

SMIC Q4 2023

Financial Presentation

February 2024

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

and other similar expressions to identify forward looking statements. These forward-looking statements are estimates made by SMIC's senior management based on their best judgment 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 cyclicalities and market conditions in the semiconductor industry, intense

4Q23 Financial Highlights (unaudited)

- **Revenue was \$1,678 million**

- Up 3.6% QoQ from \$1,621 million in 3Q23

- Up 3.5% YoY from \$1,621 million in 4Q22

- **Gross margin was 16.4%**

- Compared to 19.8% in 3Q23

- Compared to 32.0% in 4Q22

- **Profit from operations was \$107 million**

- Compared to \$87 million in 3Q23

- Compared to \$282 million in 4Q22

- **Profit attributable to SMIC was \$175 million**

- Compared to \$94 million in 3Q23

- Compared to \$386 million in 4Q22

- **EBITDA was \$1,011 million**

- Compared to \$901 million in 3Q23

- Compared to \$1,063 million in 4Q22



Income Statement

(US\$ thousands)	4Q23	3Q23	QoQ	4Q22	YoY
Revenue	1,678,299	1,620,577	3.6%	1,621,270	3.5%
Gross profit	274,955	321,620	-14.5%	518,689	-47.0%
Gross margin	16.4%	19.8%		32.0%	
Operating income(expenses)	(167,677)	(234,232)	-28.4%	(236,343)	-29.1%
<i>Research & Development</i>	<i>(189,138)</i>	<i>(172,836)</i>	<i>9.4%</i>	<i>(197,455)</i>	<i>-4.2%</i>
<i>General & Administrative</i>	<i>(147,821)</i>	<i>(128,128)</i>	<i>15.4%</i>	<i>(127,338)</i>	<i>16.1%</i>
<i>Selling & Marketing</i>	<i>(9,348)</i>	<i>(9,454)</i>	<i>-1.1%</i>	<i>(7,850)</i>	<i>19.1%</i>
<i>Other operating income</i>	<i>177,640</i>	<i>75,691</i>	<i>134.7%</i>	<i>96,917</i>	<i>83.3%</i>
Profit from operations	107,278	87,388	22.8%	282,346	-62.0%
Other income, net	140,703	80,426	74.9%	136,777	2.9%
Income tax credit (expense)	(10,713)	(11,438)	-6.3%	6,351	N/A
Profit (loss) attributable to SMIC	174,678	93,984	85.9%	385,534	-54.7%
Profit (loss) attributable to Non-controlling interests	62,590	62,392	0.3%	39,940	56.7%

- **Revenue** was \$1,678.3 million in 4Q23, an increase of 3.6% QoQ from \$1,620.6 million in 3Q23. The rise was mainly due to the increase in wafer shipment in 4Q23.
- **General and administrative expenses** increased to \$147.8 million in 4Q23 from \$128.1 million in 3Q23. The change was mainly due to the increase in new fab start-up costs in 4Q23.

Capital Structure

(US\$ thousands)	As of	
	Dec 31, 2023	Sep 30, 2023
Cash and cash equivalents	6,215,058	6,953,613
Restricted cash	435,607	403,692
Financial assets at fair value through profit or loss - current ⁽¹⁾	214,629	145,378
Financial assets at amortised cost ⁽²⁾	9,840,224	9,854,698
Total cash on hand	16,705,518	17,357,381
Borrowings - current	1,216,283	2,254,605
Borrowings - non-current	8,334,648	6,715,297
Lease liabilities	58,620	66,652
Bonds payable	599,115	598,929
Total debt	10,208,666	9,635,483
Net debt ⁽³⁾	(6,496,852)	(7,721,898)
Equity	30,845,616	30,583,968
Debt to equity ratio ⁽⁴⁾	33.1%	31.5%
Net debt to equity ratio ⁽⁵⁾	-21.1%	-25.2%

(1) Mainly contain structural deposits and monetary funds.

(2) Mainly contain bank deposits over 3 months.

(3) Total debt minus total cash on hand.

