

TSMC upbeat on semiconductor industry; plans 2006 capex of US\$2.5-2.7 billion
Kathryn Chiu, Hsinchu; Esther Lam, DigiTimes.com [Monday 19 September 2005]
<http://www.digitimes.com/news/a20050916A2003.html>

Encouraged by moderate signs of rebound in the semiconductor industry, Taiwan Semiconductor Manufacturing Company (TSMC) plans to raise its capital expenditure (capex) for 2006 slightly above last year's US\$2.5-2.7 billion, stated company CIO Steve Tso at a technology forum held yesterday in Taiwan.

TSMC's capex in 2004 totaled NT\$76.2 billion and it expects its budget to remain in the range of US\$2.5-2.7 billion, according to the company's updated second quarter financials. TSMC spent US\$1.31 billion and US\$458 million for the first two quarters of this year, respectively. According to an estimate from Thomas Weisel Partner LCC, TSMC will be one of the top three global companies in 2005 in terms of capex, trailing only Samsung and Intel.

In addition, quoting research from IC Insights, TSMC vice president of corporate development Jason Chen stated that TSMC's capacity only trailed Korea's Samsung Electronics and occupied 5% of global 8-inch equivalent wafer capacity in 2004, according to a Chinese-language Wealth Group report.

The production value of the semiconductor industry grew 44% from 2000-2004, Tso indicated. Chen attributed growth to increasing orders from IDMs and fabless IC design houses. Although Semico Research projects the semiconductor industry to grow only 4% this year, the market research firm expects growth to reach 18.2% next year, according to an EE Times report.

Chen regards wireless communication and consumer electronics goods as two major growth drivers for the industry. Using Bluetooth as an example, Chen estimates that the penetration rate of Bluetooth chips in the handset market could exceed 50% in the near future, while the rate in game consoles will be over 100%, as each console will be equipped with at least three Bluetooth chips. With an eye on this substantial market, TSMC is partnering with Silicon Storage Technology (SST) to produce Bluetooth embedded flash memory. Chen noted that shipments for this segment have gone to around a hundred customers and exceeded one billion units.

© DigiTimes Publication. All rights reserved.