SMIC Q3 2020

Financial Presentation

HKSE: 981STAR: 688981OTCQX: SMICYSMIC Investor Relations

November 2020



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This presentation contains, in addition to historical information, forward-looking statements. These forward-looking statements, including -Chief Executive Officers

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About Non-International Financial Reporting Standards ("non-IFRS") Financial Measures

The consolidated financial information is prepared in accordance with International Financial Reporting Standards ("IFRS") and is presented in accordance with IFRS unless otherwise stated.

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 release.



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3Q20 Financial Highlights

Revenue was \$1,083 million, a record high

Up 15.3% QoQ, compared to \$938 million in 2Q20 Up 32.6% YoY, compared to \$816 million in 3Q19

Gross margin was 24.2%

Compared to 26.5% in 2Q20 Compared to 20.8% in 3Q19

Profit attributable to SMIC was \$256 million, a record high

Compared to \$138 million in 2Q20 Compared to \$115 million in 3Q19

EBITDA was \$653 million, a record high

Compared to \$466 million in 2Q20 Compared to \$383 million in 3Q19

\$12.3 billion cash on hand, including financial assets and restricted cash

Compared to \$7.0 billion in 2Q20 Compared to \$4.7 billion in 3Q19





Income Statement Highlights

(US\$ thousands)	3Q20	2Q20	QoQ	3Q19	YoY
Total Revenue	1,082,505	938,463	15.3%	816,452	32.6%
Gross Profit	261,977	248,589	5.4%	169,815	54.3%
Gross Margin	24.2%	26.5%	-	20.8%	
Operating Expenses	(79,287)	(183,923)	-56.9%	(122,665)	-35.4%
Research & Development	(158,520)	(157,999)	0.3%	(185,019)	-14.3%
General & Administrative	(56,970)	(59,381)	-4.1%	(70,041)	-18.7%
Selling & Marketing	(6,472)	(5,072)	27.6%	(5,900)	9.7%
Other operating income	140,840	40,453	248.2%	140,047	0.6%
Profit (loss) from operations	182,690	64,666	182.5%	47,150	287.5%
Other income (expense), net	101,793	76,999	32.2%	41,537	145.1%
Income tax benefit (expense)	(20,959)	(16,029)	30.8%	(4,061)	416.1%
Profit (loss) attributable to SMIC	256,379	137,969	85.8%	115,135	122.7%
Non-controlling Interests	7,145	(12,333)	_	(30,509)	-
Earnings per ADS (Basic)	0.18	0.13		0.11	

Revenue was \$1,082.5 million in 3Q20, an increase of 15.3% QoQ from \$938.5 million in 2Q20. Revenue increased in 3Q20 mainly due to the product-mix change and increase in other operating income in 3Q20.

R&D expenses increased to \$158.5 million in 3Q20, compared to \$158.0 million in 2Q20.

General and administrative expenses decreased by 4.1% to \$57.0 million in 3Q20, compared to \$59.4 million in 2Q20. The change was mainly due to our effectively controlled fab in Shanghai entered into mass production in June 2020 and as a result, the pre-operating related expenses decreased. The change in other operating income was mainly due to other operating income recognized in relation to government funding of \$137.8 million in 3Q20, compared to \$40.5 million in 2Q20.



Balance Sheet Highlights

(US\$ thousands)	As of	
	Sept 30, 2020	June 30, 2020
Cash and cash equivalent	8,619,395	3,130,068
Restricted Cash-Current	438,583	595,064
Financial assets at amortized cost (1)	2,938,086	3,272,024
Trade and other receivables	1,115,825	1,448,234
Inventories	647,625	669,202
Assets classified as held-for-sales	4,729	7,213
Other Assets	15,222,036	11,266,373
Total Assets	28,986,279	20,388,178
Borrowings-Current	1,082,866	1,053,686
Borrowings-Non-current	2,084,253	1,690,928
Lease Liabilities	268,791	292,268
Short-term notes	-	211,840
Medium-term notes	219,567	211,313
Convertible bonds	15,403	65,000
Bonds payable	596,795	596,625
Total Debt	4,267,675	4,121,660
Net Debt (2)	(8,071,910)	(2,875,496)
Total Liabilities	7,948,705	7,210,503
Total Equity	21,037,574	13,177,675
Total Debt/Equity Ratio (3)	20.3%	31.3%
Net debt/Equity Ratio (4)	-38.4%	-21.8%

