



SMIC Q4 2022

Financial Presentation

SEHK: 00981

SSE STAR MARKET: 688981

SMIC Investor Relations
Feb 2023

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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.

4Q22 Financial Highlights (unaudited)

- **Revenue was \$1,621 million**
 - Down 15.0% QoQ from \$1,907 million in 3Q22
 - Up 2.6% YoY from \$1,580 million in 4Q21

- **Gross margin was 32.0%**
 - Compared to 38.9% in 3Q22
 - Compared to 35.0% in 4Q21

- **Profit from operations was \$282 million**
 - Compared to \$478 million in 3Q22
 - Compared to \$420 million in 4Q21

- **Profit attributable to SMIC was \$386 million**
 - Compared to \$471 million in 3Q22
 - Compared to \$534 million in 4Q21

- **EBITDA was \$1,063 million**
 - Compared to \$1,192 million in 3Q22
 - Compared to \$1,167 million in 4Q21

2022 Financial Highlights (unaudited)

- **Revenue was \$7,273 million, record high**
 - Compared to \$5,443 million in 2021

- **Gross margin was 38.0%, record high**
 - Compared to 30.8% in 2021

- **Profit from operations was \$1,836 million**
 - Compared to \$1,393 million in 2021

- **Profit attributable to SMIC was \$1,818 million**
 - Compared to \$1,702 million in 2021

- **EBITDA was \$4,611 million**
 - Compared to \$3,820 million in 2021

Income Statement

(US\$ thousands)	4Q22	3Q22	QoQ	4Q21	YoY
Revenue	1,621,270	1,906,956	-15.0%	1,580,059	2.6%
Gross profit	518,689	742,216	-30.1%	552,783	-6.2%
Gross margin	32.0%	38.9%		35.0%	
Operating income(expenses)	(236,343)	(264,297)	-10.6%	(132,669)	78.1%
<i>Research & development</i>	<i>(197,455)</i>	<i>(182,888)</i>	<i>8.0%</i>	<i>(172,105)</i>	<i>14.7%</i>
<i>General & administrative</i>	<i>(127,338)</i>	<i>(152,671)</i>	<i>-16.6%</i>	<i>(104,097)</i>	<i>22.3%</i>
<i>Selling & marketing</i>	<i>(7,850)</i>	<i>(7,357)</i>	<i>6.7%</i>	<i>(8,164)</i>	<i>-3.8%</i>
<i>Other operating income</i>	<i>96,917</i>	<i>78,706</i>	<i>23.1%</i>	<i>151,582</i>	<i>-36.1%</i>
Profit from operations	282,346	477,919	-40.9%	420,114	-32.8%
Other income, net	136,777	106,666	28.2%	211,276	-35.3%
Income tax credit (expense)	6,351	(10,211)	N/A	(53,037)	N/A
Profit (loss) attributable to SMIC	385,534	470,849	-18.1%	533,773	-27.8%
Profit (loss) attributable to Non-controlling interests	39,940	103,525	-61.4%	44,580	-10.4%

- **Revenue** was \$1,621.3 million in 4Q22, a decrease of 15.0% QoQ from \$1,907.0 million in 3Q22. The decline was mainly due to the decrease in capacity utilization and sales volume in 4Q22.
- **Gross margin** was 32.0% in 4Q22, compared to 38.9% in 3Q22 due to the decrease in capacity utilization and sales volume in 4Q22. **Research and development expenses** increased to \$197.5 million in 4Q22 from \$182.9 million in 3Q22. The change was primarily attributable to the higher level of R&D activities in 4Q22.
- **General and administrative expenses** decreased to \$127.3 million in 4Q22 from \$152.7 million in 3Q22. The change was mainly because a new majority-owned fab entered into production in 4Q22 and as a result, the start-up cost decreased in 4Q22.
- The change in **other operating income** was primarily caused by the change in the income recognized in relation to government funding and profit from disposal of fixed assets.

Capital Structure

(US\$ thousands)	As of	
	Dec 31, 2022	Sep 30, 2022
Cash and cash equivalents	6,932,587	7,544,774
Restricted cash - current	676,937	663,631
Financial assets at fair value through profit or loss - current ⁽¹⁾	375,776	292,749
Financial assets at amortised cost ⁽²⁾	10,676,151	9,917,224
Total cash on hand	18,661,451	18,418,378
Borrowings - current	1,268,218	967,705
Borrowings - non-current	6,718,304	6,277,993
Lease liabilities	109,531	128,735
Bonds payable	598,379	598,197
Total debt	8,694,432	7,972,630
Net debt ⁽³⁾	(9,967,019)	(10,445,748)
Equity	28,961,421	27,919,123
Debt to equity ratio ⁽⁴⁾	30.0%	28.6%
Net debt to equity ratio ⁽⁵⁾	-34.4%	-37.4%

(1) Mainly contain structural deposits and monetary funds.

