



Nanya Technology Q3 2020 Investor Conference



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Q3'20 Financial Results Summary

Amount in Million NT\$, except for EPS & BVPS	Q3'20		Q2'20		QoQ	Q3'19		YoY
Net Sales	15,324	100%	16,489	100%	-7.1%	14,799	100%	3.5%
Gross Profit (Loss) <i>Gross Margin(%)</i>	3,962	25.9%	5,042	30.6%	-21.4%	4,137	28.0%	-4.2%
Operating Income (Loss) <i>Operating Margin(%)</i>	2,069	13.5%	3,229	19.6%	-35.9%	2,252	15.2%	-8.1%
EBITDA* <i>EBITDA Margin (%)</i>	5,728	37.4%	6,784	41.1%	-15.6%	5,957	40.3%	-3.9%
Non-operating Income (Expense)	25	0.2%	207	1.3%		432	2.9%	
Income Tax Benefit (Expense)	-481	-3.1%	-216	-1.3%		-479	-3.2%	
Net Income (Loss) <i>Net Margin (%)</i>	1,613	10.5%	3,220	19.5%	-49.9%	2,205	14.9%	-26.8%
Earnings Per Share (NT\$)	0.53**		1.05			0.72		
Book Value Per Share (NT\$)	49.91***		49.63			49.71		

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

*** BVPS is calculated based on 3,073M outstanding shares

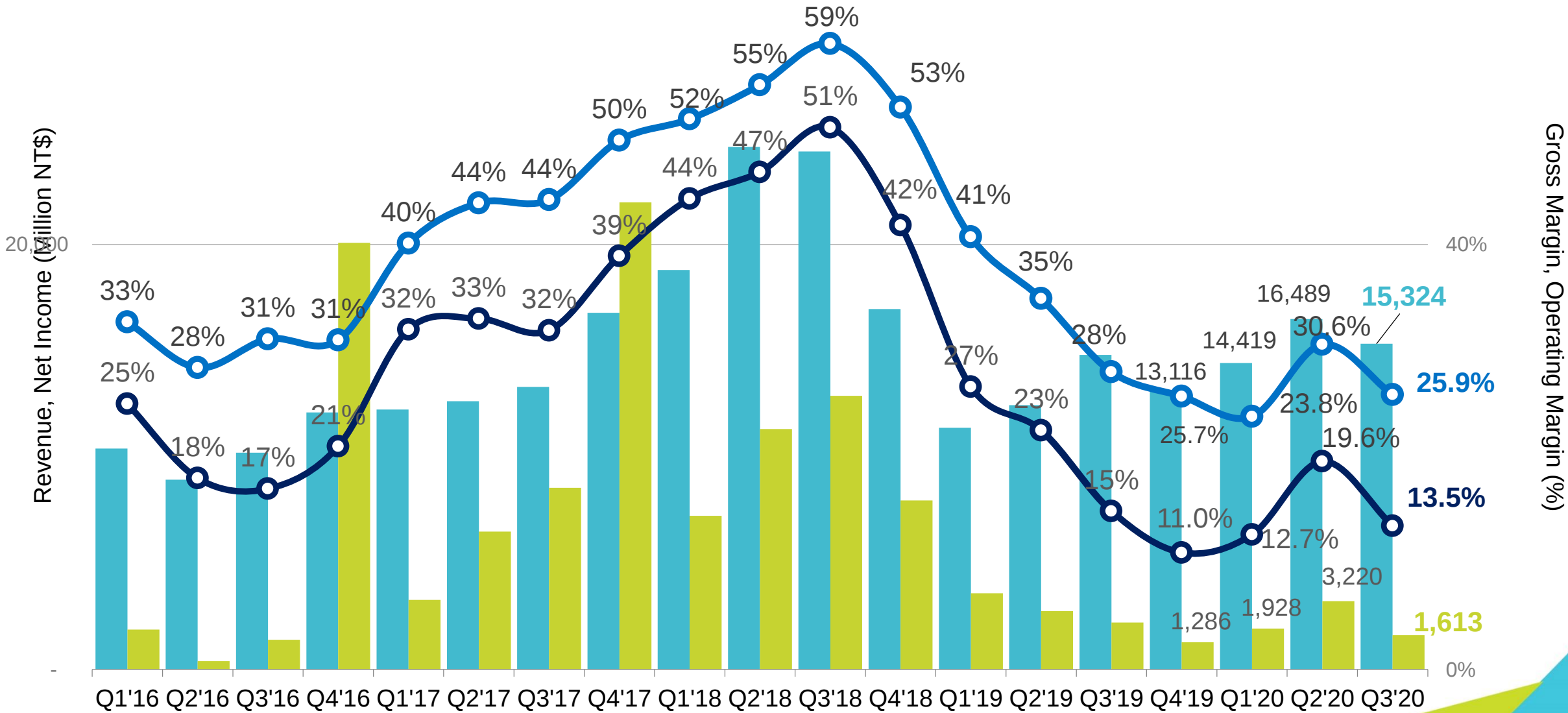
** EPS is based on weighted average outstanding shares of 3,073M

