



# SMIC Q2 2022

## Financial Presentation

SEHK: 00981

SSE STAR MARKET: 688981

SMIC Investor Relations  
Aug 2022



# Forward-Looking Statements

This presentation contains, in addition to historical information, forward-looking statements. These forward-looking statements 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 “believe”, “anticipate”, “intend”, “estimate”, “expect”, “project”, “target”, “going forward”, “continue”, “ought to”, “may”, “seek”, “should”, “plan”, “could”, “vision”, “goal”, “aim”, “aspire”, “objective”, “schedule”, “outlook” and other similar expressions to identify forward looking statements. These forward-looking statements are necessary estimates reflecting judgment of SMIC's senior management and 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 cyclical and market conditions in the semiconductor industry, intense competition in the semiconductor industry, SMIC's reliance on a small number of customers, timely wafer acceptance by SMIC's customers, timely introduction of new technologies, SMIC's ability to ramp new products into volume, supply and demand for semiconductor foundry services, industry overcapacity, shortages in equipment, components, raw materials and software, availability of manufacturing capacity, financial stability in end markets, orders or judgments from pending litigation, intensive intellectual property litigation in the semiconductor industry, general economic conditions and fluctuations in currency exchange rates.

In addition to the information contained in this presentation, you should also consider the information contained in our other filings with The Stock Exchange of Hong Kong Limited (“SEHK”) and Shanghai Stock Exchange (“SSE”) from time to time. Other unknown or unpredictable factors also could have material adverse effects on our future results, performance or achievements. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed in this presentation may not occur. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date stated or, if no date is stated, as of the date of this presentation. Except as required by applicable laws, SMIC undertakes no obligation and does not intend to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the possible or actual occurrence of unanticipated events after the date on which such statement is made, whether as a result of new information, future events or otherwise.

## About Non-

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### **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.

## 2Q22 Financial Highlights (Unaudited)

- **Revenue was \$1,903 million**
  - Up 3.3% QoQ from \$1,842 million in 1Q22
  - Up 41.6% YoY from \$1,344 million in 2Q21
  
- **Gross margin was 39.4%**
  - Compared to 40.7% in 1Q22
  - Compared to 30.1% in 2Q21
  
- **Profit from operations was \$539 million**
  - Compared to \$536 million in 1Q22
  - Compared to \$538 million in 2Q21
  
- **Profit attributable to SMIC was \$514 million**
  - Compared to \$447 million in 1Q22
  - Compared to \$688 million in 2Q21
  
- **EBITDA was \$1,220 million**
  - Compared to \$1,136 million in 1Q22
  - Compared to \$1,176 million in 2Q21

# 1H22 Financial Highlights (Unaudited)

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- **Revenue was \$3,745 million**
  - Compared to \$2,448 million in 1H21
- **Gross margin was 40.1%**
  - Compared to 26.8% in 1H21
- **Profit from operations was \$1,075 million**
  - Compared to \$662 million in 1H21
- **Profit attributable to SMIC was \$962 million**
  - Compared to \$847 million in 1H21
- **EBITDA was \$2,356 million**
  - Compared to \$1,759 million in 1H21



# Income Statement

(US\$ thousands)	2Q22	1Q22	QoQ	2Q21	YoY
<b>Revenue</b>	<b>1,903,164</b>	<b>1,841,894</b>	<b>3.3%</b>	<b>1,344,102</b>	<b>41.6%</b>
Gross profit	750,488	750,255	0.0%	405,012	85.3%
<b>Gross margin</b>	<b>39.4%</b>	<b>40.7%</b>		<b>30.1%</b>	
<b>Operating income(expenses)</b>	<b>(211,045)</b>	<b>(214,284)</b>	<b>-1.5%</b>	132,751	-
<i>Research &amp; Development</i>	<i>(187,484)</i>	<i>(165,269)</i>	<i>13.4%</i>	<i>(143,052)</i>	<i>31.1%</i>
<i>General &amp; Administrative</i>	<i>(119,130)</i>	<i>(94,591)</i>	<i>25.9%</i>	<i>(51,132)</i>	<i>133.0%</i>
<i>Selling &amp; Marketing</i>	<i>(9,497)</i>	<i>(9,130)</i>	<i>4.0%</i>	<i>(6,537)</i>	<i>45.3%</i>
<i>Other operating income</i>	<i>105,379</i>	<i>54,294</i>	<i>94.1%</i>	<i>333,475</i>	<i>-68.4%</i>
<b>Profit from operations</b>	<b>539,443</b>	<b>535,971</b>	<b>0.6%</b>	<b>537,763</b>	<b>0.3%</b>
Other income, net	96,804	38,179	153.6%	142,666	-32.1%
Income tax credit (expense)	(7,174)	(4,989)	43.8%	27,673	-
<b>Profit (loss) attributable to SMIC</b>	<b>514,332</b>	<b>447,227</b>	<b>15.0%</b>	<b>687,803</b>	<b>-25.2%</b>
Profit (loss) attributable to Non-controlling interests	114,741	121,934	-5.9%	20,299	465.3%

