



SK hynix FY2020 Q1 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 FY2020 Q1 financial results has not been finalized. Figures in this earnings release are subject to changes during the independent auditing process.



FY2020 Q1 Financial Results

Results of Operation

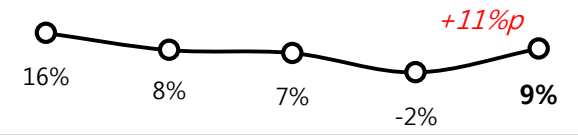
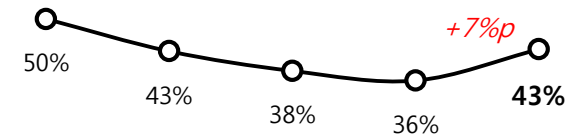
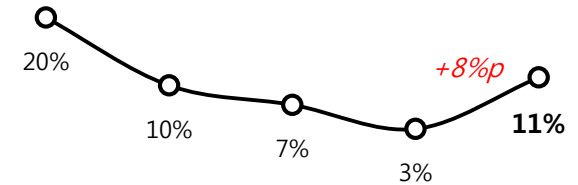
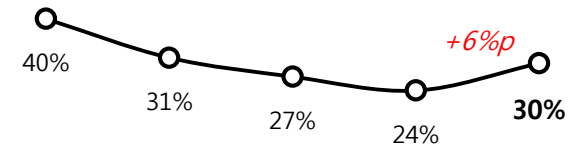
Income Statement

<i>(Unit: KRW Billion)</i>		Q1'20	Q4'19	Q1'19	QoQ	YoY
Revenue		7,199	6,927	6,773	+4%	+6%
Gross Profit		2,192	1,653	2,680	+33%	-18%
Operating Profit		800	236	1,366	+239%	-41%
EBITDA*		3,107	2,478	3,397	+25%	-9%
Net Profit		649	-118	1,102	N/A	-41%
EPS(KRW)	Basic	948	-173	1,612		
	Dil.	947	-173	1,612		
Shares Outstanding (Mil. Shares)	Basic	684	684	684		
	Dil.	684	684	684		

* 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

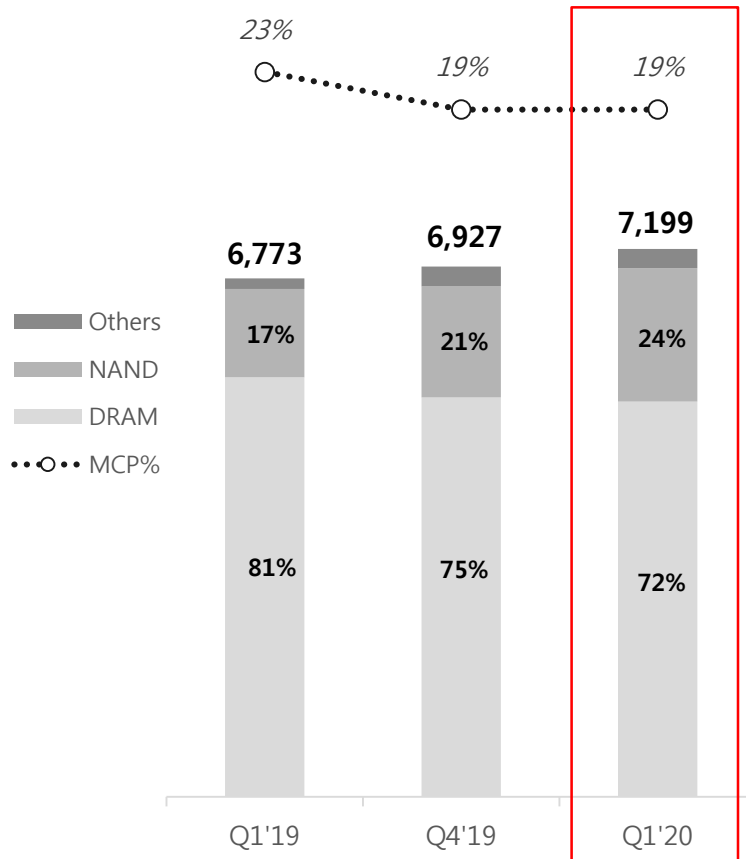


Q1'19 Q2 Q3 Q4 Q1'20

Sales Analysis - 1

Revenue Trend

(Unit: KRW Billion)



* Revenue Portion is USD basis

○ Despite increased demand volatility from proliferation of COVID-19, revenue improved +4% QoQ with server memory focused shipment and continued favorable price conditions

DRAM

- QoQ B/G -4%, ASP +3%
- Mobile DRAM demand slowed down due to seasonality and impact of COVID-19, but was offset by server DRAM shipment growth from continued strong demand
- Upward pricing trend led by server DRAM resulted in rebound of ASP

