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 “First Quarter 2017 Guidance”, “CapEx Summary” and the statements contained in the quotes of our CEO are based on SMIC's current assumptions, expectations and projections about future events. SMIC uses words like "believe," "anticipate," "intend," "estimate," "expect," "project," "target" 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 cyclicality and market conditions in the semiconductor industry, intense competition in the semiconductor industry, SMIC's reliance on a small number of customers, 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, availability of manufacturing capacity, financial stability in end markets, orders or judgments from pending litigation, intensive intellectual property litigation in semiconductor industry, general economic conditions and fluctuations in currency exchange rates.

In addition to the information contained in this presentation, you should also consider the information contained in our other filings with the SEC, including our annual report on Form 20-F filed with the SEC on April 25, 2016, as amended on December 9, 2016, especially in the "Risk Factors" section and such other documents that we may file with the SEC or The Hong Kong Stock Exchange Limited ("SEHK") from time to time, including current reports on Form 6-K. Other unknown or unpredictable factors also could have material adverse effects on our future results, performance or achievements. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed in this presentation 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 presentation. Except as may be 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.

About Non-HQHUDOO$FFHSWHG$FFRXQWLQ3ULQFLSOHV15&´ Financial Measures

During this presentation, references to financial measures of SMIC will include references to non-GAAP financial measures, including non-GAAP operating expenses and adjusted EBITDA margin. For an explanation to the most directly comparable GAAP financial measures, see today's earnings release.

4Q16 Financial Highlights

- **Revenue was $814.8 million, a record high**
  - Compared to $774.8 million in 3Q16
  - Compared to $610.1 million in 4Q15
  - 8th continuous growth quarter
- **Gross profit was $246.0 million, a record high**
  - Compared to $232.1 million in 3Q16
  - Compared to $173.9 million in 4Q15
- **Gross margin was 30.2%**
  - Compared to 30.0% in 3Q16
  - Compared to 28.5% in 4Q15

