

SMIC Q4 2023

Financial Presentation

February 2024

Forward-Looking Statements

This presentation 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

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 cyclicalities and market conditions in the semiconductor industry, intense

4Q23 Financial Highlights (unaudited)

- **Revenue was \$1,678 million**

 - Up 3.6% QoQ from \$1,621 million in 3Q23

 - Up 3.5% YoY from \$1,621 million in 4Q22

- **Gross margin was 16.4%**

 - Compared to 19.8% in 3Q23

 - Compared to 32.0% in 4Q22

- **Profit from operations was \$107 million**

 - Compared to \$87 million in 3Q23

 - Compared to \$282 million in 4Q22

- **Profit attributable to SMIC was \$175 million**

 - Compared to \$94 million in 3Q23

 - Compared to \$386 million in 4Q22

- **EBITDA was \$1,011 million**

 - Compared to \$901 million in 3Q23

 - Compared to \$1,063 million in 4Q22



Income Statement

| (US\$ thousands) | 4Q23 | 3Q23 | QoQ | 4Q22 | YoY |
|---|------------------|------------------|---------------|------------------|---------------|
| Revenue | 1,678,299 | 1,620,577 | 3.6% | 1,621,270 | 3.5% |
| Gross profit | 274,955 | 321,620 | -14.5% | 518,689 | -47.0% |
| Gross margin | 16.4% | 19.8% | | 32.0% | |
| Operating income(expenses) | (167,677) | (234,232) | -28.4% | (236,343) | -29.1% |
| <i>Research & Development</i> | <i>(189,138)</i> | <i>(172,836)</i> | <i>9.4%</i> | <i>(197,455)</i> | <i>-4.2%</i> |
| <i>General & Administrative</i> | <i>(147,821)</i> | <i>(128,128)</i> | <i>15.4%</i> | <i>(127,338)</i> | <i>16.1%</i> |
| <i>Selling & Marketing</i> | <i>(9,348)</i> | <i>(9,454)</i> | <i>-1.1%</i> | <i>(7,850)</i> | <i>19.1%</i> |
| <i>Other operating income</i> | <i>177,640</i> | <i>75,691</i> | <i>134.7%</i> | <i>96,917</i> | <i>83.3%</i> |
| Profit from operations | 107,278 | 87,388 | 22.8% | 282,346 | -62.0% |
| Other income, net | 140,703 | 80,426 | 74.9% | 136,777 | 2.9% |
| Income tax credit (expense) | (10,713) | (11,438) | -6.3% | 6,351 | N/A |
| Profit (loss) attributable to SMIC | 174,678 | 93,984 | 85.9% | 385,534 | -54.7% |
| Profit (loss) attributable to Non-controlling interests | 62,590 | 62,392 | 0.3% | 39,940 | 56.7% |

- **Revenue** was \$1,678.3 million in 4Q23, an increase of 3.6% QoQ from \$1,620.6 million in 3Q23. The rise was mainly due to the increase in wafer shipment in 4Q23.
- **General and administrative expenses** increased to \$147.8 million in 4Q23 from \$128.1 million in 3Q23. The change was mainly due to the increase in new fab start-up costs in 4Q23.

Capital Structure

| (US\$ thousands) | As of | |
|--|-------------------|-------------------|
| | Dec 31, 2023 | Sep 30, 2023 |
| Cash and cash equivalents | 6,215,058 | 6,953,613 |
| Restricted cash | 435,607 | 403,692 |
| Financial assets at fair value through profit or loss - current ⁽¹⁾ | 214,629 | 145,378 |
| Financial assets at amortised cost ⁽²⁾ | 9,840,224 | 9,854,698 |
| Total cash on hand | 16,705,518 | 17,357,381 |
| Borrowings - current | 1,216,283 | 2,254,605 |
| Borrowings - non-current | 8,334,648 | 6,715,297 |
| Lease liabilities | 58,620 | 66,652 |
| Bonds payable | 599,115 | 598,929 |
| Total debt | 10,208,666 | 9,635,483 |
| Net debt ⁽³⁾ | (6,496,852) | (7,721,898) |
| Equity | 30,845,616 | 30,583,968 |
| Debt to equity ratio ⁽⁴⁾ | 33.1% | 31.5% |
| Net debt to equity ratio ⁽⁵⁾ | -21.1% | -25.2% |

(1) Mainly contain structural deposits and monetary funds.

