



TSMC

***2003 First Quarter Results
Investor Conference***

April 29th, 2003

Empowering Innovation



Agenda

- **Welcome**
- **1Q'03 Financial Results
(unconsolidated)** **Harvey Chang**
- **Remarks** **Morris Chang**
- **Q&A** **Morris 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 the forward-looking statements.**
- **Information as to those factors that could cause actual results to vary can be found in TSMC's Annual Report on Form 20-F filed with the United States Securities and Exchange Commission on May 9, 2002.**



1Q 2003 Result Highlights

Amount:NT\$Billion	<u>1Q'03</u> <u>Amount</u>	<u>4Q'02</u> <u>Amount</u>	<u>1Q'02</u> <u>Amount</u>
Net Sales	<u>39.33</u>	<u>41.15</u>	<u>35.79</u>
Net Income	<u>4.36</u>	<u>2.55</u>	<u>6.59</u>
EPS (NT\$)	<u>0.23</u>	<u>0.13</u>	<u>0.35</u>
Cash and Equivalent	67.45	61.66	60.80
Interest-bearing Debt	35.00	39.00	44.00
Shareholders' Equity	299.88	295.85	281.71
Wafers Shipped (Kpcs)	694	682	599
Utilization (%) - Wafer out/Capacity	68%	61%	67%
Utilization (%) - Commercial Wafer out/Capacity	67%		



1Q03 Income Statement - YoY Comparison

TSMC w/o Affiliates

NT\$Billion	1Q'03		1Q'02	
Net Sales	35.1	100%	31.9	100%
COGS	(25.0)	-71%	(20.2)	-63%
Gross Profit	10.1	29%	11.7	37%

	1Q'03		1Q'02		YOY
Amount:NT\$Billion	Amount	%	Amount	%	%
Net Sales	39.33	100%	35.79	100%	10%
COGS	(28.94)	-74%	(23.76)	-66%	22%
Gross Profit	10.39	26%	12.03	34%	-14%
Operating Expense	(4.19)	-11%	(3.85)	-11%	9%
Operating Income	6.20	16%	8.18	23%	-24%
Net Non-operating Income (Exp.)	(0.50)	-1%	(0.22)	-1%	129%
Investment Income (Loss)	(1.52)	-4%	(0.95)	-3%	60%
Income before Tax	4.18	11%	7.02	20%	-40%
Income Tax Credit (Exp.)	0.18	0%	(0.43)	-1%	-
Net Income	4.36	11%	6.59	18%	-34%
EPS (NT\$)	0.23		0.35		



1Q03 Balance Sheet, Cash Flow, & Key Ratios - YoY Comparison

Amount:NT\$Billion	1Q'03		1Q'02		YOY
Balance Sheet	Amount	%	Amount	%	%
Cash & Equivalent	67.4	19%	60.8	17%	11%
Interest-bearing Debt	35.0	10%	44.0	12%	-20%
Equity	299.9	83%	281.7	79%	6%
Total Assets	363.3	100%	357.2	100%	2%
Cash Flow					
Operating Cash Inflow	20.1		21.0		-4%
- Net Profit	4.4		6.6		-34%
- Depreciation & Amort.	15.4		12.8		20%
Investing Cash Outflow	10.3		10.8		-4%
- Capital Expenditure	9.1		6.6		37%
Key Ratios					
ROE/quarter		5.9%		9.4%	
ROA/quarter		5.2%		8.1%	



1Q03 Income Statement - QoQ Comparison

TSMC w/o Affiliates

NT\$Billion	1Q'03		4Q'02	
Net Sales	35.1	100%	36.9	100%
COGS	(25.0)	-71%	(26.4)	-72%
Gross Profit	10.1	29%	10.5	28%

Amount:NT\$Billion

Net Sales

COGS

Gross Profit

Operating Expense

Operating Income

Net Non-operating Income (Exp.)

Investment Income (Loss)

Income before Tax

Income Tax Credit (Exp.)

