



SMIC Q1 2023

Financial Presentation

SEHK: 00981

SSE STAR MARKET: 688981

SMIC Investor Relations
May 2023

Forward-Looking Statements

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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 report.

1Q23 Financial Highlights (unaudited)

- **Revenue was \$1,462.3 million**
 - Down 9.8% QoQ from \$1,621.3 million in 4Q22
 - Down 20.6% YoY from \$1,841.9 million in 1Q22

- **Gross margin was 20.8%**
 - Compared to 32.0% in 4Q22
 - Compared to 40.7% in 1Q22

- **Profit from operations was \$83 million**
 - Compared to \$282 million in 4Q22
 - Compared to \$536 million in 1Q22

- **Profit attributable to SMIC was \$231 million**
 - Compared to \$386 million in 4Q22
 - Compared to \$447 million in 1Q22

- **EBITDA was \$951 million**
 - Compared to \$1,063 million in 4Q22
 - Compared to \$1,136 million in 1Q22

Income Statement

(US\$ thousands)	1Q23	4Q22	QoQ	1Q22	YoY
Revenue	1,462,288	1,621,270	-9.8%	1,841,894	-20.6%
Gross profit	304,669	518,689	-41.3%	750,255	-59.4%
Gross margin	20.8%	32.0%		40.7%	
Operating income(expenses)	(221,386)	(236,343)	-6.3%	(214,284)	3.3%
<i>Research & development</i>	<i>(167,668)</i>	<i>(197,455)</i>	<i>-15.1%</i>	<i>(165,269)</i>	<i>1.5%</i>
<i>General & administrative</i>	<i>(99,877)</i>	<i>(127,338)</i>	<i>-21.6%</i>	<i>(94,591)</i>	<i>5.6%</i>
<i>Selling & marketing</i>	<i>(8,053)</i>	<i>(7,850)</i>	<i>2.6%</i>	<i>(9,130)</i>	<i>-11.8%</i>
<i>Other operating income</i>	<i>54,856</i>	<i>96,917</i>	<i>-43.4%</i>	<i>54,294</i>	<i>1.0%</i>
Profit from operations	83,283	282,346	-70.5%	535,971	-84.5%
Other income, net	192,627	136,777	40.8%	38,179	404.5%
Income tax credit (expense)	(8,790)	6,351	N/A	(4,989)	76.2%
Profit (loss) attributable to SMIC	231,102	385,534	-40.1%	447,227	-48.3%
Profit (loss) attributable to Non-controlling interests	36,018	39,940	-9.8%	121,934	-70.5%

- **Revenue** was \$1,462.3 million in 1Q23, a decrease of 9.8% QoQ from \$1,621.3 million in 4Q22. The decline was mainly due to the decrease in wafer shipment in 1Q23.
- **Gross margin** was 20.8% in 1Q23, compared to 32.0% in 4Q22 due to the decrease in wafer shipment and capacity utilization in 1Q23. **Research and development expenses** decreased to \$167.7 million in 1Q23 from \$197.5 million in 4Q22. The change was primarily due to the lower level of R&D activities in 1Q23.
- **General and administrative expenses** decreased to \$99.9 million in 1Q23 from \$127.3 million in 4Q22. The change was mainly because a new majority-owned fab entered into production in 4Q22 and the start-up cost decreased thereof.
- The change in **other operating income** was primarily caused by the change in the income recognized in relation to government funding and gain or loss on the disposal of fixed assets.

Capital Structure

(US\$ thousands)	As of	
	Mar 31, 2023	Dec 31, 2022
Cash and cash equivalents	8,703,465	6,932,587
Restricted cash - current	512,687	676,937
Financial assets at fair value through profit or loss - current ⁽¹⁾	405,426	375,776
Financial assets at amortised cost ⁽²⁾	9,632,629	10,676,151
Total cash on hand	19,254,207	18,661,451
Borrowings - current	1,787,053	1,268,218
Borrowings - non-current	6,872,271	6,718,304
Lease liabilities	94,924	109,531
Bonds payable	598,561	598,379
Total debt	9,352,809	8,694,432
Net debt ⁽³⁾	(9,901,398)	(9,967,019)
Equity	29,584,682	28,961,421
Debt to equity ratio ⁽⁴⁾	31.6%	30.0%
Net debt to equity ratio ⁽⁵⁾	-33.5%	-34.4%

(1) Mainly contain structural deposits and monetary funds.

(2) Mainly contain bank deposits over 3 months.

