Nanya Technology (2408 TT)

Target price: **TWD700.00** (from TWD650.00)

Share price (7 Oct): **TWD514.00** | Up/downside: **+36.2%**

5 4 3 2 **1**

Buy (unchanged)

Robust revenue likely to drive earnings beat

- 3Q26E earnings to beat consensus estimate, led by DRAM prices
- DDR4 supply shortages to persist in 2027E; upcoming dividend policy
- Reaffirming our Buy (1) call and lifting our 12M TP to TWD700

SK Kim
(82) 2 787 9173
sk.kim@kr.daiwacm.com



What's new: Nanya announced its September revenue after market hours on 5 October. Following the significant jump in July revenue (49% MoM, 720% YoY, see ***our memo***), it maintained stable revenue in August and September, resulting in robust revenue growth in 3Q26. We also expect its operating profit to beat consensus, led by higher DRAM prices. While demand for DDR3/DDR4 remains solid, we expect supply shortages to continue in 2027, given major memory players' focus on DDR5 production. We also expect Nanya to announce shareholder returns, primarily in the form of dividends, during its 3Q26 earnings conference call.

What's the impact: **3Q26E earnings to beat consensus.** Nanya posted revenue of TWD134bn (+62% QoQ, +612% YoY) in 3Q26, beating the Bloomberg consensus by 16%. We also estimate its operating profit at TWD109bn (+79% QoQ, +9,608% YoY), above consensus. We forecast bit shipments to increase by 5% QoQ and DRAM ASPs to rise by 53% QoQ, exceeding our and market estimates. With DDR3/DDR4 demand remaining robust, we expect major memory players' focus on DDR5 production to drive supply shortages, resulting in higher prices in 3Q26. We expect further earnings improvement in 4Q26, driven by persistent price hikes.

DDR4 supply shortages to continue in 2027E; enhanced dividend policy expected. During the meeting in July, management said it expects long-term solid demand for DDR4 in eSSD and networking applications. Based on long-term agreements (LTAs) with major customers, we expect Nanya to expand its DDR4 supply for eSSD. We estimate that the 1B node will account for c.40% of DRAM output in 4Q26, with new capacity starting mass production in 3Q27. On capex, we expect the company to exceed its 2026 guidance of TWD50bn to keep up with end-market demand and LTA volumes, and to more than double capex YoY in 2027. For shareholder returns, we expect an additional policy to be announced at the 3Q26 conference call. While the company has guided for a payout ratio of c.40%, we expect it to exceed 50%, given the faster-than-expected growth. We raise our 2026-27E EPS by 30-38% to reflect higher DDR3/4 DRAM prices.

What we recommend: We reiterate our Buy (1) rating and raise our 12-month TP to TWD700 (from TWD650), based on a target PER of 7.4x (from 9.2x) applied to our 2026-27E EPS. We lower our target multiple by 20% to reflect the recent derating of peer valuations. Downside risk: Delays in data centre build-outs.

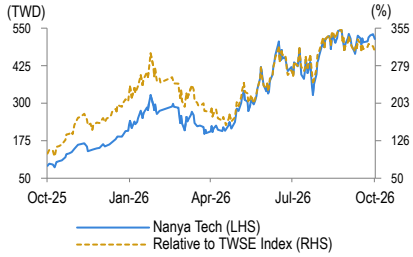
How we differ: Our 2026-27E EPS are 6-13% above the Bloomberg consensus, likely as we are more positive about the DDR4 price outlook.

