NOMURA

Global Memory

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EQUITY: TECHNOLOGY

Real AI boom is here, embrace the new regime

Expect memory stock re-rating driven by exponential demand growth from AI

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Exponentially growing AI-driven demand vs limited memory supply

The memory industry entered a structural growth phase following the launch of ChatGPT [owned by OpenAI (unlisted)] in December 2022, which triggered considerable growth in GPU and HBM (high-bandwidth memory) demand. Subsequently, the adoption of Retrieval-Augmented Generation (RAG) and agentic AI applications has accelerated demand for conventional servers and SSDs, and initiated a triple memory super-cycle (commodity DRAM, HBM, and SSD) since 3Q25.

As AI semiconductor demand shifts from training toward inference workloads, memory demand is entering a period of exponential expansion. This reflects the rapid growth in KV-cache memory requirements, driven by increases in user base, user engagement time, AI task complexity (*Fig. 6*), reasoning-token consumption, and the emergence of agentic AI, where token usage per user is surging exponentially. Memory demand effectively scales as the multiplicative function of these variables (10 x 200 x 30 x 10 x …), implying that memory demand could rise by several thousand-fold over the next five years, in our view. In contrast, we believe industry supply growth is likely to remain constrained to roughly 5-6x over the same period (CAGR of c.30%), raising serious questions around whether structural undersupply can realistically be resolved.

At present, the industry is attempting to narrow this widening supply-demand gap through multiple software- and architecture-level optimizations, including technologies such as KV-cache compression and selective cache eviction. However, we believe these solutions merely slow the pace of growth rather than reversing the trend. Therefore, every available approach – including NAND offloading (which offers over 100x higher capacity despite slower speeds) and the adoption of ultra-high-bandwidth NAND (HBF) – will likely need to be deployed simultaneously, in our view.

Meanwhile, we believe the rise of agentic AI is significantly improving AI productivity while simultaneously driving a considerable increase in token consumption. Agentic AI is also creating entirely new categories of semiconductor demand, including CPUs and commodity memory. However, these developments ultimately reinforce the usage expansion of AI servers themselves, thereby driving another leg of substantial growth in GPU- and memory-related demand, in our view.

Fig. 1: Memory – stocks for action

Company	Ticker	Rating	Target price (KRW)	Current price (KRW)	Upside
Samsung Electronics	005930 KS	**Buy**	590,000	270,500	118.1%
SK Hynix	000660 KS	**Buy**	4,000,000	1,819,000	119.9%

Note: Share price as of 15 May 2026.
Source: Nomura research

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AI-based innovations are actually happening and will create a self-reinforcing investment cycle

The advancement of agentic AI could finally unlock a step-function improvement in enterprise productivity. Combined revenue for leading AI software and service vendors such as Anthropic (unlisted), Gemini (provided by Google [GOOGL US, Not rated]), and Open AI could potentially expand by more than 100x over the next five years from the current level of approximately USD70bn, in our view. Until recently, such forecasts appeared detached from reality, but they are increasingly becoming plausible. Anthropic is reportedly expected to achieve a breakeven point by 2027E, while Open AI is targeting profitability around 2029E (*link*). Despite still generating losses today, these companies are already raising capital at unprecedented valuations, with aggregate equity values now approaching the trillion-dollar range (*link 1* , *link 2*).

We believe the revenues and capital generated by these AI service providers will, in turn, flow back to hyperscalers and CSPs such as Amazon (AMZN US, Not rated), Google, and Microsoft (MSFT US, Not rated) through cloud infrastructure spending, thereby creating a powerful self-reinforcing investment cycle in data center expansion. We believe the true Fourth Industrial Revolution is now beginning.

In our view, this transition represents an unprecedented new regime, including AI robots and autonomous driving. We believe the resulting wealth disparities, cross-country gaps, and social/political impacts are likely to exceed current expectations, while institutional and regulatory preparedness remains extremely limited. Nevertheless, AI appears to be an irreversible trend, and the Rubicon has already been crossed. AI's growth trajectory is unlikely to slow organically, in our view. In fact, leading AI experts are increasingly less concerned about whether AI will succeed, and more concerned about whether AI could become excessively powerful.

LTAs and structural supply shortage to reduce risk premiums and drive re-rating for memory suppliers

Until recently, investors questioned whether LTAs between memory vendors and CSPs (cloud service providers) could truly differ from unsuccessful LTA structures seen in previous cycles, and whether the eventual slowdown of memory price increases could once again become a negative catalyst for stock prices. However, we believe investor perception is now beginning to improve materially. Contracts under the conditions reportedly embedded within current LTAs are progressing not only with CSPs but also with a broad range of memory customers. Three-to-five years of minimum contract periods, prepayments, and capex support commitments appear increasingly common, making cancellation difficult and enhancing binding aspects of contracts, effectively guaranteeing near-current level of profitability.

Importantly, we believe customer demand for HBM and high-performance memory already appears to exceed the industry's mid- to long-term supply capabilities. Therefore, we think the stable earnings outlook for memory vendors is becoming less dependent on LTAs themselves and more anchored by the underlying structural demand environment that effectively forces customers to accept such conditions. In our view, semiconductors are equivalent to AI, and memory is one of the key bottlenecks within the AI value chain.

Against this structural backdrop, we believe memory vendors have entered an unprecedented phase of rapid revenue growth and margin expansion in a short period of time. Over the next 3-5 years, and at minimum through 2027-31F, we expect annual revenue and earnings growth of approximately 30% following 7-8x profit increase in 2026F, backed by: (1) annual volume growth of ~30%, (2) stable or a slight increase in commodity memory prices based on LTAs, and (3) improvement in HBM profitability, converging to that of commodity DRAM, although we believe a likely KRW appreciation impact could reduce reported revenue by 10-20%. We believe this resembles a growth outlook comparable to TSMC's (2330 TT, Buy) 30% CAGR (over 2025-28F), which currently trades at a 12MF P/E of ~20x.

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SEC and Hynix trade at unfairly low valuations; raise TP by factoring in lower risk premiums

For 2027F, which represents year one of this new LTA cycle, we forecast combined OP for Samsung Electronics (SEC; 005930 KS, Buy) and SK Hynix (000660 KS, Buy) to reach multiples of TSMC's expected earnings and substantially exceed those of competitor Micron (MU US, Not rated). However, both SEC and Hynix still trade at a 12MF P/E of ~6x.

We believe this resulting implied risk premium (19% for SEC, 24% for Hynix; calculated as 1/[P/E – risk-free rate], with a risk-free rate of 4%) is unfairly high. Historically, weak shareholder return policies and high earnings volatility justified valuation discounts. However, we believe many of these discount factors are now structurally diminishing, or could largely disappear over at least the next five years.

As highlighted in our pervious report on *SEC* and *Hynix*, we expect these discount factors to gradually normalize, resulting in sustained valuation multiple expansion. We now believe the market should increasingly reflect the strength of long-term demand visibility and the durability of the emerging LTA framework, and therefore, we are beginning to incorporate this lower risk premium into our TP.

Key risks currently being debated by the market regarding memory demand

First, investors continue to question **whether CSPs can sustain their aggressive capex**, or more fundamentally, **whether AI demand could ultimately disappoint expectations**, leading companies such as Anthropic, Open AI, and Gemini (provided by Google) to face monetization or funding challenges that could interrupt the current virtuous cycle. However, we increasingly view such concerns as outdated. We believe AI demand has already passed the singularity point, and its primary drivers are now enterprise and sovereign AI demand. In our view, while CSPs' FCF could temporarily decline, this largely reflects their conviction in future profit generation. In fact, we believe their OCF is already growing materially faster than the market's overly conservative expectations.

Second, we think there remains significant concern that US data center construction could proceed more slowly than expected, particularly due to structural power shortages. Going forward, we expect a broad range of new solutions to emerge, including unprecedented innovations in power-efficiency technologies and the mobilization of new energy sources. Nevertheless, we continue to view this issue – particularly in the US – as a meaningful bottleneck risk. Compared with the highly optimized productivity of Asian memory suppliers, US construction sites remain materially slower and less efficient, while the power infrastructure supply chain, which has experienced years of underinvestment, still appears insufficiently prepared for the scale of the current AI-driven expansion cycle, in our view. As a result, we believe the memory industry may need to monitor data center construction progress, even through satellite imagery if needed.

Third, in our view, while direct CSP investment currently accounts for roughly half of total data center investments, a **substantial portion of the remaining investment appears to be financed by non-cloud operators** leveraging long-term cloud purchase agreements signed with CSPs. These project financing structures are highly sensitive to funding costs. Therefore, if long-term bond yields rise sharply due to inflationary pressures, we believe project-related risks could increase meaningfully. In our view, memory price increases alone could contribute more than 0.8% to the US CPI this year, while higher oil prices driven by the Middle East geopolitical tensions may keep inflation and interest rates elevated for longer than currently expected. However, provided end-demand remains sufficiently strong, we believe refinancing markets should remain accessible even in a higher-rate environment, suggesting there is not yet a need for excessive concern.

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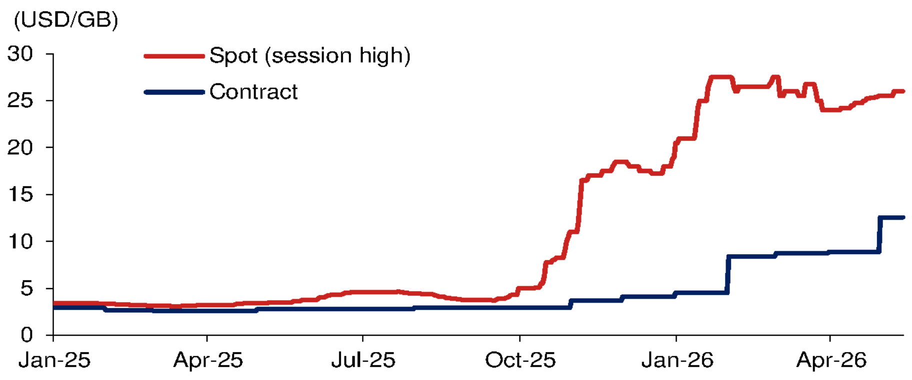
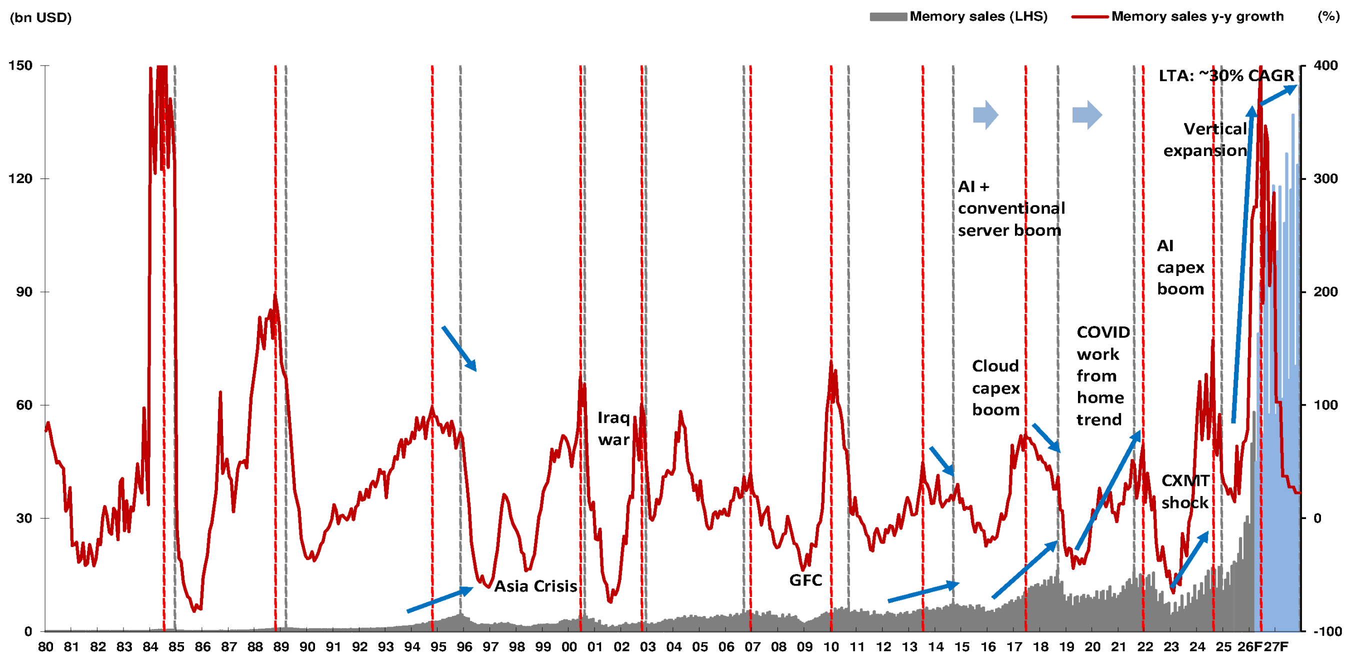
Fig. 2: DDR5 spot vs contract price trend



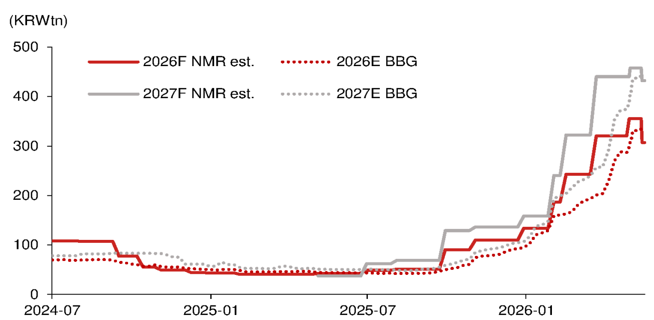
Note: Spot price based on DDR5 16Gb (2Gx8) 4800/5600 session high prices; contract prices based on DDR5 16GB U-DIMM; both prices converted into USD/GB terms.
Source: DRAMeXchange, Nomura research

Fig. 3: Global memory sales and y-y growth



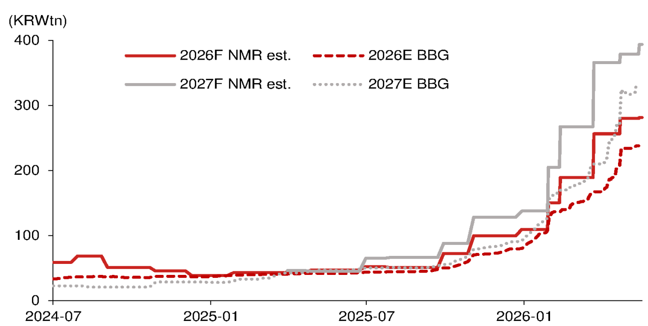
Source: WSTS, Nomura research

Fig. 4: SEC – 2026F/27F OP Nomura vs BBG



Source: Bloomberg Finance L.P., Nomura research

Fig. 5: Hynix – 2026F/27F OP Nomura vs BBG



Source: Bloomberg Finance L.P., Nomura research

Fig. 6: Estimated token consumption by prompt cases

	Main hardware	Simultaneous interpretation	Simple question	Structured constraint	Style expansion	RAG question	Image generation	Agent AI (report + model)	1-hour video generation
		Estimated token consumption per case							
User's prompt input	CPU + DRAM	(instant translation)	"How's the weather today?"	"How's the weather toady? Please answer in 5 words or less"	"How's the weather today? Please answer like a poet."	"Explain about reasons behind national debt increase"	"Please describe today's weather in an abstract painting."	"Make earnings models and company note based on the model"	"Make a 1-hour video describing recent weather"
Scheduling	CPU + DRAM								
Input token	GPU + HBM	10	10	20	25	40	20	500	10
RAG	CPU + DRAM	-	-	-	-	5,000	-	20,000	-
Output token generation	GPU + HBM/ LPU	30	20	5	100	1,000	10,000	10,000	100,000,000
Total		40	30	25	125	6,040	10,020	30,500	100,000,010

Source: Nomura estimates

Fig. 7: Memory vs logic demand from global data center capex

(USDbn)	2024	2025	2026F	2027F	2028F	2029F	2030F
Global DC capex	**668**	**1,164**	**2,295**	**2,977**	**4,197**	**5,123**	**6,127**
Total memory demand from DC	**60**	**107**	**454**	**667**	**941**	**1,181**	**1,398**
Memory % of Global DC capex	*9%*	*9%*	*20%*	*22%*	*22%*	*23%*	*23%*
AI mix within capex	31%	40%	39%	41%	46%	51%	55%
Memory mix within DC semi demand	23%	24%	38%	41%	42%	42%	42%
Big 8's DC capex	**282**	**547**	**931**	**1,226**	**1,658**	**2,122**	**2,653**
Big 8 share within global DC capex	*42%*	*47%*	*41%*	*41%*	*39%*	*41%*	*43%*
China's DC capex	**40**	**70**	**130**	**190**	**250**	**300**	**360**
China share within global DC capex	*6%*	*6%*	*6%*	*6%*	*6%*	*6%*	*6%*
AI DC capex	**206**	**466**	**888**	**1,207**	**1,942**	**2,601**	**3,379**
Memory demand	**20**	**41**	**106**	**176**	**285**	**397**	**517**
Memory % of AI DC capex	*10%*	*9%*	*12%*	*15%*	*15%*	*15%*	*15%*
Logic demand	102	176	417	528	787	1,042	1,263
Logic % of AI DC capex	*50%*	*38%*	*47%*	*44%*	*41%*	*40%*	*37%*
Logic mix (within AIDC semi)	*83%*	*81%*	*80%*	*75%*	*73%*	*72%*	*71%*
General (non-AI) DC capex	**461**	**698**	**1,407**	**1,770**	**2,256**	**2,522**	**2,747**
Memory demand	**39**	**66**	**347**	**490**	**655**	**784**	**881**
Memory % of General DC capex	*8%*	*9%*	*25%*	*28%*	*29%*	*31%*	*32%*
Logic demand	101	161	326	417	538	614	642
Logic % of General DC capex	*22%*	*23%*	*23%*	*24%*	*24%*	*24%*	*23%*
Logic mix (within General DC semi)	*72%*	*71%*	*48%*	*46%*	*45%*	*44%*	*42%*
Out of total DC capex:							
Memory %	**9%**	**9%**	**20%**	**22%**	**22%**	**23%**	**23%**
Logic %	30%	29%	32%	32%	32%	32%	31%

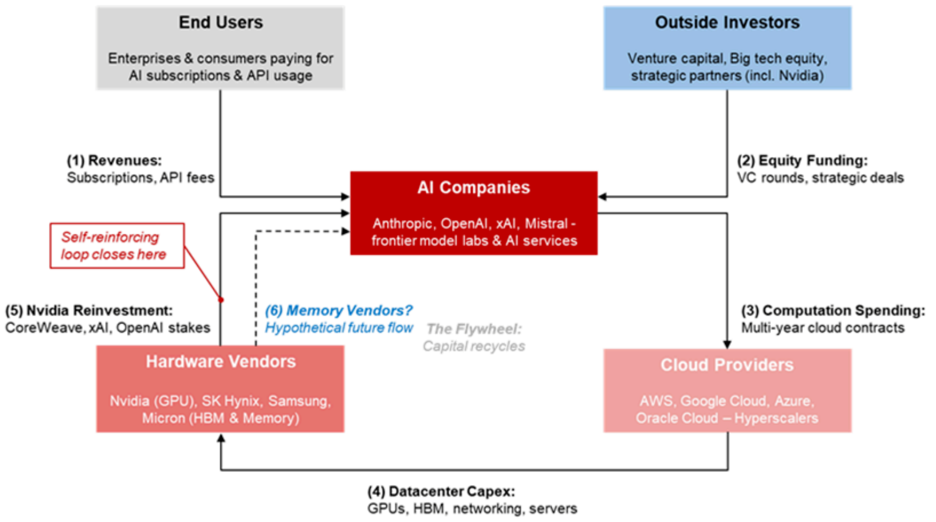
Source: Company data, Nomura estimates

Fig. 8: Global memory revenue breakdown by end-demand

(USDbn)	2024	2025	2026F	2027F	2028F	2029F	2030F
Total memory revenue	**181**	**264**	**852**	**1,348**	**1,734**	**2,121**	**2,625**
Memory demand from global DC capex	**60**	**107**	**454**	**667**	**941**	**1,181**	**1,398**
Share of DC within memory revenue	*33%*	*41%*	*53%*	*49%*	*54%*	*56%*	*53%*
Memory demand for AI DC	**20**	**41**	**106**	**176**	**285**	**397**	**517**
Share of AI DC	*11%*	*16%*	*12%*	*13%*	*16%*	*19%*	*20%*
Memory demand for general DC	**39**	**66**	**347**	**490**	**655**	**784**	**881**
Share of general DC	*22%*	*25%*	*41%*	*36%*	*38%*	*37%*	*34%*
Memory demand for non-DC usage	121	157	398	682	794	940	1,226
Share of non-DC demand	*67%*	*59%*	*47%*	*51%*	*46%*	*44%*	*47%*

Source: Nomura estimates

Fig. 9: AI and memory industry – fund flow structure and self-reinforcing cycle



Source: Nomura research

Fig. 10: Logic/memory TAM from OpenAI's capex by Nvidia's architecture

		Blackwell	Blackwell Ultra	Rubin	Rubin Ultra
USDmn	Memory TAM (HBM + LPDDR5X + NAND)	46,034	48,982	59,264	73,291
	HBM	28,754	34,971	23,526	52,280
	LP DDR5X	17,280	14,011	29,455	14,727
	NAND	0	0	6,284	6,284
	Logic share	31%	25%	18%	14%
	HBM share	43%	53%	32%	61%
	LPDDR5X share	26%	21%	41%	17%
	NAND share	0%	0%	9%	7%
	Memory / Logic	**225%**	**295%**	**442%**	**601%**

