



Unleash Innovation

2020 Third Quarter Earnings Conference

October 15, 2020

Agenda

- **Welcome**
- **3Q20 Financial Results and 4Q20 Outlook**
- **Key Messages**

- **Q&A**

Jeff Su, IR Director

Wendell Huang, CFO

C.C. Wei, President and CEO

Wendell Huang, CFO



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.

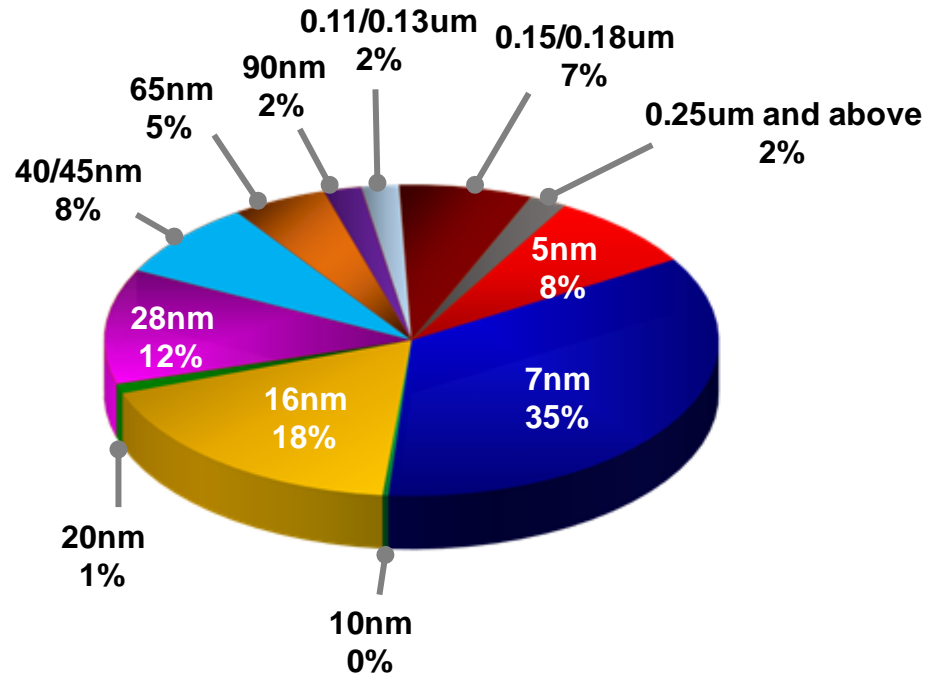
Statements of Comprehensive Income

	3Q20	3Q20 Guidance	2Q20	3Q19	3Q20 Over 2Q20	3Q20 Over 3Q19
<i>(In NT\$ billions unless otherwise noted)</i>						
Net Revenue (US\$ billions)	12.14	11.2-11.5	10.38	9.40	+16.9%	+29.2%
Net Revenue	356.43		310.70	293.05	+14.7%	+21.6%
Gross Margin	53.4%	50.0% - 52.0%	53.0%	47.6%	+0.4 ppt	+5.8 ppts
Operating Expenses	(40.89)		(33.52)	(31.38)	+22.0%	+30.3%
Operating Margin	42.1%	39.0% - 41.0%	42.2%	36.8%	-0.1 ppt	+5.3 ppts
Non-Operating Items	5.07		5.31	4.45	-4.3%	+14.1%
Net Income to Shareholders of the Parent Company	137.31		120.82	101.07	+13.6%	+35.9%
Net Profit Margin	38.5%		38.9%	34.5%	-0.4 ppt	+4.0 ppts
EPS (NT Dollar)	5.30		4.66	3.90	+13.6%	+35.9%
ROE	31.3%		28.5%	25.7%	+2.8 ppts	+5.6 ppts
Shipment (Kpcs, 12"-equiv. Wafer)	3,240		2,985	2,733	+8.5%	+18.6%
Average Exchange Rate--USD/NTD	29.36	29.50	29.92	31.19	-1.9%	-5.8%

