



Hynix Semiconductor

FY2011 Q4 Earnings Results

February 2nd, 2012



Disclaimer

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

As of January 1, 2011, Hynix Semiconductor Inc. adopted International Financial Reporting Standards (K-IFRS). All financial information contained in this document is based on consolidated K-IFRS. For the convenience of users, financial results of 2010 are presented based on K-IFRS and may differ from previously disclosed financial information provided based on K-GAAP.

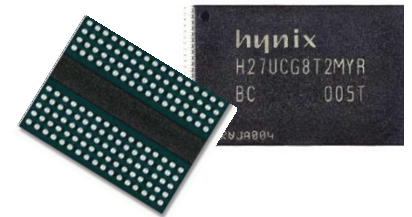
Review of the Q4 FY2011 and FY2011 financial results has not been finalized. Figures in this earnings release are subjected to changes during the independent auditing process.



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1. Q4 2011 Earnings Results & Operations
2. 2012 Memory Market Outlook

Q4 2011 Earnings Results (K-IFRS) & Operational Performances



Results of Operations

<i>Unit: KRW Billion</i>		Q4 '11	QoQ	Q3 '11	2011	YoY	2010
Revenue		2,553	+11%	2,291	10,396	-14%	12,106
Gross Income		254	+134%	108	1,675	-62%	4,463
Operating Income		-167	+39%	-277	325	-89%	2,975
EBITDA		660	+8%	614	3,746	-38%	6,069
Net Income		-240	+57%	-563	-56	N/A	2,598
EPS (Won)	Basic	-405		-948	-96		4,440
	Diluted	-405		-948	-96		4,171
Shares Outstanding (Million Shares)	Basic	592		592	592		590
	Diluted	592		592	592		628
Gross Margin		10%	+5%p	5%	16%	-21%p	37%
Operating Margin		-7%	+5%p	-12%	3%	-22%p	25%
EBITDA Margin		26%	-1%p	27%	36%	-14%p	50%
Net Margin		-9%	+16%p	-25%	-1%	-22%p	21%

Sales Analysis

- In spite of challenging DRAM market environment, Hynix recorded annual revenue of more than 10 trillion won in 2011
- Q4 revenue increased due to sales growth in all product lines as a result of strong bit growth
 - DRAM sales grew QoQ as bit shipment increased 30% and ASP declined 19%
 - NAND Flash sales increased QoQ as bit shipment increased 24% and ASP declined 17%

