



Semiconductor Manufacturing International Corporation

SMIC Presentation

NYSE: SMI

HKSE: 0981

Nov 2018



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, including statements under "Fourth Quarter 2018 Guidance", "Capex Summary" and the statements contained in the quotes of our Co-Chief Executive Officers are based on SMIC's current assumptions, expectations and projections about future events. SMIC uses words like "believe," "anticipate," "intend," "estimate," "expect," "project," "target" and similar expressions to identify forward looking statements, although not all forward-looking statements contain these words. These forward-looking statements are necessarily estimates reflecting the best 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 cyclical 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 and raw materials, availability of manufacturing capacity, financial stability in end markets, orders or judgments from pending litigation, intensive intellectual property litigation in 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 SEC, including our annual report on Form 20-F filed with the SEC on April 27, 2018, especially in the "Risk Factors" section and such other documents that we may file with the SEC or The Hong Kong Stock Exchange Limited ("SEHK") from time to time, including current reports on Form 6-K. 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 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.

About Non-Generally Accepted Accounting Principles ("non-GAAP") Financial Measures

During this presentation, references to financial measures of SMIC will include references to non-GAAP financial measures, including non-GAAP operating expenses and adjusted EBITDA, and EBITDA margin. For an explanation to the most directly comparable GAAP financial measures, see our earnings release.



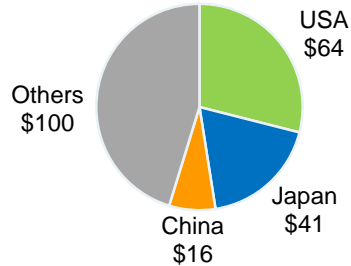


- **China Semiconductor Opportunity**
- SMIC Introduction
- SMIC Performance
- Strategies for Growth
- Concluding Remarks

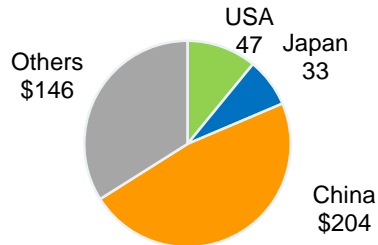
Rapid Growth of China IC Market

China has become the world's largest IC market (US\$bn)

