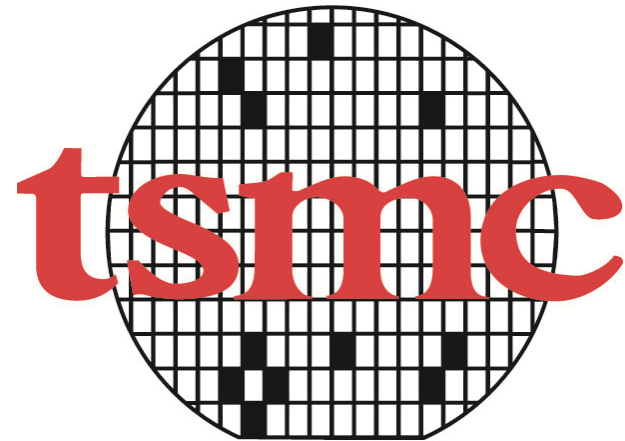




2018 First Quarter Earnings Conference

April 19, 2018

Agenda

- **Welcome** Elizabeth Sun
- **1Q18 Financial Results and 2Q18 Outlook** Lora Ho
- **Key Messages** Lora Ho
- **Q&A** C.C. Wei

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 19, 2018 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

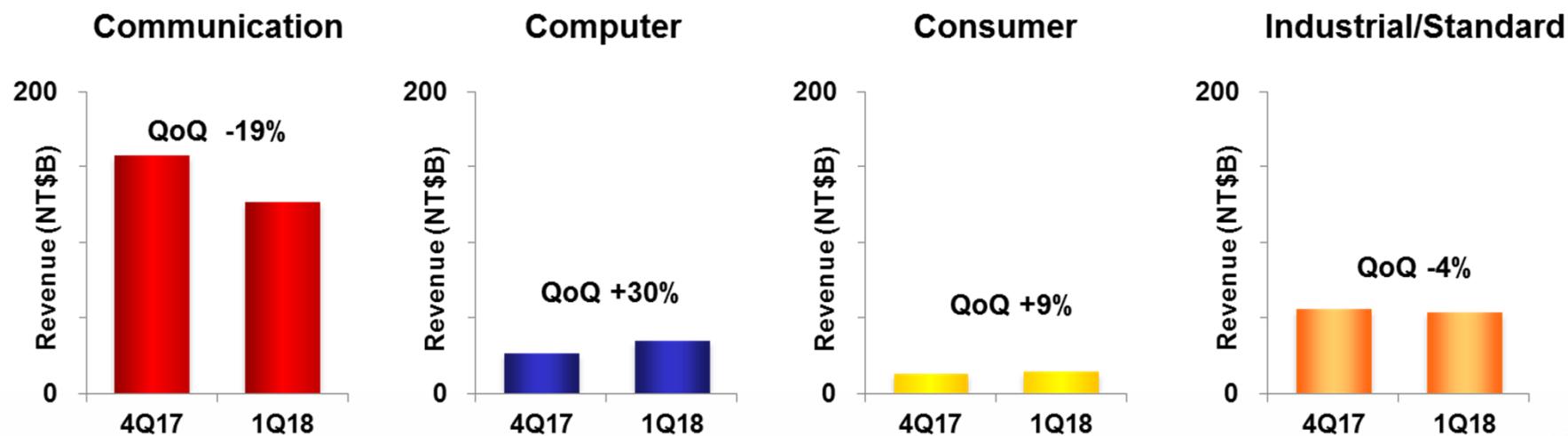
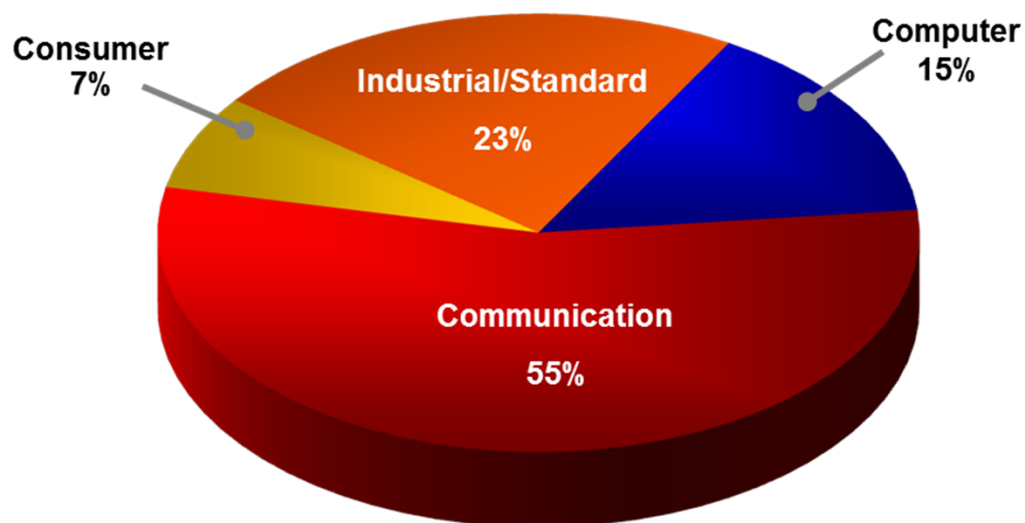
(In NT\$ billions unless otherwise noted)

