

# SK Hynix FY2013 Q2 Earnings Results



July 25, 2013

## 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 FY 2013 Q2 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.





## FY2013 Q2 Earnings Results & Operational Performances

### Results of Operation

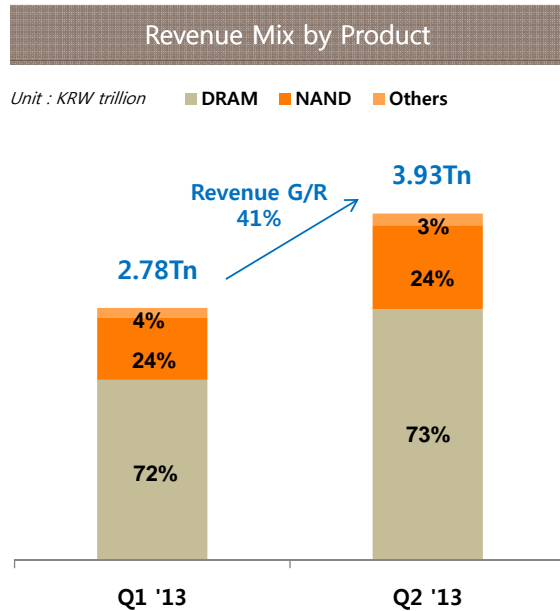
(Unit: KRW Billion)

		Q2'13	QoQ	Q1'13	Q2'12	YoY
Revenue		3,933	+41%	2,781	2,632	+49%
Gross Profit (Loss)		1,482	+94%	763	478	+210%
Operating Profit (Loss)		1,114	+251%	317	5	+21,123%
EBITDA*		1,870	+72%	1,089	772	+142%
Net Profit (Loss)		947	+430%	179	-53	turned to profit
EPS (won)	Basic	1,363		257	(77)	
	Diluted	1,342		257	(102)	
Shares Outstanding (million shares)	Basic	695		694	694	
	Diluted	713		694	710	
Gross Margin		38%	+11%p	27%	18%	+20%p
Operating Margin		28%	+17%p	11%	0%	+28%p
EBITDA Margin		48%	+9%p	39%	29%	+20%p
Net Margin		24%	+18%p	6%	-2%	+26%p

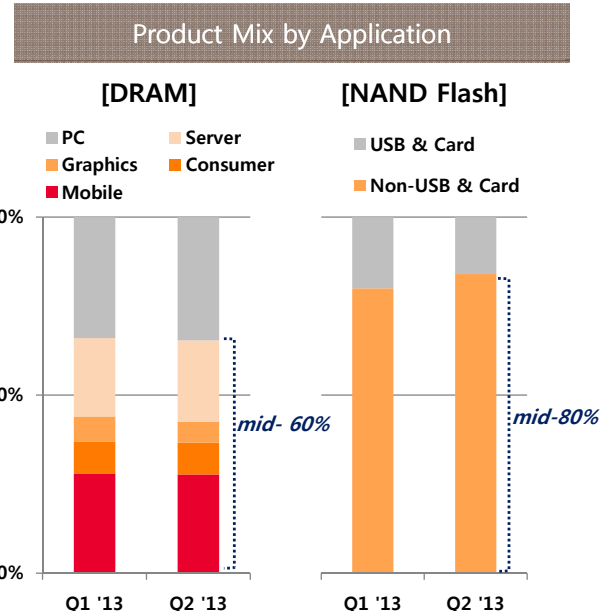
\* EBITDA = Operating Profit + Depreciation & Amortization Expenses

# Sales Analysis

- Record-high quarterly revenue as a result of favorable pricing environment and strong demand for all product segments including mobile
- PC DRAM price stayed strong on the back of supply shortages due to the suppliers' product mix shift to non-PC DRAM, while non-PC DRAM prices stabilized as well
- NAND prices also remained stable due to healthy demand for mobile products such as eMMC and MCP
  - DRAM sales: bit shipment 20% QoQ, ASP 16% QoQ
  - NAND Flash sales: bit shipment 29% QoQ, ASP 5% QoQ



※ MCP accounted for 15% of total revenue vs 12% in Q1'13



※ based on revenue

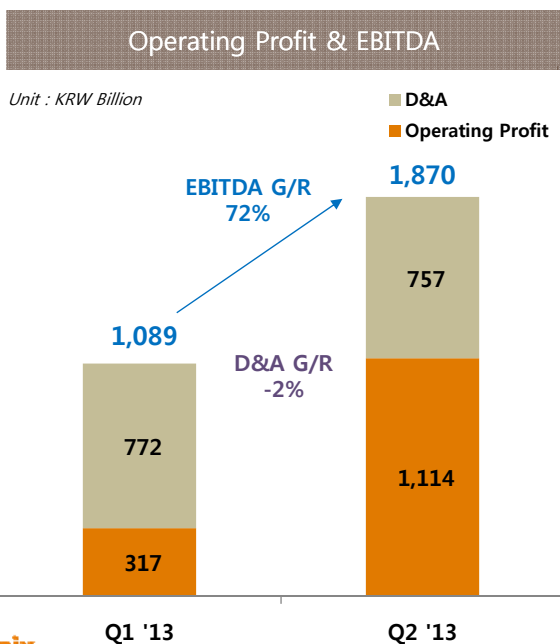
※ based on volume

# Profit Analysis

- Record-high quarterly operating profits on the back of strong revenue growth and significant unit cost reduction from the continued shrink and yield improvements. Profitability improved for all product segments.

