



SMIC Investor Presentation

NYSE: SMI HKSE: 981

SMIC Investor Relations

November 2012



Safe Harbor Statements

Under the Private Securities Litigation Reform Act of 1995

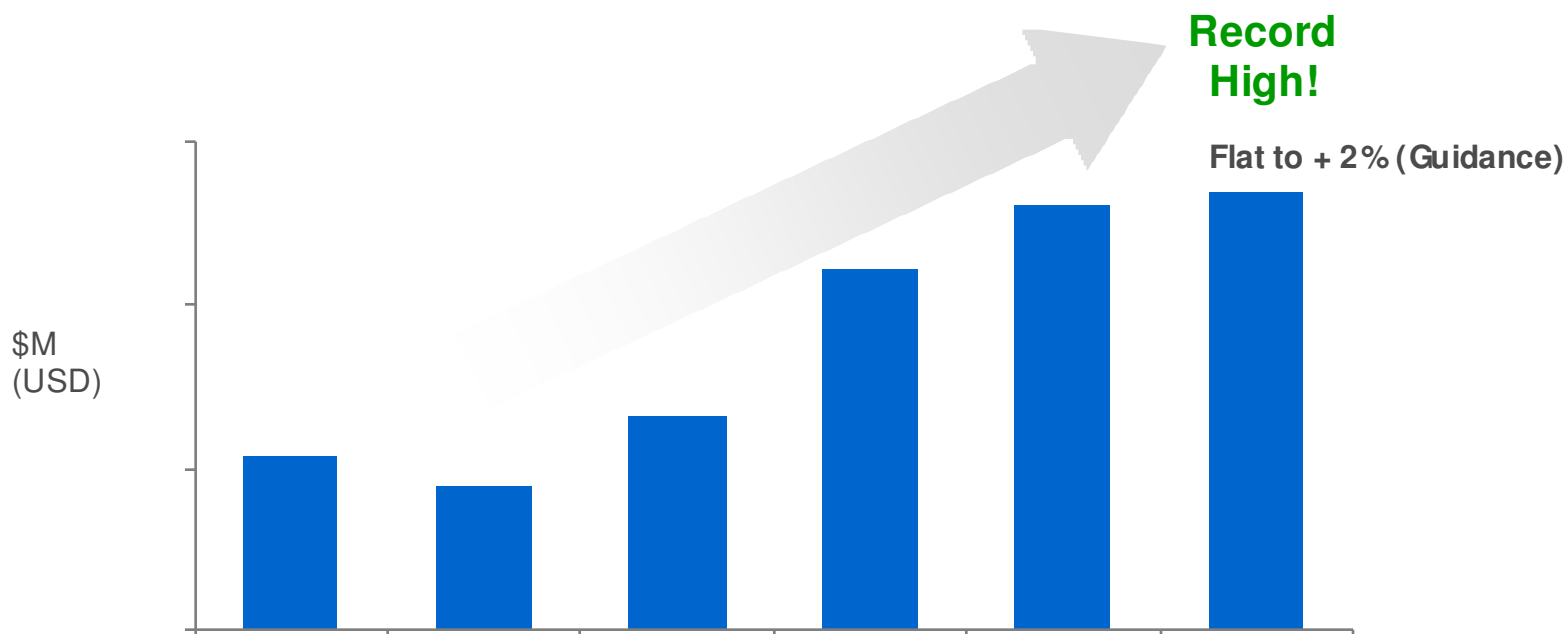
- This presentation contains, in addition to historical information, “forward-looking statements” within the meaning of the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on SMIC’s current assumptions, expectations and projections about future events. SMIC uses words like “believe,” “anticipate,” “intend,” “estimate,” “expect,” “project” and similar expressions to identify forward-looking statements, although not all forward-looking statements contain these words. These forward-looking statements involve significant risks, both known and unknown, uncertainties and other factors that may cause SMIC’s actual performance, financial condition or results of operations to be materially different from those suggested by the forward-looking statements, including among others risks associated with the presentation, the current global financial crisis, orders or judgments from pending litigation and financial stability in end markets.
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SMIC Highlights

- New Chairman, Q3 2011, Independent and International
- New CEO, Q3 2011, Utilization and Differentiation
- 1Q12, Revenue up 15% QoQ in a seasonal down quarter
- 2Q12, Record revenue, up 27% QoQ, and turn net to positive
- 3Q12, Record revenue, continued growth and profit
- 4Q12, Against market trend, continue growth in 4Q12

