



SMIC Q1 2024

Financial Presentation

May 2024

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 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 cyclicity 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 service supports, orders or judgments from pending litigation, intellectual property litigation in the semiconductor industry, macro- economic conditions, fluctuations in currency exchange rates and the risk of geopolitics.

1Q24 Financial Highlights (unaudited)

- **Revenue was \$1,750 million**
 - Up 4.3% QoQ from \$1,678 million in 4Q23
 - Up 19.7% YoY from \$1,462 million in 1Q23

- **Gross margin was 13.7%**
 - Compared to 16.4% in 4Q23
 - Compared to 20.8% in 1Q23

- **Profit from operations was \$2 million**
 - Compared to \$107 million in 4Q23
 - Compared to \$83 million in 1Q23

- **Profit attributable to SMIC was \$72 million**
 - Compared to \$175 million in 4Q23
 - Compared to \$231 million in 1Q23

- **EBITDA was \$887 million**
 - Compared to \$1,011 million in 4Q23
 - Compared to \$951 million in 1Q23

Income Statement

| (US\$ thousands) | 1Q24 | 4Q23 | QoQ | 1Q23 | YoY |
|---|------------------|------------------|---------------|------------------|---------------|
| Revenue | 1,750,176 | 1,678,299 | 4.3% | 1,462,288 | 19.7% |
| Gross profit | 239,704 | 274,955 | -12.8% | 304,669 | -21.3% |
| Gross margin | 13.7% | 16.4% | | 20.8% | |
| Operating income(expenses) | (237,298) | (167,677) | 41.5% | (221,386) | 7.2% |
| <i>Research & Development</i> | <i>(188,110)</i> | <i>(189,138)</i> | <i>-0.5%</i> | <i>(167,668)</i> | <i>12.2%</i> |
| <i>General & Administrative</i> | <i>(116,378)</i> | <i>(147,821)</i> | <i>-21.3%</i> | <i>(99,877)</i> | <i>16.5%</i> |
| <i>Selling & Marketing</i> | <i>(9,043)</i> | <i>(9,348)</i> | <i>-3.3%</i> | <i>(8,053)</i> | <i>12.3%</i> |
| <i>Other operating income</i> | <i>77,247</i> | <i>177,640</i> | <i>-56.5%</i> | <i>54,856</i> | <i>40.8%</i> |
| Profit from operations | 2,406 | 107,278 | -97.8% | 83,283 | -97.1% |
| Other income, net | 72,007 | 140,703 | -48.8% | 192,627 | -62.6% |
| Income tax credit (expense) | (10,898) | (10,713) | 1.7% | (8,790) | 24.0% |
| Profit (loss) attributable to SMIC | 71,792 | 174,678 | -58.9% | 231,102 | -68.9% |
| Profit (loss) attributable to Non-controlling interests | (8,277) | 62,590 | N/A | 36,018 | N/A |

- **Revenue** was \$1,750.2 million in 1Q24, an increase of 4.3% QoQ from \$1,678.3 million in 4Q23. The growth was mainly due to the increase in wafer shipment in 1Q24.
- **General and administrative expenses** decreased to \$116.4 million in 1Q24 from \$147.8 million in 4Q23. The change was mainly due to a new majority-owned fab entering the depreciation period in 1Q24 and as a result, the start-up cost decreased in this quarter.

Capital Structure

| (US\$ thousands) | As of | |
|--|-------------------|-------------------|
| | Mar 31, 2024 | Dec 31, 2023 |
| Cash and cash equivalents | 5,348,718 | 6,215,058 |
| Restricted cash | 369,466 | 435,607 |
| Financial assets at fair value through profit or loss - current ⁽¹⁾ | 230,333 | 214,629 |
| Financial assets at amortised cost ⁽²⁾ | 9,437,138 | 9,840,224 |
| Total cash on hand | 15,385,655 | 16,705,518 |
| Borrowings - current | 1,490,410 | 1,216,283 |
| Borrowings - non-current | 8,178,595 | 8,334,648 |
| Lease liabilities | 50,564 | 58,620 |
| Bonds payable | 599,302 | 599,115 |
| Total debt | 10,318,871 | 10,208,666 |
| Net debt ⁽³⁾ | (5,066,784) | (6,496,852) |
| Equity | 30,827,016 | 30,845,616 |
| Debt to equity ratio ⁽⁴⁾ | 33.5% | 33.1% |
| Net debt to equity ratio ⁽⁵⁾ | -16.4% | -21.1% |

