

Reports Of Results For 4Q 2003

Feb.19, 2004

Performance Summary for 4Q 2003

- Net sales of NT\$3,293M were 21% more than the level recorded in 3Q'03, resulted from more logic wafer shipments and firming up ASP of SDRAM. The shipments of logic foundry were 80.5 thousand wafers, or 50% growth QoQ. Logic foundry and DRAM enjoyed 3% and 17% growth in ASP respectively compared to those in 3Q'03. In terms of revenue, logic foundry contributed 59% of total revenue.
- Gross margin were NT\$462M, or 14% of net sales, substantially improved from a loss of NT\$77M or a negative 2.9% in 3Q 2003. The marked improvement in gross margin was mainly contributed by better ASP, product mix and higher fab utilization rate which resulted in lower manufacturing cost.
- The operating expense of NT\$267M in 4Q'03, or 8% of net sales, was comparable to that of 3Q 2003. Operating income were NT\$195M, which represented an operating margin of 6% in 4Q 2003, a remarkable improvement from a loss of NT\$343M, or negative 13% of net sales in 3Q 2003.
- Non-operating items generated an income of NT\$155M, mainly came from a reversal of inventory valuation loss of NT\$306M, DRAM equipment written-off for NT\$103M and NT\$28M investment loss recognized by equity method.
- The actual net margin in 4Q were NT\$350M, or 11% of net sales, a 20.6% decrease compared to NT\$441M in 3Q 2003. The decrease was the result of several non-recurring items in non-operating items mentioned above.

Wafer Output/Shipments and Capacity Utilization

- Shipments in 4Q 2003 were 129 thousand wafers, an increase of 12% compared to 115 thousand wafers in 3Q 2003, and an increase of 49% compared to 87 thousand

wafers in 4Q 2002. Wafer output in 4Q 2003 was 126 thousand wafers, 19 % more than that in 3Q 2003. Logic foundry accounted for 65% of total wafer output and the remainder was for DRAM products.

- Fab utilization rate in 4Q 2003 was 92% compared to 77% in 3Q 2003. The utilization improvement in 4Q was mainly contributed by the increase of logic foundry business.

1Q 2004 Outlook

- Based on current order received, we foresee that fab utilization rate will be close to 100%. We will stop own brand DRAM wafer start in Q1 and allocate most of capacity for logic foundry business.
- In Q1 2004 we expect the logic foundry ASP remains flat while expect some DRAM ASP uptick. Wafer output might slightly decrease compared to that of 4Q 2003 due to annual maintenance in March but gross margin will be substantially improved to reflect better product mix and lower manufacturing cost.

Revenue Breakdown by Products

NT\$M	4Q 2003	QoQ	YoY
Memory	1,358	-5%	24%
Logic Foundry	1,935	51%	140%
Total	3,293	21%	73%

Sales Breakdown by Wafer Quantity

QTY Kpcs	4Q 2003	QoQ	YoY
Memory*	48.5	-21%	-15%
Logic Foundry	80.5	50%	167%
Total	129	12%	49%

* Including sales of inventory