

**Macronix International Co., Ltd.
Second Quarter 2017 Results**

July 24, 2017



**MACRONIX
INTERNATIONAL Co., LTD.**

Disclaimer

The presentation and discussion contain certain forward-looking statements with respect to the results of operation, financial condition and current expectation. The forward-looking statements are subject to known and unknown uncertainties and risks that could cause actual results to differ materially from those expressed or implied by such statements.

Such risks and uncertainties include but are not limited to the impact of competitive products and pricing, timely design acceptance by our customers, timely introduction of new technologies, ability to ramp new products into volume, industry wide shifts in supply and demand for semiconductor products, industry overcapacity, availability of manufacturing capacity, financial stability in end markets, and other risks.

The forward-looking statements in this release reflect the current belief of Macronix as of the date of this release and Macronix undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such date.

Agenda

Welcome

C.Y. Lu

2017Q2 Financial Results

Paul Yeh

Business Update

C.Y. Lu

Remarks and Q&A

C.Y. Lu

Financial Highlights

	2017Q2 Actual (PSE is included)	2017Q2 <i>(same principle as Q1)</i>	2017Q1 Actual
Revenue	NT\$ 6.6B	NT\$ 6.6B	NT\$ 6.6B
Gross margin %	34%	35%	27%
Operating margin %	9%	11%	6%
Net income	NT\$ 616M	NT\$ 784M	NT\$ 203M

- ✓ Record date of capital reduction to NT\$ 18,059M is on June 29, 2017
- ✓ 2017H1 PSE (Profit Sharing Expenses) of NT\$168M is recognized in Q2

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Quarterly Consolidated Statements of Comprehensive Income

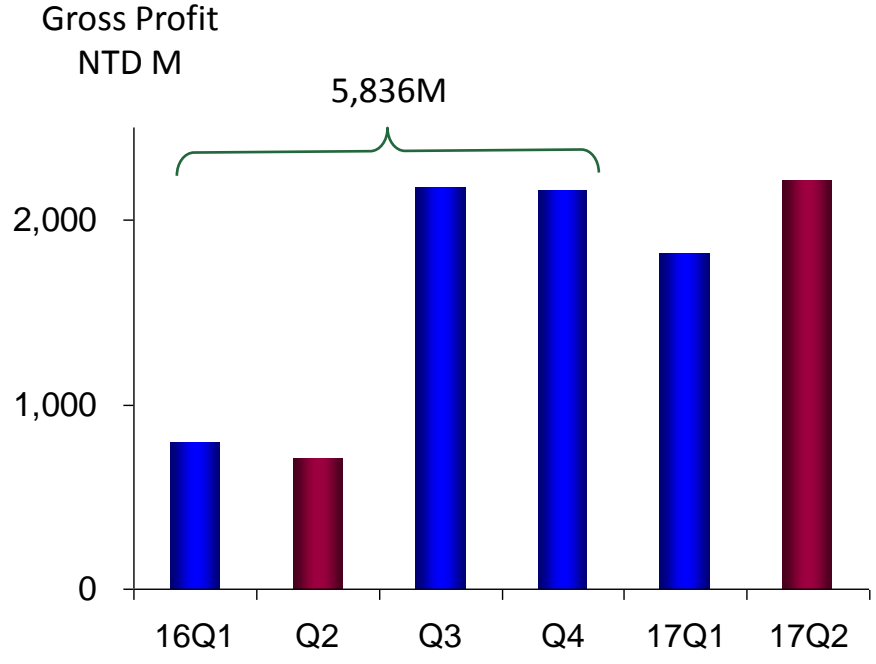
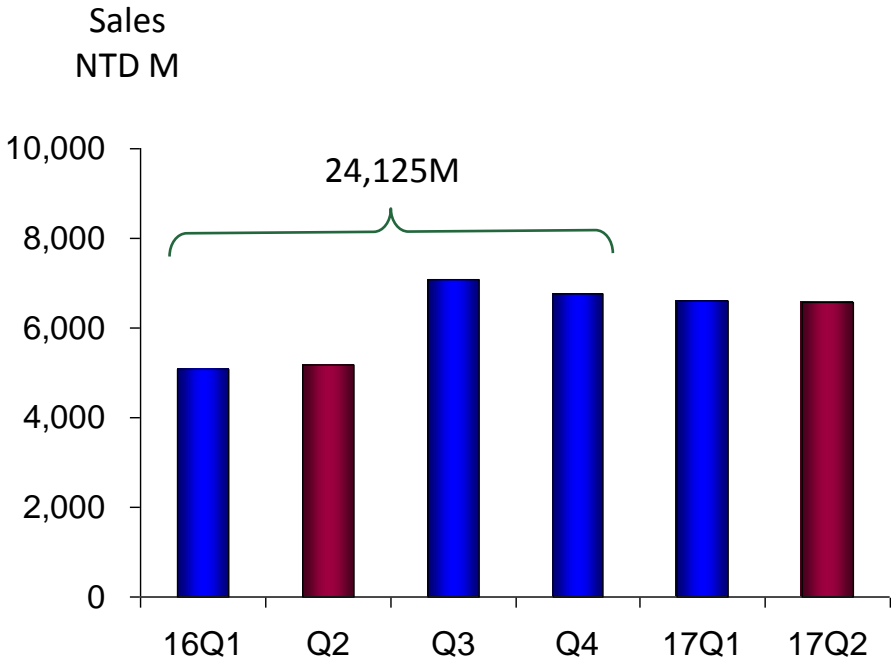
Unit: NTD Million (except EPS)☒	2017/Q2	2017/Q1	2016/Q2	QoQ Change	YoY Change
Net Sales	6,563	6,610	5,181	(1%)	27%
Gross Profit	2,216	1,815	707	22%	214%
Gross Margin%	34%	27%	14%	7ppt	20ppt
Operating Expenses	(1,631)	(1,401)	(1,553)	16%	5%
Operating Income	585	414	(846)	41%	-
Operating Margin%	9%	6%	(16%)	3ppt	25ppt
Net Non-Operating Income (Loss)	37	(210)	11		
Income Before Taxes	622	204	(835)	205%	-
Income Taxes Expense (benefit)	6	1	(144)	329%	-
Net Income	616	203	(691)	204%	-
Other Comprehensive Income	107	19	(134)	461%	-
Comprehensive Income	723	222	(825)	226%	-
Net Income(Loss) Attributable to :					
Shareholders of the Parent	616	203	(689)	204%	-
Noncontrolling Interests	(0)	(0)	(2)		
EPS* (NT\$)	0.35	0.12	(0.39)	192%	-
EBITDA	1,171	761	(237)		
Weighted Avg Outstanding Million Shares	1,763	1,756	1,749		

