

# SK Hynix (000660.KS)

Project 2026E OP of W251tr; Raise TP to W3,100k

## CITI'S TAKE

We foresee SK Hynix to benefit from robust commodity memory ASP uptrend and better-than-expected HBM pricing growth in 2H26E. With HBM pricing expected to rise 30% QoQ in 4Q26E, we expect Hynix to benefit from HBM mix effect and strong commodity memory pricing supported by >2x token limit upside provided by Anthropic's recent updates. We raise our TP to W3,100k (vs. W1,700k before). Maintain Buy.

**Expect Further ASP Growth in 2H26E thanks to HBM/Server DDR5/SoCMM2 demand** — We anticipate Hynix to benefit from the solid pricing growth from HBM, as we project HBM ASP to increase 30% QoQ in 4Q26E driven by HBM4 mix effect and better-than-expected HBM3e demand. Moreover, we project commodity memory pricing to see a continued uptrend thanks to Anthropic's recent updates of increasing token limit by >2x. While we expect the mainstream server 64GB DDR5 RDIMM pricing to remain elevated, we believe SoCMM2 will be increasingly adopted starting from 2H26E, further driving overall mobile DRAM pricing and more than offsetting the negative impact from weak smartphone demand.

**Server DDR5 ASP and SSD ASP to Register +329%/+267% YoY** — We raise our 2026E server DDR5 DRAM ASP growth to +329% YoY (vs. +308% YoY before) thanks to customers' high-end memory procurement demand outpacing the supply. We forecast Server DDR5 64GB DIMM Pricing to reach US\$1,586 in 4Q26E from US\$873 in 1Q26E on AI inference demand. For SSD, we forecast 2026E SSD ASP to increase by +267% YoY (vs. +242% YoY before) on KV cache memory demand.

**Raise 26E Global DRAM/NAND ASP Growth Estimates to +200%/+186% YoY (vs. +190%/172% before)** — We project 2026E global DRAM ASP to grow +200% YoY on accelerated token demand growth amid constrained capacity. On a quarterly basis, we project 1Q/2Q/3Q/4Q26E ASP growth to be +64%/+37%/+13%/+11% QoQ. (vs. +64%/+34%/+10%/+4% QoQ before). For NAND, we model 2026E blended NAND ASP to grow +186% YoY. By quarter, we project 1Q/2Q/3Q/4Q26E ASP to grow by +63%/+45%/+17%/+6% QoQ (vs. +63%/+43%/+11%/+3% before).

**Expect 26E/27E OP to reach W251tr/W347tr; Raise TP to W3,100k** — Reflecting our new DRAM/NAND ASP projections, we revise our 26E/27E OP estimates by +8%/+16% to W251tr/W347tr. We raise our TP to W3,100k (vs. W1,700k before) based on 26E EV/EBITDA SoTP. Reiterate Buy.

## Earnings Summary

Year to 31 Dec	Net Profit (W)	Diluted EPS (W)	EPS growth (%)	P/E (x)	P/B (x)	ROE (%)	Yield (%)
2024A	19,789	27,182	314.9	62.0	16.8	31.3	0.1
2025A	42,919	58,955	116.9	28.6	10.7	45.7	0.2
2026E	204,189	280,478	375.8	6.0	3.9	94.7	0.6
2027E	262,399	360,436	28.5	4.7	2.1	59.1	0.9
2028E	305,173	419,193	16.3	4.0	1.4	42.5	1.0

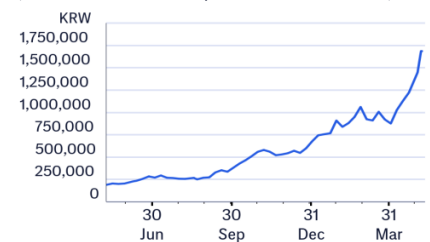
Source: Powered by dataCentral

## Buy

Price (08 May 26 15:45)	W1,686,000
Target price	W3,100,000↑
	from W1,700,000
Expected share price return	83.9%
Expected dividend yield	0.1%
Expected total return	83.9%
Market Cap	W1,201,616,246M
	US\$822,009M

## Price Performance

(RIC: 000660.KS, BB: 000660 KS)



