

FY2010 Q3 Earnings Release



October 28, 2010



This material contains forward-looking statements which can be subject to certain risks and uncertainties that could cause actual results to differ materially. Review of the Q3 FY2010 financial results has not been finalized. Figures in this earnings release are subject to changes during the independent auditing process.

Except where otherwise stated, the financial information provided herein reflects consolidated results of our entire businesses.



Result of Operations

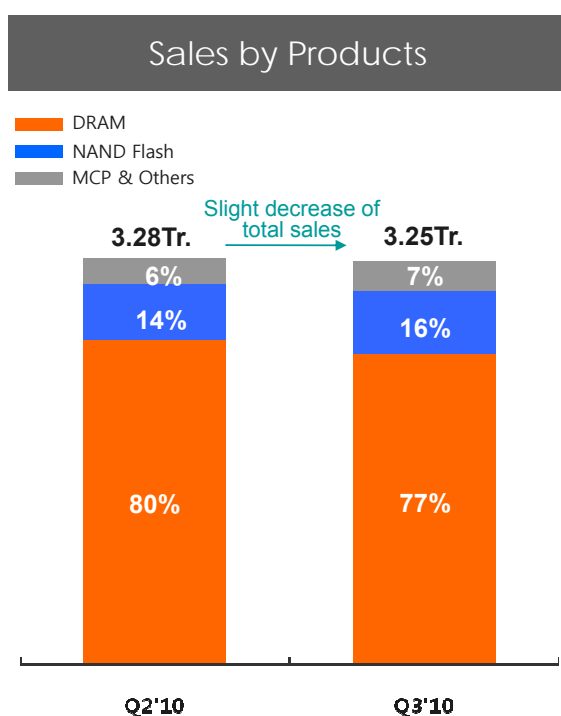
(Unit: KRW Billion)	Q3'10	QoQ	Q2'10	Q3'09	YoY
Revenue	3,250	-1%	3,279	2,118	53%
Gross Income	1,401	-4%	1,458	578	143%
Operating Income	1,011	-3%	1,045	209	383%
EBITDA	1,722	0%	1,718	885	95%
Net Income ^(*)	1,060	59%	665	246	330%
Gross Margin	43%	-1%p	44%	27%	16%p
Operating Margin	31%	-1%p	32%	10%	21%p
EBITDA Margin	53%	1%p	52%	42%	11%p
Net Margin	33%	12%p	20%	12%	21%p
Basic EPS(Won)	1,797		1,118	416	
Diluted EPS(Won)	1,713		1,084	416	
Basic Number of Shares(Million Shares)	590		590	590	
Diluted Number of Shares(Million Shares)	628		620	590	

(*) Minority interest included



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Sales by Products



Analysis

Slightly decrease of total sales due to increased sales of NAND Flash and others almost offsetting decrease of DRAM sales.

→ KRW 3.25Tr. (1%↓ QoQ)

◆ DRAM sales decreased as:
 - ASP declined 9% (QoQ)
 - Bit growth increased 2% (QoQ)

◆ NAND Flash sales increased as:
 - ASP declined 23% (QoQ)
 - Bit growth increased 42% (QoQ)

◆ MCP sales increased

※ Positive effect on sales increase from KRW depreciation against US dollar.

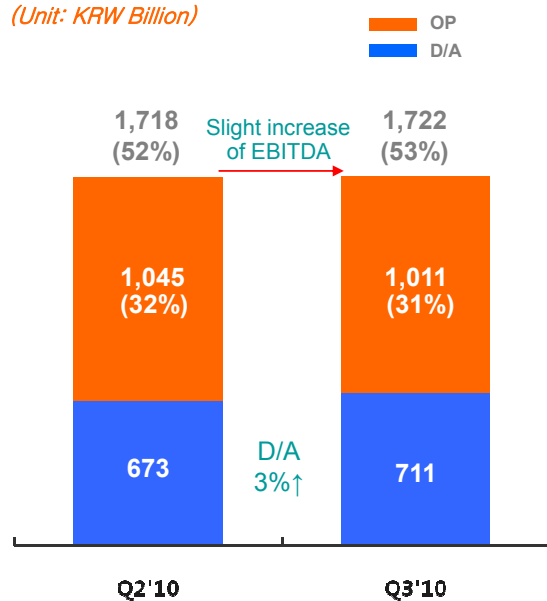


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Profit Analysis

Profitability

(Unit: KRW Billion)



* (%)= Margin

Analysis

In spite of memory products price decline, profit margin was almost flat thanks to increased shipment and reduction of cost per unit. (OP margin 31%, EBITDA margin 53%)

(-) DRAM: slight decrease of operating profit, but limited change in operating margin QoQ

(+) NAND Flash: in spite of price decline, amount of operating profit and margin substantially improved due to increased shipment QoQ

(-) MCP & Others: limited decline QoQ

(+) Reversal of loss on inventory valuation (approx. KRW 11 billion)



Non OP Income & Expense

(Unit: KRW Billion)	Q3'10	QoQ	Q2'10	Q3'09	YoY
Non-Operating Income, net	40	448	-408	35	6
Interest, net	-63	12	-75	-96	34
F/X Transaction & Translation, net	101	378	-277	278	-176
Others	2	58	-56	-147	148
Income Taxes	-8	20	-28	-2	-6
Minority Interest	-1	-6	5	1	-2



