



SK Hynix FY2018 Q3 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 FY2018 Q3 financial results has not been finalized. Figures in this earnings release are subject to changes during the independent auditing process.





FY2018 Q3 Financial Results

Results of Operation

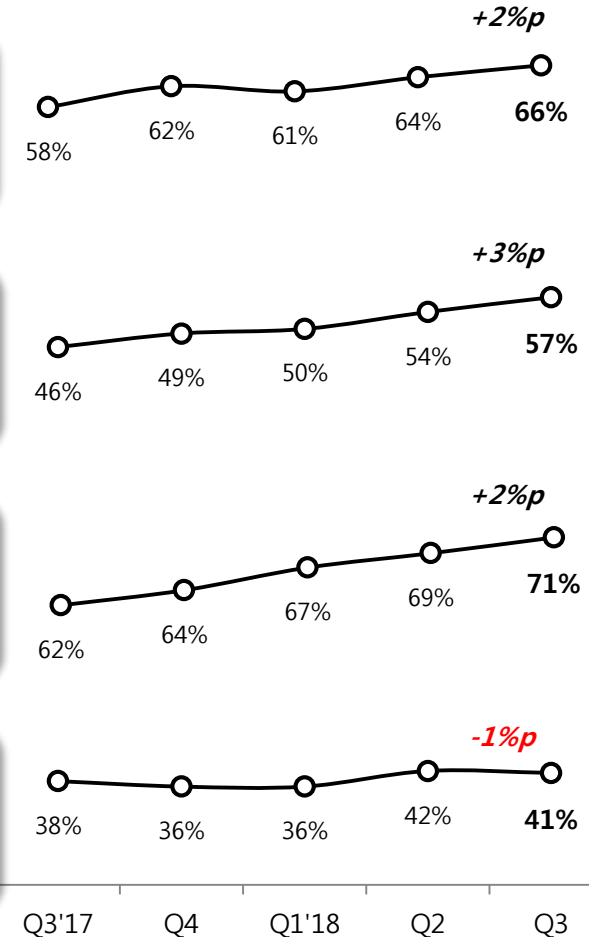
Income Statement

<i>(Unit: KRW Billion)</i>		Q3'18	Q2'18	Q3'17	QoQ	YoY
Revenue		11,417	10,371	8,100	<i>+10%</i>	<i>+41%</i>
Gross Profit		7,545	6,608	4,702	<i>+14%</i>	<i>+60%</i>
Operating Profit		6,472	5,574	3,737	<i>+16%</i>	<i>+73%</i>
EBITDA*		8,120	7,146	5,044	<i>+14%</i>	<i>+61%</i>
Net Profit		4,692	4,329	3,056	<i>+8%</i>	<i>+54%</i>
EPS(KRW)	Basic	6,731	6,133	4,326		
	Dil.	6,730	6,132	4,326		
Shares Outstanding (Mil. Shares)	Basic	697	706	706		
	Dil.	697	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

