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# **2012 Third Quarter Earnings Conference**

*October 25, 2012*

# Agenda

- **Welcome** Elizabeth Sun
- **3Q12 Financial Results and 4Q12 Outlook** Lora Ho
- **CEO Message** Morris Chang
- **Q&A** Morris Chang /  
Lora Ho

# Safe Harbor Notice

- TSMC's statements of its current expectations are forward-looking statements subject to significant risks and uncertainties and actual results may differ materially from those contained in the forward-looking statements.
- Information as to those factors that could cause actual results to vary can 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, 2012 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.

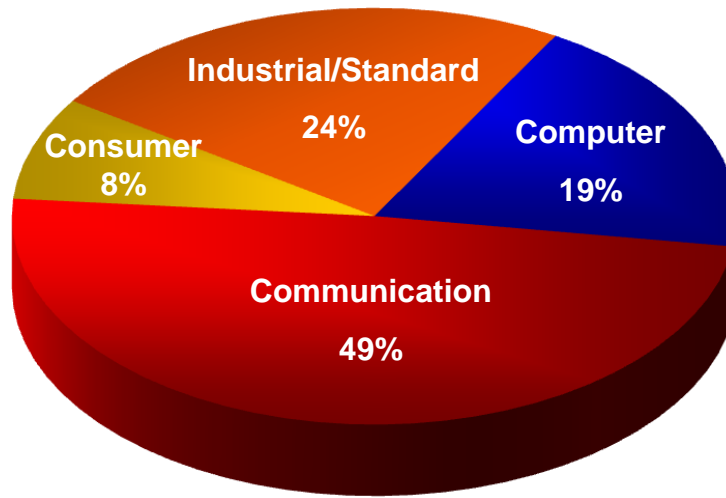
# Income Statements

Selected Items from Income Statements <i>(In NT billions)</i>	3Q12	3Q12 Guidance	2Q12	3Q11	3Q12 over 2Q12	3Q12 over 3Q11
Net Sales	141.38	136 - 138	128.06	106.48	+10.4%	+32.8%
<b>Gross Margin</b>	<b>48.8%</b>	<b>46% - 48%</b>	<b>48.6%</b>	<b>42.0%</b>	<b>+0.2 ppt</b>	<b>+6.8 ppts</b>
Operating Expenses	(16.38)		(15.54)	(13.17)	+5.4%	+24.3%
<b>Operating Margin</b>	<b>37.2%</b>	<b>34% - 36%</b>	<b>36.5%</b>	<b>29.7%</b>	<b>+0.8 ppt</b>	<b>+7.6 ppts</b>
Non-Operating Items	1.08		(0.79)	0.56	NM	+91.5%
Net Income	49.30		41.81	30.40	+17.9%	+62.2%
<b>Net Margin</b>	<b>34.9%</b>		<b>32.7%</b>	<b>28.5%</b>	<b>+2.2 ppts</b>	<b>+6.4 ppts</b>
EPS (NT Dollar)	1.90		1.61	1.17	+17.9%	+62.2%
ROE	30.3%		26.0%	20.9%	+4.3 ppts	+9.4 ppts
Shipment (Kpcs, 8"-equiv. Wafer)	3,860		3,701	3,180	+4.3%	+21.4%
Average Exchange Rate--NTD/USD	29.86		29.60	29.12	+0.9%	+2.5%

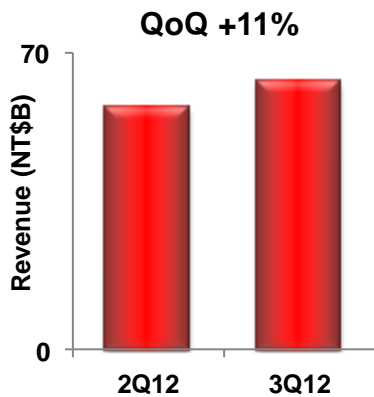
\* Diluted weighted average outstanding shares were 25,927mn units in 3Q12

\*\* ROE figures are annualized based on average equity attributable to shareholders of the parent

