

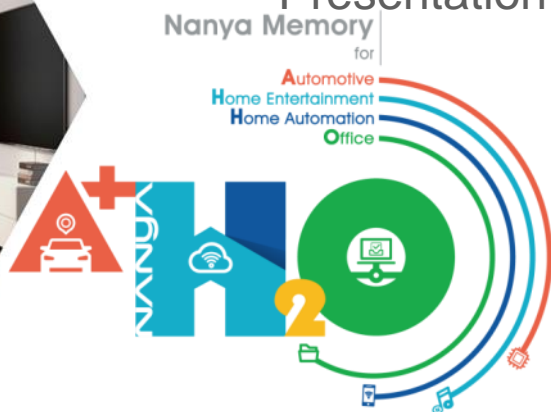


Nanya Technology

KGI Greater China Corporate Day 2017Q4

Presentation to Investors & Analysts, December 14th, 2017

Joseph Wu, AVP & Deputy Spokesman



Safe Harbor

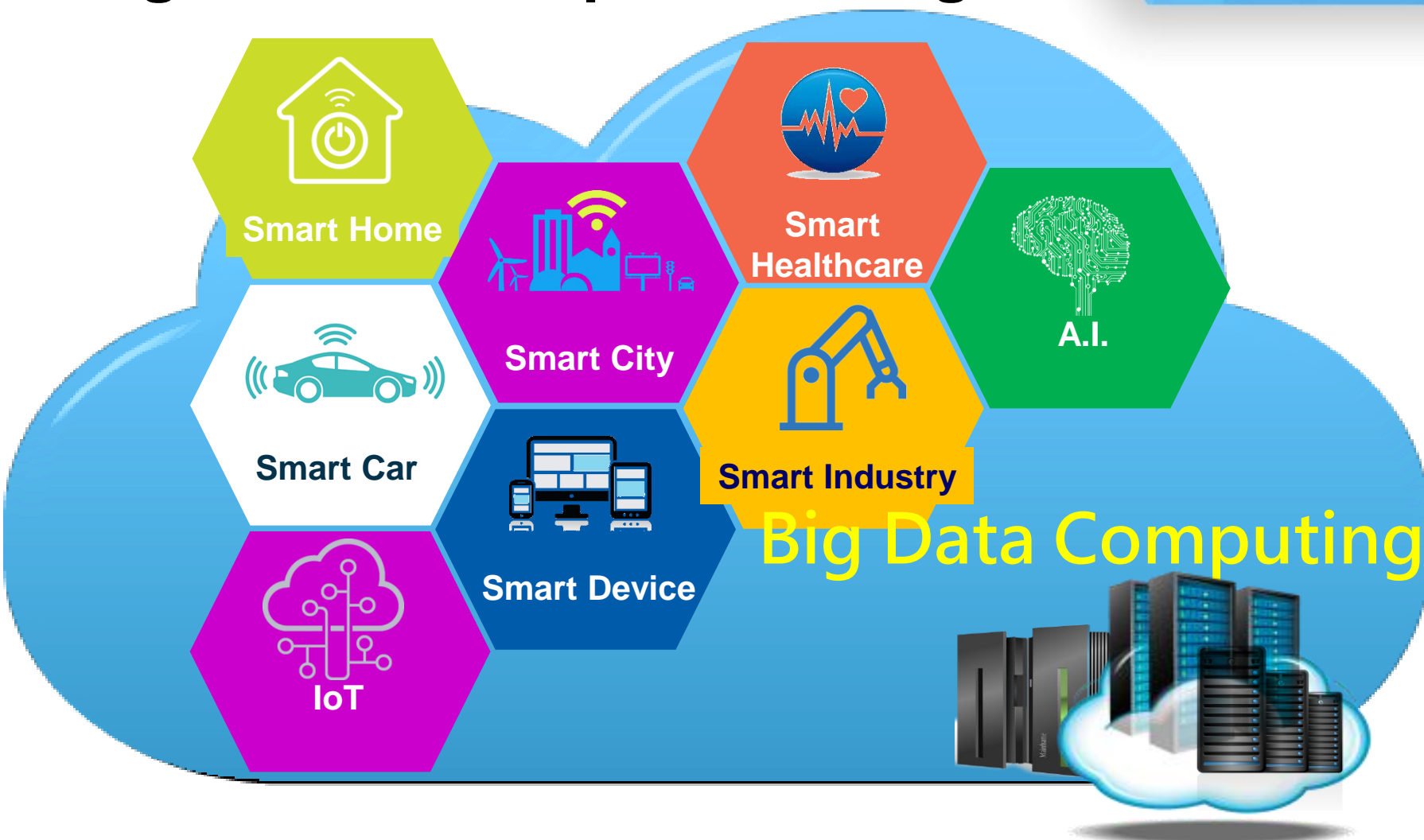
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Outline

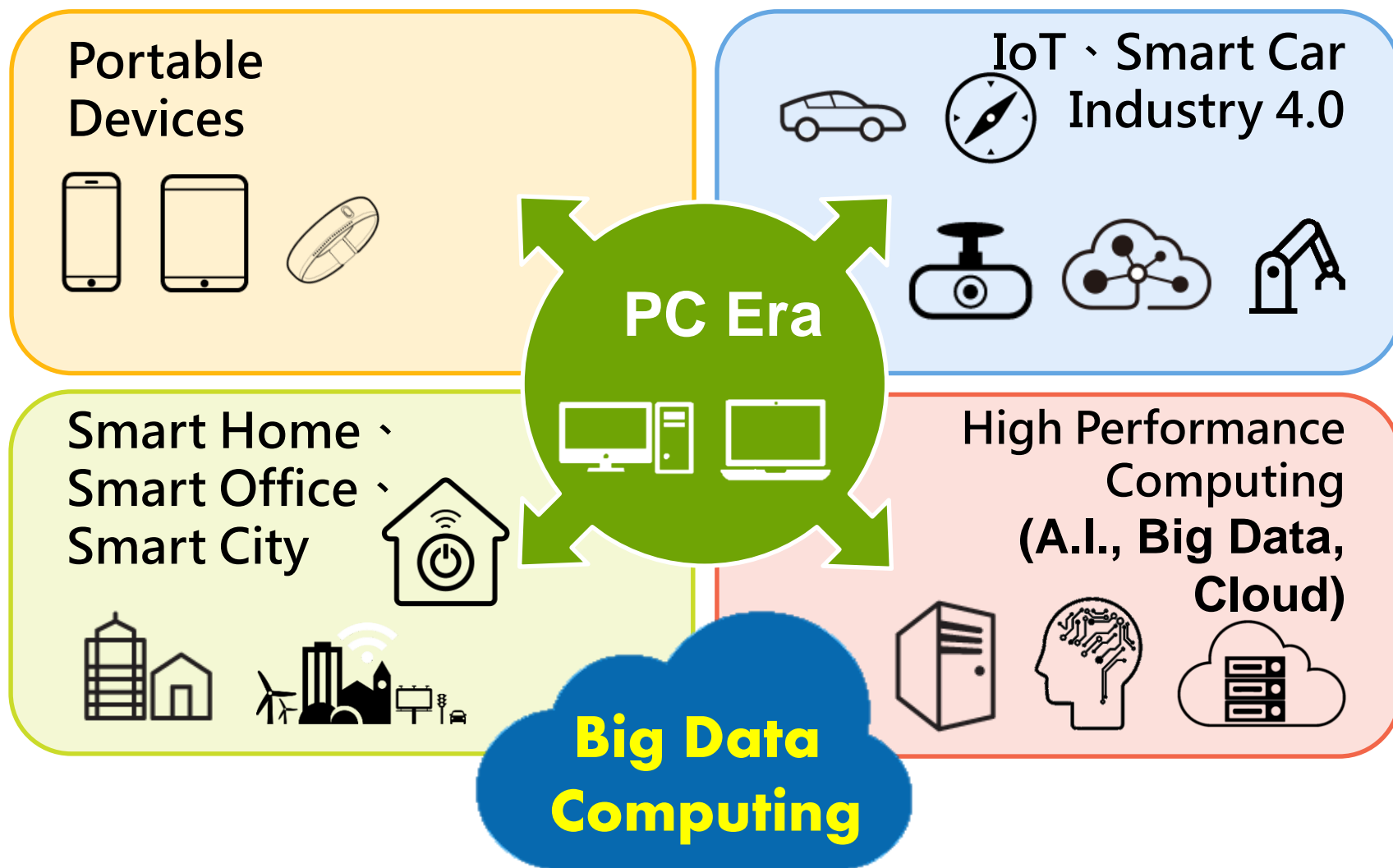
01.	DRAM Industry
02.	Business Strategy
03.	NTC Overview

