



SMIC Q3 2022

Financial Presentation

SEHK: 00981

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SMIC Investor Relations
Nov 2022

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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.

3Q22 Financial Highlights (Unaudited)

- **Revenue was \$1,907 million**
 - Up 0.2% QoQ from \$1,903 million in 2Q22
 - Up 34.7% YoY from \$1,415 million in 3Q21

- **Gross margin was 38.9%**
 - Compared to 39.4% in 2Q22
 - Compared to 33.1% in 3Q21

- **Profit from operations was \$478 million**
 - Compared to \$539 million in 2Q22
 - Compared to \$310 million in 3Q21

- **Profit attributable to SMIC was \$471 million**
 - Compared to \$514 million in 2Q22
 - Compared to \$321 million in 3Q21

- **EBITDA was \$1,192 million**
 - Compared to \$1,220 million in 2Q22
 - Compared to \$894 million in 3Q21

Income Statement

| (US\$ thousands) | 3Q22 | 2Q22 | QoQ | 3Q21 | YoY |
|---|------------------|------------------|---------------|------------------|---------------|
| Revenue | 1,906,956 | 1,903,164 | 0.2% | 1,415,302 | 34.7% |
| Gross profit | 742,216 | 750,488 | -1.1% | 467,861 | 58.6% |
| Gross margin | 38.9% | 39.4% | | 33.1% | |
| Operating income(expenses) | (264,297) | (211,045) | 25.2% | (157,817) | 67.5% |
| <i>Research & development</i> | <i>(182,888)</i> | <i>(187,484)</i> | <i>-2.5%</i> | <i>(167,412)</i> | <i>9.2%</i> |
| <i>General & administrative</i> | <i>(152,671)</i> | <i>(119,130)</i> | <i>28.2%</i> | <i>(71,671)</i> | <i>113.0%</i> |
| <i>Selling & marketing</i> | <i>(7,357)</i> | <i>(9,497)</i> | <i>-22.5%</i> | <i>(7,446)</i> | <i>-1.2%</i> |
| <i>Other operating income</i> | <i>78,706</i> | <i>105,379</i> | <i>-25.3%</i> | <i>87,624</i> | <i>-10.2%</i> |
| Profit from operations | 477,919 | 539,443 | -11.4% | 310,044 | 54.1% |
| Other income, net | 106,666 | 96,804 | 10.2% | 76,961 | 38.6% |
| Income tax credit (expense) | (10,211) | (7,174) | 42.3% | (14,229) | -28.2% |
| Profit (loss) attributable to SMIC | 470,849 | 514,332 | -8.5% | 321,351 | 46.5% |
| Profit (loss) attributable to Non-controlling interests | 103,525 | 114,741 | -9.8% | 51,425 | 101.3% |

- **Revenue** was \$1,907.0 million in 3Q22, compared to \$1,903.2 million in 2Q22.
- **Gross margin** was 38.9% in 3Q22, compared to 39.4% in 2Q22.
- **General and administrative expenses** increased to \$152.7 million in 3Q22 from \$119.1 million in 2Q22. The change was mainly due to the increased start-up cost associated with the new fabs in 3Q22.

Capital Structure

| (US\$ thousands) | As of | |
|--|-------------------|-------------------|
| | Sep 30, 2022 | Jun 30, 2022 |
| Cash and cash equivalents | 7,544,774 | 8,634,495 |
| Restricted cash - current | 663,631 | 221,820 |
| Financial assets at fair value through profit or loss - current ⁽¹⁾ | 292,749 | 312,975 |
| Financial assets at amortized cost ⁽²⁾ | 9,917,224 | 9,449,223 |
| Total cash on hand | 18,418,378 | 18,618,513 |
| Borrowings - current | 967,705 | 872,465 |
| Borrowings - non-current | 6,277,993 | 5,628,583 |
| Lease liabilities | 128,735 | 155,858 |
| Bonds payable | 598,197 | 598,018 |
| Total debt | 7,972,630 | 7,254,924 |
| Net debt ⁽³⁾ | (10,445,748) | (11,363,589) |
| Equity | 27,919,123 | 27,330,635 |
| Total debt to equity ratio ⁽⁴⁾ | 28.6% | 26.5% |
| Net debt to equity ratio ⁽⁵⁾ | -37.4% | -41.6% |

(1) Mainly contain structural deposits and monetary funds.

