



**FOR IMMEDIATE RELEASE**

**CONTACT IN TAIWAN**

Derek Tien or Julie Chan  
Finance Division  
TSMC  
[invest@tsmc.com.tw](mailto:invest@tsmc.com.tw)  
886/3/567-2664

**CONTACT IN NEW YORK**

Daniel Loh/Mami Ogawa  
Associate Director/Vice President  
Thomson Financial / Carson  
[dan.loh@tfn.com/mami.ogawa@tfn.com](mailto:dan.loh@tfn.com/mami.ogawa@tfn.com)  
212/701-1998/212/701-1824

**Taiwan Semiconductor Manufacturing Company, Ltd. Announces Record Fourth-Quarter and Year-End Results for the Period Ended December 31, 2000**

Hsin-Chu, Taiwan, R. O. C., February 6, 2001 – Taiwan Semiconductor Manufacturing Company, Ltd. (TAIEX: 2330, NYSE: TSM) (“TSMC” or “the Company”), the world’s largest dedicated semiconductor foundry company, today announced the results of its operations for the fourth quarter and the 12 months ended December 31, 2000. All figures were prepared in accordance with generally accepted accounting principles in Taiwan.

**Main Topics Discussed in This Release**

- 4Q00 Results: Year-over-Year Comparison
- 4Q00 Results: Sequential Comparison
- 12-Month 2000 Results: Year-over-Year Comparison
- Planned Capital Expenditure and Capacity

**4Q00 Results: Year-over-Year Comparison**

**Highlights**

- Net sales increased 127% YoY to a quarterly record NT\$53,822 million.
- Quarterly sales<sup>1</sup> of 8-inch equivalent wafers rose to a record 1,001K units.
- Capacity utilization remained full at 105%.
- Operating income increased 176% YoY to NT\$21,160 million.
- Net income rose 158% YoY to a quarterly record NT\$21,473 million.
- ROE and ROA rose to 31.5% and 24.1%, respectively, up from 24.0% and 18.2%.
- Diluted earnings per share (EPS) increased 119% to NT\$1.84 from NT\$0.84, or US\$0.29 per ADR versus US\$0.13 per ADR<sup>2</sup>.
- Note: 4Q00 results include the impact of merger transactions with TSMC-Acer (TASMC, now Fab 7) and Worldwide Semiconductor (WSMC, now Fab 8) on June 30, 2000, and are not directly comparable with 4Q99 results.

<sup>1</sup> Including resale of wafers outsourced to joint ventures: WaferTech, Vanguard.

<sup>2</sup> Earnings per share for 4Q99 have been restated to reflect a 28% increase in stock dividend and employee profit sharing of 172,120,825 shares in May 2000, and issuance of 115,000,000 shares of ADR in June 2000. Total weighted number of shares were 11,423,832K in 4Q00 and 9,863,489K in 4Q99.

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**Net Sales:**

Net sales in 4Q00 totaled NT\$53,822 million (including NT\$6,983 million contributed from joint ventures), up 127% from NT\$23,691 million in the year-ago period, primarily due to the mergers with TSMC and WSMC, higher unit sales and a higher average selling price (ASP). Unit shipments of 8-inch equivalent wafers, including joint venture sales, increased 82% to a record 1,001K units in 4Q00 compared with 551K units in 4Q99.

Table 1 summarizes TSMC's 4Q00 and 4Q99 sales by application, technology, customer type and geography. For consistency, historical numbers may be revised to reflect current definitions. As a result, classifications may differ from those released earlier.

**Table 1: Sales Breakdown (Including JV, YoY)**

Segment:	4Q00	4Q99	Segment:	4Q00	4Q99
Application (Unit)			Customer Type (Revenue)		
Computer	29%	40%	Fabless	60%	63%
Communication	33%	33%	IDM	40%	32%
Consumer	20%	16%	System	0%	5%
Industrial / Others	4%	4%			
Memory	14%	7%			
Technology (Unit)			Geography (Revenue)		
$X \leq 0.18 \mu$	7%	0%	North America	67%	67%
$0.18 \mu < X \leq 0.25 \mu$	32%	23%	Asia Pacific	12%	20%
$0.25 \mu < X \leq 0.35 \mu$	35%	38%	Europe	8%	8%
$X \geq 0.50 \mu$	26%	39%	Japan	13%	5%

**Gross Profit:**

Gross profit increased a substantial 155% YoY to NT\$24,756 million from NT\$9,712 million. The year-over-year increase is mainly attributable to the higher ASP and expanded unit sales. As a percentage of total sales, TSMC's gross margin improved by five percentage points to 46.0% in 4Q00. Excluding the impact of joint ventures on the company's gross margin, however, the gross margin for TSMC's own production improved to 52.5% in 4Q00 from 47.1% in 4Q99.

