



TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Consolidated Condensed Balance Sheets

(Expressed in Millions of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD")) ⁽¹⁾

ASSETS	September 30, 2019 (Unaudited)			June 30, 2019 (Unaudited)		September 30, 2018 (Unaudited)		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	Amount	%	Amount	%
Current Assets											
Cash and Cash Equivalents	\$ 14,582	\$ 452,430	21.2	\$ 649,697	29.0	\$ 488,732	24.8	\$ (197,267)	(30.4)	\$ (36,302)	(7.4)
Investments in Marketable Financial Instruments	4,270	132,492	6.2	114,918	5.1	115,287	5.9	17,574	15.3	17,205	14.9
Accounts Receivable	4,687	145,422	6.8	116,131	5.2	129,540	6.6	29,291	25.2	15,882	12.3
Inventories	3,116	96,686	4.5	108,232	4.8	105,337	5.3	(11,546)	(10.7)	(8,651)	(8.2)
Other Current Assets	722	22,397	1.1	21,202	1.0	20,328	1.0	1,195	5.6	2,069	10.2
Total Current Assets	27,377	849,427	39.8	1,010,180	45.1	859,224	43.6	(160,753)	(15.9)	(9,797)	(1.1)
Non-current Assets											
Long-term Investments	971	30,135	1.4	29,315	1.3	29,803	1.5	820	2.8	332	1.1
Property, Plant and Equipment	38,610	1,197,955	56.1	1,142,871	51.0	1,048,517	53.2	55,084	4.8	149,438	14.3
Right-of-use, Intangible and Other Non-current Assets	1,828	56,717	2.7	56,978	2.6	32,345	1.7	(261)	(0.5)	24,372	75.4
Total Non-current Assets	41,409	1,284,807	60.2	1,229,164	54.9	1,110,665	56.4	55,643	4.5	174,142	15.7
Total Assets	\$ 68,786	\$ 2,134,234	100.0	\$ 2,239,344	100.0	\$ 1,969,889	100.0	\$ (105,110)	(4.7)	\$ 164,345	8.3
LIABILITIES AND SHAREHOLDERS' EQUITY											
Current Liabilities											
Short-term Loans	\$ 2,758	\$ 85,573	4.0	\$ 78,261	3.5	\$ 73,975	3.7	\$ 7,312	9.3	\$ 11,598	15.7
Accounts Payable	1,191	36,958	1.7	32,570	1.5	30,305	1.5	4,388	13.5	6,653	22.0
Payables to Contractors and Equipment Suppliers	3,012	93,442	4.4	71,029	3.2	58,590	3.0	22,413	31.6	34,852	59.5
Cash Dividends Payable	3,761	116,687	5.5	259,380	11.6	-	-	(142,693)	(55.0)	116,687	-
Accrued Expenses and Other Current Liabilities	4,200	130,321	6.1	132,916	5.9	123,860	6.3	(2,595)	(2.0)	6,461	5.2
Current Portion of Bonds Payable	1,025	31,800	1.5	48,100	2.1	34,900	1.8	(16,300)	(33.9)	(3,100)	(8.9)
Total Current Liabilities	15,947	494,781	23.2	622,256	27.8	321,630	16.3	(127,475)	(20.5)	173,151	53.8
Non-current Liabilities											
Bonds Payable	809	25,100	1.2	35,300	1.6	56,900	2.9	(10,200)	(28.9)	(31,800)	(55.9)
Other Non-current Liabilities	865	26,856	1.2	27,366	1.2	15,529	0.8	(510)	(1.9)	11,327	72.9
Total Non-current Liabilities	1,674	51,956	2.4	62,666	2.8	72,429	3.7	(10,710)	(17.1)	(20,473)	(28.3)
Total Liabilities	17,621	546,737	25.6	684,922	30.6	394,059	20.0	(138,185)	(20.2)	152,678	38.7
Equity Attributable to Shareholders of the Parent											
Capital Stock at Par Value	8,357	259,304	12.1	259,304	11.6	259,304	13.2	-	-	-	-
Capital Surplus	1,815	56,321	2.6	56,321	2.5	56,312	2.8	-	-	9	-
Legal Capital Reserve	10,028	311,147	14.6	311,147	13.9	276,034	14.0	-	-	35,113	12.7
Special Capital Reserve	238	7,386	0.4	10,724	0.5	26,907	1.4	(3,338)	(31.1)	(19,521)	(72.5)
Unappropriated Earnings	31,050	963,373	45.2	923,705	41.2	974,796	49.5	39,668	4.3	(11,423)	(1.2)
Others	(344)	(10,675)	(0.5)	(7,386)	(0.3)	(18,181)	(0.9)	(3,289)	(44.5)	7,506	41.3
Equity Attributable to Shareholders of the Parent	51,144	1,586,856	74.4	1,553,815	69.4	1,575,172	80.0	33,041	2.1	11,684	0.7
Noncontrolling Interests	21	641	-	607	-	658	-	34	5.6	(17)	(2.6)
Total Shareholders' Equity	51,165	1,587,497	74.4	1,554,422	69.4	1,575,830	80.0	33,075	2.1	11,667	0.7
Total Liabilities & Shareholders' Equity	\$ 68,786	\$ 2,134,234	100.0	\$ 2,239,344	100.0	\$ 1,969,889	100.0	\$ (105,110)	(4.7)	\$ 164,345	8.3

