

# FY2010 Q2 Earnings Release

**hynix** Semiconductor

July 22, 2010

hynix



B20672/166.125.228.117/2010-07-21 09:43

**hynix** semiconductor

**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 Q2 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.**

hynix



B20672/166.125.228.117/2010-07-21 09:43

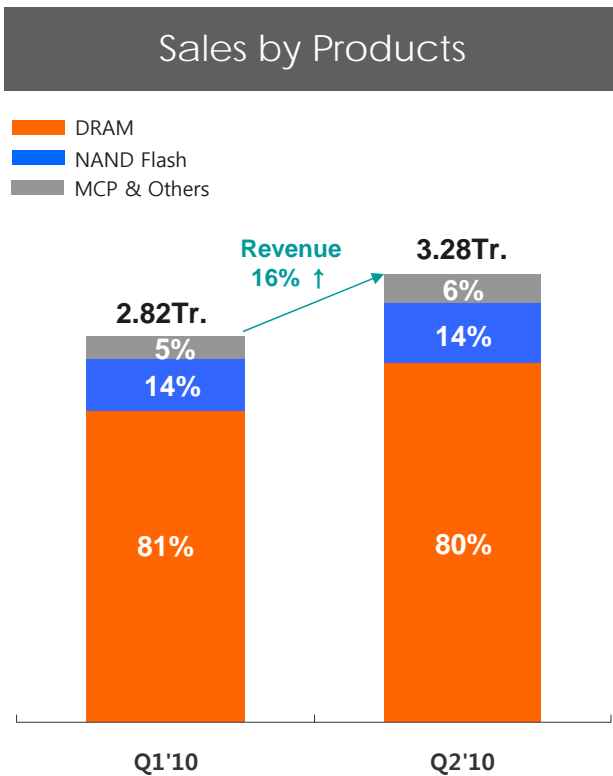
# Result of Operations

(Unit: KRW Billion)	Q2'10	QoQ	Q1'10	Q2'09	YoY
Revenue	3,279	16%	2,821	1,676	96%
Gross Income	1,458	25%	1,166	130	1,019%
Operating Income	1,045	31%	799	-211	N/A
EBITDA	1,718	18%	1,452	457	276%
Net Income <sup>(*)</sup>	665	-19%	822	-58	N/A
Gross Margin	44%	3%p	41%	8%	37%p
Operating Margin	32%	4%p	28%	-13%	44%p
EBITDA Margin	52%	1%p	51%	27%	25%p
Net Margin	20%	-9%p	29%	-3%	24%p
Basic EPS(Won)	1,118		1,386	-110	
Diluted EPS(Won)	1,063		1,305	-110	
Basic Number of Shares(Million Shares)	590		590	459	
Diluted Number of Shares(Million Shares)	621		626	459	

(\*) Minority interest included



## Sales by Products



## Analysis

Total sales increased due to shipment growth and ASP improvement of DRAM  
 → KRW 3.28Tr. (QoQ 16% ↑)

- ◆ DRAM sales increased as:
  - ASP rose 6% (QoQ)
  - Bit growth increased 7% (QoQ)
- ◆ NAND Flash sales increased as:
  - ASP declined 6% (QoQ)
  - Bit growth increased 22% (QoQ)
- ◆ MCP sales increased

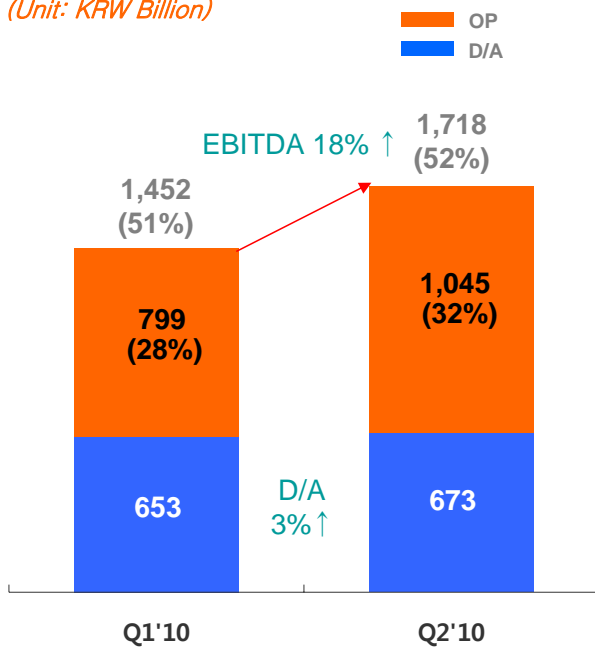
※ KRW depreciation against US dollar caused sales improvement



