

# SK hynix

## FY2020 Q4 Earnings Results

Jan 29, 2021 | Investor Relations

# Disclaimer

Review of the FY2020 Q4 financial results has not been finalized. Figures in this earnings release are subject to changes during the independent auditing process.

All financial information contained in this document is based on consolidated K-IFRS.

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

# Company Highlights



*Global Economy  
Slowdown  
(-3.5% YoY\*)*

*VS.*

*Revenue 32T KRW  
(+18% YoY)  
Operating Profit 5T KRW  
(+85% YoY)*



# DRAM Highlights

- ✓ **Cost Reduction through Leading-edge Tech. expansion**
  - 1znm & 1ynm portion reached 40% (20YE), expanding to more than 75%(21YE)
  - Start mass production of 1anm (which has productivity improvement of 40% over 1znm) in 2021
- ✓ **Improved Server Market Presence**
  - Leader in SV market with industry's highest quality products
  - Launched World's First DDR5, best positioning the company to advance in high-density server market with 16Gb product competitiveness
- ✓ **Increased Sales of Value-Added Products**
  - Strengthening market presence in Graphics based on No. 1 HBM2E product
  - Increasing exposure to HPC & AI Acceleration market with strategic products

# NAND Highlights

- ✓ **Accelerated Ramp-up of 3D 128L, which was developed 1<sup>st</sup> in industry**
  - 128L reached 30%(20YE) of production, expanding to more than 50% during 1H'21
  - Time-to-market supply of 128L solution products, plan to expand 128L to eSSD app.
  - Start mass production of 176L in 2021, leveraging 128L know-how
- ✓ **Strengthened Market Addressability with High-density Solution Products**
  - Datacenter SSD Revenue increased 6x, reaching meaningful threshold
  - Diversifying from mobile-focused product portfolio
- ✓ **Achieving growth momentum through Inorganic Growth**
  - Instant acquisition of high-talented engineering resources, building cooperative relationship between the two companies
  - Leap frog toward next level of growth through enhancement of NAND competitiveness

# Financial Results

## FY2020 Q4

# Revenue Analysis

4Q'20

3Q'20

**Revenue** **KRW 7.97T**  
(-2% QoQ / +15% YoY)

**KRW 8.13T**

**【 Bit growth 】**

DRAM 11%  
NAND 8%

*Outperformed  
vs. Guidance*

**【 ASP 】**

DRAM -7%  
NAND -8%

*Price Drop  
Decelerated Q/Q*

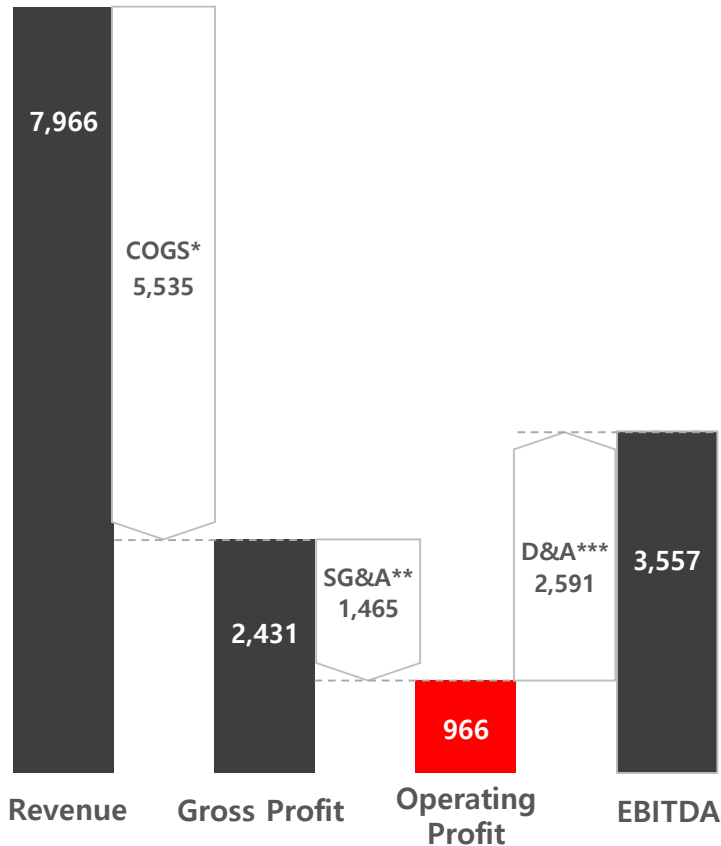
**【 MCP Sales % 】**

22%  
(+5%p QoQ)

*Continued  
expansion Q/Q*

# Profit Analysis – Operating Profit

(Unit: KRW Billion)



## Operating Profit

*KRW 0.97T (-26% QoQ / +298% YoY)*

- Sales decreased caused by ASP drop
- SG&A reduced (-5% QoQ/+3% YoY)
- Negative F/X Impact (weak USD)

## EBITDA

*KRW 3.56T (-5% QoQ / +44% YoY)*

- D&A 2.59T (+5% QoQ/+16% YoY)
- EBITDA Margin 45% (-1%p QoQ)

