SK Hynix

DRAM volume growth pushing to the upper end

3Q26 tracking in line

We slightly raise our 3Q26 DRAM ASP assumption and expect +20% QoQ, as underlying contract negotiations remain biased upwards. We forecast NAND ASPs up 21% QoQ (unchanged). This is factoring in LTA mechanisms. We then forecast DRAM ASPs up 8% QoQ in 4Q26, and similar for NAND. Whilst we do not have full visibility on LTAs, we believe this is now largely digested by both the Sell and Buy side.

Increasing '26E and '27E DRAM bit growth

We now forecast SK Hynix DRAM bit shipments to grow 27% YoY in 2026 and 28% in 2027, vs. 26% and 20% before. This comes from: 1/ pull in of equipment delivery schedules; 2/ continuing improvement in asset efficiency (already at the upper tier vs peers); 3/ mix. We now forecast HBM bit shipments of 20bn Gb in 2027, +15% YoY (was 21bn), whilst DDR could be up 30% YoY. Whilst SK Hynix continues to prioritise Nvidia (we believe) as a customer, it also had to shift more resources to server DDR5 and LPDDR5X. This moves wafer starts back to DDR from HBM, with a trade ratio of 3.2-1.0 (difference in die sizes) for HBM4, which lifts bits up overall. Overall our OP forecasts move up slightly in '27E, '28E onwards as higher DRAM bit shipments offset FX.

HBM ASPs to increase 61% YoY in 2027

We continue to expect Nvidia to use HBM4 8-Hi initially for VR300. Meanwhile, we believe that it has relaxed pin-to-pin speed requirements to 10.6Gbps from 11.7. This puts SK Hynix in a relatively better spot than prior, whilst combined production yields remain at the upper end vs peers (albeit with a narrowed gap vs Samsung). With Nvidia about 52% of SK Hynix '27E HBM volumes, we expect, as has been the case before, some degree of volume discount. But beyond this, we see no grounds for a material gap vs. Samsung's pricing.

Valuation: PT Won3.0m; maintain Buy

We value SK Hynix shares at 4.26x NTM P/BV based on our long-term ROE forecast of 50.1% and CoE of 11.7%. Our SK Hynix ADR PT is US$217 (was US$210) with the latest FX.

Equities

Korea
Semiconductors

12-month rating	**Buy**
12m price target	**Won3,000,000**
Price (28 Aug 2026)	**Won1,653,000**

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

Trading data and key metrics

52-wk range	Won2,919,000-256,000
Market cap.	Won1,203,388b/US$876b
Shares o/s	728m (ORD)
Free float	66%
Avg. daily volume ('000)	5,478
Avg. daily value (m)	Won11,010,616.1
Common s/h equity (12/26E)	Won354175b
P/BV (12/26E)	3.3x
Net debt to EBITDA (12/26E)	NM

EPS (UBS, diluted) (KRW)

	From	To	% ch	Cons.
12/26E	395,021	394,508	-0	353,128
12/27E	598,302	618,803	3	463,642
12/28E	735,840	770,102	5	493,869

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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	356,134	601,542	669,629	564,788	610,944
EBIT (UBS)	(7,730)	23,467	47,206	280,111	499,797	541,019	416,551	441,041
Net earnings (UBS)	(9,138)	19,797	42,948	276,279	390,144	422,489	325,558	344,751
EPS (UBS, diluted) (Won)	(12,552)	27,193	58,994	394,508	618,803	770,102	689,794	869,839
DPS (net) (Won)	1,200	2,205	3,000	48,125	79,125	83,125	76,625	79,125
Net (debt) / cash	(20,548)	(8,527)	12,694	131,675	288,657	473,802	624,764	779,871

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	78.7	83.1	80.8	73.8	72.2
ROIC (EBIT) %	(10.9)	32.4	56.0	191.5	211.6	181.9	126.3	125.2
EV/EBITDA (UBS core) x	15.6	3.9	3.4	3.7	1.9	1.4	1.4	1.0
P/E (UBS, diluted) x	(8.6)	6.6	5.2	4.2	2.7	2.1	2.4	1.9
Equity FCF (UBS) yield %	(8.2)	10.5	12.0	15.3	26.5	30.8	26.0	26.0
Dividend yield (net) %	1.1	1.2	1.0	2.9	4.8	5.0	4.6	4.8

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 1,653,000 on 28-Aug-2026

This report has been prepared by UBS Securities Pte. Ltd. (Reg. No. 198500648C) **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 13.**

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 40% YoY vs 21% in 2026E, and NAND flash 24%. 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$1.64tn 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 17.4bn Gb of HBM shipment in 2026 (+38% YoY) and 20.1bn in 2027 (+15% 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 37% of industry bit shipments (Samsung 41%; Micron 22%).

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 Won187tn/Won319tn/Won371tn in 2026E/2027E/2028E. SK Hynix recently announced (1) a Won40tn share buyback/cancellation program (to be completed by November '26) and (2) plans to return at least 50% of cumulative FCF in the current policy period (2025-2027E) via buybacks and dividends with more details to be provided around 3Q26 results (link). Over the long run, we remain of the view that SK Hynix will continue to return at least 50% of FCF.

UBSVIEW

SK Hynix shares are now down 43% 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.

