



# SMIC Q2 2022

# Financial Presentation

**SEHK: 00981**

**SSE STAR MARKET: 688981**

SMIC Investor Relations  
Aug 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.

## 2Q22 Financial Highlights (Unaudited)

- **Revenue was \$1,903 million**
  - Up 3.3% QoQ from \$1,842 million in 1Q22
  - Up 41.6% YoY from \$1,344 million in 2Q21
  
- **Gross margin was 39.4%**
  - Compared to 40.7% in 1Q22
  - Compared to 30.1% in 2Q21
  
- **Profit from operations was \$539 million**
  - Compared to \$536 million in 1Q22
  - Compared to \$538 million in 2Q21
  
- **Profit attributable to SMIC was \$514 million**
  - Compared to \$447 million in 1Q22
  - Compared to \$688 million in 2Q21
  
- **EBITDA was \$1,220 million**
  - Compared to \$1,136 million in 1Q22
  - Compared to \$1,176 million in 2Q21

# 1H22 Financial Highlights (Unaudited)

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- **Revenue was \$3,745 million**
  - Compared to \$2,448 million in 1H21
- **Gross margin was 40.1%**
  - Compared to 26.8% in 1H21
- **Profit from operations was \$1,075 million**
  - Compared to \$662 million in 1H21
- **Profit attributable to SMIC was \$962 million**
  - Compared to \$847 million in 1H21
- **EBITDA was \$2,356 million**
  - Compared to \$1,759 million in 1H21

# Income Statement

(US\$ thousands)	2Q22	1Q22	QoQ	2Q21	YoY
<b>Revenue</b>	<b>1,903,164</b>	<b>1,841,894</b>	<b>3.3%</b>	<b>1,344,102</b>	<b>41.6%</b>
Gross profit	750,488	750,255	0.0%	405,012	85.3%
<b>Gross margin</b>	<b>39.4%</b>	<b>40.7%</b>		<b>30.1%</b>	
<b>Operating income(expenses)</b>	<b>(211,045)</b>	<b>(214,284)</b>	<b>-1.5%</b>	132,751	-
<i>Research &amp; Development</i>	<i>(187,484)</i>	<i>(165,269)</i>	<i>13.4%</i>	<i>(143,052)</i>	<i>31.1%</i>
<i>General &amp; Administrative</i>	<i>(119,130)</i>	<i>(94,591)</i>	<i>25.9%</i>	<i>(51,132)</i>	<i>133.0%</i>
<i>Selling &amp; Marketing</i>	<i>(9,497)</i>	<i>(9,130)</i>	<i>4.0%</i>	<i>(6,537)</i>	<i>45.3%</i>
<i>Other operating income</i>	<i>105,379</i>	<i>54,294</i>	<i>94.1%</i>	<i>333,475</i>	<i>-68.4%</i>
<b>Profit from operations</b>	<b>539,443</b>	<b>535,971</b>	<b>0.6%</b>	<b>537,763</b>	<b>0.3%</b>
Other income, net	96,804	38,179	153.6%	142,666	-32.1%
Income tax credit (expense)	(7,174)	(4,989)	43.8%	27,673	-
<b>Profit (loss) attributable to SMIC</b>	<b>514,332</b>	<b>447,227</b>	<b>15.0%</b>	<b>687,803</b>	<b>-25.2%</b>
Profit (loss) attributable to Non-controlling interests	114,741	121,934	-5.9%	20,299	465.3%

- **Revenue** was \$1,903.2 million in 2Q22, an increase of 3.3% QoQ from \$1,841.9 million in 1Q22.
- **Gross margin** was 39.4% in 2Q22, compared to 40.7% in 1Q22.
- The change in **Other operating income** was mainly due to the income recognised in relation to government funding of \$100.3 million in 2Q22, compared to \$45.0 million in 1Q22.

