



FY2021 Q4 Earnings

2022. 01. 28 | Investor Relations

Disclaimer

Review of the FY2021 Q4 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.

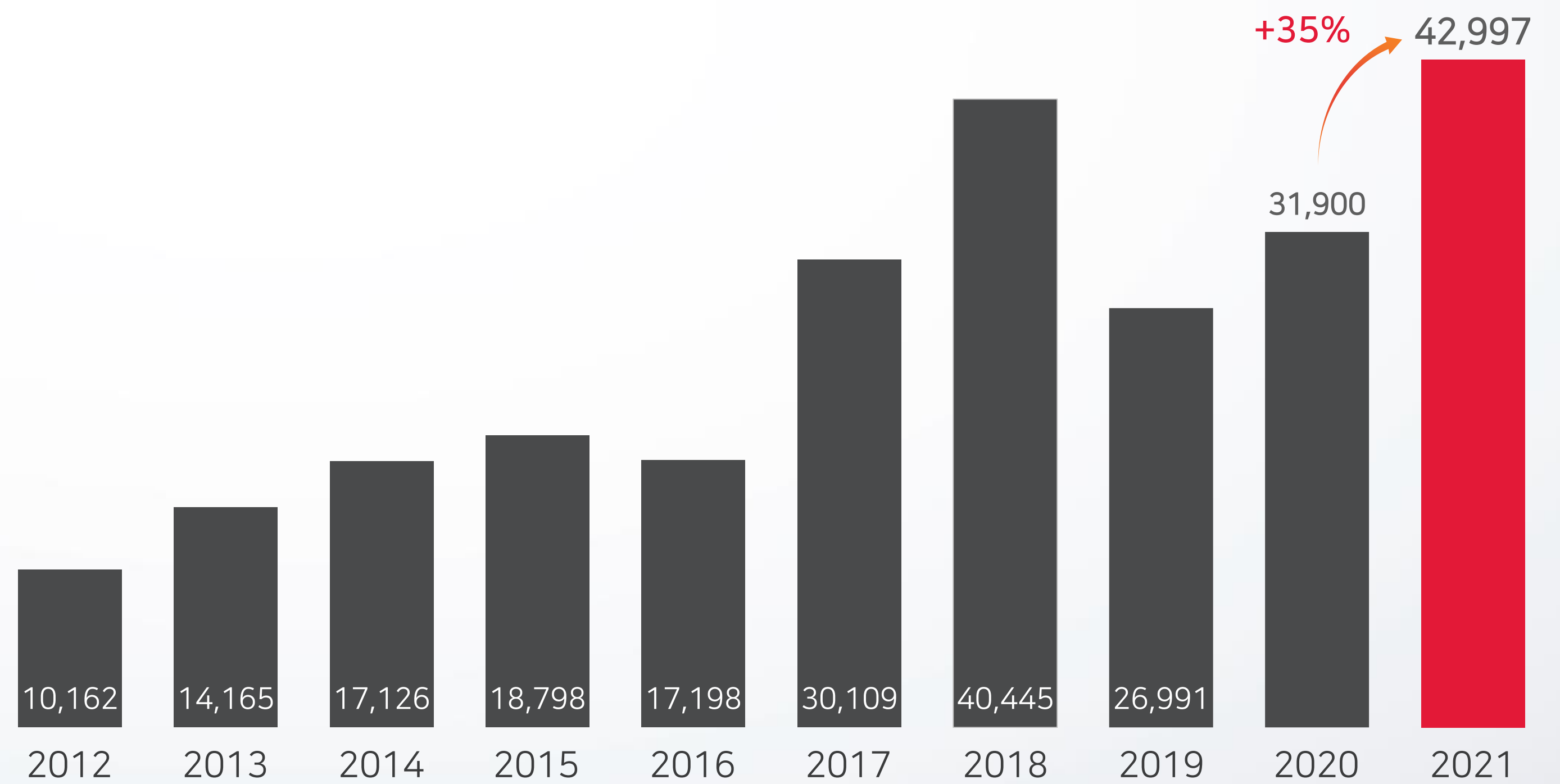
※ The financial statements for the fiscal year 2020 and Q4 of 2020, amendments due to changes in the accounting method for
'Lease Term and Useful Life of Leasehold Improvement' are not reflected.

2021 Highlights

Revenue KRW 43.0T, OP KRW 12.4T

- Revenue +35% YoY, surpassing the previous record year of 2018
- Operating profit +148% YoY

[Revenue Growth for last 10 years]



(Unit : KRW Billion)



DRAM

Highlights



No.1 M/S among Major Server customers

- Increase sales to PC & Graphic, Chinese Mobile mkts, that showed strong demand growth
- Maintained no.1 supplier position at major SV customers, with product quality leadership



Secured Quality Competitiveness for high Value-added Strategic products

- Secured Industry-leading quality competitiveness in next-generation strategic products such as DDR5 and HBM3
- Shipped samples of 1nm based 24Gb DDR5, which has highest density/chip



Promote Sustainable growth by expanding Leading-edge technology

- Successfully developed and began mass production of 1nm which uses EUV litho. equipment

NAND

Highlights



Achieved Record High Revenue & Generated Operating Profits in 2021

- Smooth ramp-up of 128L, with quality product line-ups
- Achieved more than 60% bit growth, far outpacing the mkt growth



Improved Product Portfolio

- Increased high-density solutions for mobile and SSD market
- dSSD & cSSD revenue grew by more than 6x and 2x, respectively in 2 yrs



Launch of 'SOLIDIGM'

- Completed 1st phase of Intel's NAND biz. acquisition (SSD biz. & Dalian fab assets)
- Ready to evolve into a global memory solution provider who has technological leadership and a broad product portfolio