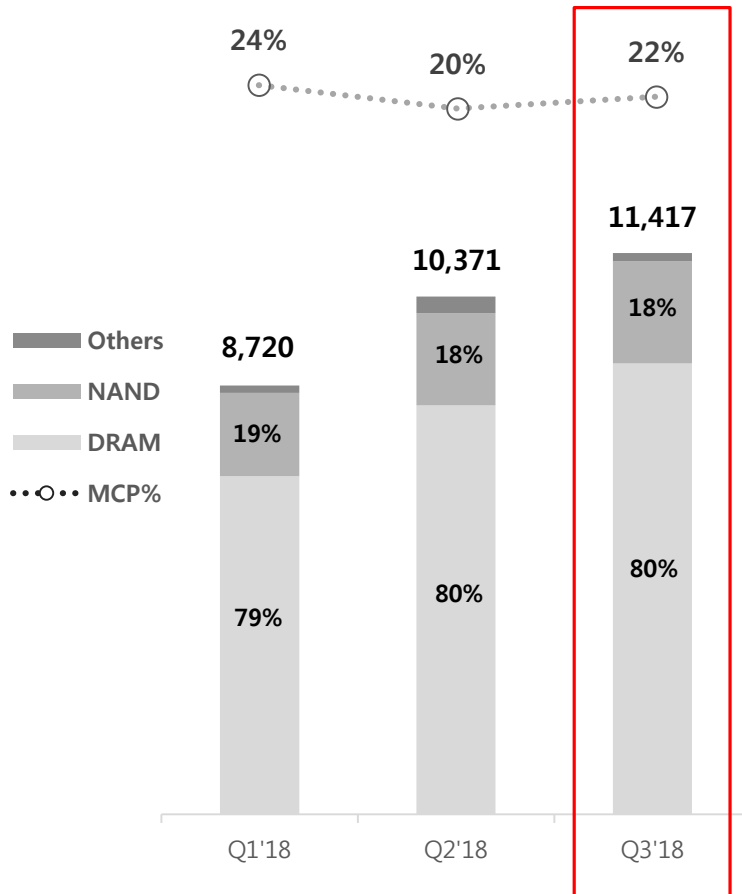
Profit Margins



Sales Analysis -1

Revenue Trend

(Unit: KRW Billion)



- Record quarterly revenue in company history
- Despite slower DRAM ASP increase & NAND ASP downward trend, shipment growth led to QoQ 10% revenue increase

DRAM

- QoQ B/G +5%, ASP +1%
- Server DRAM demand continued while seasonal demand helped Chinese mobile market recovery
- Although price went up in most applications, ASP went up 1%, impacted by relatively lower priced mobile DRAM mix increase

NAND

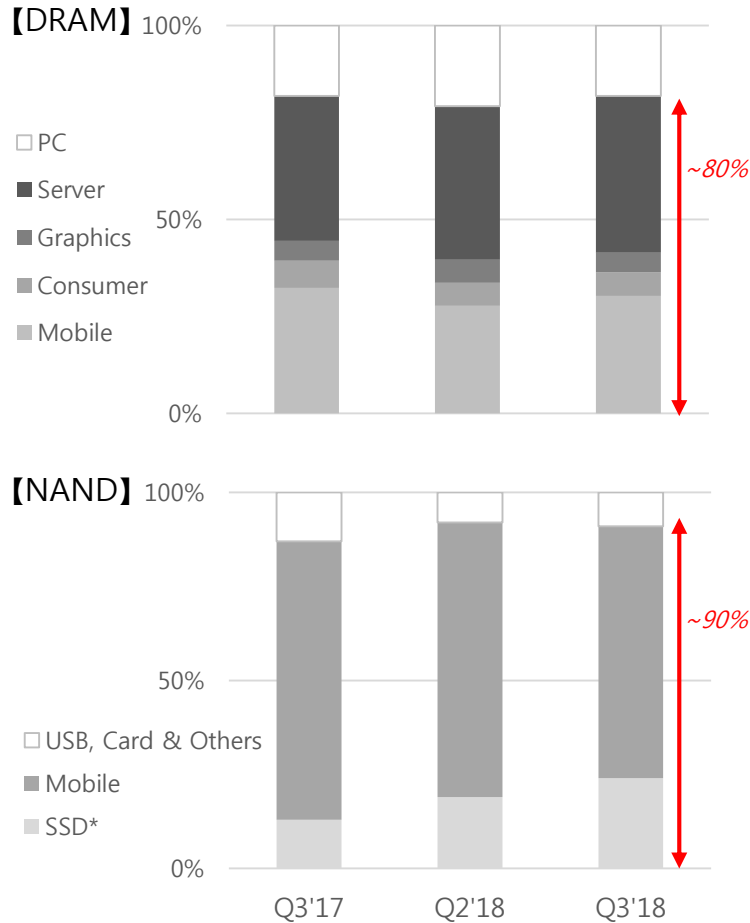
- QoQ B/G +19%, ASP -10%
- Addressed SSD market and high-density product demand from Chinese mobile customers with 72-Layer products
- All application showed price weakness due to supply increase, thus ASP went down by 10%