Source: Company data, Nomura estimates

Fig. 11: SEC/Hynix – Risk premium, discount rate, target multiple, and TP

	2027F TSMC discount rate				SEC target		Hynix target						SEC current	Hynix current
Equity risk premium	1.5%	3.0%	5.0%	7.0%	6.4%	9.0%	8.5%	11.0%	13.0%	15.0%	17.0%	18.0%	18.6%	23.7%
Discount rate	5.5%	7.0%	9.0%	11.0%	10.4%	13.0%	12.5%	15.0%	17.0%	19.0%	21.0%	22.0%	22.6%	27.7%
P/E (x)	18.1	14.3	11.1	9.1	**9.6**	7.7	**8.0**	6.7	5.9	5.3	4.8	4.5	4.4	3.6
SEC														
P/B (x)	**9.4**	7.4	5.8	4.7	**5.0**	4.0	4.2	3.5	3.1	2.7	2.5	2.4	**2.3**	1.9
Share price (KRW)	**1,110,000**	870,000	680,000	560,000	**590,000**	470,000	490,000	410,000	360,000	320,000	290,000	280,000	**270,500**	220,000
Market cap (KRWtn)	**6,119**	4,796	3,749	3,087	**3,253**	2,591	2,701	2,260	1,985	1,764	1,599	1,544	**1,491**	1,213
Hynix														
P/B (x)	**13.6**	10.7	8.3	6.8	7.2	5.8	**6.0**	5.0	4.4	3.9	3.6	3.4	3.3	**2.7**
Share price (KRW)	**9,100,000**	7,200,000	5,600,000	4,600,000	4,800,000	3,900,000	**4,000,000**	3,400,000	3,000,000	2,700,000	2,400,000	2,300,000	2,200,000	**1,819,000**
Market cap (KRWtn)	**6,266**	4,958	3,856	3,168	3,305	2,686	**2,754**	2,341	2,066	1,859	1,653	1,584	1,515	**1,253**

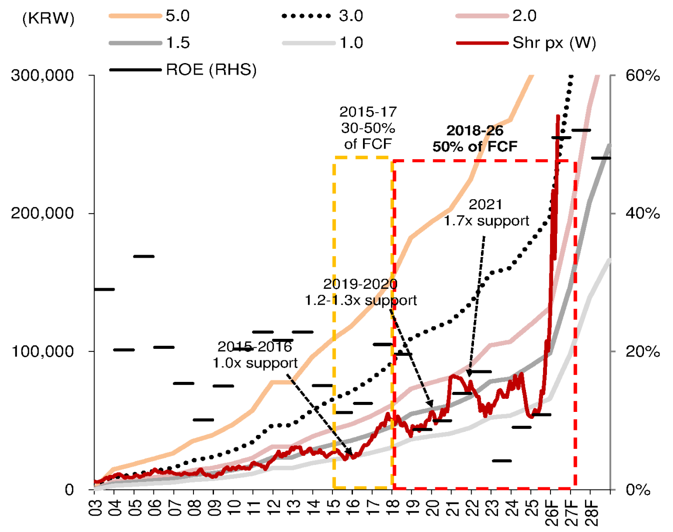
Note: Market cap is based on treasury share-adjusted number of shares; market cap for SEC excludes preferred shares; share prices as of 15 May 2026.
Source: Nomura estimates

Fig. 12: Memory players' wafer capacity until 2028F

(unit: k wafers/month)			end-2024	end-2025	end-2026	end-2027	end-2028
SEC	DRAM		704	605	754	863	910
	others		614	555	614	663	470
		P3	90	0	0	0	120
		P4	0	50	140	200	200
		P5	0	0	0	0	120
	NAND		300	400	441	435	443
	others		241	340	371	365	323
		P3	40	40	50	50	50
		P4	20	20	20	20	20
		P5	-1	0	0	0	50
SK Hynix	DRAM		474	547	592	643	803
	others		474	547	532	523	513
		M15X	0	0	60	90	90
		Y1				30	200
		Y2					
	NAND		260	260	220	170	310
	others		260	260	220	170	210
		Y1					100
		Y2					
Micron	DRAM		345	365	385	515	560
		Taiwan	230	245	265	340	350
		Japan	105	110	110	105	110
		US	10	10	10	70	100
	NAND		170	170	140	140	160
		Others	41	40	25	40	0
		SG	129	130	115	100	160
Kioxia (WD)	NAND		600	600	610	630	650
YMTC	NAND		150	150	200	250	300
CXMT	DRAM		200	280	330	400	500
Nanya	DRAM		76	105	115	120	120
Powerchip	DRAM		28	28	28	28	28
Swaysure	DRAM		60	60	60	60	60
Total DRAM wafer capacity (y-end)			1,723	1,990	2,264	2,629	2,981
y-y				267	274	364	353
y-y %				*16%*	*14%*	*16%*	*13%*
HBM (y-end)			181	380	490	700	900
y-y				199	110	210	200
y-y %				*109%*	*29%*	*43%*	*29%*
Commodity (y-end)			1,542	1,610	1,774	1,929	2,081
y-y				69	164	154	153
y-y %				*4%*	*10%*	*9%*	*8%*
Total DRAM wafer capacity (y-average)			1,723	1,857	2,127	2,447	2,805
y-y				134	271	319	359
y-y %				*8%*	*15%*	*15%*	*15%*
HBM (y-average)			181	318	448	613	800
y-y				136	130	165	188
y-y %				*75%*	*41%*	*37%*	*31%*
Commodity (y-average)			1,542	1,539	1,680	1,834	2,005
y-y				-2	141	154	171
y-y %				*0%*	*9%*	*9%*	*9%*
NAND cleanroom capacity (y-end)			1,631	1,600	1,645	1,830	2,070
y-y				-31	45	185	240
y-y %				*-2%*	*3%*	*11%*	*13%*
NAND wafer capacity (y-end)			1,480	1,580	1,611	1,625	1,863
y-y				100	31	14	238
y-y %				7%	2%	1%	15%
NAND wafer capacity (y-average)			1,480	1,530	1,596	1,618	1,744
y-y				50	66	23	126
y-y %				3%	4%	1%	8%

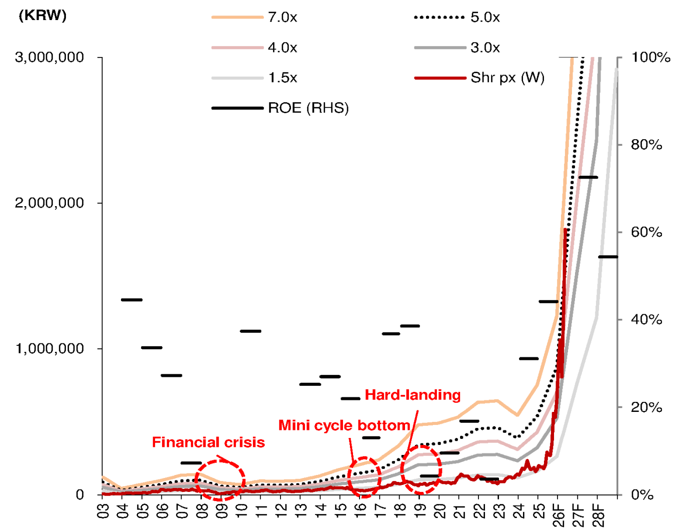
Source: Company data, Nomura estimates

Fig. 13: SEC – trailing P/B vs ROE and shareholder return



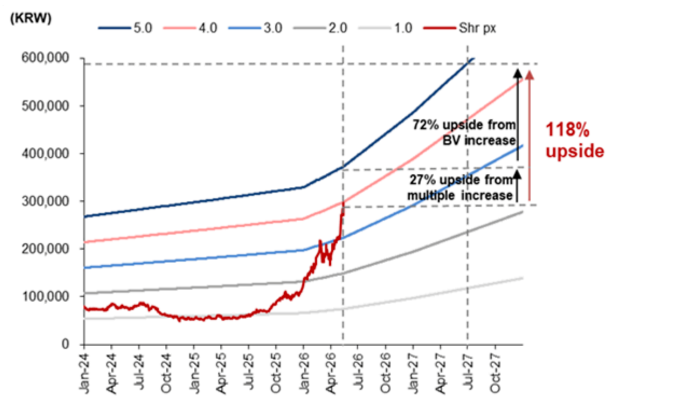
Source: Company data, Nomura estimates

Fig. 14: Hynix – trailing P/B vs ROE



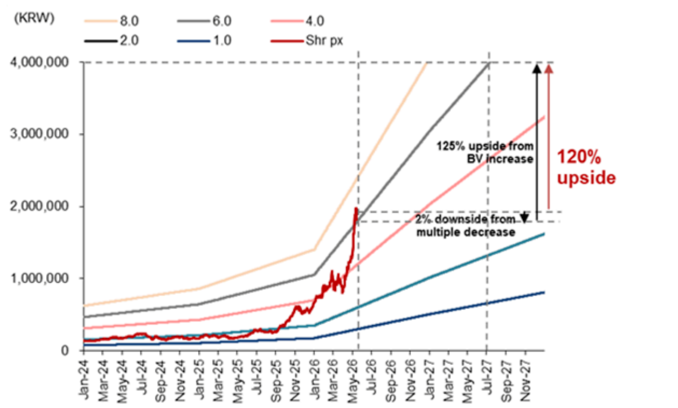
Source: Bloomberg Finance L.P., Nomura estimates

Fig. 15: SEC – trailing P/B: upsides from BV and multiple



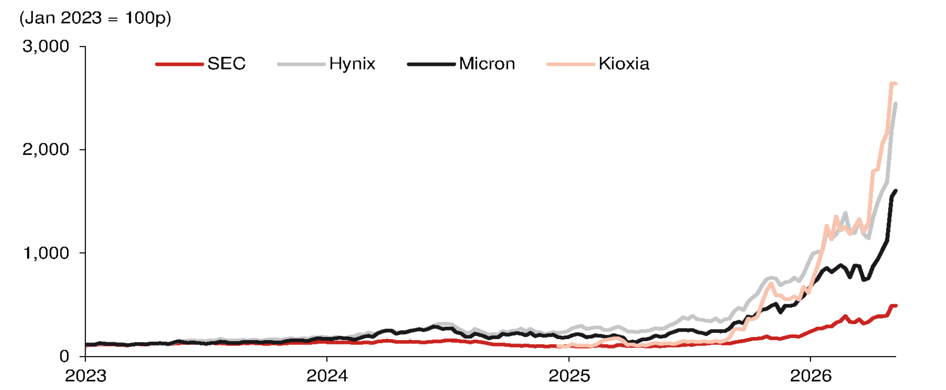
Source: Company data, Quantiwise, Nomura estimates

Fig. 16: Hynix – trailing P/B: upsides from BV and multiple



Source: Company data, Quantiwise, Nomura estimates

Fig. 17: SEC/Hynix vs peers - relative market cap trend



Source: Bloomberg Finance L.P., Nomura research

Fig. 18: Global peer valuation

		Ticker	Rating	Share price (local)	M.Cap (KRW tn)	1M (%)	YTD	P/E(x)		P/B(x)		EV/EBITDA(x)		ROE(%)		EPS GR(%)	
								26E	27E	26E	27E	26E	27E	26E	27E	26E	27E
Memory	Samsung Electronics	005930 KS	Buy	270,500	1,622.3	31.1	130.9	6.7	4.5	2.8	2.0	3.8	2.4	51.0	52.1	515.3	49.5
	SK Hynix	000660 KS	Buy	1,819,000	1,338.5	65.0	188.0	5.5	4.1	3.6	2.2	3.8	2.3	100.2	72.5	461.8	34.4
	Micron	MU US	Not rated	776.01	1,312.5	70.1	171.9	13.2	7.5	7.5	3.9	9.8	5.9	70.8	62.5	633.8	73.1
	Kioxia	285A JP	Buy	48,460	229.9	37.1	326.0	8.0	5.6	6.7	3.4	4.9	3.0	126.3	81.3	502.5	43.7
	Average							**8.3**	**5.4**	**5.1**	**2.9**	**5.6**	**3.4**	**87.1**	**67.1**	**528.4**	**50.2**
Storage	Western Digital	WDC US	Not rated	489.15	252.9	34.0	183.9	28.6	18.9	12.3	9.0	19.4	13.7	59.4	69.8	82.9	43.4
	Seagate	STX US	Not rated	804.76	270.6	54.9	192.2	30.7	21.2	31.4	16.7	23.8	17.1	155.7	133.6	79.4	45.2
	Average							**29.6**	**20.1**	**21.9**	**12.8**	**21.6**	**15.4**	**107.6**	**101.7**	**81.1**	**44.3**
Fabless	Nvidia	NVDA US	Not rated	235.74	8,563.1	18.5	26.4	28.0	20.6	19.6	12.3	22.8	17.3	83.4	65.8	77.9	33.7
	AMD	AMD US	Not rated	449.7	1,099.7	74.2	110.0	61.8	35.0	10.4	8.8	52.9	30.0	14.4	21.8	84.8	80.2
	Average							**44.9**	**27.8**	**15.0**	**10.6**	**37.8**	**23.6**	**48.9**	**43.8**	**81.3**	**56.9**
Foundry	TSMC	2330 TT	Buy	2,265	2,792.7	8.9	46.1	22.5	18.1	7.9	5.8	14.6	11.4	40.5	37.0	51.7	24.6
	Intel	INTC US	Not rated	115.93	873.8	78.5	214.2	105.0	74.7	4.9	4.6	33.1	26.7	3.6	6.0	248.7	44.4
	Average							**63.8**	**46.4**	**6.4**	**5.2**	**23.9**	**19.1**	**22.0**	**21.5**	**150.2**	**34.5**
Total Average								**31.0**	**21.0**	**10.7**	**6.9**	**18.9**	**13.0**	**70.5**	**60.2**	**273.9**	**47.2**

Note: Priced as of 15 May 2026; Bloomberg consensus for not rated stocks and Nomura estimates for covered stocks
Source: Bloomberg Finance L.P., Nomura estimates

NOMURA

Global Markets Research

15 May 2026

Samsung Electronics 005930.KS 005930 KS

EQUITY: TECHNOLOGY

A significantly undervalued key beneficiary of AI

Maintain Buy and raise TP to KRW590,000; ready to embrace the new regime

Maintain Buy and raise TP to KRW590,000; raise target multiple based on reduced risk premium

We reiterate our Buy rating and raise TP from KRW340,000 to KRW590,000. We derive the new TP by applying a target P/B of 5x (previously: 3.0x) to 12MF BVPS of KRW117,669. We raise our target multiple significantly by 67%, based on increased conviction that the memory industry's cashflows will structurally change to have long-term stability through strongly-binding long-term agreements (LTAs), and more importantly, that AI demand will likely grow significantly, enabling such LTAs. While we lower our implied target discount rate from 17% to 10%, it is still far above ~6% currently applied to TSMC's (2330 TT, Buy) market valuation. We believe that the discount rate can further decline, as market confidence grows, and such a decrease in the discount rate should accelerate in case Korea is included in MSCI Developed Markets Index (which we believe would materialize in June 2026).

Considering these, we expect SEC to record 2026F/27F/28F ROE of 51%/52%/48%. Through shareholder return of either 50% of FCF or 30-40% of NP, we expect the company to maintain stable ROE of c. 40% until 2031F, the end-period of most LTAs, which could be rolled over continuously.

Our new target discount rate translates into a target P/E of 9.6x, which implies a target P/B of 5.0x, considering SEC's annualized 2Q27F ROE. The new TP has 118% implied upside to the current share price, and we expect 2026F/27F FCF yields to be 13%/20% of current market cap. Our TP translates into a target market cap of KRW3,253tn, and as we expect end-2027F net cash balance of KRW471tn, our TP implies a target EV of KRW2,781tn. The stock currently trades at 2026F P/B of 2.8x (BVPS: KRW94,951).

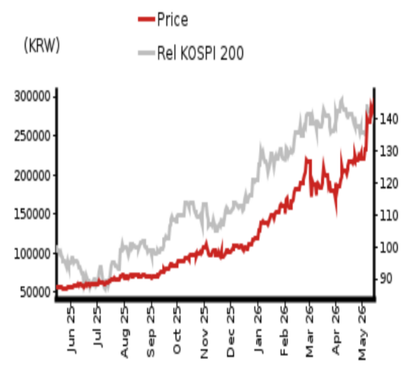
(continued on page 4)

Year-end 31 Dec	FY25	FY26F		FY27F		FY28F	
Currency (KRW)	Actual	Old	New	Old	New	Old	New
Revenue (bn)	333,606	639,570	641,928	753,719	786,287	852,229	909,056
Reported net profit (bn)	44,261	303,954	263,156	403,193	381,254	460,403	449,075
Normalised net profit (bn)	44,261	303,954	263,156	403,193	381,254	460,403	449,075
FD normalised EPS	6,571	46,704	40,435	64,042	60,435	74,198	72,138
FD norm. EPS growth (%)	32.8	610.7	515.3	37.1	49.5	15.9	19.4
FD normalised P/E (x)	41.2	–	6.7	–	4.5	–	3.7
EV/EBITDA (x)	17.1	–	3.8	–	2.4	–	1.9
Price/book (x)	4.2	–	2.8	–	2.0	–	1.7
Dividend yield (%)	0.6	–	3.9	–	5.7	–	13.8
ROE (%)	10.9	56.7	51.0	52.1	52.1	47.2	48.0
Net debt/equity (%)	net cash	net cash	net cash	net cash	net cash	net cash	net cash

Source: Company data, Nomura estimates

Rating Remains	**Buy**
Target price Increased from KRW 340,000	**KRW 590,000**
Closing price 15 May 2026	**KRW 270,500**
Implied upside	**+118.1%**
Market Cap (USD mn)	1,053,506.4
ADT (USD mn)	3,759.5

Relative performance chart



Source: LSEG, Nomura

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Key data on Samsung Electronics

Performance

(%)	1M	3M	12M		
Absolute (KRW)	28.2	49.3	372.1	M cap (USDmn)	1,053,506.4
Absolute (USD)	26.0	43.2	337.9	Free float (%)	82.0
Rel to KOSPI 200	-7.4	-3.3	116.0	3-mth ADT (USDmn)	3,759.5

Income statement (KRWbn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Revenue	300,871	333,606	641,928	786,287	909,056
Cost of goods sold	-186,562	-202,236	-217,927	-217,315	-240,933
Gross profit	114,309	131,370	424,001	568,972	668,123
SG&A	-81,583	-87,769	-116,687	-138,587	-157,407
Employee share expense	0	0	0	1,555	185
Operating profit	32,726	43,601	307,315	431,941	510,901
EBITDA	75,357	90,528	358,070	491,694	583,814
Depreciation	-39,650	-43,606	-47,351	-56,262	-69,334
Amortisation	-2,981	-3,321	-3,405	-3,491	-3,579
EBIT	32,726	43,601	307,315	431,941	510,901
Net interest expense	3,915	3,987	6,440	11,130	16,825
Associates & JCEs	751	683	0	6,366	1,665
Other income	138	1,210	130	137	-8
Earnings before tax	37,530	49,481	313,884	449,574	529,384
Income tax	-3,078	-4,275	-49,862	-67,436	-79,408
Net profit after tax	34,451	45,207	264,022	382,138	449,976
Minority interests	-830	-946	-866	-884	-901
Other items					
Preferred dividends					
Normalised NPAT	33,621	44,261	263,156	381,254	449,075
Extraordinary items					
Reported NPAT	33,621	44,261	263,156	381,254	449,075
Dividends	-9,806	-11,113	-67,804	-97,194	-231,380
Transfer to reserves	23,815	33,148	195,351	284,060	217,695
Valuations and ratios					
Reported P/E (x)	54.4	40.5	6.6	4.5	3.7
Normalised P/E (x)	54.4	40.5	6.6	4.5	3.7
FD normalised P/E (x)	54.7	41.2	6.7	4.5	3.7
Dividend yield (%)	0.5	0.6	3.9	5.7	13.8
Price/cashflow (x)	25.2	21.4	6.1	4.0	3.3
Price/book (x)	4.7	4.2	2.8	2.0	1.7
EV/EBITDA (x)	20.5	17.1	3.8	2.4	1.9
EV/EBIT (x)	46.5	35.2	4.5	2.7	2.2
Gross margin (%)	38.0	39.4	66.1	72.4	73.5
EBITDA margin (%)	25.0	27.1	55.8	62.5	64.2
EBIT margin (%)	10.9	13.1	47.9	54.9	56.2
Net margin (%)	11.2	13.3	41.0	48.5	49.4
Effective tax rate (%)	8.2	8.6	15.9	15.0	15.0
Dividend payout (%)	29.2	25.1	25.8	25.5	51.5
ROE (%)	9.0	10.9	51.0	52.1	48.0
ROA (pretax %)	7.9	9.1	55.9	67.8	67.4
Growth (%)					
Revenue	16.2	10.9	92.4	22.5	15.6
EBITDA	66.6	20.1	295.5	37.3	18.7
Normalised EPS	133.6	34.1	515.7	47.5	19.3
Normalised FDEPS	132.3	32.8	515.3	49.5	19.4

Source: Company data, Nomura estimates

Cashflow statement (KRWbn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
EBITDA	75,357	90,528	358,070	491,694	583,814
Change in working capital	368	2,296	36,714	-7,103	-4,793
Other operating cashflow	-2,742	-7,509	-107,151	-62,208	-65,750
Cashflow from operations	72,983	85,315	287,633	422,382	513,271
Capital expenditure	-55,137	-48,822	-79,270	-104,100	
Free cashflow	17,845	36,493	208,363	318,282	513,271
Reduction in investments	-39,887	-16,055	-714	-7,109	-10,707
Net acquisitions	0	-2,200	0	0	0
Dec in other LT assets	-4,146	-9,687	-1,751	-1,822	-1,896
Inc in other LT liabilities	2,817	2,661	232	235	242
Adjustments	10,972	5,591	729	7,053	-138,681
CF after investing acts	-12,399	16,803	206,860	316,640	362,229
Cash dividends	-10,889	-9,897	-10,858	-95,147	-232,154
Equity issue	0	0	0	0	0
Debt issue	12,516	10,564	58,504	22,970	4,523
Convertible debt issue					
Others	-4,603	-13,319	-70,909	-64,518	-70,378
CF from financial acts	-2,976	-12,652	-23,263	-136,694	-298,009
Net cashflow	-15,375	4,151	183,597	179,945	64,220
Beginning cash	69,094	53,719	57,870	241,467	421,412
Ending cash	53,719	57,870	241,467	421,412	485,632
Ending net debt	-34,389	-32,631	-218,353	-403,469	-471,596

Balance sheet (KRWbn)

As at 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Cash & equivalents	53,719	57,870	241,467	421,412	485,632
Marketable securities	58,909	67,965	67,965	67,965	67,965
Accounts receivable	43,623	51,128	96,870	122,774	145,208
Inventories	51,755	52,637	63,064	75,360	84,886
Other current assets	19,056	18,085	7,148	20,690	19,162
Total current assets	227,062	247,685	476,514	708,202	802,853
LT investments	24,349	31,348	32,061	39,170	49,877
Fixed assets	205,945	215,305	248,124	296,862	369,528
Goodwill					
Other intangible assets	23,739	29,481	30,678	31,923	33,219
Other LT assets	33,437	43,125	44,876	46,698	48,594
Total assets	514,532	566,942	832,253	1,122,854	1,304,071
Short-term debt	15,380	18,752	17,534	14,282	11,633
Accounts payable	12,370	13,039	24,705	29,821	33,590
Other current liabilities	65,576	74,619	144,900	184,423	206,292
Total current liabilities	93,326	106,411	187,140	228,526	251,515
Long-term debt	3,950	6,487	5,580	3,662	2,403
Convertible debt					
Other LT liabilities	15,063	17,724	17,956	18,192	18,434
Total liabilities	112,340	130,622	210,676	250,379	272,352
Minority interest	10,504	12,007	13,645	15,507	17,623
Preferred stock	119	119	119	119	119
Common stock	778	778	778	778	778
Retained earnings	370,513	402,136	585,294	833,861	990,510
Proposed dividends					
Other equity and reserves	20,277	21,280	21,741	22,210	22,689
Total shareholders' equity	391,688	424,313	607,932	856,968	1,014,097
Total equity & liabilities	514,532	566,942	832,253	1,122,854	1,304,071
Liquidity (x)					
Current ratio	2.43	2.33	2.55	3.10	3.19
Interest cover	–	–	–	–	–
Leverage					
Net debt/EBITDA (x)	net cash	net cash	net cash	net cash	net cash
Net debt/equity (%)	net cash	net cash	net cash	net cash	net cash
Per share					
Reported EPS (KRW)	4,977	6,676	41,102	60,640	72,318
Norm EPS (KRW)	4,977	6,676	41,102	60,640	72,318
FD norm EPS (KRW)	4,950	6,571	40,435	60,435	72,138
BVPS (KRW)	57,981	63,997	94,951	136,305	163,308
DPS (KRW)	1,452	1,676	10,590	15,459	37,261
Activity (days)					
Days receivable	48.8	51.8	42.1	51.0	53.9
Days inventory	101.4	94.2	96.9	116.2	121.7
Days payable	23.2	22.9	31.6	45.8	48.2
Cash cycle	127.0	123.1	107.4	121.4	127.5

Source: Company data, Nomura estimates

Company profile

Samsung Electronics Co., Ltd. manufactures a wide range of consumer and industrial electronic equipment and products such as semiconductors, personal computers, peripherals, monitors, televisions, and home appliances including air conditioners and microwave ovens. The company also produces internet access network systems and telecommunications equipment including mobile phones.

