



# SK Hynix FY2013 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 FY 2013 Q3 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 Q3 Earnings Results & Operational Performances

# Results of Operation

(Unit: KRW Billion)

		Q3'13	QoQ	Q2'13	Q3'12	YoY
<b>Revenue</b>		<b>4,084</b>	+4%	<b>3,933</b>	<b>2,423</b>	+69%
<b>Gross Profit (Loss)</b>		<b>1,704</b>	+15%	<b>1,482</b>	<b>409</b>	+316%
<b>Operating Profit (Loss)</b>		<b>1,164</b>	+5%	<b>1,114</b>	<b>-24</b>	turned to profit
<b>EBITDA*</b>		<b>1,867</b>	-0%	<b>1,870</b>	<b>764</b>	+144%
<b>Net Profit (Loss)</b>		<b>958</b>	+1%	<b>947</b>	<b>2</b>	+46,852%
<b>EPS (won)</b>	<b>Basic</b>	<b>1,349</b>		<b>1,363</b>	<b>3</b>	
	<b>Diluted</b>	<b>1,289</b>		<b>1,342</b>	<b>-12</b>	
<b>Shares Outstanding (million shares)</b>	<b>Basic</b>	<b>710</b>		<b>695</b>	<b>694</b>	
	<b>Diluted</b>	<b>726</b>		<b>713</b>	<b>712</b>	
<b>Gross Margin</b>		<b>42%</b>	+4%p	<b>38%</b>	<b>17%</b>	+25%p
<b>Operating Margin</b>		<b>29%</b>	+1%p	<b>28%</b>	<b>-1%</b>	+30%p
<b>EBITDA Margin</b>		<b>46%</b>	-2%p	<b>48%</b>	<b>32%</b>	+14%p
<b>Net Margin</b>		<b>23%</b>	-1%p	<b>24%</b>	<b>0%</b>	+23%p

\* EBITDA = Operating Profit + Depreciation & Amortization Expenses

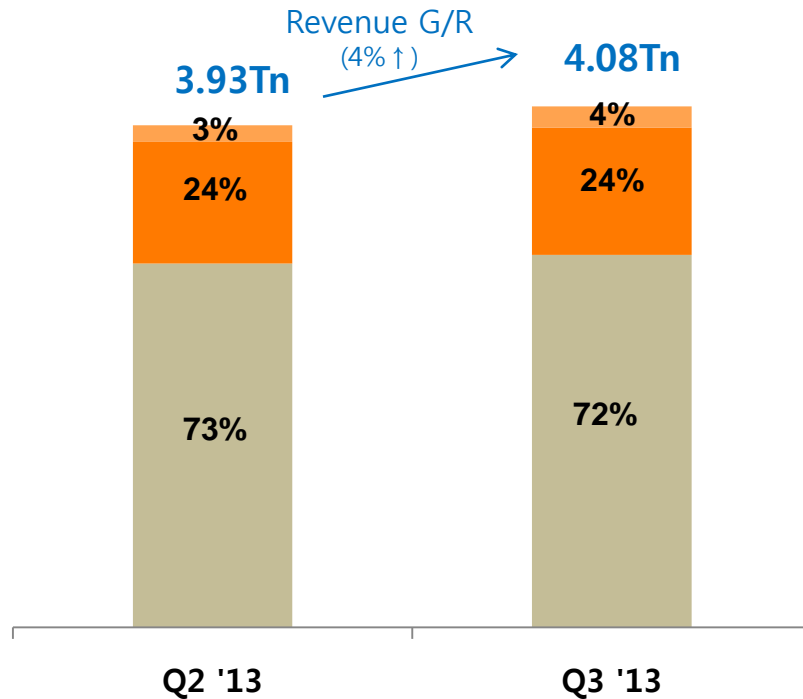
# Sales Analysis

- Another record high revenue exceeding 4 Trillion Won on the back of favorable price condition, despite lower than planned B/G for both DRAM & NAND due to Wuxi fab fire

- DRAM Rev : bit growth -2%, ASP +5% QoQ
- NAND Flash Rev : bit growth +11%, ASP -6% QoQ

