



SMIC Q1 2021

Financial Presentation

HKSE: 981 STAR: 688981

SMIC Investor Relations

May 2021

Forward-Looking Statements

This presentation contains, in addition to historical information, forward-looking statements. These forward-looking statements, including statements under “Quarterly Guidance”, “Capex Summary” and the statements contained in the quotes of our Co-Chief Executive Officers and Chief Financial Officer are based on SMIC's current assumptions, expectations, beliefs, plans, objectives, and projections about future events or performance. SMIC uses words like "believe," "anticipate," "intend," "estimate," "expect," "project," "target," "going forward", "continue", "ought to", "may", "seek", "should", "plan", "could", "vision", "goals", "aim", "aspire", "objective", "schedules", "outlook" and similar expressions to identify forward looking statements, although not all forward-looking statements contain these words. These forward-looking statements are necessary estimates reflecting judgment of SMIC's senior management 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 cyclicity and market conditions in the semiconductor industry, intense competition in the semiconductor industry, SMIC's reliance on a small number of customers, 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, industry overcapacity, shortages in equipment, components, raw materials and software, availability of manufacturing capacity, financial stability in end markets, orders or judgments from pending litigation, intensive intellectual property litigation in the semiconductor industry, general economic conditions and fluctuations in currency exchange rates.

In addition to the information contained in this presentation, you should also consider the information contained in our other filings with The Stock Exchange of Hong Kong Limited ("SEHK") and Shanghai Stock Exchange ("SSE") from time to time. Other unknown or unpredictable factors also could have material adverse effects on our future results, performance or achievements. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed in this presentation 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 presentation. Except as required by applicable laws, SMIC undertakes no obligation and does not intend to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events after the date on which such statement is made or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or otherwise.

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 presentation.

1Q21 Financial Highlights

- **Revenue was \$1,104 million, a record high**
 - Up 12.5% QoQ, compared to \$981 million in 4Q20
 - Up 22.0% YoY, compared to \$905 million in 1Q20

- **Gross margin was 22.7%**
 - Compared to 18.0% in 4Q20
 - Compared to 25.8% in 1Q20

- **Profit attributable to SMIC was \$159 million**
 - Compared to \$257 million in 4Q20
 - Compared to \$64 million in 1Q20

- **EBITDA was \$583 million**
 - Compared to \$631 million in 4Q20
 - Compared to \$374 million in 1Q20

- **\$14.3 billion cash on hand**
 - Compared to \$15.0 billion in 4Q20
 - Compared to \$6.0 billion in 1Q20

Income Statement Highlights

(US\$ thousands)	1Q21	4Q20	QoQ	1Q20	YoY
Total Revenue	1,103,649	981,095	12.5%	904,912	22.0%
Gross Profit	250,114	176,762	41.5%	233,585	7.1%
Gross Margin	22.7%	18.0%	-	25.8%	-
Operating Expenses	(125,473)	(159,513)	-21.3%	(186,244)	-32.6%
<i>Research & Development</i>	<i>(156,273)</i>	<i>(194,408)</i>	<i>-19.6%</i>	<i>(166,486)</i>	<i>-6.1%</i>
<i>General & Administrative</i>	<i>(48,803)</i>	<i>(75,794)</i>	<i>-35.6%</i>	<i>(74,231)</i>	<i>-34.3%</i>
<i>Selling & Marketing</i>	<i>(5,495)</i>	<i>(12,081)</i>	<i>-54.5%</i>	<i>(5,841)</i>	<i>-5.9%</i>
<i>Other operating income</i>	<i>85,301</i>	<i>123,982</i>	<i>-31.2%</i>	<i>59,212</i>	<i>44.1%</i>
Profit (loss) from operations	124,641	17,249	622.6%	47,341	163.3%
Other income (expense), net	16,859	228,353	-92.6%	18,317	-8.0%
Income tax benefit (expense)	(25,573)	(16,982)	50.6%	(14,340)	78.3%
Profit (loss) attributable to SMIC	158,876	257,038	-38.2%	64,164	147.6%
Non-controlling Interests	(42,949)	(28,418)	-	(12,846)	-