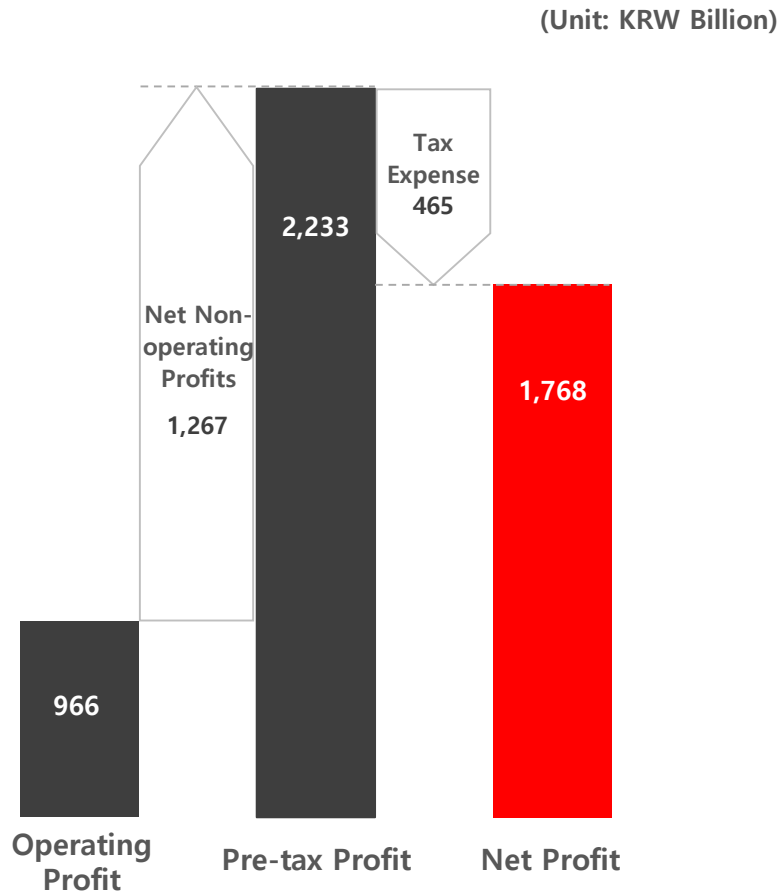
\* Cost of Goods Sold

\*\* Selling, General & Administrative Expenses

\*\*\* Depreciation & Amortization



# Profit Analysis – Net Profit



## Non-operating Profits

*KRW 1.27T*

- F/X related Expense KRW 0.33T
- Gain on Valuation of investment in Kioxia 1.72T KRW

## Net Profit

*KRW 1.77T ( +64% QoQ / Turn to Profits )*

- Net Margin 22%
- Pre-tax Profit (+66% QoQ)
- Corporate Tax 0.47T
  - Annual Effective Tax Rate 24%

# Cash Flow

4Q'20

4Q'19

Cash\*

**KRW 4.95T**  
(+4% QoQ / +24% YoY)

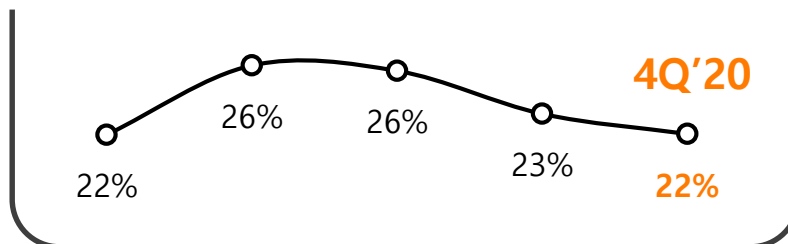
**KRW 3.99T**

Debt\*\*

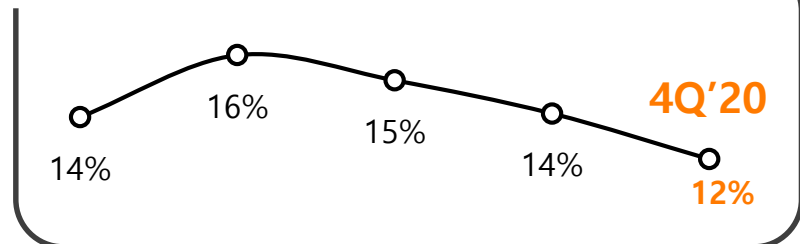
**KRW 11.25T**  
(-4% QoQ / +7% YoY)

**KRW 10.52T**

Debt-to-Equity Ratio



Net Debt-to-Equity Ratio

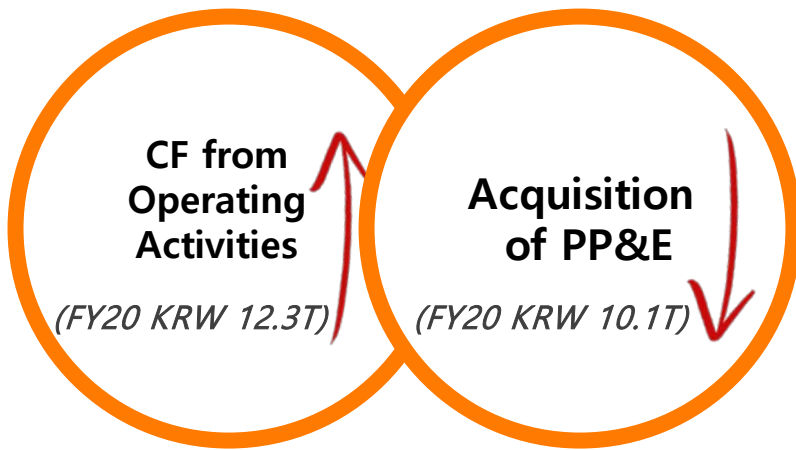


\* Cash = Cash & Cash Equivalents + Short-term Financial Instruments + Short-term Investments

