



SK Hynix FY2017 Q1 Earnings Results



Disclaimer

This material contains forward-looking statements which can be subject to certain risks and uncertainties that could cause actual results to differ materially.

All financial information contained in this document is based on consolidated K-IFRS.

Review of the FY2017 Q1 financial results has not been finalized. Figures in this earnings release are subject to changes during the independent auditing process.





FY2017 Q1 Financial Results

Results of Operation

(Unit: KRW Billion)

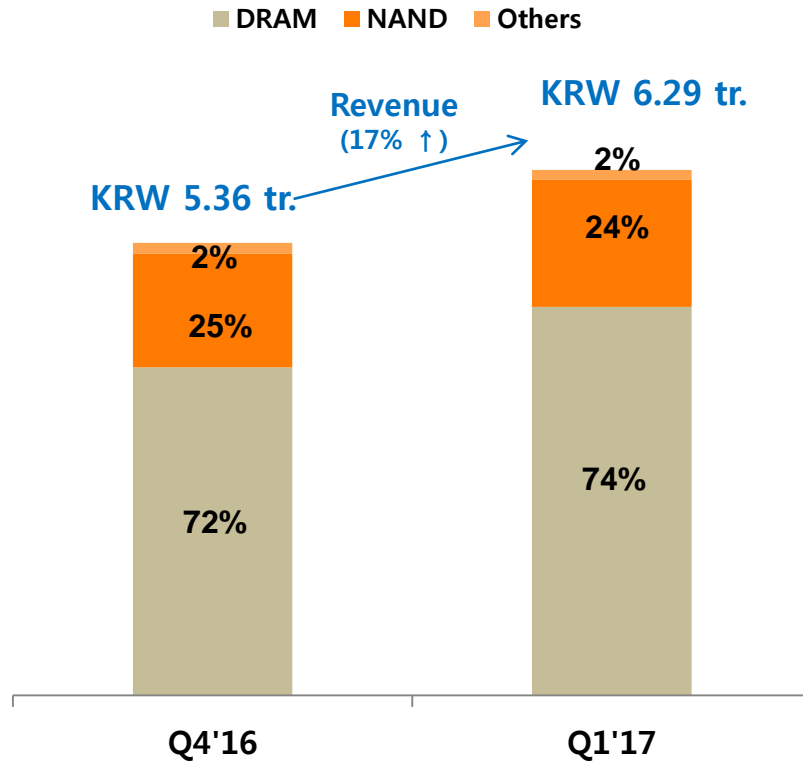
		Q1'17	QoQ	Q4'16	Q1'16	YoY
Revenue		6,290	+17%	5,358	3,656	+72%
Gross Profit (Loss)		3,305	+38%	2,390	1,318	+151%
Operating Profit (Loss)		2,468	+61%	1,536	562	+339%
EBITDA*		3,631	+36%	2,677	1,640	+121%
Net Profit (Loss)		1,899	+17%	1,629	448	+324%
EPS (Won)	Basic	2,688		2,304	629	
	Diluted	2,688		2,304	629	
Shares Outstanding (Mil. shares)	Basic	706		706	706	
	Diluted	706		706	706	
Gross Margin		53%	+8%p	45%	36%	+17%p
OP Margin		39%	+10%p	29%	15%	+24%p
EBITDA Margin		58%	+8%p	50%	45%	+13%p
Net Margin		30%	-	30%	12%	+18%p