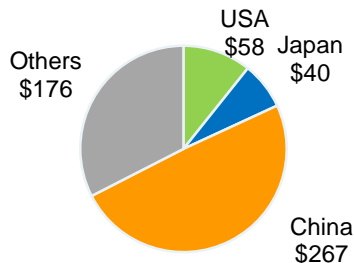
2000 – China market share: 7%



2017 – China market share: 47%



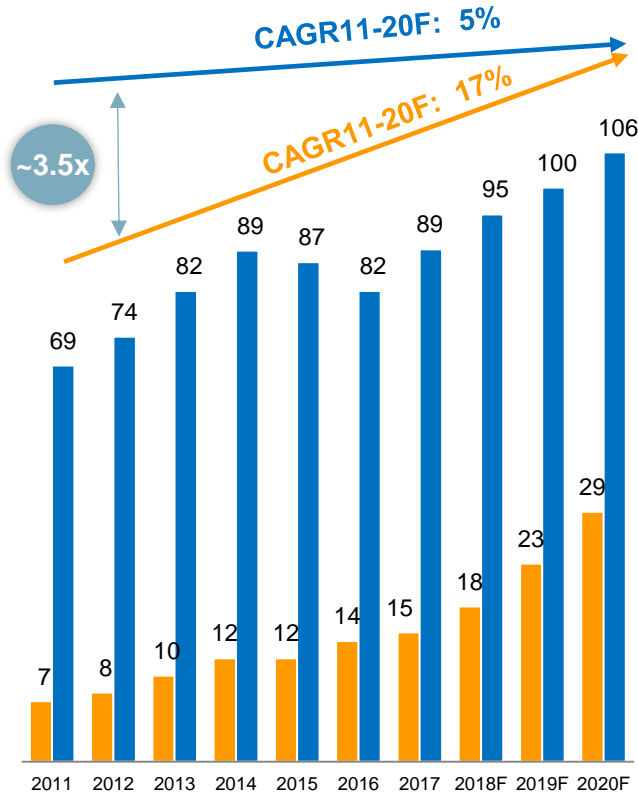
2020F – China market share: 49%



Source: SMIC analysis with 3rd party reference data, 3Q18

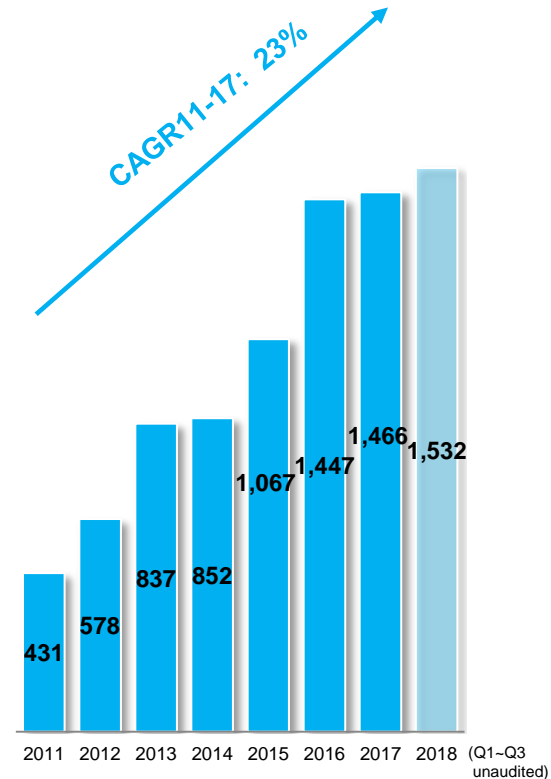
Chinese fabless market growth (US\$bn)

Chinese Fabless Global Fabless

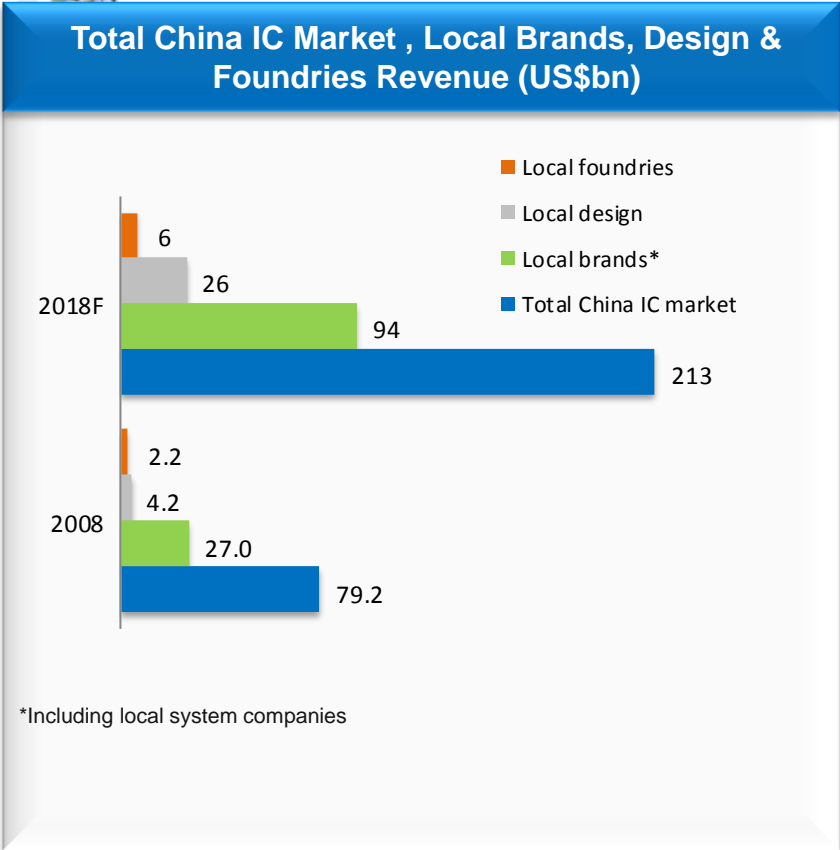


Source: SMIC analysis with 3rd party reference data, 3Q18

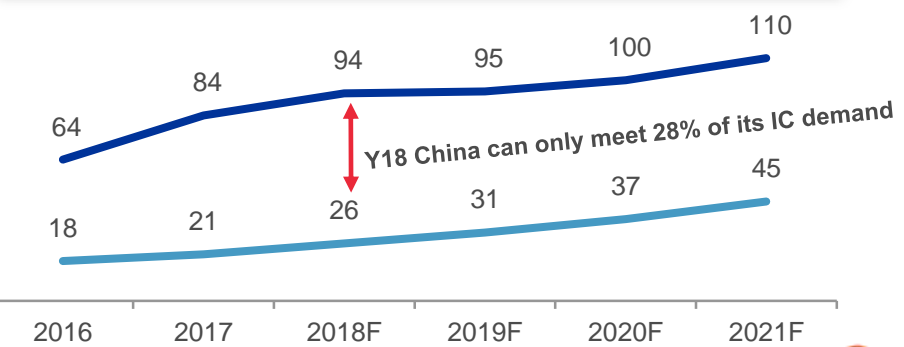
SMIC sees rapid growth of revenue from China (US\$m)



China IC Market Drives Foundry Growth



China IC Demand and Supply Dynamics (US\$bn)



Large Domestic China IC Consumption

- Domestic China IC consumption accounts for 45% of worldwide consumption
- Estimated IC purchases by local brands ~ \$94B in 2018