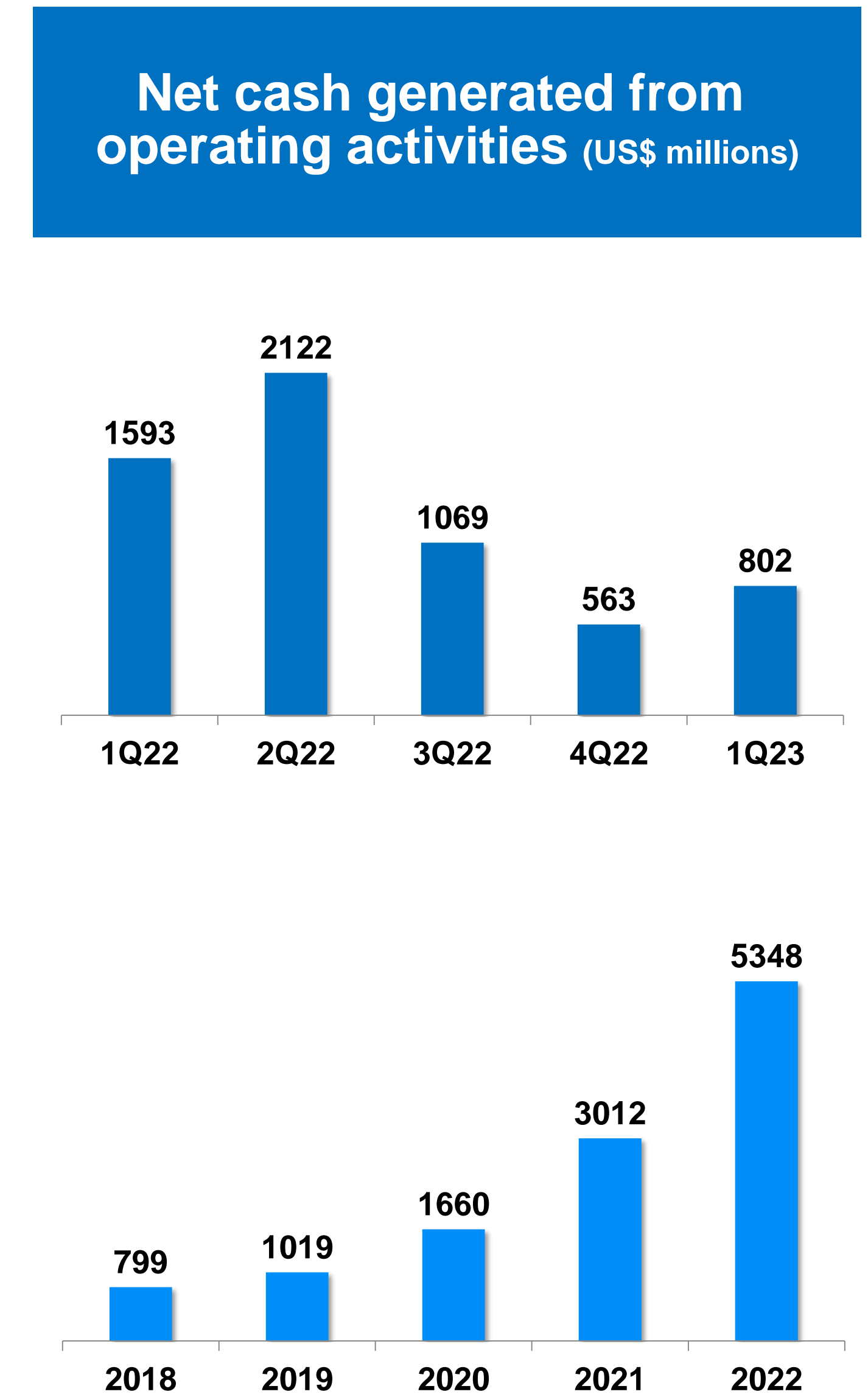
(3) Total debt minus total cash on hand.

(4) Total debt divided by equity.

