



SMIC Q1 2013 Financial Presentation

NYSE: SMI HKSE: 981

SMIC Investor Relations

April 01



Safe Harbor Statements

Under the Private Securities Litigation Reform Act of 1995

This press release 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, including statements under “Second Quarter 01 Guidance”, and the statement regarding our expectation that both HKMG and PolySiON processes will be ready by the fourth quarter of 01 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 global economic slowdown, orders or judgments from pending litigation and financial stability in end markets.

Investors should consider the information contained in SMIC’s filings with the U.S. Securities and Exchange Commission (SEC), including its annual report on 10-F filed with the SEC on April 15, 2001, especially the consolidated financial statements, and such other documents that SMIC may file with the SEC or The Hong Kong Stock Exchange Limited (“SEHK”) from time to time, including current reports on Form 6-K. Other unknown or unpredictable factors also could have material adverse effects on SMIC’s future results, performance or achievements. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed in this press release 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 press release. Except as may be required by law, SMIC undertakes no obligation and does not intend to update any forward-looking statement, whether as a result of new information, future events or otherwise.





1Q13 Financial Highlights

Fourth consecutive record-high quarter **revenue of \$501.6 million**

- **increased 50.8%** year over year
- **increased 3.2%** quarter over quarter

Revenue from China-based customers contributed **38.6%** of overall revenue

- compared to **32.5%** in 1Q12
- compared to **34.8%** in 4Q12

Gross margin was **20.4%**

- compared to **12.0%** in 1Q12
- compared to **19.9%** in 4Q12

Net income attributable to SMIC was **\$40.6 million**

- compared to a net **loss of \$42.8 million** in 1Q12
- compared to net income of **\$46.6 million** in 4Q12



Income Statement Highlights

(US\$ thousands)	1Q13	4Q12	QoQ	1Q12	YoY
Total Revenue	501,609	485,894	3.2%	332,711	50.8%
Gross Profit	10,180	96,767	5.6%	9,844	156. %
Gross Margins	20.4%	19.9%	-	12.0%	-
Expenses from continuing operations	(71,065)	(64,742)	9.8%	(90,127)	-21.2%
Research & Development	23,408	26,677	-12.3%	59,311	-60.5%
General & Administrative	39,783	29,436	35.2%	23,924	66.3%
Selling & Marketing	7,874	8,629	-8.7%	6,892	14.2%
Total other income (loss), net	11,975	17,072	-29.9%	(3,960)	
Finance costs	(10,850)	(10,449)	3.8%	(7,687)	41.1%
Interest income	1,352	1,276	6.0%	1,199	12.8%
Other income or expenses	(1,366)	2,125	-	1,763	-
Other gains or losses	22,393	24,016	-6.8%	392	5612.5%
Share of profits of associates	446	104	328.8%	373	19.6%
Profit (loss) before tax	43,048	49,097	-12.3%	(54,243)	-
Income tax expenses	(5,665)	(6,665)	-4.8%	11,418	-
Profit (loss) for the quarter	40,512	46,432	-12.7%	(42,825)	-
Income (loss) attributable to SMIC	40,604	46,570	-12.8%	(42,825)	-
Net income (loss) per ADS	0.06	0.07	-	(0.08)	-

Wafer revenue from Wuhan Xinxin was \$ 9. million in Q1, contributing 5.8% to total revenue, vs. \$48.5 million in Q4.

G&A expenses increased to \$ 9.8 million from \$ 9.4 million mainly due to employee bonus accrual and recovery of bad debt in 4Q 01. The increase in employee bonus accrual is a component of SMIC's new employee retention program for 01, which is contingent upon the Company's full year overall profitability.

Within Other gains or losses is \$ 0. million gain from the sale of living quarter units in 1Q 01.



