



# SK hynix FY2020 Q2 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 Q2 financial results has not been finalized. Figures in this earnings release are subject to changes during the independent auditing process.



# FY2020 Q2 Financial Results

# Results of Operation

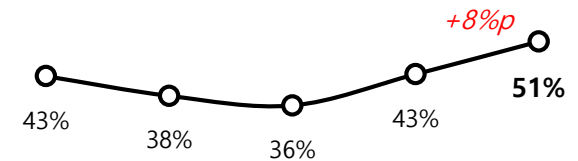
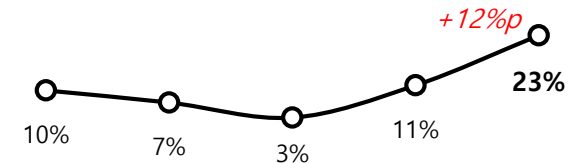
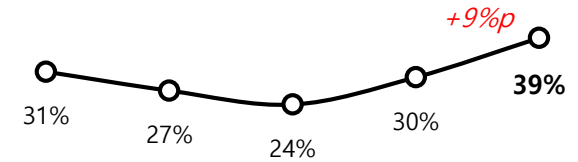
## Income Statement

<i>(Unit: KRW Billion)</i>		Q2'20	Q1'20	Q2'19	QoQ	YoY
<b>Revenue</b>		<b>8,607</b>	<b>7,199</b>	<b>6,452</b>	<i>+20%</i>	<i>+33%</i>
<b>Gross Profit</b>		<b>3,344</b>	<b>2,192</b>	<b>2,017</b>	<i>+53%</i>	<i>+66%</i>
<b>Operating Profit</b>		<b>1,947</b>	<b>800</b>	<b>638</b>	<i>+143%</i>	<i>+205%</i>
<b>EBITDA*</b>		<b>4,352</b>	<b>3,107</b>	<b>2,745</b>	<i>+40%</i>	<i>+59%</i>
<b>Net Profit</b>		<b>1,264</b>	<b>649</b>	<b>537</b>	<i>+95%</i>	<i>+135%</i>
<b>EPS(KRW)</b>	<b>Basic</b>	<b>1,846</b>	<b>948</b>	<b>783</b>		
	<b>Dil.</b>	<b>1,846</b>	<b>947</b>	<b>783</b>		
<b>Shares Outstanding (Mil. Shares)</b>	<b>Basic</b>	<b>684.0</b>	<b>684.0</b>	<b>684.0</b>		
	<b>Dil.</b>	<b>684.1</b>	<b>684.1</b>	<b>684.0</b>		

