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SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION
中芯國際集成電路製造有限公司*
(Incorporated in the Cayman Islands with limited liability)
(STOCK CODE: 00981)

SMIC REPORTS UNAUDITED RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2024

The consolidated financial information is prepared and presented in accordance with International Financial Reporting Standards ("IFRSs"), unless otherwise stated below.

- Revenue was \$1,901.3 million in 2Q24, compared to \$1,750.2 million in 1Q24, and \$1,560.4 million in 2Q23.
- Gross profit was \$265.1 million in 2Q24, compared to \$239.7 million in 1Q24, and \$316.5 million in 2Q23.
- Gross margin was 13.9% in 2Q24, compared to 13.7% in 1Q24 and 20.3% in 2Q23.

Set out below is a copy of the full text of the release by the Company and its subsidiaries (the "Group") on August 8, 2024, in relation to its unaudited results for the three months ended June 30, 2024.

All currency figures stated in this report are in US Dollars unless stated otherwise.

Shanghai, China – August 8, 2024 – Semiconductor Manufacturing International Corporation (SEHK: 00981; SSE STAR MARKET: 688981) ("SMIC", the "Company" or "we"), one of the leading semiconductor foundries in the world, today announced its consolidated results of operations for the three months ended June 30, 2024.

* For identification purposes only

The following statements are forward looking statements based on current expectations and involved risks and uncertainties.

Third Quarter 2024 Guidance

The Company expects (in accordance with IFRSs):

- Revenue to increase by 13% to 15% QoQ.
- Gross margin to range from 18% to 20%.

The Management Comments

The Company's revenue and gross margin both beat guidance in the second quarter. Revenue increased by 9% sequentially to \$1.9 billion, of which, 8-inch equivalent wafer shipments increased by 18% sequentially to more than 2.11 million, and blended ASP declined by 8% sequentially due to the changes in product mix.

In the third quarter, the Company's guidance is: revenue is expected to grow 13% to 15% sequentially, gross margin is expected to be in the range of 18% to 20%.

The Company will continue to dedicate in wafer manufacturing, create vision-based strategic plans, and embrace headwinds and opportunities.

Conference Call / Webcast Announcement

Date: Friday, August 9, 2024

Time: 8:30 A.M. - 9:30 A.M.

WEBCAST

The call will be webcast live at:

<https://edge.media-server.com/mmc/p/ic2kiug7/>

CONFERENCE CALL

Please register in advance for the conference call at:

<https://register.vevent.com/register/BI9be07cbe39cb4e2daf380f1b426ec2b6>

REPLAY

Recording will be available 1 hour after the event and it will be archived for 12 months.

https://www.smics.com/en/site/company_financialSummary

About SMIC

Semiconductor Manufacturing International Corporation (SEHK: 00981; SSE STAR MARKET: 688981) is one of the leading foundries in the world and is the front runner in manufacturing capability, manufacturing scale, and comprehensive service in the Chinese Mainland. SMIC Group provides semiconductor foundry and technology services to global customers on 8-inch and 12-inch wafers. Headquartered in Shanghai, China, SMIC Group has an international manufacturing and service base, with 8-inch and 12-inch wafer fabrication facilities in Shanghai, Beijing, Tianjin and Shenzhen. SMIC Group also has marketing and customer service offices in the U.S., Europe, Japan, and Taiwan, China.

For more information, please visit www.smics.com.

Forward-Looking Statements

This release 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 cyclical 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.