(1) Mainly contain structural deposits and monetary funds.

(2) Mainly contain bank deposits over 3 months.

(3) Total debt minus total cash on hand.

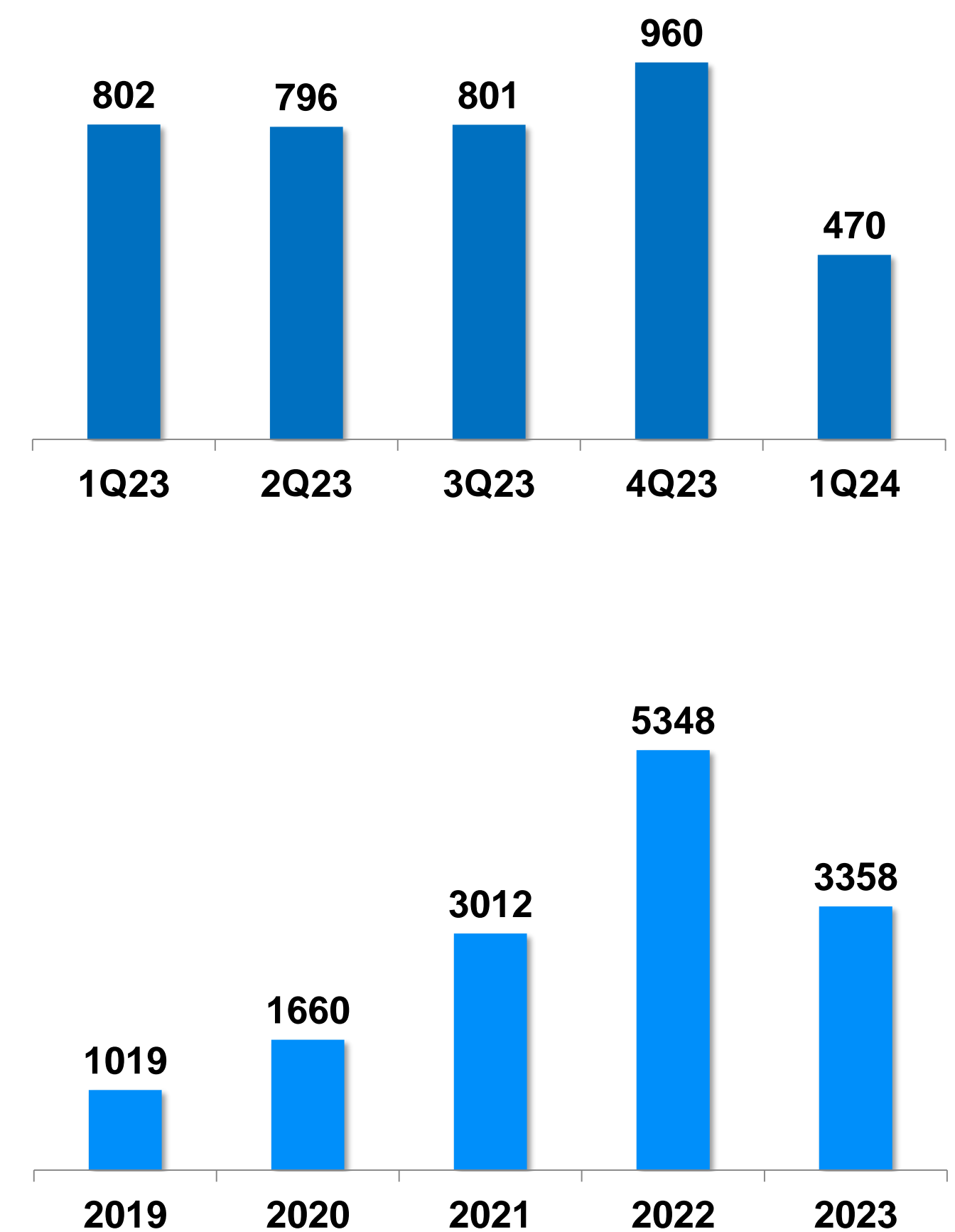
(4) Total debt divided by equity.

