



Unleash Innovation

2020 First Quarter Earnings Conference

April 16, 2020

Agenda

- **Welcome**
- **Opening Remarks**
- **1Q20 Financial Results and 2Q20 Outlook**
- **Key Messages**

- **Q&A**

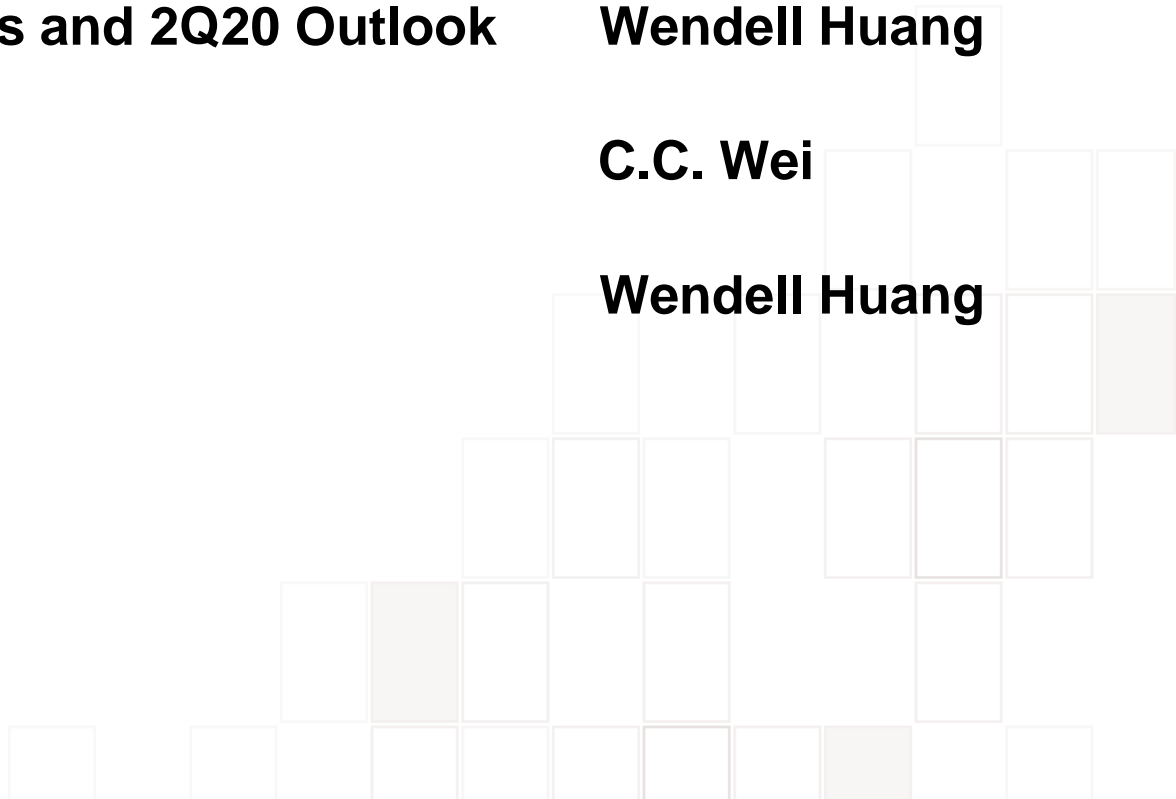
Jeff Su

Mark Liu

Wendell Huang

C.C. Wei

Wendell Huang



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 15, 2020 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

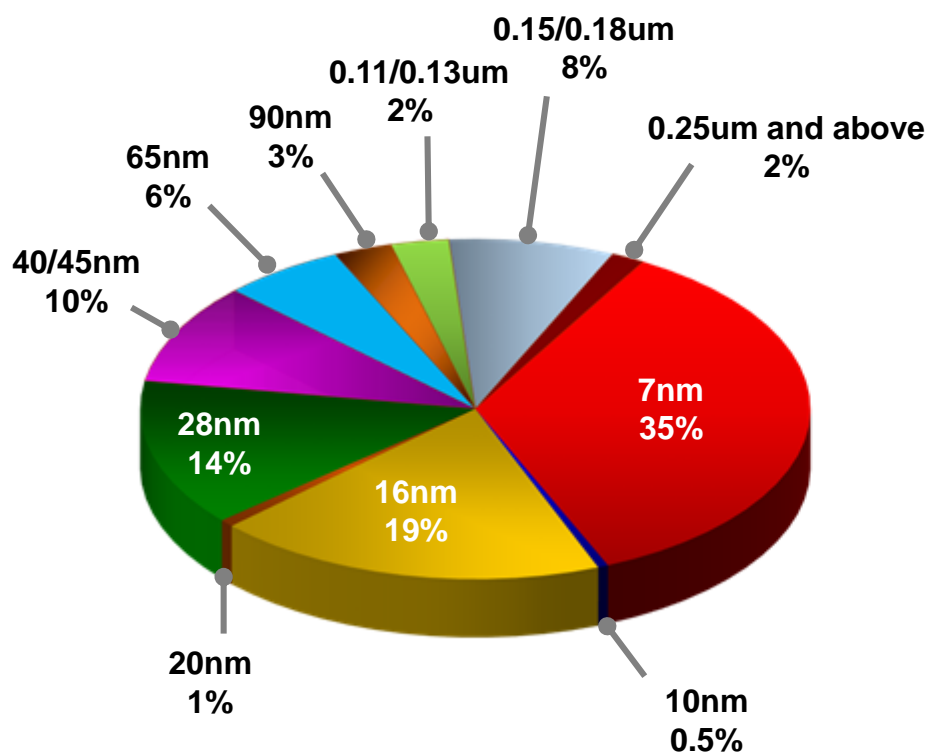
(In NT\$ billions unless otherwise noted)