(2) Mainly contain bank deposits over 3 months.

(3) Total debt minus total cash on hand.

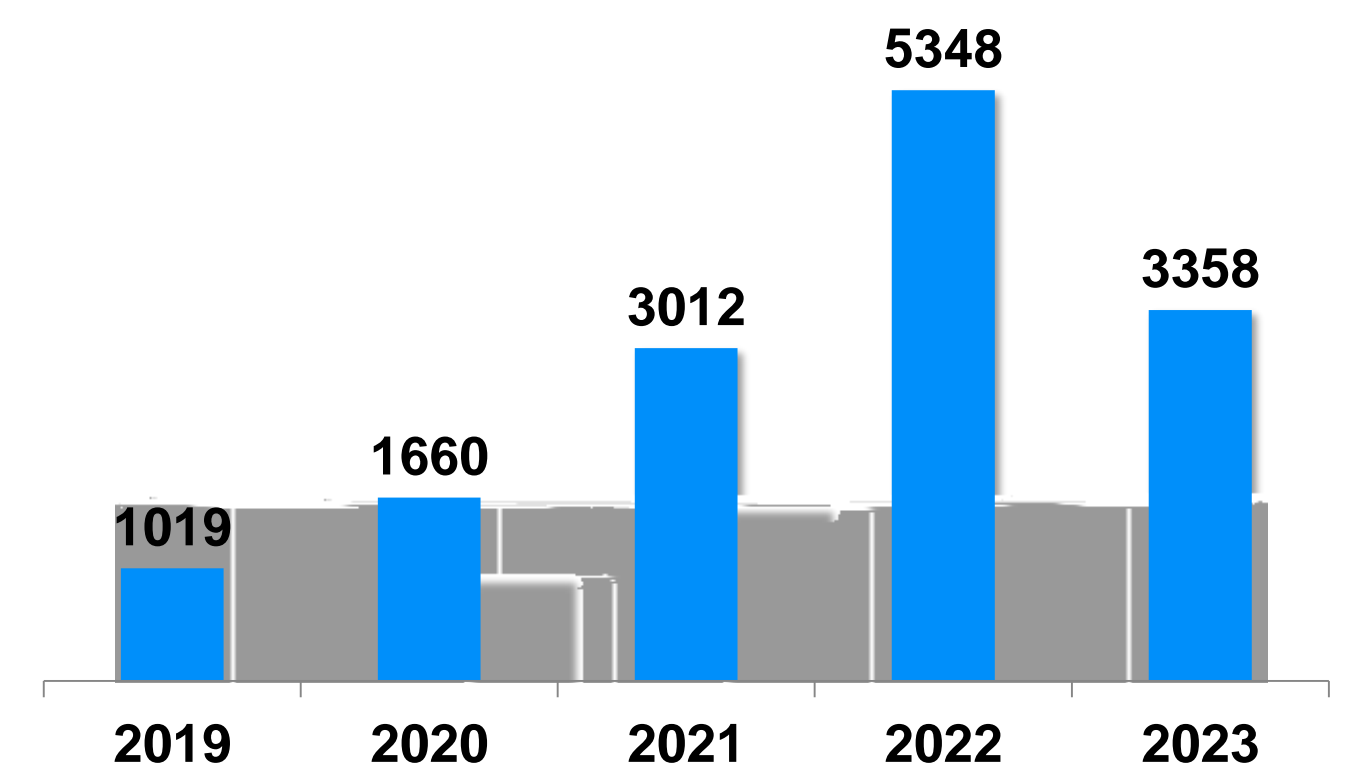
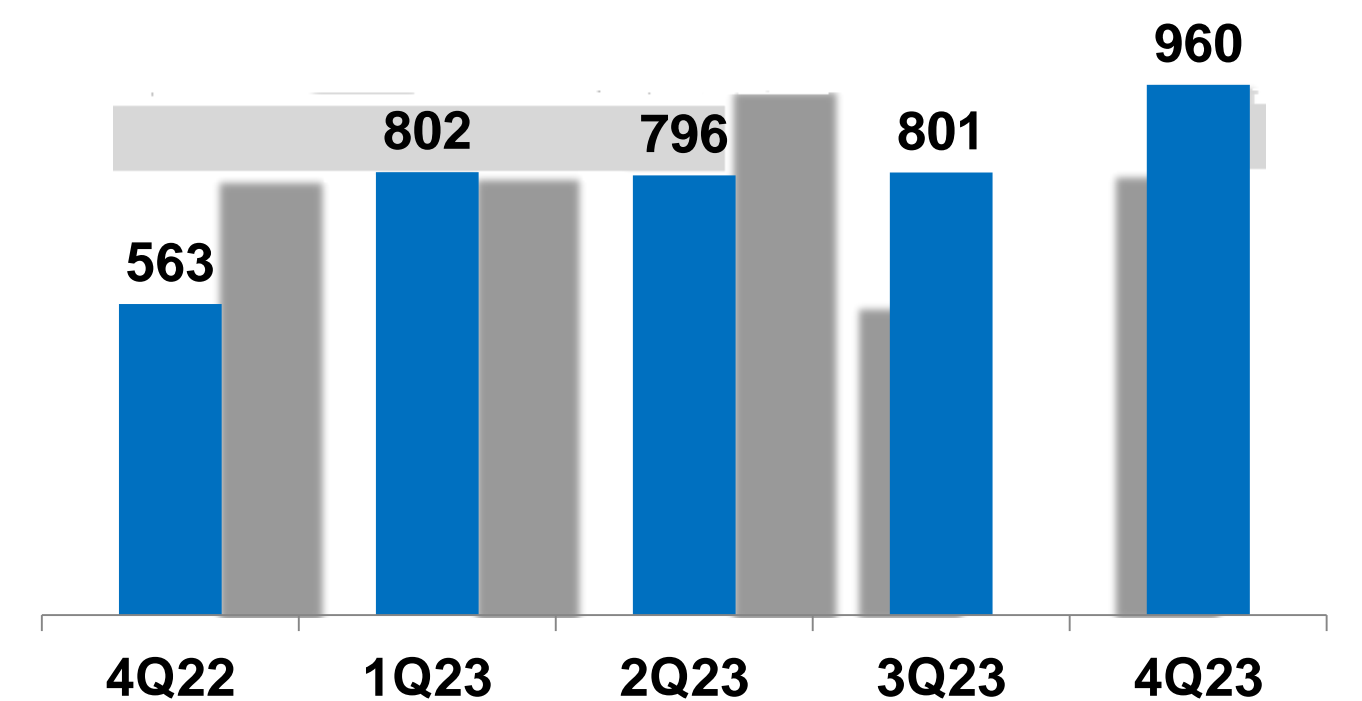
(4) Total debt divided by equity.

