

2019 First Quarter Earnings Conference

April 18, 2019

Agenda

- **Welcome** Elizabeth Sun
- **1Q19 Financial Results and 2Q19 Outlook** Lora Ho
- **Key Messages** Lora Ho
- **Q&A** C.C. Wei

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 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.

Statements of Comprehensive Income

Selected Items from Statements of Comprehensive Income

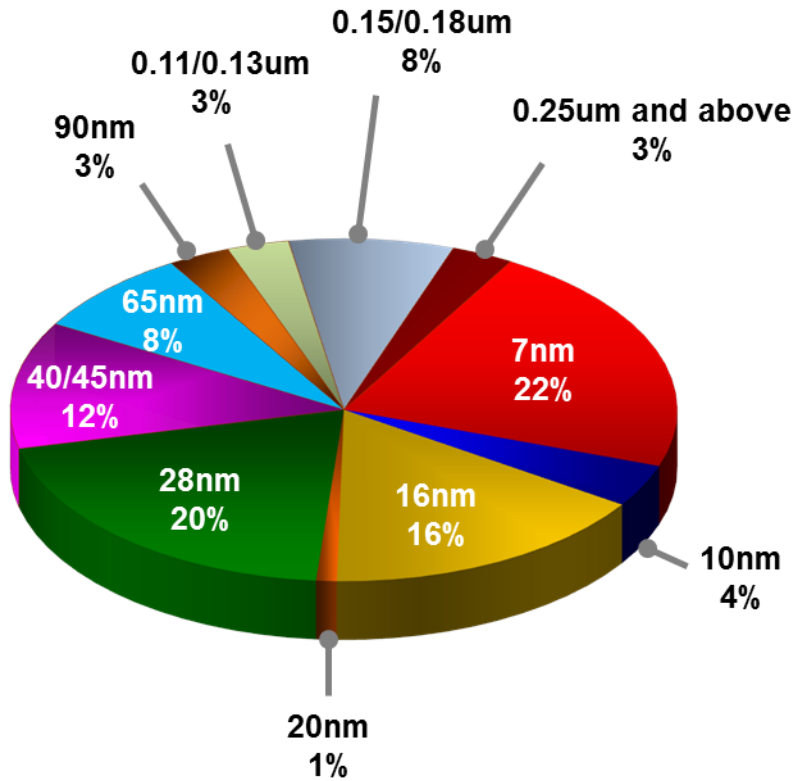
(In NT\$ billions unless otherwise noted)

	1Q19	1Q19 Guidance (revised)	1Q19 Guidance	4Q18	1Q18	1Q19 over 4Q18	1Q19 over 1Q18
Net Revenue (US\$ billions)	7.10	7.0-7.1	7.3-7.4	9.40	8.46	-24.5%	-16.1%
Net Revenue	218.70			289.77	248.08	-24.5%	-11.8%
Gross Margin	41.3%	41.0% - 43.0%	43.0% - 45.0%	47.7%	50.3%	-6.4 ppts	-9.0 ppts
Operating Expenses	(26.02)			(30.85)	(26.73)	-15.7%	-2.7%
Operating Margin	29.4%	29.0% - 31.0%	31.0% - 33.0%	37.0%	39.0%	-7.6 ppts	-9.6 ppts
Non-Operating Items	3.91			3.96	3.11	-1.1%	+25.6%
Net Income to Shareholders of the Parent Company	61.39			99.98	89.79	-38.6%	-31.6%
Net Profit Margin	28.1%			34.5%	36.2%	-6.4 ppts	-8.1 ppts
EPS (NT Dollar)	2.37			3.86	3.46	-38.6%	-31.6%
ROE	14.4%			24.6%	23.0%	-10.2 ppts	-8.6 ppts
Shipment (Kpcs, 12"-equiv. Wafer)	2,205			2,686	2,680	-17.9%	-17.7%
Average Exchange Rate--USD/NTD	30.82	30.60	30.60	30.83	29.33	-0.0%	+5.1%

