



Semiconductor Manufacturing International Corporation

# SMIC Presentation

**NYSE: SMI      HKEX: 0981**

May 2019

# SAFE HARBOR STATEMENTS

## UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This presentation contains, in addition to historical information, "forward-looking statements" within the meaning of the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995 and Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934. These forward-looking statements, including statements under "Second Quarter 2019 Guidance", "Capex Summary" and the statements contained in the quotes of our Co-Chief Executive Officers are based on SMIC's current assumptions, expectations and projections about future events. SMIC uses words like "believe," "anticipate," "intend," "estimate," "expect," "project," "target" and similar expressions to identify forward looking statements, although not all forward-looking statements contain these words. These forward-looking statements are necessarily estimates reflecting judgment of SMIC's senior management 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, timely wafer acceptance by SMIC's customers, bad debt risk, timely introduction of new technologies, SMIC's ability to ramp new products into volume, supply and demand for semiconductor foundry services, industry overcapacity, shortages in equipment, components and raw materials, availability of manufacturing capacity and financial stability in end markets.

In addition to the information contained in this presentation, you should also consider the information contained in our other filings with the SEC, including our annual report on Form 20-F filed with the SEC on April 30, 2019, especially in the "Risk Factors" section and such other documents that we may file with the SEC or The Hong Kong Stock Exchange Limited ("SEHK") from time to time, including current reports on Form 6-K. Other unknown or unpredictable factors also could have material adverse effects on our future results, performance or achievements. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed in this presentation may not occur. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date stated or, if no date is stated, as of the date of this presentation. Except as required by law, SMIC undertakes no obligation and does not intend to update any forward-looking statement, whether as a result of new information, future events or otherwise.

## ABOUT NON-GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ("NON-GAAP") FINANCIAL MEASURES

During this presentation, references to financial measures of SMIC will include references to non-GAAP financial measures, including non-GAAP operating expenses and adjusted EBITDA, and EBITDA margin. For an explanation to the most directly comparable GAAP financial measures, see our earnings release.