*EPS are retro-adjusted because of capital reduction

2017Q2 Financial Highlights

2017Q2 Sales = NTD 6,563M
+27% YoY

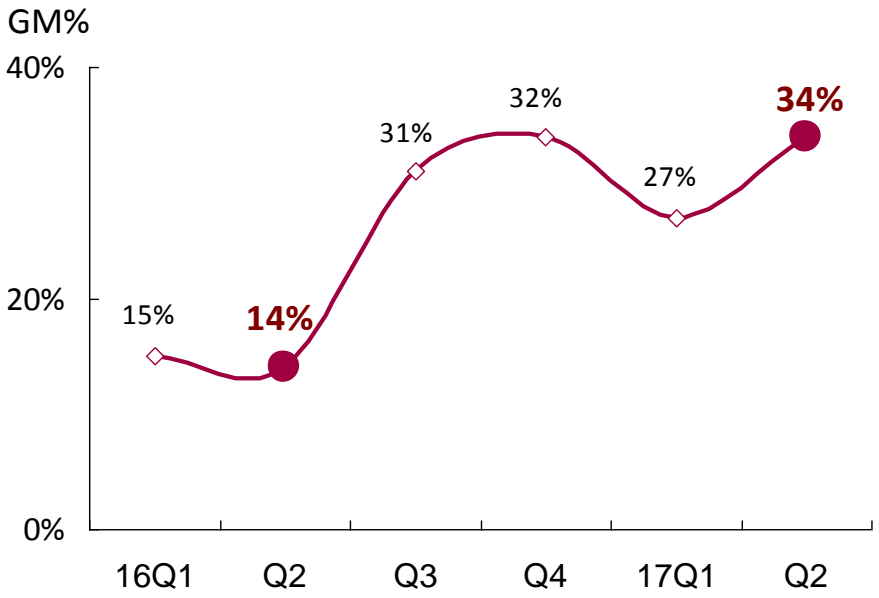
2017 Q2 GP = NTD 2,216M
+214% YoY



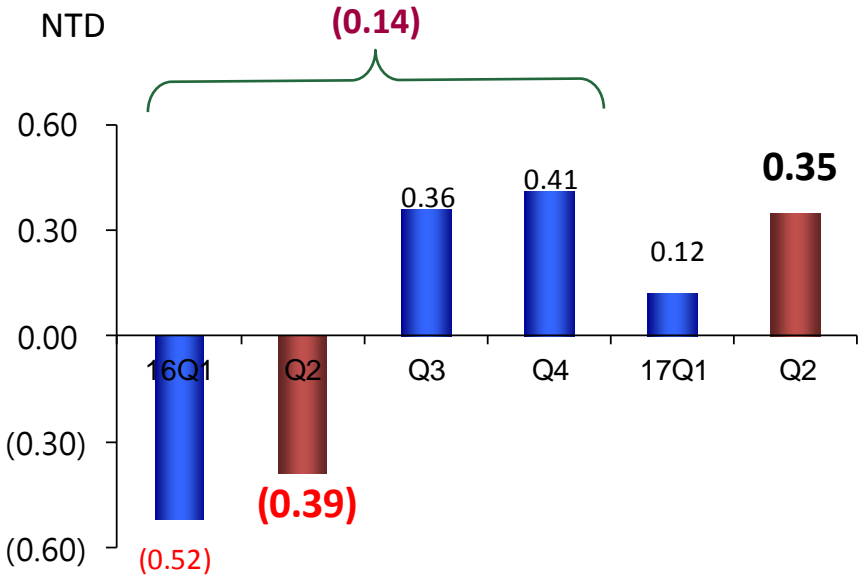
2017Q2 Financial Highlights

	2017Q2	2016Q2
Gross Margin (%)	34%	14%
EPS -- NT\$	0.35	(0.39)

Gross Margin (%)



EPS (retro-adjusted)

