



# SMIC Q1 2022

## Financial Presentation

SEHK: 00981

SSE STAR MARKET: 688981

SMIC Investor Relations  
May 2022

# Forward-Looking Statements

This presentation contains, in addition to historical information, forward-looking statements. These forward-looking statements are based on SMIC's current assumptions, expectations, beliefs, plans, objectives, and projections about future events or performance. SMIC uses words including but not limited to “believe”, “anticipate”, “intend”, “estimate”, “expect”, “project”, “target”, “going forward”, “continue”, “ought to”, “may”, “seek”, “should”, “plan”, “could”, “vision”, “goal”, “aim”, “aspire”, “objective”, “schedule”, “outlook” and other similar expressions to identify forward looking statements. These forward-looking statements are necessary estimates reflecting 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 cyclicalities 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, raw materials and software, availability of manufacturing capacity, financial stability in end markets, orders or judgments from pending litigation, intensive intellectual property litigation in the 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 Stock Exchange of Hong Kong Limited (“SEHK”) and Shanghai Stock Exchange (“SSE”) from time to time. 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 required by applicable laws, SMIC undertakes no obligation and does not intend to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the possible or actual occurrence of unanticipated events after the date on which such statement is made, whether as a result of new information, future events or otherwise.

## **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.

# 1Q22 Financial Highlights

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- **Revenue was \$1,842 million**
  - Up 16.6% QoQ from \$1,580 million in 4Q21
  - Up 66.9% % YoY from \$1,104 million in 1Q21
  
- **Gross margin was 40.7%**
  - Compared to 35.0% in 4Q21
  - Compared to 22.7% in 1Q21
  
- **Profit from operations was \$536 million**
  - Compared to \$420 million in 4Q21
  - Compared to \$125 million in 1Q21
  
- **Profit attributable to SMIC was \$447 million**
  - Compared to \$534 million in 4Q21
  - Compared to \$159 million in 1Q21
  
- **EBITDA was \$1,136 million**
  - Compared to \$1,167 million in 4Q21
  - Compared to \$583 million in 1Q21

# Income Statement

(US\$ thousands)	1Q22	4Q21	QoQ	1Q21	YoY
<b>Revenue</b>	<b>1,841,894</b>	<b>1,580,059</b>	<b>16.6%</b>	<b>1,103,649</b>	<b>66.9%</b>
Gross profit	750,255	552,783	35.7%	250,114	200.0%
<b>Gross margin</b>	<b>40.7%</b>	<b>35.0%</b>		<b>22.7%</b>	
<b>Operating income(expenses)</b>	<b>(214,284)</b>	<b>(132,669)</b>	<b>61.5%</b>	<b>(125,473)</b>	<b>70.8%</b>
<i>Research &amp; Development</i>	<i>(165,269)</i>	<i>(172,105)</i>	<i>-4.0%</i>	<i>(156,273)</i>	<i>5.8%</i>
<i>General &amp; Administrative</i>	<i>(94,591)</i>	<i>(104,097)</i>	<i>-9.1%</i>	<i>(48,803)</i>	<i>93.8%</i>
<i>Selling &amp; Marketing</i>	<i>(9,130)</i>	<i>(8,164)</i>	<i>11.8%</i>	<i>(5,495)</i>	<i>66.2%</i>
<i>Other operating income</i>	<i>54,294</i>	<i>151,582</i>	<i>-64.2%</i>	<i>85,301</i>	<i>-36.4%</i>
<b>Profit from operations</b>	<b>535,971</b>	<b>420,114</b>	<b>27.6%</b>	<b>124,641</b>	<b>330.0%</b>
Other income, net	38,179	211,276	-81.9%	16,859	126.5%
Income tax credit (expense)	(4,989)	(53,037)	-90.6%	(25,573)	-80.5%
<b>Profit (loss) attributable to SMIC</b>	<b>447,227</b>	<b>533,773</b>	<b>-16.2%</b>	<b>158,876</b>	<b>181.5%</b>
Profit (loss) attributable to non-controlling interests	121,934	44,580	173.5%	(42,949)	-