**I.  
Market  
Opportunity**

**II.  
SMIC  
Introduction**

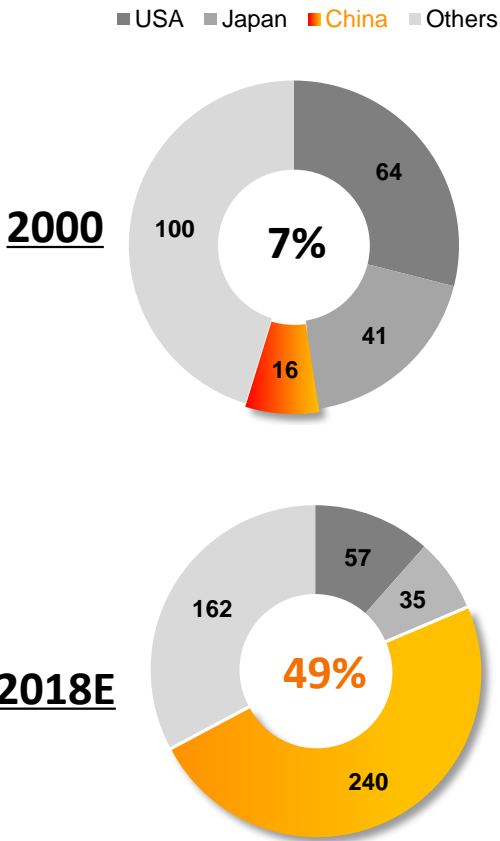
**III.  
SMIC  
Performance**

**IV.  
Strategies for  
Growth**

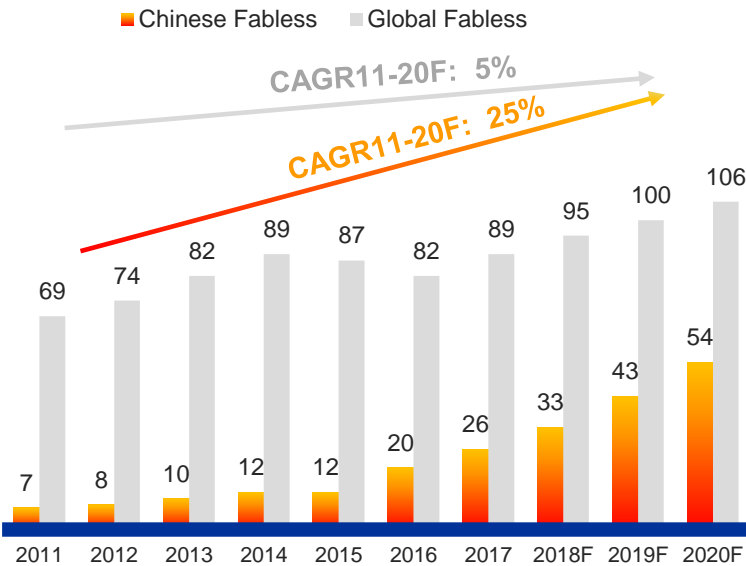
**V.  
Concluding  
Remarks**

# RAPID GROWTH OF THE CHINA IC MARKET

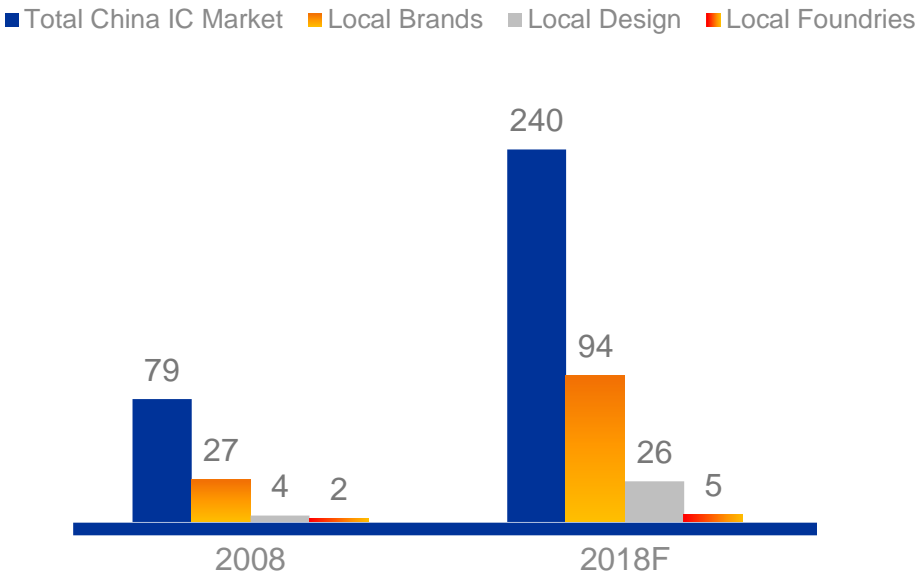
China: World's Largest IC Market (US\$bn)



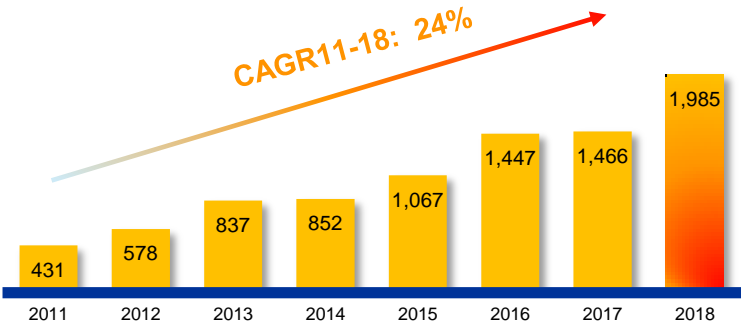
Chinese Fabless Market Growth (US\$bn)



Total China IC Market Revenue (US\$bn)



SMIC's Rapid Revenue Growth from China Clients (US\$m)



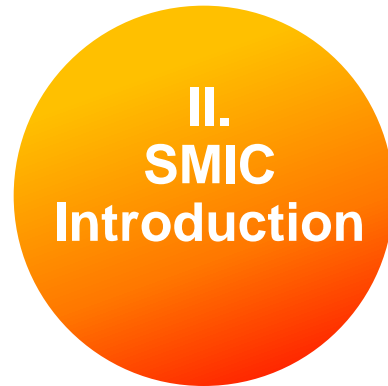
Companies pictured are examples of and are not limited to.  
\*Including local system companies