(2) Mainly contain bank deposits over 3 months.

(3) Total debt minus total cash on hand.

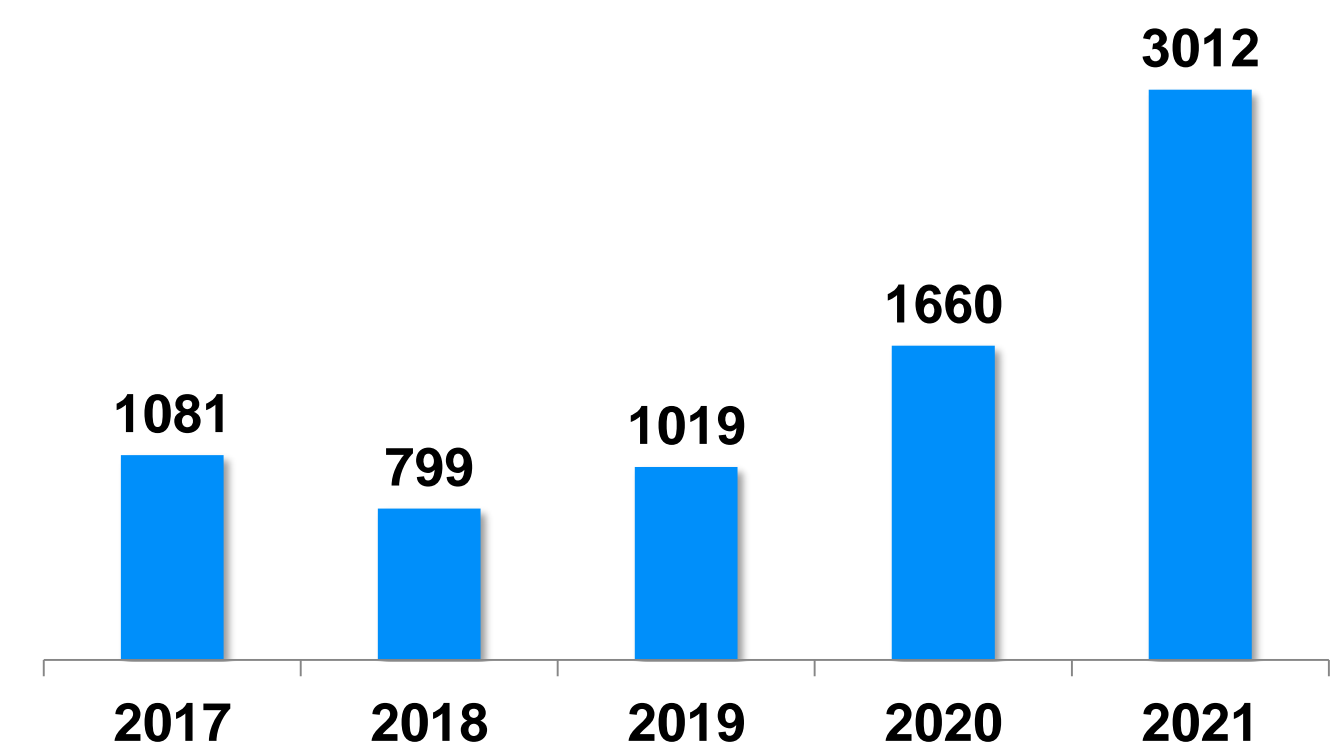
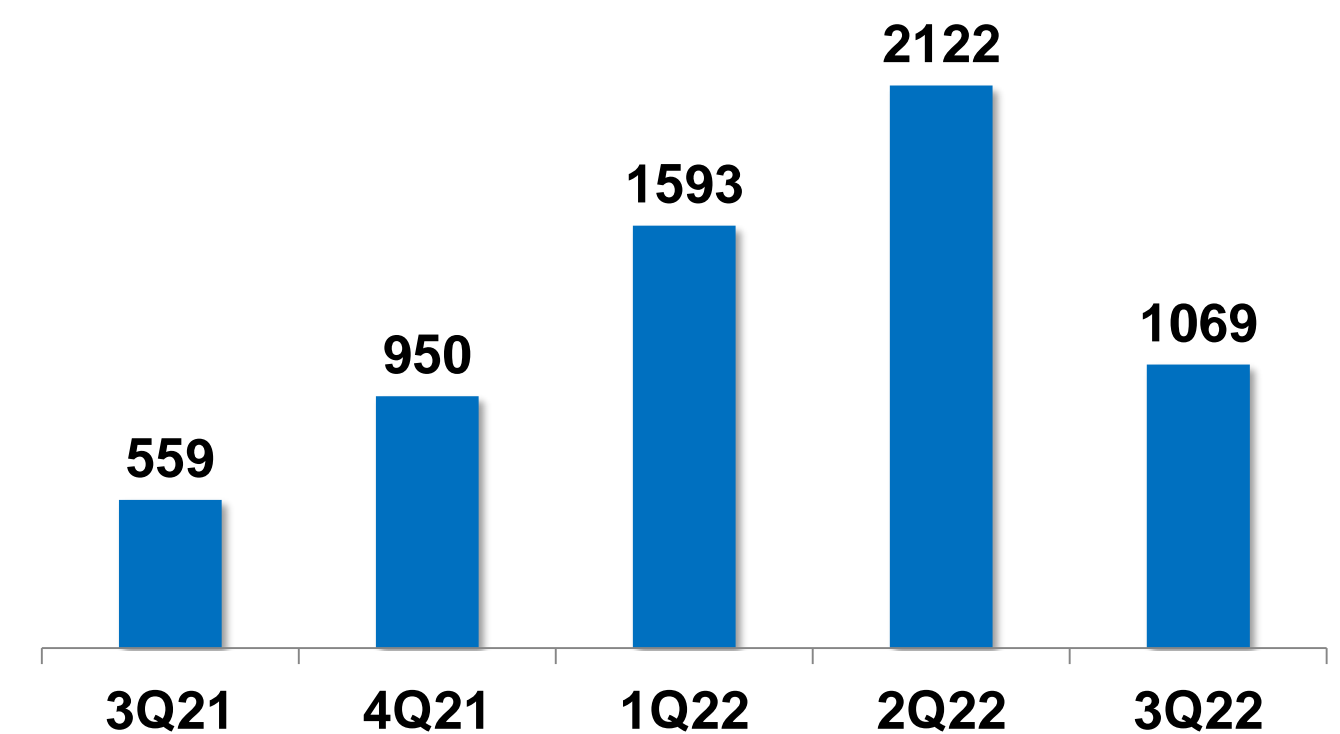
(4) Total debt divided by equity.

