

SMIC Q1 2024

Financial Presentation

May 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 competition in the semiconductor industry, 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, shortages in equipment, parts, raw materials, software and service supports, orders or judgments from pending litigation, intellectual property litigation in the semiconductor industry, macro- economic conditions, fluctuations in currency exchange rates and the risk of geopolitics.

1Q24 Financial Highlights (unaudited)

- **Revenue was \$1,750 million**

 - Up 4.3% QoQ from \$1,678 million in 4Q23

 - Up 19.7% YoY from \$1,462 million in 1Q23

- **Gross margin was 13.7%**

 - Compared to 16.4% in 4Q23

 - Compared to 20.8% in 1Q23

- **Profit from operations was \$2 million**

Income Statement

(US\$ thousands)	1Q24	4Q23	QoQ	1Q23	YoY
Revenue	1,750,176	1,678,299	4.3%	1,462,288	19.7%
Gross profit	239,704	274,955	-12.8%	304,669	-21.3%
Gross margin	13.7%	16.4%		20.8%	
Operating income(expenses)	(237,298)	(167,677)	41.5%	(221,386)	7.2%
<i>Research & Development</i>	<i>(188,110)</i>	<i>(189,138)</i>	<i>-0.5%</i>	<i>(167,668)</i>	<i>12.2%</i>
<i>General & Administrative</i>	<i>(116,378)</i>	<i>(147,821)</i>	<i>-21.3%</i>	<i>(99,877)</i>	<i>16.5%</i>
<i>Selling & Marketing</i>	<i>(9,043)</i>	<i>(9,348)</i>	<i>-3.3%</i>	<i>(8,053)</i>	<i>12.3%</i>
<i>Other operating income</i>	<i>77,247</i>	<i>177,640</i>	<i>-56.5%</i>	<i>54,856</i>	<i>40.8%</i>
Profit from operations	2,406	107,278	-97.8%	83,283	-97.1%
Other income, net	72,007	140,703	-48.8%	192,627	-62.6%
Income tax credit (expense)	(10,898)	(10,713)	1.7%	(8,790)	24.0%
Profit (loss) attributable to SMIC	71,792	174,678	-58.9%	231,102	-68.9%
Profit (loss) attributable to Non-controlling interests	(8,277)	62,590	N/A	36,018	N/A

- **Revenue** was \$1,750.2 million in 1Q24, an increase of 4.3% QoQ from \$1,678.3 million in 4Q23. The growth was mainly due to the increase in wafer shipment in 1Q24.
- **General and administrative expenses** decreased to \$116.4 million in 1Q24 from \$147.8 million in 4Q23. The change was mainly due to a new majority-owned fab entering the depreciation period in 1Q24 and as a result, the start-up cost decreased in this quarter.

Capital Structure

(US\$ thousands)	As of	
	Mar 31, 2024	Dec 31, 2023
Cash and cash equivalents	5,348,718	6,215,058
Restricted cash	369,466	435,607
Financial assets at fair value through profit or loss - current ⁽¹⁾	230,333	214,629
Financial assets at amortised cost ⁽²⁾	9,437,138	9,840,224
Total cash on hand	15,385,655	16,705,518
Borrowings - current	1,490,410	1,216,283
Borrowings - non-current	8,178,595	8,334,648
Lease liabilities	50,564	58,620
Bonds payable	599,302	599,115
Total debt	10,318,871	10,208,666
Net debt ⁽³⁾	(5,066,784)	(6,496,852)
Equity	30,827,016	30,845,616
Debt to equity ratio ⁽⁴⁾	33.5%	33.1%
Net debt to equity ratio ⁽⁵⁾	-16.4%	-21.1%

(1) Mainly contain structural deposits and monetary funds.

(2) Mainly contain bank deposits over 3 months.

(3) Total debt minus total cash on hand.

