



Nanya Technology

1Q' 2015 Investor Conference

Presentation to Investors and Analysts 28 April 2015

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Agenda



01.	1Q'15 Revenue & Results
02.	Operations
03.	20nm Technology Plan
04.	Market Outlook
05.	Business Outlook



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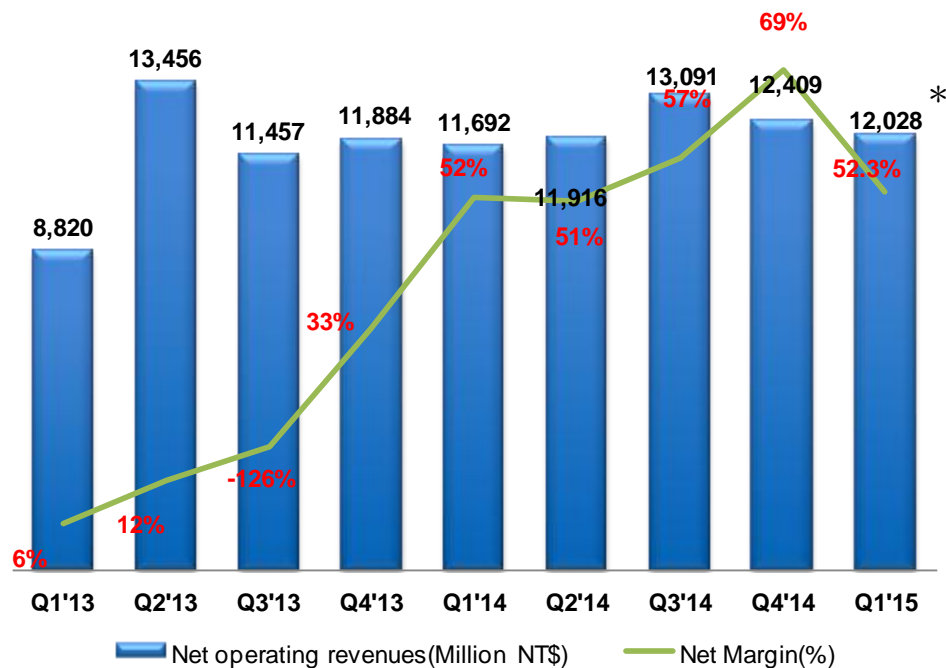
01

1Q'15 REVENUE & RESULTS

Financial Highlights

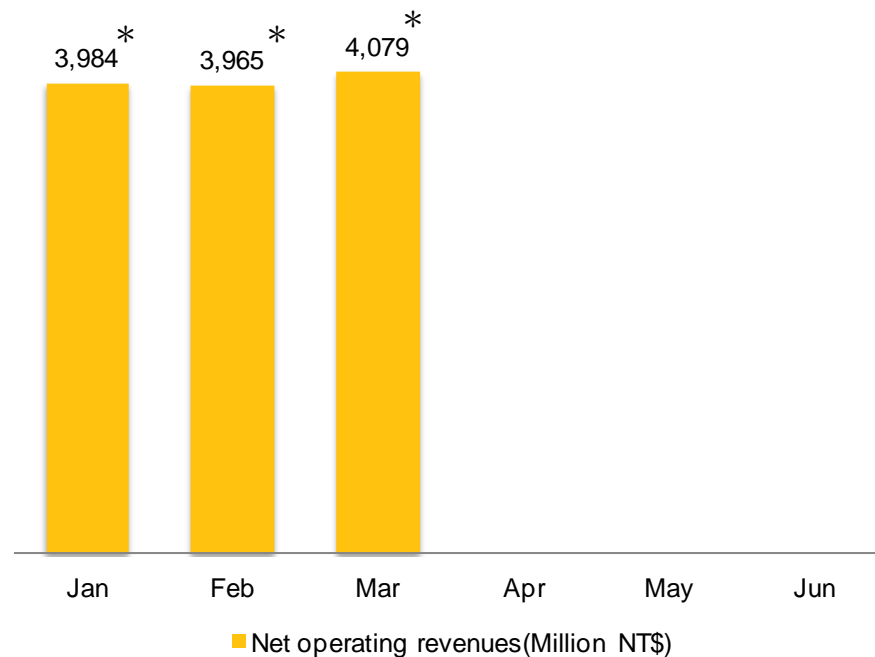
2013-2015 Quarterly Results

* Unaudited number



2015 Monthly Revenues

* Unaudited number



Quarterly Revenue Results

	QoQ Q1 '15 vs. Q4'14	YoY Q1'15 vs. Q1'14
Revenue	-3.1%	2.9%
Shipment	3.26%	12.49 %
ASP	-8.58%	-12.38%
Exchange Rate	2.7%	4.4%

- Q1'15 revenue decreased 3.1% QoQ.
- Q1'15 bit shipments increased 3.26% QoQ.
- ASP decreased 8.58% QoQ.

