Nanya Technology

Q3’ 2018 Financial Summary

NTC Proprietary
Level: Property

Safe Harbor

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Q3’18 Financial Results Summary

Amount in Million NT$, except for EPS & BVPS	Q3'18 Audited		Q2'18 Audited		QoQ	Q3'17 Audited		YoY
Net Sales	24,375	*100%*	24,592	*100%*	-0.9%	13,293	*100%*	83.4%
Gross Profit (Loss) *Gross Margin(%)*	14,366	*58.9%*	13,537	*55.0%*	6.1%	5,882	*44.2%*	144.3%
Operating Income (Loss) *Operating Margin(%)*	12,434	*51.0%*	11,510	*46.8%*	8.0%	4,245	*31.9%*	192.9%
EBITDA* *EBITDA Margin (%)*	15,487	*63.5%*	14,495	*58.9%*	6.8%	6,399	*48.1%*	142.0%
Non-operating Income (Expense)	438	*1.8%*	1,990	*8.1%*		4,313	*32.4%*	
Income Tax Benefit (Expense)	0	*0%*	-2,190	*-8.9%*		-10	*-0.1%*	
Net Income (Loss) *Net Margin (%)*	12,872	*52.8%*	11,310	*46.0%*	13.8%	8,546	*64.3%*	50.6%
Earnings Per Share (NT$)	4.15**		3.68**			3.09		
Book Value Per Share (NT$)	51.52***		47.37***			41.34		
Shares Outstanding(million shares)	3,102		3,101			2,882		

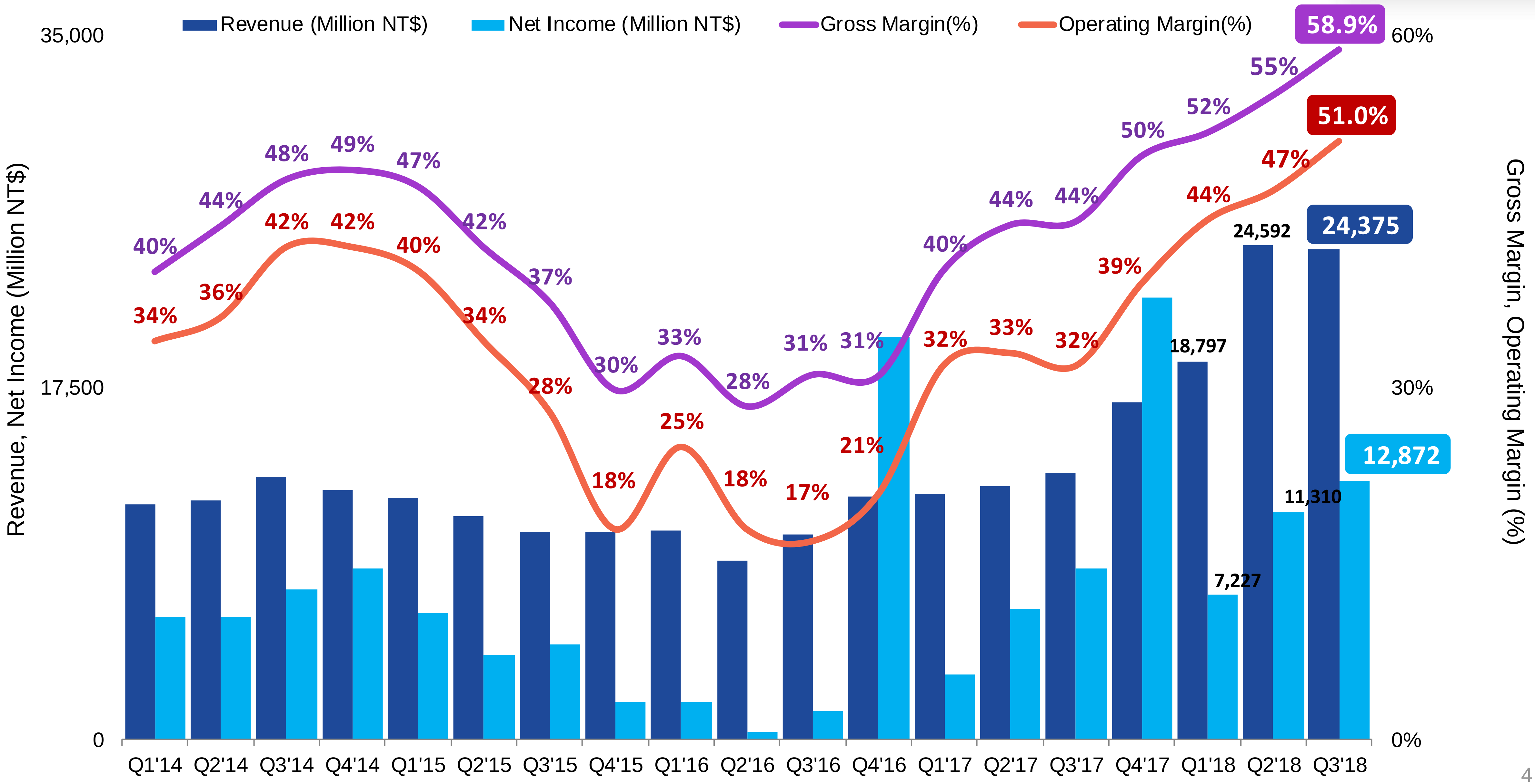
Note: * EBITDA = Operating income + Depreciation & Amortization Expenses