Valuation Methodology

Our 12-month TP of KRW590,000 is derived by applying a target P/B of 5.0x to 12MF BVPS of KRW117,669. The target multiple reflects increased confidence in transition into long-term cashflow structure that could be generated by memory LTAs. The benchmark index for the stock is the KOSPI 200.

Risks that may impede the achievement of the target price

Downside risk includes potential US tariffs on semiconductor products, delay in data center construction due to power supply shortage, and slowdown in AI capex under a higher interest rate environment.

ESG

Samsung Electronics is one of the leading companies in Korea in executing ESG management. According to the mid-long-term green management roadmap, Samsung Electronics has set four key performance indicators in the areas of environment, safety and health (EHS) management system and is managing greenhouse gas, water resources, and waste during business activity. For more than 10 years, the company has been following 3R (Reduce, Reuse, Recycle) activities that conserve, reuse, and recycle water resources during manufacturing process. Samsung Electronics has established a greenhouse gas reduction plan to respond to climate change, and is also reflecting eco-friendly trends in semiconductors. The company has recently received 'Carbon Footprint Certification' from the UK 'Carbon Trust' for nine of its major memory products. Samsung Electronics establishes and operates management plans for each manufacturing process to minimize waste generated during production. In terms of social responsibility, Samsung Electronics is focusing on supporting its partners in three aspects: providing support for funds, technology, and manpower. Samsung is operating fund worth KRW2.2 tn in supporting its partner companies. Samsung is transparent with shareholder return policy by announcing shareholder return plans every three years and is working to improve corporate governance by having 54% of BOD as outside directors and implementing electronic voting for shareholders. Samsung is tackling the social issues by allowing for union activity.

(continued from page 1)

Expect 2026F/27F/28F OP to grow 604%/41%/18% y-y; memory players' share prices should be more about sustainability of earnings in coming 3-5 years

We lower our 2026F/27F/28F OP forecasts for SEC by 14%/6%/3% to KRW307tn/432tn/511tn (+604%/+41%/+18% y-y). Our forecasts this time reflect several changes in the key outlook, including additional bonus expenses and a rise in HBM (high bandwidth memory) prices. Our forecasts have been substantially bullish vs. consensus until recently, but the market expectation has also risen significantly. In fact, as we reflected KRW's appreciation scenario in our previous report (*link*), our earnings forecasts in KRW terms could be even lower than bullish forecasts in the market.

We believe memory players' share prices will be determined more by valuations, reflecting how long-lasting and sustainable will the current historically high earnings be, rather than the revision of earnings itself, given that SEC/Hynix are currently trading at only ~6x 12MF P/E, although their share prices went up by 408%/946% since 2025 (vs. KOSPI up 212%).

Memory: sizable bonus cost and strong KRW assumptions applied; HBM profitability to converge to commodity level in 2027F

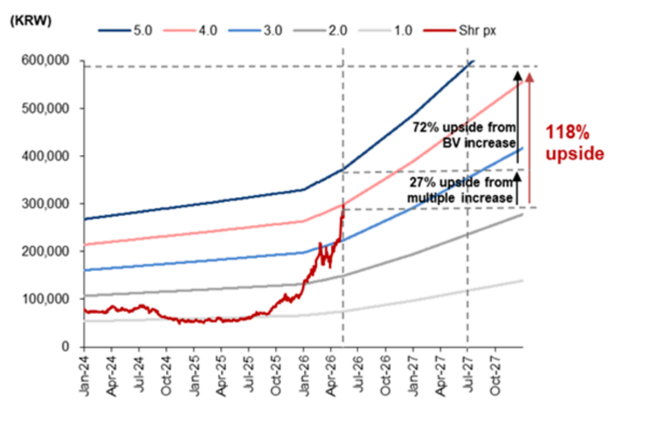
We assume additional bonus expenses (12% of memory OP budgeted for bonus) on top of the current scheme of maximum 50% of base salary for SEC, and conservatively forecast earnings, reflecting the rapid appreciation of KRW (downside factor for profitability). Considering that SEC and Hynix are likely to generate profits that could potentially exceed the amount of Korea's current foreign exchange reserves and reach 25% of 2025 nominal GDP (vs. 3% in 2025) over next several years, we believe that the appreciation of KRW is inevitable. If we apply USD/KRW of 1,420 (end-2027F FX forecast by our macro team) or 1,501 (as of 15 May) for the next three years, SEC's OP will be at KRW308/322tn, KRW467/493tn, and KRW581/613tn for 2026F, 2027F, and 2028F, respectively, which are above our forecasts by more than 10% on average.

Reflecting LTAs, we assume that the historical-high profitability for commodity DRAM and NAND in 2026F will be sustained until 2028F. In addition, for HBM (of which profitability is lower than overall memory), we assume that prices will increase to an extent that its profitability will approach that of commodity DRAM in 2027F, and we factor in this in our forecasts.

Foundry: fast-paced revenue growth, but limited profitability improvement due to lingering cost burden

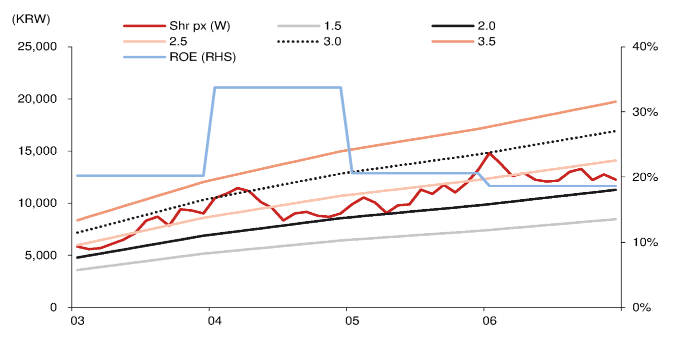
For the foundry business, we believe the revenue growth will accelerate by securing new customers, yield stabilization, aggressive investments supported by strong memory earnings, and talent acquisition, narrowing down the gap with TSMC. However, we believe the profitability improvement will be limited over the next few years. This is because more than 30% of 2026F revenue will incur as expenses by paying out bonuses at similar level with the memory division, and fixed cost burden will rise significantly from the operation of the US fab from end-2026, which costs 50% more vs. fabs in Korea.

Fig. 19: SEC – trailing P/B band: upside from BV and multiple



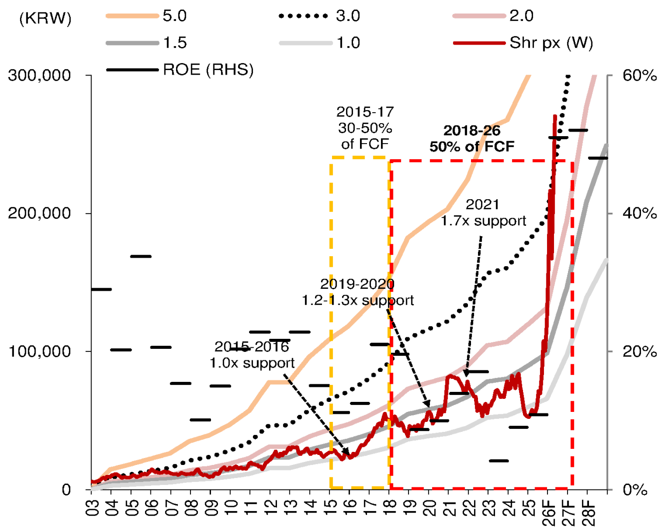
Source: Quantiwise, Nomura estimates

Fig. 20: SEC – trailing P/B vs. ROE during 2003-06



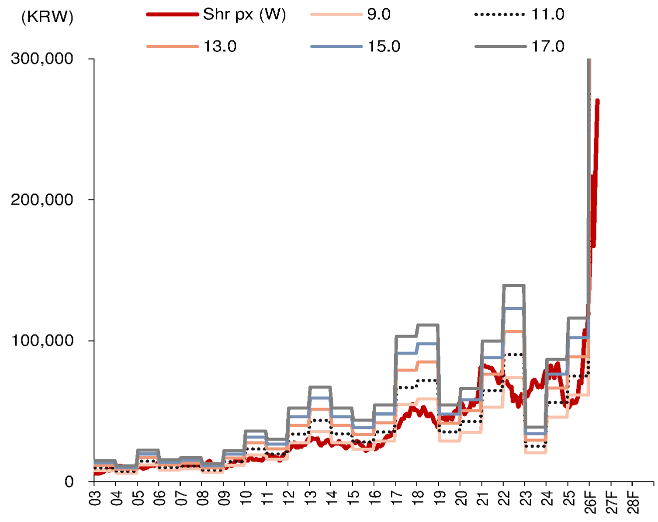
Source: Company data, Quantiwise, Nomura research

Fig. 21: SEC – trailing P/B, ROE, and shareholder return policy



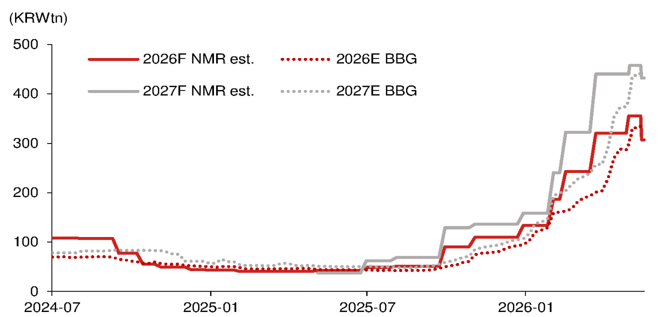
Source: Company data, Quantiwise, Nomura research

Fig. 22: SEC – trailing P/E vs. share price



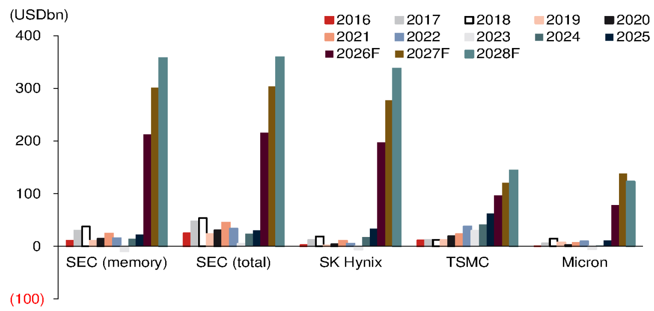
Source: Company data, Quantiwise, Nomura research

Fig. 23: SEC – 2026F/27F OP consensus vs. Nomura estimates



Source: Bloomberg Finance L.P., Nomura estimates

Fig. 24: Memory OP – SEC vs. peers



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

Fig. 25: SEC – Earnings estimate revisions

(KRW tn)	2026F Old	2026F New	% y-y new	Diff.	Chg. (%)	2027F Old	2027F New	% y-y new	Diff.	Chg. (%)	2028F Old	2028F New	% y-y new	Diff.	Chg. (%)
Sales	**639.57**	**641.93**	**92.4%**	**2.36**	**0.4%**	**753.72**	**786.29**	**22.5%**	**32.57**	**4.3%**	**852.23**	**909.06**	**15.6%**	**56.83**	**6.7%**
Semiconductor	469.48	472.26	262.2%	2.77	0.6%	612.05	650.07	37.7%	38.02	6.2%	721.49	786.80	21.0%	65.32	9.1%
Memory	438.21	440.99	322.6%	2.77	0.6%	572.83	610.85	38.5%	38.02	6.6%	677.02	742.34	21.5%	65.32	9.6%
DRAM	290.37	293.14	319.4%	2.77	1.0%	381.37	419.39	43.1%	38.02	10.0%	461.12	526.44	25.5%	65.32	14.2%
NAND	147.84	147.84	329.0%	0.00	0.0%	191.46	191.46	29.5%	0.00	0.0%	215.90	215.90	12.8%	0.00	0.0%
System-LSI	31.27	31.27	20.1%	0.00	0.0%	39.22	39.22	25.4%	0.00	0.0%	44.47	44.47	13.4%	0.00	0.0%
Display panel	30.68	30.68	3.5%	0.00	0.0%	30.39	30.39	-1.0%	0.00	0.0%	28.28	28.28	-6.9%	0.00	0.0%
IT & Mob. Communication	134.28	134.28	3.7%	0.00	0.0%	126.11	126.11	-6.1%	0.00	0.0%	120.43	120.43	-4.5%	0.00	0.0%
Consumer Electronics	56.29	56.29	-1.8%	0.00	0.0%	53.68	53.68	-4.6%	0.00	0.0%	52.12	52.12	-2.9%	0.00	0.0%
Harman	17.74	17.74	12.2%	0.00	0.0%	19.84	19.84	11.8%	0.00	0.0%	22.19	22.19	11.8%	0.00	0.0%
Operating profit	**355.31**	**307.31**	**604.5%**	**-48.00**	**-13.5%**	**457.75**	**431.94**	**40.6%**	**-25.81**	**-5.6%**	**524.23**	**510.90**	**18.3%**	**-13.33**	**-2.5%**
Semiconductor	342.17	294.18	370.2%	-48.00	-14.0%	443.63	417.82	42.0%	-25.81	-5.8%	509.93	496.60	18.9%	-13.33	-2.6%
Memory	344.91	301.82	335.0%	-43.09	-12.5%	446.24	428.63	42.0%	-17.61	-3.9%	512.78	509.18	18.8%	-3.60	-0.7%
DRAM	237.05	208.55	210.4%	-28.51	-12.0%	302.81	302.41	45.0%	-0.40	-0.1%	355.63	370.88	22.6%	15.26	4.3%
NAND	107.86	93.27	4154.0%	-14.58	-13.5%	143.44	126.22	35.3%	-17.21	-12.0%	157.16	138.30	9.6%	-18.86	-12.0%
System-LSI	-2.74	-7.65	na	-4.91	na	-2.61	-10.81	na	-8.20	na	-2.85	-12.58	na	-9.73	na
Display panel	3.92	3.92	-8.1%	0.00	0.0%	3.70	3.70	-5.6%	0.00	0.0%	3.53	3.53	-4.6%	0.00	0.0%
IT & Mob. Communication	7.86	7.86	-38.7%	0.00	0.0%	8.60	8.60	9.5%	0.00	0.0%	8.75	8.75	1.7%	0.00	0.0%
Consumer Electronics	-0.01	-0.01	na	0.00	na	0.23	0.23	na	0.00	0.0%	0.24	0.24	2.8%	0.00	0.0%
Harman	1.45	1.45	-9.6%	0.00	0.0%	1.71	1.71	17.2%	0.00	0.0%	1.91	1.91	12.0%	0.00	0.0%
Operating margin	**55.6%**	**47.9%**	**34.8%p**	**-7.7%p**		**60.7%**	**54.9%**	**7.1%p**	**-5.8%p**		**61.5%**	**56.2%**	**1.3%p**	**-5.3%p**	
Semiconductor	72.9%	62.3%	14.3%p	-10.6%p		72.5%	64.3%	2.0%p	-8.2%p		70.7%	63.1%	-1.2%p	-7.6%p	
Memory	78.7%	68.4%	2.0%p	-10.3%p		77.9%	70.2%	1.7%p	-7.7%p		75.7%	68.6%	-1.6%p	-7.1%p	
DRAM	81.6%	71.1%	-25.0%p	-10.5%p		79.4%	72.1%	1.0%p	-7.3%p		77.1%	70.5%	-1.7%p	-6.7%p	
NAND	73.0%	63.1%	56.7%p	-9.9%p		74.9%	65.9%	2.8%p	-9.0%p		72.8%	64.1%	-1.9%p	-8.7%p	
System-LSI	-8.7%	-24.4%	1.8%p	-15.7%p		-6.7%	-27.6%	-3.1%p	-20.9%p		-6.4%	-28.3%	-0.7%p	-21.9%p	
Display panel	12.8%	12.8%	-1.6%p	0.0%p		12.2%	12.2%	-0.6%p	0.0%p		12.5%	12.5%	0.3%p	0.0%p	
IT & Mob. Communication	5.9%	5.9%	-4.0%p	0.0%p		6.8%	6.8%	1.0%p	0.0%p		7.3%	7.3%	0.4%p	0.0%p	
Consumer Electronics	0.0%	0.0%	0.4%p	0.0%p		0.4%	0.4%	0.5%p	0.0%p		0.5%	0.5%	0.0%p	0.0%p	
Harman	8.2%	8.2%	-2.0%p	0.0%p		8.6%	8.6%	0.4%p	0.0%p		8.6%	8.6%	0.0%p	0.0%p	
Net Profit	**303.95**	**263.16**	**494.6%**	**-40.80**	**-13.4%**	**403.19**	**381.25**	**44.9%**	**-21.94**	**-5.4%**	**460.40**	**449.08**	**17.8%**	**-11.33**	**-2.5%**
EPS (KRW)	46,704	40,435	515.3%	-6,269	-13.4%	64,042	60,435	49.5%	-3,606	-5.6%	74,198	72,138	19.4%	-2,060	-2.8%
EPS (KRW, Treasury adj.)	47,474	41,102	515.7%	-6,372	-13.4%	64,187	60,640	47.5%	-3,547	-5.5%	74,428	72,318	19.3%	-2,109	-2.8%
BPS (KRW, Treasury adj.)	101,323	94,951	48.4%	-6,372	-6.3%	143,119	136,305	43.6%	-6,814	-4.8%	170,320	163,308	19.8%	-7,011	-4.1%
ROE (%)	56.7%	51.0%	40.1%p	-5.7%p		52.1%	52.1%	41.2%p	0.0%p		47.2%	48.0%	37.2%p	0.8%p	
Key assumption															
DRAM ASP (1Gb eq., US$)	11.89	12.00	240.6%	0.12	1.0%	13.77	15.15	26.2%	1.38	10.0%	14.01	16.00	5.6%	1.99	14.2%
DRAM cost (1Gb eq., US$)	2.18	2.18	7.5%	0.00	0.0%	2.84	2.74	25.4%	-0.10	-3.5%	3.21	3.19	16.6%	-0.02	-0.5%
DRAM shipments (1Gb eq., units mn)	17,109	17,109	23.0%	0	0.0%	21,123	21,123	23.5%	0	0.0%	26,450	26,450	25.2%	0	0.0%
DRAM revenue (W tn)	291.60	294.46	322.7%	2.86	1.0%	382.51	420.86	42.9%	38.36	10.0%	461.41	526.84	25.2%	65.43	14.2%
NAND flash ASP (8GB eq., US$)	2.16	2.16	251.9%	0.00	0.0%	2.54	2.54	17.6%	0.00	0.0%	2.41	2.41	-5.1%	0.00	0.0%
NAND cost (8GB eq., US$)	0.58	0.58	0.9%	0.00	0.0%	0.63	0.63	9.4%	0.00	0.0%	0.65	0.65	3.1%	0.00	0.0%
NAND flash shipments (8GB eq., units mn)	48,086	48,086	21.7%	0	0.0%	57,533	57,533	19.6%	0	0.0%	72,086	72,086	25.3%	0	0.0%
NAND flash revenue (W tn)	148.77	148.77	332.4%	0.00	0.0%	191.97	191.97	29.0%	0.00	0.0%	216.06	216.06	12.5%	0.00	0.0%
Handset shipments (units mn)	216	216	-6.5%	0	0.0%	221	221	2.5%	0	0.0%	221	221	0.0%	0	0.0%
Smartphone shipments (units mn)	216	216	-6.5%	0	0.0%	221	221	2.5%	0	0.0%	221	221	0.0%	0	0.0%
Smartphone ASP (US$)	320	320	10.9%	0	0.0%	312	312	-2.2%	0	0.0%	309	309	-1.0%	0	0.0%
IT & Mobile Com. revenue (W tn)	134.28	134.28	3.7%	0.00	0.0%	126.11	126.11	-6.1%	0.00	0.0%	120.43	120.43	-4.5%	0.00	0.0%
IT & Mobile Com. OPM	6%	6%	-4.0%p	0.0%p		7%	7%	1.0%p	0.0%p		7%	7%	0.4%p	0.0%p	
KRW/US$	1,434	1,434	0.9%		0.0%	1,315	1,315	-8.3%		0.0%	1,245	1,245	-5.3%		0.0%