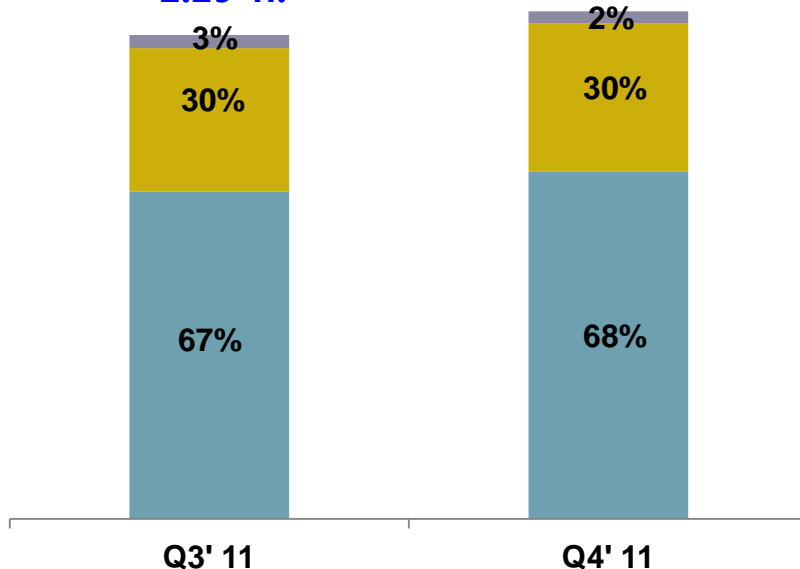
Sales by Products

Unit : KRW

■ DRAM ■ NAND ■ Others

Total Revenue increased 11%

2.29 Tr. → 2.55 Tr.

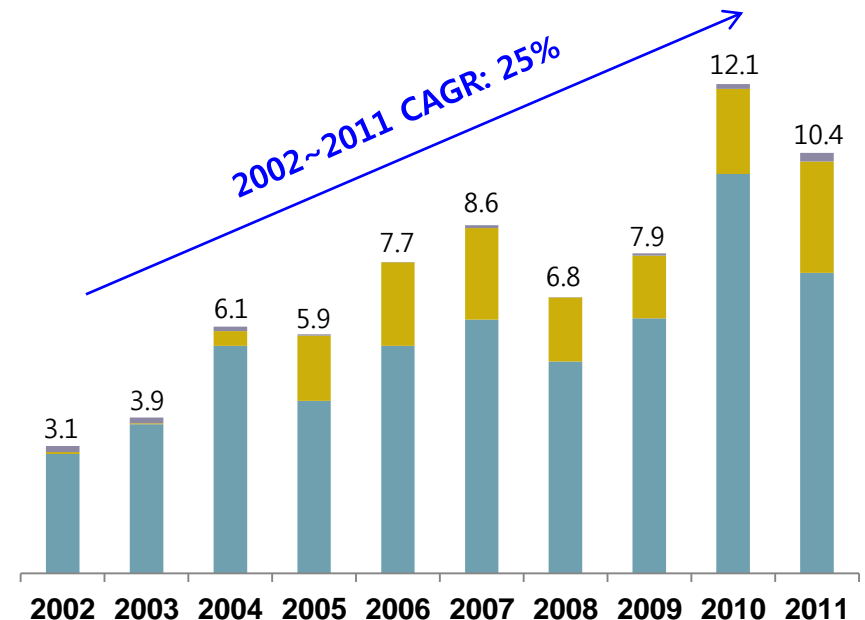


※ MCP Sales portion increased from 13% in Q3 to 14% in Q4

Annual Revenue Growth

Unit: KRW Trillion

■ DRAM ■ NAND ■ Others

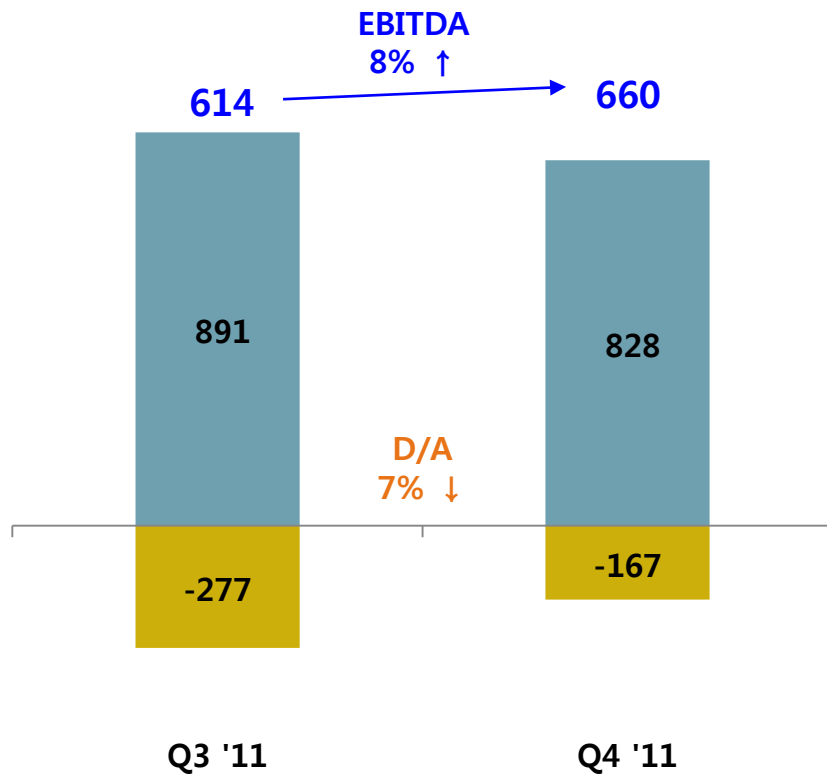


Profit Analysis

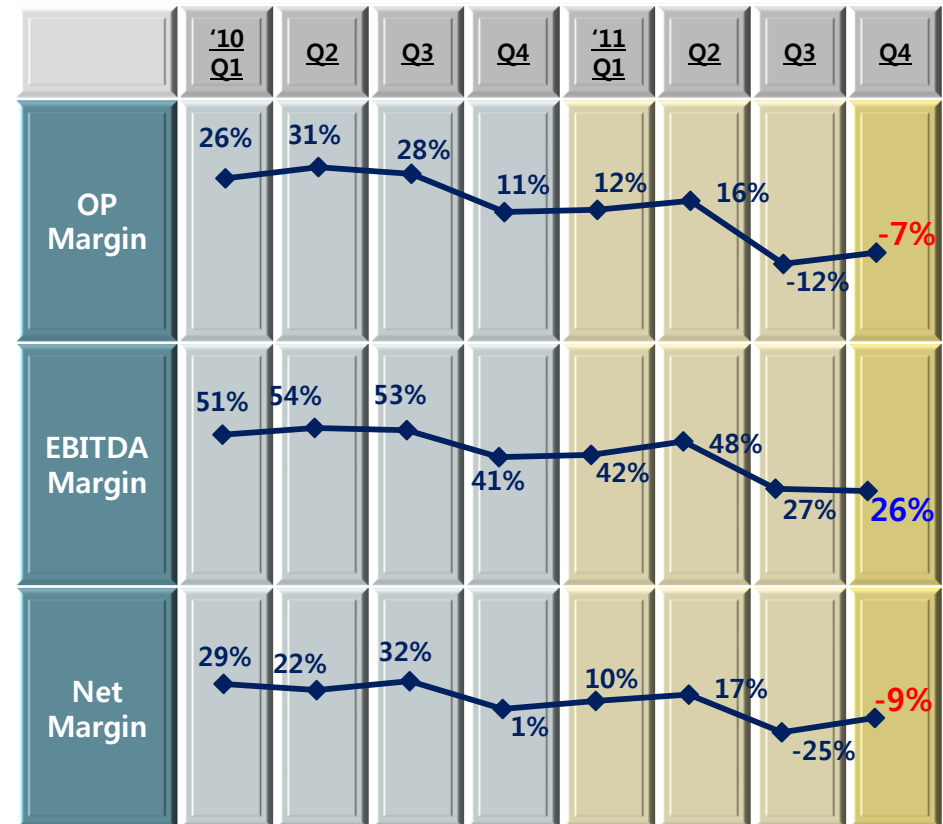
- Despite ASP decline, operating margin improved due to unit cost reduction and diversified product portfolio
- (+) factors: Unit cost reduction from continuous technology migration and yield improvement, increase in mobile DRAM sales
- (-) factors: DRAM & NAND Flash ASP decline

Profitability

Unit : KRW Billion



Profitability Ratio



Non-Op Income & Expense

<i>Unit: KRW Billion</i>	Q4 '11	QoQ	Q3 '11	2011	YoY	2010
Net Non-Operating Income	10	+285	(275)	(280)	+29	(309)
Net Financial Income	(66)	-12	(55)	(254)	+24	(278)
Net FX Transaction & Translation	89	+338	(250)	(19)	-82	63
Others	(12)	-42	30	(7)	+86	(94)
Income Taxes	83	+72	11	101	+32	69