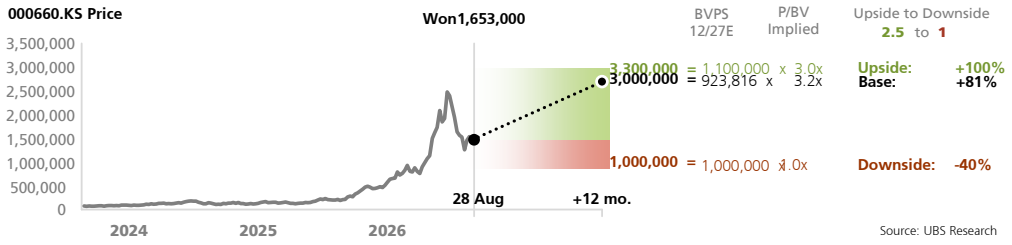
EVIDENCE

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 2026E/2027E. 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 2.35x NTM P/BV, discounting a long-term ROE of 27.6% vs our estimate of 50.1%.

UPSIDE/DOWNSIDE SPECTRUM



Value drivers	DRAM ASP % YoY '26E/'27E	NAND ASP % YoY '26E/'27E	Operating Profit (Won) '26E/'27E
Won3.30m upside	+184%/+56%	+250%/+50%	290tn/570tn
Won3.00m base	+179%/+38%	+249%/+38%	280tn/500tn
Won1.00m downside	+173%/+26%	+230%/+25%	270tn/440tn

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

	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	**103,483**	**104,923**	**-1.4%**	**120,756**	**120,998**	**-0.2%**	**356,134**	**357,816**	**-0.5%**	**601,542**	**588,667**	**2.2%**	**669,629**	**653,374**	**2.5%**	**564,788**	**554,525**	**1.9%**
DRAM sales	77,542	78,424	-1.1%	92,397	91,682	0.8%	269,420	269,587	-0.1%	461,266	443,656	4.0%	557,270	537,224	3.7%	497,804	485,280	2.6%
NAND Flash sales	25,677	26,229	-2.1%	28,120	29,069	-3.3%	85,804	87,183	-1.6%	139,330	144,032	-3.3%	111,386	115,146	-3.3%	66,002	68,230	-3.3%
Operating profit	**82,995**	**83,994**	**-1.2%**	**98,964**	**98,470**	**0.5%**	**280,111**	**280,617**	**-0.2%**	**499,797**	**483,488**	**3.4%**	**541,019**	**520,424**	**4.0%**	**416,551**	**401,284**	**3.8%**
DRAM OP	64,322	64,919	-0.9%	78,109	76,911	1.6%	220,810	220,209	0.3%	393,338	373,436	5.3%	467,918	444,856	5.2%	394,636	378,630	4.2%
NAND Flash OP	18,729	19,131	-2.1%	20,907	21,613	-3.3%	59,675	60,489	-1.3%	106,641	110,241	-3.3%	73,266	75,739	-3.3%	22,035	22,779	-3.3%
% OP margin	*80.2%*	*80.1%*		*82.0%*	*81.4%*		*78.7%*	*78.4%*		*83.1%*	*82.1%*		*80.8%*	*79.7%*		*73.8%*	*72.4%*	
EPS	**92,663**	**93,769**	**-1.2%**	**113,451**	**112,858**	**0.5%**	**394,508**	**395,021**	**-0.1%**	**618,803**	**598,302**	**3.4%**	**770,102**	**735,840**	**4.7%**	**689,794**	**651,661**	**5.9%**

Source: UBS estimates

Figure 2: 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	103,483	101,782	*1.7%*	120,756	116,225	*3.9%*	356,134	349,003	*2.0%*	601,542	547,150	*9.9%*	669,629	640,160	*4.6%*	564,788	803,519	*-29.7%*
Operating profit	**82,995**	**80,046**	**3.7%**	**98,964**	**92,445**	**7.1%**	**280,111**	**268,925**	**4.2%**	**499,797**	**426,241**	**17.3%**	**541,019**	**481,203**	**12.4%**	**416,551**	**636,950**	**-34.6%**
% OP margin	*80.2%*	*78.6%*	*156bps*	*82.0%*	*79.5%*	*241bps*	*78.7%*	*77.1%*	*160bps*	*83.1%*	*77.9%*	*518bps*	*80.8%*	*75.2%*	*562bps*	*73.8%*	*79.3%*	*-552bps*
EPS	92,663	83,405	11.1%	113,451	101,596	11.7%	394,508	357,651	10.3%	618,803	477,027	29.7%	770,102	551,280	39.7%	689,794	743,955	-7.3%

Source: Visible Alpha, UBS estimates

Figure 3: 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%	10.3%	16.4%	12.0%	27.0%	25.6%	28.0%	20.0%	18.1%	18.2%	16.4%	15.6%
ASP change	20.0%	18.8%	7.6%	8.5%	179.1%	177.5%	37.7%	39.0%	2.3%	2.5%	-23.3%	-21.9%
% OP margin	**83.0%**	**82.8%**	**84.5%**	**83.9%**	**82.0%**	**81.7%**	**85.3%**	**84.2%**	**84.0%**	**82.8%**	**79.3%**	**78.0%**
NAND Flash												
Bit Shipments	2.7%	2.7%	6.5%	6.5%	20.0%	20.0%	21.3%	21.3%	18.3%	18.3%	16.1%	16.1%
ASP change	21.0%	21.0%	8.2%	8.2%	248.6%	249.4%	38.3%	37.9%	-32.4%	-32.4%	-49.0%	-49.0%
% OP margin	**72.9%**	**72.9%**	**74.4%**	**74.4%**	**69.5%**	**69.4%**	**76.5%**	**76.5%**	**65.8%**	**65.8%**	**33.4%**	**33.4%**