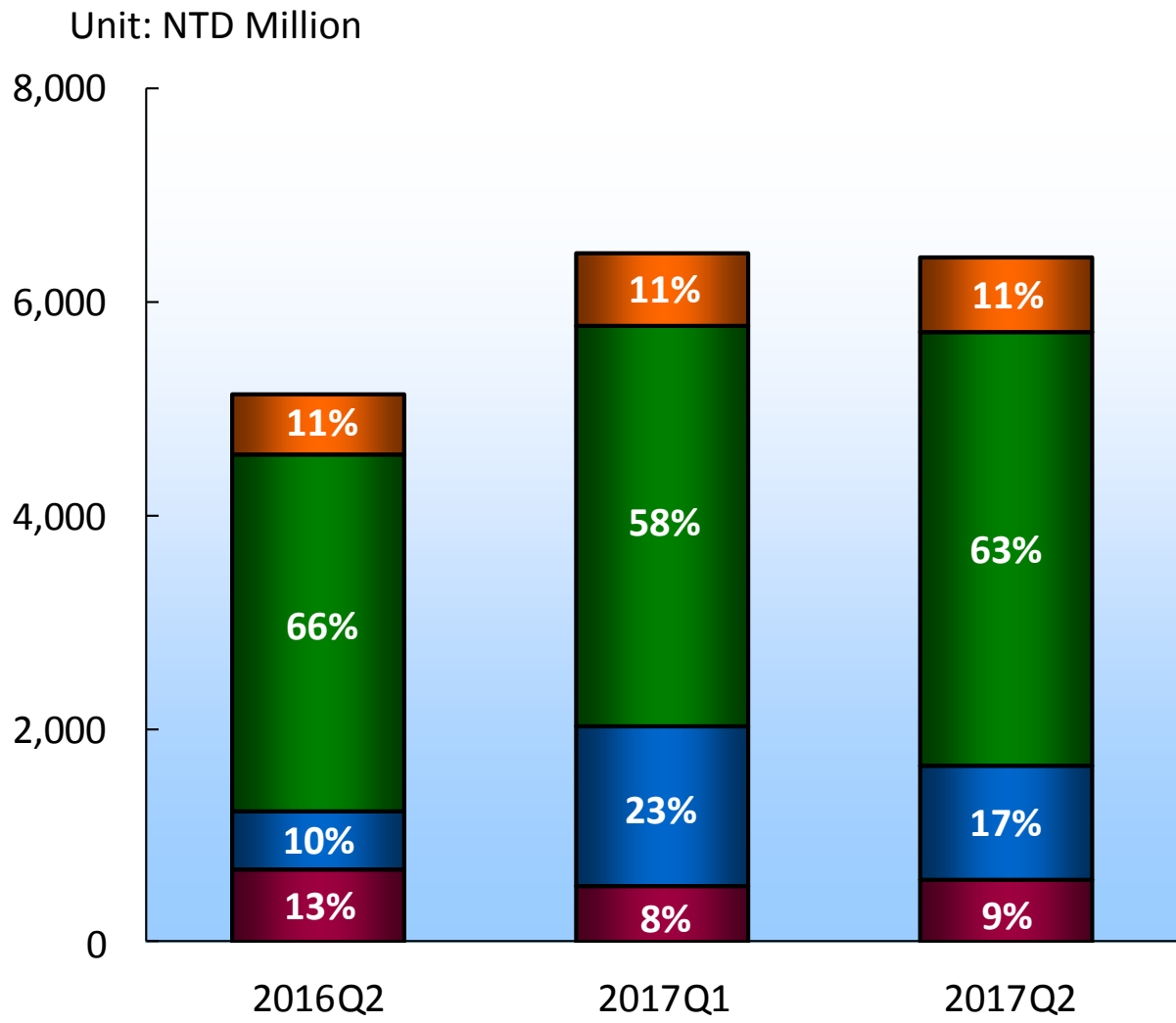


Quarterly Consolidated Balance Sheet / Cash Position

Unit: NTD Million

	2017/06/30	2017/03/31
Cash	5,406	6,062
Inventory(Net)	9,075	7,384
Property, Plant and Equipment	15,204	15,574
Total Assets	36,980	35,851
Interest bearing debt - short term	7,822	4,119
Interest bearing debt - long term	1,215	6,058
Total Liabilities	17,591	17,243
Shareholders' Equity	19,389	18,608
Debt Ratio (%)	47.6%	48.1%
Book Value(retro-adjusted) -- NT\$	10.75	10.31
Quarterly Highlight	2017/Q2	2017/Q1
Depreciation & Amortization	492	499
Capital Expenditures	(122)	(563)
Cash Flow from Operating	608	487

