



SMIC

2Q 2008 Earnings Presentation

July 29, 2008

SEHK: 981

NYSE: SMI





SAFE HARBOR

(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 concerning our expectation for second quarter 2008 revenue, our expectation that DRAM revenue as a percentage of overall revenue will decrease in 2008, expected timing for beginning commercial production for our 65nm technology, SMIC’s ability to grow and improve profitability in 2008, and statements under “Capex Summary” and “Second Quarter 2008 Guidance”, 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 are necessarily estimates reflecting the best 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-looking statements including, among others, risks associated with cyclical and market conditions in the semiconductor industry, intense competition, 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, industry overcapacity, shortages in equipment, components and raw materials, orders or judgments from pending litigation, availability of manufacturing capacity 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 20-F, as amended, filed with the SEC on June 29, 2007, especially in the “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections, and such other documents that SMIC may file with the SEC or SEHK from time to time, including 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 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.





TODAY

- **Financial Highlights**
- **Guidance**
- **Business Review**
- **Appendix**





FINANCIAL HIGHLIGHTS

Financial Highlights					
<i>(Amounts in US\$ million, except for EPS and operating data)</i>	2Q08	1Q08	QoQ	2Q07	YoY
Sales	342.9	362.4	-5.4%	374.8	-8.5%
Gross margins	6.1%	(9.0%)	-	10.3%	-
Net income (loss)	(45.6)	(224.9)	-	(2.1)	-
Operating expenses	60.8	170.2	-64.3%	47.1	28.9%
Capital expenditures	231	136	69.9%	370	-37.6%
Net income (loss) per ADS (US\$ diluted)	(0.1227)	(0.6051)	-	(0.0056)	-





3Q 2008 GUIDANCE

<i>US\$ Millions (except opex %)</i>	2Q2008 Actual	3Q2008 Guidance	FY 2008
Sales	US\$ 343 M	Increase 5 to 8%	
Depreciation	US\$ 198 M	\$190 – \$210 M	
Operating expenses as percentage of sales	17.7%	In high-teens	
Capital expenditures	US\$231 M	\$230 to \$280 M	US\$700M

