



Semiconductor Manufacturing International Corporation

SMIC Q4 2012 Financial Presentation

NYSE: SMI **HKSE: 981**

SMIC Investor Relations

February 2013



Safe Harbor Statements

Under the Private Securities Litigation Reform Act of 1995

This press release 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, including statements under “First Quarter 2013 Guidance”, and the statement regarding our expectation that both HKMG and PolySiON processes will be ready by the fourth quarter of 2013 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 global economic downturn.





4Q12 Financial Highlights

- **Record-high quarterly revenue of \$485.9 million**
 - increased 5.4% from 3Q12
 - increased 67.8% year over year
- **Net cash flow from operations was \$189.8 million**
 - compared to \$119.0 million in 3Q12
- **Income** attributable to Semiconductor Manufacturing International Corporation increased to **\$39.7 million**
 - compared to \$12.0 million in 3Q12
- Diluted **EPS was \$0.06 per ADS**

Income Statement Highlights

(US\$ th)

- Wafer revenue from Wuhan Xinxin was **\$48.5 million** in Q4, contributing 10.0% to total revenue, vs. \$47.4 million in Q3
- When Shanghai 12" fab entered volume production in Q4, all the production related costs were removed from the R&D expense line and treated as manufacturing costs. The inclusion of Shanghai 12" fab production related costs led to a **4.4%** decrease in gross margin in 4Q12.
- Operating expense in Q4 was offset by government R&D grants of **\$10.1 million** compared to \$1.2 million in Q3.
- Other operating income in Q4 was **\$20.7 million** mainly due to gain from the disposal of part of the employee living quarters in Shanghai.
- Income tax expense was **\$10.6 million** in 4Q12 mainly due to the Land Appreciation Tax related to the disposal of part of the employee living quarters in Shanghai.



Balance Sheet Highlights

(US\$ thousands)	For the three months ended	
	Dec 31, 2012	Sept 30, 2012
Cash and cash equivalents	358,490	231,785
Restricted Cash	217,603	244,151
Accounts receivable	847,916	700,000
Prepaid expenses and other assets	10,000	10,000
Investments	0	0
Property, plant and equipment	0	0
Goodwill	0	0
Intangible assets	0	0
Other non-current assets	0	0
Accounts payable	0	0
Accrued liabilities	0	0
Other current liabilities	0	0
Other non-current liabilities	0	0

