



TSMC

***2003 Third Quarter Results
Investor Conference***

October 28th, 2003

Empowering Innovation



Agenda

- **Welcome**
- **3Q'03 Financial Results**
(unconsolidated) **Lora Ho**
- **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 June 23, 2003, TSMC's registration statement on Form F-3, filed with the SEC on October 21, 2003, and such other documents as TSMC may file with, or submit to, the SEC from time to time.**



3Q 2003 Result Highlights

Amount:NT\$Billion	<u>3Q'03</u> <u>Amount</u>	<u>2Q'03</u> <u>Amount</u>	<u>3Q'02</u> <u>Amount</u>
Net Sales	<u>54.88</u>	<u>49.92</u>	<u>39.84</u>
Net Income	<u>15.17</u>	<u>11.73</u>	<u>3.16</u>
EPS (NT\$)	0.75	0.58	0.15
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Cash and S-T Investment	94.40	69.60	64.52
Interest-bearing Debt	35.00	35.00	44.00
Shareholders' Equity	312.97	298.26	293.61
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Wafers Shipped (Kpcs)	992	887	677
Utilization (%) *	98%	88%	84%

* Calculated by dividing the wafers out by installed capacity.
Starting from 1Q03, calculation excludes engineering wafers.



3Q03 Income Statement - QoQ Comparison

TSMC w/o Affiliates				
NT\$Billion	3Q'03		2Q'03	
Net Sales	49.1	100%	43.9	100%
COGS	(28.0)	-57%	(25.9)	-59%
Gross Profit	21.1	43%	18.1	41%

Amount:NT\$Billion

	3Q'03		2Q'03		QOQ
	Amount	%	Amount	%	%
Net Sales	54.88	100%	49.92	100%	10%
COGS	(33.43)	-61%	(31.57)	-63%	6%
Gross Profit	21.45	39%	18.35	37%	17%
Operating Expense	(4.96)	-9%	(5.01)	-10%	-1%
Operating Income	16.49	30%	13.34	27%	24%
Net Non-operating Income (Exp.)	(0.14)	0%	(1.58)	-3%	-91%
Investment Income (Loss)	0.36	1%	0.81	2%	-55%
Income before Tax	16.71	30%	12.57	25%	33%
Income Tax Credit (Exp.)	(1.54)	-3%	(0.84)	-2%	83%
Net Income	15.17	28%	11.73	23%	29%
EPS (NT\$)	0.75		0.58		



3Q03 Income Statement - YoY Comparison

TSMC w/o Affiliates				
NT\$Billion	3Q'03		3Q'02	
Net Sales	49.1	100%	36.0	100%
COGS	(28.0)	-57%	(23.3)	-65%
Gross Profit	21.1	43%	12.6	35%

	3Q'03		3Q'02		YOY
	Amount	%	Amount	%	%
Amount:NT\$Billion					
Net Sales	54.88	100%	39.84	100%	38%
COGS	(33.43)	-61%	(27.00)	-68%	24%
Gross Profit	21.45	39%	12.84	32%	67%
Operating Expense	(4.96)	-9%	(4.47)	-11%	11%
Operating Income	16.49	30%	8.37	21%	97%
Net Non-operating Income (Exp.)	(0.14)	0%	(0.52)	-1%	-73%
Investment Income (Loss)	0.36	1%	(1.82)	-5%	-120%
Income before Tax	16.71	30%	6.03	15%	177%
Income Tax Credit (Exp.)	(1.54)	-3%	(2.87)	-7%	-46%
Net Income	15.17	28%	3.16	8%	380%
EPS (NT\$)	0.75		0.15		



