



SK Hynix Q4 & FY 2012 Earnings Results



Jan 30, 2013



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 Q4 & FY 2012 financial results has not been finalized. Figures in this earnings release are subjected to changes during the independent auditing process.

※ All financial information provided here is revised according to the recent amendment of K-IFRS 1001.



FY 2012 & Q4 Earnings Results & Operational Performances

Results of Operation

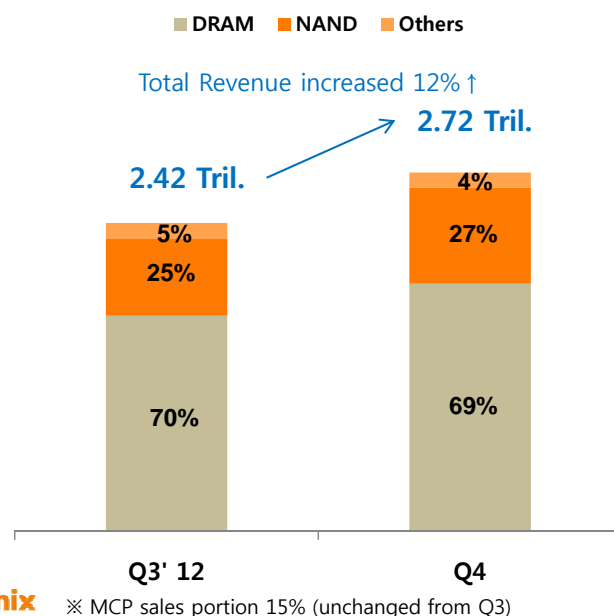
(Unit: KRW Billion)

		Q4'12	QoQ	Q3'12	2012	YoY	2011
Revenue		2,718	+12%	2,423	10,162	-2%	10,396
Gross Income		514	+26%	409	1,611	-5%	1,691
Operating Income		55	Turned to profit	-24	-227	Turned to loss	369
EBITDA		857	+12%	764	2,966	-22%	3,822
Net Income		164	+7,921%	2	-159	-184%	-56
EPS(KRW)	Basic	236		3	-233		-96
	Diluted	222		-12	-233		-96
Shares Outstanding (Mil. shares)	Basic	694		694	682		592
	Diluted	712		712	683		592
Gross Margin		19%	+2%p	17%	16%	-	16%
Operating Margin		2%	+3%p	-1%	-2%	-6%p	4%
EBITDA Margin		32%	-	32%	29%	-8%p	37%
Net Margin		6%	+6%p	0%	-2%	-1%p	-1%

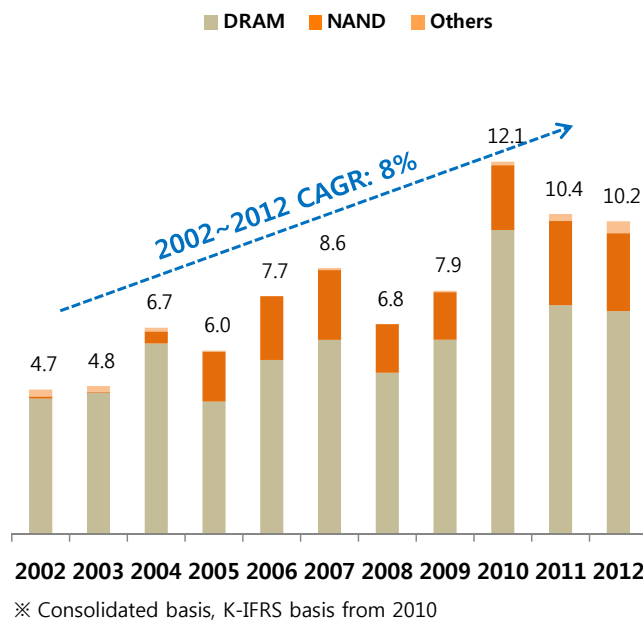
Sales Analysis

- Despite difficult market conditions, we recorded annual revenue exceeding KRW 10 Trillion Won. in 2012, attributable to increased sales of Mobile DRAM, eMMC & MCP products
- Q4 sales increased QoQ on the back of sound sequential growth in sales of Mobile and Server DRAM as well as NAND solution products.
 - DRAM sales: bit shipments increased 28% QoQ, ASP decreased 10% QoQ
 - NAND Flash sales : bit shipments increased 19% QoQ, ASP increased 6% QoQ

