



SMIC Q2 2021

Financial Presentation

SEHK: 00981

SSE STAR MARKET: 688981

SMIC Investor Relations
Aug 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 cyclicalities 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 possible or actual occurrence of unanticipated events after the date on which such statement is made, 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 report.

2Q21 Financial Highlights

- **Revenue was \$1,344 million**
 - Up 21.8% QoQ, compared to \$1,104 million in 1Q21
 - Up 43.2% YoY, compared to \$938 million in 2Q20

- **Gross margin was 30.1%**
 - Compared to 22.7% in 1Q21
 - Compared to 26.5% in 2Q20

- **Profit from operations was 538 million**
 - Up 331.4% QoQ, compared to \$125 million in 1Q21
 - Up 731.6% YoY, compared to \$65 million in 2Q20

- **Profit attributable to SMIC was \$688 million**
 - Compared to \$159 million in 1Q21
 - Compared to \$138 million in 2Q20

- **EBITDA was \$1,176 million**
 - Compared to \$583 million in 1Q21
 - Compared to \$466 million in 2Q20

1H21 Financial Highlights (unaudited)

- **Revenue was \$2,448 million**
 - compared to \$1,843 million in 1H20
- **Gross profit was \$655 million**
 - Compared to \$482 million in 1H20
- **Gross margin was 26.8%**
 - Compared to 26.2% in 1H20
- **Profit attributable to SMIC was \$847 million**
 - Compared to \$202 million in 1H20
- **EBITDA was \$1759 million**
 - Compared to \$839 million in 1H20

Income Statement Highlights

(US\$ thousands)	2Q21	1Q21	QoQ	2Q20	YoY
Revenue	1,344,102	1,103,649	21.8%	938,463	43.2%
Gross profit	405,012	250,114	61.9%	248,589	62.9%
Gross margin	30.1%	22.7%		26.5%	
Operating income(expenses)	132,751	(125,473)	-	(183,923)	-
<i>Research & Development</i>	<i>(143,052)</i>	<i>(156,273)</i>	<i>-8.5%</i>	<i>(157,999)</i>	<i>-9.5%</i>
<i>General & Administrative</i>	<i>(51,132)</i>	<i>(48,803)</i>	<i>4.8%</i>	<i>(59,381)</i>	<i>-13.9%</i>
<i>Selling & Marketing</i>	<i>(6,537)</i>	<i>(5,495)</i>	<i>19.0%</i>	<i>(5,072)</i>	<i>28.9%</i>
<i>Other operating income</i>	<i>333,475</i>	<i>85,301</i>	<i>290.9%</i>	<i>40,453</i>	<i>724.4%</i>
Profit from operations	537,763	124,641	331.4%	64,666	731.6%
Other income, net	142,666	16,859	746.2%	76,999	85.3%
Income tax credit (expense)	27,673	(25,573)	-	(16,029)	-
Profit (loss) attributable to SMIC	687,803	158,876	332.9%	137,969	398.5%
Profit (loss) for non-controlling Interests	20,299	(42,949)	-	(12,333)	-