Vigorous Development of Big Data Era

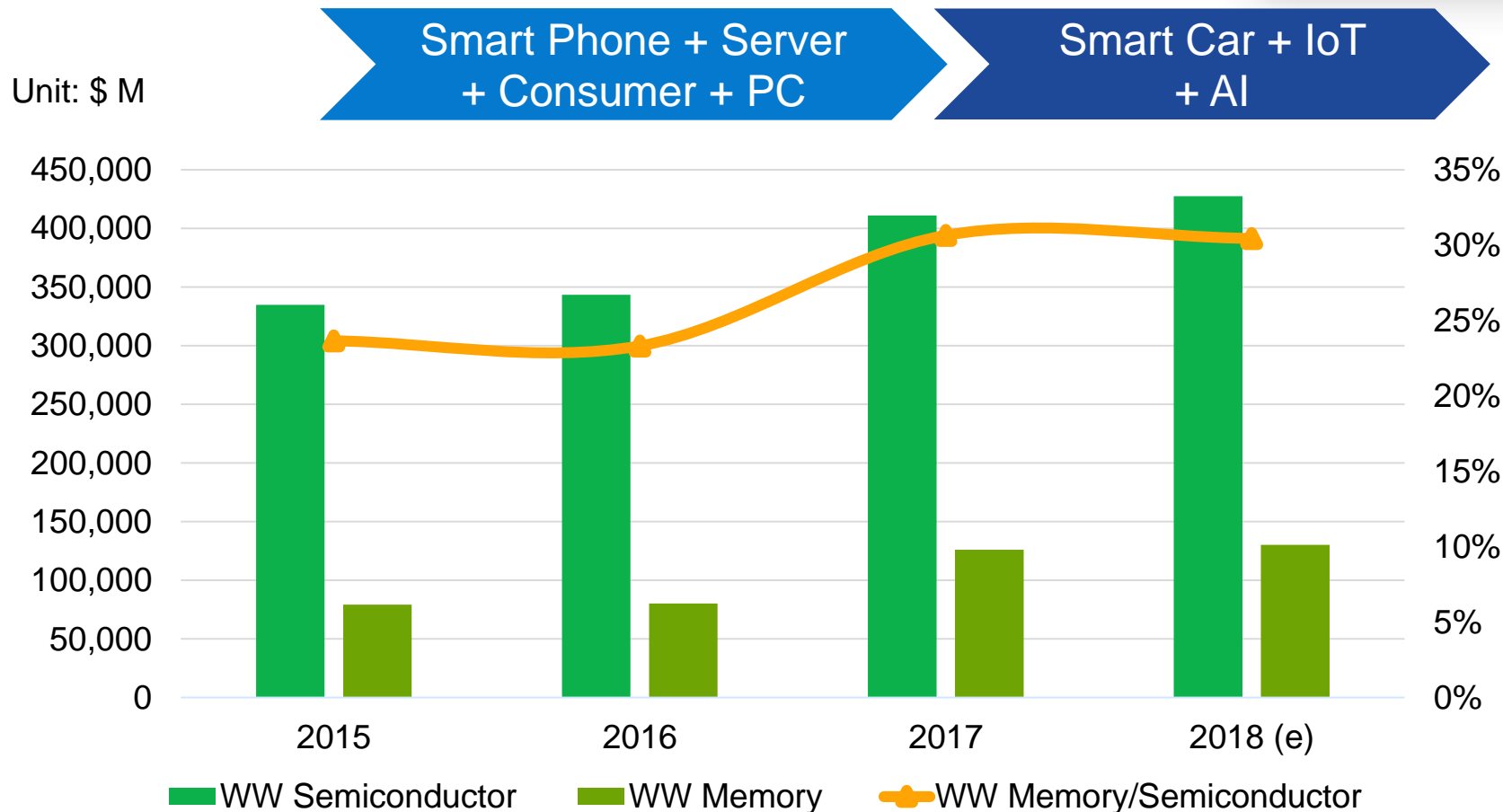


- AI, IoT, Smart Car and High Performance Computing are expediting the proliferation of semiconductor

