Hynix Semiconductor

1Q 2011 Earnings

Disclaimer

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

As of January 1, 2011, Hynix Semiconductor Inc. adopted International Financial Reporting Standards (IFRS). All financial information contained in this document is based on consolidated IFRS. For the convenience of users, financial results of 2010 are presented based on IFRS and may differ from previously disclosed financial information provided based on K-GAAP.
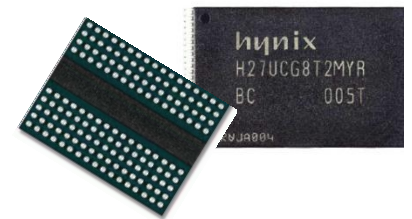
Review of the Q1 FY2011 financial results has not been finalized. Figures in this earnings release are subjected to changes during the independent auditing process.

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Contents

1. Q1 2011 Earnings Results & Operations

2. Q2 2011 Market Outlook

Q1 2011 Earnings Results (IFRS) & Operational Performances

Results of Operations

Unit: KRW Billion		Q1 '11	QoQ	Q4 '10	Q1 '10	YoY
Revenue		2,793	2%	2,751	2,824	-1%
Gross Income		681	4%	652	1,115	-39%
Operating Income		323	10%	294	742	-56%
EBITDA		1,161	3%	1,130	1,454	-20%
Net Income		274	812%	30	808	-66%
EPS(Won)	Basic	463		32	1,390	
	Diluted	462		32	1,305	
Number of Shares (Million Shares)	Basic	591		590	590	
	Diluted	592		590	626	
Gross Margin		24%	-	24%	39%	-15%p
Operating Margin		12%	1%p	11%	26%	-14%p
EBITDA Margin		42%	1%p	41%	51%	-9%p
Net Margin		10%	9%p	1%	29%	-19%p

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Sales Analysis

- **Total Q1 revenue increased mostly thanks to the improved sales of NAND Flash products**
- **DRAM sales maintained as: ASP declined 13%, Bit shipment increased 15%(QoQ)**
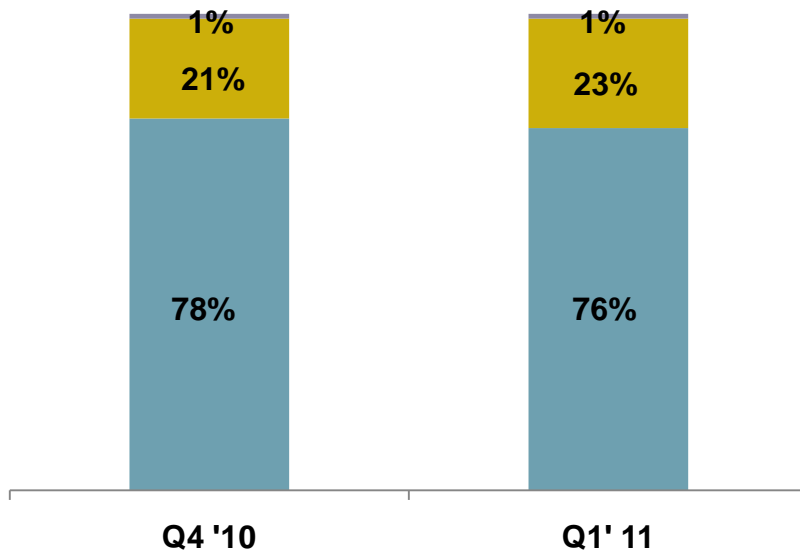- **NAND Flash sales increased as: ASP unchanged, Bit shipment increased 15%(QoQ)**