Source: Company financials



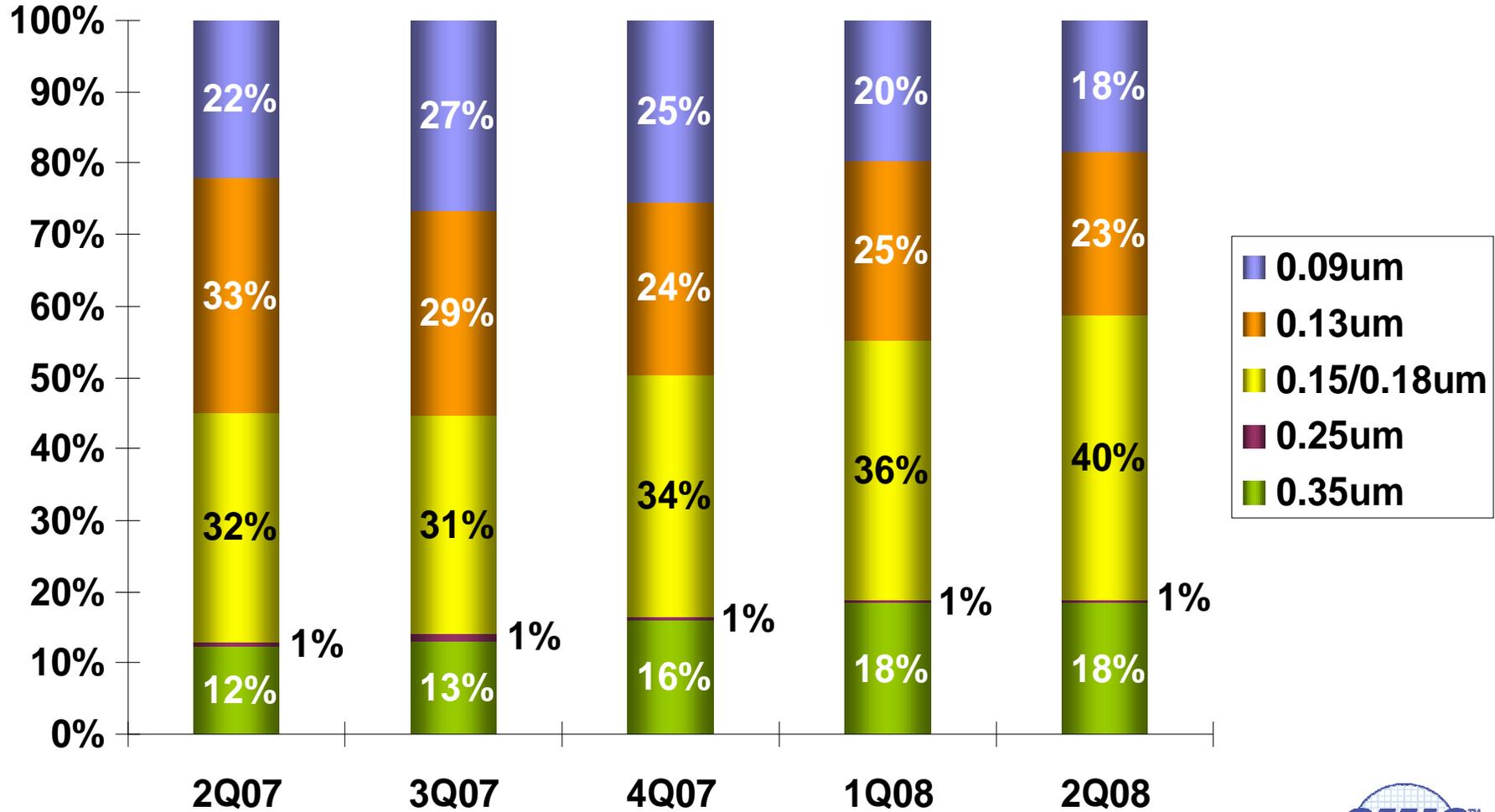


BUSINESS REVIEW





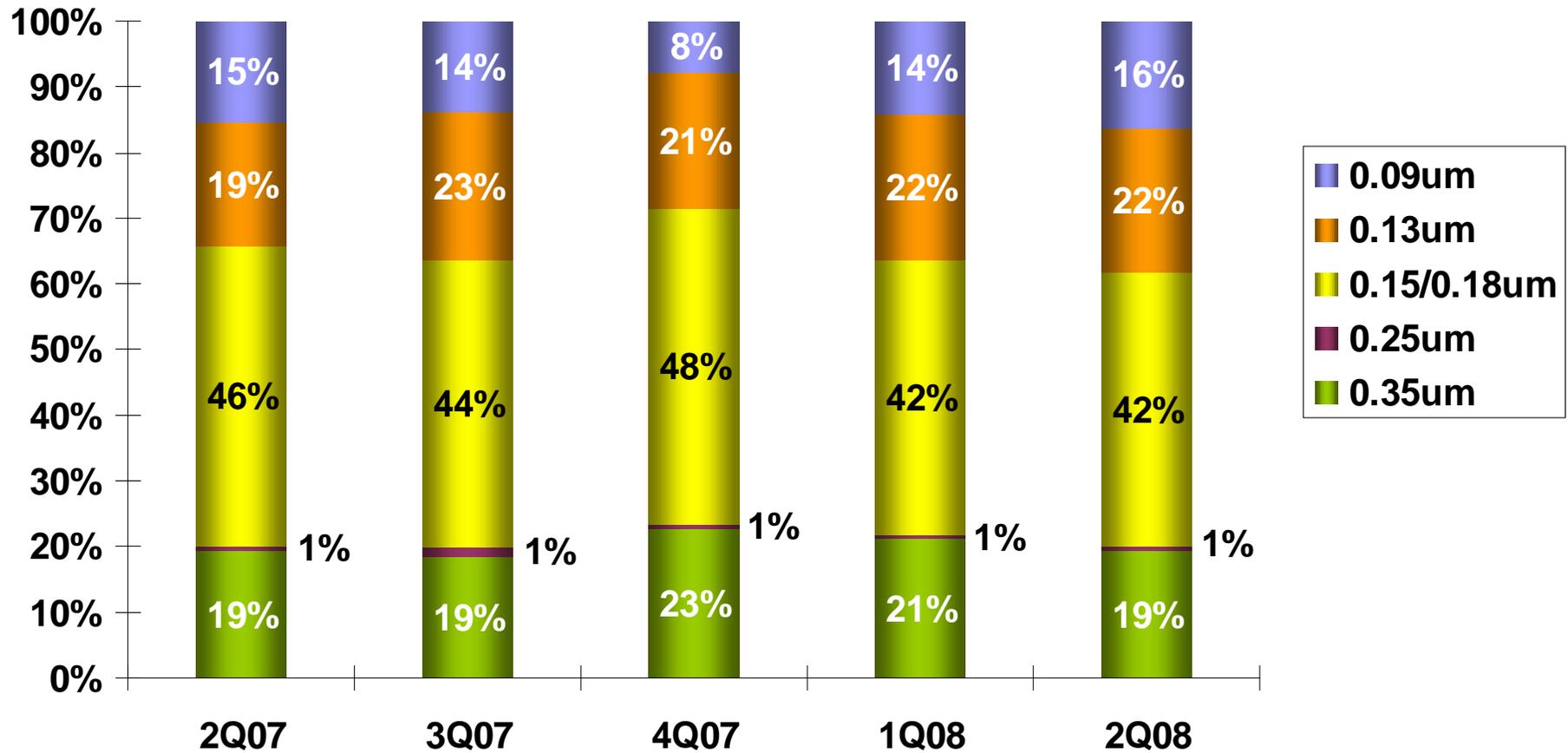
TOTAL SALES BREAKDOWN BY TECHNOLOGY



Source: Company financials



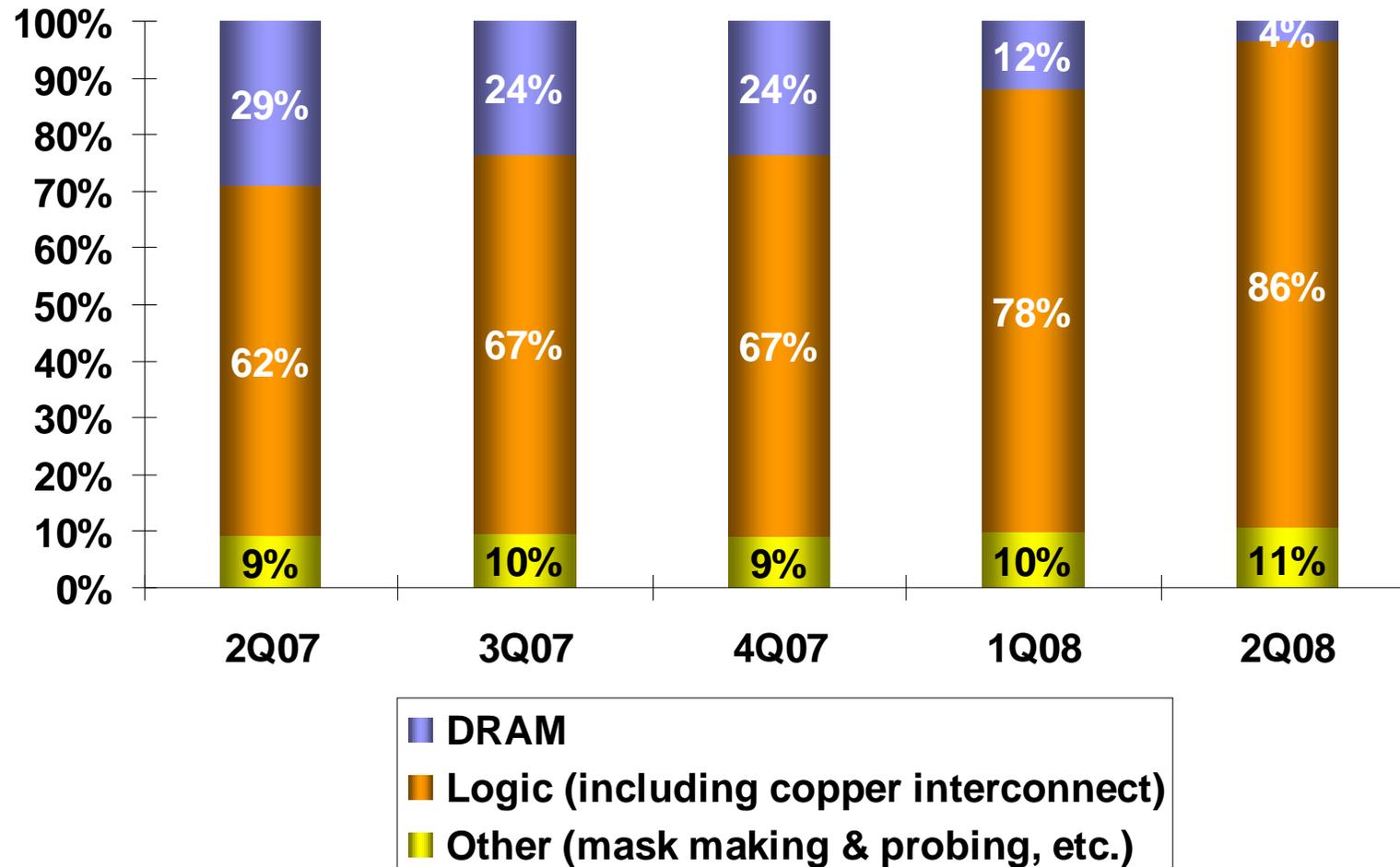
LOGIC SALES BREAKDOWN BY TECHNOLOGY



Source: Company financials



SMIC MAINTAINS SOLID REVENUE IN LOGIC

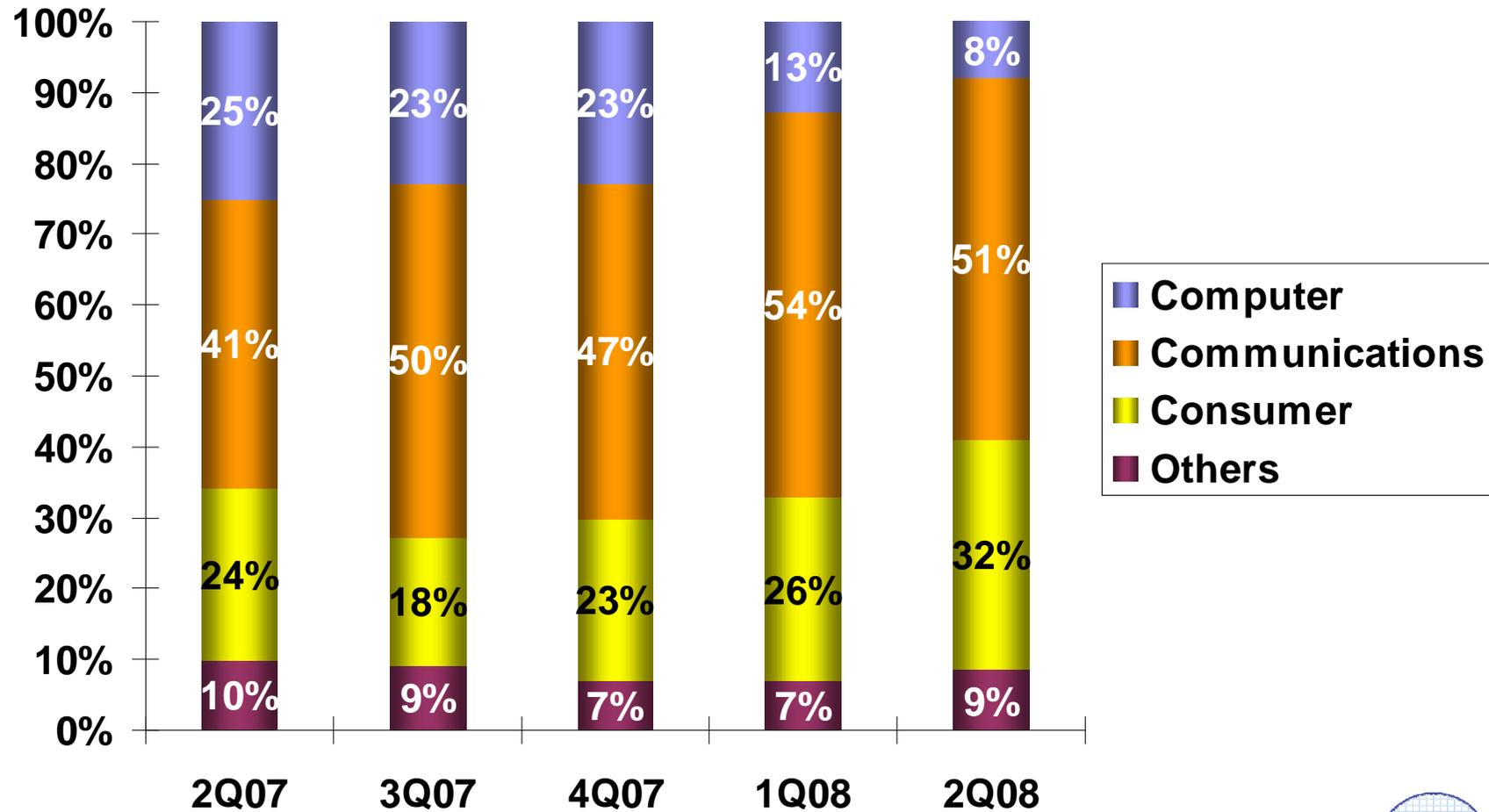