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000660.KS: Fiscal year end 31-Dec						Price: W1,686,000; TP: W3,100,000; Market Cap: W1,201,616,246m; Recomm: Buy					
Profit & Loss (Wb)	2024	2025	2026E	2027E	2028E	Valuation ratios	2024	2025	2026E	2027E	2028E
Sales revenue	66,193	97,147	322,522	438,349	524,992	PE (x)	62.0	28.6	6.0	4.7	4.0
Cost of sales	-34,365	-38,456	-52,530	-69,740	-96,724	PB (x)	16.8	10.7	3.9	2.1	1.4
Gross profit	31,828	58,691	269,992	368,608	428,268	EV/EBITDA (x)	33.0	19.4	4.2	2.6	1.8
Gross Margin (%)	48.1	60.4	83.7	84.1	81.6	FCF yield (%)	1.0	2.1	11.2	16.8	18.5
<b>EBITDA (Adj)</b>	<b>36,601</b>	<b>61,774</b>	<b>267,161</b>	<b>364,400</b>	<b>422,383</b>	Dividend yield (%)	0.1	0.2	0.6	0.9	1.0
EBITDA Margin (Adj) (%)	55.3	63.6	82.8	83.1	80.5	Payout ratio (%)	8	5	4	4	4
Depreciation	-12,582	-14,015	-15,462	-17,008	-18,709	ROE (%)	31.3	45.7	94.7	59.1	42.5
Amortisation	-553	-553	-553	-553	-553	Cashflow (Wb)	2024	2025	2026E	2027E	2028E
<b>EBIT (Adj)</b>	<b>23,467</b>	<b>47,206</b>	<b>251,146</b>	<b>346,839</b>	<b>403,122</b>	EBITDA	36,601	61,774	267,161	364,400	422,383
EBIT Margin (Adj) (%)	35.5	48.6	77.9	79.1	76.8	Working capital	-4,910	-3,771	-39,418	-13,342	-5,899
Net interest	-1,000	-429	-14,780	-1,000	-1,000	Other	-3,070	-4,258	-46,942	-84,441	-97,949
Associates	-38	-565	64	22	22	<b>Operating cashflow</b>	<b>28,621</b>	<b>53,744</b>	<b>180,800</b>	<b>266,618</b>	<b>318,536</b>
Non-Op/Except/Other Adj	1,457	4,253	27,990	-600	-600	Capex	-15,946	-27,519	-43,100	-61,000	-91,400
<b>Pre-tax profit</b>	<b>23,885</b>	<b>50,466</b>	<b>264,420</b>	<b>345,261</b>	<b>401,544</b>	Net acq/disposals	0	0	0	0	0
Tax	-4,088	-7,518	-60,216	-82,863	-96,371	Other	-2,059	-20,535	0	0	0
Extraord./Min.Int./Pref.div.	-8	-29	-16	0	0	<b>Investing cashflow</b>	<b>-18,005</b>	<b>-48,054</b>	<b>-43,100</b>	<b>-61,000</b>	<b>-91,400</b>
<b>Reported net profit</b>	<b>19,789</b>	<b>42,919</b>	<b>204,189</b>	<b>262,399</b>	<b>305,173</b>	Dividends paid	-826	-1,426	-2,071	-7,526	-10,821
Net Margin (%)	29.9	44.2	63.3	59.9	58.1	<b>Financing cashflow</b>	<b>-526</b>	<b>-1,126</b>	<b>-671</b>	<b>-7,226</b>	<b>-10,521</b>
Core NPAT	19,789	42,919	204,189	262,399	305,173	<b>Net change in cash</b>	<b>10,090</b>	<b>4,564</b>	<b>137,030</b>	<b>198,392</b>	<b>216,616</b>
Per share data	2024	2025	2026E	2027E	2028E	<b>Free cashflow to s/holders</b>	<b>12,675</b>	<b>26,225</b>	<b>137,700</b>	<b>205,618</b>	<b>227,136</b>
Reported EPS (W)	27,182	58,955	280,478	360,436	419,193						
Core EPS (W)	27,182	58,955	280,478	360,436	419,193						
DPS (W)	2,070	2,999	10,656	15,322	16,800						
CFPS (W)	39,314	73,824	248,351	366,232	437,548						
FCFPS (W)	17,411	36,023	189,148	282,441	311,999						
BVPS (W)	100,367	157,362	434,996	785,095	1,189,424						
Wtd avg ord shares (m)	728	728	728	728	728						
Wtd avg diluted shares (m)	728	728	728	728	728						
Growth rates	2024	2025	2026E	2027E	2028E						
Sales revenue (%)	105.9	46.8	232.0	35.9	19.8						
EBIT (Adj) (%)	399.9	101.2	432.0	38.1	16.2						
Core NPAT (%)	314.9	116.9	375.8	28.5	16.3						
Core EPS (%)	314.9	116.9	375.8	28.5	16.3						
Balance Sheet (Wb)	2024	2025	2026E	2027E	2028E						
Cash & cash equiv.	19,007	23,538	160,551	358,943	575,559						
Accounts receivables	12,232	16,157	48,275	59,051	63,651						
Inventory	12,722	12,813	15,752	18,821	23,493						
Net fixed & other tangibles	56,069	69,573	97,211	141,203	213,894						
Goodwill & intangibles	5,977	25,964	25,412	24,859	24,307						
Financial & other assets	13,346	14,616	22,546	25,206	26,341						
<b>Total assets</b>	<b>119,352</b>	<b>162,660</b>	<b>369,747</b>	<b>628,084</b>	<b>927,245</b>						
Accounts payable	2,129	2,620	3,937	5,750	8,772						
Short-term debt	9,757	9,657	9,557	9,457	9,357						
Long-term debt	20,011	20,411	21,911	22,311	22,711						
Provisions & other liab	14,388	15,412	17,664	19,015	20,501						
<b>Total liabilities</b>	<b>46,286</b>	<b>48,101</b>	<b>53,070</b>	<b>56,533</b>	<b>61,342</b>						
Shareholders' equity	73,067	114,560	316,678	571,551	865,904						
Minority interests	-1	-1	-1	-1	-1						
<b>Total equity</b>	<b>73,067</b>	<b>114,560</b>	<b>316,677</b>	<b>571,550</b>	<b>865,903</b>						
<b>Net debt (Adj)</b>	<b>10,761</b>	<b>6,531</b>	<b>-129,083</b>	<b>-327,175</b>	<b>-543,490</b>						
Net debt to equity (Adj) (%)	14.7	5.7	-40.8	-57.2	-62.8						

