



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





FY2017 Q2 Financial Results

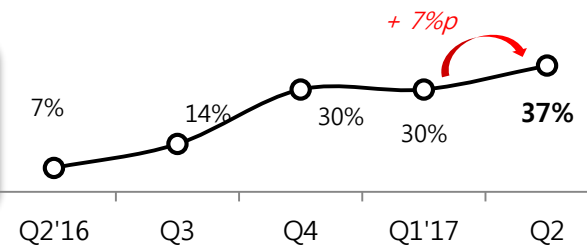
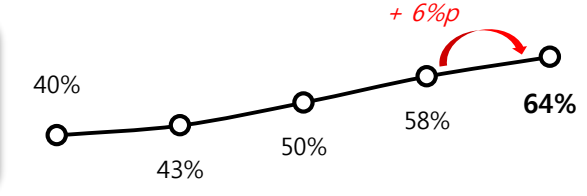
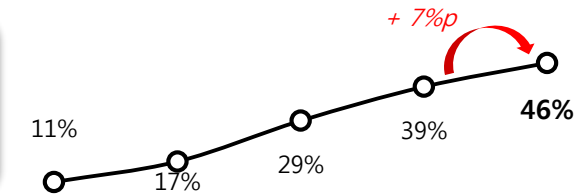
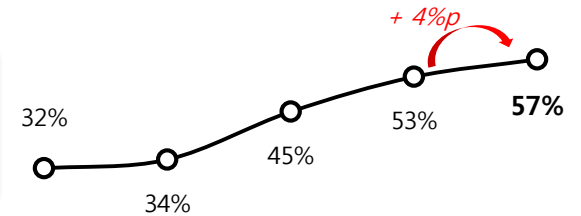
Results of Operation

Income Statement

(Unit: KRW Billion)	Q2'17	Q1'17	Q2'16	QoQ	YoY
Revenue	6,692	6,290	3,941	+6%	+70%
Gross Profit	3,833	3,305	1,252	+16%	+206%
Operating Profit	3,051	2,468	453	+24%	+574%
EBITDA*	4,263	3,631	1,578	+17%	+170%
Net Profit	2,469	1,899	286	+30%	+763%
EPS(KRW)	3,497	2,688	405		
Shares Outstanding (Mil. shares)	706	706	706		

* EBITDA = Operating Profit + Depreciation & Amortization

Profit Margins

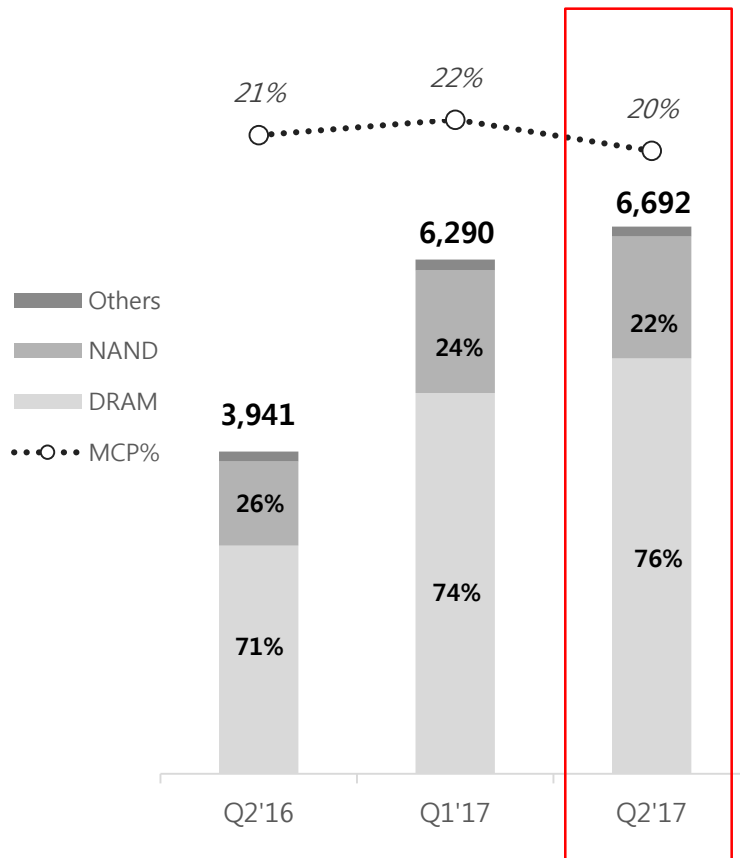


[Note] All figures in this presentation are rounded to KRW Billions, leading to some statements not adding up completely

Sales Analysis -1

Revenue Trend

(Unit: KRW Billion)



- Q2 Revenue increased by 6% QoQ due to DRAM & NAND price increases with ongoing favorable memory market conditions.
- Recorded historically highest Revenue once again.

