



SMIC Q3 2021

Financial Presentation

SEHK: 00981

SSE STAR MARKET: 688981

SMIC Investor Relations
Nov 2021

Forward-Looking Statements

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About Non-International Financial Reporting Standards (“non-IFRS”) Financial Measures

The consolidated financial information is prepared in accordance with International Financial Reporting Standards (“IFRS”) and is presented in accordance with IFRS unless otherwise stated.

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.

3Q21 Financial Highlights

- **Revenue was \$1,415 million, record high**
 - Up 5.3% QoQ from \$1,344 million in 2Q21
 - Up 30.7% YoY from \$1,083 million in 3Q20

- **Gross margin was 33.1%, record high**
 - Compared to 30.1% in 2Q21
 - Compared to 24.2% in 3Q20

- **Profit from operations was \$310 million**
 - Down 42.3% QoQ, compared to \$538 million in 2Q21
 - Up 69.7% YoY, compared to \$183 million in 3Q20

- **Profit attributable to SMIC was \$321 million**
 - Compared to \$688 million in 2Q21
 - Compared to \$256 million in 3Q20

- **EBITDA was \$894 million**
 - Compared to \$1,176 million in 2Q21
 - Compared to \$653 million in 3Q20

Income Statement

(US\$ thousands)	3Q21	2Q21	QoQ	3Q20	YoY
Revenue	1,415,302	1,344,102	5.3%	1,082,505	30.7%
Gross profit	467,861	405,012	15.5%	261,977	78.6%
Gross margin	33.1%	30.1%		24.2%	
Operating income(expenses)	(157,817)	132,751	-	(79,287)	99.0%
<i>Research & Development</i>	<i>(167,412)</i>	<i>(143,052)</i>	<i>17.0%</i>	<i>(158,520)</i>	<i>5.6%</i>
<i>General & Administrative</i>	<i>(71,671)</i>	<i>(51,132)</i>	<i>40.2%</i>	<i>(56,970)</i>	<i>25.8%</i>
<i>Selling & Marketing</i>	<i>(7,446)</i>	<i>(6,537)</i>	<i>13.9%</i>	<i>(6,472)</i>	<i>15.0%</i>
<i>Other operating income</i>	<i>87,624</i>	<i>333,475</i>	<i>-73.7%</i>	<i>140,840</i>	<i>-37.8%</i>
Profit from operations	310,044	537,763	-42.3%	182,690	69.7%
Other income, net	76,961	142,666	-46.1%	101,793	-24.4%
Income tax credit (expense)	(14,229)	27,673	-	(20,959)	-32.1%
Profit (loss) attributable to SMIC	321,351	687,803	-53.3%	256,379	25.3%
Profit (loss) attributable to NCI	51,425	20,299	153.3%	7,145	619.7%

- **Revenue** was \$1,415.3 million in 3Q21, an increase of 5.3% QoQ from \$1,344.1 million in 2Q21. Revenue increased mainly due to product-mix change and the increase in average selling price in 3Q21.
- **Research and development** expenses increased to \$167.4 million in 3Q21 from \$143.1 million in 2Q21. The change was mainly caused by the higher level of R&D activities in 3Q21.
- The decrease in **other operating income** was mainly because the one-off net proceeds of \$231.4 million from the disposal of a subsidiary in 2Q21. The income recognized in relation to government funding was \$84.6 million in 3Q21, compared to \$81.3 million in 2Q21.

Capital Structure

(US\$ thousands)	As of	
	Sep 30, 2021	Jun 30, 2021
Cash and cash equivalent	7,503,520	7,179,067
Restricted cash - Current	280,971	218,564
Financial assets at fair value through profit or loss - Current ⁽¹⁾	75,395	7,219
Financial assets at amortized cost ⁽²⁾	7,830,377	8,046,641
Total cash on hand	15,690,263	15,451,491
Borrowings - Current	681,726	399,358
Borrowings - Non-current	4,649,497	4,544,524
Lease liabilities	237,103	261,764
Medium-term notes	231,829	232,082
Convertible bonds	1,968	1,957
Bonds payable	597,486	597,312
Total debt	6,399,609	6,036,997
Net debt ⁽³⁾	(9,290,654)	(9,414,494)
Equity	23,414,697	22,781,631
Total debt to equity ratio ⁽⁴⁾	27.3%	26.5%
Net debt to equity ratio ⁽⁵⁾	-39.7%	-41.3%

(1) Mainly contain structural deposits and monetary funds.