Balance Sheet Highlights

(US\$ thousands)

For the three months ended

	Mar 31, 2013	Dec 31, 2012
Cash and bank balances	9 ,9	58,490
Restricted Cash	185,0 1	17,60
Trade and other receivables	55, 9	8, 11
Inventories	84,65	95,7 8
Other Assets	,904,0 7	,87 ,1 8
Total Assets	4,021,946	4,073,160
Short-term borrowings	5 9,440	567,80
Long Term debt	4 9,000	5 8,61
Total Debt	958,440	1,096,415
Total Liabilities	1,702,910	1,796,708
Total Equity	2,319,036	2,276,452
Debt/Equity Ratio*	41. %	48. %

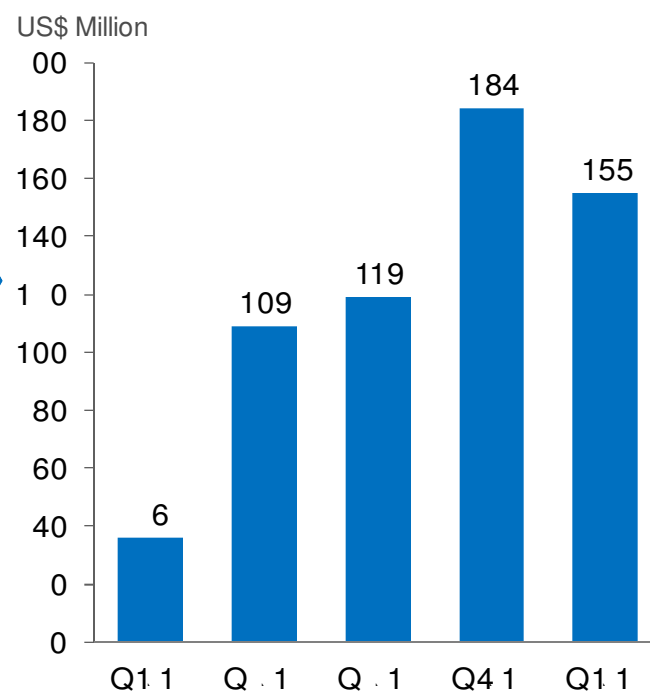


Cash Flow Highlights

(US\$ thousands) For the three months ended

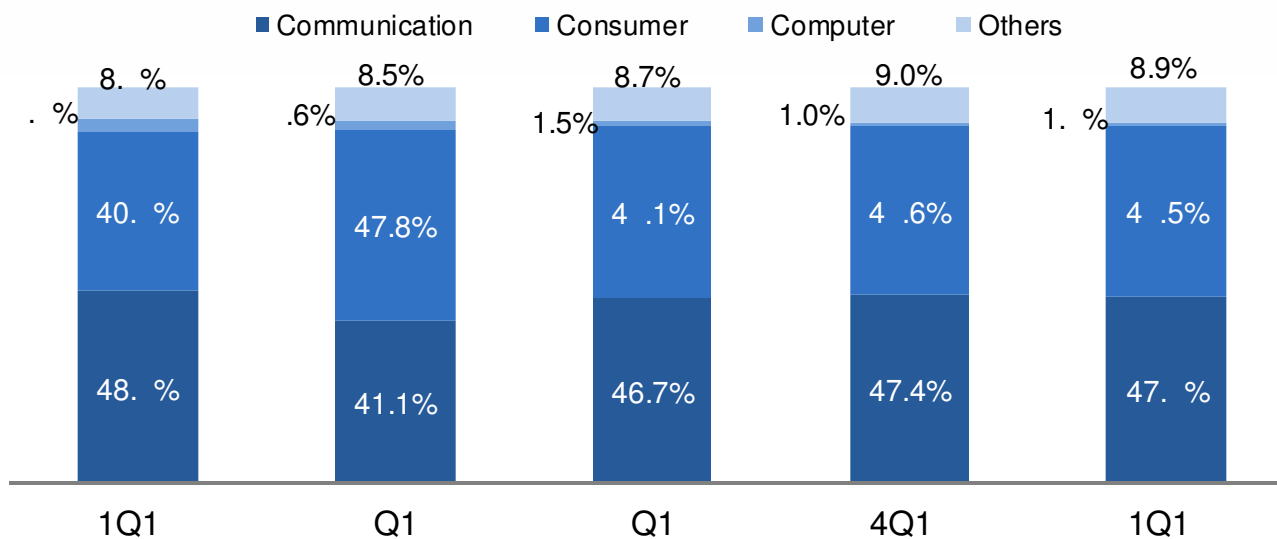
	Mar 31, 2013	Dec 31, 2012
Cash and cash equivalents at the beginning of period	58,490	1,785
Net cash provided by operating activities	154,688	18,799
Net cash used in investing activities	(8,688)	(74,719)
Net cash used in financing activities	(17,501)	17,855
Net increase (decrease) in cash and cash equivalents	(65,558)	16,705
Cash and cash equivalents at the end of period	9,932	58,490