NAND

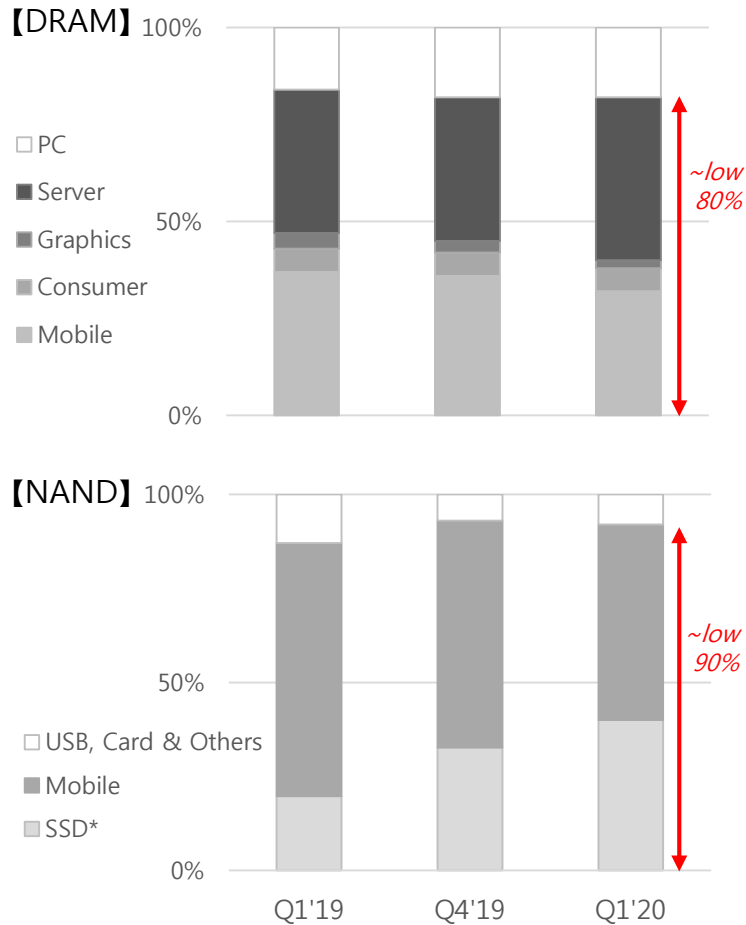
- QoQ B/G +12%, ASP +7%
- Significantly increased server SSD volume support backed by favorable demand condition, which led the better than seasonal shipment result in Q1'20
- Solid price trend continued for major applications

MCP

- Decrease in shipment was offset by higher pricing, which led to sales increase of +2% QoQ. Revenue mix was maintained

Sales Analysis - 2

Revenue Breakdown by Application



* Includes discrete NAND for SSDs

❖ Server DRAM & SSD sales mix increased while Mobile mix decreased in QoQ

Server
DRAM
+
dSSD

- Actively responded to real demand recovery following server customers' inventory normalization, together with additional demand increase for work-from-home support caused by COVID-19
- SSD sales portion out of NAND reached 40%
- Pricing improved continuously, due to strong demand

PC DRAM
+
cSSD

- Despite lower set build number from COVID-19, customers continue to procure in response to remote work/education demand

Mobile
DRAM
+
NAND

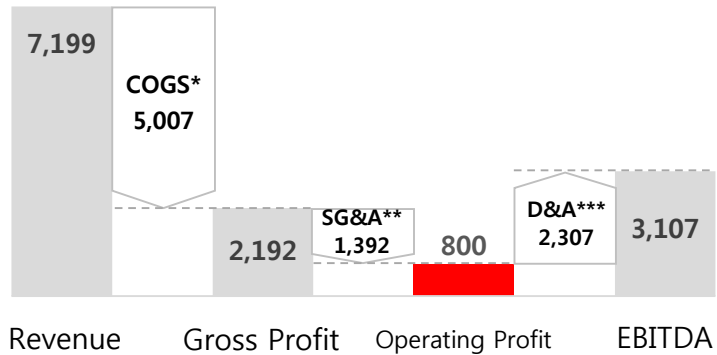
- Mobile DRAM/NAND sales hit by seasonality and weaker demand in smartphone set due to COVID-19
- Revenue mix was reduced, as price condition improved more gradually than other applications' and shipment decreased in QoQ

Profit Analysis

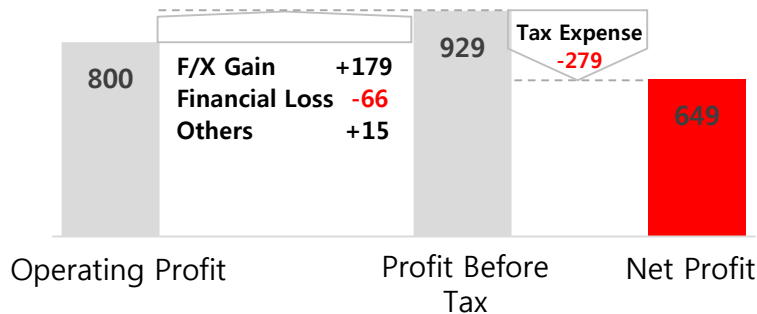
Profit Analysis

【Operating Profit】

(Unit: KRW Billion)