- **Revenue** was \$1,103.6 million in 1Q21, an increase of 12.5% QoQ from \$981.1 million in 4Q20. Revenue increased mainly due to the increase in wafer shipment and average selling price in 1Q21.
- **Research and development expenses** decreased to \$156.3 million in 1Q21, compared to \$194.4 million in 4Q20. The change was mainly due to decrease of R&D activities in 1Q21.
- **General and administrative expenses** decreased by 35.6% to \$48.8 million in 1Q21, compared to \$75.8 million in 4Q20. The change was mainly due to the decrease in accrued employee bonus and government tax surcharges in 1Q21.
- The change in **other operating income**, net was mainly due to the income recognized in relation to government funding of \$86.3 million in 1Q21, compared to \$125.0 million in 4Q20.

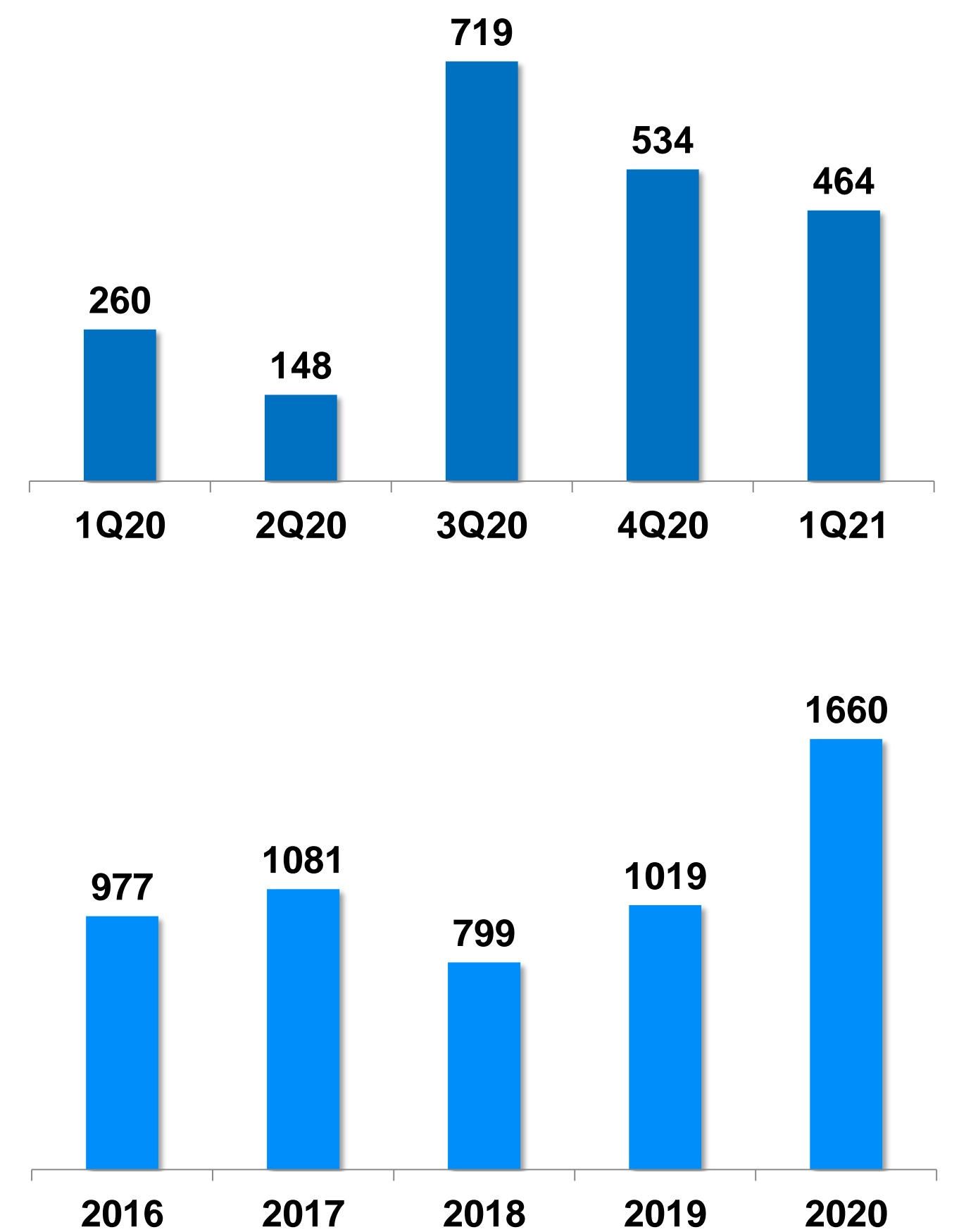
Balance Sheet Highlights

(US\$ thousands)	As of	
	Mar 31, 2021	Dec 31, 2020
Cash and cash equivalent	9,014,492	9,826,537
Restricted Cash-Current	308,356	575,258
Financial assets at amortized cost -Current	2,734,618	2,806,517
Trade and other receivables	886,486	975,927
Inventories	889,832	798,776
Assets classified as held-for-sales	23,604	23,796
Other Assets	16,950,402	16,313,764
Total Assets	30,807,790	31,320,575
Borrowings-Current	464,723	1,239,996
Borrowings-Non-current	4,288,825	4,050,837
Lease Liabilities	221,563	245,270
Medium-term notes	228,198	229,217
Convertible bonds	1,947	11,131
Bonds payable	597,138	596,966
Total Debt	5,802,394	6,373,417
Net Debt	(8,526,045)	(8,585,093)
Total Liabilities	8,622,543	9,638,837
Total Equity	22,185,247	21,681,738
Total Debt/Equity Ratio	26.2%	29.4%
Net debt/Equity Ratio	-38.4%	-39.6%

