



TSMC Reports Fourth Quarter EPS of NT\$3.86

Hsinchu, Taiwan, R.O.C., Jan 12, 2017 -- TSMC today announced consolidated revenue of NT\$262.23 billion, net income of NT\$100.20 billion, and diluted earnings per share of NT\$3.86 (US\$0.61 per ADR unit) for the fourth quarter ended December 31, 2016.

Year-over-year, fourth quarter revenue increased 28.8% while net income and diluted EPS both increased 37.6%. Compared to third quarter 2016, fourth quarter results represent a 0.7% increase in revenue, and a 3.6% increase in net income. All figures were prepared in accordance with TIFRS on a consolidated basis.

In US dollars, fourth quarter revenue was \$8.25 billion, which increased 0.7% from the previous quarter and 32.3% year-over-year.

Gross margin for the quarter was 52.3%, operating margin was 41.9%, and net profit margin was 38.2%.

Shipments of 16/20-nanometer accounted for 33% of wafer revenues, and 28-nanometer process technology accounted for 24% of total wafer revenues. Advanced technologies, defined as 28-nanometer and more advanced technologies, accounted for 57% of total wafer revenues.

“Due to stronger demand for TSMC’s 16-nanometer technology and a more favorable exchange rate than our original forecast, fourth quarter revenue surpassed the high-end of our guidance given three months ago,” said Lora Ho, SVP and Chief Financial Officer of TSMC. “Moving into first quarter 2017, we forecast the demand is weaker than the prior quarter due to mobile product seasonality and slightly above seasonal supply chain inventory at the end of 2016. Based on our current business outlook and exchange rate assumption of 1 US dollar to 32.0 NT dollars, management expects overall performance for first quarter 2017 to be as follows”:

- Revenue is expected to be between NT\$236 billion and NT\$239 billion;
- Gross profit margin is expected to be between 51.5% and 53.5%;
- Operating profit margin is expected to be between 40.5% and 42.5%.

The management also expects 2017 capital expenditures to be about US\$10 billion.



TSMC's 2016 Fourth quarter consolidated results :

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

	4Q16 Amount ^a	4Q15 Amount	YoY Inc. (Dec.) %	3Q16 Amount	QoQ Inc. (Dec.) %
Net sales	262,227	203,518	28.8	260,406	0.7
Gross profit	137,109	98,925	38.6	132,051	3.8
Income from operations	109,907	77,964	41.0	106,263	3.4
Income before tax	112,047	80,644	38.9	108,250	3.5
Net income	100,200	72,837	37.6	96,759	3.6
EPS (NT\$)	3.86 ^b	2.81 ^b	37.6	3.73 ^b	3.6

a: 4Q2016 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 2016 reached above 10 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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