For definitions of the items in this table, please click [here](#).

Figure 1. SK Hynix – Earnings Change

(Wbn)	2Q26E			3Q26E			2026E			2027E		
	New	Old	Chg	New	Old	Chg	New	Old	Chg	New	Old	Chg
Sales	76,356	74,561	2.4%	90,748	85,612	6.0%	322,522	304,452	5.9%	438,349	390,223	12.3%
OP	58,861	57,067	3.1%	72,308	67,172	7.6%	251,146	233,076	7.8%	346,839	298,714	16.1%
NP	45,135	43,754	3.2%	55,487	51,533	7.7%	204,189	190,274	7.3%	262,399	225,823	16.2%
DRAM Shipment Growth	8%	8%	0.0%p	7%	7%	0.0%p	23.6%	24%	0.0%p	19.0%	19%	0.0%p
ASP Change (1Gb)	30%	27%	3.0%p	12%	9%	3.0%p	164%	150%	14.4%p	16%	10%	6.9%p
OP Margin (%)	81%	81%	0.4%p	83%	82%	0.9%p	82%	80%	1.1%p	82%	79%	2.3%p
NAND Shipment Growth	15%	15%	0.0%p	2%	2%	0.0%p	20%	20%	0.0%p	18%	18%	0.0%p
ASP Change (8Gb)	45%	41%	3.6%p	17%	11%	6.4%p	222%	202%	20.3%p	16%	11%	5.5%p
OP Margin (%)	66%	65%	0.9%p	71%	69%	2.5%p	67%	65%	2.2%p	72%	68%	3.4%p

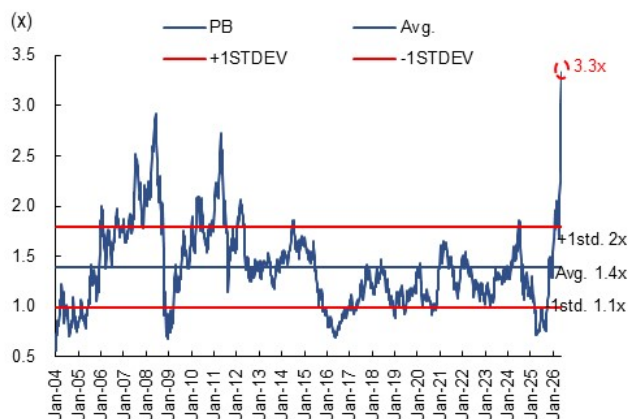
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Source: Company Reports and Citi Research Estimates

Figure 2. Quarterly Earnings Estimates

Wbn	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
Total Sales	17,639	22,232	24,449	32,827	52,576	76,356	90,748	101,494	66,193	97,147	322,522	438,349
DRAM	13,673	16,614	18,849	25,133	41,759	56,829	67,624	76,813	44,746	74,268	243,025	331,299
NAND	3,083	4,777	5,013	7,529	12,014	19,384	22,966	24,516	19,021	20,402	78,879	106,432
Operating Profit	7,441	9,213	11,383	19,170	37,610	58,861	72,308	82,367	23,467	47,206	251,146	346,839
DRAM	7,506	9,039	11,397	17,263	31,793	46,083	55,865	64,427	21,033	45,204	198,168	270,600
NAND	(18)	(186)	(145)	2,654	6,146	12,778	16,343	17,940	2,634	2,305	53,207	76,239
OP Margin (%)	42%	41%	47%	58%	72%	77%	80%	81%	35%	49%	78%	79%
DRAM	55%	54%	60%	69%	76%	81%	83%	84%	47%	61%	82%	82%
NAND	-1%	-4%	-3%	35%	51%	66%	71%	73%	14%	11%	67%	72%
Sequential % Chg												
Bit Growth												
DRAM (1Gb eq.)	-9%	27%	9%	2%	0%	8%	7%	4%	16%	24%	24%	19%
NAND (8Gb eq.)	-16%	79%	-5%	10%	-10%	15%	2%	1%	-5%	16%	20%	18%
ASP Changes												
DRAM (1Gb eq.)	0%	1%	4%	25%	64%	30%	12%	10%	81%	29%	164%	16%
NAND (8Gb eq.)	-23%	-9%	10%	30%	75%	45%	17%	6%	86%	-11%	221%	17%