** EPS is based on weighted average outstanding shares of 3,102M

*** BVPS is calculated based on 3,103M outstanding shares after deduction of NT$ 3.5 cash dividend payable

- Q3’18 Revenue NT$ 24,375 million(M), -0.9% QoQ, Gross Margin 58.9%; Operating Margin 51.0%
- Q3’18 Net Income NT$ 12,872M, Net Margin 52.8%, EPS NT$ 4.15, BVPS NT$ 51.52
- Q1~Q3’18 Revenue NT$ 67,764M (+77.6% vs. same period of 2017), Net Income NT$ 31,409M, EPS NT$ 10.23

Quarterly Financial Highlights



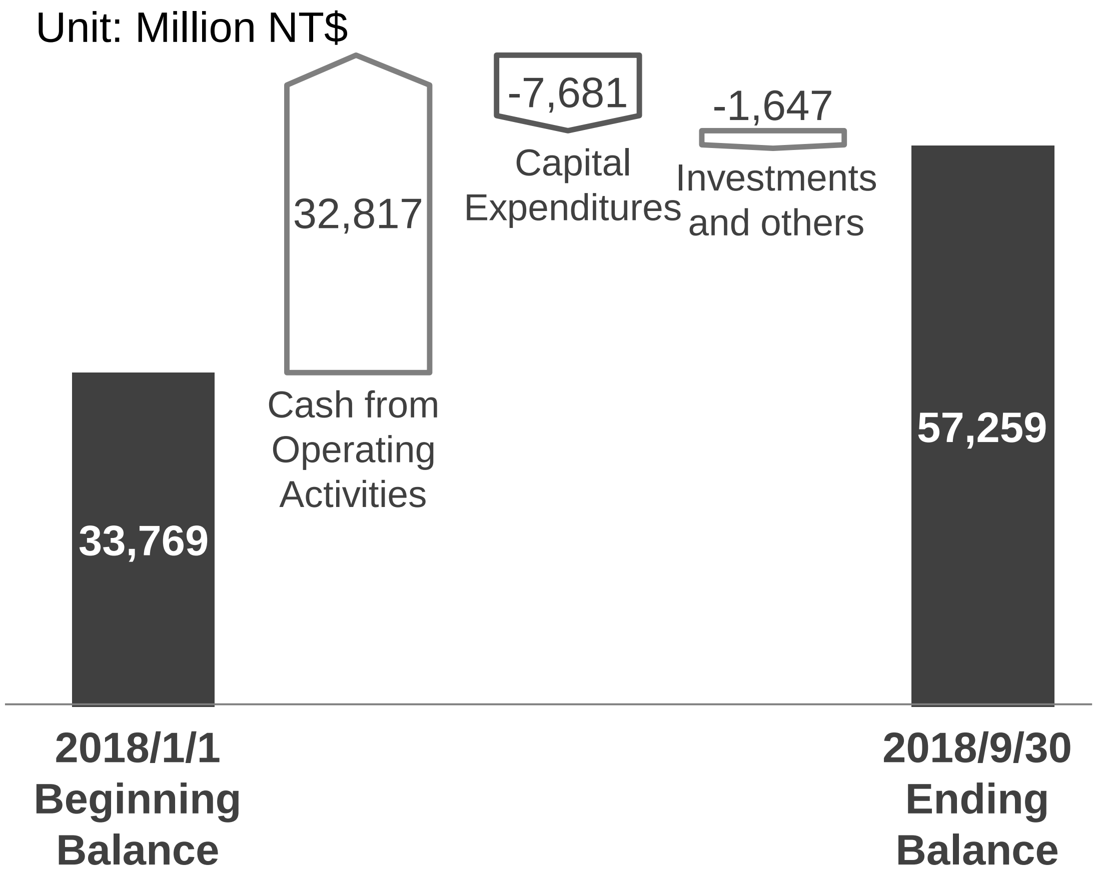
Cash Flows

Unit: Million NT$	Q3'18 Audited & Consolidated	Q2'18 Audited & Consolidated
Beginning Balance	**61,537**	**50,197**
Cash from Operating Activities	13,096	11,778
Capital expenditures	-2,960	-2,780
Investments and others	-14,414*	2,342
Ending Balance	**57,259**	**61,537**
Free Cash Flow [(1)]	**10,136**	**8,998**