(5) Net debt divided by equity.

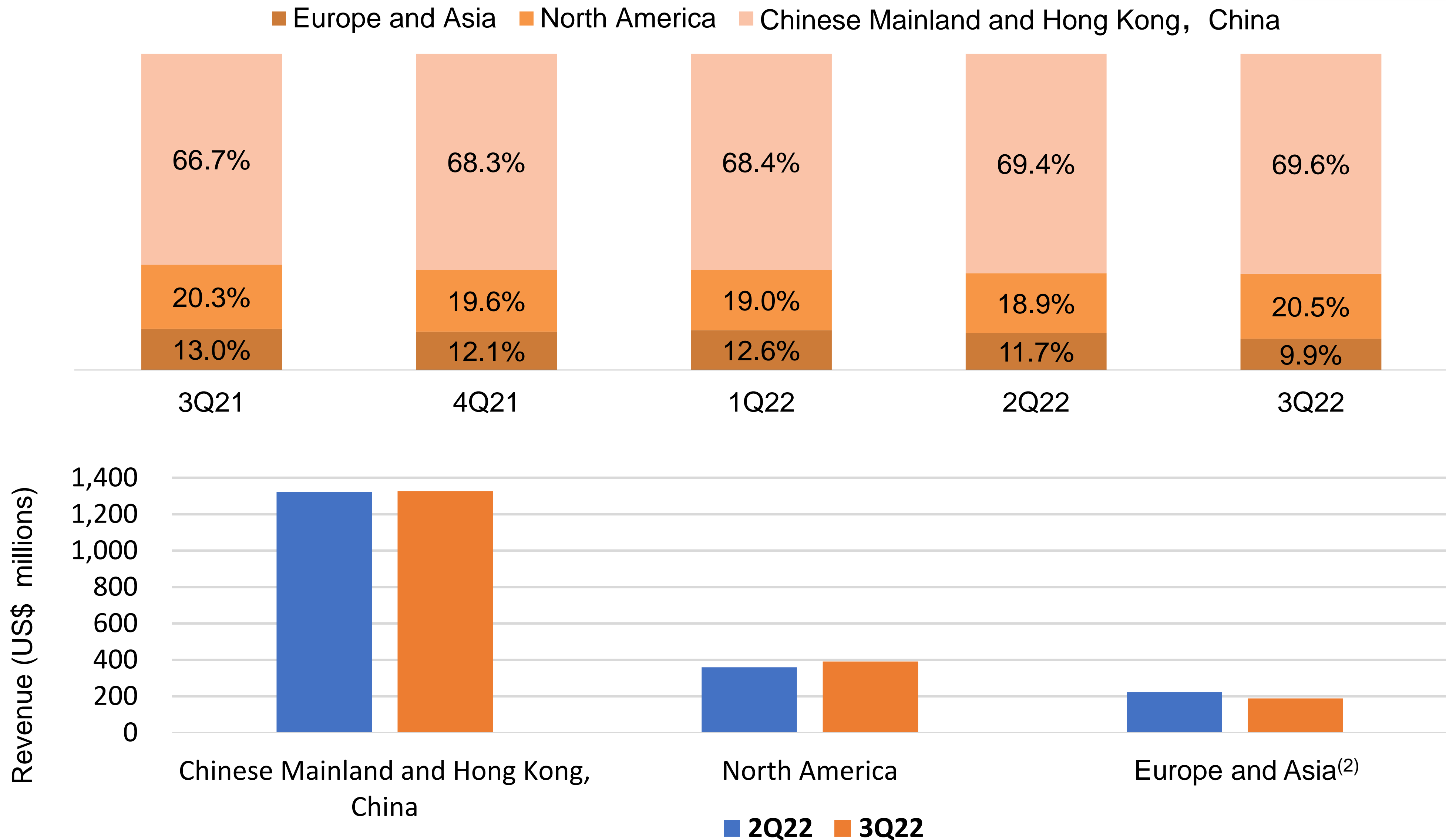
Cash Flow

| <i>(US\$ thousands)</i> | For the three months ended | |
|--|----------------------------|--------------|
| | Sep 30, 2022 | Jun 30, 2022 |
| Cash and cash equivalents, beginning of the period | 8,634,495 | 6,099,908 |
| Net cash generated from operating activities | 1,069,149 | 2,122,489 |
| Net cash used in investing activities | (3,024,132) | (681,138) |
| Net cash generated from financing activities | 1,062,529 | 1,228,149 |
| Net change in cash and cash equivalents | (1,089,721) | 2,534,587 |
| Cash and cash equivalents, end of the period | 7,544,774 | 8,634,495 |

