



# SK Hynix FY2012 Q1 Earnings Results

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April 26<sup>th</sup>, 2012

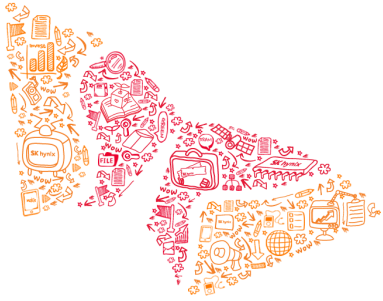


# Disclaimer

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 Q1 FY2012 financial results has not been finalized. Figures in this earnings release are subjected to changes during the independent auditing process.



# Q1 2012 Earnings Results & Operational Performances



# Results of Operation

<i>Unit: KRW Billion</i>		Q1 '12	QoQ	Q4 '11	Q1 '11	YoY
<b>Revenue</b>		2,388	-6%	2,553	2,793	-14%
<b>Gross Income</b>		206	-19%	254	681	-70%
<b>Operating Income</b>		-260	-55%	-167	323	N/A
<b>EBITDA</b>		579	-12%	660	1,161	-50%
<b>Net Income</b>		-271	-13%	-240	274	N/A
<b>EPS (Won)</b>	<b>Basic</b>	-420		-405	463	
	<b>Diluted</b>	-420		-405	462	
<b>Shares Outstanding *</b> (Million Shares)	<b>Basic</b>	645		592	591	
	<b>Diluted</b>	645		592	612	
<b>Gross Margin</b>		9%	-1%p	10%	24%	-15%p
<b>Operating Margin</b>		-11%	-4%p	-7%	12%	-23%p
<b>EBITDA Margin</b>		24%	-2%p	26%	42%	-18%p
<b>Net Margin</b>		-11%	-2%p	-9%	10%	-21%p

\* Number of shares outstanding includes new shares issued to SKT during Q1, calculated on a weighted average basis

# Sales Analysis

- Total revenue decreased sequentially as NAND & MCP revenue decreased while DRAM revenue remained flat
  - DRAM : Bit growth increased 9%, ASP decreased 10% QoQ
  - NAND Flash: Bit growth increased 2%, ASP decreased 16% QoQ