**Operating Expenses:**

Operating expenses in 4Q00 rose 77% to NT\$3,596 million compared with NT\$2,032 million in 4Q99, principally due to higher R&D expenses for advanced technology and increased SG&A expenses following the mergers with TSMC and WSMC. As a percentage of total sales, however, operating expenses declined to 6.7% in 4Q00 from 8.6% in 4Q99.

**Net Non-Operating Income Expenses:**

Net non-operating items resulted in a loss of NT\$104 million in 4Q00 compared with earnings of NT\$382 million in 4Q99. The loss in the latest period mainly reflects NT\$177 million of power failure, chemical contamination, and earthquake damage in 4Q00 versus

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NT\$578 million of insurance compensation in 4Q99 relating to the September 1999 Taiwan earthquake.

***Investment Income/Loss:***

Investment losses of NT\$135 million in 4Q00 compared with investment income of NT\$263 million in 4Q99. The variance between the two reporting periods is mainly due to a gain from TSMC-Acer recognized under the equity method in 4Q99.

***Net Income:***

Net income tax credits in 4Q00 totaled NT\$552 million (including NT\$1,744 million of tax expenses and NT\$2,297 million of tax credits) versus net tax expense of NT\$14 million (including NT\$504 million of tax expenses and NT\$490 million of tax credits) in 4Q99.

Net income increased 158% YoY to NT\$21,473 million in 4Q00 compared with NT\$8,311 million in the year-ago period. Diluted earnings per share improved to NT\$1.84 in 4Q00 from NT\$0.84 in 4Q99. Diluted earnings per ADR increased to US\$0.29 from US\$0.13 in 4Q99.

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**4Q00 Results: Sequential Comparison**

**Highlights**

- Net sales rose 13.3% QoQ.
- Wafer shipment rose 6.2% QoQ.
- Operating income increased 13.7% QoQ.
- Net income increased 7.1% QoQ.
- Diluted earnings per share grew to NT\$1.84, an increase of 5.7% from NT\$1.74 in 3Q00 and an increase to US\$0.29 per ADR from US\$0.28 per ADR.

**Net Sales:**

Net sales in 4Q00 totaled NT\$53,822 million, up 13.3% from NT\$47,491 million in 3Q00, primarily due to growth in unit shipments, a higher average unit price, and favorable foreign exchange rates. Including the contributions from joint ventures, unit sales of 8-inch equivalent wafers grew 6.2% to 1,001K units in 4Q00 from 942K units in 3Q00.

Table 2 summarizes TSMC's 4Q00 and 3Q00 sales by application, technology, customer type and geography. For consistency, historical numbers may be refined to reflect current definitions. As a result, classifications may differ from those released earlier.

**Table 2: Sales Breakdown (Including JV, QoQ)**

Segment:	4Q00	3Q00	Segment:	4Q00	3Q00
Application (Unit)			Customer Type (Revenue)		
Computer	29%	35%	Fabless	60%	63%
Communication	33%	33%	IDM	40%	36%
Consumer	20%	17%	System	0%	1%
Industrial / Others	4%	3%			
Memory	14%	12%			
Technology (Unit)			Geography (Revenue)		
X ≤ 0.18 μ	7%	5%	North America	67%	63%
0.18 μ < X ≤ 0.25 μ	32%	29%	Asia Pacific	12%	21%
0.25 μ < X ≤ 0.35 μ	35%	38%	Europe	8%	7%
X ≥ 0.50 μ	26%	28%	Japan	13%	9%

**Gross Profit:**

Gross profit increased 10.8% or NT\$2,411 million in 4Q00, rising to NT\$24,756 million from NT\$22,345 million in 3Q00. This sequential increase was mainly due to a favorable product mix, with 0.18-micron-technology units increasing to 7% in 4Q00 from 5% in 3Q00. As a percentage of revenue, gross margin decreased slightly to 46.0% in 4Q00 from 47.1% in 3Q00, primarily reflecting a capacity utilization rate of 105% in 4Q00 versus a rate of 107% in 3Q00. Excluding the impact of joint ventures, TSMC's gross margin was 52.5% in 4Q00 compared with 53.2% in 3Q00.

