



Semiconductor Manufacturing International Corporation

Q1 2011 Financial Presentation

NYSE: SMI HKSE: 981

SMIC Investor Relations

Date: May 2011



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.

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1Q11 Financial Highlights

- **Revenue** down by 9.3% to **\$370.6 million** in 1Q11 from \$408.6 million in 4Q10 and up by 7.2% compared to 1Q10.
- **Gross margin** was **18.6%** in 1Q11 compared to 24.3% in 4Q10 primarily due to a decline in fab utilization.
- **Net cash flow from operations** decreased to \$73.4 million in 1Q11 from \$248.6 million in 4Q10.
- **Income** attributable to holders of ordinary shares was **US\$10.2 million** in 1Q11, compared to income of US\$68.6 million in 4Q10.
- Fully diluted **EPS** was \$0.02 per ADS.

Re-classification of Revenue and Expenses after Divestment of Assembly & Test Facility in Chengdu (AT)



Income Statement after AT Revenue and Expenses re-classified

AT Income Statement

US\$M

	11 Q1	QoQ	10 Q4	YoY	10 Q1	11 Q1	QoQ	10 Q4	YoY	10 Q1
Revenue	370.6	-9%	408.6	7%	345.6	4.0	25%	3.2	-33%	6.0
Gross Profit	68.8	-31%	99.3	27%	54.3	(1.4)	-	(0.7)	-	(2.9)
Margin %	18.6%	-5.7ppt	24.3%	+2.9ppt	15.7%	-35%	-13ppt	-22%	+13ppt	-48%
OPEX	76.6	137%	53.9	-3%	78.7	0.9	-74%	3.4	13%	0.8
Total Other income (loss), net	2.7	-44%	27.0	-	(157.1)	(0.04)	-	0.4	-	1.5
Income tax expense (benefit)	0.1	-75%	0.4	-95.8%	2.4					
Gain (loss) from equity investment	1.0	234%	0.3	-	(0.5)					
Gain (loss) from Discontinued Operation	14.7	-	(3.6)	-	(2.1)					
Accretion of interest to Non-controlling interest	(0.5)	-	(0.1)	-	(0.3)					
Net Income	10.2	-85%	68.6	-	(181.7)	(2.3)	-	(3.6)	-	(2.1)

Re-classification of all revenue and expenses related to AT (assembly & test facility in Chengdu) as gain /loss from discontinued operations for the 1Q 2011 and the previous quarters to enable a fairer comparison over time.

Summary Income Statement

<i>(Amounts in US\$thousand, except for EPS and operating data)</i>	1Q2011	4Q2010	QoQ	1Q2010	YoY
Total Revenue	370,559	408,600	-9.3%	345,640	7.2%
Gross Profit	68,777	99,275	- 30.7%	54,317	26.6%
Gross margins	18.6%	24.3%	- 5.7 pts	15.7%	+ 2.9 pts
Operating Expenses:					
Research & Development	49,573	47,048		43,480	
General & Administrative	19,427	(7,538)		16,992	
Selling & Marketing	7,738	8,582		5,944	
Others, net	(115)	5,788		12,299	
Operating expenses	76,623	53,880	42.2%	78,715	- 2.6%
Operating income (loss)	(7,846)	45,395	—	(24,397)	—
Net income (loss)	10,234	68,570	- 85.1%	(181,949)	—

- Wafer revenue from Xinxin and Cension totaled \$25.5 million in the first quarter, contributing 6.9% of our total revenue.
- Opex was \$76.6 million due to the receipt of \$8.6 million in management fee payments for Wuhan fab management and \$5.7 million government subsidy
- Net income includes 14.7 million gain from divesting our ownership in AT from holding 66.3% to 10%.