1. Financial assets at amortized cost mainly contains bank deposits over 3 months and within one year.

2. Net debt is total debt minus cash and cash equivalent, total current financial assets and restricted cash.

3. Total debt divided by equity

4. Net debt divided by equity.



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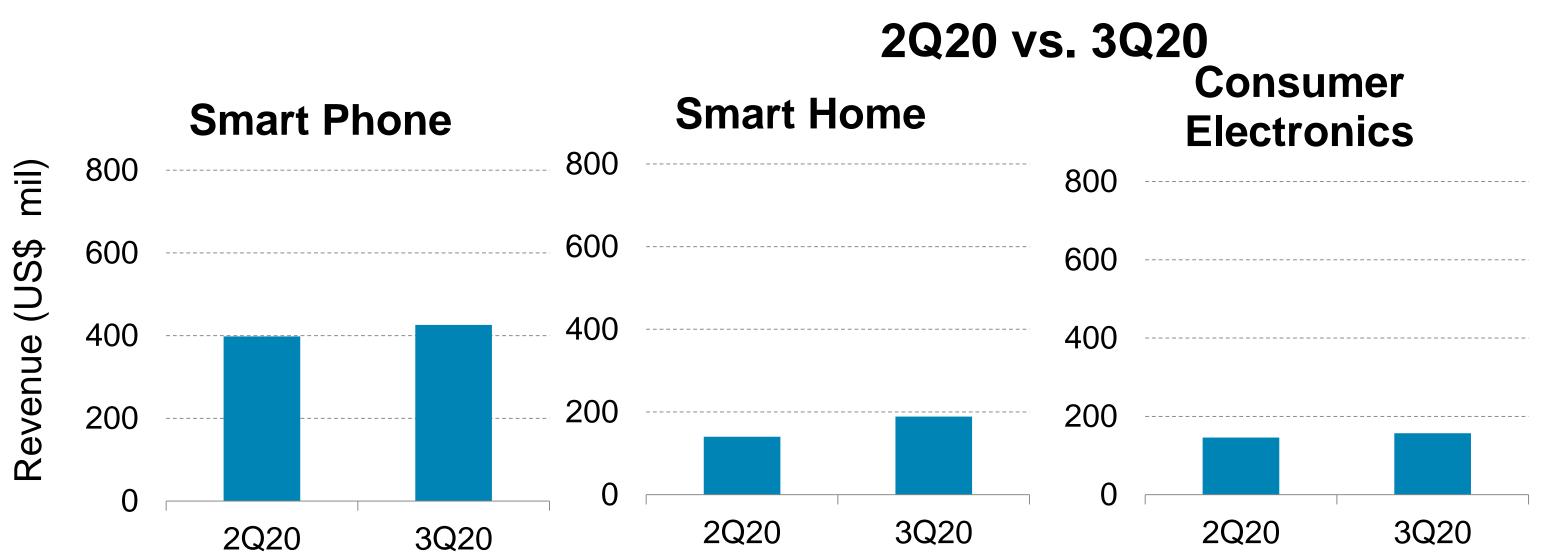
Cash Flow Highlights

(US\$ thousands)	For the three more	Cash Flow from Operations (US\$ millions)				s <i>)</i>	
	Sept 30, 2020	June 30, 2020					719
Cash and cash equivalent, beginning of period	3,130,068	1,663,808	318	345			
Net cash from operating activities	719,150	147,719			260	148	
Net cash used in investing activities	(3,332,124)	(247,602)	3Q19	4Q19	1Q20	2Q20	3Q20
Net cash from (used in) financing activities	7,964,151	1,577,785		977	1081	799	1019
Net increase (decrease) in cash and cash equivalent	5,489,327	1,466,260	669				
Cash and cash equivalent, end of period	8,619,395	3,130,068	2015	2016	2017	2018	2019