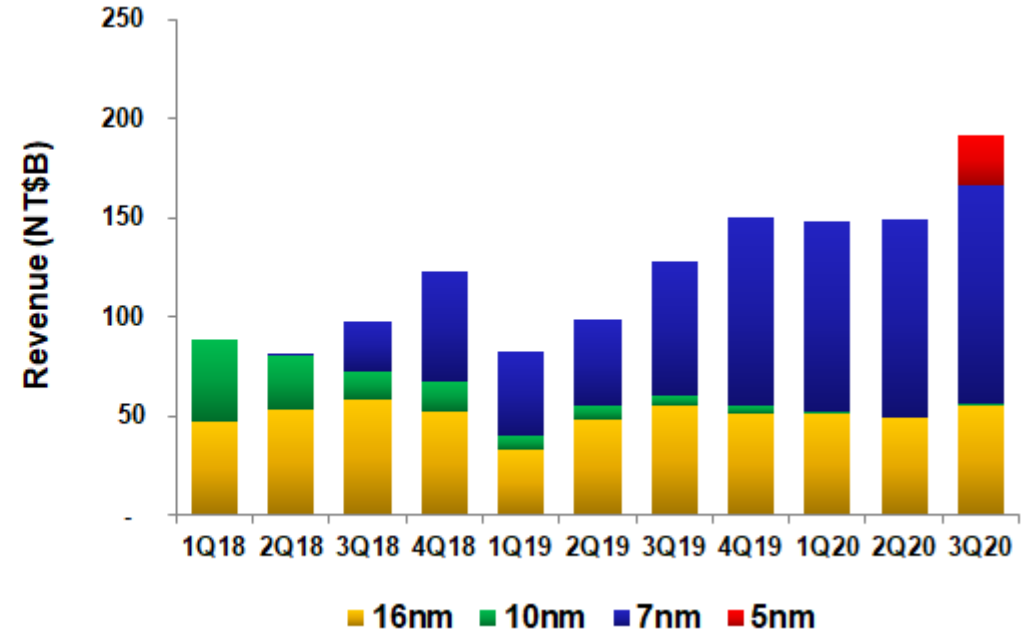
* Diluted weighted average outstanding shares were 25,930mn units in 3Q20.