Source: SMIC analysis with 3rd party reference data, 4Q18

SMIC Presentation

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# SMIC: LARGEST AND MOST COMPREHENSIVE IC FOUNDRY IN PRC

Established  
in 2000



Listed on  
HKEX and NYSE



#1  
in PRC



#4  
globally



Annual Revenue US\$

\$3.1bn



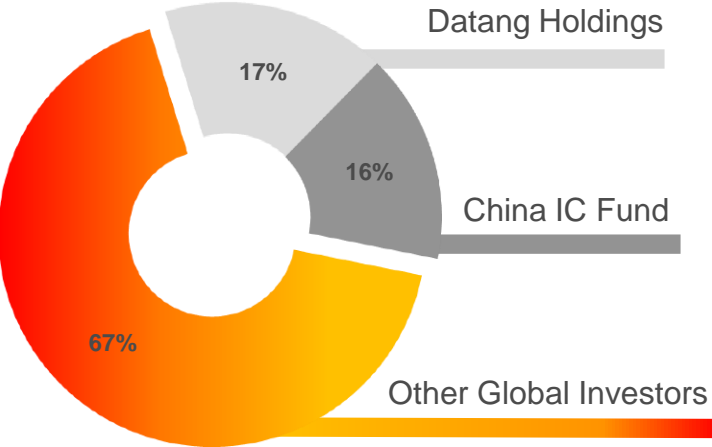
2017

\$3.36bn

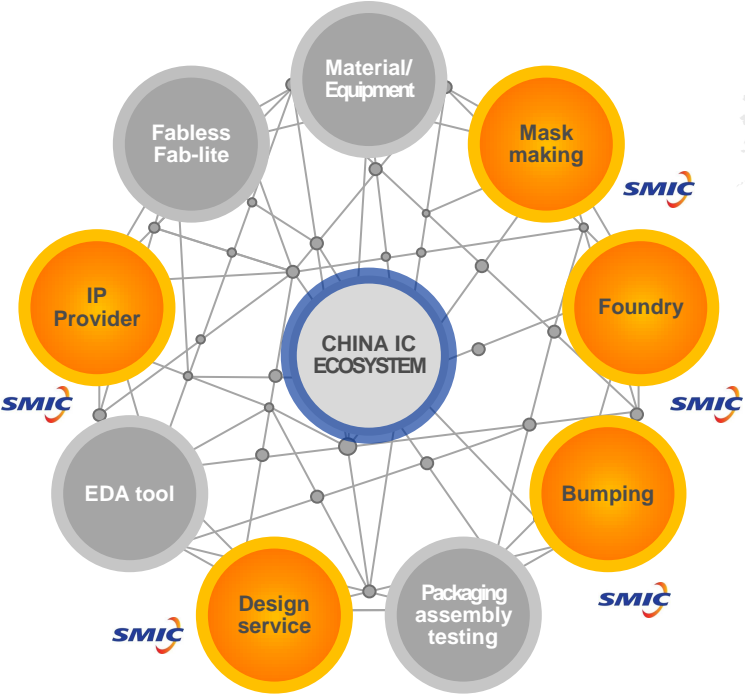


2018

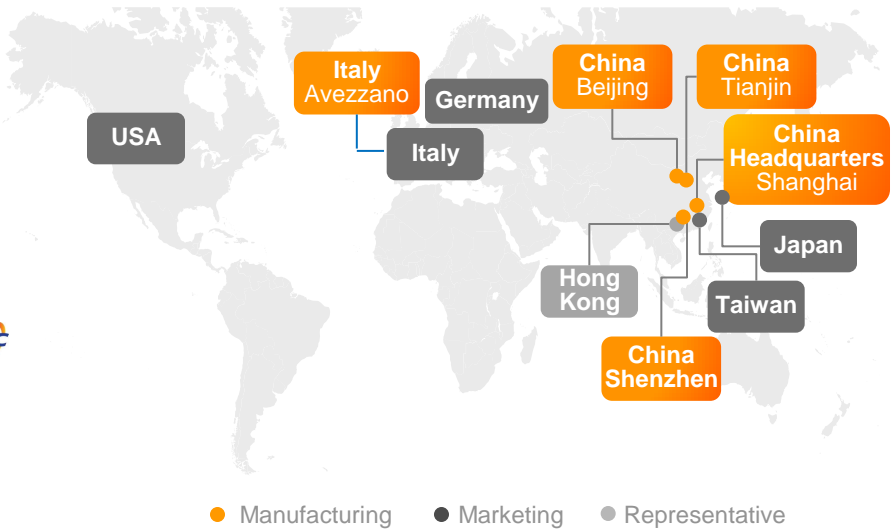
Shareholding Structure



SMIC's Strong Position in China IC Ecosystem



Strong Global Presence



# TRANSITIONAL PERIOD: BECOMING FUNDAMENTALLY SOLID

## Early Establishment

SMIC Annual Revenue  
(US\$bn)

## Turnaround

## Gearing up for New Growth

### Foundry of Choice in China

Aiming to:

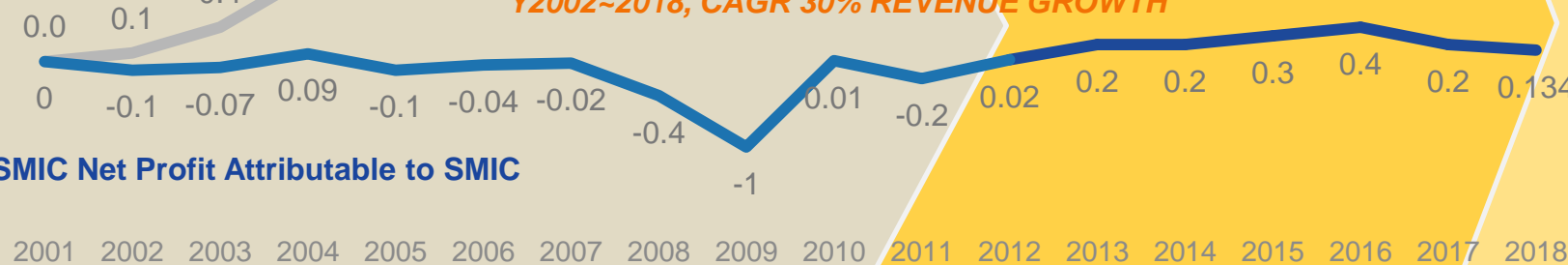
be a world-class, mainstream foundry

accelerate technology development

build key platforms and partnerships

SMIC Net Profit Attributable to SMIC

Y2002~2018, CAGR 30% REVENUE GROWTH



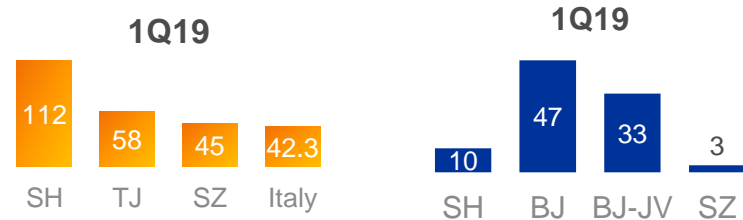
# SMIC FAMILY OF IC MANUFACTURING



467K TOTAL 8" EQUIV WPM 1Q19-end

257K 8" wpm 1Q19

93K 12" wpm 1Q19



New Fabs

Shanghai JV 12"

