



Nanya Technology Q2 2020 Financial Summary



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Q2'20 Financial Results Summary

Amount in Million NT\$, except for EPS & BVPS	Q2'20 Audited		Q1'20 Audited		QoQ	Q2'19 Audited		YoY
Net Sales	16,489	100%	14,419	100%	14.4%	12,441	100%	32.5%
Gross Profit (Loss) <i>Gross Margin(%)</i>	5,042	30.6%	3,436	23.8%	46.7%	4,348	34.9%	16.0%
Operating Income (Loss) <i>Operating Margin(%)</i>	3,229	19.6%	1,832	12.7%	76.2%	2,805	22.5%	15.1%
EBITDA* <i>EBITDA Margin (%)</i>	6,784	41.1%	5,437	37.7%	24.8%	6,427	51.7%	5.6%
Non-operating Income (Expense)	207	1.3%	492	3.4%		600	4.8%	
Income Tax Benefit (Expense)	-216	-1.3%	-395	-2.7%		-657	-5.3%	
Net Income (Loss) <i>Net Margin (%)</i>	3,220	19.5%	1,928	13.4%	67.0%	2,748	22.1%	17.2%
Earnings Per Share (NT\$)	1.05**		0.63			0.90		
Book Value Per Share (NT\$)	49.63***		50.40			49.01		

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

*** BVPS is calculated based on 3,072M outstanding shares after deduction of NT\$ 1.5 cash dividend

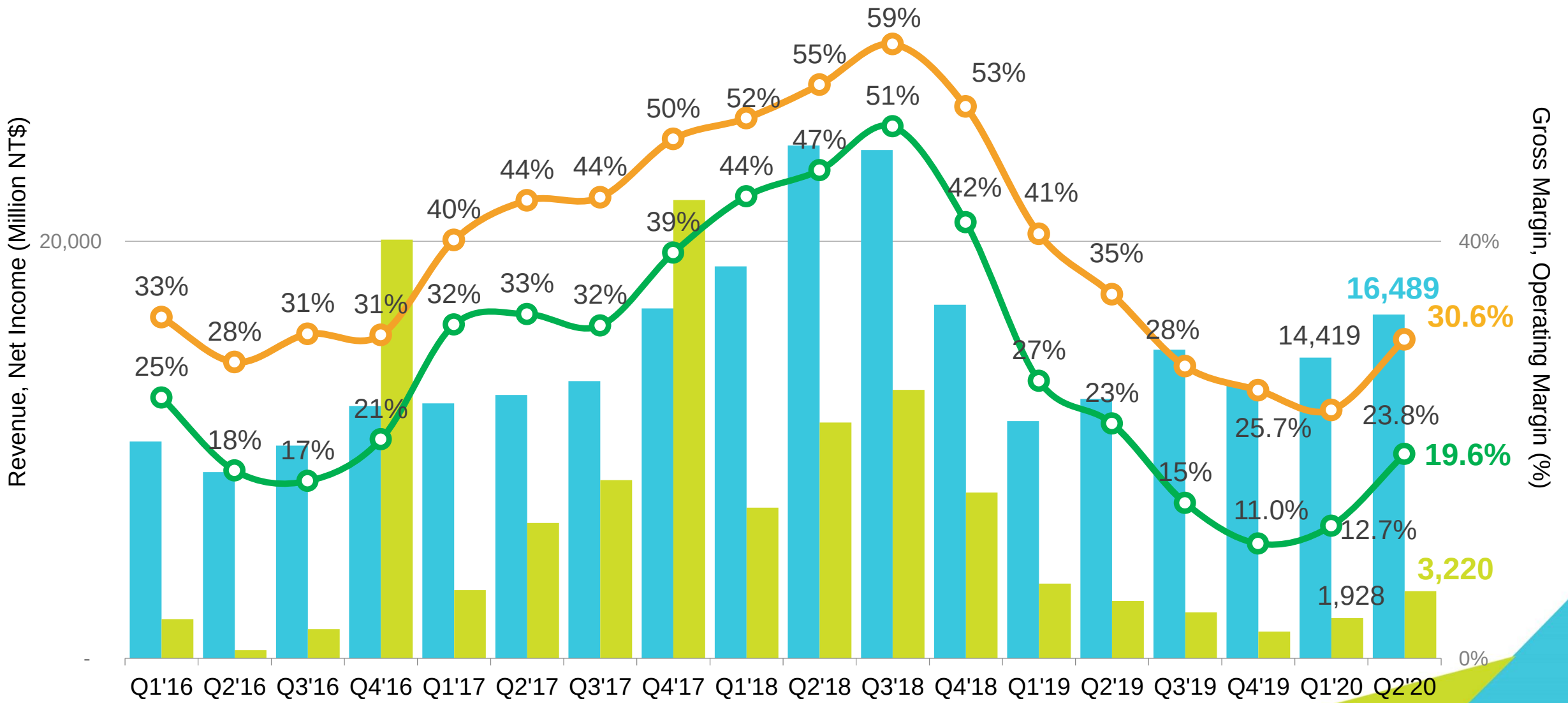
** EPS is based on weighted average outstanding shares of 3,061M

