



TSMC

2005 First Quarter Results Investor Conference

April 26th, 2005

Agenda

- **Welcome**
- **2005 1Q Financial Results** **Lora Ho**
(unconsolidated)
- **Remarks** **Morris Chang**
- **Q&A**

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 (the "SEC") on May 28, 2004, and such other documents as TSMC may file with, or submit to, the SEC from time to time.
- Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

1Q'05 Result Highlights

Amount:NT\$ billion	<u>1Q'05 Amount</u>	<u>4Q'04 Amount</u>	<u>1Q'04 Amount</u>
Net Sales	<u>55.65</u>	<u>63.87</u>	<u>57.51</u>
Net Income	<u>16.82</u>	<u>22.18</u>	<u>18.79</u>
EPS (NT\$)	<u>0.72</u>	<u>0.96</u>	<u>0.80</u>
Cash and S-T Investment	111.86	118.51	126.34
Interest-bearing Debt	30.00	30.00	35.00
Shareholders' Equity	415.35	398.97	346.59
Wafers Shipped (Kpcs)	1,113	1,220	1,172
Utilization (%)	78%	88%	105%
ROE (%) *	16.5%	22.8%	22.2%

* Annualized ROE for the quarter.

Income Statement - QoQ Comparison

TSMC w/o Affiliates

NT\$ billion	1Q'05		4Q'04	
Net Sales	50.6	100.0%	56.5	100.0%
COGS	(29.3)	-57.9%	(29.5)	-52.2%
Gross Profit	21.3	42.1%	27.0	47.8%

Amount:NT\$ billion

Net Sales

COGS

Gross Profit

Operating Expense

Operating Income

Net Non-operating Income

Investment Income/(Loss)

Income before Tax

Income Tax Credit

Net Income

EPS (NT\$)

	1Q'05		4Q'04		QOQ
	Amount	%	Amount	%	%
	55.65	100.0%	63.87	100.0%	-13%
	(34.00)	-61.1%	(36.72)	-57.5%	-7%
	21.65	38.9%	27.15	42.5%	-20%
	(5.57)	-10.0%	(6.12)	-9.6%	-9%
	16.08	28.9%	21.03	32.9%	-24%
	0.39	0.7%	0.46	0.7%	-15%
	(0.20)	-0.4%	0.61	1.0%	-
	16.27	29.2%	22.09	34.6%	-26%
	0.55	1.0%	0.09	0.1%	514%
	16.82	30.2%	22.18	34.7%	-24%
	0.72		0.96		-25%



Income Statement - YoY Comparison

TSMC w/o Affiliates

NT\$ billion	1Q'05		1Q'04	
Net Sales	50.6	100.0%	50.1	100.0%
COGS	(29.3)	-57.9%	(27.9)	-55.7%
Gross Profit	21.3	42.1%	22.2	44.3%

Amount:NT\$ billion

	1Q'05		1Q'04		YOY
	Amount	%	Amount	%	%
Net Sales	55.65	100.0%	57.51	100.0%	-3%
COGS	(34.00)	-61.1%	(34.78)	-60.5%	-2%
Gross Profit	21.65	38.9%	22.73	39.5%	-5%
Operating Expense	(5.57)	-10.0%	(5.19)	-9.0%	7%
Operating Income	16.08	28.9%	17.54	30.5%	-8%
Net Non-operating Income	0.39	0.7%	0.09	0.2%	324%
Investment Income/(Loss)	(0.20)	-0.4%	0.80	1.4%	-
Income before Tax	16.27	29.2%	18.43	32.1%	-12%
Income Tax Credit	0.55	1.0%	0.35	0.6%	56%
Net Income	16.82	30.2%	18.79	32.7%	-10%
EPS (NT\$)	0.72		0.80		-10%

Balance Sheet & Key Indices

(Amount: NT\$ billion)

