*	*78.2%*	*77.7%*	*67.4%*	*35.9%*	*39.5%*
Fully Loaded Cost/unit (1GB US$)	**0.08**	**0.09**	**0.10**	**0.10**	**0.10**	**0.10**	**0.10**	**0.11**	**0.11**	**0.11**	**0.11**	**0.11**	**0.11**	**0.10**
% YoY	*-10.3%*	*3.0%*	*45.4%*	*20.9%*	*31.0%*	*26.1%*	*21.8%*	*9.7%*	*7.1%*	*11.4%*	*11.4%*	*-0.5%*	*-0.1%*	*-6.2%*
% QoQ		*9.6%*	*12.8%*	*4.7%*	*1.2%*		*1.9%*	*1.6%*	*2.3%*	*5.3%*				
Cash Cost/unit (1GB US$)	**0.06**	**0.07**	**0.08**	**0.09**	**0.09**	**0.08**	**0.09**	**0.09**	**0.09**	**0.10**	**0.09**	**0.09**	**0.09**	**0.08**
% YoY	*-6.8%*	*10.7%*	*53.5%*	*26.6%*	*33.7%*	*31.8%*	*30.3%*	*11.1%*	*7.5%*	*9.9%*	*12.9%*	*-3.2%*	*-3.0%*	*-8.7%*
% QoQ		*4.2%*	*18.9%*	*5.3%*	*2.5%*		*1.6%*	*1.3%*	*1.9%*	*4.8%*				

Source: Company data, UBS estimates

Figure 7: SK Hynix – UBS capex forecasts

	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Semis Capex (US$m)											
DRAM	5,808	7,553	11,033	4,760	10,860	17,076	27,190	31,821	34,321	36,321	38,321
% YoY	*-18.1%*	*30.0%*	*46.1%*	*-56.9%*	*128.1%*	*57.2%*	*59.2%*	*17.0%*	*7.9%*	*5.8%*	*5.5%*
NAND Flash	2,700	3,357	3,734	1,523	784	2,428	5,100	10,589	11,589	11,589	12,589
% YoY	*-34.9%*	*24.3%*	*11.2%*	*-59.2%*	*-48.5%*	*209.7%*	*110.0%*	*107.6%*	*9.4%*	*0.0%*	*8.6%*
Semis Capex	**8,508**	**10,911**	**14,767**	**6,283**	**11,644**	**19,504**	**32,290**	**42,410**	**45,910**	**47,910**	**50,910**
% YoY	*-24.3%*	*28.2%*	*35.3%*	*-57.5%*	*85.3%*	*67.5%*	*65.6%*	*31.3%*	*8.3%*	*4.4%*	*6.3%*
Semis Capex (Won bn)	**10,069**	**12,487**	**19,010**	**8,325**	**15,920**	**27,519**	**47,111**	**62,288**	**67,428**	**70,366**	**74,772**
% YoY	*107.6%*	*24.0%*	*52.2%*	*-56.2%*	*91.2%*	*72.9%*	*71.2%*	*32.2%*	*8.3%*	*4.4%*	*6.3%*
Semis WFE (US$m)											
DRAM	3,009	5,530	7,424	2,409	7,178	10,117	15,290	18,760	21,260	23,260	25,260
% YoY	*-16.7%*	*83.8%*	*34.2%*	*-67.6%*	*198.0%*	*40.9%*	*51.1%*	*22.7%*	*13.3%*	*9.4%*	*8.6%*
NAND Flash	1,500	1,552	1,500	935	375	1,200	3,000	5,650	6,650	6,650	7,650
% YoY	*-21.1%*	*3.5%*	*-3.4%*	*-37.7%*	*-59.9%*	*220.0%*	*150.0%*	*88.3%*	*17.7%*	*0.0%*	*15.0%*
Semis WFE	**4,509**	**7,082**	**8,924**	**3,344**	**7,553**	**11,317**	**18,290**	**24,410**	**27,910**	**29,910**	**32,910**
% YoY	*-18.2%*	*57.1%*	*26.0%*	*-62.5%*	*125.9%*	*49.8%*	*61.6%*	*33.5%*	*14.3%*	*7.2%*	*10.0%*

