



SK Hynix FY2018 Q2 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 Q2 financial results has not been finalized. Figures in this earnings release are subject to changes during the independent auditing process.





FY2018 Q2 Financial Results

Results of Operation

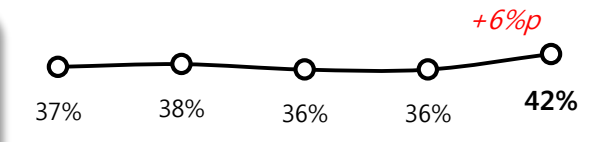
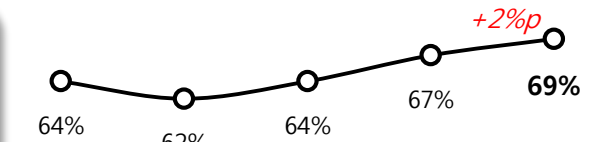
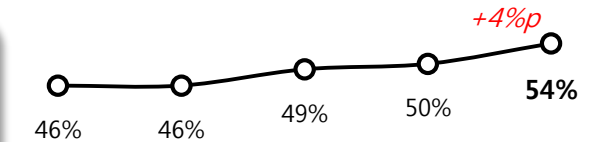
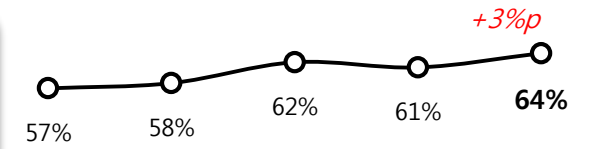
Income Statement

<i>(Unit: KRW Billion)</i>		Q2'18	Q1'18	Q2'17	QoQ	YoY
Revenue		10,371	8,720	6,692	<i>+19%</i>	<i>+55%</i>
Gross Profit		6,608	5,336	3,833	<i>+24%</i>	<i>+72%</i>
Operating Profit		5,574	4,367	3,051	<i>+28%</i>	<i>+83%</i>
EBITDA*		7,146	5,813	4,263	<i>+23%</i>	<i>+68%</i>
Net Profit		4,329	3,121	2,469	<i>+39%</i>	<i>+75%</i>
EPS(KRW)	Basic	6,133	4,420	3,497		
	Dil.	6,132	4,419	3,497		
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

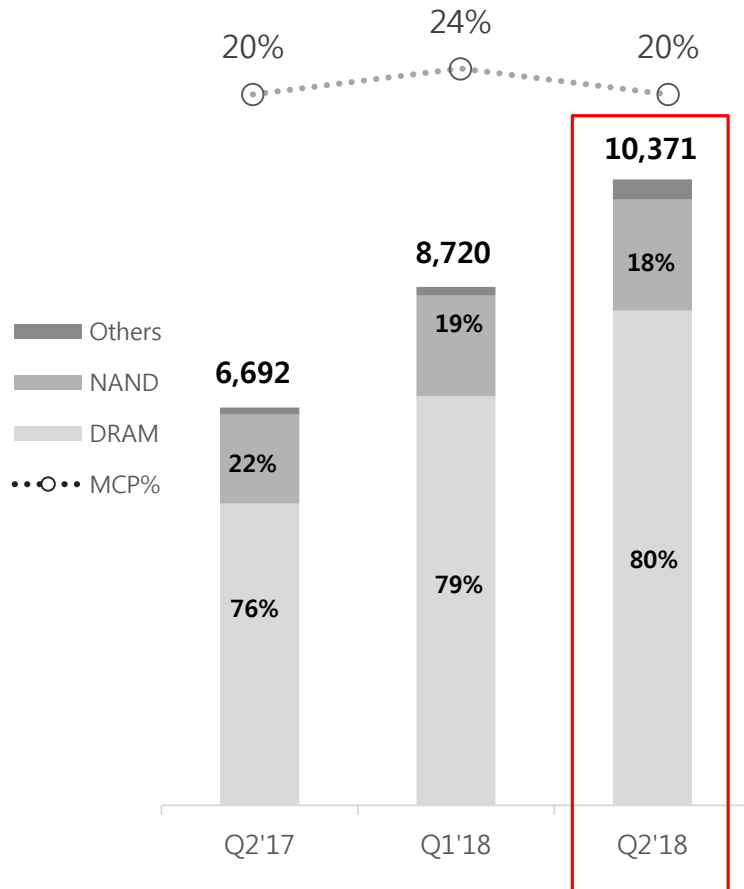


Q2'17 Q3 Q4 Q1'18 Q2'18

Sales Analysis -1

Revenue Trend

(Unit: KRW Billion)



- Q2'18 revenue grew by 19% Q/Q with double digits B/G from both DRAM & NAND backed by favorable market condition
- Generated the highest ever revenue in a quarter recorded with more than KRW 10Tr.

