



# Nanya Technology

## Q3 2022 Investor Conference

Dr. Pei-Ing Lee, President & Spokesman  
11 October, 2022



# Safe Harbor

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# Contents

- 01** Q3'22 Revenue & Results
- 02** CAPEX & Bit Shipment
- 03** Market Outlook
- 04** Business Review & Outlook

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

# 01

## Q3'22 REVENUE & RESULTS



# Q3'22 Financial Results Summary

Amount in Million NT\$, except for EPS & BVPS	Q3'22 (Unaudited)		Q2'22		QoQ	Q3'21		YoY
Net Sales	11,022	<b>100%</b>	18,031	<b>100%</b>	-38.9%	23,837	<b>100%</b>	-53.8%
Gross Profit (Loss) <i>Gross Margin(%)</i>	3,597	<b>32.6%</b>	7,958	<b>44.1%</b>	-54.8%	11,735	<b>49.2%</b>	-69.4%
Operating Income (Loss) <i>Operating Margin(%)</i>	920	<b>8.3%</b>	5,364	<b>29.8%</b>	-82.8%	9,073	<b>38.1%</b>	-89.9%
EBITDA* <i>EBITDA Margin (%)</i>	4,717	<b>42.8%</b>	9,210	<b>51.1%</b>	-48.8%	12,966	<b>54.4%</b>	-63.6%
Non-operating Income (Expense)	2,242	<b>20.3%</b>	1,741	<b>9.7%</b>		316	<b>1.3%</b>	
Income Tax Benefit (Expense)	-522	<b>-4.7%</b>	-530	<b>-2.9%</b>		-1,862	<b>-7.8%</b>	
Net Income (Loss) <i>Net Margin (%)</i>	2,640	<b>24.0%</b>	6,575	<b>36.5%</b>	-59.8%	7,527	<b>31.6%</b>	-64.9%
Earnings Per Share (NT\$)	0.85**		2.12			2.44		
Book Value Per Share (NT\$)	59.29***		57.40			53.87		