	1Q20	1Q20 Guidance	4Q19	1Q19	1Q20 over 4Q19	1Q20 over 1Q19
Net Revenue (US\$ billions)	10.31	10.2-10.3	10.39	7.10	-0.8%	+45.2%
Net Revenue	310.60		317.24	218.70	-2.1%	+42.0%
Gross Margin	51.8%	48.5% - 50.5%	50.2%	41.3%	+1.6 ppts	+10.5 ppts
Operating Expenses	(32.33)		(34.94)	(26.02)	-7.5%	+24.2%
Operating Margin	41.4%	37.5% - 39.5%	39.2%	29.4%	+2.2 ppts	+12.0 ppts
Non-Operating Items	3.63		4.54	3.91	-20.1%	-7.4%
Net Income to Shareholders of the Parent Company	116.99		116.04	61.39	+0.8%	+90.6%
Net Profit Margin	37.7%		36.6%	28.1%	+1.1 ppts	+9.6 ppts
EPS (NT Dollar)	4.51		4.47	2.37	+0.8%	+90.6%
ROE	28.4%		28.9%	14.4%	-0.5 ppt	+14.0 ppts
Shipment (Kpcs, 12"-equiv. Wafer)	2,925		2,823	2,205	+3.6%	+32.7%
Average Exchange Rate--USD/NTD	30.14	29.90	30.52	30.82	-1.3%	-2.2%

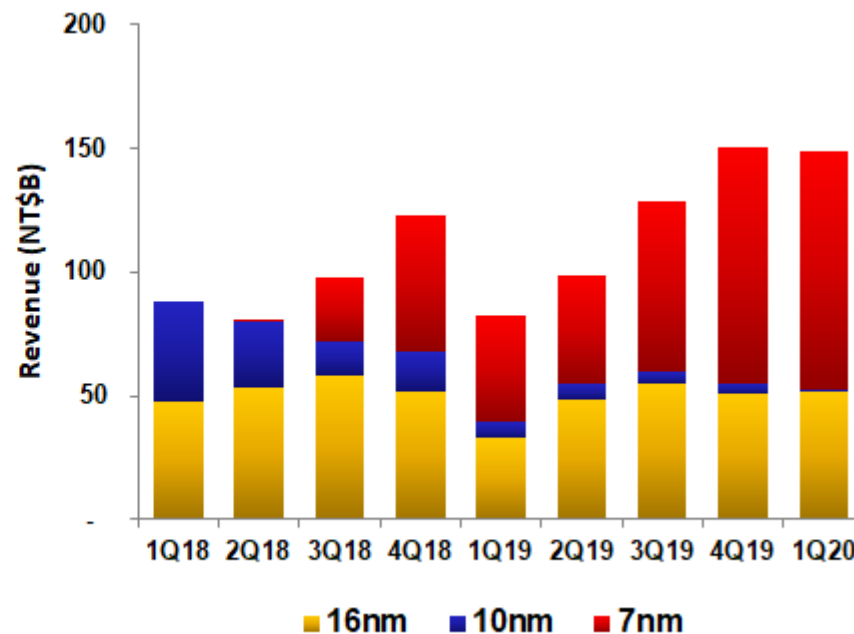
* Diluted weighted average outstanding shares were 25,930mn units in 1Q20.

