



2011 1st Quarter Results Investor Conference

18 May, 2011

Advanced Semiconductor Manufacturing Corporation Limited

asmc



Agenda

✓ **Welcome**

✓ **1Q2011 financial results**

Ms. Wendy Cheng
Vice President

✓ **Outlook for 2Q2011**

Dr. Joseph Xie
Executive Director & President

✓ **Q&A session**



1Q2011 Overview

- n Revenue was RMB197.6 million in 1Q2011, representing a 6.2% increase from RMB186.1 million in 1Q2010, and a 26.8% decrease from RMB270.1 million in 4Q2010
- n Gross margin was 9.7% in 1Q2011, compared to 21.6% in 4Q2010, mainly attributable to the lower level of capacity utilization rate and a less favorable product mix, partially offset by direct savings from lower consumption of parts and service costs
- n The 8-inch equivalent wafers shipment was 92,412 units in 1Q2011, up 6.1% from 87,104 units in 1Q2010, and down 22.4% from 119,054 units in 4Q2010
- n The overall capacity utilization rate was 55% in 1Q2011, up 7 percentage points from 48% in 1Q2010, and down 17.0 percentage points from 72% in 4Q2010
- n The Company's cash position was RMB362.1 million as at 31 March 2011, compared to RMB403.4 million as at 31 December 2010
- n The Company recorded a net loss of RMB12.0 million, EBITDA of RMB18.9 million in 1Q2011, compared to a net income of RMB26.7 million, EBITDA of RMB60.6 million in 4Q2010



1Q2011 Results Review

Amount: RMB Million	Q1'11	Q4'10	Q1'10
Sales	197.6	270.1	186.1
Net Income	(12.0)	26.7	1.2
Cash & Cash Equivalent	362.1	403.4	307.6
Interest-Bearing Loans	95.9	116.3	168.3
Shareholders' Equity	742.3	754.3	635.9
FAB Utilization (%)	55%	72%	48%
ROE (%)	-6.5%	14.2%	0.8%



1Q2011 Income Statement (QoQ)

Amount: RMB Million

	Q1'2011 Actual		Q4'2010 Actual		QoQ
	Amount	%	Amount	%	%
Net Sales	197.6	100%	270.1	100%	-27%
Cost of Goods Sold (COGS)	(178.5)	-90%	(211.8)	-78%	-16%
Gross Profit	19.1	10%	58.3	22%	-67%
Other income and gains	2.5	1%	3.5	1%	-26%
Operating expenses	(30.5)	-15%	(30.1)	-11%	1%
Other expenses	(2.0)	-1%	(3.7)	-1%	-46%
Finance costs	(1.1)	-1%	(1.3)	0%	-13%
Income/(Loss) Before Tax	(12.0)	-6%	26.7	10%	-145%
Income Taxes Credit/ (Expense)	-	-	-	-	
Net Income/(Loss)	(12.0)	-6%	26.7	10%	-145%



1Q2011 Income Statement (YoY)

Amount: RMB Million

	Q1'2011 Actual		Q1'2010 Actual		YoY
	Amount	%	Amount	%	%
Net Sales	197.6	100%	186.1	100%	6%
Cost of Goods Sold (COGS)	(178.5)	-90%	(156.7)	-84%	14%
Gross Profit	19.1	10%	29.5	16%	-35%
Other income and gains	2.5	1%	1.1	1%	138%
Operating expenses	(30.5)	-15%	(27.0)	-15%	13%
Other expenses	(2.0)	-	(0.3)	0%	669%
Finance costs	(1.1)	-1%	(2.0)	-1%	-45%
Income/(Loss) Before Tax	(12.0)	-6%	1.2	1%	-1063%
Income Taxes Credit /(Expense)	-	-	-	-	
Net Income/(Loss)	(12.0)	-6%	1.2	1%	-1063%



