SK Hynix Inc. (000660.KS)

Earnings Review: 3Q26 above expectations: expect further upward EPS revisions and mid-teens% shareholder yield, yet trading at close to book value; reiterate Buy

000660.KS	12m Price Target: **W3,500,000**	Price: **W1,487,000**	Upside: **135.4%**

BUY

Giuni Lee
+65-6889-1025 | giuni.lee@gs.com
Goldman Sachs (Singapore) Pte

Daiki Takayama
+81(3)4587-9870 | daiki.takayama@gs.com
Goldman Sachs Japan Co., Ltd.

3Q26 beat led by stronger-than-expected pricing for DRAM, NAND, and HBM

SK Hynix (Hynix) reported 3Q26 revenue of W104.6tn (+32% qoq, +328% yoy) and operating profit of W83.3tn (+38% qoq, +632% yoy), where both figures were higher compared to both GSe and Bloomberg consensus estimates, despite the unfavorable F/X rate during the quarter. We believe the beat was led by stronger-than-expected pricing for every major product (conventional DRAM, NAND, and HBM), where we especially think HBM pricing was much stronger-than-expected given the higher HBM4 mix.

We raise our 2027E-2028E EPS estimates by 19-22% to reflect the upside in both pricing and volume (mainly for DRAM), as well as the expectations for a meaningful share buyback and cancellations. With the confirmation of continued strength in the industry fundamentals, shareholder return implying ~15% yield, and attractive valuation even on a P/B basis trading at close to 2028E book value vs. 57% ROE, we believe the risk/reward for the name is attractive and reiterate our Buy rating with an unchanged 12m TP of W3.5mn.

Key takeaways

- **Strong upward revision in 4Q26 OP supported by strength in both pricing and volume**: Hynix guided 4Q26 DRAM bit growth of +mid-20% qoq, which was higher than our prior forecast of +9% qoq. While the company's DRAM inventory level remains at the minimum level, we believe this strong guidance comes from active migration toward 1c nm DRAM, and we pencil in ~30% of the company's DRAM bits to be on this node by the end of this year. We believe another factor driving this strong bit growth is the robust increase in the company's HBM4 supply from the

Key Data

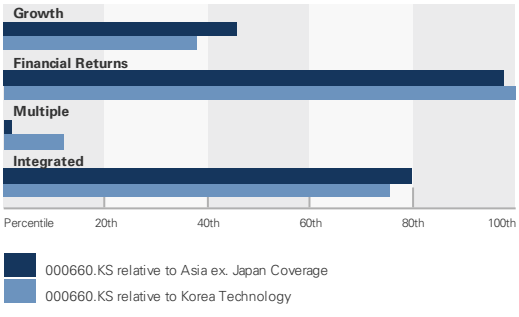
Market cap: W1,049.8tr / $793.2bn
Enterprise value: W966.5tr / $730.3bn
3m ADTV: W6.4tr / $4.7bn
South Korea
Korea Technology
M&A Rank: 3
Leases incl. in net debt & EV?: Yes

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue (W bn) New	**97,146.7**	**362,655.6**	**586,869.6**	**651,612.5**
Revenue (W bn) Old	97,146.7	345,480.8	499,591.8	592,399.6
EBITDA (W bn)	61,136.4	299,522.8	481,836.6	516,552.5
EPS (W) New	**62,158**	**379,193**	**586,245**	**686,401**
EPS (W) Old	62,158	399,504	491,918	560,997
P/E (X)	5.0	3.9	2.5	2.2
P/B (X)	1.8	3.1	1.6	1.1
Dividend yield (%)	1.0	3.6	8.1	10.0
CROCI (%)	30.6	101.5	109.1	89.3

	9/26	12/26E	3/27E	6/27E
EPS (W)	56,765	119,201	129,082	137,903

GS Factor Profile



Source: Company data, Goldman Sachs Research estimates. See disclosures for details.

Goldman Sachs does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification and other important disclosures, see the Disclosure Appendix, or go to www.gs.com/research/hedge.html. Analysts employed by non-US affiliates are not registered/qualified as research analysts with FINRA in the U.S.

