

SK Hynix FY2012 Q2 Earnings Results



July 26th, 2012

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 Q2 FY2012 financial results has not been finalized. Figures in this earnings release are subjected to changes during the independent auditing process.





Q2 2012 Earnings Results & Operation Performances

Results of Operation

(Unit: KRW Billion)

		Q2 '12	QoQ	Q1 '12	Q2 '11	YoY
Revenue		2,632	+10%	2,388	2,758	-5%
Gross Income		473	+130%	206	631	-25%
Operating Income		23	N/A	-260	447	-95%
EBITDA		793	+37%	579	1,311	-40%
Net Income		-53	+80%	-271	473	N/A
EPS(Won)	Basic	-77		-420	796	
	Diluted	-102		-420	709	
Shares Outstanding (Million Shares)	Basic	694		*645	592	
	Diluted	711		645	629	
Gross Margin		18%	+9%p	9%	23%	-5%p
Operating Margin		1%	+12%p	-11%	16%	-15%p
EBITDA Margin		30%	+6%p	24%	48%	-18%p
Net Margin		-2%	+9%p	-11%	17%	-19%p

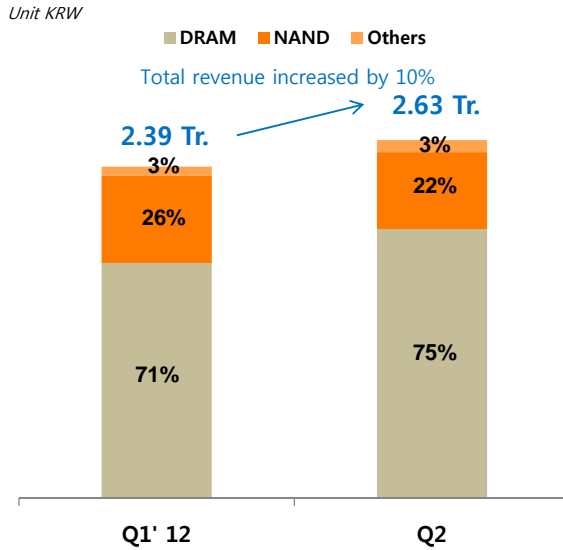
* Number of shares outstanding includes new shares issued to SKT during Q1 2012, calculated on a weighted average basis

Sales Analysis

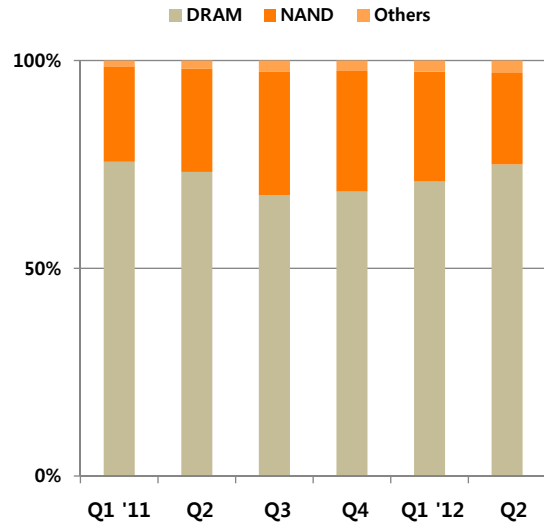
• Total revenue increased sequentially as DRAM & MCP revenue increased while NAND price declined.

- DRAM : Bit growth increased 7%, ASP improved 7% QoQ
- NAND Flash : Bit growth increased 9%, ASP declined 19% QoQ

Sales by Products



Sales Portion by Products



※ MCP sales portion increased from 12% in Q1 to 14% in Q2

Profit Analysis

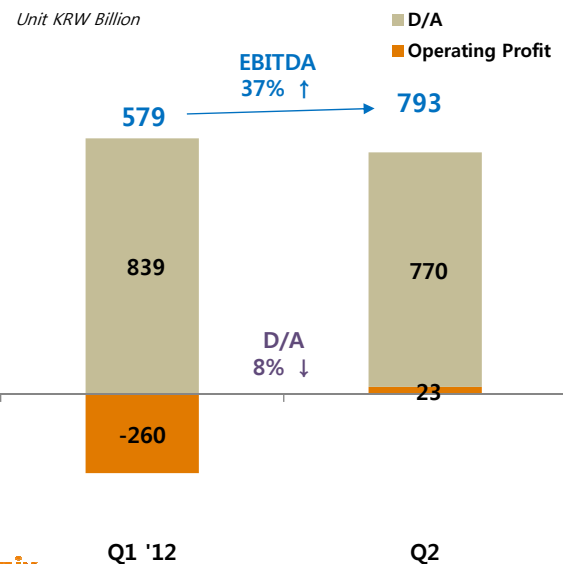
• Due to improved DRAM profitability on the back of increased sales and sound unit cost reduction, operating income turned to profit for the quarter

