

Semiconductor Manufacturing International Corporation

SMIC Q3 2012 Financial Presentation

NYSE: SMI **HKSE: 981**

SMIC Investor Relations

November 2012



Safe Harbor Statements

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, including statements under “Fourth Quarter 2012 Guidance”, “the expectation that 2012 marking a year of record-high revenue”, and “staying on track to continue developing advanced technology to serve the increasing demands from China’s fast growing market”, 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 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 current global economic slowdown, orders or judgments from pending litigation and financial stability in end markets.

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3Q12 Financial Highlights

- **Record-high quarterly revenue of \$461.2 million**
 - increased 9.3% from 2Q12
 - increased 50.3% year over year
- **Gross margin increased to 27.5% due to continued improvements in manufacturing efficiency**
 - compared to 24.1% in 2Q12
- **Net cash flow from operations was \$119.0 million**
 - compared to \$109.4 million in 2Q12
- **Income** attributable to Semiconductor Manufacturing International Corporation increased to **\$12.0 million**
 - compared to \$7.1 million in 2Q12
- Diluted **EPS was \$0.02 per ADS**



3Q12 Results Vs Guidance

	3Q 12 Guidance	3Q 12 Results
Revenue	Increase 4% – 6% \$439M – 447M	Increased 9.3% \$461.2M
Gross Margin	22% to 24%	27.5%
Operating Expenses	\$93M to \$96M	\$106.5M

(1) Exclude foreign exchange differences and government R&D grants

Income Statement Highlights

(US\$ thousand)	Q3'2012	Q2'2012	QoQ	Q3'2011	YoY
Total Revenue	461,168	421,826	9.3%	306,890	50.3%
Gross Profit	126,820	101,716	24.7%	4,223	10.5%
Gross Margins	27.5%	24.1%	–	1.4%	–
Operating Expenses:					
Research & Development	72,945	51,020		51,479	
General & Administrative	24,857	29,094		21,903	
Selling & Marketing	8,178	7,786		7,398	
Others, net	472	73		(793)	
Operating expenses	106,452	87,973	21.0%	79,987	33.1%
Operating income (loss)	20,368	13,743	48.2%	(75,764)	–
Net income (loss) attributable to SMIC	11,966	7,059	69.5%	(88,073)	–
Net income (loss) per ADS	0.02	0.01	–	(0.16)	–

- Wafer revenue from Wuhan Xinxin was \$47.4 million in Q3, contributing 10.3% to total revenue, vs. \$41.6M in Q2
- Operating expense in Q3 was offset by government R&D grants of \$2.2 million compared to \$16 million of in Q2.



Balance Sheet Highlights

(US\$ thousands)

For the three months ended

	Sept 30, 2012	Jun 30, 2012
Cash and cash equivalents	231,785	290,694
Restricted Cash	244,151	224,137
Account Receivables	289,117	264,115
Inventories	262,242	240,082
Fixed Assets	2,434,508	2,444,895
Total Assets	3,978,794	3,974,836
Short Term Loan	660,274	629,061
Long Term Loan	401,000	480,617
Total Liabilities	1,746,746	1,757,149
Noncontrolling Interest	4,972	4704
Shareholders' Equity	2,227,076	2,212,983
Debt/Equity Ratio*	47.6%	50.1%

* Calculated based on (Short term borrowings + Current portion of long term debt + Long term debt) / (Equity including portion of non-controlling interest)



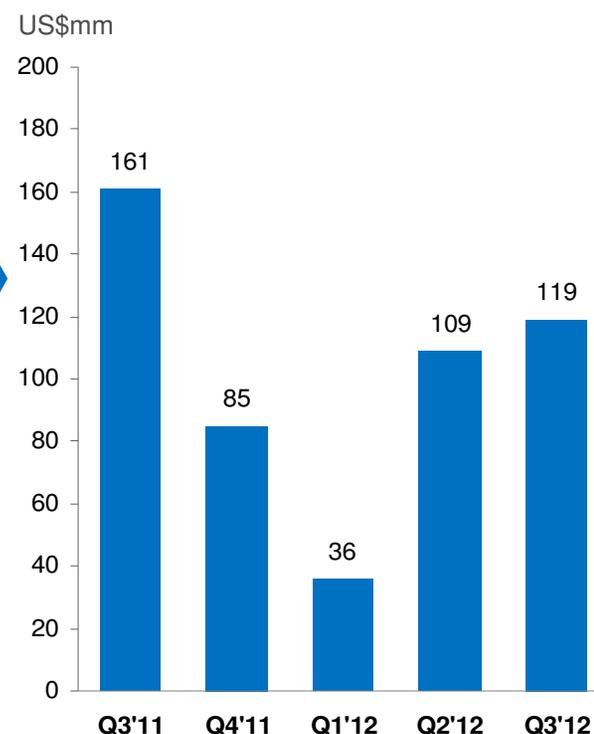
Cash Flow Highlights

Cash Flow from Operations

(US\$ thousands)

