Fast Take

Taiwan Semiconductor Manufacturing

HEADLINE

Aug sales NT$514.8bn (+10.1% MoM, +53.3% YoY), tracking 67.4% of UBSe in Q3.

OUR TAKE

Q3 sales growth is on track with UBSe of +13% QoQ (in US$). We forecast 2026 sales to grow 41% (in US$) with robust N3 demand & faster N2 ramp. GM should remain steady at 67.0% in Q3, partly pressured by 3-4% headwind from the initial 2nm ramp.

Equities

Taiwan
Semiconductors

12-month rating	**Buy**
12m price target	**NT$3,650.00**
Price (10 Sep 2026)	**NT$2,450**
RIC: 2330.TW **BBG:** 2330 TT	

Trading data and key metrics

52-wk range	NT$2,510.00-1,240.00
Market cap.	NT$63,535b/US$2,016b
Shares o/s	25,933m (ORD)
Free float	87%
Avg. daily volume ('000)	33,152
Avg. daily value (m)	NT$78,938.8
Common s/h equity (12/26E)	NT$7603b
P/BV (12/26E)	8.4x
Net debt to EBITDA (12/26E)	NM

EPS (UBS, diluted) (NT$)

	UBS	Cons.
12/26E	108.96	107.74
12/27E	149.14	142.33
12/28E	198.23	181.39

Sunny Lin
Analyst
sunny.lin@ubs.com
+886-2-8722 7346

Randy Abrams
Analyst
randy.abrams@ubs.com
+886-2-8722 7338

Nicolas Gaudois
Analyst
nicolas.gaudois@ubs.com
+65-6495 5148

Highlights (NT$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenues	2,161,736	2,894,308	3,809,054	5,465,875	7,676,827	10,044,566	12,203,503	14,797,084
EBIT (UBS)	921,466	1,322,053	1,936,092	3,231,064	4,556,077	6,035,870	7,222,618	8,798,921
Net earnings (UBS)	838,498	1,173,268	1,717,883	2,825,270	3,867,318	5,140,175	6,199,840	7,616,825
EPS (UBS, diluted) (NT$)	32.34	45.24	66.24	108.96	149.14	198.23	239.09	293.74
DPS (net) (NT$)	13.00	17.00	22.00	29.50	40.50	53.00	66.00	76.00
Net (debt) / cash	764,451	1,435,557	2,075,442	2,736,425	3,876,401	5,711,643	8,578,413	12,888,687

Profitability/valuation	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
EBIT (UBS) margin %	42.6	45.7	50.8	59.1	59.3	60.1	59.2	59.5
ROIC (EBIT) %	38.6	49.6	65.1	81.9	82.0	81.0	77.6	81.1
EV/EBITDA (UBS core) x	9.1	11.0	10.8	15.1	10.7	7.9	6.3	4.8
P/E (UBS, diluted) x	16.8	19.7	17.6	22.5	16.4	12.4	10.2	8.3
Equity FCF (UBS) yield %	2.1	3.8	3.3	1.8	2.9	4.5	6.7	9.4
Dividend yield (net) %	2.4	1.9	1.9	1.2	1.7	2.2	2.7	3.1

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of NT$ 2,450.00 on 10-Sep-2026 14:27:49 CST

This report has been prepared by UBS Securities Pte. Ltd., Taipei Branch. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 3.**

Forecast returns

Forecast price appreciation	49.0%
Forecast dividend yield	1.3%
Forecast stock return	50.2%
Market return assumption	6.3%
Forecast excess return	44.0%

Company Description

Taiwan Semiconductor Manufacturing (TSMC) is the world's leading dedicated foundry service provider, with annual capacity of about 32m of 8-inch equivalent wafers as of end-2024. It operates four 12-inch wafer fabs, four 8-inch wafer fabs and one 6-inch wafer fab in Taiwan. TSMC also manages two 8-inch fabs and one 12-inch fab overseas under wholly owned subsidiaries WaferTech in the US, and TSMC China and TSMC Nanjing in China.

Valuation Method and Risk Statement

We base our price target for TSMC on a PE multiple.
We think TSMC faces a variety of risks, including rapidly changing technology, intense competition, high capital investment and cyclical demand. TSMC also has a history of paying stock options to its employees, which could dilute earnings.

