

TAIWAN SEMICONDUCTOR - SP ADR

Ticker Symbol: TSM

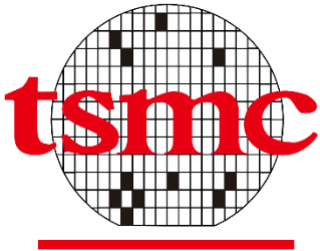
Market Cap: \$859.33 bn

52-week range (as of 02/23/2025): \$125.78 - \$226.40

Current price (as of 02/23/2025): \$198.24

12-month target price: \$236.42 (19% implied upside)

Rating: Buy – Growth



Company Overview

Taiwan Semiconductor Manufacturing Company, Ltd. manufactures and markets integrated circuits. The Company provides the following services: wafer manufacturing, wafer probing, assembly and testing, mask production, and design services. TSMC's ICs are used in computer, communication, consumer electronics, automotive, and industrial equipment industries.

Investment Thesis

- **Competitive Advantage:** Market Leadership Position: Ranked as the 3rd largest company by market cap in the global semiconductor industry and the leading player in the semiconductor manufacturing segment, benefiting from economies of scale, pricing power, and strong brand recognition that create high barriers to entry.
- **Robust Revenue Growth:** An 18.6% CAGR in revenue from 2018 to 2025, showcasing sustained demand, operational excellence, and effective expansion strategies, positioning the company for continued top-line growth.
- **Exceptional Profitability Growth:** Achieved a 22.5% CAGR in EBITDA from 2021 to 2025, reflecting robust operational efficiency, disciplined cost management, and scalable manufacturing capabilities that drive superior earnings performance.
- **AI-Driven Growth Tailwinds:** Positioned to capitalize on the surging demand for AI applications, with semiconductor manufacturing playing a critical role in powering AI workloads, data centers, and high-performance computing.

TSM Valuation Summary

TSM Price Target		
Method	Weight	PT
Comparable Company Analysis	25%	\$ 275.13
DCF Analysis (EBITDA Multiple Method)	25%	\$ 233.70
Analyst Recommendations	25%	\$ 247.22
Time Series Analysis	25%	\$ 189.62
Implied Share Price		\$ 236.42
Current Share Price		\$ 198.24
Implied Upside		19%

Key Financial Metrics

	2021 Y	2022 Y	2023 Y	2024 Y	2025 Y Est	2026 Y Est	
Revenue in Millions (Growth % YoY)	\$56,834.8 (18.5%)	\$75,986 (42.6%)	\$69,358.2 (-4.5%)	\$90,1061.1 (33.9%)	\$112,462 (24.8%)	\$134,021.7 (19.2%)	
EBITDA Margin %	67.60%	68.90%	67.20%	68.60%	67.80%	67.80%	
Gross Profit Margin %	51.60%	59.60%	54.40%	56.10%	58.50%	58.50%	
EPS (Growth % YoY)	\$0.83 (18.20%)	\$1.32 (68.81%)	\$1.03 (-18.10%)	\$1.41 (40.74%)	\$1.83 (29.55%)	\$2.17 (19.07%)	

Risks:

- **Tariff Risk:** A proposed 25% tariff by Trump could raise costs and disrupt semiconductor supply chains.
- **Geopolitical Risk:** China's control of key materials threatens supply stability.