



SMIC Q4 2021

Financial Presentation

SEHK: 00981

SSE STAR MARKET: 688981

SMIC Investor Relations
Feb. 2022

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.

4Q21 Financial Highlights

- **Revenue was \$1,580 million, record high**
 - Up 11.6% QoQ from \$1,415 million in 3Q21
 - Up 61.1% YoY from \$981 million in 4Q20

- **Gross margin was 35.0%, record high**
 - Compared to 33.1% in 3Q21
 - Compared to 18.0% in 4Q20

- **Profit from operations was \$420 million**
 - Compared to \$310 million in 3Q21
 - Compared to \$17 million in 4Q20

- **Profit attributable to SMIC was \$534 million**
 - Compared to \$321 million in 3Q21
 - Compared to \$257 million in 4Q20

- **EBITDA was \$1,167 million**
 - Compared to \$894 million in 3Q21
 - Compared to \$631 million in 4Q20

2021 Financial Highlights (unaudited)

- **Revenue was \$5,443 million, record high**
 - Compared to \$3,907 million in 2020

- **Gross margin was 30.8%, record high**
 - Compared to 23.6% in 2020

- **Profit from operations was \$1,393 million**
 - Compared to \$312 million in 2020

- **Profit attributable to SMIC was \$1,702 million**
 - Compared to \$716 million in 2020

- **EBITDA was \$3,820 million**
 - Compared to \$2,123 million in 2020

Income Statement

(US\$ thousands)	4Q21	3Q21	QoQ	4Q20	YoY
Revenue	1,580,059	1,415,302	11.6%	981,095	61.1%
Gross profit	552,783	467,861	18.2%	176,762	212.7%
Gross margin	35.0%	33.1%		18.0%	
Operating income(expenses)	(132,669)	(157,817)	-15.9%	(159,513)	-16.8%
<i>Research & Development</i>	<i>(172,105)</i>	<i>(167,412)</i>	<i>2.8%</i>	<i>(194,408)</i>	<i>-11.5%</i>
<i>General & Administrative</i>	<i>(104,097)</i>	<i>(71,671)</i>	<i>45.2%</i>	<i>(75,794)</i>	<i>37.3%</i>
<i>Selling & Marketing</i>	<i>(8,164)</i>	<i>(7,446)</i>	<i>9.6%</i>	<i>(12,081)</i>	<i>-32.4%</i>
<i>Other operating income</i>	<i>151,582</i>	<i>87,624</i>	<i>73.0%</i>	<i>123,982</i>	<i>22.3%</i>
Profit from operations	420,114	310,044	35.5%	17,249	2,335.6%
Other income, net	211,276	76,961	174.5%	228,353	-7.5%
Income tax credit (expense)	(53,037)	(14,229)	272.7%	(16,982)	212.3%
Profit (loss) attributable to SMIC	533,773	321,351	66.1%	257,038	107.7%
Profit (loss) attributable to non-controlling interests	44,580	51,425	-13.3%	(28,418)	-

- **Revenue** was \$1,580.1 million in 4Q21, an increase of 11.6% QoQ from \$1,415.3 million in 3Q21. The growth was primarily attributable to product-mix change and the increase in average selling price in 4Q21.
- **Gross margin** was 35.0% in 4Q21, compared to 33.1% in 3Q21 due to product-mix change and the increase in average selling price.
- **Research and development** expenses increased to \$172.1 million in 4Q21 from \$167.4 million in 3Q21. The change was primarily attributable to the higher level of R&D activities in 4Q21.
- **General and administrative expenses** increased to \$104.1 million in 4Q21 from \$71.7 million in 3Q21. The change was mainly due to the increased start-up cost associated with the new majority-owned fabs in 4Q21.
- The change in **Other operating income, net** was mainly due to the income recognized in relation to government funding of \$126.1 million in 4Q21, compared to \$84.6 million in 3Q21.

Capital Structure

(US\$ thousands)	As of	
	Dec 31, 2021	Sep 30, 2021
Cash and cash equivalent	8,581,746	7,503,520
Restricted cash - Current	214,191	280,971
Financial assets at fair value through profit or loss - Current ⁽¹⁾	78,184	75,395
Financial assets at amortized cost ⁽²⁾	7,564,091	7,830,377
Total cash on hand	16,438,212	15,690,263
Borrowings - Current	789,316	681,726
Borrowings - Non-current	4,937,671	4,649,497
Lease liabilities	210,224	237,103
Medium-term notes	235,515	231,829
Convertible bonds	1,978	1,968
Bonds payable	597,663	597,486
Total debt	6,772,367	6,399,609
Net debt ⁽³⁾	(9,665,845)	(9,290,654)
Equity	25,438,143	23,414,697
Total debt to equity ratio ⁽⁴⁾	26.6%	27.3%
Net debt to equity ratio ⁽⁵⁾	-38.0%	-39.7%

(1) Mainly contain structural deposits and monetary funds.