Selected Items from Balance Sheet	1Q'05		4Q'04		1Q'04	
	Amount	%	Amount	%	Amount	%
Total Assets	480.7	100%	487.6	100%	421.0	100%
Cash & S-T Investments	111.9	23%	118.5	24%	126.3	30%
Accounts Receivable - Trade	22.4	5%	27.2	6%	27.0	6%
Inventory	13.4	3%	14.2	3%	11.0	3%
Total Current Assets	159.7	33%	173.7	36%	175.7	42%
Accounts Payable	19.1	4%	40.8	8%	25.3	6%
Current Portion of Bonds Payable	10.5	2%	10.5	2%	5.0	1%
Accrued Liabilities and Others	8.3	2%	9.3	2%	7.8	2%
Total Current Liabilities	37.9	8%	60.6	12%	38.1	9%
Long-Term Debt	19.5	4%	19.5	4%	30.0	7%
Total Equity	415.4	86%	399.0	82%	346.6	82%
Key Indices						
A/R Turnover Days	42		45		42	
Inventory Turnover Days	42		41		36	
Current Ratio (x)	4.2		2.9		4.6	
Net Working Capital	121.9		113.0		137.6	

Cash Flows

Amount:NT\$ billion

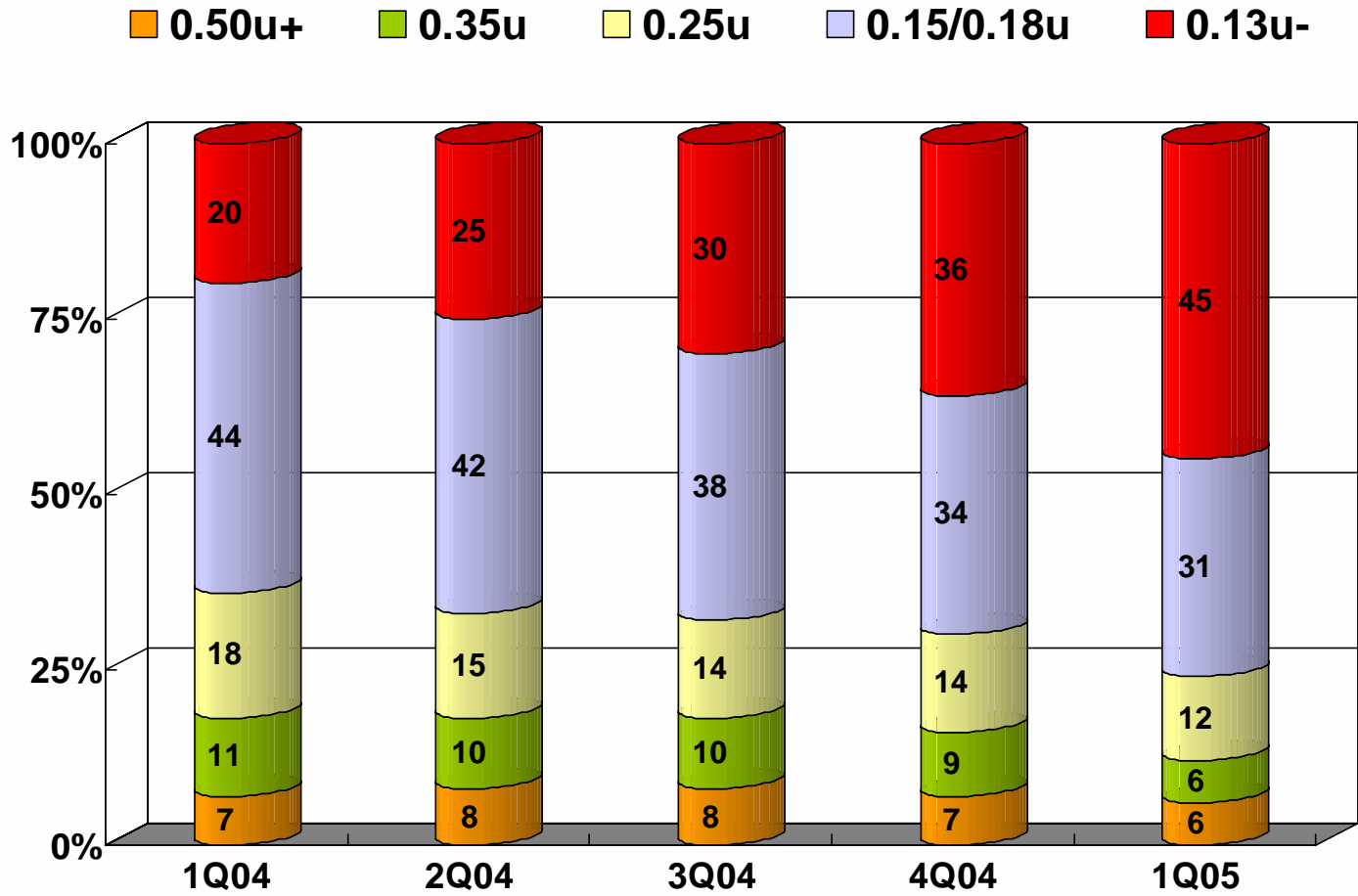
	1Q'05 Amount	4Q'04 Amount	1Q'04 Amount
From Operation	36.0	36.7	32.7
- Net Profit	16.8	22.2	18.8
- Depreciation & Amortization	16.7	16.6	15.1
- Other Op Sources/(Uses)	2.5	(2.1)	(1.2)
From Investment	(41.3)	(44.4)	(23.9)
- Capital Expenditure	(38.2)	(20.5)	(16.4)
- S-T Investment	1.3	(6.9)	(7.3)
- L-T Investment	(4.3)	(17.0)	(0.2)
- Other Investing Sources/(Uses)	(0.2)	(0.0)	(0.1)
From Financing	(0.0)	(5.1)	(0.6)
- Increase in Treasury Stocks	0.0	0.0	(0.5)
- Repayment of Corporate Bonds	0.0	(5.0)	-
- Other Financing Sources/(Uses)	(0.0)	(0.1)	(0.1)