Financial Results

FY2021 Q4

We Do Technology
첨단기술의 중심, 더 나은 세상을 만듭니다

Revenue Analysis

Bit Growth

DRAM +Mid~High Single%

NAND +Low Teen%

Solid SV/GP Demand
In-line with guidance

FY2021 Q4 Revenue

KRW 12.38T

+5% QoQ / +55% YoY

FY2021 Q3 Revenue

KRW 11.81T

MCP

Sales Portion 19%

Annual Revenue +59% Y/Y

Record high annual revenue

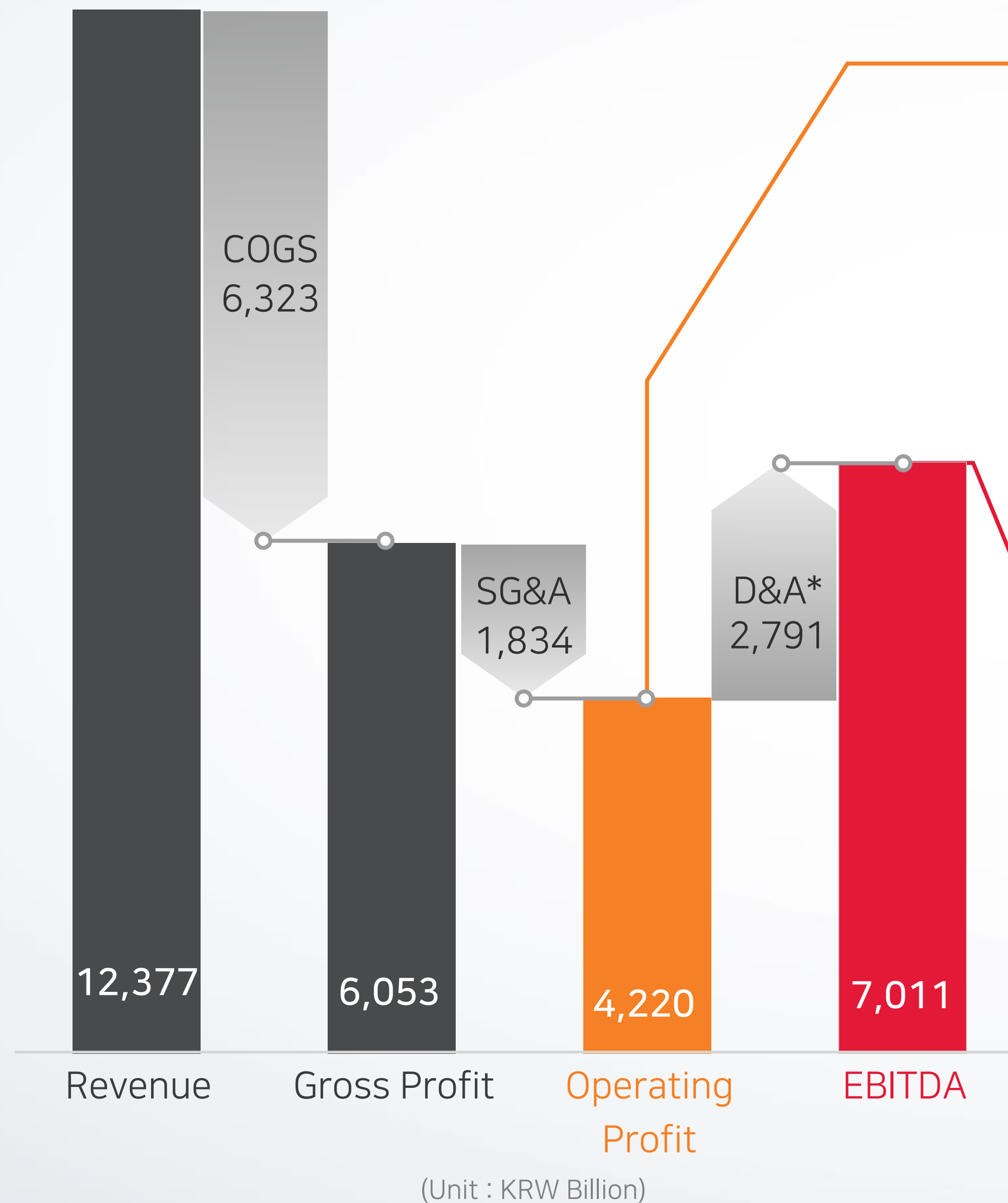
ASP

DRAM -Mid Single%

NAND around -10%

Global SCM issue &
softening mobile demand in China

Profit Analysis – Operating Profit



Operating Profit KRW 4.22T
 (+1% QoQ / +337% YoY)

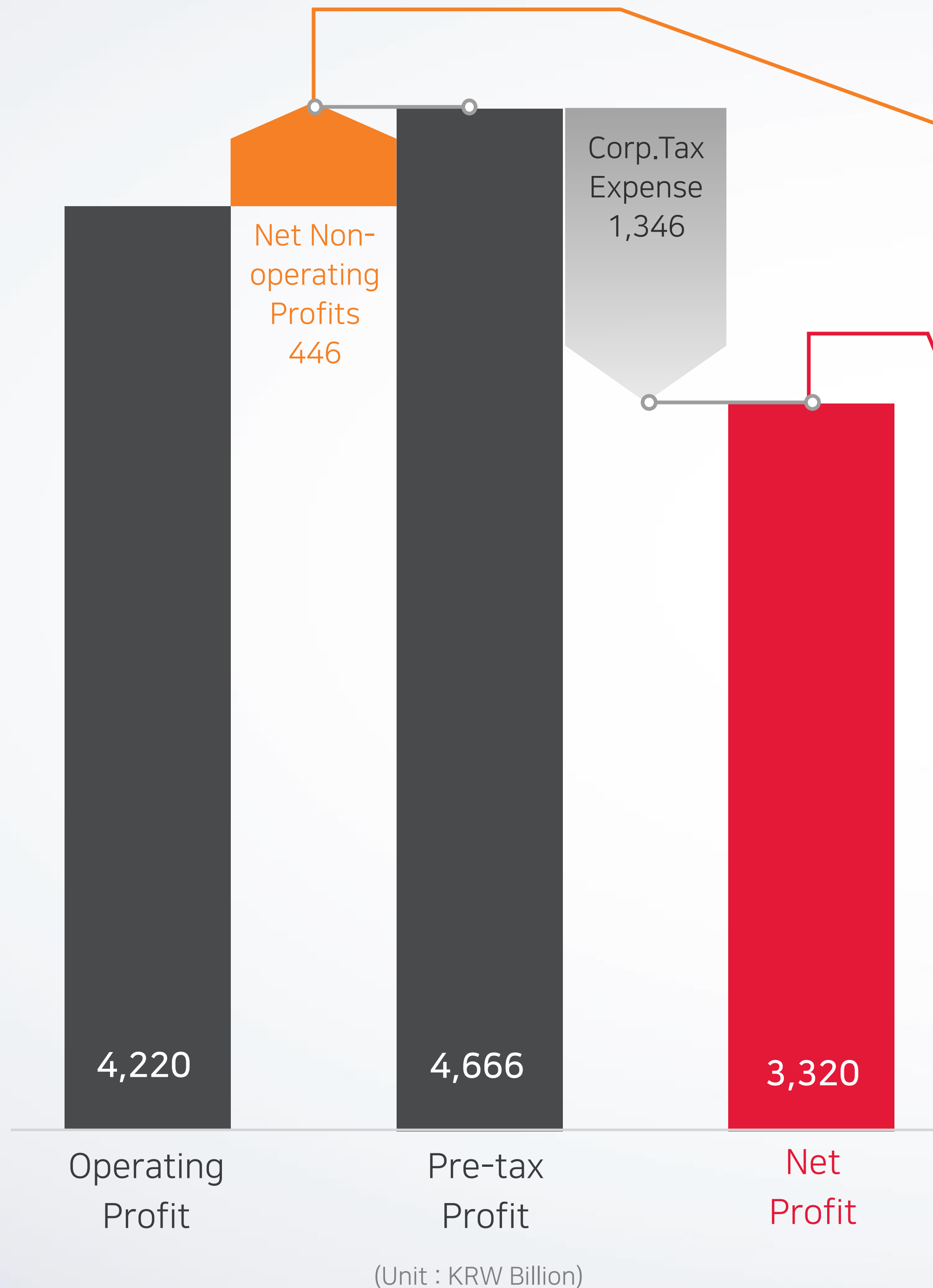
- Increased share of 1znm DRAM product and premium products including GDDR6
- Achieved double-digit cost reduction in NAND with 128L reaching 80% of bit sales
- Increased cost caused by M16 mass production

EBITDA KRW 7.01T
 (+2% QoQ / +97% YoY)

- D&A KRW 2.79T (+3% QoQ / +8% YoY)
- EBITDA Margin 57%

* D&A : Depreciation and Amortization Expense

Profit Analysis – Net Profit



Non-operating Profits KRW 0.45T

- Gain on FMV of invested assets(Kioxia) KRW 0.51T
- Net interest expense KRW 57.6B
- Foreign currency-related net loss KRW 14.4B
- Loss on equity-method valuation KRW 22.2B, etc.

Net Profit KRW 3.32T

(+0.1% Q/Q, +88% Y/Y)

- Net profit margin 27%
- Effective tax rate 29%

Financial Position

'20 Q4

'21 Q4

Cash*

KRW 4.95T

KRW 8.67T

(-13% Q/Q, +75% Y/Y)

