

EQUITY: MEMORY

## Outpaced earnings growth is ahead

Maintain Buy and raise TP to KRW1,560,000; commodity prices should be much higher than expected

**Raise earnings forecasts, reflecting higher-than-expected commodity price growth; we expect 2026/27F OP to be KRW189tn/267tn**

We estimate that the rise in commodity memory prices significantly outpaced our expectation in 1Q26. We estimate that commodity DRAM/NAND prices increased by 90%/60% in 1Q, which strongly beat our original forecasts (DRAM +56%/NAND +40% q-q). Reflecting this, we raise our 1Q26F OP forecast for Hynix from KRW29tn to KRW36tn. We also raise our 2026F annual commodity DRAM/NAND price growth forecasts from +126%/+115% y-y to +176%/+146% y-y. Factoring these in, we raise 2026/27F OP to KRW189tn/267tn as well. We expect Hynix to record DRAM/NAND OPM of 76%/57% in 2026F. With the increase in quarterly bonus expenses, we expect DRAM/NAND cost per bit to grow by 26%/18% y-y in 2026F.

Currently, Nvidia's (NVDA US, Not rated) demand for high-speed HBM4 is expanding faster than expected. This led to increased efforts from memory players (including Hynix) to boost HBM4 speed, but we expect the supply mix of high-speed HBM4 to be limited. Hence, we think high-speed HBM4 will be priced at a premium vs. standard HBM4. As Hynix adopts 1B-nm and 12nm foundry nodes, we think Hynix's HBM4 has a disadvantage in terms of high-speed bin mix vs. Samsung (SEC; 005930 KS, Buy). Still, as we expect ASIC players' preemptive purchase demand for standard HBM4 to grow at a fast pace, we see limited reasons to revise our original outlook for Hynix's HBM.

On the other hand, reflecting the expected commodity memory price hike in 2026F, CSPs aggressively increased their capex plans, and we view their commitment for investments is concrete. While memory players' capacity addition is slightly gaining pace than the previous outlook for 2026-27, we believe the memory super-cycle would last at least until 2027F, considering surging memory demand. In addition, amid increasing competition among AI servers, we think that the key for performance improvement would be memory speed or memory capacity per GPU/TPU. Therefore, we believe the memory sector will benefit the most during the AI era. We reiterate our Buy rating for Hynix and raise TP from KRW1,250,000 to KRW1,560,000, reflecting the increase in our earnings forecasts. Our new TP is derived by applying 3.5x target P/B to 12MF BVPS of KRW444,847. We raise our target P/B to 3.5x (from 3.0x), reflecting elevated ROE outlook. *(continued in page 4)*

Rating Remains **Buy**

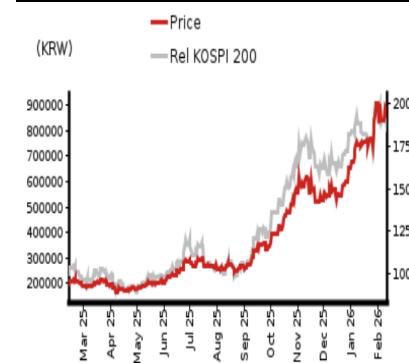
Target price Increased from KRW 1,250,000 **KRW 1,560,000**

Closing price 12 February 2026 **KRW 888,000**

Implied upside **+75.7%**

Market Cap (USD mn) 448,529.6  
ADT (USD mn) 1,877.5

### Relative performance chart



Source: LSEG, Nomura

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Year-end 31 Dec	FY24	FY25F		FY26F		FY27F	
Currency (KRW)	Actual	Old	New	Old	New	Old	New
<b>Revenue (bn)</b>	66,193	97,147	97,147	223,664	266,592	308,657	386,387
<b>Reported net profit (bn)</b>	19,795	42,948	42,948	120,819	151,590	164,892	214,964
<b>Normalised net profit (bn)</b>	19,795	42,948	42,948	120,819	151,590	164,892	214,964
<b>FD normalised EPS</b>	27,060	58,710	58,710	165,160	212,698	225,407	301,618
<b>FD norm. EPS growth (%)</b>	-	117.0	117.0	181.3	262.3	36.5	41.8
<b>FD normalised P/E (x)</b>	32.8	-	15.1	-	4.2	-	2.9
<b>EV/EBITDA (x)</b>	18.4	-	9.6	-	2.7	-	1.5
<b>Price/book (x)</b>	8.3	-	5.1	-	2.3	-	1.5
<b>Dividend yield (%)</b>	0.2	-	0.3	-	1.0	-	1.3
<b>ROE (%)</b>	31.1	44.1	44.1	67.1	77.6	51.5	65.3
<b>Net debt/equity (%)</b>	15.5	3.6	3.6	net cash	net cash	net cash	net cash

Source: Company data, Nomura estimates

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# Key data on SK Hynix

## Performance

(%)	1M	3M	12M		
Absolute (KRW)	18.6	43.9	346.5	M cap (USDmn)	448,529.6
Absolute (USD)	20.8	46.4	350.2	Free float (%)	64.0
Rel to KOSPI	1.3	9.5	212.6	3-mth ADT (USDmn)	1,877.5

## Income statement (KRWbn)

Year-end 31 Dec	FY23	FY24	FY25F	FY26F	FY27F
Revenue	32,766	66,193	97,147	266,592	386,387
Cost of goods sold	-33,299	-34,365	-38,455	-64,304	-103,325
Gross profit	-533	31,828	58,691	202,287	283,062
SG&A	-7,197	-8,361	-11,485	-13,479	-15,827
Employee share expense	1	0	0	0	0
Operating profit	-7,729	23,467	47,207	188,808	267,235
EBITDA	5,724	35,827	61,030	206,231	290,207
Depreciation	-13,453	-12,360	-13,823	-17,423	-22,972
Amortisation					
EBIT	-7,729	23,467	47,207	188,808	267,235
Net interest expense	-1,252	-1,000	-459	350	1,140
Associates & JCEs	15	-38	6,583	160	160
Other income	-2,691	1,456	-5,954	169	170
Earnings before tax	-11,657	23,884	47,377	189,488	268,705
Income tax	2,521	-4,089	-4,429	-37,898	-53,741
Net profit after tax	-9,136	19,795	42,948	151,590	214,964
Minority interests	0	0			
Other items	0	0			
Preferred dividends	0	0			
Normalised NPAT	-9,136	19,795	42,948	151,590	214,964
Extraordinary items					
Reported NPAT	-9,136	19,795	42,948	151,590	214,964
Dividends	-826	-1,522	-2,066	-5,853	-7,484
Transfer to reserves	-9,962	18,274	40,882	145,737	207,480

## Valuations and ratios

Reported P/E (x)	-	30.9	14.2	4.0	2.8
Normalised P/E (x)	-66.8	30.9	14.2	4.0	2.8
FD normalised P/E (x)	-	32.8	15.1	4.2	2.9
Dividend yield (%)	0.1	0.2	0.3	1.0	1.3
Price/cashflow (x)	151.8	21.8	12.2	4.8	2.8
Price/book (x)	11.4	8.3	5.1	2.3	1.5
EV/EBITDA (x)	116.5	18.4	9.6	2.7	1.5
EV/EBIT (x)	-	28.1	12.1	3.0	1.7
Gross margin (%)	-1.6	48.1	60.4	75.9	73.3
EBITDA margin (%)	17.5	54.1	62.8	77.4	75.1
EBIT margin (%)	-23.6	35.5	48.6	70.8	69.2
Net margin (%)	-27.9	29.9	44.2	56.9	55.6
Effective tax rate (%)	-	17.1	9.3	20.0	20.0
Dividend payout (%)	-	7.7	4.8	3.9	3.5
ROE (%)	-15.6	31.1	44.1	77.6	65.3
ROA (pretax %)	-8.1	23.3	40.3	98.4	117.1

## Growth (%)

Revenue	-26.6	102.0	46.8	174.4	44.9
EBITDA	-72.7	525.9	70.3	237.9	40.7
Normalised EPS	-511.4	-	116.8	253.0	41.8
Normalised FDEPS	-511.5	-	117.0	262.3	41.8

