



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 FY2019 Q3 financial results has not been finalized. Figures in this earnings release are subject to changes during the independent auditing process.



FY2019 Q3 Financial Results

Results of Operation

Income Statement

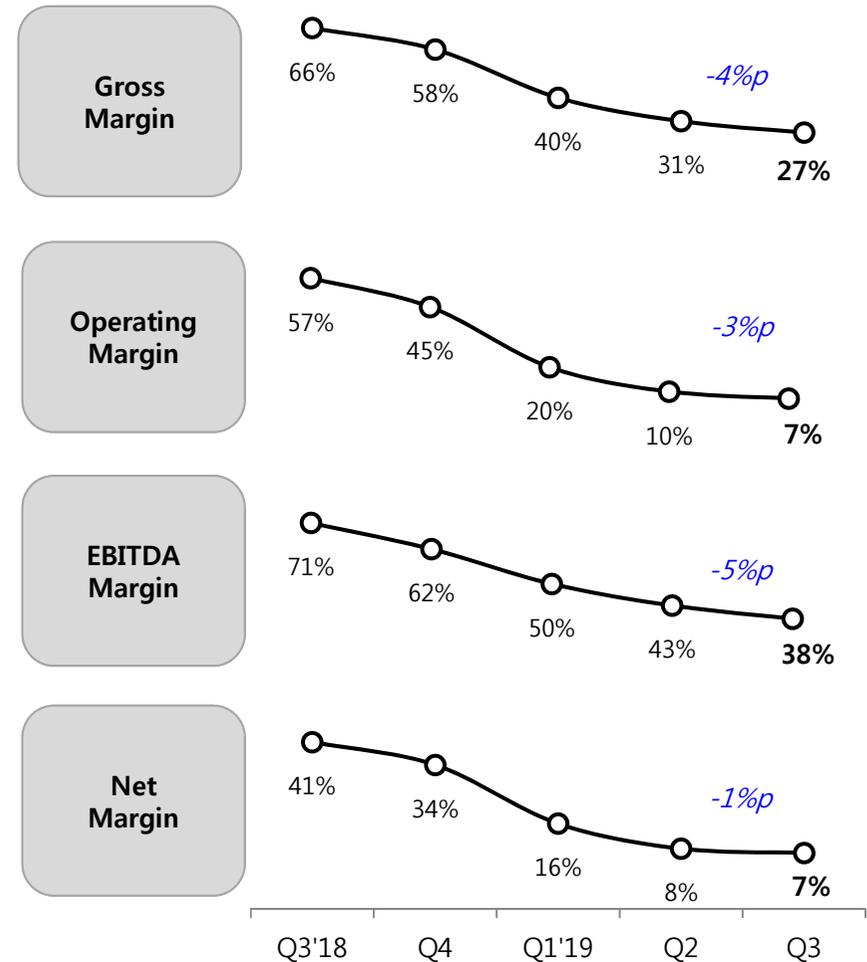
<i>(Unit: KRW Billion)</i>		Q3'19	Q2'19	Q3'18	QoQ	YoY
Revenue		6,839	6,452	11,417	+6%	-40%
Gross Profit		1,816	2,017	7,545	-10%	-76%
Operating Profit		473	638	6,472	-26%	-93%
EBITDA*		2,631	2,745	8,120	-4%	-68%
Net Profit		495	537	4,692	-8%	-89%
EPS(KRW)	Basic	721	783	6,731		
	Dil.	721	783	6,730		
Shares Outstanding (Mil. Shares)	Basic	684	684	697		
	Dil.	684	684	697		