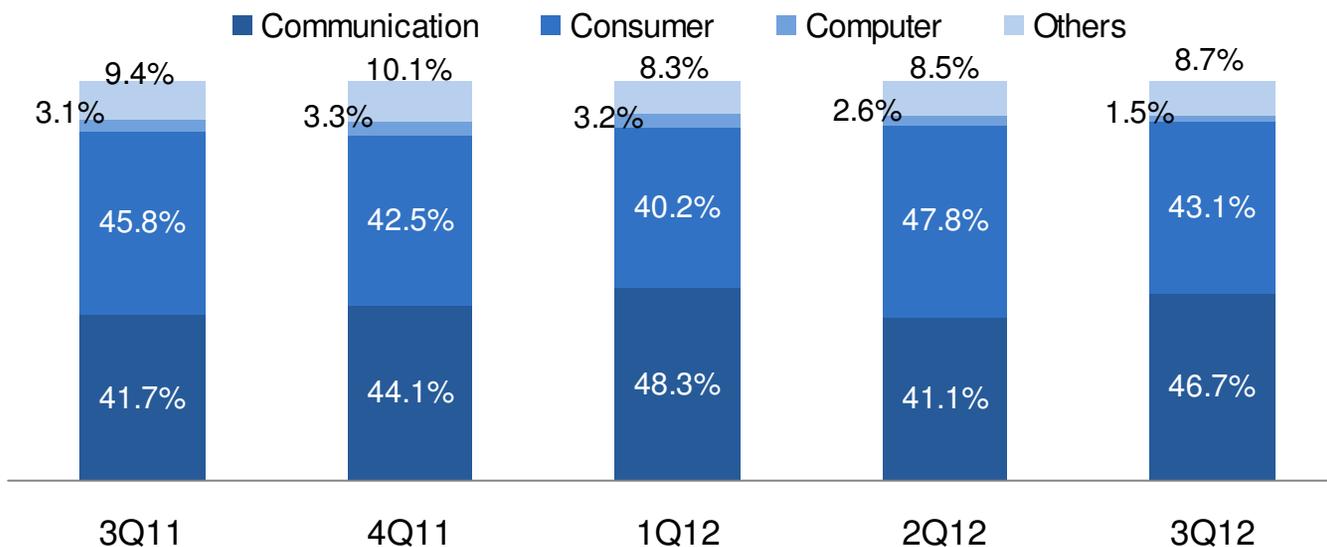
For the three months ended

	Sept 30, 2012	Jun 30, 2012
Cash and cash equivalents at the beginning of period	290,694	300,641
Net cash provided by operating activities	119,023	109,425
Net cash used in investing activities	(128,349)	(126,293)
Net cash used in financing activities	(49,712)	6,999
Net increase (decrease) in cash and cash equivalents	(58,909)	(9,947)
Cash and cash equivalents at the end of period	231,785	290,694

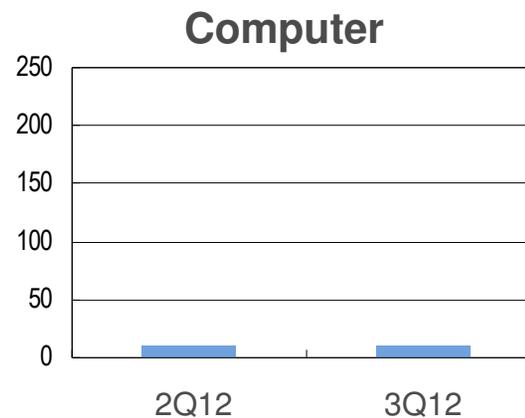
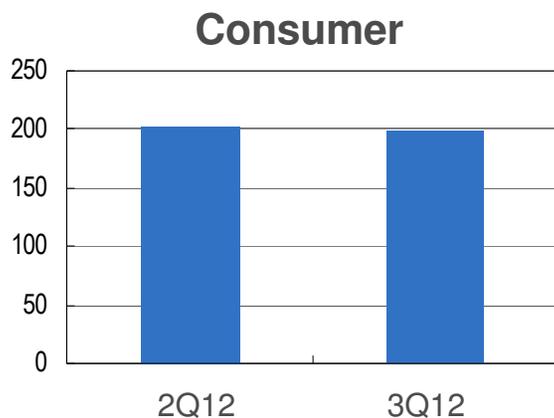
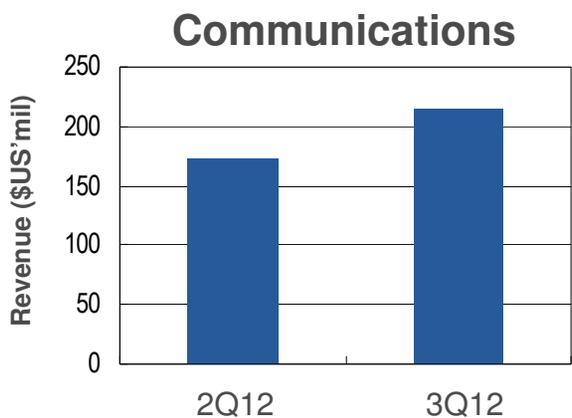




