SK Hynix

Ground to recover further

Equities

Korea
Semiconductors

12-month rating	**Buy**
12m price target	**Won3,000,000**
Price (21 Sep 2026)	**Won1,868,000**

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

Trading data and key metrics

52-wk range	Won2,919,000-336,500
Market cap.	Won1,359,908b/US$986b
Shares o/s	728m (ORD)
Free float	66%
Avg. daily volume ('000)	5,025
Avg. daily value (m)	Won9,575,711.8
Common s/h equity (12/26E)	Won355054b
P/BV (12/26E)	3.7x
Net debt to EBITDA (12/26E)	NM

EPS (UBS, diluted) (KRW)

	From	To	% ch	Cons.
12/26E	394,508	395,053	0	351,242
12/27E	618,803	610,284	-1	468,119
12/28E	770,102	745,367	-3	505,636

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

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

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

UBS 3Q26 APAC Tech Tour takeaways supportive overall

SK Hynix's share price has recovered 39% since the July trough, but is still down 36% from the June peak. Key investor concerns remain: 1/ **Sustainability of the AI capex cycle**: The UBS 3Q26 APAC Tech Tour provided no evidence of a slowdown, even post HBM de-specing (link). If anything, server DDR5 and enterprise SSD demand continue to move up for '27 onwards. 2/ **HBM pricing negotiations**: SK Hynix may provide volume discounts to Nvidia, and typically share some of the benefits of yield improvement through its contract mechanism. But as Nvidia brought down pin-to-pin speed requirements for HBM4 (from 11.7Gbps to 10.6), we believe the gap to Samsung's pricing is likely limited. We forecast SK Hynix HBM ASP to increase 62% YoY in '27E. 3/ **Shareholders returns**: We expect SK Hynix to announce the next round of shareholders returns measures at its 3Q26 conference call. SK Hynix reiterated that 50% of FCF is now a floor. At 2.63x NTM Book the stock is not discounting our LT ROE forecast of 50.0%, FCF yield (average '26-'30E) of 22%.

Slight upside to 3Q26E DRAM ASPs

We now forecast SK Hynix DRAM ASPs to increase 23% QoQ in 3Q26E (was +20%). This is on the back of slightly better contract negotiation outcomes for DDR, although we believe some OEM negotiations are still ongoing. Our slightly revised up OP forecast of Won83.5tn is 7% ahead of VA consensus. We leave our OP forecasts for '27 onwards largely unchanged; we are 18% ahead of VA consensus for '27E.

Increasing capex forecasts

We forecast SK Hynix's capex to reach Won63tn (was Won59tn) in '27E, and Won71tn (was Won63tn) in '28E. For wafer fab equipment (WFE) spend, we now forecast US $18bn in '26E (+62% YoY), US$26bn in '27E (+43% YoY) and US$31bn in '28E (+19% YoY). We believe SK Hynix will aim at moving in equipment into one clean room every six months at its new fab, Y1, starting February 2027, for DRAM end-use. M17 (NAND) will start getting in equipment in 2H28. Regarding discussions on a possible US fab (link; link), our view is that nothing has been finalised yet. With that said, we remain of the view that longer term, considering the continuing push for re-shoring from the US, such a scenario is possible, if not likely.

Valuation: PT Won3.00m; maintain Buy

We value SK Hynix shares at 4.25x NTM P/BV based on our long-term ROE forecast of 50.0% and CoE of 11.8%. Our SK Hynix ADR PT is US$220 (was US$217) with the latest FX.

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	356,713	600,701	668,206	561,085	606,045
EBIT (UBS)	(7,730)	23,467	47,206	281,240	499,907	540,798	414,233	437,729
Net earnings (UBS)	(9,138)	19,797	42,948	277,159	390,227	422,310	323,738	342,152
EPS (UBS, diluted) (Won)	(12,552)	27,193	58,994	395,053	610,284	745,367	649,593	793,637
DPS (net) (Won)	1,200	2,205	3,000	48,125	74,125	73,125	60,125	57,125
Net (debt) / cash	(20,548)	(8,527)	12,694	131,264	283,637	462,463	604,315	751,111

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	78.8	83.2	80.9	73.8	72.2
ROIC (EBIT) %	(10.9)	32.4	56.0	191.4	208.6	176.0	118.8	114.6
EV/EBITDA (UBS core) x	15.6	3.9	3.4	4.2	2.2	1.7	1.8	1.4
P/E (UBS, diluted) x	(8.6)	6.6	5.2	4.7	3.1	2.5	2.9	2.4
Equity FCF (UBS) yield %	(8.2)	10.5	12.0	13.5	23.1	26.7	22.1	22.0
Dividend yield (net) %	1.1	1.2	1.0	2.6	4.0	3.9	3.2	3.1

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 1,868,000 on 21-Sep-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 '27 with DRAM bit end-consumption growing 40% YoY vs 21% in '26, 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 '27E.

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 '26E and 270k by end '27E. This leads us to forecast 17.4bn Gb of HBM shipment in '26E (+38% YoY) and 20.1bn in '27E (+15% YoY). We forecast SK Hynix to retain the #1 market share in HBM with 48% of industry bit shipments in '26E, but fall slightly below Samsung in '27E 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 Won186tn/Won315tn/Won363tn in '26E/'27E/'28E. 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 (2025-27E) 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 have recovered 39% from the July trough but are still down 36% from their June peak. Despite the recent volatility, 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.

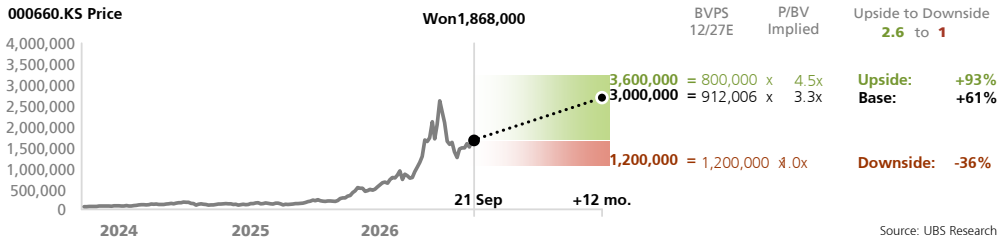
EVIDENCE

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 '26E/'27E. 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 2.65x NTM P/BV, discounting a long-term ROE of 31.2% vs our estimate of 50.0%.

