



SMIC Q4 2020

Financial Presentation

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SMIC Investor Relations

February 2021

Forward-Looking Statements

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About Non-\$

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 presentation.

4Q20 Financial Highlights

Revenue was \$981 million

Down 9.4% QoQ, compared to \$1,083 million in 3Q20

Up 16.9% YoY, compared to \$839 million in 4Q19

Gross margin was 18.0%

Compared to 24.2% in 3Q20

Compared to 23.8% in 4Q19

Profit attributable to SMIC was \$257 million, a record high

Compared to \$256 million in 3Q20

Compared to \$89 million in 4Q19

EBITDA was \$631 million

Compared to \$653 million in 3Q20

Compared to \$390 million in 4Q19

\$15.0 billion cash on hand

Compared to \$13.9 billion in 3Q20

Compared to \$5.4 billion in 4Q19

2020 Financial Highlights (unaudited)

Revenue was \$3.91 billion, a record high

Compared to \$3.12 billion in 2019

Gross profit was \$921 million, a record high

Compared to \$642 million in 2019

Gross margin was 23.6%

Compared to 20.6% in 2019

Profit attributable to SMIC was \$716 million, a record high

Compared to \$235 million in 2019

EBITDA was \$2.12 billion, a record high

Compared to \$1.37 billion in 2019

Income Statement Highlights

| (US\$ thousands) | 4Q20 | 3Q20 | QoQ | 4Q19 | YoY |
|---|------------------|------------------|---------------|------------------|---------------|
| Total Revenue | 981,095 | 1,082,505 | -9.4% | 839,439 | 16.9% |
| Gross Profit | 176,762 | 261,977 | -32.5% | 199,416 | -11.4% |
| Gross Margin | 18.0% | 24.2% | - | 23.8% | - |
| Operating Expenses | (159,513) | (79,287) | 101.2% | (179,271) | -11.0% |
| <i>Research & Development</i> | <i>(194,408)</i> | <i>(158,520)</i> | <i>22.6%</i> | <i>(169,871)</i> | <i>14.4%</i> |
| <i>General & Administrative</i> | <i>(75,794)</i> | <i>(56,970)</i> | <i>33.0%</i> | <i>(77,157)</i> | <i>-1.8%</i> |
| <i>Selling & Marketing</i> | <i>(12,081)</i> | <i>(6,472)</i> | <i>86.7%</i> | <i>(5,273)</i> | <i>129.1%</i> |
| <i>Other operating income</i> | <i>123,982</i> | <i>140,840</i> | <i>-12.0%</i> | <i>70,649</i> | <i>75.5%</i> |
| Profit (loss) from operations | 17,249 | 182,690 | -90.6% | 20,145 | -14.4% |
| Other income (expense), net | 228,353 | 101,793 | 124.3% | 67,395 | 238.8% |
| Income tax benefit (expense) | (16,982) | (20,959) | -19.0% | (11,866) | 43.1% |
| Profit (loss) attributable to SMIC | 257,038 | 256,379 | 0.3% | 88,735 | 189.7% |
| Non-controlling Interests | (28,418) | 7,145 | - | (13,061) | 117.6% |
| Earnings per ADS (Basic) | 0.17 | 0.18 | | 0.08 | |

Revenue was \$981.1 million in 4Q20, compared to \$1,082.5 million in 3Q20. Revenue changed mainly due to the decrease in wafer shipment and other revenue in 4Q20. **Research and development** increased to \$194.4 million in 4Q20, compared to \$158.5 million in 3Q20. The change was mainly due to higher level of R&D activities in 4Q20.

General and administrative expenses increased by 33.0% to \$75.8 million in 4Q20, compared to \$57.0 million in 3Q20. The change was mainly due to the increase in the government tax surcharges and accrued employee bonus in 4Q20.

The change in **other operating income** mainly due to the income recognized in relation to government funding of \$125.0 million in 4Q20, compared to \$137.8 million in 3Q20.