# Profit Analysis

## Profitability

(Unit: KRW Billion)



\* (%)= Margin

## Analysis

Profit margin improved due to total sales increase and cost reduction per unit of NAND products (OP margin 32%, EBITDA margin 52%)

(+) Substantial profit increase due to positive bit shipment growth of both DRAM and NAND

(+) Unit cost reduction due to improved shipment growth in spite of price decline of NAND Flash products

(+) Profit increase due to solid pricing of MCP

(+) Reversal of loss on inventory valuation (approx. KRW 4 billion)

# Non OP Income & Expense

(Unit: KRW Billion)

	Q2'10	QoQ	Q1'10	Q2'09	YoY
Non-Operating Income, net	<b>-408</b>	<b>-438</b>	<b>30</b>	<b>163</b>	<b>-571</b>
Interest, net	<b>-75</b>	1	<b>-76</b>	<b>-100</b>	25
F/X Transaction & Translation, net	<b>-277</b>	<b>-390</b>	<b>113</b>	<b>322</b>	<b>-599</b>
Others	<b>-56</b>	<b>-50</b>	<b>-7</b>	<b>-59</b>	3
Income Taxes	<b>-28</b>	<b>-35</b>	<b>7</b>	<b>10</b>	<b>-37</b>
Minority Interest	<b>5</b>	<b>-0</b>	<b>5</b>	<b>-7</b>	12

# Capital Structure

<i>(Unit: KRW Billion)</i>	Q2'10	QoQ	Q1'10	Q2'09	YoY
Asset	<b>18,370</b>	<b>1,618</b>	<b>16,752</b>	<b>16,340</b>	<b>2,030</b>
<i>(Cash*)</i>	(2,711)	(591)	(2,120)	(1,533)	(1,177)
Liability	<b>10,759</b>	<b>650</b>	<b>10,109</b>	<b>11,011</b>	<b>-252</b>
<i>(Debt**)</i>	(7,131)	(530)	(6,600)	(7,917)	<b>(-786)</b>
Shareholders' Equity	<b>7,611</b>	<b>968</b>	<b>6,643</b>	<b>5,329</b>	<b>2,282</b>
<i>(Capital Stock)</i>	(2,969)	(3)	(2,966)	(2,966)	(3)
<i>(Retained Earnings)</i>	(2,483)	(660)	(1,823)	(111)	(2,372)
<i>D-E Ratio</i>	<b>94%</b>	<b>-6%p</b>	<b>99%</b>	<b>149%</b>	<b>-55%p</b>
<i>Net D-E Ratio</i>	<b>58%</b>	<b>-9%p</b>	<b>67%</b>	<b>120%</b>	<b>-62%p</b>
<i>BPS (Won)</i>	<b>12,092</b>		<b>10,478</b>	<b>10,557</b>	

