



Unleash Innovation

# 2020 Fourth Quarter Earnings Conference

January 14, 2021

# Agenda

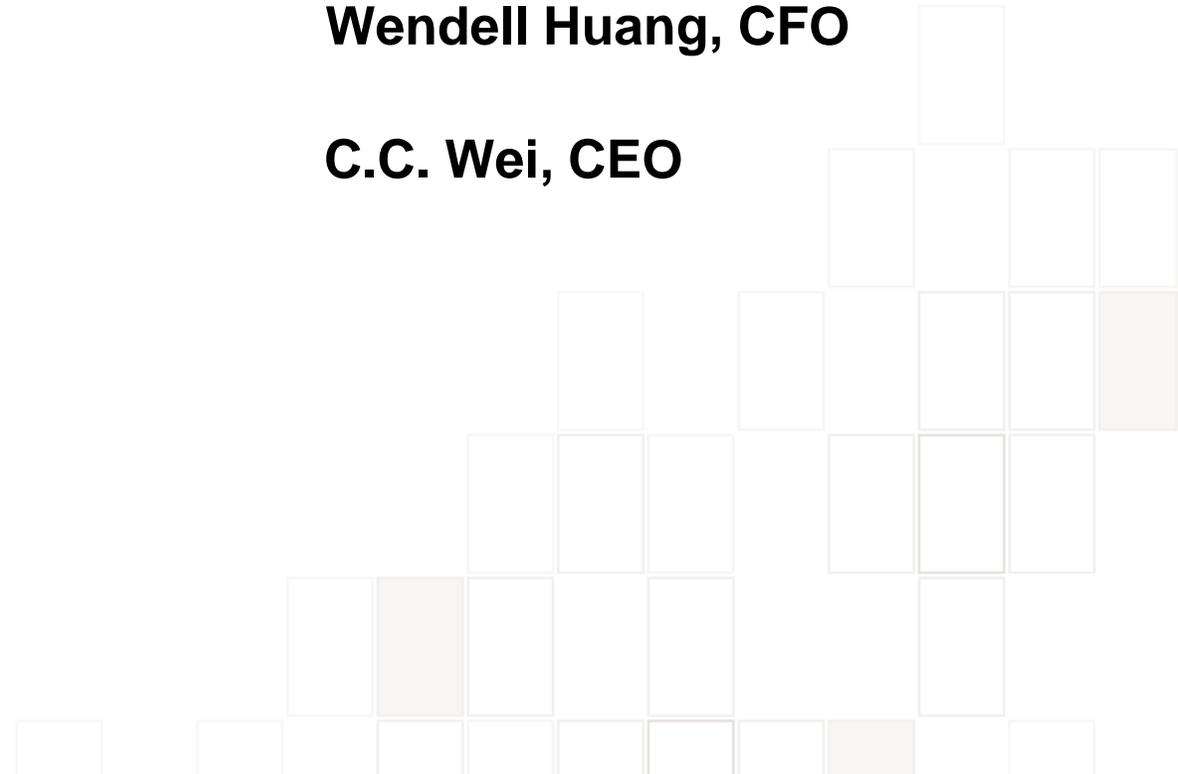
- **Welcome**
- **4Q20 Financial Results and 1Q21 Outlook**
- **Key Messages**
  