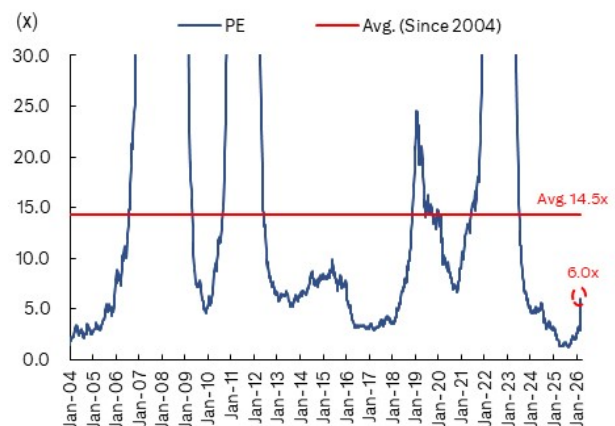
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Source: Company Reports and Citi Research Estimates

Figure 3. SK Hynix — 12-Month Forward P/B



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Source: Citi Research estimates, Datacentral  
Note: The underlying BVPS forecasts are based on Citi research estimates

Figure 4. SK Hynix — 12-Month Forward P/E



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Source: Citi Research estimates, Datacentral  
Note: The underlying OP forecasts are based on Citi research estimates

