



SMIC Investor Presentation

NYSE: SMI HKSE: 981

SMIC Investor Relations

November 2012



Safe Harbor Statements

Under the Private Securities Litigation Reform Act of 1995

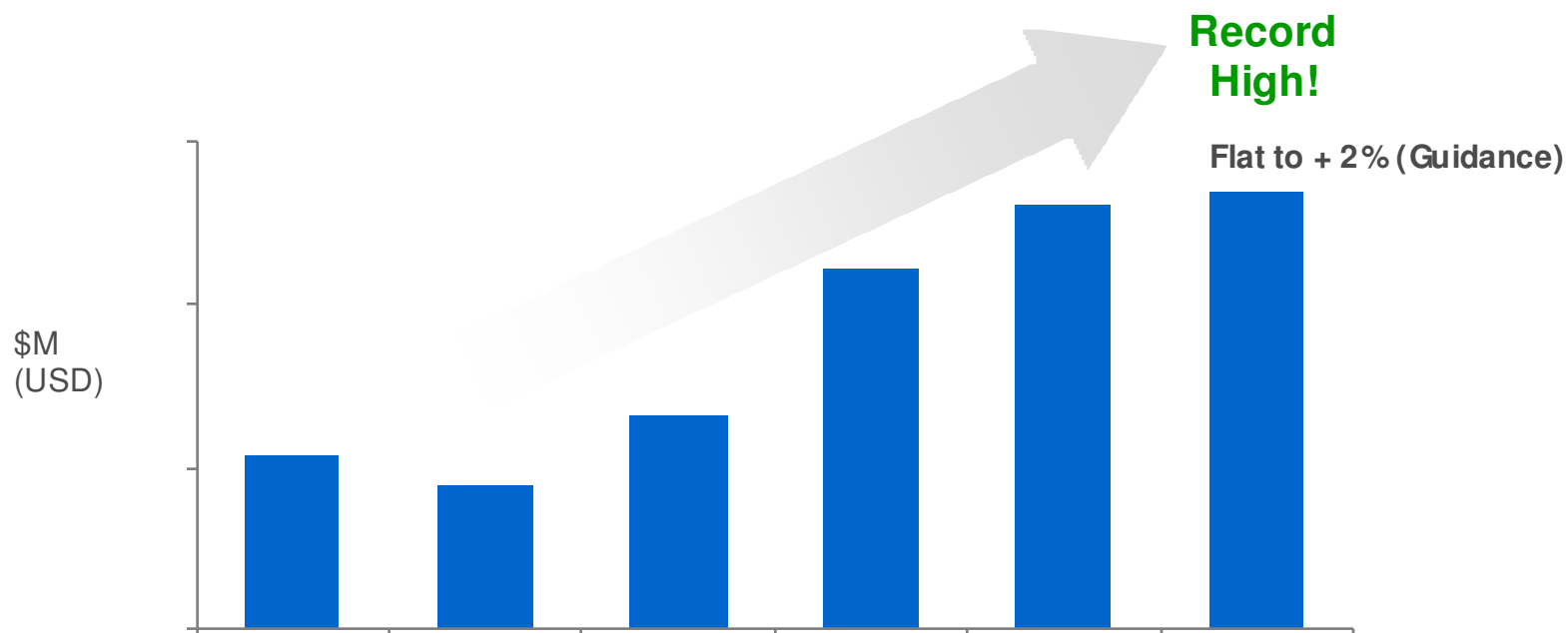
- This presentation contains, in addition to historical information, “forward-looking statements” within the meaning of the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on SMIC’s current assumptions, expectations and projections about future events. SMIC uses words like “believe,” “anticipate,” “intend,” “estimate,” “expect,” “project” and similar expressions to identify forward-looking statements, although not all forward-looking statements contain these words. These forward-looking statements 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 the presentation, the current global financial crisis, orders or judgments from pending litigation and financial stability in end markets.
- Investors should consider the information contained in SMIC’s filings with the U.S. Securities and Exchange Commission (SEC), including its Annual Report on Form 20-F filed with the SEC on April 27, 2012, especially in the “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections, and such other documents that SMIC may file with the SEC or SEHK from time to time, including on Form 6-K. Other unknown or unpredictable factors also could have material adverse effects on SMIC’s 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 may be required by law, SMIC undertakes no obligation and does not intend to update any forward-looking statement, whether as a result of new information, future events or otherwise.





SMIC Highlights

- New Chairman, Q3 2011, Independent and International
- New CEO, Q3 2011, Utilization and Differentiation
- 1Q12, Revenue up 15% QoQ in a seasonal down quarter
- 2Q12, Record revenue, up 27% QoQ, and turn net to positive
- 3Q12, Record revenue, continued growth and profit
- 4Q12, Against market trend, continue growth in 4Q12

