

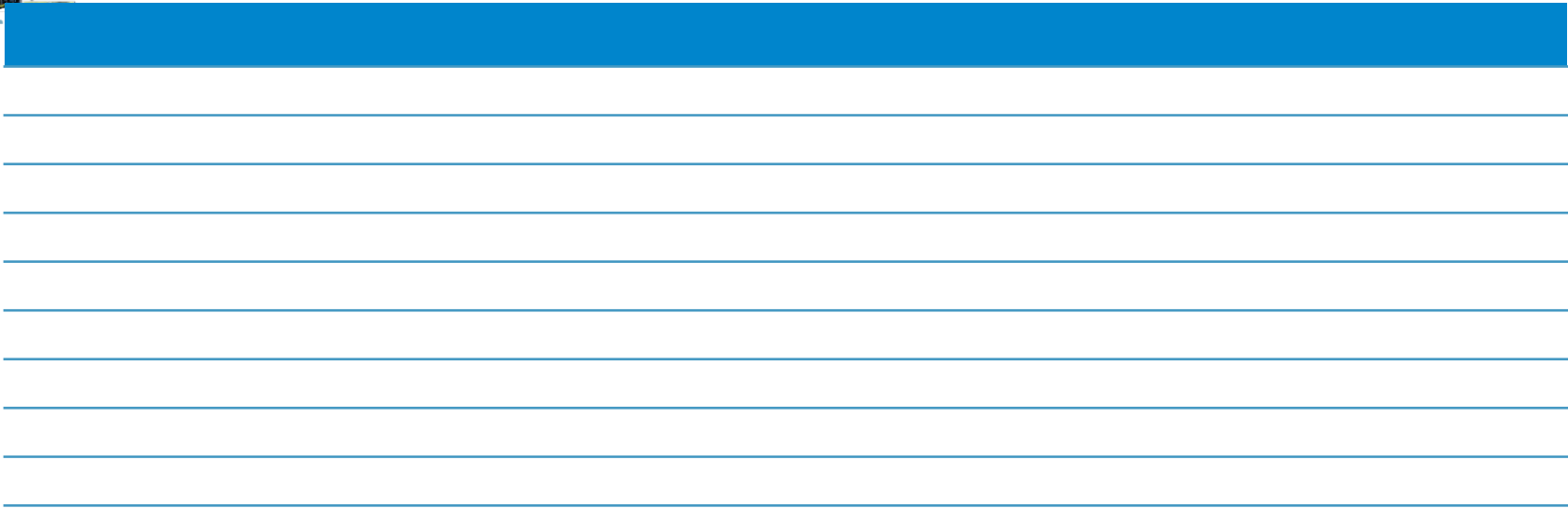




This presentation contains, in addition to historical information, “forward-looking statements” within the meaning of the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements, including statements under “Fourth Quarter 2016 Guidance”, “CapEx Summary” and the statements contained in the quotes of our CEO 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. 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 cyclical nature of the semiconductor industry, changes in demand for our products, competition in our markets, our reliance on a small number of customers, orders or judgments from pending litigation, intensive intellectual property lawsuits in semiconductor industry and financial stability in end markets, general economic conditions and fluctuations in currency exchange rates.

Investors should consider the information contained in SMIC’s filings with the U.S. Securities and Exchange Commission (“SEC”), including its annual report on 20-F filed with the SEC on April 25, 2016, 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 presentation 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 presentation. 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.

During this presentation, references to financial measures of SMIC will include references to non-GAAP financial measures, including non-GAAP operating expenses and adjusted EBITDA margin. For an explanation to the most directly comparable GAAP financial measures, see today’s earnings release.