Figure 5. Citi's DRAM/NAND ASP Projections

Latest Projection (May 2026)										Latest Projection (Apr 2026)											
DRAM ASP Projection by Application										DRAM ASP Projection by Application											
	2025				YoY	2026				YoY		2025				YoY	2026				YoY
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q			1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
Server	-8%	8%	15%	71%	+43%	88%	43%	16%	7%	+331%	Server	-8%	8%	15%	71%	+43%	88%	40%	12%	3%	+311%
Mobile	-10%	-2%	2%	50%	+0%	67%	45%	12%	7%	+225%	Mobile	-10%	-2%	2%	50%	+0%	67%	41%	7%	3%	+206%
PC	-15%	3%	4%	45%	+1%	63%	35%	10%	6%	+194%	PC	-15%	3%	4%	45%	+1%	63%	35%	5%	4%	+185%
Graphic/Consumer	5%	4%	2%	0%	+50%	5%	8%	10%	30%	+29%	Graphic/Consumer	5%	4%	2%	0%	+50%	5%	8%	9%	9%	+22%
<b>DRAM ASP QoQ</b>	<b>-7%</b>	<b>3%</b>	<b>7%</b>	<b>47%</b>	<b>+28%</b>	<b>64%</b>	<b>37%</b>	<b>13%</b>	<b>11%</b>	<b>+200%</b>	<b>DRAM ASP QoQ</b>	<b>-7%</b>	<b>3%</b>	<b>7%</b>	<b>47%</b>	<b>+28%</b>	<b>64%</b>	<b>34%</b>	<b>10%</b>	<b>4%</b>	<b>+190%</b>
Server DRAM ASP Projection(\$)										Server DRAM ASP Projection(\$)											
	2025				YoY	2026				YoY		2025				YoY	2026				YoY
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q			1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
32GB RDIMM	71	96	163	310	+107%	411	430	452	461	+174%	32GB RDIMM	71	96	163	310	+107%	411	430	452	461	+174%
64GB RDIMM	142	191	296	516	+86%	748	860	903	921	+200%	64GB RDIMM	142	191	296	516	+86%	748	860	903	921	+200%
<b>QoQ (%)</b>	<b>-8%</b>	<b>35%</b>	<b>55%</b>	<b>74%</b>		<b>45%</b>	<b>15%</b>	<b>5%</b>	<b>2%</b>		<b>QoQ (%)</b>	<b>-8%</b>	<b>35%</b>	<b>55%</b>	<b>74%</b>		<b>45%</b>	<b>15%</b>	<b>5%</b>	<b>2%</b>	
DDR4										DDR4											
	2025				YoY	2026				YoY		2025				YoY	2026				YoY
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q			1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
64GB RDIMM	253	251	261	450	+26%	873	1,267	1,482	1,586	+329%	64GB RDIMM	253	251	261	450	+26%	873	1,240	1,402	1,444	+308%
<b>QoQ (%)</b>	<b>-9%</b>	<b>-1%</b>	<b>4%</b>	<b>73%</b>		<b>94%</b>	<b>45%</b>	<b>17%</b>	<b>7%</b>		<b>QoQ (%)</b>	<b>-9%</b>	<b>-1%</b>	<b>4%</b>	<b>73%</b>		<b>94%</b>	<b>42%</b>	<b>13%</b>	<b>3%</b>	
DDR5										DDR5											
	2025				YoY	2026				YoY		2025				YoY	2026				YoY
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q			1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
64GB RDIMM	253	251	261	450	+26%	873	1,267	1,482	1,586	+329%	64GB RDIMM	253	251	261	450	+26%	873	1,240	1,402	1,444	+308%
<b>QoQ (%)</b>	<b>-9%</b>	<b>-1%</b>	<b>4%</b>	<b>73%</b>		<b>94%</b>	<b>45%</b>	<b>17%</b>	<b>7%</b>		<b>QoQ (%)</b>	<b>-9%</b>	<b>-1%</b>	<b>4%</b>	<b>73%</b>		<b>94%</b>	<b>42%</b>	<b>13%</b>	<b>3%</b>	
DDR4&DDR5 Blended										DDR4&DDR5 Blended											
	2025				YoY	2026				YoY		2025				YoY	2026				YoY
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q			1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
Blended ASP(64GB)	216	233	267	457	+43%	861	1,230	1,430	1,532	+331%	Blended ASP(64GB)	216	233	267	457	+43%	861	1,206	1,357	1,402	+311%
<b>QoQ(%)</b>	<b>-8%</b>	<b>8%</b>	<b>15%</b>	<b>71%</b>		<b>88%</b>	<b>43%</b>	<b>16%</b>	<b>7%</b>		<b>QoQ(%)</b>	<b>-8%</b>	<b>8%</b>	<b>15%</b>	<b>71%</b>		<b>88%</b>	<b>40%</b>	<b>12%</b>	<b>3%</b>	
DDR5 Penetration										DDR5 Penetration											
	2025				YoY	2026				YoY		2025				YoY	2026				YoY
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q			1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
(%)	+67%	+70%	+82%	+90%		+90%	+91%	+91%	+92%		(%)	+67%	+70%	+82%	+90%		+90%	+91%	+91%	+92%	
NAND ASP Projection by Application										NAND ASP Projection by Application											
	2025				YoY	2026				YoY		2025				YoY	2026				YoY
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q			1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
SSD	-7%	2%	5%	31%	+21%	70%	63%	25%	10%	+267%	SSD	-7%	2%	5%	31%	+21%	70%	60%	17%	5%	+242%
Mobile	-13%	3%	0%	11%	-16%	55%	25%	10%	3%	+113%	Mobile	-13%	3%	0%	11%	-16%	55%	25%	5%	1%	+106%
USB& Others	-14%	8%	2%	20%	-6%	63%	40%	12%	5%	+169%	USB& Others	-14%	8%	2%	20%	-6%	63%	40%	12%	3%	+167%
<b>NAND ASP QoQ</b>	<b>-11%</b>	<b>3%</b>	<b>3%</b>	<b>21%</b>	<b>3%</b>	<b>63%</b>	<b>45%</b>	<b>17%</b>	<b>6%</b>	<b>+186%</b>	<b>NAND ASP QoQ</b>	<b>-11%</b>	<b>3%</b>	<b>3%</b>	<b>21%</b>	<b>3%</b>	<b>63%</b>	<b>43%</b>	<b>11%</b>	<b>3%</b>	<b>+172%</b>
NAND ASP by Density(\$)										NAND ASP by Density(\$)											
	2025				YoY	2026				YoY		2025				YoY	2026				YoY
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q			1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
8Gb(1GB)	0.06	0.06	0.06	0.07		0.12	0.17	0.20	0.22		8Gb(1GB)	0.06	0.06	0.06	0.07		0.12	0.17	0.19	0.20	
256Gb	1.84	1.90	1.95	2.37		3.86	5.59	6.53	6.96		256Gb	1.84	1.90	1.95	2.37		3.86	5.53	6.17	6.36	
512Gb	3.68	3.80	3.90	4.73		7.72	11.17	13.07	13.91		512Gb	3.68	3.80	3.90	4.73		7.72	11.07	12.34	12.72	

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Source: Citi Research Estimates