Sales by Products

■DRAM ■NAND ■Others

Slight Revenue Increase
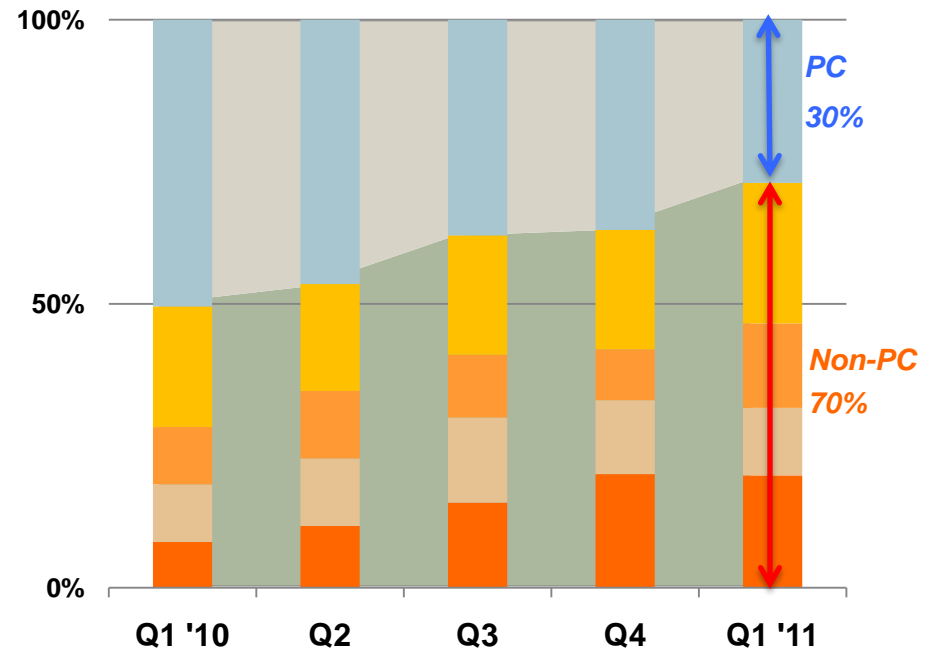**(2% ↑)**

2.75 Tr. → **2.79 Tr.**

Q4 '10	Q1' 11
1%	1%
21%	23%
78%	76%

※ MCP Sales portion remained 9%.

Sales % by Application

■PC ■Server ■Graphics ■Consumer ■Mobile

PC 30%

Non-PC 70%
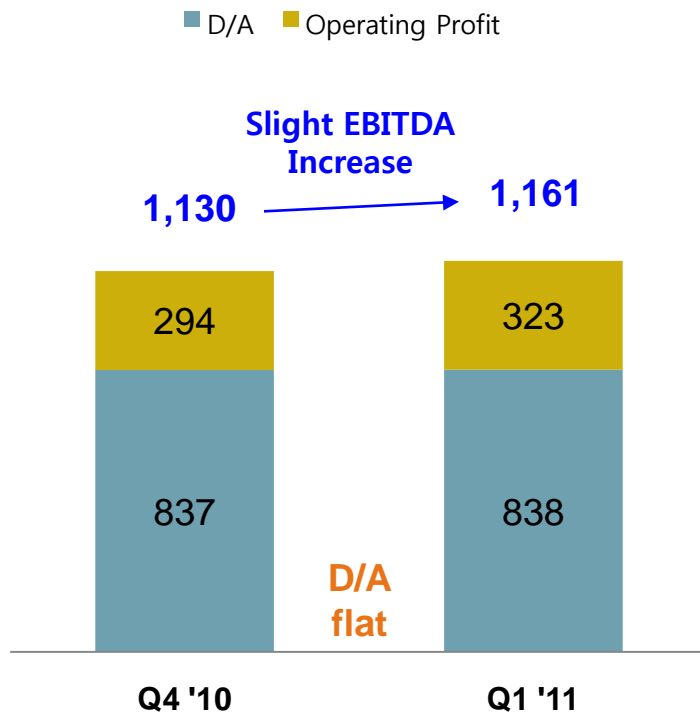
Q1 '10   Q2   Q3   Q4   Q1 '11
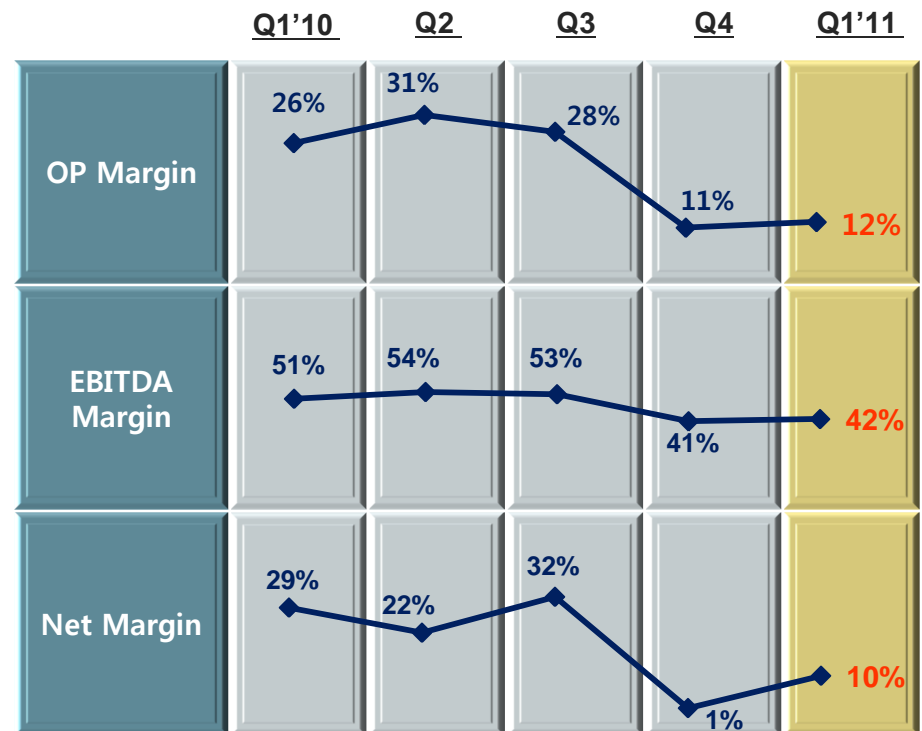
Profit Analysis