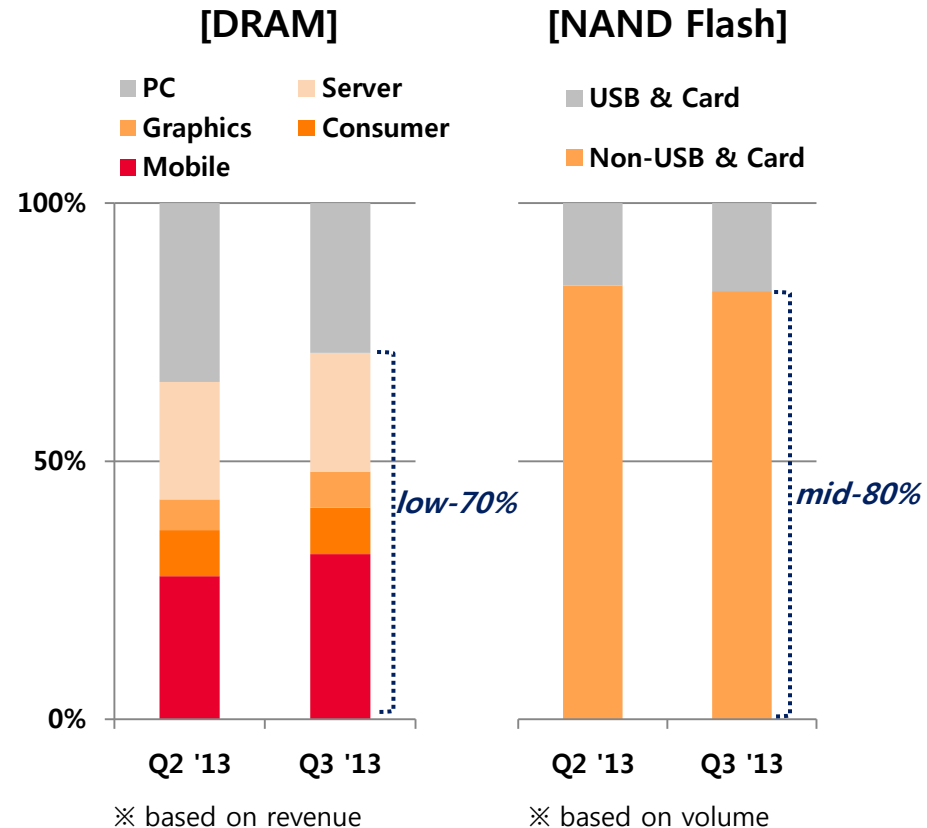
## Revenue Mix by Product

Unit : KRW trillion ■ DRAM ■ NAND ■ Others



※ MCP accounted for 16% of total revenue vs 15% in Q2'13

## Product Mix by Application



※ based on revenue

※ based on volume

# Profit Analysis

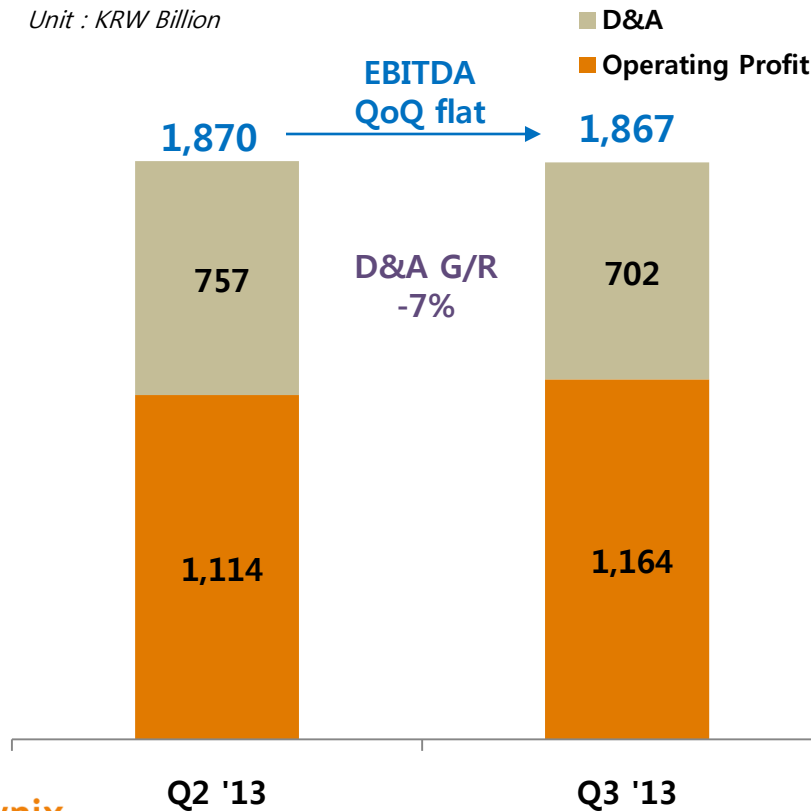
- Despite the Wuxi fab fire, we achieved record-high operating profit on the back of strong sales and cost reduction through tech migration and yield improvement