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### ***Operating Expenses:***

Operating expenses decreased 3.6% to NT\$3,596 million in 4Q00 from NT\$3,730 million in 3Q00 due to lower R&D expenditures. As percentage of sales, operating expenses decreased to 6.7% from 7.9% in 3Q00.

### ***Net Non-Operating Income/(Expenses):***

Net non-operating items resulted in a loss of NT\$104 million in 4Q00 compared with a gain of NT\$328 million in 3Q00. The difference is due to insurance recoveries of NT\$335 million in 3Q00 stemming from claims filed following the September 1999 Taiwan earthquake.

### ***Investment Income (Loss):***

TSMC recorded an investment loss of NT\$135 million in 4Q00 versus investment income of NT\$572 million in 3Q00. The difference is primarily attributable to an investment loss relating to the premium paid by WaferTech for the repurchase of its outstanding employee stock options.

### ***Net income:***

Net income tax credits in 4Q00 totaled NT\$552 million (NT\$1,744 million of tax expenses and NT\$2,297 million of tax benefits) compared with NT\$543 million (NT\$1,837 million of tax expenses and NT\$2,380 of tax benefits) in 3Q00.

Net income increased 7.1% to NT\$21,473 million in 4Q00 from NT\$20,058 million in 3Q00. Diluted earnings per share grew to NT\$1.84 in 4Q00 compared with NT\$1.74 in 3Q00. Diluted earnings per ADR increased to US\$0.29 in 4Q00 from US\$0.28 in 3Q00.

### ***Operations Highlights:***

Major events during 4Q00 included:

- TSMC Delivers Second Round of 0.13-Micron Customer Products(12/19)
- TSMC Delivers Foundry's First 300mm Customer Wafers (12/18)
- TSMC Agrees to Buy WaferTech Shares from Altera, ADI and ISSI (12/14)
- TSMC and VIA Technologies, Inc. Announce First Functional 0.13-Micron Processor Wafers (12/12)
- TSMC First Foundry to Offer CMOS Image Sensor Technology at 0.25-Micron (11/21)
- TSMC Announces Industry's First 0.13-Micron Mixed-Signal/RF Test Chip (11/14)
- TSMC is First Foundry to Offer Online Mask Data Review (10/04)

Please visit the TSMC website (<http://www.tsmc.com.tw>) for details about these announcements.

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### 12-Month 2000 Results: Year-over-Year Comparison

- Net sales rose 127% to a record NT\$166.2 billion.
- Annual sales of 8-inch equivalent wafers increased to a record 3,408K units.
- Capacity utilization remained full at 106%.
- Operating income increased 134% to NT\$60,541.
- Net income rose 165.1% to a record NT\$65.1 billion.
- Diluted earnings per share increased 129% to NT\$5.70 from NT\$2.49, or US\$0.91 per ADR versus US\$0.39 per ADR.
- Shareholders' equity increased 117% to NT\$261.8 billion.
- Net cash increased NT\$19.0 billion to NT\$35.6 billion; debt-to-assets ratio reduced to 23% from 25%.

#### **Net Sales:**

Net sales in 2000 rose 127% to a record NT\$166.2 billion from NT\$73.1 billion in 1999, mainly due to the mergers with TSMC and WSMC, strong growth in unit shipments, and a higher average selling price. Unit sales of 8-inch equivalent wafers increased 94% to a record 3,408K units from 1,757K units in 1999.

#### **Gross Profit:**

Gross profit increased 130% to NT\$73.9 billion from NT\$32.2 billion a year ago. As a percentage of total sales, TSMC's gross margin edged up to 44.5% versus 44.1% a year ago. In addition, the company's operating margin increased to 36.4% from 35.4%, while its operating income improved significantly, up 134% to NT\$60.5 billion from NT\$25.9 billion.

#### **Net Income:**

Net income rose 165.1% to a record NT\$65.1 billion in 2000 from NT\$24.6 billion in 1999. Diluted earnings per common shares were also a record NT\$5.70 versus NT\$2.49 a year ago, or US\$0.91 versus US\$0.39 per ADR.