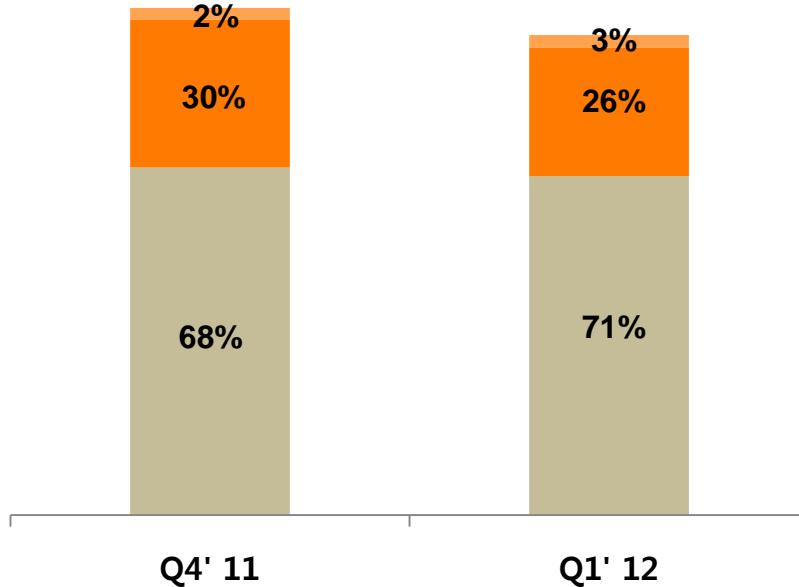
## Sales by Products

Unit : KRW

■ DRAM ■ NAND ■ Others

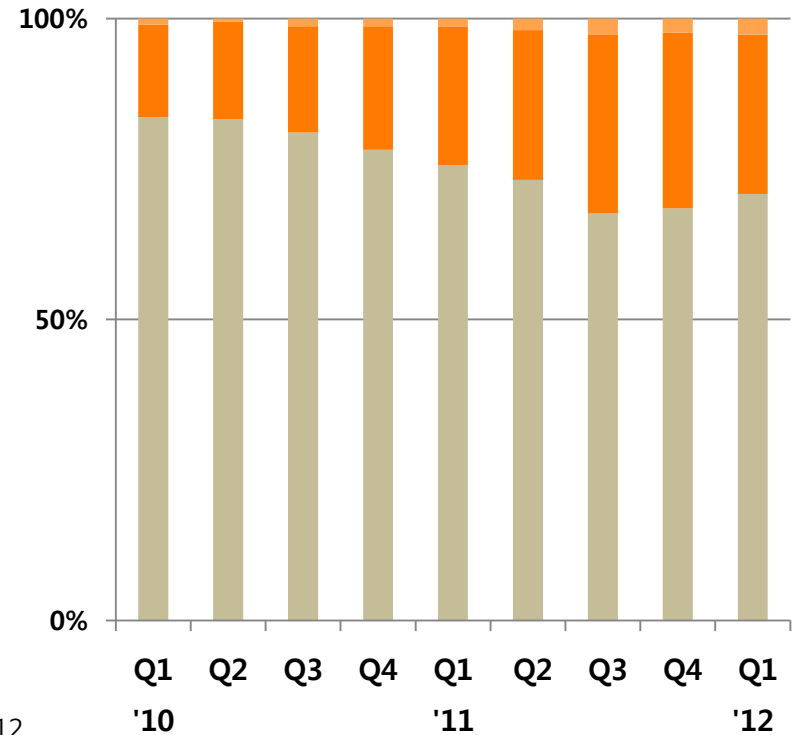
Total revenue decreased by 6%

2.55 Tr. → 2.39 Tr.



## Sales Portion by Products

■ DRAM ■ NAND ■ Others



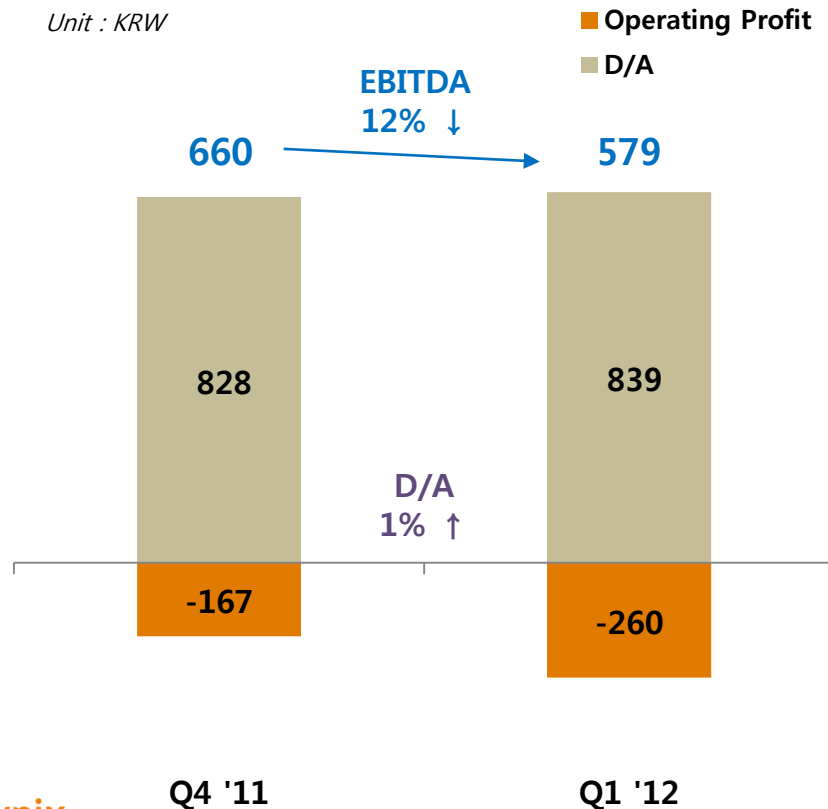
# Profit Analysis

- Due to sales reduction and increase in one-time expenses, operating loss expanded sequentially.
- Excluding one-offs, operating loss was similar to that of previous quarter, on the back of improved DRAM profitability.
  - (+) factor: Unit cost reduction from yield improvement and increased portion of 3xnm DRAM and 2xnm NAND flash technology, PC DRAM price rebound
  - (-) factor: Pricing weaknesses for Non-PC DRAM and NAND flash, one-time bonus to employees after share acquisition by SKT

