Kioxia Holdings Corp

Has a negotiating card been played?

Equities

Japan
Semiconductors

12-month rating	**Buy**
12m price target	**¥126,000**
Price (27 Aug 2026)	**¥52,500**

RIC: 285A.T **BBG:** 285A JP

Trading data and key metrics

52-wk range	¥108,700-2,471
Market cap.	¥28,771b/US$181b
Shares o/s	548m (ORD)
Free float	30%
Avg. daily volume ('000)	42,750
Avg. daily value (m)	¥2,864,369.5
Common s/h equity (03/27E)	¥5610b
P/BV (03/27E)	4.8x
Net debt to EBITDA (03/27E)	NM

EPS (reported, basic) (¥)

	UBS	Cons.
03/27E	12,685.5	10,212.8
03/28E	19,953.4	13,482.3
03/29E	16,428.7	15,610.9

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Investment plan of ¥5.0trn through FY3/33

Teh company held a breifing following its joint announcement with SanDisk (link). Key points relevant to earnings forecasts include: 1) the investment ratio for the ¥5.0trn will be 60% for the company and 40% for SanDisk; (2) of the ¥5.0trn, ¥1.8trn will be for K3, while the sites targeted for the remaining ¥3.2trn have not been disclosed; (3) land preparation for K3 has already begun, with operations scheduled to start during FY3/30; (4) the current plan for ¥1.4trn over the three years from FY3/27 to FY3/29 remains unchanged, but part of the FY3/29 portion will be brought forward to FY3/27 and FY3/28; and (5) the bit growth outlook has been raised from the roughly 20% previously to the low-20% range.

Capex could increase

We calculate that ¥5.0trn in investment would enable an additional 200-220K/month of capacity for the 332-layer BiCS10 generation and 180-200K/month for the 4xx-layer generation. Our current forecast assumes production capacity of 350K/month at the end of FY3/28. Accordingly, by the time this investment is completed, production capacity could recover to as high as 550K/month. The risk of a decline in market share is likely low. While the timing of the investment requires further examination, annual investment could be ¥450-500bn in FY3/27-29 and could expand sharply to ¥1.25trn in FY3/30-33.

This also appears a trump card in LTA negotiations

Current AI inference demand is being driven by the increasing context length of AI models. Inference demand continues to grow, and there are no signs that the pace of the context-length expansion is slowing. As a result, NAND supply-demand will likely be tighter in 2027 than in 2026. In negotiating LTA terms, hyperscalers appear likely to request that capacity expansion investment be brought forward. However, the latest announcement appears to indicate that while the company may be capable of expanding capacity, it does not intend to do so immediately. We believe the hyperscalers will likely be the ones making concessions, leading to an LTA agreement on favorable terms.

Valuation:

Based on an average ROE forecast of 48% for FY3/28-FY3/31, we calculate cost of equity at 9.1%. Our price target is set at ¥126,000, based on a PBR of 5.23X.

Highlights (¥b)	03/24	03/25	03/26	03/27E	03/28E	03/29E	03/30E	03/31E
Revenues	1,076.6	1,706.5	2,337.6	11,390.1	15,931.0	13,040.0	12,410.0	12,410.0
EBIT (UBS)	(252.7)	451.7	870.4	9,398.9	13,617.0	10,556.0	9,656.0	9,636.0
Net earnings (UBS)	(243.7)	272.3	554.5	6,478.6	9,422.2	7,304.5	6,682.2	6,668.8
EPS (UBS, diluted) (¥)	(452.1)	505.2	1,015.4	12,685.5	19,953.4	16,428.7	15,877.8	16,739.2
DPS (net) (¥)	0.0	0.0	0.0	1,268.5	3,990.7	3,285.7	3,175.6	3,347.8
Net (debt) / cash	(1,101.3)	(827.6)	(775.3)	2,087.2	6,889.4	11,814.3	15,917.8	19,878.2
Profitability/valuation	**03/24**	**03/25**	**03/26**	**03/27E**	**03/28E**	**03/29E**	**03/30E**	**03/31E**
EBIT (UBS) margin %	(23.5)	26.5	37.2	82.5	85.5	81.0	77.8	77.6
ROIC (EBIT) %	(15.3)	28.1	45.5	325.0	341.2	254.6	252.3	253.5
EV/EBITDA (UBS core) x	-	2.8	4.5	2.9	1.7	1.8	1.5	1.1
P/E (UBS, diluted) x	-	4.3	8.0	4.1	2.6	3.2	3.3	3.1
Equity FCF (UBS) yield %	-	15.4	7.1	17.7	29.7	27.2	23.4	22.9
Dividend yield (net) %	-	0.0	0.0	2.4	7.6	6.3	6.0	6.4