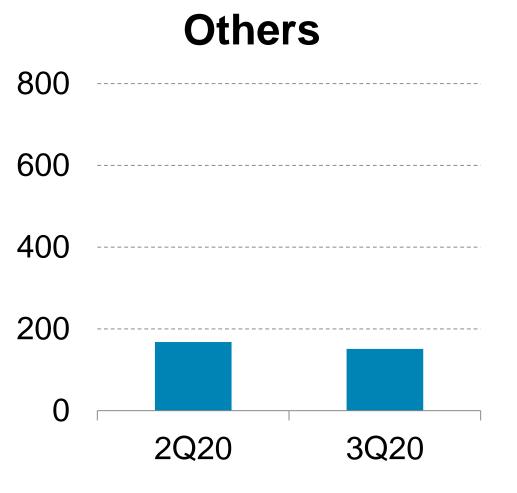


Wafer Revenue Breakdown by Application

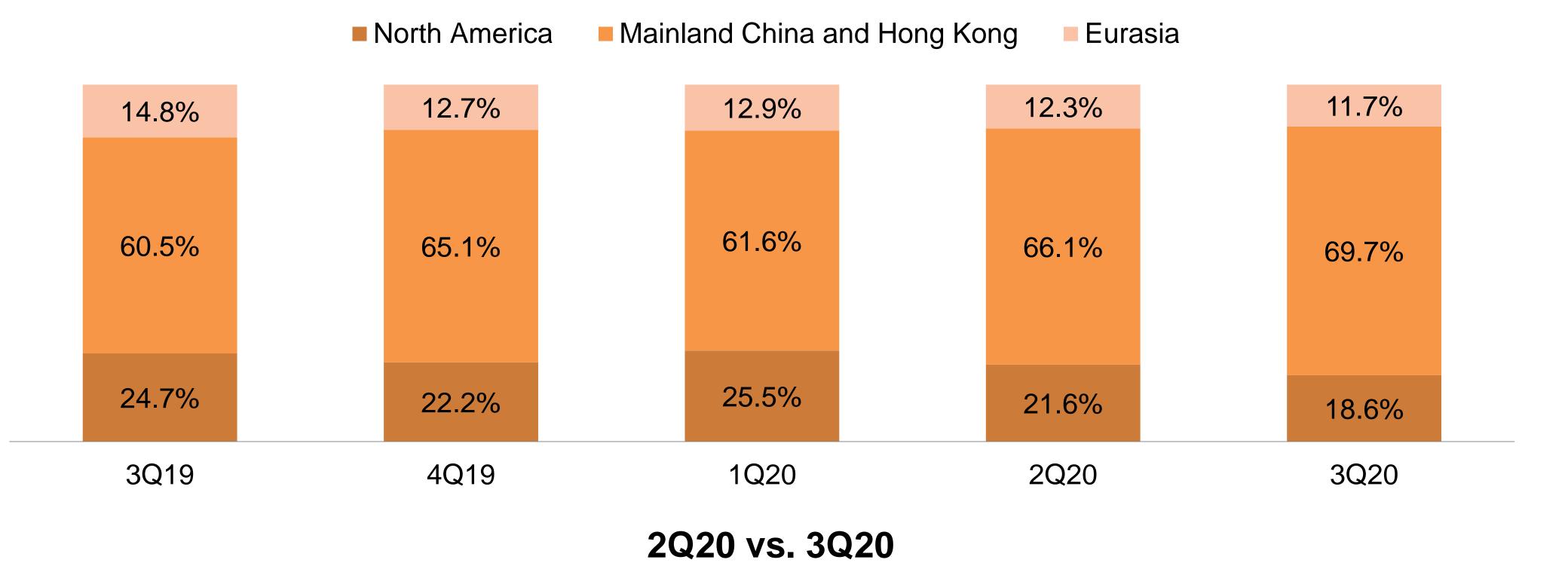
	■ Srr	nart Phone	Smart Ho	ome Con	sumer Elect	ronics C	Others	
18.5%		19.4%		17.8%		19.7%		16.4%
22.2%		20.8%		18.4%		17.2%		17.0%
17.0%		16.7%		15.5%		16.4%		20.5%
42.3%		43.1%		48.3%		46.7%		46.1%
3Q19		4Q19		1Q20		2Q20		3Q20