(2) Mainly contain bank deposits over 3 months.

(3) Total debt minus total cash on hand.

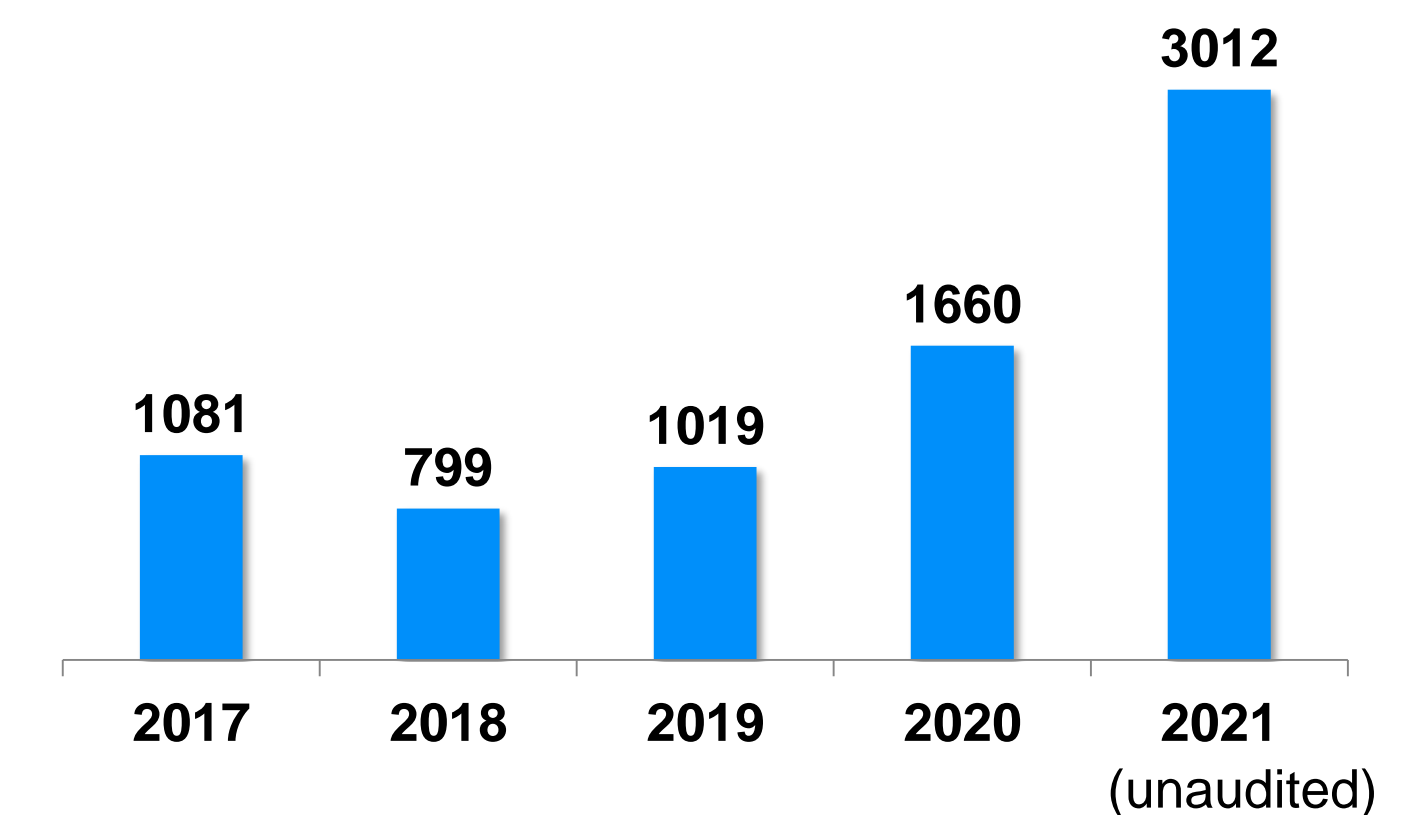
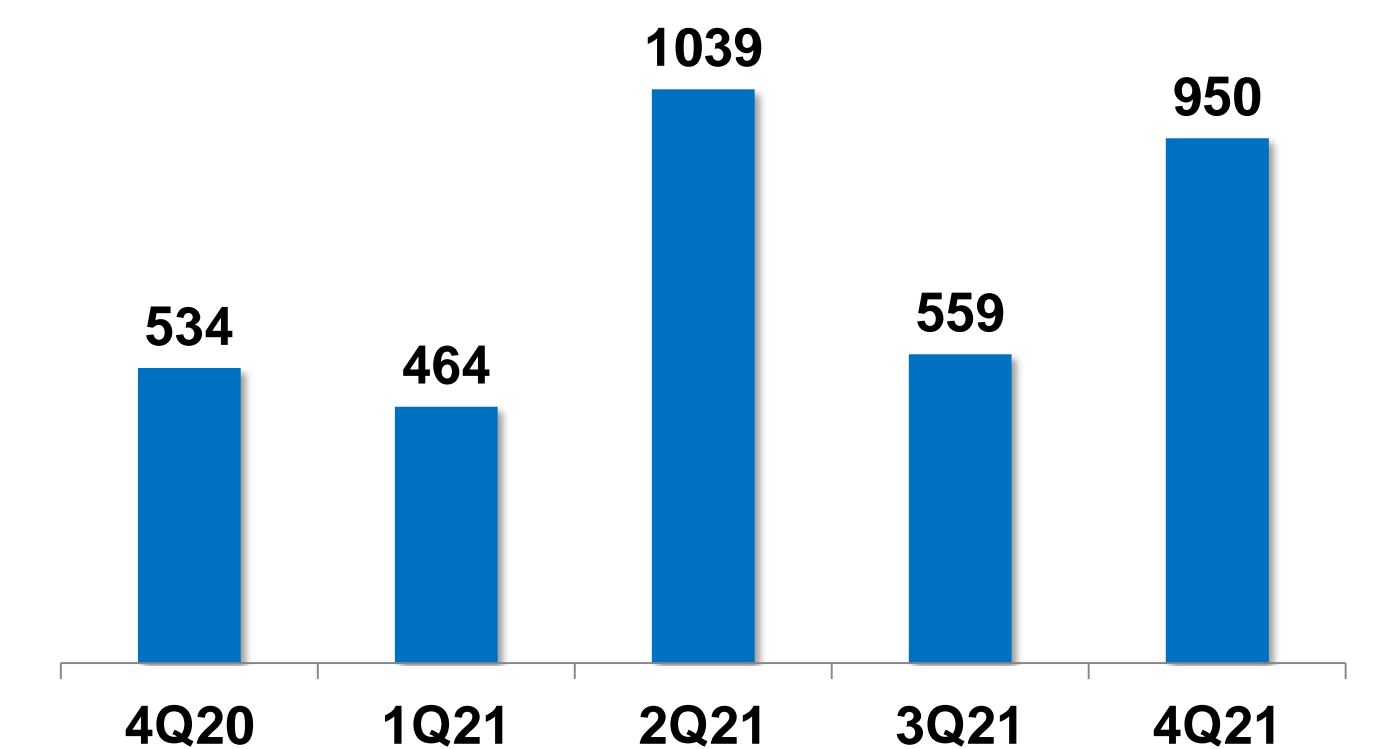
(4) Total debt divided by equity.