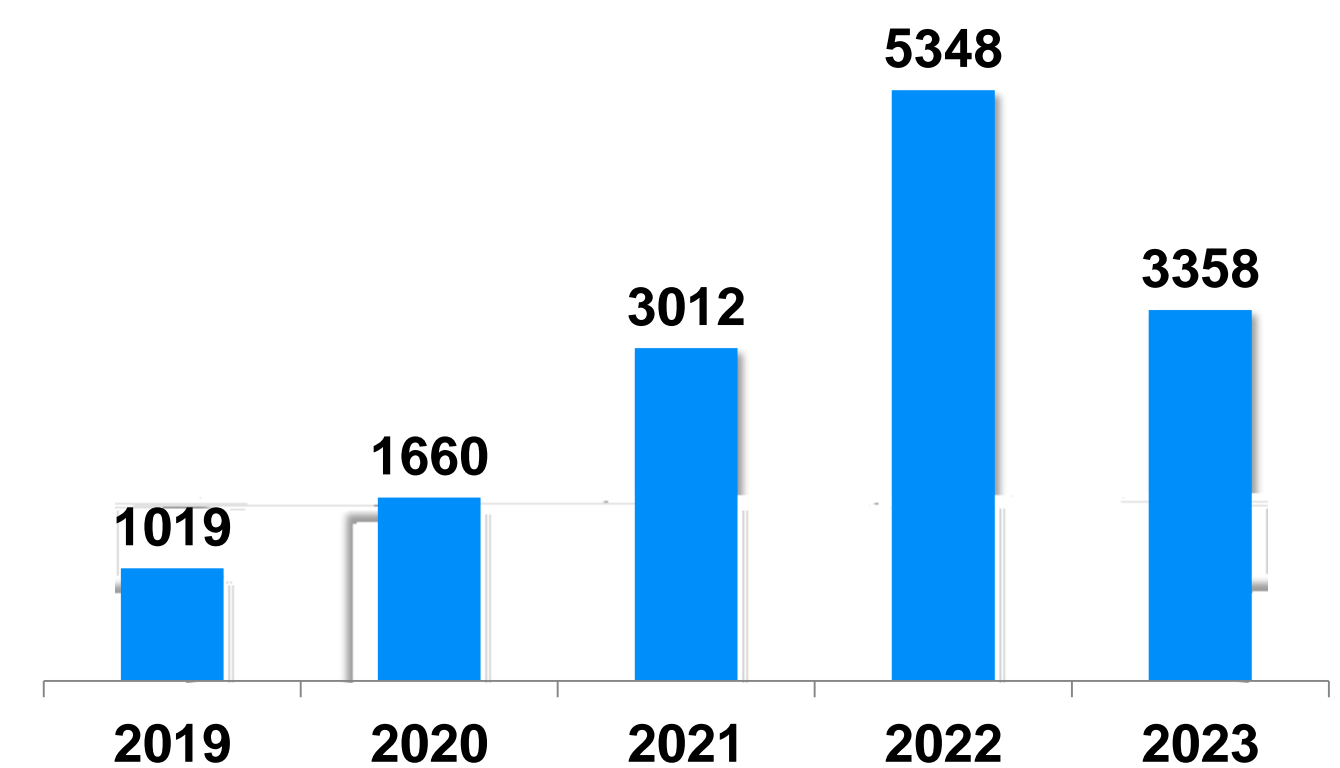