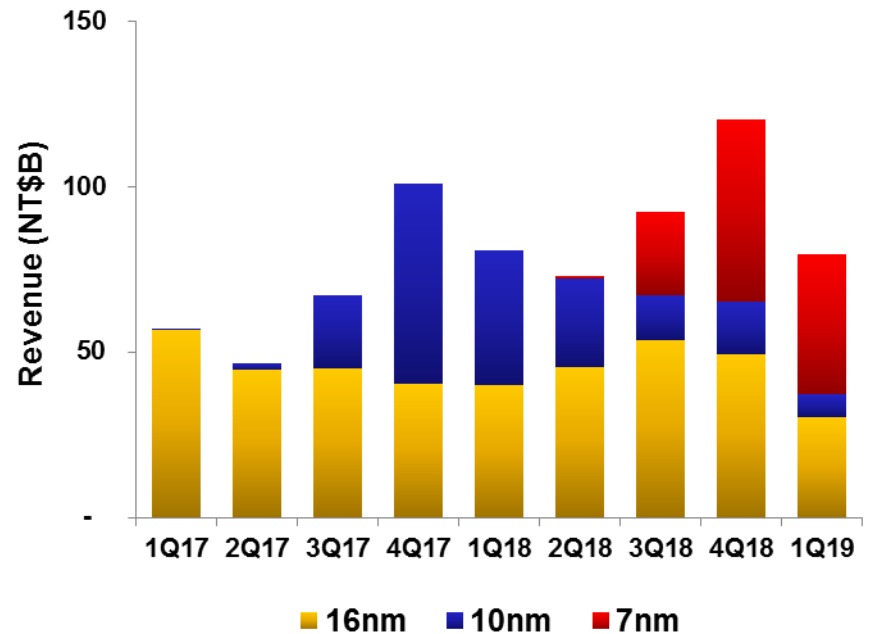
* Diluted weighted average outstanding shares were 25,930mn units in 1Q19.

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

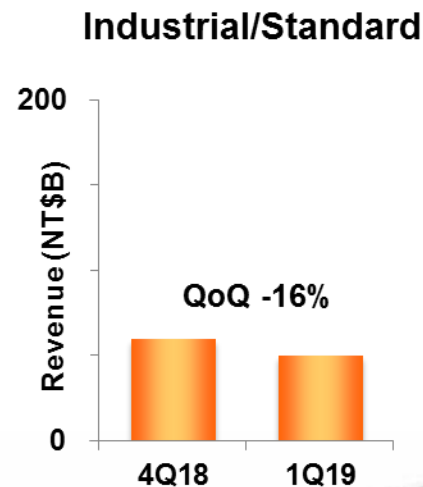
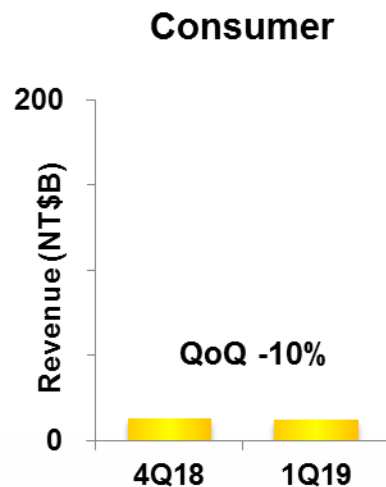
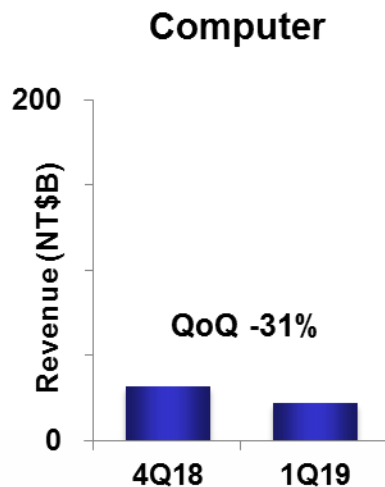
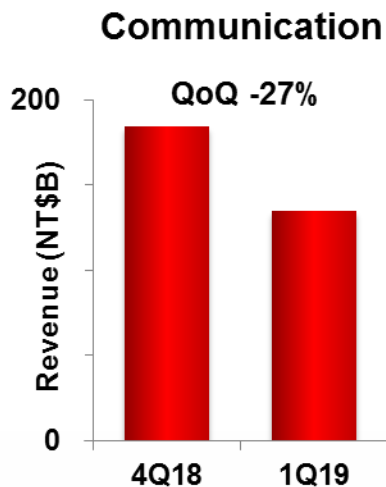
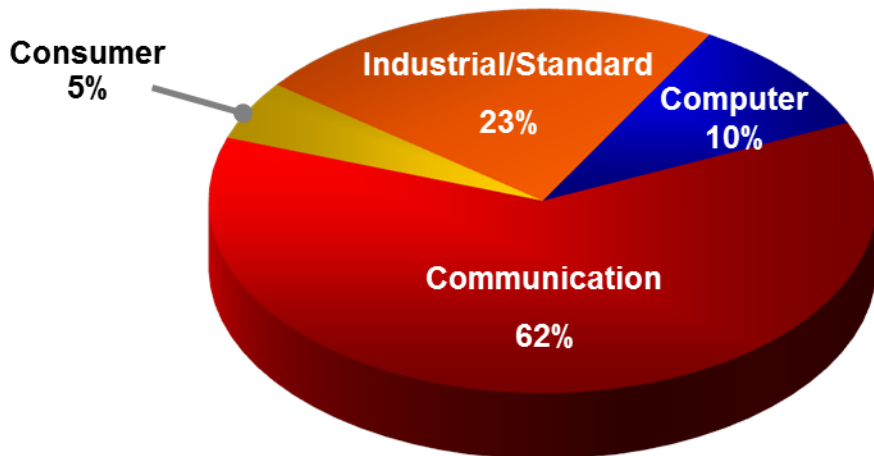
1Q19 Revenue by Technology