Note :
(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the rate of NT\$31.027 as of September 30, 2019.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Consolidated Condensed Statements of Comprehensive Income (Unaudited)

For the Three Months Ended September 30, 2019, June 30, 2019, September 30, 2018

(Expressed in Millions of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD"))⁽¹⁾

Except for Per Share Amounts and Shares Outstanding)

	3Q 2019			2Q 2019		3Q 2018		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 9,396	\$ 293,045	100.0	\$ 240,999	100.0	\$ 260,348	100.0	\$ 52,046	21.6	\$ 32,697	12.6
Cost of Revenue	(4,926)	(153,633)	(52.4)	(137,269)	(57.0)	(136,981)	(52.6)	(16,364)	11.9	(16,652)	12.2
Gross Profit	4,470	139,412	47.6	103,730	43.0	123,367	47.4	35,682	34.4	16,045	13.0
Operating Expenses											
Research and Development Expenses	(769)	(23,972)	(8.2)	(21,394)	(8.8)	(21,886)	(8.4)	(2,578)	12.1	(2,086)	9.5
Sales, General and Administrative Expenses	(237)	(7,407)	(2.5)	(5,771)	(2.4)	(6,243)	(2.4)	(1,636)	28.3	(1,164)	18.6
Total Operating Expenses	(1,006)	(31,379)	(10.7)	(27,165)	(11.2)	(28,129)	(10.8)	(4,214)	15.5	(3,250)	11.6
Other Operating Income and Expenses	(5)	(146)	(0.1)	(261)	(0.1)	7	-	115	44.1	(153)	(2185.7)
Income from Operations	3,459	107,887	36.8	76,304	31.7	95,245	36.6	31,583	41.4	12,642	13.3
Non-operating Income and Expenses											
Share of Profits of Associates	29	916	0.3	628	0.2	998	0.4	288	45.9	(82)	(8.2)
Net Interest Income (Expenses)	99	3,072	1.0	3,682	1.5	3,078	1.2	(610)	(16.6)	(6)	(0.2)
Other Gains and Losses	15	461	0.2	(69)	-	(424)	(0.2)	530	NM	885	NM
Total Non-operating Income and Expenses	143	4,449	1.5	4,241	1.7	3,652	1.4	208	4.9	797	21.8
Income Before Income Tax	3,602	112,336	38.3	80,545	33.4	98,897	38.0	31,791	39.5	13,439	13.6
Income Tax Expenses	(360)	(11,233)	(3.8)	(13,769)	(5.7)	(9,799)	(3.8)	2,536	(18.4)	(1,434)	14.6
Net Income	3,242	101,103	34.5	66,776	27.7	89,098	34.2	34,327	51.4	12,005	13.5
Other Comprehensive Income (Losses)	(104)	(3,225)	(1.1)	3,526	1.5	(3,881)	(1.5)	(6,751)	(191.5)	656	16.9
Comprehensive Income	\$ 3,138	\$ 97,878	33.4	\$ 70,302	29.2	\$ 85,217	32.7	\$ 27,576	39.2	\$ 12,661	14.9
Net Income Attributable to:											
Shareholders of the Parent	\$ 3,241	\$ 101,070	34.5	\$ 66,765	27.7	\$ 89,072	34.2	\$ 34,305	51.4	\$ 11,998	13.5
Noncontrolling Interests	1	33	-	11	-	26	-	22	200.0	7	26.9
	\$ 3,242	\$ 101,103	34.5	\$ 66,776	27.7	\$ 89,098	34.2	\$ 34,327	51.4	\$ 12,005	13.5
Earnings per Share - Diluted	\$ 0.12	\$ 3.90		\$ 2.57		\$ 3.44		\$ 1.33	51.4	\$ 0.46	13.5
Earnings per ADR - Diluted (2)	\$ 0.62	\$ 19.49		\$ 12.87		\$ 17.18		\$ 6.62	51.4	\$ 2.31	13.5
Weighted Average Outstanding Shares - Diluted ('M)		25,930		25,930		25,930					

