



SMIC Q4 2020

Financial Presentation

HKSE: 981 STAR: 688981 OTCQX: SMICY

SMIC Investor Relations

February 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 and raw materials, 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.

4Q20 Financial Highlights

- **Revenue was \$981 million**

- Down 9.4% QoQ, compared to \$1,083 million in 3Q20
- Up 16.9% YoY, compared to \$839 million in 4Q19

- **Gross margin was 18.0%**

- Compared to 24.2% in 3Q20
- Compared to 23.8% in 4Q19

- **Profit attributable to SMIC was \$257 million, a record high**

- Compared to \$256 million in 3Q20
- Compared to \$89 million in 4Q19

- **EBITDA was \$631 million**

- Compared to \$653 million in 3Q20
- Compared to \$390 million in 4Q19

- **\$15.0 billion cash on hand**

- Compared to \$13.9 billion in 3Q20
- Compared to \$5.4 billion in 4Q19

2020 Financial Highlights (unaudited)

- **Revenue was \$3.91 billion, a record high**
 - Compared to \$3.12 billion in 2019

- **Gross profit was \$921 million, a record high**
 - Compared to \$642 million in 2019

- **Gross margin was 23.6%**
 - Compared to 20.6% in 2019

- **Profit attributable to SMIC was \$716 million, a record high**
 - Compared to \$235 million in 2019

- **EBITDA was \$2.12 billion, a record high**
 - Compared to \$1.37 billion in 2019

Income Statement Highlights

(US\$ thousands)	4Q20	3Q20	QoQ	4Q19	YoY
Total Revenue	981,095	1,082,505	-9.4%	839,439	16.9%
Gross Profit	176,762	261,977	-32.5%	199,416	-11.4%
Gross Margin	18.0%	24.2%	-	23.8%	-
Operating Expenses	(159,513)	(79,287)	101.2%	(179,271)	-11.0%
<i>Research & Development</i>	<i>(194,408)</i>	<i>(158,520)</i>	<i>22.6%</i>	<i>(169,871)</i>	<i>14.4%</i>
<i>General & Administrative</i>	<i>(75,794)</i>	<i>(56,970)</i>	<i>33.0%</i>	<i>(77,157)</i>	<i>-1.8%</i>
<i>Selling & Marketing</i>	<i>(12,081)</i>	<i>(6,472)</i>	<i>86.7%</i>	<i>(5,273)</i>	<i>129.1%</i>
<i>Other operating income</i>	<i>123,982</i>	<i>140,840</i>	<i>-12.0%</i>	<i>70,649</i>	<i>75.5%</i>
Profit (loss) from operations	17,249	182,690	-90.6%	20,145	-14.4%
Other income (expense), net	228,353	101,793	124.3%	67,395	238.8%
Income tax benefit (expense)	(16,982)	(20,959)	-19.0%	(11,866)	43.1%
Profit (loss) attributable to SMIC	257,038	256,379	0.3%	88,735	189.7%
Non-controlling Interests	(28,418)	7,145	-	(13,061)	117.6%
Earnings per ADS (Basic)	0.17	0.18		0.08	

- **Revenue** was \$981.1 million in 4Q20, compared to \$1,082.5 million in 3Q20. Revenue changed mainly due to the decrease in wafer shipment and other revenue in 4Q20.
- **Research and development** increased to \$194.4 million in 4Q20, compared to \$158.5 million in 3Q20. The change was mainly due to higher level of R&D activities in 4Q20.
- **General and administrative expenses** increased by 33.0% to \$75.8 million in 4Q20, compared to \$57.0 million in 3Q20. The change was mainly due to the increase in the government tax surcharges and accrued employee bonus in 4Q20.
- The change in **other operating income** mainly due to the income recognized in relation to government funding of \$125.0 million in 4Q20, compared to \$137.8 million in 3Q20.