Summary Balance Sheet

<i>(in US\$ thousands)</i>	For the three months ended	
	Mar 31, 2011	Dec 31, 2010
Cash and cash equivalents	394,062	515,808
Account Receivables	231,015	206,623
Inventories	190,414	213,404
Others	269,355	243,267
Total Current assets	1,084,846	1,179,102
Fixed Assets	2,518,710	2,351,863
Intangible & Other Assets	400,087	371,728
Total assets	4,003,643	3,902,693
Accounts Payable	434,558	515,577
Short Term Loan	909,790	705,514
Others	175,004	178,253
Total Current liabilities	1,519,352	1,399,345
Long Term Payable	118,966	116,210
Long Term Loan	179,131	178,596
Total liabilities	1,817,449	1,694,151
Noncontrolling interest	3,451	39,004
Shareholders' equity	2,182,743	2,169,538
Total liability and shareholders' equity	4,003,643	3,902,693
Debt/Equity Ratio	49.9%	40.7%

New Investments to Receive*

	Country Hill Limited, a wholly-owned subsidiary of CIC*	Datang, SMIC's major shareholder*
Convertible Preferred Share (CPS) (to be converted into Ordinary shares at 1:10 within 1 year upon issuance)	360,589,053 at HK\$5.39 each	84,956,858 at HK\$5.39 each
Warrants (to be exercised within 1 year upon issuance)	72,117,810 at HK\$5.39 each	16,991,371 at HK\$5.39 each
Aggregate Investment Amount	USD 300 Million	USD 70 Million
Position in SMIC upon all securities fully paid	13.25%	19.07%
Conditions:	2-year lock up period Pre-emptive right Voting right 1 non-executive board seat	2-year lock up period Pre-emptive right Voting right