Cash Flow from Operations



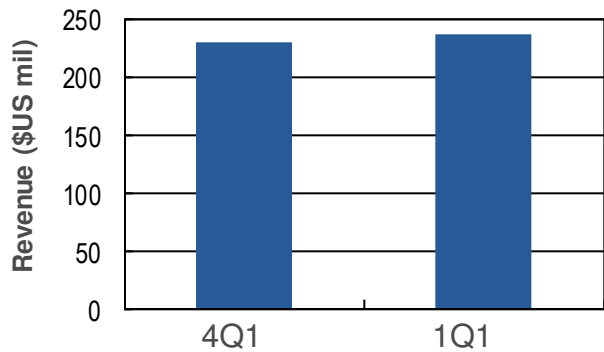


Total Revenue Breakdown by Applications

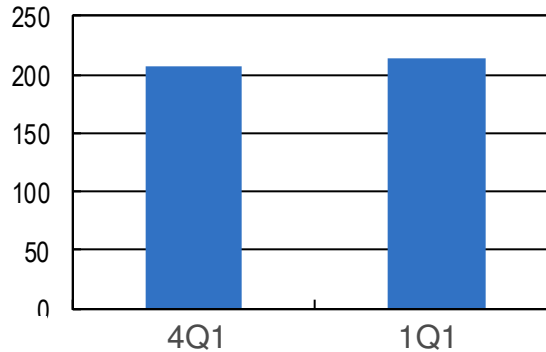


1Q 13 vs. 4Q 12

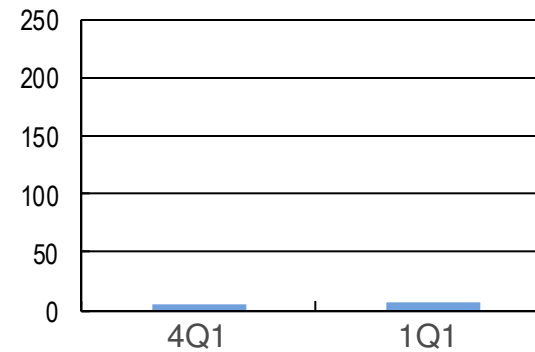