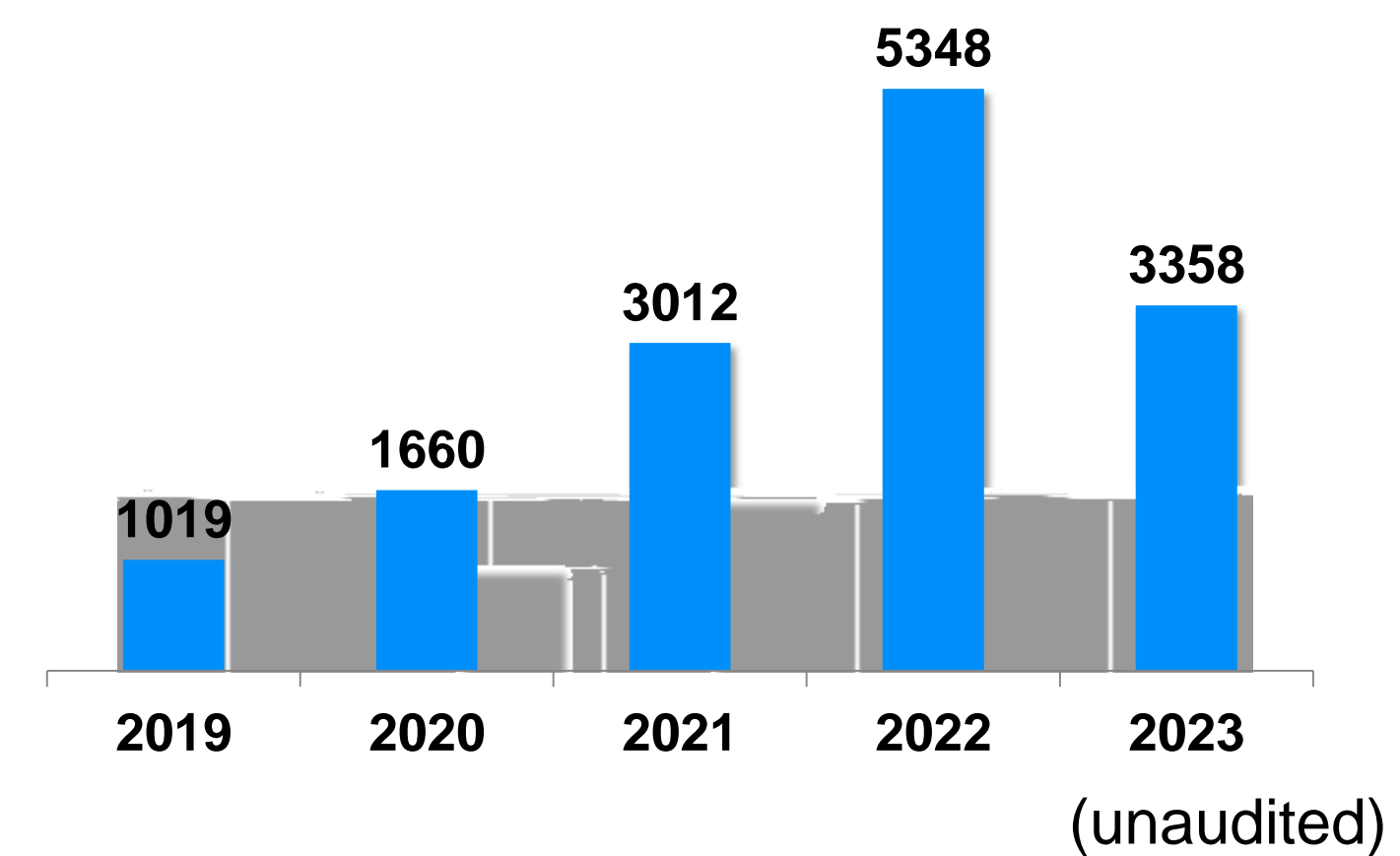
