



TAMID Equity Research Report 2023-01-29: TSM

Report: Predictive Stock Market Research on Taiwan Semiconductor Manufacturing Company Limited (TSM)

Introduction:

Taiwan Semiconductor Manufacturing Company Limited (TSM) is a leading multinational semiconductor contract manufacturing and design company. The company operates as one of the world's largest integrated circuit foundries and holds a significant edge in the industry. In this report, we will analyze key financial, economic, and business factors that are likely to impact TSM's stock price in the future.

Growing Demand for Analog Semiconductors:

TSM's products, although generally older and in production for a while, are experiencing a growing demand for analog semiconductors to power the digitization of factories and the electrification of the automotive market. This is likely to drive TSM's revenue and stock price in the future.

Strong Financials:

TSM's debt is not viewed as a risk and dividends are covered by earnings and cash flows. This indicates strong financials for the company and is likely to attract investors and drive the stock price in the future.

Limited Near-term Opportunities for Shareholders:

TSM's financial characteristics indicate limited near-term opportunities for shareholders, however, the company has a long runway for growth and a focus on enhancing customer value. This suggests that TSM's stock price may not see significant short-term growth but may experience long-term growth.

Annual Earnings Forecast to Decline:

Annual earnings are forecast to decline for the next 3 years. This presents a potential threat to TSM's stock price in the future.

Expensive Based on P/E Ratio and Estimated Fair Value:

TSM is currently expensive based on its P/E ratio and estimated fair value. This could make it difficult for the stock to see significant price appreciation in the short-term.

Dividend Yield:

TSM's dividend yield is low compared to the top 25% of dividend payers in the Semiconductor market. This could be a negative factor for income-focused investors.

Hedge Fund Holders:

TSM has 87 hedge fund holders, which indicates that the stock is popular among institutional investors and is likely to see increased trading activity.

Market Capitalization and Enterprise Value:

TSM has a market capitalization of \$442.49 billion and an Enterprise Value (EV) of \$421.18 billion. These figures indicate that the company is a large-cap stock and is likely to be influenced by broader market trends.

Analyst Opinion:

BofA analysts added TSM to their "US 1 List" in November and Piper Sandler analyst James Fish raised his price target on TSM to \$49 from \$47 and kept a Neutral rating on the shares. These analyst opinions indicate that the stock may be a good investment opportunity in the near term.

Conclusion:

Overall, TSM is a well-established company with strong financials and a growing demand for its products. However, the company's annual earnings forecast to decline and its expensive valuation are potential headwinds for the stock. Additionally, TSM's low dividend yield may not be attractive for income-focused investors. But the company has a long runway for growth and a focus on enhancing customer value. This suggests that TSM's stock may not see significant short-term growth but may experience long-term growth. The analyst opinion is also positive towards the stock. The stock is popular among institutional investors and is likely to see increased trading activity.