1Q'15 Financial Results Summary

Amount in Million NT\$, except for EPS	Q1'15 Unaudited		Q4'14 Audited		QoQ	Q1'14 Audited		YoY
Net Sales	12,028	100%	12,409	100%	-3.1%	11,692	100%	2.9%
Gross Margin (Loss) <i>Gross Margin(%)</i>	5,673	47.2%	6,026	48.6%	-5.8%	4,661	40%	21.7%
Operating Income (Loss) <i>Operating Margin(%)</i>	4,768	39.6%	5,153	41.5%	-7.5%	3,956	34%	20.5%
EBITDA* <i>EBITDA Margin (%)</i>	6,164	51.3%	6,547	52.8%	-5.9%	5,455	47%	13%
Non-operating Income (Exp.)	1,536**	12.8%	5,007	40.4%		2,860	25%	
Income Tax Benefit (Expense)	-5	0%	-1,604***	-12.9%		-2	0%	
Net Income (Loss) <i>Net Margin (%)</i>	6,290	52.3%	8,568	69.0%	-26.6%	6,128	52%	2.7%
Earnings Per Share	2.61****		3.56			2.56		
Shares Outstanding (million shares)	2,427		2,410			23,961		
Book Value Per Share	19.89		17.17			0.67		

* EBITDA = Operating income + Depreciation & Amortization Expenses

** Non-Operating income included NT\$ 1,773M from Inotera's profits in Q1'15

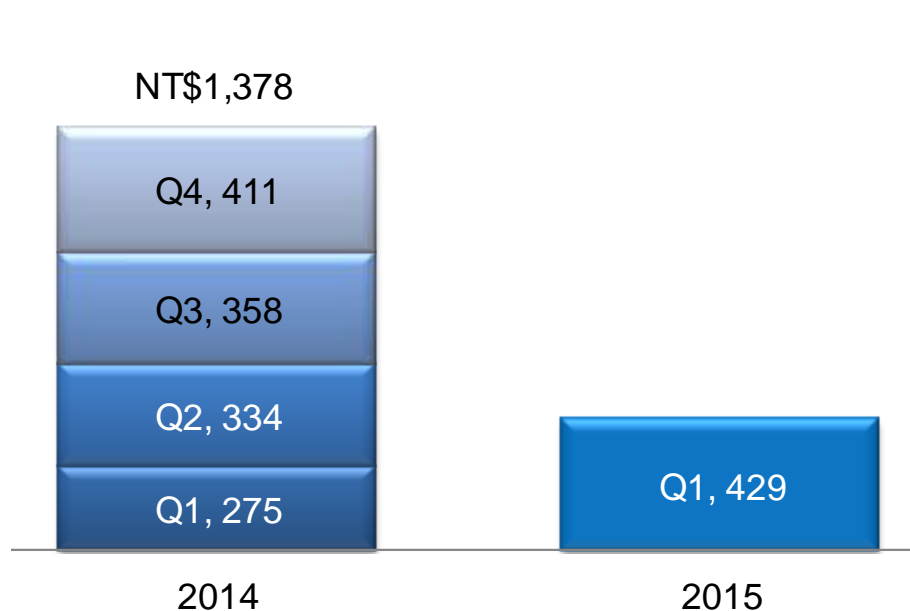
*** Q4'14 recognized tax expenses of NT\$ 1.54 billion from Deferred Income Tax Assets.

