

Asia Memory

Cash dividend not good? Improvement in total shareholder return is on track in Korea memory

- ◆ Returning 50% free cash flow to shareholders looks positive, especially Hynix with upside, but market overly disappointed
- ◆ Focus on fundamentals; HBM4 shift and booming SO-CAMM
- ◆ SK Hynix our preferred pick, with outperformance in fundamentals on top of better shareholder return policy

Cash dividend bad?: While SK Hynix's share price was up 12% from 19 August, Samsung's (SEC) corrected 9% after its shareholder return announcement on 21 August. We see the pullback as improving the risk-reward and enhancing valuation support. Disappointment on Samsung stemmed from 1) no change to its shareholder return policy (50% of free cash flow) and 2) a return mix skewed toward cash dividends, but we think the market was over-thinking it (or buyback expectations were too high). TSR is still on track, and we reiterate Buys on Samsung (TP unchanged at KRW450k) and SK Hynix (TP unchanged at KRW3.7m) on improved visibility. ([Full-fledged shareholder returns just kicked off](#), 20 Aug). Regulation on separation of financial and industrial capital, whereby Samsung Life (032830 KP, KRW285k, Buy) and Samsung F&M (000810 KP, KRW648k, Buy) cannot exceed 10% ownership (currently 8.5% and 1.49%), likely incentivises SEC to lean toward dividends, alongside dividend income tax-saving considerations for major shareholders via maintaining a 25% payout ratio with a 10% annual raise. SK Hynix is emphasising buyback and cancellation to help SK Square (402340 KP, KRW1,060,000, Not rated) maintain a 20% shareholding under holding company regulation.

More progressive policy in total shareholder return (TSR): We expect TSR to improve for both. Samsung's TSR should reach 45% by 2028e (from 35% in 2025), while Hynix should reach 38% by 2028e (from 33% in 2025). SK Hynix's above 50% of FCF shareholder return policy provides upside optionality. Samsung may update its policy during the 4Q26 earnings announcement in January 2027, as the current framework expires by end 2026. We assume Samsung will pay cash dividends of KRW72trn plus additional buyback and cancellation of KRW21trn (excluding already cancelled KRW15trn) in 2026. On our assumptions, this implies KRW208trn in dividends and KRW130trn in cancellation during 2027-28e, suggesting it's too early to be disappointed. Samsung preferred shares also screen attractively on dividend yield versus common.

Focus on fundamental improvement: We highlight a positive memory outlook into 2H26-2027e despite peak-cycle concerns, as the upcycle is underwritten by more durable demand and a structurally improved earnings framework. 1) Multi-year LTAs are improving visibility and dampening boom-bust dynamics, 2) AI-driven hyperscaler capex remains on an upward path, and 3) the mix shift toward premium HBM and SO-CAMM2 supports ASPs and margin improvement.

SK Hynix our preferred Korean tech pick, supported by a more proactive shareholder return policy and stronger fundamentals from its lead in HBM and SO-CAMM. We expect outperformance in ASP and more durable profitability from a better mix and direct sensitivity to AI memory demand.

Equities Semiconductors & Equipment

Korea/US

Ricky Seo*

Head of Korea Research, Semiconductor and Display
The Hongkong and Shanghai Banking Corporation
Limited, Seoul Securities Branch
rickyjuilseo@kr.hsbc.com
+82 2 3706 8777

Han Kil Chang*

Research Analyst, Korea Technology
The Hongkong and Shanghai Banking Corporation
Limited, Seoul Securities Branch
han.kil.chang@kr.hsbc.com
+822 3706 8750

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This report must be read with the disclosures and the analyst certifications in the Disclosure appendix, and with the Disclaimer, which forms part of it.

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Exhibit 1. Key ratings, target prices and data points

Company	Ticker	CCY	CMP	TP	Rating	Upside	Mkt cap (USDbn)	3M ADTV (USDm)	2026e PE(x)	2027e PE(x)	2026e PB(x)	2027e PB(x)	2026e ROE	2027e ROE
SK Hynix	000660 KP	KRW	1,678,000	3,700,000	Buy	120.5%	886	7,981	5.0	3.6	3.5	1.9	98%	64%
Samsung Elec	005930 KP	KRW	257,000	450,000	Buy	75.1%	1,086	5,978	6.0	4.4	2.4	1.6	55%	51%

Source: Bloomberg, HSBC estimates. Priced at close of 25 Aug 2026.

Exhibit 2. Comparison of recent shareholder return policies announced

	Samsung electronics	SK Hynix
Preference	Cash dividends preferred as regulatory caps on affiliate shareholdings by Samsung Life and Samsung F&M make cancellation-driven stake creep a constrained tool	Buyback and cancellation preferred as the resulting share count reduction passively lifts SK Square's stake without additional capital outlay
Commitment	50% of FY24-26 cumulative FCF; return principle maintained	Raised FCF basis from "within 50%" to "50% or more" (Aug 2026)
Delivery	Regular KRW9.8trn/year kept during 2024-25 with special dividends, buyback and cancellation. Announced c.KRW30trn dividends for FY3Q26 with details announced by Oct 2026.	Moved beyond extra dividends into cancellation with KRW12.2trn (Feb 2026); also added additional KRW40trn (Aug 2026).
Funding	Large FCF pool expected; final size tied to FY26 results	Strong cash surge from AI driven memory supercycle

Source: Company data

Exhibit 3. Samsung electronics FCF and estimated shareholder return

(KRWtrn)	2024	2025	2026e	2027e	2028e	2024-26e Accumulated	2027-28e Accumulated
FCF	22	38	209	325	351	269	676
50% of FCF	11	19	105	162	175	134	338
Dividends paid	10	13	72	99	109	95	208
Payout ratio	28%	28%	25%	25%	28%	26%	27%
Share buyback and cancellation	0	3	36	64	66	40	130
% of FCF	45%	42%	52%	50%	50%	50%	50%
DPS (KRW) – adjusted*							
Ordinary shares	1,444	1,900	11,147	15,819	18,328		
Preferred shares	1,445	1,901	11,148	15,820	18,329		
Dividend yield – adjusted*							
Ordinary shares	3%	2%	4%	6%	7%		
Preferred shares	3%	2%	6%	8%	9%		

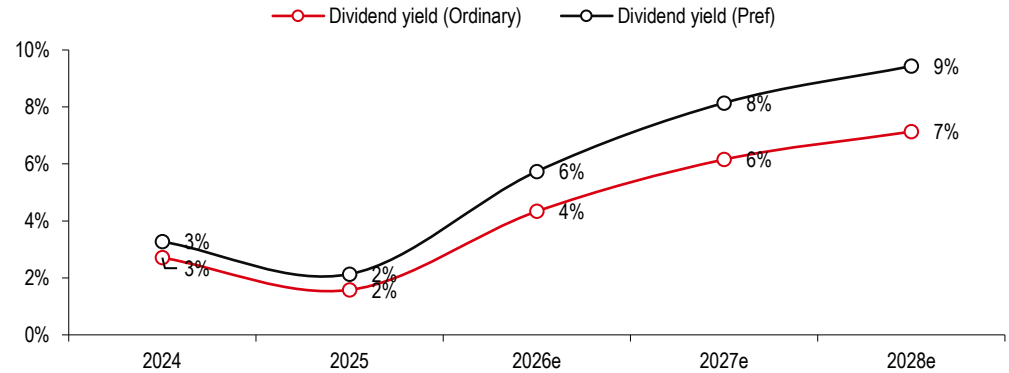
Source: Company data, HSBC estimates. Note: 2026/27/28e Dividend yield calculated based on end-share price of 25 Aug 2026, and also assuming that the company fulfills the estimated cancellation during 2026/27/28e which might lead to different figures from the F&V

Exhibit 4. Hynix FCF and estimated shareholder return

(KRWtrn)	2024	2025	2026e	2027e	2028e	2025-27e Accumulated
FCF	14	26	150	225	255	401
50% of FCF	7	13	75	113	128	200
Dividends paid	2	2	15	20	22	37
Payout ratio	8%	5%	6%	6%	6%	6%
Share buyback and cancellation	0	12	60	91	106	163
% of FCF	11%	55%	50%	49%	50%	50%
DPS (KRW) – adjusted	2,204	3,000	20,986	31,864	37,869	
Dividend yield - adjusted	3%	3%	1%	2%	2%	

