



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.

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About Non-

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.

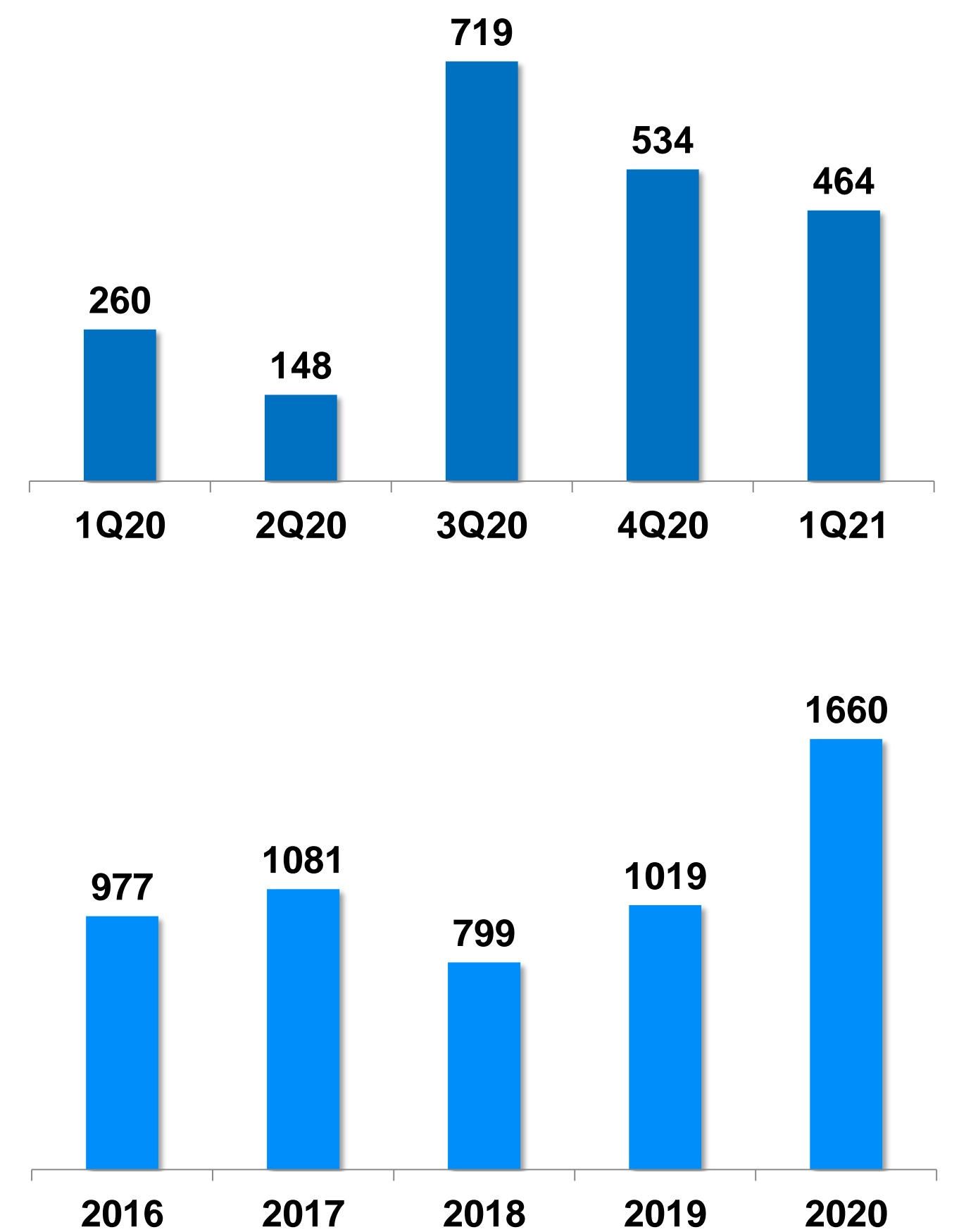
Balance Sheet Highlights