Summary of Second Quarter 2024 Operating Results

Amounts in US\$ thousands, except for earnings per share and operating data

	2Q24	1Q24	QoQ	2Q23	YoY
Revenue	1,901,276	1,750,176	8.6%	1,560,396	21.8%
Cost of sales	(1,636,183)	(1,510,472)	8.3%	(1,243,896)	31.5%
Gross profit	265,093	239,704	10.6%	316,500	-16.2%
Operating expenses	(177,953)	(237,298)	-25.0%	(236,702)	-24.8%
Profit from operations	87,140	2,406	3,521.8%	79,798	9.2%
Other income, net	99,875	72,007	38.7%	415,946	-76.0%
Profit before tax	187,015	74,413	151.3%	495,744	-62.3%
Income tax expense	(14,753)	(10,898)	35.4%	(31,573)	-53.3%
Profit for the period	172,262	63,515	171.2%	464,171	-62.9%
Profit for the period attributable to:					
Owners of the Company	164,569	71,792	129.2%	402,762	-59.1%
Non-controlling interests	7,693	(8,277)	N/A	61,409	-87.5%
Profit for the period	172,262	63,515	171.2%	464,171	-62.9%
Gross margin	13.9%	13.7%		20.3%	
Earnings per share ⁽¹⁾					
Basic	\$0.02	\$0.01		\$0.05	
Diluted	\$0.02	\$0.01		\$0.05	
Wafers shipped (in 8" equivalent wafers)	2,111,880	1,794,891	17.7%	1,403,121	50.5%
Capacity utilization ⁽²⁾	85.2%	80.8%		78.3%	

Notes:

(1) Based on weighted average ordinary shares of 7,954 million (basic) and 7,977 million (diluted) in 2Q24, 7,947 million (basic) and 7,963 million (diluted) in 1Q24, and 7,924 million (basic) and 7,957 million (diluted) in 2Q23.

(2) Based on total 8" equivalent wafers out divided by estimated total quarterly capacity.

- Revenue was \$1,901.3 million in 2Q24, an increase of 8.6% QoQ from \$1,750.2 million in 1Q24. The growth was mainly due to the increase in wafer shipment in 2Q24.
- Cost of sales was \$1,636.2 million in 2Q24, compared to \$1,510.5 million in 1Q24.
- Gross profit was \$265.1 million in 2Q24, compared to \$239.7 million in 1Q24.
- Gross margin was 13.9% in 2Q24, compared to 13.7% in 1Q24.
- Operating expenses were \$178.0 million in 2Q24, compared to \$237.3 million in 1Q24. The change was mainly due to the reasons stated in Operating Expenses below.
- Other income, net was \$99.9 million gain in 2Q24, compared to \$72.0 million gain in 1Q24. The change was mainly due to the reasons stated in Other Income, Net below.

Analysis of Revenue

Revenue Analysis			
By Geography	2Q24	1Q24	2Q23
China	80.3%	81.6%	79.6%
America	16.0%	14.9%	17.6%
Eurasia	3.7%	3.5%	2.8%
By Service Type	2Q24	1Q24	2Q23
Wafers	92.9%	93.0%	90.5%
Others	7.1%	7.0%	9.5%
Wafer Revenue Analysis			
By Application	2Q24	1Q24	2Q23
Smartphone	32.0%	31.2%	26.8%
Computer and Tablet	13.3%	17.5%	23.8%
Consumer Electronics	35.6%	30.9%	26.5%
Connectivity and IoT	11.0%	13.2%	11.9%
Industrial and Automotive	8.1%	7.2%	11.0%
By Size	2Q24	1Q24	2Q23
8" wafers	26.4%	24.4%	25.3%
12" wafers	73.6%	75.6%	74.7%

Capacity

- Monthly capacity increased to 837,000 8" equivalent wafers in 2Q24 from 814,500 8" equivalent wafers in 1Q24.

Shipment and Utilization

8" equivalent wafers	2Q24	1Q24	QoQ	2Q23	YoY
Wafer shipments	2,111,880	1,794,891	17.7%	1,403,121	50.5%
Utilization rate ⁽¹⁾	85.2%	80.8%		78.3%	

Note:

(1) Based on total 8" equivalent wafers out divided by estimated total quarterly capacity.

Capex Summary

- Capital expenditure was \$ 2,251.5 million in 2Q24, compared to \$2,235.4 million in 1Q24.

