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Best DRAM Partner for Smart World

Nanya Technology

Q2' 2019 Financial Summary

Safe Harbor

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Q2'19 Financial Results Summary

Amount in Million NT$, except for EPS & BVPS	Q2'19 Audited		Q1'19 Audited		QoQ	Q2'18 Audited		YoY
Net Sales	12,441	*100%*	11,372	*100%*	9.4%	24,592	***100%***	-49.4%
Gross Profit (Loss) *Gross Margin(%)*	4,348	*34.9%*	4,633	*40.7%*	-6.1%	13,537	***55.0%***	-67.9%
Operating Income (Loss) *Operating Margin(%)*	2,805	*22.5%*	3,020	*26.6%*	-7.1%	11,510	***46.8%***	-75.6%
EBITDA* *EBITDA Margin (%)*	6,427	*51.7%*	6,381	*56.1%*	0.7%	14,495	***58.9%***	-55.7%
Non-operating Income (Expense)	600	*4.8%*	567	*5.0%*		1,990	***8.1%***	
Income Tax Benefit (Expense)	-657	*-5.3%*	0	*0.0%*		-2,190	***-8.9%***	
Net Income (Loss) *Net Margin (%)*	2,748	*22.1%*	3,586	*31.5%*	-23.4%	11,310	***46.0%***	-75.7%
Earnings Per Share (NT$)	0.90**		1.18			3.68		
Book Value Per Share (NT$)	49.01***		55.26			47.37		
Shares Outstanding(million shares)	3,052		3,034			3,101		

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

** EPS is based on weighted average outstanding shares of 3,040M

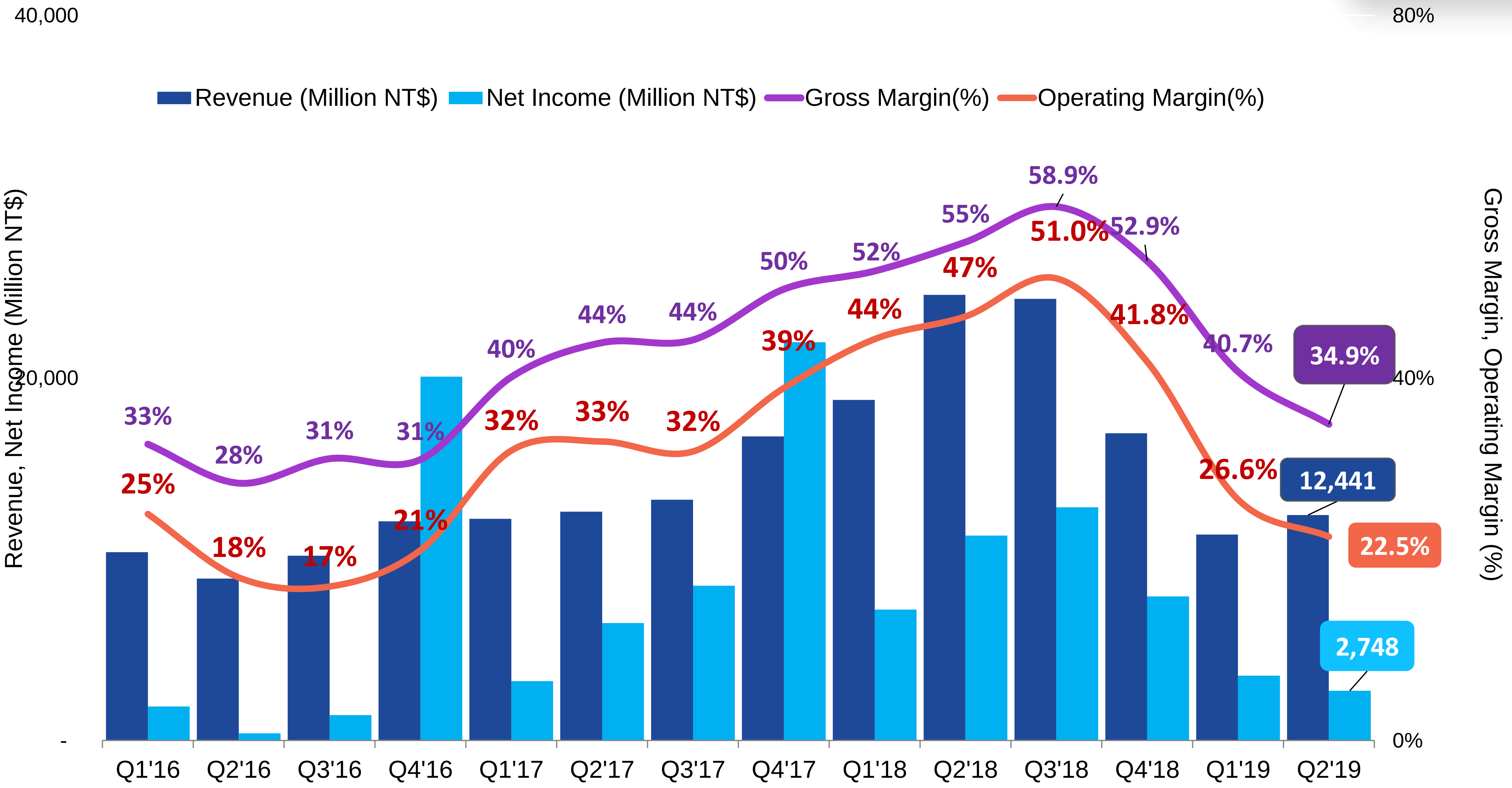
*** BVPS is calculated based on 3,052M outstanding shares after deduction of NT$ 7.11 cash dividend payable

