



SMIC Q3 2022

Financial Presentation

SEHK: 00981

SSE STAR MARKET: 688981

SMIC Investor Relations
Nov 2022

Forward-Looking Statements

This presentation contains, in addition to historical information, forward-looking statements. These forward-looking statements are based on SMIC's current assumptions, expectations, beliefs, plans, objectives, and projections about future events or performance. SMIC uses words including but not limited to “believe”, “anticipate”, “intend”, “estimate”, “expect”, “project”, “target”, “going forward”, “continue”, “ought to”, “may”, “seek”, “should”, “plan”, “could”, “vision”, “goal”, “aim”, “aspire”, “objective”, “schedule”, “outlook” and other similar expressions to identify forward looking statements. 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-

-

The consolidated financial information is prepared in accordance with International Financial Reporting Standards

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)				

- **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.

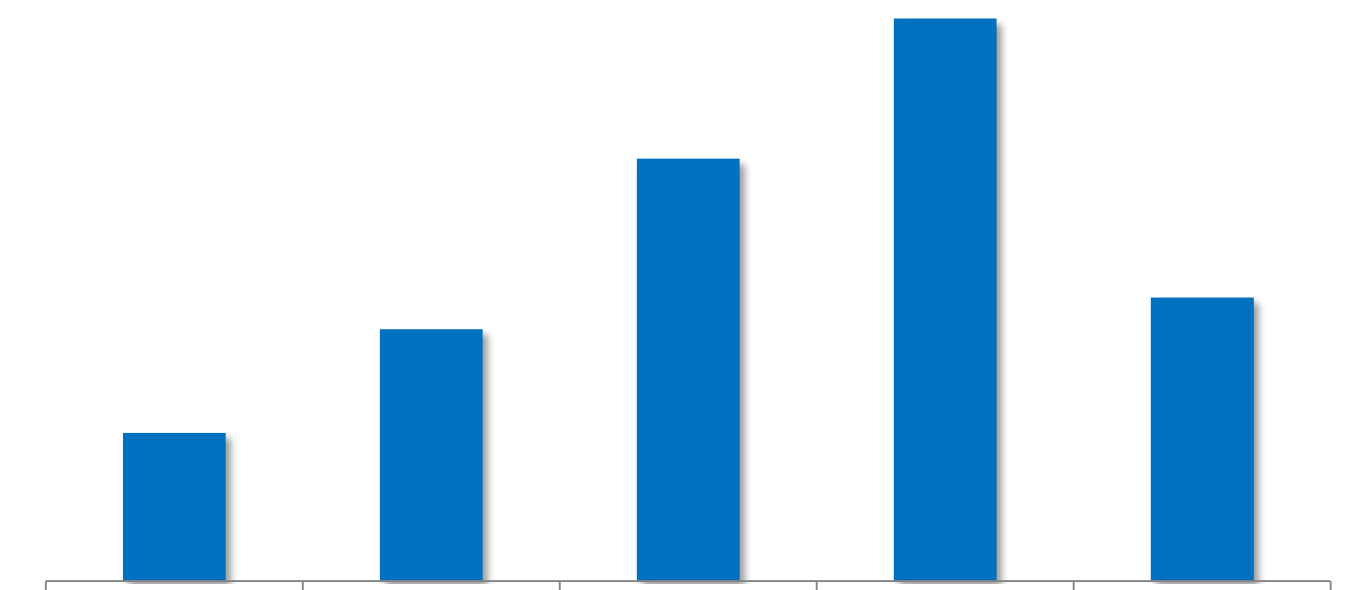
(4) Total debt divided by equity.

(5) Net debt divided by equity.