(5) Net debt divided by equity.

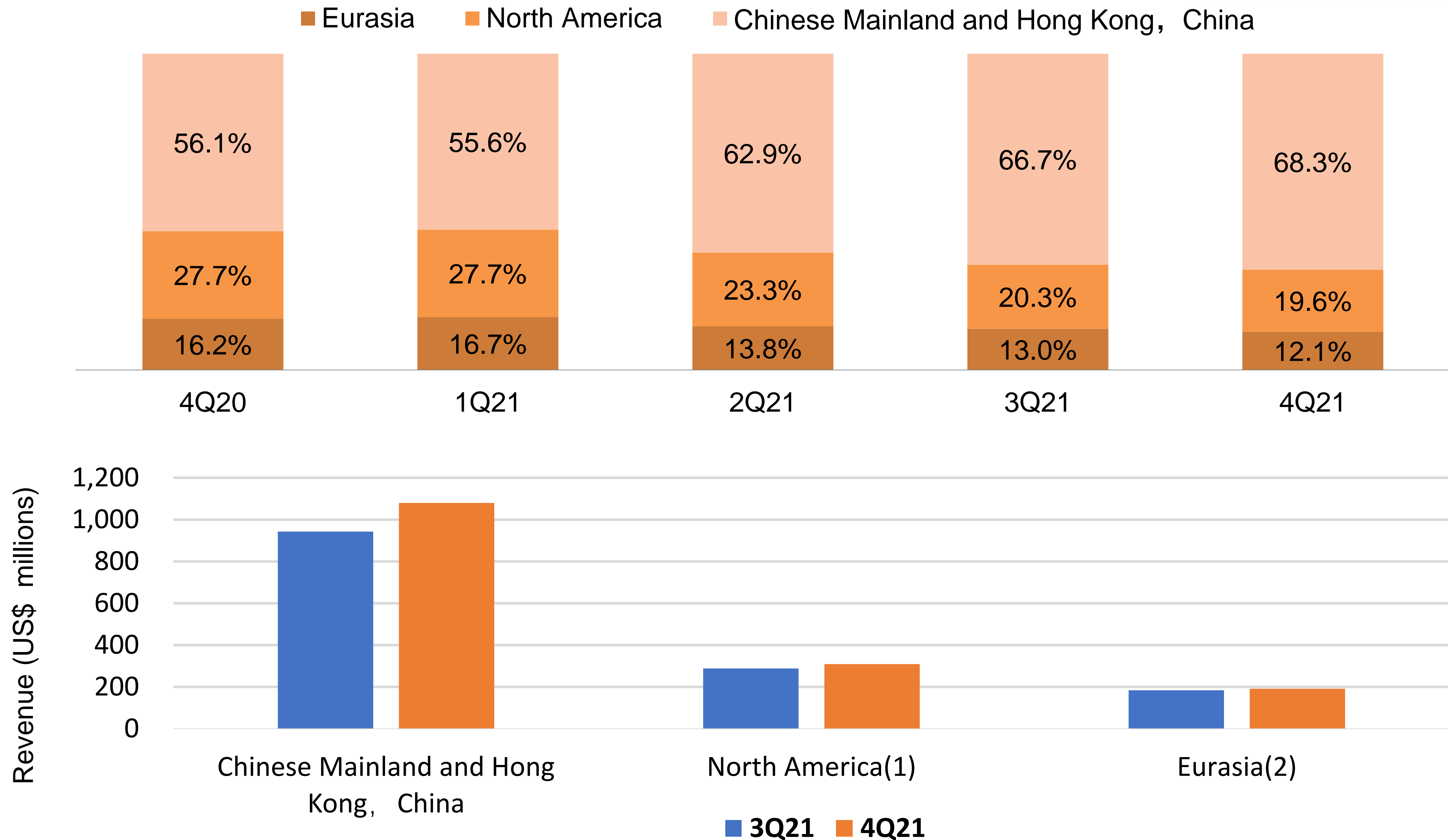
Cash Flow

<i>(US\$ thousands)</i>	For the three months ended	
	Dec 31, 2021	Sep 30, 2021
Cash and cash equivalent, beginning of period	7,503,520	7,179,067
Net cash from operating activities	949,558	559,356
Net cash used in investing activities	(1,735,336)	(815,753)
Net cash from financing activities	1,847,304	585,729
Net change in cash and cash equivalent	1,078,226	324,453
Cash and cash equivalent, end of period	8,581,746	7,503,520

Net cash from operating activities (US\$ millions)



