



SMIC Q3 2019 Financial Presentation

HKSE: 981

OTCQX: SMICY

SMIC Investor Relations

November 2019

Forward-Looking Statements

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

-Chief

Executive Officers are based on SMIC's current assumptions, expectations, beliefs, plans, objectives, and projections about future events or performance. SMIC uses words like "believe," "anticipate," "intend," "estimate," "expect," "project," "target," "going forward", "continue", "ought to", "may", "seek", "should", "plan", "could", "vision", "goals", "aim", "aspire", "objective", "schedules", "outlook" and similar expressions to identify forward looking statements, although not all forward-looking statements contain these words. 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-

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

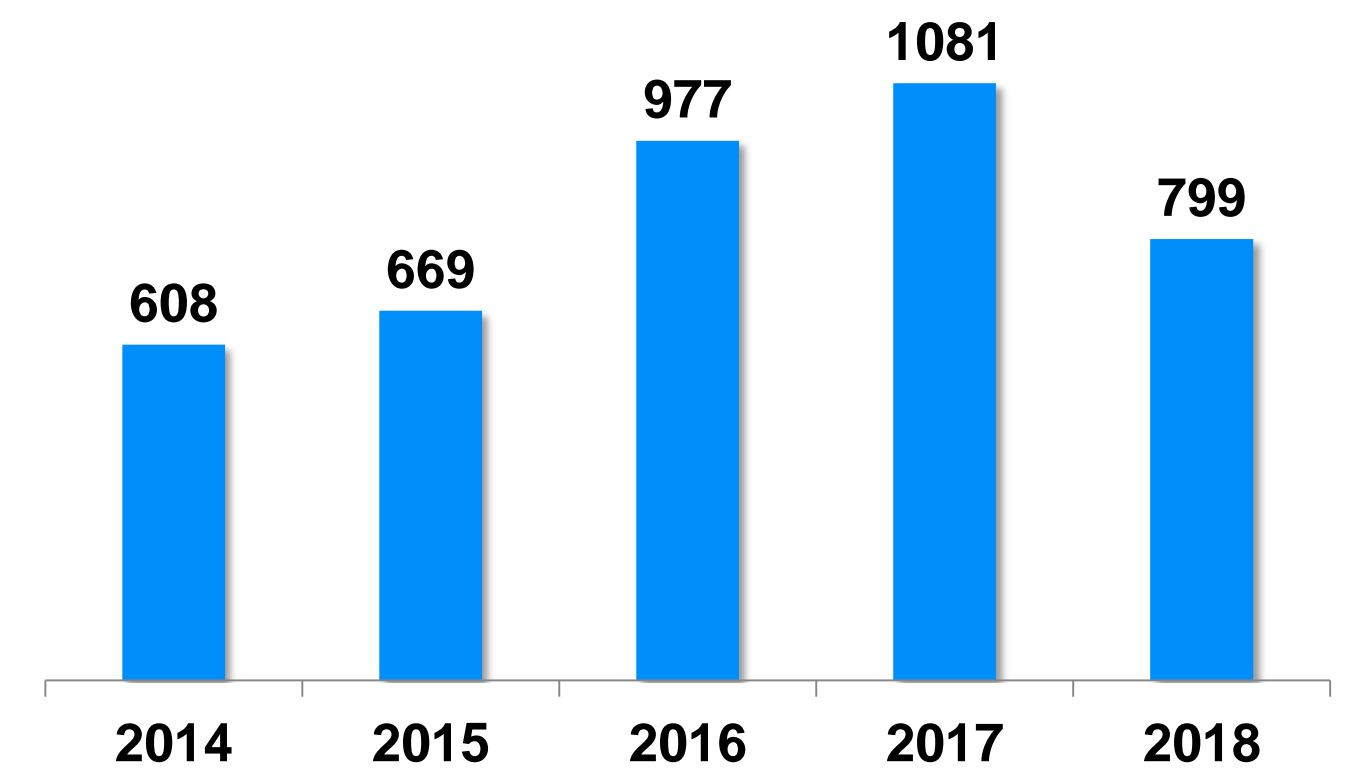
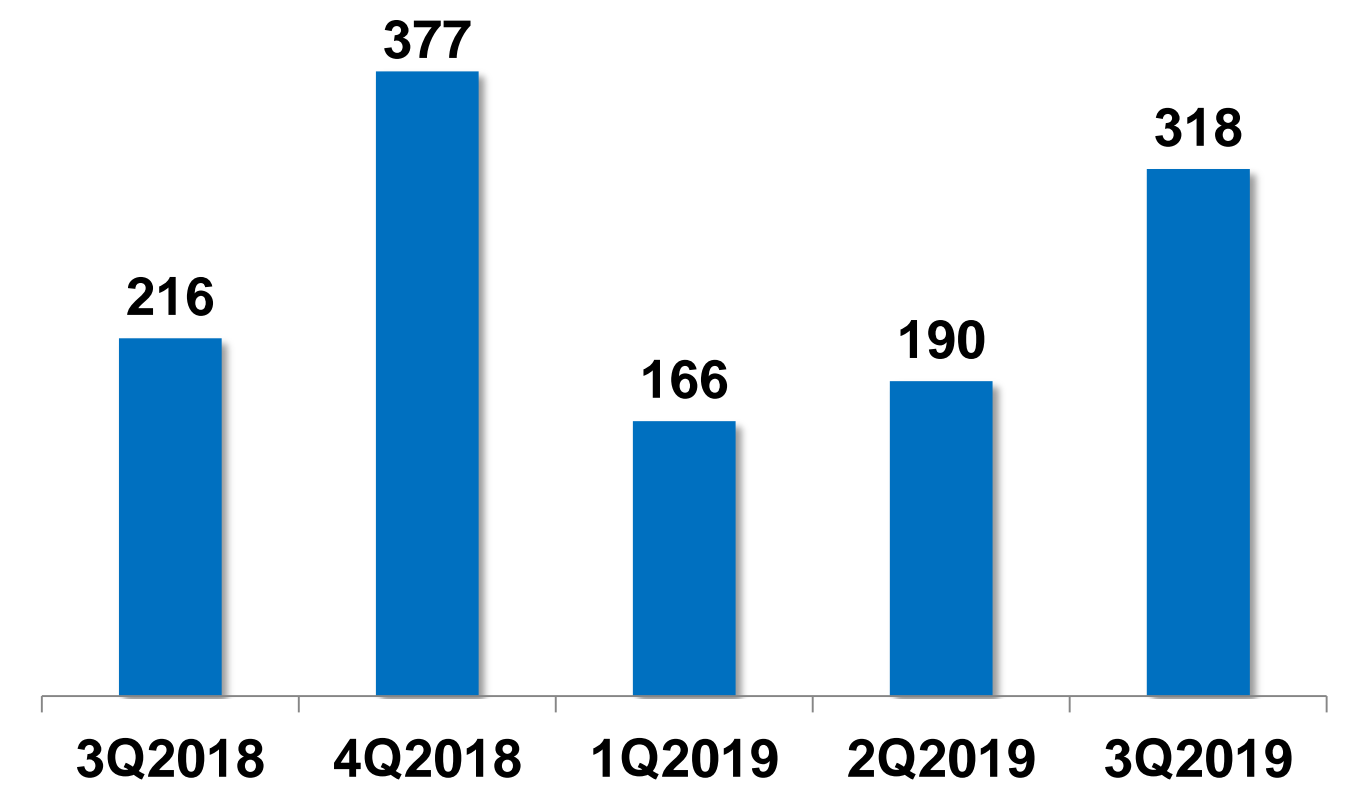
Compared to \$3.7 billion in 2Q19