\* 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

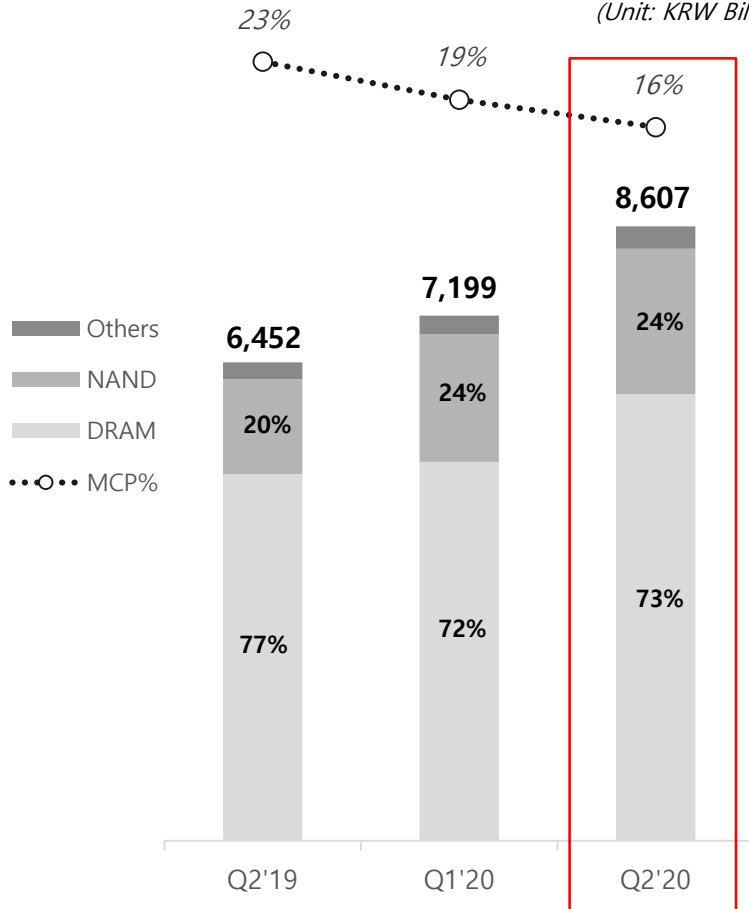


Q2'19    Q3    Q4    Q1'20    Q2

# Sales Analysis - 1

## Revenue Trend

(Unit: KRW Billion)



\* Revenue Portion is USD basis

- Despite uncertainty from COVID-19, strong server memory demand continued
- Shipment expansion toward applications which showed robust price conditions, led to revenue increase of +20% QoQ

### DRAM

- QoQ B/G +2%, ASP +15%
- Slower Mobile DRAM demand continued, but was offset by increased sales of server & graphic DRAM which showed stronger demand and price trends
- Price increase across all applications led ASP G/R acceleration

### NAND

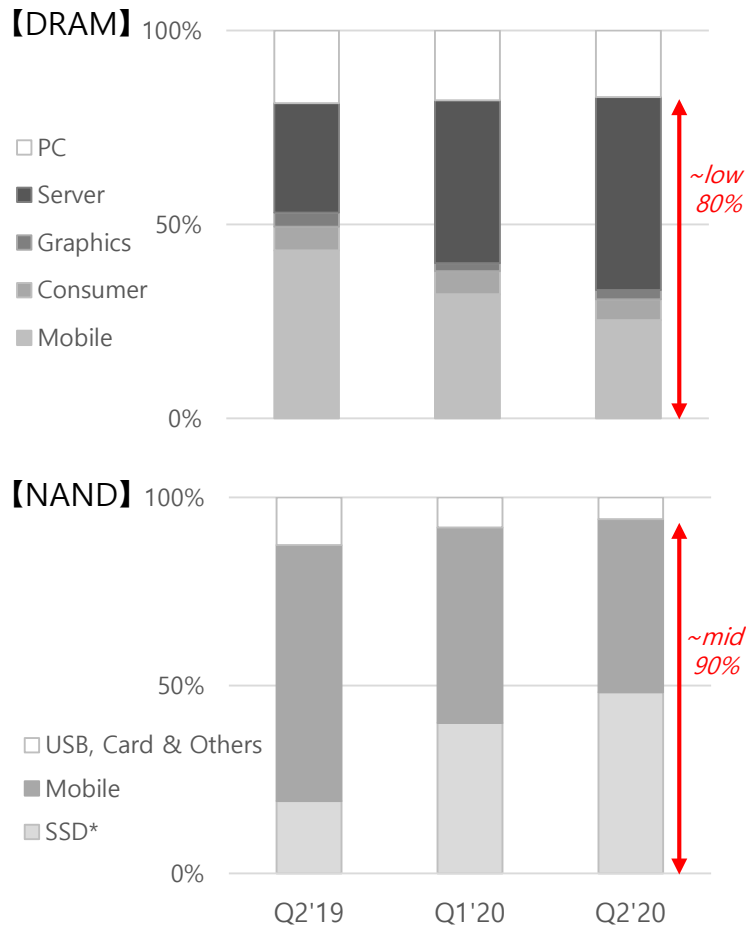
- QoQ B/G +5%, ASP +8%
- Actively responded to favorable SSD demand leading to record SSD sales mix close to 50%
- While limitedly engaged towards channel and certain mobile markets which showed relatively weaker demand and pricing conditions
- Favorable price conditions continued especially from SSD alongside its shipment increase

### MCP

- Price increased, while shipments reduced due to overall smartphone demand slowdown
- Revenue: -1% QoQ, Revenue portion: 16%

# Sales Analysis - 2

## Revenue Breakdown by Application



\* Includes discrete NAND for SSDs

### ❖ Sales mix of server DRAM & SSD continued to increase

Server  
DRAM  
+  
PC  
DRAM

- Actively responded to strong demand from Work From Home, etc.
- The spread of market anxiety toward IT supply chain stability led to continuous improved trend on overall DRAM pricing, especially driven by SV & PC segments