*Pending shareholder approval at the coming EGM on May 27



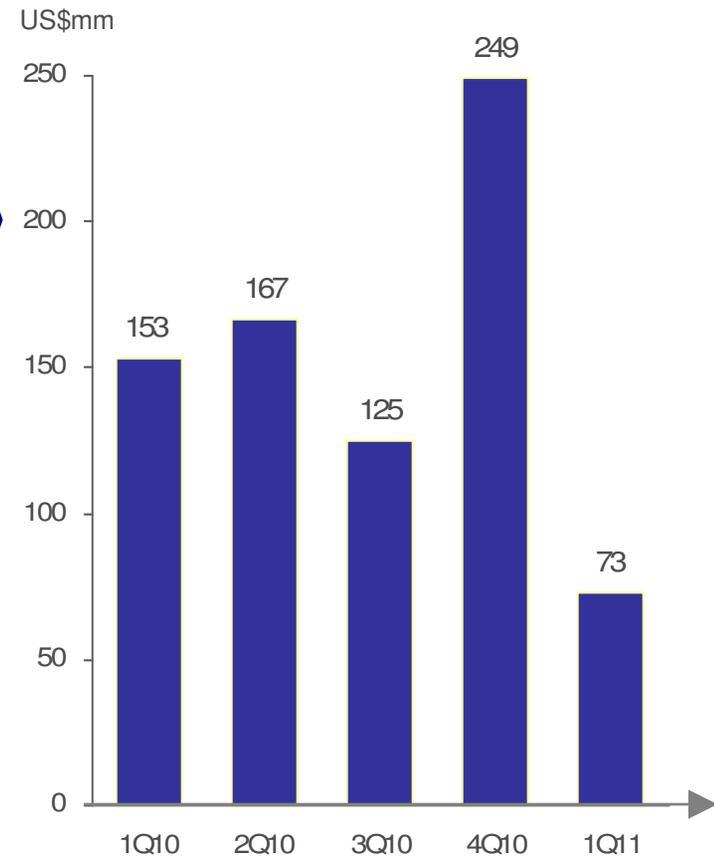


Cash Flow

Summary Cash Flow Statement

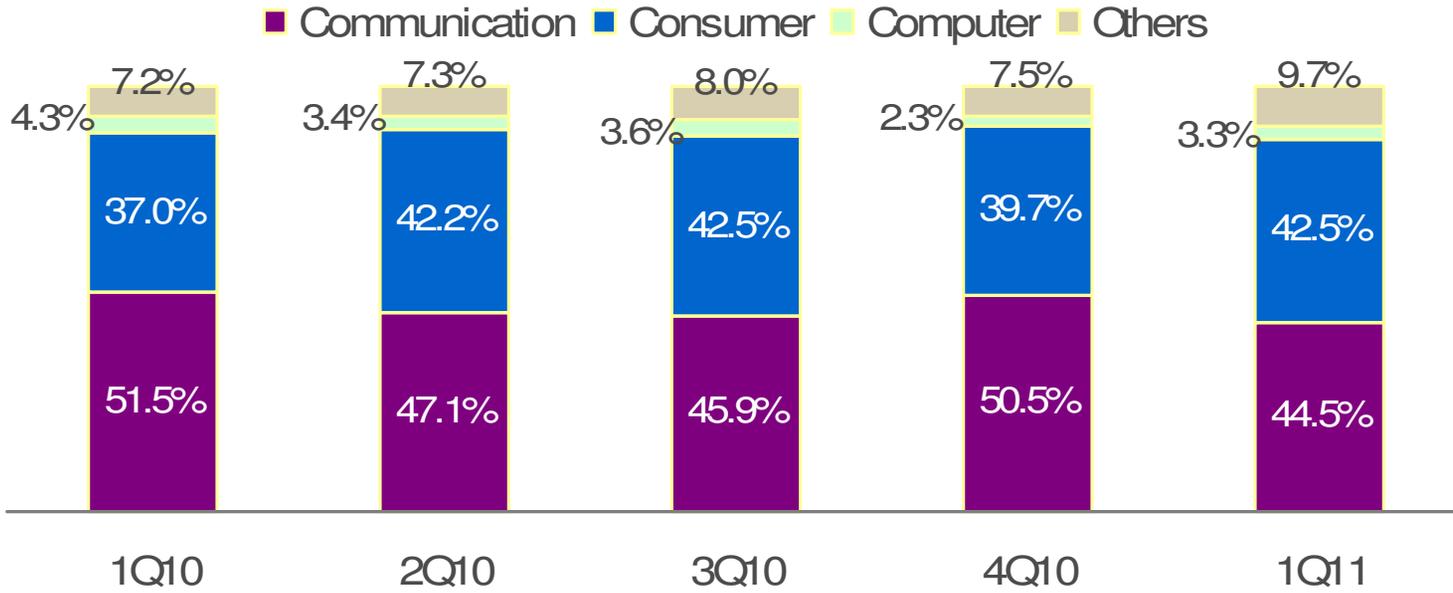
<i>(in US\$ thousands)</i>	For the three months ended	
	Mar 31, 2011	Dec 31, 2010
Net Profit (loss)	10,742	68,695
Net cash provided by operating activities	73,439	248,632
Net cash used in investing activities	(400,942)	(246,458)
Net cash from financing activities	205,422	41,119
Effect of exchange rate changes	335	268
Net increase (decrease) in cash and cash equivalents	(121,746)	43,561
Cash and cash equivalents at the beginning of period	515,808	472,247
Cash and cash equivalents at the end of period	394,062	515,808

