



Unleash Innovation

# 2021 Second Quarter Earnings Conference

July 15, 2021

# Agenda

- **Welcome**
- **2Q21 Financial Results and 3Q21 Outlook**
- **Key Messages**
  
- **Q&A**

**Jeff Su, IR Director**

**Wendell Huang, CFO**

**C.C. Wei, CEO**

**Wendell Huang, CFO**

**Mark Liu, Chairman**

# 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 16, 2021 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

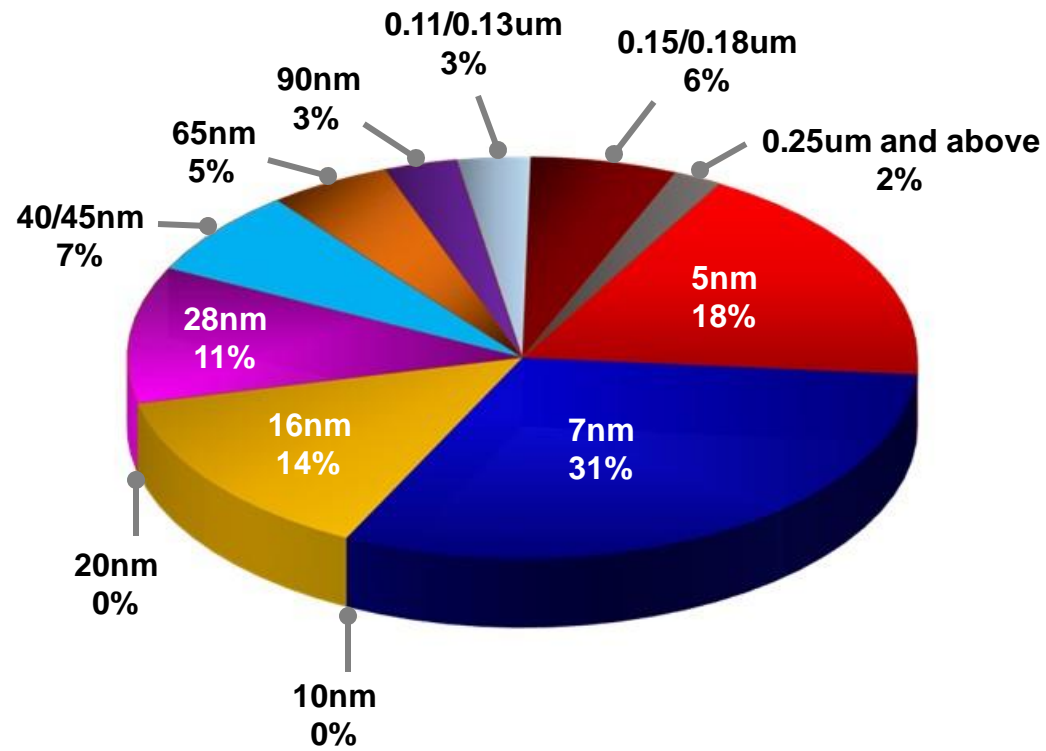
(In NT\$ billions unless otherwise noted)

	2Q21	2Q21 Guidance	1Q21	2Q20	2Q21 Over 1Q21	2Q21 Over 2Q20
Net Revenue (US\$ billions)	13.29	12.9-13.2	12.92	10.38	+2.9%	+28.0%
Net Revenue	372.15		362.41	310.70	+2.7%	+19.8%
<b>Gross Margin</b>	<b>50.0%</b>	<b>49.5% - 51.5%</b>	<b>52.4%</b>	<b>53.0%</b>	<b>-2.4 pts</b>	<b>-3.0 pts</b>
Operating Expenses	(40.58)		(39.11)	(33.52)	+3.8%	+21.1%
<b>Operating Margin</b>	<b>39.1%</b>	<b>38.5% - 40.5%</b>	<b>41.5%</b>	<b>42.2%</b>	<b>-2.4 pts</b>	<b>-3.1 pts</b>
Non-Operating Items	3.72		4.52	5.31	-17.7%	-29.8%
Net Income to Shareholders of the Parent Company	134.36		139.69	120.82	-3.8%	+11.2%
<b>Net Profit Margin</b>	<b>36.1%</b>		<b>38.6%</b>	<b>38.9%</b>	<b>-2.5 pts</b>	<b>-2.8 pts</b>
EPS (NT Dollar)	5.18		5.39	4.66	-3.8%	+11.2%
ROE	27.3%		29.5%	28.5%	-2.2 pts	-1.2 pts
Shipment (Kpcs, 12"-equiv. Wafer)	3,449		3,359	2,985	+2.7%	+15.5%
Average Exchange Rate--USD/NTD	28.01	28.40	28.05	29.92	-0.2%	-6.4%