Remark: \* EBITDA = Operating income + Depreciation & Amortization Expenses

\*\*\* BVPS is calculated based on 3,098M outstanding shares

\*\* EPS is based on weighted average outstanding shares of 3,098M

# Quarterly Revenue Results

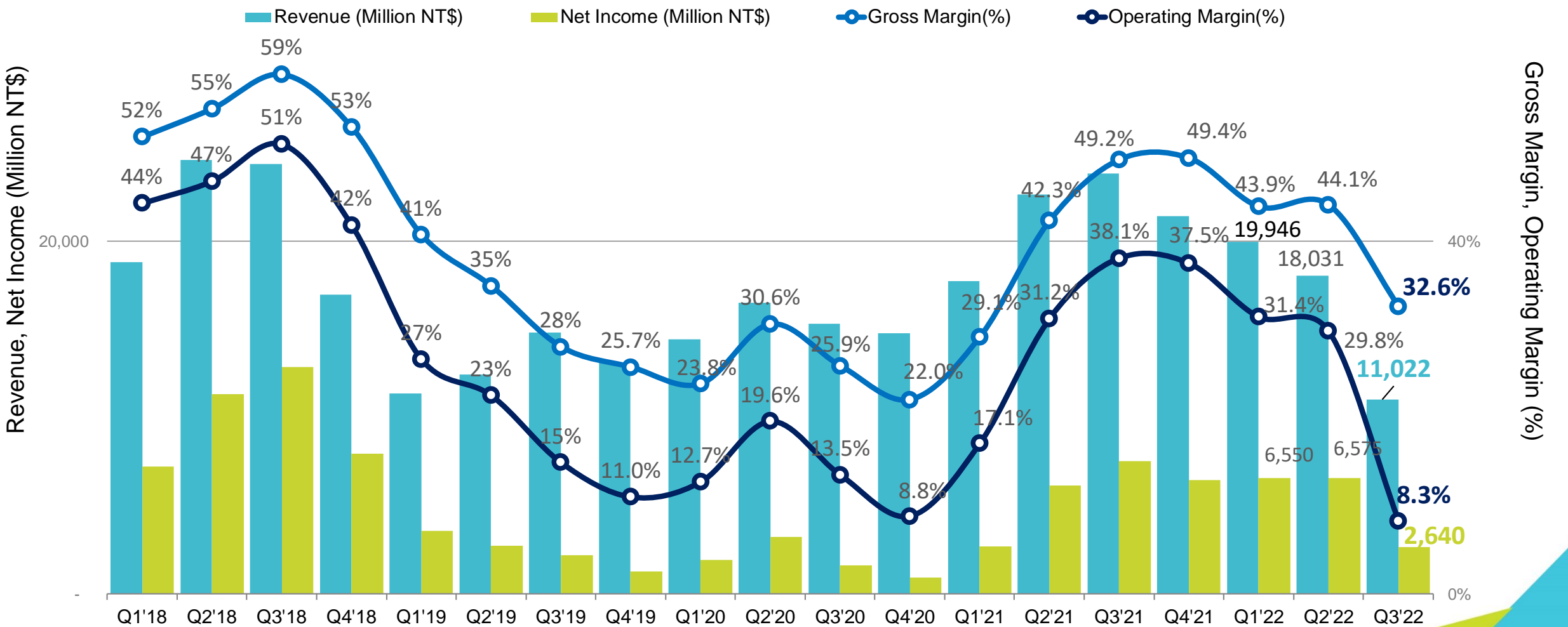
	QoQ Q3'22 vs. Q2'22	YoY Q3'22 vs. Q3'21
Revenue	-38.9%	-53.8%
Shipment	Decreased low-twenties%	Decreased mid-thirties%
ASP	Decreased low-twenties%	Decreased mid-thirties%
Exchange Rate	Increased low-single digits%	Increased high-single digits%

- Q3'22 Revenue decreased by 38.9% QoQ
- Q3'22 Bit shipment decreased by low-twenties% QoQ
- Q3'22 ASP decreased by low-twenties% QoQ

# Q3'22 vs. Q2'22 Results Comparison

Amount in Million NT\$	Q3'22 (Unaudited)	Q2'22	QoQ (PPT* Delta)	Remarks
<b>Net Sales</b>	11,022	18,031	-38.9%	<ul style="list-style-type: none"> <li>■ Bit shipment decreased low-twenties%</li> <li>■ ASP decreased low-twenties%</li> <li>■ FX positive of low-single digits% increase</li> </ul>
<b>Gross Profit (Loss)</b> Gross Margin(%)	3,597 <b>32.6%</b>	7,958 <b>44.1%</b>	-11.5%	<ul style="list-style-type: none"> <li>■ Q3'22 Gross profit decreased NT\$ 4,361M, mainly due to shipment and ASP decrease</li> </ul>
<b>Operating Expense</b>	2,677 <b>24.3%</b>	2,594 <b>14.4%</b>	9.9%	<ul style="list-style-type: none"> <li>■ Operating expenses increased NT\$ 83M</li> </ul>
<b>Operating Income (Loss)</b> Operating Margin(%)	920 <b>8.3%</b>	5,364 <b>29.8%</b>	-21.5%	<ul style="list-style-type: none"> <li>■ Q3'22 OP income decreased NT\$ 4,444M</li> </ul>
<b>Net Income (Loss)</b> Net Margin (%)	2,640 <b>24.0%</b>	6,575 <b>36.5%</b>	-12.5%	<ul style="list-style-type: none"> <li>■ Net Income decreased NT\$ 3,935M               <ul style="list-style-type: none"> <li>• OP Income decreased NT\$ 4,444M</li> <li>• FX gain favorable NT\$328M</li> <li>• Interest income favorable NT\$246M</li> </ul> </li> </ul>