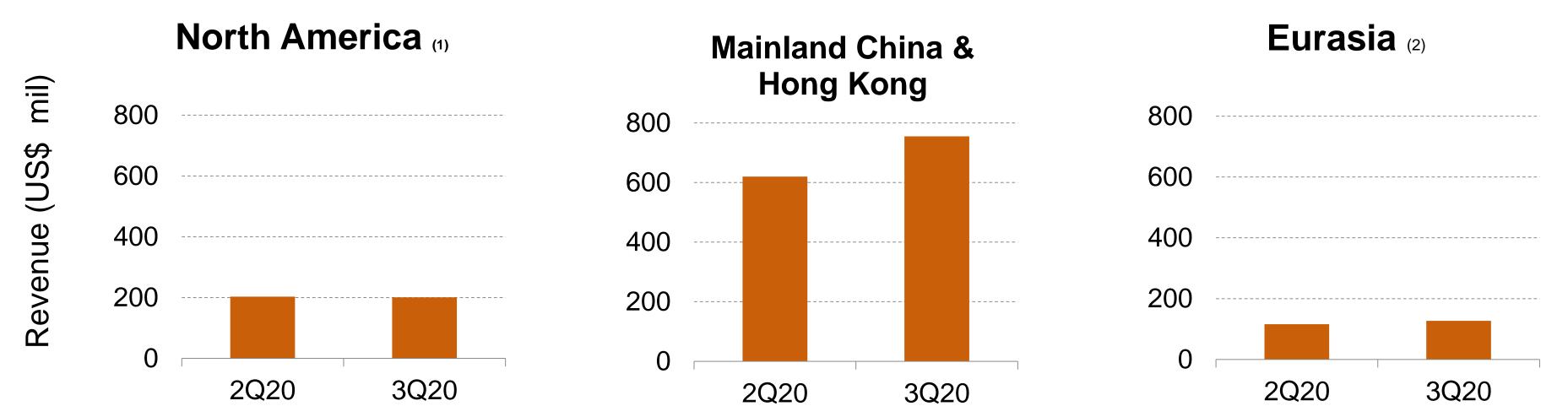






Total Revenue Breakdown by Geography



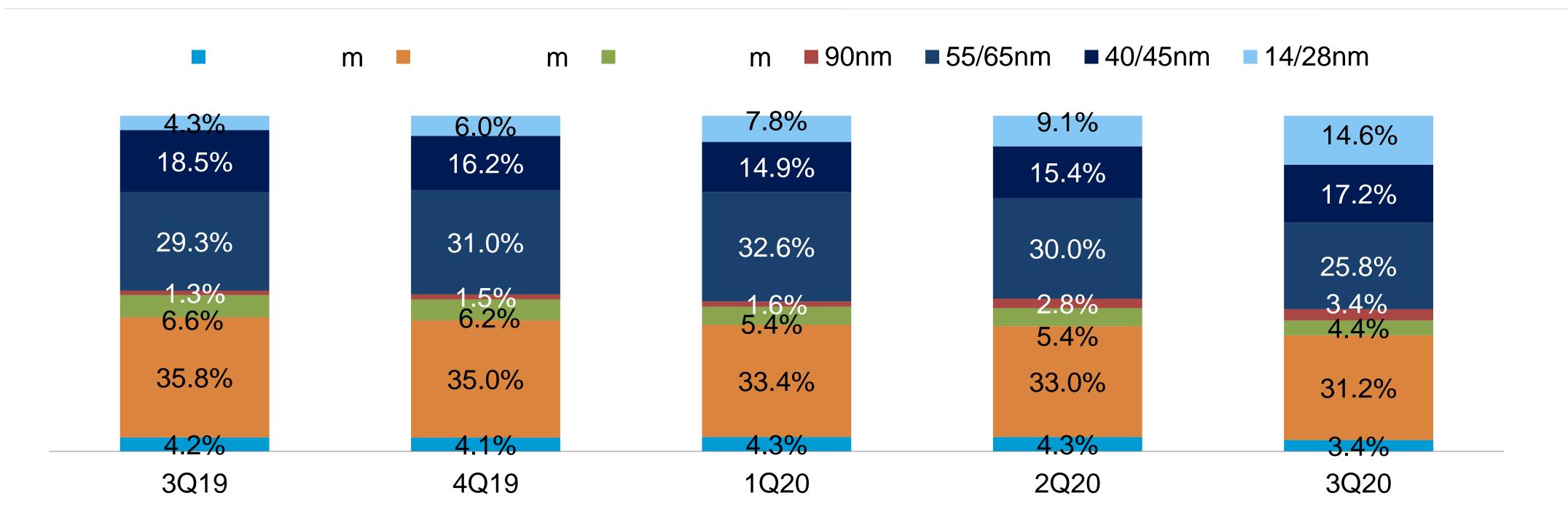


(1) Presenting the Revenue to those companies whose headquarters are in the United States, but ultimately