

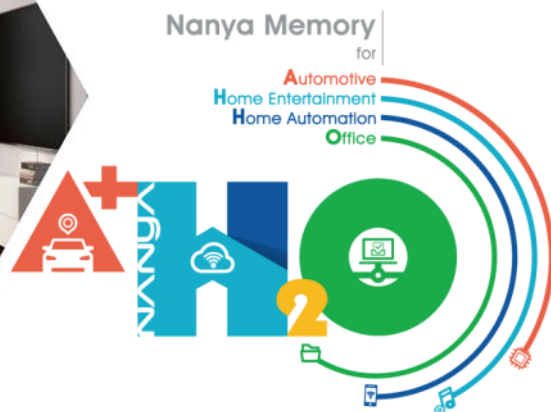


Nanya Technology

1Q' 2017 Investor Conference

Presentation to Investors and Analysts 26 Apr. 2017

Dr. Pei-Ing Lee , President & Spokesman



Safe Harbor

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Agenda

- | | |
|-----|-------------------------|
| 01. | Q1'17 Key Takeaways |
| 02. | Q1'17 Revenue & Results |
| 03. | Operation Guidance |
| 04. | Market Outlook |
| 05. | Business Outlook |



01

KEY TAKEAWAYS

Q1'17 Key Takeaways

- **Q1'17 Revenue of NT\$ 12,231 million(M), 1.1% increased QoQ**
- **ASP increased 20.1%, Bit shipment declined 14.4%**
- **Gross Margin 40.1%, +9.1 percentage points QoQ, Operating Margin 31.5%**
- **Net Income of NT\$ 3,275M, Net Margin 26.8%, EPS NT\$ 1.19**
- **20nm technology conversion on target schedule**



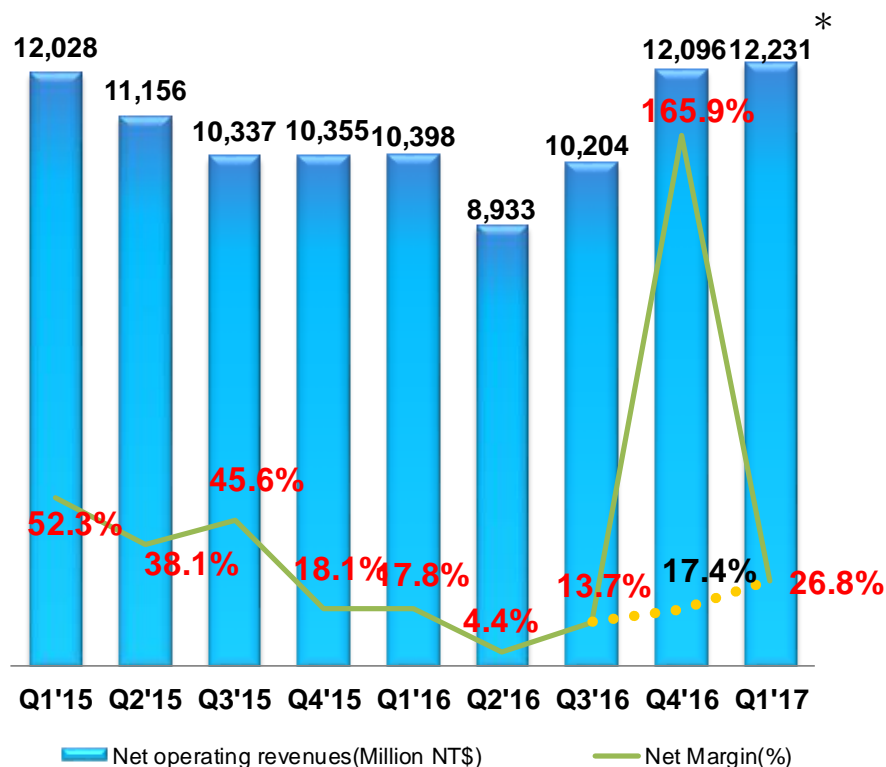
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Q1'17 REVENUE & RESULTS