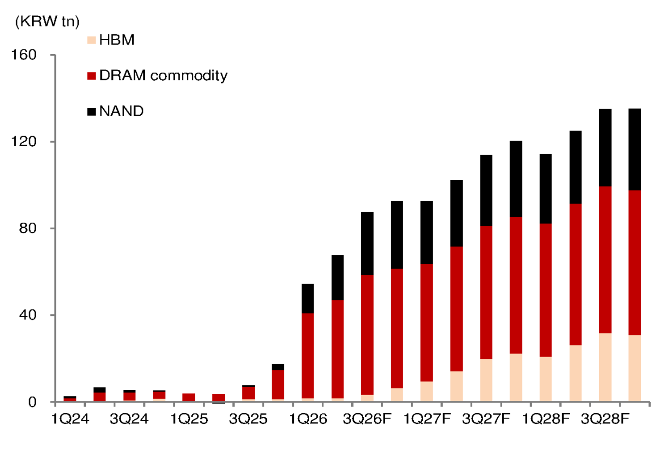
Source: Company data, Nomura estimates

Fig. 26: SEC – quarterly and annual earnings forecasts

Revenue (KRWtn)	2023	2024	2025	1Q26	2Q26F	3Q26F	4Q26F	2026F	1Q27F	2Q27F	3Q27F	4Q27F	2027F	2028F
Semi	**66.58**	**110.96**	**130.39**	**81.69**	**118.37**	**131.35**	**140.85**	**472.26**	**140.46**	**154.70**	**171.89**	**183.03**	**650.07**	**786.80**
Memory	44.12	84.38	104.36	74.78	110.86	123.53	131.81	440.99	131.44	145.28	162.09	172.05	610.85	742.34
DRAM	25.91	50.75	69.90	52.41	74.37	80.58	85.79	293.14	88.35	99.36	112.71	118.98	419.39	526.44
NAND	18.21	33.63	34.46	22.37	36.50	42.95	46.02	147.84	43.09	45.93	49.38	53.07	191.46	215.90
foundry/LSI	22.46	26.58	26.03	6.91	7.50	7.82	9.04	31.27	9.02	9.41	9.81	10.98	39.22	44.47
Display	**30.97**	**29.10**	**29.63**	**6.70**	**6.93**	**8.54**	**8.52**	**30.68**	**6.21**	**6.84**	**9.20**	**8.13**	**30.39**	**28.28**
LCD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OLED & small LCD	30.97	29.10	29.63	6.70	6.93	8.54	8.52	30.68	6.21	6.84	9.20	8.13	30.39	28.28
IT & Mobile Comm	**110.87**	**119.99**	**129.49**	**38.11**	**30.42**	**36.15**	**29.60**	**134.28**	**35.49**	**28.76**	**32.99**	**28.87**	**126.11**	**120.43**
DA	**56.45**	**56.46**	**57.33**	**14.29**	**13.98**	**13.83**	**14.19**	**56.29**	**13.61**	**13.31**	**13.18**	**13.58**	**53.68**	**52.12**
Harman	**14.39**	**14.25**	**15.81**	**3.80**	**4.27**	**4.52**	**5.15**	**17.74**	**4.18**	**4.78**	**5.11**	**5.77**	**19.84**	**22.19**
Total	**258.94**	**300.87**	**333.58**	**133.91**	**156.02**	**174.21**	**177.79**	**641.93**	**178.86**	**185.14**	**207.69**	**214.60**	**786.29**	**909.06**
KRW/US$	**1,310**	**1,364**	**1,420**	**1,475**	**1,460**	**1,420**	**1,380**	**1,434**	**1,360**	**1,330**	**1,300**	**1,270**	**1,315**	**1,245**
Sales (US$, bn)	**197.6**	**220.6**	**234.8**	**90.8**	**106.9**	**122.7**	**128.8**	**447.7**	**131.5**	**139.2**	**159.8**	**169.0**	**597.9**	**730.2**
Operating margin	**2023**	**2024**	**2025**	**1Q26F**	**2Q26F**	**3Q26F**	**4Q26F**	**2026F**	**1Q27F**	**2Q27F**	**3Q27F**	**4Q27F**	**2027F**	**2028F**
Semi	**-22%**	**14%**	**48%**	**66%**	**54%**	**65%**	**64%**	**62%**	**64%**	**64%**	**65%**	**64%**	**64%**	**63%**
Memory	-27%	24%	66%	73%	61%	71%	70%	68%	70%	70%	70%	70%	70%	69%
DRAM	-2%	31%	96%	78%	63%	73%	72%	71%	72%	72%	72%	72%	72%	70%
NAND	-63%	13%	6%	60%	56%	67%	67%	63%	67%	66%	66%	65%	66%	64%
foundry/LSI	-12%	-18%	-26%	-10%	-44%	-22%	-21%	-24%	-35%	-30%	-26%	-21%	-28%	-28%
Display	**18%**	**13%**	**14%**	**3%**	**5%**	**9%**	**8%**	**13%**	**4%**	**4%**	**9%**	**6%**	**12%**	**12%**
Large LCD	na	na	na	na	na	na	na	na	na	na	na	na	na	na
OLED and Small LCD	18%	13%	14%	6%	11%	17%	15%	13%	9%	10%	15%	13%	12%	12%
IT & Mobile Comm	**12%**	**9%**	**10%**	**7%**	**5%**	**6%**	**5%**	**6%**	**7%**	**6%**	**7%**	**7%**	**7%**	**7%**
handset & tablet	7%	4%	5%	3%	0%	2%	0%	2%	3%	2%	3%	1%	2%	0%
System, IT & others	11%	9%	9%	7%	6%	6%	8%	7%	9%	10%	10%	10%	10%	10%
DA	**2%**	**3%**	**0%**	**1%**	**1%**	**0%**	**-2%**	**0%**	**1%**	**1%**	**1%**	**-1%**	**0%**	**0%**
Harman	**8%**	**9%**	**10%**	**5%**	**8%**	**10%**	**9%**	**8%**	**7%**	**8%**	**10%**	**9%**	**9%**	**9%**
Total	**3%**	**11%**	**13%**	**43%**	**43%**	**51%**	**53%**	**48%**	**52%**	**55%**	**56%**	**57%**	**55%**	**56%**
Operating profit (KRWtn)	**2023**	**2024**	**2025**	**1Q26F**	**2Q26F**	**3Q26F**	**4Q26F**	**2026F**	**1Q27F**	**2Q27F**	**3Q27F**	**4Q27F**	**2027F**	**2028F**
DS (Semi)	**-14.87**	**15.10**	**62.56**	**53.68**	**64.29**	**85.69**	**90.52**	**294.18**	**89.32**	**99.28**	**111.26**	**117.96**	**417.82**	**496.60**
Memory	-12.11	19.97	69.38	54.36	67.61	87.39	92.46	301.82	92.49	102.10	113.77	120.27	428.63	509.18
DRAM	-0.60	15.66	67.19	41.03	47.08	58.80	61.63	208.55	63.82	71.73	81.33	85.53	302.41	370.88
NAND	-11.50	4.31	2.19	13.33	20.52	28.59	30.82	93.27	28.68	30.37	32.44	34.74	126.22	138.30
foundry/LSI	-2.77	-4.87	-6.82	-0.68	-3.32	-1.70	-1.94	-7.65	-3.17	-2.82	-2.51	-2.31	-10.81	-12.58
Display	**5.57**	**3.76**	**4.27**	**0.41**	**0.79**	**1.41**	**1.31**	**3.92**	**0.55**	**0.69**	**1.40**	**1.06**	**3.70**	**3.53**
Large LCD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OLED and Small LCD	5.57	3.76	4.27	0.41	0.79	1.41	1.31	3.92	0.55	0.69	1.40	1.06	3.70	3.53
MX/Network	**12.87**	**10.85**	**12.81**	**2.81**	**1.42**	**2.09**	**1.54**	**7.86**	**2.54**	**1.82**	**2.29**	**1.95**	**8.60**	**8.75**
Handset & Tablet	12.46	10.59	12.54	2.77	1.37	2.04	1.46	7.65	2.47	1.75	2.21	1.86	8.29	8.43
System / IT & others	0.41	0.26	0.27	0.04	0.05	0.05	0.07	0.21	0.07	0.08	0.08	0.09	0.32	0.32
VD/DA	**1.25**	**1.75**	**-0.23**	**0.20**	**0.07**	**0.00**	**-0.28**	**-0.01**	**0.14**	**0.09**	**0.14**	**-0.14**	**0.23**	**0.24**
Harman	**1.17**	**1.32**	**1.61**	**0.20**	**0.34**	**0.45**	**0.46**	**1.45**	**0.29**	**0.38**	**0.51**	**0.52**	**1.71**	**1.91**
Total	**6.57**	**32.73**	**43.62**	**57.20**	**66.78**	**89.71**	**93.62**	**307.31**	**92.72**	**102.13**	**115.67**	**121.42**	**431.94**	**510.90**
QoQ				185%	17%	34%	4%		-1%	10%	13%	5%		
YoY	-85%	398%	33%	756%	1328%	637%	366%	604%	62%	53%	29%	30%	41%	18%
Net profit	**14.47**	**33.62**	**44.26**	**47.10**	**57.73**	**77.38**	**80.94**	**263.16**	**82.38**	**90.60**	**101.69**	**106.58**	**381.25**	**449.08**
QoQ				144%	23%	34%	5%		2%	10%	12%	5%		
YoY	-74%	132%	32%	487%	1070%	544%	320%	495%	75%	57%	31%	32%	45%	18%
EPS (treasury share adjusted)	2,131	4,977	6,676	7,238	9,017	12,086	12,642	41,102	12,886	14,369	16,150	16,953	60,640	72,318
BPS (treasury share adjusted)	52,002	57,981	63,997	70,339	77,972	90,908	94,951	94,951	104,155	115,351	129,675	136,305	136,305	163,308
ROE	4.1%	9.0%	10.8%	42.7%	48.3%	57.3%	54.4%	51.0%	51.7%	52.0%	52.7%	51.0%	52.1%	48.0%

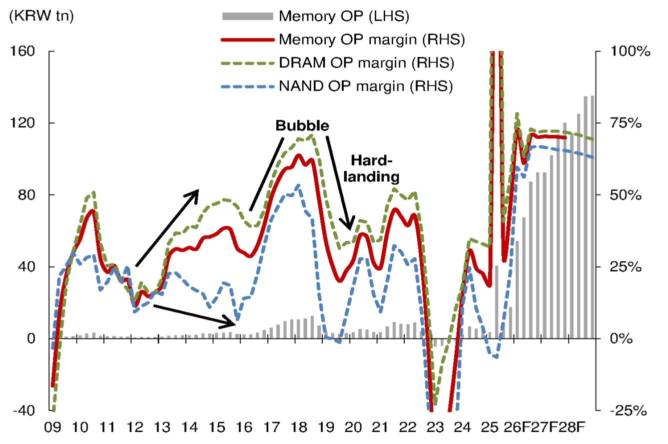
Source: Company data, Nomura estimates

Fig. 27: SEC – Memory OP by product



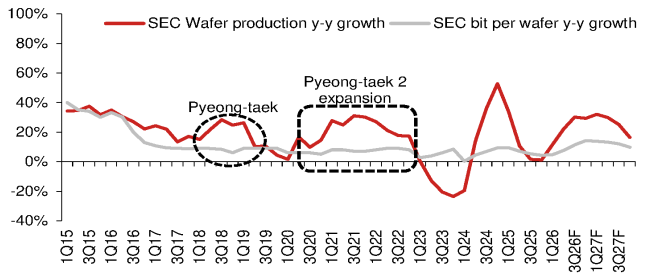
Source: Company data, Nomura estimates

Fig. 28: Memory OP and OPM trends



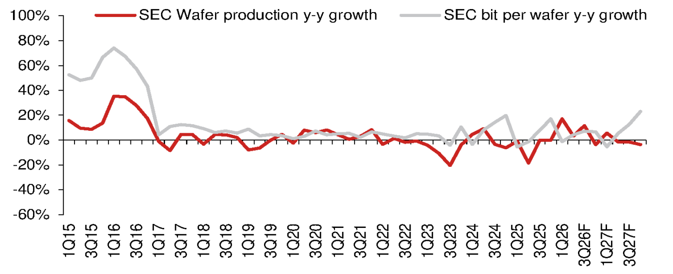
Source: Company data, Nomura estimates

Fig. 29: SEC – DRAM wafer production and bit per wafer growth outlook



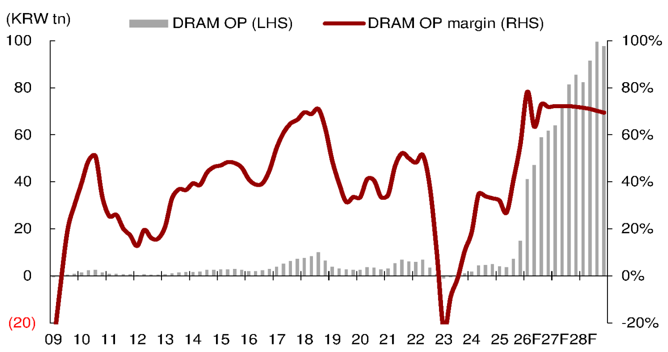
Source: Company data, Nomura estimates

Fig. 30: SEC – NAND wafer production and bit per wafer growth outlook



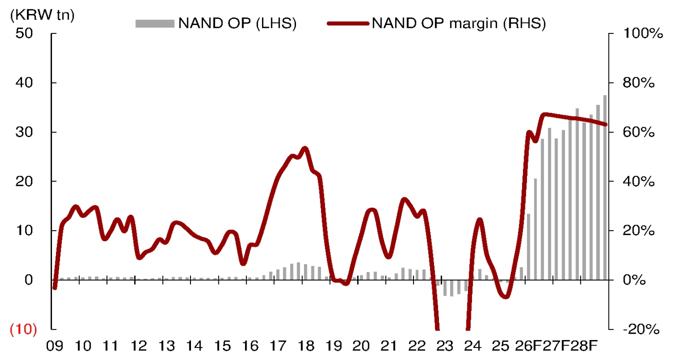
Source: Company data, Nomura estimates

Fig. 31: SEC – DRAM OP and OPM trends



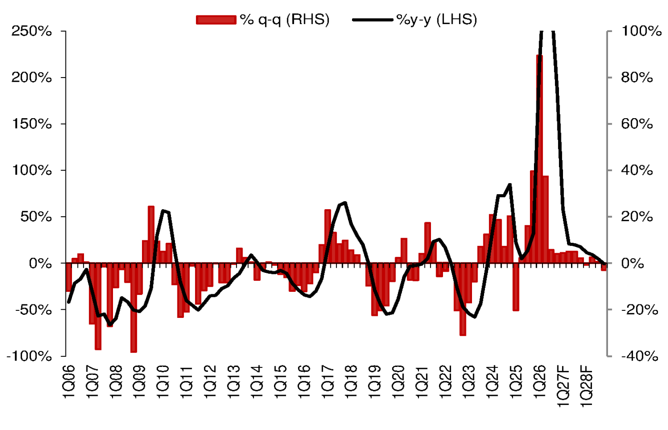
Source: Company data, Nomura estimates

Fig. 32: SEC – NAND OP and OPM trends



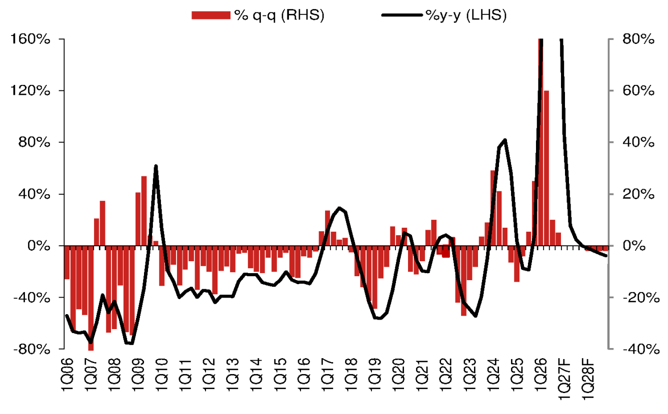
Source: Company data, Nomura estimates

Fig. 33: SEC – DRAM ASP q-q / y-y, %



Source: Company data, Nomura estimates

Fig. 34: SEC – NAND ASP q-q / y-y, %



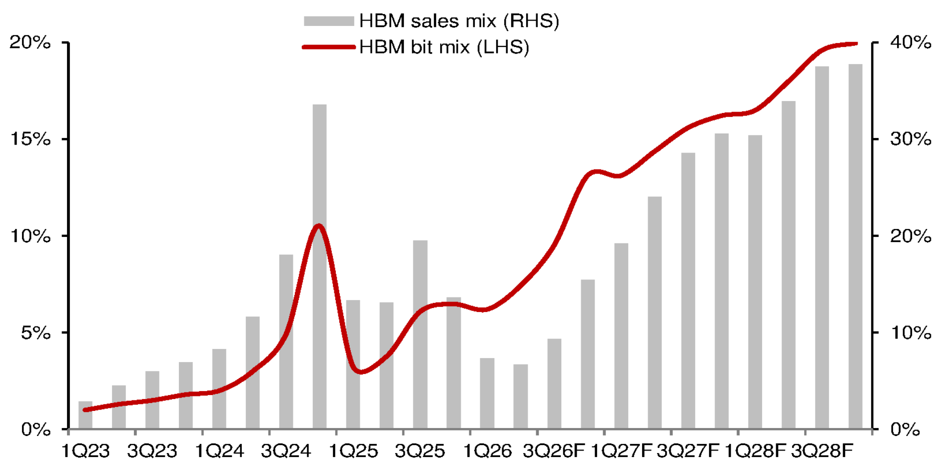
Source: Company data, Nomura estimates

Fig. 35: SEC – assumptions on DRAM (commodity, HBM), NAND ASP/cost/shipments

Total	2026F		2027F	
	Old	New	Old	New
OP (KRW tn)	**355**	**307**	**458**	**432**
y-y	714%	604%	29%	41%
DRAM	237	209	303	302
NAND	108	93	143	126
Other divisions	10	5	12	3
OPM	**56%**	**48%**	**61%**	**55%**
DRAM	82%	71%	79%	72%
Commodity	85%	74%	85%	76%
HBM	48%	45%	54%	60%
NAND	73%	63%	75%	66%
DRAM Revenue (KRW tn)	**290**	**293**	**381**	**419**
Commodity	265	265	311	311
HBM	27	30	72	110
DRAM OP (KRW tn)	**237**	**209**	**303**	**302**
Commodity	225	196	265	237
HBM	13	13	39	67
DRAM OPM	**82%**	**71%**	**79%**	**72%**
Commodity	85%	74%	85%	76%
HBM	48%	45%	54%	60%
DRAM OP mix (%)				
Commodity	95	94	88	78
HBM	5	6	13	22
ASP y-y				
Commodity	276%	276%	11%	11%
HBM	14%	26%	45%	100%
Cost y-y				
Commodity	1%	0%	9%	0%
HBM	-15%	-13%	28%	31%
Bit shipment y-y	**23%**	**23%**	**23%**	**23%**
Commodity	18%	18%	16%	16%
HBM	125%	125%	100%	100%
Bit mix (%)				
Commodity	91%	91%	85%	85%
HBM	9%	9%	15%	15%
NAND Revenue (KRW tn)	**148**	**148**	**191**	**191**
NAND OP (KRW tn)	**108**	**93**	**143**	**126**
OPM	73%	63%	75%	66%
ASP y-y	252%	314%	18%	0%
Cost y-y	1%	10%	9%	0%
Bit shipment y-y	22%	46%	20%	0%
KRW/USD	1,434	1,434	1,315	1,315

