

# SMIC Q1 2019 Financial Presentation

**NYSE: SMI      HKSE: 981**

SMIC Investor Relations

May 2019

# Safe Harbor Statements

## Under the Private Securities Litigation Reform Act of 1995

This presentation contains, in addition to historical information, "forward-looking statements" with the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995 and Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934. These forward-

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-Chief Executive Officers are based on SMIC's current assumptions, expectations and projections about future events. SMIC uses words like "believe," "anticipate," "intend," "estimate," "expect," "project," "target" and similar expressions to identify forward looking statements, although not all forward-looking statements contain these words.





# 1Q19 Financial Highlights

- **Revenue was \$669 million**

  - Down 15.1% QoQ, compared to \$788 million in 4Q18

  - Down 19.5% YoY, compared to \$831 million in 1Q18

  - Down 7.5% YoY, compared to \$723 million in 1Q18, excluding Licensing Revenue

- **Gross margin was 18.2%**

  - Compared to 17.0% in 4Q18

  - Compared to 26.5% in 1Q18

  - Compared to 15.6% in 1Q18, excluding Licensing Revenue

- **Profit attributable to SMIC was \$12 million**

  - Compared to \$27 million in 4Q18

  - Compared to \$29 million in 1Q18

- **\$3.9 billion cash on hand, including financial assets**

  - Compared to \$3.8 billion in 4Q18

  - Compared to \$2.3 billion in 1Q18



# Balance Sheet Highlights

(US\$ thousands)	As of	
	Mar 31, 2019	Dec 31, 2018
Cash and cash equivalent	1,370,041	1,786,420
Restricted Cash	685,598	592,290
Financial assets at fair value through profit or loss-current (1)	46,951	41,685
Financial assets at amortized cost (2)	2,510,503	1,996,808
Trade and other receivables	739,882	837,828
Inventories	661,633	593,009
Assets classified as held-for-sales	267,264	270,807
Other Assets	8,818,993	8,305,473
<b>Total Assets</b>	<b>15,100,865</b>	<b>14,424,320</b>
Short-term borrowings	416,311	530,005
Long-term borrowings	1,907,211	1,760,763
Medium-term notes	444,454	218,247
Convertible bonds	422,479	418,592
Corporate bonds	499,027	498,551
<b>Total Debt</b>	<b>3,689,482</b>	<b>3,426,158</b>
<b>Net Debt</b> (3)	<b>(238,013)</b>	<b>(398,755)</b>
<b>Total Liabilities</b>	<b>6,153,190</b>	<b>5,500,740</b>
<b>Total Equity</b>	<b>8,947,675</b>	<b>8,923,580</b>
Total Debt/Equity Ratio (4)	41.2%	38.4%
Net debt/Equity Ratio (5)	-2.7%	-4.5%

1. Financial assets at fair value through profit or loss-current mainly contains financial products sold by bank.

2. Financial assets at amortized cost mainly contains bank deposits over 3 months.

3. Net debt is total debt minus cash and cash equivalent, financial assets at fair value through profit or loss and financial assets at amortized cost.

4. Total debt divided by equity

5. Net debt divided by equity.

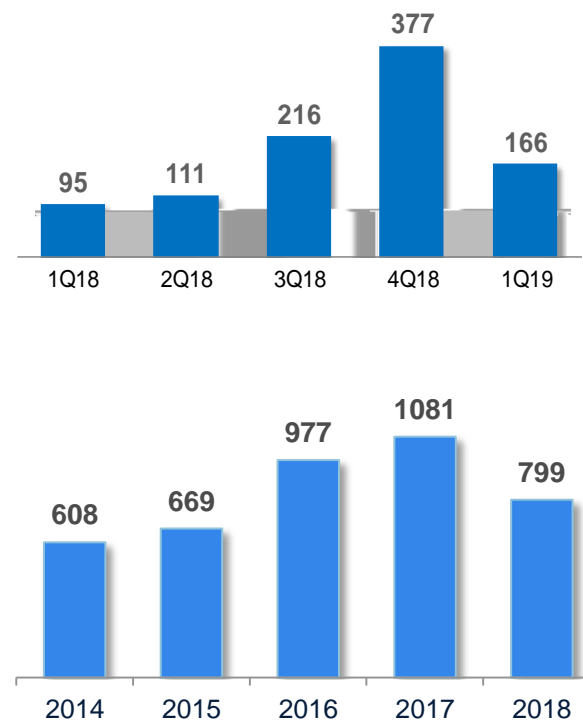
# Cash Flow Highlights

(US\$ thousands)