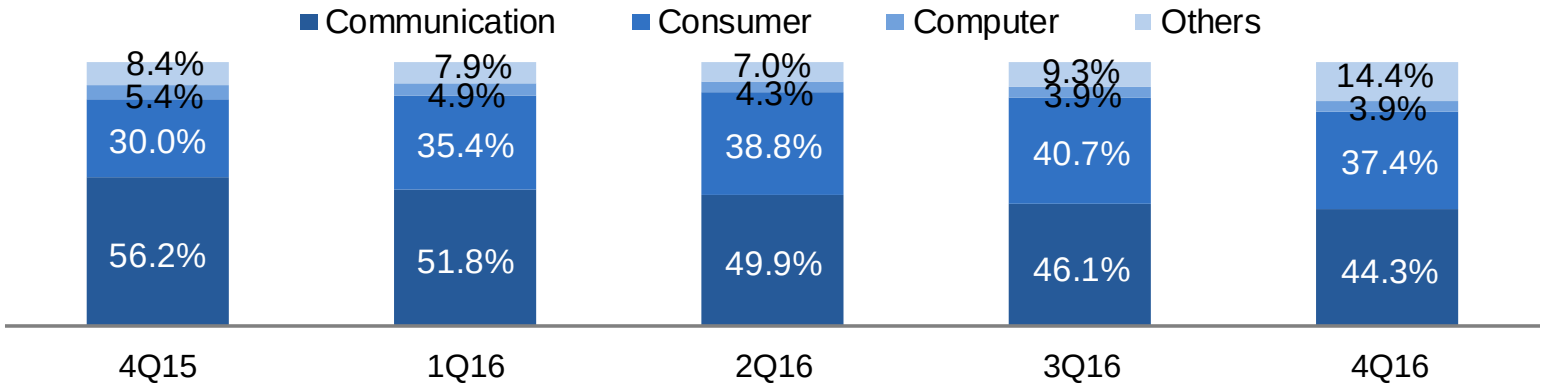
Income Statement Highlights

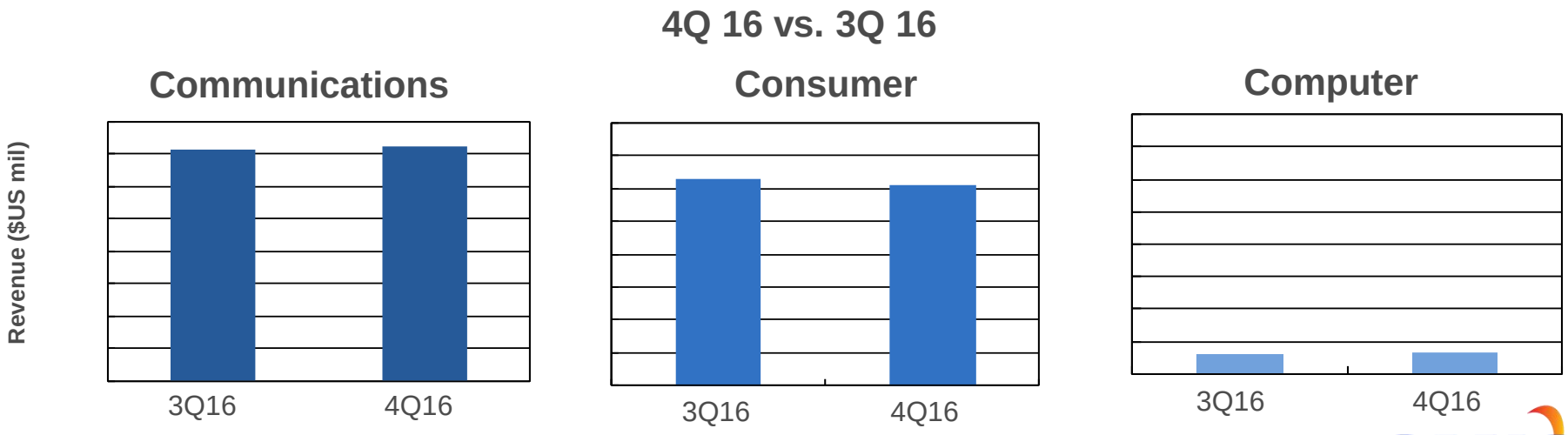
(US$ thousands)	4Q16	3Q16	QoQ	4Q15	YoY
Total Revenue	**814,802**	**774,845**	**5.2%**	**610,148**	**33.5%**
Gross Profit	246,012	232,103	6.0%	173,937	41.4%
Gross Margin	**30.2%**	**30.0%**	**-**	**28.5%**	**-**
Operating Expenses	(196,994)	(123,471)	59.5%	(132,340)	48.9%
Research & Development, net	*(118,325)*	*(81,898)*	*44.5%*	*(66,121)*	*79.0%*
General & Administrative	*(60,934)*	*(35,449)*	*71.9%*	*(67,253)*	*-9.4%*
Selling & Marketing	*(9,087)*	*(8,009)*	*13.5%*	*(12,358)*	*-26.5%*
Other operating income (expense)	*(8,648)*	*1,885*	*-*	*13,392*	*-*
Profit from operations	**49,018**	**108,632**	**-54.9%**	**41,597**	**17.8%**
Other income (expense), net	473	4,471	-89.4%	(5,749)	-
Income tax benefit (expense)	8,547	(960)	-	(5,770)	-
Profit attributable to SMIC	**104,008**	**113,561**	**-8.4%**	**38,604**	**169.4%**
Non-controlling Interests	(45,970)	(1,418)	3141.9%	(8,526)	439.2%
Earnings per ADS (Basic)	**0.12**	**0.13**	**-**	**0.05**	**-**

- **Revenue** increased by 5.2% QoQ from $774.8 million in 3Q16 to $814.8 million in 4Q16 mainly due to 1) an increase in wafer shipments in 4Q16 excluding LFoundry and 2) the revenue contributed from LFoundry (LFoundry only contributed for 2 months in 3Q16 as the Company acquired its 70% interest on July 29, 2016).
- **R&D expenses** increased by $36.4 million QoQ to $118.3 million in 4Q16, compared to $81.9 million in 3Q16. Excluding the funding of R&D contracts from the government, R&D expenses increased by $49.5 million QoQ to $141.0 million in 4Q16. The change was mainly due to higher level of R&D activities in 4Q16. Funding of R&D contracts from the government was $22.7 million in 4Q16, compared to $9.6 million in 3Q16.
- **General and administrative expenses** increased by 71.9% to $60.9 million in 4Q16, compared to $35.4 million in 3Q16. The increase was mainly due to accrued employee bonus in 4Q16.