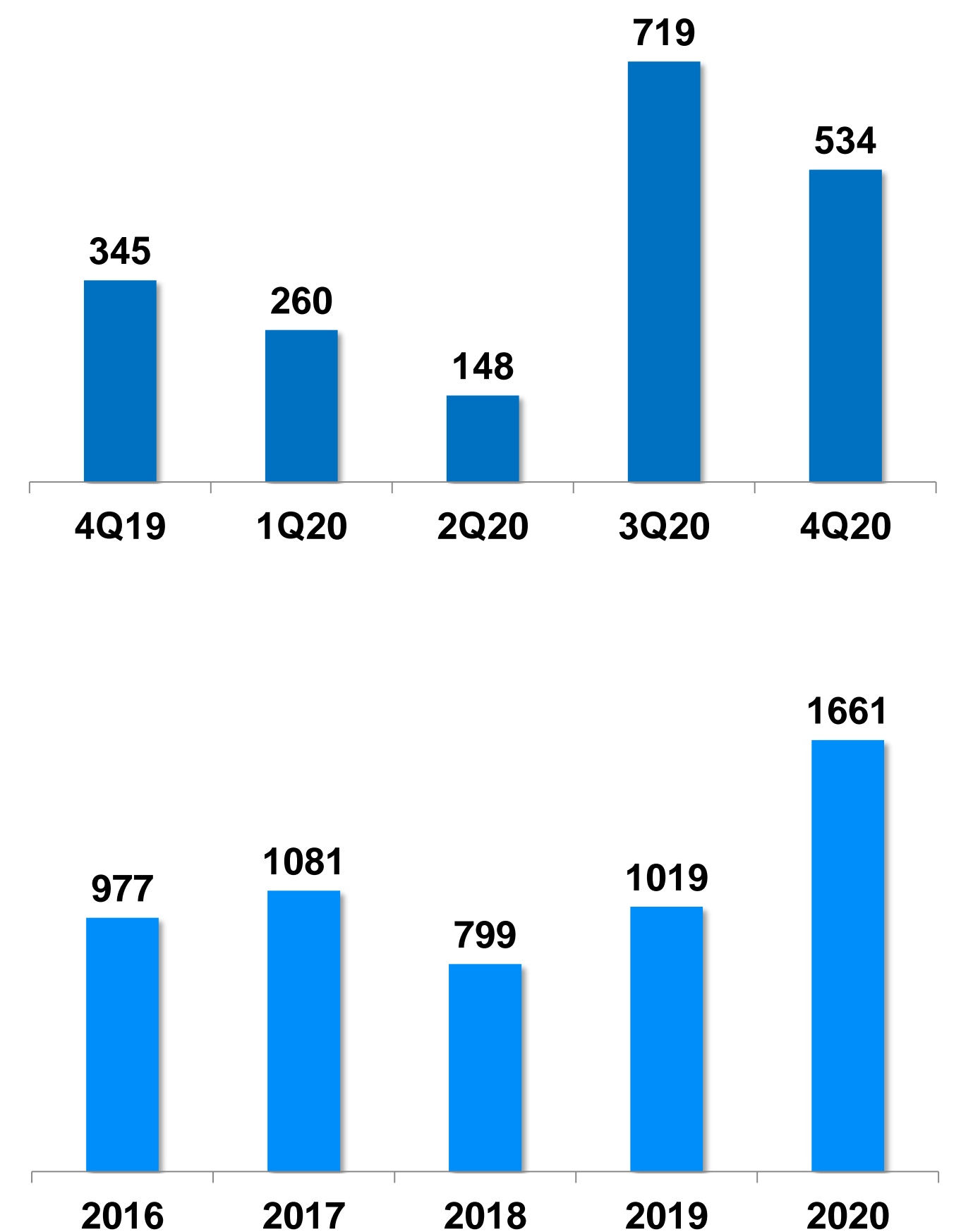
Balance Sheet Highlights

| (US\$ thousands) | As of | |
|---|--------------------|--------------------|
| | Dec 31, 2020 | Sept 30, 2020 |
| Cash and cash equivalent | 9,826,537 | 8,619,395 |
| Restricted Cash-Current | 575,258 | 438,583 |
| Financial assets at amortized cost -Current | 2,806,517 | 2,938,086 |
| Trade and other receivables | 975,927 | 1,115,825 |
| Inventories | 798,776 | 647,625 |
| Assets classified as held-for-sales | 23,796 | 4,729 |
| Other Assets | 16,313,764 | 15,222,036 |
| Total Assets | 31,320,575 | 28,986,279 |
| Borrowings-Current | 1,239,996 | 1,082,866 |
| Borrowings-Non-current | 4,050,837 | 2,084,253 |
| Lease Liabilities | 245,270 | 268,791 |
| Medium-term notes | 229,217 | 219,567 |
| Convertible bonds | 11,131 | 15,403 |
| Bonds payable | 596,966 | 596,795 |
| Total Debt | 6,373,417 | 4,267,675 |
| Net Debt | (8,585,093) | (9,629,709) |
| Total Liabilities | 9,638,837 | 7,948,705 |
| Total Equity | 21,681,738 | 21,037,574 |
| Total Debt/Equity Ratio | 29.4% | 20.3% |
| Net debt/Equity Ratio | -39.6% | -45.8% |

