



# SMIC Q3 2021

# Financial Presentation

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SMIC Investor Relations  
Nov 2021



# Forward-Looking Statements

This presentation contains, in addition to historical information, forward-looking statements. These forward-looking statements, including statements under [Article 17B of the Securities and Futures Ordinance](#) and the statements contained in the SMIC Management Comments are based on SMIC's current assumptions, expectations, beliefs, plans, objectives, and projections about future events or performance. SMIC uses words including but not limited to

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## About Non-

### **The consolidated financial information is prepared in accordance with International Financial Reporting Standards**

During this presentation, references to financial measures of SMIC will include references to non-IFRS financial measures, including non-IFRS operating expenses and adjusted EBITDA, and EBITDA margin. For an explanation to the most directly comparable IFRS financial measures, see our earnings report.

## 3Q21 Financial Highlights

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- **Revenue was \$1,415 million, record high**  
Up ~~5%~~ 6% QoQ from \$1,344 million in 2Q21

# Income Statement

| (US\$ thousands)                          | 3Q21             | 2Q21             | QoQ           | 3Q20             | YoY           |
|---|------------------|------------------|---------------|------------------|---------------|
| <b>Revenue</b>                            | <b>1,415,302</b> | <b>1,344,102</b> | <b>5.3%</b>   | <b>1,082,505</b> | <b>30.7%</b>  |
| Gross profit                              | 467,861          | 405,012          | 15.5%         | 261,977          | 78.6%         |
| <b>Gross margin</b>                       | <b>33.1%</b>     | <b>30.1%</b>     |               | <b>24.2%</b>     |               |
| <b>Operating income(expenses)</b>         | <b>(157,817)</b> | <b>132,751</b>   | <b>-</b>      | <b>(79,287)</b>  | <b>99.0%</b>  |
| <i>Research &amp; Development</i>         | <i>(167,412)</i> | <i>(143,052)</i> | <i>17.0%</i>  | <i>(158,520)</i> | <i>5.6%</i>   |
| <i>General &amp; Administrative</i>       | <i>(71,671)</i>  | <i>(51,132)</i>  | <i>40.2%</i>  | <i>(56,970)</i>  | <i>25.8%</i>  |
| <i>Selling &amp; Marketing</i>            | <i>(7,446)</i>   | <i>(6,537)</i>   | <i>13.9%</i>  | <i>(6,472)</i>   | <i>15.0%</i>  |
| <i>Other operating income</i>             | <i>87,624</i>    | <i>333,475</i>   | <i>-73.7%</i> | <i>140,840</i>   | <i>-37.8%</i> |
| <b>Profit from operations</b>             | <b>310,044</b>   | <b>537,763</b>   | <b>-42.3%</b> | <b>182,690</b>   | <b>69.7%</b>  |
| Other income, net                         | 76,961           | 142,666          | -46.1%        | 101,793          | -24.4%        |
| Income tax credit (expense)               | (14,229)         | 27,673           | -             | (20,959)         | -32.1%        |
| <b>Profit (loss) attributable to SMIC</b> | <b>321,351</b>   | <b>687,803</b>   | <b>-53.3%</b> | <b>256,379</b>   | <b>25.3%</b>  |
| Profit (loss) attributable to NCI         | 51,425           | 20,299           | 153.3%        | 7,145            | 619.7%        |

- **Revenue** was \$1,415.3 million in 3Q21, an increase of 5.3% QoQ from \$1,344.1 million in 2Q21. Revenue increased mainly due to product-mix change and the increase in average selling price in 3Q21.
- **Research and development** expenses increased to \$167.4 million in 3Q21 from \$143.1 million in 2Q21. The change was mainly caused by the higher level of R&D activities in 3Q21.
- The decrease in **other operating income** was mainly because the one-off net proceeds of \$231.4 million from the disposal of a subsidiary in 2Q21. The income recognized in relation to government funding was \$84.6 million in 3Q21, compared to \$81.3 million in 2Q21.