Source: Company data, Nomura estimates

## Cashflow statement (KRWbn)

Year-end 31 Dec	FY23	FY24	FY25F	FY26F	FY27F
EBITDA	5,724	35,827	61,030	206,231	290,207
Change in working capital	-493	1,987	-5,384	-37,664	37,376
Other operating cashflow	-953	-8,019	-2,196	-35,639	-102,033
Cashflow from operations	4,278	29,796	53,449	132,928	225,549
Capital expenditure	-8,325	-15,946	-27,519	-40,000	-59,000
Free cashflow	-4,047	13,850	25,930	92,928	166,549
Reduction in investments	-1,827	-1,695	-20,077	-987	-1,037
Net acquisitions					
Dec in other LT assets	0	0	0	0	0
Inc in other LT liabilities	1,041	-2,665	2,166	114	116
Adjustments	1,776	2,301	257	-114	-116
CF after investing acts	-3,057	11,791	8,277	91,941	165,512
Cash dividends	-826	-826	-1,676	-1,033	-976
Equity issue	36	115	270	-94	0
Debt issue	6,969	-7,376	767	-14,000	-5,000
Convertible debt issue	0	0	0	0	0
Others	-512	-86	-940	0	-45,431
CF from financial acts	5,667	-8,173	-1,580	-15,127	-51,407
Net cashflow	2,610	3,618	6,697	76,814	114,105
Beginning cash	4,977	7,587	11,205	17,902	94,716
Ending cash	7,587	11,205	17,902	94,716	208,821
Ending net debt	21,881	11,479	4,346	-83,808	-202,315

## Balance sheet (KRWbn)

As at 31 Dec	FY23	FY24	FY25F	FY26F	FY27F
Cash & equivalents	7,587	11,205	17,902	94,716	208,821
Marketable securities	1,334	2,951	17,040	17,040	17,040
Accounts receivable	6,600	13,019	18,199	45,533	60,085
Inventories	13,481	13,314	14,289	28,600	30,193
Other current assets	1,466	1,790	8,790	11,236	-37,644
Total current assets	30,468	42,279	76,220	197,125	278,495
LT investments	13,323	13,400	19,388	20,375	21,413
Fixed assets	52,705	60,157	76,507	99,084	135,112
Goodwill	3,835	4,019	3,993	4,156	4,324
Other intangible assets					
Other LT assets	0	0	0	0	0
Total assets	100,330	119,855	176,108	320,740	439,343
Short-term debt	9,857	5,252	8,162	2,425	825
Accounts payable	1,846	2,277	2,848	8,668	12,686
Other current liabilities	9,305	17,436	24,636	25,244	25,866
Total current liabilities	21,008	24,965	35,646	36,337	39,376
Long-term debt	19,611	17,432	14,086	8,483	5,682
Convertible debt	0	0	0	0	0
Other LT liabilities	6,207	3,543	5,709	5,823	5,940
Total liabilities	46,826	45,940	55,441	50,643	50,998
Minority interest	0	0	0		
Preferred stock	0	0	0		
Common stock	3,658	3,658	3,658	3,564	3,564
Retained earnings	46,729	65,418	106,577	256,101	419,781
Proposed dividends	0	0	0		
Other equity and reserves	3,117	4,840	10,432	10,432	-34,999
Total shareholders' equity	53,504	73,916	120,667	270,097	388,346
Total equity & liabilities	100,330	119,855	176,108	320,740	439,343

## Liquidity (x)

Current ratio	1.45	1.69	2.14	5.42	7.07
Interest cover	-6.2	23.5	102.8	-	-

## Leverage

Net debt/EBITDA (x)	3.82	0.32	0.07	net cash	net cash
Net debt/equity (%)	40.9	15.5	3.6	net cash	net cash

## Per share

Reported EPS (KRW)	-13,286	28,767	62,368	220,137	312,167
Norm EPS (KRW)	-13,286	28,767	62,368	220,137	312,167
FD norm EPS (KRW)	-12,489	27,060	58,710	212,698	301,618
BVPS (KRW)	77,751	107,339	175,231	392,231	596,759
DPS (KRW)	1,200	2,210	3,000	8,500	11,500

## Activity (days)

Days receivable	65.6	54.2	58.6	43.6	49.9
Days inventory	159.7	142.7	131.0	121.7	103.8
Days payable	22.1	22.0	24.3	32.7	37.7
Cash cycle	203.3	175.0	165.3	132.7	116.0

Source: Company data, Nomura estimates

## Company profile

SK Hynix Inc. provides products and services for the electronic components industries. The Company manufactures semiconductors such as dynamic random access memory (DRAM) and NAND flash memory.

## Valuation Methodology

Our 12-month target price of KRW1,560,000 is derived by applying a target P/B of 3.5x to 12MF BVPS of KRW444,847. The benchmark index for this stock is the KOSPI 200.

## Risks that may impede the achievement of the target price

US tariffs on semiconductor products

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## ESG

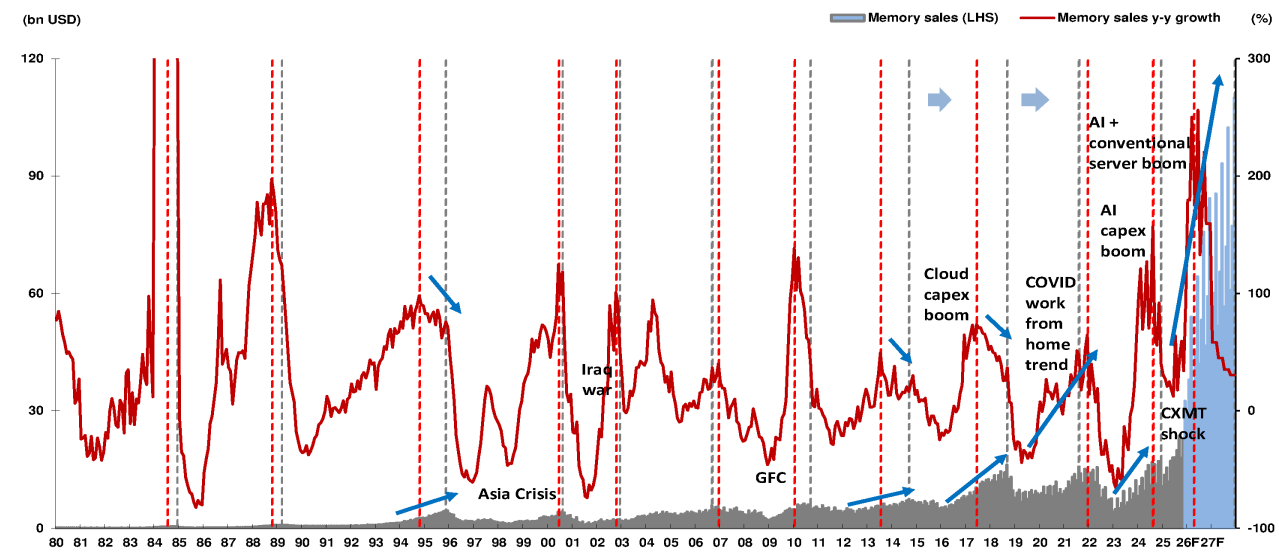
We believe Hynix is heavily focused on following ESG policies. Recently Hynix issued green bonds worth USD 1 billion (KRW 1.1 trillion) and social bonds worth KRW 440 billion to ESG. Green bonds are used for eco-friendly projects such as water quality management, energy efficiency, pollution prevention, and ecological environment restoration and social infrastructure. Social bonds are invested in projects to solve social problems, such as creating jobs, supporting the vulnerable, and building social infrastructure. Both bonds are used exclusively for ESG purposes. Furthermore, Hynix announced the mid- to long-term roadmap 'SV 2030' for maximizing social value creation and set goals in four areas: environment, shared growth, social safety net, and corporate culture. The company presented a direction to focus on ESG management and explained that Hynix would strengthen 'RE100' and 'Zero Net Emissions', which increase the use of renewable energy to 100% by 2050.

(continued from page 1)

**Raise TP from KRW1,250,000 to KRW1,560,000, reflecting increased earnings forecasts**

We reiterate our Buy rating for Hynix and raise TP from KRW1,250,000 to KRW1,560,000, reflecting the increase in our earnings forecasts. Our new TP is derived by applying 3.5x target P/B to 12MF BVPS of KRW444,847. We raise our target P/B to 3.5x (from 3.0x), reflecting elevated ROE outlook. While Hynix is recording nearly twice of SEC’s ROE based on substantial operating and financial leverage, we expect the fast increase in cash balance and equity to lower ROE in the future. In case Hynix implements proactive shareholder return programs, we believe the decline in ROE should be at a moderate pace. Hynix is committed to allocate 50% of FCF (free cashflow) to shareholder returns for a three-year period, and as we expect the company’s 2026F FCF to be at KRW93tn, we anticipate the shareholder return to significantly increase vs. last year. In this case, we expect shareholder return/market cap to be 7.6% (based on market cap excluding treasury shares; assuming KRW888,000 per share [12 February closing price]).