(2) Mainly contain bank deposits over 3 months.

(3) Total debt minus total cash on hand.

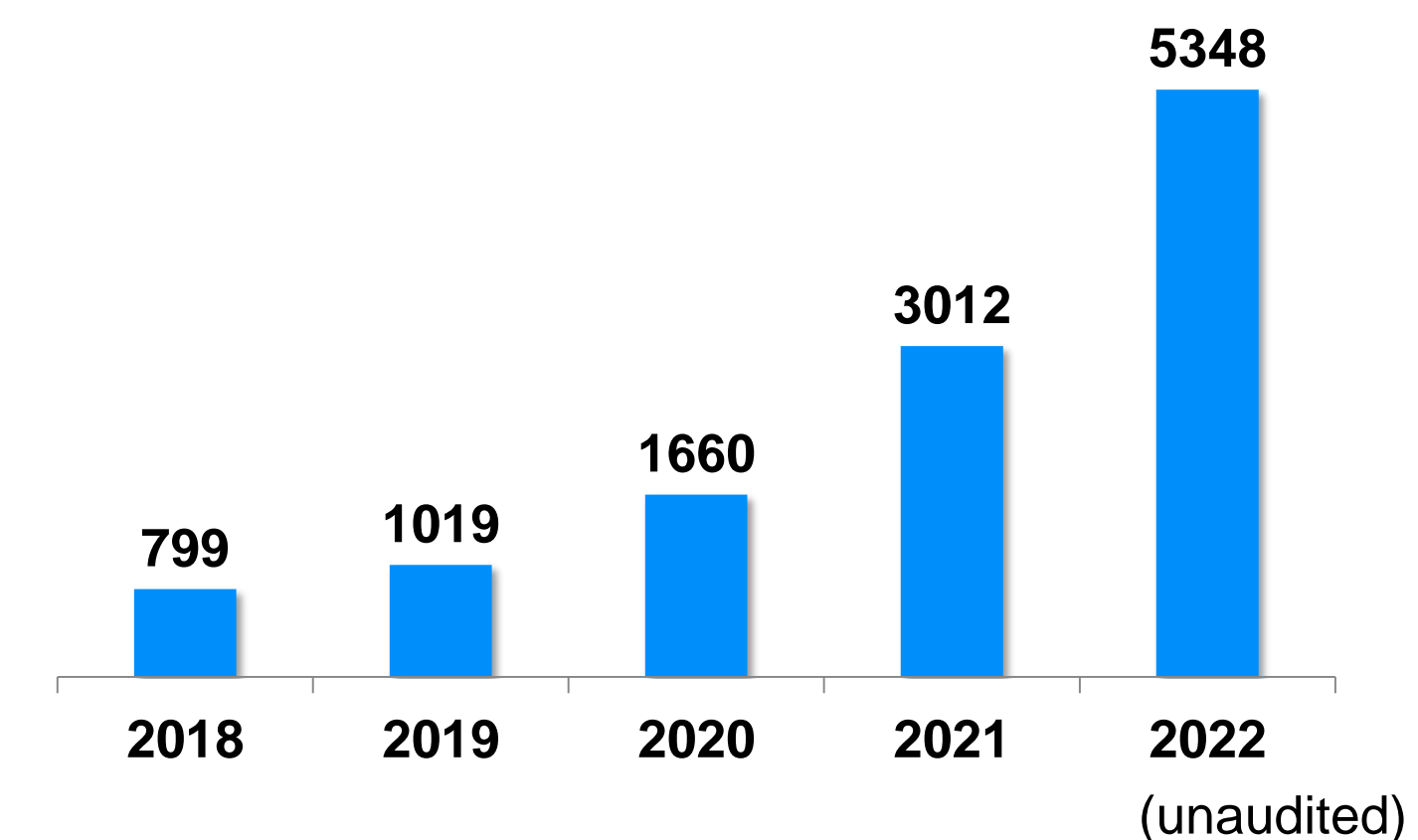
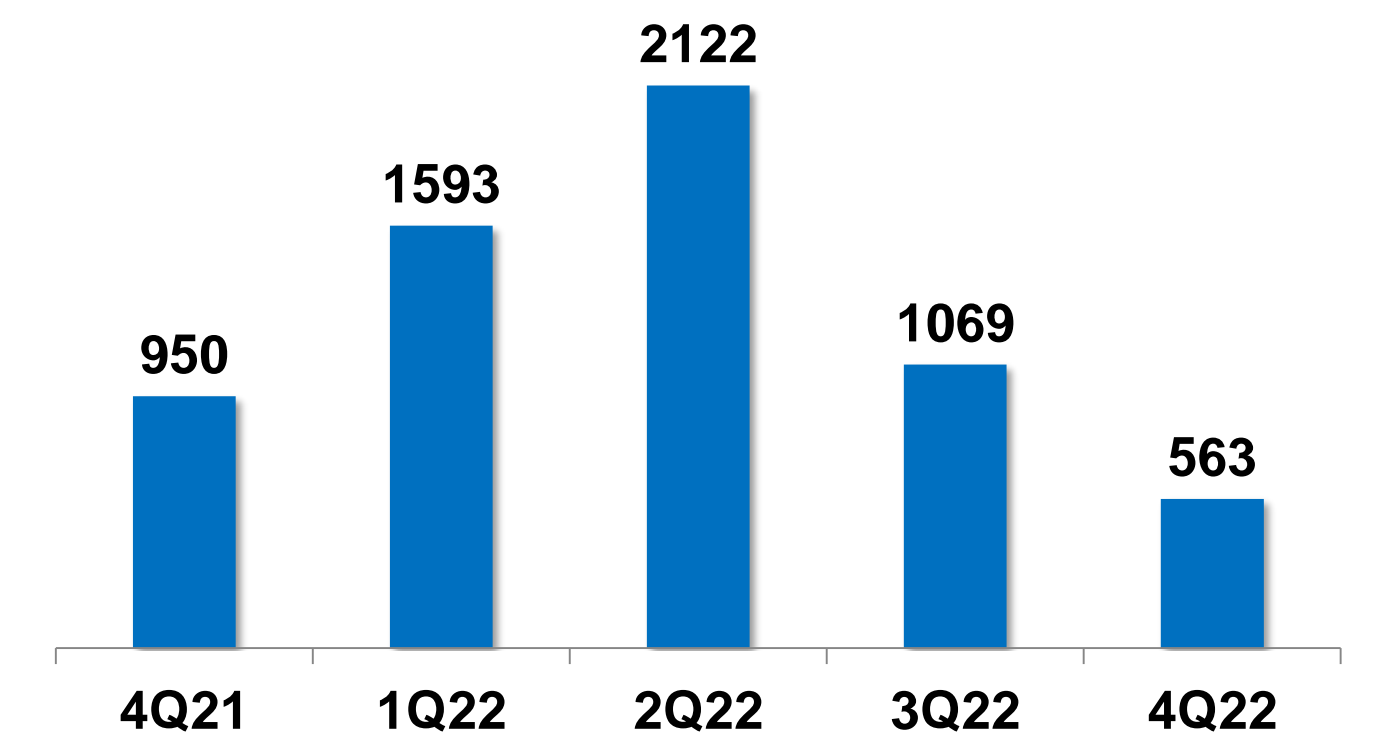
(4) Total debt divided by equity.