Capital Structure

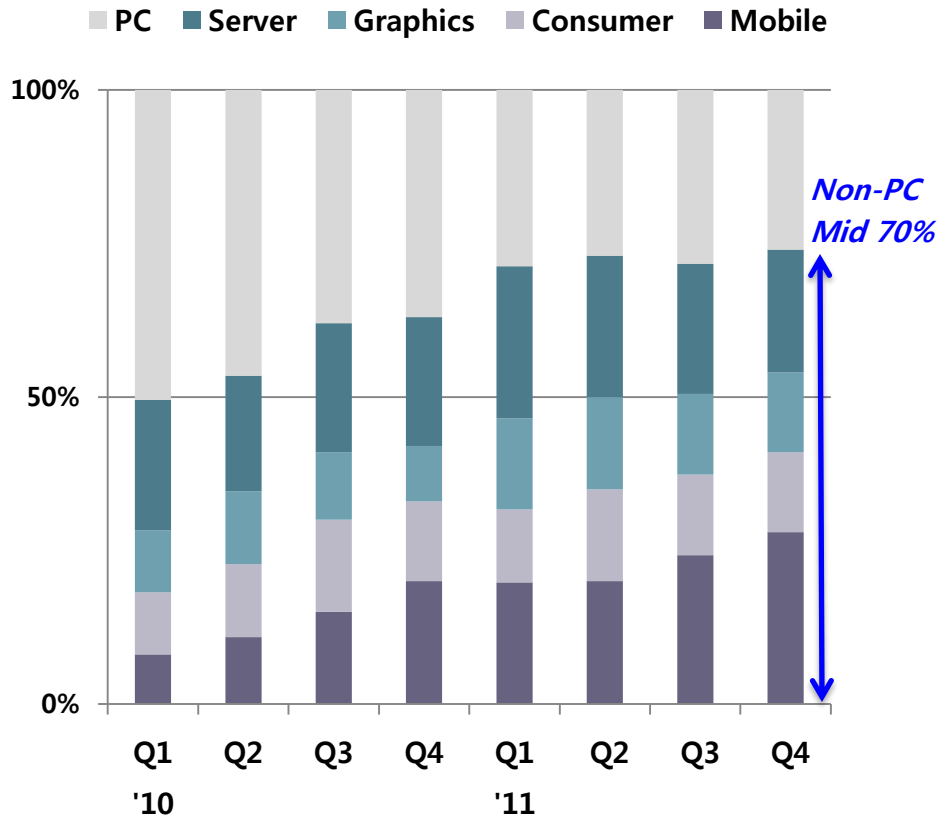
<i>Unit: KRW Billion</i>	Q4 '11	QoQ	Q3 '11	Q4 '10	YoY
Asset	17,238	-803	18,042	17,468	-230
Cash*	1,876	-119	1,995	2,202	-326
Liability	9,363	-412	9,775	9,491	-128
Debt**	6,776	-286	7,063	6,041	+735
Shareholders' Equity	7,875	-391	8,266	7,977	-102
Capital Stock	2,978	-	2,978	2,969	+9
Retained Earnings	3,555	-370	3,925	3,830	-275
Debt-to-Equity Ratio	86%	+1%p	85%	76%	+10%p
Net Debt-to-Equity Ratio	62%	+1%p	61%	48%	+14%p