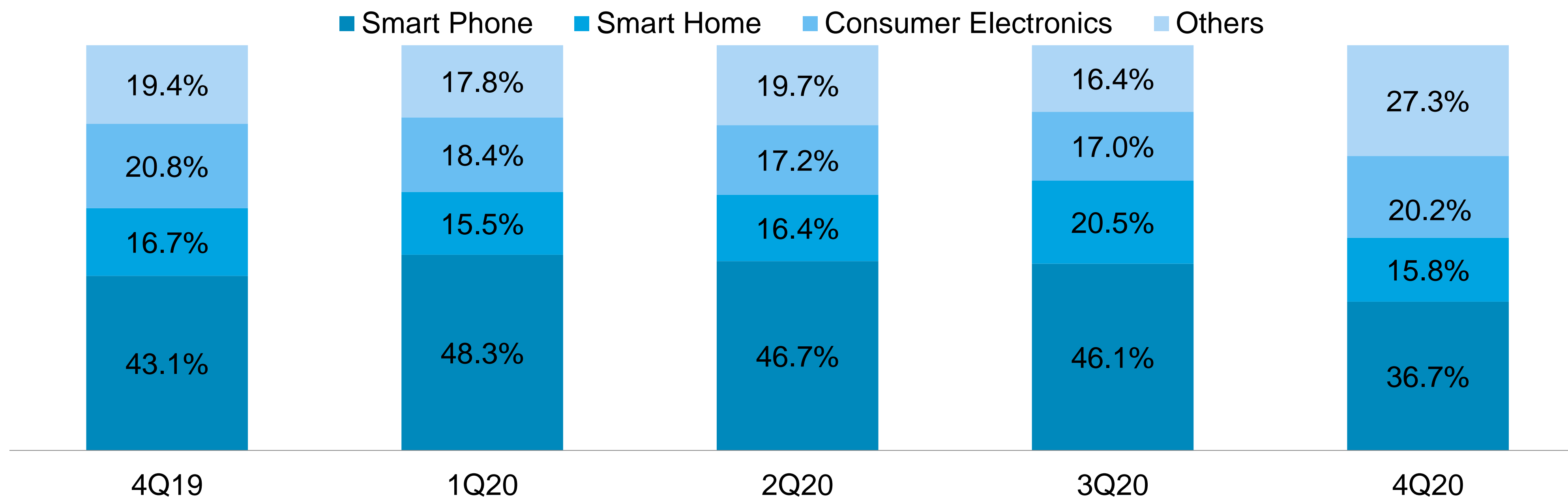
Cash Flow Highlights

| <i>(US\$ thousands)</i> | For the three months ended | |
|---|----------------------------|---------------|
| | Dec 31, 2020 | Sept 30, 2020 |
| Cash and cash equivalent, beginning of period | 8,619,395 | 3,130,068 |
| Net cash from operating activities | 533,712 | 719,150 |
| Net cash used in investing activities | (1,674,680) | (3,332,124) |
| Net cash from (used in) financing activities | 2,170,831 | 7,964,151 |
| Net increase (decrease) in cash and cash equivalent | 1,207,142 | 5,489,327 |
| Cash and cash equivalent, end of period | 9,826,537 | 8,619,395 |

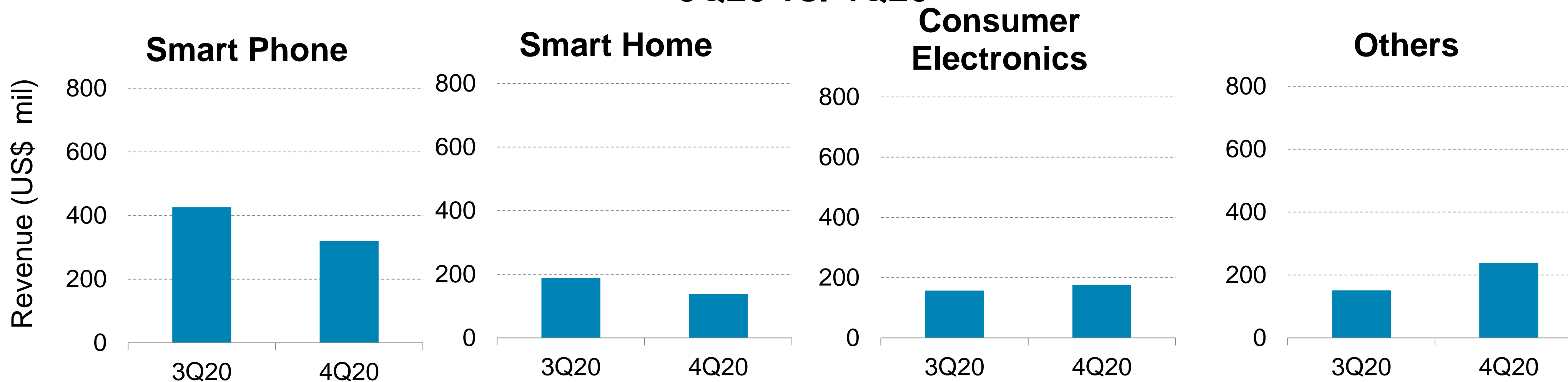
Cash Flow from Operations *(US\$ millions)*