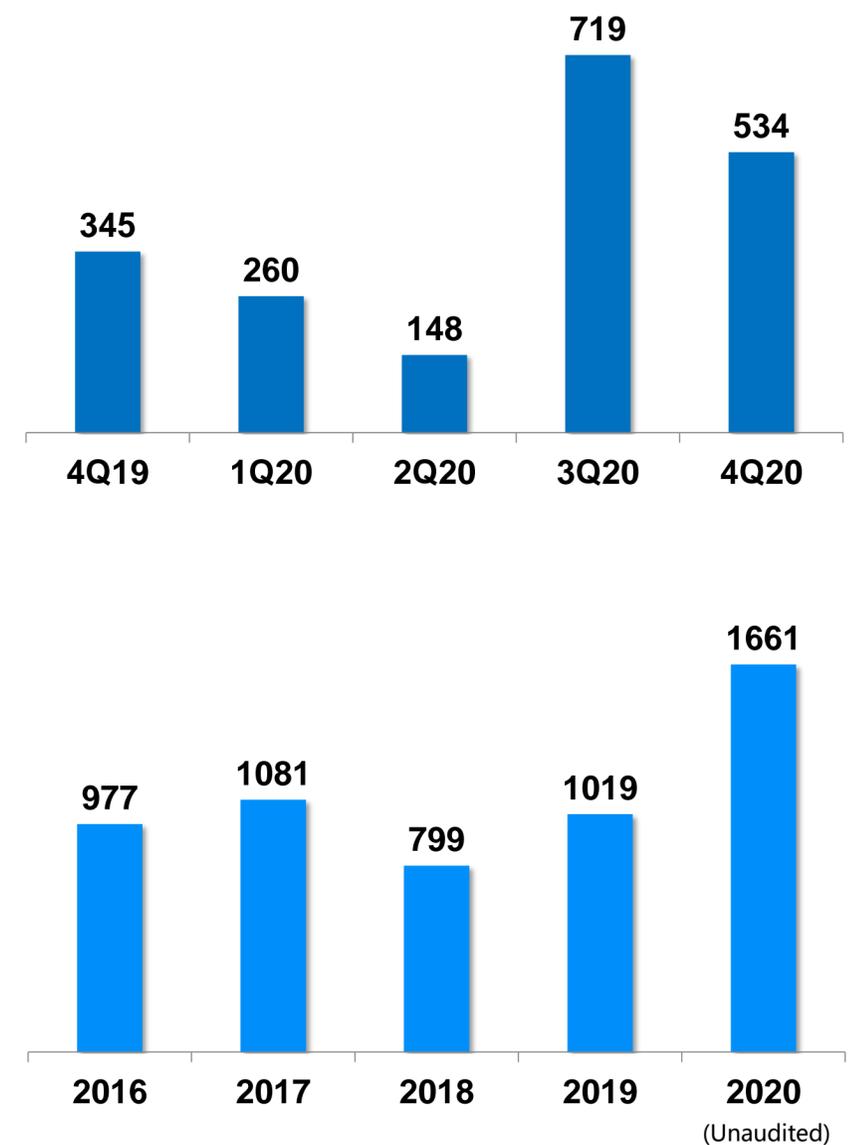
Balance Sheet Highlights

(US\$ thousands)	As of	
	Dec 31, 2020	Sept 30, 2020
Cash and cash equivalent	9,826,537	8,619,395
Restricted Cash-Current	575,258	438,583
Financial assets at amortized cost -Current	2,806,517	2,938,086
Trade and other receivables	975,927	1,115,825
Inventories	798,776	647,625
Assets classified as held-for-sales	23,796	4,729
Other Assets	16,313,764	15,222,036
Total Assets	31,320,575	28,986,279
Borrowings-Current	1,239,996	1,082,866
Borrowings-Non-current	4,050,837	2,084,253
Lease Liabilities	245,270	268,791
Medium-term notes	229,217	219,567
Convertible bonds	11,131	15,403
Bonds payable	596,966	596,795
Total Debt	6,373,417	4,267,675
Net Debt	(8,585,093)	(9,629,709)
Total Liabilities	9,638,837	7,948,705
Total Equity	21,681,738	21,037,574
Total Debt/Equity Ratio	29.4%	20.3%
Net debt/Equity Ratio	-39.6%	-45.8%