Capital Structure

<i>(Unit: KRW Billion)</i>	Q3'10	QoQ	Q2'10	Q3'09	YoY
Asset	18,153	-217	18,370	16,220	1,932
<i>(Cash*)</i>	(2,502)	<i>(-209)</i>	(2,711)	(1,530)	(972)
Liability	10,113	-646	10,759	10,906	-794
<i>(Debt**)</i>	(6,453)	<i>(-678)</i>	(7,131)	(7,526)	<i>(-1,072)</i>
Shareholders' Equity	8,040	429	7,611	5,314	2,726
<i>(Capital Stock)</i>	(2,969)	(0)	(2,969)	(2,966)	(3)
<i>(Retained Earnings)</i>	(3,544)	<i>(1,061)</i>	(2,483)	(354)	(3,190)
<i>D-E Ratio</i>	80%	-13%p	94%	142%	-61%p
<i>Net D-E Ratio</i>	49%	-9%p	58%	113%	-64%p
<i>BPS (Won)</i>	12,821		12,092	8,215	

*Cash= Cash & cash equivalents + S-T financial instruments

**Debt= S-T borrowings + Current portion of L-T borrowings + Convertible bond + Debenture + L-T borrowings





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[Attachment1] Proforma Balance Sheet

Consolidated Basis (KRW Billion)

	Q3'10	Q2'10	Q3'09	QoQ	YoY
Assets					
Current Assets	6,310	6,608	4,111	-298	2,199
Cash & Cash Equivalents*	2,502	2,711	1,530	-209	972
Accounts Receivables	2,001	2,242	1,251	-242	749
Inventories	1,242	1,111	1,078	131	164
Investments	230	404	268	-173	-38
Property, plant & equipment	10,654	10,396	10,747	258	-93
Intangible Assets	473	474	470	-1	2
Other Non-current Assets	487	489	625	-2	-138
Total Assets	18,153	18,370	16,220	-217	1,932
Liabilities					
Interest-bearing Debts	6,453	7,131	7,526	-678	-1,072
S-T Borrowings	804	1,510	1,915	-706	-1,111
Current Portion of LT Borrowings	1,941	1,547	1,659	393	281
Debenture	1,829	2,038	1,781	-209	48
L-T Borrowings	1,880	2,035	2,171	-156	-291
Accounts Payables	903	835	686	68	217
Total Liabilities	10,113	10,759	10,906	-646	-794
Shareholders' Equity					
Common Stock	2,969	2,969	2,966	0	3
Total Shareholders' Equity	8,040	7,611	5,314	429	2,726

Parent Basis (KRW Billion)

	Q3'10	Q2'10	Q3'09	QoQ	YoY
Assets					
Current Assets	5,406	5,127	3,132	279	2,274
Cash & Cash Equivalents*	2,215	2,414	1,276	-199	939
Accounts Receivables	1,750	1,338	782	412	967
Inventories	922	826	775	95	146
Investments	3,137	2,648	2,650	489	487
Property, plant & equipment	6,886	6,574	6,571	312	315
Intangible Assets	472	473	470	-1	2
Other Non-current Assets	447	448	583	-0	-136
Total Assets	16,349	15,271	13,407	1,078	2,942
Liabilities					
Interest-bearing Debts	5,056	5,004	5,242	52	-186
S-T Borrowings	761	935	1,466	-174	-705
Current Portion of LT Borrowings	1,514	1,035	1,195	479	319
Debenture	1,829	2,038	1,783	-209	46
L-T Borrowings	952	996	797	-44	155
Accounts Payables	845	822	921	23	-76
Total Liabilities	8,308	8,167	8,494	141	-186
Shareholders' Equity					
Common Stock	2,969	2,969	2,966	0	3
Total Shareholders' Equity	8,041	7,103	4,913	937	3,128

* Short-term Financial Instruments included

[Attachment 2] Proforma Income Statement

Consolidated Basis (KRW Billion)

	Q3'10	Q2'10	Q3'09	QoQ	YoY
Revenues	3,250	3,279	2,118	-29	1,132
Cost of Goods Sold	1,849	1,821	1,540	27	308
Gross Income	1,401	1,458	578	-56	824
SG&A Expenses	390	412	368	-22	22
Operating Income	1,011	1,045	209	-34	802
Non-operating Income, net	40	-408	35	448	6
Interests	-63	-75	-96	12	34
F/X Effects	101	-277	278	378	-176
Equity Method	2	-2	-1	3	2
Others	-0	-55	-146	55	146
Earnings Before Tax (EBT)	1,052	637	244	414	808
Income Tax (Benefit)	-8	-28	-2	20	-6
Net Income	1,060	665	246	395	813
Minority Interest	-1	5	1	-6	-2

Parent Basis (KRW Billion)

	Q3'10	Q2'10	Q3'09	QoQ	YoY
Revenues	3,274	3,258	2,053	16	1,221
Cost of Goods Sold	1,924	1,847	1,553	77	371
Gross Income	1,350	1,411	500	-61	850
SG&A Expenses	358	379	335	-20	23
Operating Income	992	1,032	165	-41	827
Non-operating Income, net	65	-400	78	465	-13
Interests	-53	-61	-74	8	21
F/X Effects	117	-259	290	376	-173
Equity Method	-0	3	16	-4	-16
Others	0	-84	-155	84	155
Earnings Before Tax (EBT)	1,056	632	243	424	813
Income Tax (Benefit)	-4	-28	-2	23	-2
Net Income	1,061	660	245	401	815