

The logo consists of a vertical stack of white, stylized, wavy lines on the left side, resembling a signal or data stream. To the right of these lines is a large, semi-transparent, light blue circular graphic element. The background of the slide is a dark, textured surface with a grid of diagonal lines in shades of brown and gold, creating a sense of depth and technology.

Nanya Technology

3Q' 2014 Investor Conference

Presentation to Investors and Analysts 29 October 2014

Dr. Pei-Ing Lee , SVP & Spokesman

Agenda



01. 3Q'14 Highlights
02. 3Q'14 Revenue & Results
03. Business Highlights
04. Market Outlook
05. Business Outlook



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3Q'14 HIGHLIGHTS

3Q'14 Highlights

Capital Reduction Completed

- Capital reduced from NT\$ 239.6B to NT\$ 23.96B
- Q1'14 ~ Q3'14 Net Income: NT\$ 19,674M
- EPS: NT\$8.21
- BVPS: NT\$13.45
- Accumulated Earnings: NT\$ 2.21B

2015 Bit Growth Forecast

- 30nm Die Shrink Program
 - Ramping starts from Q4'14.
 - 30nm Die Shrink Products will increase 10~15% more bit.
- Production efficiency improve up to 10% wafer output.
- 2015 bit shipment estimates increase mid-teens yoy.

*BVPS: Book Value Per Share



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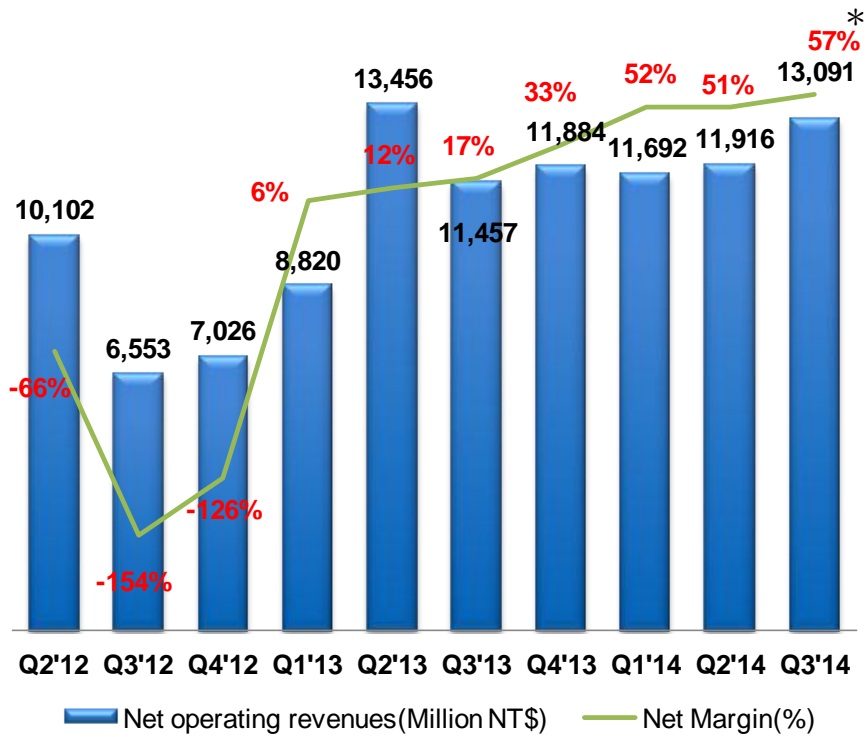
02

