SK Hynix

Delivering shareholders returns at upper end of expectations

Equities

Korea
Semiconductors

12-month rating **Buy**

12m price target **Won3,000,000**

Price (28 Oct 2026) **Won1,487,000**

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

Trading data and key metrics

52-wk range	Won2,919,000-519,000
Market cap.	Won1,082,540b/US$809b
Shares o/s	728m (ORD)
Free float	66%
Avg. daily volume ('000)	3,947
Avg. daily value (m)	Won6,253,666.9
Common s/h equity (12/26E)	Won337846b
P/BV (12/26E)	3.1x
Net debt to EBITDA (12/26E)	NM

EPS (UBS, diluted) (KRW)

	From	To	% ch	Cons.
12/26E	395,053	376,837	-5	352,191
12/27E	610,284	708,387	16	464,849
12/28E	745,367	1,029,979	38	513,098

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Current share price already discounts a marked downcycle scenario for '28

Coming into 3Q26, we flagged shareholders returns as the key positive catalyst. Won100tn return to shareholders for 2026 is equivalent to 54% of our revised FCF forecast, above Buy Side expectations. Going forward, we reset our expectation up to 60% of FCF return 2027E onwards. This implies 20% return in 2027E and 24% in 2028E at current share price. At this juncture, investors have been more worried about exogenous factors, such as the AI capex cycle rolling over in 2028 should hyperscalers/ neoclouds end up short on the financing side. Assuming a mid-cycle P/BV multiple of 1.5x (applied to 2028E Book), the current stock price is discounting a 30% YoY decline in DRAM & NAND ASPs in 2028. This implies memory oversupply vs management expecting undersupply into 2030. It also would assume that either LTA pricing protection is not enforced, or underlying, variable contract pricing down close to 50% in '28. Looking at it another way, a downside scenario of 1.0x 2028 Book is 27% downside from the current share price, whilst our upside scenario implies 155% upside.

HBM4 appears largely on track, affirming our HBM ASP estimates

Management indicated shipping HBM4 in volumes, with cross over with HBM3E in 4Q26. This is in line with our checks, which indicate that SK Hynix HBM4 issues are largely in the back mirror. We also note that Nvidia has lowered pin-to-pin speed requirement for Rubin to 10.6 Gbps vs 11.7 prior, thus lowering the threshold. Regarding the expected HBM pricing re-set in 2027, we affirm our view that SK Hynix may end up close to US$3.3 per Gb for HBM4 at its main customer from c. US$2.1 currently, which should push up overall blended HBM ASPs by 59% YoY in 2027.

Upside to DRAM ASPs is coming through; revising up forecasts

3Q26 OP of Won83tn was in line with UBSe but above consensus. DRAM ASPs were up 27% QoQ, above UBSe +23%. This came from server DDR representing a higher portion of mix than expected (55% of DRAM revs). For 4Q26, we increase our DRAM ASP forecast to +15% QoQ (was +7%) from a higher base, maintaining +10% for NAND. 4Q26 DRAM bit growth guidance of +25% QoQ is above consensus but close to UBSe +20% as M15X and 1c nm output accelerates. Net, we increase our 4Q26E OP forecast to Won112tn from Won100tn (consensus: Won91tn). We also up our 2027E/2028E OP to Won538tn/613tn from Won500tn/Won541tn (consensus: Won425tn/Won486tn). Note we also slightly raise up our 2027E capex to Won65tn from Won63tn.

Valuation: PT Won3.00m; Buy

We value SK Hynix at 3.62x NTM P/BV based on our LT RoE forecast of 42.8% and CoE of 11.8%. Our SK Hynix ADR (SKHY) PT is US$226 (was US$220) 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	371,514	647,518	754,777	618,261	712,497
EBIT (UBS)	(7,730)	23,467	47,206	293,319	537,950	613,329	445,767	506,240
Net earnings (UBS)	(9,138)	19,797	42,948	261,754	422,258	483,023	353,735	401,639
EPS (UBS, diluted) (Won)	(12,552)	27,193	58,994	376,837	708,387	1,029,979	1,027,962	1,871,729
DPS (net) (Won)	1,200	2,205	3,000	50,450	78,125	88,125	88,125	96,125
Net (debt) / cash	(20,548)	(8,527)	12,694	110,333	275,028	442,764	573,188	712,807

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	79.0	83.1	81.3	72.1	71.1
ROIC (EBIT) %	(10.9)	32.4	56.0	251.8	299.2	244.5	152.4	155.3
EV/EBITDA (UBS core) x	15.6	3.9	3.4	3.0	1.4	1.0	1.0	0.6
P/E (UBS, diluted) x	(8.6)	6.6	5.2	3.9	2.1	1.4	1.4	0.8
Equity FCF (UBS) yield %	(8.2)	10.5	12.0	18.1	31.8	38.7	30.9	32.7
Dividend yield (net) %	1.1	1.2	1.0	3.4	5.3	5.9	5.9	6.5

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 1,487,000 on 28-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 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$1.71tn in '27E.

Q: Will SK Hynix retain the lead in HBM in 2026 and 2027?
We forecast HBM shipments of 16.4bn Gb in 2026E (+30% YoY) and 20.3bn Gb in 2027E (+24% YoY). We forecast SK Hynix to retain the #1 market share in HBM with 46% of industry bit shipment in 2026E, but fall slightly below Samsung in 2027E with 37% of industry bit shipments (Samsung 41%, Micron 21%, CXMT 1%).

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/Won344tn/Won419tn in 2026E/2027E/2028E. SK Hynix management announced during their 3Q26 conference call that they plan to return Won100tn in 2026, which is equivalent to 54% of UBSe 2026E FCF. Over the long run, we expect SK Hynix to return 60% of FCF to shareholders.

UBSVIEW

SK Hynix shares down 49% 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.

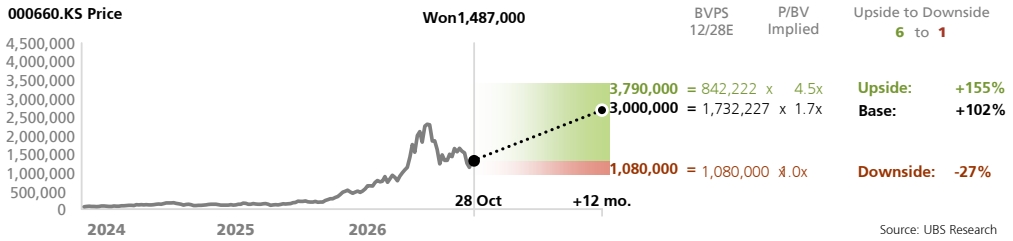
EVIDENCE

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 1.79x NTM P/BV, discounting a long-term ROE of 21.1% vs our estimate of 42.8%.