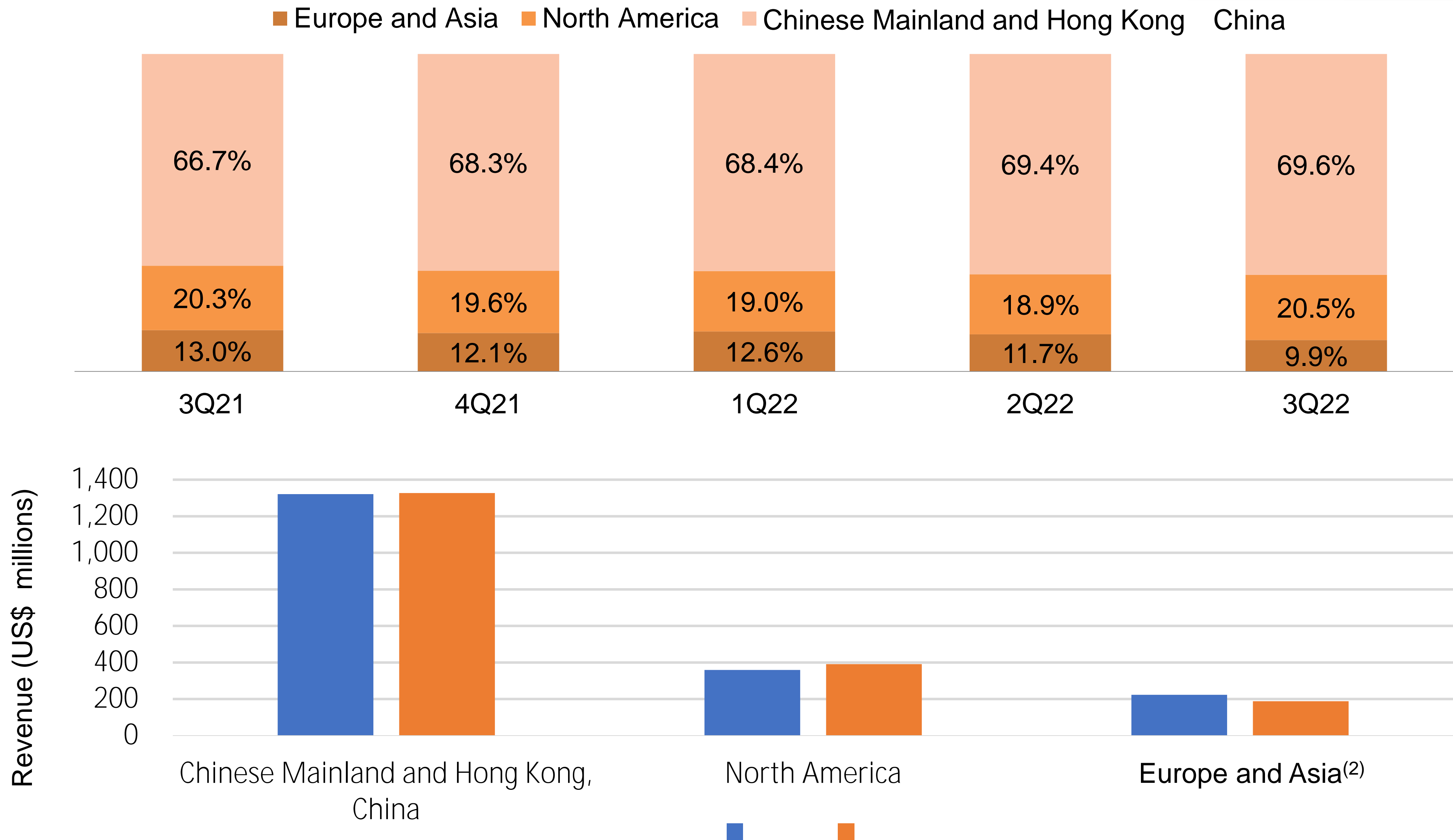
Cash Flow

<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)