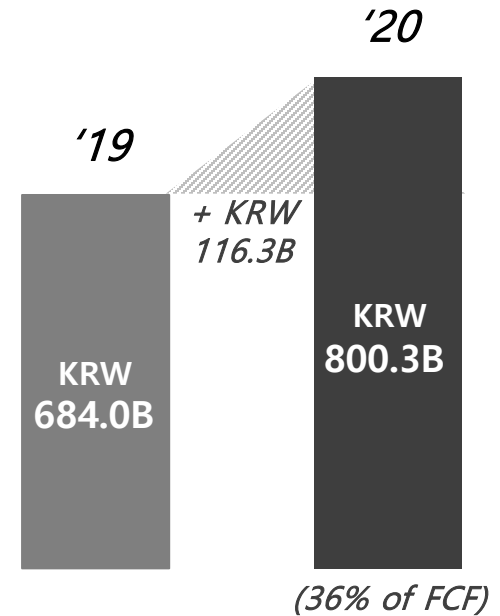
\*\* Debt = Short-term Borrowings + Current portion of Long-term Borrowings + Debentures + Long-Term Borrowings

# Shareholder Return - Dividend

*Annual Dividend = KRW 1,000 per share + 5% of Annual FCF \**



*FY'20 FCF: KRW 2.2Tr.*



*Total Dividend KRW 800Bn.*

*DPS 1,170 won*

\* FCF = Cash Flow from Operating Activities – Acquisition of PP&E (based on consolidated Cash Flow Statement for the Fiscal Year)

\* Refer to "Management Information related to Key Management Matters (Fair Disclosure) Jan 1, 2020" for Dividend policy(FY19~FY21)

# FY2021 Outlook

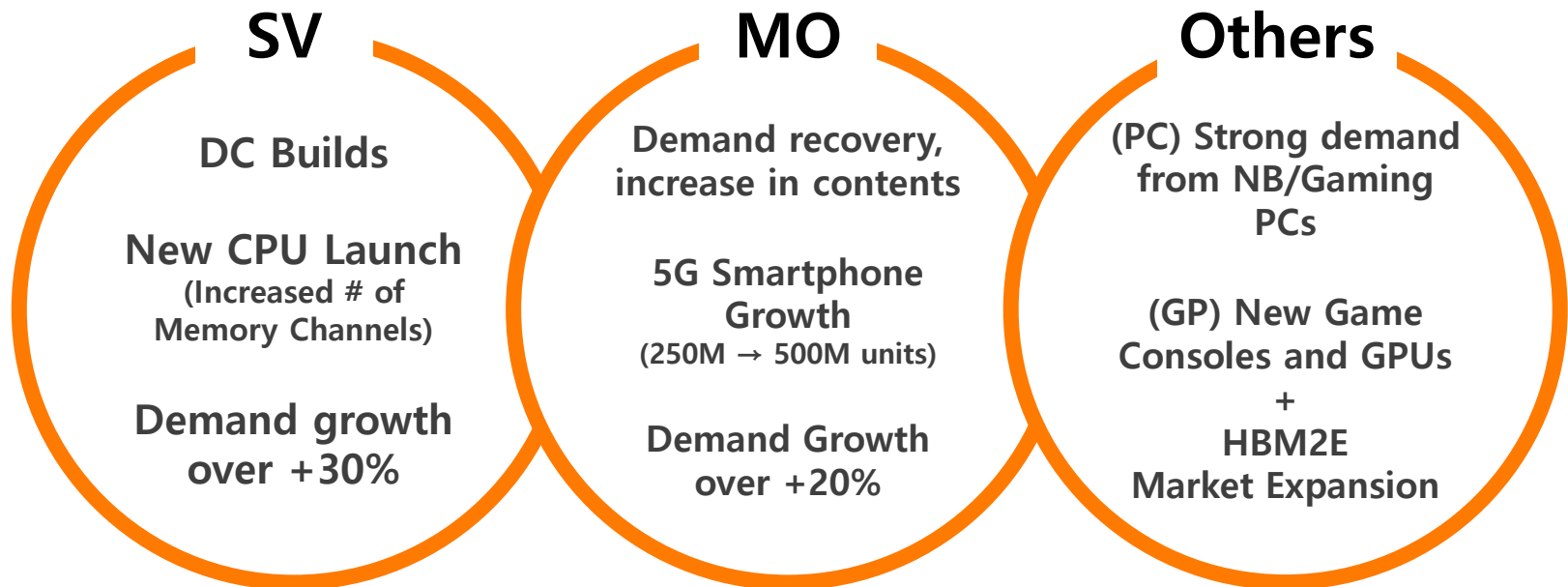
# DRAM Outlook

## Summary

*( Supply ) Limited supply growth*

*( Demand ) Resumed investments of hyperscale customers,  
intensifying share competition in 5G market*