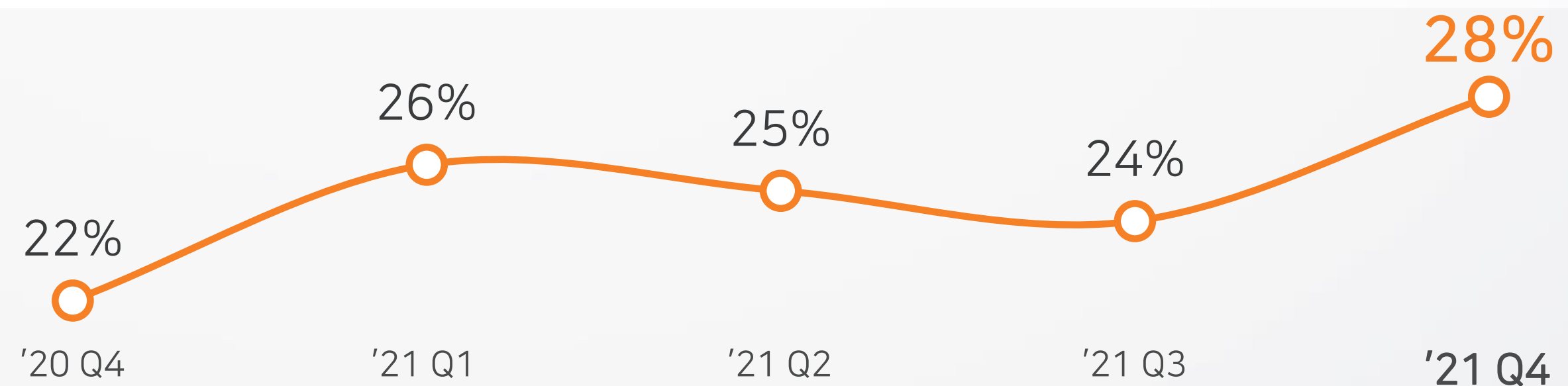
Debt**

KRW 11.25T

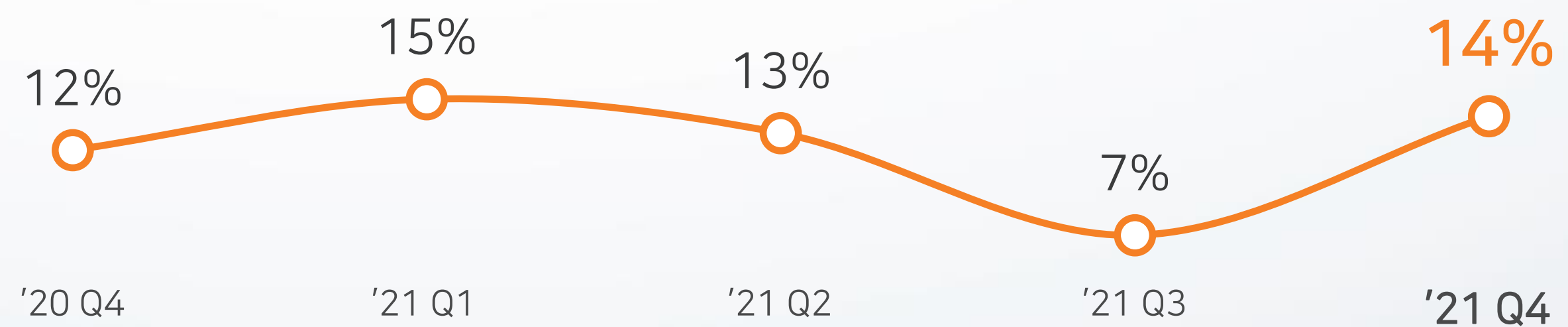
KRW 17.62T

(+23% Q/Q, +57% Y/Y)

Debt-to-Equity Ratio



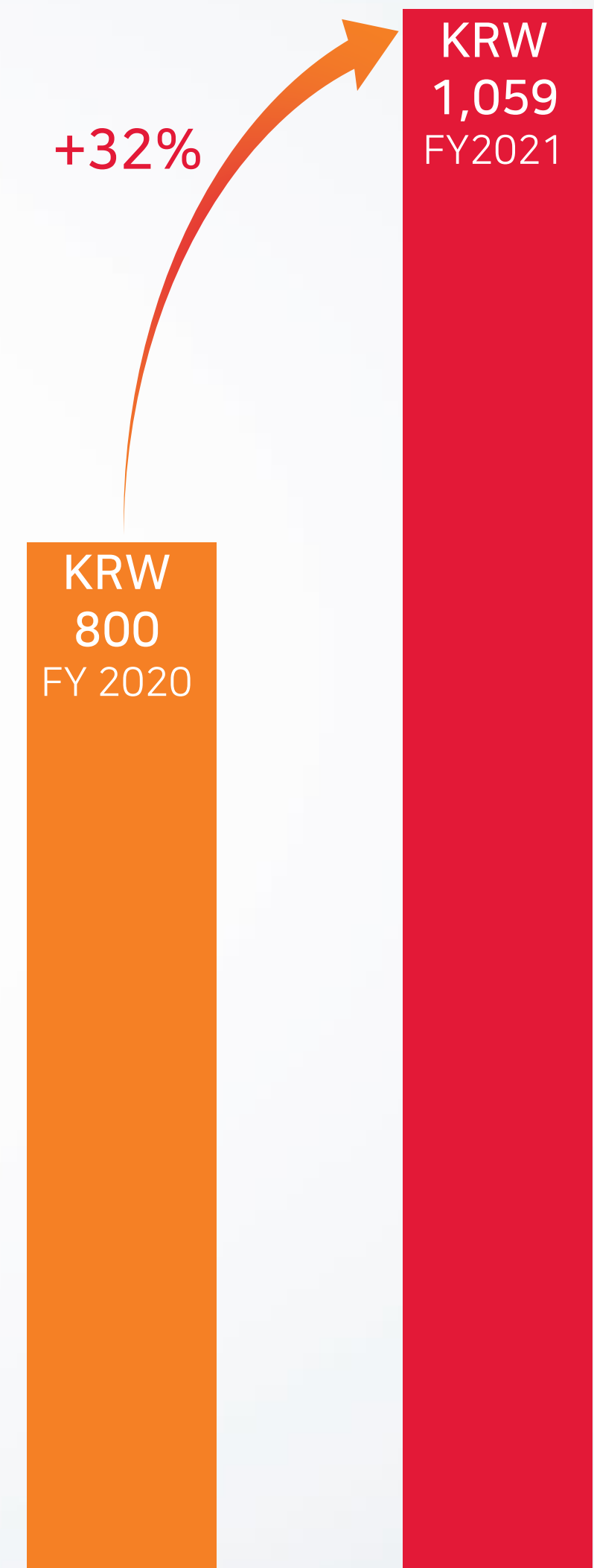
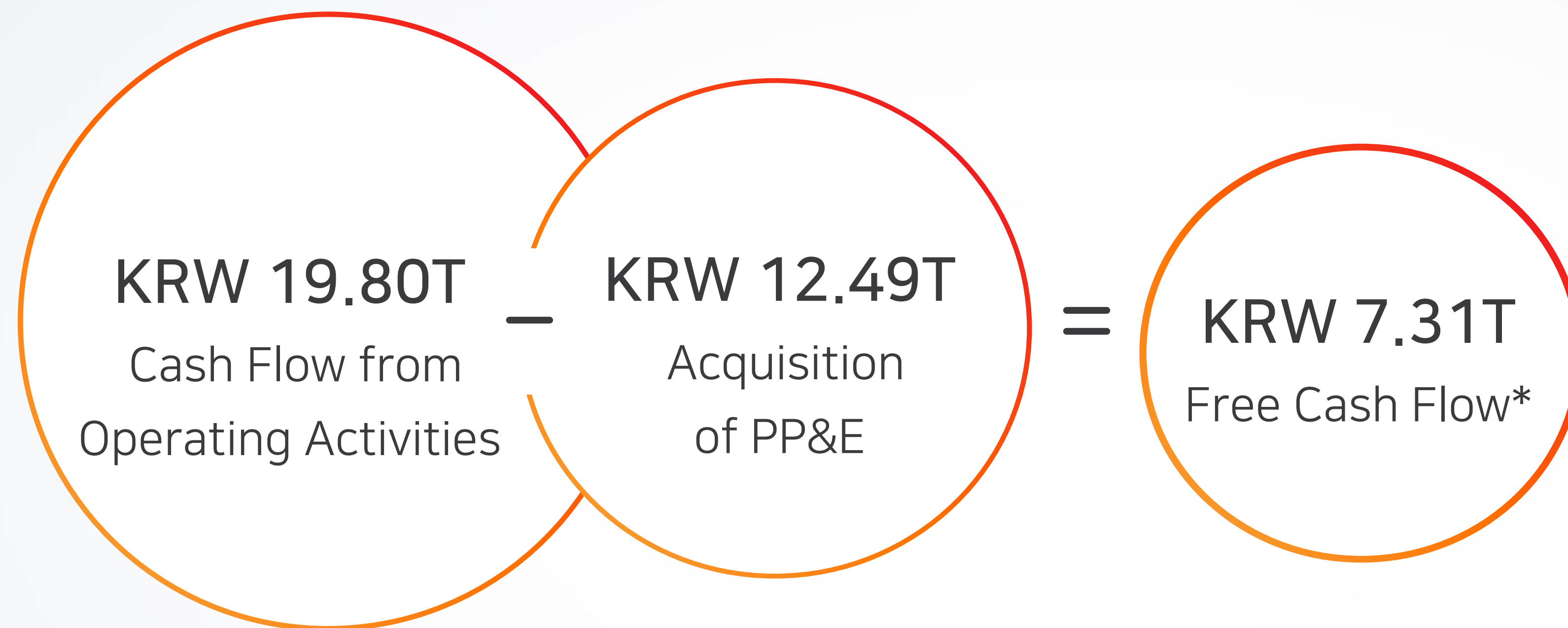
Net Debt-to-Equity Ratio