Balance Sheet & Key Ratios

Amount:NT\$Billion	3Q'03		2Q'03		3Q'02	
	Amount	%	Amount	%	Amount	%
Balance Sheet						
Cash & S-T Investment	94.4	25%	69.6	19%	64.5	17%
Accounts Receivable	25.0	7%	25.0	7%	17.9	5%
Inventory	11.8	3%	11.4	3%	13.3	4%
Current Asset	135.2	35%	111.0	31%	100.4	27%
Current Liability	27.2	7%	22.0	6%	41.3	11%
L-T Debt	35.0	9%	35.0	10%	35.0	9%
Equity	313.0	82%	298.3	82%	293.6	78%
Total Asset	382.2	100%	362.9	100%	377.4	100%
Key Ratios						
A/R Turnover Days*	41		44		42	
Inventory Turnover Days*	38		39		45	
Net Working Capital	108.0		89.0		59.1	
Current Ratio	5.0		5.1		2.4	
* Quarterly figures are calculated based on year-to-date numbers						

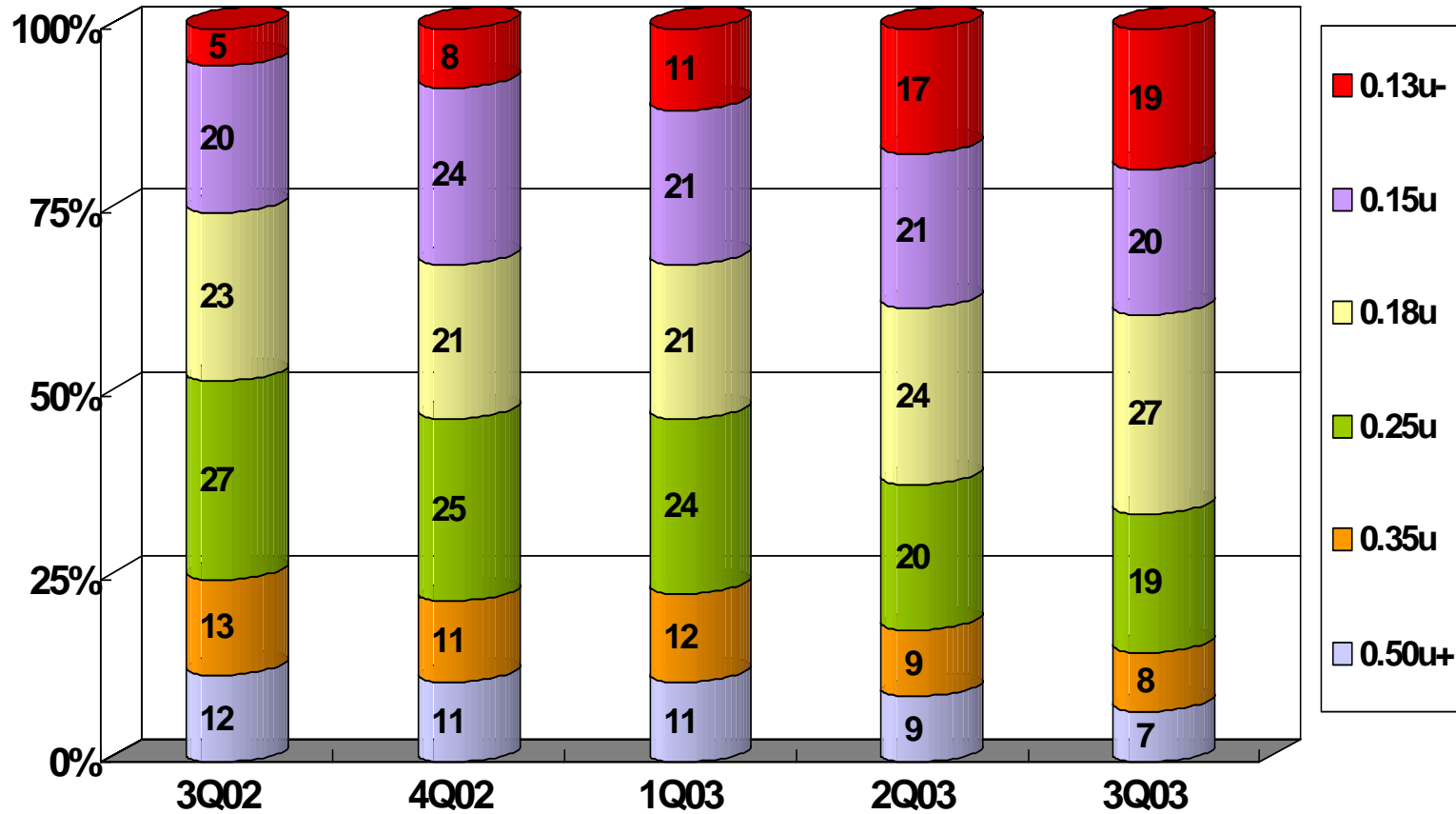


Cash Flow

Amount:NT\$Billion	<u>3Q'03</u> <u>Amount</u>	<u>2Q'03</u> <u>Amount</u>	<u>3Q'02</u> <u>Amount</u>
From Operation	33.9	23.1	24.6
- Net Profit	15.2	11.7	3.2
- Depreciation & Amort.	15.5	15.5	14.7
From Investment	(17.4)	(10.4)	(21.4)
- Capital Expenditure	(8.2)	(7.2)	(19.6)
- S-T Investment	(8.6)	(3.1)	0.0
From Financing	(0.4)	(13.7)	(5.1)
- Redemptions of Preferred Stocks	0.0	(13.5)	0.0

