



SMIC Q2 2023

Financial Presentation

SEHK: 00981

SSE STAR MARKET: 688981

SMIC Investor Relations
August 2023

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 “believe”, “anticipate”, “intend”, “estimate”, “expect”, “project”, “target”, “going forward”, “continue”, “ought to”, “may”, “seek”, “should”, “plan”, “could”, “vision”, “goal”, “aim”, “aspire”, “objective”, “schedule”, “outlook” 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 competition in the semiconductor industry, timely wafer acceptance by SMIC's customers, timely introduction of new technologies, SMIC's ability to ramp new products into volume, supply and demand for semiconductor foundry services, shortages in equipment, parts, raw materials, software and their service supports, orders or judgments from pending litigation, intellectual property litigation in the semiconductor industry, general economic conditions, fluctuations in currency exchange rates and the risk of geopolitics.

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

During this presentation, references to financial measures of SMIC will include IFRS financial measures, EBITDA and EBITDA margin. For an explanation to the most directly comparable IFRS financial measures, please see our earnings report.

2Q23 Financial Highlights (unaudited)

- **Revenue was \$1,560.4 million**
 - Up 6.7% QoQ from \$1,462.3 million in 1Q23
 - Down 18% YoY from \$1,903.2 million in 2Q22

- **Gross margin was 20.3%**
 - Compared to 20.8% in 1Q23
 - Compared to 39.4% in 2Q22

- **Profit from operations was \$80 million**
 - Compared to \$83 million in 1Q23
 - Compared to \$539 million in 2Q22

- **Profit attributable to SMIC was \$403 million**
 - Compared to \$231 million in 1Q23
 - Compared to \$514 million in 2Q22

- **EBITDA was \$1,201 million**
 - Compared to \$951 million in 1Q23
 - Compared to \$1,220 million in 2Q22

1H23 Financial Highlights (unaudited)

- **Revenue was \$3,023 million**
 - Compared to \$3,745 million in 1H22

- **Gross margin was 20.6%**
 - Compared to 40.1% in 1H22

- **Profit from operations was \$163 million**
 - Compared to \$1,075 million in 1H22

- **Profit attributable to SMIC was \$634 million**
 - Compared to \$962 million in 1H22

- **EBITDA was \$2,152 million**
 - Compared to \$2,356 million in 1H22

Income Statement

(US\$ thousands)	2Q23	1Q23	QoQ	2Q22	YoY
Revenue	1,560,396	1,462,288	6.7%	1,903,164	-18.0%
Gross profit	316,500	304,669	3.9%	750,488	-57.8%
Gross margin	20.3%	20.8%		39.4%	
Operating income(expenses)	(236,702)	(221,386)	6.9%	(211,045)	12.2%
<i>Research & development</i>	<i>(177,633)</i>	<i>(167,668)</i>	<i>5.9%</i>	<i>(187,484)</i>	<i>-5.3%</i>
<i>General & administrative</i>	<i>(106,436)</i>	<i>(99,877)</i>	<i>6.6%</i>	<i>(119,130)</i>	<i>-10.7%</i>
<i>Selling & marketing</i>	<i>(9,307)</i>	<i>(8,053)</i>	<i>15.6%</i>	<i>(9,497)</i>	<i>-2.0%</i>
<i>Other operating income</i>	<i>56,260</i>	<i>54,856</i>	<i>2.6%</i>	<i>105,379</i>	<i>-46.6%</i>
Profit from operations	79,798	83,283	-4.2%	539,443	-85.2%
Other income, net	415,946	192,627	115.9%	96,804	329.7%
Income tax credit (expense)	(31,573)	(8,790)	259.2%	(7,174)	340.1%
Profit (loss) attributable to SMIC	402,762	231,102	74.3%	514,332	-21.7%
Profit (loss) attributable to Non-controlling interests	61,409	36,018	70.5%	114,741	-46.5%

- **Revenue** was \$1,560.4 million in 2Q23, an increase of 6.7% QoQ from \$1,462.3 million in 1Q23. The rise was mainly due to the increase in wafer shipment in 1Q23.
- **Research and development expenses** increased to \$177.6 million in 2Q23 from \$167.7 million in 1Q23. The change was primarily due to an increase in R&D activities in 2Q23.
- **General and administrative expenses** increased to \$106.4 million in 2Q23 from \$99.9 million in 1Q23. The change was mainly due to the increased start-up cost associated with the new fabs in 2Q23.