1Q2011 Balance Sheet

Amount: RMB Million Selected Items from Balance Sheet	Q1'11		Q4'10		Q1'10	
	Amount	%	Amount	%	Amount	%
Total Assets	1044.3	100%	1098.3	100%	973.6	100%
Cash & Cash Equivalent	362.1	35%	403.4	37%	307.6	32%
Accounts Receivables & Other	99.4	10%	129.5	12%	103.5	11%
Inventory	160.0	15%	161.8	15%	110.1	11%
Total Current Assets	621.4	60%	694.7	63%	521.2	54%
Accounts Payable	141.0	14%	157.3	14%	111.7	11%
Current Portion of Loans	95.9	9%	116.2	11%	168.3	17%
Accrued Liabilities & Others	51.6	5%	56.5	5%	51.2	5%
Total Current Liabilities	288.5	28%	330.0	30%	331.1	34%
Long Term Debt	13.5	-	14.0	-	6.6	-
Total Equity	742.3	71%	754.3	69%	635.9	65%
Accounts Receivable Turnover (Days)	39		35		41	
Inventory Turnover (Days)	100		84		79	
Current Ratio	2.15		2.11		1.57	
Net Working Capital	333.0		364.8		190.1	



1Q2011 Cash Flow

Amount: RMB Million

	Q1'11	Q1'10
	Amount	Amount
From Operation	24.4	8.8
Profit Before Tax	(12.0)	1.2
Depreciation & Amortization	29.8	37.4
Change in Working Capital	1.3	(29.3)
Other Operating activities	5.3	(0.5)
From Investment	(43.4)	(9.1)
Capital Expenditures (Net)	(43.4)	(9.1)
Other Investment Sources/(Uses)		
From Financing	(20.3)	(10.0)
Repayment of -L	(20.3)	(10.0)