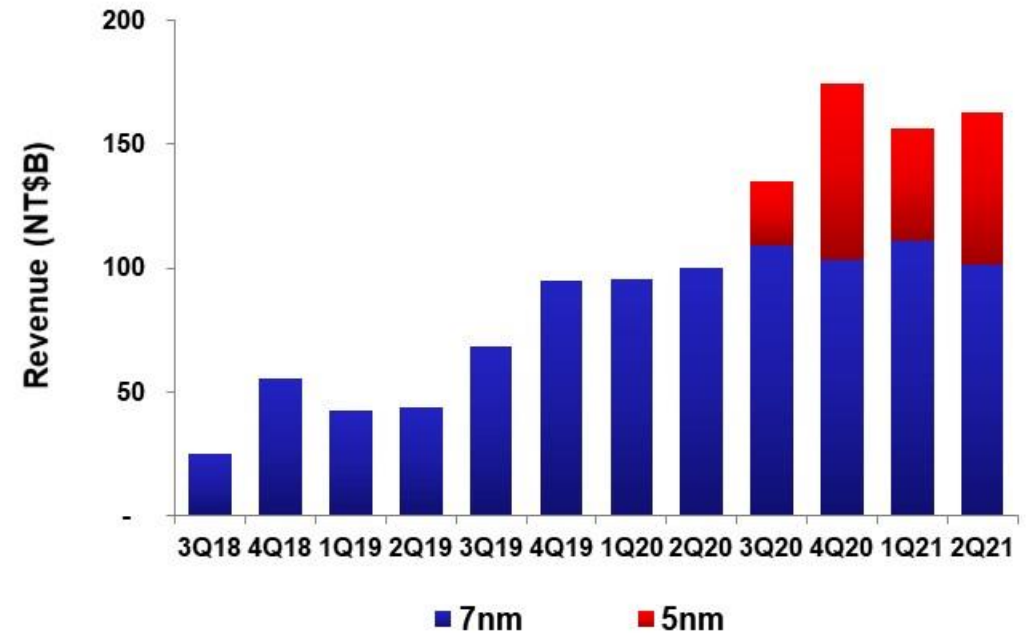
\* Diluted weighted average outstanding shares were 25,930mn units in 2Q21.