DRAM

- QoQ B/G +16%, ASP +4%
- Bit shipment increased in order to meet a continuing robust demand in computing segment
- Despite shipment increase in the industry, supply shortage persisted, resulting in ASP rise across all the applications.

NAND

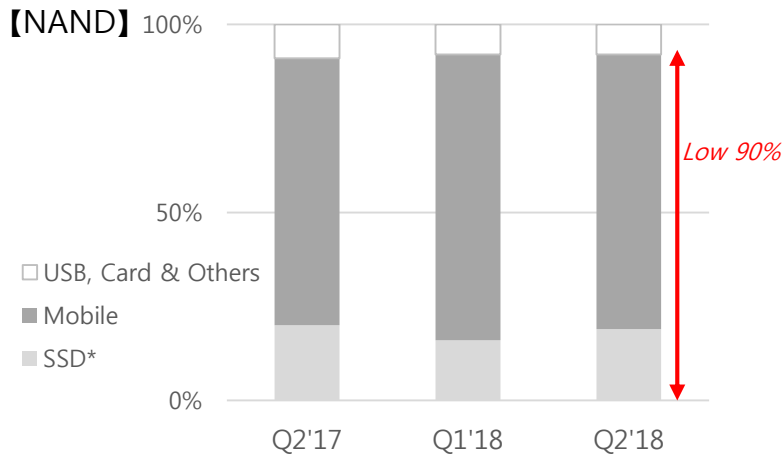
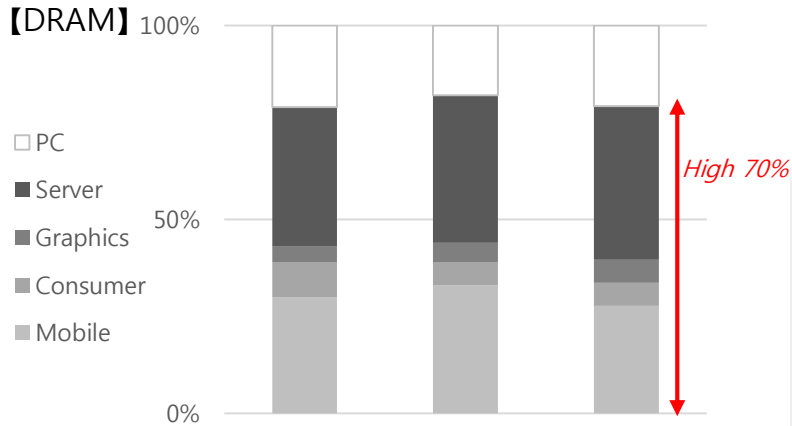
- QoQ B/G +19%, ASP -9%
- Addressed SSD demand and China mobile customers' higher density products with 48/72 layer 3D NAND
- ASP weakened across all the applications due to supply increase in the market

MCP

- While memory content increase by Chinese smartphones kept ASP high, seasonal weakness and inventory management before new product launch caused decrease in revenue amount & mix

Sales Analysis - 2

Revenue Breakdown by Application



* including discrete NAND for SSDs

Computing (PC, Server) DRAM

- Server DRAM demand stayed strong while downward trend for PC demand mitigated on the back of notebook shipment growth
- Prices continued to rise

Mobile DRAM

- Although ASP strength remained,
- Mobile revenue mix decreased due to seasonally weak demand

Mobile NAND

- Actively addressed for robust mobile demand as Chinese smartphone content increase,
- Unit ASP fell as higher density product sales rose, thus revenue mix maintained

SSD

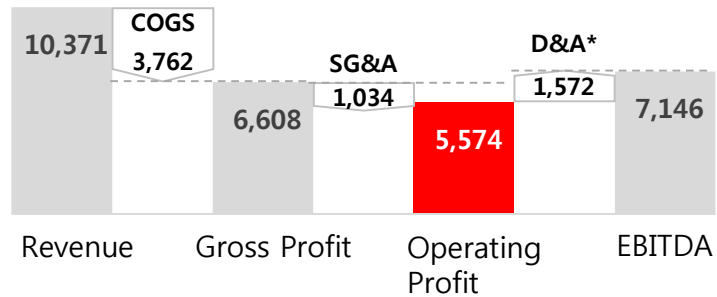
- Beside slight price correction begins by industry supply increase with 72/64 layer products,
- Revenue mix in SSD is expanded as cSSD module sales grew after additional qualifications and eSSD shipment started