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 |

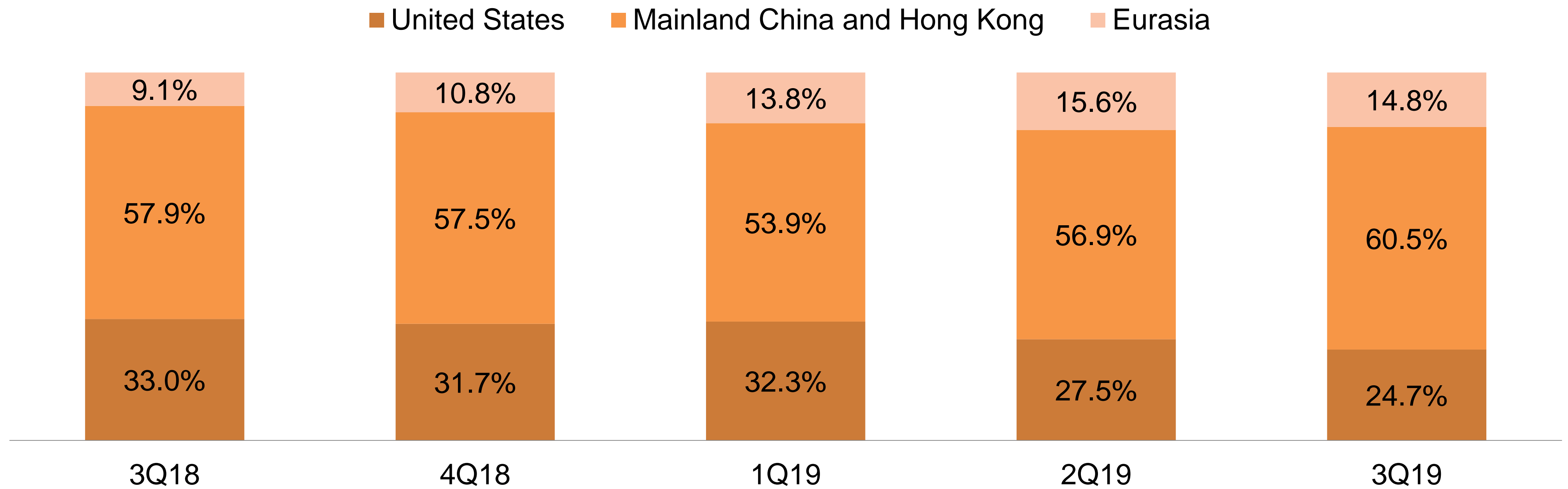
Cash Flow from Operations *(US\$ millions)*