Capital Expenditures

CapEx (in US\$ million)	1Q05
TSMC	1,210
TSMC (Shanghai)	97
WaferTech	1
Total	1,308

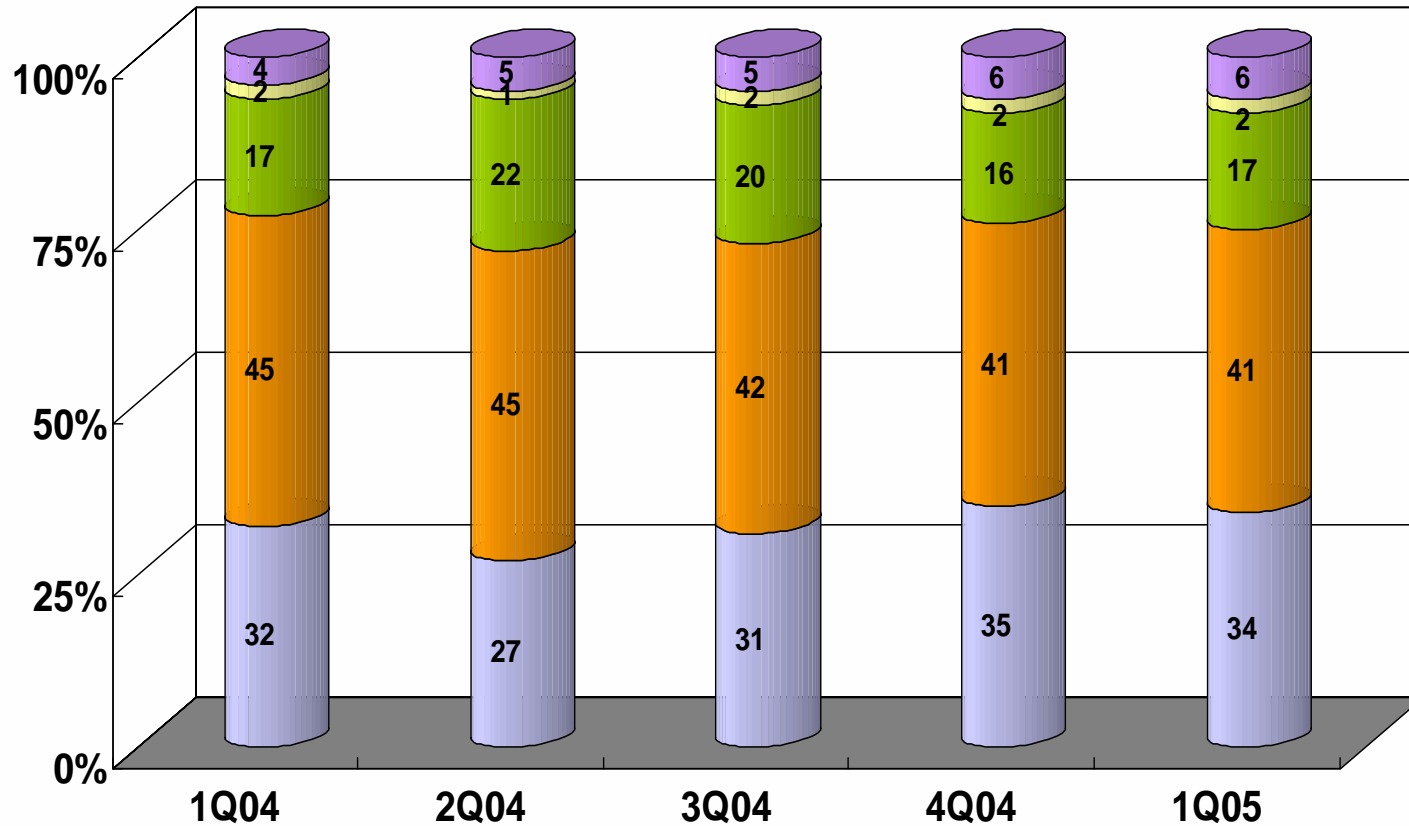
2005 CapEx is expected to remain in the range of US\$2.5 –2.7 billion