Capital Structure

(US\$ thousands)	As of	
	Jun 30, 2023	Mar 31, 2023
Cash and cash equivalents	7,559,268	8,703,465
Restricted cash	388,837	512,687
Financial assets at fair value through profit or loss - current ⁽¹⁾	102,571	405,426
Financial assets at amortised cost ⁽²⁾	10,287,903	9,632,629
Total cash on hand	18,338,579	19,254,207
Borrowings - current	2,327,861	1,787,053
Borrowings - non-current	6,653,113	6,872,271
Lease liabilities	81,601	94,924
Bonds payable	598,744	598,561
Total debt	9,661,319	9,352,809
Net debt ⁽³⁾	(8,677,260)	(9,901,398)
Equity	29,985,619	29,584,682
Debt to equity ratio ⁽⁴⁾	32.2%	31.6%
Net debt to equity ratio ⁽⁵⁾	-28.9%	-33.5%

(1) Mainly contain structural deposits and monetary funds.

(2) Mainly contain bank deposits over 3 months.

(3) Total debt minus total cash on hand.

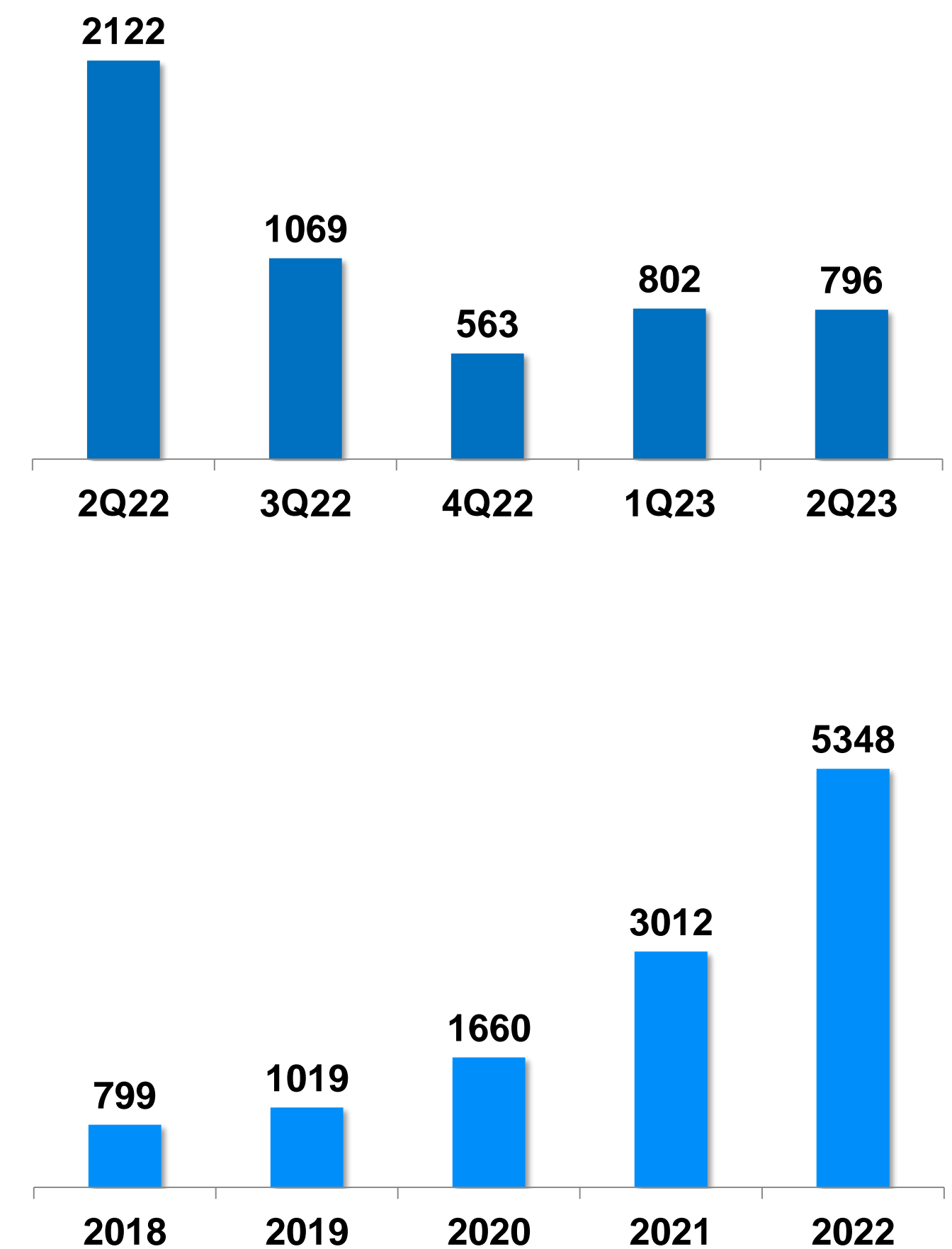
(4) Total debt divided by equity.