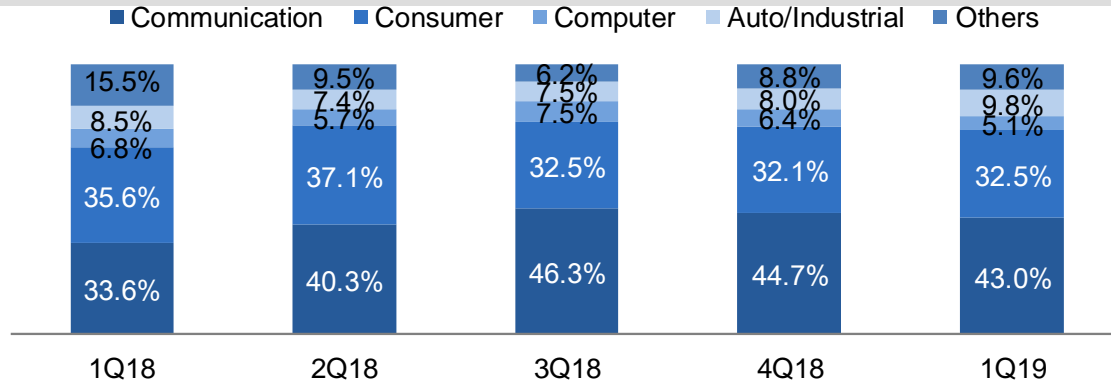
For the three months ended

	Mar 31, 2019	Dec 31, 2018
Cash and cash equivalent, beginning of period	1,786,420	822,619
Net cash from operating activities	166,103	377,486
Net cash used in investing activities	(816,708)	(499,552)
Net cash from (used in) financing activities	216,590	1,100,194
Net increase (decrease) in cash and cash equivalent	(416,379)	963,801
Cash and cash equivalent, end of period	1,370,041	1,786,420

Cash Flow from Operations (US\$ millions)