Sales by Product



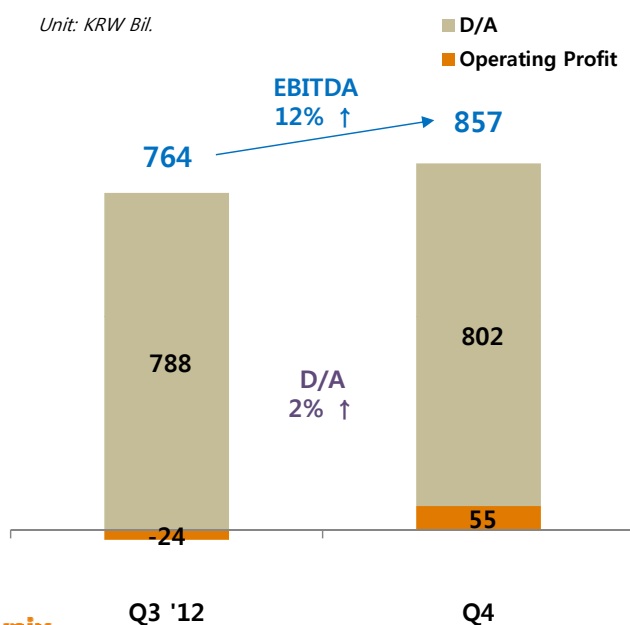
Sales portion by Product



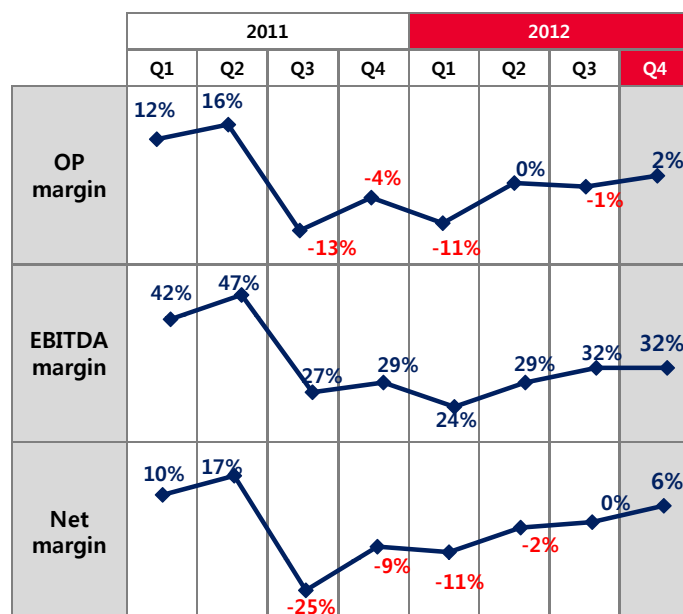
Operating Profit Analysis

- In spite of strong KRW & DRAM price decline, we recorded profitable operating margin, owing to increased sales of high valued-added mobile products and unit cost reduction through tech migration
 - (+) Factors: sequential increase in sales of Server DRAM, Mobile DRAM, eMMC & MCP products, smooth migration of 2Xnm in DRAM & complete migration of 2Ynm in NAND, Full migration to 3Xnm for Non-PC DRAM products, NAND price improvement
 - (-) Factors: KRW appreciation, continued price decline of PC DRAM products, increased operating expense due to incentive payout
- Profitability improved steadily throughout 2012

Profit Amount



Profitability Ratios



Non-Operating Gain & Loss

(Unit: KRW Bil.)

