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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 MARCH 31, 2024

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

- Revenue was \$1,750.2 million in 1Q24, compared to \$1,678.3 million in 4Q23, and \$1,462.3 million in 1Q23.
- Gross profit was \$239.7 million in 1Q24, compared to \$275.0 million in 4Q23, and \$304.7 million in 1Q23.
- Gross margin was 13.7% in 1Q24, compared to 16.4% in 4Q23 and 20.8% in 1Q23.

Set out below is a copy of the full text of the release by the Company and its subsidiaries (the "Group") on May 9, 2024, in relation to its unaudited results for the three months ended March 31, 2024.

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

Shanghai, China – May 9, 2024 – Semiconductor Manufacturing International Corporation (SEHK: 00981; SSE STAR MARKET: 688981) ("SMIC", the "Company" or "we"), one of the leading semiconductor foundries in the world, today announced its consolidated results of operations for the three months ended March 31, 2024.

* For identification purposes only

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

Second Quarter 2024 Guidance

The Company expects (in accordance with IFRSs):

- Revenue to increase by 5% to 7% QoQ.
- Gross margin to range from 9% to 11%.

The Management Comments

In the first quarter 2024, our global customers are more willing to build up inventory. The Company's revenue increased by 4.3% sequentially to \$1,750 million; gross margin was 13.7%, both beat the guidance. 8-inch equivalent wafer shipment increased by 7% sequentially to 1,795 thousand; and utilization rate increased by 4 percentage points sequentially to 80.8%.

In the second quarter, demand for pull-in from some customers is continuing, the Company's guidance is: revenue is expected to grow 5% to 7% sequentially; along with the increase in capacity scale, depreciation is expected to rise quarter by quarter, gross margin is expected to be in the range of 9% to 11%.

Based on the premise that there is no significant changes in the external environment, the Company's 2024 revenue growth target is to exceed the industry average in the same markets.

Conference Call / Webcast Announcement

Date: Friday, May 10, 2024

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

WEBCAST

The call will be webcast live at:

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

CONFERENCE CALL

Please register in advance for the conference call at:

<https://register.vevent.com/register/Blf230fa39ef3e4f6c97d162ccb44f252c>

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 8-inch and 12-inch wafers. Headquartered in Shanghai, China, SMIC Group has an international manufacturing and service base, with 8-inch and 12-inch wafer fabrication facilities in Shanghai, Beijing, Tianjin and Shenzhen. SMIC Group also has marketing and customer service offices in the U.S., Europe, Japan, and Taiwan, 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 "believe", "anticipate", "intend", "estimate", "expect", "project", "target", "going forward", "continue", "ought to", "may", "seek", "should", "plan", "could", "vision", "goal", "aim", "aspire", "objective", "schedule", "outlook" and other similar expressions to identify forward looking statements. These forward-looking statements are estimates made by SMIC's senior management based on their best judgment 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 cyclical and market conditions in the semiconductor industry, intense competition in the semiconductor industry, 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, shortages in equipment, parts, raw materials, software and service supports, orders or judgments from pending litigation, intellectual property litigation in the semiconductor industry, macro-economic conditions, fluctuations in currency exchange rates and the risk of geopolitics.

Summary of First Quarter 2024 Operating Results

Amounts in US\$ thousands, except for earnings per share and operating data

	1Q24	4Q23	QoQ	1Q23	YoY
Revenue	1,750,176	1,678,299	4.3%	1,462,288	19.7%
Cost of sales	(1,510,472)	(1,403,344)	7.6%	(1,157,619)	30.5%
Gross profit	239,704	274,955	-12.8%	304,669	-21.3%
Operating expenses	(237,298)	(167,677)	41.5%	(221,386)	7.2%
Profit from operations	2,406	107,278	-97.8%	83,283	-97.1%
Other income, net	72,007	140,703	-48.8%	192,627	-62.6%
Profit before tax	74,413	247,981	-70.0%	275,910	-73.0%
Income tax expense	(10,898)	(10,713)	1.7%	(8,790)	24.0%
Profit for the period	63,515	237,268	-73.2%	267,120	-76.2%
Profit for the period attributable to:					
Owners of the Company	71,792	174,678	-58.9%	231,102	-68.9%
Non-controlling interests	(8,277)	62,590	N/A	36,018	N/A
Profit for the period	63,515	237,268	-73.2%	267,120	-76.2%
Gross margin	13.7%	16.4%		20.8%	
Earnings per share ⁽¹⁾					
Basic	\$0.01	\$0.02		\$0.03	
Diluted	\$0.01	\$0.02		\$0.03	
Wafers shipped (in 8" equivalent wafers)	1,794,891	1,675,002	7.2%	1,251,715	43.4%
Capacity utilization ⁽²⁾	80.8%	76.8%		68.1%	

Notes:

(1) Based on weighted average ordinary shares of 7,947 million (basic) and 7,963 million (diluted) in 1Q24, 7,946 million (basic) and 7,968 million (diluted) in 4Q23, and 7,913 million (basic) and 7,941 million (diluted) in 1Q23.