## Profit Amount

## Profit Ratios

Unit : KRW



	2011				2012
	Q1	Q2	Q3	Q4	Q1
OP Margin	12%	16%	-12%	-7%	-11%
EBITDA Margin	42%	48%	27%	26%	24%
Net Margin	10%	17%	-25%	-9%	-11%

# Non-Operating Income & Expense

Unit: KRW Billion

	Q1 '12	QoQ	Q4 '11	Q1 '11	YoY
<b>Non-Operating Income (Expense), Net</b>	(11)	-21	10	(41)	+30
<b>Financial Income (Expense), Net</b>	(60)	+7	(66)	(66)	+7
<b>F/X Transaction &amp; Translation Income (Expense), Net</b>	76	-13	89	78	-3
<b>Income (Expense) From Jointly Controlled Entities and Associates, Net</b>	7	+3	3	3	+4
<b>Other Non-operating income (Expense), Net</b>	(34)	-19	(15)	(56)	+22
<b>Income Taxes Expense (Benefits)</b>	0	-82	83	8	-8

# Capital Structure

<i>Unit: KRW Billion</i>	<b>Q1 '12</b>	<i>QoQ</i>	<b>Q4 '11</b>	<b>Q1 '11</b>	<i>YoY</i>
<b>Asset</b>	<b>19,264</b>	<i>+2,026</i>	<b>17,238</b>	<b>17,321</b>	<i>+1,943</i>
<b>Cash*</b>	<b>3,399</b>	<i>+1,523</i>	<b>1,876</b>	<b>2,092</b>	<i>+1,306</i>
<b>Liability</b>	<b>9,366</b>	<i>+3</i>	<b>9,363</b>	<b>9,290</b>	<i>+76</i>
<b>Debt**</b>	<b>6,395</b>	<i>-382</i>	<b>6,776</b>	<b>6,244</b>	<i>+151</i>
<b>Shareholders' Equity</b>	<b>9,898</b>	<i>+2,023</i>	<b>7,875</b>	<b>8,031</b>	<i>+1,867</i>
<b>Capital Stock</b>	<b>3,488</b>	<i>+509</i>	<b>2,978</b>	<b>2,971</b>	<i>+517</i>
<b>Retained Earnings</b>	<b>3,284</b>	<i>-271</i>	<b>3,555</b>	<b>3,946</b>	<i>-662</i>
<b>Debt-to-Equity Ratio</b>	<b>65%</b>	<i>-21%p</i>	<b>86%</b>	<b>78%</b>	<i>-13%</i>
<b>Net Debt-to-Equity Ratio</b>	<b>30%</b>	<i>-32%p</i>	<b>62%</b>	<b>52%</b>	<i>-22%</i>

