



# SMIC Q3 2019 Financial Presentation

HKSE: 981 OTCQX: SMICY

SMIC Investor Relations

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# Forward-Looking Statements

This presentation contains, in addition to historical information, forward-looking statements. These forward-looking statements, including

-Chief

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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") 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.

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.

# 3Q19 Financial Highlights

## Revenue was \$816 million

Up 3.2% QoQ, compared to \$791 million in 2Q19

Down 4.0% YoY, compared to \$851 million in 3Q18

Excluding the contribution from the Avezzano fab, revenue was \$803 million, up 6.1% QoQ, compared to \$757 million in 2Q19

## Gross margin was 20.8%

Compared to 19.1% in 2Q19

Compared to 20.5% in 3Q18

Excluding the contribution from the Avezzano fab, gross margin was 21.1% in 3Q19, compared to 20.8% in 2Q19

## Profit attributable to SMIC was \$115 million

Compared to \$19 million in 2Q19

Compared to \$27 million in 3Q18

## \$3.8 billion cash on hand, including financial assets

Compared to \$3.7 billion in 2Q19

Compared to \$3.0 billion in 3Q18

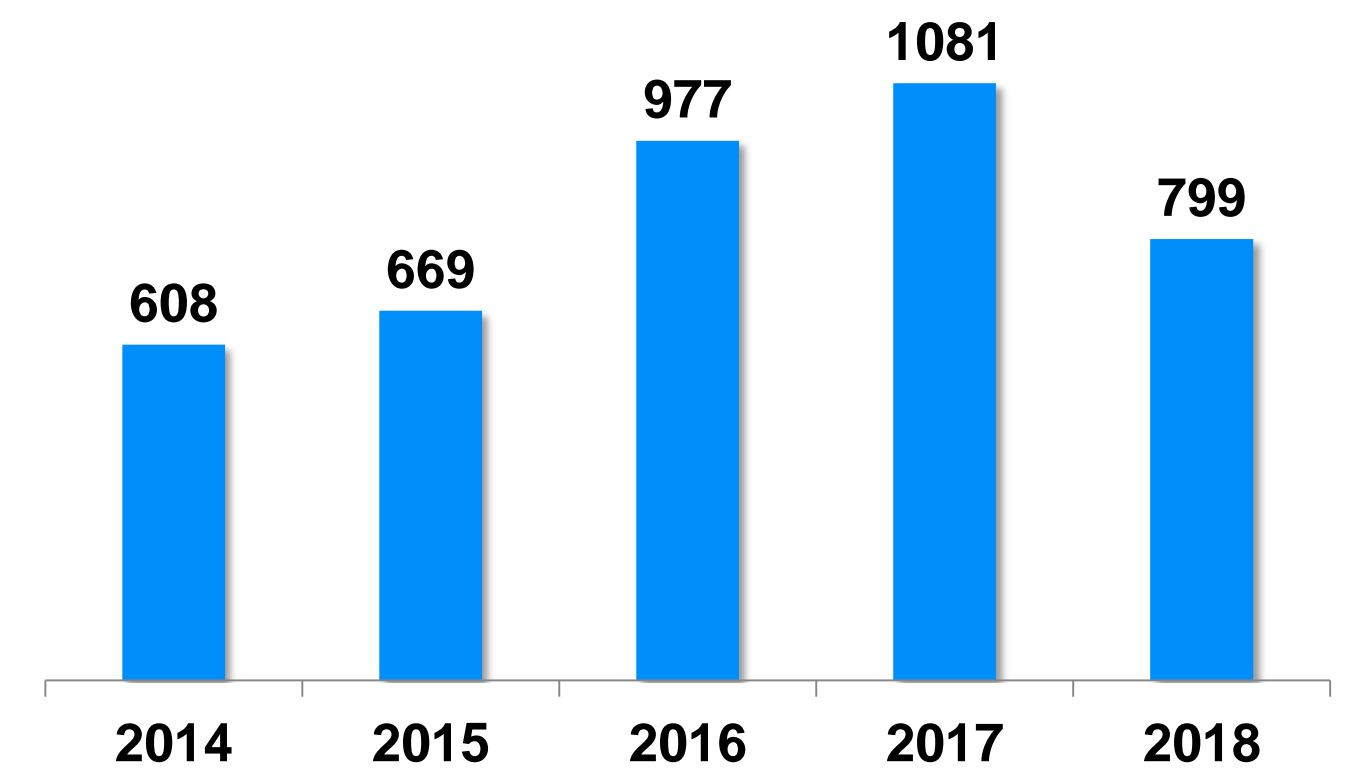
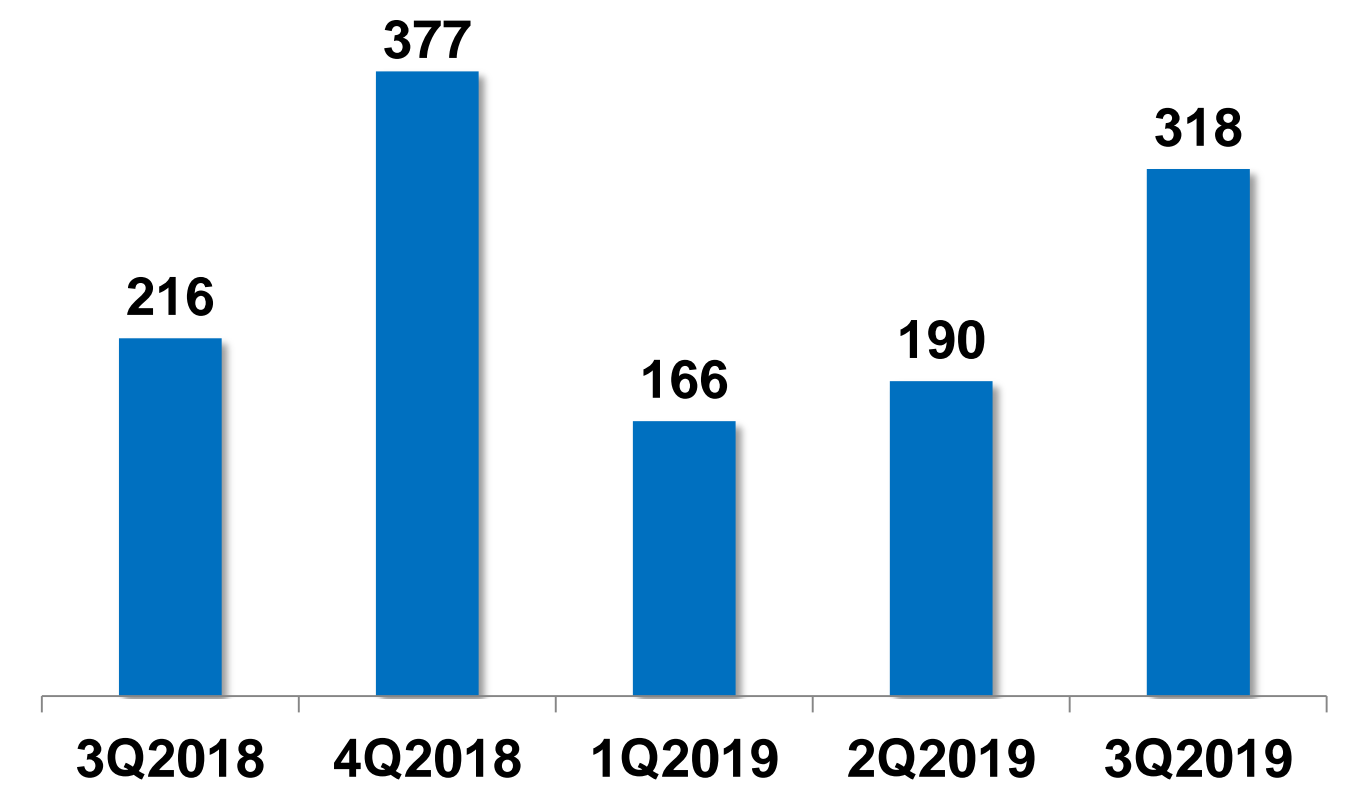




