



Press Release

[January 24, 2019]

SK Hynix Inc. Reports

Fiscal Year 2018 and Fourth Quarter Results

Seoul, January 24, 2019 – SK Hynix Inc. (or ‘the Company’, www.skhynix.com) today announced financial results for its fiscal year 2018 and fourth quarter ended December 31, 2018. The Company reported record-high annual revenue, operating profit, and net income for the second consecutive year.

The Company’s consolidated sales of fiscal year 2018 totaled KRW 40.45 trillion won, while **operating profit** amounted to 20.84 trillion won, and **net income** was 15.54 trillion won. **Operating margin** for the year was 52% and **net margin** was 38%.

Last year, memory market conditions continued to be favorable, driven by high demand for data centers and high-performance mobile devices. SK Hynix actively responded to the demand for high value-added products and has achieved the record-breaking business results once again.

However, as memory demand slowed down in the second half and the supply shortage was resolved, the memory market environment rapidly changed. As a result, **the consolidated fourth quarter revenue** fell by 13% quarter-over-quarter (QoQ) to 9.94 trillion won, while **operating profit** amounted to 4.43 trillion won, down by 32% QoQ with **operating margin** of 45%. **Net income** for the quarter fell 28% QoQ to 3.4 trillion won.

Quarter-over-quarter, DRAM bit shipments declined by 2% and the average selling price by 11%. For NAND Flash, the bit shipments increased by 10%, but the average selling price fell by 21%.

SK Hynix plans to concentrate on high value-added products and technologies in order to prepare for the rapidly changing market conditions. The Company will expand its customer base of 16Gb DDR4 products to increase the adoption of high density DRAM modules by server customers. It will also actively respond to customer demand for HBM2 and GDDR6 products with high growth potential. In order to focus on technology migration, the Company plans to expand the proportion of 1Xnm DRAM and to ensure stable mass production of 1Ynm DRAM.

For NAND Flash, the Company intends to further strengthen its position in the enterprise SSD and mobile market based on its 72-layer 3D NAND, while maximizing profitability by mass producing the 96-layer 4D NAND at the right time.

SK Hynix has decided to pay its shareholders 1,500 won per share in 2018 in the form of a cash dividend, which is increased by 50% compared to the last year.

■ FY2018 Earnings

Consolidated Basis

Unit: Billion KRW

	2018	2017	YoY
Revenue	40,445	30,109	+34%
Operating Profit	20,844	13,721	+52%
Operating Profit Margin	52%	46%	+6%p
Net Income	15,540	10,642	+46%

※ The financial information of the earnings is written based on K-IFRS.

■ FY2018 Q4 Earnings

Consolidated Basis

Unit: Billion KRW

	2018 Q4	2018 Q3	QoQ	2017 Q4	YoY
Revenue	9,938	11,417	-13%	9,028	+10%
Operating Profit	4,430	6,472	-32%	4,466	-1%
Operating Profit Margin	45%	57%	-12%p	49%	-4%p
Net Income	3,398	4,692	-28%	3,219	+6%

※ The financial information of the earnings is written based on K-IFRS.

Please note that the financial results discussed herein are preliminary and speak only as of December 31, 2018. Readers should not assume that this information remains operative at a later time. In addition, this information may include forward-looking statements that involve a variety of risks and uncertainties that could cause actual results to differ materially. For further discussion of these risks and uncertainties, readers should refer to SK Hynix Inc.'s filings with the Korea Exchange. This document is neither an offer to sell nor a solicitation of an offer to sell any security of SK Hynix Inc.

About SK Hynix Inc.

SK Hynix Inc., headquartered in Korea, is the world's top tier semiconductor supplier offering Dynamic Random Access Memory chips ("DRAM"), Flash memory chips ("NAND Flash") and CMOS Image Sensors ("CIS") for a wide range of distinguished customers globally. The Company's shares are traded on the Korea Exchange, and the Global Depository shares are listed on the Luxemburg Stock Exchange. Further information about SK Hynix is available at www.skhynix.com.

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