Financial Highlights

2015-2017 Quarterly Results

* Unaudited number

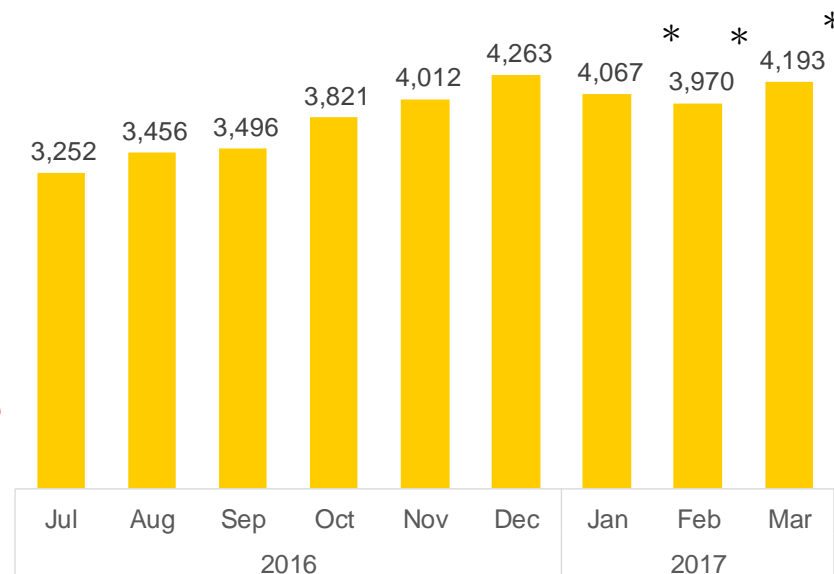


Note: ... 17.4% net margin in Q4'16 excluded IMI disposal gain

Monthly Revenues

* Unaudited number

Net operating revenues (Million NT\$)



Quarterly Revenue Results

	QoQ Q1 '17 vs. Q4'16	YoY Q1'17 vs. Q1'16
Revenue	1.1%	17.6%
Shipment	-14.4%	-0.3%
ASP	20.1%	25.6%
Exchange Rate	-1.7%	-6.0%

- Revenue increase 1.1% quarter-over-quarter
- Q1'17 bit shipment decreased 14.4% QoQ, in-line with guidance
- ASP increased 20.1% QoQ
- Negative impacted 1.7% on revenue by exchange rate

Q1'17 Financial Results Summary

Amount in Million NT\$,
except for EPS & BVPS

	Q1'17 Unaudited		Q4'16 Audited		QoQ	Q1'16 Audited		YoY
Net Sales	12,231	100%	12,098	100%	1.1%	10,398	100%	17.6%
Gross Margin (Loss) <i>Gross Margin(%)</i>	4,901	40.1%	3,744	31.0%	30.9%	3,399	32.7%	44.2%
Operating Income (Loss) <i>Operating Margin(%)</i>	3,853	31.5%	2,570	21.2%	49.9%	2,633	25.3%	46.3%
EBITDA* <i>EBITDA Margin (%)</i>	5,455	44.6%	4,069	33.6%	34.1%	4,138	39.8%	31.8%
Non-operating Income (Expense)	-566	-4.6%	18,856	155.9%		-788	-7.6%	
Income Tax Benefit (Expense)	-4	0.0%	-1,348	-11.1%		0	0.0%	
Net Income (Loss) <i>Net Margin (%)</i>	3,275	26.8%	20,074	165.9%	-83.7%	1,849	17.8%	77.1%
Earnings Per Share (NT\$)	1.19**		7.34			0.68		
Book Value Per Share (NT\$)	35.31***		31.13***			24.84		
Shares Outstanding(million shares)	2,748		2,748			2,748		