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

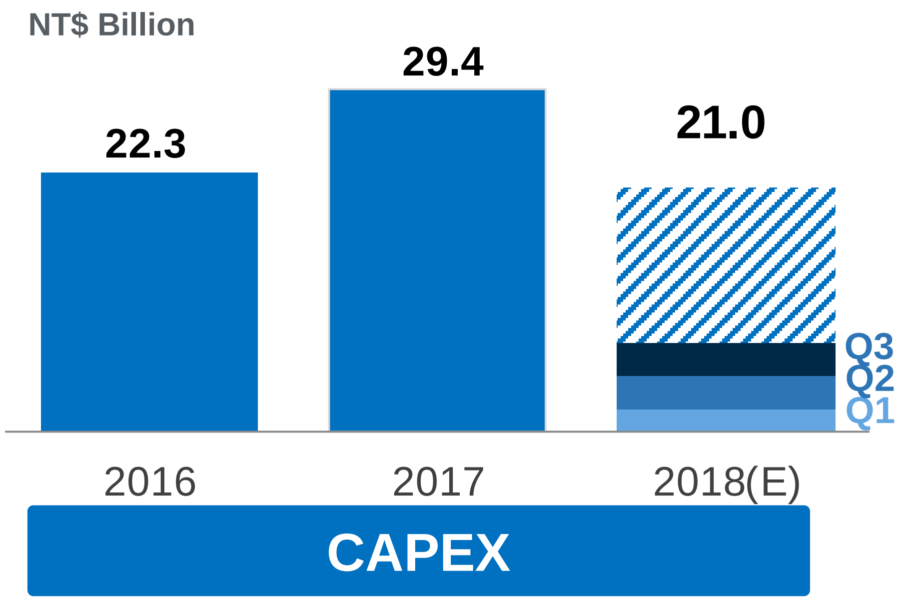
* Mainly from cash dividend NT$10.88billion
and acquired Formosa Advanced Technology shares of NT$ 3.05billion

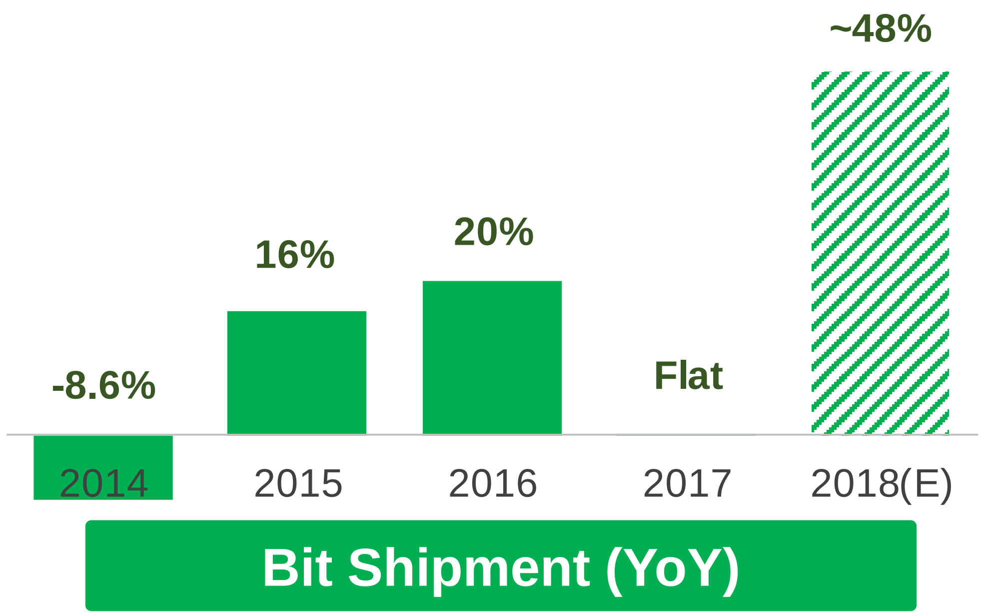
Q1~Q3'18 Cash Flow



Q1~Q3’18 Free Cash Flow NT$25,137 Million

CAPEX & Bit Shipment





Capital Expenditure (CAPEX)

- Q3'18 CAPEX NT$ 2.96Billion (B)
- Trim down 2018 CAPEX by 12% to NT$ 21B

Bit Shipment

- Relatively flat in Q4'18
- Target 2018 to reach 48% bit shipment growth
- 2019 bit growth target to reach mid teens %