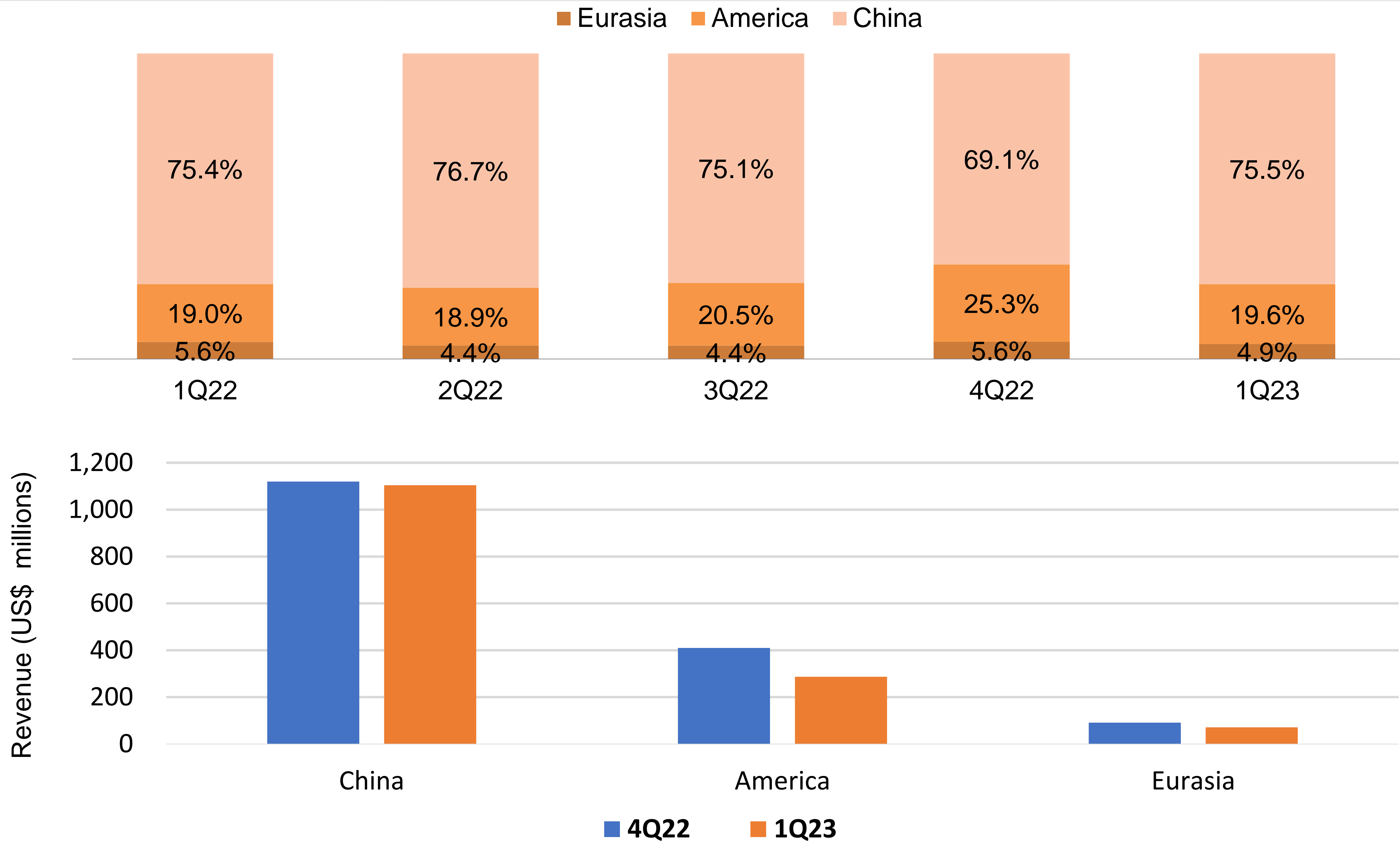
(5) Net debt divided by equity.

Cash Flow

(US\$ thousands)	For the three months ended	
	Mar 31, 2023	Dec 31, 2022
Cash and cash equivalents, beginning of the period	6,932,587	7,544,774
Net cash generated from operating activities	801,520	563,308
Net cash generated (used) in investing activities	22,611	(2,419,975)
Net cash generated from financing activities	920,864	1,135,197
Net change in cash and cash equivalents	1,770,878	(612,187)
Cash and cash equivalents, end of the period	8,703,465	6,932,587