UPSIDE/DOWNSIDE SPECTRUM



Value drivers	DRAM ASP % YoY '27E/'28E	NAND ASP % YoY '27E/'28E	Operating Profit (Won) '27E/'28E
Won3.60m upside	+55%/+10%	+50%/-15%	570tn/610tn
Won3.00m base	+37%/+2%	+38%/-32%	500tn/541tn
Won1.20m downside	+25%/-5%	+25%/-40%	440tn/490tn

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	**103,684**	**103,483**	**0.2%**	**121,134**	**120,756**	**0.3%**	**356,713**	**356,134**	**0.2%**	**600,701**	**601,542**	**-0.1%**	**668,206**	**669,629**	**-0.2%**	**561,085**	**564,788**	**-0.7%**
DRAM sales	78,181	77,542	0.8%	93,041	92,397	0.7%	270,702	269,420	0.5%	461,735	461,266	0.1%	556,898	557,270	-0.1%	494,727	497,804	-0.6%
NAND Flash sales	25,243	25,677	-1.7%	27,857	28,120	-0.9%	85,160	85,804	-0.8%	138,028	139,330	-0.9%	110,346	111,386	-0.9%	65,385	66,002	-0.9%
Operating profit	**83,541**	**82,995**	**0.7%**	**99,546**	**98,964**	**0.6%**	**281,240**	**280,111**	**0.4%**	**499,907**	**499,797**	**0.0%**	**540,798**	**541,019**	**0.0%**	**414,233**	**416,551**	**-0.6%**
DRAM OP	65,184	64,322	1.3%	78,886	78,109	1.0%	222,448	220,810	0.7%	394,442	393,338	0.3%	468,380	467,918	0.1%	392,523	394,636	-0.5%
NAND Flash OP	18,412	18,729	-1.7%	20,712	20,907	-0.9%	59,283	59,675	-0.7%	105,645	106,641	-0.9%	72,582	73,266	-0.9%	21,830	22,035	-0.9%
% OP margin	*80.6%*	*80.2%*		*82.2%*	*82.0%*		*78.8%*	*78.7%*		*83.2%*	*83.1%*		*80.9%*	*80.8%*		*73.8%*	*73.8%*	
EPS	**93,096**	**92,663**	**0.5%**	**113,563**	**113,451**	**0.1%**	**395,053**	**394,508**	**0.1%**	**610,284**	**618,803**	**-1.4%**	**745,367**	**770,102**	**-3.2%**	**649,593**	**689,794**	**-5.8%**

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	103,684	99,212	*4.5%*	121,134	113,021	*7.2%*	356,713	344,291	*3.6%*	600,701	541,060	*11.0%*	668,206	634,216	*5.4%*	561,085	706,270	*-20.6%*
Operating profit	**83,541**	**77,871**	**7.3%**	**99,546**	**89,986**	**10.6%**	**281,240**	**265,377**	**6.0%**	**499,907**	**424,405**	**17.8%**	**540,798**	**479,660**	**12.7%**	**414,233**	**532,938**	**-22.3%**
% OP margin	*80.6%*	*78.5%*	*208bps*	*82.2%*	*79.6%*	*256bps*	*78.8%*	*77.1%*	*176bps*	*83.2%*	*78.4%*	*478bps*	*80.9%*	*75.6%*	*530bps*	*73.8%*	*75.5%*	*-163bps*
EPS	93,096	87,982	5.8%	113,563	102,214	11.1%	395,053	360,659	9.5%	610,284	474,958	28.5%	745,367	531,165	40.3%	649,593	588,077	10.5%