Tianjin 8"

Expansion Conditions:

- Market and customer demand
- Technological readiness
- Majority-owned advanced JV fab, 14nm and below
- Partnership with China IC fund and Shanghai IC fund
- Targeting to be the World's Largest Integrated 8-inch IC Production Line



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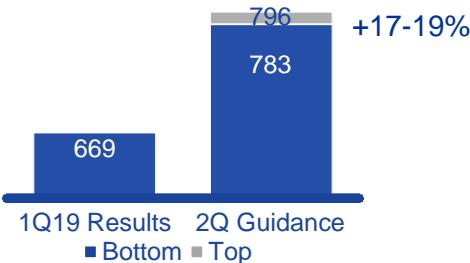


**IV.  
Strategies for  
Growth**

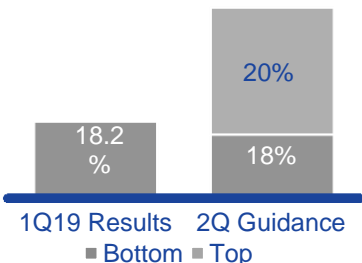
**V.  
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# FINANCIAL SUMMARY

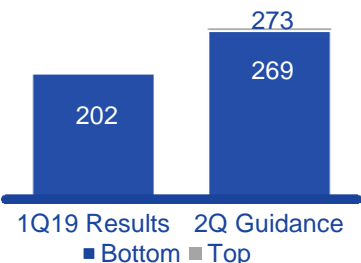
## Revenue (US\$mm)



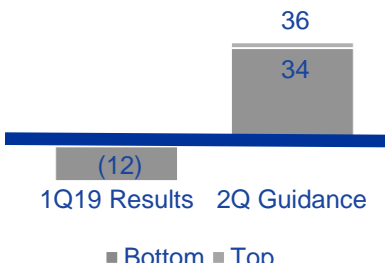
## Gross Margin



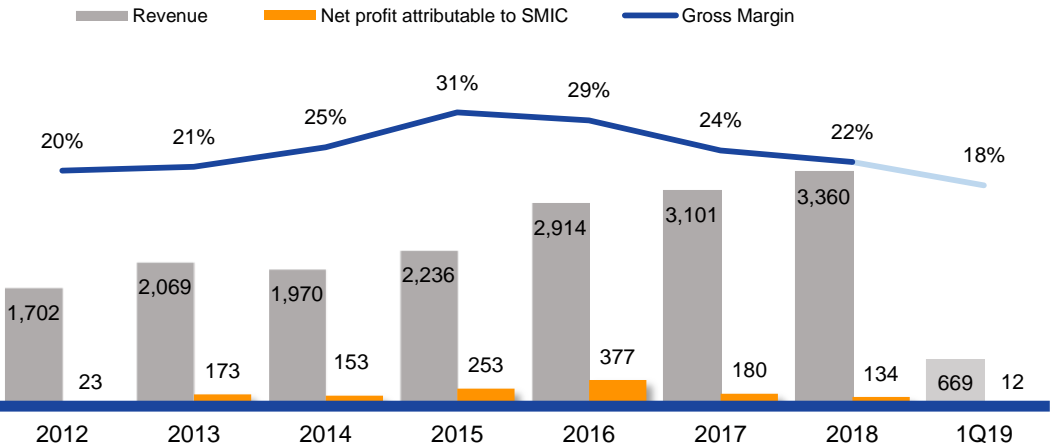
## Non-GAAP Opex <sup>(1)</sup> (US\$mm)



## Non-controlling interests (US\$mm)



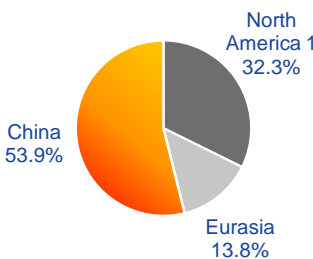
## Revenue and Profitability (US\$mm)



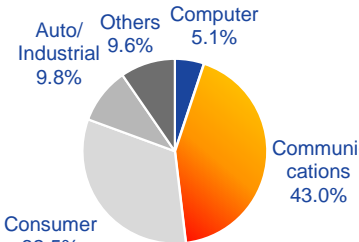
Note: All figures before 2013 are based on US GAAP, and all figures after 2013 are based on IFRS