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

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

FY2021 Dividend



Total Dividend Amount

(Unit : KRW Billion)

Annual Dividend = KRW 1,000 per share + 5% of Annual FCF *

Total Dividend KRW 1.06T,

Dividend Per Share KRW 1,540

* FCF = Cash Flow from Operating Activities – Acquisition of PP&E (based on consolidated Cash Flow Statement for the Fiscal Year)

* Refer to "Management Information related to Key Management Matters (Fair Disclosure) Jan 1. 2020" for Dividend policy(FY19~FY21)



FY2022 Outlook

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Market Outlook

Summary

DRAM Demand B/G

+High Teen% y/y

NAND Demand B/G

Around +30% y/y

PC

Flat shipment growth,
demand driven by Corp. PC

High-single digit
DRAM contents growth

NAND demand growth for cSSD
+low 30% y/y,
driven by content increase

Mobile

Mid-single digit shipment growth

Polarization
in memory contents per phone
between high-end
vs. low-end models,
due to higher BOM cost, SCM issue

SV

High 20% SV DRAM demand g/r,
Low 30% eSSD demand g/r

Rising demand
for high-performance IT infrastructure
due to increasing use of AI/ML

Continuing SV replacement demand

Increasing demand for high-perf. SV
as more DDR5 supporting CPUs
are used

Company Plan

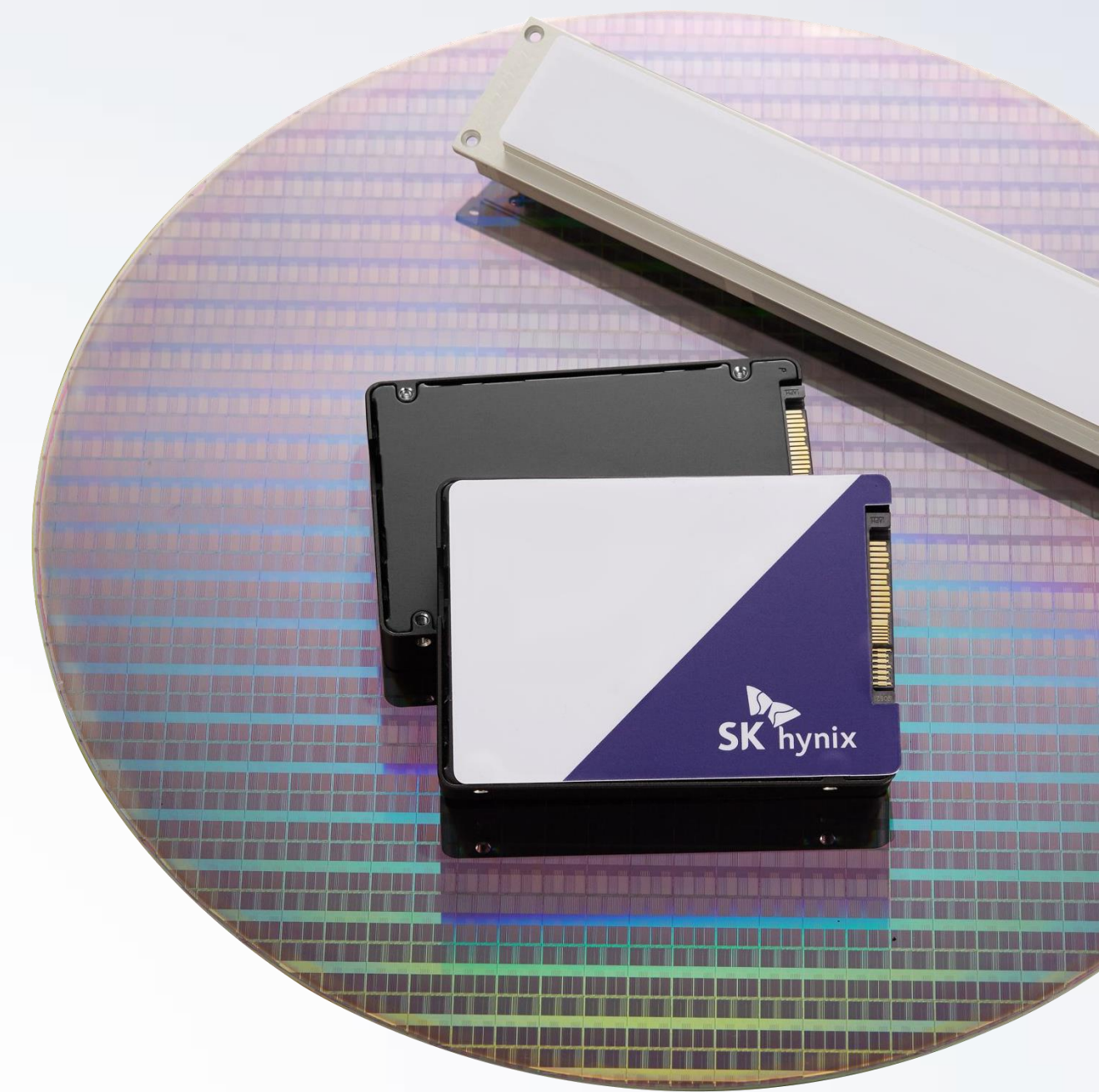
DRAM

B/G

2022 B/G in-line with market demand growth
Q1 mid~high single% Q/Q decrease
Continue profitability-oriented management

Tech

Increase production of 1znm, 1anm technology
(1anm with EUV over 25% by the year-end)
1anm based 24Gb DDR5 to address
high-performance server demand



NAND

B/G

2022 B/G outpace the market demand growth
(With SOLIDIGM, B/G is expected to be close to double Y/Y)
Q1 around 20% Q/Q increase (SOLIDIGM included)
Focus on consolidating NAND business

Tech

Share of 176-layer to reach about 70% by the
year-end

ESG Management

Expanded Role of ESG management committee

- Through CEO-led ESG management committee, ESG initiatives, strategies and urgent issues are addressed

Set the interim goal of RE100, Established Carbon Management Committee

- Set the interim goal of RE100 which is to "replace 33% of power source to renewable electricity in all our workplaces" by 2030
- Established 'Carbon Management Committee' that will oversee the entire process from planning to implementation of GHG reduction

Upgrade in Global ESG rating

- Received 'A' rating from MSCI ESG Rating with rating upgrade for 2 consecutive years, as company's efforts to improve Water Stress Management is recognized
- Maintained 12 years' of inclusion in the Dow Jones Sustainability Asia-Pacific Index, with first year of inclusion in 2010



