



SK Hynix FY2014 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 FY2014 Q1 financial results has not been finalized. Figures in this earnings release are subjected to changes during the independent auditing process.

※ All financial information provided here is revised according to the latest amendment of K-IFRS 1001.



FY2014 Q1 Earnings Results & Operational Performances

Results of Operation

(Unit: KRW Billion)

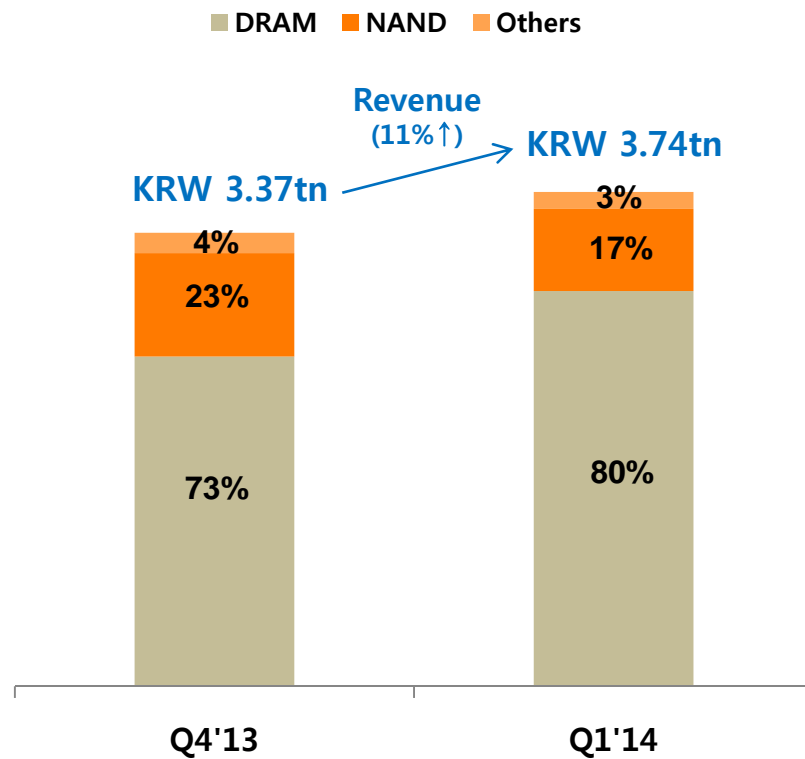
		Q1'14	QoQ	Q4'13	Q1'13	YoY
Revenue		3,743	+11%	3,368	2,781	+35%
Gross Profit (Loss)		1,632	+21%	1,351	763	+114%
Operating Profit (Loss)		1,057	+35%	785	317	+234%
EBITDA*		1,881	+25%	1,510	1,089	+73%
Net Profit (Loss)		802	+2%	789	179	+349%
EPS (Won)	Basic	1,130		1,111	257	
	Diluted	1,104		1,111	257	
Shares Outstanding (Mil. shares)	Basic	710		710	694	
	Diluted	727		710	694	
Gross Margin		44%	+4%p	40%	27%	+17%p
OP Margin		28%	+5%p	23%	11%	+17%p
EBITDA Margin		50%	+5%p	45%	39%	+11%p
Net Margin		21%	-2%p	23%	6%	+15%p