| (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% |

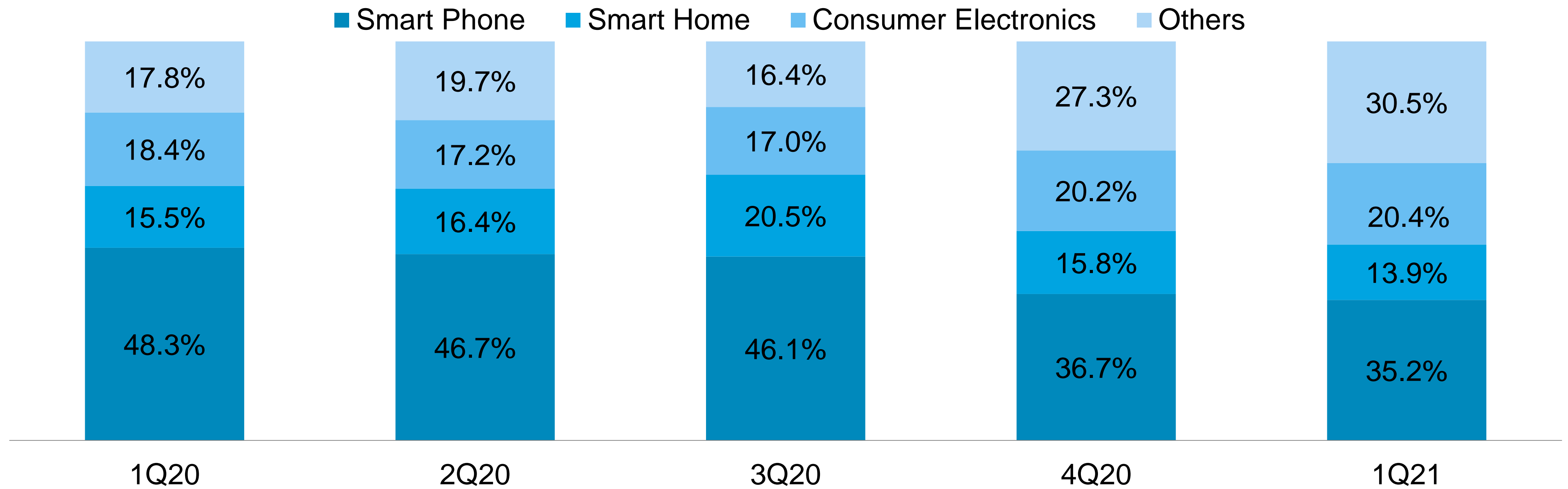
Cash Flow Highlights

| <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 |

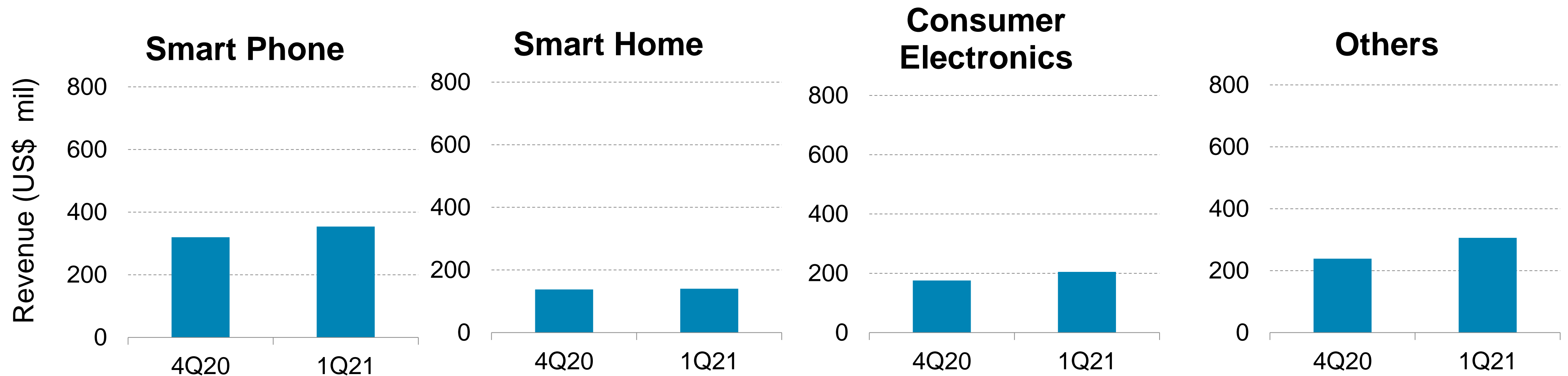
Cash Flow from Operations *(US\$ millions)*



