SK Hynix (000660 KP)

Buy: AI inferencing drives further price hikes and boosts earnings

Equities
Semiconductors & Equipment

Korea

- Further memory price increases to boost 1Q26 and 2026 earnings; NAND margin expansion stands out
- NAND next catalyst while memory in midpoint of supercycle
- Buy; TP of KRW1.5m (from KRW1.3m) on earnings upgrade

Further earnings upgrade from soaring memory prices: Despite concerns about the Middle East conflict, which may dampen the profitability of data centre operations due to higher electricity costs, we see minimal impact on AI infrastructure investment so far. Given the recent; 1) inventory restocking competition before new NVIDIA and AMD platform launches, 2) sourcing for new projects amid rising CSP capex of 66% y-o-y, and 3) robust server shipment growth, we forecast higher DRAM ASP increase of 43% and 27% in 1Q and 2Q (previously 31% and 22%), respectively. We expect this to result in a 127% y-o-y blended ASP increase in 2026. Our 2Q outlook is higher than Street expectation of 10-20% q-o-q increase and potential HBM3e price hike will be upside. Soaring NAND prices amid the adoption of new inference context memory storage (ICMS) and eSSD for server and cloud storage should drive NAND margins to reach 58% in 2026 from 9% last year. We raise our 2026e OP estimate by 23% to KRW185trn (292% y-o-y) with sales of KRW249trn (157% y-o-y).

We expect a stronger 1Q: We estimate 1Q OP of KRW33trn (71% q-o-q) and sales of KRW46trn (39% q-o-q) driven by; 1) higher DRAM and NAND ASP, 2) faster 1cnm (DDR5) and 321 layer NAND migration to support margin expansion, and 3) development of SO-CAMM2 and HBM4 will raise the medium term positive outlook for earnings. Partial HBM3e price increase should lead to better DRAM margin.

NAND is the next catalyst while memory is in the midpoint of a supercycle: With further booming inferencing activities, which includes token management, retrieval augmented generation (RAG), and key-value (KV) catching, NAND demand as a form of ICMS is soaring. Improving response time in agentic/physical AI services while making less expensive token management is key, assuming 5-10% upside NAND demand until CY2027. SK Hynix, with its 27% market share, should be one of the key beneficiaries, in our view. In addition, we think; 1) the memory market is at a midpoint similar to the 1990-95 supercycle, when office automation led to a DRAM shortage for six years, 2) AI focus is shifting to memory (HBM, SO-CAMM2, ICMS) from GPU, amid soaring inference activities, driven by declining costs per token and increasing AI users, 3) absolute quarterly earnings growth is key for share price (see Exhibit 22), and 4) CSPs will maintain their aggressive capex as they are keen to secure leadership in AI data centres.

Maintain Buy with new TP of KRW1.5m (from KRW1.3m): Factoring in the faster price increases for DRAM and NAND, we increase our 2026/27e OP by 23%/24%. Hynix will further benefit from the commodity DRAM and NAND rally while surging HBM3e demand provides upside. We raise our TP to KRW1.5m, as we apply our unchanged target P/B multiple of 2.4x (the historical average high during 2009-12) to our new 2027e BVPS. Key risks include: 1) higher US interest rates as neo-CSPs and Open AI implements investment through financing; 2) more aggressive capacity expansion at memory makers; the 3) the Middle East conflict.

MAINTAIN BUY

TARGET PRICE (KRW)	PREVIOUS TARGET (KRW)
1,500,000	**1,300,000**

SHARE PRICE (KRW)	UPSIDE/DOWNSIDE
941,000	**+59.4%**

(as of 05 Mar 2026)

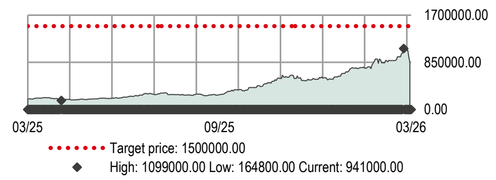
MARKET DATA

Market cap (KRWb)	670,653	Free float	67%
Market cap (USDm)	458,622	BBG	000660 KP
3m ADTV (USDm)	2,306	RIC	000660.KS

FINANCIALS AND RATIOS (KRW)

Year to	12/2024a	12/2025e	12/2026e	12/2027e
HSBC EPS	28731.19	62330.20	208137.58	276942.10
HSBC EPS (prev)	28731.19	62330.20	169188.59	222702.13
Change (%)	0.0	0.0	23.0	24.4
Consensus EPS	24671.67	56031.11	168884.97	200739.77
PE (x)	32.8	15.1	4.5	3.4
Dividend yield (%)	0.2	0.3	1.6	2.4
EV/EBITDA (x)	18.8	10.7	2.8	1.7
ROE (%)	31.1	44.4	75.3	54.3

52-WEEK PRICE (KRW)



Source: LSEG IBES, HSBC estimates

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Financials & valuation: SK Hynix

Buy

Financial statements

Year to	12/2024a	12/2025e	12/2026e	12/2027e
Profit & loss summary (KRWb)				
Revenue	66,193	97,150	249,356	341,419
EBITDA	36,049	61,133	206,675	272,113
Depreciation & amortisation	-12,582	-13,931	-21,473	-25,961
Operating profit/EBIT	23,467	47,202	185,203	246,152
Net interest	-1,000	348	1,394	2,418
PBT	23,885	50,466	179,268	238,530
HSBC PBT	23,885	50,466	179,268	238,530
Taxation	-4,088	-7,518	-35,854	-47,706
Net profit	19,797	42,948	143,415	190,824
HSBC net profit	19,797	42,948	143,415	190,824
Cash flow summary (KRWb)				
Cash flow from operations	29,796	52,839	136,484	194,896
Capex	-15,898	-27,519	-50,000	-60,000
Cash flow from investment	-18,005	-28,528	-51,102	-61,205
Dividends	-827	-1,519	-2,132	-10,666
Change in net debt	-11,979	-25,584	-78,997	-117,362
FCF equity	13,897	25,320	86,484	134,896
Balance sheet summary (KRWb)				
Intangible fixed assets	4,019	4,181	4,393	4,656
Tangible fixed assets	60,157	74,442	103,702	138,517
Current assets	42,279	71,049	172,515	309,809
Cash & others	14,215	38,810	111,986	226,640
Total assets	119,855	166,578	301,090	478,520
Operating liabilities	23,256	25,101	24,152	24,132
Gross debt	22,684	21,695	15,874	13,166
Net debt	8,469	-17,115	-96,113	-213,474
Shareholders' funds	73,903	119,770	261,053	441,210
Invested capital	68,984	85,761	144,471	202,210

Ratio, growth and per share analysis

Year to	12/2024a	12/2025e	12/2026e	12/2027e
Y-o-y % change				
Revenue	102.0	46.8	156.7	36.9
EBITDA	506.5	69.6	238.1	31.7
Operating profit		101.1	292.4	32.9
PBT		111.3	255.2	33.1
HSBC EPS		116.9	233.9	33.1
Ratios (%)				
Revenue/IC (x)	1.0	1.3	2.2	2.0
ROIC	30.0	51.9	128.7	113.6
ROE	31.1	44.4	75.3	54.3
ROA	18.0	30.0	61.3	49.0
EBITDA margin	54.5	62.9	82.9	79.7
Operating profit margin	35.5	48.6	74.3	72.1
EBITDA/net interest (x)	36.0			
Net debt/equity	11.5	-14.3	-36.8	-48.4
Net debt/EBITDA (x)	0.2	-0.3	-0.5	-0.8
CF from operations/net debt	351.8			
Per share data (KRW)				
EPS Rep (diluted)	28731.19	62330.20	208137.58	276942.10
HSBC EPS (diluted)	28731.19	62330.20	208137.58	276942.10
DPS	2204.00	3000.00	15000.00	23000.00
Book value	107255.84	168541.81	367124.17	620483.77

Valuation data

Year to	12/2024a	12/2025e	12/2026e	12/2027e
EV/sales	10.3	6.7	2.3	1.3
EV/EBITDA	18.8	10.7	2.8	1.7
EV/IC	9.8	7.6	4.0	2.3
PE*	32.8	15.1	4.5	3.4
PB	8.8	5.6	2.6	1.5
FCF yield (%)	2.1	3.8	12.9	20.1
Dividend yield (%)	0.2	0.3	1.6	2.4

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2024a
GHG emission intensity*	156.1
Energy intensity*	612.0
CO_2 reduction policy	Yes
Social Indicators	**12/2024a**
Employee costs as % of revenues	2.3
Employee turnover (%)	1.3
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	9
Average board tenure (years)	n/a
Female board members (%)	22.2
Board members independence (%)	55.6

Source: Company data, HSBC

* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (KRW)	941000.00
Target price (KRW)	1500000.00
RIC (Equity)	000660.KS
Bloomberg (Equity)	000660 KP
Market cap (USDm)	458,622

Free float	67%
Sector	Semiconductors
Country/Region	Korea
Analyst	Ricky Seo
Contact	+82 2 3706 8777