Net Income

EPS (NT\$)

	1Q'03		4Q'02		QOQ
	Amount	%	Amount	%	%
	39.33	100%	41.15	100%	-4%
	(28.94)	-74%	(30.47)	-74%	-5%
	10.39	26%	10.68	26%	-3%
	(4.19)	-11%	(5.03)	-12%	-17%
	6.20	16%	5.65	14%	10%
	(0.50)	-1%	(0.41)	-1%	21%
	(1.52)	-4%	(2.16)	-5%	-30%
	4.18	11%	3.08	7%	36%
	0.18	0%	(0.53)	-1%	-
	4.36	11%	2.55	6%	71%
	0.23		0.13		

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Income Tax & Investment Tax Credit

Amount: NT\$Billion	4Q'02	1Q'03
Income Before Tax & L/T Investment	5.2	5.7
Imputed Income Tax	(0.9)	(1.0)
Investment Tax Credit	0.4	1.2
Income Tax, as reported	<u>(0.5)</u>	<u>0.2*</u>

* Higher investment tax credit (ITC) in reflection of a restored ITC benefit due to a recent tax law relaxation.
The effect of a favorable ITC is expected to last throughout 2003.

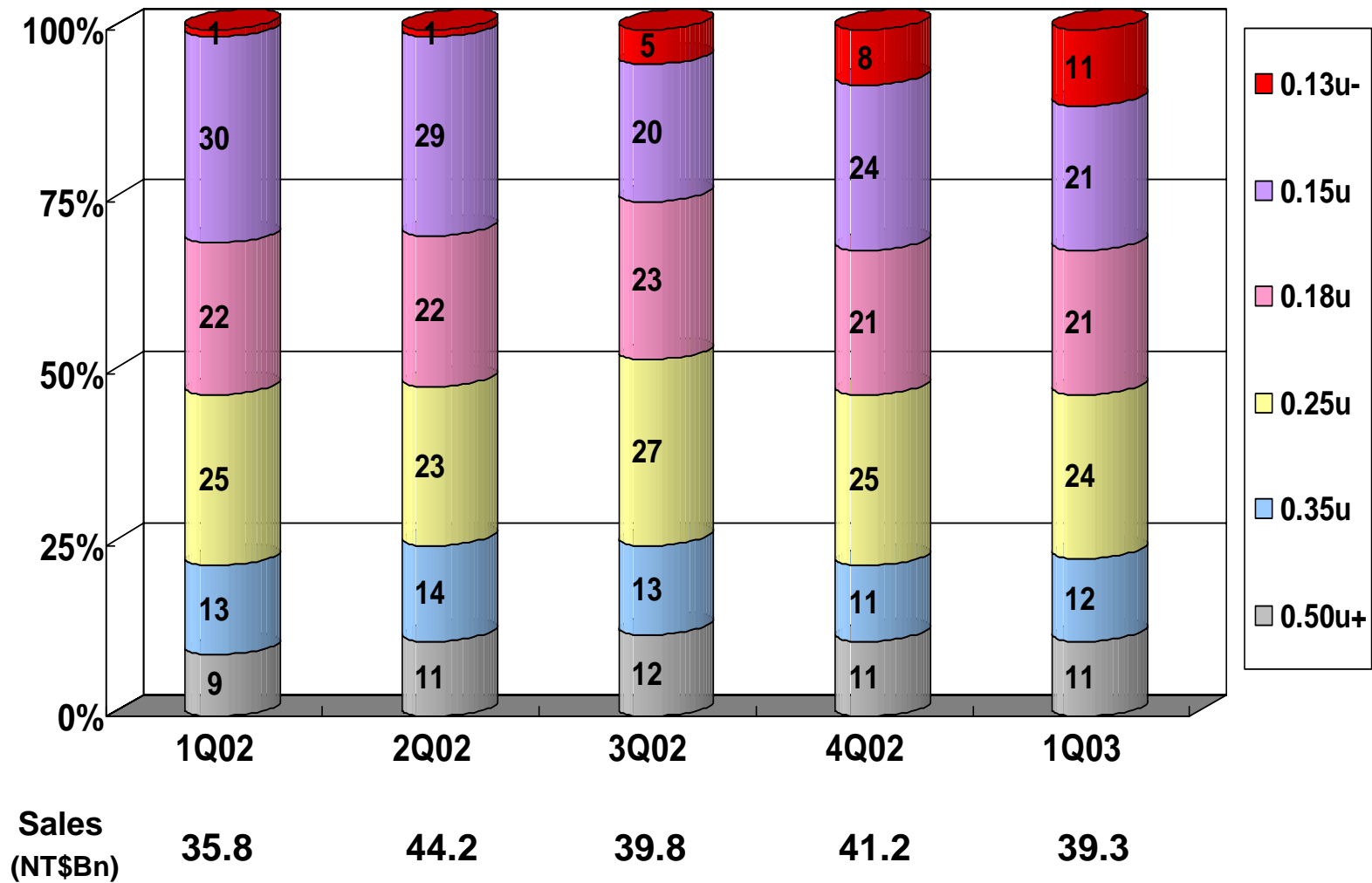


1Q03 Balance Sheet, Cash Flow, & Key Ratios - QoQ Comparison

Amount:NT\$Billion					
Balance Sheet	1Q'03		4Q'02		QOQ
	Amount	%	Amount	%	%
Cash & Equivalent	67.4	19%	61.7	17%	9%
Interest-bearing Debt	35.0	10%	39.0	11%	-10%
Equity	299.9	83%	295.9	80%	1%
Total Assets	363.3	100%	370.0	100%	-2%
Cash Flow					
Operating Cash Inflow	20.1		23.9		-16%
- Net Profit	4.4		2.6		71%
- Depreciation & Amort.	15.4		16.1		-5%
Investing Cash Outflow	10.3		21.7		-52%
- Capital Expenditure	9.1		17.9		-49%
Key Ratios					
ROE/quarter	5.9%		3.6%		
ROA/quarter	5.2%		3.2%		