#### **Shareholders' Equity:**

Total shareholders' equity grew 117% to NT\$261.8 billion in December 2000 from NT\$120.8 billion in December 1999. Excluding an NT\$38.1 billion impact from mergers, the substantial increase is attributable to NT\$65.1 billion of net income, NT\$24.3 billion from the secondary offering of ADRs, and NT\$13 billion from the issuance of preferred stock.

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### ***Liquidity and Capital Resource:***

During 2000, TSMC generated NT\$88.0 billion in cash from operating activities. Depreciation and amortization amounted to NT\$33.1 billion. Cash used in investing activities totaled NT\$91.4 billion, mainly for capacity expansion and the 300mm pilot line, and investments in WaferTech and SSMC. Financing activities during the year raised a net NT\$22.3 billion, including the issuance of ADRs (NT\$24.3 billion), preferred shares (NT\$13 billion), corporate bonds (NT\$9 billion) and loan repayments of NT\$25.6 billion.

For the year, net cash increased by NT\$19.0 billion from NT\$16.6 billion to NT\$35.7 billion, which represented around 10% of total assets. TSMC's debt-to-assets ratio improved to 23% in December 2000 compared with 25% in December 1999

## **Capital Commitment and Capacity**

### ***Highlights***

- TSMC has reduced its planned 2001 CAPEX by 29%, to US\$2.7 billion from a previous estimate of US\$3.8 billion.
- Planned capacity in 2001 has also been reduced by 6%, to 4.5 million 8-inch equivalent wafers from a previous target of 4.8 million wafers.

### ***Capital Commitment and Capacity in 2001:***

TSMC has reduced its planned 2001 CAPEX by 29%, to US\$2.7 billion from a previous estimate of US\$3.8 billion. As result, total installed capacity managed by TSMC is planned to reach approximately 4.5 million 8-inch equivalent wafers in 2001, up 33% from 3.4 million wafers in 2000. Details regarding TSMC's capacity plan for 2001 are summarized in Table 3 on the following page.

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**Table 3: Planned Capacity Managed by TSMC**

Fab	2000		2001E	
Unit in K	Annual (Monthly <sup>1</sup> )		Annual (Monthly <sup>2</sup> )	
Fab 1 (6")	205	(18)	236	(20)
Fab 2 (6")	936	(79)	939	(80)
Fab 3 (8")	512	(44)	554	(47)
Fab 4 (8")	426	(37)	446	(38)
Fab 5 (8")	415	(41)	468	(40)
Fab 6 (8")	158	(32)	487	(43)
Fab 7 (8")	380	(46)	573	(50)
Fab 8 (8")	411	(49)	669	(64)
Fab12 (12")			3	( 2)
VIS (8")	184	(22)	272	(23)
WaferTech (8")	282	(28)	340	(30)
SSMC (8")			43	( 8)
<b>Total Capacity (8" Equiv.)<sup>3</sup></b>	<b>3,409</b>		<b>4,520</b>	
<i>Annual Growth Rate</i>	<i>80%</i>		<i>33%</i>	

### ***Company Description:***

TSMC is the world's largest dedicated semiconductor foundry, providing the industry's leading manufacturing capacity, process technology, library and IP options, and other leading-edge foundry services. TSMC operates eight fabs and is constructing two new 300mm fabs. TSMC also has substantial capacity commitments at two JV facilities (SSMC and VIS) and WaferTech. TSMC's capacity reached nearly 3.4 million 8-inch equivalent wafers in 2000 and is expected to increase to 4.5 million wafers in 2001. TSMC's corporate headquarters are in Hsin-Chu, Taiwan.

### ***Corporate Headquarters:***

Taiwan Semiconductor Manufacturing Company, Ltd.  
No. 121, Park Avenue III, Hsin-Chu Science-Based Industrial Park  
Hsin-Chu, Taiwan, R. O. C.  
Tel: 886/3/578-0221 <http://www.tsmc.com.tw>

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<sup>1</sup> Actual monthly capacity as of December 2000.

<sup>2</sup> Planned monthly capacity as of December 2001.

<sup>3</sup> 6" wafer is converted into 8" equivalent wafer by dividing by 1.78; 12" wafer by multiplying by 2.25.