

Research Update:

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

September 23, 2024

## 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, we affirmed our 'twAAA' issue ratings on TSMC's unsecured common corporate bonds.

The ratings on TSMC reflect our view that the company's entrenched leadership in advanced and specialty technologies and increasingly diversified end-market applications will support relatively strong growth in revenue and profitability over the next two years. We believe the company's strengthening operating cash flow could also support higher capital expenditure needs over the same period. This could enable TSMC to maintain a very strong balance sheet with a persistent net cash position supported by the company's prudent shareholder return policy relative to its peers. However, we believe TSMC remains exposed to technology evolution and competition risk, as well as asset concentration-related risk, which may increase operational volatility if geopolitical tensions escalate. TSMC's ongoing overseas capacity expansion is unlikely to materially alleviate these risks over the next two years, in our view.

## Related Criteria & Research

### Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology - April 04, 2024
- General Criteria: National And Regional Scale Credit Ratings Methodology - June 08, 2023
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings - March 28, 2018
- General Criteria: Guarantee Criteria - October 21, 2016
- Criteria | Corporates | General: Corporate Methodology - January 07, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities - January 07, 2024
- 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: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers - December 16, 2014

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- General Criteria: Country Risk Assessment Methodology And Assumptions - November 19, 2013
- General Criteria: Methodology: Industry Risk - November 19, 2013
- General Criteria: Principles Of Credit Ratings - February 16, 2011

### Related Research

- Taiwan Ratings' Ratings Definitions – November 11, 2021

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## Ratings List

### Ratings Affirmed

#### Taiwan Semiconductor Manufacturing Co. Ltd.

Issuer Credit Rating	twAAA/Stable/twA-1+
Issue Credit Rating	twAAA

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.taiwanratings.com](http://www.taiwanratings.com) for further information. Complete ratings information is available to subscribers of Rating Research Service at [rrs.taiwanratings.com.tw](http://rrs.taiwanratings.com.tw). All ratings affected by this rating action can be found on Taiwan Ratings' public website at [www.taiwanratings.com](http://www.taiwanratings.com).

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