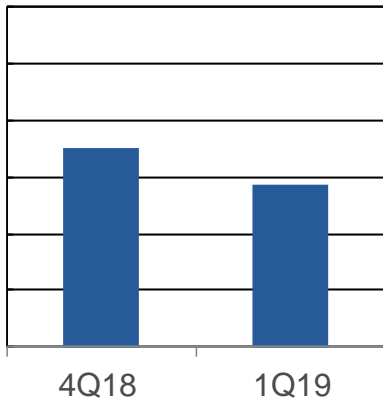


# Total Revenue Breakdown by Applications

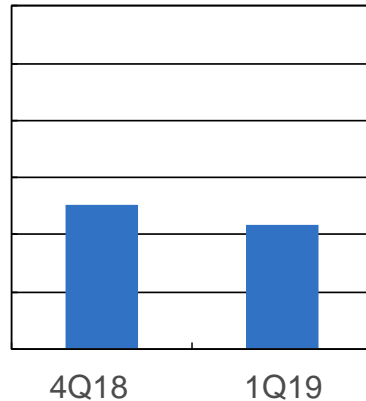


## 1Q19 vs. 4Q18

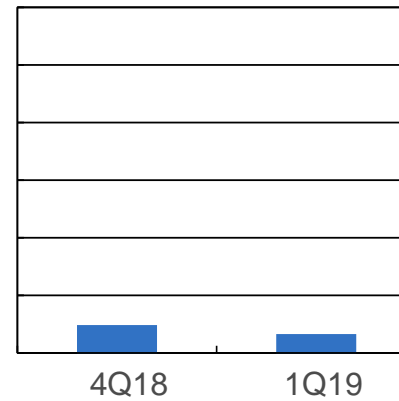
### Communications



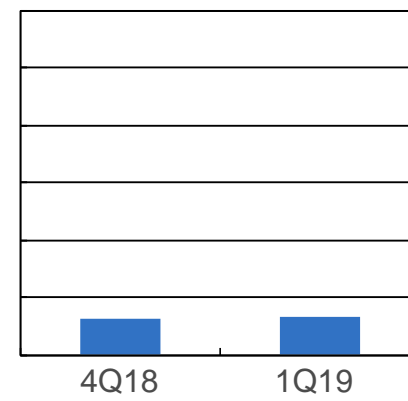
### Consumer



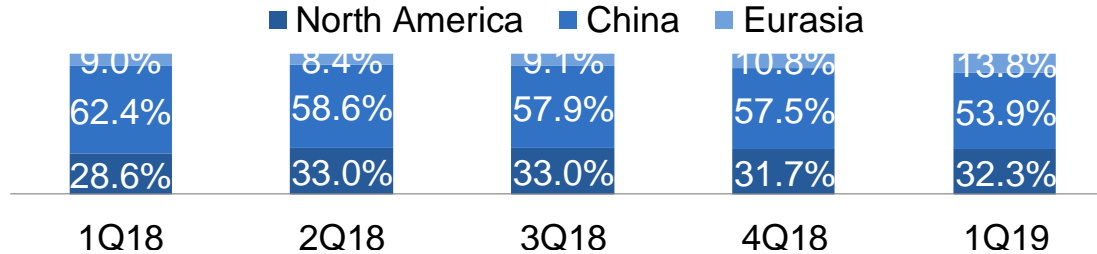
### Computer



### Auto/Industrial

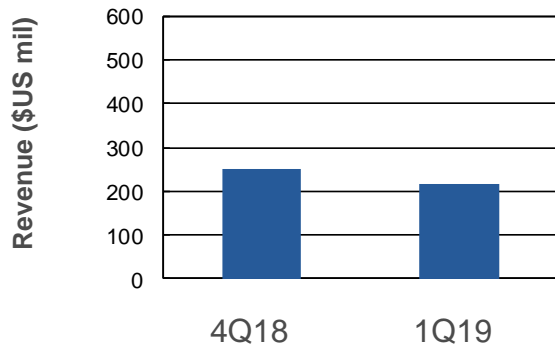


# Total Revenue Breakdown by Geography

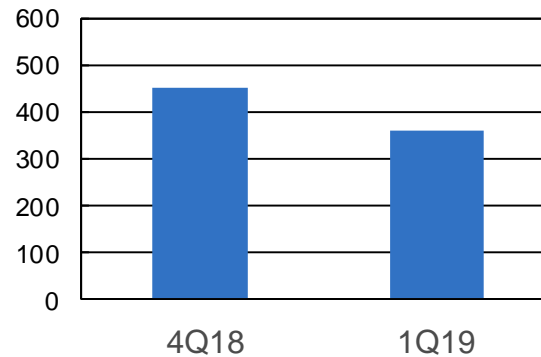


## 1Q19 vs. 4Q18

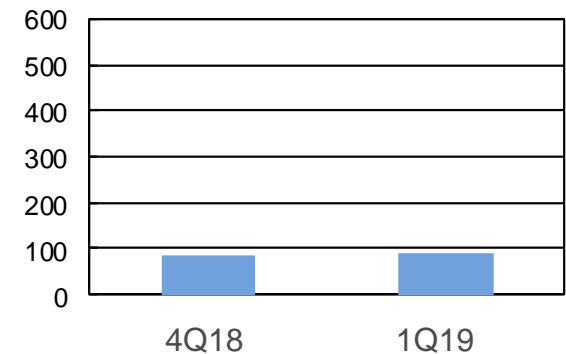
### North America (1)