## Diversified Revenue Sources

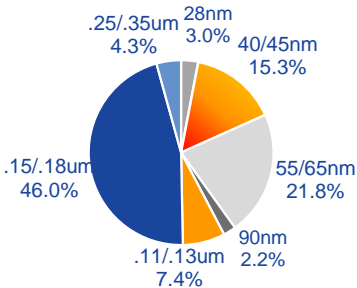
### Revenue by Geography



### Revenue by Application



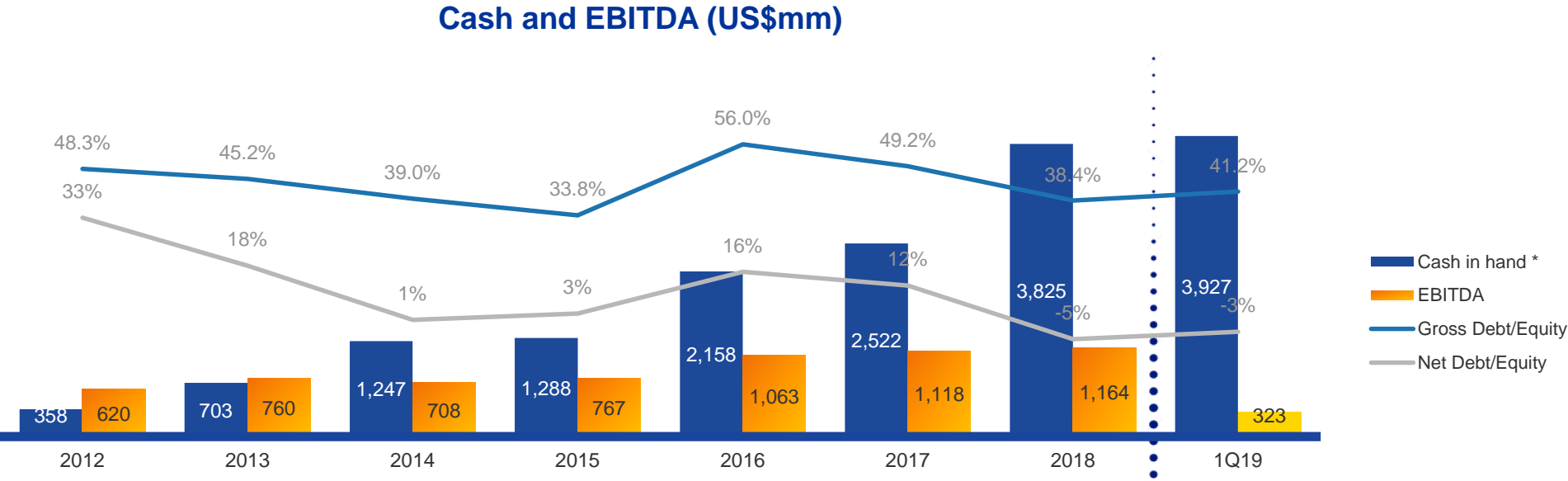
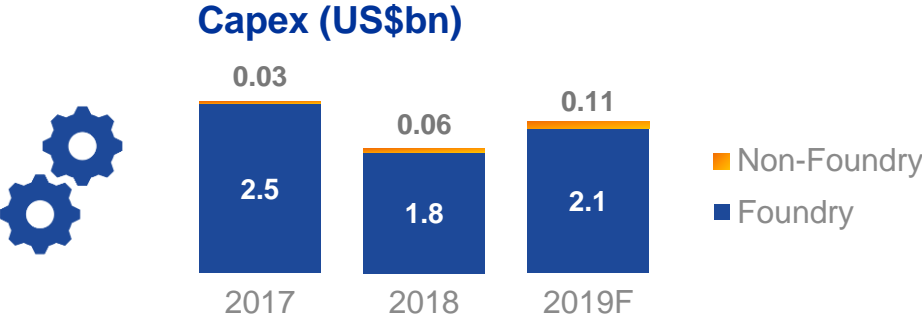
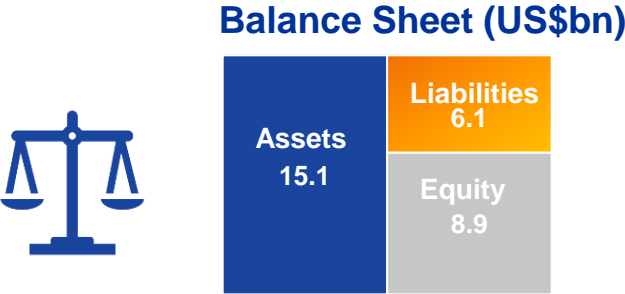
### Wafer Revenue by Technology



Source: Company 2019 Q1 results

\*Presenting the Revenue to those companies whose headquarters are in the United States, but ultimately selling and shipping the products to their global customers