DRAM Essential to Electronic Devices



Strong Momentum of Semiconductor Industry

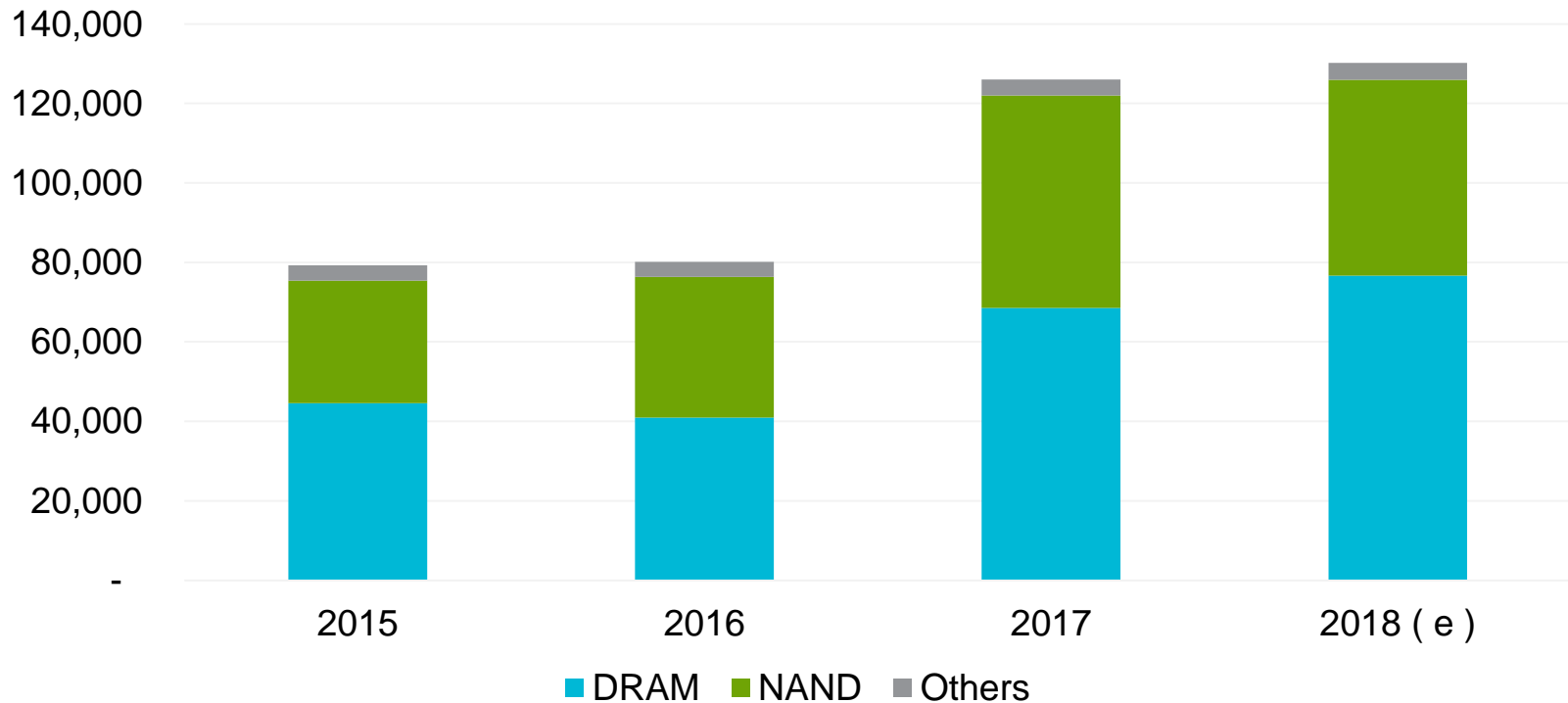


Source: Gartner Sep'17

- In 2017, semiconductor YoY revised upward to 20%, total revenue \$411.1B
- In 2017, Memory YoY revised upward to 57%, total revenue \$126B
- In 2017, Memory accounts for 31% of total semiconductor revenue

Memory Industry Growth Solid

Unit: \$ M

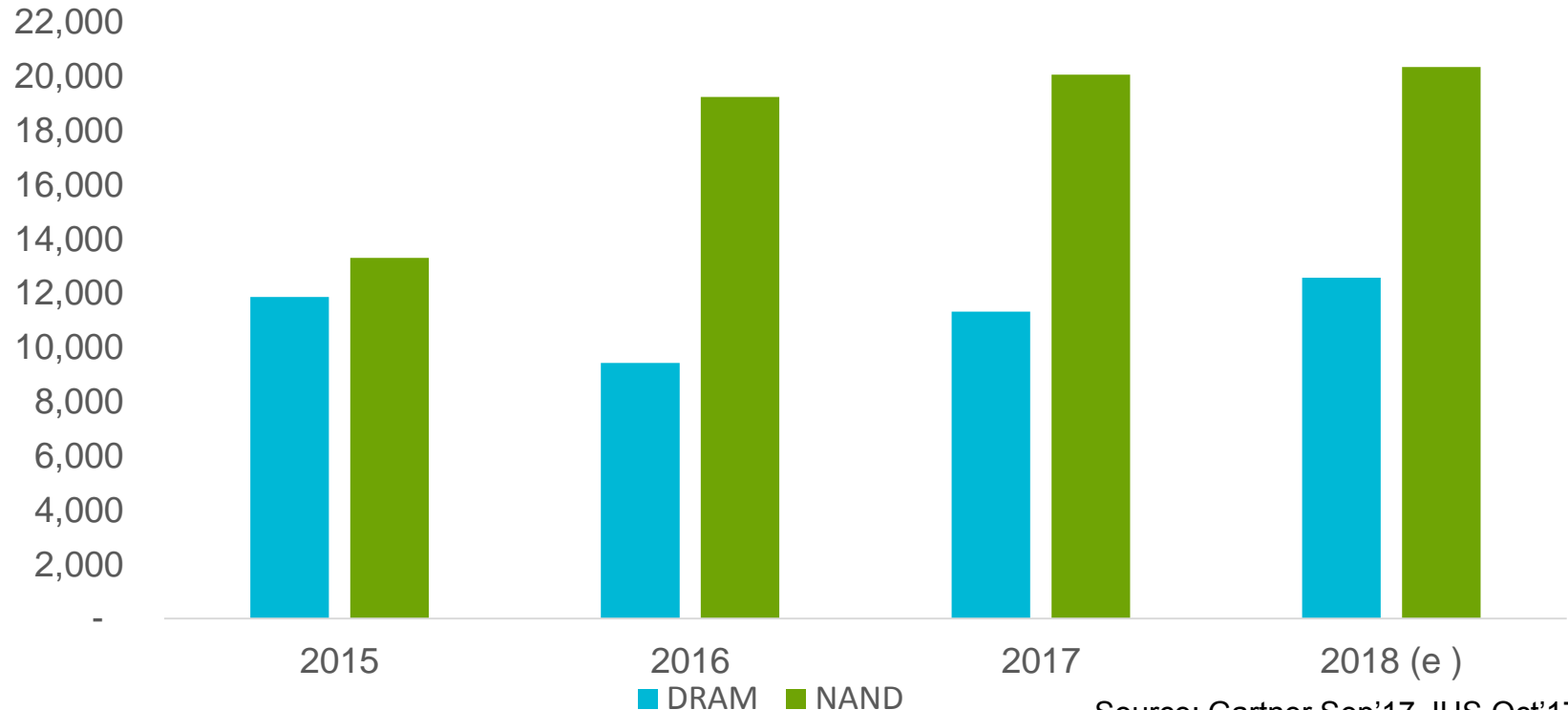


Source: Gartner Sep'17

- In 2017, Memory annual revenue will exceed \$120B mark
- In 2017, 67% YoY and \$68.5B revenue of DRAM is forecasted
- In 2017, 57% YoY and \$53.5B market size of NAND is predicted
- DRAM + NAND consisting of 97% memory market

