



# SMIC Q3 2023

# Financial Presentation

**SEHK: 00981**

**SSE STAR MARKET: 688981**

SMIC Investor Relations  
November 2023

# Forward-Looking Statements

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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 estimates made by SMIC's senior management based on their best judgment 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, 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, shortages in equipment, parts, raw materials, software and their service supports, orders or judgments from pending litigation, intellectual property litigation in the semiconductor industry, general economic conditions, fluctuations in currency exchange rates and the risk of geopolitics.

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

During this presentation, references to financial measures of SMIC will include IFRS financial measures, EBITDA and EBITDA margin. For an explanation to the most directly comparable IFRS financial measures, please see our earnings report.

## 3Q23 Financial Highlights (unaudited)

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- **Revenue was \$1,620.6 million**
  - Up 3.9% QoQ from \$1,560.4 million in 2Q23
  - Down 15.0% YoY from \$1,907.0 million in 3Q22
  
- **Gross margin was 19.8%**
  - Compared to 20.3% in 2Q23
  - Compared to 38.9% in 3Q22
  
- **Profit from operations was \$87.4 million**
  - Compared to \$79.8 million in 2Q23
  - Compared to \$477.9 million in 3Q22
  
- **Profit attributable to SMIC was \$94.0 million**
  - Compared to \$402.8 million in 2Q23
  - Compared to \$470.8 million in 3Q22
  
- **EBITDA was \$901.3 million**
  - Compared to \$1,200.6 million in 2Q23
  - Compared to \$1,191.8 million in 3Q22

# Income Statement

(US\$ thousands)	3Q23	2Q23	QoQ	3Q22	YoY
<b>Revenue</b>	<b>1,620,577</b>	<b>1,560,396</b>	<b>3.9%</b>	<b>1,906,956</b>	<b>-15.0%</b>
Gross profit	321,620	316,500	1.6%	742,216	-56.7%
<b>Gross margin</b>	<b>19.8%</b>	<b>20.3%</b>		<b>38.9%</b>	
<b>Operating income(expenses)</b>	<b>(234,232)</b>	<b>(236,702)</b>	<b>-1.0%</b>	<b>(264,297)</b>	<b>-11.4%</b>
<i>Research &amp; development</i>	<i>(172,836)</i>	<i>(177,633)</i>	<i>-2.7%</i>	<i>(182,888)</i>	<i>-5.5%</i>
<i>General &amp; administrative</i>	<i>(128,128)</i>	<i>(106,436)</i>	<i>20.4%</i>	<i>(152,671)</i>	<i>-16.1%</i>
<i>Selling &amp; marketing</i>	<i>(9,454)</i>	<i>(9,307)</i>	<i>1.6%</i>	<i>(7,357)</i>	<i>28.5%</i>
<i>Other operating income</i>	<i>75,691</i>	<i>56,260</i>	<i>34.5%</i>	<i>78,706</i>	<i>-3.8%</i>
<b>Profit from operations</b>	<b>87,388</b>	<b>79,798</b>	<b>9.5%</b>	<b>477,919</b>	<b>-81.7%</b>
Other income, net	80,426	415,946	-80.7%	106,666	-24.6%
Income tax credit (expense)	(11,438)	(31,573)	-63.8%	(10,211)	12.0%
<b>Profit (loss) attributable to SMIC</b>	<b>93,984</b>	<b>402,762</b>	<b>-76.7%</b>	<b>470,849</b>	<b>-80.0%</b>
Profit (loss) attributable to Non-controlling interests	62,392	61,409	1.6%	103,525	-39.7%

- **Revenue** was \$1,620.6 million in 3Q23, an increase of 3.9% QoQ from \$1,560.4 million in 2Q23. The rise was mainly due to the increase in wafer shipment in 3Q23.
- **General and administrative expenses** increased to \$128.1 million in 3Q23 from \$106.4 million in 2Q23. The change was mainly due to the increase in new fab start-up costs in 3Q23.