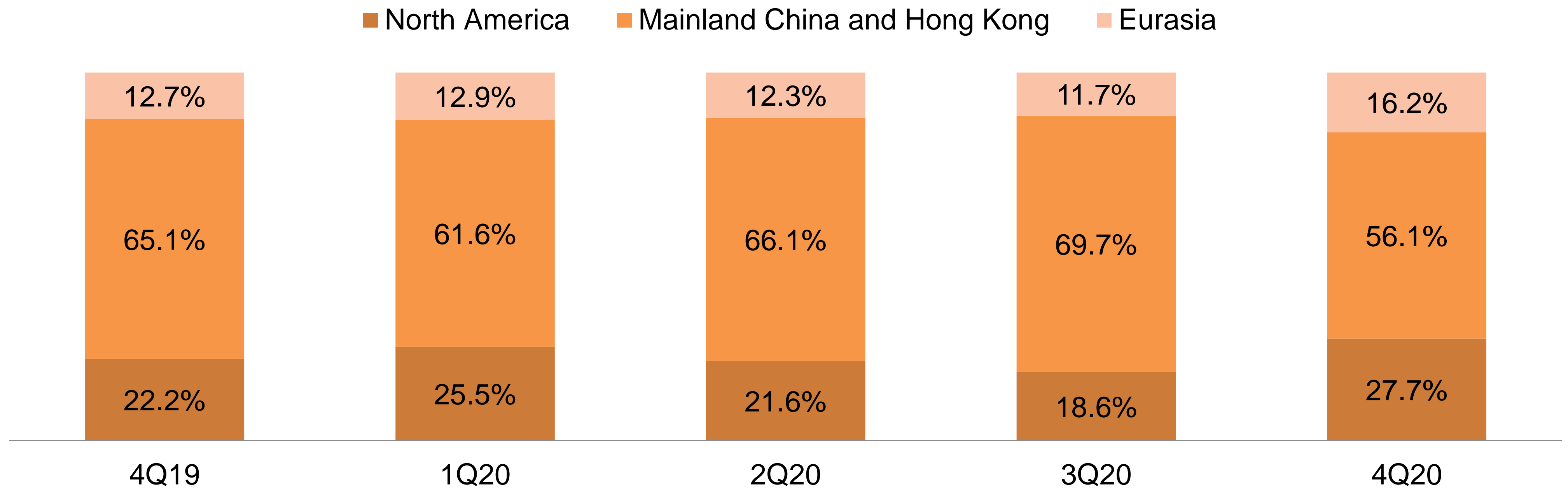
Wafer Revenue Breakdown by Application



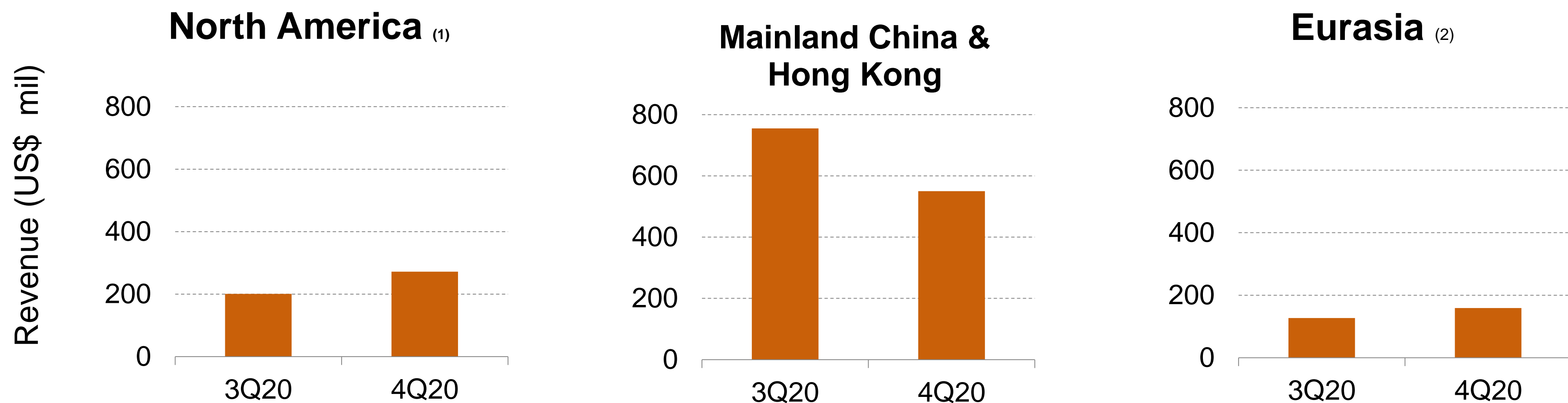
3Q20 vs. 4Q20



