

2015 Fourth Quarter Earnings Conference

January 14, 2016

Agenda

- **Welcome** Elizabeth Sun
- **4Q15 Financial Results and 1Q16 Outlook** Lora Ho
- **Key Messages** Mark Liu
C.C. Wei
Lora Ho
- **Q&A** Chairman

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, 2015 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.

Statements of Comprehensive Income

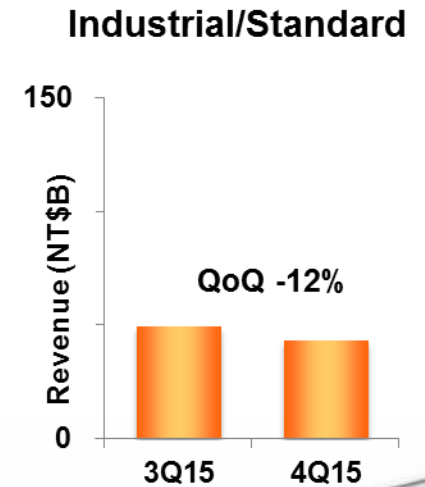
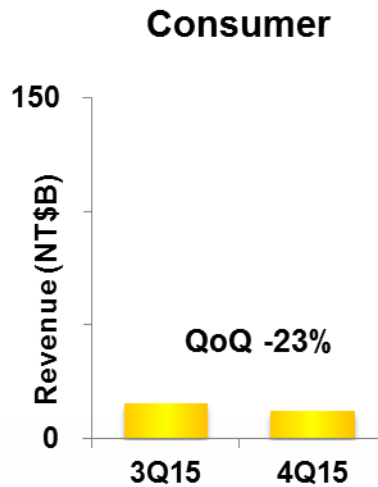
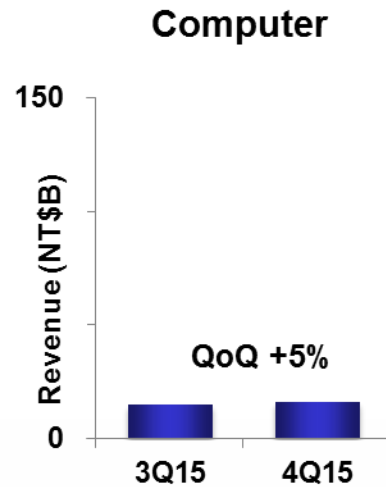
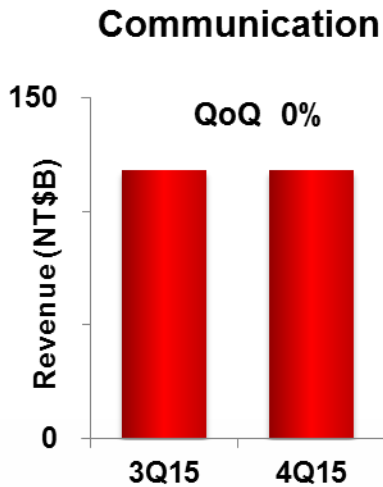
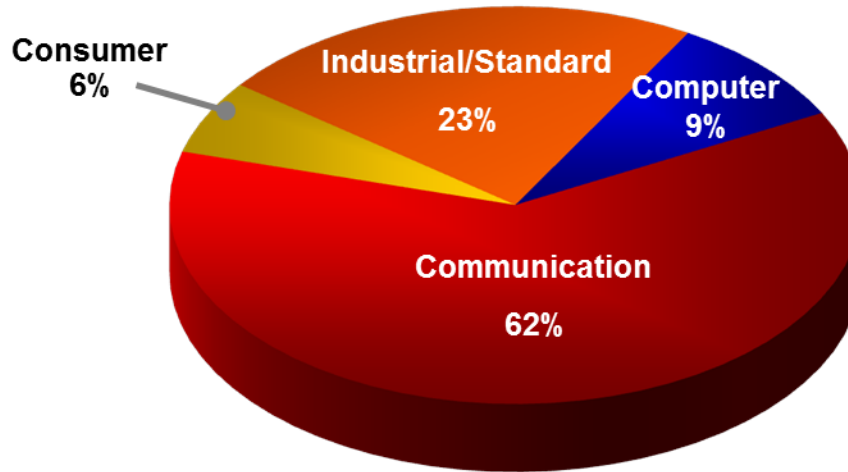
Selected Items from Statements of Comprehensive Income