SSD

- SSD revenue portion increased rapidly, approaching up to 50%
- With especial focus on eSSD sales increase, the portion of eSSD exceeded that of cSSD

Mobile  
DRAM/NAND  
+  
NAND  
Channel

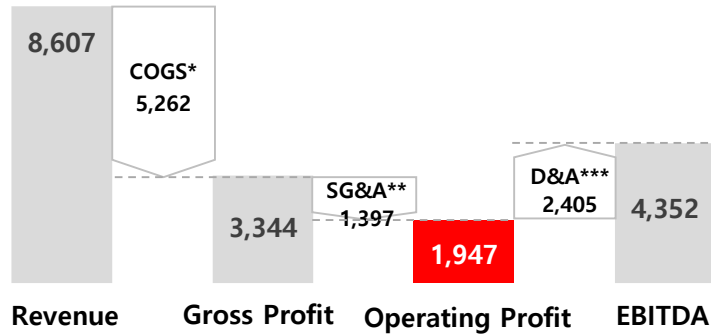
- Weakness in mobile demand was sustained, and relatively modest price trend continued
- Due to channel supply chain contraction and retail demand slowdown from COVID-19, engaged limitedly to those market which showed price weakness, leading to decrease in sales mix of discrete products

# Profit Analysis

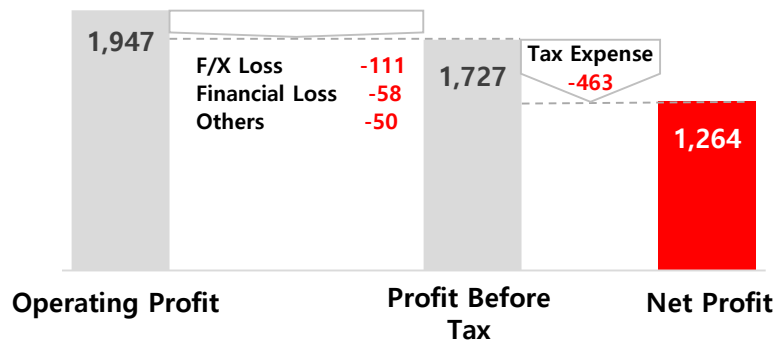
## Profit Analysis

### 【Operating Profit】

(Unit: KRW Billion)



### 【Net Income】



\* Cost of Goods Sold

\*\* Selling, General and Administrative Expenses

\*\*\* Depreciation & Amortization

- Profitability improved across all applications, thanks to price increase and continued cost reduction with increased portion of 1Ynm DRAM and 96-Layer 3D NAND, which have both reached mature yield levels. Recorded Gross Profit of KRW 3.34T (+53% QoQ) & Operating Profit of KRW 1.95T(+143% QoQ)
- Depreciation & Amortization expenses rose slightly, while Operating Profit also increased, leading to EBITDA of KRW 4.35T with EBITDA margin of 51%
- Loss from foreign currency related items following appreciation of KRW led to Net Non-operating Expenses of KRW 0.22T
- Net Profit reached KRW 1.26T with Net Margin of 15%

# Capital Structure

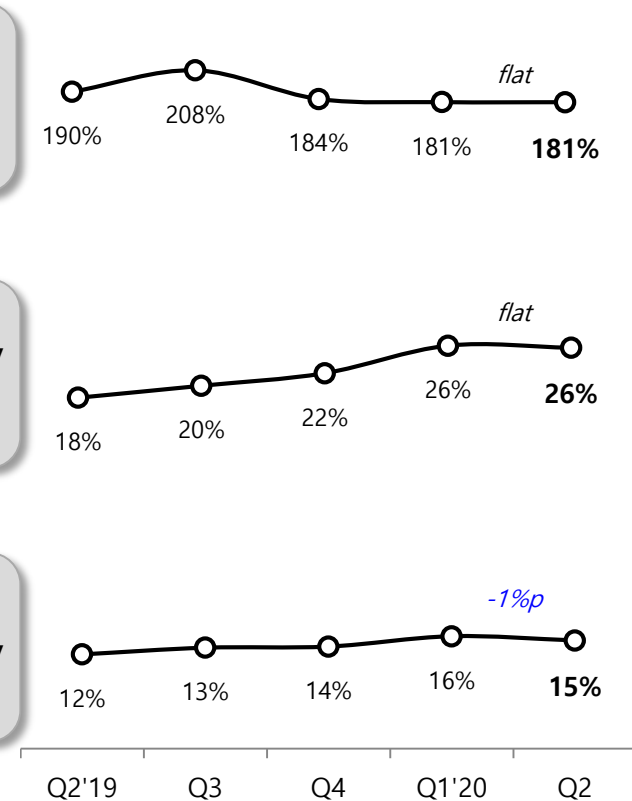
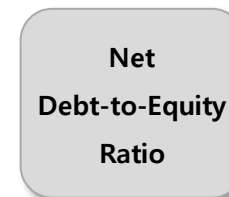
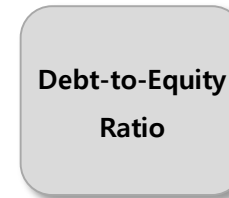
## Balance Sheet

