

A collage of four photographs showing different views of SMIC buildings, including modern glass structures and a large industrial-style building. The photos are arranged in a grid-like pattern with overlapping borders.

# **SMIC**

# **3Q 2009 Earnings Presentation**

**October 28, 2009**

**SEHK: 981**

**NYSE: SMI**





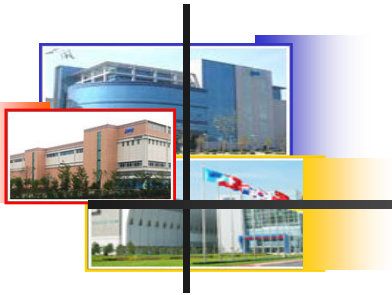
# SAFE HARBOR

(Under the Private Securities Litigation Reform Act of 1995)

This press release 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 concerning our expectation of a shift to higher-end products, our expectation of a continued ramp up of 65 nm shipments in the fourth quarter of 2009 and into 2010, target timing for our first 45-nm product tape-out, our expectations regarding the amount of our capital expenditures in 2009 and our total depreciation and amortization expense for 2009 and 2010, and statements under “Depreciation and Amortization”, “Capex Summary” and “Fourth Quarter 2009 Guidance”, 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 cyclicity 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 22, 2009, 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.





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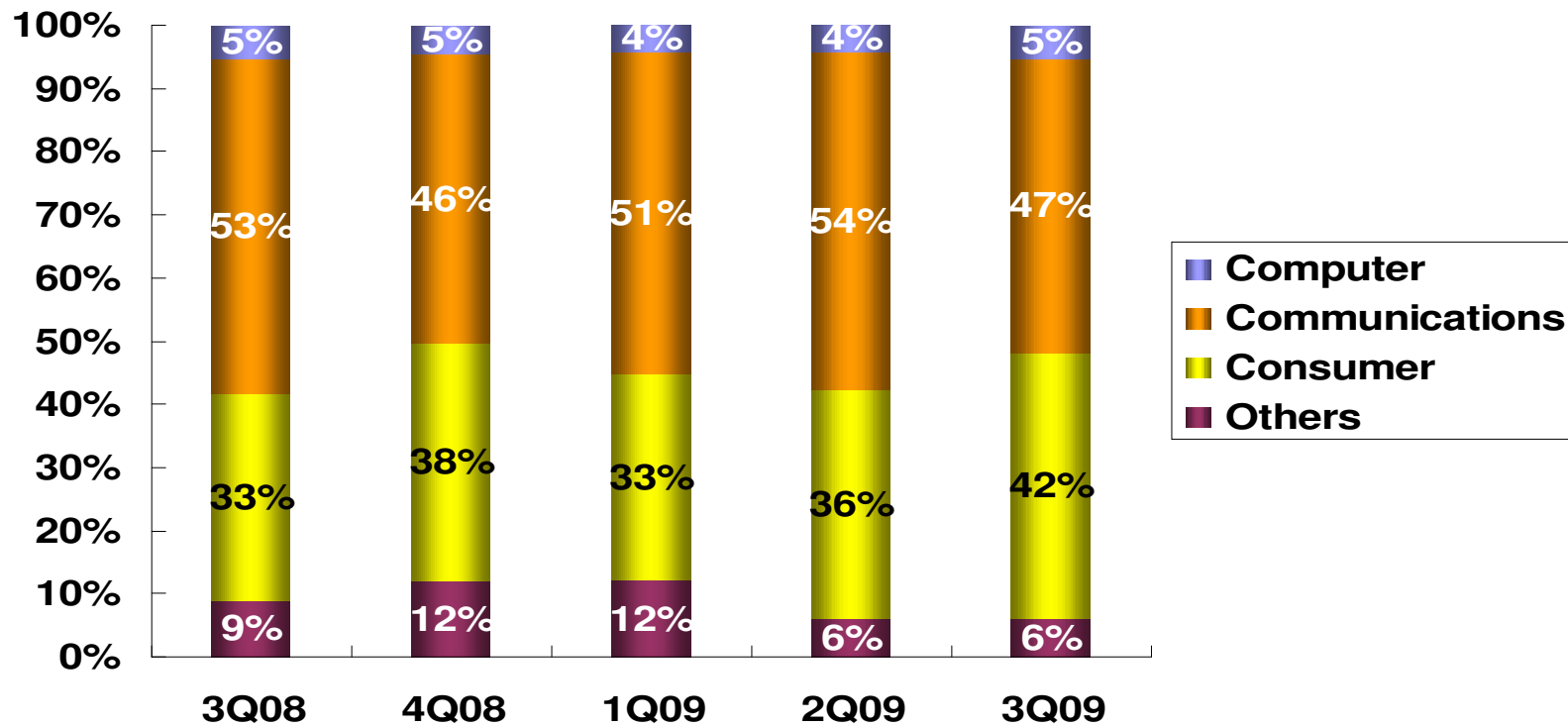