Q2’19 vs. Q1’19 Results Comparison

Amount in Million NT$	Q2’19 Audited		Q1’19 Audited		QoQ (PPT* Delta)	Remarks
Net Sales	12,441		11,372			■ ASP decreased by mid-teens% QoQ ■ Bit shipment increased by >thirtys% QoQ
Gross Profit (Loss) Gross Margin(%)	4,348	***34.9%***	4,633	***40.7%***	-5.8%	■ Q2’19 Gross profit decreased NT$ 285M, mainly due to ASP drop, shipment increase and cost improvement
Operating Income (Loss) Operating Margin(%)	2,805	***22.5%***	3,020	***26.6%***	-4.1%	■ Q2’19 OP Income decreased NT$ 214M ■ Gross profit decreased NT$ 285M ■ SG&A increased NT$ 19M, R&D expense decreased NT$ 89M
Net Income (Loss) Net Margin (%)	2,748	***22.1%***	3,586	***31.5%***	-9.4%	■ Net Income decreased NT$ 838M ■ OP Income decreased NT$ 214M ■ Income tax increased NT$ 656M

*PPT: Percentage Points

Quarterly Financial Highlights



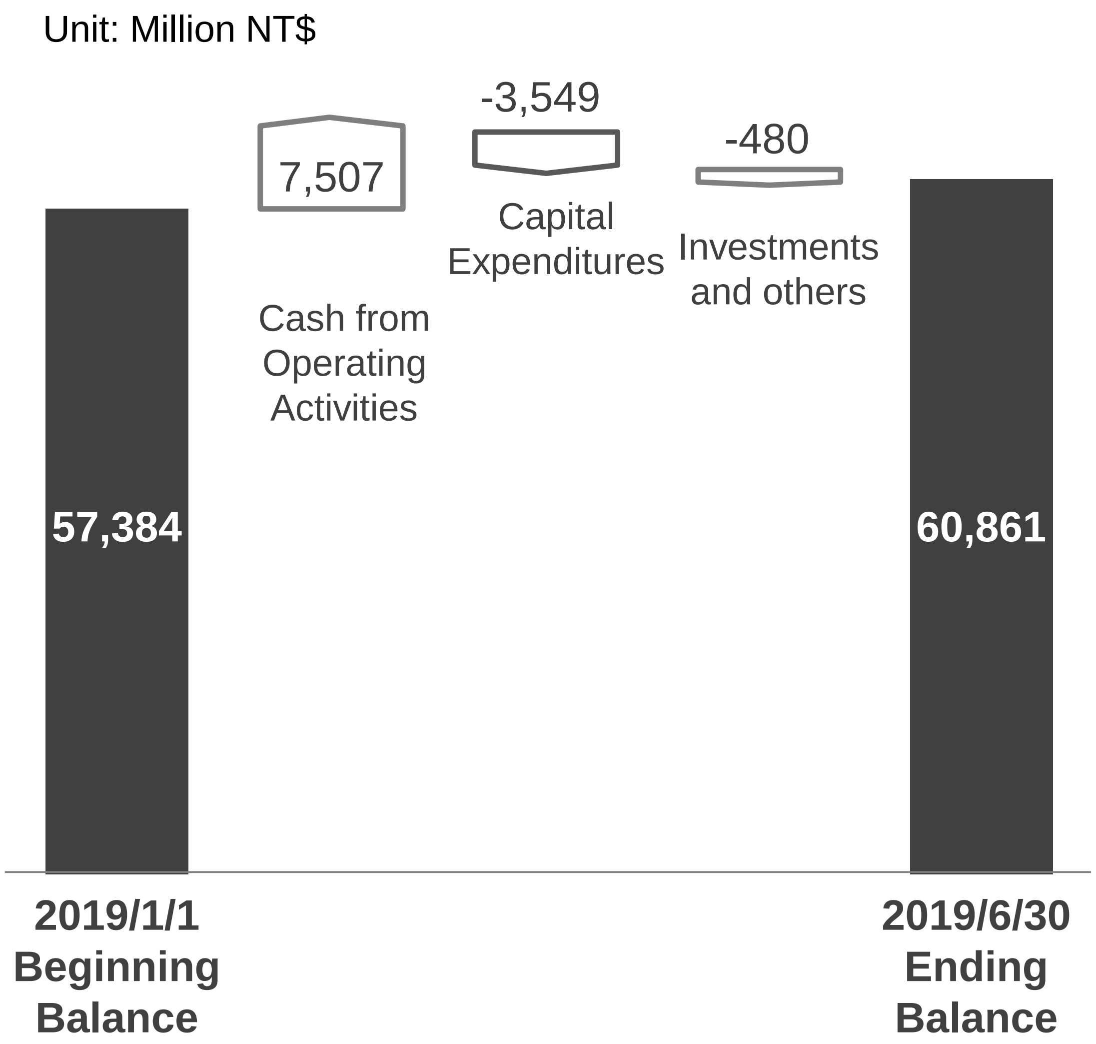
Cash Flows

Unit: Million NT$	Q2'19 Audited & Consolidated	Q1'19 Audited & Consolidated
Beginning Balance	**60,374**	**57,384**
Cash from Operating Activities	1,591*	5,916
Capital expenditures	-1,827	-1,723
Investments and others	723**	-1,203***
Ending Balance	**60,861**	**60,374**
Free Cash Flow [1]	-236	4,193