Total Revenue Breakdown by Geography



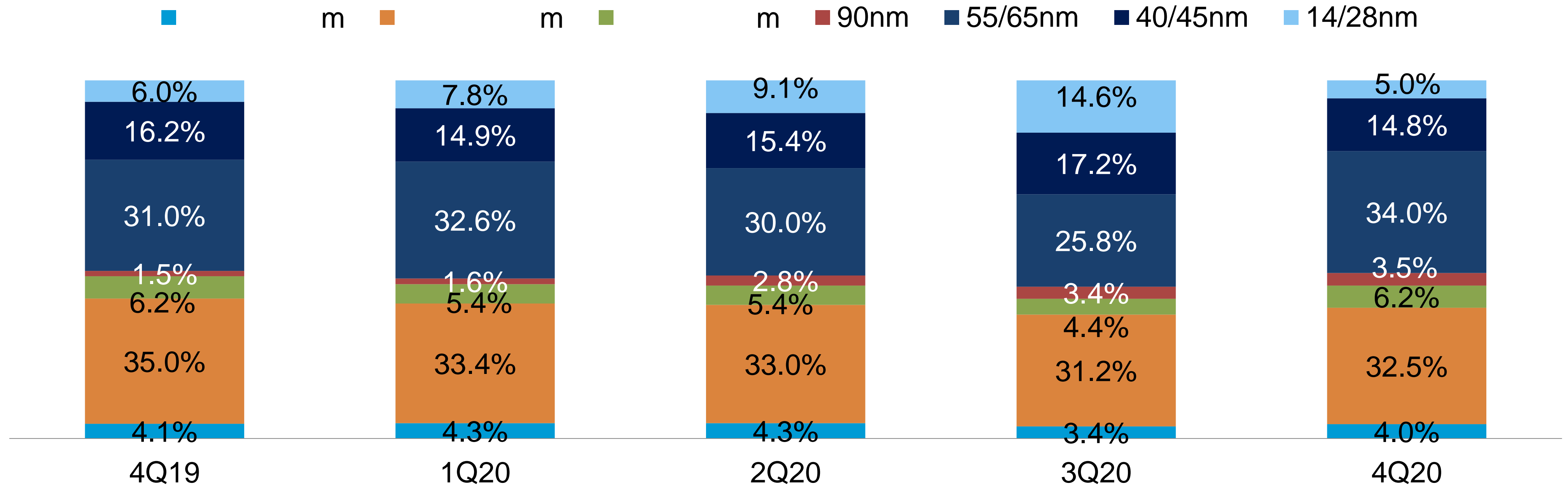
3Q20 vs. 4Q20



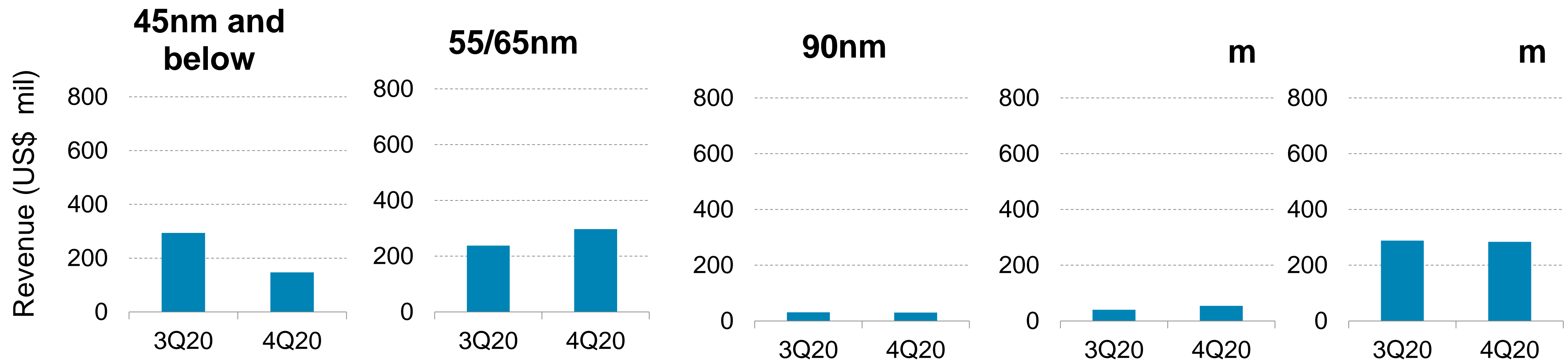
(1) Presenting the Revenue to those companies whose headquarters are in the United States, but ultimately selling and shipping the products to their global customers.