Source: UBS estimates

Figure 4: 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**	**77,542**	**92,397**	**269,420**	**102,197**	**111,093**	**121,121**	**126,856**	**461,266**	**557,270**	**497,804**	**531,112**
% YoY	*66.9%*	*192.2%*	*241.3%*	*305.5%*	*268.7%*	*257.6%*	*149.2%*	*90.0%*	*56.2%*	*37.3%*	*71.2%*	*20.8%*	*-10.7%*	*6.7%*
% QoQ		*63.6%*	*42.6%*	*32.6%*	*19.2%*		*10.6%*	*8.7%*	*9.0%*	*4.7%*				
DRAM revenues (US$m)	**53,456**	**28,857**	**40,345**	**53,408**	**66,918**	**189,528**	**74,015**	**80,458**	**87,721**	**91,875**	**334,069**	**403,600**	**360,532**	**384,655**
% YoY	*62.8%*	*198.7%*	*227.2%*	*283.0%*	*282.0%*	*254.5%*	*156.5%*	*99.4%*	*64.2%*	*37.3%*	*76.3%*	*20.8%*	*-10.7%*	*6.7%*
% QoQ		*64.7%*	*39.8%*	*32.4%*	*25.3%*		*10.6%*	*8.7%*	*9.0%*	*4.7%*				
DRAM unit shipment (1Gb eq)	93,014	25,453	27,368	30,191	35,150	118,162	35,467	37,017	38,906	39,907	151,298	178,609	207,974	227,632
% YoY	*24.3%*	*35.8%*	*16.8%*	*19.3%*	*37.7%*	*27.0%*	*39.3%*	*35.3%*	*28.9%*	*13.5%*	*28.0%*	*18.1%*	*16.4%*	*9.5%*
% QoQ		*-0.3%*	*7.5%*	*10.3%*	*16.4%*		*0.9%*	*4.4%*	*5.1%*	*2.6%*				
Avg. wafer out per month (k 12"eq)	6,110	564	572	583	600	6,957	618	636	654	672	7,740	8,526	9,084	9,852
% YoY	*25.7%*	*18.9%*	*14.6%*	*12.3%*	*10.3%*	*13.9%*	*9.6%*	*11.2%*	*12.2%*	*12.0%*	*11.3%*	*10.2%*	*6.5%*	*8.5%*
% QoQ		*3.7%*	*1.4%*	*1.9%*	*2.9%*		*3.0%*	*2.9%*	*2.8%*	*2.8%*				
DRAM ASP (US$ 1Gb eq)	0.57	1.13	1.47	1.77	1.90	1.60	2.09	2.17	2.25	2.30	2.21	2.26	1.73	1.69
% YoY	*31.0%*	*120.0%*	*180.2%*	*221.1%*	*177.3%*	*179.1%*	*84.1%*	*47.4%*	*27.5%*	*20.9%*	*37.7%*	*2.3%*	*-23.3%*	*-2.5%*
% QoQ		*65.1%*	*30.0%*	*20.0%*	*7.6%*		*9.6%*	*4.2%*	*3.7%*	*2.1%*				
Operating profit (Won bn)	**44,895**	**31,588**	**46,791**	**64,322**	**78,109**	**220,810**	**87,082**	**94,800**	**103,620**	**107,836**	**393,338**	**467,918**	**394,636**	**411,926**
% OP margin	***59.6%***	***77.0%***	***80.0%***	***83.0%***	***84.5%***	***82.0%***	***85.2%***	***85.3%***	***85.6%***	***85.0%***	***85.3%***	***84.0%***	***79.3%***	***77.6%***
Fully Loaded Cost/Unit (1Gb US$)	0.23	0.26	0.29	0.30	0.29	0.29	0.31	0.32	0.33	0.35	0.33	0.36	0.36	0.38
% YoY	*-3.0%*	*7.0%*	*15.9%*	*36.5%*	*34.6%*	*23.9%*	*18.5%*	*8.2%*	*8.0%*	*17.2%*	*12.5%*	*11.4%*	*-0.8%*	*5.5%*
% QoQ		*19.1%*	*13.1%*	*2.4%*	*-2.4%*		*4.8%*	*3.3%*	*2.2%*	*6.0%*				
Cash Cost/Unit (1Gb US$)	0.15	0.18	0.22	0.22	0.22	0.21	0.22	0.23	0.24	0.25	0.24	0.26	0.25	0.26
% YoY	*-1.0%*	*20.9%*	*24.2%*	*54.0%*	*51.6%*	*37.9%*	*22.4%*	*5.7%*	*6.2%*	*16.0%*	*11.7%*	*9.0%*	*-4.4%*	*4.2%*
% QoQ		*27.6%*	*18.7%*	*2.2%*	*-2.0%*		*3.0%*	*2.5%*	*2.7%*	*7.1%*				
DDR revenues (US$m)	**32,935**	**22,699**	**34,106**	**44,846**	**56,537**	**158,188**	**61,399**	**66,954**	**72,677**	**74,956**	**275,986**	**314,185**	**229,907**	**206,455**
% YoY	*40.4%*	*333.7%*	*375.1%*	*429.4%*	*369.1%*	*380.3%*	*170.5%*	*96.3%*	*62.1%*	*32.6%*	*74.5%*	*13.8%*	*-26.8%*	*-10.2%*
% QoQ		*88.3%*	*50.3%*	*31.5%*	*26.1%*		*8.6%*	*9.0%*	*8.5%*	*3.1%*				
DDR unit shipment (1Gb eq)	80,386	21,650	23,564	25,632	29,878	100,724	30,856	32,205	33,848	34,320	131,230	150,772	170,539	179,829
% YoY	*18.1%*	*36.7%*	*16.3%*	*16.1%*	*34.6%*	*25.3%*	*42.5%*	*36.7%*	*32.1%*	*14.9%*	*30.3%*	*14.9%*	*13.1%*	*5.4%*
% QoQ		*-2.5%*	*8.8%*	*8.8%*	*16.6%*		*3.3%*	*4.4%*	*5.1%*	*1.4%*				
DDR ASP (US$ 1Gb eq)	0.41	1.05	1.45	1.75	1.89	1.57	1.99	2.08	2.15	2.18	2.10	2.08	1.35	1.15
% YoY	*18.8%*	*217.3%*	*308.7%*	*355.9%*	*248.6%*	*283.3%*	*89.8%*	*43.6%*	*22.7%*	*15.4%*	*33.9%*	*-0.9%*	*-35.3%*	*-14.8%*
% QoQ		*93.1%*	*38.1%*	*20.9%*	*8.2%*		*5.2%*	*4.5%*	*3.3%*	*1.7%*				
HBM revenues (US$m)	**20,521**	**6,158**	**6,239**	**8,563**	**10,381**	**31,340**	**12,616**	**13,504**	**15,044**	**16,918**	**58,083**	**89,415**	**130,624**	**178,199**
% YoY	*118.9%*	*39.1%*	*21.1%*	*56.4%*	*89.9%*	*52.7%*	*104.9%*	*116.5%*	*75.7%*	*63.0%*	*85.3%*	*53.9%*	*46.1%*	*36.4%*
% QoQ		*12.6%*	*1.3%*	*37.2%*	*21.2%*		*21.5%*	*7.0%*	*11.4%*	*12.5%*				
HBM unit shipment (1Gb eq)	12,628	3,803	3,804	4,559	5,273	17,438	4,611	4,812	5,058	5,587	20,068	27,836	37,435	47,803
% YoY	*86.0%*	*30.8%*	*20.2%*	*40.7%*	*58.9%*	*38.1%*	*21.2%*	*26.5%*	*10.9%*	*6.0%*	*15.1%*	*38.7%*	*34.5%*	*27.7%*
% QoQ		*14.6%*	*0.0%*	*19.8%*	*15.7%*		*-12.6%*	*4.4%*	*5.1%*	*10.5%*				
HBM ASP (US$ 1Gb eq)	1.63	1.62	1.64	1.88	1.97	1.80	2.74	2.81	2.97	3.03	2.89	3.21	3.49	3.73
% YoY	*17.7%*	*6.3%*	*0.8%*	*11.1%*	*19.5%*	*10.6%*	*69.0%*	*71.1%*	*58.4%*	*53.8%*	*61.0%*	*11.0%*	*8.6%*	*6.8%*
% QoQ		*-1.7%*	*1.3%*	*14.5%*	*4.8%*		*39.0%*	*2.6%*	*6.0%*	*1.8%*				