Source: Company financials





SALES BREAKDOWN BY APPLICATION

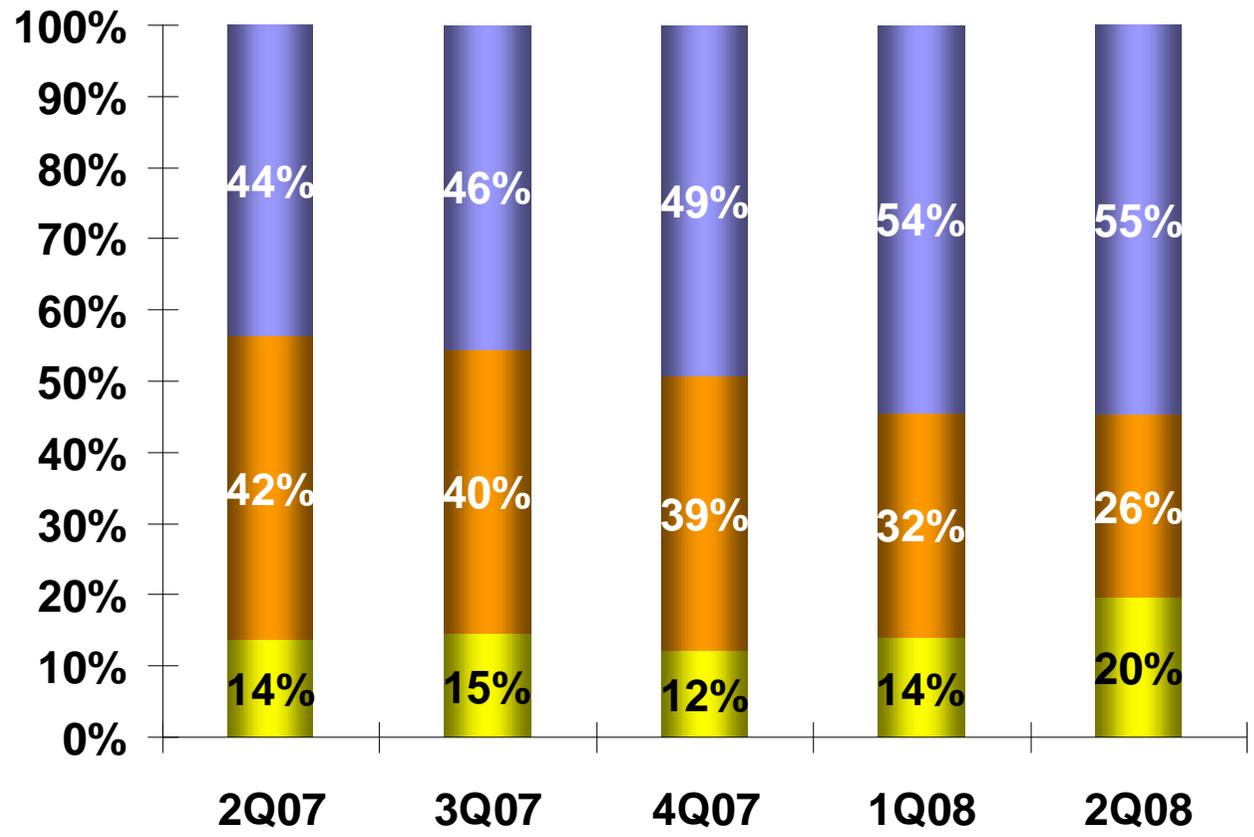


Source: Company financials





SALES BREAKDOWN BY CUSTOMER TYPE

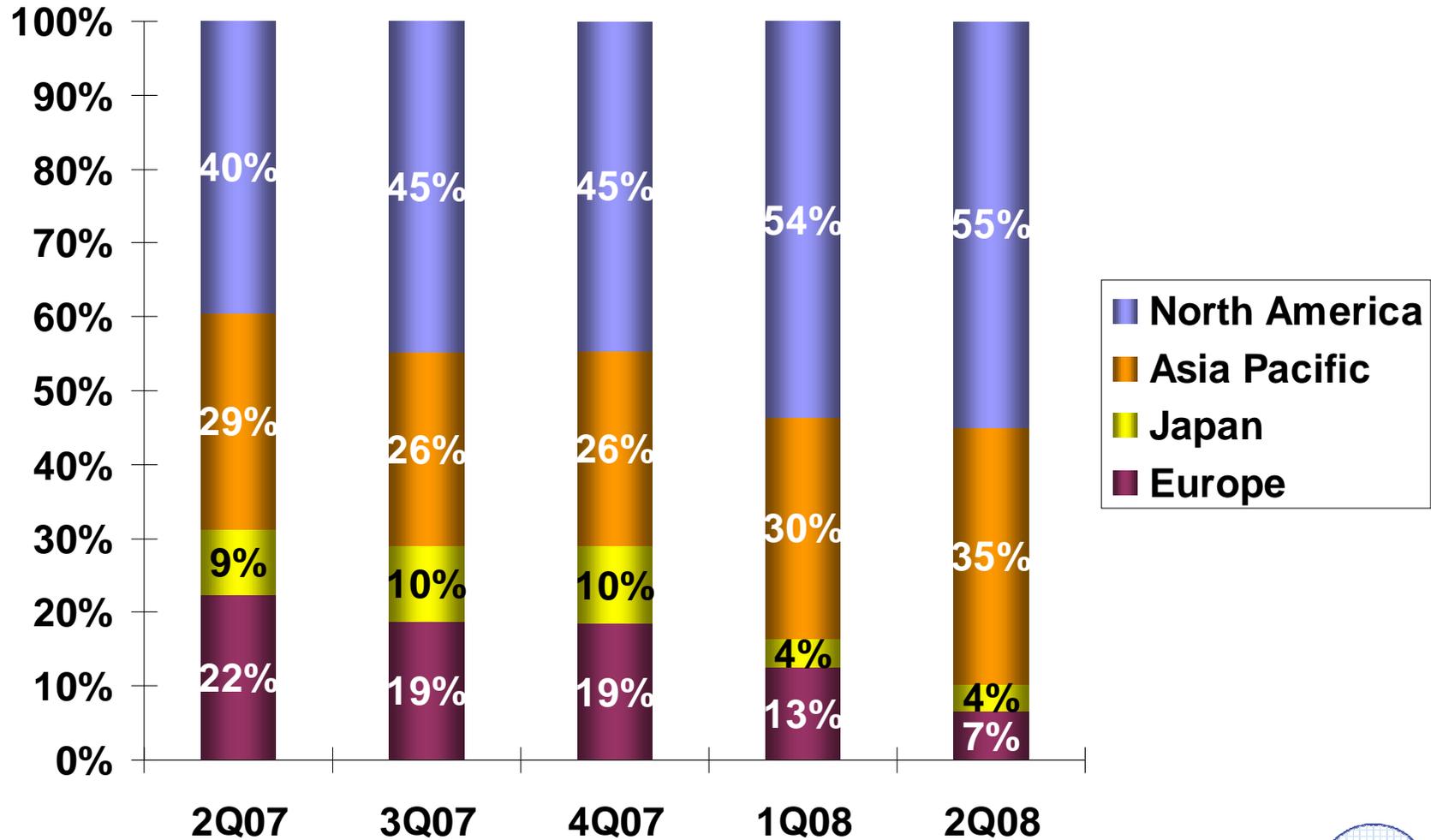


■ Others ■ Integrated device manufacturers (IDM) ■ Fabless companies





SALES BREAKDOWN BY GEOGRAPHY



Source: Company financials





APPENDIX



SUMMARY INCOME STATEMENT

Summary Income Statement					
