

Sam cycle well-confirmed Q25 results and 2026 outlook PO to W200k

Reiterate Rating: BUY | PO: 200,000 KRW | 160,000 KRW

Strong 4Q25 OP background

Samsung Electronics (SEC) reported 4Q25 preliminary OP at W20tn. This is 10-20% higher than consensus and our estimate. The gap is mostly due to higher DRAM ASP (+40% QoQ according to our new research; our earlier assumption was +25%), followed by NAND (+23%). Non-memory businesses seem to be in line (foundry loss, smartphone margin squeeze). We breakdown 4Q OP into memory W17.5tn, foundry -W1.0tn (large loss), OLED W1.5tn, mobile W1.9tn, consumer/TV -W0.2tn (small loss) and Harman W0.4tn. All details will be disclosed at earnings call (29 Jan).

2026 super-cycle outlook

We recall hardlanding in early 2019 after 2018 cloud boom. However, this time should be different. Three reasons: (1) healthy inventories (chipmakers, OEMs, hyperscalers); (2) memory spot price rally, as of early Jan; and (3) strong long-term orders. We also see SK Hynix's fully utilizing capacity (HBM, conventional DRAM). This will make SEC raise ASP further in 1Q26 (DRAM +23%, NAND +15%). To be conservative, we assume just stable or low-single digit% ASP hike QoQ in 2Q and 2H. However, high margin should be well sustained (DRAM: 60%+; NAND: 30%+/-) through all 2026 quarters. We are not bullish on SEC's HBM4 (20-30% share, 40%+/- OPM vs Hynix's 50-60%) but conventional memory upturn will be good enough to see a new record-high OP in 2026 (W100tn+ annual or W25tn+ quarterly). This clearly confirms super-cycle for SEC. Our 2026 EPS revision (+25%) is mostly based on DRAM ASP assumption change (+66% YoY vs earlier +44%).

Raise PO to a new high of W200,000

We raise SEC's PO to W200,000, derived from 2.7x 2026E P/B (vs old PO W170,000, based on 2.4x BVPS), which is much higher than 2020-25 average of 1.4x, and even the previous peak level of 2.1x in 2017, 2020-21. Samsung's target P/B multiple still lags behind pure-play memory names such as Hynix/Micron (near-4.0x) due to its non-memory exposure (smartphone margin erosion and foundry loss). The increased POs of the preferred share (W160,000) and GDR (US\$3,500) are still based on a 20% discount ratio and W1.4k/USD FX rate of common shares' value, respectively.

Estimates (Dec) (W)	2023A	2024A	2025E	2026E	2027E
Net Income (Adjusted - bn)	14,473	33,621	40,514	85,482	93,179
EPS	2,131	4,956	6,008	12,691	13,834
EPS Change (YoY)	-74%	133%	21%	111%	9%
Consensus EPS (Visible Alpha)			5,433.86	12,632.65	14,853.71
Dividend / Share	1,444	1,446	1,472	1,480	1,480
GDR EPS (US\$)	41	91	104	219	239
GDR Dividend / Share (US\$)	28	27	25	26	26
Valuation (Dec)					
P/E	66.4x	28.5x	23.6x	11.1x	10.2x
Dividend Yield	1.0%	1.0%	1.0%	1.0%	1.0%
EV / EBITDA*	19.6x	11.7x	9.8x	5.6x	5.3x
Free Cash Flow Yield*	-1.4%	2.2%	3.8%	7.4%	8.0%

* For full definitions of *IQmethod*SM measures, see page 26.

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Refer to important disclosures on page 27 to 30. Analyst Certification on page 24. Price Objective Basis/Risk on page 24.

08 January 2026

Equity

Key Changes

(W)	Previous	Current
Price Obj.	170,000	200,000
2025E EPS	5,572	6,008
2026E EPS	10,147	12,691
2027E EPS	11,171	13,834

Simon Woo, CFA >>

Research Analyst
Merrill Lynch (Seoul)
+82 2 3707 0554
simon.woo@bofa.com

Matt Shin >>

Research Analyst
Merrill Lynch (Seoul)
matt.shin2@bofa.com

Dai Shen >>

Research Analyst
Merrill Lynch (Hong Kong)
dai.shen@bofa.com

Stock Data

Price (Common / GDR / Pref)	141,500 KRW / 2,436 USD / 103,300 KRW
Price Objective	200,000 KRW / 3,500 USD / 160,000 KRW
Date Established	8-Jan-2026 / 8-Jan-2026 / 8-Jan-2026
Investment Opinion	B-1-7 / B-1-7 / B-1-7
52-Week Range	50,800 KRW-144,500 KRW
Market Value (mn)	664,590 USD
Market Value (mn)	961,162,699 KRW
Shares Outstanding (mn)	6,792.7 / 271.7 / 816.0
Average Daily Value (mn)	3,257 USD
Free Float	82.2%
BofA Ticker / Exchange	SSNLF / KSC
BofA Ticker / Exchange	SSNHZ / LIN
BofA Ticker / Exchange	SSNNF / KSC
Bloomberg / Reuters	005930 KS / 005930.KS
ROE (2025E)	10.0%
Net Dbt to Eqty (Dec-2024A)	-23.2%

ASP: Average selling price

DRAM: Dynamic random-access memory

GDR: Global depositary receipt

HBM: High bandwidth memory

HBM4: 6th gen of HBM

NAND: Not-AND memory

OEM: Original equipment manufacturer

OLED: Organic light-emitting diode

OPM: Operating profit margin

iQprofileSM Samsung Electronics

Key Income Statement Data (Dec)	2023A	2024A	2025E	2026E	2027E
(W Billions)					
Sales	258,935	300,871	332,766	414,526	430,666
Gross Profit	78,547	114,309	130,093	201,921	216,446
Sell General & Admin Expense	(43,640)	(46,585)	(49,730)	(53,104)	(55,504)
Operating Profit	6,567	32,726	43,524	108,777	118,373
Net Interest & Other Income	4,439	4,804	6,016	4,910	5,502
Associates	NA	NA	NA	NA	NA
Pretax Income	11,006	37,530	49,540	113,687	123,875
Tax (expense) / Benefit	4,481	(3,078)	(8,160)	(27,285)	(29,730)
Net Income (Adjusted)	14,473	33,621	40,514	85,482	93,179
Average Fully Diluted Shares Outstanding	6.793	6.783	6.743	6.736	6.736

Key Cash Flow Statement Data	2023A	2024A	2025E	2026E	2027E
Net Income	14,473	33,621	40,514	85,482	93,179
Depreciation & Amortization	38,667	42,631	46,573	48,109	49,079
Change in Working Capital	(5,098)	(231)	(7,293)	(6,378)	(6,433)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	(3,904)	(3,039)	5,123	0	0
Cash Flow from Operations	44,137	72,983	84,916	127,214	135,825
Capital Expenditure	(57,611)	(51,406)	(48,173)	(56,100)	(58,600)
(Acquisition) / Disposal of Investments	NA	NA	NA	NA	NA
Other Cash Inflow / (Outflow)	40,688	(33,975)	(1,548)	0	0
Cash Flow from Investing	(16,923)	(85,382)	(49,721)	(56,100)	(58,600)
Shares Issue / (Repurchase)	0	(1,812)	(8,149)	0	0
Cost of Dividends Paid	(9,864)	(10,889)	(9,897)	(9,813)	(9,813)
Cash Flow from Financing	(8,593)	(7,797)	(21,556)	(10,463)	(10,437)
Free Cash Flow	(13,474)	21,576	36,743	71,114	77,225
Net Debt	(79,721)	(93,322)	(105,410)	(165,970)	(232,580)
Change in Net Debt	(16,269)	26,841	(16,464)	(61,301)	(67,412)

Key Balance Sheet Data	2023A	2024A	2025E	2026E	2027E
Property, Plant & Equipment	187,256	205,945	205,183	213,173	222,695
Other Non-Current Assets	72,713	81,524	89,854	91,910	94,082
Trade Receivables	36,647	43,623	49,073	51,460	52,743
Cash & Equivalents	92,407	112,652	121,915	181,825	247,811
Other Current Assets	66,882	70,787	69,884	71,183	73,742
Total Assets	455,906	514,532	535,910	609,553	691,072
Long-Term Debt	4,262	3,950	5,599	5,378	5,166
Other Non-Current Liabilities	12,246	15,063	17,330	17,679	18,035
Short-Term Debt	8,423	15,380	10,907	10,477	10,064
Other Current Liabilities	67,296	77,947	75,201	72,509	69,918
Total Liabilities	92,228	112,340	109,036	106,043	103,184
Total Equity	363,678	402,192	426,874	503,510	587,889
Total Equity & Liabilities	455,906	514,532	535,910	609,553	691,072

iQmethod SM - Bus Performance*	2023A	2024A	2025E	2026E	2027E
Return On Capital Employed	2.4%	8.5%	8.9%	17.2%	16.1%
Return On Equity	4.1%	9.0%	10.0%	18.8%	17.4%
Operating Margin	2.5%	10.9%	13.1%	26.2%	27.5%
EBITDA Margin	17.5%	25.0%	27.1%	37.8%	38.9%

iQmethod SM - Quality of Earnings*	2023A	2024A	2025E	2026E	2027E
Cash Realization Ratio	3.0x	2.2x	2.1x	1.5x	1.5x
Asset Replacement Ratio	1.5x	1.2x	1.0x	1.2x	1.2x
Tax Rate (Reported)	NM	8.2%	16.5%	24.0%	24.0%
Net Debt-to-Equity Ratio	-21.9%	-23.2%	-24.7%	-33.0%	-39.6%
Interest Cover	NA	NA	NA	NA	NA

Key Metrics

* For full definitions of iQmethodSM measures, see page 26.

Company Sector

Electrical Equipment

Company Description

Samsung's dominant leadership in the global IT industry should continue thanks to its substantial capex spend and ample financial resources. It is ranked No. 1 globally in smartphone, semis memory, display and TVs. New tech such as HBM3e/4, CXL DRAM, 3D NAND, 2nm semis foundry and flexible OLED will offer long-term opportunities, but the company faces intense competition from memory peers, China OEMs, etc.

Investment Rationale

Our Buy rating is based on the memory cycle upturn, which is expected to continue into 2026-27. True, the stock price has recovered strongly over the past 6 months, but we expect further upside, enabling the P/B to rebound to even above-2.5x amid 12-hi HBM ramp-up, DRAM and NAND price strength, narrowing foundry loss, positive ROE, FCF generation, disciplined capex, consistent dividend and buyback.

Stock Data

Shares / GDR	25.00
Price to Book Value	2.3x

Key Changes

(US\$)	Previous	Current
Price Obj.	3,000.00	3,500.00
2025E EPS	96.31	103.86
2026E EPS	175.41	219.38
2027E EPS	193.11	239.13



Key charts/tables post 4Q prelim sales/OP

Exhibit 1: Upbeat 4Q25 prelim OP at W20tn, which is about 10-20% higher than consensus and our estimate. The gap is mostly based on higher DRAM ASP (+40% QoQ in our view vs +25% previously assumed) followed by NAND (+23%).

Samsung Electronics (SEC) – 2025 quarterly earnings; our estimate vs. consensus

(Wtn, Won)	1Q25	2Q25	3Q25	4Q25P		
	Actual	Actual	Actual	Prelim	Our est	Cons
Sales	79.1	74.6	86.1	93.0	88.7	90.5
OP	6.7	4.7	12.2	20.0	16.1	17.7
OPM	8.4%	6.3%	14.1%	21.5%	18.1%	19.5%
Pre-tax	9.2	5.8	13.5	na	17.2	18.5
Tax	0.9	0.6	1.3	na	4.3	3.2
Implied tax rate	10%	11%	10%	na	25%	17%
NP	8.0	4.9	12.0	na	12.6	15.3
EPS - Won	1,187	733	1,783	na	1,871	2,050
BVPS - Won	59,059	58,135	60,632	na	62,201	62,179

Source: Company, Bloomberg, BofA Global Research estimates. est = estimate. Cons = consensus. diff = difference.

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Exhibit 2: Our 2026-27E OP estimates appear relatively lower than overly bullish consensus, but still present upcycle-level

SEC – 2025-27 annual earnings; our estimate vs. consensus

(Wtn, Won)	2024	2025E			2026E			2027E		
	Actual	Our est	Cons	Diff	Our est	Cons	Diff	Our est	Cons	Diff
Sales	300.9	332.8	414.6	-20%	414.5	447.4	-7%	430.7	447.7	-4%
OP	32.7	43.5	107.2	-59%	108.8	122.2	-11%	118.4	135.7	-13%
OPM	10.9%	13.1%	25.9%	-12.8%pt	26.2%	27.3%	-1.1%pt	27.5%	30.3%	-2.8%pt
Pre-tax	37.5	49.5	111.7	-56%	113.7	128.5	-12%	123.9	146.9	-16%
Tax	3.1	8.2	22.2	-63%	27.3	24.9	10%	29.7	40.9	-27%
Implied tax rate	8%	16%	20%	-3.4%pt	24%	19%	4.7%pt	24%	28%	-3.9%pt
NP	33.6	40.5	89.5	-55%	85.5	103.7	-18%	93.2	106.0	-12%
EPS - Won	4,956	6,008	13,480	-55%	12,691	15,509	-18%	13,834	17,191	-20%
BVPS - Won	57,981	62,645	74,394	-16%	74,190	89,434	-17%	86,903	108,073	-20%

Source: Company, Bloomberg, BofA Global Research estimates. est = estimate. Cons = consensus. diff = difference.

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Exhibit 3: Our 2026 EPS revision (+25%) is mostly based on DRAM ASP assumption change (+66% YoY vs earlier +44%)

SEC – Earnings revisions (2025-27E)

Wtn, Won	1Q25	2Q25	3Q25	4Q25P	1Q26E	2Q26E	3Q26E	4Q26E	2020	2021	2022	2023	2024	2025E	2026E	2027E
EPS - fully diluted																
New	1,187	733	1,783	2,308	2,945	2,937	3,412	3,397	3,841	5,777	8,057	2,131	4,956	6,008	12,691	13,834
Old	1,187	733	1,783	1,871	2,303	2,399	2,791	2,654	3,841	5,777	8,057	2,131	4,956	5,572	10,147	11,171
Difference	n/a	n/a	n/a	23%	28%	22%	22%	28%	n/a	n/a	n/a	n/a	n/a	8%	25%	24%
Sales																
New	79.1	74.6	86.1	93.0	102.7	97.9	108.1	105.8	236.8	279.6	302.2	258.9	300.9	332.8	414.5	430.7
Old	79.1	74.6	86.1	88.7	96.7	92.1	101.7	98.7	236.8	279.6	302.2	258.9	300.9	328.5	389.1	405.0
Difference	n/a	n/a	n/a	5%	6%	6%	6%	7%	n/a	n/a	n/a	n/a	n/a	1%	7%	6%
OP																
New	6.7	4.7	12.2	20.0	25.3	25.2	29.2	29.1	36.0	51.6	43.4	6.6	32.7	43.5	108.8	118.4
Old	6.7	4.7	12.2	16.1	19.6	20.4	23.7	22.5	36.0	51.6	43.4	6.6	32.7	39.6	86.2	94.8
Difference	n/a	n/a	n/a	24%	29%	23%	23%	29%	n/a	n/a	n/a	n/a	n/a	10%	26%	25%
OP margin																
New	8.4%	6.3%	14.1%	21.5%	24.6%	25.7%	27.0%	27.5%	15.2%	18.5%	14.4%	2.5%	10.9%	13.1%	26.2%	27.5%
Old	8.4%	6.3%	14.1%	18.1%	20.2%	22.2%	23.3%	22.8%	15.2%	18.5%	14.4%	2.5%	10.9%	12.1%	22.2%	23.4%
Difference %pt	n/a	n/a	n/a	3.4%	4.3%	3.5%	3.7%	4.7%	n/a	n/a	n/a	n/a	n/a	1.0%	4.1%	4.1%
FX - avg (W/USD)																
New	1,453	1,401	1,387	1,452	1,420	1,400	1,390	1,375	1,180	1,144	1,291	1,306	1,365	1,423	1,396	1,355
Old	1,453	1,401	1,387	1,452	1,420	1,400	1,390	1,375	1,180	1,144	1,291	1,306	1,365	1,423	1,396	1,355
Difference	n/a	n/a	n/a	0%	0%	0%	0%	0%	n/a	n/a	n/a	n/a	n/a	0%	0%	0%
Net non-operating income																
New	2.5	1.1	1.4	1.1	1.1	1.1	1.3	1.3	0.4	1.7	3.1	4.4	4.8	6.0	4.9	5.5
Old	2.5	1.1	1.4	1.1	1.1	1.1	1.3	1.3	0.4	1.7	3.1	4.4	4.8	6.0	4.9	5.5
Difference	n/a	n/a	n/a	0%	0%	0%	0%	0%	n/a	n/a	n/a	n/a	n/a	0%	0%	0%
Tax rate - effective																
New	10.1%	11.1%	9.7%	25.0%	24.0%	24.0%	24.0%	24.0%	27.3%	25.2%	-19.8%	-40.7%	8.2%	16.5%	24.0%	24.0%
Old	10.1%	11.1%	9.7%	25.0%	24.0%	24.0%	24.0%	24.0%	27.3%	25.2%	-19.8%	-40.7%	8.2%	15.7%	24.0%	24.0%
Difference %pt	n/a	n/a	n/a	0.0%	0.0%	0.0%	0.0%	0.0%	n/a	n/a	n/a	n/a	n/a	0.7%	0.0%	0.0%
NP after minority int																
New	8.0	4.9	12.0	15.5	19.8	19.8	23.0	22.9	26.1	39.2	54.7	14.5	33.6	40.5	85.5	93.2
Old	8.0	4.9	12.0	12.6	15.5	16.2	18.8	17.9	26.1	39.2	54.7	14.5	33.6	37.6	68.3	75.2
Difference	n/a	n/a	n/a	23%	28%	22%	22%	28%	n/a	n/a	n/a	n/a	n/a	8%	25%	24%
ROE - annualized																
New	8.2%	5.0%	12.1%	15.2%	18.7%	17.9%	19.9%	19.0%	10.0%	13.9%	17.1%	4.1%	9.0%	10.0%	18.8%	17.4%
Old	8.2%	5.0%	12.1%	12.4%	14.8%	14.9%	16.8%	15.4%	10.0%	13.9%	17.1%	4.1%	9.0%	9.3%	15.5%	14.9%
Difference %pt	n/a	n/a	n/a	3%	4%	3%	3%	4%	n/a	n/a	n/a	n/a	n/a	1%	3%	3%
EBITDA																
New	18.2	16.0	24.0	31.9	37.2	37.2	41.3	41.2	66.3	85.9	82.5	45.2	75.4	90.1	156.9	167.5
Old	18.2	16.0	24.0	27.9	31.5	32.4	35.8	34.6	66.3	85.9	82.5	45.2	75.4	86.2	134.3	143.9
Difference	n/a	n/a	n/a	14%	18%	15%	15%	19%	n/a	n/a	n/a	n/a	n/a	5%	17%	16%
Capex spend																
New	12.1	13.0	10.8	12.2	13.1	13.8	14.1	15.1	37.6	47.1	49.4	57.6	51.4	48.2	56.1	58.6
Old	12.1	13.0	10.8	12.2	13.1	13.8	14.1	15.1	37.6	47.1	49.4	57.6	51.4	48.2	56.1	58.6
Difference	n/a	n/a	n/a	0%	0%	0%	0%	0%	n/a	n/a	n/a	n/a	n/a	0%	0%	0%
Net cash																
New	94	87	92	102	109	121	135	146	105	106	105	80	93	102	146	195
Old	94	87	92	102	109	121	135	146	105	106	105	80	93	102	146	195
Difference	n/a	n/a	n/a	0%	0%	0%	0%	0%	n/a	n/a	n/a	n/a	n/a	0%	0%	0%
BVPS (Wk, period-end)																
New	59	58	61	63	65	68	71	74	39	44	51	52	58	63	74	87
Old	59	58	61	62	64	66	69	71	39	44	51	52	58	62	71	81
Difference	n/a	n/a	n/a	1%	2%	2%	3%	4%	n/a	n/a	n/a	n/a	n/a	1%	4%	7%