Source: Company data, UBS estimates

Figure 8: SK Hynix – UBS income statement forecasts

(Won bn)	2025	1Q26	2Q26	3Q26E	4Q26E	2026E	1Q27E	2Q27E	3Q27E	4Q27E	2027E	2028E	2029E	2030E
Revenues	**97,147**	**52,576**	**79,319**	**106,805**	**125,982**	**364,681**	**134,351**	**147,065**	**161,210**	**170,124**	**612,749**	**681,271**	**587,048**	**673,181**
% YoY	46.8%	*198.1%*	*256.8%*	*336.8%*	*283.8%*	275.4%	*155.5%*	*85.4%*	*50.9%*	*35.0%*	68.0%	11.2%	-13.8%	14.7%
% QoQ		*60.2%*	*50.9%*	*34.7%*	*18.0%*		*6.6%*	*9.5%*	*9.6%*	*5.5%*				
DRAM	75,349	41,008	58,473	79,148	94,278	272,907	100,218	108,963	119,488	127,136	455,803	555,962	513,044	584,972
NAND Flash	20,295	11,343	20,617	27,384	31,449	90,614	33,905	37,862	41,446	42,726	155,939	124,275	72,959	87,153
Gross Profit	**58,691**	**41,679**	**65,991**	**92,151**	**109,996**	**309,818**	**117,486**	**128,969**	**141,909**	**149,329**	**537,693**	**582,898**	**472,169**	**539,666**
% GP margin	*60.4%*	*79.3%*	*83.2%*	*86.3%*	*87.3%*	*85.0%*	*87.4%*	*87.7%*	*88.0%*	*87.8%*	*87.8%*	*85.6%*	*80.4%*	*80.2%*
Opex	-11,484	-4,069	-5,449	-6,469	-7,195	-23,182	-7,554	-8,044	-8,531	-9,040	-33,170	-38,429	-42,800	-47,210
Opex as % of Revenues	*-11.8%*	*-7.7%*	*-6.9%*	*-6.1%*	*-5.7%*	*-6.4%*	*-5.6%*	*-5.5%*	*-5.3%*	*-5.3%*	*-5.4%*	*-5.6%*	*-7.3%*	*-7.0%*
Operating profit	**47,206**	**37,610**	**60,543**	**85,682**	**102,802**	**286,637**	**109,931**	**120,925**	**133,378**	**140,289**	**504,523**	**544,469**	**429,368**	**492,456**
% OP margin	***48.6%***	***71.5%***	***76.3%***	***80.2%***	***81.6%***	***78.6%***	***81.8%***	***82.2%***	***82.7%***	***82.5%***	***82.3%***	***79.9%***	***73.1%***	***73.2%***
Pre-tax profit (adjusted)	50,466	51,617	122,708	85,725	102,873	362,924	110,038	121,068	133,507	140,452	505,065	545,367	430,510	493,746
Tax	-7,518	-11,271	-28,786	-18,860	-22,632	-81,548	-24,208	-26,635	-29,372	-30,899	-111,114	-119,981	-94,712	-108,624
Net profit	**42,948**	**40,346**	**93,923**	**66,866**	**80,241**	**281,375**	**85,829**	**94,433**	**104,136**	**109,553**	**393,950**	**425,386**	**335,797**	**385,122**
EPS (Won) ex-treasury	**61,810**	**56,940**	**131,941**	**94,463**	**114,087**	**397,431**	**122,934**	**136,863**	**153,106**	**164,033**	**576,936**	**680,722**	**608,171**	**828,890**
EPS (Won) incl. treasury	**58,994**	**56,610**	**131,784**	**94,463**	**114,087**	**396,943**	**122,934**	**136,863**	**153,106**	**164,033**	**576,936**	**680,722**	**608,171**	**828,890**
DPS (Won)	**3,000**	**375**	**375**	**375**	**21,600**	**22,725**	**375**	**375**	**375**	**50,000**	**51,125**	**66,125**	**106,125**	**121,125**