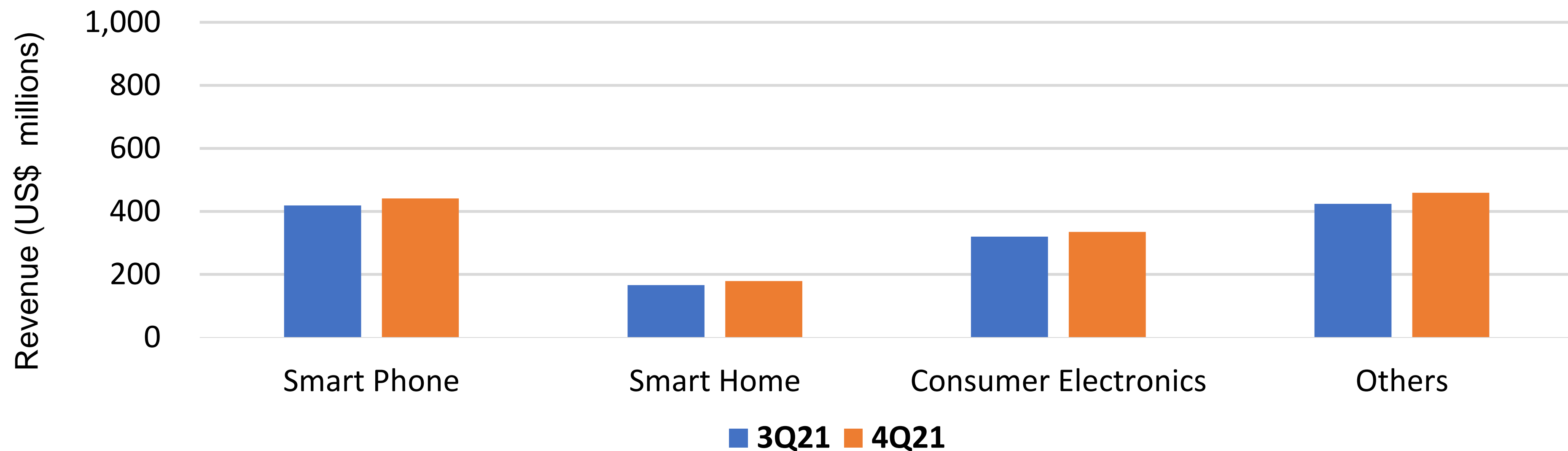
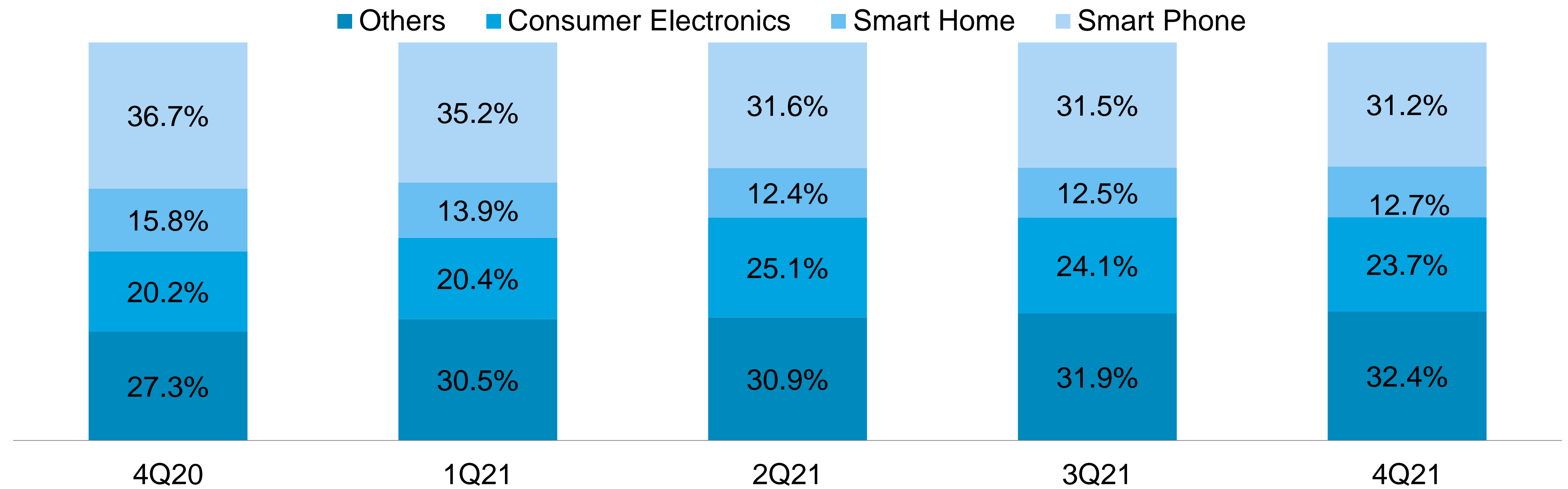
Total Revenue Breakdown by Geography