Profit Analysis

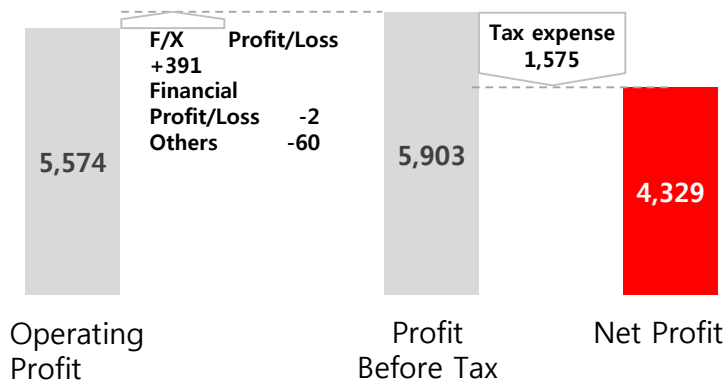
2018 Q2 Profit

【 Operating Profit 】

(Unit: KRW Billion)



【 Net Profit 】



* Depreciation & Amortization

- Revenue increase and cost reduction led to Q2 gross profit of KRW 6.61T(+24% Q/Q) & Operating Profit of KRW 5.57T(+28% Q/Q)
- EBITDA of KRW 7.15T with higher D&A, while EBITDA margin expanded to 69%
- Depreciation of the KRW resulted in net F/X profit of KRW 391B, with Net Non-Operating income totaling KRW 330B
- Increase of Profit before Tax led to higher tax expenses from previous quarter,
- Also bringing up Net Profit by 39% Q/Q

Capital Structure

Balance Sheet

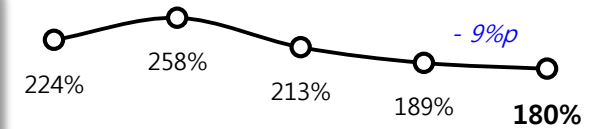
(Unit: KRW Billion)	Q2'18	Q1'18	Q4'17	QoQ	vs. Q4'17
Assets	53,257	49,125	45,418	<i>+4,132</i>	<i>+7,839</i>
Cash*	4,405	8,266	8,555	<i>-3,860</i>	<i>-4,149</i>
Liabilities	12,479	12,747	11,598	<i>-267</i>	<i>+882</i>
Debt **	5,415	3,867	4,171	<i>+1,548</i>	<i>+1,244</i>
Shareholders' Equity	40,778	36,378	33,821	<i>+4,399</i>	<i>+6,957</i>
Capital Stock	3,658	3,658	3,658	-	-
Retained Earnings	34,007	29,684	27,287	<i>+4,323</i>	<i>+6,719</i>

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

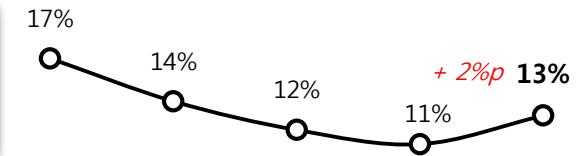
** Debt = Short-term Borrowings + Current portion of Long-term Borrowings + Debentures + Long-Term Borrowings