Source: Company data, UBS estimates

Figure 9: SK Hynix – UBS cash flow statement forecasts

(Won bn)	2025	1Q26	2Q26	3Q26E	4Q26E	2026E	1Q27E	2Q27E	3Q27E	4Q27E	2027E	2028E	2029E	2030E
Net income	42,919	40,330	93,820	66,866	80,241	281,257	85,829	94,433	104,136	109,553	393,950	425,386	335,797	385,122
Dep & Amort	13,890	3,729	4,030	4,610	4,979	17,348	5,464	5,948	6,286	6,624	24,322	33,046	41,270	48,908
Other non-cash	4,948	-1,930	1,127	0	0	-803	0	0	0	0	0	0	0	0
Total non-cash transactions	18,838	1,799	5,157	4,610	4,979	16,545	5,464	5,948	6,286	6,624	24,322	33,046	41,270	48,908
Changes in Assets/liabilities	-2,881	-16,265	-70,110	-6,539	-7,540	-100,455	-9,539	-11,058	-9,084	-6,293	-35,973	-17,204	6,737	-9,276
Cash Flow from Ops	**53,373**	**26,330**	**65,710**	**64,936**	**77,680**	**234,656**	**81,754**	**89,324**	**101,338**	**109,883**	**382,299**	**441,228**	**383,805**	**424,754**
Capex	-27,519	-7,657	-10,671	-14,391	-14,391	-47,111	-15,572	-15,572	-15,572	-15,572	-62,288	-67,428	-70,366	-74,772
Cash flow from Investment	**-30,987**	**-7,128**	**-28,747**	**-14,391**	**-14,391**	**-64,657**	**-15,572**	**-15,572**	**-15,572**	**-15,572**	**-62,288**	**-67,428**	**-70,366**	**-74,772**
Change in Debt	768	-2,754	-732	-100	-730	-4,315	-100	-100	-100	-660	-960	-780	-600	-600
Dividends	-1,681	0	-1,594	-267	-265	-2,126	0	-15,342	-259	-255	-15,856	-33,371	-38,187	-53,728
Cash flow from Financing	**-1,445**	**-2,951**	**-4,666**	**-5,366**	**-7,995**	**-20,979**	**-8,100**	**-25,442**	**-12,359**	**-15,915**	**-61,816**	**-124,151**	**-120,787**	**-172,328**
Net Cash Flow	20,786	19,388	33,628	45,179	55,293	153,488	58,082	48,309	73,407	78,396	258,195	249,649	192,652	177,654
EBITDA	61,096	41,339	64,573	90,292	107,781	303,985	115,395	126,873	139,664	146,913	528,845	577,515	470,639	541,364
% EBITDA margin	62.9%	*78.6%*	*81.4%*	*84.5%*	*85.6%*	83.4%	*85.9%*	*86.3%*	*86.6%*	*86.4%*	86.3%	84.8%	80.2%	80.4%
FCF	25,854	18,673	55,039	50,545	63,289	187,545	66,182	73,752	85,766	94,311	320,011	373,799	313,439	349,982
% FCF margin	26.6%	*35.5%*	*69.4%*	*47.3%*	*50.2%*	51.4%	*49.3%*	*50.1%*	*53.2%*	*55.4%*	52.2%	54.9%	53.4%	52.0%