DRAM

- QoQ B/G +3%, ASP +11%
- Despite weakening Mobile DRAM demand, Server DRAM demand strength led to overall bit shipment growth
- Prices increased for all products, with sharp price increase in Server DRAM, leading to overall ASP increase

NAND

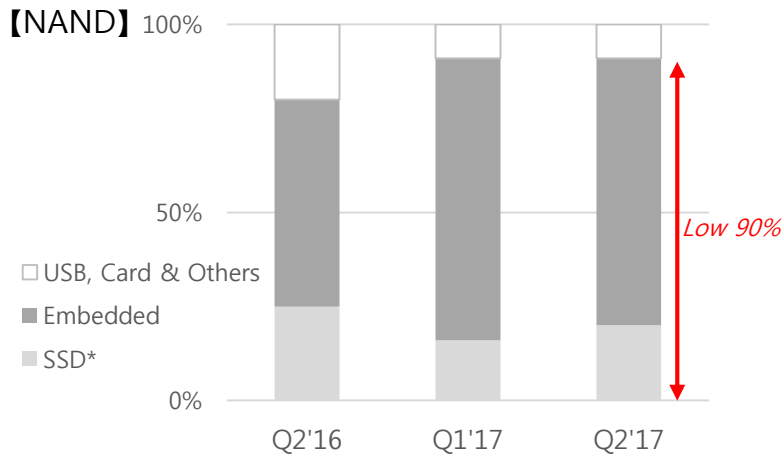
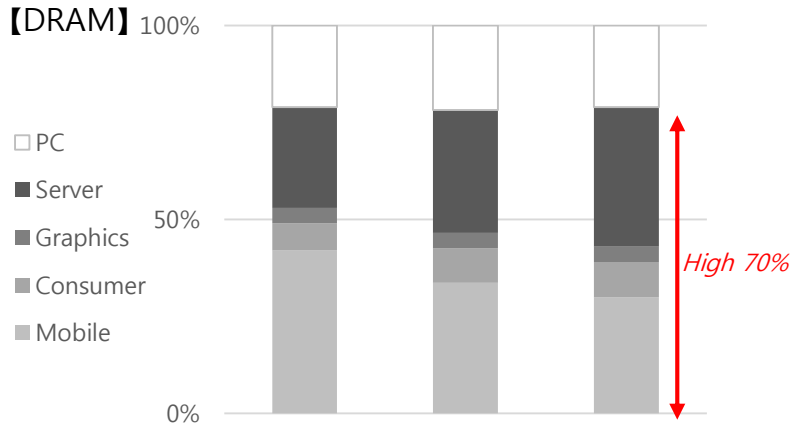
- QoQ B/G -6%, ASP +8%
- Shipments declined with weak Mobile demand & slight delay in M14 Ph2 Equipment set-up
- ASP increased with pricing strength in all products

MCP

- ASP rose with higher Memory prices and increased demand for higher memory contents
- However, Revenue declined with lower demand coming from customers' inventory adjustment

Sales Analysis - 2

Revenue Breakdown by Application



* including discrete NAND for SSDs

Server
DRAM

- Server DRAM revenue portion expanded to mid 30% from higher bit shipments on the back of strong Server DRAM demand
- With supply tightness, Server DRAM recorded highest price increase among all DRAM products

Mobile
DRAM

- Mobile DRAM shipments declined slightly QoQ with demand weakness in the Chinese market segment
- Meanwhile DRAM contents continued to rise as smartphone makers who adopt higher memory contents saw M/S gain

Embedded
NAND

- Demand was slower than expected with Chinese Mobile demand weakness & limited contents increase from higher cost burden
- However, with slower Supply growth from industry's 2D to 3D NAND transition, pricing strength continued

SSD

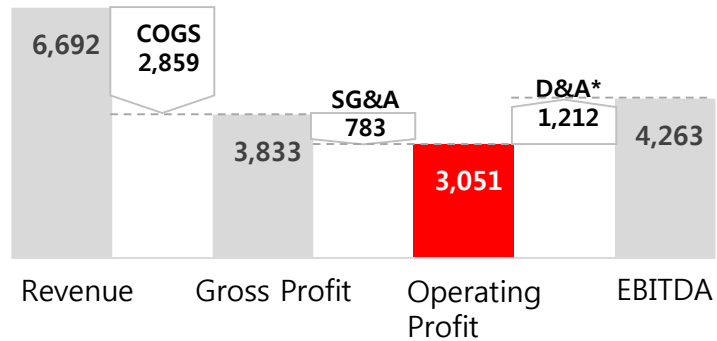
- With NAND pricing strength, increase in GB/system was limited however Attach Rate continued to rise