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

** EPS is based on weighted average outstanding shares of 2,748 million.

*** Included accumulated unrealized gain on Micron shares

Q1'17 vs. Q4'16 Results Comparison

*Percentage Points

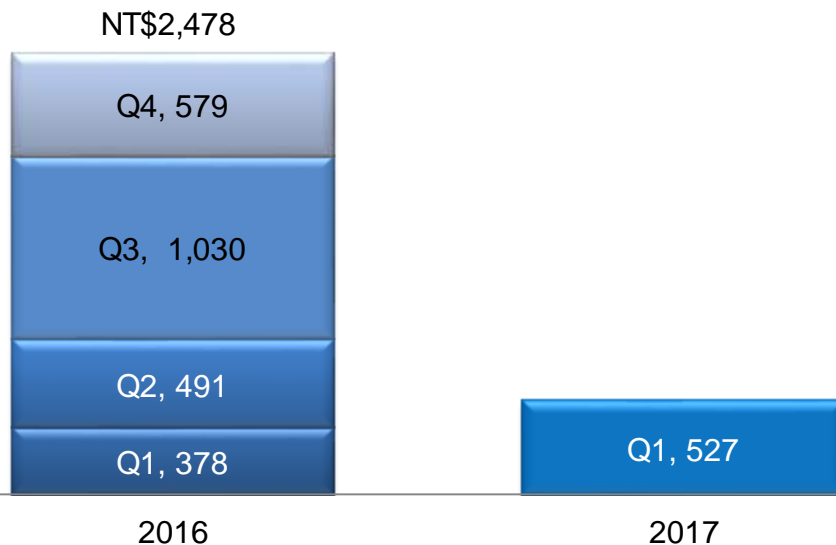
Amount in Million NT\$	Q1'17	Q4'16	QoQ (PPT* Delta)	Difference
	Unaudited	Audited		
Net Sales	12,231	12,098	+1.1%	<ul style="list-style-type: none"> ASP increased 20.1% QoQ Bit shipment decreased 14.4% QoQ FX impacted revenue -1.7%
Gross Margin (Loss) Gross Margin(%)	4,901 40.1%	3,744 31.0%	+9.1%	<ul style="list-style-type: none"> ASP increase → GM ↑11.6% Cost per bit increase → GM ↓ 2%
Operating Income (Loss) Operating Margin(%)	3,853 31.5%	2,570 21.2%	+10.3%	<ul style="list-style-type: none"> Mainly due to higher GM
Net Income (Loss) Net Margin (%)	3,275 26.8%	2,110* 17.4%	9.4%	<ul style="list-style-type: none"> Exchange loss increased NT\$ 1,055M (Q1'17: NT\$ -575M, Q4'16: NT\$ +480M)
		20,074 165.9%	-139.1%	<ul style="list-style-type: none"> Booked NT\$ 17,960M gain on disposal of Inotera share in Q4'16 Recognized NT\$ 462M from Inotera's profit in Q4'16
EPS (NT\$)	1.19	0.80*	+48.8%	<ul style="list-style-type: none"> Q4'16 EPS NT\$7.34, incl. NT\$ 6.54 from Inotera disposal gain Q1'17 EPS NT\$ 1.19, up 48.8% QoQ

* Excluded Inotera share disposal

Operating Expenses

R&D Expenses

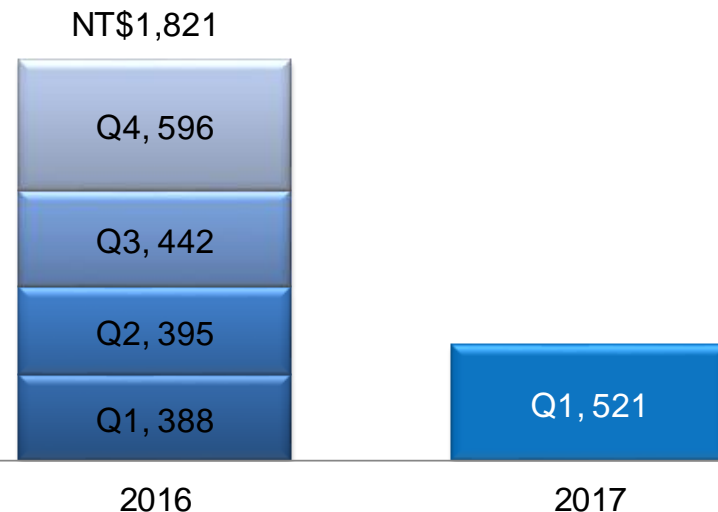
(Million NT\$)



Note: R&D expenses increased by NT\$539M in Q3'16; mainly in 30nm design shrink mobile DRAM development and 20nm preparation

SG&A Expenses

(Million NT\$)



Note: Increase of SG&A expenses in Q4'16 were mainly from employee compensation and other expense

Investment of Micron Private Placement

The Investment as of 2016/12/02		Accounting Treatment as of 2016/12/31		Accounting Treatment as of 2017/3/31
Volume	• 57,780,138 shares	Account	• Available-for-sales financial assets	
Purchase price & EX rate	• US\$ 17.29 per share (=NT\$544.428) US\$ 1: NT\$ 31.488	Market Price	• US\$ 21.92 per share (=NT\$707.556) US\$ 1: NT\$ 32.279	• US\$ 28.90 per share (=NT\$876.710) US\$ 1: NT\$ 30.336
Investment amount	• NT\$ 31,457,097,237	Market Value	• NT\$40,882,664,833	• NT\$50,656,447,898
Share-holding	• about 5.26% of Micron's interest	Measure-ment	• Mark-to-Market	
Lock-up period	• Six months (till 2017/6/2)	Unrealized gain (Quarter)	• NT\$9,425,567,596	• NT\$9,773,783,065
		Total unrealized gain	NT\$19,199,350,661	