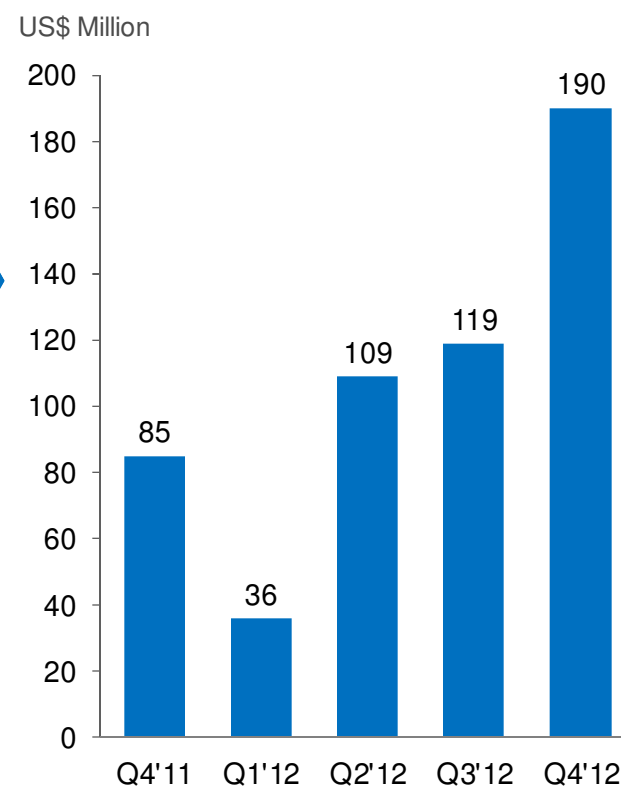




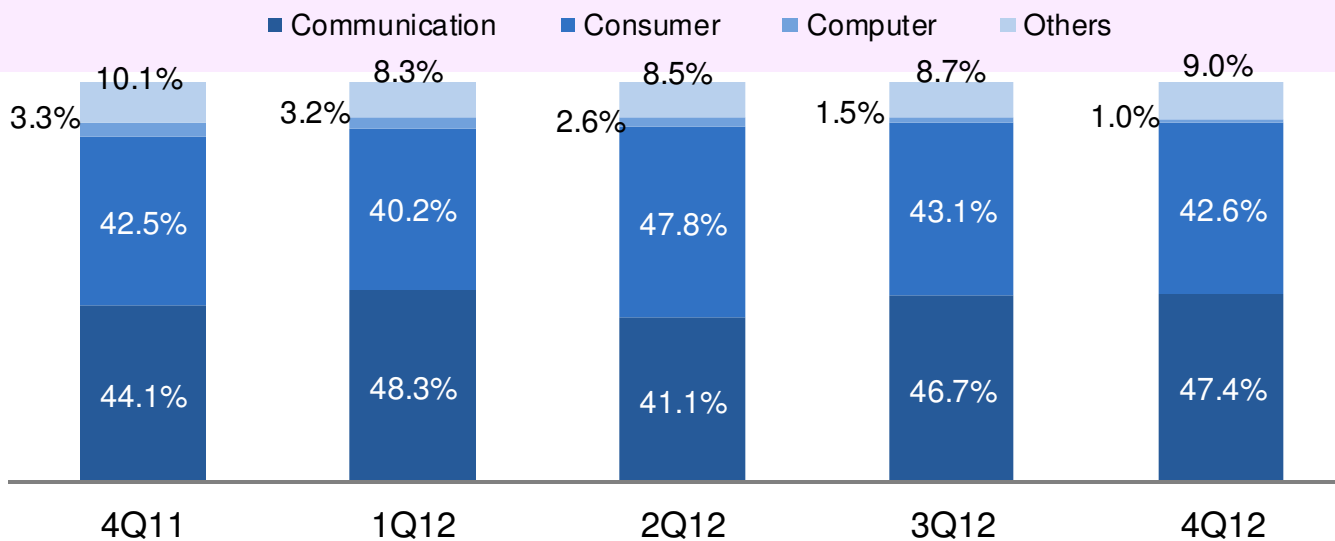
Cash Flow Highlights

(US\$ thousands)	For the three months ended	
	Dec 31, 2012	Sept 30, 2012
Cash and cash equivalents at the beginning of period	231,785	290,694
Net cash provided by operating activities	189,817	119,023
Net cash used in investing activities	(80,737)	(128,349)
Net cash used in financing activities	17,834	(49,712)
Net increase (decrease) in cash and cash equivalents	126,705	(58,909)
Cash and cash equivalents at the end of period	358,490	231,785