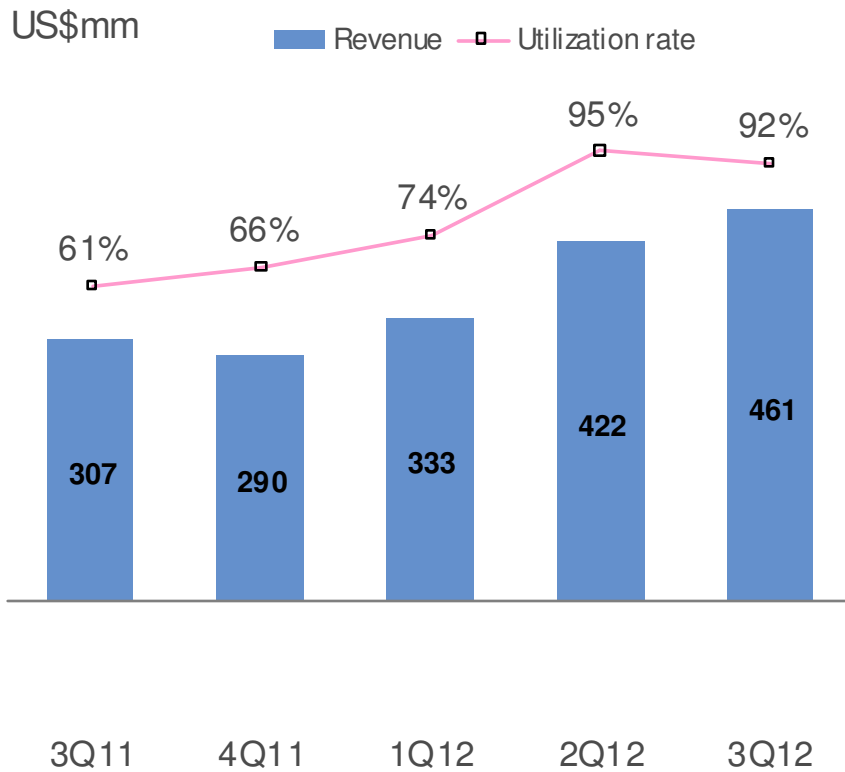


Source: SMIC Earning Release & China Sales

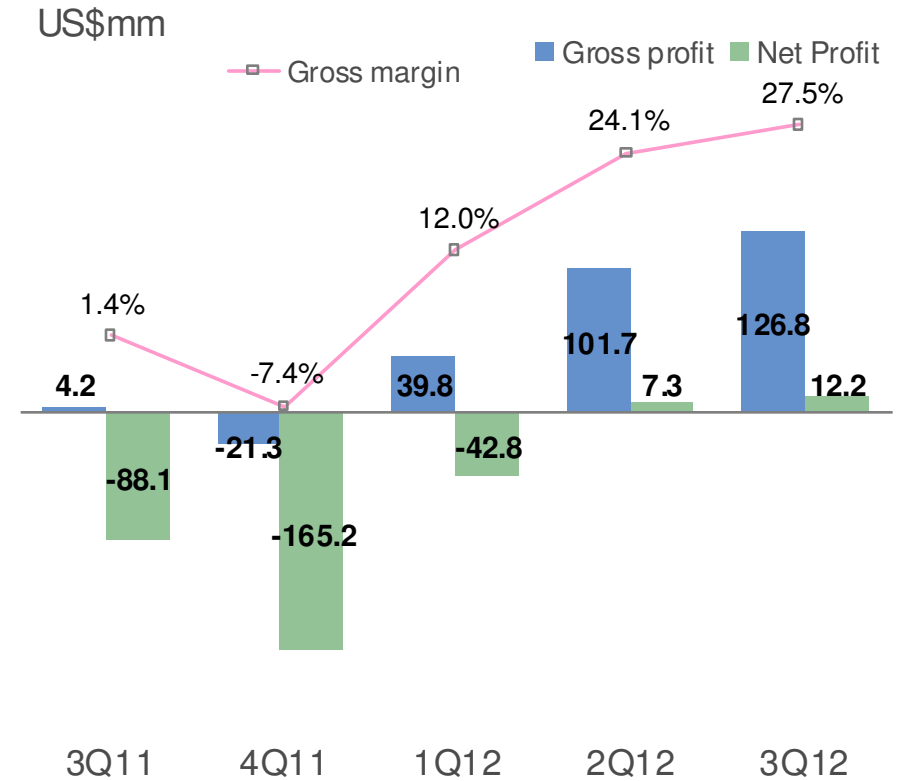


Quarterly Gross Profit and Net Income

Revenue and Utilization



Gross profit, gross margin, and net profit



Management Change



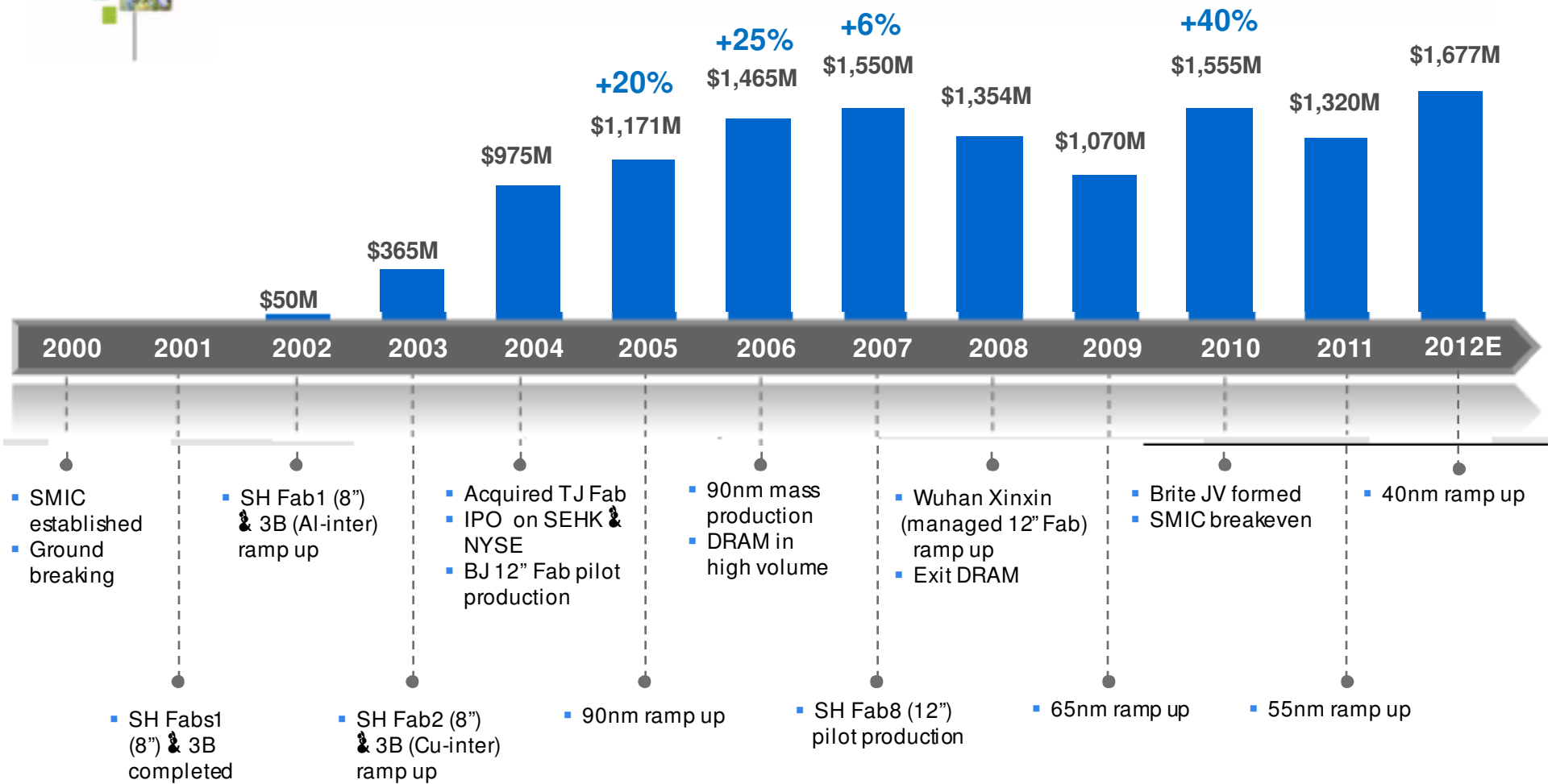


4Q 2012 Guidance

	Q4' 2012 Guidance
Revenue \$461.2M ~ 470.4M	Flat to + 2%
Gross Margin \$83.0M ~ 94.1M	18% to 20%
Operating Expenses ⁽¹⁾	\$70 – \$74 million

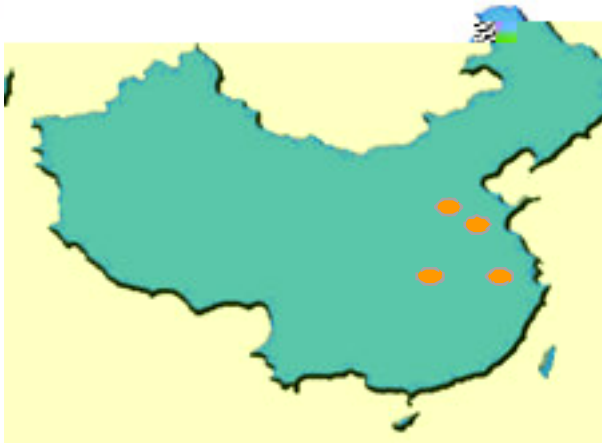
(1) Exclude foreign exchange differences and government grants

History of SMIC

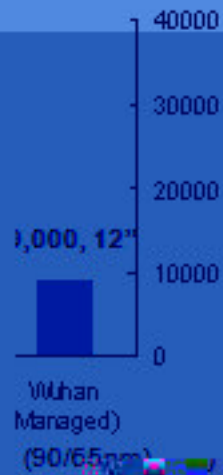
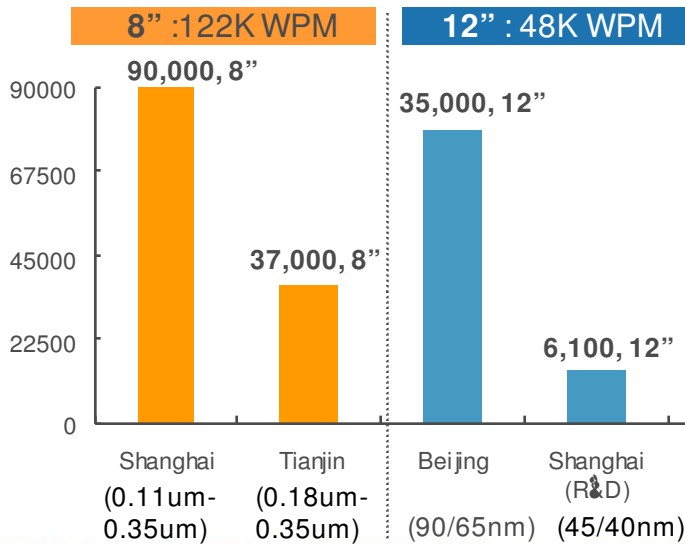


SMIC, the Largest and Most Advanced Semiconductor Foundry in China

China Ranking: No. 1



Servicing Globally



Executive Management Team



Chairman
Wenyi Zhang

- 1997-2009 Hua Hong Group Chairman - first 8" foundry in China
- 1995-1998 China, Ministry of Electronics Vice Minister
- 1983-1995 IRICO CEO - largest TV CRT manufacturer in China



CEO
Dr. Tzu-Yin Chiu

- 2010-2011 HLMC COO - foundry
- 2009-2011 HHNEC President & CEO - foundry
- 2007-2009 Silterra Malaysia President/COO - foundry
- 2005-2006 Hua Hong COO - foundry
- 2001-2005 SMIC Senior VP - foundry
- 1996-2001 TSMC Senior Director - foundry
- 1984-1996 AT&T Bell Labs - semiconductor R&D

CFO
Gareth Kung



CBO
Chris Chi



Worldwide Sales
Mike Rekuc



Technology R&D
Dr. Shiuh-Wuu Lee



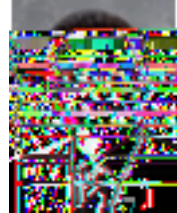
Central Operations/ Engineering & Services
Dr. John Liu