1Q2011 Capital Expenditures

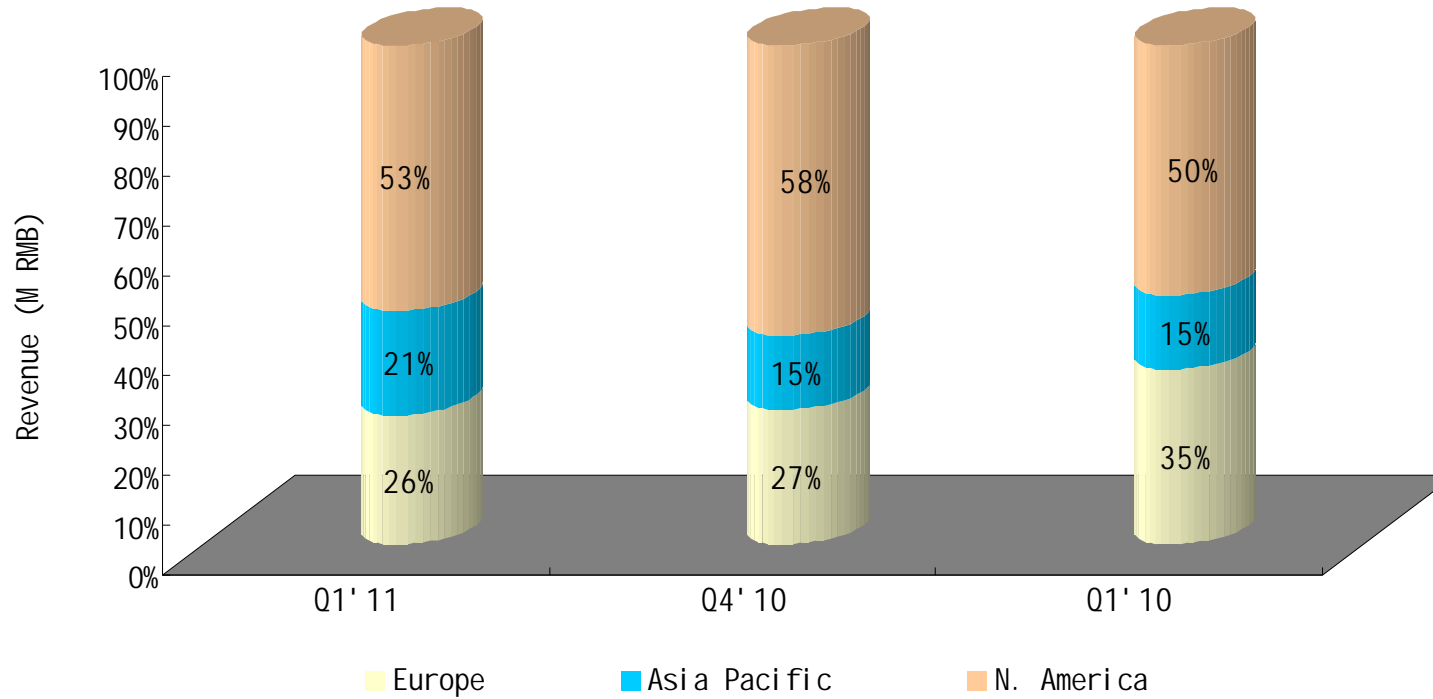
Amount: RMB Million

CAPEX

Q1'11	Q4'10	Q1'10
Amount	Amount	Amount
49.1	35.1	9.1

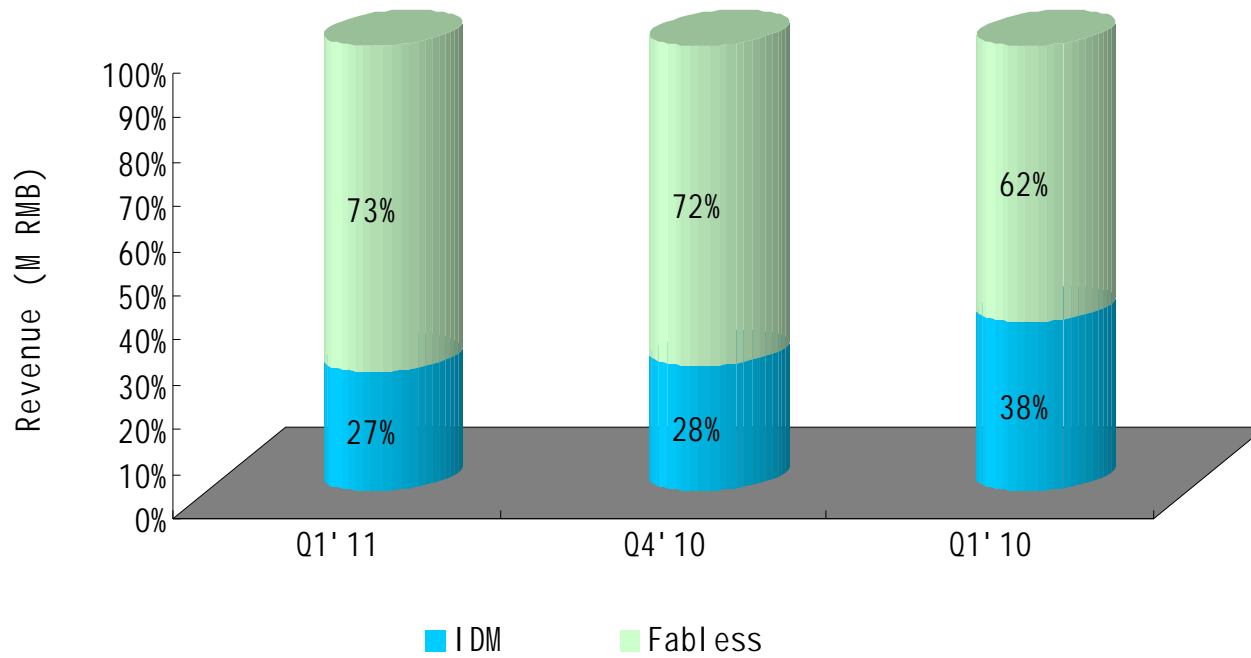


Sales Breakdown by Geography



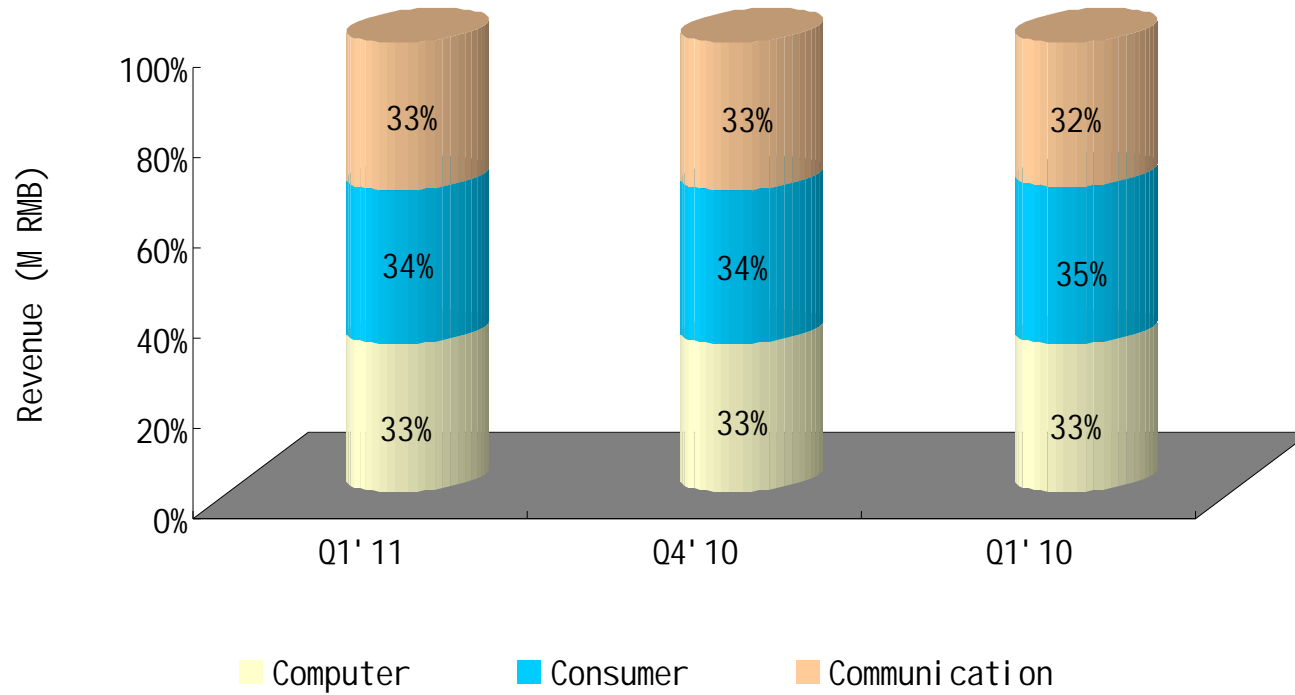


Sales Breakdown by Customer



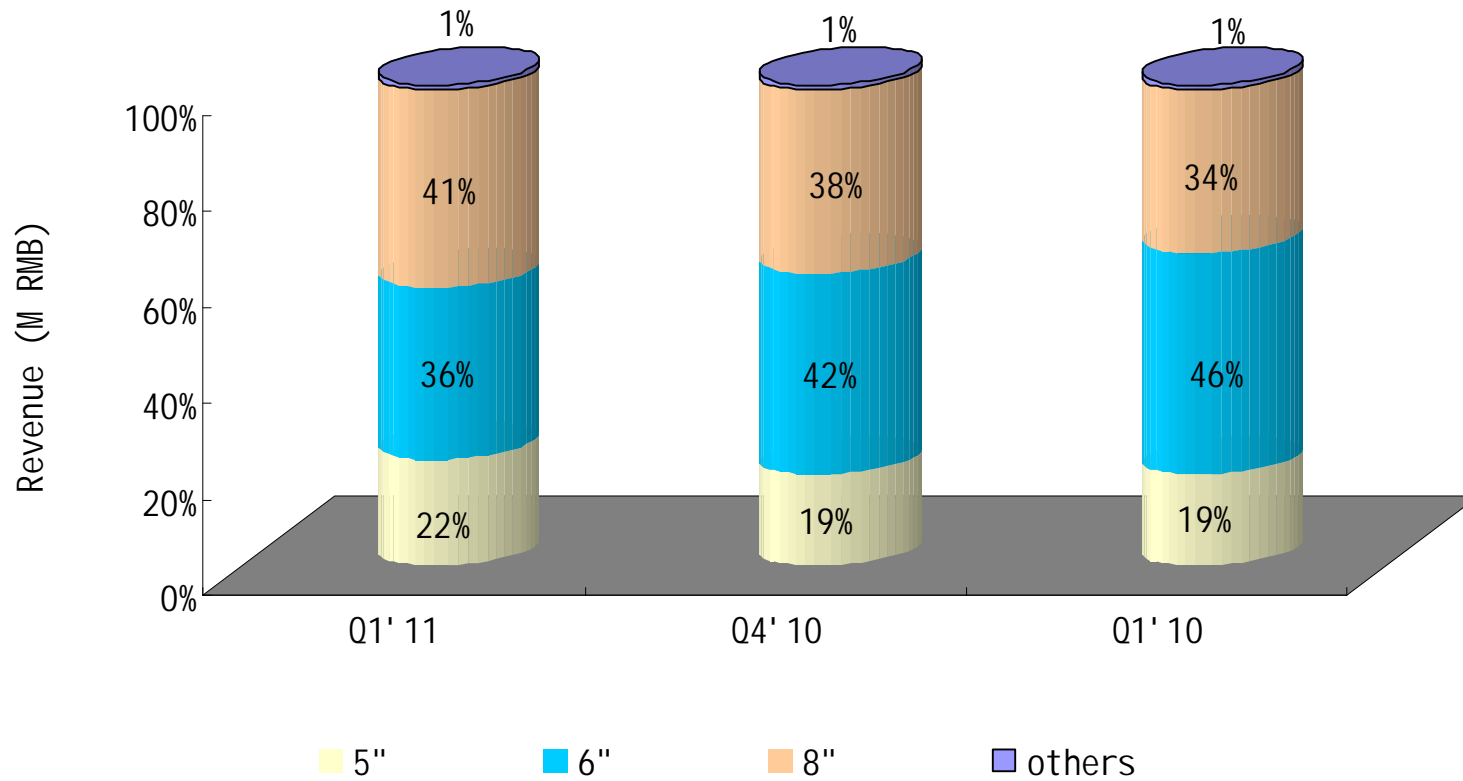


Sales Breakdown by Application





Sales Breakdown by 5", 6" and 8"





FAB Installed Capacity (8" Equivalent)

FAB / (Wafers in thousand)	Q1'11	Q4'10	Q1'10
Fab 1/2			
5-inch wafers	33	33	33
6-inch wafers	85	85	85
Fab 3			
8-inch wafers	36	36	36
Total 8" Equivalent	154	154	154

Notes:

1. The Company estimated the capacities of its 5-inch, 6-inch and 8-inch on the basis of 9, 10 and 22 mask steps per wafer respectively and 5- inch, 6-inch wafers were converted to 8-inch equivalent wafers by dividing their wafer number using 2.56 and 1.78 respectively.
2. The installed capacity of the Company's fabrication facilities is calculated assuming continuous production of an optimum product mix, which in practice is unlikely ever to be achieved. In consequence, the actual operating capacity is less than the figures stated in the table.
3. After taking into account the 6-inch wafers equipment consignment arrangement with a customer described above, the installed quarterly capacity of 6-inch wafers of the Company's total equipment for the first quarter of 2011 and fourth quarter of 2010 was 94K 8-inch equivalent wafers respectively. As a result, total installed quarterly capacity of the Company's total equipment of the first quarter of 2011 and fourth quarter of 2010 was 163K 8-inch equivalent wafers accordingly.