* EBITDA = Operating Profit + Depreciation & Amortization

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



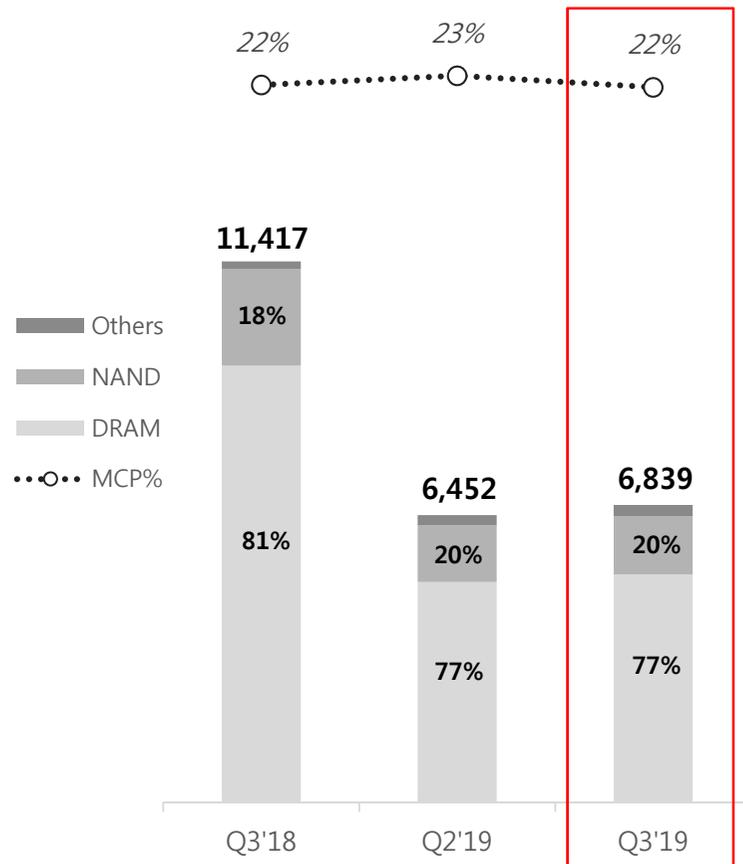
Profit Margins



Sales Analysis - 1

Revenue Trend

(Unit: KRW Billion)



- With signs of demand recovery and softening ASP erosion, Q3'19 revenue went up 6% QoQ, as both DRAM & NAND sales increased

DRAM

- QoQ **B/G +23%, ASP -16%**
- Seasonal mobile demand pick-up with new smartphone launch and expanding procurement by some IDC customers led to bit shipment increase
- Price decline slowed down in all applications except Mobile

NAND

- QoQ **B/G -1%, ASP +4%**
- While price-elastic demand for high-density mobile & SSD continued to recover, discrete sales mix that went up temporarily last quarter, became normalized and led to bit shipment decrease
- Blended ASP increased with moderated price condition in all applications and lower-priced discrete product mix reduction

MCP

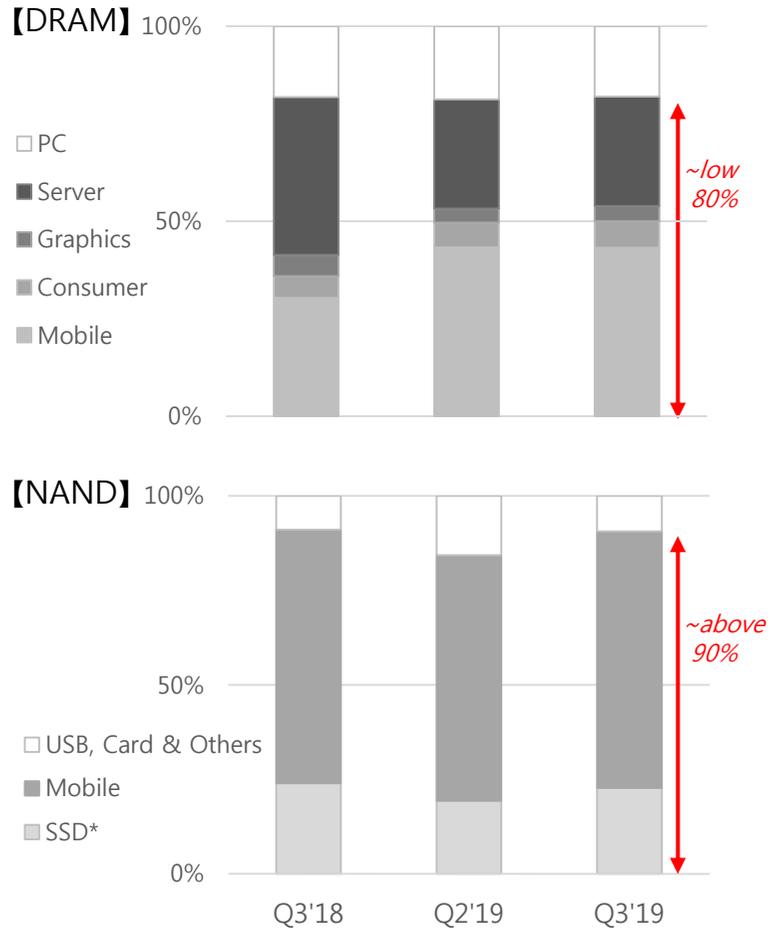
- Shipment increased with higher smartphone demand in China, while price decline continued
- Revenue decreased 2% QoQ and revenue mix also slightly reduced