*Source: SMIC analysis with 3rd party reference data, 2Q18

*Source: SMIC analysis with 3rd party reference data, 2Q18





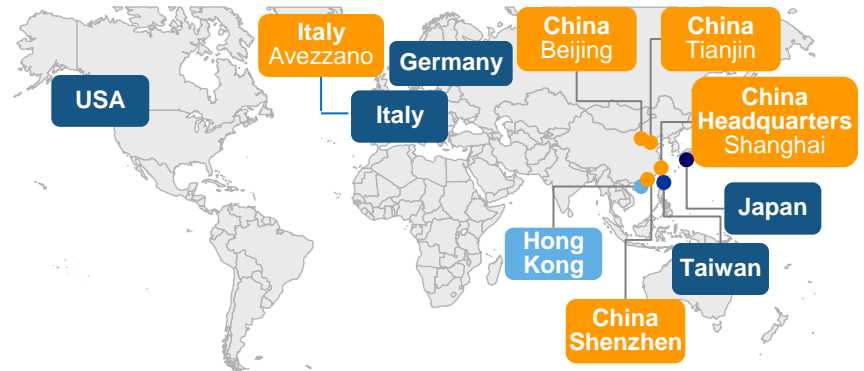
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SMIC: Largest and Most Comprehensive IC Foundry in PRC

Company Overview

- Established in 2000, headquartered in Shanghai
- Listed both on **HKSE and NYSE**
- No.1** pure-play foundry in PRC; **No.4** in the world
- 2017 revenue: **US\$3.10bn**
- 2018 forecast revenue: **US\$3.35bn**

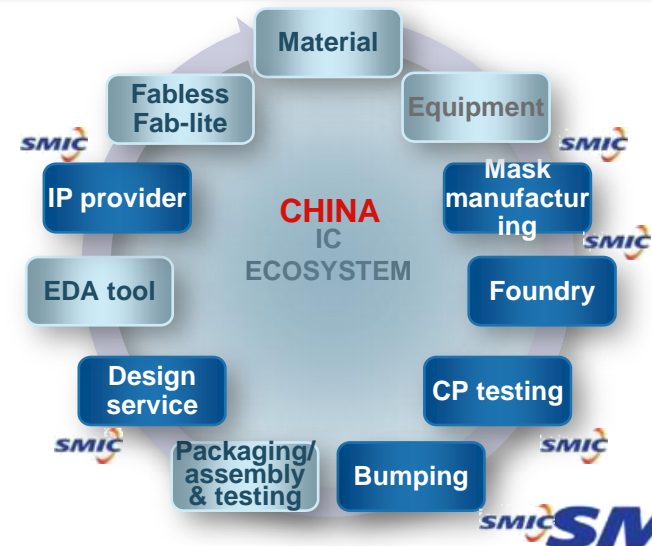
Strong Global Presence



Shareholding Structure

Datang Telecom Technology	17.06%
China IC Industry Investment Fund	15.82%
Other Global Investors	67.12%

SMIC's Strong Position in China IC Ecosystem



Source: Public Filings: NASDAQ OMX data, Oct, 2018

Independent and International Board

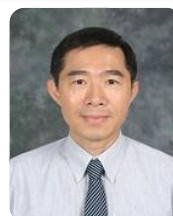
Executive Directors



Zhou Zixue
Chairman



Zhao HaiJun
Co-CEO



Liang Mong Song
Co-CEO



Gao Yonggang
CFO

Non-Executive Directors



Tong Guohua
Datang
President and ED



Chen Shanzhi
Datang
SVP and CIO



Lu Jun
Sino IC-Capital
President



Ren Kai
Sino IC-Capital
VP



Zhou Jie
Haitong Securities
Chairman

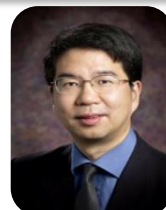
Independent Non-Executive Directors



William Tudor Brown
ARM
Co-Founder



Shang-yi Chiang
Former TSMC
COO



Jason Jingsheng Cong
UCLA
Chancellor's Professor



LAU Lawrence Juen-Yee
CUHK
Economics' Professor



FAN Ren Da Anthony
AsiaLink Capital
Chairman

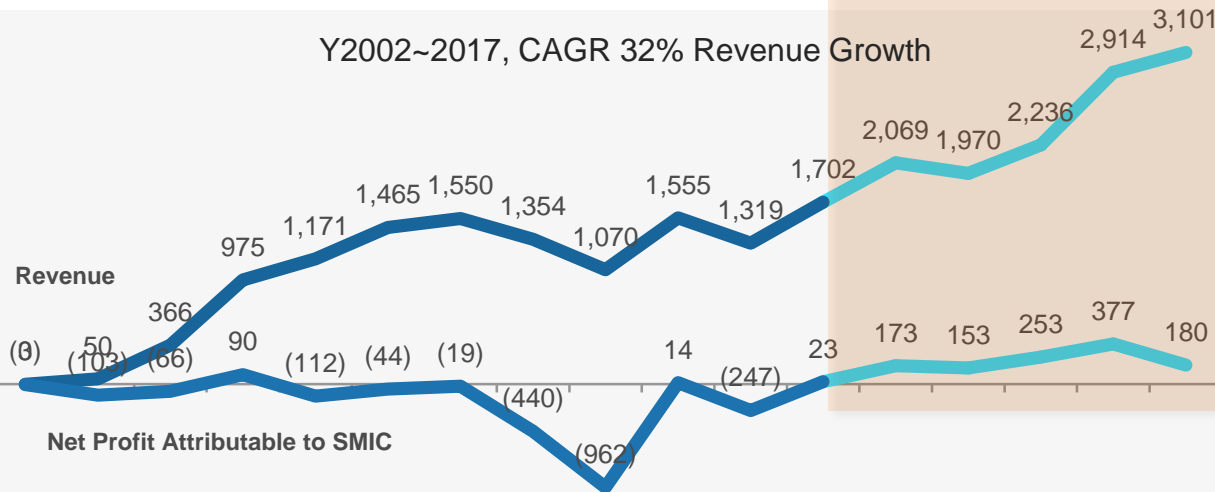
Transitional Period: Becoming Fundamentally Solid