BUY

SK Hynix Inc. (000660.KS)

Rating since Oct 30, 2025

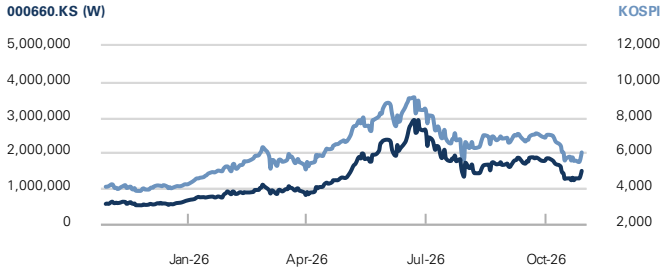
Ratios & Valuation

	12/25	12/26E	12/27E	12/28E
P/E (X)	5.0	3.9	2.5	2.2
P/B (X)	1.8	3.1	1.6	1.1
FCF yield (%)	11.8	15.2	30.7	35.7
EV/EBITDAR (X)	3.3	3.0	1.4	0.9
EV/EBITDA (excl. leases) (X)	3.3	3.0	1.4	0.9
CROCI (%)	30.6	101.5	109.1	89.3
ROE (%)	44.2	114.3	81.7	57.3
Net debt/equity (%)	(7.6)	(26.0)	(42.9)	(48.1)
Net debt/equity (excl. leases) (%)	(10.5)	(27.5)	(44.2)	(49.3)
Interest cover (X)	58.1	659.9	1,683.5	2,540.1
Days inventory outst, sales	51.9	18.6	18.0	22.2
Receivable days	58.6	42.2	46.7	54.7
Days payable outstanding	24.3	20.3	15.7	15.4
DuPont ROE (%)	35.6	78.4	64.3	49.0
Turnover (X)	0.6	0.9	0.9	0.7
Leverage (X)	1.5	1.3	1.2	1.1
Gross cash invested (ex cash) (W)	207,877.3	296,034.7	396,360.8	508,916.7
Average capital employed (W)	95,218.8	171,078.0	273,541.1	355,968.2
BVPS (W)	174,539	482,902	910,181	1,399,967

Growth & Margins (%)

	12/25	12/26E	12/27E	12/28E
Total revenue growth	46.8	273.3	61.8	11.0
EBITDA growth	69.6	389.9	60.9	7.2
EPS growth	116.4	510.0	54.6	17.1
DPS growth	36.1	NM	128.3	23.1
EBIT margin	48.6	78.0	78.5	75.3
EBITDA margin	62.9	82.6	82.1	79.3
Net income margin	44.2	69.9	61.4	59.2

Price Performance



	3m	6m	12m
Absolute	(4.1)%	14.4%	185.4%
Rel. to the KOSPI	(3.9)%	26.3%	90.4%

Source: FactSet. Price as of 28 Oct 2026 close.

Income Statement (W bn)

	12/25	12/26E	12/27E	12/28E
Total revenue	97,146.7	362,655.6	586,869.6	651,612.5
Cost of goods sold	(38,455.9)	(56,356.8)	(87,852.3)	(108,871.8)
SG&A	(5,018.8)	(10,758.4)	(24,245.1)	(37,480.9)
R&D	(6,465.6)	(12,647.2)	(14,076.5)	(14,648.1)
Other operating inc./(exp.)	–	–	–	–
EBITDA	**61,136.4**	**299,522.8**	**481,836.6**	**516,552.5**
Depreciation & amortization	(13,930.1)	(16,629.7)	(21,140.9)	(25,940.9)
EBIT	**47,206.3**	**282,893.1**	**460,695.7**	**490,611.6**
Net interest inc./(exp.)	(429.4)	1,178.1	3,186.6	6,845.0
Income/(loss) from associates	(564.6)	(9.9)	40.0	40.0
Pre-tax profit	**50,465.6**	**331,210.5**	**480,722.3**	**514,296.7**
Provision for taxes	(7,517.7)	(77,533.8)	(120,180.6)	(128,574.2)
Minority interest	(28.6)	(361.3)	(8.0)	(8.0)
Preferred dividends	–	–	–	–
Net inc. (pre-exceptionals)	**42,919.3**	**253,315.4**	**360,533.7**	**385,714.5**
Post-tax exceptionals	–	–	–	–
Net inc. (post-exceptionals)	**42,919.3**	**253,315.4**	**360,533.7**	**385,714.5**
EPS (basic, pre-except) (W)	**62,158**	**379,193**	**586,245**	**686,401**
EPS (diluted, pre-except) (W)	**60,397**	**368,096**	**567,656**	**662,653**
EPS (basic, post-except) (W)	**62,158**	**379,193**	**586,245**	**686,401**
EPS (diluted, post-except) (W)	**60,397**	**368,096**	**567,656**	**662,653**
DPS (W)	3,000	53,000	121,000	149,000
Div. payout ratio (%)	4.8	14.0	20.6	21.7