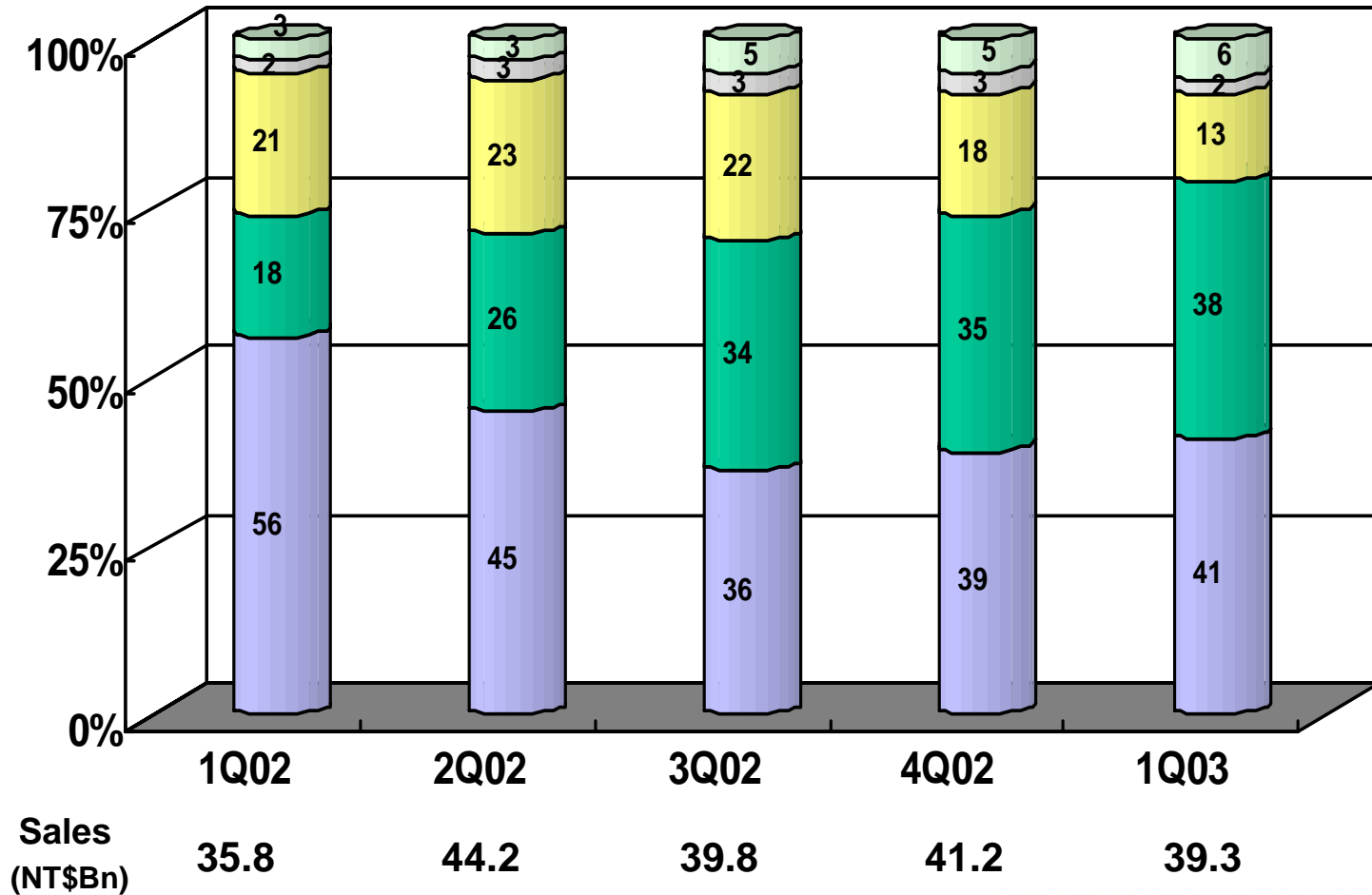
Sales Breakdown by Technology





Sales Breakdown by Application

