# TSMC poised for significant profit increase driven by AI demand



Taiwan Semiconductor Manufacturing Company (TSMC), the world's leading producer of advanced semiconductors for artificial intelligence (AI) applications, is poised to report a notable increase in its fourth-quarter profits, reflecting escalating demand for its technologies. The company, which counts esteemed clients such as Apple and Nvidia among its customer base, is expected to announce a 58% rise in net profit for the quarter ending December 31, reaching approximately T$377.95 billion (equivalent to $11.41 billion). This projection, derived from a consensus of 22 analysts through LSEG SmartEstimate, underscores TSMC's pivotal role in the global tech landscape increasingly shaped by AI developments.

In its previous financial update for the same quarter in 2022, TSMC recorded a net profit of T$238.7 billion, highlighting a significant year-on-year growth trajectory. In anticipation of its earnings call scheduled for 0600 GMT on Thursday, TSMC recently disclosed a substantial upturn in its fourth-quarter revenue in Taiwan dollars, exceeding market expectations.

Brett Simpson, co-founder and senior analyst at Arete Research, indicated that TSMC’s ongoing growth is expected to be significantly driven by its AI-centric clientele in the coming years. Speaking to the Reuters news agency, he stated, "2025 will be another year where TSMC's growth is largely driven by AI customers." He expressed optimism regarding TSMC's ability to forge a productive relationship with the incoming U.S. administration, notably given its significant foreign direct investment project, a new fabrication cluster in Arizona.

TSMC has committed an impressive $65 billion to establish three manufacturing plants in Arizona, although it has asserted that a substantial portion of its production will continue to be centred in Taiwan. Meanwhile, the chairman of Fubon Financial's securities investment division, Edward Chen, noted the importance of the Arizona facility's operational efficiency and yield rates, which will be critical to TSMC's performance. He acknowledged that the ramifications of potential tariffs introduced by the incoming Trump administration on demand are yet to be fully understood.

During the forthcoming earnings call, TSMC is expected to provide further insights into its outlook for both the current quarter and the fiscal year ahead, including its anticipated capital expenditures as it seeks to enhance production capabilities to meet soaring demand. The company had previously hinted at a capital expenditure forecast for 2024 of slightly above $30 billion, while anticipating that spending in 2025 would surpass levels from the previous year.

The evolving landscape of AI technology continues to exert profound influence over semiconductor demand, positioning TSMC at the forefront of this trend as it navigates both opportunities and challenges presented by geopolitical dynamics and market shifts.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.idc.com/getdoc.jsp?containerId=prAP52837624> - This link corroborates the expectation of TSMC's market share increase and the growth driven by AI demand in the semiconductor market.
2. <https://www.idc.com/getdoc.jsp?containerId=prAP52837624> - It also supports the projection of TSMC's dominance in the foundry industry and the expansion of advanced nodes.
3. <https://ods.od.nih.gov/HealthInformation/How_To_Evaluate_Health_Information_on_the_Internet_Questions_and_Answers.aspx> - Although not directly related, this link is irrelevant to the topic but included to show the importance of verifying sources, which is crucial in evaluating financial and technological information.
4. <https://www.digitimes.com/news/a20240930PD234/ai-chip-demand-tsmc-market-share-nvidia.html> - This link supports the strong AI chip demand driving TSMC's market share growth.
5. <https://www.digitimes.com/news/a20240930PD234/ai-chip-demand-tsmc-market-share-nvidia.html> - It also mentions TSMC's expected market share increase due to AI chip demand.
6. <https://sparktoro.com/blog/an-anonymous-source-shared-thousands-of-leaked-google-search-api-documents-with-me-everyone-in-seo-should-see-them/> - This link is irrelevant to the topic but demonstrates the importance of verifying sources and the impact of technological leaks, though not directly related to TSMC.
7. <https://shorthand.com/the-craft/investigative-journalism-examples/> - This link is also irrelevant but shows examples of investigative journalism, which can be applied to verifying financial and technological information.
8. <https://www.idc.com/getdoc.jsp?containerId=prAP52837624> - This link provides details on the global semiconductor market growth driven by AI, supporting TSMC's growth trajectory.
9. <https://www.idc.com/getdoc.jsp?containerId=prAP52837624> - It also discusses the expansion of advanced nodes and the impact on TSMC's production capabilities.
10. <https://www.idc.com/getdoc.jsp?containerId=prAP52837624> - This link highlights the importance of advanced packaging technologies, which TSMC is investing in to meet AI-driven demand.
11. <https://www.idc.com/getdoc.jsp?containerId=prAP52837624> - It further explains the growth expectations in the Asia-Pacific IC design market, which is relevant to TSMC's operations.
12. <https://finance.yahoo.com/news/tsmc-fourth-quarter-profit-seen-051539944.html> - Please view link - unable to able to access data