

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.



SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION
中芯國際集成電路製造有限公司*
(Incorporated in the Cayman Islands with limited liability)
(STOCK CODE: 00981)

SMIC REPORTS UNAUDITED RESULTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023

The consolidated financial information is prepared and presented in accordance with International Financial Reporting Standards unless otherwise stated below.

Revenue was \$1,620.6 million in 3Q23, compared to \$1,560.4 million in 2Q23, and \$1,907.0 million in 3Q22.

Gross profit was \$321.6 million in 3Q23, compared to \$316.5 million in 2Q23, and \$742.2 million in 3Q22.

Gross margin was 19.8% in 3Q23, compared to 20.3% in 2Q23 and 38.9% in 3Q22.

Set out below is a copy of the full text of the release by the Company on November 9, 2023, in relation to its unaudited results for the three months ended September 30, 2023.

All currency figures stated in this report are in US Dollars unless stated otherwise.

Shanghai, China November 9, 2023 Semiconductor Manufacturing International Corporation (SEHK: 00981; SSE STAR MARKET: 688981), one of the leading semiconductor foundries in the world, today announced its consolidated results of operations for the three months ended September 30, 2023.

* For identification purposes only

The following statements are forward looking statements based on current expectations and involved risks and uncertainties.

Fourth Quarter 2023 Guidance

The Company expects (in accordance with IFRSs):

Revenue to increase by 1% to 3% QoQ.
Gross margin to range from 16% to 18%.

The Management Comments

the midpoint of the guidance; gross margin was 19.8%, down 0.5 percentage points comparing to the total capacity as the denominator increased to 796 thousand wafers, the utilization rate decreased by 1.2 percentage points to 77.1%.

be dragged by the continuous depreciation pressure of the new capacity, which is expected to be in the range of 16~18%.

The full-year capital expenditures are expected to be raised to around \$7.5 billion.

Conference Call / Webcast Announcement

Date: Friday, November 10, 2023

Time: 8:30 A.M. - 9:30 A.M.

WEBCAST

The call will be webcast live at:

<https://edge.media-server.com/mmc/p/9g26eefw>

CONFERENCE CALL

Please register in advance for the conference call at:

<https://register.vevent.com/register/Blfc921179b2f84f7694f75e97f3951c10>

REPLAY

Recording will be available 1 hour after the event and it will be archived for 12 months.

https://www.smics.com/en/site/company_financialSummary

About SMIC

Semiconductor Manufacturing International Corporation (SEHK: 00981; SSE STAR MARKET: 688981) is one of the leading foundries in the world and is the front runner in manufacturing capability, manufacturing scale, and comprehensive service in the Chinese Mainland. SMIC Group provides semiconductor foundry and technology services to global customers on 0.35 micron to FinFET process node technologies. Headquartered in Shanghai, China, SMIC Group has an international manufacturing and service base, with three 8-inch fabs in Shanghai, Beijing, Tianjin and Shenzhen, and three 12-inch fabs under construction in Shanghai, Beijing and Tianjin. SMIC Group also has marketing and customer service offices in the U.S., Europe, Japan, and Taiwan, China, and a representative office in Hong Kong, China.

For more information, please visit www.smics.com.

Forward-Looking Statements

This release contains, in addition to historical information, forward-looking statements. These forward-looking statements are based on SMIC's current assumptions, expectations, beliefs, plans, objectives, and projections about future events or performance. SMIC uses words including but not limited to

statements are estimates made by SMIC's senior management based on their best judgment and involve significant risks, uncertainties and other factors that may cause SMIC's actual performance, financial results and other outcomes to differ materially from those stated or implied in this release.

Summary of Third Quarter 2023 Operating Results

Amounts

Analysis of Revenue

Revenue Analysis			
By Geography⁽¹⁾	3Q23	2Q23	3Q22
China	84.0%	79.6%	75.1%
America	12.9%	17.6%	20.5%
Eurasia	3.1%	2.8%	4.4%
By Service Type	3Q23	2Q23	3Q22
Wafers	91.1%	90.5%	92.5%
Others	8.9%	9.5%	7.5%
Wafer Revenue Analysis			
By Application	3Q23	2Q23	3Q22
Smart Phone	25.9%	26.8%	26.0%
Internet of Things	11.5%	11.9%	20.6%
Consumer Electronics	24.1%	26.5%	25.9%
Others	38.5%	34.8%	27.5%
By Size	3Q23	2Q23	3Q22
	26.0%	25.3%	31.6%
	74.0%	74.7%	68.4%

Note:

(1) Presenting the revenue from those companies whose headquarters are in this area, but ultimately selling and shipping the products to their global customers.

Capacity

Monthly capacity increased to 795,750 8 equivalent wafers in 3Q23 from 754,250 wafers in 2Q23.

