

Semiconductor Manufacturing International Corporation

Q2 2010 Financial Presentation

Aug 2010
NYSE: SMI
HKSE: 0981



SAFE HARBOR

(Under the Private Securities Litigation Reform Act of 1995)

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 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 cyclicalities and market conditions in the semiconductor industry, the downturn in the global economy and the impact on China’s economy, intense competition, timely wafer acceptance by SMIC’s customers, timely introduction of new technologies, SMIC’s ability to capture growth opportunities in China, SMIC’s ability to strengthen its product portfolio, 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 filed with the SEC on June 29, 2010, 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.



Financial highlights

- **Revenue** up 8.4% to \$381.1M in 2Q10 from \$351.7M in 1Q10
- **Gross margins** improved to 15.6% in 2Q10 compared to 14.6% in 1Q10
- **Net cash flow from operations** increased to \$167.5 M in 2Q10 from \$153.3M in 1Q10
- **Gain attributable to holders of ordinary shares** was US\$96.0M in 2Q10, compared to loss of US\$181.9 million in 1Q10, driven by a change in fair value of US\$105.9 million gain of commitment to grant shares and warrants
- Fully diluted **EPS** was \$0.20 per ADS

Income Statement

Summary Income Statement

<i>(Amounts in US\$thousand, except for EPS and operating data)</i>	2Q2010	1Q2010	QoQ	2Q2009	YoY
Sales	381,142	351,724	8.4%	267,422	42.5%
Gross Profit	59,387	51,454	15.4%	(12,896)	—
Gross margins	15.6%	14.6%	+ 1 ppt	(4.8%)	+ 20.4 ppt
Operating expenses	71,507	79,496	-10.0%	81,606	-12.4%
Operating income (loss)	(12,120)	(28,042)	-56.8%	(94,503)	-87.2%
Net income (loss) excluding extraordinary items*	(9,916)	(35,388)	—	—	—
Net income (loss)	96,037	(181,949)	—	(98,169)	—
Net income (loss) per ADS (US\$ diluted)	0.20	(0.41)		(0.22)	

Note: *Extraordinary items includes change in the fair value of commitment to issue shares and warrants in 2Q2010: gain of \$105,952,415, in 1Q2010: loss of \$146,561,217



Balance Sheet

Summary Balance Sheet Statement

<i>(in US\$ thousands)</i>	For the three months ended	
	June 30, 2010	March 31, 2010
Cash and cash equivalents	506,547	523,208
Current assets	1,009,813	1,005,768
Total assets	3,444,105	3,498,264
Current liabilities	1,216,316	1,217,850
Total liabilities	1,691,732	1,845,125
Non-Controlling interests	35,362	35,100
Shareholders' equity	1,717,011	1,618,083
Total liability and shareholders' equity	3,444,105	3,498,264

Source: Company financials

These materials are confidential and constitute proprietary information of SMIC. These materials are for reference only and may not be copied or distributed without written permission from SMIC. SMIC shall not be responsible for any party's reliance on these materials.