# CAPEX, EBITDA, AND CASH LEVELS

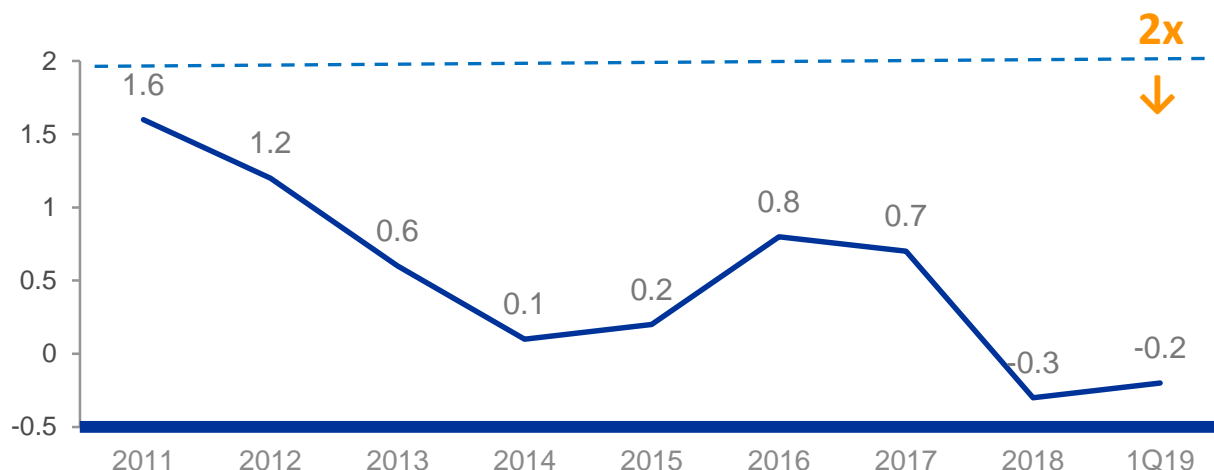


\* Cash in hand includes cash and cash equivalent, plus financial assets.

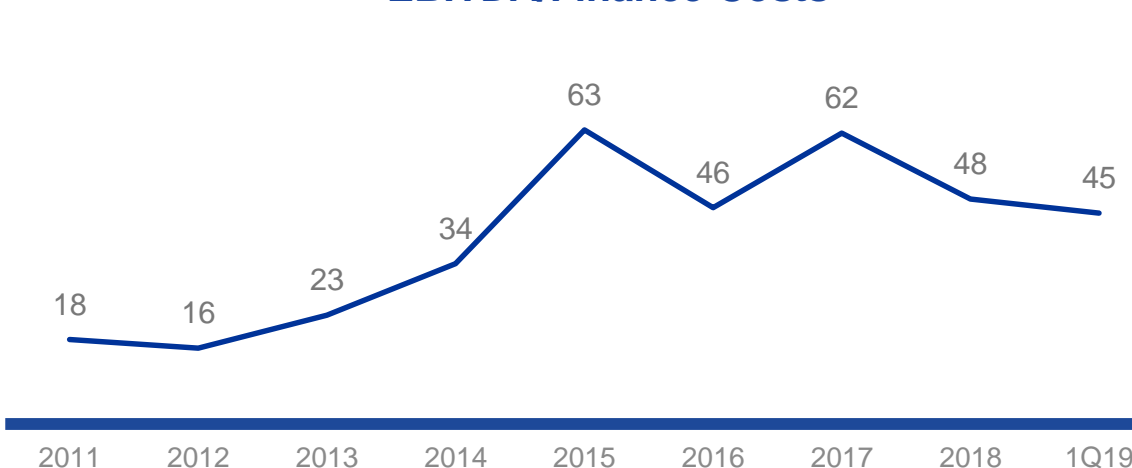
# INVESTMENT GRADE CREDIT RATING

- ✓ S&P **investment grade** BBB- long-term corporate credit rating since Oct 2013
- ✓ Moody's **investment grade** Baa3 corporate credit rating in Oct 2015
- ✓ China Chengxin International Credit Rating Agency's **triple A rating** in Nov 2015
- ✓ Committed to **Net Debt/EBITDA less than 2x** to maintain rating

