



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 FY2016 Q1 financial results has not been finalized. Figures in this earnings release are subject to changes during the independent auditing process.



FY2016 Q1 Earnings Results & Operational Performance

Results of Operation

(Unit: KRW Billion)

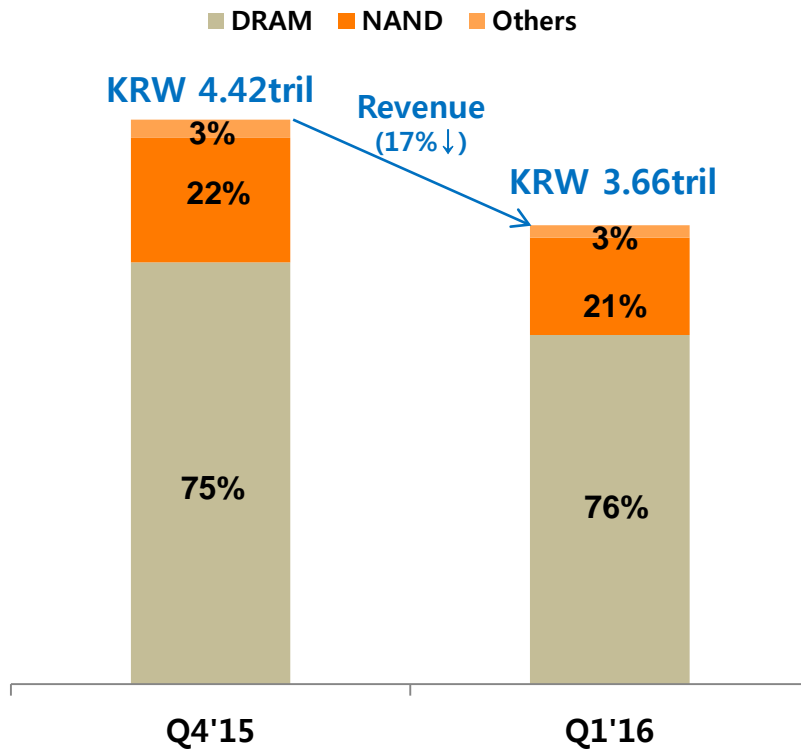
		Q1'16	QoQ	Q4'15	Q1'15	YoY
Revenue		3,656	-17%	4,416	4,818	-24%
Gross Profit (Loss)		1,318	-25%	1,749	2,288	-42%
Operating Profit (Loss)		562	-43%	989	1,589	-65%
EBITDA*		1,640	-20%	2,043	2,529	-35%
Net Profit (Loss)		448	-49%	871	1,295	-65%
EPS (Won)	Basic	629		1,233	1,780	
	Diluted	629		1,233	1,780	
Shares Outstanding(M il. shares)	Basic	706		706	728	
	Diluted	706		706	728	
<i>Gross Margin</i>		<i>36%</i>	<i>-4%p</i>	<i>40%</i>	<i>47%</i>	<i>-11%p</i>
<i>OP Margin</i>		<i>15%</i>	<i>-7%p</i>	<i>22%</i>	<i>33%</i>	<i>-18%p</i>
<i>EBITDA Margin</i>		<i>45%</i>	<i>-1%p</i>	<i>46%</i>	<i>52%</i>	<i>-7%p</i>
<i>Net Margin</i>		<i>12%</i>	<i>-8%p</i>	<i>20%</i>	<i>27%</i>	<i>-15%p</i>

