

2015 Second Quarter Earnings Conference

July 16, 2015

Agenda

- **Welcome** Elizabeth Sun
- **2Q15 Financial Results and 3Q15 Outlook** Lora Ho
- **Key Messages** Mark Liu /
C.C. Wei /
Lora Ho
- **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

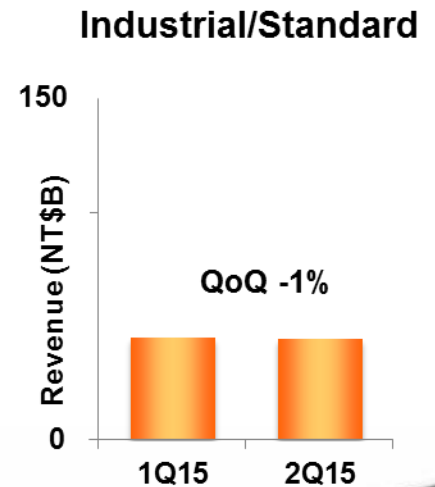
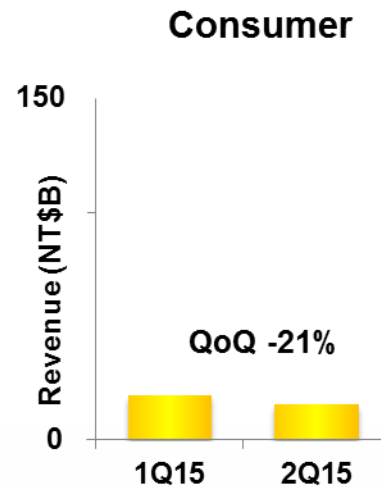
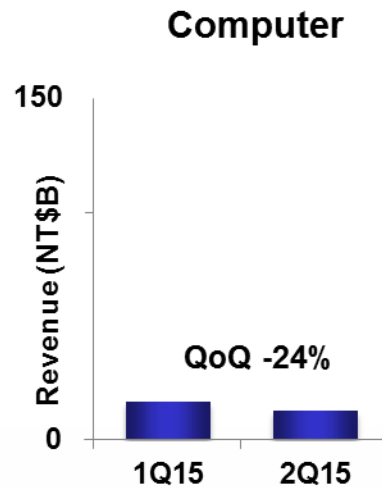
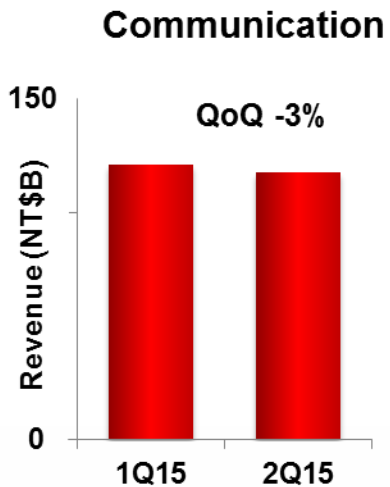
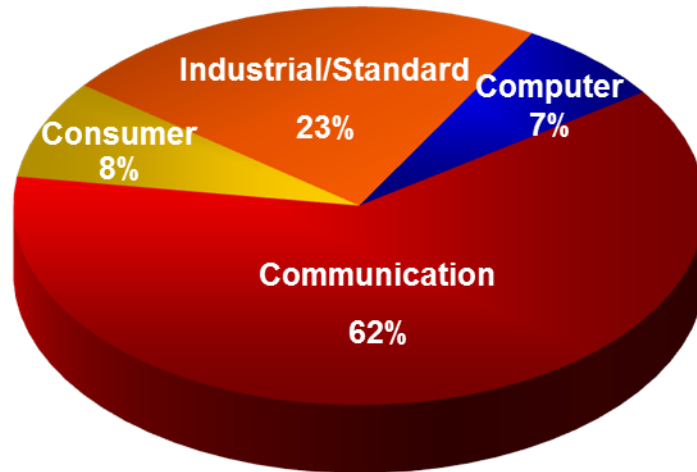
Selected Items from Statements of Comprehensive Income