Memory Industry Capex

Unit: \$ M

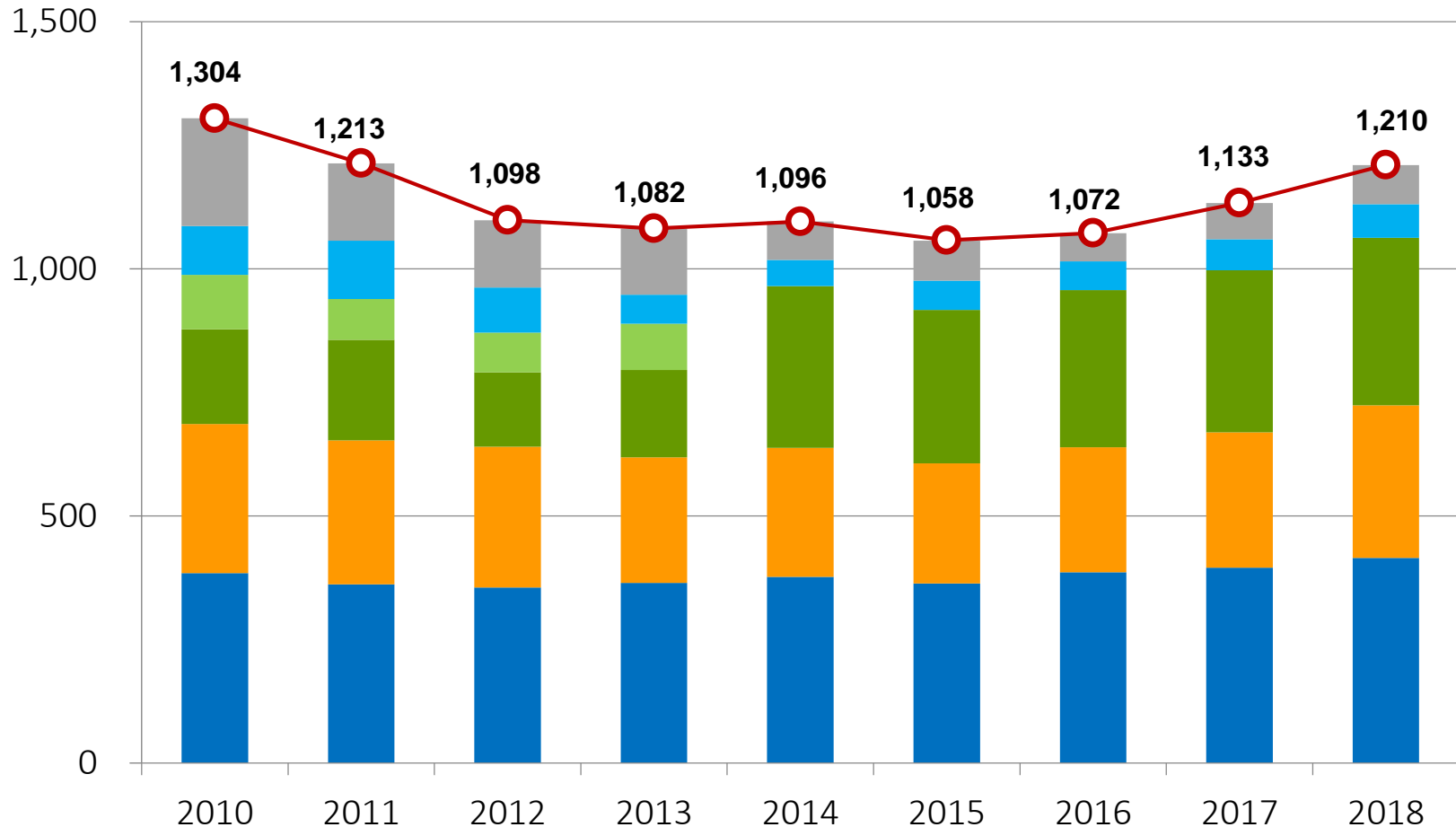


Source: Gartner Sep'17, IHS Oct'17

- Significant NAND capex expected for 3D NAND capacity ramp-up
- DRAM capex mainly for advanced technology conversion and maintaining current capacity level
- DRAM capacity addition expected to come on-line from 2H'18
- Annual bit growth forecast: DRAM 20%~25%, NAND 40%~45%

WW DRAM Capacity

WW DRAM Wafer Start (K/M, 300mm)









■ WW DRAM average monthly capacity will moderately increase to 1,210K/M in 2018

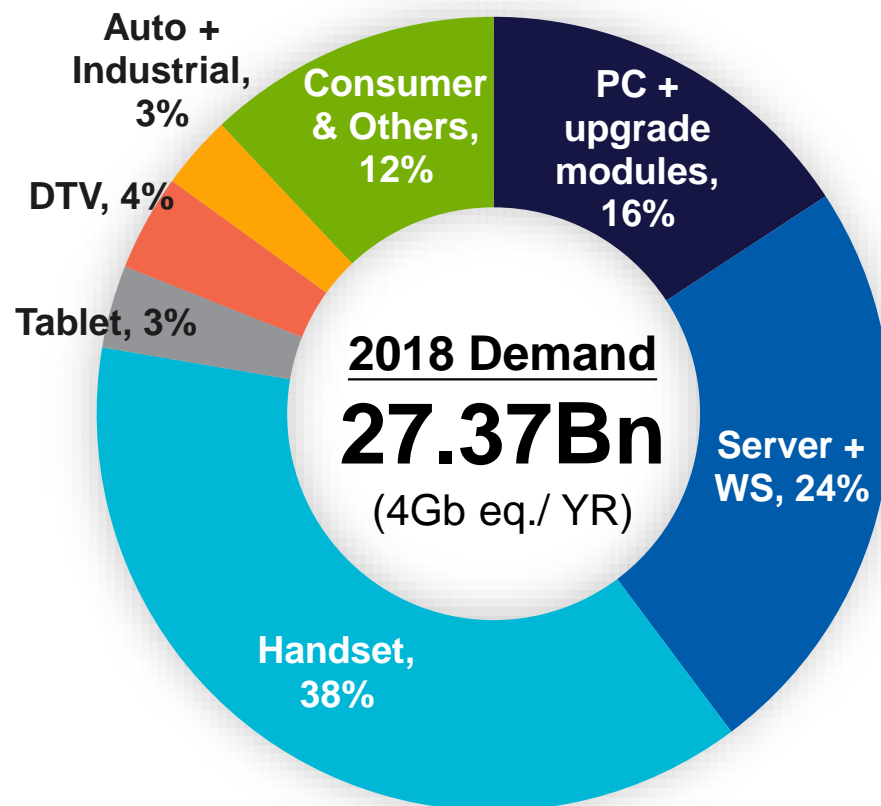
Source: DRAmEXchange, inSpectrum, IHS, NTC MKT

