



SMIC Q1 2013 Financial Presentation

NYSE: SMI HKSE: 981

SMIC Investor Relations

April 01



Safe Harbor Statements

Under the Private Securities Litigation Reform Act of 1995

This press release contains, in addition to historical information, “forward-looking statements” within the meaning of the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements, including statements under “Second Quarter 2009 Guidance”, and the statement regarding our expectation that both HKMG and PolySiON processes will be ready by the fourth quarter of 2009 are based on SMIC’s current assumptions, expectations and projections about future events. SMIC uses words like “believe,” “anticipate,” “intend,” “estimate,” “expect,” “project” and similar expressions to identify forward-looking statements, although not all forward-looking statements contain these words. These forward-looking statements 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 the global economic slowdown, orders or judgments from pending litigation and financial stability in end markets.

Investors should consider the information contained in SMIC’s filings with the U.S. Securities and Exchange Commission (SEC), including its annual report on 10-K filed with the SEC on April 15, 2009, especially the consolidated financial statements, and such other documents that SMIC may file with the SEC or The Hong Kong Stock Exchange Limited (SEHK) from time to time, including current reports on Form 6-K. Other unknown or unpredictable factors also could have material adverse effects on SMIC’s future results, performance or achievements. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed in this press 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 press release. Except as may be required by law, SMIC undertakes no obligation and does not intend to update any forward-looking statement, whether as a result of new information, future events or otherwise.





1Q13 Financial Highlights

Fourth consecutive record-high quarter **revenue of \$501.6 million**

- **increased 50.8%** year over year
- **increased 3.2%** quarter over quarter

Revenue from China-based customers contributed **38.6%** of overall revenue

- compared to **32.5%** in 1Q12
- compared to **34.8%** in 4Q12

Gross margin was **20.4%**

- compared to **12.0%** in 1Q12
- compared to **19.9%** in 4Q12

Net income attributable to SMIC was **\$40.6 million**

- compared to a net **loss of \$42.8 million** in 1Q12
- compared to net income of **\$46.6 million** in 4Q12



Income Statement Highlights

| (US\$ thousands) | 1Q13 | 4Q12 | QoQ | 1Q12 | YoY |
|--|-----------------|-----------------|---------------|-----------------|---------------|
| Total Revenue | 501,609 | 485,894 | 3.2% | 332,711 | 50.8% |
| Gross Profit | 10,118 | 96,767 | 5.6% | 9,844 | 156% |
| Gross Margins | 20.4% | 19.9% | - | 12.0% | - |
| Expenses from continuing operations | (71,065) | (64,742) | 9.8% | (90,127) | -21.2% |
| Research & Development | 23,408 | 26,677 | -12.3% | 59,311 | -60.5% |
| General & Administrative | 39,783 | 29,436 | 35.2% | 23,924 | 66.3% |
| Selling & Marketing | 7,874 | 8,629 | -8.7% | 6,892 | 14.2% |
| Total other income (loss), net | 11,975 | 17,072 | -29.9% | (3,960) | |
| Finance costs | (10,850) | (10,449) | 3.8% | (7,687) | 41.1% |
| Interest income | 1,352 | 1,276 | 6.0% | 1,199 | 12.8% |
| Other income or expenses | (1,366) | 2,125 | - | 1,763 | - |
| Other gains or losses | 22,393 | 24,016 | -6.8% | 392 | 5612.5% |
| Share of profits of associates | 446 | 104 | 328.8% | 373 | 19.6% |
| Profit (loss) before tax | 43,048 | 49,097 | -12.3% | (54,243) | - |
| Income tax expenses | (5,665) | (665) | -4.8% | 11,418 | - |
| Profit (loss) for the quarter | 40,512 | 46,432 | -12.7% | (42,825) | - |
| Income (loss) attributable to SMIC | 40,604 | 46,570 | -12.8% | (42,825) | - |
| Net income (loss) per ADS | 0.06 | 0.07 | - | 0.08 | - |

Wafer revenue from Wuhan Xinxin was \$ 9. million in Q1, contributing 5.8% to total revenue, vs. \$48.5 million in Q4.

G&A expenses increased to \$ 9.8 million from \$ 9.4 million mainly due to employee bonus accrual and recovery of bad debt in 4Q 01. The increase in employee bonus accrual is a component of SMIC's new employee retention program for 01, which is contingent upon the Company's full year overall profitability.