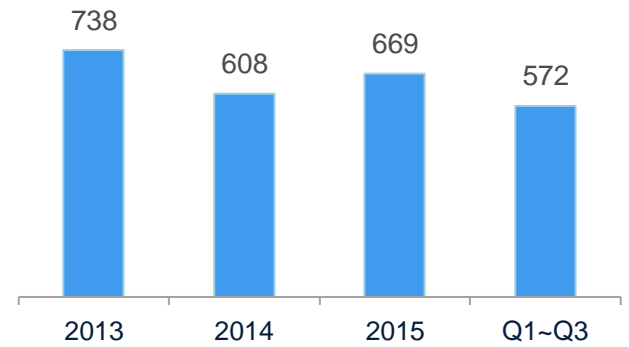
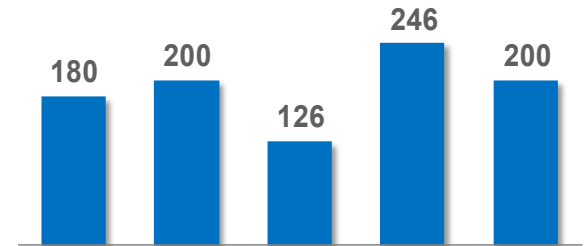
increased by 12.3% QoQ from \$690.2 million in 2Q16 to \$774.8 million in 3Q16 mainly due to 1) an increase in wafer shipments in 3Q16 and 2) the revenue contributed from the acquisition of Lfoundry.

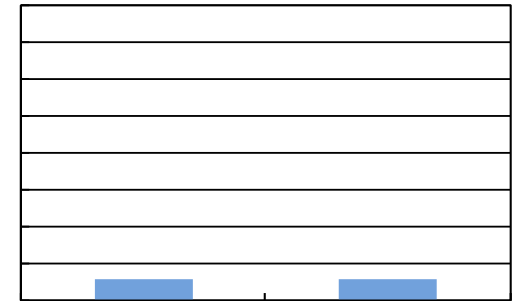
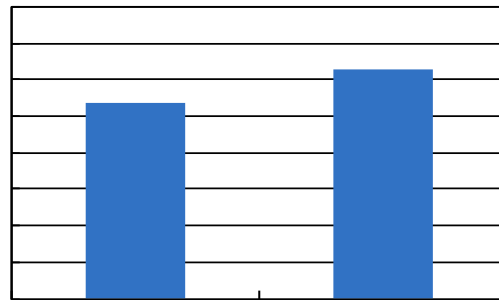
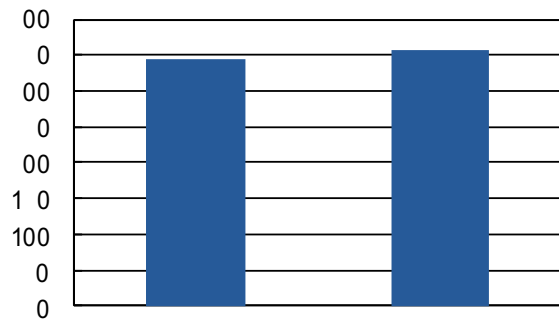
was 30.0% in 3Q16, as compared to 31.6% in 2Q16. The change was mainly due to 1) the receipt of insurance compensation in 2Q16 and 2) the acquisition of LFoundry in 3Q16.