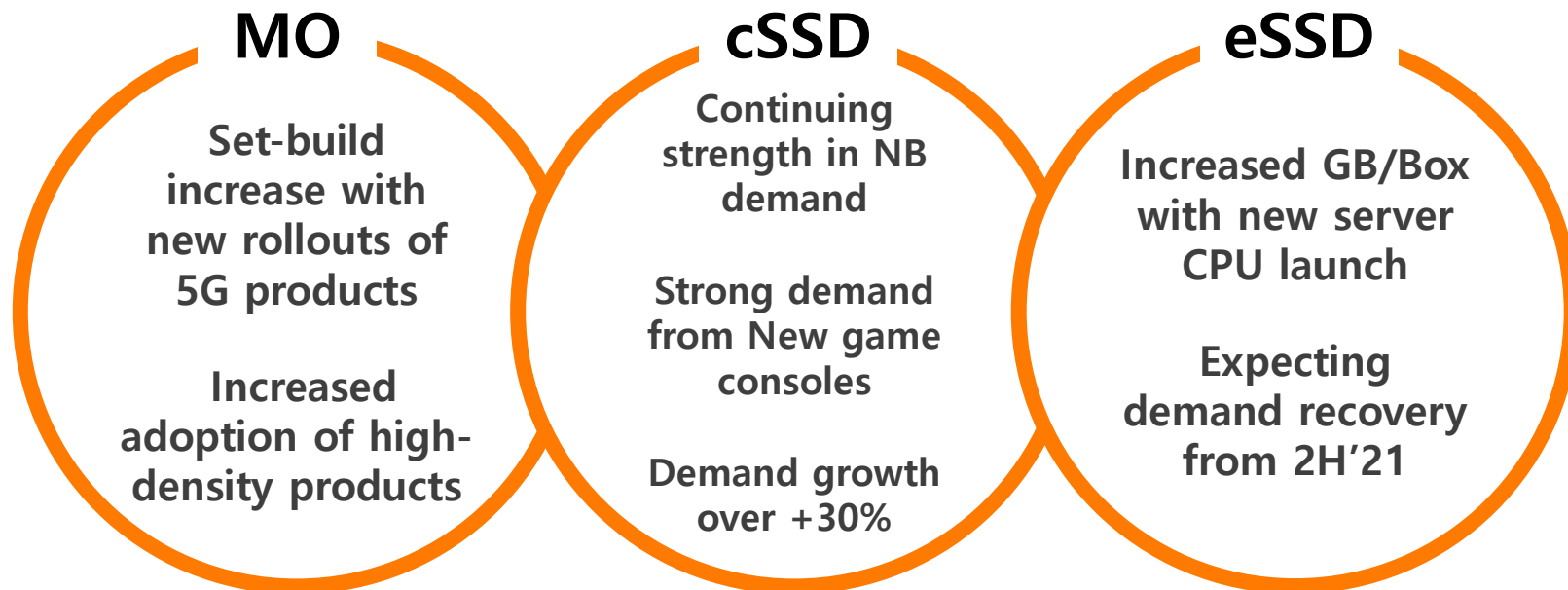
*( Overall ) Demand growth rate > Supply growth rate*



## Summary

*( Supply & Demand ) High inventory levels across the industry to be resolved by 1H'21*