UPSIDE/DOWNSIDE SPECTRUM



Value drivers	DRAM ASP % YoY '27E/'28E	NAND ASP % YoY '27E/'28E	Operating Profit (Won) '27E/'28E
Won3.79m upside	+60%/+10%	+50%/-15%	570tn/610tn
Won3.00m base	+46%/+3%	+42%/-32%	538tn/613tn
Won1.08m downside	+22%/-25%	+14%/-40%	430tn/390tn

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 – 3Q26 results summary

(Won bn)	3Q26 Actual	UBSe	Cons	2Q26 Actual	% QoQ	3Q25 Actual	% YoY
Revenues	104,615	103,684	99,504	79,319	*32%*	24,449	*328%*
Gross Profit	89,653	89,710		65,991	*36%*	14,029	*539%*
% Gross margin	85.7%	86.5%		83.2%		57.4%	
Operating Profit	**83,334**	**83,541**	**78,279**	**60,543**	*38%*	**11,383**	*632%*
% Operating margin	79.7%	80.6%	78.7%	76.3%		46.6%	
EPS (Won)	56,453	93,096	86,482	131,784	*-57%*	17,304	*226%*
DRAM							
Revenues	78,462	78,181		58,473	*34%*	19,125	*310%*
Bit Growth % QoQ	up c. 10%	+10.3%		+7.5%		+8.0%	
ASP % QoQ	up high-20s%	+23.1%		+30.0%		+4.7%	
NAND							
Revenues	25,108	25,243		20,617	*22%*	4,959	*406%*
Bit Growth % QoQ	down slightly	+2.7%		+15.0%		-5.0%	
ASP % QoQ	up mid-20s%	+21.0%		+55.0%		+11.7%	
Inventory							
Inventory	19,356	16,844		17,986		13,156	
Inventory days	118	110		123		115	

Source: Company data, Visible Alpha, UBS estimates

Figure 2: SK Hynix – changes to estimates

(Won bn)	4Q26E New	4Q26E Old	4Q26E Chg %	1Q27E New	1Q27E Old	1Q27E Chg %	2026E New	2026E Old	2026E Chg %	2027E New	2027E Old	2027E Chg %	2028E New	2028E Old	2028E Chg %	2029E New	2029E Old	2029E Chg %
Total sales	**135,004**	**121,134**	**11.4%**	**141,210**	**132,496**	**6.6%**	**371,514**	**356,713**	**4.1%**	**647,518**	**600,701**	**7.8%**	**754,777**	**668,206**	**13.0%**	**618,261**	**561,085**	**10.2%**
DRAM sales	107,853	93,041	15.9%	111,288	102,263	8.8%	286,993	270,702	6.0%	508,760	461,735	10.2%	642,886	556,898	15.4%	550,895	494,727	11.4%
NAND Flash sales	27,002	27,857	-3.1%	29,790	30,020	-0.8%	83,921	85,160	-1.5%	138,162	138,028	0.1%	111,267	110,346	0.8%	66,735	65,385	2.1%
Operating profit	**111,832**	**99,546**	**12.3%**	**116,823**	**109,753**	**6.4%**	**293,319**	**281,240**	**4.3%**	**537,950**	**499,907**	**7.6%**	**613,329**	**540,798**	**13.4%**	**445,767**	**414,233**	**7.6%**
DRAM OP	91,931	78,886	16.5%	94,414	87,290	8.2%	235,741	222,448	6.0%	431,665	394,442	9.4%	539,714	468,380	15.2%	422,925	392,523	7.7%
NAND Flash OP	19,960	20,712	-3.6%	22,462	22,515	-0.2%	58,248	59,283	-1.7%	106,506	105,645	0.8%	73,817	72,582	1.7%	23,015	21,830	5.4%
% OP margin	*82.8%*	*82.2%*		*82.7%*	*82.8%*		*79.0%*	*78.8%*		*83.1%*	*83.2%*		*81.3%*	*80.9%*		*72.1%*	*73.8%*	
EPS	**131,428**	**113,563**	**15.7%**	**143,116**	**128,251**	**11.6%**	**376,837**	**395,053**	**-4.6%**	**708,387**	**610,284**	**16.1%**	**1,029,979**	**745,367**	**38.2%**	**1,027,962**	**649,593**	**58.2%**

Source: UBS estimates

Figure 3: SK Hynix – UBSe vs consensus

(Won bn)	4Q26E UBSe	4Q26E Cons	4Q26E Delta	1Q27E UBSe	1Q27E Cons	1Q27E Delta	2026E UBSe	2026E Cons	2026E Delta	2027E UBSe	2027E Cons	2027E Delta	2028E UBSe	2028E Cons	2028E Delta	2029E UBSe	2029E Cons	2029E Delta
Revenues	135,004	114,313	*18.1%*	141,210	120,566	*17.1%*	371,514	345,072	*7.7%*	647,518	541,562	*19.6%*	754,777	639,995	*17.9%*	618,261	696,624	*-11.2%*
Operating profit	**111,832**	**91,101**	**22.8%**	**116,823**	**95,900**	**21.8%**	**293,319**	**266,401**	**10.1%**	**537,950**	**425,032**	**26.6%**	**613,329**	**485,854**	**26.2%**	**445,767**	**520,467**	**-14.4%**
% OP margin	*82.8%*	*79.7%*	*314bps*	*82.7%*	*79.5%*	*319bps*	*79.0%*	*77.2%*	*175bps*	*83.1%*	*78.5%*	*460bps*	*81.3%*	*75.9%*	*534bps*	*72.1%*	*74.7%*	*-261bps*
EPS	131,428	102,764	27.9%	143,116	109,418	30.8%	376,837	368,883	2.2%	708,387	480,242	47.5%	1,029,979	533,387	93.1%	1,027,962	555,021	85.2%

Source: Visible Alpha, UBS estimates

Figure 4: SK Hynix – changes to key assumptions

	4Q26E (QoQ) New	4Q26E (QoQ) Old	1Q27E (QoQ) New	1Q27E (QoQ) Old	2026E (YoY) New	2026E (YoY) Old	2027E (YoY) New	2027E (YoY) Old	2028E (YoY) New	2028E (YoY) Old	2029E (YoY) New	2029E (YoY) Old
DRAM												
Bit Shipments	24.6%	16.4%	-4.8%	0.9%	29.5%	27.0%	27.2%	28.0%	23.0%	18.1%	18.1%	16.4%
ASP change	14.8%	6.7%	9.4%	8.9%	197.9%	182.7%	46.4%	37.3%	2.8%	2.2%	-27.5%	-23.7%
% OP margin	**85.2%**	**84.8%**	**84.8%**	**85.4%**	**82.2%**	**82.2%**	**84.8%**	**85.4%**	**84.0%**	**84.1%**	**76.8%**	**79.3%**
NAND Flash												
Bit Shipments	5.0%	6.5%	5.3%	1.7%	17.2%	20.0%	23.2%	21.3%	18.9%	18.3%	16.8%	16.1%
ASP change	9.6%	8.2%	5.8%	6.0%	254.2%	248.3%	41.7%	38.4%	-32.3%	-32.4%	-48.6%	-49.0%
% OP margin	**73.9%**	**74.4%**	**75.4%**	**75.0%**	**69.4%**	**69.6%**	**77.1%**	**76.5%**	**66.3%**	**65.8%**	**34.5%**	**33.4%**