Demand Forecast for 2018

■ 23% YoY bit demand growth forecasted for 2018

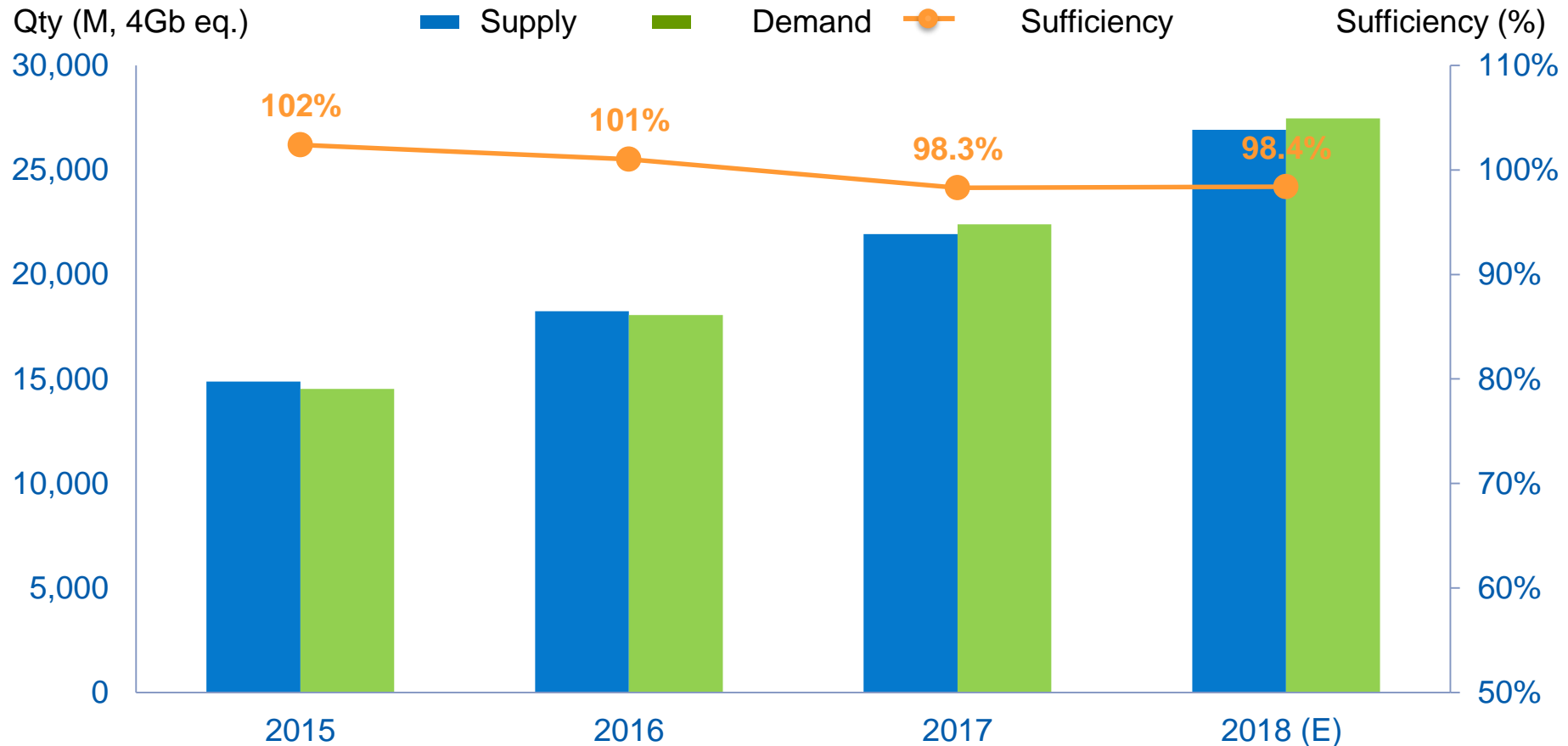
Unit: QTY(Mu) | C/B(GB) QTY C/B Bit Growth

Cloud	Server + Work Station 	17.4	188	34%
P2P	PC 	255	6.0	4%
	Tablet 	155	3.0	13%
	Smart phone 	1,600	3.2	22%
	TV 	225	2.4	17%
M2M	Auto 	95	1.8	101%



Consumer & others includes: STB, Storage (HDD/SSD), Printer, Game Console, Graphic card, DSC, IP Camera, Industrial, smart watch, etc.

DRAM Demand/Supply Sufficiency



Source: Gartner, IHS, DRAMexchange, NTC MKT

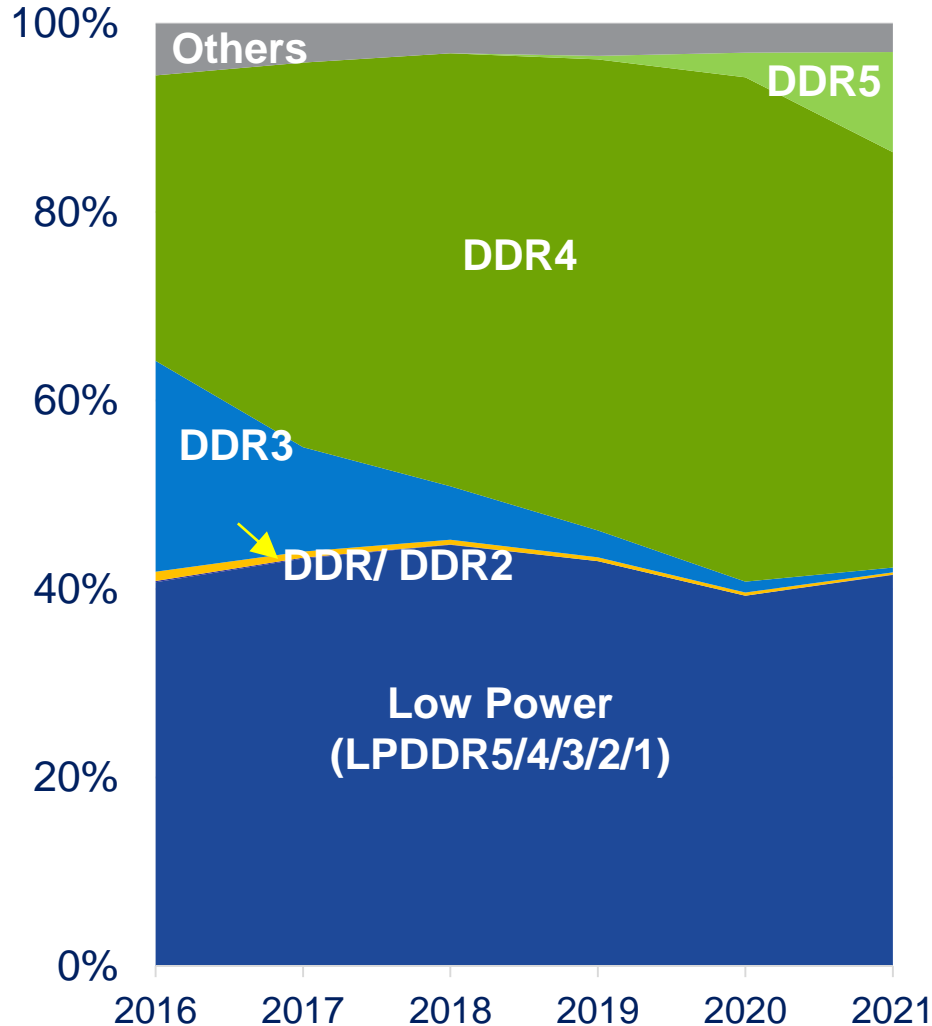
■ Favorable DRAM market conditions expected to continue throughout 2018

Outline

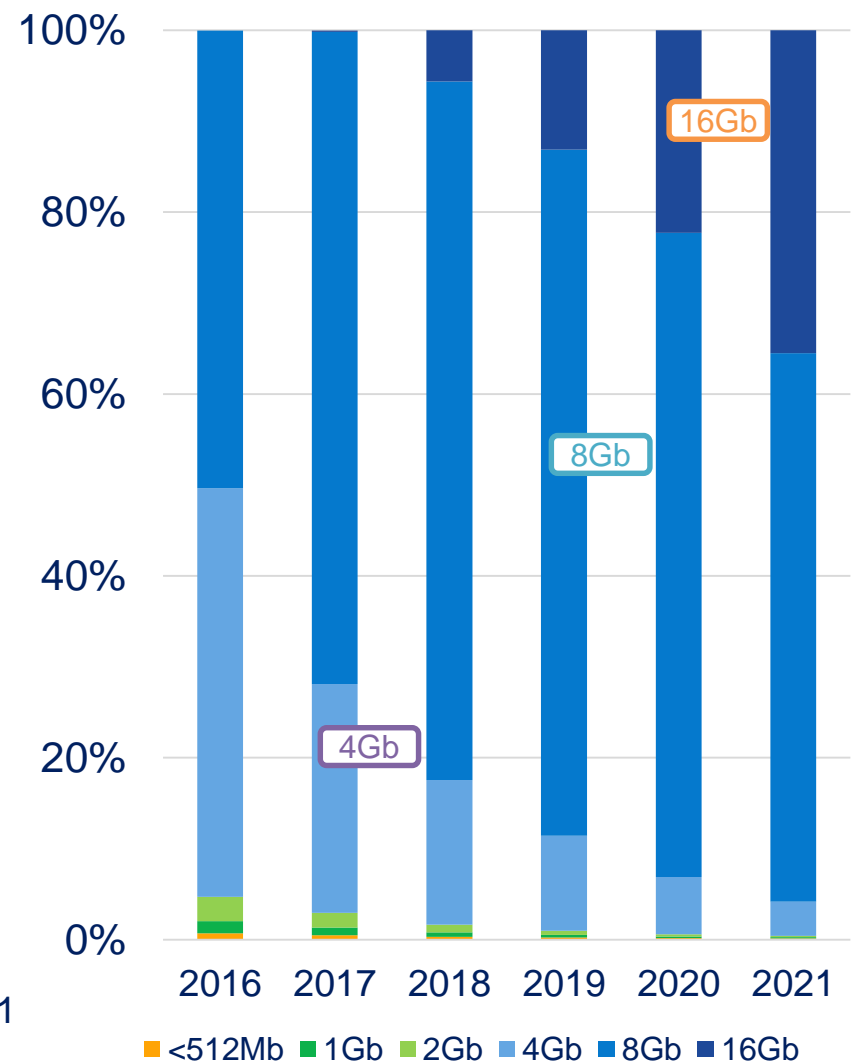
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DRAM Specification Trend Forecast