# Capital Structure

(US\$ thousands)	As of	
	Jun 30, 2022	Mar 31, 2022
Cash and cash equivalent	8,634,495	6,099,908
Restricted cash - current	221,820	266,045
Financial assets at fair value through profit or loss - current <sup>(1)</sup>	312,975	322,975
Financial assets at amortized cost <sup>(2)</sup>	9,449,223	10,586,163
<b>Total cash on hand</b>	<b>18,618,513</b>	<b>17,275,091</b>
Borrowings - current	872,465	798,489
Borrowings - non-current	5,628,583	5,109,660
Lease liabilities	155,858	183,110
Convertible bonds	-	1,989
Bonds payable	598,018	597,839
<b>Total debt</b>	<b>7,254,924</b>	<b>6,691,087</b>
Net debt <sup>(3)</sup>	(11,363,589)	(10,584,004)
Equity	27,330,635	26,317,641
Total debt to equity ratio <sup>(4)</sup>	26.5%	25.4%
Net debt to equity ratio <sup>(5)</sup>	-41.6%	-40.2%

(1) Mainly contain structural deposits and monetary funds.

(2) Mainly contain bank deposits over 3 months.

(3) Total debt minus total cash on hand.

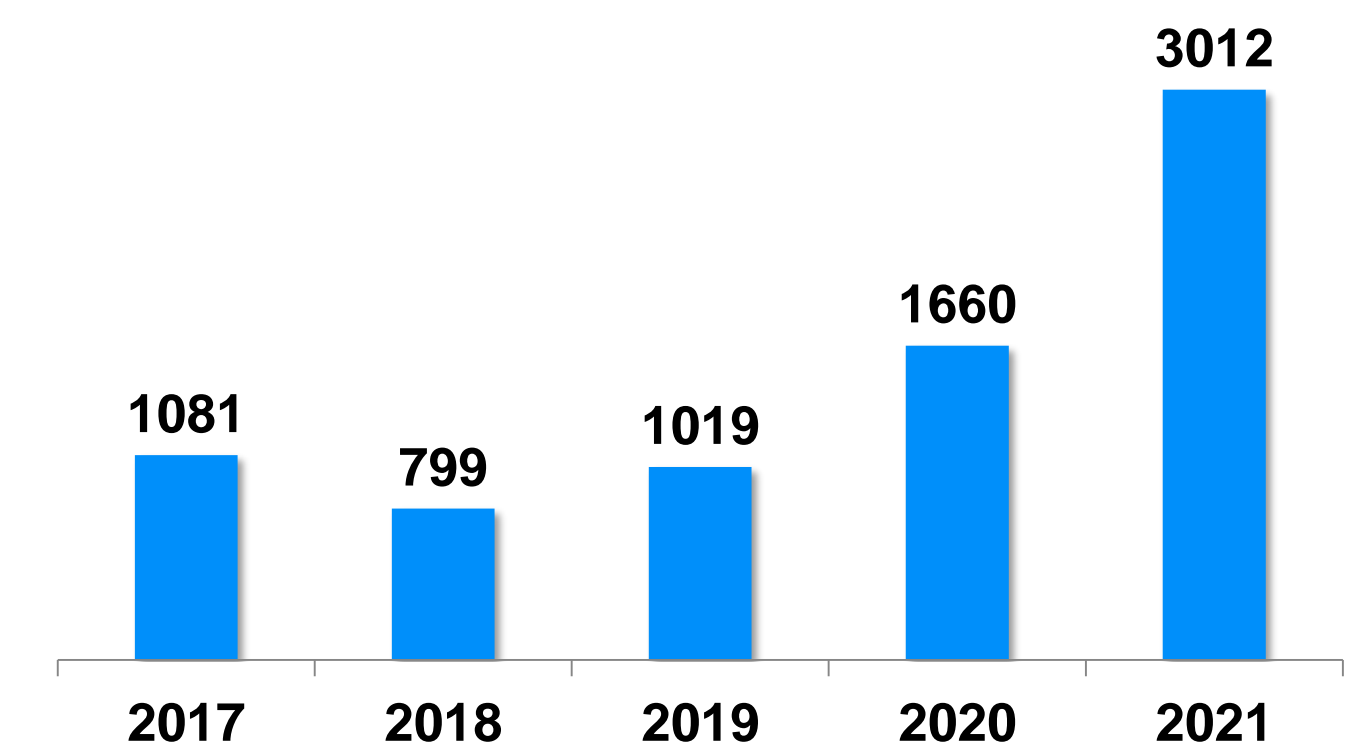
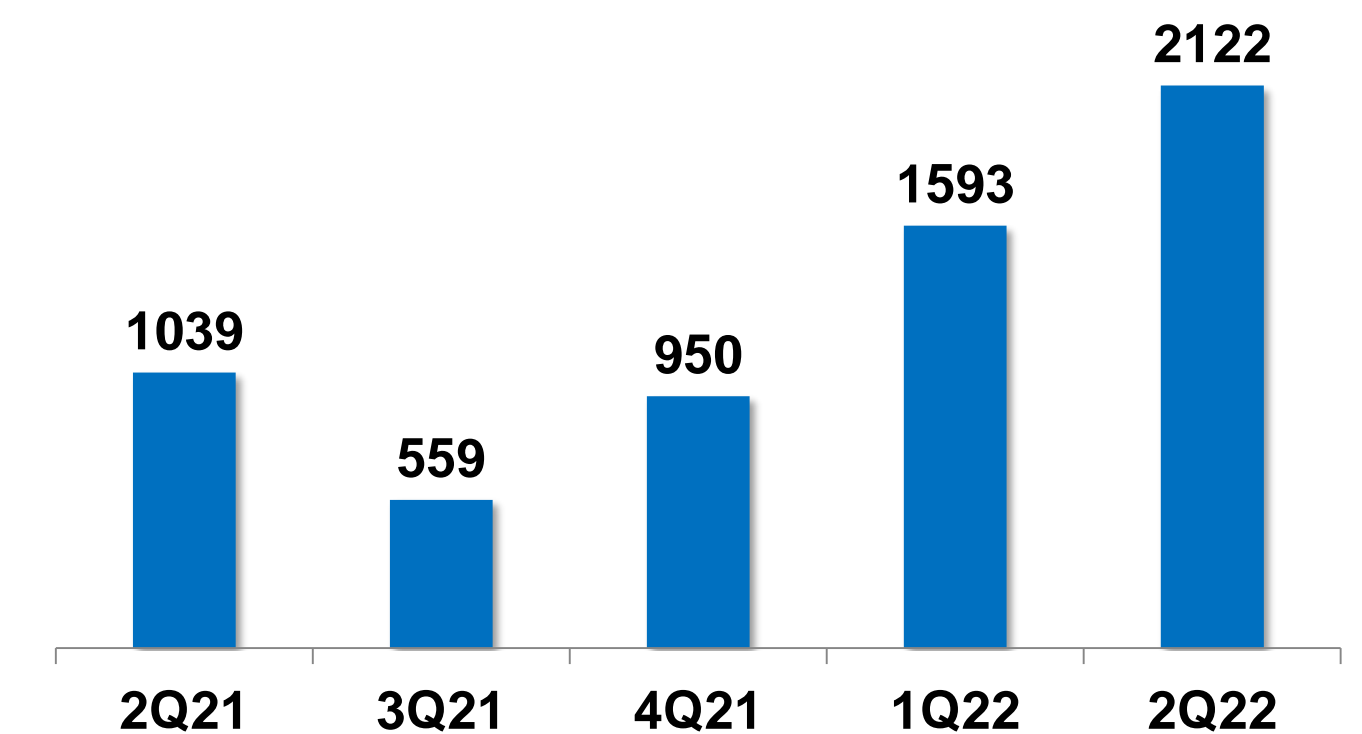
(4) Total debt divided by equity.