**** EPS is based on weighted average outstanding shares of 2,413 million.

Operating Expenses

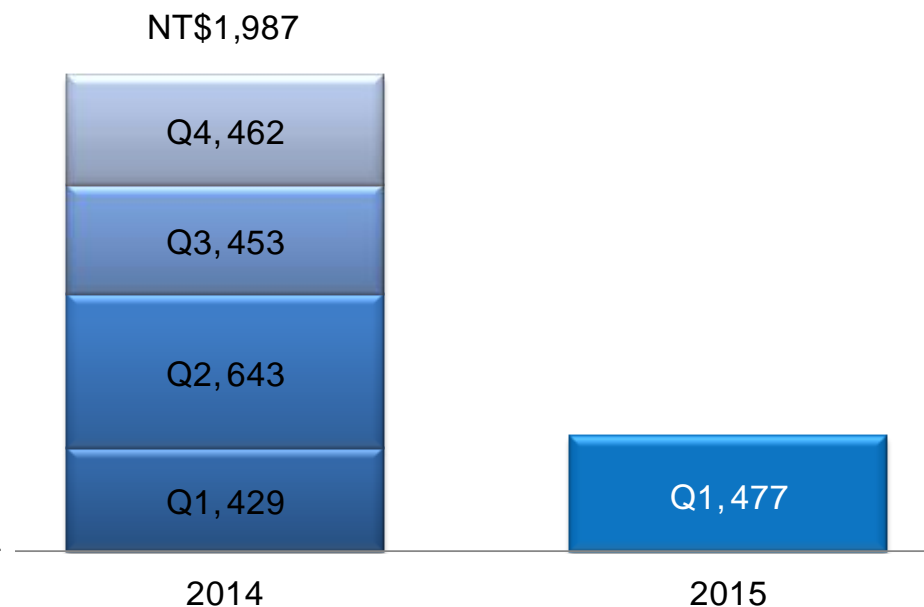
R&D Expenses

(Million NT\$)



SG&A Expenses

(Million NT\$)



Note: Q2'14 SG&A recognized NT\$ 217M from settling and clearing Sumpro employees' seniority of service.