(5) Net debt divided by equity.

Cash Flow

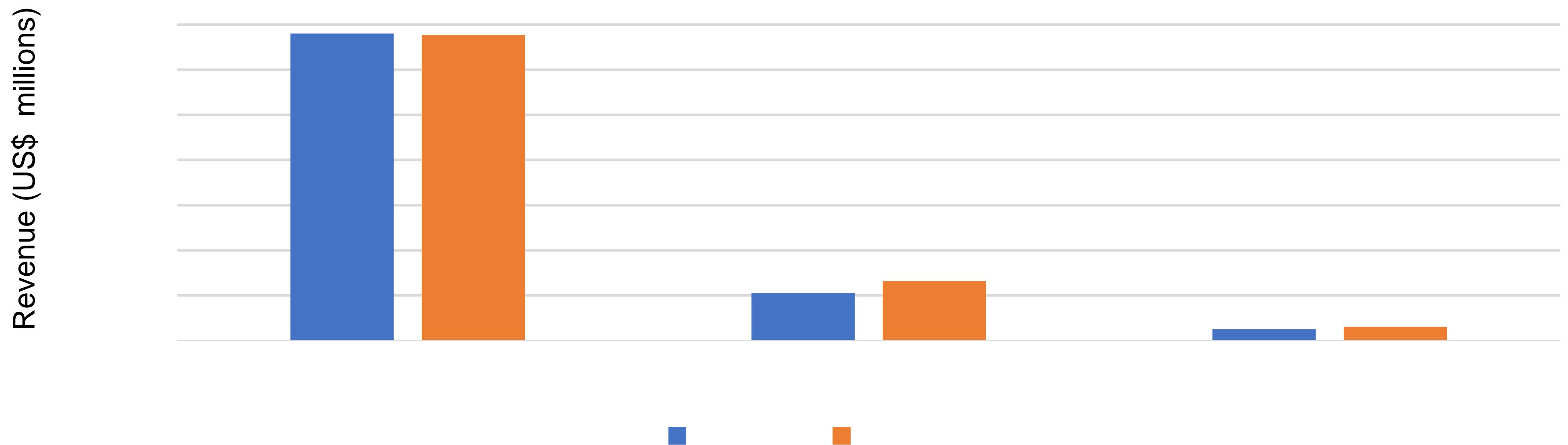
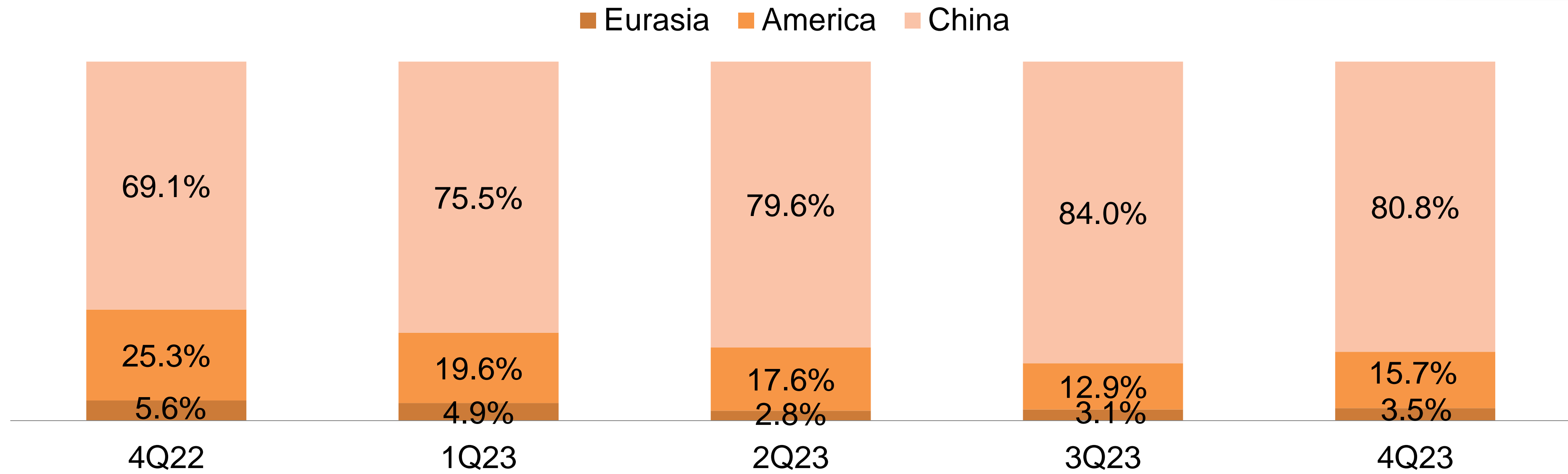
| (US\$ thousands) | For the three months ended | |
|--|----------------------------|--------------|
| | Dec 31, 2023 | Sep 30, 2023 |
| Cash and cash equivalents, beginning of the period | 6,953,613 | 7,559,268 |
| Net cash generated from operating activities | 959,888 | 800,701 |
| Net cash (used in)/generated from investing activities | (2,171,391) | (1,710,713) |
| Net cash generated from financing activities | 483,441 | 358,107 |
| Net (decrease)/increase in cash and cash equivalents | (738,555) | (605,655) |
| Cash and cash equivalents, end of the period | 6,215,058 | 6,953,613 |

Net cash generated from operating activities (US\$ millions)