# Quarterly Financial Highlights





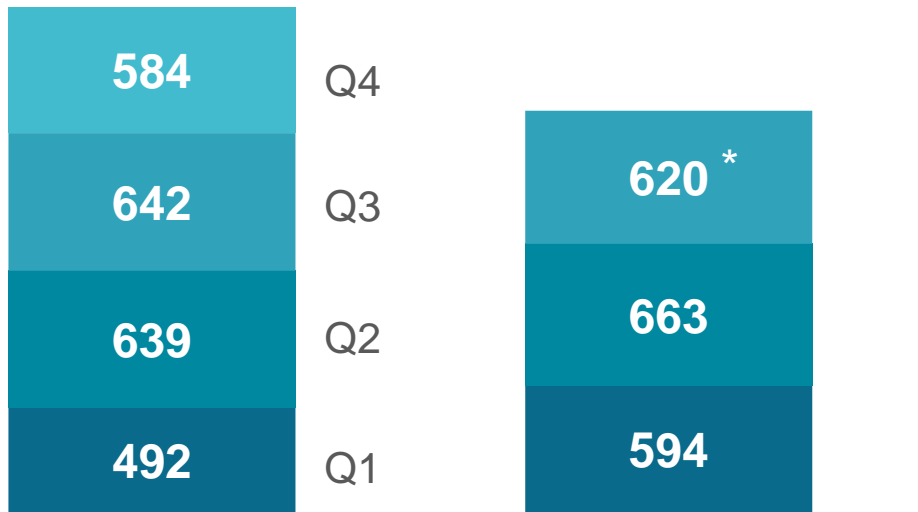
# Operating Expenses

## SG&A Expenses

(Million NT\$)

\* Unaudited number

**NT\$ 2,358**



2021

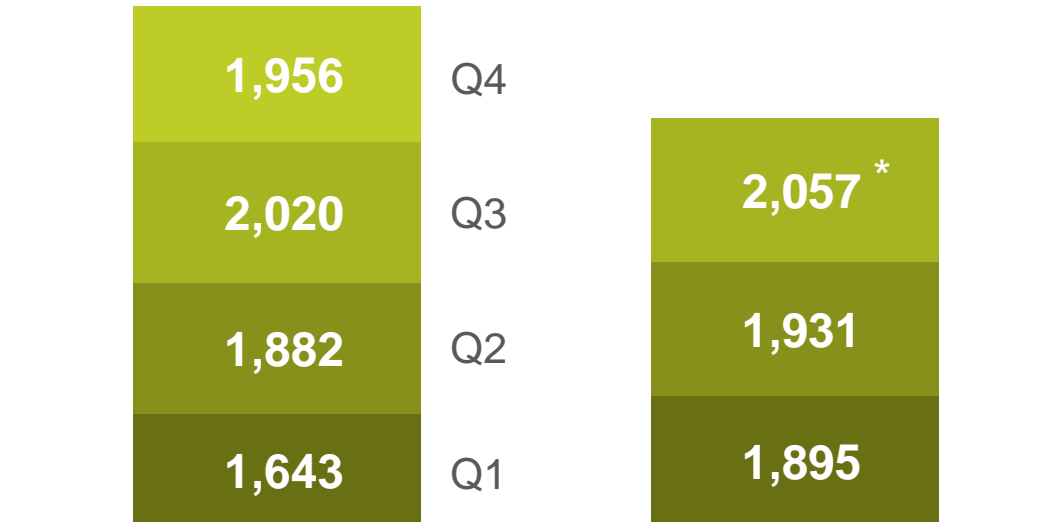
2022

## R&D Expenses

(Million NT\$)