(2) Mainly contain bank deposits over 3 months.

(3) Total debt minus total cash on hand.

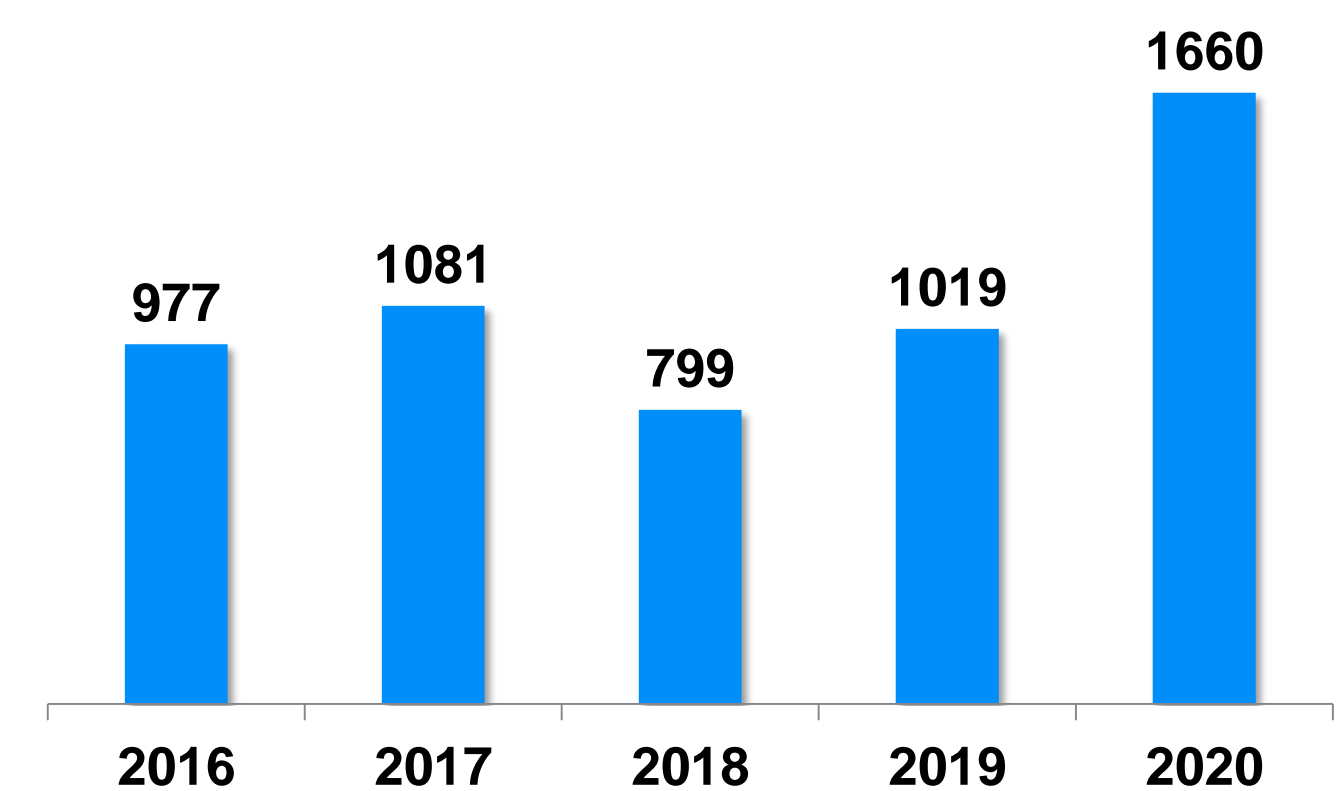
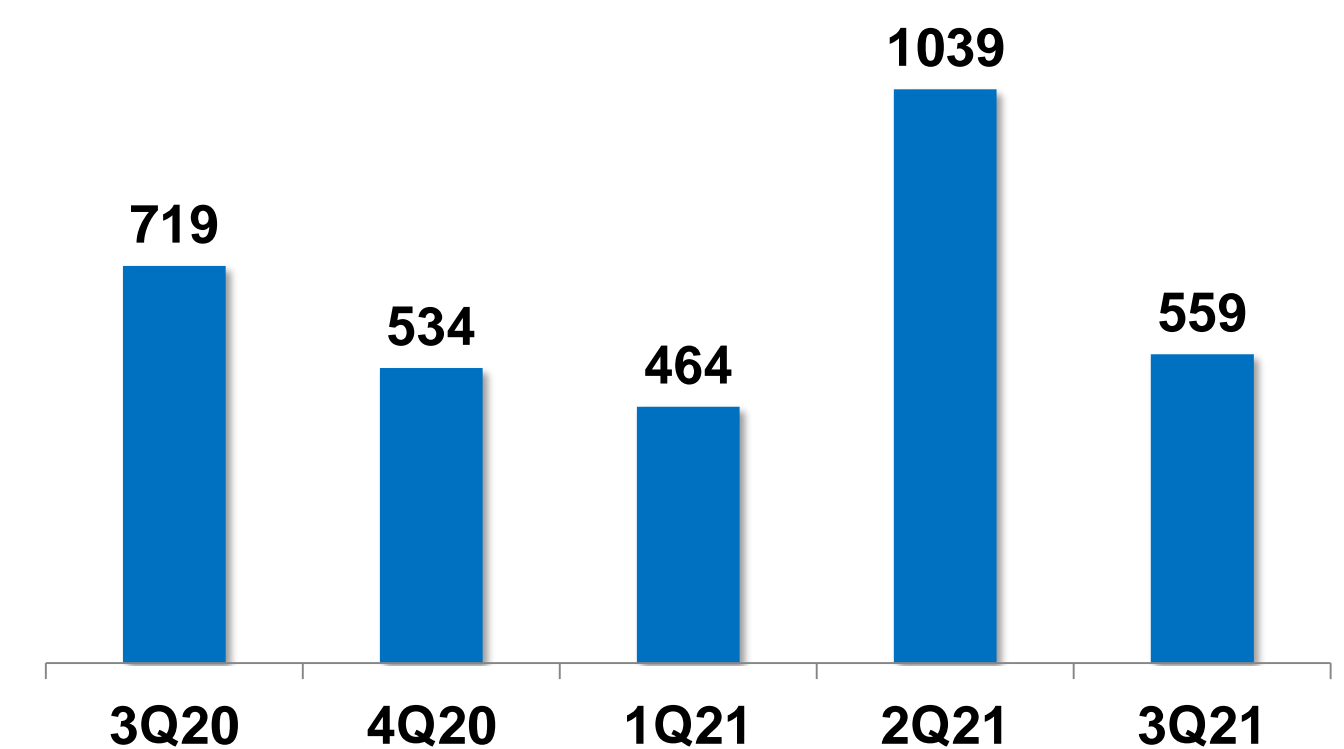
(4) Total debt divided by equity.