(5) Net debt divided by equity.

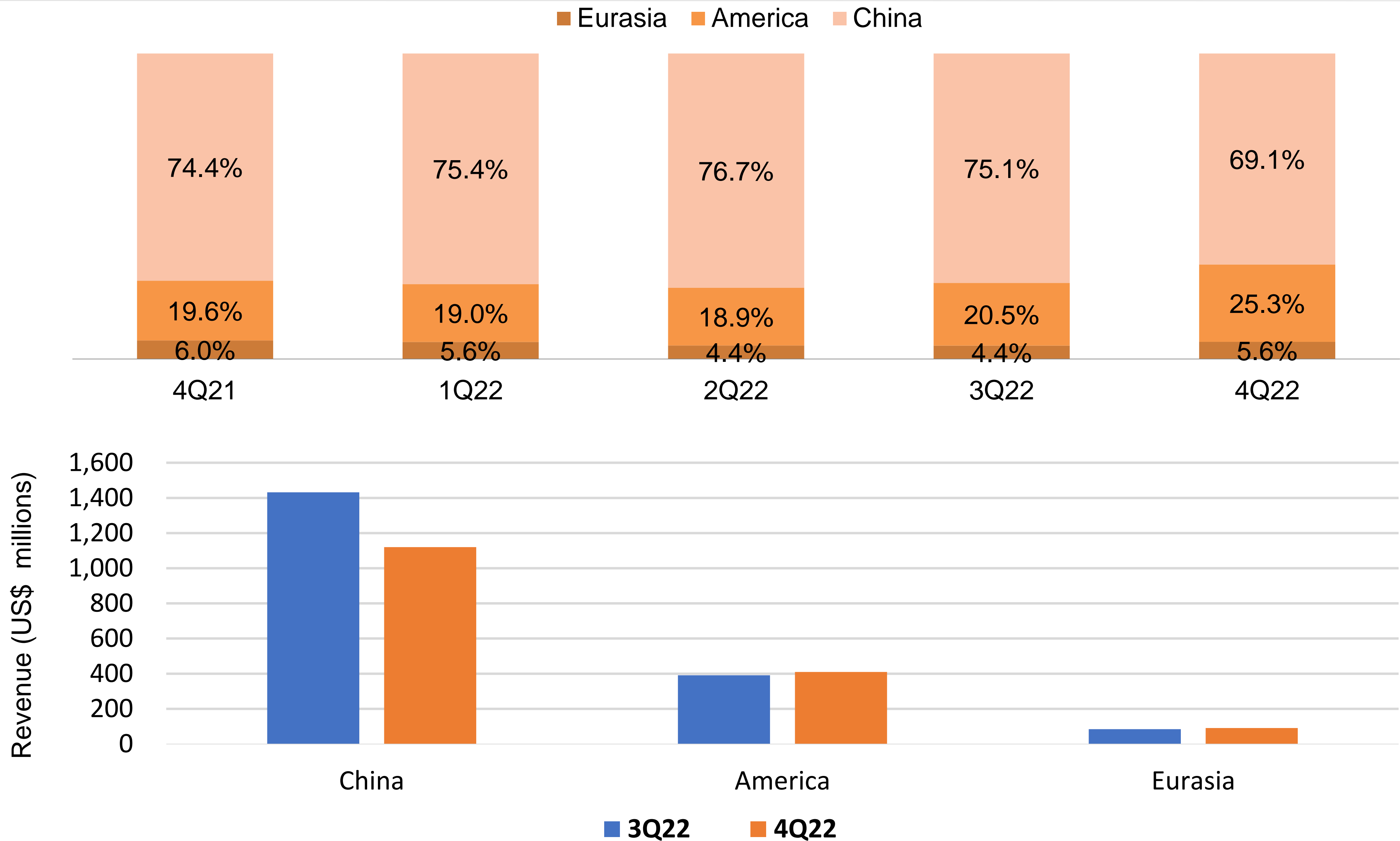
Cash Flow

(US\$ thousands)	For the three months ended	
	Dec 31, 2022	Sep 30, 2022
Cash and cash equivalents, beginning of the period	7,544,774	8,634,495
Net cash generated from operating activities	563,308	1,069,149
Net cash used in investing activities	(2,419,975)	(3,024,132)
Net cash generated from financing activities	1,135,197	1,062,529
Net change in cash and cash equivalents	(612,187)	(1,089,721)
Cash and cash equivalents, end of the period	6,932,587	7,544,774