Source: Company data, UBS estimates

Figure 10: SK Hynix – UBS balance sheet forecasts

(Won bn)	2025	1Q26	2Q26	3Q26E	4Q26E	2026E	1Q27E	2Q27E	3Q27E	4Q27E	2027E	2028E	2029E	2030E
Cash and cash eq	**34,942**	**54,330**	**87,958**	**133,137**	**188,430**	**188,430**	**246,512**	**294,821**	**368,228**	**446,625**	**446,625**	**696,273**	**888,925**	**1,066,579**
Accounts receivable	18,199	33,808	47,821	55,012	62,128	62,128	70,672	80,583	88,334	93,219	93,219	97,840	81,853	93,850
Inventory	14,289	15,974	17,986	17,664	18,394	18,394	19,407	20,823	22,208	23,928	23,928	38,032	48,059	47,399
Other current assets	2,027	2,394	2,391	2,391	2,391	2,391	2,391	2,391	2,391	2,391	2,391	2,391	2,391	2,391
Total current assets	**69,458**	**106,506**	**156,156**	**208,204**	**271,343**	**271,343**	**338,982**	**398,619**	**481,162**	**566,162**	**566,162**	**834,536**	**1,021,229**	**1,210,219**
Investment	15,868	22,014	21,994	21,994	21,994	21,994	21,994	21,994	21,994	21,994	21,994	21,994	21,994	21,994
Tangible assets	77,503	82,052	88,889	98,475	107,699	107,699	117,605	127,036	136,136	144,906	144,906	178,601	207,114	232,461
Intangible assets	4,049	4,051	4,283	4,479	4,667	4,667	4,869	5,062	5,247	5,426	5,426	6,114	6,696	7,213
Other	9,229	8,206	77,540	77,540	77,540	77,540	77,540	77,540	77,540	77,540	77,540	77,540	77,540	77,540
Total non-current assets	**106,650**	**116,323**	**192,706**	**202,487**	**211,900**	**211,900**	**222,008**	**231,632**	**240,918**	**249,866**	**249,866**	**284,248**	**313,344**	**339,208**
Total Assets	**176,108**	**222,829**	**348,862**	**410,691**	**483,243**	**483,243**	**560,990**	**630,250**	**722,079**	**816,028**	**816,028**	**284,248**	**313,344**	**339,208**
AP	2,848	2,798	3,043	3,372	3,679	3,679	3,696	3,966	4,019	4,330	4,330	5,851	6,629	8,690
ST borrowings	2,396	2,522	2,664	2,614	2,564	2,564	2,514	2,464	2,414	2,364	2,364	2,164	1,964	1,764
Current portion of LT borrowings	5,766	3,369	3,194	3,144	3,094	3,094	3,044	2,994	2,944	2,894	2,894	2,694	2,494	2,294
Other current liabilities	26,369	32,012	47,012	47,012	47,012	47,012	47,012	47,012	47,012	47,012	47,012	47,012	47,012	47,012
Current liabilities	**37,379**	**40,701**	**55,913**	**56,142**	**56,349**	**56,349**	**56,266**	**56,436**	**56,388**	**56,600**	**56,600**	**57,721**	**58,099**	**59,760**
Debenture	11,206	10,751	10,544	10,544	10,414	10,414	10,414	10,414	10,414	10,214	10,214	10,014	9,814	9,614
LT borrowings	2,880	2,676	2,184	2,184	1,684	1,684	1,684	1,684	1,684	1,324	1,324	1,144	1,144	1,144
Other LT liabilities	3,976	4,322	17,528	17,528	17,528	17,528	17,528	17,528	17,528	17,528	17,528	17,528	17,528	17,528
LT liabilities	**18,062**	**17,748**	**30,256**	**30,256**	**29,626**	**29,626**	**29,626**	**29,626**	**29,626**	**29,066**	**29,066**	**28,686**	**28,486**	**28,286**
Total liabilities	**55,441**	**58,449**	**86,169**	**86,398**	**85,975**	**85,975**	**85,892**	**86,062**	**86,015**	**85,666**	**85,666**	**86,407**	**86,585**	**88,046**
Total equity	**120,667**	**164,380**	**262,693**	**324,292**	**397,268**	**397,268**	**475,097**	**544,188**	**636,064**	**730,362**	**730,362**	**1,032,377**	**1,247,987**	**1,461,381**
% ROE	**44.1%**	**113.2%**	**175.9%**	**91.1%**	**89.0%**	**108.7%**	**78.7%**	**74.1%**	**70.6%**	**64.1%**	**69.9%**	**48.3%**	**29.5%**	**28.4%**
Book value per share	173,663	232,077	369,431	458,137	564,835	561,124	680,487	788,698	935,177	1,093,570	1,069,607	1,652,055	2,260,259	3,145,300

Source: Company data, UBS estimates

Figure 11: SK Hynix – UBS valuation

UBS price target	**3,000,000**
Current stock price (Won)	1,401,000
Number of shares (bn) - ex treasury shares	0.711
Treasury shares (bn)	0.002
Market cap. (Won bn)	998,496
Debt (Won bn)	18,586
Cash & equivalents (Won bn)	87,958
Adjusted EV (Won bn)	929,124

	2025	2026E	2027E	2028E	2029E	2030E
Current valuation						
EV/Revenues	9.56	2.55	1.52	1.36	1.58	1.38
P/Book	8.27	2.51	1.37	0.97	0.80	0.68
P/E (ex-treasury shares)	22.67	3.53	2.43	2.06	2.30	1.69
P/E (including treasury shares)	23.75	3.53	2.43	2.06	2.30	1.69
EV/EBITDA	15.21	3.06	1.76	1.61	1.97	1.72
UBS valuation						
EV/Revenues	21.29	5.67	3.38	3.04	3.52	3.07
P/Book	17.72	5.38	2.93	2.07	1.71	1.46
P/E (ex-treasury shares)	48.54	7.55	5.20	4.41	4.93	3.62
P/E (including treasury shares)	50.85	7.56	5.20	4.41	4.93	3.62
EV/EBITDA	33.78	6.79	3.90	3.57	4.39	3.81
Other						
% ROE	***44.1%***	***108.7%***	***69.9%***	***48.3%***	***29.5%***	***28.4%***
Tangible book per share (Won)	164,001	552,123	1,019,492	1,443,255	1,745,654	2,045,026
Cash per share (Won)	49,140	264,993	628,097	979,183	1,250,114	1,499,952
Free cash flow per share (Won)	36,359	263,749	450,038	525,682	440,796	492,187
% Free cash flow yield	*2.6%*	*18.8%*	*32.1%*	*37.5%*	*31.5%*	*35.1%*

Source: Company data, UBS estimates. Priced as of July 29th, 2026.