- **Q&A**

**Jeff Su, IR Director**

**Wendell Huang, CFO**

**Wendell Huang, CFO**

**C.C. Wei, CEO**



# 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.

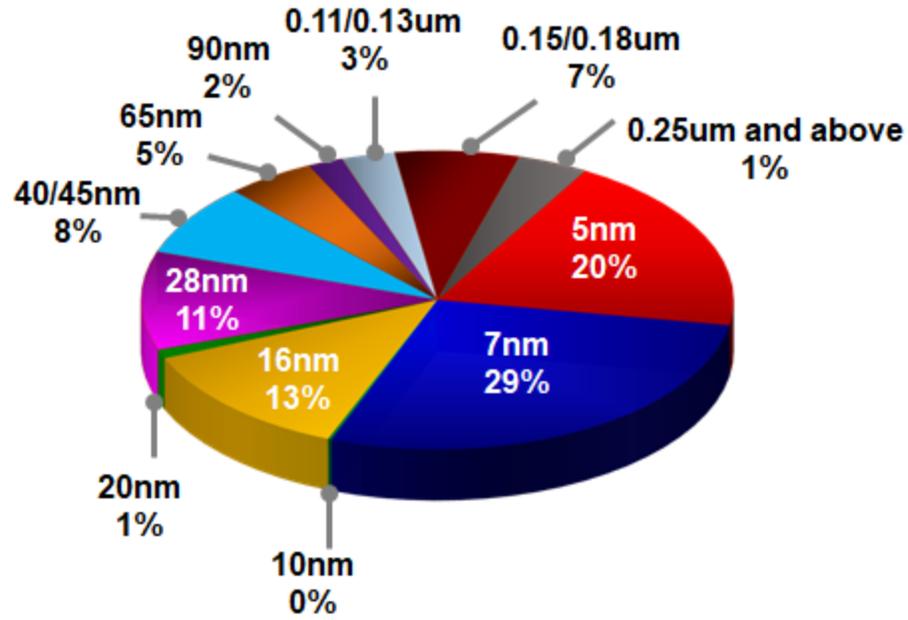
# Statements of Comprehensive Income

	4Q20	4Q20 Guidance	3Q20	4Q19	4Q20 Over 3Q20	4Q20 Over 4Q19
<i>(In NT\$ billions unless otherwise noted)</i>						
Net Revenue (US\$ billions)	12.68	12.4-12.7	12.14	10.39	+4.4%	+22.0%
Net Revenue	361.53		356.43	317.24	+1.4%	+14.0%
<b>Gross Margin</b>	<b>54.0%</b>	<b>51.5% - 53.5%</b>	<b>53.4%</b>	<b>50.2%</b>	<b>+0.6 ppt</b>	<b>+3.8 ppts</b>
Operating Expenses	(38.32)		(40.89)	(34.94)	-6.3%	+9.7%
<b>Operating Margin</b>	<b>43.5%</b>	<b>40.5% - 42.5%</b>	<b>42.1%</b>	<b>39.2%</b>	<b>+1.4 ppts</b>	<b>+4.3 ppts</b>
Non-Operating Items	3.99		5.07	4.54	-21.5%	-12.1%
Net Income to Shareholders of the Parent Company	142.77		137.31	116.04	+4.0%	+23.0%
<b>Net Profit Margin</b>	<b>39.5%</b>		<b>38.5%</b>	<b>36.6%</b>	<b>+1.0 ppt</b>	<b>+2.9 ppts</b>
EPS (NT Dollar)	5.51		5.30	4.47	+4.0%	+23.0%
ROE	31.4%		31.3%	28.9%	+0.1 ppt	+2.5 ppts
Shipment (Kpcs, 12"-equiv. Wafer)	3,246		3,240	2,823	+0.2%	+15.0%
Average Exchange Rate--USD/NTD	28.52	28.75	29.36	30.52	-2.9%	-6.5%