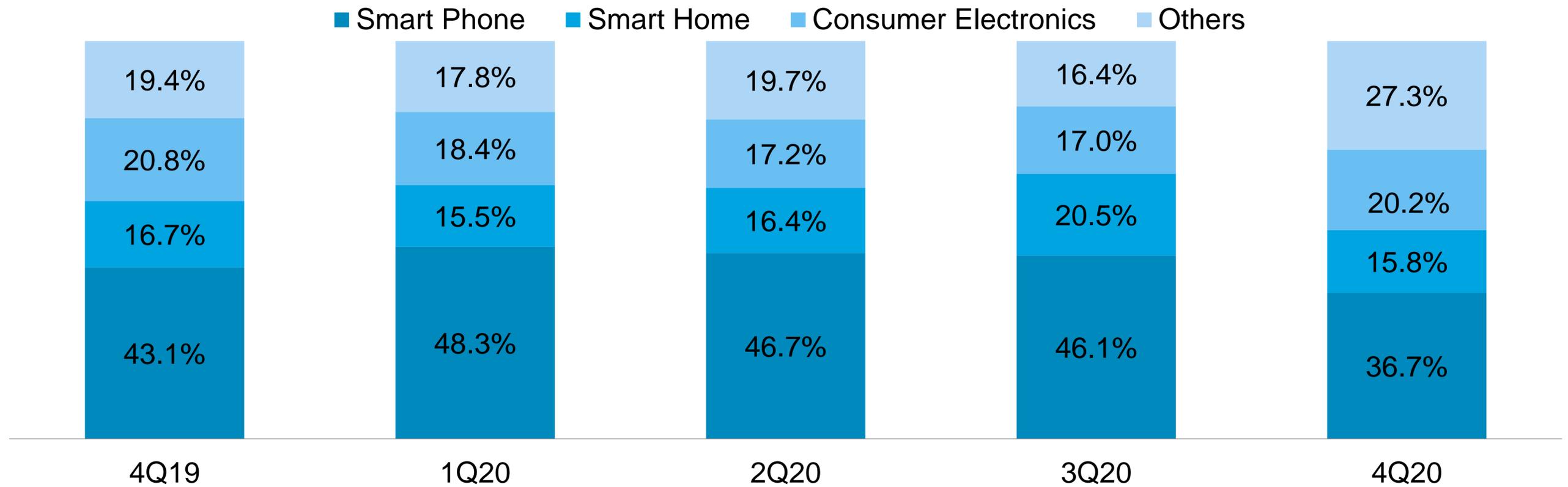
Cash Flow Highlights

<i>(US\$ thousands)</i>	For the three months ended	
	Dec 31, 2020	Sept 30, 2020
Cash and cash equivalent, beginning of period	8,619,395	3,130,068
Net cash from operating activities	533,712	719,150
Net cash used in investing activities	(1,674,680)	(3,332,124)
Net cash from (used in) financing activities	2,170,831	7,964,151
Net increase (decrease) in cash and cash equivalent	1,207,142	5,489,327
Cash and cash equivalent, end of period	9,826,537	8,619,395

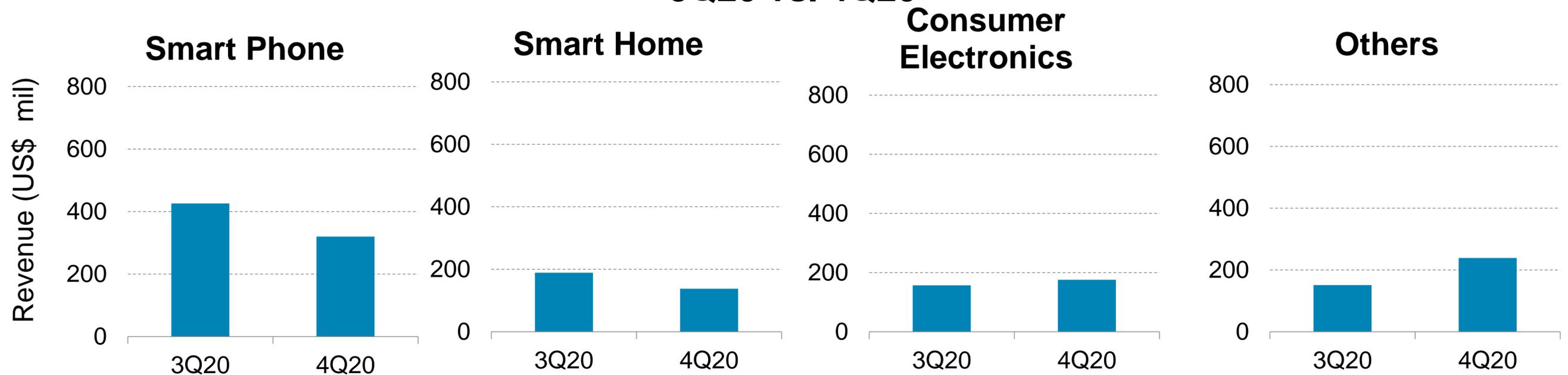
Cash Flow from Operations *(US\$ millions)*