- **Operating profit margin improved on the back of unit cost reduction**
- **(-) factor: Slight decrease of DRAM operating profit and margin by ASP drop**
- **(+) factors: Substantial improvement of NAND Flash operating profit and margin due to shipment growth increase without ASP decline**

Profitability

Unit : KRW Billion

■ D/A ■ Operating Profit

Slight EBITDA Increase

1,130 → 1,161

	Q4 '10	Q1 '11
Operating Profit	294	323
D/A	837	838

D/A flat

Profitability Ratio

	Q1'10	Q2	Q3	Q4	Q1'11
OP Margin	26%	31%	28%	11%	12%
EBITDA Margin	51%	54%	53%	41%	42%
Net Margin	29%	22%	32%	1%	10%

Non-OP Income & Expense

Unit: KRW Billion	Q1 '11	QoQ	Q4 '10	Q1 '10	YoY
Non-Operating Income, Net	**(41)**	154	**(195)**	**73**	-114
Financial Income, Net	**(66)**	-3	**(64)**	**(76)**	9
FX Transaction & Translation, Net	**78**	68	**10**	**134**	-56
Others	**(53)**	88	**(142)**	**14**	-67
Income Taxes	**8**	-61	**68**	**7**	1

Capital Structure

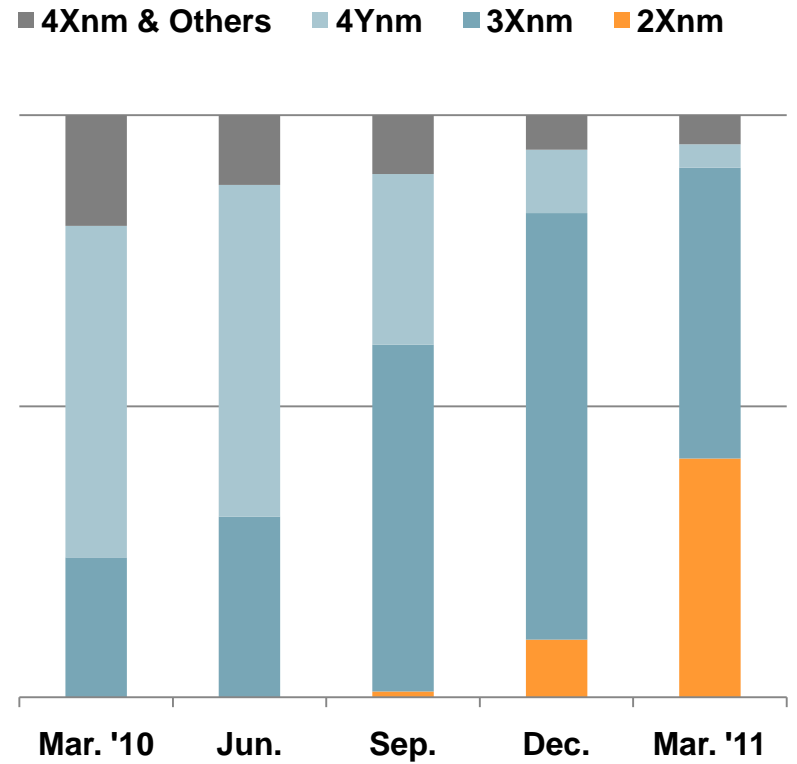| Unit: KRW Billion	Q1 '11	QoQ	Q4 '10	Q1 '10	YoY
Asset	17,377	-91	17,468	17,002	375
Cash*	2,092	-109	2,202	2,125	-32
Liability	9,277	-214	9,491	10,325	-1,048
Debt**	6,231	189	6,041	6,922	-692
Shareholder's Equity	8,100	123	7,977	6,676	1,424
Capital Stock	2,971	2	2,969	2,966	5
Retained Earnings	4,013	185	3,828	2,085	1,929
BPS (Won)	12,646		12,488	9,733	
Debt-to-Equity Ratio	77%	1%p	76%	104%	-27%p
Net Debt-to-Equity Ratio	51%	3%p	48%	72%	-21%p

