



Nanya Technology Q1 2020 Investor Conference

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The background features abstract geometric patterns. On the left, there are overlapping triangles in shades of blue and yellow. On the right, there is a network of grey dots connected by thin lines, forming a web-like structure.

01

Q1'20 REVENUE & RESULTS

Q1'20 Financial Results Summary

Amount in Million NT\$, except for EPS & BVPS	Q1'20 Unaudited		Q4'19 Audited		QoQ	Q1'19 Audited		YoY
Net Sales	14,419	100%	13,116	100%	9.9%	11,372	100%	26.8%
Gross Profit (Loss) <i>Gross Margin(%)</i>	3,436	23.8%	3,377	25.7%	1.8%	4,633	40.7%	-25.8%
Operating Income (Loss) <i>Operating Margin(%)</i>	1,832	12.7%	1,440	11.0%	27.2%	3,020	26.6%	-39.3%
EBITDA* <i>EBITDA Margin (%)</i>	5,437	37.7%	5,169	39.4%	5.2%	6,381	56.1%	-14.8%
Non-operating Income (Expense)	491	3.4%	111	0.8%		567	5.0%	
Income Tax Benefit (Expense)	-395	-2.7%	-265	-2.0%		0	0.0%	
Net Income (Loss) <i>Net Margin (%)</i>	1,928	13.4%	1,286	9.8%	49.9%	3,586	31.5%	-46.2%
Earnings Per Share (NT\$)	0.63**		0.42			1.18		
Book Value Per Share (NT\$)	50.40***		49.78			55.26		
Shares Outstanding(million shares)	3,055		3,053			3,035		

Note: * EBITDA = Operating income + Depreciation & Amortization Expenses

*** BVPS is calculated based on 3,055M outstanding shares

** EPS is based on weighted average outstanding shares of 3,054M

Quarterly Revenue Results

	QoQ Q1'20 vs. Q4'19	YoY Q1'20 vs. Q1'19
Revenue	+9.9%	+26.8%
Shipment	Increased low teens %	Increased approx. ninetys%
ASP	Flat	Decreased low thirtys%
Exchange Rate	-1.5%	-2.4%

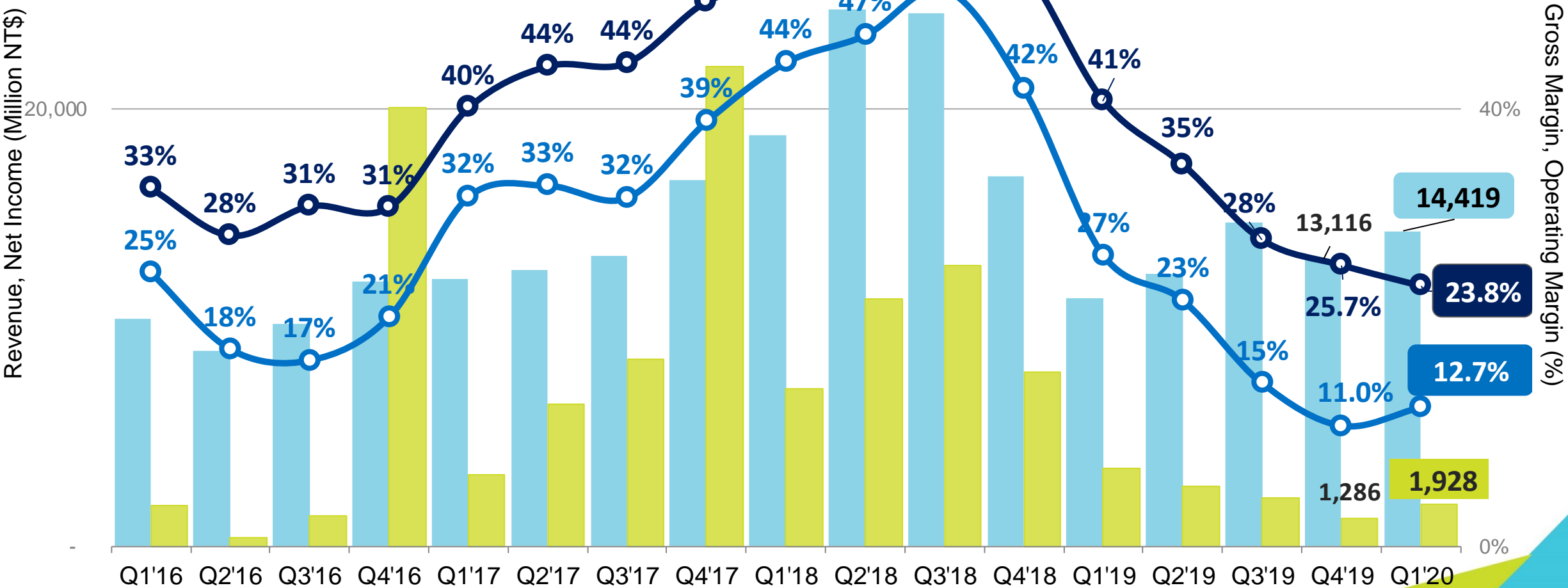
- Q1'20 Revenue increased by 9.9% QoQ
- Q1'20 Bit shipment increased low teens% QoQ
- Q1'20 ASP remained flat QoQ