	1Q18	1Q18 Guidance	4Q17	1Q17	1Q18 over 4Q17	1Q18 over 1Q17
Net Revenue (US\$ billions)	8.46	8.40-8.50	9.21	7.51	-8.2%	+12.7%
Net Revenue	248.08		277.57	233.91	-10.6%	+6.1%
Gross Margin	50.3%	49.5% - 51.5%	50.0%	51.9%	+0.3 ppt	-1.6 ppts
Operating Expenses	(26.73)		(28.84)	(26.16)	-7.3%	+2.2%
Operating Margin	39.0%	38.0% - 40.0%	39.2%	40.8%	-0.2 ppt	-1.8 ppts
Non-Operating Items	3.11		2.78	2.47	+12.1%	+26.2%
Net Income to Shareholders of the Parent Company	89.79		99.29	87.63	-9.6%	+2.5%
Net Profit Margin	36.2%		35.8%	37.5%	+0.4 ppt	-1.3 ppts
EPS (NT Dollar)	3.46		3.83	3.38	-9.6%	+2.5%
ROE	23.0%		26.9%	24.6%	-3.9 ppts	-1.6 ppts
Shipment (Kpcs, 12"-equiv. Wafer)	2,680		2,699	2,473	-0.7%	+8.4%
Average Exchange Rate--USD/NTD	29.33	29.60	30.13	31.16	-2.7%	-5.9%

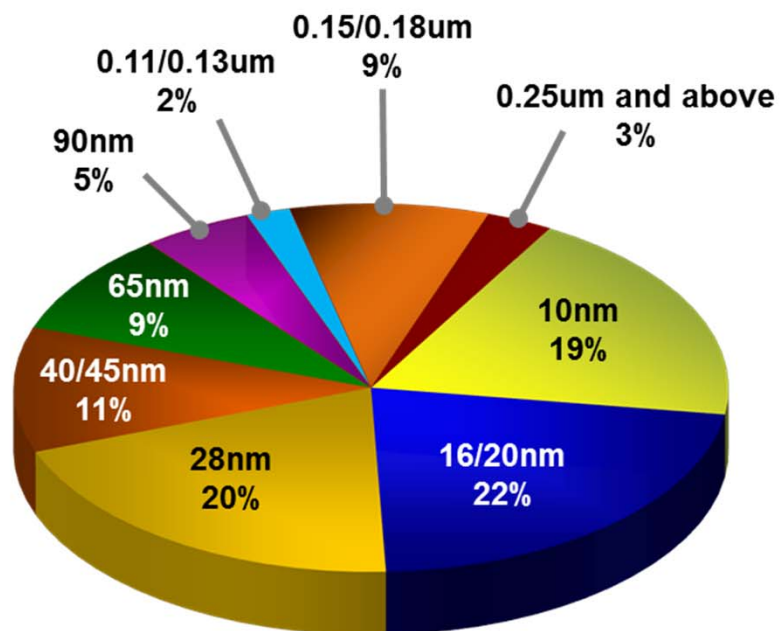
* Diluted weighted average outstanding shares were 25,930mn units in 1Q18.