* EBITDA = Operating Profit + Depreciation & Amortization

Sales Analysis

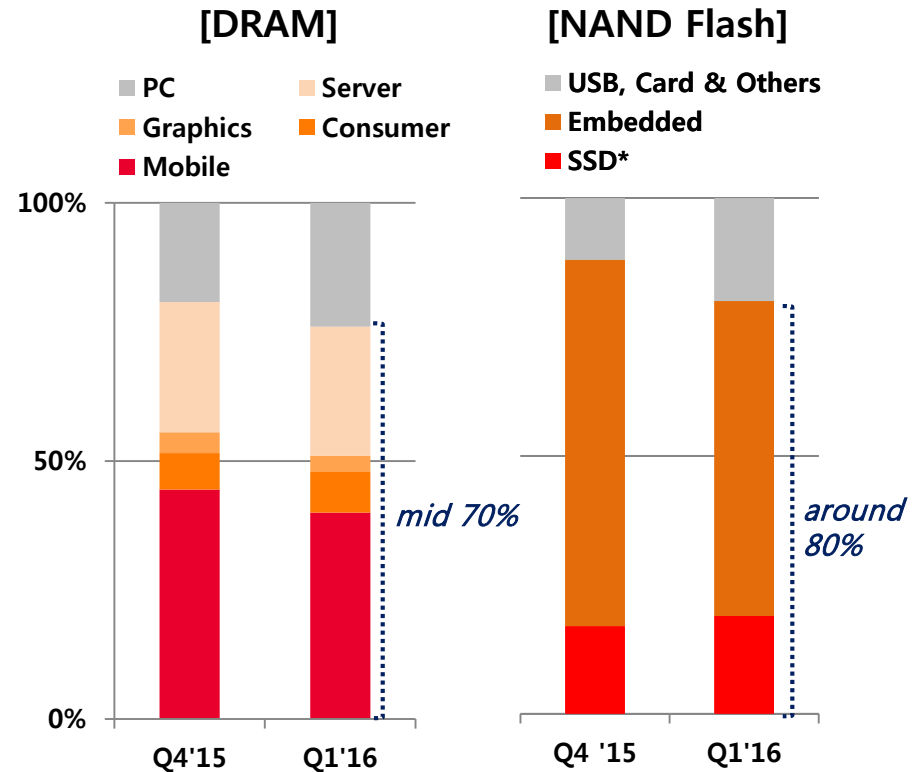
- DRAM & NAND bit shipments decreased sequentially and price declined from continued memory demand weakness, resulting in Q1 Revenue decline of 17% QoQ despite KRW weakness against USD.
- DRAM bit shipments recorded a small decline from delayed PC demand recovery and slower demand growth for Server & Mobile DRAM. ASP declined from continued demand weakness. (DRAM B/G -3%, ASP -14%)
- For NAND, Mobile Embedded demand slowdown led to higher discrete sales resulting in NAND ASP decline. (NAND B/G -11%, ASP -12%)

Revenue Mix by Product



※ Q1'16 MCP Revenue portion increased to 20% from 18% in Q4

Revenue Mix by Application



* Including discrete NAND for SSDs

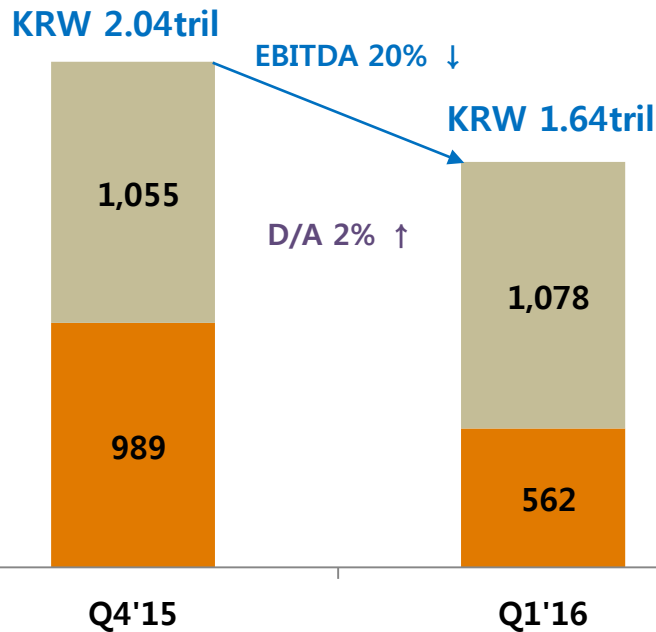
Profit Analysis

- Despite unit cost reduction, demand weakness & continued price decline resulted in sequential decrease in OP to KRW 562 billion and OP Margin of 15%
- Even with increase in D&A, COGS decreased from lower DRAM & NAND shipments and expense cuts while EBITDA recorded was KRW 1.64 trillion and EBITDA Margin was 45%.