Northern Operations
Dr. Haijun Zhao



Admin & Public Affairs
Dong Cui



Direction and Execution Partnerships

Continued effort towards sustainable profitability and being the preferred foundry provider in China via partnerships with international and domestic partners

Near term

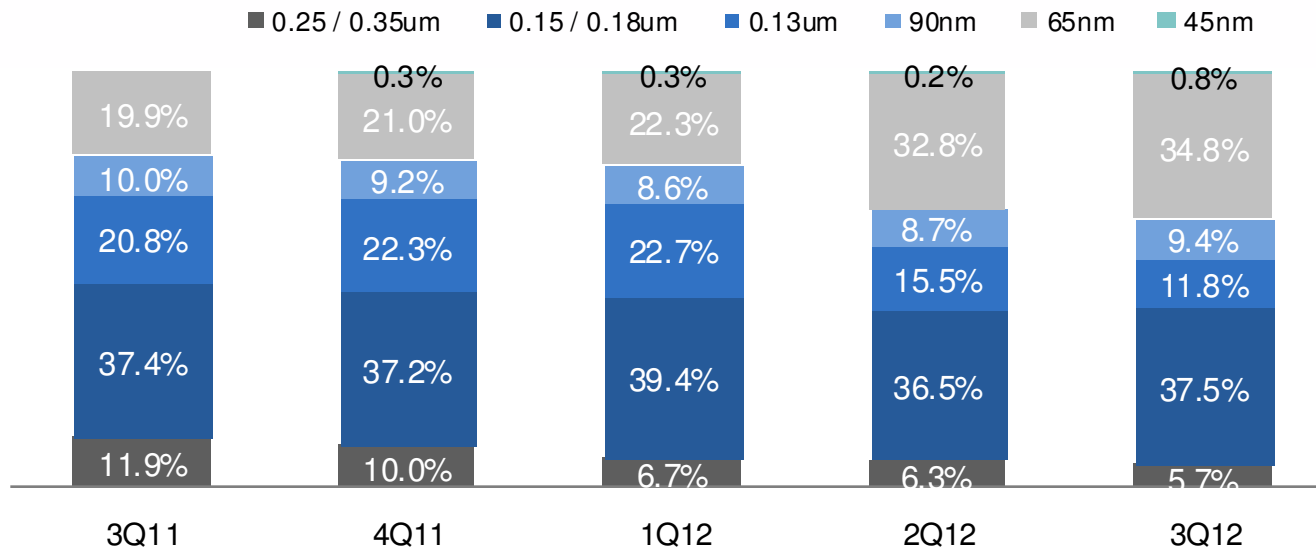
- **Boost overall utilization & efficiency to improve profitability**
 - Shorten project cycles
 - Maintain tech advancement & pursue value added differentiation
 - Leverage investments made to date
- **Align investment & technology with customer expectations**
 - Collaborate closely with customers on enhancing each fab's technology flexibility
 - Execute accurately on 45nm & 40nm ramp
- **Continue to emphasize production & customer service improvement**
 - Instituted comprehensive systems & controls
 - Continue operational improvement on a daily basis

Long term

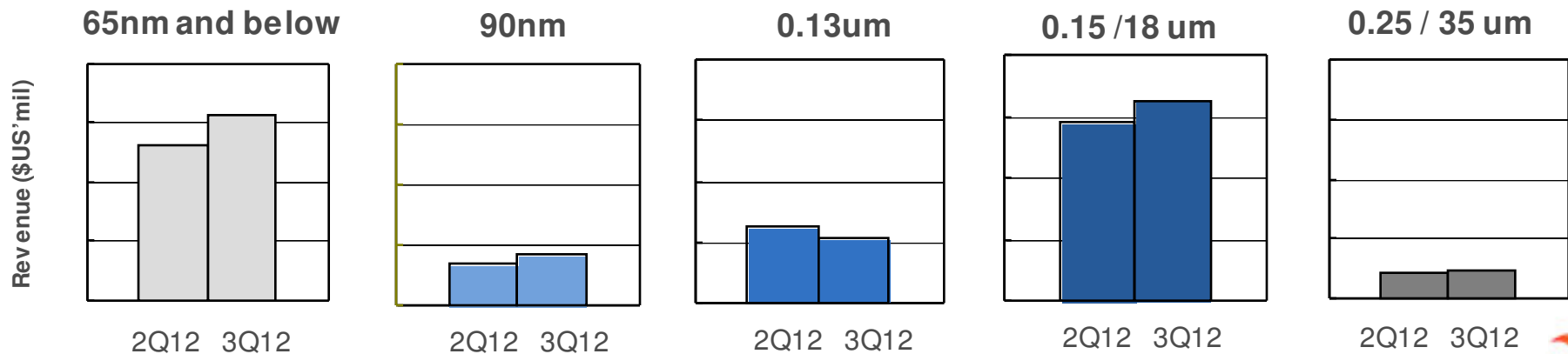
**Our current priority is technology development, not expansion.
We invest based on customer demand and technology readiness.**