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

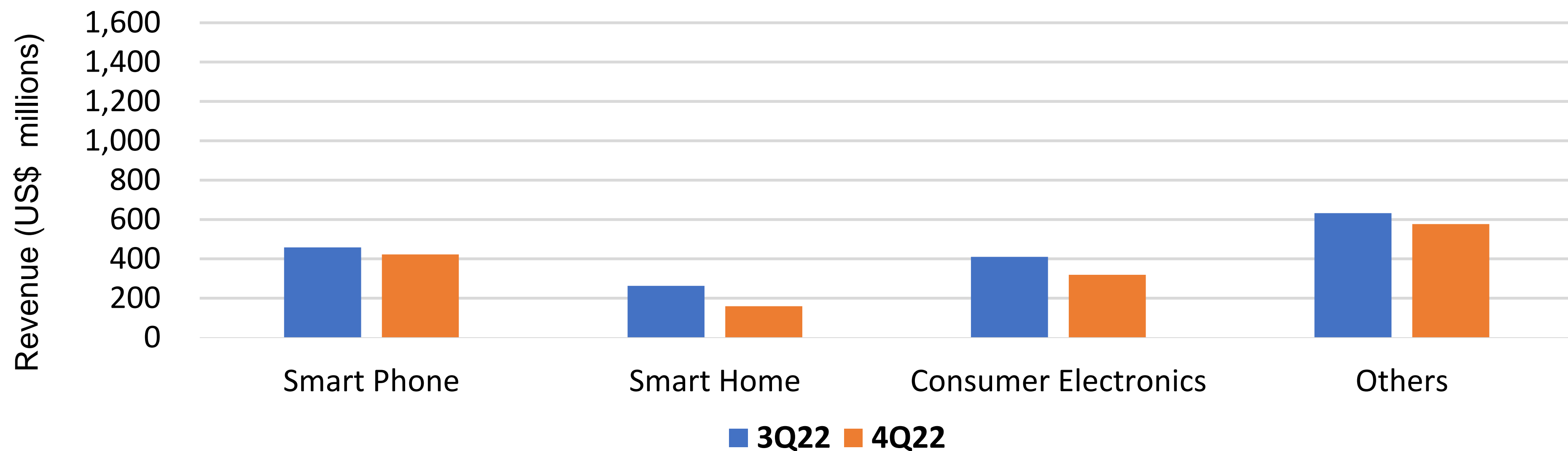
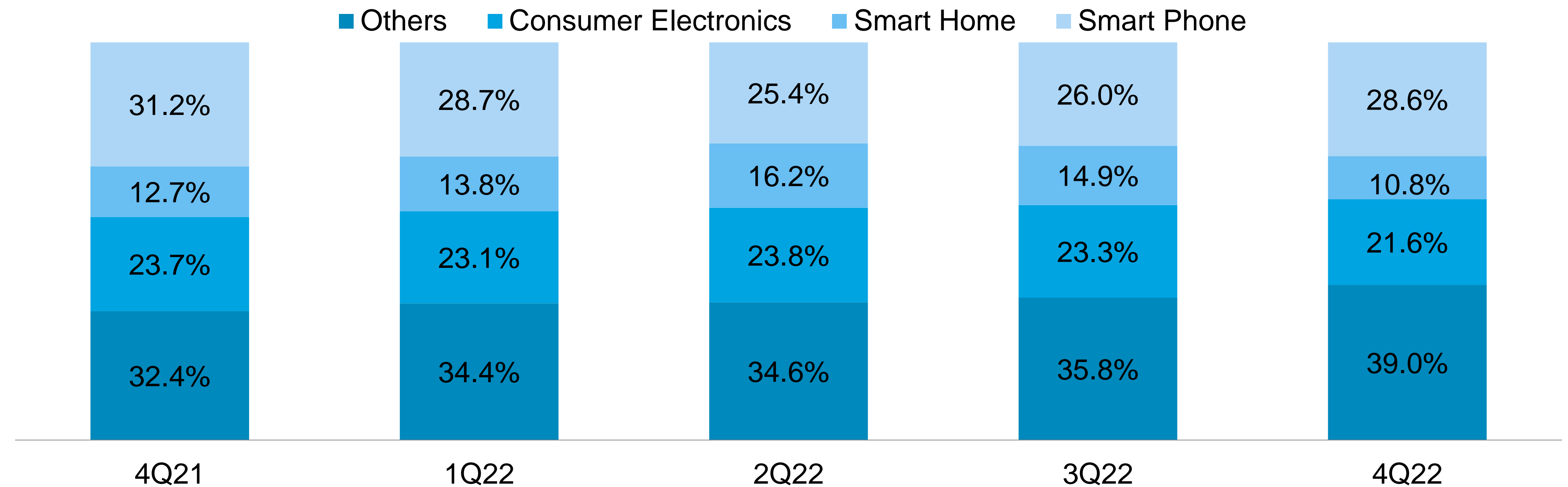