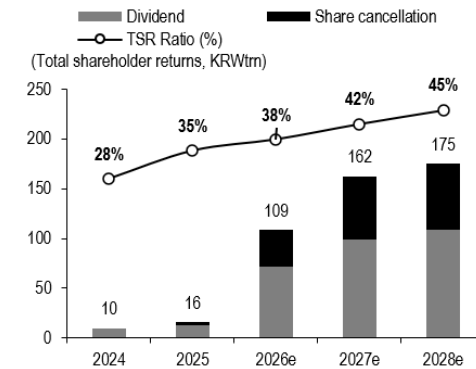
Source: Company data, HSBC estimates. Note: 2026/27/28e Dividend yield calculated based on end-share price of 25 Aug 2026, and also assuming that the company fulfills the estimated cancellation during 2026/27/28e which might lead to different figures from the F&V

Exhibit 5. Dividend yield comparison of Samsung electronics ordinary shares vs. preferred shares



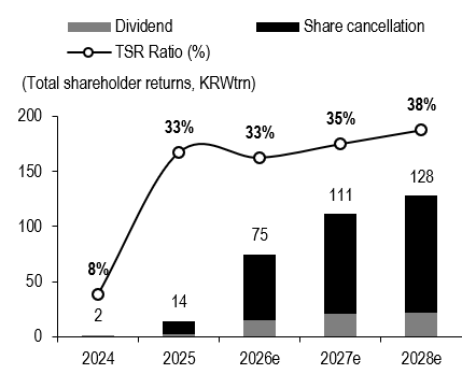
Source: Company data, HSBC estimates. Note: 2026/27/28e Dividend yield calculated based on end-share price of 25 Aug 2026, and also assuming that the company fulfills the estimated cancellation during 2026/27/28e

Exhibit 6. Total shareholder return trend at Samsung electronics



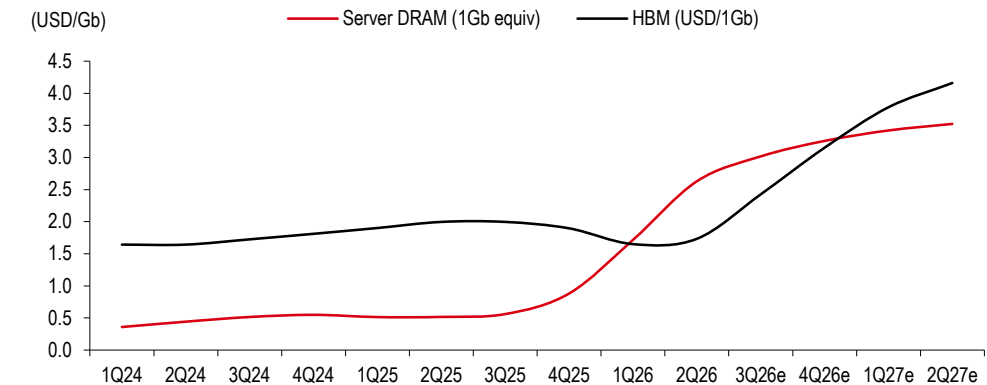
Source: Company data, HSBC estimates

Exhibit 7. Total shareholder return trend at SK Hynix



Source: Company data, HSBC estimates

Exhibit 8. Server DRAM vs HBM blended ASP trend (calendar year base)



Source: Company data, HSBC estimates

Exhibit 9. Server DRAM prices should continue rising amid strong demand for AI and general servers

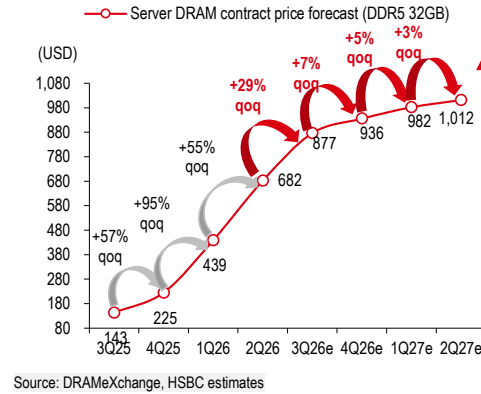


Exhibit 10. While NAND Flash wafer prices continue rising thanks to eSSD demand

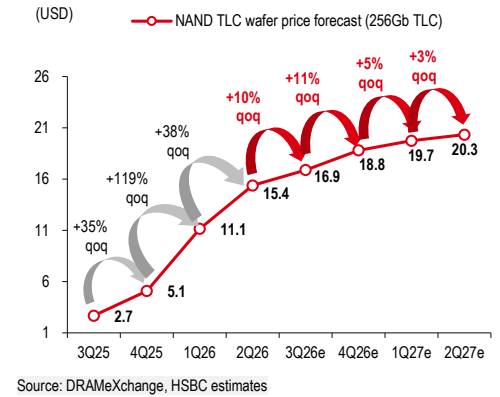


Exhibit 11. Forecast penetration rate of ARM based CPUs in the total CPU market

Penetration rate of ARM CPUs in the overall CPU market

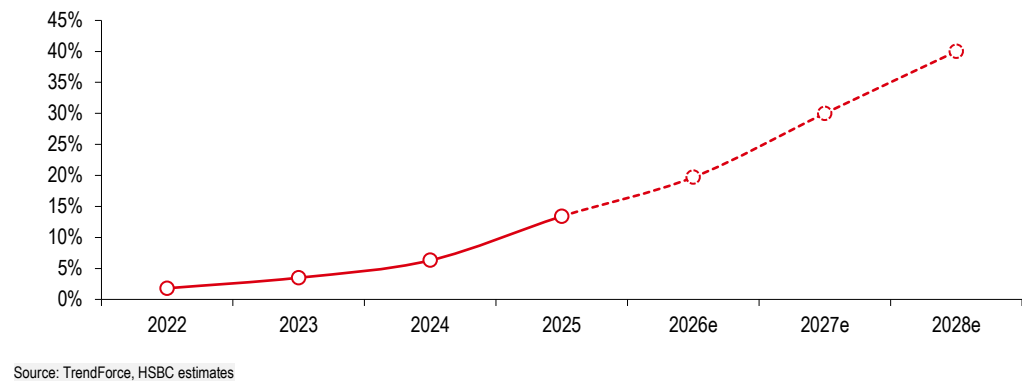


Exhibit 12. SO-CAMM2 demand estimates from the Vera Rubin platform; 6-13% of total DRAM demand

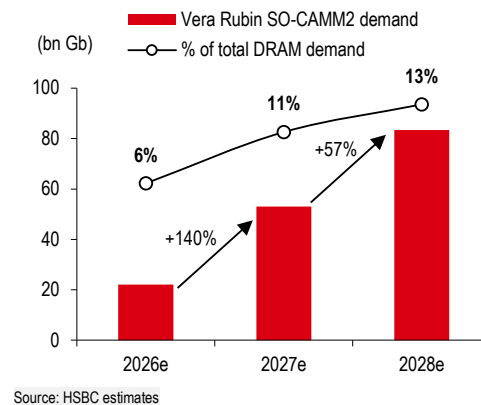


Exhibit 13. NAND demand estimates from the Vera Rubin platform; 4-14% of total NAND, opportunities from ICMS

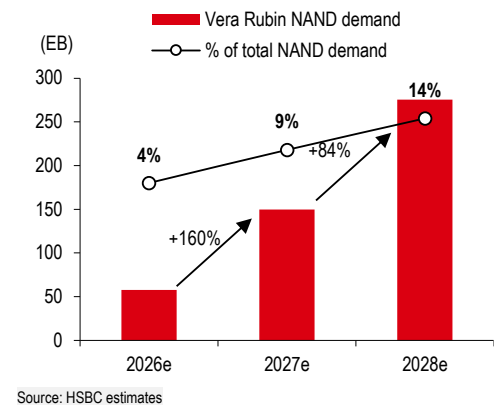
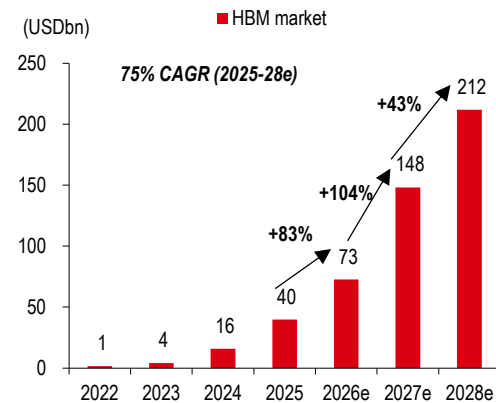
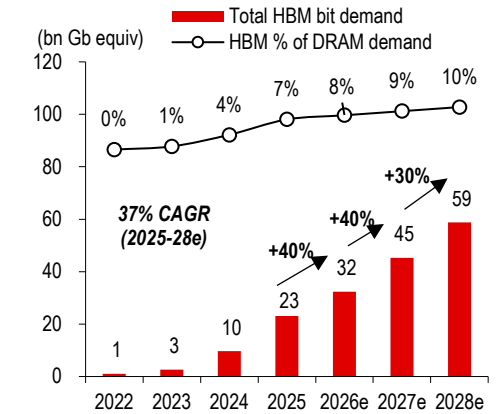


Exhibit 14. We expect the HBM market to grow at a CAGR of 75% during 2025-28e reaching USD212bn...