Source: UBS estimates

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Figure 5: SK Hynix – UBS DRAM forecasts

	2025	1Q26	2Q26	3Q26	4Q26E	2026E	1Q27E	2Q27E	3Q27E	4Q27E	2027E	2028E	2029E	2030E
DRAM revenues (Won bn)	**75,349**	**41,008**	**58,473**	**79,659**	**107,853**	**286,993**	**111,288**	**124,116**	**134,300**	**139,056**	**508,760**	**642,886**	**550,895**	**628,092**
% YoY	*66.9%*	*192.2%*	*241.3%*	*316.5%*	*330.4%*	*280.9%*	*171.4%*	*112.3%*	*68.6%*	*28.9%*	*77.3%*	*26.4%*	*-14.3%*	*14.0%*
% QoQ		*63.6%*	*42.6%*	*36.2%*	*35.4%*		*3.2%*	*11.5%*	*8.2%*	*3.5%*				
DRAM revenues (US$m)	**53,456**	**28,857**	**40,345**	**56,373**	**80,637**	**206,212**	**83,947**	**93,623**	**101,305**	**104,892**	**383,767**	**484,941**	**415,550**	**473,781**
% YoY	*62.8%*	*198.7%*	*227.2%*	*304.2%*	*360.3%*	*285.8%*	*190.9%*	*132.1%*	*79.7%*	*30.1%*	*86.1%*	*26.4%*	*-14.3%*	*14.0%*
% QoQ		*64.7%*	*39.8%*	*39.7%*	*43.0%*		*4.1%*	*11.5%*	*8.2%*	*3.5%*				
DRAM unit shipment (1Gb eq)	93,014	25,453	27,368	30,111	37,529	120,461	35,726	37,997	39,471	39,978	153,173	188,373	222,530	271,809
% YoY	*24.3%*	*35.8%*	*16.8%*	*18.9%*	*47.1%*	*29.5%*	*40.4%*	*38.8%*	*31.1%*	*6.5%*	*27.2%*	*23.0%*	*18.1%*	*22.1%*
% QoQ		*-0.3%*	*7.5%*	*10.0%*	*24.6%*		*-4.8%*	*6.4%*	*3.9%*	*1.3%*				
Avg. wafer out per month (k 12"eq)	6,110	564	572	583	600	6,957	618	636	654	677	7,755	8,916	10,164	11,412
% YoY	*25.7%*	*18.9%*	*14.6%*	*12.3%*	*10.3%*	*13.9%*	*9.6%*	*11.2%*	*12.2%*	*12.8%*	*11.5%*	*15.0%*	*14.0%*	*12.3%*
% QoQ		*3.7%*	*1.4%*	*1.9%*	*2.9%*		*3.0%*	*2.9%*	*2.8%*	*3.5%*				
DRAM ASP (US$ 1Gb eq)	0.57	1.13	1.47	1.87	2.15	1.71	2.35	2.46	2.57	2.62	2.51	2.57	1.87	1.74
% YoY	*31.0%*	*120.0%*	*180.2%*	*239.8%*	*213.0%*	*197.9%*	*107.3%*	*67.1%*	*37.1%*	*22.1%*	*46.4%*	*2.8%*	*-27.5%*	*-6.7%*
% QoQ		*65.1%*	*30.0%*	*27.0%*	*14.8%*		*9.4%*	*4.9%*	*4.2%*	*2.2%*				
Operating profit (Won bn)	**44,895**	**31,588**	**46,791**	**65,430**	**91,931**	**235,741**	**94,414**	**105,731**	**114,361**	**117,160**	**431,665**	**539,714**	**422,925**	**474,441**
% OP margin	***59.6%***	***77.0%***	***80.0%***	***82.1%***	***85.2%***	***82.1%***	***84.8%***	***85.2%***	***85.2%***	***84.3%***	***84.8%***	***84.0%***	***76.8%***	***75.5%***
Fully Loaded Cost/Unit (1Gb US$)	0.23	0.26	0.29	0.33	0.32	0.30	0.36	0.36	0.38	0.41	0.38	0.41	0.43	0.43
% YoY	*-3.0%*	*7.0%*	*15.9%*	*51.4%*	*45.1%*	*30.5%*	*36.8%*	*23.9%*	*13.9%*	*30.2%*	*24.7%*	*8.8%*	*5.0%*	*-1.7%*
% QoQ		*19.1%*	*13.1%*	*13.6%*	*-5.1%*		*12.3%*	*2.4%*	*4.4%*	*8.4%*				
Cash Cost/Unit (1Gb US$)	0.15	0.18	0.22	0.25	0.25	0.23	0.27	0.28	0.28	0.30	0.28	0.29	0.30	0.30
% YoY	*-1.0%*	*20.9%*	*24.2%*	*76.7%*	*72.8%*	*49.5%*	*48.7%*	*26.8%*	*10.7%*	*22.2%*	*23.9%*	*3.5%*	*3.0%*	*-1.9%*
% QoQ		*27.6%*	*18.7%*	*17.3%*	*-2.8%*		*9.8%*	*1.2%*	*2.4%*	*7.4%*				
DDR revenues (US$m)	**32,935**	**22,699**	**34,106**	**49,406**	**70,879**	**177,090**	**71,593**	**80,138**	**86,322**	**88,213**	**326,266**	**388,001**	**267,158**	**261,434**
% YoY	*40.4%*	*333.7%*	*375.1%*	*483.3%*	*488.1%*	*437.7%*	*215.4%*	*135.0%*	*74.7%*	*24.5%*	*84.2%*	*18.9%*	*-31.1%*	*-2.1%*
% QoQ		*88.3%*	*50.3%*	*44.9%*	*43.5%*		*1.0%*	*11.9%*	*7.7%*	*2.2%*				
DDR unit shipment (1Gb eq)	80,386	21,650	23,564	26,196	32,650	104,061	31,082	33,058	34,340	34,381	132,860	160,478	184,700	222,748
% YoY	*18.1%*	*36.7%*	*16.3%*	*18.7%*	*47.1%*	*29.5%*	*43.6%*	*40.3%*	*31.1%*	*5.3%*	*27.7%*	*20.8%*	*15.1%*	*20.6%*
% QoQ		*-2.5%*	*8.8%*	*11.2%*	*24.6%*		*-4.8%*	*6.4%*	*3.9%*	*0.1%*				
DDR ASP (US$ 1Gb eq)	0.41	1.05	1.45	1.89	2.17	1.70	2.30	2.42	2.51	2.57	2.46	2.42	1.45	1.17
% YoY	*18.8%*	*217.3%*	*308.7%*	*391.5%*	*299.9%*	*315.4%*	*119.7%*	*67.5%*	*33.3%*	*18.2%*	*44.3%*	*-1.5%*	*-40.2%*	*-18.9%*
% QoQ		*93.1%*	*38.1%*	*30.3%*	*15.1%*		*6.1%*	*5.2%*	*3.7%*	*2.1%*				
HBM revenues (US$m)	**20,521**	**6,158**	**6,239**	**6,968**	**9,758**	**29,122**	**12,354**	**13,485**	**14,983**	**16,679**	**57,501**	**96,940**	**148,392**	**212,348**
% YoY	*118.9%*	*39.1%*	*21.1%*	*27.2%*	*78.5%*	*41.9%*	*100.6%*	*116.1%*	*115.0%*	*70.9%*	*97.5%*	*68.6%*	*53.1%*	*43.1%*
% QoQ		*12.6%*	*1.3%*	*11.7%*	*40.0%*		*26.6%*	*9.2%*	*11.1%*	*11.3%*				
HBM unit shipment (1Gb eq)	12,628	3,803	3,804	3,914	4,879	16,400	4,644	4,940	5,131	5,597	20,312	27,895	37,830	49,061
% YoY	*86.0%*	*30.8%*	*20.2%*	*20.8%*	*47.1%*	*29.9%*	*22.1%*	*29.8%*	*31.1%*	*14.7%*	*23.9%*	*37.3%*	*35.6%*	*29.7%*
% QoQ		*14.6%*	*0.0%*	*2.9%*	*24.6%*		*-4.8%*	*6.4%*	*3.9%*	*9.1%*				
HBM ASP (US$ 1Gb eq)	1.63	1.62	1.64	1.78	2.00	1.78	2.66	2.73	2.92	2.98	2.83	3.48	3.92	4.33
% YoY	*17.7%*	*6.3%*	*0.8%*	*5.3%*	*21.4%*	*9.3%*	*64.3%*	*66.5%*	*64.0%*	*49.0%*	*59.4%*	*22.8%*	*12.9%*	*10.3%*
% QoQ		*-1.7%*	*1.3%*	*8.5%*	*12.4%*		*33.0%*	*2.6%*	*7.0%*	*2.1%*				