Within Other gains or losses is \$ 0. million gain from the sale of living quarter units in 1Q 01.



Balance Sheet Highlights

(US\$ thousands)

For the three months ended

| | Mar 31, 2013 | Dec 31, 2012 |
|-----------------------------|------------------|------------------|
| Cash and bank balances | 9,9 | ↗ 58,490 |
| Restricted Cash | 185,0 1 | 17,60 |
| Trade and other receivables | ↗ 55, 9 | ↗ 8, 11 |
| Inventories | 84,65 | 95,7 8 |
| Other Assets | ,904,0 7 | ,87, 1 8 |
| Total Assets | 4,021,946 | 4,073,160 |
| Short-term borrowings | 5 9,440 | 567,80 |
| Long Term debt | 4 9,000 | 5 8,61 |
| Total Debt | 958,440 | 1,096,415 |
| Total Liabilities | 1,702,910 | 1,796,708 |
| Total Equity | 2,319,036 | 2,276,452 |
| Debt/Equity Ratio* | 41% % | 48. % |

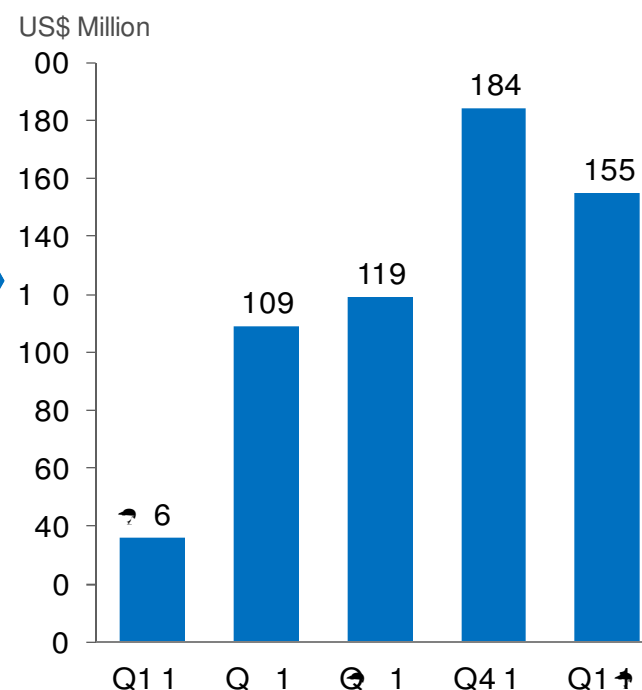


Cash Flow Highlights

(US\$ thousands) For the three months ended

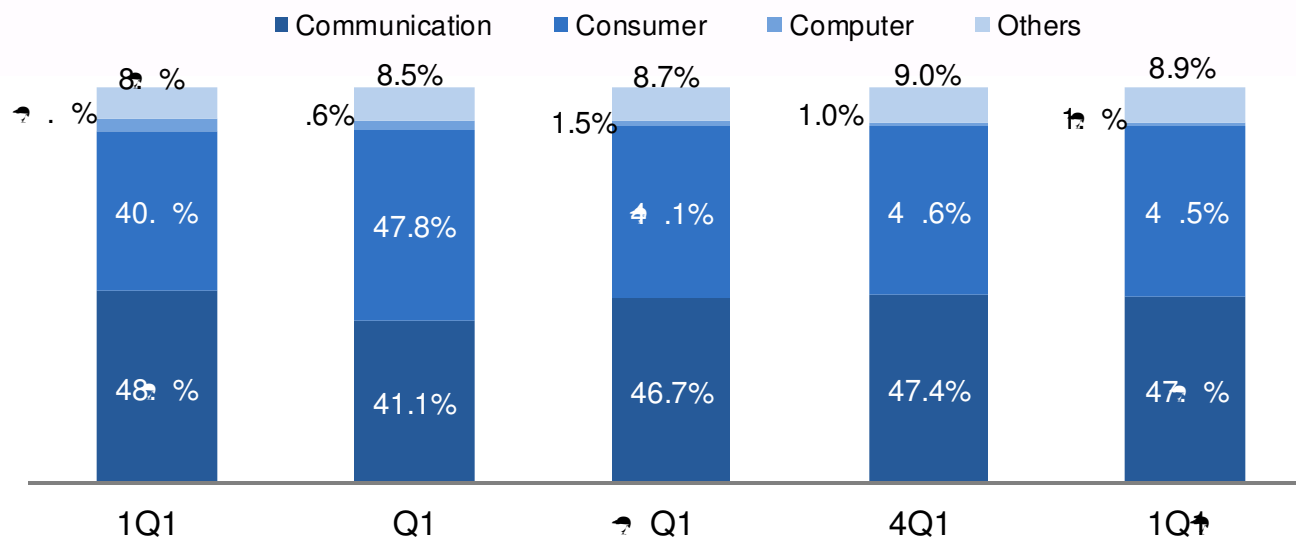
| | Mar 31, 2013 | Dec 31, 2012 |
|--|--------------|--------------|
| Cash and cash equivalents at the beginning of period | ↗ 58,490 | ↗ 1,785 |
| Net cash provided by operating activities | 154,688 | 16,799 |
| Net cash used in investing activities | 8,688) | 74,719) |
| Net cash used in financing activities | ↗ 7,500) | 17,655) |
| Net increase (decrease) in cash and cash equivalents | 65,558) | 16,705) |
| Cash and cash equivalents at the end of period | 9,900 | ↗ 58,490 |