(+) factor : Sustained PC DRAM price increase and Non-PC DRAM price rebound,

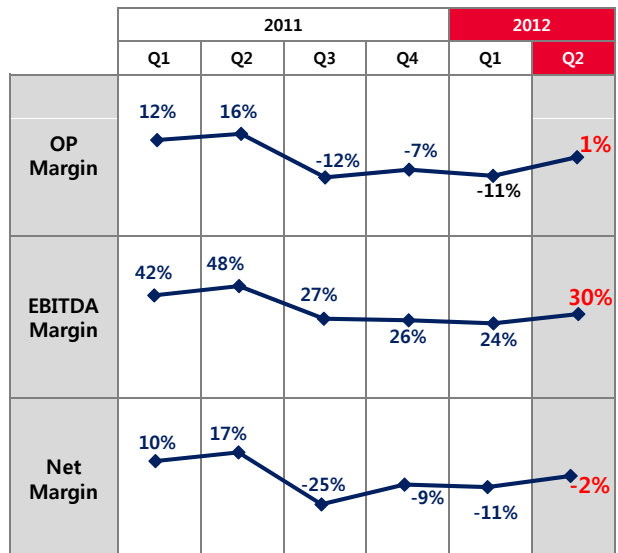
Unit cost reduction from yield improvement and increased portion of 3Xnm DRAM and 2Ynm NAND flash technology

(-) factor : Sharp price decline for NAND flash

Profit Amount



Profit Ratios



Q1 '12

Q2

Non-Operating Income & Expense

(Unit: KRW Billion)

	Q2 '12	QoQ	Q1 '12	Q2 '11	YoY
Non-Operating Income(Expense), Net	(67)	-56	(11)	26	-92
Financial Income(Expense), Net	(55)	+5	(60)	(66)	+12
F/X Transaction & Translation Income(Expense), Net	(27)	-103	76	63	-90
Income(Expense) From Jointly Controlled Entities and Associates, Net	0	-6	7	3	-3
Other Non-operating Income(Expense), Net	14	+48	(34)	25	-11
Income Taxes Expense(Benefits)	9	+9	0	(1)	+10



Capital Structure

(Unit: KRW Billion)

	Q2 '12	QoQ	Q1 '12	Q4 '11	vs. Q4'11
Asset	19,835	+571	19,264	17,238	+2,597
Cash*	2,990	-409	3,399	1,876	+1,114
Liability	9,976	+609	9,366	9,363	+613
Debt**	6,628	+234	6,395	6,776	-148
Shareholder's Equity	9,860	-39	9,898	7,875	+1,984
Capital Stock	3,488	+0	3,488	2,978	+510
Retained Earnings	3,231	-53	3,284	3,555	-324
Debt-to-Equity Ratio	67%	+2%p	65%	86%	-19%
Net Debt-to-Equity Ratio	37%	+7%p	30%	62%	-26%

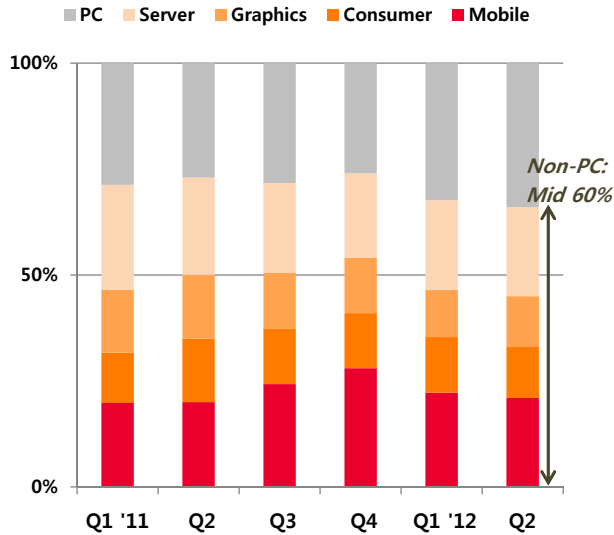
* Cash = Cash & Cash Equivalents + Short-term Financial Instruments