- **Revenue** was \$1,841.9 million in 1Q22, an increase of 16.6% QoQ from \$1,580.1 million in 4Q21. The growth was primarily attributable to product-mix change, price adjustment and shipment increase in 1Q22.
- **Gross margin** was 40.7% in 1Q22, compared to 35.0% in 4Q21. The fluctuation was mainly due to product-mix change, price adjustment and shipment increase in 1Q22.
- The change in **Other operating income** was mainly due to the income recognized in relation to government funding of \$45.0 million in 1Q22, compared to \$126.1 million in 4Q21.

# Capital Structure

(US\$ thousands)	As of	
	Mar 31, 2022	Dec 31, 2021
Cash and cash equivalent	6,099,908	8,581,746
Restricted cash - Current	266,045	214,191
Financial assets at fair value through profit or loss - Current <sup>(1)</sup>	322,975	78,184
Financial assets at amortized cost <sup>(2)</sup>	10,586,163	7,564,091
<b>Total cash on hand</b>	<b>17,275,091</b>	<b>16,438,212</b>
Borrowings - Current	798,489	789,316
Borrowings - Non-current	5,109,660	4,937,671
Lease liabilities	183,110	210,224
Medium-term notes	-	235,515
Convertible bonds	1,989	1,978
Bonds payable	597,839	597,663
<b>Total debt</b>	<b>6,691,087</b>	<b>6,772,367</b>
Net debt <sup>(3)</sup>	(10,584,004)	(9,665,845)
Equity	26,317,641	25,438,143
Total debt to equity ratio <sup>(4)</sup>	25.4%	26.6%
Net debt to equity ratio <sup>(5)</sup>	-40.2%	-38.0%

(1) Mainly contain structural deposits and monetary funds.

(2) Mainly contain bank deposits over 3 months.

(3) Total debt minus total cash on hand.