Price relative

Source: HSBC

Note: Priced at close of 05 Mar 2026

Exhibit 1. Changes to our forecasts

(KRWbn)	New 2025e	New 2026e	New 2027e	Old 2025e	Old 2026e	Old 2027e	Change 2025e	Change 2026e	Change 2027e
Revenue	**97,150**	**249,356**	**341,419**	**97,150**	**216,467**	**297,926**	**0%**	**15%**	**15%**
DRAM	74,909	195,883	275,389	74,909	172,846	247,415	0%	13%	11%
NAND	22,241	53,473	66,030	22,241	43,621	50,512	0%	23%	31%
OP	**47,202**	**185,203**	**246,152**	**47,202**	**150,659**	**198,249**	**0%**	**23%**	**24%**
DRAM	45,283	154,231	209,069	45,283	132,947	180,527	0%	16%	16%
NAND	1,998	31,127	37,243	1,998	17,867	17,882	0%	74%	108%
OPM	**49%**	**74%**	**72%**	**49%**	**70%**	**67%**	**0ppt**	**5ppt**	**6ppt**
DRAM	60%	79%	76%	60%	77%	73%	0ppt	2ppt	3ppt
NAND	9%	58%	56%	9%	41%	35%	0ppt	17ppt	21ppt

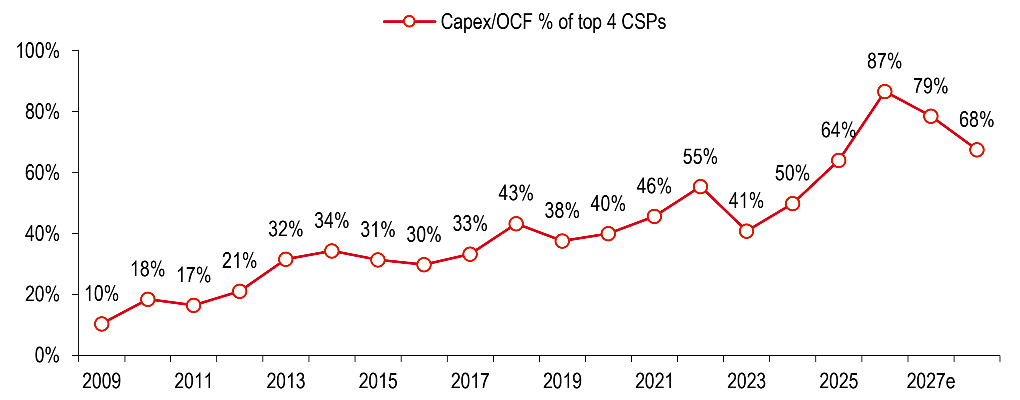
Source: HSBC estimates.

Exhibit 2. HSBC estimates vs consensus

(KRWbn)	HSBCe 2025e	HSBCe 2026e	HSBCe 2027e	Consensus 2025e	Consensus 2026e	Consensus 2027e	Difference 2025e	Difference 2026e	Difference 2027e
Sales	97,150	249,356	341,419	97,150	252,459	305,159	0%	-1%	12%
OP	47,202	185,203	246,152	47,202	173,077	210,634	0%	7%	17%
OPM	49%	74%	72%	49%	69%	69%	0ppt	6ppt	3ppt

Source: Bloomberg consensus, HSBC estimates

Exhibit 3. Big 4 cloud service provider capex as percentage of operating cash flow



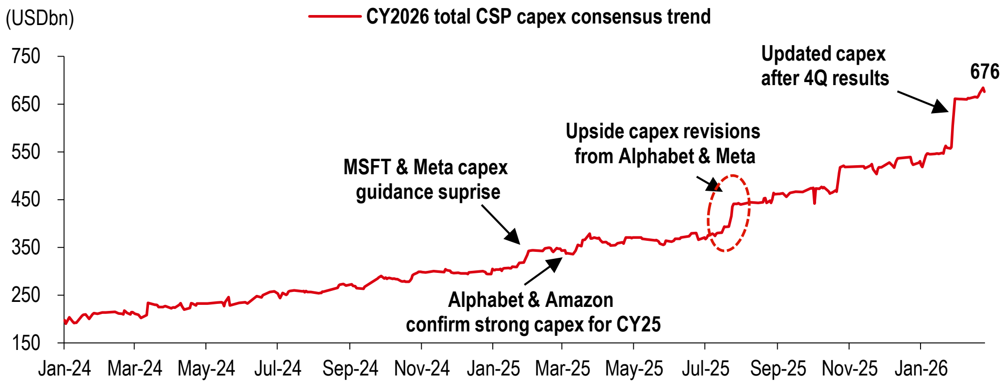
Source: Company data, Bloomberg consensus estimates

Exhibit 4. Recent bond issues from global CSPs

Company	Recent issuance size	Date	Maturities
Alphabet (Google)	USD31.5bn global issue (USD, GBP, CHF)	Feb 10, 2026	3 to 25 years (CHF), Up to 2066 (USD) and 100 years (GBP)
Meta platforms	USD30bn	Nov 3, 2025	5 to 40 years
Amazon	USD15bn	Nov 17, 2025	Multiple tranches including 40 years

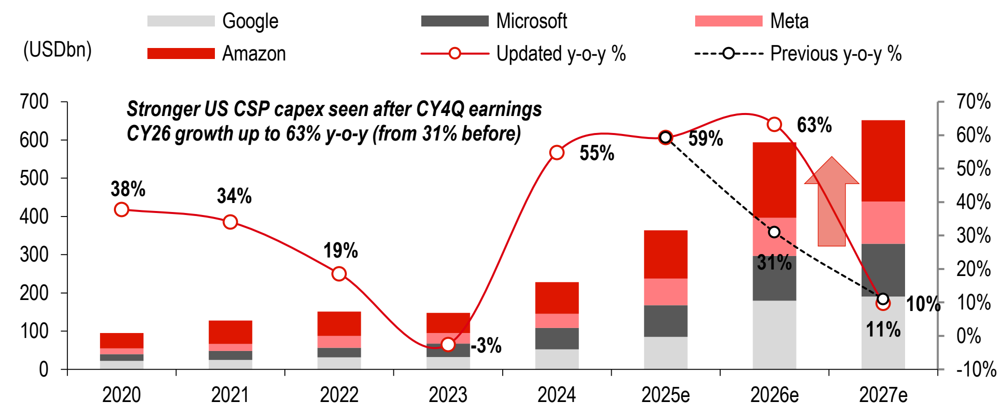
Source: Company data

Exhibit 5. Capex consensus estimates of key global CSPs (US & Chinese) for 2026; continued upside revisions; expected at USD676bn (+66% y-o-y)



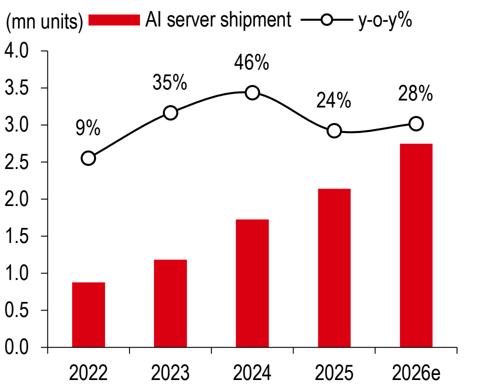
Source: Company data, Bloomberg, HSBC.

Exhibit 6. US cloud service providers' (CSP) capex trend; robust growth to continue at key US CSPs, up 63% in 2026e



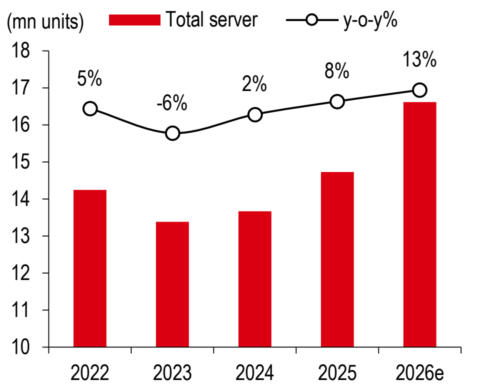
Source: Company data, Bloomberg consensus.

Exhibit 7. AI server shipments to grow 28% y-o-y in 2026e



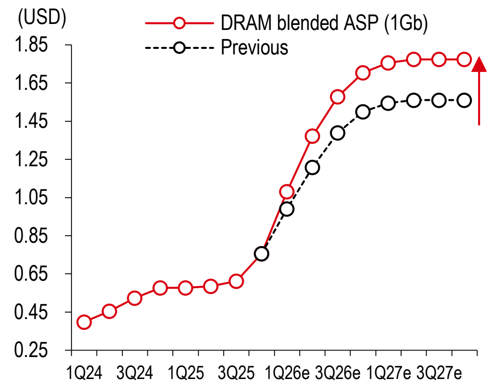
Source: TrendForce estimates

Exhibit 8. While total server shipments also expected to rise 13% y-o-y this year



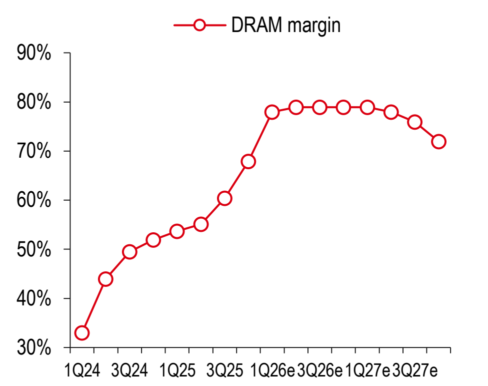
Source: TrendForce estimates

Exhibit 9. Hynix's DRAM ASP set to continue to rise from robust commodity DRAM pricing…



