Kioxia Holdings Corp

A slight stumble

Equities

Japan

Semiconductors

12-month rating **Buy**

12m price target	**¥35,000**
	Prior : ¥33,000
Price (30 Oct 2026)	**¥13,470**

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

Trading data and key metrics

52-wk range	¥36,233-2,795
Market cap.	¥21,524b/US$137b
Shares o/s	1,598m (ORD)
Free float	30%
Avg. daily volume ('000)	90,897
Avg. daily value (m)	¥1,519,744
Common s/h equity (03/27E)	¥5535b
P/BV (03/27E)	3.9x
Net debt to EBITDA (03/27E)	NM

EPS (reported, basic) (JPY)

	From	To	% ch	Cons.
03/27E	3,658.8	3,500.6	-4	3,490.9
03/28E	5,303.1	5,288.2	-0	4,804.4
03/29E	4,274.1	4,466.4	4	5,660.6

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Q: How did the results compare with expectations?

Non-GAAP OP in Q2 (July–September) was ¥1.99trn, slightly above our forecast of ¥1.93trn and the consensus of ¥1.97trn. Bit shipments growth appears to have been in the low teens qoq, and the average selling price was up 25% qoq on a dollar basis, according to the company. Average selling price for comparable products was said to be up in the low 30% range, suggesting a deterioration in the price mix. In the case of iPhone-related products, the average selling price is around 30% lower than for other products, and we think there was an impact from wafer shipments for iPhone-related products increasing by 40%–50% qoq.

Q: Has the company outlook/guidance changed?

Guidance for Q3 (October–December) was for sales of ¥2.5trn and OP of ¥2trn, implying flat qoq performance. Consensus OP is ¥2.32trn, which appears weak. Bit shipments were described as likely to be flat qoq, and pricing is also expected to be roughly flat. Regarding high-value-added products for DCs to be produced in Q3, the production lead time is long, so they may decline in the sales mix while the weight of smartphone products may rise. In a reaction, earnings will likely increase sharply in Q4. We have made only limited revisions to our non-GAAP OP forecasts, assuming ¥2trn in Q3 and ¥2.79trn in Q4, with our full-year forecast for FY3/27 lowered by 0.17% and our FY3/28 forecast raised 1.5%.

Q: What were the most noteworthy aspects of the results?

Kioxia presented a new shareholder return policy, under which 100% of surplus cash after growth investment and required expenditures will be returned to investors. However, the actual shift to a 100% shareholder return appears likely to come in May–June next year. The definition of required expenditures was not clearly elucidated, but management explained that required cash is equivalent to about three months of sales, and that tax payments must also be considered. Based on current earnings, that implies the need to secure ¥2.5trn for three months of sales plus the FY3/27 tax forecast of ¥2.5trn (actual cash outflow in FY3/28), or a total of ¥5trn in cash on hand. Net cash at end-September was ¥812.7bn, and current monthly FCF is ¥500bn, so cash on hand looks likely to reach ¥5trn sometime around next May.

Valuation: Earnings impression slightly negative in the short term

We are raising our average ROE assumption for FY3/28–FY3/31 to 51% from 46% and raising PBR to 5.6X from 4.9X based on CoE of 9.3%, resulting in a price target of ¥35,000, up from ¥33,000. There are no signs that supply and demand conditions in the NAND market are deteriorating, and high profit levels will likely continue. The current share price likely undervalues the shares.

