



FY2024 Q1 Earnings

2024. 04. 25 | Investor Relations

Disclaimer

Review of the FY2024 Q1 financial results has not been finalized.
Figures in this earnings release are subject to changes during
the independent auditing process.

All financial information contained in this document is based on consolidated K-IFRS.

This material contains forward-looking statements which can be subject to certain
risks and uncertainties that could cause actual results to differ materially.



Financial Results

FY2024 Q1

We Do Technology
첨단기술의 중심, 더 나은 세상을 만듭니다

Revenue Analysis

DRAM

B/G Mid Teen% ↓ QoQ
ASP 20%+ ↑ QoQ

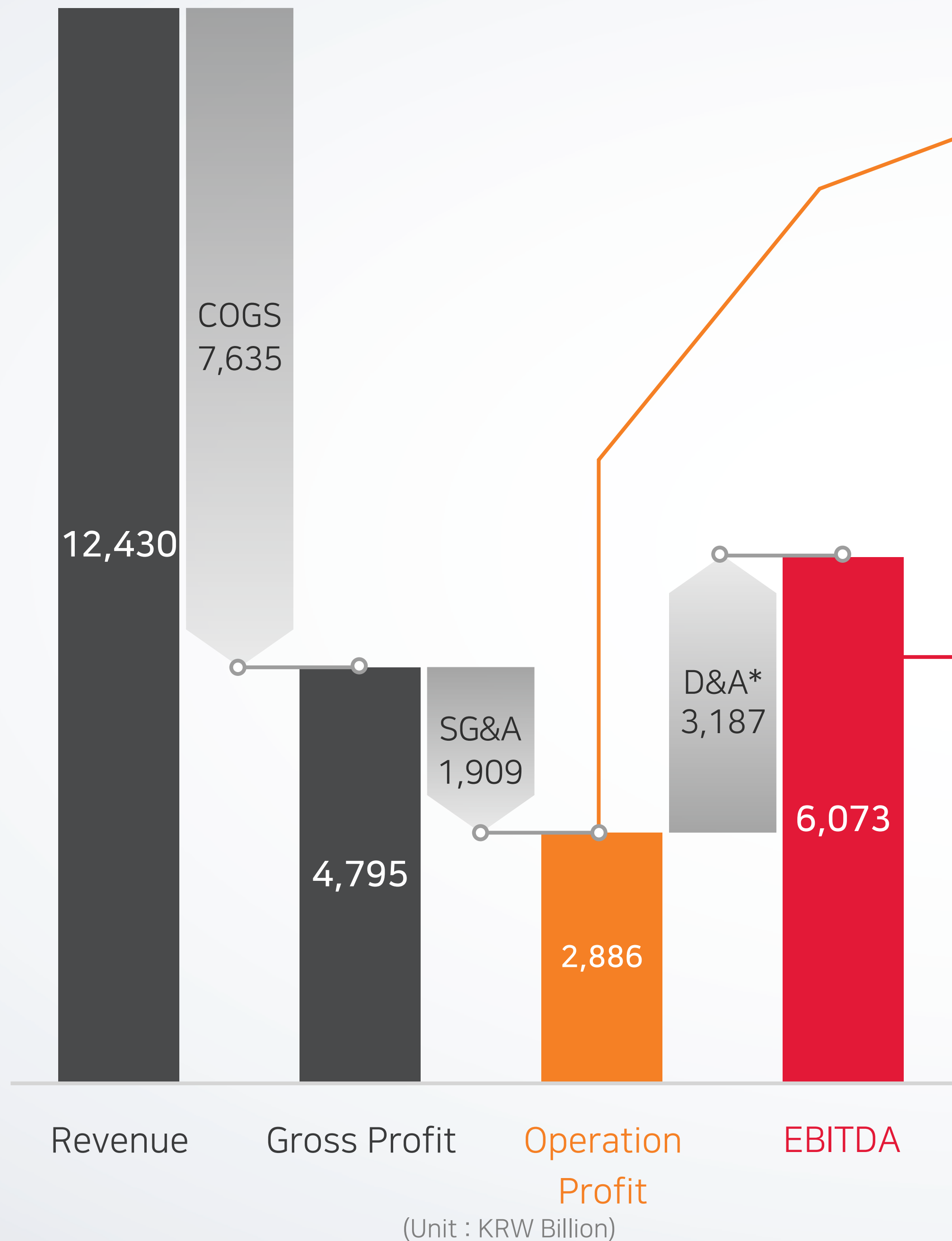
FY2024 Q1 Revenue
KRW 12.43T
+10% QoQ / +144% YoY

FY2023 Q4 Revenue
KRW 11.31T

NAND

B/G Flat QoQ
ASP 30%+ ↑ QoQ

Profit Analysis – Operating Profit



Operating Profit KRW 2.89T

- Rapid ASP improvement, product mix focused on profitability, on-going cost cutting efforts, reversal of inventory valuation losses have contributed to profit expansion
- NAND also turned to profits with higher mix of eSSD, and rapid ASP improvement for 2 consecutive quarters
- OP Margin 23%