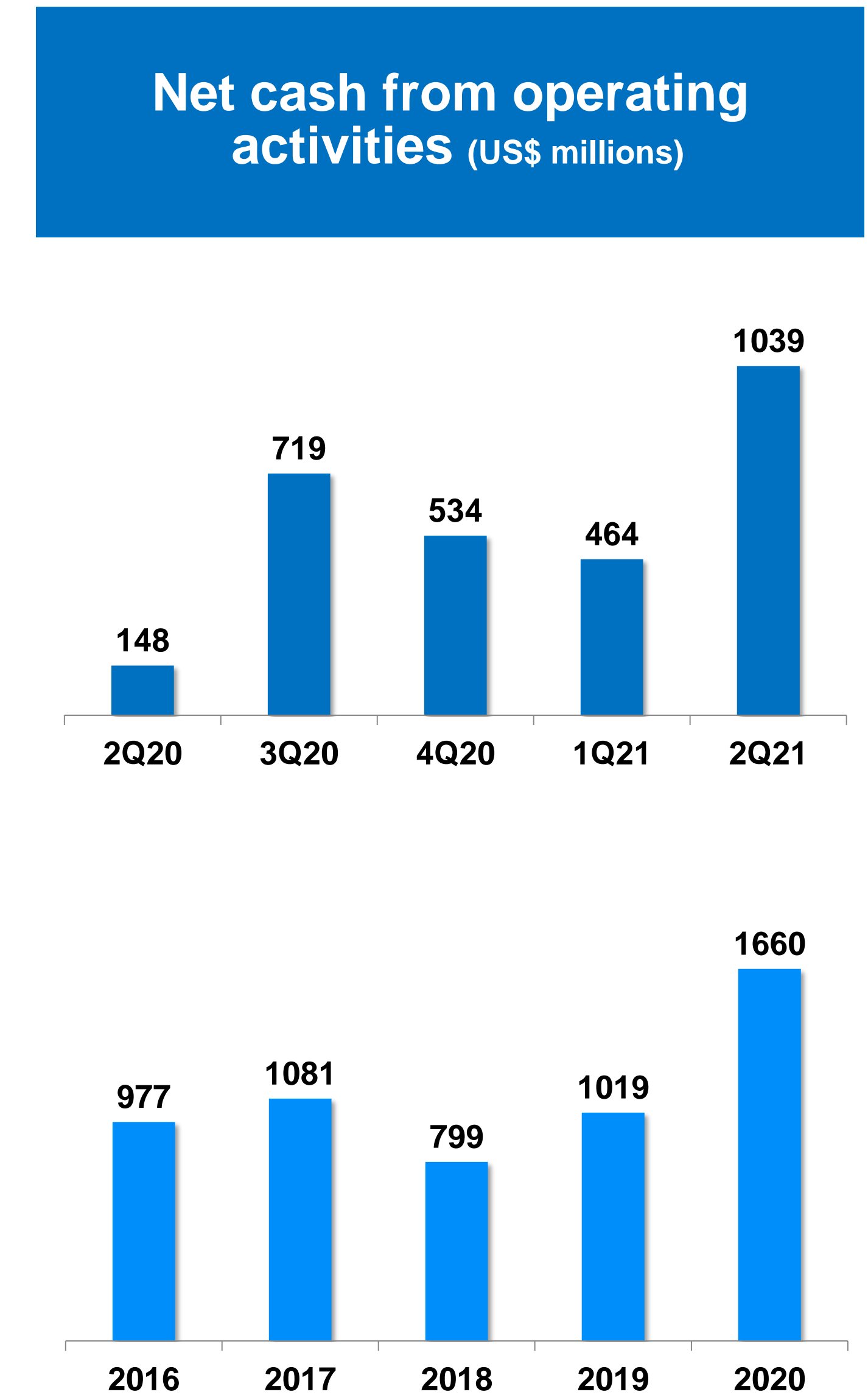
- **Revenue** was \$1,344.1 million in 2Q21, an increase of 21.8% QoQ from \$1,103.6 million in 1Q21. Revenue increased mainly due to the increase in wafer shipment and average selling price in 2Q21.
- **Research and development expenses** decreased by 8.5% to \$143.1 million in 2Q21, compared to \$156.3 million in 1Q21. The change was mainly caused by the decrease of R&D activities in 2Q21.
- The change in **other operating income, net** was mainly due to the net proceeds of \$231.4 million from the disposal of a subsidiary in 2Q21. The income recognized in relation to government funding was \$81.3 million in 2Q21, compared to \$86.3 million in 1Q21.