(+) factors: DRAM ASP increase, increased 2Xnm portion in Non-PC DRAM, Wuxi fire related fixed costs being recognized as non-operating expense

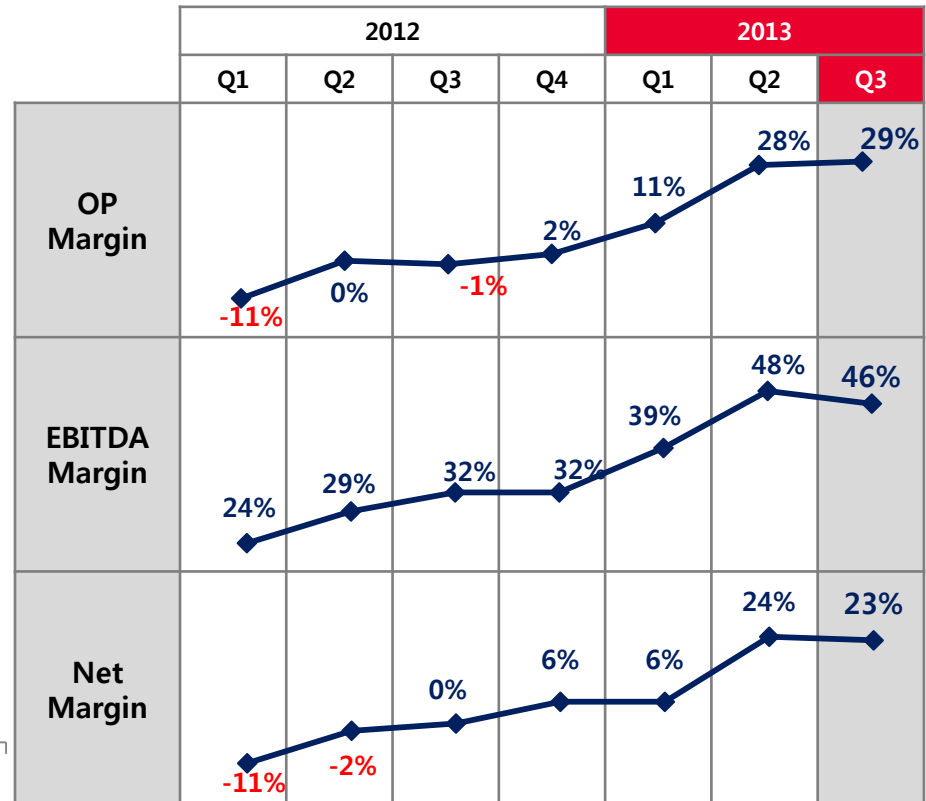
(-) factors: base effect from reversal of Rambus provision in Q2

## Operating Profit & EBITDA

Unit : KRW Billion



## Profit Margins



# Non-Operating Gain & Loss

(Unit : KRW Billion)

	Q3 '13	QoQ	Q2 '13	Q3'12	YoY
Net Non-Operating Gain (Loss)	(145)	-44	(101)	29	-174
Net Financial Gain (Loss)	(44)	+12	(56)	(60)	+16
Net F/X Transaction & Translation Gain (Loss)	98	+127	(29)	81	+17
Net Gain (Loss) on equity method investments	6	+2	4	4	+2
Other Net Non-Operating Gain (Loss)	(205)	-185	(20)	4	-209
Income Tax Expense (Income)	62	-5	66	3	+58

# Capital Structure

(Unit : KRW Billion)