Figure 12: SK Hynix – Valuation comparison

Stock	Rating	Price	Price Target	26E P/E	27E P/E	28E P/E	26E P/BV	27E P/BV	28E P/BV
Valuation									
SK Hynix	Buy	Won1,401,000	Won3,000,000	3.5	2.4	2.1	2.50	1.31	0.85
SK Hynix - ADR	Not Rated	US$130.17		4.8	3.3	2.8	3.40	1.79	1.16
Micron Technology	Buy	US$820.53	US$1,625	10.8	4.2	3.5	6.78	3.50	2.64
SKHY discount/premium									
vs SK Hynix				*36%*	*36%*	*36%*	*36%*	*36%*	*36%*
vs Micron Technology				*-55%*	*-21%*	*-19%*	*-50%*	*-49%*	*-56%*

Source: Company data, UBS estimates. Priced as of July 29th, 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**	**364,681**	*275.4*	**612,749**	*68.0*	**681,271**	**587,048**	**673,181**
Gross profit	(533)	31,828	58,691	309,818	*NM*	537,693	*73.6*	582,898	472,169	539,666
EBITDA (UBS)	**5,889**	**36,012**	**61,096**	**303,985**	*397.6*	**528,845**	*74.0*	**577,515**	**470,639**	**541,364**
Depreciation & amortisation	(13,619)	(12,545)	(13,890)	(17,348)	*-24.9*	(24,322)	*-40.2*	(33,046)	(41,270)	(48,908)
EBIT (UBS)	**(7,730)**	**23,467**	**47,206**	**286,637**	*NM*	**504,523**	*76.0*	**544,469**	**429,368**	**492,456**
Associates & investment income	15	(38)	(565)	(47)	*91.7*	0	*-*	0	0	0
Other non-operating income	(2,691)	1,457	4,253	76,047	*NM*	0	*-*	0	0	0
Net interest	(1,252)	(1,000)	(429)	287	*-*	541	*88.9*	897	1,141	1,290
Exceptionals (incl goodwill)	0	0	0	0	*-*	0	*-*	0	0	0
Pre-tax profit	**(11,658)**	**23,885**	**50,466**	**362,924**	*NM*	**505,065**	*39.2*	**545,367**	**430,510**	**493,746**
Tax	2,520	(4,088)	(7,518)	(81,548)	*NM*	(111,114)	*-36.3*	(119,981)	(94,712)	(108,624)
Profit after tax	**(9,138)**	**19,797**	**42,948**	**281,375**	*NM*	**393,950**	*40.0*	**425,386**	**335,797**	**385,122**
Preference dividends	0	0	0	0	*-*	0	*-*	0	0	0
Minorities	25	(8)	(29)	(118)	*-312.7*	0	*-*	0	0	0
Extraordinary items	0	0	0	0	*-*	0	*-*	0	0	0
Net earnings (local GAAP)	**(9,112)**	**19,789**	**42,919**	**281,257**	*NM*	**393,950**	*40.1*	**425,386**	**335,797**	**385,122**
Net earnings (UBS)	**(9,138)**	**19,797**	**42,948**	**281,375**	*NM*	**393,950**	*40.0*	**425,386**	**335,797**	**385,122**
Tax rate (%)	0.0	17.1	14.9	22.5	*50.8*	22.0	*-2.1*	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	396,943	*NM*	576,936	*45.3*	680,722	608,171	828,890
EPS (local GAAP, diluted)	(12,517)	27,182	58,955	396,777	*NM*	576,936	*45.4*	680,722	608,171	828,890
EPS (UBS, basic)	(12,552)	27,193	58,994	396,943	*NM*	576,936	*45.3*	680,722	608,171	828,890
DPS (net) (Won)	1,200	2,205	3,000	22,725	*NM*	51,125	*125.0*	66,125	106,125	121,125
Cash EPS (UBS, diluted) [1]	6,156	44,425	78,073	421,417	*NM*	612,555	*45.4*	733,603	682,917	934,153
Book value per share	73,494	101,532	165,750	560,436	*238.1*	1,069,607	*90.9*	1,652,056	2,260,260	3,145,301
Average shares (diluted)	728	728	728	709	*-2.6*	683	*-3.7*	625	552	465

