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**SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION**

## Fourth Quarter 2022 Guidance

The following statements are forward looking statements based on current expectations and involved risks and uncertainties. The Company expects (in accordance with IFRS):

- Revenue to decrease by 13% to 15% QoQ.
- Gross margin to range from 30% to 32%.

SMIC management commented:

in shipment and a small increase in blended ASP due to product mix optimization, therefore the revenue remained flat comparing to the previous quarter. Externally, demand declined and internally, some fab conducted annual maintenance, while the monthly capacity increased by 32 thousand 8-inch equivalent wafers, thus the capacity utilization was 92.1%, down five percentage points from the previous quarter. Combining the above factors, gross margin for the third quarter was 38.9%, down 0.5 percentage points sequentially.

In the fourth quarter, due to the weak demand in the mobile phone and consumer market, and overlapping with the impact from that some customers need time to interpret the newly released US % sequentially, with gross margin in the range of 30% to 32%. According to the results of the previous three quarters and the mid-point of guidance for the fourth quarter, the Company's full year revenue is expected to be around \$7.3 billion, up around 34% year-over-year, and gross margin is expected to be around 38%. The capital expenditure plan this year is revised upwards from \$5.0 billion to \$6.6 billion.

About the recently updated and revised export control rules by the United States, according to a preliminary interpretation, the new rules have an adverse impact on our production and operation. We have maintained close communications with suppliers, while the clarification of some definitions in the new rules and the assessment of impact on the Company are still in progress.

Based on the current macroeconomic trends and the pace of de-stocking, we have yet to see signs of recovery in the industry. The adjustment may last longer as this cycle is overlaid with multiple complex external factors. The development of the Company is inseparable from seizing the momentum when the industry is booming, and even more inseparable from persistence and patience when the industry is going through a difficult time. We are still full of confidence in the Company's medium-to long-term development.

## Conference Call / Webcast Announcement

Date: Friday, November 11, 2022

Time: 8:30 A.M. - 9:30 A.M.

### WEBCAST

The call will be webcast live at:

<https://edge.media-server.com/mmc/p/pd6di76b>

### CONFERENCE CALL

Please register in advance for the conference call at:

<https://register.vevent.com/register/BI0aa19d1da9e54d33bedae5daa162081e>

### REPLAY

Recording will be available 1 hour after the event and it will be archived for 12 months.

[https://www.smics.com/en/site/company\\_financialSummary](https://www.smics.com/en/site/company_financialSummary)

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## About SMIC

Semiconductor Manufacturing International Corporation (SEHK: 00981; SSE STAR MARKET: 688981) and its subsidiaries is one of the leading foundries in the world and is the front runner in manufacturing capability, manufacturing scale, and comprehensive service in the Chinese Mainland. SMIC Group provides semiconductor foundry and technology services to global customers on 0.35 micron to FinFET process node technologies. Headquartered in Shanghai, China, SMIC Group has an international manufacturing and service base, with three 8-inch wafer fabrication facilities (fabs) and three 12-inch fabs in Shanghai, Beijing, Tianjin and Shenzhen, and four 12-inch fabs under construction in Shanghai, Beijing, Shenzhen and Tianjin. SMIC Group also has marketing and customer service offices in the U.S., Europe, Japan, and Taiwan, China, and a representative office in Hong Kong, China.

For more information, please visit [www.smics.com](http://www.smics.com).

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## Forward-Looking Statements

This release 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

goal, schedule, other similar expressions to identify forward looking statements. 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 cyclicity 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, raw materials and software, availability of manufacturing capacity, financial stability in end markets, orders or judgments from pending litigation, inten

In addition to the information contained in this release, you should also consider the information contained in our annual reports filed with the Securities and Exchange Commission 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 release 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 release. 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 possible or actual occurrence of unanticipated events after the date on which such statement is made, whether as a result of new information, future events or otherwise.

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## **About Non-International Financial Reporting Standard Measures**

The presentation of non-IFRS financial measures, including EBITDA, EBITDA margin and non-IFRS operating expenses in this release. The presentation of non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with IFRS. These non-IFRS financial measures are not calculated or presented in accordance with, and are not alternatives or substitutes for financial measures prepared in accordance with IFRS, and should be read only in conjunction with the Group's financial measures prepared in accordance with IFRS. The Group's non-IFRS financial measures may be different from similarly-titled non-IFRS financial measures used by other companies.