Source: WSTS, TrendForce, Company data, HSBC estimates

Exhibit 15. ...while total bit demand should also grow at a CAGR of 37% over the same period



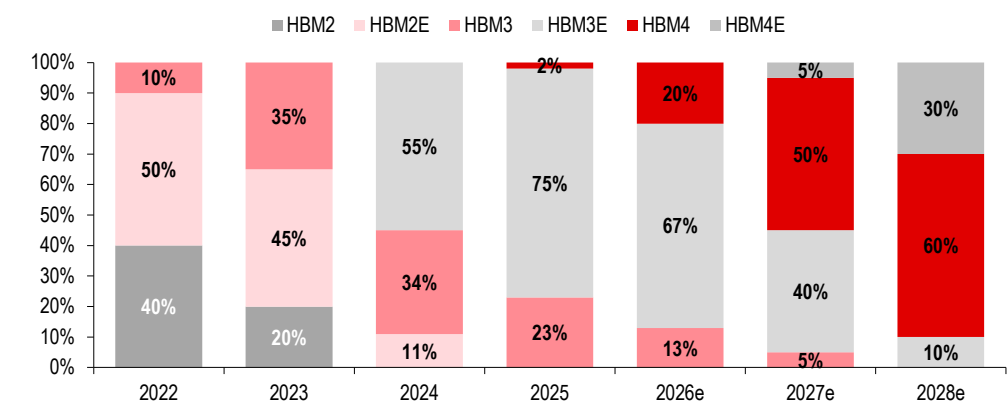
Source: WSTS, TrendForce, Company data, HSBC estimates

Exhibit 16. Our HBM market estimates

HBM estimates	2023	2024	2025	2026e	2027e	2028e
HBM bit shipment (bn Gb)	3	10	23	32	45	59
y-o-y%		268%	139%	40%	40%	30%
% of total DRAM demand	1%	4%	7%	8%	9%	10%
HBM blended ASP (USD per Gb)	1.6	1.6	1.7	2.2	3.3	3.6
y-o-y%		5%	5%	30%	46%	10%
HBM market (USDbn)	4	16	40	73	148	212
y-o-y%		286%	151%	83%	104%	43%
% of DRAM market	8%	16%	26%	12%	15%	17%

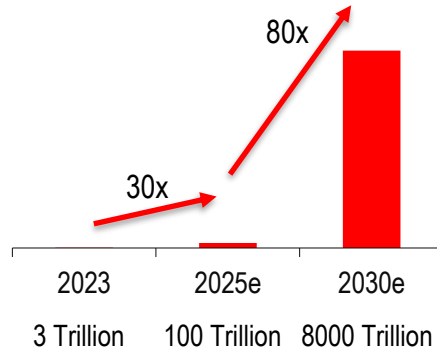
Source: WSTS, TrendForce, Company data, HSBC estimates

Exhibit 17. HBM shipment by generation, premium HBM4 portion to rise during 2026-28e



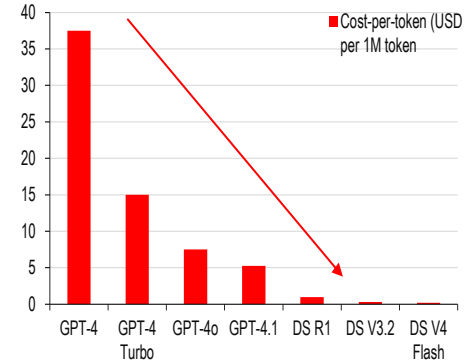
Source: TrendForce, Yole, HSBC estimates

Exhibit 18. Daily token consumption from AI services is rapidly growing



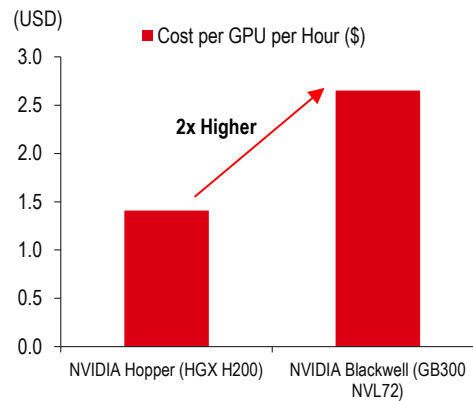
Source: CIC estimates, (See: [China Technology – AI optical interconnect series: how many optical transceivers do we need?](#), 14 May 2026)

Exhibit 19. While frontier LLM API blended pricing continues to fall



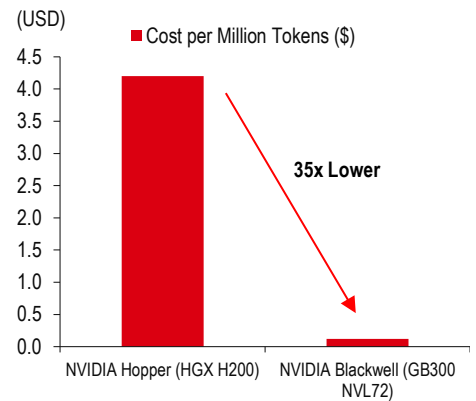
Source: OpenAI, DeepSeek, HSBC Qianhai Securities. Note: *Blended cost = 75% input +25% output. (See: [China Technology – AI optical interconnect series: how many optical transceivers do we need?](#), 14 May 2026)

Exhibit 20. The cost per GPU rises 2x at the latest NVIDIA GB300



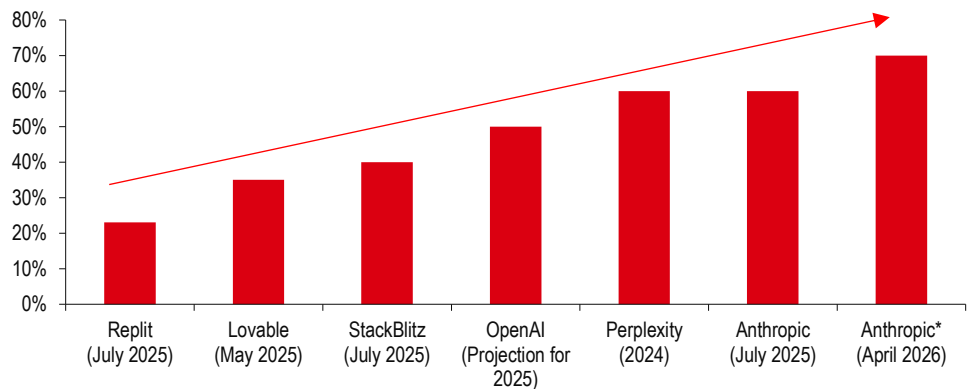
Source: NVIDIA

Exhibit 21. Cost per million tokens falls by 35x, boosting profitability at AI service providers



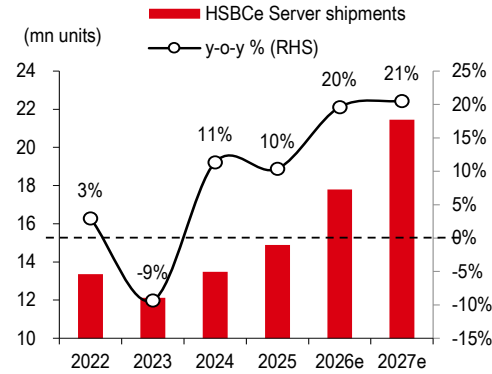
Source: NVIDIA

Exhibit 22. Gross profit margin estimates of AI service providers



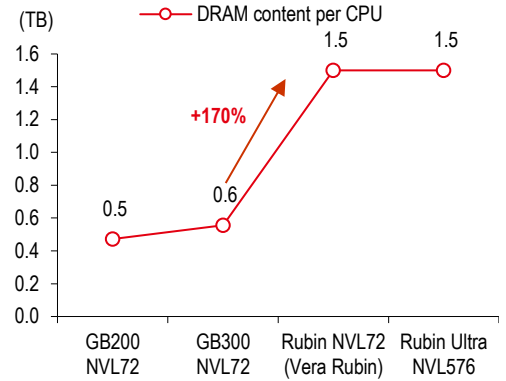
Source: The Information, Semianalysis for Anthropic data for April 2026. Note: Perplexity, Replit, Lovable and StackBlitz do not incorporate the costs of running AI models for non-paying users in calculations, while Open AI does. Anthropic's accounting method details were not disclosed.

