



SK Hynix FY2017 Q3 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 FY2017 Q3 financial results has not been finalized. Figures in this earnings release are subject to changes during the independent auditing process.





FY2017 Q3 Financial Results

Results of Operation

Income Statement

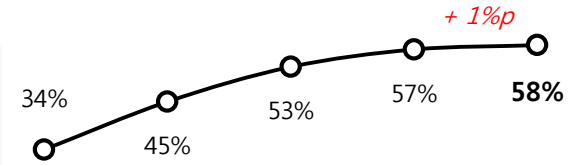
<i>(Unit: KRW Billion)</i>	Q3'17	Q2'17	Q3'16	QoQ	YoY
Revenue	8,100	6,692	4,244	+21%	+91%
Gross Profit	4,702	3,833	1,451	+23%	+224%
Operating Profit	3,737	3,051	726	+23%	+415%
EBITDA*	5,044	4,263	1,832	+18%	+175%
Net Profit	3,056	2,469	598	+24%	+411%
EPS(KRW)	4,326	3,497	845		
Shares Outstanding (Mil. shares)	706	706	706		

* EBITDA = Operating Profit + Depreciation & Amortization

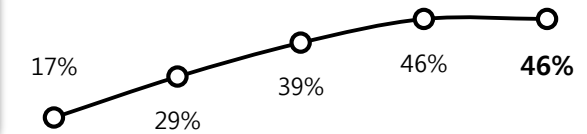
[Note] All figures in this presentation are rounded to KRW Billions, leading to some statements not adding up completely

Profit Margins

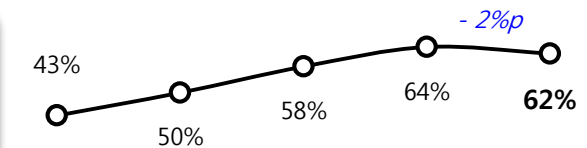
Gross Margin



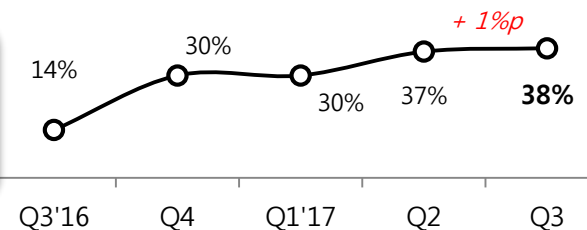
Operating Margin



EBITDA Margin



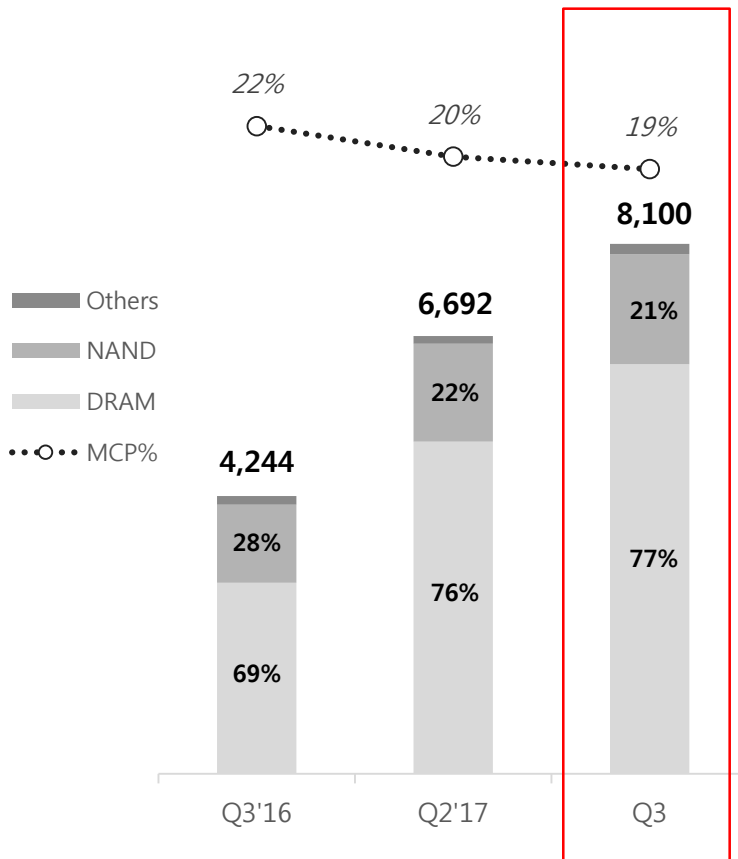
Net Margin



Sales Analysis -1

Revenue Trend

(Unit: KRW Billion)