**Fig. 1: Global memory sales and y-y growth**



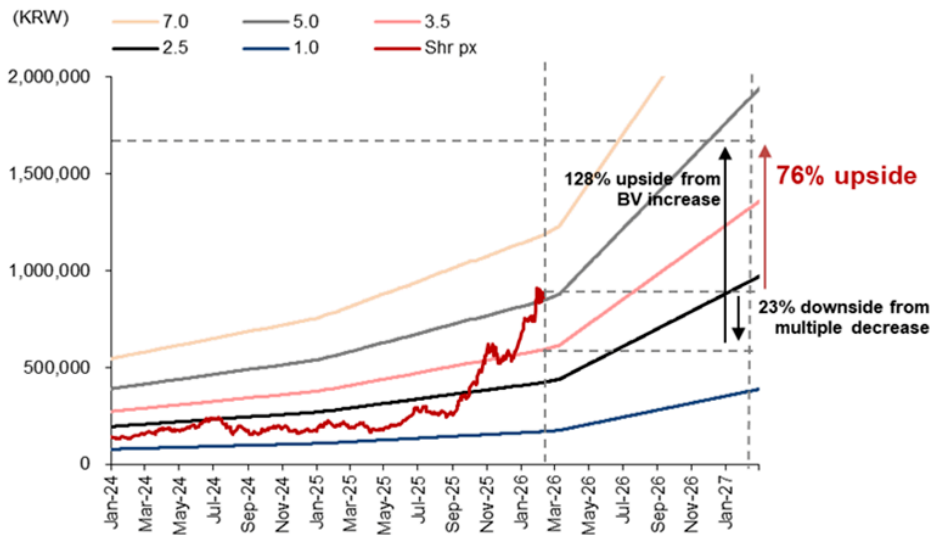
Source: WSTS, Nomura estimates

**Fig. 2: Hynix – revisions to our earnings forecasts**

(K-IFRS consolidated) Unit: KRWbn, %	2026F				2027F			
	Old	New	Diff. %	% y-y	Old	New	Diff. %	% y-y
<b>Sales</b>	<b>223,664</b>	<b>266,592</b>	<b>19.2%</b>	<b>174.4%</b>	<b>308,657</b>	<b>386,387</b>	<b>25.2%</b>	<b>44.9%</b>
Sales - DRAM	165,090	199,914	21.1%	165.5%	227,230	293,578	29.2%	46.9%
Sales - NAND	56,729	64,834	14.3%	225.6%	79,675	91,057	14.3%	40.4%
Sales - Other	1,844	1,844	0.0%	-5.0%	1,752	1,752	0.0%	-5.0%
<b>Operating Profit</b>	<b>150,345</b>	<b>188,808</b>	<b>25.6%</b>	<b>300.0%</b>	<b>204,645</b>	<b>267,235</b>	<b>30.6%</b>	<b>41.5%</b>
OP - DRAM	121,233	152,703	26.0%	234.8%	162,990	216,745	33.0%	41.9%
OP - NAND	30,034	37,027	23.3%	1685.2%	42,530	51,366	20.8%	38.7%
<b>% OPM</b>	<b>67%</b>	<b>71%</b>	<b>3.6%p</b>	<b>22.2%p</b>	<b>66%</b>	<b>69%</b>	<b>2.9%p</b>	<b>-1.7%p</b>
% OPM - DRAM	73%	76%	3.0%p	15.8%p	72%	74%	2.1%p	-2.6%p
% OPM - NAND	53%	57%	4.2%p	46.7%p	53%	56%	3.0%p	-0.7%p
<b>Net Profit</b>	<b>120,819</b>	<b>151,590</b>	<b>25.5%</b>	<b>253.0%</b>	<b>164,892</b>	<b>214,964</b>	<b>30.4%</b>	<b>41.8%</b>
DRAM bit shipment (1Gb eq., mn)	13,596	14,093	3.6%	26.4%	16,458	18,479	12.3%	31.1%
% y-y	22%	26%	4.4%p		21%	31%	10.1%p	
DRAM ASP (1Gb eq., USD)	8.54	9.97	16.8%	109.8%	9.71	11.18	15.1%	12.1%
% y-y	80%	110%	30.2%p		14%	12%	-1.7%p	
DRAM Cost (1Gb eq., USD)	2.27	2.36	3.9%	25.6%	2.75	2.93	6.5%	24.2%
% y-y	21%	26%	4.7%p		21%	24%	3.1%p	
NAND bit shipment (8Gb eq., mn)	35,793	35,793	0.0%	32.1%	48,694	48,694	0.0%	36.0%
% y-y	32%	32%	0.0%p		36%	36%	0.0%p	
NAND ASP (8Gb eq., USD cents)	111.42	127.34	14.3%	146.1%	115.11	131.55	14.3%	3.3%
% y-y	115%	146%	30.8%p		3%	3%	0.0%p	
NAND Cost (8Gb eq., USD cents)	52.43	54.61	4.2%	17.8%	53.66	57.34	6.9%	5.0%
% y-y	13%	18%	4.7%p		2%	5%	2.6%p	
KRW:USD1	1,423	1,423	0.0%	0.1%	1,421	1,421	0.0%	-0.1%

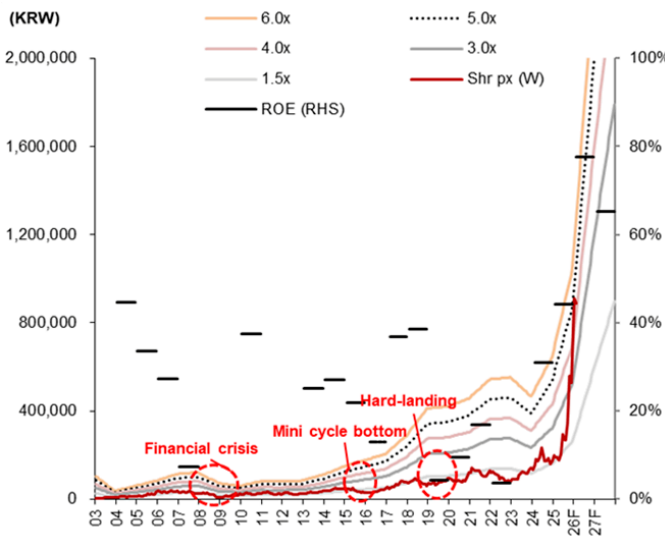
Sources: Nomura estimates

**Fig. 3: Hynix - trailing P/B band: upside from BV increase**



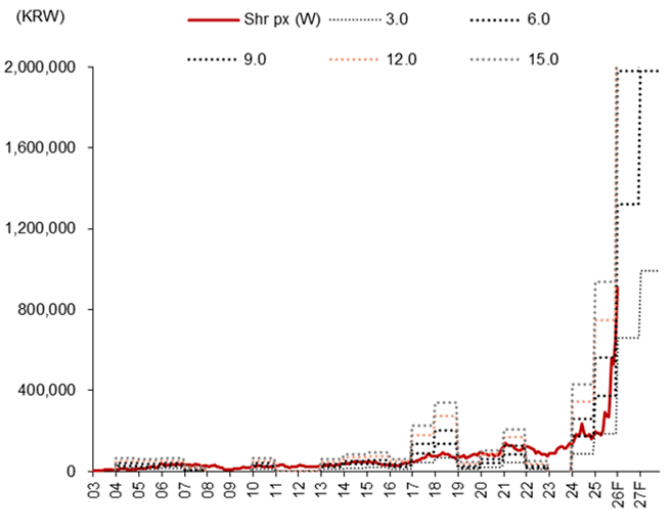
Source: Quantwise, Nomura estimates

**Fig. 4: Hynix – trailing P/B vs ROE**



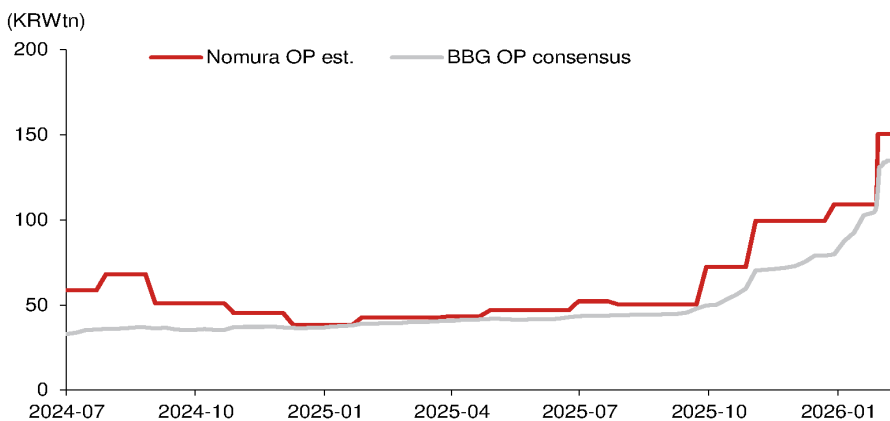
Sources: Bloomberg Finance L.P., Nomura estimates