DRAM Interface (%)

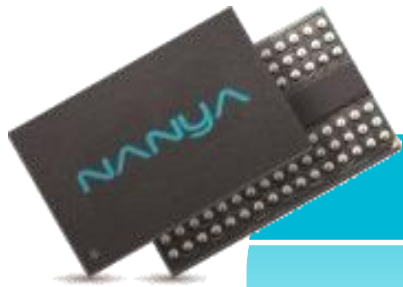


DRAM Density (%)



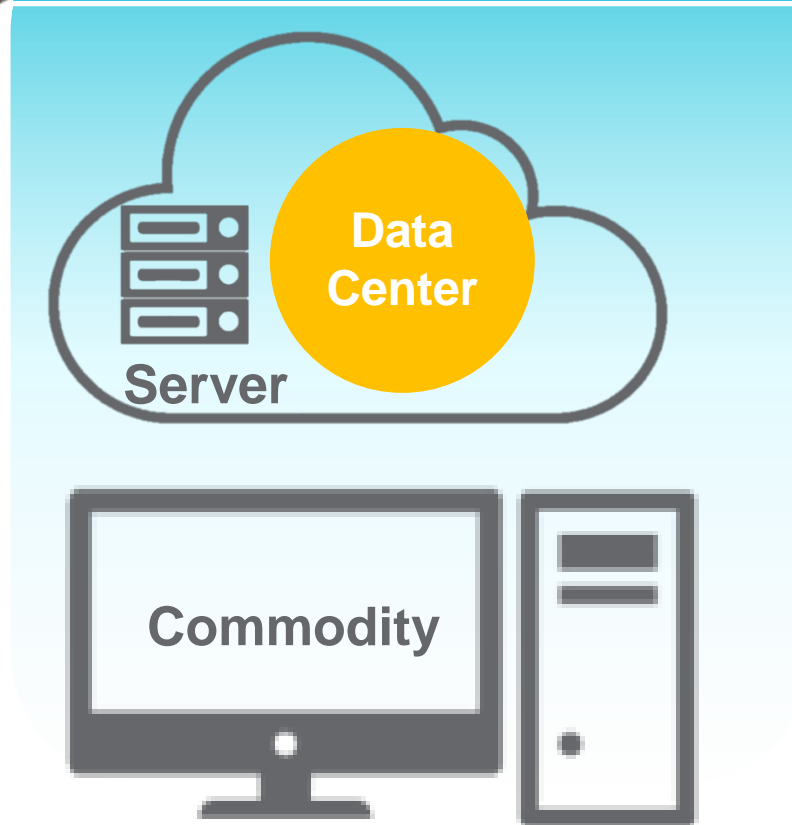
Source: IHS, Gartner, NTC MKT

20nm DDR4 8Gb Deployment Strategy



Data Center / Commodity

Consumer

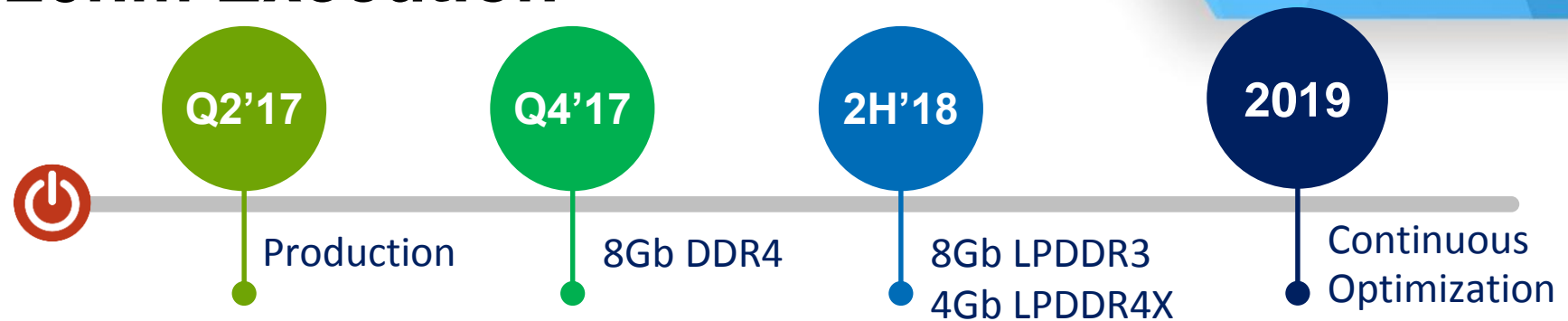


Comprehensive DRAM Product Portfolio

Technology	30/42nm	20nm
Spec.	<ul style="list-style-type: none"> ■ DDR/DDR2/DDR3 ■ LPDDR1/LPDDR2/LPDDR3 ■ Custom 	<ul style="list-style-type: none"> ■ DDR3/DDR4 ■ LPDDR3/LPDDR4 ■ Custom
Density	512Mb/1Gb/2Gb/4Gb	1Gb/2Gb/4Gb/6Gb/8Gb
Grade	Commercial / Industrial / Automotive	
Lifecycle	Long-life and stable supply	

- 20nm enable DDR4 and LPDDR4 offerings to fully fulfill diversified requirements

20nm Execution



20nm Production Plan

- Q4'17
 - 38K/M wafer start
 - >20K/M wafer output
 - Bit output to exceed 30nm node in December

