

Press Release

Nanya Technology Reports Results for the Fourth Quarter 2018 and Year 2018

January 15th, 2019 – Nanya Technology Corporation, (TWSE: 2408), today announced its results of operations for the Fourth quarter, ended December 31st, 2018. Nanya's quarterly sales revenue was NT\$ 16,958 million, 30.4 percent decreased compared to the third quarter, 2018. Average selling prices (ASP) decreased by low teens percent; bit shipment decreased by low twenties percent in the fourth quarter.

Gross profit of the quarter was NT\$ 8,972 million, gross margin was 52.9 percent, a 6.0 percentage points decrease compared with previous quarter. Operating Income of the quarter was NT\$ 7,092 million, operating margin was 41.8 percent. Operating margin decreased 9.2 percentage points compared with last quarter. Non-operating income of the quarter was NT\$ 894 million primary from interest income and foreign exchange gain. The Company had net profit of NT\$ 7,953 million, with net margin of 46.9 percent, a 5.9 percentage points decrease compared with previous quarter. Earnings per share (EPS) of NT\$ 2.57 in the fourth quarter (the earnings per share calculations are based on weighted average outstanding shares of 3,090 million). Book value per share was NT\$ 54.01 at the fourth quarter end.

The annual sales revenue was NT\$ 84,722 million in 2018, 54.3 percent increase compared to previous year's. In year 2018, the sales volume increased by mid-thirtys percent, the average selling price increased by mid-teens percent year-over-year. Gross Profit of the year was NT\$ 46,616 million, gross margin was 55.0 percent. Operating income in year 2018 was NT\$ 39,355 million, operating margin was 46.5 percent. The year recognized non-operating income NT\$ 2,230million, mainly from interest income and foreign exchange gain. Income tax expense was NT\$ 2,224 million. The net income attributable to Nanya Technology shareholders of NT\$ 39,362 million, with net margin of 46.5 percent, NT\$ 12.80 earnings per share (the earnings per share calculations are based on weighted average outstanding shares of 3,074 million). All numbers are unaudited.

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In 2019, the company plans to enhance its position in server market and launch advanced Low Power DRAM products. In response to conservative market conditions, 2018 capital expenditure (Capex) has trimmed down to NT\$20.4 billion. 2019 Capex plan will be further reduced.

Nanya Technology share repurchase plan expired on January 11, 2019. In phase-I, the Company repurchased 20 million shares of common stock, with a total amount of NT\$1,147 million. Phase-I is for employees' stock options program. In phase-II, the Company repurchased 50 million shares of common stock, with a total amount reached NT\$2,666 million. Phase-II of repurchase is for safeguarding shareholders' interests. The aggregate shares of repurchase were booked as treasury stock, which accounts for 2.26% of the total number of outstanding shares.

Q4 2018 Consolidated Income Statement

Amount in Million NT\$, except for EPS	Q4'18 Unaudited		Q3'18 Audited		QoQ	Q4'17 Audited		YoY
Net Sales	16,958	100%	24,375	100%	-30.4%	16,769	100%	1.1%
Gross Profit (Loss) <i>Gross Margin(%)</i>	8,972	52.9%	14,366	58.9%	-37.5%	8,318	49.6%	7.9%
Operating Income (Loss) <i>Operating Margin(%)</i>	7,092	41.8%	12,434	51.0%	-43.0%	6,526	38.9%	8.7%
EBITDA* <i>EBITDA Margin (%)</i>	10,217	60.2%	15,487	63.5%	-34.0%	9,407	56.1%	8.6%
Non-operating Income (Exp.)	894	5.3%	438	1.8%	103.9%	15,457	92.2%	
Income Tax Benefit (Exp.)	-33	-0.2%	0	0%		-17	-0.1%	
Net Income (Loss) <i>Net Margin (%)</i>	7,953	46.9%	12,872	52.8%	-38.2%	21,971	131.0%	-63.8%
Earnings Per Share	2.57**		4.15			7.42		
Book Value Per Share	54.01***		51.52			44.54		

* EBITDA = Operating income + Depreciation & Amortization Expenses

** EPS is based on weighted average outstanding shares of 3,090M

*** BVPS is calculated based on 3,053M outstanding shares after deduction of treasury stocks

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2018 Consolidated Income Statement

2019 Consolidated Income Statement

	Y2018		Y2017		YoY
Amount: Million NT\$	Unaudited & Consolidated		Audited & Consolidated		
Net Sales	84,722	100.0%	54,918	100.0%	54.3%
Cost of Goods Sold	38,106	45.0%	30,250	55.1%	
Gross Margin	46,616	55.0%	24,668	44.9%	89.0%
SG&A Expenses	2,373	2.8%	2,203	4.0%	
R&D Expenses	4,887	5.8%	3,673	6.7%	
Operating Income	39,355	46.5%	18,791	34.2%	109.4%
Non-operating Income (Exp.)	2,230	2.6%	23,039	42.0%	
Income before Tax	41,586	49.1%	41,831	76.2%	-0.6%
Income Tax Benefit (Expense)	-2,224	-2.6%	-1,536	-2.8%	
Net Income	39,361	46.5%	40,295	73.4%	
Net Income attributable to noncontrolling interests	-1	0.0%	13	0.0%	
Net Income attributable to NTC	39,362	46.5%	40,282	73.3%	-2.3%
EPS(NT\$)	12.80		14.36		

Note : The earnings per share calculations are based on weighted average outstanding shares of 3,074 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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