

2015 First Quarter Earnings Conference

April 16, 2015

Agenda

- **Welcome** Elizabeth Sun
- **1Q15 Financial Results and 2Q15 Outlook** Lora Ho
- **Key Messages** Mark Liu /
C.C. Wei
- **Q&A**

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

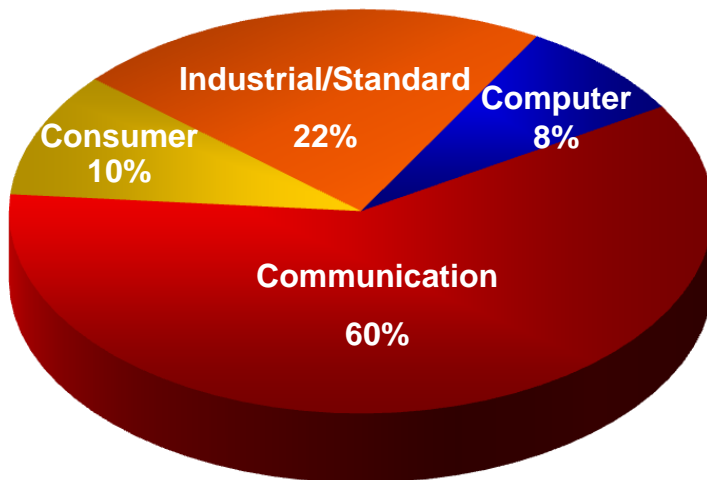
Selected Items from Statements of Comprehensive Income

(In NT\$ billions)	1Q15	1Q15 Guidance	4Q14	1Q14	1Q15 over 4Q14	1Q15 over 1Q14
Net Revenue	222.03	221-224	222.52	148.22	-0.2%	49.8%
Gross Margin	49.3%	48.5% - 50.5%	49.7%	47.5%	-0.4 ppt	+1.8 ppts
Operating Expenses	(22.54)		(21.57)	(17.88)	4.5%	26.1%
Operating Margin	39.0%	38.5% - 40.5%	39.6%	35.4%	-0.6 ppt	+3.6 ppts
Non-Operating Items	1.63		1.10	0.78	49.0%	109.4%
Net Income to Shareholders of the Parent Company	78.99		79.99	47.87	-1.2%	65.0%
Net Profit Margin	35.6%		35.9%	32.3%	-0.3 ppt	+3.3 ppts
EPS (NT Dollar)	3.05		3.08	1.85	-1.3%	65.0%
ROE	29.1%		32.0%	21.9%	-2.8 ppts	+7.2 ppts
Shipment (Kpcs, 12"-equiv. Wafer)	2,287		2,225	1,718	2.8%	33.1%
Average Exchange Rate--USD/NTD	31.53	31.80	30.78	30.25	2.4%	4.3%

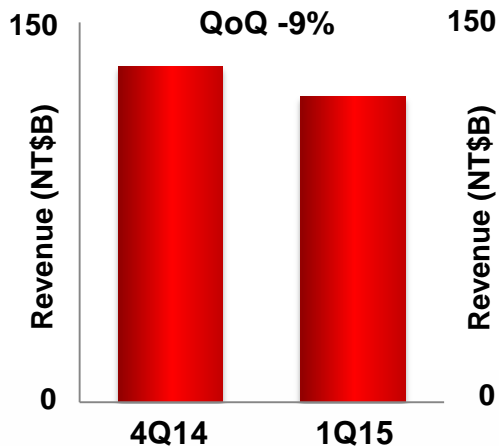
* Diluted weighted average outstanding shares were 25,931mn units in 1Q15.

