



TSMC Reports Second Quarter EPS of NT\$2.80

Hsinchu, Taiwan, R.O.C., July 14, 2016 -- TSMC today announced consolidated revenue of NT\$221.81 billion, net income of NT\$72.51 billion, and diluted earnings per share of NT\$2.80 (US\$0.43 per ADR unit) for the second quarter ended June 30, 2016.

Year-over-year, second quarter revenue increased 8.0% while net income and diluted EPS both decreased 8.7%. If the non-recurring gains in second quarter of 2015 were excluded, the second quarter 2016 net income and diluted EPS would have both increased by 17.2% year-over-year. Compared to first quarter 2016, second quarter results represent a 9.0% increase in revenue, and an 11.9% increase in net income. All figures were prepared in accordance with TIFRS on a consolidated basis.

In US dollars, second quarter revenue was \$6.84 billion, which increased 11.4% from the previous quarter and increased 2.7% year-over-year.

Gross margin for the quarter was 51.5%, operating margin was 41.2%, and net profit margin was 32.7%.

Shipments of 16/20-nanometer accounted for 23% of wafer revenues, and 28-nanometer process technology accounted for 28% of total wafer revenues. Advanced technologies, defined as 28-nanometer and more advanced technologies, accounted for 51% of total wafer revenues.

“Second quarter results exceeded the high end of our guidance given three months earlier mainly due to 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 third quarter will benefit from new product launches by major mobile device customers as well as continued inventory restocking by our customers. Based on our current business outlook and exchange rate assumption of 1 US dollar to 32.30 NT dollars, management expects overall performance for third quarter 2016 to be as follows”:

- Revenue is expected to be between NT\$254 billion and NT\$257 billion;
- Gross profit margin is expected to be between 50% and 52%;
- Operating profit margin is expected to be between 39.5% and 41.5%.

The management also states 2016 capital budget to be between US\$9.5 billion and 10.5 billion.

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)

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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.