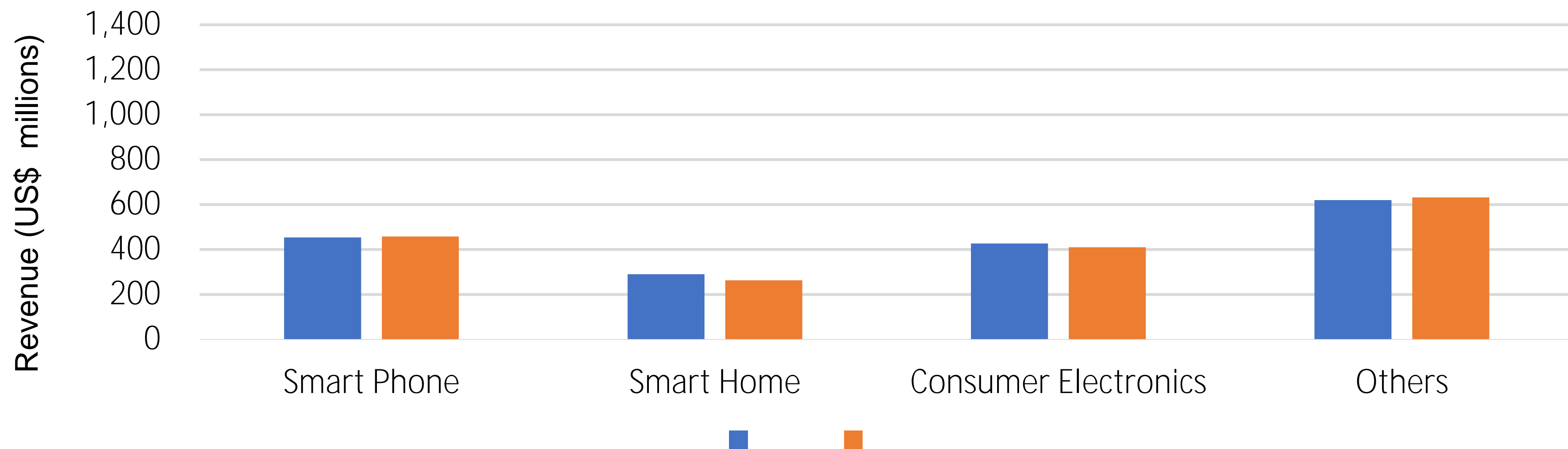
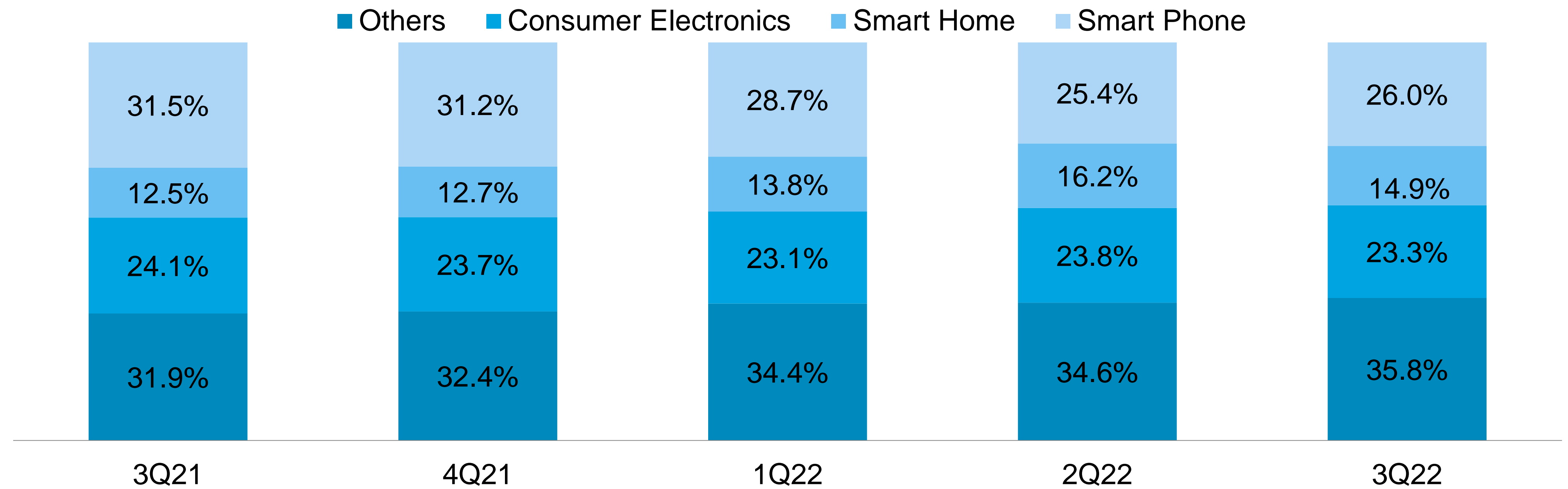
Total Revenue Analysis By Geography⁽¹⁾