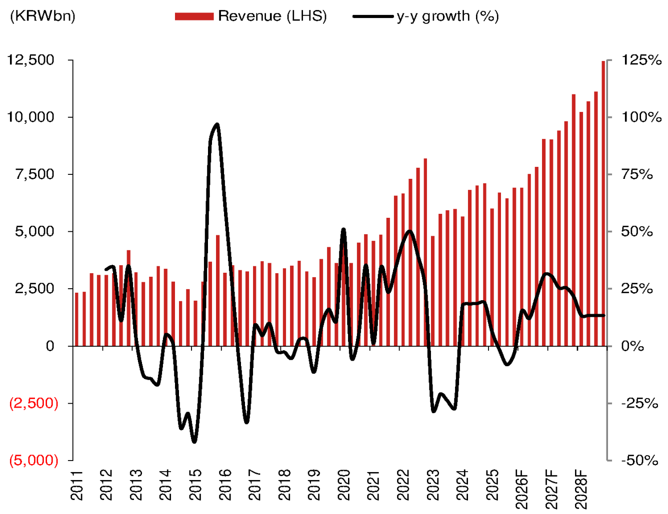
Source: Nomura estimates

Fig. 36: SEC – HBM sales, bit mix



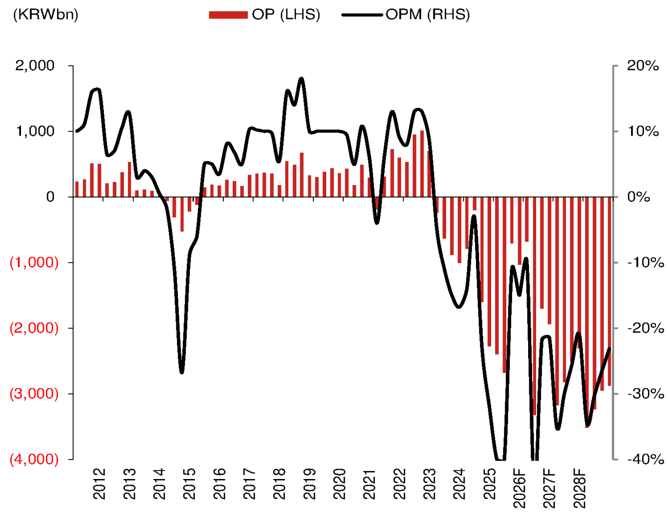
Source: Company data, Nomura estimates

Fig. 37: SEC – Non-memory sales trend



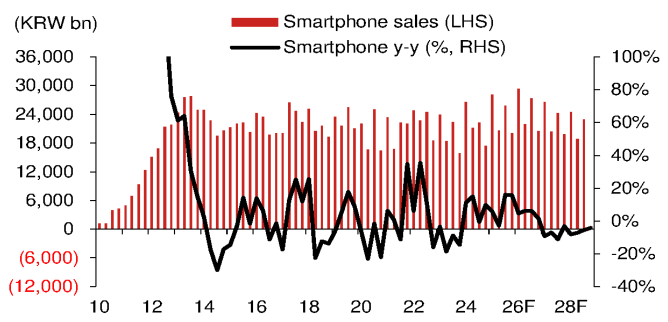
Source: Company data, Nomura estimates

Fig. 38: SEC – Non-memory OP and OPM trends



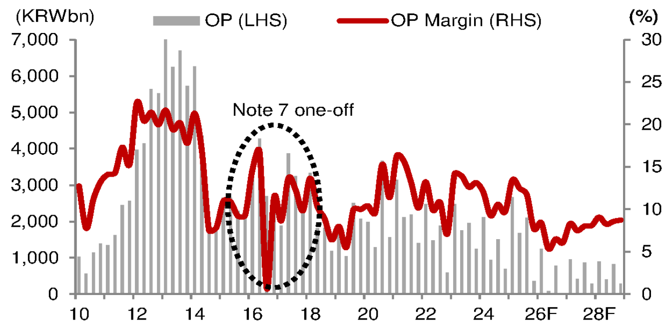
Source: Company data, Nomura estimates

Fig. 39: SEC – smartphone sales and y-y growth trends



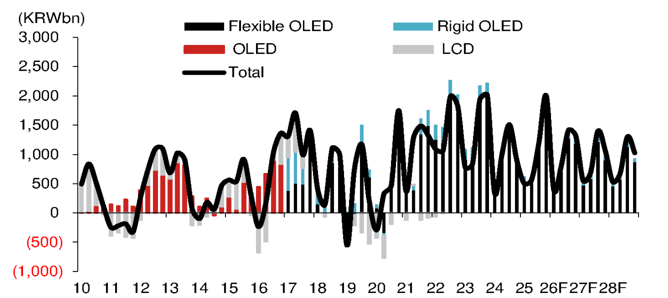
Source: Company data, Nomura estimates

Fig. 40: SEC – handset OP and OPM trends



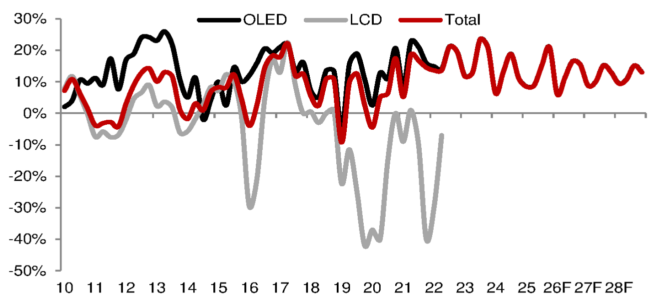
Source: Company data, Nomura estimates

Fig. 41: SEC – quarterly LCD/OLED OP trends



Source: Company data, Nomura estimates

Fig. 42: SEC – OPM for LCD, OLED and total display



Source: Company data, Nomura estimates

Fig. 43: SEC – our key assumptions

	2023	2024	2025	1Q	2QF	3QF	4QF	2026F	1QF	2QF	3QF	4QF	2027F	2028F
DRAM ASP (8Gb eq., US$)	1.77	2.90	3.52	8.93	12.27	12.97	13.51	12.00	14.11	14.81	15.55	15.88	15.15	16.00
% q-q				89%	37%	6%	4%		4%	5%	5%	2%		
% y-y	-45%	64%	22%	214%	322%	285%	187%	241%	58%	21%	20%	18%	26%	6%
DRAM shipments (8Gb eq., units mn)	11,152	12,809	13,916	3,979	4,152	4,376	4,603	17,109	4,603	5,043	5,577	5,899	21,123	26,450
% q-q				2%	4%	5%	5%		0%	10%	11%	6%		
% y-y	9%	15%	9%	33%	27%	16%	18%	23%	16%	21%	27%	28%	23%	25%
DRAM revenue (KRW bn)	25,845	50,637	69,666	52,407	74,366	80,582	85,790	294,463	88,349	99,357	112,706	118,980	420,865	526,837
% q-q				97%	42%	8%	6%		3%	12%	13%	6%		
% y-y	-39%	96%	38%	324%	456%	359%	223%	323%	69%	34%	40%	39%	43%	25%
NAND ASP (8GB eq., USD)	0.41	0.65	0.61	1.37	2.20	2.42	2.54	2.16	2.54	2.54	2.54	2.54	2.54	2.41
% q-q				88%	60%	10%	5%		0%	0%	0%	0%		
% y-y	-42%	60%	-6%	138%	296%	314%	247%	252%	85%	16%	5%	0%	18%	-5%
NAND shipments (8GB eq., units mn)	34,063	37,826	39,498	11,048	11,379	12,517	13,143	48,086	12,486	13,609	14,970	16,467	57,533	72,086
% q-q				8%	3%	10%	5%		-5%	9%	10%	10%		
% y-y	17%	11%	4%	39%	13%	12%	29%	22%	13%	20%	20%	25%	20%	25%
NAND flash sales (KRW bn)	18,196	33,624	34,405	22,374	36,497	42,952	46,021	148,771	43,086	45,928	49,381	53,066	191,967	216,056
% q-q				107%	63%	18%	7%		-6%	7%	8%	7%		
% y-y	-31%	85%	2%	235%	363%	373%	325%	332%	93%	26%	15%	15%	29%	13%
Smartphone shipments (units mn)	224	228	231	58	51	56	50	216	59	54	56	52	221	221
% q-q				8%	-12%	9%	-10%		18%	-8%	3%	-8%		
% y-y	-13%	2%	1%	-5%	-5%	-8%	-7%	-6%	2%	6%	0%	2%	3%	0%
Smartphone ASP (USD)	275	282	288	341	293	344	295	320	331	281	333	303	312	309
% q-q				34%	-14%	17%	-14%		12%	-15%	18%	-9%		
% y-y	1%	3%	2%	9%	8%	13%	15%	11%	-3%	-4%	-3%	3%	-2%	-1%
IT&Mobile Com. OPM	12%	9%	10%	7%	5%	6%	5%	6%	7%	6%	7%	7%	7%	7%
% q-q				0.8%	-2.7%	1.1%	-0.6%		2.0%	-0.8%	0.6%	-0.2%		
% y-y	2.3%	-2.6%	0.8%	-4.3%	-5.9%	-4.5%	-1.3%	-4.0%	-0.2%	1.7%	1.2%	1.6%	1.0%	0.4%
IT&Mobile Com. revenue (W bn)	110,874	119,988	129,494	38,109	30,424	36,147	29,602	134,282	35,493	28,756	32,991	28,869	126,109	120,434
% q-q				30%	-20%	19%	-18%		20%	-19%	15%	-12%		
% y-y	-8%	8%	8%	3%	4%	6%	1%	4%	-7%	-5%	-9%	-2%	-6%	-5%
OLED unit (000'/month)	369,520	343,834	330,249	25,632	24,979	30,281	31,237	336,387	24,365	25,855	32,131	29,321	335,013	332,260
% q-q				-24%	-3%	21%	3%		-22%	6%	24%	-9%		
% y-y	-13%	-7%	-4%	7%	8%	4%	-8%	2%	-5%	4%	6%	-6%	0%	-1%
OLED flexible mix (%)	59%	57%	61%	54%	56%	59%	62%	58%	55%	58%	63%	63%	60%	0%
OLED revenue (W bn)	29,553	27,531	27,979	6,061	6,064	7,455	7,536	27,203	5,244	5,736	7,342	6,427	24,823	22,980
% q-q				-33%	0%	23%	1%		-30%	9%	28%	-12%		
% y-y	-10%	-7%	2%	10%	2%	-1%	-17%	-3%	-13%	-5%	-2%	-15%	-9%	-7%
OLED total OPM	22%	15%	16%	7%	13%	19%	17%	14%	10%	12%	18%	15%	14%	14%
OLED total OP (W bn)	6,604	4,076	4,430	448	807	1,392	1,259	3,905	539	661	1,309	963	3,472	3,312
% q-q				-77%	80%	72%	-10%		-57%	23%	98%	-26%		
% y-y	-9%	-38%	9%	-28%	29%	16%	-36%	-12%	20%	-18%	-6%	-24%	-11%	-5%
OP (KRW bn)	6,567	32,726	43,624	57,203	66,777	89,715	93,620	307,315	92,716	102,130	115,674	121,420	431,941	510,901
% q-q				185%	17%	34%	4%		-1%	10%	13%	5%		
% y-y	-85%	398%	33%	756%	1328%	637%	366%	604%	62%	53%	29%	30%	41%	18%
EPS (KRW, annualized)	2,131	4,977	6,676	7,238	9,017	12,086	12,642	41,102	12,886	14,369	16,150	16,953	60,640	72,318
% q-q				149%	25%	34%	5%		2%	12%	12%	5%		
% y-y	-74%	134%	34%	504%	1122%	567%	334%	516%	78%	59%	34%	34%	48%	19%
BPS (KRW)	52,002	57,981	63,997	70,339	77,972	90,908	94,951	94,951	104,155	115,351	129,675	136,305	136,305	163,308
% q-q				10%	11%	17%	4%		10%	11%	12%	5%		
% y-y	2%	11%	10%	19%	34%	50%	48%	48%	48%	48%	43%	44%	44%	20%
ROE	4.1%	9.0%	10.8%	42.7%	48.3%	57.3%	54.4%	51.0%	51.7%	52.0%	52.7%	51.0%	52.1%	48.0%
KRW/USD	1,310	1,364	1,420	1,475	1,460	1,420	1,380	1,434	1,360	1,330	1,300	1,270	1,315	1,245
% q-q				2%	-1%	-3%	-3%		-1%	-2%	-2%	-2%		
% y-y	1%	4%	4%	2%	4%	3%	-5%	1%	-8%	-9%	-8%	-8%	-8%	-5%

Source: Company data, Nomura estimates

Fig. 44: SEC – SOTP valuation implied by current market cap

	2026F			
SOTP valuation by business (2025F)	OP after tax (OPAT) (KRWtn)	OP Margin (OPM) (%)	adj. OPAT multiple applied (x)	New Fair value (FV) (KRWtn)
Memory	257	68%	4.5	1,154
DRAM	177	71%	4.5	798
NAND	79	63%	4.5	357
Sys-LSI	-6	-24%	-	40
IT& Mobile (IM)	6	6%	15.0	86
Display (85% of S.Display)	3	13%	9.0	26
CE & Others	0	0%	8.0	-2
(1) Business sum	**258**	**21%**	**5.0**	**1,304**
(2)+(3) Other assets				**333**
(2) Net cash				286
(3) Invested asset, 30% discount on market value				47
Harman (consolidated)				15
Other affiliates (30% discount)				52
Samsung SDI - 19.6% stake				10
SEMCO - 23.7% stake				18
Samsung Biologics - 31.2% stake				20
Samsung SDS - 22.6% stake				3
Cheil Worldwide - 25.2% stake				1
(1+2+3) Total FV (KRW tn)				**1,638**
Current Market cap (KRWtn)	Total			1,660
	common			1,519
	preferred			142
Outstanding share (mn shares)	Total			6,403
	common			5,614
	preferred			789
Current share price (KRW)	Weighted average			260,000
	common			270,500
	preferred			179,400
SOTP-implied share price (KRW)				**260,000**

Note: Current share price as of 15 May 2026.
Source: Company data, Nomura estimates

Fig. 45: SEC – capex forecasts by division

(KRWtn)	2019	2020	2021	2022	2023	2024	2025	2026F	2027F	2028F	2019 % growth	2020 % growth	2021 % growth	2022 % growth	2023 % growth	2024 % growth	2025 % growth	2026F % growth	2027F % growth	2028F % growth
Semi	22.7	31.9	45.2	51.1	52.3	42.0	47.5	79.2	96.8	140.2	-1%	41%	42%	13%	2%	-20%	13%	67%	22%	45%
Memory	17.1	23.3	31.2	35.1	35.8	34.0	42.6	61.4	75.8	115.2	-15%	36%	34%	12%	2%	-5%	25%	44%	23%	52%
DRAM	9.1	11.0	16.0	21.4	20.3	24.2	31.1	50.3	54.1	84.3	-29%	20%	46%	33%	-5%	19%	29%	62%	8%	56%
NAND	8.0	12.3	15.2	13.7	15.5	9.8	11.5	11.1	21.7	30.9	9%	55%	23%	-10%	13%	-37%	17%	-4%	96%	43%
S-LSI	5.6	8.6	14.0	16.0	16.5	8.0	4.9	17.8	21.0	25.0	100%	54%	63%	14%	3%	-52%	-38%	261%	18%	19%
OLED	2.2	4.5	2.6	2.5	2.4	4.8	2.8	2.0	2.0	2.0	-27%	105%	-42%	-4%	-4%	100%	-42%	-29%	0%	0%
Telecom/DM	1.0	1.0	1.0	1.0	1.1	1.2	1.0	1.0	1.0	1.0	0%	0%	0%	0%	10%	9%	-17%	0%	0%	0%
Others	1.0	1.0	0.0	1.6	1.8	3.0	1.4	2.0	3.0	3.0	-60%	0%	-100%	na	13%	67%	-53%	43%	50%	0%
Total	**26.9**	**38.4**	**48.8**	**56.2**	**57.6**	**51.0**	**52.7**	**84.2**	**102.8**	**146.2**	**-10%**	**43%**	**27%**	**15%**	**3%**	**-12%**	**3%**	**60%**	**22%**	**42%**

Source: Company data, Nomura estimates

Fig. 46: SEC – FCF/EV and FCF/MC analysis

(KRWtn)	2018	2019	2020	2021	2022	2023	2024	2025P	2026F	2027F	2028F
Operating cash flow	**67.0**	**45.4**	**65.3**	**65.1**	**62.2**	**44.1**	**73.0**	**85.3**	**287.6**	**422.4**	**513.3**
NP	44.3	21.7	26.4	39.9	54.7	14.5	33.6	44.3	263.2	381.3	449.1
Dep	25.2	26.6	27.1	31.3	36.0	35.5	39.6	43.6	47.4	56.3	69.3
working capital change	-10.3	-6.7	11.7	-6.1	-28.5	-5.9	-0.3	-2.6	-22.9	-15.1	-5.1
Investment Cash Flow	**-30.3**	**-27.6**	**-39.5**	**-47.4**	**-52.3**	**-59.1**	**-55.1**	**-48.8**	**-79.3**	**-104.1**	**-141.1**
Capex	-29.6	-25.4	-37.6	-47.1	-49.4	-57.6	-51.4	-47.5	-80.2	-105.0	-142.0
intangible asset	-1.0	-3.2	-2.7	-2.9	-3.7	-2.4	-4.6	0.0	0.0	0.0	0.0
Net M&A	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2.2	0.0	0.0	0.0
Others	0.3	1.0	0.8	2.7	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Free Cash Flow	**36.8**	**17.8**	**25.8**	**17.7**	**9.9**	**-14.9**	**17.8**	**36.5**	**208.4**	**318.3**	**372.2**
Share holder return (cash flow basis)	**18.4**	**8.9**	**12.9**	**9.0**	**5.0**	**-7.5**	**8.9**	**18.2**	**104.2**	**159.1**	**186.1**
% of FCF	50%	50%	50%	51%	50%	50%	50%	50%	50%	50%	50%
sharebuy back	0.9	0.0	0.0	0.0	0.0	0.0	1.8	8.2	13.1	36.4	61.9
cash dividend	10.2	9.6	9.7	20.5	9.8	9.9	10.9	9.9	10.9	95.1	232.2
Net Cash (including marketing securities)	**81.7**	**84.7**	**101.6**	**102.4**	**104.5**	**79.1**	**93.3**	**101.4**	**286.3**	**471.4**	**539.6**
weighted Avg. Share price (KRW)	**37,858**	**54,540**	**80,104**	**77,440**	**54,719**	**76,537**	**52,110**	**116,185**	**259,277**	**259,279**	**259,366**
common	38,700	55,800	81,000	78,300	55,300	78,500	53,200	119,900	270,500	270,500	270,500
prefered	31,750	45,400	73,600	71,200	50,500	62,300	44,200	89,200	179,400	179,400	179,400
outstanding shares (mn shares)	**6,793**	**6,793**	**6,793**	**6,793**	**6,793**	**6,793**	**6,793**	**6,736**	**6,508**	**6,308**	**6,225**
common	5,970	5,970	5,970	5,970	5,970	5,970	5,970	5,920	5,706	5,532	5,463
prefered	823	823	823	823	823	823	823	816	802	776	762
Dividend-paying shares (outstanding shares ex T.S.; mn shares)	**6,793**	**6,793**	**6,793**	**6,793**	**6,793**	**6,793**	**6,755**	**6,630**	**6,403**	**6,287**	**6,210**
common	5,970	5,970	5,970	5,970	5,970	5,970	5,937	5,828	5,614	5,513	5,451
prefered	823	823	823	823	823	823	818	802	789	774	759
Market cap	**257**	**370**	**544**	**526**	**372**	**520**	**354**	**783**	**1,687**	**1,636**	**1,615**
Market cap ex T.S.	**257**	**370**	**544**	**526**	**372**	**520**	**352**	**770**	**1,660**	**1,630**	**1,611**
EV	**176**	**286**	**443**	**424**	**267**	**441**	**259**	**669**	**1,374**	**1,159**	**1,071**
Free cash / EV	**20.9%**	**6.2%**	**5.8%**	**4.2%**	**3.7%**	**-3.4%**	**6.9%**	**5.5%**	**15.2%**	**27.5%**	**34.7%**
Free cash / MC	**14.3%**	**4.8%**	**4.7%**	**3.4%**	**2.7%**	**-2.9%**	**5.0%**	**4.7%**	**12.3%**	**19.5%**	**23.1%**
Free cash / MC ex T.S.	**14.3%**	**4.8%**	**4.7%**	**3.4%**	**2.7%**	**-2.9%**	**5.1%**	**4.7%**	**12.6%**	**19.5%**	**23.1%**

Note: 2018-2025 share price as of year-end and 2026-28F share price as of 15 May 2026.
Source: Company data, Nomura estimates

Fig. 47: SEC – dividend yield and shareholder returns yield

	2018	2019	2020	2021	2022	2023	2024	2025	2026F	2027F	2028F
FCF (KRWbn)	**36,755**	**17,765**	**25,815**	**17,983**	**9,911**	**(14,926)**	**17,845**	**36,493**	**208,363**	**318,282**	**372,171**
Annual shareholder return budget (KRWbn; balance sheet basis)	**18,377**	**8,883**	**12,908**	**8,992**	**4,955**	**(7,463)**	**8,923**	**18,246**	**104,182**	**159,141**	**186,085**
Annual shareholder return budget per share (KRW)	**2,705**	**1,308**	**1,900**	**1,324**	**730**	**(1,099)**	**1,321**	**2,752**	**16,272**	**25,312**	**29,967**
* (30% x preceding FCF for 2015; the rest 50% x preceding year FCF; KRWbn)											
Annual cash dividends (KRWbn; balance sheet basis)	**7,079**	**9,619**	**20,338**	**9,820**	**9,819**	**9,820**	**9,806**	**11,113**	**67,804**	**97,194**	**231,380**
Common shares	6,226	8,453	17,874	8,629	8,629	8,629	8,618	9,768	59,450	85,219	203,025
Preferred shares	853	1,166	2,465	1,190	1,189	1,190	1,189	1,345	8,354	11,975	28,355
Annually remaining shareholder return budget (KRWbn)	**11,299**	**(737)**	**(7,430)**	**(828)**	**(4,863)**	**(17,282)**	**(884)**	**7,133**	**36,377**	**61,947**	**(45,294)**
*(Annual shareholder return budget - annual cash dividends)											
Accumulated Annual shareholder return budget (KRWbn)		**10,562**	**3,132**	**2,304**	**(2,560)**	**(19,842)**	**(20,726)**	**(13,592)**	**22,785**	**84,732**	**39,438**
DPS (KRW; balance sheet basis)											
Common shares	1,416	1,416	2,994	1,446	1,446	1,446	1,446	1,669	10,584	15,421	37,103
Preferred shares	1,417	1,417	2,995	1,447	1,446	1,447	1,447	1,669	10,585	15,422	37,104
DPS (KRW; cash flow basis)											
Common shares	1,492	1,416	1,416	1,438	1,446	2,530	1,446	1,446	1,669	14,921	37,103
Preferred shares	1,493	1,417	1,417	3,017	1,447	2,530	1,447	1,447	1,669	14,922	37,104
weighted Avg. Share price (KRW)	**37,858**	**54,540**	**80,104**	**77,440**	**54,719**	**76,537**	**52,110**	**116,185**	**259,277**	**259,279**	**259,366**
Common shares	38,700	55,800	81,000	78,300	55,300	78,500	53,200	119,900	270,500	270,500	270,500
Preferred shares	31,750	45,400	73,600	71,200	50,500	62,300	44,200	89,200	179,400	179,400	179,400
outstanding shares ex Treasury shares (mn shares)	**6,793**	**6,793**	**6,793**	**6,793**	**6,793**	**6,793**	**6,755**	**6,630**	**6,403**	**6,287**	**6,210**
Common shares	5,970	5,970	5,970	5,970	5,970	5,970	5,937	5,828	5,614	5,513	5,451
Preferred shares	823	823	823	823	823	823	818	802	789	774	759
Dividend yield (DPS / share price)											
Common shares	3.7%	2.5%	3.7%	1.8%	2.6%	1.8%	2.7%	1.4%	3.9%	5.7%	13.7%
Preferred shares	4.5%	3.1%	4.1%	2.0%	2.9%	2.3%	3.3%	1.9%	5.9%	8.6%	20.7%
Shareholder return yield (total shareholder return / market cap)											
Common shares	7.0%	2.3%	2.3%	1.7%	1.3%	-1.4%	2.5%	2.3%	6.0%	9.4%	11.1%
Preferred shares	8.5%	2.9%	2.6%	1.9%	1.4%	-1.8%	3.0%	3.1%	9.1%	14.1%	16.7%
Cash dividend payout ratio	21.6%	44.2%	36.4%	24.1%	17.5%	66.3%	28.6%	21.7%	3.6%	2.5%	2.1%
Share holder return payout ratio	41.4%	40.9%	48.9%	22.5%	9.1%	-51.6%	26.5%	41.2%	39.6%	41.7%	41.4%

Note: 2018-2025 share price as of year-end and 2026-28F share price as of 15 May 2026.
Source: Company data, Nomura estimates

NOMURA

Global Markets Research

15 May 2026

SK Hynix 000660.KS 000660 KS

EQUITY: MEMORY

Cyclical to secular thanks to AI

Raise TP to KRW4,000,000, reflecting lower risk premium based on enhanced business stability driven by LTAs

Maintain Buy and raise TP to KRW4,000,000; secular growth to drive share price re-rating

We reiterate Buy and raise TP from KRW2,340,000 to KRW4,000,000. We derive our new TP by applying a target P/B of 6.0x (previously: 3.5x) to 12MF BVPS of KRW673,248. We raise the target multiple by a significant 71% based on our increased conviction that memory industry cash flows will witness a structural shift toward long-term streams through strongly binding LTAs. While we have lowered the target discount rate from 21% to 12%, it is still far higher than ~6% currently applied to TSMC's (2330 TT, Buy; based on 2027F valuation) market valuation. We expect discount rates applied to memory players' valuations to progressively decrease going forward. Our target discount rate implies a target P/E of 8x, which translates into a target P/B of 6x based on Hynix's annualized 2Q27F ROE. The new TP implies 120% upside vs. the current share price, and we expect 2026F/27F FCF return to be 11%/23% vs. the current market cap. Our TP translates into a target market cap of KRW2,754tn, and as we expect end-2027F net cash balance of KRW361tn, our TP implies a target EV of KRW2,393tn.