Early Establishment

Turnaround

Gearing up for Growth

Y2002~2017, CAGR 32% Revenue Growth



Foundry of Choice in China

Aiming to:

- be a world-class, mainstream foundry
- accelerate technology development
- build key platforms and partnerships

2000 Incorporated
 2002 Started 8" production;
 Realized revenue
 2004 IPO in HKSE and NYSE;
 Achieved profitability
 2005 Started 12" production
 2009 Management changed

2012 Net income turnaround
 2013 Established Beijing 12" JV
 2014 Established bumping JV
 2016 Strategic partnership with JCET; LFoundry merger;
 New construction plan in SH, TJ and SZ
 2017 Co-CEO Appointment



SMIC Family of IC Manufacturing



Italy
LF 8'' JV Fab



Beijing
12'' Fab
12'' JV Fab



Tianjin
8'' Fab
8'' Fab-New



Shanghai
8'' Fab
12'' Fab
12'' JV Fab-New



Shenzhen
8'' Fab
12'' Fab

Existing Fabs	2017 Year-End (production capacity)	2018 Year-End Target (installed capacity)
Shanghai 12''	17K	15K
Beijing 12''	46K	42K
Beijing JV 12''	29K	33K
Shenzhen 12''	Mini-line	Mini-line
Shanghai 8''	109K	109K
Tianjin 8''	50K	60K
Shenzhen 8''	30K	35K+10K MOSFET
Italy JV LF 8''	40K	42K

New Fabs

- Expansion Conditions:
 - Market and customer demand
 - Technological readiness

- Majority-owned advanced JV fab, 14nm and below
- Partnership with China IC fund and Shanghai IC fund
- Targeting to be the World's Largest Integrated 8-inch IC Production Line

Shanghai JV 12''

Tianjin 8''





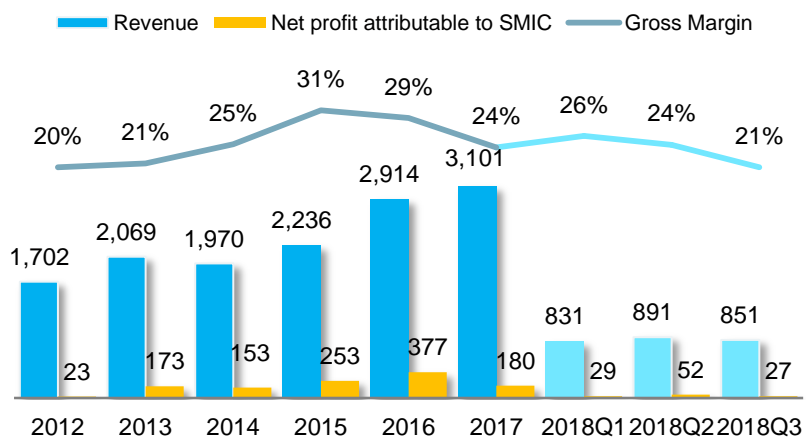
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Financial Highlights

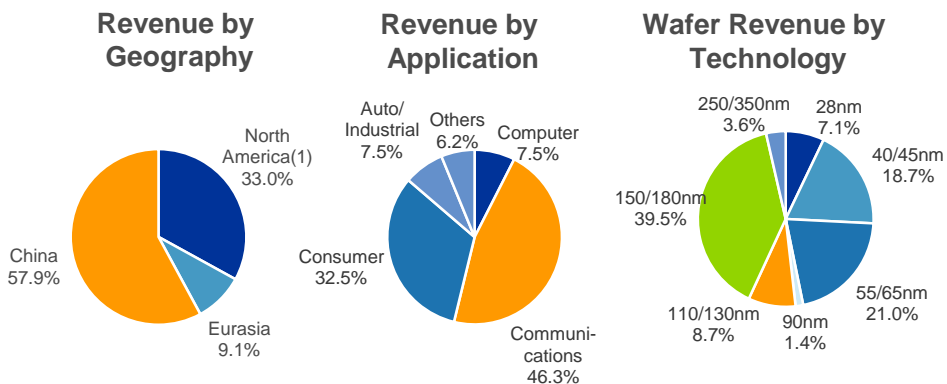
	3Q 2018 Guidance	3Q 2018 Results	4Q 2018 Guidance
Revenue	-4% to -6% QoQ \$838 to \$855 million (flat to +2% QoQ, excluding Licensing Revenue)	-4.5% QoQ \$851 million (+1.5% QoQ, excluding Licensing Revenue)	-7% to -9% QoQ \$773 to \$789 million
Gross Margin	19% to 21%	20.5%	15% to 17%
Non-GAAP Operating Expenses (1)	\$232 to \$238 million	\$ 228 million	\$226 to \$230 million
Non-controlling interests (2)	\$19 to \$21 million	\$19 million	\$20 to \$22 million