MCP

- Rapid sales growth for higher-density MCP combination of 6GB DRAM+64/128GB NAND
- MCP ASP increase helped revenue amount & proportion expansion

Sales Analysis - 2

Revenue Breakdown by Application



* including discrete NAND for SSDs

Computing
(PC, Server)
DRAM

- Sound Server DRAM demand sustained from IDC customers' requirement for data center build-out
- PC mix decreased in order to support improving mobile & server demand

Mobile
DRAM
+
NAND

- Although higher density adoption from Chinese smartphone vendors continued to drive overall mobile demand,
- Customers generally kept a conservative component inventory policy and practical demand put off toward Q4

SSD

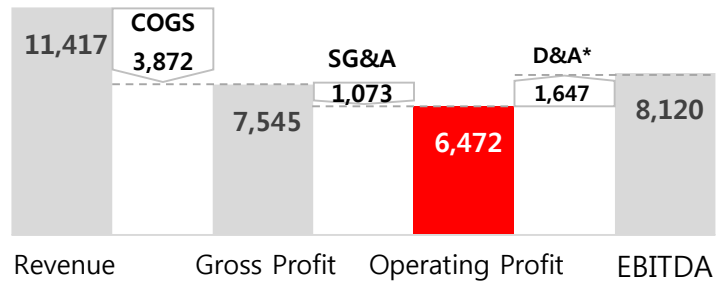
- Sales portion increased to mid-20% as company addressed SSD market with 72-Layer products
- eSSD revenue grew 3 times compared to previous quarter and the share among SSD increased to mid-20%

Profit Analysis

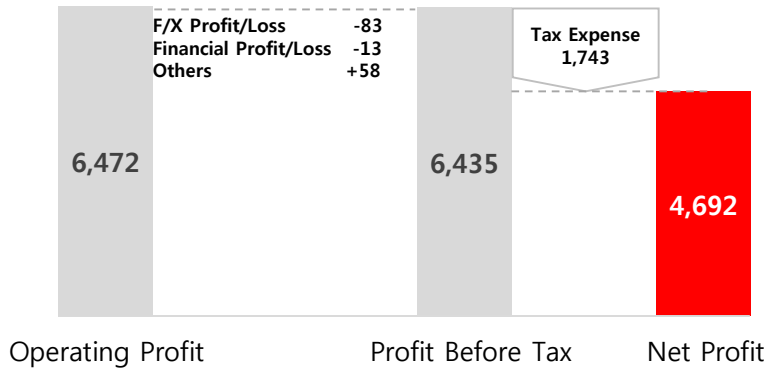
2018 Q3 Profit

【 Operating Profit 】

(Unit: KRW Billion)



【 Net Profit 】



* Depreciation & Amortization

- Revenue growth and meaningful cost reduction from smooth tech migration led to Q3 Gross Profit of KRW 7.55T (+14% Q/Q) & Operating Profit of KRW 6.47T (+16% Q/Q)
- Due to capex increase, depreciation & amortization expense went up slightly(+5% Q/Q) reaching EBITDA of KRW 8.12T with 71% of EBITDA margin
- Appreciation of KRW at quarter-end resulted in loss on foreign currency translations and recognized net non-operating expenses
- As Profit before Tax increased, corporate tax expense marked KRW 1.74T, up 11% Q/Q
- Net Profit increased 8% compared to previous quarter

