



# SK Hynix FY2013 Q1 Earnings Results



April 24, 2013

## 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 Q1 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 Q1 Earnings Results & Operational Performances

### Results of Operation

(Unit: KRW Billion)

		Q1'13	QoQ	Q4'12	Q1'12	YoY
Revenue		2,781	+2%	2,718	2,388	+16%
Gross Profit (Loss)		763	+48%	514	210	+263%
Operating Profit (Loss)		317	+477%	55	(264)	turned to profit
EBITDA*		1,089	+27%	857	573	+90%
Net Profit (Loss)		179	+9%	164	(271)	turned to profit
EPS(Won)	Basic	257		236	-420	
	Diluted	257		222	-420	
Shares Outstanding (Million Shares)	Basic	694		694	645	
	Diluted	694		712	645	
Gross Margin		27%	+8%p	19%	9%	+18%p
Operating Margin		11%	+9%p	2%	-11%	+22%p
EBITDA Margin		39%	+7%p	32%	24%	+15%p
Net Margin		6%	-	6%	-11%	+17%p

\* EBITDA = Operating Profit + Depreciation & Amortization Expenses

# Sales Analysis

- DRAM sales increased QoQ with favorable pricing environment and strong bit shipment growth especially for PC & server DRAM, which drove total sales growth
- Despite seasonal weakness, supply limitations from suppliers' mix shift to Mobile DRAM led to steep PC DRAM price increase as well as stabilization of non-PC DRAM prices, including Server DRAM price
  - DRAM sales: Bit shipments increased 3% while ASP increased 4% QoQ
  - NAND Flash sales: Bit shipments decreased 1% & ASP decreased 5% QoQ

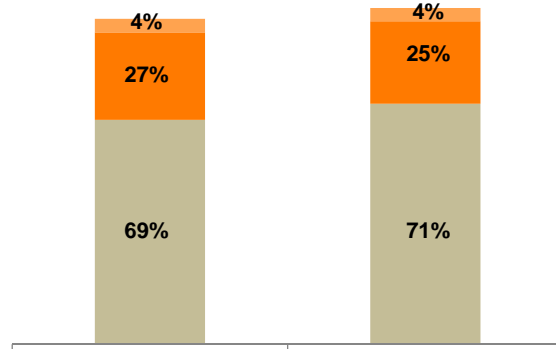
## Revenue Mix by Product

Unit: KRW

■ DRAM ■ NAND ■ Others

Total Sales increased 2%

2.72 Tril → 2.78 Tril

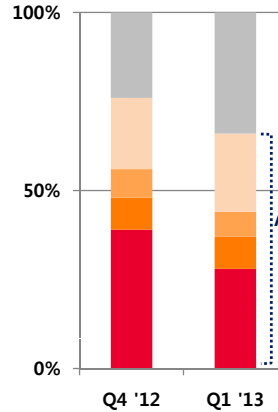


※ MCP sales portion decreased from 15% in Q4 to 12% in Q1

## Product Mix by Application

### [DRAM]

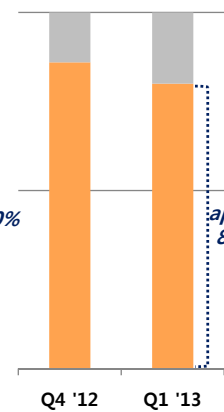
■ PC ■ Server  
■ Graphics ■ Consumer  
■ Mobile



※ Revenue portion

### [NAND Flash]

■ USB & Card  
■ Non-USB & Card



※ Bit portion

# Profit Analysis

- Total company operating profit improved considerably QoQ as profitability of all product segments improved partly due to cost reductions through tech migration & yield improvements
  - (+) factors: increased 2Xnm DRAM portion & yield improvement, PC DRAM price increase, increased sales of main memory products, complete migration to 2Ynm NAND & yield improvement
  - (-) factors: decreased price & shipment of NAND flash product

## Operating Profit & EBITDA

Unit : KRW Billion

■ D/A  
■ Operating Profit

EBITDA 27% ↑

857 → 1,089

802 → 772

D/A 4% ↓



## Profit Ratios

	2012				2013
	Q1	Q2	Q3	Q4	Q1
OP Margin	-11%	0%	-1%	2%	11%
EBITDA Margin	24%	29%	32%	32%	39%
Net Margin	-11%	-2%	0%	6%	6%

## Non-Operating Gain & Loss

(Unit : KRW Billion)