16nm and Below Revenue



1Q19 Revenue by Application

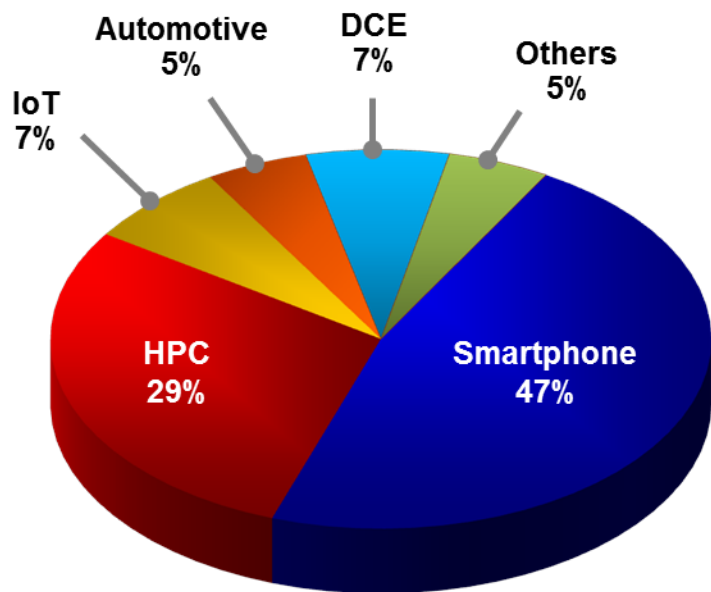


Mapping Between Applications & Platforms

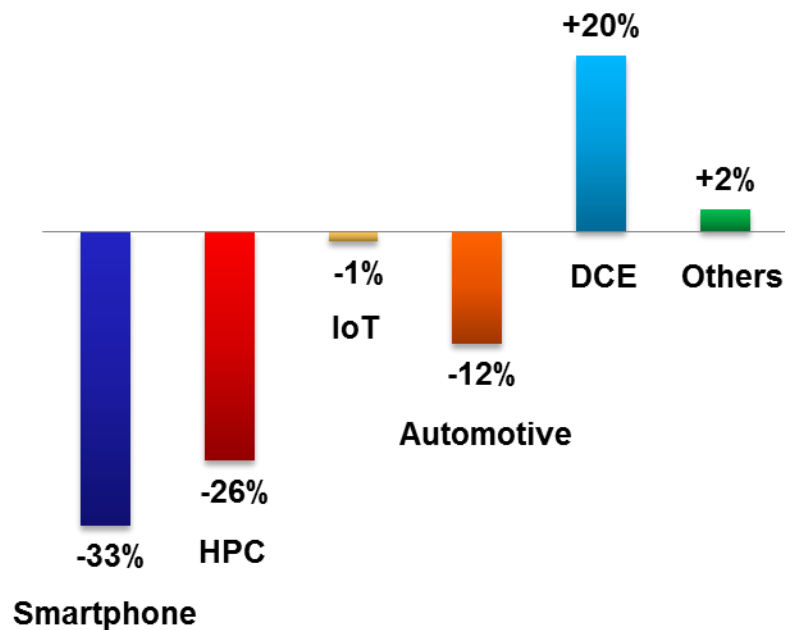
Platforms Applications	Smartphone	High Performance Computing	Internet of Things	Automotive	Digital Consumer Electronics	Others
Computer		>95%	V	V	V	V
Communication	~2/3	~1/5	V	V	V	V
Consumer	V	VVV	V	V	VVV	V
Industrial/ Standard	~30%	~30%	V	VV	V	V