Forecast revisions (%)

Year to 31 Dec	26E	27E	28E
Revenue change	21.0	32.8	43.1
Net profit change	27.0	38.2	71.1
Core EPS (FD) change	30.4	38.2	71.1

Source: Daiwa forecasts

Share price performance



12-month range	86.30-543.00
Market cap (USDbn)	52.92
3m avg daily turnover (USDm)	1,082.62
Shares outstanding (m)	3,274
Major shareholder	Nanya Plastics Corp (29.3%)

Financial summary (TWD)

Year to 31 Dec	26E	27E	28E
Revenue (m)	401,091	625,829	687,408
Operating profit (m)	309,869	502,559	531,635
Net profit (m)	251,467	394,862	447,508
Core EPS (fully-diluted)	76.797	114.446	129.705
EPS change (%)	n.a.	49.0	13.3
Daiwa vs Cons. EPS (%)	12.6	6.3	7.6
PER (x)	6.7	4.5	4.0
Dividend yield (%)	8.2	12.2	15.1
DPS	42.2	62.9	77.8
PBR (x)	3.4	2.4	1.8
EV/EBITDA (x)	4.3	2.4	2.1
ROE (%)	44.9	63.3	51.3

Source: FactSet, Daiwa forecasts

See important disclosures, including any required research certifications, beginning on page 6

Flash

Nanya: 3Q26 preview

(TWDm)	3Q26E	2Q26	*QoQ growth*	3Q25	*YoY growth*	BBG consensus	*Diff*
Revenue	133,649	82,549	*62%*	18,779	*612%*	115,222	*16%*
Operating Profit	108,647	60,826	*79%*	1,119	*9608%*	90,376	*20%*
OP margin	*81.3%*	*73.7%*		*6.0%*		*78.4%*	

Source: Company, Bloomberg
Note: Bloomberg consensus as of 7 October 2026, 3Q26 revenue reflects actual figures (September data announced on 5 October).

Nanya: earnings outlook

(TWDm)	1Q26	2Q26	3Q26E	4Q26E	2025	2026E	2027E	2028E
Revenue	49,087	82,549	133,649	135,806	66,587	401,091	625,829	687,408
Operating profit	30,111	60,826	108,647	110,284	5,243	309,869	502,559	531,635
OP margin (%)	*61.3%*	*73.7%*	*81.3%*	*81.2%*	*7.9%*	*77.3%*	*80.3%*	*77.3%*
Net profit	26,059	50,192	87,301	87,916	6,603	251,467	394,862	447,508

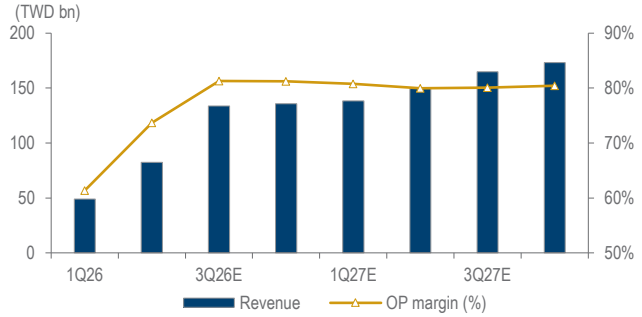
Source: Company, Daiwa forecasts

Nanya: key assumptions

	1Q26	2Q26	3Q26E	4Q26E	2025	2026E	2027E	2028E
DRAM								
Bit growth (q-q%)	1.0%	-2.9%	4.8%	-5.0%	53.8%	32.9%	3.2%	16.5%
ASP (q-q%)	56.3%	68.0%	52.7%	7.5%	22.7%	348.3%	50.0%	-5.2%