Operating Profit & EBITDA

Unit : KRW Billion

■ D&A ■ OP



Profit Margins

	2015				2016
	Q1	Q2	Q3	Q4	Q1
OPM	33%	30%	28%	22%	15%
EBITDA Margin	52%	50%	48%	46%	45%
Net Margin	27%	24%	21%	20%	12%

Capital Structure

(Unit: KRW Billion)

	Q1 '16	QoQ	Q4 '15	Q1 '15	YoY
Assets	29,798	+120	29,678	27,393	+2,405
Cash*	4,257	-534	4,791	4,248	+9
Liabilities	8,333	+43	8,290	8,267	+66
Debt**	4,381	+563	3,819	3,572	+809
Shareholders' Equity	21,465	+77	21,388	19,126	+2,339
Capital Stock	3,658	-	3,658	3,658	-
Retained Earnings	14,448	+89	14,359	11,353	+3,095
<i>Current Ratio</i>	<i>216%</i>	+14%p	<i>202%</i>	<i>186%</i>	+29%p
<i>Debt-to-Equity Ratio</i>	<i>20%</i>	+3%p	<i>18%</i>	<i>19%</i>	+2%p
<i>Net Debt-to-Equity Ratio</i>	<i>1%</i>	+5%p	<i>-5%</i>	<i>-4%</i>	+4%p

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

** Debt = Short-term Borrowings + Current portion of Long-term Borrowings + Debentures + Long-Term Borrowings

Cash Flow

(Unit: KRW Billion)

	Q1 '16	Q4 '15	Q1 '15
Beginning Cash balance	4,791	4,105	4,055
CF from Operating Activities	654	2,448	2,549
Net Income	448	871	1,295
Depreciation & Amortization	1,079	1,056	942
Changes in working capital, etc	(872)	521	311
CF from Investing Activities	(1,784)	(1,321)	(1,753)
Acquisition of PP&E	(1,650)	(1,183)	(1,628)
CF from Financing Activities	615	(429)	(607)
Increase in Debt	615	(411)	(607)
Dividend payout	-	-	-
Share repurchase	-	(18)	-
Effect of changes in exchange rate on cash & cash equivalents	(20)	(12)	5
Net increase (decrease) in Cash	(534)	686	193
Ending Cash balance	4,257	4,791	4,248

[Attachment1] Statement of Financial Position

K-IFRS (KRW Billion)

	Q1'16	Q4'15	Q1'15	QoQ	YoY
Assets					
Current Assets	9,163	9,760	9,622	-597	-458
Cash & Cash Equivalents*	4,257	4,791	4,248	-534	+9
Accounts Receivables	2,266	2,628	3,261	-362	-994
Inventories	2,194	1,923	1,565	+271	+629
Non-Current Assets	20,635	19,918	17,771	+717	+2,863
Property, plant & equipment	17,666	16,966	15,148	+700	+2,519
Intangible Assets	1,736	1,705	1,401	+31	+334
Total Assets	29,798	29,678	27,393	+120	+2,405
Liabilities					
Interest-bearing Debts	4,381	3,819	3,572	+563	+809
S-T Borrowings	144	148	331	-4	-187
Current Portion of LT Borrowings	827	865	826	-38	+1
Bonds/Convertible Bonds	1,620	1,293	1,158	+327	+462
L-T Borrowings	1,790	1,512	1,257	+278	+533
Accounts Payables	633	791	685	-158	-51
Total Liabilities	8,333	8,290	8,267	+43	+66
Shareholders' Equity					
Capital Stock	3,658	3,658	3,658	+0	+0
Capital Surplus	4,144	4,144	4,144	+0	+0
Retained Earnings	14,448	14,359	11,353	+89	+3,095
Total Shareholders' Equity	21,465	21,388	19,126	+77	+2,339

* Short-term Financial Instruments included

[Attachment 2] Income Statement

K-IFRS (KRW Billion)

	Q1'16	Q4'15	Q1'15	QoQ	YoY
Sales	3,656	4,416	4,818	-17%	-24%
Cost of Goods Sold	2,338	2,667	2,530	-12%	-8%
Gross Profit	1,318	1,749	2,288	-25%	-42%
SG&A Expenses	756	761	700	-1%	8%
Operating Profit	562	989	1,589	-43%	-65%
Financial Income(Expenses), Net	-22	-21	-17	3%	29%
F/X Transaction & Translation Income (Expense), Net	24	40	24	-40%	-1%
Income (Expense) From Jointly Controlled Entities and Associates, Net	3	6	6	-50%	-46%
Other Non-operating Income (Expense), Net	-9	-36	1	-77%	-991%
Income Before Income Taxes	558	977	1,602	-43%	-65%
Income Taxes (Benefit)	110	106	307	4%	-64%
Net Income	448	871	1,295	-49%	-65%