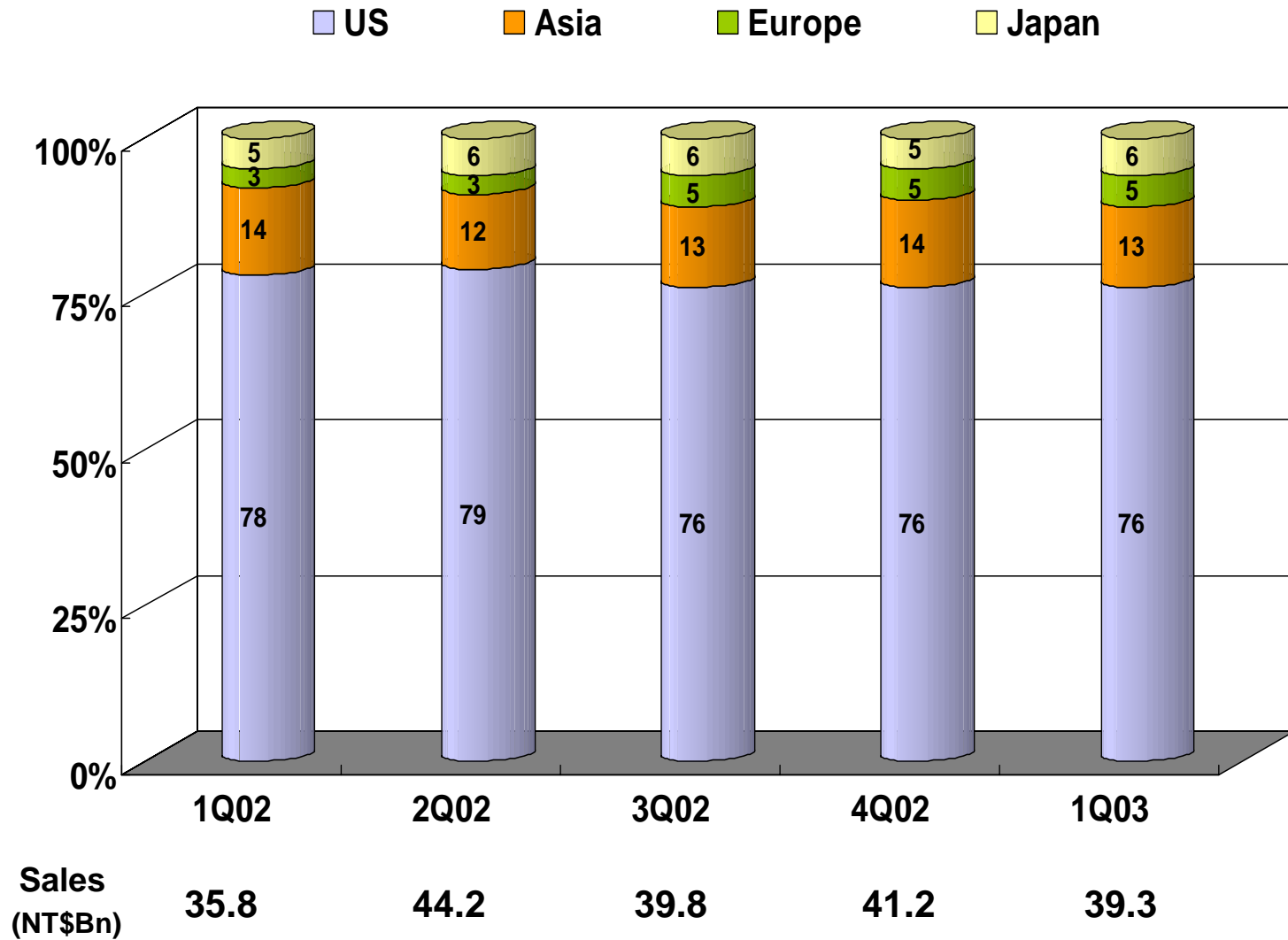
Computer Comm. Consumer Memory Others