Q1'20 vs. Q4'19 Results Comparison

Amount in Million NT\$	Q1'20 Unaudited	Q4'19 Audited	QoQ (PPT* Delta)	Remarks
Net Sales	14,419	13,116	+9.9%	<ul style="list-style-type: none"> ■ Bit shipment increased by low teens% range QoQ ■ ASP remained flat QoQ ■ FX negative impact 1.5%
Gross Profit (Loss) Gross Margin(%)	3,436 23.8%	3,377 25.7%	-1.9%	<ul style="list-style-type: none"> ■ Q1'20 Gross profit increased NT\$ 59M, mainly due to shipment increase and FX negative impact
Operating Expense	1,604 11.1%	1,937 14.8%	-3.7%	<ul style="list-style-type: none"> ■ SG&A decreased NT\$ 30M, R&D expense decreased NT\$ 303M
Operating Income (Loss) Operating Margin(%)	1,832 12.7%	1,440 11.0%	+1.7%	<ul style="list-style-type: none"> ■ Q1'20 OP Income increased NT\$ 392M
Net Income (Loss) Net Margin (%)	1,928 13.4%	1,286 9.8%	+3.6%	<ul style="list-style-type: none"> ■ Net Income increased NT\$ 642M <ul style="list-style-type: none"> • Primarily from OP Income increase of NT\$ 392M • Gains by FX: NT\$ 342M favorable (Q1'20: +78M, Q4'19: -264M) • Income tax: NT\$ 131M unfavorable (Q1'20: 395M; Q4'19: 265M)

Quarterly Financial Highlights

Revenue (Million NT\$) Net Income (Million NT\$) Gross Margin(%) Operating Margin(%)

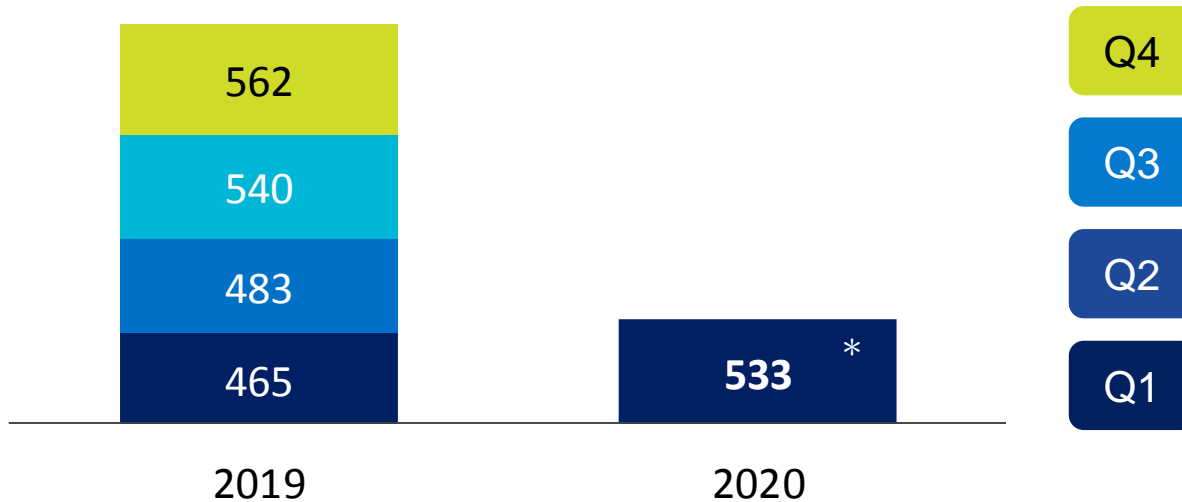


Operating Expenses

SG&A Expenses

(Million NT\$)

