



Unleash Innovation

# 2022 Second Quarter Earnings Conference

July 14, 2022

# Agenda

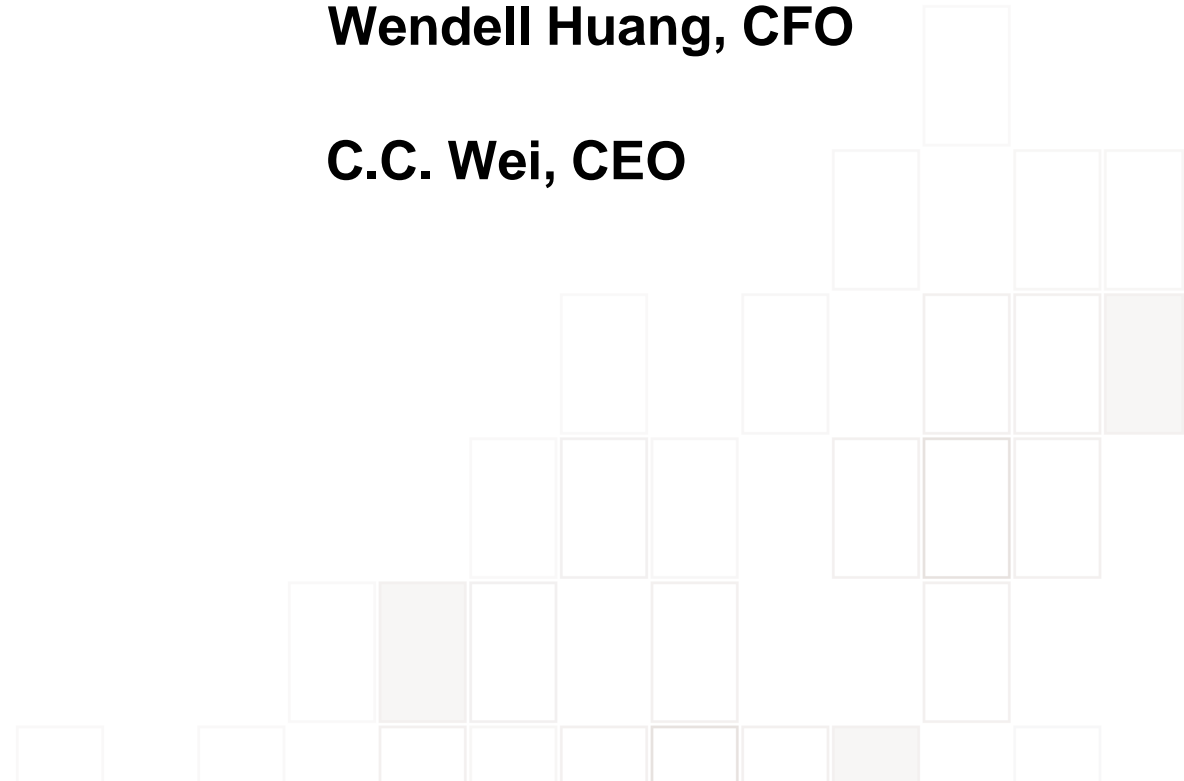
- **Welcome**
- **2Q22 Financial Results and 3Q22 Outlook**
- **Key Messages**
  
