



Contact:

NEWS RELEASE

SMIC Reports 2012 Fourth Quarter Results

***All currency figures stated in this report are in US Dollars unless stated otherwise.
The financial statement amounts in this report are determined in accordance with US GAAP.***

Shanghai, China –February 6, 2013. Semiconductor Manufacturing International Corporation (NYSE: SMI; SEHK: 981) (“SMIC” or the “Company”), one of the leading semiconductor foundries in the world, today announced its consolidated results of operations for the three months ended December 31, 2012.

Fourth Quarter 2012 Highlights:

Record high quarterly revenue of \$485.9 million in 4Q12, an increase of 5.4% quarter over quarter, and up 67.8% year over year.

\$189.8 million net cash generated from operations in 4Q12, \$70.8 million more than 3Q12.

Net income of \$39.7 million attributable to Semiconductor Manufacturing International Corporation in 4Q12, compared to \$12.0 million in 3Q12.

Diluted EPS was \$0.06 per ADS.

First Quarter 2013 Guidance:

The following statements are forward looking statements which are based on current expectations and which involve risks and uncertainties, some of which are set forth under “Safe Harbor Statements” below.

Revenue is expected to be up 1% to down 2%.

Gross margin is expected to range from 17.5% to 19.5%.

Operating expenses excluding the effect of foreign exchange, government R&D grants and assets disposal are expected to range from \$74 million to \$77 million.

2013 capital expenditure for foundry operations is expected to be approximately \$600 million.

Dr. Tzu-Yin Chiu, SMIC’s Chief Executive Officer and Executive Director, commented, “I am

customers grew 34.1% in 2012 over 2011, while employing our full spectrum of technology from 0.35-micron to 40nm.

“Our 45/40nm process commenced volume shipment in the fourth quarter, and its contribution more than tripled quarter-over-quarter to 2.6% of revenue. Our 28nm offering is on track and both HKMG and PolySiON processes are targeted to be ready by the fourth quarter of 2013.

“As the leading and most advanced foundry provider in China, we have upgraded our technology portfolio, services and quality to help all of our customers participate in the rapidly growing China semiconductor market. The latest survey published by the Ministry of Industry and Information Technology's China Software and Integrated Circuit Promotion Center (CSIP) in November 2012 specifies that approximately 75% of Chinese fabless companies choose SMIC as their preferred foundry partner in 2012, a noticeable and significant improvement as compared to 59% in 2011.

“I am very pleased with SMIC’s achievements in 2012, and we are starting 2013 with both excitement and caution. I believe we have the right strategy, the right focus and the right team. We will continue to focus on sustainable profitability, growth, and shareholder value.”

Conference Call / Webcast Announcement

Date: February 7, 2013

Time: 8:30 a.m. Shanghai time

Dial-in numbers and pass code:

United States	1-718-354-1231	(Pass code: SMIC)
Hong Kong	852-2475-0994	(Pass code: SMIC)
China	86-80-0819-0121	(Pass code: SMIC)
Taiwan	886-2-2650-7825	(Pass code: SMIC)

The call will be webcast live with audio at http://www.smics.com/eng/investors/ir_presentations.php, or at <http://www.media-server.com/m/p/d532va5f>

An archived version of the webcast, along with an electronic copy of this news release will be available on the SMIC website for a period of 12 months following the webcast.

About SMIC

Semiconductor Manufacturing International Corporation (“SMIC”; NYSE: SMI; SEHK: 981) is one of the leading semiconductor foundries in the world and the largest and most advanced foundry in mainland China, providing integrated circuit (IC) foundry and technology services at 0.35-micron to 40-nanometer. Headquartered in Shanghai, China, SMIC has a 300mm wafer fabrication facility (fab) and a 200mm mega-fab in Shanghai, a 300mm mega-fab in Beijing, a 200mm fab in Tianjin, and a 200mm fab project under development in Shenzhen. SMIC also has customer service and marketing offices in the U.S., Europe, Japan, and Taiwan, and a representative office in Hong Kong. In addition, SMIC manages and operates a 300mm wafer fab in Wuhan owned by Wuhan Xinxin Semiconductor Manufacturing Corporation.

For more information, please visit www.smics.com.