Source: Company, BofA Global Research estimates

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Exhibit 4: Our more positive 2026-27E OP estimates are mostly semis-centric (stronger DRAM/NAND recovery, mostly price-driven)

SEC – OP forecast changes (2025-27E)

Wtn	1Q25	2Q25	3Q25	4Q25P	1Q26E	2Q26E	3Q26E	4Q26E	2020	2021	2022	2023	2024	2025E	2026E	2027E
New estimates																
Semis	1.10	0.40	7.00	16.45	21.69	21.75	24.22	24.97	18.81	29.20	23.82	-14.87	15.12	24.95	92.63	98.54
Display	0.50	0.50	1.20	1.49	0.59	0.63	1.52	1.35	2.23	4.45	5.95	5.57	3.76	3.69	4.09	4.50
IM	4.30	3.10	3.60	1.90	2.33	2.17	2.68	2.11	11.47	13.65	11.38	13.01	10.66	12.90	9.29	11.85
CE	0.30	0.20	-0.10	-0.23	0.31	0.28	0.44	0.28	3.56	3.64	1.35	1.26	1.70	0.17	1.30	1.90
Auto (Harman)	0.30	0.50	0.40	0.39	0.33	0.36	0.37	0.41	0.05	0.59	0.88	1.17	1.32	1.59	1.47	1.59
Others & adj	0.19	-0.02	0.07	0.00	0.00	0.00	0.00	0.00	-0.13	0.10	0.00	0.43	0.16	0.23	0.00	0.00
Total OP	6.69	4.68	12.17	20.00	25.25	25.18	29.23	29.11	35.99	51.63	43.38	6.57	32.73	43.52	108.78	118.37
Old estimates																
Semis	1.10	0.40	7.00	12.52	15.72	16.36	18.32	18.38	18.81	29.20	23.82	-14.87	15.12	21.02	68.78	74.94
Display	0.50	0.50	1.20	1.49	0.59	0.63	1.52	1.35	2.23	4.45	5.95	5.57	3.76	3.69	4.09	4.50
IM	4.30	3.10	3.60	1.90	2.61	2.79	3.07	2.11	11.47	13.65	11.38	13.01	10.66	12.90	10.59	11.85
CE	0.30	0.20	-0.10	-0.23	0.31	0.28	0.44	0.28	3.56	3.64	1.35	1.26	1.70	0.17	1.30	1.90
Auto (Harman)	0.30	0.50	0.40	0.39	0.33	0.36	0.37	0.41	0.05	0.59	0.88	1.17	1.32	1.59	1.47	1.59
Others & adj	0.19	-0.02	0.07	0.00	0.00	0.00	0.00	0.00	-0.13	0.10	0.00	0.43	0.16	0.23	0.00	0.00
Total OP	6.69	4.68	12.17	16.07	19.57	20.41	23.72	22.53	35.99	51.63	43.38	6.57	32.73	39.60	86.23	94.78
Difference																
Semis	n/a	n/a	n/a	3.93	5.96	5.39	5.90	6.59	n/a	n/a	n/a	n/a	n/a	3.93	23.84	23.60
Display	n/a	n/a	n/a	0.00	0.00	0.00	0.00	0.00	n/a	n/a	n/a	n/a	n/a	0.00	0.00	0.00
IM	n/a	n/a	n/a	0.00	-0.28	-0.62	-0.40	0.00	n/a	n/a	n/a	n/a	n/a	0.00	-1.30	0.00
CE	n/a	n/a	n/a	0.00	0.00	0.00	0.00	0.00	n/a	n/a	n/a	n/a	n/a	0.00	0.00	0.00
Auto (Harman)	n/a	n/a	n/a	0.00	0.00	0.00	0.00	0.00	n/a	n/a	n/a	n/a	n/a	0.00	0.00	0.00
Others & adj	n/a	n/a	n/a	0.00	0.00	0.00	0.00	0.00	n/a	n/a	n/a	n/a	n/a	0.00	0.00	0.00
Total OP	n/a	n/a	n/a	3.93	5.69	4.77	5.50	6.59	n/a	n/a	n/a	n/a	n/a	3.93	22.54	23.60

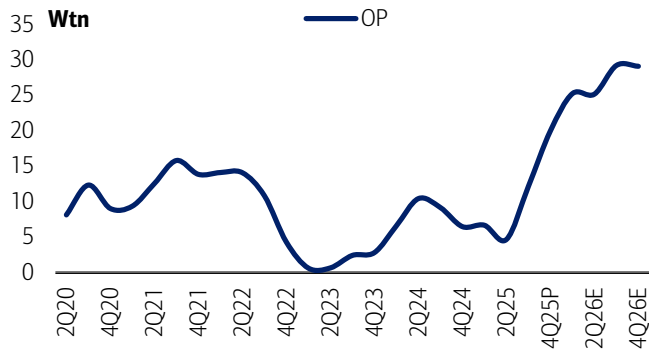
Note: IM (information / mobile) includes mobile (smartphone, etc) and network (5G basestation, etc) – currently known as MX (mobile eXperience); CE (consumer electronics) includes TV and home appliances; "Others & adj" refer to eliminated internal transactions (e.g., DRAM chip used in GS24 smartphone)

Source: Company, BofA Global Research estimates

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Exhibit 5: Upbeat 4Q prelim OP (W20tn; +208% YoY); we expect further growth through 2026E (W25tn+ quarterly)

SEC – Quarterly OP trend

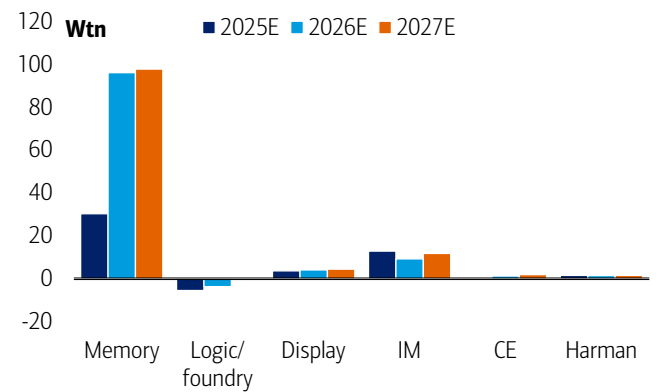


Source: Company, BofA Global Research estimates

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Exhibit 6: Memory OP still much higher vs other businesses; IM (currently known as MX) refers to smartphones, and CE means TVs and consumer electronics

SEC – Annual OP by business unit



Source: Company, BofA Global Research estimates

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Exhibit 7: Robust price-driven OPM assumed in 4Q (DRAM: 56% vs 49% assumed previously; NAND: 20% vs 16%); accordingly, we raised our OP margin assumptions for DRAM and NAND in 2026-27E on the back of better chip pricing environment and stronger AI chip demand
 SEC – Memory assumption changes (2025-27E)

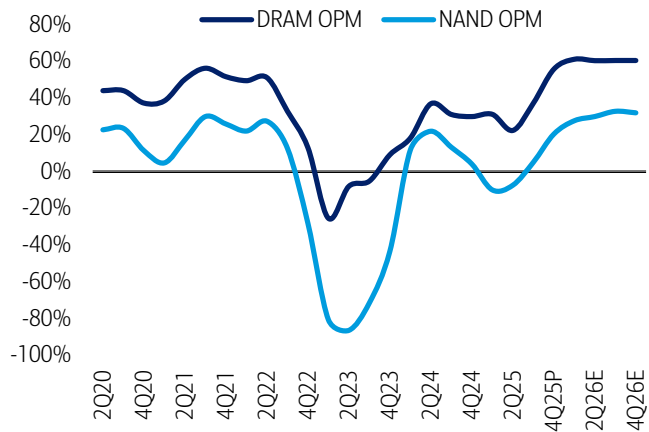
(%)	1Q25	2Q25	3Q25	4Q25P	1Q26E	2Q26E	3Q26E	4Q26E	2020	2021	2022	2023	2024	2025E	2026E	2027E
FX KRW/USD - period avg																
New	1,453	1,401	1,387	1,452	1,420	1,400	1,390	1,375	1,180	1,144	1,291	1,306	1,365	1,423	1,396	1,355
Old	1,453	1,401	1,387	1,452	1,420	1,400	1,390	1,375	1,180	1,144	1,291	1,306	1,365	1,423	1,396	1,355
Revision %pt	n/a	n/a	n/a	0%	0%	0%	0%	0%	n/a	n/a	n/a	n/a	n/a	0%	0%	0%
DRAM ASP chg (QoQ/YoY)																
New	-20%	2%	15%	40%	23%	0%	2%	1%	-15%	13%	-15%	-43%	58%	22%	66%	-5%
Old	-20%	2%	15%	25%	15%	1%	2%	-1%	-15%	13%	-15%	-43%	58%	17%	44%	-4%
Revision %pt	n/a	n/a	n/a	15%	8%	-1%	0%	2%	n/a	n/a	n/a	n/a	n/a	5%	22%	-1%
DRAM bit growth (QoQ/YoY)																
New	3%	13%	15%	3%	-4%	1%	7%	2%	22%	27%	-1%	9%	14%	12%	13%	14%
Old	3%	13%	15%	3%	-4%	1%	7%	2%	22%	27%	-1%	9%	14%	12%	13%	14%
Revision %pt	n/a	n/a	n/a	0%	0%	0%	0%	0%	n/a	n/a	n/a	n/a	n/a	0%	0%	0%
DRAM OPM																
New	31.2%	22.4%	37.3%	55.8%	61.2%	60.4%	60.5%	60.5%	40.8%	50.1%	40.8%	-4.4%	29.7%	40.3%	60.7%	58.2%
Old	31.2%	22.4%	37.3%	48.5%	53.8%	54.6%	54.7%	53.8%	40.8%	50.1%	40.8%	-4.4%	29.7%	37.1%	54.2%	52.1%
Revision %pt	n/a	n/a	n/a	7.3%	7.4%	5.9%	5.8%	6.8%	n/a	n/a	n/a	n/a	n/a	3.2%	6.5%	6.1%
NAND ASP chg (QoQ/YoY)																
New	-15%	-5%	5%	23%	15%	1%	3%	-2%	-2%	-9%	-15%	-45%	66%	-7%	37%	-6%
Old	-15%	-5%	5%	17%	13%	1%	3%	-2%	-2%	-9%	-15%	-45%	66%	-8%	30%	-6%
Revision %pt	n/a	n/a	n/a	6%	2%	0%	0%	0%	n/a	n/a	n/a	n/a	n/a	1%	7%	0%
NAND bit growth (QoQ/YoY)																
New	-10%	27%	10%	-5%	3%	1%	10%	5%	24%	37%	3%	16%	11%	5%	17%	15%
Old	-10%	27%	10%	-5%	3%	1%	10%	5%	24%	37%	3%	16%	11%	5%	17%	15%
Revision %pt	n/a	n/a	n/a	0%	0%	0%	0%	0%	n/a	n/a	n/a	n/a	n/a	0%	0%	0%
NAND OPM																
New	-9.9%	-7.4%	5.1%	20.5%	27.7%	30.0%	32.9%	32.0%	18.9%	20.4%	13.1%	-67.7%	13.0%	4.1%	30.8%	31.3%
Old	-9.9%	-7.4%	5.1%	16.4%	22.7%	25.1%	28.2%	27.3%	18.9%	20.4%	13.1%	-67.7%	13.0%	2.7%	26.0%	26.5%
Revision %pt	n/a	n/a	n/a	4.1%	5.1%	4.9%	4.7%	4.7%	n/a	n/a	n/a	n/a	n/a	1.5%	4.8%	4.8%

Source: Company, BofA Global Research estimates. chg = change.

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Exhibit 8: Up-cycle DRAM margin (OPM 60%+) likely to prolong thanks to solid demand for HBM/DDR5; strong NAND margin recovery assumed in 2026 (30%+)

SEC – DRAM and NAND OP margin

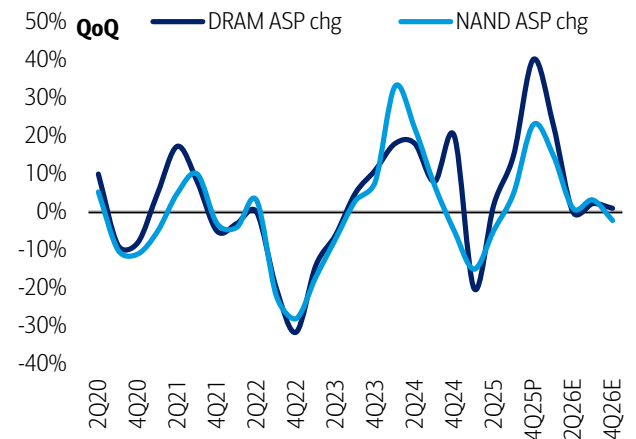


Source: Company, BofA Global Research estimates

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Exhibit 9: We expect robust ASP trend in 1Q26 (DRAM +23% QoQ, NAND +15%) even after strong 4Q growth; to be conservative, we assume just stable or only low single digit% ASP hike QoQ for 2Q and 2H

SEC – DRAM and NAND ASP trend – QoQ changes



Source: Company, BofA Global Research estimates

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Exhibit 10: Samsung's upside could come from 12-hi HBM3e (2H25) and HBM4 (2026-27), focused on NVIDIA's Tier 2 customers (ex-US data centers) and Big Tech companies (Amazon, Google, Broadcom, AMD, etc.)