# Capital Structure

(US\$ thousands)	As of	
	Sep 30, 2023	Jun 30, 2023
Cash and cash equivalents	6,953,613	7,559,268
Restricted cash	403,692	388,837
Financial assets at fair value through profit or loss - current <sup>(1)</sup>	145,378	102,571
Financial assets at amortised cost <sup>(2)</sup>	9,854,698	10,287,903
<b>Total cash on hand</b>	<b>17,357,381</b>	<b>18,338,579</b>
Borrowings - current	2,254,605	2,327,861
Borrowings - non-current	6,715,297	6,653,113
Lease liabilities	66,652	81,601
Bonds payable	598,929	598,744
<b>Total debt</b>	<b>9,635,483</b>	<b>9,661,319</b>
Net debt <sup>(3)</sup>	(7,721,898)	(8,677,260)
Equity	30,583,968	29,985,619
Debt to equity ratio <sup>(4)</sup>	31.5%	32.2%
Net debt to equity ratio <sup>(5)</sup>	-25.2%	-28.9%

(1) Mainly contain structural deposits and monetary funds.

(2) Mainly contain bank deposits over 3 months.

(3) Total debt minus total cash on hand.

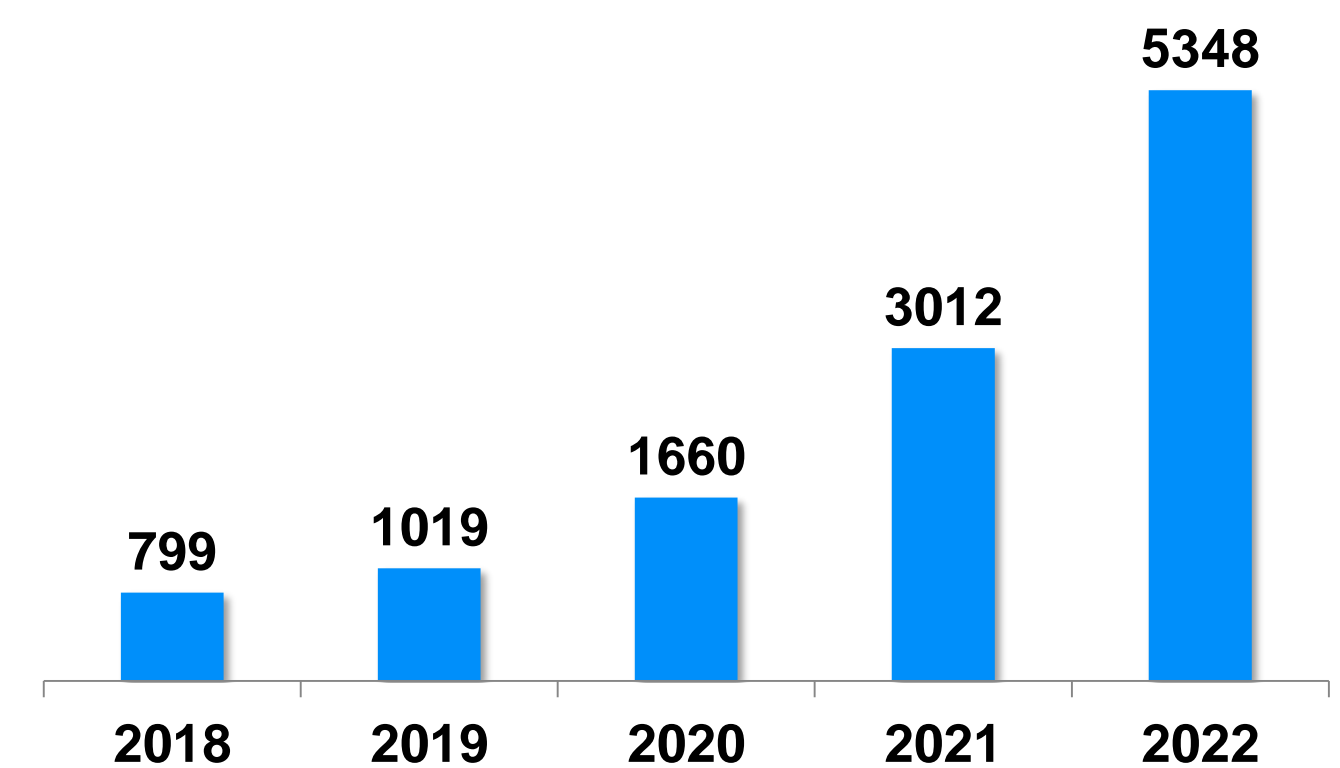
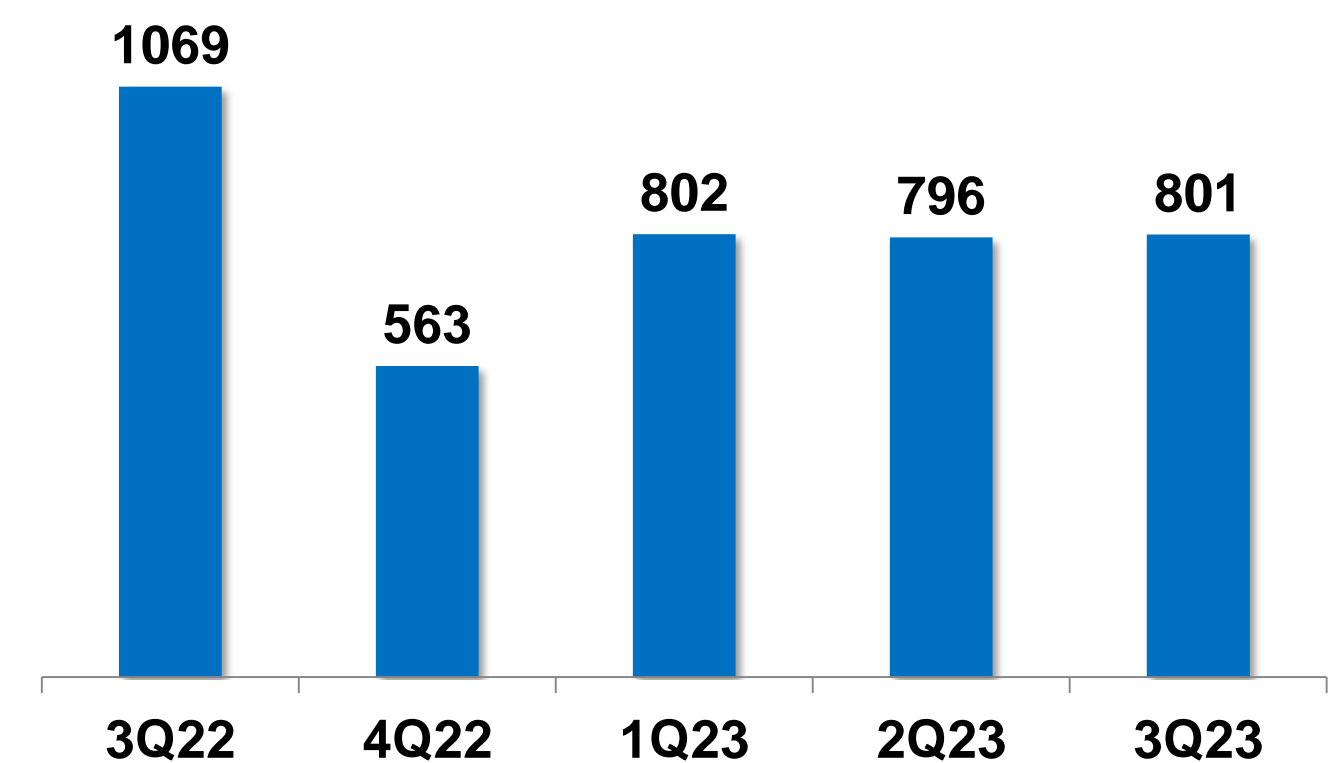
(4) Total debt divided by equity.