selling and shipping the products to their global customers. (2) Excluding Mainland China and Hong Kong.

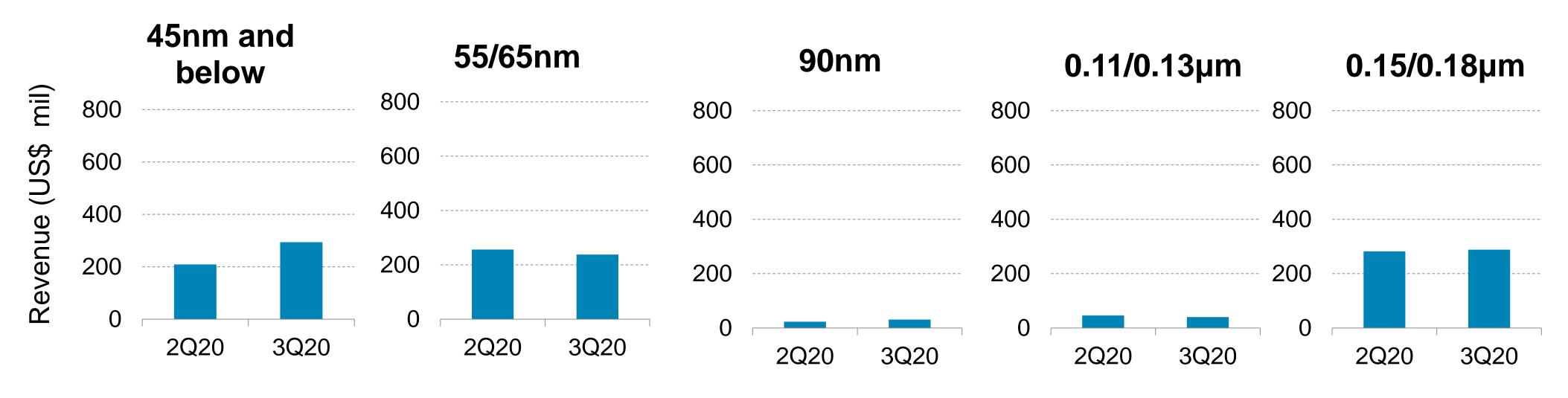
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Wafer Revenue Breakdown by Technology