(5) Net debt divided by equity.

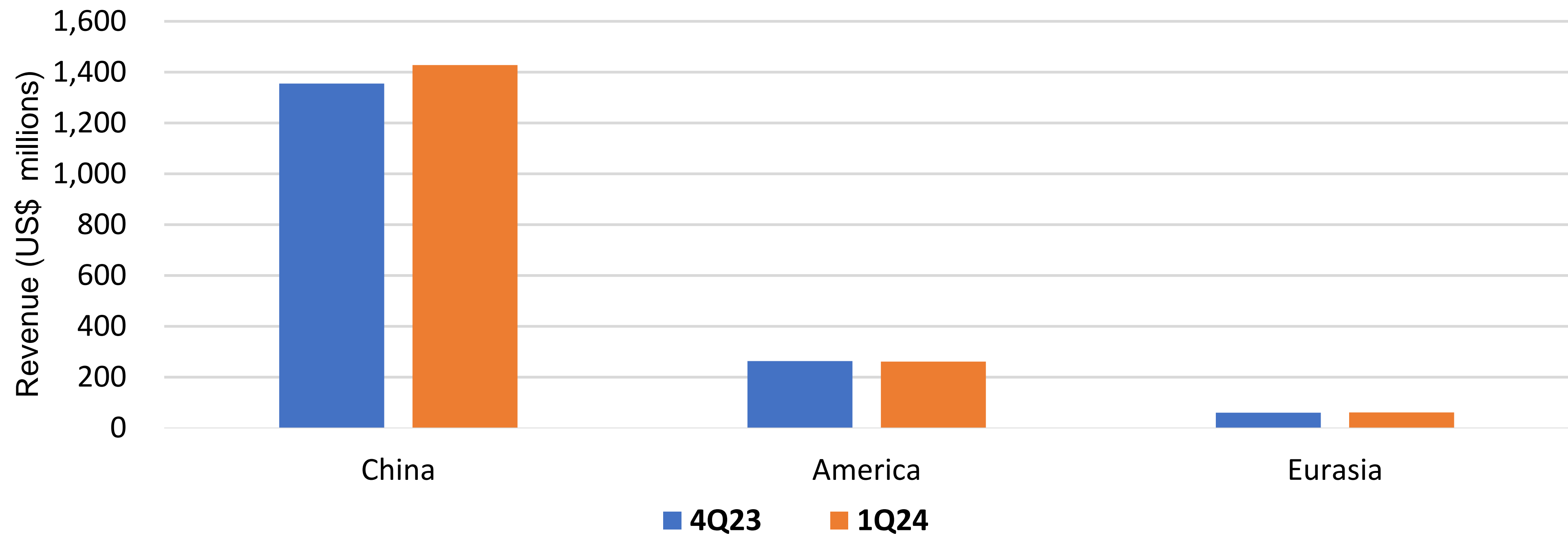