Exhibit 23. We expect global server shipments to rise 20%/21% in 2026/27e



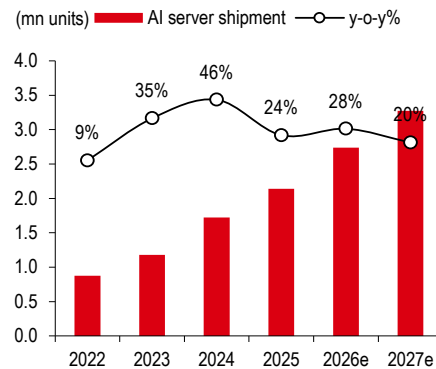
Source: TrendForce, HSBC estimates

Exhibit 24. Accelerating DRAM content growth in the latest Vera Rubin servers



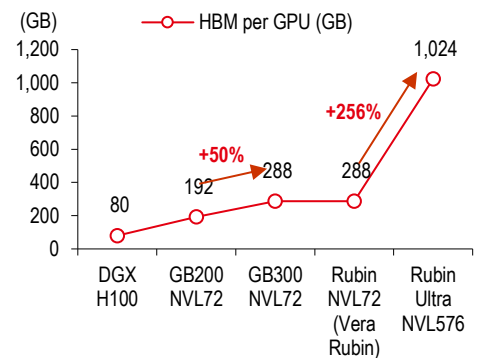
Source: Company data, HSBC estimates

Exhibit 25. AI server shipments to grow 28% y-o-y in 2026e



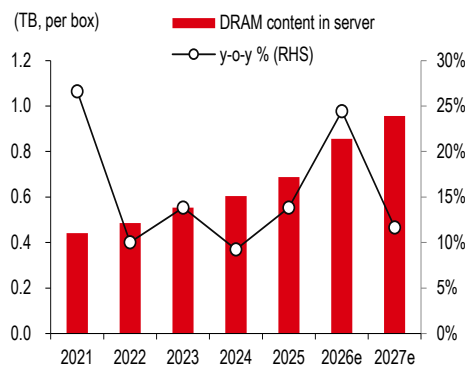
Source: TrendForce

Exhibit 26. HBM content to increase significantly in the Rubin Ultra



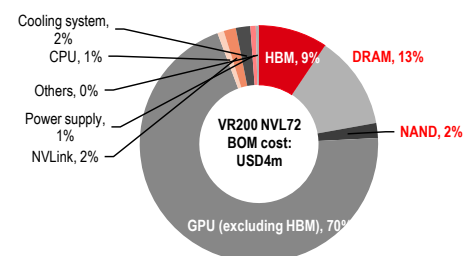
Source: Company data, HSBC estimates

Exhibit 27. Average server DRAM content per unit; strong growth of 24% in 2026



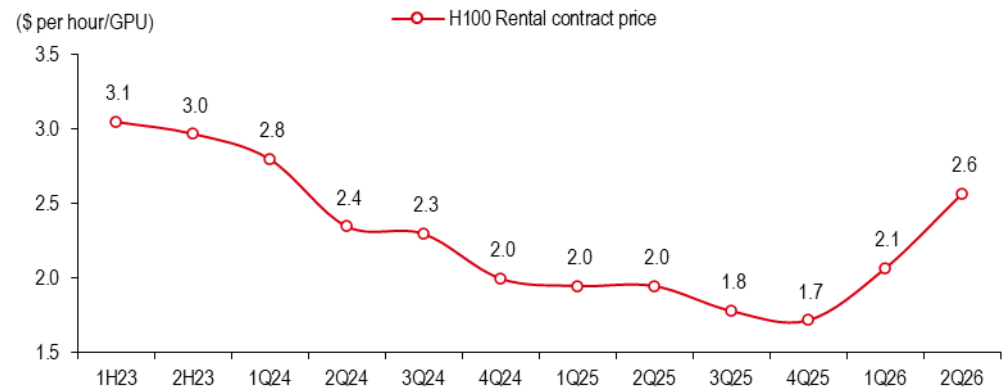
Source: DRAMeXchange, HSBC estimates

Exhibit 28. Bill of materials cost estimates for the VR200 NVL72 server system



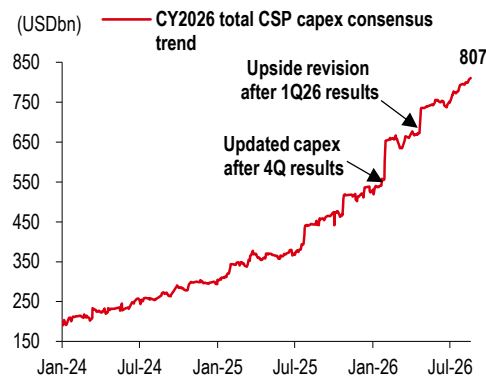
Source: HSBC estimates

Exhibit 29. One-year contract price trend of AI GPUs (H100) for AI service providers



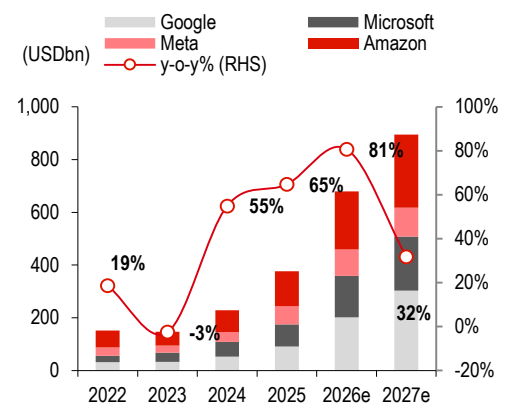
Source: Semianalysis, HSBC

Exhibit 30. Capex consensus of key global CSPs (US & Chinese) for 2026; continued upside revisions;



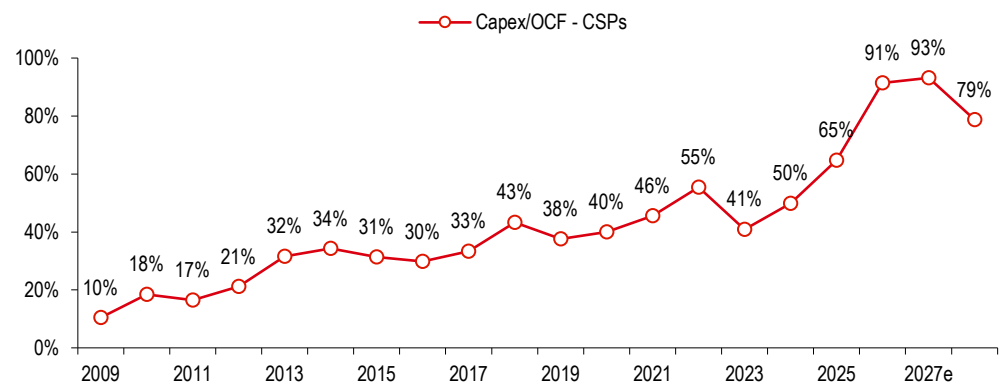
Source: Company data, Bloomberg, HSBC

Exhibit 31. US CSP capex; robust growth to continue, up 81% in 2026e of USD680bn



Source: Company data, Bloomberg consensus estimates

Exhibit 32. Capex portion of operating cash flow at the top 4 US CSPs



Source: Company data, Bloomberg consensus for Capex, Visible alpha consensus for operating cash flow estimates