* EBITDA = Operating Profit + Depreciation & Amortization

Sales Analysis

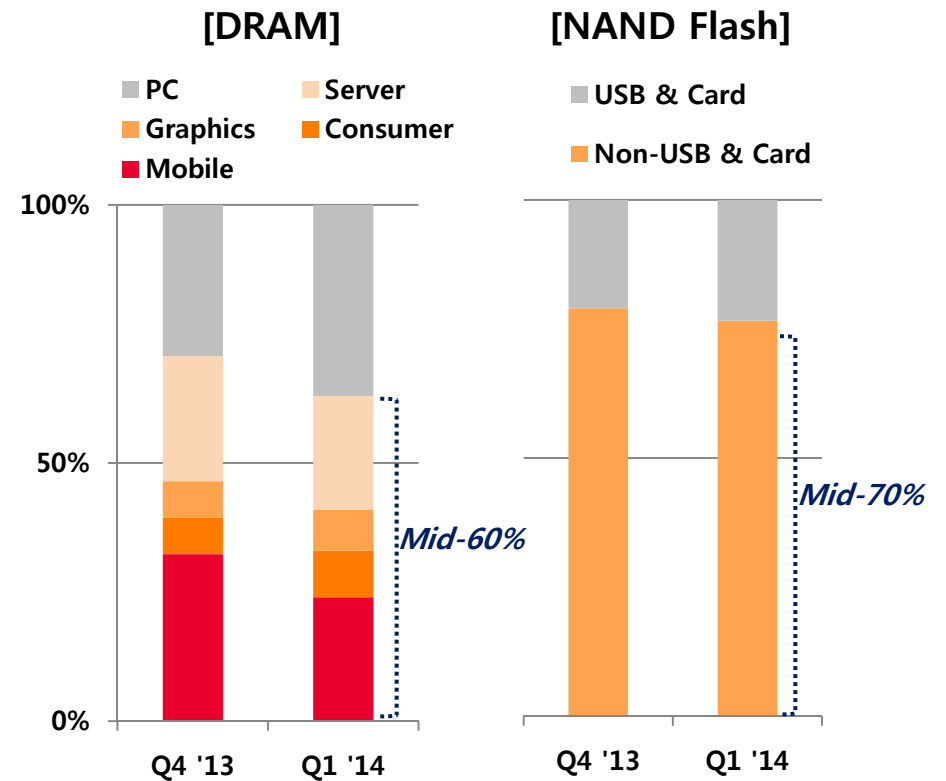
- DRAM Revenue up QoQ : 20% bit shipment growth with normalization of DRAM production & Flat ASP due to favorable market conditions
- NAND Revenue down QoQ : -8% bit shipment growth due to weak demand from mobile devices & 14% ASP drop under soft price environment

Revenue Mix by Product



※ MCP Revenue portion declined from 13% in Q4'13 to 9% in Q1'14

Product Mix by Application



※ Revenue portion

※ Bit portion

Profit Analysis

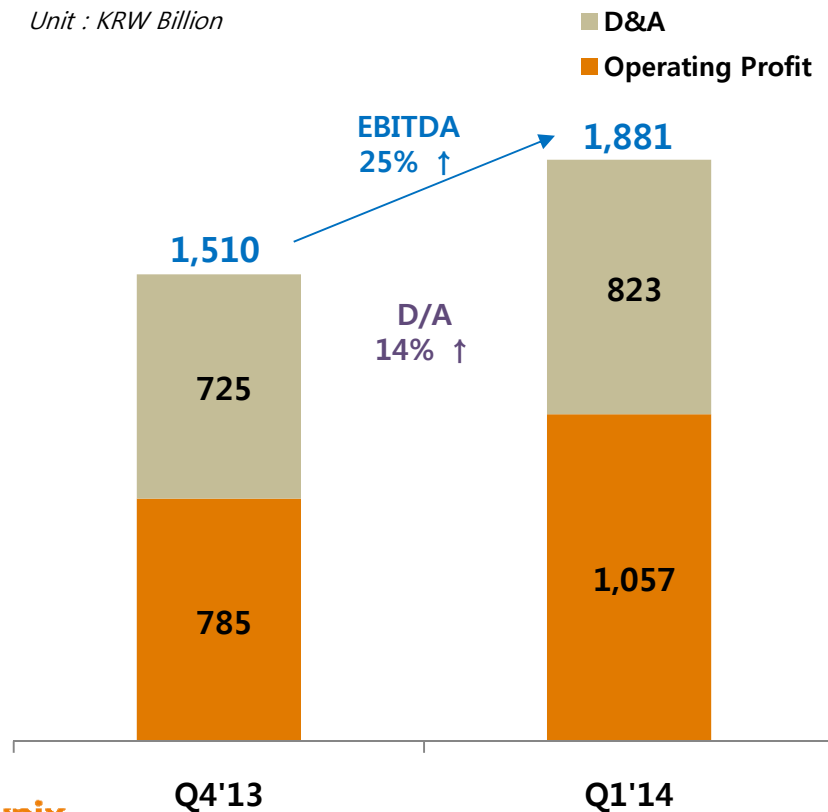
- Operating profit increase and margin expansion attributable to DRAM profitability improvement: bit shipment increased primarily from main memory products on the back of normalized production while price remained stable

(+) Factor : Unit cost reduction from sequential increase in DRAM bit shipment, margin improvement from stable DRAM ASP

(-) Factor : NAND bit shipment & ASP decline

Operating Profit & EBITDA

Unit : KRW Billion



Profit Margins

	2013				2014
	Q1	Q2	Q3	Q4	Q1
OP Margin	11%	28%	29%	23%	28%
EBITDA Margin	39%	48%	46%	45%	50%
Net Margin	6%	24%	23%	23%	21%