(5) Net debt divided by equity.

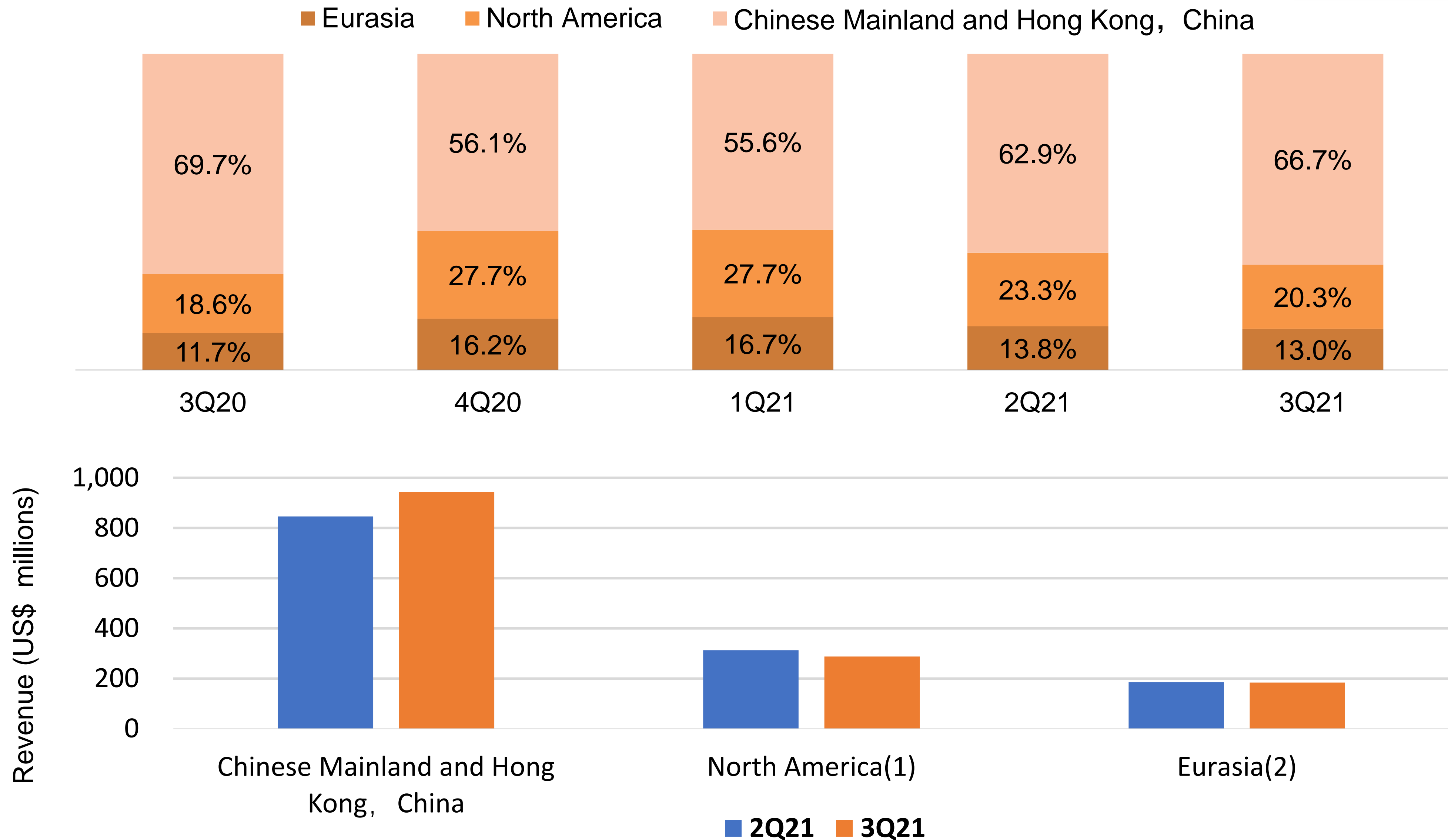
Cash Flow

<i>(US\$ thousands)</i>	For the three months ended	
	Sep 30, 2021	Jun 30, 2021
Cash and cash equivalent, beginning of period	7,179,067	9,014,492
Net cash from operating activities	559,356	1,039,344
Net cash used in investing activities	(815,753)	(3,048,407)
Net cash from financing activities	585,729	140,165
Net change in cash and cash equivalent	324,453	(1,835,425)
Cash and cash equivalent, end of period	7,503,520	7,179,067

Net cash from operating activities (US\$ millions)