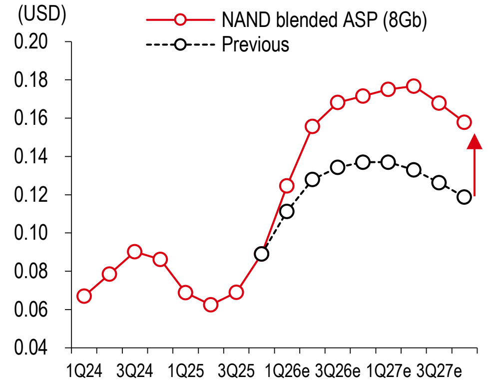
Source: Company data, HSBC estimates

Exhibit 10. …which would lead to stronger DRAM margins



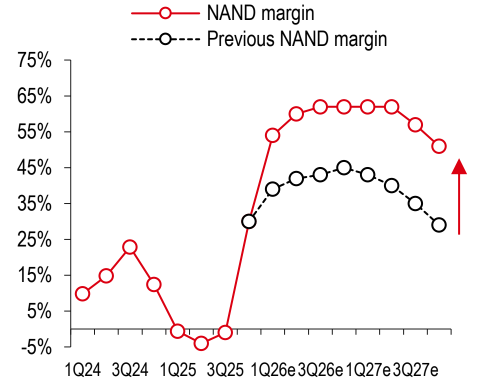
Source: Company data, HSBC estimates

Exhibit 11. NAND price recovery should continue to accelerate in 2026e…



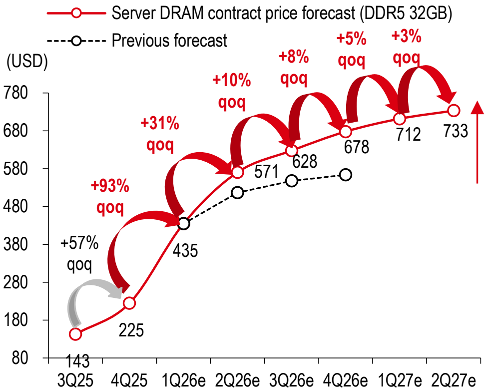
Source: Company data, HSBC estimates

Exhibit 12. …leading to better margins in 2026e



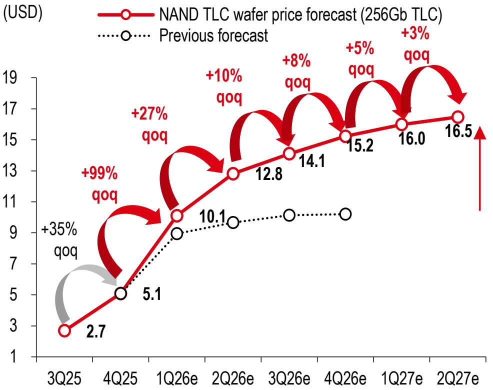
Source: Company data, HSBC estimates

Exhibit 13. We raise server DRAM prices further amid continued demand growth



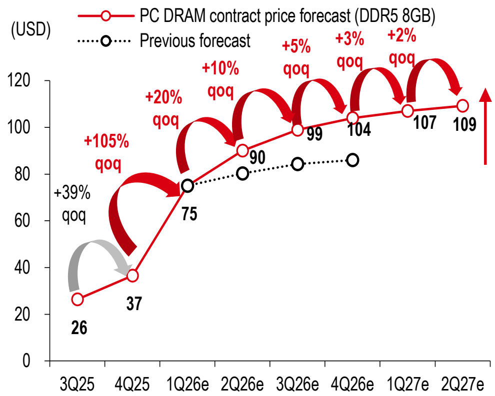
Source: DRAMeXchange, HSBC estimates

Exhibit 14. While NAND prices should continue to rise from eSSD demand



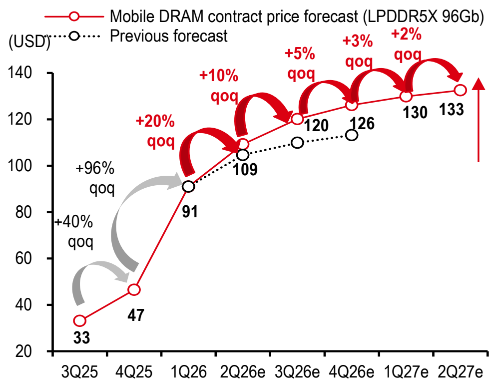
Source: DRAMeXchange, HSBC estimates

Exhibit 15. PC DRAM shortage continues to lead higher pricing as well



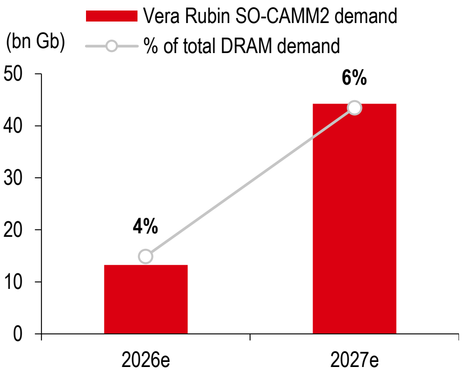
Source: DRAMeXchange, HSBC estimates

Exhibit 16. Mobile DRAM prices should continue to rise from production focused on server DRAM



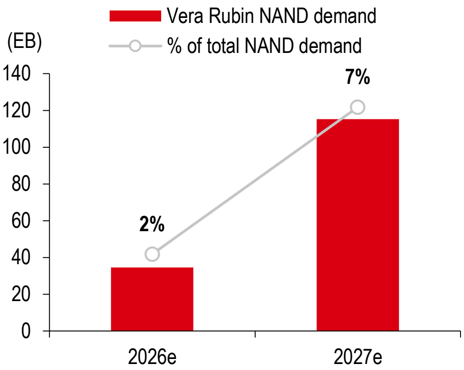
Source: DRAMeXchange, HSBC estimates

Exhibit 17. SO-CAMM2 demand estimates from the Vera Rubin platform; 4-6% of total DRAM



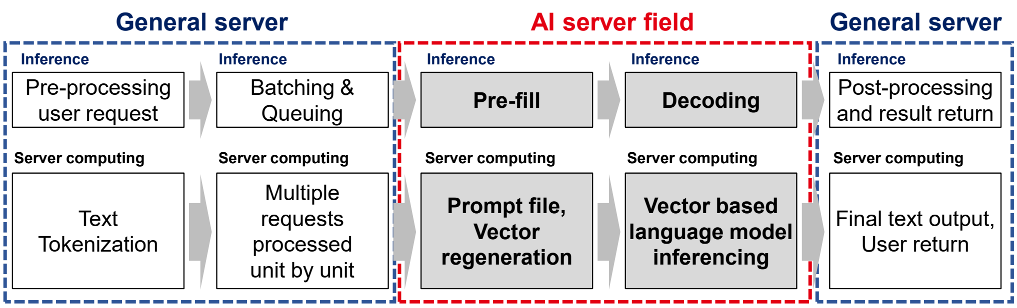
Source: HSBC estimates

Exhibit 18. NAND demand estimates from the Vera Rubin platform; 2-7% of total NAND, opportunities from ICMS



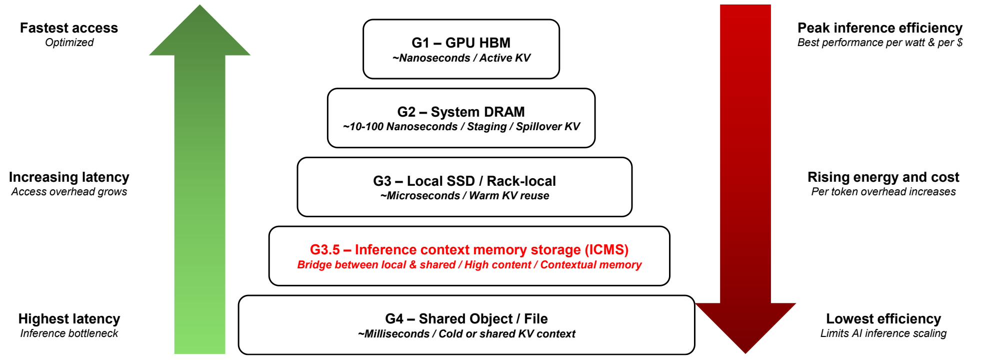
Source: HSBC estimates

Exhibit 19. Inference steps and server computing process divided by server vs AI server



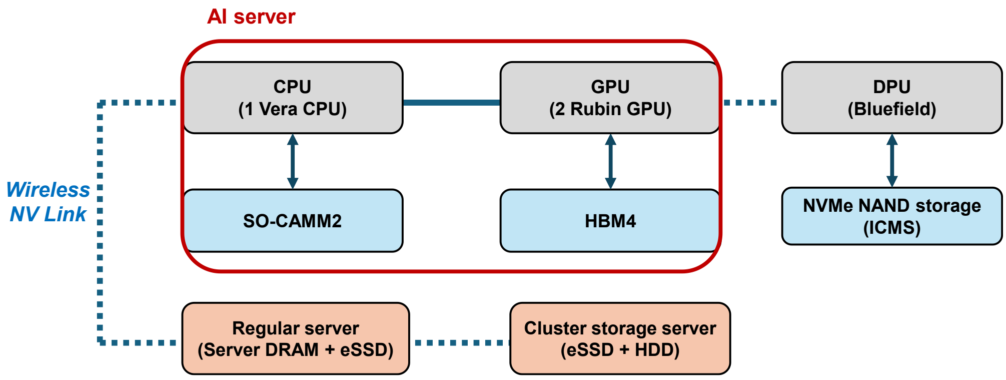
Source: Company data, HSBC

Exhibit 20. KV cache memory hierarchy, from on-GPU memory (G1) to shared storage (G4)