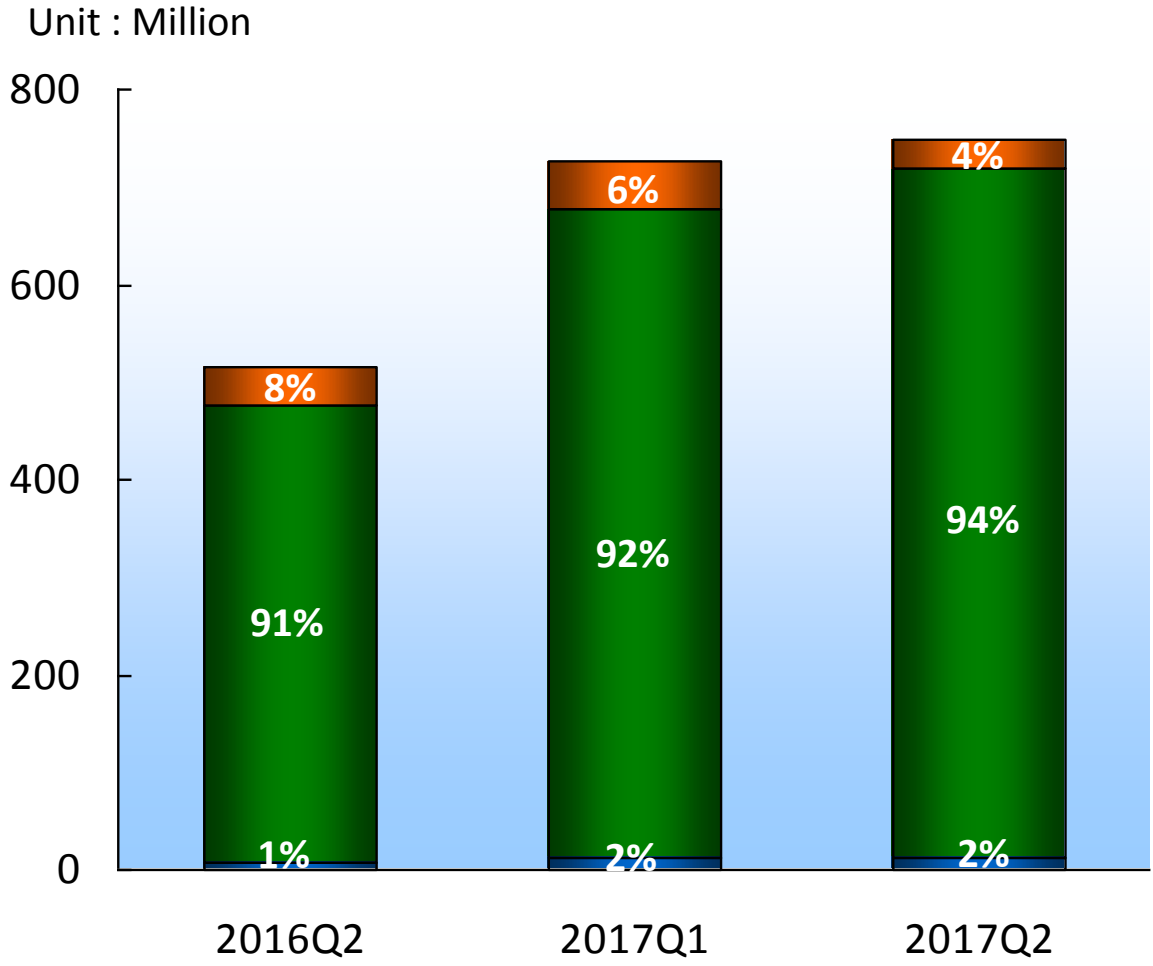
Quarterly Sales Breakdown by Products (Parent Company)



	QoQ Change	YoY Change
NAND	+4%	+25%
NOR	+9%	+21%
ROM	-29%	+103%
FBG	+15%	-13%

* FBG (foundry business group)

Quarterly Quantity Breakdown by Products (Parent Company)



	QoQ Change	YoY Change
NAND	-37%	-25%
NOR	+6%	+50%
ROM	-4%	+107%
FBG	+27%	-3%

* Equivalent 8" WF base for FBG (foundry business group)

