

SMIC Investor Presentation

SEHK : 00981 SSE STAR MARKET : 688981 OTCQX : SMICY SMIC Investor Relations

August 2020

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, whether as a result of new information, future events or otherwise.

About Non-International Financial Reporting Standards ("non-IFRS") Financial Measures

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.



IV. Ш. Ш. **Strategies for** SMIC SMIC Opportunity Introduction Performance Growth

Ι.

Market

V. Concluding Remarks

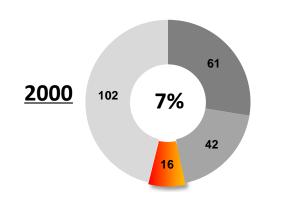


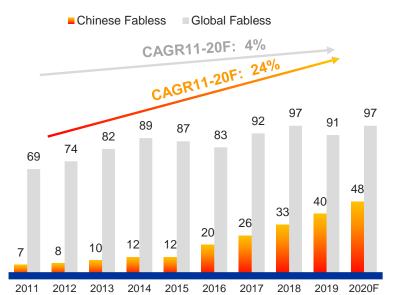


RAPID GROWTH OF THE CHINA IC MARKET





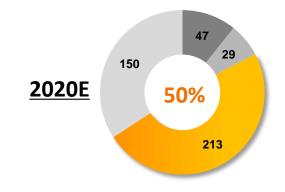




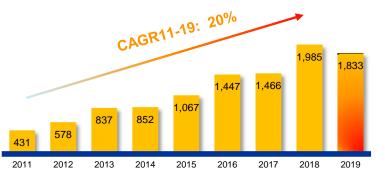
Chinese Fabless Market Growth (US\$bn)



IC Design
IC Manufactory
IC Packaging and Testing
85733
66417
59013
3952 4051
209
2023F