(5) Net debt divided by equity.

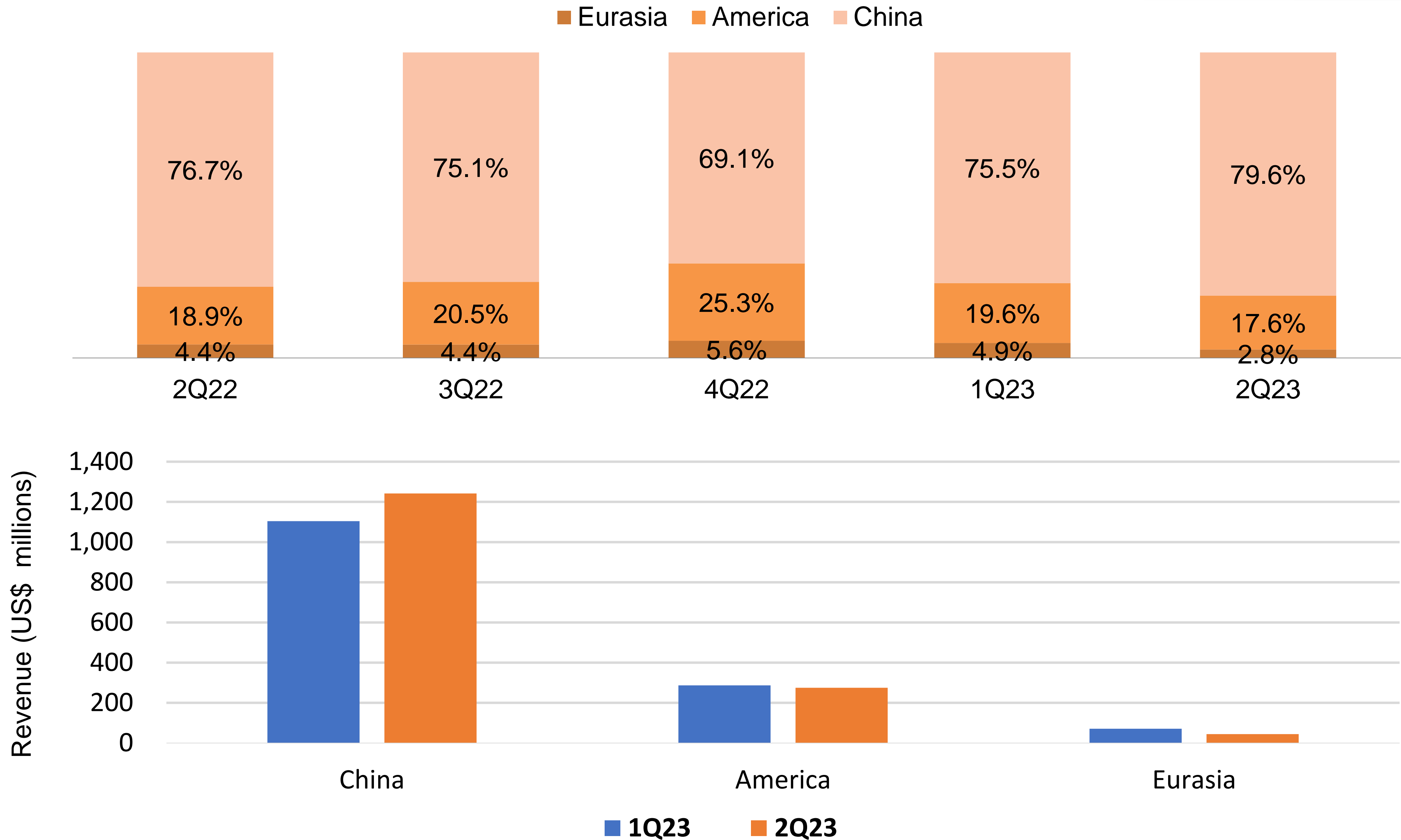
Cash Flow

(US\$ thousands)	For the three months ended	
	Jun 30, 2023	Mar 31, 2023
Cash and cash equivalents, beginning of the period	8,703,465	6,932,587
Net cash generated from operating activities	796,185	801,520
Net cash (used in)/generated from investing activities	(2,348,079)	22,611
Net cash generated from financing activities	703,926	920,864
Net (decrease)/increase in cash and cash equivalents	(1,144,197)	1,770,878
Cash and cash equivalents, end of the period	7,559,268	8,703,465