3Q'14 REVENUE & RESULTS

Financial Highlights

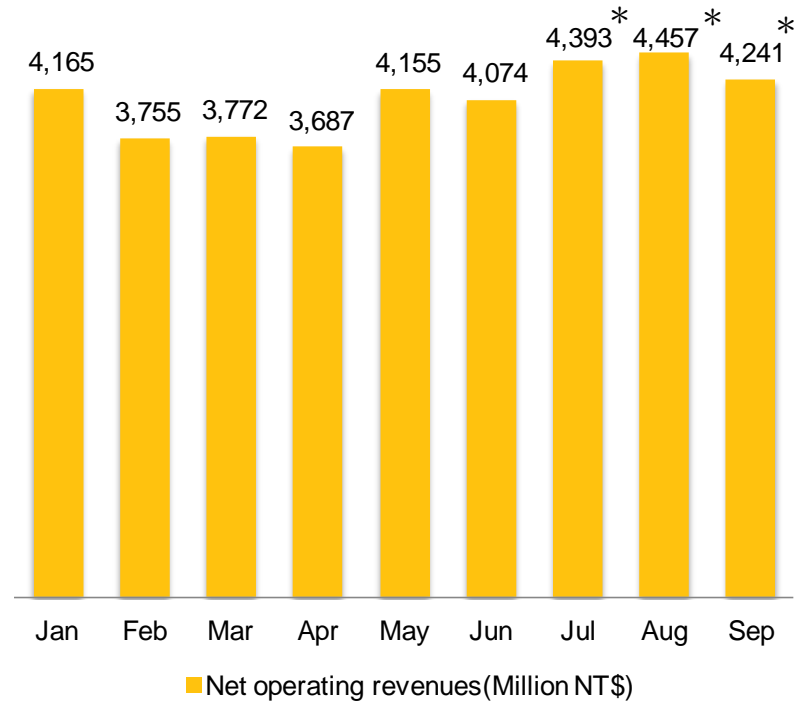
2012-2014 Quarterly Results

* Unaudited number



2014 Monthly Revenues

* Unaudited number



Quarterly Revenue Results

	QoQ Q3 '14 vs. Q2'14	YoY Q3'14 vs. Q3'13
Revenue	9.9%	14.3%
Shipment	7.3%	4.2%
ASP	3%	9.3%
Exchange Rate	-0.6%	0.3%

- Q3'14 revenue increased 9.9% QoQ.
- Q3'14 bit shipments increased 7.3% QoQ.
- ASP increased 3% QoQ.
- Healthy Inventories at end of the quarter.

3Q'14 Financial Results Summary

Amount in Million NT\$, except for EPS	Q3'14		Q2'14		QoQ	Q3'13		YoY
	Unaudited		Audited			Audited		
Net Sales	13,091	100%	11,916	100%	9.9%	10,940	100%	20%
Gross Margin (Loss) <i>Gross Margin(%)</i>	6,262	47.8%	5,220	43.8%	20%	1,535	14%	308%
Operating Income (Loss) <i>Operating Margin(%)</i>	5,452	41.6%	4,243	35.6%	28.5%	699	6%	680%
EBITDA* <i>EBITDA Margin (%)</i>	6,816	52%	5,622	47.2%	3.1%	2,370	21.7%	
Non-operating Income (Exp.)	2,883**	22%	2,178	18.3%		1,443	13%	
Income Tax Benefit (Expense)	-874***	-6.7%	-2	0.0%		-4	0%	
Net Income (Loss) <i>Net Margin (%)</i>	7,462	57%	6,083	51%	22.7%	1,979	18%	277%
Earnings Per Share	3.11		2.54			0.82		
Shares Outstanding (million shares)	2,398		2,396			23,961		
Book Value Per Share	13.45		10.16			0.24		