Cashflow from operations



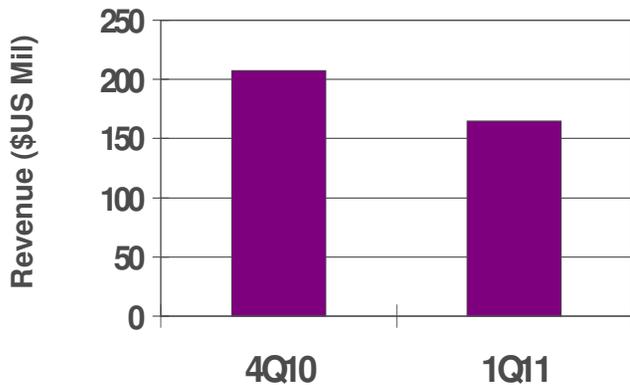


Total Sales Breakdown by Applications

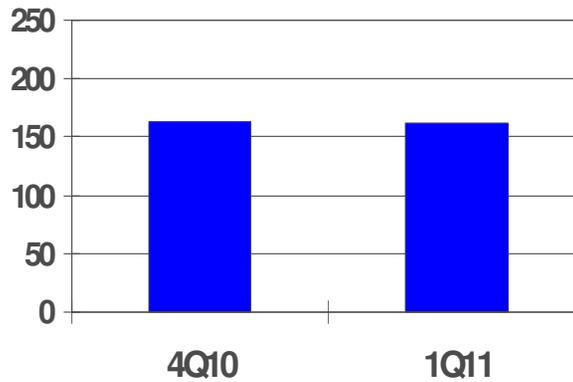


1Q 11 Vs 4Q 10

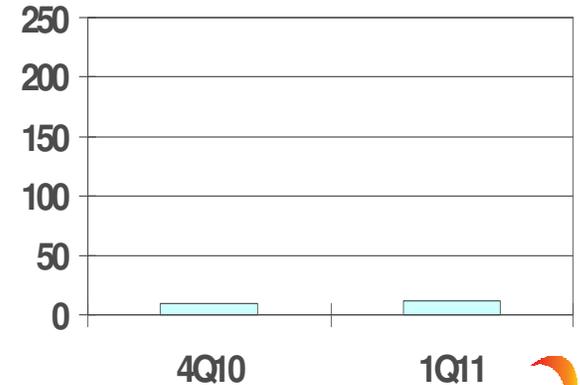
Communications



Consumer



Computer





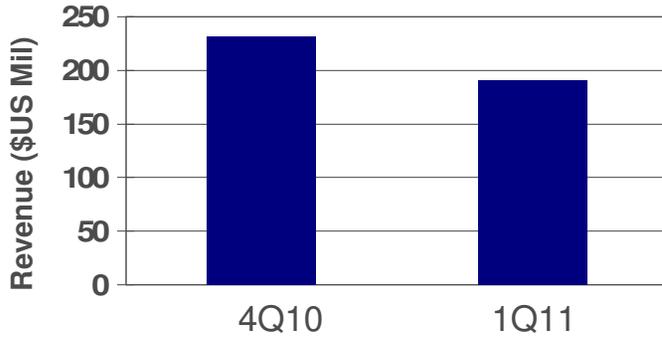
Total Sales Breakdown by Geography

■ North America ■ China ■ Eurasia

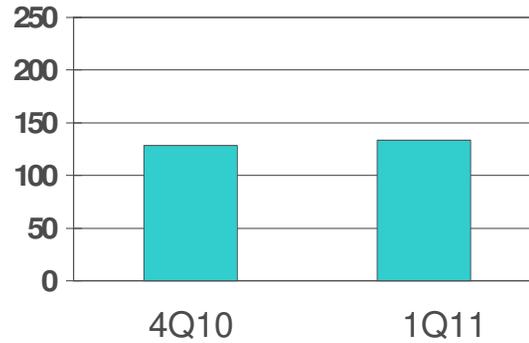


1Q 11 Vs 4Q 10

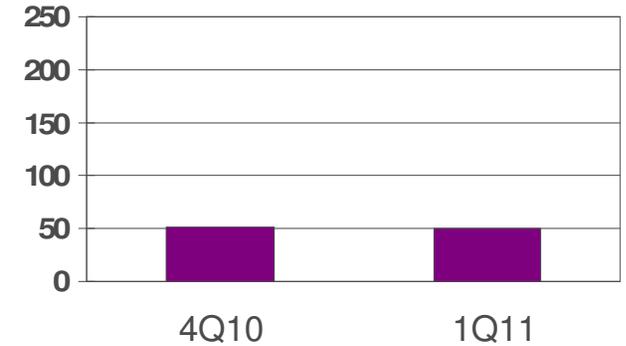
North America



China

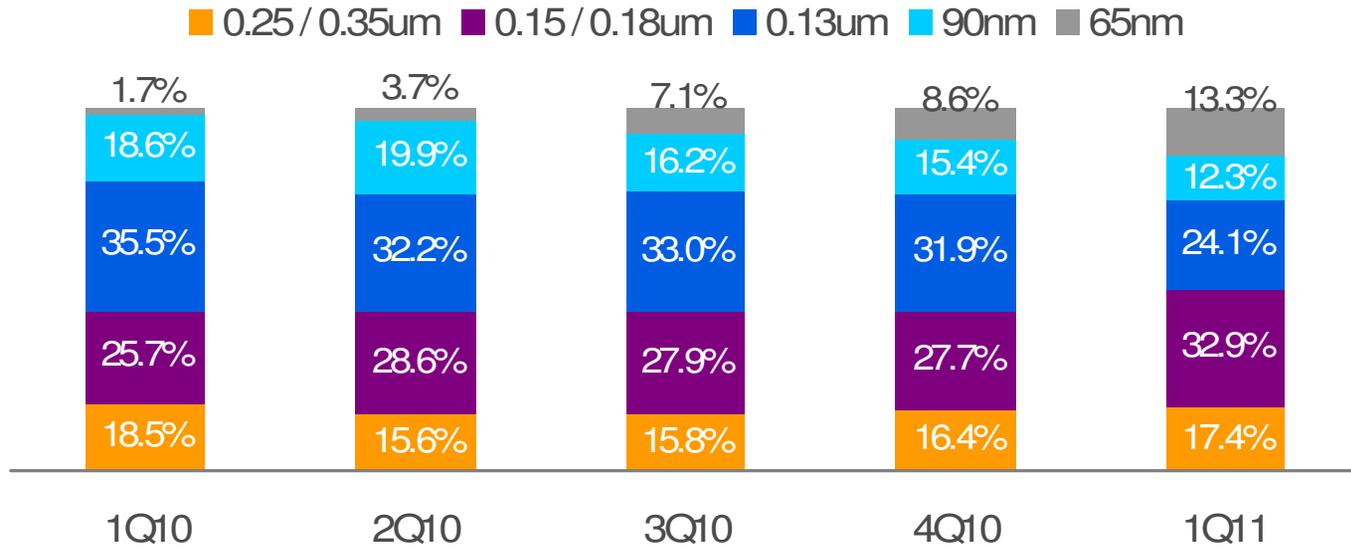


Eurasia



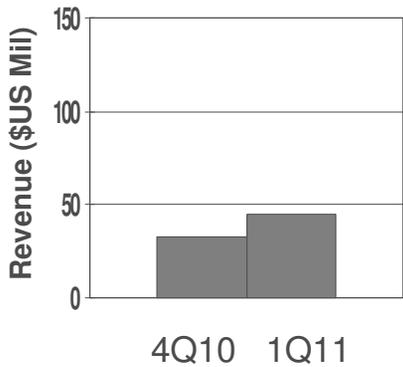


Wafer Sales Breakdown by Technology

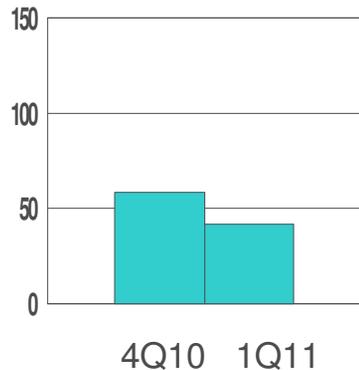


1Q 11 Vs 4Q 10

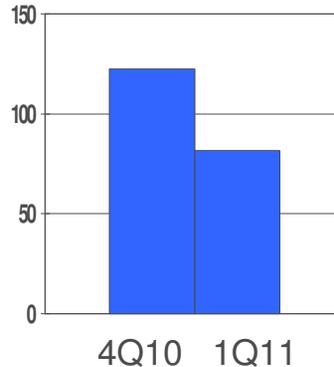
65nm



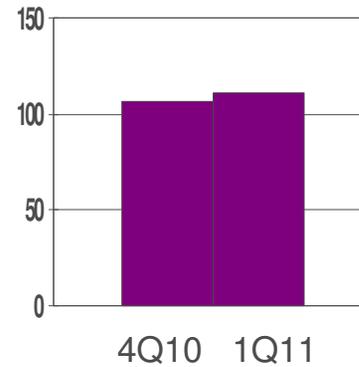