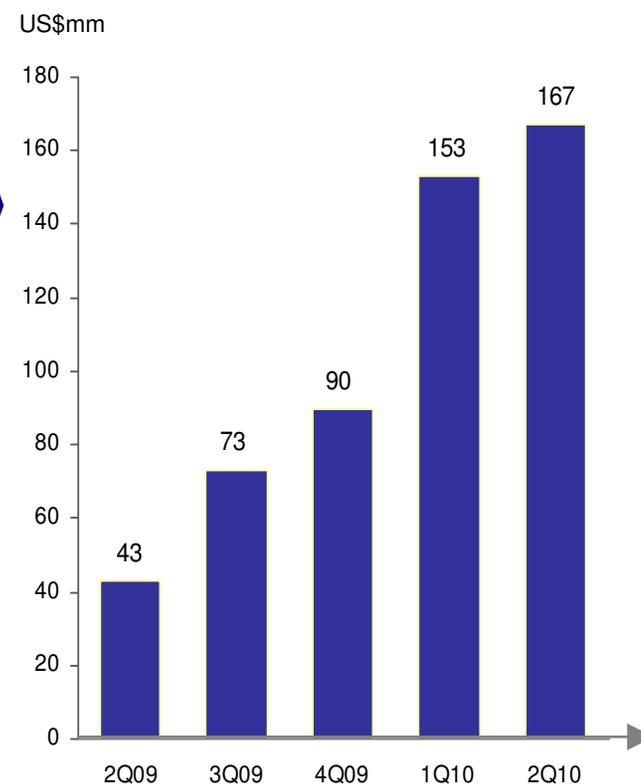


Cash Flow

Summary Cash Flow Statement

<i>(in US\$ thousands)</i>	For the three months ended	
	June 30, 2010	March 31, 2010
Net Profit (loss)	96,299	(181,690)
Net cash provided by operating activities	167,495	153,316
Net cash used in investing activities	(107,884)	(64,545)
Net cash provided by (used in) financing activities	(75,757)	(8,763)
Net increase (decrease) in cash and cash equivalents	(16,661)	79,745
Cash and cash equivalents at the beginning of period	523,208	443,463
Cash and cash equivalents at the end of period	506,547	523,208