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

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

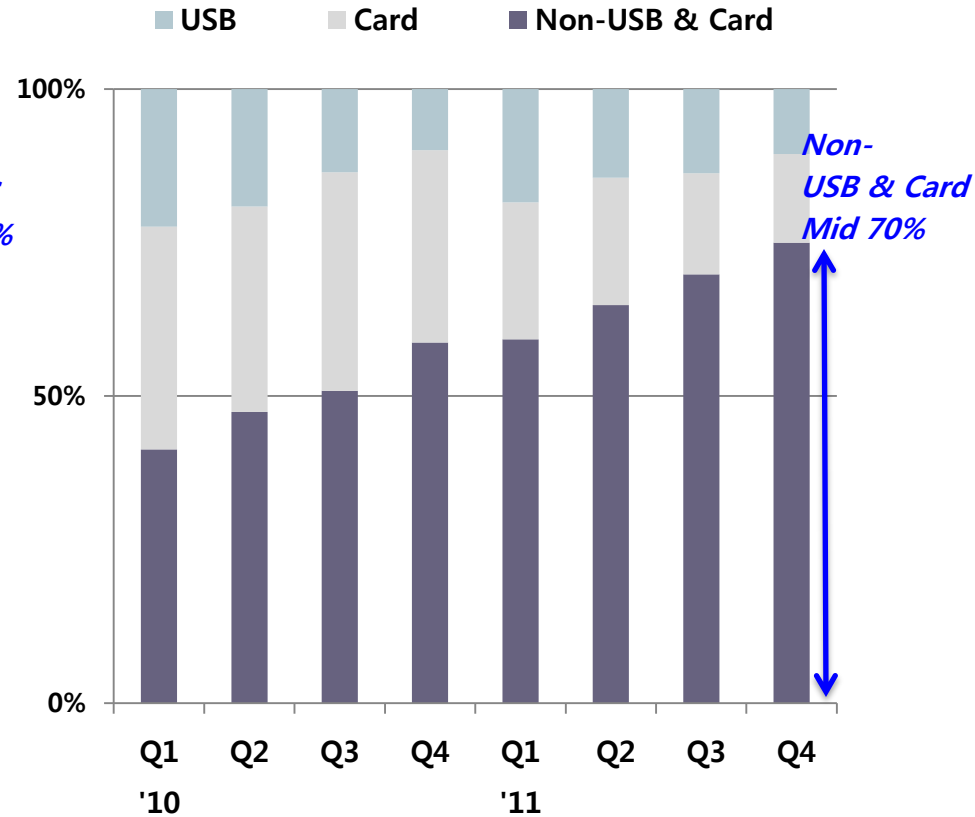
Sales Breakdown by Application

DRAM



* Revenue portion

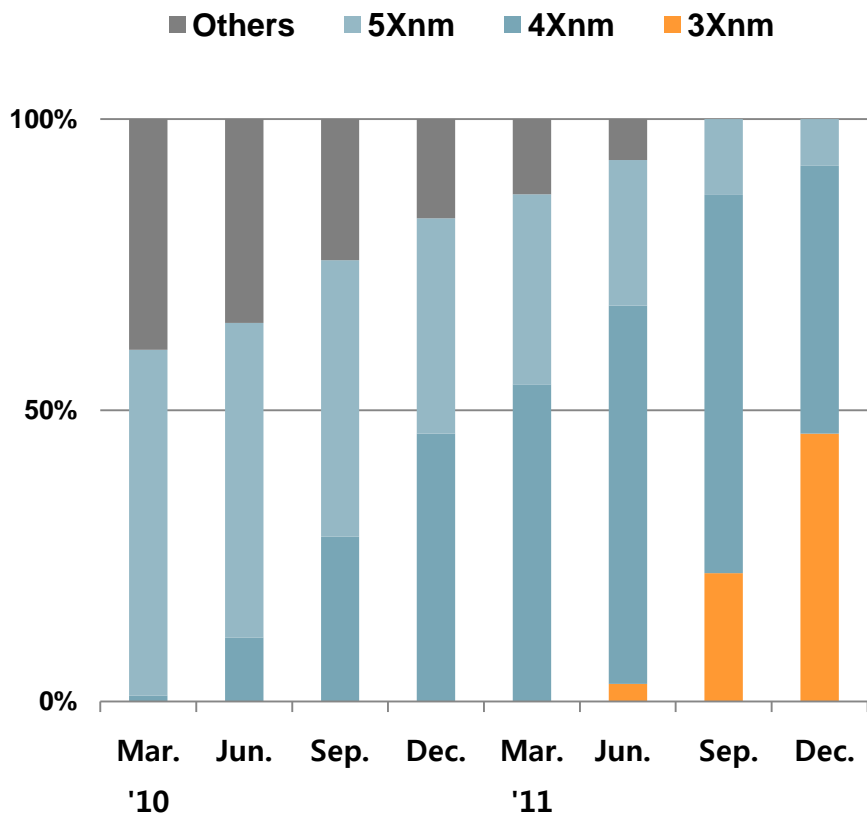
NAND Flash