- (1) Exclude the effect of employee bonus accrual, government funding, impairment loss of machinery and equipment, gain or loss on the disposal of machinery and equipment and gain from the disposal of living quarters.
 (2) Losses to be borne by non-controlling interests

Revenue and Profitability (US\$mm)



Diversified Revenue Sources



Source: Company 2018 Q3 results

(1) Presenting the Revenue to those companies whose headquarters are in the United States, but ultimately selling and shipping the products to their global customers.

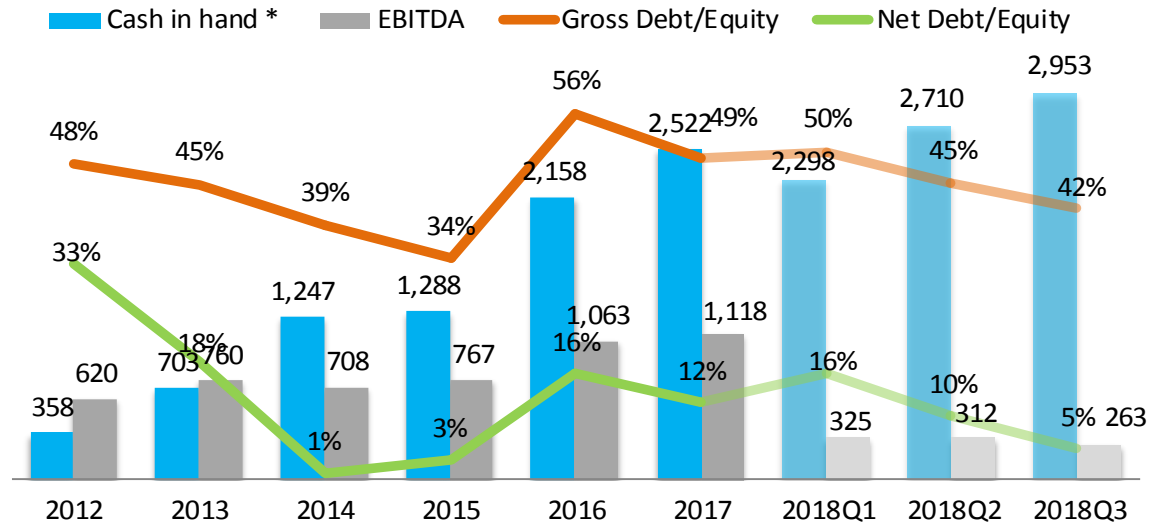
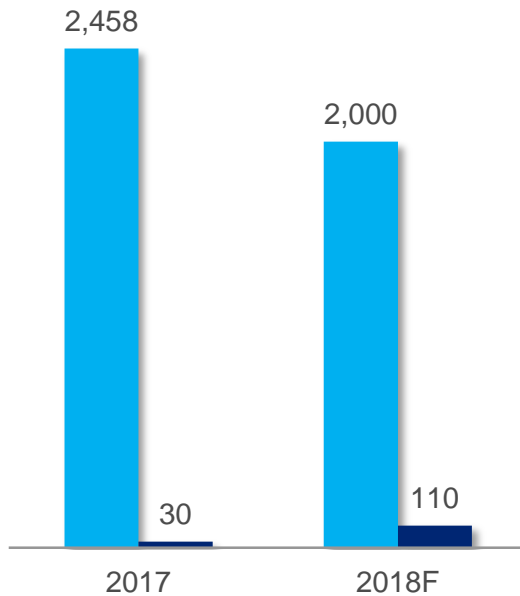
Note: All figures before 2013 are based on US GAAP, and all figures after 2013 are based on IFRS

Capex, EBITDA, and Cash Levels

Capex
(US\$mm)

Cash and EBITDA
(US\$mm)