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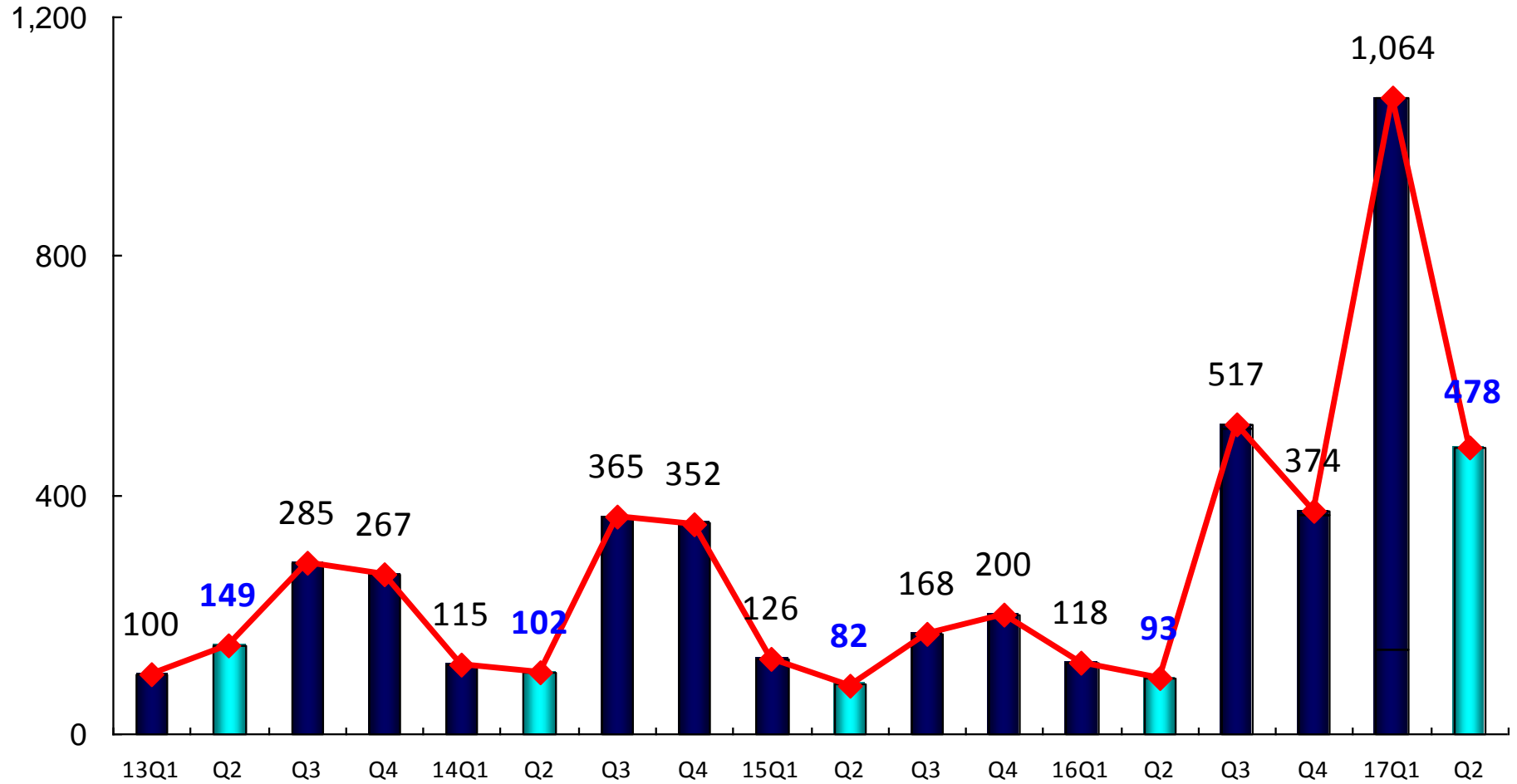
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Business update - ROM equivalent density shipment