Q2'20 vs. Q1'20 Results Comparison

Amount in Million NT\$	Q2'20 Audited	Q1'20 Audited	QoQ (PPT* Delta)	Remarks
Net Sales	16,489	14,419	14.4%	■ Bit shipment increased by mid-to-high single digits QoQ ■ ASP increased by mid-to-high single digits QoQ ■ FX negative impact 0.5%
Gross Profit (Loss) Gross Margin(%)	5,042 30.6%	3,436 23.8%	6.7%	■ Q2'20 Gross profit increased NT\$ 1,606M, mainly due to shipment and ASP increase, and cost improvement
Operating Expense	1,813 11.0%	1,604 11.1%	-0.1%	■ SG&A increased NT\$ 41M, R&D expense increased NT\$ 168M
Operating Income (Loss) Operating Margin(%)	3,229 19.6%	1,832 12.7%	6.9%	■ Q2'20 OP Income increased NT\$ 1,397M
Net Income (Loss) Net Margin (%)	3,220 19.5%	1,928 13.4%	6.2%	■ Net Income increased NT\$ 1,292M • Primarily from OP Income increase of NT\$ 1,397M • FX loss : NT\$ 280M unfavorable (Q2'20: -202M; Q1'20: +78M) • Income tax: NT\$ 180M favorable (Q2'20: 216M; Q1'20: 395M)

Quarterly Financial Highlights

Revenue (Million NT\$) Net Income (Million NT\$) Gross Margin(%) Operating Margin(%)



Cash Flows

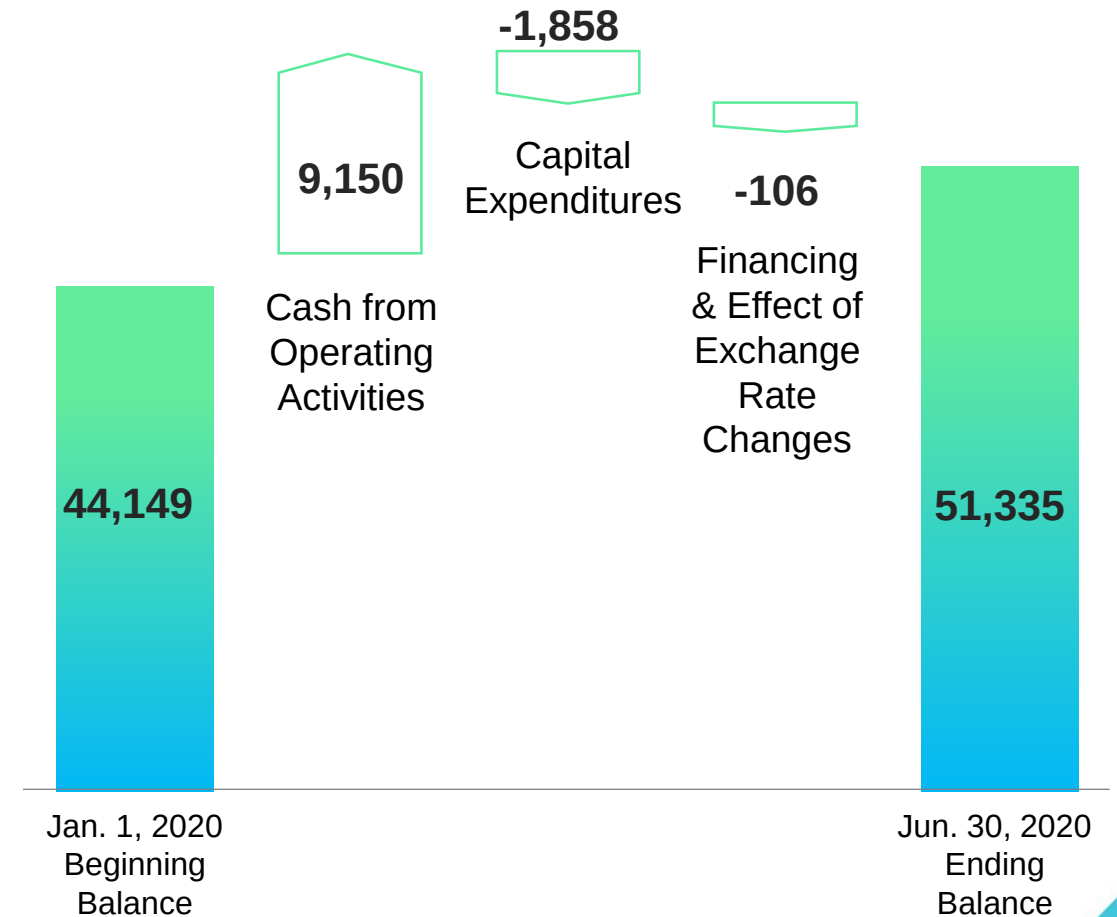
	Q2'20 Audited & Consolidated	Q1'20 Audited & Consolidated
Unit: Million NT\$		
Beginning Balance	47,532	44,149
Cash from Operating Activities	5,070	4,080
Capital Expenditures	-1,020	-838
Financing & Effect of Exchange Rate Changes	-247	141
Ending Balance	51,335	47,532
Free Cash Flow ⁽¹⁾	4,050	3,242