Balance Sheet (W bn)

	12/25	12/26E	12/27E	12/28E
Cash & cash equivalents	34,942.3	104,762.3	263,195.4	404,020.8
Accounts receivable	18,199.1	65,595.4	84,548.7	110,677.7
Inventory	14,289.4	22,664.4	35,162.0	44,168.6
Other current assets	2,027.4	3,242.8	4,747.8	6,951.3
Total current assets	**69,458.1**	**196,264.9**	**387,653.9**	**565,818.3**
Net PP&E	77,502.7	111,151.3	157,904.1	207,893.1
Net intangibles	4,049.4	4,198.3	3,880.4	3,549.5
Total investments	2,624.7	8,610.6	8,650.6	8,690.6
Other long-term assets	22,472.8	86,357.8	86,357.8	86,357.8
Total assets	**176,107.7**	**406,582.9**	**644,446.7**	**872,309.3**
Accounts payable	2,848.5	3,434.0	4,136.7	5,047.8
Short-term debt	8,161.8	4,558.9	4,558.9	4,558.9
Short-term lease liabilities	758.0	1,087.1	1,544.3	2,033.2
Other current liabilities	25,610.8	50,267.9	49,810.6	49,321.7
Total current liabilities	**37,379.0**	**59,347.8**	**60,050.5**	**60,961.7**
Long-term debt	14,092.7	11,227.8	11,227.8	11,227.8
Long-term lease liabilities	2,808.6	4,028.0	5,722.2	7,533.8
Other long-term liabilities	1,160.7	8,826.6	7,132.4	5,320.8
Total long-term liabilities	**18,061.9**	**24,082.3**	**24,082.3**	**24,082.3**
Total liabilities	**55,440.9**	**83,430.1**	**84,132.8**	**85,044.0**
Preferred shares	–	–	–	–
Total common equity	120,516.2	322,597.0	559,750.1	786,693.5
Minority interest	**150.6**	**555.8**	**563.8**	**571.8**
Total liabilities & equity	**176,107.7**	**406,582.9**	**644,446.7**	**872,309.3**
Net debt, adjusted	(12,687.8)	(88,975.6)	(247,408.8)	(388,234.2)

Cash Flow (W bn)

	12/25	12/26E	12/27E	12/28E
Net income	42,919.3	253,315.4	360,533.7	385,714.5
D&A add-back	13,930.1	16,629.7	21,140.9	25,940.9
Minority interest add-back	28.6	361.3	8.0	8.0
Net (inc)/dec working capital	(5,584.4)	(55,185.8)	(30,748.2)	(34,224.5)
Other operating cash flow	2,079.5	(13,777.3)	(1,545.0)	(2,243.5)
Cash flow from operations	**53,373.1**	**201,343.3**	**349,389.4**	**375,195.5**
Capital expenditures	(27,518.9)	(49,028.8)	(67,000.0)	(75,000.0)
Acquisitions	(3,079.8)	–	–	–
Divestitures	–	–	–	–
Others	(17,455.5)	(55,475.2)	(1,469.3)	(1,529.0)
Cash flow from investing	**(48,054.3)**	**(104,504.1)**	**(68,469.3)**	**(76,529.0)**
Repayment of lease liabilities	(651.2)	(905.0		
Dividends paid (common & pref)	(1,681.2)	(2,106.1		
Inc/(dec) in debt	(445.0)	(6,467.8		
Other financing cash flows	18,244.4	(17,540.4		
Cash flow from financing	**15,467.0**	**(27,019.2**		
Total cash flow	**20,785.9**	**69,820.**		
Free cash flow	25,203.0	151,409.5		