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	188,430	*NM*	446,625	*137.0*	696,273	888,925	1,066,579
Other current assets	21,547	28,123	34,516	82,913	*140.2*	119,538	*44.2*	138,263	132,304	143,640
Total current assets	**30,468**	**42,279**	**69,458**	**271,343**	*290.7*	**566,162**	*108.7*	**834,536**	**1,021,229**	**1,210,219**
Net tangible fixed assets	52,705	60,157	77,503	107,699	*39.0*	144,906	*34.5*	178,601	207,114	232,461
Net intangible fixed assets	3,835	4,019	4,049	4,667	*15.2*	5,426	*16.3*	6,114	6,696	7,213
Investments / other assets	13,323	13,400	25,097	99,534	*296.6*	99,534	*0.0*	99,534	99,534	99,534
Total assets	**100,330**	**119,855**	**176,108**	**483,243**	*174.4*	**816,028**	*68.9*	**1,118,785**	**1,334,573**	**1,549,427**
Trade payables & other ST liabilities	11,151	19,713	29,217	50,691	*73.5*	51,342	*1.3*	52,863	53,641	55,702
Short term debt	9,857	5,252	8,162	5,658	*-30.7*	5,258	*-7.1*	4,858	4,458	4,058
Total current liabilities	**21,008**	**24,965**	**37,379**	**56,349**	*50.7*	**56,600**	*0.4*	**57,721**	**58,099**	**59,760**
Long term debt	19,611	17,431	14,086	12,098	*-14.1*	11,538	*-4.6*	11,158	10,958	10,758
Other long term liabilities	6,207	3,543	3,976	17,528	*340.9*	17,528	*0.0*	17,528	17,528	17,528
Preferred shares	0	0	0	0	*-*	0	*-*	0	0	0
Total liabilities (incl pref shares)	**46,826**	**45,940**	**55,441**	**85,975**	*55.1*	**85,666**	*-0.4*	**86,407**	**86,585**	**88,046**
Common s/h equity	**53,504**	**73,916**	**120,667**	**397,268**	*229.2*	**730,362**	*83.8*	**1,032,377**	**1,247,988**	**1,461,381**
Minority interests	0	0	0	0	*-*	0	*-*	0	0	0
Total liabilities & equity	**100,330**	**119,855**	**176,108**	**483,243**	*174.4*	**816,028**	*68.9*	**1,118,785**	**1,334,573**	**1,549,427**

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	281,257	*NM*	393,950	*40.1*	425,386	335,797	385,122
Depreciation & amortisation	13,619	12,545	13,890	17,348	*24.9*	24,322	*40.2*	33,046	41,270	48,908
Net change in working capital	714	(4,656)	(5,780)	(46,101)	*NM*	(35,973)	*22.0*	(17,204)	6,737	(9,276)
Other operating	(3,334)	1,896	3,386	(20,404)	*-*	0	*-*	0	0	0
Operating cash flow	**1,887**	**29,574**	**54,415**	**232,101**	*326.5*	**382,299**	*64.7*	**441,228**	**383,805**	**424,754**
Tangible capital expenditure	(8,325)	(15,946)	(27,519)	(47,111)	*-71.2*	(62,288)	*-32.2*	(67,428)	(70,366)	(74,772)
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)	(17,546)	*NM*	0	*-*	0	0	0
Investing cash flow	**(7,433)**	**(16,387)**	**(30,987)**	**(64,657)**	*-108.7*	**(62,288)**	*3.7*	**(67,428)**	**(70,366)**	**(74,772)**
Equity dividends paid	(825)	(826)	(1,681)	(2,126)	*-26.4*	(15,856)	*NM*	(33,371)	(38,187)	(53,728)
Share issues / (buybacks)	0	0	0	(12,000)	*-*	(45,000)	*-275.0*	(90,000)	(82,000)	(118,000)
Other financing	48	(502)	(532)	(2,538)	*-377.3*	0	*-*	0	0	0
Change in debt & pref shares	6,969	(7,376)	768	(4,315)	*-*	(960)	*77.8*	(780)	(600)	(600)
Financing cash flow	**6,191**	**(8,704)**	**(1,445)**	**(20,979)**	*NM*	**(61,816)**	*-194.7*	**(124,151)**	**(120,787)**	**(172,328)**
Cash flow inc/(dec) in cash	**645**	**4,483**	**21,983**	**146,464**	*NM*	**258,195**	*76.3*	**249,649**	**192,652**	**177,654**
FX / non cash items	1,867	753	(1,197)	7,024	*-*	0	*-100.0*	0	0	0
Balance sheet inc/(dec) in cash	**2,512**	**5,235**	**20,786**	**153,488**	*NM*	**258,195**	*68.2*	**249,649**	**192,652**	**177,654**