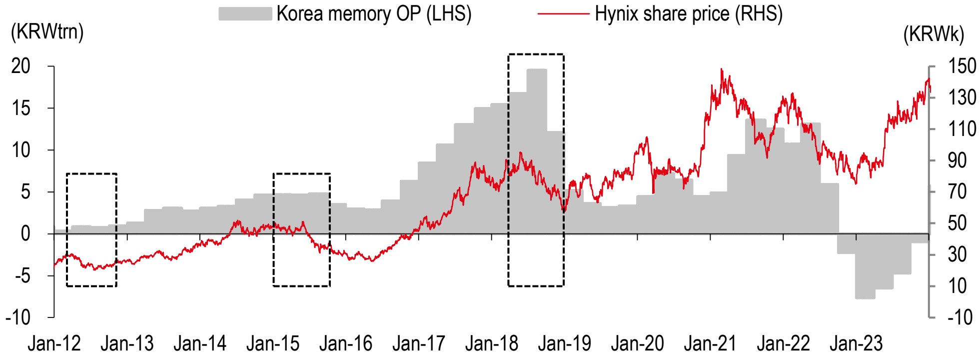
Source: Company data, HSBC

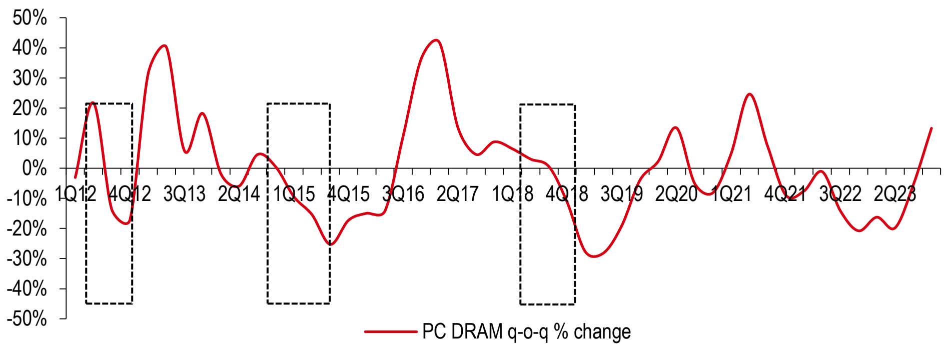
Exhibit 21. Conceptual structure of the new Vera-Rubin server, which uses ICMS offloading through Bluefield-4



Source: Company data, HSBC

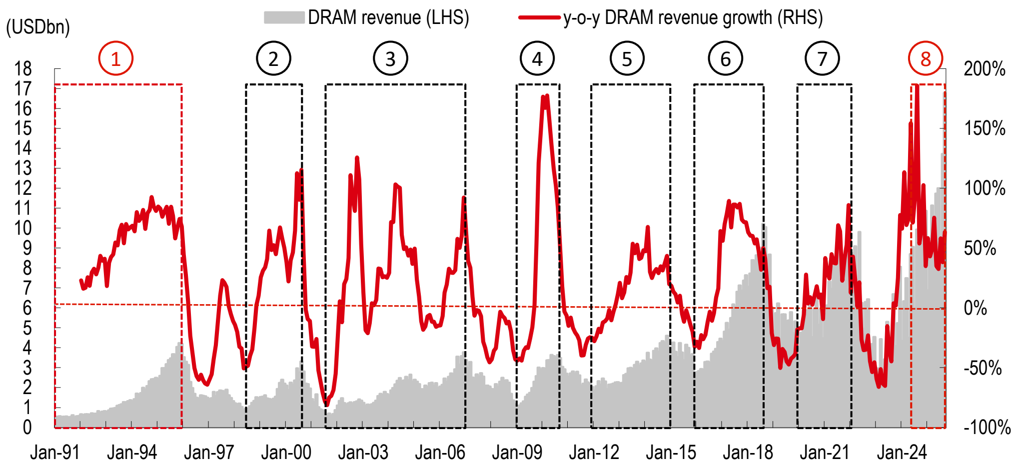
Exhibit 22. Hynix share price and memory OP trend vs DRAM q-o-q price change





Source for both charts: Company data, WSTS, DRAMeXchange

Exhibit 23. Historical upcycles of the DRAM market by key events



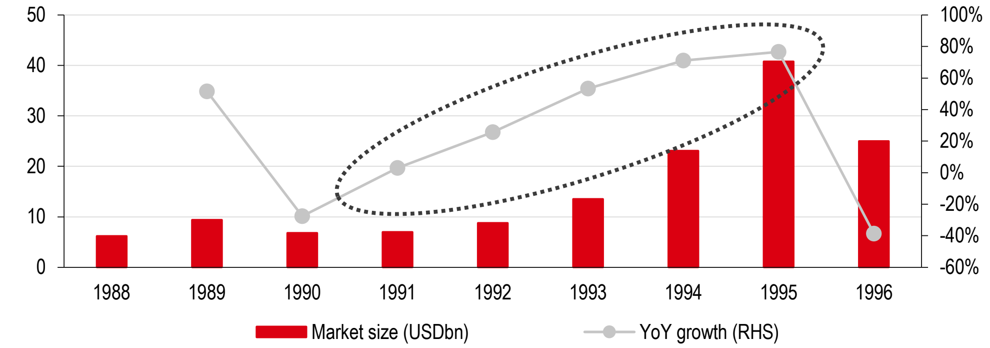
Source: WSTS, HSBC

Exhibit 24. Details of historical upcycles of the DRAM market, by key events

Upcycles	Details
(1) 1990-1995	**Personal computer (PC) boom, widespread adoption of PC per household leading to growth in DRAM demand**
(2) 1998-2000	Strong replacement demand from the 'Y2K' crisis, leading to even stronger PC replacement investment
(3) 2002-2006	Demand for downloadable services spiked with the help of slim notebook demand from LCD, release of iPod, and development of legacy cell phones
(4) 2009-2010	Launch of the world's first smartphone, and start of a new era in mobile application demand
(5) 2012-2015	Prolonged upcycle due to sudden supply reduction from major fire incident in SK Hynix's China facilities
(6) 2016-2018	Widespread adoption of streaming services leading to accelerated investment to cloud infrastructure and digital transition
(7) 2020-2022	Unprecedented demand boom from 'WFH' trend causing more demand for PC, Chromebooks, and Tablet computers amid the global pandemic
(8) 1H24-current	**Gen AI application demand growth, core of AI is moving from training (GPU) to inferencing (memory)**

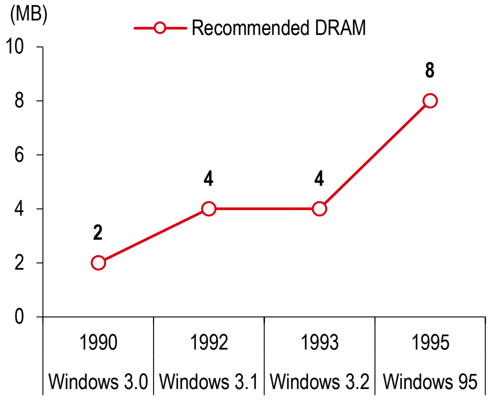
Source: HSBC

Exhibit 25. DRAM supercycle (1990-95) with introduction of Windows 3.0 boosting the DRAM market 6X to USD41bn in 1995 from USD7bn in 1990



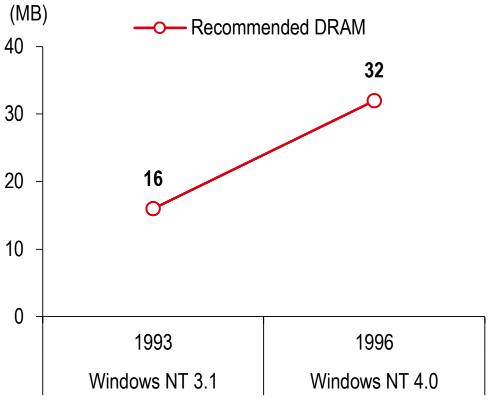
Source: WSTS, SIA

Exhibit 26. DRAM content in early versions of Windows PC operating systems



Source: Microsoft

Exhibit 27. DRAM content in early versions of Windows server operating systems



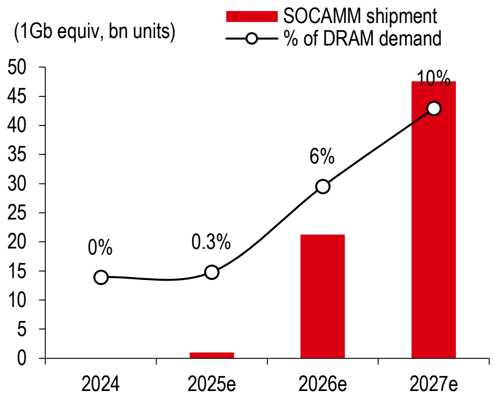
Source: Microsoft

Exhibit 28. DRAM market share in 1992 – even with massive capacity expansion amid highly competitive market, upcycle continued for five years