# FINANCIAL HIGHLIGHTS

<b>Financial Highlights</b>					
<i>(Amounts in US\$ million, except for EPS and operating data)</i>	<b>3Q09</b>	<b>2Q09</b>	<b>QoQ</b>	<b>3Q08</b>	<b>YoY</b>
<b>Sales</b>	<b>323.4</b>	<b>267.4</b>	<b>20.9%</b>	<b>375.9</b>	<b>(14.0%)</b>
<b>Gross margins</b>	<b>0.8%</b>	<b>(4.8%)</b>	<b>-</b>	<b>7.2%</b>	<b>-</b>
<b>Net income(loss)</b>	<b>(69.1)</b>	<b>(97.9)</b>	<b>(29.4%)</b>	<b>(33.4)</b>	<b>106.9%</b>
<b>Operating expenses</b>	<b>99.2</b>	<b>81.6</b>	<b>21.5%</b>	<b>40.5</b>	<b>145.2%</b>
<b>Capital expenditures</b>	<b>52.6</b>	<b>21</b>	<b>150.5%</b>	<b>242</b>	<b>(78.3%)</b>
<b>Net income (loss) per ADS (US\$ diluted)</b>	<b>(0.16)</b>	<b>(0.22)</b>	<b>-</b>	<b>(0.08)</b>	<b>-</b>