\* Unaudited number

**NT\$ 7,500**



2021

2022

# Cash Flows

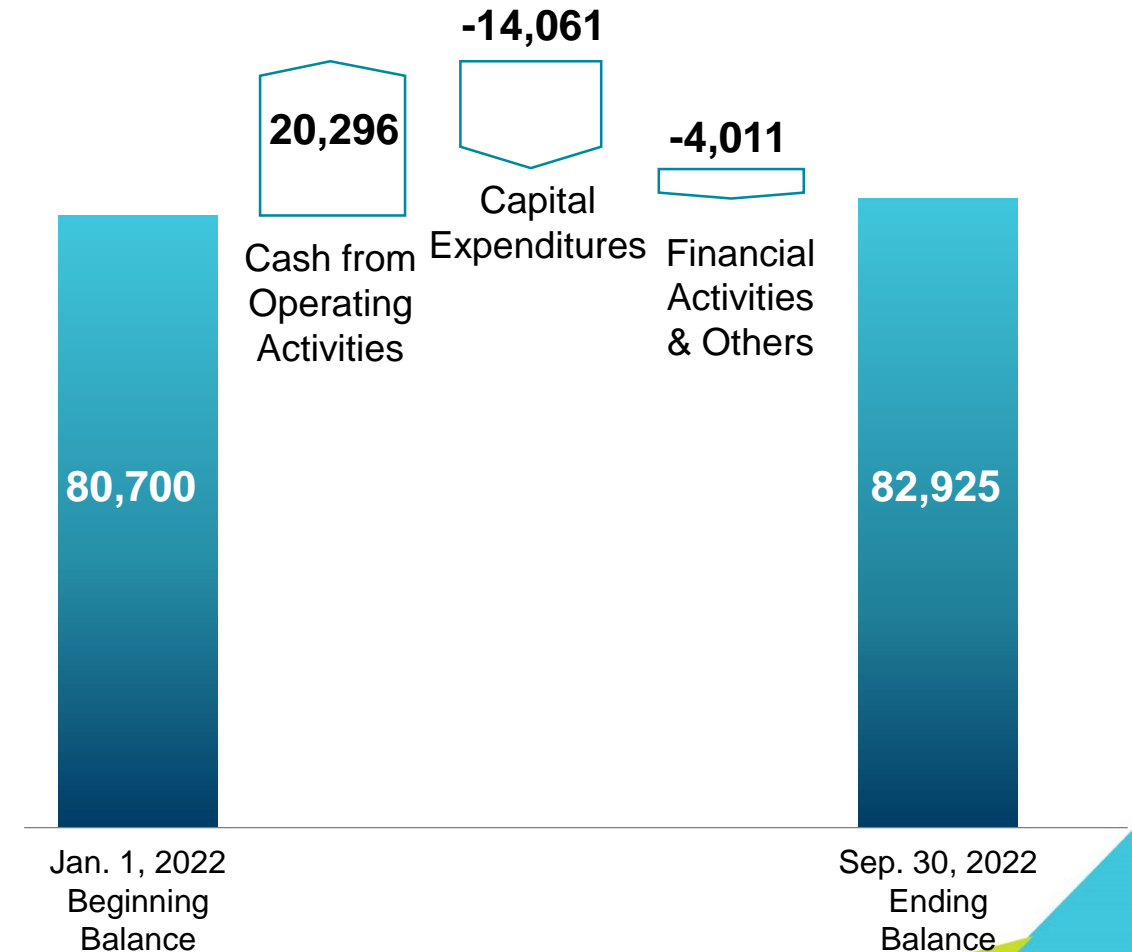
Unit: Million NT\$	Q3'22 (Unaudited)	Q2'22
<b>Beginning Balance</b>	<b>94,973</b>	<b>92,537</b>
Cash from Operating Activities	2,652	6,326
Capital Expenditures	-7,517	-5,379
Financial Activities & Others	*-7,183	1,489
<b>Ending Balance</b>	<b>82,925</b>	<b>94,973</b>
Free Cash Flow <sup>(1)</sup>	<b>-4,865</b>	<b>947</b>

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

- \* 1. - NT\$ 11.47 billion of dividend payout  
 2. +NT\$ 3.78 billion of exchange rate changes on cash and cash equivalents