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

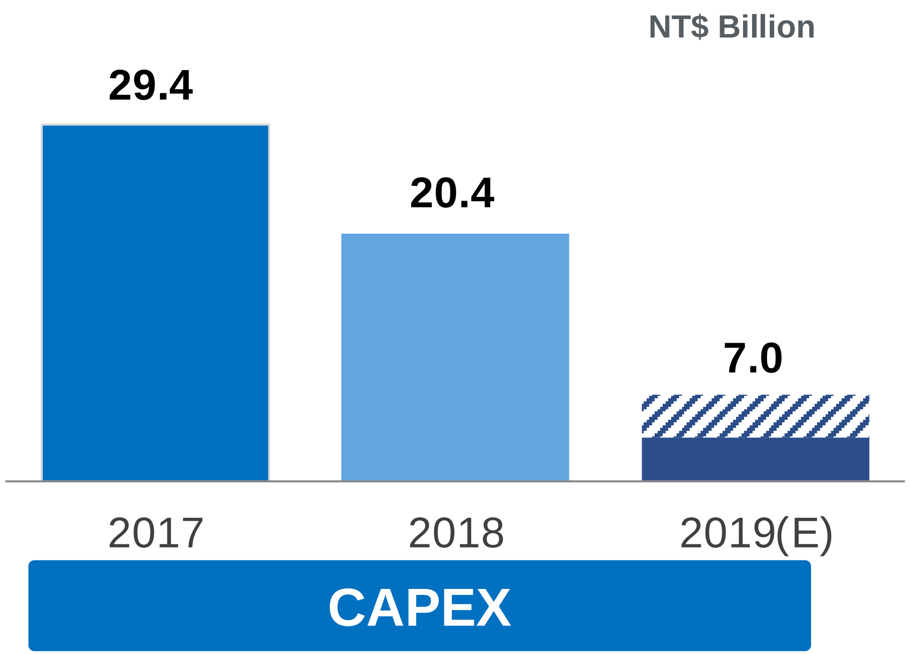
* Including retained earnings tax NT$ 2.5B
** Mainly from Employees' exercise of ESOP NT$ 613M
*** Mainly for share buyback of NT$ 1,030M

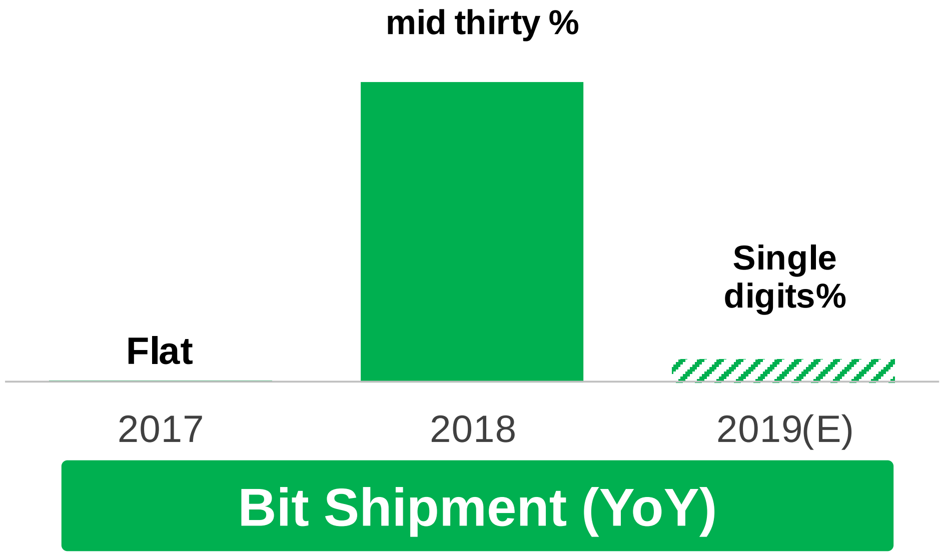
1H 2019 Cash Flow



1H 2019 Free Cash Flow NT$3,957 Million

CAPEX & Bit Shipment





Capital Expenditure (CAPEX)
- 1H'19 CAPEX NT$ 3.5Billion (B)
- 2019 CAPEX plan approx. NT$ 7B

Bit Shipment
- Q2'19 Bit shipment increased by > thirtys%
- Q3'19 Bit shipment growth revised up to > 25% for mid-teens%
- 2019 Bit shipment growth guided for single digits%
- Continue allocating 5~10% capacity to technology & product development