Net Debt/EBITDA



EBITDA/Finance Costs



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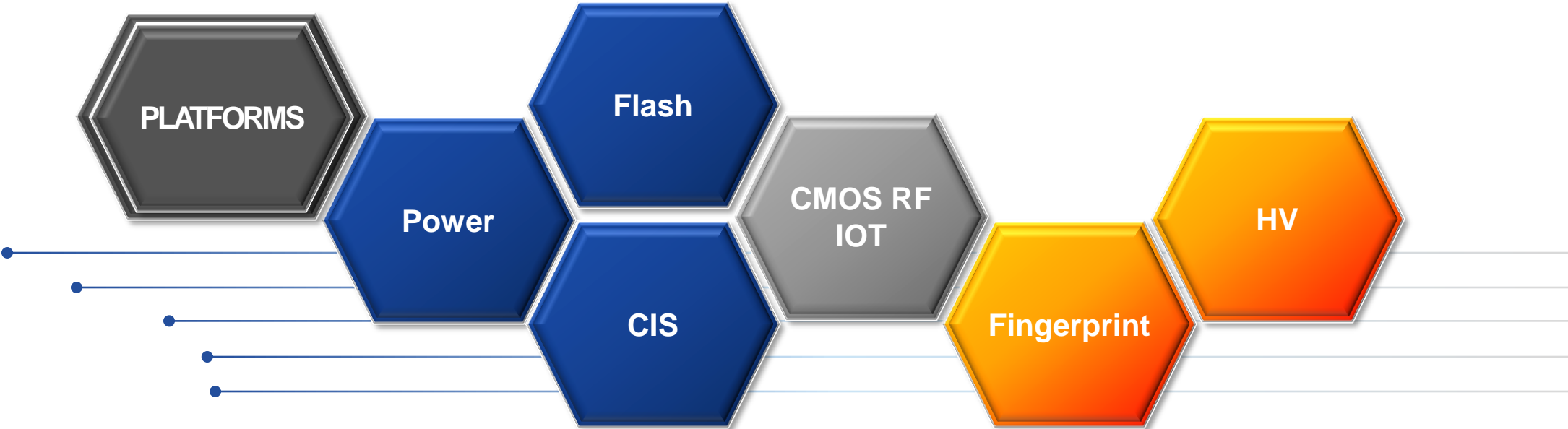
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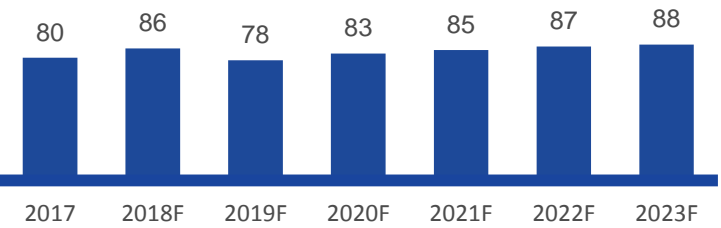


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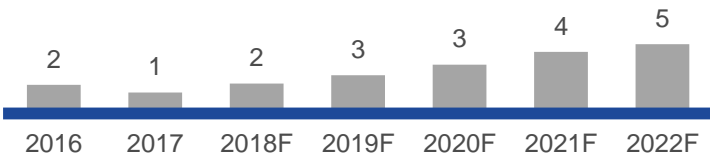
# PLATFORM STRATEGY DRIVING DIVERSIFIED GROWTH AND LOADING



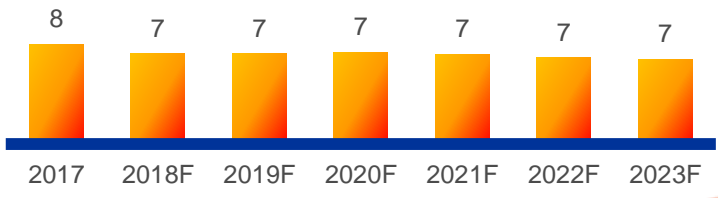
Power+Flash+CIS Market Revenue (US\$bn)



Bluetooth Market Revenue (US\$bn)



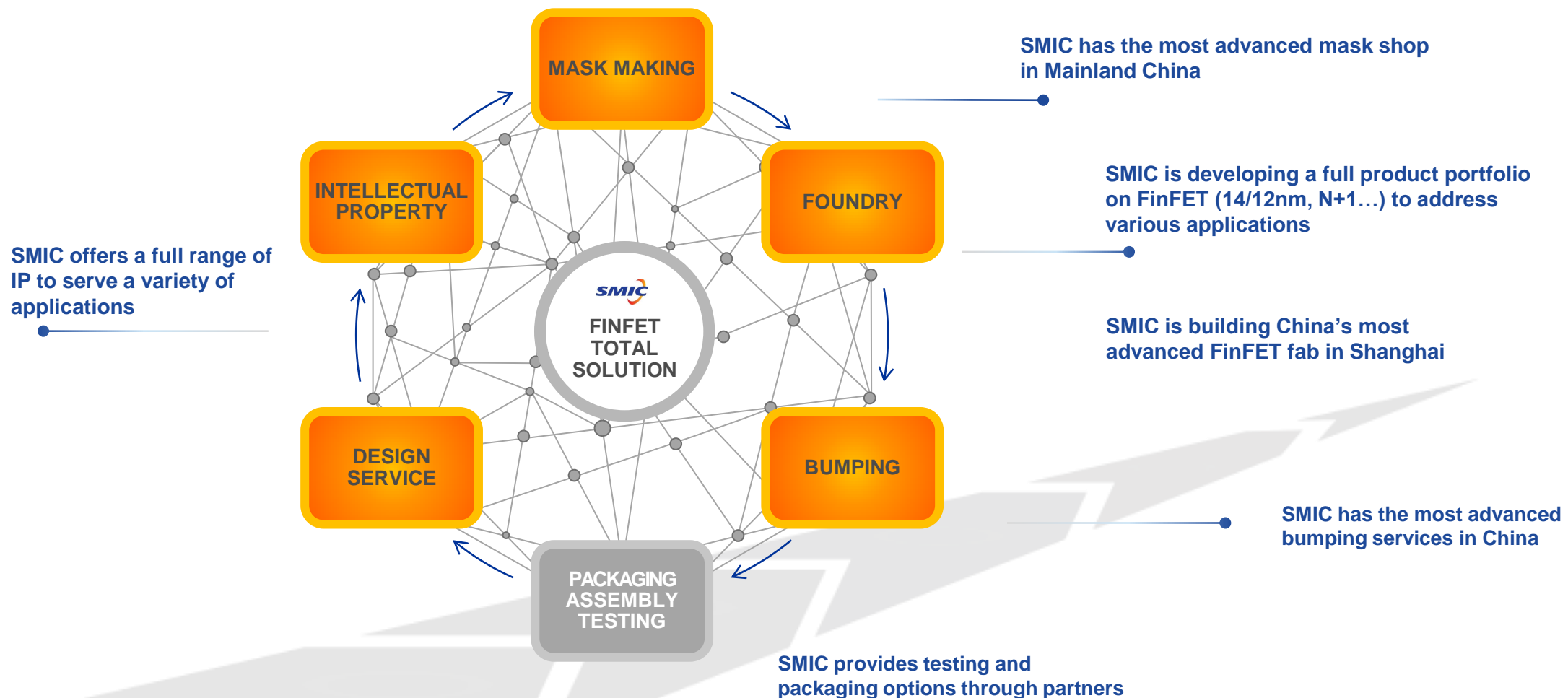
Fingerprint & HV Market Revenue (US\$bn)



