



Unleash Innovation

2020 Second Quarter Earnings Conference

July 16, 2020

Agenda

- **Welcome**
- **2Q20 Financial Results and 3Q20 Outlook**
- **Key Messages**

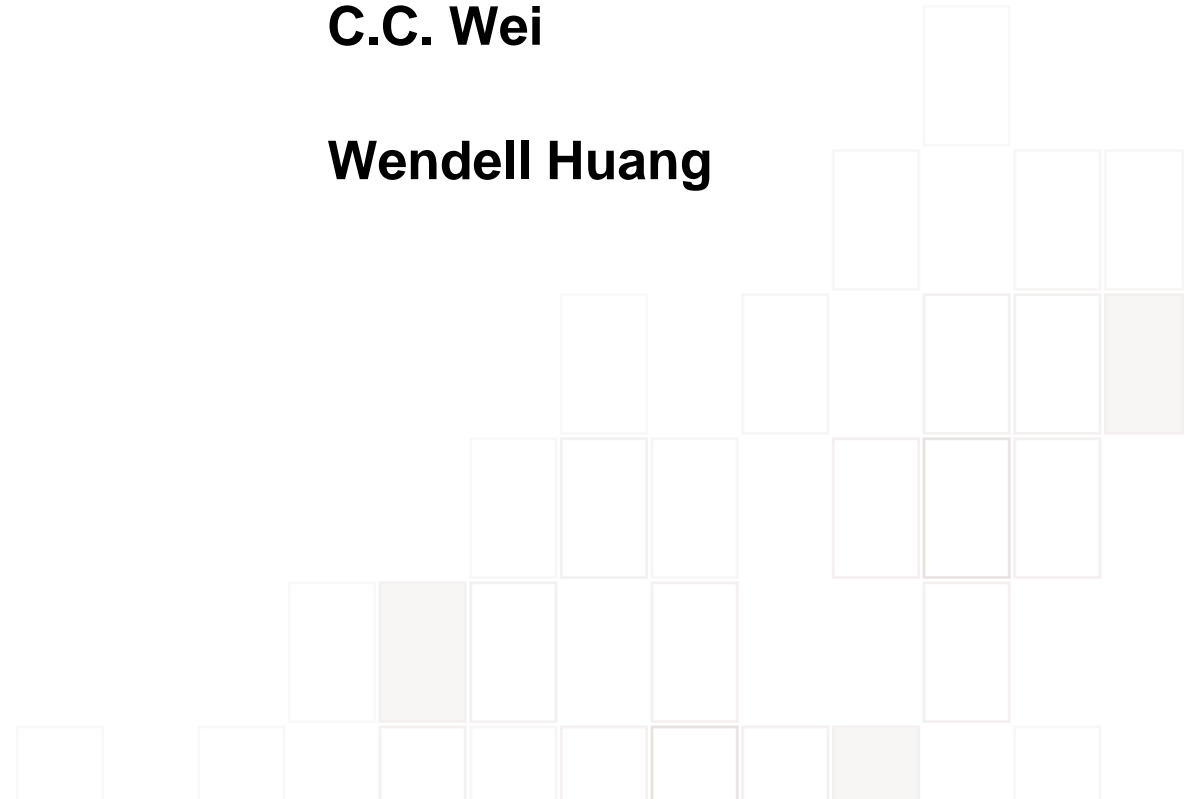
- **Q&A**

Jeff Su

Wendell Huang

C.C. Wei

Wendell Huang



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

Selected Items from Statements of Comprehensive Income

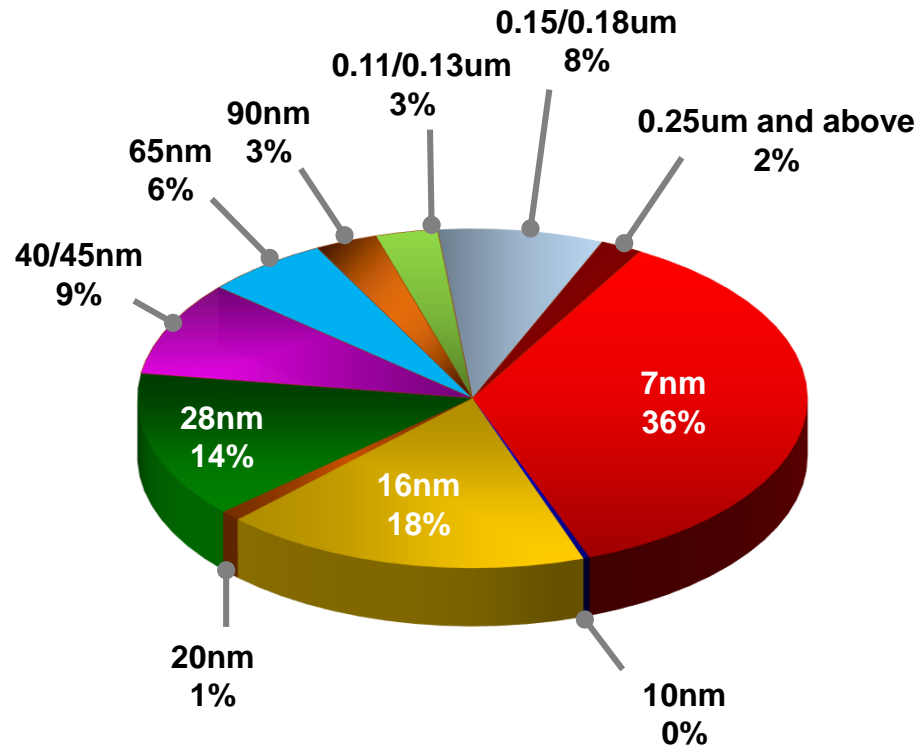
(In NT\$ billions unless otherwise noted)