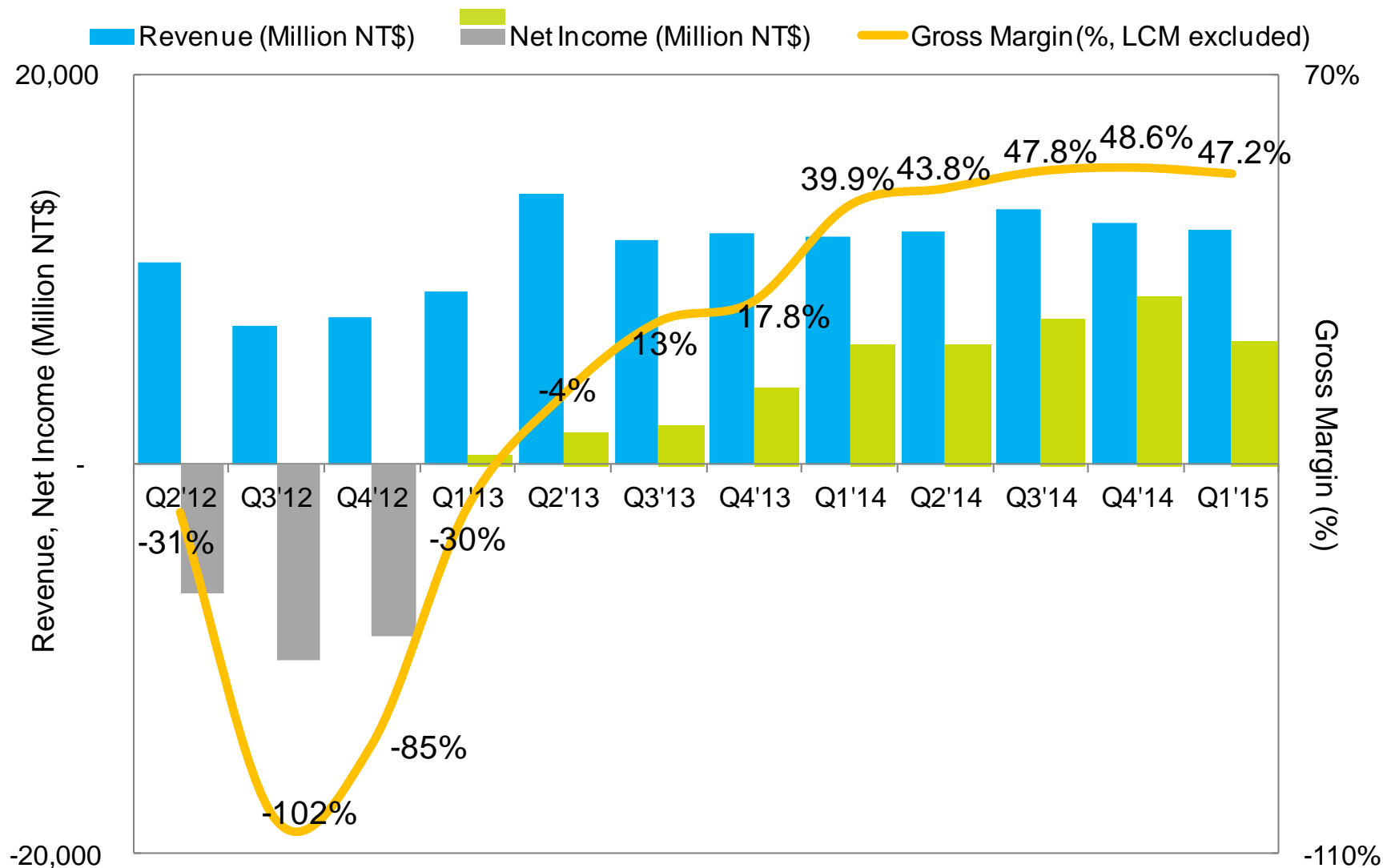
1Q'15 Cash Flows

(Unit: Million NT\$)	Q1'15 Unaudited & Consolidated	Q4'14 Audited & Consolidated	Q1'14 Audited & Consolidated
Beginning Balance	7,268	4,167	3,996
Cash from Operating Activities	5,311	7,519	7,096
Capital expenditures	-964	-1,250	-128
Long-term & Short-term loans	-4,541	-3,954	-4,066
Investments and others	356*	786*	211
Ending Balance	7,429	7,268	7,109
Free Cash Flow ⁽¹⁾	4,346	6,269	6,968

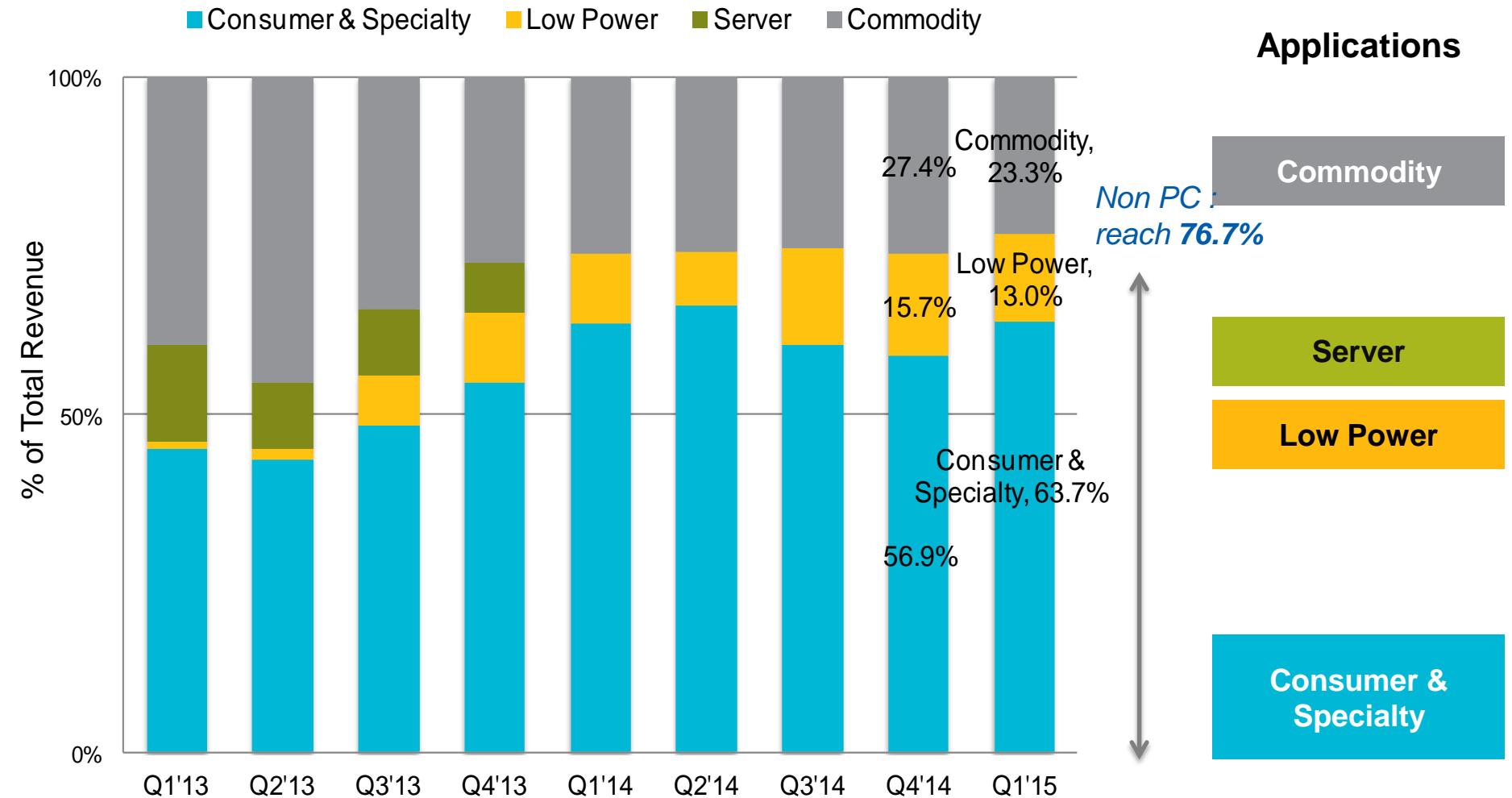
(1) Free Cash Flow = Cash from operating activities – Capital expenditures