\*Source: SMIC analysis with 3rd party reference data, 1Q19

# ENTERING NEW FINFET ERA WITH TOTAL SOLUTION STRATEGY

## FINFET TOTAL SOLUTION TO ENABLE LONG-TERM COMMITMENT



# BUSINESS OPPORTUNITIES



To **best serve customers**, SMIC is expanding its FinFET product portfolio with **various applications** under development



Smartphones



Smart TV & STB



Networking



Connectivity



Automotive

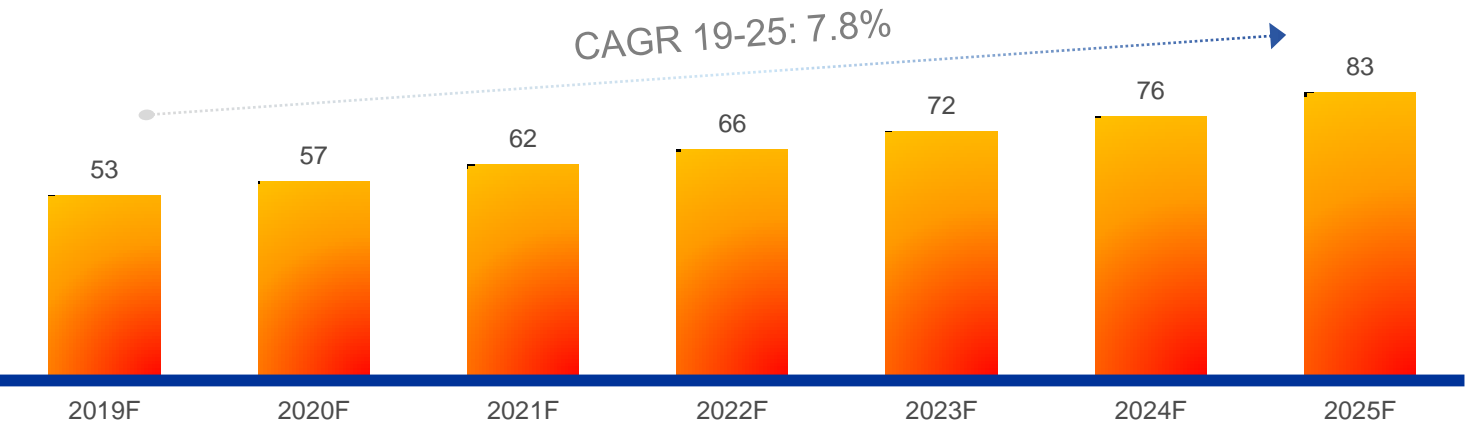


AI



IoT

**FINFET MARKET REVENUE: 14NM AND BELOW FORECAST (US\$BN)**



Source: SMIC analysis with 3rd party reference data, 4Q18





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# AIMING TO BE A WORLD-CLASS FOUNDRY

## Execution

- *4 Years of Consecutive Growth*
- *2017, 2018 Institutional Investor, Most Honored Company*

## Technology

- *Accelerating advanced technology*
- *Competitiveness on differentiated platforms*
- *Full-service FinFET offerings*



## Financial

- *Investment-grade credit rating*
- *\$3.9bn cash on hand at the end of 1Q19*
- *\$1bn EBITDA per annum*
- *JV partnerships for advanced fabs*

## Positioning

- *Most preferred foundry in Mainland China*
- *Strategic partner*

## Capacity

- *Largest capacity in Mainland China*
- *Prioritizing and optimizing capacity mix*
- *Constructing new fabs for growth*



# Thank You

Contact us: [ir@smics.com](mailto:ir@smics.com)