Communications



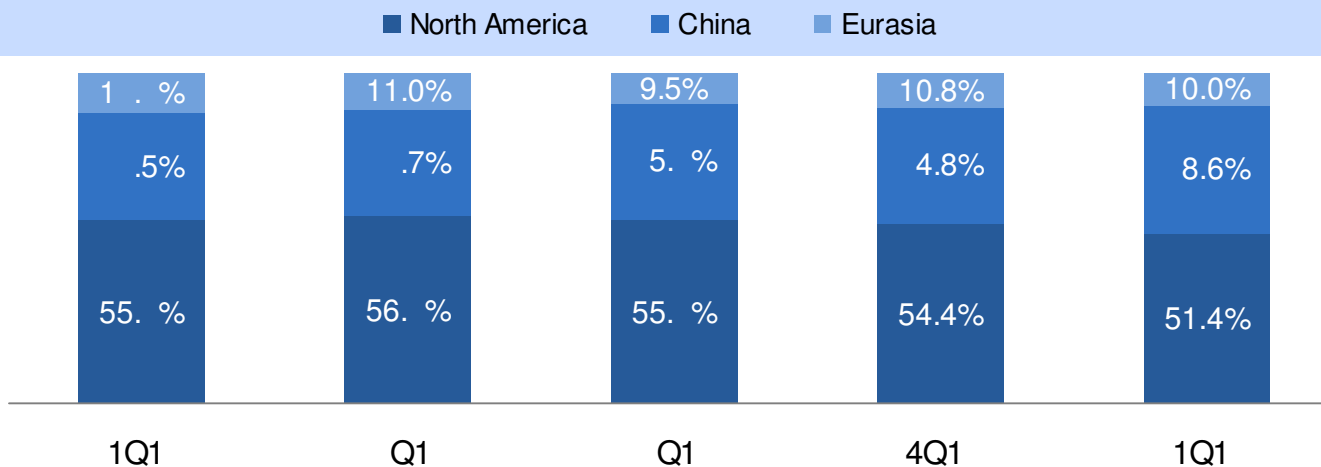
Consumer



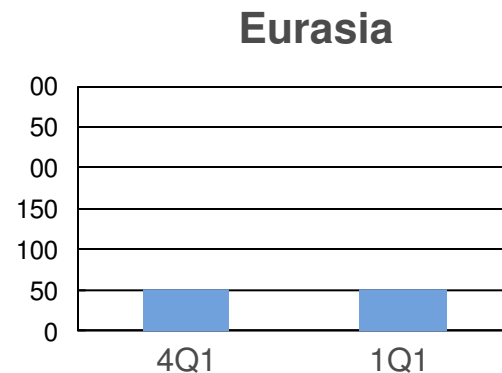
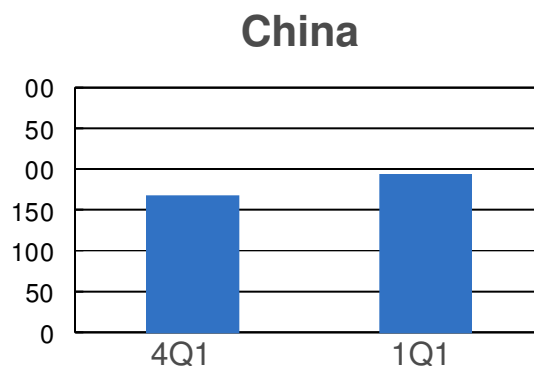
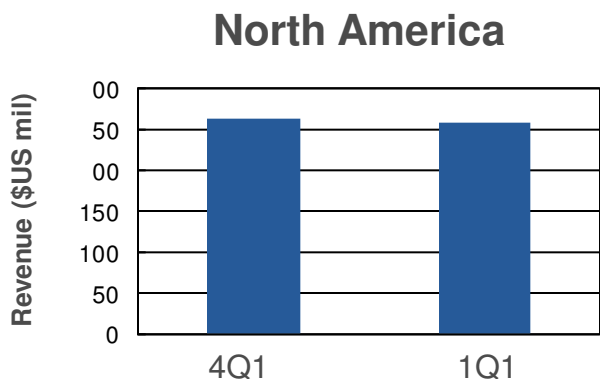
Computer