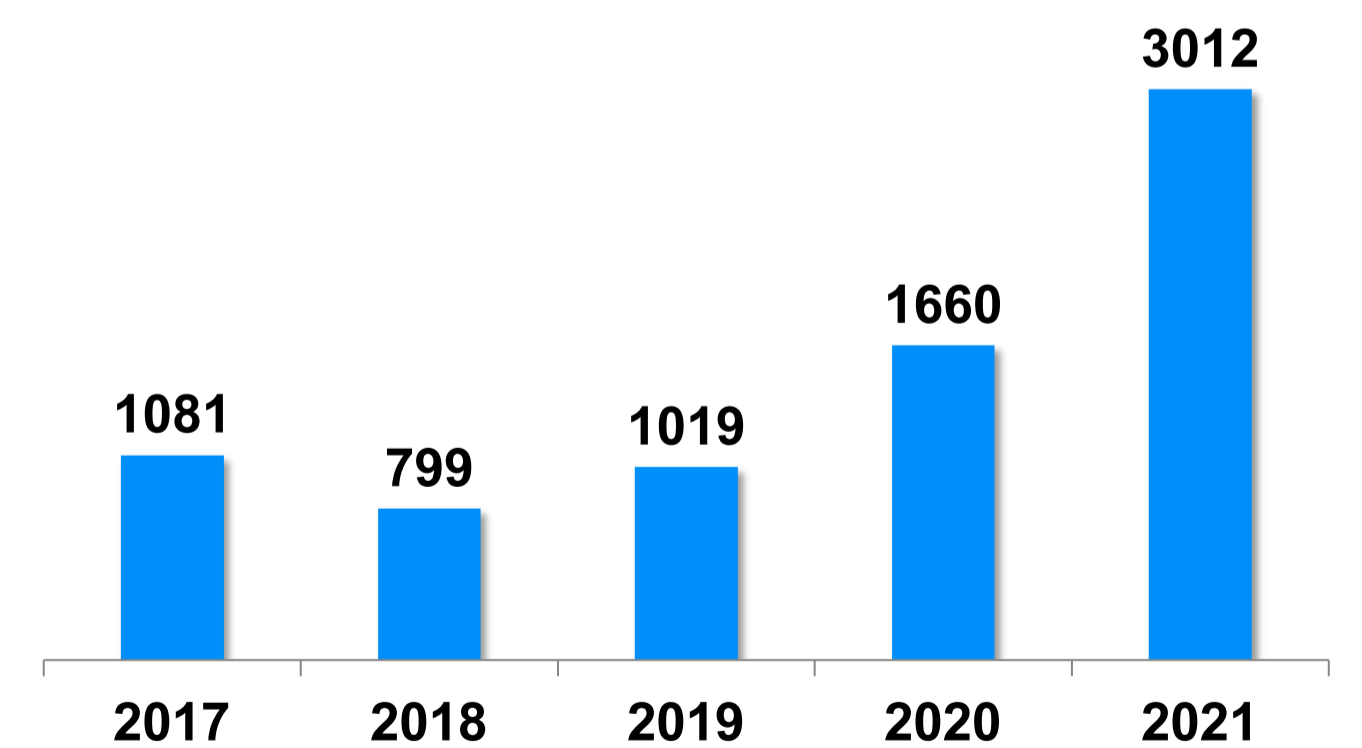