Company	Country	Market share
Samsung Electronics	Korea	13.5%
Toshiba	Japan	11.8%
Hitachi	Japan	10.5%
NEC	Japan	9.8%
Fujitsu	Japan	8.2%
Mitsubishi	Japan	7.5%
Texas Instruments	US	6.8%
Micron	US	5.1%
SK Hynix (formerly known as Hyundai Electronics)	Korea	4.5%
Oki Electric	Japan	3.9%
LG Electronics (formerly known as Goldstar Electronics)	Korea	3.2%
Siemens	Germany	2.5%
Motorola	US	2.1%
Sharp	Japan	1.8%
Panasonic Holdings (formerly known as Matsushita)	Japan	1.4%

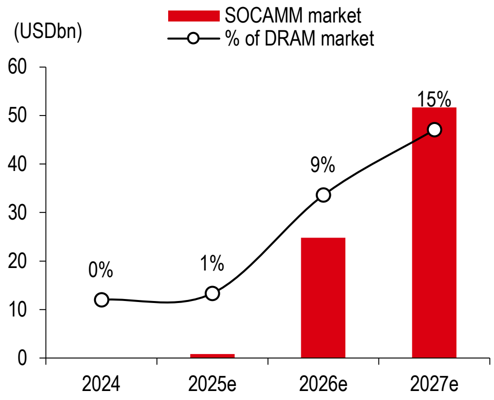
Source: TrendForce, HSBC

Exhibit 29. SOCAMM shipments to start growing aggressively from 2026e…



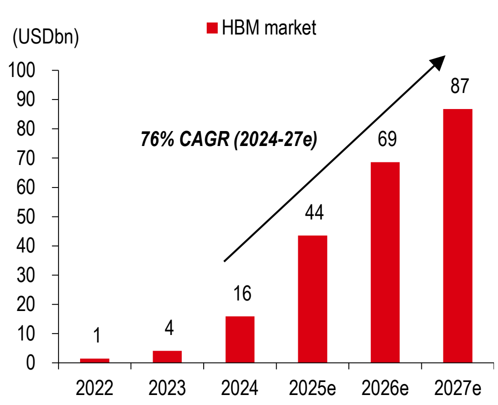
Source: Company data, HSBC estimates

Exhibit 30. …while we expect the market to reach USD52bn by 2027e



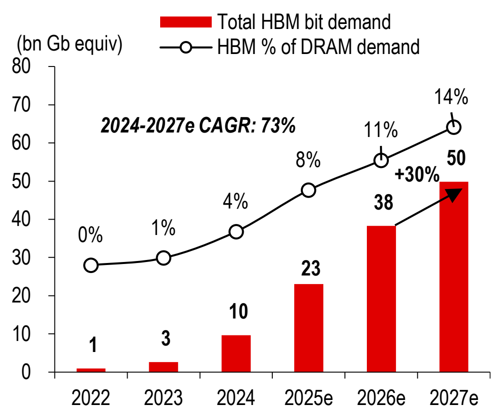
Source: Company data, HSBC estimates

Exhibit 31. HBM market growth set to reach USD87bn by 2027e



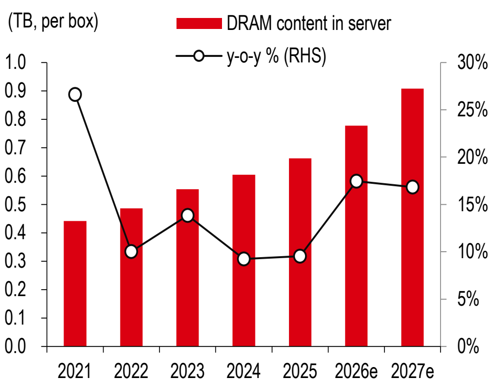
Source: Company data, HSBC estimates

Exhibit 32. HBM bit demand: CAGR of 73% during 2024-27e



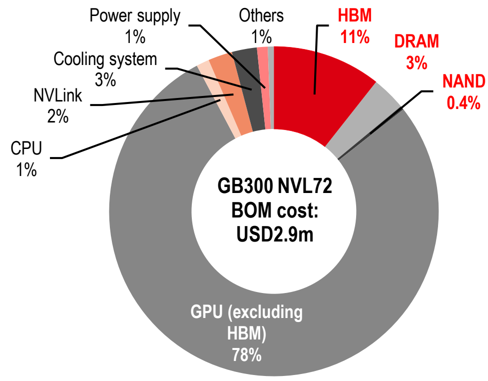
Source: Company data, HSBC estimates

Exhibit 33. Average server DRAM content per unit; strong growth of 17% in 2026-27e



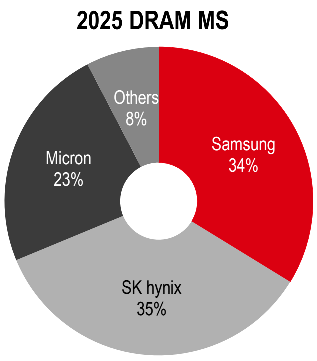
Source: DRAMeXchange, HSBC estimates

Exhibit 34. Bill of materials cost estimates for the GB300 NVL72 server system



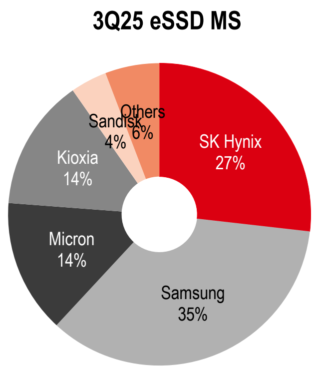
Source: HSBC estimates

Exhibit 35. DRAM market share as of 2025



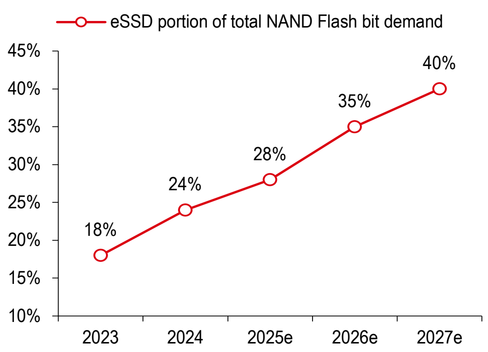
Source: TrendForce

Exhibit 36. eSSD market share as of CY3Q25



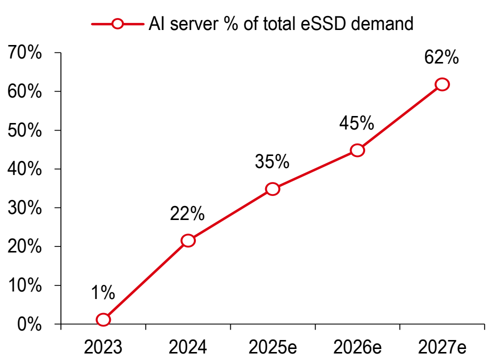
Source: TrendForce

Exhibit 37. eSSD portion of NAND demand to reach 40% by 2027e (18% in 2023)



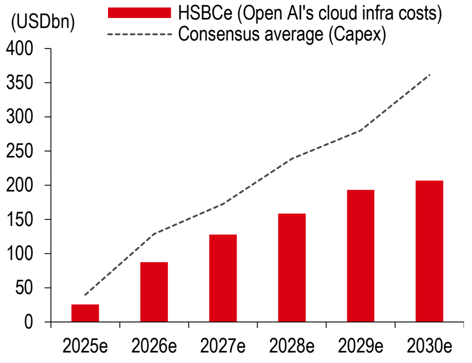
Source: TrendForce, HSBC estimates

Exhibit 38. AI servers to account for 62% of total eSSD demand by 2027e (1% in 2023)



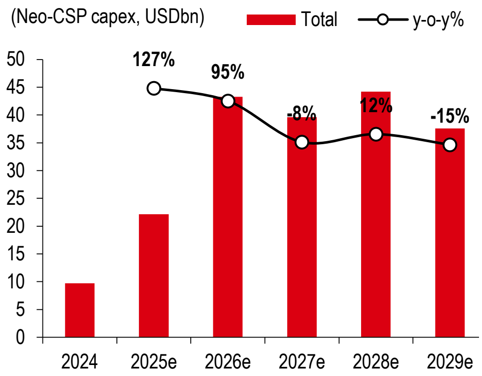
Source: TrendForce, HSBC estimates

Exhibit 39. Open AI's cloud infra costs continue to grow as well



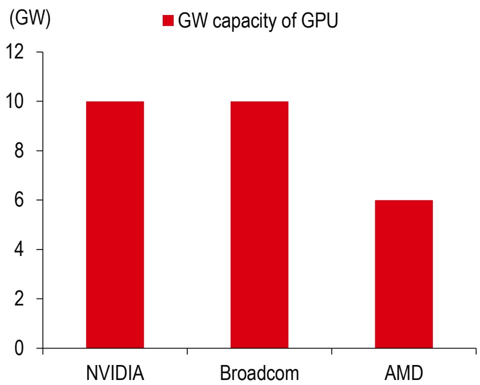
Source: HSBC estimates (see: *Global tech – Open AI: Commitments vs cash flows revisited*, 24 Nov 2025), Bloomberg consensus

Exhibit 40. Capex estimates of key Neo-CSPs; strong growth in 2026e



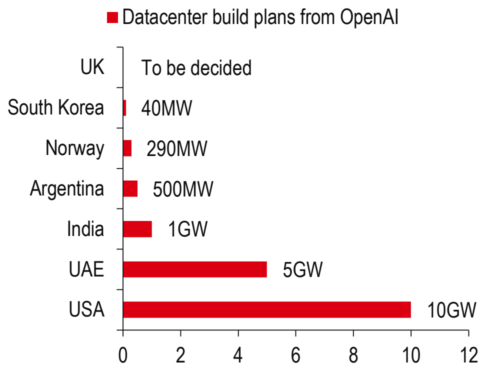
Source: Company data, Bloomberg consensus.

