



2002 1st Quarter Results

第一季法人說明會

May 9th, 2002



Agenda

- **Welcome**
- **1Q'02 Financial Results** **Harvey Chang**
(unconsolidated)
- **Remarks** **Rick Tsai**
- **Q&A** **Harvey Chang et. al.**



Safe Harbor Notice

- **TSMC's statements of its current expectations are forward-looking statements subject to significant risks and uncertainties and actual results may differ materially from those contained in any forward-looking statement.**
- **Information as to those factors that could cause actual results to differ materially from those indicated by TSMC's forward-looking statements can be found in TSMC's Annual Report on Form 20F filed with the U.S. Securities and Exchange Commission on May 9, 2002.**



1Q'02 Result Highlights

	1Q'02	4Q'01	1Q'01
Amount:NT\$Billion	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
Net Sales	<u>35.79</u>	<u>33.13</u>	<u>39.52</u>
Net Income	<u>6.59</u>	<u>4.51</u>	<u>8.42</u>
EPS (NT\$)	0.39	0.26	0.49
<hr/>			
Cash and Equivalent	60.80	33.40	39.98
Debt	44.00	24.00	29.00
Shareholders' Equity	281.71	277.19	270.02



Business Practice Change

- **Effective January 1, 2002, TSMC adopted a new business practice regarding wafer sales to North American clients.**
- **Rather than booking as direct sales by TSMC as in the past, wafer sales to North America are now made to TSMC NA. TSMC NA then re-sells the wafers to the end customers.**
- **TSMC NA will charge a markup to cover costs, services, and a margin commensurate with their efforts. TSMC, meanwhile, will no longer reimburse TSMC NA's overhead.**
- **Impact to our 1Q02 results:**
 - ✓ **Revenue would have been NT\$227 million higher;**
 - ✓ **Gross margin would have been NT\$227 million higher;**
 - ✓ **Operating expenses would have been NT\$227 million higher;**
 - ✓ **Operating income remain unchanged.**



1Q'02 Income Statement - YoY Comparison

TSMC w/o Affiliates

NT\$Billion	1Q'02		1Q'01	
Net Sales	31.9	100%	35.2	100%
COGS	(20.2)	-63%	(21.8)	-62%
Gross Margin	11.7	37%	13.4	38%

Amount:NT\$Billion

	1Q'02		1Q'01		YOY
	Amount	%	Amount	%	%
Net Sales	35.79	100%	39.52	100%	-9%
COGS	(23.76)	-66%	(25.99)	-66%	-9%
Gross Profit	12.03	34%	13.53	34%	-11%
Operation Expense	(3.85)	-11%	(4.27)	-11%	-10%
Operation Income	8.18	23%	9.26	23%	-12%
Net Non-operating Income (Exp.)	(0.22)	-1%	(0.31)	-1%	-29%
Investment Income (Loss)	(0.95)	-3%	(1.52)	-4%	-38%
Income before Tax	7.02	20%	7.43	19%	-6%
Income Tax Credit (Exp.)	(0.43)	-1%	0.99	3%	-
Net Income	6.59	18%	8.42	21%	-22%
EPS (NT\$)	0.39		0.49		



1Q'02 Balance Sheet & Cash Flow - YoY Comparison

Amount:NT\$Billion	1Q'02		1Q'01		YOY
	Amount	%	Amount	%	%
Cash	58.3	16%	40.0	12%	46%
LT Debt	35.0	10%	29.0	9%	21%
Equity	281.7	79%	270.0	80%	4%
Total Assets	357.2	100%	337.7	100%	6%
Depreciation	12.3	3%	11.3	3%	9%
Capital Expenditure	6.6	2%	18.8	6%	-65%
ROE	9.4%		12.7%		
ROA	8.1%		10.4%		



1Q'02 Income Statement - QoQ Comparison

TSMC w/o Affiliates

NT\$Billion	1Q'02		4Q'01	
Net Sales	31.9	100%	30.6	100%
COGS	(20.2)	-63%	(19.6)	-64%
Gross Margin	11.7	37%	11.0	36%

Amount:NT\$Billion

Net Sales

COGS

Gross Profit

Operation Expense

Operation Income

Net Non-operating Income (Exp.)