Q3'20 vs. Q2'20 Results Comparison

Amount in Million NT\$	Q3'20		Q2'20		QoQ (PPT* Delta)	Remarks
Net Sales	15,324		16,489		-7.1%	■ Bit shipment decreased low single digits% ■ ASP decreased low single digits% ■ FX negative impact 1.5%
Gross Profit (Loss) Gross Margin(%)	3,962	25.9%	5,042	30.6%	-4.7%	■ Q3'20 Gross profit decreased NT\$ 1,080M, mainly due to ASP and shipment decrease
Operating Expense	1,892	12.3%	1,813	11.0%	1.4%	■ R&D expense slightly increased
Operating Income (Loss) Operating Margin(%)	2,069	13.5%	3,229	19.6%	-6.1%	■ Q3'20 OP Income decreased NT\$ 1,160M
Net Income (Loss) Net Margin (%)	1,613	10.5%	3,220	19.5%	-9.0%	■ Net Income decreased NT\$ 1,607M • OP Income decrease of NT\$ 1,160M • Interest income: NT\$ 121M unfavorable • Income tax: NT\$ 265M unfavorable

Quarterly Financial Highlights

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



Cash Flows

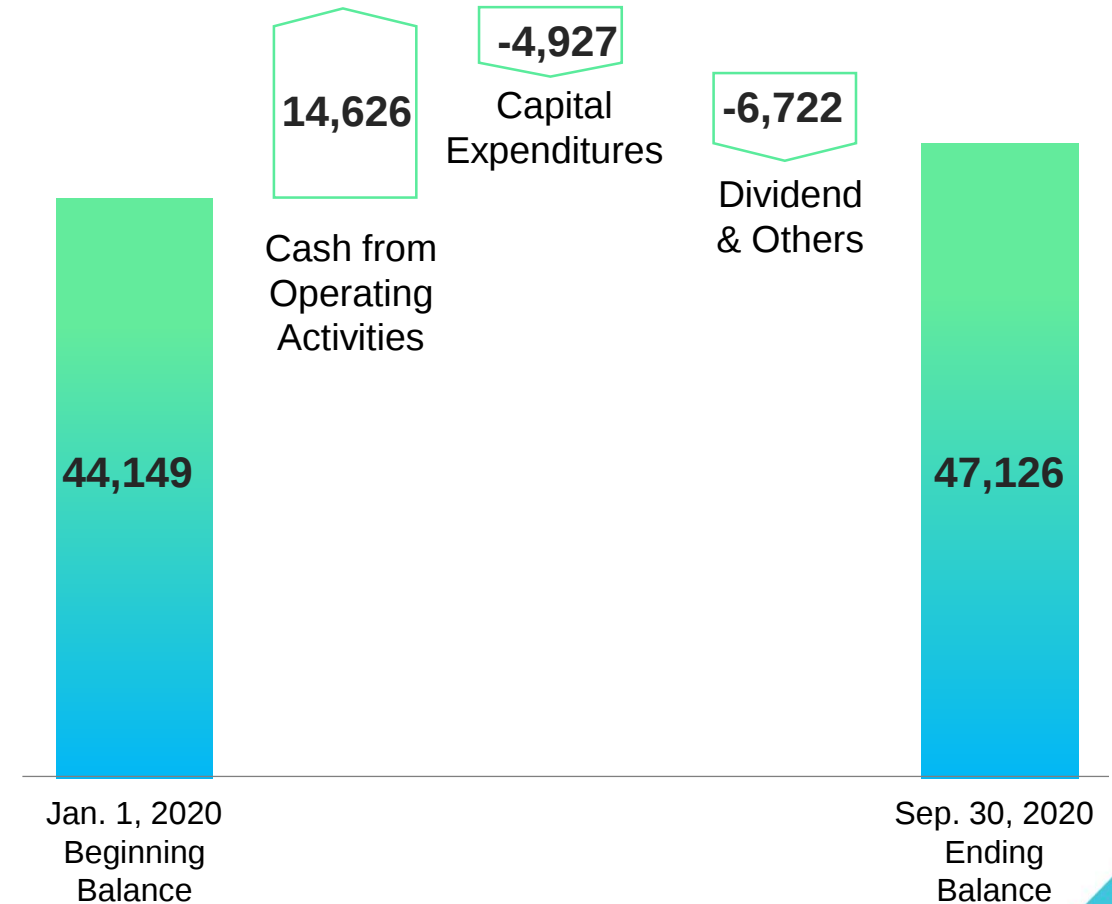
Unit: Million NT\$	Q3'20	Q2'20
Beginning Balance	51,335	47,532
Cash from Operating Activities	5,476	5,070
Capital Expenditures	-3,069	-1,020
Dividend & Others	-6,617*	-247
Ending Balance	47,126	51,335
Free Cash Flow ⁽¹⁾	2,407	4,050

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

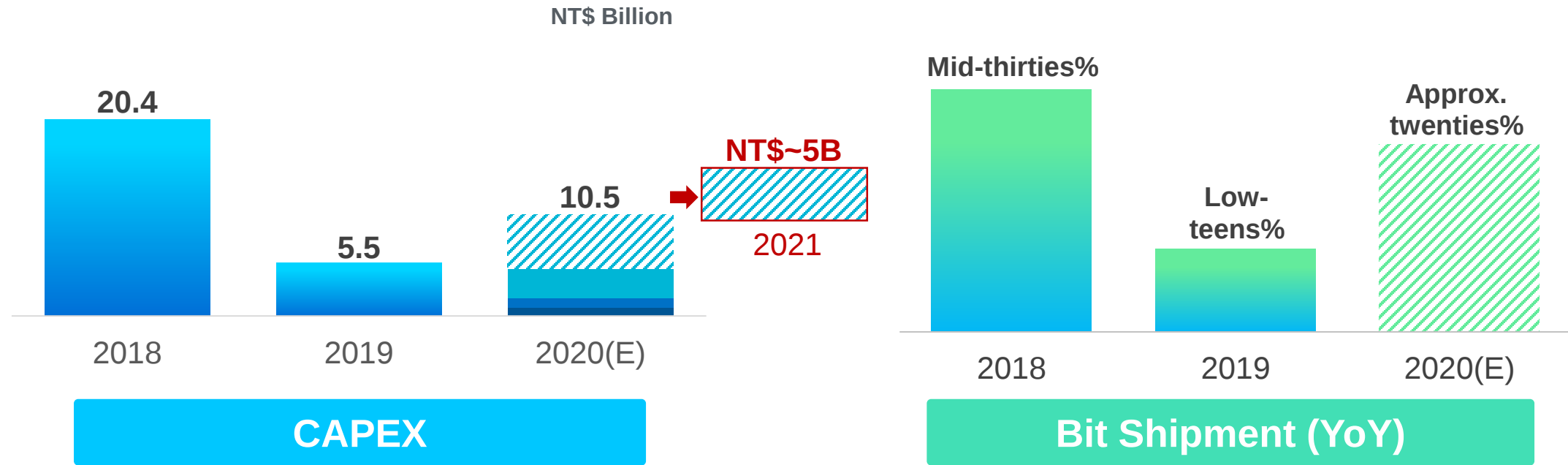
- * - NT\$ 4.6 billion of dividend payout ;
- NT\$ 0.7 billion from exchange differences on translation of foreign F/S