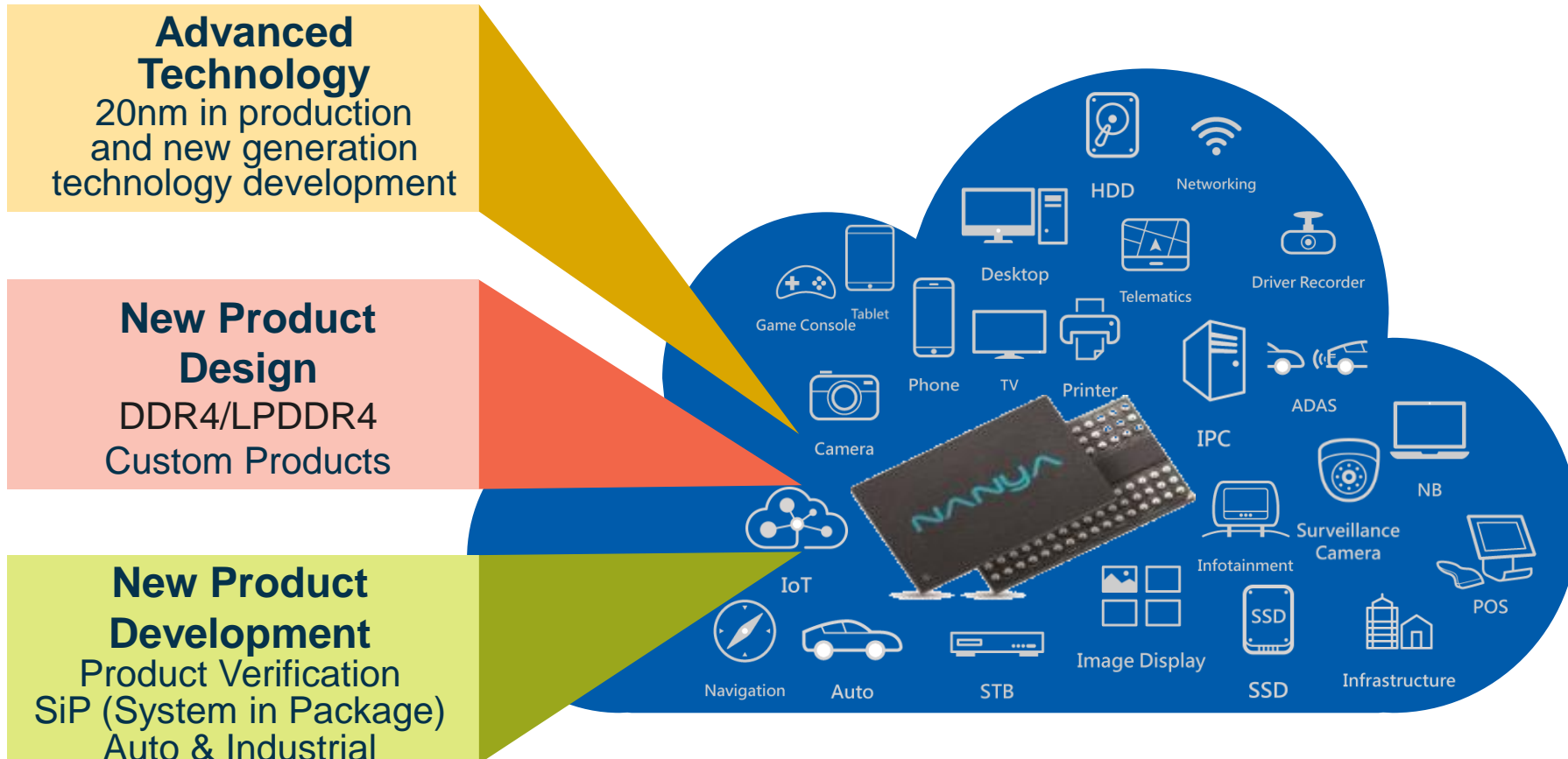
Product Schedule

- Q2'17: 4Gb DDR3 verified and mass production
- Q4'17: 8Gb DDR4 mass production, shipment from December
- 2H'18: 8Gb LPDDR3 & 4Gb LPDDR4X rollout

Monthly Capacity Mix

- 38K/20nm + 30K/30nm

NTC as Key DRAM Supplier



Outline

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Q1'17 ~ Q3'17 P&L Results

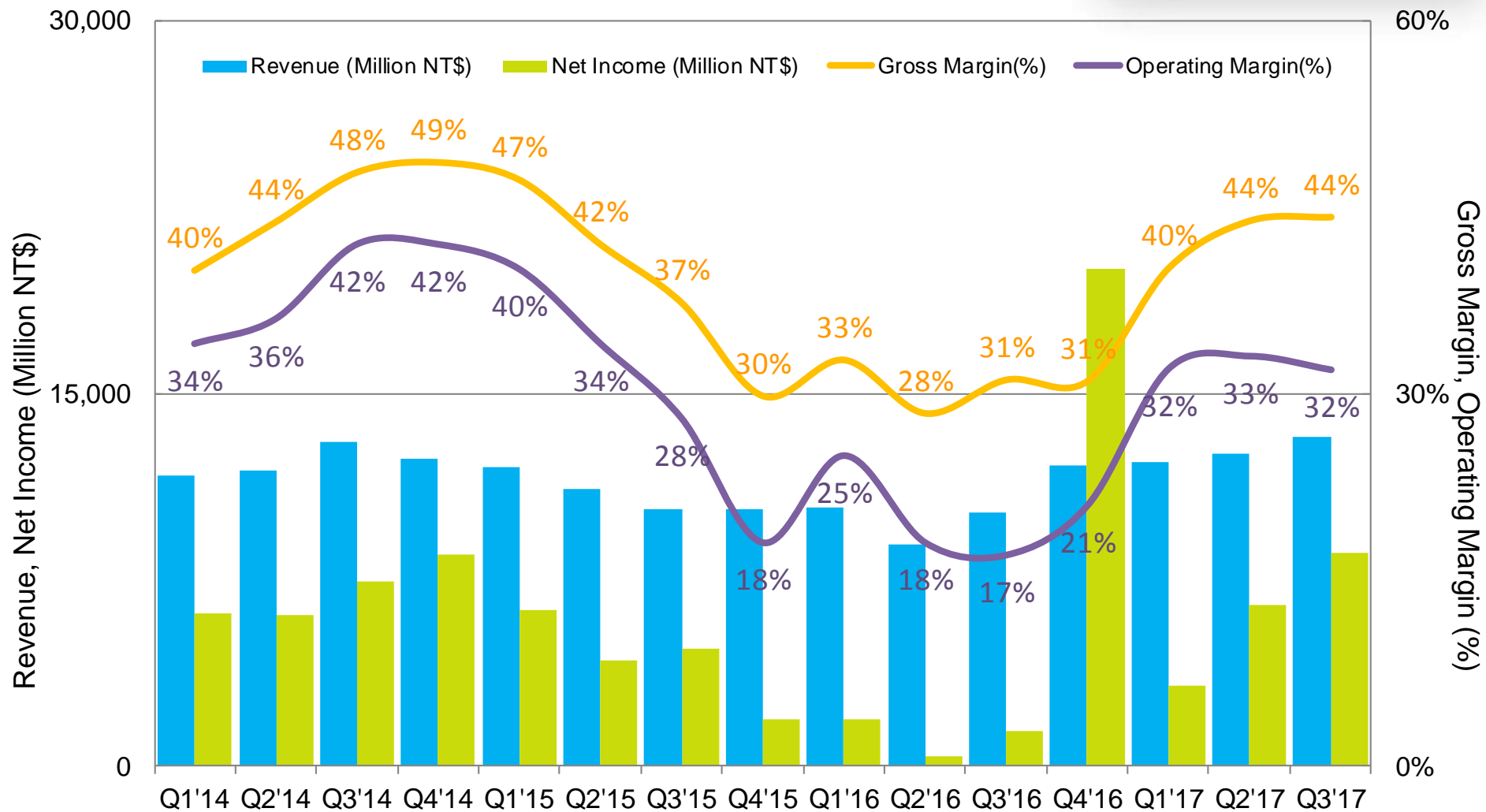
NT\$B: Billion	NANYA		
	Q3 2017	1H 2017	Q1- Q3 2017
Revenue	13.3B	24.8B	38.1B
Gross Profit <i>Gross Margin (%)</i>	5.9B 44.2%	10.4B 42.0%	16.3B 42.8%
Operating Income <i>Operating Margin (%)</i>	4.2B 31.9%	8.0B 32.3%	12.3B 32.1%
Non-operating Income	4.3B	3.3B	7.6B
Net Income <i>Net Margin (%)</i>	8.5B 64.3%	9.8B 39.3%	18.3B 48.0%
Capital	27.5B	27.5B	27.5B
EPS (NT\$)	3.09	3.55	6.65