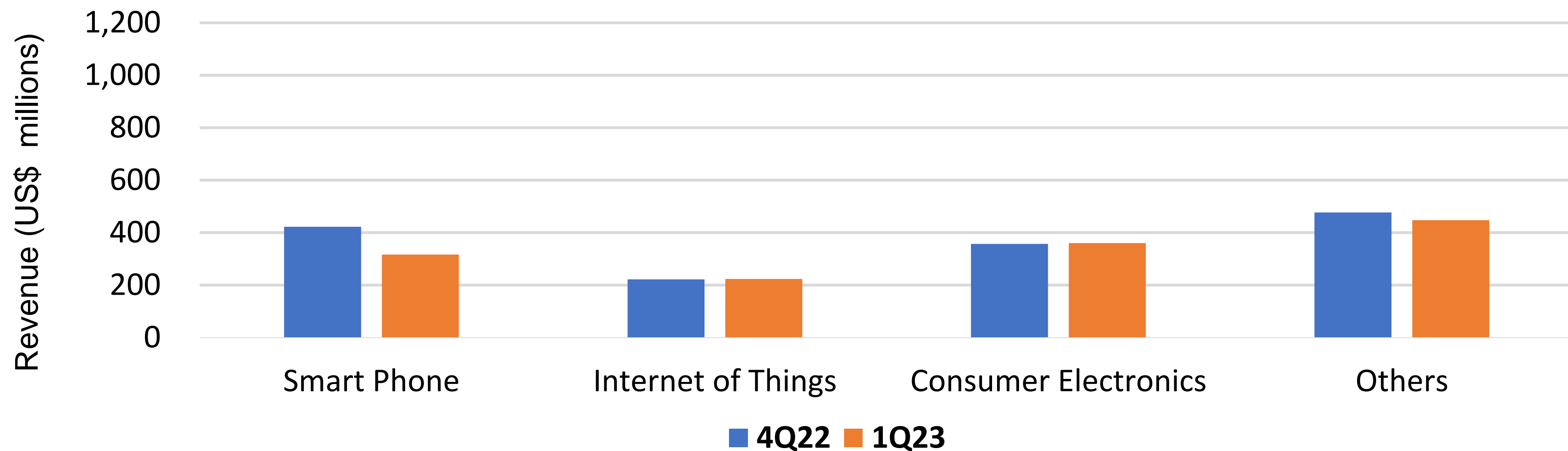
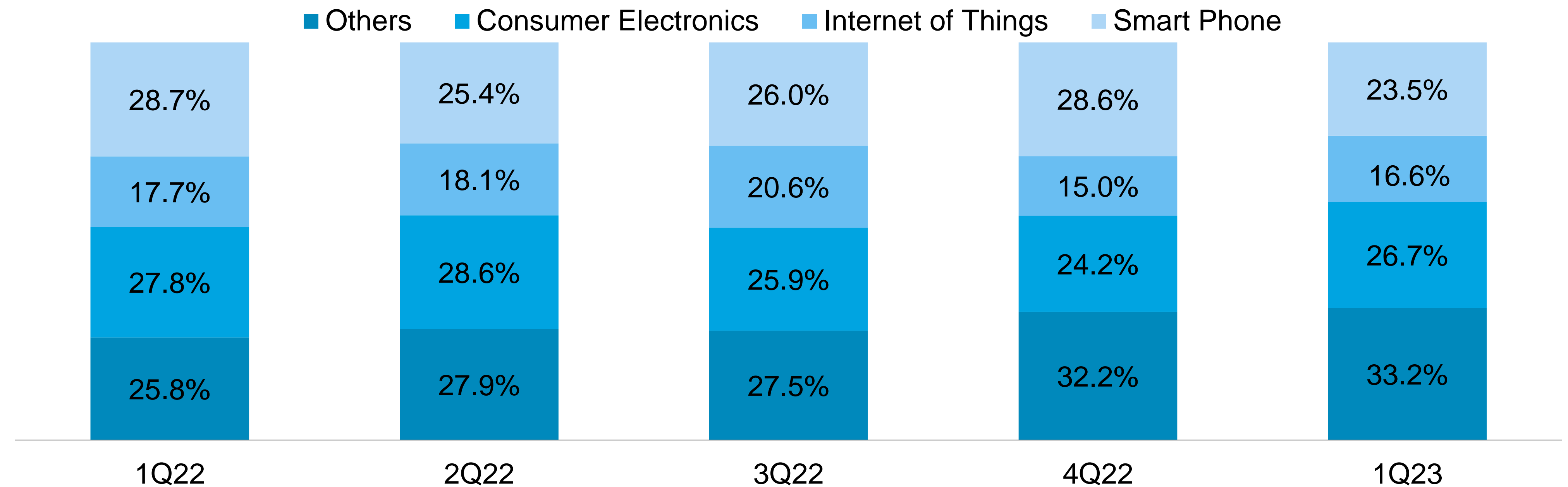


