USD REFERENCE | 1 ADS = 5 ordinary shares
Mkt cap ~US$1.57T | TSM (NYSE) $318.71 / ADS

年报其语

TSMC 2330 · TWSE

Mkt Cap	Stock Price	Book Value	P/E Ratio	P/FCF Ratio	Div Yield
51.9T	2000	206.50	20.5x	51.7x	1.20%

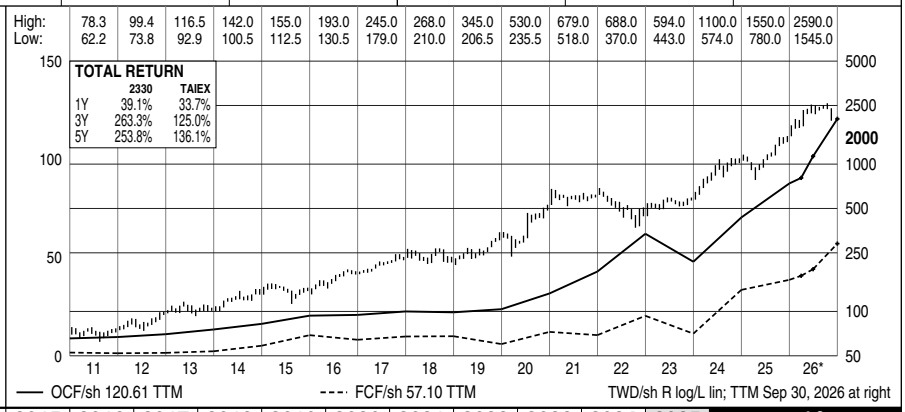
HOW IT EARNS CASH | BUSINESS CHAIN

1 Design in: 534 customers, 12,682 products in FY25.
2 Fabricate: >17M capacity; 15.02M wafers shipped.
3 Upgrade: N2 reached 8% of Q3 wafer sales.
4 Package: CoWoS at 5x reticle in production.
5 Sell: HPC was 68% of Q3 sales, phones 21%.
6 Cash: Q3 GM 66.4%; Sep TTM FCF NT$1,481B.

BUSINESS MIX | FY25

Revenue	NT$B	Mix	YoY	3Y CAGR
HPC	2,193	57.6%	48.5%	33.0%
Smartphone	1,111	29.2%	10.5%	7.7%
IoT	191	5.0%	15.4%	-0.9%
Automotive	187	4.9%	34.0%	17.1%
Digital consumer	48	1.3%	0.1%	-5.1%
Other	80	2.1%	33.8%	2.5%
Total revenue	**3,809**	**100.0%**	**31.6%**	**18.9%**

Mix and growth use native FY22-25 endpoints.