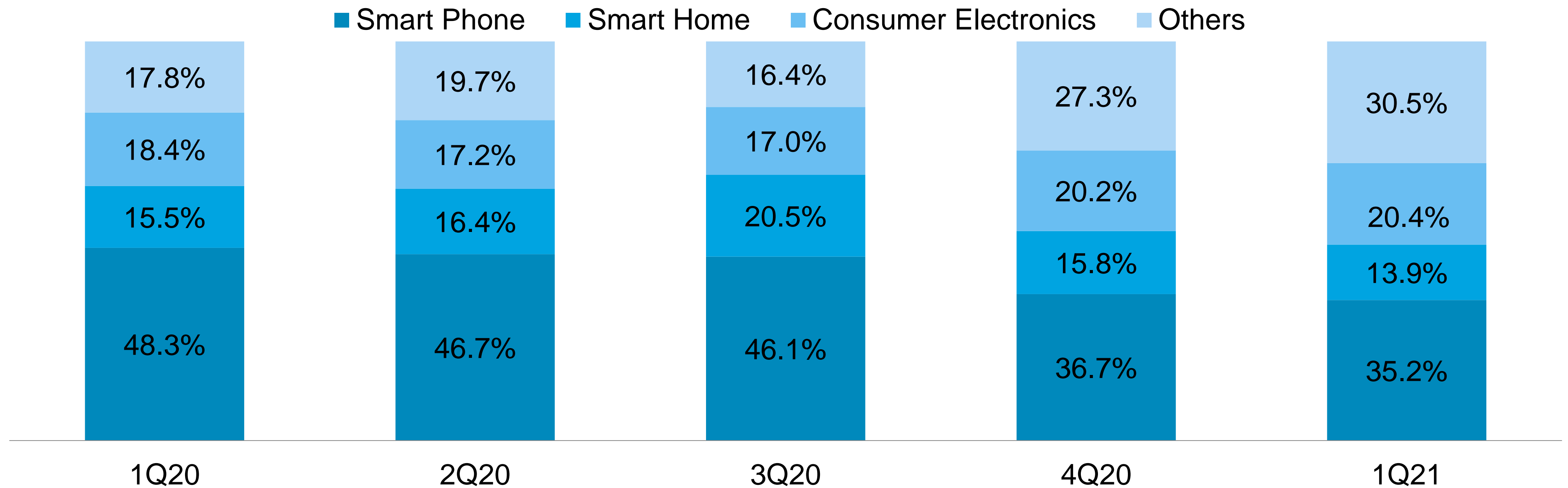
Cash Flow Highlights

<i>(US\$ thousands)</i>	For the three months ended	
	Mar 31, 2021	Dec 31, 2020
Cash and cash equivalent, beginning of period	9,826,537	8,619,395
Net cash from operating activities	463,637	533,712
Net cash used in investing activities	(1,055,939)	(1,674,680)
Net cash from (used in) financing activities	(215,873)	2,170,831
Net increase (decrease) in cash and cash equivalent	(812,045)	1,207,142
Cash and cash equivalent, end of period	9,014,492	9,826,537

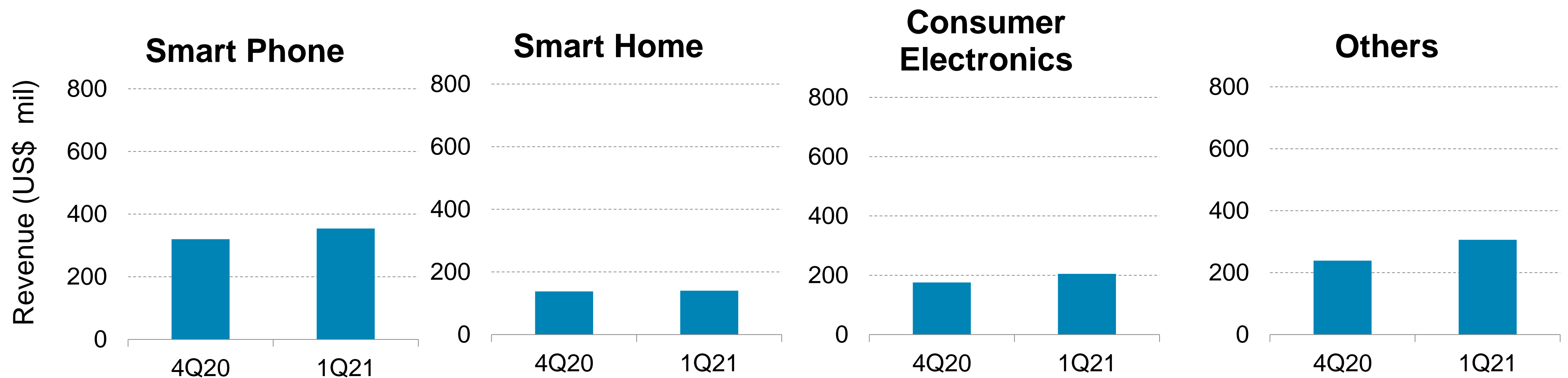
Cash Flow from Operations *(US\$ millions)*