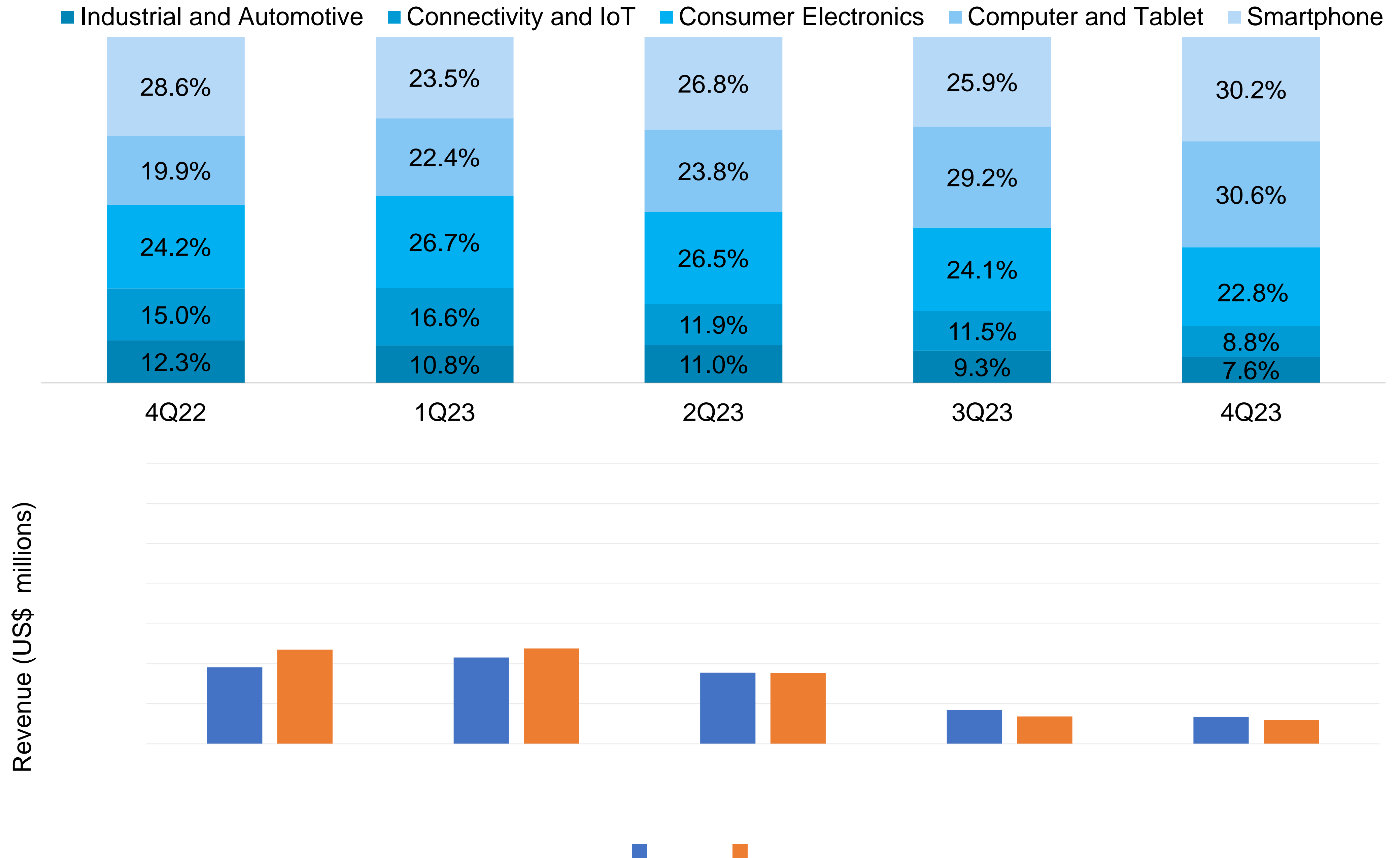
(unaudited)