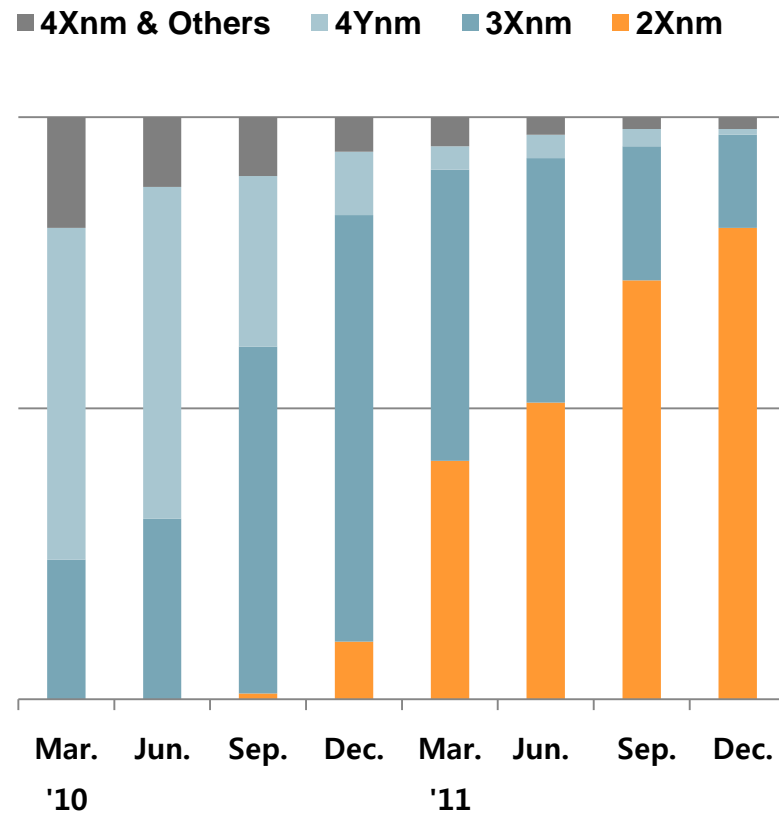
* Bit portion

Migration Progress

DRAM



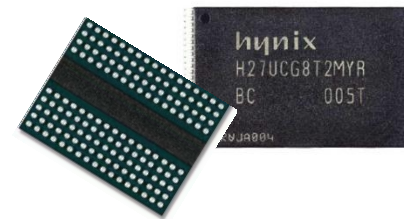
NAND Flash



* Quarter-end, Package out basis

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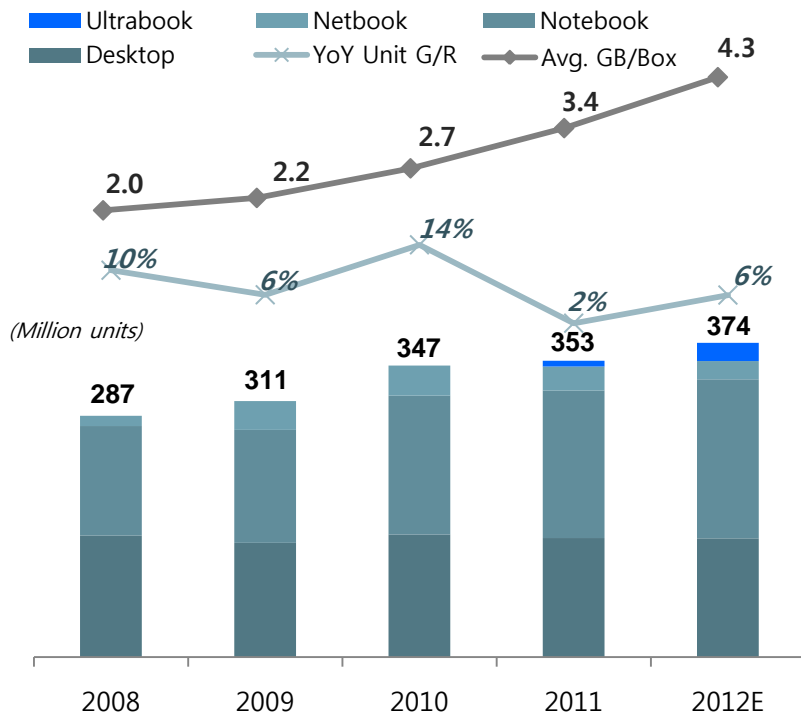
2012 Memory Market Outlook