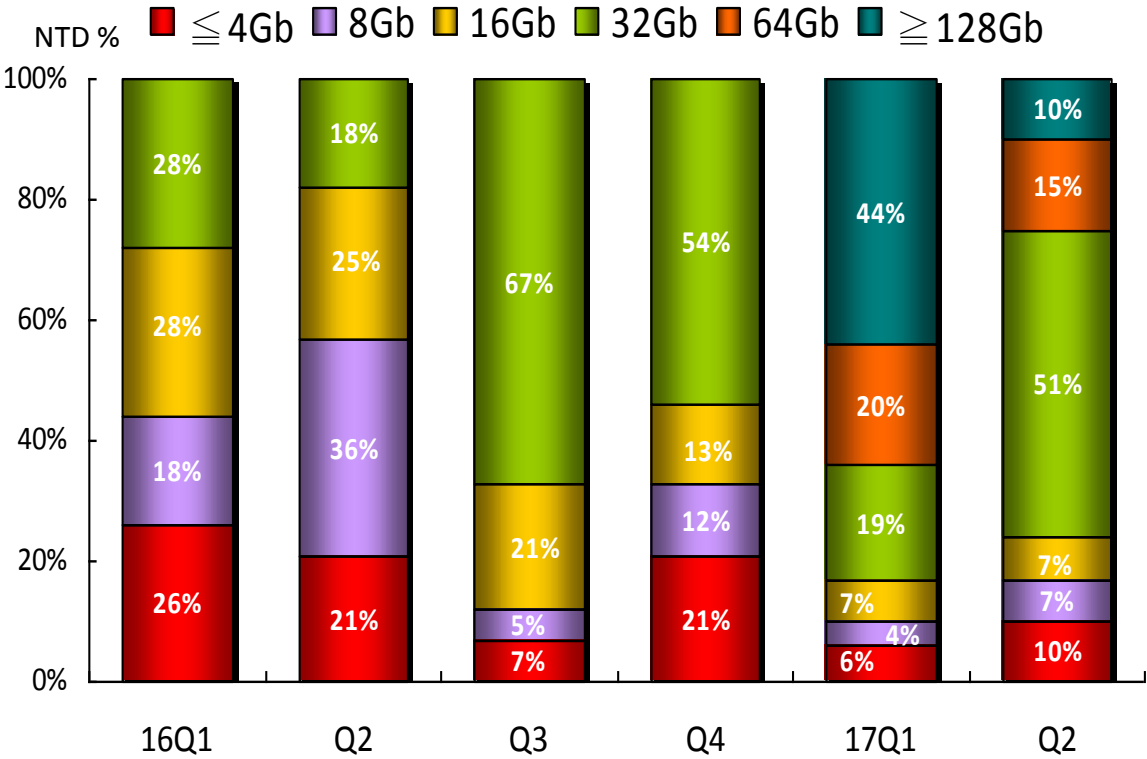
Density shipment index: 2013Q1 =100



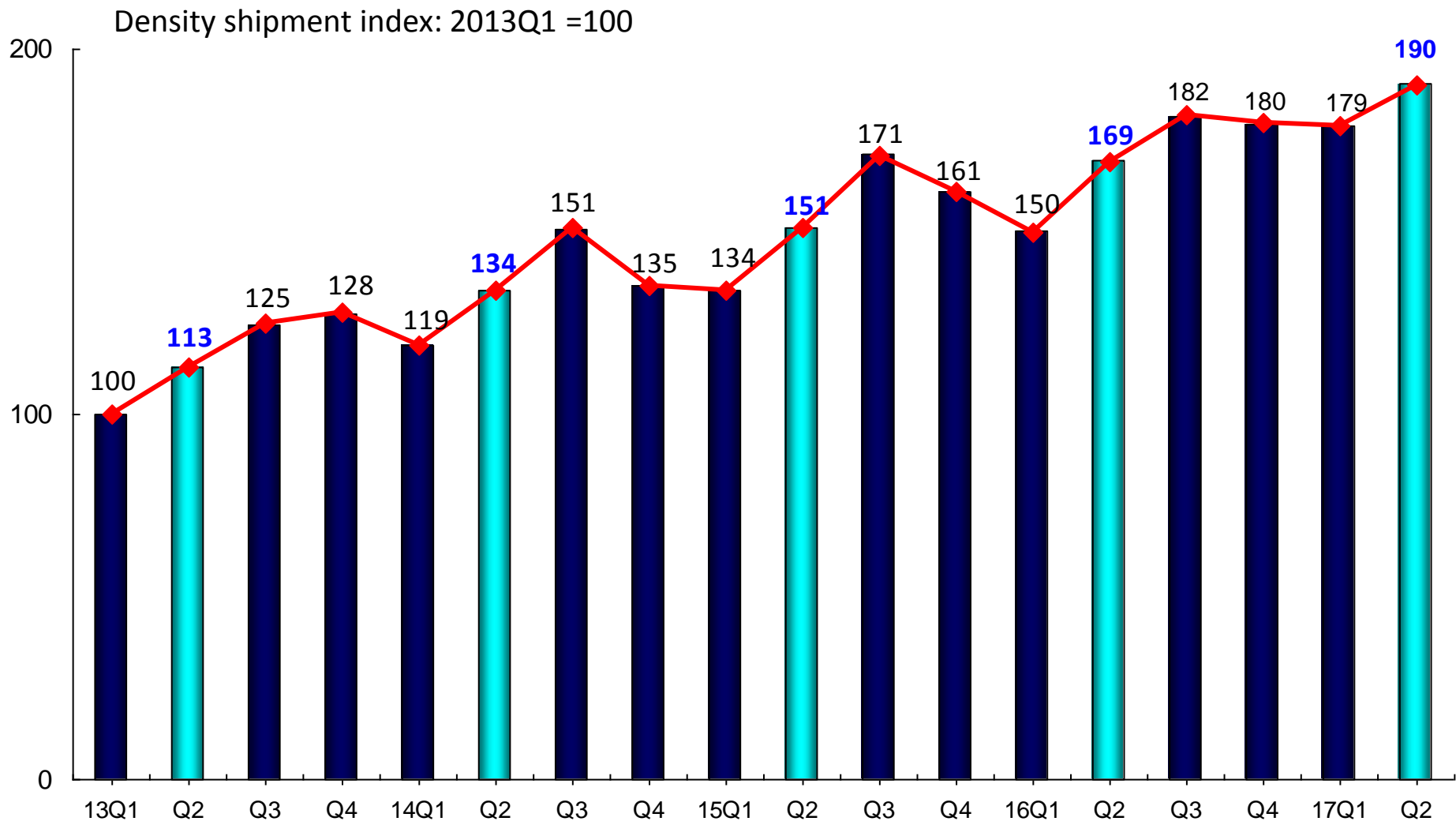
Current status of ROM memory business

➤ ROM business

- $\geq 64\text{Gb}$ products represented 25% of ROM business in 2017Q2
- With similar quantity shipment, Q2 revenue is sequential lower because of different product/density mix



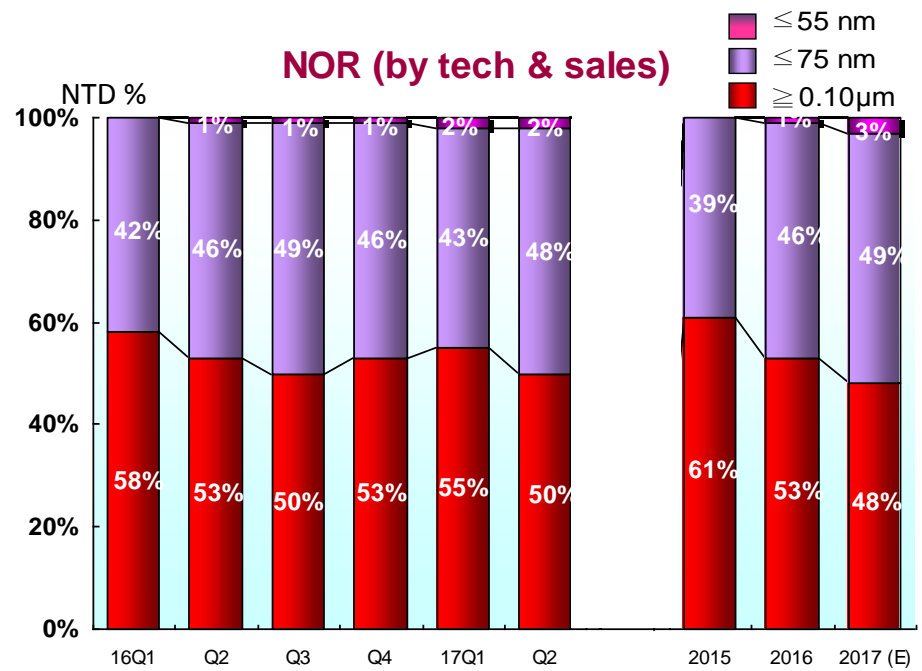
Business update – NOR equivalent density shipment