Exhibit 41. OpenAI's GPU purchase deals recently announced



Source: Company data

Exhibit 42. OpenAI is planning to expand AI datacentres around the world



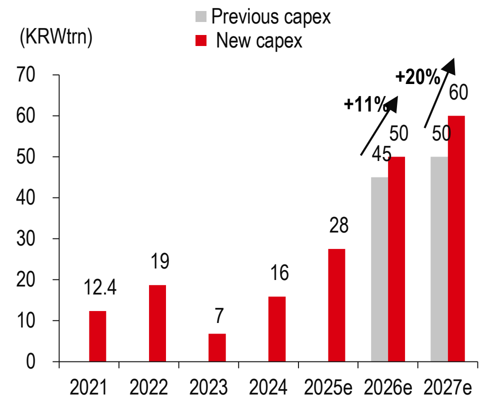
Source: Company data

Exhibit 43. Estimated HBM demand per 1GW of GPU capacity from recent OpenAI deals

GPU gigawatt capacity	Product type	Power for GPU (Watts)	GPU units	HBM content per GPU (GB)	HBM bit demand (bn Gb)	% of total HBM demand	2026e HBM demand
1GW from AMD	MI450X	2,000	500k units	432	1.7bn Gb	5%	38bn Gb
1GW from Broadcom	NA			288	1.2bn Gb	3%	

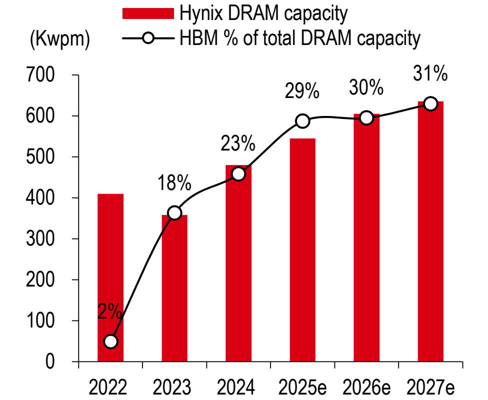
Source: HSBC estimates based on company data, Power for MI450X & Broadcom ASIC HBM content are assumptions.

Exhibit 44. We raise our capex estimates for Hynix by 11%/20% for 2026/27 on stronger investment in leading edge tech



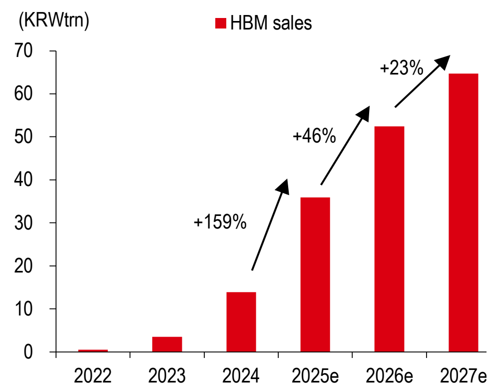
Source: Company data, HSBC estimates

Exhibit 45. Hynix plans to continue to expand its HBM capacity, reaching 200k by end-2027e



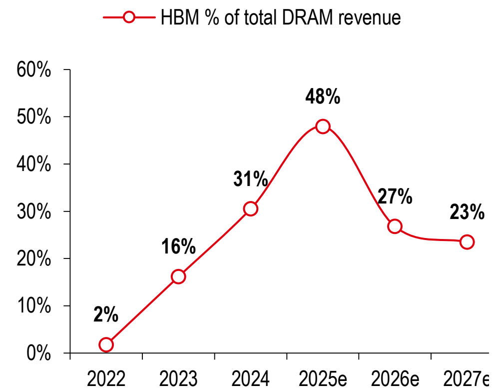
Source: Company data, HSBC estimates

Exhibit 46. HBM sales should continue to grow at Hynix…



Source: Company data, HSBC estimates.

Exhibit 47. …while the total portion of DRAM revenue declines as commodity prices increase



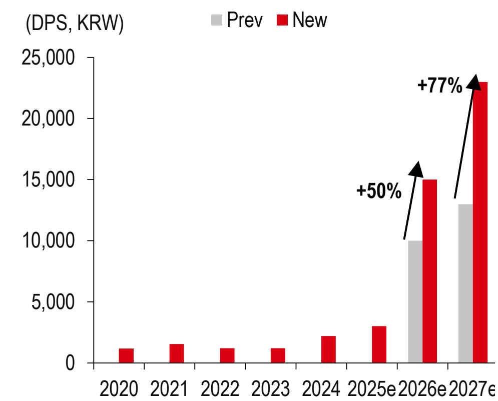
Source: Company data, HSBC estimates. Note: HBM sales portion are calculated as a percentage of total DRAM sales.

Exhibit 48. Quarterly earnings and key assumptions

	1Q26e	2Q26e	3Q26e	4Q26e	1Q27e	2Q27e	3Q27e	4Q27e	2024	2025e	2026e	2027e
Sales (KRWbn)	**45,632**	**59,124**	**69,401**	**75,199**	**75,827**	**81,473**	**89,092**	**95,027**	**66,194**	**97,150**	**249,356**	**341,419**
Growth (%) q-o-q, y-o-y	39	30	17	8	1	7	9	7	102	47	157	37
DRAM	35,319	46,076	54,651	59,836	60,478	65,133	71,950	77,829	45,503	74,909	195,883	275,389
NAND Flash & others	10,313	13,048	14,750	15,363	15,349	16,340	17,142	17,199	20,692	22,241	53,473	66,030
Sales breakdown (%)												
DRAM	77	78	79	80	80	80	81	82	69	77	79	81
NAND Flash & others	23	22	21	20	20	20	19	18	31	23	21	19
OP (KRWbn)	**32,861**	**43,907**	**51,982**	**56,453**	**56,951**	**60,587**	**64,120**	**64,494**	**23,466**	**47,202**	**185,203**	**246,152**
Growth (%) q-o-q, y-o-y	71	34	18	9	1	6	6	1	TTB	101	292	33
DRAM	27,519	36,362	43,129	47,221	47,727	50,749	54,622	55,972	21,010	45,283	154,231	209,069
NAND Flash	5,377	7,585	8,893	9,273	9,264	9,878	9,538	8,562	2,898	1,998	31,127	37,243
OPM (%)	**72**	**74**	**75**	**75**	**75**	**74**	**72**	**68**	**35**	**49**	**74**	**72**
DRAM	78	79	79	79	79	78	76	72	46	60	79	76
NAND Flash	54	60	62	62	62	62	57	51	14	9	58	56
EBITDA	**36,791**	**48,998**	**57,958**	**62,929**	**62,717**	**66,782**	**70,894**	**71,720**	**36,049**	**61,133**	**206,675**	**272,113**
Depreciation & amortization	3,929	5,091	5,976	6,476	5,766	6,195	6,774	7,226	12,582	13,931	21,473	25,961
EBITDA margin (%)	81	83	84	84	83	82	80	75	54	63	83	80
Key assumptions												
DRAM shipment (m units, 1Gb)	22,692	23,975	25,644	26,997	26,492	28,248	31,205	33,755	67,589	83,105	99,308	119,699
Growth q-o-q, y-o-y	(1)	6	7	5	(2)	7	10	8	15	23	19	21
Blended DRAM ASP (USD, 1Gb)	1.1	1.4	1.6	1.7	1.8	1.8	1.8	1.8	0.5	0.6	1.4	1.8
Growth q-o-q, y-o-y	43	27	15	8	3	1	0	0	75	29	127	22
NAND shipment (m units, 8Gb)	55,523	58,003	63,189	67,083	65,707	69,369	76,694	81,864	176,245	200,023	243,799	293,633
Growth q-o-q, y-o-y	(6)	4	9	6	(2)	6	11	7	(3)	13	22	20
Blended NAND ASP (USD, 8Gb)	0.12	0.16	0.17	0.17	0.18	0.18	0.17	0.16	0.1	0.1	0.2	0.2
Growth q-o-q, y-o-y	40	25	8	2	2	1	(5)	(6)	91	(8)	114	8

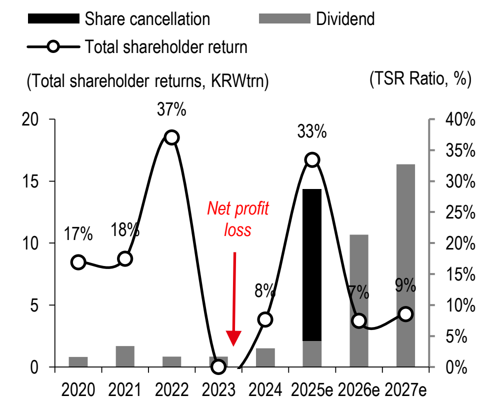
Note: TTB = Turn-to-black (Turn to profit). Source: Company data, HSBC estimates