* Revenue Portion is USD basis

Sales Analysis - 2

Revenue Breakdown by Application



❖ Supply-demand condition improved as set demand increased in major applications like PCs & Smartphones with seasonality, also with expanded procurement by server customers

Mobile
DRAM
+
Mobile
NAND

- Sell-through for new flagship models with higher-density memory adoption including 5G smartphones were in the push, and responded actively to increasing demand
- As shipment growth offset for price erosion, Mobile DRAM & NAND sales expanded

Server
DRAM
+
eSSD

- Some IDC customers started to increase purchase volumes as their inventory level reached toward normalized levels
- Server demand in China showed upward trend, and enterprise customers expanded higher-density memory adoption

PC/Graphics
DRAM
+
cSSD

- With Windows 7 service about to be terminated, enterprise PC demand improved
- SoC's price competition mitigated cost burden for PC OEMs and led positive impact on memory component demand



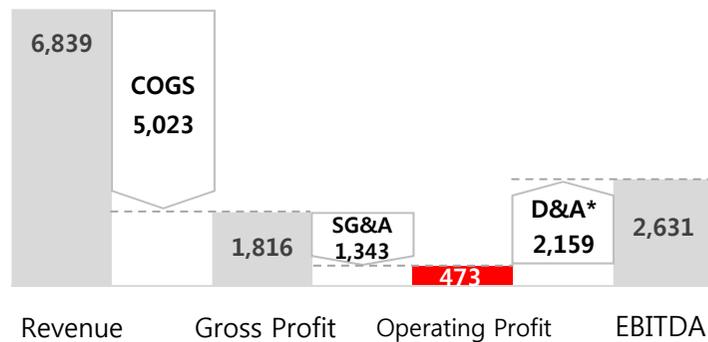
* including discrete NAND for SSDs

Profit Analysis

Q3'19 Profit

【Operating Profit】

(Unit: KRW Billion)



【Net Income】



- Cost-per-unit reduction in DRAM could not fully offset ASP drop and led COGS increase. Gross Profit reached KRW 1.8T(-10% QoQ) and Operating Profit reached KRW 473B (-26% QoQ) in Q3'19
- Depreciation & Amortization expenses rose slightly with continued capital spending and new asset acquisitions. Reported KRW 2.6T of EBITDA with EBITDA margin of 38%
- Depreciation of the KRW at quarter-end resulted in gain on foreign currency related items and reported net non-operating profits of KRW 48B
- Net Profit reached KRW 495B with net profit margin of 7%

