Fast Take

SK Hynix

HEADLINE

3Q26 OP of Won83.3tn, in line with UBSe Won83.5tn but above consensus Won78.7tn, buy-side Won77-82tn

OUR TAKE

DRAM ASPs up high-20% QoQ (UBSe +23%), NAND up mid-20%. Targets '26 Won100tn shareholder returns in with Won14tn Q3 dividend and c. Won10tn share acquisition/cancellation. Implies 56% of UBSe '26E FCF. '27E capex up significantly, UBSe +34% YoY.

Equities

Korea
Semiconductors

12-month rating	**Buy**
12m price target	**Won3,000,000**
Price (27 Oct 2026)	**Won1,341,000**

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

Trading data and key metrics

52-wk range	Won2,919,000-519,000
Market cap.	Won976,251b/US$735b
Shares o/s	728m (ORD)
Free float	66%
Avg. daily volume ('000)	3,964
Avg. daily value (m)	Won6,305,529.8
Common s/h equity (12/26E)	Won355054b
P/BV (12/26E)	2.6x
Net debt to EBITDA (12/26E)	NM

EPS (UBS, diluted) (KRW)

	UBS	Cons.
12/26E	395,053	352,191
12/27E	610,284	464,849
12/28E	745,367	513,098

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

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	3.0	1.4	1.0	0.9	0.6
P/E (UBS, diluted) x	(8.6)	6.6	5.2	3.4	2.2	1.8	2.1	1.7
Equity FCF (UBS) yield %	(8.2)	10.5	12.0	18.8	32.2	37.2	30.7	30.7
Dividend yield (net) %	1.1	1.2	1.0	3.6	5.5	5.5	4.5	4.3

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 Won 1,341,000 on 27-Oct-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 3.**

Forecast returns	
Forecast price appreciation	123.7%
Forecast dividend yield	3.6%
Forecast stock return	127.3%
Market return assumption	9.3%
Forecast excess return	118.0%

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.