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$31.187 for the third quarter of 2019.

(2) 1 ADR equals 5 ordinary shares.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Consolidated Condensed Statements of Comprehensive Income (Unaudited)

(Expressed in Millions of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD") ⁽¹⁾)

Except for Per Share Amounts and Shares Outstanding)

	For the Nine Months Ended September 30						
	2019			2018		YoY	
	USD	NTD	%	NTD	%	NTD	%
Net Revenue	\$ 24,238	\$ 752,748	100.0	\$ 741,703	100.0	\$ 11,045	1.5
Cost of Revenue	(13,499)	(419,248)	(55.7)	(381,948)	(51.5)	(37,300)	9.8
Gross Profit	10,739	333,500	44.3	359,755	48.5	(26,255)	(7.3)
Operating Expenses							
Research and Development Expenses	(2,118)	(65,783)	(8.7)	(62,206)	(8.4)	(3,577)	5.8
Sales, General and Administrative Expenses	(605)	(18,779)	(2.5)	(19,091)	(2.5)	312	(1.6)
Total Operating Expenses	(2,723)	(84,562)	(11.2)	(81,297)	(10.9)	(3,265)	4.0
Other Operating Income and Expenses	(16)	(481)	(0.1)	(1,958)	(0.3)	1,477	75.4
Income from Operations	8,000	248,457	33.0	276,500	37.3	(28,043)	(10.1)
Non-operating Income and Expenses							
Share of Profits of Associates	64	1,978	0.3	1,946	0.3	32	1.6
Net Interest Income (Expenses)	330	10,264	1.4	8,368	1.1	1,896	22.7
Other Gains and Losses	12	364	-	(386)	(0.1)	750	NM
Total Non-operating Income and Expenses	406	12,606	1.7	9,928	1.3	2,678	27.0
Income before Income Tax	8,406	261,063	34.7	286,428	38.6	(25,365)	(8.9)
Income Tax Expenses	(1,024)	(31,797)	(4.2)	(35,249)	(4.7)	3,452	(9.8)
Net Income	7,382	229,266	30.5	251,179	33.9	(21,913)	(8.7)
Other Comprehensive Income	159	4,917	0.6	8,188	1.1	(3,271)	(39.9)
Comprehensive Income	\$ 7,541	\$ 234,183	31.1	\$ 259,367	35.0	\$ (25,184)	(9.7)
Net Income Attributable to:							
Shareholders of the Parent	\$ 7,381	\$ 229,229	30.5	\$ 251,147	33.9	\$ (21,918)	(8.7)
Noncontrolling interests	1	37	-	32	-	5	15.6
	\$ 7,382	\$ 229,266	30.5	\$ 251,179	33.9	\$ (21,913)	(8.7)
Earnings per Share - Diluted	\$ 0.28	\$ 8.84		\$ 9.69		\$ (0.85)	(8.7)
Earnings per ADR - Diluted (2)	\$ 1.42	\$ 44.20		\$ 48.43		\$ (4.23)	(8.7)
Weighted Average Outstanding Shares - Diluted (M)		25,930		25,930			

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$31.056 for the nine months ended September 30, 2019.