(2) Based on total 8" equivalent wafers out divided by estimated total quarterly capacity.

- Revenue was \$1,750.2 million in 1Q24, an increase of 4.3% QoQ from \$1,678.3 million in 4Q23. The growth was mainly due to the increase in wafer shipment in 1Q24.
- Cost of sales was \$1,510.5 million in 1Q24, compared to \$1,403.3 million in 4Q23.
- Gross profit was \$239.7 million in 1Q24, compared to \$275.0 million in 4Q23.
- Gross margin was 13.7% in 1Q24, compared to 16.4% in 4Q23 due to the increase in depreciation.
- Operating expenses were \$237.3 million in 1Q24, compared to \$167.7 million in 4Q23. The change was mainly due to the reasons stated in Operating Expenses below.
- Other income, net was \$72.0 million gain in 1Q24, compared to \$140.7 million gain in 4Q23. The change was mainly due to the reasons stated in Other Income, Net below.

Analysis of Revenue

Revenue Analysis			
By Geography	1Q24	4Q23	1Q23
China	81.6%	80.8%	75.5%
America	14.9%	15.7%	19.6%
Eurasia	3.5%	3.5%	4.9%
By Service Type	1Q24	4Q23	1Q23
Wafers	93.0%	92.9%	92.1%
Others	7.0%	7.1%	7.9%
Wafer Revenue Analysis			
By Application	1Q24	4Q23	1Q23
Smartphone	31.2%	30.2%	23.5%
Computer and Tablet	17.5%	30.6%	22.4%
Consumer Electronics	30.9%	22.8%	26.7%
Connectivity and IoT	13.2%	8.8%	16.6%
Industrial and Automotive	7.2%	7.6%	10.8%
By Size	1Q24	4Q23	1Q23
8" wafers	24.4%	25.8%	28.1%
12" wafers	75.6%	74.2%	71.9%

Capacity

- Monthly capacity increased to 814,500 8" equivalent wafers in 1Q24 from 805,500 8" equivalent wafers in 4Q23.

Shipment and Utilization

8" equivalent wafers	1Q24	4Q23	QoQ	1Q23	YoY
Wafer shipments	1,794,891	1,675,002	7.2%	1,251,715	43.4%
Utilization rate ⁽¹⁾	80.8%	76.8%		68.1%	

Note:

(1) Based on total 8" equivalent wafers out divided by estimated total quarterly capacity.

Capex Summary

- Capital expenditure was \$ 2,235.4 million in 1Q24, compared to \$2,340.9 million in 4Q23.

Detailed Financial Analysis

Gross Profit

<i>Amounts in US\$ thousands</i>	1Q24	4Q23	QoQ	1Q23	YoY
Cost of sales	1,510,472	1,403,344	7.6%	1,157,619	30.5%
Depreciation and amortisation	630,824	602,245	4.7%	476,454	32.4%
Other manufacturing costs	879,648	801,099	9.8%	681,165	29.1%
Gross profit	239,704	274,955	-12.8%	304,669	-21.3%
Gross margin	13.7%	16.4%		20.8%	

Depreciation and Amortisation

<i>Amounts in US\$ thousands</i>	1Q24	4Q23	QoQ	1Q23	YoY
Depreciation and amortisation	745,537	700,034	6.5%	631,497	18.1%

Operating Expenses

<i>Amounts in US\$ thousands</i>	1Q24	4Q23	QoQ	1Q23	YoY
Operating expenses	237,298	167,677	41.5%	221,386	7.2%
Research and development expenses	188,110	189,138	-0.5%	167,668	12.2%
General and administrative expenses	116,378	147,821	-21.3%	99,877	16.5%
Selling and marketing expenses	9,043	9,348	-3.3%	8,053	12.3%
Impairment losses on financial assets, net	1,014	(990)	N/A	644	57.5%
Other operating income	(77,247)	(177,640)	-56.5%	(54,856)	40.8%

- General and administrative expenses decreased to \$116.4 million in 1Q24 from \$147.8 million in 4Q23. The change was mainly due to a new majority-owned fab entering the depreciation period in 1Q24 and as a result, the start-up cost decreased in this quarter.
- The change in other operating income was primarily caused by the change in the income recognized in relation to government funding and gain or loss on the disposal of fixed assets.