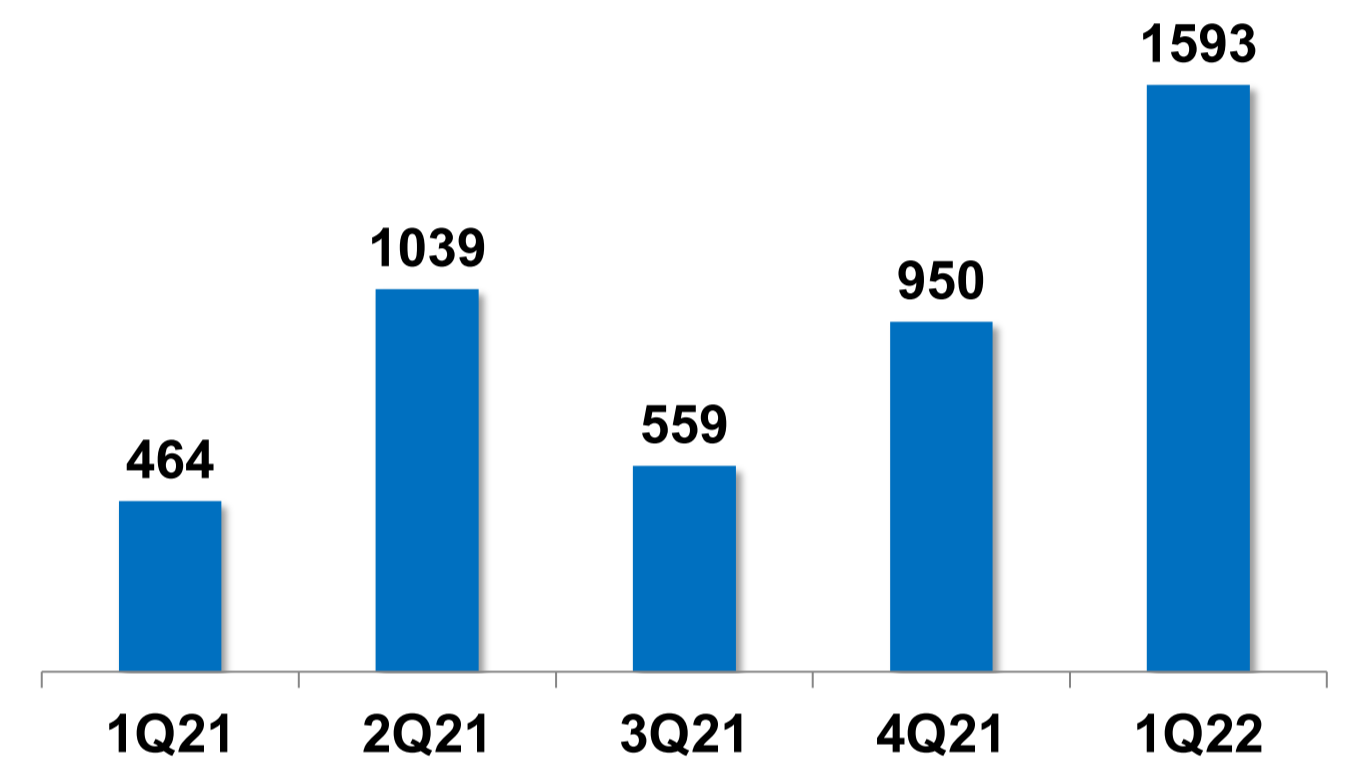
(4) Total debt divided by equity.

