



# SMIC Q3 2011 Financial Presentation

**NYSE: SMI      HKSE: 981**

**SMIC Investor Relations**

November 2011





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(Under the Private Securities Litigation Reform Act of 1995)

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## 3Q11 Financial Highlights

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- **Revenue down by 12.9% to \$306.9** million in 3Q11 from \$352.4 million in 2Q11 and down by 24% compared to 3Q10.
- **Gross margin was 1.4%** in 3Q11 compared to 14.3% in 2Q11 primarily due to lower utilization.
- **Net cash flow from operations increased to \$160.9 million** in 3Q11 from \$79.4 million in 2Q11.
- **Loss** attributable to Semiconductor manufacturing International Corporation was \$ **88.1 million** in 3Q11, compared to loss of \$3.8 million in 2Q11.
- **Diluted EPS** was **\$(0.16)** per ADS.

# Summary Income Statement

<i>(Amounts in US\$thousand)</i>	3Q2011	2Q2011	QoQ	3Q2010	YoY
<b>Total Revenue</b>	<b>306,890</b>	<b>352,389</b>	<b>-12.9%</b>	<b>403,786</b>	<b>-24.0%</b>
<b>Gross Profit</b>	<b>4,223</b>	<b>50,273</b>	<b>-91.6%</b>	<b>100,339</b>	<b>-95.8%</b>
<b>Gross margins</b>	<b>1.4%</b>	<b>14.3%</b>	<b>- 12.9 pts</b>	<b>24.8%</b>	<b>- 23.4 pts</b>
<b>Operating Expenses:</b>					
Research & Development	51,479	51,501		47,396	
General & Administrative	21,903	(8,933)		16,294	
Selling & Marketing	7,398	8,139		7,692	
Others, net	(793)	(325)		8,142	
<b>Operating expenses</b>	<b>79,987</b>	<b>50,382</b>	<b>58.8%</b>	<b>79,524</b>	<b>0.6%</b>
<b>Operating income (loss)</b>	<b>(75,764)</b>	<b>(109)</b>	<b>—</b>	<b>20,815</b>	<b>—</b>
<b>Net income (loss)</b>	<b>(88,073)</b>	<b>(3,772)</b>	<b>—</b>	<b>30,442</b>	<b>—</b>
<b>Net income (loss) per ADS (US\$ diluted)</b>	<b>(0.16)</b>	<b>(0.01)</b>		<b>0.06</b>	

- Wafer revenue from Xinxin was \$31.9 million in the third quarter, contributing 10.4% of our total revenue.
- Opex was \$80 million after being offset by a government subsidy of \$9 million.

# Summary Balance Sheet

<i>(in US\$ thousands)</i>	For the three months ended	
	Sept 30, 2011	June 30, 2011
Cash and cash equivalents	315,690	410,912
Account Receivables	165,911	236,738
Inventories	207,961	196,876
Others	442,523	397,255
<b>Total Current assets</b>	<b>1,132,085</b>	<b>1,241,781</b>
Fixed Assets	2,619,448	2,665,092
Intangible & Other Assets	382,826	397,921
<b>Total assets</b>	<b>4,134,359</b>	<b>4,304,794</b>
Accounts Payable	338,305	448,321
Short Term Loan	867,899	963,909
Others	173,129	168,815
<b>Total Current liabilities</b>	<b>1,379,333</b>	<b>1,581,045</b>
Long Term Payable	193,144	104,481
Long Term Loan	153,163	182,122
<b>Total liabilities</b>	<b>1,725,640</b>	<b>1,867,648</b>
<b>Noncontrolling interest</b>	<b>3,818</b>	<b>3,602</b>
<b>Shareholders' equity</b>	<b>2,404,901</b>	<b>2,433,544</b>
<b>Total liability and shareholders' equity</b>	<b>4,134,359</b>	<b>4,304,794</b>
<b>Debt/Equity Ratio</b>	<b>42.4%</b>	<b>47.1%</b>