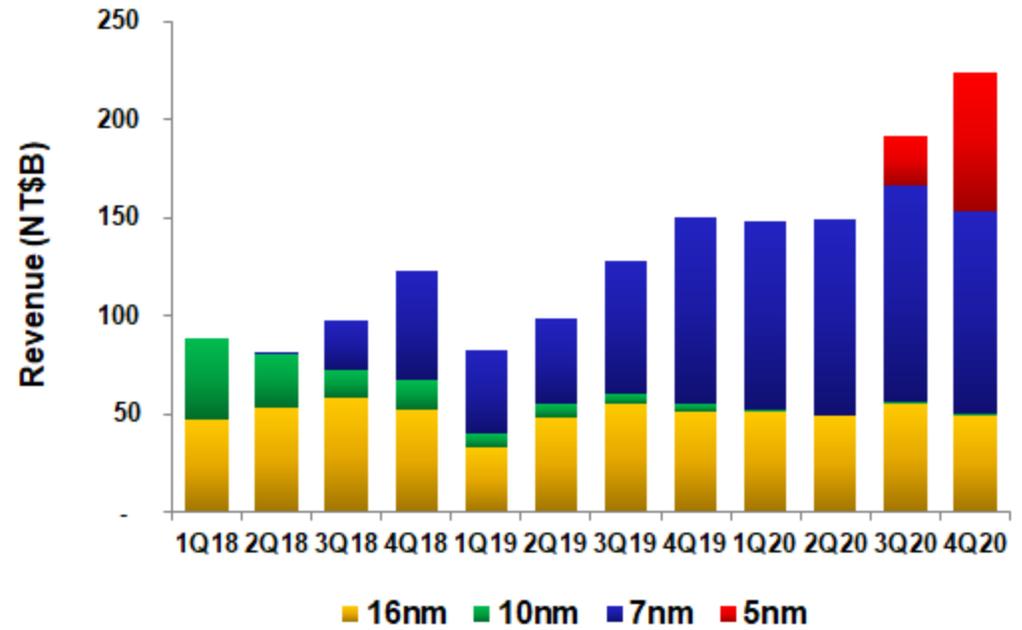
\* Diluted weighted average outstanding shares were 25,930mn units in 4Q20.