(5) Net debt divided by equity.

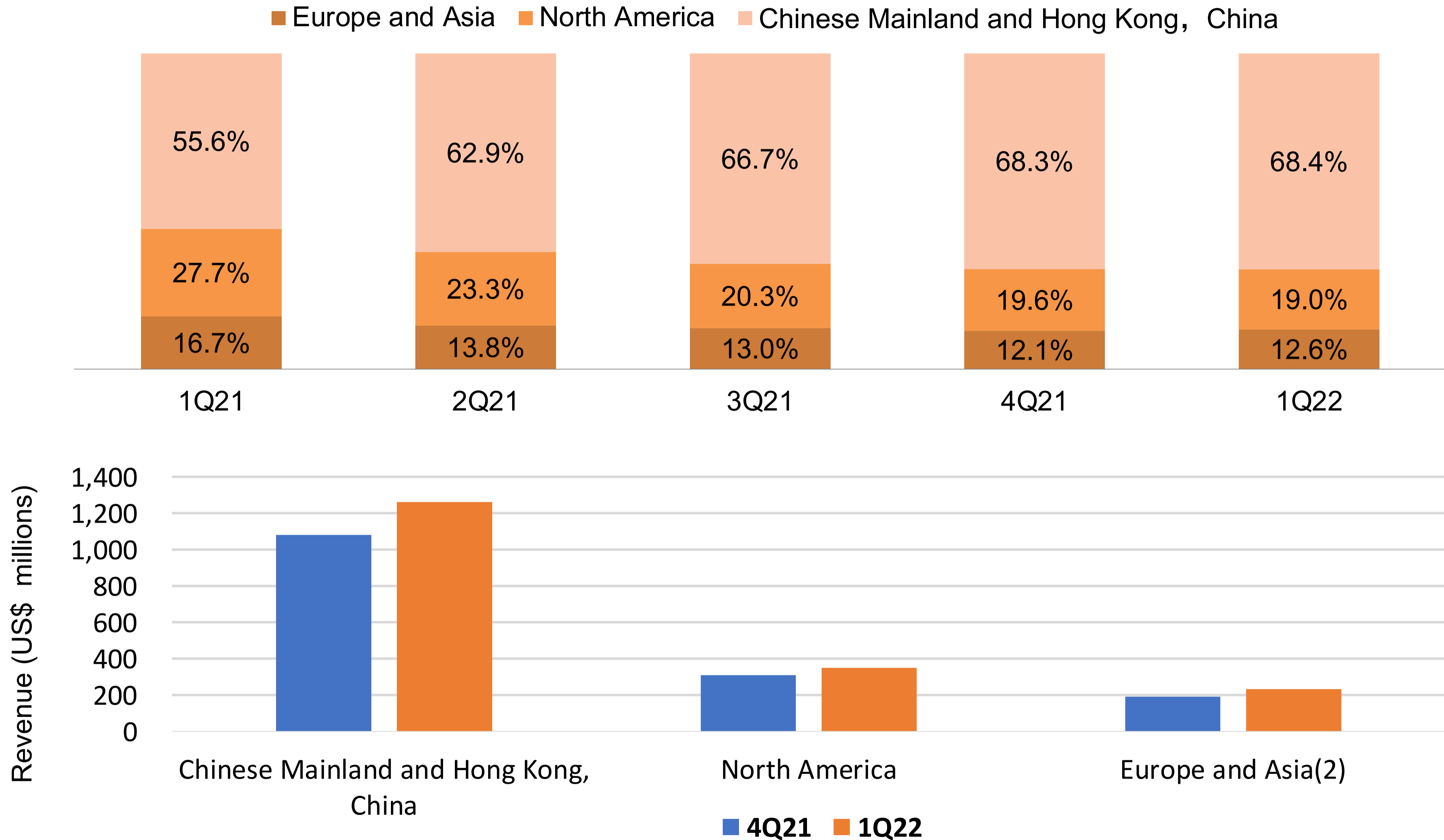
# Cash Flow

<i>(US\$ thousands)</i>	For the three months ended	
	Mar 31, 2022	Dec 31, 2021
Cash and cash equivalent, beginning of period	8,581,746	7,503,520
Net cash from operating activities	1,592,970	949,558
Net cash used in investing activities	(4,266,260)	(1,735,336)
Net cash from financing activities	188,415	1,847,304
Net change in cash and cash equivalent	(2,481,838)	1,078,226
Cash and cash equivalent, end of period	6,099,908	8,581,746