* EBITDA = Operating Profit + Depreciation & Amortization

Sales Analysis

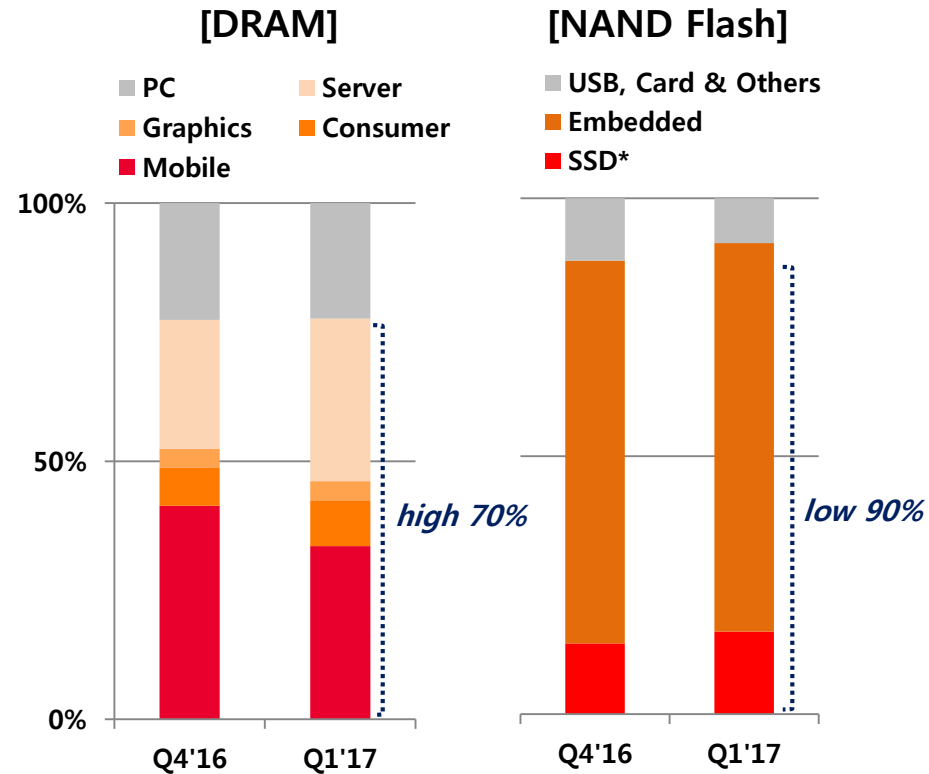
- Despite sequential decrease in DRAM & NAND bit shipments, steep price increase that continued since '16 2H resulted in Q1 Revenue to increase by 17% QoQ, once again recording historical high Revenue.
- With strong demand from Cloud Computing we increased Server DRAM shipments. However, with tight inventory & limited supply growth, DRAM shipments declined QoQ. Prices increased for all products with sharp increases for Computing DRAM. (B/G -5%, ASP +24%)
- NAND contents growth from China smartphones and wider SSD adoption drove NAND demand. However, due to low inventory & less production days, NAND shipments declined slightly while ASP rose from strong prices for all products. (B/G -3%, ASP +15%)