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

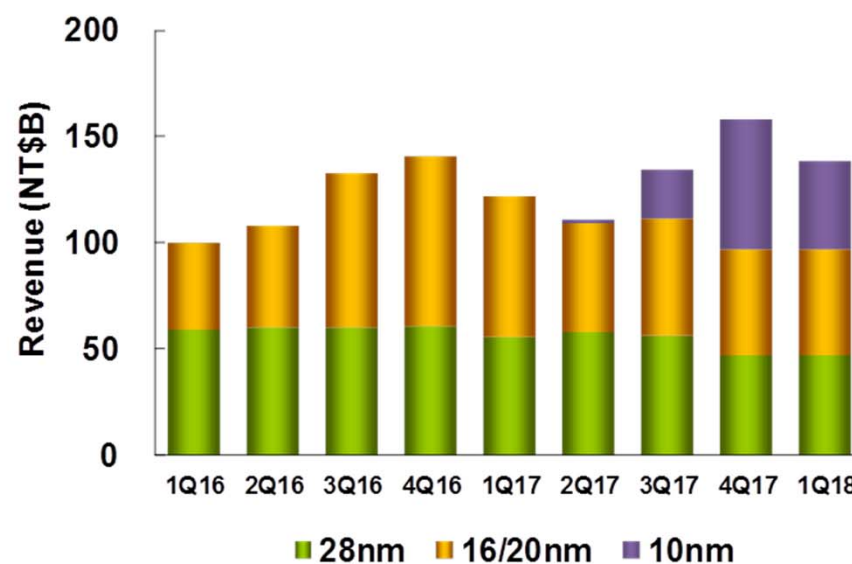
1Q18 Revenue by Application



1Q18 Revenue by Technology



28nm and below revenue



Balance Sheets & Key Indices

Selected Items from Balance Sheets (In NT\$ billions)	1Q18		4Q17		1Q17	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	684.38	33.4%	649.36	32.6%	659.32	34.1%
Accounts Receivable	107.78	5.3%	122.32	6.1%	109.03	5.6%
Inventories	85.22	4.1%	73.88	3.7%	50.39	2.6%
Long-term Investments	34.38	1.7%	41.57	2.1%	44.52	2.3%
Net PP&E	1,055.37	51.5%	1,062.54	53.4%	1,037.36	53.6%
Total Assets	2,049.16	100.0%	1,991.86	100.0%	1,934.66	100.0%
Current Liabilities	342.24	16.7%	358.71	18.0%	321.58	16.6%
Long-term Interest-bearing Debts	83.40	4.1%	91.80	4.6%	134.22	6.9%
Total Liabilities	442.55	21.6%	469.10	23.6%	478.35	24.7%
Total Shareholders' Equity	1,606.61	78.4%	1,522.76	76.4%	1,456.31	75.3%
Key Indices						
A/R Turnover Days	42		40		47	
Inventory Turnover Days	63		52		44	
Current Ratio (x)	2.7		2.4		2.6	
Asset Productivity (x)	0.9		1.0		0.9	

* Total outstanding shares were 25,930mn units at 3/31/18.

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

Cash Flows

<i>(In NT\$ billions)</i>	1Q18	4Q17	1Q17
Beginning Balance	553.39	408.08	541.25
Cash from operating activities	160.73	204.13	161.01
Capital expenditures	(71.85)	(61.18)	(102.51)
Short-term loans	(5.78)	10.68	(0.25)
Investments and others	(58.71)	(8.32)	(34.77)
Ending Balance	577.78	553.39	564.73
Free Cash Flow ⁽¹⁾	88.88	142.95	58.50

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

2Q18 Guidance

Based on our current business outlook, management expects:

- **Revenue to be between US\$ 7.80 billion and US\$ 7.90 billion**

And, based on the exchange rate assumption of 1 US dollar to 29.20 NT dollars, management expects:

- **Gross profit margin to be between 47% and 49%**
- **Operating profit margin to be between 35% and 37%**

Recap of Recent Major Events

- **TSMC Board of Directors Proposes NT\$8 Cash Dividend per Share and Approves the Convening of the 2017 Annual Shareholders' Meeting on June 5, 2018, at Which an Election for its Nine-Member Board of Directors Will Be Held (2018/02/13)**
- **TSMC Breaks Ground on Fab 18 in Southern Taiwan Science Park (2018/01/26)**

- 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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