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

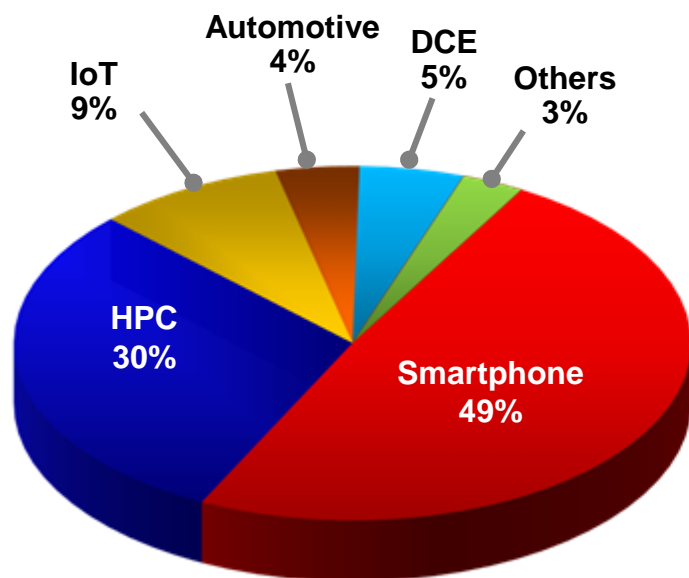
1Q20 Revenue by Technology



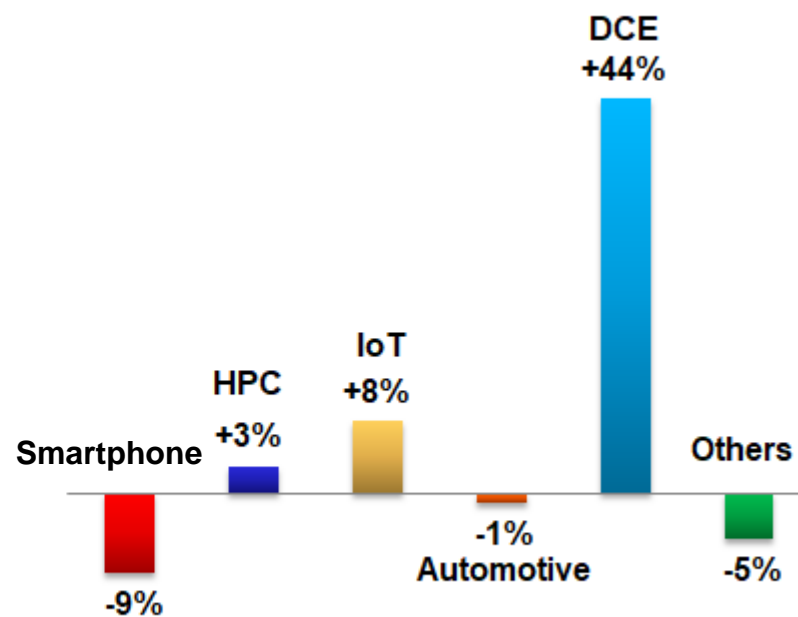
16nm and Below Revenue



1Q20 Revenue by Platform



Growth rate by Platform (QoQ)



Balance Sheets & Key Indices

Selected Items from Balance Sheets

(In NT\$ billions)

	1Q20		4Q19		1Q19	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	561.55	24.0%	583.45	25.7%	760.25	34.7%
Accounts Receivable	146.42	6.2%	139.77	6.2%	106.74	4.9%
Inventories	78.28	3.3%	82.98	3.7%	108.68	5.0%
Long-term Investments	31.03	1.3%	30.17	1.3%	30.04	1.4%
Net PP&E	1,438.22	61.4%	1,352.38	59.7%	1,107.65	50.6%
Total Assets	2,343.30	100.0%	2,264.81	100.0%	2,187.44	100.0%
Current Liabilities	589.47	25.1%	590.74	26.1%	378.27	17.3%
Long-term Interest-bearing Debts	46.48	2.0%	25.10	1.1%	35.30	1.6%
Total Liabilities	666.27	28.4%	642.71	28.4%	443.92	20.3%
Total Shareholders' Equity	1,677.03	71.6%	1,622.10	71.6%	1,743.52	79.7%
Key Indices						
A/R Turnover Days	42		41		49	
Inventory Turnover Days	53		55		79	
Current Ratio (x)	1.4		1.4		2.6	
Asset Productivity (x)	0.9		1.0		0.8	

* Total outstanding shares were 25,930mn units at 3/31/20.