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%	16.4%	27.0%	27.0%	28.0%	28.0%	18.1%	18.1%	16.4%	16.4%
ASP change	23.1%	20.0%	6.7%	7.6%	182.7%	179.1%	37.3%	37.7%	2.2%	2.3%	-23.7%	-23.3%
% OP margin	**83.4%**	**83.0%**	**84.8%**	**84.5%**	**82.2%**	**82.0%**	**85.4%**	**85.3%**	**84.1%**	**84.0%**	**79.3%**	**79.3%**
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%	248.3%	248.6%	38.4%	38.3%	-32.4%	-32.4%	-49.0%	-49.0%
% OP margin	**72.9%**	**72.9%**	**74.4%**	**74.4%**	**69.6%**	**69.5%**	**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**	**78,181**	**93,041**	**270,702**	**102,263**	**111,195**	**121,248**	**127,028**	**461,735**	**556,898**	**494,727**	**526,959**
% YoY	*66.9%*	*192.2%*	*241.3%*	*308.8%*	*271.3%*	*259.3%*	*149.4%*	*90.2%*	*55.1%*	*36.5%*	*70.6%*	*20.6%*	*-11.2%*	*6.5%*
% QoQ		*63.6%*	*42.6%*	*33.7%*	*19.0%*		*9.9%*	*8.7%*	*9.0%*	*4.8%*				
DRAM revenues (US$m)	**53,456**	**28,857**	**40,345**	**54,774**	**68,020**	**191,995**	**74,762**	**81,292**	**88,642**	**92,867**	**337,563**	**407,134**	**361,682**	**385,246**
% YoY	*62.8%*	*198.7%*	*227.2%*	*292.7%*	*288.3%*	*259.2%*	*159.1%*	*101.5%*	*61.8%*	*36.5%*	*75.8%*	*20.6%*	*-11.2%*	*6.5%*
% QoQ		*64.7%*	*39.8%*	*35.8%*	*24.2%*		*9.9%*	*8.7%*	*9.0%*	*4.8%*				
DRAM unit shipment (1Gb eq)	93,014	25,453	27,368	30,191	35,150	118,162	35,467	37,017	38,906	39,907	151,298	178,609	207,974	227,632
% YoY	*24.3%*	*35.8%*	*16.8%*	*19.3%*	*37.7%*	*27.0%*	*39.3%*	*35.3%*	*28.9%*	*13.5%*	*28.0%*	*18.1%*	*16.4%*	*9.5%*
% QoQ		*-0.3%*	*7.5%*	*10.3%*	*16.4%*		*0.9%*	*4.4%*	*5.1%*	*2.6%*				
Avg. wafer out per month (k 12"eq)	6,110	564	572	583	600	6,957	618	636	654	672	7,740	8,526	9,084	9,852
% YoY	*25.7%*	*18.9%*	*14.6%*	*12.3%*	*10.3%*	*13.9%*	*9.6%*	*11.2%*	*12.2%*	*12.0%*	*11.3%*	*10.2%*	*6.5%*	*8.5%*
% QoQ		*3.7%*	*1.4%*	*1.9%*	*2.9%*		*3.0%*	*2.9%*	*2.8%*	*2.8%*				
DRAM ASP (US$ 1Gb eq)	0.57	1.13	1.47	1.81	1.94	1.62	2.11	2.20	2.28	2.33	2.23	2.28	1.74	1.69
% YoY	*31.0%*	*120.0%*	*180.2%*	*229.3%*	*181.9%*	*182.7%*	*85.9%*	*49.0%*	*25.6%*	*20.3%*	*37.3%*	*2.2%*	*-23.7%*	*-2.7%*
% QoQ		*65.1%*	*30.0%*	*23.1%*	*6.7%*		*8.9%*	*4.2%*	*3.7%*	*2.1%*				
Operating profit (Won bn)	**44,895**	**31,588**	**46,791**	**65,184**	**78,886**	**222,448**	**87,290**	**95,055**	**103,911**	**108,186**	**394,442**	**468,380**	**392,523**	**408,886**
% OP margin	***59.6%***	***77.0%***	***80.0%***	***83.4%***	***84.8%***	***82.2%***	***85.4%***	***85.5%***	***85.7%***	***85.2%***	***85.4%***	***84.1%***	***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$m)	**32,935**	**22,699**	**34,106**	**46,211**	**57,844**	**160,860**	**62,146**	**67,788**	**73,598**	**75,949**	**279,480**	**317,719**	**231,058**	**207,047**
% YoY	*40.4%*	*333.7%*	*375.1%*	*445.6%*	*379.9%*	*388.4%*	*173.8%*	*98.8%*	*59.3%*	*31.3%*	*73.7%*	*13.7%*	*-27.3%*	*-10.4%*
% QoQ		*88.3%*	*50.3%*	*35.5%*	*25.2%*		*7.4%*	*9.1%*	*8.6%*	*3.2%*				
DDR unit shipment (1Gb eq)	80,386	21,650	23,564	25,632	29,878	100,724	30,856	32,205	33,848	34,320	131,230	150,772	170,539	179,829
% YoY	*18.1%*	*36.7%*	*16.3%*	*16.1%*	*34.6%*	*25.3%*	*42.5%*	*36.7%*	*32.1%*	*14.9%*	*30.3%*	*14.9%*	*13.1%*	*5.4%*
% QoQ		*-2.5%*	*8.8%*	*8.8%*	*16.6%*		*3.3%*	*4.4%*	*5.1%*	*1.4%*				
DDR ASP (US$ 1Gb eq)	0.41	1.05	1.45	1.80	1.94	1.60	2.01	2.10	2.17	2.21	2.13	2.11	1.35	1.15
% YoY	*18.8%*	*217.3%*	*308.7%*	*369.8%*	*256.6%*	*289.8%*	*92.1%*	*45.4%*	*20.6%*	*14.3%*	*33.4%*	*-1.1%*	*-35.7%*	*-15.0%*
% QoQ		*93.1%*	*38.1%*	*24.6%*	*7.4%*		*4.0%*	*4.5%*	*3.3%*	*1.8%*				
HBM revenues (US$m)	**20,521**	**6,158**	**6,239**	**8,563**	**10,176**	**31,135**	**12,616**	**13,504**	**15,044**	**16,918**	**58,083**	**89,415**	**130,624**	**178,199**
% YoY	*118.9%*	*39.1%*	*21.1%*	*56.4%*	*86.2%*	*51.7%*	*104.9%*	*116.5%*	*75.7%*	*66.3%*	*86.6%*	*53.9%*	*46.1%*	*36.4%*
% QoQ		*12.6%*	*1.3%*	*37.2%*	*18.8%*		*24.0%*	*7.0%*	*11.4%*	*12.5%*				
HBM unit shipment (1Gb eq)	12,628	3,803	3,804	4,559	5,273	17,438	4,611	4,812	5,058	5,587	20,068	27,836	37,435	47,803
% YoY	*86.0%*	*30.8%*	*20.2%*	*40.7%*	*58.9%*	*38.1%*	*21.2%*	*26.5%*	*10.9%*	*6.0%*	*15.1%*	*38.7%*	*34.5%*	*27.7%*
% QoQ		*14.6%*	*0.0%*	*19.8%*	*15.7%*		*-12.6%*	*4.4%*	*5.1%*	*10.5%*				
HBM ASP (US$ 1Gb eq)	1.63	1.62	1.64	1.88	1.93	1.79	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%*	*17.1%*	*9.9%*	*69.0%*	*71.1%*	*58.4%*	*56.9%*	*62.1%*	*11.0%*	*8.6%*	*6.8%*
% QoQ		*-1.7%*	*1.3%*	*14.5%*	*2.8%*		*41.8%*	*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**	**25,243**	**27,857**	**85,160**	**30,020**	**33,514**	**36,680**	**37,813**	**138,028**	**110,346**	**65,385**	**78,102**
% YoY	*7.2%*	*259.8%*	*335.7%*	*409.0%*	*274.3%*	*319.6%*	*164.7%*	*62.6%*	*45.3%*	*35.7%*	*62.1%*	*-20.1%*	*-40.7%*	*19.4%*
% QoQ		*52.4%*	*81.8%*	*22.4%*	*10.4%*		*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%*	*248.3%*	*115.1%*	*45.4%*	*24.1%*	*15.3%*	*38.4%*	*-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**	**18,412**	**20,712**	**59,283**	**22,515**	**25,583**	**28,393**	**29,155**	**105,645**	**72,582**	**21,830**	**28,964**
% OP Margin	*12.8%*	*53.6%*	*67.0%*	*72.9%*	*74.4%*	*69.6%*	*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$m)											
DRAM	5,808	7,553	11,033	4,760	10,860	17,076	28,040	35,421	39,421	41,421	43,421
% YoY	*-18.1%*	*30.0%*	*46.1%*	*-56.9%*	*128.1%*	*57.2%*	*64.2%*	*26.3%*	*11.3%*	*5.1%*	*4.8%*
NAND Flash	2,700	3,357	3,734	1,523	784	2,428	5,250	10,717	12,717	14,717	15,717
% YoY	*-34.9%*	*24.3%*	*11.2%*	*-59.2%*	*-48.5%*	*209.7%*	*116.2%*	*104.1%*	*18.7%*	*15.7%*	*6.8%*
Semis Capex	**8,508**	**10,911**	**14,767**	**6,283**	**11,644**	**19,504**	**33,290**	**46,138**	**52,138**	**56,138**	**59,138**
% YoY	*-24.3%*	*28.2%*	*35.3%*	*-57.5%*	*85.3%*	*67.5%*	*70.7%*	*38.6%*	*13.0%*	*7.7%*	*5.3%*
Semis Capex (Won bn)	**10,069**	**12,487**	**19,010**	**8,325**	**15,920**	**27,519**	**47,153**	**63,110**	**71,317**	**76,788**	**80,892**
% YoY	*107.6%*	*24.0%*	*52.2%*	*-56.2%*	*91.2%*	*72.9%*	*71.3%*	*33.8%*	*13.0%*	*7.7%*	*5.3%*
Semis WFE (US$m)											
DRAM	3,009	5,530	7,424	2,409	7,178	10,117	15,290	20,488	24,488	27,488	30,488
% YoY	*-16.7%*	*83.8%*	*34.2%*	*-67.6%*	*198.0%*	*40.9%*	*51.1%*	*34.0%*	*19.5%*	*12.3%*	*10.9%*
NAND Flash	1,500	1,552	1,500	935	375	1,200	3,000	5,650	6,650	7,650	8,650
% YoY	*-21.1%*	*3.5%*	*-3.4%*	*-37.7%*	*-59.9%*	*220.0%*	*150.0%*	*88.3%*	*17.7%*	*15.0%*	*13.1%*
Semis WFE	**4,509**	**7,082**	**8,924**	**3,344**	**7,553**	**11,317**	**18,290**	**26,138**	**31,138**	**35,138**	**39,138**
% YoY	*-18.2%*	*57.1%*	*26.0%*	*-62.5%*	*125.9%*	*49.8%*	*61.6%*	*42.9%*	*19.1%*	*12.8%*	*11.4%*

