Inotera Memories, Inc.

2Q.2013 Investor Conference

Charles Kau, Chairman

Scott Meikle, President

Peter Shen, CFO

23rd July, 2013

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AGENDA

- Highlights
- Financial Review
- Operations & Outlook
- Q & A

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Disclaimer

This presentation contains some forward-looking statements that are subject to substantial risks and uncertainties. Typically, these statements contain words such as “anticipate“, “believe”, “could”, “estimate”, “expect”, “intend”, “plan”, “ forecast”, “project”, “predict”, “potential”, “continue”, “may”, “should”, “will”, and “would” or similar words. You should consider these forward-looking statements carefully because such statements are only our expectations or projections about future events, and actual results may differ materially from those expressed or implied by such statements. The forward-looking statements in this presentation include, but are not limited to, growth rates for various markets estimated by third party sources, future products and technology development, widespread market acceptance of the hosted delivery model, future revenue growth and profitability. You should be cautioned that the forward-looking statements are no guarantee of our future performance. The forward-looking statements contained in this presentation are made only as of the date of this presentation and we undertake no obligation to update the forward-looking statements to reflect subsequent events or circumstances, except as required by law.

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HIGHLIGHTS

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Company Highlights

- **Record high sales of NT$ 12,747 million, up 48% QoQ**

  (based on avg. trailing 3-month ASPs)

- **Net income of NT$ 3,472 million; EPS NT$ 0.62 per share**

- **Raised approx. NT$ 6 billion from Nan Ya Plastics and Nanya Technology via private placement**

- **Book value of NT$ 5.07**

- **Continued factory enhancements associated with new devices and new technology**

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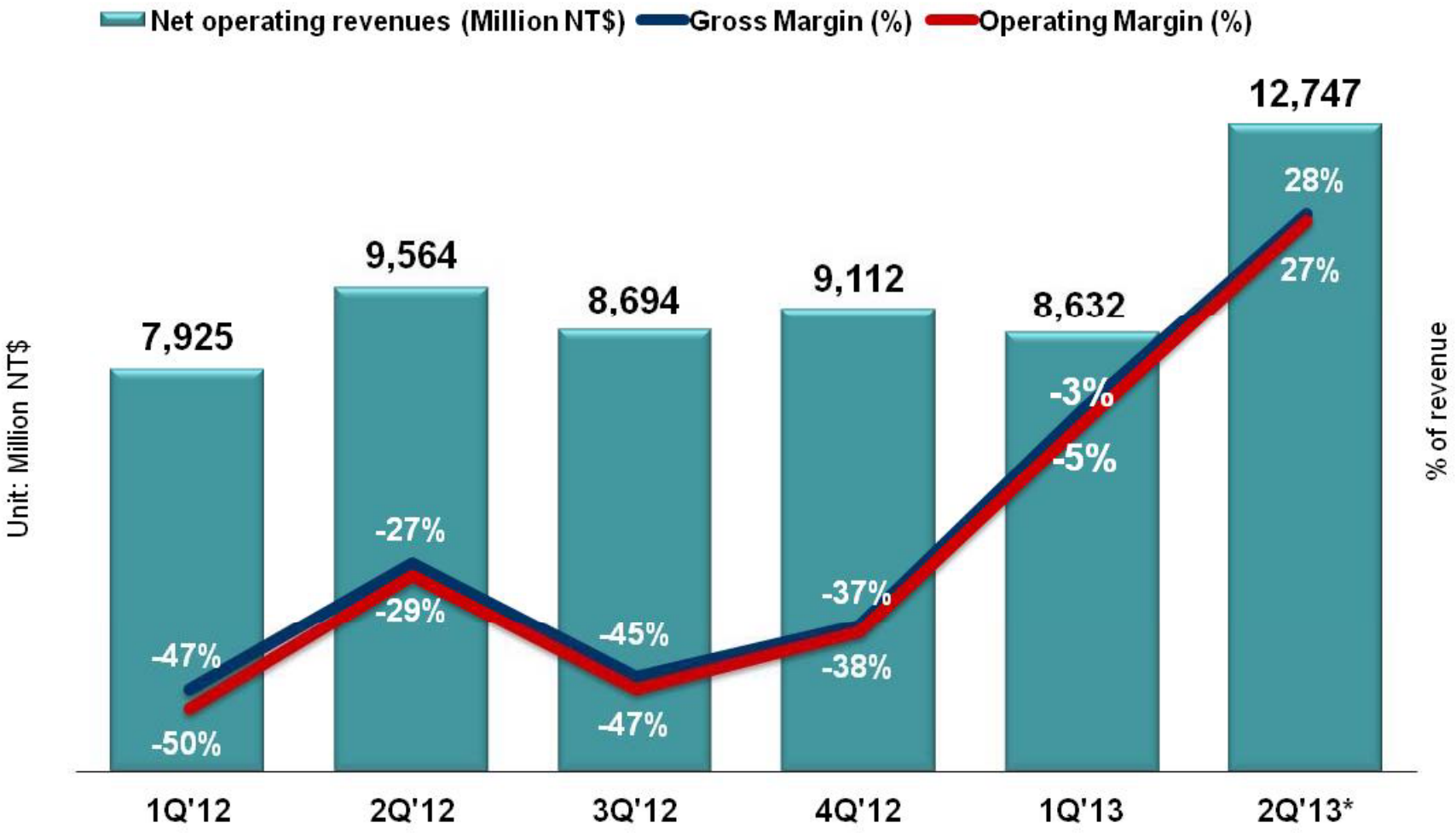
Financial Highlights