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

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

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Migration Progress

DRAM

Legend: Others, 5Xnm, 4Xnm

Categories: Mar. '10, Jun., Sep., Dec., Mar. '11

NAND Flash

Legend: 4Xnm & Others, 4Ynm, 3Xnm, 2Xnm
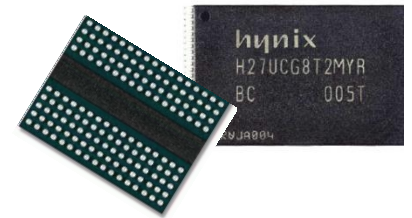
Categories: Mar. '10, Jun., Sep., Dec., Mar. '11
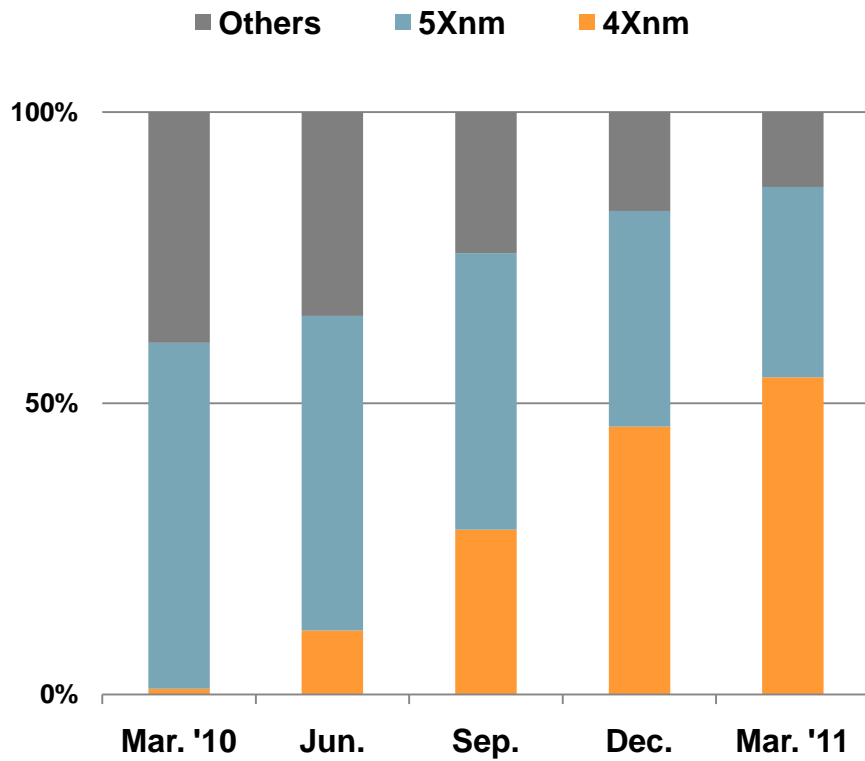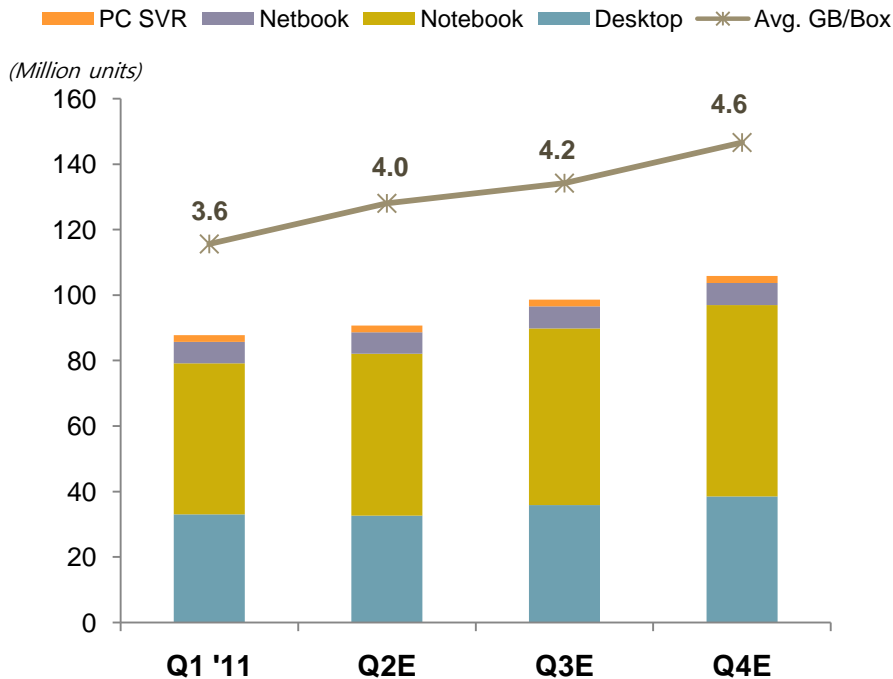
* Quarter-end, Package out basis

2Q 2011 Market Outlook
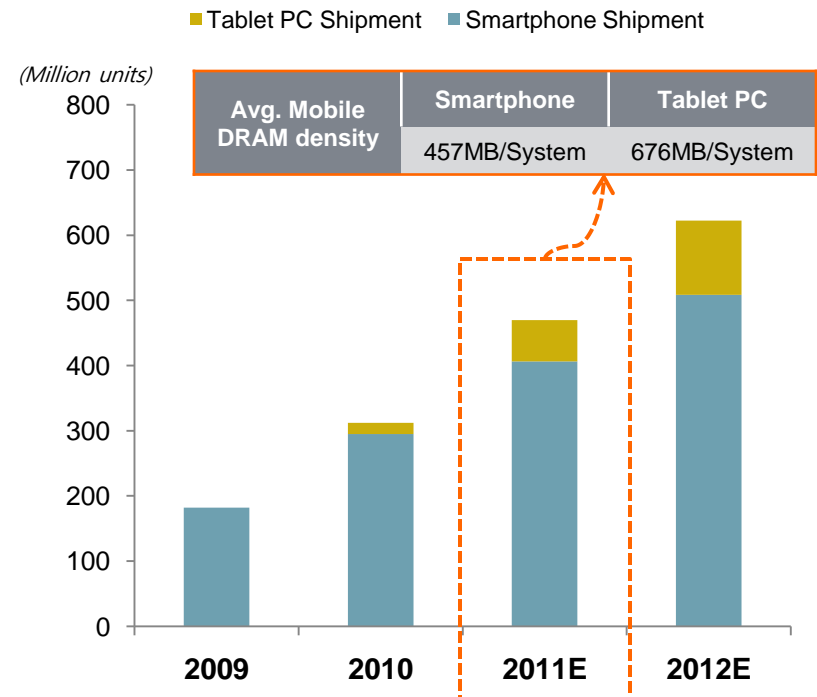
Market Outlook - DRAM