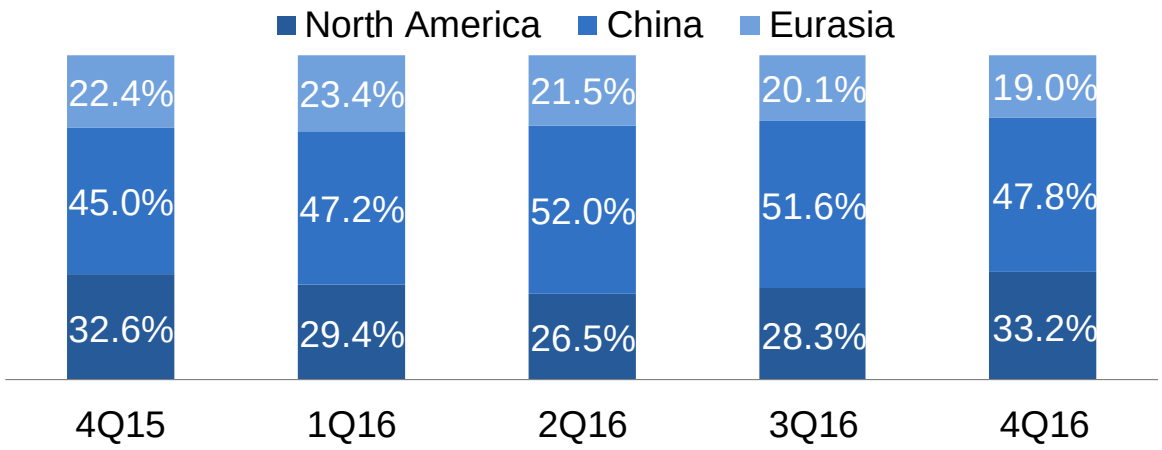
Balance Sheet Highlights

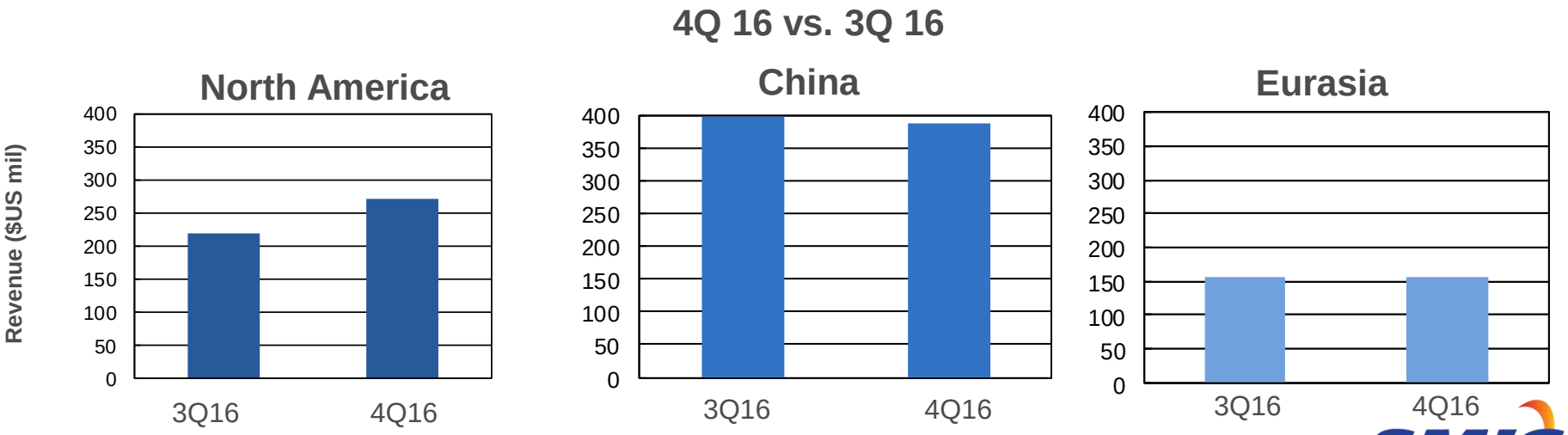
Total Revenue Breakdown by Applications



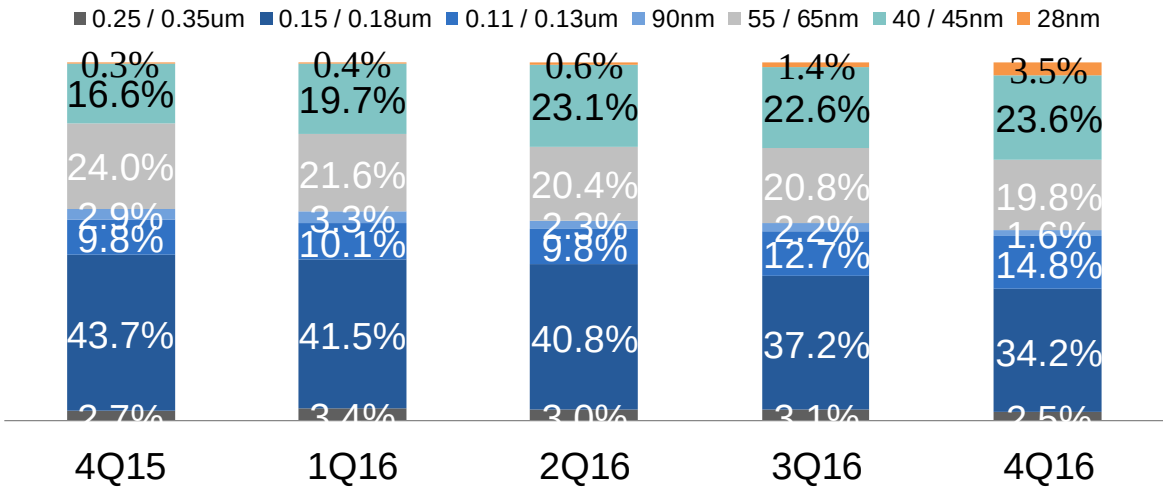


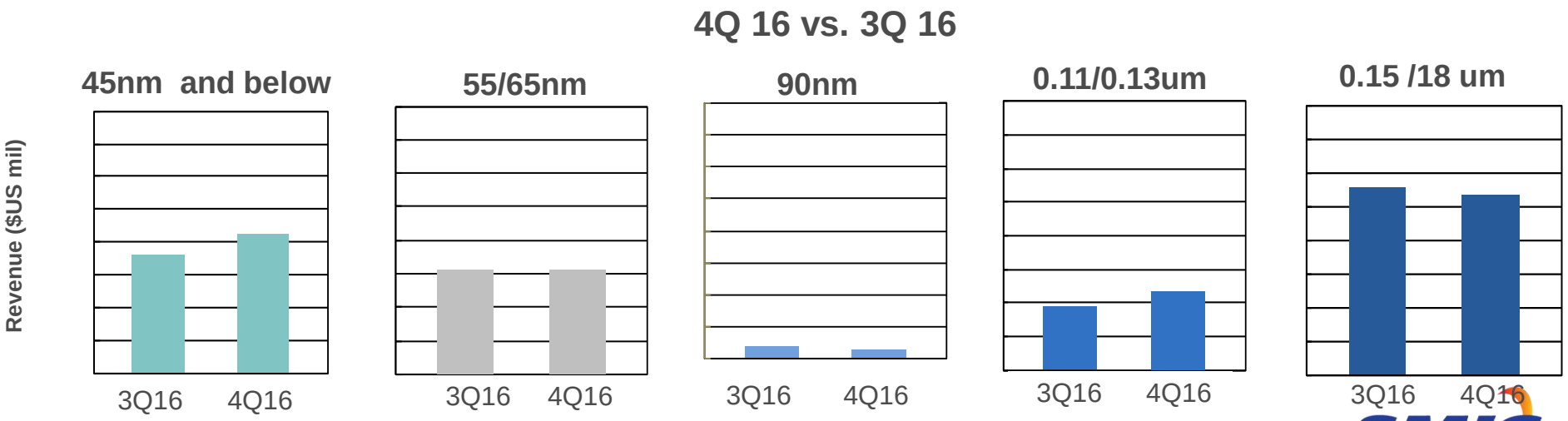
Total Revenue Breakdown by Geography



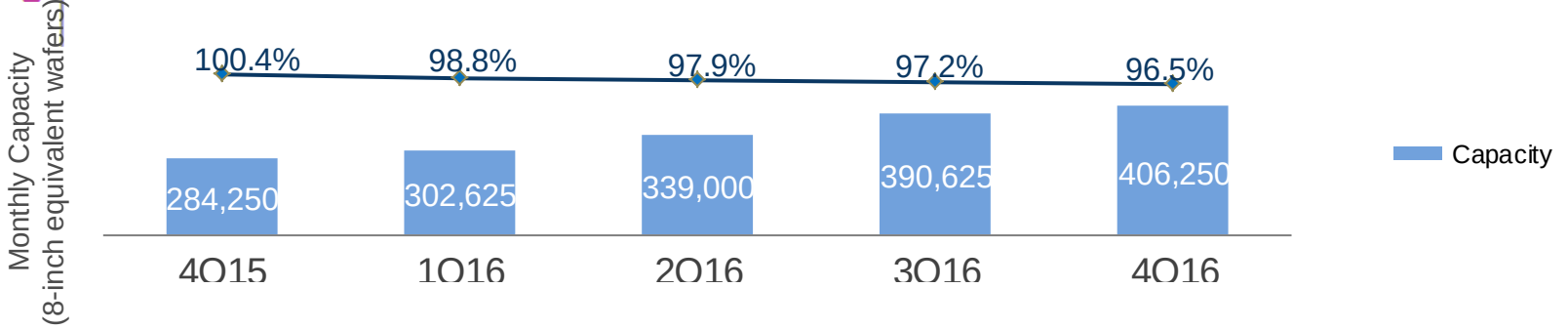


Wafer Revenue Breakdown by Technology





Capacity, Utilization and Shipment



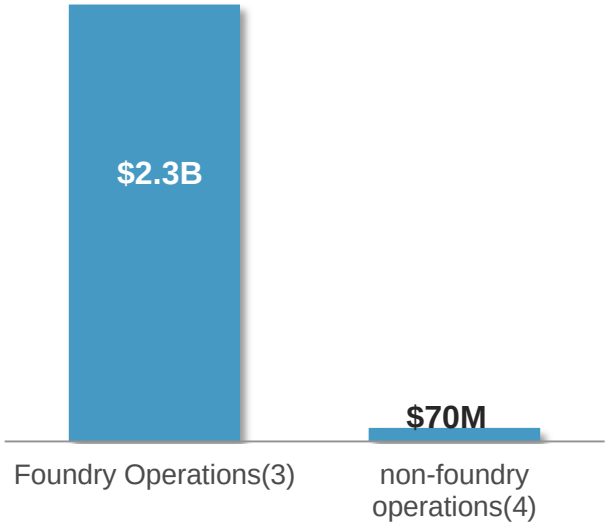
	4Q15	1Q16	2Q16	3Q16	4Q16
Shanghai 200mm Fab	100,000	101,000	106,000	107,000	108,000
Shanghai 300mm Fab	14,000	15,500	20,000	20,000	20,000
Beijing 300mm Fab	37,000	37,000	37,000	39,000	43,000
Tianjin 200mmFab	43,000	42,000	45,000	45,000	45,000
Shenzhen 200mmFab	13,000	19,000	26,000	31,000	31,000
Majority-Owned Beijing 300mm Fab	6,000	10,000	15,000	15,500	18,000
Majority-Owned Avezzano 200mm Fab				40,000	40,000
Monthly Capacity (8-inch equivalent wafers)	**284,250**	**302,625**	**339,000**	**390,625**	**406,250**