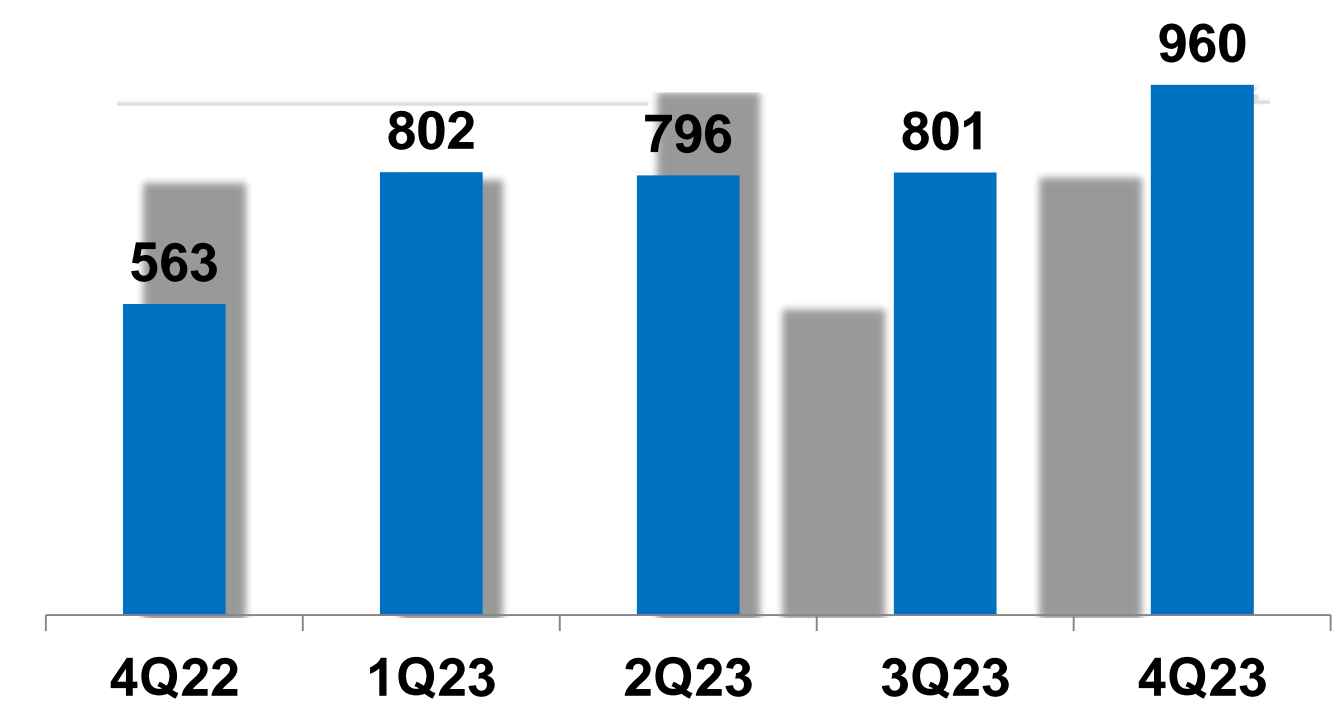
(4) Total debt divided by equity.