Source: Company data, Goldman S

人在草木间

M15X fab, and supported by this we expect the company's total HBM bits to grow by around 20% qoq in 4Q26. With this strength in volume also helped by the continued solid pricing we expect, we estimate Hynix' 4Q26 OP to reach over W100tn, a meaningful upward revision compared to our prior estimate of W90tn.

- **Overall memory demand to outpace supply through 2030:** Hynix guided 2027 bit demand for DRAM to grow mid-20% yoy and for NAND to grow high-teens% yoy. The company expects continued strength in AI infra demand to more than offset the weakness in PC/smartphone related demand and drive sustained growth in the overall memory market, and along with the supply constraints coming from rising complexity in leading-edge processes and longer fab construction lead times, believes overall memory demand will continue to outpace supply through 2030.
- **Two major concerns on its HBM business alleviated**: During the call, Hynix addressed two major concerns on its HBM business - 1) potential HBM4 production issues and 2) industry-wide HBM despeccing. On 1), the company highlighted that it started HBM4 mass production without any major issue, now seeing stable yields where it believes it leads the industry in both front-end and back-end production yields. With HBM4 already exceeding its target yield rate, the company mentioned that it revised up its target. Hynix also guided its HBM4 shipment and revenue to both surpass that of HBM3E in 4Q26, implying a smooth ramp-up. On 2), Hynix believes HBM despeccing shows how supply is not able to catch up to demand. The company has not seen any changes to the mid-to-long-term HBM demand outlook, and mentioned that the HBM volume requirements from customers are more than double of what the company can supply today.
- **DRAM and HBM sold out until 2029**: Hynix disclosed additional details on the progress in long-term agreements (LTAs) with customers. The company added 4 additional customers including major global CSPs to reach 14 key customers, and volumes committed under the LTAs now account over 50% of its total capacity for 2027 and 2028. A typical LTA would be based on a 5-year term, while some customers are already asking to extend the duration of the agreement. Hynix also mentioned that taking secured LTA volumes together with demand currently under discussion, both DRAM and HBM are effectively sold out until 2029.
- **W100tn shareholder return plan for this year implying ~65% of our FCF estimate for the company**: Hynix announced a shareholder return plan of W100tn for 2026, where it plans cash dividends of W30tn+ and buyback/cancellation of W60tn+. Given we expect FCF of W152tn for this year, based on our estimates this plan implies the company returning ~65% of its FCF. We assume total cash dividends of ~W34tn and buyback/cancellation of ~W65tn for this year, and given the company also announced a special dividend of W14tn and buyback/cancellation of W10tn for 3Q26, believe the company will announce another ~W20tn in cash dividends and ~W15tn in buyback/cancellation for 4Q26.
- **Expect mid-teens% shareholder yield in 2027E/2028E**: Based on our FCF estimates and assumption that the company will use ~55% of its FCF for shareholder return, we model TSR of W152tn/W165tn for 2027E/2028E. Given the company mentioned it will continue to buyback and cancel shares each quarter, we assume

W20tn/quarter so W80tn/year for buybacks/cancellations, and the remaining W72tn/W85tn for cash dividends during these years. At the current market cap, the implied shareholder yield for 2026E/2027E/2028E are 9%/14%/15%.