Source: Company data, UBS estimates

Figure 6: SK Hynix – UBS NAND Flash forecasts

(Won bn)	2025	1Q26	2Q26	3Q26	4Q26E	2026E	1Q27E	2Q27E	3Q27E	4Q27E	2027E	2028E	2029E	2030E
Revenues	**20,295**	**11,343**	**20,617**	**24,800**	**27,002**	**83,921**	**29,790**	**33,194**	**36,901**	**38,277**	**138,162**	**111,267**	**66,735**	**83,768**
% YoY	*7.2%*	*259.8%*	*335.7%*	*400.1%*	*262.8%*	*313.5%*	*162.6%*	*61.0%*	*48.8%*	*41.8%*	*64.6%*	*-19.5%*	*-40.0%*	*25.5%*
% QoQ		*52.4%*	*81.8%*	*20.3%*	*8.9%*		*10.3%*	*11.4%*	*11.2%*	*3.7%*				
Revenues (US$m)	**14,396**	**7,982**	**14,225**	**17,550**	**20,188**	**59,946**	**22,471**	**25,039**	**27,835**	**28,873**	**104,218**	**83,931**	**50,339**	**63,187**
% YoY	*3.9%*	*267.7%*	*317.7%*	*385.3%*	*288.0%*	*316.4%*	*181.5%*	*76.0%*	*58.6%*	*43.0%*	*73.9%*	*-19.5%*	*-40.0%*	*25.5%*
% QoQ		*53.4%*	*78.2%*	*23.4%*	*15.0%*		*11.3%*	*11.4%*	*11.2%*	*3.7%*				
Unit shipment (1GB eq)	**160,563**	**42,002**	**48,284**	**47,762**	**50,141**	**188,189**	**52,775**	**56,157**	**60,420**	**62,412**	**231,765**	**275,550**	**321,757**	**403,187**
% YoY	*11.8%*	*62.0%*	*7.3%*	*11.7%*	*7.0%*	*17.2%*	*25.6%*	*16.3%*	*26.5%*	*24.5%*	*23.2%*	*18.9%*	*16.8%*	*25.3%*
% QoQ		*-10.4%*	*15.0%*	*-1.1%*	*5.0%*		*5.3%*	*6.4%*	*7.6%*	*3.3%*				
Avg. wafer out per month (k 12"eq)	**206**	**199**	**192**	**193**	**204**	**197**	**208**	**204**	**200**	**196**	**202**	**186**	**184**	**210**
% YoY	*-3.7%*	*-10.7%*	*-5.5%*	*-2.8%*	*2.4%*	*-4.4%*	*4.6%*	*6.5%*	*3.5%*	*-4.1%*	*2.6%*	*-7.9%*	*-1.3%*	*14.4%*
% QoQ		*-0.4%*	*-3.6%*	*0.8%*	*5.8%*		*1.8%*	*-1.9%*	*-2.0%*	*-2.0%*				
ASP (US$ 1GB eq) - consol	**0.09**	**0.19**	**0.29**	**0.37**	**0.40**	**0.32**	**0.43**	**0.45**	**0.46**	**0.46**	**0.45**	**0.30**	**0.16**	**0.16**
% YoY	*-7.1%*	*126.9%*	*289.3%*	*334.6%*	*262.7%*	*254.2%*	*124.1%*	*51.3%*	*25.4%*	*14.9%*	*41.7%*	*-32.3%*	*-48.6%*	*0.2%*
% QoQ		*71.2%*	*55.0%*	*24.7%*	*9.6%*		*5.8%*	*4.7%*	*3.3%*	*0.4%*				
Operating profit - consolidated	**2,598**	**6,086**	**13,813**	**17,966**	**19,960**	**58,248**	**22,462**	**25,505**	**28,812**	**29,727**	**106,506**	**73,817**	**23,015**	**31,942**
% OP Margin	*12.8%*	*53.6%*	*67.0%*	*72.4%*	*73.9%*	*69.4%*	*75.4%*	*76.8%*	*78.1%*	*77.7%*	*77.1%*	*66.3%*	*34.5%*	*38.1%*
Fully Loaded Cost/unit (1GB US$)	**0.08**	**0.09**	**0.10**	**0.11**	**0.11**	**0.10**	**0.11**	**0.11**	**0.11**	**0.12**	**0.11**	**0.11**	**0.11**	**0.10**
% YoY	*-10.3%*	*3.0%*	*45.4%*	*30.4%*	*39.7%*	*30.9%*	*23.2%*	*9.7%*	*0.3%*	*6.2%*	*8.4%*	*0.0%*	*0.8%*	*-6.9%*
% QoQ		*9.6%*	*12.8%*	*13.0%*	*0.0%*		*-3.4%*	*0.5%*	*3.4%*	*5.8%*				
Cash Cost/unit (1GB US$)	**0.06**	**0.07**	**0.08**	**0.09**	**0.10**	**0.09**	**0.09**	**0.09**	**0.09**	**0.10**	**0.09**	**0.09**	**0.09**	**0.08**
% YoY	*-6.8%*	*10.7%*	*53.5%*	*37.3%*	*42.7%*	*37.1%*	*32.0%*	*10.8%*	*0.1%*	*4.8%*	*9.6%*	*-2.6%*	*-1.8%*	*-7.5%*
% QoQ		*4.2%*	*18.9%*	*14.1%*	*1.0%*		*-3.7%*	*-0.2%*	*3.1%*	*5.7%*				