(5) Net debt divided by equity.

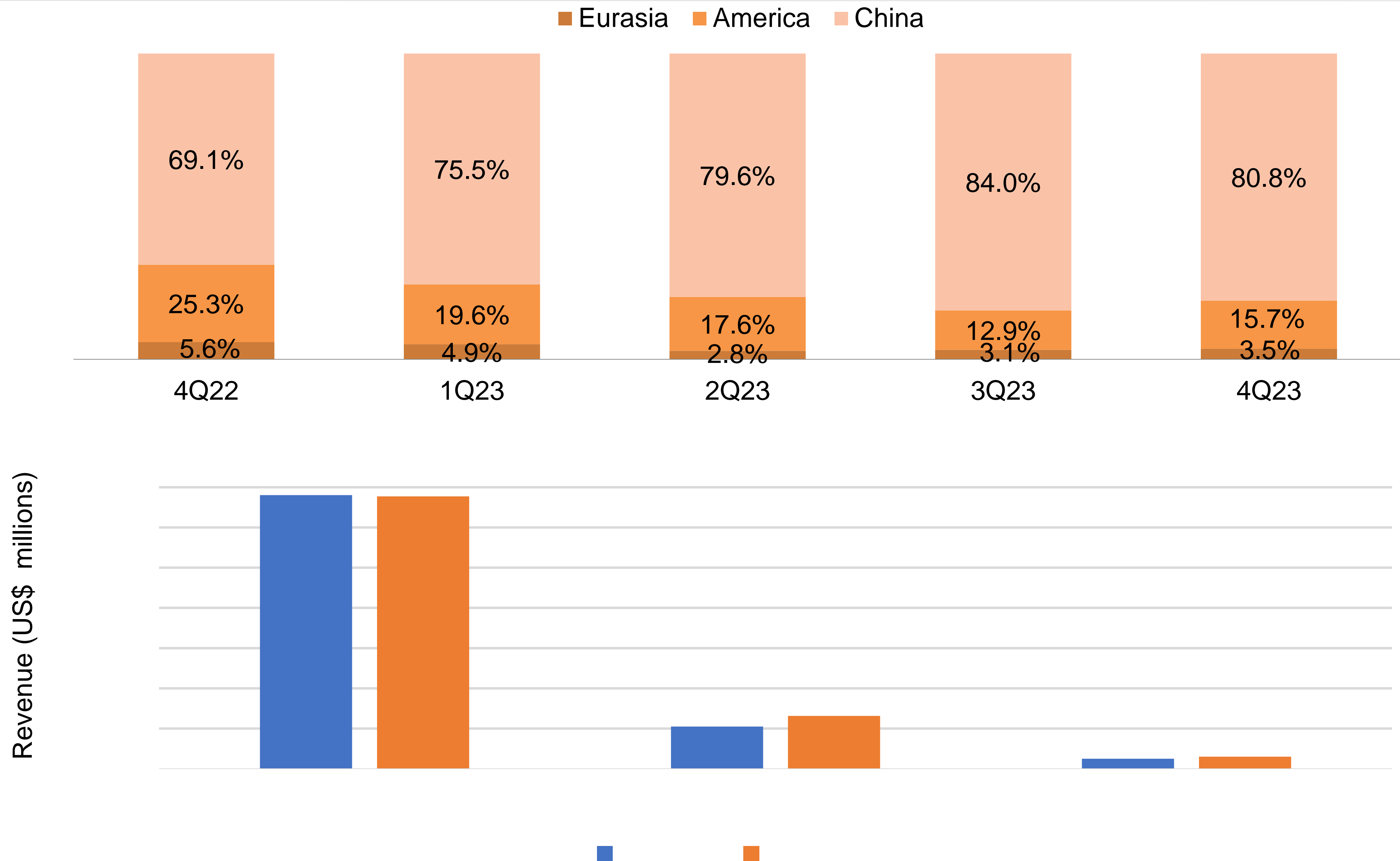
Cash Flow

(US\$ thousands)	For the three months ended	
	Dec 31, 2023	Sep 30, 2023
Cash and cash equivalents, beginning of the period	6,953,613	7,559,268
Net cash generated from operating activities	959,888	800,701
Net cash (used in)/generated from investing activities	(2,171,391)	(1,710,713)
Net cash generated from financing activities	483,441	358,107
Net (decrease)/increase in cash and cash equivalents	(738,555)	(605,655)
Cash and cash equivalents, end of the period	6,215,058	6,953,613