Investment Income (Loss)

Income before Tax

Income Tax Credit (Exp.)

Net Income

EPS (NT\$)

	1Q'02		4Q'01		QOQ
	Amount	%	Amount	%	%
Net Sales	35.79	100%	33.13	100%	8%
COGS	(23.76)	-66%	(22.04)	-67%	8%
Gross Profit	12.03	34%	11.09	33%	8%
Operation Expense	(3.85)	-11%	(5.23)	-16%	-26%
Operation Income	8.18	23%	5.86	18%	40%
Net Non-operating Income (Exp.)	(0.22)	-1%	0.19	1%	-
Investment Income (Loss)	(0.95)	-3%	(1.75)	-5%	-46%
Income before Tax	7.02	20%	4.30	13%	63%
Income Tax Credit (Exp.)	(0.43)	-1%	0.22	1%	-
Net Income	6.59	18%	4.51	14%	46%
EPS (NT\$)	0.39		0.26		

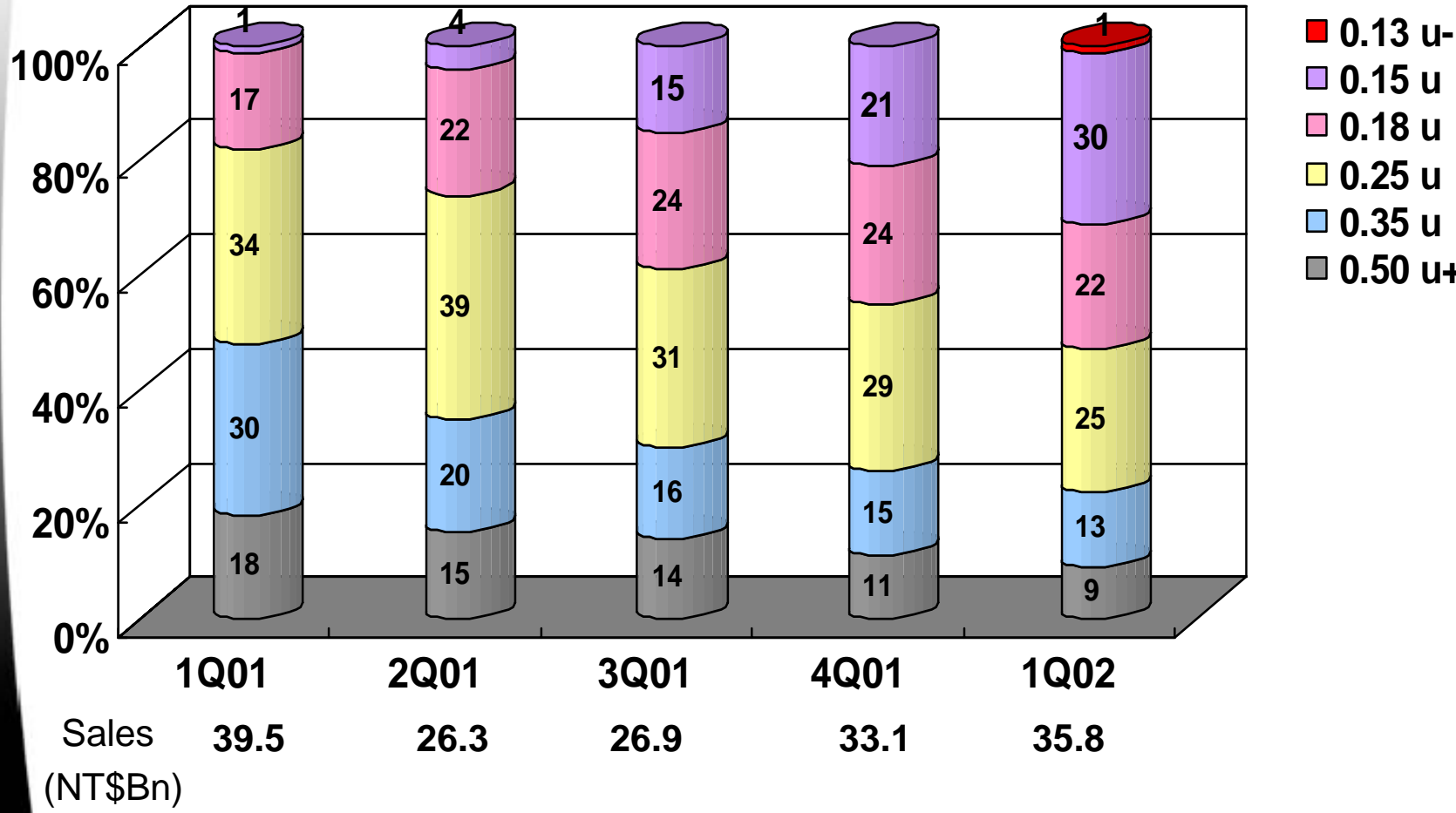


1Q'02 Balance Sheet & Cash Flow - QoQ Comparison

Amount:NT\$Billion	1Q'02		4Q'01		QOQ
	Amount	%	Amount	%	%
Cash	58.3	16%	33.4	10%	75%
LT Debt	35.0	10%	24.0	7%	46%
Equity	281.7	79%	277.2	83%	2%
Total Assets	357.2	100%	335.7	100%	6%
Depreciation	12.3	3%	12.4	4%	-1%
Capital Expenditure	6.6	2%	12.1	4%	-45%
ROE	9.4%		5.4%		
ROA	8.1%		4.8%		



