Model scope and unresolved questions

TSMC DCF Valuation Lab | Version 1.0 | Journal date: October 18, 2026

Source workbook: TSMC_DCF_Eva_v01(1).xlsx; internal model version v01.

Historical valuation: February 27, 2026. Reference ordinary share price: February 26, 2026.

Historical periods: 2023-2025. Forecast: 2026-2030. Figures: TWD millions; shares: millions.

Implied value: TWD 1,995.34 per ordinary share. WACC: 8.01%. Terminal growth: 3%.

Terminal ROIC: 15%. Present value of terminal value / enterprise value: 85.30%.

OPEN: terminal reinvestment transition and steady-state assumptions.

OPEN: December 2025 equity bridge balances versus February 2026 valuation date.

OPEN: selected operating working-capital exclusions, including customer temporary receipts.

OPEN: WACC input comparability and timing; book-value proxies and dilution.

NOT BUILT: Bull / Base / Bear operating scenarios.

Publication checks

The public XLSX removes the personal email from author/modifier metadata only.

All worksheet XML, formulas, saved results, links and styles are unchanged from the source.

The PDF and PNGs are selected views rendered from the actual workbook, not native Excel screenshots.

The XLSX is an editable download. The PDF is a static viewing copy.

One earlier source-log note (B90) still says date verification is pending; later entries document the cutoff.

This documentation inconsistency is retained and disclosed; the financial model has not been revised.

Sources are retained in the workbook source log. Archived WACC datasets require citation validation.

No investment conclusion is established by the model output or by its PASS checks.

Model dashboard

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TWD millions except ordinary-share values; historical valuation date February 27, 2026.

Workbook view: Dashboard!A1:B14 | Rendered from saved workbook values

	A	B
1	TSMC — DCF Valuation Summary	
2	Provisional historical case — not a current price target	
3	Metric	Value
4	Valuation Date	2/27/26
5	WACC	8.01%
6	Terminal Growth Rate	3.00%
7	Terminal ROIC	15.00%
8	Enterprise Value — TWD millions	49,983,367.48
9	Equity Value — TWD millions	51,744,181.53
10	Common Shares — millions	25,932.52
11	**Implied Value — TWD per common share**	**1,995.34**
12	Reference Market Price — TWD per common share	1,995.00
13	Implied Upside / Downside	0.02%
14	Terminal Value / Enterprise Value	85.30%

Historical income statement extracts

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Selected data for valuation, not a complete integrated three-statement model.

Workbook view: Historical Financials!A4:D33 | Rendered from saved workbook values

	A	B	C	D
4		2023A	2024A	2025A
5				
6	**Income Statement**			
7	Revenue	2,161,735.841	2,894,307.699	3,809,054.272
8	Cost of Revenue	986,625.213	1,269,954.135	1,527,760.293
9	Gross Profit	1,175,110.628	1,624,353.564	2,281,293.979
10	Operating Expenses	253,833.716	301,070.315	345,649.630
11	Other Operating Income / (Expenses), Net	188.694	-1230.199	447.328
12	EBIT / Operating Income	921,465.606	1,322,053.050	1,936,091.677
13	Operating Margin	42.6%	45.7%	50.8%
14				
15	Revenue Growth		33.9%	31.6%
16	Gross Margin	54.4%	56.1%	59.9%
17				
18	Model Checks			
19	Reported Operating Income	921,465.606	1,322,053.050	1,936,091.677
20	Operating Income Difference	0.000	0.000	0.000
21				
22	Historical Tax Analysis			
23	Income Before Income Tax	979,171.324	1,405,838.635	2,041,662.840
24	Income Tax Expense	141,403.807	233,406.876	326,266.060
25	Effective Tax Rate	14.4%	16.6%	16.0%
26				
27	Net Income Reconciliation			
28	Non-operating Income / (Expenses), Net	57,705.718	83,785.585	105,571.163
29	Calculated Income Before Tax	979,171.324	1,405,838.635	2,041,662.840
30	Income Before Tax Difference	0.000	0.000	0.000
31	Consolidated Net Income	837,767.517	1,172,431.759	1,715,396.780
32	Reported Consolidated Net Income	837767.517	1172431.759	1715396.78
33	Net Income Difference	0.000	0.000	0.000

Historical cash investment and D&A

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Cash PP&E and intangible investment are distinct from accounting additions.