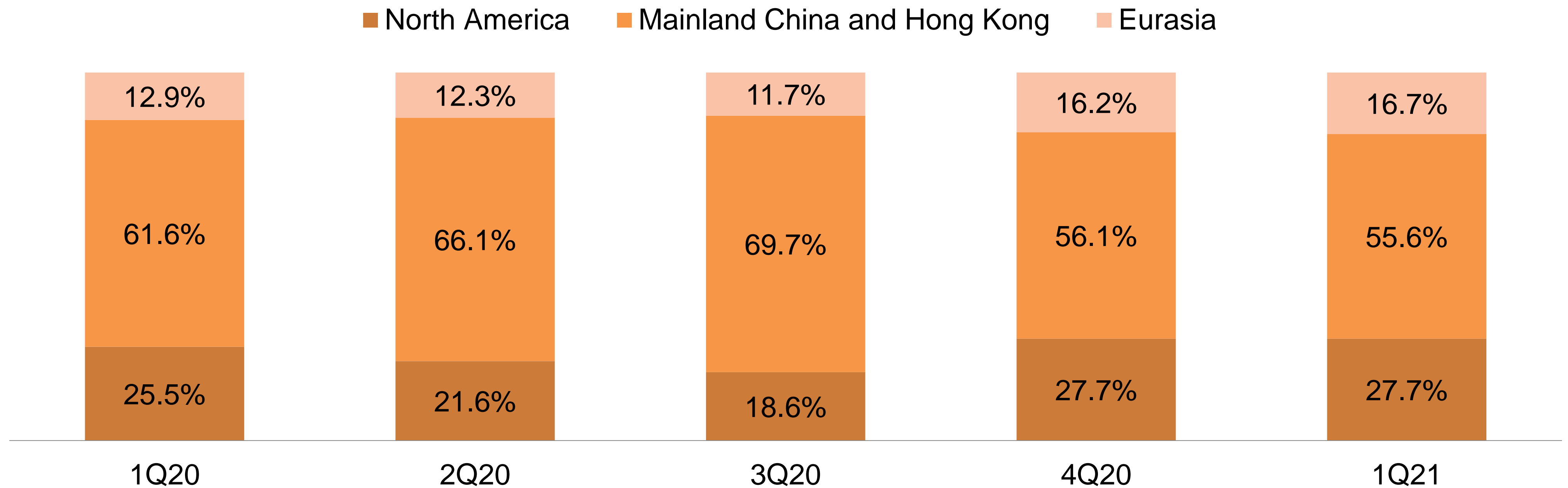
Wafer Revenue Breakdown by Application



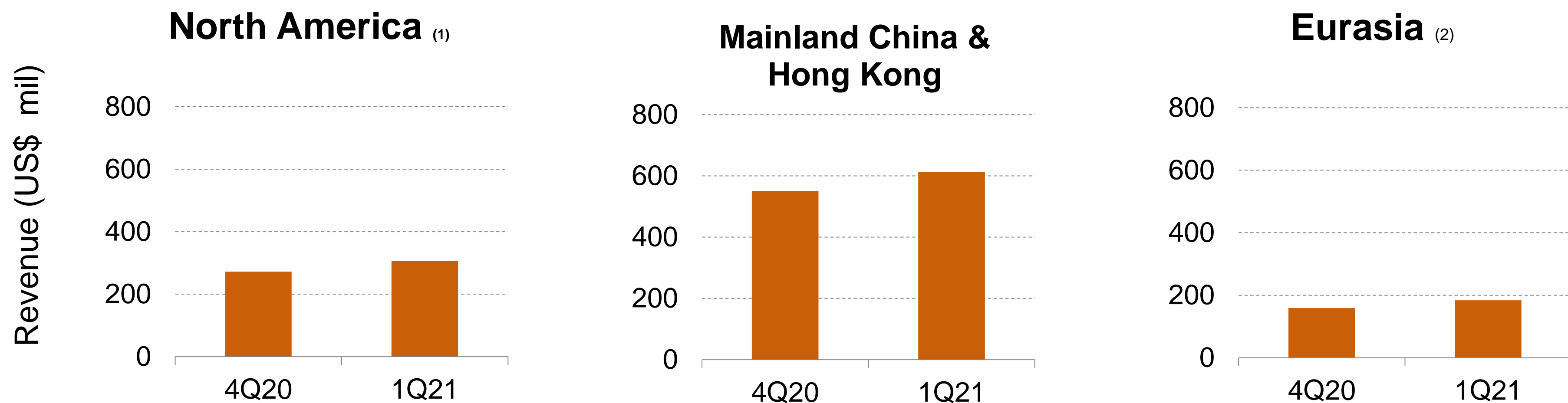
4Q20 vs. 1Q21



Total Revenue Breakdown by Geography



4Q20 vs. 1Q21