Figure 6. SOTP Valuation

SOTP Valuation				
(Wbn)	Ebitda	Target Multiple	Equity Value	Note
Segment	2026E	2026E	2026E	
<b>EV/Ebitda SOTP</b>				
<b>HBM EBITDA (Wbn)</b>	<b>28,267</b>	<b>9.5x</b>	<b>269,103</b>	30% discount to TSMC's FY26E fwd EV/EBITDA
HBM EBIT (Wbn)	24,711			
HBM OPM(%)	70%			
HBM D&A as a % of total DRAM D&A(%)	35%			
D&A(Wbn)	3,556			
<b>Commodity/Others EBITDA (Wbn)</b>	<b>238,341</b>	<b>7.7x</b>	<b>1,835,227</b>	Global Memory peers' avg. of 12m fwd EV/EBITDA
Commodity DRAM (non-HBM) EBITDA (Wbn)	179,951			
DRAM EBIT (Wbn)	173,457			
DRAM D&A(Wbn)	6,494			
NAND EBITDA (Wbn)	58,464			
NAND EBIT (Wbn)	53,207			
Forex	1,424			
Other Segment's EBITDA (Wbn)	-74			
Other EBIT (Wbn)	-229			
Other D&A(Wbn)	155			
<b>Total Operating EV (Implied EV/EBITDA)</b>	<b>266,608</b>	<b>7.9x</b>	<b>2,104,330</b>	Sum of HBM division's and Commodity division's equity value
Net Debt/(Cash)			-129,083	
Net Treasury Stock Value			0	
Investment Asset Value			5,280	
On Book			26,401	As of end-FY2025
Premium/(Discount)			80%	
<b>Total Equity Value (Wbn)</b>			<b>2,238,693</b>	
Common Shares Outstanding (mn)			728	
<b>Fair Value (Won)</b>			<b>3,075,118</b>	
<b>Target Price (Rounded)</b>			<b>3,100,000</b>	

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Source: Citi Research Estimates

# Bull/Bear: SK Hynix (000660.KS)

**W 3,800,000**  
▲125% Upside

**W 3,100,000**  
▲84% Upside

**W 1,400,000**  
▼17% Downside



Spread 142pp  
Current Price and expected returns (upside/downside) as of 08 May 2026

## BULL Assumptions



- 2026E DRAM ASP Chg. YoY +200%
- 2026E NAND ASP Chg. YoY +260%
- Accelerated customization of memory products; continued upcycle of memory market supported by better-than-expected commodity memory pricing.

## BASE Assumptions



- 2026E DRAM ASP Chg. YoY +164%
- 2026E NAND ASP Chg. YoY +221%
- 2026E EV/EBITDA SOTP (HBM: 9.5x 26E Ebitda; Commodity: 7.7x 26E Ebitda) on maintained HBM leadership & the initiation of commodity market upcycle

## BEAR Assumptions



- 2026E DRAM ASP Chg. YoY +100%
- 2026E NAND ASP Chg. YoY +150%
- 1.6x P/B on DRAM market share loss & unexpected termination of memory upcycle

## SK Hynix

(000660.KS; W 1686000.0; 1; 08 May 26; 15:45)

### Company description

SK Hynix manufactures semiconductors such as DRAM, NAND flash memory and SRAM chips.

### Investment strategy

We rate SK Hynix shares as Buy. We believe SK Hynix is well positioned to benefit from the DRAM market recovery driven by limited supply growth. In particular, we see SK Hynix's technology leadership in DRAM, coupled with the high exposure to fast-growing server applications, supporting the company's long-term earnings growth. Additionally, we think SK Hynix's acquisition of Intel's NAND business should produce synergies with the company's existing NAND business and strengthen its product portfolio.

### Valuation

Our 12-month target price for SK Hynix of W3,100,000 is derived using a sum-of-the-parts (SOTP) methodology, based on 2026E EBITDA. In calculating total operating value, we break down SK Hynix's operating businesses into HBM and commodity/others business to reflect a structural change in next-gen memory market. We reference a global peer (TSMC) in assigning a fair-value EV/EBITDA multiple for HBM business, as we project the memory market is evolving from a traditional commodity market into a highly customized & customer-specific market much closer to the foundry business. For commodity memory business, we apply a historical average of 12m fwd EV/EBITDA during the beginning or early stage of memory upcycles in the past. We apply 7.2x EV/EBITDA to HBM segment and 4.2x to commodity segment to derive the target price.

### Risks

Downside risks that could prevent the shares from reaching our target price include: 1) a downturn in DRAM demand; 2) weaker NAND demand than our forecasts; and 3) weakness in global consumption.

## TSMC

(2330.TW; NT\$2235.0; 1; 11 May 26; 13:30)

### Valuation

Our target price for TSMC shares of NT\$2,875 is based on 25x the average of our 2026-27E EPS, higher than its three-year average forward PER, versus global peers' average of 15-23x. We believe our PER target is justified by TSMC's leading position in advanced process node and robust AI demand growth outlook. Given its continuing leadership in the semiconductor foundry industry, we believe TSMC's stable order visibility and earnings outlook make

it less vulnerable than peers to a potential global economic downturn. Our target price equates to 2026E/27E P/E of 29x/22x and 2026E/27E P/B of 10x/8x.

### Risks

Key downside risks that could impede the shares from achieving our target price include: 1) weakness in the global semiconductor market; 2) larger-than-expected margin contractions due to depreciation cost hikes and strong NTD; 3) competitors entering the foundry business; 4) longer-than-expected digestion of inventory in the supply chain; and 5) a slowdown in demand either from a global economic downturn or a global trade disruption triggered by tariffs.