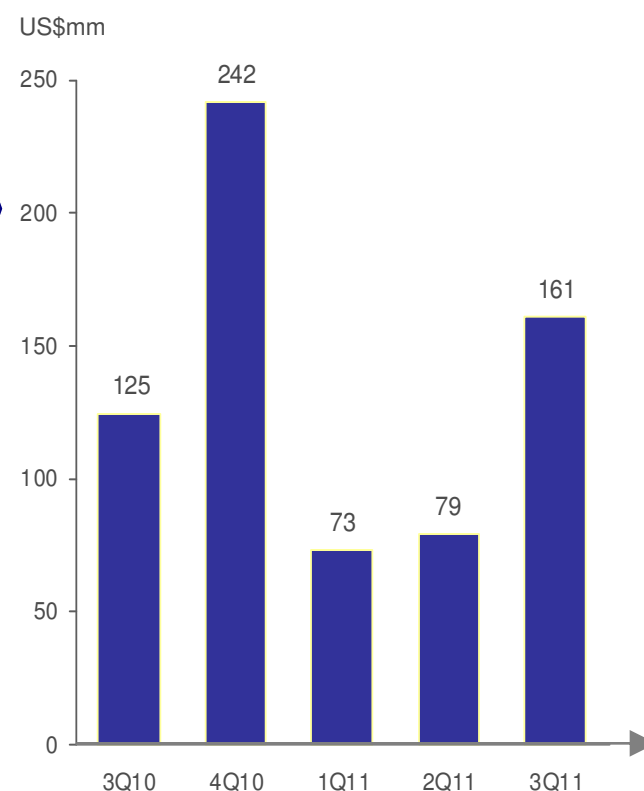
# Cash Flow



## Summary Cash Flow Statement

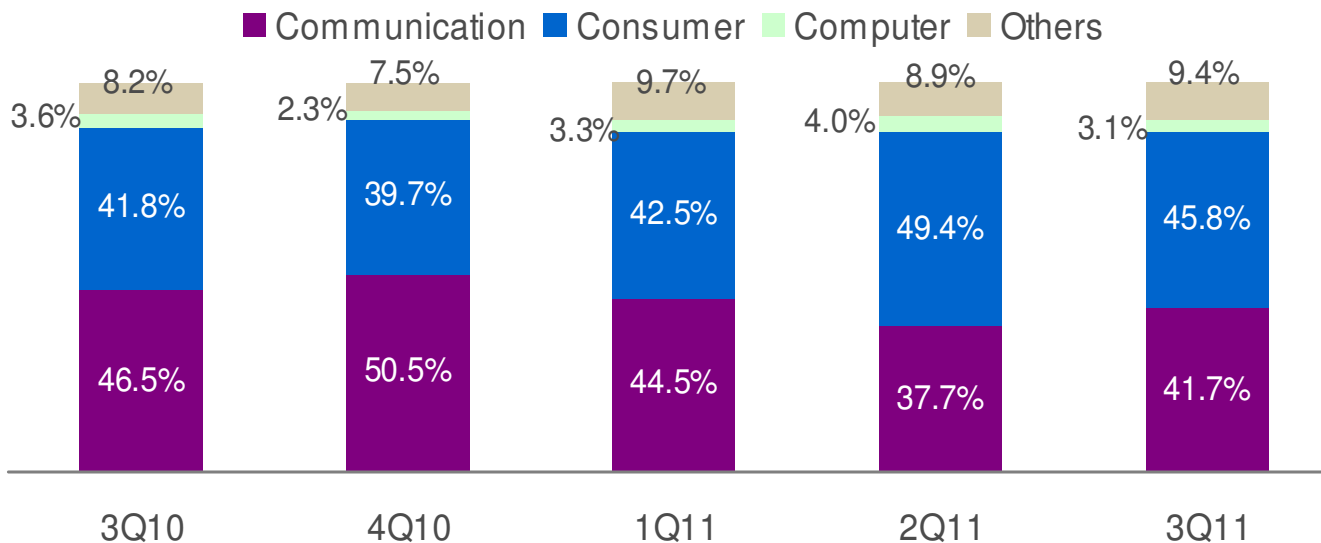
<i>(in US\$ thousands)</i>	For the three months ended	
	Sept 30, 2011	June 30, 2011
<b>Net Profit (loss)</b>	(87,856)	(3,621)
<b>Net cash provided by operating activities</b>	160,885	79,371
<b>Net cash used in investing activities</b>	(190,376)	(356,711)
<b>Net cash used in financing activities</b>	(65,869)	294,125
<b>Effect of exchange rate changes</b>	138	65
<b>Net increase (decrease) in cash and cash equivalents</b>	(95,222)	16,850
<b>Cash and cash equivalents at the beginning of period</b>	410,912	394,062
<b>Cash and cash equivalents at the end of period</b>	315,690	410,912