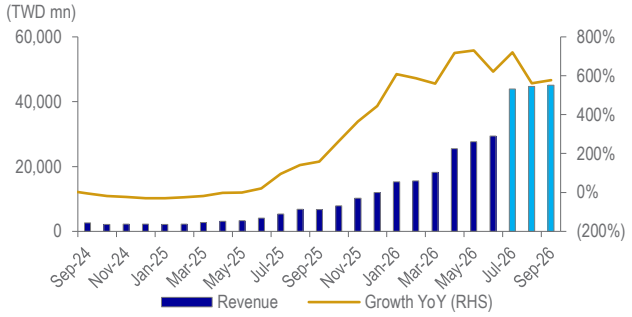
Source: Company, Daiwa forecasts

Nanya: revenue and operating margin forecasts



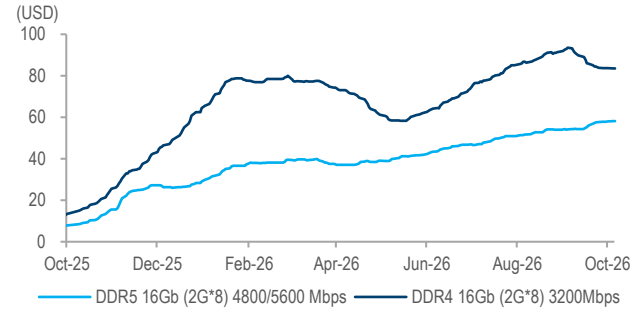
Source: Company, Daiwa forecasts

Nanya: monthly revenue and growth YoY trend



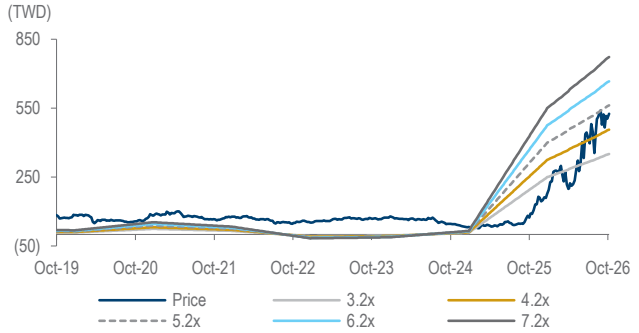
Source: Company

DRAM spot price trend



Source: DRAM eXchange, Daiwa
Note: As of 7 October, 2026

Nanya: 12-month forward PER band



Source: Company, Bloomberg, Daiwa forecasts

Nanya: peers valuation comparison

Company	Ticker (Bloomberg)	Recom.	Price (Local curr)	Mkt cap (USD $m)	P/E (x) FY26E	P/E (x) FY27E	P/BV (x) FY26E	P/BV (x) FY27E	ROE (%) FY26E	ROE (%) FY27E	EV/EBITDA FY26E	EV/EBITDA FY27E	Div yield (%) FY26E	Div yield (%) FY27E
Coverage														
Nanya Technology	2408 TT	Buy	514	55,870	6.7	4.5	3.4	2.4	44.9%	63.3%	4.3	2.4	8.2%	12.2%
Semiconductor														
Samsung Electronics	005930 KS	Buy	268,500	1,189,218	6.4	3.7	2.9	1.7	48.8%	56.0%	3.5	1.6	3.7%	4.6%
SK Hynix	000660 KS	Buy	1,723,000	952,413	5.3	3.5	3.2	1.6	94.3%	59.1%	3.7	1.5	0.3%	0.5%
Micron Technology	MU US	Buy	1,046	1,180,848	13.8	5.7	8.6	3.7	46.3%	48.9%	10.1	3.9	0.0%	0.1%
Winbond	2344 TT	Not Rated	180	25,279	6.9	2.6	3.5	1.8	64.6%	71.1%	4.8	2.0	4.5%	10.4%
Average					8.1	3.9	4.55	2.2	63.5%	58.8%	5.5	2.3	2.1%	3.9%

Source: Bloomberg, Daiwa forecasts
Note: Share price as of 7 October 2026, Oversea companies as of 6 October 2026

Financial summary

Key assumptions

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
DRAM bit growth (%)	(0.5)	(27.4)	(4.3)	0.9	53.8	32.9	3.2	16.5
DRAM ASP (%)	50.7	(16.8)	(44.7)	11.3	22.7	348.3	50.0	(5.2)
Wafer capacity per month	73.0	66.3	55.8	61.3	60.0	72.5	86.3	106.3