# Capital Structure

| (US\$ thousands)   | As of             |                   |
|--|-------------------|-------------------|
|  | Sep 30, 2021      | Jun 30, 2021      |
| Cash and cash equivalent   | 7,503,520         | 7,179,067         |
| Restricted cash - Current  | 280,971           | 218,564           |
| Financial assets at fair value through profit or loss - Current <sup>(1)</sup> | 75,395            | 7,219             |
| Financial assets at amortized cost <sup>(2)</sup>                              | 7,830,377         | 8,046,641         |
| <b>Total cash on hand</b>  | <b>15,690,263</b> | <b>15,451,491</b> |
| Borrowings - Current   | 681,726           | 399,358           |
| Borrowings - Non-current   | 4,649,497         | 4,544,524         |
| Lease liabilities  | 237,103           | 261,764           |
| Medium-term notes  | 231,829           | 232,082           |
| Convertible bonds  | 1,968             | 1,957             |
| Bonds payable  | 597,486           | 597,312           |
| <b>Total debt</b>  | <b>6,399,609</b>  | <b>6,036,997</b>  |
| Net debt <sup>(3)</sup>  | (9,290,654)       | (9,414,494)       |
| Equity   | 23,414,697        | 22,781,631        |
| Total debt to equity ratio <sup>(4)</sup>                                      | 27.3%             | 26.5%             |
| Net debt to equity ratio <sup>(5)</sup>  | -39.7%            | -41.3%            |

(1) Mainly contain structural deposits and monetary funds.

(2) Mainly contain bank deposits over 3 months.

(3) Total debt minus total cash on hand.