SEC – HBM earnings outlook

	1Q25	2Q25	3Q25P	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
HBM																
Sales, US\$bn	0.91	1.20	2.13	2.11	2.35	2.88	3.93	4.66	1.84	6.75	6.36	13.81	18.05	20.99	22.92	25.72
% to DRAM sales	10.0%	11.5%	15.4%	10.6%	10.0%	12.1%	15.1%	17.4%	8.4%	17.2%	11.9%	13.8%	16.7%	21.9%	22.9%	26.0%
Shipment, GB bn	0.09	0.12	0.22	0.22	0.25	0.32	0.43	0.51	0.20	0.61	0.65	1.51	2.19	2.74	3.29	4.02
ASP, US\$/GB	9.88	10.10	9.70	9.60	9.27	9.09	9.18	9.09	9.31	11.00	9.76	9.14	8.22	7.65	6.96	6.40
Price premium	270%	276%	222%	115%	66%	64%	64%	62%	440%	335%	199%	64%	57%	53%	35%	34%
Cost, US\$/GB	7.4	15.2	6.0	5.9	5.8	5.6	5.4	5.3	5.8	7.4	7.8	5.4	4.9	4.5	4.2	3.9
OP, US\$bn	0.23	-0.60	0.81	0.81	0.88	1.12	1.62	1.96	0.70	2.22	1.25	5.58	7.28	8.73	9.24	10.21
OP margin	25%	-50%	38%	39%	38%	39%	41%	42%	38%	33%	20%	40%	40%	42%	40%	40%
Wafer capa, kwpm	120	125	135	150	160	170	180	200	45	78	133	178	225	248	265	273
QoQ/YoY																
Sales	-73%	33%	78%	-1%	11%	23%	37%	19%	267%	-6%	117%	31%	16%	9%	12%	
Shipment	-69%	30%	85%	0%	15%	25%	35%	20%	210%	6%	132%	45%	25%	20%	22%	
ASP	-12%	2%	-4%	-1%	-3%	-2%	1%	-1%	18%	-11%	-6%	-10%	-7%	-9%	-8%	
Cost	-5%	104%	-60%	-2%	-2%	-4%	-3%	-2%	28%	6%	-30%	-10%	-9%	-7%	-7%	
OP	-78%	-365%	-235%	0%	8%	27%	45%	21%	217%	-43%	345%	30%	20%	6%	10%	
Wafer capa	20%	4%	8%	11%	7%	6%	6%	11%	72%	71%	34%	27%	10%	7%	3%	
HBM shipment mix																
HBM5 & above	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.0%	40.0%	65.0%
HBM4e	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	13.7%	53.0%	47.0%	29.0%
HBM4	0.0%	0.0%	0.0%	0.0%	0.1%	2.0%	9.0%	24.0%	0.0%	0.0%	0.0%	11.1%	64.6%	27.0%	10.0%	5.0%
HBM3e	51.0%	64.0%	81.0%	91.0%	95.9%	96.0%	90.0%	76.0%	0.0%	19.8%	77.0%	87.5%	21.7%	10.0%	3.0%	1.0%
HBM3	40.0%	30.0%	15.0%	7.0%	3.0%	2.0%	1.0%	0.0%	6.3%	58.1%	18.6%	1.2%	0.0%	0.0%	0.0%	0.0%
HBM2e & below	9.0%	6.0%	4.0%	2.0%	1.0%	0.0%	0.0%	0.0%	93.7%	22.1%	4.4%	0.2%	0.0%	0.0%	0.0%	0.0%
Mix total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Hi-mix																
20-hi & above	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.0%	40.0%	65.0%
16-hi	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	13.7%	53.0%	47.0%	29.0%
12-hi	1.0%	5.0%	17.0%	30.0%	51.0%	75.0%	90.0%	93.0%	0.0%	0.4%	16.9%	81.3%	84.6%	37.0%	13.0%	6.0%
8-hi	99.0%	95.0%	83.0%	70.0%	49.0%	25.0%	10.0%	7.0%	100.0%	99.6%	83.1%	18.7%	1.6%	0.0%	0.0%	0.0%
Hi-mix total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
% HBM to DRAM																
Sales	10%	12%	15%	11%	10%	12%	15%	17%	8%	17%	12%	14%	17%	22%	23%	26%
Shipment	3%	3%	5%	5%	6%	8%	10%	11%	2%	5%	4%	9%	11%	13%	14%	16%
OP	8%	-26%	16%	7%	6%	8%	10%	12%	-72%	19%	6%	9%	12%	30%	31%	34%
Wafer capa	18%	19%	21%	23%	24%	25%	26%	28%	6%	11%	20%	26%	30%	32%	34%	34%
QoQ/YoY																
Sales	6%	13%	26%	53%	18%	-1%	6%	0%	62%	45%	84%	4%	5%	12%	0%	
Shipment	11%	13%	13%	4%	-5%	-1%	5%	0%	10%	12%	7%	10%	10%	9%	8%	
ASP	-4%	1%	12%	48%	25%	-1%	1%	0%	47%	29%	71%	-6%	-5%	3%	-7%	
Cost	-7%	1%	4%	-1%	8%	0%	-1%	-1%	-4%	4%	8%	-1%	-5%	-5%	-5%	
OP	14%	13%	47%	139%	31%	-2%	7%	1%	-664%	115%	173%	1%	5%	18%	-1%	
Wafer capa	-4%	-6%	-3%	-2%	0%	1%	2%	-1%	-3%	-16%	-3%	2%	0%	0%	1%	

Source: Company, BofA Global Research estimates

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Exhibit 11: Hynix's 12-Hi HBM ramp-up has been successful ahead of SEC in 2025 but SEC's 2026 HBM growth and margin improvement (YoY) likely stronger vs Hynix's (high base established in 2024-25)

SK Hynix – HBM earnings outlook still much stronger than Samsung's

	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
HBM																
Sales, US\$bn	4.24	5.05	5.61	6.05	6.17	6.45	7.69	9.03	2.28	9.62	20.95	29.35	34.28	38.22	46.37	53.63
Shipment, GB bn	0.36	0.43	0.47	0.52	0.54	0.58	0.68	0.78	0.27	0.87	1.78	2.58	3.37	4.08	5.20	6.26
ASP, US\$/GB	11.7	11.9	11.9	11.7	11.4	11.1	11.3	11.6	8.5	11.1	11.8	11.4	10.2	9.4	8.9	8.6
Price premium	319%	299%	273%	190%	131%	120%	120%	133%	364%	291%	259%	126%	102%	107%	107%	105%
Cost, US\$/GB	4.3	4.3	4.3	4.2	4.2	4.2	4.1	4.2	4.5	4.1	4.3	4.2	3.9	3.6	3.5	3.3
OP, US\$bn	2.67	3.23	3.56	3.87	3.90	4.05	4.87	5.77	1.07	6.08	13.33	18.60	21.23	23.40	28.39	32.86
OP margin	63%	64%	64%	64%	63%	63%	63%	64%	47%	63%	64%	63%	62%	61%	61%	61%
Wafer capa, kwpm	135	150	160	165	170	180	190	220	37	100	153	190	249	274	293	307
QoQ/YoY																
Sales	2%	19%	11%	8%	2%	5%	19%	17%		323%	118%	40%	17%	11%	21%	16%
Shipment	1%	18%	11%	9%	5%	7%	18%	14%		223%	105%	45%	31%	21%	28%	20%
ASP	1%	1%	0%	-1%	-3%	-2%	1%	3%		31%	6%	-4%	-11%	-8%	-5%	-4%
Cost	1%	-1%	1%	-2%	-1%	-1%	-1%	2%		-9%	5%	-3%	-7%	-6%	-5%	-4%
OP	2%	21%	10%	9%	1%	4%	21%	18%		469%	119%	40%	14%	10%	21%	16%
Wafer capa	5%	11%	7%	3%	3%	6%	6%	16%		167%	53%	25%	31%	10%	7%	5%
HBM shipment mix																
HBM5 & above	0%	0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0%	0%	0%	0%	1%	23%	60%	80%
HBM4e	0%	0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0%	0%	0%	0%	21%	54%	32%	18%
HBM4	0%	0%	0.02%	0.51%	2.0%	10.0%	30.0%	50.0%	0%	0%	0%	26%	63%	20%	7%	2%
HBM3e	89%	93%	97%	98%	98%	90%	70%	50%	0%	57%	95%	74%	15%	3%	1%	0%
HBM3	11%	7%	3%	1%	0%	0%	0%	0%	87%	41%	5%	0%	0%	0%	0%	0%
HBM2e & below	0.4%	0.17%	0.05%	0.01%	0%	0%	0%	0%	13%	2%	0%	0%	0%	0%	0%	0%
Mix total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Hi-mix																
20-hi & above	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	23%	60%	80%
16-hi	0%	0%	0%	0%	0%	0%	0%	0.3%	0%	0%	0%	0%	21%	54%	32%	18%
12-hi	33%	65%	91%	95%	98%	99%	100%	100%	0%	5%	74%	99%	79%	23%	8%	2%
8-hi	67%	35%	9%	5%	2%	1%	0%	0%	100%	95%	26%	1%	0%	0%	0%	0%
Hi-mix total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
% HBM to DRAM																
Sales	45%	42%	41%	37%	34%	34%	37%	41%	14%	30%	41%	37%	38%	42%	46%	48%
Shipment	16%	15%	16%	17%	18%	19%	21%	23%	4%	10%	16%	20%	24%	26%	29%	31%
OP	54%	49%	44%	36%	31%	31%	34%	37%	nm	40%	44%	33%	34%	37%	41%	43%
Wafer capa	28%	30%	31%	30%	30%	31%	32%	37%	10%	24%	30%	32%	39%	42%	43%	44%

Source: Company reports, BofA Global Research estimates



Memory spot/contract price & Hyperscale capex

Exhibit 12: DRAM and NAND spot price rally continued in to early Jan

Spot-market prices among DRAM and NAND

US\$	Current	WoW	QoQ	YoY
DRAM spot				
16Gb DDR5	31.9	7%	272%	581%
16Gb DDR4	69.7	7%	358%	2100%
8Gb DDR4	25.9	6%	278%	1663%
4Gb DDR4	5.1	8%	85%	329%
NAND spot				
1Tb wafer	17.1	2%	193%	237%
512Gb wafer	13.7	5%	297%	466%
256Gb wafer	7.0	2%	275%	489%

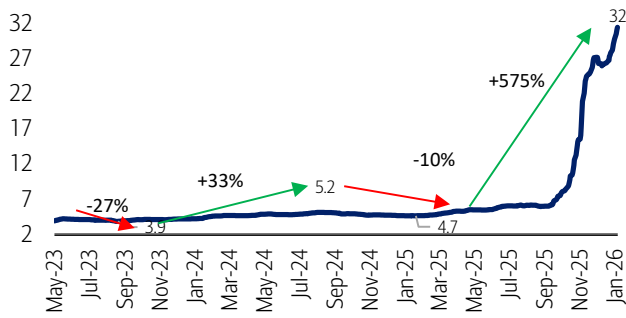
*Memory spot prices are updated on a weekly basis

Source: DRAMeXchange

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Exhibit 13: Price up +10% in early Jan to hit record high-levels of \$32 after slightly muted Dec; robust rally was observed in Nov (+60%) and Oct (+70%)

16Gb DDR5 spot price – daily, May '23-Jan '26

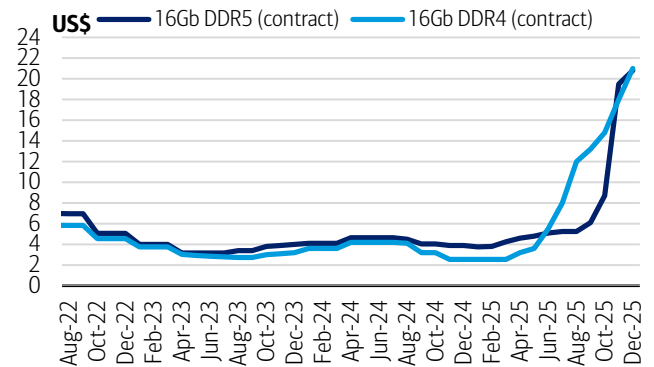


Source: DRAMeXchange

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Exhibit 14: DDR4 price crossover vs DDR5 happened for the first time in June; DDR5 contract price catching up with DDR4's to near US\$20

16Gb DDR5 vs 16Gb DDR4 contract price trend, Aug '22-Dec '25

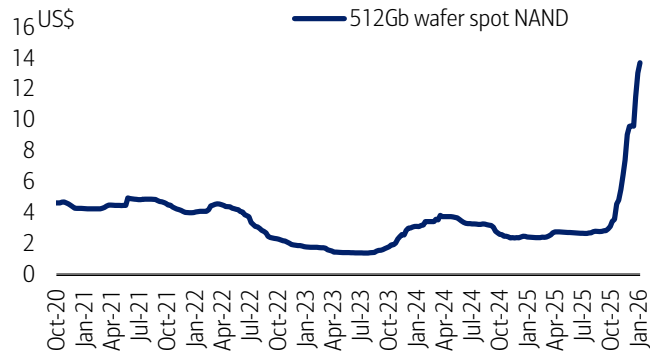


Source: TrendForce

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Exhibit 15: Strong rally of +50%/70%/40% observed in Oct/Nov/Dec due to production cut and demand recovery driven price upside; early Jan price also up +5%

512Gb NAND wafer spot price – weekly, Oct '20-Jan '26

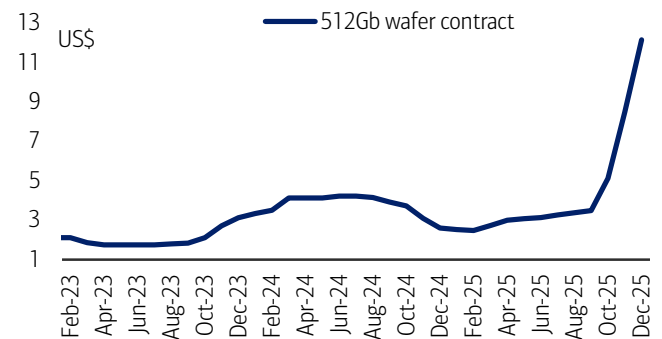


Source: DRAMeXchange

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Exhibit 16: Current contract price at \$12, around 5x vs Feb-25 bottom of \$2.5; prices significantly up in Oct/Nov/Dec

NAND wafer contract price trend, Feb '23-Dec '25

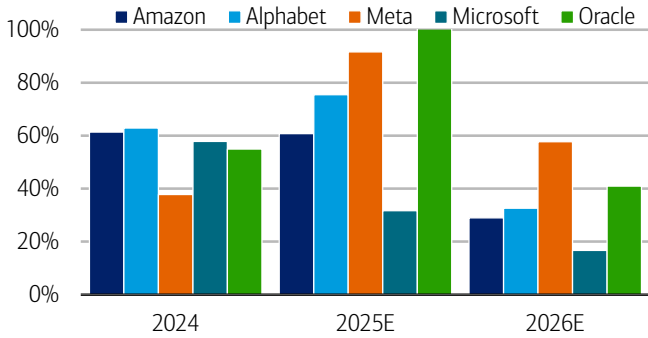


Source: TrendForce, DRAMeXchange, BofA Global Research

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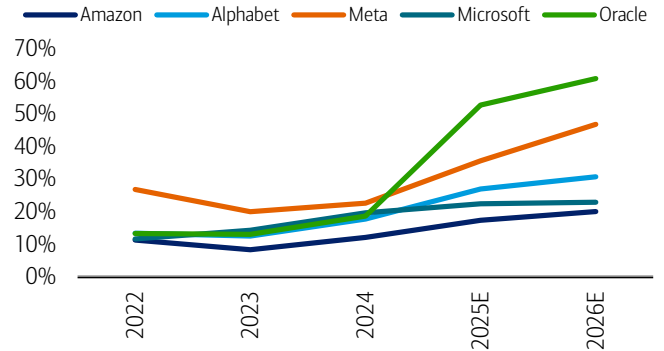
Exhibit 17: Record-high capex spend by all big-4 hyperscalers well-expected to continue in 2025-26E; robust growth started since 2024
Hyperscalers' capex growth – YoY change



Note: Microsoft and Oracle data adjusted for CY basis **Oracle's 2025 capex up 230% YoY
Source: Companies' reports, BofA Global Research estimates

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Exhibit 18: Steady increase in capex relative to sales due to strong AI demand, much higher ratio seen than during the cloud boom (2017-18)
Hyperscalers' capex-to-sales ratio

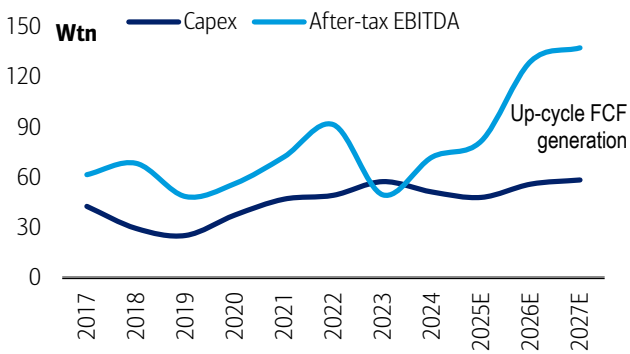


Note: Microsoft and Oracle data adjusted for CY basis

Source: Companies' reports, BofA Global Research estimates

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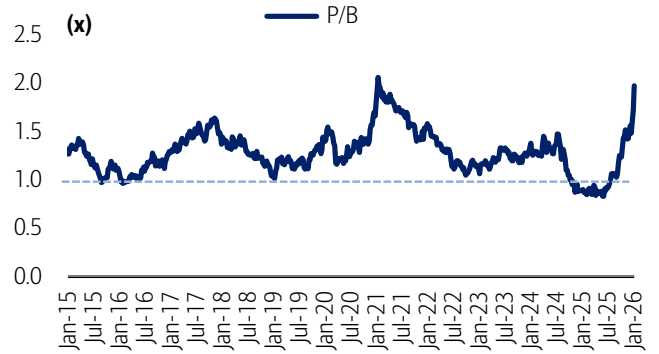
Exhibit 19: FCF back to upcycle level in 2026-27E due to memory+HBM upcycle and disciplined capex
SEC – EBITDA vs. capex trend



Source: Company, BofA Global Research estimates

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Exhibit 20: Currently trading at 2.0x vs our target of 2.7x
SEC – 12-month forward P/B



Source: Company, BofA Global Research estimates

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Valuation

Exhibit 21: Our new PO W200k is derived from 2.7x 2026E P/B (vs old PO W170k based on 2.4x P/B)

Valuation multiples at current price and PO

(x)	2023	2024	2025E	2026E	2027E
Current share price					
P/E	64.8	27.8	23.0	10.9	10.0
P/Book	2.7	2.4	2.2	1.9	1.6
EV/Sales	3.1	2.7	2.4	1.9	1.9
EV/EBITDA	17.9	10.7	9.0	5.2	4.8
FCF/EV	-2%	3%	3%	8%	9%
Dividend yield	1.0%	1.0%	1.1%	1.1%	1.1%
PO based					
P/E	93.9	40.4	33.3	15.8	14.5
P/Book	3.8	3.4	3.2	2.7	2.3
EV/Sales	5.2	4.5	4.0	3.2	3.1
EV/EBITDA	29.8	17.9	15.0	8.6	8.0

Source: Company, BofA Global Research estimates

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Exhibit 22: SEC – Historical valuation trend

Time to see re-rating at above-2.5x P/B vs historical average of 1.4x (1-2x band); strong OP turnaround (2026E) should be the catalyst