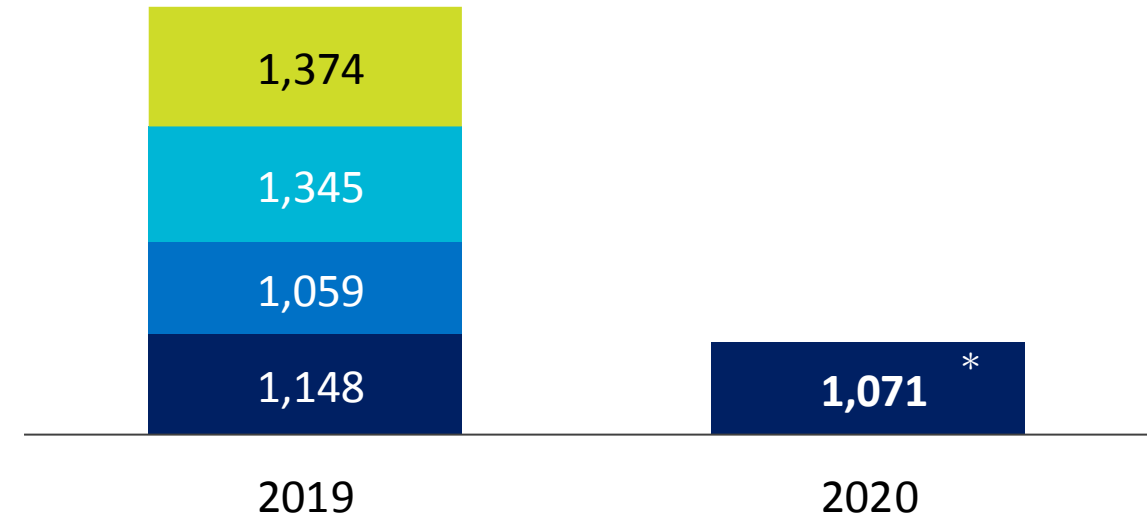
* Unaudited number



R&D Expenses

(Million NT\$)

* Unaudited number



Note: Q1'20 R&D expenses decreased NT\$ 303million. 2020 average R&D expense remain uptrend

Cash Flows

Unit: Million NT\$	Q1'20 Unaudited & Consolidated	Q4'19 Audited & Consolidated	Q1'19 Audited & Consolidated
Beginning Balance	44,149	43,184	57,384
Cash from Operating Activities	3,555*	4,798	5,916
Capital expenditures	-838	-840	-1,723
Financial Activities & others	141	-2,992**	-1,203
Ending Balance	47,007	44,149	60,374
Free Cash Flow ⁽¹⁾	2,717	3,957	4,193