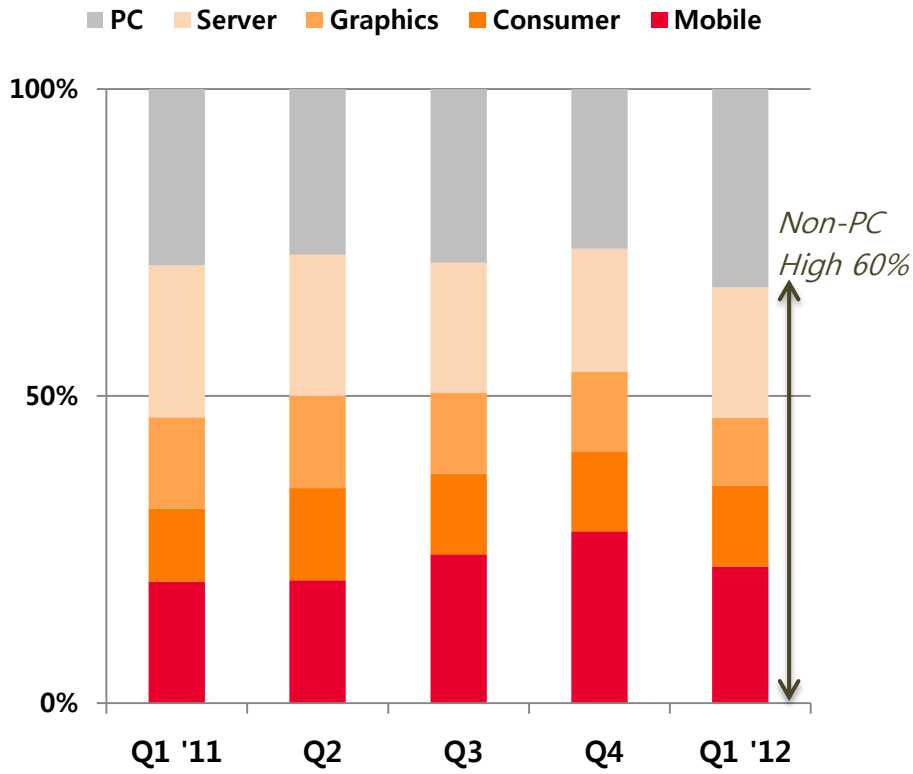
\* Cash = Cash & Cash Equivalents + Short-term Financial Instruments

\*\* Debt = Short-term Borrowings + Current portion of Long-term Borrowings + Convertible Bond + Debenture + Long-term Borrowings