- Inventory rebuild-up is expected to grow among some customers carrying insufficient stocks due to the concerns about market imbalance after the earthquake

- Strong demand for server DRAM is forecast to continue thanks to ongoing demand for replacement and data center establishment

- Smartphone and Tablet PC would drive significant demand growth for mobile DRAM with their rapid shipment growth and competitive adoption of highly specified components

2011 PC Market Forecast

Legend: PC SVR | Netbook | Notebook | Desktop | Avg. GB/Box

(Million units)

Avg. GB/Box values: Q1 '11: 3.6, Q2E: 4.0, Q3E: 4.2, Q4E: 4.6

*. Source: iSuppli as of Q1 2011

2011 Mobile DRAM Market Forecast

Legend: Tablet PC Shipment | Smartphone Shipment

(Million units)

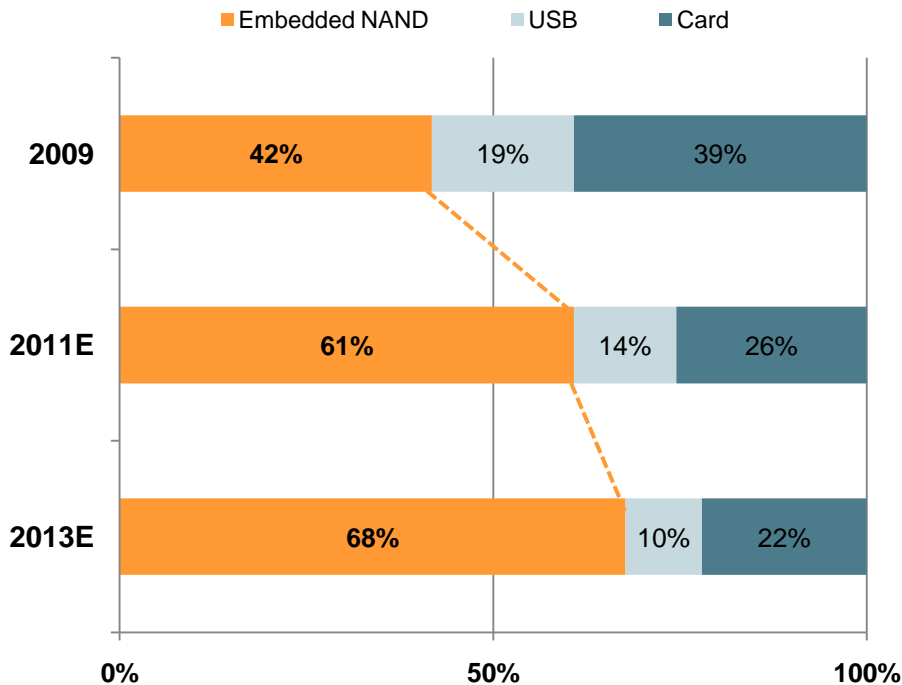| Avg. Mobile DRAM density	Smartphone	Tablet PC
	457MB/System	676MB/System