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 ¥ 52,500 on 27-Aug-2026

This report has been prepared by UBS Securities Japan Co., Ltd.. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 6.**

Kioxia Holdings Corp (285A.T)

Income Statement (¥b)	03/24	03/25	03/26	03/27E	%ch	03/28E	%ch	03/29E	03/30E	03/31E
Revenues	**1,076.6**	**1,706.5**	**2,337.6**	**11,390.1**	*387.3*	**15,931.0**	*39.9*	**13,040.0**	**12,410.0**	**12,410.0**
Gross profit	(129.3)	569.4	1,012.9	9,688.9	*NM*	13,917.0	*43.6*	10,876.0	9,976.0	9,956.0
EBITDA (UBS)	**93.4**	**764.1**	**1,183.2**	**9,748.9**	*NM*	**14,007.0**	*43.7*	**10,946.0**	**10,076.0**	**10,076.0**
Depreciation & amortisation	(346.1)	(312.3)	(312.8)	(350.0)	*-11.9*	(390.0)	*-11.4*	(390.0)	(420.0)	(440.0)
EBIT (UBS)	**(252.7)**	**451.7**	**870.4**	**9,398.9**	*NM*	**13,617.0**	*44.9*	**10,556.0**	**9,656.0**	**9,636.0**
Associates & investment income	0.0	0.0	0.0	0.0	-	0.0	-	0.0	0.0	0.0
Other non-operating income	0.0	0.0	0.0	0.0	-	0.0	-	0.0	0.0	0.0
Net interest	(90.6)	(81.1)	(86.3)	(37.2)	*56.9*	(1.5)	*95.9*	(0.8)	(0.1)	0.6
Exceptionals (incl goodwill)	0.0	0.0	0.0	0.0	-	0.0	-	0.0	0.0	0.0
Pre-tax profit	**(343.3)**	**370.7**	**784.1**	**9,361.7**	*NM*	**13,615.5**	*45.4*	**10,555.2**	**9,655.9**	**9,636.6**
Tax	99.6	(98.3)	(229.6)	(2,883.1)	*NM*	(4,193.3)	*-45.4*	(3,250.7)	(2,973.7)	(2,967.8)
Profit after tax	**(243.7)**	**272.3**	**554.5**	**6,478.6**	*NM*	**9,422.2**	*45.4*	**7,304.5**	**6,682.2**	**6,668.8**
Preference dividends	0.0	0.0	0.0	0.0	-	0.0	-	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	-	0.0	-	0.0	0.0	0.0
Extraordinary items	0.0	0.0	0.0	0.0	-	0.0	-	0.0	0.0	0.0
Net earnings (local GAAP)	**(243.7)**	**272.3**	**554.5**	**6,478.6**	*NM*	**9,422.2**	*45.4*	**7,304.5**	**6,682.2**	**6,668.8**
Net earnings (UBS)	**(243.7)**	**272.3**	**554.5**	**6,478.6**	*NM*	**9,422.2**	*45.4*	**7,304.5**	**6,682.2**	**6,668.8**
Tax rate (%)	0.0	26.5	29.3	30.8	*5.2*	30.8	*0.0*	30.8	30.8	30.8

Per Share (¥)	03/24	03/25	03/26	03/27E	%ch	03/28E	%ch	03/29E	03/30E	03/31E
EPS (UBS, diluted)	(452.1)	505.2	1,015.4	12,685.5	*NM*	19,953.4	*57.3*	16,428.7	15,877.8	16,739.2
EPS (local GAAP, diluted)	(452.1)	505.2	1,015.4	12,685.5	*NM*	19,953.4	*57.3*	16,428.7	15,877.8	16,739.2
EPS (UBS, basic)	(452.1)	505.2	1,015.4	12,685.5	*NM*	19,953.4	*57.3*	16,428.7	15,877.8	16,739.2
DPS (net) (¥)	0.0	0.0	0.0	1,268.5	-	3,990.7	*214.6*	3,285.7	3,175.6	3,347.8
Cash EPS (UBS, diluted) [1]	189.8	1,084.5	1,588.2	13,370.8	*NM*	20,779.3	*55.4*	17,305.9	16,875.8	17,843.6
Book value per share	834.1	1,368.2	2,561.7	10,984.8	*328.8*	23,852.3	*117.1*	35,189.9	46,704.0	59,379.6
Average shares (diluted)	539.1	539.1	546.1	510.7	*-6.5*	472.2	*-7.5*	444.6	420.8	398.4