Detailed Financial Analysis

Gross Profit

<i>Amounts in US\$ thousands</i>	2Q24	1Q24	QoQ	2Q23	YoY
Cost of sales	1,636,183	1,510,472	8.3%	1,243,896	31.5%
Depreciation and amortisation	701,547	630,824	11.2%	526,817	33.2%
Other manufacturing costs	934,636	879,648	6.3%	717,079	30.3%
Gross profit	265,093	239,704	10.6%	316,500	-16.2%
Gross margin	13.9%	13.7%		20.3%	

Depreciation and Amortisation

<i>Amounts in US\$ thousands</i>	2Q24	1Q24	QoQ	2Q23	YoY
Depreciation and amortisation	797,166	745,537	6.9%	656,452	21.4%

Operating Expenses

<i>Amounts in US\$ thousands</i>	2Q24	1Q24	QoQ	2Q23	YoY
Operating expenses	177,953	237,298	-25.0%	236,702	-24.8%
Research and development expenses	180,748	188,110	-3.9%	177,633	1.8%
General and administrative expenses	160,630	116,378	38.0%	106,436	50.9%
Selling and marketing expenses	9,737	9,043	7.7%	9,307	4.6%
Impairment losses on financial assets, net	(1,025)	1,014	N/A	(414)	147.6%
Other operating income	(172,137)	(77,247)	122.8%	(56,260)	206.0%

- General and administrative expenses increased to \$160.6 million in 2Q24 from \$116.4 million in 1Q24. The change was mainly due to the increase in new fab start-up costs in 2Q24.
- The change in other operating income was primarily due to the recognized income of government funding during this quarter.

Other Income, Net

<i>Amounts in US\$ thousands</i>	2Q24	1Q24	QoQ	2Q23	YoY
Other income, net	99,875	72,007	38.7%	415,946	-76.0%
Interest income	142,233	164,110	-13.3%	192,612	-26.2%
Finance costs	(71,742)	(66,725)	7.5%	(48,384)	48.3%
Foreign exchange gain	4,933	4,178	18.1%	(4,744)	N/A
Other gains/(losses), net	7,287	(4,886)	N/A	242,597	-97.0%
Share of profit/(loss) of associates and a joint venture	17,164	(24,670)	N/A	33,865	-49.3%

The change in other gains/(losses), net in 2Q24 was primarily caused by the change in the fair value of the investments in securities recognised as financial assets at fair value through profit or loss.

EBITDA

Amounts in US\$ thousands	2Q24	1Q24	2Q23
Profit for the period	172,262	63,515	464,171
Finance costs	71,742	66,725	48,384
Depreciation and amortisation	797,166	745,537	656,452
Income tax expense	14,753	10,898	31,573
EBITDA	1,055,923	886,675	1,200,580
Profit margin	9.1%	3.6%	29.7%
EBITDA margin	55.5%	50.7%	76.9%

Liquidity

Amounts in US\$ thousands	2Q24	1Q24
Inventories	2,740,168	2,768,176
Prepayment and prepaid operating expenses	98,660	100,119
Trade and other receivables	1,235,380	1,077,969
Financial assets at fair value through profit or loss	101,109	230,333
Financial assets at amortised cost	2,963,006	3,105,504
Derivative financial instruments	85,204	67,989
Restricted cash	280,228	280,600
Cash and cash equivalents	3,694,277	5,348,718
Assets classified as held-for-sale	22,030	22,030
Total current assets	11,220,062	13,001,438
Trade and other payables	3,978,441	4,206,695
Contract liabilities	1,015,698	1,893,793
Borrowings	1,361,165	1,490,410
Lease liabilities	27,794	32,409
Bonds payable	604,877	-
Deferred government funding	159,591	148,705
Accrued liabilities	310,052	262,065
Derivative financial instruments	63,872	104,580
Current tax liabilities	18,049	5,901
Total current liabilities	7,539,539	8,144,558
Cash ratio ⁽¹⁾	0.5	0.7
Quick ratio ⁽²⁾	1.1	1.3
Current ratio ⁽³⁾	1.5	1.6

Notes:

- (1) Cash and cash equivalents divided by total current liabilities.
(2) Current assets excluding inventories divided by total current liabilities.
(3) Total current assets divided by total current liabilities.