	2Q20	2Q20 Guidance	1Q20	2Q19	2Q20 over 1Q20	2Q20 over 2Q19
Net Revenue (US\$ billions)	10.38	10.1-10.4	10.31	7.75	+0.8%	+34.1%
Net Revenue	310.70		310.60	241.00	+0.0%	+28.9%
Gross Margin	53.0%	50.0% - 52.0%	51.8%	43.0%	+1.2 ppts	+10.0 ppts
Operating Expenses	(33.52)		(32.33)	(27.17)	+3.7%	+23.4%
Operating Margin	42.2%	39.0% - 41.0%	41.4%	31.7%	+0.8 ppt	+10.5 ppts
Non-Operating Items	5.31		3.63	4.25	+46.3%	+25.1%
Net Income to Shareholders of the Parent Company	120.82		116.99	66.77	+3.3%	+81.0%
Net Profit Margin	38.9%		37.7%	27.7%	+1.2 ppts	+11.2 ppts
EPS (NT Dollar)	4.66		4.51	2.57	+3.3%	+81.0%
ROE	28.5%		28.4%	16.2%	+0.1 ppt	+12.3 ppts
Shipment (Kpcs, 12"-equiv. Wafer)	2,985		2,925	2,308	+2.1%	+29.3%
Average Exchange Rate--USD/NTD	29.92	30.00	30.14	31.11	-0.7%	-3.8%

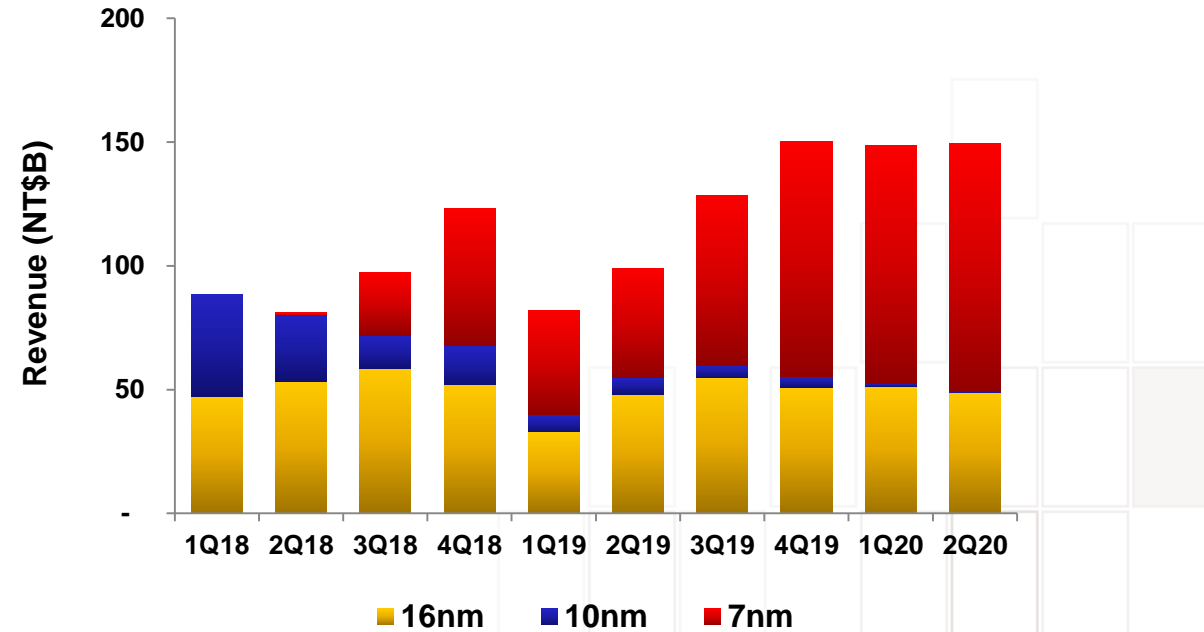
* Diluted weighted average outstanding shares were 25,930mn units in 2Q20.