(5) Net debt divided by equity.

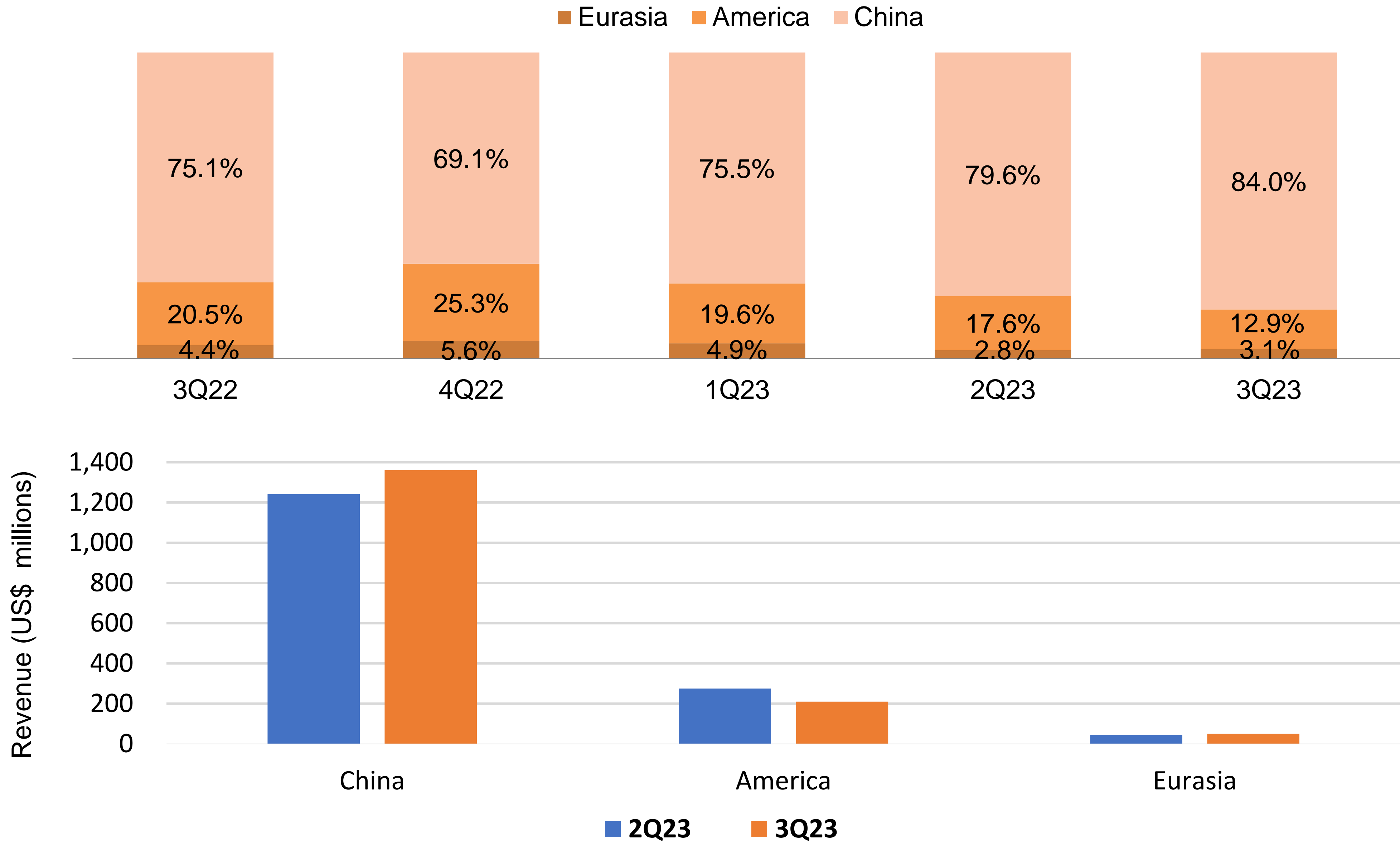
# Cash Flow

(US\$ thousands)	For the three months ended	
	Sep 30, 2023	Jun 30, 2023
Cash and cash equivalents, beginning of the period	7,559,268	8,703,465
Net cash generated from operating activities	800,701	796,185
Net cash (used in)/generated from investing activities	(1,710,713)	(2,348,079)
Net cash generated from financing activities	358,107	703,926
Net (decrease)/increase in cash and cash equivalents	(605,655)	(1,144,197)
Cash and cash equivalents, end of the period	6,953,613	7,559,268