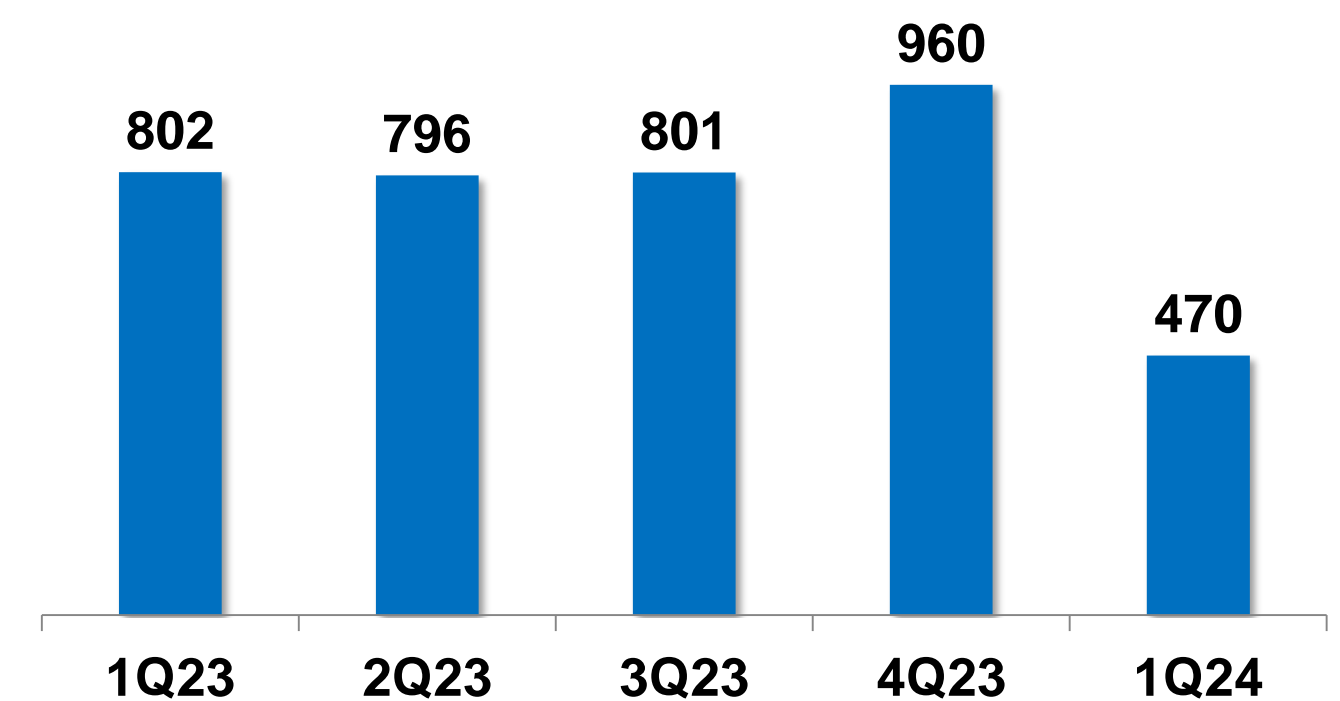
(4) Total debt divided by equity.