VALUE CREATION	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Nianbao Qiyu 6 Groups	Unit
DESIGN IN 534 clients; 305 process technologies in FY25.	419.54	427.08	506.75	597.02	762.81	843.50	947.94	977.45	1031.47	1069.99	1339.25	1587.42	2263.89	2161.74	2894.31	3809.05	**Revenue**	NT$B
	41.9%	1.8%	18.7%	17.8%	27.8%	10.6%	12.4%	3.1%	5.5%	3.7%	25.2%	18.5%	42.6%	-4.5%	33.9%	31.6%	**Rev. YoY**	%
	49.4%	45.5%	48.2%	47.1%	49.5%	48.7%	50.1%	50.6%	48.3%	46.0%	53.1%	51.6%	59.6%	54.4%	56.1%	59.9%	**Gross Margin**	%
	159.18	141.56	181.16	210.07	295.87	320.05	377.96	385.56	383.62	372.70	566.78	649.98	1121.28	921.47	1322.05	1936.09	**Op. Income**	NT$B
	37.9%	33.1%	35.8%	35.2%	38.8%	37.9%	39.9%	39.4%	37.2%	34.8%	42.3%	40.9%	49.5%	42.6%	45.7%	50.8%	**Op. Margin**	%
BUILD WAFERS 15.02M shipped; >17M capacity in FY25.	161.61	134.20	159.48	183.98	254.30	302.85	331.71	345.00	363.05	353.95	510.74	592.36	992.92	851.74	1158.38	1697.60	**Net Income**	NT$B
	38.5%	31.4%	31.5%	30.8%	33.3%	35.9%	35.0%	35.3%	35.2%	33.1%	38.1%	37.3%	43.9%	39.4%	40.0%	44.6%	**Net Margin**	%
	229.48	247.59	284.96	347.38	421.52	529.88	539.84	585.32	573.95	615.14	822.67	1112.16	1610.60	1241.97	1826.18	2274.98	**OCF**	NT$B
	54.7%	58.0%	56.2%	58.2%	55.3%	62.8%	56.9%	59.9%	55.6%	57.5%	61.4%	70.1%	71.1%	57.5%	63.1%	59.7%	**OCF Margin**	%
PACKAGE CoWoS: 5x reticle in production.	1.4x	1.8x	1.8x	1.9x	1.7x	1.7x	1.6x	1.7x	1.6x	1.7x	1.6x	1.9x	1.6x	1.5x	1.6x	1.3x	**OCF / Net Inc.**	x
	186.94	213.96	246.14	287.60	288.54	257.52	328.05	330.59	315.58	460.42	507.24	839.20	1082.67	949.82	956.01	1272.41	**Capex**	NT$B
SELL BY PLATFORM	81.5%	86.4%	86.4%	82.8%	68.5%	48.6%	60.8%	56.5%	55.0%	74.8%	61.7%	75.5%	67.2%	76.5%	52.4%	55.9%	**Capex / OCF**	%
HPC FY25 58% of sales; Q3 68%.	42.53	33.62	38.83	59.79	132.98	272.36	211.79	254.73	258.37	154.72	315.43	272.96	527.93	292.15	870.17	1002.57	**FCF**	NT$B
	10.1%	7.9%	7.7%	10.0%	17.4%	32.3%	22.3%	26.1%	25.0%	14.5%	23.6%	17.2%	23.3%	13.5%	30.1%	26.3%	**FCF Margin**	%
PHONES FY25 29%; Q3 21%.	1.80	1.72	1.78	2.75	3.86	4.28	5.05	5.30	7.10	9.33	14.24	10.24	6.95	5.58	8.98	10.19	**Acq. & Other***	NT$B
	.8%	.7%	.6%	.8%	.9%	.8%	.9%	.9%	1.2%	1.5%	1.7%	.9%	.4%	.4%	.5%	.4%	**Acq. & Other / OCF***	%
	--	--	--	--	--	--	--	--	--	<.01	.01	.01	.30	.48	1.24	1.25	**SBC Expense**	NT$B
OTHER PLATFORMS FY25 13%; auto, IoT and other.	--	--	--	--	--	--	--	--	--	<.01%	<.01%	<.01%	.02%	.04%	.1%	.1%	**SBC / OCF**	%
	--	.07	--	--	--	--	--	--	--	--	--	--	.87	--	3.09	--	**Repurchases**	NT$B
	--	.03%	--	--	--	--	--	--	--	--	--	--	.1%	--	.2%	--	**Repurchases / OCF**	%
REINVEST Sep YTD cash capex NT$1,290B.	77.71	77.73	77.75	77.77	77.79	116.68	155.58	181.51	207.44	259.30	259.30	265.79	285.23	291.72	363.06	466.78	**Dividends**	NT$B
	33.9%	31.4%	27.3%	22.4%	18.5%	22.0%	28.8%	31.0%	36.1%	42.2%	31.5%	23.9%	17.7%	23.5%	19.9%	20.5%	**Dividends / OCF**	%
RETURN TEST Do new fabs lift cash per share after capex and ramp costs?	--*	--*	26.3%	23.9%	28.8%	31.2%	35.2%	32.9%	31.7%	28.8%	38.1%	37.7%	50.0%	32.7%	39.2%	52.1%	**Base ROIC***	%
	30.2%	22.3%	23.9%	23.8%	27.4%	27.3%	26.0%	24.2%	23.0%	21.6%	29.6%	29.7%	39.3%	26.9%	30.2%	35.4%	**ROE**	%
	24.7%	18.0%	18.3%	16.5%	18.4%	19.2%	18.7%	17.8%	17.8%	16.3%	20.3%	18.3%	22.9%	16.2%	18.9%	23.2%	**ROA**	%
	25.91	25.92	25.92	25.93	25.93	25.93	25.93	25.93	25.93	25.93	25.93	25.93	25.93	25.93	25.93	25.93	**Shares Out.**	B sh
	16.19	16.48	19.55	23.03	29.42	32.53	36.56	37.70	39.78	41.26	51.65	61.22	87.31	83.36	111.61	146.88	**Revenue / Sh.**	NT$/sh
	6.23	5.18	6.15	7.10	9.81	11.68	12.79	13.30	14.00	13.65	19.70	22.84	38.29	32.85	44.67	65.47	**Diluted EPS**	NT$/sh
	8.86	9.55	10.99	13.40	16.26	20.43	20.82	22.57	22.13	23.72	31.73	42.89	62.11	47.89	70.42	87.73	**OCF / Sh.**	NT$/sh
	7.22	8.26	9.49	11.09	11.13	9.93	12.65	12.75	12.17	17.76	19.56	32.36	41.75	36.63	36.86	49.07	**Capex / Sh.**	NT$/sh
	1.64	1.30	1.50	2.31	5.13	10.50	8.17	9.82	9.96	5.97	12.16	10.53	20.36	11.27	33.55	38.66	**FCF / Sh.**	NT$/sh
	3.00	3.00	3.00	3.00	3.00	4.50	6.00	7.00	8.00	15.00*	10.00	10.75	11.00	12.25	16.00	20.50	**Dividend / Sh.**	NT$/sh
	10.0x	13.9x	13.7x	14.7x	12.5x	12.0x	13.0x	15.8x	17.0x	19.2x	19.2x	26.2x	13.5x	16.5x	19.9x	17.8x	**Avg. P/E**	x
	2.3%	1.7%	1.5%	2.2%	3.6%	7.3%	4.5%	4.3%	4.4%	1.8%	2.3%	1.7%	4.5%	1.9%	3.1%	2.5%	**FCF Yield**	%
	4.2%	4.0%	3.1%	2.8%	2.1%	3.1%	3.3%	3.1%	3.5%	4.5%*	1.9%	1.7%	2.5%	2.1%	1.5%	1.3%	**Dividend Yield**	%