- **Revenue** was \$1,903.2 million in 2Q22, an increase of 3.3% QoQ from \$1,841.9 million in 1Q22.
- **Gross margin** was 39.4% in 2Q22, compared to 40.7% in 1Q22.
- The change in **Other operating income** was mainly due to the income recognised in relation to government funding of \$100.3 million in 2Q22, compared to \$45.0 million in 1Q22.

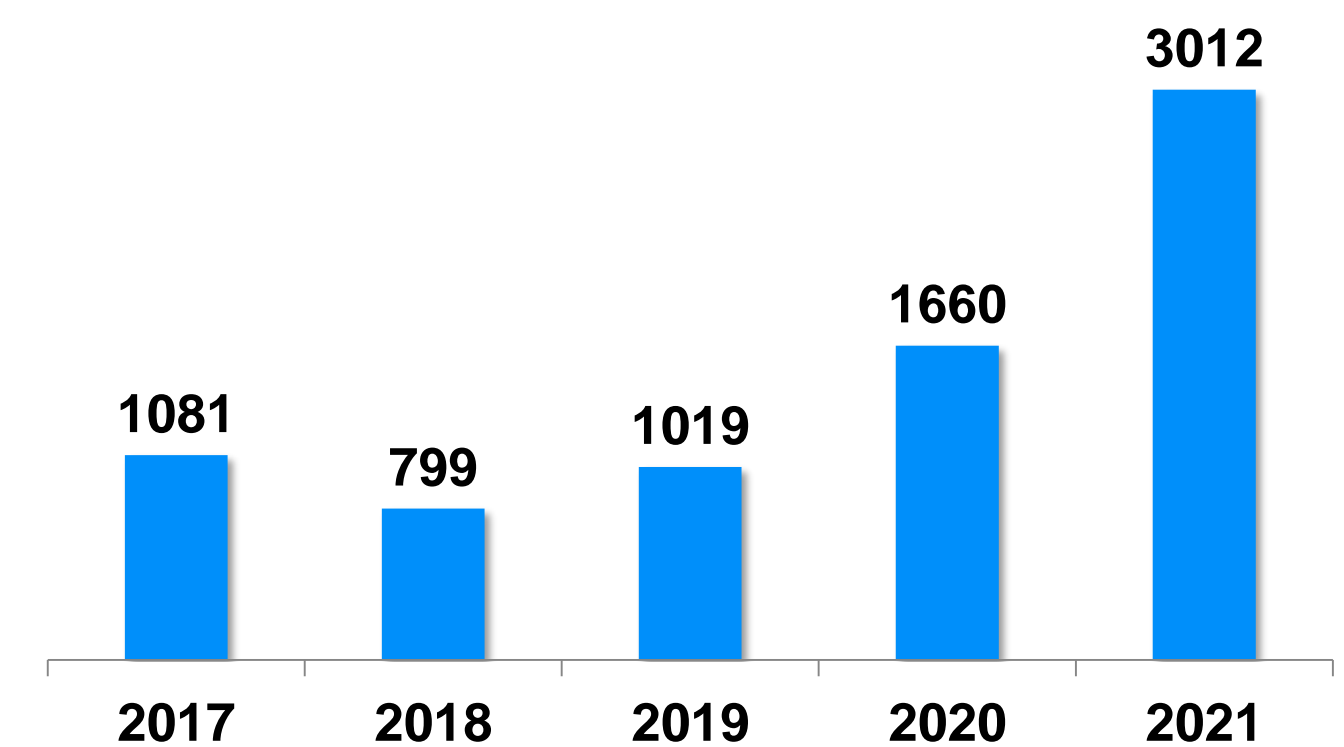
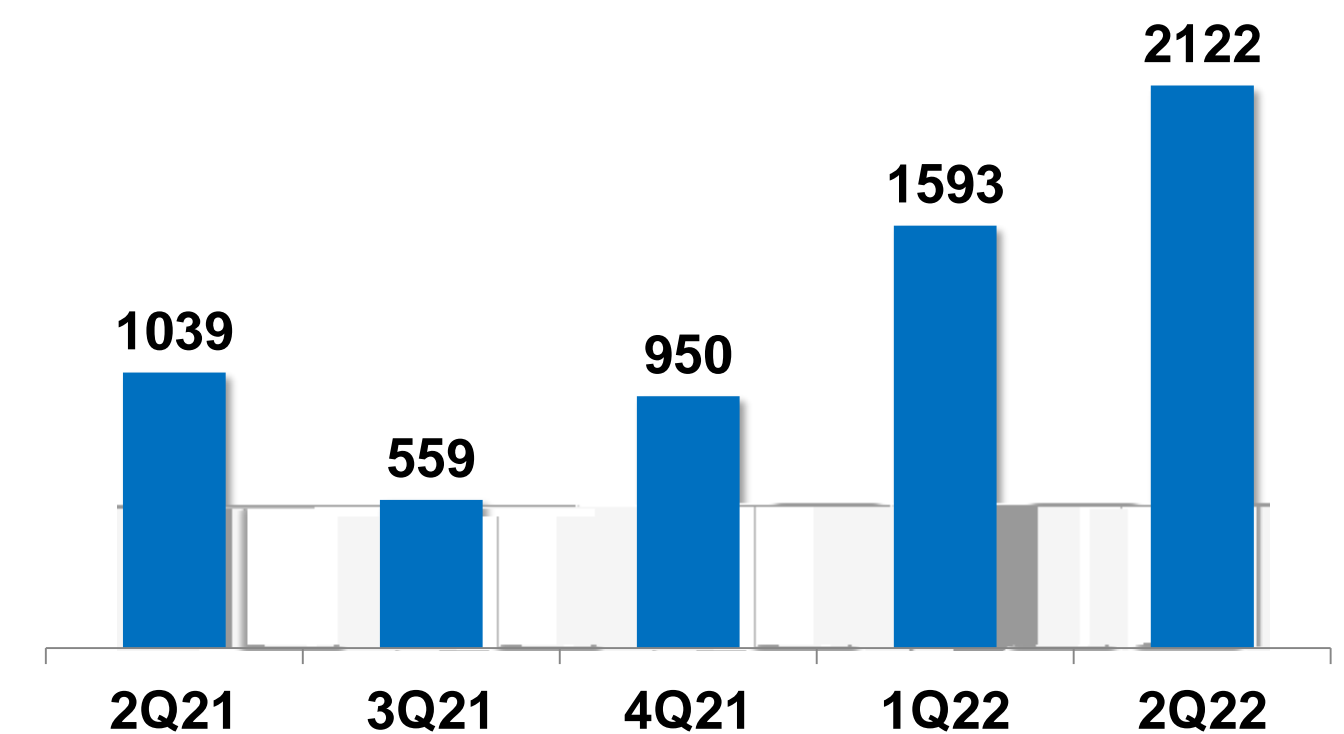
# Capital Structure

(US\$ thousands)	As of	
	Jun 30, 2022	Mar 31, 2022
Cash and cash equivalent	8,634,495	6,099,908
Restricted cash - c		

