





## 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 FY2016 Q3 financial results has not been finalized. Figures in this earnings release are subject to changes during the independent auditing process.





# FY2016 Q3 Earnings Results & Operational Performance

# Results of Operation

(Unit: KRW Billion)

		Q3'16	QoQ	Q2'16	Q3'15	YoY
<b>Revenue</b>		<b>4,244</b>	<b>+8%</b>	<b>3,941</b>	<b>4,925</b>	<b>-14%</b>
<b>Gross Profit (Loss)</b>		<b>1,451</b>	<b>+16%</b>	<b>1,252</b>	<b>2,129</b>	<b>-32%</b>
<b>Operating Profit (Loss)</b>		<b>726</b>	<b>+60%</b>	<b>453</b>	<b>1,383</b>	<b>-48%</b>
<b>EBITDA*</b>		<b>1,832</b>	<b>+16%</b>	<b>1,578</b>	<b>2,386</b>	<b>-23%</b>
<b>Net Profit (Loss)</b>		<b>598</b>	<b>+109%</b>	<b>286</b>	<b>1,048</b>	<b>-43%</b>
<b>EPS (Won)</b>	<b>Basic</b>	<b>845</b>		<b>405</b>	<b>1,458</b>	
	<b>Diluted</b>	<b>845</b>		<b>405</b>	<b>1,458</b>	
<b>Shares Outstanding (Mil. shares)</b>	<b>Basic</b>	<b>706</b>		<b>706</b>	<b>719</b>	
	<b>Diluted</b>	<b>706</b>		<b>706</b>	<b>719</b>	
<b>Gross Margin</b>		<b>34%</b>	<b>+2%p</b>	<b>32%</b>	<b>43%</b>	<b>-9%p</b>
<b>OP Margin</b>		<b>17%</b>	<b>+6%p</b>	<b>11%</b>	<b>28%</b>	<b>-11%p</b>
<b>EBITDA Margin</b>		<b>43%</b>	<b>+3%p</b>	<b>40%</b>	<b>48%</b>	<b>-5%p</b>
<b>Net Margin</b>		<b>14%</b>	<b>+7%p</b>	<b>7%</b>	<b>21%</b>	<b>-7%p</b>

\* EBITDA = Operating Profit + Depreciation & Amortization

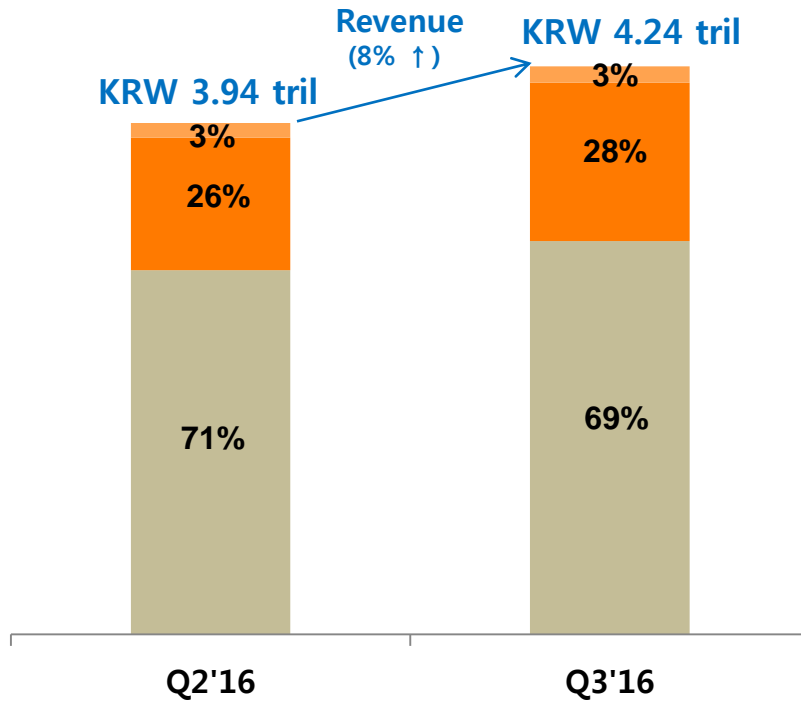
# Sales Analysis

- With improved market conditions, bit shipments increased from new Smartphone launches & better than expected PC demand, while pricing also maintained increase trend. Revenue increased 8% QoQ despite a decrease in average exchange rate in the quarter.
- DRAM bit shipments increased from PC OEM's inventory restocking demand as well as higher contents in new Smartphone models. PC DRAM price increase trend continued & non-PC DRAM price reduction was moderate, resulting in flat ASP. (B/G +8%, ASP flat)
- NAND bits increased from new Smartphone launches & contents increase, while ASP increased from higher sales portion of premium eMCP products as well as price increase for discrete NAND & SSD products from continued supply shortage. (B/G +12%, ASP +7)