(2) 1 ADR equals 5 ordinary shares.

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Consolidated Condensed Cash Flow Statements

For the Nine Months Ended September 30, 2019 and for the Three Months Ended September 30, 2019, June 30, 2019 and September 30, 2018

(Expressed in Millions of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD")) ⁽¹⁾

	Nine Months 2019 (Unaudited)		3Q 2019 (Unaudited)	2Q 2019 (Unaudited)	3Q 2018 (Unaudited)
	USD	NTD	NTD	NTD	NTD
Cash Flows from Operating Activities:					
Income Before Income Tax	\$ 8,406	\$ 261,063	\$ 112,336	\$ 80,545	\$ 98,897
Depreciation & Amortization	7,063	219,352	66,756	75,048	73,609
Share of Profits of Associates	(64)	(1,978)	(916)	(628)	(998)
Income Taxes Paid	(1,222)	(37,970)	(142)	(37,590)	(379)
Changes in Working Capital & Others	(911)	(28,283)	(36,281)	386	(77,046)
Net Cash Generated by Operating Activities	<u>13,272</u>	<u>412,184</u>	<u>141,753</u>	<u>117,761</u>	<u>94,083</u>
Cash Flows from Investing Activities:					
Interest Received	\$ 427	\$ 13,255	\$ 3,858	\$ 4,822	\$ 3,976
Cash Dividend Received	63	1,965	1,513	452	3,048
Acquisitions of:					
Property, Plant and Equipment	(9,351)	(290,413)	(98,118)	(116,353)	(69,949)
Marketable Financial Instruments	(6,470)	(200,929)	(102,147)	(64,023)	(24,954)
Proceeds from Disposal or Redemption of:					
Property, Plant and Equipment	7	218	63	80	19
Marketable Financial Instruments	6,141	190,723	88,135	60,672	25,765
Others	(65)	(2,016)	(1,594)	(369)	(1,378)
Net Cash Used In Investing Activities	<u>(9,248)</u>	<u>(287,197)</u>	<u>(108,290)</u>	<u>(114,719)</u>	<u>(63,473)</u>
Cash Flows from Financing Activities:					
Increase (Decrease) in Short-term Loans	\$ (125)	\$ (3,872)	\$ 7,326	\$ 1,064	\$ 43,371
Repayment of Bonds	(1,124)	(34,900)	(26,500)	-	(7,500)
Interest Paid	(98)	(3,058)	(1,433)	(436)	(1,253)
Cash Dividends Paid for Common Stock	(6,680)	(207,443)	(207,443)	-	(207,443)
Others	(102)	(3,182)	(1,062)	(1,558)	390
Net Cash Used in Financing Activities	<u>(8,129)</u>	<u>(252,455)</u>	<u>(229,112)</u>	<u>(930)</u>	<u>(172,435)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	\$ 67	\$ 2,083	\$ (1,618)	\$ 1,914	\$ (1,673)
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(4,038)</u>	<u>(125,385)</u>	<u>(197,267)</u>	<u>4,026</u>	<u>(143,498)</u>
Cash and Cash Equivalents at Beginning of Period	<u>18,606</u>	<u>577,815</u>	<u>649,697</u>	<u>645,671</u>	<u>632,230</u>
Cash and Cash Equivalents at End of Period	<u>\$ 14,568</u>	<u>\$ 452,430</u>	<u>\$ 452,430</u>	<u>\$ 649,697</u>	<u>\$ 488,732</u>

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NT\$31.056 for the nine months ended September 30, 2019.