(5) Net debt divided by equity.

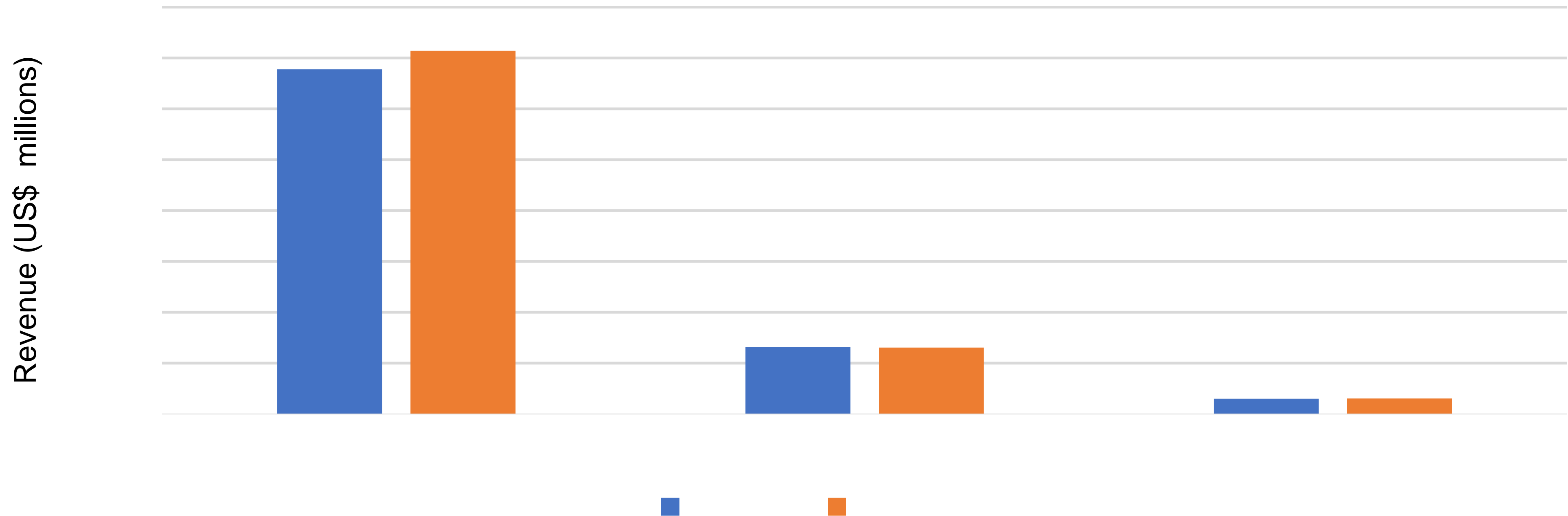
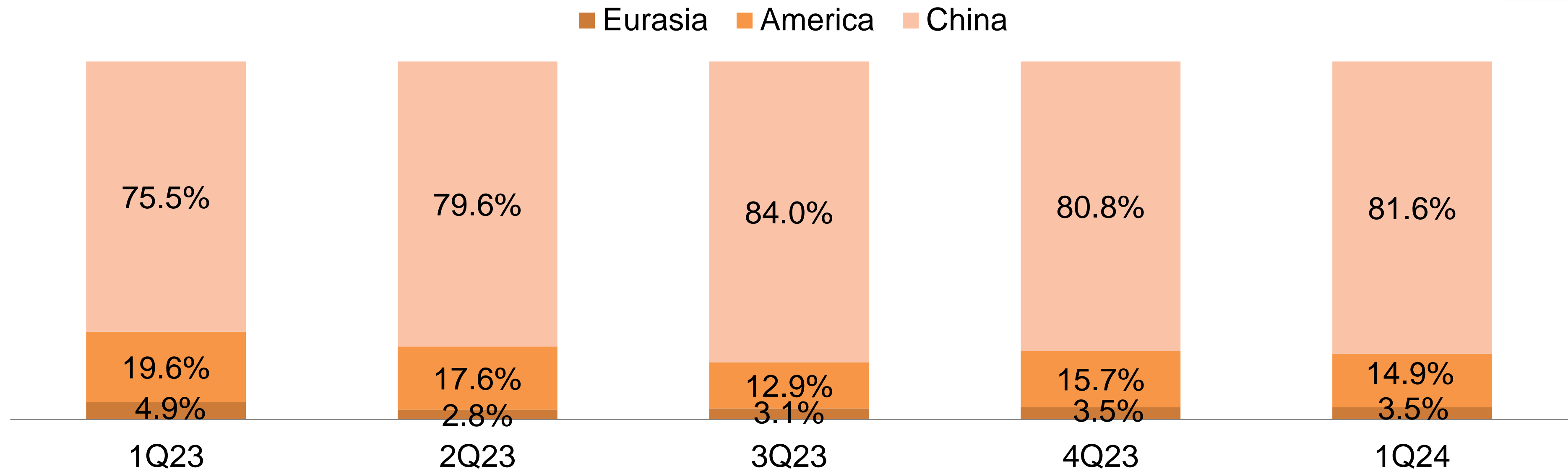
Cash Flow