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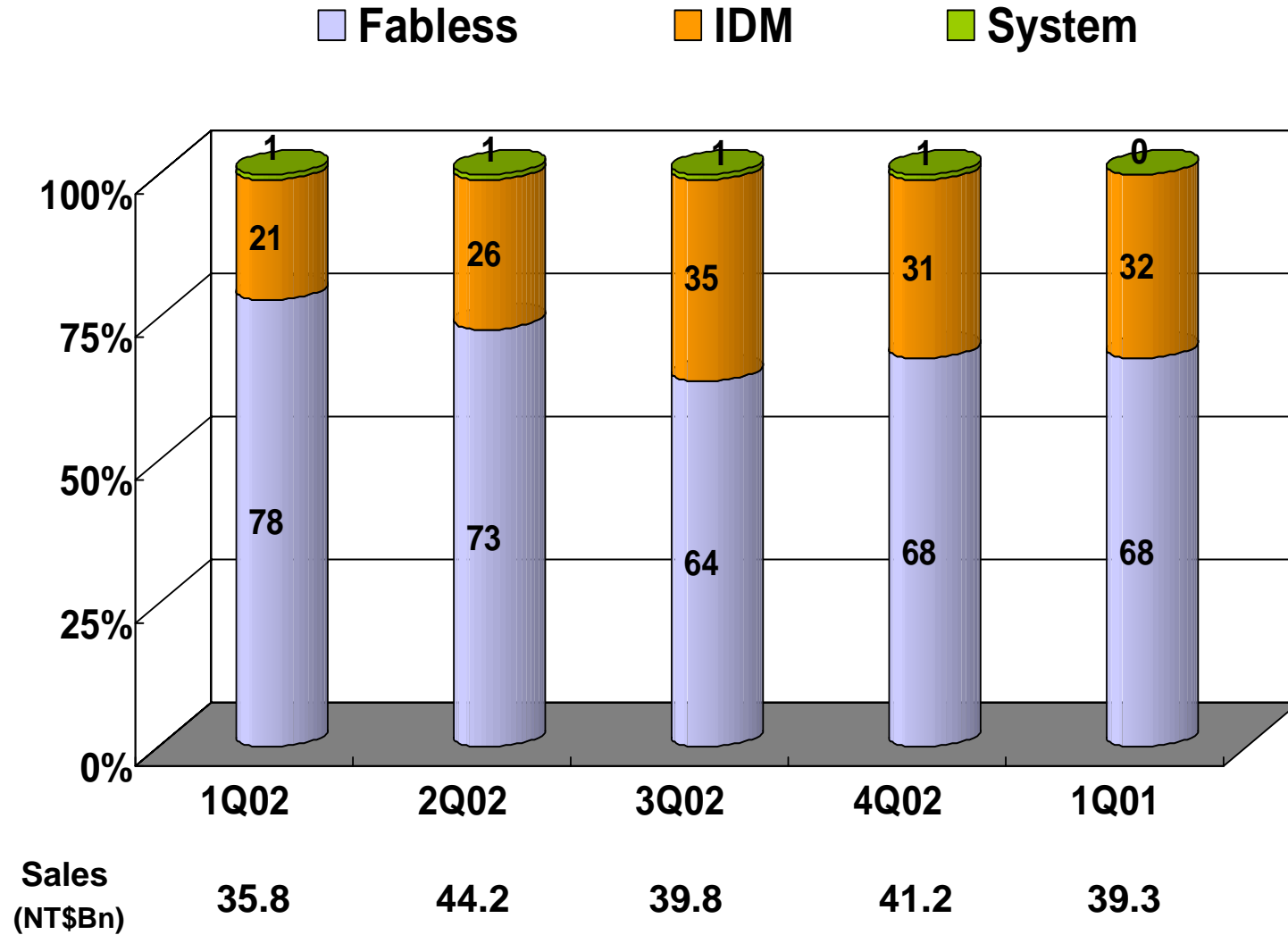
Sales Breakdown by Geography