Note: VVV – Varying amount between 30% and 60%
 VV – Varying amount between 10% and 20%
 V – Varying amount <10%

1Q19 Revenue by Platform



Growth rate by Platform (QoQ)



Balance Sheets & Key Indices

Selected Items from Balance Sheets <i>(In NT\$ billions)</i>	1Q19		4Q18		1Q18	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	760.25	34.7%	695.18	33.2%	684.38	33.4%
Accounts Receivable	106.74	4.9%	129.20	6.2%	107.78	5.3%
Inventories	108.68	5.0%	103.23	4.9%	85.22	4.1%
Long-term Investments	30.04	1.4%	29.31	1.4%	34.38	1.7%
Net PP&E	1,107.65	50.6%	1,072.05	51.3%	1,055.37	51.5%
Total Assets	2,187.44	100.0%	2,090.13	100.0%	2,049.16	100.0%
Current Liabilities	378.27	17.3%	340.54	16.3%	342.24	16.7%
Long-term Interest-bearing Debts	35.30	1.6%	56.90	2.7%	83.40	4.1%
Total Liabilities	443.92	20.3%	412.63	19.7%	442.55	21.6%
Total Shareholders' Equity	1,743.52	79.7%	1,677.50	80.3%	1,606.61	78.4%
Key Indices						
A/R Turnover Days	49		41		42	
Inventory Turnover Days	79		67		63	
Current Ratio (x)	2.6		2.8		2.7	
Asset Productivity (x)	0.8		1.1		0.9	

* Total outstanding shares were 25,930mn units at 3/31/19.

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

Cash Flows

<i>(In NT\$ billions)</i>	1Q19	4Q18	1Q18
Beginning Balance	577.81	488.73	553.39
Cash from operating activities	152.67	189.37	160.73
Capital expenditures	(75.94)	(114.10)	(71.85)
Short-term loans	(12.26)	14.30	(5.78)
Investments and others	3.39	(0.49)	(58.71)
Ending Balance	645.67	577.81	577.78
Free Cash Flow ⁽¹⁾	76.73	75.27	88.88

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

2Q19 Guidance

Based on our current business outlook, management expects:

- Revenue to be between US\$ 7.55 billion and US\$ 7.65 billion

And, based on the exchange rate assumption of 1 US dollar to 30.85 NT dollars, management expects:

- Gross profit margin to be between 43% and 45%
- Operating profit margin to be between 31% and 33%

Recap of Recent Major Events

- **TSMC Unveils 6-Nanometer Process (2019/04/16)**
- **TSMC and OIP Ecosystem Partners Deliver Industry's First Complete Design Infrastructure for 5nm Process Technology (2019/04/03)**
- **TSMC Board of Directors Proposes NT\$8 Cash Dividend per Share for Full Year 2018 and Will Propose NT\$2 Cash Dividend per Share for First Quarter 2019, and Approves the Convening of the 2019 Annual Shareholders' Meeting on June 5, 2019, at Which Shareholders Will Hold a By-election for One Independent Director (2019/02/19)**
- **The Board of Directors Approved the Nomination of Moshe N. Gavrielov as a Candidate for Independent Director (2019/02/19)**
- **TSMC Details Impact of Fab 14B Photoresist Material Incident, Updates 1Q'19 Guidance (2019/02/15)**
- 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>
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