Source: Company data, UBS estimates

Figure 7: SK Hynix – UBS capex forecasts

	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Semis Capex (US$m)											
DRAM	5,808	7,553	11,033	4,760	10,860	17,076	28,040	39,065	43,065	46,065	48,065
% YoY	*-18.1%*	*30.0%*	*46.1%*	*-56.9%*	*128.1%*	*57.2%*	*64.2%*	*39.3%*	*10.2%*	*7.0%*	*4.3%*
NAND Flash	2,700	3,357	3,734	1,523	784	2,428	5,250	10,097	12,097	14,097	15,097
% YoY	*-34.9%*	*24.3%*	*11.2%*	*-59.2%*	*-48.5%*	*209.7%*	*116.2%*	*92.3%*	*19.8%*	*16.5%*	*7.1%*
Semis Capex	**8,508**	**10,911**	**14,767**	**6,283**	**11,644**	**19,504**	**33,290**	**49,162**	**55,162**	**60,162**	**63,162**
% YoY	*-24.3%*	*28.2%*	*35.3%*	*-57.5%*	*85.3%*	*67.5%*	*70.7%*	*47.7%*	*12.2%*	*9.1%*	*5.0%*
Semis Capex (Won bn)	**10,069**	**12,487**	**19,010**	**8,325**	**15,920**	**27,519**	**46,781**	**65,175**	**73,129**	**79,757**	**83,734**
% YoY	*107.6%*	*24.0%*	*52.2%*	*-56.2%*	*91.2%*	*72.9%*	*70.0%*	*39.3%*	*12.2%*	*9.1%*	*5.0%*
Semis WFE (US$m)											
DRAM	3,009	5,530	7,424	2,409	7,178	10,117	15,290	21,212	25,212	28,212	31,212
% YoY	*-16.7%*	*83.8%*	*34.2%*	*-67.6%*	*198.0%*	*40.9%*	*51.1%*	*38.7%*	*18.9%*	*11.9%*	*10.6%*
NAND Flash	1,500	1,552	1,500	935	375	1,200	3,000	6,450	8,450	9,450	10,450
% YoY	*-21.1%*	*3.5%*	*-3.4%*	*-37.7%*	*-59.9%*	*220.0%*	*150.0%*	*115.0%*	*31.0%*	*11.8%*	*10.6%*
Semis WFE	**4,509**	**7,082**	**8,924**	**3,344**	**7,553**	**11,317**	**18,290**	**27,662**	**33,662**	**37,662**	**41,662**
% YoY	*-18.2%*	*57.1%*	*26.0%*	*-62.5%*	*125.9%*	*49.8%*	*61.6%*	*51.2%*	*21.7%*	*11.9%*	*10.6%*

Source: Company data, UBS estimates

Figure 8: SK Hynix – UBS income statement forecasts

(Won bn)	2025	1Q26	2Q26	3Q26	4Q26E	2026E	1Q27E	2Q27E	3Q27E	4Q27E	2027E	2028E	2029E	2030E
Revenues	**97,147**	**52,576**	**79,319**	**104,615**	**135,004**	**371,514**	**141,210**	**157,449**	**171,368**	**177,491**	**647,518**	**754,777**	**618,261**	**712,497**
% YoY	46.8%	*198.1%*	*256.8%*	*327.9%*	*311.3%*	282.4%	*168.6%*	*98.5%*	*63.8%*	*31.5%*	74.3%	16.6%	-18.1%	15.2%
% QoQ		*60.2%*	*50.9%*	*31.9%*	*29.0%*		*4.6%*	*11.5%*	*8.8%*	*3.6%*				
DRAM	75,349	41,008	58,473	79,659	107,853	286,993	111,288	124,116	134,300	139,056	508,760	642,886	550,895	628,092
NAND Flash	20,295	11,343	20,617	24,800	27,002	83,921	29,790	33,194	36,901	38,277	138,162	111,267	66,735	83,768
Gross Profit	**58,691**	**41,679**	**65,991**	**89,652**	**118,856**	**316,179**	**124,109**	**138,975**	**151,421**	**155,796**	**570,300**	**653,286**	**493,390**	**561,523**
% GP margin	*60.4%*	*79.3%*	*83.2%*	*85.7%*	*88.0%*	*85.1%*	*87.9%*	*88.3%*	*88.4%*	*87.8%*	*88.1%*	*86.6%*	*79.8%*	*78.8%*
Opex	-11,484	-4,069	-5,449	-6,319	-7,024	-22,861	-7,286	-7,794	-8,307	-8,964	-32,350	-39,956	-47,623	-55,283
Opex as % of Revenues	*-11.8%*	*-7.7%*	*-6.9%*	*-6.0%*	*-5.2%*	*-6.2%*	*-5.2%*	*-5.0%*	*-4.8%*	*-5.1%*	*-5.0%*	*-5.3%*	*-7.7%*	*-7.8%*
Operating profit	**47,206**	**37,610**	**60,543**	**83,334**	**111,832**	**293,319**	**116,823**	**131,180**	**143,114**	**146,832**	**537,950**	**613,329**	**445,767**	**506,240**
% OP margin	***48.6%***	***71.5%***	***76.3%***	***79.7%***	***82.8%***	***79.0%***	***82.7%***	***83.3%***	***83.5%***	***82.7%***	***83.1%***	***81.3%***	***72.1%***	***71.1%***
Pre-tax profit (adjusted)	50,466	51,617	122,708	50,709	112,449	337,483	117,513	132,068	143,901	147,874	541,356	619,260	453,506	514,922
Tax	-7,518	-11,271	-28,786	-10,933	-24,739	-75,728	-25,853	-29,055	-31,658	-32,532	-119,098	-136,237	-99,771	-113,283
Net profit	**42,948**	**40,346**	**93,923**	**39,776**	**87,710**	**261,754**	**91,660**	**103,013**	**112,242**	**115,342**	**422,258**	**483,023**	**353,735**	**401,639**
EPS (Won)	**61,810**	**56,940**	**131,941**	**56,670**	**131,428**	**376,979**	**143,116**	**167,893**	**191,323**	**206,055**	**708,387**	**1,029,979**	**1,027,962**	**1,871,729**
DPS (Won)	**3,000**	**375**	**375**	**20,000**	**29,700**	**50,450**	**375**	**375**	**375**	**77,000**	**78,125**	**88,125**	**88,125**	**96,125**