Profit and loss (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
DRAM	85,604	56,952	29,892	34,132	66,607	402,584	625,829	687,408
Other Revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total Revenue	**85,604**	**56,952**	**29,892**	**34,132**	**66,587**	**401,091**	**625,829**	**687,408**
Other income	0	0	0	0	0	0	0	0
COGS	(48,560)	(35,610)	(34,375)	(34,552)	(51,602)	(74,751)	(105,419)	(138,732)
SG&A	(2,358)	(2,498)	(2,401)	(2,449)	(2,700)	(8,121)	(12,315)	(12,137)
Other op.expenses	(7,500)	(7,841)	(7,576)	(7,685)	(7,041)	(8,350)	(5,536)	(4,904)
Operating profit	**27,186**	**11,002**	**(14,460)**	**(10,555)**	**5,243**	**309,869**	**502,559**	**531,635**
Net-interest inc./(exp.)	250	1,346	3,014	2,974	1,907	2,159	574	578
Assoc/forex/extraord./others	331	4,529	742	1,103	732	1,040	136	534
Pre-tax profit	**27,767**	**16,877**	**(10,705)**	**(6,477)**	**7,882**	**313,068**	**503,269**	**532,747**
Tax	(4,918)	(2,258)	3,265	1,055	(1,279)	(61,602)	(108,407)	(85,240)
Min. int./pref. div./others	0	0	0	0	0	2	1	1
Net profit (reported)	**22,849**	**14,619**	**(7,440)**	**(5,422)**	**6,603**	**251,467**	**394,862**	**447,508**
Net profit (adjusted)	**22,849**	**14,619**	**(7,440)**	**(5,422)**	**6,603**	**251,467**	**394,862**	**447,508**
EPS (reported)(TWD)	**7.378**	**4.720**	**(2.401)**	**(1.750)**	**2.131**	**76.797**	**114.446**	**129.705**
EPS (adjusted)(TWD)	**7.378**	**4.720**	**(2.401)**	**(1.750)**	**2.131**	**76.797**	**114.446**	**129.705**
EPS (adjusted fully-diluted)(TWD)	**7.378**	**4.720**	**(2.401)**	**(1.750)**	**2.131**	**76.797**	**114.446**	**129.705**
DPS (TWD)	**1.292**	**3.703**	**0.000**	**0.000**	**1.501**	**42.239**	**62.945**	**77.823**
EBIT	**27,186**	**11,002**	**(14,460)**	**(10,555)**	**5,243**	**309,869**	**502,559**	**531,635**
EBITDA	**42,480**	**26,249**	**865**	**5,589**	**19,524**	**323,312**	**520,319**	**553,735**

Cash flow (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Profit before tax	27,767	16,877	(10,705)	(6,477)	7,882	313,068	503,269	532,747
Depreciation and amortisation	15,294	15,247	15,326	16,144	14,281	13,443	17,760	22,100
Tax paid	(4,918)	(2,258)	3,265	1,055	(1,279)	(61,602)	(108,407)	(85,240)
Change in working capital	130	(6,179)	(6,486)	(8,461)	(3,638)	(57,621)	(32,239)	1,181
Other operational CF items	6,160	(2,251)	(7,028)	(182)	1,528	19,312	(10,479)	(10,966)
Cash flow from operations	**44,433**	**21,436**	**(5,628)**	**2,079**	**18,774**	**226,600**	**369,905**	**459,822**
Capex	(11,260)	(20,711)	(13,245)	(16,143)	(13,446)	(59,235)	(122,482)	(143,030)
Net (acquisitions)/disposals	0	0	0	0	(612)	0	0	0
Other investing CF items	5	(511)	(8)	(172)	(257)	(315)	(333)	(331)
Cash flow from investing	**(11,255)**	**(21,222)**	**(13,253)**	**(16,315)**	**(14,315)**	**(59,551)**	**(122,815)**	**(143,360)**
Change in debt	(71)	2,837	11,117	14,041	(6,102)	(2,246)	426	24
Net share issues/(repurchases)	1,261	55	5	11	0	157,437	0	0
Dividends paid	(4,000)	(11,470)	(6,600)	0	0	(4,650)	(138,308)	(217,175)
Other financing CF items	(250)	(3,193)	(326)	(345)	(215)	139	202	203
Cash flow from financing	**(3,060)**	**(11,771)**	**4,196**	**13,707**	**(6,317)**	**150,679**	**(137,679)**	**(216,948)**
Forex effect/others	323	(3,190)	38	(697)	(180)	(201)	484	142
Change in cash	**30,441**	**(14,748)**	**(14,647)**	**(1,226)**	**(2,038)**	**317,528**	**109,894**	**99,655**
Free cash flow	33,173	724	(18,873)	(14,063)	5,328	167,365	247,422	316,792