## 2022 Q1 – Q3 Cash Flow

Unit: Million NT\$

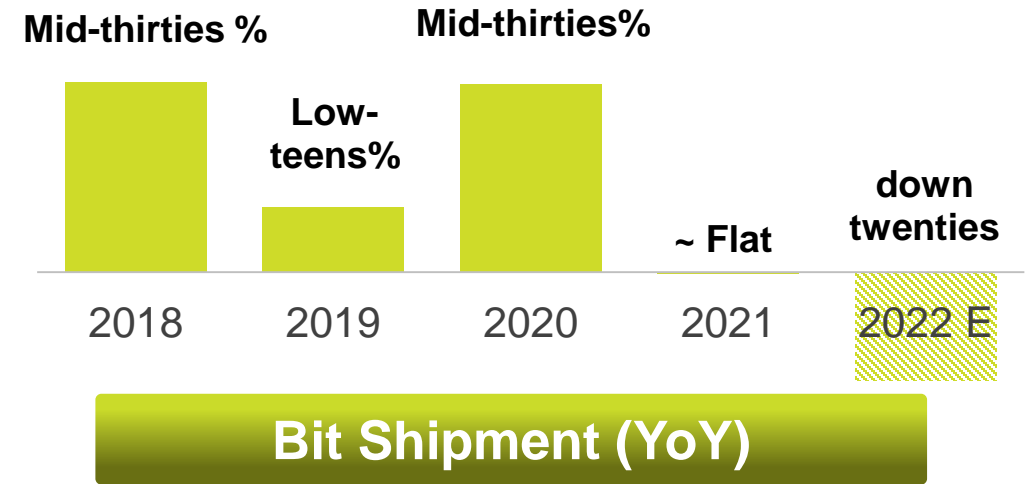
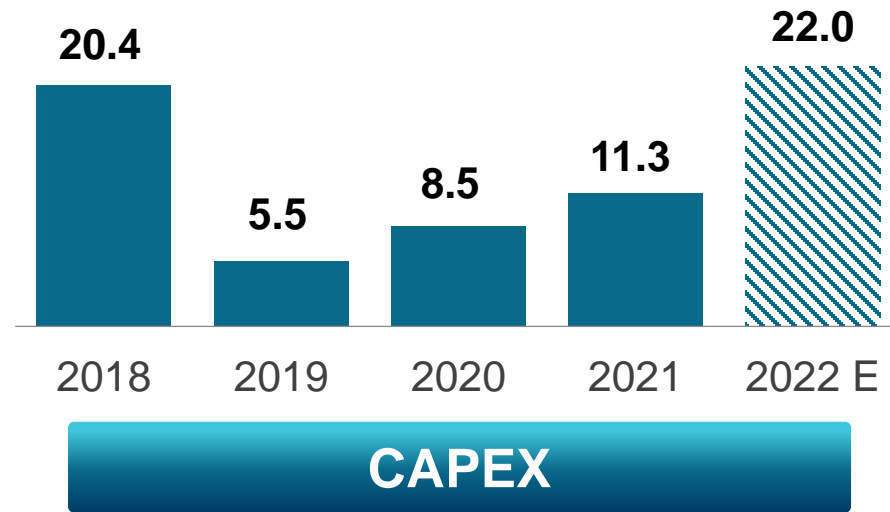