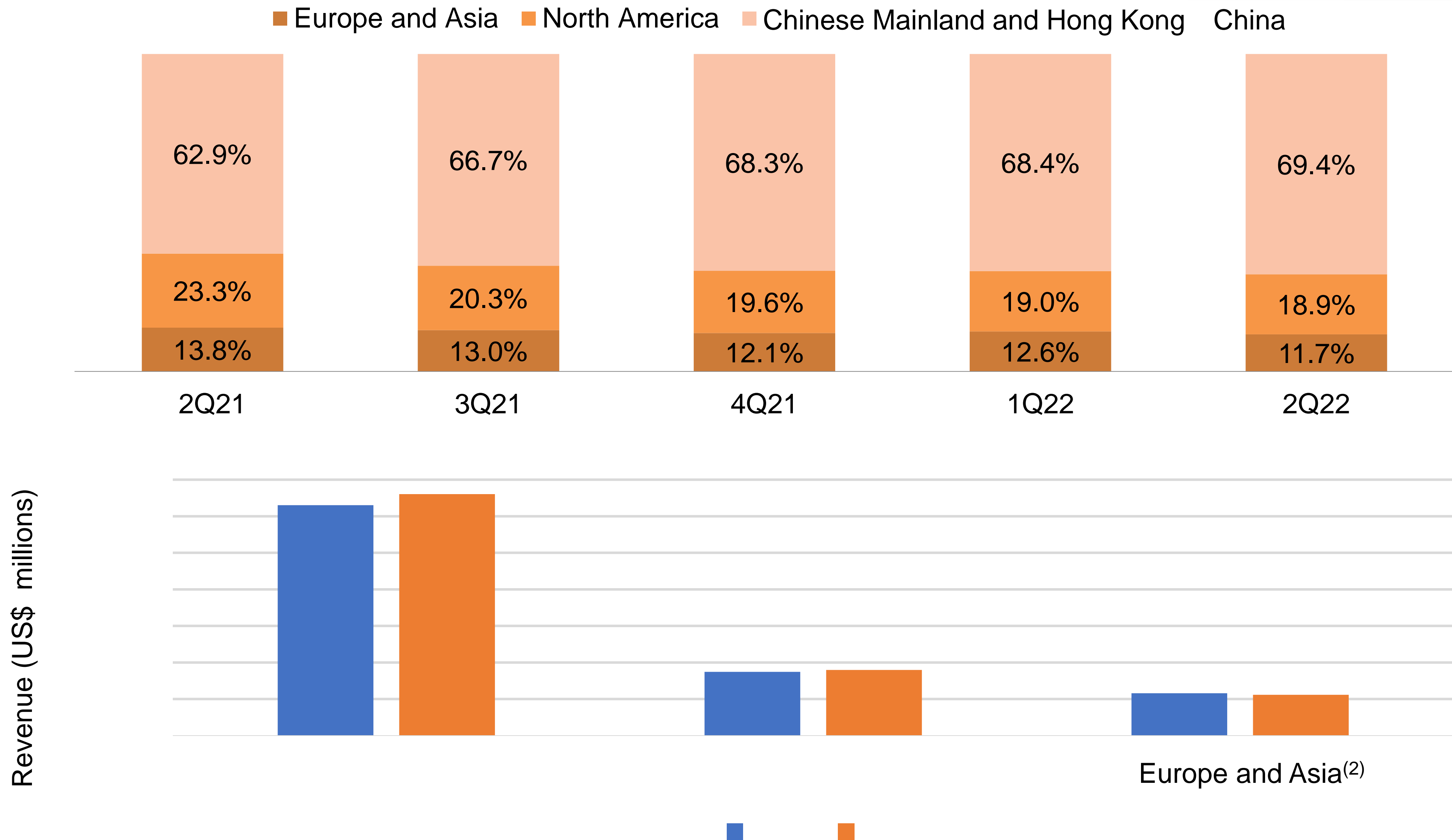
# Cash Flow

<i>(US\$ thousands)</i>	For the three months ended	
	Jun 30, 2022	Mar 31, 2022
Cash and cash equivalent, beginning of the period	6,099,908	8,581,746
Net cash generated from operating activities	2,122,489	1,592,970
Net cash used in investing activities	(681,138)	(4,266,260)
Net cash generated from financing activities	1,228,149	188,415
Net change in cash and cash equivalent	2,534,587	(2,481,838)
Cash and cash equivalent, end of the period	8,634,495	6,099,908