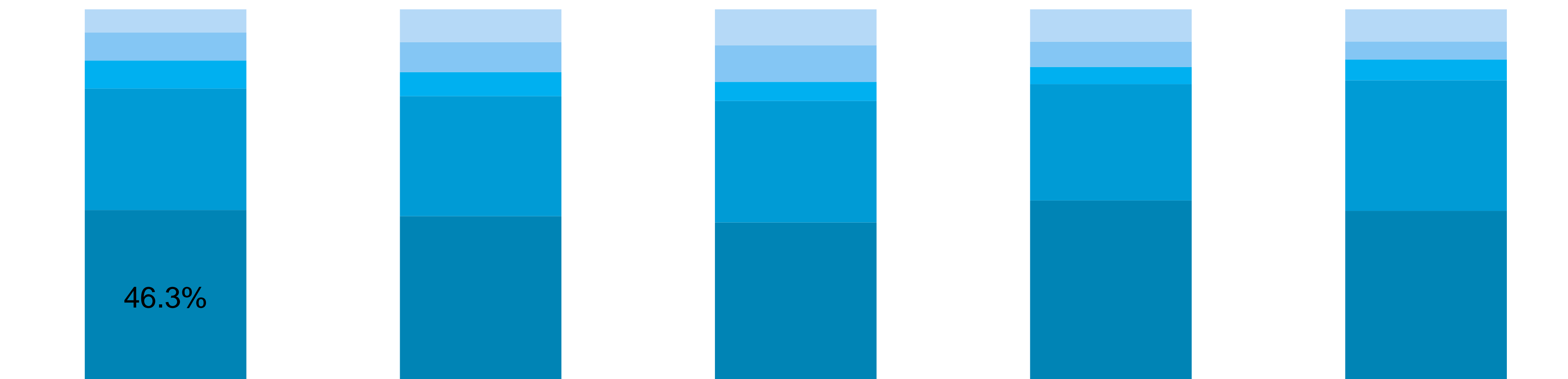
# Cash Flow Highlights

<i>(US\$ thousands)</i>	For the three months ended	
	Sep 30, 2019	Jun 30, 2019
Cash and cash equivalent, beginning of period	1,518,578	1,370,041
Net cash from operating activities	317,765	190,105
Net cash used in investing activities	(367,320)	(990,060)
Net cash from (used in) financing activities	(264,235)	974,010
Net increase (decrease) in cash and cash equivalent	(336,099)	148,537
Cash and cash equivalent, end of period	1,182,479	1,518,578

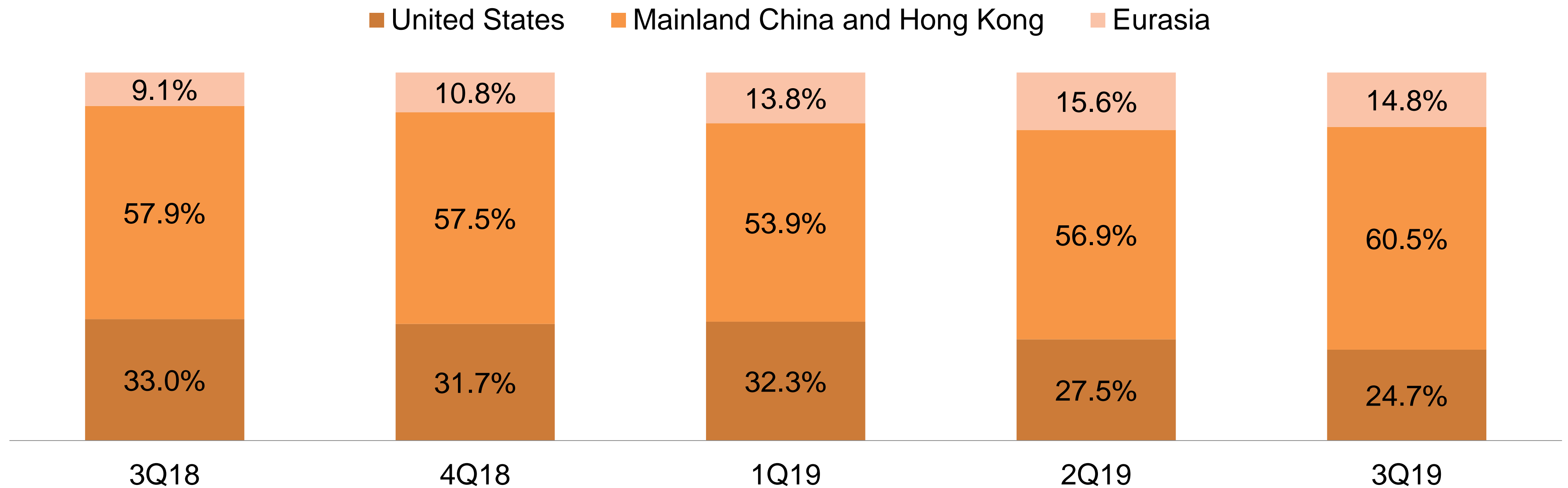
## Cash Flow from Operations *(US\$ millions)*