Workbook view: Historical Financials!A74:D89 | Rendered from saved workbook values

	A	B	C	D
74	**Historical CapEx Analysis**			
75	For years ended December 31; TWD millions			
76		2023A	2024A	2025A
77				
78	PP&E Additions — Reported	897,557.179	798,507.337	1,160,977.750
79	Cash Payments for PP&E — Outflow Magnitude	949,816.825	956,006.536	1,272,410.529
80				
81	Depreciation — Reported	522,932.671	653,610.486	679,683.958
82	Amortization — Reported	9,258.250	9,186.149	8,412.412
83	Total D&A — Reported	532,190.921	662,796.635	688,096.370
84	Cash Payments for Intangibles — Outflow Magnitude	5,518.414	8,875.660	10,146.942
85	Cash Investment in PP&E & Intangibles	955,335.239	964,882.196	1,282,557.471
86				
87	Reported D&A / Revenue	24.6%	22.9%	18.1%
88	Cash Investment / Revenue	44.2%	33.3%	33.7%
89	Trade Working Capital / Revenue	18.3%	16.8%	12.7%

Operating forecast and FCFF

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2026-2030 assumptions remain provisional. Selected working-capital coverage is incomplete.

Workbook view: Operating Forecast!A4:I28 | Rendered from saved workbook values

	A	B	C	D	E	F	G	H	I
4		2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
5									
6	Operating Assumptions & Historical Ratios								
7	Revenue Growth		33.9%	31.6%	30.0%	24.0%	20.0%	15.0%	10.0%
8	EBIT Margin	42.6%	45.7%	50.8%	52.0%	52.0%	51.0%	50.0%	49.0%
9	Tax Rate — Historical ETR / Forecast Operating Tax	14.4%	16.6%	16.0%	17.5%	17.5%	17.5%	17.5%	17.5%
10	Reported D&A / Revenue	24.6%	22.9%	18.1%	16.5%	17.0%	18.0%	19.0%	20.0%
11	Cash Investment / Revenue	44.2%	33.3%	33.7%	34.5%	34.0%	33.0%	32.0%	31.0%
12	Selected Operating WC / Revenue	10.2%	7.4%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
13									
14	Operating Forecast								
15	Revenue	2,161,735.841	2,894,307.699	3,809,054.272	4,951,770.554	6,140,195.486	7,368,234.584	8,473,469.771	9,320,816.748
16	EBIT	921,465.606	1,322,053.050	1,936,091.677	2,574,920.688	3,192,901.653	3,757,799.638	4,236,734.886	4,567,200.207
17	Operating Tax Expense				450,611.120	558,757.789	657,614.937	741,428.605	799,260.036
18	NOPAT				2,124,309.567	2,634,143.864	3,100,184.701	3,495,306.281	3,767,940.171
19									
20	Reinvestment & FCFF								
21	D&A — Model Basis				817,042.141	1,043,833.233	1,326,282.225	1,609,959.257	1,864,163.350
22	Cash Investment — Model Basis				1,708,360.841	2,087,666.465	2,431,517.413	2,711,510.327	2,889,453.192
23	Operating Working Capital — Model Basis	221,140.854	214,786.742	189,094.290	247,588.528	307,009.774	368,411.729	423,673.489	466,040.837
24	Change in Operating Working Capital				58,494.238	59,421.247	61,401.955	55,261.759	42,367.349
25	FCFF				1,164,593.089	1,518,608.993	1,918,811.090	2,321,546.511	2,681,641.346
26	Less: New ROU Asset Investment — Lease Financing Basis				9,903.541	12,280.391	14,736.469	16,946.940	18,641.633
27									
28	New ROU Asset Investment / Revenue — Assumption				0.20%	0.20%	0.20%	0.20%	0.20%

WACC and its input proxies

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Dated government yield, industry beta and credit-spread proxies require validation.