Other Income, Net

<i>Amounts in US\$ thousands</i>	1Q24	4Q23	QoQ	1Q23	YoY
Other income, net	72,007	140,703	-48.8%	192,627	-62.6%
Interest income	164,110	176,919	-7.2%	179,347	-8.5%
Finance costs	(66,725)	(62,905)	6.1%	(44,003)	51.6%
Foreign exchange gain	4,178	7,255	-42.4%	2,104	98.6%
Other (losses)/gains, net	(4,886)	7,203	N/A	24,612	N/A
Share of (loss)/profit of associates and a joint venture	(24,670)	12,231	N/A	30,567	N/A

The change in other (losses)/gains, net in 1Q24 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.

EBITDA

<i>Amounts in US\$ thousands</i>	1Q24	4Q23	1Q23
Profit for the period	63,515	237,268	267,120
Finance costs	66,725	62,905	44,003
Depreciation and amortisation	745,537	700,034	631,497
Income tax expense	10,898	10,713	8,790
EBITDA	886,675	1,010,920	951,410
Profit margin	3.6%	14.1%	18.3%
EBITDA margin	50.7%	60.2%	65.1%

Liquidity

<i>Amounts in US\$ thousands</i>	1Q24	4Q23
Inventories	2,768,176	2,735,921
Prepayment and prepaid operating expenses	100,119	106,154
Trade and other receivables	1,077,969	1,170,008
Financial assets at fair value through profit or loss	230,333	214,629
Financial assets at amortised cost	3,105,504	2,948,991
Derivative financial instruments	67,989	42,836
Restricted cash	280,600	179,536
Cash and cash equivalents	5,348,718	6,215,058
Assets classified as held-for-sale	22,030	22,030
Total current assets	13,001,438	13,635,163
Trade and other payables	4,206,695	3,727,922
Contract liabilities	1,893,793	2,053,222
Borrowings	1,490,410	1,216,283
Lease liabilities	32,409	32,340
Deferred government funding	148,705	173,097
Accrued liabilities	262,065	298,022
Derivative financial instruments	104,580	90,180
Current tax liabilities	5,901	10,516
Total current liabilities	8,144,558	7,601,582
Cash ratio ⁽¹⁾	0.7	0.8
Quick ratio ⁽²⁾	1.3	1.4
Current ratio ⁽³⁾	1.6	1.8

Notes:

(1) Cash and cash equivalents divided by total current liabilities.

(2) Current assets excluding inventories divided by total current liabilities.

(3) Total current assets divided by total current liabilities.

Capital Structure

<i>Amounts in US\$ thousands</i>	1Q24	4Q23
Cash and cash equivalents	5,348,718	6,215,058
Restricted cash	369,466	435,607
Financial assets at fair value through profit or loss - current ⁽¹⁾	230,333	214,629
Financial assets at amortised cost ⁽²⁾	9,437,138	9,840,224
Total cash on hand	15,385,655	16,705,518
Borrowings - current	1,490,410	1,216,283
Borrowings - non-current	8,178,595	8,334,648
Lease liabilities	50,564	58,620
Bonds payable	599,302	599,115
Total debt	10,318,871	10,208,666
Net debt ⁽³⁾	(5,066,784)	(6,496,852)
Equity	30,827,016	30,845,616
Debt to equity ratio ⁽⁴⁾	33.5%	33.1%
Net debt to equity ratio ⁽⁵⁾	-16.4%	-21.1%

Notes:

(1) Mainly contain structural deposits and monetary funds.

(2) Mainly contain bank deposits over 3 months.

(3) Total debt minus total cash on hand.

(4) Total debt divided by equity.

(5) Net debt divided by equity.

Cash Flow

<i>Amounts in US\$ thousands</i>	1Q24	4Q23
Net cash generated from operating activities	470,022	959,888
Net cash used in investing activities	(1,328,356)	(2,171,391)
Net cash generated from financing activities	44,174	483,441
Effect of exchange rate changes	(52,180)	(10,493)
Net decrease in cash and cash equivalents	(866,340)	(738,555)

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

	For the three months ended	
	March 31, 2024 (Unaudited)	December 31, 2023 (Unaudited)
Revenue	1,750,176	1,678,299
Cost of sales	(1,510,472)	(1,403,344)
Gross profit	239,704	274,955
Research and development expenses	(188,110)	(189,138)
Selling and marketing expenses	(9,043)	(9,348)
General and administration expenses	(116,378)	(147,821)
Impairment losses on financial assets, net	(1,014)	990
Other operating income	77,247	177,640
Operating expenses	(237,298)	(167,677)
Profit from operations	2,406	107,278
Other income, net	72,007	140,703
Profit before tax	74,413	247,981
Income tax expense	(10,898)	(10,713)
Profit for the period	63,515	237,268
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss in subsequent periods</i>		
Exchange differences on translating foreign operations	(3,905)	24,735
Cash flow hedges	(93,463)	(12,707)
Total comprehensive income for the period	(33,853)	249,296
Profit for the period attributable to:		
Owners of the Company	71,792	174,678
Non-controlling interests	(8,277)	62,590
	63,515	237,268
Total comprehensive income for the period attributable to:		
Owners of the Company	(25,668)	186,706
Non-controlling interests	(8,185)	62,590
	(33,853)	249,296