(In NT\$ billions)	2Q15	2Q15 Guidance	1Q15	2Q14	2Q15 over 1Q15	2Q15 over 2Q14
Net Revenue	205.44	204-207	222.03	183.02	-7.5%	12.2%
Gross Margin	48.5%	47.5% - 49.5%	49.3%	49.8%	-0.8 ppt	-1.3 ppts
Operating Expenses	(22.56)		(22.54)	(20.25)	0.1%	11.4%
Operating Margin	37.5%	36.5% - 38.5%	39.0%	38.6%	-1.5 ppts	-1.1 ppts
Non-Operating Items	21.06		1.63	3.38	1189.8%	522.4%
Net Income to Shareholders of the Parent Company	79.42		78.99	59.70	0.5%	33.0%
Net Profit Margin	38.7%		35.6%	32.6%	+3.1 ppts	+6.1 ppts
EPS (NT Dollar)	3.06		3.05	2.30	0.5%	33.0%
ROE	29.0%		29.1%	26.9%	-0.1 ppt	+2.1 ppts
Shipment (Kpcs, 12"-equiv. Wafer)	2,240		2,287	2,053	-2.1%	9.1%
Average Exchange Rate--USD/NTD	30.84	31.03	31.53	30.12	-2.2%	2.4%

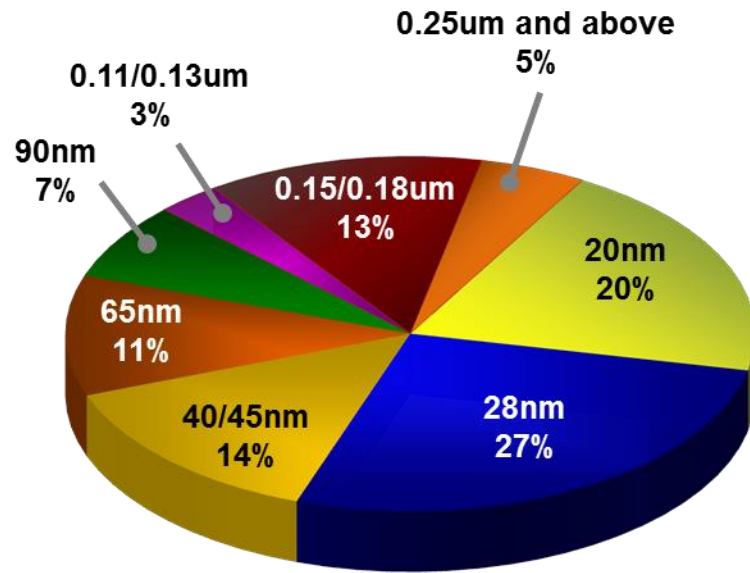
* Diluted weighted average outstanding shares were 25,930mn units in 2Q15.