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

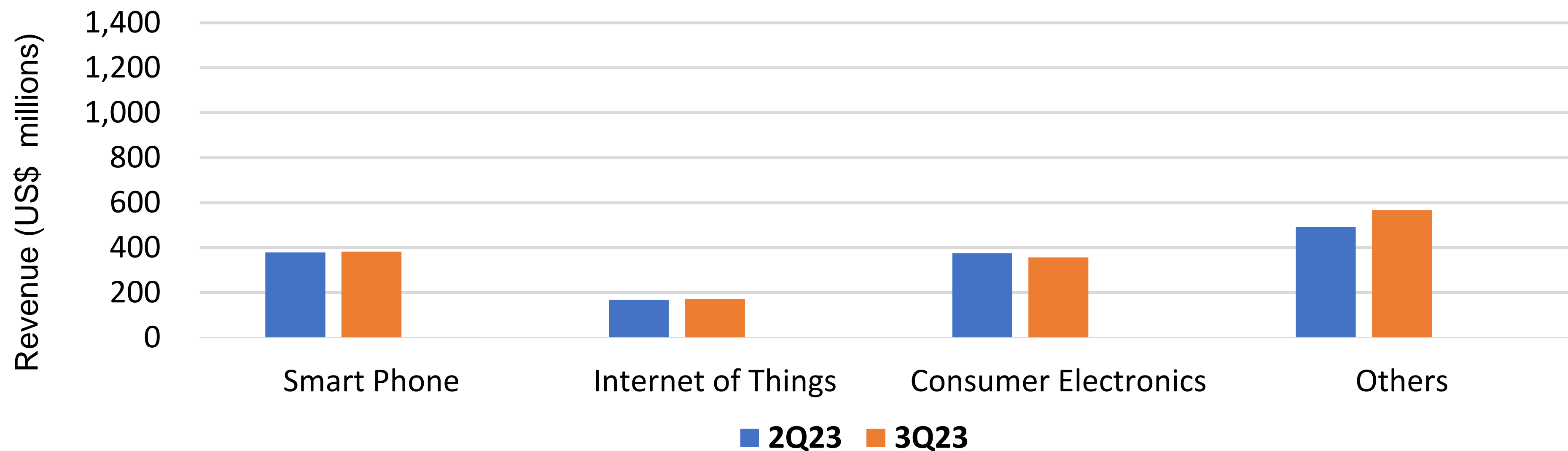
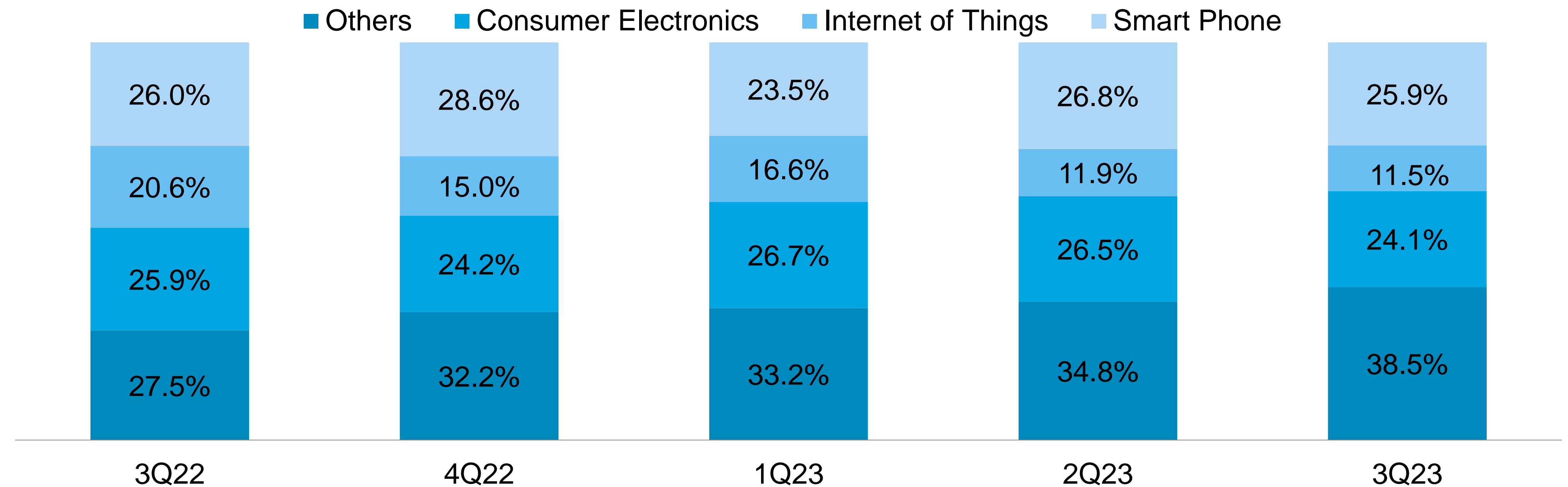