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



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



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

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

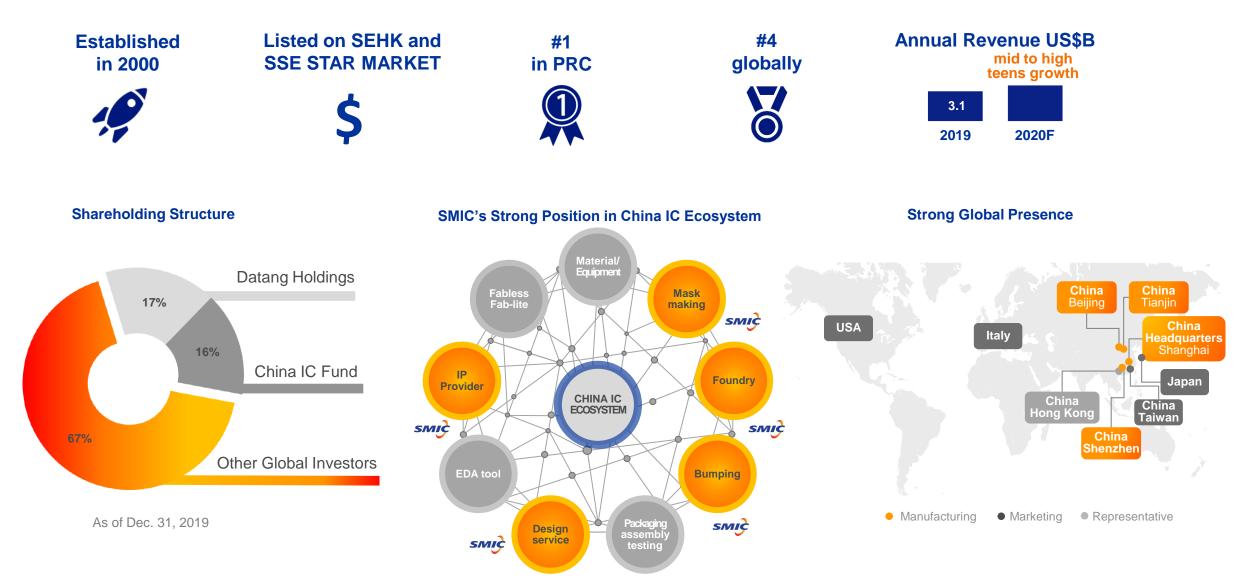
SMIC Presentation







SMIC: LARGEST AND MOST ADVANCED IC FOUNDRY IN PRC

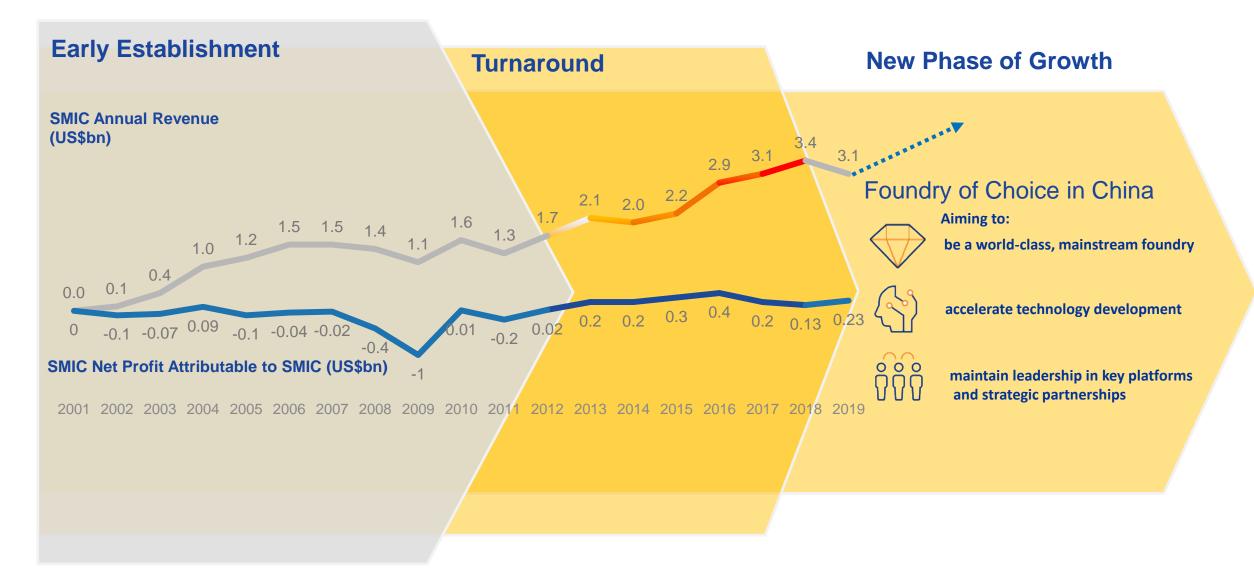


SMIC

6



BECOMING FUNDAMENTALLY SOLID, RETURNING TO STRONG GROWTH



7



SMIC FAMILY OF IC MANUFACTURING



SMIC Presentation



I. Market Opportunity

II. SMIC Introduction III. SMIC Performance

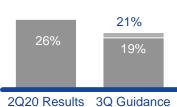
IV. Strategies for Growth V. Concluding Remarks



FINANCIAL SUMMARY – 2Q 2020



Gross Margin



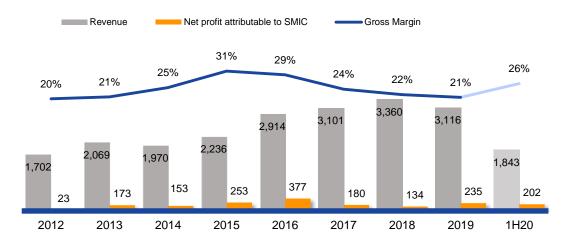
Non-IFRS Opex (US\$mm)



Non-controlling interests (US\$mm)

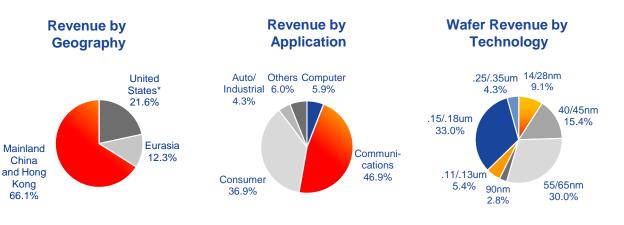


Revenue and Profitability (US\$mm)