Q1'17 Cash Flows

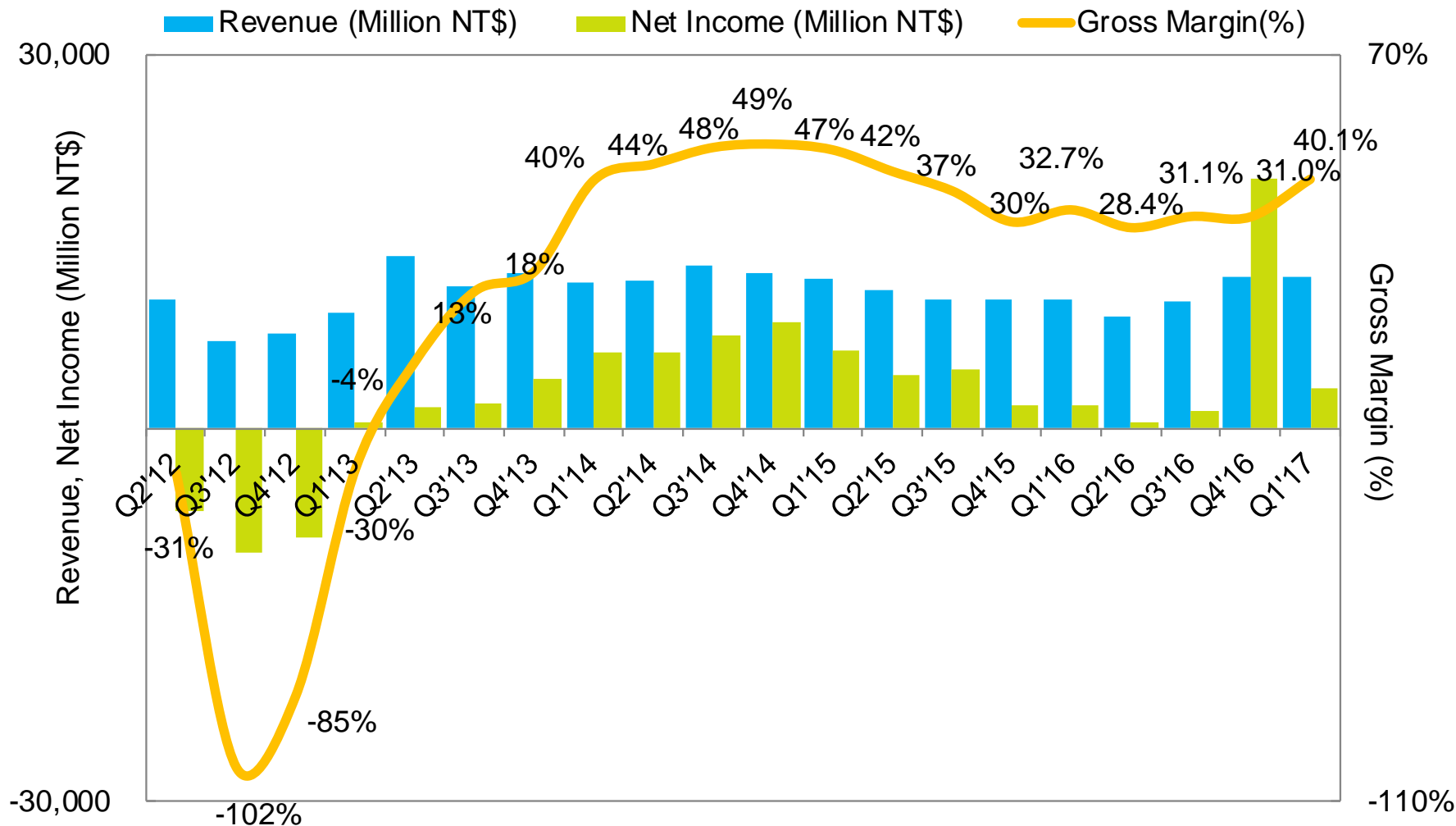
(Unit: Million NT\$)	Q1'17 Unaudited & Consolidated	Q4'16 Audited & Consolidated	Q1'16 Audited & Consolidated
Beginning Balance	9,102	13,248	3,104
Cash from Operating Activities	5,809	4,776	4,449
Capital expenditures	-6,147	-14,990	-866
Long-term & Short-term loans	9,984*	-8,486	155
Investments and others	1,520**	14,554	7,703
Ending Balance	20,267	9,102	14,545
Free Cash Flow ⁽¹⁾	-339	-10,214	3,583