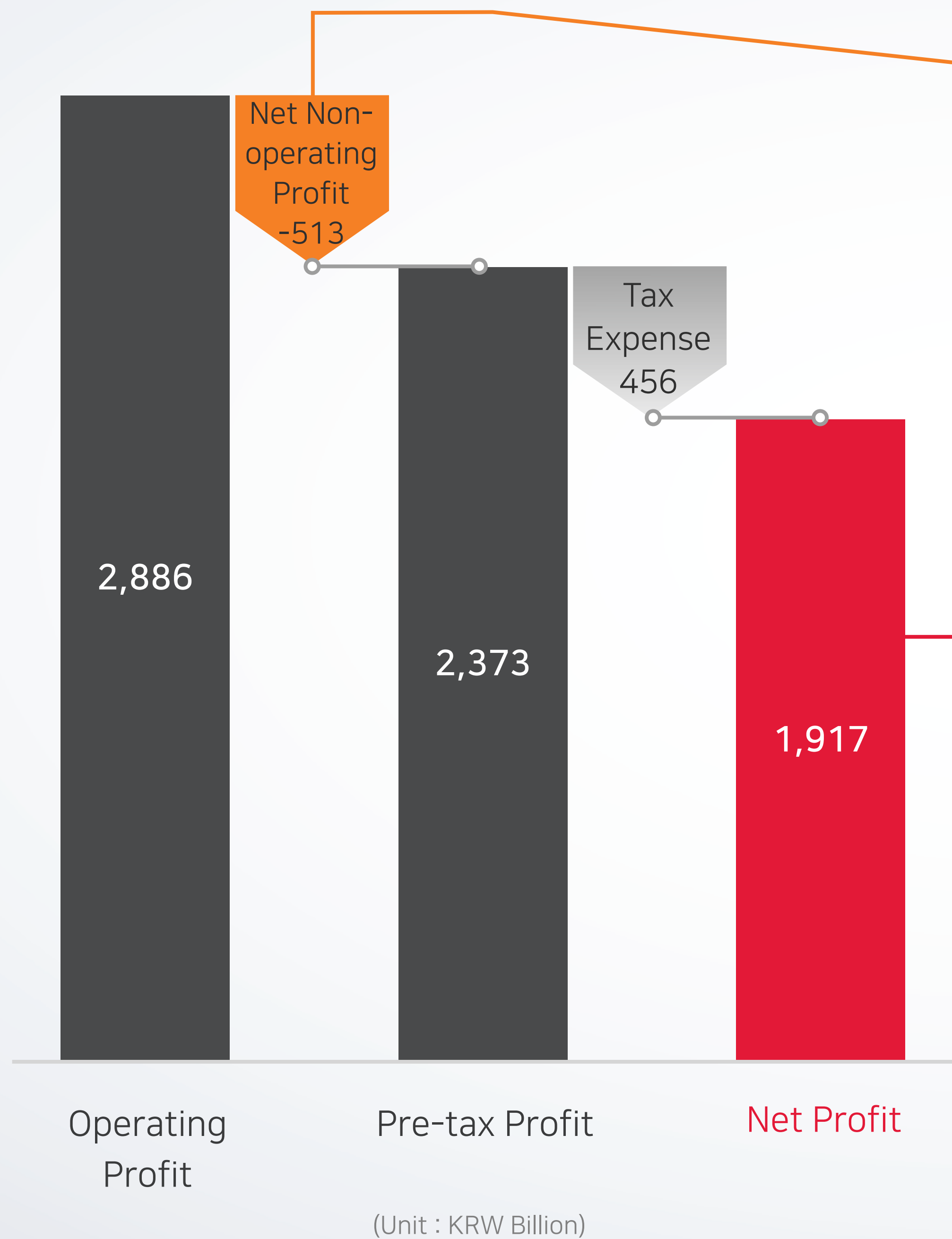
EBITDA KRW 6.07T

(+70% QoQ / +3,832% YoY)

- EBITDA Margin 49%

* D&A : Depreciation and Amortization Expense

Profit Analysis – Net Profit



Non-operating Profit (Loss)
KRW -0.51T

- Net interest expense KRW 0.32T
- Net foreign currency related loss KRW 0.22T including translation loss on foreign currency denominated debts due to rise in USD/KRW