Source: FactSet, Daiwa forecasts

Financial summary continued …

Balance sheet (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Cash & short-term investment	80,700	73,593	58,812	61,903	58,074	310,848	434,828	551,120
Inventory	11,611	23,384	27,634	35,318	27,288	20,578	26,119	34,373
Accounts receivable	11,569	4,359	5,220	4,132	16,558	89,501	139,649	153,390
Other current assets	2,580	4,175	4,844	6,593	6,621	5,891	5,786	5,777
Total current assets	**106,460**	**105,512**	**96,510**	**107,946**	**108,541**	**426,818**	**606,382**	**744,660**
Fixed assets	77,914	89,421	86,263	88,677	89,257	130,431	235,153	356,083
Goodwill & intangibles	1,014	767	927	688	531	872	832	792
Other non-current assets	6,034	6,536	8,650	9,396	10,124	8,249	8,249	8,249
Total assets	**191,421**	**202,236**	**192,351**	**206,706**	**208,453**	**566,369**	**850,616**	**1,109,784**
Short-term debt	215	361	11,574	21,687	5,517	448	396	351
Accounts payable	15,477	15,818	8,544	11,093	13,503	49,964	73,310	96,476
Other current liabilities	0	0	0	0	0	0	0	0
Total current liabilities	**15,692**	**16,179**	**20,118**	**32,780**	**19,020**	**50,412**	**73,706**	**96,827**
Long-term debt	1,510	4,200	4,104	8,032	18,101	20,924	21,401	21,470
Other non-current liabilities	1,242	898	1,205	841	794	1,142	1,213	1,223
Total liabilities	**18,443**	**21,278**	**25,427**	**41,653**	**37,914**	**72,477**	**96,321**	**119,521**
Share capital	30,973	30,981	30,981	30,981	30,981	34,497	34,497	34,497
Reserves/R.E./others	142,005	149,977	135,943	134,072	139,419	459,257	719,661	955,628
Shareholders' equity	**172,978**	**180,958**	**166,924**	**165,053**	**170,400**	**493,754**	**754,158**	**990,125**
Minority interests	0	0	0	0	139	138	138	138
Total equity & liabilities	**191,421**	**202,236**	**192,351**	**206,706**	**208,453**	**566,369**	**850,616**	**1,109,784**
EV	1,604,075	1,614,018	1,639,917	1,650,867	1,648,732	1,393,712	1,270,158	1,153,890
Net debt/(cash)	**(78,975)**	**(69,032)**	**(43,134)**	**(32,183)**	**(34,457)**	**(289,477)**	**(413,030)**	**(529,299)**
BVPS (TWD)	**55.856**	**58.426**	**53.881**	**53.274**	**54.992**	**150.791**	**218.583**	**286.976**

Key ratios (%)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Sales (YoY)	40.3	(33.5)	(47.5)	14.2	95.1	502.4	56.0	9.8
EBITDA (YoY)	85.6	(38.2)	(96.7)	545.8	249.3	1,555.9	60.9	6.4
Operating profit (YoY)	222.3	(59.5)	n.a.	n.a.	n.a.	5,809.8	62.2	5.8
Net profit (YoY)	197.3	(36.0)	n.a.	n.a.	n.a.	1,471.4	57.0	13.3
Core EPS (fully-diluted) (YoY)	195.0	(36.0)	n.a.	n.a.	n.a.	3,504.2	49.0	13.3
Gross-profit margin	43.3	37.5	n.a.	n.a.	22.5	81.4	83.2	79.8
EBITDA margin	49.6	46.1	2.9	16.4	29.3	80.6	83.1	80.6
Operating-profit margin	31.8	19.3	(48.4)	(30.9)	7.9	77.3	80.3	77.3
Net profit margin	26.7	25.7	n.a.	n.a.	9.9	62.7	63.1	65.1
ROAE	14.0	8.3	n.a.	n.a.	3.9	44.9	63.3	51.3
ROAA	12.8	7.4	n.a.	n.a.	3.2	64.9	55.7	45.7
ROCE	16.5	6.1	n.a.	n.a.	2.7	87.4	77.8	59.5
ROIC	22.6	9.3	n.a.	n.a.	3.8	n.a	n.a	n.a
Net debt to equity	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Effective tax rate	17.7	13.4	30.5	16.3	2.9	1.8	1.7	1.7
Accounts receivable (days)	41.5	51.0	58.5	50.0	56.7	48.3	66.8	77.8
Current ratio (x)	6.8	6.5	4.8	3.3	5.7	8.5	8.2	7.7
Net interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net dividend payout	17.5	78.5	n.a.	n.a.	70.4	55.0	55.0	60.0
Free cash flow yield	2.0	0.0	n.a.	n.a.	0.3	9.9	14.7	18.8