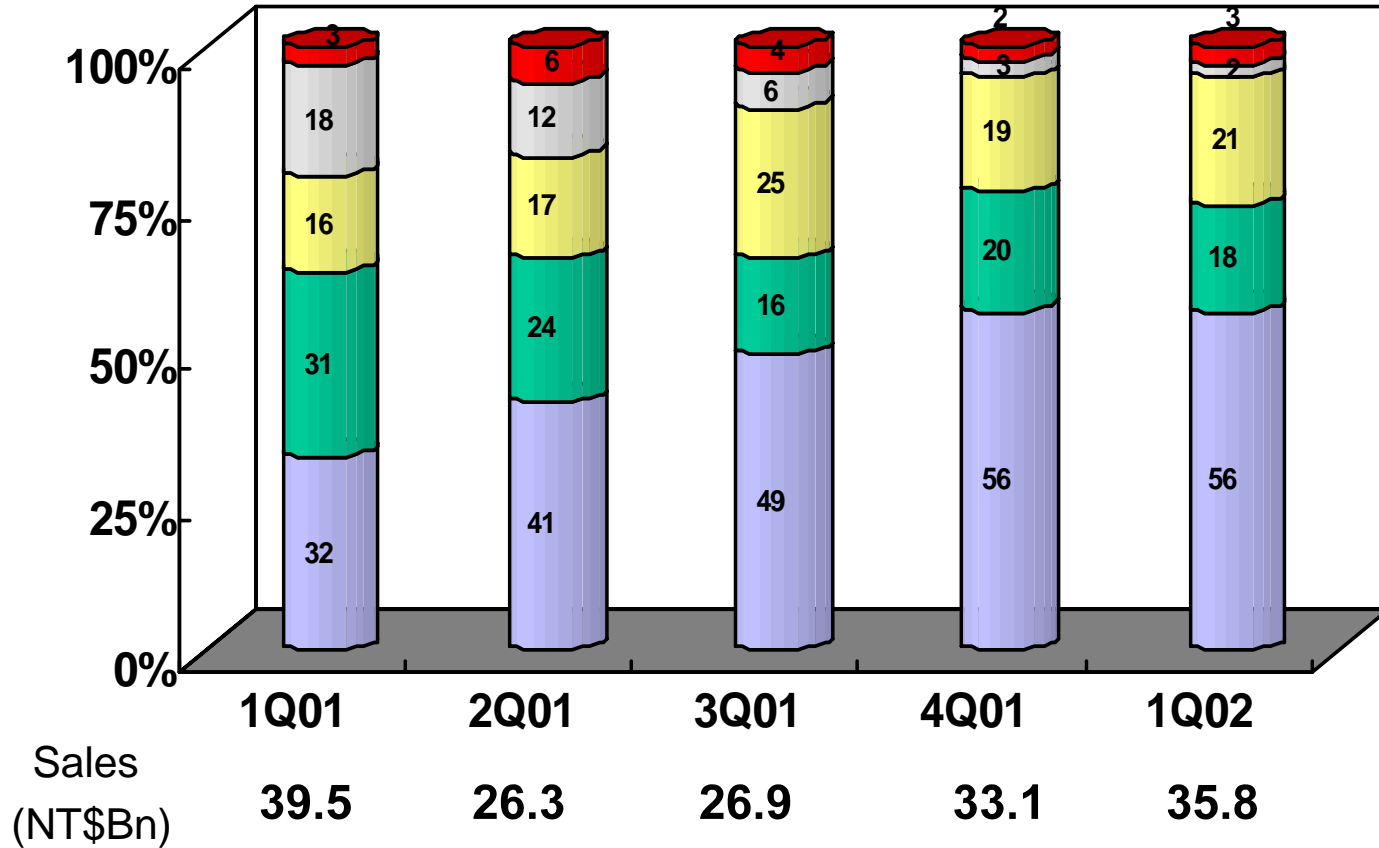
Sales Breakdown by Technology





Sales Breakdown by Application

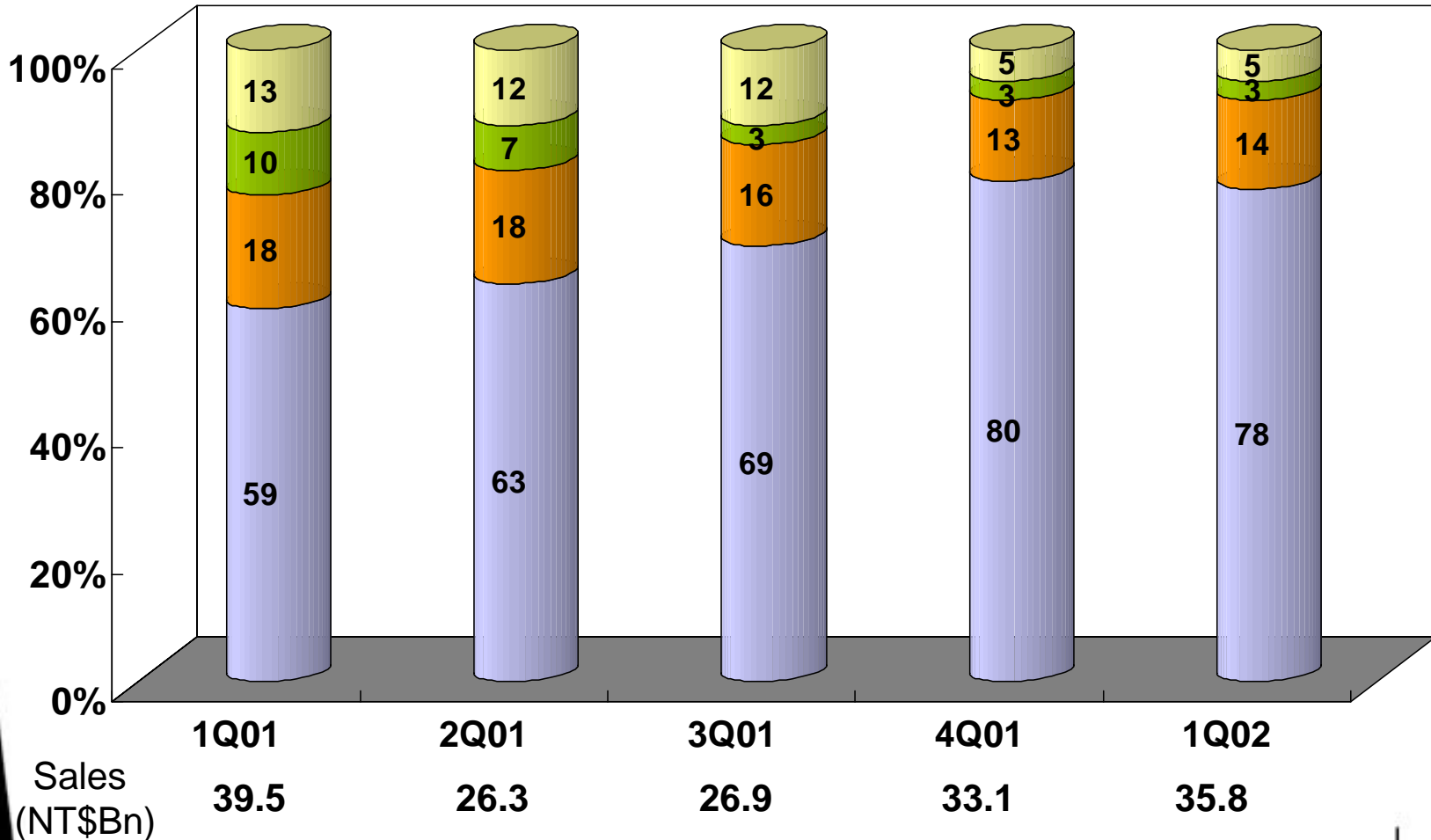
Computer Comm. Consumer Memory Others





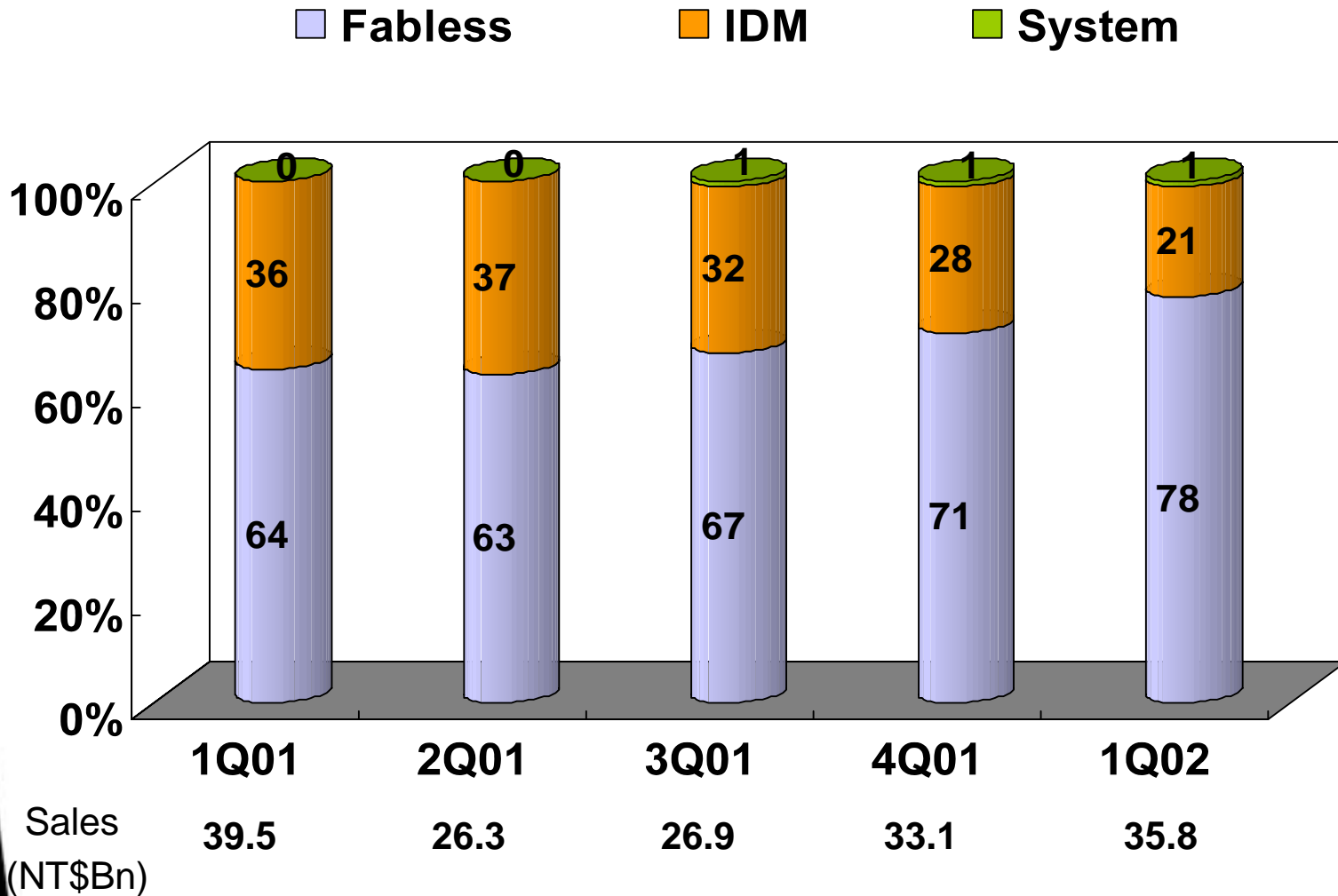
