Taiwan Semiconductor Manufacturing Company

NT$2,135
As of Sun 8 Nov 2026, 12:00 UTC

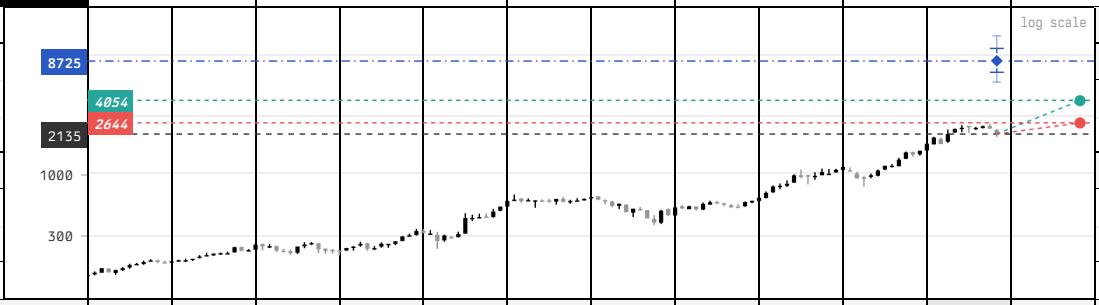
TWSE:2330	Technology	Country	Taiwan	PE (Fwd)	14.28	TSR 10Y CAGR	31.20%
Semiconductors		Beta (5Y)	1.23	PE TTM	21.90	TSR TTM	51.16%

Div yield	1.03%	ROE	41.98%
Mkt cap	NT$55.37T	ROIC	66.29%

SE Grade™	★★☆
Value	★★★
Quality	★★☆
Moat	★★★

Consensus	Reference
NT$3,320	*NT$8,725*
55.50%	308.65%

Strong Buy 25|9|1|0|0



	4Q25	1Q26	2Q26	3Q26
Earnings per share	NT$			
	18.72	22.08	27.25	**29.43**
	34.97%	58.38%	77.40%	68.72%
Revenue	NT$B			
	1,046	1,134	1,270	**1,494**
	20.45%	35.13%	36.05%	50.95%

