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SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION

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(Incorporated in the Cayman Islands with limited liability)

(STOCK CODE: 00981)

SMIC REPORTS UNAUDITED RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2024

The consolidated financial information is prepared and presented in accordance with International Financial Reporting Standards

The following statements are forward looking statements based on current expectations and involved risks and uncertainties.

Third Quarter 2024 Guidance

The Company expects (in accordance with IFRSs):

Revenue to increase by 13% to 15% QoQ.

Gross margin to range from 18% to 20%.

The Management Comments

The Company revenue and gross margin both beat guidance in the second quarter. Revenue increased by 9% sequentially to \$1.9 billion, of which, 8-inch equivalent wafer shipments increased by 18% sequentially to more than 2.11 million, and blended ASP declined by 8% sequentially due to the changes in product mix.

gross margin is expected to be in the range of 18% to 20%.

The Company will continue to dedicate in wafer manufacturing, create vision-based strategic plans, and embrace headwinds and opportunities.

Conference Call / Webcast Announcement

Date: Friday, August 9, 2024

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

WEBCAST

The call will be webcast live at:

<https://edge.media-server.com/mmc/p/ic2kiug7/>

CONFERENCE CALL

Please register in advance for the conference call at:

<https://register.vevent.com/register/BI9be07cbe39cb4e2daf380f1b426ec2b6>

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

About SMIC

Semiconductor Manufacturing International Corporation (SEHK: 00981; SSE STAR MARKET: 688981) 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 8-inch and 12-inch wafers. Headquartered in Shanghai, China, SMIC Group has an international manufacturing and service base, with 8-inch and 12-inch wafer fabrication facilities in Shanghai, Beijing, Tianjin and Shenzhen. SMIC Group also has marketing and customer service offices in the U.S., Europe, Japan, and Taiwan, China.

For more information, please visit www.smics.com.

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

-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 cyclical 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

Summary of Second Quarter 2024 Operating Results

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

	2Q24	1Q24	QoQ	2Q23	YoY
Revenue	1,901,276	1,750,176	8.6%	1,560,396	21.8%
Cost of sales	(1,636,183)	(1,510,472)	8.3%	(1,243,896)	31.5%
Gross profit	265,093	239,704	10.6%	316,500	-16.2%
Operating expenses	(177,953)	(237,298)	-25.0%	(236,702)	-24.8%
Profit from operations	87,140	2,406	3,521.8%	79,798	9.2%
Other income, net	99,875	72,007	38.7%	415,946	-76.0%
Profit before tax	187,015	74,413	151.3%	495,744	-62.3%
Income tax expense	(14,753)	(10,898)	35.4%	(31,573)	-53.3%
Profit for the period	172,262	63,515	171.2%	464,171	-62.9%
Profit for the period attributable to:					
Owners of the Company	164,569	71,792	129.2%	402,762	-59.1%
Non-controlling interests	7,693	(8,277)	N/A	61,409	-87.5%
Profit for the period	172,262	63,515	171.2%	464,171	-62.9%

Analysis of Revenue

Revenue Analysis			
By Geography	2Q24	1Q24	2Q23
China	80.3%	81.6%	79.6%
America	16.0%	14.9%	17.6%
Eurasia	3.7%	3.5%	2.8%
By Service Type	2Q24	1Q24	2Q23
Wafers	92.9%	93.0%	90.5%
Others	7.1%	7.0%	9.5%
Wafer Revenue Analysis			
By Application	2Q24	1Q24	2Q23
Smartphone	32.0%	31.2%	26.8%
Computer and Tablet	13.3%	17.5%	23.8%
Consumer Electronics	35.6%	30.9%	26.5%
Connectivity and IoT	11.0%	13.2%	11.9%
Industrial and Automotive	8.1%	7.2%	11.0%
By Size	2Q24	1Q24	2Q23
	26.4%	24.4%	25.3%
	73.6%	75.6%	74.7%

Capacity

Monthly capacity increased to 837,000 8 equivalent wafers in 2Q24 from wafers in 1Q24.

Shipment and Utilization

	2Q24	1Q24	QoQ	2Q23	YoY
Wafer shipments	2,111,880	1,794,891	17.7%	1,403,121	50.5%
Utilization rate ⁽¹⁾	85.2%	80.8%		78.3%	

Note:

(1) Based on total equivalent wafers out divided by estimated total quarterly capacity.

Capex Summary

Capital expenditure was \$ 2,251.5 million in 2Q24, compared to \$2,235.4 million in 1Q24.

