Daiwa Capital Markets Hong Kong Limited

earnings

12 October 2026

MEMO

Nanya Technology (2408 TT)

Share price (12 Oct): **TWD527.00** 12-mth rating: **Buy (1)** **Information Technology: Taiwan**

3Q26 results review: favourable ASP likely to continue in 2027

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

Summary: Nanya Technology (Nanya) announced its 3Q26 results after market hours on 12 October. Its revenue of TWD133.6m (+62% QoQ, +612% YoY) and operating profit of TWD106.9m (+76% QoQ, +95.5x YoY) were robust. While shipments decreased by a mid-single-digit % QoQ, ASP increased by > 60% QoQ mainly due to renewed LTA contracts. While DDR4 accounted for >60% of revenue, management expects the favourable pricing environment to persist on robust demand and supply constraints. However, due to massive capex (c.USD16bn) on the build-out of a new 50k wpm capacity, management didn't announce an enhanced shareholder return plan or a higher dividend payout.

Key highlights

- **3Q26 results review.** Nanya's 3Q26 revenue of TWD133.6m (+62% QoQ, +612% YoY) and operating profit of TWD106.9m (+76% QoQ, +95.5x YoY) were slightly below our and recent market estimates due to higher employee compensation expenses. Its DRAM ASP increased by >60% QoQ in 3Q26 on LTA price adjustments, while shipments decreased by a mid-single-digit % QoQ. DDR5 accounted for >10% of 3Q26 revenue, while DDR4 accounted for >60%. Management guided for a persistent market shortage and a continued price uptrend in 4Q26, while shipments are expected to remain flat until wafer output from the new fab comes online in 4Q27.

- **Key takeaways from conference call.** Management expects AI infrastructure to keep driving DRAM demand. While AI infrastructure and server applications currently account for >20% of revenue, it expects this exposure to grow to >30% through 2029-30. In particular, DDR4 demand now accounts for 12-14% of total DRAM market demand, maintaining the higher ASP trend on strong demand. With major DRAM players having almost completed their HBM supply negotiations for 2027, management believes it would be hard to increase supply given capacity allocation and longer lead times. Its LTA output portion was >20%, and management expects this to increase going forward. The company announced a new fab construction plan for 30k wpm by the end of 2028 and up to 50k wpm by 2030 to respond to LTA demand from AI infrastructure. Despite the solid 3Q26 earnings, there was no announcement of an increased dividend payout, due to the capex burden (c.USD16bn for 50k wpm). It did not guide for any share buyback.

Recommendation

We have a Buy (1) call on Nanya with a 12M TP of TWD700, based on a 7.4x PER on the 2026-27E EPS. While the robust 3Q26 earnings led by the significant ASP hike was positive, we view the delay in announcing a shareholder return plan as disappointing. Key risk: weaker-than-expected commodity DRAM demand due to delays in data centre build-outs.

Important disclosures, including any required research certifications, are provided on the last three pages of this report.

To see our recent flash note on Nanya, please ***click here***

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

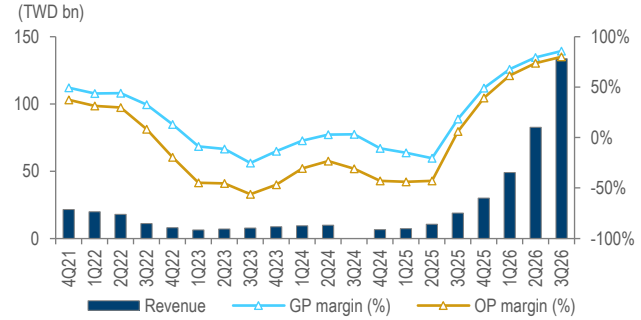
Nanya: 3Q26 results overview

(TWDm)	3Q26	2Q26	*QoQ growth*	3Q25	*YoY growth*	Daiwa estimates	*Diff*	BBG consensus	*Diff*
Revenue	133,649	82,549	*62%*	18,779	*612%*	133,649	*0%*	133,354	*0%*
Operating Profit	106,894	60,826	*76%*	1,119	*95.5x*	108,647	*-2%*	107,724	*-1%*
OP margin	*80.0%*	*73.7%*		*6.0%*		*81.3%*		*80.8%*	

Source: Company, Bloomberg

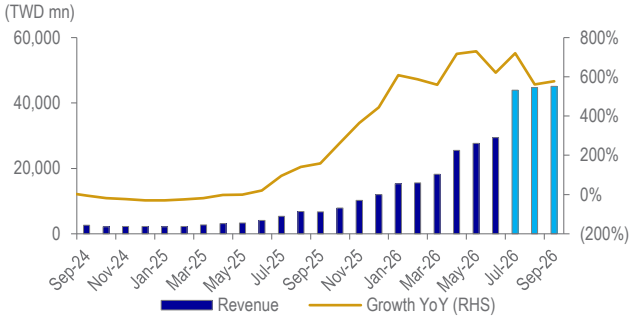
Note: Bloomberg standard consensus as of 12 October 2026

Nanya: revenue and gross/operating margin trend



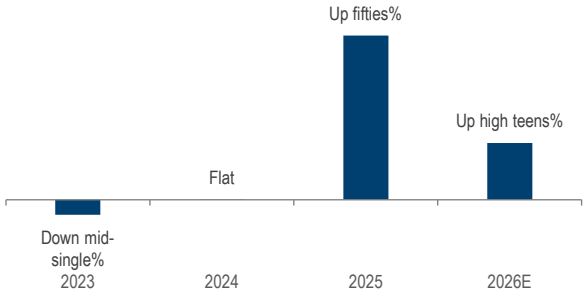
Source: Company

Nanya: monthly revenue and growth YoY trend



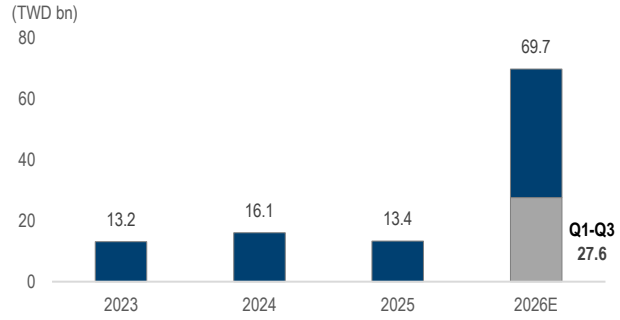
Source: Company

Nanya: bit shipment growth YoY trend



Source: Company

Nanya: annual capex trend



Source: Company

In the interests of timeliness, this document has not been edited.

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Rating	Percentage of total
Buy*	73.96%
Hold**	19.58%
Sell***	6.46%

Source: Daiwa

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