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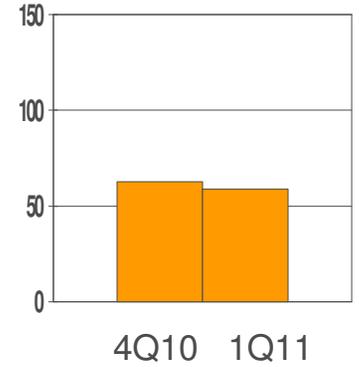
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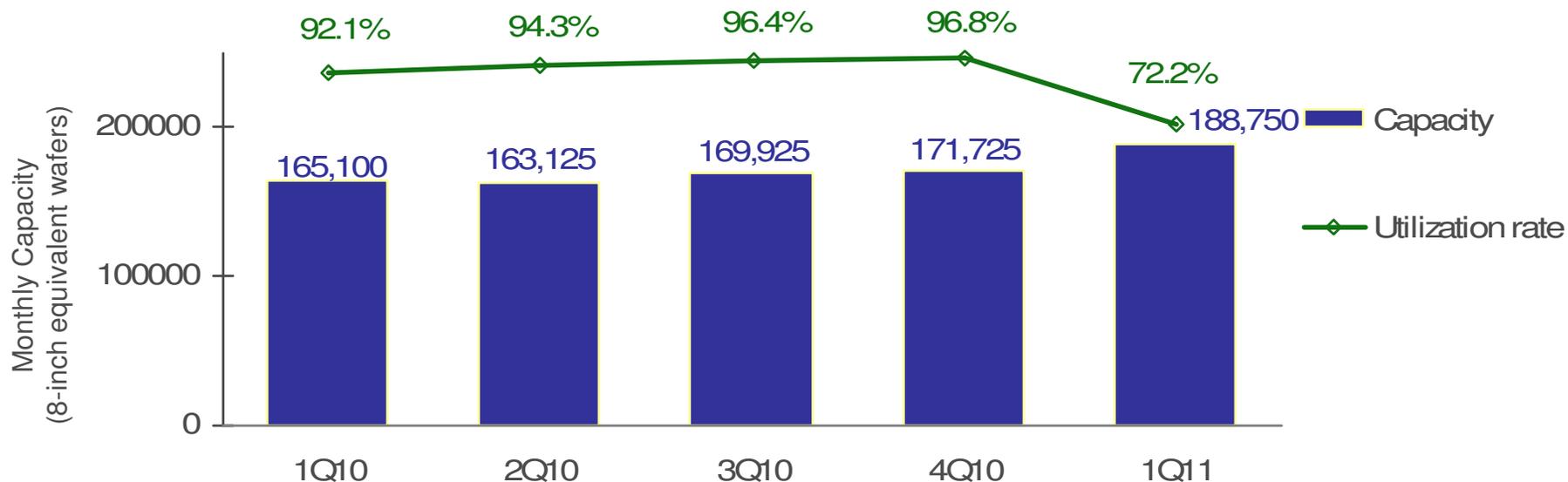
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Capacity, Utilization and Shipment



	1Q10	2Q10	3Q10	4Q10	1Q11
Shanghai Mega Fab (8")	84,000	84,000	86,000	86,000	90,000
Beijing Mega Fab (12")	20,800	20,500	22,500	23,300	27,800
Tianjin Fab (8")	34,300	33,000	33,000	33,300	33,200
Monthly Capacity (8-inch equivalent wafers)	165,100	163,125	169,925	171,725	185,750
Wafer Shipment (1)	455,010	496,766	516,792	517,404	471,231
Utilization Rate (2)	92.1%	94.3%	96.4%	96.8%	72.2%

(1) Including copper interconnects and shipment of managed fabs

(2) Capacity utilization based on total wafer out divided by estimated capacity





2Q 2011 Guidance

2Q2011 guidance	
	2Q 2011 Guidance
Sales ⁽¹⁾	decrease 3 - 7%
Gross Margin	15% - 18%
Operating Expenses	\$82 - 86 million

(1) Target revenue from Xinxin will be 7% to 9% of our Q2 2011 total revenue



Semiconductor Manufacturing International Corporation

Thank You

Contact us: ir@smics.com



Appendix



Q1 11 Results Vs Guidance

	Q1 11 Prior Guidance	Q1 11 Results
Sales	decrease 6 - 9% \$371.8 – 384.1M	Decrease 9.3% \$370.6M
Gross margin	18% - 20%	18.6%
Operating expenses	\$82 – 86 M (1)	\$76.6M

(1) Exclude foreign exchange differences





Capital Expenditures & Depreciation

<i>(in US\$ millions)</i>	1Q 10	2Q 10	3Q 10	4Q 10	2010	1Q 11
Capex	\$64M	\$92M	\$297M	\$275M	\$728M	\$333M
Depreciation & Amortization	\$175M	\$165M	\$148M	\$132M	\$620M	\$131M