**Fig. 5: Hynix – P/E vs share price**



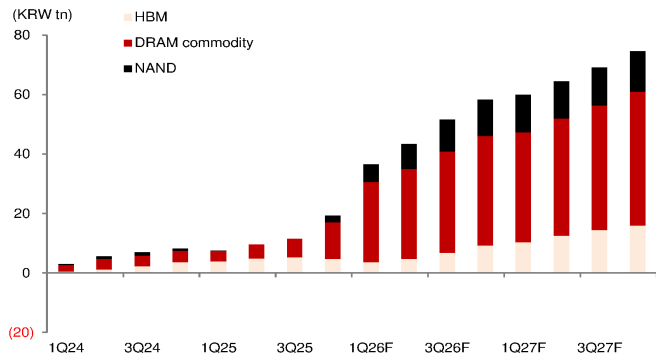
Source: Bloomberg Finance L.P., Nomura estimates

**Fig. 6: Hynix – 2026F OP consensus vs Nomura estimates**



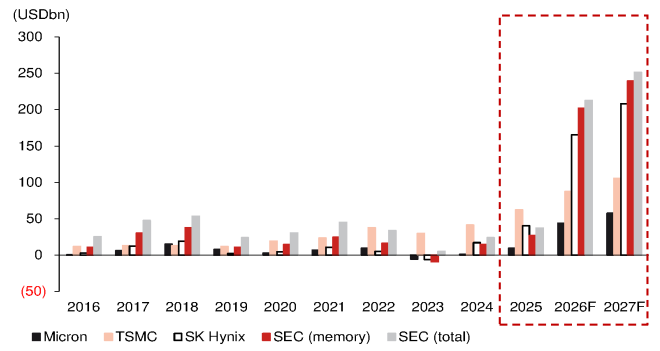
Source: Bloomberg Finance L.P., Nomura estimates

**Fig. 7: Hynix – OP trend by product**



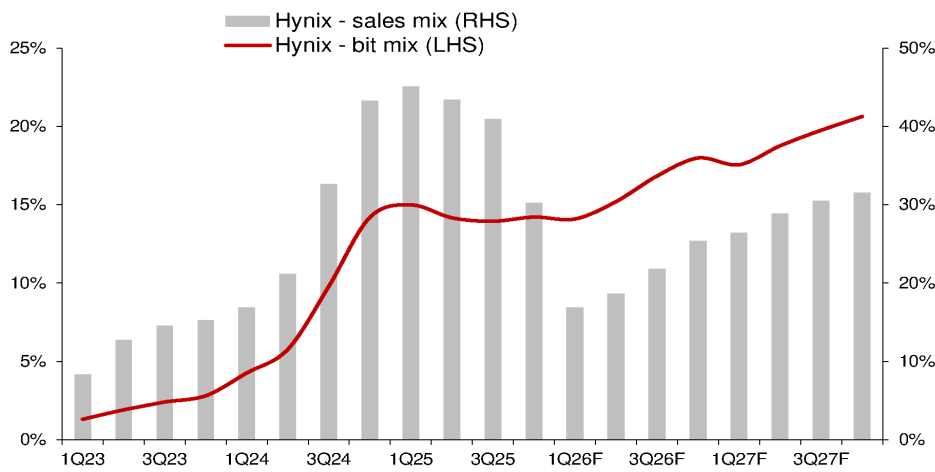
Source: Company data, Nomura estimates

**Fig. 8: OP comparison – Hynix vs. peers**



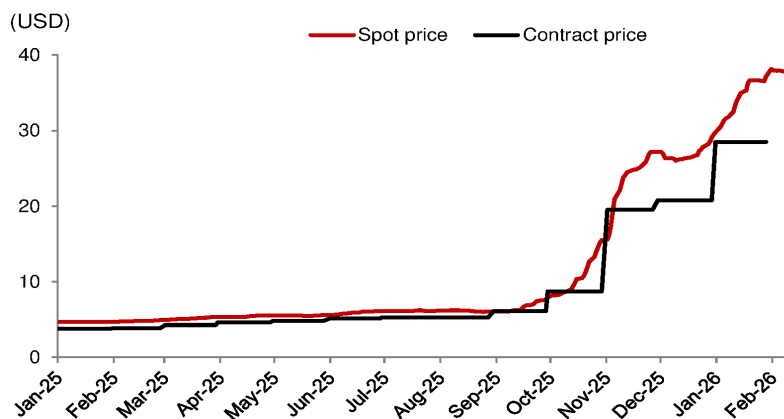
Source: Company data, Nomura estimates. Note: Bloomberg consensus estimates for Micron

**Fig. 9: Hynix – HBM bit, sales mix in DRAM**



Source: Company data, Nomura estimates

**Fig. 10: DDR5 16Gb spot price vs contract price**



Source: DrameXchange, Nomura research

Fig. 11: Hynix— assumptions on DRAM (commodity, HBM), NAND ASP/cost/shipments

Total	2026F		2027F	
	Old	New	Old	New
<b>OP (KRW tn)</b>	<b>150</b>	<b>189</b>	<b>205</b>	<b>267</b>
y-y	218%	300%	36%	42%
DRAM	121	153	163	217
NAND	30	37	43	51
Others	-1	-1	-1	-1
<b>OPM</b>	<b>67%</b>	<b>71%</b>	<b>66%</b>	<b>69%</b>
DRAM	73%	76%	72%	74%
Commodity	78%	81%	76%	79%
HBM	60%	58%	63%	62%
NAND	53%	57%	53%	56%
<b>DRAM OP (KRW tn)</b>	<b>121</b>	<b>153</b>	<b>163</b>	<b>217</b>
Commodity	97	128	116	163
HBM	24	25	47	53
<b>DRAM OPM</b>	<b>73%</b>	<b>76%</b>	<b>72%</b>	<b>74%</b>
Commodity	78%	81%	76%	79%
HBM	60%	58%	63%	62%
<b>DRAM OP mix (%)</b>				
Commodity	80	84	71	75
HBM	20	16	29	25
<b>ASP y-y</b>	<b>80%</b>	<b>110%</b>	<b>14%</b>	<b>12%</b>
Commodity	126%	176%	4%	4%
HBM	1%	1%	31%	31%
<b>Cost y-y</b>				
Commodity	18%	22%	14%	16%
HBM	18%	23%	19%	21%
<b>Bit shipment y-y</b>	<b>22%</b>	<b>26%</b>	<b>21%</b>	<b>31%</b>
Commodity	20%	24%	17%	26%
HBM	36%	43%	44%	56%
<b>Bit mix (%)</b>				
Commodity	84%	84%	81%	81%
HBM	16%	16%	19%	19%
<b>NAND OP (KRW tn)</b>	<b>30,034</b>	<b>37</b>	<b>42,530</b>	<b>51</b>
OPM	53%	57%	53%	56%
ASP y-y	115%	146%	3%	3%
Cost y-y	13%	18%	2%	5%
Bit shipment y-y	32%	32%	36%	36%
<b>KRW/USD</b>	<b>1,423</b>	<b>1,423</b>	<b>1,421</b>	<b>1,421</b>

Source: Company data, Nomura estimates

Fig. 12: DRAM/NAND ASP forecast revisions

	1Q25	2Q25	3Q25	4Q25	1Q26F	2Q26F	3Q26F	4Q26F	1Q27F	2Q27F	3Q27F	4Q27F	2025	2026F	2027F
<b>New forecasts</b>															
DRAM blended ASP (USD/GB)	4.3	4.4	4.6	5.7	9.0	9.6	10.3	10.7	10.8	11.1	11.3	11.4	4.8	10.0	11.2
q-q (%)	0%	2%	4%	24%	60%	7%	7%	4%	1%	3%	2%	1%			
y-y (%)	49%	32%	19%	33%	112%	121%	126%	89%	20%	15%	10%	7%	32%	110%	12%
Commodity ASP	2.8	2.9	3.1	4.6	8.7	9.2	9.7	9.7	9.6	9.7	9.8	9.9	3.4	9.4	9.8
q-q (%)	-2%	4%	9%	47%	90%	6%	5%	1%	-1%	1%	1%	1%			
y-y (%)	11%	4%	10%	63%	217%	221%	209%	111%	10%	5%	1%	1%	24%	176%	4%
HBM ASP	12.9	13.4	13.4	12.0	10.8	11.8	13.3	15.1	16.3	17.1	17.4	17.4	12.9	13.1	17.1
q-q (%)	-1%	4%	0%	-10%	-10%	9%	13%	13%	8%	5%	2%	0%			
y-y (%)	13%	10%	5%	-7%	-16%	-12%	0%	25%	50%	45%	31%	16%	2%	1%	31%
NAND ASP (US cents/GB)	6.1	5.5	6.1	8.0	12.8	15.4	16.9	17.8	17.2	16.7	16.2	15.7	6.5	15.9	16.4
q-q (%)	-20%	-10%	11%	32%	60%	20%	10%	5%	-3%	-3%	-3%	-3%			
y-y (%)	3%	-20%	-22%	6%	112%	181%	179%	122%	34%	9%	-4%	-11%	-7%	146%	3%