Wafer Revenue Breakdown by Technology



3Q 12 vs 2Q 12



Services for Various Applications

Power Management

- PMIC, PMU, Discrete Power



Wireline Communication

- Flash Controller, USB, Bridge IC, TCON, Audio, Video



Image & Display

- Handphone CIS



MCU

- Touchpad controller, MCU



Smart Card

- Banking Card, Smart Card



Connectivity

- WiFi, Blue Tooth, FM



Mobile Computing

- Base Band, Application Processor, Tablet



Memory

- NOR Flash

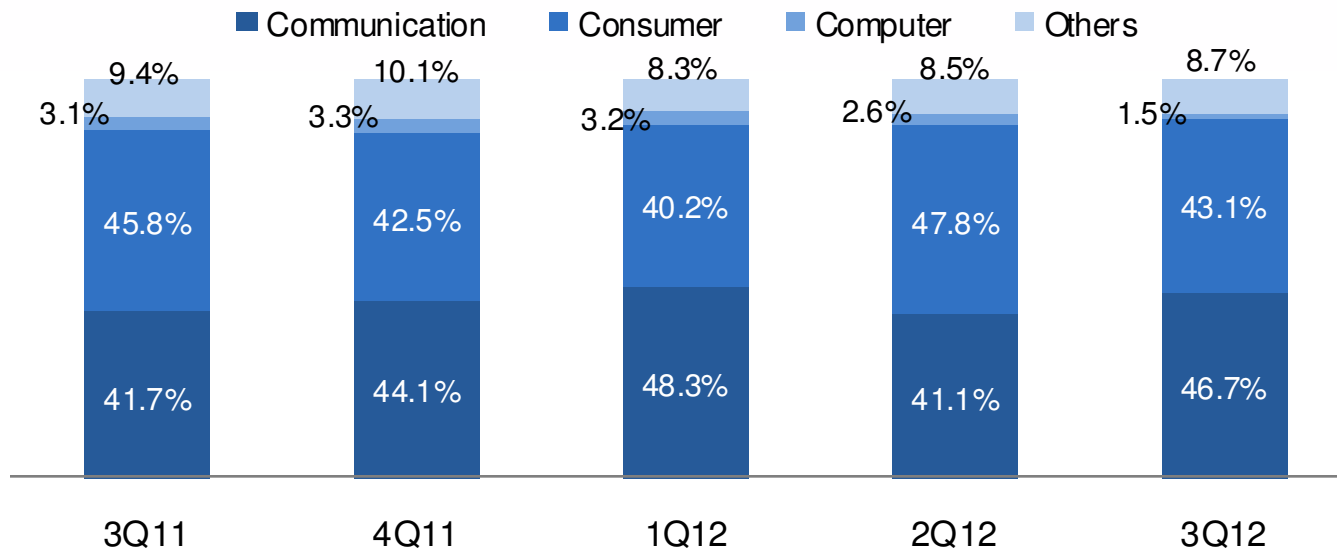


Digital Home

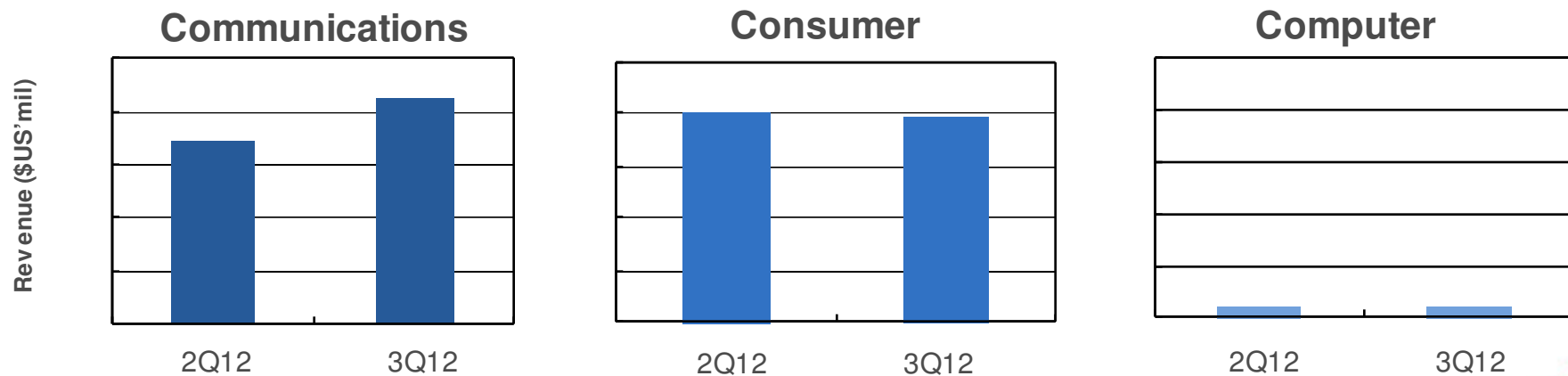
- Set-top Box, TV chips, TV Game ASIC, Projector