Source: Company data, UBS estimates

Figure 5: 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**	**25,677**	**28,120**	**85,804**	**30,303**	**33,830**	**37,026**	**38,170**	**139,330**	**111,386**	**66,002**	**78,839**
% YoY	*7.2%*	*259.8%*	*335.7%*	*417.7%*	*277.8%*	*322.8%*	*167.1%*	*64.1%*	*44.2%*	*35.7%*	*62.4%*	*-20.1%*	*-40.7%*	*19.4%*
% QoQ		*52.4%*	*81.8%*	*24.5%*	*9.5%*		*7.8%*	*11.6%*	*9.4%*	*3.1%*				
Revenues (US$m)	**14,396**	**7,982**	**14,225**	**17,685**	**20,366**	**60,258**	**21,947**	**24,501**	**26,816**	**27,644**	**100,909**	**80,671**	**47,802**	**57,099**
% YoY	*3.9%*	*267.7%*	*317.7%*	*389.0%*	*291.4%*	*318.6%*	*175.0%*	*72.2%*	*51.6%*	*35.7%*	*67.5%*	*-20.1%*	*-40.7%*	*19.4%*
% QoQ		*53.4%*	*78.2%*	*24.3%*	*15.2%*		*7.8%*	*11.6%*	*9.4%*	*3.1%*				
Unit shipment (1GB eq)	**160,563**	**42,002**	**48,284**	**49,605**	**52,809**	**192,701**	**53,688**	**57,189**	**60,627**	**62,171**	**233,675**	**276,459**	**320,929**	**381,865**
% YoY	*11.8%*	*62.0%*	*7.3%*	*16.0%*	*12.7%*	*20.0%*	*27.8%*	*18.4%*	*22.2%*	*17.7%*	*21.3%*	*18.3%*	*16.1%*	*19.0%*
% QoQ		*-10.4%*	*15.0%*	*2.7%*	*6.5%*		*1.7%*	*6.5%*	*6.0%*	*2.5%*				
Avg. wafer out per month (k 12"eq)	**206**	**199**	**192**	**193**	**204**	**197**	**208**	**204**	**200**	**196**	**202**	**186**	**177**	**199**
% YoY	*-3.7%*	*-10.7%*	*-5.5%*	*-2.8%*	*2.4%*	*-4.4%*	*4.6%*	*6.5%*	*3.5%*	*-4.1%*	*2.6%*	*-7.9%*	*-4.7%*	*12.1%*
% QoQ		*-0.4%*	*-3.6%*	*0.8%*	*5.8%*		*1.8%*	*-1.9%*	*-2.0%*	*-2.0%*				
ASP (US$ 1GB eq) - consol	**0.09**	**0.19**	**0.29**	**0.36**	**0.39**	**0.31**	**0.41**	**0.43**	**0.44**	**0.44**	**0.43**	**0.29**	**0.15**	**0.15**
% YoY	*-7.1%*	*126.9%*	*289.3%*	*321.6%*	*247.4%*	*248.6%*	*115.1%*	*45.4%*	*24.1%*	*15.3%*	*38.3%*	*-32.4%*	*-49.0%*	*0.4%*
% QoQ		*71.2%*	*55.0%*	*21.0%*	*8.2%*		*6.0%*	*4.8%*	*3.2%*	*0.5%*				
Operating profit - consolidated	**2,598**	**6,086**	**13,813**	**18,729**	**20,907**	**59,675**	**22,727**	**25,824**	**28,660**	**29,430**	**106,641**	**73,266**	**22,035**	**29,238**
% OP Margin	*12.8%*	*53.6%*	*67.0%*	*72.9%*	*74.4%*	*69.5%*	*75.0%*	*76.3%*	*77.4%*	*77.1%*	*76.5%*	*65.8%*	*33.4%*	*37.1%*
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 6: SK Hynix – UBS capex forecasts