Expect 2026F/27F/28F OP to reach KRW281tn/394tn/480tn; Hynix's higher ROE vs Samsung can be attributable to its financial leverage and pure-play business portfolio

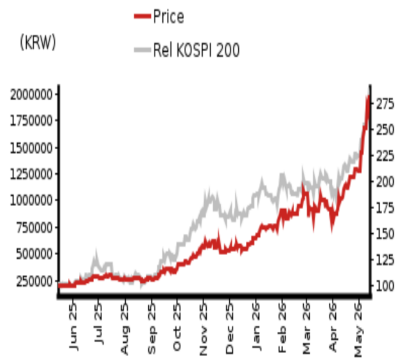
We are raising our 2026F/27F/28F OP for Hynix by 1%/4%/9% to KRW281tn/394tn/480tn (+496%/+40%/+22% y-y). The company demonstrates notably higher ROE compared to SEC (005930 KS, Buy), as it has high degree of financial leverage and a pure-play memory business. As Hynix grows cash balance to bolster financial stability, financial leverage will become lower, in our view. Still, our estimates peg 2026F/27F/28F ROEs at 100%/73%/54%, which could converge to ~60% longer term during the LTA periods based on shareholder return and growth from re-investments, markedly higher than the Korea market average (excluding SEC and Hynix) of ~10%. With a projected cash balance of ~KRW100tn by 1H26F, we believe that Hynix might look to broaden its investor base through proactive shareholder return policies and ADR listing in the US.

Year-end 31 Dec	FY25	FY26F		FY27F		FY28F	
Currency (KRW)	Actual	Old	New	Old	New	Old	New
Revenue (bn)	97,147	357,774	359,989	491,909	506,560	602,521	643,715
Reported net profit (bn)	42,948	234,239	235,084	304,157	315,878	352,286	384,943
Normalised net profit (bn)	42,948	234,239	235,084	304,157	315,878	352,286	384,943
FD normalised EPS	58,710	328,664	329,849	426,766	443,211	545,166	595,907
FD norm. EPS growth (%)	116.9	459.8	461.8	29.8	34.4	27.7	34.5
FD normalised P/E (x)	31.0	–	5.5	–	4.1	–	3.1
EV/EBITDA (x)	21.5	–	3.8	–	2.3	–	1.3
Price/book (x)	10.4	–	3.6	–	2.2	–	0.9
Dividend yield (%)	0.2	–	0.6	–	1.2	–	0.1
ROE (%)	44.1	100.1	100.2	70.8	72.5	51.8	54.3
Net debt/equity (%)	6.1	net cash	net cash	net cash	net cash	net cash	net cash

Source: Company data, Nomura estimates

Rating Remains	**Buy**
Target price Increased from KRW 2,340,000	**KRW 4,000,000**
Closing price 15 May 2026	**KRW 1,819,000**
Implied upside	**+119.9%**
Market Cap (USD mn)	863,636.6
ADT (USD mn)	3,167.6

Relative performance chart



Source: LSEG, Nomura

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Key data on SK Hynix

Performance

(%)	1M	3M	12M		
Absolute (KRW)	60.1	106.7	807.2	M cap (USDmn)	863,636.6
Absolute (USD)	57.3	98.3	741.5	Free float (%)	64.0
Rel to KOSPI 200	24.5	54.1	551.2	3-mth ADT (USDmn)	3,167.6

Income statement (KRWbn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Revenue	66,193	97,147	359,989	506,560	643,715
Cost of goods sold	-34,365	-38,456	-58,351	-88,952	-135,701
Gross profit	31,828	58,691	301,638	417,608	508,014
SG&A	-8,361	-11,484	-20,389	-24,095	-28,253
Employee share expense	0	0	0	0	0
Operating profit	23,467	47,206	281,249	393,513	479,761
EBITDA	35,827	61,200	297,588	415,930	513,274
Depreciation	-12,360	-13,993	-16,339	-22,417	-33,513
Amortisation					
EBIT	23,467	47,206	281,249	393,513	479,761
Net interest expense	-1,000	-429	350	1,140	1,140
Associates & JCEs	-38	-565	9,980	160	160
Other income	1,457	4,253	2,545	34	117
Earnings before tax	23,885	50,466	294,124	394,847	481,178
Income tax	-4,088	-7,518	-59,040	-78,969	-96,236
Net profit after tax	19,797	42,948	235,084	315,878	384,943
Minority interests	0				
Other items	0				
Preferred dividends	0				
Normalised NPAT	19,797	42,948	235,084	315,878	384,943
Extraordinary items					
Reported NPAT	19,797	42,948	235,084	315,878	384,943
Dividends	-1,522	-2,066	-7,107	-13,546	-969
Transfer to reserves	18,275	40,882	227,977	302,331	383,974
Valuations and ratios					
Reported P/E (x)	63.2	29.2	5.3	4.0	3.1
Normalised P/E (x)	63.2	29.2	5.3	4.0	3.1
FD normalised P/E (x)	67.2	31.0	5.5	4.1	3.1
Dividend yield (%)	0.1	0.2	0.6	1.2	0.1
Price/cashflow (x)	44.7	24.9	7.0	3.9	3.0
Price/book (x)	16.9	10.4	3.6	2.2	0.9
EV/EBITDA (x)	36.5	21.5	3.8	2.3	1.3
EV/EBIT (x)	55.8	28.0	4.0	2.4	1.4
Gross margin (%)	48.1	60.4	83.8	82.4	78.9
EBITDA margin (%)	54.1	63.0	82.7	82.1	79.7
EBIT margin (%)	35.5	48.6	78.1	77.7	74.5
Net margin (%)	29.9	44.2	65.3	62.4	59.8
Effective tax rate (%)	17.1	14.9	20.1	20.0	20.0
Dividend payout (%)	7.7	4.8	3.0	4.3	0.3
ROE (%)	31.1	44.1	100.2	72.5	54.3
ROA (pretax %)	23.3	34.6	133.2	132.5	130.9
Growth (%)					
Revenue	102.0	46.8	270.6	40.7	27.1
EBITDA	525.9	70.8	386.3	39.8	23.4
Normalised EPS		116.8	447.4	34.4	29.9
Normalised FDEPS		116.9	461.8	34.4	34.5

Source: Company data, Nomura estimates

Cashflow statement (KRWbn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
EBITDA	35,827	61,200	297,588	415,930	513,274
Change in working capital	1,987	3,111	-56,123	68,388	-12,398
Other operating cashflow	-8,019	-10,937	-56,677	-152,389	-106,688
Cashflow from operations	29,796	53,373	184,788	331,930	394,188
Capital expenditure	-15,946	-27,519	-42,657	-61,000	-96,000
Free cashflow	13,850	25,854	142,131	270,930	298,188
Reduction in investments	-1,695	-28,765	-1,278	-1,343	-1,411
Net acquisitions					
Dec in other LT assets	0	0	0	0	0
Inc in other LT liabilities	-2,665	433	80	81	83
Adjustments	2,301	7,796	852	-81	-83
CF after investing acts	11,791	5,319	141,786	269,587	296,777
Cash dividends	-826	-1,681	-1,033	-969	-969
Equity issue	115	4,467	-94	0	0
Debt issue	-7,376	768	-7,754	-8,000	-6,000
Convertible debt issue	0	0	0	0	0
Others	-86	-5,153	3,031	-63,959	0
CF from financial acts	-8,173	-1,600	-5,850	-72,928	-6,969
Net cashflow	3,618	3,719	135,936	196,659	289,808
Beginning cash	7,587	11,205	14,924	150,859	347,518
Ending cash	11,205	14,924	150,859	347,518	637,326
Ending net debt	11,479	7,324	-136,541	-339,327	-634,332

Balance sheet (KRWbn)

As at 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Cash & equivalents	11,205	14,924	150,859	347,518	637,326
Marketable securities	2,951	20,018	20,018	20,018	20,018
Accounts receivable	13,019	18,199	64,484	75,397	99,556
Inventories	13,314	14,289	40,505	37,888	40,022
Other current assets	1,790	2,027	16,818	10,002	17,298
Total current assets	42,279	69,458	292,684	490,823	814,221
LT investments	13,400	25,097	26,375	27,718	29,129
Fixed assets	60,157	77,503	103,820	142,403	204,890
Goodwill	4,019	4,049	4,214	4,385	4,563
Other intangible assets					
Other LT assets	0	0	0	0	0
Total assets	119,855	176,108	427,093	665,329	1,052,803
Short-term debt	5,252	8,162	891	140	318
Accounts payable	2,277	2,848	6,086	8,276	10,562
Other current liabilities	17,436	26,369	54,299	121,976	140,883
Total current liabilities	24,965	37,379	61,275	130,392	151,763
Long-term debt	17,432	14,086	13,427	8,052	2,676
Convertible debt	0	0	0	0	0
Other LT liabilities	3,543	3,976	4,055	4,136	4,219
Total liabilities	45,940	55,441	78,757	142,580	158,658
Minority interest	0	0			
Preferred stock	0	0			
Common stock	3,658	3,658	3,564	3,564	3,564
Retained earnings	65,418	106,577	334,447	572,819	944,215
Proposed dividends	0	0			
Other equity and reserves	4,840	10,433	10,326	-53,634	-53,634
Total shareholders' equity	73,916	120,667	348,336	522,749	894,145
Total equity & liabilities	119,855	176,108	427,093	665,329	1,052,803
Liquidity (x)					
Current ratio	1.69	1.86	4.78	3.76	5.37
Interest cover	23.5	109.9	–	–	–
Leverage					
Net debt/EBITDA (x)	0.32	0.12	net cash	net cash	net cash
Net debt/equity (%)	15.5	6.1	net cash	net cash	net cash
Per share					
Reported EPS (KRW)	28,769	62,368	341,385	458,713	595,907
Norm EPS (KRW)	28,769	62,368	341,385	458,713	595,907
FD norm EPS (KRW)	27,062	58,710	329,849	443,211	595,907
BVPS (KRW)	107,339	175,230	505,848	809,236	1,945,485
DPS (KRW)	2,210	3,000	10,320	20,971	2,108
Activity (days)					
Days receivable	54.1	58.6	41.9	50.4	49.7
Days inventory	142.3	131.0	171.4	160.8	105.1
Days payable	21.9	24.3	27.9	29.5	25.4
Cash cycle	174.5	165.3	185.4	181.8	129.4

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 KRW4,000,000 is derived by applying a target P/B of 6.0x to 12MF BVPS of KRW673,248. Our target multiple reflects increased conviction for transition into longer-term cash flow scheme based on memory LTAs. The benchmark index for this stock is the KOSPI 200.

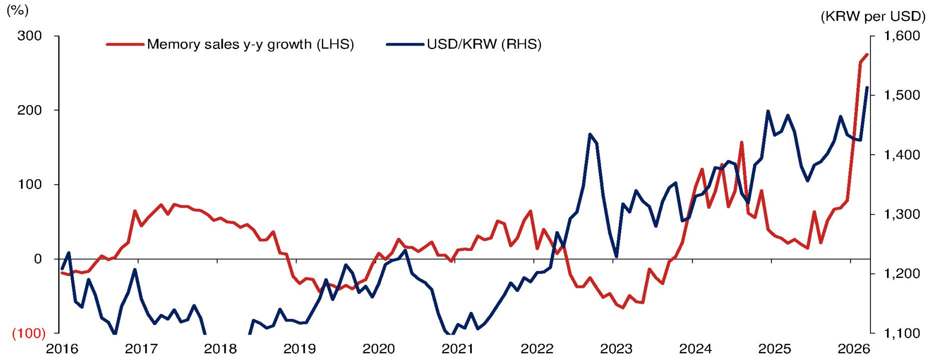
Risks that may impede the achievement of the target price

Downside risk includes potential US tariffs on semiconductor products, delay in data center construction due to power supply shortage, and slowdown in AI capex under a higher interest rate environment.

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.

Fig. 48: Global memory sales growth vs. USD/KRW over the past 10 years



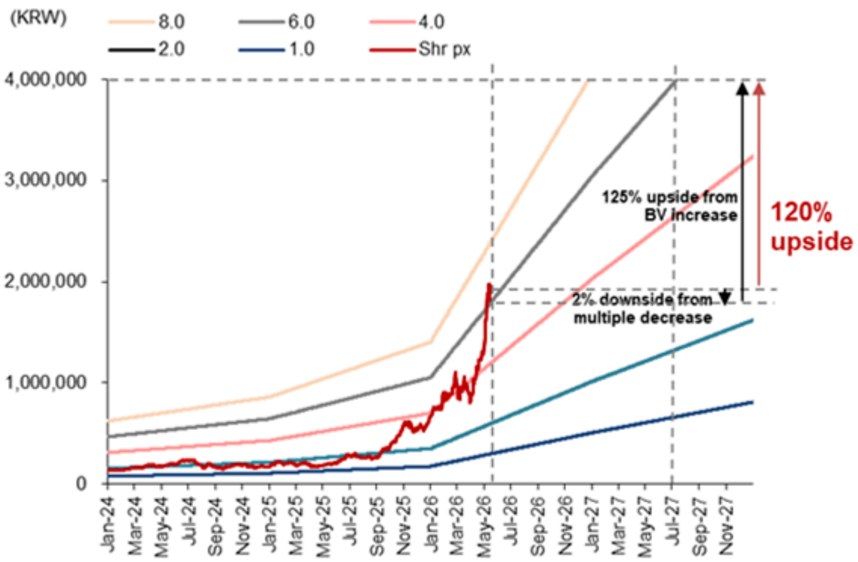
Source: WSTS, Quantiwise, Nomura research

Fig. 49: Hynix – revisions to our earnings forecasts

(K-IFRS consolidated)	2026F				2027F				2028F			
Unit: KRWbn, %	Old	New	Diff. %	% y-y	Old	New	Diff. %	% y-y	Old	New	Diff. %	% y-y
Sales	**357,774**	**359,989**	**0.6%**	**270.6%**	**491,909**	**506,560**	**3.0%**	**40.7%**	**602,521**	**643,715**	**6.8%**	**27.1%**
Sales - DRAM	257,622	259,279	0.6%	243.6%	345,117	359,768	4.2%	38.8%	405,408	446,145	10.0%	24.0%
Sales - NAND	98,576	99,134	0.6%	396.6%	145,295	145,295	0.0%	46.6%	195,691	196,148	0.2%	35.0%
Sales - Other	1,576	1,576	0.0%	-8.1%	1,497	1,497	0.0%	-5.0%	1,422	1,422	0.0%	-5.0%
Operating Profit	**279,548**	**281,249**	**0.6%**	**495.8%**	**378,862**	**393,513**	**3.9%**	**39.9%**	**438,954**	**479,761**	**9.3%**	**21.9%**
OP - DRAM	209,824	211,154	0.6%	361.9%	273,238	287,889	5.4%	36.3%	304,146	344,647	13.3%	19.7%
OP - NAND	70,413	70,784	0.5%	3297.5%	106,372	106,372	0.0%	50.3%	135,021	135,328	0.2%	27.2%
% OPM	**78%**	**78%**	**0.0%p**	**29.5%p**	**77%**	**78%**	**0.7%p**	**-0.4%p**	**73%**	**75%**	**1.7%p**	**-3.2%p**
% OPM - DRAM	81%	81%	0.0%p	20.9%p	79%	80%	0.8%p	-1.4%p	75%	77%	2.2%p	-2.8%p
% OPM - NAND	71%	71%	0.0%p	61.0%p	73%	73%	0.0%p	1.8%p	69%	69%	0.0%p	-4.2%p
Net Profit	**234,239**	**235,084**	**0.4%**	**447.4%**	**304,157**	**315,878**	**3.9%**	**34.4%**	**352,286**	**384,943**	**9.3%**	**21.9%**
DRAM bit shipment (1Gb eq., mn)	13,934	13,934	0.0%	25.0%	18,551	18,551	0.0%	33.1%	23,189	23,189	0.0%	25.0%
% y-y	25%	25%	0.0%p		33%	33%	0.0%p		25%	25%	0.0%p	
DRAM ASP (1Gb eq., USD)	13.00	12.98	-0.1%	172.9%	14.15	14.75	4.2%	13.6%	14.07	15.45	9.8%	4.8%
% y-y	173%	173%	-0.4%p		9%	14%	4.8%p		-1%	5%	5.3%p	
DRAM Cost (1Gb eq., USD)	2.41	2.41	-0.1%	28.5%	2.95	2.95	0.0%	22.3%	3.51	3.52	0.0%	19.3%
% y-y	29%	28%	-0.1%p		22%	22%	0.1%p		19%	19%	0.0%p	
NAND bit shipment (8Gb eq., mn)	35,200	35,200	0.0%	29.9%	45,993	45,993	0.0%	30.7%	69,907	69,907	0.0%	52.0%
% y-y	30%	30%	0.0%p		31%	31%	0.0%p		52%	52%	0.0%p	
NAND ASP (8Gb eq., USD cents)	196.87	196.43	-0.2%	279.4%	240.24	240.24	0.0%	22.3%	225.30	225.37	0.0%	-6.2%
% y-y	280%	279%	-0.8%p		22%	22%	0.3%p		-6%	-6%	0.0%p	
NAND Cost (8Gb eq., USD cents)	56.25	56.18	-0.1%	21.2%	64.36	64.36	0.0%	14.6%	69.85	69.88	0.0%	8.6%
% y-y	21%	21%	-0.2%p		14%	15%	0.1%p		9%	9%	0.1%p	
KRW:USD1	1,423	1,434	0.8%	0.7%	1,315	1,315	0.0%	-8.3%	1,243	1,245	0.2%	-5.3%