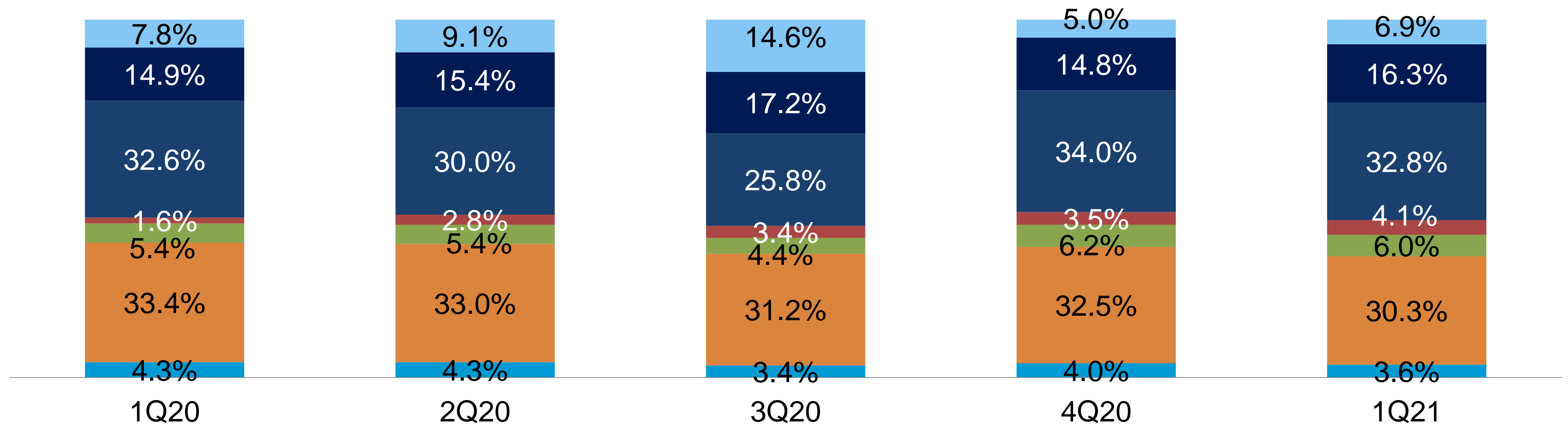


(1) Presenting the revenue to those companies whose headquarters are in North America, but ultimately selling and shipping the products to their global customers.