(5) Net debt divided by equity.

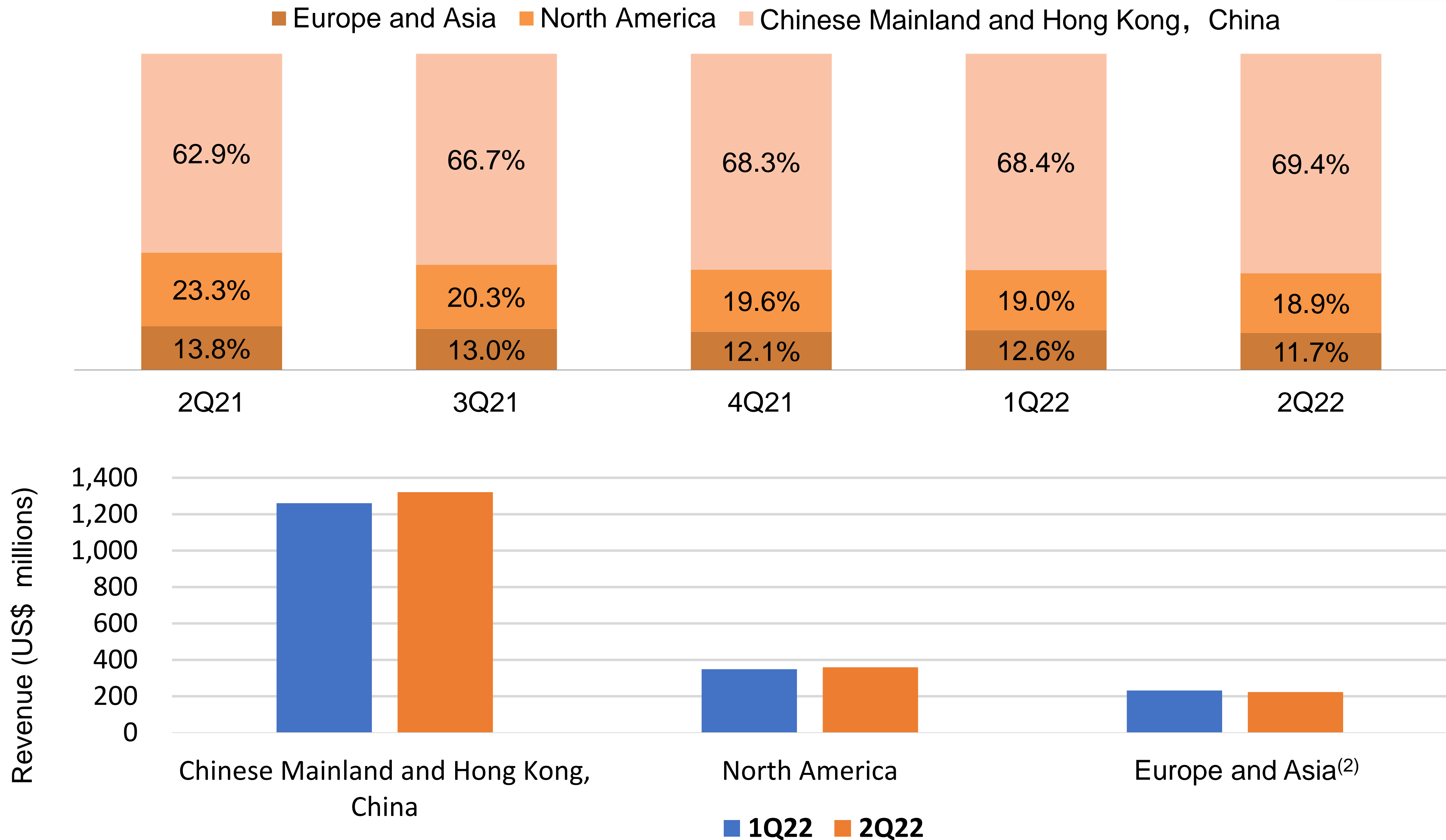
# Cash Flow

<i>(US\$ thousands)</i>	For the three months ended	
	Jun 30, 2022	Mar 31, 2022
Cash and cash equivalent, beginning of the period	6,099,908	8,581,746
Net cash generated from operating activities	2,122,489	1,592,970
Net cash used in investing activities	(681,138)	(4,266,260)
Net cash generated from financing activities	1,228,149	188,415
Net change in cash and cash equivalent	2,534,587	(2,481,838)
Cash and cash equivalent, end of the period	8,634,495	6,099,908