## Cashflow from operations



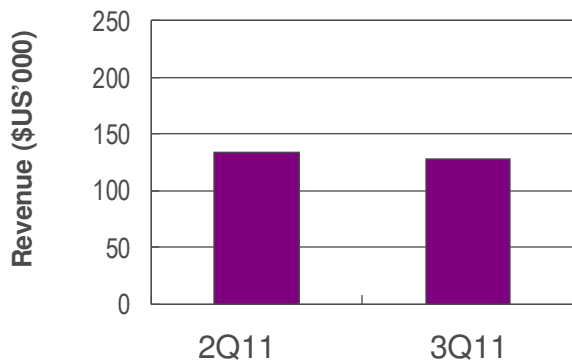


# Total Sales Breakdown by Applications

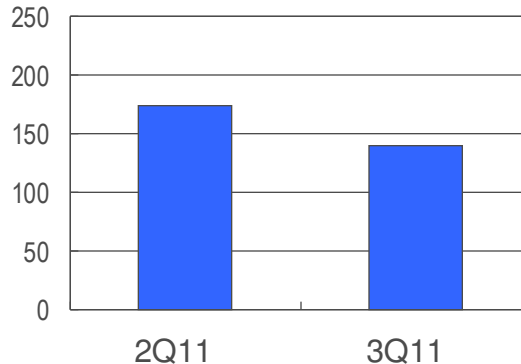


## 3Q 11 Vs 2Q 11

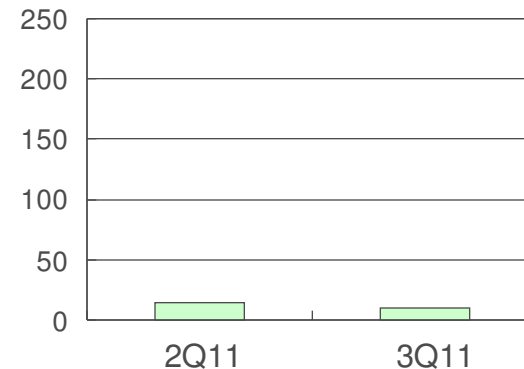
### Communications



### Consumer



### Computer

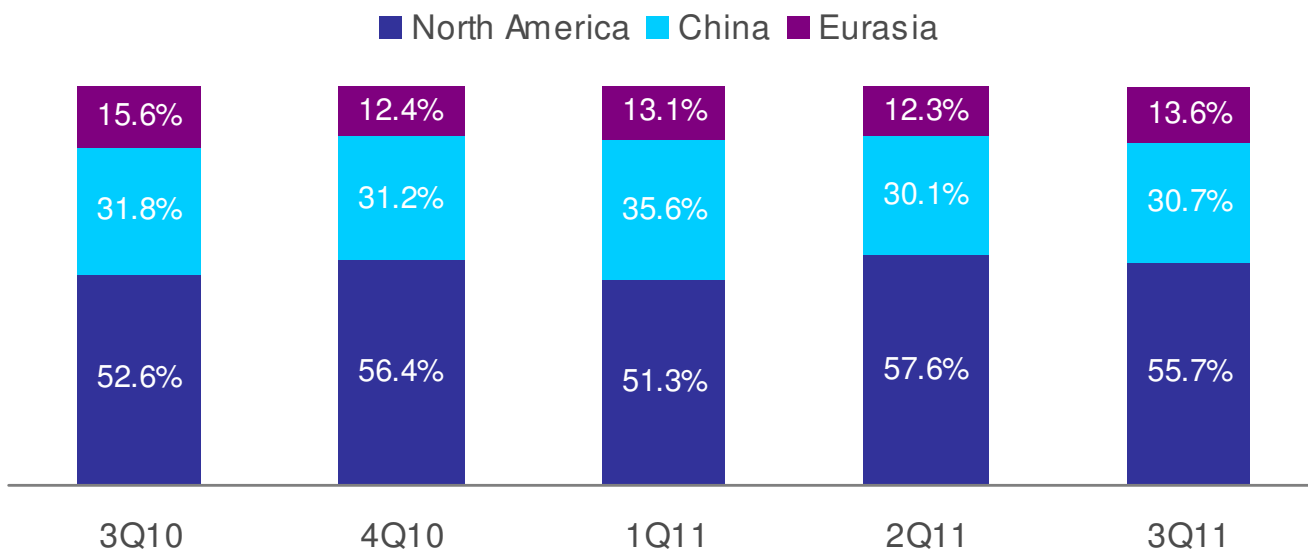