### China



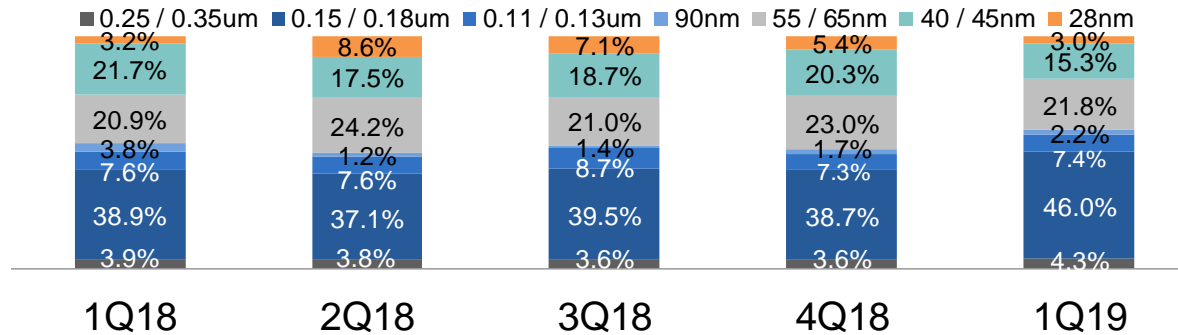
### Eurasia



(1) Presenting the Revenue to those companies whose headquarters are in the United States, but ultimately selling and shipping the products to their global customers.

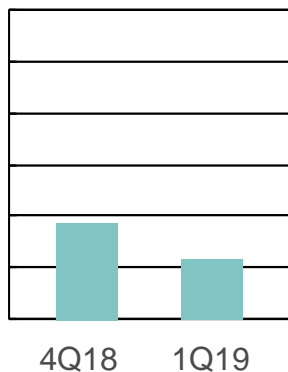


# Wafer Revenue Breakdown by Technology

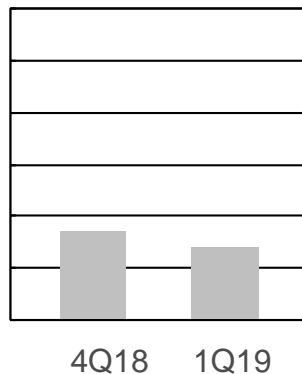


## 1Q 19 vs. 4Q 18

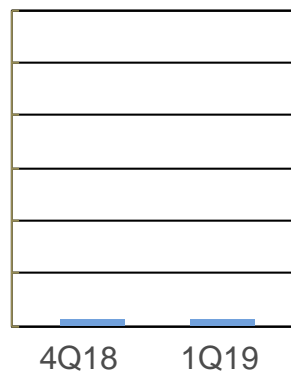
### 45nm and below



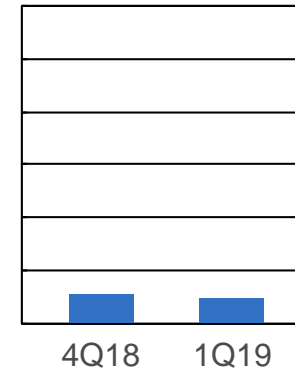
### 55/65nm



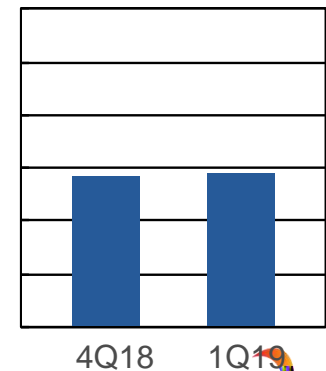
### 90nm



### 0.11/0.13um

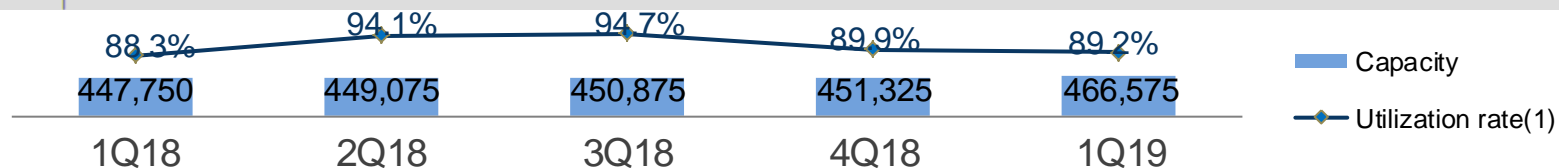


### 0.15 / 18 um



# Capacity, Utilization and Shipment

Monthly Capacity  
(8-inch equivalent wafers)