Cash Flow from Operations



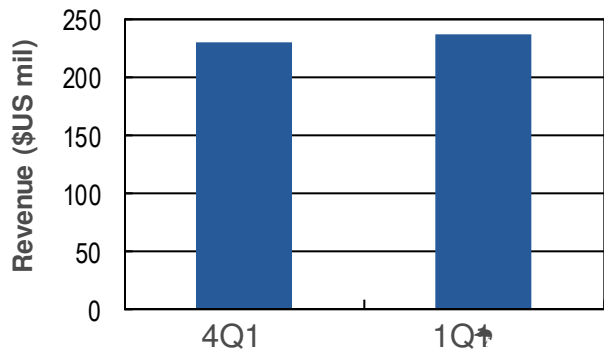


Total Revenue Breakdown by Applications

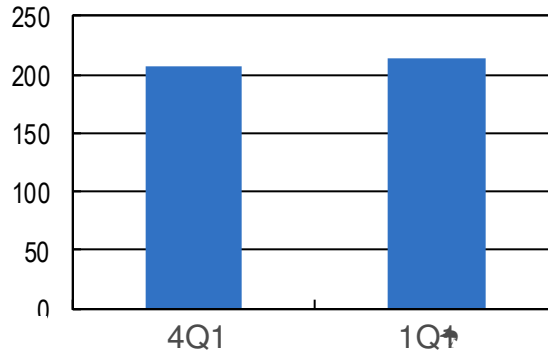


1Q 13 vs. 4Q 12

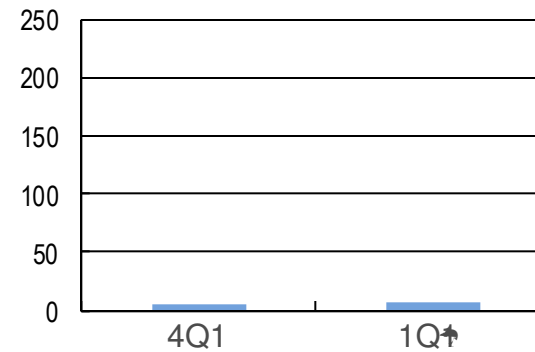
