



SK Hynix FY2018 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 FY2018 Q1 financial results has not been finalized. Figures in this earnings release are subject to changes during the independent auditing process.





FY2018 Q1 Financial Results

Results of Operation

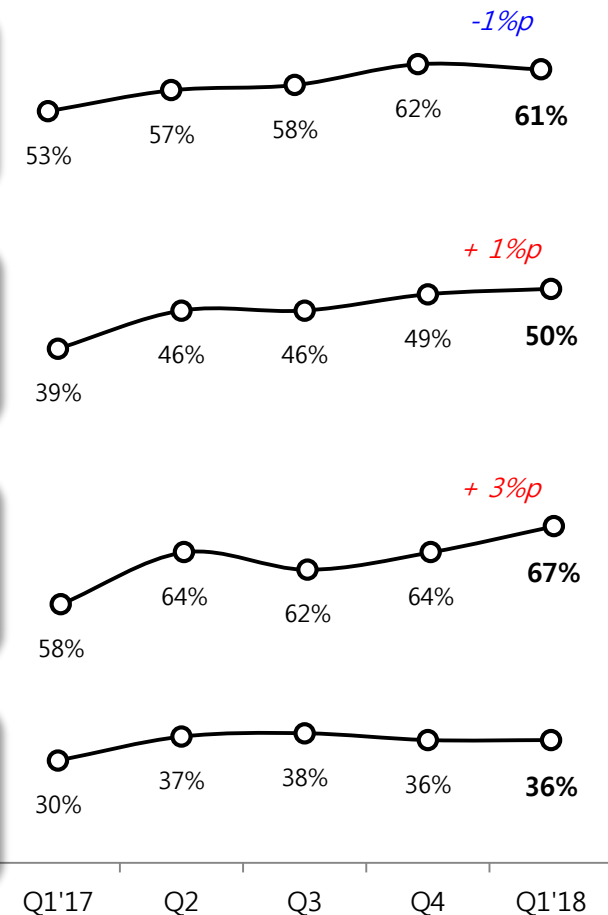
Income Statement

<i>(Unit: KRW Billion)</i>		Q1'18	Q4'17	Q1'17	QoQ	YoY
Revenue		8,720	9,028	6,290	-3%	+39%
Gross Profit		5,336	5,567	3,305	-4%	+61%
Operating Profit		4,367	4,466	2,468	-2%	+77%
EBITDA*		5,813	5,801	3,631	+0%	+60%
Net Profit		3,121	3,219	1,899	-3%	+64%
EPS(KRW)	Basic	4,420	4,562	2,688		
	Dil.	4,419	4,561	2,688		
Shares Outstanding (Mil. Shares)	Basic	706	706	706		
	Dil.	706	706	706		

* EBITDA = Operating Profit + Depreciation & Amortization

[Note] All figures in this presentation are rounded to KRW Billions, leading to some statements not adding up completely