Cashflow from operations

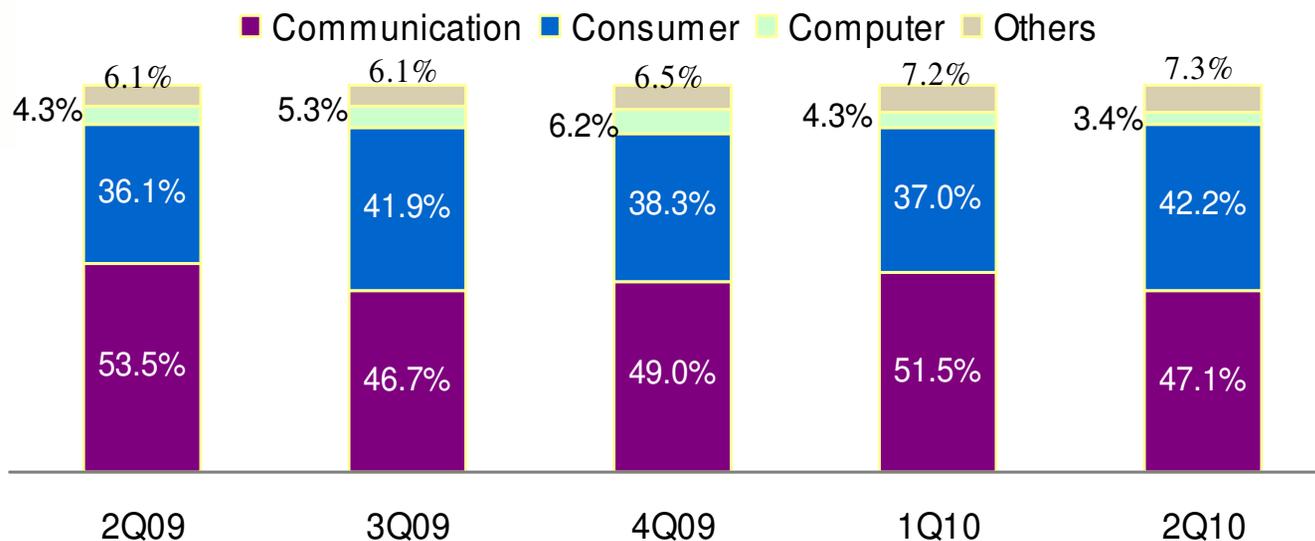


Source: Company financials

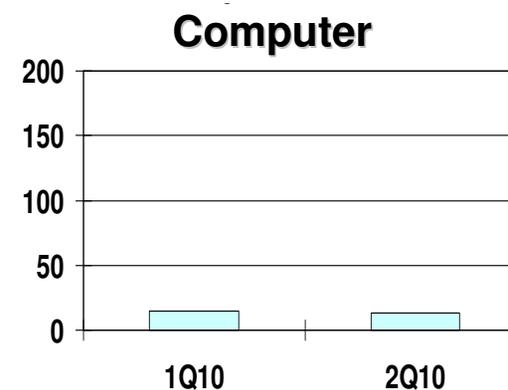
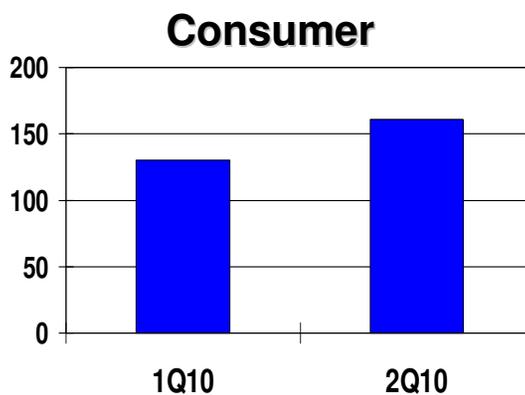
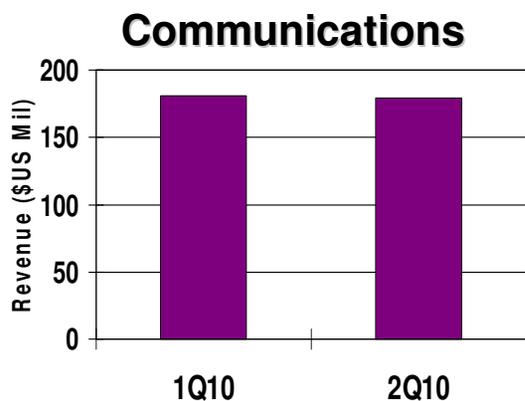
These materials are confidential and constitute proprietary information of SMIC. These materials are for reference only and may not be copied or distributed without written permission from SMIC. SMIC shall not be responsible for any party's reliance on these materials.