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

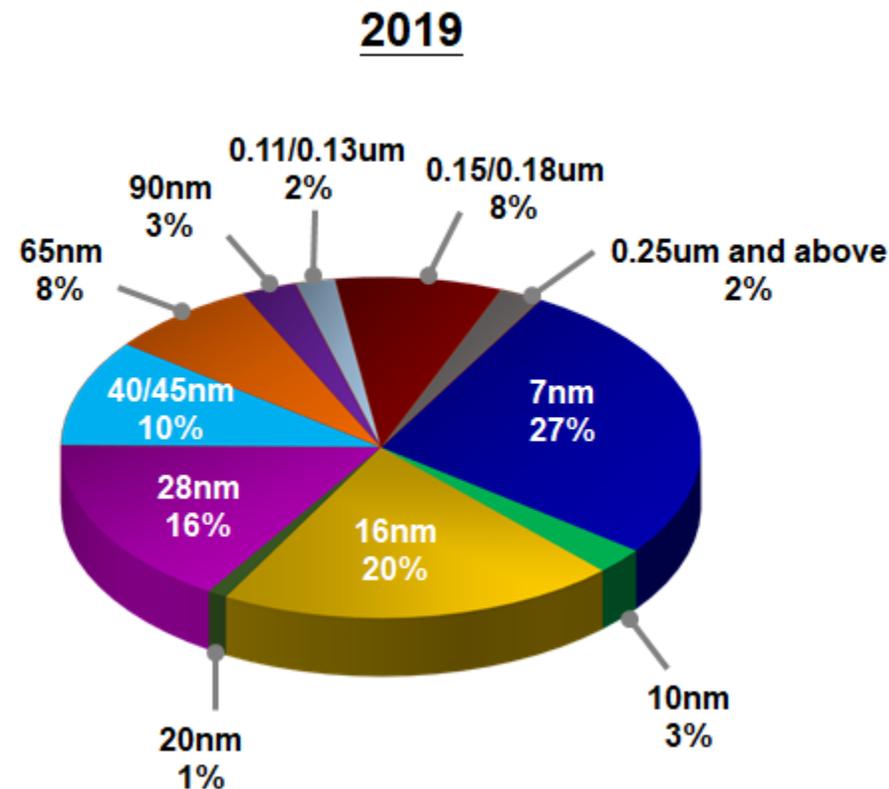
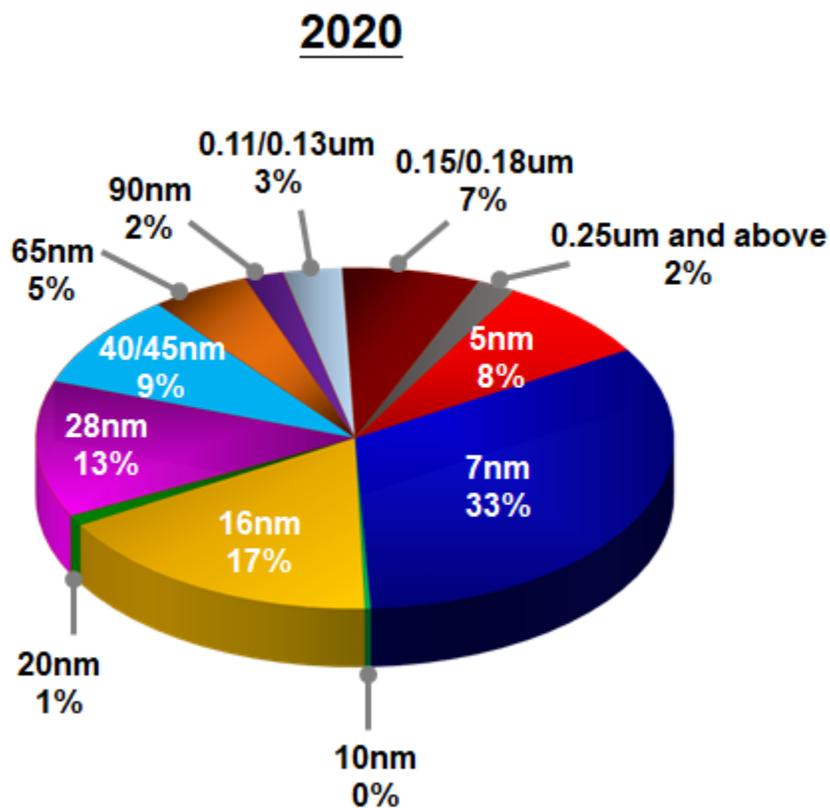
# 4Q20 Revenue by Technology