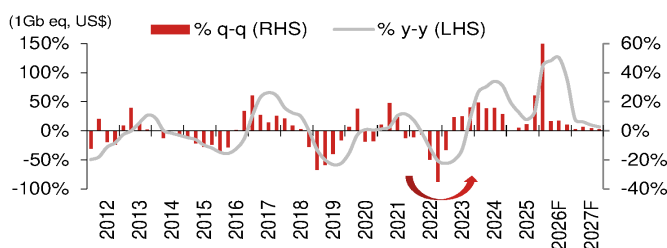
Source: Company data, Nomura estimates

Fig. 13: Hynix – quarterly earnings forecasts

K-IFRS, KRWbn	2024 Total	2025 Total	1QF	2QF	3QF	4QF	2026F Total	1QF	2QF	3QF	4QF	2027F Total
<b>Sales</b>	<b>66,193</b>	<b>97,147</b>	<b>51,416</b>	<b>60,626</b>	<b>72,420</b>	<b>82,130</b>	<b>266,592</b>	<b>85,643</b>	<b>92,520</b>	<b>99,845</b>	<b>108,379</b>	<b>386,387</b>
DRAM	45,554	75,292	39,434	45,642	53,689	61,148	199,914	63,406	70,046	76,492	83,634	293,578
Flash	19,011	19,913	11,465	14,497	18,176	20,696	64,834	21,747	22,011	22,825	24,473	91,057
Others	1,627	1,941	516	487	555	286	1,844	490	462	528	272	1,752
Cost of Goods Sold	34,365	38,455	11,990	14,174	18,020	20,121	64,304	22,121	24,261	27,504	29,439	103,325
Gross Profit	31,828	58,691	39,426	46,452	54,399	62,009	202,287	63,522	68,258	72,341	78,940	283,062
SG&A	8,361	11,485	3,194	3,325	3,043	3,918	13,479	3,833	3,989	3,499	4,506	15,827
Other operating gain(loss)	0	0	0	0	0	0	0	0	0	0	0	0
<b>Operating Profit</b>	<b>23,467</b>	<b>47,207</b>	<b>36,232</b>	<b>43,128</b>	<b>51,357</b>	<b>58,091</b>	<b>188,808</b>	<b>59,689</b>	<b>64,269</b>	<b>68,842</b>	<b>74,434</b>	<b>267,235</b>
DRAM	20,768	45,604	30,558	35,112	40,995	46,038	152,703	47,395	52,001	56,348	61,001	216,745
Flash	3,136	2,074	5,932	8,259	10,639	12,197	37,027	12,540	12,500	12,758	13,569	51,366
Others	-437	-471	-258	-243	-278	-143	-922	-245	-231	-264	-136	-876
Non-Operating Profit (Loss)	417	170	89	125	185	280	679	260	305	365	540	1,470
Net interest income	-1,000	-459	30	60	120	140	350	200	240	300	400	1,140
FX transaction & translation Gain, net	269	-453	-1	0	0	0	-1	0	0	0	0	0
Equity Method	-38	6,583	40	40	40	40	160	40	40	40	40	160
<b>Pre-Tax Profit</b>	<b>23,885</b>	<b>50,466</b>	<b>36,322</b>	<b>43,253</b>	<b>51,542</b>	<b>58,371</b>	<b>189,488</b>	<b>59,949</b>	<b>64,574</b>	<b>69,207</b>	<b>74,974</b>	<b>268,705</b>
Tax	-4,089	-7,053	-7,264	-8,651	-10,308	-11,674	-37,898	-11,990	-12,915	-13,841	-14,995	-53,741
<b>Net Profit</b>	<b>19,797</b>	<b>42,948</b>	<b>29,057</b>	<b>34,602</b>	<b>41,233</b>	<b>46,697</b>	<b>151,590</b>	<b>47,960</b>	<b>51,659</b>	<b>55,366</b>	<b>59,979</b>	<b>214,964</b>
EBITDA	36,049	61,130	40,232	47,388	55,916	62,934	206,471	64,852	69,839	74,849	80,907	290,447
Depreciation & Amortization	12,582	13,923	4,000	4,261	4,559	4,843	17,663	5,163	5,570	6,007	6,473	23,212
OP Margin	35%	49%	70%	71%	71%	71%	71%	70%	69%	69%	69%	69%
EBITDA Margin	54%	63%	78%	78%	77%	77%	77%	76%	75%	75%	75%	75%
Net Profit Margin	30%	44%	57%	57%	57%	57%	57%	56%	56%	55%	55%	56%
EPS(Annualized)	27,060	58,710	168,787	200,995	239,515	271,252	212,698	294,792	317,532	340,316	368,673	301,618
BPS	107,339	175,231	214,291	264,540	324,418	392,231	392,231	444,847	489,324	539,497	596,759	596,759
ROE	31%	44%	87%	84%	81%	76%	78%	69%	68%	66%	65%	65%
Share price (Period-end)	173,900	651,000	888,000	888,000	888,000	888,000	888,000	888,000	888,000	888,000	888,000	888,000
PBR (12M FWD)	1.6	3.7	4.1	3.4	2.7	2.3	2.3	2.0	1.8	1.6	1.5	1.5
PER (12M FWD)	2.8	#DIV/0!	3.0	2.8	2.6	2.4	#DIV/0!	-	-	-	-	#DIV/0!
<b>DRAM sales (KRW, bn)</b>	<b>45,554</b>	<b>75,292</b>	<b>39,434</b>	<b>45,642</b>	<b>53,689</b>	<b>61,148</b>	<b>199,914</b>	<b>63,406</b>	<b>70,046</b>	<b>76,492</b>	<b>83,634</b>	<b>293,578</b>
% q-q	0%	0%	56%	16%	18%	14%	0%	4%	10%	9%	9%	9%
% y-y	110%	65%	183%	168%	182%	142%	166%	61%	53%	42%	37%	47%
<b>Shipment (8Gb eq, mn)</b>	<b>9,212</b>	<b>11,150</b>	<b>3,051</b>	<b>3,338</b>	<b>3,677</b>	<b>4,026</b>	<b>14,093</b>	<b>4,125</b>	<b>4,438</b>	<b>4,763</b>	<b>5,153</b>	<b>18,479</b>
% q-q	14%	21%	36%	20%	21%	30%	26%	35%	33%	30%	28%	31%
% y-y	74%	32%	112%	121%	126%	89%	110%	20%	15%	10%	7%	12%
<b>ASP (8Gb eq, US\$)</b>	<b>3.6</b>	<b>4.8</b>	<b>9.0</b>	<b>9.6</b>	<b>10.3</b>	<b>10.7</b>	<b>10.0</b>	<b>10.8</b>	<b>11.1</b>	<b>11.3</b>	<b>11.4</b>	<b>11.2</b>
% q-q	60%	7%	7%	7%	4%	4%	1%	3%	3%	2%	1%	1%
% y-y	74%	32%	112%	121%	126%	89%	110%	20%	15%	10%	7%	12%
<b>Cost (8Gb eq, US\$)</b>	<b>2.0</b>	<b>1.9</b>	<b>2.0</b>	<b>2.2</b>	<b>2.4</b>	<b>2.6</b>	<b>2.4</b>	<b>2.7</b>	<b>2.9</b>	<b>3.0</b>	<b>3.1</b>	<b>2.9</b>
% q-q	2%	-4%	11%	9%	9%	9%	3%	3%	5%	4%	4%	4%
% y-y	2%	-4%	3%	16%	35%	44%	26%	34%	29%	22%	17%	24%
<b>DRAM OP (KRW, bn)</b>	<b>20,768</b>	<b>45,604</b>	<b>30,558</b>	<b>35,112</b>	<b>40,995</b>	<b>46,038</b>	<b>152,703</b>	<b>47,395</b>	<b>52,001</b>	<b>56,348</b>	<b>61,001</b>	<b>216,745</b>
OP margin	46%	61%	77%	77%	76%	75%	76%	75%	74%	74%	73%	74%
<b>Flash sales (KRW, bn)</b>	<b>19,011</b>	<b>19,913</b>	<b>11,465</b>	<b>14,497</b>	<b>18,176</b>	<b>20,696</b>	<b>64,834</b>	<b>21,747</b>	<b>22,011</b>	<b>22,825</b>	<b>24,473</b>	<b>91,057</b>
% q-q	0%	5%	57%	26%	25%	14%	0%	5%	1%	4%	7%	7%
% y-y	93%	5%	265%	211%	276%	184%	226%	90%	52%	26%	18%	40%
<b>Shipment (8Gb eq, mn)</b>	<b>24,849</b>	<b>27,092</b>	<b>7,811</b>	<b>8,289</b>	<b>9,447</b>	<b>10,245</b>	<b>35,793</b>	<b>11,087</b>	<b>11,569</b>	<b>12,368</b>	<b>13,671</b>	<b>48,694</b>
% q-q	-2%	9%	-1%	6%	14%	8%	8%	8%	4%	7%	11%	11%
% y-y	-2%	9%	75%	9%	31%	30%	32%	42%	40%	31%	33%	36%
<b>ASP (8Gb eq, US cents)</b>	<b>55.7</b>	<b>51.7</b>	<b>102.6</b>	<b>123.2</b>	<b>135.5</b>	<b>142.3</b>	<b>127.3</b>	<b>138.0</b>	<b>133.9</b>	<b>129.8</b>	<b>125.9</b>	<b>131.6</b>
% q-q	87%	-7%	112%	181%	179%	122%	146%	34%	9%	-4%	-11%	3%
% y-y	-18%	0%	4%	16%	15%	32%	18%	18%	9%	2%	-4%	5%
<b>Flash OP (KRW, bn)</b>	<b>3,136</b>	<b>2,074</b>	<b>5,932</b>	<b>8,259</b>	<b>10,639</b>	<b>12,197</b>	<b>37,027</b>	<b>12,540</b>	<b>12,500</b>	<b>12,758</b>	<b>13,569</b>	<b>51,366</b>
OP margin	16%	10%	52%	57%	59%	59%	57%	58%	57%	56%	55%	56%