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

Diversified Revenue Sources – 20 20



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

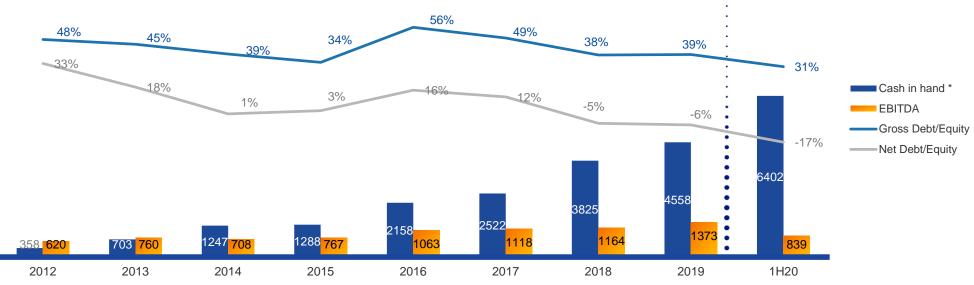
Kong



CAPEX, EBITDA, AND CASH LEVELS



Cash and EBITDA (US\$mm)

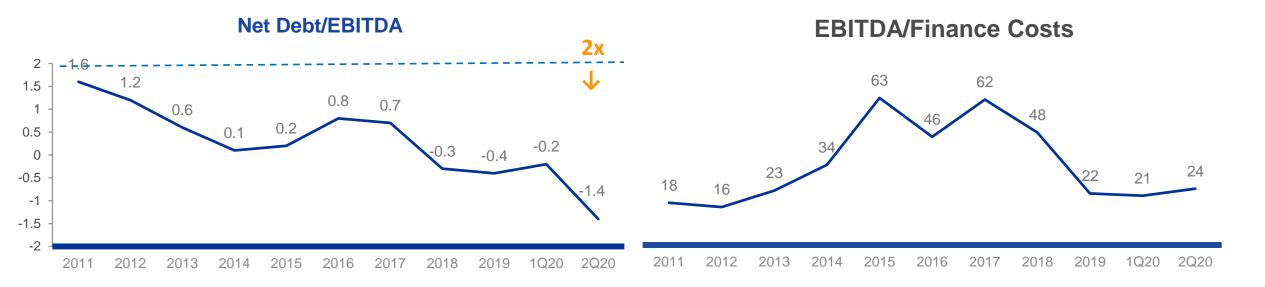


* Cash in hand includes cash and cash equivalent plus current financial assets and excludes restricted cash.