Non-Operating Gain & Loss

(Unit : KRW Billion)

	Q1 '14	QoQ	Q4 '13	Q1 '13	YoY
Net Non-Operating Gain (Loss)	(88)	-137	49	(109)	+21
Net Financial Gain (Loss)	(37)	-2	(35)	(55)	+18
Net F/X Transaction & Translation Gain (Loss)	(10)	-69	60	(34)	+24
Net Gain (Loss) on equity method investments	0	-5	6	4	-3
Other Net Non-Operating Gain (Loss)	(41)	-61	19	(23)	-19
Income Tax Expense (Income)	167	+122	45	30	+138

Capital Structure

(Unit : KRW Billion)

	Q1 '14	QoQ	Q4 '13	Q1 '13	YoY
Asset	22,066	+1,268	20,797	19,058	+3,008
Cash*	3,138	+352	2,786	1,928	+1,210
Liability	8,213	+483	7,730	9,015	-801
Debt**	4,764	+214	4,550	6,373	-1,609
Shareholders' Equity	13,852	+786	13,067	10,044	+3,809
Capital Stock	3,569	-	3,569	3,488	+80
Retained Earnings	7,004	+803	6,201	3,492	+3,512
Debt-to-Equity Ratio	34%	-1%p	35%	63%	-29%p
Net Debt-to-Equity Ratio	12%	-1%p	13%	44%	-32%p

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

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

Cash Flows

(Unit : KRW Billion)

	Q1 '14	Q4 '13	Q1 '13
Beginning cash balance*	2,786	3,092	1,785
CF from Operating Activities	1,211	1,719	946
Pre-tax Income	969	834	208
Depreciation & Amortization**	824	787	772
Changes in working capital, etc	(583)	98	(35)
CF from Investing Activities	(1,056)	(1,309)	(589)
Acquisition of PP&E	(1,231)	(835)	(497)
CF from Financing Activities	190	(713)	(221)
Debt issuance, net of repayment***	190	(713)	(221)
Net increase (decrease) in Cash	352	(306)	143
Ending cash balance	3,138	2,786	1,928

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

** D&A : including amortization of non-operating expenses

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

[Attachment1] Statement of Financial Position

K-IFRS (KRW Billion)

	Q1'14	Q4'13	Q1'13	QoQ	YoY
Assets					
Current Assets	7,154	6,653	5,700	501	1,454
Cash & Cash Equivalents*	3,138	2,786	1,928	352	1,210
Accounts Receivables	2,325	1,942	1,797	383	528
Inventories	1,262	1,178	1,586	84	-324
Non-Current Assets	14,911	14,144	13,358	767	1,553
Property, plant & equipment	12,855	12,130	11,599	725	1,256
Intangible Assets	1,125	1,110	1,017	15	108
Total Assets	22,066	20,797	19,058	1,268	3,008
Liabilities	0	0	0	0	0
Interest-bearing Debts	4,764	4,550	6,373	214	-1,609
S-T Borrowings	487	138	778	349	-291
Current Portion of LT Borrowings	1,008	732	1,764	276	-755
Bonds/Convertible Bonds	1,763	1,950	1,455	-187	308
L-T Borrowings	1,505	1,730	2,375	-225	-870
Accounts Payables	699	649	630	50	69
Total Liabilities	8,213	7,730	9,015	483	-801
Shareholders' Equity	0	0	0	0	0
Common Stock	3,569	3,569	3,488	0	80
Total Shareholders' Equity	13,852	13,067	10,044	786	3,809

* Short-term Financial Instruments included

[Attachment 2] Income Statement

K-IFRS (KRW Billion)

	Q1'14	Q4'13	Q1'13	QoQ	YoY
Sales	3,743	3,368	2,781	375	962
Cost of Goods Sold	2,110	2,016	2,018	94	92
Gross Profit	1,632	1,351	763	281	869
SG&A Expenses	575	567	446	8	129
Operating Profit	1,057	785	317	273	740
Financial Income(Expenses), Net	-37	-35	-55	-2	18
F/X Transaction & Translation Income (Expense), Net	-10	60	-34	-69	24
Income (Expense) From Jointly Controlled Entities and Associates, Net	0	6	4	-5	-3
Other Non-operating Income (Expense), Net	-41	19	-23	-61	-19
Income Before Income Taxes	969	834	208	135	761
Income Taxes (Benefit)	167	45	30	122	138
Net Income	802	789	179	13	624

* The income statement is according to recent K-IFRS revision.