Workbook view: WACC!A3:B28 | Rendered from saved workbook values

	A	B
3	Input / Calculation	Value
4	Cost of Equity	
5	Risk-Free Rate — TWD	0.915%
6	Levered Beta	1.5248
7	Equity Risk Premium	4.23%
8	Additional Country Risk Premium — if applicable	0.78%
9	Cost of Equity	8.14%
10		
11	Cost of Debt	
12	Pre-Tax Cost of Debt — TWD Equivalent	2.05%
13	Tax Shield Rate	20%
14	After-Tax Cost of Debt	1.64%
15		
16	Capital Structure	
17	Equity Market Value — TWD millions	51,735,385.380
18	Debt Value incl. Leases — TWD millions	1,068,415.716
19	Equity Weight	97.98%
20	Debt Weight	2.02%
21	Weight Check	0.000
22		
23	WACC	8.01%
24		
25	Supporting Inputs	Value
26	Taiwan 10Y Government Bond Auction Yield	1.425%
27	Taiwan Sovereign Default Spread — Estimate	0.51%
28	Semiconductor Unlevered Beta — Cash Adjusted, US Proxy	1.50

Discounted cash flows and terminal value

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2026 remaining FCFF is prorated; year-end cash flows use actual days / 365.

Workbook view: DCF Valuation!A4:F32 | Rendered from saved workbook values

	A	B	C	D	E	F
4	Valuation Date	2/27/26				
5	WACC	8.01%				
6	Terminal Growth Rate — Own Assumption	3.00%				
7	Terminal ROIC — Own Assumption	15.00%				
8						
9						
10	Forecast Year	2026	2027	2028	2029	2030
11	Cash Flow Date	12/31/26	12/31/27	12/31/28	12/31/29	12/31/30
12	Full-Year FCFF	1164593.089	1518608.993	1918811.09	2321546.511	2681641.346
13	Remaining Cash Flow Share	84.1%	100.0%	100.0%	100.0%	100.0%
14	FCFF After Valuation Date	979,534.461	1,518,608.993	1,918,811.090	2,321,546.511	2,681,641.346
15	Discount Period — Years	0.8411	1.8411	2.8438	3.8438	4.8438
16	Discount Factor	0.9372	0.8677	0.8032	0.7436	0.6884
17	Present Value of FCFF	918,041.803	1,317,685.691	1,541,095.277	1,726,226.517	1,846,053.199
18						
19						
20	Terminal Value & Enterprise Value					
21	2031 Revenue	9,600,441.251				
22	2031 Normalized NOPAT	3,880,978.376				
23	Terminal Reinvestment Rate	0.200				
24	2031 Net Reinvestment	776,195.675				
25	2031 Normalized FCFF	3,104,782.701				
26	Terminal Value at Dec 31, 2030	61,932,022.237				
27	Present Value of Terminal Value	42,634,264.995				
28						
29	Present Value of Explicit FCFF	7,349,102.487				
30	Enterprise Value	49,983,367.482				
31	Terminal Value / Enterprise Value	0.853				
32	WACC > Terminal Growth Check	PASS				

Enterprise value to common equity

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December 2025 balance-sheet proxies have not been rolled forward to February 2026.

Workbook view: DCF Valuation!A34:B52 | Rendered from saved workbook values

	A	B
34	Enterprise Value to Common Equity — Provisional Bridge	
35	Enterprise Value	49,983,367.482
36	Add: Cash & Cash Equivalents — Dec 2025	2,767,856.402
37	Less: Required Operating Cash — Assumption	76,181.085
38	Add: Selected Financial Investments — Carrying Value	435,075.511
39	Add: Equity-Method Investments — Book Value Proxy	38,033.271
40	Less: Debt incl. Leases	1,068,415.716
41	Less: Noncontrolling Interests — Book Value Proxy	41,199.289
42	Less: Cash Dividends Payable	285,258.060
43	Less: Financial & Hedging Liabilities	3,084.700
44	Less: Net Defined Benefit Liability	6,012.286
45	Common Equity Value — Provisional	51,744,181.529
46	Common Shares — millions	25,932.524
47	Implied Value per Common Share — TWD	1,995.34
48	Reference Market Price — TWD	1,995.00
49	Implied Upside / Downside	0.02%
50	Bridge Check	0.000
51		
52	Required Operating Cash / 2025 Revenue — Own Assumption	2%

WACC, growth and ROIC sensitivities

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Sensitivity outputs are conditional calculations, not probabilities or operating scenarios.