Profit Analysis

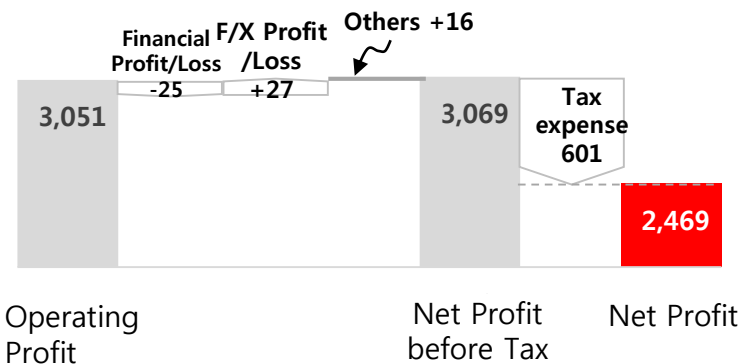
2017 Q2 Profit

【Operating Profit】

(Unit: KRW Billion)



【Net Profit】



* Depreciation & Amortization

- With increased Revenue, we recorded Q2 Gross Profit of KRW 3.83 tr.(+16% Q/Q), Operating Profit of KRW 3.05 tr. (+24% Q/Q), achieving Quarterly Operating Profit exceeding KRW 3 tr. for the first time.
- Q2 D&A increased slightly QoQ, resulting in EBITDA of KRW 4.26 tr. & EBITDA margin of 64%
- On the Non-Operating side, F/X rate changes led to F/X-related profit of KRW 27 bn. resulting in Net Non-Operating profit and 30% QoQ increase in Net Profit.

Capital Structure

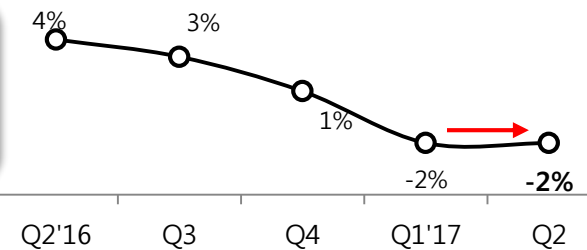
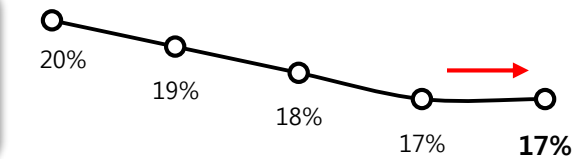
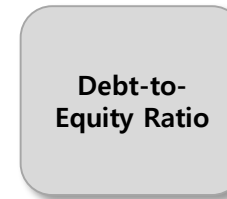
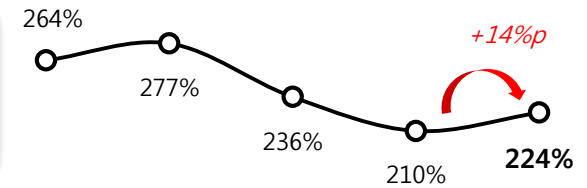
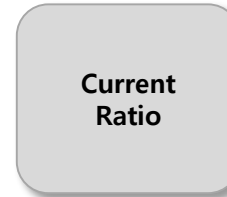
Balance Sheet

<i>(Unit: KRW Billion)</i>	Q2'17	Q1'17	Q2'16	QoQ	YoY
Assets	37,502	34,320	29,329	<i>+3,182</i>	<i>+8,172</i>
Cash*	5,124	4,872	3,433	<i>+252</i>	<i>+1,691</i>
Liabilities	9,738	9,151	7,629	<i>+587</i>	<i>+2,109</i>
Debt **	4,622	4,343	4,355	<i>+279</i>	<i>+267</i>
Shareholders' Equity	27,764	25,169	21,701	<i>+2,595</i>	<i>+6,063</i>
Capital Stock	3,658	3,658	3,658	-	-
Retained Earnings	21,001	18,537	14,732	<i>+2,464</i>	<i>+6,269</i>