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



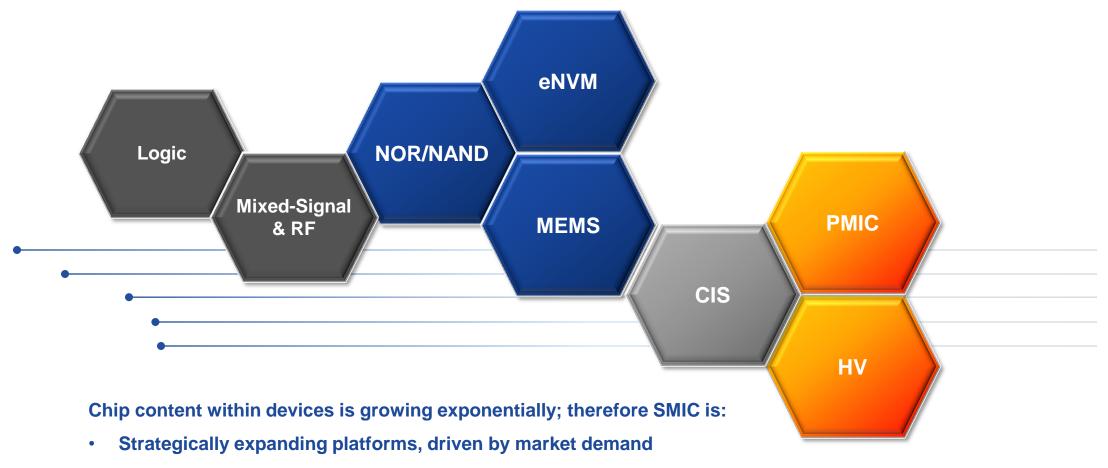


IV. V. Н. Ш. . Strategies for SMIC SMIC Concluding Market **Opportunity** Growth Introduction Performance Remarks





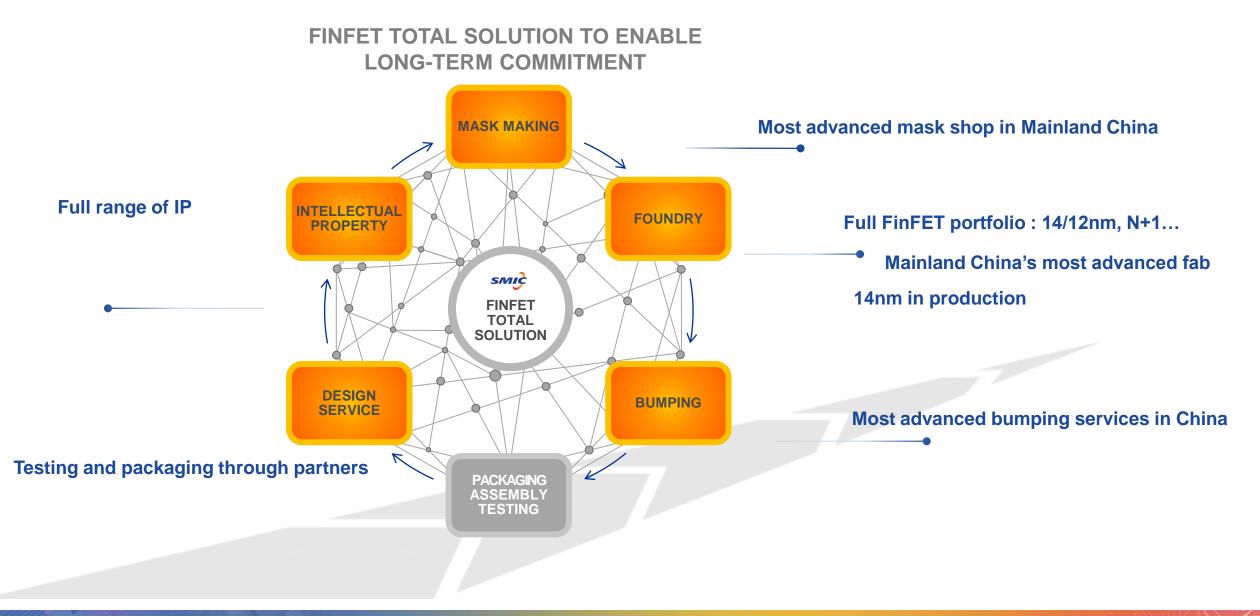
PLATFORM STRATEGY DRIVING DIVERSIFIED GROWTH AND LOADING



SMIC

- Continuously innovating product platforms to drive growth
- Maintaining leadership in CIS, PMIC, and others

NEW FINFET ERA WITH TOTAL SOLUTION STRATEGY



BUSINESS OPPORTUNITIES

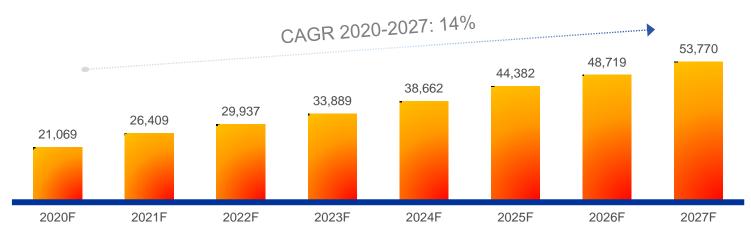




To best serve customers, SMIC is expanding its FinFET product portfolio with various applications under development



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



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



I. Market Opportunity Intr

II. SMIC Introduction III. SMIC Performance IV. Strategies for Growth V. Concluding Remarks



AIMING TO BE A WORLD-CLASS FOUNDRY



Execution

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

SMIC

Technology

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

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

Positioning

- Largest and most advanced foundry in Mainland China
- Preferred partner in the China semi ecosystem



Thank You

Contact us: ir@smics.com