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

* Obtained NT\$15.68 billion from ECB issuance & spent NT\$5.70 billion on debt repayment

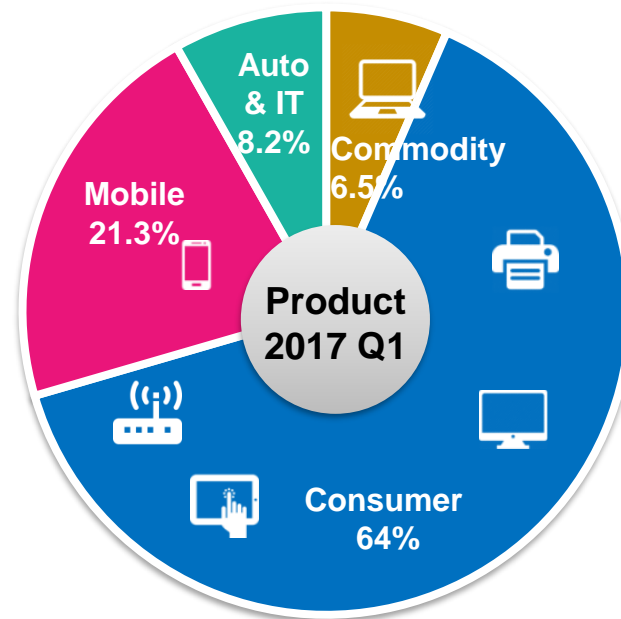
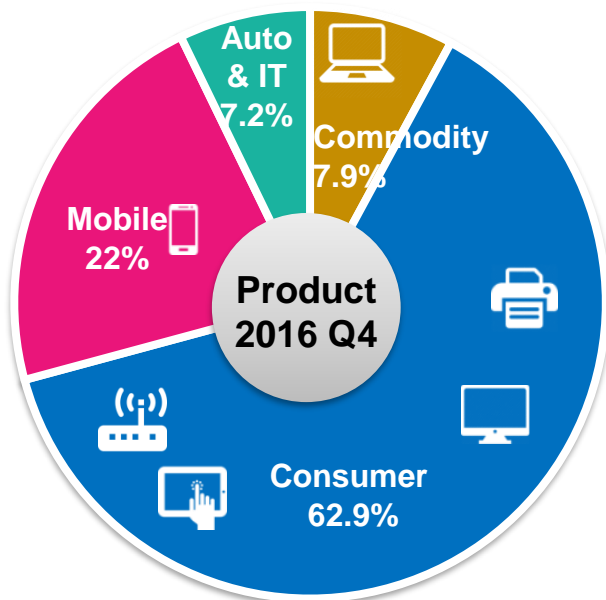
** Mainly from the disposal of money market funds

Financial Highlights



Sales Breakdown by Application

- Q1'17 strong demand from Consumer segment
- Q1'17 Auto & IT continue to grow to account for 8.2% of total revenue