SMIC believes that use of these non-

IFRS financial measures to understand, manage and evaluate the Group's business and make financial and operational decisions.

The accompanying table has more information and reconciliations of each non-

## **Summary of Third Quarter 2022 Operating Results**

*Amounts in US\$ thousands, except for earnings per share and operating data*

	<b>3Q22</b>	<b>2Q22</b>	<b>QoQ</b>	<b>3Q21</b>	<b>YoY</b>
Revenue	1,906,956	1,903,164	0.2%	1,415,302	34.7%

## Analysis of Revenue

<b>Revenue Analysis</b>			
<b>By Geography<sup>(1)</sup></b>	<b>3Q22</b>	<b>2Q22</b>	<b>3Q21</b>
Chinese Mainland and Hong Kong, China	69.6%	69.4%	66.7%
North America	20.5%	18.9%	20.3%
Europe and Asia <sup>(2)</sup>	9.9%	11.7%	13.0%
<b>By Service Type</b>	<b>3Q22</b>	<b>2Q22</b>	<b>3Q21</b>
Wafers	92.5%	94.1%	93.9%
Others	7.5%	5.9%	6.1%
<b>Wafer Revenue Analysis</b>			
<b>By Application</b>	<b>3Q22</b>	<b>2Q22</b>	<b>3Q21</b>
Smart Phone	26.0%	25.4%	31.5%
Smart Home	14.9%	16.2%	12.5%
Consumer Electronics	23.3%	23.8%	24.1%
Others	35.8%	34.6%	31.9%
<b>By Size</b>	<b>3Q22</b>	<b>2Q22</b>	<b>3Q21</b>
	31.6%	31.7%	34.9%
	68.4%	68.3%	65.1%

## **Capacity**

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## Other Income, Net

Amounts in US\$ thousands	3Q22	2Q22	QoQ	3Q21	YoY
Other income, net	106,666	96,804	10.2%	76,961	38.6%
Interest income	101,899	74,688	36.4%	56,616	80.0%
Finance costs	(31,394)	(26,407)	18.9%	(27,097)	15.9%
Foreign exchange gain	4,110	7,009	-41.4%	(934)	N/A
Other (losses)/gains, net	(4,224)	6,691	N/A	18,436	N/A
Share of profits and losses of joint venture and associates	36,275	34,823	4.2%	29,940	21.2%

- The change in other (losses)/gains, net in 3Q22 was primarily caused by the change in the fair value of the investments in equity securities recognised as financial assets at fair value through profit or loss.
- The change in share of profits and losses of joint venture and associates was due to the increased gain on the investments in associates in 3Q22. Certain associates of the Group are investment funds with a number of investment portfolios. The gain on the equity investment of associates was primarily the result of the fair value change of the portfolios.

## Liquidity

Amounts in US\$ thousands	3Q22	2Q22
Inventories	1,698,158	1,448,790
Prepayment and prepaid operating expenses	47,766	58,162
Trade and other receivables	1,254,720	1,209,869
Financial assets at fair value through profit or loss	292,749	312,975
Financial assets at amortised cost	6,794,305	5,913,809
Derivative financial instruments	375,548	130,872
Restricted cash	663,631	221,820
Cash and cash equivalents	7,544,774	8,634,495
Assets classified as held-for-sale	26,213	26,017
<b>Total current assets</b>	<b>18,697,864</b>	<b>17,956,809</b>
Trade and other payables	2,860,991	2,878,441
Contract liabilities	2,049,803	2,076,685
Borrowings	967,705	872,465
Lease liabilities	63,072	75,675
Deferred government funding	135,161	148,231
Accrued liabilities	274,303	241,310
Derivative financial instruments	38,917	31,327
Current tax liabilities	16,596	11,044
<b>Total current liabilities</b>	<b>6,406,548</b>	<b>6,335,178</b>
Cash ratio <sup>(1)</sup>	1.2	1.4
Quick ratio <sup>(2)</sup>	2.7	2.6
Current ratio <sup>(3)</sup>	2.9	2.8

Notes:

(1) Cash and cash equivalents divided by total current liabilities.

(2) Current assets excluding inventories divided by total current liabilities.

(3) Total current assets divided by total current liabilities.