Source: Company data, UBS estimates

Figure 9: SK Hynix – UBS cash flow statement forecasts

(Won bn)	2025	1Q26	2Q26	3Q26	4Q26E	2026E	1Q27E	2Q27E	3Q27E	4Q27E	2027E	2028E	2029E	2030E
Net income	42,919	40,330	93,820	39,534	87,710	261,395	91,660	103,013	112,242	115,342	422,258	483,023	353,735	401,639
Dep & Amort	13,890	3,729	4,030	4,335	4,400	16,494	4,932	5,515	6,218	6,920	23,584	34,853	44,835	53,850
Other non-cash	4,948	-1,930	-32,142	27	0	-34,045	0	0	0	0	0	0	0	0
Total non-cash transactions	18,838	1,799	-28,112	4,362	4,400	-17,551	4,932	5,515	6,218	6,920	23,584	34,853	44,835	53,850
Changes in Assets/liabilities	-2,881	-16,265	-6,091	-8,405	-5,704	-36,465	-8,769	-13,272	-9,217	-5,004	-36,261	-25,948	15,796	-18,029
Cash Flow from Ops	**53,373**	**26,330**	**65,412**	**54,781**	**86,407**	**232,930**	**87,823**	**95,256**	**109,243**	**117,259**	**409,581**	**491,928**	**414,366**	**437,461**
Capex	-27,519	-7,657	-10,671	-12,670	-15,782	-46,781	-16,294	-16,294	-16,294	-16,294	-65,175	-73,129	-79,757	-83,734
Cash flow from Investment	**-30,987**	**-7,128**	**-24,792**	**-42,892**	**-15,782**	**-90,594**	**-16,294**	**-16,294**	**-16,294**	**-16,294**	**-65,175**	**-73,129**	**-79,757**	**-83,734**
Change in Debt	768	-2,754	-5,786	-2,788	-730	-12,057	-100	-100	-100	-660	-960	-780	-600	-600
Dividends	-1,681	0	-1,594	-272	-13,953	-15,819	0	-19,262	-230	-220	-19,712	-41,063	-34,184	-24,107
Cash flow from Financing	**-1,445**	**-2,951**	**-4,666**	**10,781**	**-59,682**	**-56,519**	**-40,100**	**-59,362**	**-40,330**	**-40,880**	**-180,672**	**-251,843**	**-204,784**	**-214,707**
Net Cash Flow	20,786	19,388	33,628	26,502	10,942	90,460	31,430	19,600	52,619	60,085	163,735	166,956	129,824	139,019
EBITDA	61,096	41,339	64,573	87,669	116,232	309,813	121,755	136,695	149,332	153,752	561,534	648,182	490,602	560,090
% EBITDA margin	62.9%	*78.6%*	*81.4%*	*83.8%*	*86.1%*	83.4%	*86.2%*	*86.8%*	*87.1%*	*86.6%*	86.7%	85.9%	79.4%	78.6%
FCF	25,854	18,673	54,741	42,111	70,624	186,149	71,530	78,962	92,949	100,965	344,407	418,799	334,609	353,726
% FCF margin	26.6%	*35.5%*	*69.0%*	*40.3%*	*52.3%*	50.1%	*50.7%*	*50.2%*	*54.2%*	*56.9%*	53.2%	55.5%	54.1%	49.6%

Source: Company data, UBS estimates

Figure 10: SK Hynix – UBS balance sheet forecasts

(Won bn)	2025	1Q26	2Q26	3Q26	4Q26E	2026E	1Q27E	2Q27E	3Q27E	4Q27E	2027E	2028E	2029E	2030E
Cash and cash eq	**34,942**	**54,330**	**87,958**	**114,460**	**125,402**	**125,402**	**156,832**	**176,432**	**229,052**	**289,137**	**289,137**	**456,093**	**585,917**	**724,936**
Accounts receivable	18,199	33,808	47,821	59,116	66,577	66,577	74,280	86,273	93,900	97,255	97,255	110,307	81,774	102,335
Inventory	14,289	15,974	17,986	19,356	18,581	18,581	19,678	21,258	22,952	24,965	24,965	39,406	53,453	53,326
Other current assets	2,027	2,394	2,391	3,010	3,010	3,010	3,010	3,010	3,010	3,010	3,010	3,010	3,010	3,010
Total current assets	**69,458**	**106,506**	**156,156**	**195,942**	**213,570**	**213,570**	**253,801**	**286,974**	**348,914**	**414,367**	**414,367**	**608,816**	**724,155**	**883,606**
Investment	15,868	22,014	86,644	86,671	86,671	86,671	86,671	86,671	86,671	86,671	86,671	86,671	86,671	86,671
Tangible assets	77,503	82,052	88,889	97,211	108,365	108,365	119,500	130,063	139,938	149,124	149,124	186,635	220,858	250,145
Intangible assets	4,049	4,051	4,283	4,274	4,502	4,502	4,729	4,944	5,146	5,333	5,333	6,099	6,797	7,395
Other	9,229	8,206	12,890	7,702	7,702	7,702	7,702	7,702	7,702	7,702	7,702	7,702	7,702	7,702
Total non-current assets	**106,650**	**116,323**	**192,706**	**195,858**	**207,240**	**207,240**	**218,602**	**229,381**	**239,457**	**248,830**	**248,830**	**287,107**	**322,029**	**351,913**
Total Assets	**176,108**	**222,829**	**348,862**	**391,800**	**420,810**	**420,810**	**472,403**	**516,355**	**588,371**	**663,197**	**663,197**	**895,922**	**1,046,183**	**1,235,520**
AP	2,848	2,798	3,043	2,734	3,716	3,716	3,748	4,049	4,153	4,517	4,517	6,063	7,373	9,776
ST borrowings	2,396	2,522	2,664	1,333	1,283	1,283	1,233	1,183	1,133	1,083	1,083	883	683	483
Current portion of LT borrowings	5,766	3,369	3,194	3,222	3,172	3,172	3,122	3,072	3,022	2,972	2,972	2,772	2,572	2,372
Other current liabilities	26,369	32,012	51,355	51,355	51,355	51,355	51,355	51,355	51,355	51,355	51,355	51,355	51,355	51,355
Current liabilities	**37,379**	**40,701**	**60,257**	**58,644**	**59,526**	**59,526**	**59,458**	**59,659**	**59,663**	**59,927**	**59,927**	**61,072**	**61,983**	**63,986**
Debenture	11,206	10,751	10,544	9,649	9,519	9,519	9,519	9,519	9,519	9,319	9,319	9,119	8,919	8,719
LT borrowings	2,880	2,676	2,184	1,595	1,095	1,095	1,095	1,095	1,095	735	735	555	555	555
Other LT liabilities	3,976	4,322	13,184	12,824	12,824	12,824	12,824	12,824	12,824	12,824	12,824	12,824	12,824	12,824
LT liabilities	**18,062**	**17,748**	**25,912**	**24,068**	**23,438**	**23,438**	**23,438**	**23,438**	**23,438**	**22,878**	**22,878**	**22,498**	**22,298**	**22,098**
Total liabilities	**55,441**	**58,449**	**86,169**	**82,712**	**82,964**	**82,964**	**82,896**	**83,097**	**83,101**	**82,805**	**82,805**	**83,571**	**84,281**	**86,084**
Total equity	**120,667**	**164,380**	**262,693**	**309,088**	**337,846**	**337,846**	**389,506**	**433,257**	**505,270**	**580,392**	**580,392**	**812,352**	**961,902**	**1,149,435**
% ROE	**44.1%**	**113.2%**	**175.9%**	**55.7%**	**108.5%**	**114.2%**	**100.8%**	**100.2%**	**95.7%**	**85.0%**	**92.0%**	**69.4%**	**39.9%**	**38.0%**
Book value per share	173,663	232,077	369,431	443,057	506,240	486,566	608,163	706,133	861,259	1,036,850	973,674	1,732,226	2,795,311	5,356,621