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

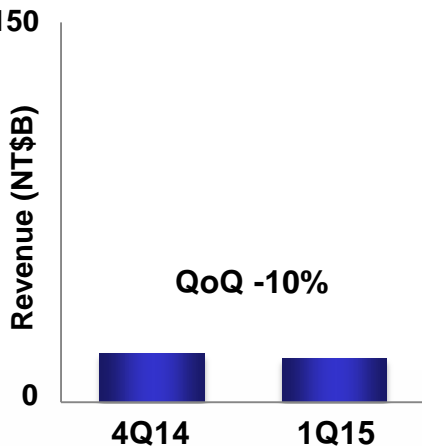
1Q15 Revenue by Application



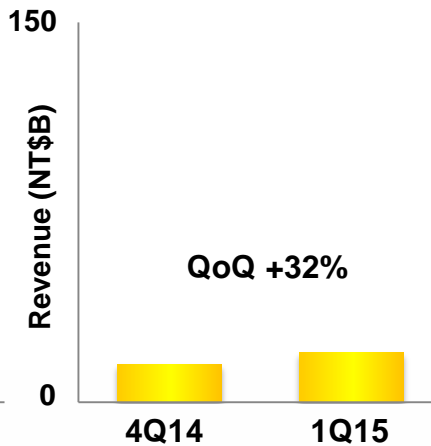
Communication



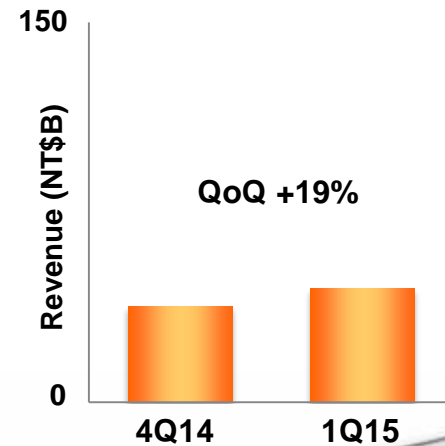
Computer



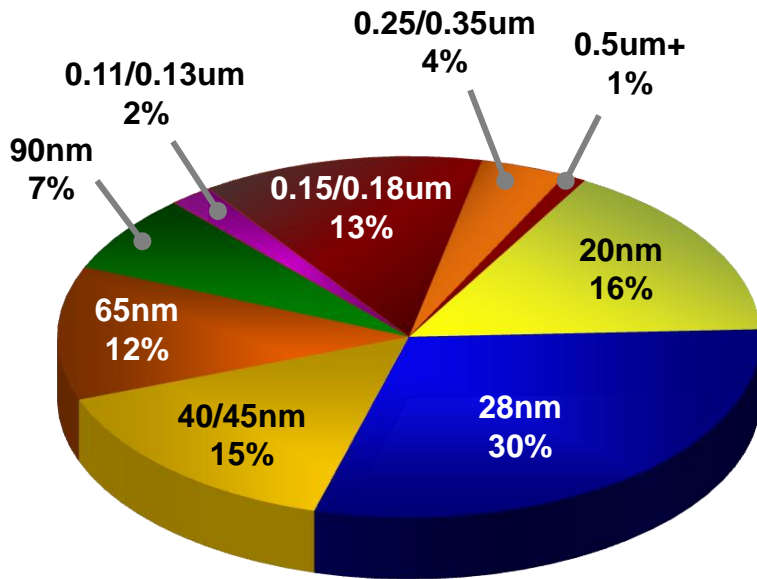
Consumer



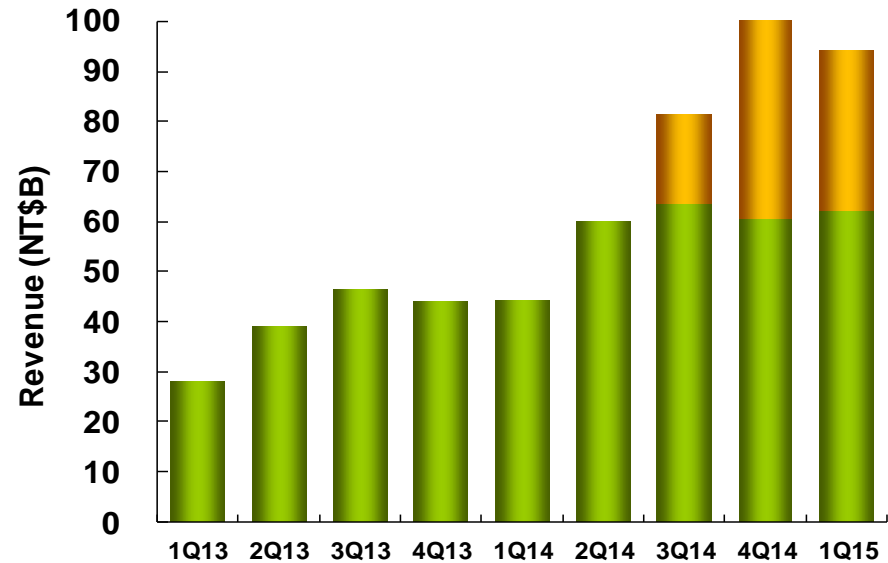
Industrial/Standard



1Q15 Revenue by Technology



28nm and below revenue



■ 20nm Revenue (NT\$B)
■ 28nm Revenue (NT\$B)

Balance Sheets & Key Indices

Selected Items from Balance Sheets

(In NT\$ billions)

	1Q15		4Q14		1Q14	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	518.98	33.3%	436.92	29.2%	234.95	18.1%
Accounts Receivable	99.12	6.4%	115.05	7.7%	74.33	5.7%
Inventories	64.60	4.2%	66.34	4.4%	43.48	3.3%
Long-term Investments	32.18	2.1%	30.06	2.0%	90.85	7.0%
Net PP&E	813.22	52.2%	818.20	54.7%	828.01	63.8%
Total Assets	1,556.90	100.0%	1,495.05	100.0%	1,298.65	100.0%
Current Liabilities	187.56	12.1%	201.01	13.5%	174.40	13.4%
Long-term Interest-bearing Debts	214.05	13.7%	214.52	14.3%	212.62	16.4%
Total Liabilities	432.98	27.8%	448.72	30.1%	399.96	30.9%
Total Shareholders' Equity	1,123.92	72.2%	1,046.33	69.9%	898.69	69.1%
Key Indices						
A/R Turnover Days	44		47		45	
Inventory Turnover Days	57		58		52	
Current Ratio (x)	3.7		3.1		2.0	
Asset Productivity (x)	1.1		1.1		0.7	

* Total outstanding shares were 25,930mn units at 3/31/15.