* EBITDA = Operating income + Depreciation & Amortization Expenses

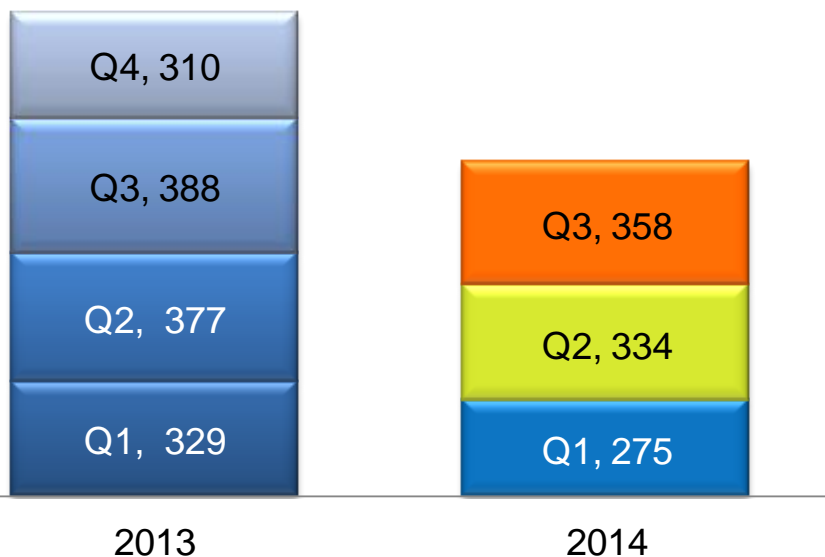
** Non-Operating income included NT\$ 2,859M from Inotera's profits in Q3

*** Q3'14 recognized tax expenses of NT\$ 0.87 billion from Deferred Income Tax Assets.

Operating Expenses

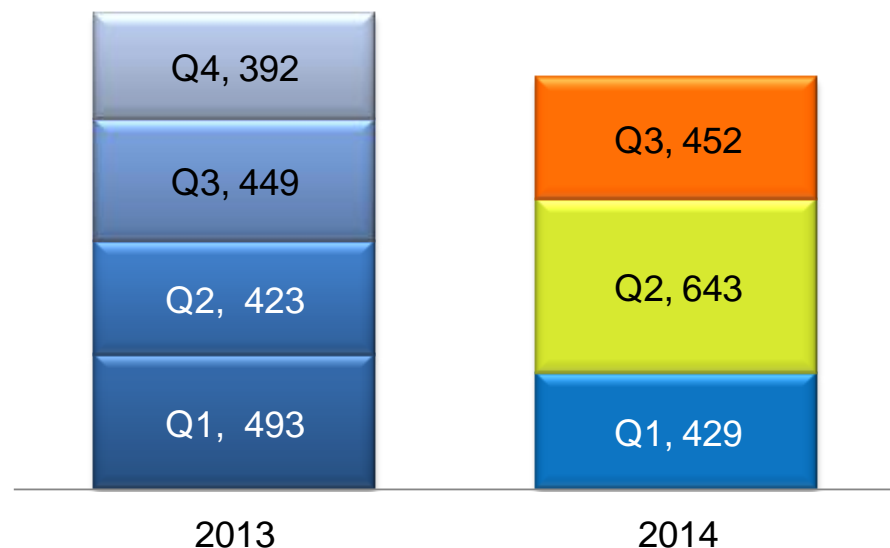
R&D Expenses

(Million NT\$)



SG&A Expenses

(Million NT\$)