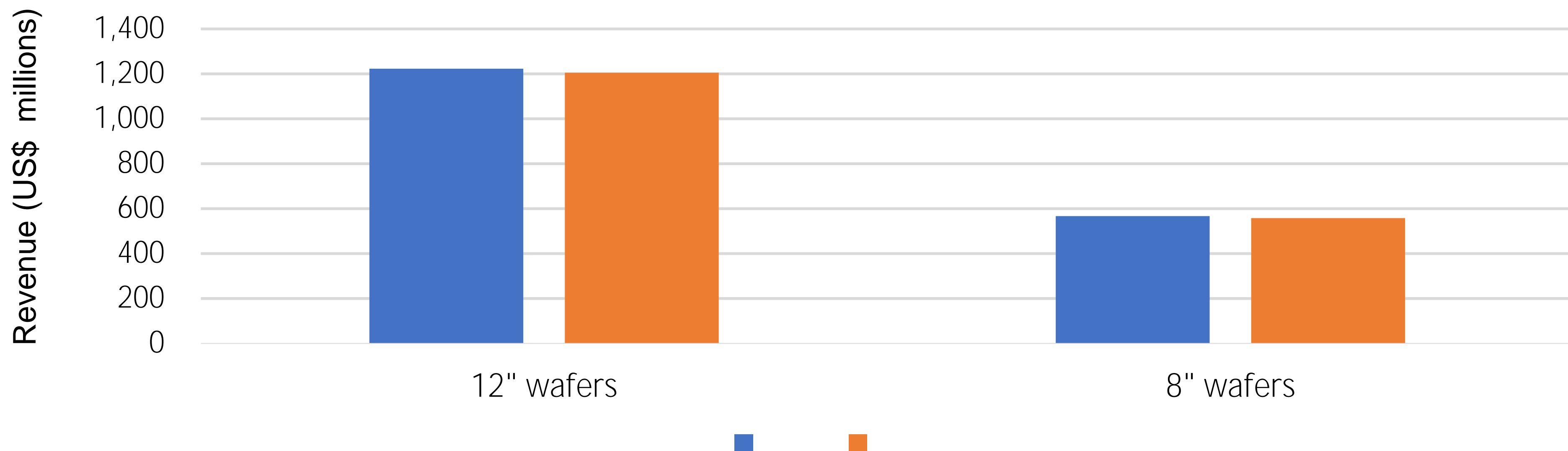
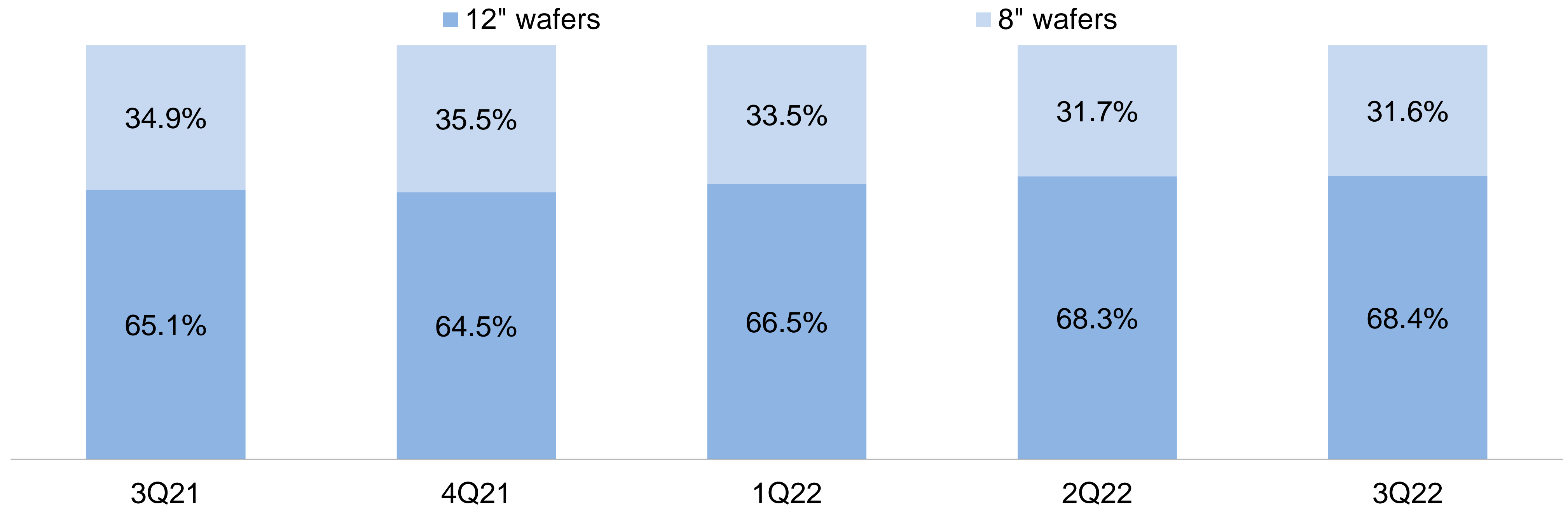
(1) Presenting the revenue to those companies whose headquarters are in this area, but ultimately selling and shipping the products to their global customers.