Communications



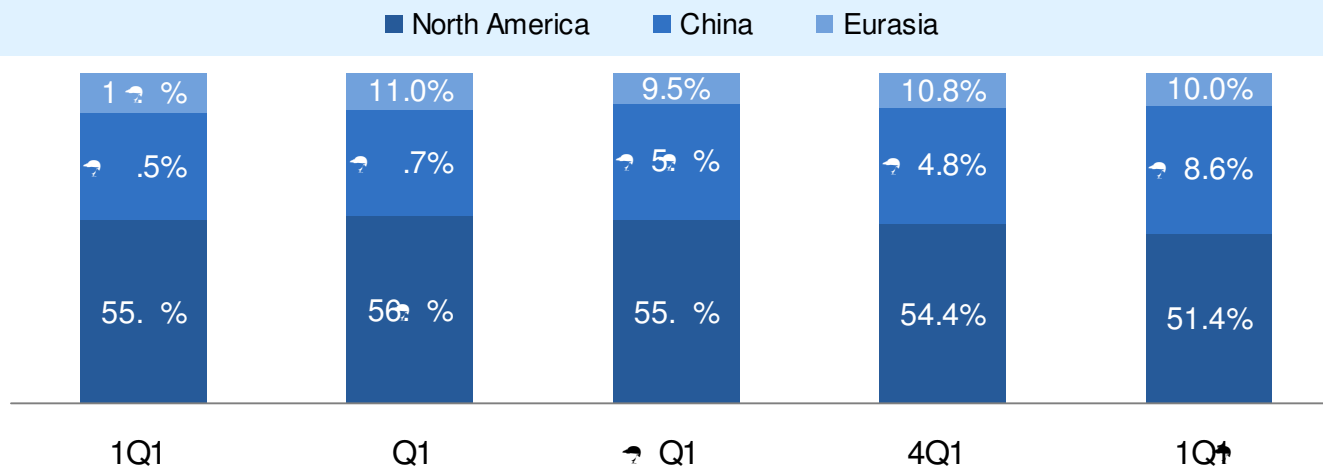
Consumer



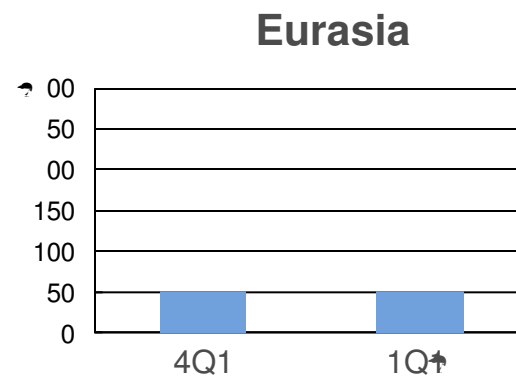
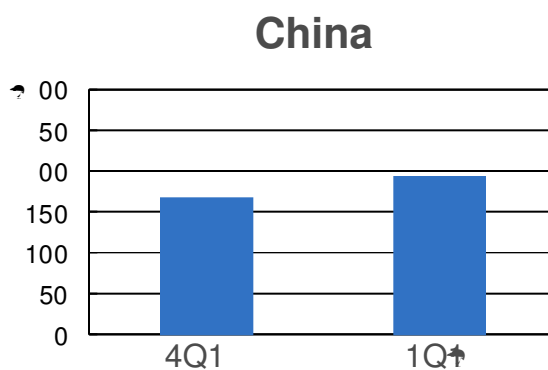
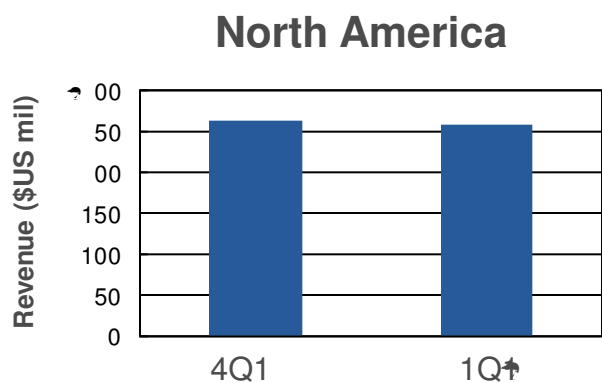
Computer