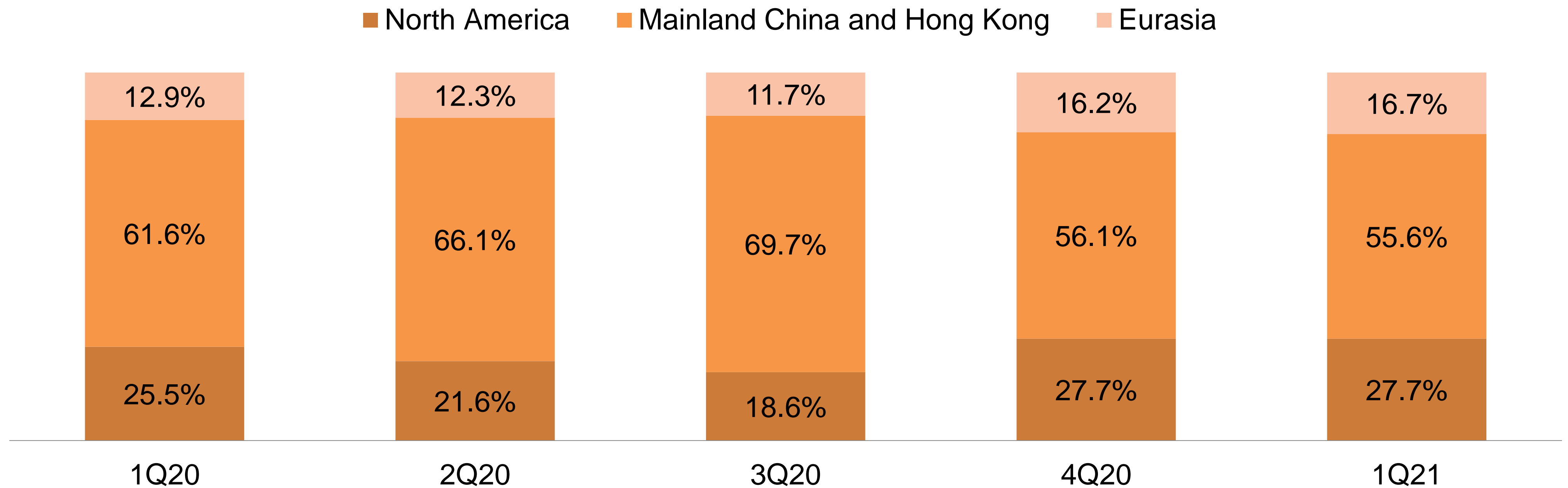
Wafer Revenue Breakdown by Application



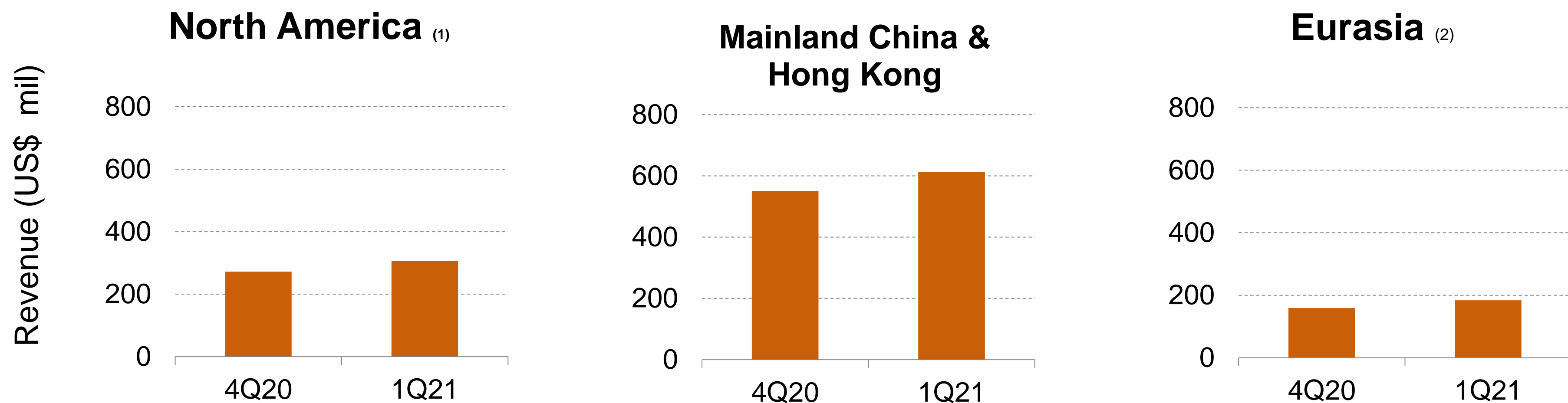
4Q20 vs. 1Q21



Total Revenue Breakdown by Geography



4Q20 vs. 1Q21

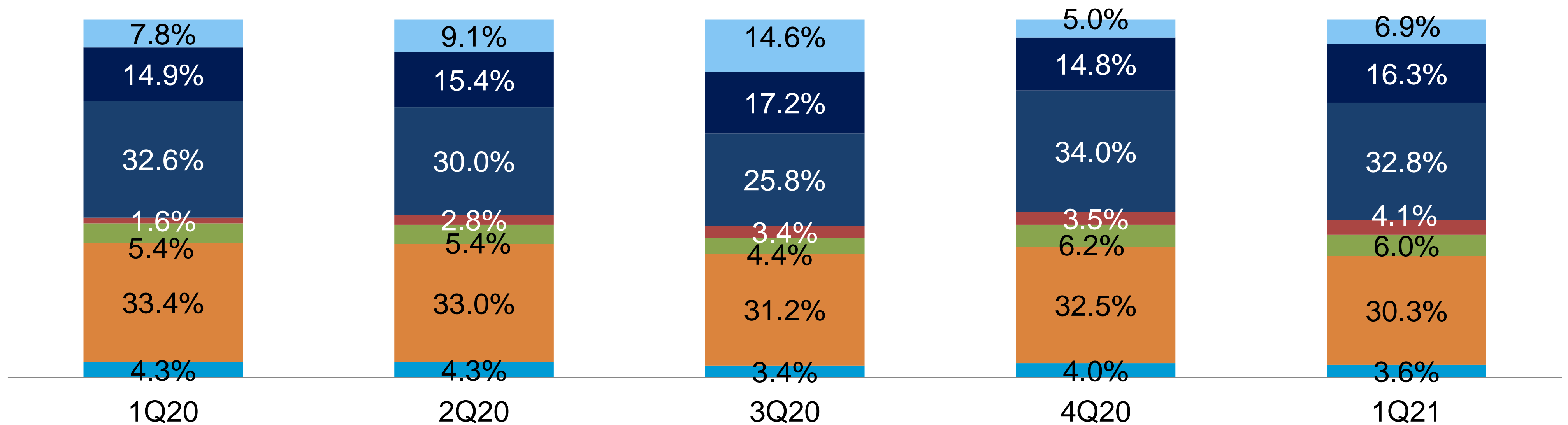