	Q4 '12	QoQ	Q3 '12	2012	YoY	2011
Net Non-Operating Gain (Loss)	55	+26	29	28	+352	(324)
Net Financial Gain (Loss)	(64)	-4	(60)	(238)	+16	(254)
Net F/X Transaction & Translation Gain (Loss)	134	+53	81	264	+283	(19)
Net Gain (Loss) on equity method investments	6	+2	4	17	+6	11
Net Other Non-Operating Gain (Loss)	(20)	-25	4	(14)	+47	(61)
Income Tax Expense (Income)	(53)	-56	3	(41)	-142	101



Capital Structure

(Unit KRW Bil)

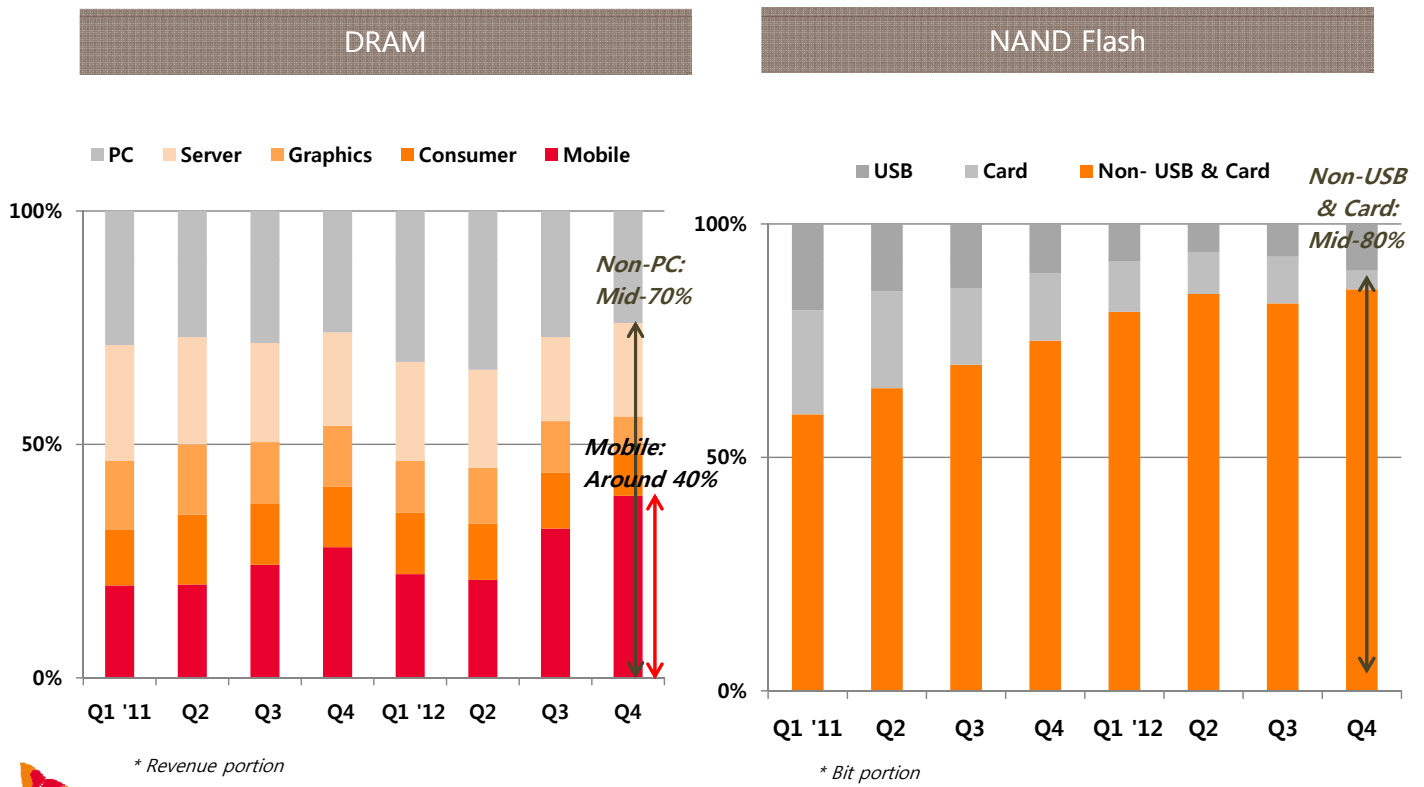
	Q4 '12	QoQ	Q3 '12	Q4 '11	vs. Q4'11
Asset	18,649	-573	19,222	17,238	+1,411
Cash*	1,785	-6	1,790	1,876	-91
Liability	8,909	-526	9,436	9,363	-454
Debt**	6,472	-248	6,720	6,776	-304
Shareholders' Equity	9,739	-47	9,786	7,875	+1,864
Capital Stock	3,488	+0	3,488	2,978	+510
Retained Earnings	3,313	+81	3,233	3,555	-242
Debt-to-Equity Ratio	66%	-3%p	69%	86%	-20%p
Net Debt-to-Equity Ratio	48%	-2%p	50%	62%	-14%p