Stability Ratios

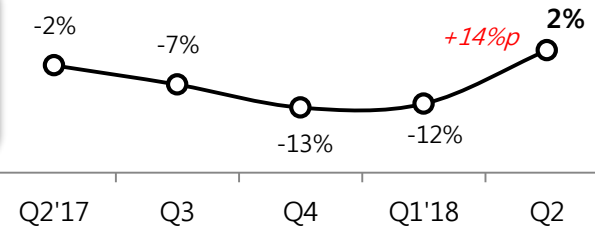
Current Ratio



Debt-to-Equity Ratio



Net Debt-to-Equity Ratio



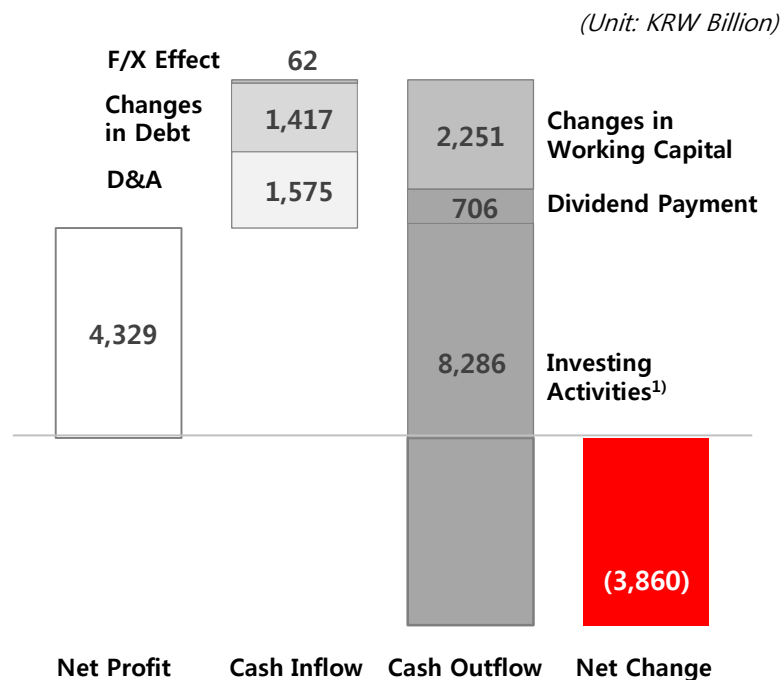
Cash Flow

Cash Flow

<i>(Unit: KRW Billion)</i>	Q2'18	Q1'18	Q2'17
Beginning Cash Balance	8,266	8,555	4,872
CF from Operating Activities	3,652	4,528	3,286
Net Profit	4,329	3,121	2,469
D&A*	1,575	1,449	1,214
Changes in Working Capital	(2,251)	(42)	(396)
CF from Investing Activities	(8,286)	(4,520)	(2,900)
Acquisition of PP&E	(4,142)	(4,317)	(2,665)
CF from Financing Activities	711	(301)	(200)
Changes in Debt	1,417	(301)	223
Dividend payout	(706)	0	(424)
Share repurchase	0	0	0
Effect of F/X rate changes on Cash & equivalents	62	4	66
Net changes in Cash	(3,860)	(289)	252
Ending Cash Balance	4,405	8,266	5,124

* including depreciation for non-operating(idle) assets

Q2 2018 Net Cash Flow



1) includes acquisition of a stake in Toshiba Corporation's semiconductor memory business for amount of KRW 3,916B

[Attachment1] Statement of Financial Position

K-IFRS (KRW Billion)

	Q2'18	Q1'18	Q4'17	QoQ	vs. Q4'17
Assets					
Current Assets	15,696	17,633	17,310	-1,937	-1,615
Cash & Cash Equivalents*	4,405	8,266	8,555	-3,860	-4,149
Accounts Receivables	7,351	5,574	5,553	+1,777	+1,799
Inventories	3,368	3,103	2,640	+265	+727
Non-Current Assets	37,561	31,492	28,108	+6,069	+9,453
Property, plant & equipment	29,311	27,365	24,063	+1,947	+5,249
Intangible Assets	2,408	2,305	2,247	+103	+161
Total Assets	53,257	49,125	45,418	+4,132	+7,839
Liabilities					
Interest-bearing Debts	5,415	3,867	4,171	+1,548	+1,244
S-T Borrowings	871	75	193	+796	+678
Current Portion of LT Borrowings	968	523	581	+445	+387
Bonds/Convertible Bonds	1,167	1,616	1,317	-449	-150
L-T Borrowings	2,409	1,652	2,080	+757	+329
Accounts Payables	801	780	759	+22	+43
Total Liabilities	12,479	12,747	11,598	-267	+882
Shareholders' Equity					
Capital Stock	3,658	3,658	3,658	-	-
Capital Surplus	4,144	4,144	4,144	-	-
Retained Earnings	34,007	29,684	27,287	+4,323	+6,719
Total Shareholders' Equity	40,778	36,378	33,821	+4,399	+6,957

* Short-term Financial Instruments included

[Attachment 2] Income Statement

K-IFRS (KRW Billion)

		Q2'18	Q1'18	Q2'17	QoQ	YoY
Revenue		10,371	8,720	6,692	+19%	+55%
Cost of Goods Sold		3,762	3,383	2,859	+11%	+32%
Gross Profit		6,608	5,336	3,833	+24%	+72%
SG&A Expenses		1,034	969	783	+7%	+32%
Operating Profit		5,574	4,367	3,051	+28%	+83%
Net Financial Profit/Loss		-2	2	-25		
Net F/X Transaction & Translation Profit/Loss		391	-81	27		
Income (Expense) From Jointly Controlled Entities and Associates, Net		4	5	5		
Others		-64	-3	11		
EBITDA		7,146	5,813	4,263	+23%	+68%
Income Before Tax		5,903	4,291	3,069	+38%	+92%
Tax Expense/Benefit		1,575	1,169	601	+35%	+162%
Net Profit		4,329	3,121	2,469	+39%	+75%
EPS(KRW)	Basic	6,133	4,420	3,497		
	Diluted	6,132	4,419	3,497		
Shares Outstanding (Mil. Shares)	Basic	706	706	706		
	Diluted	706	706	706		