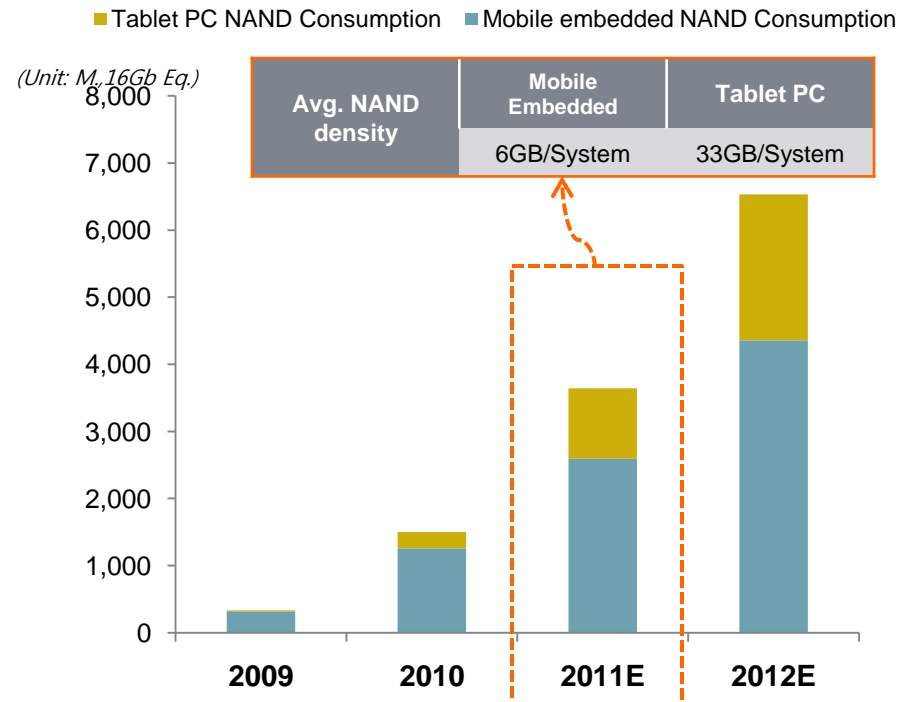Years: 2009, 2010, 2011E, 2012E

*. Source: iSuppli as of Q1 2011

Market Outlook - NAND Flash

- **New model launch of Smartphone and Tablet PC with high NAND contents will lead stable demand growth continuously**

  → **Slowing down traditional seasonality**

- **Growing concerns about limited supply growth after the earthquake seem to nudge customers to secure NAND products across the applications**

  → **Relatively favorable price condition is expected in the second quarter**

NAND Market Sales % by Application

Legend: ■ Embedded NAND ■ USB ■ Card

Year	Embedded NAND	USB	Card
2009	42%	19%	39%
2011E	61%	14%	26%
2013E	68%	10%	22%

*. Source: iSuppli as of Q4 2010 & Q1 2011

2011 Mobile Application NAND Demand

Legend: ■ Tablet PC NAND Consumption ■ Mobile embedded NAND Consumption

(Unit: M, 16Gb Eq.)

Avg. NAND density	Mobile Embedded	Tablet PC
	6GB/System	33GB/System

*. Source: iSuppli as of Q4 2010 & Q1 2011

2Q 2011 Hynix Guidance

	DRAM	NAND Flash
Q2 Bit Shipment Growth	Low single digit % ↑	Around 30% ↑
Q2 ASP	Mid single digit % ↑	Mid single digit % ↓
Q2 Sales % by Application	PC: mid 20% Non-PC: mid 70%	USB & Card: mid 30% Embedded NAND: mid 60%
Q2 Capacity (12″ eq.)	Around 300Kwpm	Around 120Kwpm (M11: Around 100Kwpm)
2011 Capex	Total KRW 3.4 Tr.	

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[Appendix]
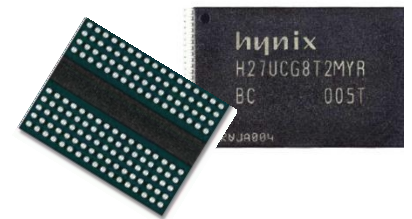
IFRS Key Differences