Cash Flow from Operations

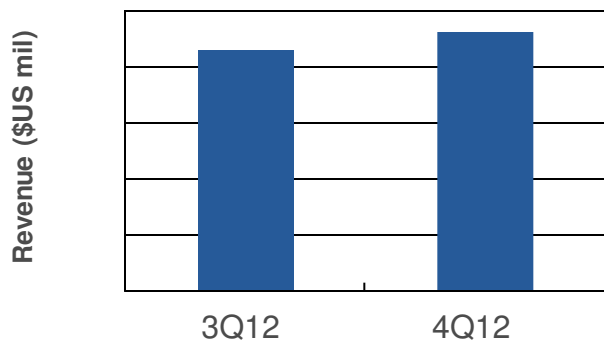


Total Revenue Breakdown by Applications

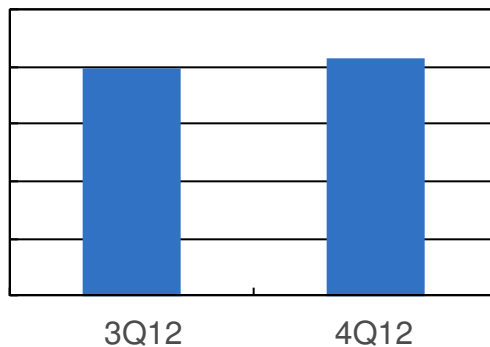


4Q 12 vs. 3Q 12

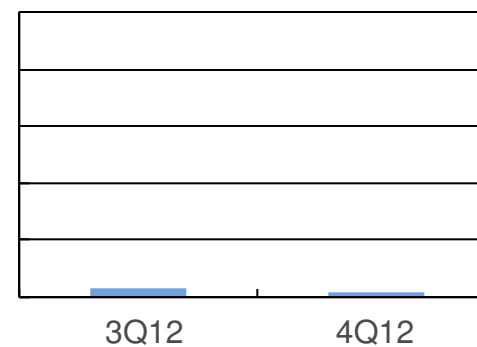
Communications



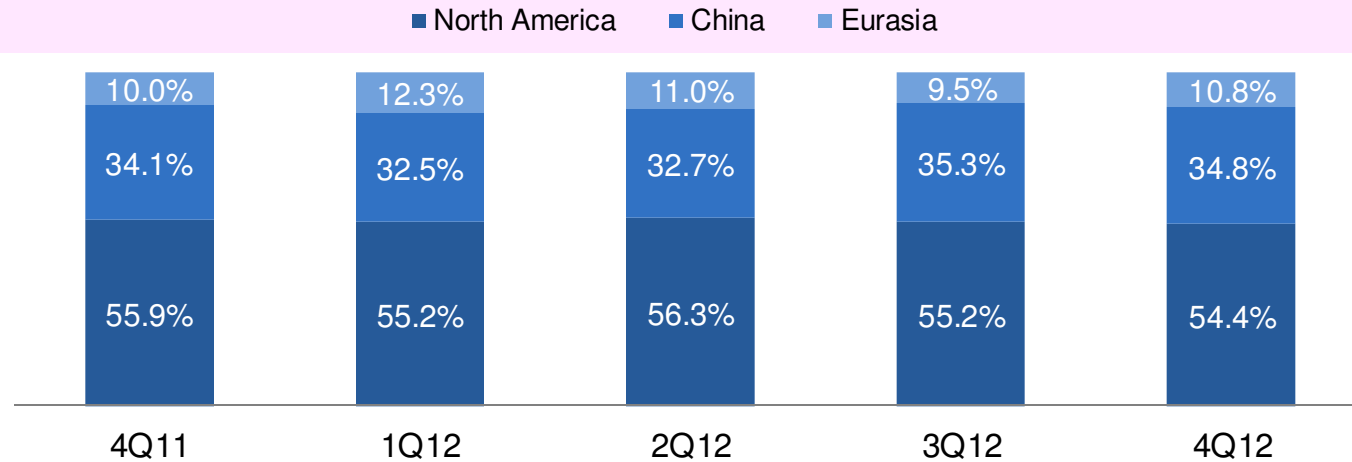
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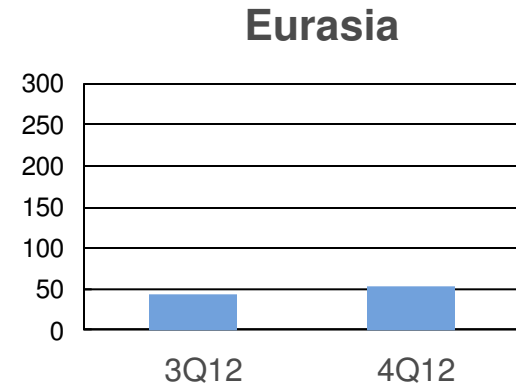
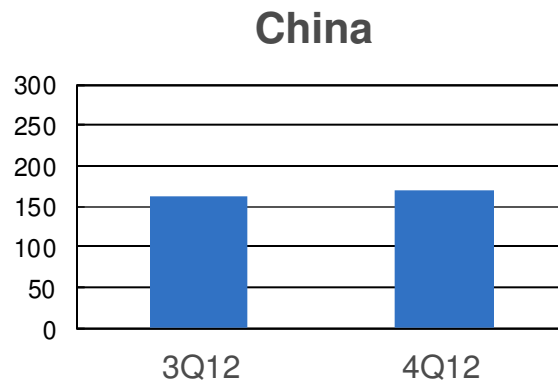
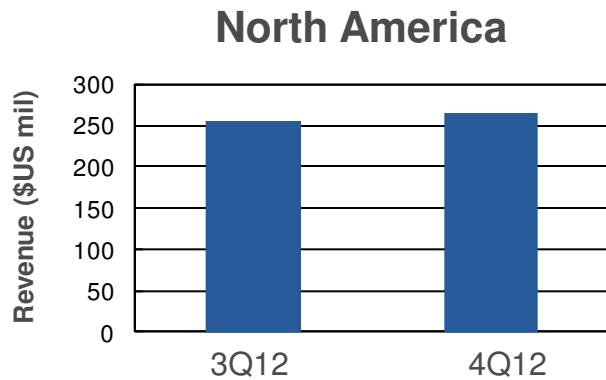
Computer