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

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

Stability Ratios

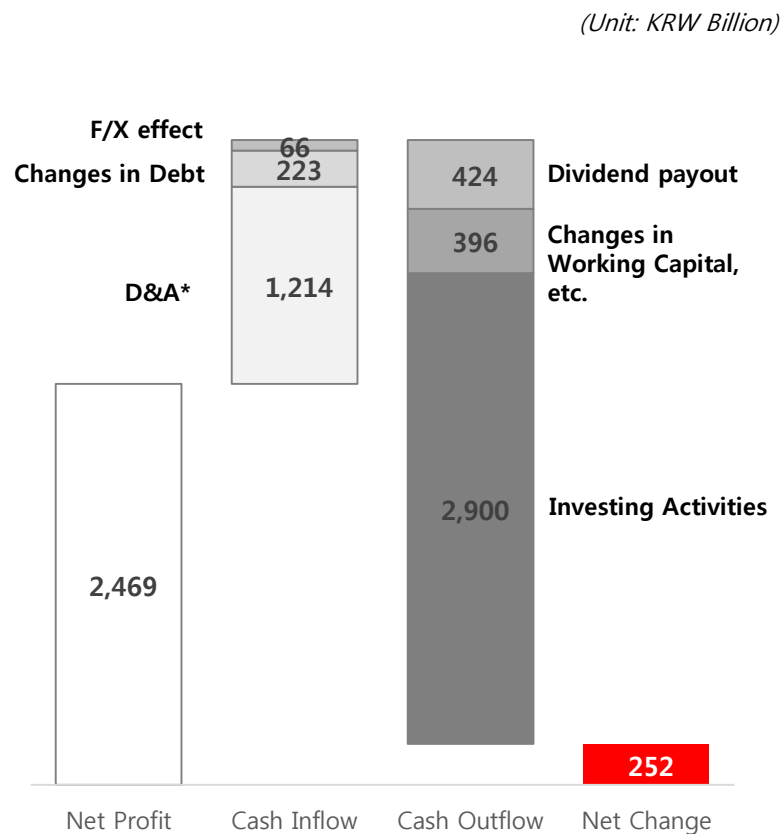


Cash Flow

Cash Flow

<i>(Unit: KRW Billion)</i>	Q2'17	Q1'17	Q2'16
Beginning Cash Balance	4,872	4,136	4,257
CF from Operating Activities	3,286	2,823	1,287
Net Profit	2,469	1,899	286
D&A*	1,214	1,165	1,126
Changes in Working Capital etc.	(396)	(241)	(125)
CF from Investing Activities	(2,900)	(2,212)	(1,723)
Acquisition of PP&E	(2,665)	(2,018)	(1,606)
CF from Financing Activities	(200)	178	(404)
Changes in Debt	223	178	(51)
Dividend payout	(424)	0	(353)
Share repurchase	0	0	0
Effect of F/X rate changes on cash & equivalents	66	(52)	16
Net change in Cash	252	737	(824)
Ending Cash Balance	5,124	4,872	3,433

Q2 2017 Net Cash Flow



* Includes depreciation for non-operating(idle) assets

[Attachment1] Statement of Financial Position

K-IFRS (KRW Billion)

	Q2'17	Q1'17	Q2'16	QoQ	YoY
Assets					
Current Assets	12,291	10,841	8,356	+1,450	+3,935
Cash & Cash Equivalents*	5,124	4,872	3,433	+252	+1,691
Accounts Receivables	4,257	3,452	2,471	+805	+1,787
Inventories	2,424	2,041	2,011	+383	+413
Non-Current Assets	25,211	23,478	20,973	+1,733	+4,237
Property, plant & equipment	21,395	19,856	17,937	+1,539	+3,458
Intangible Assets	2,163	2,003	1,761	+160	+402
Total Assets	37,502	34,320	29,329	+3,182	+8,172
Liabilities					
Interest-bearing Debts	4,622	4,343	4,355	+279	+267
S-T Borrowings	125	114	60	+12	+65
Current Portion of LT Borrowings	701	677	529	+24	+173
Bonds/Convertible Bonds	1,386	1,466	1,734	-79	-348
L-T Borrowings	2,409	2,087	2,032	+322	+377
Accounts Payables	882	701	676	+181	+206
Total Liabilities	9,738	9,151	7,629	+587	+2,109
Shareholders' Equity					
Capital Stock	3,658	3,658	3,658	+0	+0
Capital Surplus	4,144	4,144	4,144	+0	-0
Retained Earnings	21,001	18,537	14,732	+2,464	+6,269
Total Shareholders' Equity	27,764	25,169	21,701	+2,595	+6,063

* Short-term Financial Instruments included

[Attachment 2] Income Statement

K-IFRS (KRW Billion)

	Q2'17	Q1'17	Q2'16	QoQ	YoY
Sales	6,692	6,290	3,941	6%	70%
Cost of Goods Sold	2,859	2,985	2,689	-4%	6%
Gross Profit	3,833	3,305	1,252	16%	206%
SG&A Expenses	783	837	799	-6%	-2%
Operating Profit	3,051	2,468	453	24%	574%
Financial Income(Expenses), Net	-25	-20	-23		
F/X Transaction & Translation Income (Expense), Net	27	-72	-47		
Income (Expense) From Jointly Controlled Entities and Associates, Net	5	-0	11		
Other Non-operating Income (Expense), Net	11	-5	-10		
Income Before Income Taxes	3,069	2,370	383	29%	701%
Income Taxes (Benefit)	601	471	97		
Net Income	2,469	1,899	286	30%	763%