2010 Income Statement

(Unit: KRW Bn)	K-IFRS (A)	K-GAAP (B)	Gap (A-B)	Key differences
Sales	12,106	12,099	7	• Increase in subsidiaries to be consolidated applicable to K-IFRS
Cost of Goods Sold	7,644	7,319	324	• Accord on useful life of PPE and change in calculation of pension expense, etc.
Gross Income	4,463	4,779	-315	
SG&A Expenses	1,461	1,506	-45	• Discontinuance of amortization on goodwill, etc.
Other Operating Expenses*	26		26	• Separate classification of some non-operating accounts to operating accounts
Operating Income	2,975	3,273	-298	
Non-operating Income, net	(309)	(577)	268	• Effect of interest, changes in exchange rates, share of the profit or loss of associates and joint ventures accounted for using the equity method and gains or losses on derivative valuation and transaction, etc.
Earnings Before Tax (EBIT)	2,666	2,696	-30	
Net Income	2,598	2,656	-59	

* Newly organized account by applying IFRS

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IFRS Key Differences

Statement of Financial Positions – as of Dec. 31 2010

(Unit: KRW Bn)	K-IFRS (A)	K-GAAP (B)	Gap (A-B)	Key differences
Assets	17,468	17,584	-116	
Current Assets	5,416	5,692	-276	• Classification of deferred tax assets to non-current assets, etc.
Non-current Assets	12,052	11,892	159	
Tangible Assets	10,591	10,817	-226	• Accord on useful life of PPE and revaluation of land, etc.
Intangible Assets	604	549	55	• Discontinuance of amortization on goodwill, etc.
Other Non-current Assets	857	527	331	• Classification of deferred tax assets to non-current assets, etc.
Liabilities	9,491	9,415	76	
Current Liabilities	5,350	5,342	8	• Increase in subsidiaries to be consolidated to K-IFRS, etc.
Non-current Liabilities	4,141	4,073	68	• Valuation of financial liabilities and change in calculation of pension expense, etc.
Equity	7,977	8,169	-193	• Above adjustments and effect at the date of transition to K-IFRS

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IFRS Income Statement

(Unit: KRW Bn)	Q1 2010	Q2	Q3	Q4	Q1 2011
Sales	2,824	3,280	3,252	2,751	2,793
Cost of Goods Sold	1,709	1,898	1,938	2,099	2,112
Gross Income	1,115	1,382	1,313	652	681
SG&A Expenses	355	394	384	328	348
Other Operating Expenses	18	(28)	6	30	10
Operating Income	742	1,016	924	294	323
Non-operating Income, net	73	(296)	110	(195)	(41)
Earnings Before Tax (EBIT)	815	720	1,033	99	281
Income Tax (Benefit)	7	1	(7)	68	8
Net Income	808	719	1,041	30	274
D&A	712	759	786	837	838
EBITDA	1,454	1,775	1,710	1,130	1,161

(Unit: %)	Q1 2010	Q2	Q3	Q4	Q1 2011
OP Margin	26%	31%	28%	11%	12%
Net Margin	29%	22%	32%	1%	10%
EBITDA Margin	51%	54%	53%	41%	42%

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IFRS Statement of Financial Positions

(Unit: KRW Bn)	Q1 2010	Q2	Q3	Q4	Q1 2011
Assets	17,002	18,461	18,152	17,468	17,377
Current Assets	5,530	6,545	6,172	5,416	5,276
Non-current Assets	11,472	11,916	11,980	12,052	12,101
Tangible Assets	10,044	10,358	10,524	10,591	10,624
Intangible Assets	488	509	518	604	629
Other Non-current Assets	939	1,049	938	857	848
Liabilities	10,325	10,879	10,154	9,491	9,277
Current Liabilities	6,144	6,085	5,732	5,350	5,055
Non-current Liabilities	4,181	4,794	4,423	4,141	4,221
Equity	6,676	7,582	7,998	7,977	8,100
Cash*	2,125	2,717	2,509	2,202	2,092
Debt**	6,922	7,325	6,590	6,041	6,231
Net Debt	4,798	4,608	4,081	3,839	4,138

(Unit: %)	Q1 2010	Q2	Q3	Q4	Q1 2011
Current Ratio	90%	108%	108%	101%	104%
Liabilities to Equity Ratio	155%	143%	127%	119%	115%
Debt to Equity Ratio	104%	97%	82%	76%	77%
Net Debt to Equity Ratio	72%	61%	51%	48%	51%

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

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