- **Q&A**

**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 14, 2022 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

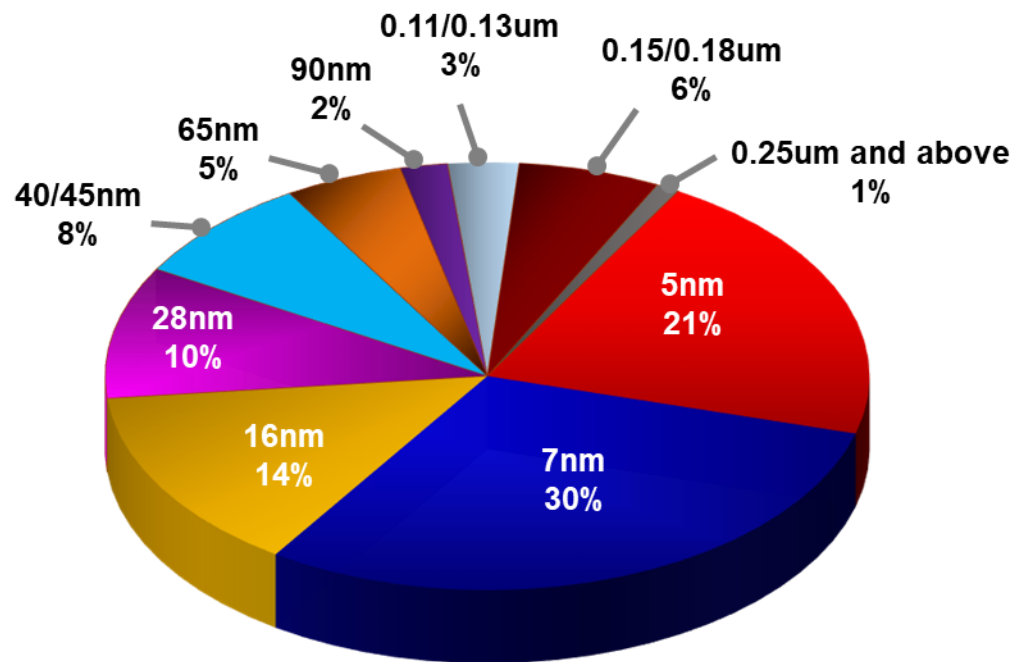
## Selected Items from Statements of Comprehensive Income

	2Q22	2Q22 Guidance	1Q22	2Q21	2Q22 Over 1Q22	2Q22 Over 2Q21
<i>(In NT\$ billions unless otherwise noted)</i>						
Net Revenue (US\$ billions)	18.16	17.6-18.2	17.57	13.29	+3.4%	+36.6%
Net Revenue	534.14		491.08	372.15	+8.8%	+43.5%
<b>Gross Margin</b>	<b>59.1%</b>	<b>56.0% -58.0%</b>	<b>55.6%</b>	<b>50.0%</b>	<b>+3.5 pts</b>	<b>+9.1 pts</b>
Operating Expenses	(53.38)		(48.61)	(40.58)	+9.8%	+31.5%
<b>Operating Margin</b>	<b>49.1%</b>	<b>45.0% -47.0%</b>	<b>45.6%</b>	<b>39.1%</b>	<b>+3.5 pts</b>	<b>+10.0 pts</b>
Non-Operating Items	3.88		3.04	3.72	+27.4%	+4.0%
Net Income to Shareholders of the Parent Company	237.03		202.73	134.36	+16.9%	+76.4%
<b>Net Profit Margin</b>	<b>44.4%</b>		<b>41.3%</b>	<b>36.1%</b>	<b>+3.1 pts</b>	<b>+8.3 pts</b>
EPS (NT Dollar)	9.14		7.82	5.18	+16.9%	+76.4%
ROE	39.4%		36.2%	27.3%	+3.2 pts	+12.1 pts
Shipment (Kpcs, 12"-equiv. Wafer)	3,799		3,778	3,449	+0.6%	+10.1%
Average Exchange Rate--USD/NTD	29.42	28.80	27.95	28.01	+5.2%	+5.0%