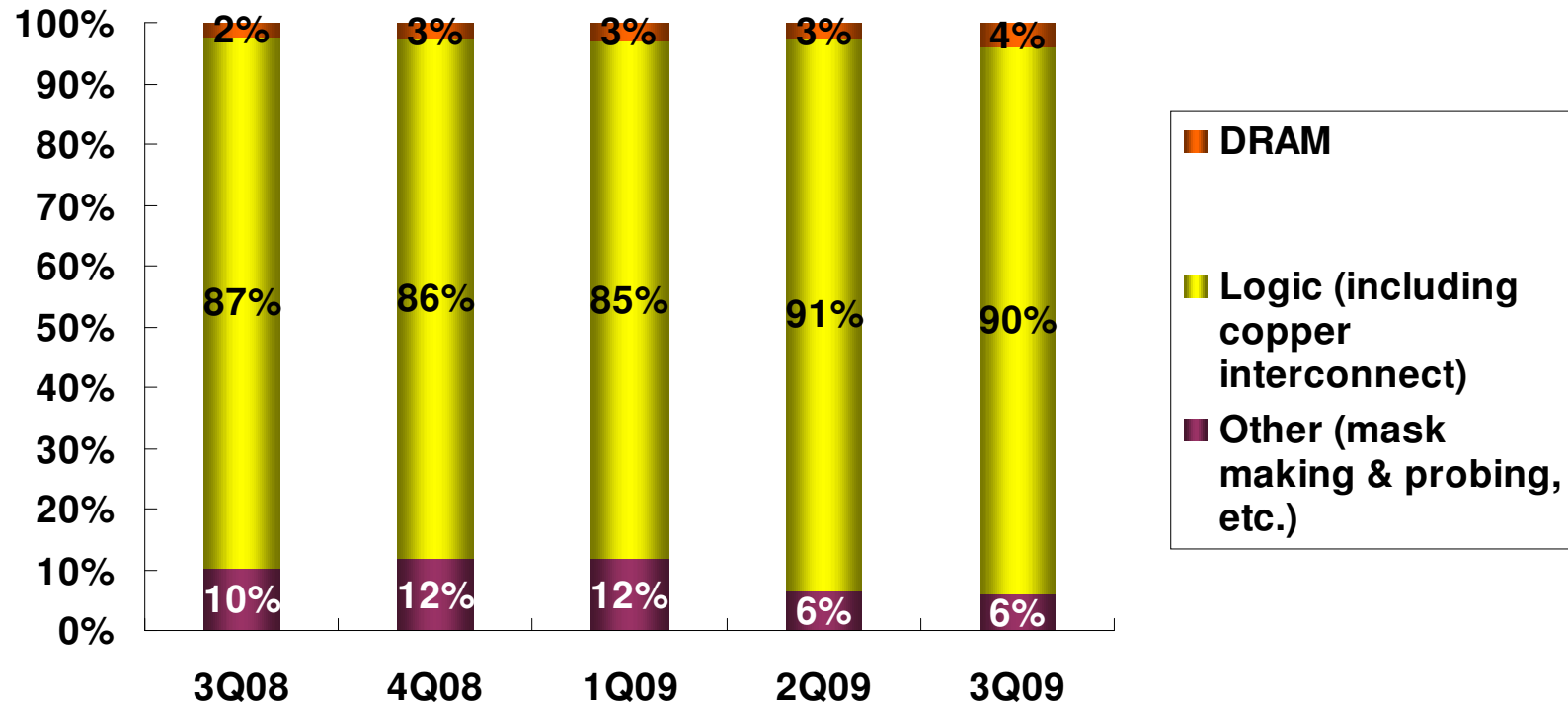
# SALES BREAKDOWN BY APPLICATION



Source: Company financials



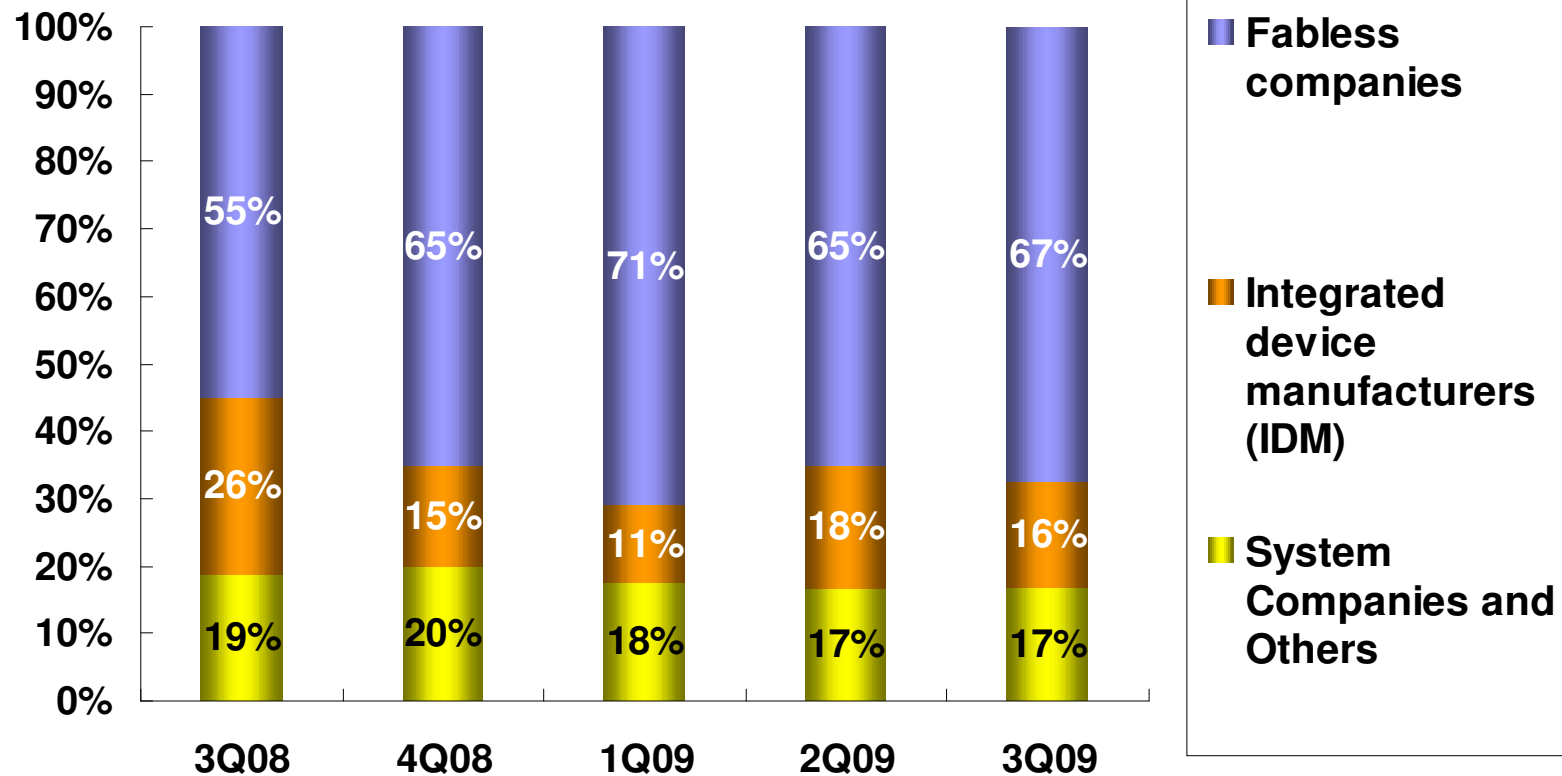
# SALES BREAKDOWN BY SERVICES



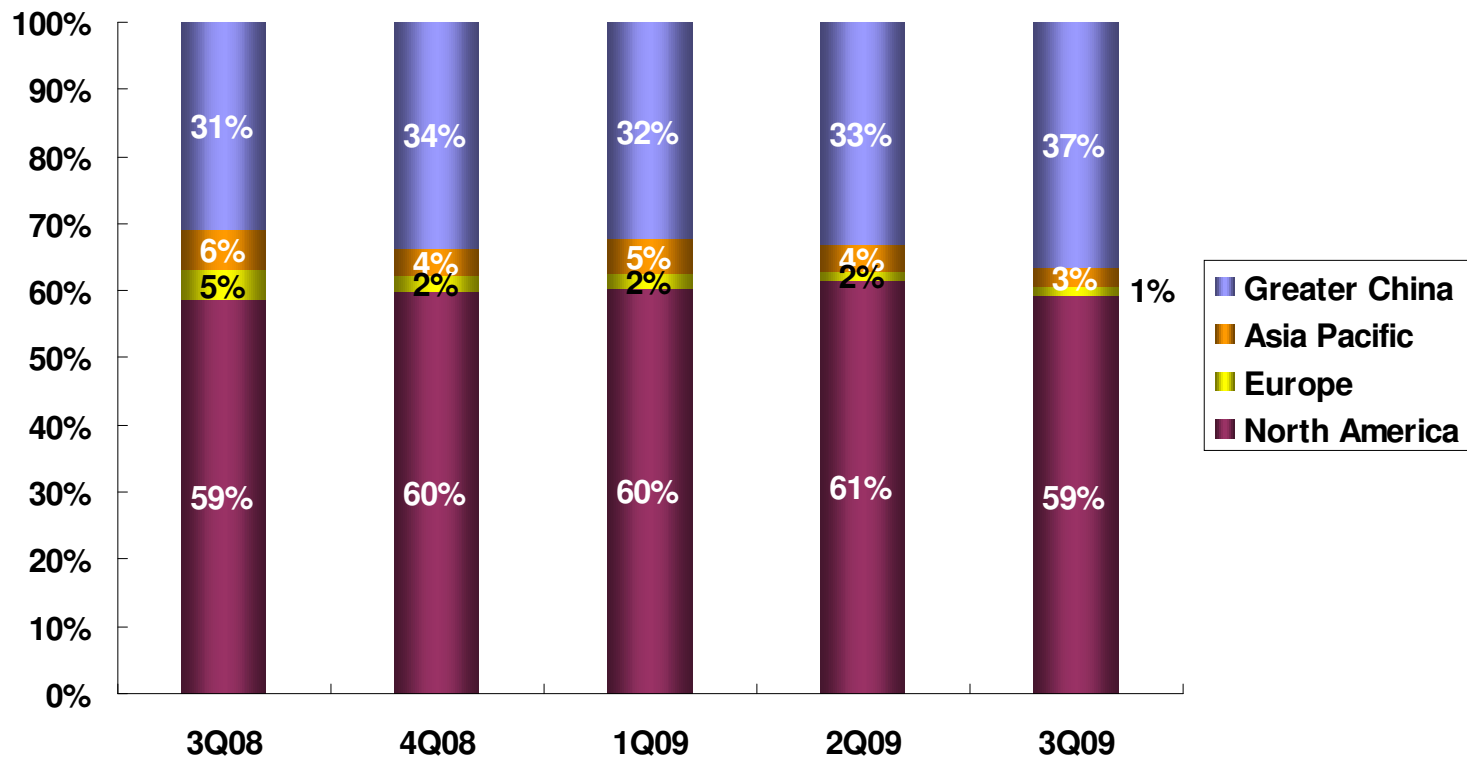
Source: Company financials