	Q3 '13	QoQ	Q2 '13	Q4 '12	vs. Q4'12
<b>Asset</b>	<b>20,537</b>	+262	<b>20,275</b>	<b>18,649</b>	+1,889
<b>Cash*</b>	<b>3,092</b>	+657	<b>2,435</b>	<b>1,785</b>	+1,307
<b>Liability</b>	<b>8,224</b>	-894	<b>9,118</b>	<b>8,909</b>	-686
<b>Debt**</b>	<b>5,279</b>	-974	<b>6,253</b>	<b>6,472</b>	-1,193
<b>Shareholders' Equity</b>	<b>12,314</b>	+1,156	<b>11,158</b>	<b>9,739</b>	+2,574
<b>Capital Stock</b>	<b>3,569</b>	+77	<b>3,491</b>	<b>3,488</b>	+80
<b>Retained Earnings</b>	<b>5,397</b>	+958	<b>4,439</b>	<b>3,313</b>	+2,084
<b>Debt-to-Equity Ratio</b>	<b>43%</b>	-13%p	<b>56%</b>	<b>66%</b>	-23%p
<b>Net-Debt-to-Equity Ratio</b>	<b>18%</b>	-16%p	<b>34%</b>	<b>48%</b>	-30%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)

	Q3 '13	Q2 '13	Q3 '12
<b>Beginning cash* balance</b>	2,435	1,928	2,990
<b>CF From Operating Activities:</b>	2,184	1,523	369
Net profits before tax	1,020	1,013	5
Depreciation and Amortization	761	758	791
Changes in working capital, etc	403	(247)	(427)
<b>CF From Investing Activities:</b>	(1,152)	(813)	(1,718)
Acquisition of PP&E	(1,105)	(768)	(1,400)
<b>CF From Financing Activities:</b>	(358)	(207)	157
Debt** issuance, net of repayment	(359)	(207)	157
<b>Net increase (decrease) in Cash</b>	657	507	(1,199)
<b>Ending cash balance</b>	3,092	2,435	1,790

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

\*\* D&A : including amortization of non-operating loss

\*\* 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)

	Q3'13	Q2'13	Q4'12	QoQ	vs. Q4'12
<b>Assets</b>					
Current Assets	6,802	6,644	5,314	158	1,489
Cash & Cash Equivalents*	3,092	2,435	1,785	657	1,307
Accounts Receivables	2,189	2,440	1,720	-251	469
Inventories	1,153	1,442	1,509	-288	-356
Non-Current Assets	13,735	13,632	13,335	104	400
Property, plant & equipment	11,951	11,900	11,586	51	364
Intangible Assets	1,056	1,052	984	4	72
<b>Total Assets</b>	<b>20,537</b>	<b>20,275</b>	<b>18,649</b>	262	1,889
<b>Liabilities</b>					
Interest-bearing Debts	5,279	6,253	6,472	-974	-1,193
S-T Borrowings	736	621	1,021	115	-285
Current Portion of LT Borrowings	736	1,380	1,699	-644	-962
Bonds/Convertible Bonds	1,956	1,992	1,451	-36	505
L-T Borrowings	1,851	2,259	2,302	-409	-451
Accounts Payables	691	673	593	18	98
<b>Total Liabilities</b>	<b>8,224</b>	<b>9,118</b>	<b>8,909</b>	-894	-686
<b>Shareholders' Equity</b>					
Common Stock	3,569	3,491	3,488	77	80
<b>Total Shareholders' Equity</b>	<b>12,314</b>	<b>11,158</b>	<b>9,739</b>	1,156	2,574

\* Short-term Financial Instruments included

## [Attachment 2] Income Statement

### K-IFRS (KRW Billion)

	Q3'13	Q2'13	Q3'12	QoQ	YoY
Sales	4,084	3,933	2,423	151	1,660
Cost of Goods Sold	2,379	2,451	2,014	-72	365
Gross Profit	1,704	1,482	409	223	1,295
SG&A Expenses	540	368	433	172	107
Operating Profit	1,164	1,114	-24	51	1,189
Financial Income(Expenses), Net	-44	-56	-60	12	16
F/X Transaction & Translation Income (Expense), Net	98	-29	81	127	17
Income (Expense) From Jointly Controlled Entities and Associates, Net	6	4	4	2	2
Other Non-operating Income (Expense), Net	-205	-20	4	-185	-209
Income Before Income Taxes	1,020	1,013	5	7	1,015
Income Taxes (Benefit)	62	66	3	-5	58
Net Income	958	947	2	11	956

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