Total Revenue Analysis By Geography⁽¹⁾

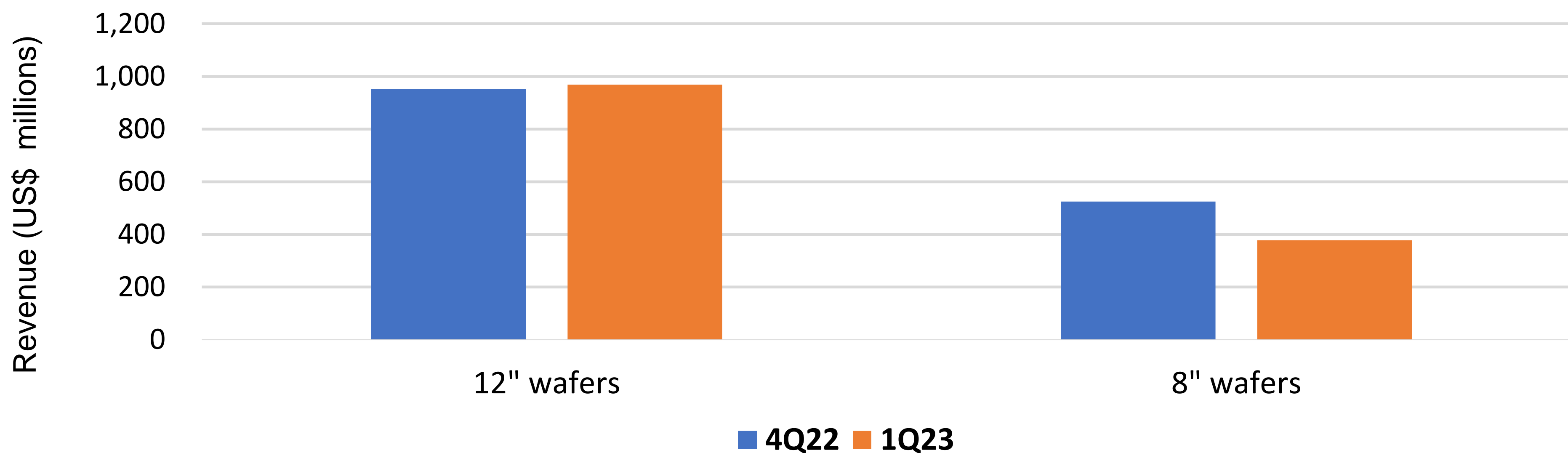
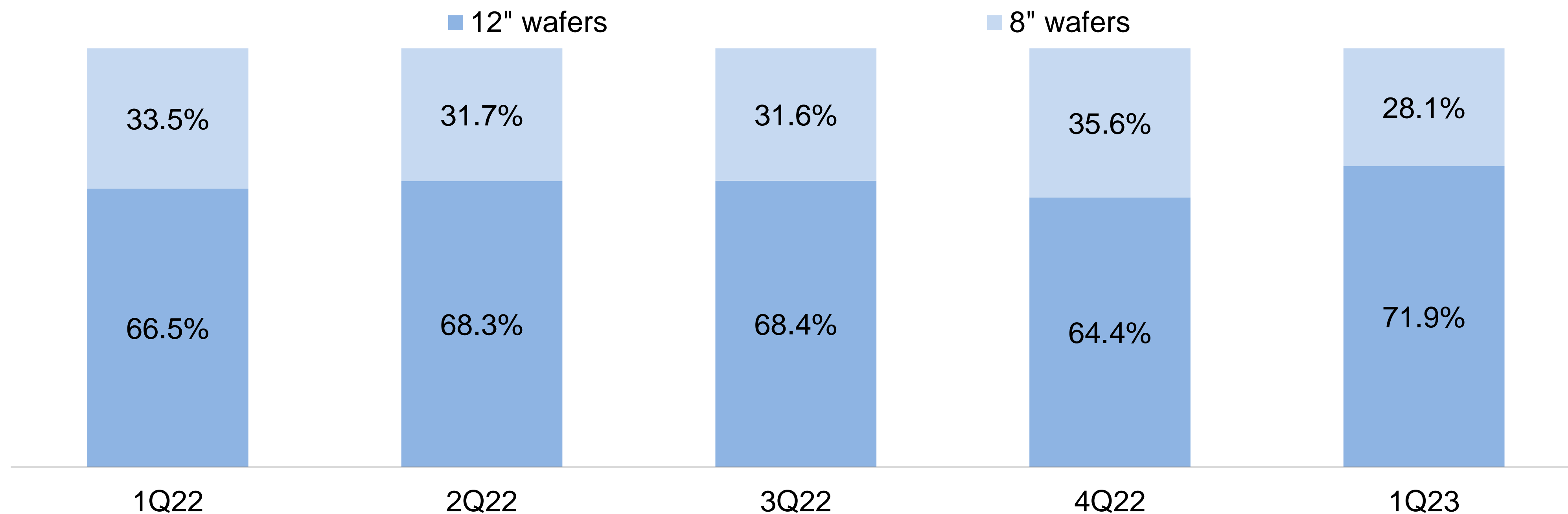


(1) Presenting the revenue to those companies whose headquarters are in this area, but ultimately selling and shipping the products to their global customers.