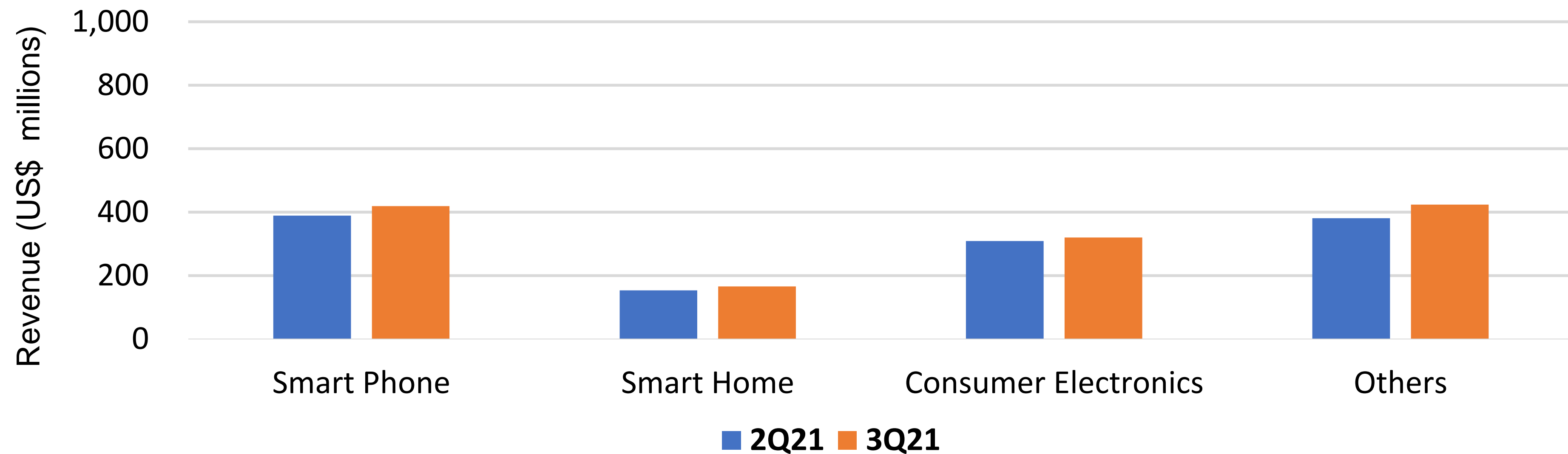
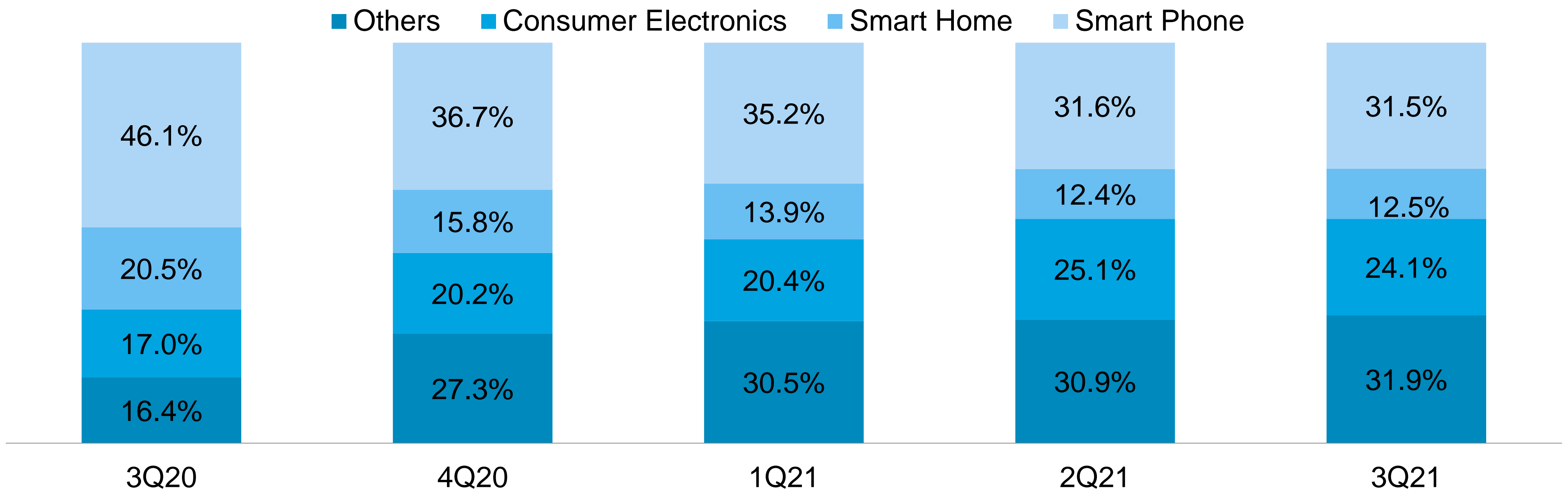
Total Revenue Breakdown by Geography