Total Revenue Analysis By Geography⁽¹⁾

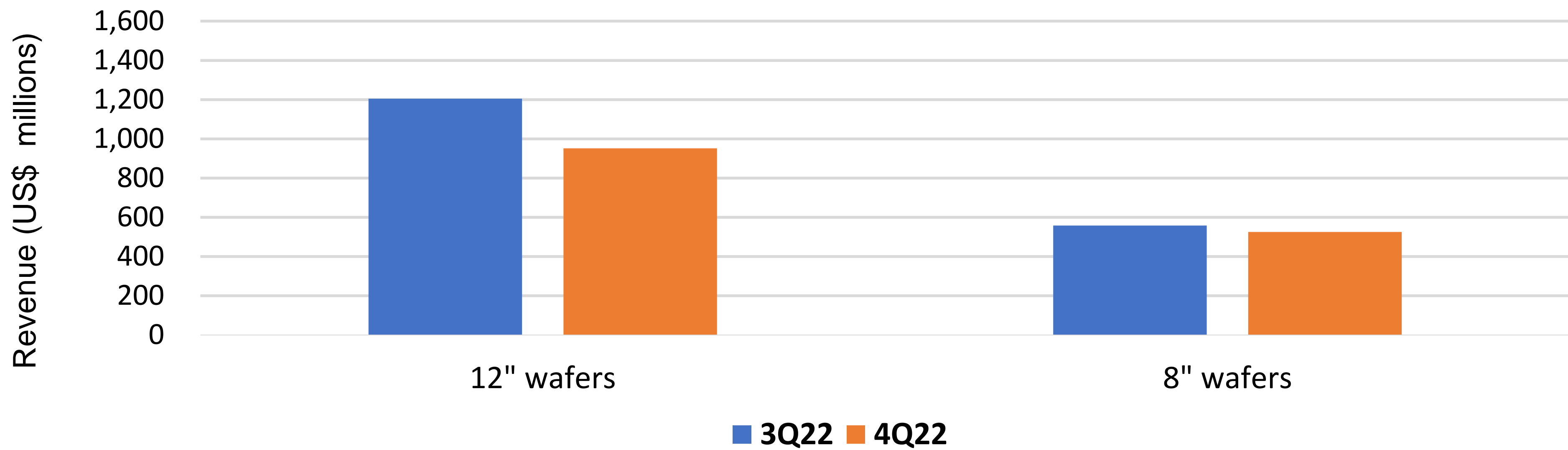
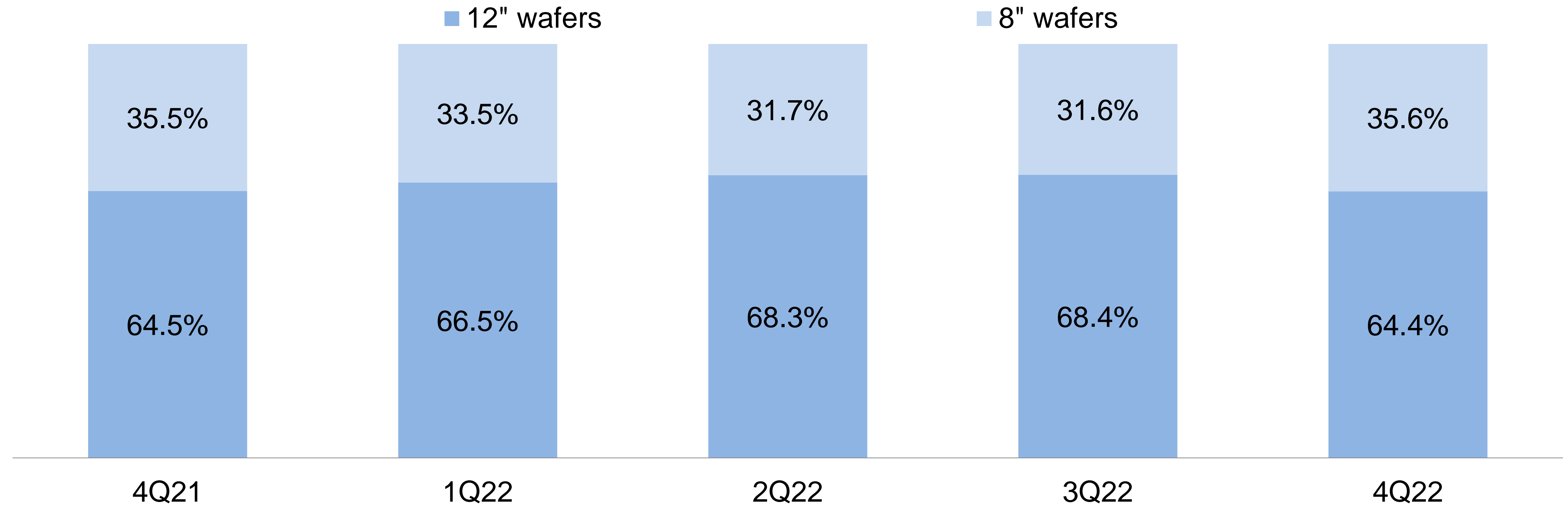


(1) Presenting the revenue to those companies whose headquarters are in this area, but ultimately selling and shipping the products to their global customers.