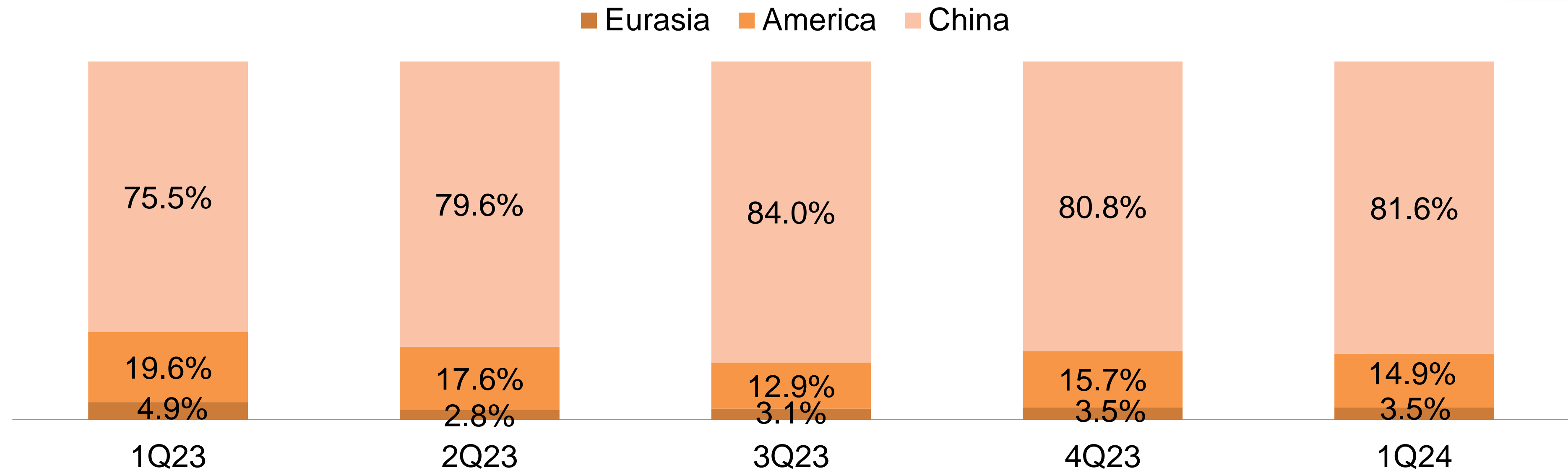
Cash Flow

