

Press Release

Nanya Technology Reports Results for the Fourth Quarter 2019

January 10th, 2020 – Nanya Technology Corporation, (TWSE: 2408), today announced its results of operations for the fourth quarter, ended December 31st, 2019. Nanya's quarterly sales revenue was NT\$ 13,116 million, an 11.4 percent decrease compared to the third quarter, 2019. In the fourth quarter of 2019, average selling prices (ASP) decreased by low single digits percent and bit shipment decreased by mid-single digits percent quarter over quarter. NTD/USD appreciated 2.1%.

Gross profit of the quarter was NT\$ 3,377 million; gross margin was 25.7 percent; a 2.3 percentage points decrease from that in the previous quarter. Operating Income of the quarter was NT\$ 1,440 million; operating margin was 11.0 percent; a 4.2 percentage points decrease from that in the last quarter. Non-operating income of the quarter was NT\$ 109 million primarily due to foreign exchange, interest incomes and investment income under equity method. Income tax for this quarter was NT\$ 271 million. The Company had net profit of NT\$ 1,278 million, with net margin of 9.7 percent, a 5.2 percentage points decrease from that in the previous quarter. Earnings per share (EPS) was NT\$ 0.42 in the fourth quarter (based on weighted average outstanding shares of 3,053 million).

The annual sales revenue was NT\$ 51,727 million in 2019. Gross Profit of the year was NT\$ 16,494 million. Operating income was NT\$ 9,517 million. The net income of NT\$ 9,816 million, NT\$ 3.22 earnings per share (the earnings per share calculations are based on weighted average outstanding shares of 3,045 million). Book value per share was NT\$ 49.78 at the end of the year. All numbers are unaudited.

2019 Capital expenditure of NT\$ 5,496 million. Annual bit shipment increased by low-teens percent year-over-year.

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Nanya Technology has successfully developed core cell technology for the 10nm class DRAM process, which will enable sustainability of its DRAM products for at least 3 generations. The lead products of Nanya's first generation of 10nm class process technology will be 8Gb, DDR4, LPDDR4 and DDR5, all of which will use Nanya's proprietary design and process platform, with piloting scheduled to start in the second half of 2020. At the same time, the second generation of Nanya 10nm class process technology has now entered the developmental stage and is expected to be introduced into piloting before 2022.

Nanya continues to focus on the development of its intellectual property. Drawing on more than 20 years of R&D experience, and internal training, Nanya has established R&D teams capable of developing new process and product technology independently, and has to date accumulated 4,198 patents. The company is committed to continuing to improve its competitiveness for the long run with new and innovative technologies.

Q4 2019 Consolidated Income Statement

Amount in Million NT\$, except for EPS	Q4'19 Unaudited		Q3'19 Audited		QoQ	Q4'18 Audited		YoY
Net Sales	13,116	100%	14,799	100%	-11.4%	16,958	100%	-22.7%
Gross Profit (Loss) <i>Gross Margin(%)</i>	3,377	25.7%	4,137	28.0%	-18.4%	8,972	52.9%	-62.4%
Operating Income (Loss) <i>Operating Margin(%)</i>	1,440	11.0%	2,252	15.2%	-36.1%	7,092	41.8%	-79.7%
EBITDA* <i>EBITDA Margin (%)</i>	5,170	39.4%	5,957	40.3%	-13.2%	10,217	60.2%	-49.4%
Non-operating Income (Exp.)	109	0.8%	432	2.9%		893	5.3%	
Income Tax Benefit (Exp.)	-271	-2.1%	-479	-3.2%		-32	-0.2%	
Net Income (Loss) <i>Net Margin (%)</i>	1,278	9.7%	2,205	14.9%	-42.1%	7,953	46.9%	-83.9%
Earnings Per Share	0.42**		0.72			2.57		
Book Value Per Share	49.78***		49.71			54.02		

* EBITDA = Operating income + Depreciation & Amortization Expenses

** EPS is based on weighted average outstanding shares of 3,053M

*** BVPS is calculated based on 3,053M outstanding shares after deduction of NT\$ 7.11 cash dividend

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2019 Consolidated Income Statement

	Y2018		Y2018		YoY
Amount: Million NT\$	Unaudited & Consolidated		Audited & Consolidated		
Net Sales	51,727	100.0%	84,722	100.0%	-38.9%
Cost of Goods Sold	35,233	68.1%	38,106	45.0%	
Gross Margin	16,494	31.9%	46,616	55.0%	-64.6%
SG&A Expenses	2,051	4.0%	2,373	2.8%	
R&D Expenses	4,926	9.5%	4,887	5.8%	
Operating Income	9,517	18.4%	39,355	46.5%	-75.8%
Non-operating Income (Exp.)	1,707	3.3%	2,229	2.6%	
Income before Tax	11,224	21.7%	41,584	49.1%	-73.0%
Income Tax Benefit (Expense)	-1,407	-2.7%	-2,223	-2.6%	
Net Income	9,816	19.0%	39,361	46.5%	
EPS(NT\$)	3.22		12.80		

Note : The earnings per share calculations are based on weighted average outstanding shares of 3,045 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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