(1) Presenting the revenue to those companies whose headquarters are in North America, but ultimately selling and shipping the products to their global customers.

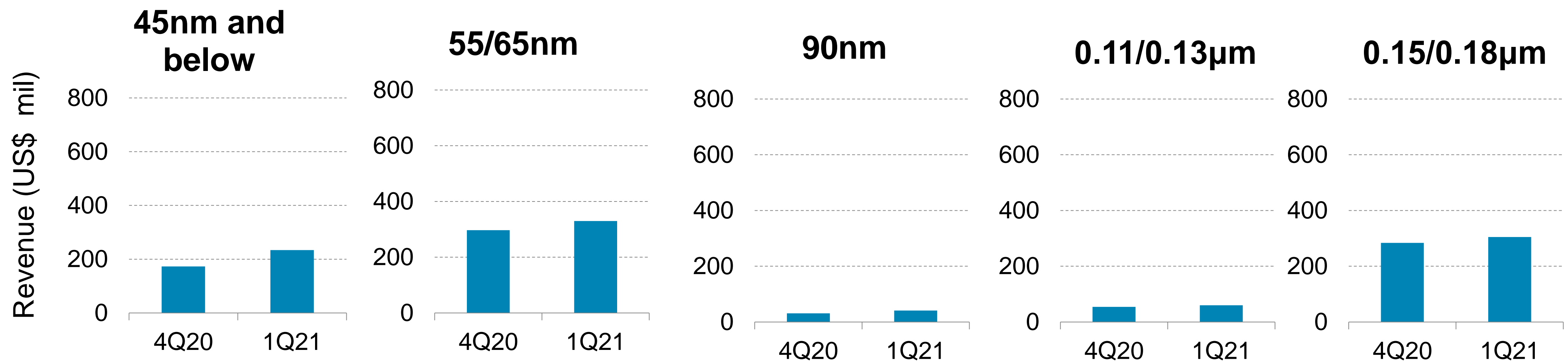
(2) Eurasia excluding Mainland China and Hong Kong.

