

[April 25, 2019]

SK Hynix Inc. Reports First Quarter 2019 Results

Seoul, April 25, 2019 – SK Hynix Inc. (or ‘the Company’, www.skhynix.com) today announced financial results for its first quarter 2019 ended on March 31, 2019. **The consolidated first quarter revenue** was 6.77 trillion won while the **operating profit** amounted to 1.37 trillion won and the **net income** 1.1 trillion won. **Operating margin** for the quarter was 20% and **net margin** was 16%.

Because of a faster-than-expected price decline and lower shipments due to slowing memory demand, the revenue and the operating profit in the first quarter fell by 32% and 69%, respectively, quarter-over-quarter (QoQ).

Due to seasonal slowdown and conservative server purchases, DRAM bit shipments decreased by 8% QoQ. The average selling price dropped by 27%.

For NAND Flash, the average selling price decreased by 32% due to high inventory levels and intensifying competition among suppliers. The bit shipments declined by 6% QoQ.

SK Hynix plans to respond to the downturn in the memory market by focusing on technology development.

The Company will respond to the increasing demand for DRAM through technology migration. It will gradually increase the proportion of 1Xnm and start selling 1Ynm, mostly computing products, in the second half of 2019. SK Hynix intends to expand the supply of the high-density 64GB modules in line with the launch of a new server chipset that supports high-density DRAM.

For NAND Flash, SK Hynix will concentrate on improving profitability. The Company has stopped producing the 36-layer and 48-layer 3D NAND, initial 3D products which are relatively higher in cost, and will increase the proportion of 72-layer products. The Company also plans to strengthen its position in the SSD and mobile market in the second half with its 96-Layer 4D NAND. Considering the demand situation, the pace of the ramp-up of the new M15 FAB in Cheongju, Korea, will be slower than planned. As a result, SK Hynix’s NAND wafer input this year is expected to decrease more than 10% compared to last year.

In the market where concerns over the uncertainty about memory demand and expectations for demand recovery coexist, SK Hynix will concentrate on cost reduction and quality assurance to secure its own competitiveness.

■ FY2019 Q1 Earnings

Consolidated Basis

Unit: Billion KRW

	2019 Q1	2018 Q4	QoQ	2018 Q1	YoY
Revenue	6,773	9,938	-32%	8,720	-22%
Operating Profit	1,366	4,430	-69%	4,367	-69%
Operating Profit Margin	20%	45%	-25%p	50%	-30%p
Net Income	1,102	3,398	-68%	3,121	-65%

※ 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 March 31, 2019. 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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