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

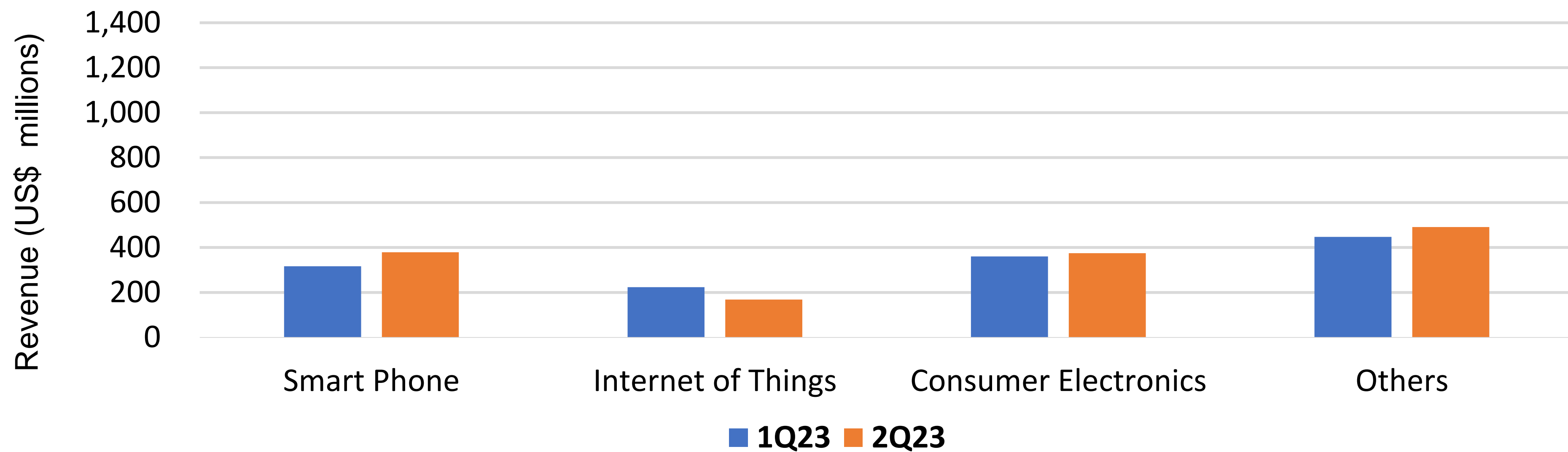
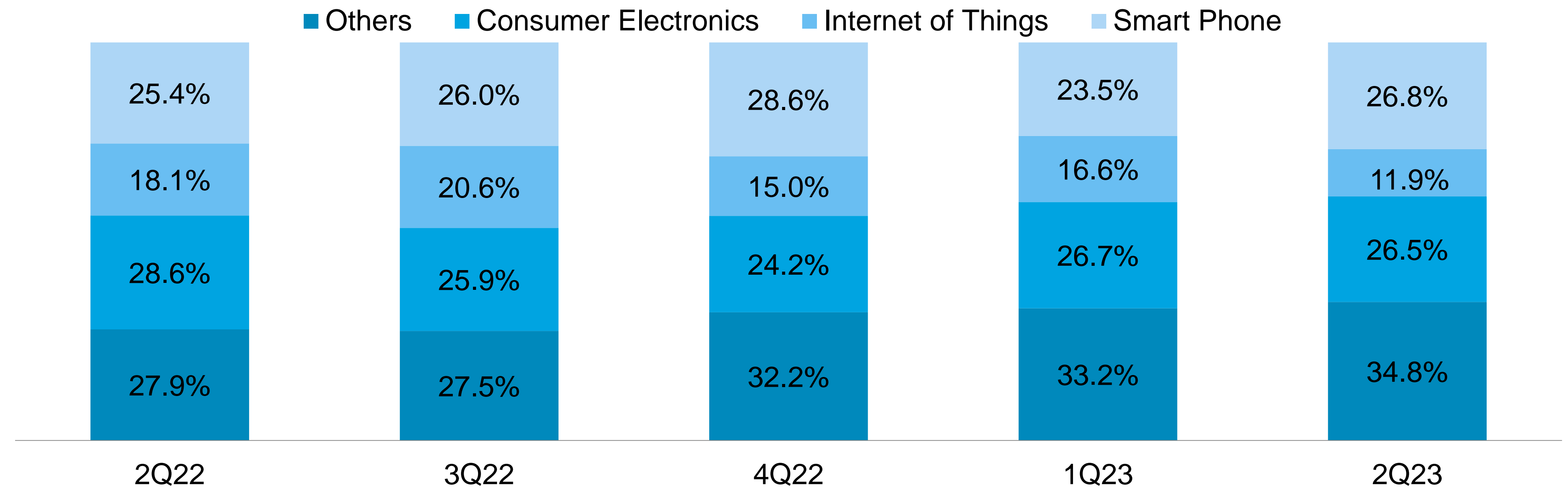