Capital Structure

Amounts in US\$ thousands	2Q24	1Q24
Cash and cash equivalents	3,694,277	5,348,718
Restricted cash	370,445	369,466
Financial assets at fair value through profit or loss - current ⁽¹⁾	101,109	230,333
Financial assets at amortised cost ⁽²⁾	8,814,627	9,437,138
Total cash on hand	12,980,458	15,385,655
Borrowings - current	1,361,165	1,490,410
Borrowings - non-current	8,424,725	8,178,595
Lease liabilities	42,483	50,564
Bonds payable	604,877	599,302
Total debt	10,433,250	10,318,871
Net debt ⁽³⁾	(2,547,208)	(5,066,784)
Equity	30,969,673	30,827,016
Debt to equity ratio ⁽⁴⁾	33.7%	33.5%
Net debt to equity ratio ⁽⁵⁾	-8.2%	-16.4%

Notes:

(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

Amounts in US\$ thousands	2Q24	1Q24
Net cash generated from operating activities	19,275	470,022
Net cash used in investing activities	(1,637,666)	(1,328,356)
Net cash generated from financing activities	46,379	44,174
Effect of exchange rate changes	(82,429)	(52,180)
Net decrease in cash and cash equivalents	(1,654,441)	(866,340)

Semiconductor Manufacturing International Corporation
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(In US\$ thousands)

	For the three months ended	
	June 30, 2024 (Unaudited)	March 31, 2024 (Unaudited)
Revenue	1,901,276	1,750,176
Cost of sales	(1,636,183)	(1,510,472)
Gross profit	265,093	239,704
Research and development expenses	(180,748)	(188,110)
Selling and marketing expenses	(9,737)	(9,043)
General and administration expenses	(160,630)	(116,378)
Impairment losses on financial assets, net	1,025	(1,014)
Other operating income	172,137	77,247
Operating expenses	(177,953)	(237,298)
Profit from operations	87,140	2,406
Other income, net	99,875	72,007
Profit before tax	187,015	74,413
Income tax expense	(14,753)	(10,898)
Profit for the period	172,262	63,515
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss in subsequent periods</i>		
Exchange differences on translating foreign operations	(9,158)	(3,905)
Cash flow hedges	(42,127)	(93,463)
Total comprehensive income for the period	120,977	(33,853)
Profit for the period attributable to:		
Owners of the Company	164,569	71,792
Non-controlling interests	7,693	(8,277)
	172,262	63,515
Total comprehensive income for the period attributable to:		
Owners of the Company	113,320	(25,668)
Non-controlling interests	7,657	(8,185)
	120,977	(33,853)

Semiconductor Manufacturing International Corporation
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(In US\$ thousands)

	As of	
	June 30, 2024	March 31, 2024
	(Unaudited)	(Unaudited)
ASSETS		
<i>Non-current assets</i>		
Property, plant and equipment	26,914,232	25,446,490
Right-of-use assets	453,217	463,508
Intangible assets	28,757	31,865
Investments in associates	2,027,205	2,024,610
Investment in a joint venture	1,482	2,291
Deferred tax assets	13,192	13,182
Financial assets at fair value through profit or loss	462,380	473,640
Financial assets at amortised cost	5,851,621	6,331,634
Derivative financial instruments	8,928	10,373
Restricted cash	370,445	369,466
Other assets	246	316
Total non-current assets	36,131,705	35,167,375
<i>Current assets</i>		
Inventories	2,740,168	2,768,176
Prepayment and prepaid operating expenses	98,660	100,119
Trade and other receivables	1,235,380	1,077,969
Financial assets at fair value through profit or loss	101,109	230,333
Financial assets at amortised cost	2,963,006	3,105,504
Derivative financial instruments	85,204	67,989
Restricted cash	280,228	280,600
Cash and cash equivalents	3,694,277	5,348,718
	11,198,032	12,979,408
Assets classified as held-for-sale	22,030	22,030
Total current assets	11,220,062	13,001,438
TOTAL ASSETS	47,351,767	48,168,813