Net Profit KRW 1.92T

- Net profit margin 15%

Financial Position

'23 Q4

'24 Q1

Cash*

KRW 8.92T

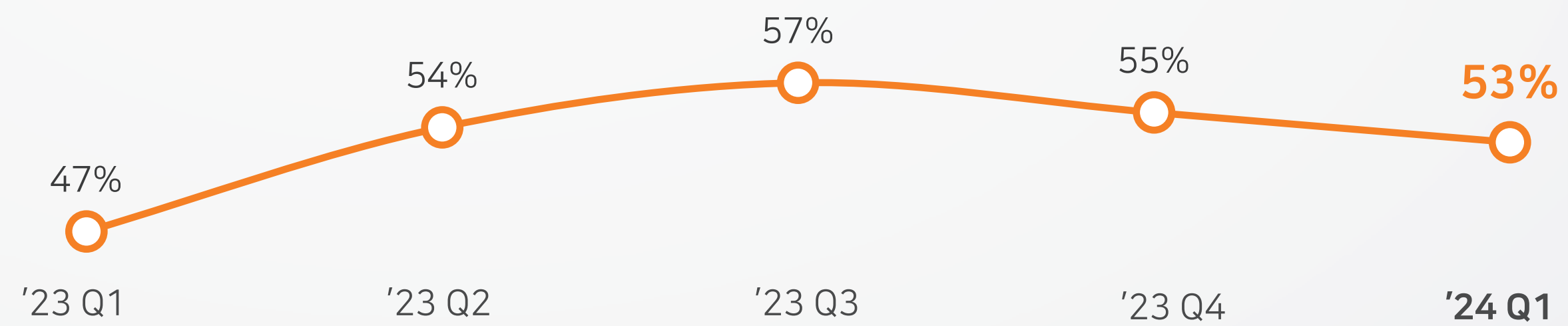
KRW 10.32T

Debt**

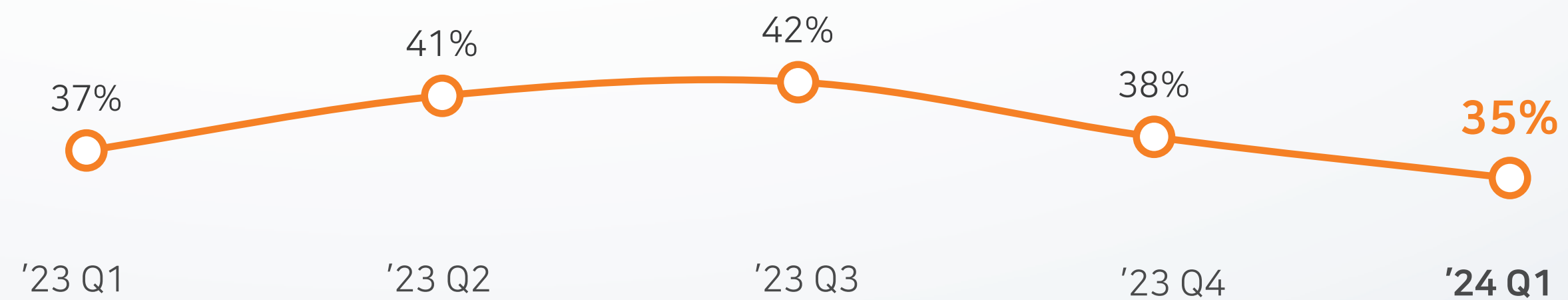
KRW 29.47T

KRW 29.51T

Debt-to-Equity Ratio



Net Debt-to-Equity Ratio



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

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



Market Outlook

Company Plan

We Do Technology
첨단기술의 중심, 더 나은 세상을 만듭니다

Market Outlook

Summary

- Memory mkt is entering into full recovery cycle with ongoing strength of AI demand
- Demand improvement is also expected from conventional applications from 2H

PC

After relatively weak 1H, recovery expected from 2H driven by enterprise demand

End of Win10 support and AI PCs to drive replacement demand and contents growth

MO

Soft demand except for some flagship models which have new AI functions

New product launches with AI apps. to stimulate replacement demand in 2H, driving SP unit & contents growth

SV

Ongoing strength of AI SV as Gen. AI tech. advances, while focus is shifting from training to inferencing

SV replacement demand to rise for cloud DCs after huge investments made in '17-'18

Wider adoption of high-density eSSD in AI SV/DC, with rising needs for high performance/density, power efficient storage