Total Revenue By Geography⁽¹⁾

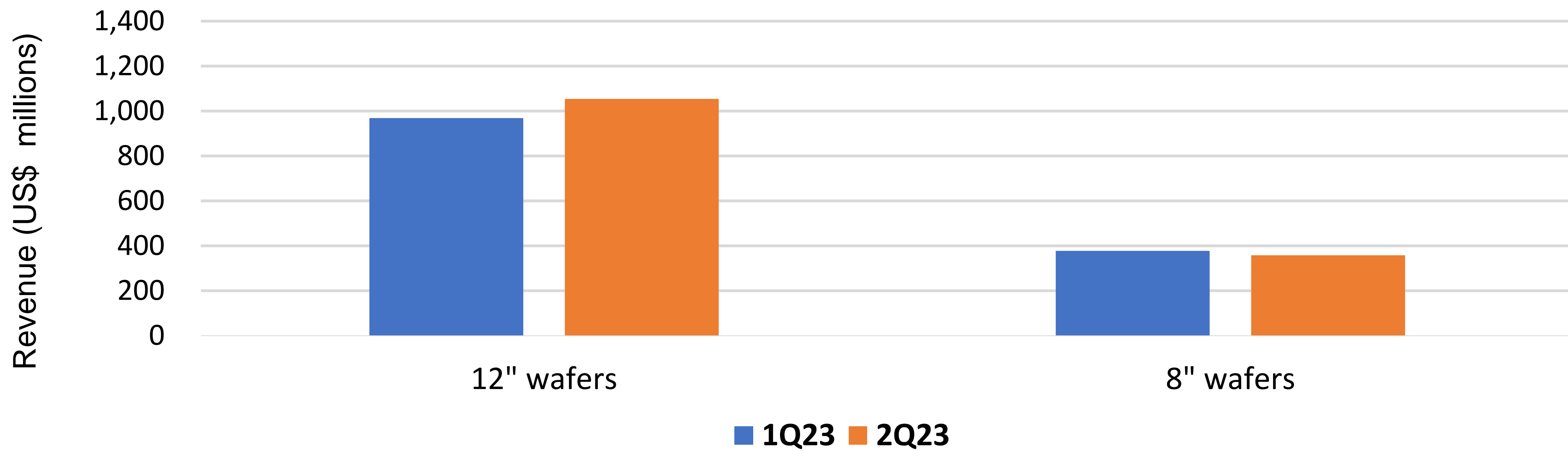
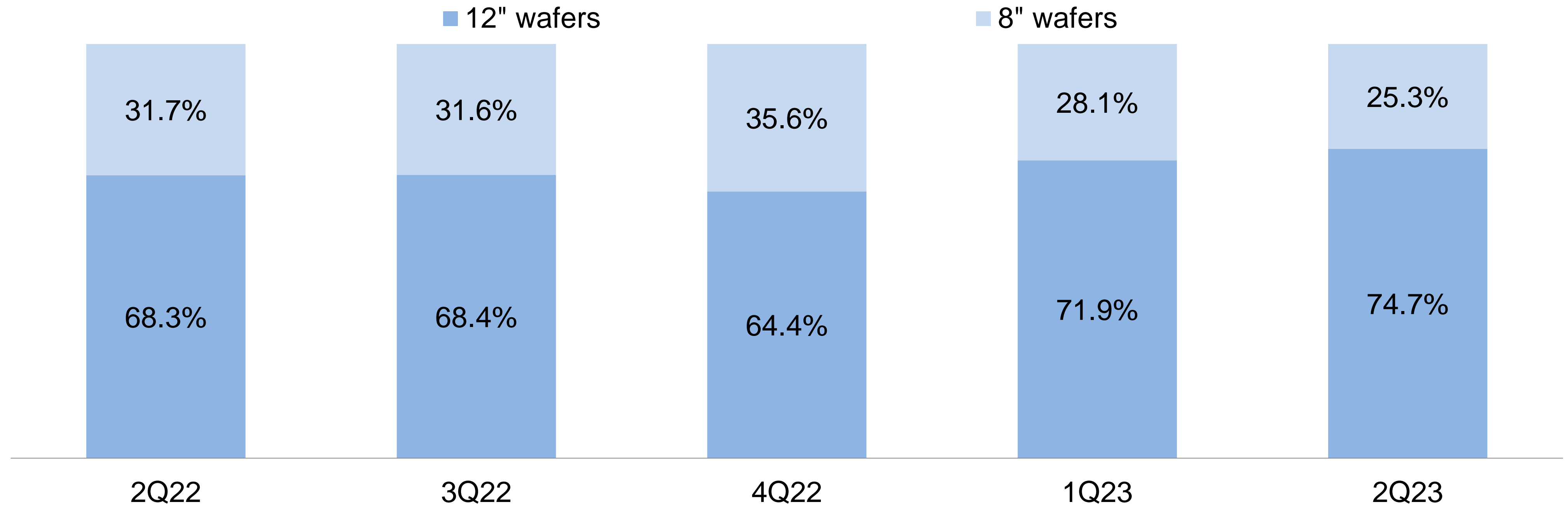


(1) Presenting the revenue to those companies whose headquarters are in this area, but ultimately selling and shipping the products to their global customers.