<i>(Amounts in US\$ thousands, except for EPS and operating data)</i>	2Q08	1Q08	QoQ	2Q07	YoY
Sales	342,919	362,369	-5.4%	374,829	-8.5%
Gross profit	20,842	(32,571)	-	38,490	-
Operating expenses	60,750	170,151	-64.3%	47,113	28.9%
Income (loss) from operations	(39,907)	(202,722)	-	(8,623)	-
Net income (loss)	(45,629)	(224,885)	-	(2,054)	-
Net income (loss) per ADS (US\$ diluted)	(0.1227)	(0.6051)	-	(0.0056)	-
Wafers shipped (in 8" wafers) ⁽²⁾	402,114	454,259	-11.5%	443,445	-9.3%
Capacity utilization	92.2%	92.1%	-	88.9%	-





SUMMARY BALANCE SHEET

Summary Balance Sheet		
<i>(in US\$ thousands)</i>	For the three months ended	
	Jun 30, 2008	Mar 31, 2008
Cash and cash equivalents	480,265	506,320
Current assets	1,183,300	1,094,920
Total assets	4,649,104	4,524,349
Current liabilities	1,090,297	950,821
Total liabilities	1,867,139	1,698,618
Minority interests	32,496	34,099
Shareholders' equity	2,749,470	2,791,633
Total liability and shareholders' equity	4,649,104	4,524,349

Source: Company financials





SUMMARY CASH FLOW STATEMENT

Summary Cash Flow Statement		
<i>(in US\$ thousands)</i>	For the three months ended	
	Jun 30, 2008	Mar 31, 2008
Net loss	(45,629)	(224,855)
Net cash provided by operating activities	147,211	136,231
Net cash used in investing activities	(320,120)	(153,727)
Net cash provided by (used in) financing activities	146,927	54,594
Net increase (decrease) in cash and cash equivalents	(26,055)	37,036
Cash and cash equivalents at the beginning of period	506,320	469,284
Cash and cash equivalents at the end of period	480,265	506,320

Source: Company financials





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