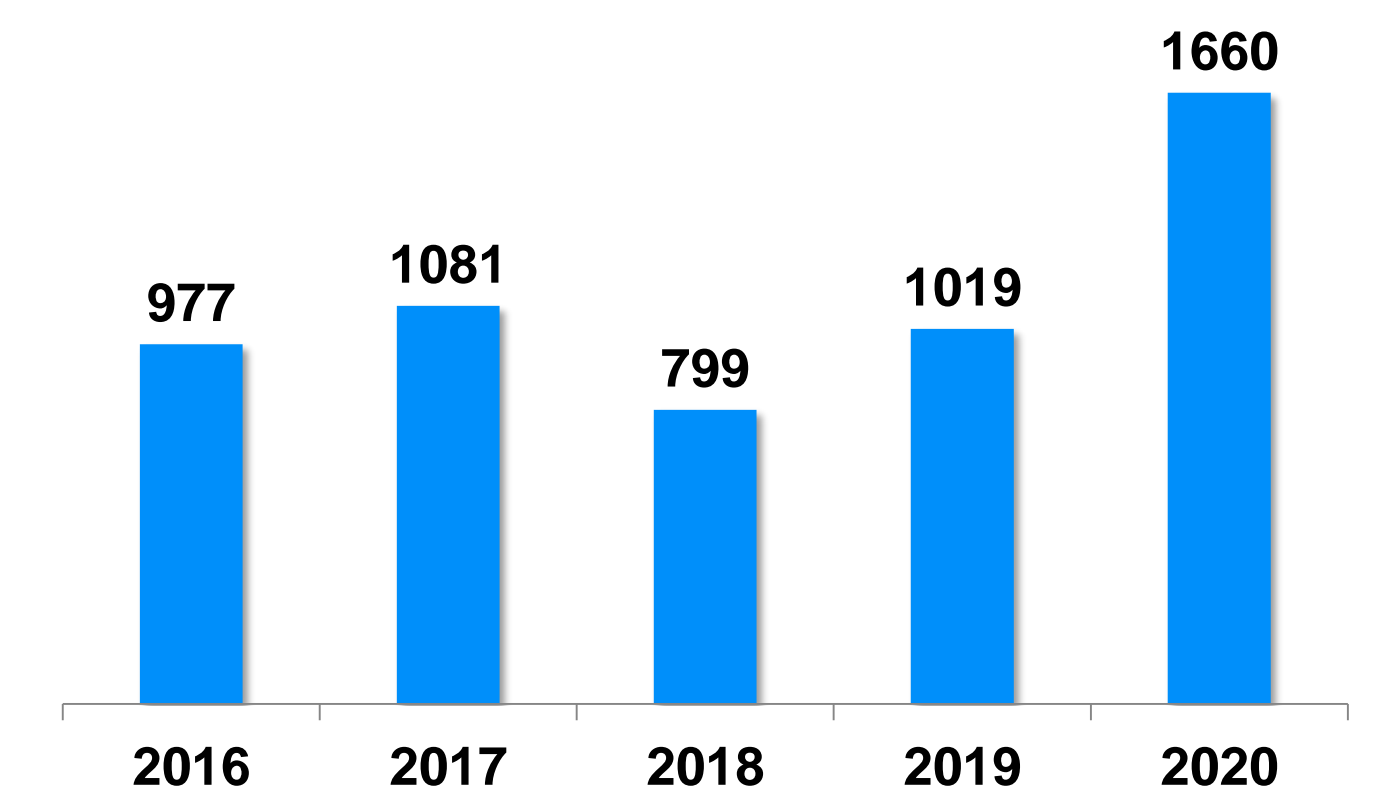
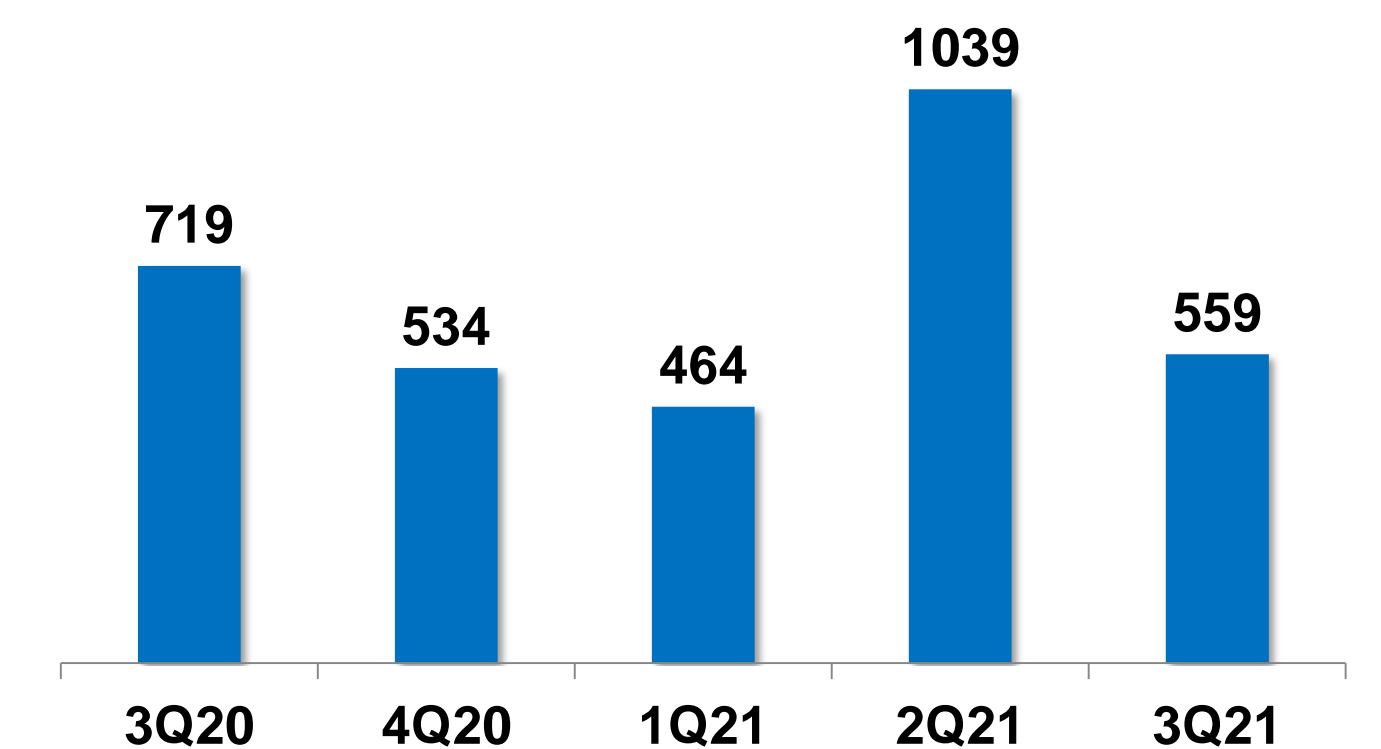
(4) Total debt divided by equity.