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



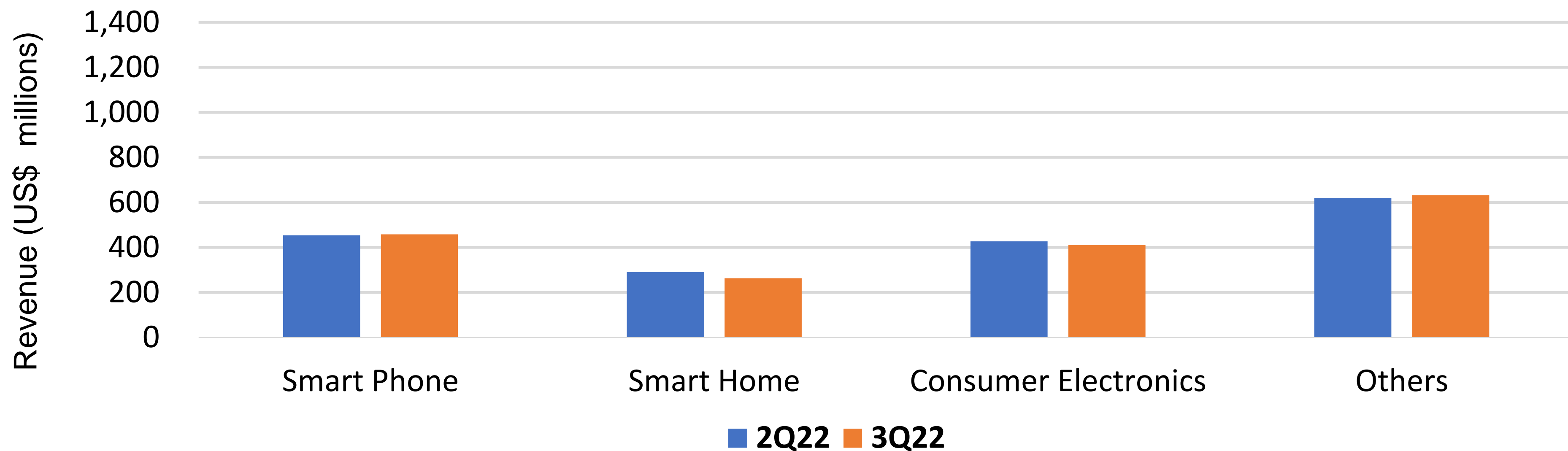
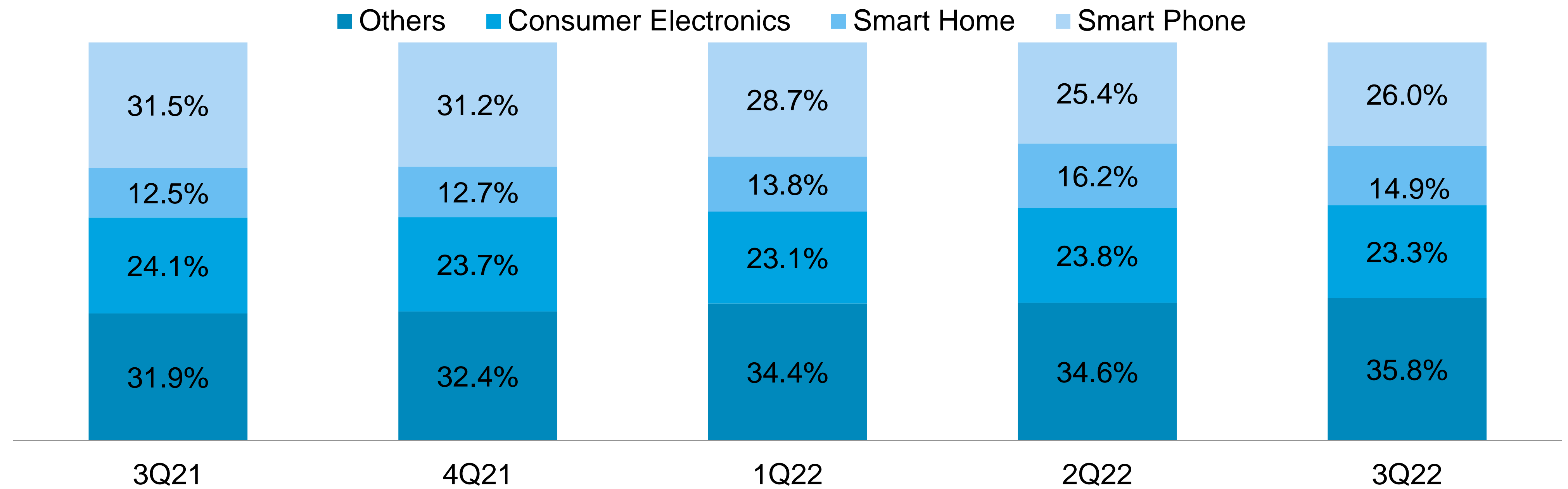
Total Revenue Analysis By Geography⁽¹⁾