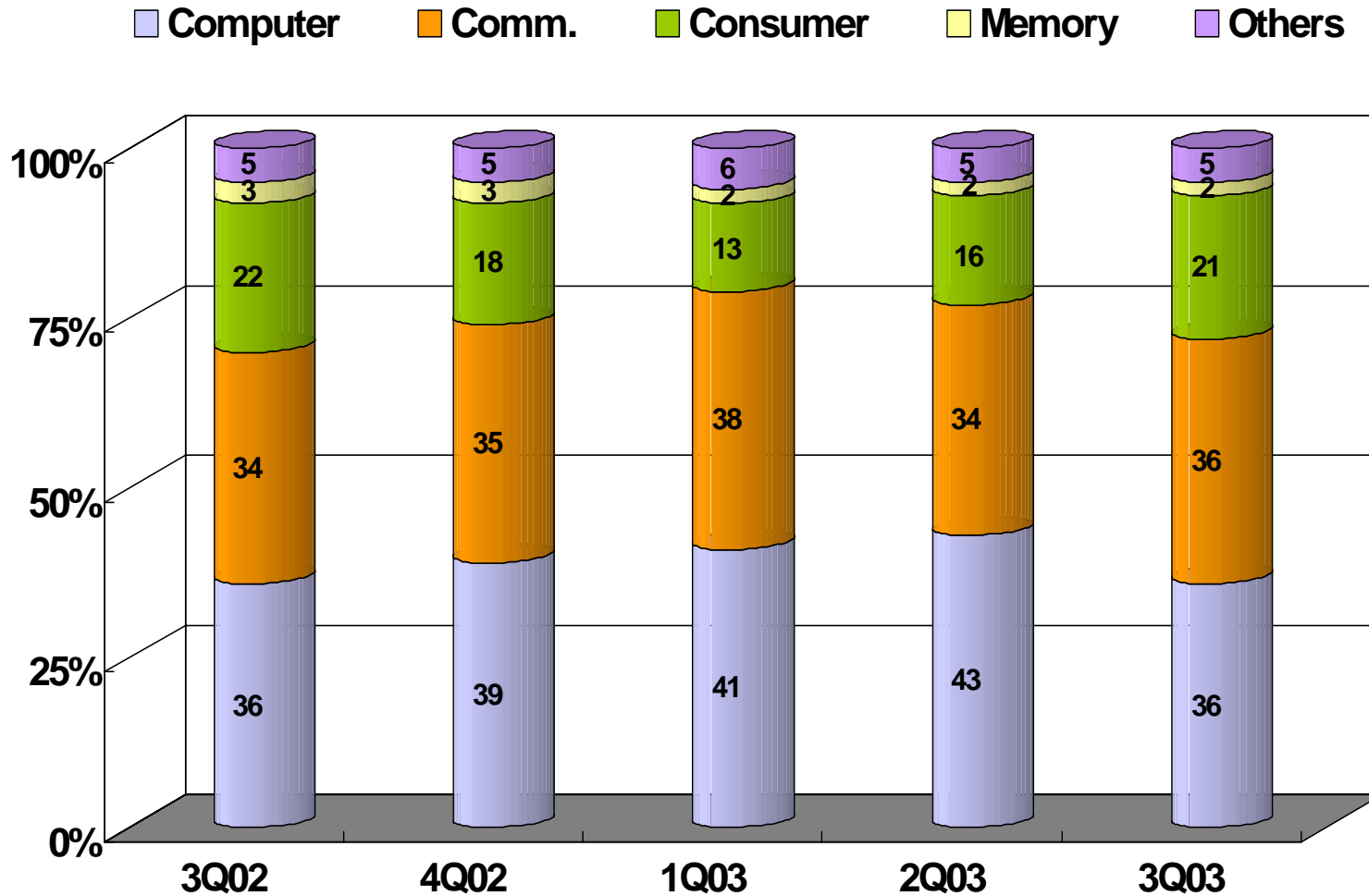


Sales Breakdown by Technology



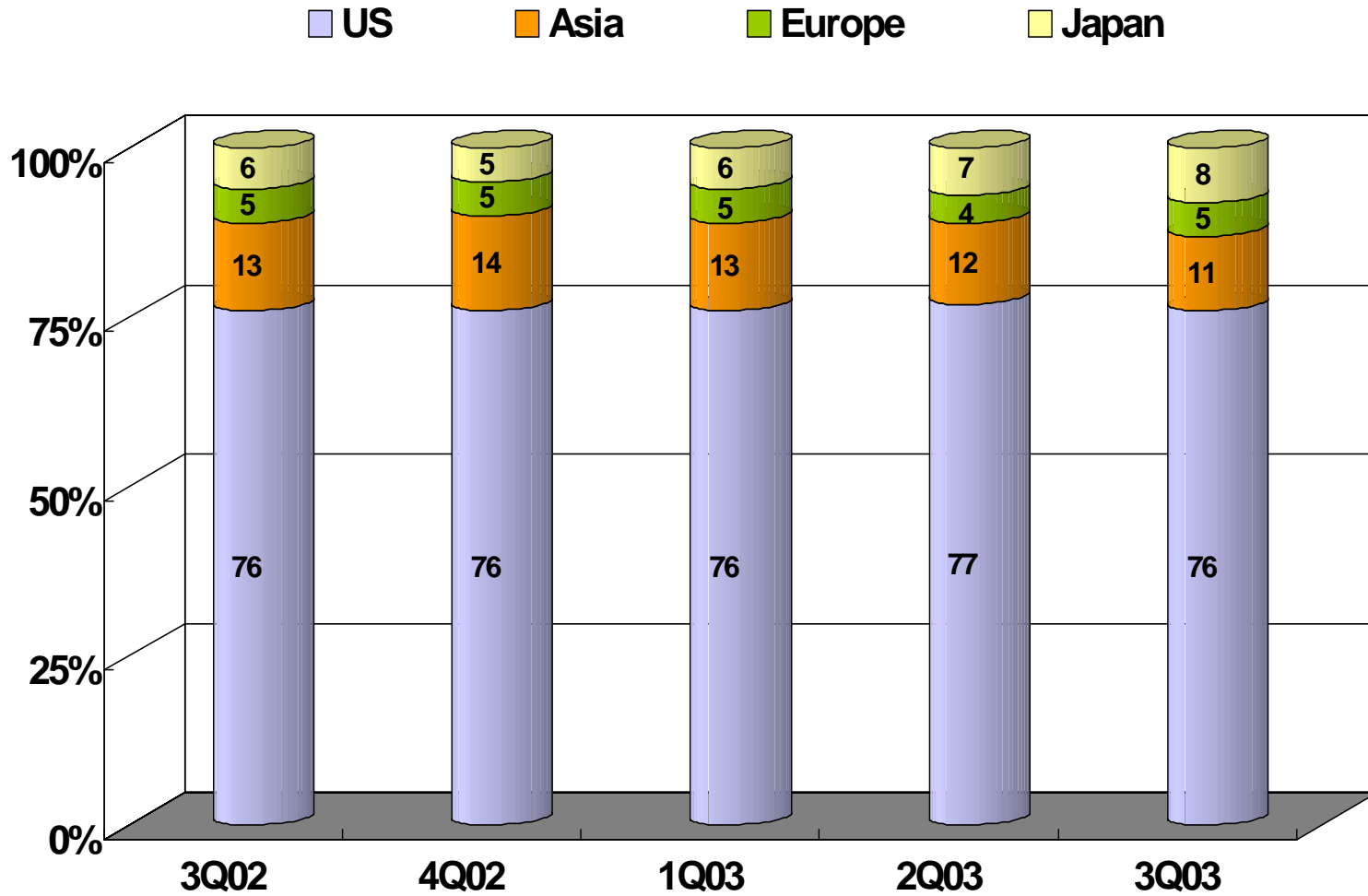