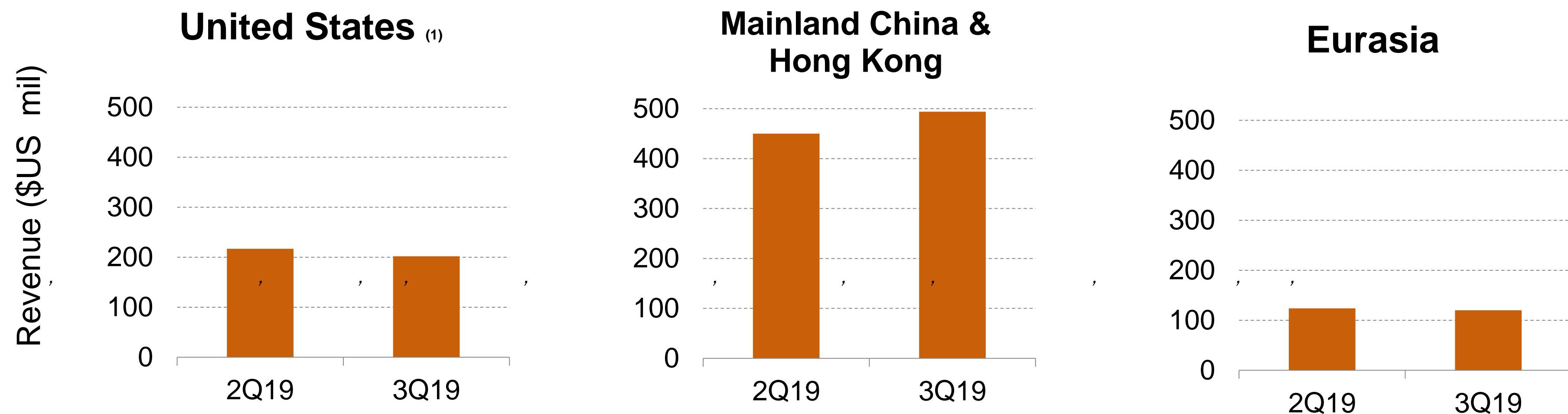
Total Revenue Breakdown by Applications



Total Revenue Breakdown by Geography

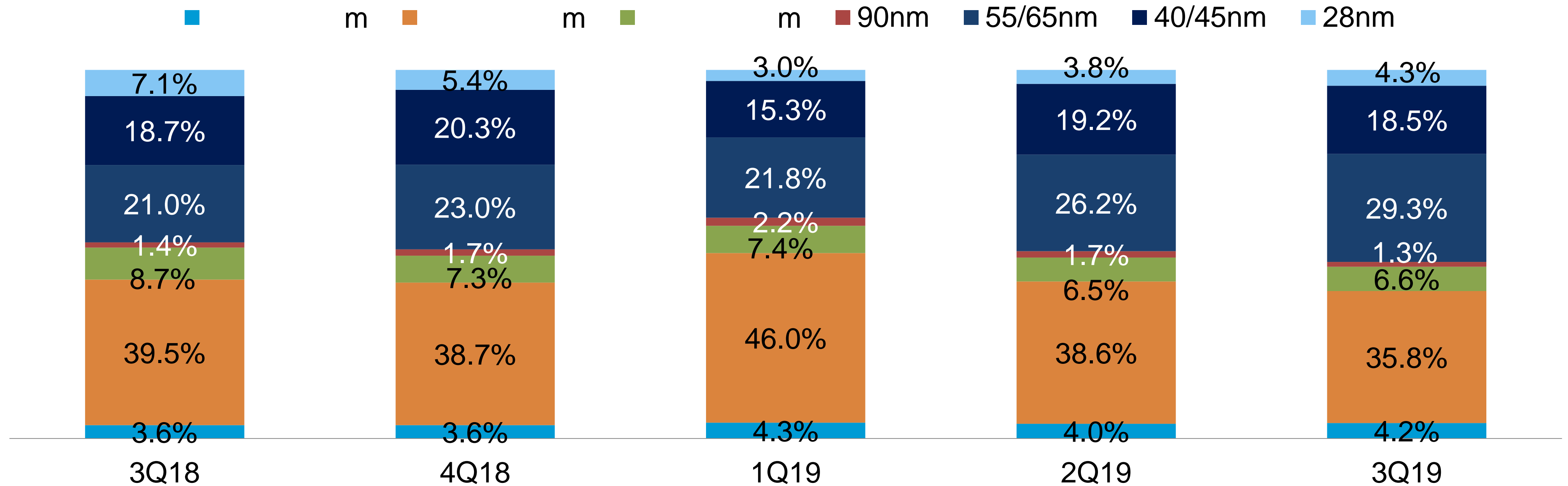


2Q19 vs. 3Q19

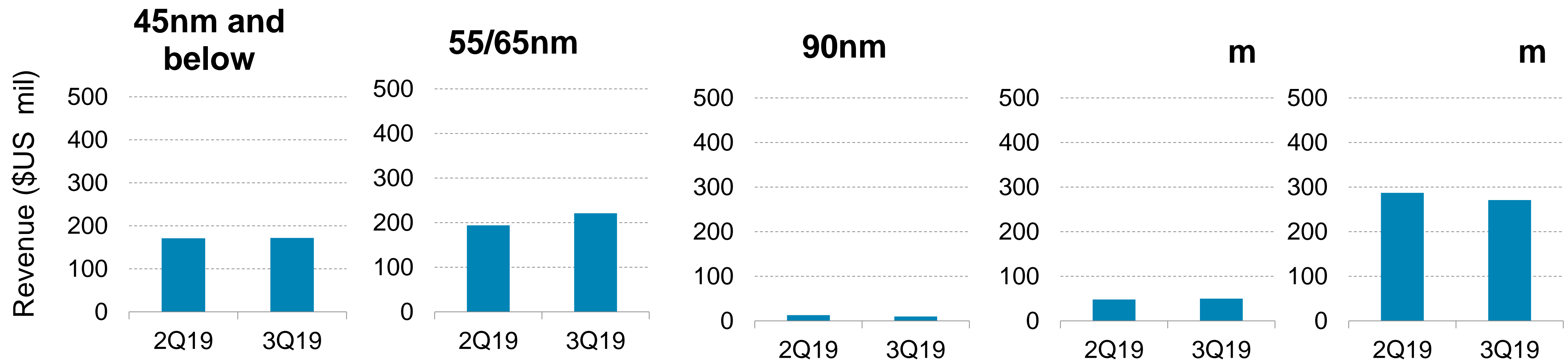


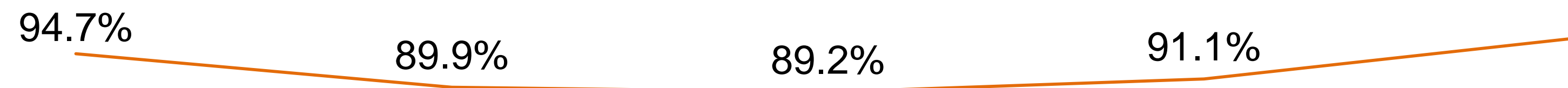
(1) Revenue from sales of products to customers in the United States, including sales to customers in the United States through subsidiaries and sales to customers in the United States through third parties.