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	10,078.7	13,550.0	11,430.0	10,860.0	10,860.0
EBIT (UBS)	(252.7)	451.7	870.4	8,138.7	11,315.0	9,035.0	8,215.0	8,195.0
Net earnings (UBS)	(243.7)	272.3	554.5	5,589.2	7,829.2	6,252.0	5,685.0	5,671.7
EPS (UBS, diluted) (¥)	(150.7)	168.4	338.5	3,500.6	5,288.2	4,466.4	4,295.7	4,532.9
DPS (net) (¥)	0.0	0.0	0.0	35.0	105.8	89.3	85.9	90.7
Net (debt) / cash	(1,101.3)	(827.6)	(775.3)	2,234.6	5,240.1	8,771.4	11,422.8	13,940.2
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	80.8	83.5	79.0	75.6	75.5
ROIC (EBIT) %	(15.3)	28.1	45.5	292.7	307.7	237.2	230.4	231.1
EV/EBITDA (UBS core) x	-	2.8	4.5	2.5	1.5	1.5	1.3	1.0
P/E (UBS, diluted) x	-	4.3	8.0	3.8	2.5	3.0	3.1	3.0
Equity FCF (UBS) yield %	-	15.4	7.1	20.6	33.1	30.8	26.6	26.0
Dividend yield (net) %	-	0.0	0.0	0.3	0.8	0.7	0.6	0.7

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 ¥ 13,470 on 30-Oct-2026

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Figure 1: Earnings summary (quarterly)

Kioxia	FY25				FY26			2Q Actual vs. Consensus		3Q (CoE) vs. Consensus	
(¥bn)	1Q	2Q	3Q	4Q	1Q	2Q	3Q (CoE)	VA	Delta	VA	Delta
Sales	342.8	448.3	543.6	1,002.9	1,767.1	2,480.0	2,500.0	2,441.4	+2%	2,840.6	- 12%
bit shipments (mn GB)	30,922	42,054	44,157	39,741	40,934	45,846		49,399	-7%	52,865	
q/q	--	+36%	+5%	- 10%	+3%	+12%		+24%	-12pt	+15%	
ASP (¥/GB)	¥11.09	¥10.66	¥12.31	¥25.23	¥43.17	¥54.10		¥49.21	+10%	¥53.78	
q/q	+99%	- 4%	+15%	+105%	+71%	+25%		+14%	+11pt	- 1%	
OP (Non-GAAP)	45.2	87.2	144.7	599.1	1,326.2	1,988.3	2,000.0	1,966.7	+1%	2,317.3	- 14%

Source: Company data, Visible Alpha

Figure 2: Earnings summary (annual)

Kioxia	FY25	FY26			vs			FY27			vs		
(¥bn)	Actual	Consensus	UBS(old)	UBS	Consensus	Old	Y/Y	Consensus	UBS(Old)	UBS	Consensus	Old	Y/Y
Sales	2,338	10,067	10,200	10,079	+12.0	-121.4	+7,741.1	13,513	13,431	13,550	+36.9	+119.0	+3,471.3
bit shipments (mn GB)	156,875	200,873	186,960	185,402	-15,471	-156	+28,527	244,716	232,449	230,512	-14,204	-1,937	45,111
y/y	+18%	+28%	+19%	+18%	-10pt	-0pt	+0pt	+22%	+24%	+24%	+3pt	+0pt	+6pt
ASP (¥/GB)	*¥14.90*	*¥49.84*	*¥52.71*	*¥52.85*	*+¥3.01*	*+0.0*	*+3.8*	*¥54.73*	*¥55.87*	*¥57.21*	*+¥2.48*	*+¥1.34*	*+¥4.36*
y/y	+16%	+234%	+254%	+255%	+20pt	+0pt	+24pt	+10%	+6%	+8%	-2pt	+2pt	-246pt
OP (Non-GAAP)	876	8,049	8,213	8,199	+149.9	-14.2	+7,322.5	10,717	11,121	11,320	+603.0	+199.0	+3,121.3
OPM%	37%	80%	81%	81%	+1pt	+0pt	+44pt	79%	83%	84%	+4pt	+1pt	+2pt
Dividends	0	349	566	56	-293.0	-509.6	+55.9	845	1,538	157	-688.6	-1,381.9	+100.7
Dividend payout ratio%	0%	12%	10%	1%	-11pt	-1pt	+1pt	17%	20%	2%	-15pt	-18pt	+1pt
Capex	284	464	480	480	+16.2	+0.0	+196.3	557	510	510	-47.3	+0.0	+30.0