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## Appendix A-1

### ANALYST CERTIFICATION

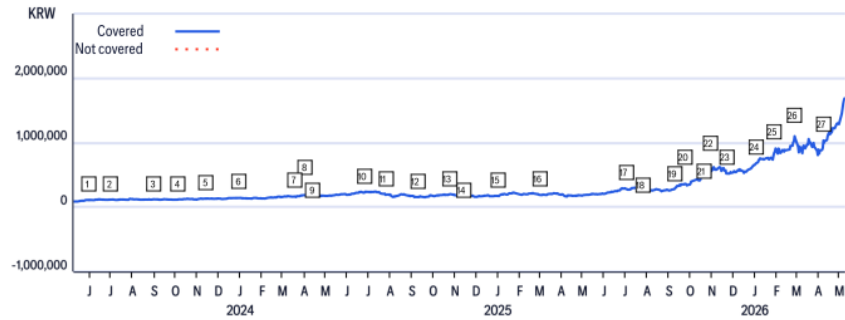
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**IMPORTANT DISCLOSURES**

**SK Hynix (000660.KS)**  
Ratings and Target Price History  
Fundamental Research

Analyst: Peter Lee



Date	Rating	Target Price	Closing Price
1 30-May-23 08:36:29	1	*160,000.00	110,300.00
2 30-Jun-23 05:08:18	1	*170,000.00	115,200.00
3 30-Aug-23 11:34:39	1	*180,000.00	119,400.00
4 04-Oct-23 06:14:16	1	*185,000.00	115,400.00
5 13-Nov-23 09:52:50	1	*190,000.00	131,800.00
6 01-Jan-24 18:20:58	1	*230,000.00	141,500.00
7 18-Mar-24 10:47:11	1	*234,000.00	164,300.00
8 01-Apr-24 10:34:31	1	*238,000.00	185,500.00
9 12-Apr-24 08:17:40	1	*310,000.00	187,400.00

Date	Rating	Target Price	Closing Price
10 25-Jun-24 06:27:18	1	*350,000.00	225,000.00
11 25-Jul-24 03:44:27	1	*337,000.00	190,000.00
12 09-Sep-24 02:31:32	1	*310,000.00	157,000.00
13 24-Oct-24 06:29:30	1	*330,000.00	198,200.00
14 12-Nov-24 10:31:16	1	*350,000.00	185,800.00
15 31-Dec-24 06:45:21	1	*340,000.00	173,900.00
16 03-Mar-25 15:00:11	1	*350,000.00	190,200.00
17 01-Jul-25 03:45:10	1	*430,000.00	285,500.00
18 24-Jul-25 04:40:40	1	*380,000.00	269,500.00

Date	Rating	Target Price	Closing Price
19 08-Sep-25 10:00:23	1	*430,000.00	277,000.00
20 22-Sep-25 06:19:28	1	*480,000.00	351,000.00
21 20-Oct-25 04:22:50	1	*640,000.00	485,500.00
22 29-Oct-25 02:38:54	1	*770,000.00	558,000.00
23 23-Nov-25 10:20:04	1	*830,000.00	521,000.00
24 02-Jan-26 03:22:42	1	*900,000.00	677,000.00
25 26-Jan-26 07:57:46	1	*1,400,000.00	736,000.00
26 24-Feb-26 08:08:02	1	*1,550,000.00	1,005,000.00
27 08-Apr-26 07:47:52	1	*1,700,000.00	1,033,000.00

\*Indicates Change

Rating/target price changes above reflect Eastern Time

**TSMC (2330.TW)**  
Ratings and Target Price History  
Fundamental Research

Analyst: Laura (Chia Yi) Chen



Date	Rating	Target Price	Closing Price
1 28-Jun-23 11:09:56	1	*660.00	574.00
2 22-Nov-23 00:43:24	1	*720.00	577.00
3 18-Jan-24 10:40:18	1	*740.00	588.00
4 09-Apr-24 10:09:45	1	*950.00	819.00
5 18-Apr-24 09:00:06	1	*1,030.00	804.00
6 17-Jun-24 04:51:05	1	*1,150.00	921.00
7 18-Jul-24 08:21:47	1	*1,500.00	1,005.00

Date	Rating	Target Price	Closing Price
8 17-Oct-24 09:15:17	1	*1,540.00	1,035.00
9 21-Mar-25 15:53:47	1	*1,400.00	972.00
10 09-Apr-25 07:55:10	1	*1,050.00	785.00
11 17-Apr-25 10:33:27	1	*1,100.00	847.00
12 26-Jun-25 02:57:46	1	*1,280.00	1,075.00
13 17-Jul-25 09:46:31	1	*1,400.00	1,130.00
14 25-Sep-25 09:04:47	1	*1,600.00	1,320.00

Date	Rating	Target Price	Closing Price
15 16-Oct-25 10:32:46	1	*1,800.00	1,485.00
16 09-Jan-26 04:15:15	1	*2,450.00	1,680.00
17 15-Jan-26 10:05:29	1	*2,600.00	1,690.00
18 27-Mar-26 10:38:33	1	*2,800.00	1,820.00
19 16-Apr-26 08:25:24	1	*2,875.00	2,085.00