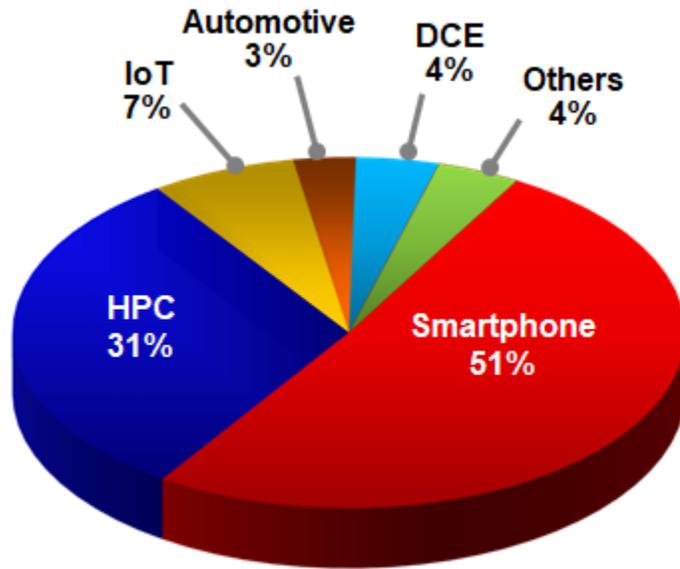
16nm and Below Revenue



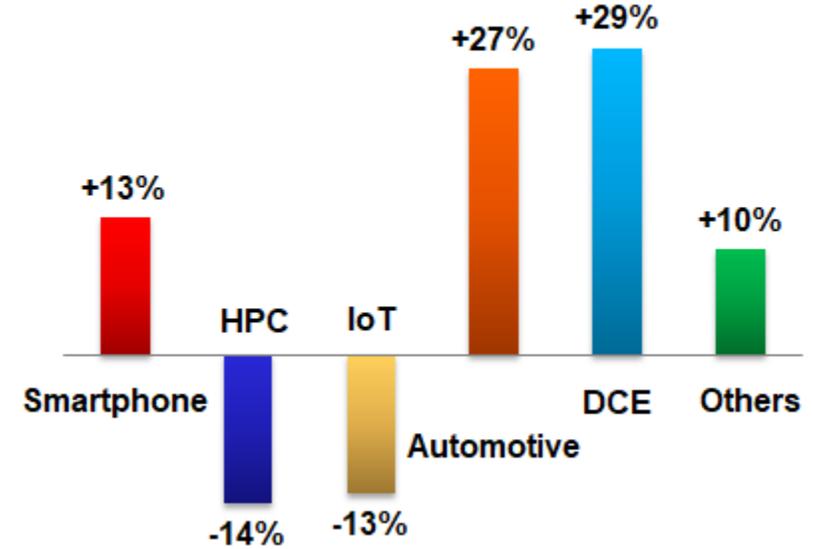
# Revenue by Technology



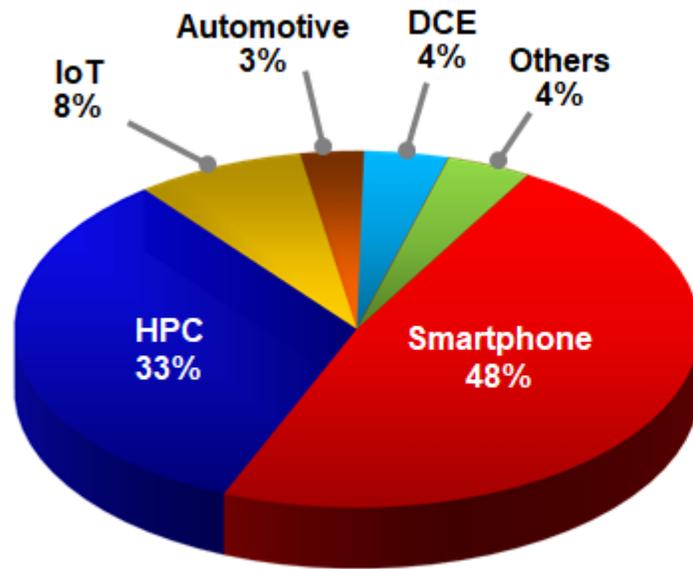
# 4Q20 Revenue by Platform



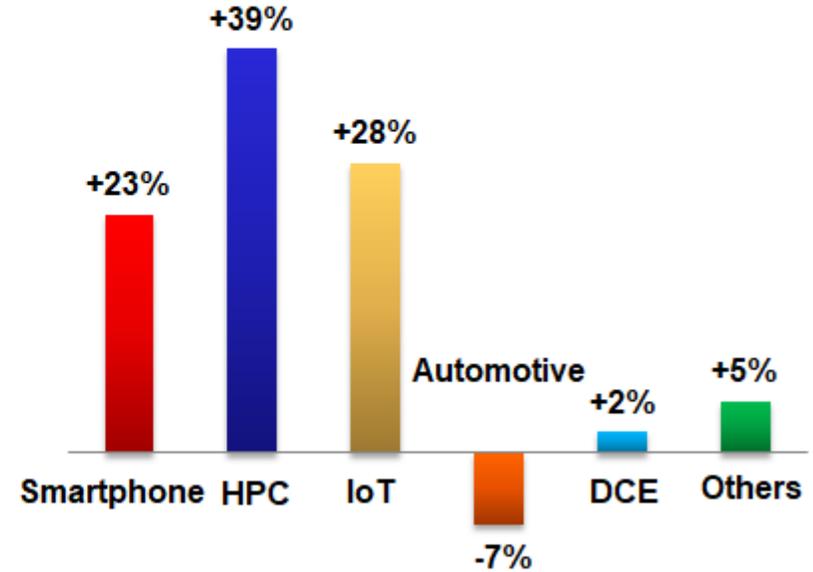
Growth Rate by Platform (QoQ)