(1) Free Cash Flow = Cash from operating activities – Capital expenditures

* Account receivable increased NT\$ 1.6 billion (B) due to revenue increase

** NT\$ 2.05 B investment to acquire FATC shares and NT\$ 1.1B currency translation due to NTD appreciation

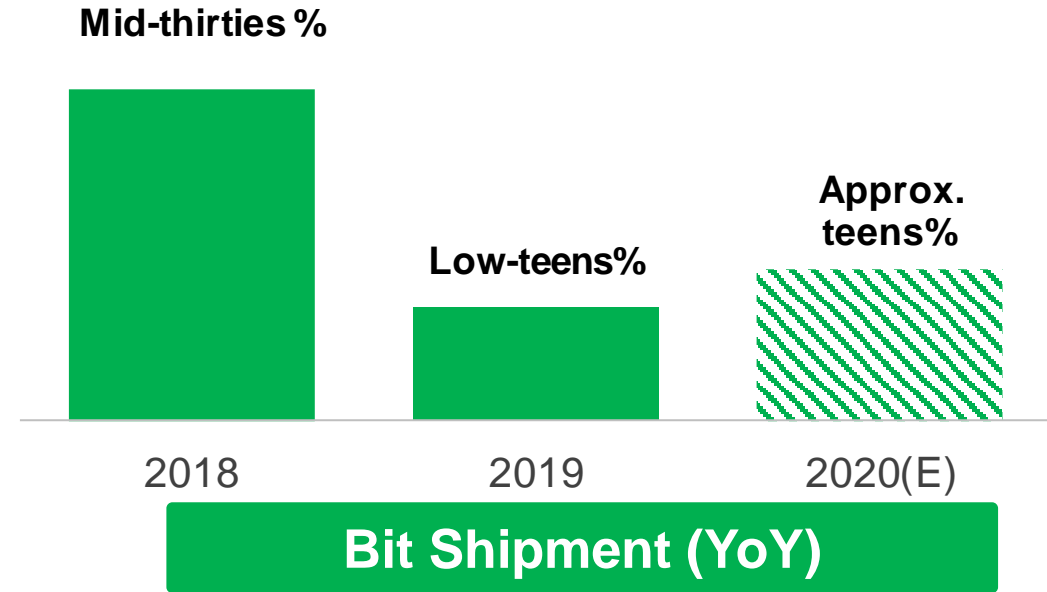
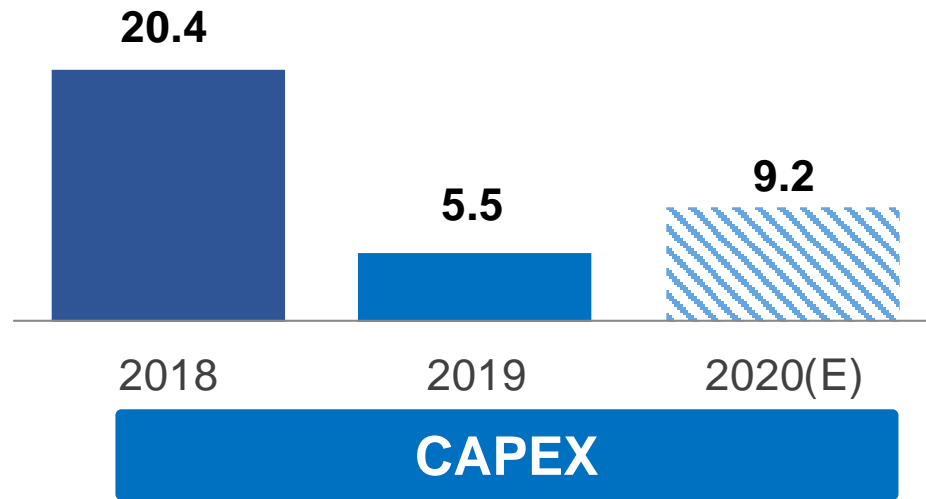
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02

CAPEX & BIT SHIPMENT

CAPEX & Bit Shipment

NT\$ Billion



Capital Expenditure (CAPEX)

- Q1'20 CAPEX NT\$ 838 million
- BoD approved 2020 CAPEX plan NT\$ 9.2 billion, including 10nm-class R&D and piloting, and 20nm deferred payment, etc.

Bit Shipment

- Q1'20 Bit shipment increased by low teens% QoQ
- Q2'20 QoQ bit shipment expected to be flat
- 2020 YoY bit shipment growth guided for approx. teens%

03 RESPONSE TO COVID-19

Response to COVID-19

Epidemic Prevention Measures

- Implemented epidemic prevention measures complied with government's regulation, plus additional policy to protect employees, contractors and visitors. No abnormal cases occurred thus far
 - Internal epidemic prevention measures include physical separation protocols, work from home, all personnel body temperature screening, use of surgical masks, catering health management...etc.
 - External epidemic prevention measures include entrance requirements, video or teleconference instead of travel or visit...etc.

Supply Chain Mgmt.