Sales Breakdown by Technology

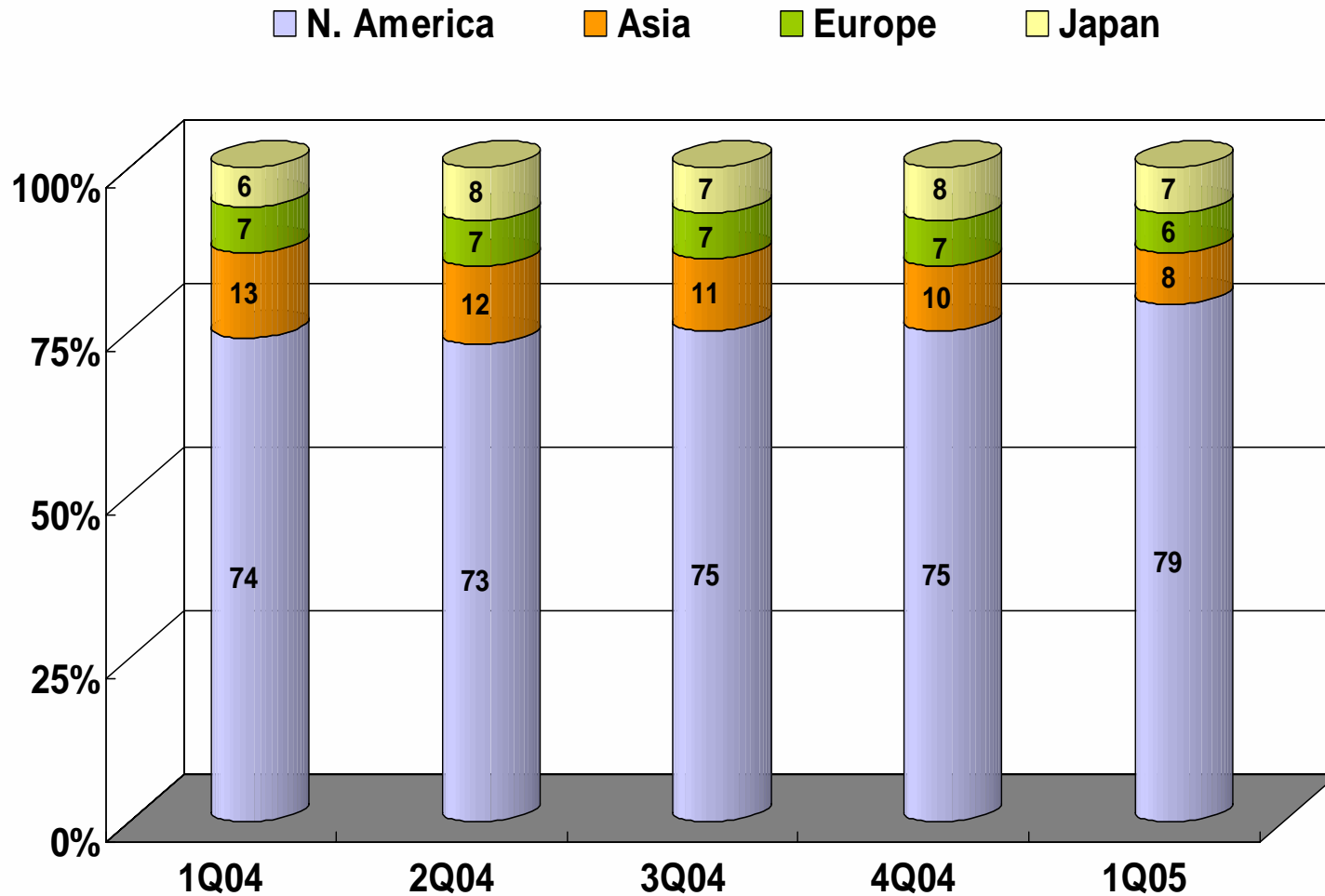


Sales Breakdown by Application

■ Computer
 ■ Comm.
 ■ Consumer
 ■ Memory
 ■ Others

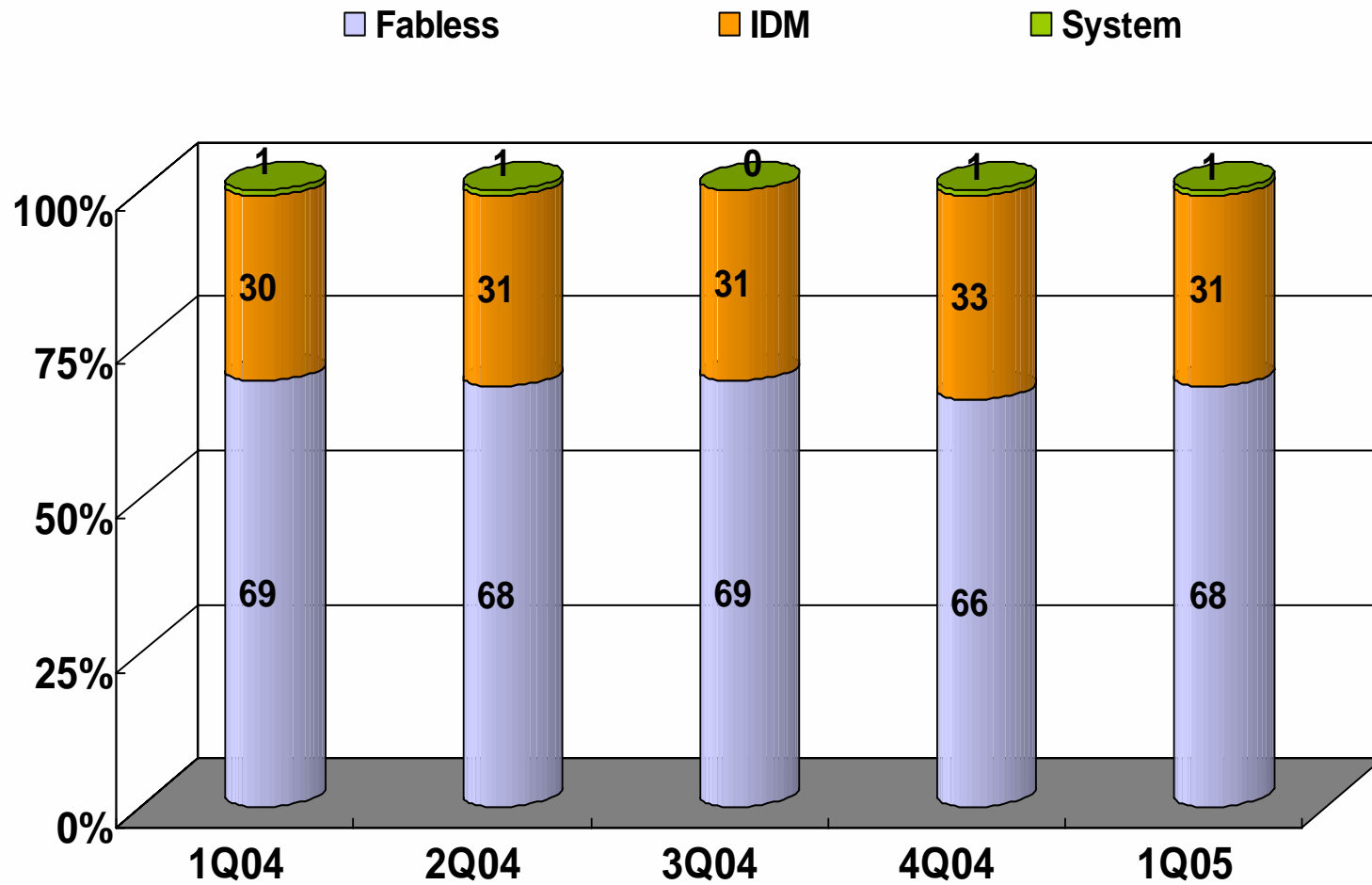


Sales Breakdown by Geography

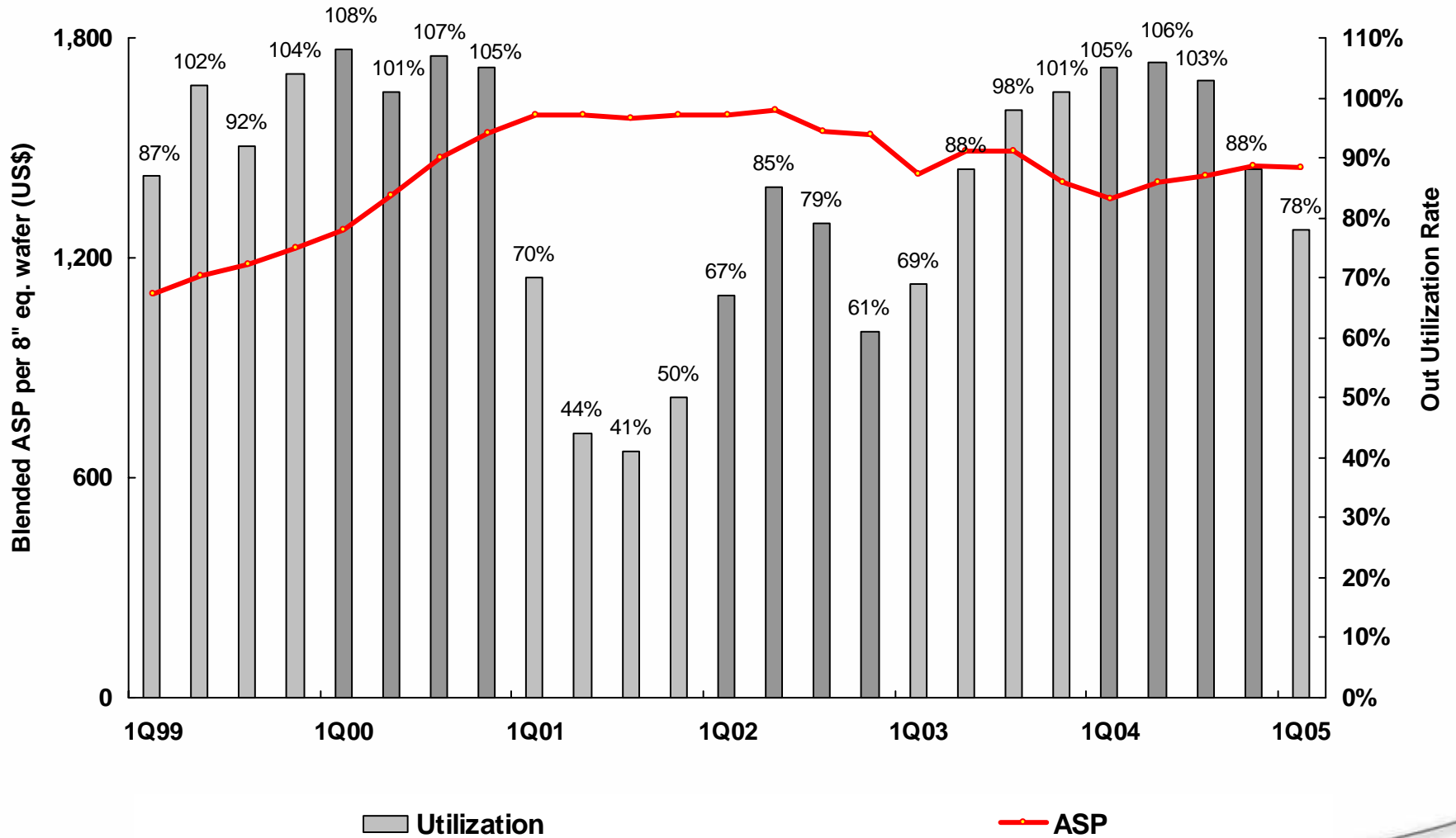


Note: This chart does not reflect the actual shipment destination of sales.

Sales Breakdown by Customer



Fab Utilization and ASP Trend



Installed Capacity by Fab

FAB / (Wafer size)		1Q05 (Est.)	1Q05 (Act.)	2Q05 (Est.)
Fab-2	(6") ¹	238	238	249
Fab-3	(8")	234	234	245
