



## **TSMC Reports Second Quarter EPS of NT\$2.30**

Hsinchu, Taiwan, R.O.C., July 16, 2014 -- TSMC today announced consolidated revenue of NT\$183.02 billion, net income of NT\$59.7 billion, and diluted earnings per share of NT\$2.3 (US\$0.38 per ADR unit) for the second quarter ended June 30, 2014.

Year-over-year, second quarter revenue increased 17.4% while net income and diluted EPS both increased 15.2%, mainly reflecting the increase in tax rate. Compared to first quarter 2014, second quarter results represent a 23.5% increase in revenue, and a 24.7% increase in net income. All figures were prepared in accordance with TIFRS on a consolidated basis.

In US dollars, second quarter revenue increased 24% from the previous quarter and increased 16.3% year-over-year.

Gross margin for the quarter was 49.8%, operating margin was 38.6%, and net profit margin was 32.6%.

Shipments of 28-nanometer process technology accounted for 37% of total wafer revenues. 40/45-nanometer accounted for 19% of total wafer revenues. Advanced technologies, defined as 40/45-nanometers and more advanced technologies, accounted for 56% of total wafer revenues.

“In the second quarter, we saw strength of demand for our wafers across all segments, while our 28-nanometer technology business grew more than 30% from the previous quarter to account for 37 percent of our total wafer sales” said Lora Ho, SVP and Chief Financial Officer of TSMC. “While we expect the strong demand for our wafers to continue, the new technology node, our 20-nanometer System-on-Chip, has begun volume shipments and is expected to account for about 10 percent of our wafer revenue in the third quarter. Based on our current business outlook and exchange rate assumption of 1 US dollar to 29.81 NT dollars, management expects overall performance for third quarter 2014 to be as follows”:

- Revenue is expected to be between NT\$206 billion and NT\$209 billion;
- Gross profit margin is expected to be between 48.5% and 50.5%;
- Operating profit margin is expected to be between 38.5% and 40.5%.

## 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 2014 is expected to be about 8.1 million (12-inch equivalent) wafers, including capacity from three advanced 12-inch GIGAFAB™ facilities, 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 both 28nm and 20nm 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 14, 2014, 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.