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

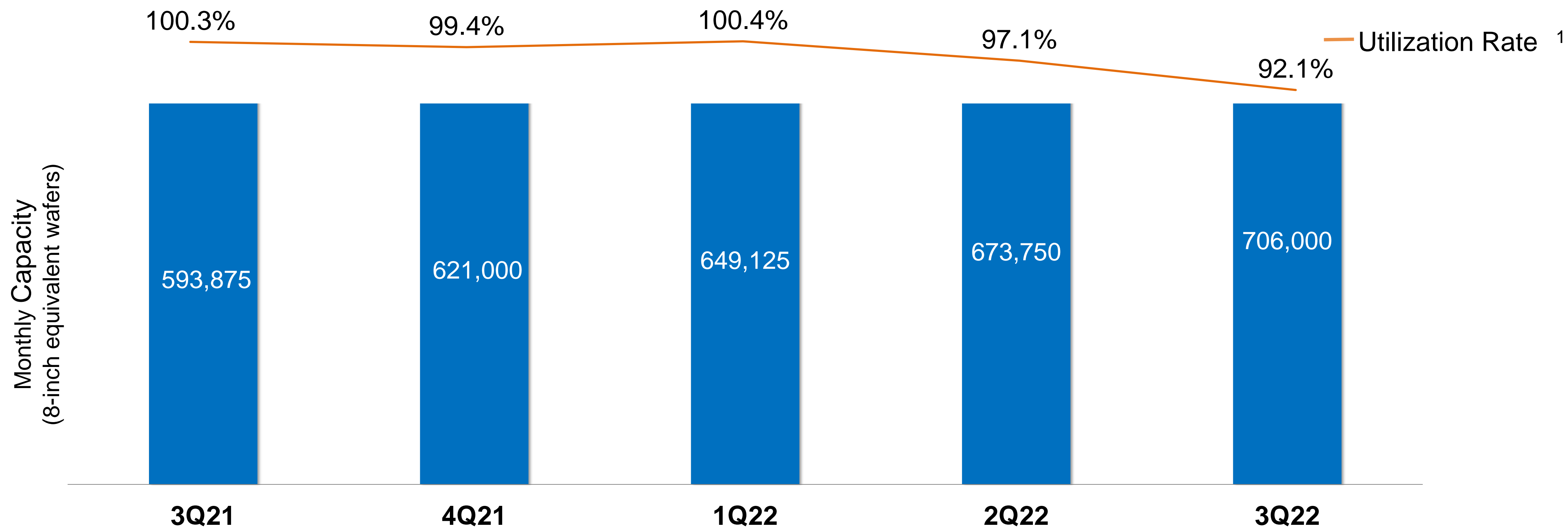
Wafer Revenue Analysis By Application



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)

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!

Contact us: ir@smics.com