** 2Q'13 numbers are unaudited*

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FINANCIAL REVIEW

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Income Statement

(Unit: Million NT$, except for EPS in NT$)	2Q'13*	%	1Q'13	%	QoQ(1)	YoY(1)	2Q'12	%
Net Operating Revenues	**12,747**	***100%***	**8,632**	***100%***	***48%***	***33%***	**9,564**	***100%***
Gross Profit (Loss) ***Gross Margin (%)***	(2) **3,615**	***28%***	(3) **(269)**	***- 3%***	***N/A***	***N/A***	**(2,625)**	***- 27%***
Operating Income (Loss) ***Operating Margin (%)***	**3,476**	***27%***	**(399)**	***- 5%***	***N/A***	***N/A***	**(2,797)**	***- 29%***
Non-operating Income (Expense)	(4)	*-0%*	(214)	*-3%*	*98%*	*98%*	(180)	*-2%*
Income (Loss) before Income Tax	3,472	***27%***	(613)	***- 8%***	***N/M***	***N/M***	(2,977)	***- 31%***
Income Tax Benefit (Expense)	0	*0%*	0	*0%*	*N/M*	*N/M*	0	*0%*
Net Income (loss) ***Net Margin (%)***	**3,472**	***27%***	**(613)**	***- 8%***	***N/M***	***N/M***	**(2,977)**	***- 31%***
EPS (Loss)	**$0.62**		**($0.11)**		*N/M*	*N/M*	**($0.55)**	
Weighted Average Outstanding Shares (million shares)	5,642		5,405				5,405	

Note (1) : A positive percentage value in the columns "QoQ" and "YoY" indicates improvement in 2Q'13, while a negative value indicates the opposite.
Note (2) : 2Q'13 Cost of Goods Sold includes a NT$ 83 million write-down reversal gain.
Note (3): 1Q'13 Cost of Goods Sold includes a NT$ 930 million write-down reversal gain and an idle facility charge of NT$ 453 million.

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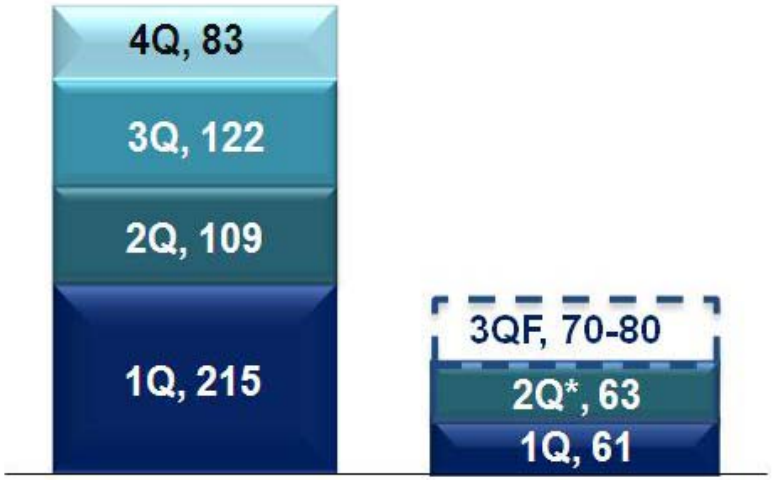
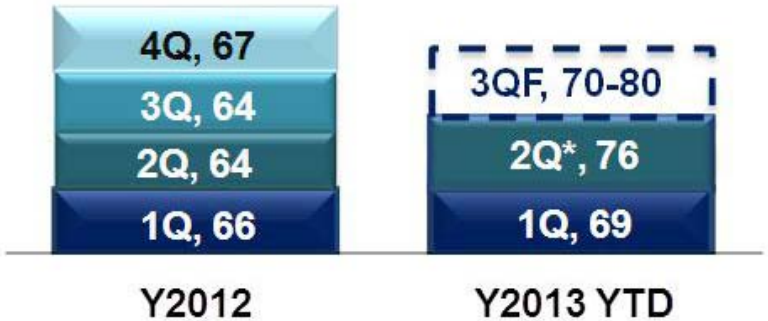
Operating Expenses