DRAM Market outlook

Outlook	■ **Macro**: Macro economics uncertainties continued; customer inventory reduced, suppliers' inventory remained high. DRAM supply-demand gradually balanced and pricing decline narrowing ■ **Sectors Outlook**: 2H'19 server demand improving, new smartphone models launch, CPU supply increase, Consumer seasonality demand increase
Supply	■ Capital expenditures reduction and inventory adjustment continued
Demand	■ **Mobile Market**：2H'19 new smartphone models introduction, and content per box increase. 5G high end phones introduce with 8GB, which continue to drive DRAM demand growth gradually ■ **Server Market**：Data center customers' inventory declined, and bit demand recovery from Q3'19 expected. Bit demand anticipate to grow steady in long term, mainly from enterprise cloud services, and the development of AI and networking continue to drive server demand ■ **PC Market**：Q3'19 CPU supply resumed normal. Major PC brands introduced new models ■ **Consumer Market**： Set-top boxes, smart speakers, SSDs, and IP CAMs DRAM content grow expected

Nanya Business Review & Outlook

- Q2’19 bit shipment improved across all segments
- Q3’19 bit demand expected to be better than Q2’19
- 2H’19 DRAM supply-demand gradually balanced and pricing decline narrowing
- Cash dividend of NT$ 21.7B (NT$ 7.11 per common share) distributed on July 26, 2019
- No new Capex planned for 2H’19 and allocating 5~10% capacity to technology & product development activities

Thanks & Questions

Q2'19 Consolidated Income Statement

Amount: Million NT$	Q2'19 Audited		Q1'19 Audited		QoQ	Q2'18 Audited		YoY
Net Sales	12,441	100.0%	11,372	100.0%	9.4%	24,592	100.0%	-49.4%
Cost of Goods Sold	8,093	65.1%	6,739	59.3%		11,055	45.0%	
Gross Margin	4,348	34.9%	4,633	40.7%	-6.1%	13,537	55.0%	-67.9%
SG&A Expenses	483	3.9%	465	4.1%		669	2.7%	
R&D Expenses	1,059	8.5%	1,148	10.1%		1,358	5.5%	
Operating Income	2,805	22.5%	3,020	26.6%	-7.1%	11,510	46.8%	-75.6%
Non-operating Income (Exp.)	600	4.8%	567	5.0%		1,990	8.1%	
Income before Tax	3,405	27.4%	3,586	31.5%	-5.1%	13,500	54.9%	-74.8%
Income Tax Benefit (Expense)	-657	-5.3%	0	0.0%		-2,190	-8.9%	
Net Income	2,748	22.1%	3,586	31.5%		11,310	46.0%	
Net income attributable to noncontrolling interests	0	0.0%	0	0.0%		0	0.0%	
Net Income attributable to NTC	2,748	22.1%	3,586	31.5%	-23.4%	11,310	46.0%	-75.7%
EPS(NT$)	0.90		1.18			3.68		
Book Value Per Share	49.01		55.26			47.37		

1H’19 Financial Results Summary

Amount: Million NT$	1H’19 Audited & Consolidated		1H’18 Audited & Consolidated		YoY
Net Sales	**23,813**	*100.0%*	**43,390**	*100.0%*	-45.1%
Cost of Goods Sold	**14,832**	*62.3%*	**20,112**	*46.4%*	
Gross Margin	**8,980**	*37.7%*	**23,278**	*53.6%*	-61.4%
SG&A Expenses	**948**	*4.0%*	**1,215**	*2.8%*	
R&D Expenses	**2,207**	*9.3%*	**2,234**	*5.1%*	
Operating Income	**5,825**	*24.5%*	**19,829**	*45.7%*	-70.6%
Non-operating Income (Exp.)	**1,166**	*4.9%*	**898**	*2.1%*	
Income before Tax	**6,991**	*29.4%*	**20,727**	*47.8%*	-66.3%
Income Tax Benefit (Expense)	**-657**	*-2.8%*	**-2,191**	*-5.1%*	
Net Income	**6,334**	*26.6%*	**18,536**	*42.7%*	
Net Income attributable to noncontrolling interests	**0**		**-1**		
Net Income attributable to NTC	**6,334**	*26.6%*	**18,537**	*42.7%*	-65.8%
EPS(NT$)	**2.09**		**6.07**		