## Capital Structure

Amounts in US\$ thousands	3Q22	2Q22
Cash and cash equivalents	7,544,774	8,634,495
Restricted cash - current	663,631	221,820
Financial assets at fair value through profit or loss - current <sup>(1)</sup>	292,749	312,975
Financial assets at amortised cost <sup>(2)</sup>	9,917,224	9,449,223
<b>Total cash on hand</b>	<b>18,418,378</b>	<b>18,618,513</b>
Borrowings - current	967,705	872,465
Borrowings - non-current	6,277,993	5,628,583
Lease liabilities	128,735	155,858
Bonds payable	598,197	598,018
<b>Total debt</b>	<b>7,972,630</b>	<b>7,254,924</b>
Net debt <sup>(3)</sup>	(10,445,748)	(11,363,589)
Equity	27,919,123	27,330,635
Total debt to equity ratio <sup>(4)</sup>	28.6%	26.5%
Net debt to equity ratio <sup>(5)</sup>	-37.4%	-41.6%

### Notes:

(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

Amounts in US\$ thousands	3Q22	2Q22
Net cash generated from operating activities	1,069,149	2,122,489
Net cash used in investing activities	(3,024,132)	(681,138)
Net cash generated from financing activities	1,062,529	1,228,149
Effect of exchange rate changes	(197,267)	(134,913)
Net (decrease)/increase in cash and cash equivalents	(1,089,721)	2,534,587

## Capex Summary

- Capital expenditures was \$1,822.3 million in 3Q22, compared to \$1,672.3 million in 2Q22.
- The capital expenditure plan this year is revised upwards from \$5.0 billion to \$6.6 billion, mainly because the company needs to prepay for those equipment with long lead time.

## **Recent Highlights and Announcements**

- Advance Announcement on Performance Meeting in 3rd Quarter of 2022 2022-10-11
- Notification of Board Meeting 2022-10-11
- Inside Information Investigation Against A Non-executive Director 2022-09-18
- 2022 Interim Report 2022-09-06
- Connected Transaction Proposed Grant of Restricted Share Units 2022-09-05
- Announcement on the Vesting Results of the First Vesting Period of the 2021 STAR Market Restricted Share Incentive Scheme and the Listing of Shares 2022-09-02
- Voluntary Announcement-Entering into the Cooperation Framework Agreement in relation to A Project in Tianjin 2022-08-26
- 2022 Interim Results Announcement 2022-08-26
- Notification of Board Meeting 2022-08-16
- SMIC Reports Unaudited Results for the Three Months Ended June 30, 2022 2022-08-11
- List of Directors and their Roles and Functions 2022-08-11
- Resignation of Directors, Appointment of Director and Change of Board Committee Chairman and Members 2022-08-11
- Announcement of Meeting the Vesting Conditions for the First Vesting Period of the First Grant of the 2021 STAR Market Restricted Share Incentive Scheme, and the Announcement on the Void of Some Restricted Shares in the 2021 STAR Market Restricted Share Incentive Scheme 2022-07-20
- Advance Announcement on Performance Meeting in 2nd Quarter of 2022 2022-07-12
- Notification of Board Meeting 2022-07-12
- Announcement on the Listing and Circulation of IPO Strategic Placing Restricted Shares 2022-07-08

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<https://www.smics.com/en/site/news> and  
[https://www.smics.com/en/site/company\\_statutoryDocuments](https://www.smics.com/en/site/company_statutoryDocuments)  
for further details regarding the recent announcements.

Semiconductor Manufacturing International Corporation  
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
(In US\$ thousands except share data)

	<b>For the three months ended</b>	
	<b>September 30, 2022</b>	<b>June 30, 2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	1,906,956	1,903,164
Cost of sales	(1,164,740)	(1,152,676)
Gross profit	742,216	750,488
Research and development expenses	(182,888)	(187,484)
Sales and marketing expenses	(7,357)	(9,497)
General and administration expenses	(152,671)	(119,130)
Impairment losses on financial assets, net	(87)	(313)
Other operating income	78,706	105,379
Operating expenses	(264,297)	(211,045)
Profit from operations	477,919	

Semiconductor Manufacturing International Corporation  
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
(In US\$ thousands except share data)

*Notes:*

- (1) Non-IFRS operating expenses are defined as operating expenses adjusted to exclude the effect of items listed in the following table. SMIC reviews non-