| (US\$ thousands) | For the three months ended | |
|--|----------------------------|--------------|
| | Mar 31, 2024 | Dec 31, 2023 |
| Cash and cash equivalents, beginning of the period | 6,215,058 | 6,953,613 |
| Net cash generated from operating activities | 470,022 | 959,888 |
| Net cash used in investing activities | (1,328,356) | (2,171,391) |
| Net cash generated from financing activities | 44,174 | 483,441 |
| Net decrease in cash and cash equivalents | (866,340) | (738,555) |
| Cash and cash equivalents, end of the period | 5,348,718 | 6,215,058 |

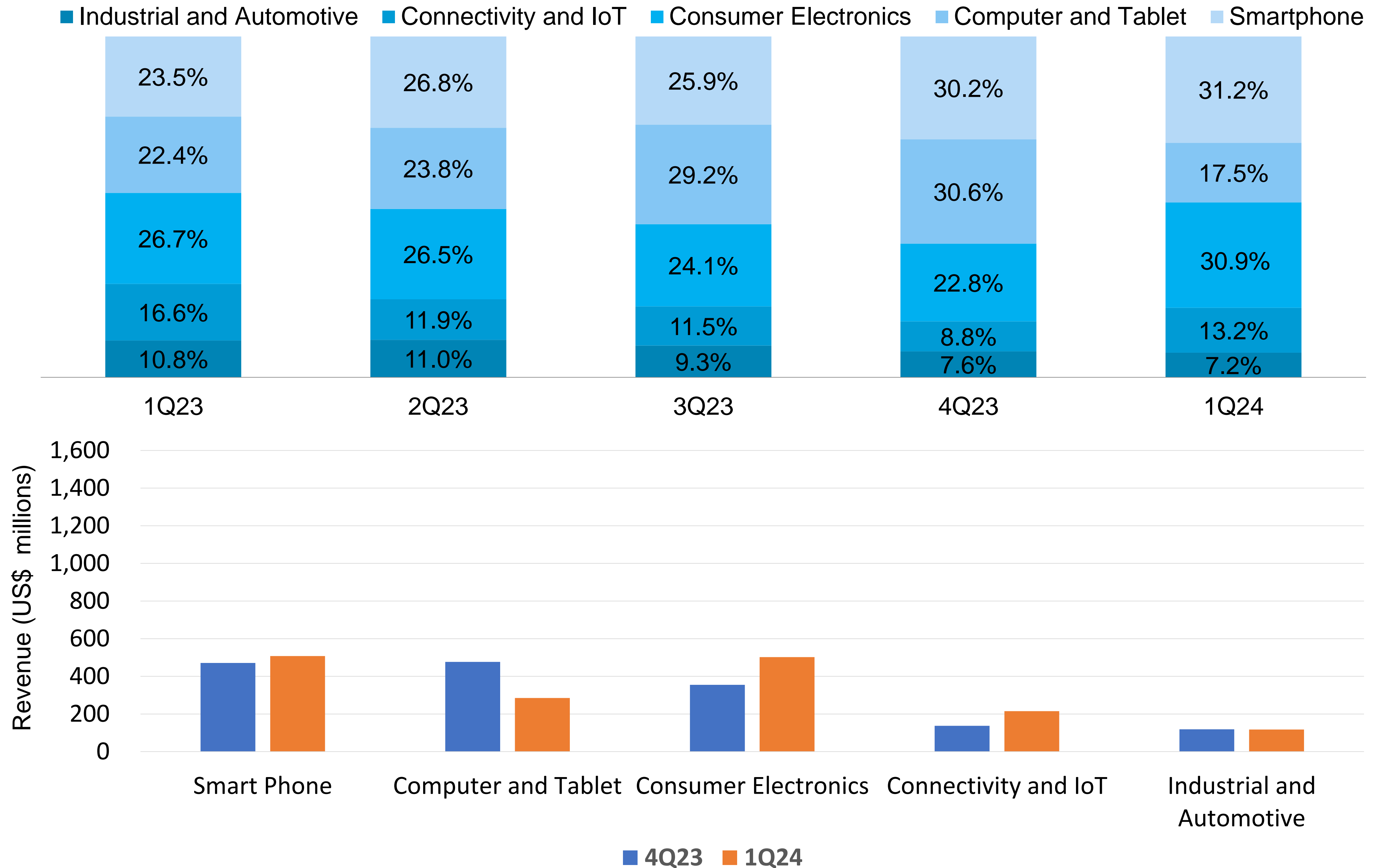
Net cash generated from operating activities (US\$ millions)