# SALES BREAKDOWN BY CUSTOMER TYPE



# SALES BREAKDOWN BY GEOGRAPHY

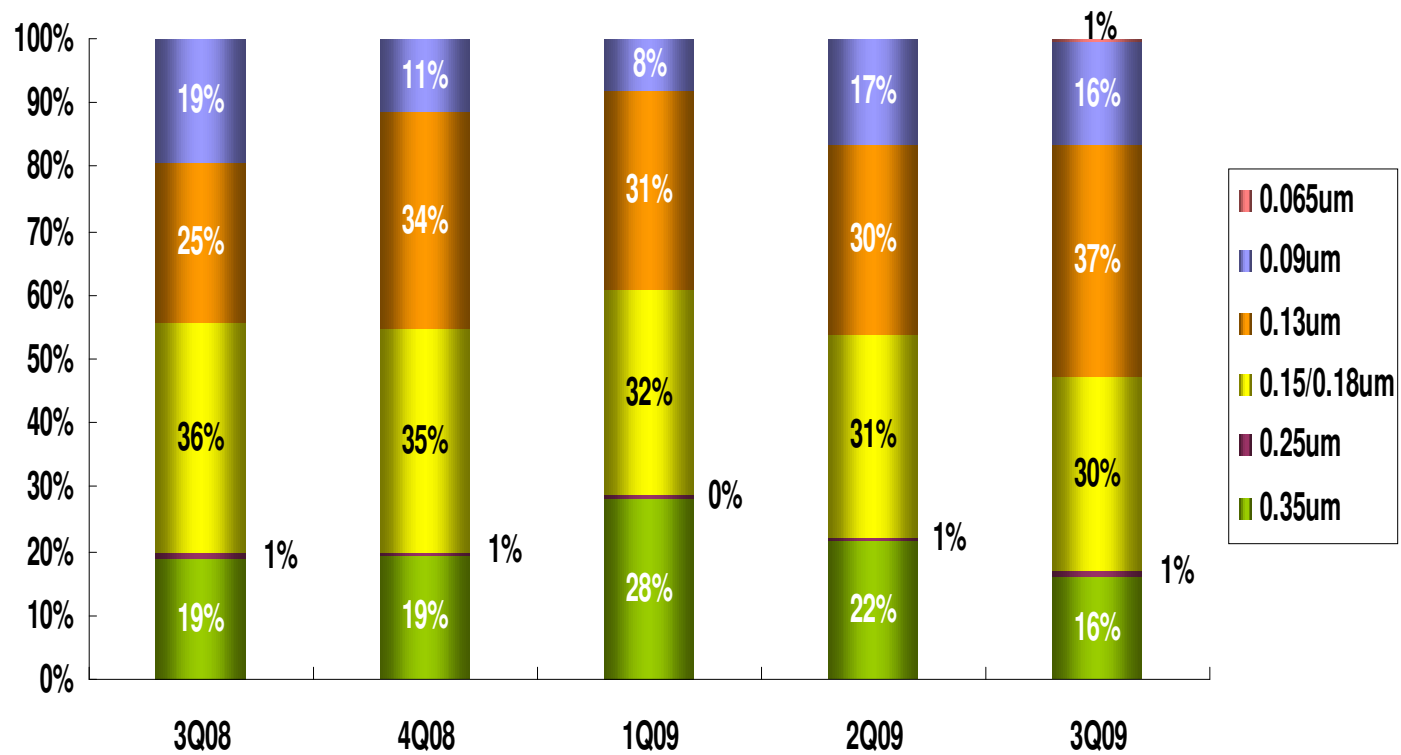


Source: Company financials





# TOTAL SALES BREAKDOWN BY TECHNOLOGY



Source: Company financials





# APPENDIX





## 4Q 2009 GUIDANCE

<i>US\$ Millions (except opex %)</i>	<b>3Q2009 Actual</b>	<b>4Q2009 Guidance</b>
<b>Sales</b>	<b>US\$ 323.4 M</b>	<b>Increase 2% to 5%</b>
<b>Operating expenses</b>	<b>\$99 M</b>	<b>\$67 M to \$72 M excluding forex difference</b>
<b>Capital expenditures</b>	<b>\$52.6 M</b>	<b>\$90 M - \$95 M</b>
<b>Depreciation &amp; Amortization</b>	<b>\$198.9</b>	<b>Approx \$193 M</b>