Semiconductor Manufacturing International Corporation
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(In US\$ thousands)

	As of	
	June 30, 2024 (Unaudited)	March 31, 2024 (Unaudited)
EQUITY AND LIABILITIES		
<i>Capital and reserves</i>		
Ordinary shares	31,825	31,795
Share premium	14,138,415	14,122,449
Other reserves	149,821	197,757
Retained earnings	5,916,688	5,752,119
Equity attributable to owners of the Company	20,236,749	20,104,120
Non-controlling interests	10,732,924	10,722,896
Total equity	30,969,673	30,827,016
<i>Non-current liabilities</i>		
Borrowings	8,424,725	8,178,595
Lease liabilities	14,689	18,155
Bonds payable	-	599,302
Deferred tax liabilities	40,393	43,892
Deferred government funding	306,787	305,348
Derivative financial instruments	55,961	51,947
Total non-current liabilities	8,842,555	9,197,239
<i>Current liabilities</i>		
Trade and other payables	3,978,441	4,206,695
Contract liabilities	1,015,698	1,893,793
Borrowings	1,361,165	1,490,410
Lease liabilities	27,794	32,409
Bonds payable	604,877	-
Deferred government funding	159,591	148,705
Accrued liabilities	310,052	262,065
Derivative financial instruments	63,872	104,580
Current tax liabilities	18,049	5,901
Total current liabilities	7,539,539	8,144,558
Total liabilities	16,382,094	17,341,797
TOTAL EQUITY AND LIABILITIES	47,351,767	48,168,813

Semiconductor Manufacturing International Corporation
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(In US\$ thousands)

	For the three months ended	
	June 30, 2024 (Unaudited)	March 31, 2024 (Unaudited)
Operating activities:		
Profit for the period	172,262	63,515
Depreciation and amortisation	797,166	745,537
Share of (profit)/loss of associates and a joint venture	(17,164)	24,670
Other (gains)/losses, net	(7,287)	4,886
Changes in working capital and others	(925,702)	(368,586)
Net cash generated from operating activities	19,275	470,022
Investing activities:		
Acquisition of financial assets at fair value through profit or loss	(142,163)	(152,682)
Proceeds from sale of financial assets at fair value through profit or loss	280,657	139,250
Acquisition of financial assets at amortised cost	(805,521)	-
Proceeds from maturity of financial assets at amortised cost	1,384,989	555,955
Acquisition of property, plant and equipment	(2,361,507)	(1,905,814)
Proceeds from disposal of property, plant and equipment	1,777	56
Acquisition of intangible assets	(2,110)	(1,356)
Capital injection in associates	(48,081)	(26,435)
Proceeds from sale of equity interests in associates	16,600	19,441
Dividends received from associates	1,373	-
Guarantee deposits refunded	-	24,136
Proceeds from settlement of derivative financial instruments	36,320	19,093
Net cash used in investing activities	(1,637,666)	(1,328,356)
Financing activities:		
Proceeds from borrowings	1,037,652	588,844
Repayment of borrowings	(879,071)	(465,086)
Repayment of the principal portion of the lease liabilities	(8,081)	(8,056)
Proceeds from issue of shares under share incentive plans	241	142
Payments for settlement of derivative financial instruments	(104,362)	(71,670)
Net cash generated from financing activities	46,379	44,174
Effects of exchange rate changes on cash and cash equivalents	(82,429)	(52,180)
Net decrease in cash and cash equivalents	(1,654,441)	(866,340)
Cash and cash equivalents, beginning of the period	5,348,718	6,215,058
Cash and cash equivalents, end of the period	3,694,277	5,348,718

By order of the Board
Semiconductor Manufacturing International Corporation
Company Secretary / Board Secretary
Guo Guangli

Shanghai, August 8, 2024

As at the date of this announcement, the directors of the Company are:

Executive Director

LIU Xunfeng

Non-executive Directors

LU Guoqing

CHEN Shanzhi

YANG Lumin

Independent Non-executive Directors

FAN Ren Da Anthony

LIU Ming

WU Hanming