【Net Income】



* Cost of Goods Sold

** Selling, General and Administrative Expenses

*** Depreciation & Amortization

- Profitability improved in all applications, thanks to yield progress of 1Ynm DRAM and 96-Layers NAND and efforts to cut manufacturing costs. Profitability in NAND was significantly improved in particular, due to higher SSD sales mix and reversal of inventory valuation loss. Recorded Gross Profit of KRW 2.19T (+33% QoQ) & Operating Profit of KRW 800B(+239% QoQ)
- Depreciation & Amortization expenses rose slightly QoQ, while Operating Profit also increased, leading to EBITDA of KRW 3.11T with EBITDA margin of 43%
- Gains from foreign currency related items following depreciation of KRW led to Net Non-operating Profits of KRW 128B
- Net Profit reached KRW 649B with Net Margin of 9%

Capital Structure

Balance Sheet

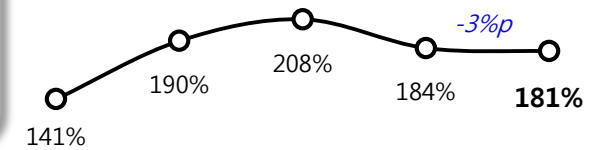
(Unit: KRW Billion)	Q1'20	Q4'19	Q1'19	QoQ	YoY
Assets	67,143	64,789	65,132	<i>+2,353</i>	<i>+2,011</i>
Cash*	4,742	3,995	7,192	<i>+747</i>	<i>-2,450</i>
Liabilities	18,895	16,846	17,965	<i>+2,049</i>	<i>+930</i>
Debt **	12,416	10,524	6,147	<i>+1,892</i>	<i>+6,269</i>
Shareholders' Equity	48,248	47,943	47,166	<i>+305</i>	<i>+1,082</i>
Capital Stock	3,658	3,658	3,658	-	-
Retained Earnings	42,890	42,931	42,104	<i>-40</i>	<i>+786</i>

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

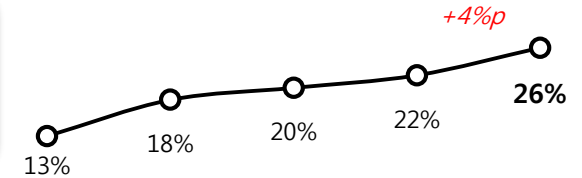
** Debt = Short-term Borrowings + Current portion of Long-term Borrowings +
Debentures + Long-Term Borrowings