Capital Structure

Balance Sheet

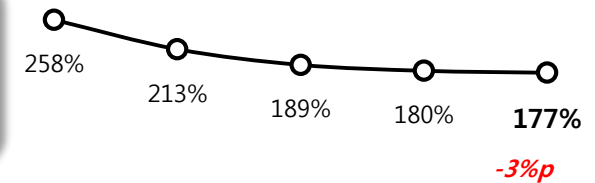
(Unit: KRW Billion)	Q3'18	Q2'18	Q4'17	QoQ	vs. Q4'17
Assets	57,377	53,257	45,418	+4,120	+11,959
Cash*	5,675	4,405	8,555	+1,270	-2,879
Liabilities	13,888	12,479	11,598	+1,409	+2,291
Debt **	4,977	5,415	4,171	-438	+806
Shareholders' Equity	43,489	40,778	33,821	+2,711	+9,668
Capital Stock	3,658	3,658	3,658	-	-
Retained Earnings	38,693	34,007	27,287	+4,687	+11,406

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

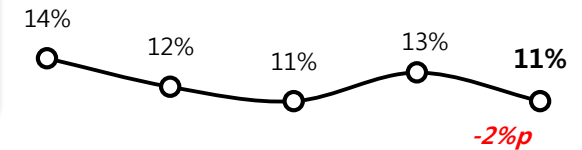
** Debt = Short-term Borrowings + Current portion of Long-term Borrowings + Debentures + Long-Term Borrowings