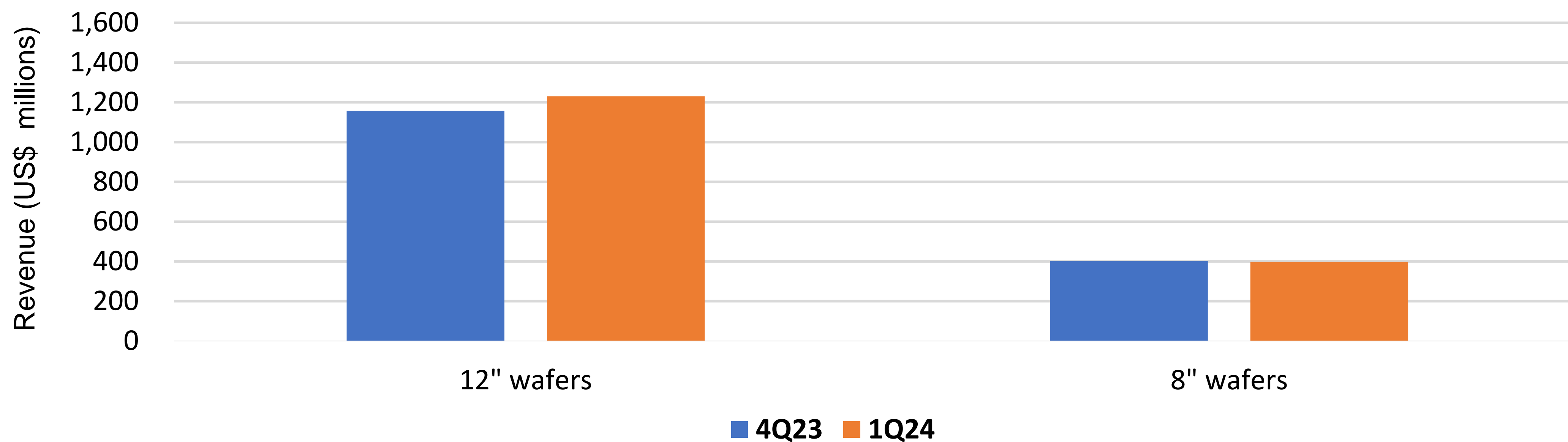
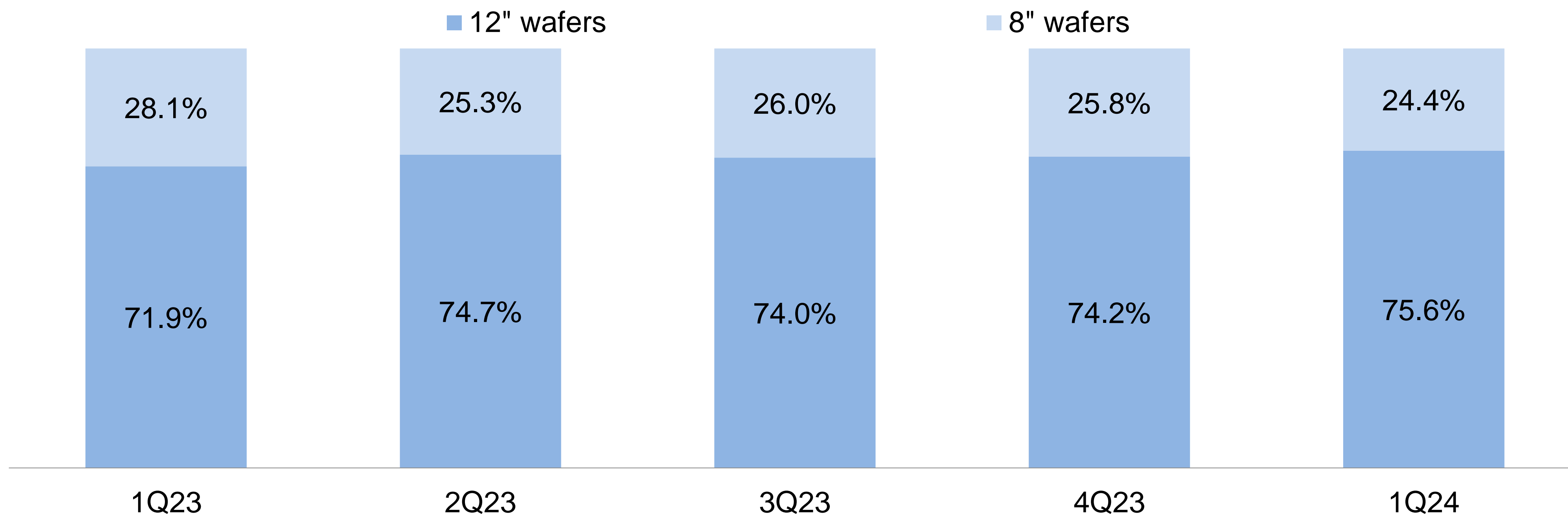
Total Revenue By Geography