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



# Total Revenue Breakdown by Geography<sup>(1)</sup>

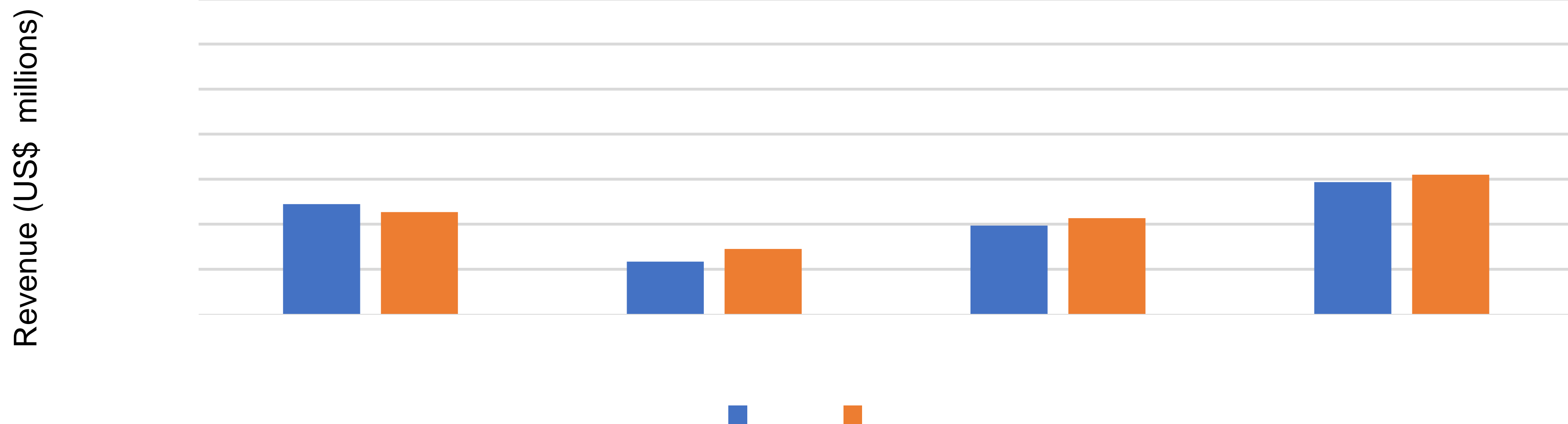
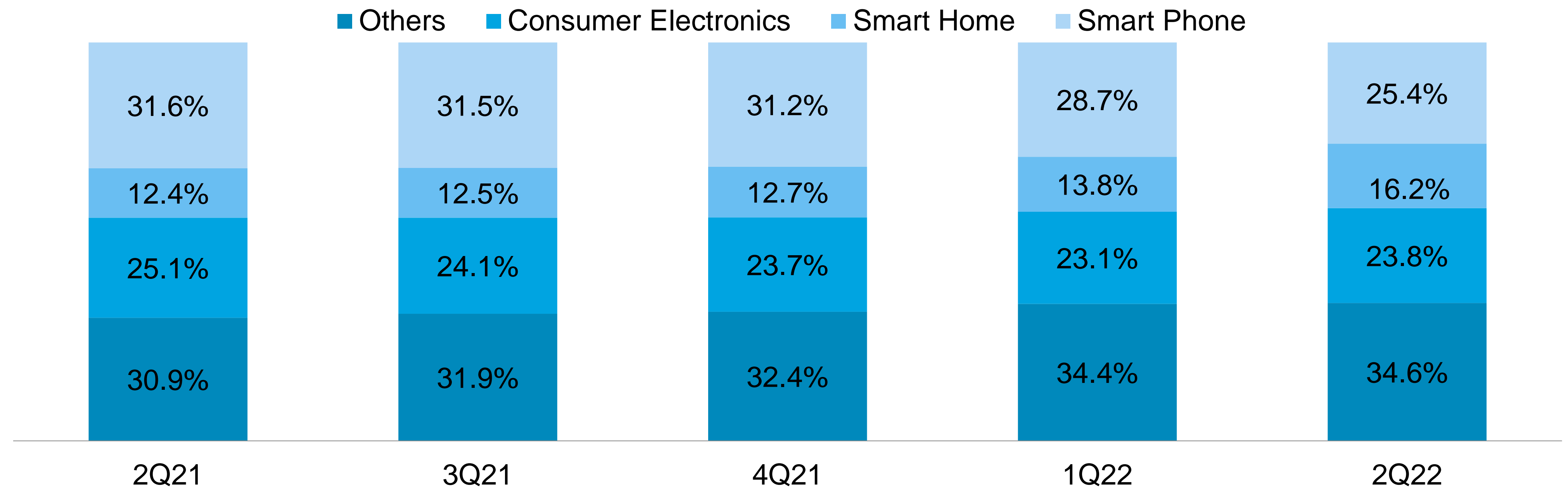


(1) Presenting the revenue to those companies whose headquarters are in this area, but ultimately selling and shipping the products to their global customers.