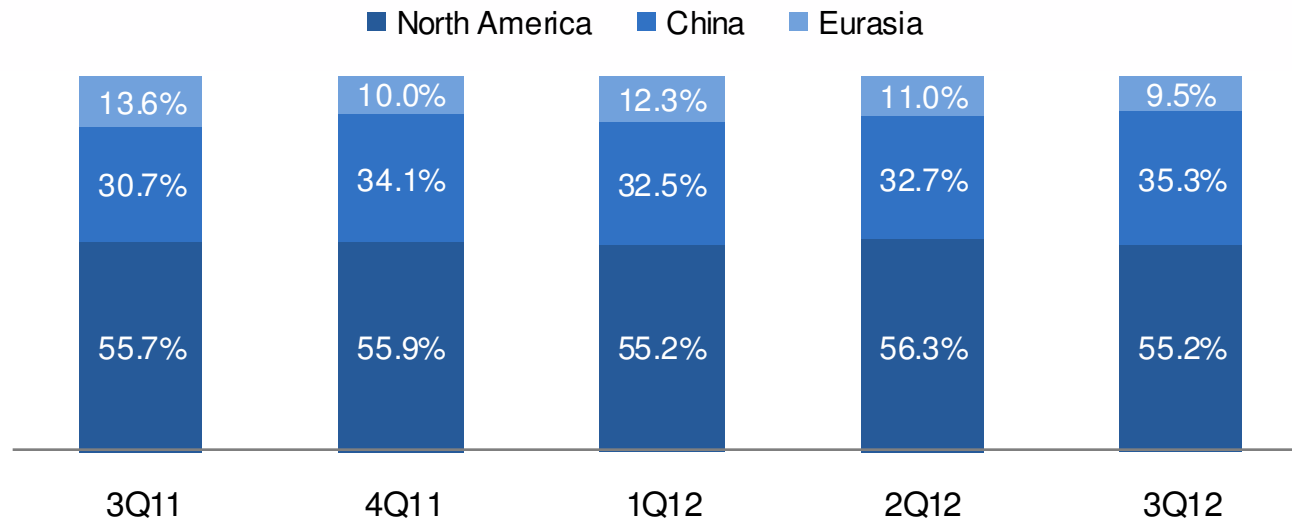
Total Revenue Breakdown by Applications



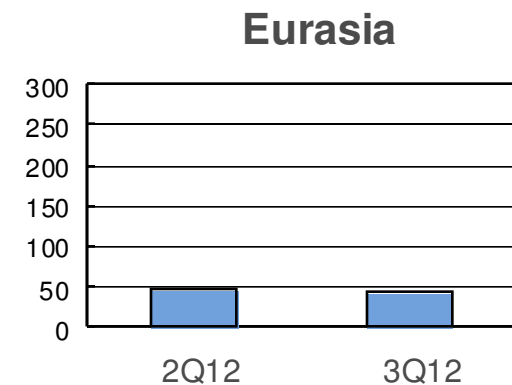
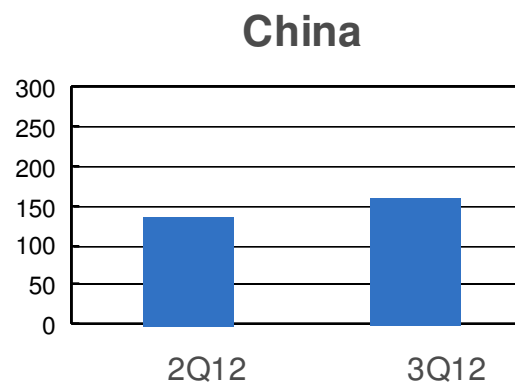
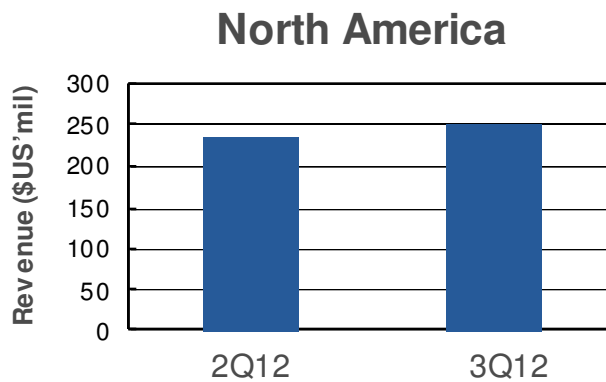
3Q 12 vs 2Q 12



Total Revenue Breakdown by Geography



3Q 12 vs 2Q 12



Income Statement Highlights

<i>(US\$ thousand)</i>	Q3'2012	Q2'2012	QoQ	Q3'2011	YoY
Total Revenue	461,168	421,826	9.3%	306,890	50.3%
Gross Profit	126,820	101,716	24.7%	4,223	10.5%
Gross Margins	27.5%	24.1%	–	1.4%	–
Operating Expenses:					
Research & Development	72,945	51,020		51,479	
General & Administrative	24,857	29,094		21,903	
Selling & Marketing	8,178	7,786		7,398	
Others, net	472				

- Wafer revenue from managed fab Wuhan Xinxin was \$47.4 million in Q3, contributing 10.3% to total revenue, vs. \$41.6M in Q2
- Operating expense in Q3 was offset by government grants of \$2.2 million compared to \$16 million of in Q2.





Cash Flow Highlights

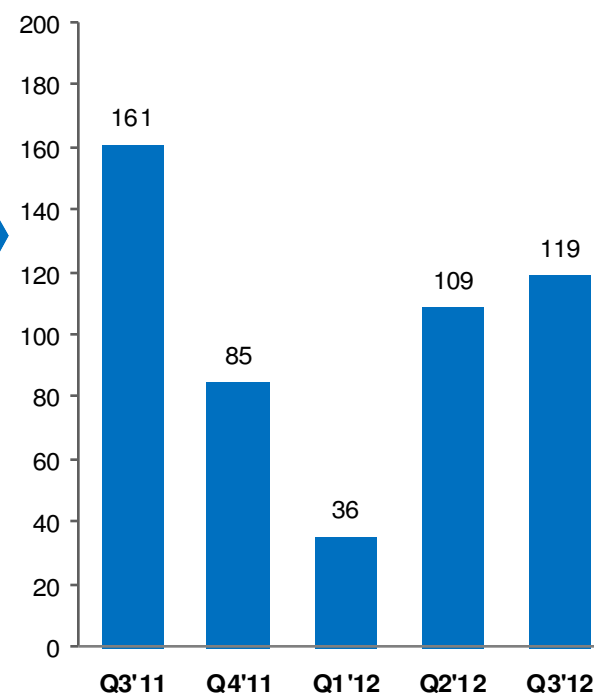
(US\$ thousands)

For the three months ended

	Sept 30, 2012	Jun 30, 2012
Cash and cash equivalents at the beginning of period	290,694	300,641
Net cash provided by operating activities	119,023	109,425
Net cash used in investing activities	(128,349)	(126,293)
Net cash used in financing activities	(49,712)	6,999
Net increase (decrease) in cash and cash equivalents	(58,909)	(9,947)
Cash and cash equivalents at the end of period	231,785	290,694

