Press Release

Nanya Technology Reports Fourth Quarter and Year 2017 Results

January 16th, 2018 – Nanya Technology Corporation, (TWSE: 2408), today announced its results of the fourth quarter, ended December 31st, 2017. Nanya's quarterly sales revenue was NT$ 16,783 million, 26.3 percent increase compared with the third quarter, 2017. Average selling prices (ASP) increased by 6.9 percent; bit shipment increased by 18.7 percent. Negative impacted 0.5% on revenue by Foreign currency exchange.

Gross margin of the quarter was NT$ 8,351 million, percentage of revenue was 49.8 percent, a 5.6 percentage points increase compared with previous quarter. Operating income of the quarter was NT$ 6,537 million, operating margin was 38.9 percent. Operating margin increased 7.0 percentage points compared with last quarter, mainly due to ASP and bit shipment increase. The quarter recognized NT$ 16,121 million gain from Micron share disposal, NT$ 433 million gain from ECB's option valuation, and also had foreign exchange loss of NT$ 396 million. The Company had net income attributable to Nanya Technology shareholders of NT$ 21,978 million, with net margin of 131.0 percent. Earnings per share (EPS) of NT$ 7.42 in the fourth quarter.

The annual sales revenue was NT$ 54,933 million in 2017, 31.9 percent increase compared to previous year's. In year 2017, the sales volume remained flat year-over-year, the average selling price increased over 35 percent. Gross margin of the year was NT$ 24,677 million, percentage of revenue was 44.9 percent. Operating income in year 2017 was NT$ 18,802 million, operating margin was 34.2 percent. The year recognized non-operating income NT$ 23,034million, mainly from Micron share disposal gain of NT$ 32,105 million, ECB's option valuation loss of NT$ 7,599 million, and also had foreign exchange loss of NT$ 948 million. Income tax expense was NT$ 1,533 million.

The net income attributable to Nanya Technology shareholders of NT$ 40,289 million, with net margin of 73.3 percent, NT$ 14.36 earnings per share (the earnings per share calculations are based on weighted average outstanding shares of 2,806 million). By December 29, 2017, the Company has completely cashed out its holding of 57,780,138 shares in MU. Total net proceeds amounted to NT$ 63,562 million. On December 31st, 2017, the company's book value per share was NT$ 44.20. All numbers are unaudited.

20nm has reached 38,000 WSPM ramping by the end of 2017. Total capacity will amount to 68,000 WSPM, including 30,000 WSPM of 30nm. Yearly bit shipment forecasts to increase 45 percent in 2018. 20nm 8Gb DDR4 starts mass production in the fourth quarter of 2017.

Total capital expenditure (CAPEX) executed in 2017 was NT$ 29,395 million. The CAPEX plan for 2018 estimated as NT$ 11,500 million subject to BoD's approval which including 20nm equipment payment deferred, 10nm Class technology development and regular CAPEX.

Q4 2017 Consolidated Income Statement

Amount in Million NT$, except for EPS	Q4'17 Unaudited		Q3'17 Audited		QoQ	Q4'16 Audited		YoY
Net Sales	16,783	*100%*	13,293	*100%*	26.3%	12,098	*100%*	38.7%
Gross Margin (Loss) *Gross Margin(%)*	8,351	*49.8%*	5,882	*44.2%*	42.0%	3,744	*31.0%*	123.0%
Operating Income (Loss) *Operating Margin(%)*	6,537	*38.9%*	4,245	*31.9%*	54.0%	2,570	*21.2%*	154.4%
EBITDA* *EBITDA Margin (%)*	9,418	*56.1%*	6,399	*48.1%*	47.2%	4,069	*33.6%*	131.5%
Non-operating Income (Exp.)	15,452	*92.1%*	4,313	*32.4%*		18,856	*155.9%*	
Income Tax Benefit (Exp.)	-14	*-0.1%*	-10	*-0.1%*		-1,348	*-11.1%*	
Net Income (Loss) *Net Margin (%)*	21,978	*131.0%*	8,546	*64.3%*	157.2%	20,074	*165.9%*	9.5%
Earnings Per Share	7.42**		3.09			7.34		
Book Value Per Share	44.20***		41.34			31.13		

* EBITDA = Operating income + Depreciation & Amortization Expenses
** EPS is based on weighted average outstanding shares of 2,962M
*** BVPS is calculated based on 2,986M outstanding shares

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2017 Consolidated Income Statement

Amount: Million NT$	Y2017 Unaudited & Consolidated		Y2016 Audited & Consolidated		YoY
Net Sales	54,933	100.0%	41,633	100.0%	31.9%
Cost of Goods Sold	30,256	55.1%	28,781	69.1%	
Gross Margin	24,677	44.9%	12,851	30.9%	92.0%
SG&A Expenses	2,202	4.0%	1,821	4.4%	
R&D Expenses	3,673	6.7%	2,478	6.0%	
Operating Income	18,802	34.2%	8,552	20.5%	119.8%
Non-operating Income (Exp.)	23,034	41.9%	17,173	41.3%	
Income before Tax	41,835	76.2%	25,726	61.8%	62.6%
Income Tax Benefit (Expense)	-1,533	-2.8%	-1,997	-4.8%	
Net Income	40,302	73.4%	23,729	57.0%	
Net Income attributable to noncontrolling interests	13	0.0%	7	0.0%	
Net Income attributable to NTC	40,289	73.3%	23,721	57.0%	69.8%
EPS(NT$)	14.36		8.67		

Note : The earnings per share calculations are based on weighted average outstanding shares of 2,806 million

Disclaimer

This press release contains forward-looking statements. These statements relate to future events or our future financial performance. These statements are only predictions. Actual events or results may differ materially.
Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We undertake no duty to update any of the forward-looking statements after the date of this press release to conform such statements to actual results or to changes in our expectations.
Readers are also urged to carefully review and consider the various disclosures made by us which attempt to advise interested parties of the factors which affect our business.

About Nanya

Nanya Technology Corporation ("NTC"), a member of the Formosa Plastics Group, provides key components DRAM to electronic industry, focusing on research and development, design, manufacturing, and sales of consumer and Low Power DRAM products. In addition, NTC continues to enlarge its share of high value-added DRAM market, increases manufacturing efficiency, and strengthens product quality and customer services in respond to market demand. NTC's common stock is traded on the Taiwan Stock Exchange Corporation (TWSE) under the symbol 2408. For more information, please visit http://www.nanya.com.

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