Company Plan

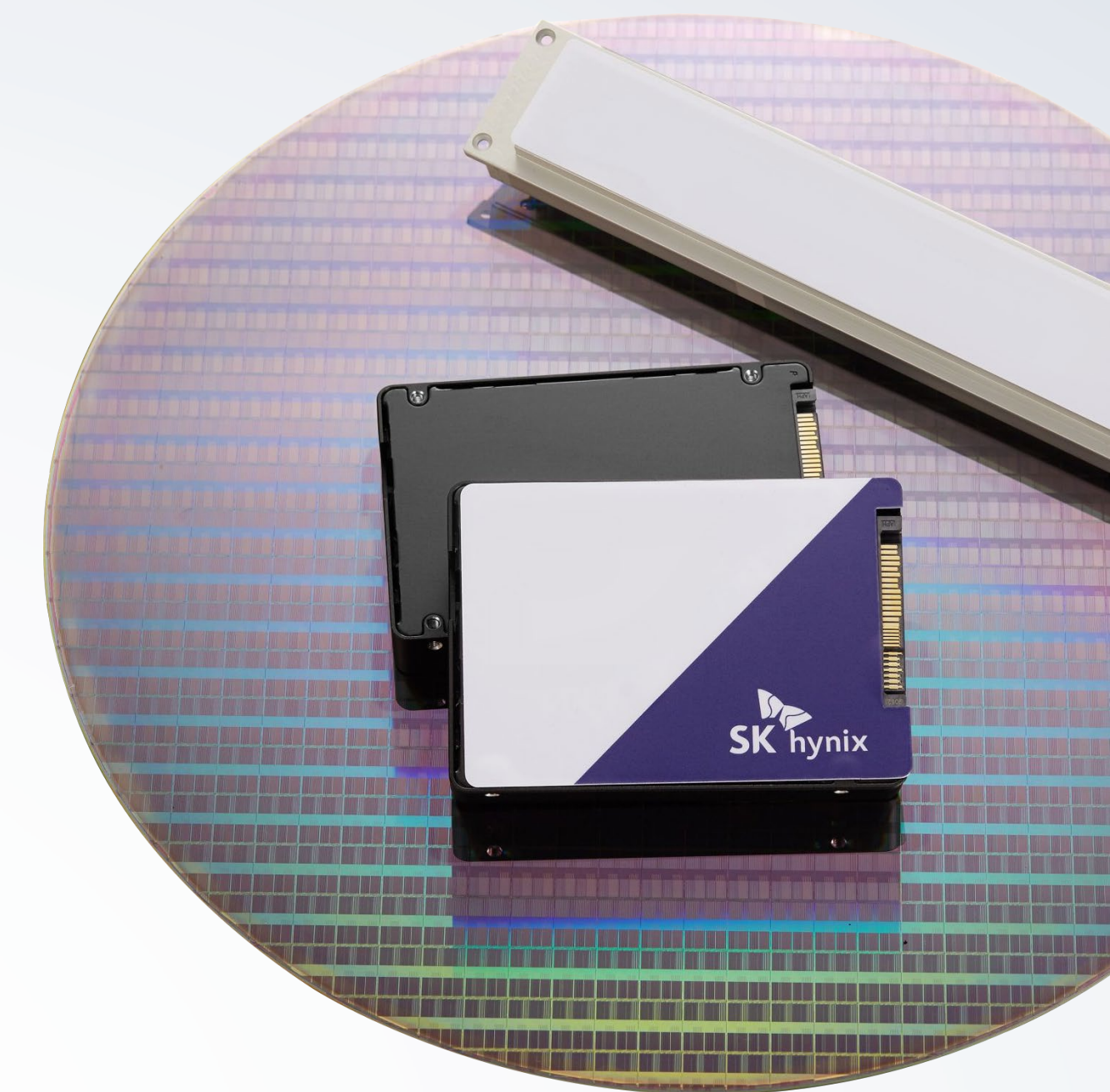
Sales B/G

DRAM

Q2 B/G: Mid-teen% increase QoQ
 Increase HBM3E volume shipment

NAND

Q2 B/G: flat QoQ (incl. Solidigm)
 Increase shipment of eSSD which is clearly seeing demand improvement
 Reserve inventory for other products until clearer end-demand recovery is seen



Production

- Memory industry is gradually recovering utilization on back of healthy AI memory demand
- Upgrade investments essential to increase level of wafer production, as demand is centered on advanced node products
- Expect limited DRAM/NAND production growth in '24, as a result of conservative investments in '23, and more capa. allocated to produce HBM which has larger die size

AI Memory

HBM3E/HBM4

- In March, began mass production/supply of 1bnm HBM3E
- Increase HBM3E supply in-line with customers' demand
- Expand customer base using increased production capability
- Signed MOU with TSMC for development of HBM4 and collaboration on next generation packaging technology

DDR5

- Represent 45%+ of PC, 60%+ of SV bit sales
- Strong sales of 128GB+ modules contributed to DDR5 sales
- 1bnm 32Gb DDR5 product to be launched to support high-density SV DRAM demand

NAND

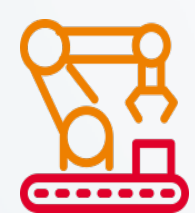
- Sales of high-performance 16ch eSSD increased in Q1
- Solidigm's QLC based high density eSSD will increase in demand due to growing needs for high performance, high density and power efficient storage solution for AI use
- Plan to launch PCIe Gen5 cSSD within '24 for adoption in AI PCs



CapEx Outlook

Summary

- Due to rising needs to meet the rapidly growing demand for HBM & new investment decision for M15X, the company's Capex this year is expected to be somewhat higher than initially planned
- Investment decisions were made to meet the elevated levels of customers' demand, to support HBM products as well as conventional DRAM



M15X, new DRAM facility

- Scheduled to open by end of '25
- Total investment of KRW20tn, incl. KRW5.3tn for infrastructure
- Close to M15 fab which is expanding TSV capa., HBM production efficiency can be achieved
- Foundation for LT growth, with Yong-in fab that is scheduled to open in May '27



Advanced packaging facility in Indiana, USA

- Build Adv. PKG facility in West Lafayette, IN
- Total investment of \$3.87B
- Scheduled to start production in '28, for production of AI memory products (i.e. HBM)
- Collaboration with local institutions for R&D, Cooperation with customers and partners for continued leadership in AI semi. Tech.

ESG Management



Signed renewable energy PPA (Power Purchase Agreement)

- In Feb. signed 100MW capacity of RE PPA based on Solar power in order to achieve RE100
- Further reduction of Scope2 GHG emission, diversification of domestic RE sources
- Planning to continue collaboration with major RE companies for stable sourcing of high-quality RE

1st semiconductor company to announce mid-long term roadmap to utilize recycled materials

- Aim to raise proportion of recycled materials in products to over 35% by Yr.'25, and over 30% by Yr.'30 (weight based)
- Strengthen certification procedures and quality evaluation for recycled materials purchased by the company