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



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

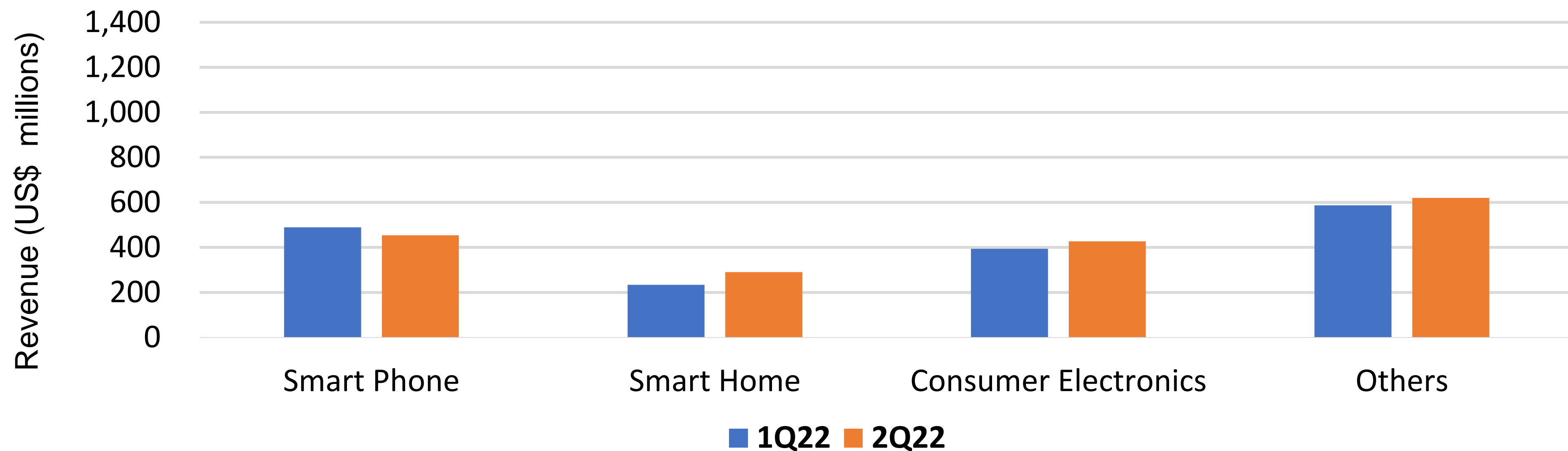
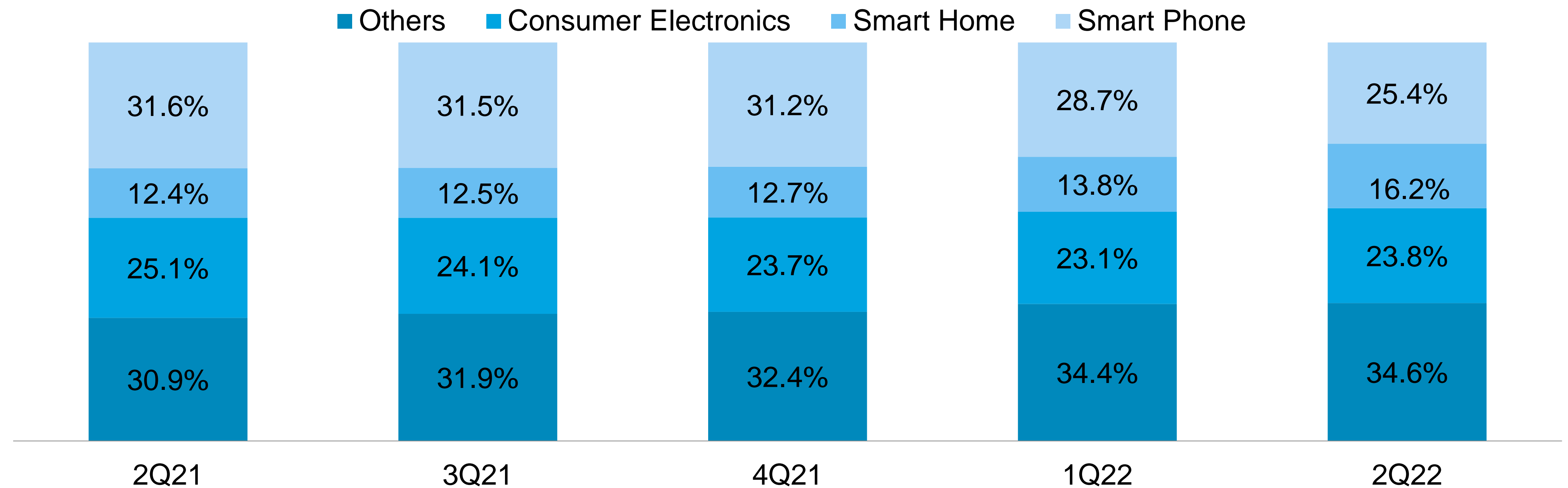


(1) Presenting the revenue to those companies whose headquarters are in this area, but ultimately selling and shipping the products to their global customers.