*Mainly from employee stock option execution.

Financial Highlights



Sales Breakdown by Application



* Revenue portion

Financial Summary

- Net income of NT\$6,290 million(M), net margin 52.3%
- EPS NT\$ 2.61, BVPS NT\$ 19.89
- Gross margin 47.2%, Operating margin 39.6%
- Recognized NT\$ 1,773M from Inotera's profits in Q1
- Cost per bit improved high-single digits in QoQ
- Shipment increase 3.3%



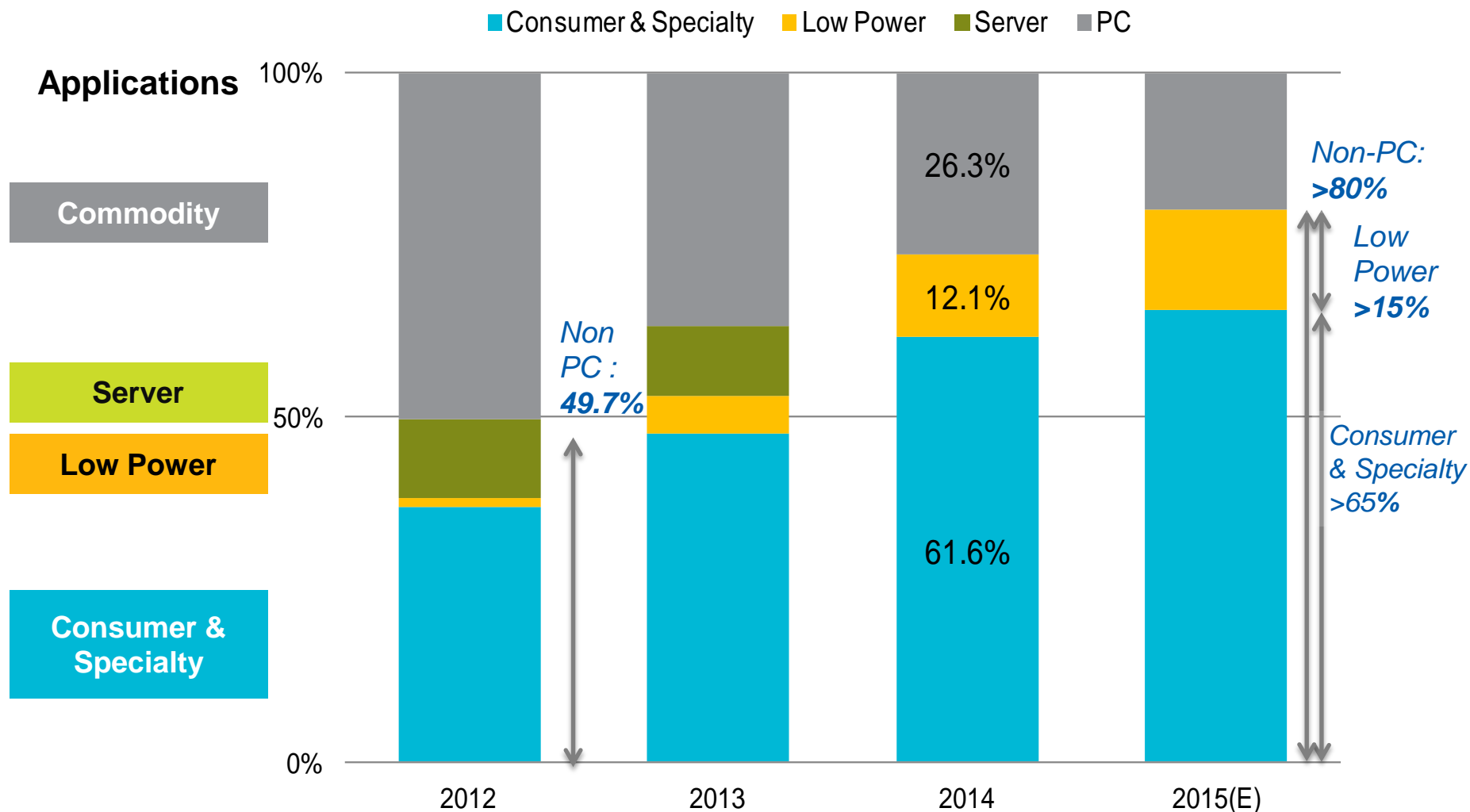
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02