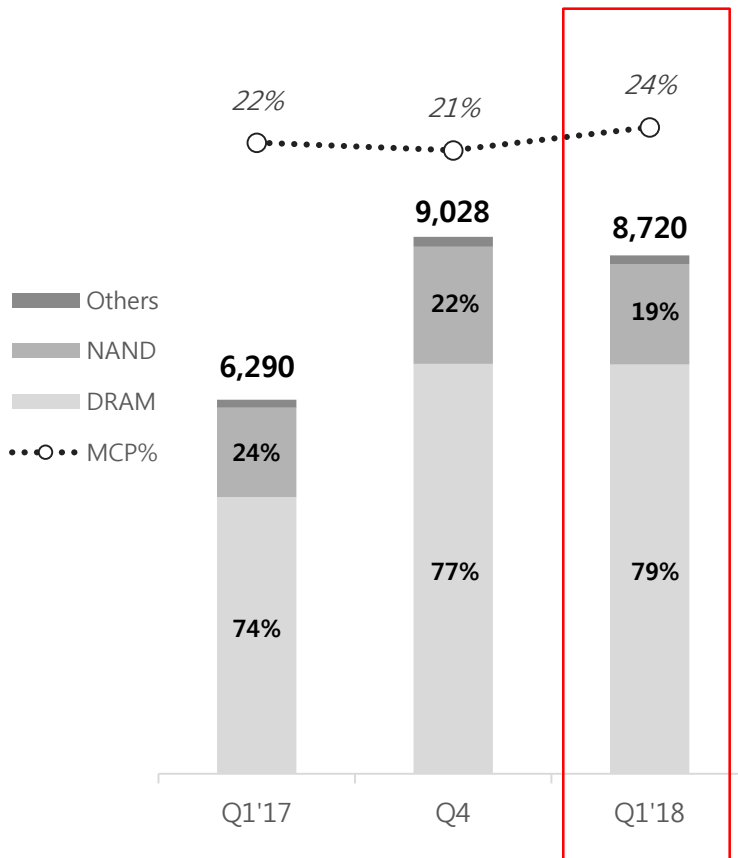
Profit Margins



Sales Analysis -1

Revenue Trend

(Unit: KRW Billion)



○ Favorable pricing conditions continued despite seasonal slowdown of demand. However with DRAM & NAND bit shipments decrease, Q1 Revenue declined 3% QoQ.

DRAM

- QoQ B/G -5%, ASP +9%
- Expanded bit shipments of Server DRAM that showed continued demand strength, but with Mobile demand weakness & less production days overall DRAM bit shipments declined.
- Prices rose evenly for all products including Mobile.

NAND

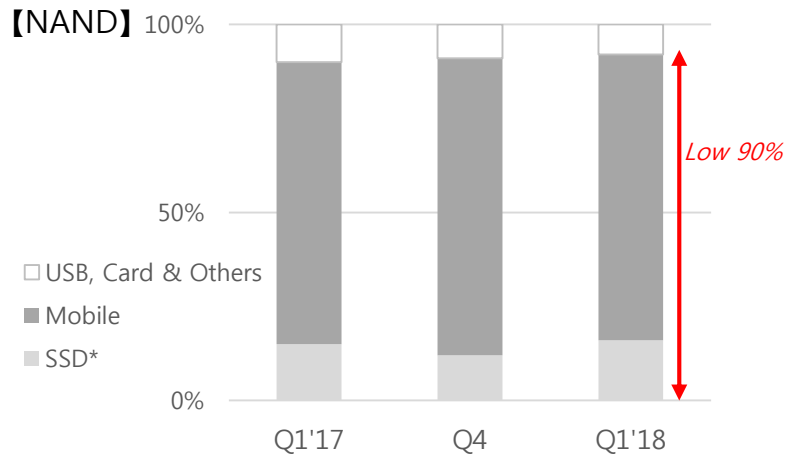
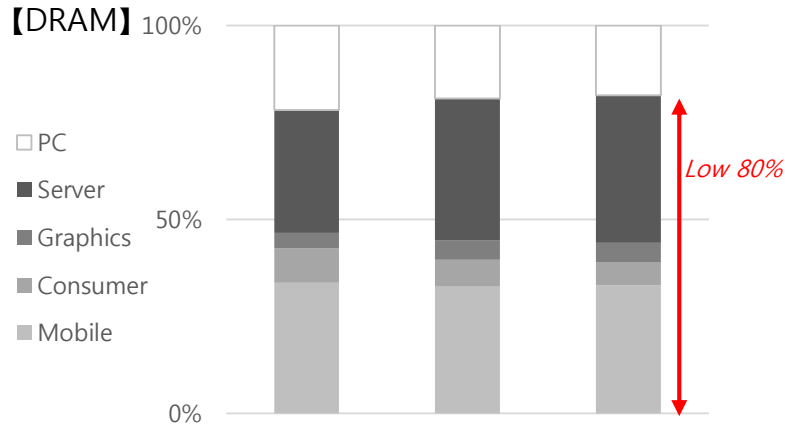
- QoQ B/G -10%, ASP -1%
- Mobile demand weakness & carried forward shipments due to qualification timing of some leading edge products led to bit shipments decline.
- All products showed some price weakness, however price fall was minimal.