○ DRAM & NAND Revenue rose continuously with ongoing favorable memory market conditions, resulting in Q3 Revenue increase of 21% Q/Q

DRAM

- QoQ **B/G +17%**, **ASP +6%**
- Recorded strong bit shipment growth from seasonal demand increase for Mobile products & continued Server DRAM demand strength
- Prices rose for all applications for the 3rd consecutive quarter

NAND

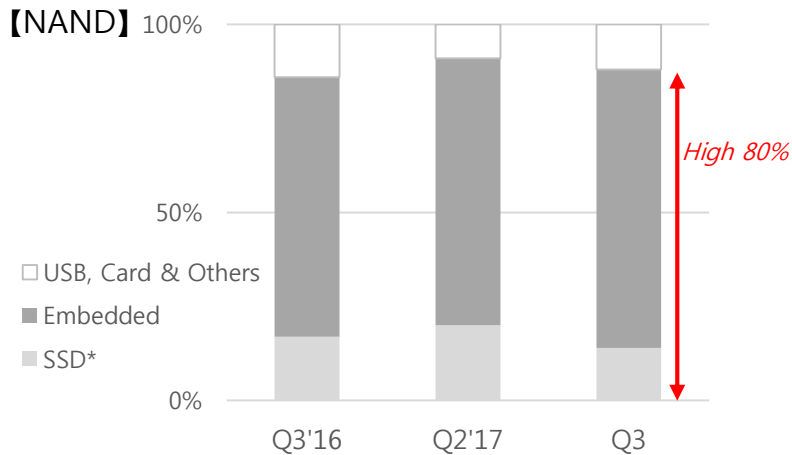
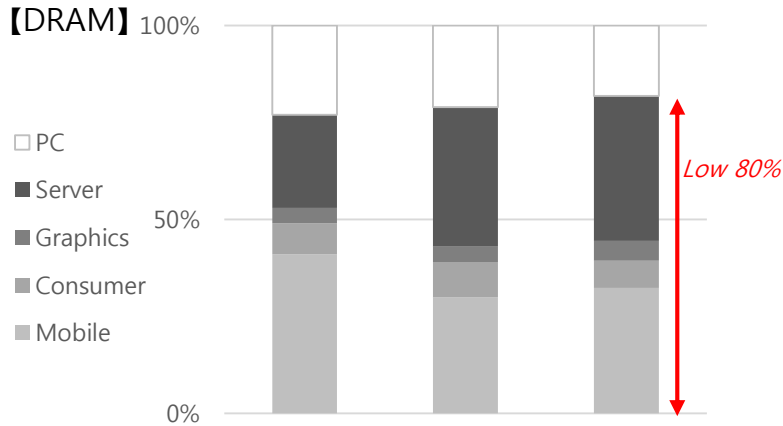
- QoQ **B/G +16%**, **ASP -3%**
- Bit shipments increased from seasonal mobile demand growth including the launch of new smartphone models
- ASP fell slightly due to larger portion of high-density Mobile products that have lower price/bit

MCP

- Demand grew for DRAM 4GB/ NAND 32GB and higher density products

Sales Analysis - 2

Revenue Breakdown by Application



* including discrete NAND for SSDs

Server DRAM

- Higher allocation in response to robust demand led to strong bit shipment growth
- Prices continued to rise due to tight supply despite industry-wide supply shift to Server DRAM

Mobile DRAM

- Demand recovered as key smartphone makers launched new models & China mobile market demand improved as well
- Mobile DRAM shipments and prices rose more than other products

Embedded NAND

- New smartphone model launches and demand recovery in the China mobile market resulted in higher bit portion than in prev Q.
- With larger portion of high-density products that have lower price/bit, Blended ASP fell

SSD

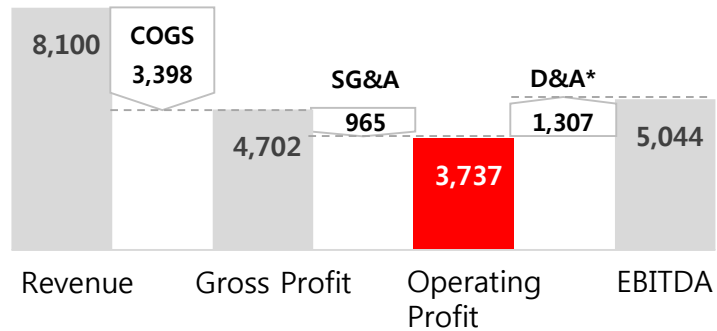
- For Client SSD, NAND pricing strength limited GB/system increases, but Attach Rates increased continuously
- For Enterprise SSD, demand for high-density products increased despite higher prices