Exhibit 33. Historical trend and estimates of memory market revenue

(USDbn)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026e	2027e
DRAM market	35	47	45	41	73	99	62	64	93	78	52	95	154	616	992
y-o-y %	33%	35%	-4%	-8%	77%	37%	-37%	3%	45%	-16%	-33%	83%	63%	299%	61%
NAND market	27	28	29	32	47	54	40	49	56	47	36	66	71	173	226
y-o-y %	8%	3%	2%	11%	47%	15%	-26%	23%	13%	-16%	-24%	85%	7%	144%	31%
Memory market	62	75	74	73	120	154	103	114	149	125	88	161	225	789	1,218
y-o-y %	21%	21%	-2%	-1%	64%	28%	-33%	11%	31%	-16%	-30%	84%	40%	250%	54%

Source: WSTS, HSBC estimates

Exhibit 34. Valuation comparison vs Global peers

Category	Ticker	CCY	Rating	TP	Price	Mkt cap (USDbn)	26e PE	27e PE	26e EPSG	27e EPSG	26e PB	27e PB	26e ROE	27e ROE	
Memory															
SK Hynix	000660 KP	KRW	Buy	3,700,000	1,678,000	886	5.0	3.6	435%	38%	3.5	1.9	98%	64%	
Samsung Elec	005930 KP	KRW	Buy	450,000	257,000	1,086	6.0	4.4	548%	36%	2.4	1.6	55%	51%	
Micron	MU US	USD	Buy	1,700	910	1,028	12.4	5.5	870%	123%	7.7	3.4	89%	85%	
CXMT Corp	688825 CH	CNY	NR		56.83	566	23.9	13.4	NA	78%	13.7	7.2	66%	56%	
Sandisk	SNDK US	USD	NR		1,493.12	219	5.8	7.3	22%	-21%	4.2	2.5	59%	43%	
Kioixa Holdings	285A JP	JPY	NR		51,260	176	5.0	3.9	897%	29%	4.4	2.3	135%	83%	
Nanya Tech	2408 TT	TWD	NR		510	55	7.9	5.0	2919%	58%	4.3	2.4	72%	61%	
Average							9.4	6.2	948%	49%	5.7	3.0	82%	63%	
Foundry															
TSMC	2330 TT	TWD	Buy	3,400	2,400	1,954	22.3	17.5	63%	28%	8.0	5.8	43%	39%	
Intel	INTC US	USD	Buy	200.00	87.26	461	59.3	34.9	245%	70%	3.6	3.2	6%	10%	
SMIC	981 HK	HKD	Buy	106.00	66.75	81	40.3	29.5	142%	37%	2.9	2.6	8%	9%	
UMC	2303 TT	TWD	Buy	212.00	125.00	49	16.5	14.7	127%	12%	4.9	3.1	27%	26%	
Global foundries	GFS US	USD	Hold	55.00	45.95	25	23.3	17.7	14%	31%	2.2	2.1	10%	12%	
Average							32.3	22.9	118%	35%	4.3	3.4	19%	19%	
Other semi															
ST Micro	STMPA FP	EUR	Buy	81.00	42.22	45	34.6	17.5	171%	97%	2.5	2.3	7%	14%	
Infineon	IFX GY	EUR	Buy	108.00	54.16	82	30.6	18.6	27%	64%	3.8	3.3	13%	19%	
Texas instruments	TXN US	USD	NR		258.94	236	31.9	25.2	38%	26%	13.7	12.2	41%	46%	
Average							32.3	20.4	79%	63%	6.6	5.9	21%	26%	
Semi equipment															
ASML Holdings	ASML NA	EUR	Buy	2,149.00	1,489.80	674	37.1	25.9	63%	43%	21.1	16.7	66%	71%	
LAM research	LRCX US	USD	Hold	325.00	310.17	388	29.7	23.1	80%	28%	19.8	13.7	82%	70%	
Applied materials	AMAT US	USD	Buy	641.00	484.19	384	37.7	24.6	36%	54%	13.9	10.5	42%	49%	
ASM International	ASM NA	EUR	Buy	1,116.00	822.40	47	35.6	26.2	59%	36%	8.1	6.8	25%	28%	
BE Semiconductor	BESI NA	EUR	Hold	240.00	208.00	20	43.4	29.9	189%	45%	19.8	16.5	61%	59%	
Average							36.7	25.9	85%	41%	16.5	12.8	55%	55%	
Fabless															
NVIDIA	NVDA US	USD	Buy	360.00	208.48	5,045	22.8	14.5	92%	58%	14.5	7.6	88%	69%	
Broadcom	AVGO US	USD	Buy	600.00	358.76	1,707	29.5	16.7	78%	77%	13.2	7.5	57%	59%	
AMD	AMD US	USD	Hold	500.00	456.75	746	61.7	33.1	77%	86%	10.5	8.5	18%	29%	
Qualcomm	QCOM US	USD	Hold	165.00	158.53	166	15.1	15.7	-13%	-4%	8.2	11.9	54%	63%	
Mediatek	2454 TT	TWD	Hold	4,200.00	3,735.00	188	52.3	26.7	8%	96%	11.4	8.0	25%	36%	
Marvell	MRVL US	USD	Buy	325.00	229.29	201	80.9	56.1	80%	44%	13.9	12.1	18%	24%	
Average							43.7	27.1	54%	59%	12.0	9.3	43%	47%	
Tech platforms															
Meta	META US	USD	Buy	830.00	559.02	1,424	17.7	16.0	34%	11%	4.7	3.5	31%	26%	
Alphabet	GOOGL US	USD	Buy	420.00	348.06	4,163	16.9	23.2	91%	-27%	5.4	4.2	42%	21%	
Microsoft	MSFT US	USD	Buy	595.00	487.31	3,619	28.2	23.8	24%	19%	8.2	6.5	33%	30%	
Apple	AAPL US	USD	Buy	366.00	310.34	4,529	34.9	30.2	19%	16%	39.8	28.5	139%	109%	
Average							24.4	23.3	42%	5%	14.5	10.7	61%	47%	

Source: Bloomberg consensus, HSBC estimates for covered names, Priced as of 25 August 2026

Financials & valuation: SK Hynix

Buy

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (KRWb)				
Revenue	97,147	343,916	539,845	646,220
EBITDA	61,136	287,469	457,322	496,737
Depreciation & amortisation	-13,930	-23,631	-30,697	-39,993
Operating profit/EBIT	47,206	263,839	426,625	456,744
Net interest	-429	1,217	2,170	2,828
PBT	50,466	306,580	423,677	453,746
HSBC PBT	50,466	306,580	423,677	453,746
Taxation	-7,518	-76,645	-105,919	-113,436
Net profit	42,948	229,935	317,758	340,309
HSBC net profit	42,948	229,935	317,758	340,309
Cash flow summary (KRWb)				
Cash flow from operations	53,373	209,588	305,245	345,350
Capex	-27,374	-60,000	-80,000	-90,000
Cash flow from investment	-48,054	-61,964	-82,110	-92,267
Dividends	-1,519	-2,132	-14,577	-20,408
Change in net debt	-21,476	-144,062	-207,171	-231,295
FCF equity	25,999	149,588	225,245	255,350
Balance sheet summary (KRWb)				
Intangible fixed assets	4,049	4,283	4,565	4,895
Tangible fixed assets	77,503	114,586	164,649	215,473
Current assets	69,458	251,504	500,860	770,026
Cash & others	35,255	173,600	377,998	607,021
Total assets	176,108	396,938	698,200	1,020,181
Operating liabilities	33,193	32,089	32,945	37,297
Gross debt	22,248	16,530	13,757	11,484
Net debt	-13,007	-157,070	-364,241	-595,536
Shareholders' funds	120,516	348,168	651,348	971,249
Invested capital	82,562	164,684	259,131	346,076