	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Semis Capex (US$m)											
DRAM	5,808	7,553	11,033	4,760	10,860	17,076	27,190	31,821	34,321	36,321	38,321
% YoY	*-18.1%*	*30.0%*	*46.1%*	*-56.9%*	*128.1%*	*57.2%*	*59.2%*	*17.0%*	*7.9%*	*5.8%*	*5.5%*
NAND Flash	2,700	3,357	3,734	1,523	784	2,428	5,100	10,589	11,589	11,589	12,589
% YoY	*-34.9%*	*24.3%*	*11.2%*	*-59.2%*	*-48.5%*	*209.7%*	*110.0%*	*107.6%*	*9.4%*	*0.0%*	*8.6%*
Semis Capex	**8,508**	**10,911**	**14,767**	**6,283**	**11,644**	**19,504**	**32,290**	**42,410**	**45,910**	**47,910**	**50,910**
% YoY	*-24.3%*	*28.2%*	*35.3%*	*-57.5%*	*85.3%*	*67.5%*	*65.6%*	*31.3%*	*8.3%*	*4.4%*	*6.3%*
Semis Capex (Won bn)	**10,069**	**12,487**	**19,010**	**8,325**	**15,920**	**27,519**	**46,038**	**58,558**	**63,391**	**66,152**	**70,294**
% YoY	*107.6%*	*24.0%*	*52.2%*	*-56.2%*	*91.2%*	*72.9%*	*67.3%*	*27.2%*	*8.3%*	*4.4%*	*6.3%*
Semis WFE (US$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 7: 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**	**103,483**	**120,756**	**356,134**	**132,714**	**145,149**	**158,407**	**165,272**	**601,542**	**669,629**	**564,788**	**610,944**
% YoY	46.8%	*198.1%*	*256.8%*	*323.3%*	*267.9%*	266.6%	*152.4%*	*83.0%*	*53.1%*	*36.9%*	68.9%	11.3%	-15.7%	8.2%
% QoQ		*60.2%*	*50.9%*	*30.5%*	*16.7%*		*9.9%*	*9.4%*	*9.1%*	*4.3%*				
DRAM	75,349	41,008	58,473	77,542	92,397	269,420	102,197	111,093	121,121	126,856	461,266	557,270	497,804	531,112
NAND Flash	20,295	11,343	20,617	25,677	28,120	85,804	30,303	33,830	37,026	38,170	139,330	111,386	66,002	78,839
Gross Profit	**58,691**	**41,679**	**65,991**	**89,270**	**105,728**	**302,668**	**116,859**	**128,136**	**140,262**	**145,723**	**530,981**	**577,146**	**456,788**	**485,424**
% GP margin	*60.4%*	*79.3%*	*83.2%*	*86.3%*	*87.6%*	*85.0%*	*88.1%*	*88.3%*	*88.5%*	*88.2%*	*88.3%*	*86.2%*	*80.9%*	*79.5%*
Opex	-11,484	-4,069	-5,449	-6,275	-6,764	-22,557	-7,102	-7,562	-8,020	-8,499	-31,184	-36,127	-40,237	-44,383
Opex as % of Revenues	*-11.8%*	*-7.7%*	*-6.9%*	*-6.1%*	*-5.6%*	*-6.3%*	*-5.4%*	*-5.2%*	*-5.1%*	*-5.1%*	*-5.2%*	*-5.4%*	*-7.1%*	*-7.3%*
Operating profit	**47,206**	**37,610**	**60,543**	**82,995**	**98,964**	**280,111**	**109,757**	**120,574**	**132,242**	**137,224**	**499,797**	**541,019**	**416,551**	**441,041**
% OP margin	***48.6%***	***71.5%***	***76.3%***	***80.2%***	***82.0%***	***78.7%***	***82.7%***	***83.1%***	***83.5%***	***83.0%***	***83.1%***	***80.8%***	***73.8%***	***72.2%***
Pre-tax profit (adjusted)	50,466	51,617	122,708	83,038	99,026	356,389	109,839	120,678	132,330	137,337	500,185	541,652	417,382	441,989
Tax	-7,518	-11,271	-28,786	-18,268	-21,786	-80,111	-24,165	-26,549	-29,113	-30,214	-110,041	-119,163	-91,824	-97,238
Net profit	**42,948**	**40,346**	**93,923**	**64,769**	**77,241**	**276,279**	**85,675**	**94,129**	**103,218**	**107,123**	**390,144**	**422,489**	**325,558**	**344,751**
EPS (Won) ex-treasury	**61,810**	**56,940**	**131,941**	**92,663**	**113,451**	**394,995**	**129,285**	**146,043**	**165,584**	**177,891**	**618,803**	**770,102**	**689,794**	**869,839**
EPS (Won) incl. treasury	**58,994**	**56,610**	**131,784**	**92,663**	**113,451**	**394,508**	**129,285**	**146,043**	**165,584**	**177,891**	**618,803**	**770,102**	**689,794**	**869,839**
DPS (Won)	**3,000**	**375**	**375**	**375**	**47,000**	**48,125**	**375**	**375**	**375**	**78,000**	**79,125**	**83,125**	**76,625**	**79,125**