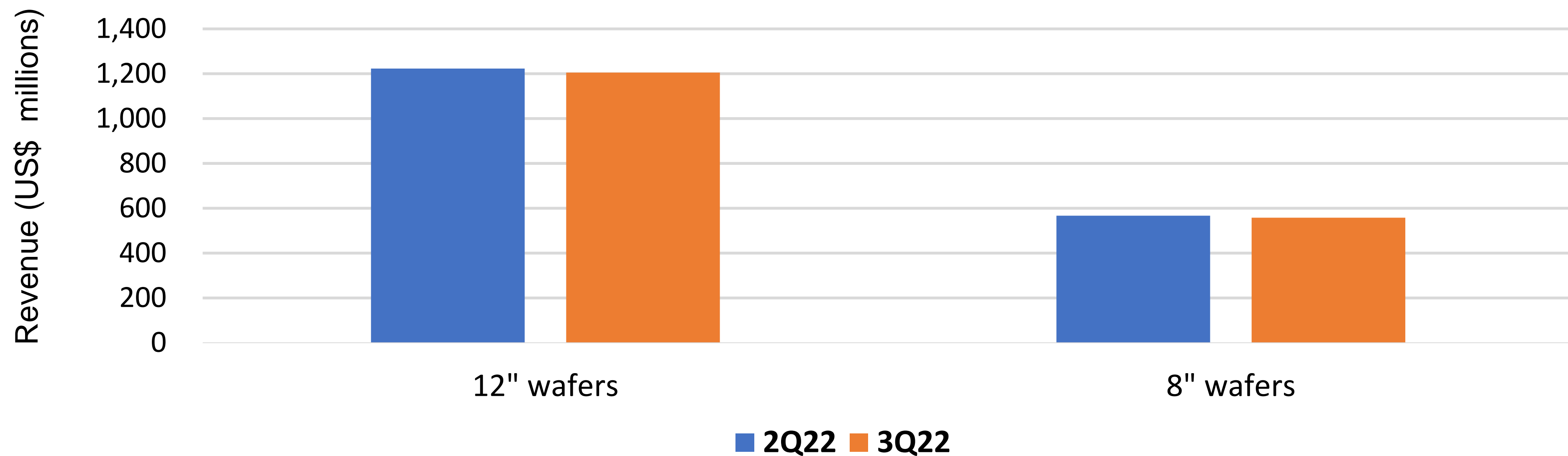
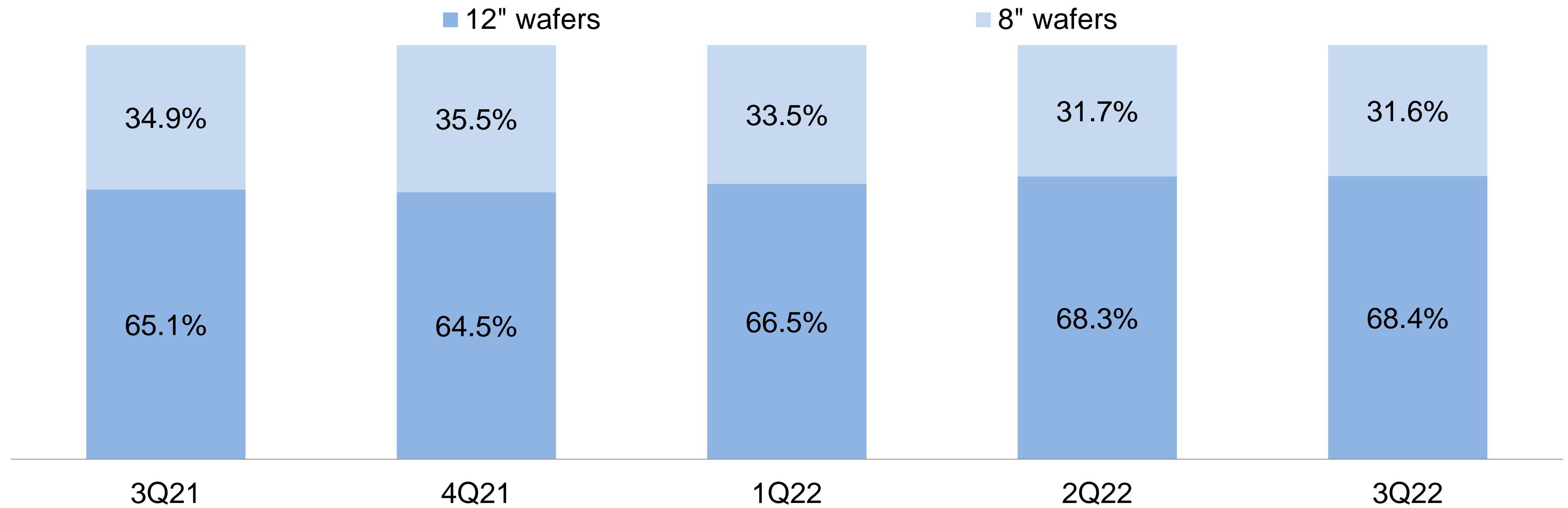
(1) Presenting the revenue to those companies whose headquarters are in this area, but ultimately selling and shipping the products to their global customers.