## Revenue Mix by Product

Unit : KRW Billion

■ DRAM ■ NAND ■ Others

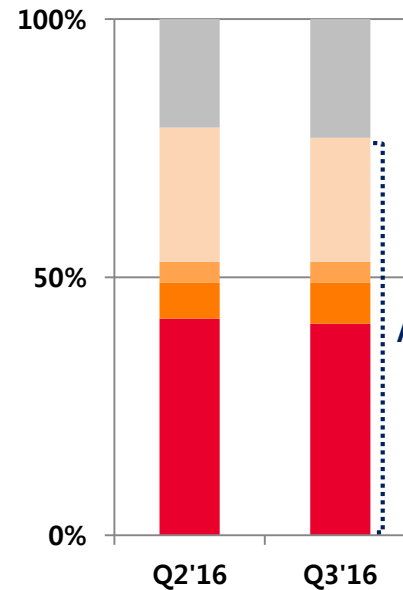


※ Q3'16 eMCP Revenue portion increased to 22% from 21% in Q2

## Revenue Mix by Application

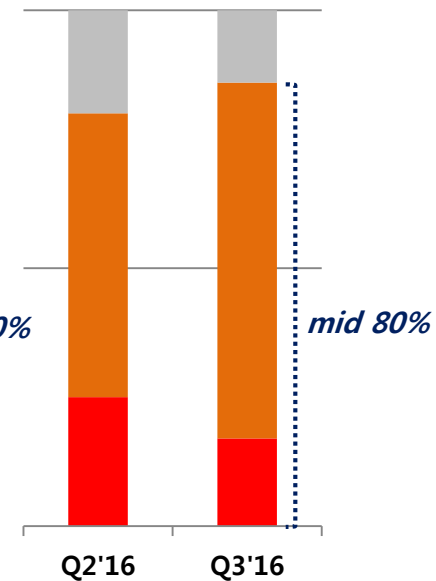
### [DRAM]

■ PC ■ Server  
■ Graphics ■ Consumer  
■ Mobile



### [NAND Flash]

■ USB, Card & Others  
■ Embedded  
■ SSD\*



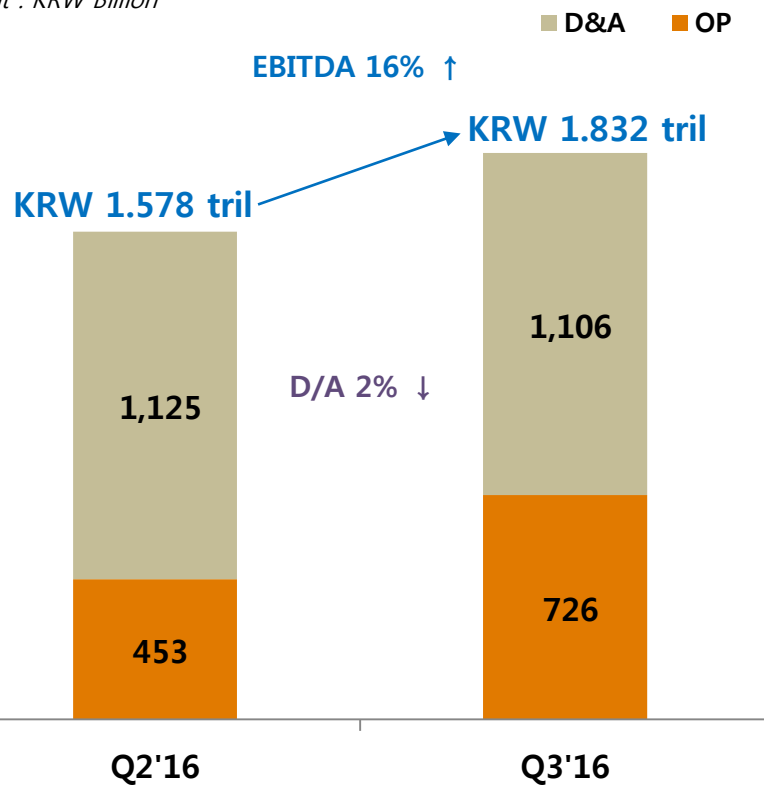
\* Includes discrete NAND for SSDs

# Profit Analysis

- Operating Profit increased 60% QoQ to KRW 726 bil, recording OP Margin of 17%.
- Despite higher DRAM & NAND bit shipments, COGS increased only 4% QoQ as a portion of inventory valuation losses were reversed from cost reduction resulting from DRAM 2Znm yield improvement & higher prices.
- SG&A decreased 9% QoQ from lower R&D cost as well as reduced amortization expense of intangible assets from the decision to increase the amortization period of new technology reflecting lengthened lifespan.