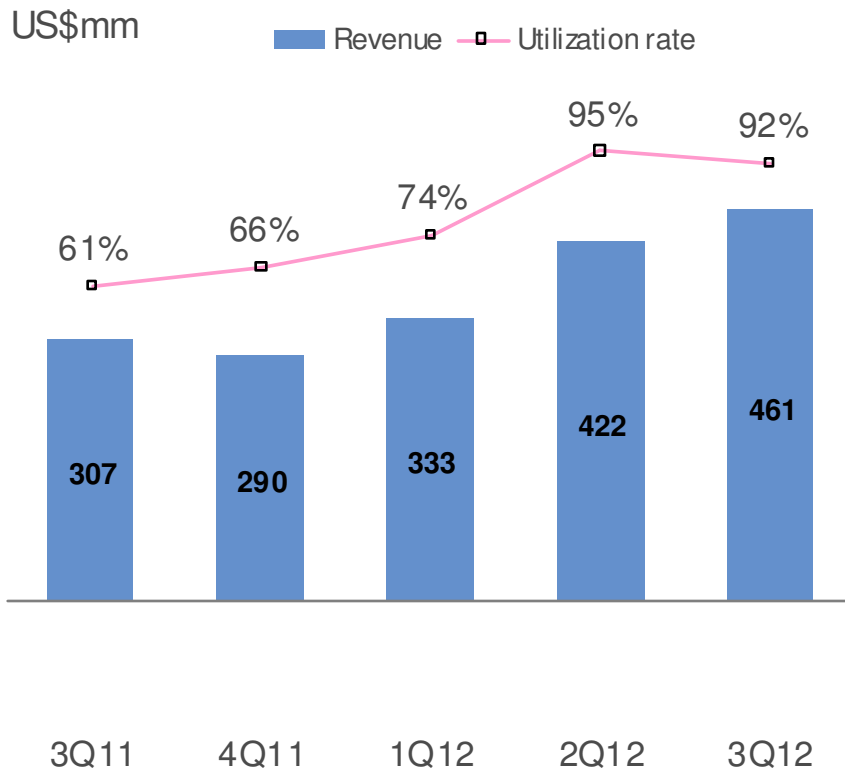


Source: SMIC Earning Release & China Sales

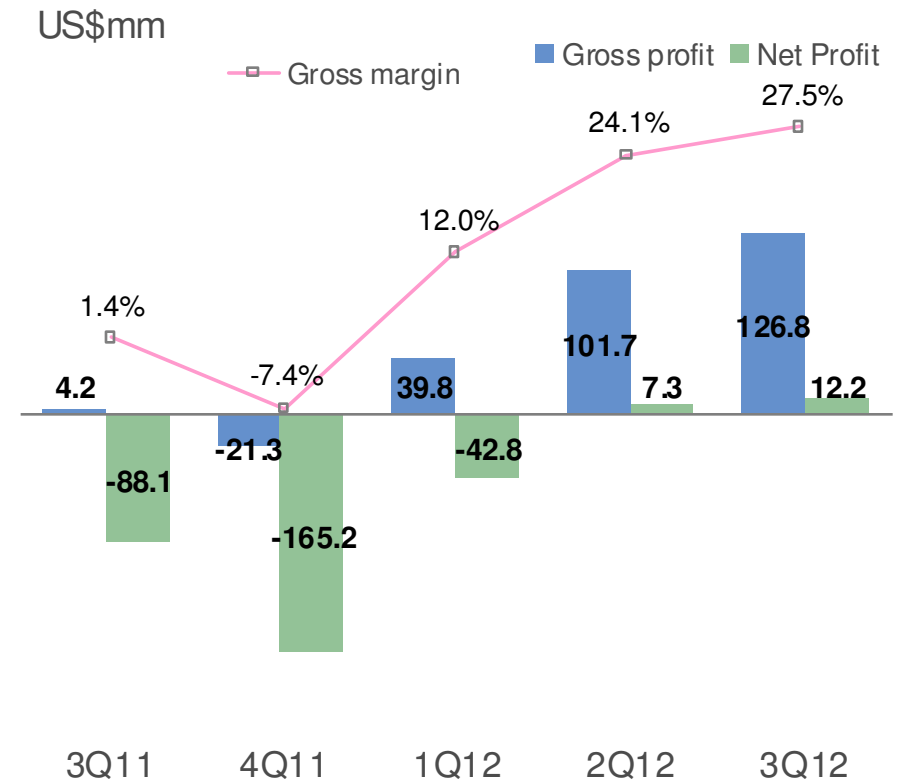


Quarterly Gross Profit and Net Income

Revenue and Utilization



Gross profit, gross margin, and net profit



Management Change



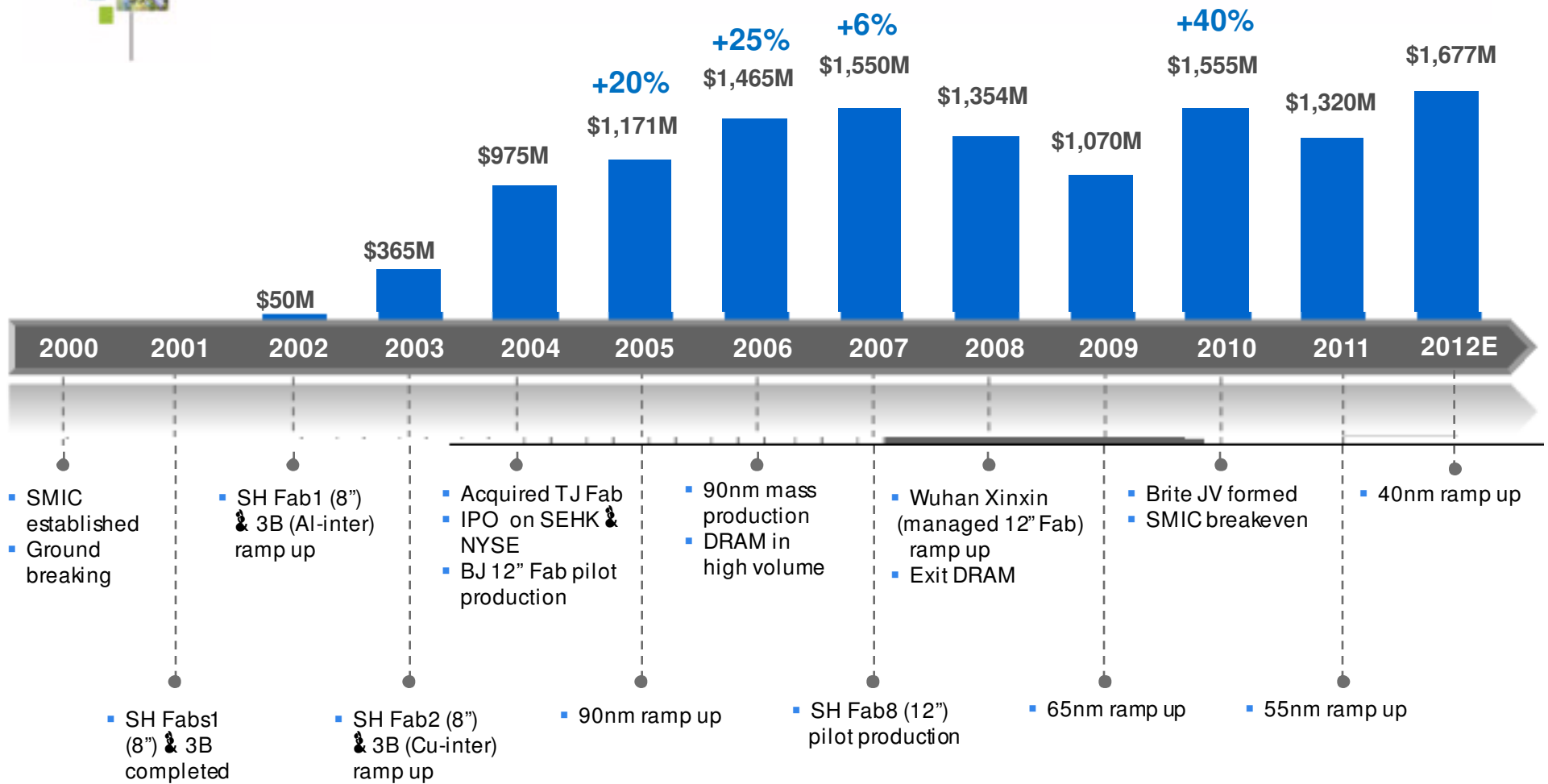


4Q 2012 Guidance

| | Q4' 2012 Guidance |
|-------------------------------------|---------------------|
| Revenue \$461.2M ~ 470.4M | Flat to + 2% |
| Gross Margin \$83.0M ~ 94.1M | 18% to 20% |
| Operating Expenses ⁽¹⁾ | \$70 – \$74 million |

(1) Exclude foreign exchange differences and government grants

History of SMIC

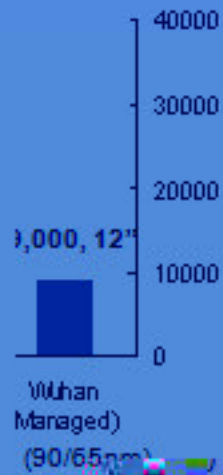
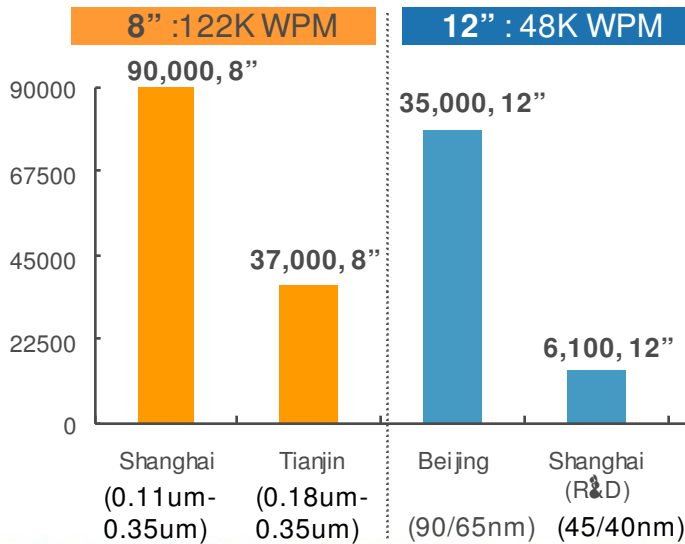


SMIC, the Largest and Most Advanced Semiconductor Foundry in China

China Ranking: No. 1



Servicing Globally

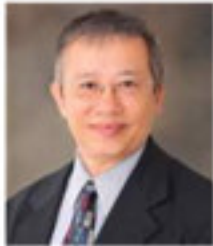


Executive Management Team



Chairman
Wenyi Zhang

- 1997-2009 Hua Hong Group Chairman - first 8" foundry in China
- 1995-1998 China, Ministry of Electronics Vice Minister
- 1983-1995 IRICO CEO - largest TV CRT manufacturer in China



CEO
Dr. Tzu-Yin Chiu

- 2010-2011 HLMC COO - foundry
- 2009-2011 HHNEC President & CEO - foundry
- 2007-2009 Silterra Malaysia President/COO - foundry
- 2005-2006 Hua Hong COO - foundry
- 2001-2005 SMIC Senior VP - foundry