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

Cash Flows

<i>(In NT\$ billions)</i>	1Q20	4Q19	1Q19
Beginning Balance	455.40	452.43	577.81
Cash from operating activities	203.03	202.96	152.67
Capital expenditures	(192.56)	(170.01)	(75.94)
Cash dividends	(64.83)	(51.86)	0.00
Short-term loans	20.35	35.68	(12.26)
Investments and others	9.39	(13.80)	3.39
Ending Balance	430.78	455.40	645.67
Free Cash Flow *	10.47	32.95	76.73

* Free cash flow = Cash from operating activities – Capital expenditures

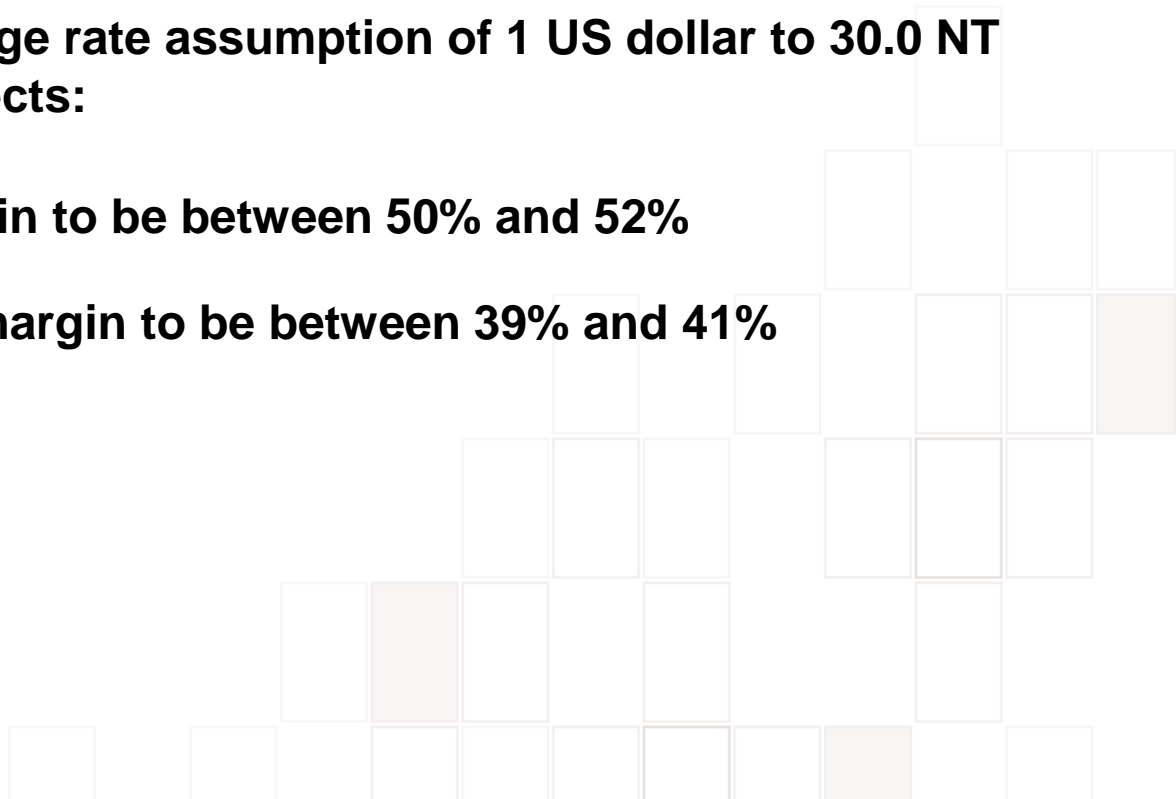
2Q20 Guidance

Based on our current business outlook, management expects:

- Revenue to be between US\$ 10.1 billion and US\$ 10.4 billion

And, based on the exchange rate assumption of 1 US dollar to 30.0 NT dollars, management expects:

- Gross profit margin to be between 50% and 52%
- Operating profit margin to be between 39% and 41%



Recap of Recent Major Events

- **TSMC and Broadcom Enhance the CoWoS Platform with World's First 2X Reticle Size Interposer (2020/03/03)**
- **STMicroelectronics and TSMC Collaborate to Accelerate Market Adoption of Gallium Nitride-Based Products (2020/02/20)**
- **TSMC Board of Directors Approves NT\$2.5 Cash Dividend for Fourth Quarter 2019 and Sets June 18 as Ex-Dividend Date, June 24 as the Record Date and July 16, 2020 as the Distribution Date (2020/02/11)**
- **TSMC Board of Directors Approved the Convening of the 2020 AGM on June 9, 2020, Approved the Nomination of Mr. Yancey Hai as a Candidate for Independent Director, and Approved the Appointment of Mr. Hai as a Member of the TSMC Compensation Committee (2020/02/11)**
- **TSMC Board of Directors Approved the Issuance of No More Than NT\$60 Billion (approximately US\$2.01 billion) in Unsecured Corporate Bonds (2020/02/11)**
- 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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