MCP

- With Chinese smartphone makers' continued adoption of high density memory, both shipments and prices increased leading to MCP Revenue growth of 17% QoQ.

Sales Analysis - 2

Revenue Breakdown by Application



* including discrete NAND for SSDs

Computing (PC, Server) DRAM

- Expanded Server DRAM mix as demand strength continued
- Price increase trend continued

Mobile DRAM

- High level of price increase continued,
- however with seasonal demand weakness, Revenue portion was maintained

Mobile NAND

- Bit shipments declined from slower demand post new model launch period & overall demand weakness (however higher memory density adoption led to bit shipment growth for MCP)
- With mild price corrections, Mobile NAND Revenue portion decreased.

SSD

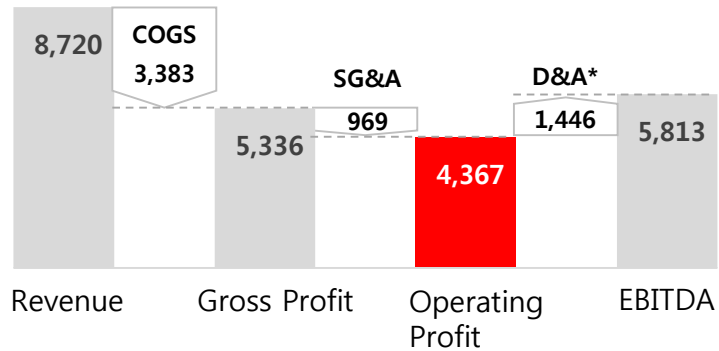
- Limited sales into the channel market that experienced relatively higher price drop & focused on shipments of SSD modules
- With small price corrections, Revenue portion increased.

Profit Analysis

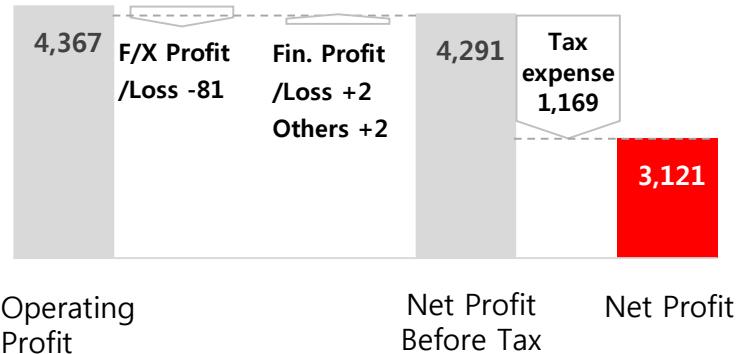
2018 Q1 Profit

【 Operating Profit 】

(Unit: KRW Billion)



【 Net Profit 】



* Depreciation & Amortization

- Recorded Q1 Gross Profit of KRW 5.33 tril (-4% Q/Q) & Operating Profit of KRW 4.37 tril (-2% Q/Q) due to Revenue decrease.
- Maintained Q1 EBITDA of KRW 5.8 tril with higher D&A, while EBITDA margin increased to 67%.
- Recorded Net Non-Operating loss of KRW 77 bil, as smaller fluctuations in USD/KRW exchange rate resulted in a reduced net F/X loss of KRW 81 bil.
- With a raise in the highest statutory Corp. tax rate & no further impact of one-off tax expense reduction coming from the recognition of DTA for overseas subsidiary in the previous quarter, tax expenses increased leading to Net Profit decline of 3% Q/Q