*( Overall ) Supply-Demand environment to improve in 2H'21*



# Bit growth forecast

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## DRAM

*( Annual Demand Growth ) +High teen% ~ 20%*

*( Annual Plan ) Growing in-line w/ market demand growth*

*( Quarterly Plan ) Q1 Flat Q/Q*

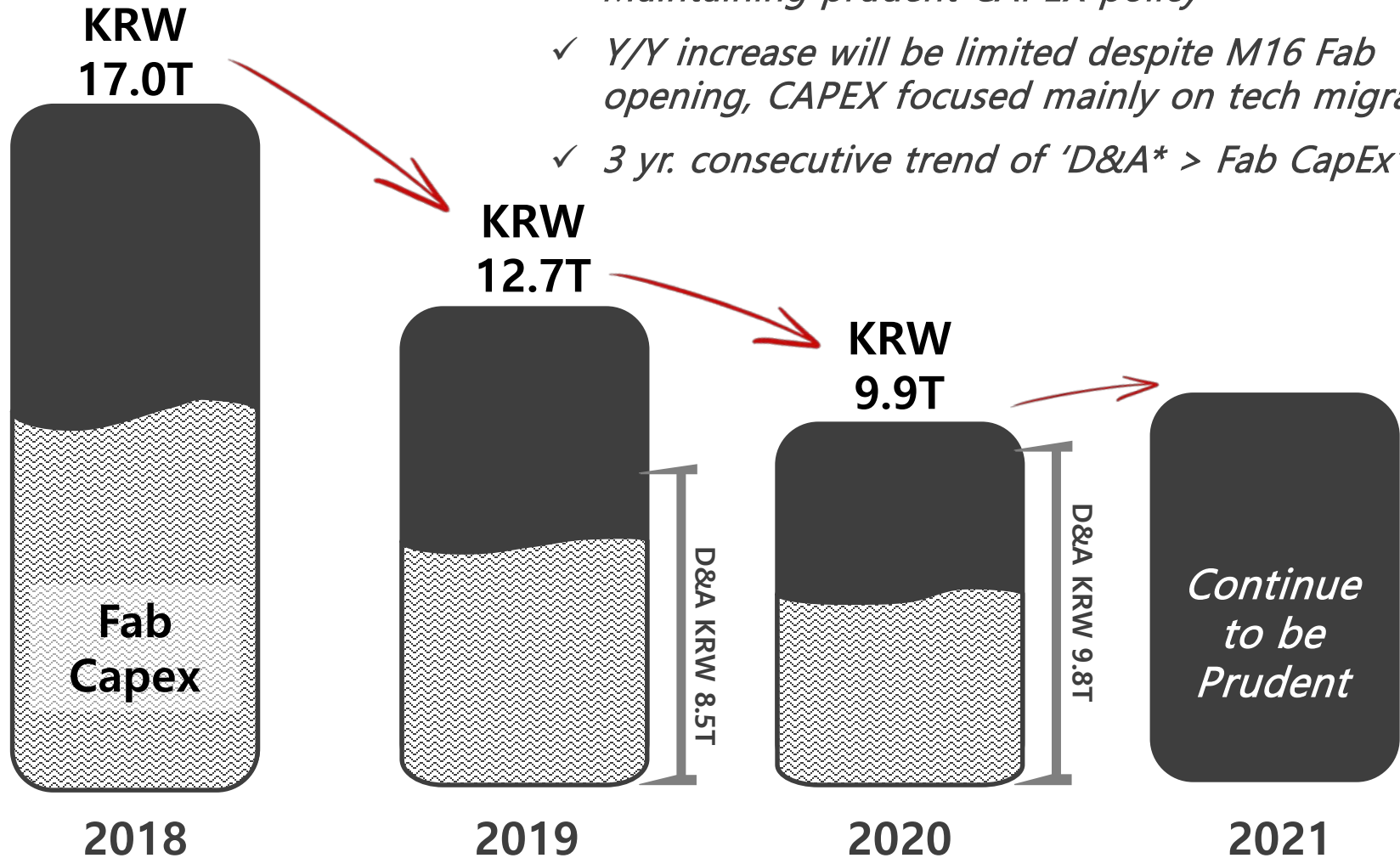
## NAND

*( Annual Demand Growth ) +Low 30%*

*( Annual Plan ) Outgrowing market demand growth*

*( Quarterly Plan ) Q1 +Mid-single % Q/Q*

# CapEX Outlook



- ✓ *Maintaining prudent CAPEX policy*
- ✓ *Y/Y increase will be limited despite M16 Fab opening, CAPEX focused mainly on tech migration*
- ✓ *3 yr. consecutive trend of 'D&A\* > Fab CapEx'*

*Continue to be Prudent*

\* Depreciation and Amortization



## Key Achievements

- **First Korean & semiconductor company to join RE100**
  - Plan to secure all required energy through renewable energy sources by 2050
- **Issued Green Bond (USD 1Bn)**
  - To be used for environment-friendly projects such as cutting-edge wastewater treatment, investment in low power SSD development, etc.

## ESG Mgmt.

- **Enhance Stakeholders' Trust through Initiative ESG Mgmt.**
- **Built Execution Processes to Incorporate ESG Mgmt.**
  - Organized ESG dedicated group under CEO's control
  - Established ESG committee to develop ESG strategy & manage risks

