SK Hynix

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Jerry Shen
Goldman Sachs (Asia) L.L.C.
FICC & Equities

Did you know that SK Hynix offers an 8% shareholder return by 2027? While the market was busy debating the longevity of the AI memory cycle, the memory giant just dropped a massive W40tn surprise. GIR Giuni and the team note that this aggressive move proves the company is printing cash faster than the market realizes.

SK Hynix announced a W40tn share buyback and cancellation (retiring ~3.3% of shares), effectively neutralizing its recent ADR dilution. Where GIR differs from the broader street is on the timing and the ultimate scale of these returns. While consensus expected a policy update later this month, this early announcement signals immense management confidence. More importantly, GIR Giuni believes this is just the appetizer. The team projects a staggering **W252tn in cumulative free cash flow for 2025-2027, forecasting another ~W70tn in future buybacks** on top of today's news.

The next major catalyst to watch is the late-October 3Q26 earnings call, where Hynix will unveil its comprehensive shareholder return roadmap. With the company raising its return target to a *minimum* 50% of FCF, GIR estimates a highly attractive 8% shareholder yield by 2027. Consequently, the team has bumped up 2026-2028 EPS estimates by up to 10% and reiterates a BUY rating with a W3,500,000 price target—implying a massive 133% upside.

Exhibit 2: Hynix shareholder return policy history

Hynix Shareholder return policy history		
FY2019-2021	Dividend	Fixed dividend of 1,000 KRW per share 5% of FCF used for additional dividend
FY2022-2024	Policy	Dedicate 50% of 3-year cumulative FCF for shareholder return
	Dividend	Annual dividend raised by 20% (from KRW 1,000 per share to KRW 1,200 per share) 5% of FCF used for additional dividend
FY2025-2027	Policy	Maintained allocation of 50% of the 3-year cumulative FCF for shareholder returns Suspended previous 5% of annual FCF additional return Made additional shareholder return conditional upon achieving financial targets b
	Dividend	Raised annual fixed dividend by 25% from KRW 1,200 to KRW 1,500 per share.

Source: Company data, Goldman Sachs Global Investment Research