Capital Structure

Balance Sheet

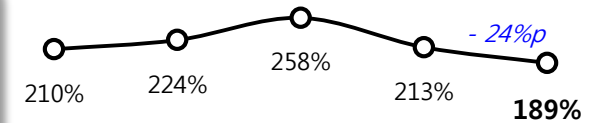
(Unit: KRW Billion)	Q1'18	Q4'17	Q1'17	QoQ	YoY
Assets	49,125	45,418	34,320	+3,707	+14,806
Cash*	8,266	8,555	4,872	-289	+3,393
Liabilities	12,747	11,598	9,151	+1,149	+3,596
Debt **	3,867	4,171	4,343	-305	-477
Shareholders' Equity	36,378	33,821	25,169	+2,558	+11,210
Capital Stock	3,658	3,658	3,658	-	-
Retained Earnings	29,684	27,287	18,537	+2,396	+11,147

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

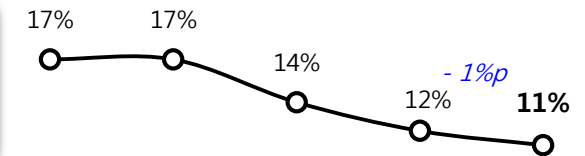
** Debt = Short-term Borrowings + Current portion of Long-term Borrowings + Debentures + Long-Term Borrowings