Source: Company data, company estimates, Visible Alpha, UBS

Figure 3: Earnings estimates

	3/22	3/23	3/24	3/25	3/26							3/27E							CoE (3Q)	3/28E	3/29E	3/30E	3/31E
(¥bn)					1Q	2Q	3Q	4Q	1H	2H		1Q	2Q	3QE	4QE	1H	2HE						
Net sales	1,526.5	1,282.1	1,076.6	1,706.5	342.8	448.3	543.6	1,002.9	791.1	1,546.5	2,337.6	1,767.1	2,480.0	2,556.0	3,275.6	4,247.2	5,826.5	10,078.7	2,500.0	13,550.0	11,430.0	10,860.0	10,860.0
Y/Y		-16%	-16%	59%	-20%	-7%	21%	189%	-13%	94%	37%	415%	453%	370%	227%	437%	277%	331%	360%	34%	-16%	-5%	0%
COGS	1,139.8	1,240.2	1,205.9	1,137.0	271.6	326.2	367.0	359.9	597.8	726.9	1,324.7	387.1	426.9	394.5	437.2	813.9	831.7	1,650.0		1,935.0	2,075.0	2,325.0	2,345.0
/ sales	75%	97%	112%	67%	79%	73%	68%	36%	76%	47%	57%	22%	17%	15%	13%	19%	14%	16%		14%	18%	21%	22%
SG&A	170.4	140.9	123.4	117.7	26.3	36.2	33.9	46.2	62.5	80.0	142.5	110.0	58.5	60.0	61.5	168.5	121.5	290.0		300.0	320.0	320.0	320.0
/ sales	11%	11%	11%	7%	8%	8%	6%	5%	8%	5%	6%	6%	2%	2%	2%	4%	2%	3%		2%	3%	3%	3%
Operating profit (Non-GAA	313.2	-67.4	-254.0	453.0	45.2	87.2	144.7	599.1	132.4	743.8	876.2	1,326.2	1,988.3	2,102.5	2,786.1	3,314.5	4,883.5	8,198.7	2,000.0	11,320.0	9,040.0	8,220.0	8,200.0
OPM	21%	-5%	-24%	27%	13%	19%	27%	60%	17%	48%	37%	75%	80%	82%	85%	78%	84%	81%	80%	84%	79%	76%	76%
Non-operating			-90.6	-81.1	-17.6	-29.2	-21.0	-18.5	-46.8	-39.5	-86.3	-35.3	-26.0	-2.0	1.1	-61.3	-0.9	-62.2		-1.5	-0.8	-0.1	0.6
Finance income			1.8	3.7	2.4	-0.4	1.6	5.9	2.0	7.5	9.5	17.2	-9.8	5.0	7.7	7.3	12.7	20.0		5.0	5.0	5.0	5.0
Finance cost			92.7	85.3	19.9	29.1	22.8	25.0	49.0	47.7	96.7	52.8	16.0	7.2	7.2	68.8	14.5	83.2		7.5	6.8	6.1	5.4
Other			0.3	0.5	-0.1	0.3	0.1	0.6	0.2	0.8	0.9	0.3	-0.2	0.2	0.7	0.1	0.9	1.0		1.0	1.0	1.0	1.0
Pre-Tax profit	154.4	-186.4	-343.3	370.7	27.3	56.7	121.7	578.3	84.0	700.1	784.1	1,234.7	1,968.7	2,099.4	2,778.0	3,203.4	4,872.4	8,076.5		11,313.5	9,034.2	8,214.9	8,195.6
Tax	48.4	-48.3	-99.6	98.3	9.0	16.0	33.9	170.6	25.1	204.5	229.6	392.5	613.0	646.6	835.2	1,005.5	1,481.7	2,487.2		3,484.2	2,782.2	2,529.9	2,523.9