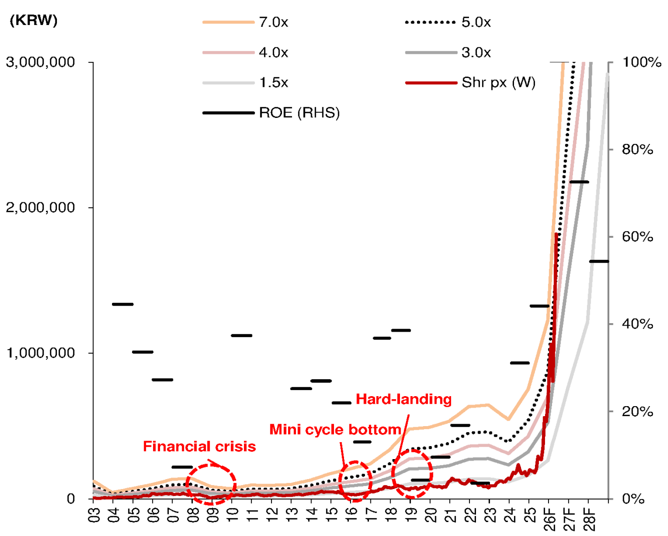
Sources: Nomura estimates

Fig. 50: Hynix - trailing P/B band: upside from BV increase



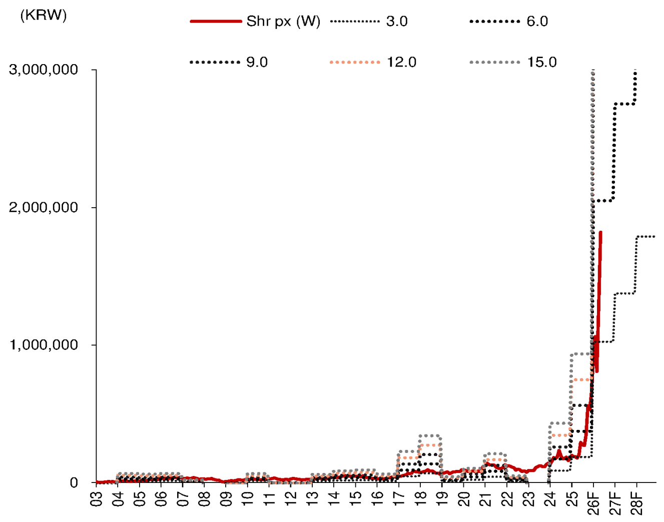
Source: Quantiwise, Nomura estimates

Fig. 51: Hynix – trailing P/B vs ROE



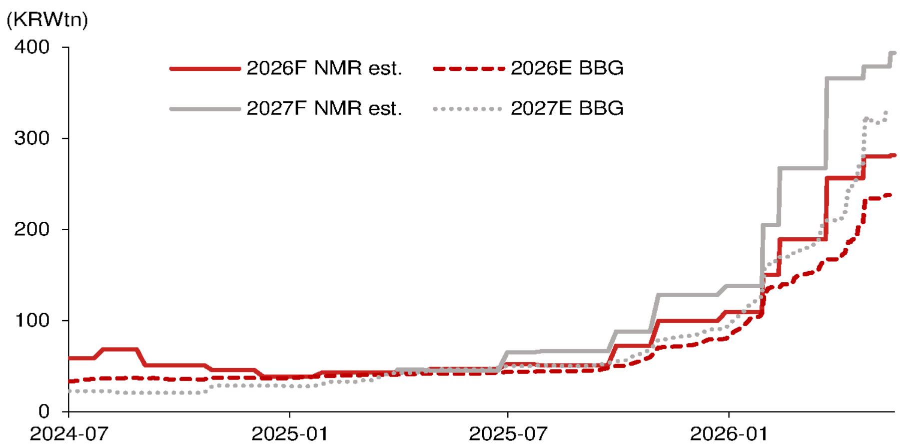
Sources: Bloomberg Finance L.P., Quantiwise, Nomura estimates

Fig. 52: Hynix – P/E vs share price



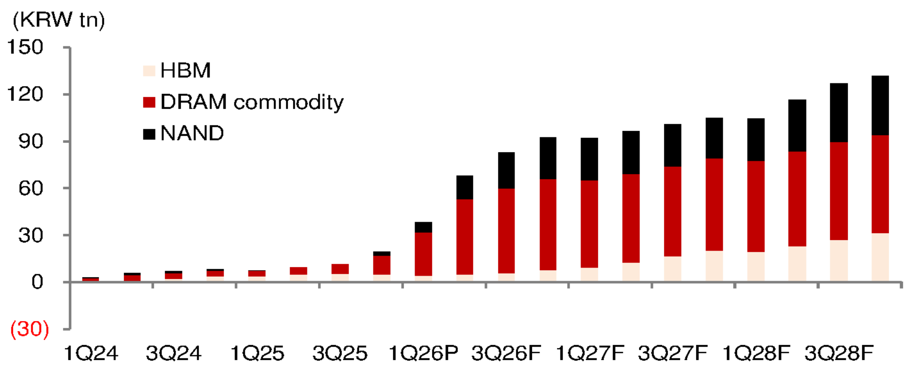
Source: Bloomberg Finance L.P., Quantiwise, Nomura estimates

Fig. 53: Hynix – 2026F/2027F OP consensus vs Nomura estimates



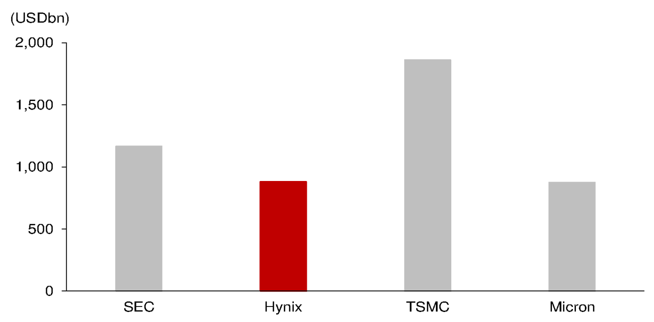
Source: Bloomberg Finance L.P., Nomura estimates

Fig. 54: Hynix - OP trend by product



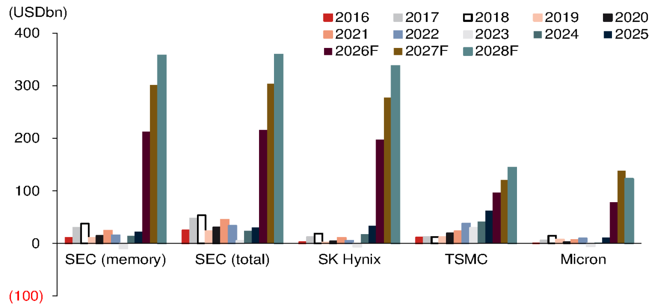
Source: Company data, Nomura estimates

Fig. 55: Market cap comparison – Hynix vs. peers



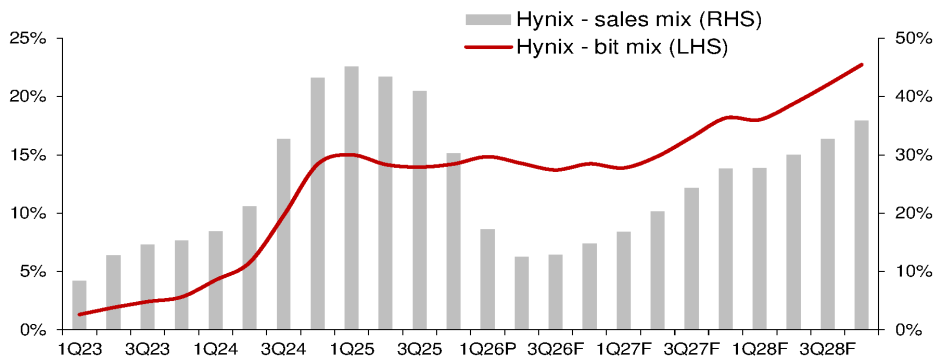
Note: Market cap as of 23 April 2026; SEC market cap includes both common and preferred shares.
Source: Bloomberg Finance L.P., Nomura research

Fig. 56: OP comparison – Hynix vs. peers



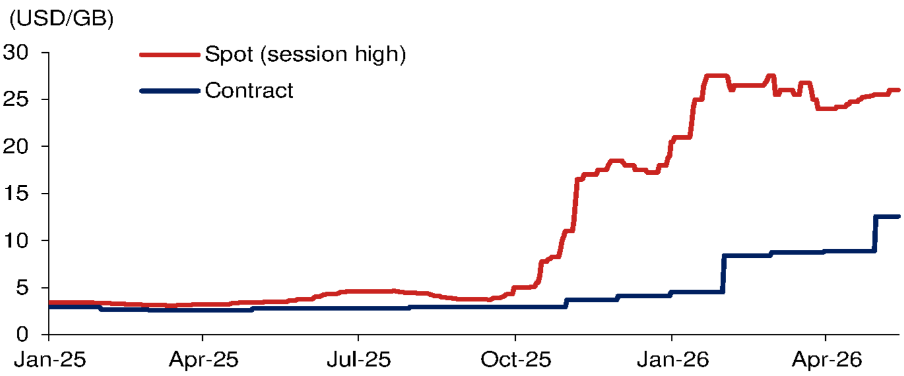
Note: Bloomberg consensus estimates for Micron
Source: Company data, Bloomberg Finance L.P., Nomura estimates.

Fig. 57: Hynix – HBM bit, sales mix in DRAM



Source: Company data, Nomura estimates

Fig. 58: DDR5 16Gb spot price vs contract price



Note: Converted DDR5 16Gb (2Gx8) 4800/5600 spot price and DDR5 16GB U-DIMM contract price into USD/GB unit.
Source: DrameXchange, Nomura research

Fig. 59: DRAM/NAND ASP forecast revisions

	1Q25	2Q25	3Q25	4Q25	1Q26P	2Q26F	3Q26F	4Q26F	1Q27F	2Q27F	3Q27F	4Q27F	2025	2026F	2027F	2028F
New forecasts																
DRAM blended ASP (USD/GB)	4.3	4.4	4.6	5.7	9.3	13.4	14.2	14.5	14.4	14.6	14.9	15.1	4.8	13.1	14.8	15.5
q-q (%)	*0%*	*2%*	*4%*	*24%*	*65%*	*44%*	*6%*	*2%*	*-1%*	*2%*	*2%*	*1%*				
y-y (%)	*49%*	*32%*	*19%*	*33%*	*118%*	*208%*	*212%*	*156%*	*54%*	*9%*	*5%*	*4%*	*32%*	*175%*	*13%*	*5%*
Commodity ASP	2.8	2.9	3.1	4.6	9.1	13.7	14.3	14.4	13.9	13.7	13.5	13.4	3.4	13.1	13.6	13.2
q-q (%)	*-2%*	*4%*	*9%*	*47%*	*97%*	*51%*	*5%*	*1%*	*-4%*	*-1%*	*-1%*	*-1%*				
y-y (%)	*11%*	*4%*	*10%*	*63%*	*229%*	*377%*	*359%*	*213%*	*53%*	*0%*	*-6%*	*-7%*	*24%*	*285%*	*4%*	*-3%*
HBM ASP	12.9	13.4	13.4	12.0	10.8	11.8	13.3	15.1	17.3	19.9	21.9	23.0	12.9	12.9	20.9	24.1
q-q (%)	*-1%*	*4%*	*0%*	*-10%*	*-10%*	*9%*	*13%*	*13%*	*15%*	*15%*	*10%*	*5%*				
y-y (%)	*13%*	*10%*	*5%*	*-7%*	*-16%*	*-12%*	*0%*	*25%*	*60%*	*69%*	*64%*	*53%*	*2%*	*0%*	*62%*	*15%*
NAND ASP (US cents/GB)	6.1	5.5	6.1	8.0	13.9	22.9	28.6	30.0	30.0	30.0	30.0	30.0	6.5	24.6	30.0	28.2
q-q (%)	*-20%*	*-10%*	*11%*	*32%*	*73%*	*65%*	*25%*	*5%*	*0%*	*0%*	*0%*	*0%*				
y-y (%)	*3%*	*-20%*	*-22%*	*6%*	*129%*	*318%*	*371%*	*275%*	*117%*	*31%*	*5%*	*0%*	*-7%*	*279%*	*22%*	*-6%*
Old forecasts																
DRAM blended ASP (USD/GB)	4.3	4.4	4.6	5.7	9.3	13.4	14.2	14.5	14.2	14.2	14.2	14.1	4.8	13.1	14.2	14.1
q-q (%)	0%	2%	4%	24%	65%	44%	6%	2%	-2%	0%	0%	0%				
Commodity ASP	2.8	2.9	3.1	4.6	9.1	13.7	14.3	14.4	13.9	13.7	13.5	13.4	3.4	13.1	13.6	13.2
q-q (%)	-2%	4%	9%	47%	97%	51%	5%	1%	-4%	-1%	-1%	-1%				
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	12.9	17.1	17.4
q-q (%)	-1%	4%	0%	-10%	-10%	9%	13%	13%	8%	5%	2%	0%				
NAND ASP (US cents/GB)	6.1	5.5	6.1	8.0	13.9	22.9	28.6	30.0	30.0	30.0	30.0	30.0	6.5	24.6	30.0	28.2
q-q (%)	-20%	-10%	11%	32%	73%	65%	25%	5%	0%	0%	0%	0%				

Source: Company data, Nomura estimates

Fig. 60: Hynix—assumptions on DRAM (commodity, HBM), NAND ASP/cost/shipments

Total	2026F Old	2026F New	2027F Old	2027F New
OP (KRW tn)	**280**	**281**	**379**	**394**
y-y	492%	496%	36%	40%
DRAM	210	211	273	288
NAND	70	71	106	106
Others	-1	-1	-1	-1
OPM	**78%**	**78%**	**77%**	**78%**
DRAM	81%	81%	79%	80%
Commodity	84%	84%	82%	82%
HBM	63%	63%	66%	72%
NAND	71%	71%	73%	73%
DRAM OP (KRW tn)	**210**	**211**	**273**	**288**
Commodity	188	189	230	230
HBM	23	23	44	59
DRAM OPM	**81%**	**81%**	**79%**	**80%**
Commodity	84%	84%	82%	82%
HBM	63%	63%	66%	72%
DRAM OP mix (%)				
Commodity	90	90	84	80
HBM	11	11	16	20
ASP y-y	**175%**	**175%**	**9%**	**13%**
Commodity	285%	285%	4%	4%
HBM	0%	0%	33%	62%
Cost y-y				
Commodity	40%	40%	19%	19%
HBM	8%	8%	22%	22%
Bit shipment y-y	**25%**	**25%**	**33%**	**33%**
Commodity	25%	25%	30%	30%
HBM	24%	24%	50%	50%
Bit mix (%)				
Commodity	86%	86%	84%	84%
HBM	14%	14%	16%	16%
NAND OP (KRW tn)	**70**	**71**	**106**	**106**
OPM	71%	71%	73%	73%
ASP y-y	280%	279%	22%	22%
Cost y-y	21%	21%	14%	15%
Bit shipment y-y	30%	30%	31%	31%
KRW/USD	1,423	1,434	1,315	1,315

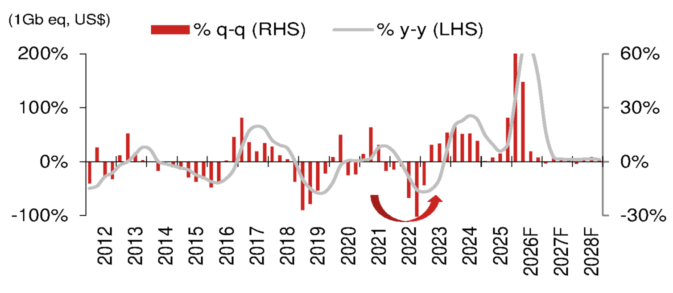
Source: Company data, Nomura estimates

Fig. 61: Hynix – quarterly earnings forecasts

K-IFRS, KRWbn	2025 Total	1Q	2QF	3QF	4QF	2026F Total	1QF	2QF	3QF	4QF	2027F Total	2028F Total
Sales	**97,147**	**53,478**	**86,438**	**103,760**	**116,313**	**359,989**	**117,309**	**123,465**	**129,789**	**135,997**	**506,560**	**643,715**
DRAM	75,470	41,458	64,660	72,623	80,538	259,279	80,617	86,086	92,773	100,292	359,768	446,145
Flash	19,961	11,544	21,358	30,707	35,525	99,134	36,240	36,979	36,607	35,468	145,295	196,148
Others	1,716	476	420	430	250	1,576	452	399	409	238	1,497	1,422
Cost of Goods Sold	38,456	11,147	13,643	15,695	17,865	58,351	20,161	21,483	22,938	24,370	88,952	135,701
Gross Profit	58,691	42,331	72,795	88,064	98,448	301,638	97,148	101,982	106,851	111,627	417,608	508,014
SG&A	11,484	4,069	4,820	5,500	6,000	20,389	5,086	5,784	6,325	6,900	24,095	28,253
Other operating gain(loss)	0	0	0	0	0	0	0	0	0	0	0	0
Operating Profit	**47,206**	**38,262**	**67,975**	**82,564**	**92,448**	**281,249**	**92,062**	**96,198**	**100,526**	**104,727**	**393,513**	**479,761**
DRAM	45,719	32,119	53,225	59,850	65,960	211,154	65,312	69,154	74,070	79,353	287,889	344,647
Flash	2,083	6,323	14,918	22,929	26,613	70,784	26,976	27,243	26,660	25,493	106,372	135,328
Others	-596	-181	-168	-215	-125	-689	-226	-200	-204	-119	-749	-213
Non-Operating Profit (Loss)	1,192	12,440	102	100	234	12,875	236	269	328	502	1,334	1,417
Net interest income	-429	30	60	120	140	350	200	240	300	400	1,140	1,140
FX transaction & translation Gain, net	-448	1,570	17	-45	-46	1,495	-24	-36	-37	-38	-136	-53
Equity Method and capital gain	-565	9,940	0	0	40	9,980	40	40	40	40	160	160
Pre-Tax Profit	**50,466**	**50,702**	**68,077**	**82,664**	**92,681**	**294,124**	**92,297**	**96,466**	**100,854**	**105,229**	**394,847**	**481,178**
Tax	-6,372	-10,356	-13,615	-16,533	-18,536	-59,040	-18,459	-19,293	-20,171	-21,046	-78,969	-96,236
Net Profit	**42,948**	**40,346**	**54,461**	**66,131**	**74,145**	**235,084**	**73,838**	**77,173**	**80,683**	**84,184**	**315,878**	**384,943**
EBITDA	61,136	41,991	71,905	86,833	97,087	297,816	97,053	101,620	106,406	111,091	416,170	513,514
Depreciation & Amortization	13,930	3,729	3,930	4,269	4,639	16,567	4,991	5,422	5,880	6,364	22,657	33,753
OP Margin	49%	72%	79%	80%	79%	78%	78%	78%	77%	77%	78%	75%
EBITDA Margin	63%	79%	83%	84%	83%	83%	83%	82%	82%	82%	82%	80%
Net Profit Margin	44%	75%	63%	64%	64%	65%	63%	63%	62%	62%	62%	60%
EPS(Anualized)	443,211	234,359	316,351	384,140	430,690	595,907	457,216	477,868	499,603	521,278	0	0
BPS	175,230	232,998	311,711	407,371	505,848	505,848	603,662	673,248	748,268	809,236	809,236	1,384,173
ROE	44%	115%	116%	107%	94%	100%	80%	75%	70%	67%	73%	54%
Share price (Period-end)	651,000	807,000	807,000	807,000	807,000	807,000	807,000	807,000	807,000	807,000	807,000	807,000
PBR (12M FWD)	3.7	3.5	2.6	2.0	1.6	1.6	1.3	1.2	1.1	1.0	1.0	0.6
PER (12M FWD)	14.9	1.8	1.7	1.6	1.5	18.5	-	-	-	-	18.5	18.5
DRAM sales (KRW, bn)	**75,470**	**41,458**	**64,660**	**72,623**	**80,538**	**259,279**	**80,617**	**86,086**	**92,773**	**100,292**	**359,768**	**446,145**
% q-q	0%	64%	56%	12%	11%	0%	0%	7%	8%	8%	0%	0%
% y-y	66%	197%	279%	280%	218%	244%	94%	33%	28%	25%	39%	24%
Shipment (8Gb eq, mn)	**11,150**	**3,016**	**3,295**	**3,601**	**4,022**	**13,934**	**4,125**	**4,424**	**4,782**	**5,219**	**18,551**	**23,189**
% q-q		-2%	9%	9%	12%		3%	7%	8%	9%		
% y-y	21%	34%	18%	19%	30%	25%	37%	34%	33%	30%	33%	25%
ASP (8Gb eq, US$)	**4.8**	**9.3**	**13.4**	**14.2**	**14.5**	**13.0**	**14.4**	**14.6**	**14.9**	**15.1**	**14.7**	**15.5**
% q-q		65%	44%	6%	2%		-1%	2%	2%	1%		
% y-y	32%	118%	208%	212%	156%	173%	54%	9%	5%	4%	14%	5%
Cost (8Gb eq, US$)	**1.9**	**2.1**	**2.4**	**2.5**	**2.6**	**2.4**	**2.7**	**2.9**	**3.0**	**3.2**	**2.9**	**3.5**
% q-q		14%	13%	5%	5%		4%	5%	5%	5%		
% y-y	-4%	6%	24%	39%	43%	28%	30%	21%	20%	20%	22%	19%
DRAM OP (KRW, bn)	**45,719**	**32,119**	**53,225**	**59,850**	**65,960**	**211,154**	**65,312**	**69,154**	**74,070**	**79,353**	**287,889**	**344,647**
OP margin	61%	77%	82%	82%	82%	81%	81%	80%	80%	79%	80%	77%
Flash sales (KRW, bn)	**19,961**	**11,544**	**21,358**	**30,707**	**35,525**	**99,134**	**36,240**	**36,979**	**36,607**	**35,468**	**145,295**	**196,148**
% q-q		58%	85%	44%	16%		2%	2%	-1%	-3%		
% y-y	5%	268%	358%	533%	386%	397%	214%	73%	19%	0%	47%	35%
Shipment (8GB eq, mn)	**27,092**	**7,052**	**7,989**	**9,447**	**10,711**	**35,200**	**11,087**	**11,569**	**11,717**	**11,620**	**45,993**	**69,907**
% q-q		-10%	13%	18%	13%		4%	4%	1%	-1%		
% y-y	9%	58%	5%	31%	36%	30%	57%	45%	24%	8%	31%	52%
ASP (8GB eq, US cents)	**51.8**	**111.0**	**183.1**	**228.9**	**240.3**	**196.4**	**240.3**	**240.3**	**240.3**	**240.3**	**240.2**	**225.4**
% q-q		73%	65%	25%	5%		0%	0%	0%	0%		
% y-y	-7%	129%	318%	371%	275%	279%	117%	31%	5%	0%	22%	-6%
Cost (8GB eq, US cents)	**46.4**	**50.2**	**55.2**	**58.0**	**60.3**	**56.2**	**61.4**	**63.3**	**65.3**	**67.6**	**64.4**	**69.9**
% q-q		14%	10%	5%	4%		2%	3%	3%	3%		
% y-y	0%	5%	20%	19%	36%	21%	22%	15%	13%	12%	15%	9%
Flash OP (KRW, bn)	**2,083**	**6,323**	**14,918**	**22,929**	**26,613**	**70,784**	**26,976**	**27,243**	**26,660**	**25,493**	**106,372**	**135,328**
OP margin	10%	55%	70%	75%	75%	71%	74%	74%	73%	72%	73%	69%