## Net cash from operating activities (US\$ millions)



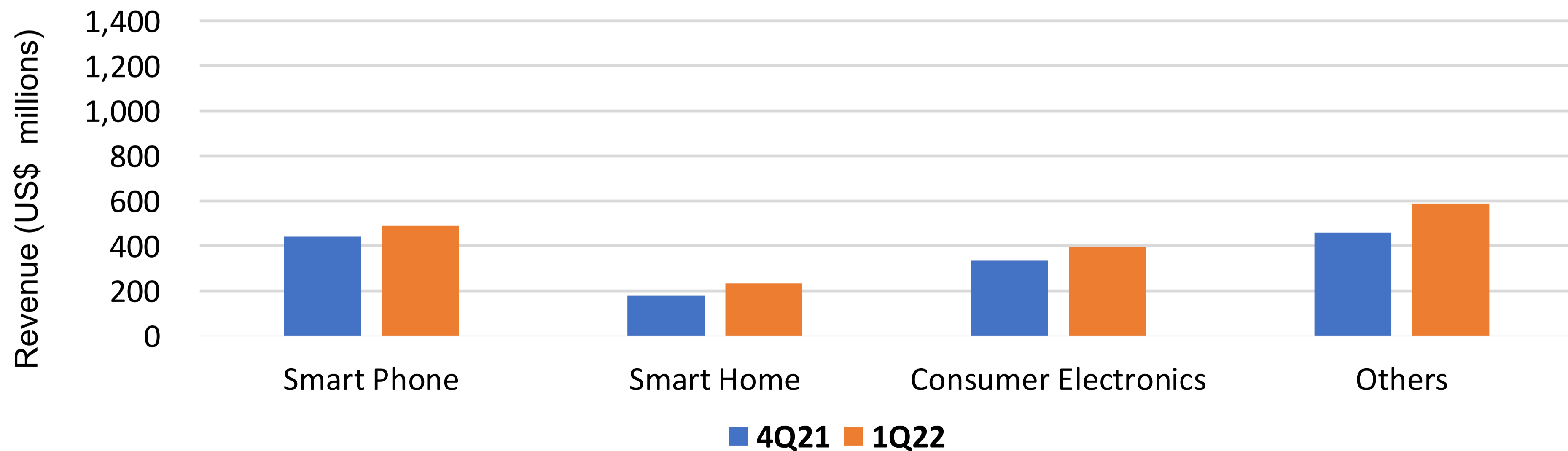
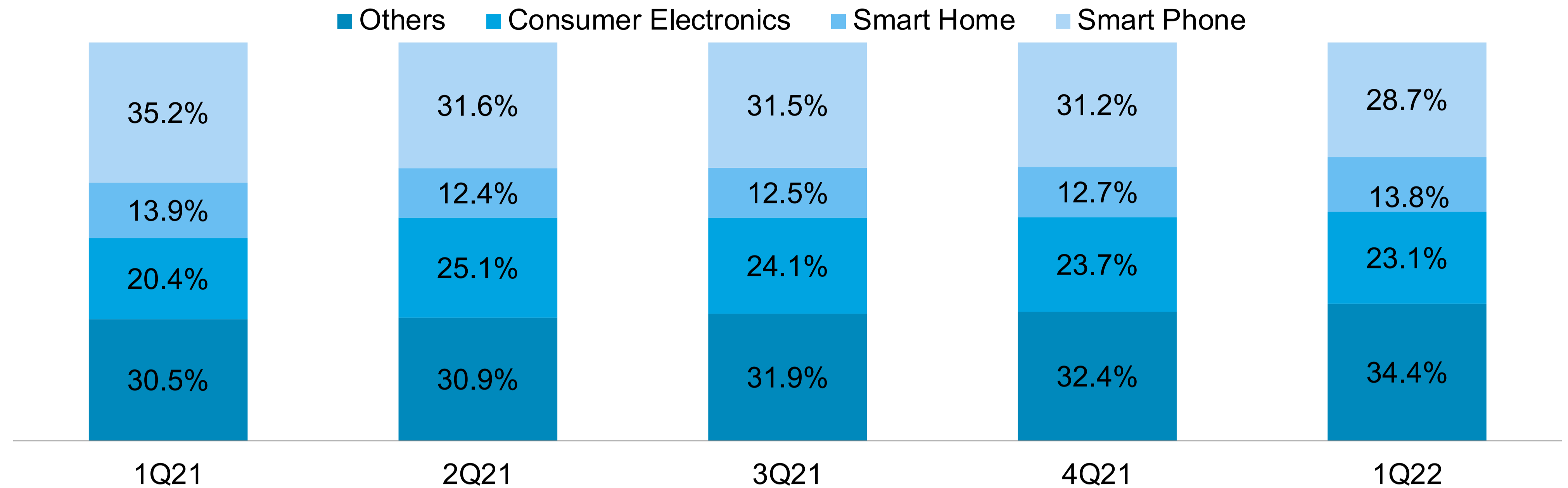
# Total Revenue Breakdown by Geography<sup>(1)</sup>