Research and Development Expenses (Unit: Million NT$)



Y2012	Y2013 YTD
NT$ 529 million	NT$ 124 million
(1.5% of sales)	(0.6 % of sales)

General and Administration Expenses (Unit: Million NT$)



Y2012	Y2013 YTD
NT$ 260 million	NT$ 145 million
(0.7% of sales)	(0.7% of sales)

** 2Q'13 numbers are unaudited*

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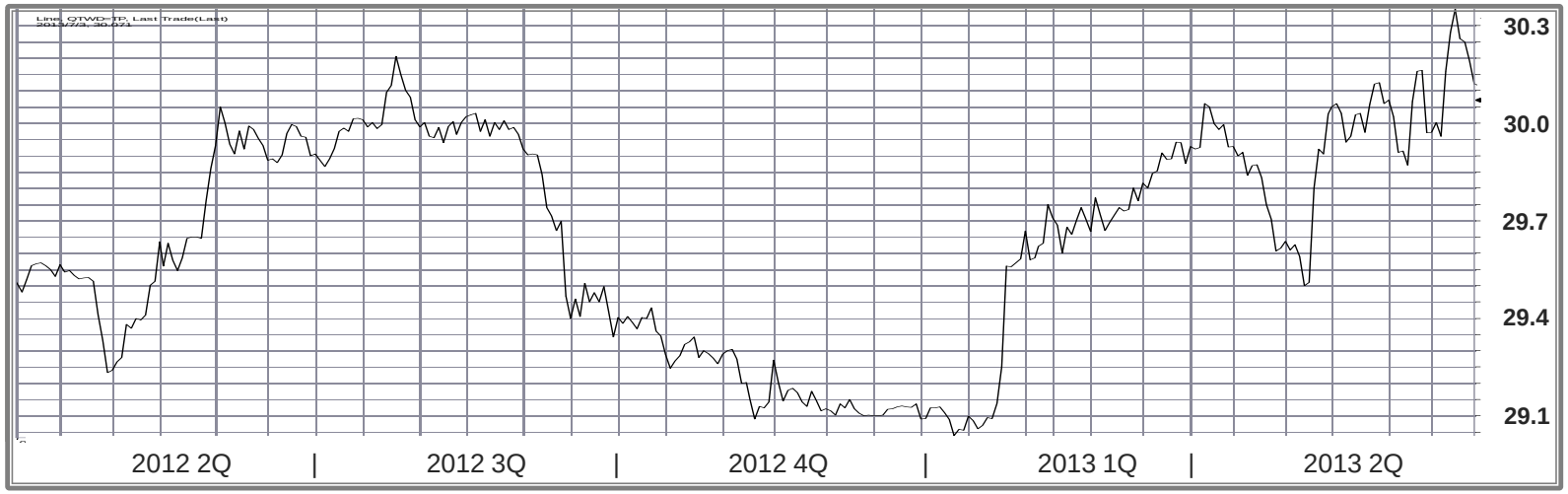
Non-Operating Income / Exp.