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

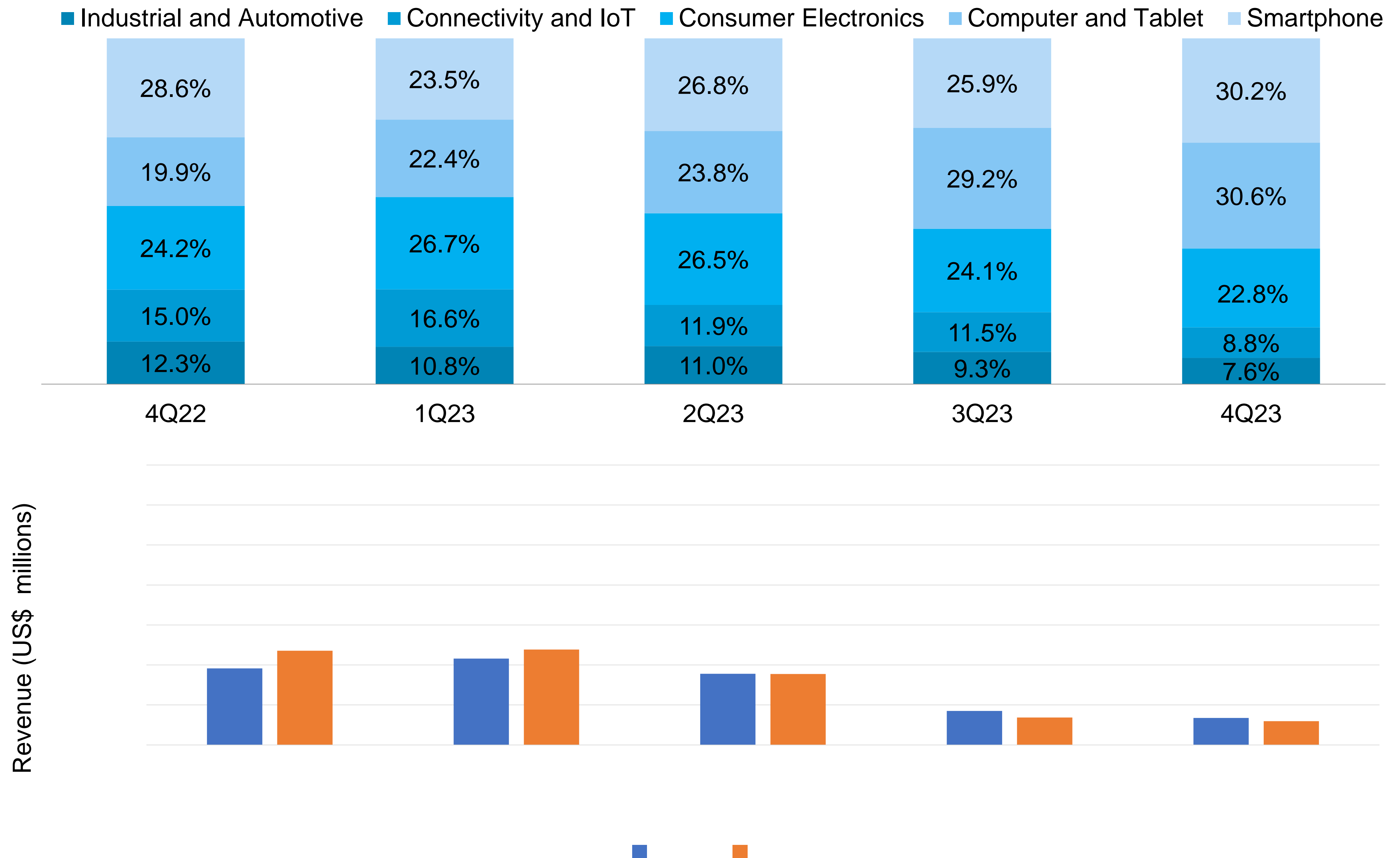


Total Revenue By Geography⁽¹⁾

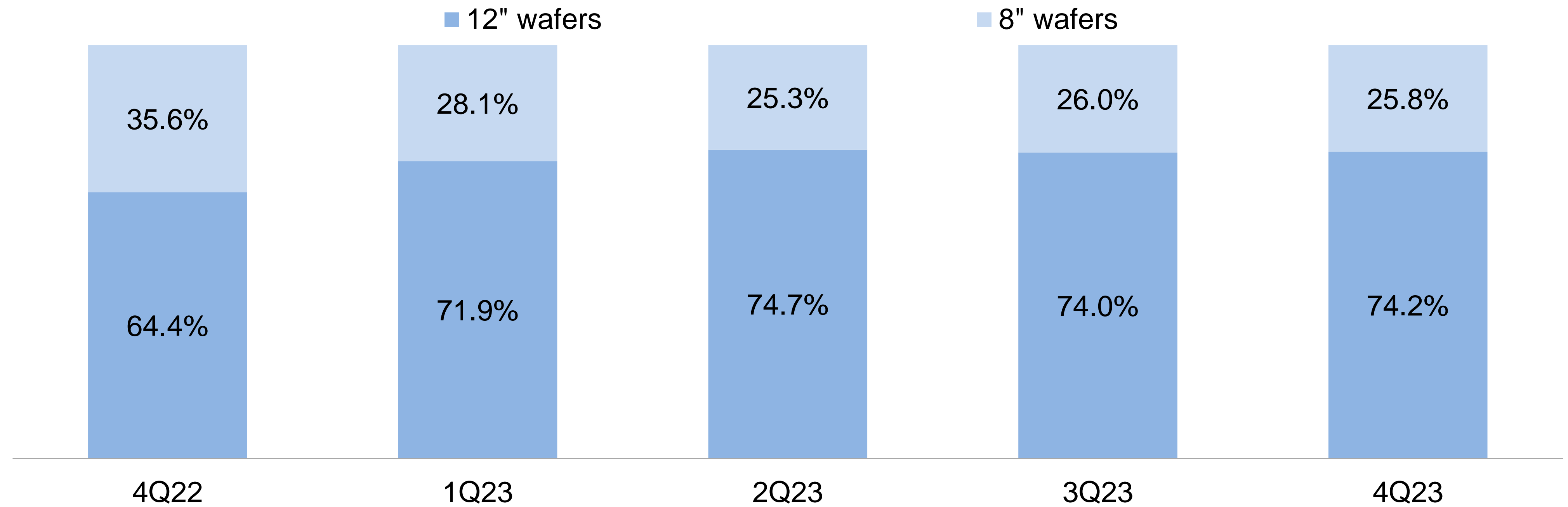


(1) Presenting the revenue from those companies whose headquarters are in this area, but ultimately selling and shipping the products to their global customers.