(5) Net debt divided by equity.

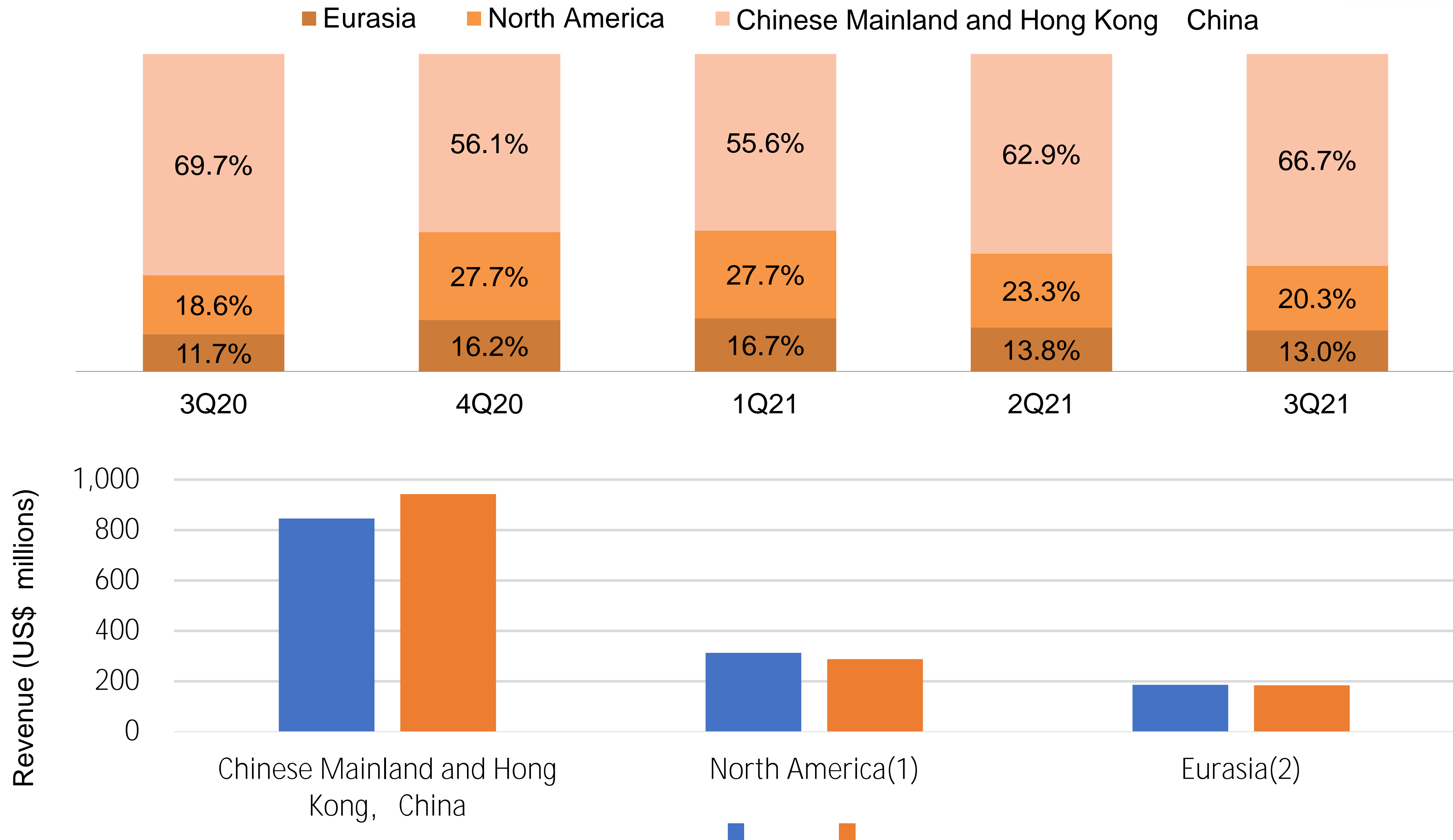
# Cash Flow

| <i>(US\$ thousands)</i>                       | For the three months ended |              |
|---|----------------------------|--------------|
|   | Sep 30, 2021               | Jun 30, 2021 |
| Cash and cash equivalent, beginning of period | 7,179,067                  | 9,014,492    |
| Net cash from operating activities            | 559,356                    | 1,039,344    |