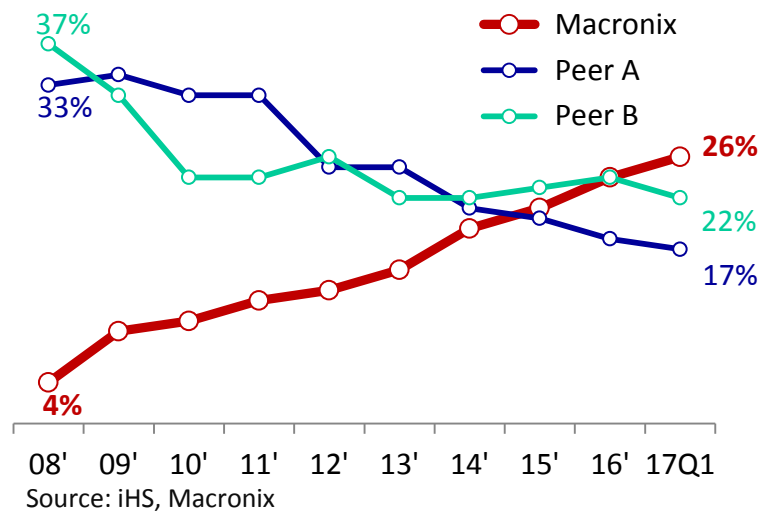
Current status of NOR memory business

➤ NOR flash business

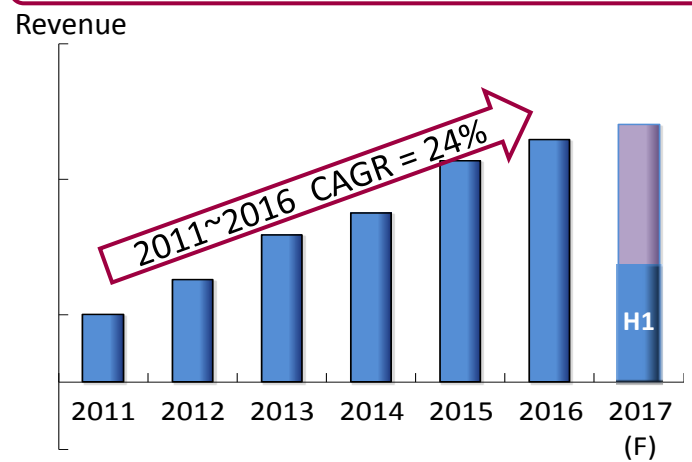
- ≤75nm products represented 50% of NOR business in 2017Q2
- Allocation is the key theme for NOR business
- Strong demand for each density and application