- 1996-2001 TSMC Senior Director - foundry
- 1984-1996 AT&T Bell Labs - semiconductor R&D

CFO
Gareth Kung



CBO
Chris Chi



Worldwide Sales
Mike Rekuc



Technology R&D
Dr. Shiu-Wuu Lee



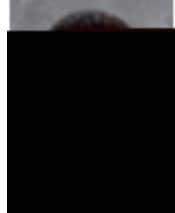
Central Operations/ Engineering & Services
Dr. John Liu



Northern Operations
Dr. Haijun Zhao



Admin & Public Affairs
Dong Cui



Direction and strategy for 2015 and beyond

Continued effort towards sustainable profitability and being the preferred foundry provider in China via partnerships with international and domestic partners

Near term

- **Boost overall utilization & efficiency to improve profitability**
 - Shorten project cycles
 - Maintain tech advancement & pursue value added differentiation
 - Leverage investments made to date
- **Align investment & technology with customer expectations**
 - Collaborate closely with customers on enhancing each fab's technology flexibility
 - Execute accurately on 45nm & 40nm ramp
- **Continue to emphasize production & customer service improvement**
 - Instituted comprehensive systems & controls
 - Continue operational improvement on a daily basis

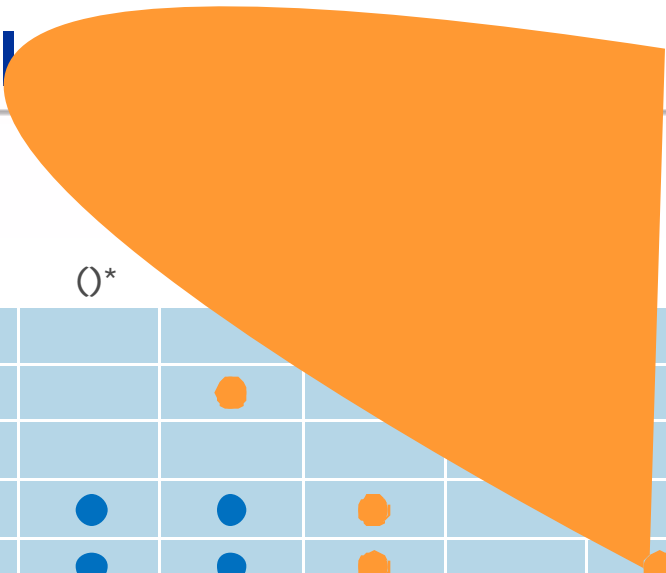
Long term

**Our current priority is technology development, not expansion.
We invest based on customer demand and technology readiness.**