OPERATIONS

2015 Revenue Breakdown Guidance

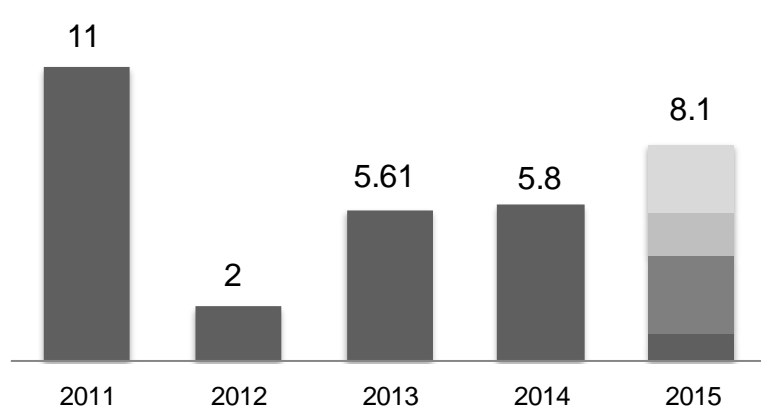


* Revenue portion by Application

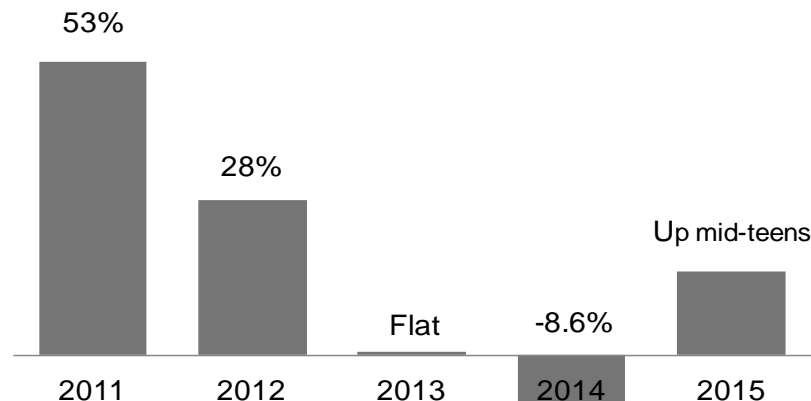
Capex & Bit Shipment

NT\$ Billion

Capex



Bit Shipment (YoY)



■ Capital Expenditure (Capex)