Appendix

FY2024 Q1

We Do Technology
첨단기술의 중심, 더 나은 세상을 만듭니다

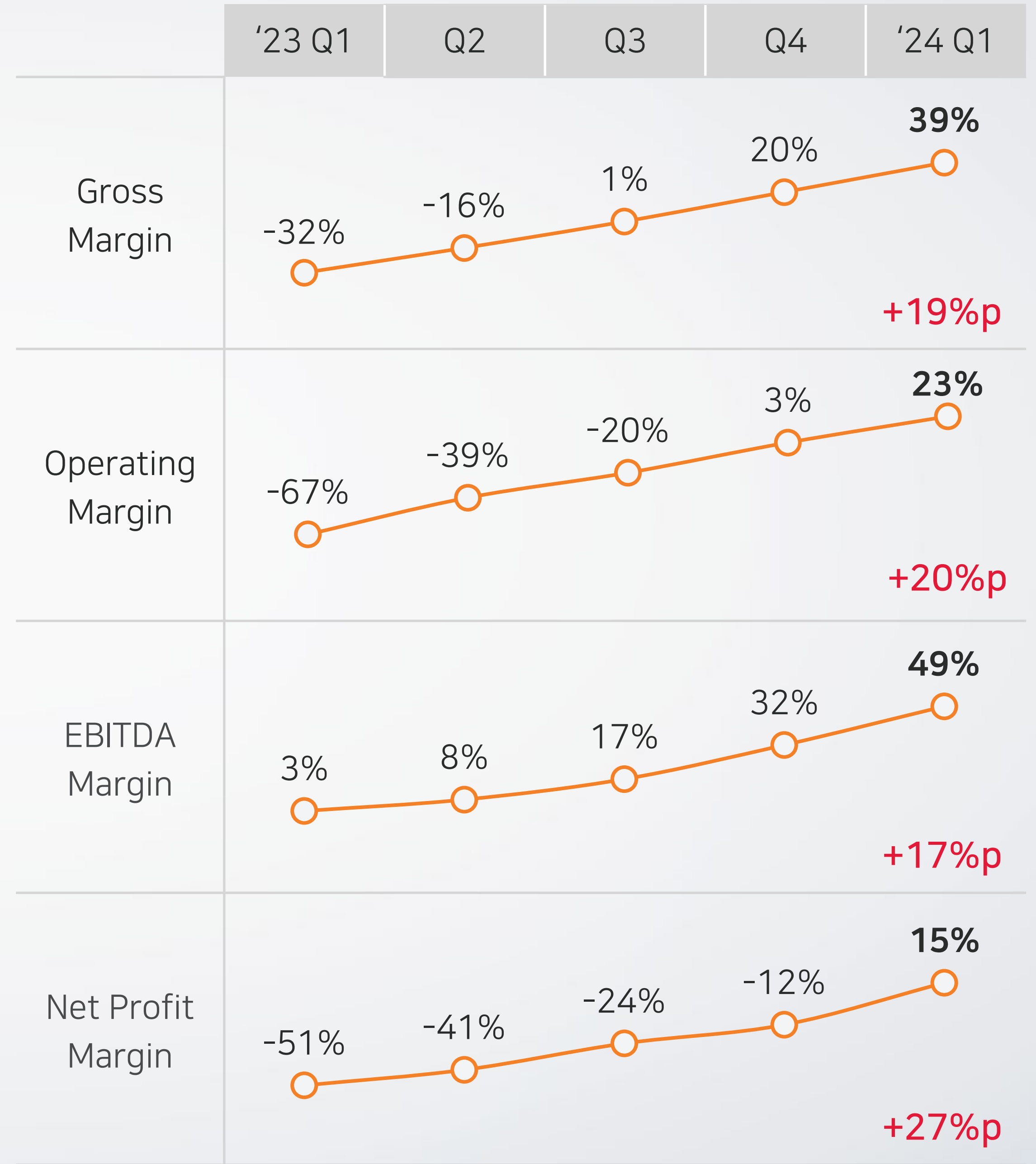
Income Statement

(Unit : KRW Billion)		'24 Q1	'23 Q4	'23 Q1	Q/Q	Y/Y
Revenue		12,430	11,306	5,088	+10%	+144%
Gross Profit		4,795	2,226	(1,645)	+115%	-
Operating Profit		2,886	346	(3,402)	+734%	-
EBITDA*		6,073	3,582	154	+70%	+3,832%
Net Profit		1,917	(1,379)	(2,585)	-	-
EPS (KRW)	Basic	2,788	(1,972)	(3,751)	-	-
	Dil.	2,788	(1,972)	(3,751)	-	-
Shares Outstanding (Mil. Shares)	Basic	688	688	688	-	-
	Dil.	688	688	688	-	-

* EBITDA = Operating Profit + Depreciation & Amortization

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

Profitability



Statement of Cash Flows

(Unit : KRW Billion)

	'24 Q1	'23 Q4	'23 Q1
Beginning Cash Balance**	8,921	8,531	6,409
CF from Operating Activities	5,385	3,969	(1,982)
Net Profit (Loss)	1,917	(1,379)	(2,585)
D&A*	3,194	3,251	3,560
Changes in Working Capital, etc.	274	2,097	(2,957)
CF from Investing Activities	(3,226)	(1,694)	(3,345)
Acquisition of PP&E	(3,103)	(1,728)	(3,199)
CF from Financing Activities	(913)	(1,702)	4,981
Changes in Debt	(783)	(1,333)	5,058
Repayment of Lease Liability	(161)	(178)	(80)
Dividend Payout	0	(206)	0
Effect of F/X rate changes on Cash & Equivalents	151	(184)	73
Net Changes in Cash	1,398	390	(273)
Ending Cash Balance**	10,319	8,921	6,136