Balance Sheet Highlights

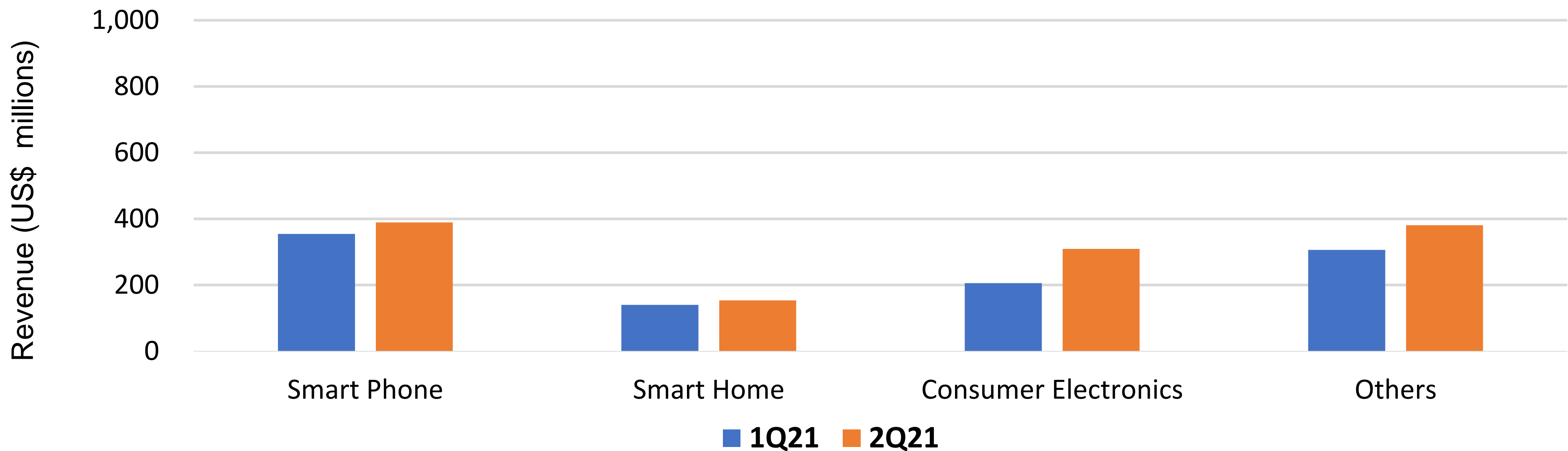
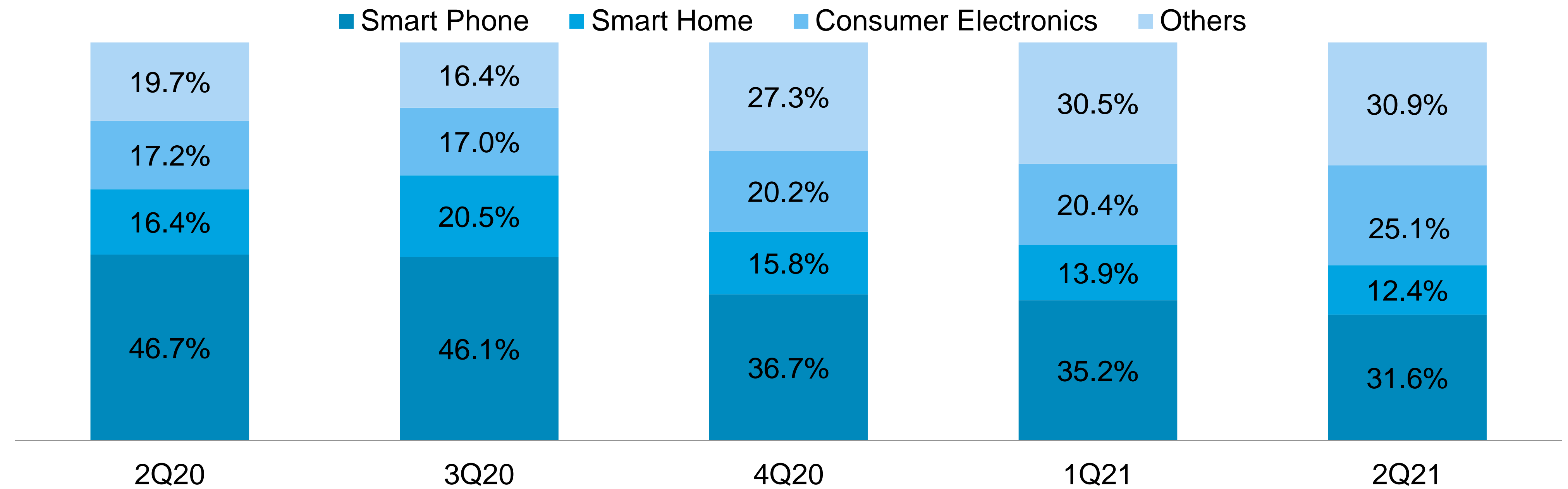
(US\$ thousands)	As of	
	Jun 30, 2021	Mar 31, 2021
Cash and cash equivalent	7,179,067	9,014,492
Restricted cash-Current	218,564	308,356
Financial assets at amortized cost -Current	4,628,937	2,734,618
Trade and other receivables	996,076	886,486
Inventories	973,004	889,832
Assets classified as held-for-sales	22,755	23,604
Other assets	18,154,291	16,950,402
Total assets	32,172,694	30,807,790
Borrowings-Current	399,358	464,723
Borrowings-Non-current	4,544,524	4,288,825
Lease Liabilities	261,764	221,563
Medium-term notes	232,082	228,198
Convertible bonds	1,957	1,947
Bonds payable	597,312	597,138
Total debt	6,036,997	5,802,394
Net debt	(9,414,494)	(8,526,045)
Total liabilities	9,391,063	8,622,543
Equity	22,781,631	22,185,247
Total debt to equity ratio	26.5%	26.2%
Net debt to equity ratio	-41.3%	-38.4%