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**	**103,684**	**121,134**	**356,713**	**132,496**	**144,933**	**158,186**	**165,086**	**600,701**	**668,206**	**561,085**	**606,045**
% YoY	46.8%	*198.1%*	*256.8%*	*324.1%*	*269.0%*	267.2%	*152.0%*	*82.7%*	*52.6%*	*36.3%*	68.4%	11.2%	-16.0%	8.0%
% QoQ		*60.2%*	*50.9%*	*30.7%*	*16.8%*		*9.4%*	*9.4%*	*9.1%*	*4.4%*				
DRAM	75,349	41,008	58,473	78,181	93,041	270,702	102,263	111,195	121,248	127,028	461,735	556,898	494,727	526,959
NAND Flash	20,295	11,343	20,617	25,243	27,857	85,160	30,020	33,514	36,680	37,813	138,028	110,346	65,385	78,102
Gross Profit	**58,691**	**41,679**	**65,991**	**89,710**	**106,247**	**303,628**	**116,789**	**128,080**	**140,211**	**145,719**	**530,799**	**576,588**	**454,094**	**481,697**
% GP margin	*60.4%*	*79.3%*	*83.2%*	*86.5%*	*87.7%*	*85.1%*	*88.1%*	*88.4%*	*88.6%*	*88.3%*	*88.4%*	*86.3%*	*80.9%*	*79.5%*
Opex	-11,484	-4,069	-5,449	-6,169	-6,701	-22,388	-7,036	-7,491	-7,945	-8,420	-30,892	-35,790	-39,861	-43,968
Opex as % of Revenues	*-11.8%*	*-7.7%*	*-6.9%*	*-5.9%*	*-5.5%*	*-6.3%*	*-5.3%*	*-5.2%*	*-5.0%*	*-5.1%*	*-5.1%*	*-5.4%*	*-7.1%*	*-7.3%*
Operating profit	**47,206**	**37,610**	**60,543**	**83,541**	**99,546**	**281,240**	**109,753**	**120,589**	**132,265**	**137,299**	**499,907**	**540,798**	**414,233**	**437,729**
% OP margin	***48.6%***	***71.5%***	***76.3%***	***80.6%***	***82.2%***	***78.8%***	***82.8%***	***83.2%***	***83.6%***	***83.2%***	***83.2%***	***80.9%***	***73.8%***	***72.2%***
Pre-tax profit (adjusted)	50,466	51,617	122,708	83,584	99,608	357,518	109,835	120,692	132,353	137,411	500,291	541,422	415,049	438,656
Tax	-7,518	-11,271	-28,786	-18,389	-21,914	-80,359	-24,164	-26,552	-29,118	-30,231	-110,064	-119,113	-91,311	-96,504
Net profit	**42,948**	**40,346**	**93,923**	**65,196**	**77,694**	**277,159**	**85,671**	**94,140**	**103,235**	**107,181**	**390,227**	**422,310**	**323,738**	**342,152**
EPS (Won) ex-treasury	**61,810**	**56,940**	**131,941**	**93,096**	**113,563**	**395,541**	**128,251**	**144,421**	**163,091**	**174,521**	**610,284**	**745,367**	**649,593**	**793,637**
EPS (Won) incl. treasury	**58,994**	**56,610**	**131,784**	**93,096**	**113,563**	**395,053**	**128,251**	**144,421**	**163,091**	**174,521**	**610,284**	**745,367**	**649,593**	**793,637**
DPS (Won)	**3,000**	**375**	**375**	**375**	**47,000**	**48,125**	**375**	**375**	**375**	**73,000**	**74,125**	**73,125**	**60,125**	**57,125**