Stability Ratios

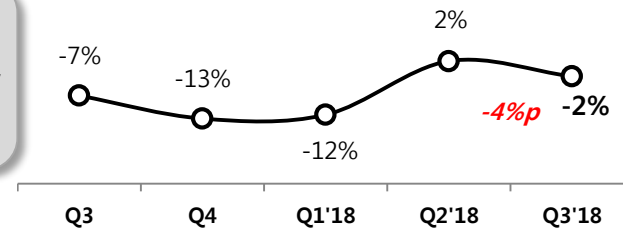
Current Ratio



Debt-to-Equity Ratio



Net Debt-to-Equity Ratio

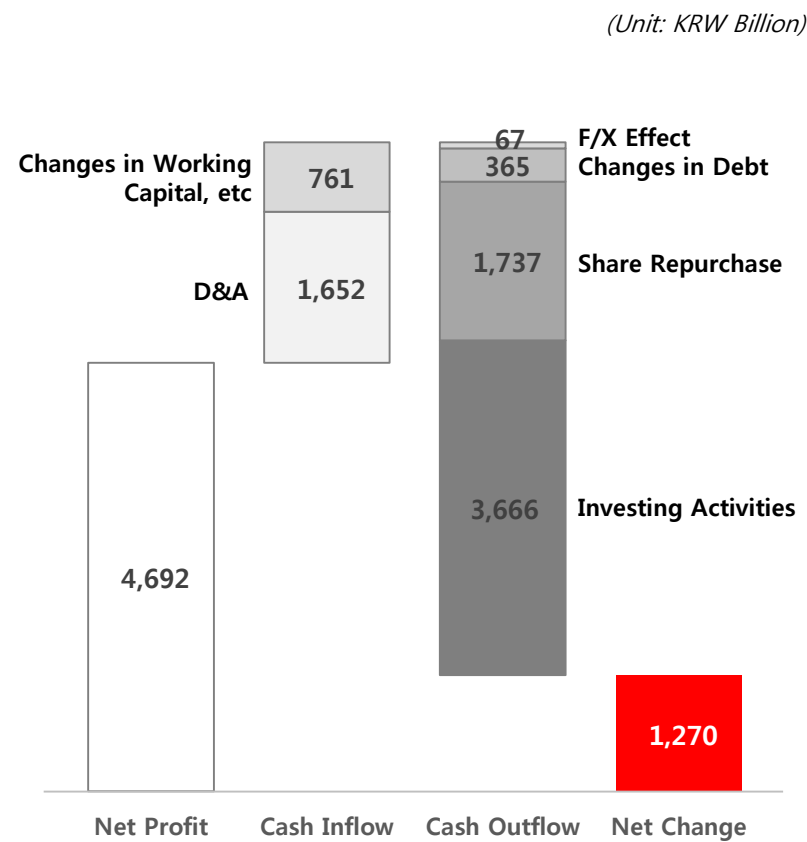


Cash Flow

Cash Flow

<i>(Unit: KRW Billion)</i>	Q3'18	Q2'18	Q3'17
Beginning Cash Balance	4,405	8,266	5,124
CF from Operating Activities	7,105	3,652	3,803
Net Profit	4,692	4,329	3,056
D&A*	1,652	1,575	1,309
Changes in Working Capital	761	(2,251)	(561)
CF from Investing Activities	(3,666)	(8,286)	(2,279)
Acquisition of PP&E	(3,299)	(4,142)	(2,169)
CF from Financing Activities	(2,102)	711	(340)
Changes in Debt	(365)	1,417	(340)
Dividend Payout	0	(706)	0
Share Repurchase	(1,737)	0	0
Effect of F/X rate changes on Cash & Equivalents	(67)	62	6
Net Changes in Cash	1,270	(3,860)	1,191
Ending Cash Balance	5,675	4,405	6,315

Q3 2018 Net Cash Flow



* including depreciation for non-operating(idle) assets

[Attachment1] Statement of Financial Position

K-IFRS (KRW Billion)

	Q3'18	Q2'18	Q4'17	QoQ	vs. Q4'17
Assets					
Current Assets	17,701	15,696	17,310	+2,005	+390
Cash & Cash Equivalents*	5,675	4,405	8,555	+1,270	-2,879
Accounts Receivables	7,711	7,351	5,553	+360	+2,159
Inventories	3,687	3,368	2,640	+319	+1,046
Non-Current Assets	39,677	37,561	28,108	+2,115	+11,569
Property, plant & equipment	31,259	29,311	24,063	+1,948	+7,197
Intangible Assets	2,469	2,408	2,247	+61	+222
Total Assets	57,377	53,257	45,418	+4,120	+11,959
Liabilities					
Interest-bearing Debts	4,977	5,415	4,171	-438	+806
S-T Borrowings	266	871	193	-605	+73
Current Portion of LT Borrowings	1,051	968	581	+83	+470
Bonds/Convertible Bonds	1,506	1,167	1,317	+339	+189
L-T Borrowings	2,155	2,409	2,080	-254	+74
Accounts Payables	796	801	759	-5	+37
Total Liabilities	13,888	12,479	11,598	+1,409	+2,291
Shareholders' Equity					
Capital Stock	3,658	3,658	3,658	-	-
Capital Surplus	4,144	4,144	4,144	-	-
Retained Earnings	38,693	34,007	27,287	+4,687	+11,406
Total Shareholders' Equity	43,489	40,778	33,821	+2,711	+9,668

* Short-term Financial Instruments included

[Attachment 2] Income Statement

K-IFRS (KRW Billion)

		Q3'18	Q2'18	Q3'17	QoQ	YoY
Revenue		11,417	10,371	8,100	+10%	41%
Cost of Goods Sold		3,872	3,762	3,398	+3%	14%
Gross Profit		7,545	6,608	4,702	+14%	60%
SG&A Expenses		1,073	1,034	965	+4%	11%
Operating Profit		6,472	5,574	3,737	+16%	73%
Net Financial Profit/Loss		-13	-2	-18		
Net F/X Transaction & Translation Profit/Loss		-83	391	75		
Income (Expense) From Jointly Controlled Entities and Associates, Net		3	4	4		
Others		55	-64	44		
EBITDA		8,120	7,146	5,044	+14%	61%
Income Before Tax		6,435	5,903	3,843	+9%	67%
Tax Expense/Benefit		1,743	1,575	787	+11%	121%
Net Profit		4,692	4,329	3,056	+8%	54%
EPS(KRW)	Basic	6,731	6,133	4,326		
	Diluted	6,730	6,132	4,326		
Shares Outstanding (Mil. Shares)	Basic	697	706	706		
	Diluted	697	706	706		