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

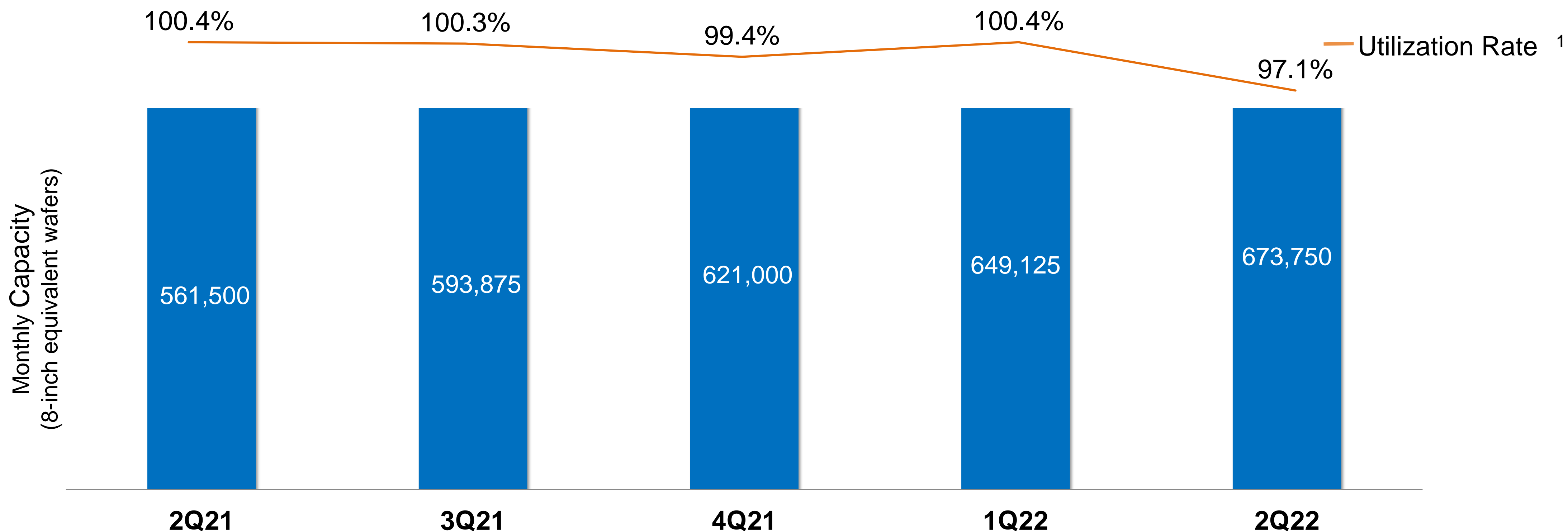


# Wafer Revenue Breakdown by Application





# Capacity, Utilization and Shipment



	2Q21	3Q21	4Q21	1Q22	2Q22
Wafer Shipments	1,745,194	1,719,743	1,723,360	1,840,189	1,886,530

(1) Utilization rate is calculated as Wafer Shipments divided by Capacity.



# 3Q 2022 Guidance and 2022 Capex Guidance

	3Q 2022 Guidance	2022 Capex
Revenue	0% to +2% QoQ	\$51.33 TJ0.43906

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# Appendix

## 2Q Results vs Guidance

	2Q 2022 Guidance	2Q 2022 Results
<b>Revenue</b>	+1% to +3% QoQ	+3.3% QoQ
<b>Gross Margin</b>	37% to 39%	39.4%



# Capital Expenditures & Depreciation

<i>(US\$ millions)</i>	2Q21	3Q21	4Q21	1Q22	2Q22
<b>Capex</b>	771	1,081	2,130	869	1,672
<b>Depreciation &amp; Amortization</b>	462	480	508	534	557

# Thank You!

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