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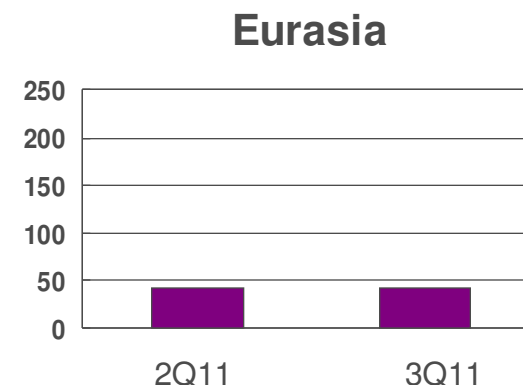
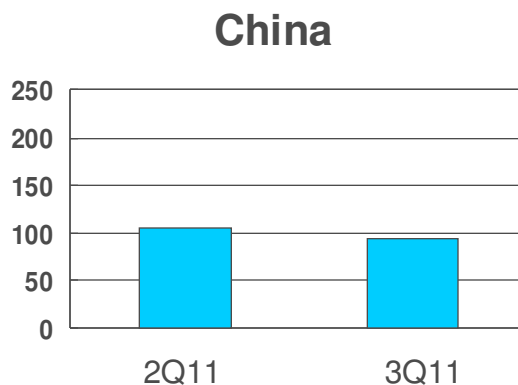
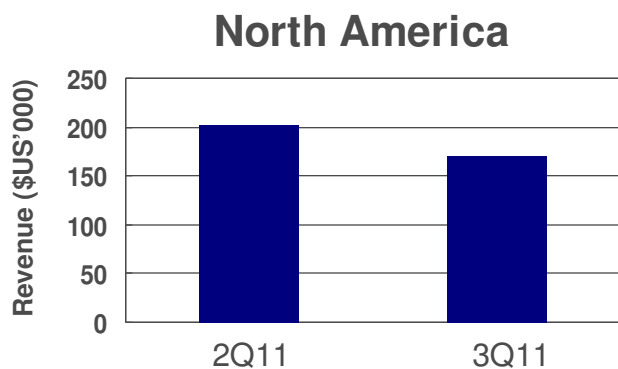
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# Total Sales Breakdown by Geography