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

3Q'14 Cash Flows

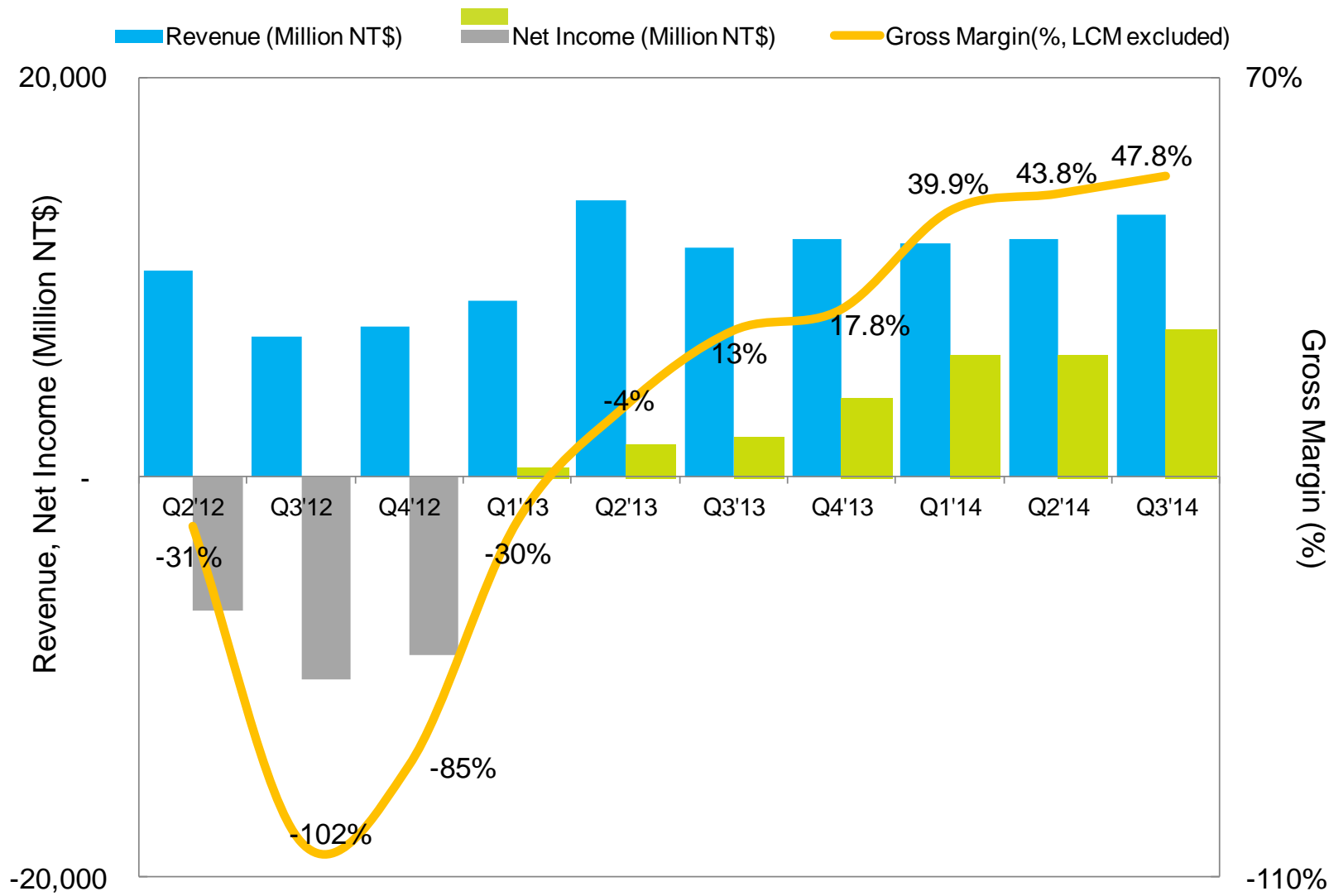
	Q3'14	Q2'14	Q3'13
(Unit: Million NT\$)	Unaudited	Audited	Audited
Beginning Balance	7,422	7,109	4,685
Cash from Operating Activities	6,461	5,935	4,414
Capital expenditures	-3,933 *	-485	-861
Long-term & Short-term loans	-7,764	-5,005	-5,245
Investments and others	1,981***	-132	57
Ending Balance	4,167	7,422	3,050
Free Cash Flow **	2,528	5,450	3,553

*Capital expense on immersion in Q3'14.