Raise earnings estimates and maintain W3.5mn TP; reiterate Buy

Mainly reflecting 3Q26 results that include a significant investment asset related loss (W23tn), we lower our 2026E EPS estimate by 5%. However, as we reflect the higher ASP estimates for conventional DRAM and NAND, higher DRAM bit shipment estimates, and the lower share count from the buyback/cancellation assumptions, our 2027E-2028E EPS estimates rises by 19-22%. Our 12m TP of W3.5mn is unchanged, which is based on a target P/E of ~7X (down from 9X on lower comp multiples) to the 2026E-2027E average EPS.

We expect upside to consensus EPS estimates coming from the tailwinds on both pricing and volume (mainly for DRAM), as well as the expectations for a meaningful share buyback and cancellations. With the confirmation of continued strength in the industry fundamentals, shareholder return implying ~15% yield, and attractive valuation even on a P/B basis trading at close to 2028E book value vs. 57% ROE, we believe the risk/reward for the name is attractive and reiterate our Buy rating.

Key risks include 1) major deterioration in memory supply/demand and delay in technology migration, 2) weaker demand for smartphones/PCs/servers which would impact overall conventional memory demand, 3) Samsung's positive HBM business progress which would impact HBM revenue and profit, 4) lower AI-related capex which would impact overall HBM demand, and thus HBM revenue/profit for the company.

Exhibit 1: Hynix DRAM key assumptions

DRAM: Key assumptions	1Q26	2Q26	3Q26	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2025	2026E	2027E	2028E
ASP (US$, 1Gb equiv.)	1.1	1.4	1.8	2.0	2.2	2.3	2.3	2.3	0.6	1.6	2.3	2.2
Sequential change (%)	*65%*	*29%*	*29%*	*6%*	*12%*	*3%*	*3%*	*-2%*	*28%*	*184%*	*41%*	*-3%*
Shipment (mn, 1Gb equiv.)	25,430	27,090	29,900	37,076	35,222	36,279	38,818	40,759	93,100	119,496	151,079	181,313
Sequential change (%)	*0%*	*7%*	*10%*	*24%*	*-5%*	*3%*	*7%*	*5%*	*24%*	*28%*	*26%*	*20%*
Wafer capacity (WPM, 12-inch equiv.)	580	600	630	650	670	670	680	710	519	615	683	748
Sequential change (%)	*5%*	*3%*	*5%*	*3%*	*3%*	*0%*	*1%*	*4%*	*30%*	*19%*	*11%*	*10%*
Sales (W bn)	41,220	58,180	78,357	98,074	104,351	110,706	122,009	125,547	74,934	275,831	462,614	527,134
Sequential change (%)	*66%*	*41%*	*35%*	*25%*	*6%*	*6%*	*10%*	*3%*	*66%*	*268%*	*68%*	*14%*
Operating profit (W bn)	31,720	46,816	65,215	81,726	87,485	91,186	98,878	100,686	44,953	225,476	378,236	414,711
Sequential change (%)	*87%*	*48%*	*39%*	*25%*	*7%*	*4%*	*8%*	*2%*	*114%*	*402%*	*68%*	*10%*
OP Margin (%)	77%	80%	83%	83%	84%	82%	81%	80%	60%	82%	82%	79%

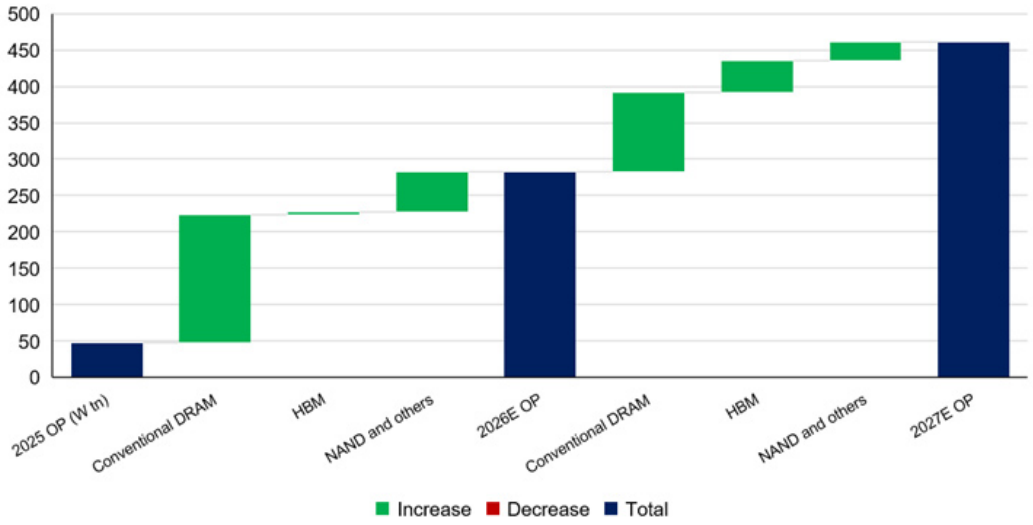
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 2: Hynix NAND key assumptions