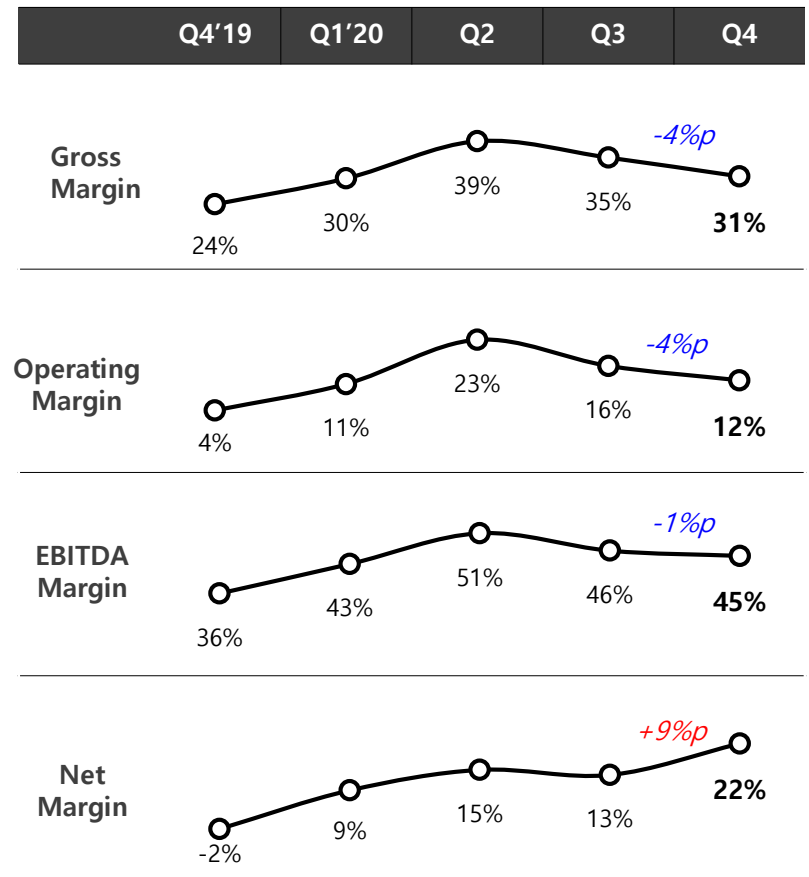
# Appendix

## FY2020 Q4

# Income Statement Summary

(Unit: KRW Billion)		Q4'20	Q3'20	Q4'19	QoQ	YoY
Revenue		7,966	8,129	6,927	-2%	+15%
Gross Profit		2,431	2,843	1,659	-14%	+47%
Operating Profit		966	1,300	242	-26%	+298%
EBITDA *		3,557	3,762	2,478	-5%	+44%
Net Profit		1,768	1,078	△126	+64%	N/A
EPS (KRW)	Basic	2,583	1,575	△173		
	Dil.	2,582	1,575	△173		
Shares Outstanding (Mil. Shares)	Basic	684.0	684.0	684.0		
	Dil.	684.2	684.1	684.1		

# Profitability Ratios



\* EBITDA = Operating Profit + Depreciation & Amortization

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

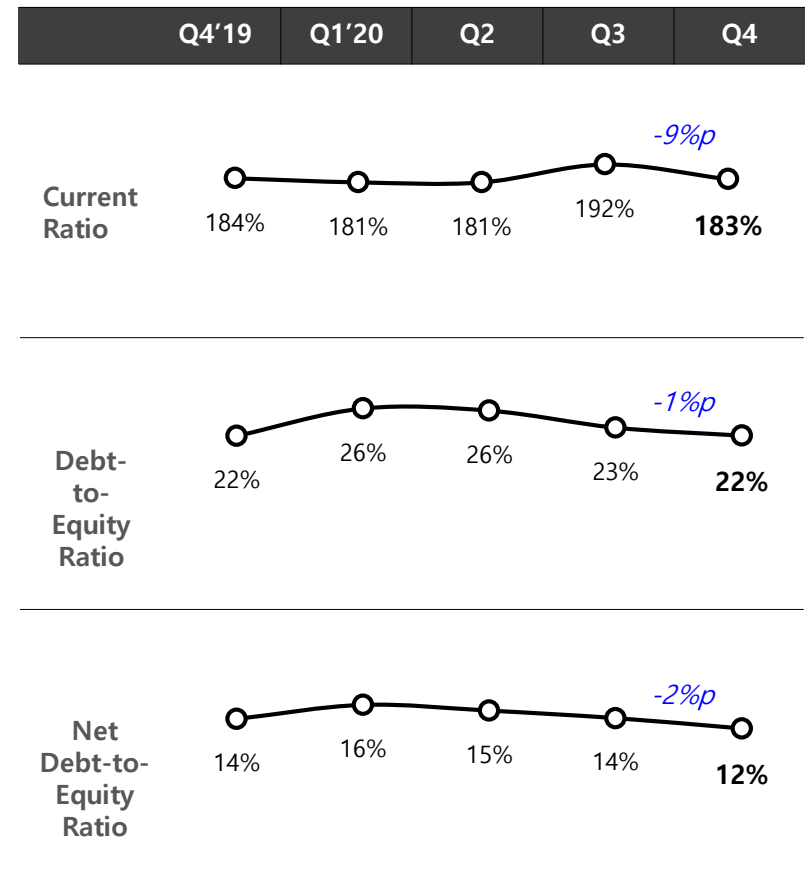
# Balance Sheet Summary

(Unit: KRW Billion)	Q4'20	Q3'20	Q4'19	QoQ	YoY
Assets	71,174	69,267	65,248	+1,907	+5,926
Cash*	4,948	4,756	3,995	+192	+954
Liabilities	19,265	18,768	17,312	+497	+1,952
Debt **	11,252	11,703	10,524	-451	+728
Shareholders' Equity	51,909	50,499	47,936	+1,410	+3,973
Capital Stock	3,658	3,658	3,658	-	-
Retained Earnings	46,996	45,221	42,923	+1,774	+4,072