NOR global market share

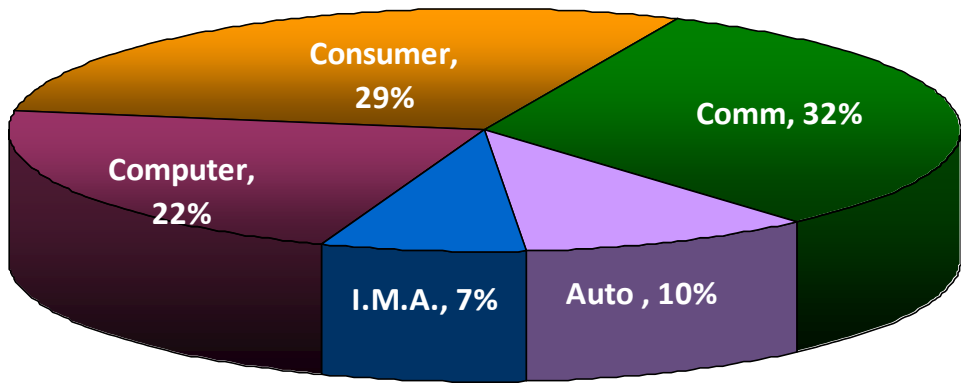


Speedy growth in automotive segment



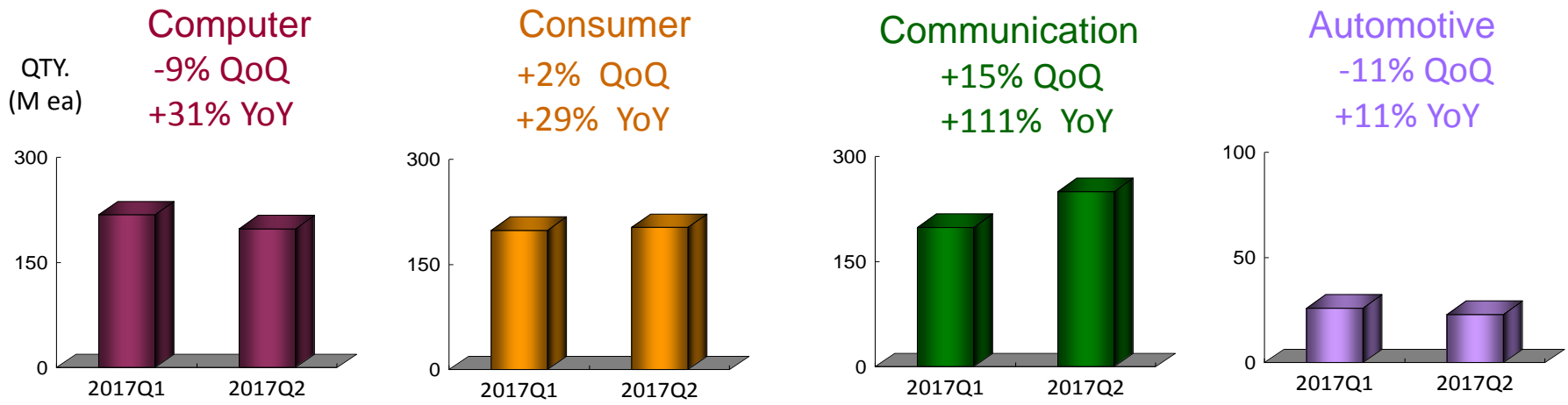
Business update – NOR flash breakdown

2017Q2 NOR Revenue breakdown



* **Comm:** including handsets
 * **I(Industrial), M(Medical), A(Aerospace-defense)**

2017Q2 NOR Qty breakdown

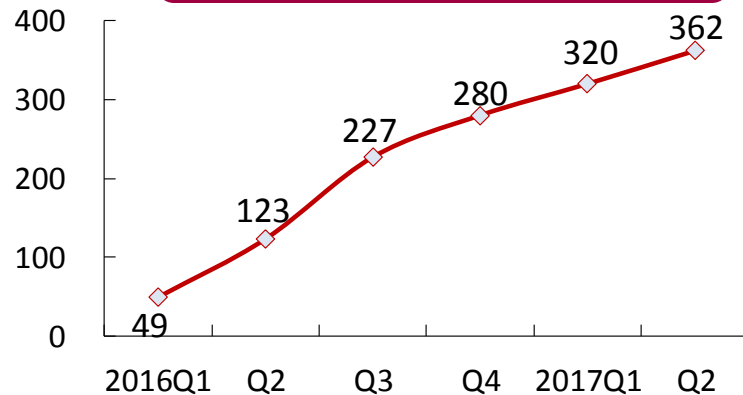


Business update – SLC NAND breakdown & outlook

➤ SLC NAND flash business

- Design-wins in 2016 result in the increased revenue and market share in 2017 and the future
- NAND business is also in allocation mode

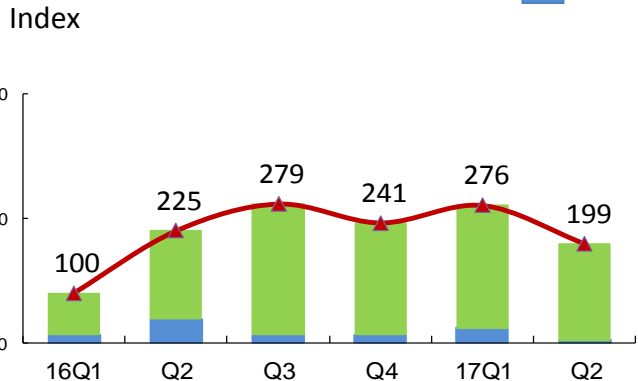
Accumulative design-win case count of 36nm



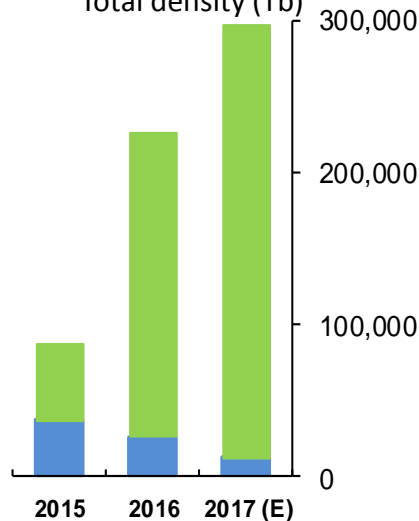
SLC NAND Flash equivalent density shipment

Density shipment index:
2016Q1 = 100

36 nm
75 nm

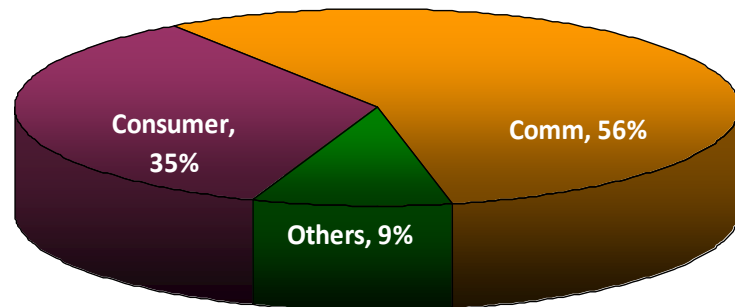


Total density (Tb)



2017Q2 NAND

Revenue breakdown



➤ Prudent investment in production capacity

- Utilization is still at high level
- With just approved of NT\$ 1,785M capex, revised 2017 capex plan is ~NT\$ 4B for more advanced technology capacity

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For more information regarding Macronix
<http://www.macronix.com>



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