Total Sales Breakdown by Applications

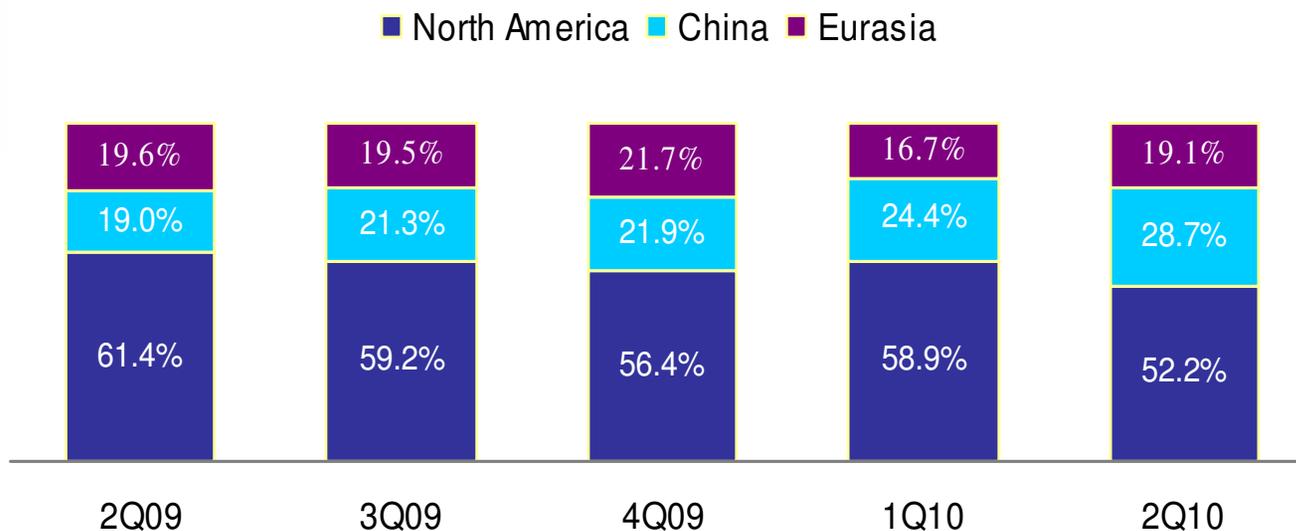


Q1 Vs Q2



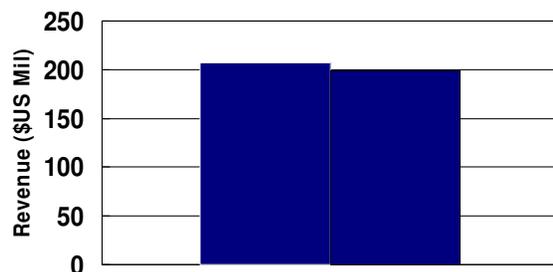
Source: Company financials

Total Sales Breakdown by Geography



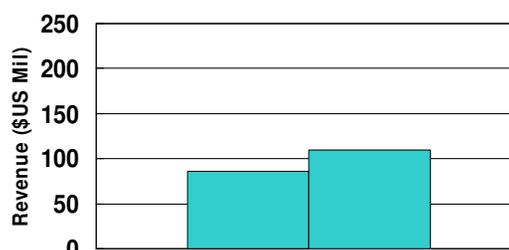
Q1 Vs Q2

North America



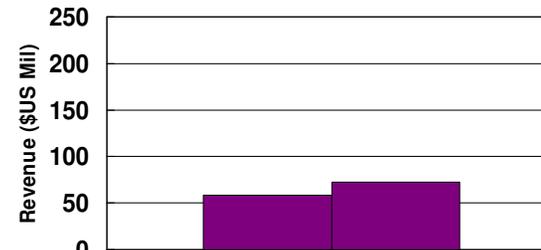
Q1 Vs Q2

China



Q1 Vs Q2

Eurasia

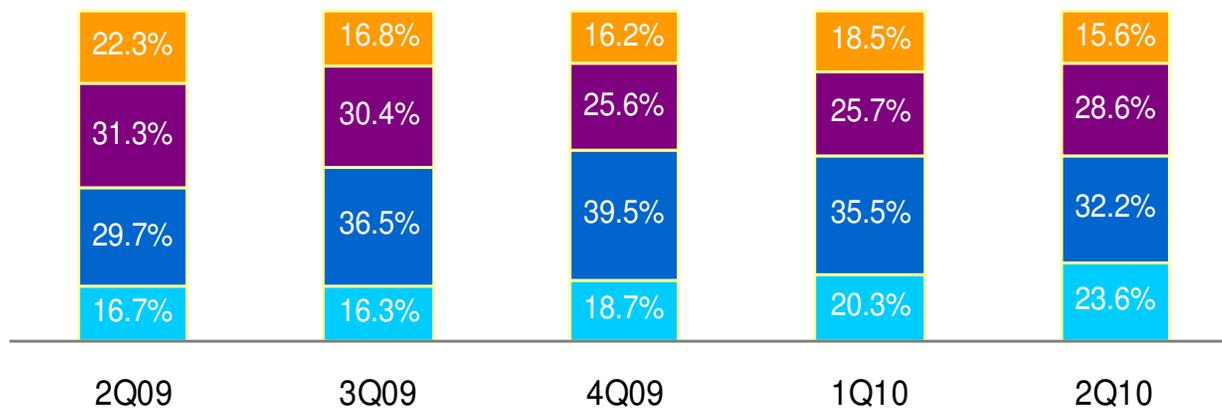


Q1 Vs Q2

Source: Company financials

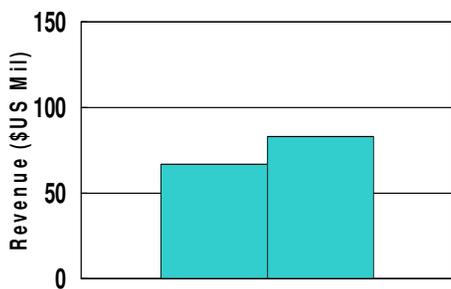
Total Sales Breakdown by Technology

■ 90nm and below ■ 0.13um ■ 0.15 / 0.18um ■ 0.25 / 0.35um



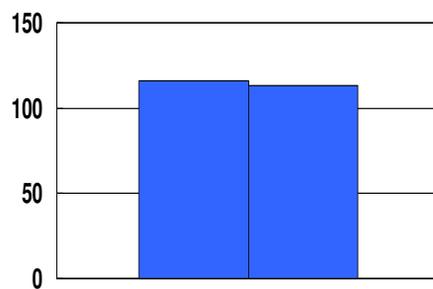
Q1 Vs Q2

90nm & below



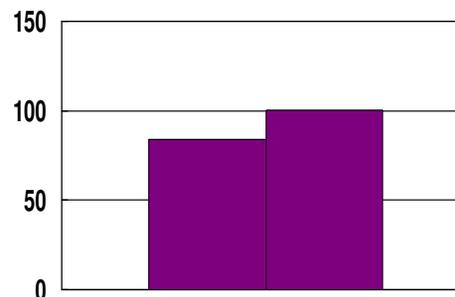
Q1 Vs Q2

0.13um



Q1 Vs Q2

0.15 / 18 um



Q1 Vs Q2

0.25 / 35 um

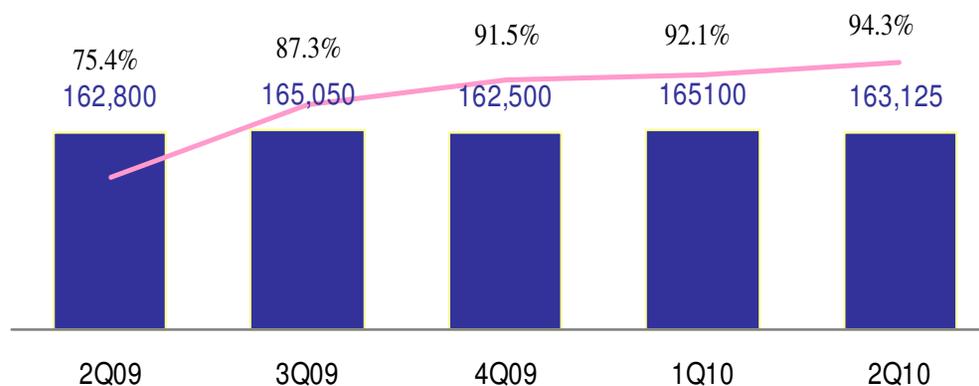


Q1 Vs Q2

Source: Company financials

Capacity, Utilization and Shipment

Capacity and utilization rate



Note: Capacity refers to 8" wafers equivalent per month at the end of the period

(8-inch equivalent wafers)	2Q09	3Q09	4Q09	1Q10	2Q10
Monthly Capacity	162,800	165,050	162,050	165,100	163,125