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

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

# Stability Ratios



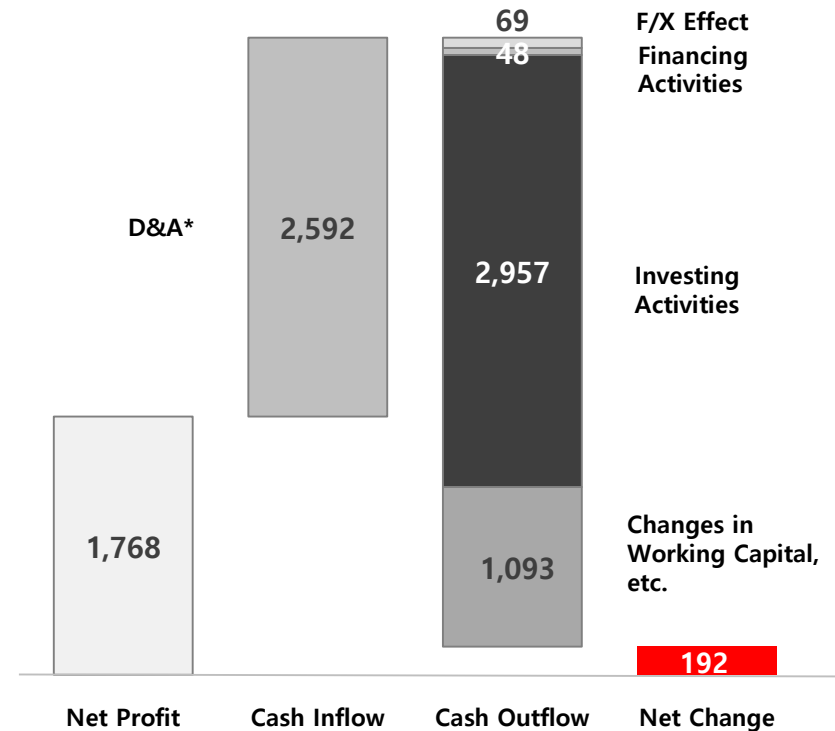
All figures in this presentation are rounded to KRW Billions, leading to some statements not adding up completely

# Statement of CF Summary

(Unit: KRW Billion)	Q4'20	Q3'20	Q4'19
Beginning Cash Balance	4,756	5,265	3,256
<b>CF from Operating Activities</b>	<b>3,267</b>	<b>3,372</b>	<b>2,594</b>
Net Profit	1,768	1,078	(118)
D&A*	2,592	2,463	2,245
Changes in Working Capital, etc.	(1,093)	(170)	467
<b>CF from Investing Activities</b>	<b>(2,957)</b>	<b>(3,071)</b>	<b>(2,781)</b>
Acquisition of PP&E	(2,530)	(2,540)	(2,531)
<b>CF from Financing Activities</b>	<b>(48)</b>	<b>(838)</b>	<b>951</b>
Changes in Debt	111	(788)	1,071
Repayment of Lease Liability	(162)	(50)	(123)
Dividend Payout	0	0	0
Share Repurchase	0	0	0
<b>Effect of F/X rate changes on Cash &amp; Equivalents</b>	<b>(69)</b>	<b>29</b>	<b>(25)</b>
<b>Net Changes in Cash</b>	<b>192</b>	<b>(509)</b>	<b>739</b>
Ending Cash Balance	4,948	4,756	3,995

# Net Cash Flow

(Unit: KRW Billion)

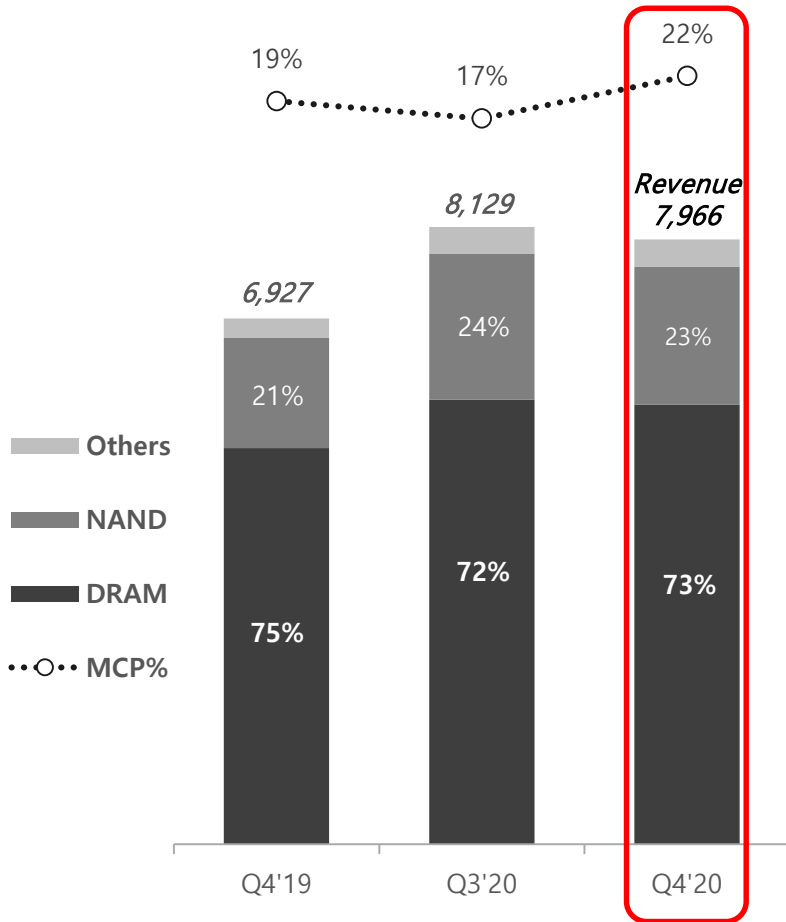


\* Depreciation & Amortization, including depreciation for non-operating (idle) assets