(In NT\$ billions)	4Q15	4Q15 Guidance	3Q15	4Q14	4Q15 over 3Q15	4Q15 over 4Q14
Net Revenue	203.52	201-204	212.51	222.52	-4.2%	-8.5%
Gross Margin	48.6%	47.5% - 49.5%	48.2%	49.7%	+0.4 ppt	-1.1 ppts
Operating Expenses	(21.22)		(22.16)	(21.57)	-4.3%	-1.7%
Operating Margin	38.3%	36.5% - 38.5%	36.9%	39.6%	+1.4 ppts	-1.3 ppts
Non-Operating Items	2.68		5.01	1.10	-46.5%	144.5%
Net Income to Shareholders of the Parent Company	72.84		75.33	79.99	-3.3%	-8.9%
Net Profit Margin	35.8%		35.4%	35.9%	+0.4 ppt	-0.1 ppt
EPS (NT Dollar)	2.81		2.91	3.08	-3.3%	-8.9%
ROE	24.6%		27.2%	32.0%	-2.6 ppts	-7.4 ppts
Shipment (Kpcs, 12"-equiv. Wafer)	2,020		2,216	2,225	-8.8%	-9.2%
Average Exchange Rate--USD/NTD	32.63	32.71	31.88	30.78	2.3%	6.0%

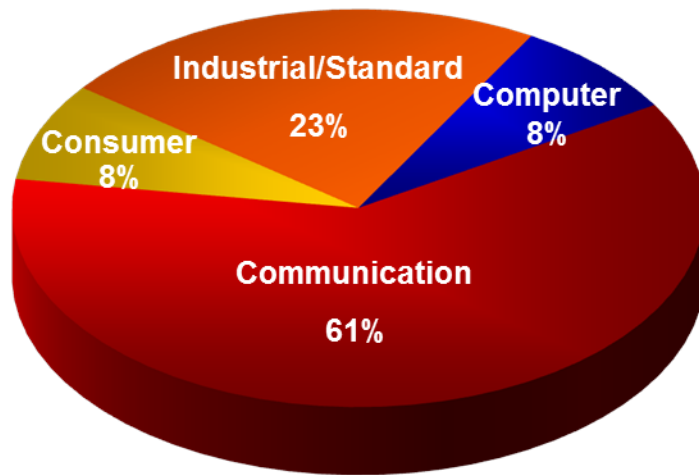
* Diluted weighted average outstanding shares were 25,930mn units in 4Q15.