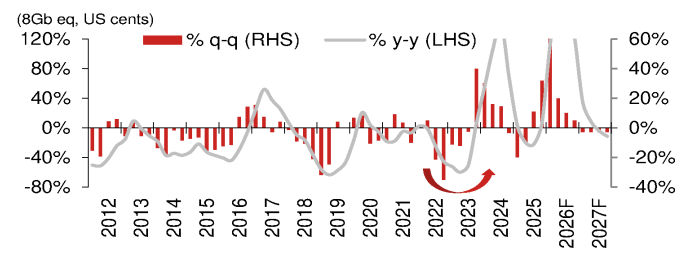
Sources: Company data, Nomura estimates

Fig. 14: Hynix – DRAM ASP change (q-q % , y-y %)



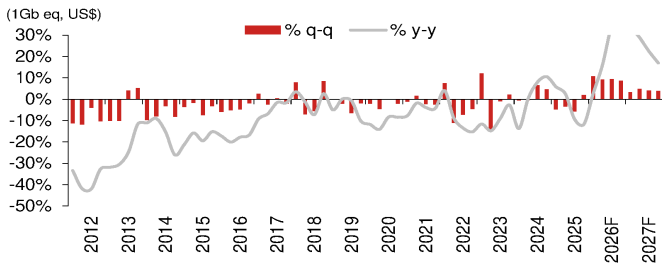
Sources: Company data, Nomura estimates

Fig. 15: Hynix – NAND ASP change (q-q % , y-y %)