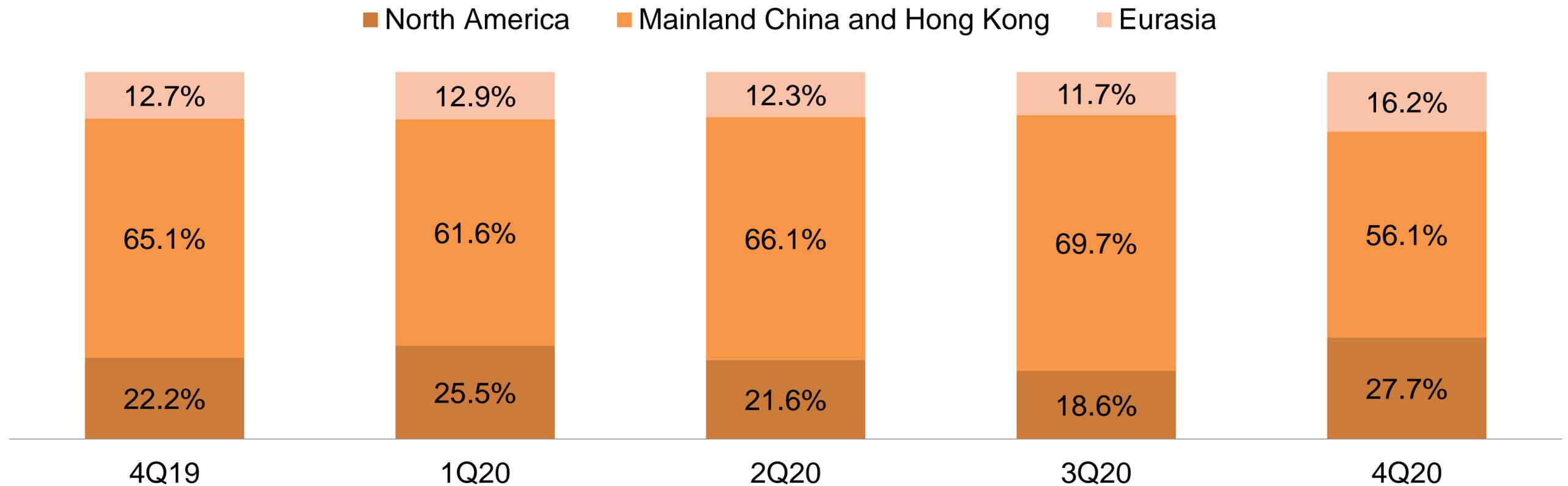
Wafer Revenue Breakdown by Application



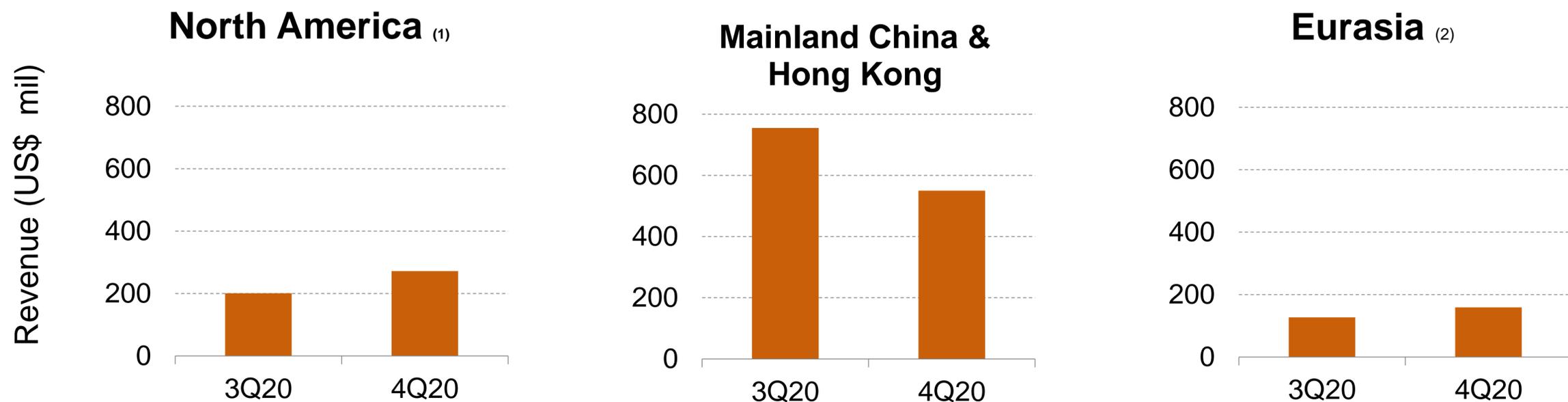
3Q20 vs. 4Q20



Total Revenue Breakdown by Geography



3Q20 vs. 4Q20

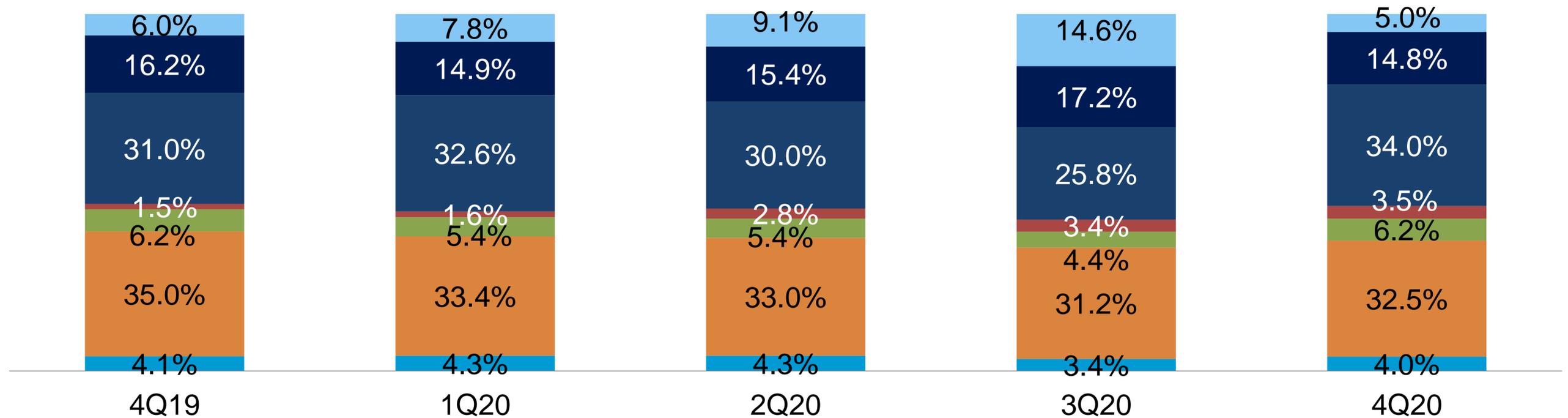