(Unit: KRW Billion)	Q2'20	Q1'20	Q4'19	QoQ	vs. Q4'19
<b>Assets</b>	<b>69,259</b>	<b>67,143</b>	<b>64,789</b>	<i>+2,117</i>	<i>+4,470</i>
Cash*	5,265	4,742	3,995	<i>+522</i>	<i>+1,270</i>
<b>Liabilities</b>	<b>19,856</b>	<b>18,895</b>	<b>16,846</b>	<i>+961</i>	<i>+3,010</i>
Debt **	12,690	12,416	10,524	<i>+275</i>	<i>+2,167</i>
<b>Shareholders' Equity</b>	<b>49,403</b>	<b>48,248</b>	<b>47,943</b>	<i>+1,155</i>	<i>+1,460</i>
Capital Stock	3,658	3,658	3,658	-	-
Retained Earnings	44,149	42,890	42,931	<i>+1,258</i>	<i>+1,218</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



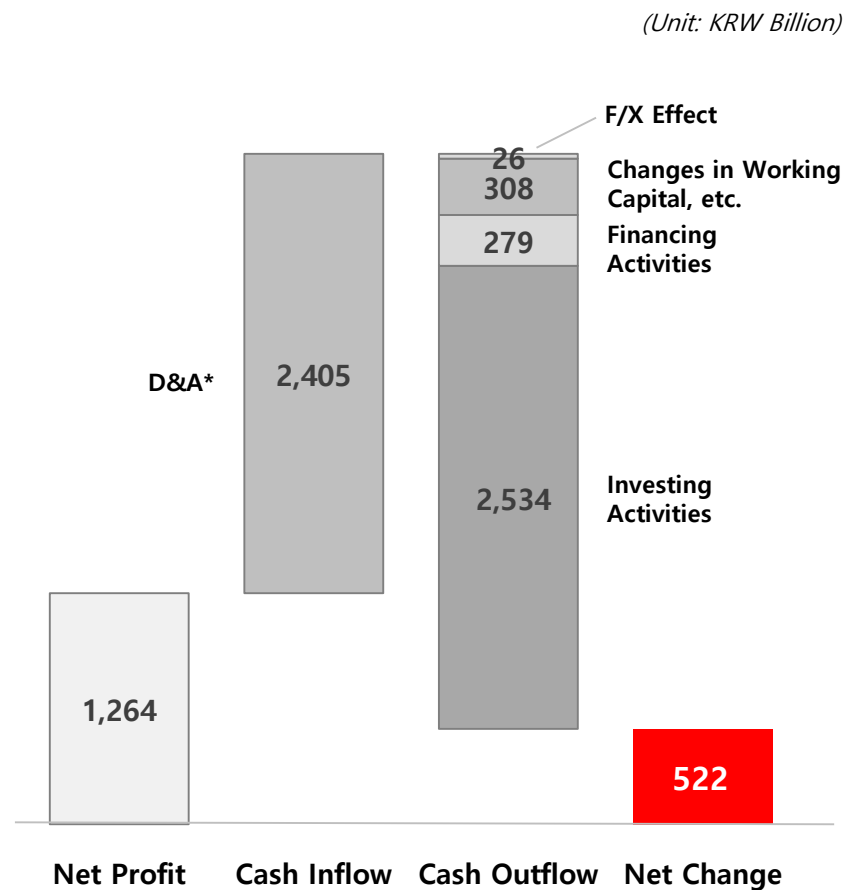


# Cash Flow

## Cash Flow

<i>(Unit: KRW Billion)</i>	Q2'20	Q1'20	Q2'19
Beginning Cash Balance	4,742	3,995	7,192
<b>CF from Operating Activities</b>	<b>3,362</b>	<b>2,344</b>	<b>(1,212)</b>
Net Profit	1,264	649	537
D&A*	2,405	2,311	2,111
Changes in Working Capital, etc.	(308)	(616)	(3,860)
<b>CF from Investing Activities</b>	<b>(2,534)</b>	<b>(3,022)</b>	<b>(4,300)</b>
Acquisition of PP&E	(2,214)	(2,785)	(4,148)
<b>CF from Financing Activities</b>	<b>(279)</b>	<b>1,417</b>	<b>1,435</b>
Changes in Debt	457	1,471	2,526
Repayment of Lease Liability	(54)	(54)	(68)
Dividend Payout	(684)	0	(1,026)
Share Repurchase	0	0	0
Effect of F/X rate changes on Cash & Equivalents	(26)	8	(5)
<b>Net Changes in Cash</b>	<b>522</b>	<b>747</b>	<b>(4,082)</b>
Ending Cash Balance	5,265	4,742	3,110

## Net Cash Flow



\* Depreciation & Amortization, including depreciation for non-operating(idle) assets

## [Attachment1] Statement of Financial Position

K-IFRS (KRW Billion)

	Q2'20	Q1'20	Q4'19	QoQ	vs. Q4'19
<b>Assets</b>					
Current Assets	17,363	15,800	14,458	+1,563	+2,905
Cash & Cash Equivalents*	5,265	4,742	3,995	+522	+1,270
Accounts Receivables	5,608	4,717	4,262	+892	+1,347