Semiconductor Manufacturing International Corporation  
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
(In US\$ thousands except share data)

(2) EBITDA is defined as profit for the period excluding the impact of the finance cost, depreciation and amortisation, and income tax credit and expense. EBITDA margin is defined as EBITDA divided by revenue. SMIC uses EBITDA margin as a measure of operating performance; for planning purposes, including the preparation of the

is widely used by investors to such as finance cost, income tax expense and credit and depreciation and amortisation that can vary substantially from company to company depending upon their respective financing structures and accounting policies, the book values of their assets, their capital structures and the methods by which their assets were acquired, EBITDA has limitations as an analytical tool, and you should not consider it in isolation

requirements for capital expenditures or other contractual commitments; it does not reflect changes in, or cash finance cost; it does not reflect cash requirements for income taxes; that, although depreciation and amortisation are non-cash charges, the assets being depreciated or amortised will often have to be replaced in the future, and these measures do not reflect any measures differently than SMIC does, limiting their usefulness as comparative measures.

The following table sets forth the reconciliation of EBITDA and EBITDA margin to their most directly comparable financial measures presented in accordance with IFRS, for the periods indicated.

	<b>For the three months ended</b>		
	<b>September 30, 2022</b>	<b>June 30, 2022</b>	<b>September 30, 2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit for the period	574,374	629,073	372,776
Finance costs	31,394	26,407	27,097
Depreciation and amortisation	575,870	557,339	479,750
Income tax expense	10,211	7,174	14,229
<b>EBITDA</b>	<b>1,191,849</b>	<b>1,219,993</b>	<b>893,852</b>
<b>Profit margin</b>	<b>30.1%</b>	<b>33.1%</b>	<b>26.3%</b>
<b>EBITDA margin</b>	<b>62.5%</b>	<b>64.1%</b>	<b>63.2%</b>

Semiconductor Manufacturing International Corporation  
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(In US\$ thousands)

	As of	
	September 30, 2022 (Unaudited)	June 30, 2022 (Unaudited)
<b>ASSETS</b>		
<i>Non-current assets</i>		
Property, plant and equipment	17,291,250	15,773,199
Right-of-use assets	550,941	496,171
Intangible assets	48,892	50,577
Investments in associates	1,838,807	1,868,839
Investment in joint venture	8,943	10,809
Deferred tax assets	14,896	14,615
Financial assets at fair value through profit or loss	170,957	199,895
Financial assets at amortised cost	3,122,919	3,535,414
Derivative financial instruments	25,538	53,739
Restricted cash	-	515,127
Other assets	379	529
Total non-current assets	23,073,522	22,518,914
<i>Current assets</i>		
Inventories	1,698,158	1,448,790
Prepayment and prepaid operating expenses	47,766	58,162
Trade and other receivables	1,254,720	1,209,869
Financial assets at fair value through profit or loss	292,749	312,975
Financial assets at amortised cost	6,794,305	5,913,809
Derivative financial instruments	375,548	130,872
Restricted cash	663,631	221,820
Cash and cash equivalents	7,544,774	8,634,495
	18,671,651	17,930,792
Assets classified as held-for-sale	26,213	26,017
Total current assets	18,697,864	17,956,809
<b>TOTAL ASSETS</b>	<b>41,771,386</b>	<b>40,475,723</b>

Semiconductor Manufacturing International Corporation  
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(In US\$ thousands)

<b>As of</b>	
<b>September 30, 2022</b>	<b>June 30, 2022</b>
<b>(Unaudited)</b>	<b>(Unaudited)</b>

Semiconductor Manufacturing International Corporation  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(In US\$ thousands)

<b>For the three months ended</b>	
<b>September 30, 2022</b>	<b>June 30, 2022</b>

By order of the Board  
**Semiconductor Manufacturing International Corporation**  
*Joint Company Secretary / Board Secretary*  
Guo Guangli

Shanghai, November 10, 2022

As at the date of this announcement, the directors of the Company are:

**Executive Directors**

GAO Yonggang

**Non-executive Directors**

LU Guoqing

CHEN Shanzhi

YANG Lumin

HUANG Dengshan

**Independent Non-executive Directors**

LAU Lawrence Juen-Yee

FAN Ren Da Anthony

LIU Ming

WU Hanming