



TSMC Reports First Quarter EPS of NT\$2.50

Hsinchu, Taiwan, R.O.C., April 14, 2016 -- TSMC today announced consolidated revenue of NT\$203.50 billion, net income of NT\$64.78 billion, and diluted earnings per share of NT\$2.50 (US\$0.38 per ADR unit) for the first quarter ended March 31, 2016.

Year-over-year, first quarter revenue decreased 8.3% while net income and diluted EPS both decreased 18.0%. Compared to fourth quarter 2015, first quarter results represent essentially flat revenue, and an 11.1% decrease in net income. All figures were prepared in accordance with TIFRS on a consolidated basis.

In US dollars, first quarter revenue was \$6.14 billion, which decreased 1.6% from previous quarter and decreased 12.8% year-over-year.

Gross margin for the quarter was 44.9%, operating margin was 34.6%, and net profit margin was 31.8%. The February 6, 2016 earthquake negatively impacted TSMC's gross margin by 2.2 percentage points and operating margin by 2.4 percentage points.

Shipments of 16/20-nanometer accounted for 23% of wafer revenues, and 28-nanometer process technology accounted for 30% of total wafer revenues. Advanced technologies, defined as 28-nanometer and more advanced technologies, accounted for 53% of total wafer revenues.

"Although the February 6 earthquake caused some delay in wafer shipments in the first quarter, we saw business upside resulting from demand increases in mid- and low-end smartphone segments and customer inventory restocking," said Lora Ho, SVP and Chief Financial Officer of TSMC. "We expect our business in the second quarter will benefit from continued inventory restocking and recovery of the delayed shipments from the earthquake. Based on our current business outlook and exchange rate assumption of 1 US dollar to 32.3 NT dollars, management expects overall performance for second quarter 2016 to be as follows":

- Revenue is expected to be between NT\$215 billion and NT\$218 billion;
- Gross profit margin is expected to be between 49% and 51%;
- Operating profit margin is expected to be between 38.5% and 40.5%.

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 2016 is expected to reach above 10 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)

CONTACT

Elizabeth Sun

Corporate Communications Division

TSMC

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 11, 2016, 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.