Company highlights

- 1Q'17 Net Income of NT\$ 3,275M, Net Margin 26.8%, EPS NT\$ 1.19
- 2Q'17 Net Income of NT\$ 6,490M, Net Margin 51.4%, EPS NT\$ 2.36

* Financial numbers are reviewed by CPA

Financial Highlights



■ 20nm ramp-up will further enhance operating results

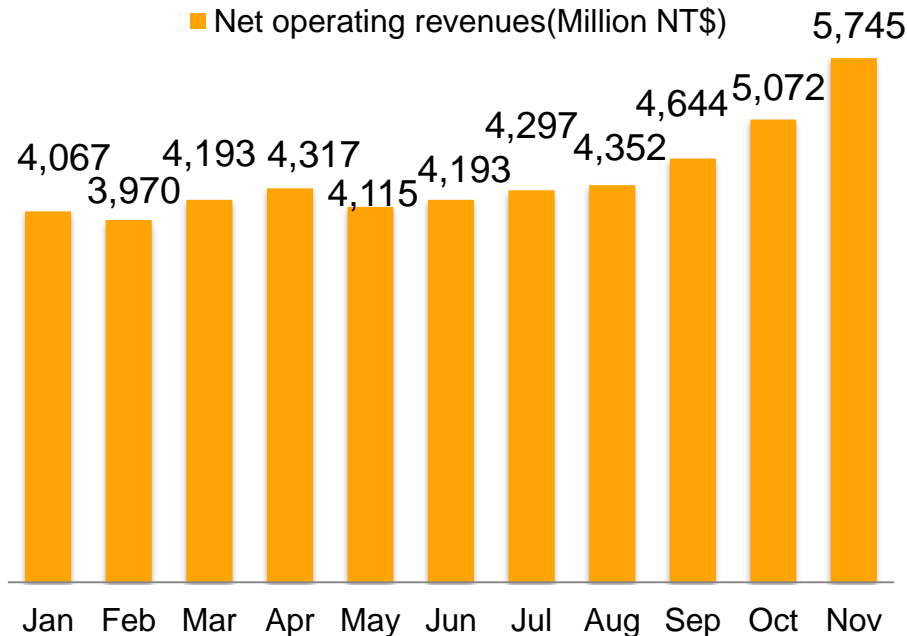
Q1'17 ~ Q3'17 Cash Flows

(Unit: Million NT\$)	Q1~Q3 2017	2016	2015
Beginning Balance	9,102	3,104	7,268
Cash from Operating Activities	13,835	15,945	18,522
Capital expenditures	-26,530	-22,336	-3,842
Long-term & Short-term loans	-2,439	-6,351	-14,382
Investments and others	30,572	18,740	-4,463
Ending Balance	24,540	9,102	3,104
Free Cash Flow ⁽¹⁾	-12,695	-6,391	14,680

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

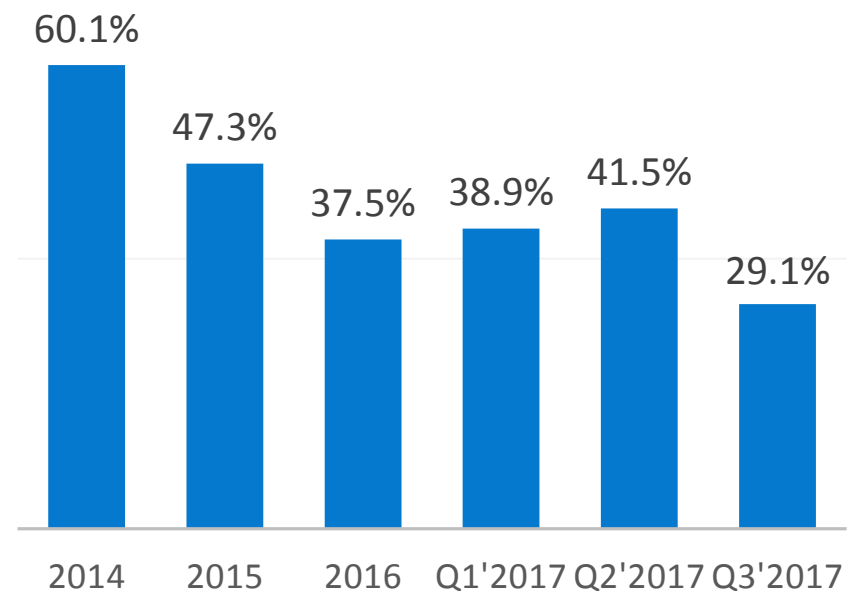
Monthly Revenue & Debt Ratio

Y2017 Monthly Revenue



- Successful 20nm ramp-up resulting in revenue growth in Q4'17

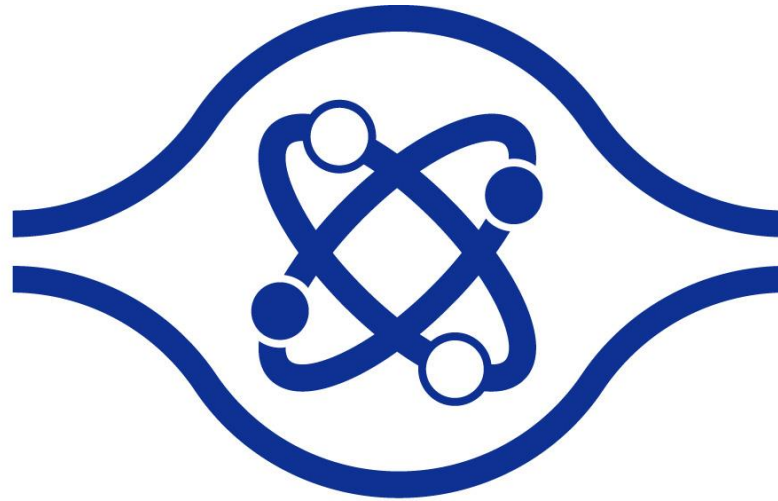
Debt/Asset Ratio



- Debt/Asset ratio down to 29.1% at the end of the 30th of September, 2017
- Debt ratio to be further reduced in Q4'17 by repaying FPG borrowings and Bank loans

Key Takeaways

- Tight supply continued into Q1'18, solid ASP movement
- 2018 DRAM market in balance and healthy expected
- Nanya Technology Operation Focuses:
 - Mid-teen bit growth in Q4'17 and 20nm bit output exceeding 30nm in December expected
 - 20nm capacity ramp-up, ~45% YoY bit output in 2018 forecasted
 - Launch 20nm DDR4 8Gb to enhance participation in Server segment
 - Expand 20nm product line up for diversified applications



NANYA
Thanks & Questions