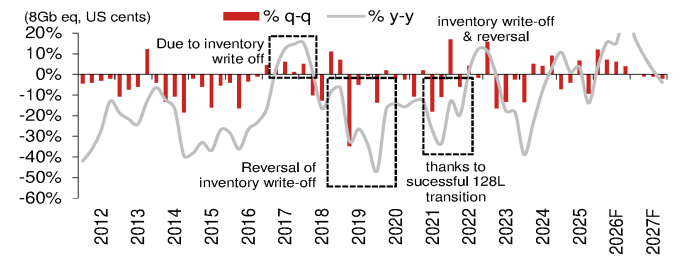
Sources: Company data, Nomura estimates

**Fig. 16: Hynix – DRAM cost trend (q-q %, y-y %)**



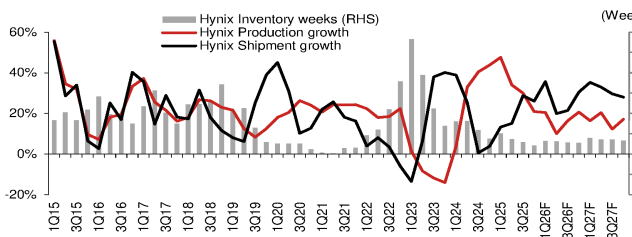
Source: Company data, Nomura estimates

**Fig. 17: Hynix – NAND cost trend (q-q %, y-y %)**



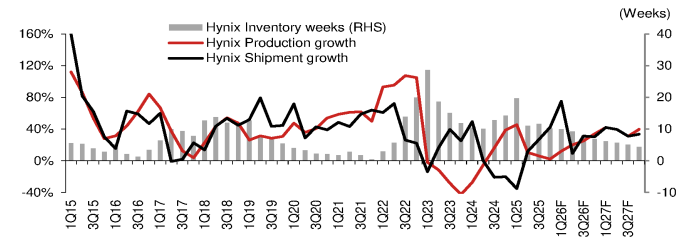
Source: Company data, Nomura estimates

**Fig. 18: Hynix – DRAM production and shipments growth and inventory**



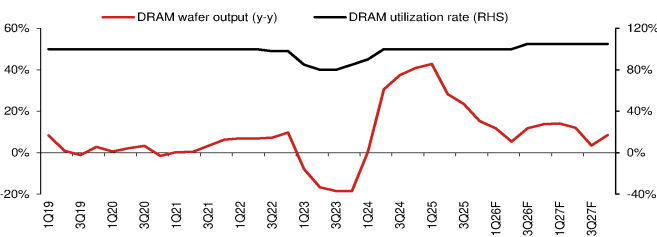
Source: Company data, Nomura estimates

**Fig. 19: Hynix – NAND production and shipments growth and inventory**



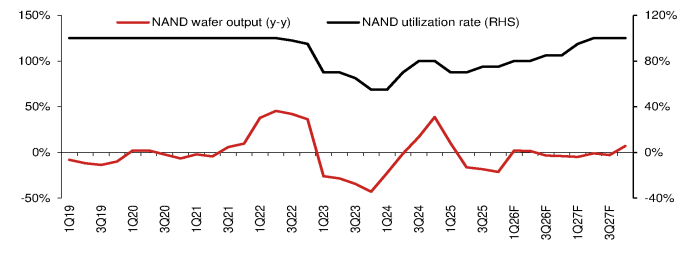
Source: Company data, Nomura estimates

**Fig. 20: Hynix – DRAM wafer output and utilization**



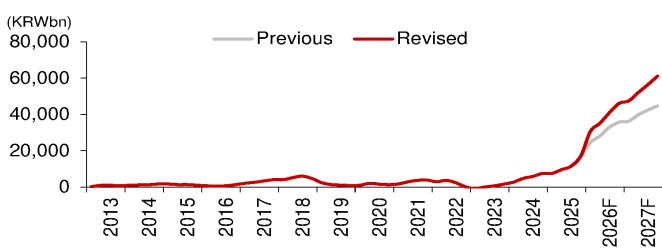
Source: Company data, Nomura estimates

**Fig. 21: Hynix – NAND wafer output and utilization**



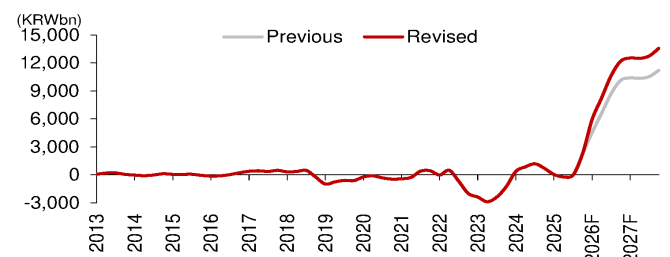
Source: Company data, Nomura estimates

**Fig. 22: Hynix – DRAM OP**



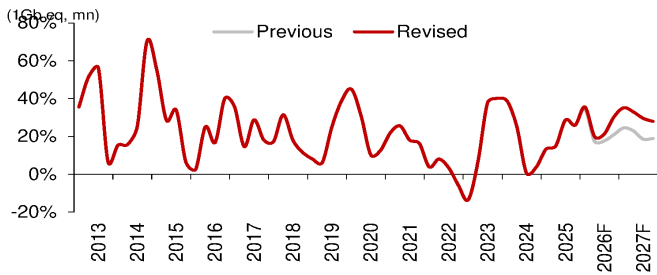
Source: Company data, Nomura estimates

**Fig. 23: Hynix – NAND OP**



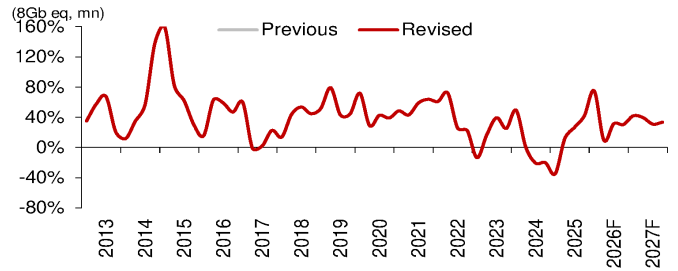
Source: Company data, Nomura estimates

**Fig. 24: Hynix – DRAM bit growth (y-y, %)**



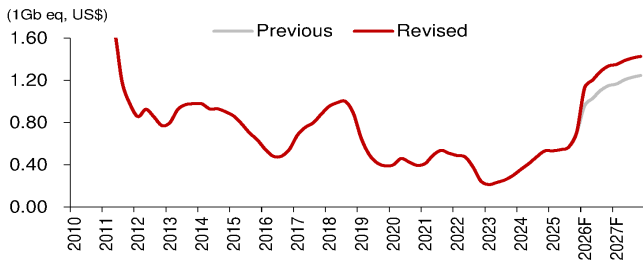
Sources: Company data, Nomura estimates

**Fig. 25: Hynix – NAND bit growth (y-y, %)**



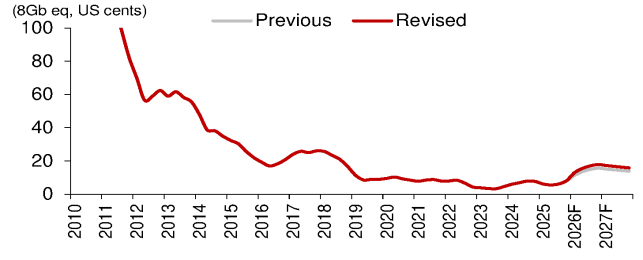
Sources: Company data, Nomura estimates

**Fig. 26: Hynix – DRAM ASP forecasts**



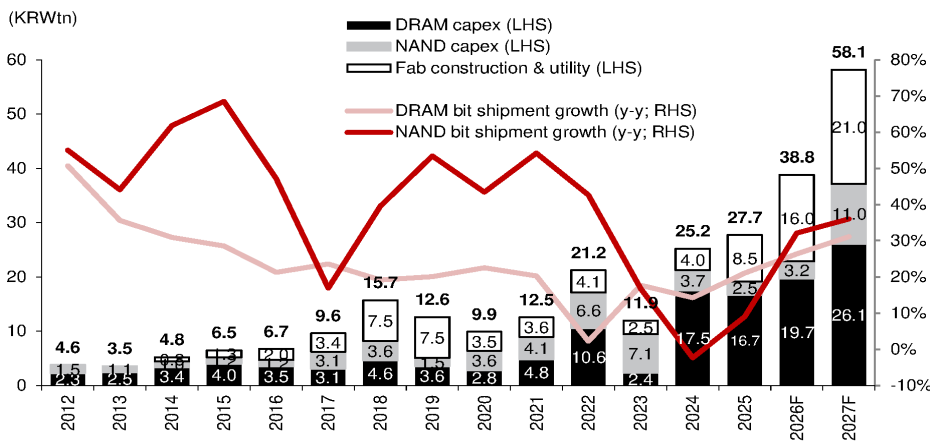
Sources: Company data, Nomura estimates

**Fig. 27: Hynix – NAND ASP forecasts**



Sources: Company data, Nomura estimates

**Fig. 28: Hynix – capex and memory bit shipments outlook**



Sources: Company data, Nomura estimates

**Fig. 29: Hynix – FCF/EV, FCF/MC analysis**

(W bn)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026F	2027F
<b>Operating cash flow</b>	<b>5,549</b>	<b>14,691</b>	<b>22,227</b>	<b>6,550</b>	<b>12,315</b>	<b>19,798</b>	<b>14,781</b>	<b>4,278</b>	<b>29,796</b>	<b>53,449</b>	<b>132,928</b>	<b>225,549</b>
NP	2,960	10,642	15,540	2,009	4,759	9,616	2,242	-9,138	19,797	42,948	151,590	214,964
Dep	4,456	5,026	6,428	8,620	9,772	10,657	14,151	13,674	12,582	13,923	17,663	23,212
working capital change	-1,459	-3,190	-1,997	270	-1,650	-3,018	-2,690	794	-5,600	-4,949	-35,825	-12,127
<b>Investment Cash Flow</b>	<b>-6,230</b>	<b>-11,919</b>	<b>-21,429</b>	<b>-10,451</b>	<b>-11,840</b>	<b>-22,392</b>	<b>-17,884</b>	<b>-7,335</b>	<b>-18,005</b>	<b>-45,173</b>	<b>-40,987</b>	<b>-60,037</b>
Capex	-5,956	-9,128	-16,036	-13,920	-10,069	-12,487	-19,010	-8,325	-15,946	-27,519	-40,000	-59,000
Others	-274	-2,791	-5,393	3,469	-1,772	-9,906	1,127	990	-2,059	-17,653	-987	-1,037
<b>Free Cash Flow</b>	<b>-407</b>	<b>5,562</b>	<b>6,191</b>	<b>-7,371</b>	<b>2,246</b>	<b>7,311</b>	<b>-4,230</b>	<b>-4,047</b>	<b>13,850</b>	<b>25,930</b>	<b>92,928</b>	<b>166,549</b>
<b>Share holder return (cashflow basis)</b>	<b>353</b>	<b>424</b>	<b>2,443</b>	<b>1,412</b>	<b>1,000</b>	<b>1,973</b>	<b>1,002</b>	<b>934</b>	<b>2,226</b>	<b>1,033</b>	<b>46,407</b>	<b>46,407</b>
% of previous year's free cashflow	-87%	8%	39%	-19%	45%	18%	-47%	-25%	7%	9%	1%	28%
sharebuy back	0.0	0.0	1,736.5	385.8	315.7	506.4	291.7	176.2	108.0	550.0	0.0	45,431.0
cash dividend	353	424	706	1,026	684	805	1,681	826	826	1,676	1,033	976
Net Cash	-200	3,454	3,096	-6,529	-6,304	-7,041	-16,884	-20,548	-8,528	12,059	102,873	221,978
Share price	44,700	76,500	60,500	94,100	118,500	131,000	75,000	141,500	173,900	651,000	888,000	888,000
outstanding shares ex T.S.	706	706	684	684	684	688	688	688	689	689	689	651
common	706	706	684	684	684	688	688	688	689	689	689	651
preferred	0	0	0	0	0	0	0	0	0	0	0	0
Market cap exc. Treasury shares	31,558	54,009	41,382	64,364	81,054	90,078	51,574	97,372	119,751	448,290	611,492	577,873
EV	31,759	50,555	38,286	70,894	87,358	97,119	68,458	117,920	128,278	436,230	508,619	355,895
<b>Free cash / EV</b>	<b>-1.3%</b>	<b>11.0%</b>	<b>16.2%</b>	<b>-10.4%</b>	<b>2.6%</b>	<b>7.5%</b>	<b>-6.2%</b>	<b>-3.4%</b>	<b>10.8%</b>	<b>5.9%</b>	<b>18.3%</b>	<b>46.8%</b>
<b>Free cash / MC</b>	<b>-1.3%</b>	<b>10.3%</b>	<b>15.0%</b>	<b>-11.5%</b>	<b>2.8%</b>	<b>8.1%</b>	<b>-8.2%</b>	<b>-4.2%</b>	<b>11.6%</b>	<b>5.8%</b>	<b>15.2%</b>	<b>28.8%</b>

Note: 2015-2025 share prices are as of year-end; 2026-27F share prices are as of 12 February 2026.

Sources: Company data, Nomura estimates

# Appendix A-1

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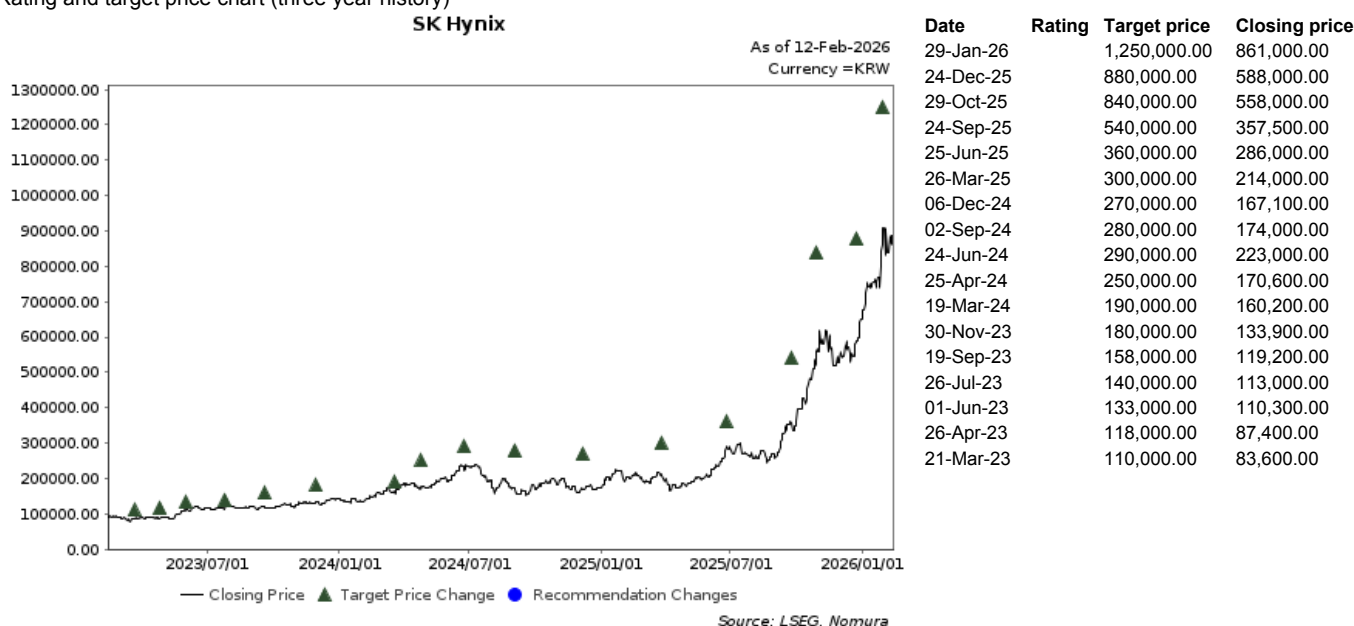
### Materially mentioned issuers