** Debt = Short-term Borrowings + Current Portion of Long-term Borrowings + Debenture + Convertible Bond + Long-term Borrowings



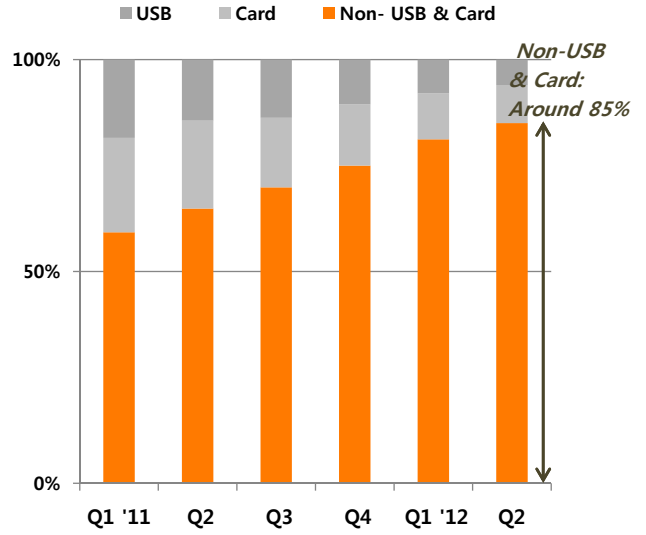
Sales Breakdown by Application

DRAM



* Revenue portion

NAND Flash

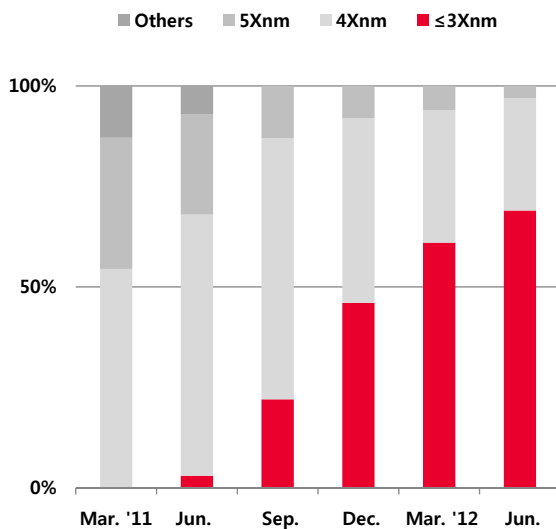


* Bit portion



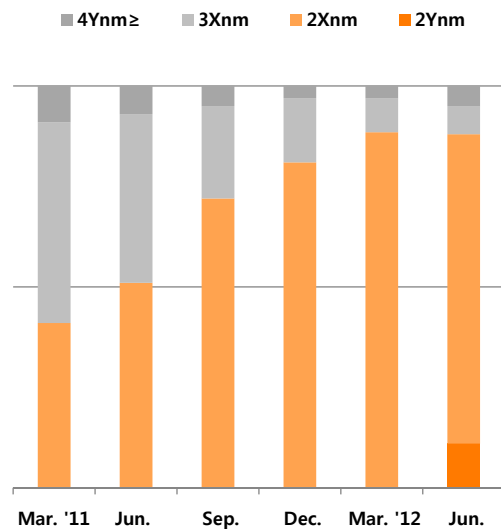
Technology Migration Progress

DRAM



* Quarter-end, Package out basis

NAND Flash



* Quarter-end, Package out basis



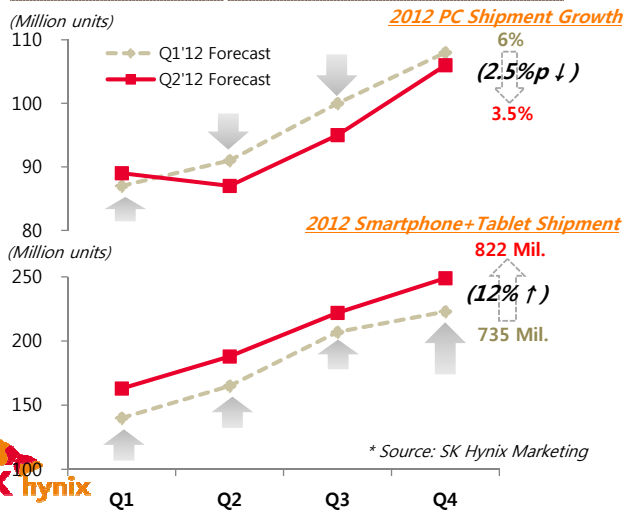


Memory Market Outlook in 2H 2012

DRAM

- Due to global macroeconomic uncertainty, PC shipment in 2H is expected to weaker than originally forecasted. (2012 PC shipment growth: 6% → 3.5%)
- With launch of new PC models, smartphones & tablets, demand for DRAM is expected to show gradual recovery.
- Actual demand pickup might occur after a time lag as consumers wait for new products and OEM customers adjust inventory levels.

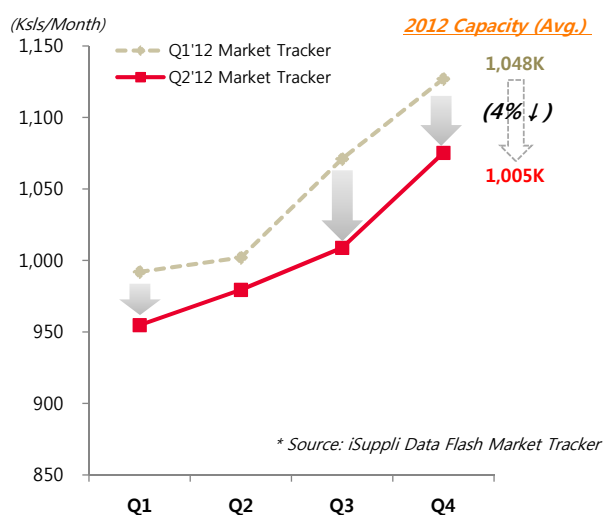
PC, Smartphone & Tablet Shipment Outlook



NAND Flash

- Capacity conversion and scaled-down capital investment during 1H is expected to lead to slower supply growth.
- Increased demand for newly launched smartphones and SSD's is anticipated to create relatively stable market trends in 2H.

WW NAND Wafer Capacity Outlook



[Attachment1] Statement of Financial Position

K-IFRS (KRW Billion)

	Q2'12	Q1'12	Q4'11	QoQ	vs. Q4'11
Assets					
Current Assets	6,434	6,635	4,937	-201	1,497
Cash & Cash Equivalents*	2,990	3,399	1,876	-409	1,114