(1) Presenting the Revenue to those companies whose headquarters are in the United States, but ultimately selling and shipping the products to their global customers.

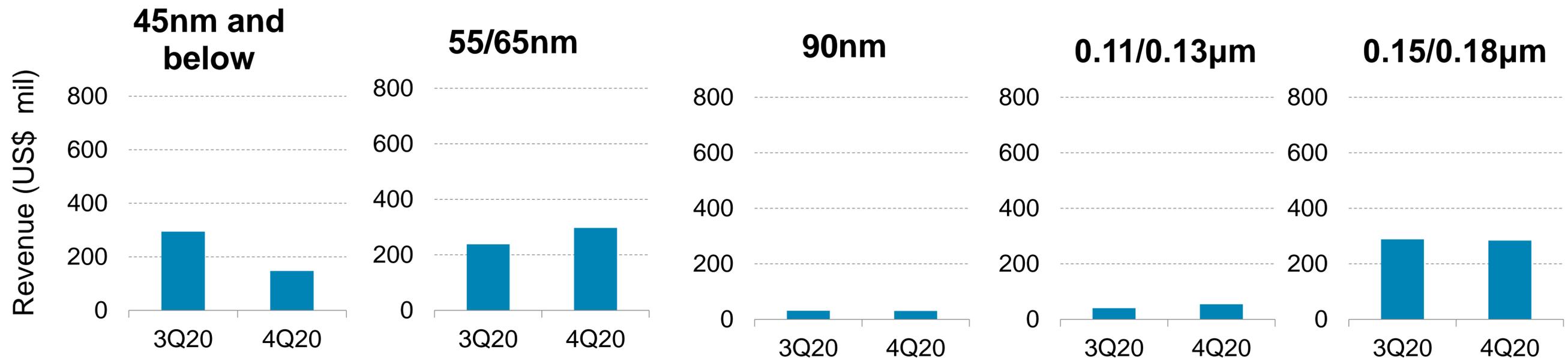
(2) Excluding Mainland China and Hong Kong.