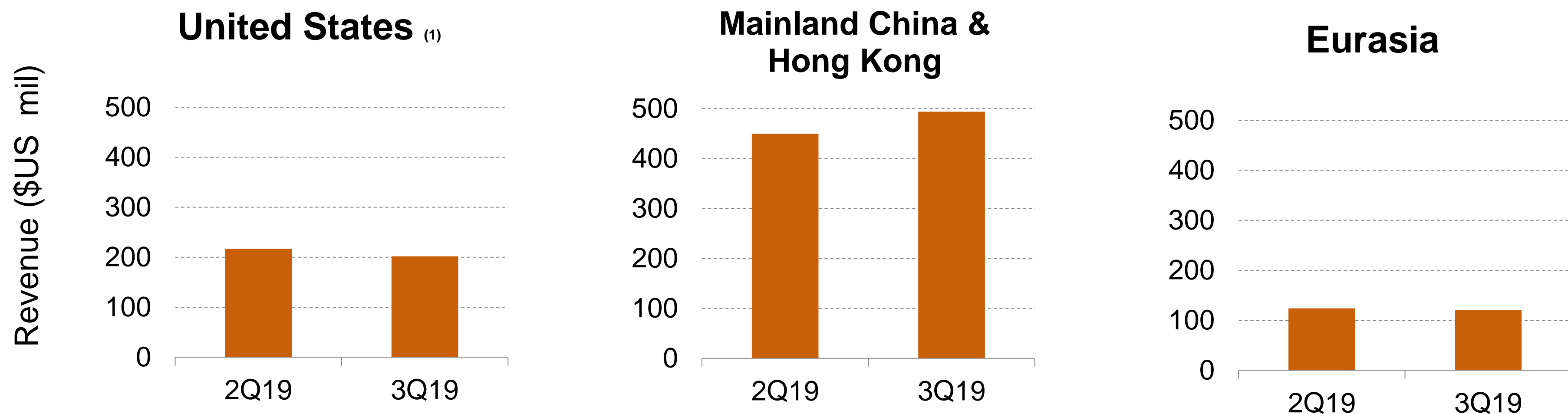
# Total Revenue Breakdown by Applications