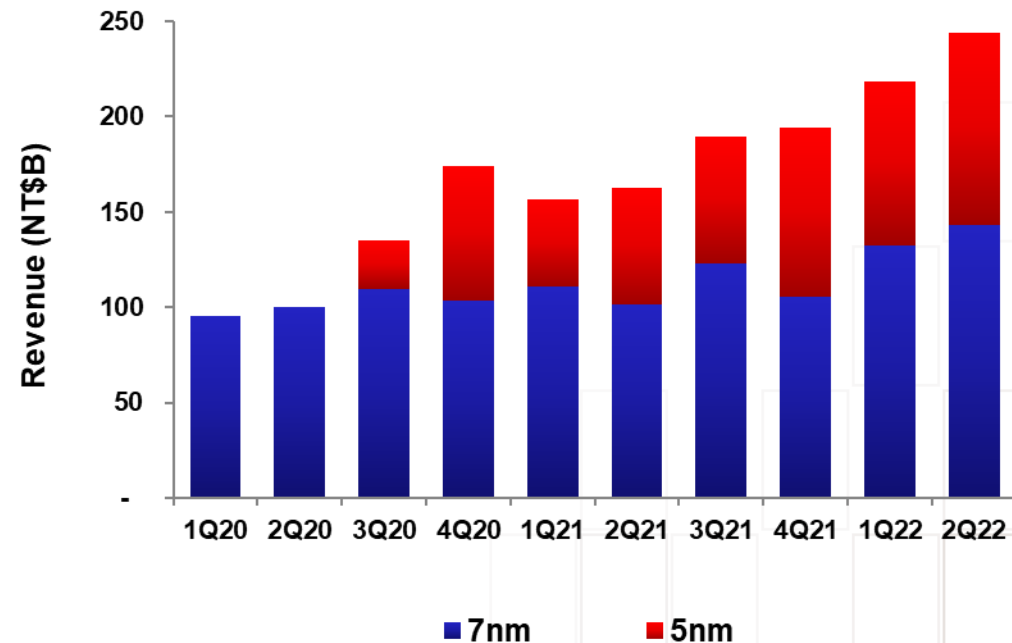
\* Diluted weighted average outstanding shares were 25,929 mn units in 2Q22.