Detailed Financial Analysis

Gross Profit

<i>Amounts in US\$ thousands</i>	2Q24	1Q24	QoQ	2Q23	YoY
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EBITDA

<i>Amounts in US\$ thousands</i>	2Q24	1Q24	2Q23
Profit for the period	172,262	63,515	464,171
Finance costs	71,742	66,725	48,384
Depreciation and amortisation	797,166	745,537	656,452
Income tax expense	14,753	10,898	31,573
EBITDA	1,055,923	886,675	1,200,580
Profit margin	9.1%	3.6%	29.7%
EBITDA margin	55.5%	50.7%	76.9%

Liquidity

<i>Amounts in US\$ thousands</i>	2Q24	1Q24
Inventories	2,740,168	2,768,176
Prepayment and prepaid operating expenses	98,660	100,119
Trade and other receivables	1,235,380	1,077,969
Financial assets at fair value through profit or loss	101,109	230,333
Financial assets at amortised cost	2,963,006	3,105,504
Derivative financial instruments	85,204	67,989
Restricted cash	280,228	280,600
Cash and cash equivalents	3,694,277	5,348,718
Assets classified as held-for-sale	22,030	22,030
Total current assets	11,220,062	13,001,438
Trade and other payables	3,978,441	4,206,695
Contract liabilities	1,015,698	1,893,793
Borrowings	1,361,165	1,490,410
Lease liabilities	27,794	32,409
Bonds payable	604,877	-
Deferred government funding	159,591	148,705
Accrued liabilities	310,052	262,065
Derivative financial instruments	63,872	104,580
Current tax liabilities	18,049	5,901
Total current liabilities	7,539,539	8,144,558
Cash ratio ⁽¹⁾	0.5	0.7
Quick ratio ⁽²⁾	1.1	1.3
Current ratio ⁽³⁾	1.5	1.6

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	2Q24	1Q24
Cash and cash equivalents	3,694,277	5,348,718
Restricted cash	370,445	369,466
Financial assets at fair value through profit or loss - current ⁽¹⁾	101,109	230,333
Financial assets at amortised cost ⁽²⁾	8,814,627	9,437,138
Total cash on hand	12,980,458	15,385,655
Borrowings - current	1,361,165	1,490,410
Borrowings - non-current	8,424,725	8,178,595
Lease liabilities	42,483	50,564
Bonds payable	604,877	599,302
Total debt	10,433,250	10,318,871
Net debt ⁽³⁾	(2,547,208)	(5,066,784)
Equity	30,969,673	30,827,016
Debt to equity ratio ⁽⁴⁾	33.7%	33.5%
Net debt to equity ratio ⁽⁵⁾	-8.2%	-16.4%

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	2Q24	1Q24
Net cash generated from operating activities	19,275	470,022
Net cash used in investing activities	(1,637,666)	(1,328,356)
Net cash generated from financing activities	46,379	44,174
Effect of exchange rate changes	(82,429)	(52,180)
Net decrease in cash and cash equivalents	(1,654,441)	(866,340)

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

	For the three months ended	
	June 30, 2024 (Unaudited)	March 31, 2024 (Unaudited)
Revenue	1,901,276	1,750,176
Cost of sales	(1,636,183)	(1,510,472)
Gross profit	265,093	239,704
Research and development expenses	(180,748)	(188,110)
Selling and marketing expenses	(9,737)	(9,043)
General and administration expenses	(160,630)	(116,378)
Impairment losses on financial assets, net	1,025	(1,014)
Other operating income	172,137	77,247
Operating expenses	(177,953)	(237,298)
Profit from operations	87,140	2,406
Other income, net	99,875	72,007
Profit before tax	187,015	74,413
Income tax expense	(14,753)	(10,898)
Profit for the period	172,262	63,515
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss in subsequent periods</i>		
Exchange differences on translating foreign operations	(9,158)	(3,905)
Cash flow hedges	(42,127)	(93,463)
Total comprehensive income for the period	120,977	(33,853)
Profit for the period attributable to:		
Owners of the Company	164,569	71,792
Non-controlling interests	7,693	(8,277)
	172,262	63,515

Semiconductor Manufacturing International Corporation
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

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

	For the three months ended	
	June 30, 2024	March 31, 2024
	(Unaudited)	(Unaudited)
Operating activities:		
Profit for the period	172,262	63,515
Depreciation and amortisation	797,166	745,537
Share of (profit)/loss of associates and a joint venture	(17,164)	24,670
Other (gains)/losses, net	(7,287)	4,886
Changes in working capital and others	(925,702)	(368,586)
Net cash generated from operating activities	19,275	470,022
Investing activities:		
Acquisition of financial assets at fair value through profit or loss	(142,163)	(152,682)
Proceeds from sale of financial assets at fair value through profit or loss	280,657	

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

Shanghai, August 8, 2024

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

Executive Director

LIU Xunfeng

Non-executive Directors

LU Guoqing

CHEN Shanzhi

YANG Lumin

Independent Non-executive Directors

FAN Ren Da Anthony

LIU Ming

WU Hanming