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

	As of	
	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
<i>Non-current assets</i>		
Property, plant and equipment	25,446,490	23,944,961
Right-of-use assets	463,508	473,797
Intangible assets	31,865	33,662
Investments in associates	2,024,610	2,042,671
Investment in a joint venture	2,291	2,295
Deferred tax assets	13,182	13,194
Financial assets at fair value through profit or loss	473,640	481,969
Financial assets at amortised cost	6,331,634	6,891,233
Derivative financial instruments	10,373	12,087
Restricted cash	369,466	256,071
Other assets	316	209
Total non-current assets	35,167,375	34,152,149
<i>Current assets</i>		
Inventories	2,768,176	2,735,921
Prepayment and prepaid operating expenses	100,119	106,154
Trade and other receivables	1,077,969	1,170,008
Financial assets at fair value through profit or loss	230,333	214,629
Financial assets at amortised cost	3,105,504	2,948,991
Derivative financial instruments	67,989	42,836
Restricted cash	280,600	179,536
Cash and cash equivalents	5,348,718	6,215,058
	12,979,408	13,613,133
Assets classified as held-for-sale	22,030	22,030
Total current assets	13,001,438	13,635,163
TOTAL ASSETS	48,168,813	47,787,312

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

	As of	
	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
EQUITY AND LIABILITIES		
<i>Capital and reserves</i>		
Ordinary shares	31,795	31,786
Share premium	14,122,449	14,117,072
Other reserves	197,757	286,917
Retained earnings	5,752,119	5,680,327
Equity attributable to owners of the Company	20,104,120	20,116,102
Non-controlling interests	10,722,896	10,729,514
Total equity	30,827,016	30,845,616
 <i>Non-current liabilities</i>		
Borrowings	8,178,595	8,334,648
Lease liabilities	18,155	26,280
Bonds payable	599,302	599,115
Deferred tax liabilities	43,892	38,913
Deferred government funding	305,348	306,611
Derivative financial instruments	51,947	34,547
Total non-current liabilities	9,197,239	9,340,114
 <i>Current liabilities</i>		
Trade and other payables	4,206,695	3,727,922
Contract liabilities	1,893,793	2,053,222
Borrowings	1,490,410	1,216,283
Lease liabilities	32,409	32,340
Deferred government funding	148,705	173,097
Accrued liabilities	262,065	298,022
Derivative financial instruments	104,580	90,180
Current tax liabilities	5,901	10,516
Total current liabilities	8,144,558	7,601,582
Total liabilities	17,341,797	16,941,696
TOTAL EQUITY AND LIABILITIES	48,168,813	47,787,312

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

	For the three months ended	
	March 31, 2024	December 31, 2023
	(Unaudited)	(Unaudited)
Operating activities:		
Profit for the period	63,515	237,268
Depreciation and amortisation	745,537	700,034
Share of loss/(profit) of associates and a joint venture	24,670	(12,231)
Other losses/(gains), net	4,886	(7,203)
Changes in working capital and others	(368,586)	42,020
Net cash generated from operating activities	470,022	959,888
Investing activities:		
Acquisition of financial assets at fair value through profit or loss	(152,682)	(109,749)
Proceeds from sale of financial assets at fair value through profit or loss	139,250	53,923
Acquisition of financial assets at amortised cost	-	(1,095,057)
Proceeds from maturity of financial assets at amortised cost	555,955	1,265,485
Acquisition of property, plant and equipment	(1,905,814)	(2,317,547)
Proceeds from disposal of property, plant and equipment	56	-
Acquisition of intangible assets	(1,356)	(1,645)
Capital injection in associates	(26,435)	-
Proceeds from sale of equity interests in associates	19,441	36,585
Dividends received from associates	-	2,091
Guarantee deposits refunded/(paid)	24,136	(24,168)
Proceeds from settlement of derivative financial instruments	19,093	18,691
Net cash used in investing activities	(1,328,356)	(2,171,391)
Financing activities:		
Proceeds from borrowings	588,844	1,664,936
Repayment of borrowings	(465,086)	(1,185,885)
Repayment of the principal portion of the lease liabilities	(8,056)	(8,032)
Proceeds from issue of shares under share incentive plans	142	1,608
(Payments for)/proceeds from settlement of derivative financial instruments	(71,670)	10,814
Net cash generated from financing activities	44,174	483,441
Effects of exchange rate changes on cash and cash equivalents	(52,180)	(10,493)
Net decrease in cash and cash equivalents	(866,340)	(738,555)
Cash and cash equivalents, beginning of the period	6,215,058	6,953,613
Cash and cash equivalents, end of the period	5,348,718	6,215,058

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

Shanghai, May 9, 2024

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