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

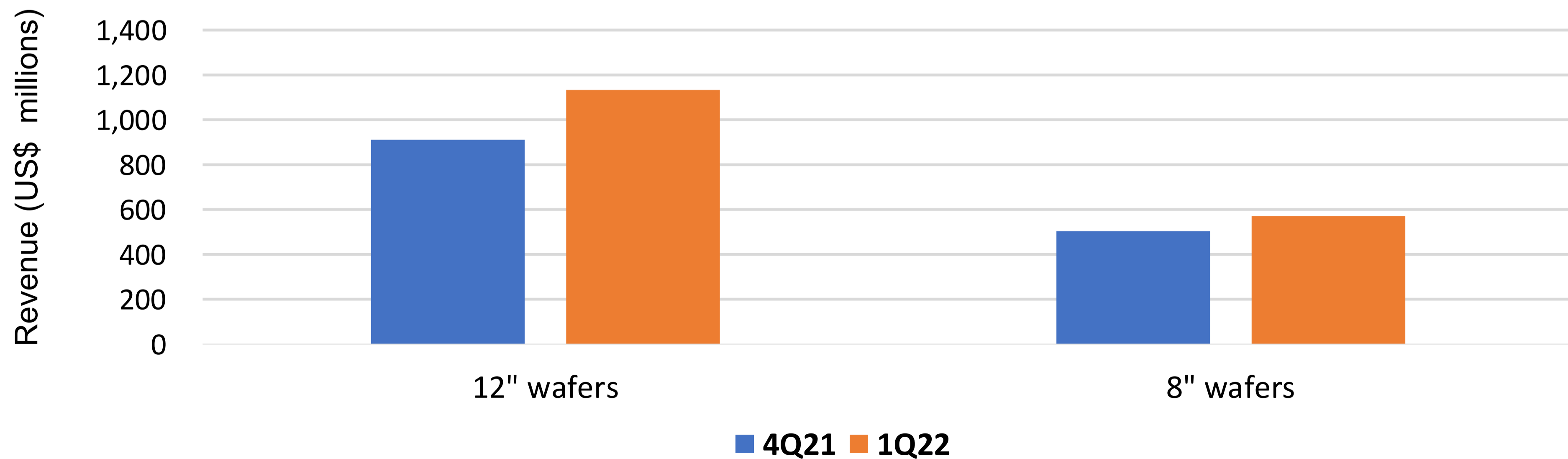
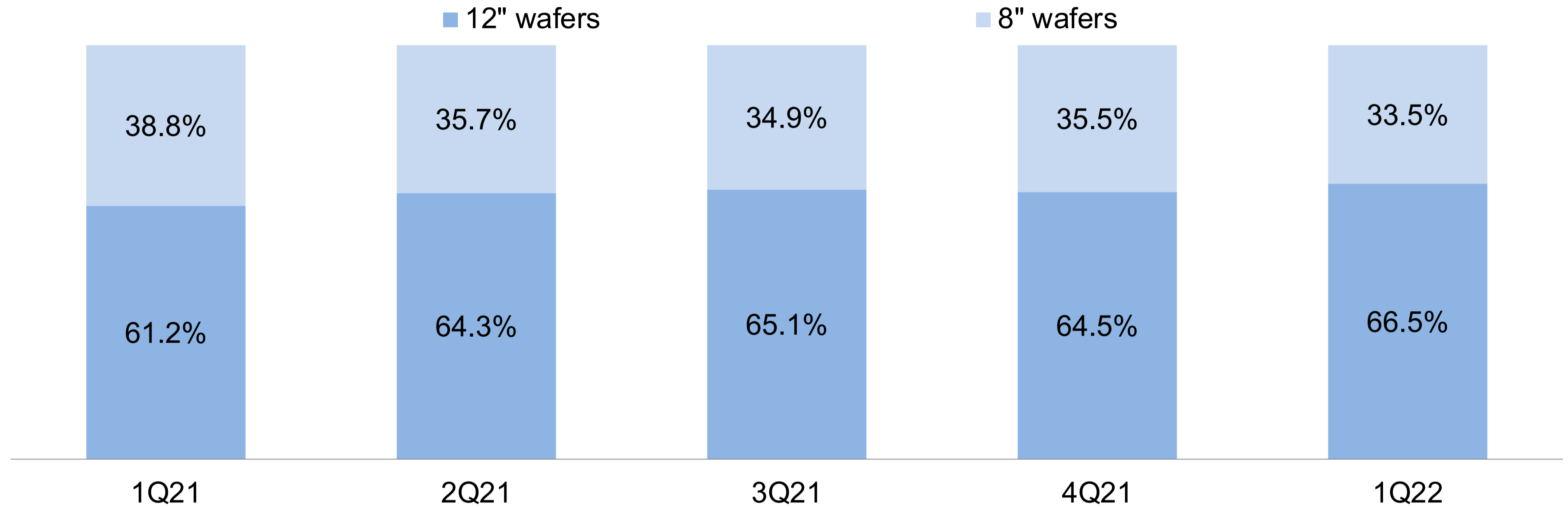
(2) Excluding Chinese Mainland and Hong Kong, China.