Wafer Revenue Breakdown by Technology

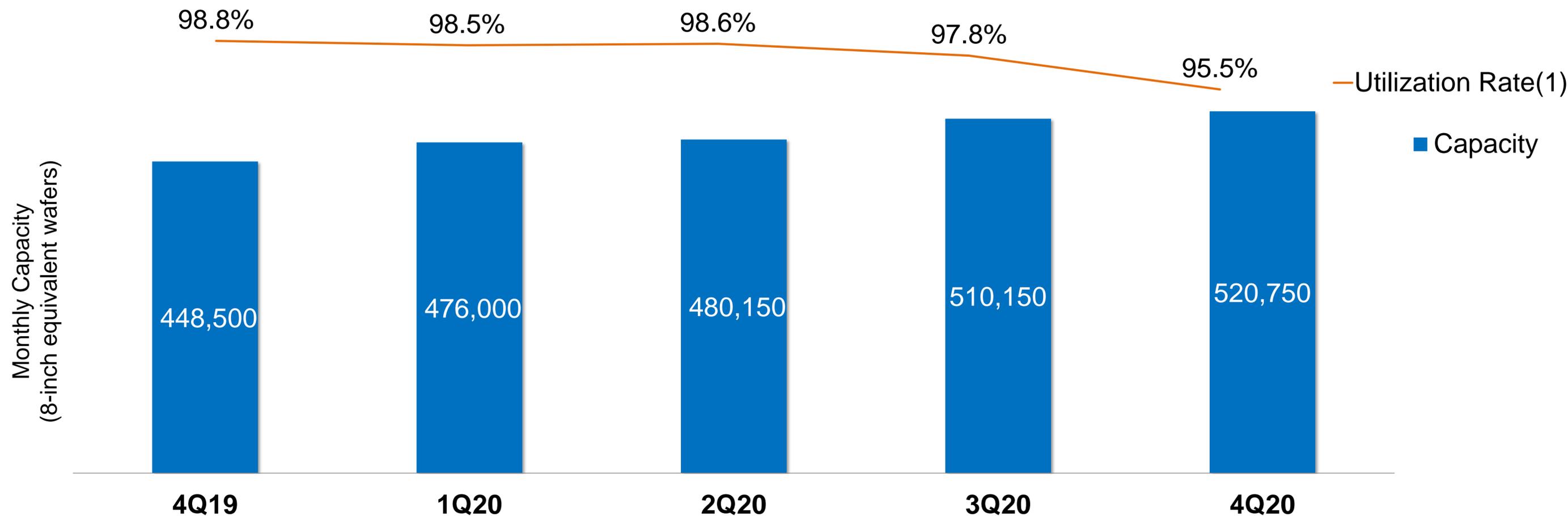
■ 0.25/0.35μm
 ■ 0.15/0.18μm
 ■ 0.11/0.13μm
 ■ 90nm
 ■ 55/65nm
 ■ 40/45nm
 ■ 14/28nm



3Q20 vs. 4Q20



Capacity, Utilization and Shipment



	4Q19	1Q20	2Q20	3Q20	4Q20
Wafer Shipments	1,339,400	1,406,714	1,435,591	1,440,531	1,415,788

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

1Q 2021 Guidance and 2021 Capex Guidance

	1Q 2021 Guidance	2021 Capex ⁽¹⁾
Revenue	+7% to +9% QoQ	
Gross Margin	17% to 19%	\$4.3B

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

Appendix

Results vs Original Guidance

	4Q 2020 Original Guidance	4Q 2020 Results
Revenue	-10% to -12% QoQ	-9.4% QoQ \$981 million
Gross Margin	16% to 18%	18.0%

Capital Expenditures & Depreciation

<i>(US\$ millions)</i>	4Q19	1Q20	2Q20	3Q20	4Q20
Capex	492	777	1,342	2,280	1,333
Depreciation & Amortization	286	290	306	351	366

Thank You!

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