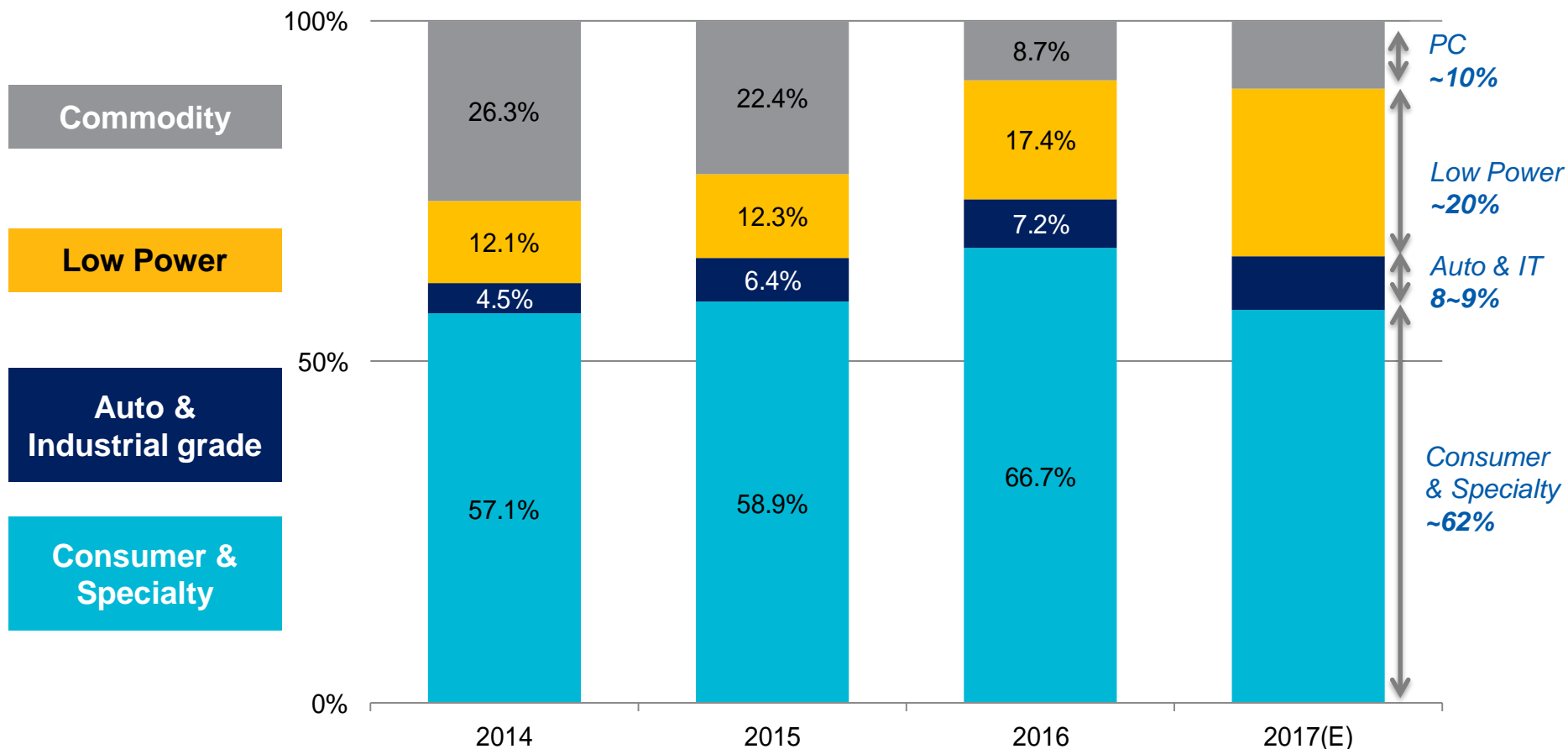
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OPERATION GUIDANCE

2017 Revenue Breakdown Guidance

Applications

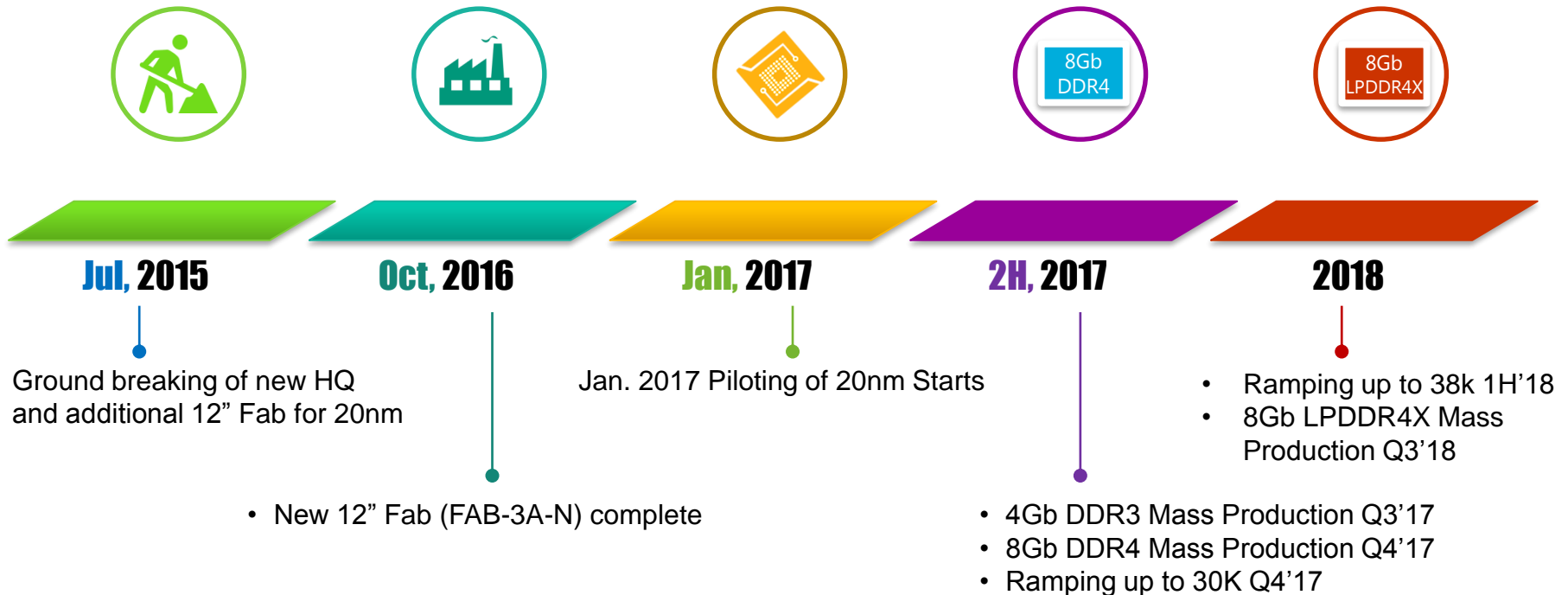
Consumer & Specialty Auto & IT Low Power Server PC



