



# SK Hynix FY2017 Q4 Earnings Results



## 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 FY2017 Q4 financial results has not been finalized. Figures in this earnings release are subject to changes during the independent auditing process.





# FY2017 Q4 Financial Results

# Results of Operation

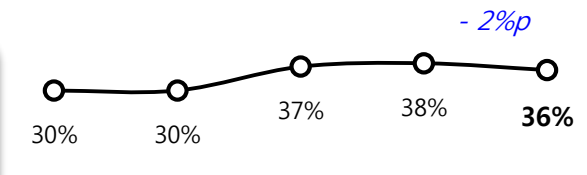
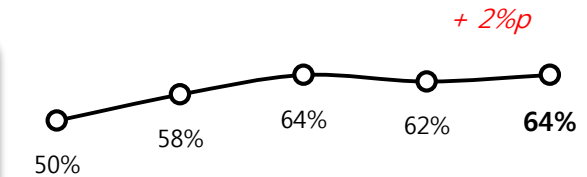
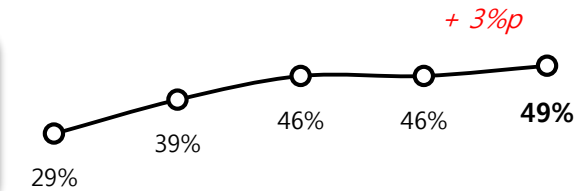
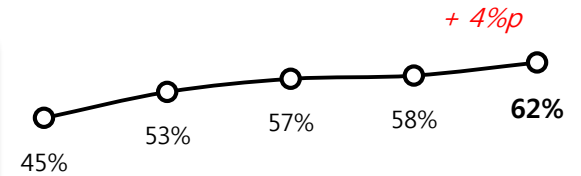
## Income Statement

<i>(Unit: KRW Billion)</i>		Q4'17	Q3'17	Q4'16	QoQ	YoY
<b>Revenue</b>		<b>9,028</b>	<b>8,100</b>	<b>5,358</b>	+11%	+68%
<b>Gross Profit</b>		<b>5,567</b>	<b>4,702</b>	<b>2,390</b>	+18%	+133%
<b>Operating Profit</b>		<b>4,466</b>	<b>3,737</b>	<b>1,536</b>	+19%	+191%
<b>EBITDA*</b>		<b>5,804</b>	<b>5,044</b>	<b>2,677</b>	+15%	+117%
<b>Net Profit</b>		<b>3,219</b>	<b>3,056</b>	<b>1,629</b>	+5%	+98%
<b>EPS(KRW)</b>	Basic	4,562	4,326	2,304		
	Dil.	4,561	4,326	2,304		
<b>Shares Outstanding (Mil. shares)</b>	Basic	706	706	706		
	Dil.	706	706	706		

\* EBITDA = Operating Profit + Depreciation & Amortization

[Note] All figures in this presentation are rounded to KRW Billions, leading to some statements not adding up completely