Source: Company data, UBS estimates

Figure 8: 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	64,769	77,241	276,161	85,675	94,129	103,218	107,123	390,144	422,489	325,558	344,751
Dep & Amort	13,890	3,729	4,030	4,472	4,681	16,912	5,136	5,592	5,910	6,227	22,865	31,067	38,799	45,979
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	4,472	4,681	16,108	5,136	5,592	5,910	6,227	22,865	31,067	38,799	45,979
Changes in Assets/liabilities	-2,881	-16,265	-70,110	-4,400	-6,222	-96,996	-11,195	-10,800	-8,518	-5,086	-35,599	-19,071	14,243	-7,419
Cash Flow from Ops	**53,373**	**26,330**	**65,710**	**64,841**	**75,700**	**232,581**	**79,616**	**88,921**	**100,609**	**108,264**	**377,410**	**434,484**	**378,600**	**383,311**
Capex	-27,519	-7,657	-10,671	-13,855	-13,855	-46,038	-14,639	-14,639	-14,639	-14,639	-58,558	-63,391	-66,152	-70,294
Cash flow from Investment	**-30,987**	**-7,128**	**-28,747**	**-13,855**	**-13,855**	**-63,585**	**-14,639**	**-14,639**	**-14,639**	**-14,639**	**-58,558**	**-63,391**	**-66,152**	**-70,294**
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	-262	-2,122	0	-31,394	-242	-234	-31,870	-45,949	-41,487	-32,909
Cash flow from Financing	**-1,445**	**-2,951**	**-4,666**	**-20,366**	**-30,992**	**-58,976**	**-30,100**	**-61,494**	**-35,342**	**-35,894**	**-162,830**	**-186,729**	**-162,087**	**-158,509**
Net Cash Flow	20,786	19,388	33,628	30,620	30,853	114,489	34,876	12,787	50,628	57,731	156,022	184,365	150,361	154,508
EBITDA	61,096	41,339	64,573	87,466	103,645	297,023	114,893	126,166	138,152	143,451	522,662	572,086	455,350	487,020
% EBITDA margin	62.9%	*78.6%*	*81.4%*	*84.5%*	*85.8%*	83.4%	*86.6%*	*86.9%*	*87.2%*	*86.8%*	86.9%	85.4%	80.6%	79.7%
FCF	25,854	18,673	55,039	50,986	61,845	186,543	64,976	74,282	85,970	93,625	318,852	371,094	312,448	313,017
% FCF margin	26.6%	*35.5%*	*69.4%*	*49.3%*	*51.2%*	52.4%	*49.0%*	*51.2%*	*54.3%*	*56.6%*	53.0%	55.4%	55.3%	51.2%

Source: Company data, UBS estimates

Figure 9: 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**	**118,578**	**149,431**	**149,431**	**184,307**	**197,094**	**247,722**	**305,453**	**305,453**	**489,818**	**640,180**	**794,687**
Accounts receivable	18,199	33,808	47,821	53,301	59,551	59,551	69,811	79,533	86,798	90,560	90,560	97,802	74,863	84,840
Inventory	14,289	15,974	17,986	17,134	17,293	17,293	18,244	19,576	20,878	22,495	22,495	35,755	45,181	44,561
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**	**191,404**	**228,666**	**228,666**	**274,754**	**298,595**	**357,790**	**420,900**	**420,900**	**625,766**	**762,615**	**926,479**
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	98,085	107,075	107,075	116,388	125,255	133,810	142,054	142,054	173,731	200,537	224,366
Intangible assets	4,049	4,051	4,283	4,471	4,654	4,654	4,844	5,025	5,200	5,368	5,368	6,014	6,562	7,048
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**	**202,089**	**211,263**	**211,263**	**220,767**	**229,814**	**238,544**	**246,956**	**246,956**	**279,280**	**306,633**	**330,948**
Total Assets	**176,108**	**222,829**	**348,862**	**393,493**	**439,929**	**439,929**	**495,520**	**528,409**	**596,334**	**667,856**	**667,856**	**279,280**	**306,633**	**330,948**
AP	2,848	2,798	3,043	3,271	3,459	3,459	3,475	3,729	3,778	4,071	4,071	5,501	6,232	8,169
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**	**56,041**	**56,128**	**56,128**	**56,045**	**56,198**	**56,148**	**56,340**	**56,340**	**57,370**	**57,702**	**59,239**
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**	**86,297**	**85,755**	**85,755**	**85,671**	**85,825**	**85,774**	**85,407**	**85,407**	**86,057**	**86,188**	**87,525**
Total equity	**120,667**	**164,380**	**262,693**	**307,196**	**354,174**	**354,174**	**409,849**	**442,584**	**510,560**	**582,449**	**582,449**	**818,989**	**983,060**	**1,169,902**
% ROE	**44.1%**	**113.2%**	**175.9%**	**90.9%**	**93.4%**	**116.4%**	**89.7%**	**88.3%**	**86.6%**	**78.4%**	**83.3%**	**60.3%**	**36.1%**	**32.0%**
Book value per share	173,663	232,077	369,431	439,494	520,212	506,363	618,473	686,677	819,050	967,230	923,815	1,492,834	2,082,912	2,951,767

Source: Company data, UBS estimates

Figure 10: SK Hynix – UBS valuation

UBS price target	**3,000,000**
Current stock price (Won)	1,653,000
Number of shares (bn) - ex treasury shares	0.711
Treasury shares (bn)	0.002
Market cap. (Won bn)	1,178,097
Debt (Won bn)	18,586
Cash & equivalents (Won bn)	87,958
Adjusted EV (Won bn)	1,108,725