Safe Harbor Statements

(Under the Private Securities Litigation Reform Act of 1995)

This press release contains, in addition to historical information, “forward-looking statements” w



Summary of Fourth Quarter 2012 Operating Results

All amounts in \$ million except for EP and operating					
	4Q12	3Q12	QoQ	4Q11	YoY
Sales	485,894	461,168	5.4%	289,628	67.8%
Cost of sales	389,127	334,348			



Analysis of Revenue

Revenue Analysis			
By Application	4Q12	3Q12	4Q11
Computer	1.0%	1.5%	3.3%
Communications	47.4%	46.7%	44.1%
Consumer	42.6%	43.1%	42.5%
Others	9.0%	8.7%	10.1%
By Service Type	4Q12	3Q12	4Q11
Wafers ⁽¹⁾	94.0%	94.9%	92.2%
Mask making, testing, others	6.0%	5.1%	7.8%
By Customer Type	4Q12	3Q12	4Q11
Fabless semiconductor companies	86.6%	86.8%	88.5%
Integrated device manufacturers (IDM)	9.3%	8.8%	8.2%
System companies and others	4.1%	4.4%	3.3%
By Geography	4Q12	3Q12	4Q11
North America	54.4%	55.2%	55.9%
China ⁽²⁾	34.8%	35.3%	34.1%
Eurasia ⁽³⁾	10.8%	9.5%	10.0%
Wafer Revenue Analysis			
By Technology (logic, memory & copper interconnect only)	4Q12	3Q12	4Q11
40/45 nm	2.6%	0.8%	0.3%
55/65 nm	35.3%	34.8%	21.0%
90 nm	8.0%	9.4%	9.2%
0.13 μm	10.2%	11.8%	22.3%
0.15/0.18 μm	39.9%	37.5%	37.2%
0.25/0.35 μm	4.0%	5.7%	10.0%

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Capacity*

Fab / (Wafer Size)	4Q12	3Q12
Shanghai Mega Fab (8")	90,000	90,000
Shanghai 12-inch Fab (12")	13,500	-
Beijing Mega Fab (12")	78,750	78,750
Tianjin Fab (8")	37,000	37,000
Total monthly wafer fabrication capacity	219,250	205,750

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Capacity increased to 219,250 8-inch equivalent wafers in 4Q12 from 205,750 8-inch equivalent wafers in 3Q12, primarily because the Shanghai 12" fab entered into volume production in 4Q12.

Shipment and Utilization

8" equivalent wafers	4Q12	3Q12	QoQ	4Q11	YoY
Wafer shipments including copper interconnects	608,372	605,543	0.5%	374,116	62.6%
Utilization rate ⁽¹⁾	90.5%	92.0%	-	65.6%	-

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Detailed Financial Analysis

Gross Profit Analysis

A o n n / o nd	4Q12	3Q12	QoQ	4Q11	YoY
Cost of sales	389,127	334,348	16.4%	310,959	25.1%
Depreciation	112,290	93,258	20.4%	106,150	5.8%
Other manufacturing costs	276,367	240,621	14.9%	204,546	35.1%
Share-based compensation	470	469	0.2%	263	78.7%
Gross profit	96,767	126,820	-23.7%	(21,331)	-
Gross margin	19.9%	27.5%	-	-7.4%	-

Cost of sales increased to \$389.1 million in 4Q12, an increase of 16.4% QoQ from \$334.3 million in 3Q12. This was mainly because the Shanghai 12" fab entered volume production in 4Q12 and as a result, all the production related costs were removed from the R&D expense line and treated as manufacturing costs.

Gross profit was \$96.8 million in 4Q12, a decrease of 23.7% QoQ from \$126.8 million in 3Q12, mainly due to the same reason mentioned above.

Gross margin was 19.9% in 4Q12, down from 27.5% in 3Q12, primarily due to the same reason mentioned above. The inclusion of Shanghai 12" fab production related costs led to a 4.4% decrease in gross margin in 4Q12.

Operating Expense (Income) Analysis

A o n n / o nd	4Q12	3Q12	QoQ	4Q11	YoY
Total operating expenses	44,044	106,452	-58.6%	85,667	-48.6%
Research and development	26,676	72,945	-63.4%	38,921	-31.5%
General and administrative	29,437	24,857	18.4%	25,038	17.6%
Selling and marketing	8,629	8,178	5.5%	9,283	-7.0%
Other operating expense (income)	(20,698)	472	-	12,425	-

R&D expenses decreased to \$26.7million in 4Q12, down 64.3% QoQ from \$72.9 million in 3Q12, mainly due to two factors: a) the Shanghai 12" fab entered volume production in 4Q12 and as a result, all the production related costs were removed from the R&D expense line and treated as manufacturing costs and b) R&D grant of \$10.1 million was recorded in 4Q12 compared to \$1.2 million in 3Q12.