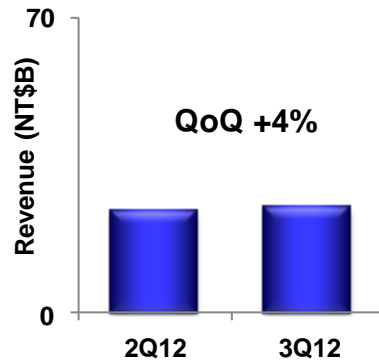
# 3Q12 Revenue by Application



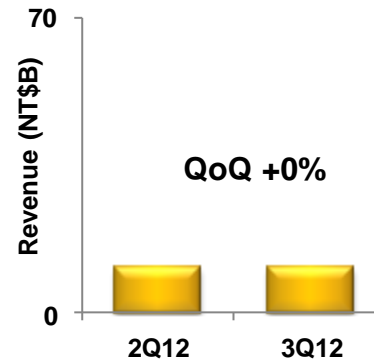
Communication



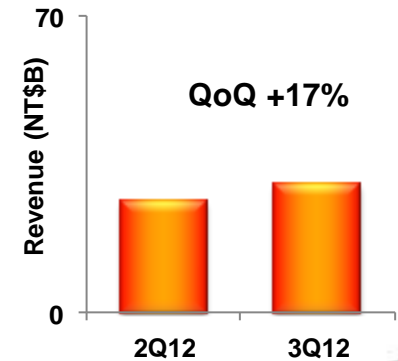
Computer



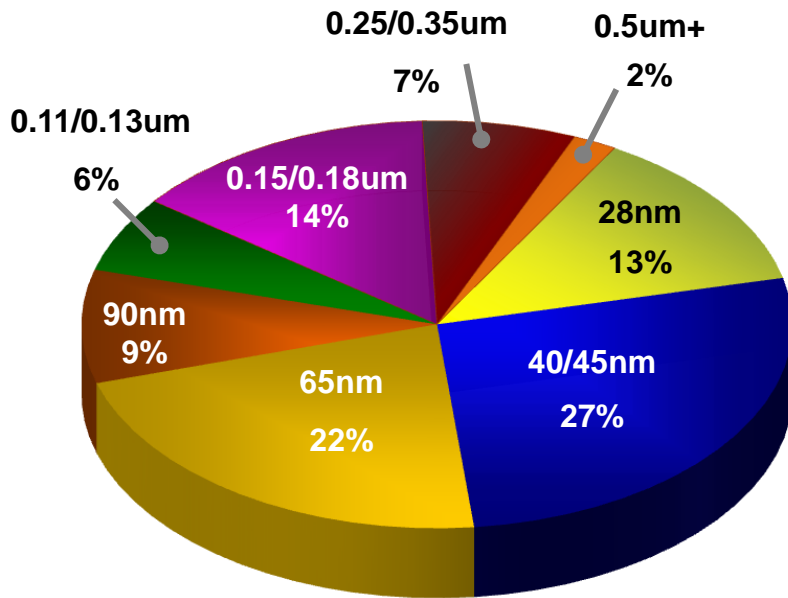
Consumer



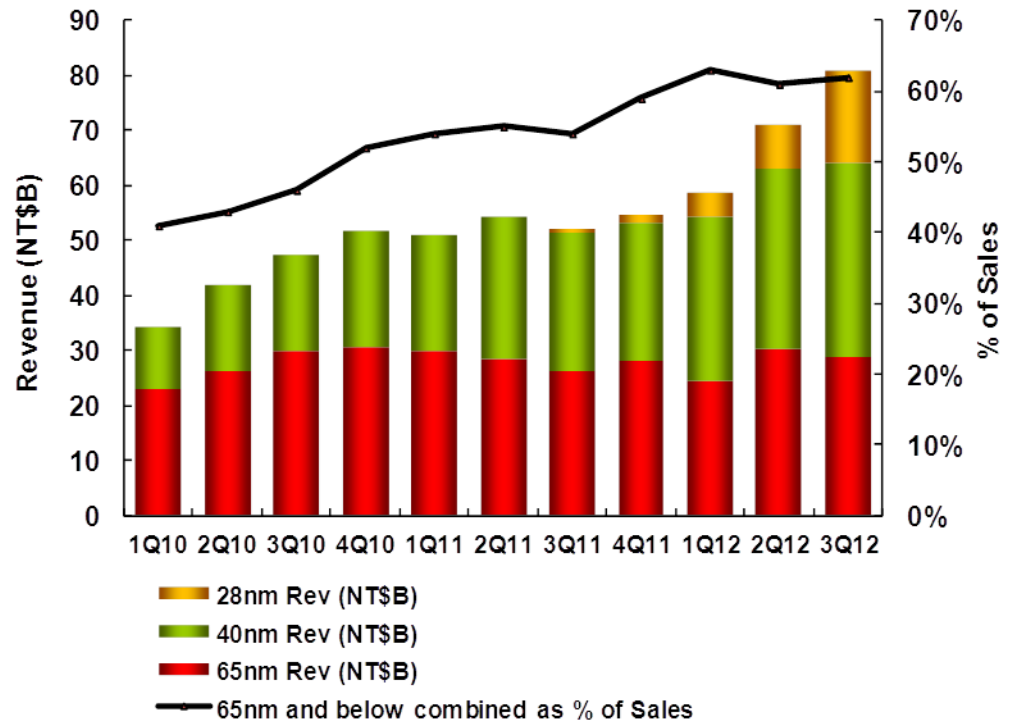
Industrial/Standard



# 3Q12 Revenue by Technology



65nm and below revenue



# Balance Sheets & Key Indices

## Selected Items from Balance Sheets

(In NT billions)