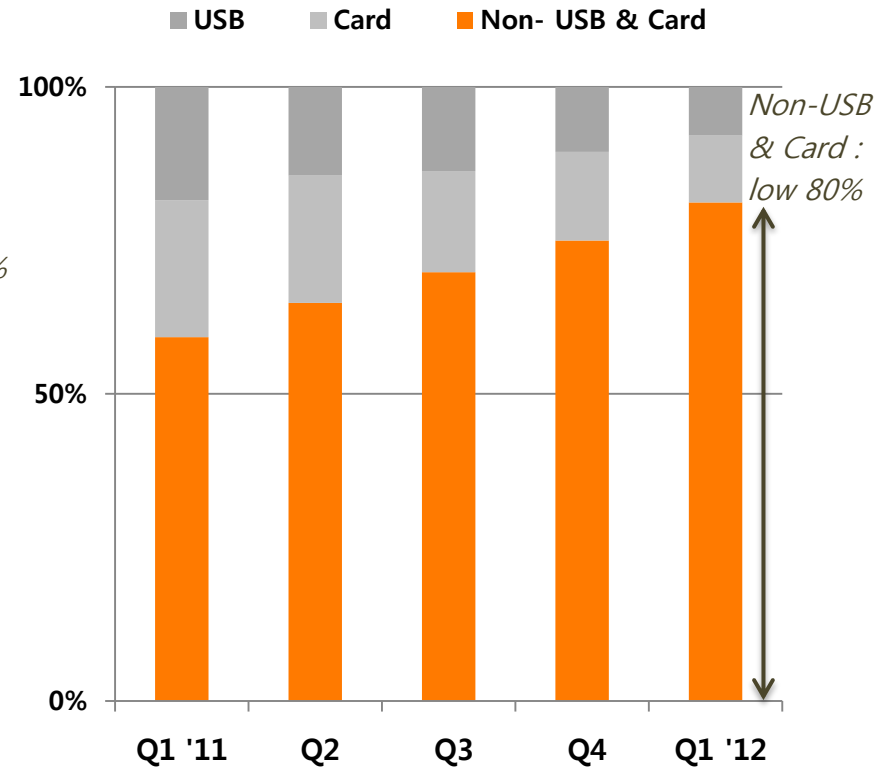
# Sales Breakdown by Application

## DRAM



\* Revenue portion

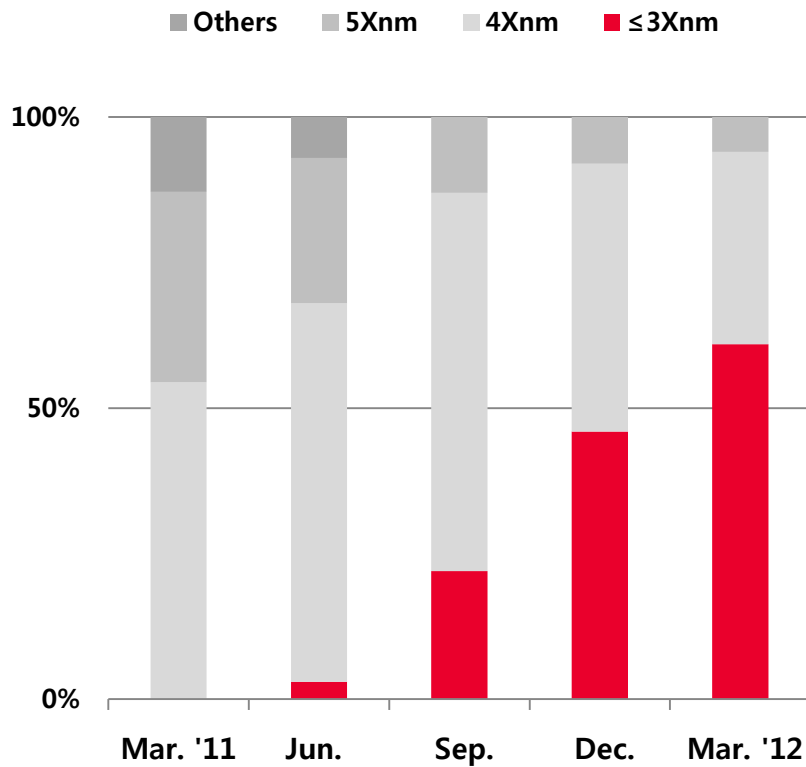
## NAND Flash



\* Bit portion

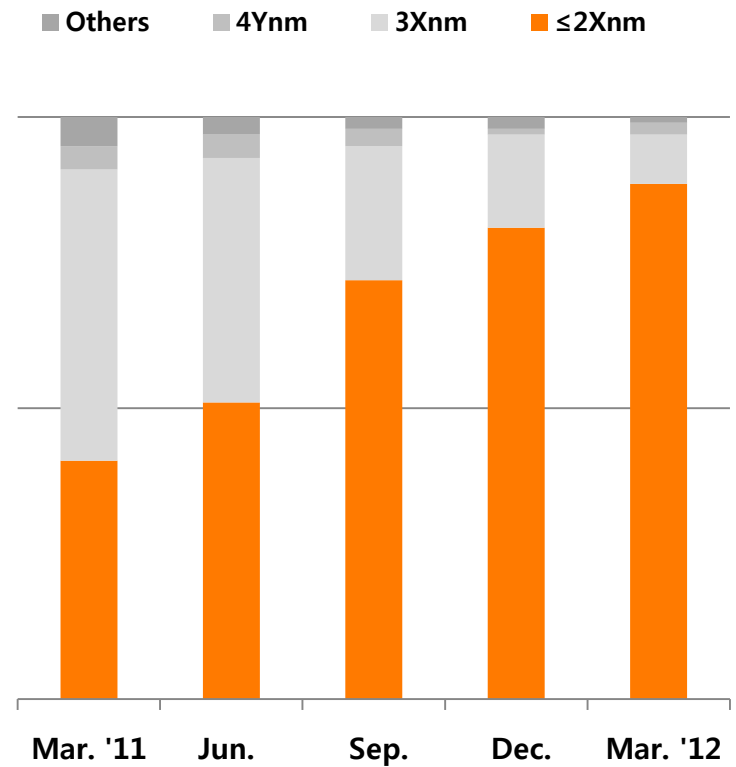
# Technology Migration Progress

## DRAM



\* Quarter-end, Package out basis

## NAND Flash



\* Quarter-end, Package out basis



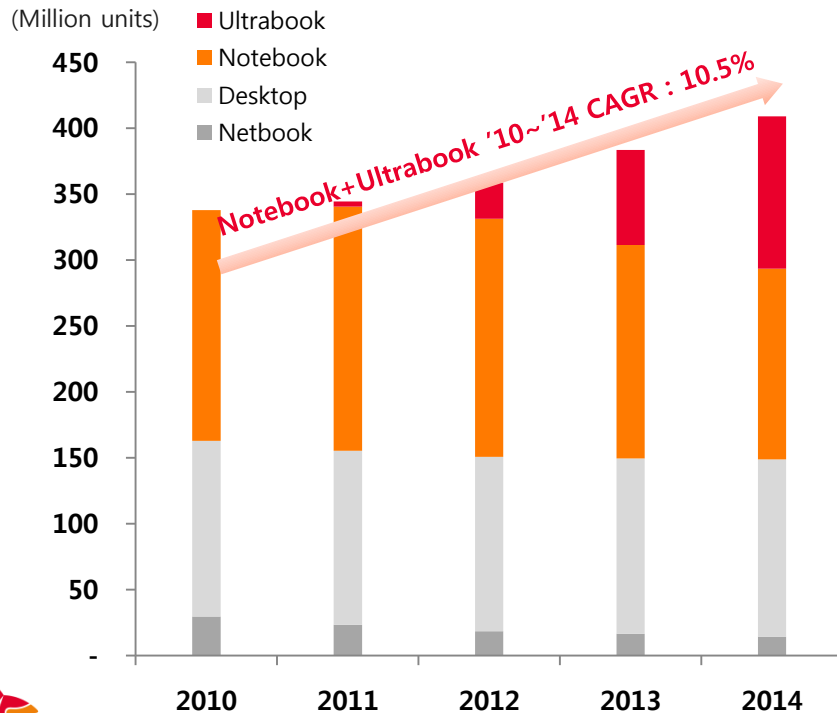
# Memory Market Outlook



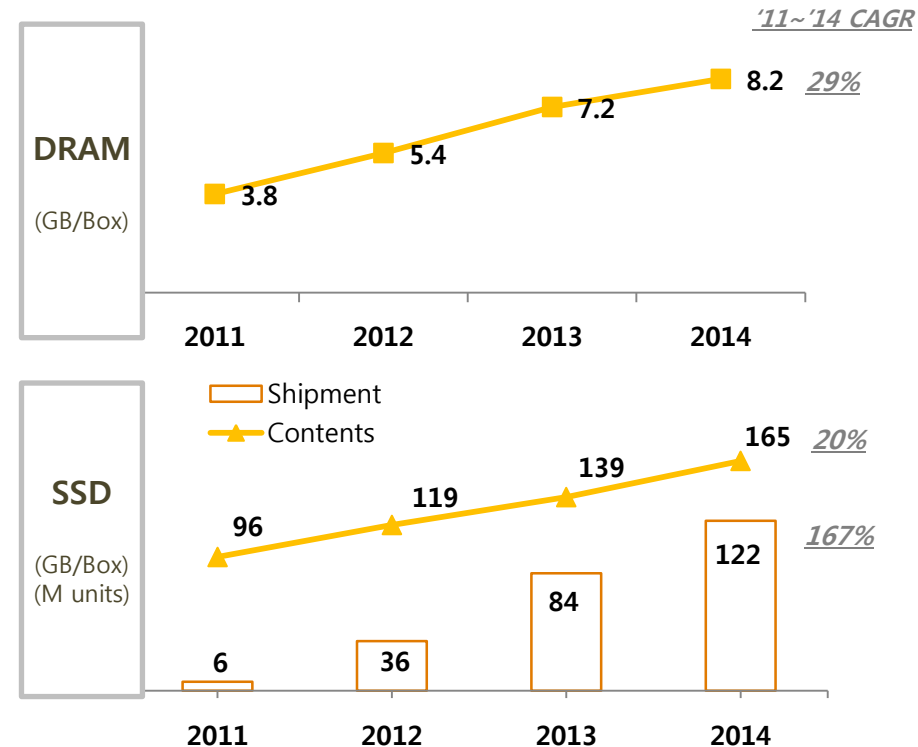
# Memory Biz Outlook in PC market

- Ultrabooks, with improved mobility in response to fast-growing mobile applications, are expected to drive the PC market
- With launch of new CPU & OS that support mobility specs, Ultrabook shipment growth is expected to accelerate.
- Initial ultrabook models are expected to have in excess of 4GB of DRAM which is positive for DRAM demand, but are also expected to rapidly increase SSD adoption, thus will be positive for the NAND demand as well.