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	6-yr avg 2020-25	11-yr avg 2015-25
Based on year-avg shr price													
P/E	11.8	10.8	8.7	7.2	14.7	14.9	13.7	7.9	31.7	14.4	12.8	15.9	13.5
P/B	1.3	1.2	1.6	1.3	1.2	1.5	1.8	1.3	1.3	1.2	1.1	1.4	1.4
EV/Sales	0.8	0.8	1.1	0.9	0.9	1.2	1.5	1.1	1.4	1.3	1.1	1.3	1.1
EV/EBITDA	3.3	3.1	3.5	2.6	3.8	4.1	4.9	3.9	8.1	5.0	4.3	5.0	4.2
Based on year-high shr price													
P/E	13.7	13.6	10.7	8.2	17.9	21.1	15.8	9.8	36.8	17.7	21.6	20.5	17.0
P/B	1.5	1.6	2.0	1.5	1.5	2.1	2.1	1.6	1.5	1.5	1.9	1.8	1.7
EV/Sales	0.9	1.0	1.4	1.1	1.2	1.8	1.8	1.4	1.7	1.6	2.0	1.7	1.5
EV/EBITDA	4.0	4.2	4.5	3.1	4.9	6.6	5.8	5.1	9.6	6.3	7.7	6.8	5.6
Based on year-low shr price													
P/E	9.7	8.4	6.6	5.9	11.8	11.1	11.9	6.5	26.0	10.1	9.2	12.5	10.7
P/B	1.1	1.0	1.2	1.1	1.0	1.1	1.6	1.0	1.1	0.9	0.8	1.1	1.1
EV/Sales	0.6	0.5	0.8	0.7	0.7	0.7	1.3	0.8	1.1	0.8	0.7	0.9	0.8
EV/EBITDA	2.5	2.1	2.5	1.9	2.7	2.6	4.1	3.0	6.4	3.2	2.8	3.7	3.1

Source: Company, Bloomberg, BofA Global Research

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Exhibit 23: Samsung's multiples (near low-2.0x P/B) broadly lower than Hynix and Micron (close to 4x) despite upcycle level of OP (W100tn+) in 2026E, in our view

Valuation comparison with major semis and tech companies

	Ticker	Rating	Price (Local)	Mcap (\$bn)	P/E			P/Book			EV/EBITDA			EV/Sales		ROE		Div yield	
					FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Samsung	SSNLF	B-1-7	138,800	568.1	28.0	23.1	10.9	2.4	2.3	1.9	11.5	9.6	5.5	2.6	2.1	10%	19%	1.1%	1.1%
Samsung (PFD)	SSNNF	B-1-7	101,900	57.5	20.6	17.0	8.0	2.4	2.3	1.9	11.5	9.6	5.5	2.6	2.1	10%	19%	1.4%	1.5%
SK Hynix	HXSCF	B-1-7	741,000	380.5	26.5	12.8	8.0	7.3	4.8	3.1	14.7	9.1	5.3	5.6	3.7	43%	45%	0.4%	0.5%
Micron	MU	C-1-7	339.55	382.2	259.2	41.0	10.7	8.5	7.1	4.2	38.0	34.0	8.4	9.9	5.1	19%	50%	0.1%	0.1%
Nanya	NNYAF	B-1-9	241.50	23.8	NM	269.0	16.4	4.5	4.5	3.6	129.3	41.7	9.8	11.1	5.2	2%	25%	0.0%	0.0%
TSMC	TSMWF	B-1-7	1,685.00	1,388.0	37.2	26.3	20.6	10.2	8.5	6.6	21.1	16.2	12.8	11.1	9.0	35%	36%	1.4%	1.4%
Intel	INTC	C-3-9	42.63	212.5	72.3	133.2	83.6	1.9	1.7	1.6	14.0	13.7	11.7	3.4	3.3	1%	2%	0.0%	0.0%
Qualcomm	QCOM	B-1-7	180.19	193.0	17.6	15.0	15.1	10.1	12.5	9.4	15.8	22.6	15.9	6.2	6.0	56%	NM	1.9%	2.0%
Nvidia	NVDA	C-1-7	189.11	4,595.4	63.2	40.6	25.6	59.3	33.5	18.1	53.0	34.1	21.4	22.1	14.7	104%	90%	0.0%	0.0%
Apple	AAPL	B-1-7	260.33	3,846.7	38.6	34.9	31.7	67.8	52.4	34.7	27.1	25.2	22.3	9.5	8.6	171%	131%	0.4%	0.4%
Sony	SNEJF	C-1-7	3,930	154.2	20.9	21.2	20.5	2.9	3.0	2.7	9.6	9.9	9.5	2.0	2.0	14%	14%	0.6%	0.7%
Xiaomi	XIACF	C-1-9	38	126.8	38.7	21.7	21.2	4.6	3.2	2.7	28.7	15.2	14.6	1.9	1.5	18%	15%	0.0%	0.0%
LG Electronics	LGEAF	B-1-7	92,000	10.4	45.3	10.4	10.3	0.7	0.7	0.6	3.9	4.3	3.9	0.3	0.3	7%	7%	2.2%	2.8%

Source: Companies, BofA Global Research estimates. Mcap = market capitalization. Div = dividend.

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Exhibit 24: Mostly memory-centric (DRAM, NAND), followed by smartphone and display (OLED); net cash 30% discounted to be conservative; previously announced W10tn-worth share buyback completed through Nov-24 to Oct-25

SEC – Cross-checked sum-of-the-parts (SOTP) valuation

	EV/shr (Won)	% to EV	EV total (Wtn)	US\$bn	EV/sales	2025-26E EV/EBIT	EV/NP	Company	Mkt cap (US\$bn)
EV by business unit									
Semis									
DRAM	118,252	63%	796.5	590.0	7.9	14.7	19.1	SK Hynix	389
NAND	35,476	19%	239.0	177.0	5.5	26.7	34.7	Micron	382
Logic/foundry	6,013	3%	40.5	30.0	1.5	-8.9	-11.5	WDC	68
Others	200	0%	1.4	1.0	na	na	na	Kioxia	45
								TSMC	1,388
Semis total	159,941	86%	1,077.3	798.0	6.2	18.3	23.8	Qualcomm	193
Display									
OLED	4,009	2%	27.0	20.0	0.9	6.9	9.0	Intel	213
LCD	0	0%	0.0	0.0	0.0	n/a	n/a	Nvidia	4,595
Display Total	4,009	2%	27.0	20.0	0.9	6.9	9.0	LG Display	4
								BOE	23
IM									
Smartphone	17,036	9%	114.8	85.0	1.2	11.1	14.4	Apple	3,847
Equipment & others	1,002	1%	6.8	5.0	0.2	9.3	12.0	Nokia	39
IM total	18,038	10%	121.5	90.0	1.0	11.0	14.2		
CE									
TV	1,223	1%	8.2	6.1	0.3	8.7	11.3	LGE	10
Appliances	601	0%	4.1	3.0	0.2	-18.8	-24.4	Whirlpool	4
CE total	1,824	1%	12.3	9.1	0.2	16.7	21.7	Panasonic	32
								Sony	155
Harman & auto parts	2,205	1%	14.9	11.0	0.9	9.7	12.6		
Others (Robotics, etc)	301	0%	2.0	1.5	nm	nm	nm		
Business value total	186,317	100%	1,255.0	929.6	3.4	16.5	21.4		
Shareholder value total									
Business value	186,317		1,255.0	929.6					
Equity investments	4,366		29.4	21.8					
Net cash	13,628		91.8	68.0					
Discounted cash (-30%)	-4,088		-27.5	-20.4					
Shareholder value total	200,222		1,348.6	999.0					
Difference vs PO	0%		0%						
Our PO	200,000		1,347.1	997.9					
Upside (PO-to-current price)	44.9%								
FX (W/US\$ for LT)	1,350								
Outstanding shares	6,736								

Source: Company, BofA Global Research estimates

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Exhibit 25: Memory accounts for 50%+ of total enterprise value vs. foundry only low-single digit %, OLED mid-single %, smartphone high-teen %, discounted cash low-teen %, etc.

SEC – Cross-checked sum-of-the-parts (SOTP) valuation summary

US\$bn	Fair value	% to total FV	Remarks
DRAM	590.0	59%	HBM upside, DDR5 price hike
NAND	177.0	18%	Mid-cycle profit expected
Logic/foundry	30.0	3%	L-T growth opportunities with Tesla
OLED	20.0	2%	Resilient at mid to upcycle
Smartphone	85.0	9%	US tariff impact likely low; foldable phone upside
Network & others	5.0	1%	Low growth/margin
TV	6.1	1%	Profitable but weaker growth seen
Appliances	3.0	0%	Low margin continued; US tariff also concerned
Harman	11.0	1%	Upbeat growth/margin as of 1H25
Others	2.5	0%	Robotics, AI, SW, etc
Biz value total	929.6	93%	Biz value US\$600bn+
Net cash	68.0	7%	Mostly held by SDC and overseas subs
Equity investments	21.8	2%	Bio, SDI, SEMCO, SDS
Discounted cash (-30%)	-20.4	-2%	30% discounted to be conservative
FV total (US\$bn)	999.0	100%	FV still low vs global tech peers
Per shr FV (Won)	200,222		SOTP fair value ~W200k
PO (Won)	200,000		2.7x 2026E P/B

Source: Company, BofA Global Research estimates

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Exhibit 26: Long-term FCF (W100tn+ per annum) discounted at 9.5% WACC

SEC – Cross-checked discounted cash flow (DCF) valuation

Wtn, Won	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
Sales	259	301	333	415	431	517	605	653
Sales growth	-14%	16%	11%	25%	4%	20%	17%	8%
OP	7	33	44	109	118	145	169	184
OPM	3%	11%	13%	26%	27%	28%	28%	28%
Dep & Amor	39	43	47	48	49	52	55	60
EBITDA	45	75	90	157	167	197	224	244
Capex	58	51	48	56	59	60	60	60
Increase in NWC	5	0	7	6	6	1	1	1
Net working capital	36	36	44	50	57	58	59	60
Taxes	-4	3	8	27	30	35	41	44
Free cash flow	-13	21	26	67	73	101	123	139
FCF yield	-1%	2%	3%	7%	8%	11%	14%	15%
Discount factor at 9.5% WACC		1.00	0.91	0.83	0.76	0.70	0.64	0.58
Present value of FCF			24	56	55	70	78	81
Sum of PV FCF (a)		284						
Terminal value								
PV of TV - average (b)		983						
EV/EBITDA based (6x)		871						1,502
Perpetual growth 2.0% based		1,095						1,889
Biz value total (A = a+b)		1,267						
Net cash (2024-end)		93						
Equity investments		24						
Discounted cash (-30%)		33						
Shareholder value (biz + cash)		1352						
DCF FV per share (Won)		200,700						
DCF FV vs PO		0%						
BofA PO		200,000						
Current share price		138,000						
PO over share price		45%						

Source: Company, BofA Global Research estimates

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Exhibit 27: 2025-26E growth mostly based on semis turnaround (mostly driven by DDR5/HBM demand increase and NAND supply cut); non-semis upside potential unlikely strong due to US tariff-related risks

SEC – Sales breakdown by business

Wtn	1Q25	2Q25	3Q25	4Q25P	1Q26E	2Q26E	3Q26E	4Q26E	2020	2021	2022	2023	2024	2025E	2026E	2027E
Sales breakdown																
Semis	25.1	27.9	33.1	45.0	50.8	50.8	55.9	57.3	72.9	94.8	98.5	66.6	111.1	131.1	214.8	226.8
Memory	19.1	21.2	26.7	38.6	44.4	44.4	48.8	49.7	55.5	72.6	68.5	44.1	84.5	105.6	187.3	196.7
DRAM	12.3	13.7	17.9	27.2	31.3	31.2	34.0	34.6	31.5	43.7	41.1	26.1	50.0	71.1	131.2	137.3
NAND	6.6	7.7	8.8	10.8	12.5	12.5	14.2	14.4	21.9	26.5	25.8	16.8	33.2	33.9	53.6	56.5
Non-memory	6.0	6.7	6.4	6.4	6.4	6.5	7.2	7.6	17.3	22.2	29.9	22.5	26.6	25.5	27.5	30.0
Display	5.9	6.4	8.1	8.7	6.4	7.3	8.5	9.8	30.6	31.7	34.4	31.0	29.1	29.1	32.0	34.5
IM	37.0	29.2	34.1	27.1	35.8	29.4	33.3	26.8	99.6	109.3	120.8	112.4	117.2	127.4	125.2	125.0
Mobile	36.2	28.5	33.5	26.3	34.9	28.6	32.7	26.0	96.0	104.7	115.4	108.6	114.4	124.5	122.2	121.7
Network	0.8	0.7	0.6	0.8	0.8	0.7	0.6	0.8	3.6	4.6	5.4	3.8	2.8	2.9	3.0	3.3
CE	14.5	14.1	13.9	14.1	13.1	13.6	13.7	14.4	48.2	55.8	60.6	56.4	56.4	56.6	54.8	55.5
TV	7.8	7.0	7.3	8.2	6.9	7.0	7.5	8.4	27.7	31.5	33.3	30.4	31.0	30.3	29.9	30.4
Appliances	6.7	7.1	6.6	5.9	6.2	6.6	6.1	6.0	20.5	24.3	27.4	26.1	25.5	26.3	24.9	25.1
Harman	3.4	3.8	4.0	4.3	3.8	4.0	4.2	4.5	9.2	10.0	13.2	14.4	14.3	15.5	16.5	17.1
Total sales	79.1	74.6	86.1	93.0	102.7	97.9	108.1	105.8	236.8	279.6	302.2	258.9	300.9	332.8	414.5	430.7
Sales mix																
Semis	32%	37%	38%	48%	49%	52%	52%	54%	31%	34%	33%	26%	37%	39%	52%	53%
Memory	24%	28%	31%	42%	43%	45%	45%	47%	23%	26%	23%	17%	28%	32%	45%	46%
DRAM	16%	18%	21%	29%	31%	32%	31%	33%	13%	16%	14%	10%	17%	21%	32%	32%
NAND	8%	10%	10%	12%	12%	13%	13%	14%	9%	9%	9%	7%	11%	10%	13%	13%
Non-memory	8%	9%	7%	7%	6%	7%	7%	7%	7%	8%	10%	9%	9%	8%	7%	7%
Display	7%	9%	9%	9%	6%	7%	8%	9%	13%	11%	11%	12%	10%	9%	8%	8%
IM	47%	39%	40%	29%	35%	30%	31%	25%	42%	39%	40%	43%	39%	38%	30%	29%
Mobile	46%	38%	39%	28%	34%	29%	30%	25%	41%	37%	38%	42%	38%	37%	29%	28%
Network	1%	1%	1%	1%	1%	1%	1%	1%	2%	2%	2%	1%	1%	1%	1%	1%
CE	18%	19%	16%	15%	13%	14%	13%	14%	20%	20%	20%	22%	19%	17%	13%	13%
TV	10%	9%	8%	9%	7%	7%	7%	8%	12%	11%	11%	12%	10%	9%	7%	7%
Appliances	8%	10%	8%	6%	6%	7%	6%	6%	9%	9%	9%	10%	8%	8%	6%	6%
Harman	4%	5%	5%	5%	4%	4%	4%	4%	4%	4%	4%	6%	5%	5%	4%	4%
Total sales	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
QoQ sales growth																
Semis	-17%	11%	19%	36%	13%	0%	10%	2%								
Memory	-17%	11%	26%	45%	15%	0%	10%	2%								
DRAM	-14%	11%	31%	52%	31%	32%	31%	33%	13%	16%	14%	10%	17%	21%	32%	32%
NAND	-21%	17%	14%	22%	12%	13%	13%	14%	9%	9%	9%	7%	11%	10%	13%	13%
Non-memory	-15%	12%	-4%	0%	0%	2%	11%	6%	7%	8%	10%	9%	9%	8%	7%	7%
Display	-27%	8%	27%	7%	-26%	13%	17%	15%								
IM	43%	-21%	17%	-21%	32%	-18%	13%	-19%								
Mobile	45%	-21%	18%	-22%	33%	-18%	14%	-20%	41%	37%	38%	42%	38%	37%	29%	28%
Network	0%	-12%	-14%	33%	5%	-12%	-14%	33%	2%	2%	2%	1%	1%	1%	1%	1%
CE	1%	-3%	-1%	2%	-7%	4%	0%	5%								
TV	-9%	-10%	4%	12%	-15%	1%	7%	12%	12%	11%	11%	12%	10%	9%	7%	7%
Appliances	16%	6%	-7%	-10%	4%	7%	-7%	-3%	9%	9%	9%	10%	8%	8%	6%	6%
Harman	-13%	12%	5%	8%	-11%	3%	5%	8%								
Total sales	4%	-6%	15%	8%	10%	-5%	10%	-2%								
YoY sales growth																
Semis	8%	-2%	13%	50%	102%	82%	69%	27%	12%	30%	4%	-32%	67%	18%	64%	6%
Memory	9%	-2%	20%	68%	132%	109%	83%	29%	11%	31%	-6%	-36%	91%	25%	77%	5%
DRAM	26%	10%	34%	89%	155%	128%	89%	27%	4%	39%	-6%	-36%	92%	42%	84%	5%
NAND	-10%	-12%	1%	30%	89%	63%	61%	33%	21%	21%	-2%	-35%	97%	2%	58%	6%
Non-memory	6%	-2%	-9%	-10%	6%	-4%	12%	19%	18%	28%	35%	-25%	18%	-4%	8%	9%
Display	9%	-16%	1%	7%	9%	13%	5%	13%	-1%	4%	8%	-10%	-6%	0%	10%	8%
IM	10%	7%	12%	5%	-3%	1%	-2%	-1%	-7%	10%	11%	-7%	4%	9%	-2%	0%
Mobile	10%	7%	12%	5%	-4%	0%	-3%	-1%	-6%	9%	10%	-6%	5%	9%	-2%	0%
Network	8%	-5%	11%	0%	5%	5%	5%	5%	-28%	29%	18%	-30%	-25%	3%	5%	7%
CE	8%	-2%	-2%	-2%	-9%	-3%	-2%	2%	8%	16%	9%	-7%	0%	0%	-3%	1%
TV	8%	-7%	-4%	-5%	-11%	0%	3%	3%	6%	14%	6%	-9%	2%	-2%	-1%	2%
Appliances	7%	3%	1%	2%	-8%	-7%	-7%	0%	10%	19%	12%	-5%	-2%	3%	-5%	1%
Harman	6%	5%	13%	11%	13%	4%	4%	4%	-9%	9%	32%	9%	-1%	9%	6%	4%
Total sales	10%	1%	9%	23%	30%	31%	26%	14%	3%	18%	8%	-14%	16%	11%	25%	4%

