Kioxia Holdings Corp

We visited the Kitakami Plant

Equities

Japan
Semiconductors

12-month rating	**Buy**
12m price target	**¥126,000**
Price (28 Sep 2026)	**¥53,340**

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

Trading data and key metrics

52-wk range	¥108,700-4,675
Market cap.	¥29,231b/US$185b
Shares o/s	548m (ORD)
Free float	30%
Avg. daily volume ('000)	40,245
Avg. daily value (m)	¥2,342,155.3
Common s/h equity (03/27E)	¥5610b
P/BV (03/27E)	4.9x
Net debt to EBITDA (03/27E)	NM

EPS (reported, basic) (JPY)

	UBS	Cons.
03/27E	12,685.5	10,294.6
03/28E	19,953.4	13,916.9
03/29E	16,428.7	15,887.9

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Details of the plant were explained

The company held a tour of its Kitakami Plant, one of its two main production sites. Information on its production plans included: (1) K1 is currently operating at full capacity; at K2, equipment has been fully installed in half the facility and is in the process of being installed in the remaining half; the K3 building has yet to be constructed, with output expected to begin contributing from FY3/30; (2) company-wide, BiCS8 bit shipments exceeded half of total shipments in March, while shipments from the Kitakami Plant still centre on BiCS5, with shipments of BiCS8 expected to begin contributing from early 2027; and (3) in terms of the product mix, the focus at the Yokkaichi Plant is on high-bandwidth products such as Super IOPS, while the emphasis at the Kitakami Plant is on improving productivity and high-capacity BiCS10. The company aims for broadly equal bit shipments from the Yokkaichi and Kitakami plants by around 2029, when K3 is expected to contribute.

Active capacity expansion should be possible if management intends to do so

As we observed the areas surrounding the plant during the tour, we noticed some vacant land next to K3, which could be used for an expansion through K4. There are also car parks for Japan Semiconductor (formerly Toshiba Semiconductor) and Kioxia, which appear to leave room for K5 construction. Each building accommodates two floors of production lines. Even at the fastest pace of equipment installation, we estimate that filling one floor would take 8–10 months, and the entire building roughly twice as long. We estimate monthly capacity per building at 110–120K on a BiCS5-equivalent basis and 60–65K on a BiCS8-equivalent basis. We forecast combined capacity at the Yokkaichi and Kitakami plants to decline from 500K/month at end-CY25 to 420K at end-CY26 and 350K at end-CY27.

Near-term earnings likely to be in line with guidance

Our current forecast assumes a 34% qoq increase in average unit prices for July–September. However, given that the unit prices for Apple, the company's largest customer, are lower than the industry average and that the pace of rises in market prices has been slowing alongside the increase in LTAs, results appear increasingly likely to be in line with company guidance (unit prices are estimated at +20–30% qoq). In addition, the company explicitly denied the view expressed by some investors that it had indicated Q2 results were likely to fall short of guidance, clarifying that this was not an explanation provided by the company.

Valuation: impression from the plant tour may be neutral

We estimate the CoE at 9.1% based on an average ROE of 48% for FY3/28–FY3/31. Applying a PBR of 5.23x, we set our price target at ¥126,000.

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	1.8	1.8	1.5	1.1
P/E (UBS, diluted) x	-	4.3	8.0	4.2	2.7	3.2	3.4	3.2
Equity FCF (UBS) yield %	-	15.4	7.1	17.4	29.2	26.7	23.1	22.6
Dividend yield (net) %	-	0.0	0.0	2.4	7.5	6.2	6.0	6.3

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 ¥ 53,340 on 28-Sep-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	4.2	2.7	3.2	3.4	3.2
P/E (UBS, diluted)	-	4.3	8.0	4.2	2.7	3.2	3.4	3.2
P/CEPS	-	2.0	5.1	4.0	2.6	3.1	3.2	3.0
Equity FCF (UBS) yield %	-	15.4	7.1	17.4	29.2	26.7	23.1	22.6
Dividend yield (net) %	-	0.0	0.0	2.4	7.5	6.2	6.0	6.3
P/BV	-	1.6	3.2	4.9	2.2	1.5	1.1	0.9
EV/revenues (core)	-	1.3	2.3	2.5	1.6	1.5	1.2	0.9
EV/EBITDA (UBS core)	-	2.8	4.5	2.9	1.8	1.8	1.5	1.1
EV/EBIT (core)	-	4.8	6.1	3.0	1.8	1.9	1.6	1.2
EV/OpFCF (core)	-	2.8	4.5	2.9	1.8	1.8	1.5	1.1
EV/op. invested capital	-	1.4	2.8	9.9	6.2	4.8	4.0	3.0

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	29,231.1	29,231.1	29,231.1	29,231.1	29,231.1
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**	**28,618.2**	**24,785.8**	**19,922.2**	**15,408.1**	**11,376.1**
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**	**28,618.2**	**24,785.8**	**19,922.2**	**15,408.1**	**11,376.1**

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)	(18.1)	(46.9)	(90.0)	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	136.2%
Forecast dividend yield	4.9%
Forecast stock return	141.2%
Market return assumption	8.1%
Forecast excess return	133.1%

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?	Continued bit price rises
8. Is there an upcoming catalyst for the company over the next three months?	No Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	N/A
11. What is the catalyst?	