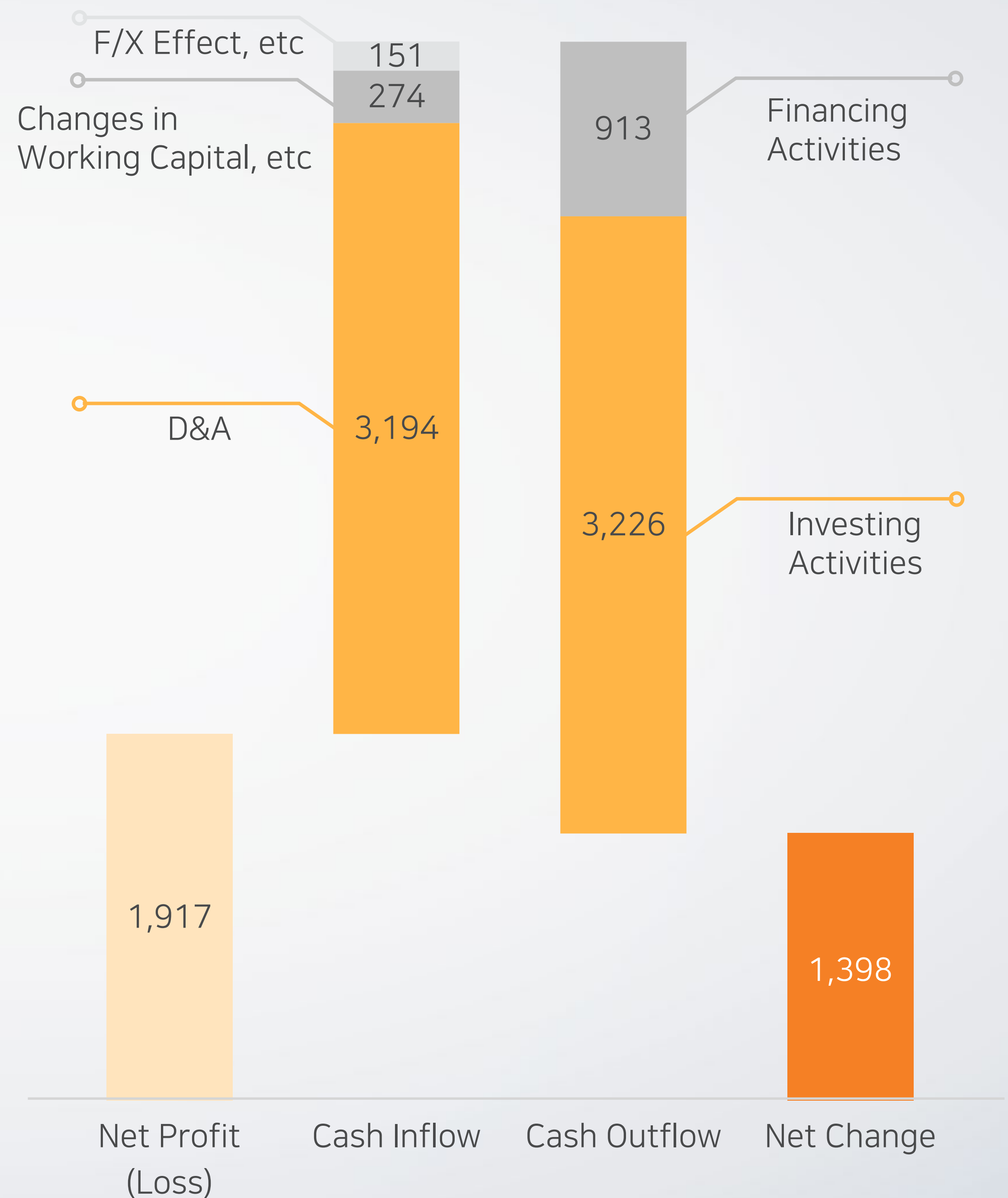
* Depreciation & Amortization, including depreciation for non-operating (idle) assets

** Cash & Cash Equivalents + Short-term Financial Instruments, leading to deviation from reported numbers

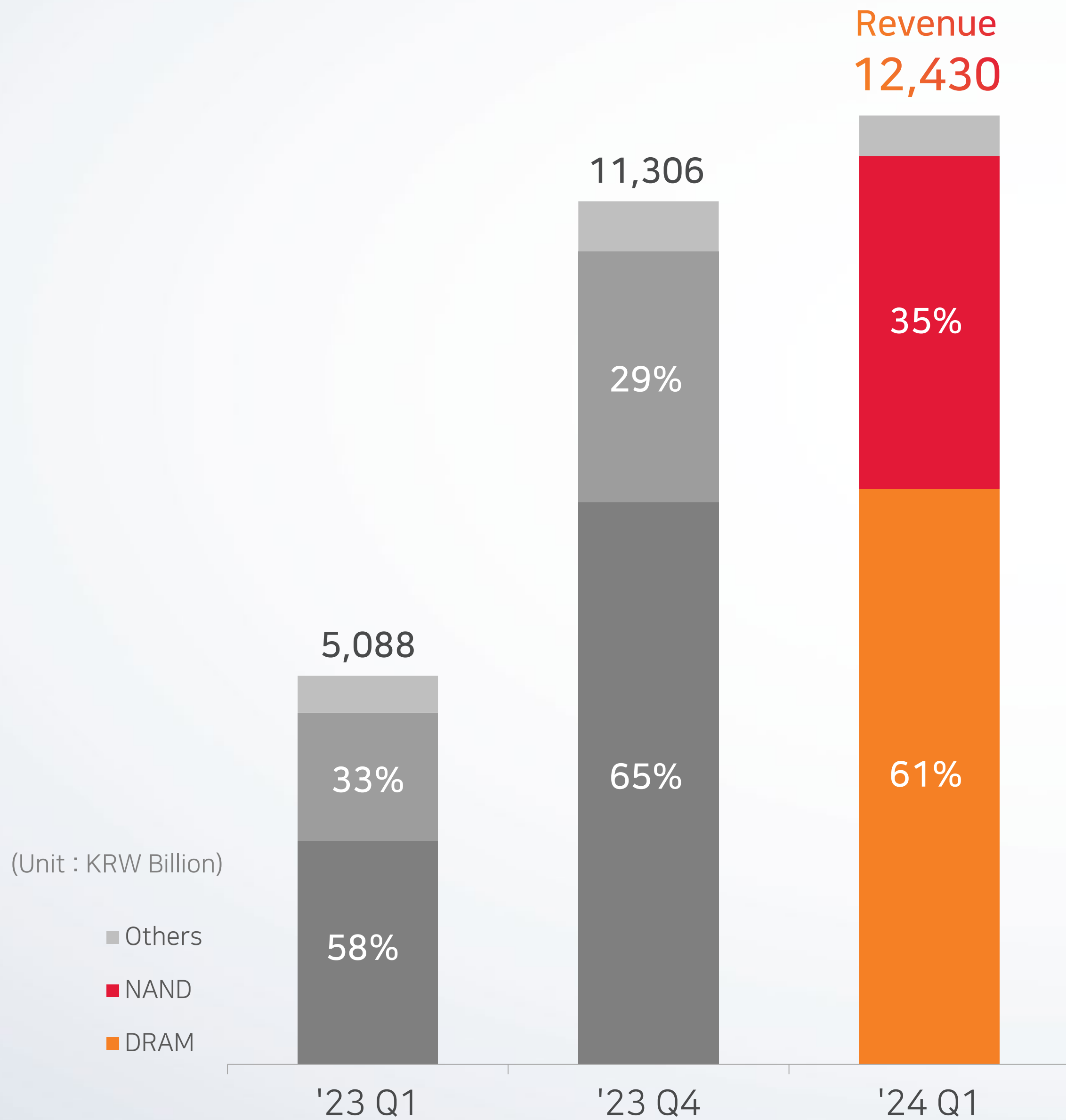
※ All figures in this presentation are rounded to KRW Billions, leading to some statements not adding up completely

