



TSMC Reports Second Quarter EPS of NT\$2.56

Hsinchu, Taiwan, R.O.C., July 13, 2017 -- TSMC today announced consolidated revenue of NT\$213.86 billion, net income of NT\$66.27 billion, and diluted earnings per share of NT\$2.56 (US\$0.42 per ADR unit) for the second quarter ended June 30, 2017.

Year-over-year, second quarter revenue decreased 3.6% while net income and diluted EPS both decreased 8.6%. Compared to first quarter 2017, second quarter results represent an 8.6% decrease in revenue, and a 24.4% decrease in net income. All figures were prepared in accordance with TIFRS on a consolidated basis.

In US dollars, second quarter revenue was \$7.06 billion, which decreased 5.9% from the previous quarter but increased 3.2% year-over-year. The NT dollar exchange rate against the US dollar in the second quarter 2017 has appreciated 2.8% from 1Q'17 and 6.6% from 2Q'16.

Gross margin for the quarter was 50.8%, operating margin was 38.9%, and net profit margin was 31.0%.

In the second quarter, shipments of 10-nanometer accounted for 1% of total wafer revenue; 16/20-nanometer process technology accounted for 26% of total wafer revenue; and advanced technologies, defined as 28-nanometer and more advanced technologies, accounted for 54% of total wafer revenue.

“In addition to supply chain inventory management and mobile product seasonality, the continuing unfavorable exchange rate further impacted our second quarter business,” said Lora Ho, SVP and Chief Financial Officer of TSMC. “Moving into third quarter, we expect our business will benefit from new product launches of TSMC 10-nanometer mobile devices. Based on our current business outlook, management expects overall performance for third quarter 2017 to be as follows”:

- Revenue is expected to be between US\$8.12 billion and US\$8.22 billion;

And, based on the exchange rate assumption of 1 US dollar to 30.3 NT dollars,

- Gross profit margin is expected to be between 48.5% and 50.5%;
- Operating profit margin is expected to be between 37% and 39%.



TSMC's 2017 Second quarter consolidated results :

(Unit: NT\$ million, except for EPS)

	2Q17 Amount ^a	2Q16 Amount	YoY Inc. (Dec.) %	1Q17 Amount	QoQ Inc. (Dec.) %
Net sales	213,856	221,810	(3.6)	233,914	(8.6)
Gross profit	108,708	114,334	(4.9)	121,490	(10.5)
Income from operations	83,256	91,321	(8.8)	95,352	(12.7)
Income before tax	86,118	93,406	(7.8)	97,822	(12.0)
Net income	66,271	72,506	(8.6)	87,629	(24.4)
EPS (NT\$)	2.56 ^b	2.80 ^b	(8.6)	3.38 ^b	(24.4)

a: 2Q2017 figures have not been approved by Board of Directors

b: Based on 25,930 million weighted average outstanding shares

About TSMC

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® 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>.

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