NAND: Key assumptions	1Q26	2Q26	3Q26	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2025	2026E	2027E	2028E
ASP (US$, 16Gb equiv.)	0.3	0.5	0.7	0.7	0.8	0.8	0.8	0.7	0.2	0.6	0.8	0.6
Sequential change (%)	*71%*	*56%*	*26%*	*7%*	*7%*	*2%*	*-6%*	*-8%*	*-8%*	*254%*	*30%*	*-14%*
Shipment (mn, 16Gb equiv.)	22,200	25,860	25,730	27,351	26,530	28,653	30,945	32,183	87,400	101,141	118,311	140,425
Sequential change (%)	*-13%*	*16%*	*-1%*	*6%*	*-3%*	*8%*	*8%*	*4%*	*12%*	*16%*	*17%*	*19%*
Wafer capacity (WPM, 12-inch equiv.)	240	240	240	240	255	265	265	265	236	240	263	275
Sequential change (%)	*0%*	*0%*	*0%*	*0%*	*6%*	*4%*	*0%*	*0%*	*15%*	*2%*	*9%*	*5%*
Sales (W bn)	11,251	21,004	24,951	27,024	28,048	30,898	31,368	30,013	20,409	84,230	120,327	120,363
Sequential change (%)	*50%*	*87%*	*19%*	*8%*	*4%*	*10%*	*2%*	*-4%*	*8%*	*313%*	*43%*	*0%*
Operating profit (W bn)	5,921	13,739	18,080	19,660	20,479	21,847	21,005	19,051	2,608	57,399	82,381	75,818
Sequential change (%)	*164%*	*132%*	*32%*	*9%*	*4%*	*7%*	*-4%*	*-9%*	*0%*	*2101%*	*44%*	*-8%*
OP Margin (%)	53%	65%	72%	73%	73%	71%	67%	63%	13%	68%	68%	63%

Source: Company data, Goldman Sachs Global Investment Research

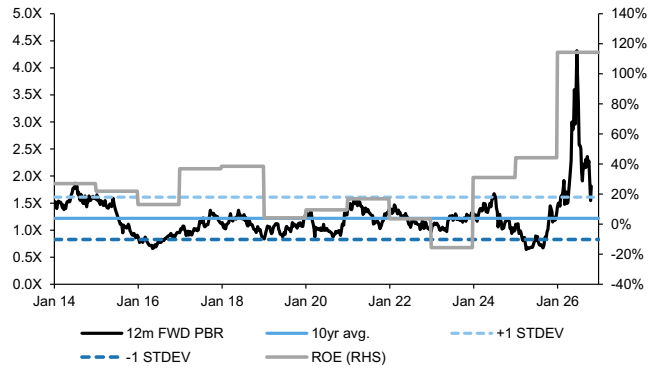
Exhibit 3: Hynix OP waterfall chart



Source: Company data, Goldman Sachs Global Investment Research

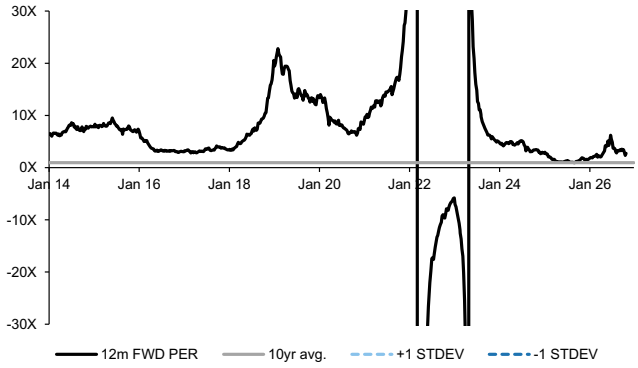
Exhibit 4: Hynix shares are trading at 1.8X 12m FWD P/B with 2026E/2027E ROE of 114%/82%