Profit Analysis

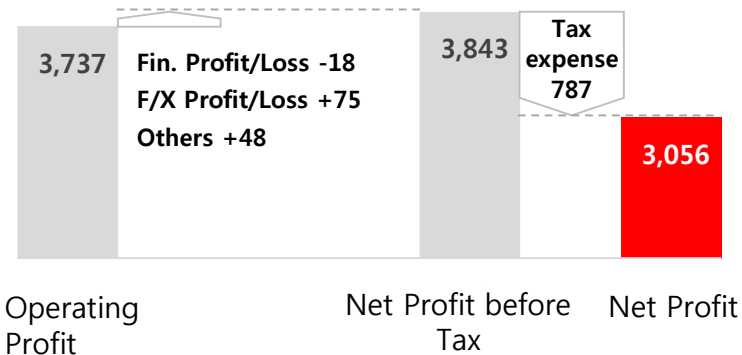
2017 Q3 Profit

【 Operating Profit 】

(Unit: KRW Billion)



【 Net Profit 】



* Depreciation & Amortization

- With higher Revenue, recorded Q3 Gross Profit of KRW 4.7 tr.(+23% Q/Q) and Operating Profit of KRW 3.74 tr. (+23% Q/Q)
- Q3 D&A increased slightly QoQ, resulting in EBITDA of KRW 5.04 tr. & EBITDA margin of 62%
- We recorded a net Non-Operating profit as an F/X profit of KRW 75 bil resulted from exchange rate changes. Net Profit increased 24% QoQ

Capital Structure

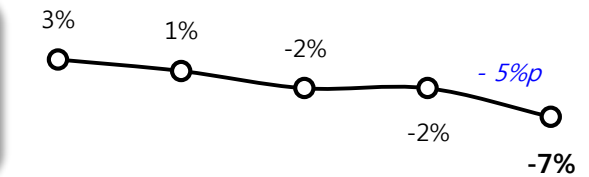
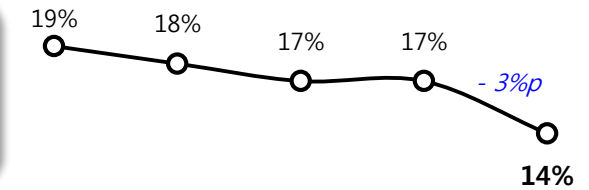
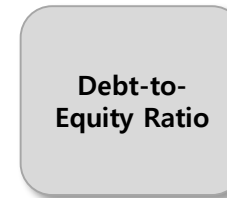
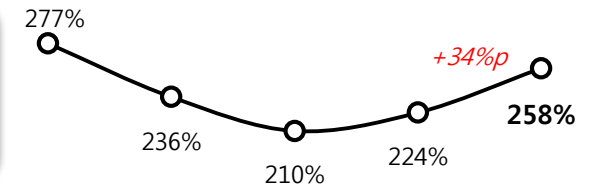
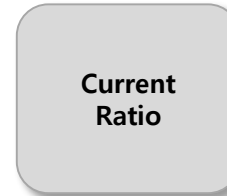
Balance Sheet

<i>(Unit: KRW Billion)</i>	Q3'17	Q2'17	Q4'16	QoQ	vs. Q4'16
Assets	40,730	37,502	32,216	<i>+3,229</i>	<i>+8,514</i>
Cash*	6,315	5,124	4,136	<i>+1,191</i>	<i>+2,179</i>
Liabilities	9,826	9,738	8,192	<i>+88</i>	<i>+1,633</i>
Debt **	4,304	4,622	4,336	<i>-319</i>	<i>-32</i>
Shareholders' Equity	30,904	27,764	24,024	<i>+3,141</i>	<i>+6,881</i>
Capital Stock	3,658	3,658	3,658	-	-
Retained Earnings	24,051	21,001	17,067	<i>+3,050</i>	<i>+6,985</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