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	46.8	254.0	57.0	19.7
EBITDA	69.6	370.2	59.1	8.6
Operating profit	101.2	458.9	61.7	7.1
PBT	111.3	507.5	38.2	7.1
HSBC EPS	116.9	435.4	38.2	7.1
Ratios (%)				
Revenue/IC (x)	1.3	2.8	2.5	2.1
ROIC	53.0	160.1	151.0	113.2
ROE	44.2	98.1	63.6	41.9
ROA	29.0	80.3	58.0	39.6
EBITDA margin	62.9	83.6	84.7	76.9
Operating profit margin	48.6	76.7	79.0	70.7
EBITDA/net interest (x)	142.4			
Net debt/equity	-10.8	-45.1	-55.9	-61.3
Net debt/EBITDA (x)	-0.2	-0.5	-0.8	-1.2
CF from operations/net debt				
Per share data (KRW)				
EPS Rep (diluted)	62330.20	333704.02	461160.91	493890.41
HSBC EPS (diluted)	62330.20	333704.02	461160.91	493890.41
DPS	3000.00	20000.00	28000.00	30000.00
Book value	169592.12	477685.11	893647.44	1332550.88

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	12.5	3.1	1.6	1.0
EV/EBITDA	19.8	3.7	1.9	1.3
EV/IC	14.7	6.5	3.3	1.8
PE*	26.9	5.0	3.6	3.4
PB	9.9	3.5	1.9	1.3
FCF yield (%)	2.1	12.2	18.4	20.8
Dividend yield (%)	0.2	1.2	1.7	1.8

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2024a	Governance Indicators	12/2026e
GHG emission intensity*	156.1	No. of board members	9
Energy intensity*	612.0	Average board tenure (years)	n/a
CO ₂ reduction policy	Yes	Female board members (%)	22.2
Social Indicators		Board members independence (%)	55.6
12/2024a			
Employee costs as % of revenues	2.3		
Employee turnover (%)	1.3		
Diversity policy	Yes		

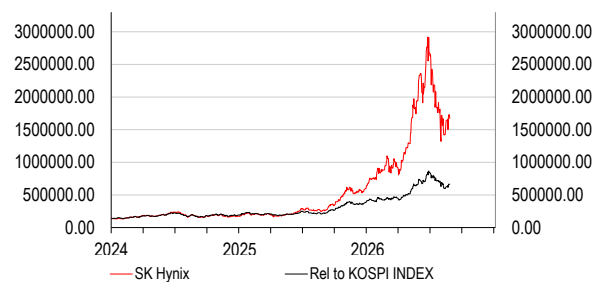
Source: Company data, HSBC

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

Issuer information

Share price (KRW)	1678000.00	Free float	67%
Target price (KRW)	3700000.00	Sector	Semiconductors
RIC (Equity)	000660.KS	Country/Region	Korea
Bloomberg (Equity)	000660 KP	Analyst	Ricky Seo
Market cap (USDm)	886,188	Contact	+82 2 3706 8777

Price relative



Source: HSBC

Note: Priced at close of 25 Aug 2026

Financials & valuation: Samsung Electronics

Buy

Financial statements

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Profit & loss summary (KRWb)				
Revenue	333,606	726,677	950,812	1,041,243
EBITDA	90,528	433,617	578,555	583,182
Depreciation & amortisation	-46,927	-53,530	-59,976	-66,045
Operating profit/EBIT	43,601	380,086	518,579	517,137
Net interest	5,198	6,832	8,769	9,775
PBT	49,481	387,601	528,030	527,595
HSBC PBT	49,481	387,601	528,030	527,595
Taxation	-4,275	-100,776	-137,288	-137,175
Net profit	45,207	286,824	390,742	390,420
HSBC net profit	45,207	286,824	390,742	390,420
Cash flow summary (KRWb)				
Cash flow from operations	85,315	285,870	407,983	436,655
Capex	-47,522	-76,500	-83,000	-86,000
Cash flow from investment	-68,512	-79,016	-86,468	-90,514
Dividends	-9,897	-72,233	-98,499	-109,334
Change in net debt	-7,042	-121,763	-217,350	-236,777
FCF equity	37,793	209,370	324,983	350,655
Balance sheet summary (KRWb)				
Intangible fixed assets	29,481	32,155	35,145	38,473
Tangible fixed assets	215,305	245,116	275,617	303,759
Current assets	247,685	428,840	692,610	951,342
Cash & others	125,821	249,129	467,866	706,123
Total assets	566,942	784,137	1,085,123	1,379,227
Operating liabilities	109,056	119,979	131,734	143,272
Gross debt	21,566	23,110	24,498	25,978
Net debt	-104,256	-226,019	-443,368	-680,145
Shareholders' funds	424,313	629,041	916,884	1,197,970
Invested capital	257,592	337,003	403,772	444,179

Ratio, growth and per share analysis

Year to	12/2025a	12/2026e	12/2027e	12/2028e
Y-o-y % change				
Revenue	10.9	117.8	30.8	9.5
EBITDA	20.1	379.0	33.4	0.8
Operating profit	33.2	771.7	36.4	-0.3
PBT	31.8	683.3	36.2	-0.1
HSBC EPS	31.2	548.2	36.2	-0.1
Ratios (%)				
Revenue/IC (x)	1.3	2.4	2.6	2.5
ROIC	15.8	94.6	103.6	90.3
ROE	11.1	54.5	50.6	36.9
ROA	10.3	44.0	43.0	32.6
EBITDA margin	27.1	59.7	60.8	56.0
Operating profit margin	13.1	52.3	54.5	49.7
EBITDA/net interest (x)				
Net debt/equity	-23.9	-35.3	-47.7	-56.2
Net debt/EBITDA (x)	-1.2	-0.5	-0.8	-1.2
CF from operations/net debt				
Per share data (KRW)				
EPS Rep (diluted)	6655.23	43140.26	58770.14	58721.77
HSBC EPS (diluted)	6655.23	43140.26	58770.14	58721.77
DPS	1900.00	11000.00	15000.00	16650.00
Book value	71076.83	107596.76	156831.99	204911.53

Valuation data

Year to	12/2025a	12/2026e	12/2027e	12/2028e
EV/sales	4.1	1.7	1.1	0.8
EV/EBITDA	15.1	2.9	1.8	1.3
EV/IC	5.3	3.7	2.5	1.8
PE*	38.6	6.0	4.4	4.4
PB	3.6	2.4	1.6	1.3
FCF yield (%)	2.5	13.9	21.6	23.3
Dividend yield (%)	0.7	4.3	5.8	6.5

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2025a	Governance Indicators	12/2026e
GHG emission intensity*	60.3	No. of board members	9
Energy intensity*	171.5	Average board tenure (years)	n/a
CO ₂ reduction policy	Yes	Female board members (%)	22.2
Social Indicators		Board members independence (%)	66.7
Employee costs as % of revenues	2.8		
Employee turnover (%)	8.6		
Diversity policy	Yes		

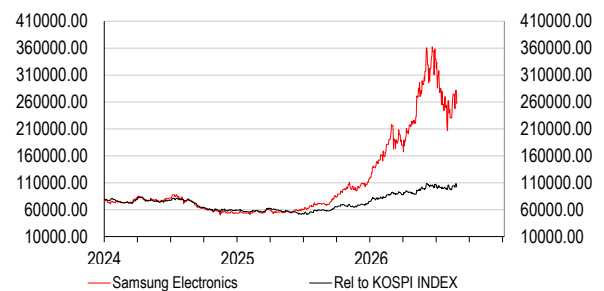
Source: Company data, HSBC

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

Issuer information

Share price (KRW)	257000.00	Free float	73%
Target price (KRW)	450000.00	Sector	Semiconductors
RIC (Equity)	005930.KS	Country/Region	Korea
Bloomberg (Equity)	005930 KP	Analyst	Ricky Seo
Market cap (USDm)	1,086,253	Contact	+82 2 3706 8777