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	3.5	2.4	2.1	2.3	1.7
P/E (UBS, diluted)	(8.6)	6.6	5.2	3.5	2.4	2.1	2.3	1.7
P/CEPS	17.6	4.0	3.9	3.3	2.3	1.9	2.1	1.5
Equity FCF (UBS) yield %	(8.2)	10.5	12.0	18.1	31.4	36.6	30.7	34.3
Dividend yield (net) %	1.1	1.2	1.0	1.6	3.6	4.7	7.6	8.6
P/BV	1.5	1.8	1.9	2.5	1.3	0.8	0.6	0.4
EV/revenues (core)	2.8	2.1	2.1	2.5	1.1	0.7	0.4	0.1
EV/EBITDA (UBS core)	15.6	3.9	3.4	3.0	1.3	0.8	0.5	0.1
EV/EBIT (core)	NM	5.9	4.4	3.2	1.4	0.8	0.5	0.1
EV/OpFCF (core)	NM	6.9	6.1	3.5	1.5	0.9	0.6	0.1
EV/op. invested capital	1.3	1.9	2.4	6.1	2.9	1.5	0.6	0.1

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	1,019,931	1,019,931	1,019,931	1,019,931	1,019,931
Net debt (cash)	18,567	14,538	(2,083)	(91,684)	(300,251)	(555,043)	(776,883)	(962,636)
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**	**928,247**	**719,680**	**464,888**	**243,048**	**57,295**
Non core assets	(5,473)	(5,982)	(15,868)	(21,994)	(21,994)	(21,994)	(21,994)	(21,994)
Core enterprise value	**91,936**	**138,922**	**205,746**	**906,253**	**697,686**	**442,894**	**221,054**	**35,301**

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	68.0	11.2	(13.8)	14.7
EBITDA (UBS)	(71.9)	NM	69.7	NM	74.0	9.2	(18.5)	15.0
EBIT (UBS)	-	-	101.2	NM	76.0	7.9	(21.1)	14.7
EPS (UBS, diluted)	-	-	116.9	NM	45.3	18.0	(10.7)	36.3
Net DPS	0.0	83.8	36.1	NM	125.0	29.3	60.5	14.1

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	78.6	82.3	79.9	73.1	73.2
Net earnings (UBS) margin	NM	29.9	44.2	NM	64.3	62.4	57.2	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	108.7	69.9	48.3	29.5	28.4

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)	(0.6)	(0.8)	(1.2)	(1.9)	(1.9)
Net debt / total equity %	38.4	11.5	(10.5)	(43.0)	(58.9)	(65.9)	(70.0)	(72.0)
Net debt / (net debt + total equity) %	27.7	10.3	(11.8)	(75.3)	NM	NM	NM	NM
Net debt/EV %	19.1	10.0	(0.9)	(9.9)	(41.7)	NM	NM	NM
Capex / depreciation %	63.0	131.0	NM	NM	NM	NM	175.8	157.6
Capex / revenue %	25.4	24.1	28.3	12.9	10.2	9.9	12.0	11.1
EBIT / net interest	-	23.4	NM	-	-	-	-	-
Dividend cover (UBS)	-	12.3	19.7	17.5	11.3	10.3	5.7	6.8
Div. payout ratio (UBS) %	-	8.1	5.1	5.7	8.9	9.7	17.4	14.6

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	272,907	455,803	555,962	513,044	584,972
NAND	9,757	18,936	20,295	90,614	155,939	124,275	72,959	87,153
Others	2,248	2,109	1,503	1,160	1,007	1,034	1,045	1,056
Total	**32,766**	**66,193**	**97,147**	**364,681**	**612,749**	**681,271**	**587,048**	**673,181**

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	222,978	383,548	460,918	403,305	458,194
NAND	(6,353)	2,534	2,598	63,483	121,168	83,727	26,192	34,392
Others	(10)	18	(287)	176	(193)	(176)	(129)	(130)
Total	**(7,730)**	**23,467**	**47,206**	**286,637**	**504,523**	**544,469**	**429,368**	**492,456**

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

Forecast returns

Forecast price appreciation	114.1%
Forecast dividend yield	1.6%
Forecast stock return	115.8%
Market return assumption	9.0%
Forecast excess return	106.8%

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 12-month forward P/BV multiple based on long-term average ROE and cost of equity.

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?	August 28, 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

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Buy	FSR is > 6% above the MRA.	55%	24%
Neutral	FSR is between -6% and 6% of the MRA.	40%	21%
Sell	FSR is > 6% below the MRA.	6%	21%

Source: UBS. Rating allocations are as of 30 June 2026.
1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

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UBS AG, Singapore Branch: Jimmy Yoon, Nicolas Gaudois.**UBS Securities Pte. Ltd., Seoul Branch:** Luke Yoo.