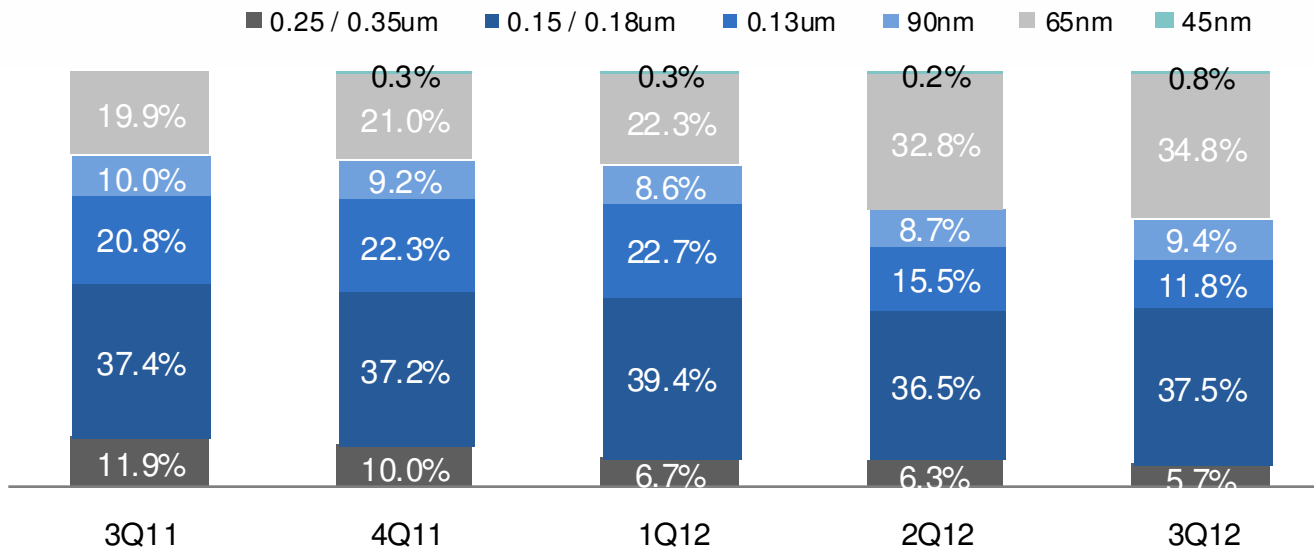
SMIC Technology



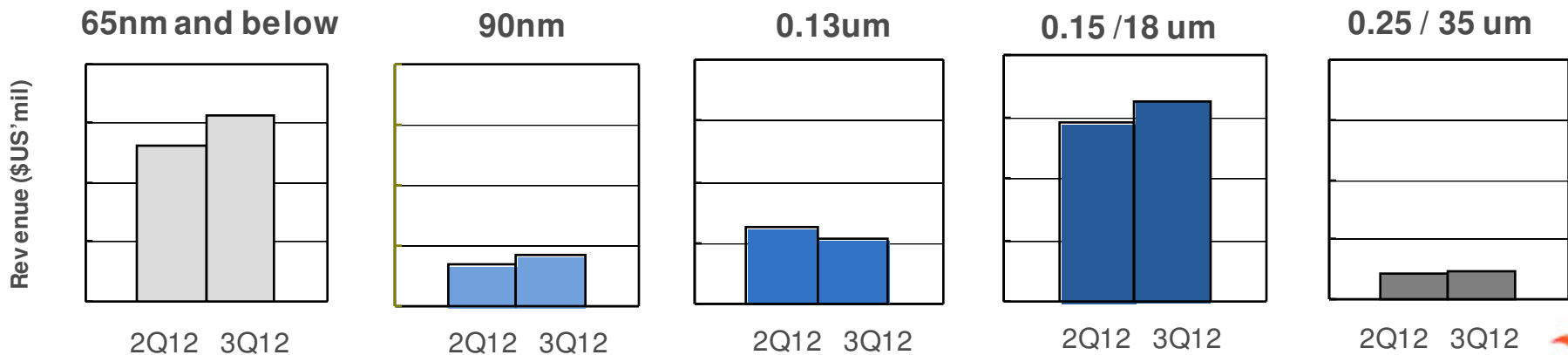
| | (| !" # | \$% | ()* | ! | ! | ! | ! | ! | ! | ! | ! | ! | ! |
|--------------|---|------|-----|-----|---|---|---|---|---|---|---|---|---|---|
| 20nm | | | | | | | | | | | | | | |
| 28nm | | | | | ● | | | | | | | | | |
| 40/45nm | | | | | | | | | | | | | | |
| 55nm | | | | ● | ● | ● | | | | | | | | |
| 65nm | | | | ● | ● | ● | | | | | | | | |
| 90nm | | | | ● | ● | | | | | | | | | |
| 0.11μm | | | | | ● | ● | ● | | | | | | | |
| 0.13μm | ● | ● | ● | ● | ● | ● | ● | | | | | | | |
| 0.15/0.153μm | ● | | | | ● | | | | | | | | | |
| 0.18μm | ● | ● | ● | ● | ● | ● | ● | | | | | | | |
| 0.25μm | | | | ● | ● | | | | | | | | | |
| 0.35μm | | ● | ● | ● | ● | | ● | | | | | | | |