Sales Breakdown by Application





Sales Breakdown by Geography

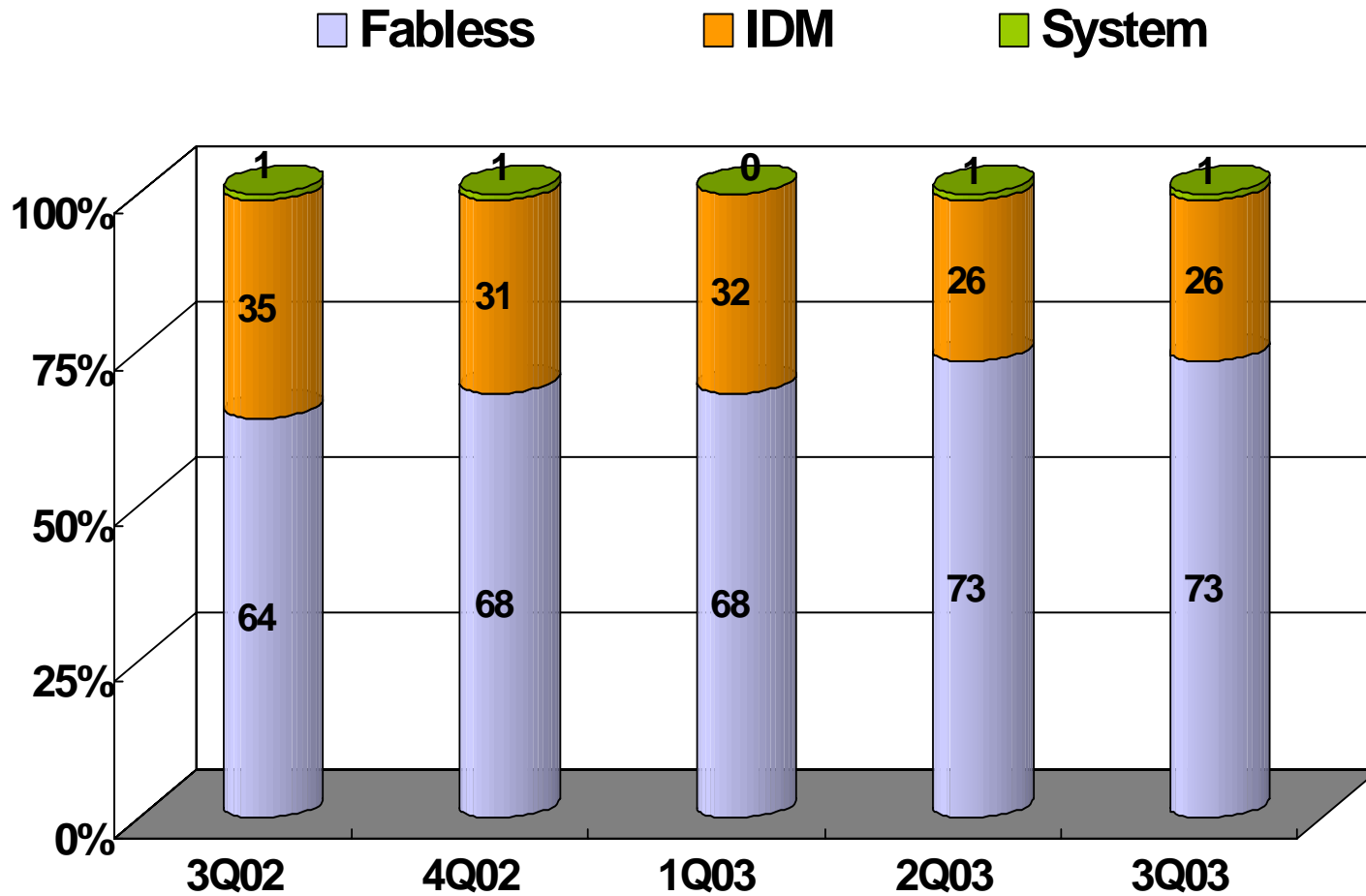


Note: This chart does not reflect the actual shipment destination of sales.