* Depreciation & Amortization

Capital Structure

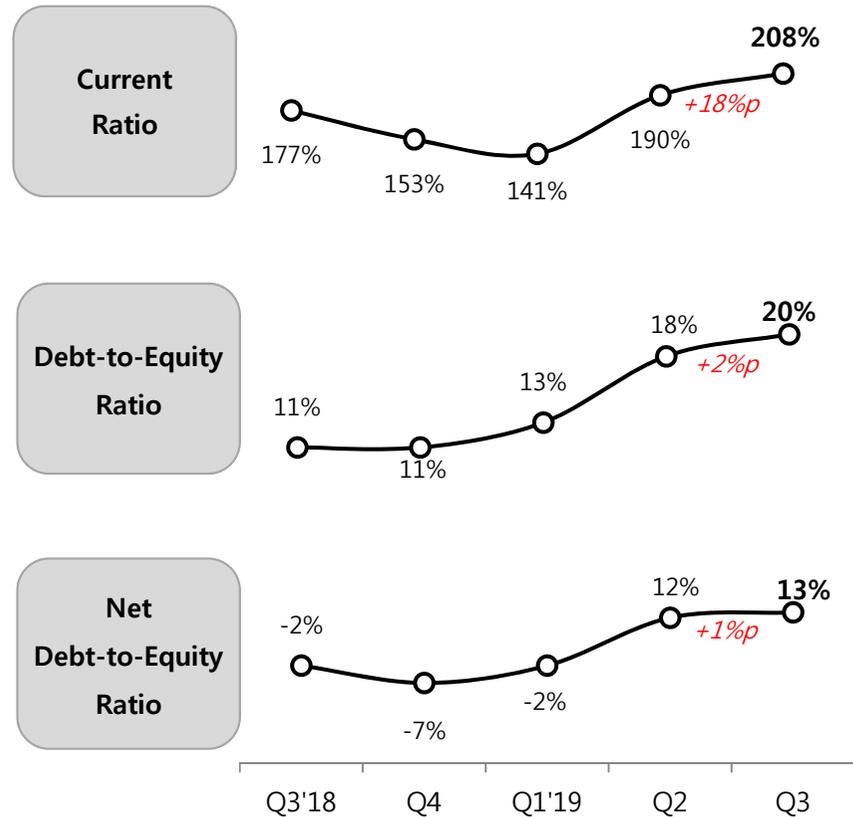
Balance Sheet

(Unit: KRW Billion)	Q3'19	Q2'19	Q4'18	QoQ	vs. Q4'18
Assets	63,672	63,032	63,658	+639	+13
Cash*	3,256	3,110	8,369	+146	-5,114
Liabilities	15,406	15,321	16,806	+84	-1,400
Debt **	9,703	8,747	5,282	+956	+4,421
Shareholders' Equity	48,266	47,711	46,852	+555	+1,414
Capital Stock	3,658	3,658	3,658	-	-
Retained Earnings	43,123	42,635	42,034	+488	+1,089