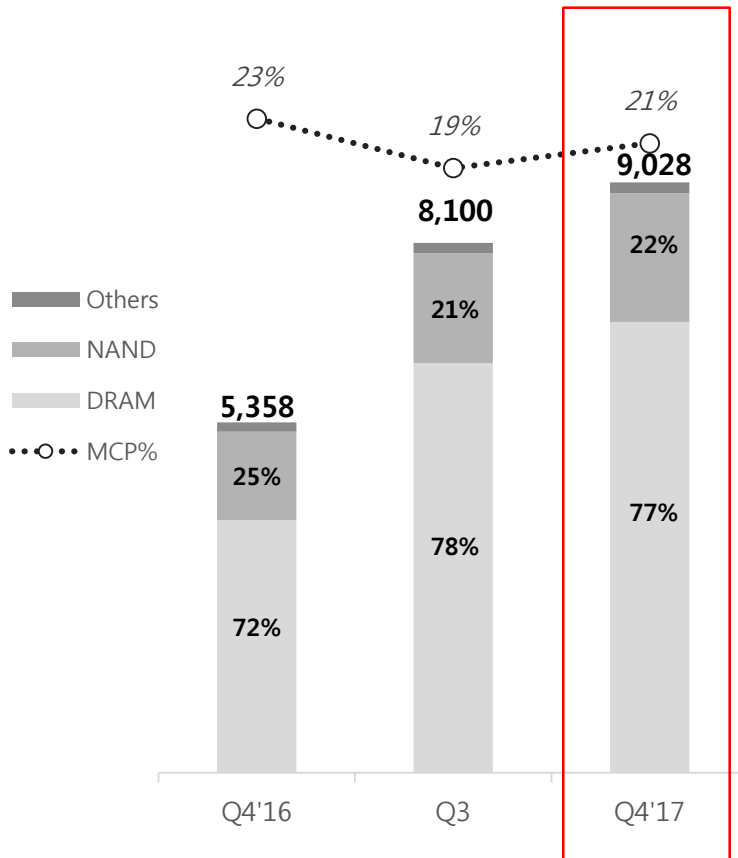
## Profit Margins



# Sales Analysis -1

## Revenue Trend

(Unit: KRW Billion)



- With continued favorable market conditions, both DRAM & NAND prices increased leading to Q4 Revenue growth of 11% Q/Q

### DRAM

- QoQ B/G +3%, ASP +9%
- Server DRAM demand remained strong while shipments increased for all products
- Prices rose evenly for all DRAM applications, not only for Mobile but for PC & Server applications as well

### NAND

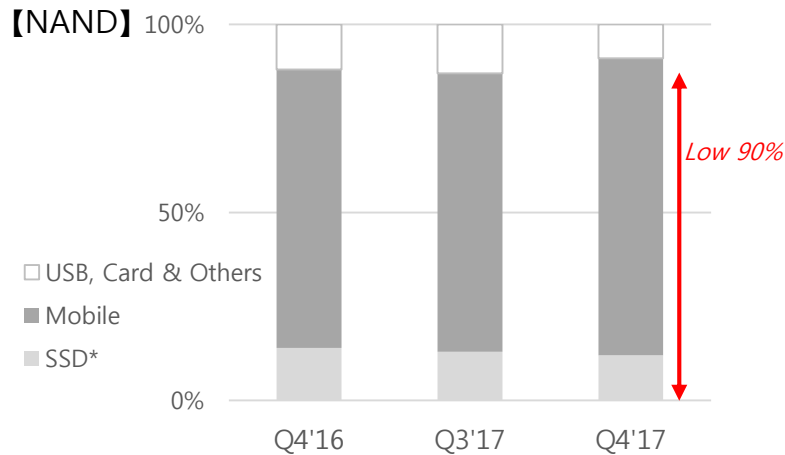
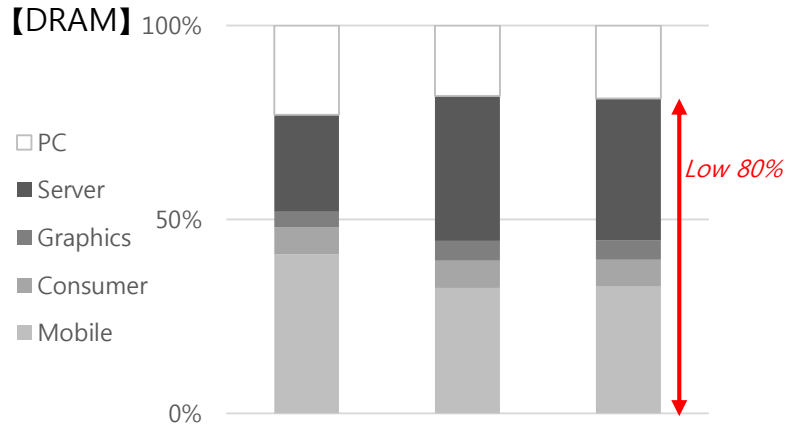
- QoQ B/G +16%, ASP +4%
- Mobile products' demand increased continuously with new Smartphone model launches
- With no further impact of high-density mobile product mix that has lower price/bit, ASP rose from mobile products' price increase