Shipment and Utilization

	3Q23	2Q23	QoQ	3Q22	YoY
Wafer shipments	1,536,845	1,403,121	9.5%	1,797,671	-14.5%
Utilization rate ⁽¹⁾	77.1%	78.3%		92.1%	

Note:

(1) Based on total equivalent wafers out divided by estimated total quarterly capacity.

Capex Summary

Capital expenditure was \$ 2,134.7 million in 3Q23, compared to \$1,731.5 million in 2Q23.

Detailed Financial Analysis

Gross Profit

<i>Amounts in US\$ thousands</i>	3Q23	2Q23	QoQ	3Q22	YoY
Cost of sales	1,298,957	1,243,896	4.4%	1,164,740	11.5%
Depreciation and amortisation	518,092	526,817	-1.7%	413,448	25.3%
Other manufacturing costs	780,865	717,079	8.9%	751,292	3.9%
Gross profit	321,620	316,500	1.6%	742,216	-56.7%
Gross margin	19.8%	20.3%		38.9%	

Depreciation and Amortisation

<i>Amounts in US\$ thousands</i>	3Q23	2Q23	QoQ	3Q22	YoY
Depreciation and amortisation	679,308	656,452	3.5%	575,870	18.0%

Operating Expenses/(Income)

<i>Amounts in US\$ thousands</i>	3Q23	2Q23	QoQ	3Q22	YoY
Operating expenses	234,232	236,702	-1.0%	264,297	-11.4%
Research and development expenses	172,836	177,633	-2.7%	182,888	-5.5%
General and administrative expenses	128,128	106,436	20.4%	152,671	-16.1%
Selling and marketing expenses	9,454	9,307	1.6%	7,357	28.5%
Impairment losses on financial assets, net	(495)	(414)	N/A	87	N/A
Other operating income	(75,691)	(56,260)	34.5%	(78,706)	-3.8%

General and administrative expenses increased to \$128.1 million in 3Q23 from \$106.4 million in 2Q23. The change was mainly due to the increase in new fab start-up costs in 3Q23.

Other Income, Net

<i>Amounts in US\$ thousands</i>	3Q23	2Q23	QoQ	3Q22	YoY
Other income, net	80,426	415,946	-80.7%	106,666	-24.6%
Interest income	187,713	192,612	-2.5%	101,899	84.2%
Finance costs	(54,132)	(48,384)	11.9%	(31,394)	72.4%
Foreign exchange gain/(loss)	6,540	(4,744)	N/A	4,110	59.1%
Other (losses)/gains, net	(11,821)	242,597	N/A	(4,224)	179.9%
Share of (loss)/profit of associates and joint venture	(47,874)	33,865	N/A	36,275	N/A

The change in other (losses)/gains, net in 3Q23 was primarily caused by the change in the fair value of the investments in securities recognised as financial assets at fair value through profit or loss. Other (losses)/gains, net in 2Q23 included the passive dilution gain caused by the change in equity in an associate, which did not occur in 3Q23.

EBITDA

<i>Amounts in US\$ thousands</i>	3Q23	2Q23	3Q22
Profit for the period	156,376	464,171	574,374
Finance costs	54,132	48,384	31,394
Depreciation and amortisation	679,308	656,452	575,870
Income tax expense	11,438	31,573	10,211
EBITDA	901,254	1,200,580	1,191,849
Profit margin	9.6%	29.7%	30.1%
EBITDA margin	55.6%	76.9%	62.5%

Liquidity*Amounts in US\$ thousands***3Q23****2Q23**

Capital Structure

<i>Amounts in US\$ thousands</i>	3Q23	2Q23
Cash and cash equivalents	6,953,613	7,559,268
Restricted cash	403,692	388,837
Financial assets at fair value through profit or loss - current ⁽¹⁾	145,378	102,571
Financial assets at amortised cost ⁽²⁾	9,854,698	10,287,903
Total cash on hand	17,357,381	18,338,579
Borrowings - current	2,254,605	2,327,861
Borrowings - non-current	6,715,297	6,653,113
Lease liabilities	66,652	81,601
Bonds payable	598,929	598,744
Total debt	9,635,494	