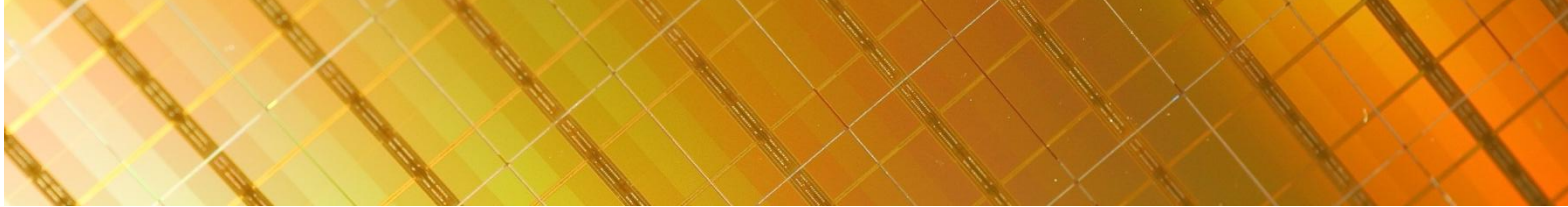
- NT\$964M Capex of Q1'15.
- Estimated NT\$8,057M for 2015 Capex. (NT\$1,880M for 20nm facility preparation.)

■ Bit Shipment

- Q1'15 bit shipment increase 3.3% QoQ.
- Estimated bit shipment up mid single digits in Q2'15.
- 2015 bit shipment estimates increase mid-teens yoy.



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20NM TECHNOLOGY PLAN

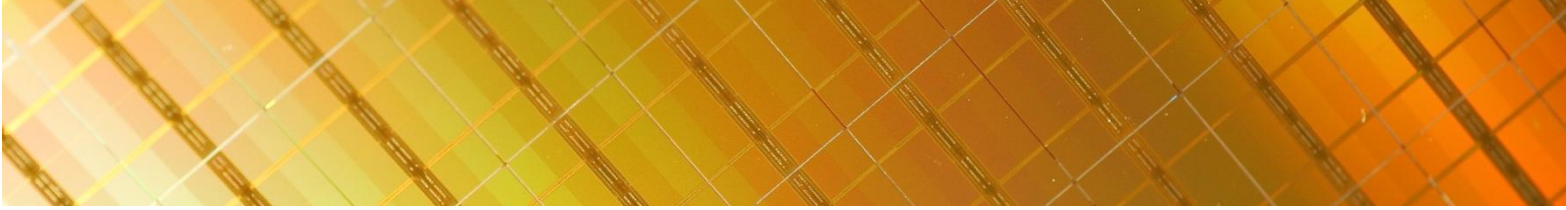
20nm Technology Plan

20nm Conversion

- Plan to convert 30K WSPM to 20nm Technology.
- Additional clean room space will be needed. 20nm wafer output schedule for 2H 2017.
- Total capacity remains at 60K WSPM.
- Anticipated Capex of around NT\$ 40B for 30K WSPM 20nm migration.



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04

MARKET OUTLOOK

DRAM Market Outlook

Market Outlook

Supply

- 2015 bit growth is mainly from 20nm conversion and rational expansion, which will lead to bit growth mid-20% in 2015

Demand

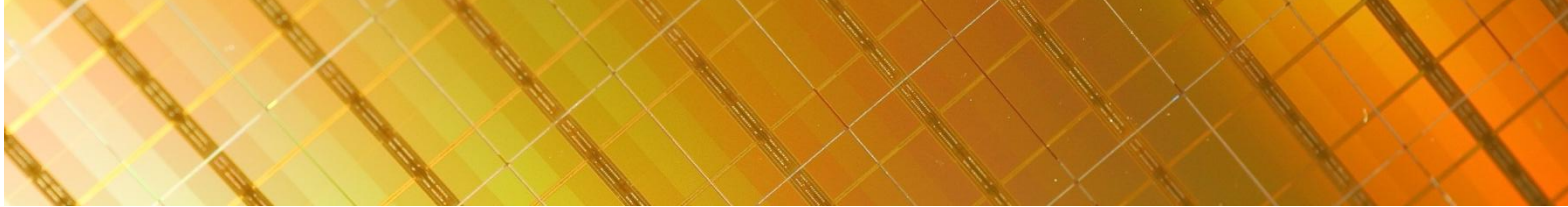
- Server and cloud computing demand strong; while DDR4 adoption increase.
- PC DRAM conservative in Q2'2015. Window 10 contribution is uncertain
- Consumer DRAM demand growth momentum expected from 4K TV, digital STB, and networking in Q2 and Q3. Other application including game console, drone, smart robot, automotive telematics, infotainment, prognosis, M2M, IoT, wearable electronics, and internet will also increase demand
- Mobile DRAM market to recover in late Q2 from the seasonal bottom. Higher content per box in New iPhone models double its DRAM to 2GB LPDDR4, and other major brands flagship models equipped with 3GB. 4G LTE subscription increased, and overall mobile DRAM demand expected to grow in healthy rate