Source: Company, BofA Global Research estimates



Exhibit 28: Robust OP rebound seen in 4Q (W20tn vs only W7/5/12tn in 1Q/2Q/3Q); we expect further OP improvement in 2026E, on the back of DRAM/NAND/foundry price/margin recovery; no material direct impact of US tariffs assumed
 SEC – OP breakdown by division

Wtn	1Q25	2Q25	3Q25	4Q25P	1Q26E	2Q26E	3Q26E	4Q26E	2020	2021	2022	2023	2024	2025E	2026E	2027E
OP by biz unit																
Semis	1.1	0.4	7.0	16.4	21.7	21.8	24.2	25.0	18.8	29.2	23.8	-14.9	15.1	24.9	92.6	98.5
Memory	3.2	2.5	7.2	17.5	22.7	22.7	25.3	25.6	17.4	27.8	20.0	-12.5	19.2	30.4	96.3	98.0
DRAM	3.8	3.1	6.7	15.2	19.2	18.9	20.5	21.0	12.9	21.9	16.5	-1.1	14.9	28.8	79.6	80.0
NAND	-0.7	-0.6	0.5	2.2	3.5	3.8	4.7	4.6	4.2	5.5	3.2	-11.3	4.3	1.4	16.5	17.7
Non-memory	-2.1	-2.1	-0.2	-1.0	-1.0	-0.9	-1.1	-0.7	1.4	1.4	3.8	-2.3	-4.1	-5.5	-3.7	0.6
Display	0.5	0.5	1.2	1.5	0.6	0.6	1.5	1.3	2.2	4.5	6.0	5.6	3.8	3.7	4.1	4.5
IM	4.3	3.1	3.6	1.9	2.3	2.2	2.7	2.1	11.5	13.7	11.4	13.0	10.7	12.9	9.3	11.8
Mobile	4.4	3.1	3.6	1.9	2.3	2.2	2.7	2.1	10.9	13.0	10.6	12.6	10.9	13.0	9.3	11.7
Network	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.7	0.8	0.4	-0.3	-0.1	0.0	0.1
CE	0.3	0.2	-0.1	-0.2	0.3	0.3	0.4	0.3	3.6	3.6	1.4	1.3	1.7	0.2	1.3	1.9
TV	0.3	0.2	0.2	0.1	0.3	0.2	0.4	0.3	2.4	2.2	1.7	1.8	1.8	0.7	1.2	1.5
Appliances	0.0	0.0	-0.3	-0.3	0.0	0.1	0.1	-0.1	1.2	1.5	-0.3	-0.6	-0.1	-0.5	0.1	0.4
Harman	0.3	0.5	0.4	0.4	0.3	0.4	0.4	0.4	0.1	0.6	0.9	1.2	1.3	1.6	1.5	1.6
Others & adj	0.2	0.0	0.1	0.0	0.0	0.0	0.0	0.0	-0.1	0.1	0.0	0.4	0.2	0.2	0.0	0.0
Total OP	6.7	4.7	12.2	20.0	25.3	25.2	29.2	29.1	36.0	51.6	43.4	6.6	32.7	43.5	108.8	118.4
OPM (% to sales)																
Semis	4.4%	1.4%	21.1%	36.5%	42.7%	42.8%	43.3%	43.6%	25.8%	30.8%	24.2%	-22.3%	13.6%	19.0%	43.1%	43.5%
Memory	17.0%	12.0%	26.9%	45.2%	51.1%	51.1%	51.8%	51.6%	31.3%	38.3%	29.2%	-28.4%	22.8%	28.8%	51.4%	49.8%
DRAM	31.2%	22.4%	37.3%	55.8%	61.2%	60.4%	60.5%	60.5%	40.9%	50.2%	40.2%	-4.2%	29.8%	40.5%	60.7%	58.2%
NAND	-9.9%	-7.4%	5.1%	20.5%	27.7%	30.0%	32.9%	32.0%	19.0%	20.6%	12.4%	-67.2%	13.0%	4.2%	30.8%	31.3%
Non-memory	-35.6%	-32.0%	-2.9%	-15.7%	-15.9%	-14.6%	-14.7%	-8.8%	8.4%	6.5%	12.7%	-10.3%	-15.5%	-21.5%	-13.3%	1.9%
Display	8.5%	7.8%	14.8%	17.2%	9.2%	8.6%	17.8%	13.8%	7.3%	14.0%	17.3%	18.0%	12.9%	12.7%	12.8%	13.1%
IM	11.6%	10.6%	10.6%	7.0%	6.5%	7.4%	8.0%	7.9%	11.5%	12.5%	9.4%	11.6%	9.1%	10.1%	7.4%	9.5%
Mobile	12.1%	10.8%	10.7%	7.3%	6.7%	7.5%	8.1%	8.1%	11.4%	12.4%	9.2%	11.6%	9.6%	10.4%	7.6%	9.6%
Network	-8.9%	1.4%	1.7%	-2.0%	-1.0%	2.0%	3.0%	2.0%	14.7%	14.5%	15.1%	9.7%	-9.8%	-2.3%	1.4%	4.2%
CE	2.1%	1.4%	-0.7%	-1.6%	2.4%	2.0%	3.2%	1.9%	7.4%	6.5%	2.2%	2.2%	3.0%	0.3%	2.4%	3.4%
TV	3.7%	2.6%	2.1%	1.0%	4.0%	3.0%	5.0%	4.0%	8.5%	6.9%	5.0%	6.1%	5.8%	2.3%	4.0%	5.0%
Appliances	0.2%	0.3%	-3.8%	-5.3%	0.5%	1.0%	1.0%	-1.0%	5.9%	6.0%	-1.1%	-2.2%	-0.4%	-2.0%	0.4%	1.5%
Harman	8.8%	10.4%	10.4%	9.0%	8.5%	9.0%	9.0%	9.1%	0.5%	5.9%	6.7%	8.1%	9.3%	10.2%	8.9%	9.3%
Others & adj	-2.7%	0.4%	-0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	-0.5%	0.0%	-2.0%	-0.6%	-0.8%	0.0%	0.0%
Total OPM	8.4%	6.3%	14.1%	21.5%	24.6%	25.7%	27.0%	27.5%	15.2%	18.5%	14.4%	2.5%	10.9%	13.1%	26.2%	27.5%
OP Mix																
Semis	16%	9%	58%	82%	86%	86%	83%	86%	52%	57%	55%	-226%	46%	57%	85%	83%
Memory	48%	54%	59%	87%	90%	90%	86%	88%	48%	54%	46%	-191%	59%	70%	89%	83%
DRAM	57%	66%	55%	76%	76%	75%	70%	72%	36%	42%	38%	-17%	45%	66%	73%	68%
NAND	-10%	-12%	4%	11%	14%	15%	16%	16%	12%	11%	7%	-172%	13%	3%	15%	15%
Non-memory	-32%	-46%	-2%	-5%	-4%	-4%	-4%	-2%	4%	3%	9%	-35%	-13%	-13%	-3%	0%
Display	7%	11%	10%	7%	2%	2%	5%	5%	6%	9%	14%	85%	11%	8%	4%	4%
IM	64%	66%	30%	9%	9%	9%	9%	7%	32%	26%	26%	198%	33%	30%	9%	10%
Mobile	65%	66%	30%	10%	9%	9%	9%	7%	30%	25%	24%	193%	33%	30%	9%	10%
Network	-1%	0%	0%	0%	0%	0%	0%	0%	1%	1%	2%	6%	-1%	0%	0%	0%
CE	4%	4%	-1%	-1%	1%	1%	1%	1%	10%	7%	3%	19%	5%	0%	1%	2%
TV	4%	4%	1%	0%	1%	1%	1%	1%	7%	4%	4%	28%	6%	2%	1%	1%
Appliances	0%	0%	-2%	-2%	0%	0%	0%	0%	3%	3%	-1%	-9%	0%	-1%	0%	0%
Harman	4%	11%	3%	2%	1%	1%	1%	1%	0%	1%	2%	18%	4%	4%	1%	1%
Others & adj	3%	-1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	7%	1%	1%	0%	0%
Total OP	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Company, BofA Global Research estimates



Exhibit 29: Stronger-than-expected 4Q DRAM OPM (56% vs 49% previously) mostly driven by steeper ASP hike, in our view; we expect further improvement in 2026 (60%+ OPM) given more favorable chip pricing environment and strong HBM shipment growth

SEC – DRAM forecasts

8Gb equiv	1Q25	2Q25	3Q25	4Q25P	1Q26E	2Q26E	3Q26E	4Q26E	2020	2021	2022	2023	2024	2025E	2026E	2027E
Sales US\$bn	9.1	10.5	13.8	20.0	23.6	23.8	26.0	26.8	29.4	42.0	35.3	21.8	39.2	53.4	100.2	107.8
Shipments, bn units	3.2	3.6	4.1	4.2	4.0	4.1	4.4	4.5	8.6	10.9	10.8	11.8	13.4	15.0	17.0	19.3
Wafer capa, k wpm	685	655	650	657	665	680	700	715	538	607	665	698	708	662	690	748
ASP US\$/unit	2.9	2.9	3.4	4.7	5.8	5.8	5.9	6.0	3.4	3.9	3.3	1.8	2.9	3.5	5.9	5.6
Full cost/unit US\$	2.0	2.3	2.1	2.1	2.3	2.3	2.3	2.4	2.0	1.9	1.9	1.9	2.1	2.1	2.3	2.3
OP US\$bn	2.8	2.3	5.2	11.2	14.4	14.4	15.8	16.2	12.0	21.0	14.4	-1.0	11.6	21.5	60.8	62.8
OP margin	31.2%	22.4%	37.3%	55.8%	61.2%	60.4%	60.5%	60.5%	40.8%	50.1%	40.8%	-4.4%	29.7%	40.3%	60.7%	58.2%
FX rate (period-avg)	1,453	1,401	1,387	1,452					1,180	1,144	1,291	1,306	1,365	1,423	1,396	1,355
Sales Wtn	12.3	13.7	17.9	27.2					31.5	43.7	41.1	26.1	50.0	71.1	131.2	137.3
OP Wtn	3.8	3.1	6.7	15.2					12.9	21.9	16.5	-1.1	14.9	28.8	79.6	80.0
QoQ																
Sales	-18%	15%	32%	45%	18%	1%	9%	3%								
Bit growth	3%	13%	15%	3%	-4%	1%	7%	2%								
Wafer capacity	-4%	-1%	-4%	-1%	1%	1%	2%	3%								
ASP	-20%	2%	15%	40%	23%	0%	2%	1%								
Full cost per unit	-21%	15%	-7%	-1%	8%	2%	2%	1%								
OP	4%	-28%	66%	50%	10%	-1%	0%	0%								
YoY																
Sales	15%	7%	31%	82%	160%	128%	88%	34%	4%	43%	-16%	-38%	79%	36%	88%	8%
Bit growth	-6%	1%	17%	39%	28%	15%	7%	5%	22%	27%	-1%	9%	14%	12%	13%	14%
Wafer capa, k wpm	-4%	-8%	-10%	-5%	-3%	4%	8%	9%	7%	13%	10%	5%	2%	-7%	4%	8%
ASP	22%	6%	12%	31%	102%	98%	76%	27%	-15%	13%	-15%	-43%	58%	22%	66%	-5%
Full cost per unit	3%	30%	2%	-17%	14%	1%	11%	13%	-17%	-5%	0%	0%	6%	3%	10%	1%
OP	97%	-35%	57%	238%	409%	513%	206%	45%	9%	75%	-32%	-107%	-1300%	85%	183%	3%

Source: Company, BofA Global Research estimates

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Exhibit 30: We assume solid recovery in 4Q (OPM 20.5% vs loss in 1H25, turnaround in 3Q), and steadily improving trend in 2026 (30%+ assumed) on the back of stronger eSSD demand

SEC – NAND forecasts

256Gb equiv	1Q25	2Q25	3Q25	4Q25P	1Q26E	2Q26E	3Q26E	4Q26E	2020	2021	2022	2023	2024	2025E	2026E	2027E
Sales US\$bn	4.9	5.9	6.8	7.9	9.4	9.6	10.9	11.2	20.4	25.4	22.2	14.2	26.1	25.5	41.0	44.5
Shipments (mn units)	2,077	2,638	2,902	2,757	2,831	2,856	3,148	3,305	5,478	7,500	7,707	8,932	9,899	10,373	12,140	13,956
Wafer capa, k wpm	555	535	528	530	540	550	550	560	546	584	643	651	620	537	550	585
ASP (US\$)	2.3	2.2	2.3	2.9	3.3	3.3	3.5	3.4	3.7	3.4	2.9	1.6	2.6	2.5	3.4	3.2
Full cost (US\$)	2.6	2.4	2.2	2.3	2.4	2.3	2.3	2.3	3.0	2.7	2.5	2.7	2.3	2.4	2.3	2.2
OP US\$bn	-0.5	-0.4	0.3	1.6	2.6	2.9	3.6	3.6	3.9	5.2	2.9	-9.6	3.4	1.1	12.6	13.9
OP margin	-9.9%	-7.4%	5.1%	20.5%	27.7%	30.0%	32.9%	32.0%	18.9%	20.4%	13.1%	-67.7%	13.0%	4.1%	30.8%	31.3%
FX rate (period-avg)	1,453	1,401	1,387	1,452					1,180	1,144	1,291	1,306	1,365	1,423	1,396	1,355
Sales Wtn	6.6	7.7	8.8	10.8					21.9	26.5	25.8	16.8	33.2	33.9	53.6	56.5
OP Wtn	-0.7	-0.6	0.5	2.2					4.2	5.5	3.2	-11.3	4.3	1.4	16.5	17.7
QoQ																
Sales	-24%	21%	16%	17%	18%	2%	14%	3%								
Bit growth	-10%	27%	10%	-5%	3%	1%	10%	5%								
Wafer capacity	-6%	-4%	-1%	0%	2%	2%	0%	2%								
ASP	-15%	-5%	5%	23%	15%	1%	3%	-2%								
Full cost per unit	-3%	-7%	-7%	3%	5%	-2%	-1%	-1%								
OP	-339%	-26%	-170%	300%	35%	8%	9%	-3%								
YoY																
Sales	-18%	-15%	-2%	25%	93%	62%	60%	41%	22%	25%	-13%	-36%	84%	-2%	61%	8%
Bit growth	-22%	4%	22%	19%	36%	8%	8%	20%	24%	37%	3%	16%	11%	5%	17%	15%
Wafer capacity	-15%	-15%	-13%	-10%	-3%	3%	4%	6%	4%	7%	10%	1%	-5%	-13%	2%	6%
ASP	5%	-18%	-19%	5%	41%	50%	47%	17%	-2%	-9%	-15%	-45%	66%	-7%	37%	-6%
Full cost per unit	31%	13%	-12%	-13%	-7%	-2%	4%	0%	-18%	-11%	-7%	7%	-14%	3%	-1%	-6%
OP	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	35%	-44%	-432%	-135%	-69%	1094%	10%

Source: Company, BofA Global Research estimates

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Exhibit 31: Our analysis indicates around mid-teen% negative OPM in 4Q and gradual reduction (smaller loss) expected in 2026 (mostly cost cut efforts driven; decent increase in 2-3nm node GAA foundry order also possible)

SEC – Logic/foundry earnings and capacity overview

System LSI/foundry	1Q25	2Q25	3Q25	4Q25P	1Q26E	2Q26E	3Q26E	4Q26E	2020	2021	2022	2023	2024	2025E	2026E	2027E
Sales US\$bn	4.0	4.7	4.5	4.3	4.4	4.5	5.0	5.4	14.7	18.8	22.5	16.8	19.1	17.5	19.3	21.7
Sales change QoQ	-19%	16%	-4%	-5%	2%	3%	12%	7%	17%	28%	20%	-25%	13%	-8%	10%	12%
FX rate (period-avg)	1,453	1,401	1,387	1,452	1,420	1,400	1,390	1,375	1,180	1,144	1,291	1,306	1,365	1,423	1,396	1,355
Sales Wtn	5.9	6.6	6.3	6.2	6.2	6.3	7.0	7.4	17.3	21.6	29.1	22.0	26.0	24.9	26.9	29.4
OP Wtn	-2.5	-2.6	-0.7	-1.0	-1.0	-0.9	-1.1	-0.7	1.4	1.5	3.2	-2.4	-5.0	-6.8	-3.7	0.6
OPM	-42.8%	-39.7%	-11.3%	-16.1%	-16.3%	-15.0%	-15.0%	-9.0%	8.2%	6.8%	11.0%	-11.0%	-19.2%	-27.4%	-13.7%	2.0%
Wafer capacity mix (k wpm)																
200mm	280	280	280	280	280	280	280	280	246	251	263	270	270	280	280	280
300mm	372	375	378	380	385	390	390	395	252	290	340	362	369	376	390	406
300mm equiv total	496	499	502	504	509	514	514	519	361	402	457	482	489	501	514	530
% of 300mm to total	75%	75%	75%	75%	76%	76%	76%	76%	70%	72%	74%	75%	75%	75%	76%	77%
Total capa YoY	2%	2%	3%	3%	3%	3%	2%	3%	16%	11%	14%	6%	1%	2%	3%	3%

Source: Company, BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 32: Mgmt. provided conservative capex guidance for foundry and commodity; decent upside potential to 12-hi HBM and 200+ layers NAND still seen, but too early to expect significant capex increase for overall semis