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

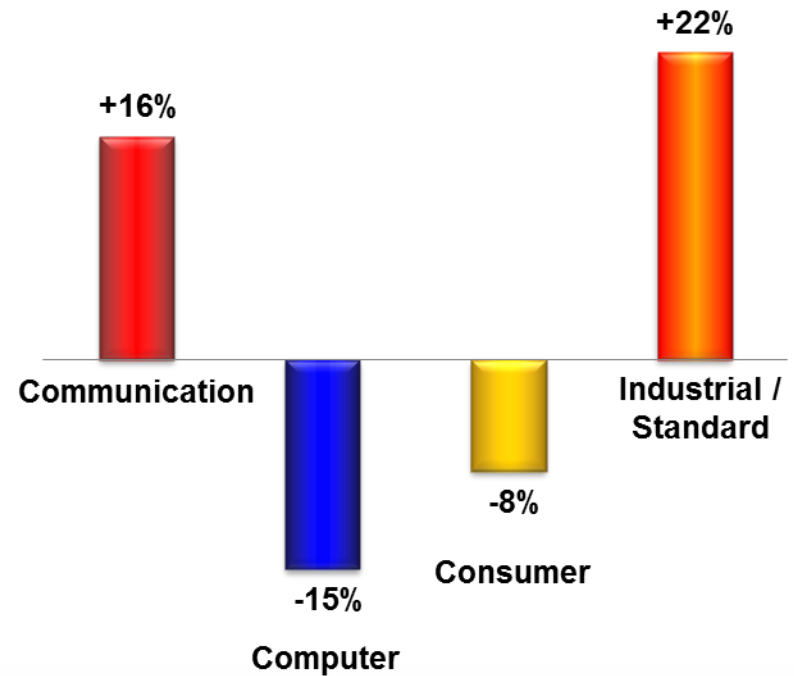
4Q15 Revenue by Application



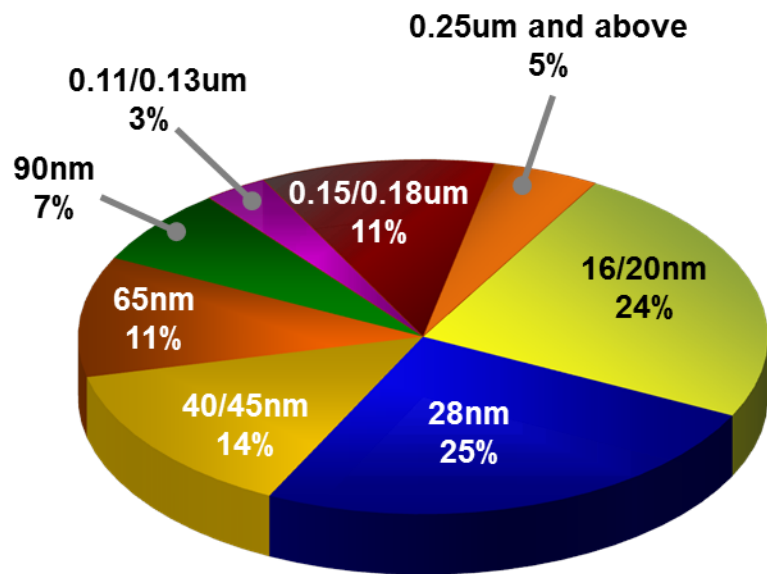
2015 Revenue by Application



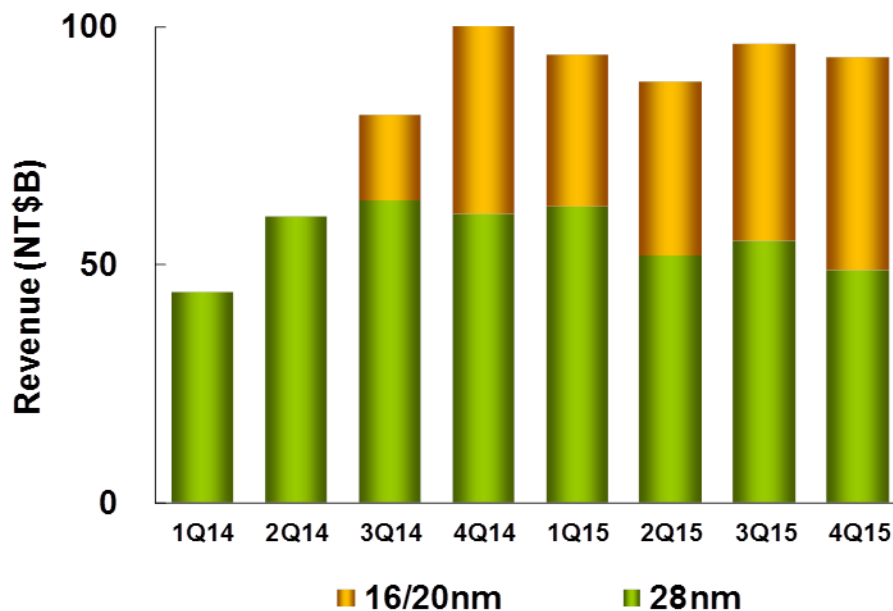
Growth rate by application (YoY)