	3Q12		2Q12		3Q11	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	147.75	16.8%	188.37	21.3%	120.26	16.4%
Accounts Receivable - Trade	58.41	6.6%	54.94	6.2%	45.46	6.2%
Inventory	33.25	3.8%	30.78	3.5%	25.69	3.5%
<b>Long-Term Investment</b>	<b>28.64</b>	<b>3.3%</b>	<b>28.16</b>	<b>3.2%</b>	<b>36.47</b>	<b>5.0%</b>
<b>Net PP&amp;E</b>	<b>580.08</b>	<b>66.0%</b>	<b>548.15</b>	<b>62.0%</b>	<b>472.95</b>	<b>64.4%</b>
<b>Total Assets</b>	<b>878.65</b>	<b>100.0%</b>	<b>883.91</b>	<b>100.0%</b>	<b>734.64</b>	<b>100.0%</b>
<b>Current Liabilities</b>	<b>119.05</b>	<b>13.5%</b>	<b>211.85</b>	<b>23.9%</b>	<b>108.37</b>	<b>14.7%</b>
<b>Long-Term Interest-bearing Debt</b>	<b>77.73</b>	<b>8.8%</b>	<b>37.28</b>	<b>4.2%</b>	<b>20.34</b>	<b>2.8%</b>
<b>Total Liabilities</b>	<b>201.51</b>	<b>22.9%</b>	<b>253.85</b>	<b>28.7%</b>	<b>133.52</b>	<b>18.2%</b>
<b>Total Shareholders' Equity</b>	<b>677.15</b>	<b>77.1%</b>	<b>630.06</b>	<b>71.3%</b>	<b>601.12</b>	<b>81.8%</b>
<b>Key Indices</b>						
A/R Turnover Days	37		37		39	
Inventory Turnover Days	44		44		45	
Current Ratio (x)	2.1		1.3		1.8	
Asset Productivity (x)	1.1		1.0		0.9	

\* Total outstanding shares were 25,922mn units at 9/30/12

\*\* Asset productivity = Annualized net sales / Average net fixed assets

# Cash Flows

(In NT billions)

	3Q12	2Q12	3Q11
<b>Beginning Balance</b>	178.44	170.82	150.98
Cash from operating activities	76.63	69.97	55.21
Capital expenditures	(78.33)	(59.47)	(38.05)
Cash dividends	(77.75)	0.00	(77.73)
Short-term loans	(1.02)	(3.92)	2.88
Proceeds from issuance of bonds	40.60	0.00	18.00
Investments and others	0.17	1.04	3.55
<b>Ending Balance</b>	138.74	178.44	114.84
Free Cash Flow	(1.70)	10.50	17.16



# Installed Capacity

2012 Overall Capacity +14%; 12-inch Capacity +21%

FAB / (Wafer size)	4Q11 (A)	2011 (A)	1Q12 (A)	2Q12 (A)	3Q12 (A)	4Q12 (F)	2012 (F)
Fab-2 (6") <sup>(1)</sup>	255	1,000	253	247	256	256	1,012
Fab-3 (8")	304	1,184	298	300	304	306	1,208
Fab-5 (8")	136	547	145	146	148	148	587
Fab-6 (8")	286	1,128	298	296	298	298	1,191
Fab-8 (8")	255	1,003	262	263	266	266	1,057
Fab-12 (12") <sup>(2)</sup>	337	1,334	373	367	378	382	1,500
Fab-14 (12") <sup>(2)</sup>	504	1,927	549	546	563	552	2,210
Fab-15 (12") <sup>(2)</sup>				18	69	135	222
WaferTech (8")	107	429	110	111	112	112	444
TSMC China (8")	230	772	222	230	232	236	921
<b>TSMC &amp; Subsidiaries</b> (8" Equivalent Kpcs)	<b>3,352</b>	<b>12,963</b>	<b>3,553</b>	<b>3,579</b>	<b>3,776</b>	<b>3,915</b>	<b>14,823</b>
<b>SSMC (8")</b>	<b>65</b>	<b>258</b>	<b>64</b>	<b>64</b>	<b>65</b>	<b>65</b>	<b>258</b>
<b>Total TSMC-managed</b>	<b>3,417</b>	<b>13,221</b>	<b>3,616</b>	<b>3,643</b>	<b>3,841</b>	<b>3,980</b>	<b>15,080</b>

(1) Figures represent number of 6" wafers. Conversion to 8"-equivalent wafers is obtained by dividing this number by 1.78

(2) Figures represent number of 12" wafers. Conversion to 8"-equivalent wafers is obtained by multiplying this number by 2.25

# 4Q12 Guidance

**Based on our current business outlook and exchange rate assumption, management expects:**

- **Revenue to be between NT\$ 129 billion and NT\$ 131 billion, at a forecast exchange rate of 29.47 NT dollars to 1 US dollar**
- **Gross profit margin to be between 45 % and 47 %**
- **Operating profit margin to be between 33 % and 35 %**

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