Wafer Shipments	820,904	868,309	934,861	1,058,504	1,096,011

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

1Q 2017 Guidance and 2017 Capex Guidance

	1Q 2017 Guidance
Revenue	-2% to -4% QoQ $782 to $798 million
Gross Margin	25% to 28%
Non-GAAP Operating Expenses (1)	$158 to $164 million
Non-controlling interests(2)	$6 to $8 million

2017 Capex Guidance



(1) Exclude the effect of employee bonus accrual, government funding and gain from the disposal of living quarters

(2) Non-controlling interests of our majority-owned subsidiaries to range from positive $6 million to positive $8 million (losses to be borne by non-controlling interests).

(3) The planned 2017 capital expenditures for foundry operations are approximately $2.3 billion, of which approximately $900 million will be spent for the expansion of capacity in our majority-owned Beijing 300mm fab.

(4) The planned 2017 capital expenditures for non-foundry operations are approximately $70 million, mainly for the construction of employees' living quarters.

Appendix

Results Vs Original Guidance

	4Q 2016 Guidance	4Q 2016 Results
Revenue	**+5% to +7% QoQ $814 to $829 million**	+5.2% QoQ $815 million
Gross Margin	**28% to 30%**	30.2%
Non-GAAP Operating Expenses (1)	**$179 to $184 million**	$193 million
Non-controlling interests	**$37 to $39 million**	$46 million

(1) Exclude the effect of employee bonus accrual, government funding and gain from the disposal of living quarters

(2) The 2016 capital expenditures for foundry operations were $2,626.2 million, of which $1,239.7 million was spent for the expansion of capacity in our majority-

Capital Expenditures & Depreciation

(US$ millions)	4Q15	1Q16	2Q16	3Q16	4Q16
Capex	745	751	792	671	481
Depreciation & Amortization	143	160	169	186	216

Thank you

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