* Revenue portion by Application

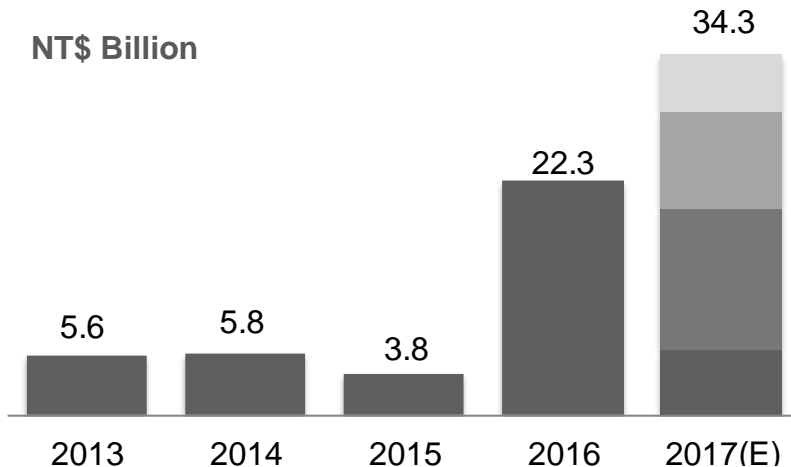
20nm Conversion

- 20nm Technology to reach 38K WSPM. Total capacity will amount to 68K WSPM
- 20nm volume production schedule in Q3'17, 30K wafers input expected in Q4'17
- Expect to see cost cross over in Q4'17
- Initial product offering DDR3, DDR4 & LPDDR4X

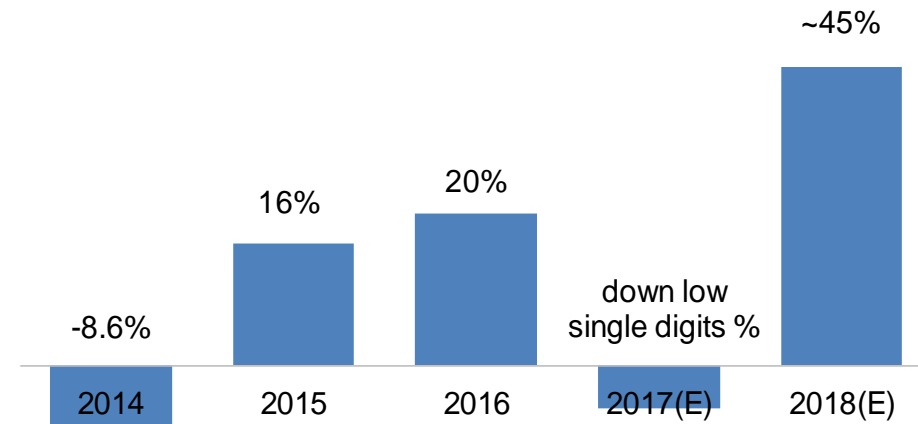


CAPEX & Bit Shipment

CAPEX



BIT SHIPMENT (YOY)



■ Capital Expenditure (CAPEX)