Hynix 12m FWD P/B



Source: Company data, Goldman Sachs Global Investment Research, Bloomberg

Exhibit 5: Hynix shares are trading at 2.8X 12m FWD P/E



Source: Company data, Goldman Sachs Global Investment Research, Bloomberg

Exhibit 6: Hynix earnings revisions

	Revised				Previous				%-change			
(W bn)	3Q26	FY26E	FY27E	FY28E	3Q26E	FY26E	FY27E	FY28E	3Q26	FY26E	FY27E	FY28E
Sales	**104,615**	**362,656**	**586,870**	**651,612**	**99,084**	**345,481**	**499,592**	**592,400**	***5.6%***	***5.0%***	***17.5%***	***10.0%***
DRAM	78,357	275,831	462,614	527,134	74,322	260,015	386,123	473,182	*5.4%*	*6.1%*	*19.8%*	*11.4%*
NAND	24,951	84,230	120,327	120,363	24,612	84,913	112,791	118,382	*1.4%*	*-0.8%*	*6.7%*	*1.7%*
Others	1,308	2,595	3,929	4,116	151	552	678	836	*767.8%*	*370.0%*	*479.5%*	*392.5%*
Operating profit	**83,334**	**282,893**	**460,696**	**490,612**	**77,448**	**265,484**	**391,722**	**447,545**	***7.6%***	***6.6%***	***17.6%***	***9.6%***
DRAM	65,215	225,476	378,236	414,711	60,341	207,647	314,087	372,321	*8.1%*	*8.6%*	*20.4%*	*11.4%*
NAND	18,080	57,399	82,381	75,818	17,137	57,957	77,668	75,266	*5.5%*	*-1.0%*	*6.1%*	*0.7%*
Others	39	18	79	82	(30)	(120)	(34)	(42)	*n.m.*	*n.m.*	*n.m.*	*n.m.*
OP Margin (%)	***79.7%***	***78.0%***	***78.5%***	***75.3%***	***78.2%***	***76.8%***	***78.4%***	***75.5%***				
DRAM	*83.2%*	*81.7%*	*81.8%*	*78.7%*	*81.2%*	*79.9%*	*81.3%*	*78.7%*				
NAND	*72.5%*	*68.1%*	*68.5%*	*63.0%*	*69.6%*	*68.3%*	*68.9%*	*63.6%*				
Others	*3.0%*	*0.7%*	*2.0%*	*2.0%*	*-20.0%*	*-21.7%*	*-5.0%*	*-5.0%*				
Pre-tax profit	50,709	331,211	480,722	514,297	82,037	350,671	410,049	467,630	*-38.2%*	*-5.5%*	*17.2%*	*10.0%*
Net profit	**39,534**	**253,315**	**360,534**	**385,715**	**61,526**	**266,405**	**307,529**	**350,714**	***-35.7%***	***-4.9%***	***17.2%***	***10.0%***
EPS (W), basic	56,765	379,193	586,245	686,401	90,629	399,504	491,918	560,997	*-37.4%*	*-5.1%*	*19.2%*	*22.4%*