Cash Flow Highlights

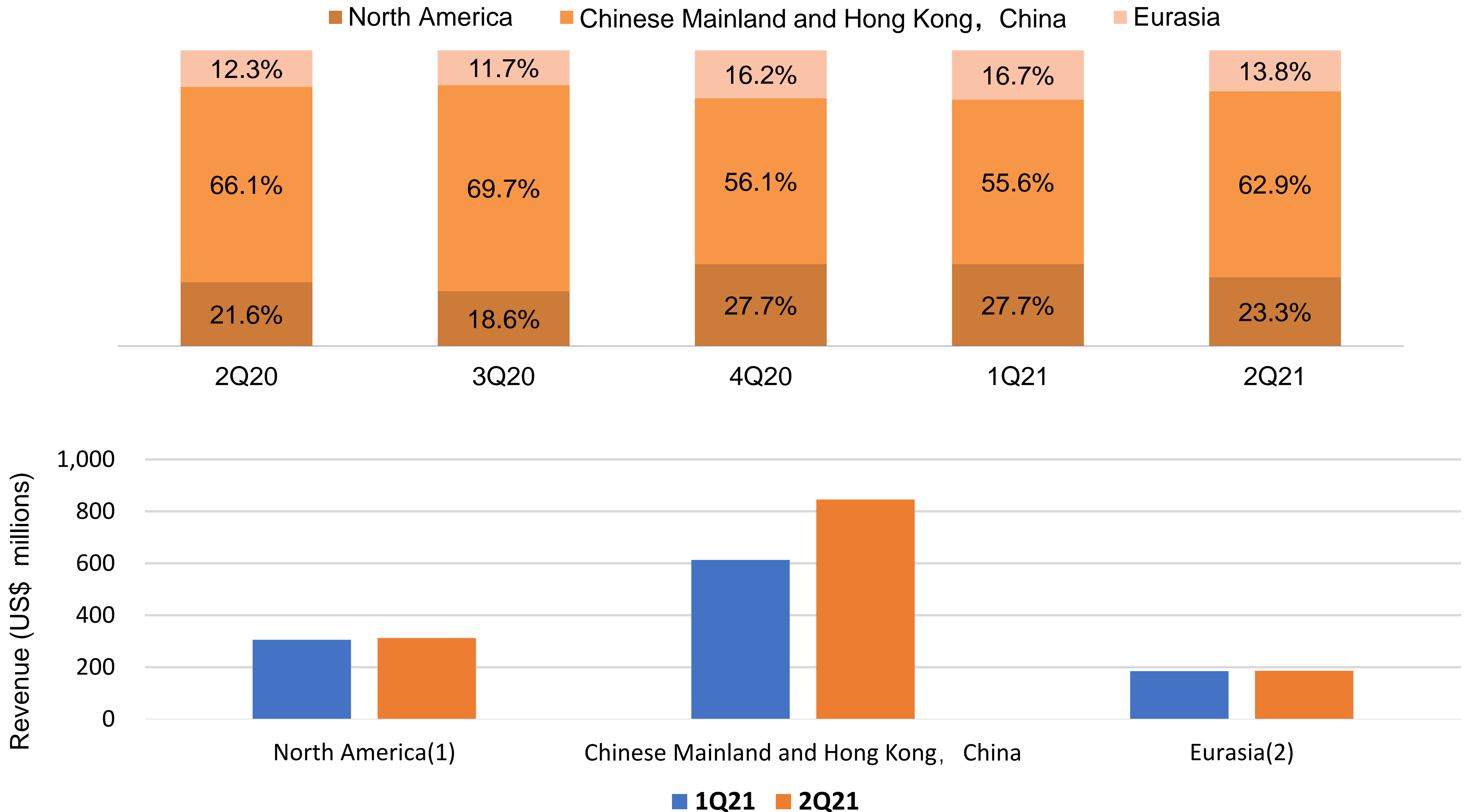
<i>(US\$ thousands)</i>	For the three months ended	
	Jun 30, 2021	Mar 31, 2021
Cash and cash equivalent, beginning of period	9,014,492	9,826,537
Net cash from operating activities	1,039,344	463,637
Net cash used in investing activities	(3,048,407)	(1,055,939)
Net cash from financing activities	140,165	(215,873)
Net change in cash and cash equivalent	(1,835,425)	(812,045)
Cash and cash equivalent, end of period	7,179,067	9,014,492