Total Revenue Breakdown by Applications

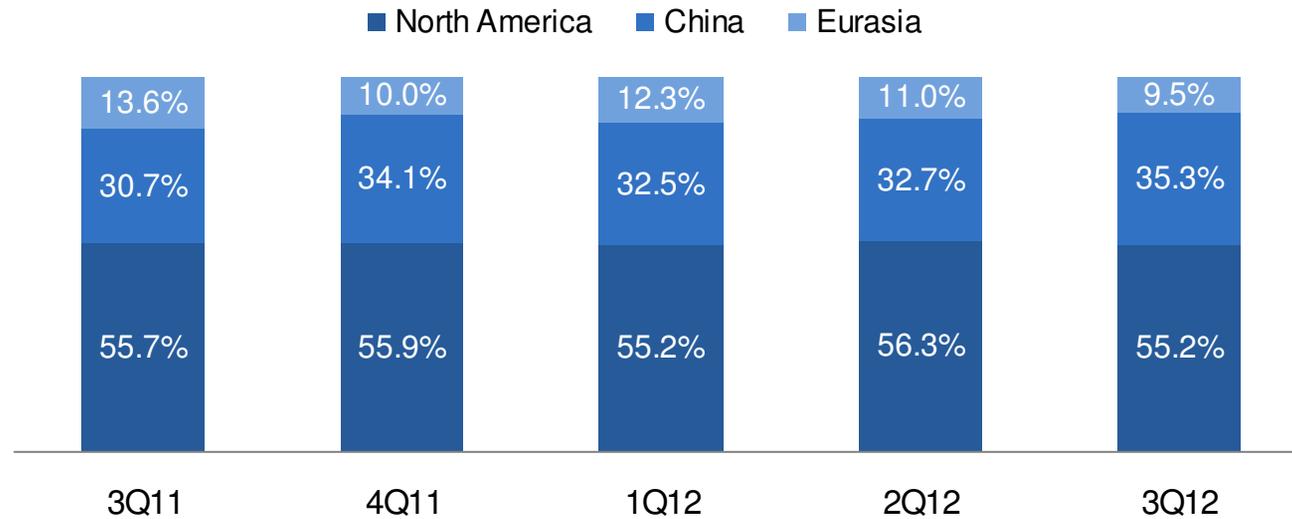


3Q 12 vs 2Q 12

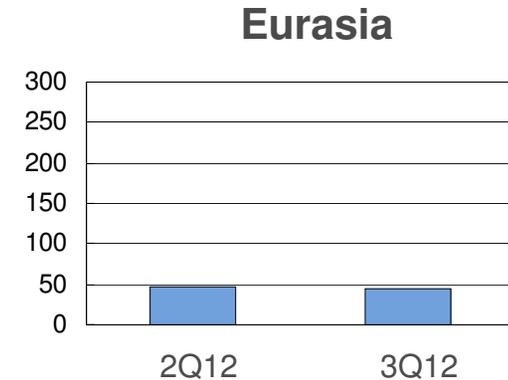
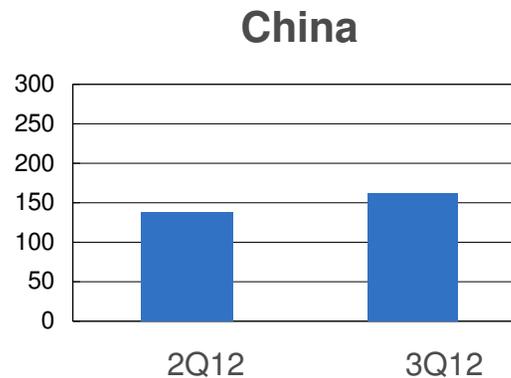
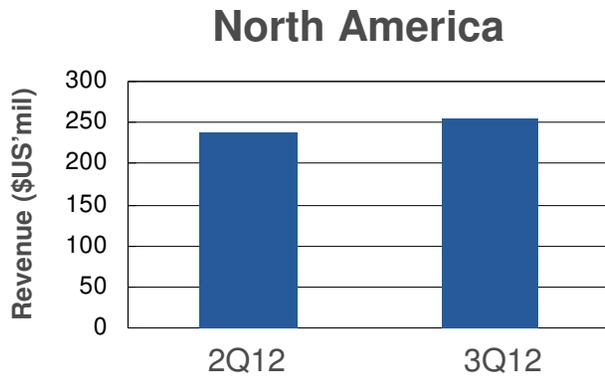




