



TSMC Reports First Quarter EPS of NT\$2.37

Hsinchu, Taiwan, R.O.C., April 18, 2019 -- TSMC today announced consolidated revenue of NT\$218.70 billion, net income of NT\$61.39 billion, and diluted earnings per share of NT\$2.37 (US\$0.38 per ADR unit) for the first quarter ended March 31, 2019.

Year-over-year, first quarter revenue decreased 11.8% while net income and diluted EPS both decreased 31.6%. Compared to fourth quarter 2018, first quarter results represented a 24.5% decrease in revenue and a 38.6% decrease in net income. All figures were prepared in accordance with TIFRS on a consolidated basis.

In US dollars, first quarter revenue was \$7.10 billion, which decreased 16.1% year-over-year and decreased 24.5% from the previous quarter.

Gross margin for the quarter was 41.3%, operating margin was 29.4%, and net profit margin was 28.1%.

In the first quarter, shipments of 7-nanometer accounted for 22% of total wafer revenue and 10-nanometer process technology contributed 4% while 16-nanometer accounted for 16%. Advanced technologies, defined as 16-nanometer and more advanced technologies, accounted for 42% of total wafer revenue.

“In the first quarter, our business was impacted by the overall global economic condition which dampened the end market demand; customer inventory management to digest excess inventory in the semiconductor supply chain; and high-end mobile product seasonality. Meanwhile, the net effect from the photoresist defect material incident also impacted our first quarter revenue by about 3.5 percent,” said Lora Ho, SVP and Chief Financial Officer of TSMC. “While the economic factor and mobile product seasonality are still lingering as we move into second quarter, we believe we may have passed the bottom of the cycle of our business as we are seeing demand stabilizing. Based on our current business outlook, management expects the overall performance for second quarter 2019 to be as follows”:

- Revenue is expected to be between US\$7.55 billion and US\$7.65 billion; And, based on the exchange rate assumption of 1 US dollar to 30.85 NT dollars,
- Gross profit margin is expected to be between 43% and 45%;
- Operating profit margin is expected to be between 31% and 33%.



TSMC's 2019 first quarter consolidated results:

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

	1Q19 Amount ^a	1Q18 Amount	YoY Inc. (Dec.) %	4Q18 Amount	QoQ Inc. (Dec.) %
Net sales	218,704	248,079	(11.8)	289,771	(24.5)
Gross profit	90,358	124,858	(27.6)	138,119	(34.6)
Income from operations	64,266	96,827	(33.6)	107,124	(40.0)
Income before tax	68,182	99,944	(31.8)	111,082	(38.6)
Net income	61,394	89,785	(31.6)	99,984	(38.6)
EPS (NT\$)	2.37 ^b	3.46 ^b	(31.6)	3.86 ^b	(38.6)

a: 1Q2019 figures have not been approved by Board of Directors

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

About TSMC

TSMC pioneered the pure-play foundry business model when it was founded in 1987, and has been the world's largest dedicated semiconductor foundry ever since. The company supports a thriving ecosystem of global customers and partners with the industry's leading process technology and portfolio of design enablement solutions to unleash innovation for the global semiconductor industry.

TSMC serves its customers with annual capacity of about 12 million 12-inch equivalent wafers in 2019 from fabs in Taiwan, the United States, and China, and provides the broadest range of technologies from 0.5 micron plus all the way to foundry's most advanced processes, which is 7-nanometer today. TSMC is the first foundry to provide 7-nanometer production capabilities, and is headquartered in Hsinchu, Taiwan. For more information about TSMC please visit <http://www.tsmc.com>.

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