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

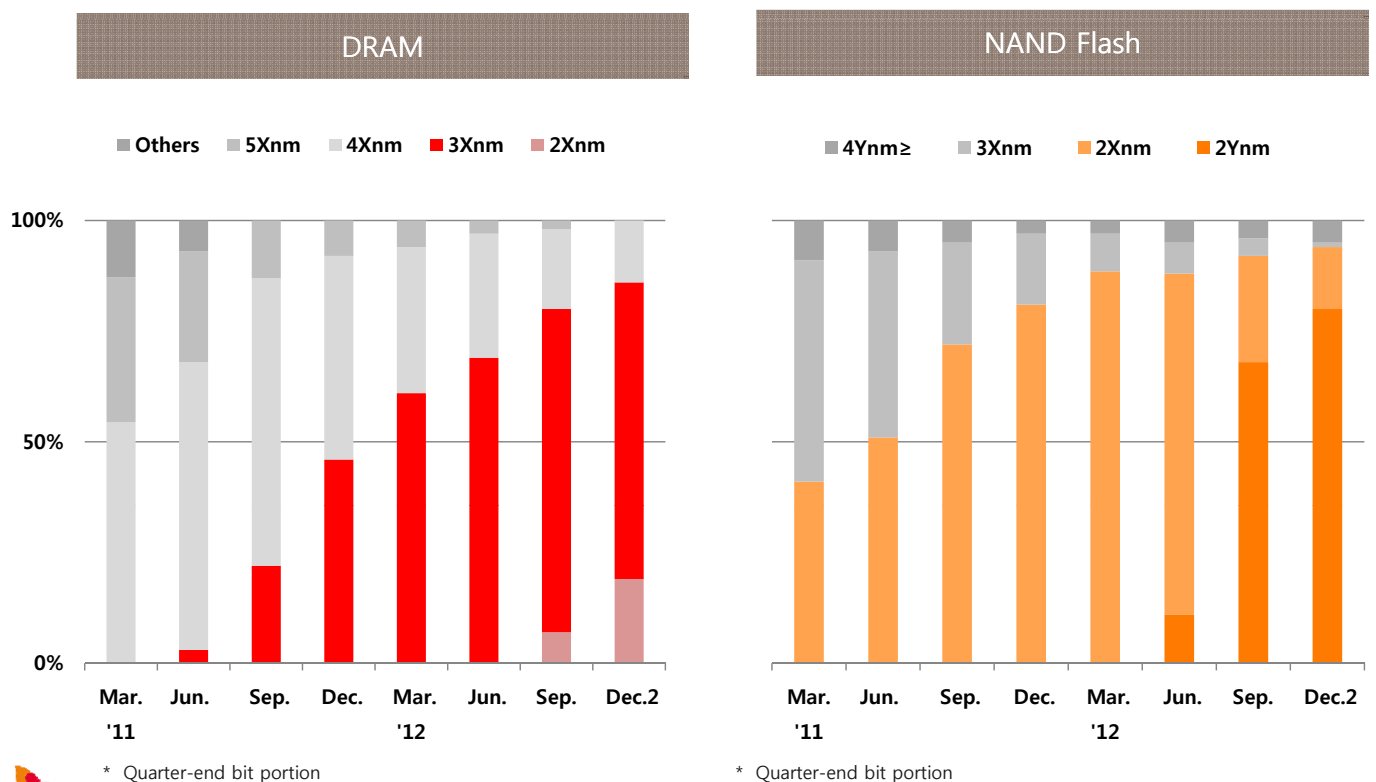
** Debt = Short-term Borrowings + Current portion of Long-term Borrowings + Debentures + Convertible Bond + Long-term Borrowings