# 2020 Revenue by Platform



Growth rate by Platform (YoY)



# Balance Sheets & Key Indices

Selected Items from Balance Sheets <i>(In NT\$ billions)</i>	4Q20		3Q20		4Q19	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	791.48	28.7%	742.42	28.1%	583.45	25.7%
Accounts Receivable	146.04	5.3%	162.58	6.2%	139.77	6.2%
Inventories	137.35	5.0%	109.51	4.2%	82.98	3.7%
Long-term Investments	27.73	1.0%	26.51	1.0%	30.17	1.3%
Net PP&E	1,555.59	56.3%	1,504.44	57.1%	1,352.38	59.7%
<b>Total Assets</b>	<b>2,760.71</b>	<b>100.0%</b>	<b>2,635.57</b>	<b>100.0%</b>	<b>2,264.81</b>	<b>100.0%</b>
Current Liabilities	617.15	22.4%	588.24	22.3%	590.74	26.1%
Long-term Interest-bearing Debts	256.07	9.3%	228.03	8.7%	25.10	1.1%
<b>Total Liabilities</b>	<b>910.09</b>	<b>33.0%</b>	<b>847.30</b>	<b>32.1%</b>	<b>642.71</b>	<b>28.4%</b>
<b>Total Shareholders' Equity</b>	<b>1,850.62</b>	<b>67.0%</b>	<b>1,788.27</b>	<b>67.9%</b>	<b>1,622.10</b>	<b>71.6%</b>
<b>Key Indices</b>						
A/R Turnover Days	39		40		41	
Inventory Turnover Days	73		58		55	
Current Ratio (x)	1.8		1.8		1.4	
Asset Productivity (x)	0.9		1.0		1.0	

\* Total outstanding shares were 25,930 mn units at 12/31/20.

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

# Cash Flows

(In NT\$ billions)

	4Q20	3Q20	4Q19
<b>Beginning Balance</b>	<b>604.20</b>	<b>467.61</b>	<b>452.43</b>
Cash from operating activities	259.13	190.18	202.96
Capital expenditures	(88.68)	(99.31)	(170.01)
Cash dividends	(64.83)	(64.83)	(51.86)
Short-term loans	(67.35)	(16.80)	35.68
Bonds payable	30.50	136.03	0.00
Investments and others	(12.80)	(8.68)	(13.80)
<b>Ending Balance</b>	<b>660.17</b>	<b>604.20</b>	<b>455.40</b>
Free Cash Flow *	170.45	90.87	32.95

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

# 2020 Financial Highlights

*(In NT\$ billions unless otherwise noted)*

	2020	2019	YoY
Net Revenue (US\$ billions)	45.51	34.63	+31.4%
Net Revenue	1,339.26	1,069.99	+25.2%
Gross Margin	53.1%	46.0%	+7.1 pts
Operating Margin	42.3%	34.8%	+7.5 pts
Income before Tax	584.78	389.85	+50.0%
EPS - Diluted (NT\$)	19.97	13.32	+50.0%
Operating Cash Flow	822.67	615.14	+33.7%
Capital Expenditures	507.24	460.42	+10.2%
Free Cash Flow (FCF)	315.43	154.72	+103.9%
Cash Dividends	259.30	259.30	-
Cash & Marketable Securities	791.48	583.45	+35.7%
ROE	29.8%	20.9%	+8.9 pts