Cash Flow from Operations

US\$mm

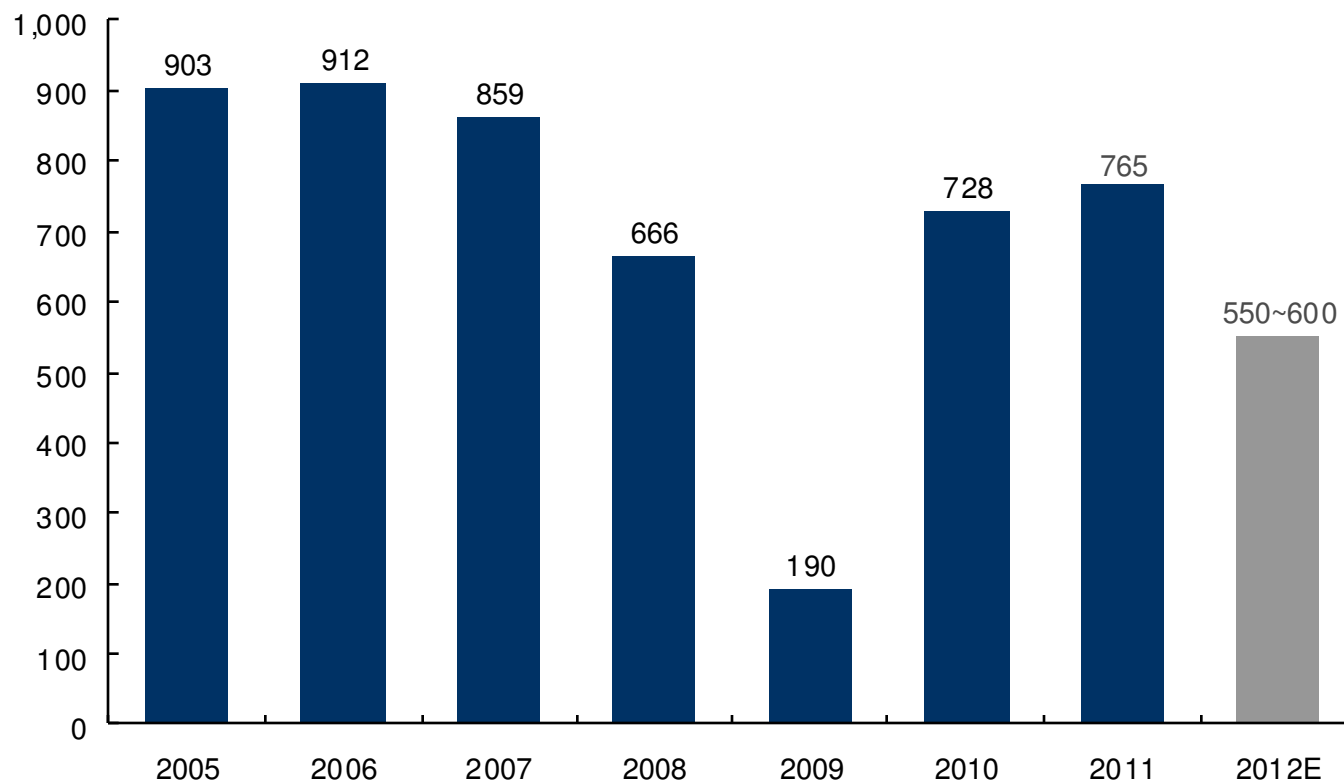


Capital Expenditures & Depreciation

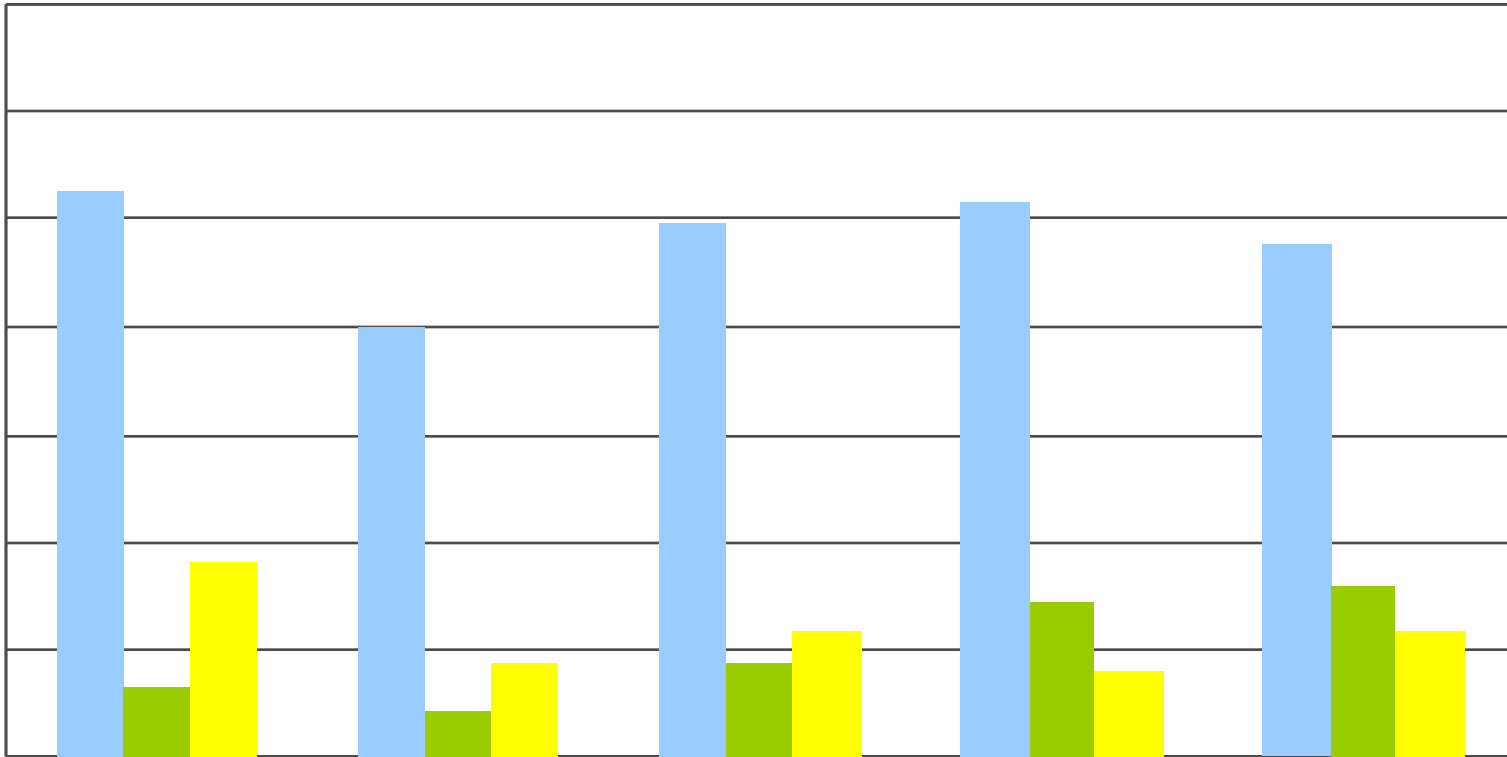
<i>(US\$millions)</i>	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12
Capex	92	56	183	84	130
Total Depreciation & Amortization	141	145	143	140	143