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

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



# [Attachment1] Proforma Balance Sheet

## Consolidated Basis (KRW Billion)

	Q2'10	Q1'10	Q2'09	QoQ	YoY
<b>Assets</b>					
Current Assets	6,608	5,543	3,780	1,065	2,827
Cash & Cash Equivalents*	2,711	2,120	1,533	591	1,177
Accounts Receivables	2,242	1,879	1,021	363	1,221
Inventories	1,111	1,052	1,034	60	77
Investments	404	292	263	111	141
Property, plant & equipment	10,396	9,984	11,181	412	-785
Intangible Assets	474	465	479	9	-6
Other Non-current Assets	489	468	636	21	-147
Total Assets	18,370	16,752	16,340	1,618	2,030
<b>Liabilities</b>					
Interest-bearing Debts	7,131	6,600	7,917	530	-786
S-T Borrowings	1,510	1,263	1,864	247	-354
Current Portion of LT Borrowings	1,547	1,729	1,717	-181	-170
Debenture	2,038	1,746	1,823	292	215
L-T Borrowings	2,035	1,862	2,513	173	-477
Accounts Payables	835	781	587	54	248
Total Liabilities	10,759	10,109	11,011	650	-252
<b>Shareholders' Equity</b>					
Common Stock	2,969	2,966	2,966	3	3
Total Shareholders' Equity	7,611	6,643	5,329	968	2,282

## Parent Basis (KRW Billion)

	Q2'10	Q1'10	Q2'09	QoQ	YoY
<b>Assets</b>					
Current Assets	5,127	4,343	2,687	784	2,440
Cash & Cash Equivalents*	2,414	1,826	1,234	588	1,179
Accounts Receivables	1,338	1,234	509	104	829
Inventories	826	795	697	32	129
Investments	2,648	2,407	2,850	242	-202
Property, plant & equipment	6,574	6,445	6,931	130	-357
Intangible Assets	473	464	479	9	-6
Other Non-current Assets	448	426	592	22	-145
Total Assets	15,271	14,084	13,539	1,186	1,731
<b>Liabilities</b>					
Interest-bearing Debts	5,004	4,725	5,324	278	-320
S-T Borrowings	935	945	1,363	-10	-429
Current Portion of LT Borrowings	1,035	1,216	1,186	-181	-150
Debenture	2,038	1,746	1,825	292	213
L-T Borrowings	996	818	950	177	46
Accounts Payables	822	843	875	-20	-53
Total Liabilities	8,167	7,915	8,647	253	-480
<b>Shareholders' Equity</b>					
Common Stock	2,969	2,966	2,966	3	3
Total Shareholders' Equity	7,103	6,170	4,892	934	2,211

\* Short-term Financial Instruments included



# [Attachment 2] Proforma Income Statement

## Consolidated Basis (KRW Billion)

	Q2'10	Q1'10	Q2'09	QoQ	YoY
Revenues	3,279	2,821	1,676	458	1,603
Cost of Goods Sold	1,821	1,656	1,546	166	276
Gross Income	1,458	1,166	130	292	1,327
SG&A Expenses	412	367	341	46	71
Operating Income	1,045	799	-211	246	1,256
Non-operating Income, net	-408	30	163	-438	-571
Interests	-75	-76	-100	1	25
F/X Effects	-277	113	322	-390	-599
Equity Method	-2	1	0	-2	-2
Others	-55	-7	-59	-47	5
Earnings Before Tax (EBT)	637	829	-48	-192	685
Income Tax (Benefit)	-28	7	10	-35	-37
Net Income	665	822	-58	-157	723
Minority Interest	5	5	-7	-0	12

## Parent Basis (KRW Billion)

	Q2'10	Q1'10	Q2'09	QoQ	YoY
Revenues	3,258	2,779	1,604	480	1,655
Cost of Goods Sold	1,847	1,697	1,515	150	332
Gross Income	1,411	1,082	88	329	1,323
SG&A Expenses	379	335	310	44	69
Operating Income	1,032	747	-221	286	1,254
Non-operating Income, net	-400	70	169	-470	-569
Interests	-61	-62	-70	1	9
F/X Effects	-259	135	326	-393	-585
Equity Method	3	-0	-29	4	33
Others	-84	-2	-58	-82	-26
Earnings Before Tax (EBT)	632	817	-52	-185	684
Income Tax (Benefit)	-28	-0	-1	-28	-27
Net Income	660	817	-51	-157	711