Source: Company financials





# SUMMARY BALANCE SHEET

<b>Summary Balance Sheet</b>		
<i>(in US\$ thousands)</i>	<b>For the three months ended</b>	
	<b>September 30, 2009</b>	<b>June 30, 2009</b>
<b>Cash and cash equivalents</b>	<b>453,285</b>	<b>435,613</b>
<b>Current assets</b>	<b>886,403</b>	<b>824,575</b>
<b>Total assets</b>	<b>3,900,934</b>	<b>3,948,394</b>
<b>Current liabilities</b>	<b>848,404</b>	<b>790,447</b>
<b>Total liabilities</b>	<b>1,454,810</b>	<b>1,435,770</b>
<b>Non-Controlling interests</b>	<b>34,567</b>	<b>34,303</b>
<b>Shareholders' equity</b>	<b>2,478,322</b>	<b>2,478,322</b>
<b>Total liability and shareholders' equity</b>	<b>3,900,934</b>	<b>3,948,394</b>

Source: Company financials





# SUMMARY INCOME STATEMENT

<b>Summary Income Statement</b>					
<i>(Amounts in US\$ thousands, except for EPS and operating data)</i>	<b>3Q09</b>	<b>2Q09</b>	<b>QoQ</b>	<b>3Q08</b>	<b>YoY</b>
<b>Sales</b>	<b>323,356</b>	<b>267,422</b>	<b>20.9%</b>	<b>375,945</b>	<b>(14.0%)</b>
<b>Gross profit</b>	<b>2,654</b>	<b>(12,897)</b>	<b>-</b>	<b>27,224</b>	<b>(90.3%)</b>
<b>Operating expenses</b>	<b>99,184</b>	<b>81,606</b>	<b>21.5%</b>	<b>40,451</b>	<b>145.2%</b>
<b>Income (loss) from operations</b>	<b>(96,530)</b>	<b>(94,503)</b>	<b>(2.1%)</b>	<b>(13,227)</b>	<b>629.8%</b>
<b>Net income (loss)</b>	<b>(69,081)</b>	<b>(97,907)</b>	<b>(29.4%)</b>	<b>(33,384)</b>	<b>106.9%</b>
<b>Net income (loss) per ADS (US\$ diluted)</b>	<b>(0.16)</b>	<b>(0.22)</b>	<b>-</b>	<b>(0.08)</b>	<b>-</b>
<b>Wafers shipped (in 8" wafers)<sup>(1)</sup></b>	<b>429,843</b>	<b>341,261</b>	<b>26.0%</b>	<b>431,660</b>	<b>(0.4%)</b>
<b>Capacity utilization</b>	<b>87.3%</b>	<b>75.4%</b>	<b>-</b>	<b>90.5%</b>	<b>-</b>

(1) Including copper interconnects





# SUMMARY CASH FLOW STATEMENT

<b>Summary Cash Flow Statement</b>		
<i>(in US\$ thousands)</i>	<b>For the three months ended</b>	
	<b>September 30, 2009</b>	<b>June 30, 2009</b>
<b>Net loss</b>	<b>(69,081)</b>	<b>(97,905)</b>
<b>Net cash provided by operating activities</b>	<b>72,954</b>	<b>43,198</b>
<b>Net cash used in investing activities</b>	<b>(64,555)</b>	<b>(27,353)</b>
<b>Net cash provided by (used in) financing activities</b>	<b>9,380</b>	<b>(82,191)</b>
<b>Net increase in cash and cash equivalents</b>	<b>17,672</b>	<b>(66,403)</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>435,613</b>	<b>502,016</b>
<b>Cash and cash equivalents at the end of period</b>	<b>453,285</b>	<b>435,613</b>

Source: Company financials





**SEHK: 981**

**NYSE: SMI**

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