- Q1'17 CAPEX NT\$ 6.1Billion (B)
- Estimated 2017 CAPEX of NT\$ 34.3B
- Anticipated CAPEX of NT\$55.7B for 38K WSPM 20nm migration. (2016 CAPEX NT\$ 20.6B for 20nm)

■ Bit Shipment

- Q1'17 bit shipment down 14.4%, Q2'17 bit shipment forecast to increase low single digits % and future bit shipment to grow onward
- 2017 bit shipment to decrease low single digits %



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MARKET OUTLOOK

DRAM Industry Environment

- Limited supply growth contributed mainly by process conversion

Supply Side

- ASP continues to increase in Q2 and remain stable in Q3. Q4 ASP will be subject to major memory suppliers' capacity expansion

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- 2H'17 demand expected better than 1H'17 due to seasonality

- Continues strong momentum in server market. Enterprise Notebook and Desktop better than original expectation

Demand Side

- Mobile devices mid-to-high end smartphones with high resolution and dual lens cameras requiring 4-6GB(8GB for flagship) driving DRAM demand
- Consumer DRAM content growth stimulated by high potentials from 4K TV over 30% penetration, set-top boxes, IP cameras, smart watches and automotive applications, especially infotainment segment



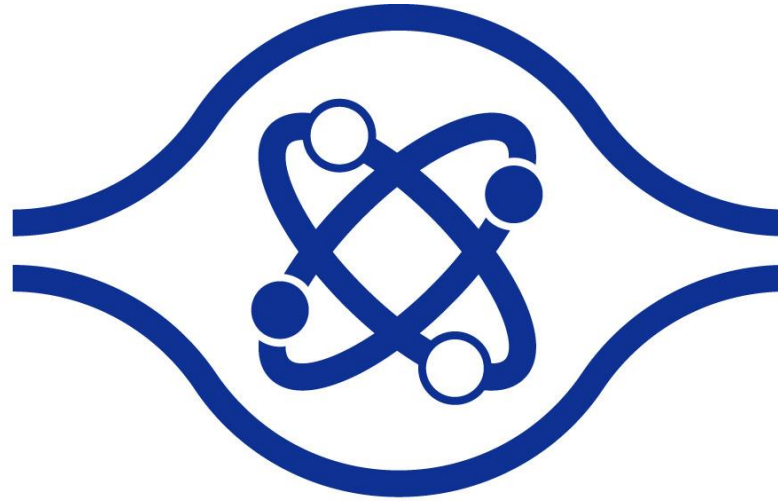
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BUSINESS OUTLOOK

Nanya Business Outlook

- Limited DRAM supply growth 2017, favorable market condition expected
- Expect to see continued strong demand from consumer, Auto & IT applications in Q2'17
- Q2'17 bit shipment forecast to increase low single digits % QoQ
- 20nm target 30K WSPM in Q4'17, 38K WSPM in 1H 2018
- BoD on March 9th, 2017 approved cash dividend of NT\$ 1.5 per common share and will propose to AGM on May 26th for final approval

*WSPM: Wafer Starts Per Month



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Thanks & Questions

1Q'17 Consolidated Income Statement

Amount: Million NT\$	Q1'17 Unaudited		Q4'16 Audited		QoQ	Q1'16 Audited		YoY
Net Sales	12,231	100.0%	12,098	100.0%	1.1%	10,398	100.0%	17.6%
Cost of Goods Sold	7,330	59.9%	8,354	69.0%		6,999	67.3%	
Gross Margin	4,901	40.1%	3,744	31.0%	30.9%	3,399	32.7%	44.2%
SG&A Expenses	521	4.3%	596	4.9%		388	3.7%	
R&D Expenses	527	4.3%	579	4.8%		378	3.6%	
Operating Income	3,853	31.5%	2,570	21.2%	49.9%	2,633	25.3%	46.3%
Non-operating Income (Exp.)	-566	-4.6%	18,856	155.9%		-788	-7.6%	
Income before Tax	3,287	26.9%	21,426	177.1%	-84.7%	1,845	17.7%	78.1%
Income Tax Benefit (Expense)	-4	0.0%	-1,348	-11.1%		0	0.0%	
Net Income	3,283	26.8%	20,078	166.0%		1,845	17.7%	
Net income attributable to noncontrolling interests	8	0.1%	3	0.0%		-4	0.0%	
Net Income attributable to NTC	3,275	26.8%	20,074	165.9%	-83.7%	1,849	17.8%	77.1%
EPS(NT\$)	1.19		7.34			0.68		
Book Value Per Share	35.31		31.13			24.84		