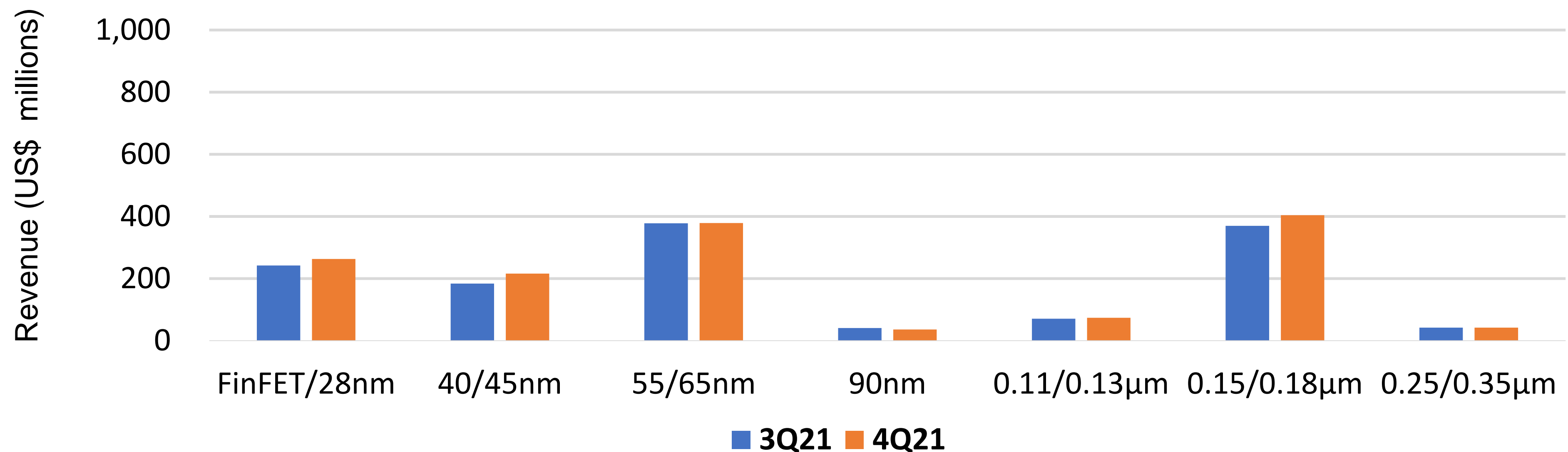
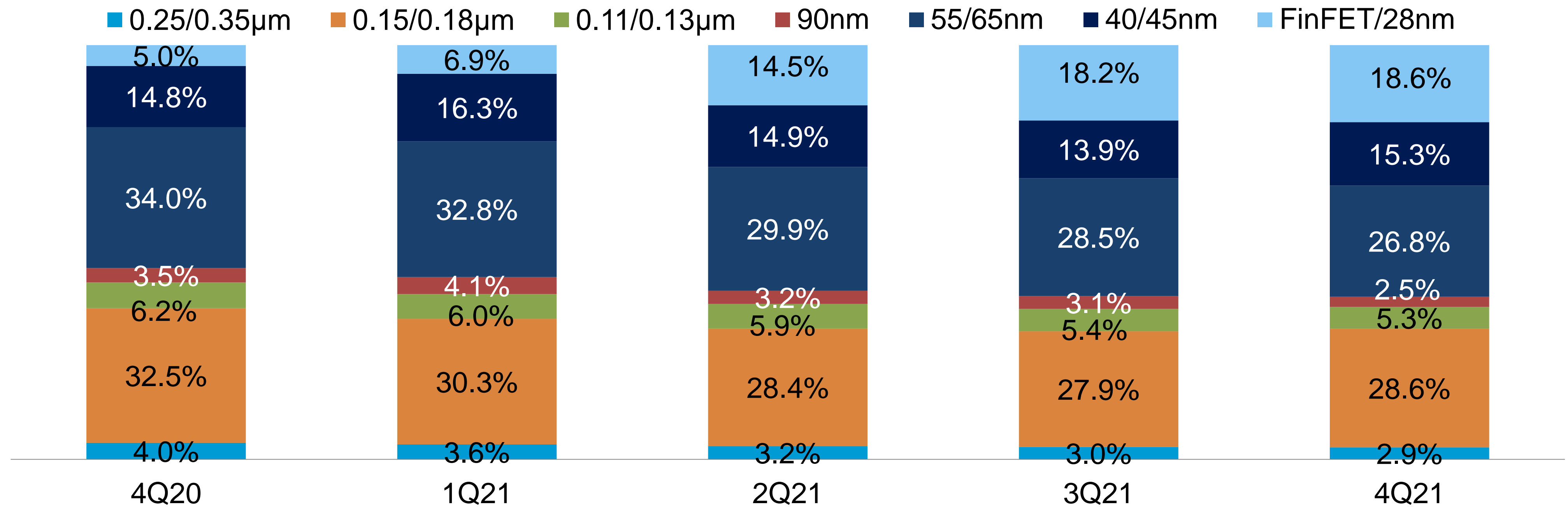
(1) Presenting the revenue to those companies whose headquarters are in the United States, but ultimately selling and shipping the products to their global customers.