Next earnings 15 Oct

TTM	FYE 31 Dec	TWD	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	*FY2026E*	Trend	5Y	10Y	Peers
4,945	Revenue	NT$B	947.9	977.4	1,031	1,070	1,339	1,587	2,264	2,162	2,894	3,809	***5,582***		23.25%	16.71%	73
36.17	*Revenue growth*	*%*	–	*3.11*	*5.53*	*3.73*	*25.17*	*18.53*	*42.61*	*(4.51)*	*33.89*	*31.61*	***46.55***		*31.61*	*18.53*	63
65.85	*Gross margin*	*%*	*50.09*	*50.62*	*48.53*	*46.37*	*53.10*	*51.63*	*59.56*	*54.36*	*56.12*	*59.89*	***66.68***		*56.12*	*52.36*	63
57.96	*Operating margin*	*%*	*39.87*	*39.56*	*37.58*	*35.21*	*42.32*	*40.96*	*49.56*	*42.63*	*45.72*	*50.85*	***58.79***		*45.72*	*41.64*	83
51.12	*Net margin*	*%*	*34.99*	*35.30*	*35.20*	*33.08*	*38.14*	*37.32*	*43.86*	*39.40*	*40.02*	*44.57*	***51.30***		*40.02*	*37.73*	90
21.90	P/E ratio (avg)	x	12.95	15.72	17.04	19.37	18.97	26.05	13.48	16.63	19.86	17.74	***19.30***		17.74	17.39	66
18.53	EV/EBIT	x	10.34	12.88	14.59	17.13	16.34	23.04	11.35	14.64	16.38	14.54	***16.01***		14.64	14.61	73
2.67	*FCF yield (avg)*	*%*	*4.93*	*4.70*	*4.18*	*2.26*	*3.26*	*1.77*	*3.94*	*2.06*	*3.78*	*3.33*	***2.59***		*3.33*	*3.56*	47
29.95	*FCF margin*	*%*	*22.34*	*26.06*	*25.05*	*14.46*	*23.55*	*17.20*	*23.32*	*13.51*	*30.06*	*26.32*	***25.66***		*23.32*	*23.44*	60
0.586	FCF / Net income	x	0.638	0.738	0.712	0.437	0.618	0.461	0.532	0.343	0.751	0.591	***0.500***		0.532	0.604	17
66.29	*ROIC*	*%*	*33.39*	*33.26*	*32.48*	*29.23*	*37.87*	*37.44*	*49.32*	*32.02*	*38.49*	*51.02*	***63.11***		*38.49*	*35.42*	63
41.98	*Return on equity*	*%*	*24.41*	*24.19*	*23.02*	*21.62*	*29.62*	*29.74*	*39.31*	*26.90*	*30.19*	*35.37*	***39.14***		*30.19*	*28.26*	61
25.14	*Return on assets*	*%*	*17.59*	*17.32*	*17.37*	*15.63*	*18.50*	*15.90*	*20.00*	*15.40*	*17.31*	*21.40*	***27.02***		*17.31*	*17.35*	71
97.47	EPS	NT$	12.79	13.30	14.00	13.65	19.70	22.84	38.29	32.85	44.67	65.47	***110.63***		27.15%	19.89%	–
60.78	*EPS growth*	*%*	–	*4.00*	*5.23*	*(2.51)*	*44.30*	*15.98*	*67.63*	*(14.22)*	*36.00*	*46.54*	***66.98***		*36.00*	*15.98*	56
271.60	Bookvalue per sh	NT$	52.41	57.61	64.03	62.23	70.76	82.89	111.96	132.26	163.68	206.51	***292.71***		23.89%	16.46%	–
57.10	FCF per share	NT$	8.17	9.82	9.96	5.97	12.16	10.53	20.36	11.27	33.56	38.66	***55.25***		26.02%	18.86%	–
22.00	Dividend per sh	NT$	7.00	8.00	8.00	9.50	10.00	11.00	11.00	13.00	17.00	22.00	***27.02***		17.08%	13.57%	–
1.03	*Div yield (avg)*	*%*	*4.23*	*3.82*	*3.35*	*3.59*	*2.68*	*1.85*	*2.13*	*2.38*	*1.92*	*1.89*	***1.27***		*1.92*	*2.53*	76
22.57	*Payout ratio*	*%*	*54.73*	*60.15*	*57.14*	*69.60*	*50.77*	*48.16*	*28.73*	*39.58*	*38.06*	*33.60*	***24.46***		*38.06*	*49.47*	65
25.93	Shares (diluted)	B	25.93	25.93	25.93	25.93	25.93	25.93	25.93	25.93	25.93	25.93	***25.92***		–	–	47
(0.01)	*Buyback yield*	*%*	–	–	–	–	–	–	–	–	–	–	***0.02***		–	–	47
0.116	D/E ratio	x	0.183	0.143	0.109	0.119	0.201	0.351	0.305	0.286	0.245	0.198	***0.108***		0.286	0.200	70
53,115	Enterprise valı	NT$B	3,909	4,982	5,654	6,455	9,259	14,984	12,732	13,491	21,673	28,163	***52,550***		24.92%	24.53%	83
818.4	LT debt	NT$B	153.1	91.80	56.90	40.14	276.6	634.1	868.9	947.0	987.2	927.7	***818.4***		27.38%	22.16%	70

Peers (US$1.672T)	Cap (US$)	PE
MediaTek Inc.	163.4B	54.49x
Meta Platforms, Inc.	1.560T	20.81x
Broadcom Inc.	1.402T	37.49x
Samsung Electronics…	891.0B	5.813x

Capital	TTM	5Y	10Y
Leverage x	(0.894)	(0.485)	(0.628)
EBIT/Int x	–	120.1	118.1
Own earn %	–	23.31	23.31
Sh yield %	1.02	1.91	2.38