Market Outlook - DRAM

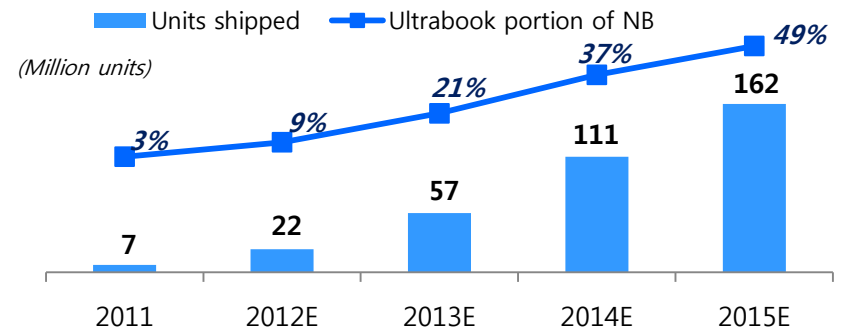
- The effects of global macroeconomic uncertainty may persist in 2012, but PC shipment expected to recover gradually in 2H to grow 6% in 2012, backed by sound emerging market growth and launch of ultrabook PCs.
- PC DRAM content expected to increase 25% in 2012, driven by cheaper DRAM price and reduced netbook shipments.
- With launch of new models in smartphones and tablet PCs, as well as on-going expansion of data centers, demand for non-PC DRAM expected to grow continuously.

PC Market Outlook



* Source: Hynix Marketing(excluding PC Server, Tablet PC)

Ultrabook Market Outlook



*. Source: Hynix Marketing

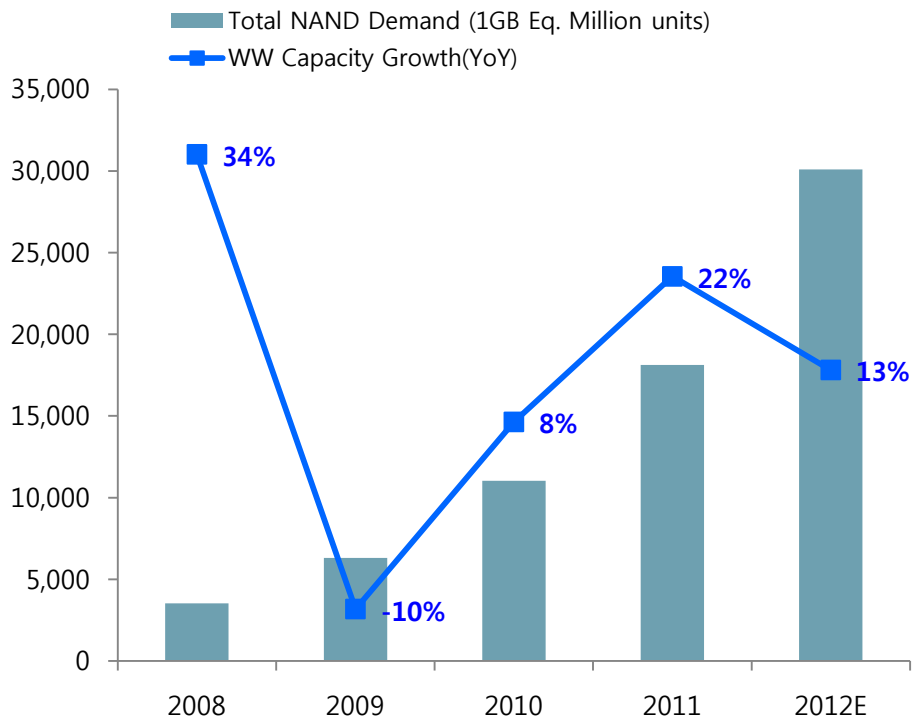
PC OEM	CPU	DRAM specs	SSD specs
A	i7	4GB	256GB/128GB SSD
B	i3, i5 or i7	4GB	240GB mSATA
C	i5	upgradeable to 4~8GB	128GB mSATA SSD
D	i5 or i7	4GB	256GB SSD
E	i5 or i7	8GB	128GB SSD/256GB SATA3
F	i5	8GB	128GB/(16GB+500GB HDD)