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

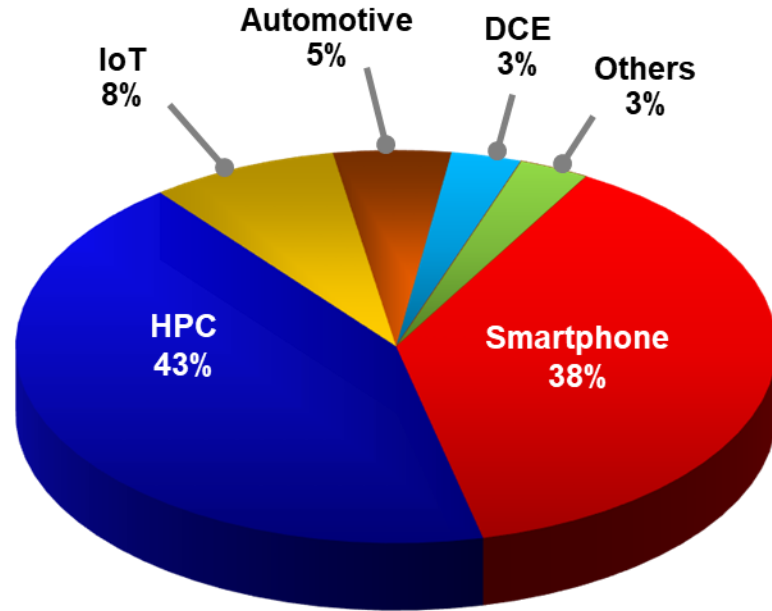
# 2Q22 Revenue by Technology



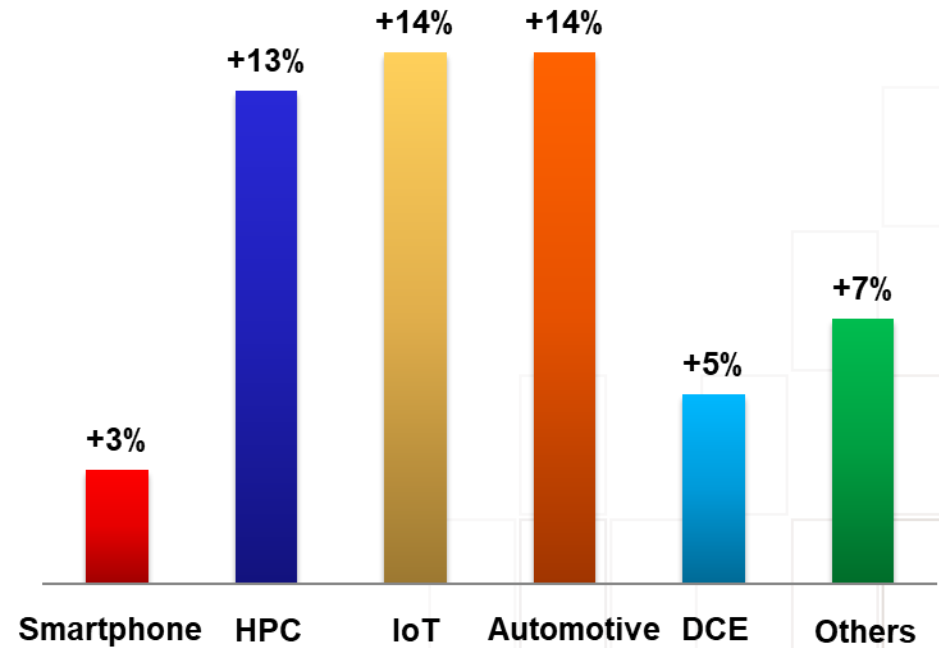
7nm and Below Revenue



# 2Q22 Revenue by Platform



Growth Rate by Platform (QoQ)



# Balance Sheets & Key Indices

Selected Items from Balance Sheets <i>(In NT\$ billions)</i>	2Q22		1Q22		2Q21	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	1,425.57	32.8%	1,282.06	32.1%	870.84	28.2%
Accounts Receivable	222.07	5.1%	213.43	5.3%	178.26	5.7%
Inventories	217.44	5.0%	200.12	5.0%	170.44	5.5%
Long-term Investments	64.44	1.5%	45.74	1.2%	29.06	1.0%
Net PP&E	2,248.32	51.7%	2,104.33	52.7%	1,722.68	55.7%
<b>Total Assets</b>	<b>4,345.94</b>	<b>100.0%</b>	<b>3,992.68</b>	<b>100.0%</b>	<b>3,092.82</b>	<b>100.0%</b>
Current Liabilities	845.24	19.4%	822.87	20.6%	647.75	20.9%
Long-term Interest-bearing Debts	757.21	17.4%	632.74	15.8%	413.64	13.4%
<b>Total Liabilities</b>	<b>1,835.48</b>	<b>42.2%</b>	<b>1,671.21</b>	<b>41.9%</b>	<b>1,098.85</b>	<b>35.5%</b>
<b>Total Shareholders' Equity</b>	<b>2,510.46</b>	<b>57.8%</b>	<b>2,321.47</b>	<b>58.1%</b>	<b>1,993.97</b>	<b>64.5%</b>
<b>Key Indices</b>						
A/R Turnover Days	37		38		42	
Inventory Turnover Days	95		88		85	
Current Ratio (x)	2.3		2.1		1.9	
Asset Productivity (x)	1.0		1.0		0.9	

\* Total outstanding shares were 25,930 mn units at 6/30/22

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

# Cash Flows

<i>(In NT\$ billions)</i>	<b>2Q22</b>	<b>1Q22</b>	<b>2Q21</b>
<b>Beginning Balance</b>	<b>1,151.59</b>	<b>1,064.99</b>	<b>664.73</b>
Cash from operating activities	338.85	372.17	187.44
Capital expenditures	(217.73)	(262.13)	(166.97)
Cash dividends	(71.31)	(71.31)	(64.83)
Short-term loans	(26.48)	30.53	3.55
Bonds payable	108.84	19.60	136.71
Investments and others	(30.57)	(2.26)	(12.65)
<b>Ending Balance</b>	<b>1,253.19</b>	<b>1,151.59</b>	<b>747.98</b>
Free Cash Flow *	121.12	110.04	20.47

