



TSMC Reports Fourth Quarter EPS of NT\$3.83

Hsinchu, Taiwan, R.O.C., January 18, 2018 -- TSMC today announced consolidated revenue of NT\$277.57 billion, net income of NT\$99.29 billion, and diluted earnings per share of NT\$3.83 (US\$0.64 per ADR unit) for the fourth quarter ended December 31, 2017.

Year-over-year, fourth quarter revenue increased 5.9% while net income and diluted EPS both slightly decreased 0.9%. The decreases in net income and EPS were mainly due to the strong appreciation of NT dollars, which affected the operating profit margin rate negatively by about two percentage points. Compared to third quarter 2017, fourth quarter results represented a 10.1% increase in revenue and a 10.4% increase in net income. All figures were prepared in accordance with TIFRS on a consolidated basis.

In US dollars, fourth quarter revenue was \$9.21 billion, which increased 10.7% from the previous quarter and increased 11.6% year-over-year.

Gross margin for the quarter was 50.0%, operating margin was 39.2%, and net profit margin was 35.8%.

In the fourth quarter, shipments of 10-nanometer accounted for 25% of total wafer revenue; 16/20-nanometer process technology accounted for 20% of total wafer revenue; and advanced technologies, defined as 28-nanometer and more advanced technologies, accounted for 63% of total wafer revenue.

“Our fourth quarter business was supported by major mobile product launches and continuing demand for cryptocurrency mining,” said Lora Ho, SVP and Chief Financial Officer of TSMC. “Moving into first quarter 2018, we expect the strong demand for cryptocurrency mining will continue while mobile product seasonality will dampen our business in this quarter. Based on our current business outlook, management expects the overall performance for first quarter 2018 to be as follows”:

- Revenue is expected to be between US\$8.40 billion and US\$8.50 billion;
And, based on the exchange rate assumption of 1 US dollar to 29.6 NT dollars,
- Gross profit margin is expected to be between 49.5% and 51.5%;
- Operating profit margin is expected to be between 38% and 40%.

The management further expects the 2018 capital budget to be between US\$10.5 billion and US\$11 billion.

Profile

TSMC is the world's largest dedicated semiconductor foundry, providing the industry's leading process technology and foundry's largest portfolio of process-proven libraries, IPs, design tools and reference flows. The Company's owned capacity in 2018 is expected to exceed 12 million (12-inch equivalent) wafers, including capacity from three advanced 12-inch GIGAFAB® facilities, four eight-inch fabs, and one six-inch fab, in Taiwan, as well as TSMC's wholly owned subsidiaries, WaferTech, TSMC China, and TSMC Nanjing. TSMC is the first foundry to provide 7-nanometer 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 13, 2017, 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.