| Net cash used in investing activities         | (815,753)                  | (3,048,407)  |
| Net cash from financing activities            | 585,729                    | 140,165      |
| Net change in cash and cash equivalent        | 324,453                    | (1,835,425)  |
| Cash and cash equivalent, end of period       | 7,503,520                  | 7,179,067    |

## Net cash from operating activities (US\$ millions)



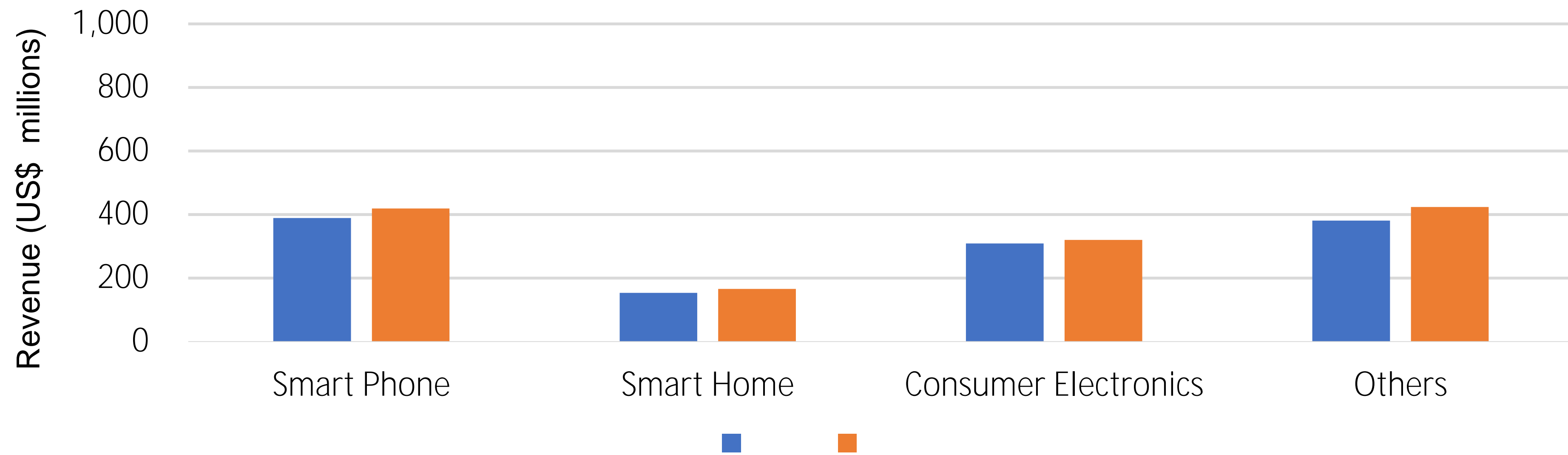
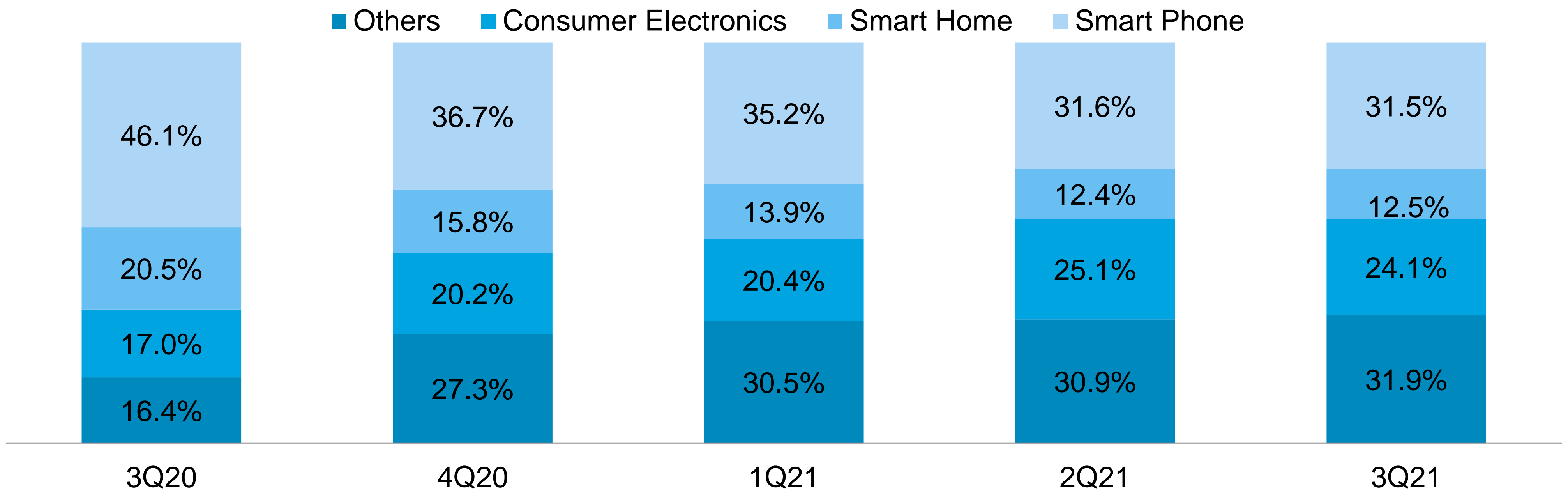
# Total Revenue Breakdown by Geography