Wafer Revenue Breakdown by Technology



2Q19 vs. 3Q19

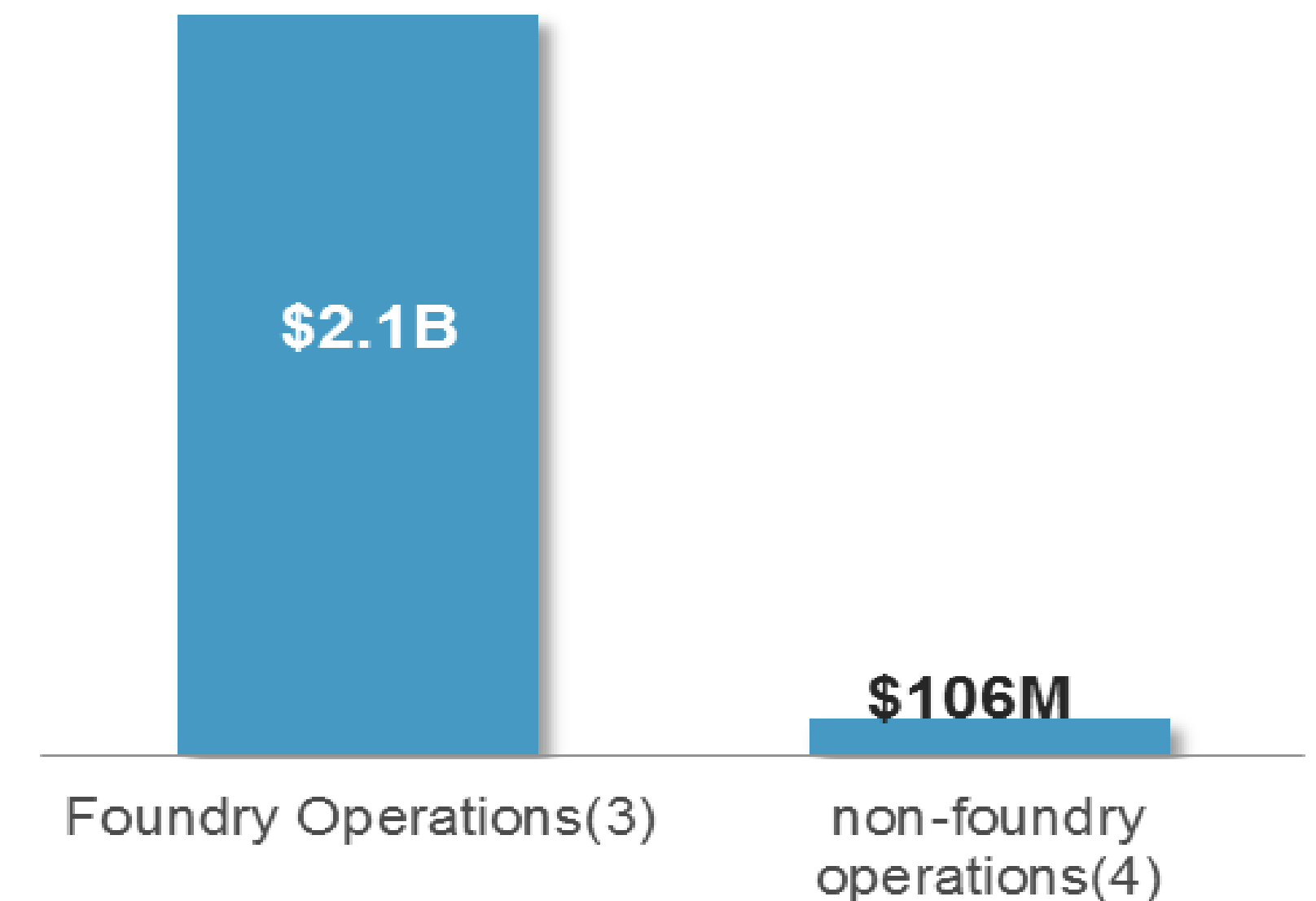




4Q 2019 Guidance and 2019 Capex Guidance

| | 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 ⁽¹⁾ | \$271 to \$277 million |
| Non-controlling interests ⁽²⁾ | \$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.

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 ⁽¹⁾ | \$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!

Contact us: ir@smics.com