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

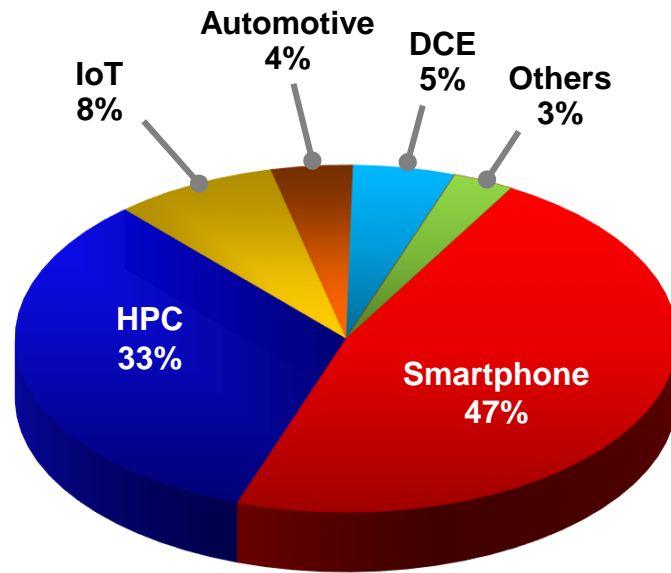
2Q20 Revenue by Technology



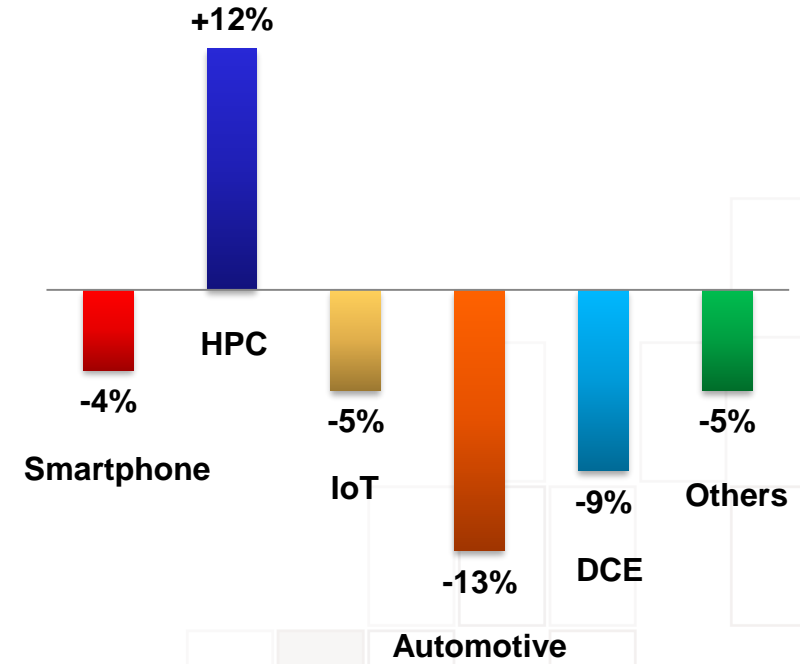
16nm and Below Revenue



2Q20 Revenue by Platform



Growth rate by Platform (QoQ)



Balance Sheets & Key Indices

Selected Items from Balance Sheets <i>(In NT\$ billions)</i>	2Q20		1Q20		2Q19	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	605.02	24.7%	561.55	24.0%	764.62	34.1%
Accounts Receivable	149.60	6.1%	146.42	6.2%	116.13	5.2%
Inventories	85.79	3.5%	78.28	3.3%	108.23	4.8%
Long-term Investments	22.92	0.9%	31.03	1.3%	29.31	1.3%
Net PP&E	1,493.56	61.0%	1,438.22	61.4%	1,142.87	51.0%
Total Assets	2,448.66	100.0%	2,343.30	100.0%	2,239.34	100.0%
Current Liabilities	614.80	25.1%	589.47	25.1%	622.26	27.8%
Long-term Interest-bearing Debts	82.44	3.4%	46.48	2.0%	35.30	1.6%
Total Liabilities	727.45	29.7%	666.27	28.4%	684.92	30.6%
Total Shareholders' Equity	1,721.21	70.3%	1,677.03	71.6%	1,554.42	69.4%
Key Indices						
A/R Turnover Days	44		42		42	
Inventory Turnover Days	55		53		76	
Current Ratio (x)	1.4		1.4		1.6	
Asset Productivity (x)	0.8		0.9		0.9	

* Total outstanding shares were 25,930mn units at 6/30/20.