Capex Trend

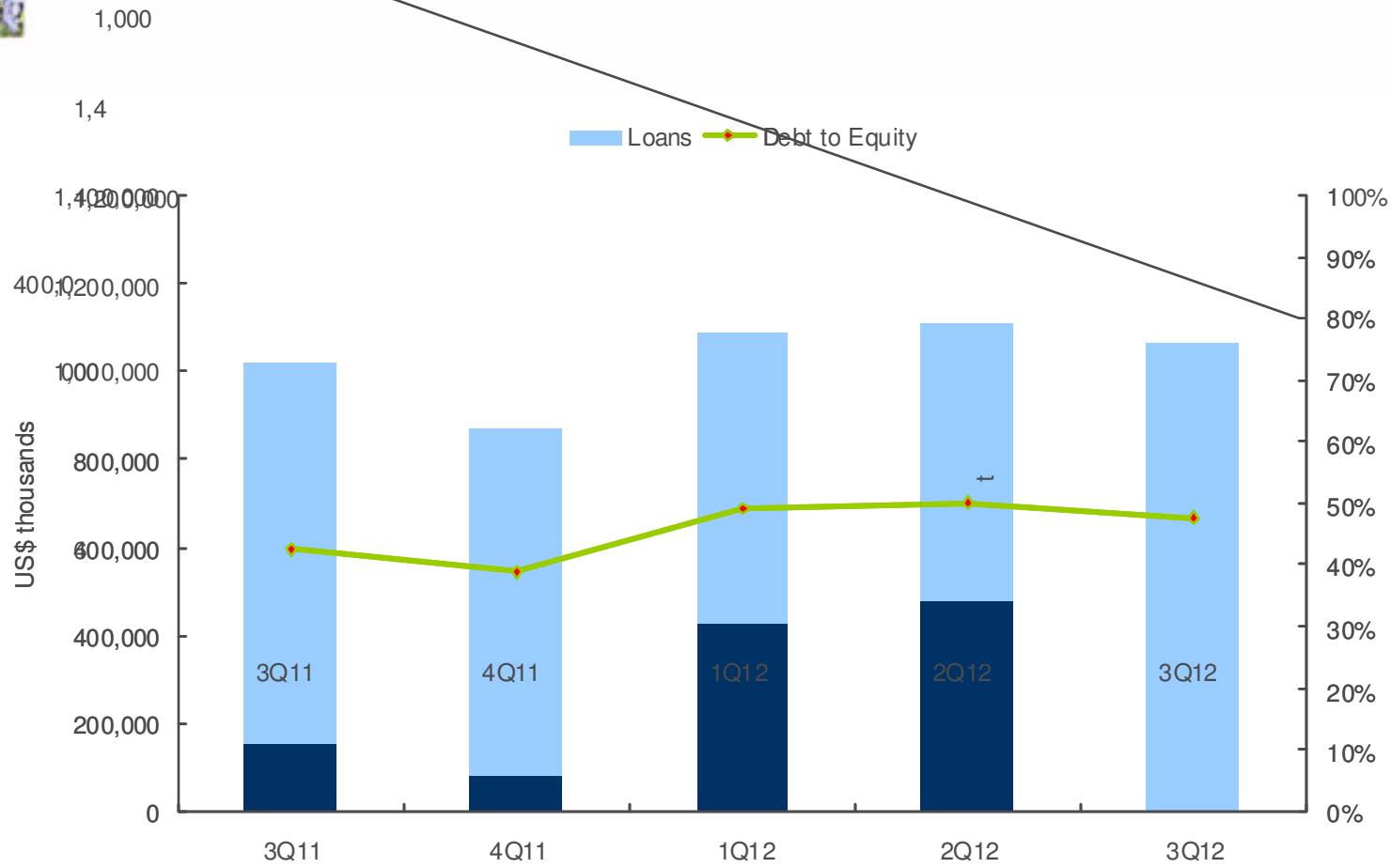
US million



Cash Position



Debt Status



Debt to Equity 100% 90% 80% 70% 60% 50% 40% 30% 20% 10% 0%





Thank You

Contact us: ir@smics.com