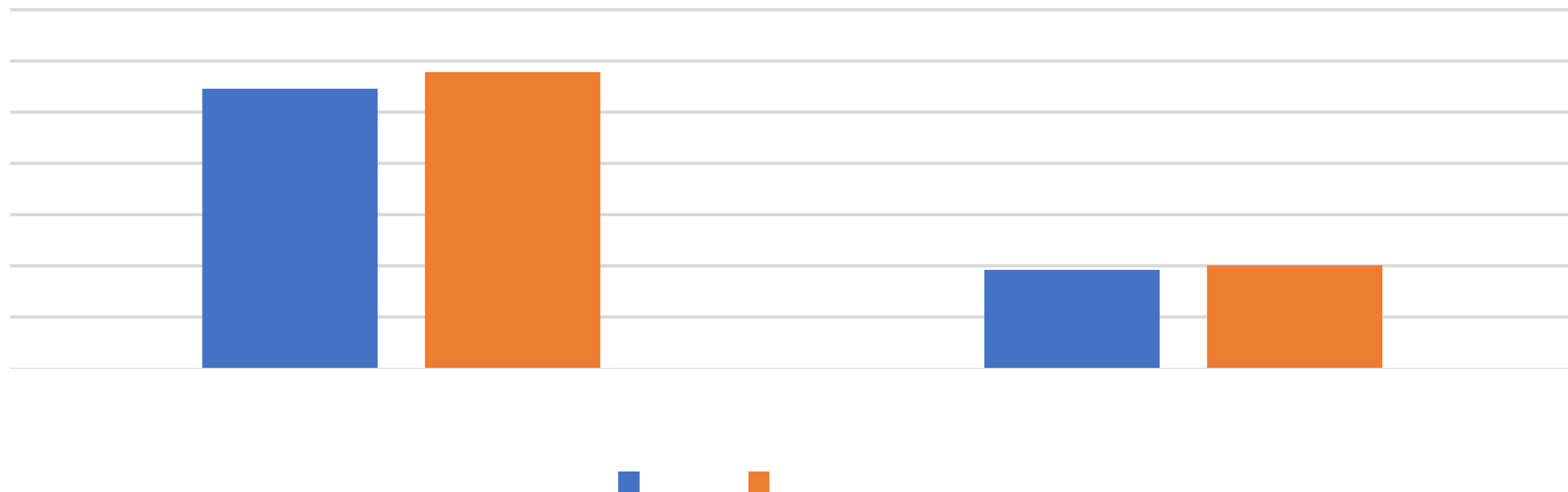
Wafer Revenue By Application



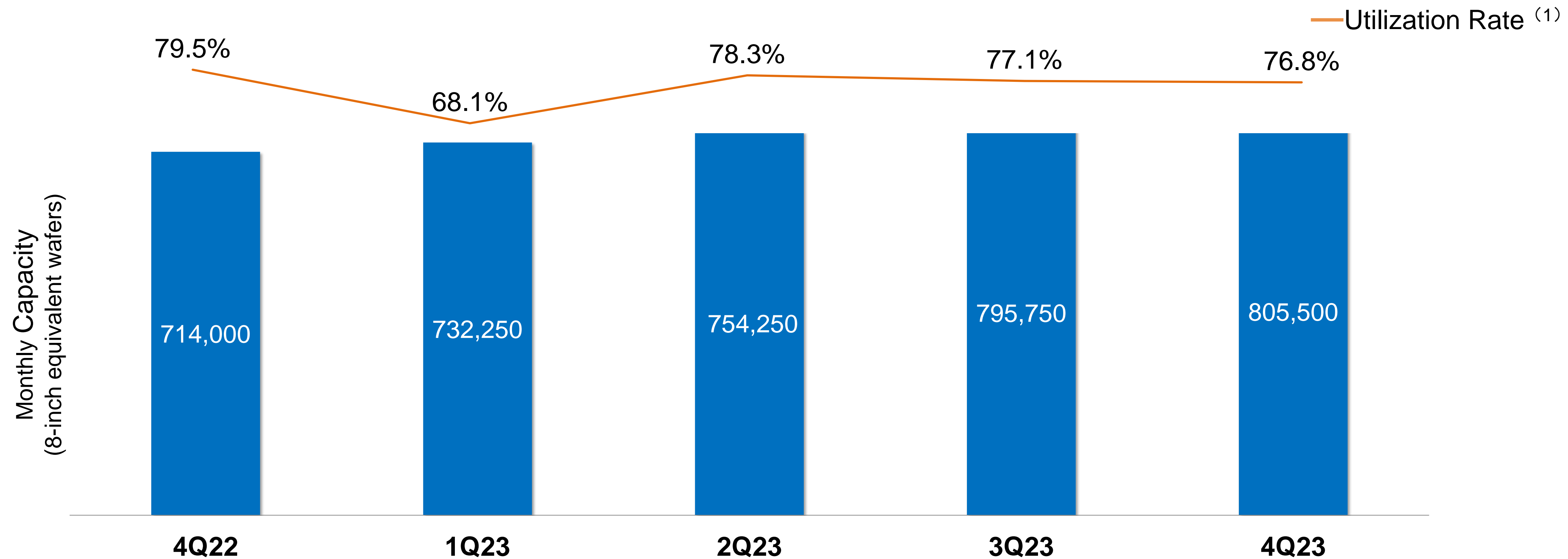
Wafer Revenue By Size



Revenue (US\$ millions)



Capacity, Utilization and Shipment



	4Q22	1Q23	2Q23	3Q23	4Q23
Wafer Shipments	1,574,068	1,251,715	1,403,121	1,536,845	1,675,002

(1) Capacity utilization rate is reported based on

1Q 2024 Guidance

1Q 2024 Guidance	
Revenue	flat to +2% QoQ
Gross Margin	9% to 11%

2024 Guidance

2024 Guidance

Revenue

The revenue growth is expected to be not less than industry average in the same markets and around mid-single-digit percentage year-over-year.

Capex

Roughly flat compared to 2023

Appendix

4Q Results vs Guidance

	4Q 2023 Guidance	4Q 2023 Results
Revenue	+1% to +3% QoQ	+3.6% QoQ
Gross Margin	16% to 18%	16.4%

Capital Expenditure & Depreciation (unaudited)

(US\$ millions)	1Q23	2Q23	3Q23	4Q23	2023
Capital Expenditure	1,259	1,732	2,135	2,341	7,466
Depreciation & Amortization	631	656	679	700	2,667

Thank You!

Contact us: ir@smics.com