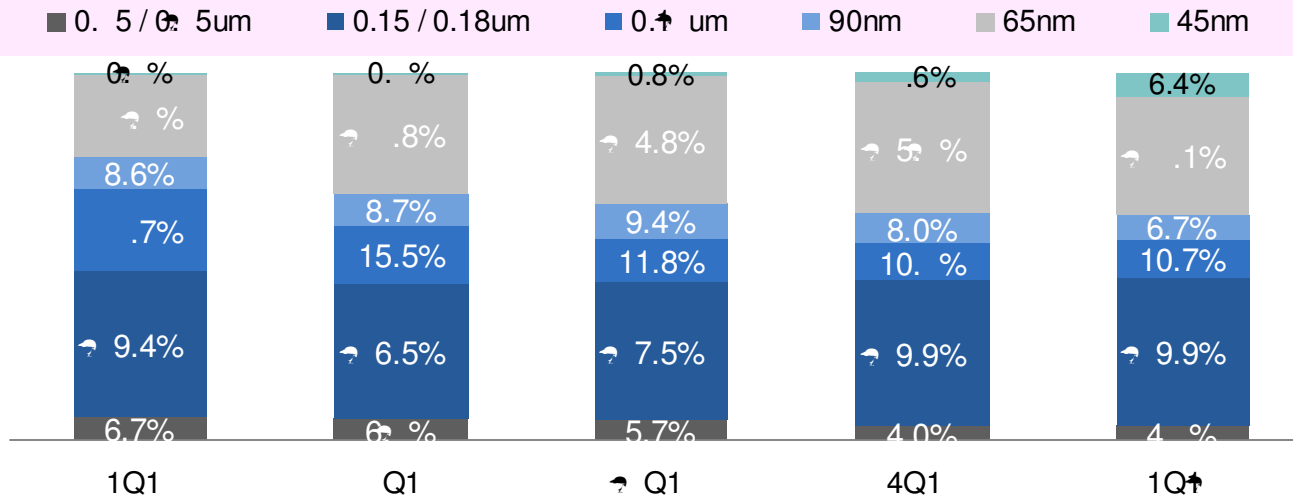
Total Revenue Breakdown by Geography



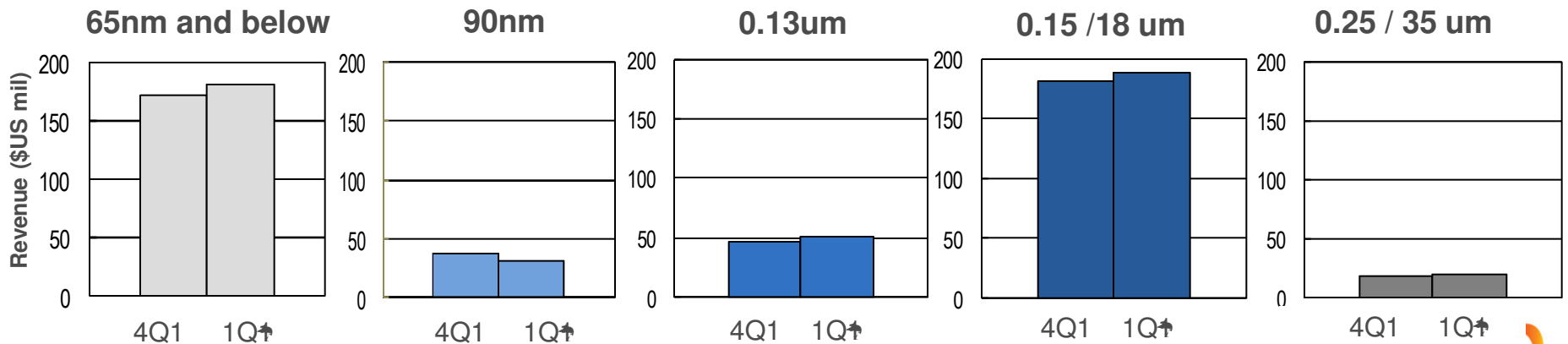
1Q 13 vs. 4Q 12



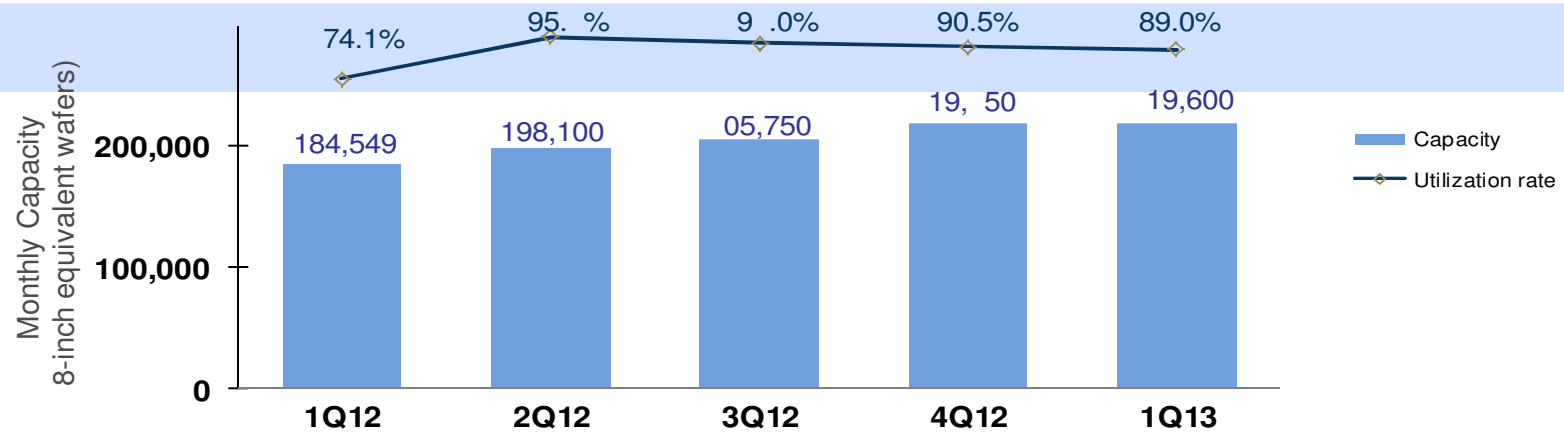
Wafer Revenue Breakdown by Technology



1Q 13 vs. 4Q 12



Capacity, Utilization and Shipment



| | Q1'12 | Q2'12 | Q3'12 | Q4'12 | Q1'13 |
|--|----------------|----------------|----------------|----------------|----------------|
| Shanghai Mega Fab (8") | 79,100 | 84,600 | 90,000 | 90,000 | 90,000 |
| Shanghai 12-inch Fab (12") | - | - | - | 6,000 | 6,900 |
| Beijing Mega Fab (12") | ↗ 0,000 | ↗ 4,000 | ↗ 5,000 | ↗ 5,000 | ↗ 6,000 |
| Tianjin Fab (8") | ↗ 7,000 | ↗ 7,000 | ↗ 7,000 | ↗ 7,000 | ↗ 4,450 |
| Monthly Capacity 8-inch equivalent wafers) | 184,549 | 198,100 | 205,750 | 219,250 | 219,600 |
| Wafer Shipment ⁽¹⁾ | 445,689 | 557,600 | 605,540 | 608,700 | 611,776 |
| Utilization Rate ⁽²⁾ | 74.1% | 95.0% | 90.0% | 90.5% | 89.0% |

1) Including copper interconnects and shipment of managed fab

2) Capacity utilization rate is reported based on total equivalent wafers out divided by estimated total quarterly capacity





2Q 2013 Guidance

| Q2' 2013 Guidance | |
|--|----------------------|
| Revenue | ± % to 5% QoQ |
| Gross Margin | 0% to % |
| Expenses from continuing operations ⁽¹⁾ | \$85 to \$88 million |



Appendix