(1) Presenting the revenue to those companies whose headquarters are in the United States, but ultimately selling and shipping the products to their global customers.

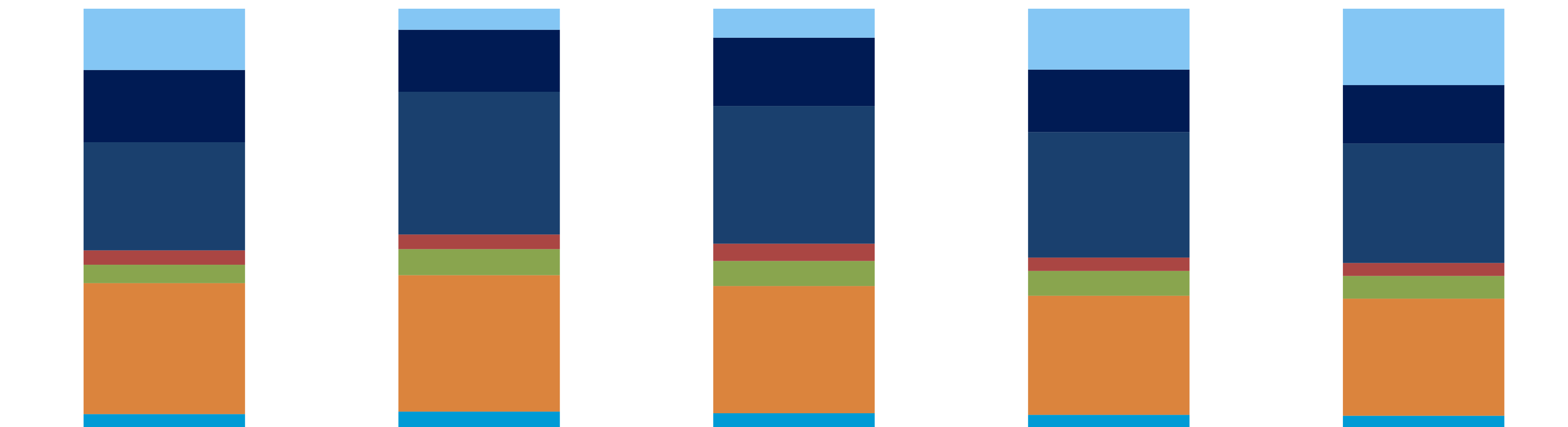
(2) Excluding Chinese Mainland and Hong Kong, China.