## 3Q 11 Vs 2Q 11



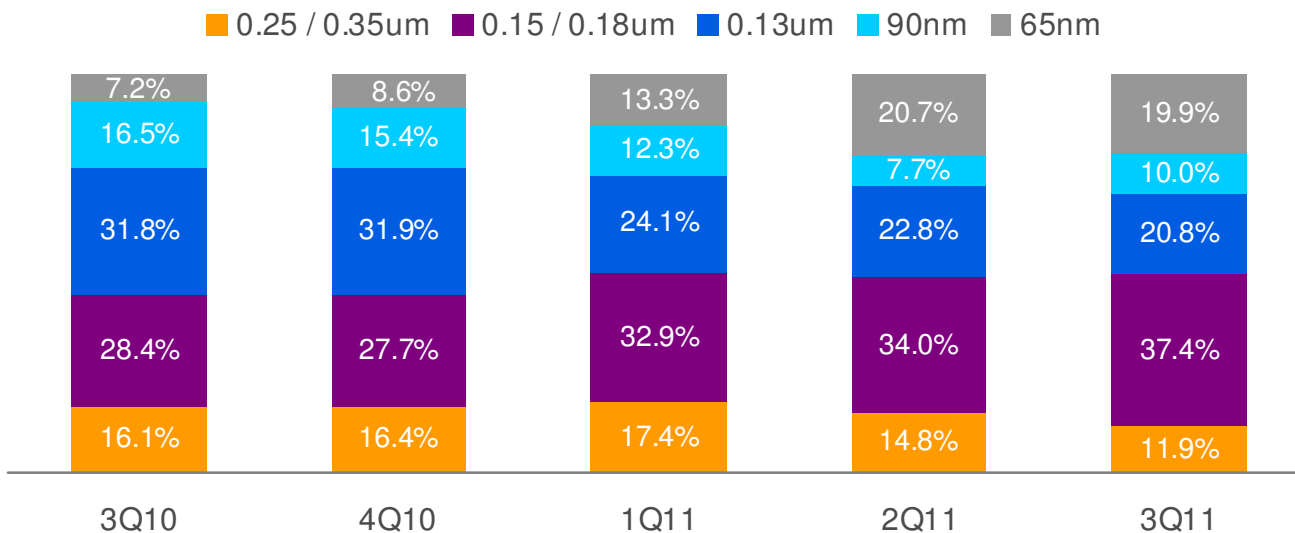
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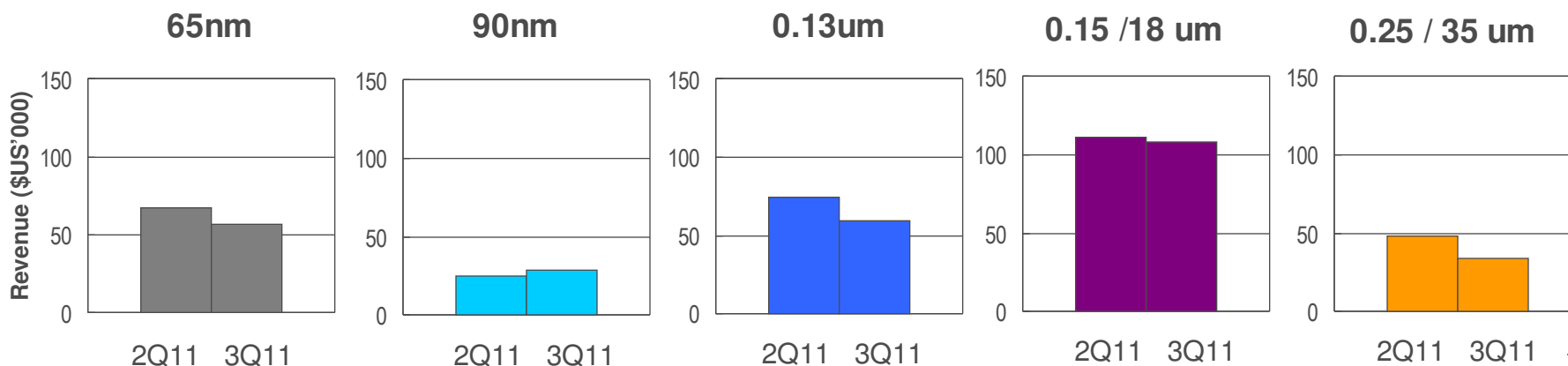