Net Cash Flow

(Unit : KRW Billion)



Revenue by Product

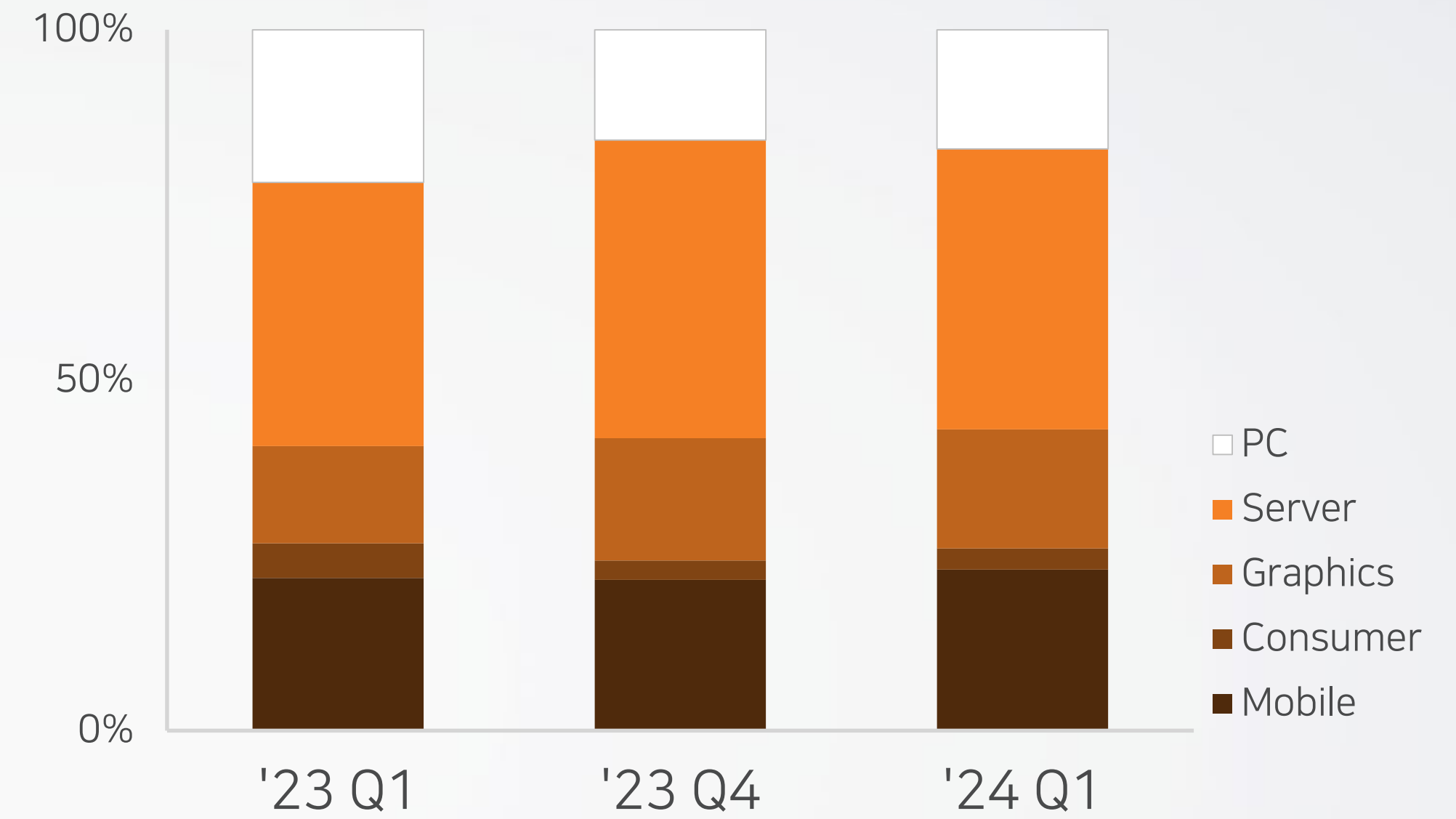


* Revenue by product portion is based on KRW, Solidigm results consolidated from '22 1Q