## PC Shipment Forecast



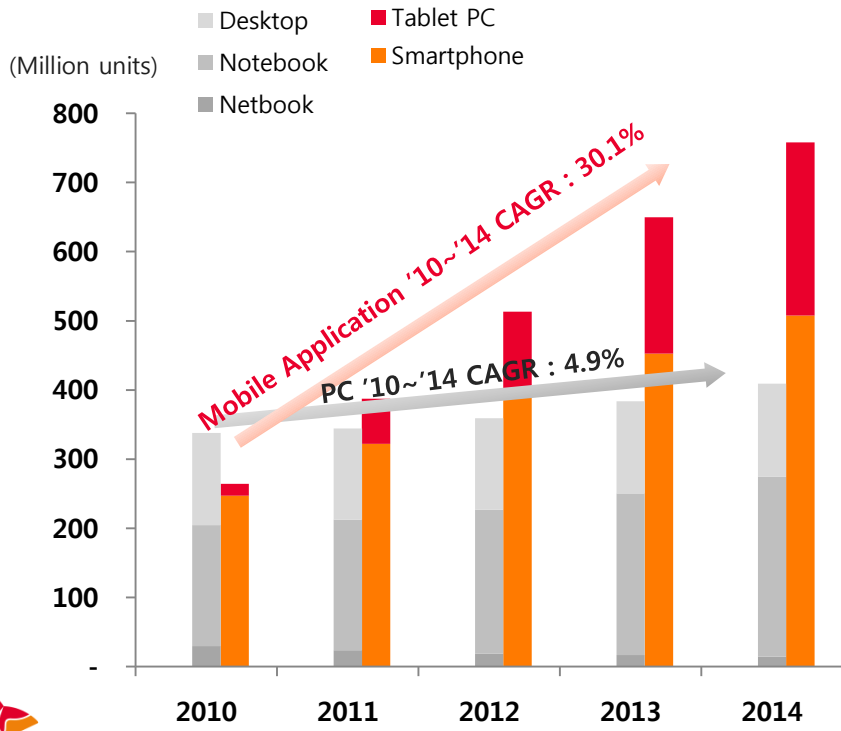
## Memory Contents Growth for Ultrabooks