	2025	2026E	2027E	2028E	2029E	2030E
Current valuation						
EV/Revenues	11.41	3.11	1.84	1.66	1.96	1.81
P/Book	9.76	3.33	2.02	1.44	1.20	1.01
P/E (ex-treasury shares)	26.74	4.18	2.67	2.15	2.40	1.90
P/E (including treasury shares)	28.02	4.19	2.67	2.15	2.40	1.90
EV/EBITDA	18.15	3.73	2.12	1.94	2.43	2.28
UBS valuation						
EV/Revenues	21.29	5.81	3.44	3.09	3.66	3.39
P/Book	17.72	6.04	3.67	2.61	2.17	1.83
P/E (ex-treasury shares)	48.54	7.60	4.85	3.90	4.35	3.45
P/E (including treasury shares)	50.85	7.60	4.85	3.90	4.35	3.45
EV/EBITDA	33.78	6.95	3.95	3.61	4.53	4.24
Other						
% ROE	***44.1%***	***116.4%***	***83.3%***	***60.3%***	***36.1%***	***32.0%***
Tangible book per share (Won)	164,001	491,537	811,561	1,143,303	1,373,269	1,635,345
Cash per share (Won)	49,140	210,148	429,565	688,842	900,298	1,117,585
Free cash flow per share (Won)	36,359	262,339	448,408	521,876	439,402	440,202
% Free cash flow yield	*2.2%*	*15.9%*	*27.1%*	*31.6%*	*26.6%*	*26.6%*

Source: Company data, UBS estimates. Priced as of August 28th, 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**	**356,134**	*266.6*	**601,542**	*68.9*	**669,629**	**564,788**	**610,944**
Gross profit	(533)	31,828	58,691	302,668	*NM*	530,981	*75.4*	577,146	456,788	485,424
EBITDA (UBS)	**5,889**	**36,012**	**61,096**	**297,023**	*386.2*	**522,662**	*76.0*	**572,086**	**455,350**	**487,020**
Depreciation & amortisation	(13,619)	(12,545)	(13,890)	(16,912)	*-21.8*	(22,865)	*-35.2*	(31,067)	(38,799)	(45,979)
EBIT (UBS)	**(7,730)**	**23,467**	**47,206**	**280,111**	*NM*	**499,797**	*78.4*	**541,019**	**416,551**	**441,041**
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)	278	-	388	*39.8*	633	831	948
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	**(11,658)**	**23,885**	**50,466**	**356,389**	*NM*	**500,185**	*40.3*	**541,652**	**417,382**	**441,989**
Tax	2,520	(4,088)	(7,518)	(80,111)	*NM*	(110,041)	*-37.4*	(119,163)	(91,824)	(97,238)
Profit after tax	**(9,138)**	**19,797**	**42,948**	**276,279**	*NM*	**390,144**	*41.2*	**422,489**	**325,558**	**344,751**
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**	**276,161**	*NM*	**390,144**	*41.3*	**422,489**	**325,558**	**344,751**
Net earnings (UBS)	**(9,138)**	**19,797**	**42,948**	**276,279**	*NM*	**390,144**	*41.2*	**422,489**	**325,558**	**344,751**
Tax rate (%)	0.0	17.1	14.9	22.5	*50.9*	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	394,508	*NM*	618,803	*56.9*	770,102	689,794	869,839
EPS (local GAAP, diluted)	(12,517)	27,182	58,955	394,339	*NM*	618,803	*56.9*	770,102	689,794	869,839
EPS (UBS, basic)	(12,552)	27,193	58,994	394,508	*NM*	618,803	*56.9*	770,102	689,794	869,839
DPS (net) (Won)	1,200	2,205	3,000	48,125	*NM*	79,125	*64.4*	83,125	76,625	79,125
Cash EPS (UBS, diluted) [1]	6,156	44,425	78,073	418,657	*NM*	655,070	*56.5*	826,730	772,002	985,848
Book value per share	73,494	101,532	165,750	505,739	*205.1*	923,816	*82.7*	1,492,835	2,082,913	2,951,767
Average shares (diluted)	728	728	728	700	*-3.8*	630	*-10.0*	549	472	396

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	149,431	*327.7*	305,453	*104.4*	489,818	640,180	794,687
Other current assets	21,547	28,123	34,516	79,235	*129.6*	115,446	*45.7*	135,948	122,436	131,792
Total current assets	**30,468**	**42,279**	**69,458**	**228,666**	*229.2*	**420,900**	*84.1*	**625,766**	**762,615**	**926,479**
Net tangible fixed assets	52,705	60,157	77,503	107,075	*38.2*	142,054	*32.7*	173,731	200,537	224,366
Net intangible fixed assets	3,835	4,019	4,049	4,654	*14.9*	5,368	*15.3*	6,014	6,562	7,048
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**	**439,929**	*149.8*	**667,856**	*51.8*	**905,046**	**1,069,248**	**1,257,427**
Trade payables & other ST liabilities	11,151	19,713	29,217	50,470	*72.7*	51,082	*1.2*	52,512	53,244	55,181
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**	**56,128**	*50.2*	**56,340**	*0.4*	**57,370**	**57,702**	**59,239**
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**	**85,755**	*54.7*	**85,407**	*-0.4*	**86,057**	**86,188**	**87,525**
Common s/h equity	**53,504**	**73,916**	**120,667**	**354,175**	*193.5*	**582,449**	*64.5*	**818,989**	**983,060**	**1,169,902**
Minority interests	0	0	0	0	-	0	-	0	0	0
Total liabilities & equity	**100,330**	**119,855**	**176,108**	**439,929**	*149.8*	**667,856**	*51.8*	**905,046**	**1,069,248**	**1,257,427**