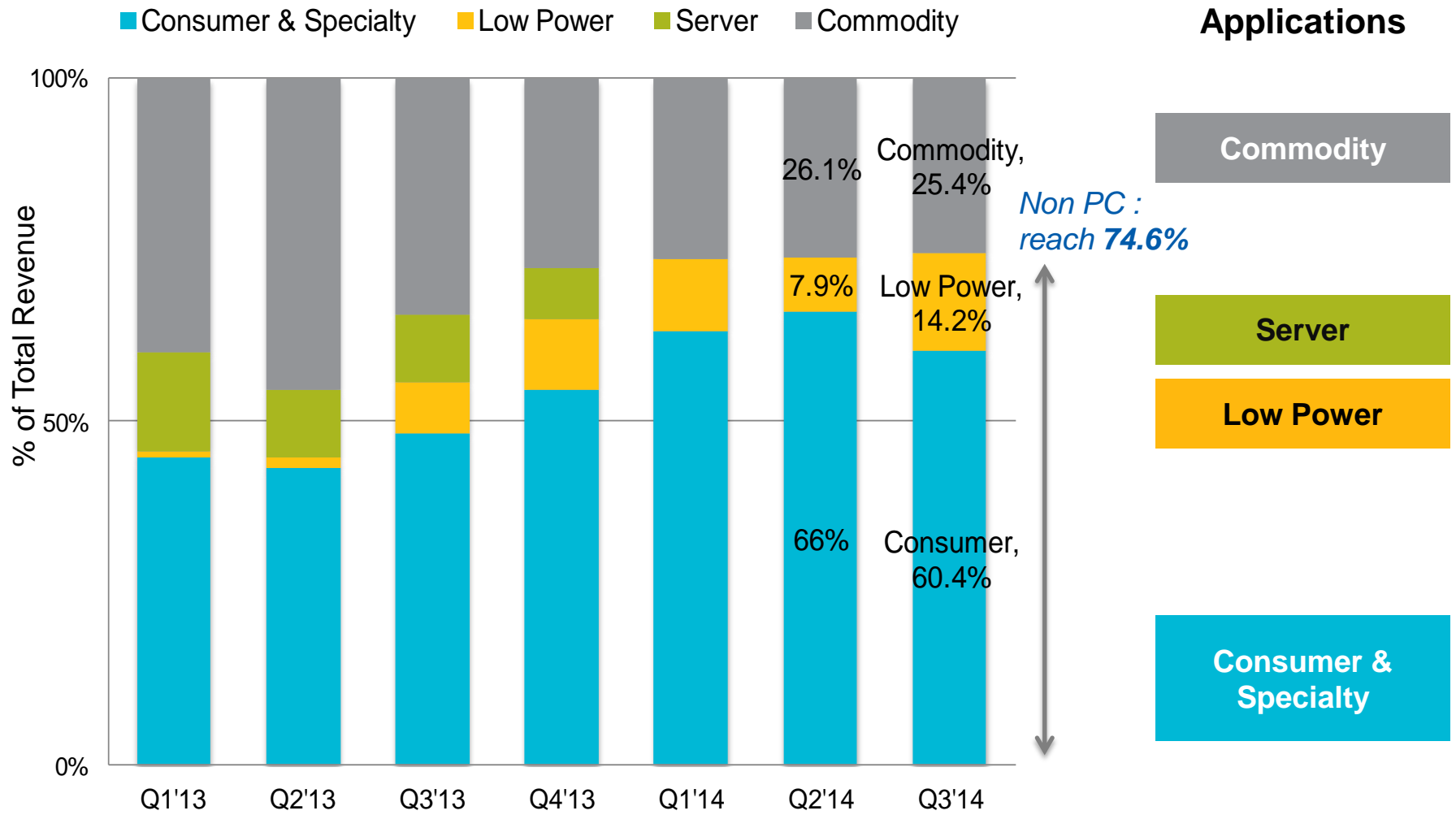
**Free Cash Flow = Cash from operating activities – Capital expenditures