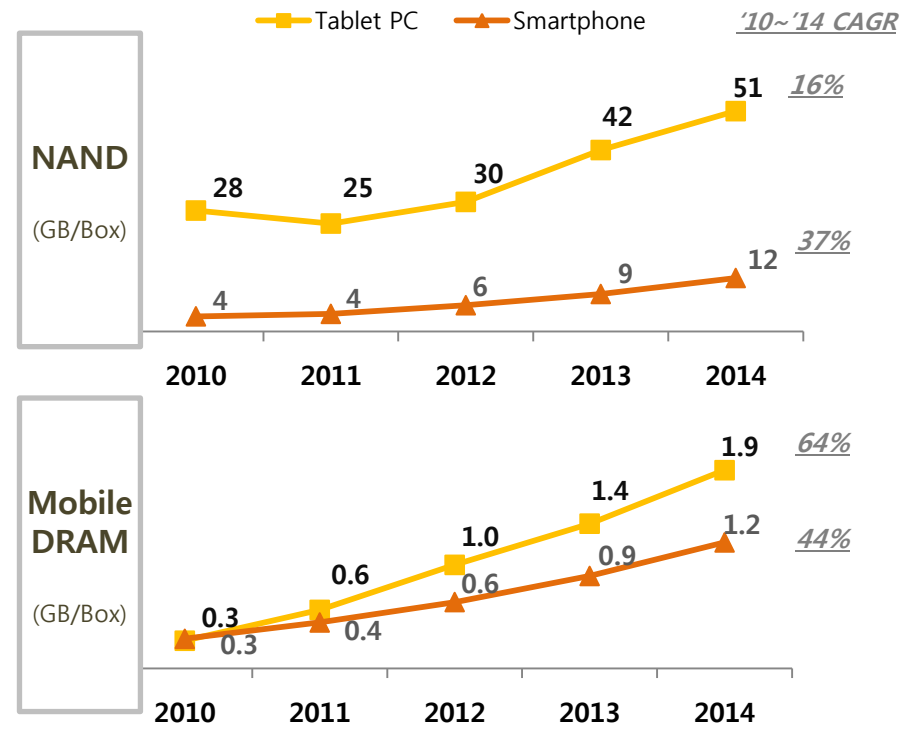
# Memory Biz Outlook in Mobile Market

- Shipments of mobile applications such as smartphones and tablet PCs outgrew that of PCs in 2011, and are expected to have solid growth going forward.
- Major mobile OEMs are expanding demand horizon by diversifying their product portfolios from high-end models to include mid-to-low end models. Increased shipment of mobile applications, thus will have positive impact on memory demand.

PC vs. Mobile Applications Shipment Forecast



Memory Contents Growth in Mobile Applications



\*. Source: iSuppli Q1 2012

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# [Attachment1] Statement of Financial Position

K-IFRS (KRW Billion)

	Q1'12	Q4'11	Q1'11	QoQ	YoY
<b>Assets</b>					
Current Assets	6,635	4,937	5,276	1,698	1,359
Cash & Cash Equivalents*	3,399	1,876	2,092	1,523	1,306
Accounts Receivables	1,572	1,541	1,650	31	-78
Inventories	1,254	1,184	1,227	71	27
Non-Current Assets	12,630	12,301	12,046	328	584
Investments	703	694	793	9	-90
Property, plant & equipment	11,224	10,899	10,624	325	601
Intangible Assets	702	708	629	-5	73
<b>Total Assets</b>	<b>19,264</b>	<b>17,238</b>	<b>17,321</b>	<b>2,026</b>	<b>1,943</b>
<b>Liabilities</b>					
Interest-bearing Debts	6,395	6,776	6,244	-382	151
S-T Borrowings	983	1,416	948	-434	34
Current Portion of LT Borrowings	1,366	1,414	1,815	-48	-449
Debenture	2,459	2,463	1,877	-4	582
L-T Borrowings	1,587	1,483	1,604	104	-17
Accounts Payables	711	678	681	32	30
<b>Total Liabilities</b>	<b>9,366</b>	<b>9,363</b>	<b>9,290</b>	<b>3</b>	<b>76</b>
<b>Shareholders' Equity</b>					
Common Stock	3,488	2,978	2,971	509	517
<b>Total Shareholders' Equity</b>	<b>9,898</b>	<b>7,875</b>	<b>8,031</b>	<b>2,023</b>	<b>1,867</b>

\* Short-term Financial Instruments included

## [Attachment 2] Income Statement

K-IFRS (KRW Billion)

	Q1'12	Q4'11	Q1'11	QoQ	YoY
Sales	2,388	2,553	2,793	-165	-405
Cost of Goods Sold	2,182	2,299	2,112	-117	70
Gross Profit	206	254	681	-48	-475
SG&A Expenses	474	446	348	27	125
Other Operating Profit/Loss	7	25	-10	-17	17
Operating Profit	-260	-167	323	-92	-583
Financial Income(Expenses), Net	-60	-66	-66	7	7
F/X Transaction & Translation Income (Expense), Net	76	89	78	-13	-3
Income (Expense) From Jointly Controlled Entities and Associates, Net	7	3	3	3	4
Other Non-operating Income (Expense), Net	-34	-15	-56	-19	22
Income Before Income Taxes	-271	-157	281	-114	-552
Income Taxes (Benefit)	0	83	8	-82	-8
Net Income	-271	-240	274	-31	-545