Balance Sheet (¥b)	03/24	03/25	03/26	03/27E	%ch	03/28E	%ch	03/29E	03/30E	03/31E
Cash and equivalents	192.9	171.9	477.9	2,278.6	*376.8*	7,066.1	*210.1*	11,975.9	16,063.7	20,008.1
Other current assets	458.4	634.8	1,139.9	2,543.3	*123.1*	3,430.5	*34.9*	2,961.3	2,924.1	2,929.6
Total current assets	**651.4**	**806.7**	**1,617.8**	**4,821.9**	*198.0*	**10,496.6**	*117.7*	**14,937.2**	**18,987.8**	**22,937.6**
Net tangible fixed assets	1,328.5	1,297.2	1,233.3	1,347.7	*9.3*	1,452.0	*7.7*	1,446.3	1,510.7	1,555.0
Net intangible fixed assets	406.7	405.9	406.8	406.8	*0.0*	406.8	*0.0*	406.8	406.8	406.8
Investments / other assets	478.4	409.8	432.1	432.1	*0.0*	432.1	*0.0*	432.1	432.1	432.1
Total assets	**2,864.9**	**2,919.7**	**3,690.1**	**7,008.4**	*89.9*	**12,787.5**	*82.5*	**17,222.4**	**21,337.4**	**25,331.5**
Trade payables & other ST liabilities	999.7	696.1	878.6	1,047.7	*19.2*	1,188.2	*13.4*	1,255.6	1,376.8	1,385.8
Short term debt	866.4	289.0	219.4	43.9	*-80.0*	43.9	*0.0*	43.9	43.9	43.9
Total current liabilities	**1,866.1**	**985.2**	**1,098.0**	**1,091.6**	*-0.6*	**1,232.1**	*12.9*	**1,299.5**	**1,420.7**	**1,429.7**
Long term debt	427.8	710.5	1,033.8	147.5	*-85.7*	132.8	*-10.0*	117.6	102.0	85.9
Other long term liabilities	121.3	486.3	159.2	159.2	*0.0*	159.2	*0.0*	159.2	159.2	159.2
Preferred shares	0.0	0.0	0.0	0.0	-	0.0	-	0.0	0.0	0.0
Total liabilities (incl pref shares)	**2,415.2**	**2,182.0**	**2,291.0**	**1,398.3**	*-39.0*	**1,524.1**	*9.0*	**1,576.3**	**1,681.9**	**1,674.8**
Common s/h equity	**449.6**	**737.6**	**1,398.9**	**5,610.0**	*301.0*	**11,263.3**	*100.8*	**15,646.0**	**19,655.3**	**23,656.6**
Minority interests	0.1	0.1	0.2	0.2	*0.0*	0.2	*0.0*	0.2	0.2	0.2
Total liabilities & equity	**2,864.9**	**2,919.7**	**3,690.1**	**7,008.4**	*89.9*	**12,787.5**	*82.5*	**17,222.4**	**21,337.4**	**25,331.5**