### MCP

- With shipment growth & price rise, MCP revenue increased QoQ 24%

# Sales Analysis - 2

## Revenue Breakdown by Application



\* including discrete NAND for SSDs

### Computing (PC, Server) DRAM

- PC & Server DRAM demand grew continuously
- Prices increased however Revenue portion decreased slightly due to overall DRAM mix

### Mobile DRAM

- Demand for MCP & other Mobile products increased from the launch of new models
- Prices increased leading to small expansion in Revenue mix

### Mobile NAND

- Embedded & MCP shipments increased from the launch of new smartphone models
- With no further impact of high-density mobile mix that has lower price/bit, mobile products' price increased

### SSD

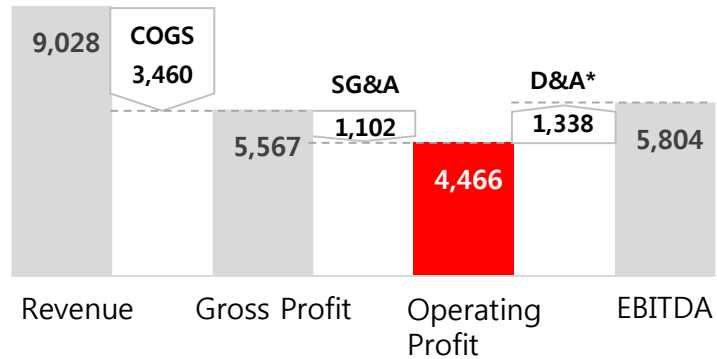
- Client SSD attach rate increased while Ultrathin NB demand also grew
- 3D NAND adoption in SSDs increased

# Profit Analysis

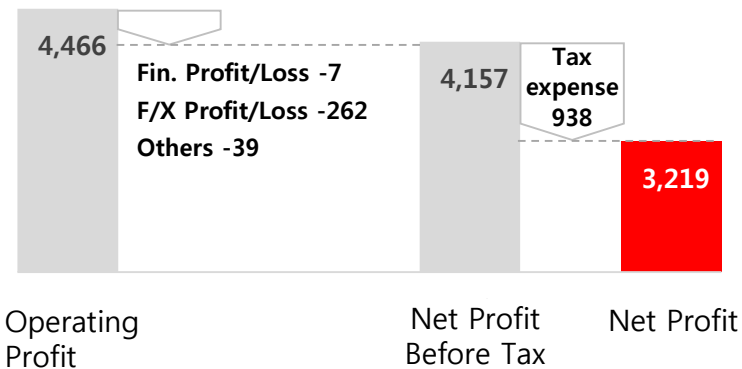
## 2017 Q4 Profit

### 【Operating Profit】

(Unit: KRW Billion)



### 【 Net Profit 】



\* Depreciation & Amortization

- With higher Revenue, Q4 Gross Profit increased +18% Q/Q to KRW 5.57 tr. & Operating Profit increased +19% Q/Q to 4.47 tr.
- Q4 D&A increased slightly Q/Q, resulting in EBITDA of KRW 5.8 tr. & EBITDA margin of 64%
- With net F/X related loss of KRW 262 bil from KRW/\$ exchange rate decline, recorded a net Non-Operating loss of KRW 309 bil. Net Profit increased 5% Q/Q