Inventories	5,814	5,426	5,296	+388	+518
Non-Current Assets	51,896	51,343	50,332	+553	+1,565
Property, plant & equipment	40,514	40,517	39,950	-2	+564
Intangible Assets	3,626	2,549	2,571	+1,076	+1,055
<b>Total Assets</b>	<b>69,259</b>	<b>67,143</b>	<b>64,789</b>	+2,117	+4,470
<b>Liabilities</b>					
Interest-bearing Debts	12,690	12,416	10,524	+275	+2,167
S-T Borrowings	850	1,372	1,168	-521	-318
Current Portion of LT Borrowings	3,251	2,124	1,569	+1,126	+1,681
Bonds/Convertible Bonds	3,495	3,654	2,745	-160	+749
L-T Borrowings	5,095	5,265	5,040	-171	+54
Accounts Payables	1,128	962	1,043	+166	+85
<b>Total Liabilities</b>	<b>19,856</b>	<b>18,895</b>	<b>16,846</b>	+961	+3,010
<b>Shareholders' Equity</b>					
Capital Stock	3,658	3,658	3,658	-	-
Capital Surplus	4,144	4,144	4,144	-	-
Retained Earnings	44,149	42,890	42,931	+1,258	+1,218
<b>Total Shareholders' Equity</b>	<b>49,403</b>	<b>48,248</b>	<b>47,943</b>	+1,155	+1,460

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

## [Attachment2] Income Statement

K-IFRS (KRW Billion)

		Q2'20	Q1'20	Q2'19	QoQ	YoY
Revenue		8,607	7,199	6,452	+20%	+33%
Cost of Goods Sold		5,262	5,007	4,435	+5%	+19%
Gross Profit		3,344	2,192	2,017	+53%	+66%
SG&A Expenses		1,397	1,392	1,379	+0%	+1%
Operating Profit		1,947	800	638	+143%	+205%
Net Financial Profit/Loss		-58	-66	-53		
Net F/X Transaction & Translation Profit/Loss		-111	179	90		
Income (Expense) From Jointly Controlled Entities and Associates, Net		8	8	6		
Others		-59	7	-4		
EBITDA		4,352	3,107	2,745	+40%	+59%
Income Before Tax		1,727	929	676	+86%	+155%
Tax Expense/Benefit		463	279	139	+66%	+233%
Net Profit		1,264	649	537	+95%	+135%
EPS(KRW)	Basic	1,846	948	783		
	Diluted	1,846	947	783		
Shares Outstanding (Mil. Shares)	Basic	684	684	684		
	Diluted	684	684	684		