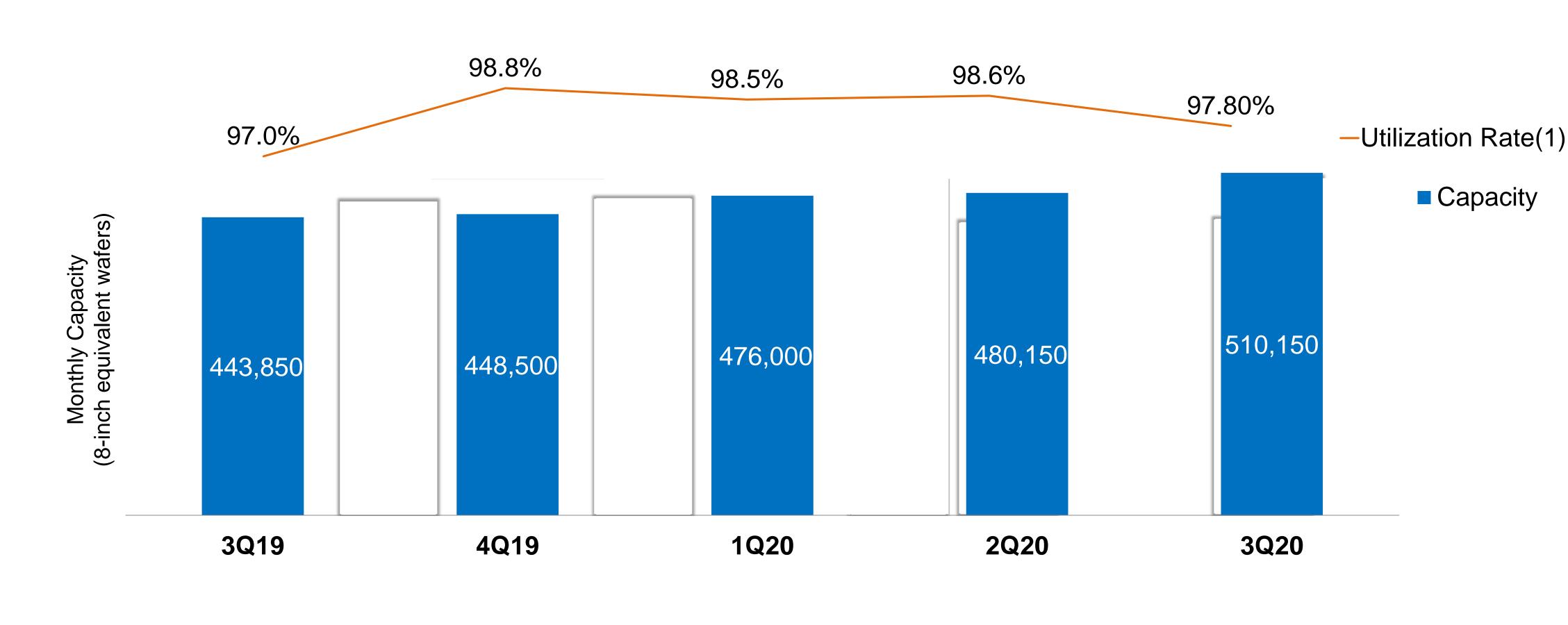


2Q20 vs. 3Q20





Capacity, Utilization and Shipment



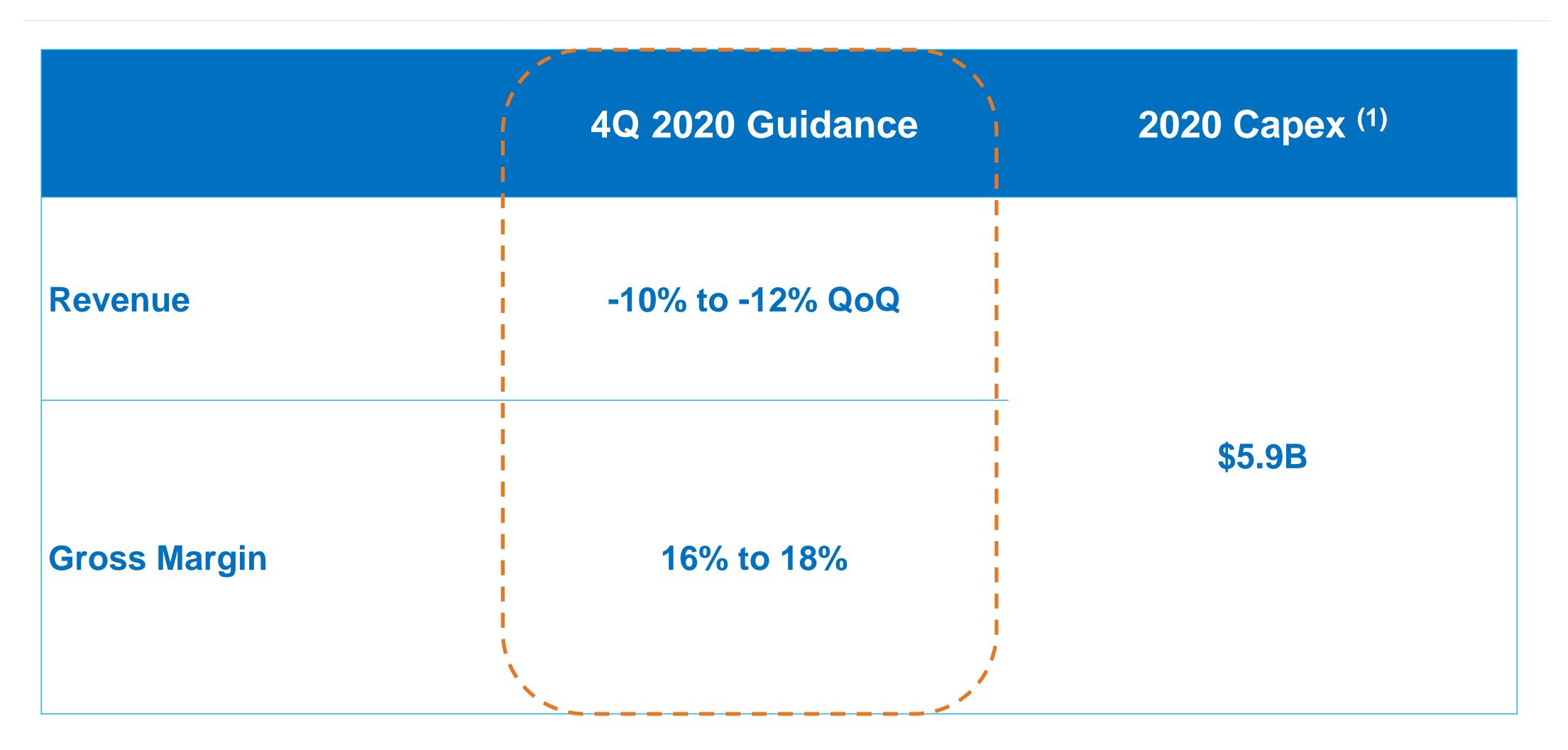
	3Q19	4Q19	1Q20	2Q20	3Q20
Wafer Shipments	1,315,443	1,339,400	1,406,714	1,435,591	1,440,531

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





4Q 2020 Guidance and 2020 Capex Guidance



(1) Capex plan is decreased from \$6.7 billion to \$5.9 billion, mainly due to 1) an extended lead-time or uncertainty of certain equipment delivery from US suppliers due to export restriction; 2) delay in equipment move-in schedule caused by logistics.



Appendix

SMIC Financial Presentation



Results vs Original Guidance

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Capital Expenditures & Depreciation

(US\$ millions)	3Q19	4Q19	1Q20	2Q20	3Q20
Capex	190	492	777	1,342	2,280
Depreciation & Amortization	280	286	290	306	351

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Thank You!

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Contact us: ir@smics.com

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