Tax Rate	31%	26%	29%	27%	33%	28%	28%	29%	30%	29%	29%	32%	31%	31%	30%	31%	30%	31%		31%	31%	31%	31%
Net profit	105.9	-138.1	-243.7	272.3	18.3	40.7	87.8	407.7	58.9	495.5	554.5	842.2	1,355.7	1,452.9	1,942.8	2,197.9	3,390.7	5,589.2	1,360.0	7,829.2	6,252.0	5,685.0	5,671.7
Operating CF	549.1	339.1	195.1	476.4	61.1	114.0	147.0	294.4	175.2	441.4	616.5							4,957.4		7,686.4	7,070.7	6,279.4	6,145.2
Investing CF	-400.3	-498.6	-274.9	-173.0	-34.1	-72.8	-61.3	-53.3	-106.9	-114.6	-221.5							-480.0		-510.0	-400.0	-500.0	-500.0
Financial CF	-93.3	-50.8	3.2	-322.7	-17.3	15.3	-41.6	-52.4	-2.0	-94.1	-96.1							-2,529.3		-4,185.6	-3,154.5	-3,143.7	-3,143.9
Shares outstanding (mn)	155.2	155.2	155.3	161.8	161.8	161.9	163.3	163.8	161.9	163.8	163.8							159.7		148.1	140.0	132.3	125.1
EPS (¥)	68.2	-89.0	-157.0	168.3	11.3	25.1	53.8	248.9	36.4	302.5	338.5							3,500.6		5,288.2	4,466.4	4,295.7	4,532.9
BPS (¥)	511.3	423.9	289.6	455.8	469.7	505.9	599.1	853.9	505.9	853.9	853.9							3,466.6		6,219.2	8,811.9	11,263.2	13,957.6
ROE(%)	13%	-21%	-54%	37%							40%							101%		85%	51%	38%	32%
Capex	400.9	510.4	305.1	225.6	53.6	91.5	70.9	67.7	145.1	138.6	283.7							480.0		510.0	400.0	500.0	500.0
Depreciation	445.4	418.2	346.1	312.3	80.0	78.9	77.6	76.4	158.8	154.0	312.8							350.0		390.0	390.0	420.0	440.0
R&D	140.3	1,282.1	1,076.6	1,706.5	342.8	448.3	543.6	1,002.9	791.1	1,546.5	2,337.6							10,078.7		13,550.0	11,430.0	10,860.0	10,860.0
Shipment	11,574.4	10,533.3	10,639.6	13,290.2	3,092.2	4,205.4	4,415.7	3,974.1	7,297.7	8,389.9	15,687.5							18,540.2		23,051.2	25,736.8	30,306.0	37,882.6
q/q					0%	36%	5%	-10%															
y/y	33%	-9%	1%	25%	-4%	19%	29%	29%	8%	29%	18%							18%		24%	12%	18%	25%
ASP / GB (¥)	¥13.19	¥12.17	¥10.12	¥12.84	¥11.09	¥10.66	¥12.31	¥25.23	¥10.84	¥18.43	¥14.90							¥52.85		¥57.21	¥42.91	¥34.33	¥27.46
q/q					-1%	-4%	15%	105%															
y/y	-3%	-8%	-17%	27%	-17%	-21%	-6%	125%	-19%	51%	16%							255%		8%	-25%	-20%	-20%