■ Foundry ■ non-Foundry



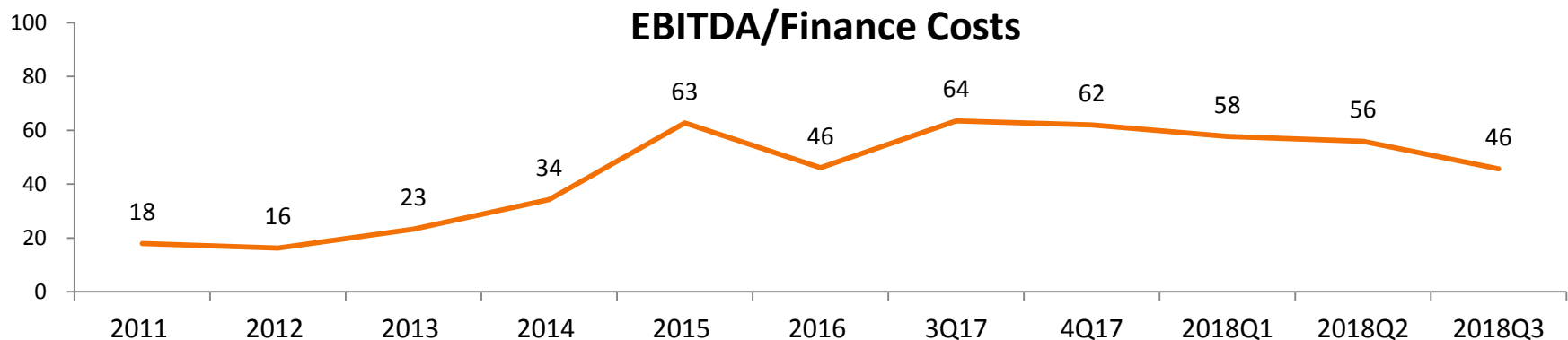
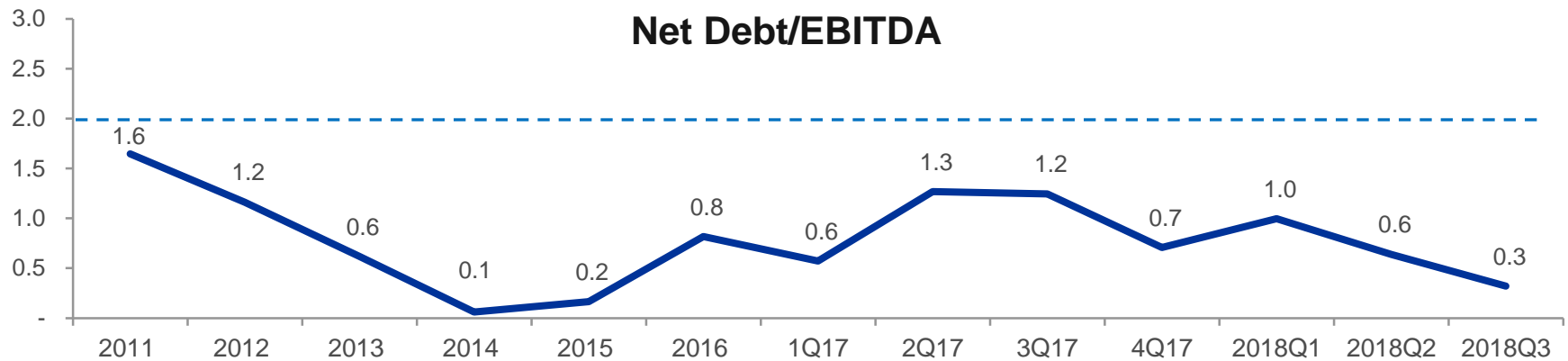
* Cash in hand includes cash and cash equivalent, plus financial assets.





Investment Grade Credit Rating

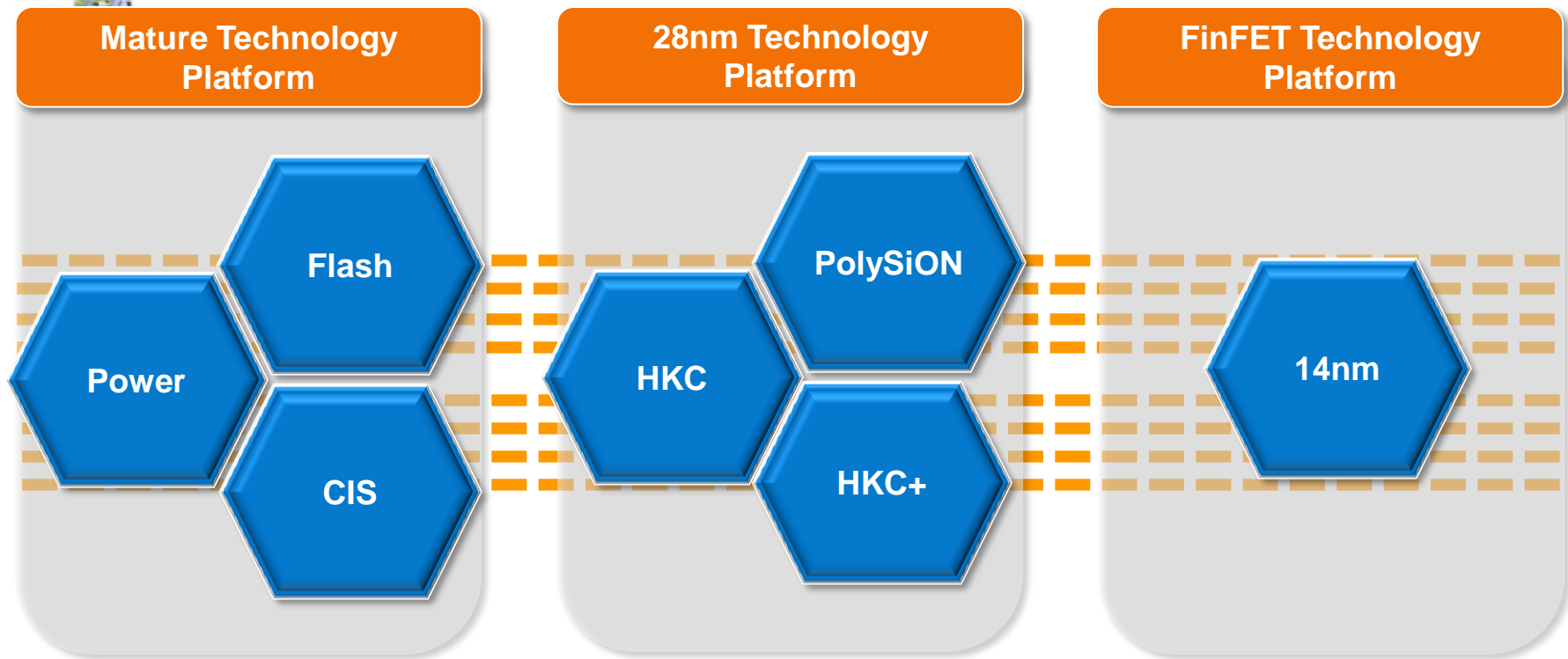
- S&P **investment grade** BBB- long-term corporate credit rating since Oct 2013
- Moody's **investment grade** Baa3 corporate credit rating in Oct 2015
- China Chengxin International Credit Rating Agency's **triple A rating** in Nov 2015
- Committed to **Net Debt/EBITDA less than 2x** to maintain rating