Wafer Revenue Breakdown by Technology

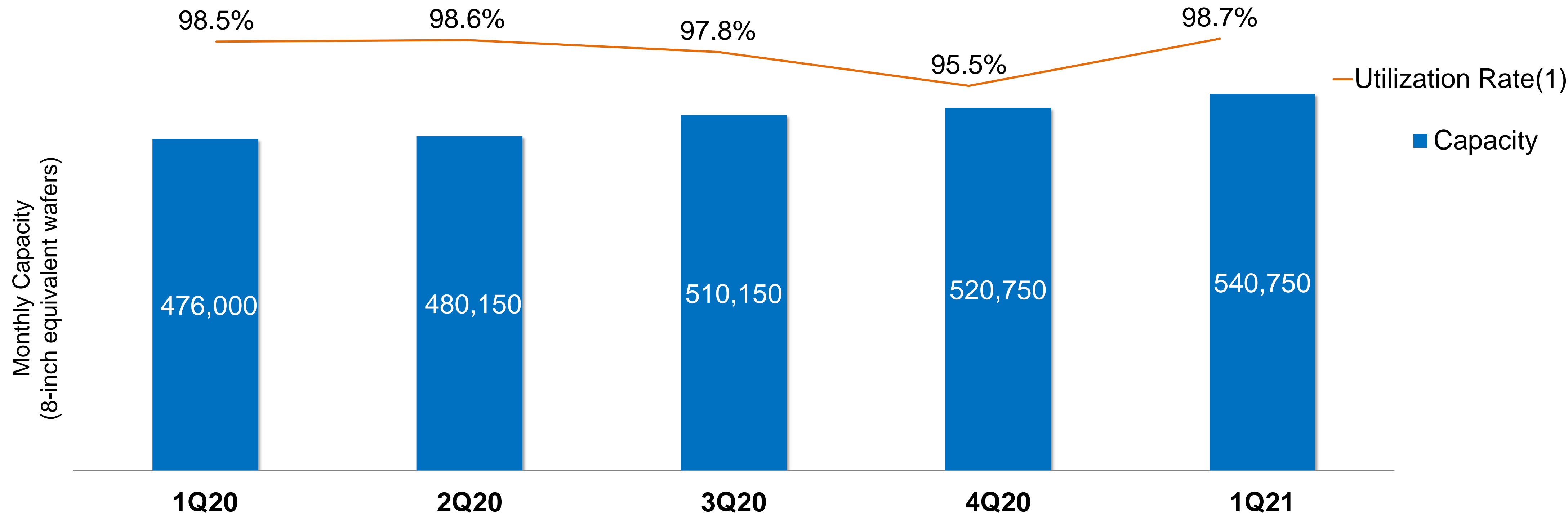
■ 0.25/0.35μm
 ■ 0.15/0.18μm
 ■ 0.11/0.13μm
 ■ 90nm
 ■ 55/65nm
 ■ 40/45nm
 ■ 14/28nm



4Q20 vs. 1Q21



Capacity, Utilization and Shipment



	1Q20	2Q20	3Q20	4Q20	1Q21
Wafer Shipments	1,406,714	1,435,591	1,440,531	1,415,788	1,558,893

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

2Q 2021 Guidance and 2021 Capex Guidance

	2Q 2021 Guidance	2021 Capex ⁽¹⁾
Revenue	+17% to +19% QoQ	
Gross Margin	25% to 27%	\$4.3B

(1) The planned 2021 capital expenditures are approximately \$4.3 billion, the majority which is for non-FinFET capacity expansion, and the remaining is for FinFET, the infrastructure of the new Beijing joint-venture project and others.

Appendix

Results vs Guidance

	1Q 2021 Guidance	1Q 2021 Results
Revenue	+7% to 9% QoQ	+12.5% QoQ \$1,104 million
Gross Margin	17% to 19%	22.7%

Capital Expenditures & Depreciation

<i>(US\$ millions)</i>	1Q20	2Q20	3Q20	4Q20	1Q21
Capex	777	1,343	2,280	1,333	534
Depreciation & Amortization	290	306	351	366	420

Thank You!

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