(US\$ thousands)	For the three months ended	
	Mar 31, 2024	Dec 31, 2023
Cash and cash equivalents, beginning of the period	6,215,058	6,953,613
Net cash generated from operating activities	470,022	959,888
Net cash used in investing activities	(1,328,356)	(2,171,391)
Net cash generated from financing activities	44,174	483,441
Net decrease in cash and cash equivalents	(866,340)	(738,555)
Cash and cash equivalents, end of the period	5,348,718	6,215,058

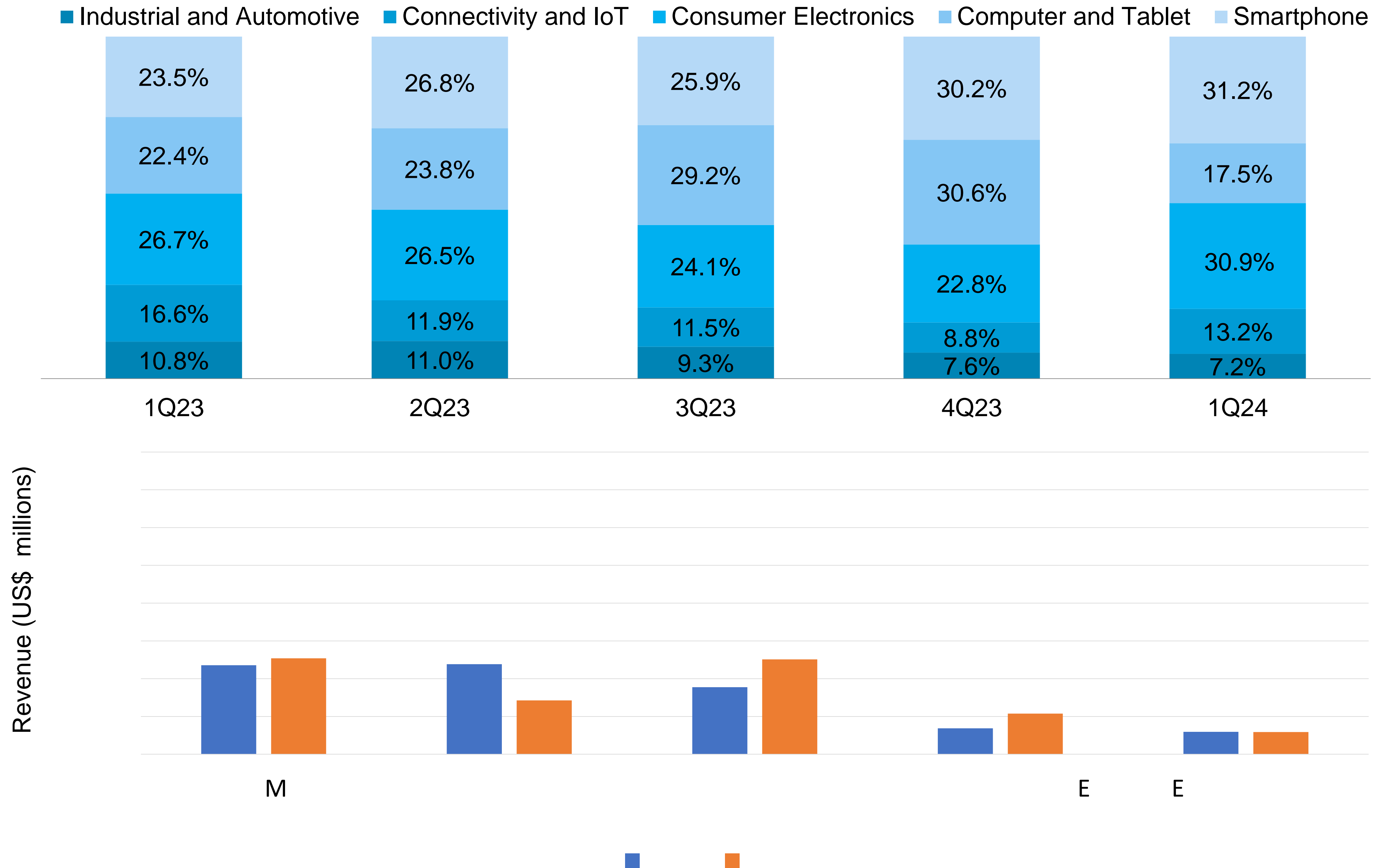
Net cash generated from operating activities (US\$ millions)