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	65,196	77,694	277,041	85,671	94,140	103,235	107,181	390,227	422,310	323,738	342,152
Dep & Amort	13,890	3,729	4,030	4,396	4,637	16,792	5,088	5,540	5,854	6,169	22,652	30,777	38,437	45,549
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	4,396	4,637	15,989	5,088	5,540	5,854	6,169	22,652	30,777	38,437	45,549
Changes in Assets/liabilities	-2,881	-16,265	-70,110	-4,269	-6,410	-97,054	-10,885	-10,787	-8,503	-5,093	-35,268	-18,838	14,662	-7,335
Cash Flow from Ops	**53,373**	**26,330**	**65,710**	**65,323**	**75,922**	**233,285**	**79,874**	**88,893**	**100,586**	**108,257**	**377,611**	**434,248**	**376,837**	**380,367**
Capex	-27,519	-7,657	-10,671	-14,412	-14,412	-47,153	-15,777	-15,777	-15,777	-15,777	-63,110	-71,317	-76,788	-80,892
Cash flow from Investment	**-30,987**	**-7,128**	**-28,747**	**-14,412**	**-14,412**	**-64,699**	**-15,777**	**-15,777**	**-15,777**	**-15,777**	**-63,110**	**-71,317**	**-76,788**	**-80,892**
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	-263	-2,123	0	-31,646	-244	-237	-32,128	-44,105	-38,197	-27,679
Cash flow from Financing	**-1,445**	**-2,951**	**-4,666**	**-20,366**	**-30,993**	**-58,976**	**-30,100**	**-61,746**	**-35,344**	**-35,897**	**-163,088**	**-184,885**	**-158,797**	**-153,279**
Net Cash Flow	20,786	19,388	33,628	30,545	30,517	114,078	33,997	11,369	49,465	56,582	151,413	178,046	141,252	146,196
EBITDA	61,096	41,339	64,573	87,937	104,183	298,032	114,842	126,128	138,120	143,468	522,558	571,575	452,669	483,279
% EBITDA margin	62.9%	*78.6%*	*81.4%*	*84.8%*	*86.0%*	83.5%	*86.7%*	*87.0%*	*87.3%*	*86.9%*	87.0%	85.5%	80.7%	79.7%
FCF	25,854	18,673	55,039	50,911	61,510	186,132	64,097	73,115	84,809	92,480	314,501	362,931	300,049	299,475
% FCF margin	26.6%	*35.5%*	*69.4%*	*49.1%*	*50.8%*	52.2%	*48.4%*	*50.4%*	*53.6%*	*56.0%*	52.4%	54.3%	53.5%	49.4%

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**	**118,503**	**149,020**	**149,020**	**183,017**	**194,386**	**243,850**	**300,433**	**300,433**	**478,479**	**619,731**	**765,927**
Accounts receivable	18,199	33,808	47,821	53,404	59,738	59,738	69,697	79,416	86,677	90,458	90,458	97,577	74,301	84,169
Inventory	14,289	15,974	17,986	16,844	17,131	17,131	18,074	19,393	20,683	22,285	22,285	35,421	44,759	44,144
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**	**191,142**	**228,280**	**228,280**	**273,178**	**295,585**	**353,602**	**415,567**	**415,567**	**613,868**	**741,181**	**896,631**
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	98,705	108,284	108,284	118,759	128,792	138,517	147,933	147,933	187,663	225,248	259,883
Intangible assets	4,049	4,051	4,283	4,483	4,679	4,679	4,893	5,097	5,296	5,488	5,488	6,299	7,066	7,773
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**	**202,722**	**212,497**	**212,497**	**223,186**	**233,424**	**243,347**	**252,955**	**252,955**	**293,496**	**331,847**	**367,190**
Total Assets	**176,108**	**222,829**	**348,862**	**393,864**	**440,777**	**440,777**	**496,364**	**529,009**	**596,949**	**668,522**	**668,522**	**293,496**	**331,847**	**367,190**
AP	2,848	2,798	3,043	3,216	3,426	3,426	3,443	3,694	3,743	4,033	4,033	5,449	6,174	8,093
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**	**55,986**	**56,096**	**56,096**	**56,012**	**56,164**	**56,112**	**56,302**	**56,302**	**57,319**	**57,643**	**59,163**
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**	**86,242**	**85,722**	**85,722**	**85,639**	**85,790**	**85,739**	**85,369**	**85,369**	**86,005**	**86,130**	**87,449**
Total equity	**120,667**	**164,380**	**262,693**	**307,622**	**355,054**	**355,054**	**410,725**	**443,219**	**511,210**	**583,153**	**583,153**	**821,358**	**986,899**	**1,176,372**
% ROE	**44.1%**	**113.2%**	**175.9%**	**91.5%**	**93.8%**	**116.5%**	**89.5%**	**88.2%**	**86.5%**	**78.4%**	**83.2%**	**60.1%**	**35.8%**	**31.6%**
Book value per share	173,663	232,077	369,431	439,269	518,971	506,707	614,863	679,950	807,608	949,537	912,005	1,449,677	1,980,250	2,728,650