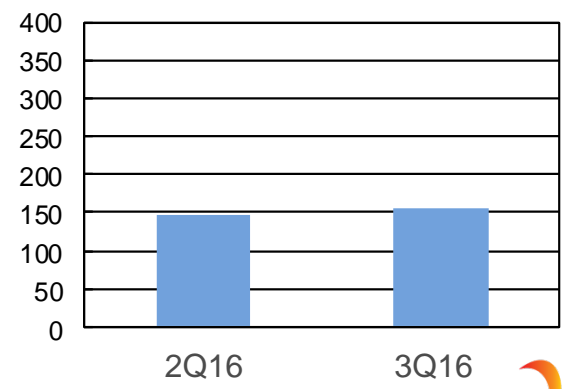
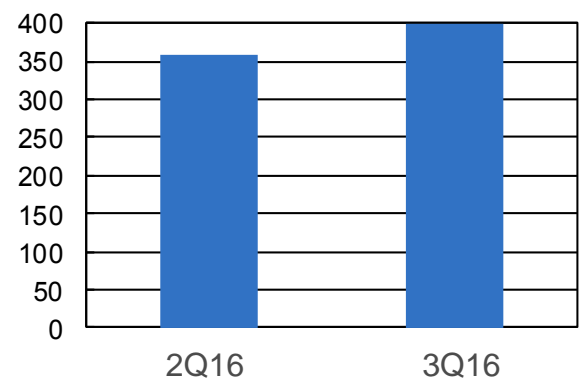
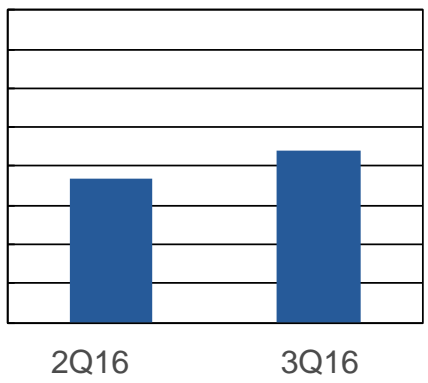
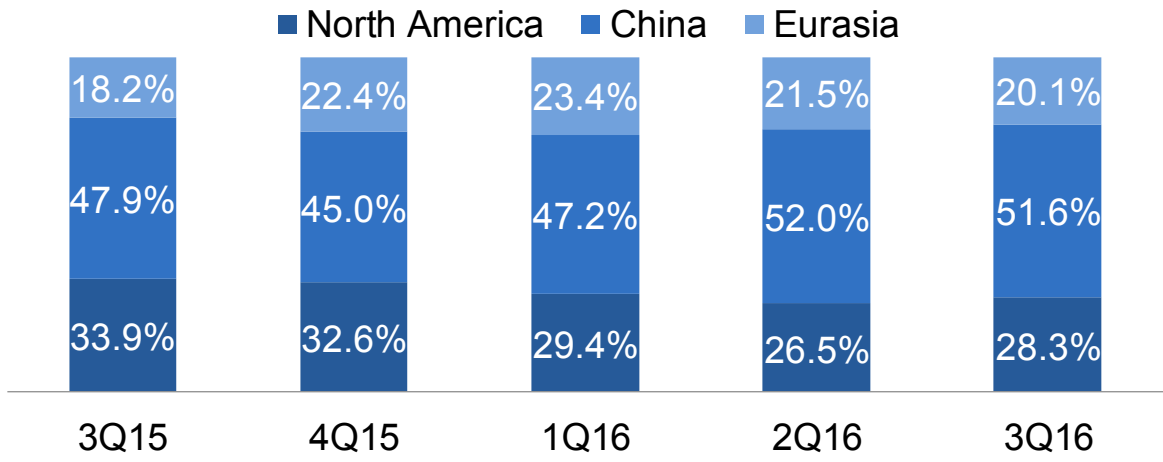
increased by \$17.4 million QoQ to \$81.9 million in 3Q16, compared to \$64.5 million in 2Q16. Excluding the funding of R&D contracts from the government, R&D expenses increased by \$15.0 million QoQ to \$91.5 million in 3Q16. The change was mainly due to higher level of R&D activities in 3Q16. Funding of R&D contracts from the government was \$9.6 million in 3Q16, compared to \$12.0 million in 2Q16.