SEC – Capex by division – broadly disciplined

Wtn	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Capex											
Semis	27.3	24.7	20.9	30.6	40.2	43.6	50.7	43.6	39.9	49.5	52.0
Memory	21.2	21.7	16.2	20.5	25.9	29.7	31.5	34.5	34.6	42.5	44.0
DRAM	8.2	13.7	10.4	9.7	13.3	16.0	18.1	20.5	21.5	27.7	28.2
NAND	13.0	8.0	5.8	10.8	12.4	13.5	13.2	13.8	12.9	14.6	15.6
Logic/foundry	6.1	3.0	4.7	10.1	14.3	13.9	19.2	9.1	5.3	7.0	8.0
OLED	13.1	2.4	2.0	3.9	3.9	2.5	2.4	4.8	3.5	3.0	3.0
Mobile	1.0	1.2	1.1	1.3	1.2	1.1	1.1	1.1	1.1	1.1	1.1
CE & others	0.6	0.7	1.1	2.0	2.0	2.5	3.7	2.1	3.9	2.7	2.7
Total capex	42.8	29.6	25.4	37.6	47.1	49.4	57.6	51.4	48.2	56.1	58.6
US\$bn equiv	37.9	26.9	21.8	31.9	41.2	38.3	44.1	37.7	33.9	40.2	43.2
Semis	24.1	22.4	17.9	25.9	35.2	33.8	38.8	31.9	28.0	35.5	38.4
Non-semis	13.7	4.4	3.9	6.0	6.0	4.5	5.3	5.7	5.8	4.7	4.9
FX (W/US\$)	1,130	1,100	1,166	1,180	1,144	1,291	1,306	1,365	1,423	1,396	1,355
Capex growth YoY											
Semis	110%	-9%	-15%	46%	32%	8%	16%	-14%	-9%	24%	5%
Memory	121%	3%	-25%	26%	27%	14%	6%	10%	0%	23%	4%
DRAM	93%	68%	-24%	-7%	38%	20%	13%	13%	5%	29%	2%
NAND	144%	-38%	-28%	87%	16%	8%	-2%	5%	-7%	13%	7%
Logic/foundry	79%	-52%	58%	117%	42%	-3%	38%	-53%	-42%	33%	14%
OLED	64%	-82%	-18%	96%	1%	-36%	-4%	100%	-27%	-14%	0%
Mobile	-32%	22%	-11%	14%	-6%	-6%	0%	0%	0%	0%	0%
CE & others	-15%	26%	53%	76%	1%	23%	49%	-41%	84%	-31%	0%
Total capex	77%	-31%	-14%	48%	25%	5%	17%	-11%	-6%	16%	4%
US\$bn equiv	82%	-29%	-19%	46%	29%	-7%	15%	-15%	-10%	19%	8%
Semis capex mix											
DRAM	30%	55%	50%	32%	33%	37%	36%	47%	54%	56%	54%
NAND	47%	32%	28%	35%	31%	31%	26%	32%	32%	29%	30%
Logic/foundry	22%	12%	22%	33%	36%	32%	38%	21%	13%	14%	15%
Others	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Company, BofA Global Research estimates

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Exhibit 33: 2025 SPE capex cut mostly driven by foundry and partially NAND; DRAM SPE slightly up(due to HBM)

SEC – Semis capex breakdown (total vs. SPE-only)

Wtn	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Semis capex											
DRAM	8.2	13.7	10.4	9.7	13.3	16.0	18.1	20.5	21.5	27.7	28.2
NAND	13.0	8.0	5.8	10.8	12.4	13.5	13.2	13.8	12.9	14.6	15.6
Logic/foundry	6.1	3.0	4.7	10.1	14.3	13.9	19.2	9.1	5.3	7.0	8.0
Total semis	27.3	24.7	20.9	30.6	40.2	43.6	50.7	43.6	39.9	49.5	52.0
Semis capex YoY											
DRAM	93%	68%	-24%	-7%	38%	20%	13%	13%	5%	29%	2%
NAND	144%	-38%	-28%	87%	16%	8%	-2%	5%	-7%	13%	7%
Logic/foundry	79%	-52%	58%	117%	42%	-3%	38%	-53%	-42%	33%	14%
Total semis	110%	-9%	-15%	46%	32%	8%	16%	-14%	-9%	24%	5%
SPE only*											
DRAM	4.7	8.1	6.5	5.6	7.9	9.1	10.1	11.9	13.3	19.4	19.5
NAND	6.7	5.0	4.0	6.7	7.7	8.6	8.1	9.0	8.8	11.0	11.7
Logic/foundry	3.8	2.2	3.2	6.7	9.6	9.3	13.0	6.5	3.4	4.6	5.6
SPE total	15.2	15.2	13.6	19.0	25.2	27.1	31.2	27.3	25.5	34.9	36.8
SPE only YoY											
DRAM	77%	73%	-20%	-13%	40%	16%	11%	17%	12%	45%	0%
NAND	108%	-26%	-20%	68%	16%	12%	-6%	11%	-2%	25%	7%
Logic/foundry	64%	-43%	49%	110%	42%	-3%	39%	-50%	-47%	33%	23%
Total SPE capex	86%	0%	-10%	40%	32%	8%	15%	-12%	-7%	37%	5%

*SPE stands for semiconductor production equipment including backend packaging/testing; non-SPE mostly for shell fab, power, datacenter, etc

Source: Company, BofA Global Research estimates

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Exhibit 34: Disciplined capex spend continues into 2H25 and 2026 – too early to see aggressive capacity expansion for HBM, conventional DRAM, NAND and foundry collectively; profit focus strategies seen

SEC – Quarterly capex trend – neither significant capex increase nor cut assumed for 2Q/2H25

Wtn; cash basis	1Q25	2Q25	3Q25	4Q25P	1Q26E	2Q26E	3Q26E	4Q26E	2020	2021	2022	2023	2024	2025E	2026E	2027E
Overall capex breakdown, Wtn																
Semis	8.6	11.2	9.5	10.6	11.4	12.1	12.5	13.5	30.6	40.2	43.6	50.7	43.6	39.9	49.5	52.0
OLED	0.8	0.7	0.9	1.1	1.0	1.0	0.5	0.5	3.9	3.9	2.5	2.4	4.8	3.5	3.0	3.0
LCD	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IM	0.3	0.3	0.3	0.2	0.3	0.3	0.3	0.2	1.3	1.2	1.1	1.1	1.1	1.1	1.1	1.1
CE & others	2.5	0.8	0.1	0.3	0.4	0.4	0.8	0.9	1.9	1.8	2.3	3.5	1.9	3.7	2.5	2.5
Total capex spend	12.1	13.0	10.8	12.2	13.1	13.8	14.1	15.1	37.6	47.1	49.4	57.6	51.4	48.2	56.1	58.6
Semis capex breakdown, Wtn																
Memory	7.9	9.8	8.0	8.9	10.1	10.7	10.8	10.9	20.5	25.9	29.7	31.5	34.5	34.6	42.5	44.0
DRAM	4.4	6.6	5.1	5.6	6.6	7.1	7.1	7.1	9.7	13.3	16.0	18.1	20.5	21.5	27.7	28.2
NAND	3.5	3.2	2.9	3.3	3.5	3.6	3.7	3.8	10.8	12.4	13.5	13.2	13.8	12.9	14.6	15.6
Logic/foundry	0.7	1.4	1.5	1.7	1.3	1.4	1.7	2.6	10.1	14.3	13.9	19.2	9.1	5.3	7.0	8.0
Semis total	8.6	11.2	9.5	10.6	11.4	12.1	12.5	13.5	30.6	40.2	43.6	50.7	43.6	39.9	49.5	52.0
US\$bn equiv capex																
Semis	5.9	8.0	6.8	7.3	8.0	8.6	9.0	9.8	26.0	35.2	33.4	38.8	31.9	28.0	35.5	38.4
OLED	0.6	0.5	0.6	0.8	0.7	0.7	0.4	0.4	3.2	3.4	2.0	1.8	3.5	2.5	2.1	2.2
LCD	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IM	0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.1	1.1	1.0	0.9	0.8	0.8	0.8	0.8	0.8
CE & others	1.7	0.6	0.1	0.2	0.3	0.3	0.6	0.7	1.6	1.6	1.7	2.6	1.4	2.6	1.8	1.8
Consolidated capex total	8.3	9.3	7.8	8.4	9.2	9.9	10.1	11.0	32.0	41.2	38.0	44.1	37.6	33.9	40.2	43.2
US\$bn equiv semis capex																
Memory	5.4	7.0	5.8	6.1	7.1	7.6	7.8	7.9	17.4	22.7	22.7	24.1	25.2	24.3	30.5	32.5
DRAM	3.0	4.7	3.6	3.8	4.6	5.0	5.1	5.1	8.2	11.6	12.2	13.9	15.0	15.1	19.8	20.8
NAND	2.4	2.3	2.1	2.3	2.5	2.6	2.7	2.8	9.2	10.9	10.4	10.1	10.1	9.1	10.5	11.5
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.2	0.1	0.1	0.1	0.1
Logic/foundry	0.4	1.0	1.1	1.2	0.9	1.0	1.2	1.9	8.6	12.5	10.7	14.7	6.7	3.7	5.0	5.9
Consolidated semi capex total	5.9	8.0	6.8	7.3	8.0	8.6	9.0	9.8	26.0	35.2	33.4	38.8	31.9	28.0	35.5	38.4

Source: Company, BofA Global Research estimates

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Exhibit 35: New fabs coming, but overall running wafer capacity expansion remains disciplined; P4 fab capacity ramp-up will likely be slow, led by NAND and foundry; too early to see entire P4 clean room space to be used for DRAM+HBM; still multi-fab (including NAND and foundry)

SEC – Wafer capacity by fab

(k wpm)	1Q25	2Q25	3Q25	4Q25P	1Q26E	2Q26E	3Q26E	4Q26E	2020	2021	2022	2023	2024	2025E	2026E	2027E
300mm																
DRAM	685	655	650	657	665	680	700	715	538	607	665	698	708	662	690	748
NAND	555	535	528	530	540	550	550	560	546	584	643	651	620	537	550	585
Logic/foundry	372	375	378	380	385	390	390	395	252	293	340	363	369	376	390	406
Semis total	1,612	1,565	1,556	1,567	1,590	1,620	1,640	1,670	1,337	1,484	1,648	1,711	1,697	1,575	1,630	1,738
YoY chg																
DRAM	-4%	-8%	-10%	-5%	-3%	4%	8%	9%	7%	13%	10%	5%	2%	-7%	4%	8%
NAND	-15%	-15%	-13%	-10%	-3%	3%	4%	6%	4%	7%	10%	1%	-5%	-13%	2%	6%
Logic/foundry	1%	1%	1%	1%	1%	1%	0%	1%	15%	16%	16%	7%	2%	2%	4%	4%
Semis total	-2%	-3%	-1%	1%	1%	2%	1%	2%	7%	11%	11%	4%	-1%	-7%	3%	7%
DRAM fab																
Line 15 & others	395	355	340	330	325	320	320	320	433	458	469	463	438	355	321	320
P1	100	100	100	100	100	100	100	100	93	100	100	100	100	100	100	100
P2	125	130	130	130	130	130	130	130	13	50	96	120	121	129	130	130
P3	65	70	80	90	95	100	100	100	0	0	0	15	50	76	99	100
P4	0	0	0	7	15	30	50	65	0	0	0	0	0	2	40	85
P5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	13
DRAM total	685	655	650	657	665	680	700	715	538	607	665	698	708	662	690	748
NAND fab																
Line 12 & others	40	20	0	0	0	0	0	0	155	135	135	135	93	15	0	0
Xian China fabs	210	200	200	200	200	200	200	200	214	250	259	260	243	203	200	200
P1	200	200	200	190	190	185	180	180	178	188	198	200	200	198	184	180
P2	60	60	65	70	75	80	80	80	0	12	52	57	60	64	79	80
P3	35	40	45	50	55	60	60	60	0	0	0	0	24	43	59	73
P4	10	15	18	20	20	25	30	40	0	0	0	0	1	16	29	53
P5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NAND total	555	535	528	530	540	550	550	560	546	584	643	651	620	537	550	585
Foundry fab																
8" fabs	280	280	280	280	280	280	280	280	246	251	263	270	270	280	280	280
S1/S2/S3	215	215	215	215	215	215	215	220	148	177	203	215	215	215	215	215
P1	0	0	0	0	0	0	0	0	0	11	33	40	40	40	40	40
P2	40	40	40	40	40	40	40	40	0	0	0	3	9	16	29	30
P3	12	15	18	20	25	30	30	30	0	0	0	0	0	0	0	0
P4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	16
P5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
US Austin S2	105	105	105	105	105	105	105	105	104	105	105	105	105	105	105	105
US Taylor new	0	0	0	0	0	0	0	5	0	0	0	0	0	0	1	16
8" only total	280	280	280	280	280	280	280	280	246	251	263	270	270	280	280	280
12" only total	372	375	378	380	385	390	390	395	252	293	340	363	369	376	390	406
300mm equiv	496	499	502	504	509	514	514	519	361	405	457	483	489	501	514	530

Source: Company, BofA Global Research estimates

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Exhibit 36: We expect 2025-27E OP margin to stay at low-teen % (still better than mid-cycle) despite saturation (smartphone), US tariffs (potentially weaker demand), and price competition (with LG Display, BOE and other China panel makers); SEC still number 1 in OLED area

SEC – Display sales and OP breakdown – OLED

	1Q25	2Q25	3Q25	4Q25P	1Q26E	2Q26E	3Q26E	4Q26E	2020	2021	2022	2023	2024	2025E	2026E	2027E
Sales, Wtn	5.9	6.4	8.1	8.7	6.4	7.3	8.5	9.8	30.6	31.7	34.4	31.0	29.1	29.1	32.0	34.5
Sales change - QoQ/YoY	-27%	8%	27%	7%	-26%	13%	17%	15%	-1%	4%	8%	-10%	-6%	0%	10%	8%
OP	0.5	0.5	1.2	1.5	0.6	0.6	1.5	1.3	2.2	4.5	6.0	5.6	3.8	3.7	4.1	4.5
OP change - QoQ/YoY	-44%	0%	140%	24%	-60%	6%	143%	-11%	41%	100%	34%	-6%	-32%	-2%	11%	10%
OP margin	8.5%	7.8%	14.8%	17.2%	9.2%	8.6%	17.8%	13.8%	7.3%	14.0%	17.3%	18.0%	12.9%	12.7%	12.8%	13.1%
Sales, US\$bn	4.1	4.6	5.8	6.0	4.5	5.2	6.1	7.1	25.9	27.7	26.6	23.7	21.3	20.4	22.9	23.7
OP, US\$bn	0.3	0.4	0.9	1.0	0.4	0.4	1.1	1.0	1.9	3.9	4.6	4.3	2.7	2.6	2.9	3.0

Source: Company, BofA Global Research estimates

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Exhibit 37: Overall smartphone shipment growth still below-trend, but high-end models should be relatively resilient even in the US; upbeat 2025 results mostly based on high-end GS25 and foldable phones

SEC – Smartphone mix trend

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Shipments, mn units													
Premium/flagship models	64	65	65	58	53	43	47	43	42	46	47	48	49
GS	45	59	56	43	39	29	36	33	34	39	40	40	41
Note	18	6	10	15	14	12	4	1	0	0	0	0	0
Foldable	0.0	0.0	0.0	0.0	0.3	2	7	9	8	6	7	8	8
High-end	17	16	15	16	17	18	19	20	20	20	20	20	20
Mid-end	45	40	41	41	47	46	55	60	70	80	85	85	85
Low-end	195	190	194	175	178	147	150	135	93	78	81	86	94
Total units	320	311	315	290	295	254	271	258	225	224	233	239	249
5G units	0	0	0	0	7	28	72	119	128	150	179	194	214
Shipment mix													
Premium (flagship models)	20%	21%	21%	20%	18%	17%	17%	17%	19%	20%	20%	20%	20%
High-end	5%	5%	5%	6%	6%	7%	7%	8%	9%	9%	9%	8%	8%
Mid-end	14%	13%	13%	14%	16%	18%	20%	23%	31%	36%	36%	36%	34%
Low-end	61%	61%	62%	60%	60%	58%	55%	52%	41%	35%	35%	36%	38%
Total units	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Foldable	0%	0%	0%	0%	0%	1%	3%	4%	3%	3%	3%	3%	3%
5G	0%	0%	0%	0%	2%	11%	27%	46%	57%	67%	77%	81%	86%
ASP (US\$)													
Premium (flagship models)	533	525	605	682	683	684	683	761	752	746	772	752	750
High-end	355	340	335	340	355	350	360	340	320	300	298	300	310
Mid-end	233	227	220	240	245	275	270	270	250	230	225	221	225
Low-end	127	120	115	111	110	107	110	105	100	95	93	92	91
Average	235	230	241	256	249	253	260	271	288	294	296	288	285
Revenue (US\$bn)													
Premium (flagship models)	33.9	34.0	39.6	39.5	36.2	29.6	32.3	32.8	31.6	33.9	36.3	36.3	37.0
High-end	6.0	5.4	5.0	5.4	6.0	6.3	6.8	6.8	6.4	6.0	6.0	6.0	6.2
Mid-end	10.4	9.2	9.0	9.7	11.6	12.6	14.9	16.2	17.5	18.4	19.1	18.8	19.1
Low-end	24.7	22.7	22.3	19.4	19.5	15.7	16.5	14.2	9.3	7.4	7.5	7.9	8.6
Total sales	75.1	71.3	75.9	74.1	73.4	64.1	70.4	70.0	64.8	65.8	68.9	69.0	70.9
Revenue mix													
Premium (flagship models)	45%	48%	52%	53%	49%	46%	46%	47%	49%	52%	53%	53%	52%
High-end	8%	8%	7%	7%	8%	10%	10%	10%	10%	9%	9%	9%	9%
Mid-end	14%	13%	12%	13%	16%	20%	21%	23%	27%	28%	28%	27%	27%
Low-end	33%	32%	29%	26%	27%	24%	23%	20%	14%	11%	11%	11%	12%
Total revenue	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Company, BofA Global Research estimates