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

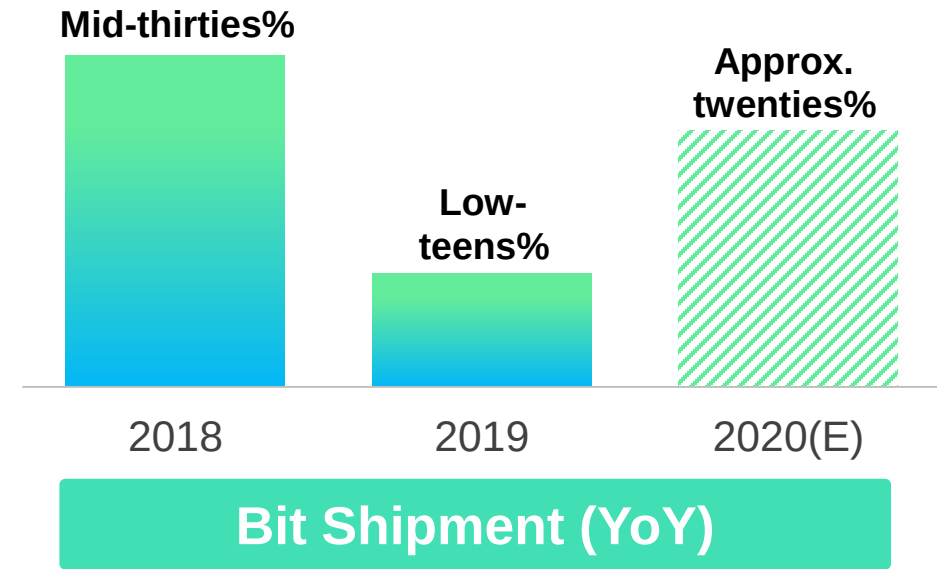
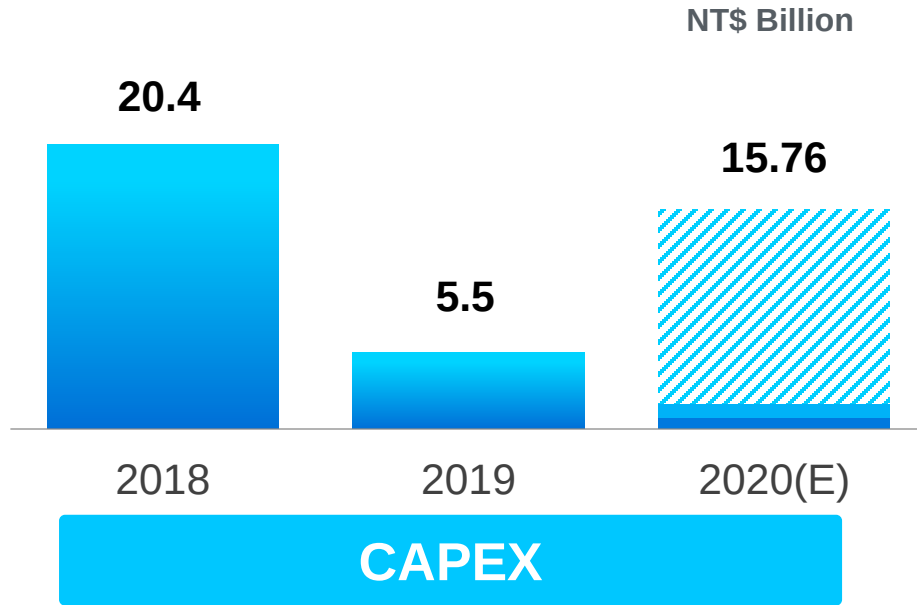
* +NT\$ 513 million from exercise of ESOP;
 -NT\$ 788million from exchange differences on translation of foreign F/S