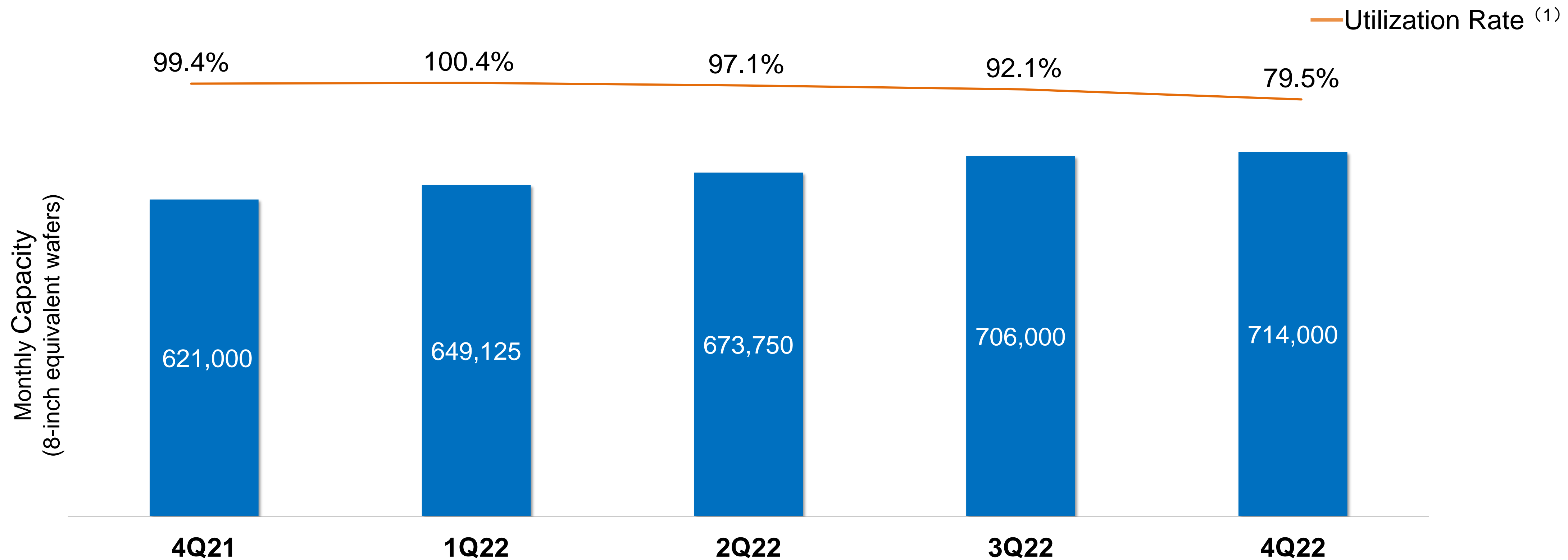
Wafer Revenue Analysis By Application



Wafer Revenue Analysis By Size



Capacity, Utilization and Shipment



	4Q21	1Q22	2Q22	3Q22	4Q22
Wafer Shipments	1,723,360	1,840,189	1,886,530	1,797,671	1,574,068

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

1Q 2023 Guidance

1Q 2023 Guidance	
Revenue	-10% to -12% QoQ
Gross Margin	19% to 21%

2023 Guidance

	2023 Guidance
Revenue	Decline by low-teens percentage year-over-year
Gross Margin	Around 20%
Depreciation	Increase by more than 20% year-over-year
Capex	Roughly flat compared to 2022

Appendix

4Q Results vs Guidance

	4Q 2022 Guidance	4Q 2022 Results
Revenue	-13% to -15% QoQ	-15.0% QoQ
Gross Margin	30% to 32%	32.0%

Capital Expenditures & Depreciation

(US\$ millions)	4Q21	1Q22	2Q22	3Q22	4Q22
Capex	2,130	869	1,672	1822	1987
Depreciation & Amortization	508	534	557	576	604

Thank You!

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