4Q15 Revenue by Technology

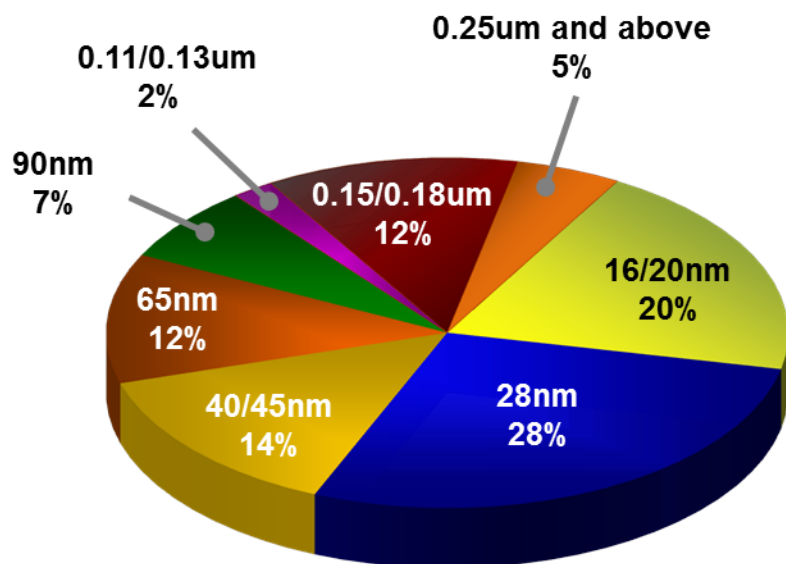


28nm and below revenue

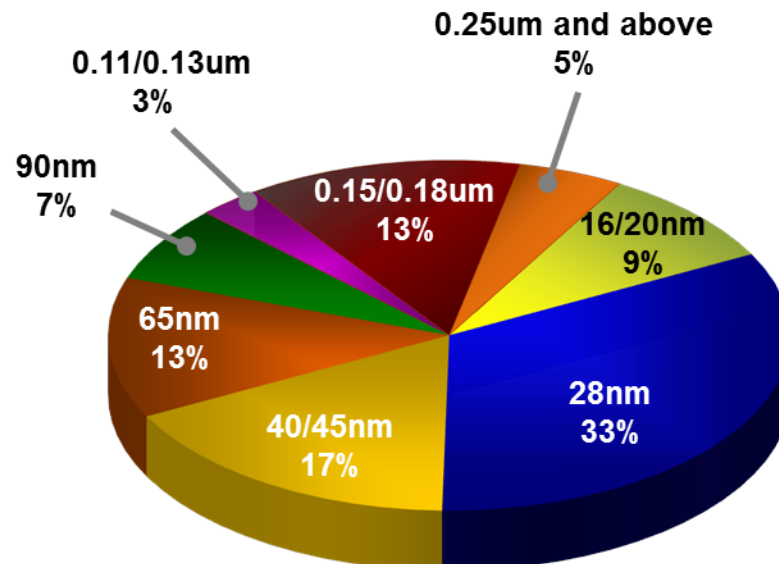


Revenue by Technology

2015



2014



Balance Sheets & Key Indices

Selected Items from Balance Sheets <i>(In NT\$ billions)</i>	4Q15		3Q15		4Q14	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	586.16	35.4%	524.88	33.3%	436.92	29.2%
Accounts Receivable	85.57	5.2%	97.12	6.2%	115.05	7.7%
Inventories	67.05	4.0%	65.07	4.1%	66.34	4.4%
Long-term Investments	34.99	2.1%	31.02	2.0%	30.06	2.0%
Net PP&E	853.47	51.5%	830.82	52.7%	818.20	54.7%
Total Assets	1,657.52	100.0%	1,576.22	100.0%	1,495.05	100.0%
Current Liabilities	212.23	12.8%	201.69	12.8%	201.01	13.5%
Long-term Interest-bearing Debts	192.00	11.6%	192.01	12.2%	214.52	14.3%
Total Liabilities	434.89	26.2%	425.22	27.0%	448.72	30.1%
Total Shareholders' Equity	1,222.63	73.8%	1,151.00	73.0%	1,046.33	69.9%
Key Indices						
A/R Turnover Days	41		42		47	
Inventory Turnover Days	62		59		58	
Current Ratio (x)	3.5		3.4		3.1	
Asset Productivity (x)	1.0		1.0		1.1	

* Total outstanding shares were 25,930mn units at 12/31/15.

** Asset productivity = Annualized net revenue / Average net PP&E

Cash Flows

(In NT\$ billions)

	4Q15	3Q15	4Q14
Beginning Balance	515.73	528.90	225.88
Cash from operating activities	144.67	118.14	153.67
Capital expenditures	(84.52)	(70.30)	(52.42)
Cash dividends	0.00	(116.68)	0.00
Short-term loans	5.77	27.70	(2.04)
Investments and others	(18.96)	27.97	33.36
Ending Balance	562.69	515.73	358.45
Free Cash Flow ⁽¹⁾	60.15	47.84	101.25

(1) Free cash flow = Cash from operating activities – Capital expenditures

2015 Financial Highlights

	2015	2014	YoY
<i>(In NT\$ billions unless otherwise noted)</i>			
Net Revenue	843.50	762.81	10.6%
Gross Margin	48.7%	49.5%	-0.8 ppt
Operating Margin	37.9%	38.8%	-0.9 ppt
Income before Income Tax	350.43	302.08	16.0%
EPS - Diluted (NT\$)	11.82	10.18	16.2%
Operating Cash Flow	529.89	421.53	25.7%
Capital Expenditures	257.52	288.54	-10.8%
Free Cash Flow (FCF)	272.37	132.99	104.8%
Cash Dividends	116.68	77.79	50.0%
Cash & Marketable Securities	586.16	436.92	34.2%
ROE	27.0%	27.9%	-0.9 ppt

1Q16 Guidance

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

- **Revenue to be between NT\$ 198 billion and NT\$ 201 billion, at a forecast exchange rate of 32.5 NT dollars to 1 US dollar**
- **Gross profit margin to be between 47% and 49%**
- **Operating profit margin to be between 36.5% and 38.5%**

Recap of Recent Major Events

- **TSMC Ranked No. 1 in Semiconductor Manufacturing by IEEE Spectrum Patent Power Scorecard (2015/12/17)**
- **TSMC Applies for 12-inch Wafer Fab and Design Service Center in China (2015/12/07)**
- **TSMC Recognizes Outstanding Suppliers at Supply Chain Management Forum (2015/12/03)**
- **TSMC to Sell 5.1% of Xintec Inc. (2015/11/27)**
- **TSMC to Sell 6% of Motech Industries, Inc. (2015/11/27)**

- **Please visit TSMC's website (<http://www.tsmc.com>) and Market Observation Post System (<http://mops.twse.com.tw>) for details and other announcements**

<http://www.tsmc.com>
invest@tsmc.com