Wafer Revenue Breakdown by Technology



3Q 12 vs 2Q 12



Services for Various Applications

Power Management

- PMIC, PMU, Discrete Power

Wireline Communication

- Flash Controller, USB, Bridge IC, TCON, Audio, Video

Image & Display

- Handphone CIS

MCU

- Touchpad controller, MCU

Smart Card

- Banking Card, Smart Card

Connectivity

- WiFi, Blue Tooth, FM

Mobile Computing

- Base Band, Application Processor, Tablet

Memory

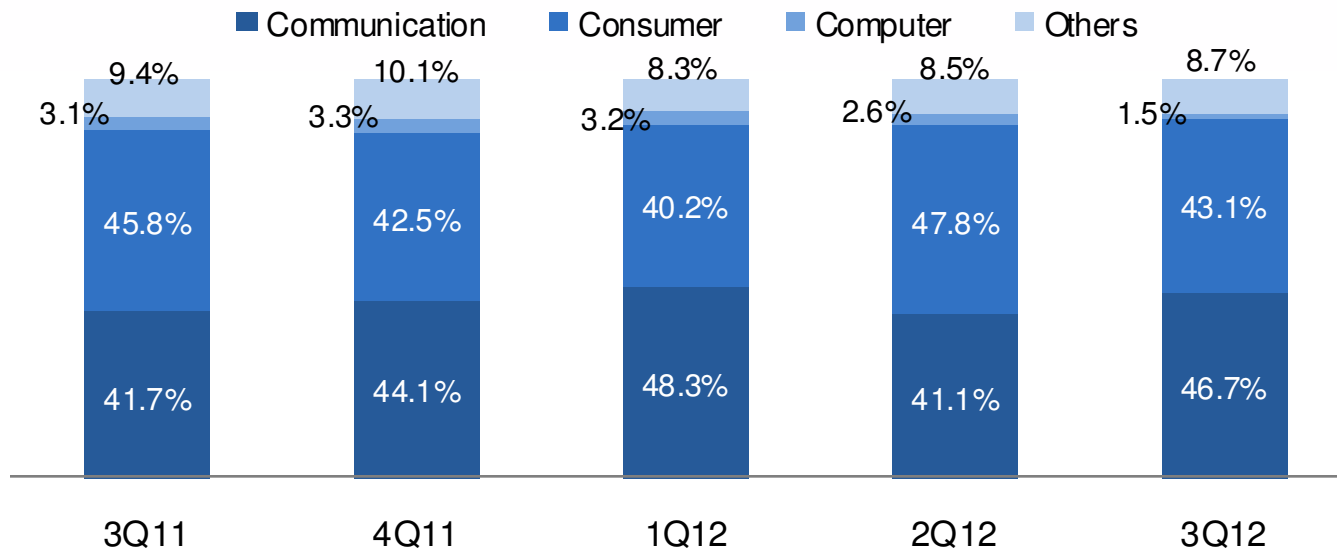
- NOR Flash

Digital Home

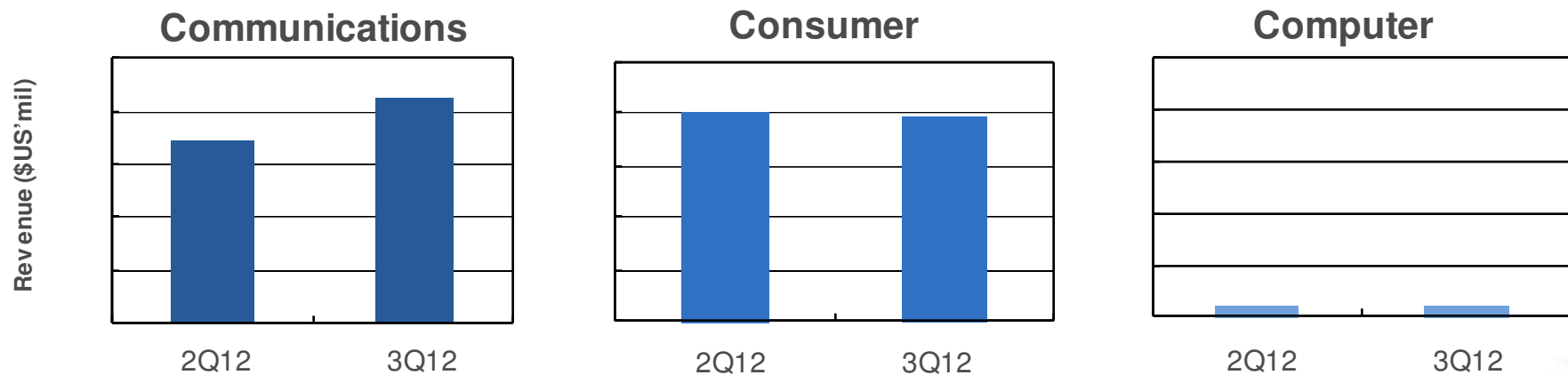
- Set-top Box, TV chips, TV Game ASIC, Projector