CORE KPI TRACKER

Metric	FY21	FY22	FY23	FY24	FY25
Wafer shpmts (M)	14.2	15.3	12.0	12.9	**15.0**
Wafer capacity (M)	>13	>15	>16	~17	**>17**
Customers	535	532	528	522	**534**
Products made	12302	12698	11895	11878	**12682**
Process tech.	291	288	288	288	**305**

COMPOUND ANNUAL GROWTH RATE

	1Y	3Y	5Y	10Y	15Y
Revenue	31.6%	18.9%	23.3%	16.3%	15.8%
Op. Income	46.4%	20.0%	27.9%	19.7%	18.1%
Net Income	46.5%	19.6%	27.2%	18.8%	17.0%
OCF	24.6%	12.2%	22.6%	15.7%	16.5%
FCF	15.2%	23.8%	26.0%	13.9%	23.5%
Diluted EPS	46.6%	19.6%	27.1%	18.8%	17.0%
FCF / Sh.	15.2%	23.8%	26.0%	13.9%	23.4%

FINANCIAL POSITION | NT$B

	FY21	FY22	FY23	FY24	FY25
Tot. assets	3725	4964	5532	6692	7933
Tot. liabilities	1574	2047	2078	2412	2537
Net assets	2152	2918	3454	4279	5396
Mkt cap*	15947	11630	15378	27878	51865
Cash + ST	1188	1560	1682	2417	3065
Liab./assets	42.2%	41.2%	37.6%	36.1%	32.0%

CAPITAL RETURNS: FY12-FY25 OCF NT$12,786.5B less capex NT$8,121.8B yielded **NT$4,664.8B FCF.** Cash buybacks: **NT$4.0B (0.1%);** dividends: **NT$3,085.7B (66.1%).** Combined **66.2%.** NT$1,575.1B remained before other investing and financing.

NET SHARES: FY11-end 25.916B to FY25-end 25.933B ordinary shares, **up 16.30M (0.06%).** FY25: no buybacks; reclaimed employee shares canceled. **Down 209K (0.001%).** FY25 payouts were 46.6% of FCF. Net bond proceeds NT$32.59B.

1. Where did growth come from? HPC rose from 51% of FY24 revenue to 58% in FY25 and 68% in Q3 2026. Q3 revenue rose 50.9% to NT$1,494B. Phones were 21%. N2 reached 8% of wafer revenue and 7nm or better reached 79%.

2. Is new capacity earning cash? Q3 gross margin reached 66.4%. Through September, cash capex reached NT$1,290B and FCF was NT$1,112B. September TTM FCF was NT$1,481B.

Construction in progress fell from NT$1,519B to NT$1,164B as equipment rose. Overseas fabs may dilute FY26 gross margin by about 2 points. TSMC reports profit and cash flow for the group.

3. What could Huang's exit change? Huang resigned Nov 11. NVIDIA named Colette Kress interim CEO. TSMC's two unnamed top customers made up 36% of FY25 sales. Track NVIDIA's roadmap and wafer allocations.

Three ways to fail: AI orders slip after capacity is built, N2 yields lag added depreciation, or overseas fabs stay underutilized.

Watch order delays and custom-chip demand. Sep capacity deposits were NT$359B, subject to refund or receivable offset.

Nov 20, 2026 closes. USD cap = TWSE cap at CBC spot FX. TSM ADS price is the NYSE close.
Total returns reinvest dividends. TAIEX = TAIEX Total Return Index. 5Y starts Nov 19, 2021.
Sep26 TTM OCF NT$3,127.63B and FCF NT$1,480.75B. FY25 shares. Header BVPS and P/FCF: FY25; P/E and yield: TTM.
FY10-11 R.O.C. GAAP; FY12-25 IFRS. FY11 cash interest differs. 15Y CAGR uses reported endpoints.
Base ROIC uses approved cash exclusions. FY19 DPS*: approval shift. Position cap: fiscal-end prices; FY25 uses Nov 20 close and FY25 shares.
Sources: TSMC 20-F/IR, A/B pack, TWSE, CBC, Yahoo and NVIDIA 8-K. Calculations & presentation: Nianbao Qiyu.
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