Source: Company data, UBS estimates

Figure 10: SK Hynix – UBS valuation

UBS price target	**3,000,000**
Current stock price (Won)	1,868,000
Number of shares (bn) - ex treasury shares	0.711
Treasury shares (bn)	0.002
Market cap. (Won bn)	1,331,328
Debt (Won bn)	18,586
Cash & equivalents (Won bn)	87,958
Adjusted EV (Won bn)	1,261,956

	2025	2026E	2027E	2028E	2029E	2030E
Current valuation						
EV/Revenues	12.99	3.54	2.10	1.89	2.25	2.08
P/Book	11.03	3.75	2.28	1.62	1.35	1.13
P/E (ex-treasury shares)	30.22	4.72	3.06	2.51	2.88	2.35
P/E (including treasury shares)	31.66	4.73	3.06	2.51	2.88	2.35
EV/EBITDA	20.66	4.23	2.41	2.21	2.79	2.61
UBS valuation						
EV/Revenues	21.29	5.80	3.44	3.10	3.69	3.41
P/Book	17.72	6.02	3.67	2.60	2.17	1.82
P/E (ex-treasury shares)	48.54	7.58	4.92	4.02	4.62	3.78
P/E (including treasury shares)	50.85	7.59	4.92	4.02	4.62	3.78
EV/EBITDA	33.78	6.92	3.95	3.61	4.56	4.27
Other						
% ROE	***44.1%***	***116.5%***	***83.2%***	***60.1%***	***35.8%***	***31.6%***
Tangible book per share (Won)	164,001	492,740	812,382	1,146,234	1,377,959	1,643,425
Cash per share (Won)	49,140	209,570	422,505	672,895	871,540	1,077,138
Free cash flow per share (Won)	36,359	261,762	442,289	510,398	421,964	421,157
% Free cash flow yield	*1.9%*	*14.0%*	*23.7%*	*27.3%*	*22.6%*	*22.5%*

Source: Company data, UBS estimates. Priced as of 21 September 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**	**356,713**	*267.2*	**600,701**	*68.4*	**668,206**	**561,085**	**606,045**
Gross profit	(533)	31,828	58,691	303,628	*NM*	530,799	*74.8*	576,588	454,094	481,697
EBITDA (UBS)	**5,889**	**36,012**	**61,096**	**298,032**	*387.8*	**522,558**	*75.3*	**571,575**	**452,669**	**483,279**
Depreciation & amortisation	(13,619)	(12,545)	(13,890)	(16,792)	*-20.9*	(22,652)	*-34.9*	(30,777)	(38,437)	(45,549)
EBIT (UBS)	**(7,730)**	**23,467**	**47,206**	**281,240**	*NM*	**499,907**	*77.8*	**540,798**	**414,233**	**437,729**
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)	277	*-*	385	*38.6*	624	816	927
Exceptionals (incl goodwill)	0	0	0	0	*-*	0	*-*	0	0	0
Pre-tax profit	**(11,658)**	**23,885**	**50,466**	**357,518**	*NM*	**500,291**	*39.9*	**541,422**	**415,049**	**438,656**
Tax	2,520	(4,088)	(7,518)	(80,359)	*NM*	(110,064)	*-37.0*	(119,113)	(91,311)	(96,504)
Profit after tax	**(9,138)**	**19,797**	**42,948**	**277,159**	*NM*	**390,227**	*40.8*	**422,310**	**323,738**	**342,152**
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**	**277,041**	*NM*	**390,227**	*40.9*	**422,310**	**323,738**	**342,152**
Net earnings (UBS)	**(9,138)**	**19,797**	**42,948**	**277,159**	*NM*	**390,227**	*40.8*	**422,310**	**323,738**	**342,152**
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	395,053	*NM*	610,284	*54.5*	745,367	649,593	793,637
EPS (local GAAP, diluted)	(12,517)	27,182	58,955	394,885	*NM*	610,284	*54.5*	745,367	649,593	793,637
EPS (UBS, basic)	(12,552)	27,193	58,994	395,053	*NM*	610,284	*54.5*	745,367	649,593	793,637
DPS (net) (Won)	1,200	2,205	3,000	48,125	*NM*	74,125	*54.0*	73,125	60,125	57,125
Cash EPS (UBS, diluted) [1]	6,156	44,425	78,073	418,988	*NM*	645,710	*54.1*	799,687	726,718	899,291
Book value per share	73,494	101,532	165,750	506,083	*205.3*	912,006	*80.2*	1,449,678	1,980,251	2,728,650
Average shares (diluted)	728	728	728	702	*-3.6*	639	*-8.9*	567	498	431

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	149,020	*326.5*	300,433	*101.6*	478,479	619,731	765,927
Other current assets	21,547	28,123	34,516	79,260	*129.6*	115,134	*45.3*	135,389	121,451	130,705
Total current assets	**30,468**	**42,279**	**69,458**	**228,280**	*228.7*	**415,567**	*82.0*	**613,868**	**741,181**	**896,631**
Net tangible fixed assets	52,705	60,157	77,503	108,284	*39.7*	147,933	*36.6*	187,663	225,248	259,883
Net intangible fixed assets	3,835	4,019	4,049	4,679	*15.5*	5,488	*17.3*	6,299	7,066	7,773
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**	**440,777**	*150.3*	**668,522**	*51.7*	**907,363**	**1,073,029**	**1,263,821**
Trade payables & other ST liabilities	11,151	19,713	29,217	50,438	*72.6*	51,044	*1.2*	52,461	53,185	55,105
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**	**56,096**	*50.1*	**56,302**	*0.4*	**57,319**	**57,643**	**59,163**
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**	**85,722**	*54.6*	**85,369**	*-0.4*	**86,005**	**86,130**	**87,449**
Common s/h equity	**53,504**	**73,916**	**120,667**	**355,054**	*194.2*	**583,154**	*64.2*	**821,358**	**986,899**	**1,176,372**
Minority interests	0	0	0	0	*-*	0	*-*	0	0	0
Total liabilities & equity	**100,330**	**119,855**	**176,108**	**440,777**	*150.3*	**668,522**	*51.7*	**907,363**	**1,073,029**	**1,263,821**