Revenue Mix by Product



※ Q1'17 MCP Revenue portion declined slightly to 22% from 23% in Q4'16

Revenue Mix by Application



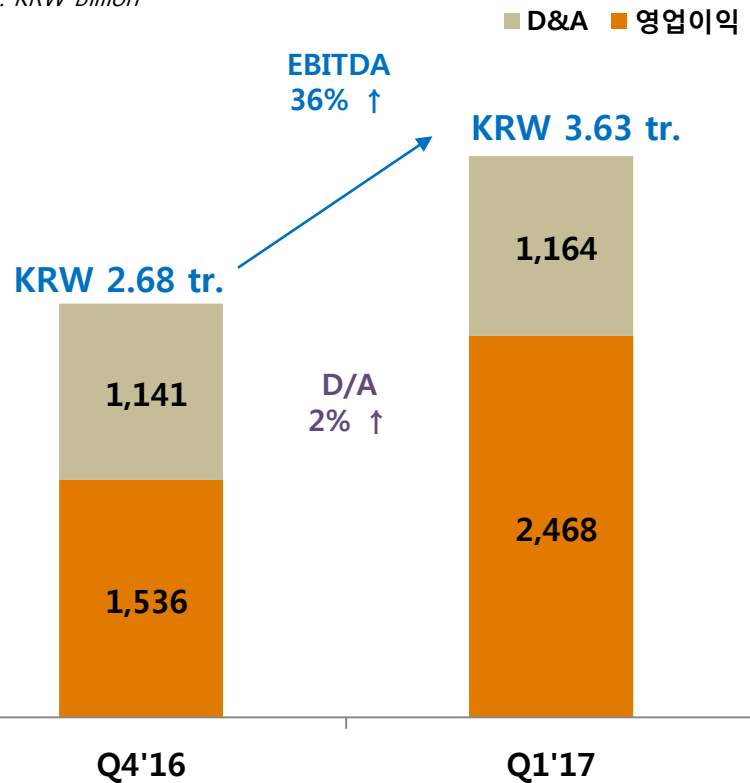
* Includes discrete NAND for SSDs

Profit Analysis

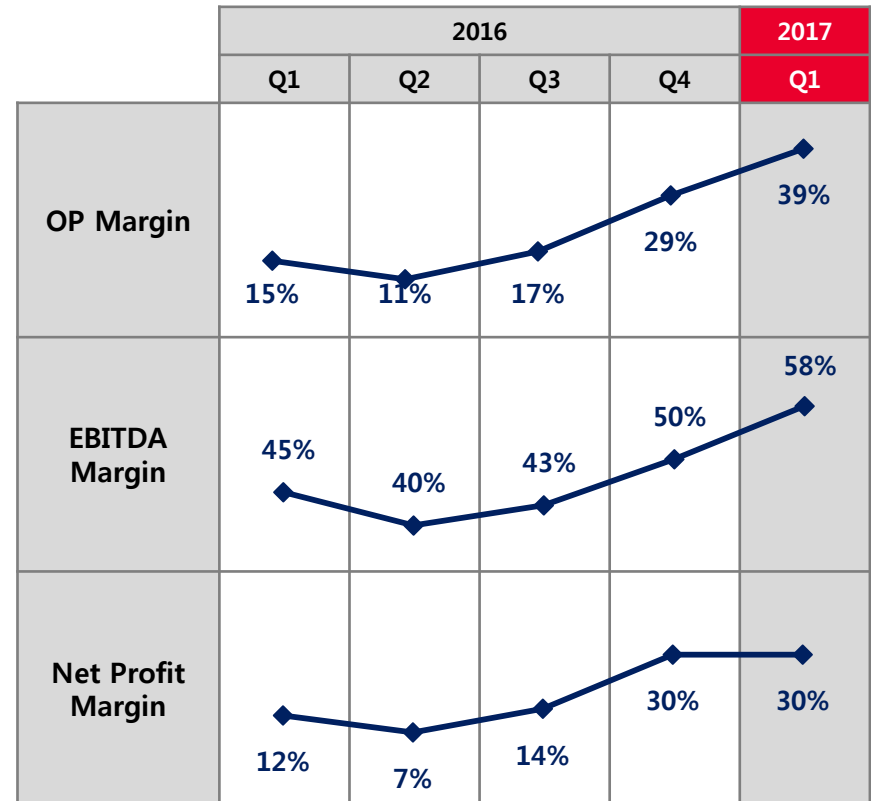
- With higher Revenue, Q1 Operating Profit increased 61% sequentially to KRW 2,468 Bil. & OP Margin of 39%, recording historical high Quarterly Operating Profit amount.
- D&A expense increased slightly Q/Q, EBITDA reached KRW 3,631 Bil. with EBITDA Margin of 58%
- Stronger Korean Won led to FX-related losses. Net Income increased 17% sequentially, with Net Profit Margin of 30%

Operating Profit & EBITDA

Unit: KRW Billion



Profit Margins



Capital Structure

(Unit: KRW Billion)

