Forward-Looking Statements

This presentation contains, in addition to historical information, forward-looking statements. These forward-looking statements, including statements under “Third Quarter 2020 Guidance”, “Capex Summary” and the statements contained in the quotes of our Co-Chief Executive Officers are based on SMIC’s current assumptions, expectations, beliefs, plans, objectives, and projections about future events or performance. SMIC uses words like "believe," "anticipate," "intend," "estimate," "expect," "project," "target," "going forward", "continue", "ought to", "may", "seek", "should", "plan", "could", "vision", "goals", "aim", "aspire", "objective", "schedules", "outlook" and similar expressions to identify forward looking statements, although not all forward-looking statements contain these words. These forward-looking statements are necessary 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 cyclicality and market conditions in the semiconductor industry, intense competition in the semiconductor industry, SMIC’s reliance on a small number of customers, 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, industry overcapacity, shortages in equipment, components and raw materials, availability of manufacturing capacity, financial stability in end markets, orders or judgments from pending litigation, intensive intellectual property litigation in the semiconductor industry, general economic conditions and fluctuations in currency exchange rates.

In addition to the information contained in this presentation, you should also consider the information contained in our other filings with The Hong Kong Stock Exchange Limited (“SEHK”) and Shanghai Stock Exchange (“SSE”) from time to time. 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 applicable laws, SMIC undertakes no obligation and does not intend to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events after the date on which such statement is made or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or otherwise.


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 release.

The 1Q&2Q 2020 results in this presentation are unaudited.
RAPID GROWTH OF THE CHINA IC MARKET

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

Companies pictured are examples of and are not limited to.

*Including local system companies

Local brands

Local design

Local foundries

Source: SMIC analysis with 3rd party reference data, 1Q20

SMIC’s Rapid Revenue Growth from China Clients (US$mn)

*2018 SMIC China revenue included one-time technology licensing fee of ~$160M

Chinese IC Industry Revenue Development (US$mn)

CAGR09-23: 23.6%
CAGR09-23: 23.2%
CAGR09-23: 14.6%

Source: SMIC analysis with 3rd party reference data, 1Q20

Chinese Fabless Market Growth (US$bn)

CAGR11-20F: 4%
CAGR11-20F: 24%

Chinese Fabless
Global Fabless

7 8 10 12 20 26 33 40 48

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III. SMIC Performance

IV. Strategies for Growth

V. Concluding Remarks
SMIC: LARGEST AND MOST ADVANCED IC FOUNDRY IN PRC

Established in 2000

Listed on SEHK and SSE STAR MARKET

#1 in PRC

#4 globally

Annual Revenue US$B
mid to high teens growth

3.1
2019
2020F

Shareholding Structure

Datang Holdings 17%
China IC Fund 16%
Other Global Investors 67%

As of Dec. 31, 2019

SMIC’s Strong Position in China IC Ecosystem

Strong Global Presence

USA
Italy
China

USA
Italy
China

China Beijing
China Shanghai
China Hong Kong
China Shenzhen
China Tianjin
China Japan
China Taiwan

Manufacturing • Marketing • Representative
BECOMING FUNDAMENTALLY SOLID, RETURNING TO STRONG GROWTH

Early Establishment

Turnaround

New Phase of Growth

SMIC Annual Revenue (US$bn)

SMIC Net Profit Attributable to SMIC (US$bn)

Aiming to:
- be a world-class, mainstream foundry
- accelerate technology development
- maintain leadership in key platforms and strategic partnerships

Foundry of Choice in China
**New Fabs**

- **Shanghai JV 12”**
  - Majority-owned advanced JV fab, 14nm and below
  - Partnership with China IC fund and Shanghai IC fund

- **Tianjin 8”**
  - Targeting to be the World’s Largest Integrated 8-inch IC Production Line

**Expansion Conditions:**
- Market and customer demand
- Technological readiness

**SMIC FAMILY OF IC MANUFACTURING**

**China-Based, Global-Reach**

**480K TOTAL 8” EQUIV WPM 2Q20-end**

- **234K 8” wpm**
  - SH
  - TJ
  - SZ
  - 115
  - 73
  - 46

- **109K 12” wpm**
  - SH
  - BJ
  - BJ-JV
  - SH-JV
  - 1.4
  - 52
  - 50
  - 6

**Headquarter and Fab Locations**

- USA San Jose
- Italy Milan
- Japan Tokyo
- China Hongkong
- China Taiwan
- China Shenzhen 200mm Fab
- China Beijing 300mm Fab
- China Tianjin 200mm Fab
- China Shanghai 200mm Fab
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FINANCIAL SUMMARY – 2Q 2020