Stability Ratios

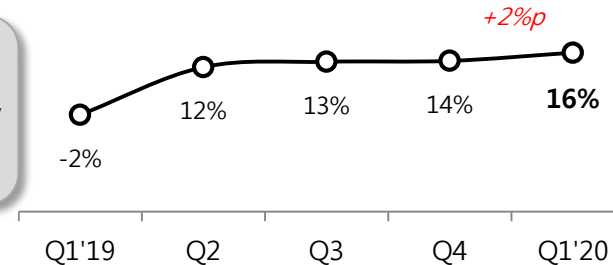
Current Ratio



Debt-to-Equity Ratio



Net Debt-to-Equity Ratio

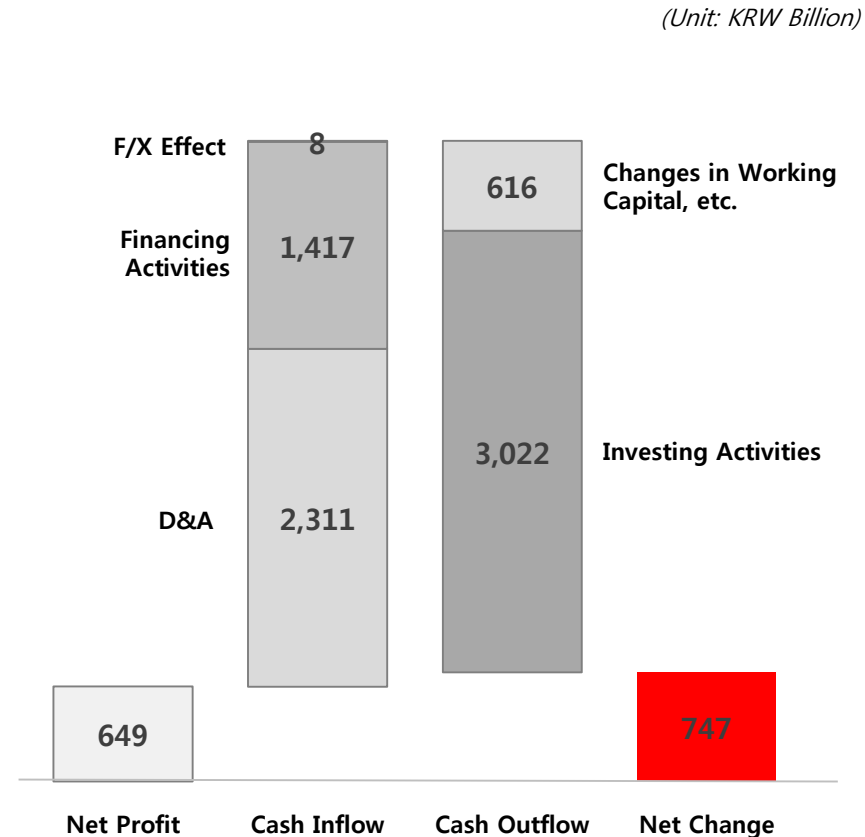


Cash Flow

Cash Flow

(Unit: KRW Billion)	Q1'20	Q4'19	Q1'19
Beginning Cash Balance	3,995	3,256	8,369
CF from Operating Activities	2,344	2,594	2,658
Net Profit	649	(118)	1,102
D&A*	2,311	2,245	2,038
Changes in Working Capital, etc.	(616)	467	(483)
CF from Investing Activities	(3,022)	(2,781)	(4,669)
Acquisition of PP&E	(2,783)	(2,531)	(4,350)
CF from Financing Activities	1,417	951	807
Changes in Debt	1,471	1,071	875
Repayment of Lease Liability	(54)	(123)	(68)
Dividend Payout	0	0	0
Share Repurchase	0	0	0
Effect of F/X rate changes on Cash & Equivalents	8	(25)	27
Net Changes in Cash	747	739	(1,178)
Ending Cash Balance	4,742	3,995	7,192

Net Cash Flow



* Including depreciation for non-operating(idle) assets

[Attachment1] Statement of Financial Position

K-IFRS (KRW Billion)

	Q1'20	Q4'19	Q1'19	QoQ	YoY
Assets					
Current Assets	15,800	14,458	18,618	+1,342	-2,818
Cash & Cash Equivalents*	4,742	3,995	7,192	+747	-2,450
Accounts Receivables	4,717	4,262	5,497	+455	-780
Inventories	5,426	5,296	5,117	+130	+308
Non-Current Assets	51,343	50,332	46,513	+1,011	+4,830
Property, plant & equipment	40,517	39,950	36,385	+567	+4,131
Intangible Assets	2,549	2,571	2,612	-22	-62
Total Assets	67,143	64,789	65,132	+2,353	+2,011
Liabilities					
Interest-bearing Debts	12,416	10,524	6,147	+1,892	+6,269
S-T Borrowings	1,372	1,168	1,408	+203	-36
Current Portion of LT Borrowings	2,124	1,569	1,103	+555	+1,021
Bonds/Convertible Bonds	3,654	2,745	1,506	+909	+2,148
L-T Borrowings	5,265	5,040	2,130	+225	+3,136
Accounts Payables	962	1,043	953	-80	+9
Total Liabilities	18,895	16,846	17,965	+2,049	+930
Shareholders' Equity					
Capital Stock	3,658	3,658	3,658	-	-
Capital Surplus	4,144	4,144	4,144	-	-
Retained Earnings	42,890	42,931	42,104	-40	+786
Total Shareholders' Equity	48,248	47,943	47,166	+305	+1,082

* Short-term Financial Instruments and Short-term Investments included

[Attachment2] Income Statement

K-IFRS (KRW Billion)

		Q1'20	Q4'19	QoQ	QoQ	YoY
Revenue		7,199	6,927	+4%	+4%	+6%
Cost of Goods Sold		5,007	5,274	-5%	-5%	+22%
Gross Profit		2,192	1,653	+33%	+33%	-18%
SG&A Expenses		1,392	1,417	-2%	-2%	+6%
Operating Profit		800	236	+239%	+239%	-41%
Net Financial Profit/Loss		-66	-62			
Net F/X Transaction & Translation Profit/Loss		179	-173			
Income (Expense) From Jointly Controlled Entities and Associates, Net		8	10			
Others		7	-244			
EBITDA		3,107	2,478	+25%	+25%	-9%
Income Before Tax		929	-233	-498%	-498%	-37%
Tax Expense/Benefit		279	-115	-343%	-343%	-26%
Net Profit		649	-118	N/A	-649%	-41%
EPS(KRW)	Basic	948	-173	1,612		
	Diluted	947	-173	1,612		
Shares Outstanding (Mil. Shares)	Basic	684	684	684		
	Diluted	684	684	684		