

TSMC produces the chips that drive everything from Nvidia's GPUs to Apple's iPhones, and it's now experiencing accelerated growth fueled by surging AI demand, global factory expansion, and massive capital investment. Despite its strong rebound and concerns about exuberant valuations, TSMC still appears attractively priced. Given how sharply TSM has bounced back, the stock could become the ultimate Tech play, with its best days still ahead.

AI's Engine Room: TSMC's Chip Dominance

Many tech giants are currently riding the AI wave, but when it comes to TSMC, it's more appropriate to say that the company is steering it. As the world's largest contract chipmaker, it produces the advanced processors that Nvidia, AMD (AMD), and Apple (AAPL) rely on to bring AI to life. In TSMC's latest earnings call in April, CEO C.C. Wei revealed that AI chip revenue, which tripled in 2024, is expected to double again this year.



TSMC CEO C.C. Wei at a news conference at the Presidential Office in Taipei on March 6, 2025

This is currently a major tailwind for TSMC, driving a 41.6% year-over-year revenue surge. Specifically, advanced 3nm and 5nm chips, critical for AI's heavy lifting, made up 73% of wafer sales. With cloud giants like Microsoft (MSFT) and Amazon (AMZN) building AI data centers at breakneck speed, the company's factories are running at full capacity, with no signs that demand is slowing down anytime soon.

Going Global: TSMC's Strategic Power Move

In the meantime, with AI entering the sphere of national security, TSMC has been incentivized to not keep its magic in Taiwan. It's spreading its wings to secure its AI dominance and sidestep geopolitical risks. The company is investing \$165 billion in U.S. factories, with Arizona's first fab already fully booked by heavyweights like Nvidia and Qualcomm (QCOM). Here's how all these giants stack up on TipRanks' stock comparison tool:

Comparison Results

Compare	Overview	TipRanks Essentials	Dividends	Earnings	Technicals	Performance			
Name	Price	Volume	Analyst Price Target	Analyst Consensus	Smart Score	Market Cap	P/E Ratio	Dividend Yield	
 TSM	\$212.46	14.51M	\$223.00 (4.90%/upside)	Strong Buy	9	\$906.02B	27.33	0.94%	
 AMD	\$123.24	41.69M	\$127.93 (3.87%/upside)	Moderate Buy	6	\$199.82B	89.23	—	
 AAPL	\$302.67	54.67M	\$226.94 (1.98%/upside)	Moderate Buy	7	\$3.03T	31.82	0.49%	
 MSFT	\$430.92	15.38M	\$514.93 (9.30%/upside)	Strong Buy	8	\$3.50T	36.39	0.69%	
 AMZN	\$217.61	31.30M	\$241.64 (1.04%/upside)	Strong Buy	8	\$2.31T	35.39	—	
 QCOM	\$159.13	9.07M	\$177.35 (1.70%/upside)	Moderate Buy	7	\$174.72B	16.20	2.19%	

TSMC (TSM) stock comparison with AMD, AAPL, MSFT, AMZN and QCOM

Moreover, in Europe, a new \$10 billion plant in Dresden, Germany, and a chip design center in Munich are positioning TSMC to capture the continent's growing AI market. Beyond the motive of diversifying supply chain and hedging geopolitical risk, TSMC has managed to secure long-term, high-value contracts with global tech titans through these moves, as they, in turn, can make such commitments with notably less risk involved.

Story Continues

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