Revenue (US$mm)

2Q20 Results 3Q Guidance

938 967

Gross Margin

2Q20 Results 3Q Guidance

26% 19%

Non-IFRS Opex (US$mm)

2Q20 Results 3Q Guidance

215 220

Non-controlling interests (US$mm)

2Q20 Results 3Q Guidance

12 10

Revenue and Profitability (US$mm)

Revenue Net profit attributable to SMIC Gross Margin

20% 21% 25% 31% 29% 24% 22% 21% 26%


1,702 2,069 1,970 2,236 2,914 3,101 3,360 3,116 1,843 202

23 173 153 253 377 180 134 235

Diversified Revenue Sources – 2Q 20

Revenue by Geography

United States 21.6%
Eurasia 12.3%
Mainland China and Hong Kong 66.1%

Revenue by Application

Auto/Industrial 4.3%
Consumer 36.9%
Communications 46.9%

Wafer Revenue by Technology

.11/.13um 33.0%
.15/.18um 90nm 2.8%
.25/.35um 40/45nm 9.1%
0.15/0.18um 4.3%
14/28nm 15.4%

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

Note: All figures before 2013 are based on US GAAP, and all figures after 2013 are based on IFRS.
CAPEX, EBITDA, AND CASH LEVELS

Balance Sheet (US$bn)

Assets 20.4
Liabilities 7.2
Equity 13.2

Capex (US$bn)

2017 2018 2019 2020F
2.5 1.8 2.1 6.7

Cash and EBITDA (US$mm)

Cash in hand *
EBITDA
Gross Debt/Equity
Net Debt/Equity

358 760 1247 1288 2158 1118 1164 4558 839
620 760 1063 767 1118 1164 1373 6402
48% 45% 39% 34% 56% 49% 38% 39% 31%

* Cash in hand includes cash and cash equivalent plus current financial assets and excludes restricted cash.
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 since Oct 2015
- China Chengxin International Credit Rating Agency’s triple A rating since Nov 2015
- Committed to Net Debt/EBITDA less than 2x to maintain rating

![Net Debt/EBITDA Chart]

![EBITDA/Finance Costs Chart]
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Chip content within devices is growing exponentially; therefore SMIC is:

- Strategically expanding platforms, driven by market demand
- Continuously innovating product platforms to drive growth
- Maintaining leadership in CIS, PMIC, and others
NEW FINFET ERA WITH TOTAL SOLUTION STRATEGY

FINFET TOTAL SOLUTION TO ENABLE LONG-TERM COMMITMENT

- MASK MAKING
- INTELLECTUAL PROPERTY
- FOUNDRY
- DESIGN SERVICE
- BUMPING
- PACKAGING ASSEMBLY TESTING

Most advanced mask shop in Mainland China

Full FinFET portfolio: 14/12nm, N+1...

Mainland China’s most advanced fab 14nm in production

Most advanced bumping services in China

Full range of IP

Testing and packaging through partners
BUSINESS OPPORTUNITIES

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

Smartphones  Smart TV & STB

HPC  Networking  Connectivity

Automotive  AI  IoT

FINFET MARKET REVENUE: 14NM AND BELOW FORECAST (US$MN)

CAGR 2020-2027: 14%

2020F  2021F  2022F  2023F  2024F  2025F  2026F  2027F

21,069  26,409  29,937  33,889  38,662  44,382  48,719  53,770

Source: SMIC analysis with 3rd party reference data, 1Q20

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AIMING TO BE A WORLD-CLASS FOUNDRY

Execution

• Mature tech platforms solid and mature fabs full.
• Advanced tech FinFET developed and ramping up

Financial

• Investment-grade credit rating
• $6.4bn cash on hand at the end of 2Q20
• 2020 annual EBITDA expected close to $1.8bn
• JV partnerships for new advanced fabs

Technology

• 14nm in production
• FinFET N+1 finished customer product verification
• Accelerating advanced technology
• Competitiveness on differentiated platforms
• Full-service FinFET offerings

Positioning

• Largest and most advanced foundry in Mainland China
• Preferred partner in the China semi ecosystem
Thank You

Contact us: ir@smics.com