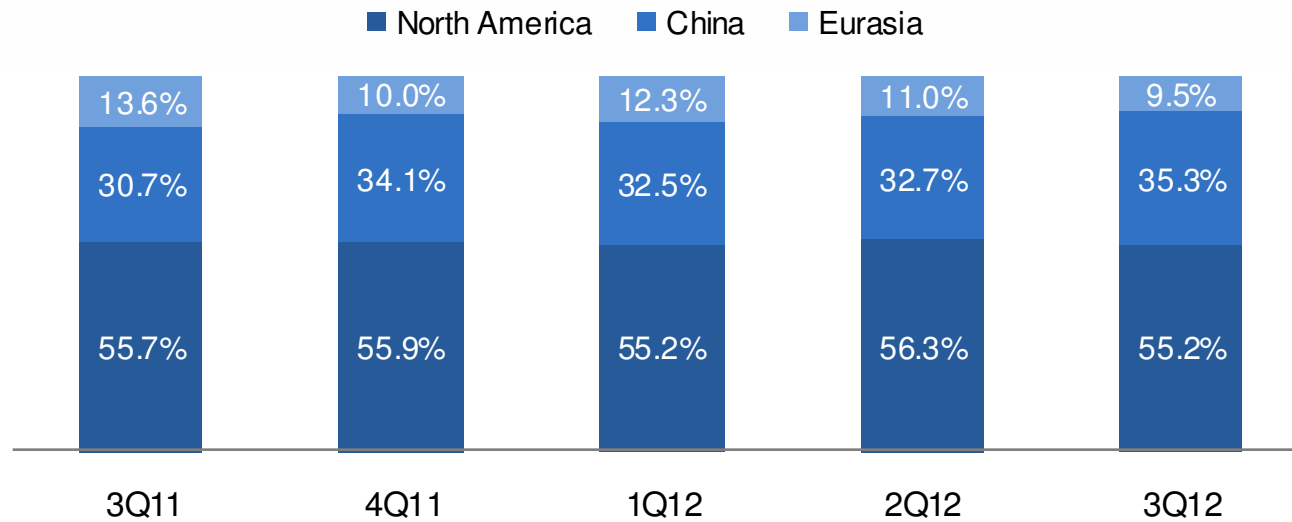
Total Revenue Breakdown by Applications



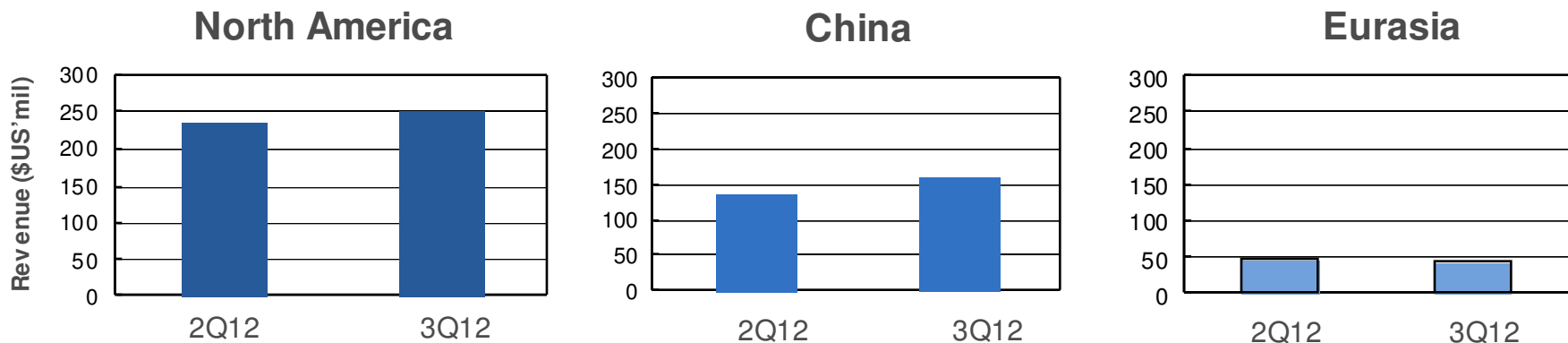
3Q 12 vs 2Q 12



Total Revenue Breakdown by Geography



3Q 12 vs 2Q 12



Income Statement Highlights

| <i>(US\$ thousand)</i> | Q3'2012 | Q2'2012 | QoQ | Q3'2011 | YoY |
|--------------------------|----------------|----------------|-------------|----------------|--------------|
| Total Revenue | 461,168 | 421,826 | 9.3% | 306,890 | 50.3% |
| Gross Profit | 126,820 | 101,716 | 24.7% | 4,223 | 10.5% |
| Gross Margins | 27.5% | 24.1% | – | 1.4% | – |
| Operating Expenses: | | | | | |
| Research & Development | 72,945 | 51,020 | | 51,479 | |
| General & Administrative | 24,857 | 29,094 | | 21,903 | |
| Selling & Marketing | 8,178 | 7,786 | | 7,398 | |
| Others, net | 472 | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

- Wafer revenue from managed fab Wuhan Xinxin was \$47.4 million in Q3, contributing 10.3% to total revenue, vs. \$41.6M in Q2
- Operating expense in Q3 was offset by government grants of \$2.2 million compared to \$16 million of in Q2.





Cash Flow Highlights

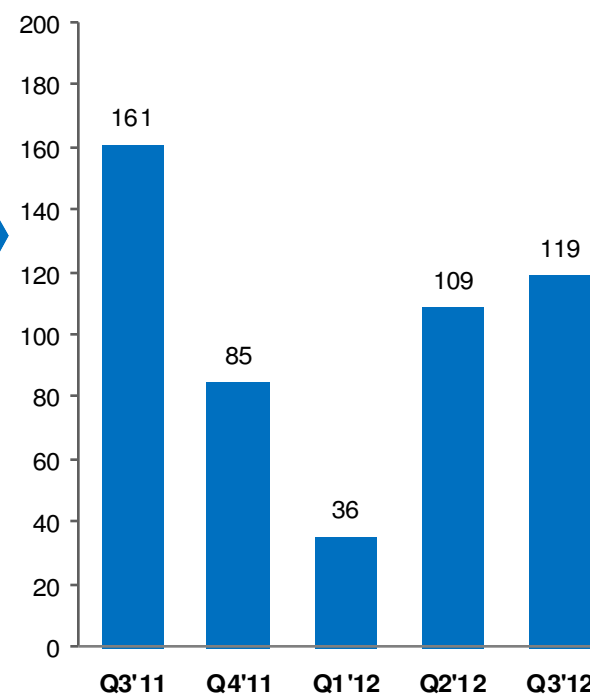
(US\$ thousands)