# Wafer Revenue Breakdown by Application

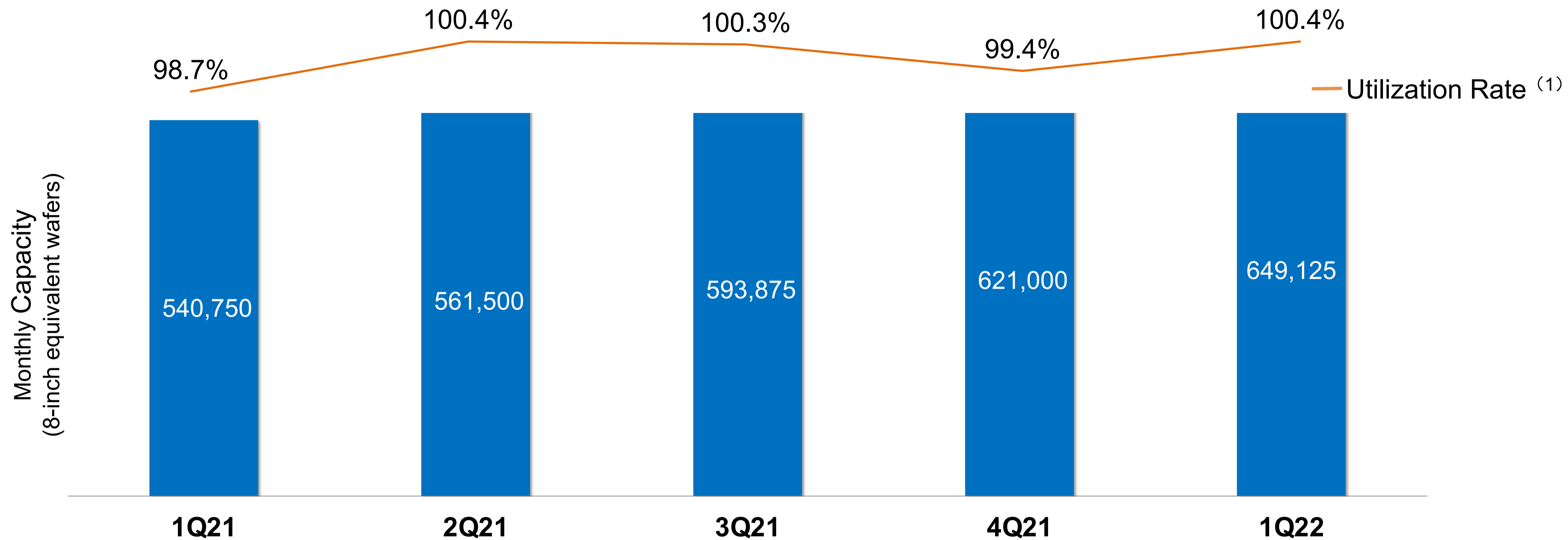




# Wafer Revenue By Size



# Capacity, Utilization and Shipment



	1Q21	2Q21	3Q21	4Q21	1Q22
Wafer Shipments	1,558,893	1,745,194	1,719,743	1,723,360	1,840,189

(1) Capacity utilization rate is reported based on total 8" equivalent wafers out divided by estimated total quarterly capacity.

# 2Q 2022 Guidance and 2022 Capex Guidance

	2Q 2022 Guidance	2022 Capex
Revenue	+1% to +3% QoQ	\$5.0B
Gross Margin	37% to 39 %	

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# Appendix

# 1Q Results vs Guidance

	1Q 2022 Guidance	1Q 2022 Results
<b>Revenue</b>	+15% to +17% QoQ	+16.6% QoQ
<b>Gross Margin</b>	36% to 38%	40.7%

# Capital Expenditures & Depreciation

<i>(US\$ millions)</i>	1Q21	2Q21	3Q21	4Q21	1Q22
<b>Capex</b>	534	771	1,081	2,130	869
<b>Depreciation &amp; Amortization</b>	420	462	480	508	534

**Thank You!**

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