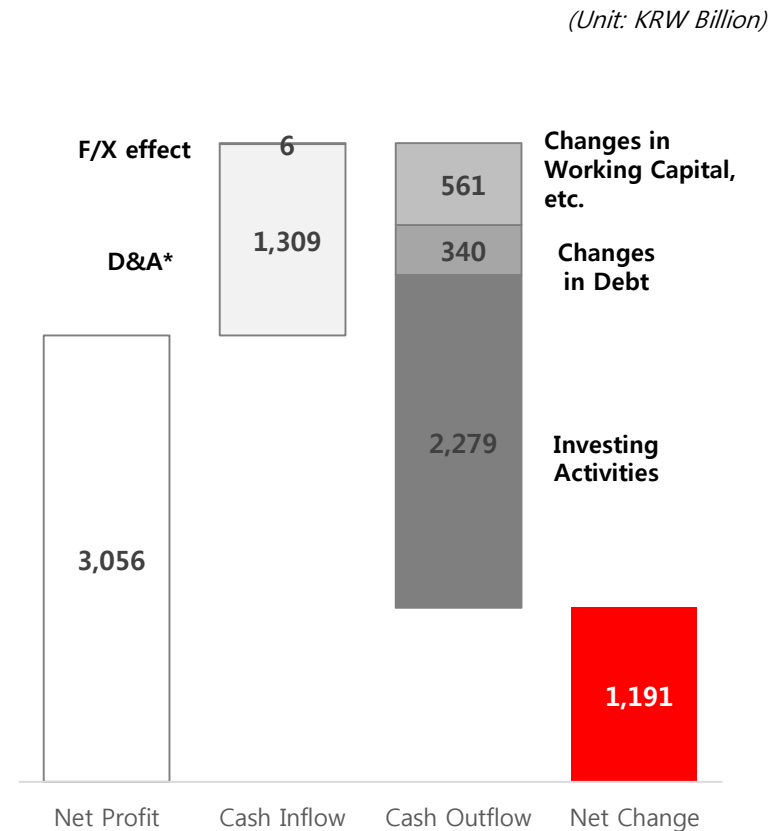
Q3'16 Q4 Q1'17 Q2 Q3

Cash Flow

Cash Flow

<i>(Unit: KRW Billion)</i>	Q3'17	Q2'17	Q3'16
Beginning Cash Balance	5,124	4,872	3,433
CF from Operating Activities	3,803	3,286	1,639
Net Profit	3,056	2,469	598
D&A*	1,309	1,214	1,108
Changes in Working Capital etc.	(561)	(396)	(67)
CF from Investing Activities	(2,279)	(2,900)	(1,374)
Acquisition of PP&E	(2,169)	(2,665)	(1,345)
CF from Financing Activities	(340)	(200)	(76)
Changes in Debt	(340)	223	(76)
Dividend payout	0	(424)	0
Share repurchase	0	0	0
Effect of F/X rate changes on cash & equivalents	6	66	(31)
Net change in Cash	1,191	252	157
Ending Cash Balance	6,315	5,124	3,591

Q3 2017 Net Cash Flow



* Includes depreciation for non-operating(idle) assets

[Attachment1] Statement of Financial Position

K-IFRS (KRW Billion)

	Q3'17	Q2'17	Q4'16	QoQ	vs. Q4'16
Assets					
Current Assets	14,558	12,291	8,356	+2,267	+6,202
Cash & Cash Equivalents*	6,315	5,124	3,433	+1,191	+2,881
Accounts Receivables	5,261	4,257	2,471	+1,003	+2,790
Inventories	2,557	2,424	2,011	+133	+546
Non-Current Assets	26,173	25,211	20,973	+962	+5,199
Property, plant & equipment	21,977	21,395	17,937	+582	+4,040
Intangible Assets	2,237	2,163	1,761	+74	+476
Total Assets	40,730	37,502	29,329	+3,229	+11,401
Liabilities					
Interest-bearing Debts	4,304	4,622	4,355	-319	-52
S-T Borrowings	183	125	60	+58	+123
Current Portion of LT Borrowings	450	701	529	-252	-79
Bonds/Convertible Bonds	1,387	1,386	1,734	+0	-348
L-T Borrowings	2,284	2,409	2,032	-125	+252
Accounts Payables	745	882	676	-137	+69
Total Liabilities	9,826	9,738	7,629	+88	+2,197
Shareholders' Equity					
Capital Stock	3,658	3,658	3,658	-	-
Capital Surplus	4,144	4,144	4,144	-	-
Retained Earnings	24,051	21,001	14,732	+3,050	+9,319
Total Shareholders' Equity	30,904	27,764	21,701	+3,141	+9,204

* Short-term Financial Instruments included

[Attachment 2] Income Statement

K-IFRS (KRW Billion)

	Q3'17	Q2'17	Q3'16	QoQ	YoY
Sales	8,100	6,692	3,941	21%	106%
Cost of Goods Sold	3,398	2,859	2,689	19%	26%
Gross Profit	4,702	3,833	1,252	23%	276%
SG&A Expenses	965	837	799	15%	21%
Operating Profit	3,737	3,051	453	23%	725%
Financial Income(Expenses), Net	-18	-25	-23		
F/X Transaction & Translation Income (Expense), Net	75	27	-47		
Income (Expense) From Jointly Controlled Entities and Associates, Net	4	5	11		
Other Non-operating Income (Expense), Net	44	11	-10		
Income Before Income Taxes	3,843	3,069	383	25%	903%
Income Taxes (Benefit)	787	601	97		
Net Income	3,056	2,469	286	24%	968%