

Research Update:

Taiwan Semiconductor Manufacturing Co. Ltd. 'twAAA/twA-1+' Ratings Affirmed; Outlook Stable

September 29, 2021

Rating Action Rationale

Taiwan Ratings Corp. today affirmed its 'twAAA' long-term and 'twA-1+' short-term issuer credit ratings on **Taiwan Semiconductor Manufacturing Co. Ltd.** (TSMC). The outlook on the long-term rating is stable. At the same time, Taiwan Ratings affirmed its 'twAAA' issue ratings on TSMC's unsecured common corporate bonds. The ratings on TSMC reflect our view that strengthened technology leadership will enable TSMC to grow faster than its foundry peers and continue to improve its EBITDA margins in 2021-2022 with accelerating investments in advanced process technology nodes. We also believe that TSMC will remain debt free on an adjusted basis in 2021-2022. This is despite the company's discretionary cash flow could turn negative temporarily during the period because of its plan to raise its capital expenditure significantly to US\$100 billion over 2021-2023.

Related Criteria & Research

Related Criteria

- General Criteria: Methodology For National And Regional Scale Credit Ratings - June 25, 2018
- General Criteria: Group Rating Methodology - July 01, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments - April 01, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings - March 28, 2018
- General Criteria: Guarantee Criteria - October 21, 2016
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers - December 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions - November 19, 2013
- General Criteria: Methodology: Industry Risk - November 19, 2013
- Criteria | Corporates | General: Corporate Methodology - November 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities - November 13, 2012

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- General Criteria: Principles Of Credit Ratings - February 16, 2011

Related Research

- Taiwan Ratings' Ratings Definitions – August 10, 2020

(Unless otherwise stated, these articles are published on www.taiwanratings.com)

Ratings List

Ratings Affirmed

Taiwan Semiconductor Manufacturing Co. Ltd.

Issuer Credit Rating	twAAA/Stable/twA-1+
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