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

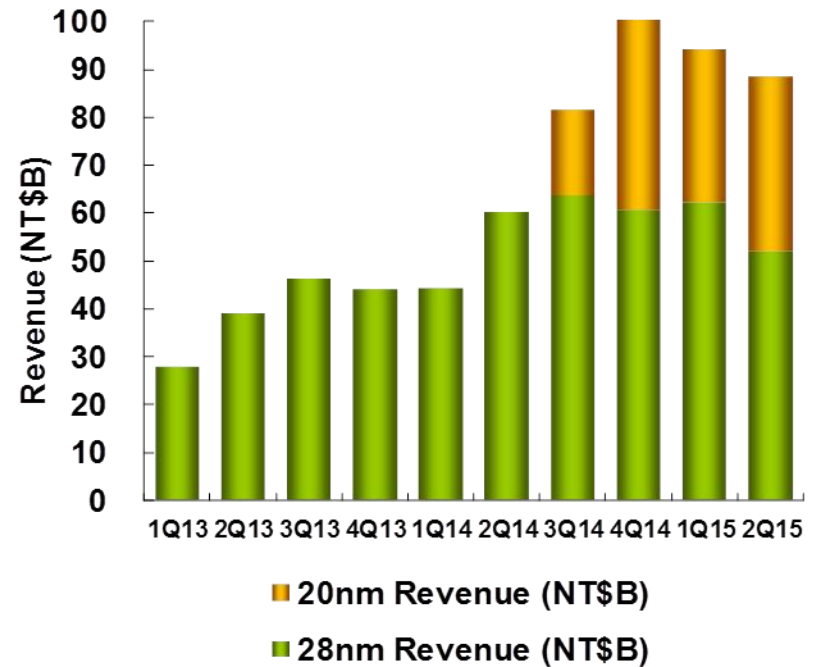
2Q15 Revenue by Application



2Q15 Revenue by Technology



28nm and below revenue



Balance Sheets & Key Indices

Selected Items from Balance Sheets

(In NT\$ billions)

	2Q15		1Q15		2Q14	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	550.35	34.3%	518.98	33.3%	314.59	23.4%
Accounts Receivable	99.74	6.2%	99.12	6.4%	86.89	6.4%
Inventories	66.28	4.1%	64.60	4.2%	50.95	3.8%
Long-term Investments	27.77	1.7%	32.18	2.1%	28.38	2.1%
Net PP&E	829.70	51.6%	813.22	52.2%	837.17	62.3%
Total Assets	1,608.85	100.0%	1,556.90	100.0%	1,344.96	100.0%
Current Liabilities	309.38	19.2%	187.56	12.1%	246.64	18.4%
Long-term Interest-bearing Debts	202.66	12.6%	214.05	13.7%	211.65	15.7%
Total Liabilities	542.22	33.7%	432.98	27.8%	467.31	34.8%
Total Shareholders' Equity	1,066.63	66.3%	1,123.92	72.2%	877.65	65.2%
Key Indices						
A/R Turnover Days	44		44		40	
Inventory Turnover Days	62		57		51	
Current Ratio (x)	2.4		3.7		1.9	
Asset Productivity (x)	1.0		1.1		0.9	

* Total outstanding shares were 25,930mn units at 6/30/15.

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

Cash Flows

(In NT\$ billions)

	2Q15	1Q15	2Q14
Beginning Balance	437.41	358.45	231.70
Cash from operating activities	111.07	156.00	81.75
Capital expenditures	(53.81)	(48.88)	(73.33)
Short-term loans	(12.99)	(17.34)	10.40
Investments and others	47.22	(10.82)	4.53
Ending Balance	528.90	437.41	255.05
Free Cash Flow ⁽¹⁾	57.26	107.12	8.42

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

3Q15 Guidance

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

- **Revenue to be between NT\$ 207 billion and NT\$ 210 billion, at a forecast exchange rate of 31.00 NT dollars to 1 US dollar**
- **Gross profit margin to be between 47% and 49%**
- **Operating profit margin to be between 36.5% and 38.5%**

Recap of Recent Major Events

- TSMC Pledges to Buy 100 million kWh of Green Power (2015/06/16)
- TSMC Board of Directors Unanimously Re-elects Dr. Morris Chang as Chairman and Sets June 29 as Ex-dividend Date and July 5 as Record Date for Common Share Dividends (2015/06/10)
- TSMC to Sell 5% of Vanguard International Semiconductor (2015/06/09)
- TSMC Shareholders Approve NT\$4.5 Cash Dividend and Elect Board of Directors (2015/06/09)
- TSMC Announces Taichung Expansion Site Reforestation Plans (2015/05/21)
- TSMC Announces Candidates for Board of Directors (2015/04/24)
- 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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