*** Proceeds mainly from Sumpro's asset disposition.

Financial Highlights



Sales Breakdown by Application





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BUSINESS HIGHLIGHTS

Financial Summary

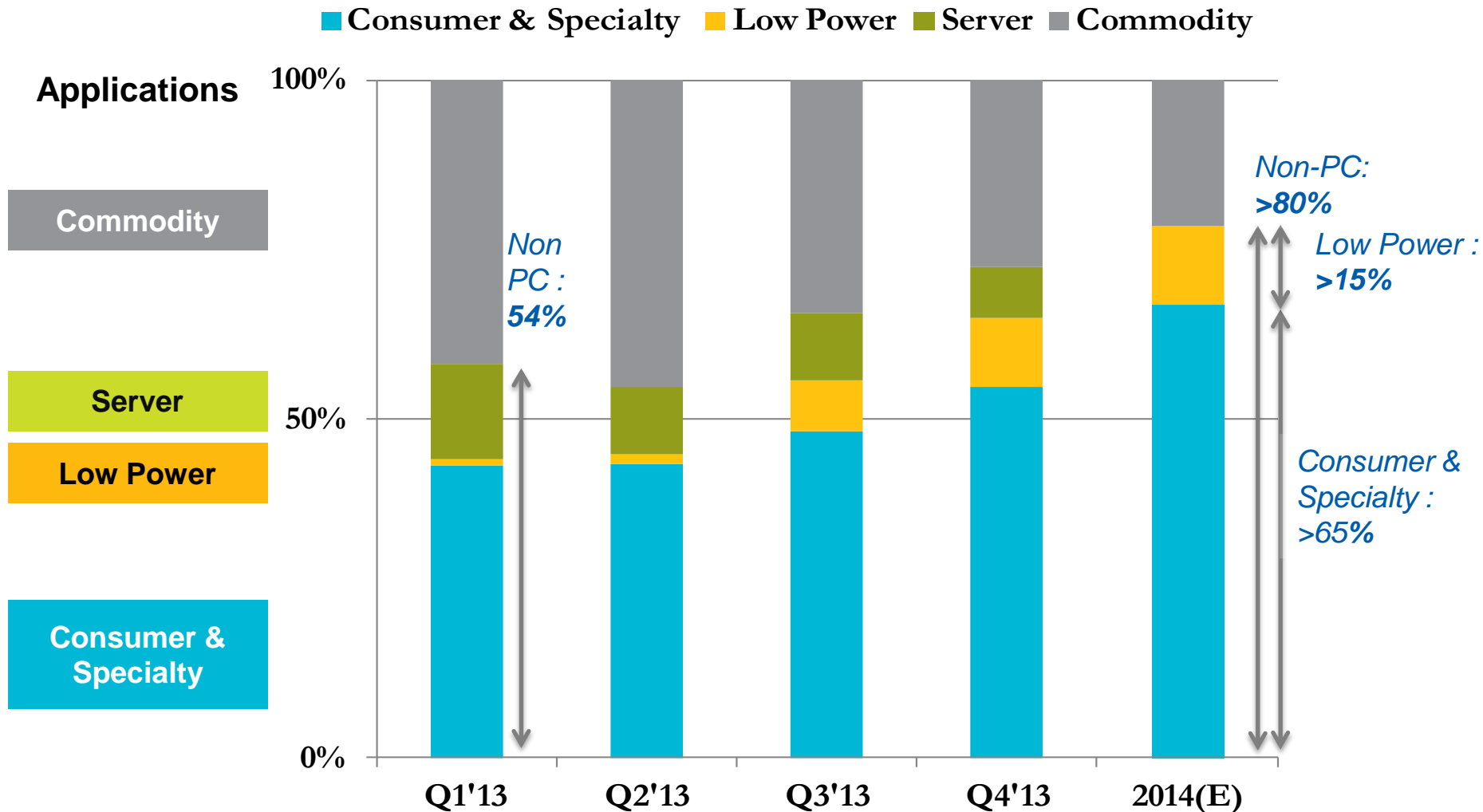
Q3'14 Financial Highlights

- Net income of NT\$7.46 billion, EPS NT\$ 3.11
- Improved Gross margin to 47.8% in Q3 from 43.8 % in Q2
- Recognized NT\$ 2,859M from Inotera's profits in Q3
- Cost per bit improved mid-single digits in Q3 QoQ

Deferred Income Tax Assets

- Deferred Income Tax Asset balance NT\$ 3.25 billion as of June 30.
- Q3'14 recognized tax expenses of NT\$ 0.87 billion from Deferred Income Tax Assets; balance of NT\$ 2.38 billion as of September 30.
- Continue to revalue Deferred Income Tax Assets and recognize tax expenses based on future operation results.