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

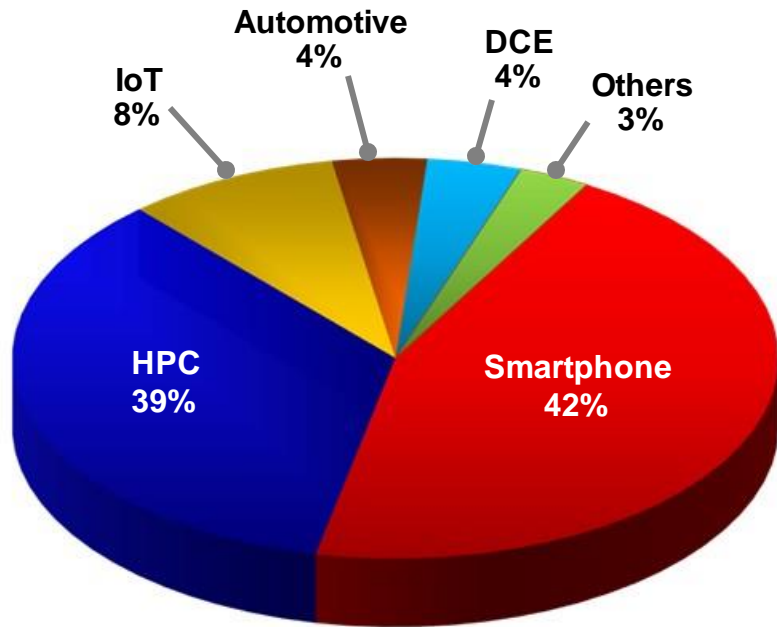
# 2Q21 Revenue by Technology



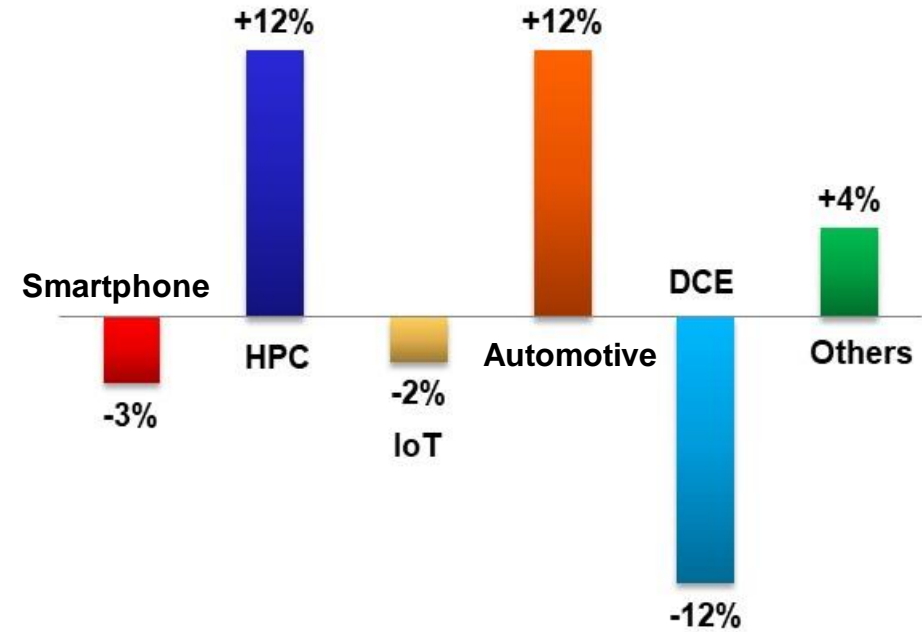
7nm and Below Revenue



# 2Q21 Revenue by Platform



Growth Rate by Platform (QoQ)



# Balance Sheets & Key Indices

## Selected Items from Balance Sheets

(In NT\$ billions)

	2Q21		1Q21		2Q20	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	870.84	28.2%	796.72	27.3%	605.02	24.7%
Accounts Receivable	178.26	5.7%	167.48	5.7%	149.60	6.1%
Inventories	170.44	5.5%	154.57	5.3%	85.79	3.5%
Long-term Investments	29.06	1.0%	29.13	1.0%	22.92	0.9%
Net PP&E	1,722.68	55.7%	1,658.55	56.8%	1,493.56	61.0%
<b>Total Assets</b>	<b>3,092.82</b>	<b>100.0%</b>	<b>2,919.13</b>	<b>100.0%</b>	<b>2,448.66</b>	<b>100.0%</b>
Current Liabilities	647.75	20.9%	661.65	22.7%	614.80	25.1%
Long-term Interest-bearing Debts	413.64	13.4%	279.47	9.6%	82.44	3.4%
<b>Total Liabilities</b>	<b>1,098.85</b>	<b>35.5%</b>	<b>978.13</b>	<b>33.5%</b>	<b>727.45</b>	<b>29.7%</b>
<b>Total Shareholders' Equity</b>	<b>1,993.97</b>	<b>64.5%</b>	<b>1,941.00</b>	<b>66.5%</b>	<b>1,721.21</b>	<b>70.3%</b>
<b>Key Indices</b>						
A/R Turnover Days	42		40		44	
Inventory Turnover Days	85		83		55	
Current Ratio (x)	1.9		1.7		1.4	
Asset Productivity (x)	0.9		0.9		0.8	

\* Total outstanding shares were 25,930 mn units at 6/30/21

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

# Cash Flows

<i>(In NT\$ billions)</i>	<b>2Q21</b>	<b>1Q21</b>	<b>2Q20</b>
<b>Beginning Balance</b>	<b>664.73</b>	<b>660.17</b>	<b>430.78</b>
Cash from operating activities	187.44	227.82	170.34
Capital expenditures	(166.97)	(248.03)	(126.70)
Cash dividends	(64.83)	(64.83)	(64.83)
Short-term loans	3.55	52.07	32.23
Bonds payable	136.71	18.50	36.00
Investments and others	(12.65)	19.03	(10.21)
<b>Ending Balance</b>	<b>747.98</b>	<b>664.73</b>	<b>467.61</b>
Free Cash Flow *	20.47	(20.21)	43.64