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

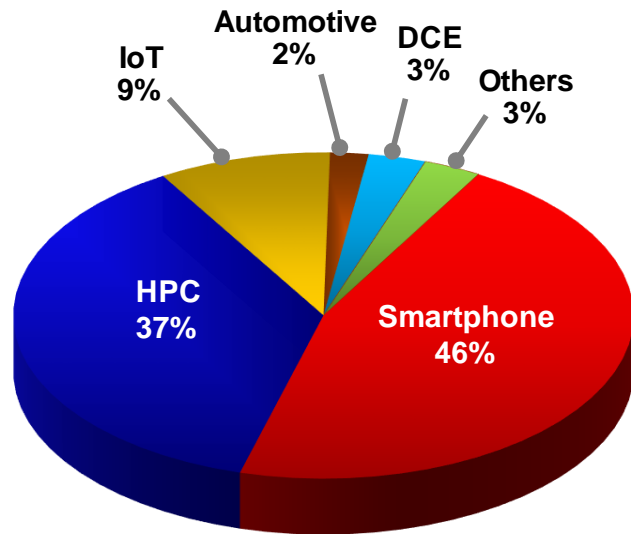
3Q20 Revenue by Technology



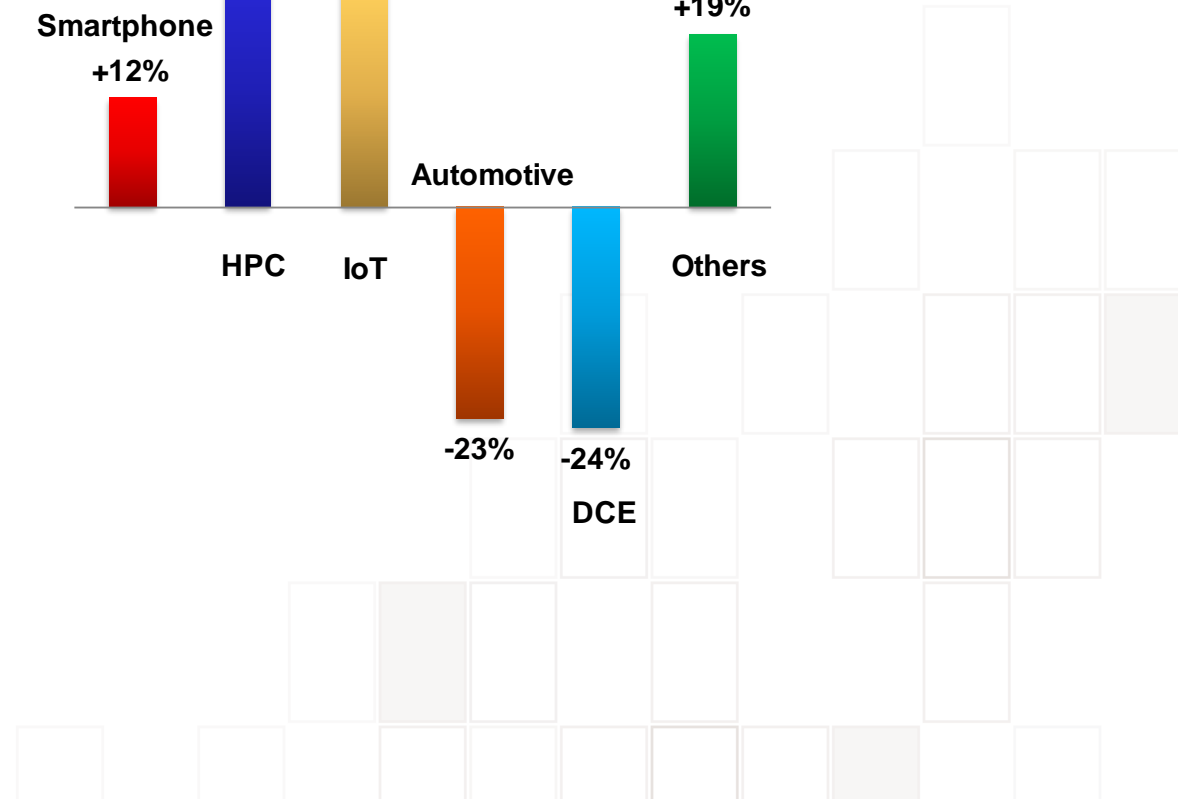
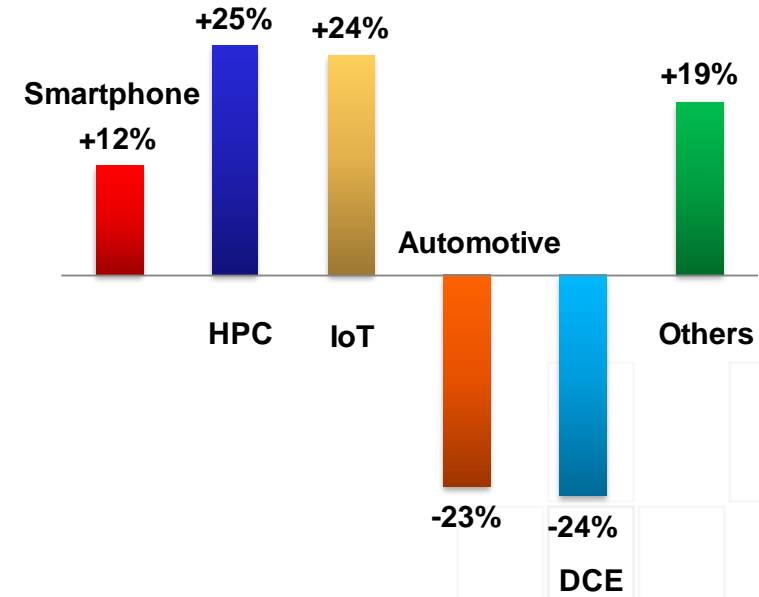
16nm and Below Revenue



3Q20 Revenue by Platform



Growth Rate by Platform (QoQ)



Balance Sheets & Key Indices

Selected Items from Balance Sheets <i>(In NT\$ billions)</i>	3Q20		2Q20		3Q19	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	742.42	28.1%	605.02	24.7%	584.92	27.4%
Accounts Receivable	162.58	6.2%	149.60	6.1%	145.42	6.8%
Inventories	109.51	4.2%	85.79	3.5%	96.69	4.5%
Long-term Investments	26.51	1.0%	22.92	0.9%	30.13	1.4%
Net PP&E	1,504.44	57.1%	1,493.56	61.0%	1,197.95	56.1%
Total Assets	2,635.57	100.0%	2,448.66	100.0%	2,134.23	100.0%
Current Liabilities	588.24	22.3%	614.80	25.1%	494.78	23.2%
Long-term Interest-bearing Debts	228.03	8.7%	82.44	3.4%	25.10	1.2%
Total Liabilities	847.30	32.1%	727.45	29.7%	546.74	25.6%
Total Shareholders' Equity	1,788.27	67.9%	1,721.21	70.3%	1,587.49	74.4%
Key Indices						
A/R Turnover Days	40		44		41	
Inventory Turnover Days	58		55		65	
Current Ratio (x)	1.8		1.4		1.7	
Asset Productivity (x)	1.0		0.8		1.0	

* Total outstanding shares were 25,930 mn units at 9/30/20.

