



## **TSMC Reports First Quarter EPS of NT\$3.38**

Hsinchu, Taiwan, R.O.C., April 13, 2017 -- TSMC today announced consolidated revenue of NT\$233.91 billion, net income of NT\$87.63 billion, and diluted earnings per share of NT\$3.38 (US\$0.54 per ADR unit) for the first quarter ended March 31, 2017.

Year-over-year, first quarter revenue increased 14.9% while net income and diluted EPS both increased 35.3%. Compared to fourth quarter 2016, first quarter results represent a 10.8% decrease in revenue, and a 12.5% decrease in net income. All figures were prepared in accordance with TIFRS on a consolidated basis.

In US dollars, first quarter revenue was \$7.51 billion, which decreased 9% from the previous quarter but increased 22.2% year-over-year.

Gross margin for the quarter was 51.9%, operating margin was 40.8%, and net profit margin was 37.5%.

Shipments of 16/20-nanometer accounted for 31% of total wafer revenue, and 28-nanometer process technology accounted for 25% of total wafer revenue. Advanced technologies, defined as 28-nanometer and more advanced technologies, accounted for 56% of total wafer revenue.

“Due to a stronger than expected appreciation of the NT dollar against the US dollar during the first quarter (31.16:1 actual vs. 32:1 expected), relative to our January 12<sup>th</sup> guidance for 1Q, our first quarter revenue was reduced by approximately NT\$6 billion while our gross margin and operating margin was reduced by about 100 basis points,” said Lora Ho, SVP and Chief Financial Officer of TSMC. “Moving into second quarter, we forecast the demand will be weaker than the prior quarter due to supply chain inventory management during the second quarter and mobile product seasonality. Based on our current business outlook and exchange rate assumption of 1 US dollar to 30.5 NT dollars, management expects overall performance for second quarter 2017 to be as follows”:

- Revenue is expected to be between NT\$213 billion and NT\$216 billion;
- Gross profit margin is expected to be between 50.5% and 52.5%;
- Operating profit margin is expected to be between 39% and 41%.

## 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 2017 is expected to reach above 11 million (12-inch equivalent) wafers, including capacity from three advanced 12-inch GIGAFAB<sup>®</sup> 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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### ***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 13, 2017, 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.