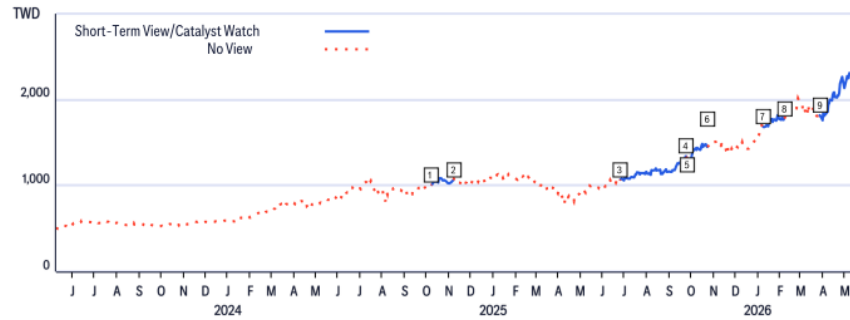
\*Indicates Change

Rating/target price changes above reflect Eastern Time

TSMC (2330.TW)

Short-Term View/Catalyst Watch Research

Analyst: Laura (Chia Yi) Chen



1	Date	Action	Expected Direction	Duration	Closing Price	4	Date	Action	Expected Direction	Duration	Closing Price	7	Date	Action	Expected Direction	Duration	Closing Price
1	08-Oct-24 01:00:00	Add CW	Upside	30 Days	1,010.00	4	24-Sep-25 21:58:41	Remove STV	Upside	90 Days	1,340.00	7	08-Jan-26 23:15:15	Add CW	Upside	30 Days	1,685.00
2	07-Nov-24 19:58:59	Remove CW	Upside	30 Days	1,065.00	5	25-Sep-25 05:04:47	Add CW	Upside	30 Days	1,320.00	8	08-Feb-26 19:44:43	Remove CW	Upside	30 Days	1,780.00
3	25-Jun-25 22:57:46	Add STV	Upside	90 Days	1,070.00	6	24-Oct-25 14:20:26	Remove CW	Upside	30 Days	1,450.00	9	27-Mar-26 06:38:33	Add STV	Upside	90 Days	1,820.00

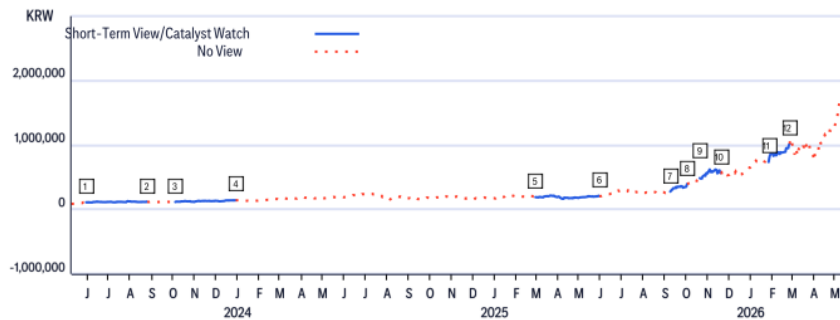
CW - Catalyst Watch, STV - Short-Term View

Rating/target price changes above reflect Eastern Time

SK Hynix (000660.KS)

Short-Term View/Catalyst Watch Research

Analyst: Peter Lee



1	Date	Action	Expected Direction	Duration	Closing Price	5	Date	Action	Expected Direction	Duration	Closing Price	9	Date	Action	Expected Direction	Duration	Closing Price
1	30-May-23 04:36:29	Add CW	Upside	90 Days	110,300.00	5	03-Mar-25 10:00:11	Add CW	Upside	90 Days	190,200.00	9	20-Oct-25 00:22:50	Add CW	Upside	30 Days	485,500.00
2	27-Aug-23 22:58:59	Remove CW	Upside	90 Days	116,500.00	6	01-Jun-25 22:55:32	Remove CW	Upside	90 Days	204,500.00	10	19-Nov-25 21:15:03	Remove CW	Upside	30 Days	562,000.00
3	04-Oct-23 02:14:16	Add CW	Upside	90 Days	115,400.00	7	08-Sep-25 06:00:23	Add CW	Upside	30 Days	277,000.00	11	26-Jan-26 02:57:46	Add CW	Upside	30 Days	736,000.00
4	01-Jan-24 21:19:41	Remove CW	Upside	90 Days	141,500.00	8	08-Oct-25 22:50:00	Remove CW	Upside	30 Days	395,500.00	12	25-Feb-26 20:57:35	Remove CW	Upside	30 Days	1,018,000.00

CW - Catalyst Watch, STV - Short-Term View

Rating/target price changes above reflect Eastern Time

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Data current as of 01 Apr 2026	12 Month Rating			Catalyst Watch		
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Citigroup Global Markets Korea Securities Limited

Peter Lee; Jayden Oh

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