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 7: Hynix earnings summary

(W bn)	1Q26	2Q26	3Q26	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2025	2026E	2027E	2028E
Revenue	**52,576**	**79,319**	**104,615**	**126,145**	**133,362**	**142,567**	**154,369**	**156,572**	**97,147**	**362,656**	**586,870**	**651,612**
DRAM	41,220	58,180	78,357	98,074	104,351	110,706	122,009	125,547	74,934	275,831	462,614	527,134
NAND	11,251	21,004	24,951	27,024	28,048	30,898	31,368	30,013	20,409	84,230	120,327	120,363
Others	105	135	1,308	1,047	963	963	992	1,012	1,804	2,595	3,929	4,116
Gross profit	**41,679**	**65,991**	**89,653**	**108,975**	**115,985**	**121,606**	**130,709**	**130,717**	**58,691**	**306,299**	**499,017**	**542,741**
SG&A	4,069	5,449	6,319	7,569	8,002	8,554	10,806	10,960	11,484	23,406	38,322	52,129
Operating profit	**37,610**	**60,543**	**83,334**	**101,406**	**107,983**	**113,052**	**119,903**	**119,757**	**47,206**	**282,893**	**460,696**	**490,612**
DRAM	31,720	46,816	65,215	81,726	87,485	91,186	98,878	100,686	44,953	225,476	378,236	414,711
NAND	5,921	13,739	18,080	19,660	20,479	21,847	21,005	19,051	2,608	57,399	82,381	75,818
Others	(31)	(12)	39	21	19	19	20	20	(355)	18	79	82
Pre-tax profit	**51,617**	**122,708**	**50,709**	**106,177**	**112,695**	**117,958**	**124,965**	**125,104**	**50,466**	**331,211**	**480,722**	**514,297**
Net income	**40,330**	**93,820**	**39,534**	**79,631**	**84,520**	**88,466**	**93,722**	**93,826**	**42,919**	**253,315**	**360,534**	**385,715**
EPS (W)	**57,733**	**132,457**	**56,765**	**119,201**	**129,082**	**137,903**	**149,179**	**152,566**	**62,158**	**379,193**	**586,245**	**686,401**
Margins (%)												
Gross profit margin	**79**	**83**	**86**	**86**	**87**	**85**	**85**	**83**	**60**	**84**	**85**	**83**
Operating profit margin	**72**	**76**	**80**	**80**	**81**	**79**	**78**	**76**	**49**	**78**	**79**	**75**
DRAM	77	80	83	83	84	82	81	80	60	82	82	79
NAND	53	65	72	73	73	71	67	63	13	68	68	63
Others	(29)	(9)	3	2	2	2	2	2	(20)	1	2	2
Net profit margin	**77**	**118**	**38**	**63**	**63**	**62**	**61**	**60**	**44**	**70**	**61**	**59**
Sequential growth (%)												
Revenue	*60*	*51*	*32*	*21*	*6*	*7*	*8*	*1*	*47*	*273*	*62*	*11*
Gross profit	*85*	*58*	*36*	*22*	*6*	*5*	*7*	*0*	*84*	*422*	*63*	*9*
Operating profit	*96*	*61*	*38*	*22*	*6*	*5*	*6*	*(0)*	*101*	*499*	*63*	*6*
Net income	*165*	*133*	*(58)*	*101*	*6*	*5*	*6*	*0*	*117*	*490*	*42*	*7*

Source: Company data, Goldman Sachs Global Investment Research

Price Target Risks and Methodology - SK Hynix Inc.

Valuation methodology: Our 2026E/27E avg. P/E-based 12m TP is W3,500,000, applying a target P/E multiple of 7.0X.

Key risks: Key risks include 1) major deterioration in memory supply/demand and delay in technology migration, 2) weaker demand for smartphones/PCs/servers which would impact overall conventional memory demand, 3) Samsung's positive HBM business progress which would impact HBM revenue and profit, 4) lower AI-related capex which would impact overall HBM demand, and thus HBM revenue/profit for the company.

Investment Thesis - SK Hynix Inc.

SK Hynix (Hynix) is the leader in the HBM market, the second-largest DRAM supplier, and one of the leading NAND suppliers globally. We expect one of the strongest memory upcycles to pan out throughout 2026, as the incrementally higher AI spending mainly from the hyperscalers and their intentions to continue to do so is driving our view that memory demand from servers (server DRAM, SOCAMM, HBM, and eSSD) will significantly outpace supply, hence we are Buy rated on the name.