Price relative



Source: HSBC

Note: Priced at close of 25 Aug 2026

Valuation and risks

	Valuation	Risks
SK Hynix 000660 KP Buy	<p>Current price: KRW1,678,000</p> <p>Target price: KRW3,700,000</p> <p>Up/downside: +120.5%</p>	<p>We have a Buy rating with a TP of KRW3.7m: We derive our TP by applying a 3.4x target P/B to our 2027/28e average BVPS of KRW1,113,099 (unchanged) to derive our TP of KRW3.7m. Our target price implies a c160.6% upside and we have a Buy rating.</p> <p>We calculate a fair value target price of USD240 for the ADR listed on the NASDAQ (SKHY US, USD155.37) based on our local share price target price using a USD/KRW exchange rate on our local share target price using a USD/KRW exchange rate of 1,543 and a ADR to Korea listed share conversion ratio of 10 to 1.</p> <p>We calculate a fair value target price of EUR2,181 for the GDR listed on the Frankfurt stock exchange (HY9H GR, EUR1,010) based on our local share target price using a EUR/KRW exchange rate of 1,697 and a GDR to Korea listed share conversion ratio of 1-to-1.</p> <p>We calculate a fair value target price of USD2,399 for the GDR listed on the Luxembourg stock exchange (HYXS LU, USD1,175) based on our local share target price using a USD/KRW exchange rate of 1,573 and a GDR to Korea listed share conversion ratio of 1-to-1.</p>
Samsung Electronics 005930 KP Buy	<p>Current price: KRW257,000</p> <p>Target price: KRW450,000</p> <p>Up/downside: +75.1%</p>	<p>We have a Buy rating with a TP of KRW450k.</p> <p>Our 2026/27/28e EPS rises below 1% due to the change in share counts from the recent share cancellation.</p> <p>To derive our target price, we apply a reference PB multiple of 2.9x PB (unchanged), which implies a 15% premium to the 2005-06 peak of 2.5x, reflecting the strong ROE expansion; to our updated 2027e BVPS of KRW156,832 (from KRW156,503) reflecting share cancellations for 2026e which has been announced. Our rounded target price implies c75.1% upside and we have a Buy rating.</p> <p>We calculate a fair value target price of USD7,500 (unchanged) for the GDR listed on the London Stock Exchange (SMSN LI, CMP USD4,514), based on our local share target price using a USD/KRW exchange rate of 1,500 and a GDR to Korea listed share conversion ratio of 1-to-25.</p>

Priced at 25 August 2026
 Source: HSBC estimates

Disclosure appendix

Analyst Certification

The following analyst(s), economist(s), or strategist(s) who is(are) primarily responsible for this report, including any analyst(s) whose name(s) appear(s) as author of an individual section or sections of the report and any analyst(s) named as the covering analyst(s) of a subsidiary company in a sum-of-the-parts valuation certifies(y) that the opinion(s) on the subject security(ies) or issuer(s), any views or forecasts expressed in the section(s) of which such individual(s) is(are) named as author(s), and any other views or forecasts expressed herein, including any views expressed on the back page of the research report, accurately reflect their personal view(s) and that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views contained in this research report: Ricky Seo and Han Kil Chang

Important disclosures

Equities: Stock ratings and basis for financial analysis

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HSBC assigns ratings on the following basis:

The target price is based on the analyst's assessment of the stock's actual current value, although we expect it to take six to 12 months for the market price to reflect this. When the target price is more than 20% above the current share price, the stock will be classified as a Buy; when it is between 5% and 20% above the current share price, the stock may be classified as a Buy or a Hold; when it is between 5% below and 5% above the current share price, the stock will be classified as a Hold; when it is between 5% and 20% below the current share price, the stock may be classified as a Hold or a Reduce; and when it is more than 20% below the current share price, the stock will be classified as a Reduce.

Our ratings are re-calibrated against these bands at the time of any 'material change' (initiation or resumption of coverage, change in target price or estimates).

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

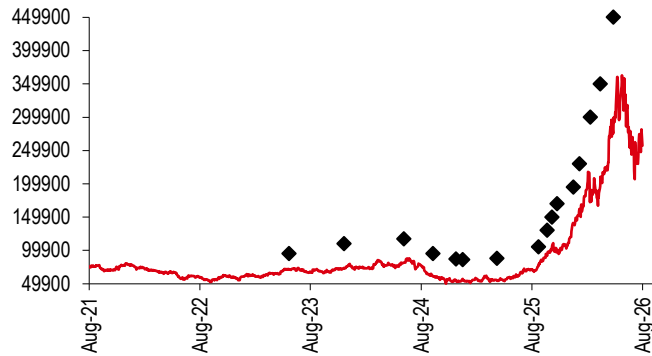
Rating distribution for long-term investment opportunities

As of 30 June 2026, the distribution of all independent ratings published by HSBC is as follows:

Buy	61%	(13% of these provided with Investment Banking Services in the past 12 months)
Hold	34%	(10% of these provided with Investment Banking Services in the past 12 months)
Sell	5%	(8% of these provided with Investment Banking Services in the past 12 months)

For the purposes of the distribution above the following mapping structure is used during the transition from the previous to current rating models: under our previous model, Overweight = Buy, Neutral = Hold and Underweight = Sell; under our current model Buy = Buy, Hold = Hold and Reduce = Sell. For rating definitions under both models, please see "Stock ratings and basis for financial analysis" above.

For the distribution of non-independent ratings published by HSBC, please see the disclosure page available at <http://www.hsbcnet.com/gbm/financial-regulation/investment-recommendations-disclosures>.

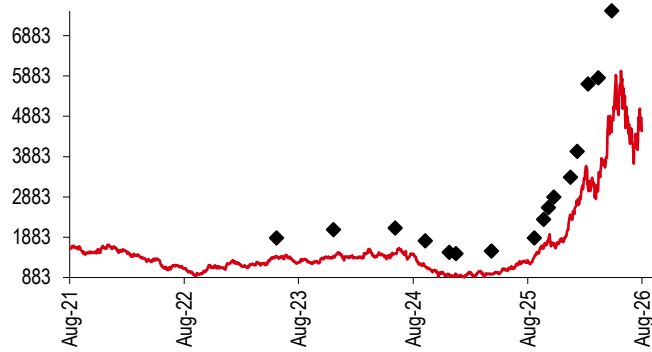
Share price and rating changes for long-term investment opportunities
Samsung Electronics (005930.KS) share price performance KRW Vs HSBC rating history


Source: HSBC

Rating & target price history

From	To	Date	Analyst
Overweight	Buy	25 Mar 2015	Ricky Seo
Target price	Value	Date	Analyst
Price 1	95000	15 Jun 2023	Ricky Seo
Price 2	110000	14 Dec 2023	Ricky Seo
Price 3	117000	28 Jun 2024	Ricky Seo
Price 4	95000	02 Oct 2024	Ricky Seo
Price 5	87000	17 Dec 2024	Ricky Seo
Price 6	86000	08 Jan 2025	Ricky Seo
Price 7	88000	01 May 2025	Ricky Seo
Price 8	105000	15 Sep 2025	Ricky Seo
Price 9	130000	14 Oct 2025	Ricky Seo
Price 10	150000	30 Oct 2025	Ricky Seo
Price 11	170000	16 Nov 2025	Ricky Seo
Price 12	195000	08 Jan 2026	Ricky Seo
Price 13	230000	29 Jan 2026	Ricky Seo
Price 14	300000	05 Mar 2026	Ricky Seo
Price 15	350000	07 Apr 2026	Ricky Seo
Price 16	450000	20 May 2026	Ricky Seo

Source: HSBC

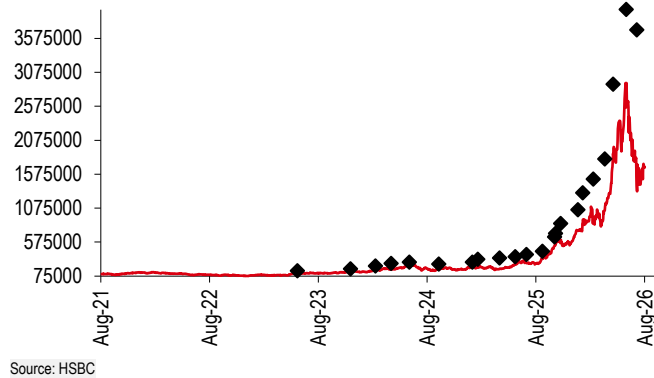
Samsung Electronics (0593xq.L) share price performance USD Vs HSBC rating history