2014 Revenue Breakdown Guidance

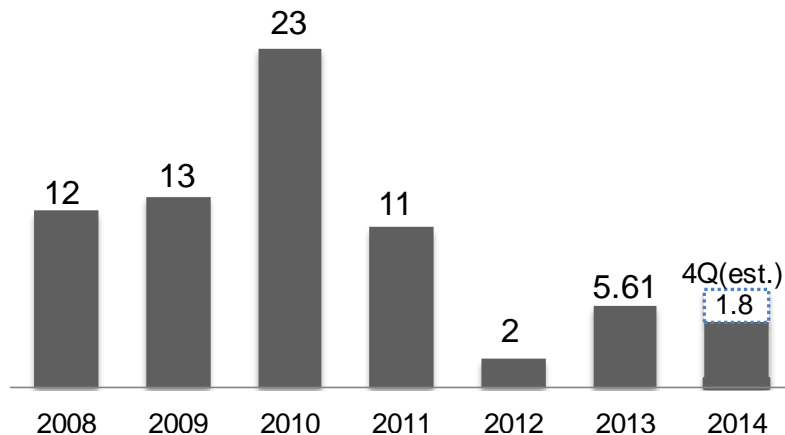


* Revenue portion by Application

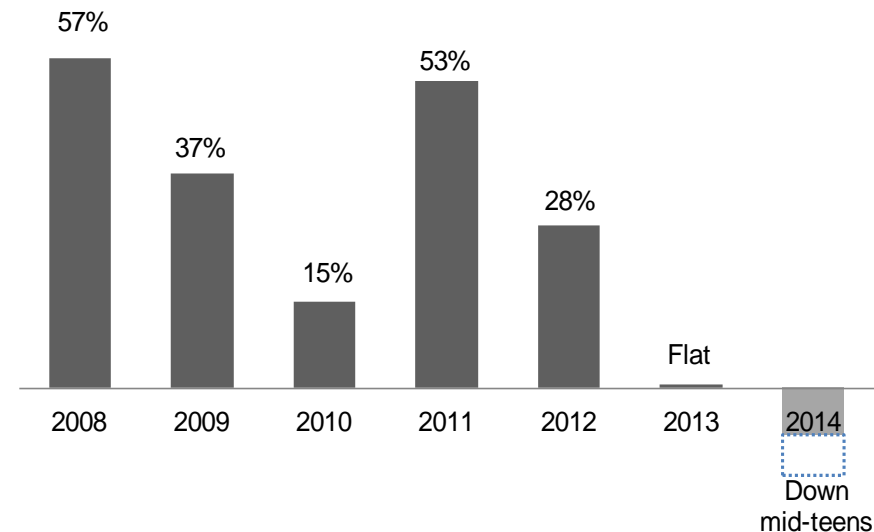
Capex & Bit Shipment

NT\$ Billion

Capex



Bit Shipment (YoY)



■ Capital Expenditure (Capex)

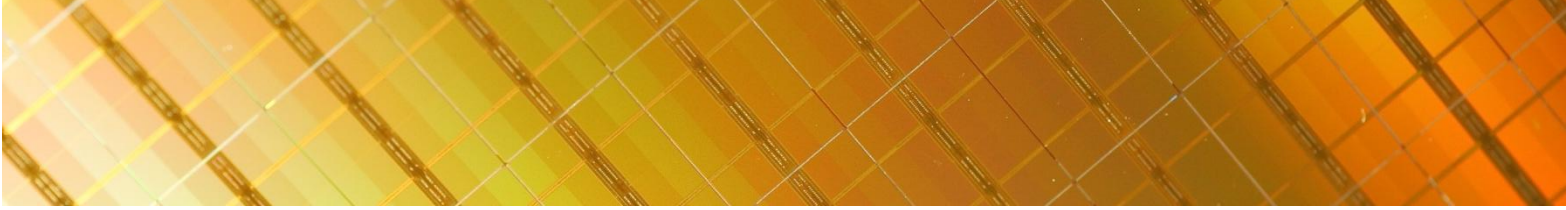
- NT\$3,933M Capex of Q3'14.
- Estimated NT\$6.69B for 2014 Capex.

■ Bit Shipment

- Q3'14 bit shipment increase 7.3% QoQ.
- Estimated bit shipment down high single digits to mid-teens in 2014.