	1Q18	2Q18	3Q18	4Q18	1Q19
Shanghai 200mm Fab	109,000	108,000	106,000	109,000	112,000
Shanghai 300mm Fab	17,000	17,000	15,000	10,000	10,000
Beijing 300mm Fab	46,000	43,000	42,000	42,000	47,000
Tianjin 200mm Fab	50,000	50,000	53,000	60,000	58,000
Shenzhen 200mmFab	35,000	35,000	40,300	42,000	45,000
Shenzhen 300mmFab	3,000	3,000	3,000	3,000	3,000
Majority-Owned Beijing 300mm Fab	29,000	32,000	33,000	33,000	33,000
Majority-Owned Avezzano 200mm Fab	40,000	42,325	42,325	42,325	42,325
<b>Monthly Capacity (8-inch equivalent wafers)</b>	<b>447,750</b>	<b>449,075</b>	<b>450,875</b>	<b>451,325</b>	<b>466,575</b>
Wafer Shipments	1,083,630	1,258,336	1,315,007	1,217,690	1,089,502

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

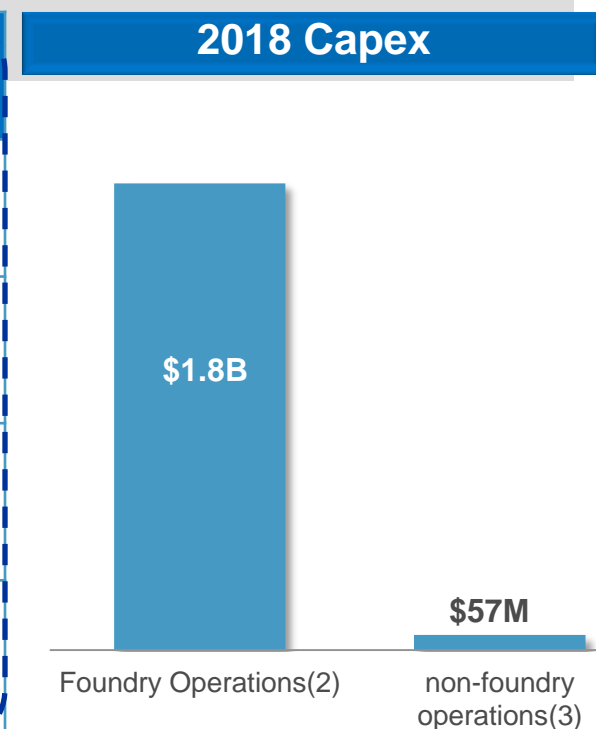




# Appendix

# Results Vs Original Guidance

	1Q 2019 Guidance	1Q 2019 Results
Revenue	-18% to -16% QoQ \$646 to \$662 million	-15.1% QoQ \$669 million
Gross Margin	20% to 22%	18.2%
Non-GAAP Operating Expenses (1)	\$250 to \$255 million	\$ 202 million
Non-controlling interests	\$10 to \$12 million	-\$12 million



- (1) Exclude 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.
- (2) The 2018 capital expenditures for foundry operations were \$1,756.3 million, of which \$429.3 million, \$382.7 million and \$269.8 million were spent for the expansion of capacity in our majority-owned Beijing 300mm fab, Tianjin 200mm fab and majority-owned Shanghai 300mm fab, and \$331.0 million was used for R&D equipment.
- (3) The 2018 capital expenditures for non-quarters.

# Capital Expenditures & Depreciation

<i>(US\$ millions)</i>	1Q18	2Q18	3Q18	4Q18	1Q19
<b>Capex</b>	322	559	528	405	443
<b>Depreciation &amp; Amortization</b>	269	268	259	253	278



# Thank you

Contact us: [ir@smics.com](mailto:ir@smics.com)