Source: Company data, UBS estimates

Figure 11: SK Hynix – UBS valuation

UBS price target	**3,000,000**
Current stock price (Won)	1,487,000
Number of shares (bn) - ex treasury shares	0.698
Treasury shares (bn)	0.000
Market cap. (Won bn)	1,037,369
Debt (Won bn)	15,799
Cash & equivalents (Won bn)	114,460
Adjusted EV (Won bn)	938,708

	2025	2026E	2027E	2028E	2029E	2030E
Current valuation						
EV/Revenues	9.66	2.53	1.45	1.24	1.52	1.32
P/Book	8.60	3.07	1.79	1.28	1.08	0.90
P/E (ex-treasury shares)	24.06	3.94	2.10	1.44	1.45	0.79
P/E (including treasury shares)	25.21	3.95	2.10	1.44	1.45	0.79
EV/EBITDA	15.36	3.03	1.67	1.45	1.91	1.68
UBS valuation						
EV/Revenues	20.53	5.37	3.08	2.64	3.23	2.80
P/Book	17.34	6.19	3.61	2.58	2.18	1.82
P/E (ex-treasury shares)	48.54	7.96	4.23	2.91	2.92	1.60
P/E (including treasury shares)	50.85	7.96	4.23	2.91	2.92	1.60
EV/EBITDA	32.64	6.44	3.55	3.08	4.06	3.56
Other						
% ROE	***44.1%***	***114.2%***	***92.0%***	***69.4%***	***39.9%***	***38.0%***
Tangible book per share (Won)	167,163	477,827	824,308	1,155,710	1,369,079	1,637,038
Cash per share (Won)	50,087	179,756	414,459	653,779	839,873	1,039,148
Free cash flow per share (Won)	37,060	266,832	493,684	600,320	479,639	507,043
% Free cash flow yield	*2.5%*	*17.9%*	*33.2%*	*40.4%*	*32.3%*	*34.1%*

Source: Company data, UBS estimates. Priced as of October 28th, 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**	**371,514**	*282.4*	**647,518**	*74.3*	**754,777**	**618,261**	**712,497**
Gross profit	(533)	31,828	58,691	316,179	*NM*	570,300	*80.4*	653,286	493,390	561,523
EBITDA (UBS)	**5,889**	**36,012**	**61,096**	**309,813**	*NM*	**561,534**	*81.2*	**648,182**	**490,602**	**560,090**
Depreciation & amortisation	(13,619)	(12,545)	(13,890)	(16,494)	*-18.8*	(23,584)	*-43.0*	(34,853)	(44,835)	(53,850)
EBIT (UBS)	**(7,730)**	**23,467**	**47,206**	**293,319**	*NM*	**537,950**	*83.4*	**613,329**	**445,767**	**506,240**
Associates & investment income	15	(38)	(565)	(20)	*96.5*	0	-	0	0	0
Other non-operating income	(2,691)	1,457	4,253	42,961	*NM*	0	-	0	0	0
Net interest	(1,252)	(1,000)	(429)	1,223	-	3,407	*178.5*	5,931	7,739	8,682
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	**(11,658)**	**23,885**	**50,466**	**337,483**	*NM*	**541,356**	*60.4*	**619,260**	**453,506**	**514,922**
Tax	2,520	(4,088)	(7,518)	(75,728)	*NM*	(119,098)	*-57.3*	(136,237)	(99,771)	(113,283)
Profit after tax	**(9,138)**	**19,797**	**42,948**	**261,754**	*NM*	**422,258**	*61.3*	**483,023**	**353,735**	**401,639**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	25	(8)	(29)	(359)	*NM*	0	-	0	0	0
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	**(9,112)**	**19,789**	**42,919**	**261,395**	*NM*	**422,258**	*61.5*	**483,023**	**353,735**	**401,639**
Net earnings (UBS)	**(9,138)**	**19,797**	**42,948**	**261,754**	*NM*	**422,258**	*61.3*	**483,023**	**353,735**	**401,639**
Tax rate (%)	0.0	17.1	14.9	22.4	*50.6*	22.0	*-2.0*	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	376,837	*NM*	708,387	*88.0*	1,029,979	1,027,962	1,871,729
EPS (local GAAP, diluted)	(12,517)	27,182	58,955	376,320	*NM*	708,387	*88.2*	1,029,979	1,027,962	1,871,729
EPS (UBS, basic)	(12,552)	27,193	58,994	376,837	*NM*	708,387	*88.0*	1,029,979	1,027,962	1,871,729
DPS (net) (Won)	1,200	2,205	3,000	50,450	*NM*	78,125	*54.9*	88,125	88,125	96,125
Cash EPS (UBS, diluted) [1]	6,156	44,425	78,073	400,584	*NM*	747,952	*86.7*	1,104,297	1,158,254	2,122,682
Book value per share	73,494	101,532	165,750	486,384	*193.4*	973,675	*100.2*	1,732,227	2,795,312	5,356,623
Average shares (diluted)	728	728	728	695	*-4.6*	596	*-14.2*	469	344	215

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	125,402	*258.9*	289,137	*130.6*	456,093	585,917	724,936
Other current assets	21,547	28,123	34,516	88,168	*155.4*	125,230	*42.0*	152,723	138,238	158,670
Total current assets	**30,468**	**42,279**	**69,458**	**213,570**	*207.5*	**414,367**	*94.0*	**608,816**	**724,155**	**883,606**
Net tangible fixed assets	52,705	60,157	77,503	108,365	*39.8*	149,124	*37.6*	186,635	220,858	250,145
Net intangible fixed assets	3,835	4,019	4,049	4,502	*11.2*	5,333	*18.5*	6,099	6,797	7,395
Investments / other assets	13,323	13,400	25,097	94,373	*276.0*	94,373	*0.0*	94,373	94,373	94,373
Total assets	**100,330**	**119,855**	**176,108**	**420,810**	*139.0*	**663,197**	*57.6*	**895,922**	**1,046,183**	**1,235,520**
Trade payables & other ST liabilities	11,151	19,713	29,217	55,071	*88.5*	55,872	*1.5*	57,417	58,728	61,131
Short term debt	9,857	5,252	8,162	4,455	*-45.4*	4,055	*-9.0*	3,655	3,255	2,855
Total current liabilities	**21,008**	**24,965**	**37,379**	**59,526**	*59.3*	**59,927**	*0.7*	**61,072**	**61,983**	**63,986**
Long term debt	19,611	17,431	14,086	10,614	*-24.6*	10,054	*-5.3*	9,674	9,474	9,274
Other long term liabilities	6,207	3,543	3,976	12,824	*222.6*	12,824	*0.0*	12,824	12,824	12,824
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**46,826**	**45,940**	**55,441**	**82,964**	*49.6*	**82,805**	*-0.2*	**83,571**	**84,281**	**86,084**
Common s/h equity	**53,504**	**73,916**	**120,667**	**337,846**	*180.0*	**580,392**	*71.8*	**812,352**	**961,903**	**1,149,435**
Minority interests	0	0	0	0	-	0	-	0	0	0
Total liabilities & equity	**100,330**	**119,855**	**176,108**	**420,810**	*139.0*	**663,197**	*57.6*	**895,922**	**1,046,183**	**1,235,520**