Source: Company data, company estimates, UBS estimates

Figure 4: NAND business breakdown

(JPY bn)	FY18	FY19	FY20	FY21	FY24	FY25 1Q	FY25 2Q	FY25 3Q	FY25 4Q	FY25	FY26E 1Q	FY26E 2Q	FY26E 3QE	CoE (3Q)	4QE		FY27E	FY28E
Sales	**1,148**	**987**	**1,178**	**1,526**	**1,706.5**	**342.8**	**448.3**	**543.6**	**1,002.9**	**2,337.6**	**1,767.1**	**2,480.0**	**2,556.0**	**2,500.0**	**3,275.6**	**10,078.7**	**13,550.0**	**11,430.0**
Bit Shipments (mn GB)	49,401	66,570	87,063	115,744	132,902	30,922	42,054	44,157	39,741	156,875	40,934	45,846	45,846		52,777	185,402	230,512	257,368
y/y	1380%	35%	31%	33%	25%	-4%	19%	29%	29%	18%	32%	48%	9%		20%	18%	24%	12%
q/q						0%	36%	5%	-10%		3%	12%	0%		15%			
ASP (¥/GB)	¥23.2	¥14.8	¥13.5	¥13.2	¥12.8	¥11.1	¥10.7	¥12.3	¥25.2	¥14.9	¥43.2	¥54.1	¥54.3		¥58.1	¥52.9	¥57.2	¥42.9
y/y					27%	-17%	-21%	-6%	125%	16%	289%	388%	410%		372%	255%	8%	-25%
q/q						-1%	-4%	15%	105%		71%	25%	0%		7%			
OP (Non-GAAP)	**329**	**▲ 60**	**116**	**313**	**453**	**45**	**87**	**145**	**599**	**876**	**1,326**	**1,988**	**2,102**	**2,000**	**2,786**	**8,199**	**11,320**	**9,040**
OPM%	29%	-6%	10%	21%	27%	13%	19%	27%	60%	37%	75%	80%	82%	80%	85%	81%	84%	79%
FCF	**39**	**▲ 194**	**178**	**152**	**253**	**9**	**23**	**76**	**227**	**335**						**4,477**	**7,176**	**6,671**
CapEx	428	357	260	401	226	54	91	71	68	284						480	510	400
Depreciation	319	412	426	445	312	80	79	78	76	313						380	420	420
JPY / USD	110.3	107.7	106.0	112.0	152.6	145.0	147.0	153.0	155.0	151.4						157.5	155.0	155.0
Capacity (K/m)	**564 K**	**550 K**	**550 K**	**551 K**	**358 K**	**400 K**	**480 K**	**480 K**	**460 K**	**455 K**						**433 K**	**390 K**	**350 K**
Shipment (K/m)	**338 K**	**330 K**	**330 K**	**330 K**	**208 K**	**190 K**	**245 K**	**293 K**	**293 K**	**255 K**						**254 K**	**232 K**	**207 K**
Inventory	227.7	215.1	256.5	304.2	352.9	371.9	361.6	353.5	412.6	412.6						452.1	530.1	568.5
Sales ($) / Wafer			2,808	3,436	4,491	4,148	4,150	4,042	7,361	5,040						21,036	31,435	29,687
Cost (¥K) / Wafer			236	272	424	448	433	395	40	414						533	680	813