Utilization Rate (1)	75.4%	87.3%	91.5%	92.1%	94.3%
Wafer Shipment	341,261	429,843	436,816	455,010	496,766

(1) Including copper interconnects



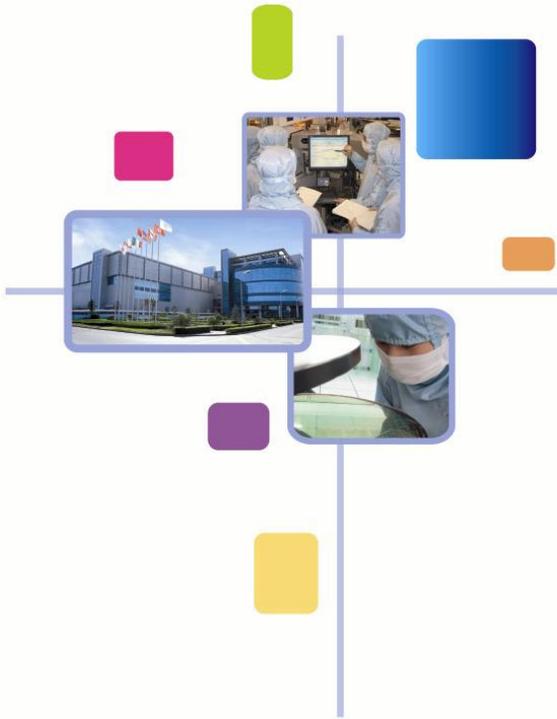
3Q 2010 Guidance

3Q2010 guidance

<i>US\$mn</i>	3Q 2010 Guidance
Sales*	4% – 6%
Gross Margin	20% – 22%
Operating Expenses **	\$80M – \$84M
2010 Full Year Capex	\$700M – \$750M

*Revenue from Xinxin and Cension will be 4% to 5% of our Q3 total revenue

**Operating Expenses guidance excludes foreign exchange differences



Thank YOU

Semiconductor Manufacturing International Corporation





Appendix



Q2 10 Results Vs Guidance

<i>US\$ Millions (except opex %)</i>	Q2 10 Prior Guidance	Q2 10 Results
Sales	\$362.3 – 369.3M	\$381.1M
Operating expenses	\$84 – 88M	\$71.5M
Capital expenditures	\$150 – 200M	\$ 92M

* Exclude foreign exchange differences



Capital Expenditures & Depreciation

<i>(in US\$ millions)</i>	2Q 09	3Q 09	4Q 09	1Q 10	2Q 10
Capex	\$21M	\$53M	\$92M	\$64M	\$92M
Total Depreciation & Amortization	\$203M	\$199M	\$184M	\$175M	\$165M