# 02

## CAPEX & BIT SHIPMENT

# CAPEX & Bit Shipment

NT\$ Billion



## Capital

### Expenditure(CAPEX)

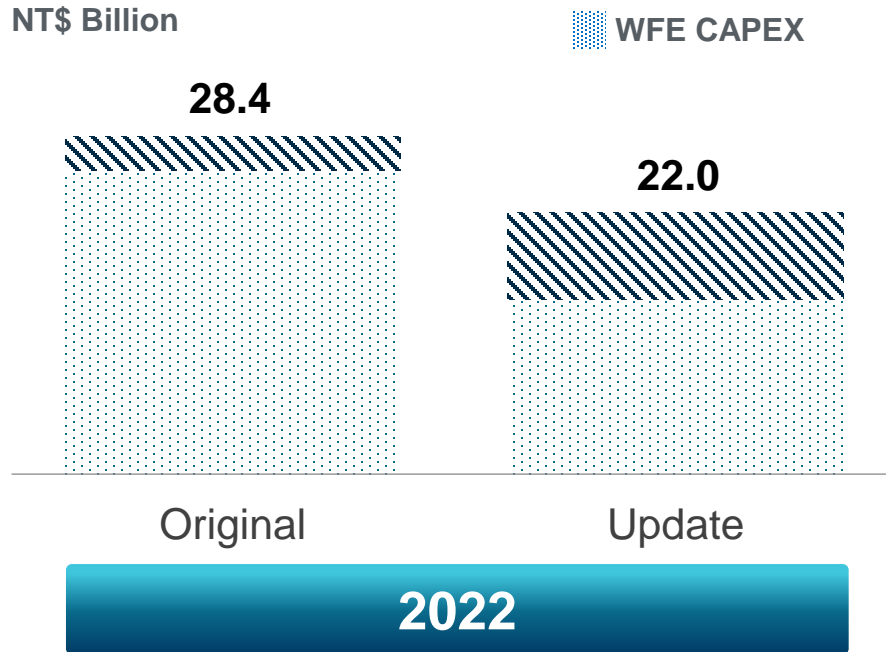
- Q3'22 CAPEX NT\$ 7.5 billion (B)
- 2022 CAPEX reduced 22.5% to NT\$ 22B from NT\$ 28.4B

## Bit Shipment

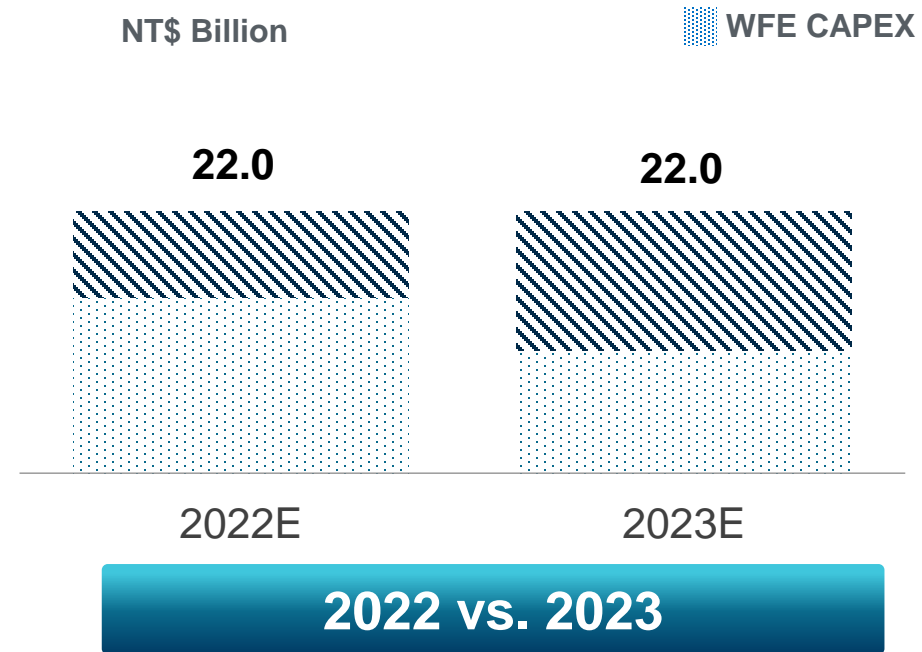
- Q3'22 bit shipment decreased by low-twenties% QoQ
- 2022 YoY bit shipment estimated to down twenties% due to weaker market



# CAPEX Forecast



- 2022 CAPEX reduced 22.5% to NT\$ 22B from NT\$ 28.4B
- 2022 WFE CAPEX reduced approx. 40%



- Limit 2023 CAPEX to NT\$ 22B
- 2023 WFE CAPEX reduce over 20% yoy
- CAPEX plan subject to BoD approval

An abstract geometric design on the left side of the slide, featuring overlapping triangles in various shades of blue and yellow-green, connected by white lines.

# 03

## MARKET OUTLOOK

A faint, light gray network diagram in the background of the right side of the slide, consisting of numerous small dots connected by thin lines, forming a complex web-like structure.