Total Revenue By Geography⁽¹⁾

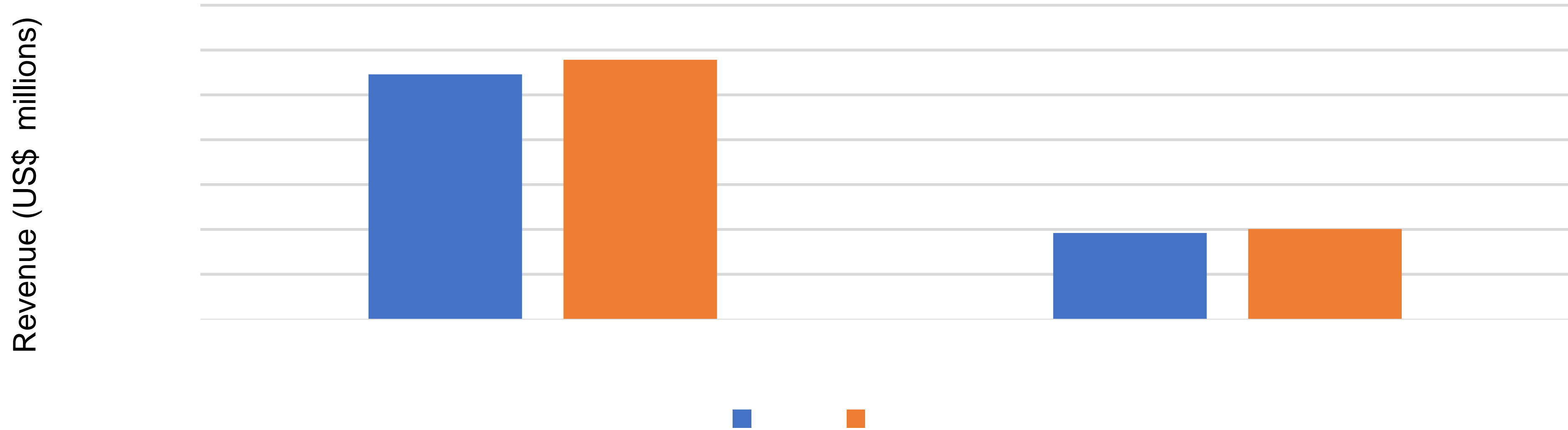
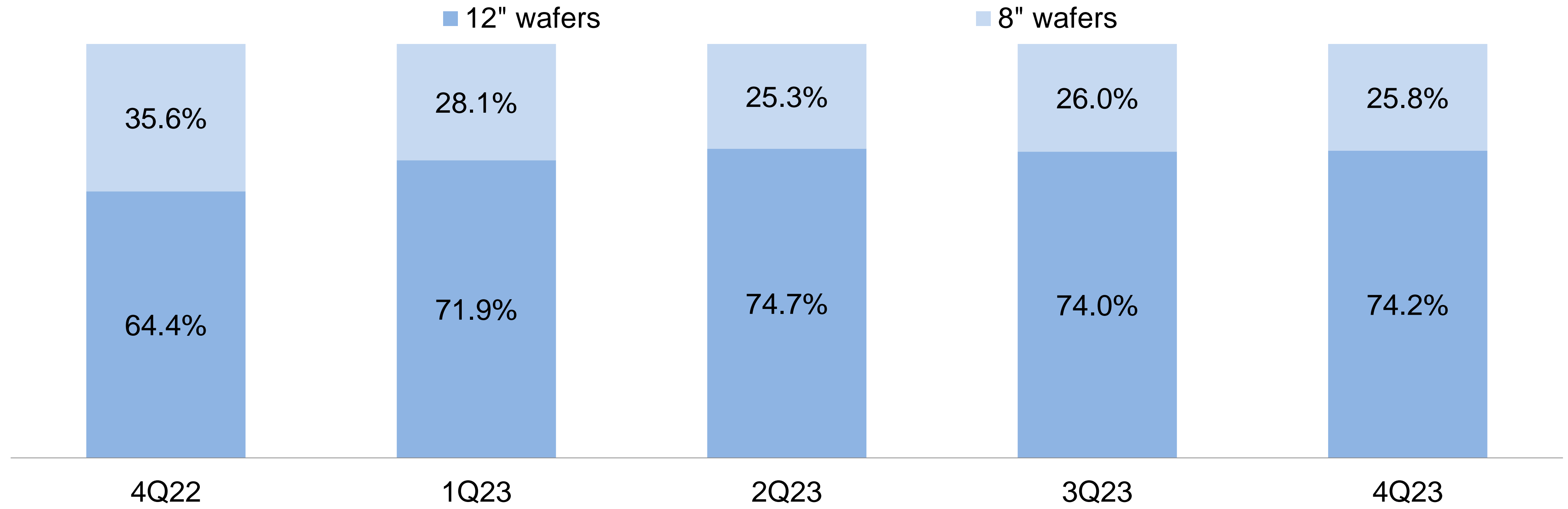


(1) Presenting the revenue from those companies whose headquarters are in this area, but ultimately selling and shipping the products to their global customers.