(Unit: Million NT$)	2Q'13*	1Q'13	2Q'12
Net Non-Operating Income (Expenses)	**(4)**	**(214)**	**(180)**
therein			
Interest Expenses	**(335)**	**(321)**	**(345)**
Others	**331**	**107**	**165**

FX: USD/NTD



Source: Reuters

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Balance Sheet & Key Indices

Selected Items from Balance Sheet (Unit: Million NT$)	Jun'13*	Mar'13	Jun'12
Cash & Marketable Securities	4,485	1,350	1,820
Inventories	4,001	4,276	4,175
Current Assets	20,082	13,652	15,895
Net PP&E	71,295	74,628	88,799
Total Assets	91,699	88,599	105,019
Current portion of L/T Debt	13,645	13,641	9,980
Current Liabilities	40,921	47,322	51,257
L/T Debt	17,959	17,956	21,630
Total Liabilities	61,098	67,546	75,301
Total Equity	30,601	21,053	29,718
Key Indices			
Book Value per Share (NT$)	5.07	3.90	5.50
Current Ratio (times)	0.49	0.29	0.31
Debt-Equity Ratio (times)	2.00	3.21	2.53

** June'13 numbers are unaudited*

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Cash Flows

(Unit: Million NT$)

	2Q'13*	1Q'13	2Q'12
Net Cash Provided by Operating Activities	4,602	141	(1,280)
therein depreciation & amortization	3,800	3,909	7,434
Net Cash Used in Investing Activities	(854)	(2,228)	(1,373)
Free Cash Flow	3,748	(2,087)	(2,653)

Free Cash Flow =Net Cash Provided by Operating Activities + Net Cash Used in Investing Activities

Net Cash Provided by Financing Activities	4	(95)	4,453

** 2Q'13 numbers are unaudited*

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Capital Expenditures (Booking Basis)

Y2013E Capex up from NT$4.5 B to NT$8.0B, incl.:

- Full 30nm conversion
- 30nm capability enhancement
- Early 20nm preparation

Capex Guidance (Unit: Billion NT$)

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OPERATIONS & OUTLOOK

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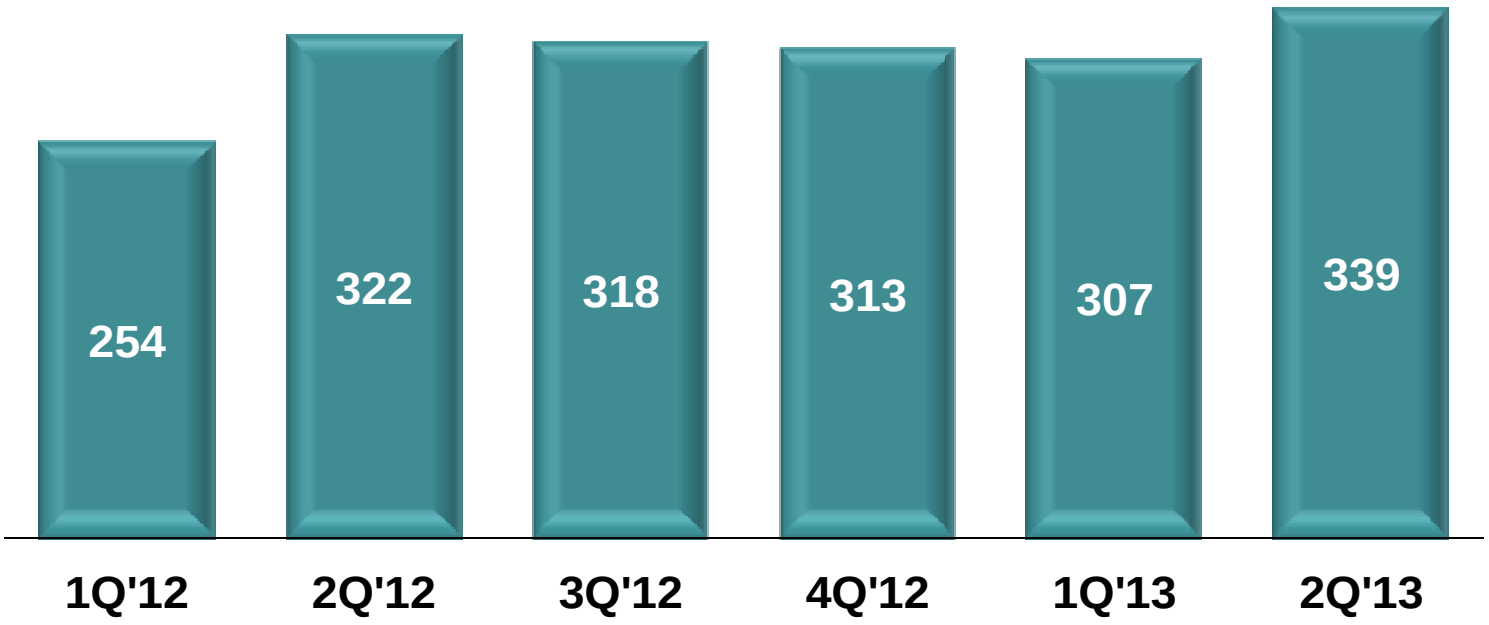
Wafer Shipments