# Total Revenue By Geography<sup>(1)</sup>



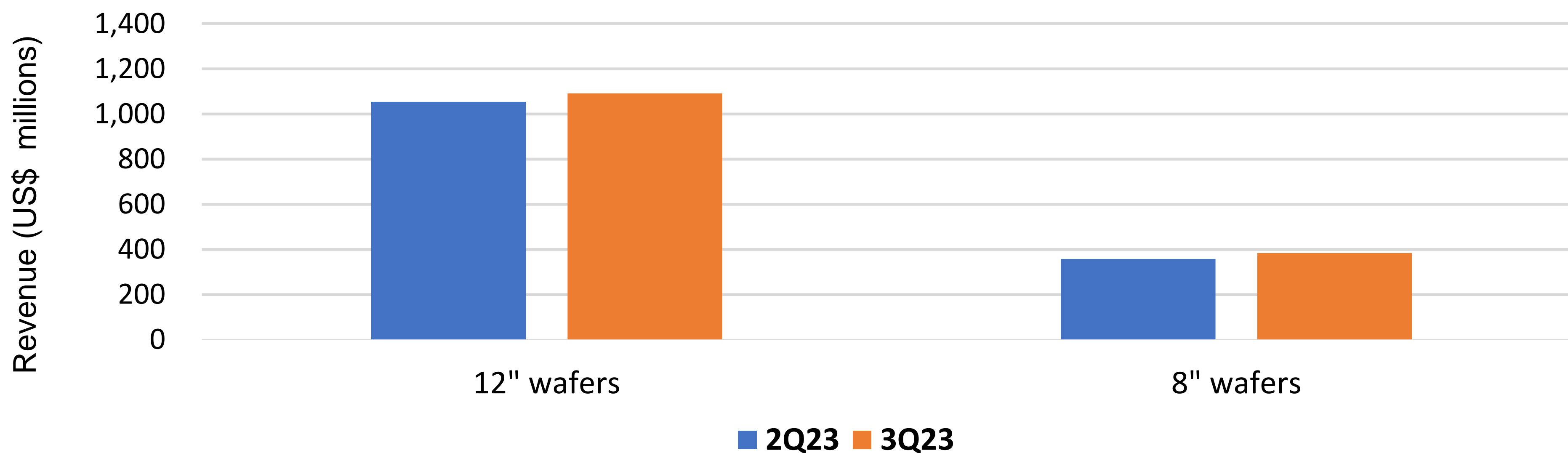
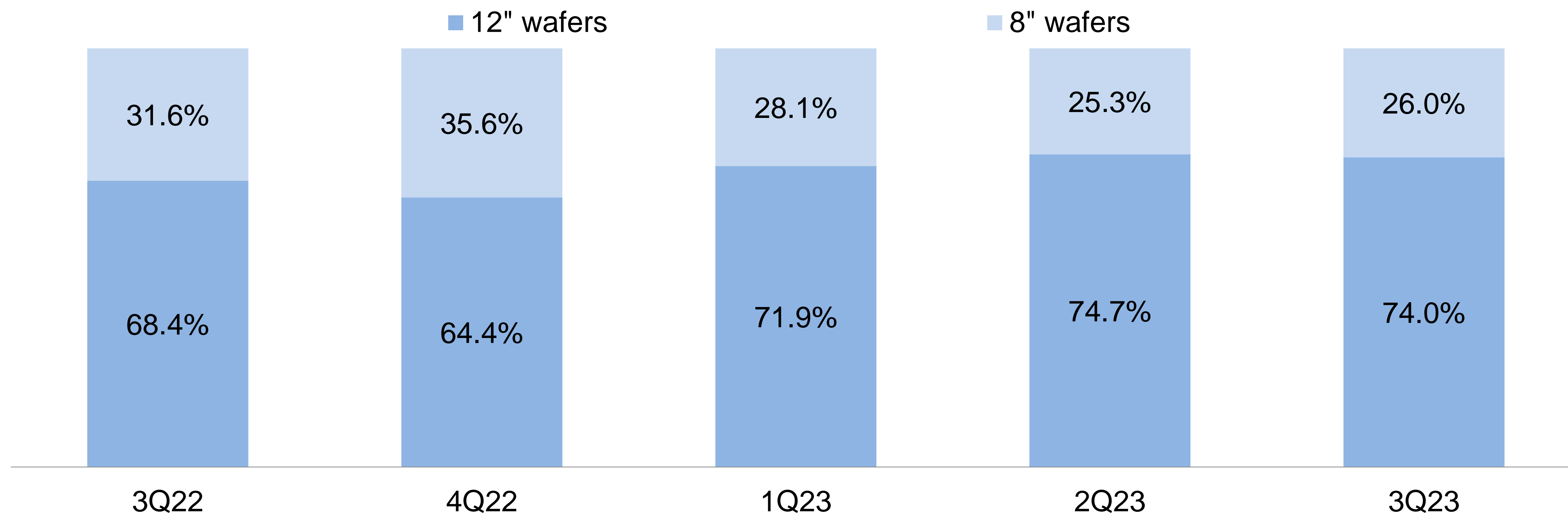
(1) Presenting the revenue to those companies whose headquarters are in this area, but ultimately selling and shipping the products to their global customers.