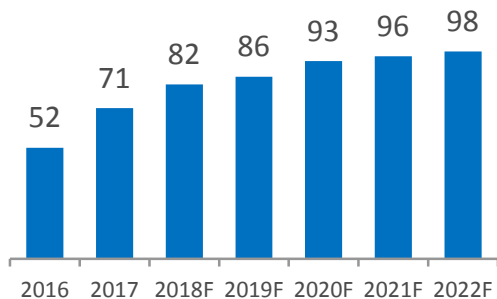


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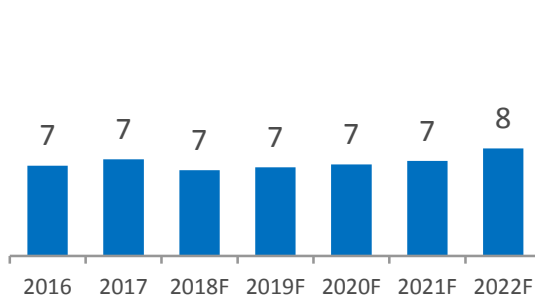
Strategies for Growth: Expand Addressable Market by Accelerating Technology Development



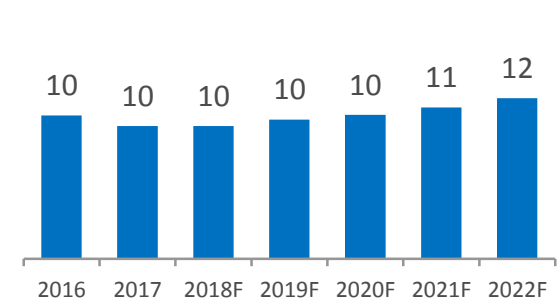
Power+Flash+CIS Rev (billion)



28nm Rev (billion)



14nm Rev (billion)



*Source: SMIC analysis with 3rd party reference data, 2Q18

SMIC Presentation

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Invest for the Next Stage Growth

1

The increasing investment in R&D and Capex will accelerate R&D breakthroughs and increase market share