Sales Breakdown by Application



Tech Migration Progress



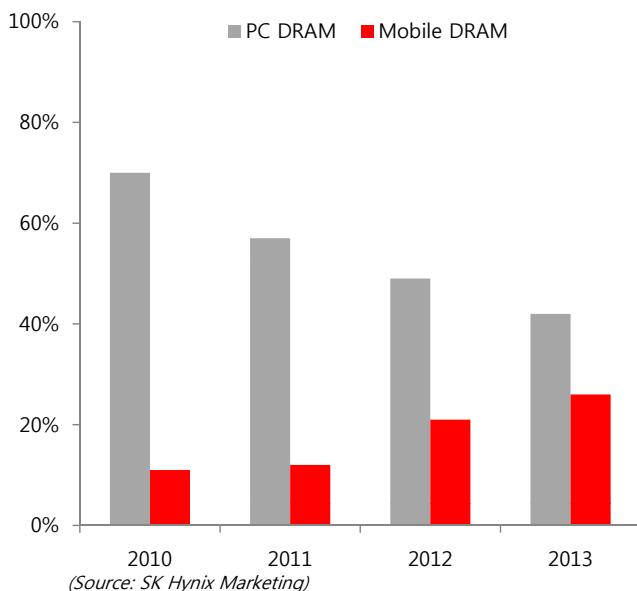


2013 Memory market outlook

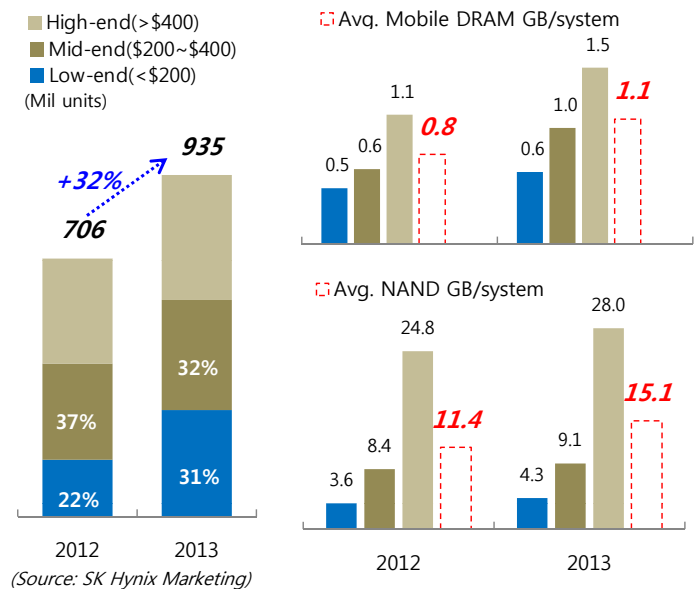
Demand outlook

- Smartphone & Tablet PC are expected to drive memory demand in 2013.
- In particular, with increased proliferation of low to mid-end mobile applications & rapidly increasing penetration in emerging markets, smaller players in the mobile space are expected to intensify competition of application specification, driving GB growth per system.
- Thus, bit shipment of Mobile solution products such as DRAM, MCP, CI-MCP & NAND Flash is expected to grow.
- On the other hand, due to continued growth of mobile applications, structural weakness of PC sector is expected to continue in 2013.

WW DRAM Demand portion change (%)



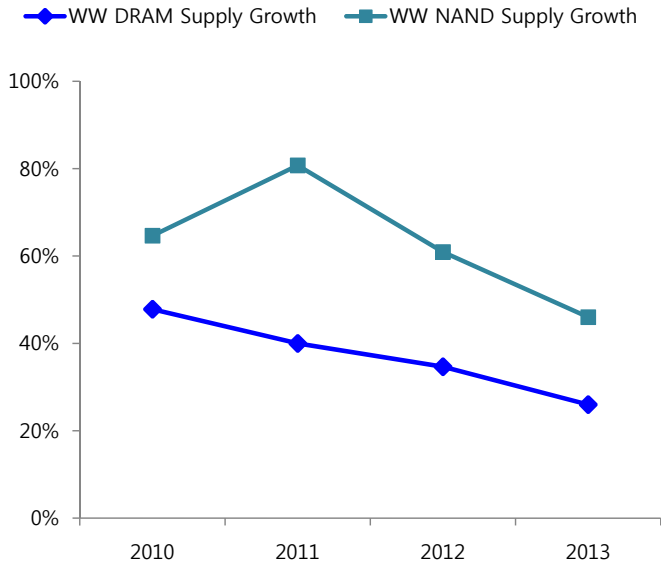
WW Smartphone unit shipment(left) & GB/system(right)