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



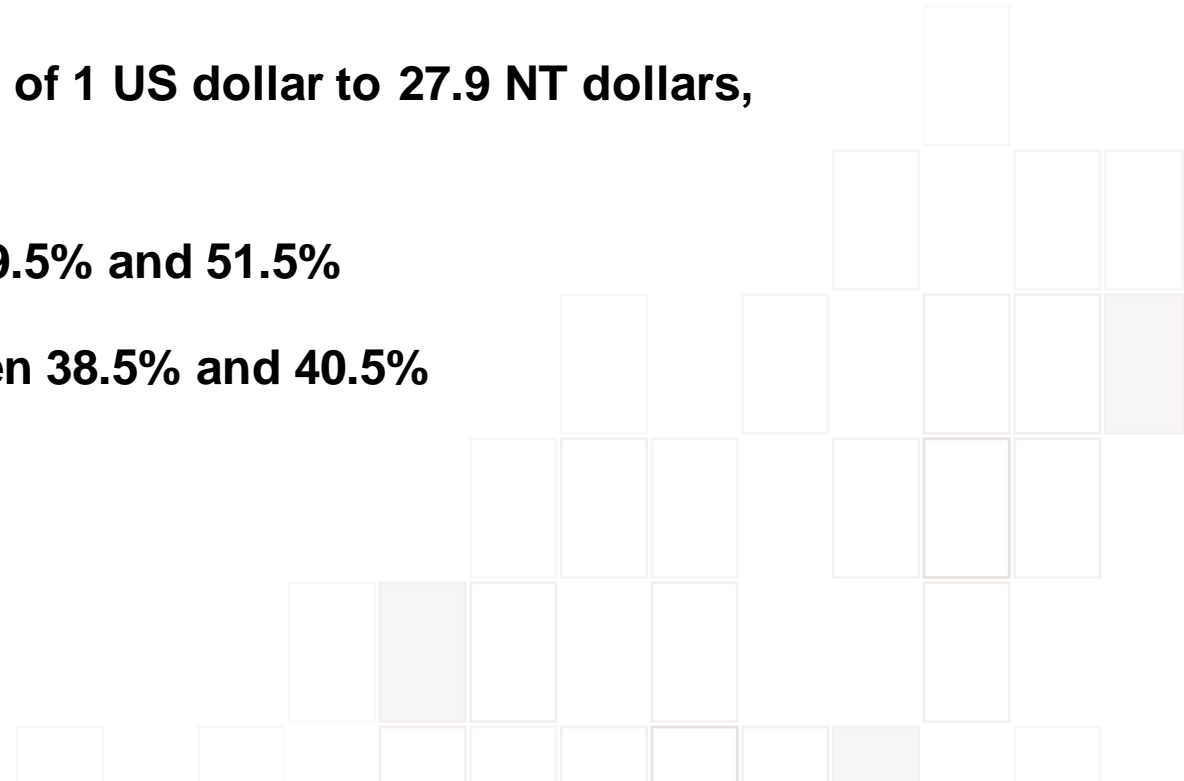
# 3Q21 Guidance

Based on our current business outlook, management expects:

- Revenue to be between US\$ 14.6 billion and US\$ 14.9 billion

And, based on the exchange rate assumption of 1 US dollar to 27.9 NT dollars, management expects:

- Gross profit margin to be between 49.5% and 51.5%
- Operating profit margin to be between 38.5% and 40.5%



# Recap of Recent Major Events

- **TSMC, Hon Hai/YongLin Foundation Donate BNT Vaccine to Taiwan CDC for COVID-19 Epidemic Prevention (2021/07/12)**
- **In Response to the COVID-19 Pandemic and Relevant Orders Issued by the Government, TSMC Board of Directors Approved a Change to the Date of TSMC's 2021 Annual Shareholders' Meeting from June 8, 2021 to July 26, 2021 (2021/06/09)**
- **TSMC Board of Directors Approved NT\$2.75 Cash Dividend for the First Quarter of 2021 and Set September 16 as Ex-Dividend Date, September 22 as the Record Date and October 14, 2021 as the Distribution Date (2021/06/09)**
- **NXP Ramps Automotive Processing Innovation with Two Processors on TSMC FinFET Technology (2021/06/02)**
- **TSMC Unveils Innovation at 2021 Online Technology Symposium (2021/06/02)**
- **TSMC Board of Directors Approved the Issuance of No More Than 2,600,000 Common Shares of Employee Restricted Stock Awards (RSAs) for the Year 2021, Which Will be Submitted to the 2021 Annual Shareholders' Meeting for Approval (2021/04/22)**
- **TSMC Announces 10 Candidates for Board of Directors, Who Will Stand for Election at TSMC's Annual Shareholders' Meeting (2021/04/16)**
- **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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