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	277,041	*NM*	390,227	*40.9*	422,310	323,738	342,152
Depreciation & amortisation	13,619	12,545	13,890	16,792	*20.9*	22,652	*34.9*	30,777	38,437	45,549
Net change in working capital	714	(4,656)	(5,780)	(42,700)	*NM*	(35,268)	*17.4*	(18,838)	14,662	(7,335)
Other operating	(3,334)	1,896	3,386	(20,404)	*-*	0	*-*	0	0	0
Operating cash flow	**1,887**	**29,574**	**54,415**	**230,730**	*324.0*	**377,611**	*63.7*	**434,248**	**376,837**	**380,367**
Tangible capital expenditure	(8,325)	(15,946)	(27,519)	(47,153)	*-71.3*	(63,110)	*-33.8*	(71,317)	(76,788)	(80,892)
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)**	**(64,699)**	*-108.8*	**(63,110)**	*2.5*	**(71,317)**	**(76,788)**	**(80,892)**
Equity dividends paid	(825)	(826)	(1,681)	(2,123)	*-26.3*	(32,128)	*NM*	(44,105)	(38,197)	(27,679)
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*	**(163,088)**	*-176.5*	**(184,885)**	**(158,797)**	**(153,279)**
Cash flow inc/(dec) in cash	**645**	**4,483**	**21,983**	**107,054**	*387.0*	**151,413**	*41.4*	**178,046**	**141,252**	**146,196**
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**	**114,078**	*NM*	**151,413**	*32.7*	**178,046**	**141,252**	**146,196**

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	4.7	3.1	2.5	2.9	2.4
P/E (UBS, diluted)	(8.6)	6.6	5.2	4.7	3.1	2.5	2.9	2.4
P/CEPS	17.6	4.0	3.9	4.5	2.9	2.3	2.6	2.1
Equity FCF (UBS) yield %	(8.2)	10.5	12.0	13.5	23.1	26.7	22.1	22.0
Dividend yield (net) %	1.1	1.2	1.0	2.6	4.0	3.9	3.2	3.1
P/BV	1.5	1.8	1.9	3.7	2.0	1.3	0.9	0.7
EV/revenues (core)	2.8	2.1	2.1	3.5	1.9	1.4	1.4	1.1
EV/EBITDA (UBS core)	15.6	3.9	3.4	4.2	2.2	1.7	1.8	1.4
EV/EBIT (core)	NM	5.9	4.4	4.5	2.3	1.8	1.9	1.5
EV/OpFCF (core)	NM	6.9	6.1	5.0	2.5	1.9	2.1	1.6
EV/op. invested capital	1.3	1.9	2.4	8.6	4.7	3.1	2.3	1.7

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	1,359,908	1,359,908	1,359,908	1,359,908	1,359,908
Net debt (cash)	18,567	14,538	(2,083)	(71,979)	(207,450)	(373,050)	(533,389)	(677,713)
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**	**1,287,929**	**1,152,458**	**986,858**	**826,520**	**682,196**
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**	**1,265,935**	**1,130,464**	**964,864**	**804,526**	**660,202**

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	68.4	11.2	(16.0)	8.0
EBITDA (UBS)	(71.9)	NM	69.7	NM	75.3	9.4	(20.8)	6.8
EBIT (UBS)	-	-	101.2	NM	77.8	8.2	(23.4)	5.7
EPS (UBS, diluted)	-	-	116.9	NM	54.5	22.1	(12.8)	22.2
Net DPS	0.0	83.8	36.1	NM	54.0	(1.3)	(17.8)	(5.0)

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	78.8	83.2	80.9	73.8	72.2
Net earnings (UBS) margin	NM	29.9	44.2	NM	65.0	63.2	57.7	56.5
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	116.5	83.2	60.1	35.8	31.6

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)	(0.5)	(0.8)	(1.3)	(1.6)
Net debt / total equity %	38.4	11.5	(10.5)	(37.0)	(48.6)	(56.3)	(61.2)	(63.8)
Net debt / (net debt + total equity) %	27.7	10.3	(11.8)	(58.7)	(94.7)	NM	NM	NM
Net debt/EV %	19.1	10.0	(0.9)	(5.6)	(18.0)	(37.8)	(64.5)	(99.3)
Capex / depreciation %	63.0	131.0	NM	NM	NM	NM	NM	183.1
Capex / revenue %	25.4	24.1	28.3	13.2	10.5	10.7	13.7	13.3
EBIT / net interest	-	23.4	NM	-	-	-	-	-
Dividend cover (UBS)	-	12.3	19.7	8.2	8.2	10.2	10.8	13.9
Div. payout ratio (UBS) %	-	8.1	5.1	12.2	12.1	9.8	9.3	7.2

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	270,702	461,735	556,898	494,727	526,959
NAND	9,757	18,936	20,295	85,160	138,028	110,346	65,385	78,102
Others	2,248	2,109	1,503	851	938	962	973	984
Total	**32,766**	**66,193**	**97,147**	**356,713**	**600,701**	**668,206**	**561,085**	**606,045**

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	222,448	394,442	468,380	392,523	408,886
NAND	(6,353)	2,534	2,598	59,283	105,645	72,582	21,830	28,964
Others	(10)	18	(287)	(491)	(180)	(164)	(120)	(121)
Total	**(7,730)**	**23,467**	**47,206**	**281,240**	**499,907**	**540,798**	**414,233**	**437,729**

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

Forecast returns

Forecast price appreciation	60.6%
Forecast dividend yield	2.6%
Forecast stock return	63.2%
Market return assumption	9.2%
Forecast excess return	53.9%