Price

- DRAM pricing stabilizing LATE Q2
- Expect Q3 outlook better than Q2



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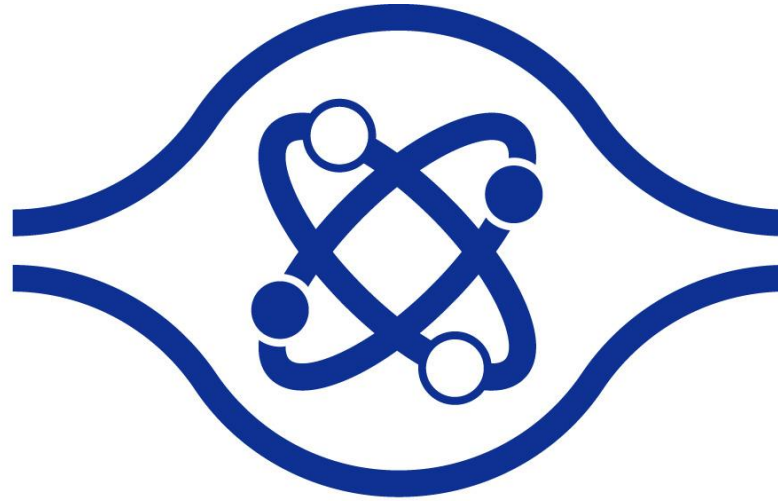


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BUSINESS OUTLOOK

Business Outlook

- **30nm Design Shrink reach 20% output in 1Q15.**
- **30nm Design Shrink target 50% output in 2H15.**
- **Plan to convert 30K WSPM to 20nm. Total capacity remains at 60K WSPM. Wafer output schedule for 2H 2017.**
- **Equity funding plan will be proposed in 2H 2015.**
- **Cash dividend of NT\$2.0 per common share proposed by BoD, and subjected to be approved by the AGM on June 10th, 2015**



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Thanks & Questions

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1Q'15 Consolidated Income Statement

Amount: Million NT\$	Q1'15 Unaudited		Q4'14 Audited		QoQ	Q1'14 Audited		YoY
Net Sales	12,028	100.0%	12,409	100.0%	-3.1%	11,692	100.0%	2.9%
Cost of Goods Sold	6,355	52.8%	6,383	51.4%		7,031	60.1%	
Gross Margin	5,673	47.2%	6,026	48.6%	-5.8%	4,661	39.9%	21.7%
SG&A Expenses	477	4.0%	462	3.7%		429	3.7%	
R&D Expenses	429	3.6%	411	3.3%		275	2.4%	
Operating Income	4,768	39.6%	5,153	41.5%	-7.5%	3,956	33.8%	20.5%
Non-operating Income (Exp.)	1,536	12.8%	5,007	40.4%		2,860	24.5%	
Income before Tax	6,304	52.4%	10,161	81.9%	-38.0%	6,816	58.3%	-7.5%
Income Tax Benefit (Expense)	-5	0%	-1,604	-12.9%		-2	0%	
Profit from Continuing Operation	6,299	52.4%	8,557	69.0%		6,814	58.3%	
Income (Loss) from Discontinued Operation	0	0%	17	0.1%		-744	-6.4%	
Net income attributable to noncontrolling interests	9	0.1%	6	0%		-58	-0.5%	
Net Income attributable to NTC	6,290	52.3%	8,568	69.0%	-26.6%	6,128	52.4%	2.7%
EPS(NT\$)	2.61		3.56			2.56		
Book Value Per Share	19.89		17.17			0.67		