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Exhibit 38: Sales volume (shipment units) no longer strong, but 200mn+ pa assumed; we expect US\$6-8bn annual OP in 2026-27E due to globally diversified manufacturing and strong bargaining power to raise retail prices (vs. China OEMs, which are subject to more stringent restrictions by US)

SEC – Smartphone business forecast

	1Q25	2Q25	3Q25	4Q25P	1Q26E	2Q26E	3Q26E	4Q26E	2020	2021	2022	2023	2024	2025E	2026E	2027E
Shipments, mn units	61	58	61	53	61	59	63	56	254	271	258	225	224	233	239	249
ASP, US\$/unit	326	270	320	262	320	270	300	260	253	260	271	288	294	296	288	285
Sales, US\$bn	20	16	20	14	20	16	19	14	64	70	70	65	66	69	69	71
OP, US\$bn	2.9	2.1	2.4	1.2	1.5	1.4	1.7	1.4	9.0	9.7	7.1	9.1	7.4	8.6	6.1	8.0
OP margin	14%	14%	13%	9%	8%	9%	9%	9%	14%	14%	10%	14%	11%	12%	9%	11%
QoQ																
Shipments	17%	-5%	5%	-13%	16%	-4%	7%	-12%								
ASP	25%	-17%	19%	-18%	22%	-16%	11%	-13%								
Sales	47%	-21%	25%	-29%	42%	-19%	19%	-24%								
OP	112%	-26%	16%	-51%	29%	-8%	23%	-23%								
YoY																
Shipments	2%	7%	6%	2%	1%	2%	4%	5%	-14%	7%	-5%	-13%	-1%	4%	3%	4%
ASP	-3%	-3%	8%	1%	-2%	0%	-6%	-1%	2%	3%	4%	6%	2%	1%	-3%	-1%
Sales	-1%	4%	15%	3%	-1%	2%	-3%	4%	-13%	10%	-1%	-7%	1%	5%	0%	3%
OP	13%	41%	20%	-12%	-46%	-33%	-29%	13%	25%	8%	-26%	28%	-19%	16%	-30%	32%

Source: Company, BofA Global Research estimates

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Earnings outlook in 2026-27E

Exhibit 39: Earnings momentum highly dependent on memory cycle – 2023 downturn (OP sub-W10tn), 2024-25 mid-cycle (W40tn+/-) then 2026-27 up-cycle (W100tn+) on the back HBM, conventional DRAM and even foundry
SEC – Income statement

Wtn	1Q25	2Q25	3Q25	4Q25P	1Q26E	2Q26E	3Q26E	4Q26E	2020	2021	2022	2023	2024	2025E	2026E	2027E
Sales total	79.1	74.6	86.1	93.0	102.7	97.9	108.1	105.8	236.8	279.6	302.2	258.9	300.9	332.8	414.5	430.7
Semis	25.1	27.9	33.1	45.0	50.8	50.8	55.9	57.3	72.9	94.8	98.5	66.6	111.1	131.1	214.8	226.8
Memory	19.1	21.2	26.7	38.6	44.4	44.4	48.8	49.7	55.5	72.6	68.5	44.1	84.5	105.6	187.3	196.7
Logic/foundry	6.0	6.7	6.4	6.4	6.4	6.5	7.2	7.6	17.3	22.2	29.9	22.5	26.6	25.5	27.5	30.0
Display	5.9	6.4	8.1	8.7	6.4	7.3	8.5	9.8	30.6	31.7	34.4	31.0	29.1	29.1	32.0	34.5
IM	37.0	29.2	34.1	27.1	35.8	29.4	33.3	26.8	99.6	109.3	120.8	112.4	117.2	127.4	125.2	125.0
Mobile	36.2	28.5	33.5	26.3	34.9	28.6	32.7	26.0	96.0	104.7	115.4	108.6	114.4	124.5	122.2	121.7
Network & others	0.8	0.7	0.6	0.8	0.8	0.7	0.6	0.8	3.6	4.6	5.4	3.8	2.8	2.9	3.0	3.3
CE	14.5	14.1	13.9	14.1	13.1	13.6	13.7	14.4	48.2	55.8	60.6	56.4	56.4	56.6	54.8	55.5
TV & others	7.8	7.0	7.3	8.2	6.9	7.0	7.5	8.4	27.7	31.5	33.3	30.4	31.0	30.3	29.9	30.4
Others	6.7	7.1	6.6	5.9	6.2	6.6	6.1	6.0	20.5	24.3	27.4	26.1	25.5	26.3	24.9	25.1
Auto (Harman)	3.4	3.8	4.0	4.3	3.8	4.0	4.2	4.5	9.2	10.0	13.2	14.4	14.3	15.5	16.5	17.1
Others & adj	-6.8	-6.8	-7.1	-6.2	-7.2	-7.1	-7.5	-6.9	-23.6	-22.0	-25.3	-21.9	-27.3	-26.9	-28.7	-28.1
COGS	51.0	49.1	52.6	50.0	54.9	49.7	55.4	52.7	144.5	166.4	190.0	180.4	186.6	202.7	212.6	214.2
Gross profit	28.1	25.5	33.5	43.0	47.8	48.3	52.7	53.2	92.3	113.2	112.2	78.5	114.3	130.1	201.9	216.4
Opex (R&D+SG&A)	21.4	20.8	21.3	23.0	22.5	23.1	23.5	24.0	56.3	61.6	68.8	72.0	81.6	86.6	93.1	98.1
R&D	9.0	9.0	8.8	10.0	9.7	10.0	10.1	10.4	21.1	22.6	24.9	28.3	35.0	36.8	40.0	42.6
SG&A	12.4	11.8	12.5	13.0	12.9	13.1	13.4	13.7	35.2	39.0	43.9	43.6	46.6	49.7	53.1	55.5
SG&A QoQ / YoY	6%	-5%	6%	4%	-1%	2%	2%	2%	-1%	11%	13%	-1%	7%	7%	7%	5%
Opex to sales	27%	28%	25%	25%	22%	24%	22%	23%	24%	22%	23%	28%	27%	26%	22%	23%
OP total	6.7	4.7	12.2	20.0	25.3	25.2	29.2	29.1	36.0	51.6	43.4	6.6	32.7	43.5	108.8	118.4
Semis	1.1	0.4	7.0	16.4	21.7	21.8	24.2	25.0	18.8	29.2	23.8	-14.9	15.1	24.9	92.6	98.5
Display	0.5	0.5	1.2	1.5	0.6	0.6	1.5	1.3	2.2	4.5	6.0	5.6	3.8	3.7	4.1	4.5
IM	4.3	3.1	3.6	1.9	2.3	2.2	2.7	2.1	11.5	13.7	11.4	13.0	10.7	12.9	9.3	11.8
CE	0.3	0.2	-0.1	-0.2	0.3	0.3	0.4	0.3	3.6	3.6	1.4	1.3	1.7	0.2	1.3	1.9
Auto (Harman)	0.3	0.5	0.4	0.4	0.3	0.4	0.4	0.4	0.1	0.6	0.9	1.2	1.3	1.6	1.5	1.6
Others	0.2	0.0	0.1	0.0	0.0	0.0	0.0	0.0	-0.1	0.1	0.0	0.4	0.2	0.2	0.0	0.0
Net non-OP income	2.5	1.1	1.4	1.1	1.1	1.1	1.3	1.3	0.4	1.7	3.1	4.4	4.8	6.0	4.9	5.5
Net interest income	1.5	0.9	1.2	0.8	0.9	0.9	1.0	1.0	0.9	0.8	1.8	3.5	6.2	4.4	3.8	4.3
Net gains from equity	0.1	0.2	0.3	0.3	0.2	0.2	0.3	0.3	0.5	0.7	1.1	0.9	0.8	0.8	1.0	1.1
Net FX gains	-0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.0	-0.6	0.0	-0.3	-0.1	-0.4	0.1	0.0	0.0
Other net gains	0.9	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	-1.1	0.1	0.2	0.1	-2.2	0.8	0.1	0.1
Pre-tax income	9.2	5.8	13.5	21.1	26.4	26.3	30.6	30.4	36.3	53.4	46.4	11.0	37.5	49.5	113.7	123.9
Tax	0.9	0.6	1.3	5.3	6.3	6.3	7.3	7.3	9.9	13.4	-9.2	-4.5	3.1	8.2	27.3	29.7
Effective tax rate	10%	11%	10%	25%	24%	24%	24%	24%	27%	25%	-20%	-41%	8%	16%	24%	24%
Net profit	8.2	5.1	12.2	15.8	20.0	20.0	23.2	23.1	26.4	39.9	55.7	15.5	34.5	41.4	86.4	94.1
NP after min. int.	8.0	4.9	12.0	15.5	19.8	19.8	23.0	22.9	26.1	39.2	54.7	14.5	33.6	40.5	85.5	93.2
Minority interests	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.3	0.3	0.7	0.9	1.0	0.8	0.9	0.9	1.0
EPS	1,187	733	1,783	2,308	2,945	2,937	3,412	3,397	3,841	5,777	8,057	2,131	4,956	6,008	12,691	13,834
ROE (annualized)	8.2%	5.0%	12.1%	15.2%	18.7%	17.9%	19.9%	19.0%	10.0%	13.9%	17.1%	4.1%	9.0%	10.0%	18.8%	17.4%
Margins (%)																
GP margin	36%	34%	39%	46%	47%	49%	49%	50%	39%	40%	37%	30%	38%	39%	49%	50%
OP margin	8%	6%	14%	22%	25%	26%	27%	28%	15%	18%	14%	3%	11%	13%	26%	27%
NP margin	10%	7%	14%	17%	19%	20%	21%	22%	11%	14%	18%	6%	11%	12%	21%	22%

Source: Company, BofA Global Research estimates

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Exhibit 40: Net cash still likely near-W100tn in 4Q25 even after W10tn-worth share buyback (Nov-24 - Oct-25)

SEC – Balance sheet

Wtn	1Q25	2Q25	3Q25	4Q25P	1Q26E	2Q26E	3Q26E	4Q26E	2020	2021	2022	2023	2024	2025E	2026E	2027E
Total assets	516.4	504.9	523.7	535.9	553.1	569.8	590.5	609.6	378.2	426.6	448.4	455.9	514.5	535.9	609.6	691.1
Current assets	222.7	212.2	229.4	240.9	256.4	270.8	288.9	304.5	198.2	218.2	218.5	195.9	227.1	240.9	304.5	374.3
Cash & cash equiv	105.1	100.7	108.5	121.9	132.7	148.5	166.1	181.8	124.6	124.2	115.2	92.4	112.7	121.9	181.8	247.8
Accounts receivables	44.9	43.6	50.5	49.1	51.5	51.0	53.1	51.5	31.0	40.7	35.7	36.6	43.6	49.1	51.5	52.7
Inventories	53.2	51.0	50.3	49.6	51.6	50.6	48.8	50.1	32.0	41.4	52.2	51.6	51.8	49.6	50.1	51.8
Other current assets	19.5	16.8	20.1	20.3	20.5	20.7	20.9	21.1	10.6	11.9	15.3	15.3	19.0	20.3	21.1	22.0
Fixed assets	293.7	292.7	294.2	295.0	296.7	299.0	301.6	305.1	180.0	208.5	230.0	260.0	287.5	295.0	305.1	316.8
Long-term investment	24.1	25.1	29.4	29.7	30.0	30.3	30.6	30.9	21.9	24.4	23.7	20.7	24.3	29.7	30.9	32.2
PP&E	207.4	205.0	204.9	205.2	206.3	208.1	210.2	213.2	129.0	149.9	168.0	187.3	205.9	205.2	213.2	222.7
Intangible assets	26.7	26.0	26.5	26.3	26.2	26.1	25.9	25.8	18.5	20.2	20.2	22.7	23.7	26.3	25.8	25.3
Others	35.5	36.6	33.5	33.8	34.2	34.5	34.8	35.2	10.7	13.9	18.0	29.3	33.4	33.8	35.2	36.6
Total liabilities	109.8	105.3	110.2	109.0	108.6	107.8	107.6	106.0	102.3	121.7	93.7	92.2	112.3	109.0	106.0	103.2
Current liabilities	90.3	84.4	87.3	86.1	85.6	84.8	84.6	83.0	75.6	88.1	78.3	75.7	93.3	86.1	83.0	80.0
ST debts	7.4	8.4	11.0	10.9	10.8	10.7	10.6	10.5	16.6	15.0	6.2	8.4	15.4	10.9	10.5	10.1
ST payables	14.5	12.7	14.4	14.0	14.2	14.1	14.7	13.7	9.7	13.5	10.6	11.3	12.4	14.0	13.7	13.4
Others	68.4	63.3	61.8	61.2	60.6	60.0	59.4	58.8	49.3	59.6	61.5	56.0	65.6	61.2	58.8	56.5
Non-current liabilities	19.5	20.9	22.9	22.9	23.0	23.0	23.0	23.1	26.7	33.6	15.3	16.5	19.0	22.9	23.1	23.2
LT debts	3.8	5.6	5.7	5.6	5.5	5.5	5.4	5.4	2.9	3.4	4.1	4.3	4.0	5.6	5.4	5.2
Others	15.7	15.3	17.2	17.3	17.4	17.5	17.6	17.7	23.7	30.2	11.2	12.2	15.1	17.3	17.7	18.0
Equity total	395.9	388.7	402.0	415.4	432.9	450.5	471.2	491.9	267.7	296.2	345.2	353.2	391.7	415.4	491.9	576.2
Paid-in capital	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Capital surplus	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4
Retained earnings	373.1	375.6	385.3	398.6	416.2	433.8	454.6	475.2	271.1	293.1	337.9	346.7	370.5	398.6	475.2	559.6
Others	17.5	7.8	11.4	11.4	11.4	11.4	11.4	11.4	-8.7	-2.1	1.9	1.3	15.9	11.4	11.4	11.3
Minority interest	10.8	10.9	11.5	11.5	11.5	11.6	11.6	11.6	8.3	8.7	9.6	10.4	10.5	11.5	11.6	11.7
Net Assets	406.6	399.6	413.5	426.9	444.5	462.0	482.8	503.5	275.9	304.9	354.7	363.7	402.2	426.9	503.5	587.9
BVPS (Wk)	59.1	58.1	60.6	62.6	65.3	67.9	71.1	74.2	39.4	43.6	50.8	52.0	58.0	62.6	74.2	86.9
Gross debts	11.1	14.0	16.7	16.5	16.3	16.2	16.0	15.9	19.5	18.4	10.3	12.7	19.3	16.5	15.9	15.2
Cash & cash equiv	105.1	100.7	108.5	121.9	132.7	148.5	166.1	181.8	124.6	124.2	115.2	92.4	112.7	121.9	181.8	247.8
Net debts	-94.0	-86.7	-91.8	-105.4	-116.3	-132.3	-150.1	-166.0	-105.1	-105.8	-104.9	-79.7	-93.3	-105.4	-166.0	-232.6
Net debt/Equity	-24%	-22%	-23%	-25%	-27%	-29%	-32%	-34%	-39%	-36%	-30%	-23%	-24%	-25%	-34%	-40%

Source: Company, BofA Global Research estimates



Exhibit 41: 2025-26E capex growth likely to remain disciplined (too early to see aggressive capacity expansion for HBM, conventional DRAM, NAND and foundry collectively; profit focus strategies seen) after record-high spend in 2023-24; we expect high cash balance (W100tn+) in 2025-27E even after share buyback; memory spend still near-record high but foundry far below 2023 upturn level

SEC – Cash flow statement

Wbn	1Q25	2Q25	3Q25	4Q25P	1Q26E	2Q26E	3Q26E	4Q26E	2020	2021	2022	2023	2024	2025E	2026E	2027E
I. Operating CF	16,581	17,360	22,574	28,401	26,683	32,376	34,528	33,626	65,287	65,105	62,181	44,137	72,983	84,916	127,214	135,825
Net income	8,028	4,934	12,006	15,545	19,834	19,784	22,984	22,880	26,091	39,244	54,730	14,473	33,621	40,514	85,482	93,179
Depreciation/amort	11,519	11,357	11,819	11,878	11,938	11,997	12,057	12,117	30,336	34,247	39,108	38,667	42,631	46,573	48,109	49,079
Net WC changes	1,822	-782	-9,311	978	-5,088	595	-513	-1,371	8,633	-6,330	-10,221	-5,098	-231	-7,293	-6,378	-6,433
Others	-4,788	1,851	8,060	0	0	0	0	0	227	-2,055	-21,435	-3,904	-3,039	5,123	0	0
II. Investing CF	-6,431	-17,742	-13,348	-12,200	-13,100	-13,800	-14,100	-15,100	-53,629	-33,048	-31,603	-16,923	-85,382	-49,721	-56,100	-58,600
Capex spend	-12,128	-13,035	-10,810	-12,200	-13,100	-13,800	-14,100	-15,100	-37,592	-47,122	-49,430	-57,611	-51,406	-48,173	-56,100	-58,600
Others	5,697	-4,707	-2,538	0	0	0	0	0	-16,037	14,074	17,828	40,688	-33,975	-1,548	0	0
III. Financing CF	-11,342	-3,407	-4,188	-2,620	-165	-5,070	-2,615	-2,613	-8,328	-23,991	-19,390	-8,593	-7,797	-21,556	-10,463	-10,437
Changes in debts	-8,186	2,886	2,643	-167	-165	-163	-162	-160	1,935	-1,109	-8,059	2,353	6,644	-2,825	-650	-625
Dividends	-79	-4,903	-2,462	-2,453	0	-4,906	-2,453	-2,453	-9,677	-20,510	-9,814	-9,864	-10,889	-9,897	-9,813	-9,813
Others	-121	-68	-496	0	0	0	0	0	-586	-2,372	-1,517	-1,081	-1,741	-685	0	0
IV. Net CF (I+II+III)	-1,192	-3,789	5,039	13,581	13,418	13,506	17,814	15,913	3,331	8,067	11,188	18,622	-20,196	13,639	60,651	66,788
Cash at the beg.	68,184	60,932	58,072	64,271	77,734	88,515	104,294	121,941	108,780	124,581	124,150	115,227	92,407	112,652	121,915	181,825
Adjustments	-6,060	929	1,160	-118	-2,637	2,273	-167	-164	12,471	-8,498	-20,111	-41,442	-4,027	-4,089	-695	-757
Cash at the end	60,932	58,072	64,271	77,734	88,515	104,294	121,941	137,690	124,581	124,150	115,227	92,407	112,652	121,915	181,825	247,811
DPS (W)	365	367	370	370	370	370	370	370	2,994	1,444	1,444	1,444	1,446	1,472	1,480	1,480