## Operating Profit & EBITDA

Unit : KRW Billion



## Profit Margins

	2015				2016		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
OP Margin	33%	30%	28%	22%	15%	11%	17%
EBITDA Margin	52%	50%	48%	46%	45%	40%	43%
Net Margin	27%	24%	21%	20%	12%	7%	14%

# Capital Structure

(Unit: KRW Billion)

	Q3 '16	QoQ	Q2 '16	Q4 '15	vs. Q4'15
<b>Assets</b>	<b>29,167</b>	<i>-162</i>	<b>29,329</b>	<b>29,678</b>	<i>-511</i>
<b>Cash*</b>	<b>3,591</b>	<i>+157</i>	<b>3,433</b>	<b>4,791</b>	<i>-1,201</i>
<b>Liabilities</b>	<b>7,162</b>	<i>-466</i>	<b>7,629</b>	<b>8,290</b>	<i>-1,128</i>
<b>Debt**</b>	<b>4,149</b>	<i>-207</i>	<b>4,355</b>	<b>3,819</b>	<i>+330</i>
<b>Shareholders' Equity</b>	<b>22,005</b>	<i>+304</i>	<b>21,701</b>	<b>21,388</b>	<i>+617</i>
<b>Capital Stock</b>	<b>3,658</b>	-	<b>3,658</b>	<b>3,658</b>	-
<b>Retained Earnings</b>	<b>15,327</b>	<i>+595</i>	<b>14,732</b>	<b>14,359</b>	<i>+968</i>
<b>Current Ratio</b>	<b>277%</b>	<i>+13%p</i>	<b>264%</b>	<b>202%</b>	<i>+75%p</i>
<b>Debt-to-Equity Ratio</b>	<b>19%</b>	<i>-1%p</i>	<b>20%</b>	<b>18%</b>	<i>+1%p</i>
<b>Net Debt-to-Equity Ratio</b>	<b>3%</b>	<i>-2%p</i>	<b>4%</b>	<b>-5%</b>	<i>+7%p</i>

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

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

# Cash Flow

(Unit: KRW Billion)

	Q3 '16	Q2 '16	Q3 '15
Beginning Cash balance	3,433	4,257	4,206
<b>CF from Operating Activities</b>	<b>1,639</b>	<b>1,287</b>	<b>2,197</b>
Net Income	598	286	1,048
Depreciation & Amortization	1,108	1,126	1,005
Changes in Working Capital, etc	(67)	(125)	144
<b>CF from Investing Activities</b>	<b>(1,374)</b>	<b>(1,723)</b>	<b>(1,958)</b>
Acquisition of PP&E	(1,345)	(1,606)	(1,930)
<b>CF from Financing Activities</b>	<b>(76)</b>	<b>(404)</b>	<b>(352)</b>
Increase in Debt	(76)	(51)	402
Dividend payout	0	(353)	0
Share repurchase	-	-	(754)
Effect of changes in F/X rate on cash & cash equivalents	(31)	16	11
Net increase (decrease) in Cash	157	(824)	(100)
Ending Cash balance	3,591	3,433	4,105



# [Attachment1] Statement of Financial Position

K-IFRS (KRW Billion)

	Q3'16	Q2'16	Q3'15	QoQ	YoY
<b>Assets</b>					
Current Assets	8,228	8,356	9,700	-128	-1,472
Cash & Cash Equivalents*	3,591	3,433	4,105	+157	-515
Accounts Receivables	2,313	2,471	3,319	-158	-1,006
Inventories	1,995	2,011	1,827	-16	+168
Non-Current Assets	20,939	20,973	19,642	-35	+1,297
Property, plant & equipment	17,889	17,937	16,819	-48	+1,070
Intangible Assets	1,806	1,761	1,619	+45	+187
<b>Total Assets</b>	<b>29,167</b>	<b>29,329</b>	<b>29,342</b>	<b>-162</b>	<b>-175</b>
<b>Liabilities</b>					
Interest-bearing Debts	4,149	4,355	4,300	-207	-151
S-T Borrowings	1	60	789	-59	-788
Current Portion of LT Borrowings	677	529	1,074	+148	-397
Bonds/Convertible Bonds	1,535	1,734	1,116	-199	+419
L-T Borrowings	1,935	2,032	1,321	-97	+615
Accounts Payables	643	676	776	-33	-133
<b>Total Liabilities</b>	<b>7,162</b>	<b>7,629</b>	<b>8,576</b>	<b>-466</b>	<b>-1,413</b>
<b>Shareholders' Equity</b>					
Capital Stock	3,658	3,658	3,658	+0	+0
Capital Surplus	4,144	4,144	4,144	+0	+0
Retained Earnings	15,327	14,732	13,506	+595	+1,821
<b>Total Shareholders' Equity</b>	<b>22,005</b>	<b>21,701</b>	<b>20,766</b>	<b>+304</b>	<b>+1,238</b>

\* Short-term Financial Instruments included

## [Attachment 2] Income Statement

K-IFRS (KRW Billion)

	Q3'16	Q2'16	Q3'15	QoQ	YoY
Sales	4,244	3,941	4,925	8%	-14%
Cost of Goods Sold	2,792	2,689	2,796	4%	0%
Gross Profit	1,451	1,252	2,129	16%	-32%
SG&A Expenses	725	799	746	-9%	-3%
Operating Profit	726	453	1,383	60%	-48%
Financial Income(Expenses), Net	-25	-23	-21		
F/X Transaction & Translation Income (Expense), Net	16	-47	-31		
Income (Expense) From Jointly Controlled Entities and Associates, Net	2	11	8		
Other Non-operating Income (Expense), Net	-15	-10	-28		
Income Before Income Taxes	704	383	1,312	84%	-46%
Income Taxes (Benefit)	106	97	263	10%	-60%
Net Income	598	286	1,048	109%	-43%