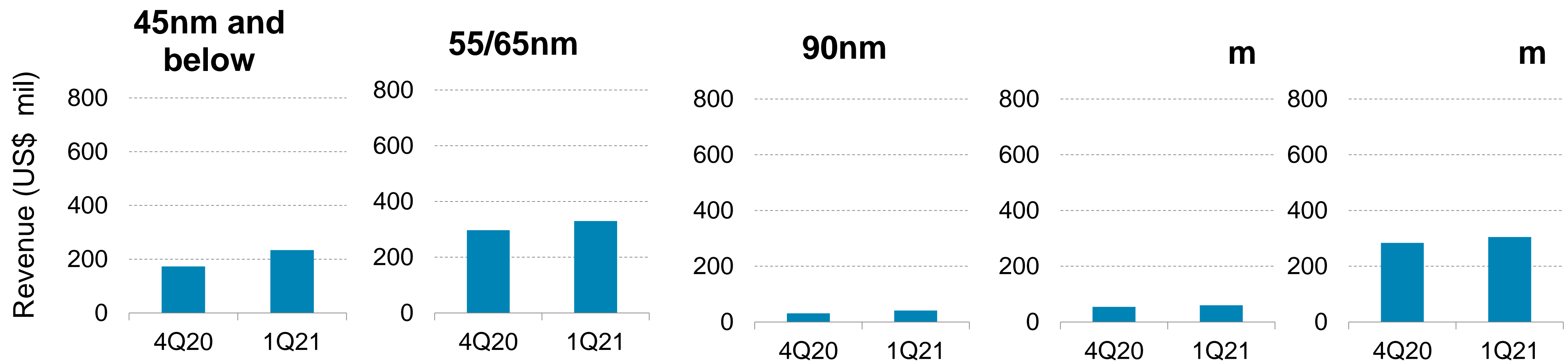
(2) Eurasia excluding Mainland China and Hong Kong.

Wafer Revenue Breakdown by Technology

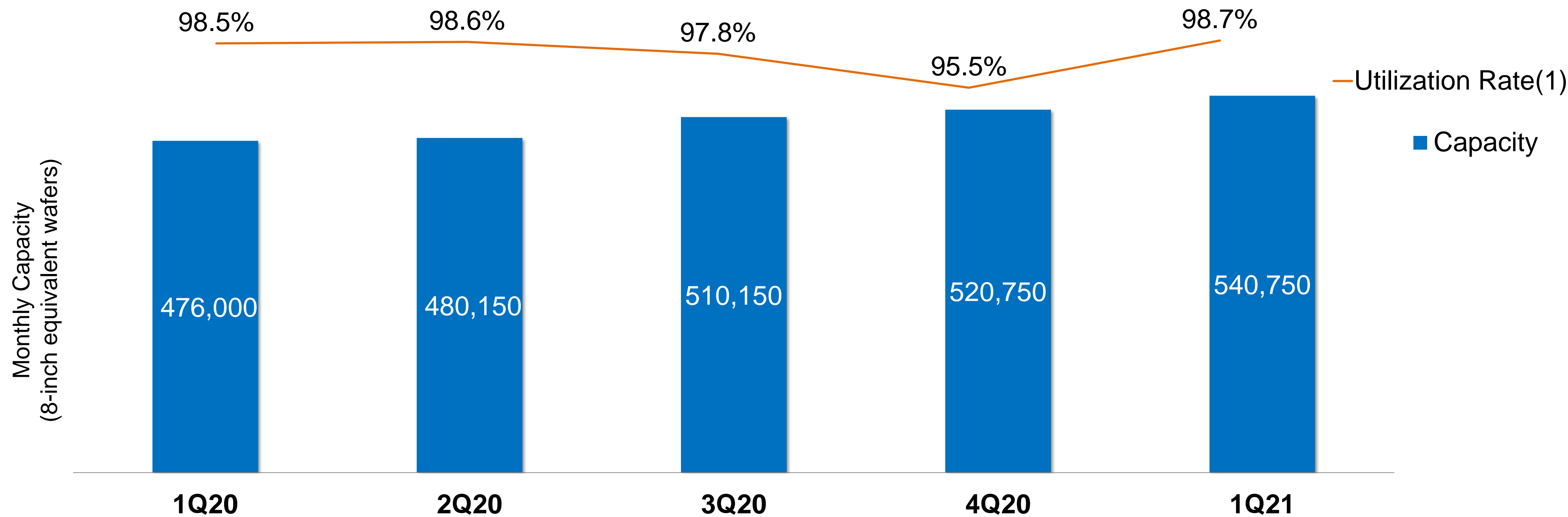
■ 0.25/0.35μm
 ■ 0.15/0.18μm
 ■ 0.11/0.13μm
 ■ 90nm
 ■ 55/65nm
 ■ 40/45nm
 ■ 14/28nm



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

Thank You!

Contact us: ir@smics.com