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

Cash Flows

<i>(In NT\$ billions)</i>	1Q15	4Q14	1Q14
Beginning Balance	358.45	225.88	242.70
Cash from operating activities	156.00	153.67	94.86
Capital expenditures	(48.88)	(52.42)	(114.91)
Short-term loans	(17.34)	(2.04)	8.82
Investments and others	(10.82)	33.36	0.23
Ending Balance	437.41	358.45	231.70
Free Cash Flow *	107.12	101.25	(20.05)

* Free cash flow = Cash from operating activities – Capital expenditures

2Q15 Guidance

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

- Revenue to be between NT\$ 204 billion and NT\$ 207 billion, at a forecast exchange rate of 31.03 NT dollars to 1 US dollar
- Gross profit margin to be between 47.5% and 49.5%
- Operating profit margin to be between 36.5% and 38.5%
- 2015 Capital Expenditures to be between US\$ 10.5 billion and US\$ 11.0 billion

Recap of Recent Major Events

- **Altera and TSMC Innovate Industry-first, UBM-free WLCSP Packaging Technology Platform for MAX® 10 FPGA Products (2015/04/07)**
- **TSMC Board of Directors Proposes NT\$4.5 Cash Dividend per Share and Approves the Election for its Eight-Member Board of Directors at the 2015 Annual Shareholders' Meeting to be Held on June 9 (2015/02/10)**
- **Please visit TSMC's website (<http://www.tsmc.com>) and Market Observation Post System (<http://mops.twse.com.tw>) for details and other announcements**

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