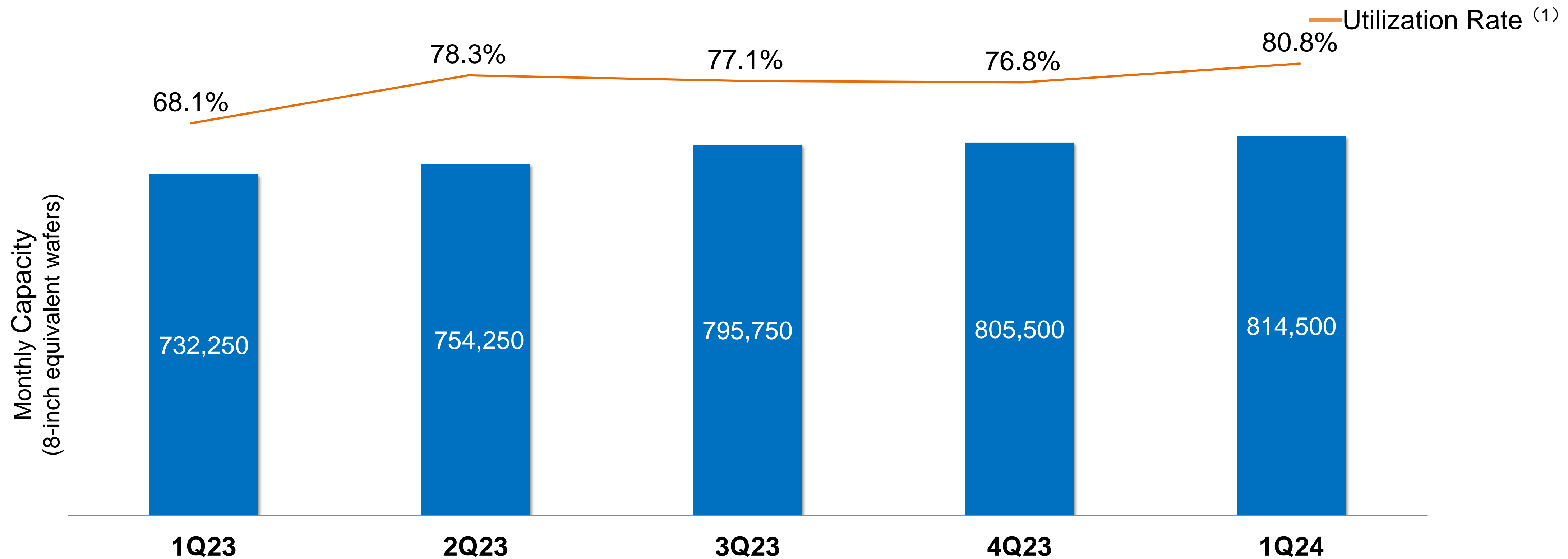
Wafer Revenue By Application



Wafer Revenue By Size



Capacity, Utilization and Shipment



| | 1Q23 | 2Q23 | 3Q23 | 4Q23 | 1Q24 |
|--|-----------|-----------|-----------|-----------|-----------|
| Wafer Shipments (8-inch equivalent wafers) | 1,251,715 | 1,403,121 | 1,536,845 | 1,675,002 | 1,794,891 |

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

2Q 2024 Guidance

| | 2Q 2024 Guidance |
|--------------|------------------|
| Revenue | +5% to +7% QoQ |
| Gross Margin | 9% to 11% |

Appendix

1Q Results and Guidance

| | 1Q 2024 Guidance | 1Q 2024 Results |
|---------------------|------------------|-----------------|
| Revenue | flat to +2% QoQ | +4.3% QoQ |
| Gross Margin | 9% to 11% | 13.7% |

Capital Expenditure and Depreciation

| (US\$ millions) | 1Q23 | 2Q23 | 3Q23 | 4Q23 | 1Q24 |
|--|-------|-------|-------|-------|-------|
| Capital Expenditure | 1,259 | 1,732 | 2,135 | 2,341 | 2,235 |
| Depreciation & Amortization | 631 | 656 | 679 | 700 | 746 |

Thank You!

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