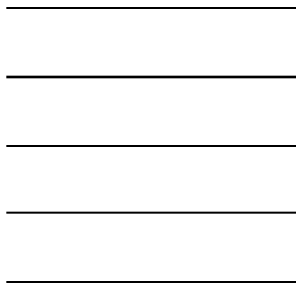


Total Revenue Breakdown by Geography



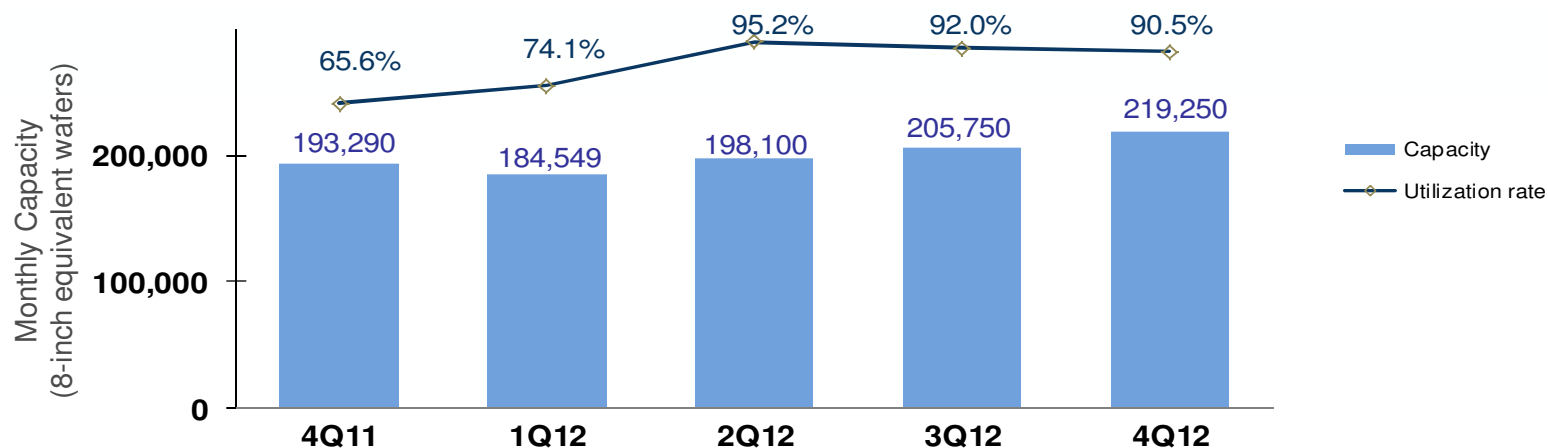
4Q 12 vs. 3Q 12







Capacity, Utilization and Shipment



	Q4'11	Q1'12	Q2'12	Q3'12	Q4'12
Shanghai Mega Fab (8")	90,000	79,210	84,600	90,000	90,000
Shanghai 12-inch Fab (12")	-	-	-	-	6,000
Beijing Mega Fab (12")	29,129	30,000	34,000	35,000	35,000
Tianjin Fab (8")	37,750	37,839	37,000	37,000	37,000
Monthly Capacity (8-inch equivalent wafers)	193,290	184,549	198,100	205,750	219,250
Wafer Shipment ⁽¹⁾	374,116	445,689	557,683	605,543	608,372
Utilization Rate ⁽²⁾	65.6%	74.1%	95.2%	92.0%	90.5%

(1) Including copper interconnects and shipment of managed fab

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



2012 Financial Highlights

2012 Year-to-date Summary Income Statement (Unaudited)

<i>(US\$ millions)</i>	2012 (Unaudited)	2011	YoY
Total Revenue	1,701.6	1,319.5	29.0%
Gross Profit	348.8	101.9	242.3%
Gross Margin	20.5%	7.7%	+12.8ppts
Operating Income (loss)	36.5	(190.7)	-
Operating Margin	2.1%	-14.5%	+16.6ppts
Net Income (loss)	16.8	(245.6)	-
Net Income (loss) attributable to SMIC	15.9	(311.8)	-
Wafers Shipped (thousands)	2,217	1,704	30.2%

- Record high annual revenue of \$1.7 billion, up 29.0% year-on-year.
- Wafer shipments increased 30.2% year-on-year.
- Gross profit up 242.3% year-on-year
- Net Income attributable to SMIC was \$15.9 million, a seven year high



1Q 2013 Guidance

	Q1' 2013 Guidance
Revenue	+1% to -2%
Gross Margin	17.5% to 19.5%
Operating Expenses ⁽¹⁾	\$74 to \$77 million
2013 Capital Expenditure for Foundry Operations	Approximately \$600 million

(1) Exclude foreign exchange differences, government R&D grants, and asset disposal



Appendix



4Q12 Results Vs Guidance

	4Q 12 Guidance	4Q 12 Results
Revenue	Flat to up 2%	Increased 5.4% \$485.9M
Gross Margin	18% to 20%	19.9%
Operating Expenses excluding R&D grants & asset disposal	\$70 to \$74 million	\$74.8 million
Operating Expenses ⁽¹⁾	---	\$44.0 million

(1) According to Q4 2012 reported unaudited results.

- Operating expense in Q4 was offset by government R&D grants of **\$10.1 million** compared to \$1.2 million in Q3.
- Other operating income in Q4 was **\$20.7 million** mainly due to gain from the disposal of part of the living quarters in Shanghai.





Capital Expenditures & Depreciation

<i>(US\$ millions)</i>	Q4'11	Q1'12	Q2'12	Q3'12	Q4'12
Capex	56	183	84	130	102
Total Depreciation & Amortization	145	143	140	143	140