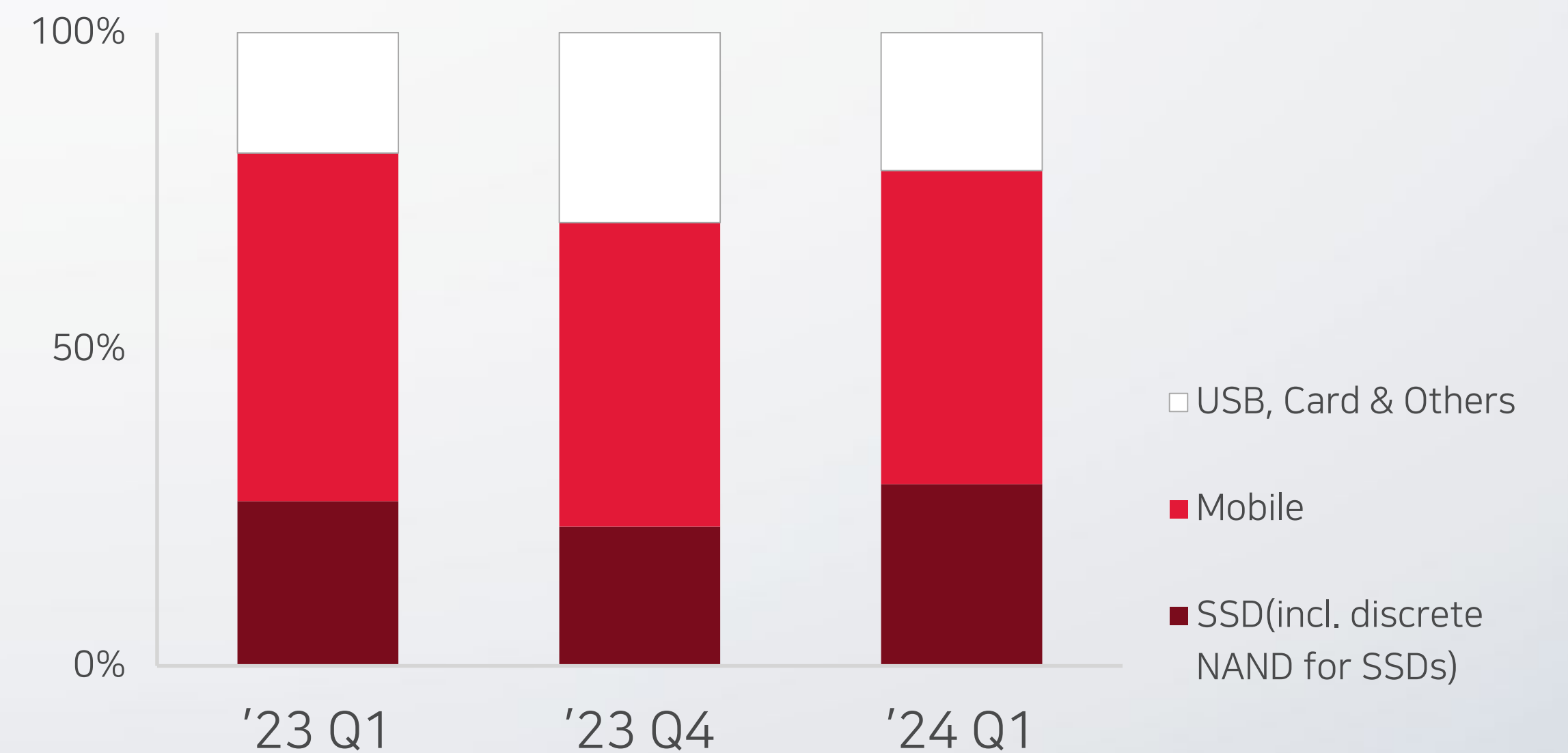
※ All figures above are rounded to KRW Billions, leading to some statements not adding up completely

Revenue by Application

DRAM



NAND



* Revenue by application is based on USD revenue of SKH(excl. Solidigm)



THE END

[Attachment1] Statement of Financial Position

K-IFRS (KRW Billion)

	Q1'24	Q4'23	Q1'23	QoQ	YoY
Assets					
Current Assets	33,026	30,468	28,834	+2,558	+4,192
Cash & Cash Equivalents*	10,319	8,921	6,136	+1,398	+4,183
Accounts Receivables	7,179	6,600	4,227	+578	+2,951
Inventories	13,845	13,481	17,182	+364	-3,338
Non-Current Assets	70,171	69,862	75,551	+309	-5,379
Property, Plant & Equipment	53,164	52,705	59,226	+459	-6,062
Intangible Assets	3,830	3,835	3,831	-5	-1
Total Assets	103,198	100,330	104,385	+2,867	-1,187
Liabilities					
Interest-bearing Debts	29,506	29,469	28,758	+37	+748
S-T Borrowings	3,139	4,146	4,594	-1,007	-1,455
Current Portion of L-T Borrowings	5,707	5,712	3,349	-5	+2,358
Bonds	11,407	9,490	10,946	+1,917	+461
L-T Borrowings	9,254	10,121	9,869	-867	-615
Accounts Payables	1,747	1,846	1,746	-98	+1
Total Liabilities	47,690	46,826	43,376	+864	+4,314
Shareholders' Equity					
Capital Stock	3,658	3,658	3,658	-	-
Capital Surplus	4,406	4,373	4,347	+33	+59
Retained Earnings	48,392	46,729	53,894	+1,662	-5,502
Total Shareholders' Equity	55,507	53,504	61,009	+2,004	-5,501

* Short-term Financial Instruments and Short-term Investments included

[Attachment2] Income Statement

K-IFRS (KRW Billion)

		Q1'24	Q4'23	Q1'23	QoQ	YoY
Revenue		12,430	11,306	5,088	+10%	+144%
Cost of Goods Sold		7,635	9,080	6,733	-16%	+13%
Gross Profit		4,795	2,226	-1,645	+115%	-
SG&A Expenses		1,909	1,880	1,757	+2%	+9%
Operating Profit		2,886	346	-3,402	+734%	-
Net Financial Profit/Loss		-322	-334	-253	-	-
Net F/X Transaction & Translation P/L		-215	258	99	-	-
Net Income(Expense) From Jointly Controlled Entities & Associates		6	-4	3	-	-
Others		17	-2,141	28	-	-
EBITDA		6,073	3,582	154	+70%	+3,832%
Income Before Tax		2,373	-1,875	-3,525	-	-
Tax Expense/Benefit		456	-495	-940	-	-
Net Profit		1,917	-1,379	-2,585	-	-
EPS(KRW)	Basic	2,788	-1,972	-3,751	-	-
	Diluted	2,788	-1,972	-3,751	-	-
Shares Outstanding (mn shares)	Basic	688	688	688	-	-
	Diluted	689	688	688	-	-