# Wafer Sales Breakdown by Technology



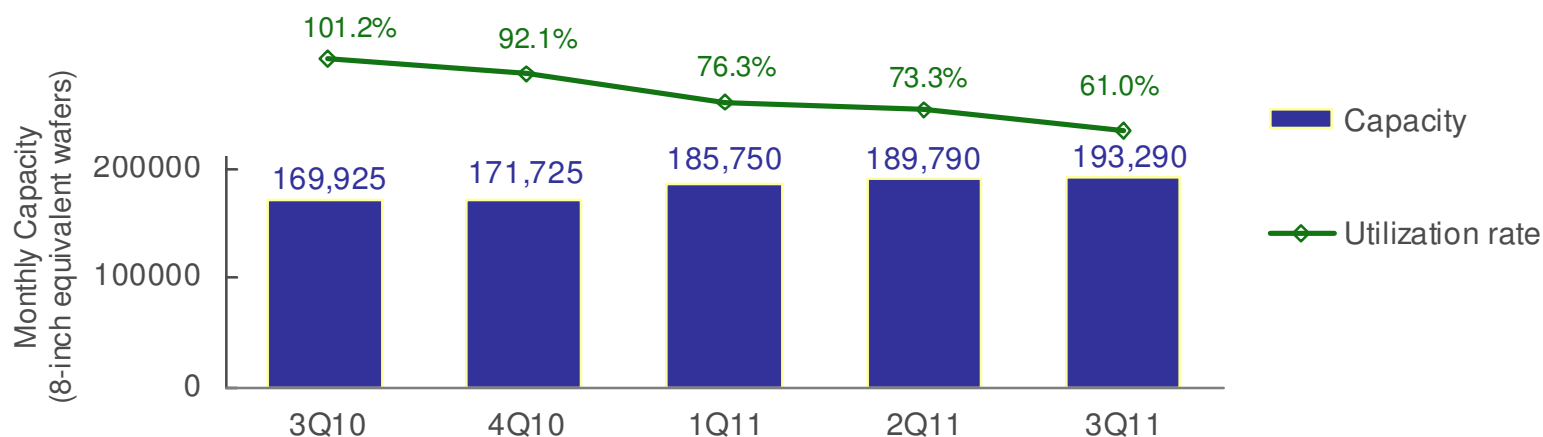
## 3Q 11 Vs 2Q 11



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# Capacity, Utilization and Shipment



	3Q10	4Q10	1Q11	2Q11	3Q11
<b>Shanghai Mega Fab (8")</b>	86,000	86,000	90,000	90,000	90,000
<b>Beijing Mega Fab (12")</b>	22,500	23,300	27,800	29,129	29,129
<b>Tianjin Fab (8")</b>	33,000	33,300	33,200	34,250	37,750
<b>Monthly Capacity (8-inch equivalent wafers)</b>	<b>169,925</b>	<b>171,725</b>	<b>185,750</b>	<b>189,790</b>	<b>193,290</b>
<b>Wafer Shipment (1)</b>	516,792	517,404	471,231	451,552	406,715
<b>Utilization Rate (2)</b>	101.2%	92.1%	76.3%	73.3%	61.0%

(1) Including copper interconnects and shipment of managed fabs

(2) Effective 3Q 2011, capacity utilization rate is reported based on actual equipment usage in manufacturing process. Utilization rate for previous quarters have been updated accordingly for comparison purpose. In prior quarters utilization had been reported based on total wafer out divided by estimated capacity.



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# 4Q 2011 Guidance

	4Q 2011 Guidance
<b>Sales</b> <sup>(1)</sup>	-5 to -8%
<b>Gross Margin</b>	-3 to -6%
<b>Operating Expenses</b>	\$89 – 92 million

(1) Target revenue from Xinxin will be 8% to 10% of our Q4 2011 total revenue.



Semiconductor Manufacturing International Corporation

# Appendix



## Q3 11 Results Vs Guidance

	Q3 11 Prior Guidance	Q3 11 Results
<b>Sales</b>	decrease 14 - 17% \$292.5 - 303.1 M	Decrease 12.9% \$306.9M
<b>Gross margin</b>	0% - 3%	1.4%
<b>Operating expenses</b>	\$86 - 89M (1)	\$80M

(1) Exclude foreign exchange differences



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# Capital Expenditures & Depreciation

<i>(in US\$ millions)</i>	1Q 10	2Q 10	3Q 10	4Q 10	2010	1Q 11	2Q 11	3Q 11
Capex	\$64M	\$92M	\$297M	\$275M	\$728M	\$333M	\$284M	\$92M
Total Depreciation & Amortization	\$175M	\$165M	\$148M	\$132M	\$620M	\$131M	\$133M	\$141M