Source: FactSet, Daiwa forecasts

Company profile

Nanya manufactures dynamic random access memory (DRAM). Focusing on consumer DRAM market, Nanya had developed its technology through cooperation with other advanced suppliers such as Micron. Recently, as the fourth largest player in the global DRAM market, Nanya plans to apply its own process (1anm, 1bnm) developed to manufacture DRAM, targeting the mobile and server DRAM market. Nanya currently has wafer capacity of c.70k units, of which the 20nm-process accounts for 80% and is centred in Taiwan.

ESG analysis

ESG risks

Risks		Management	Analyst comments
G	Executive/board quality	2	Nanya is making an effort to ensure the quality of its board by appointing technology and accounting experts. The Board comprises 9 internal and 3 independent directors, 3 of whom are accounting experts and 6 are technology experts. Two of the directors are female and 4 directors are managerial officers of Nanya, including personnel from Nanya Plastic and Formosa.
	Capital management	1	The company plans to increase its capex to TWD16bn for 2025 .
	Related party & transaction	1	Nanya has no actual or proposed related-party transaction that exceeds 1% of its revenue. The company commented that the terms and pricing of sales with associates did not significantly differ from its normal selling prices.
S	Supply chain management	1	Nanya has multiple material suppliers to reduce its purchasing risk. The number of major suppliers increased to 412 in 2024 from 304 in 2020. Nanya is working with suppliers to construct a resilient and stable supply chain.
E	Water & wastewater management	1	Nanya targets to maintain its water recycling ratio at over 95% through a complete water recycling chain. In 2024, it achieved a 97% water recovery ratio (vs. 87% in 2020), thanks to its wastewater processing effort. Nanya has water supply from its backup wells (400m deep) and water tanks. It maintains 143 days of normal production at its plants with 2,000 CMD of well water.
E	Waste & hazardous materials management	2	Nanya increased its waste recycling and reuse rate to 99% in 2024 (vs. 89.6% in 2019). The company has conducted on-site audits and assists its suppliers with waste disposal. Also, Nanya reviewed 51 raw material suppliers for RoHS terms, and had a 100% rate of completion in 2024.
E	GHG emissions	2	The main sources of greenhouse gas (GHG) emissions are purchased electricity, which accounted for c.86% of Nanya's GHG emissions in 2024. Accordingly, Nanya has set a long-term goal of replacing coal-fired electricity with natural gas and implementing a green energy programme by using solar panels to reduce GHG emissions. On 7 October 2022, Science Based Targets initiative (SBTi) approved Nanya's GHG emission reduction target, ensuring its emission reduction roadmap is consistent with the Paris Agreement. With 2020 as the base year, Nanya targets a 25% reduction in GHG emissions (scope 1 and scope 2) and a 27% reduction in emissions per unit product (scope 3) by 2030.

Note: Management score represents a company's ability to manage/benefit from certain ESG topics. The scores range from 1 to 3, with 1 being the strongest.

Update Date: 2 Jan 2026

Source: Daiwa, Company

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Rating	Percentage of total
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Source: Daiwa

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