# Wafer Revenue By Application

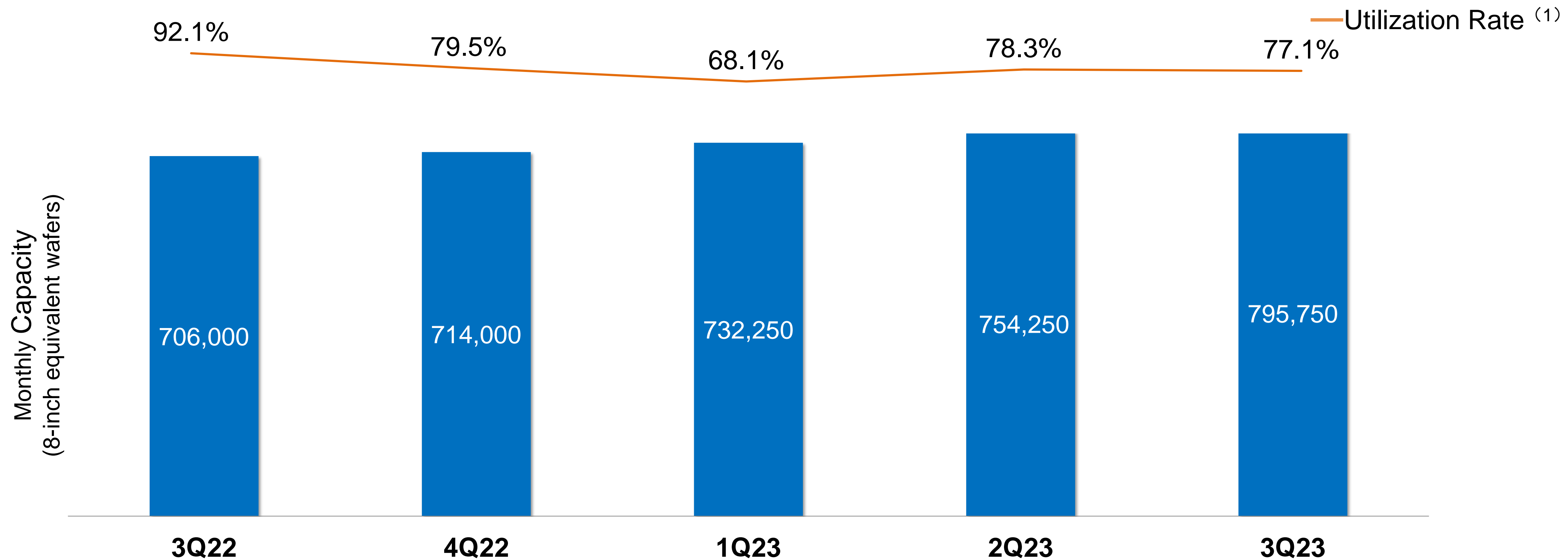




# Wafer Revenue By Size



# Capacity, Utilization and Shipment



	3Q22	4Q22	1Q23	2Q23	3Q23
Wafer Shipments	1,797,671	1,574,068	1,251,715	1,403,121	1,536,845

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

# 4Q 2023 Guidance

4Q 2023 Guidance	
Revenue	+1% to +3% QoQ
Gross Margin	16% to 18%

# 2023 Guidance

## 2023 Guidance

**Capex**

**Raise to around \$ 7.5 billion**

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# Appendix

## 3Q Results vs Guidance

	3Q 2023 Guidance	3Q 2023 Results
<b>Revenue</b>	+3% to +5% QoQ	+3.9% QoQ
<b>Gross Margin</b>	18% to 20%	19.8%

# Capital Expenditures & Depreciation

(US\$ millions)	3Q22	4Q22	1Q23	2Q23	3Q23
<b>Capex</b>	1,822	1,987	1,259	1,732	2,135
<b>Depreciation &amp; Amortization</b>	576	604	631	656	679

**Thank You!**

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