For the three months ended

| | Sept 30, 2012 | Jun 30, 2012 |
|------------------------------------------------------|---------------|--------------|
| Cash and cash equivalents at the beginning of period | 290,694 | 300,641 |
| Net cash provided by operating activities | 119,023 | 109,425 |
| Net cash used in investing activities | (128,349) | (126,293) |
| Net cash used in financing activities | (49,712) | 6,999 |
| Net increase (decrease) in cash and cash equivalents | (58,909) | (9,947) |
| Cash and cash equivalents at the end of period | 231,785 | 290,694 |

Cash Flow from Operations

US\$mm

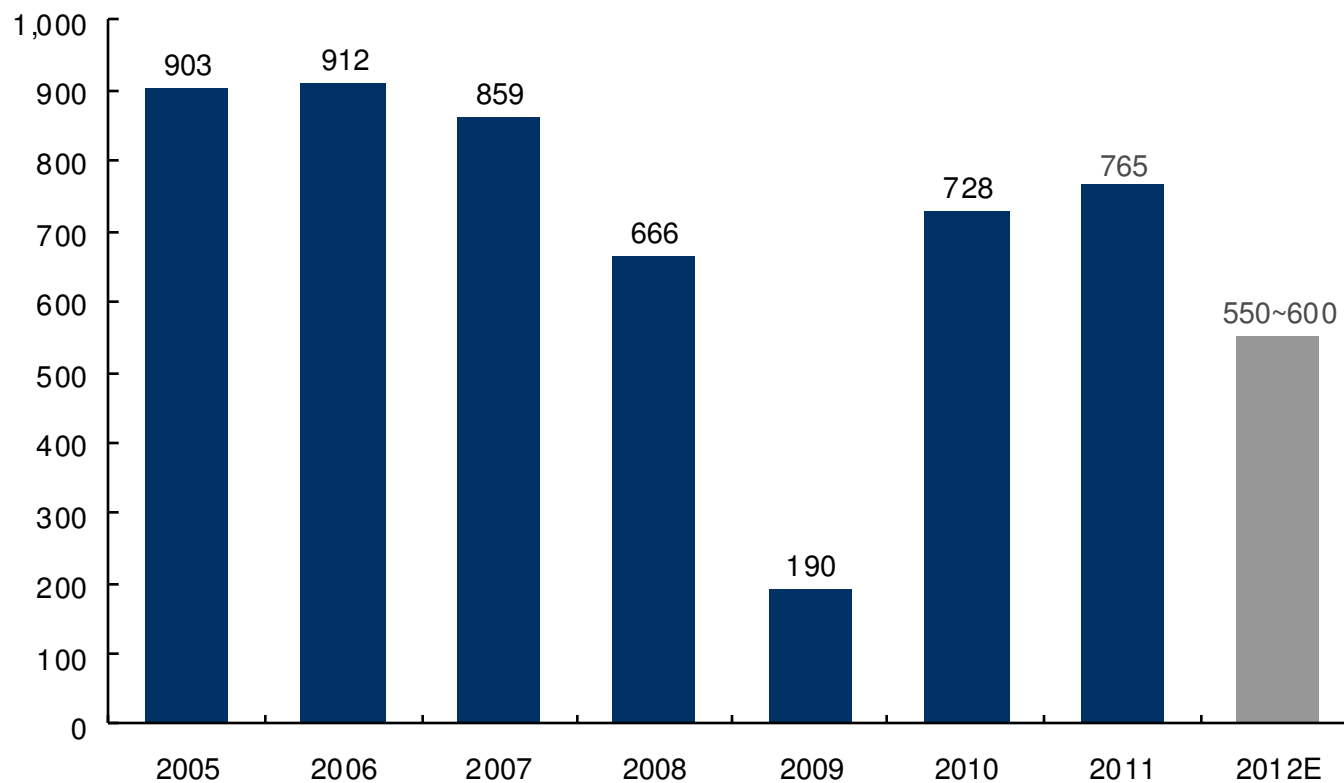


Capital Expenditures & Depreciation

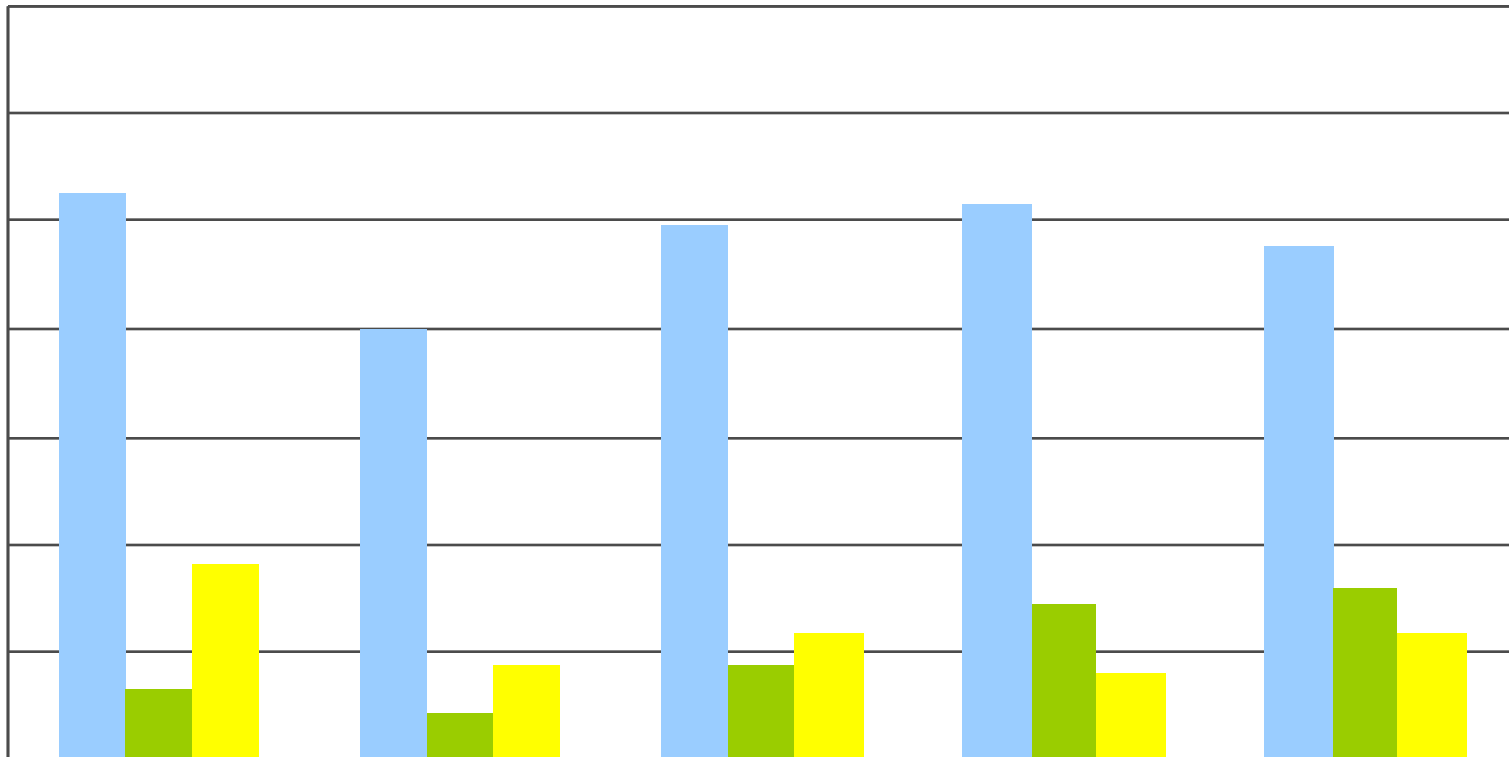
| <i>(US\$millions)</i> | Q3'11 | Q4'11 | Q1'12 | Q2'12 | Q3'12 |
|----------------------------------------------|-------|-------|-------|-------|-------|
| Capex | 92 | 56 | 183 | 84 | 130 |
| Total Depreciation & Amortization | 141 | 145 | 143 | 140 | 143 |