New Shareholder Return Policy

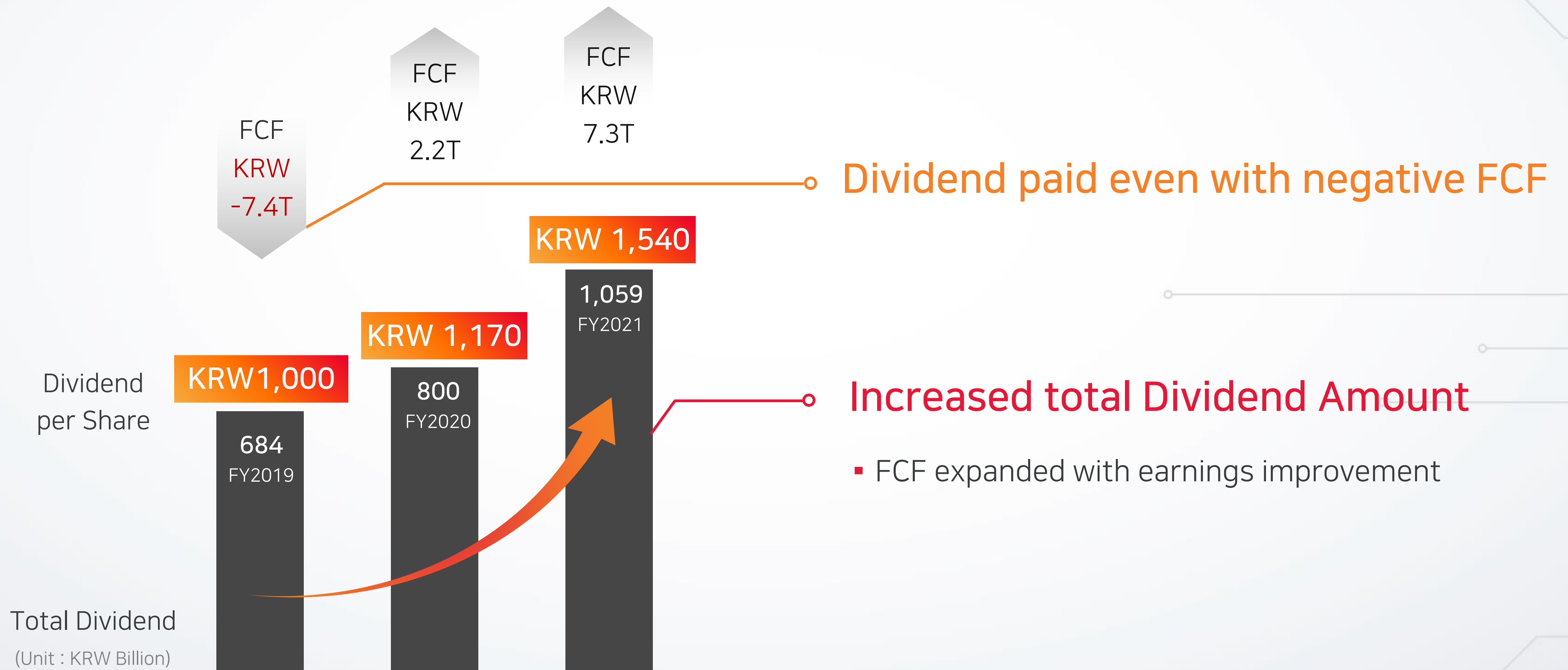
FY'22 ~ FY'24

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FY2019~2021 Dividend Policy*

『KRW 1,000 per share ^{Fixed Dividend} + 5% of annual FCF ^{Additional Dividend}』

Scheme was initially set to increase predictability in shareholder return amt. and to reflect earnings volatility



* Refer to "Management Information related to Key Management Matters (Fair Disclosure) Jan 1. 2020" for Dividend policy(FY19~FY21)

FY'22~'24 New Shareholder Return Policy

Dedicate 50% of 3-years' (FY'22~'24) FCF for shareholder return

Increase KRW 1,000/share of Fixed Dividend by 20%

Start Quarterly Dividend Program

* FCF = Cash Flow from Operating Activities - Acquisition of PP&E (based on consolidated Cash Flow Statement for the Fiscal Year)

FY'22~'24 New Shareholder Return Policy

Increase KRW 1,000/share of Fixed Dividend by 20%

: Avg. DPS* for FY'19~'21 is now the minimum DPS for FY'22~'24

	Current		New
Fixed Dividend	KRW 1,000	+20% →	KRW 1,200
+			
Additional Dividend	FCF 5%	Maintain	FCF 5%

* FY'19~'21 average dividend per share: KRW 1,240

FY'22~'24 New Shareholder Return Policy

Quarterly dividend payments*

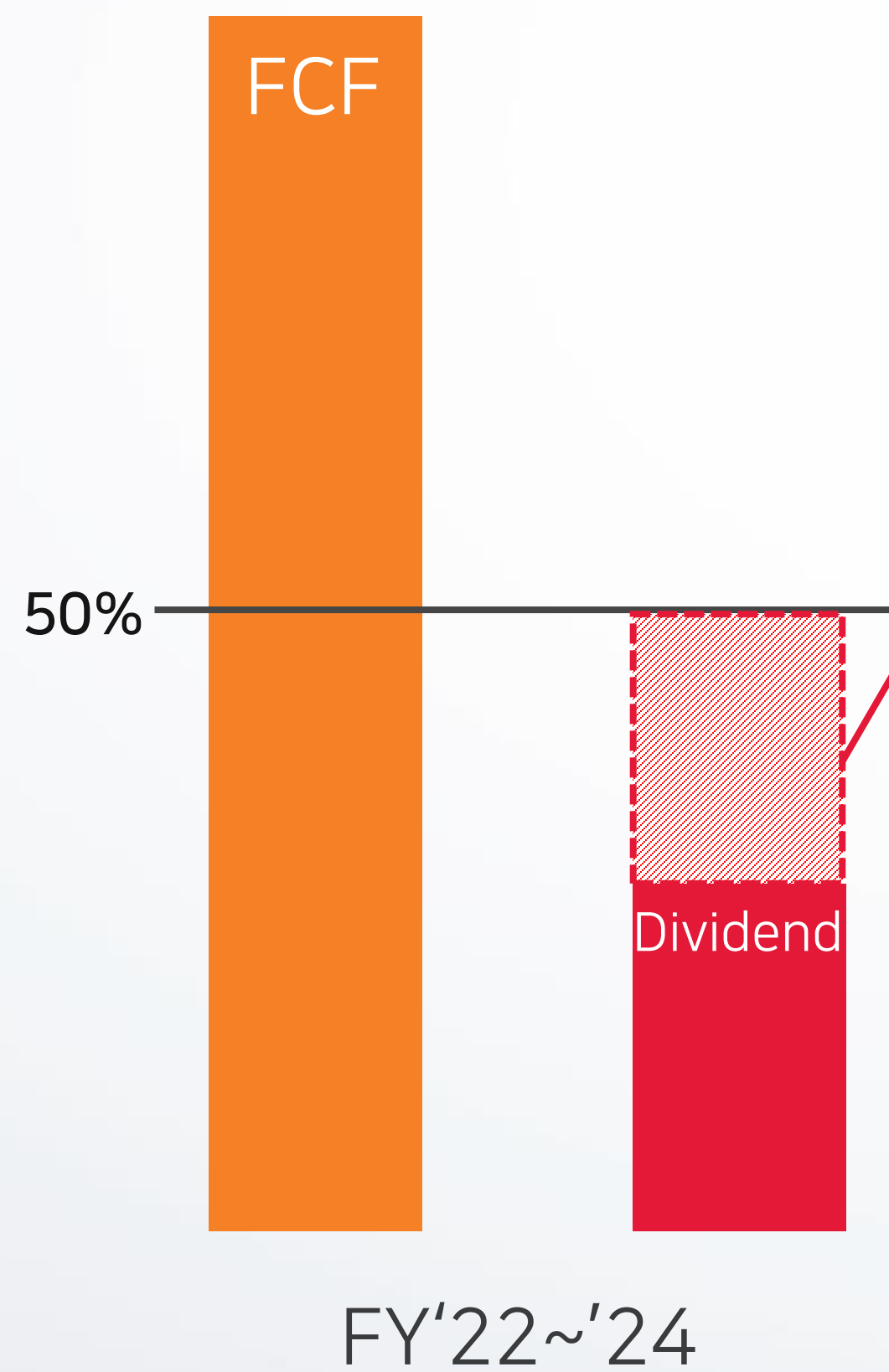
: KRW 300 DPS payment every quarter with addition DPS being paid at the last fiscal quarter (starting from Q1'22)

	1Q	2Q	3Q	4Q
Fixed Dividend Per Share	KRW 300	KRW 300	KRW 300	KRW 300
Additional Dividend	-	-	-	+ FCF 5%