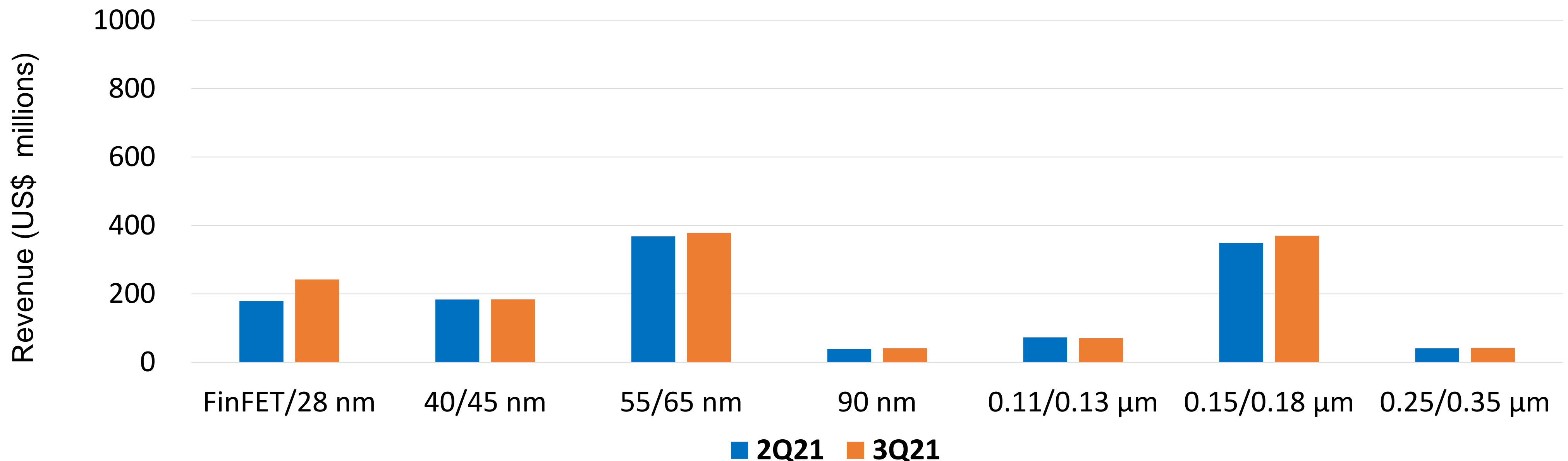
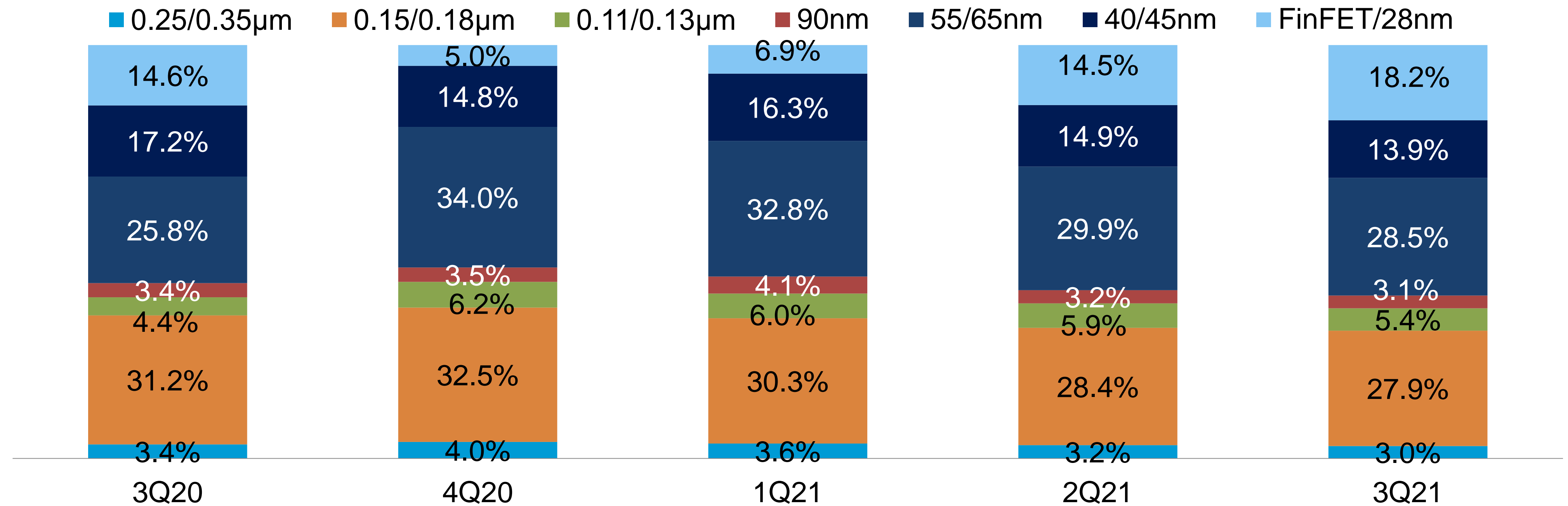
(1) Presenting the revenue to those companies whose headquarters are in the United States, but ultimately selling and shipping the products to their global customers.

