

TSMC expects up to 25% revenue growth

BOOST: Demand for AI-related products increased suddenly in Q4 of last year, a company official said, adding that TSMC is considering building another fab in Kumamoto, Japan

- By Lisa Wang / Staff reporter

Taiwan Semiconductor Manufacturing Co (TSMC, 台積電) yesterday said that its revenue would grow up to 25 percent this year, expected to be driven by strong demand for advanced chips for high-performance computing and artificial intelligence (AI) applications.

The world's largest contract chipmaker saw revenue contract 4.5 percent to NT\$2.16 trillion (US\$68.42 billion) last year, as customers grappled with an inventory correction cycle.

With inventory digestion efforts approaching an end, TSMC said its business has bottomed out.



Taiwan Semiconductor Manufacturing Co (TSMC) chairman Mark Liu, right, and chief executive officer C.C. Wei hold a news conference in Taipei yesterday.

Photo: Cheng I-Hwa, Bloomberg

“For the full year of 2024, we expect [revenue] to increase by a low-to-mid 20 percent in US dollar terms,” TSMC chief executive officer C.C. Wei (魏哲家) said at an investors’ conference in Taipei.

TSMC, which counts Nvidia Corp and Apple Inc among its top customers, supplies most semiconductor components for AI devices, Wei said, adding that the company is expecting AI-related revenue to account for more than a high-teens percentage of TSMC’s overall revenue by 2027 based on an annual compound growth rate of 50 percent.

“Demand has suddenly increased since the fourth quarter of last year... and almost all AI innovators are working with TSMC,” he said.

The firm expects 3-nanometer chips to account for 15 percent of its total revenue this year, up from 6 percent last year.

As strong AI-chip demand has also raised customer interest in TSMC’s 2-nanometer technology, the chipmaker is considering adding another 2-nanometer chip fab in Kaohsiung, where it is building two 2-nanometer chip factories, chief financial officer Wendell Huang (黃仁昭) said.

TSMC is seriously evaluating building a second fab in Kumamoto, Japan, after its first fab in the area starts operations in the fourth quarter of this year, TSMC chairman Mark Liu (劉德音) said.

The fab might use 7-nanometer or 16-nanometer technology, he said.

The chipmaker denied that it is redirecting its geographical expansion from the US to Japan.

However, the operations of its first fab in Arizona have been pushed back to the first half of 2025 and the second fab in 2027 at the earliest.

In Germany, the chipmaker plans to launch the construction of its first fab there in the fourth quarter of this year, it said.

TSMC plans to budget US\$28 billion to US\$32 billion in capital expenditures this year, while they totaled US\$30.45 billion last year, it added.

Revenue this quarter is forecast to dip about 6.2 percent sequentially to between US\$18 billion and US\$18.8 billion due to seasonal weakness, while gross margin might be in the range from 52 percent to 54 percent, compared with 53 percent last quarter, TSMC said.

The chipmaker reported that net profit last quarter expanded 13 percent quarter-on-quarter to NT\$238.71 billion, from NT\$211 billion.

On an annual basis, net profit declined 19.3 percent from NT\$295.9 billion, it said.

Earnings per share (EPS) rose to NT\$9.21 last quarter from NT\$8.14 a quarter earlier, but down from NT\$11.41 one year ago.

Last year, net profit shrank 17.5 percent to NT\$838.5 billion, from NT\$1.02 trillion in 2022. EPS dropped to NT\$32.34 from NT\$39.2.