General and administrative expense increased to \$29.4 million in 4Q12, up 18.4% QoQ from \$24.8 million in 3Q12, mainly due to employee bonus accrual.

Other operating income in 4Q12 was \$20.7 million mainly due to gain arising from the disposal of part of the living quarters in Shanghai.

Total Other Income (Loss), Net

A o n n / o nd	4Q12	3Q12	QoQ	4Q11	YoY
Total other income (loss), net	(2,353)	(7,806)	-69.9%	5,430	-
Interest income	1,276	1,087			
Interest expense	(10,107)	(10,835)			
Foreign currency exchange gain	4,434	1,405			
Other, net	2,044	537			

Depreciation and Amortization

A o n n / o nd	4Q12	3Q12
Depreciation and amortization	139,638	142,833

Liquidity

A o n n / o nd

Capital Structure

<i>A o n n , o nd</i>	4Q12	3Q12
Cash and cash equivalents	358,490	231,785
Restricted cash	217,603	244,151
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Current portion of promissory notes	29,374	29,582
Non-current portion of promissory notes	-	14,482
.		
Short-term borrowings	383,225	410,870
Current portion of long-term debt	184,579	249,404
Long-term debt	528,612	401,000
Total debt	1,096,416	1,061,274
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Equity ⁽¹⁾	2,269,535	2,228,166
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Total debt to equity ratio ⁽²⁾	48.3%	47.6%

Recent Highlights and Announcements

SMIC Added to Ocean Tomo 300 Patent Index (2013-02-02)
Kilopass NVM IP Achieves JEDEC Qualification on High-Demand SMIC 65/55/40nm
Processes (2013-01-31)
Notification of Board Meeting (2013-01-09)
SMIC Selected Again for Hang Seng Corporate Sustainability Index Series (2013-01-07)
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Semiconductor Manufacturing International Corporation
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(In US\$ thousands except share data)

	For the three months ended	
	December 31, 2012	September 30, 2012
	(Unaudited)	(Unaudited)
Sales	485,894	461,168
Cost of sales	389,127	334,348
Gross profit	96,767	126,820
Operating expenses:		
Research and development	26,676	72,945
General and administrative	29,437	24,857
Selling and marketing	8,	

Semiconductor Manufacturing International Corporation
CONDENSED CONSOLIDATED BALANCE SHEET
(In US\$ thousands)

	As of	
	December 31, 2012 (Unaudited)	September 30, 2012 (Unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	358,490	231,785
Restricted cash	217,603	244,151
Accounts receivable, net of allowances of \$45,340 and \$45,099 at December 31, 2012 and September 30, 2012, respectively	278,111	289,117
Inventories	295,728	262,242
Prepaid expense and other current assets	124,107	105,873
Total current assets	1,274,039	1,133,168
Prepaid land use rights	73,962	75,854
Plant and equipment, net	2,385,435	2,434,508
Acquired intangible assets, net	235,378	231,455
Other long-term assets	104,344	103,809
TOTAL ASSETS	4,073,158	3,978,794
LIABILITIES, NONCONTROLLING INTEREST AND EQUITY		
Current liabilities:		
Accounts payable	331,394	343,810
Accrued expenses and other current liabilities	186,429	163,507
Short-term borrowings	383,225	410,870
Current portion of promissory notes	29,374	29,582
Current portion of long-term debt	184,579	249,404
Total current liabilities	1,115,001	1,197,173
Long-term liabilities:		
Promissory notes	0	14,482
Long-term debt	528,612	401,000
Other long-term liabilities	155,785	134,091
Total long-term liabilities	684,397	549,573
Total liabilities	1,799,398	1,746,746
Noncontrolling interest	5,176	4,972
Ordinary shares, \$0.0004 par value, 50,000,000,000 shares authorized, 32,000,139,623 and 31,986,671,530 shares issued and outstanding at December 31, 2012 and September 30, 2012, respectively	12,800	12,795
Additional paid-in capital	4,246,744	4,244,895
Accumulated other comprehensive loss	3,916	3,918
Accumulated deficit	(1,994,876)	(2,034,532)
Total equity	2,268,584	2,227,076
TOTAL LIABILITIES, NONCONTROLLING INTEREST AND EQUITY	4,073,158	3,978,794

Semiconductor Manufacturing International Corporation
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(In \$US thousands)