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?	October 22, 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

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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.
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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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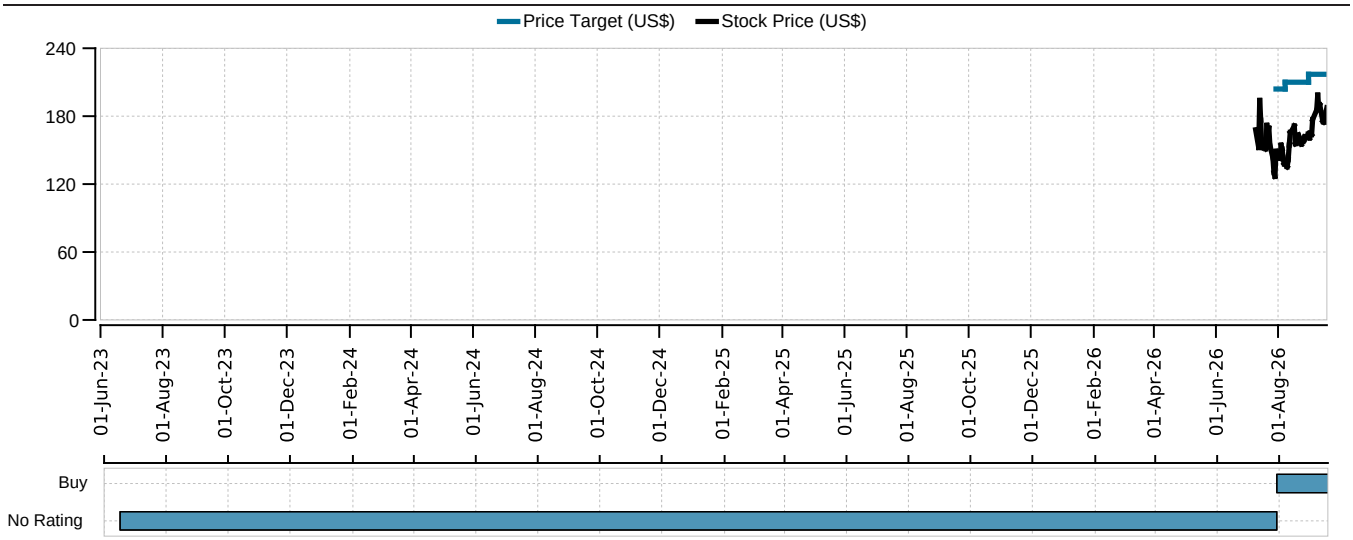
Company Name	Reuters	12-month rating	Price	Price date
SK Hynix[16,28,8]	000660.KS	Buy	Won1,868,000	21 Sep 2026
SK Hynix - ADR[16,28,8]	SKHY.O	Buy	US$187.50	18 Sep 2026

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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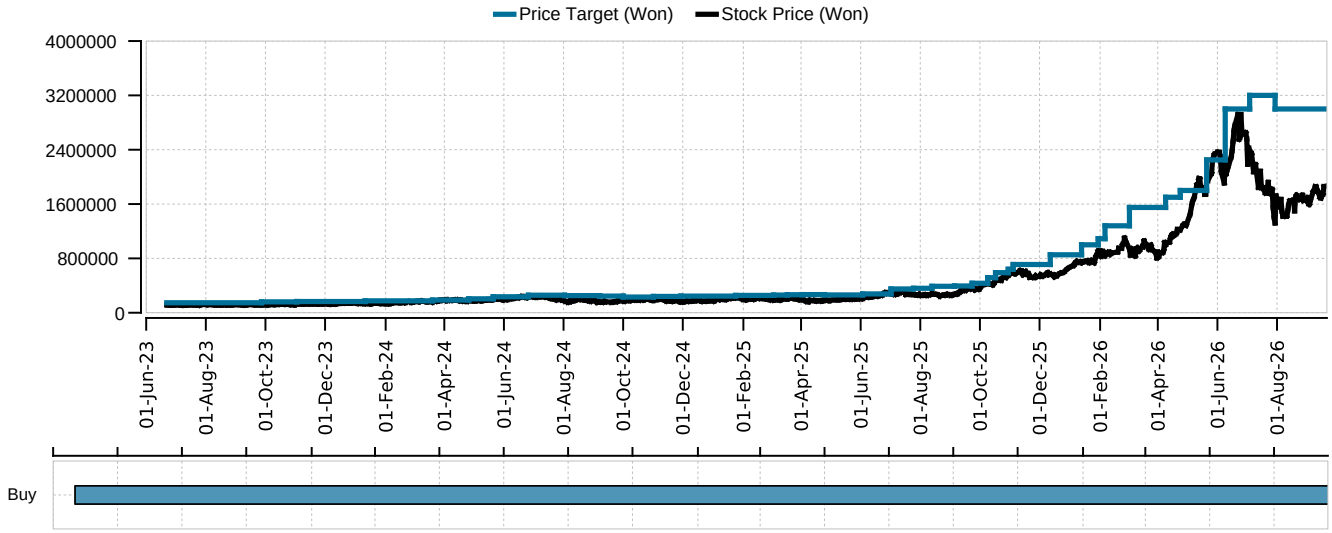
SK Hynix - ADR (US$)



Date	Stock Price (US$)	Price Target (US$)	Rating
2023-06-16	NaN	-	No Rating
2026-07-29	126.79	204.00	Buy
2026-08-07	137.91	210.00	Buy
2026-08-30	161.04	217.00	Buy

Source: UBS Global Research; LSEG Eikon as of 18-Sep-2026. All prices as of local market close. Ratings as of date shown.

SK Hynix (Won)



Date	Stock Price (Won)	Price Target (Won)	Rating
2023-06-21	115100	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
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
2026-07-29	1401000	3000000	Buy

Source: UBS Global Research; LSEG Eikon as of 21-Sep-2026. All prices as of local market close. Ratings as of date shown.

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