



## **TSMC Reports Second Quarter EPS of NT\$2.57**

Hsinchu, Taiwan, R.O.C., July 18, 2019 -- TSMC today announced consolidated revenue of NT\$241.00 billion, net income of NT\$66.77 billion, and diluted earnings per share of NT\$2.57 (US\$0.41 per ADR unit) for the second quarter ended June 30, 2019.

Year-over-year, second quarter revenue increased 3.3% while net income and diluted EPS both decreased 7.6%. Compared to first quarter 2019, second quarter results represented a 10.2% increase in revenue and an 8.7% increase in net income. All figures were prepared in accordance with TIFRS on a consolidated basis.

In US dollars, second quarter revenue was \$7.75 billion, which decreased 1.4% year-over-year and increased 9.2% from the previous quarter.

Gross margin for the quarter was 43.0%, operating margin was 31.7%, and net profit margin was 27.7%.

In the second quarter, shipments of 7-nanometer accounted for 21% of total wafer revenue and 10-nanometer process technology contributed 3% while 16-nanometer accounted for 23%. Advanced technologies, defined as 16-nanometer and more advanced technologies, accounted for 47% of total wafer revenue.

“In the second quarter, our business continued to be impacted by the soft overall global economic condition; customer inventory management; and high-end mobile product seasonality. But we have also passed the bottom of the cycle of our business and began to see demand increases,” said Lora Ho, SVP and Chief Financial Officer of TSMC. “Driven by new product launches of premium smartphones; the acceleration of 5G deployment; and the increasing adoption of our industry-leading 7-nanometer solutions by High Performance Computing applications, we expect our third quarter business to further improve. Based on our current business outlook, management expects the overall performance for third quarter 2019 to be as follows”:

- Revenue is expected to be between US\$9.1 billion and US\$9.2 billion;
- And, based on the exchange rate assumption of 1 US dollar to 31.0 NT dollars,
- Gross profit margin is expected to be between 46% and 48%;
  - Operating profit margin is expected to be between 35% and 37%.

## **Profile**

TSMC pioneered the pure-play foundry business model when it was founded in 1987, and has been the world's largest dedicated semiconductor foundry ever since. The company supports a thriving ecosystem of global customers and partners with the industry's leading process technology and portfolio of design enablement solutions to unleash innovation for the global semiconductor industry.

TSMC serves its customers with annual capacity of about 12 million 12-inch equivalent wafers in 2019 from fabs in Taiwan, the United States, and China, and provides the broadest range of technologies from 0.5 micron plus all the way to foundry's most advanced processes, which is 7-nanometer today. TSMC is the first foundry to provide 7-nanometer production capabilities, and is headquartered in Hsinchu, Taiwan. For more information about TSMC please visit <http://www.tsmc.com>.

### **(Management Report and Tables Follow)**

#### CONTACT

**Elizabeth Sun**

Corporate Communications Division

TSMC

[invest@tsmc.com](mailto:invest@tsmc.com)

886-3-568-2085

#### ***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 17, 2019, 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.