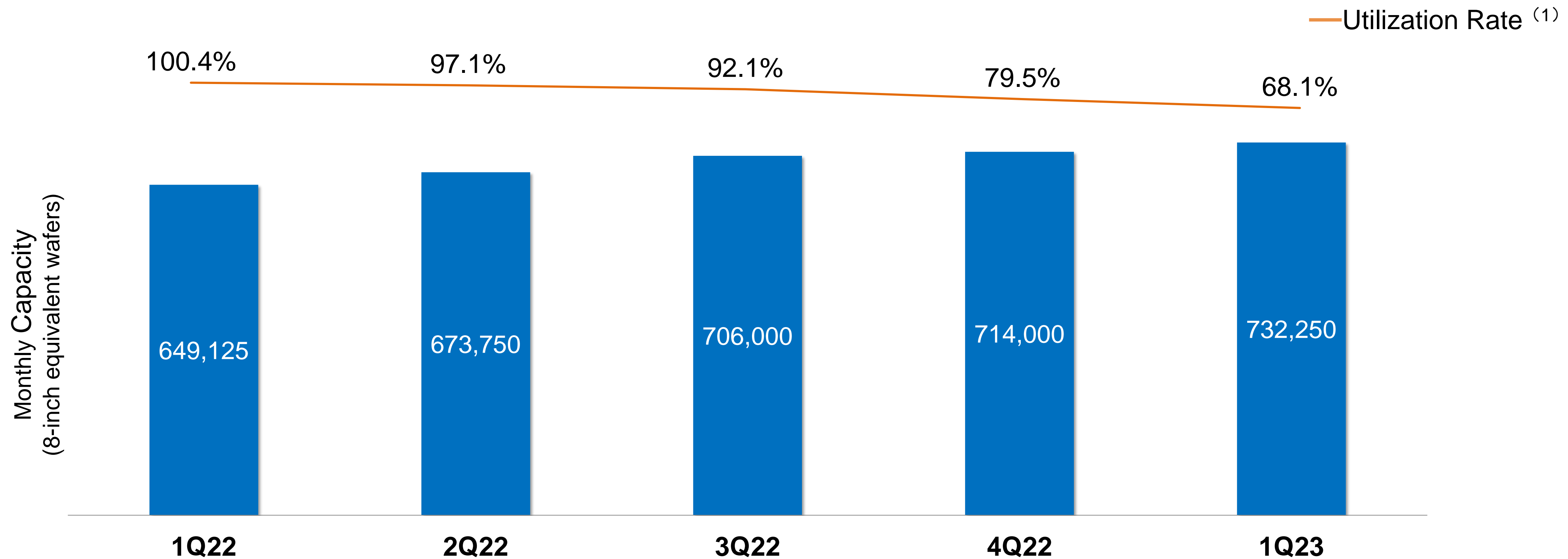
Wafer Revenue Analysis By Application



Wafer Revenue Analysis By Size



Capacity, Utilization and Shipment



	1Q22	2Q22	3Q22	4Q22	1Q23
Wafer Shipments	1,840,189	1,886,530	1,797,671	1,574,068	1,251,715

(1) Capacity utilization rate is reported based on total 8" equivalent wafers out divided by estimated total quarterly capacity.

2Q 2023 Guidance and 2023 Capex Guidance

	2Q 2023 Guidance	2023 Capex
Revenue	+5% to +7% QoQ	Roughly flat compared to 2022
Gross Margin	19% to 21%	

Appendix

1Q Results vs Guidance

	1Q 2023 Guidance	1Q 2023 Results
Revenue	-10% to -12% QoQ	-9.8% QoQ
Gross Margin	19% to 21%	20.8%

Capital Expenditures & Depreciation

(US\$ millions)	1Q22	2Q22	3Q22	4Q22	1Q23
Capex	869	1,672	1822	1987	1259
Depreciation & Amortization	534	557	576	604	631

Thank You!

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