Cash Flow (¥b)	03/24	03/25	03/26	03/27E	%ch	03/28E	%ch	03/29E	03/30E	03/31E
Net income (before pref divs)	(243.7)	272.3	554.5	6,478.6	*NM*	9,422.2	*45.4*	7,304.5	6,682.2	6,668.8
Depreciation & amortisation	346.1	312.3	312.8	350.0	*11.9*	390.0	*11.4*	390.0	420.0	440.0
Net change in working capital	146.0	(183.8)	(400.3)	(1,234.3)	*-208.3*	(746.7)	*39.5*	536.6	158.5	3.5
Other operating	(56.6)	70.9	144.8	(5.3)	-	(4.9)	*8.8*	(4.4)	(3.9)	(3.5)
Operating cash flow	**191.8**	**471.7**	**611.8**	**5,588.9**	*NM*	**9,060.6**	*62.1*	**8,226.6**	**7,256.7**	**7,108.9**
Tangible capital expenditure	(324.2)	(291.6)	(295.4)	(494.3)	*-67.3*	(524.3)	*-6.1*	(414.3)	(514.3)	(514.3)
Intangible capital expenditure	(0.7)	(1.8)	(2.6)	0.0	-	0.0	-	0.0	0.0	0.0
Net (acquisitions) & disposals	0.0	0.0	0.0	0.0	-	0.0	-	0.0	0.0	0.0
Other investing	30.2	52.6	62.2	0.0	-	0.0	-	0.0	0.0	0.0
Investing cash flow	**(294.6)**	**(240.8)**	**(235.8)**	**(494.3)**	*-109.6*	**(524.3)**	*-6.1*	**(414.3)**	**(514.3)**	**(514.3)**
Equity dividends paid	0.0	0.0	0.0	(647.9)	-	(1,884.4)	*-190.9*	(1,460.9)	(1,336.4)	(1,333.8)
Share issues / (buybacks)	0.0	30.4	11.6	(1,619.6)	-	(1,884.4)	*-16.3*	(1,460.9)	(1,336.4)	(1,333.8)
Other financing	0.0	0.0	0.0	0.0	-	0.0	-	0.0	0.0	0.0
Change in debt & pref shares	26.3	(280.6)	(88.6)	(1,056.4)	*NM*	(9.8)	*99.1*	(10.8)	(11.7)	(12.6)
Financing cash flow	**26.3**	**(250.2)**	**(77.0)**	**(3,323.9)**	*NM*	**(3,778.7)**	*-13.7*	**(2,932.6)**	**(2,684.6)**	**(2,680.2)**
Cash flow inc/(dec) in cash	**(76.5)**	**(19.3)**	**298.9**	**1,770.7**	*NM*	**4,757.6**	*168.7*	**4,879.8**	**4,057.8**	**3,914.4**
FX / non cash items	6.3	(1.8)	7.0	30.0	*325.7*	30.0	*0.0*	30.0	30.0	30.0
Balance sheet inc/(dec) in cash	**(70.2)**	**(21.0)**	**306.0**	**1,800.7**	*NM*	**4,787.6**	*165.9*	**4,909.8**	**4,087.8**	**3,944.4**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.[1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Kioxia Holdings Corp (285A.T)

Valuation (x)	03/24	03/25	03/26	03/27E	03/28E	03/29E	03/30E	03/31E
P/E (local GAAP, diluted)	-	4.3	8.0	4.1	2.6	3.2	3.3	3.1
P/E (UBS, diluted)	-	4.3	8.0	4.1	2.6	3.2	3.3	3.1
P/CEPS	-	2.0	5.1	3.9	2.5	3.0	3.1	2.9
Equity FCF (UBS) yield %	-	15.4	7.1	17.7	29.7	27.2	23.4	22.9
Dividend yield (net) %	-	0.0	0.0	2.4	7.6	6.3	6.0	6.4
P/BV	-	1.6	3.2	4.8	2.2	1.5	1.1	0.9
EV/revenues (core)	-	1.3	2.3	2.5	1.5	1.5	1.2	0.9
EV/EBITDA (UBS core)	-	2.8	4.5	2.9	1.7	1.8	1.5	1.1
EV/EBIT (core)	-	4.8	6.1	3.0	1.8	1.8	1.5	1.1
EV/OpFCF (core)	-	2.8	4.5	2.9	1.7	1.8	1.5	1.1
EV/op. invested capital	-	1.4	2.8	9.7	6.1	4.7	3.9	2.9

Enterprise value (¥b)	03/24	03/25	03/26	03/27E	03/28E	03/29E	03/30E	03/31E
Market cap.	-	1,159.7	4,424.6	28,770.8	28,770.8	28,770.8	28,770.8	28,770.8
Net debt (cash)	1,051.6	964.4	801.5	(655.9)	(4,488.3)	(9,351.9)	(13,866.1)	(17,898.0)
Buy out of minorities	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Pension provisions/other	49.1	47.5	44.7	42.9	42.9	42.9	42.9	42.9
Total enterprise value	**-**	**2,171.8**	**5,270.9**	**28,157.9**	**24,325.5**	**19,461.9**	**14,947.7**	**10,915.8**
Non core assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Core enterprise value	**-**	**2,171.8**	**5,270.9**	**28,157.9**	**24,325.5**	**19,461.9**	**14,947.7**	**10,915.8**