# Wafer Revenue Breakdown by Application

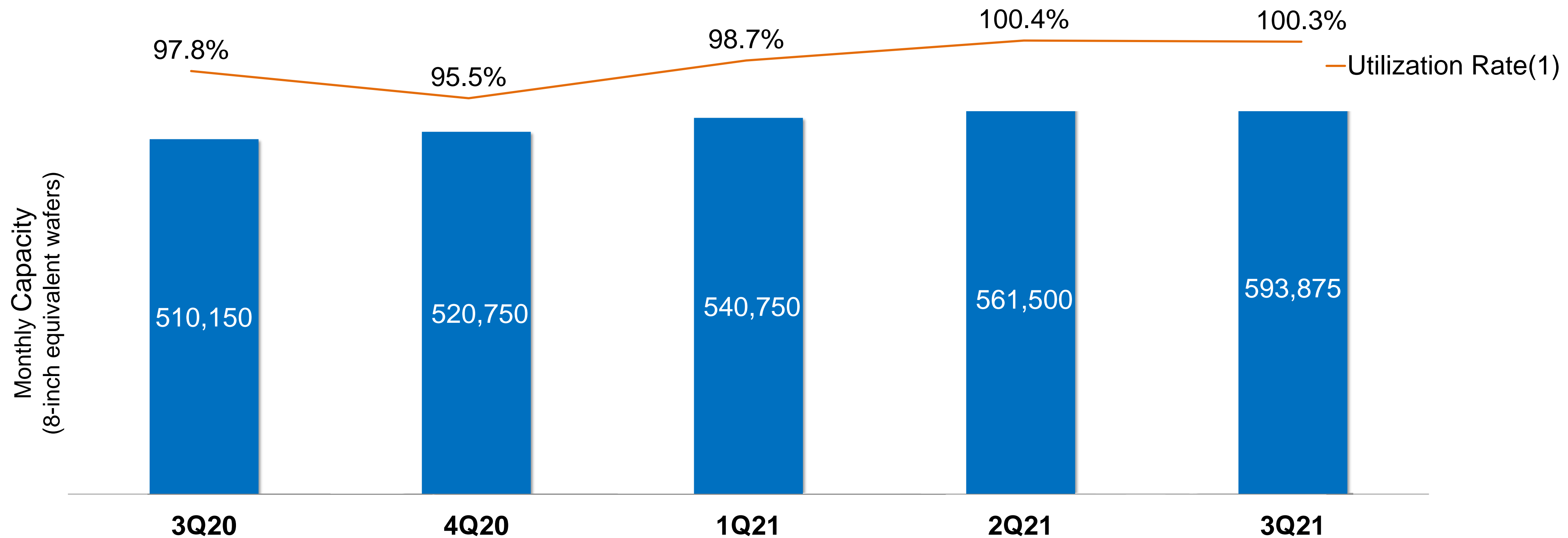




# Wafer Revenue Breakdown by Technology



# Capacity, Utilization and Shipment



|                 | 3Q20      | 4Q20      | 1Q21      | 2Q21      | 3Q21      |
|-----------------|-----------|-----------|-----------|-----------|-----------|
| Wafer Shipments | 1,440,531 | 1,415,788 | 1,558,893 | 1,745,194 | 1,719,743 |

(1) Capacity utilization rate is reported based on total equivalent wafers out divided by estimated total quarterly capacity.

# 4Q 2021 Guidance and 2021 Capex Guidance

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# Appendix

## 3Q Results vs Guidance

|                     | 3Q 2021 Guidance | 3Q 2021 Results |
|---------------------|------------------|-----------------|
| <b>Revenue</b>      | +2% to +4% QoQ   | +5.3% QoQ       |
| <b>Gross Margin</b> | 32% to 34%       | 33.1%           |

# Capital Expenditures & Depreciation

| <i>(US\$ millions)</i>                 | 3Q20  | 4Q20  | 1Q21 | 2Q21 | 3Q21  |
|--|-------|-------|------|------|-------|
| <b>Capex</b>                           | 2,280 | 1,333 | 534  | 771  | 1,081 |
| <b>Depreciation &amp; Amortization</b> | 351   | 366   | 420  | 462  | 480   |



**Thank You!**

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