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

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

Stability Ratios

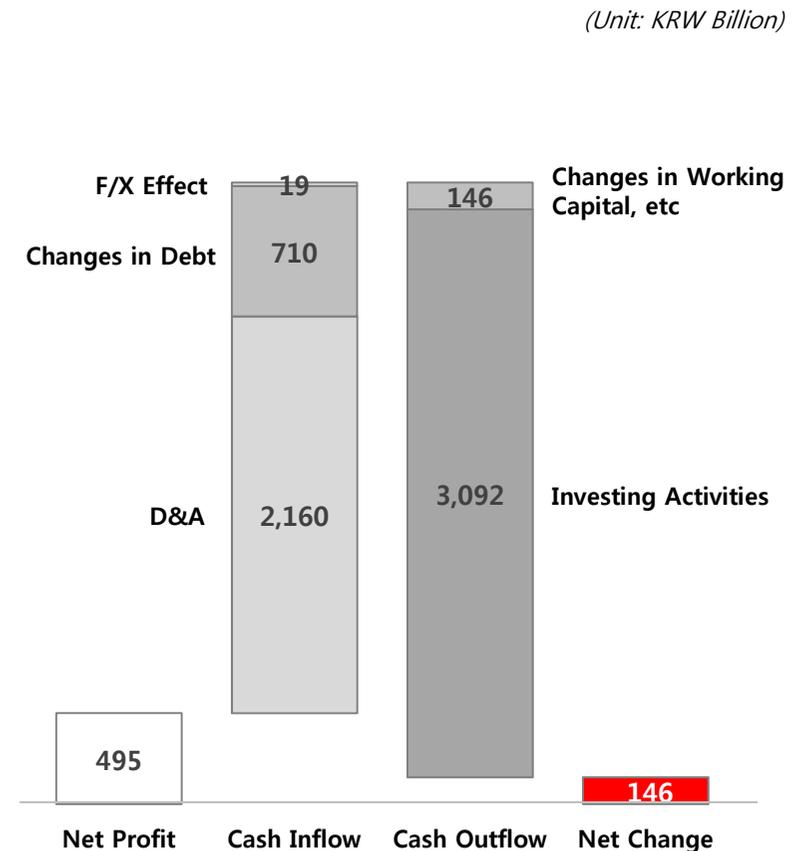


Cash Flow

Cash Flow

<i>(Unit: KRW Billion)</i>	Q3'19	Q2'19	Q3'18
Beginning Cash Balance	3,110	7,192	4,405
CF from Operating Activities	2,509	(1,212)	7,105
Net Profit	495	537	4,692
D&A*	2,160	2,111	1,652
Changes in Working Capital	(146)	(3,860)	761
CF from Investing Activities	(3,092)	(4,300)	(3,666)
Acquisition of PP&E	(2,892)	(4,148)	(3,299)
CF from Financing Activities	710	1,435	(2,102)
Changes in Debt	776	2,526	(365)
Dividend Payout	(1)	(1,026)	0
Share Repurchase	-	-	(1,737)
Effect of F/X rate changes on Cash & Equivalents	19	(5)	(67)
Net Changes in Cash	146	(4,082)	1,270
Ending Cash Balance	3,256	3,110	5,675

Q3'19 Net Cash Flow



* Including depreciation for non-operating(idle) assets

[Attachment1] Statement of Financial Position

K-IFRS (KRW Billion)

	Q3'19	Q2'19	Q4'18	QoQ	YoY
Assets					
Current Assets	14,175	14,243	19,894	-67	-5,719
Cash & Cash Equivalents*	3,256	3,110	8,369	+146	-5,114
Accounts Receivables	4,758	4,803	6,320	-45	-1,562
Inventories	5,474	5,589	4,423	-115	+1,051
Non-Current Assets	49,496	48,790	43,764	+707	+5,732
Property, plant & equipment	38,938	38,445	34,953	+493	+3,985
Intangible Assets	2,566	2,574	2,679	-7	-113
Total Assets	63,672	63,032	63,658	+639	+13
Liabilities					
Interest-bearing Debts	9,703	8,747	5,282	+956	+4,421
S-T Borrowings	1,072	1,284	586	-212	+486
Current Portion of LT Borrowings	1,225	794	1,029	+431	+197
Bonds/Convertible Bonds	2,866	2,483	1,506	+383	+1,360
L-T Borrowings	4,539	4,186	2,162	+353	+2,378
Accounts Payables	915	1,036	1,096	-121	-181
Total Liabilities	15,406	15,321	16,806	+84	-1,400
Shareholders' Equity					
Capital Stock	3,658	3,658	3,658	-	-
Capital Surplus	4,144	4,144	4,144	-	-
Retained Earnings	43,123	42,635	42,034	+488	+1,089
Total Shareholders' Equity	48,266	47,711	46,852	+555	+1,414

* Short-term Financial Instruments included

[Attachment2] Income Statement

K-IFRS (KRW Billion)

		Q3'19	Q2'19	Q3'18	QoQ	YoY
Revenue		6,839	6,452	11,417	+6%	-40%
Cost of Goods Sold		5,023	4,435	3,872	+13%	+30%
Gross Profit		1,816	2,017	7,545	-10%	-76%
SG&A Expenses		1,343	1,379	1,073	-3%	+25%
Operating Profit		473	638	6,472	-26%	-93%
Net Financial Profit/Loss		-63	-53	-13		
Net F/X Transaction & Translation Profit/Loss		79	90	-83		
Income (Expense) From Jointly Controlled Entities and Associates, Net		4	6	3		
Others		28	-4	55		
EBITDA		2,631	2,745	8,120	-4%	-68%
Income Before Tax		520	676	6,435	-23%	-92%
Tax Expense/Benefit		25	139	1,743	-82%	-99%
Net Profit		495	537	4,692	-8%	-89%
EPS(KRW)	Basic	721	783	6,731		
	Diluted	721	783	6,730		
Shares Outstanding (Mil. Shares)	Basic	684	684	697		
	Diluted	684	684	697		