# Capital Structure

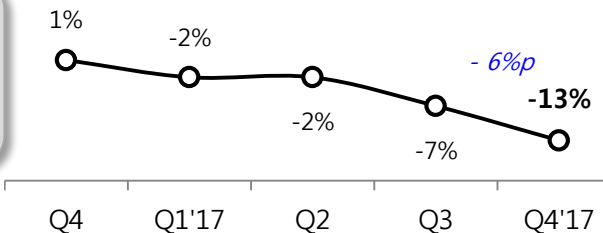
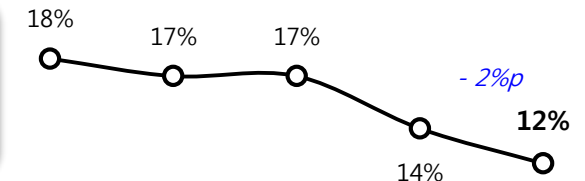
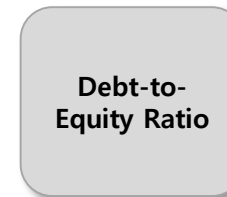
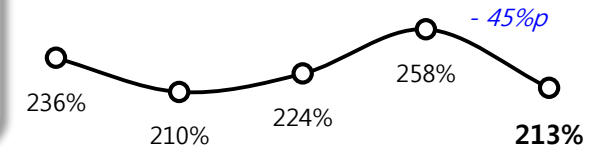
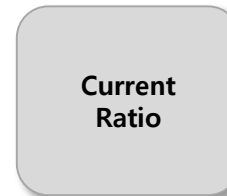
## Balance Sheet

<i>(Unit: KRW Billion)</i>	Q4'17	Q3'17	Q4'16	QoQ	vs.Q4'16
<b>Assets</b>	45,418	40,730	32,216	+4,688	+13,202
<b>Cash*</b>	8,555	6,315	4,136	+2,240	+4,419
<b>Liabilities</b>	11,598	9,826	8,192	+1,772	+3,405
<b>Debt **</b>	4,171	4,304	4,336	-132	-165
<b>Shareholders' Equity</b>	33,821	30,904	24,024	+2,916	+9,797
<b>Capital Stock</b>	3,658	3,658	3,658	-	-
<b>Retained Earnings</b>	27,287	24,051	17,067	+3,236	+10,221