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



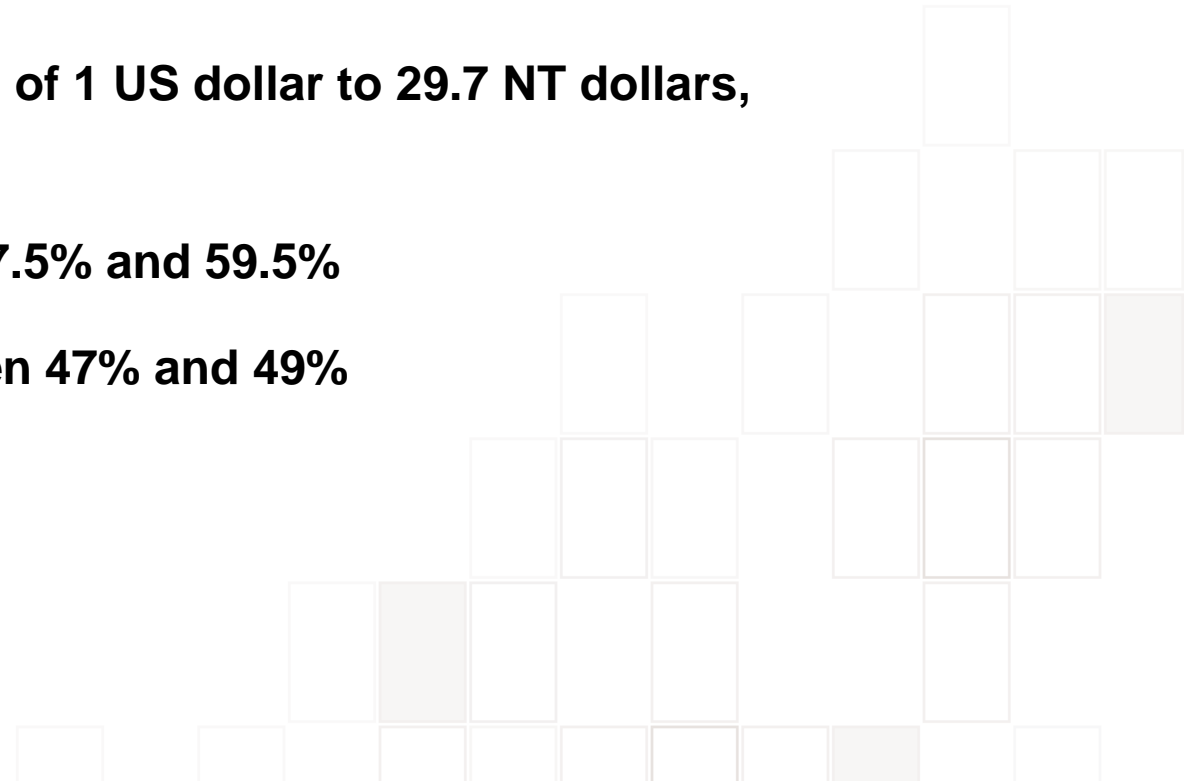
# 3Q22 Guidance

Based on our current business outlook, management expects:

- Revenue to be between US\$ 19.8 billion and US\$ 20.6 billion

And, based on the exchange rate assumption of 1 US dollar to 29.7 NT dollars, management expects:

- Gross profit margin to be between 57.5% and 59.5%
- Operating profit margin to be between 47% and 49%



# Recap of Recent Major Events

- **TSMC Japan 3DIC R&D Center Completes Clean Room Construction in AIST Tsukuba Center (2022/06/24)**
- **TSMC FINFLEX™, N2 Process Innovations Debut at 2022 North American Technology Symposium (2022/06/17)**
- **TSMC Board of Directors Approved NT\$2.75 Cash Dividend for the First Quarter of 2022 and Set September 15 as Ex-Dividend Date, September 21 as the Record Date and October 13, 2022 as the Distribution Date (2022/05/10)**
- **TSMC Board of Directors Approved the Global Employee Stock Purchase Plan Which Applies to All Regular Employees of TSMC and Its Wholly Owned Subsidiaries (2022/05/10)**

- 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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