	Q1 '17	QoQ	Q4 '16	Q1 '16	YoY
Assets	34,320	+2,103	32,216	29,798	+4,522
Cash*	4,872	+737	4,136	4,257	+615
Liabilities	9,151	+958	8,192	8,333	+818
Debt**	4,343	+7	4,336	4,381	-38
Shareholders' Equity	25,169	+1,145	24,024	21,465	+2,636
Capital Stock	3,658	-	3,658	3,658	-
Retained Earnings	18,537	+1,470	17,067	14,448	+2,708
Current Ratio	210%	-26%p	236%	216%	-6%p
Debt-to-Equity Ratio	17%	-1%p	18%	20%	-3%p
Net Debt-to-Equity Ratio	-2%	-3%p	1%	1%	-3%p

* Cash = Cash & Cash Equivalents + Short-term Financial Instruments

** Debt = Short-term Borrowings + Current portion of Long-term Borrowings + Debentures + Long-Term Borrowings

Cash Flow

(Unit: KRW Billion)

	Q1 '17	Q4 '16	Q1 '16
Beginning Cash balance	4,136	3,591	4,791
CF from Operating Activities	2,823	1,984	654
Net Income	1,899	1,629	448
Depreciation & Amortization	1,165	1,143	1,079
Changes in W/C, etc.	(241)	(788)	(872)
CF from Investing Activities	(2,212)	(1,459)	(1,784)
Acquisition of PP&E	(2,018)	(1,356)	(1,650)
CF from Financing Activities	178	(18)	615
Increase in Debt	178	(18)	615
Dividend payout	0	0	0
Share repurchase	0	0	0
Effect of changes in F/X rate on cash & cash equivalents	(52)	39	(20)
Net increase (decrease) in Cash	737	545	(534)
Ending Cash balance	4,872	4,136	4,257

[Attachment1] Statement of Financial Position

K-IFRS (KRW Billion)

	Q1'17	Q4'16	Q1'16	QoQ	YoY
Assets					
Current Assets	10,841	9,839	9,163	+1,002	+1,678
Cash & Cash Equivalents*	4,872	4,136	4,257	+737	+615
Accounts Receivables	3,452	3,252	2,266	+201	+1,186
Inventories	2,041	2,026	2,194	+14	-153
Non-Current Assets	23,478	22,377	20,635	+1,101	+2,844
Property, plant & equipment	19,856	18,777	17,666	+1,079	+2,190
Intangible Assets	2,003	1,916	1,736	+87	+267
Total Assets	34,320	32,216	29,798	+2,103	+4,522
Liabilities					
Interest-bearing Debts	4,343	4,336	4,381	+7	-38
S-T Borrowings	114	0	144	+114	-30
Current Portion of LT Borrowings	677	705	827	-28	-150
Bonds/Convertible Bonds	1,466	1,535	1,620	-69	-154
L-T Borrowings	2,087	2,096	1,790	-9	+297
Accounts Payables	701	696	633	+5	+68
Total Liabilities	9,151	8,192	8,333	+958	+818
Shareholders' Equity					
Capital Stock	3,658	3,658	3,658	+0	+0
Capital Surplus	4,144	4,144	4,144	+0	-0
Retained Earnings	18,537	17,067	14,448	+1,470	+4,089
Total Shareholders' Equity	25,169	24,024	21,465	+1,145	+3,704

* Short-term Financial Instruments included

[Attachment 2] Income Statement

K-IFRS (KRW Billion)

	Q1'17	Q4'16	Q1'16	QoQ	YoY
Sales	6,290	5,358	3,656	17%	72%
Cost of Goods Sold	2,985	2,968	2,338	1%	28%
Gross Profit	3,305	2,390	1,318	38%	151%
SG&A Expenses	837	853	756	-2%	11%
Operating Profit	2,468	1,536	562	61%	339%
Financial Income(Expenses), Net	-20	-15	-22		
F/X Transaction & Translation Income (Expense), Net	-72	46	24		
Income (Expense) From Jointly Controlled Entities and Associates, Net	-0	6	3		
Other Non-operating Income (Expense), Net	-5	-2	-9		
Income Before Income Taxes	2,370	1,571	558	51%	325%
Income Taxes (Benefit)	471	-57	110		
Net Income	1,899	1,629	448	17%	324%