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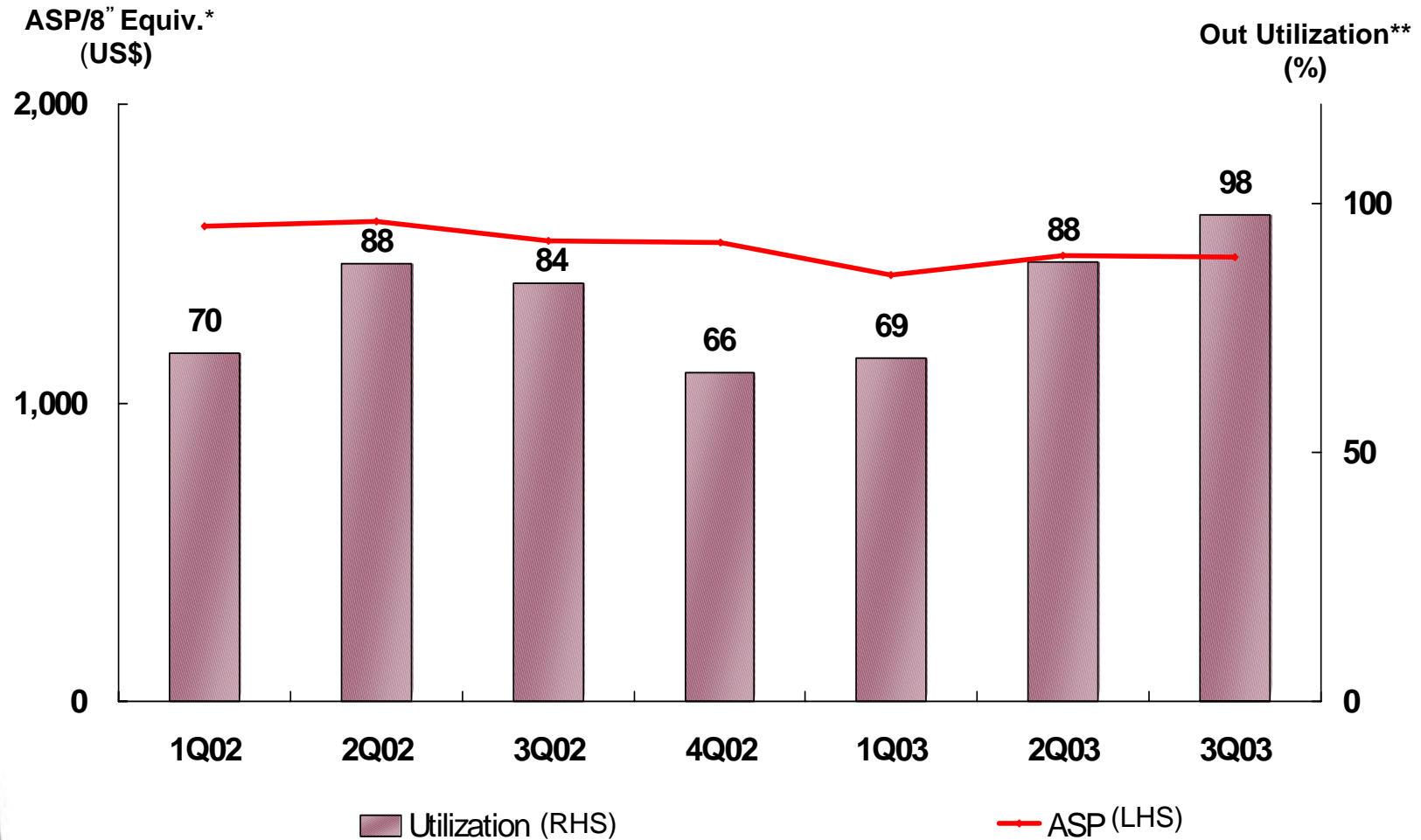