DRAM Market outlook – Q4’18

Global Watch	■ Q4’18 DRAM demand growth relatively conservative vs. 1H’18, affected by tariffs trade war and CPU shortages. The scale and the duration of trade wars not yet finalized. Long term impact to DRAM market needs to be closely watched
Supply	■ Q3’18 DRAM suppliers increased wafer capacity, Q4’18 capacity expansion slow down and Capex postpone expected
Demand	■ **Mobile Market**: dual-lens became mainstream, multi-lens come next. Highly intelligent flagship mobile phone required higher DRAM content. Android mainstream flagship equipped with 6GB~8GB, and Apple OLED new model equipped with 4GB ■ **Server Market:** Cloud services and various industries continue to increase server demand. China server demand expected to grow 23% this year. North America ODM direct suppliers’ server shipment continue to grow. WW server unit shipment grow by 11% in 2018. Average DRAM content increase continuously. Total server DRAM demand to increase by more than 30% this year ■ **Consumer Market**：TV, set-top boxes, smart speakers and SSDs are the major drivers; new generation of smart watches that provide ECG functions are expected to stimulate the growth of future wearable devices ■ **PC Market**：Short-term demand impact by CPU shortages. Spot market affected by downgrade products, and pricing pressure expected

Nanya Business Highlights

- Nanya Technology named to 2018 Dow Jones Sustainability Emerging Markets Index (DJSI)
- Qualified DDR4 server DRAM at tier one data-center customers
- Nanya Tech acquired 84,022 thousand shares of Formosa Advanced Technology(FATC), approximately 19% of FATC issued shares
- Actions on tariffs trade war impact:
  - 2018 CAPEX trim down by 12%
  - Diversify product portfolio and applications
- Nanya Technology Operation Focuses:
  - On track to launch 8Gb LPDDR4/4X products, 10nm class technology development

Thanks & Questions

Q3'18 Consolidated Income Statement

Amount: Million NT$	Q3'18 Audited		Q2'18 Audited		QoQ	Q3'17 Audited		YoY
Net Sales	24,375	100.0%	24,592	100.0%	-0.9%	13,293	100.0%	83.4%
Cost of Goods Sold	10,008	41.1%	11,055	45.0%		7,412	55.8%	
Gross Margin	14,366	58.9%	13,537	55.0%	6.1%	5,882	44.2%	144.3%
SG&A Expenses	596	2.4%	669	2.7%		610	4.6%	
R&D Expenses	1,336	5.5%	1,358	5.5%		1,026	7.7%	
Operating Income	12,434	51.0%	11,510	46.8%	8.0%	4,245	31.9%	192.9%
Non-operating Income (Exp.)	438	1.8%	1,990	8.1%		4,313	32.4%	
Income before Tax	12,872	52.8%	13,500	54.9%	-4.6%	8,559	64.4%	50.4%
Income Tax Benefit (Expense)	0	0.0%	-2,190	-8.9%		-10	-0.1%	
Net Income	12,872	52.8%	11,310	46.0%		8,548	64.3%	
Net income attributable to noncontrolling interests	0	0.0%	0	0.0%		3	0.0%	
Net Income attributable to NTC	12,872	52.8%	11,310	46.0%	13.8%	8,546	64.3%	50.6%
EPS(NT$)	4.15		3.68			3.09		
Book Value Per Share	51.52		47.37			41.34		

Q1~Q3’18 Financial Results Summary

Amount: Million NT$	Q1 to Q3’18 Audited & Consolidated		Q1 to Q3’17 Audited & Consolidated		YoY
Net Sales	**67,764**	***100.0%***	38,149	100.0%	**77.6%**
Cost of Goods Sold	**30,120**	***44.4%***	21,823	57.2%	
Gross Margin	**37,644**	***55.6%***	16,326	42.8%	**130.6%**
SG&A Expenses	**1,811**	***2.7%***	1,626	4.3%	
R&D Expenses	**3,570**	***5.3%***	2,435	6.4%	
Operating Income	**32,263**	***47.6%***	12,265	32.1%	**163.1%**
Non-operating Income (Exp.)	**1,336**	***2.0%***	7,582	19.9%	
Income before Tax	**33,600**	***49.6%***	19,847	52.0%	**69.3%**
Income Tax Benefit (Expense)	**-2,192**	***-3.2%***	-1,519	-4.0%	
Net Income	**31,408**	***46.3%***	18,328	48.0%	
Net Income attributable to noncontrolling interests	**-1**	***0.0%***	17	0.0%	
Net Income attributable to NTC	**31,409**	***46.4%***	18,310	48.0%	**71.5%**
EPS(NT$)	**10.23**		6.65		