Capex Trend

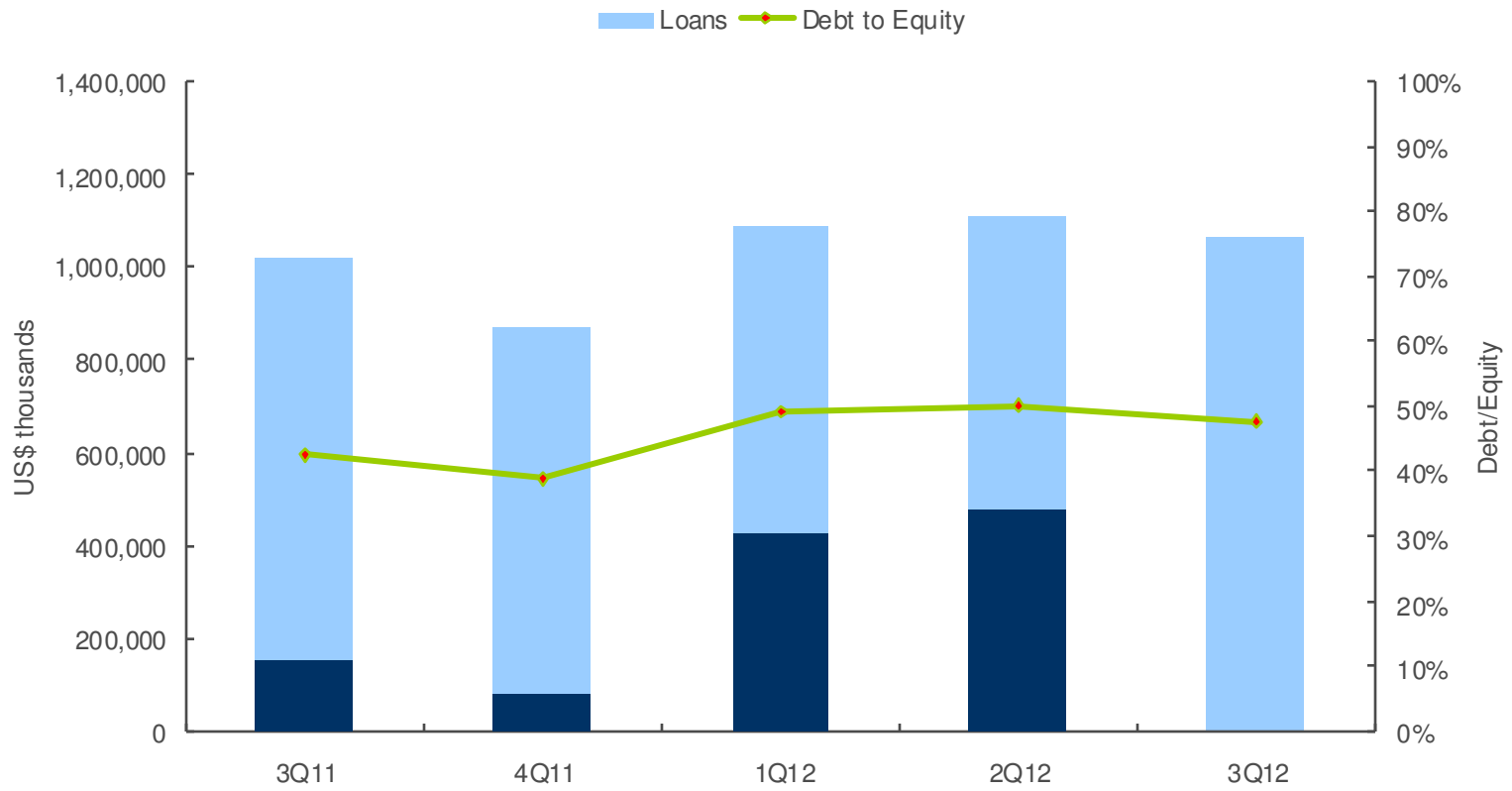
US million



Cash Position



Debt Status





Thank You

Contact us: ir@smics.com