Source: Company data, company estimates, UBS estimates

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**	**10,078.7**	*331.2*	**13,550.0**	*34.4*	**11,430.0**	**10,860.0**	**10,860.0**
Gross profit	(129.3)	569.4	1,012.9	8,428.7	*NM*	11,615.0	*37.8*	9,355.0	8,535.0	8,515.0
EBITDA (UBS)	**93.4**	**764.1**	**1,183.2**	**8,488.7**	*NM*	**11,705.0**	*37.9*	**9,425.0**	**8,635.0**	**8,635.0**
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**	**8,138.7**	*NM*	**11,315.0**	*39.0*	**9,035.0**	**8,215.0**	**8,195.0**
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)	(62.2)	*27.9*	(1.5)	*97.6*	(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**	**8,076.5**	*NM*	**11,313.5**	*40.1*	**9,034.2**	**8,214.9**	**8,195.6**
Tax	99.6	(98.3)	(229.6)	(2,487.2)	*NM*	(3,484.2)	*-40.1*	(2,782.2)	(2,529.9)	(2,523.9)
Profit after tax	**(243.7)**	**272.3**	**554.5**	**5,589.2**	*NM*	**7,829.2**	*40.1*	**6,252.0**	**5,685.0**	**5,671.7**
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**	**5,589.2**	*NM*	**7,829.2**	*40.1*	**6,252.0**	**5,685.0**	**5,671.7**
Net earnings (UBS)	**(243.7)**	**272.3**	**554.5**	**5,589.2**	*NM*	**7,829.2**	*40.1*	**6,252.0**	**5,685.0**	**5,671.7**
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)	(150.7)	168.4	338.5	3,500.6	*NM*	5,288.2	*51.1*	4,466.4	4,295.7	4,532.9
EPS (local GAAP, diluted)	(150.7)	168.4	338.5	3,500.6	*NM*	5,288.2	*51.1*	4,466.4	4,295.7	4,532.9
EPS (UBS, basic)	(150.7)	168.4	338.5	3,500.6	*NM*	5,288.2	*51.1*	4,466.4	4,295.7	4,532.9
DPS (net) (¥)	0.0	0.0	0.0	35.0	-	105.8	*202.1*	89.3	85.9	90.7
Cash EPS (UBS, diluted) [1]	63.3	361.5	529.4	3,719.8	*NM*	5,551.6	*49.2*	4,745.1	4,613.1	4,884.5
Book value per share	278.0	456.1	853.9	3,466.6	*306.0*	6,219.2	*79.4*	8,811.9	11,263.2	13,957.6
Average shares (diluted)	1,617.2	1,617.2	1,638.3	1,596.6	*-2.5*	1,480.5	*-7.3*	1,399.8	1,323.4	1,251.2

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	2,426.0	*NM*	5,416.8	*123.3*	8,933.0	11,568.7	14,070.0
Other current assets	458.4	634.8	1,139.9	2,297.8	*101.6*	2,988.6	*30.1*	2,652.7	2,620.6	2,626.1
Total current assets	**651.4**	**806.7**	**1,617.8**	**4,723.8**	*192.0*	**8,405.4**	*77.9*	**11,585.7**	**14,189.3**	**16,696.1**
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**	**6,910.4**	*87.3*	**10,696.3**	*54.8*	**13,871.0**	**16,538.9**	**19,090.0**
Trade payables & other ST liabilities	999.7	696.1	878.6	1,024.7	*16.6*	1,152.7	*12.5*	1,215.6	1,327.9	1,336.8
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**	**1,068.6**	*-2.7*	**1,196.6**	*12.0*	**1,259.5**	**1,371.8**	**1,380.7**
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**	**1,375.3**	*-40.0*	**1,488.6**	*8.2*	**1,536.3**	**1,632.9**	**1,625.8**
Common s/h equity	**449.6**	**737.6**	**1,398.9**	**5,535.0**	*295.7*	**9,207.6**	*66.4*	**12,334.5**	**14,905.8**	**17,464.1**
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**	**6,910.4**	*87.3*	**10,696.3**	*54.8*	**13,871.0**	**16,538.9**	**19,090.0**

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	5,589.2	*NM*	7,829.2	*40.1*	6,252.0	5,685.0	5,671.7
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)	(1,011.8)	*-152.8*	(562.8)	*44.4*	398.7	144.4	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**	**4,922.1**	*NM*	**7,651.6**	*55.5*	**7,036.3**	**6,245.5**	**6,111.7**
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	(55.9)	-	(156.6)	*-180.2*	(125.0)	(113.7)	(113.4)
Share issues / (buybacks)	0.0	30.4	11.6	(1,397.3)	-	(4,000.0)	*-186.3*	(3,000.0)	(3,000.0)	(3,000.0)
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)**	**(2,509.6)**	*NM*	**(4,166.4)**	*-66.0*	**(3,135.8)**	**(3,125.4)**	**(3,126.1)**
Cash flow inc/(dec) in cash	**(76.5)**	**(19.3)**	**298.9**	**1,918.1**	*NM*	**2,960.8**	*54.4*	**3,486.1**	**2,605.7**	**2,471.3**
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**	**1,948.1**	*NM*	**2,990.8**	*53.5*	**3,516.1**	**2,635.7**	**2,501.3**