# Total Revenue Breakdown by Geography

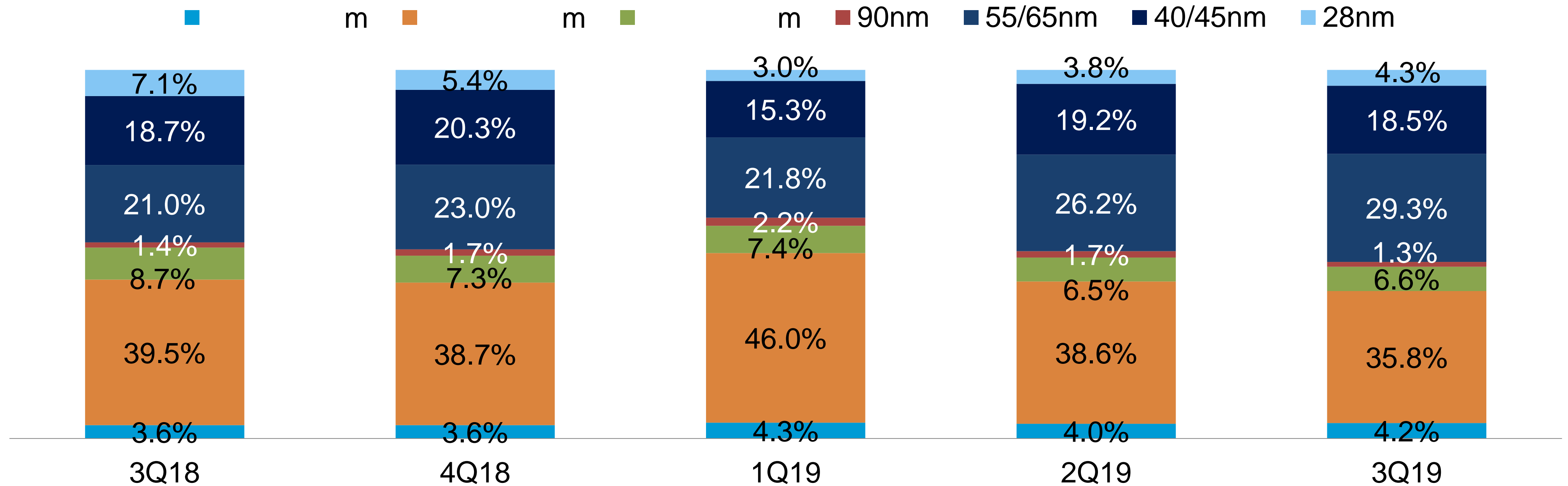


## 2Q19 vs. 3Q19

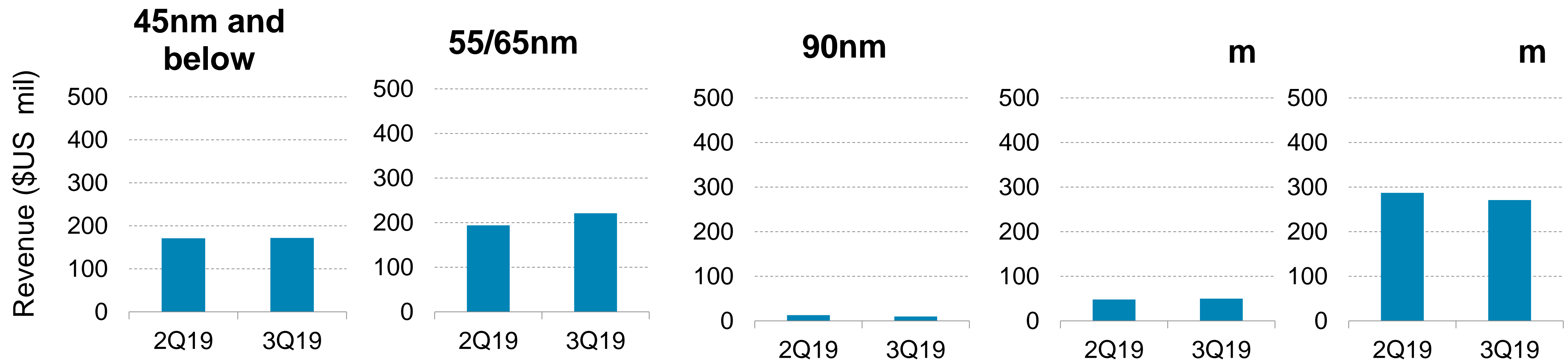


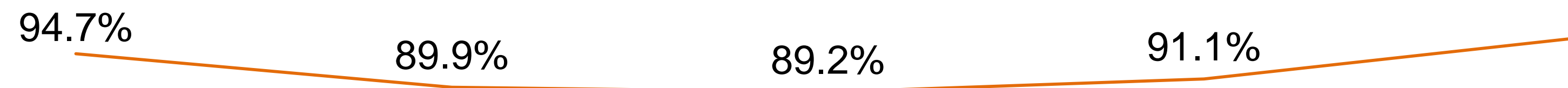
(1) Revenue from the United States includes revenue from the United States and the United Kingdom.