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

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

## Stability Ratios



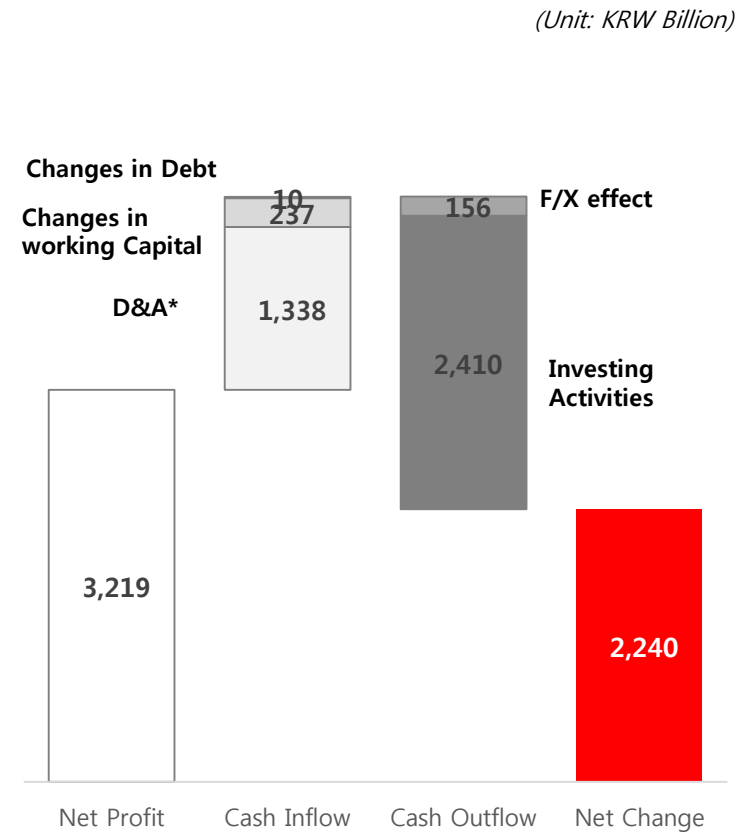


# Cash Flow

## Cash Flow

<i>(Unit: KRW Billion)</i>	Q4'17	Q3'17	Q4'16
<b>Beginning Cash Balance</b>	6,315	5,124	3,591
<b>CF from Operating Activities</b>	4,795	3,803	1,984
Net Profit	3,219	3,056	1,629
D&A*	1,338	1,309	1,143
Changes in Working Capital	237	(561)	(788)
<b>CF from Investing Activities</b>	(2,410)	(2,279)	(1,459)
Acquisition of PP&E	(2,276)	(2,169)	(1,356)
<b>CF from Financing Activities</b>	10	(340)	(18)
Changes in Debt	10	(340)	(18)
Dividend payout	0	0	0
Share repurchase	0	0	0
<b>Effect of F/X rate changes on cash &amp; equivalents</b>	(156)	6	39
<b>Net changes in Cash</b>	2,240	1,191	545
<b>Ending Cash Balance</b>	8,555	6,315	4,136

## Q4 2017 Net Cash Flow



# [Attachment1] Statement of Financial Position

K-IFRS (KRW Billion)

	Q4'17	Q3'17	Q4'16	QoQ	vs. Q4'16
<b>Assets</b>					
Current Assets	17,310	14,558	9,839	+2,753	+7,471
Cash & Cash Equivalents*	8,555	6,315	4,136	+2,240	+4,419
Accounts Receivables	5,553	5,261	3,252	+292	+2,301
Inventories	2,640	2,557	2,026	+83	+614
Non-Current Assets	28,108	26,173	22,377	+1,935	+5,731
Property, plant & equipment	24,063	21,977	18,777	+2,085	+5,285
Intangible Assets	2,247	2,237	1,916	+10	+332
<b>Total Assets</b>	<b>45,418</b>	<b>40,730</b>	<b>32,216</b>	<b>+4,688</b>	<b>+13,202</b>
<b>Liabilities</b>					
Interest-bearing Debts	4,171	4,304	4,336	-132	-165
S-T Borrowings	193	183	0	+9	+193
Current Portion of LT Borrowings	581	450	705	+131	-124
Bonds/Convertible Bonds	1,317	1,387	1,535	-70	-218
L-T Borrowings	2,080	2,284	2,096	-203	-15
Accounts Payables	759	745	696	+14	+62
<b>Total Liabilities</b>	<b>11,598</b>	<b>9,826</b>	<b>8,192</b>	<b>+1,772</b>	<b>+3,405</b>
<b>Shareholders' Equity</b>					
Capital Stock	3,658	3,658	3,658	-	-
Capital Surplus	4,144	4,144	4,144	-	-
Retained Earnings	27,287	24,051	17,067	+3,236	+10,221
<b>Total Shareholders' Equity</b>	<b>33,821</b>	<b>30,904</b>	<b>24,024</b>	<b>+2,916</b>	<b>+9,797</b>

\* Short-term Financial Instruments included

## [Attachment 2] Income Statement

K-IFRS (KRW Billion)

		Q4'17	Q3'17	QoQ	2017	2016	YoY
Revenue		9,028	8,100	+11%	30,109	17,198	+75%
Cost of Goods Sold		3,460	3,398	+2%	12,702	10,787	+18%
Gross Profit		5,567	4,702	+18%	17,408	6,411	+172%
SG&A Expenses		1,102	965	+14%	3,686	3,134	+18%
Operating Profit		4,466	3,737	+19%	13,721	3,277	+319%
Net Financial Profit/Loss		-7	-18		-70	-86	
Net F/X Transaction & Translation Profit/Loss		-262	75		-232	38	
Income (Expense) From Jointly Controlled Entities and Associates, Net		4	4		12	23	
Others		-44	44		7	-35	
EBITDA		5,804	5,044	+15%	18,743	7,727	+143%
Income Before Tax		4,157	3,843	+8%	13,440	3,216	+318%
Tax Expense/Benefit		938	787		2,797	256	
Net Profit		3,219	3,056	+5%	10,642	2,960	+259%
EPS(KRW)	Basic	4,562	4,326		15,073	4,184	
	Diluted	4,561	4,326		15,072	4,184	
Shares Outstanding (Mil. Shares)	Basic	706	706		706	706	
	Diluted	706	706		706	706	