

Research Update:

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

September 26, 2022

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 the company could maintain relatively strong performance with quite a sufficient financial buffer to withstand forthcoming challenges for the semiconductor sector over the next one to two years. We expect TSMC's entrenched leadership in both advanced and specialty technologies to ensure the company sustains its strong profitability to meet its elevated capital expenditure needs while enabling the company to generate positive free operating cash flow through business cycles. This could in turn enable TSMC to sustain its very strong balance sheet with a persistent net cash position under its prudent shareholder return policy relative to that of its peers.

Related Criteria & Research

Related Criteria

- General Criteria: Methodology For National And Regional Scale Credit Ratings - June 25, 2018
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings - October 10, 2021
- 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
- General Criteria: Principles Of Credit Ratings - February 16, 2011

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Related Research

– Taiwan Ratings' Ratings Definitions – November 11, 2021

(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+
Issue Credit Rating	twAAA

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