2020 Q1~Q3 Cash Flow

Unit: Million NT\$



CAPEX & Bit Shipment



Capital Expenditure (CAPEX)

- Q3'20 CAPEX NT\$ 3.07 billion
- Push out appx. NT\$ 5 billion CAPEX to 2021
- 2020 CAPEX guidance at NT\$ 10.5 billion down from previous NT\$ 15.76 billion

Bit Shipment

- Q3'20 Bit shipment decreased by low single digits% QoQ
- Q4'20 QoQ bit shipment expected to be relatively flat
- 2020 YoY bit shipment growth in twenties %

Q4'20 Market Outlook

Outlook

- **Short term:** US-China trade dispute and COVID-19 pandemic have affected overall DRAM demand in the last 3 quarters. DRAM demand is to stabilize in Q4'20
- **Long term:** COVID-19 vaccines development is key to DRAM market recovery. Datacenters, 5G, networking, A.I., remote work / online learning, etc. are main drivers for long term demand growth

Supply

- DRAM suppliers' inventory level continued to decrease in Q3'20
- Suppliers' CAPEX plan conservative, may limit 2021/1H industry bit supply growth

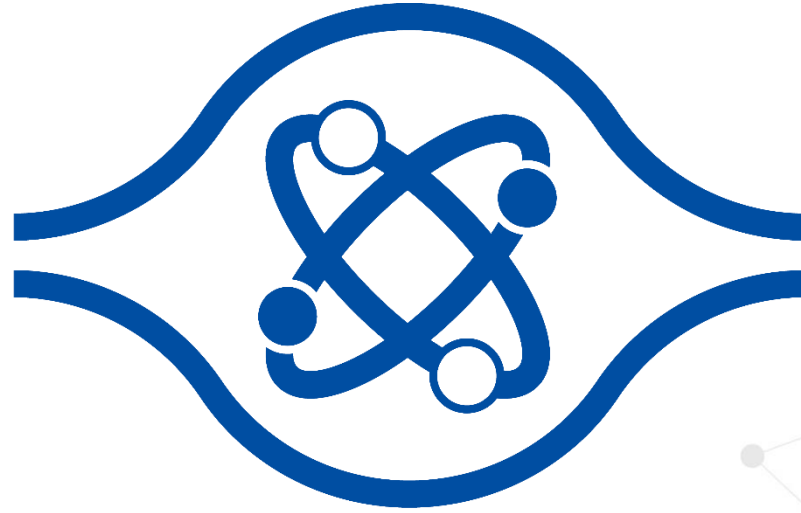
Demand

- **Mobile Market:** Smartphone market were impacted by COVID-19 and international trade tensions Q1~Q3'20. Demand to improve in Q4, due to 5G new models and DRAM content increase
- **Server Market:** Enterprise demand weakened due to higher inventories at certain cloud service providers. Inventory adjustment and new server CPU with more DRAM channels in Q4 expected to drive demand momentum
- **PC Market:** Commercial Notebook and Chromebook demand supported by the remote work and e-learning. Healthy Chromebooks demand throughout Q1'21
- **Consumer Market:** Demand recovering gradually benefiting from consumer confidence and new product launches in 2H20. DTV, game consoles, networking and auto segments, all show better demand

Nanya Business Review & Outlook

- Q3'20 performance affected by the pandemic and supply chain inventory normalization
- Halted shipments to Huawei from September 15th, pending approval from the US government to resume business
- Market demand expected to recover gradually from Q4'20
- 1st generation 10nm-class node scheduled to pilot in Q4'20
- "Prime" Rated by ISS* ESG Corporate Rating

* ISS: Institutional Shareholder Services Inc.



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Thanks & Questions