Issuer	Ticker	Price	Price date	Stock rating	Sector rating	Disclosures
SK Hynix	000660 KS	KRW 888,000	12-Feb-2026	Buy	N/A	
Samsung Electronics	005930 KS	KRW 178,600	12-Feb-2026	Buy	N/A	
Taiwan Semiconductor Manufacturing Corp	2330 TT	TWD 1,915.00	11-Feb-2026	Buy	N/A	

### SK Hynix (000660 KS)

KRW 888,000 (12-Feb-2026) Buy (Sector rating: N/A)

Rating and target price chart (three year history)



For explanation of ratings refer to the stock rating keys located after chart(s)

**Valuation Methodology** Our 12-month target price of KRW1,560,000 is derived by applying a target P/B of 3.5x to 12MF BVPS of KRW444,847. The benchmark index for this stock is the KOSPI 200.

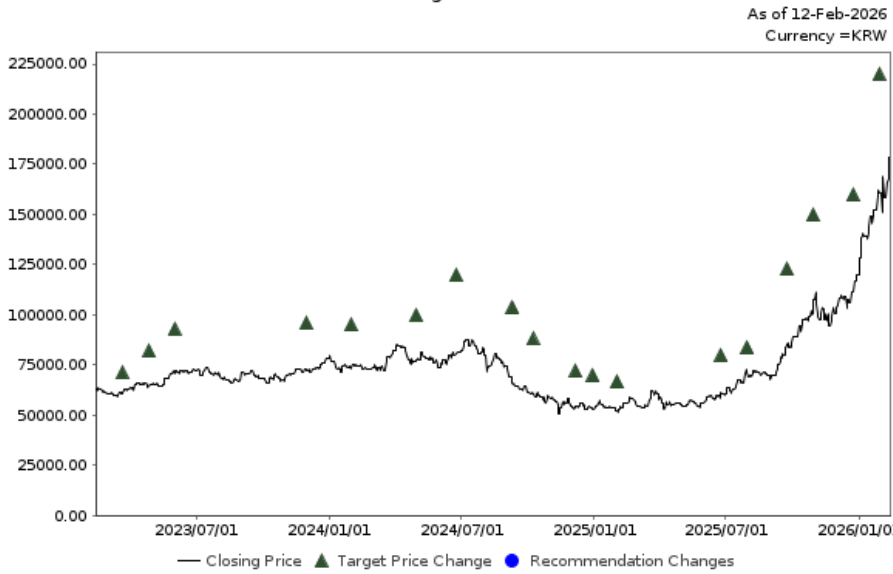
**Risks that may impede the achievement of the target price** US tariffs on semiconductor products

**Samsung Electronics (005930 KS)**

**KRW 178,600 (12-Feb-2026) Buy** (Sector rating: N/A)

Rating and target price chart (three year history)

**Samsung Electronics**



Date	Rating	Target price	Closing price
29-Jan-26		220,000.00	160,700.00
24-Dec-25		160,000.00	111,100.00
30-Oct-25		150,000.00	104,100.00
24-Sep-25		123,000.00	85,400.00
31-Jul-25		84,000.00	71,400.00
25-Jun-25		80,000.00	61,300.00
01-Feb-25		67,000.00	52,400.00
30-Dec-24		70,000.00	53,200.00
06-Dec-24		72,000.00	54,100.00
08-Oct-24		88,000.00	60,300.00
10-Sep-24		104,000.00	66,200.00
24-Jun-24		120,000.00	80,600.00
30-Apr-24		100,000.00	77,500.00
31-Jan-24		95,000.00	72,700.00
30-Nov-23		96,000.00	72,800.00
01-Jun-23		93,000.00	70,900.00
27-Apr-23		82,000.00	64,600.00
21-Mar-23		71,000.00	60,300.00

For explanation of ratings refer to the stock rating keys located after chart(s)

**Valuation Methodology** Our 12-month TP of KRW220,000 is derived by applying a target P/B of 2.5x to 12MF BVPS of KRW89,463. The benchmark index for the stock is the KOSPI 200.

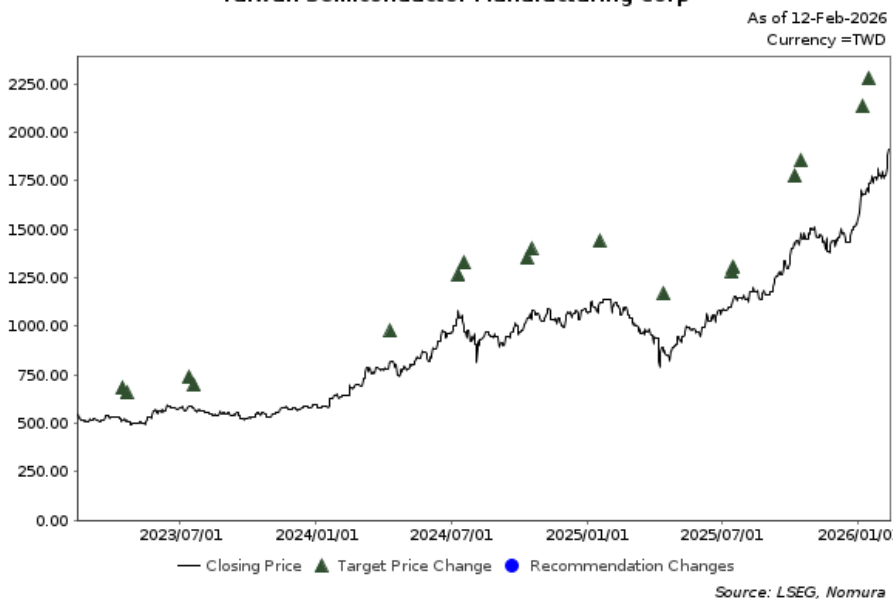
**Risks that may impede the achievement of the target price** Downside risk includes failure to supply HBM4 to Nvidia.

**Taiwan Semiconductor Manufacturing Corp (2330 TT)**

**TWD 1,915.00 (11-Feb-2026) Buy** (Sector rating: N/A)

Rating and target price chart (three year history)

**Taiwan Semiconductor Manufacturing Corp**



Date	Rating	Target price	Closing price
15-Jan-26		2,280.00	1,690.00
07-Jan-26		2,135.00	1,675.00
16-Oct-25		1,855.00	1,485.00
08-Oct-25		1,780.00	1,415.00
17-Jul-25		1,310.00	1,130.00
15-Jul-25		1,280.00	1,110.00
14-Apr-25		1,170.00	865.00
17-Jan-25		1,440.00	1,120.00
17-Oct-24		1,400.00	1,035.00
11-Oct-24		1,355.00	1,045.00
18-Jul-24		1,330.00	1,005.00
11-Jul-24		1,270.00	1,080.00
10-Apr-24		975.00	815.00
20-Jul-23		700.00	579.00
13-Jul-23		740.00	585.00
20-Apr-23		660.00	513.00
14-Apr-23		685.00	516.00

For explanation of ratings refer to the stock rating keys located after chart(s)

**Valuation Methodology** Our TP of TWD2,280 is based on 25x 2026F EPS. Our target P/E is at the higher end of historical range. The benchmark index for the stock is Taiwan TAIEX and SOX.

**Risks that may impede the achievement of the target price** Major downside risks are: 1) top-down macro issues because of US-China trade tensions; 2) weaker-than-expected sell-through compared with strong demand in the supply chain; 3) slower-than-expected technology migration; and 4) stronger-than-expected competition in advanced 5/3nm nodes.

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As at 31 December 2025.

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