Supply outlook

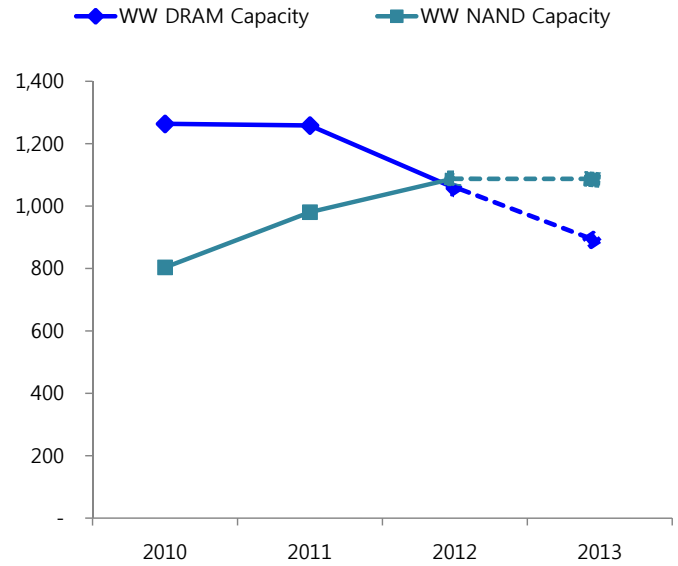
- Memory suppliers have conservative investment & capacity plans due to increased financial burden and with increased difficulty of technology migration, slower memory supply growth will be inevitable.
- With market consolidation expected to be finalized within the year, there is a possibility for further capacity adjustment.
- Therefore, pricing trends are expected to show stability.

WW Memory semiconductor supply growth (YoY %)



(Source: SK Hynix Marketing)

WW Memory semiconductor capacity outlook
(Unit: Ksls/month, 12"eq.)



(Source: iSuppli, SK Hynix Marketing)

[Attachment1] Statement of Financial Position

K-IFRS (KRW Billion)

	2012	Q3E'12	2011	QoQ	vs. Q4'11
Assets					
Current Assets	5,314	5,383	4,937	-69	377
Cash & Cash Equivalents*	1,785	1,790	1,876	-6	-91
Accounts Receivables	1,720	1,655	1,541	64	179
Inventories	1,509	1,558	1,184	-49	326
Non-Current Assets	13,335	13,839	12,301	-504	1,034
Investments	765	728	694	37	71
Property, plant & equipment	11,586	12,112	10,899	-526	687
Intangible Assets	984	999	708	-16	276
Total Assets	18,649	19,222	17,238	-573	1,411
Liabilities					
Interest-bearing Debts	6,472	6,720	6,776	-248	-304
S-T Borrowings	1,021	731	1,416	290	-396
Current Portion of LT Borrowings	1,699	1,926	1,414	-228	284
Bonds/Convertible Bonds	1,451	1,455	2,463	-4	-1,012
L-T Borrowings	2,302	2,607	1,483	-306	819
Accounts Payables	593	778	678	-185	-86
Total Liabilities	8,909	9,436	9,363	-526	-454
Shareholders' Equity					
Common Stock	3,488	3,488	2,978	0	510
Total Shareholders' Equity	9,739	9,786	7,875	-47	1,864

* Short-term Financial Instruments included

[Attachment 2] Income Statement

K-IFRS (KRW Billion)

	Q4'12	Q3'12	QoQ	2012	2011	YoY
Sales	2,718	2,423	295	10,162	10,396	-234
Cost of Goods Sold	2,204	2,014	190	8,551	8,705	-154
Gross Profit	514	409	105	1,611	1,691	-80
SG&A Expenses	459	433	26	1,839	1,322	517
Operating Profit	55	-24	79	-227	369	-596
Financial Income(Expenses), Net	-64	-60	-4	-238	-254	16
F/X Transaction & Translation Income (Expense), Net	134	81	53	264	-19	283
Income (Expense) From Jointly Controlled Entities and Associates, Net	6	4	2	17	11	6
Other Non-operating Income (Expense), Net	-20	4	-25	-15	-62	47
Income Before Income Taxes	110	5	105	-199	45	-244
Income Taxes (Benefit)	-53	3	-56	-41	101	-142
Net Income	164	2	162	-159	-56	-103

* The income statement is according to recent K-IFRS revision.