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

Cash Flows

(In NT\$ billions)

	2Q20	1Q20	2Q19
Beginning Balance	430.78	455.40	645.67
Cash from operating activities	170.34	203.03	117.76
Capital expenditures	(126.70)	(192.56)	(116.35)
Cash dividends	(64.83)	(64.83)	-
Short-term loans	32.23	20.35	1.06
Bonds payable	36.00	2.40	-
Investments and others	(10.21)	6.99	1.56
Ending Balance	467.61	430.78	649.70
Free Cash Flow *	43.64	10.47	1.41

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

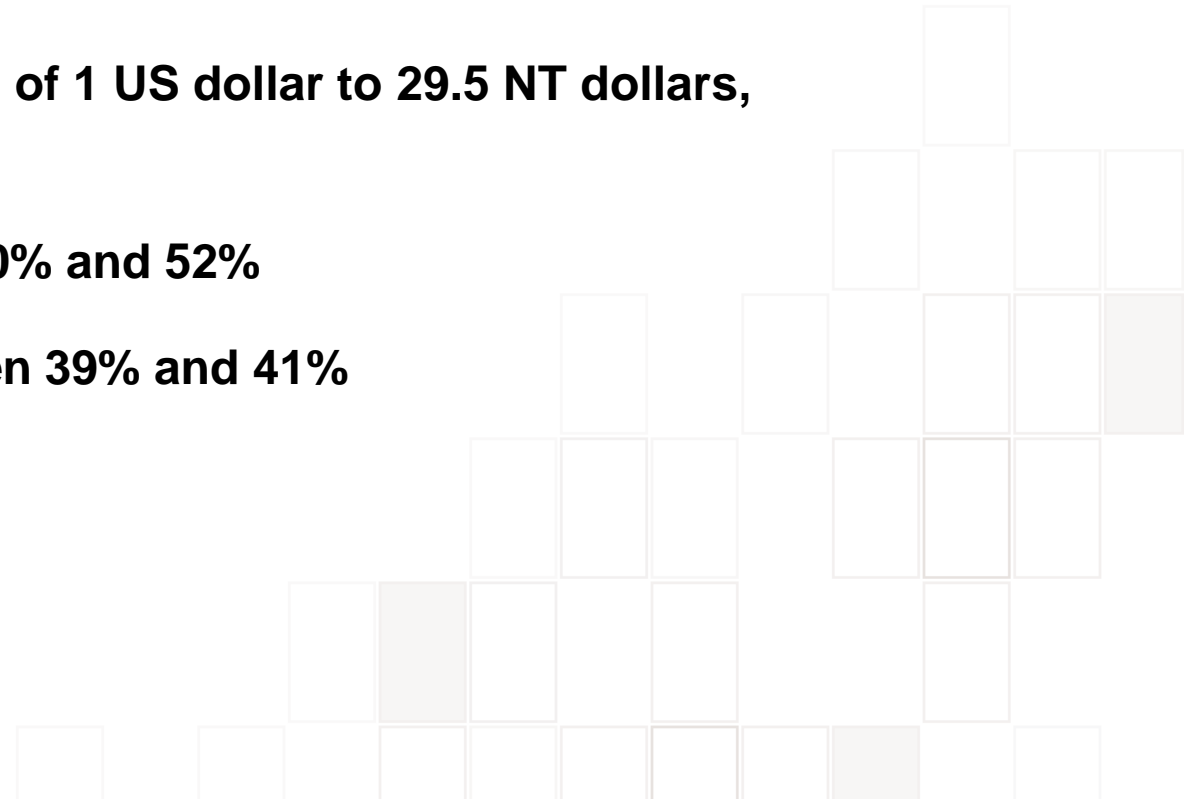
3Q20 Guidance

Based on our current business outlook, management expects:

- Revenue to be between US\$ 11.2 billion and US\$ 11.5 billion

And, based on the exchange rate assumption of 1 US dollar to 29.5 NT dollars, management expects:

- Gross profit margin to be between 50% and 52%
- Operating profit margin to be between 39% and 41%



Recap of Recent Major Events

- **TSMC Expands Renewable Energy Usage to Cut Carbon Emissions by More Than 2 Million Tons (2020/07/08)**
- **NXP Selects TSMC 5nm Process for Next Generation High Performance Automotive Platform (2020/06/12)**
- **TSMC Shareholders Elected Mr. Yancey Hai to the Board of Directors as an Independent Director (2020/06/09)**
- **TSMC Delivers World-first 7nm Automotive Design Enablement Platform (2020/05/28)**
- **TSMC Announces Intention to Build and Operate an Advanced Semiconductor Fab in the United States (2020/05/15)**
- **TSMC Board of Directors Approves NT\$2.5 Cash Dividend for First Quarter of 2020 and Sets September 17 as Ex-Dividend Date, September 23 as the Record Date and October 15, 2020 as the Distribution Date (2020/05/12)**
- 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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