Exhibit 49. We raise our DPS estimates for 2026/27 due to stronger earnings



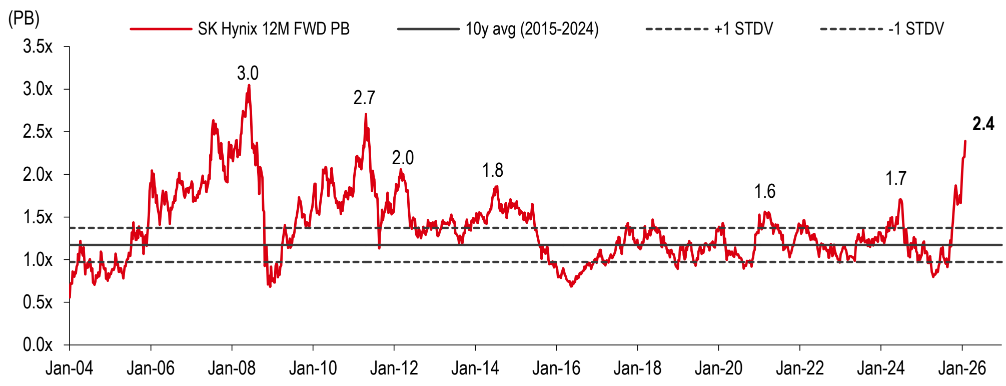
Source: Company data, HSBC estimates

Exhibit 50. Total shareholder return trends at Hynix



Source: Company data, HSBC estimates

Exhibit 51. SK Hynix: 12-month forward P/B



Source: Bloomberg, HSBC estimates

Exhibit 52. Historical P/B multiple, DRAM OPM and ROE trend

PB(x)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e	Ref. avg
High	2.8	2.5	2.1	2.8	2.2	2.0	2.1	1.7	1.4	1.9	1.4	1.4	1.6	1.7	1.5	1.9	2.3	-	-	-	2.4
Avg	1.9	1.7	1.7	1.9	1.8	1.6	1.6	1.3	1.0	1.3	1.1	1.1	1.2	1.4	1.1	1.4	1.7	-	-	-	1.8
Low	0.5	0.7	1.5	1.2	1.4	1.3	1.4	1.0	0.8	1.0	0.9	0.8	0.9	1.0	0.8	0.9	1.2	-	-	-	1.2
DRAM OPM	-34%	5%	31%	-4%	-1%	29%	40%	38%	27%	55%	62%	29%	28%	40%	33%	1%	46%	60%	79%	76%	
ROE	-93%	-6%	33%	-1%	-2%	25%	27%	22%	13%	37%	39%	4%	10%	17%	4%	-16%	31%	44%	75%	54%	

Note: Reference period: Historical high average during upcycle of 2009-12 which is similar to today's supply disciplined and new technology such as the mass adoption of the smartphone being similar to the wide-spread adoption of AI in our daily lives. Source: Company data, HSBC estimates

Exhibit 53. Scenario analysis: sensitivity of earnings estimates to DRAM ASP assumptions

Period	1Q26e	2Q26e	3Q26e	4Q26e	2026e	2027e
DRAM ASP q-o-q/y-o-y change						
Bull 2	63%	47%	35%	28%	217%	48%
Bull 1	53%	37%	25%	18%	172%	36%
Base	**43%**	**27%**	**15%**	**8%**	**127%**	**22%**
Bear	33%	17%	5%	-2%	82%	8%
Total OP (KRWtrn)						
Bull 2	36.7	55.5	75.7	82.7	250.6	360.2
Bull 1	34.8	49.5	62.3	73.1	219.7	300.2
Base	**32.9**	**43.9**	**52.0**	**56.5**	**185.2**	**246.2**
Bear	30.3	37.9	40.5	37.7	146.3	190.0
% Change						
Bull 2	12%	26%	46%	47%	35%	46%
Bull 1	6%	13%	20%	30%	19%	22%
Base	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Bear	-8%	-14%	-22%	-33%	-21%	-23%

Source: Company data, HSBC estimates

Exhibit 54. Sensitivity of valuation (KRW per share) to DRAM ASP and reference multiple assumptions; based on 2027e BVPS

	Reference P/B multiple		
Valuation based on DRAM ASP assumptions (KRW)	**Bear case 2.0x**	**Base case 2.4x**	**Bull case 2.8x**
Bull 2			2,300,000
Bull 1			2,000,000
Base		**1,500,000**	
Bear	1,000,000		

Source: HSBC estimates

Exhibit 55. AI GPU and ASIC key memory and tech node specifications

Chip supplier	Chip name	Design partner	Release date	Tech node	Memory type	Capacity (GB)
AI GPUs						
NVIDIA (Global)	H100	In-House	2022	4nm	HBM3 8 High	80
	H200	In-House	2024	4nm	HBM3e 8 High	141
	B100	In-House	2024	4nm	HBM3e 8 High	192
	B200	In-House	2H24	4nm	HBM3e 8 High	192
	GB200	In-House	2024	4nm	HBM3e 8 High	192
	B300	In-House	2Q25	4nm	HBM3e 12 High	288
	GB300	**In-House**	**2H25F**	**4nm**	**HBM3e 12 High**	**576**
	R100/R200	**In-House**	**3Q26F**	**3nm**	**HBM4 12 High**	**288**
	VR200	**In-House**	**3Q26F**	**3nm**	**HBM4 12 High**	**576**
	Rubin CPX	**In-House**	**4Q26F**	**3nm**	**GDDR7**	**128**
	R100 Ultra	**In-House**	**2H27F**	**3nm**	**HBM4e 16 High**	**1024**
	Feynman	**In-House**	**2028F**	**NA**	**Next gen HBM**	**NA**
NVIDIA (China)	H800	In-House	2022	4nm	HBM3 8 High	80
	H20	In-House	2023	4nm	HBM3 8 High	96
	H20 Ultra	In-House	2025	4nm	HBM3e 8 High	144
	L20	In-House	2023	5nm	GDDR6	48
	L2	In-House	2023	5nm	GDDR6	24
	RTX Pro 6000	In-House	2025	4nm	GDDR7	96
	B30	**In-House**	**2H25F**	**4nm**	**HBM3e 8 High**	**192**
AMD	MI200	In-House	2022	6nm	HBM2e 8 High	128
	MI300	In-House	2023	5nm	HBM3 12 High	192
	MI325	In-House	2024	5nm	HBM3e 12 High	288
	MI350/MI355	**In-House**	**2Q25**	**3nm**	**HBM3e 12 High**	**288**
	MI400/MI450	**In-House**	**3Q26F**	**3nm**	**HBM4 12 High**	**432**
Qualcomm	**AI200**	**In-House**	**2026**	**NA**	**LPDDR5**	**768**
	AI250	**In-House**	**2027**	**NA**	**NA**	**Higher than AI250**
Intel	MAX1100	In-House	2023	5nm	HBM2e 8 High	48
	MAX1550	In-House	2023	5nm	HBM2e 8 High	128
Cambricon	MLU370	In-House	2023	7nm	LPDDR5	48GB
	MLU590	In-House	2024-2025	7nm	HBM2e 8 High	80GB
ASICs						
Intel	Gaudi 2	In-House/ Alchip	2022	7nm	HBM2e 8 High	96
	Gaudi 3	In-House/ Alchip	2024	5nm	HBM2e 8 High	128
Google	TPU v3	Broadcom	2018	16nm	HBM2	8/32
	TPU v4	Broadcom	2021	7nm	HBM2	8/32
	TPU v5	Broadcom	2023	5nm	HBM2e 8 High	16/96
	TPU v6e (Trillium)	Broadcom	2024	4nm	HBM3e 8High	32
	TPU v6p (Ironwood/Hammer)	**Broadcom**	**2025**	**3nm**	**HBM3e 8High**	**192**
	TPU v7p (Alcate)	Broadcom	2026	3nm	HBM3e	NA
	TPU v7e (A5921)	Mediatek	2026	3nm	HBM3e	NA
	TPU v8p	Broadcom	2028	2nm	TBC	NA
	TPU v8e	Mediatek	2028	2nm	TBC	NA
AWS	Trainium 1	Alchip	2022	7nm	HBM2e 8 High	32
	Trainium 2	Marvell	2024	5nm	HBM3 8 High	96
	Trainium 2 Ultra	Marvell	2025	5nm	HBM3e 12 High	144
	Trainium 3	**Alchip**	**2026**	**3nm**	**HBM3e 12 High**	**216**
	Trainium 4	**Alchip, Marvell, Broadcom**	**2028**	**2nm**	**NA**	**NA**
	Inferentia 1	Alchip	2020	7nm	DDR4	8
	Inferentia 2	Marvell	2023	5nm	HBM2e 8 High	32
	Inferentia 2.5	Marvell	2H25F	3nm	HBM3 8 High	48
Meta	MTIA v1	Broadcom	2024	7nm	LPDDR5	128
	MTIA v2	Broadcom	2H25F	5nm	LPDDR5	128
Microsoft	Maia 100	GUC	2024	5nm	HBM2e 8 High	64
	Maia 200	GUC	2026	3nm	HBM3e	NA
	Maia 300	Marvell	2026	3nm	HBM3e	NA
	Maia 400	GUC/Marvell/Mediatek	2027	2nm	HBM4	NA
Huawei	Ascend 910A	Hisilicon	2019	7nm	HBM	32
	Ascend 910B	Hisilicon	2023	7nm	HBM2e 8 High	64
	Ascend 910C	Hisilicon	2025	7nm	HBM3	128
	Ascend 950PR	**Hisilicon**	**1Q26F**	**5/7nm**	**HBM2e 8 High**	**128**
	Ascend 950D	**Hisilicon**	**4Q26F**	**5nm**	**HBM3**	**144**

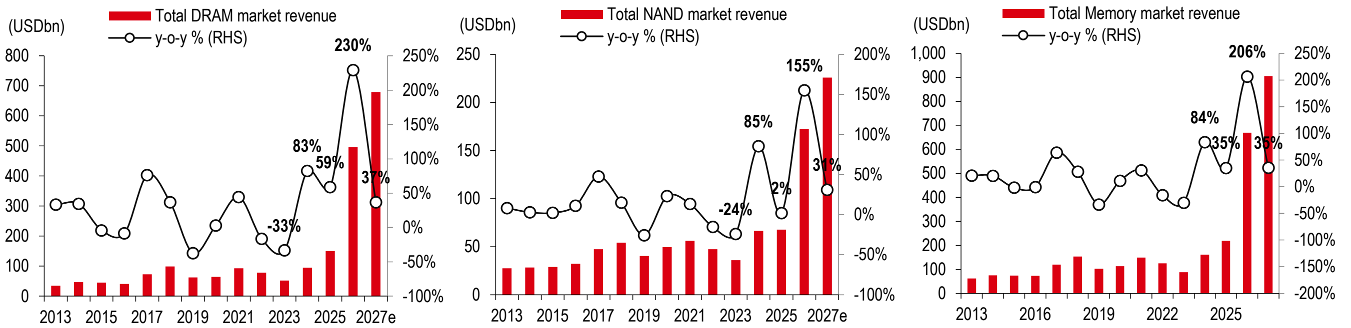
Source: Company data, TrendForce, HSBC estimates.