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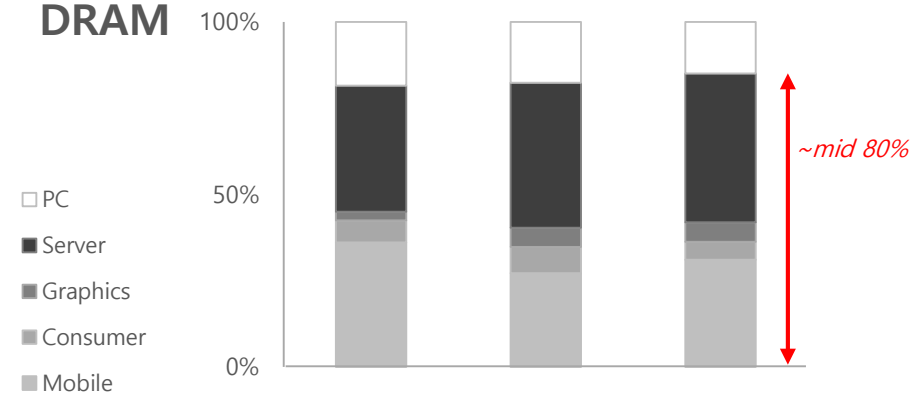
# Revenue by Business Unit

(Unit: KRW Billion)

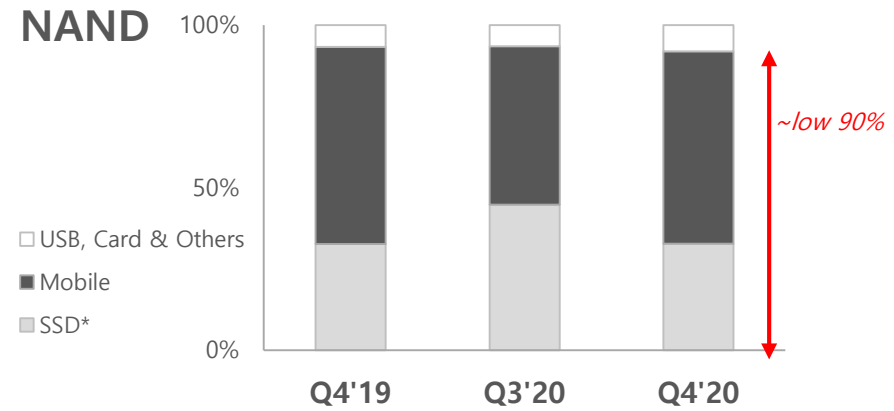


# Revenue by Application

## DRAM



## NAND



\* Includes discrete NAND for SSDs

\* Revenue Portion is in USD basis

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



Thank you

# [첨부1] 요약재무상태표

K-IFRS 기준 (십억원)

		Q4'20	Q3'20	Q4'19	전분기대비	전년말대비
<b>자산</b>						
유동자산		16,571	17,036	14,458	-465	+2,113
	현금성자산*	4,948	4,756	3,995	+192	+954
	매출채권	4,931	5,476	4,262	-544	+670
	재고자산	6,136	6,151	5,296	-14	+840
비유동자산		54,603	52,231	50,791	+2,372	+3,812
	유형자산	41,231	40,712	39,950	+518	+1,281
	무형자산	3,400	3,502	2,571	-102	+829
<b>자산총계</b>		<b>71,174</b>	<b>69,267</b>	<b>65,248</b>	+1,907	+5,926
<b>부채</b>						
차입금		11,252	11,703	10,524	-451	+728
	단기차입금	180	680	1,168	-501	-989
	유동성장기부채	2,935	2,913	1,569	+21	+1,365
	사채	3,610	3,482	2,745	+128	+865
	장기차입금	4,527	4,627	5,040	-100	-513
	매입채무	1,046	1,014	1,043	+32	+4
<b>부채총계</b>		<b>19,265</b>	<b>18,768</b>	<b>17,312</b>	+497	+1,952
<b>자본</b>						
자본금		3,658	3,658	3,658	-	-
자본잉여금		4,144	4,144	4,144	-	-
이익잉여금		46,996	45,221	42,923	+1,774	+4,072
<b>자본총계</b>		<b>51,909</b>	<b>50,499</b>	<b>47,936</b>	+1,410	+3,973

\* 현금성 자산 = 현금 및 현금성자산+단기금융상품+단기투자자산



## [첨부2] 요약손익계산서

K-IFRS 기준 (십억원)

		Q4'20	Q3'20	전분기대비	2020	2019	전년대비
매출액		7,966	8,129	-2%	31,900	26,991	+18%
매출원가		5,535	5,286	+5%	21,090	18,819	+12%
매출총이익		2,431	2,843	-14%	10,811	8,172	+32%
판관비		1,465	1,544	-5%	5,798	5,453	+6%
영업이익		966	1,300	-26%	5,013	2,719	+84%
금융순손익		-67	-34		-226	-284	
외환순손익		-333	74		-190	109	
지분법순손익		-49	-3		-36	24	
기타영업외순손익		1,716	12		1,677	-120	
EBITDA		3,557	3,762	-5%	14,777	11,251	+31%
법인세비용차감전이익		2,233	1,349	+66%	6,237	2,433	+156%
법인세비용		465	271	+72%	1,478	424	+249%
총당기순이익		1,768	1,078	+64%	4,759	2,009	+137%
주당순이익(원)	기본	2,583	1,575		6,952	2,943	
	희석	2,582	1,575		6,950	2,943	
주식수(백만)	기본	684	684		684	684	
	희석	684	684		684	684	