2020 1H Cash Flow

Unit: Million NT\$



CAPEX & Bit Shipment



Capital Expenditure (CAPEX)

- Q2'20 CAPEX NT\$ 1,020 million
- 2020 CAPEX plan revised up to NT\$ 15.76 billion(B) from NT\$ 9.2B, mainly for 10nm-class piloting line establishment

Bit Shipment

- Q2'20 Bit shipment increased by mid-to-high single digits% QoQ
- Q3'20 QoQ bit shipment expected to be flat
- 2020 YoY bit shipment growth in twenties %

Response to COVID-19

COVID-19 Status

- Taiwan: COVID-19 pandemic situation calms down and restraints gradually unlocked
- International: COVID-19 outbreaks in the United States, Brazil and India have been severe

Supply Chain Mgmt.

- Production line and subcontractors are all located in Taiwan, not affected by COVID-19
- Raw materials currently not affected
 - Shipment and transport of the supply chain are normal
 - Increase inventory of materials and chemicals
- Minor equipment delivery delay, no impact on overall operation

Customer Support

- Support and services to our customers with goal to assist our customers for stable production

Next

- Continue monitor the future development of COVID-19 and take appropriate measure to assure the overall normal operation

Q3'20 Market Outlook

Outlook

- **Short term:** COVID-19 pandemic has affected overall DRAM demand, US-China trade dispute has impacted networking sector. Potential recovery await COVID-19 vaccines matured and stimulus packages by countries
- **Long term:** Datacenters, 5G, networking, A.I., remote work / online learning, etc. will be main drivers for future demand

Supply

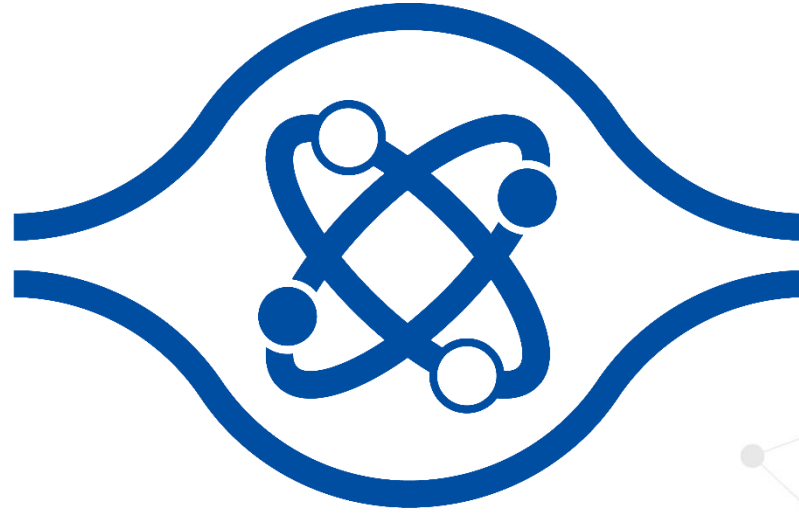
- Vendors are conservative on 2H'20 CAPEX, 2021 bit supply growth uncertain

Demand

- **Mobile Market:** COVID-19, entity list ban from U.S. Commerce Department negatively impacted smartphone shipment in 1H'20. Demand to improve as major smartphone suppliers launch new models in 2H'20
- **Server Market:** 1H'20 demand strong due to remote work, online learning and e-commerce. 2H'20, datacenters expected to be soft. Server DRAM inventory adjustment ongoing
- **PC Market:** Notebook shipment to be flat YoY, with Q3'20 shipment comparable to Q3'19. Chromebooks demand to increase in Q3'20
- **Consumer Market:** Game consoles and IoT demand stable, DTV expected to recover from Q3 and onward, automotive demand to pick up from Q3 as well

Nanya Business Review & Outlook

- Q2'20 performance & supply chain were not affected by the COVID-19 pandemic
- Mixed market outlook in 2H'20
- Cash dividends of NT\$ 4.6B (approx. NT\$ 1.5 per common share) distributed on July 24, 2020
- 1st generation 10nm-class node on track to pilot in 2H'20; 2nd generation 10nm-class node development on schedule



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Thanks & Questions