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

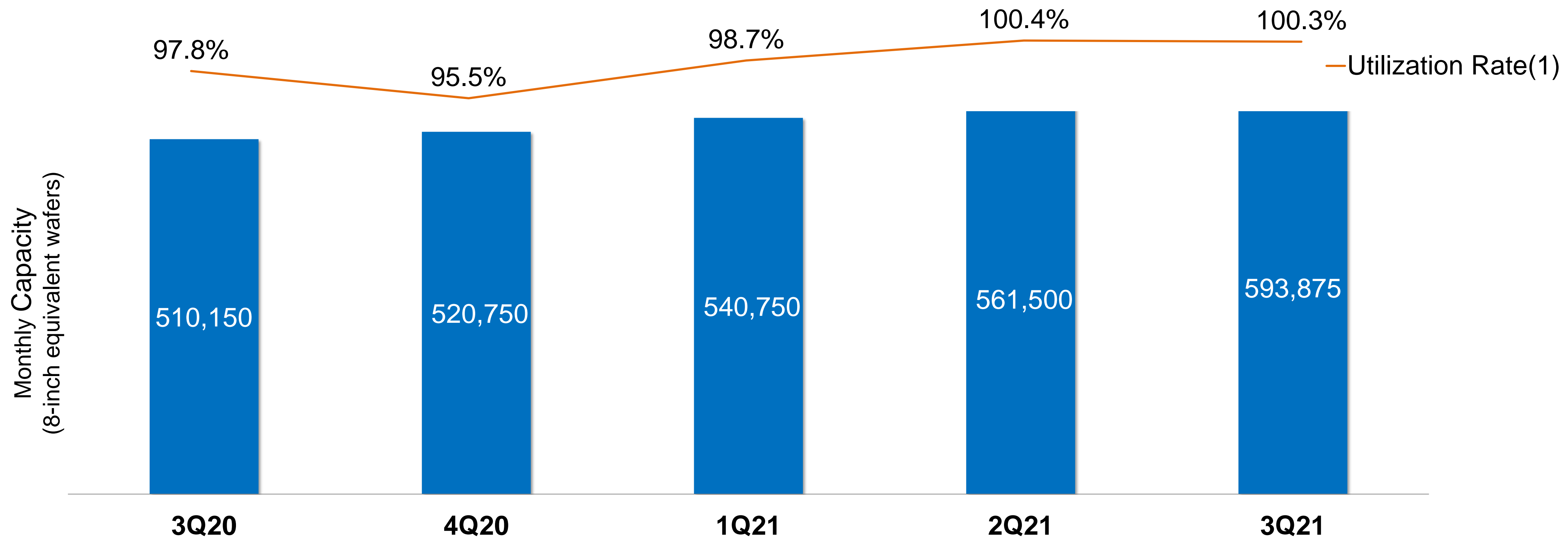
Wafer Revenue Breakdown by Application



Wafer Revenue Breakdown by Technology



Capacity, Utilization and Shipment



	3Q20	4Q20	1Q21	2Q21	3Q21
Wafer Shipments	1,440,531	1,415,788	1,558,893	1,745,194	1,719,743

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

4Q 2021 Guidance and 2021 Capex Guidance

	4Q 2021 Guidance	2021 Capex ⁽¹⁾
Revenue	+11% to +13% QoQ	\$4.3B
Gross Margin	33% to 35%	

(1) The planned 2021 capital expenditures are approximately \$4.3 billion, the majority of which is for mature technology capacity expansion, and the remaining is for advanced technology, the infrastructure of the new Beijing joint-venture project and others. As for capital expenditures, we accelerated the speed and intensity of execution quarter by quarter. Although facing uncontrollable factors such as license approvals, supply chain tightness, and logistical variables caused by the epidemic, we expect to basically complete our full-year capital expenditure plan this year.

Appendix

3Q Results vs Guidance

	3Q 2021 Guidance	3Q 2021 Results
Revenue	+2% to +4% QoQ	+5.3% QoQ
Gross Margin	32% to 34%	33.1%

Capital Expenditures & Depreciation

<i>(US\$ millions)</i>	3Q20	4Q20	1Q21	2Q21	3Q21
Capex	2,280	1,333	534	771	1,081
Depreciation & Amortization	351	366	420	462	480

Thank You!

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