Sales Breakdown by Geography

US Asia Europe Japan





Sales Breakdown by Customer



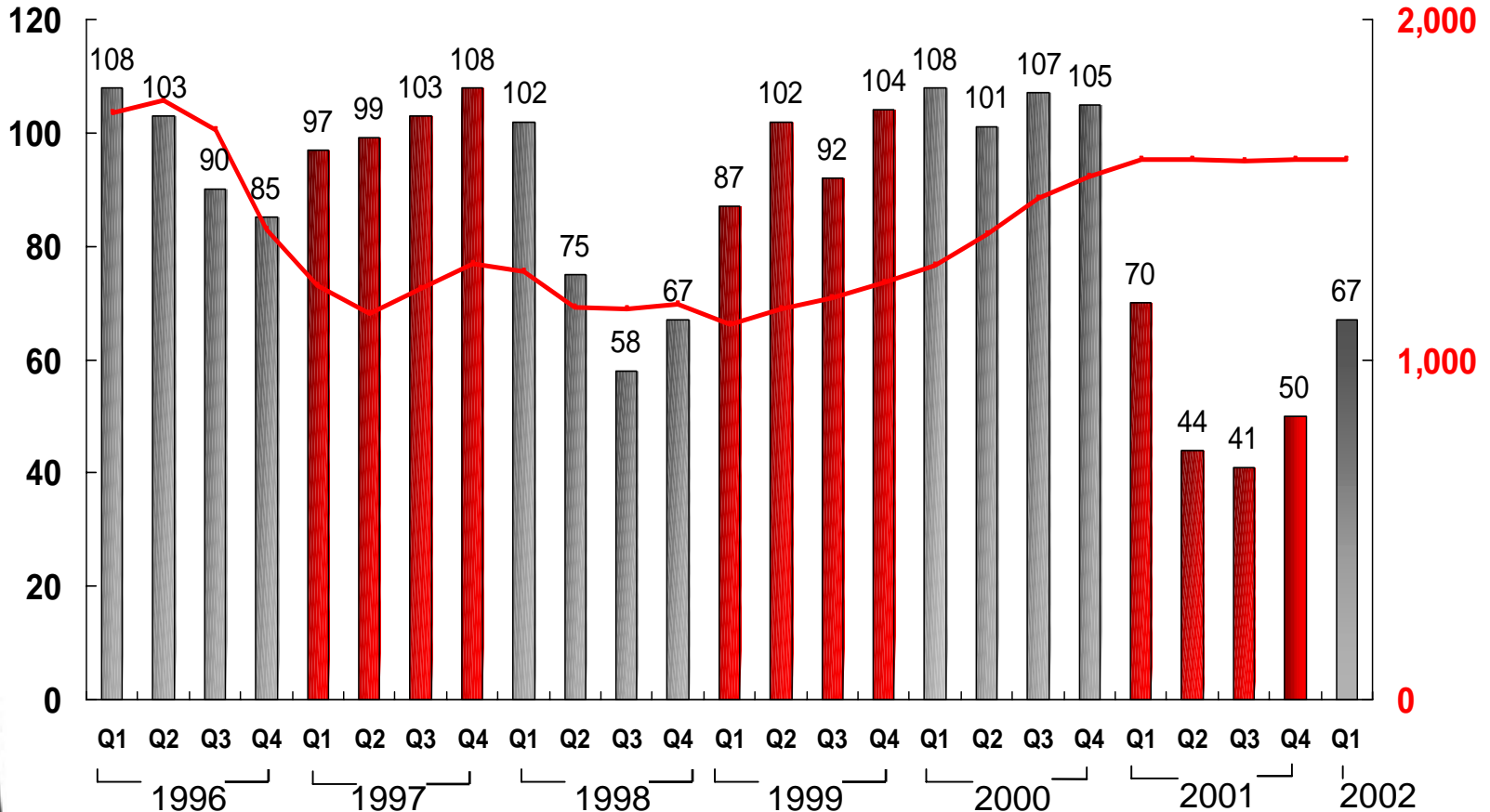


Fab Utilization and ASP Trend

TSMC Group
Out Utilization
(%)**

■ Utilization (Bars)
— ASP (Line)

ASP/8" Equiv.*
(US\$)



* Average for all Wafers; ASP varies by technology and wafer size

** The utilization rates in 1999 and 2000 have been restated to include affiliates (WT, TASMIC, WSMC, and VIS)



Capital Commitment And Capacity

- **Revised 2002 CAPEX upwards to US\$2.5Bn**
- **2002 Capacity Plan:**
 - ✓ **332K/per month - as of March 2002**
 - ✓ **381K/per month - as of December 2002**