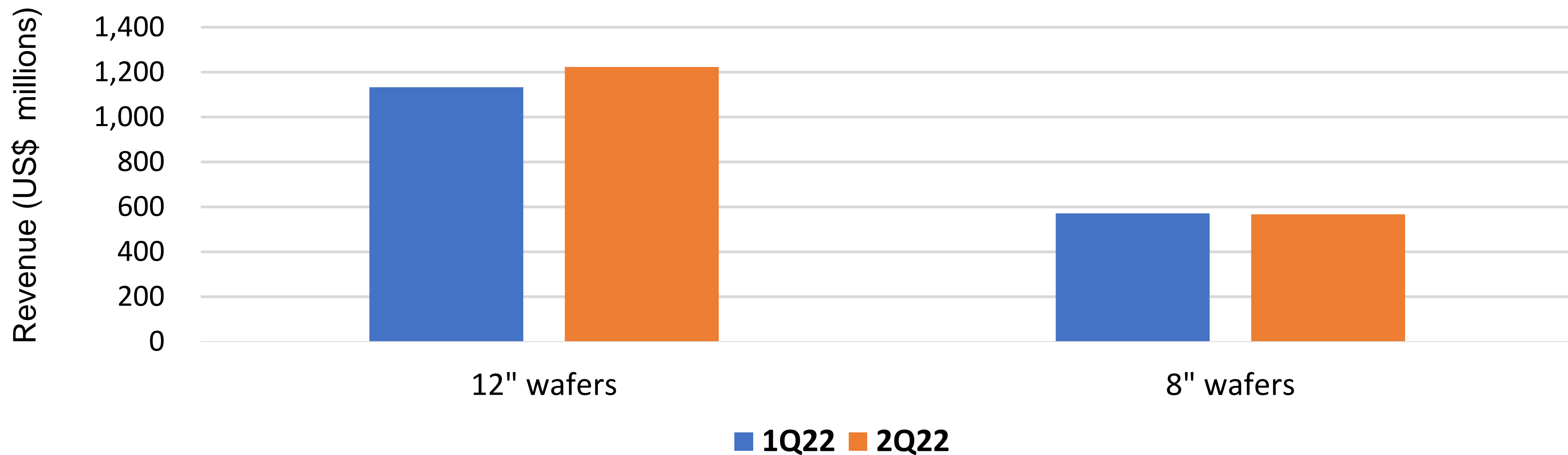
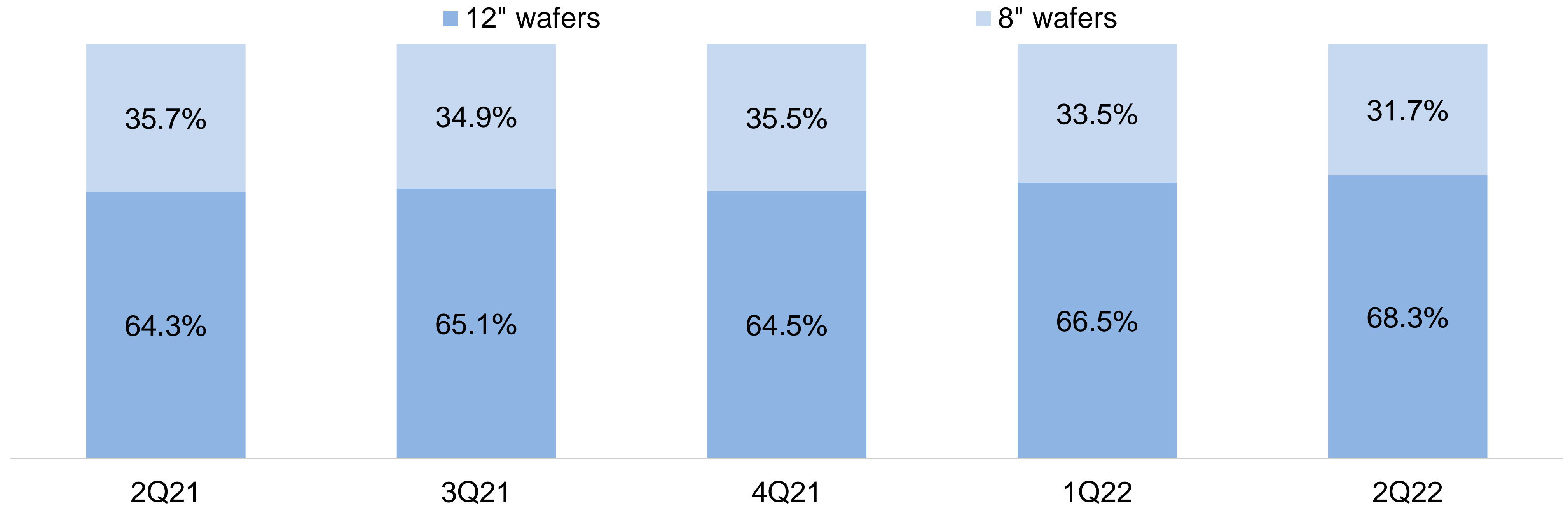
(2) Excluding Chinese Mainland and Hong Kong, China.