Note: This chart does not reflect the actual shipment destination of sales.



Sales Breakdown by Customer



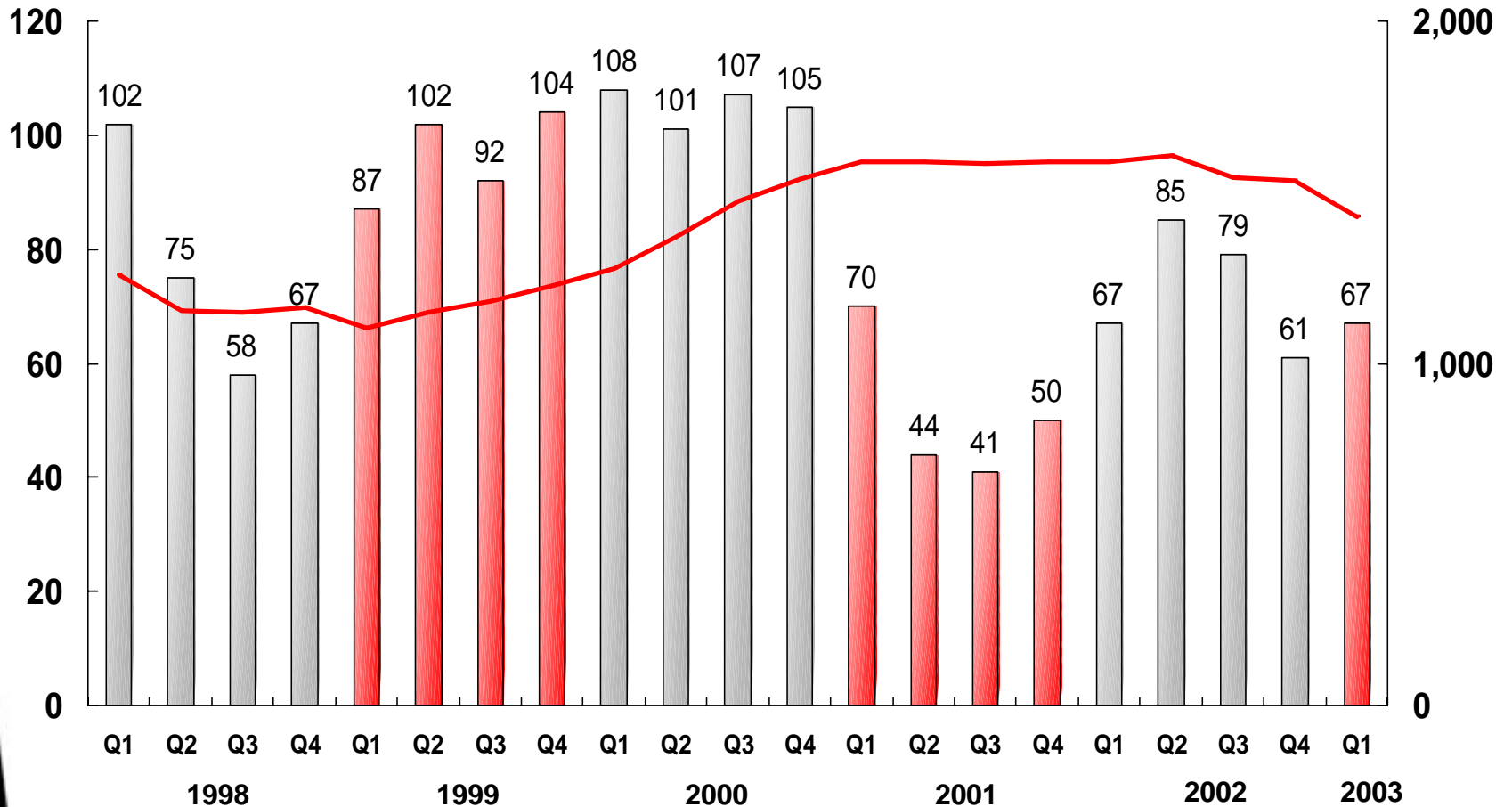


Fab Utilization and ASP Trend

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, TSMC, WSMC, and VIS)



Installed Capacity by FAB

FAB	Wafer Size	1Q03 (est.)	1Q03(act.)	2Q03(est.)
Fab-2 ²	6"	206	206	212
Fab-3 ¹	8"	193	193	202
Fab-5	8"	106	106	106
Fab-6	8"	157	154	170
Fab-7	8"	65	65	64
Fab-8	8"	161	161	170
Fab-12 ²	12"	17	17	22
Wafer Tech	8"	87	87	88
VIS	8"	120	80	85
SSMC	8"	24	24	24
Total Installed Capacity (8" Equivalent Kpcs)		1,068	1,024	1,078

Note:

1. Fabs 3 and 4 were consolidated into a single fab during 1Q02.
2. 6"-wafer is converted into 8"-equivalent wafer by dividing by 1.78; 12"-wafer by multiplying by 2.25.



Recap of Major Events in 1Q03

- **TSMC Leads Industry in Production of 0.13um FSG and Low-K Products (04/17)**
- **TSMC and NVIDIA Reaffirm Partnership (03/26)**
- **TSMC Filed Information with Taiwan Stock Exchange's Market Observation Post System Regarding Today's Media Report (Concerning Stock Dividend and Employee Profit Sharing Proposals to Be Presented at TSMC's Annual Shareholders Meeting on June 3, 2003) (03/05)**
- **TSMC Board of Directors Proposes NT\$0.80 Stock Dividend (03/04)**
- **Taiwan Government Approves First Phase of TSMC China Project (02/26)**
- **Cadence and TSMC Team to Accelerate Time-to-Volume for Nanometer Design (01/13)**



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2Q03 Guidance

- **Wafer shipments to grow above 20% on a sequential basis;**
- **ASP to improve by 4% due to better product mix;**
- **Revenues from advanced-process technologies (0.18um and more advanced) to account for about 60% of total wafer sales;**
- **An overall utilization rate exceeding 80%, with capacities capable of advanced-process technologies to be utilized at a rate higher than 85%;**
- **Business demand to improve across all customer application segments. The consumer segment should report the strongest growth momentum, followed by the computer segment and the communication segment, respectively.**
- **We continue to expect that CAPEX in 2003 will be within the range of US\$1.0 to US\$1.5 billion.**