Capacity Utilization Rate by Fab

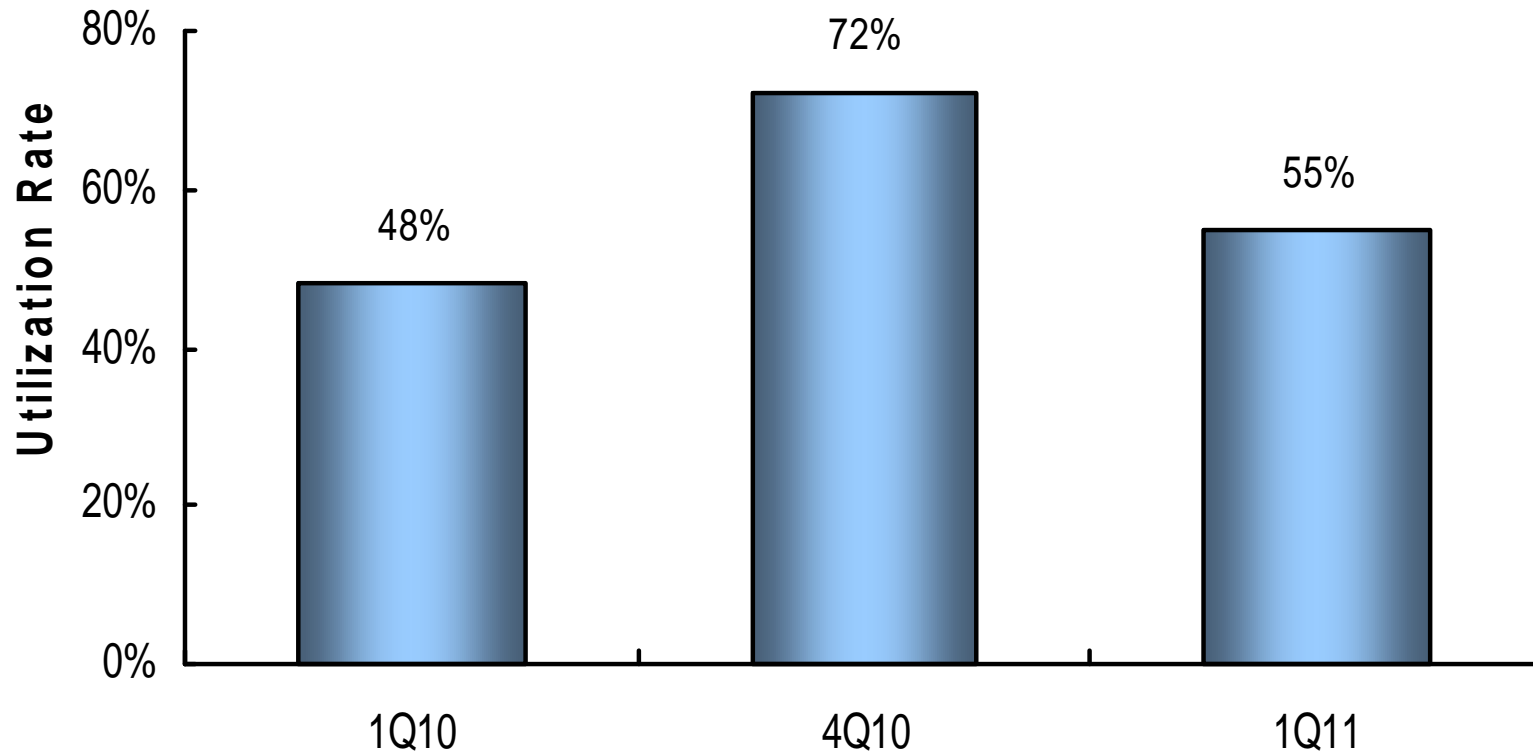
FAB	Q1'11	Q4'10	Q1'10
Fab 1/2			
5-inch wafers	54%	63%	42%
6-inch wafers	42%	65%	46%
Fab 3			
8-inch wafers	69%	83%	52%
Overall Capacity Utilization Rate	55%	72%	48%

Notes:

1. The capacity utilization rate represents the percentage of the actual number of processing steps (measured by the number of masks used) for the number of semiconductor wafers shipped in the reporting period divided by the total number of processing steps a fab is capable to produce during the corresponding period.
2. The capacity utilization rates stated in the table are calculated on the basis of the theoretical capacity of the Company's fabrication facilities, as discussed in notes 2 to slide 14. In consequence, the utilization rates of actual operating capacity are higher than the figures stated in the above table.
3. After taking into account 6-inch wafers produced using equipment consigned under arrangement with a customer, the utilization rate of the Company's total 6-inch wafer equipment in 1Q2011 was 38%, compared to 59% in 4Q2010. As a result, the overall capacity utilization rate of the Company's total equipment in 1Q2011 was 53%, compared to 69% in 4Q2010.



Overall Capacity Utilization Rate





Outlook for 2Q2011

- n The semiconductor market is likely to see a slight softening in the short term as a result of slow economic recovery in advanced economies and a perceived risk of materials and component shortage across the supply chain after earthquake in Japan

- n Despite some uncertainties facing the industry, the Company, led by newly appointed President Dr. Joseph Xie and existing management team, will focus on building more innovative business model to sustain long-term growth

- n With the ongoing recovery of customer demand for both 6-inch and 8-inch wafer products, the Company's sales in 2Q2011 are expected to grow substantially on a sequential quarter-to-quarter basis



For further information

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