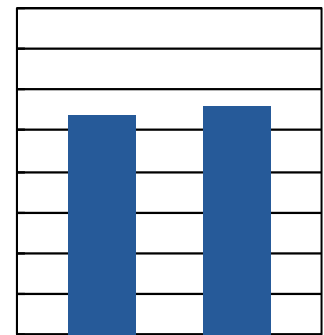
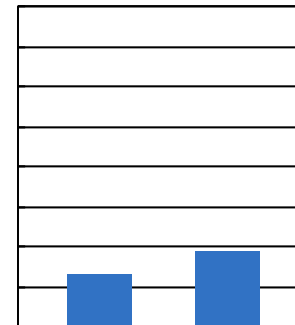
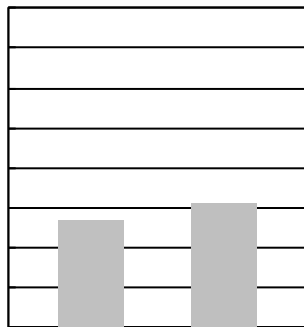
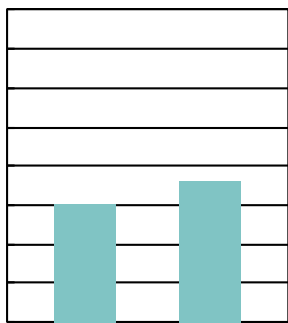
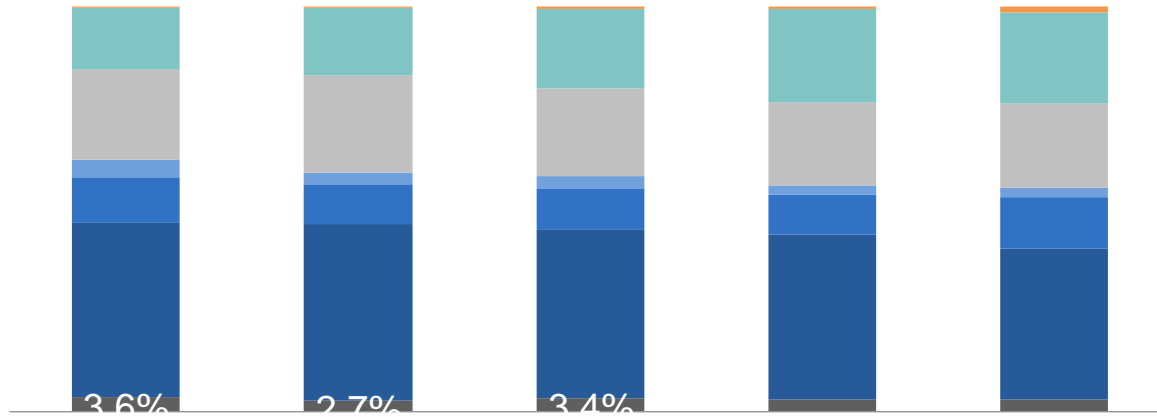


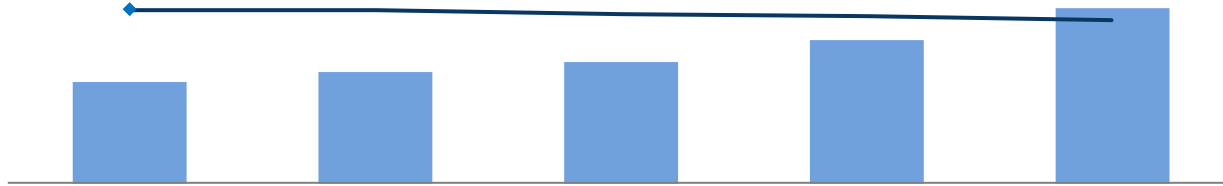
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	48,081	551,716
	1,634,752	1,586,671



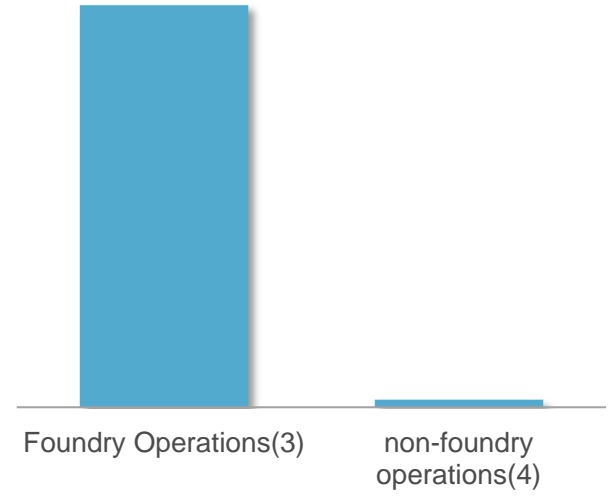




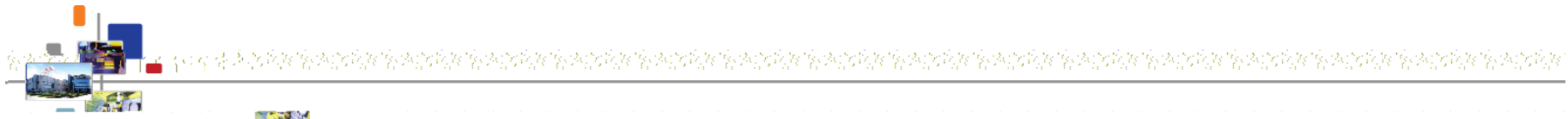














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