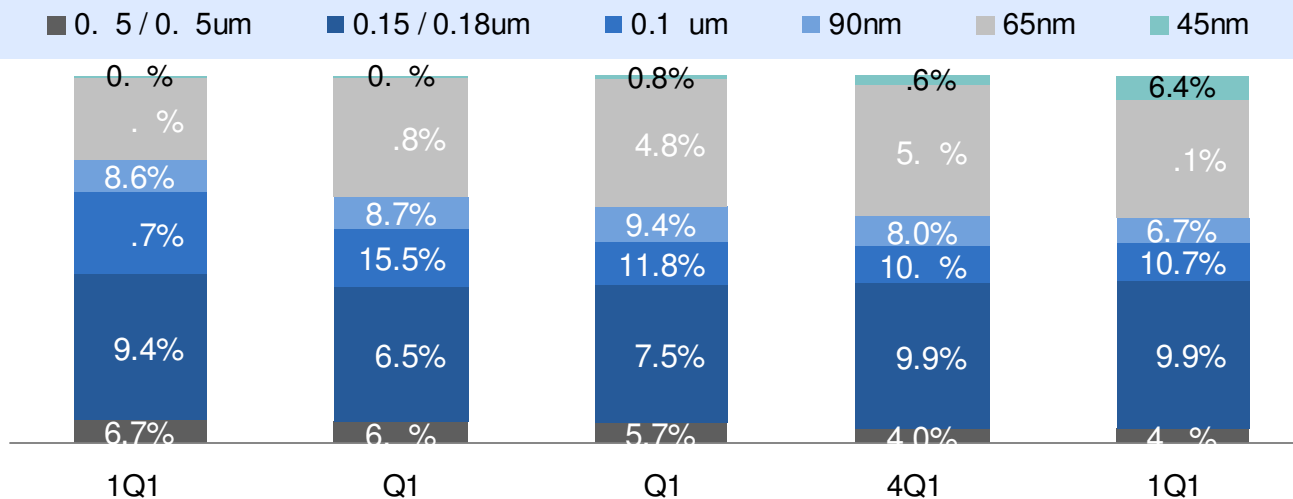
Total Revenue Breakdown by Geography



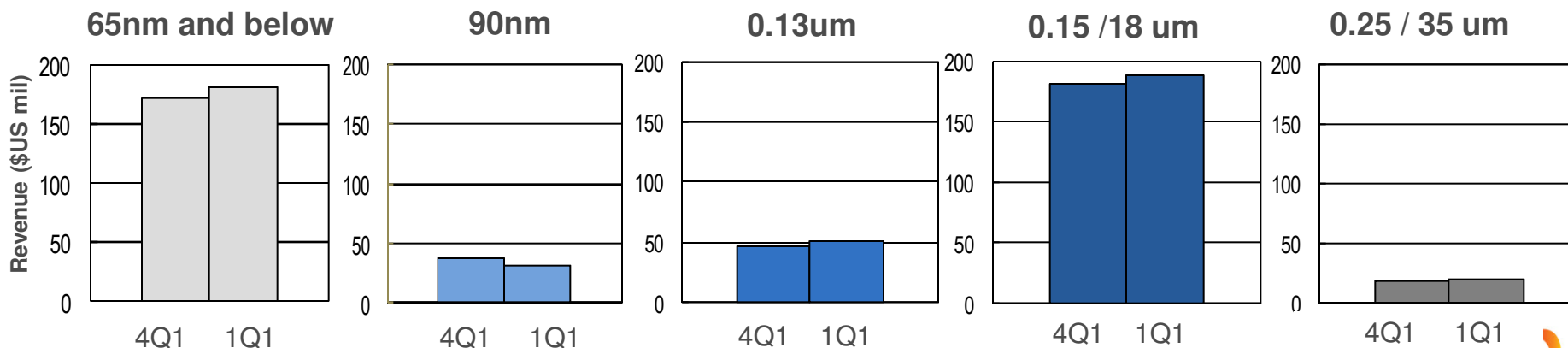
1Q 13 vs. 4Q 12



Wafer Revenue Breakdown by Technology

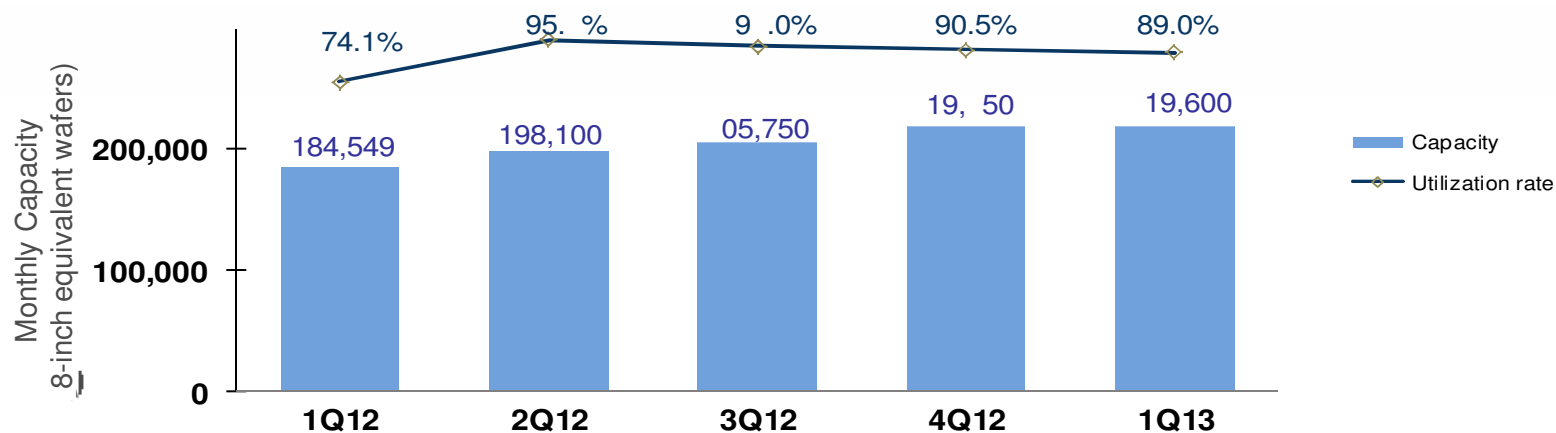


1Q 13 vs. 4Q 12





Capacity, Utilization and Shipment



	Q1'12	Q2'12	Q3'12	Q4'12	Q1'13
Shanghai Mega Fab (8")	79,100	84,600	90,000	90,000	90,000
Shanghai 12-inch Fab (12")	-	-	-	6,000	6,900
Beijing Mega Fab (12")	0,000	4,000	5,000	5,000	6,000
Tianjin Fab (8")	7,890	7,000	7,000	7,000	4,450
Monthly Capacity (8-inch equivalent wafers)	184,549	198,100	205,750	219,250	219,600
Wafer Shipment ⁽¹⁾	445,689	557,680	605,540	608,700	611,776
Utilization Rate ⁽²⁾	74.1%	95.0%	90.0%	90.5%	89.0%

¹⁾ Including copper interconnects and shipment of managed fab

²⁾ Capacity utilization rate is reported based on total equivalent wafers out divided by estimated total quarterly capacity





2Q 2013 Guidance

Q2' 2013 Guidance	
Revenue	+ % to 5% QoQ
Gross Margin	0% to %
Expenses from continuing operations ⁽¹⁾	\$85 to \$88 million



Appendix



1Q13 Results Vs Guidance

	1Q 13 Guidance	1Q 13 Results
Revenue	+1% to - %	Increased . % \$501.6M
Gross Margin	17.5% to 19.5%	0.4%
Operating Expenses excluding R&D grants	\$74 to \$77 million	\$8 .0 million
Expenses from continuing operations ⁽¹⁾	---	\$71.1 million

1) According to Q1 01 reported unaudited results.

Expenses from continuing operations in Q1 was offset by government R&D grants of **\$10.9 million**.

Opex excluding R&D grants exceeded guidance due to a larger than expected bonus accrual which is contingent on the Company's full-year overall profitability



Capital Expenditures & Depreciation

<i>(US\$ millions)</i>	Q1'12	Q2'12	Q3'12	Q4'12	Q1'13
Capex	18	84	1 0	10	185
Total Depreciation & Amortization	14	140	14	140	1 6

SMIC has increased the planned **Q1 capital expenditures** for foundry operations by \$75 million to **\$675 million**. The additional capital expenditures will be used for the expansion of our Shanghai 1 -inch fab to meet the customer demand for our 40/45 nm capacity.





Thank you

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