



TSMC Reports Third Quarter EPS of NT\$2.94

Hsinchu, Taiwan, R.O.C., October 16, 2014 -- TSMC today announced consolidated revenue of NT\$209.05 billion, net income of NT\$76.34 billion, and diluted earnings per share of NT\$2.94 (US\$0.49 per ADR unit) for the third quarter ended September 30, 2014.

Year-over-year, third quarter revenue increased 28.6% while net income and diluted EPS both increased 46.9%. Compared to second quarter 2014, third quarter results represent a 14.2% increase in revenue, and a 27.9% increase in net income. All figures were prepared in accordance with TIFRS on a consolidated basis.

In US dollars, third quarter revenue increased 14.7% from the previous quarter and increased 28.1% year-over-year.

Gross margin for the quarter was 50.5%, operating margin was 40.4%, and net profit margin was 36.5%.

Shipments of 20-nanometer process technology accounted for 9% of total wafer revenues. 28-nanometer accounted for 34% of total wafer revenues. Advanced technologies, defined as 28-nanometer and 20-nanometer technologies, accounted for 43% of total wafer revenues.

“In the third quarter, TSMC broke new record in revenue thanks to strong demand for TSMC’s advanced technologies. After two years of meticulous preparation, we began volume shipments of 20-nanometer wafers, which reached 9 percent of our third quarter wafer revenue,” said Lora Ho, SVP and Chief Financial Officer of TSMC. “We expect 20-nanometer will continue to ramp up fast and will account for more than 20 percent of our fourth quarter wafer revenue. Based on our current business outlook and exchange rate assumption of 1 US dollar to 30.31 NT dollars, management expects overall performance for fourth quarter 2014 to be as follows”:

- Revenue is expected to be between NT\$217 billion and NT\$220 billion;
- Gross profit margin is expected to be between 48% and 50%;
- Operating profit margin is expected to be between 38% and 40%.

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 8.2 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 20nm and 16nm 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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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.