Accounts Receivables	1,692	1,572	1,541	120	151
Inventories	1,349	1,254	1,184	95	165
Non-Current Assets	13,401	12,630	12,301	771	1,100
Investments	680	703	694	-23	-14
Property, plant & equipment	12,009	11,224	10,899	785	1,110
Intangible Assets	712	702	708	10	4
Total Assets	19,835	19,264	17,238	571	2,597
Liabilities					
Interest-bearing Debts	6,628	6,395	6,776	234	-148
S-T Borrowings	1,129	983	1,416	146	-287
Current Portion of LT Borrowings	1,387	1,366	1,414	21	-28
Debenture	2,040	2,459	2,463	-419	-423
L-T Borrowings	2,073	1,587	1,483	485	590
Accounts Payables	797	711	678	87	119
Total Liabilities	9,976	9,366	9,363	609	613
Shareholders' Equity					
Common Stock	3,488	3,488	2,978	0	510
Total Shareholders' Equity	9,860	9,898	7,875	-39	1,984

* Short-term Financial Instruments included

[Attachment 2] Income Statement

K-IFRS (KRW Billion)

	Q2'12	Q1'12	Q2'11	QoQ	YoY
Sales	2,632	2,388	2,758	244	-126
Cost of Goods Sold	2,159	2,182	2,127	-24	31
Gross Profit	473	206	631	267	-158
SG&A Expenses	472	474	374	-1	98
Other Operating Profit/Loss	22	7	190	14	-168
Operating Profit	23	-260	447	283	-424
Financial Income(Expenses), Net	-55	-60	-66	5	12
F/X Transaction & Translation Income (Expense), Net	-27	76	63	-103	-90
Income (Expense) From Jointly Controlled Entities and Associates, Net	0	7	3	-6	-3
Other Non-operating Income (Expense), Net	14	-34	25	48	-11
Income Before Income Taxes	-44	-271	472	227	-516
Income Taxes (Benefit)	9	0	-1	9	10
Net Income	-53	-271	473	218	-526