1Q13 Results Vs Guidance

| | 1Q 13 Guidance | 1Q 13 Results |
|---|----------------------|--------------------------------------|
| Revenue | +1% to - % | Increased \uparrow . % \$501.6M |
| Gross Margin | 17.5% to 19.5% | 0.4% |
| Operating Expenses excluding R&D grants | \$74 to \$77 million | \$8 .0 million |
| Expenses from continuing operations ⁽¹⁾ | --- | \$71.1 million |

1) According to Q1 0 \uparrow reported unaudited results.

Expenses from continuing operations in Q1 was offset by government R&D grants of \$10.9 million.

Opex excluding R&D grants exceeded guidance due to a larger than expected bonus accrual which is contingent on the Company's full-year overall profitability



Capital Expenditures & Depreciation

| (US\$ millions) | Q1'12 | Q2'12 | Q3'12 | Q4'12 | Q1'13 |
|-----------------------------------|-------|-------|-------|-------|-------|
| Capex | 18 | 84 | ↑ 0 | 10 | 185 |
| Total Depreciation & Amortization | 14 | 140 | 14 | 140 | ↑ 6 |

SMIC has increased the planned **0↑ capital expenditures** for foundry operations by \$75 million to **\$675 million**. The additional capital expenditures will be used for the expansion of our Shanghai 1 -inch fab to meet the customer demand for our 40/45 nm capacity.





Thank you

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