Total Revenue Breakdown by Geography

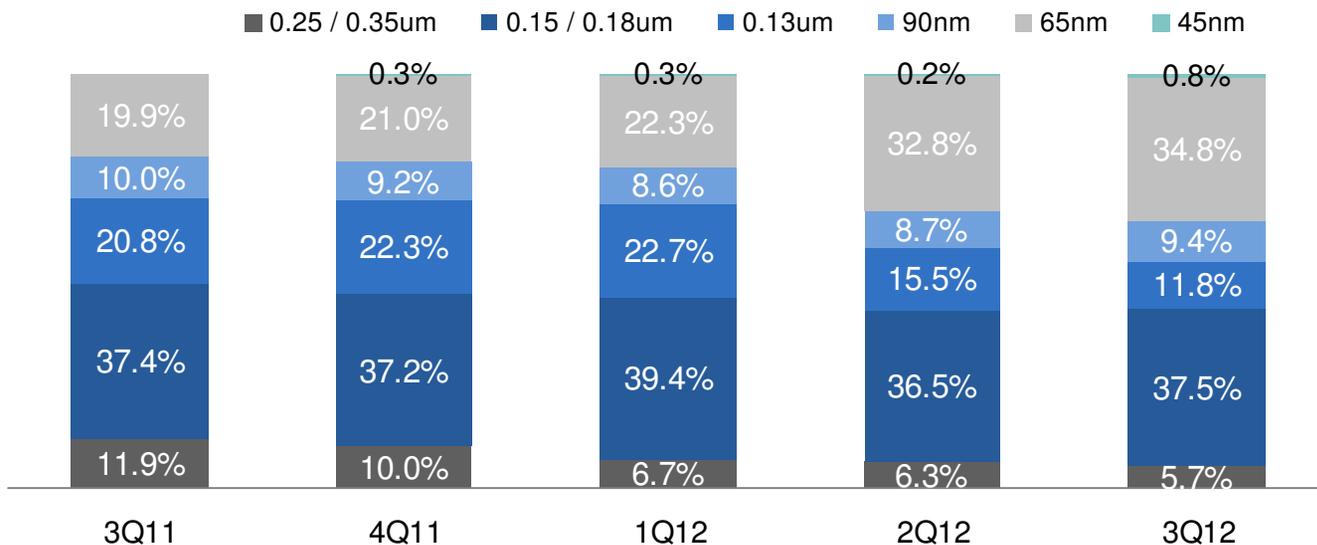


3Q 12 vs 2Q 12

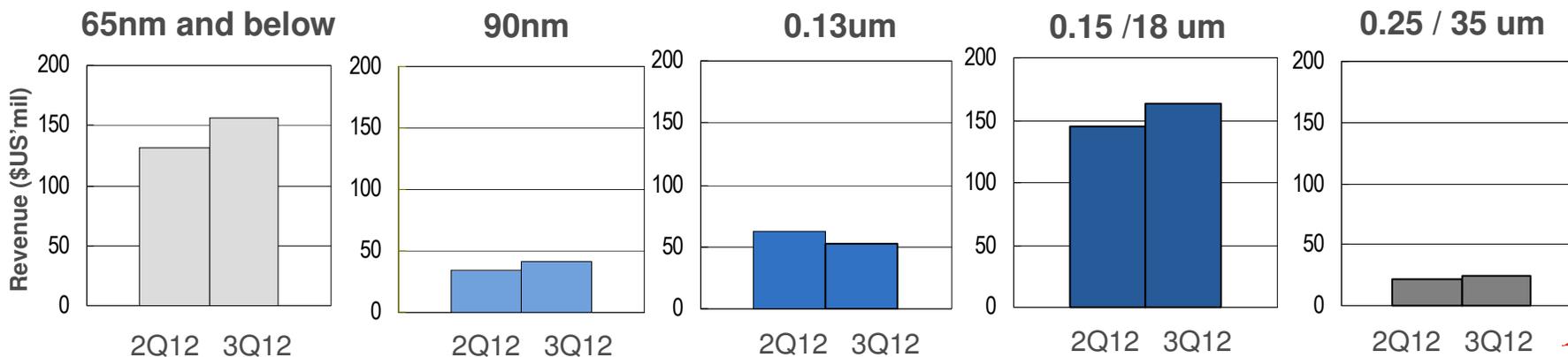




Wafer Revenue Breakdown by Technology

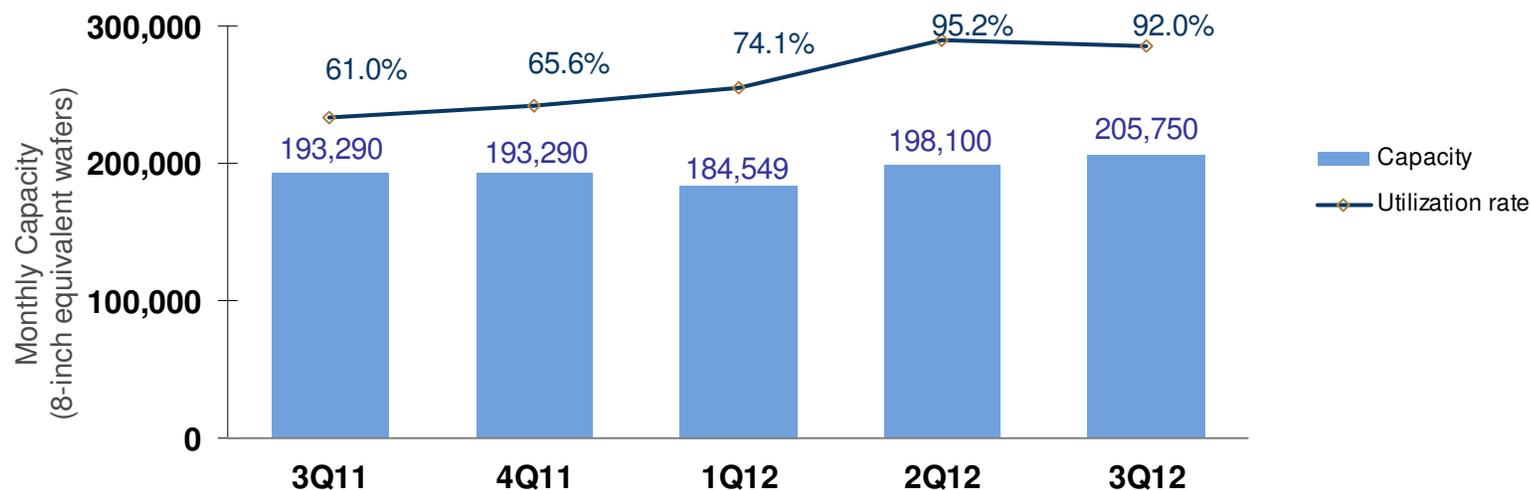


3Q 12 vs 2Q 12





Capacity, Utilization and Shipment



	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12
Shanghai Mega Fab (8")	90,000	90,000	79,210	84,600	90,000
Beijing Mega Fab (12")	29,129	29,129	30,000	34,000	35,000
Tianjin Fab (8")	37,750	37,750	37,839	37,000	37,000
Monthly Capacity (8-inch equivalent wafers)	193,290	193,290	184,549	198,100	205,750
Wafer Shipment ⁽¹⁾	406,715	374,116	445,689	557,683	605,543
Utilization Rate ⁽²⁾	61.0%	65.6%	74.1%	95.2%	92.0%

(1) Including copper interconnects and shipment of managed fab

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





4Q 2012 Guidance

	Q4' 2012 Guidance
Revenue	Flat to up 2%
Gross Margin	18% to 20%
Operating Expenses ⁽¹⁾	\$70 – \$74 million

(1) Exclude foreign exchange differences and government R&D grants



Appendix



Capital Expenditures & Depreciation

<i>(US\$millions)</i>	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12
Capex	92	56	183	84	130
Total Depreciation & Amortization	141	145	143	140	143