Fab-5	(8")	119	119	125
Fab-6	(8")	203	203	214
Fab-7	(8")	36	36	39
Fab-8	(8")	215	222	217
Fab-12	(12") ²	85	85	103
Fab-14	(12") ²	18	18	36
TSMC-owned (8" Equivalent Kpcs)		1,172	1,180	1,292
WaferTech	(8")	95	95	96
SSMC	(8")	41	41	42
TSMC (Shanghai)	(8")	9	9	22
Total TSMC-managed (8" Equivalent Kpcs)		1,317	1,324	1,451

Note: 1 Figures represent number of 6" wafers. Conversion to 8"-equivalent wafers is by dividing this number by 1.78.

2 Figures represent number of 12" wafers. Conversion to 8"-equivalent wafers is by multiplying this number by 2.25.

Recap of Recent Major Events

- **TSMC Board of Directors Proposes NT\$2.0 Cash Dividend and 5% Stock Dividend for 2004 Profit Distribution (2005/02/22)**
- **TSMC Appoints Mr. Jason Chen as Vice President of Corporate Development (2005/02/12)**
- **TSMC Unveils 90 Nanometer Libraries to Support NexsysSM 90nm Production (2005/02/01)**
- **TSMC Reaches Settlement with SMIC (2005/01/30)**
- **TSMC Helps Altera Deliver World's Highest-Density, Highest-Performance FPGA Produced with 90nm Process Technology (2005/01/21)**

* Please visit TSMC's Web site (<http://www.tsmc.com>) for details and other announcements.

* Starting from 1Q05, TSMC will post quarterly consolidated financial statements, in addition to the unconsolidated financial statements, on our web site.

2Q'05 Guidance

- **Wafer shipments to increase by a mid to high single digit percentage point sequentially;**
- **Overall utilization rate to be about 80%;**
- **Gross profit margin to be in the range of 38% to 40%;**
- **ASP to decline by a middle single digit percentage point sequentially.**

<http://www.tsmc.com>
invest@tsmc.com