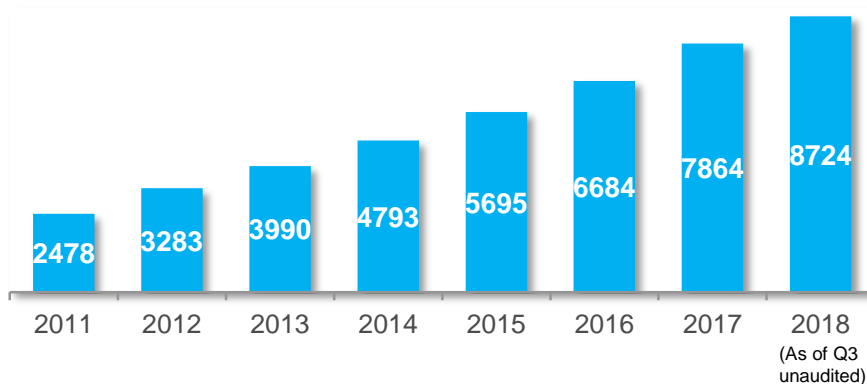
2

Shorten advance node development time and narrow the gap with leading peers

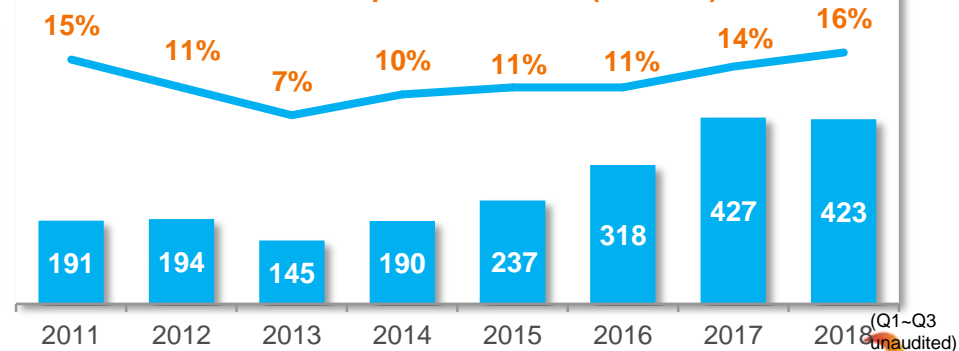
3

Focus on key platforms in mature nodes with more enhancements and more cost efficiency

Accumulative Number of Granted Patents



R&D Expense vs Sales (US\$mm)

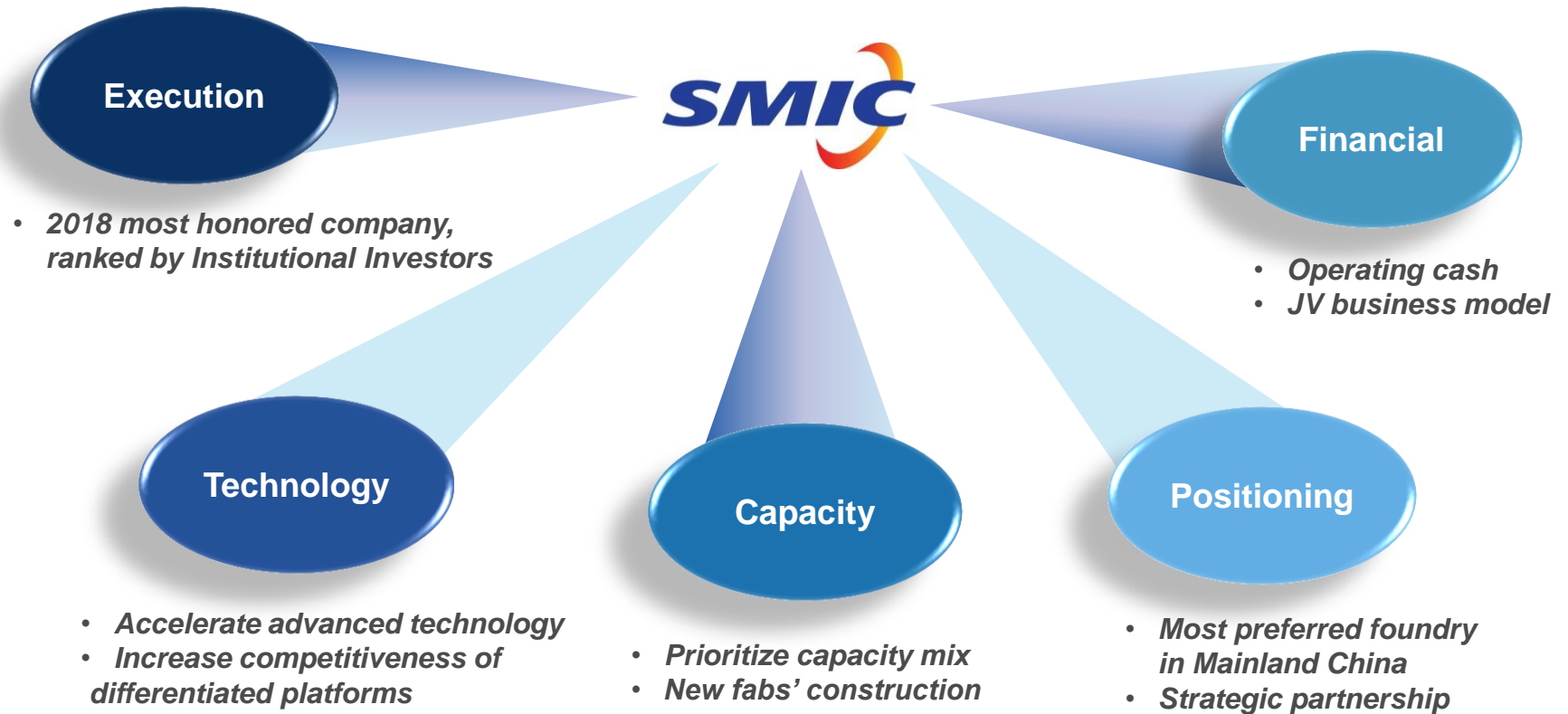




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Aiming to be a World-Class Foundry





Thank You

Contact us: ir@smics.com