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	261,395	*NM*	422,258	*61.5*	483,023	353,735	401,639
Depreciation & amortisation	13,619	12,545	13,890	16,494	*18.8*	23,584	*43.0*	34,853	44,835	53,850
Net change in working capital	714	(4,656)	(5,780)	(47,743)	*NM*	(36,261)	*24.0*	(25,948)	15,796	(18,029)
Other operating	(3,334)	1,896	3,386	12,075	*256.7*	0	-	0	0	0
Operating cash flow	**1,887**	**29,574**	**54,415**	**242,222**	*345.1*	**409,581**	*69.1*	**491,928**	**414,366**	**437,461**
Tangible capital expenditure	(8,325)	(15,946)	(27,519)	(46,781)	*-70.0*	(65,175)	*-39.3*	(73,129)	(79,757)	(83,734)
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)	(43,813)	*NM*	0	-	0	0	0
Investing cash flow	**(7,433)**	**(16,387)**	**(30,987)**	**(90,594)**	*-192.4*	**(65,175)**	*28.1*	**(73,129)**	**(79,757)**	**(83,734)**
Equity dividends paid	(825)	(826)	(1,681)	(15,819)	*NM*	(19,712)	*-24.6*	(41,063)	(34,184)	(24,107)
Share issues / (buybacks)	0	0	0	(65,000)	-	(160,000)	*-146.2*	(210,000)	(170,000)	(190,000)
Other financing	48	(502)	(532)	36,357	-	0	-	0	0	0
Change in debt & pref shares	6,969	(7,376)	768	(12,057)	-	(960)	*92.0*	(780)	(600)	(600)
Financing cash flow	**6,191**	**(8,704)**	**(1,445)**	**(56,519)**	*NM*	**(180,672)**	*-219.7*	**(251,843)**	**(204,784)**	**(214,707)**
Cash flow inc/(dec) in cash	**645**	**4,483**	**21,983**	**95,109**	*332.7*	**163,735**	*72.2*	**166,956**	**129,824**	**139,019**
FX / non cash items	1,867	753	(1,197)	(4,649)	*-288.4*	0	-	0	0	0
Balance sheet inc/(dec) in cash	**2,512**	**5,235**	**20,786**	**90,460**	*335.2*	**163,735**	*81.0*	**166,956**	**129,824**	**139,019**

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	4.0	2.1	1.4	1.4	0.8
P/E (UBS, diluted)	(8.6)	6.6	5.2	3.9	2.1	1.4	1.4	0.8
P/CEPS	17.6	4.0	3.9	3.7	2.0	1.3	1.3	0.7
Equity FCF (UBS) yield %	(8.2)	10.5	12.0	18.1	31.8	38.7	30.9	32.7
Dividend yield (net) %	1.1	1.2	1.0	3.4	5.3	5.9	5.9	6.5
P/BV	1.5	1.8	1.9	3.1	1.5	0.9	0.5	0.3
EV/revenues (core)	2.8	2.1	2.1	2.5	1.2	0.8	0.8	0.5
EV/EBITDA (UBS core)	15.6	3.9	3.4	3.0	1.4	1.0	1.0	0.6
EV/EBIT (core)	NM	5.9	4.4	3.2	1.5	1.0	1.1	0.7
EV/OpFCF (core)	NM	6.9	6.1	3.6	1.6	1.1	1.2	0.7
EV/op. invested capital	1.3	1.9	2.4	8.0	4.5	2.5	1.7	1.1

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	1,082,540	1,082,540	1,082,540	1,082,540	1,082,540
Net debt (cash)	18,567	14,538	(2,083)	(61,514)	(192,681)	(358,896)	(507,976)	(642,998)
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**	**1,021,026**	**889,859**	**723,644**	**574,564**	**439,542**
Non core assets	(5,473)	(5,982)	(15,868)	(86,671)	(86,671)	(86,671)	(86,671)	(86,671)
Core enterprise value	**91,936**	**138,922**	**205,746**	**934,354**	**803,187**	**636,972**	**487,892**	**352,870**

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	74.3	16.6	(18.1)	15.2
EBITDA (UBS)	(71.9)	NM	69.7	NM	81.2	15.4	(24.3)	14.2
EBIT (UBS)	-	-	101.2	NM	83.4	14.0	(27.3)	13.6
EPS (UBS, diluted)	-	-	116.9	NM	88.0	45.4	(0.2)	82.1
Net DPS	0.0	83.8	36.1	NM	54.9	12.8	0.0	9.1

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	79.0	83.1	81.3	72.1	71.1
Net earnings (UBS) margin	NM	29.9	44.2	70.5	65.2	64.0	57.2	56.4
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	114.2	92.0	69.4	39.9	38.0

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)	(0.7)	(1.2)	(1.3)
Net debt / total equity %	38.4	11.5	(10.5)	(32.7)	(47.4)	(54.5)	(59.6)	(62.0)
Net debt / (net debt + total equity) %	27.7	10.3	(11.8)	(48.5)	(90.1)	NM	NM	NM
Net debt/EV %	19.1	10.0	(0.9)	(6.0)	(21.7)	(49.6)	(88.4)	NM
Capex / depreciation %	63.0	131.0	NM	NM	NM	NM	183.4	160.3
Capex / revenue %	25.4	24.1	28.3	12.6	10.1	9.7	12.9	11.8
EBIT / net interest	-	23.4	NM	-	-	-	-	-
Dividend cover (UBS)	-	12.3	19.7	7.5	9.1	11.7	11.7	19.5
Div. payout ratio (UBS) %	-	8.1	5.1	13.4	11.0	8.6	8.6	5.1

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	286,993	508,760	642,886	550,895	628,092
NAND	9,757	18,936	20,295	83,921	138,162	111,267	66,735	83,768
Others	2,248	2,109	1,503	600	596	624	631	637
Total	**32,766**	**66,193**	**97,147**	**371,514**	**647,518**	**754,777**	**618,261**	**712,497**

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	235,741	431,665	539,714	422,925	474,441
NAND	(6,353)	2,534	2,598	58,248	106,506	73,817	23,015	31,942
Others	(10)	18	(287)	(670)	(221)	(202)	(173)	(143)
Total	**(7,730)**	**23,467**	**47,206**	**293,319**	**537,950**	**613,329**	**445,767**	**506,240**

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

Forecast returns

Forecast price appreciation	101.7%
Forecast dividend yield	3.4%
Forecast stock return	105.1%
Market return assumption	9.3%
Forecast excess return	95.8%

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?	January 21, 2027
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