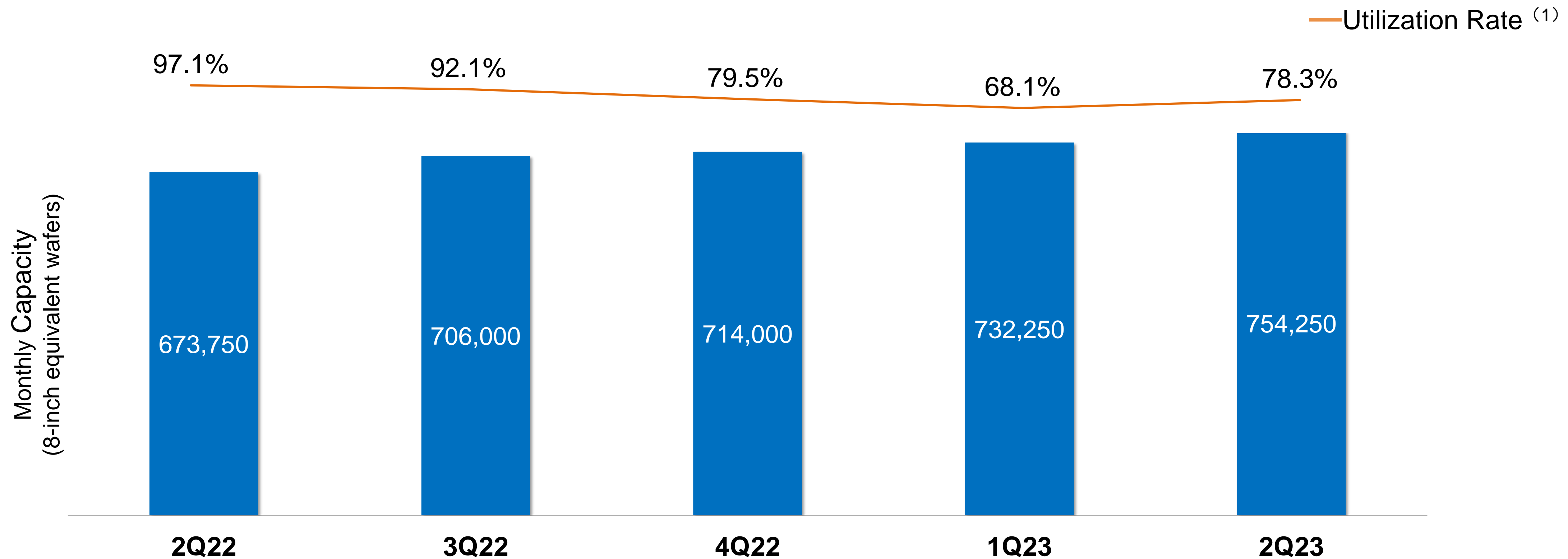
Wafer Revenue By Application



Wafer Revenue By Size



Capacity, Utilization and Shipment



	2Q22	3Q22	4Q22	1Q23	2Q23
Wafer Shipments	1,886,530	1,797,671	1,574,068	1,251,715	1,403,121

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

3Q 2023 Guidance

3Q 2023 Guidance	
Revenue	+3% to +5% QoQ
Gross Margin	18% to 20%

Appendix

2Q Results vs Guidance

	2Q 2023 Guidance	2Q 2023 Results
Revenue	+5% to +7% QoQ	+6.7% QoQ
Gross Margin	19% to 21%	20.3%

Capital Expenditures & Depreciation

(US\$ millions)	2Q22	3Q22	4Q22	1Q23	2Q23
Capex	1,672	1,822	1,987	1,259	1,732
Depreciation & Amortization	557	576	604	631	656

Thank You!

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