* It is premised on the case that the company's proposal to amend the articles of association for quarterly dividends is adopted at the FY2021 ordinary shareholders' meeting

FY'22~'24 New Shareholder Return Policy

Dedicate 50% of 3-years' (FY'22~'24) FCF for shareholder return



○ **Subject to additional shareholder return**

- If the total dividend paid during the period falls short of 50% of the cumulative FCF, the remaining amount will be used for additional return



Appendix

FY2021 Q4

We Do Technology
첨단기술의 중심, 더 나은 세상을 만듭니다

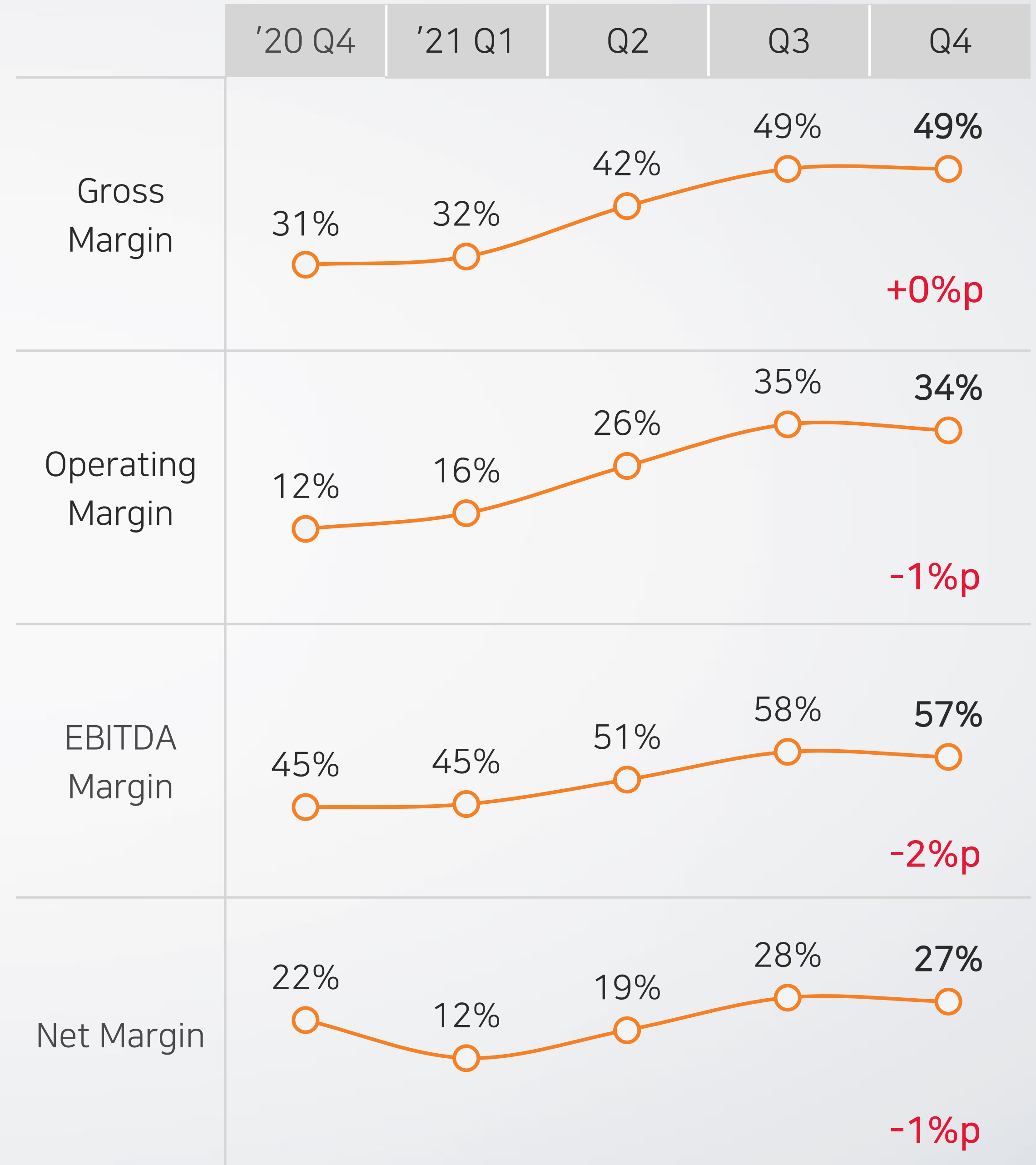
Income Statement

(Unit : KRW Billion)		'21 Q4	'21 Q3	'20 Q4	Q/Q	Y/Y
Revenue		12,377	11,805	7,966	5%	55%
Gross Profit		6,053	5,831	2,431	4%	149%
Operating Profit		4,220	4,172	966	1%	337%
EBITDA*		7,011	6,880	3,557	2%	97%
Net Profit		3,320	3,315	1,768	0%	88%
EPS (KRW)	Basic	4,823	4,815	2,583	-	-
	Dil.	4,821	4,813	2,582	-	-
Shares Outstanding (Mil. Shares)	Basic	688	688	684	-	-
	Dil.	688	688	684	-	-

* 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)

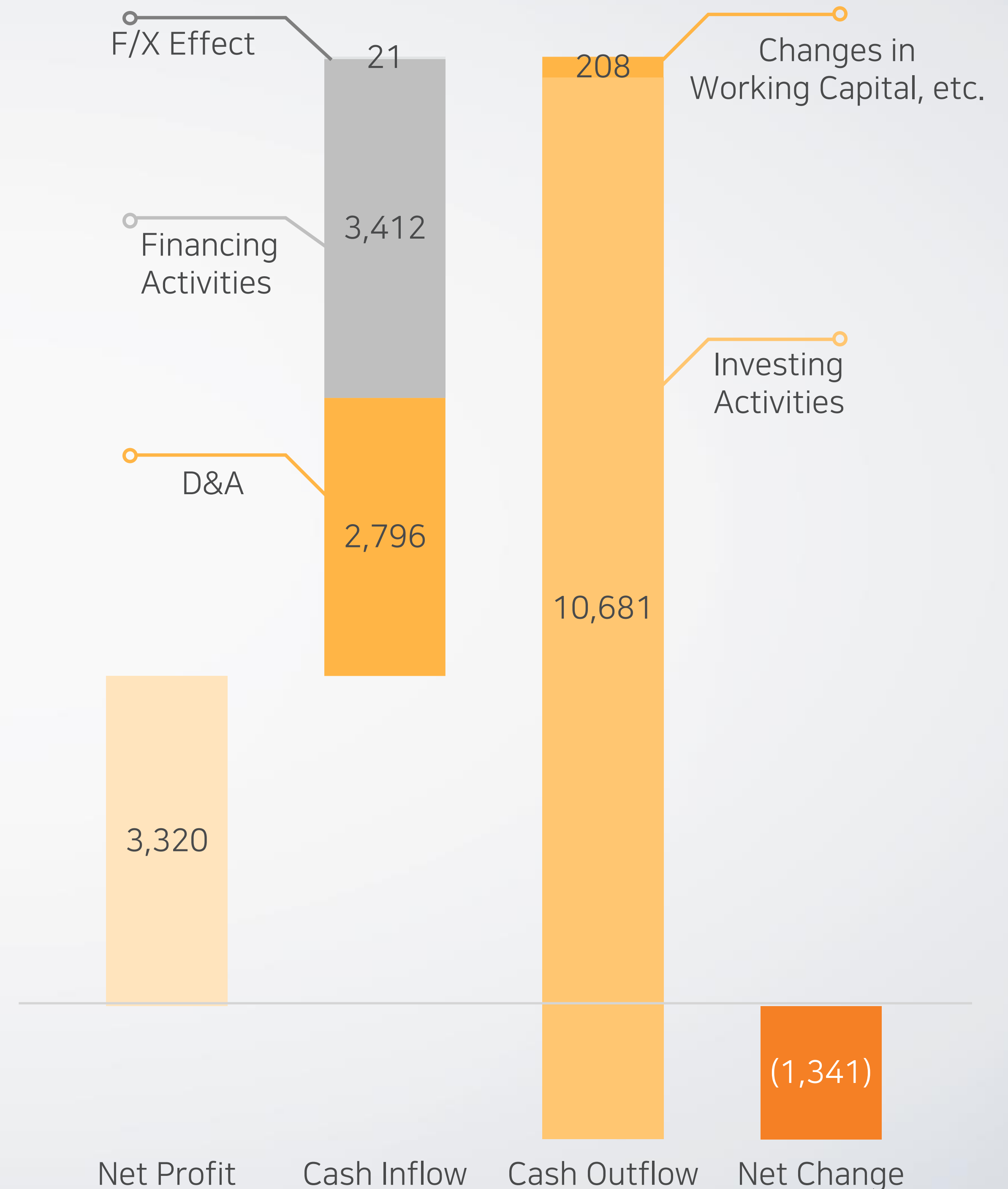
	'21 Q4	'21 Q3	'20 Q4
Beginning Cash Balance	10,013	6,638	4,756
CF from Operating Activities	5,907	6,171	3,267
Net Profit	3,320	3,315	1,768
D&A*	2,796	2,710	2,592
Changes in Working Capital, etc.	(208)	146	(1,093)
CF from Investing Activities	(10,681)	(2,750)	(2,957)
Acquisition of PP&E	(2,790)	(2,777)	(2,530)
CF from Financing Activities	3,412	(189)	(48)
Changes in Debt	3,492	(110)	111
Repayment of Lease Liability	(80)	(79)	(162)
Dividend Payout	(5)	0	0
Share Repurchase	5	0	0
Effect of F/X rate changes on Cash & Equivalents	21	144	(69)
Net Changes in Cash	(1,341)	3,376	192
Ending Cash Balance	8,673	10,013	4,948