2Q'13 Highlights

- **Wafer shipments: 339K wafers, up 10% QoQ**
- **Average sales revenue per wafer: up 34% QoQ**

Wafer Shipments (unit: thousand 300mm wafers per quarter)



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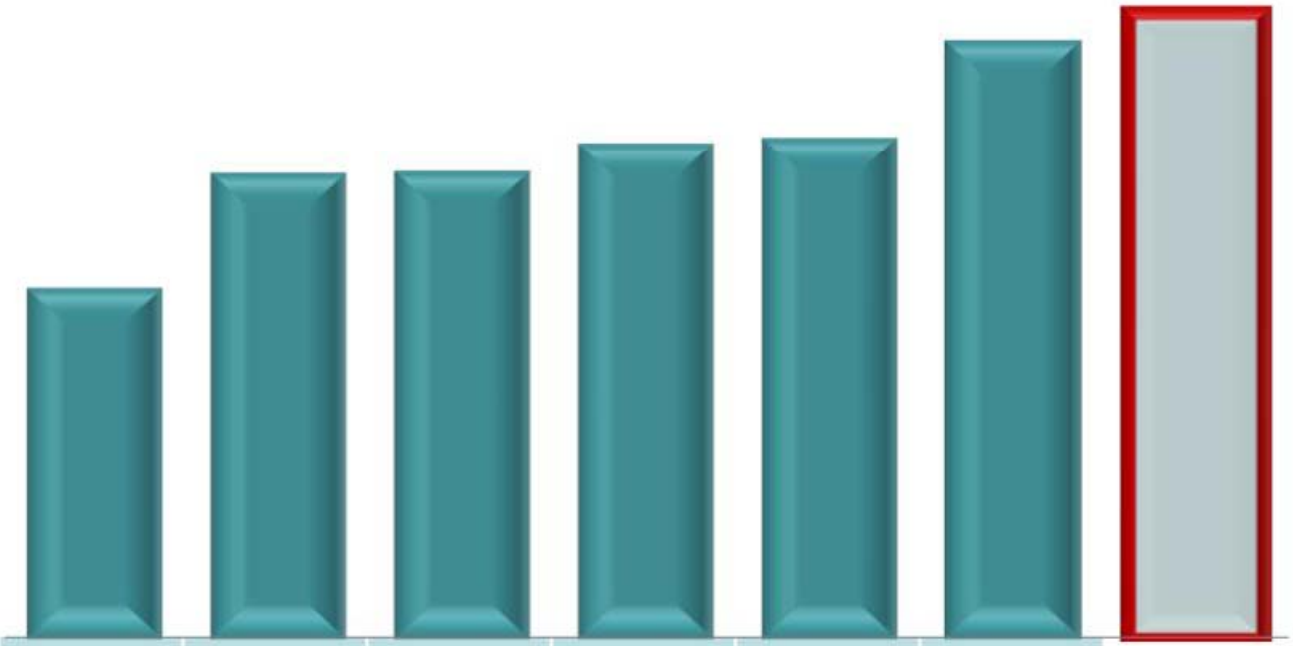
Bit Shipments

Unit: Bit Shipments per quarter (1Gb equiv.)

3Q'13E Bit Growth Guidance:
Up single digits %



	1Q'12	2Q'12	3Q'12	4Q'12	1Q'13	2Q'13	3Q'13E
Actual Bit Growth QoQ (%)	-20%	+33%	Flat	+2%	+6%	+19%	

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Operational Highlights & Outlook

- Completed 30nm conversion and continue to…
  - ✓ Enhance capability to meet new products' requirements
  - ✓ Optimize overall manufacturing efficiency
- Started qualification of automotive and DDR4 DRAM products
  - ✓ Expect to introduce another 2-3 new devices in 2H13
- Preparing the transfer of 20nm-node technology
  - ✓ Pilot runs are on schedule to commence by year-end

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Market Outlook

- Industry wafer capacity stay constrained
- Favorable supply/demand balance sustained
- Demand strength continues in mobile and server
- Growth potential driven by diversified segments

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Thank You.

Questions & Answers

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http://ir.inotera.com

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