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04

MARKET OUTLOOK

DRAM Market Outlook

Market Outlook

Supply

- Supply growth by 2Xnm conversion peak at Q2, slow down in Q4.

Demand

- Ongoing strong demand from Server and cloud computing applications.
- PC shipment meets expectation.
- Consumer sectors remains strong for various applications from gaming, Industrial grade, networking, M2M, infotainment. However, TV and STB demand in China lower than expectation.
- Low Power DRAM demand to increase driven by new mobile devices launch, such as iPhone 6, iPad Air 2 and other major brands, and increase of 4G/LTE shipment in China.

Price

- QoQ, DRAM pricing is anticipated to remain stable in Q4, contract price in PC and Server sector up slightly, and pricing in consumer sector expects to have minor correction in Q4.



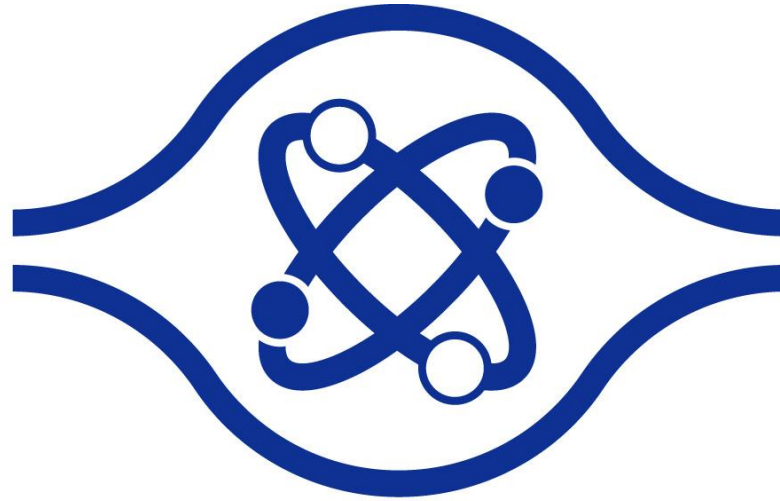
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BUSINESS OUTLOOK

Business Outlook

- **Q4'14 bit shipments will remain flat.**
- **Bit growth increase by expanding 30nm Die Shrink Program and improving production efficiency in 2015.**
- **30nm Die Shrink Products ramp up from 4Q'14.**
- **Small volume shipment on low density MCP in Q4'14.**
- **DDR4 DRAM products volume production.**
- **Target stock trading back to normal trading in November 2014.**



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Thanks & Questions

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3Q'14 Consolidated Income Statement

Amount: Million NT\$	Q3'14		Q2'14		QoQ	Q3'13		YoY
	Unaudited		Audited			Audited		
Net Sales	13,091	100.0%	11,916	100.0%	9.9%	10,940	100%	20%
Cost of Goods Sold	6,828	52.2%	6,696	56.2%		9,405	86%	
Gross Margin	6,262	47.8%	5,220	43.8%	20%	1,535	14%	308%
SG&A Expenses	453	3.5%	643	5.4%		449	4%	
R&D Expenses	358	2.7%	334	2.8%		388	4%	
Operating Income	5,452	41.6%	4,243	35.6%	28.5%	699	6%	680%
Non-operating Income (Exp.)	2,883	22.0%	2,178	18.3%		1,443	13%	
Income before Tax	8,335	63.7%	6,421	53.9%	29.8%	2,142	20%	289%
Income Tax Benefit (Expense)	-874	-6.7%	-2	0.0%		-4	0%	
Profit from Continuing Operation	7,461	57.0%	6,419	53.9%		2,138	20%	
Income (Loss) from Discontinued Operation	4	0.0%	-334	-2.8%		-161	-1%	
Net income attributable to noncontrolling interests	3	0.0%	2	0.0%		-2	0%	
Net Income attributable to NTC	7,462	57.0%	6,083	51.0%	22.7%	1,979	18%	277%
EPS(NT\$)	3.11		2.54			0.82		
Book Value Per Share	13.45		10.16			0.24		