	Q1 '13	QoQ	Q4 '12	Q1'12	YoY
Net Non-Operating Gain (Loss)	(109)	-164	55	(7)	-101
Net Financial Gain (Loss)	(55)	+8	(64)	(60)	+4
Net F/X Transaction & Translation Gain (Loss)	(34)	-168	134	76	-110
Net Gain (Loss) on equity method investments	4	-2	6	7	-3
Net Other Non-Operating Gain (Loss)	(23)	-2	(20)	(30)	+8
Income Tax Expense (Income)	30	+83	(53)	0	+29



## Capital Structure

(Unit: KRW Bil)

	Q1 '13	QoQ	Q4 '12	Q1'12	YoY
Asset	19,058	+410	18,649	19,264	-206
Cash*	1,928	+143	1,785	3,399	-1,471
Liability	9,015	+105	8,909	9,366	-351
Debt**	6,373	-99	6,472	6,395	-22
Shareholders' Equity	10,044	+304	9,739	9,898	+145
Capital Stock	3,488	+0	3,488	3,488	+1
Retained Earnings	3,492	+179	3,313	3,284	+208
Debt-to-Equity Ratio	63%	-3%p	66%	65%	-2%p
Net Debt-to-Equity Ratio	44%	-4%p	48%	30%	+14%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

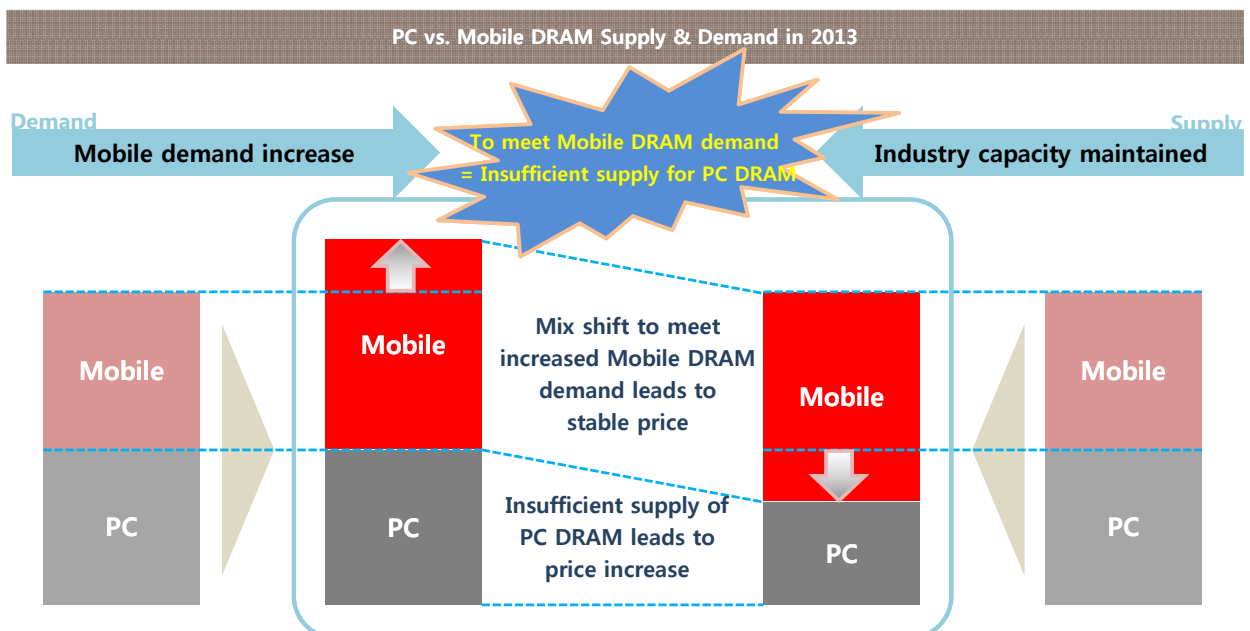




## 2013 Memory Market Outlook

### DRAM Supply & Demand Outlook

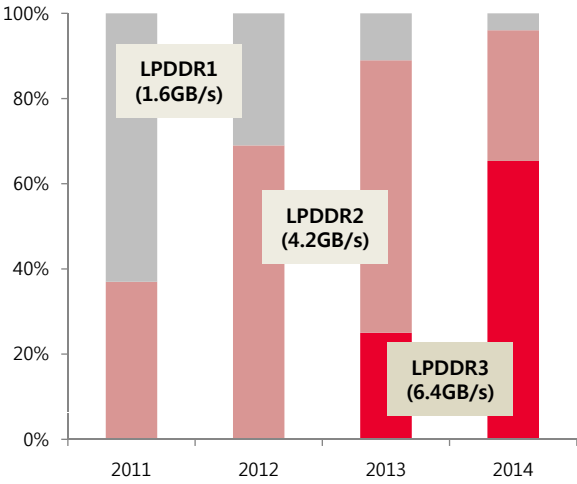
- While DRAM capacity addition is unlikely this year, structural weakness of PC market is expected to continue and thus suppliers will continue their mix shift to Mobile DRAM
- As production portion of Mobile DRAM increases PC DRAM portion will decrease comparatively, which may tighten PC DRAM supply, leading to more stable DRAM market pricing in 2013