- Production line and subcontractors are all located in Taiwan, not affected by COVID-19
- Raw materials and equipment are currently not affected
 - Shipment and transport of the supply chain are normal
 - Increase inventory of materials and chemicals
 - Multiple suppliers to reduce risk

Customer Support

- Support and services to our customers with goal to assist our customers for stable production

Next

- Continue monitor the future development of COVID-19 and take appropriate measure to assure the overall normal operation



04

MARKET OUTLOOK

Q2'20 Market Outlook (COVID-19 effect)

Outlook

- Short term: Demand increased from remote work, virtual learning or online shopping. Stronger demand from servers, notebooks, tablets, SSDs and networking devices, offsetting weaker demand from smartphones.
- Long term: If EU, U.S. and other countries epidemics under control in Q2, market may bound from turbulence to stable. If the epidemics continue through Q3, Global recession will be expected

Supply

- Conservative Capex in 2019 result in discipline bit supply growth in 2020
- COVID-19 pandemic has not interrupted DRAM supply
- 2021 bit supply growth depends on DRAM suppliers CAPEX plan in 2H20

Demand

- **Mobile Market:** Expected DRAM content to grow, as 12GB adoption increase in Android high-end smartphones. However, COVID-19 impacted overall smartphone demand
- **Server Market:** Hyperscalers are increasing their 2020 CAPEX. COVID-19 has caused cloud computing demand to surge due to stay-at-home requirements
- **PC Market:** Notebooks benefits from increased demand for remote work and study. PC OEM demand is better than expected
- **Consumer Market:** DRAM demand strong resulted from tablets, networking, SSD, and game consoles; COVID-19 caused short term production lockdown in South East Asia and Mexico, Automotive sectors relatively weak worldwide

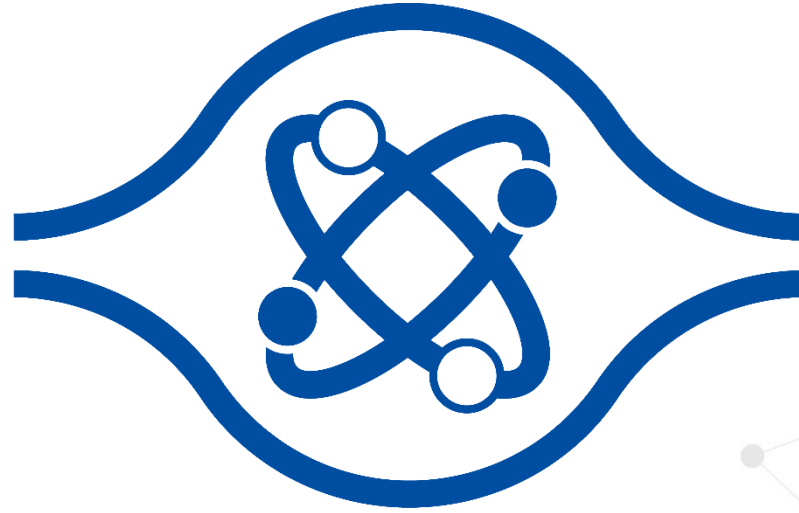
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05

BUSINESS REVIEW & OUTLOOK

Nanya Business Review & Outlook

- Strong Q1'20 bit shipment growth from datacenters, 5G infrastructure, networking and PC segments
- Overall COVID-19 impact is uncertain, need to closely monitor market demand changes
- Cash dividend of NT\$ 4.6B (Approx. NT\$ 1.5 /share) will be proposed to the AGM on May 28, 2020
- 10nm-class DDR4, LPDDR4 and DDR5 development on track and scheduled to start piloting in 2H'20



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Thanks & Questions

Q1'20 Consolidated Income Statement

Amount: Million NT\$

	Q1'20 Unaudited		Q4'19 Audited		QoQ	Q1'19 Audited		YoY
Net Sales	14,419	100.0%	13,116	100.0%	9.9%	11,372	100.0%	26.8%
Cost of Goods Sold	10,983	76.2%	9,739	74.3%		6,739	59.3%	
Gross Margin	3,436	23.8%	3,377	25.7%	1.8%	4,633	40.7%	-25.8%
SG&A Expenses	533	3.7%	562	4.3%		465	4.1%	
R&D Expenses	1,071	7.4%	1,374	10.5%		1,148	10.1%	
Operating Income	1,832	12.7%	1,440	11.0%	27.2%	3,020	26.6%	-39.3%
Non-operating Income (Exp.)	491	3.4%	111	0.8%		567	5.0%	
Income before Tax	2,323	16.1%	1,550	11.8%	49.8%	3,586	31.5%	-35.2%
Income Tax Benefit (Expense)	-395	-2.7%	-265	-2.0%		-	-	
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EPS(NT\$)	0.63		0.42			1.18		
Book Value Per Share	50.40		49.78			55.26		