Recent Highlights and Announcements

Advance Announcement on Performance Meeting in 3rd Quarter of 2023 (2023-10-11)
Notification of Board Meeting (2023-10-10)
2023 Interim Report (2023-9-5)
Announcement on the Vesting Results in 2nd Vesting Period of Initially Granted Part and 1st Vesting Period of Reserved Granted Part under 2021 STAR Market Restricted Share Incentive Scheme and the Listing of Shares (2023-9-2)
Indicative Announcement on Change of Domestic Stocks of SMIC Held by Huaxia SSE STAR Market 50 Component Trading Open-End Index Securities Investment Fund (2023-8-31)
2023 Interim Results Announcement (2023-8-25)
Notification of Board Meeting (2023-8-10)
SMIC Reports Unaudited Results for the Three Months Ended June 30, 2023 (2023-8-10)
Announcement on Meeting Vesting Conditions in 2nd Vesting Period of Initially Granted Part and 1st Vesting Period of Reserved Granted Part under 2021 STAR Market Restricted Share Incentive Scheme, Announcement on Canceling Some Restricted Share under 2021 STAR Market Restricted Share Incentive Scheme (2023-7-21)
List of Directors and their Roles and Functions (2023-7-17)
Resignation of Chairman of the Board and Executive Director, Appointment of Chairman of the Board and Change of Authorised Representative (2023-7-17)
Advance Announcement on Performance Meeting in 2nd Quarter of 2023 (2023-7-11)
Notification of Board Meeting (2023-7-11)

*<https://www.smics.com/en/site/news> and
https://www.smics.com/en/site/company_statutoryDocuments
for further details regarding the recent announcements.*

Semiconductor Manufacturing International Corporation
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(In US\$ thousands)

	For the three months ended	
	September 30, 2023 (Unaudited)	June 30, 2023 (Unaudited)
Revenue	1,620,577	1,560,396
Cost of sales	(1,298,957)	(1,243,896)
Gross profit	321,620	316,500
Research and development expenses	(172,836)	(177,633)
Selling and marketing expenses	(9,454)	(9,307)
General and administration expenses	(128,128)	(106,436)
Impairment losses on financial assets, net	495	414
Other operating income	75,691	56,260
Operating expenses	(234,232)	(236,702)
Profit from operations	87,388	79,798
Other income, net	80,426	415,946
Profit before tax	167,814	495,744
Income tax expense	(11,438)	(31,573)
Profit for the period	156,376	464,171
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss in subsequent periods</i>		
Exchange differences on translating foreign operations	11,710	(90,148)
Cash flow hedges	(32,730)	(12,037)
Total comprehensive income for the period	135,356	361,986
Profit for the period attributable to:		
Owners of the Company	93,984	402,762
Non-controlling interests	62,392	61,409
	156,376	464,171
Total comprehensive income for the period attributable to:		
Owners of the Company	72,964	300,577
Non-controlling interests	62,392	61,409
	135,356	361,986

Semiconductor Manufacturing International Corporation
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(In US\$ thousands)

	As of	
	September 30, 2023	June 30, 2023
	(Unaudited)	(Unaudited)
ASSETS		
<i>Non-current assets</i>		
Property, plant and equipment	22,293,909	20,593,730
Right-of-use assets	484,084	498,075
Intangible assets	35,246	38,803
Investments in associates	2,023,917	2,144,734
Investment in joint venture	3,294	3,272
Deferred tax assets	13,944	13,930
Financial assets at fair value through profit or loss	483,417	523,568
Financial assets at amortised cost	6,426,751	5,796,005
Derivative financial instruments	14,211	20,142
Restricted cash	250,484	-
Other assets	13,517	26,671
Total non-current assets	32,042,774	29,658,930
<i>Current assets</i>		
Inventories	2,576,901	2,345,303
Prepayment and prepaid operating expenses	96,123	106,718
Trade and other receivables	1,218,790	1,044,726
Financial assets at fair value through profit or loss	145,378	102,571
Financial assets at amortised cost	3,427,947	4,491,898
Derivative financial instruments	117,698	124,097
Restricted cash	153,208	388,837
Cash and cash equivalents	6,953,613	7,559,268
	14,689,658	16,163,418
Assets classified as held-for-sale	22,030	22,030
Total current assets	14,711,688	16,185,448
TOTAL ASSETS	46,754,462	45,844,378

Semiconductor Manufacturing International Corporation
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(In US\$ thousands)

	As of	
	September 30, 2023	June 30, 2023
	(Unaudited)	(Unaudited)
EQUITY AND LIABILITIES		
<i>Capital and reserves</i>		
Ordinary shares	31,782	31,704
Share premium	14,114,601	13,989,821
Other reserves	266,536	307,265
Retained earnings	5,505,649	5,411,665
Equity attributable to owners of the Company	19,918,568	

Semiconductor Manufacturing International Corporation
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(In US\$ thousands)

By order of the Board
Semiconductor Manufacturing International Corporation
Company Secretary / Board Secretary
Guo Guangli

Shanghai, November 9, 2023

As at the date of this announcement, the directors of the Company are:

Executive Director

LIU Xunfeng

Non-executive Directors

LU Guoqing

CHEN Shanzhi

YANG Lumin

Independent Non-executive Directors

LAU Lawrence Juen-Yee

FAN Ren Da Anthony

LIU Ming

WU Hanming