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

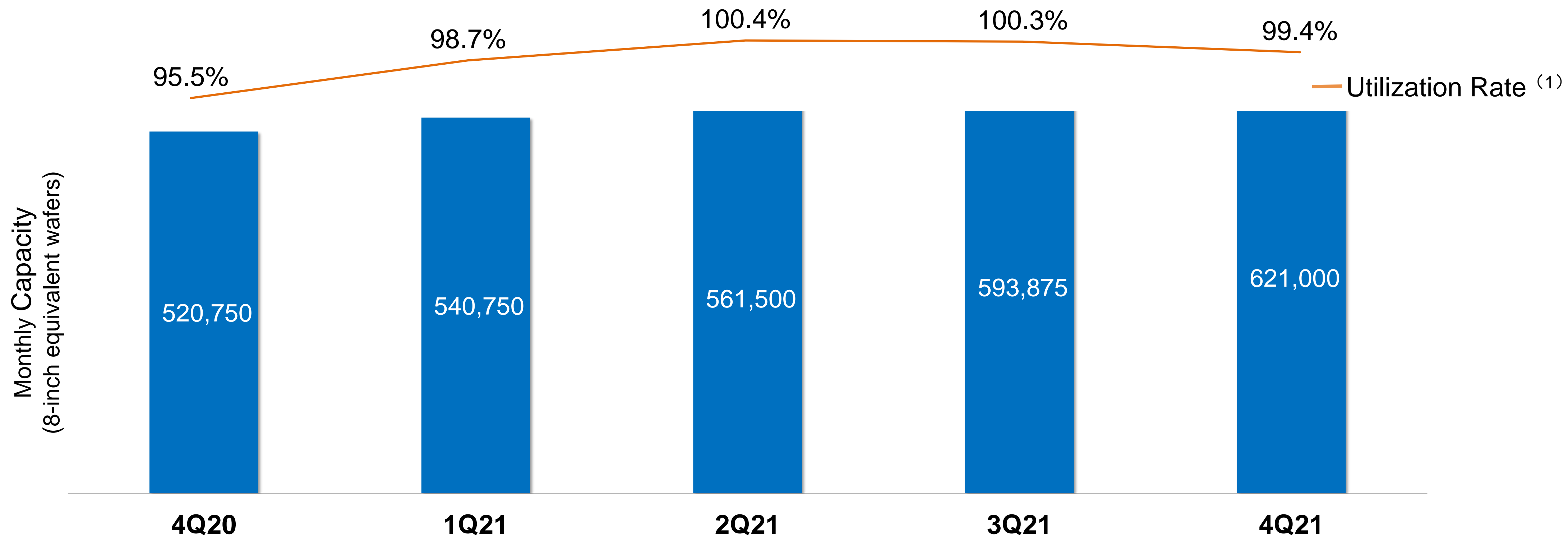
Wafer Revenue Breakdown by Application



Wafer Revenue Breakdown by Technology



Capacity, Utilization and Shipment



	4Q20	1Q21	2Q21	3Q21	4Q21
Wafer Shipments	1,415,788	1,558,893	1,745,194	1,719,743	1,723,360

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

1Q 2022 Guidance and 2022 Capex Guidance

	1Q 2022 Guidance	2022 Capex
Revenue	+15% to +17% QoQ	\$5.0B
Gross Margin	36% to 38%	

Appendix

4Q Results vs Guidance

	4Q 2021 Guidance	4Q 2021 Results
Revenue	+11% to +13% QoQ	+11.6% QoQ
Gross Margin	33% to 35%	35.0%

Capital Expenditures & Depreciation

<i>(US\$ millions)</i>	4Q20	1Q21	2Q21	3Q21	4Q21
Capex	1,333	534	771	1,081	2,130
Depreciation & Amortization	366	420	462	480	508

Thank You!

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