Wafer Revenue Breakdown by Application



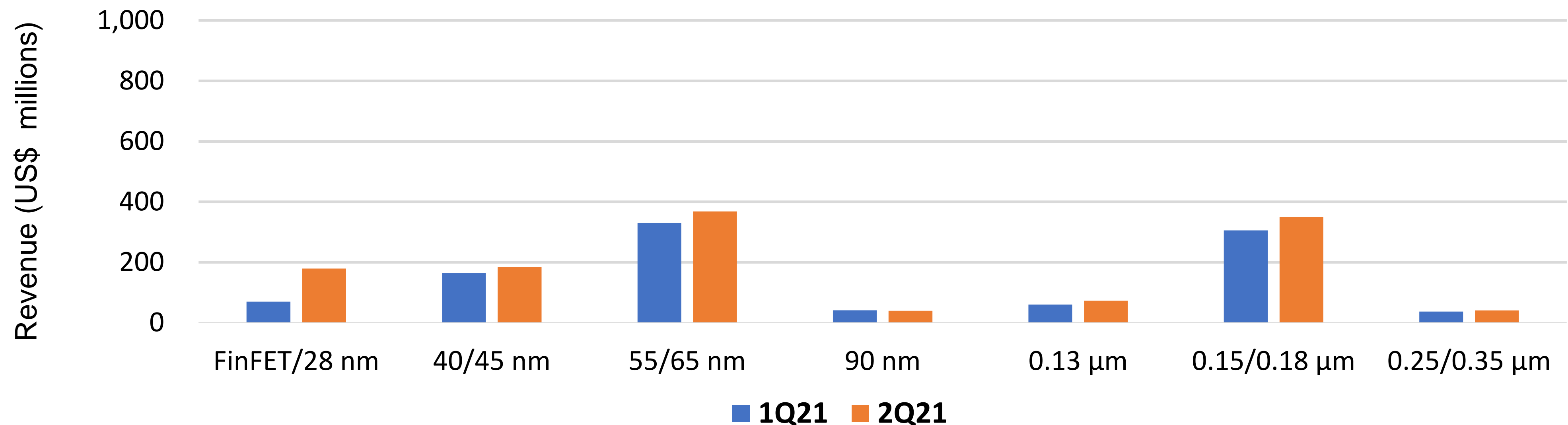
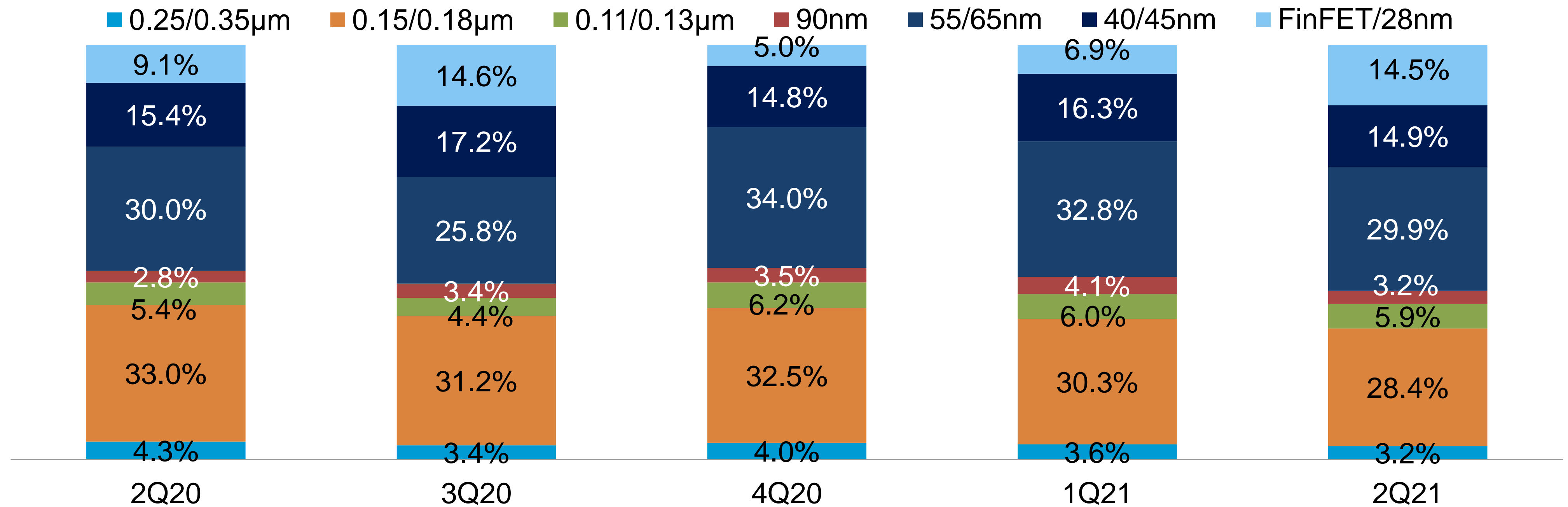
Total Revenue Breakdown by Geography