Stability Ratios

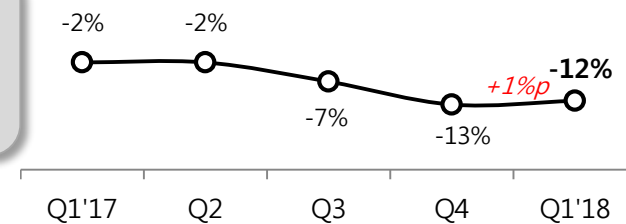
Current Ratio



Debt-to-Equity Ratio



Net Debt-to-Equity Ratio

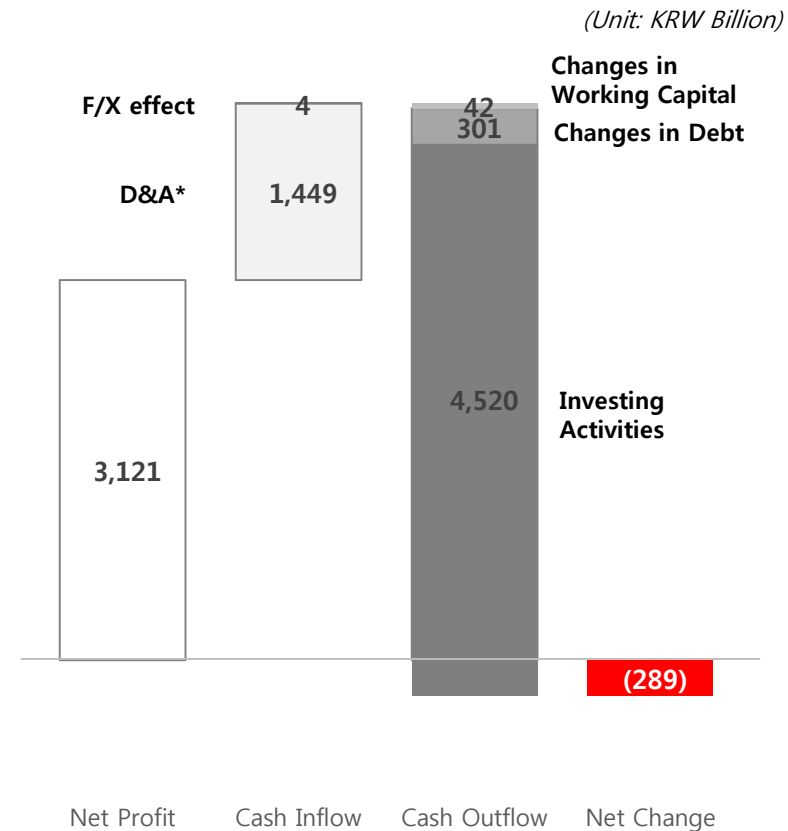


Cash Flow

Cash Flow

<i>(Unit: KRW Billion)</i>	Q1'18	Q4'17	Q1'17
Beginning Cash Balance	8,555	6,315	4,136
CF from Operating Activities	4,528	4,795	2,823
Net Profit	3,121	3,219	1,899
D&A*	1,449	1,338	1,165
Changes in Working Capital	(42)	237	(241)
CF from Investing Activities	(4,520)	(2,410)	(2,212)
Acquisition of PP&E	(4,317)	(2,276)	(2,018)
CF from Financing Activities	(301)	10	178
Changes in Debt	(301)	10	178
Dividend payout	0	0	0
Share repurchase	0	0	0
Effect of F/X rate changes on Cash & equivalents	4	(156)	(52)
Net changes in Cash	(289)	2,240	737
Ending Cash Balance	8,266	8,555	4,872

Q1 2018 Net Cash Flow



* including depreciation for non-operating(idle) assets

[Attachment1] Statement of Financial Position

K-IFRS (KRW Billion)

	Q1'18	Q4'17	Q1'17	QoQ	YoY
Assets					
Current Assets	17,633	17,310	10,841	+322	+6,791
Cash & Cash Equivalents*	8,266	8,555	4,872	-289	+3,393
Accounts Receivables	5,574	5,553	3,452	+21	+2,122
Inventories	3,103	2,640	2,041	+463	+1,063
Non-Current Assets	31,492	28,108	23,478	+3,384	+8,014
Property, plant & equipment	27,365	24,063	19,856	+3,302	+7,509
Intangible Assets	2,305	2,247	2,003	+58	+302
Total Assets	49,125	45,418	34,320	+3,707	+14,806
Liabilities					
Interest-bearing Debts	3,867	4,171	4,343	-305	-477
S-T Borrowings	75	193	114	-118	-39
Current Portion of LT Borrowings	523	581	677	-58	-154
Bonds/Convertible Bonds	1,616	1,317	1,466	+299	+150
L-T Borrowings	1,652	2,080	2,087	-428	-434
Accounts Payables	780	759	701	+21	+78
Total Liabilities	12,747	11,598	9,151	+1,149	+3,596
Shareholders' Equity					
Capital Stock	3,658	3,658	3,658	-	-
Capital Surplus	4,144	4,144	4,144	-	-
Retained Earnings	29,684	27,287	18,537	+2,396	+11,147
Total Shareholders' Equity	36,378	33,821	25,169	+2,558	+11,210

* Short-term Financial Instruments included

[Attachment 2] Income Statement

K-IFRS (KRW Billion)

		Q1'18	Q4'17	Q1'17	QoQ	YoY
Revenue		8,720	9,028	6,290	-3%	39%
Cost of Goods Sold		3,383	3,460	2,985	-2%	13%
Gross Profit		5,336	5,567	3,305	-4%	61%
SG&A Expenses		969	1,102	837	-12%	16%
Operating Profit		4,367	4,466	2,468	-2%	77%
Net Financial Profit/Loss		2	-7	-20		
Net F/X Transaction & Translation Profit/Loss		-81	-262	-72		
Income (Expense) From Jointly Controlled Entities and Associates, Net		5	4	-0		
Others		-3	-44	-5		
EBITDA		5,813	5,801	3,631	+0%	60%
Income Before Tax		4,291	4,157	2,370	+3%	81%
Tax Expense/Benefit		1,169	938	471	+25%	148%
Net Profit		3,121	3,219	1,899	-3%	64%
EPS(KRW)	Basic	4,420	4,562	2,688		
	Diluted	4,419	4,561	2,688		
Shares Outstanding (Mil. Shares)	Basic	706	706	706		
	Diluted	706	706	706		