Growth (%)	03/24	03/25	03/26	03/27E	03/28E	03/29E	03/30E	03/31E
Revenue	(16.0)	58.5	37.0	NM	39.9	(18.1)	(4.8)	0.0
EBITDA (UBS)	(70.7)	NM	54.9	NM	43.7	(21.9)	(7.9)	0.0
EBIT (UBS)	(155.2)	-	92.7	NM	44.9	(22.5)	(8.5)	(0.2)
EPS (UBS, diluted)	(76.4)	-	101.0	NM	57.3	(17.7)	(3.4)	5.4
Net DPS	-	-	-	-	NM	(17.7)	(3.4)	5.4

Margins & Profitability (%)	03/24	03/25	03/26	03/27E	03/28E	03/29E	03/30E	03/31E
Gross profit margin	NM	33.4	43.3	NM	NM	NM	NM	NM
EBITDA margin	8.7	44.8	50.6	NM	NM	NM	NM	NM
EBIT (UBS) margin	(23.5)	26.5	37.2	82.5	85.5	81.0	77.8	77.6
Net earnings (UBS) margin	NM	16.0	23.7	56.9	59.1	56.0	53.8	53.7
ROIC (EBIT)	NM	28.1	45.5	NM	NM	NM	NM	NM
ROIC post tax	NM	20.7	32.1	NM	NM	NM	NM	NM
ROE (UBS)	(44.0)	45.9	51.9	184.9	111.7	54.3	37.9	30.8

Capital structure & Coverage (x)	03/24	03/25	03/26	03/27E	03/28E	03/29E	03/30E	03/31E
Net debt / EBITDA	11.8	1.1	0.7	(0.2)	(0.5)	(1.1)	(1.6)	(2.0)
Net debt / total equity %	244.9	112.2	55.4	(37.2)	(61.2)	(75.5)	(81.0)	(84.0)
Net debt / (net debt + total equity) %	71.0	52.9	35.7	(59.2)	NM	NM	NM	NM
Net debt/EV %	-	44.4	15.2	(2.3)	(18.5)	(48.1)	(92.8)	NM
Capex / depreciation %	93.7	93.4	94.4	141.2	134.4	106.2	122.5	116.9
Capex / revenue %	NM	17.1	12.6	4.3	3.3	3.2	4.1	4.1
EBIT / net interest	-	5.6	10.1	NM	NM	NM	NM	-
Dividend cover (UBS)	-	-	-	10.0	5.0	5.0	5.0	5.0
Div. payout ratio (UBS) %	-	-	-	10.0	20.0	20.0	20.0	20.0

Revenues by division (¥b)	03/24	03/25	03/26	03/27E	03/28E	03/29E	03/30E	03/31E
SSD & Storage	516.4	991.1	1,362.6	8,050.5	12,112.7	10,110.9	9,884.7	10,279.8
Smart Devices	374.3	501.1	760.0	3,010.5	3,398.3	2,469.1	1,975.3	1,580.2
Others	185.9	214.3	215.0	329.1	420.0	460.0	550.0	550.0
Total	**1,076.6**	**1,706.5**	**2,337.6**	**11,390.1**	**15,931.0**	**13,040.0**	**12,410.0**	**12,410.0**

EBIT (UBS) by division (¥b)	03/24	03/25	03/26	03/27E	03/28E	03/29E	03/30E	03/31E
Others	(252.7)	451.7	870.4	9,398.9	13,617.0	10,556.0	9,656.0	9,636.0
Total	**(252.7)**	**451.7**	**870.4**	**9,398.9**	**13,617.0**	**10,556.0**	**9,656.0**	**9,636.0**

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



Forecast returns

Forecast price appreciation	140.0%
Forecast dividend yield	5.0%
Forecast stock return	145.0%
Market return assumption	7.9%
Forecast excess return	137.1%

Company Description

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

Valuation Method and Risk Statement

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

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on ubs-quant-answers@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Kioxia Holdings Corp

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	5
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	5
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	4
7. What's driving the difference?	Sustained rise in bit prices
8. Is there an upcoming catalyst for the company over the next three months?	Positive Catalyst
9. Is there an actual or approximate date for the catalyst?	October 31, 2026
10. Is the catalyst date an actual or approximate date?	Approximate
11. What is the catalyst?	Disclosure of of shareholder return measures and favorable LTA terms at Q2 results.