# Wafer Revenue Breakdown by Technology



## 2Q19 vs. 3Q19

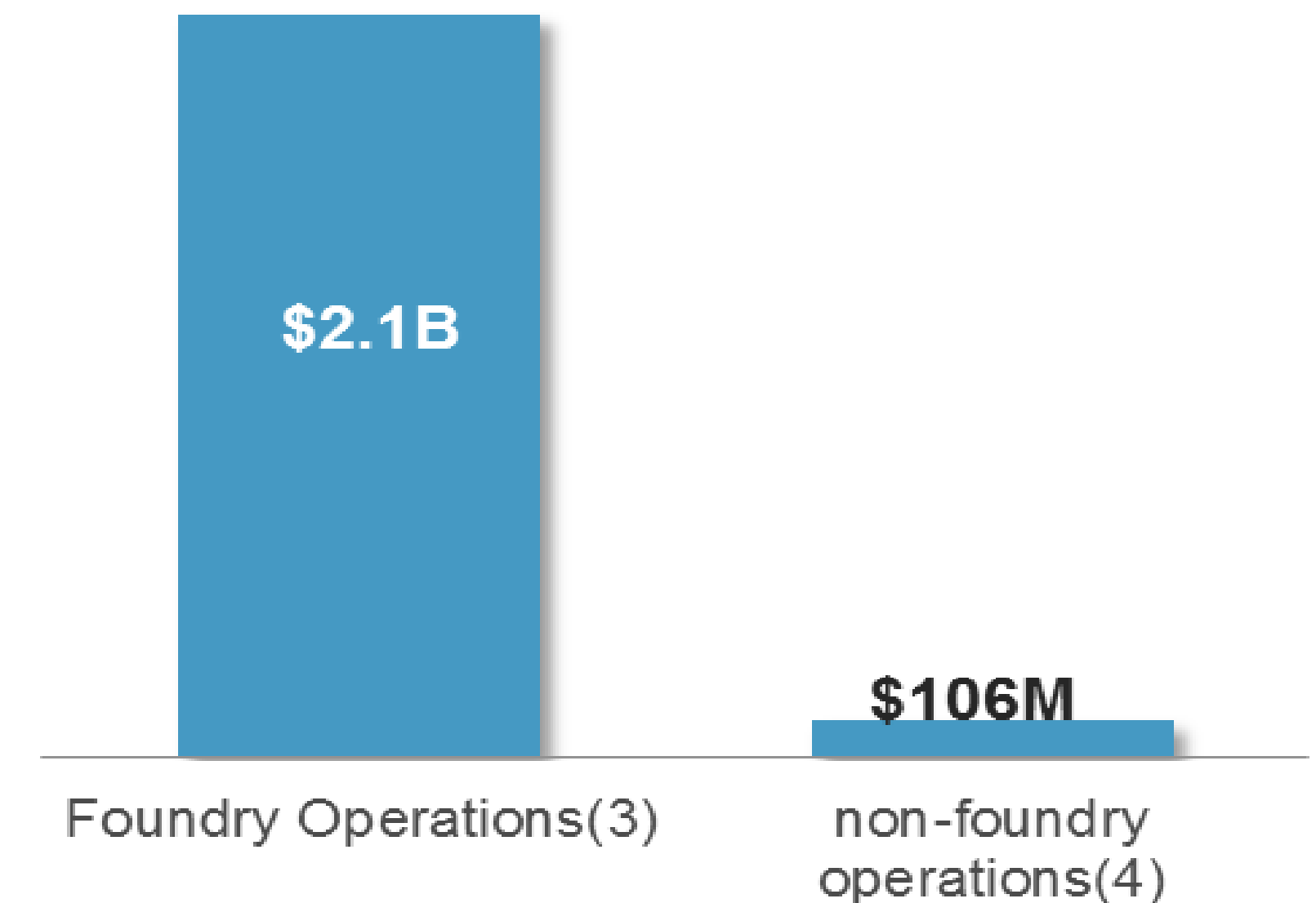




# 4Q 2019 Guidance and 2019 Capex Guidance

	4Q 2019 Guidance
Revenue	2%-4% QoQ \$833 to 850 million
Revenue excluding Avezzano fab	+4%--+6% QoQ
Gross Margin	23% to 25%
Non-IFRS Operating Expenses <sup>(1)</sup>	\$271 to \$277 million
Non-controlling interests <sup>(2)</sup>	\$17 to \$19 million

## 2019 Capex Guidance



(1) Excluding the effect of employee bonus accrual, government funding, impairment loss of tangible and intangible assets, gain or loss on the disposal of machinery and equipment, and gain from the disposal of living quarters, to range from \$271 million to \$277 million.

(2) Non-controlling interests of our majority-owned subsidiaries to range from positive \$17 million to positive \$19 million (losses to be borne by non-controlling interests)

(3) The planned 2019 capital expenditures for foundry operations are approximately \$2.1 billion, which are mainly for the equipment and facility in our majority-owned Shanghai 300mm fab and FinFET R&D line.

(4) The planned 2019 capital expenditures for non-foundry operations quarters.

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# Appendix

# Results Vs Original Guidance

	3Q 2019 Guidance	3Q 2019 Results
Revenue	0% to +2% QoQ \$791 to \$807 million	3.2% QoQ \$816 million
Revenue excluding Avezzano fab	+2% to +4% QoQ	+6.1% QoQ
Gross Margin	19% to 21%	21%
Non-IFRS Operating Expenses <sup>(1)</sup>	\$294 to \$300 million	\$ 257 million
Non-controlling interests	\$25 to \$27 million	\$31 million

(1) Non-IFRS operating expenses are defined as operating expenses adjusted to exclude the effect of employee bonus accrual, government funding, gain on the disposal of subsidiaries, gain or loss on the disposal of machinery and equipment and gain from the disposal of living quarters.



**Thank You!**

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