# Mobile Market Outlook

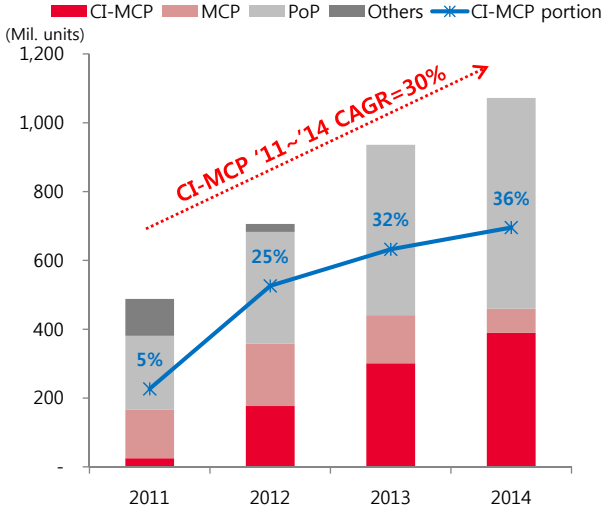
- With increased demand for enhanced computing power & low-power specifications in high-end smartphones & tablet PCs, the adoption of LPDDR3 to increase in 2013 with its improved power efficiency and enhanced functions using higher bandwidth
- For low-end smartphones, the adoption of CI-MCP with NAND flash controller is increasing while the adoption of CI-MCP combining LPDDR2 and eMMC4.5 is expected to start from 2013

Demand Outlook for Mobile DRAM Product



(source: SK Hynix Marketing)

Increasing Memory adoption in Smartphones



(source: SK Hynix Marketing)

# [Attachment1] Statement of Financial Position

K-IFRS (KRW Billion)

	Q1'13	Q4'12	Q1'12	QoQ	YoY
<b>Assets</b>					
Current Assets	5,700	5,314	6,635	387	-935
Cash & Cash Equivalents*	1,928	1,785	3,399	143	-1,471
Accounts Receivables	1,797	1,720	1,572	77	225
Inventories	1,586	1,509	1,254	76	331
Non-Current Assets	13,358	13,335	12,630	23	728
Investments	742	765	703	-23	39
Property, plant & equipment	11,599	11,586	11,224	12	374
Intangible Assets	1,017	984	702	34	315
<b>Total Assets</b>	<b>19,058</b>	<b>18,649</b>	<b>19,264</b>	410	-206
<b>Liabilities</b>					
Interest-bearing Debts	6,373	6,472	6,395	-99	-22
S-T Borrowings	778	1,021	983	-242	-204
Current Portion of LT Borrowings	1,764	1,699	1,366	65	398
Bonds/Convertible Bonds	1,455	1,451	2,459	4	-1,003
L-T Borrowings	2,375	2,302	1,587	73	788
Accounts Payables	630	593	711	38	-80
<b>Total Liabilities</b>	<b>9,015</b>	<b>8,909</b>	<b>9,366</b>	105	-351
<b>Shareholders' Equity</b>					
Common Stock	3,488	3,488	3,488	0	1
<b>Total Shareholders' Equity</b>	<b>10,044</b>	<b>9,739</b>	<b>9,898</b>	304	145

\* Short-term Financial Instruments included

## [Attachment 2] Income Statement

### K-IFRS (KRW Billion)

	Q1'13	Q4'12	Q1'12	QoQ	YoY
Sales	2,781	2,718	2,388	63	393
Cost of Goods Sold	2,018	2,204	2,178	-186	-160
Gross Profit	763	514	210	248	553
SG&A Expenses	446	459	474	-14	-28
Operating Profit	317	55	-264	262	580
Financial Income(Expenses), Net	-55	-64	-60	8	4
F/X Transaction & Translation Income (Expense), Net	-34	134	76	-168	-110
Income (Expense) From Jointly Controlled Entities and Associates, Net	4	6	7	-2	-3
Other Non-operating Income (Expense), Net	-23	-20	-30	-2	8
Income Before Income Taxes	208	110	-271	98	479
Income Taxes (Benefit)	30	-53	0	83	29
Net Income	179	164	-271	15	450

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