(2) Excluding Mainland China and Hong Kong.

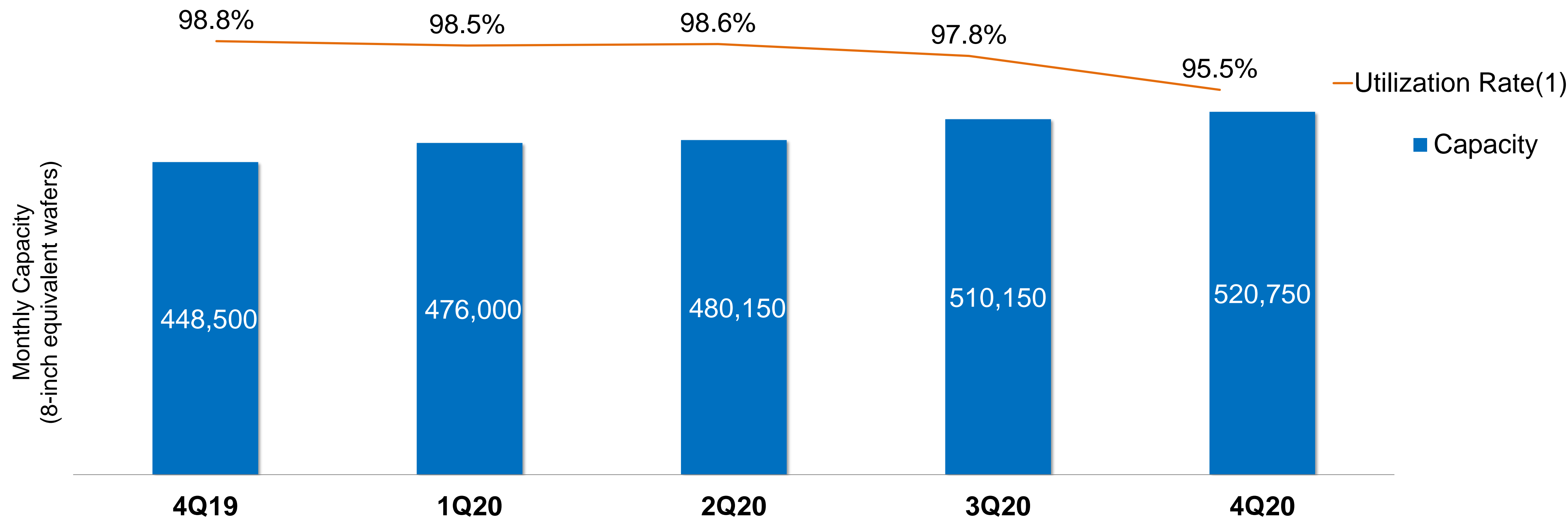
Wafer Revenue Breakdown by Technology



3Q20 vs. 4Q20



Capacity, Utilization and Shipment



| | 4Q19 | 1Q20 | 2Q20 | 3Q20 | 4Q20 |
|-----------------|-----------|-----------|-----------|-----------|-----------|
| Wafer Shipments | 1,339,400 | 1,406,714 | 1,435,591 | 1,440,531 | 1,415,788 |

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

1Q 2021 Guidance and 2021 Capex Guidance

| | 1Q 2021 Guidance | 2021 Capex ⁽¹⁾ |
|--------------|------------------|---------------------------|
| Revenue | +7% to +9% QoQ | |
| Gross Margin | 17% to 19% | \$4.3B |

(1) The planned 2021 capital expenditures are approximately \$4.3 billion, in which majority is for non-FinFET capacity expansion, and remaining for FinFET, the infrastructure of the new Beijing JV project, and etc.

Appendix

Results vs Original Guidance





Thank You!

Contact us: ir@smics.com