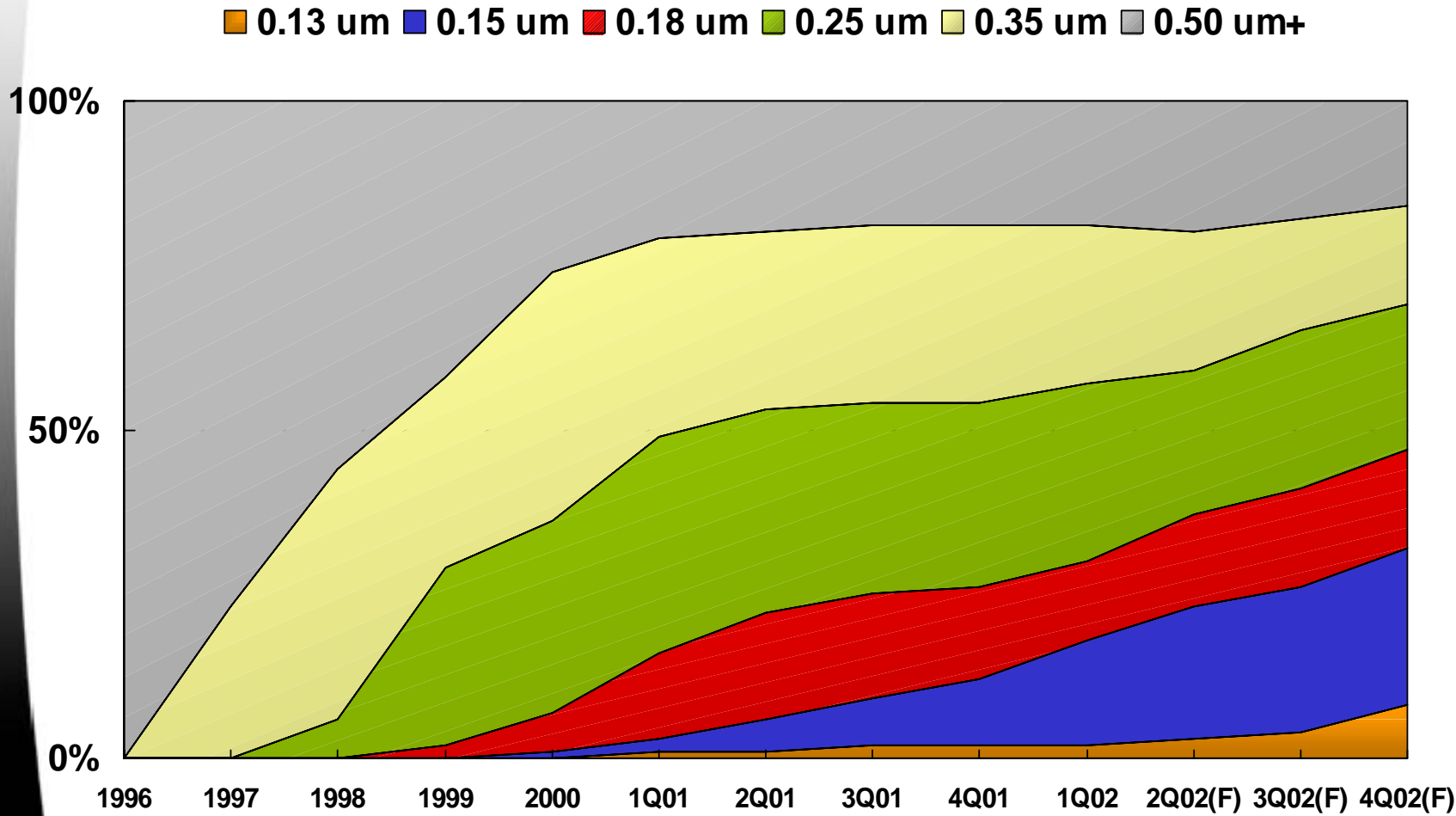
2002 Installed Capacity by FAB

FAB	Wafer Size	March*	December*
Fab-2	6"	80	80
Fab-3	8"	78	67
Fab-5	8"	36	35
Fab-6	8"	37	55
Fab-7	8"	28	23
Fab-8	8"	46	60
Fab-12	12"	4	13
Wafer Tech	8"	28	36
VIS	8"	23	23
SSMC	8"	3	8
Total Installed Capacity (8" Equivalent Kpcs)		332	381

* Estimated monthly capacity in a ordinary month of 31 work days free from interruptions by public holidays, annual maintenance, etc.



Capacity Plan by Technology





Recap of Major Events in 1Q02

- TSMC Unveils Nexsys™ -- the Technology for SoC (4/11)
- ATMOS Corporation and TSMC Agree to Collaborate on Compiled SoC-RAM™ Embedded Memory for Nexsys™ 90-Nanometer Process Technology (04/09)
- TSMC Invites World-Renowned Experts to Serve as Independent Board Members and Supervisor (4/4)
- TSMC Awarded Distinguished IEEE Corporate Innovation Award for 2002 (4/2)
- TSMC Reports Minimal Damage Regarding Taiwan Earthquake Occurred on March 31 (04/01)
- ERSO of ITRI and TSMC Joint Forces to Develop MRAM Technology (03/20)
- Simplex Delivers First-Silicon Success for Infineon's Titan 19244, World's First Single-Chip 40 Gbps Framer-Mapper Device -- Simplex's SoC Design Foundry Teams with TSMC on Blockbuster Optical Networking Chip (03/11)
- Philips, STMicroelectronics and TSMC Take Lead in Advanced 90-Nanometer CMOS Process Technologies (03/05)
- TSMC Produces Foundry Industry's First 90-Nanometer Devices (03/05)
- TSMC Board of Directors Proposes NT\$1.00 Stock Dividend (02/08)
- TSMC CTO Dr. Chenmin Hu Received 2002 IEEE Solid-State Circuits Award (02/05)
- TSMC Secondary Offering of 52 million ADS at US\$16.75 per share (02/01)



2Q02 Guidance

- **TSMC's customer demand has been gaining strength in an unabated fashion since mid-2001**
- **Based upon the current business outlook, guidance for 2Q02 operational results is as follows:**
 - ✓ **Wafer shipments expect to grow about 20% sequentially**
 - ✓ **ASP is expected to remain essentially unchanged**
 - ✓ **Leading-edge-process technologies ($\leq 0.18\mu\text{m}$) capacity utilization to exceed 90% at all TSMC Fabs (incl. WT).
Overall utilization rate over 80% .**
 - ✓ **Expect steady sequential quarterly improvements in both revenue and profit throughout '02.**



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