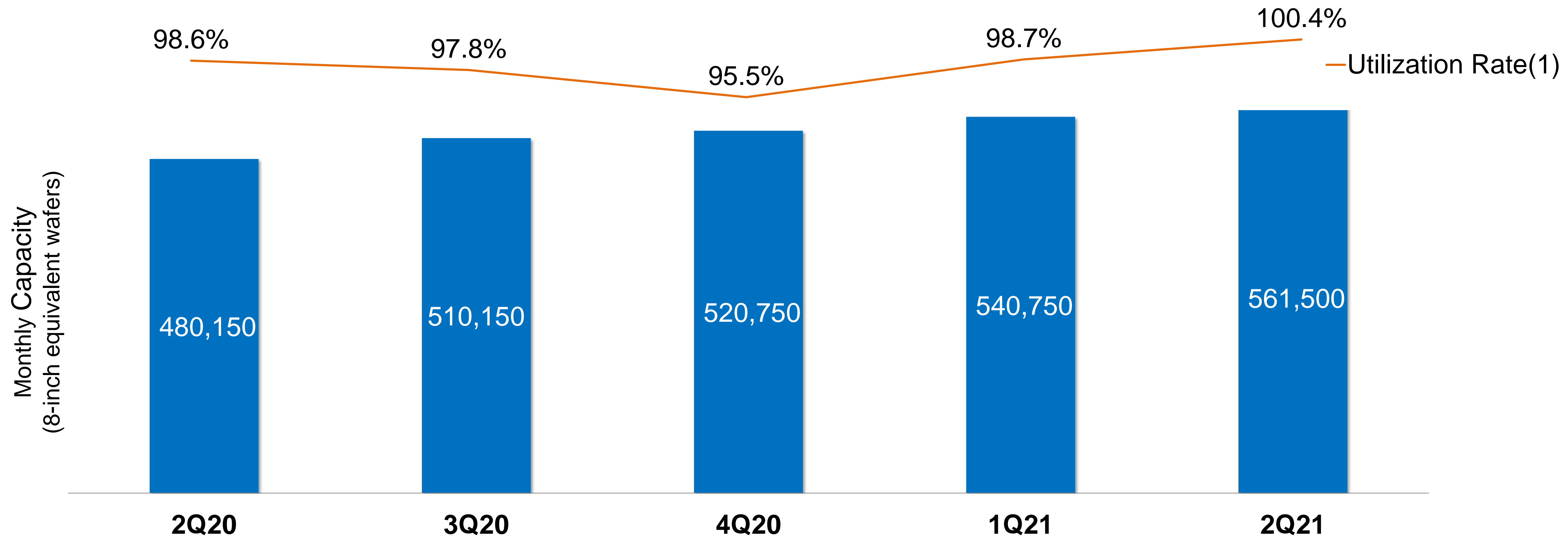
(1) Presenting the revenue to those companies whose headquarters are in the United States, but ultimately selling and shipping the products to their global customers.

(2) Excluding Chinese Mainland and Hong Kong, China.

Wafer Revenue Breakdown by Technology



Capacity, Utilization and Shipment



	2Q20	3Q20	4Q20	1Q21	2Q21
Wafer Shipments	1,435,591	1,440,531	1,415,788	1,558,893	1,745,194

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

3Q 2021 Guidance and 2021 Capex Guidance

	3Q 2021 Guidance	2021 Capex ⁽¹⁾
Revenue	+2% to +4% QoQ	\$4.3B
Gross Margin	32% to 34%	

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

Appendix

2Q Results vs Guidance

	2Q 2021 Guidance	2Q 2021 Results
Revenue	+17% to +19% QoQ	+21.8% QoQ \$1,344 million
Gross Margin	25% to 27%	30.1%

Capital Expenditures & Depreciation

<i>(US\$ millions)</i>	2Q20	3Q20	4Q20	1Q21	2Q21
Capex	1,343	2,280	1,333	534	771
Depreciation & Amortization	306	351	366	420	462

Thank You!

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