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Company Name	Reuters	12-month rating	Price	Price date
SK Hynix[16,28,8]	000660.KS	Buy	Won1,401,000	29 Jul 2026

Source: UBS Global Research; LSEG Eikon. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

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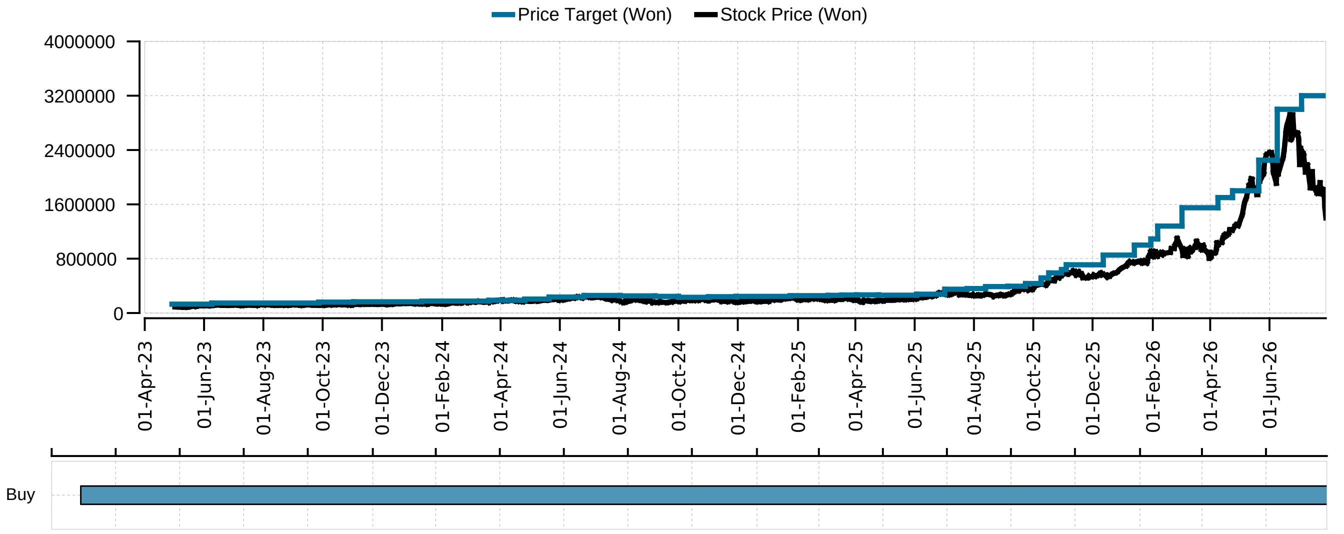
SK Hynix (Won)



Date	Stock Price (Won)	Price Target (Won)	Rating
2023-04-28	89500	130000	Buy
2023-06-08	109700	147000	Buy
2023-09-26	115000	160000	Buy
2023-11-01	120300	165000	Buy
2024-01-10	133500	175000	Buy
2024-03-19	160200	187000	Buy
2024-04-25	170600	205000	Buy
2024-05-20	190100	235000	Buy
2024-06-25	225000	258000	Buy
2024-08-01	193300	252000	Buy
2024-09-06	156400	245000	Buy
2024-09-30	174600	231000	Buy
2024-10-31	186300	240000	Buy
2024-11-28	161100	245000	Buy
2025-01-23	219500	255000	Buy
2025-03-03	190200	260000	Buy
2025-03-17	206000	265000	Buy
2025-04-01	197000	267000	Buy

Date	Stock Price (Won)	Price Target (Won)	Rating
2025-04-24	178300	262000	Buy
2025-06-02	207500	277000	Buy
2025-07-01	285500	350000	Buy
2025-07-24	269500	360000	Buy
2025-08-12	269000	389000	Buy
2025-09-04	265500	394000	Buy
2025-09-22	351000	434000	Buy
2025-10-08	395500	516000	Buy
2025-10-16	452500	590000	Buy
2025-10-29	558000	640000	Buy
2025-11-03	620000	710000	Buy
2025-12-11	565000	853000	Buy
2026-01-12	749000	1000000	Buy
2026-01-29	861000	1090000	Buy
2026-02-05	842000	1280000	Buy
2026-03-02	1061000	1550000	Buy
2026-04-08	1033000	1700000	Buy
2026-04-23	1225000	1800000	Buy
2026-05-20	1745000	2250000	Buy
2026-06-08	1911000	3000000	Buy
2026-07-03	2425000	3200000	Buy

Source: UBS Global Research; LSEG Eikon as of 29-Jul-2026. All prices as of local market close. Ratings as of date shown.

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