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

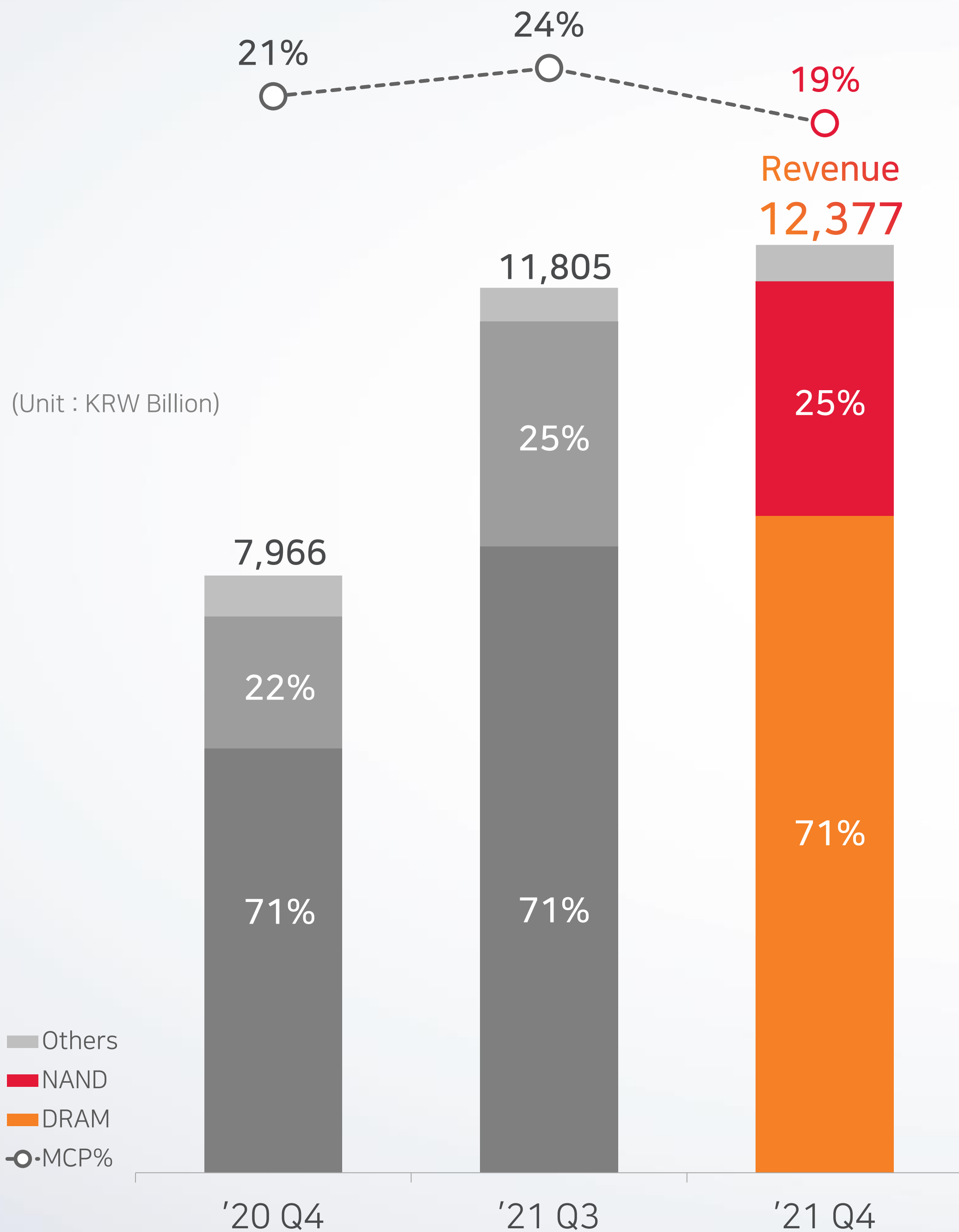
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Net Cash Flow

(Unit : KRW Billion)