* Source: Websites & press releases of companies launching Ultrabook models

Market Outlook - NAND

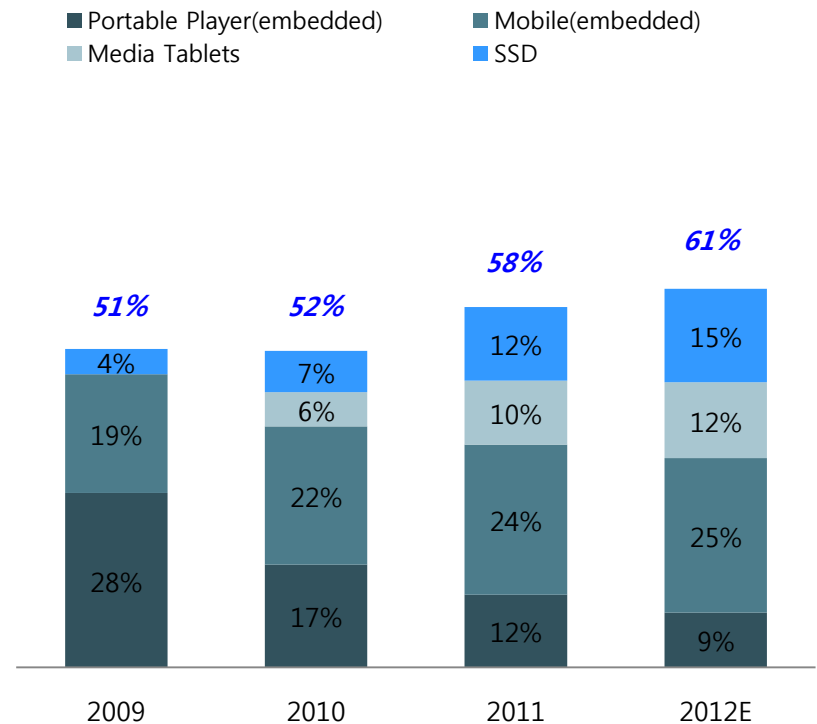
- NAND Flash demand from launch of new mobile models expected to create stable market trends in 2012
- Increase in SSD demand due to launch of ultrabook PCs is anticipated to drive NAND market
- Industry supply increase such as ramp of new capacity and tech migration to 1Xnm expected to match demand growth

WW NAND Demand & Capacity Growth



*. Source: iSuppli Q4 2011

WW NAND applications portion (Non-USB & Card)



*. Source: Hynix Marketing

[Attachment1] Statement of Financial Position

K-IFRS (KRW Billion)

	2011	Q3'11	2010	QoQ	YoY
Assets					
Current Assets	4,937	5,327	5,416	-390	-479
Cash & Cash Equivalents*	1,876	1,995	2,202	-119	-326
Accounts Receivables	1,541	1,612	1,605	-71	-64
Inventories	1,184	1,313	1,282	-130	-98
Other Current Assets	336	407	328	-71	8
Non-Current Assets	12,301	12,715	12,052	-413	250
Investments	694	843	857	-149	-163
Property, plant & equipment	10,899	11,163	10,591	-264	309
Intangible Assets	708	708	604	-0	104
Total Assets	17,238	18,042	17,468	-803	-230
Liabilities					
Interest-bearing Debts	6,776	7,063	6,041	-286	735
S-T Borrowings	1,416	1,519	511	-103	905
Current Portion of LT Borrowings	1,414	1,533	2,066	-119	-652
Debenture	2,463	2,519	1,705	-56	759
L-T Borrowings	1,483	1,492	1,759	-9	-276
Accounts Payables	678	698	875	-20	-197
Total Liabilities	9,363	9,775	9,491	-412	-128
Shareholders' Equity					
Common Stock	2,978	2,978	2,969		9
Total Shareholders' Equity	7,875	8,266	7,977	-391	-102

* Short-term Financial Instruments included

[Attachment 2] Income Statement

K-IFRS (KRW Billion)

	Q4'11	Q3'11	Q4'10	QoQ	YoY
Sales	2,553	2,291	2,751	262	-198
Cost of Goods Sold	2,299	2,183	2,099	117	200
Gross Profit	254	108	652	146	-398
SG&A Expenses	446	400	328	46	118
Other Operating Profit/Loss	25	15	-30	10	55
Operating Profit	-167	-277	294	109	-461
Finance Income/Expenses	-66	-55	-64	-12	-3
F/X Effects	89	-250	10	338	79
Gain(or Loss) on Equity Method	3	1	-0	2	4
Others	-15	28	-141	-43	126
Income Before Income Taxes	-157	-552	99	394	-256
Income Taxes (Benefit)	83	11	68	72	14
Net Income	-240	-563	30	323	-270