Source: Company, BofA Global Research estimates

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Exhibit 42: We expect robust 2026-27E FCF generation (W60tn+ per annum; higher than 2018/20/22 upturn level) due to disciplined capex spend

SEC – Free cash flow (FCF) analysis

Wtn	1Q25	2Q25	3Q25	4Q25P	1Q26E	2Q26E	3Q26E	4Q26E	2020	2021	2022	2023	2024	2025E	2026E	2027E
Sales	79.1	74.6	86.1	93.0	102.7	97.9	108.1	105.8	236.8	279.6	302.2	258.9	300.9	332.8	414.5	430.7
Operating income	6.7	4.7	12.2	20.0	25.3	25.2	29.2	29.1	36.0	51.6	43.4	6.6	32.7	43.5	108.8	118.4
Depreciation & amort.	11.5	11.4	11.8	11.9	11.9	12.0	12.1	12.1	30.3	34.2	39.1	38.7	42.6	46.6	48.1	49.1
EBITDA	18.2	16.0	24.0	31.9	37.2	37.2	41.3	41.2	66.3	85.9	82.5	45.2	75.4	90.1	156.9	167.5
Capex (ex-Harman)	12.1	13.0	10.8	12.2	13.1	13.8	14.1	15.1	37.6	47.1	49.4	57.6	51.4	48.2	56.1	58.6
Net working capital (NWC)	34.6	35.4	44.7	43.8	48.8	48.3	48.8	50.1	14.6	20.9	31.1	36.2	36.5	43.8	50.1	56.6
Increase of NWC	-1.8	0.8	9.3	-1.0	5.1	-0.6	0.5	1.4	-8.6	6.3	10.2	5.1	0.2	7.3	6.4	6.4
Taxes	0.9	0.6	1.3	5.3	6.3	6.3	7.3	7.3	9.9	13.4	-9.2	-4.5	3.1	8.2	27.3	29.7
Free cash flow (FCF)	7.0	1.6	2.5	15.4	12.7	17.7	19.3	17.5	27.4	19.0	32.0	-13.0	20.6	26.5	67.1	72.7
FCF without NWC change	5.1	2.4	11.9	14.4	17.8	17.1	19.9	18.8	18.8	25.3	42.3	-7.9	20.9	33.8	73.5	79.1

*FCF calculation for this table is based on simply *EBITDA - capex - working capital increase (ex-cash/debt current assets/liabilities) - tax* based formula

Source: Company, BofA Global Research estimates

BofA GLOBAL RESEARCH



Price objective basis & risk

Samsung Electronics (SSNLF / SSNHZ)

Our PO of W200,000 is derived from 2.7x 2026E P/B, which is 20%+ higher than the previous peak level (2.0x range in 2017-18 / 2021-22) or above its historical average (1.4x in 2015-25) as we assume upcycle level of earnings in 2026 post robust 4Q25 results. Our GDR PO of US\$3,500 is automatically calculated at an FX rate of near-W1.4k/USD.

Downside risks are mostly related to US tariffs, 12-hi HBM execution, memory price cut, large foundry loss and aggressive capex increase.

Upside risks could come from US Big Tech (new orders for HBM and even 2nm node foundry), conventional memory cycle (significant price hike), restructuring plan (significant cost cut) and shareholder return (payout ratio increase).

Samsung Electronics Preferred (SSNNF)

Our PO of W160,000 for the preferred shares is based on a 20% fair discount (close to past 12-month average) to the common shares, given no voting rights. However, the dividend amount is almost the same for both types. This offers a higher yield for the preferred shares vs the common. The discount ratio (preferred share price vs common) was c.10% in 2021-22, but it rose to near-20% in 2024-25 (undervalued vs the common).

Our valuation of the common shares is derived from 2.7x 2026E P/B, which is 20%+ higher than the previous peak level (2.0x range in 2017-18 / 2021-22) or above its historical average (1.4x in 2015-25) as we assume upcycle level of earnings in 2026 post robust 4Q25 results.

Downside risks are mostly related to US tariffs, 12-hi HBM execution, memory price cut, large foundry loss and aggressive capex increase.

Upside risks could come from US Big Tech (new orders for HBM and even 2nm node foundry), conventional memory cycle (significant price hike), restructuring plan (significant cost cut) and shareholder return (payout ratio increase).

Analyst Certification

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APR - Semiconductor Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Alchip	ALCPF	3661 TT	Mike Yang
	AMEC	XRTOF	688012 CH	Dai Shen
	ASE Technology Holding	XSRI	3711 TT	Haas Liu
	ASE Technology Holding -ADR	ASX	ASX US	Haas Liu
	Aspeed	XLKMF	5274 TT	Mike Yang
	Chroma ATE	CRMJF	2360 TT	Haas Liu
	eMemory	XYLWF	3529 TT	Mike Yang
	Global Unichip Corp.	GBUHF	3443 TT	Mike Yang
	Grand Process Technology Corp	XZOWF	3131 TT	Mike Yang
	Horizon Robotics	HRZRF	9660 HK	Daley Li, CFA
	InnoScience Technology	XSCHF	2577 HK	Daley Li, CFA
	JCET Group Co Ltd	XJIEF	600584 CH	Dai Shen
	King Yuan Electronics Corp.	KYUFF	2449 TT	Haas Liu
	Kinik	KIKCF	1560 TT	Haas Liu
	MediaTek	MDTKF	2454 TT	Haas Liu
	Montage Technology	XRDF	688008 CH	Daley Li, CFA
	MPI Corporation	XMJCF	6223 TT	Mike Yang
	Nanya Technology	NNYAF	2408 TT	Simon Woo, CFA
	NCE Power	XVFFF	605111 CH	Daley Li, CFA
	OmniVision	XXHQF	603501 CH	Dai Shen
	Rockchip	XRPXF	603893 CH	Daley Li, CFA
	Samsung Elec -G	SSNHZ	SMSN LI	Simon Woo, CFA
	Samsung Electronics	SSNLF	005930 KS	Simon Woo, CFA
	Samsung Electronics Preferred	SSNNF	005935 KS	Simon Woo, CFA
	Silicon Motion	SIMO	SIMO US	Simon Woo, CFA
	SK Hynix	HXSCF	000660 KS	Simon Woo, CFA
	Taiwan Semiconductor Manufacturing Co.	TSM	TSM US	Haas Liu
	Taiwan Semiconductor Manufacturing Co.	TSMWF	2330 TT	Haas Liu
	Winbond Electronics	WBEKF	2344 TT	Dai Shen
	WT Microelectronics	XZOPF	3036 TT	Mike Yang
NEUTRAL				
	ASMedia Technology Inc.	XZSFF	5269 TT	Mike Yang
	ASMPT	ASMVF	522 HK	Simon Woo, CFA
	Black Sesame Intl Holding	BSIHF	2533 HK	Daley Li, CFA
	Crystal Clear	XPPTF	300655 CH	Dai Shen
	GigaDevice	XGXIF	603986 CH	Daley Li, CFA
	GlobalWafers	XWLFF	6488 TT	Haas Liu
	Hanmi Semiconductor	HNSIF	042700 KS	Simon Woo, CFA
	LX Semicon	XLXSF	108320 KS	Simon Woo, CFA
	M31 Technology	XMTZF	6643 TT	Mike Yang
	Novatek	NVKMF	3034 TT	Haas Liu
	Phison Electronics	PISNF	8299 TT	Simon Woo, CFA
	Powerchip Semiconductor Manufacturing Co	XCHPF	6770 TT	Mike Yang
	Realtek	RLTKF	2379 TT	Haas Liu
	Shenzhen Goodix	XQPLF	603160 CH	Daley Li, CFA
UNDERPERFORM				
	Faraday	FDYTF	3035 TT	Mike Yang
	Hangzhou Silan Microelectronics	XDFRF	600460 CH	Daley Li, CFA
	Hua Hong Semi	HHUSF	1347 HK	Dai Shen
	Ingenic	XISCF	300223 CH	Dai Shen
	Lion Electronics	XDHFF	605358 CH	Dai Shen
	Macronix International	MXICF	2337 TT	Dai Shen
	Maxscend	MXSXF	300782 CH	Daley Li, CFA
	Parade	PRDWF	4966 TT	Mike Yang
	Powertech Technology	XPPZF	6239 TT	Simon Woo, CFA
	Silergy Corp.	SLEGF	6415 TT	Mike Yang
	Soulbrain	XSBOF	357780 KS	Simon Woo, CFA
	United Microelectronics Corp.	XUMIF	2303 TT	Haas Liu
	United Microelectronics Corp.	UMC	UMC US	Haas Liu
	Vanguard International Semiconductor Co	VGILF	5347 TT	Haas Liu
	VeriSilicon	XMLZF	688521 CH	Daley Li, CFA
	Win Semiconductors	XWIF	3105 TT	Mike Yang
	Wonik IPS	XRHF	240810 KS	Simon Woo, CFA



APR - Semiconductor Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
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iQmethodSM Measures Definitions**Business Performance**

Return On Capital Employed

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill Amortization

Return On Equity

Net Income

Shareholders' Equity

Operating Margin

Operating Profit

Sales

Earnings Growth

Expected 5 Year CAGR From Latest Actual

N/A

Free Cash Flow

Cash Flow From Operations – Total Capex

N/A

Quality of Earnings

Cash Realization Ratio

Cash Flow From Operations

Denominator

Net Income

Asset Replacement Ratio

Capex

Depreciation

Tax Rate

Tax Charge

Pre-Tax Income

Net Debt-To-Equity Ratio

Net Debt = Total Debt – Cash & Equivalents

Total Equity

Interest Cover

EBIT

Interest Expense

Valuation Toolkit

Price / Earnings Ratio

Current Share Price

Denominator

Diluted Earnings Per Share (Basis As Specified)

Price / Book Value

Current Share Price

Shareholders' Equity / Current Basic Shares

Dividend Yield

Annualised Declared Cash Dividend

Current Share Price

Free Cash Flow Yield

Cash Flow From Operations – Total Capex

Market Cap = Current Share Price × Current Basic Shares

Enterprise Value / Sales

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Sales

Other LT Liabilities

EV / EBITDA

Enterprise Value

Basic EBIT + Depreciation + Amortization

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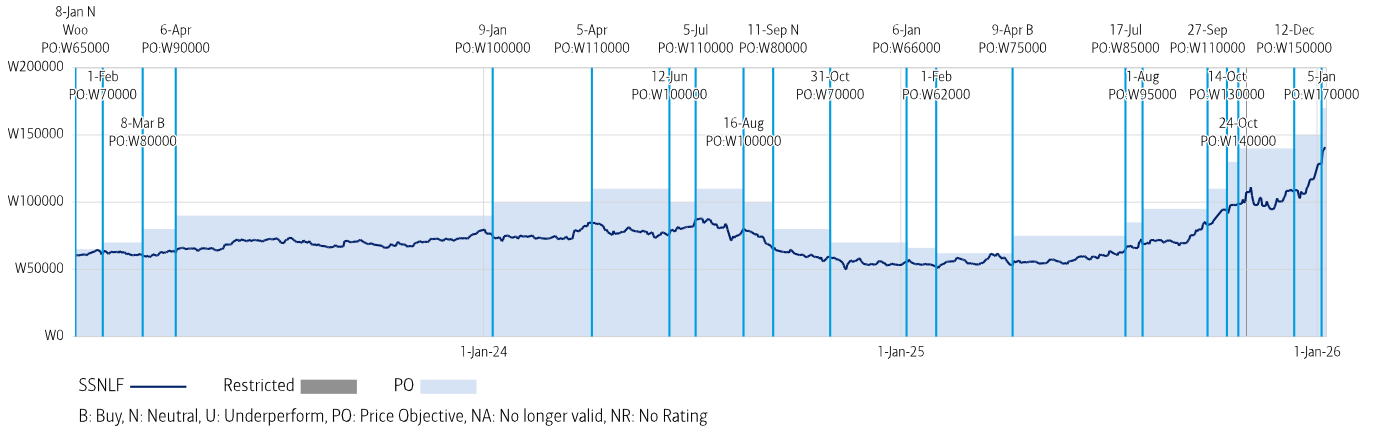
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Disclosures

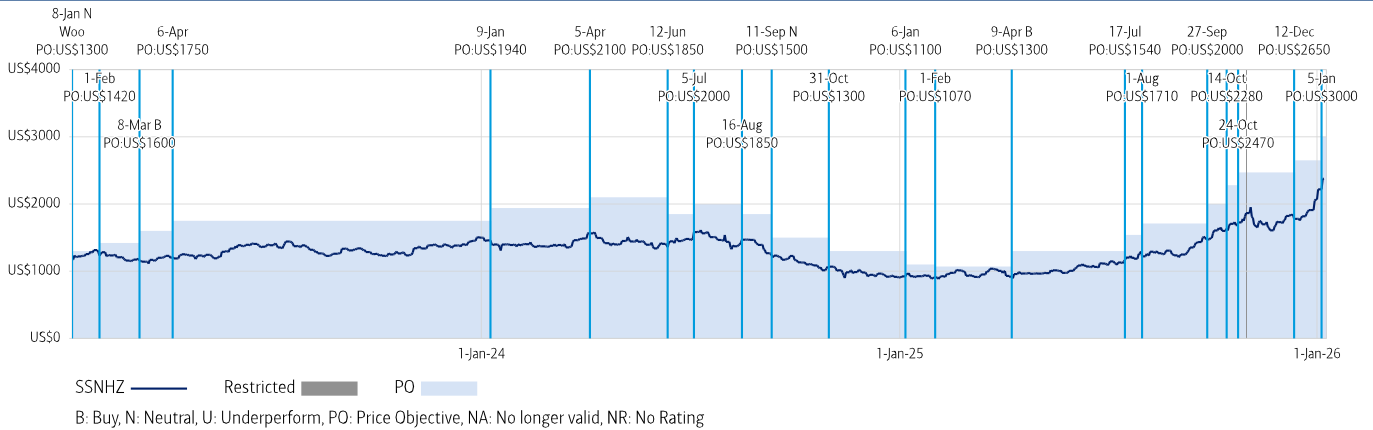
Important Disclosures

Samsung common (SSNLF) Price Chart



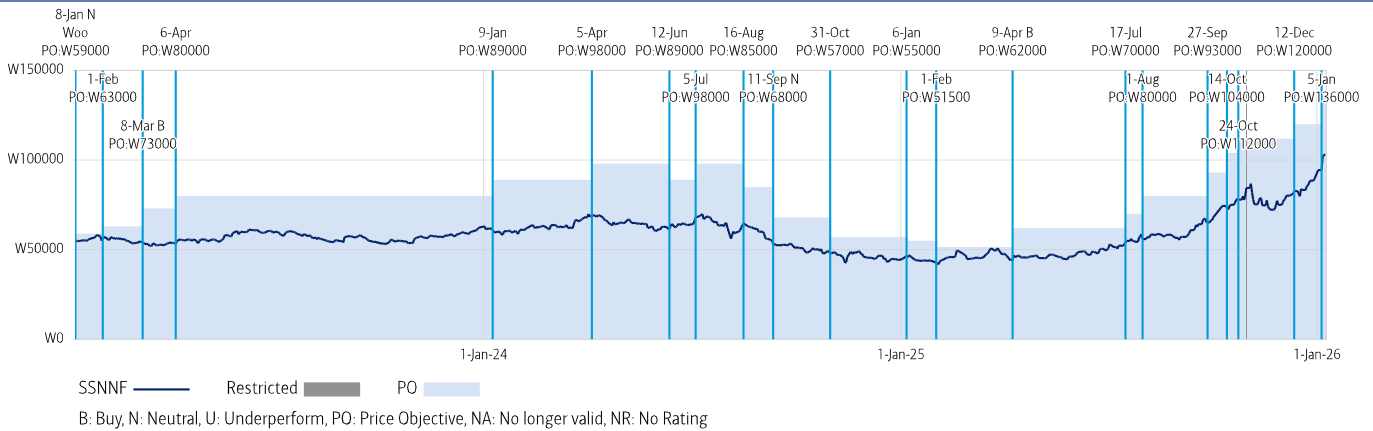
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Samsung Elec -G (SSNHZ) Price Chart



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Samsung preferred (SSNNF) Price Chart



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Equity Investment Rating Distribution: Electrical Equipment Group (as of 31 Dec 2025)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	15	57.69%	Buy	6	40.00%
Hold	6	23.08%	Hold	4	66.67%
Sell	5	19.23%	Sell	1	20.00%

Equity Investment Rating Distribution: Technology Group (as of 31 Dec 2025)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	208	54.03%	Buy	106	50.96%
Hold	97	25.19%	Hold	44	45.36%
Sell	80	20.78%	Sell	23	28.75%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2025)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1869	53.99%	Buy	1069	57.20%
Hold	834	24.09%	Hold	481	57.67%
Sell	759	21.92%	Sell	383	50.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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