



## **TSMC Reports Fourth Quarter EPS of NT\$1.73**

Hsinchu, Taiwan, R.O.C., January 16, 2014 -- TSMC today announced consolidated revenue of NT\$145.81 billion, net income of NT\$44.81 billion, and diluted earnings per share of NT\$1.73 (US\$0.29 per ADR unit) for the fourth quarter ended December 31, 2013.

Year-over-year, fourth quarter revenue increased 10.9% while net income and diluted EPS both increased 7.7%. Compared to third quarter of 2013, fourth quarter results represent a 10.3% decrease in revenue, and a 13.7% decrease in net income. All figures were prepared in accordance with TIFRS on a consolidated basis.

In US dollars, fourth quarter revenue decreased 9.3% from the previous quarter and increased 9.5% year-over-year.

Gross margin for the quarter was 44.5%, operating margin was 32.8%, and net profit margin was 30.7%.

Shipments of 28-nanometer process technology reached 34% of total wafer revenues. 40/45-nanometer accounted for 17% of total wafer revenues. Advanced technologies, defined as 40/45-nanometers and more advanced technologies, accounted for 51% of total wafer revenues.

“In the fourth quarter, TSMC’s business was impacted by semiconductor supply chain’s inventory management,” said Lora Ho, SVP and Chief Financial Officer of TSMC. “Due to IC companies’ weak seasonal demand and the continuing inventory reductions by the fabless companies, we expect our first quarter revenue will decline sequentially by about 6%, with our structural profitability improving. We are confident to grow both our revenue and profit in 2014. Based on our current business outlook and exchange rate assumption of 1 US dollar to 30 NT dollars, management expects overall performance for first quarter 2014 to be as follows”:

- Revenue is expected to be between NT\$136 billion and NT\$138 billion;
- Gross profit margin is expected to be between 44.5 % and 46.5%;
- Operating profit margin is expected to be between 32% and 34%.

TSMC further expects the capital expenditures for 2014 to be between US\$9.5 billion and US\$10 billion.

## Profile

TSMC is the world's largest dedicated semiconductor foundry, providing the industry's leading process technology and the foundry's largest portfolio of process-proven libraries, IPs, design tools and reference flows. The Company's owned capacity in 2013 was about 16.4 million (8-inch equivalent) wafers, including capacity from three advanced 12-inch GIGAFAB™, four eight-inch fabs, one six-inch fab, as well as TSMC's wholly owned subsidiaries, WaferTech and TSMC China. TSMC is the first foundry to provide 28nm production capabilities. Its corporate headquarters are in Hsinchu, Taiwan. For more information about TSMC please visit <http://www.tsmc.com>.

**(Management Report and Tables Follow)**

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### ***Safe Harbor Notice:***

The statements included in this press release that are not historical in nature are "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. TSMC cautions readers that forward-looking statements are subject to significant risks and uncertainties and are based on TSMC's current expectations. Actual results may differ materially from those contained in such forward-looking statements for a variety of reasons including, among others, risks associated with cyclical and market conditions in the semiconductor industry; demand and supply for TSMC's foundry manufacturing capacity in particular and for foundry manufacturing capacity in general; intense competition; the failure of one or more significant customers to continue to place the same level of orders with us; TSMC's ability to remain a technological leader in the semiconductor industry; TSMC's ability to manage its capacity; TSMC's ability to obtain, preserve and defend its intellectual property rights; natural disasters and other unexpected events which may disrupt production; and exchange rate fluctuations. Additional information as to these and other risk factors that may cause TSMC's actual results to differ materially from TSMC's forward-looking statements may be found in TSMC's Annual Report on Form 20-F, filed with the United States Securities and Exchange Commission (the "SEC") on April 2, 2013, and such other documents as TSMC may file with, or submit to, the SEC from time to time. Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.