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	3.8	2.5	3.0	3.1	3.0
P/E (UBS, diluted)	-	4.3	8.0	3.8	2.5	3.0	3.1	3.0
P/CEPS	-	2.0	5.1	3.6	2.4	2.8	2.9	2.8
Equity FCF (UBS) yield %	-	15.4	7.1	20.6	33.1	30.8	26.6	26.0
Dividend yield (net) %	-	0.0	0.0	0.3	0.8	0.7	0.6	0.7
P/BV	-	1.6	3.2	3.9	2.2	1.5	1.2	1.0
EV/revenues (core)	-	1.3	2.3	2.1	1.3	1.3	1.1	0.8
EV/EBITDA (UBS core)	-	2.8	4.5	2.5	1.5	1.5	1.3	1.0
EV/EBIT (core)	-	4.8	6.1	2.6	1.6	1.6	1.4	1.1
EV/OpFCF (core)	-	2.8	4.5	2.5	1.5	1.5	1.3	1.0
EV/op. invested capital	-	1.4	2.8	7.5	4.8	3.8	3.2	2.5

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	21,523.8	21,523.8	21,523.8	21,523.8	21,523.8
Net debt (cash)	1,051.6	964.4	801.5	(729.7)	(3,737.4)	(7,005.8)	(10,097.1)	(12,681.5)
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**	**20,837.1**	**17,829.4**	**14,561.0**	**11,469.7**	**8,885.3**
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**	**20,837.1**	**17,829.4**	**14,561.0**	**11,469.7**	**8,885.3**

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	34.4	(15.6)	(5.0)	0.0
EBITDA (UBS)	(70.7)	NM	54.9	NM	37.9	(19.5)	(8.4)	0.0
EBIT (UBS)	(155.2)	-	92.7	NM	39.0	(20.2)	(9.1)	(0.2)
EPS (UBS, diluted)	(76.4)	-	101.0	NM	51.1	(15.5)	(3.8)	5.5
Net DPS	-	-	-	-	NM	(15.5)	(3.8)	5.5

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	80.8	83.5	79.0	75.6	75.5
Net earnings (UBS) margin	NM	16.0	23.7	55.5	57.8	54.7	52.3	52.2
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	161.2	106.2	58.0	41.7	35.0

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	(0.3)	(0.4)	(0.9)	(1.3)	(1.6)
Net debt / total equity %	244.9	112.2	55.4	(40.4)	(56.9)	(71.1)	(76.6)	(79.8)
Net debt / (net debt + total equity) %	71.0	52.9	35.7	(67.7)	NM	NM	NM	NM
Net debt/EV %	-	44.4	15.2	(3.5)	(21.0)	(48.1)	(88.0)	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	4.9	3.9	3.6	4.7	4.7
EBIT / net interest	-	5.6	10.1	NM	NM	NM	NM	-
Dividend cover (UBS)	-	-	-	NM	NM	NM	NM	NM
Div. payout ratio (UBS) %	-	-	-	1.0	2.0	2.0	2.0	2.0

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	7,125.5	10,292.0	8,871.5	8,669.2	9,019.4
Smart Devices	374.3	501.1	760.0	2,695.5	2,918.0	2,188.5	1,750.8	1,400.6
Others	185.9	214.3	215.0	257.7	340.0	370.0	440.0	440.0
Total	**1,076.6**	**1,706.5**	**2,337.6**	**10,078.7**	**13,550.0**	**11,430.0**	**10,860.0**	**10,860.0**

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	8,138.7	11,315.0	9,035.0	8,215.0	8,195.0
Total	**(252.7)**	**451.7**	**870.4**	**8,138.7**	**11,315.0**	**9,035.0**	**8,215.0**	**8,195.0**

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

Forecast returns

Forecast price appreciation	159.8%
Forecast dividend yield	0.5%
Forecast stock return	160.4%
Market return assumption	7.8%
Forecast excess return	152.6%

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 increase
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?	
11. What is the catalyst?	