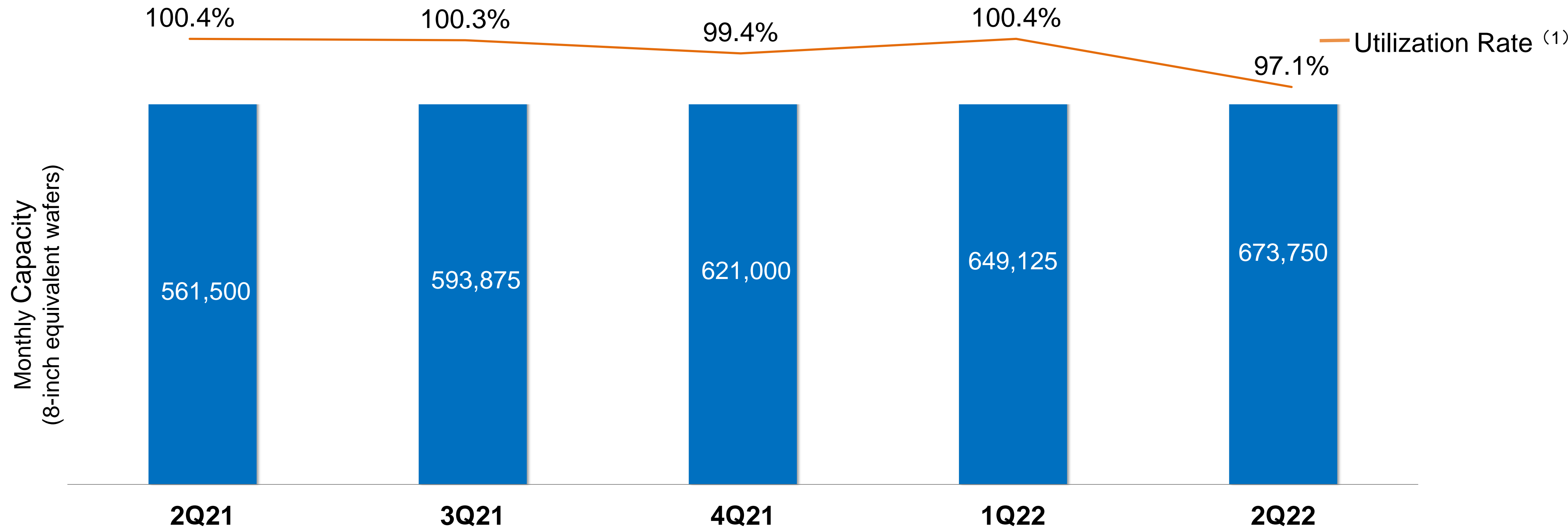
# Wafer Revenue Breakdown by Application



# Wafer Revenue By Size



# Capacity, Utilization and Shipment



	2Q21	3Q21	4Q21	1Q22	2Q22
Wafer Shipments	1,745,194	1,719,743	1,723,360	1,840,189	1,886,530

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

# 3Q 2022 Guidance and 2022 Capex Guidance

	3Q 2022 Guidance	2022 Capex
Revenue	0% to +2% QoQ	\$5.0B
Gross Margin	38% to 40%	

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# Appendix

## 2Q Results vs Guidance

	2Q 2022 Guidance	2Q 2022 Results
<b>Revenue</b>	+1% to +3% QoQ	+3.3% QoQ
<b>Gross Margin</b>	37% to 39%	39.4%

# Capital Expenditures & Depreciation

<i>(US\$ millions)</i>	2Q21	3Q21	4Q21	1Q22	2Q22
<b>Capex</b>	771	1,081	2,130	869	1,672
<b>Depreciation &amp; Amortization</b>	462	480	508	534	557

**Thank You!**

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