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

Cash Flows

(In NT\$ billions)

	3Q20	2Q20	3Q19
Beginning Balance	467.61	430.78	649.70
Cash from operating activities	190.18	170.34	141.75
Capital expenditures	(99.31)	(126.70)	(98.12)
Cash dividends	(64.83)	(64.83)	(207.44)
Short-term loans	(16.80)	32.23	7.33
Bonds payable	136.03	36.00	(26.50)
Investments and others	(8.68)	(10.21)	(14.29)
Ending Balance	604.20	467.61	452.43
Free Cash Flow *	90.87	43.64	43.63

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

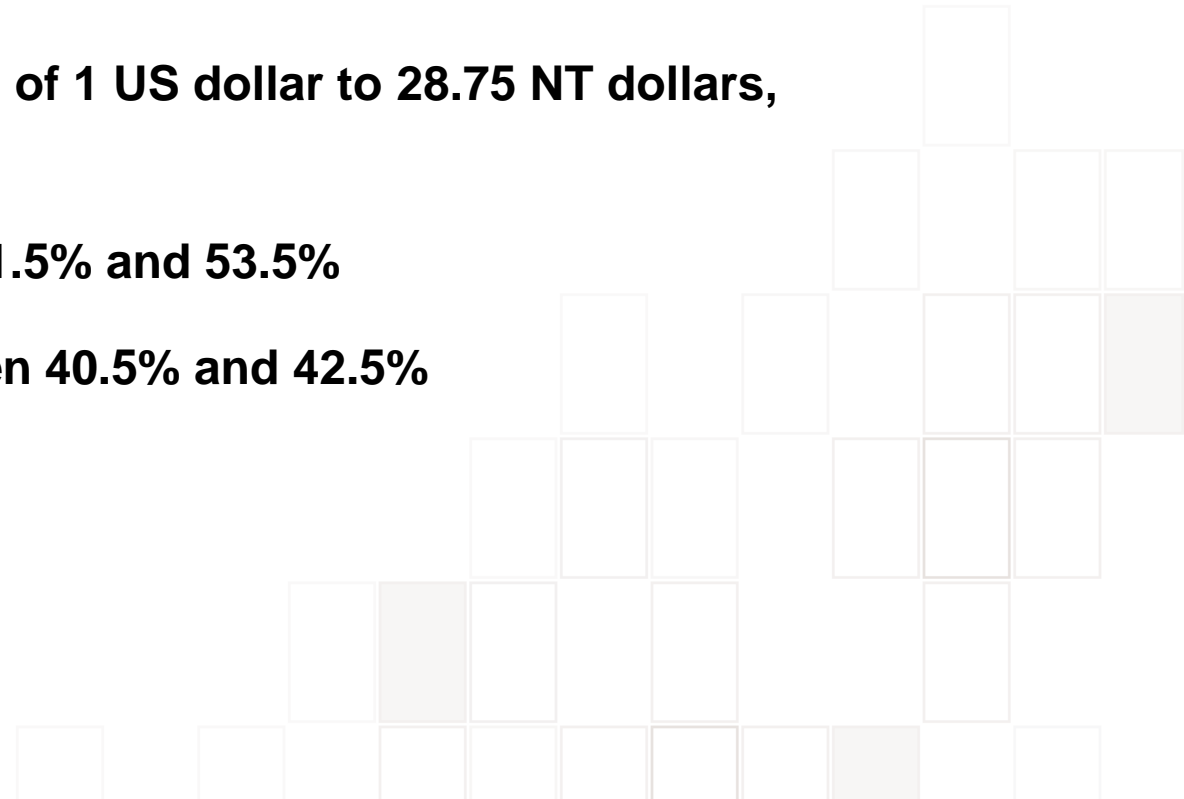
4Q20 Guidance

Based on our current business outlook, management expects:

- Revenue to be between US\$ 12.4 billion and US\$ 12.7 billion

And, based on the exchange rate assumption of 1 US dollar to 28.75 NT dollars, management expects:

- Gross profit margin to be between 51.5% and 53.5%
- Operating profit margin to be between 40.5% and 42.5%



Recap of Recent Major Events

- **TSMC Showcased Leading Technologies at Online Technology Symposium and OIP Ecosystem Forum (2020/08/25)**
 - **TSMC Board of Directors Approved the Issuance of US Dollar-Denominated Senior Unsecured Corporate Bonds for an Amount Not to Exceed US\$1 Billion and the Issuance of US Dollar-Denominated Senior Unsecured Corporate Bonds for an Amount Not to Exceed US\$3 Billion to Finance TSMC's Capacity Expansion (2020/08/11)**
 - **TSMC Board of Directors Approved NT\$2.5 Cash Dividend for Second Quarter of 2020 and Set December 17 as Ex-Dividend Date, December 23 as the Record Date and January 14, 2021 as the Distribution Date (2020/08/11)**
- Please visit TSMC's website (<https://www.tsmc.com>) and Market Observation Post System (<https://mops.twse.com.tw>) for details and other announcements



<https://www.tsmc.com>
invest@tsmc.com

