

## **Ask The Analyst**

**Date: Wed 29 July 2009**

**Question 3:**

**What is the significance of TSMC upping their Cap Ex for 2009?**

**Answer:**

Well ... it is a step in the right direction, given overall Cap Ex is projected to fall somewhere between 40-60 percent in 2009, and it is a sizeable US\$0.8 billion increase from their original US\$1.5 billion plan, but the total amount does not even build a new fab module and it still represents only 25 percent of their current sales rate. This puts their Cap Ex at around 12 percent of total semi sales, compared with the historic average of 21 percent. Clearly a welcome step in the right direction but too little too late to stave off the impending 2010-11 fab shortage.