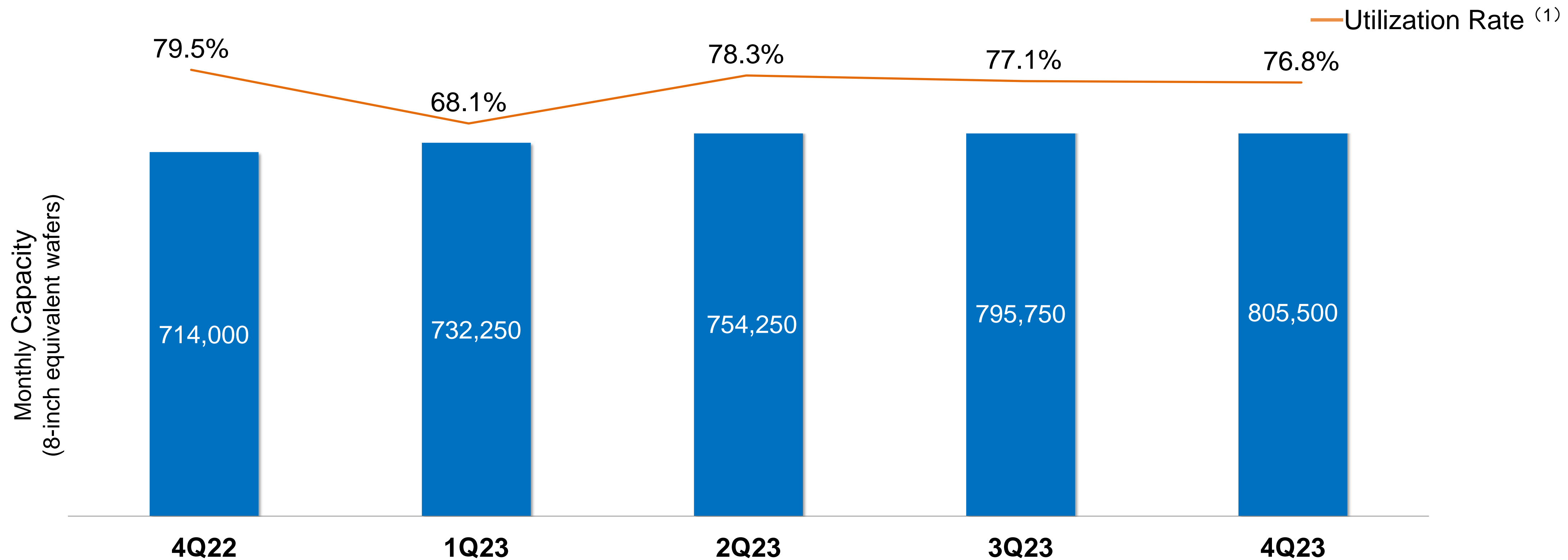
Wafer Revenue By Application



Wafer Revenue By Size



Capacity, Utilization and Shipment



| | 4Q22 | 1Q23 | 2Q23 | 3Q23 | 4Q23 |
|-----------------|-----------|-----------|-----------|-----------|-----------|
| Wafer Shipments | 1,574,068 | 1,251,715 | 1,403,121 | 1,536,845 | 1,675,002 |

(1) Capacity utilization rate is reported based on

1Q 2024 Guidance

| 1Q 2024 Guidance | |
|------------------|-----------------|
| Revenue | flat to +2% QoQ |
| Gross Margin | 9% to 11% |

2024 Guidance

Revenue

The revenue growth is expected to be not less than industry average in the same markets and around mid-single-digit percentage year-over-year.

Capex

Roughly flat compared to 2023

Appendix

4Q Results vs Guidance

| | 4Q 2023 Guidance | 4Q 2023 Results |
|---------------------|------------------|-----------------|
| Revenue | +1% to +3% QoQ | +3.6% QoQ |
| Gross Margin | 16% to 18% | 16.4% |

Capital Expenditure & Depreciation (unaudited)

| (US\$ millions) | 1Q23 | 2Q23 | 3Q23 | 4Q23 | 2023 |
|--|-------|-------|-------|-------|-------|
| Capital Expenditure | 1,259 | 1,732 | 2,135 | 2,341 | 7,466 |
| Depreciation & Amortization | 631 | 656 | 679 | 700 | 2,667 |

Thank You!

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