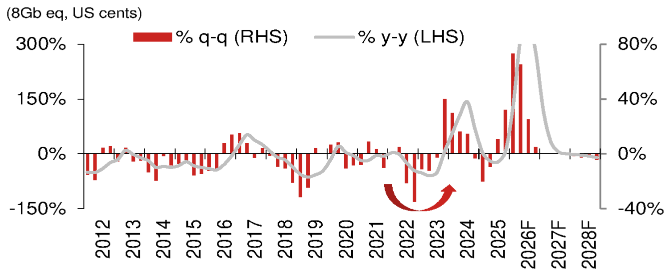
Sources: Company data, Nomura estimates

Fig. 62: Hynix – DRAM ASP change (q-q %, y-y %)



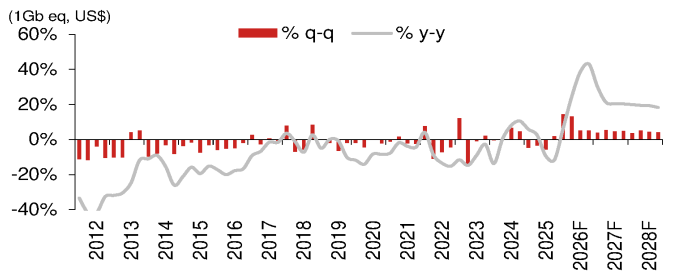
Sources: Company data, Nomura estimates

Fig. 63: Hynix – NAND ASP change (q-q %, y-y %)



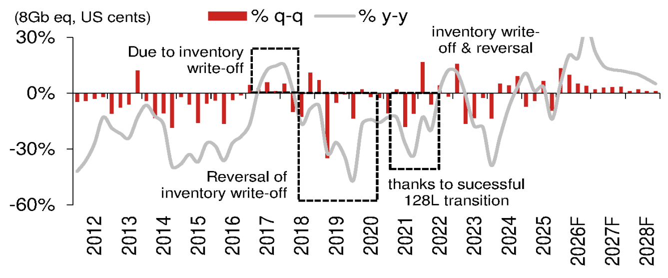
Sources: Company data, Nomura estimates

Fig. 64: Hynix – DRAM cost trend (q-q %, y-y %)



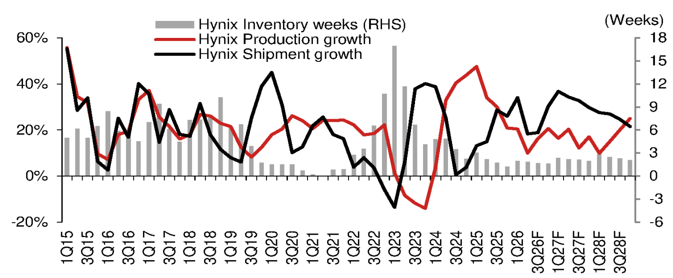
Source: Company data, Nomura estimates

Fig. 65: Hynix – NAND cost trend (q-q %, y-y %)



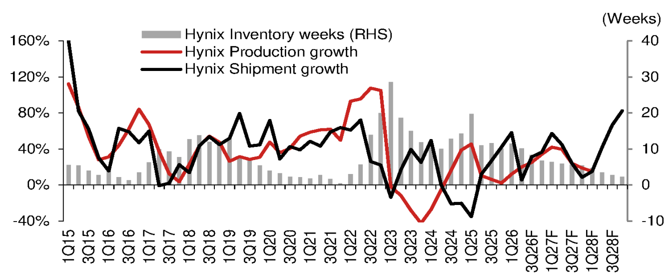
Source: Company data, Nomura estimates

Fig. 66: Hynix – DRAM production and shipments growth and inventory



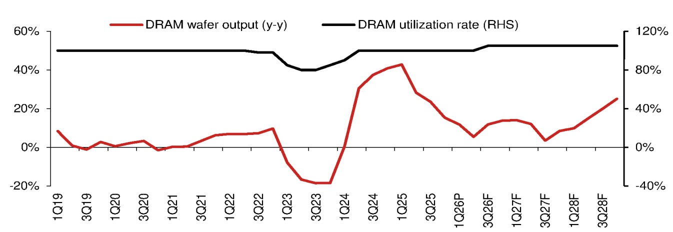
Source: Company data, Nomura estimates

Fig. 67: Hynix – NAND production and shipments growth and inventory



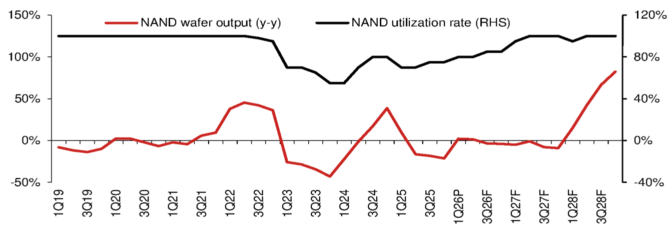
Source: Company data, Nomura estimates

Fig. 68: Hynix – DRAM wafer output and utilization



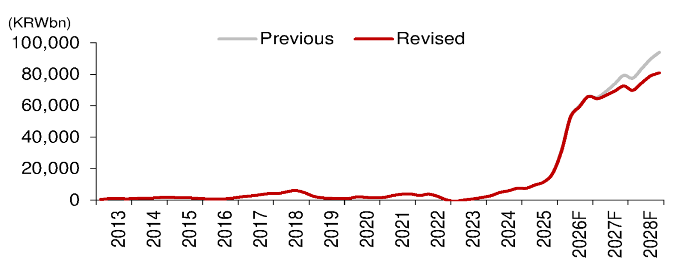
Source: Company data, Nomura estimates

Fig. 69: Hynix – NAND wafer output and utilization



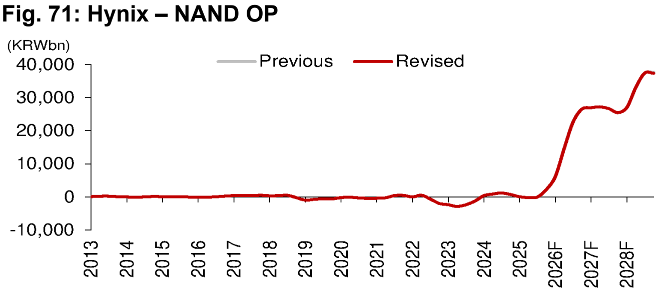
Source: Company data, Nomura estimates

Fig. 70: Hynix – DRAM OP



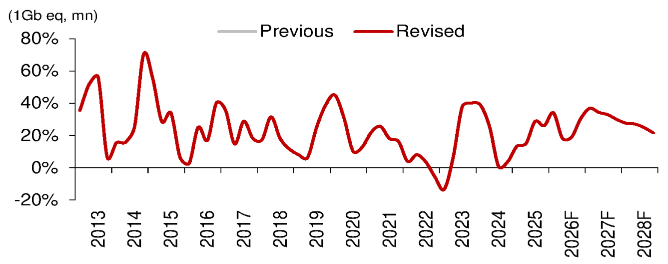
Source: Company data, Nomura estimates

Fig. 71: Hynix – NAND OP



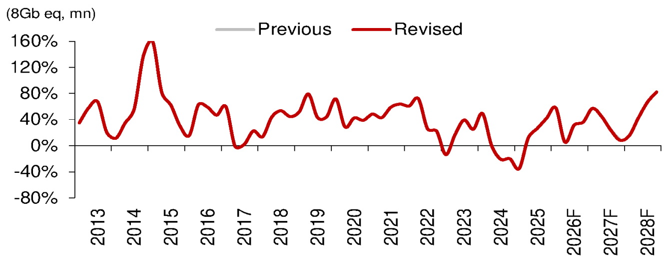
Source: Company data, Nomura estimates

Fig. 72: Hynix – DRAM bit growth (y-y, %)



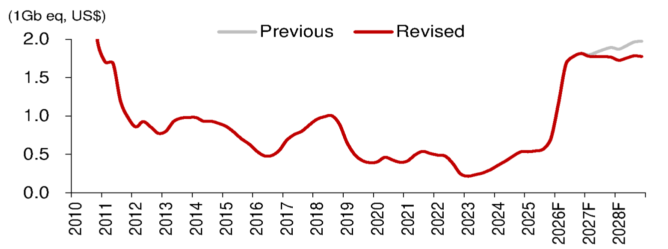
Sources: Company data, Nomura estimates

Fig. 73: Hynix – NAND bit growth (y-y, %)



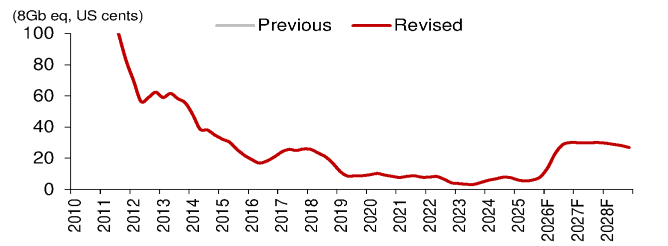
Sources: Company data, Nomura estimates

Fig. 74: Hynix – DRAM ASP forecasts



Sources: Company data, Nomura estimates

Fig. 75: Hynix – NAND ASP forecasts



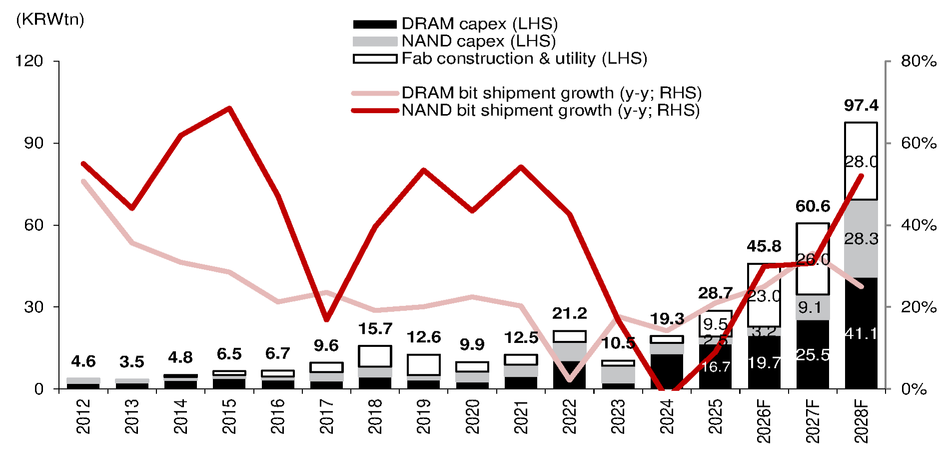
Sources: Company data, Nomura estimates

Fig. 76: Estimated token consumption by prompt cases

		Estimated token consumption per case							
	Main hardware	Simultaneous interpretation	Simple question	Structured cosntraint	Style expansion	RAG question	Image generation	Agent AI (report + model)	1-hour video generation
User's prompt input	CPU + DRAM	(instant translation)	"How's the weather today?"	"How's the weather toady? Please answer in 5 words or less"	"How's the weather today? Please answer like a poet."	"Explain about reasons behind national debt increase"	"Please describe today's weather in an abstract painting."	"Make earnings models and company note based on the model"	"Make a 1-hour video describing recent weather"
Scheduling	CPU + DRAM								
Input token	GPU + HBM	10	10	20	25	40	20	500	10
RAG	CPU + DRAM	-	-	-	-	5,000	-	20,000	-
Output token generation	GPU + HBM/ LPU	30	20	5	100	1,000	10,000	10,000	100,000,000

Source: Nomura estimates

Fig. 77: Hynix – capex and memory bit shipments outlook



Sources: Company data, Nomura estimates

Fig. 78: Hynix – FCF/EV, FCF/MC analysis

(W bn)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026F	2027F	2028F
Operating cash flow	**14,691**	**22,227**	**6,550**	**12,315**	**19,798**	**14,781**	**4,278**	**29,796**	**53,373**	**184,788**	**331,930**	**394,188**
NP	10,642	15,540	2,009	4,759	9,616	2,242	-9,138	19,797	42,948	235,084	315,878	384,943
Dep	5,026	6,428	8,620	9,772	10,657	14,151	13,674	12,582	13,930	16,567	22,657	33,753
working capital change	-3,190	-1,997	270	-1,650	-3,018	-2,690	794	-5,600	-2,881	-69,263	-6,105	-24,008
Investment Cash Flow	**-11,919**	**-21,429**	**-10,451**	**-11,840**	**-22,392**	**-17,884**	**-7,335**	**-18,005**	**-48,054**	**-43,003**	**-62,343**	**-97,411**
Capex	-9,128	-16,036	-13,920	-10,069	-12,487	-19,010	-8,325	-15,946	-27,519	-42,657	-61,000	-96,000
Others	-2,791	-5,393	3,469	-1,772	-9,906	1,127	990	-2,059	-20,535	-346	-1,343	-1,411
Free Cash Flow	**5,562**	**6,191**	**-7,371**	**2,246**	**7,311**	**-4,230**	**-4,047**	**13,850**	**25,854**	**142,131**	**270,930**	**298,188**
Share holder return (cashflow basis)	**424**	**2,443**	**1,412**	**1,000**	**1,311**	**1,973**	**1,002**	**934**	**12,927**	**71,066**	**135,465**	**149,094**
% of previous year's free cashflow	8%	39%	-19%	45%	18%	-47%	-25%	7%	50%	50%	50%	50%
sharebuy back	0.0	1,736.5	385.8	315.7	506.4	291.7	176.2	108.0	10,861.3	63,959.1	121,918.3	148,124.8
cash dividend	424	706	1,026	684	805	1,681	826	826	2,066	7,107	13,546	969
Net Cash	3,454	3,096	-6,529	-6,304	-7,041	-16,884	-20,548	-8,528	12,694	156,560	361,219	657,026
Share price	76,500	60,500	94,100	118,500	131,000	75,000	141,500	173,900	651,000	1,819,000	1,819,000	1,819,000
outstanding shares ex T.S.	706	684	684	684	688	688	688	689	689	689	646	646
common	706	684	684	684	688	688	688	689	689	689	646	646
preferred	0	0	0	0	0	0	0	0	0	0	0	0
Market cap exc. Treasury shares	54,009	41,382	64,364	81,054	90,078	51,574	97,372	119,751	448,290	1,252,595	1,175,034	1,175,034
EV	50,555	38,286	70,894	87,358	97,119	68,458	117,920	128,278	435,595	1,096,035	813,815	518,007
Free cash / EV	**11.0%**	**16.2%**	**-10.4%**	**2.6%**	**7.5%**	**-6.2%**	**-3.4%**	**10.8%**	**5.9%**	**13.0%**	**33.3%**	**57.6%**
Free cash / MC	**10.3%**	**15.0%**	**-11.5%**	**2.8%**	**8.1%**	**-8.2%**	**-4.2%**	**11.6%**	**5.8%**	**11.3%**	**23.1%**	**25.4%**

Note: 2016-2025 share prices are as of year-end; 2026-28F share prices are as of 15 May 2026.
Sources: Company data, Nomura estimates

Appendix A-1

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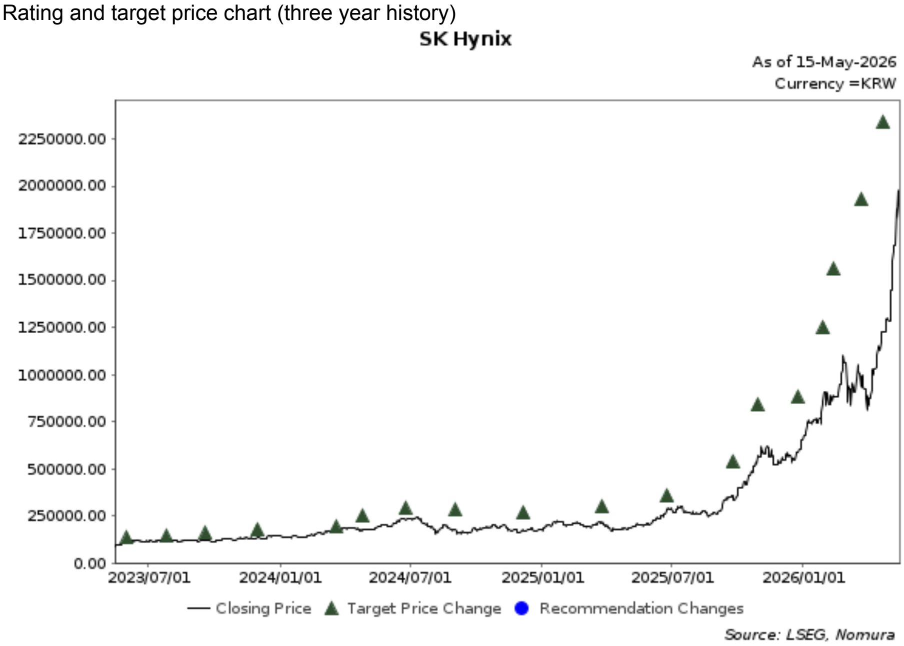
Issuer	Ticker	Price	Price date	Stock rating	Sector rating	Disclosures
SK Hynix	000660 KS	KRW 1819000	15-May-2026	Buy	N/A	
Samsung Electronics	005930 KS	KRW 270500	15-May-2026	Buy	N/A	
Taiwan Semiconductor Manufacturing Corp	2330 TT	TWD 2,265.00	15-May-2026	Buy	N/A	

SK Hynix (000660 KS) **KRW 1819000 (15-May-2026)** Buy (Sector rating: N/A)

Rating and target price chart (three year history)



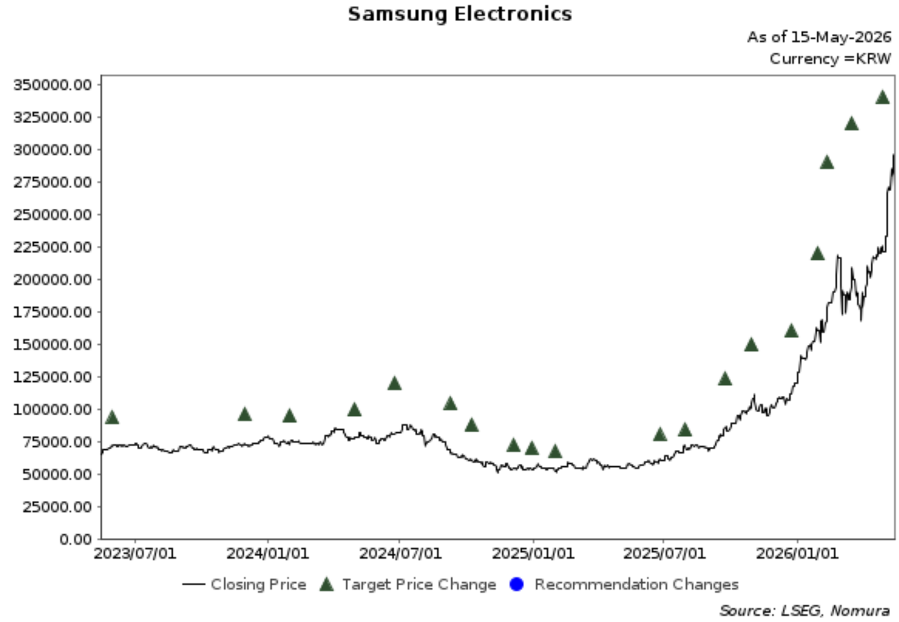
Date	Rating	Target price	Closing price
23-Apr-26		2,340,000.00	1,225,000.00
23-Mar-26		1,930,000.00	933,000.00
12-Feb-26		1,560,000.00	888,000.00
29-Jan-26		1,250,000.00	861,000.00
24-Dec-25		880,000.00	588,000.00
29-Oct-25		840,000.00	558,000.00
24-Sep-25		540,000.00	357,500.00
25-Jun-25		360,000.00	286,000.00
26-Mar-25		300,000.00	214,000.00
06-Dec-24		270,000.00	167,100.00
02-Sep-24		280,000.00	174,000.00
24-Jun-24		290,000.00	223,000.00
25-Apr-24		250,000.00	170,600.00
19-Mar-24		190,000.00	160,200.00
30-Nov-23		180,000.00	133,900.00
19-Sep-23		158,000.00	119,200.00
26-Jul-23		140,000.00	113,000.00
01-Jun-23		133,000.00	110,300.00

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

Valuation Methodology Our 12-month target price of KRW4,000,000 is derived by applying a target P/B of 6.0x to 12MF BVPS of KRW673,248. Our target multiple reflects increased conviction for transition into longer-term cash flow scheme based on memory LTAs. The benchmark index for this stock is the KOSPI 200.
Risks that may impede the achievement of the target price Downside risk includes potential US tariffs on semiconductor products, delay in data center construction due to power supply shortage, and slowdown in AI capex under a higher interest rate environment.

Samsung Electronics (005930 KS) **KRW 270500 (15-May-2026)** Buy (Sector rating: N/A)

Rating and target price chart (three year history)



Date	Rating	Target price	Closing price
30-Apr-26		340,000.00	220,500.00
17-Mar-26		320,000.00	193,900.00
12-Feb-26		290,000.00	178,600.00
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

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

Valuation Methodology Our 12-month TP of KRW590,000 is derived by applying a target P/B of 5.0x to 12MF BVPS of KRW117,669. The target multiple reflects increased confidence in transition into long-term cashflow structure that could be generated by memory LTAs. The benchmark index for the stock is the KOSPI 200.
Risks that may impede the achievement of the target price Downside risk includes potential US tariffs on semiconductor products, delay in data center construction due to power supply shortage, and slowdown in AI capex under a higher interest rate environment.

Taiwan Semiconductor Manufacturing Corp (2330 TT) **TWD 2,265.00 (15-May-2026)** Buy (Sector rating: N/A)

Rating and target price chart (three year history)

Date	Rating	Target price	Closing price
16-Apr-26		2,820.00	2,085.00
09-Apr-26		2,735.00	1,955.00
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

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

Valuation Methodology Our TP of TWD2,820 is based on 25x 2026-27F average 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.

Rating and target price changes

Issuer	Ticker	Old Stock Rating	New Stock Rating	Old Target Price	New Target Price
SK Hynix	000660 KS	Buy	Buy	KRW 2340000	KRW 4000000
Samsung Electronics	005930 KS	Buy	Buy	KRW 340000	KRW 590000

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