(+) factors : Price increase for both DRAM & NAND, Volume growth driven by the strong mobile product demand, Increased 2Xnm portion for non-PC DRAM products, Reversal of provisions related to Rambus case

(-) factors : labor cost increase as a result of profit increase



### Profit Margins

	2012				2013	
	Q1	Q2	Q3	Q4	Q1	Q2
OP Margin	-11%	0%	-1%	2%	11%	28%
EBITDA Margin	24%	29%	32%	32%	39%	48%
Net Margin	-11%	-2%	0%	6%	6%	24%



## Non-Operating Gain & Loss

(Unit : KRW Billion)

	Q2 '13	QoQ	Q1 '13	Q2'12	YoY
Net Non-Operating Gain (Loss)	(101)	+8	(109)	(49)	-52
Net Financial Gain (Loss)	(56)	-1	(55)	(55)	-1
Net F/X Transaction & Translation Gain (Loss)	(29)	+5	(34)	(27)	-2
Net Gain (Loss) on equity method investments	4	+0	4	0	+4
Other Net Non-Operating Gain (Loss)	(20)	+3	(23)	32	-52
Income Tax Expense (Income)	66	+37	30	9	+57



## Capital Structure

(Unit : KRW Billion)

	Q2 '13	QoQ	Q1 '13	Q4 '12	vs. Q4'12
Asset	20,275	+1,217	19,058	18,649	+1,627
Cash*	2,435	+507	1,928	1,785	+650
Liability	9,118	+103	9,015	8,909	+208
Debt**	6,253	-120	6,373	6,472	-219
Shareholders' Equity	11,158	+1,114	10,044	9,739	+1,148
Capital Stock	3,491	+3	3,488	3,488	+3
Retained Earnings	4,439	+947	3,492	3,313	+1,125
Debt-to-Equity Ratio	56%	-7%p	63%	66%	-10%p
Net-Debt-to-Equity Ratio	34%	-10%p	44%	48%	-14%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)

	Q2 '13	Q1 '13	Q2'12
Beginning cash* balance	1,928	1,785	3,399
<b>CF From Operating Activities:</b>	<b>1,523</b>	<b>946</b>	<b>418</b>
Net profits before tax	1,013	208	(44)
Depreciation and Amortization	757	772	767
Changes in working capital, etc	(247)	(35)	(305)
<b>CF From Investing Activities:</b>	<b>(813)</b>	<b>(589)</b>	<b>(800)</b>
Acquisition of PP&E	(768)	(497)	(734)
<b>CF From Financing Activities:</b>	<b>(207)</b>	<b>(221)</b>	<b>(33)</b>
Debt** issuance, net of repayment	(207)	(221)	(35)
Net increase (decrease) in Cash	507	143	(409)
Ending cash balance	2,435	1,928	2,990

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

\*\* 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)

	Q2'13	Q1'13	Q4'12	QoQ	vs. Q4'12
<b>Assets</b>					
Current Assets	6,644	5,700	5,314	944	1,330
Cash & Cash Equivalents*	2,435	1,928	1,785	507	650
Accounts Receivables	2,440	1,797	1,720	643	720
Inventories	1,442	1,586	1,509	-144	-68
Non-Current Assets	13,632	13,358	13,335	273	296
Property, plant & equipment	11,900	11,599	11,586	301	313
Intangible Assets	1,052	1,017	984	34	68
<b>Total Assets</b>	<b>20,275</b>	<b>19,058</b>	<b>18,649</b>	1,217	1,627
<b>Liabilities</b>					
Interest-bearing Debts	6,253	6,373	6,472	-120	-219
S-T Borrowings	621	778	1,021	-157	-399
Current Portion of LT Borrowings	1,380	1,764	1,699	-384	-319
Bonds/Convertible Bonds	1,992	1,455	1,451	537	541
L-T Borrowings	2,259	2,375	2,302	-116	-42
Accounts Payables	673	630	593	42	80
<b>Total Liabilities</b>	<b>9,118</b>	<b>9,015</b>	<b>8,909</b>	103	208
<b>Shareholders' Equity</b>					
Common Stock	3,491	3,488	3,488	3	3
<b>Total Shareholders' Equity</b>	<b>11,158</b>	<b>10,044</b>	<b>9,739</b>	1,114	1,418

\* Short-term Financial Instruments included

## [Attachment 2] Income Statement

### K-IFRS (KRW Billion)

	Q2'13	Q1'13	Q2'12	QoQ	YoY
Sales	3,933	2,781	2,632	1,151	1,301
Cost of Goods Sold	2,451	2,018	2,154	433	296
Gross Profit	1,482	763	478	719	1,004
SG&A Expenses	368	446	472	-78	-104
Operating Profit	1,114	317	5	797	1,108
Financial Income(Expenses), Net	-56	-55	-55	-1	-1
F/X Transaction & Translation Income (Expense), Net	-29	-34	-27	5	-2
Income (Expense) From Jointly Controlled Entities and Associates, Net	4	4	0	0	4
Other Non-operating Income (Expense), Net	-20	-23	32	3	-52
Income Before Income Taxes	1,013	208	-44	805	1,057
Income Taxes (Benefit)	66	30	9	37	57
Net Income	947	179	-53	768	1,000

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