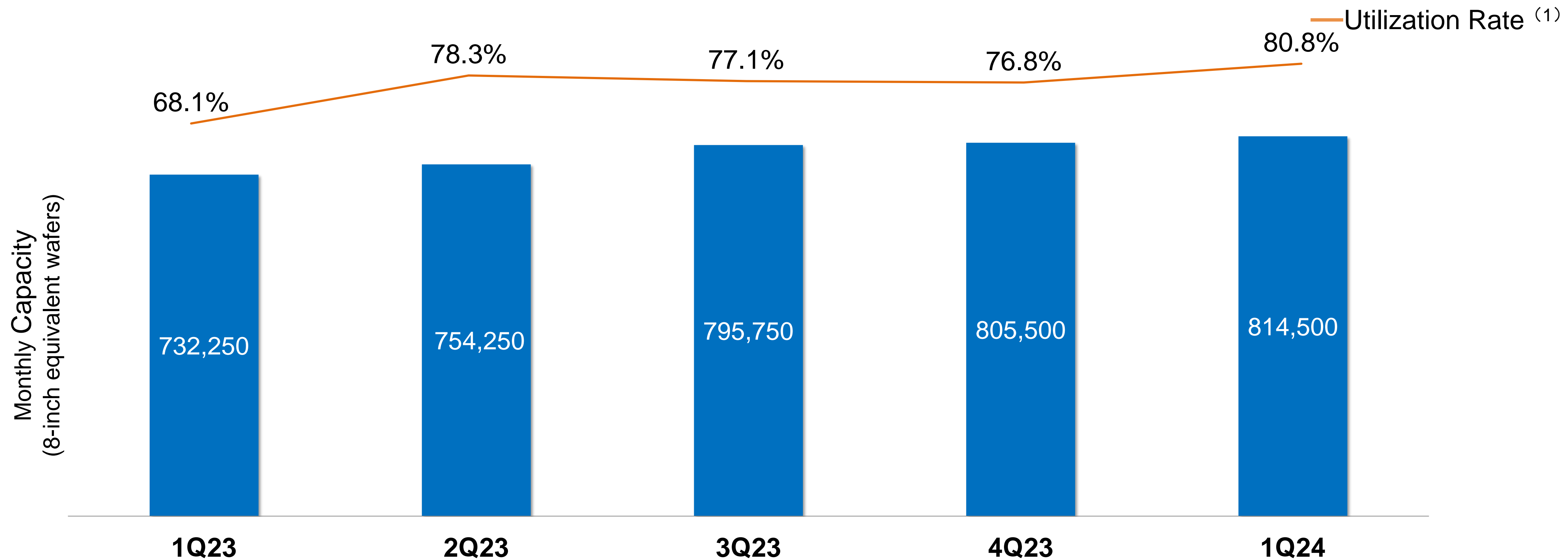
Total Revenue By Geography



Wafer Revenue By Application



Capacity, Utilization and Shipment



	1Q23	2Q23	3Q23	4Q23	1Q24
Wafer Shipments (8-inch equivalent wafers)	1,251,715	1,403,121	1,536,845	1,675,002	1,794,891

(1) Capacity utilization rate is reported based on

2Q 2024 Guidance

	2Q 2024 Guidance
Revenue	+5% to +7% QoQ
Gross Margin	9% to 11%

Appendix

1Q Results and Guidance



Capital Expenditure and Depreciation

(US\$ millions)	1Q23	2Q23	3Q23	4Q23	1Q24
Capital Expenditure	1,259	1,732	2,135	2,341	2,235
Depreciation & Amortization	631	656	679	700	746

Thank You!

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