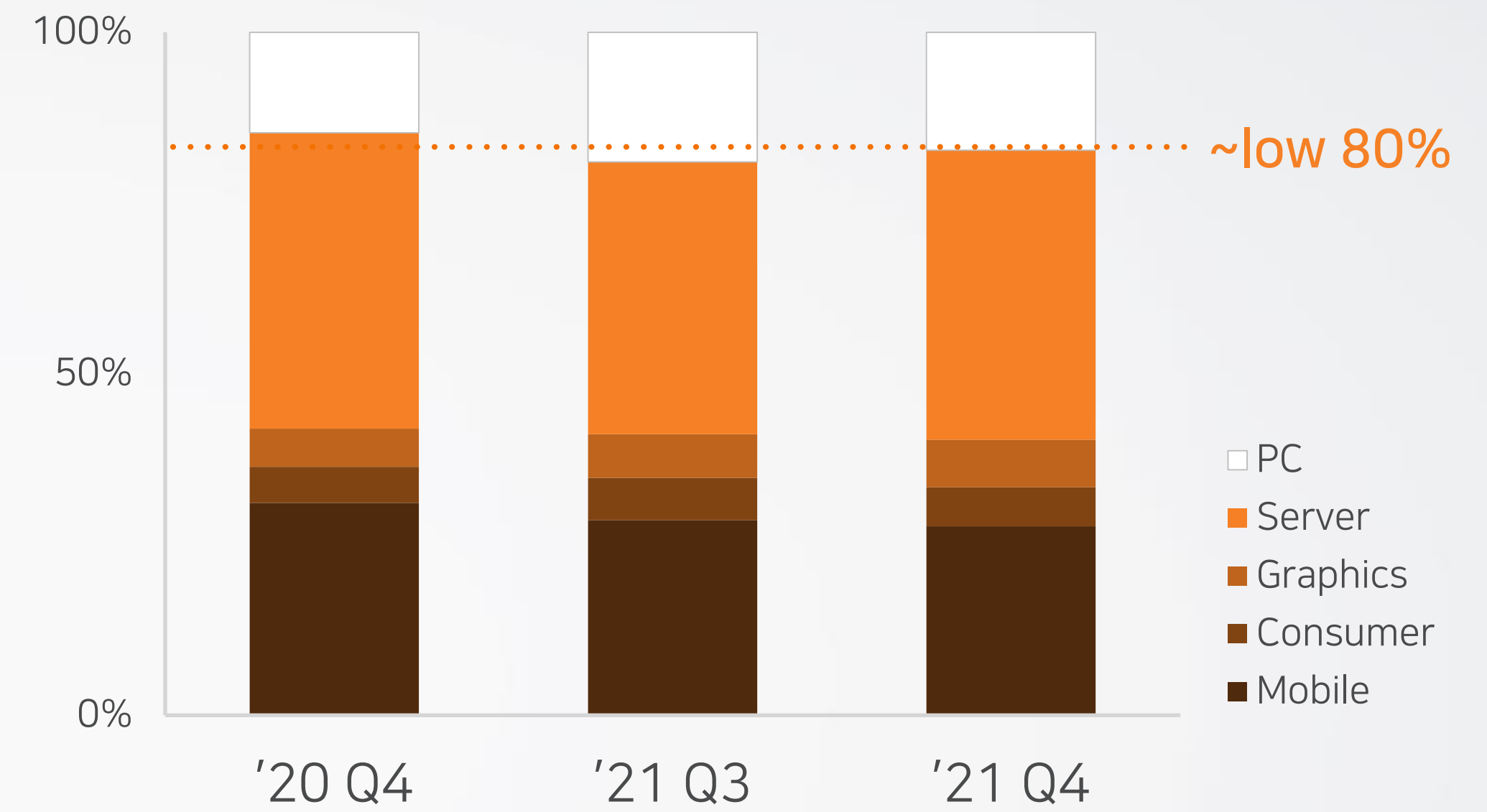


Revenue by Business Unit

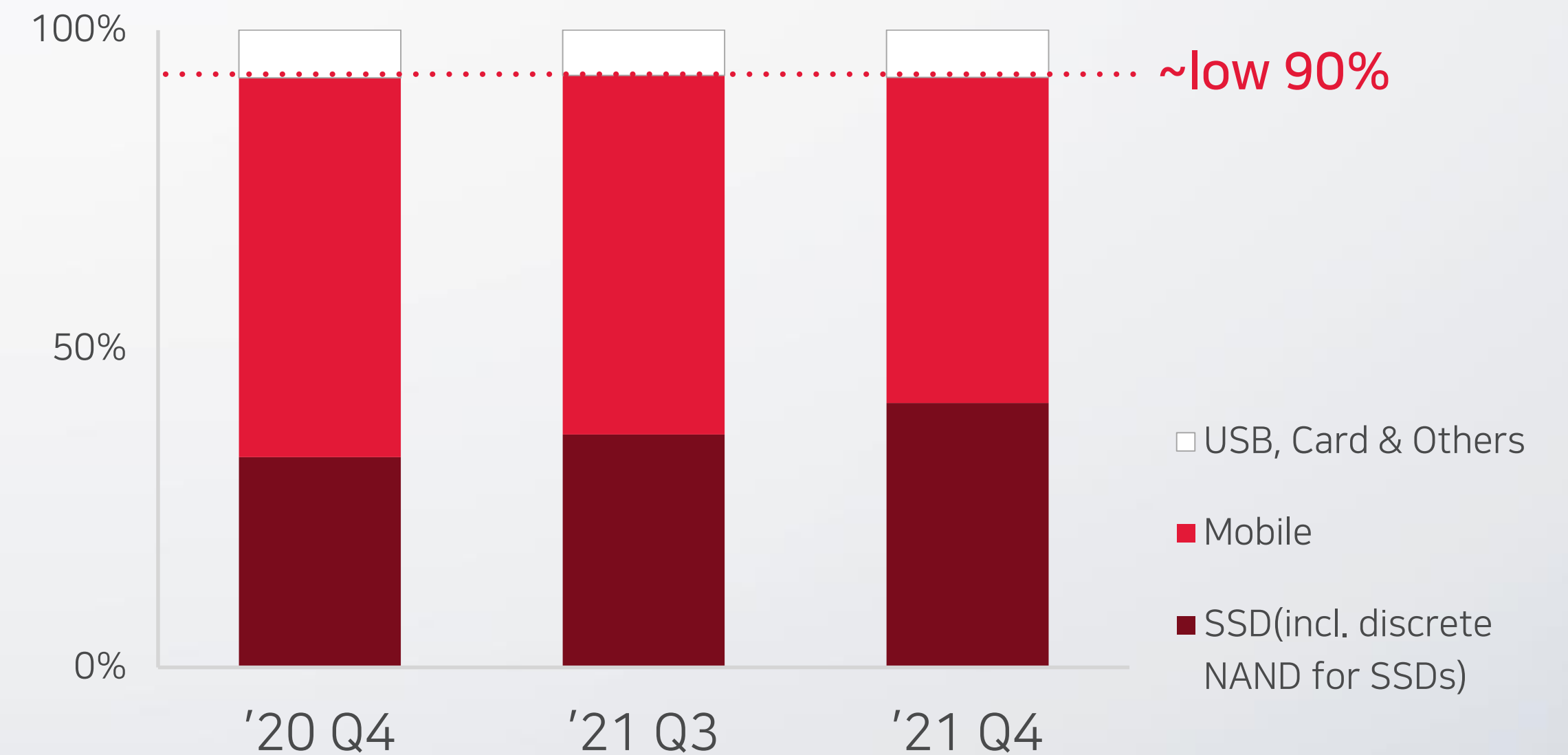


Revenue by Application

DRAM



NAND



* Revenue by Business Unit portion is based on KRW revenue

* Revenue by Application is based on USD revenue

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



THE END

[Attachment1] Statement of Financial Position

K-IFRS (KRW Billion)

	Q4'21	Q3'21	Q4'20	QoQ	vs. Q4'20
Assets					
Current Assets	26,559	24,911	16,571	+1,649	+9,989
Cash & Cash Equivalents*	5,058	10,013	4,948	-4,955	+110
Accounts Receivables	8,267	7,517	4,931	+750	+3,336
Inventories	8,607	6,600	6,136	+2,006	+2,470
Non-Current Assets	69,935	58,359	54,603	+11,577	+15,332
Property, Plant & Equipment	53,137	44,308	41,231	+8,829	+11,906
Intangible Assets	5,121	3,541	3,400	+1,580	+1,721
Total Assets	96,495	83,269	71,174	+13,226	+25,321
Liabilities					
Interest-bearing Debts	17,624	14,291	11,252	+3,332	+6,372
S-T Borrowings	233	212	180	+21	+54
Current Portion of L-T Borrowing	2,648	2,312	2,935	+336	-287
Bonds	7,214	7,220	3,610	-6	+3,604
L-T Borrowings	7,529	4,548	4,527	+2,981	+3,002
Accounts Payables	1,359	1,276	1,046	+83	+313
Total Liabilities	34,304	24,555	19,265	+9,749	+15,039
Shareholders' Equity					
Capital Stock	3,658	3,658	3,658	-	-
Capital Surplus	4,335	4,335	4,144	-	+191
Retained Earnings	55,784	52,460	46,996	+3,324	+8,788
Total Shareholders' Equity	62,191	58,714	51,909	+3,477	+10,282

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

[Attachment2] Income Statement

K-IFRS (KRW Billion)

		Q4'21	Q3'21	QoQ	2021	2020	전년대비
Revenue		12,377	11,805	+5%	42,997	31,900	+35%
Cost of Goods Sold		6,323	5,974	+6%	24,046	21,090	+14%
Gross Profit		6,053	5,831	+4%	18,952	10,811	+75%
SG&A Expenses		1,834	1,659	+11%	6,542	5,798	+13%
Operating Profit		4,220	4,172	+1%	12,410	5,013	+148%
Net Financial Profit/Loss		-58	-60				
Net F/X Transaction & Translation P/L		-14	404				
Net Income(Expense) From Jointly Controlled Entities & Associates		-22	41				
Others		540	41				
EBITDA		7,011	6,880	+2%	23,057	14,777	+56%
Income Before Tax		4,666	4,599	+1%	13,416	6,237	+115%
Tax Expense/Benefit		1,346	1,283	+5%	3,800	1,478	+157%
Net Profit		3,320	3,315	+0%	9,616	4,759	+102%
EPS(KRW)	Basic	4,823	4,815		13,989	6,952	
	Diluted	4,821	4,813		13,984	6,950	
Shares Outstanding (mn shares)	Basic	688	688		686	684	
	Diluted	688	688		687	684	