Workbook view: Sensitivity Analysis!A1:F25 | Rendered from saved workbook values

	A	B	C	D	E	F
1	TSMC — Valuation Sensitivity					
2	Output: TWD per common share; provisional historical case					
3	Base WACC	8.01%				
4	Base Terminal Growth	3.00%				
5	Terminal ROIC	15.00%				
6	Net Equity Bridge Adjustment	1760814.048				
7	Common Shares — millions	25932.524				
8	2030 NOPAT	3767940.171				
9						
10						
11	WACC / Terminal Growth	2.00%	2.50%	3.00%	3.50%	4.00%
12	7.01%	2,204.78	2,340.02	2,508.09	2,723.01	3,008.09
13	7.51%	1,995.73	2,098.44	2,223.16	2,378.11	2,576.19
14	8.01%	1,821.74	1,900.97	**1,995.34**	2,109.88	2,252.13
15	8.51%	1,674.73	1,736.59	1,809.08	1,895.37	2,000.07
16	9.01%	1,548.94	1,597.68	1,654.01	1,719.97	1,798.45
17						
18	Center Cell Difference — Should Be Zero	0.000000				
19						
20	Terminal ROIC	Value per Common Share				
21	10.00%	1,789.83				
22	12.50%	1,913.14				
23	15.00%	1,995.34				
24	17.50%	2,054.06				
25	20.00%	2,098.09				

Terminal transition diagnostic

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FCFF rises 15.78% as net reinvestment / NOPAT falls from 28.83% to 20.00%.

Workbook view: Dashboard!A17:C25 | Rendered from saved workbook values

	A	B	C
17	Terminal Transition Check	Value	
18	2030 FCFF — TWD millions	2,681,641.35	
19	2031 Terminal FCFF — TWD millions	3,104,782.70	
20	FCFF Growth into Terminal Year	15.78%	
21			
22	Reinvestment Transition	2030E	2031 Terminal
23	NOPAT	3,767,940.17	3,880,978.38
24	Net Reinvestment	1,086,298.82	776,195.68
25	Net Reinvestment / NOPAT	28.83%	20.00%

Formula checks and open research items

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PASS checks test arithmetic and selected consistency. OPEN research items remain unresolved.

Workbook view: Model Audit!A3:B27 | Rendered from saved workbook values

	A	B
3	Check	Result
4	Historical Balance Sheet Balances	PASS
5	Historical EBIT Reconciliation	PASS
6	Five Forecast FCFF Values Present	PASS
7	FCFF Arithmetic Reconciliation	PASS
8	Capital Weights Sum to 100%	PASS
9	WACC Exceeds Terminal Growth	PASS
10	Positive Share Count	PASS
11	Sensitivity Center Matches DCF	PASS
12	Sensitivity Matrix Has 25 Numeric Outputs	PASS
13	Terminal ROIC Base Matches DCF	PASS
14	Terminal Value Concentration	REVIEW — High terminal dependence
15	Valuation Date Matches WACC	PASS
16	Forecast Formula Errors	PASS
17		
18		
19		
20	Judgment / Research Review	Status
21	Forecast assumptions and management guidance reconciliation	OPEN — provisional assumptions require further support
22	Operating WC exclusions, especially customer temporary receipts	OPEN — test cash-flow impact
23	Feb 2026 equity bridge versus Dec 2025 balance sheet	OPEN — interim roll-forward not completed
24	Industry beta and dated WACC proxies	OPEN — assess comparability and input timing
25	Terminal transition and ROIC	OPEN — abrupt normalization requires review
26	Financial investments, NCI and associate valuation proxies	OPEN — book values may differ from economic values
27	Common share dilution and ADR conversion	OPEN — verify before final presentation