Owners		
Insiders/Inst	%	0.32	48.76
Short interest	%	–
SBC / revenue	%	0.01

Record	10Y
Profitable years	10/10
Revenue growth years	8/9
EPS growth years	7/9
Dividend streak	yrs	5
Op margin range	%	35–51
$1 test	x	6.4
Incr. ROIC	%	53

Taiwan Semiconductor's third quarter was driven by leading-edge demand. Strong orders for its most advanced process technologies pushed revenue above guidance, up 50.9% year on year, while diluted EPS rose 68.7%. The one drag management named was gross margin dilution from the initial 2 nm ramp-up, a cost of moving the next node into production rather than a sign of weaker pricing. With growth this strong, the shares look cheap: SE fair value of NT$8,725 is 308.6% above the price.

Management guided fourth-quarter revenue to a 14% sequential increase at the midpoint, in U.S. dollars. Gross margin guidance is 40 basis points lower at the midpoint as the 2 nm ramp continues. Full-year revenue growth is guided at around 44%, and the capital budget was maintained. Strategy centres on 13 leading-edge and advanced packaging fabs in Taiwan, with A14 risk production on track for 2027. Asked about AI accelerators, management said demand is robust and the growth rate may be higher than before.

Analysts expect FY2026 EPS growth of 67.0%, and the company has beaten estimates in 8 of the last 8 quarters. Consensus revenue growth of 46.5% for FY2026 sits a little above management's guidance of about 44%. The bigger gap is with the share price, which implies revenue growth of only 1.5% a year over five years. Consensus still has EPS rising 35.2% in FY2027. Even if those forecasts ease, the price assumes far less than either consensus or the guidance trajectory.

Profitability is exceptional and still improving. Net margin of 51.1% stands above its 5-year median of 40.0%, rose 0.7pp over three years and ranks in the 90th percentile of the nearest-sized peers. Operating margin of 58.0% gained 1.2pp over three years and sits in the 83rd percentile. Return on assets of 25.1% improved 1.4pp and ranks in the 75th percentile. Quality is held back by cash conversion: free cash flow is 0.59x net income. Share count growth is also named as a drag.

SE fair value of NT$8,725 is 308.6% above the price, with medium confidence. The median analyst target of NT$3,320 is 55.5% above the price. SE fair value implies deep undervaluation, while the P/E of 21.9x sits above its 10-year median of 17.4x. For the price to look conservative, gross margin has to hold near the guided range as 2 nm ramps and overseas fabs dilute. Management's warning that overseas dilution could widen toward 3-4 percentage points is the figure to watch.

The SE Score is 2 of 3. Quality earns its stars from returns on invested capital of about 45%, far above the cost of capital, but free cash flow has averaged only 56% of net income over five years. Moat takes full marks because returns on capital have stayed above 15% in each of the last ten years and gross margin has been stable. Value earns three stars with SE fair value 308.6% above the price, and it left the overall score where Quality and Moat put it.

Q3 2026

Taiwan Semiconductor Manufacturing Company Limited manufactures, packages, tests and sells integrated circuits and other semiconductor devices in Taiwan, China, Europe, the Middle East, Africa, Japan, the United States and internationally, offering wafer fabrication processes such as CMOS logic and mixed-signal. Its products serve high performance computing, smartphones, Internet of things, automotive and digital consumer electronics.

Growth vs revenue	Latest	Trend	9Y CAGR	Rel growth
Revenue	NT$3.809T		16.71%	1.00×
Cost of revenue	NT$1.528T		13.91%	0.80×
Operating expenses	NT$344.4B		15.13%	0.88×

Revenue by region	Top 3 91%	Trend
United States	74.42%	
China	8.60%	
Taiwan	7.86%	

Reinvestment returns	10Y median	Trend
Reinvestment rate	42.73%	
Return on capital	35.42%	
Spread over hurdle	30.09%	

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