Sales Breakdown by Customer





Fab Utilization and ASP Trend



* Average for all wafers; ASP varies by technology and wafer size.
** Starting 1Q03 calculation of utilization rate excludes engineering wafers.



Installed Capacity by Fab

FAB	Wafer Size	1Q03	2Q03	3Q03	4Q03(est.)	Total(est.)
Fab-2 *	6"	206	216	223	227	872
Fab-3	8"	193	202	203	213	810
Fab-5	8"	106	106	111	112	436
Fab-6	8"	154	170	172	183	679
Fab-7	8"	65	58	44	35	201
Fab-8	8"	161	170	178	189	697
Fab-12 **	12"	17	22	28	40	108
TSMC-owned (8" Equivalent Kpcs)		834	877	896	949	3,556
Wafer Tech	8"	87	88	89	89	353
SSMC	8"	24	25	27	29	105
Total TSMC-Managed (8" Equivalent Kpcs)		945	990	1,012	1,067	4,014

* 6"-wafer is converted into 8"-equivalent wafer by divided by 1.78.
 ** 12"-wafer is converted into 8"-equivalent wafer by multiplying 2.25.



Capital Expenditure

	<u>1Q03</u>	<u>2Q03</u>	<u>3Q03</u>	<u>Year-to-date</u>
CapEx (NT\$Bn)	9.1	7.2	8.2	24.4
CapEx (US\$M) *	262	207	238	706

* US\$ amount conversion is set at the rate of NT\$34.56 per US\$



Recap of Recent Major Events

- **TSMC Board Approved TSMC's Sponsorship of Secondary Offering of up to 100 Million ADSs by Philips (10/08)**
- **TSMC Held Its Topping Ceremony for Its Fab in Shanghai, China (09/22)**
- **TSMC Board Approved The Compensation Committee Charter to Further Strengthen Company's Corporate Governance (09/02)**
- **TSMC Board of Directors Approved TSMC's 1H03 Financial Statements, and Ms. Lora Ho as Vice President and Chief Financial Officer of TSMC (09/02)**



4Q03 Guidance

- **Wafer shipments to grow by a mid to high single digit percentage point on a sequential basis**
- **ASP to decline slightly**
- **Revenues from advanced technologies to remain at about two-thirds of total wafer sales**
- **Overall utilization rate to be about 95 percent**
- **Demand to improve in the communications segment, but seasonally decline in the computer and consumer segments**
- **2003 CapEx expected to approach US\$1.2 billion**



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