# Market Outlook(Q4'2022)

## Outlook

- Potential Global Macroeconomics recession triggered by high inflation, interest rate hikes, Russia-Ukraine conflict, China COVID-19 control measures
- Electronic market demand weaker than expectation, however some customers inventory gradually digesting

## Supply

- DRAM suppliers inventory increased, some vendors took action on CAPEX reduction, slowing down supply growth

## Demand

- **Server Market:** Datacenters construction prolonged, demand push back due to rising energy prices and global economic slowdown
- **Mobile Market:** Average DRAM content increased, however smartphone annual shipment may turn negative growth, due to high inflation and China market weakness. High end smart phone remain relatively healthy
- **PC Market:** Sluggish PC demand, annual shipment decline widen. High end PC remain relatively stable
- **Consumer Market:** Inflation and rising interest rates reduce consumers' purchasing power. TV and set-top box shipments decline, storage demand weak, however networking and automotive DRAM demand stabilizing

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# 04

## BUSINESS REVIEW & OUTLOOK



# Nanya Business Review & Outlook

## Finance

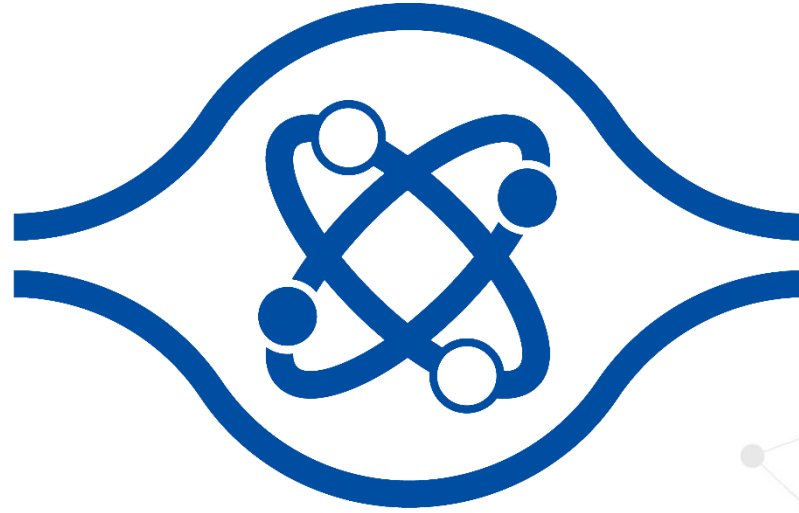
- Q3'22 EPS NT\$ 0.85/share; Q1~Q3'22 EPS NT\$ 5.09/share

## Operation

- Flexible approach in adjusting product mix and CAPEX to better response weaker market demand
- 1st 10nm-class (1A) product small volume production
- Nanya Tech's emission reduction Goals validated by the Science Based Targets initiative (SBTi)

## Market Outlook

- Weaker demand may continue, subject to macro uncertainties, including Russia-Ukraine conflict and China market strength



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# Thanks & Questions

# Q3'22 Consolidated Income Statement

Amount: Million NT\$

	Q3'22 (Unaudited)		Q2'22		QoQ	Q3'21		YoY
Net Sales	11,022	100.0%	18,031	100.0%	-38.9%	23,837	100.0%	-53.8%
Cost of Goods Sold	7,425	67.4%	10,072	55.9%		12,102	50.8%	
Gross Margin	3,597	32.6%	7,958	44.1%	-54.8%	11,735	49.2%	-69.4%
SG&A Expenses	620	5.6%	663	3.7%		642	2.7%	
R&D Expenses	2,057	18.7%	1,931	10.7%		2,020	8.5%	
Operating Income	920	8.3%	5,364	29.8%	-82.8%	9,073	38.1%	-89.9%
Non-operating Income (Exp.)	2,242	20.3%	1,741	9.7%		316	1.3%	
Income before Tax	3,162	28.7%	7,105	39.4%	-55.5%	9,389	39.4%	-66.3%
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Net Income	2,640	24.0%	6,575	36.5%	-59.8%	7,527	31.6%	-64.9%
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