Exhibit 56. Historical trend and estimates of memory market revenue

(USDbn)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
DRAM market	**35**	**47**	**45**	**41**	**73**	**99**	**62**	**64**	**93**	**78**	**52**	**95**	**151**	**496**	**680**
y-o-y %	33%	35%	-4%	-8%	77%	37%	-37%	3%	45%	-16%	-33%	83%	59%	230%	37%
NAND market	**27**	**28**	**29**	**32**	**47**	**54**	**40**	**49**	**56**	**47**	**36**	**66**	**68**	**173**	**226**
y-o-y %	8%	3%	2%	11%	47%	15%	-26%	23%	13%	-16%	-24%	85%	2%	155%	31%
Memory market	**62**	**75**	**74**	**73**	**120**	**154**	**103**	**114**	**149**	**125**	**88**	**161**	**218**	**669**	**906**
y-o-y %	21%	21%	-2%	-1%	64%	28%	-33%	11%	31%	-16%	-30%	84%	35%	206%	35%

Source: WSTS, HSBC estimates

Exhibit 57. Historical trend and estimates of memory market revenue



Source: WSTS, HSBC estimates

Exhibit 58. Companies mentioned in this report

Company	Ticker	Currency	Price	Rating
Alchip	3661 TT	TWD	3,270.00	Hold
Alphabet	GOOGL US	USD	303.13	Buy
Amazon	AMZN US	USD	216.82	Buy
AMD	AMD US	USD	202.07	Buy
Blackrock	BLK US	USD	1,049.23	Not rated
Blue Owl	OWL US	USD	10.34	Not rated
Broadcom	AVGO US	USD	317.53	Buy
Cambricon	688256 CH	CNY	1,168.00	Not rated
Coreweave	CRWV US	USD	79.50	Reduce
GUC	3443 TT	TWD	2,355.00	Buy
Intel	INTC US	USD	45.58	Hold
Marvell	MRVL US	USD	78.09	Hold
Mediatek	2454 TT	TWD	1,775.00	Hold
Meta	Meta US	USD	667.73	Buy
Microsoft	MSFT US	USD	405.20	Buy
Oracle	ORCL US	USD	152.37	Buy
Qualcomm	QCOM US	USD	139.51	Hold
Softbank group	9984 JP	JPY	3,864.00	Not rated
Samsung Electronics	005930 KS	KRW	191,600.00	Buy
Toshiba	6502 JP	JPY	Not Listed	Not rated
Hitachi	6501 JP	JPY	4,860.00	Not rated
NEC	6701 JP	JPY	4,224.00	Not rated
NVIDIA	NVDA US	USD	183.04	Buy
Mitsubishi	6503 JP	JPY	5,618.00	Not rated
Texas Instruments	TXN US	USD	202.39	Not rated
Hyundai Electronics (Now known as SK Hynix)	000660 KS	KRW	941,000.00	Buy
Goldstar Electronics (Now LG Electronics)	066570 KS	KRW	115,400.00	Buy
Siemens	SIE GR	EUR	233.75	Hold
Motorola	MSI US	USD	478.21	Not rated
Sharp	6753 JP	JPY	601.70	Not rated
Matsushita (Now known as Panasonic Holdings Corp)	6752 JP	JPY	2,462.00	Not rated
Fujitsu	6702 JP	JPY	3,496.00	Not rated
Oki Electric	6703 JP	JPY	3,125.00	Not rated

Source: Bloomberg, Priced as of 4 Mar 2026 for US and European equities, Priced as of 5 Mar 2026 for Asian equities.

Valuation and risks

		Valuation	Risks to our view
SK Hynix 000660 KS **Buy**	Current price: **KRW941,000** Target price: **KRW1,500,000** Up/downside: **+59.4%**	**Maintain Buy with new TP of KRW1.50m (from KRW1.30m):** Factoring in the faster price increase due to robust demand, we lift our 2026/27 OP estimates by 23%/24%. We derive our higher TP of KRW1.5mn by applying our updated 2027e BVPS of KRW620,484 (from 2027e BVPS of KRW539,305) to our unchanged target P/B multiple of 2.4x (the historical high average during 2009-12, as it marked the smartphone-driven memory boom, a structural demand inflection much like today's AI-led memory demand surge) and round by KRW50,000. We think Hynix will further benefit from the commodity DRAM rally along with HBM4 transition and we raise our TP to KRW1.3mn. Our target price implies a c59% upside and we reiterate our Buy rating.	**Downside risks:** 1) higher US interest rates as neo-CSPs and Open AI implements investment through financing; 2) more aggressive capacity expansion at memory makers, 3) KRW appreciation, leading to weaker earnings and margin pressure.

Priced at close 5 Mar 2026
Source: HSBC estimates

Disclosure appendix

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Upside/Downside is the percentage difference between the target price and the share price.

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*A stock was classified as volatile if its historical volatility had exceeded 40%, if the stock had been listed for less than 12 months (unless it was in an industry or sector where volatility is low) or if the analyst expected significant volatility. However, stocks which we did not consider volatile may in fact also have behaved in such a way. Historical volatility was defined as the past month's average of the daily 365-day moving average volatilities. In order to avoid misleadingly frequent changes in rating, however, volatility had to move 2.5 percentage points past the 40% benchmark in either direction for a stock's status to change.

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Hold	37%	(13% of these provided with Investment Banking Services in the past 12 months)
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For the purposes of the distribution above the following mapping structure is used during the transition from the previous to current rating models: under our previous model, Overweight = Buy, Neutral = Hold and Underweight = Sell; under our current model Buy = Buy, Hold = Hold and Reduce = Sell. For rating definitions under both models, please see "Stock ratings and basis for financial analysis" above.

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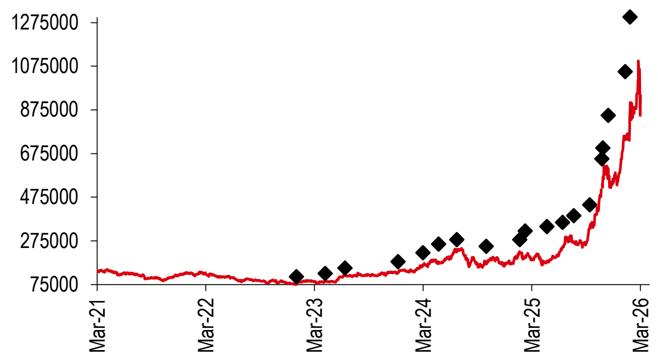
Share price and rating changes for long-term investment opportunities

SK Hynix (000660.KS) share price performance KRW Vs HSBC rating history



Source: HSBC

Rating & target price history

From	To	Date	Analyst
Hold	Buy	26 Nov 2020	Ricky Seo
Target price	**Value**	**Date**	**Analyst**
Price 1	110000	03 Jan 2023	Ricky Seo
Price 2	125000	10 Apr 2023	Ricky Seo
Price 3	150000	15 Jun 2023	Ricky Seo
Price 4	180000	11 Dec 2023	Ricky Seo
Price 5	220000	04 Mar 2024	Ricky Seo
Price 6	260000	25 Apr 2024	Ricky Seo
Price 7	280000	25 Jun 2024	Ricky Seo
Price 8	250000	02 Oct 2024	Ricky Seo
Price 9	280000	23 Jan 2025	Ricky Seo
Price 10	320000	10 Feb 2025	Ricky Seo
Price 11	340000	24 Apr 2025	Ricky Seo
Price 12	360000	16 Jun 2025	Ricky Seo
Price 13	390000	24 Jul 2025	Ricky Seo
Price 14	440000	15 Sep 2025	Ricky Seo
Price 15	650000	26 Oct 2025	Ricky Seo
Price 16	700000	29 Oct 2025	Ricky Seo
Price 17	850000	16 Nov 2025	Ricky Seo
Price 18	1050000	12 Jan 2026	Ricky Seo
Price 19	1300000	29 Jan 2026	Ricky Seo

Source: HSBC

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HSBC & Analyst disclosures

Disclosure checklist

Company	Ticker	Recent price	Price date	Disclosure
SK HYNIX	000660.KS	941000.00	05 Mar 2026	1, 5, 7

Source: HSBC

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