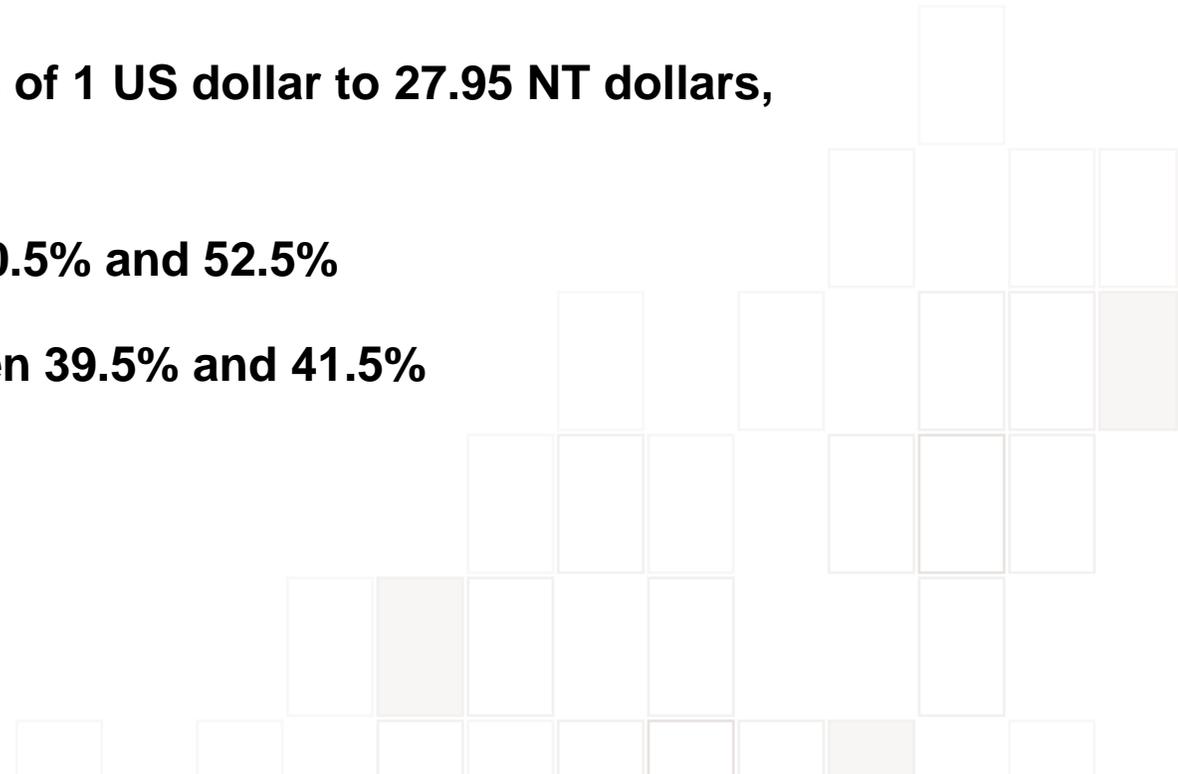
# 1Q21 Guidance

Based on our current business outlook, management expects:

- Revenue to be between US\$ 12.7 billion and US\$ 13.0 billion

And, based on the exchange rate assumption of 1 US dollar to 27.95 NT dollars, management expects:

- Gross profit margin to be between 50.5% and 52.5%
- Operating profit margin to be between 39.5% and 41.5%



# Recap of Recent Major Events

- **TSMC Recognized with 2021 IEEE Corporate Innovation Award (2020/12/09)**
- **TSMC Recognizes Outstanding Suppliers at 2020 Supply Chain Management Forum (2020/12/03)**
- **TSMC Board of Directors Approved an Investment to Establish a Wholly-Owned Subsidiary in Arizona, U.S., with a Paid-in Capital of US\$3.5 Billion (2020/11/10)**
- **TSMC Board of Directors Approved NT\$2.5 Cash Dividend for the Third Quarter of 2020 and Set March 17 as Ex-Dividend Date, March 23 as the Record Date and April 15, 2021 as the Distribution Date (2020/11/10)**
- **TSMC Announces 2020 OIP Partner of the Year Awards for Excellence in Accelerating Silicon Innovation (2020/10/20)**

- Please visit TSMC's website (<https://www.tsmc.com>) and Market Observation Post System (<https://mops.twse.com.tw>) for details and other announcements



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<https://www.tsmc.com>  
[invest@tsmc.com](mailto:invest@tsmc.com)