Source: HSBC

Rating & target price history

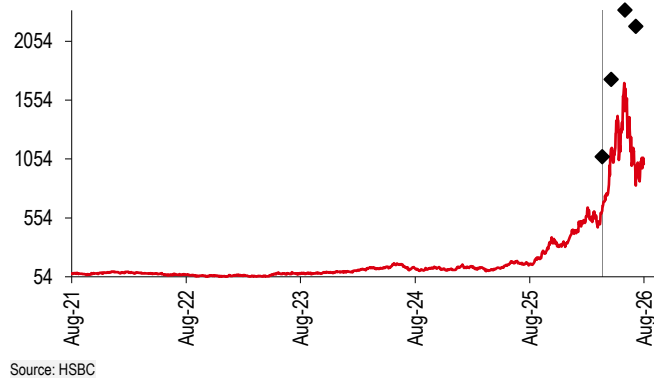
From	To	Date	Analyst
N/A	Buy	02 Dec 2019	Ricky Seo
Target price	Value	Date	Analyst
Price 1	1862	15 Jun 2023	Ricky Seo
Price 2	2063	14 Dec 2023	Ricky Seo
Price 3	2108	28 Jun 2024	Ricky Seo
Price 4	1790	02 Oct 2024	Ricky Seo
Price 5	1503	17 Dec 2024	Ricky Seo
Price 6	1475	08 Jan 2025	Ricky Seo
Price 7	1532	01 May 2025	Ricky Seo
Price 8	1857	15 Sep 2025	Ricky Seo
Price 9	2320	14 Oct 2025	Ricky Seo
Price 10	2615	30 Oct 2025	Ricky Seo
Price 11	2872	16 Nov 2025	Ricky Seo
Price 12	3369	08 Jan 2026	Ricky Seo
Price 13	4007	29 Jan 2026	Ricky Seo
Price 14	5683	05 Mar 2026	Ricky Seo
Price 15	5833	07 Apr 2026	Ricky Seo
Price 16	7500	20 May 2026	Ricky Seo

Source: HSBC

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

Rating & target price history

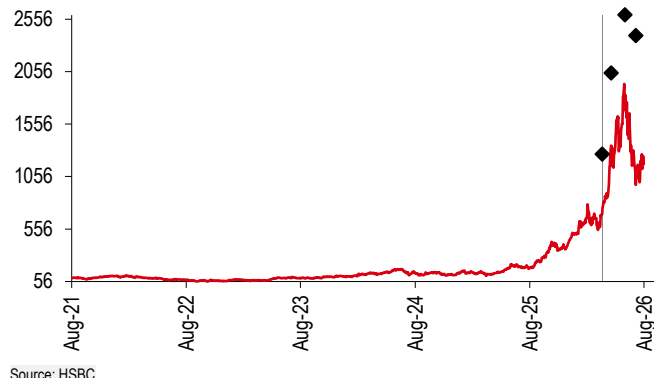
From	To	Date	Analyst
Hold	Buy	26 Nov 2020	Ricky Seo
Target price	Value	Date	Analyst
Price 1	150000	15 Jun 2023	Ricky Seo
Price 2	180000	11 Dec 2023	Ricky Seo
Price 3	220000	04 Mar 2024	Ricky Seo
Price 4	260000	25 Apr 2024	Ricky Seo
Price 5	280000	25 Jun 2024	Ricky Seo
Price 6	250000	02 Oct 2024	Ricky Seo
Price 7	280000	23 Jan 2025	Ricky Seo
Price 8	320000	10 Feb 2025	Ricky Seo
Price 9	340000	24 Apr 2025	Ricky Seo
Price 10	360000	16 Jun 2025	Ricky Seo
Price 11	390000	24 Jul 2025	Ricky Seo
Price 12	440000	15 Sep 2025	Ricky Seo
Price 13	650000	26 Oct 2025	Ricky Seo
Price 14	700000	29 Oct 2025	Ricky Seo
Price 15	850000	16 Nov 2025	Ricky Seo
Price 16	1050000	12 Jan 2026	Ricky Seo
Price 17	1300000	29 Jan 2026	Ricky Seo
Price 18	1500000	05 Mar 2026	Ricky Seo
Price 19	1800000	13 Apr 2026	Ricky Seo
Price 20	2900000	11 May 2026	Ricky Seo
Price 21	4000000	24 Jun 2026	Ricky Seo
Price 22	3700000	29 Jul 2026	Ricky Seo

Source: HSBC

SK Hynix (HY9Hy.F) share price performance EUR Vs HSBC rating history

Rating & target price history

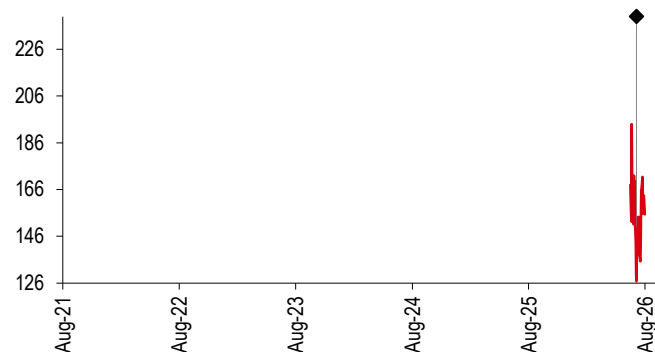
From	To	Date	Analyst
N/A	Buy	13 Apr 2026	Ricky Seo
Target price	Value	Date	Analyst
Price 1	1074	13 Apr 2026	Ricky Seo
Price 2	1731	11 May 2026	Ricky Seo
Price 3	2319	24 Jun 2026	Ricky Seo
Price 4	2181	29 Jul 2026	Ricky Seo

Source: HSBC

SK Hynix (HYNIX.LU) share price performance USD Vs HSBC rating history

Rating & target price history

From	To	Date	Analyst
N/A	Buy	13 Apr 2026	Ricky Seo
Target price	Value	Date	Analyst
Price 1	1268	13 Apr 2026	Ricky Seo
Price 2	2042	11 May 2026	Ricky Seo
Price 3	2597	24 Jun 2026	Ricky Seo
Price 4	2399	29 Jul 2026	Ricky Seo

Source: HSBC

SK Hynix (SKHY.OQ) share price performance USD Vs HSBC rating history


Source: HSBC

Rating & target price history

From	To	Date	Analyst
N/A	Buy	29 Jul 2026	Ricky Seo
Target price	Value	Date	Analyst
Price 1	240.00	29 Jul 2026	Ricky Seo

Source: HSBC

To view a list of all the independent fundamental ratings/recommendations disseminated by HSBC during the preceding 12-month period, and the location where we publish our quarterly distribution of non-fundamental recommendations (applicable to Fixed Income and Currencies research only), please use the following links to access the disclosure page:

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All other clients: www.research.hsbc.com/A/Disclosures

HSBC & Analyst disclosures
Disclosure checklist

Company	Ticker	Recent price	Price date	Disclosure
SAMSUNG ELECTRONICS	005930.KS	257000.00	25 Aug 2026	7
SK HYNIX	000660.KS	1678000.00	25 Aug 2026	1, 5, 7

Source: HSBC

- HSBC has managed or co-managed a public offering of securities for this company within the past 12 months.
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- At the time of publication of this report, HSBC Securities (USA) Inc. is a Market Maker in securities issued by this company.
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- This company was a client of HSBC or had during the preceding 12 month period been a client of and/or paid compensation to HSBC in respect of non-investment banking securities-related services.
- This company was a client of HSBC or had during the preceding 12 month period been a client of and/or paid compensation to HSBC in respect of non-securities services.
- A covering analyst/s has received compensation from this company in the past 12 months.
- A covering analyst/s or a member of his/her household has a financial interest in the securities of this company, as detailed below.
- A covering analyst/s or a member of his/her household is an officer, director or supervisory board member of this company, as detailed below.
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- As of 19 August 2026, HSBC beneficially held a net long position of more than 0.5% of this company's total issued share capital, calculated according to the SSR methodology.

- 13 As of 19 August 2026, HSBC beneficially held a net short position of more than 0.5% of this company's total issued share capital, calculated according to the SSR methodology.
- 14 HSBC Qianhai Securities Limited holds 1% or more of a class of common equity securities of this company.

◆ A member of Ricky Seo's household is employed with Samsung Electronics in a non-executive and non-managerial position.

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Additional disclosures

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- 2 All market data included in this report are dated as at close 25 August 2026, unless a different date and/or a specific time of day is indicated in the report.
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Issuer of report

The Hongkong and Shanghai Banking Corporation Limited, Seoul Securities Branch
7th Floor, HSBC Building
25, 1-ka, Bongrae-dong
Chung-ku, Seoul 100-161, Korea
Telephone: +822 3706 8700/3
Fax: +822 3706 8797
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