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	276,161	*NM*	390,144	*41.3*	422,489	325,558	344,751
Depreciation & amortisation	13,619	12,545	13,890	16,912	*21.8*	22,865	*35.2*	31,067	38,799	45,979
Net change in working capital	714	(4,656)	(5,780)	(42,642)	*NM*	(35,599)	*16.5*	(19,071)	14,243	(7,419)
Other operating	(3,334)	1,896	3,386	(20,404)	-	0	-	0	0	0
Operating cash flow	**1,887**	**29,574**	**54,415**	**230,026**	*322.7*	**377,410**	*64.1*	**434,484**	**378,600**	**383,311**
Tangible capital expenditure	(8,325)	(15,946)	(27,519)	(46,038)	*-67.3*	(58,558)	*-27.2*	(63,391)	(66,152)	(70,294)
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)**	**(63,585)**	*-105.2*	**(58,558)**	*7.9*	**(63,391)**	**(66,152)**	**(70,294)**
Equity dividends paid	(825)	(826)	(1,681)	(2,122)	*-26.2*	(31,870)	*NM*	(45,949)	(41,487)	(32,909)
Share issues / (buybacks)	0	0	0	(50,000)	-	(130,000)	*-160.0*	(140,000)	(120,000)	(125,000)
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)**	**(58,976)**	*NM*	**(162,830)**	*-176.1*	**(186,729)**	**(162,087)**	**(158,509)**
Cash flow inc/(dec) in cash	**645**	**4,483**	**21,983**	**107,465**	*388.9*	**156,022**	*45.2*	**184,365**	**150,361**	**154,508**
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**	**114,489**	*NM*	**156,022**	*36.3*	**184,365**	**150,361**	**154,508**

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	4.2	2.7	2.1	2.4	1.9
P/E (UBS, diluted)	(8.6)	6.6	5.2	4.2	2.7	2.1	2.4	1.9
P/CEPS	17.6	4.0	3.9	3.9	2.5	2.0	2.1	1.7
Equity FCF (UBS) yield %	(8.2)	10.5	12.0	15.3	26.5	30.8	26.0	26.0
Dividend yield (net) %	1.1	1.2	1.0	2.9	4.8	5.0	4.6	4.8
P/BV	1.5	1.8	1.9	3.3	1.8	1.1	0.8	0.6
EV/revenues (core)	2.8	2.1	2.1	3.1	1.6	1.2	1.1	0.8
EV/EBITDA (UBS core)	15.6	3.9	3.4	3.7	1.9	1.4	1.4	1.0
EV/EBIT (core)	NM	5.9	4.4	4.0	1.9	1.5	1.5	1.1
EV/OpFCF (core)	NM	6.9	6.1	4.4	2.1	1.6	1.6	1.1
EV/op. invested capital	1.3	1.9	2.4	7.6	4.1	2.7	1.9	1.4

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	1,203,388	1,203,388	1,203,388	1,203,388	1,203,388
Net debt (cash)	18,567	14,538	(2,083)	(72,185)	(210,166)	(381,230)	(549,283)	(702,317)
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**	**1,131,203**	**993,222**	**822,158**	**654,105**	**501,071**
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**	**1,109,209**	**971,228**	**800,164**	**632,111**	**479,076**

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	68.9	11.3	(15.7)	8.2
EBITDA (UBS)	(71.9)	NM	69.7	NM	76.0	9.5	(20.4)	7.0
EBIT (UBS)	-	-	101.2	NM	78.4	8.2	(23.0)	5.9
EPS (UBS, diluted)	-	-	116.9	NM	56.9	24.5	(10.4)	26.1
Net DPS	0.0	83.8	36.1	NM	64.4	5.1	(7.8)	3.3

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	78.7	83.1	80.8	73.8	72.2
Net earnings (UBS) margin	NM	29.9	44.2	NM	64.9	63.1	57.6	56.4
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	116.4	83.3	60.3	36.1	32.0

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)	(0.4)	(0.6)	(0.8)	(1.4)	(1.6)
Net debt / total equity %	38.4	11.5	(10.5)	(37.2)	(49.6)	(57.9)	(63.6)	(66.7)
Net debt / (net debt + total equity) %	27.7	10.3	(11.8)	(59.2)	(98.3)	NM	NM	NM
Net debt/EV %	19.1	10.0	(0.9)	(6.4)	(21.2)	(46.4)	(84.0)	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	9.7	9.5	11.7	11.5
EBIT / net interest	-	23.4	NM	-	-	-	-	-
Dividend cover (UBS)	-	12.3	19.7	8.2	7.8	9.3	9.0	11.0
Div. payout ratio (UBS) %	-	8.1	5.1	12.2	12.8	10.8	11.1	9.1

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	269,420	461,266	557,270	497,804	531,112
NAND	9,757	18,936	20,295	85,804	139,330	111,386	66,002	78,839
Others	2,248	2,109	1,503	910	946	973	982	993
Total	**32,766**	**66,193**	**97,147**	**356,134**	**601,542**	**669,629**	**564,788**	**610,944**

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	220,810	393,338	467,918	394,636	411,926
NAND	(6,353)	2,534	2,598	59,675	106,641	73,266	22,035	29,238
Others	(10)	18	(287)	(374)	(182)	(165)	(120)	(123)
Total	**(7,730)**	**23,467**	**47,206**	**280,111**	**499,797**	**541,019**	**416,551**	**441,041**

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

Forecast returns

Forecast price appreciation	81.5%
Forecast dividend yield	2.9%
Forecast stock return	84.4%
Market return assumption	9.2%
Forecast excess return	75.2%

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?	September 30, 2026
10. Is the catalyst date an actual or approximate date?	Approximate
11. What is the catalyst?	Increased visibility into end demand, further updates on shareholder returns, incremental upside to memory pricing