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

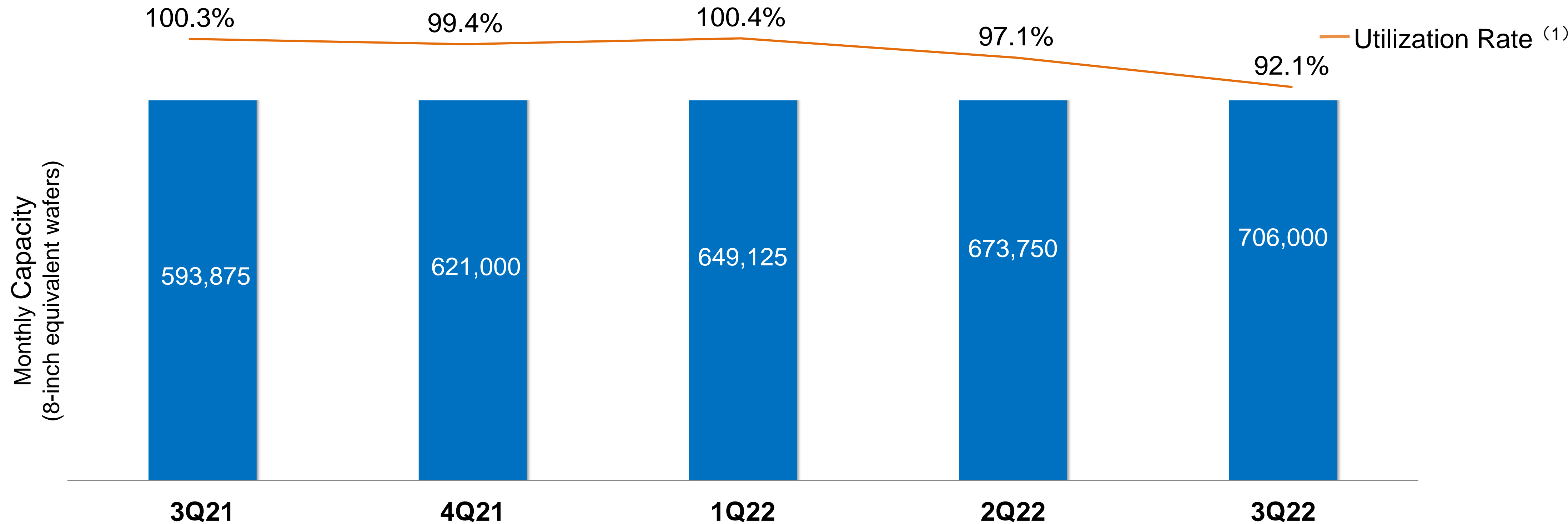
Wafer Revenue Analysis By Application



Wafer Revenue Analysis By Size



Capacity, Utilization and Shipment



| | 3Q21 | 4Q21 | 1Q22 | 2Q22 | 3Q22 |
|-----------------|-----------|-----------|-----------|-----------|-----------|
| Wafer Shipments | 1,719,743 | 1,723,360 | 1,840,189 | 1,886,530 | 1,797,671 |

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

4Q 2022 Guidance and 2022 Capex Guidance

| | 4Q 2022 Guidance | 2022 Capex |
|--------------|------------------|------------|
| Revenue | -13% to -15% QoQ | \$6.6B |
| Gross Margin | 30% to 32% | |

Appendix

3Q Results vs Guidance

| | 3Q 2022 Guidance | 3Q 2022 Results |
|---------------------|------------------|-----------------|
| Revenue | +0% to +2% QoQ | +0.2% QoQ |
| Gross Margin | 38% to 40% | 38.9% |

Capital Expenditures & Depreciation

| <i>(US\$ millions)</i> | 3Q21 | 4Q21 | 1Q22 | 2Q22 | 3Q22 |
|--|-------|-------|------|-------|------|
| Capex | 1,081 | 2,130 | 869 | 1,672 | 1822 |
| Depreciation & Amortization | 480 | 508 | 534 | 557 | 576 |

Thank You!

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