



2011 Interim Results Investor Conference

18 August, 2011

Advanced Semiconductor Manufacturing Corporation Limited

asmc



Agenda

✓ **Welcome**

✓ **2011 Interim Financial Results**

Ms. Wendy Cheng
Vice President

✓ **Prospects and Future Plan**

Dr. Joseph Xie
Executive Director & President

✓ **Q&A session**



2011 Interim Overview

- n Despite the challenging market environment, the Company generated sales totaling RMB460.0 million in 1H2011, an increase of 6.5% from RMB431.9 million in 1H2010
- n Gross margin was 15.1% in 1H2011, down 5.4 percentage points from 1H2010, due mainly to an increase in production costs, appreciation of Renminbi and a less favorable product mix, partially offset by lower depreciation charges and higher wafer shipment
- n The 8-inch equivalent wafer shipment increased by 8.2% to 218,985 units in 1H2011 from 202,367 units in 1H2010
- n The overall capacity utilization rate was 65% in 1H 2011, up 7 percentage points from 58% in the same period of last year
- n Net cash flow from operating activities as at 30 June 2011 was RMB78.2 million, representing an increase of 16.5% from RMB67.1 million as at 30 June 2010
- n Net profit attributable to ordinary equity holders was RMB14.3 million, earnings per share of RMB0.01 in 1H2011, compared to net profit of RMB43.9 million, earnings per share of RMB0.03 in 1H2010



2Q2011 Overview

- n Sales were RMB262.4 million in 2Q2011, up 32.8% from RMB197.6 million in 1Q2011, and up 6.8% from RMB245.8 million in 2Q2010
- n Gross margin improved significantly from 9.7% in 1Q2011 to 19.2% in 2Q2011, mainly attributable to the higher level of capacity utilization rate
- n The 8-inch equivalent wafers shipment was 126,573 units in 2Q2011, an increase of 37.0% from 92,412 units in 1Q2011, and up 9.8% from 115,262 units in 2Q2010
- n The overall capacity utilization rate was 75% in 2Q2011, up 20 percentage points from 55% in 1Q2011, and up 7 percentage points from 68% in 2Q2010
- n The Company's cash position was RMB377.9 million as at 30 June 2011, compared to RMB362.1 million as at 31 March 2011
- n The Company achieved a net income of RMB26.3 million and an EBITDA of RMB55.4 million in 2Q2011, compared to a net loss of RMB12.0 million and an EBITDA of RMB18.9 million in 1Q2011



2011 Interim Results Review

Amount: RMB Million

	2011 Interim		2010 Interim		Change
	Amount	%	Amount	%	%
Net Sales	460.0	100%	431.9	100%	6%
Cost of Goods Sold (COGS)	(390.6)	-85%	(343.5)	-80%	14%
Gross Profit	69.4	15%	88.4	20%	-21%
Other income and gains	7.3	2%	3.7	1%	96%
Selling and distribution expenses	(2.3)	0%	(2.5)	-1%	-9%
General and administrative expenses	(31.5)	-7%	(25.8)	-6%	22%
Research and development costs	(22.2)	-5%	(14.4)	-3%	54%
Other expenses	(4.4)	-1%	(1.6)	0%	166%
Finance costs	(2.0)	0%	(3.8)	-1%	-47%
Income/(Loss) Before Tax	14.3	3%	43.9	10%	-67%
Income Taxes Credit/(expense)	-	-	-	-	-
Net Income/(Loss)	14.3	3%	43.9	10%	-67%



2Q2011 Income Statement (QoQ)

Amount: RMB Million

	Q2'2011 Actual		Q1'2011 Actual		QoQ
	Amount	%	Amount	%	%
Net Sales	262.4	100%	197.6	100%	33%
Cost of Goods Sold (COGS)	(212.0)	-81%	(178.5)	-90%	19%
Gross Profit	50.4	19%	19.1	10%	164%
Other income and gains	4.7	2%	2.5	1%	86%
Operating expenses	(25.5)	-10%	(30.5)	-15%	-17%
Other expenses	(2.4)	-1%	(2.0)	-1%	19%
Finance costs	(0.9)	0%	(1.1)	-1%	-19%
Income/(Loss) Before Tax	26.3	10%	(12.0)	-6%	-319%
Income Taxes Credit/ (expense)	-	-	-	-	-
Net Income/(Loss)	26.3	10%	(12.0)	-6%	-319%



2Q2011 Income Statement (YoY)

Amount: RMB Million

	Q2'2011 Actual		Q2'2010 Actual		YoY
	Amount	%	Amount	%	%
Net Sales	262.4	100%	245.8	100%	7%
Cost of Goods Sold (COGS)	(212.0)	-81%	(186.9)	-76%	13%
Gross Profit	50.4	19%	58.9	24%	-14%
Other income and gains	4.7	2%	2.7	1%	78%
Operating expenses	(25.5)	-10%	(15.7)	-6%	62%
Other expenses	(2.4)	-1%	(1.4)	-	69%
Finance costs	(0.9)	0%	(1.8)	-1%	-49%
Income/(Loss) Before Tax	26.3	10%	42.7	17%	-38%
Income Taxes Credit /(Expense)	-	-	-	-	-
Net Income/(Loss)	26.3	10%	42.7	17%	-38%



2011 Interim Balance Sheet

Amount: RMB Million Selected Items from Balance Sheet	As at 06/30/2011		As at 12/31/2010	
	Amount	%	Amount	%
Total Assets	1078.6	100%	1098.3	100%
Cash & Cash Equivalent	377.9	35%	403.4	37%
Accounts Receivables & Other	123.1	11%	129.5	12%
Inventory	157.4	15%	161.8	15%
Total Current Assets	658.3	61%	694.7	63%
Accounts Payable	155.5	14%	157.3	14%
Current Portion of Loans	90.6	8%	116.2	11%
Accrued Liabilities & Others	49.1	5%	56.5	5%
Total Current Liabilities	295.2	27%	330.0	30%
Long Term Debt	14.7	1%	14.0	1%
Total Equity	768.7	71%	754.3	69%
Accounts Receivable Turnover	30		35	
Inventory Turnover	84		84	
Current Ratio	2.23		2.11	
Net Working Capital	363.1		364.8	



2011 Interim Cash Flow

Amount: RMB Million	2011 Interim	2010 Interim
	Amount	Amount
From Operation	78.2	67.1
Profit Before Tax	14.3	43.9
Depreciation & Amortization	58.0	73.7
Change in Working Capital	(2.8)	(42.7)
Other Operating Activities	8.8	(7.9)
From Investment	(74.3)	(16.6)
Capital Expenditures (Net)	(76.2)	(16.6)
Receipt of Government Grants	1.9	
From Financing	(25.6)	(10.4)
Repayment of -L	(25.6)	(10.4)



2Q2011 Capital Expenditures

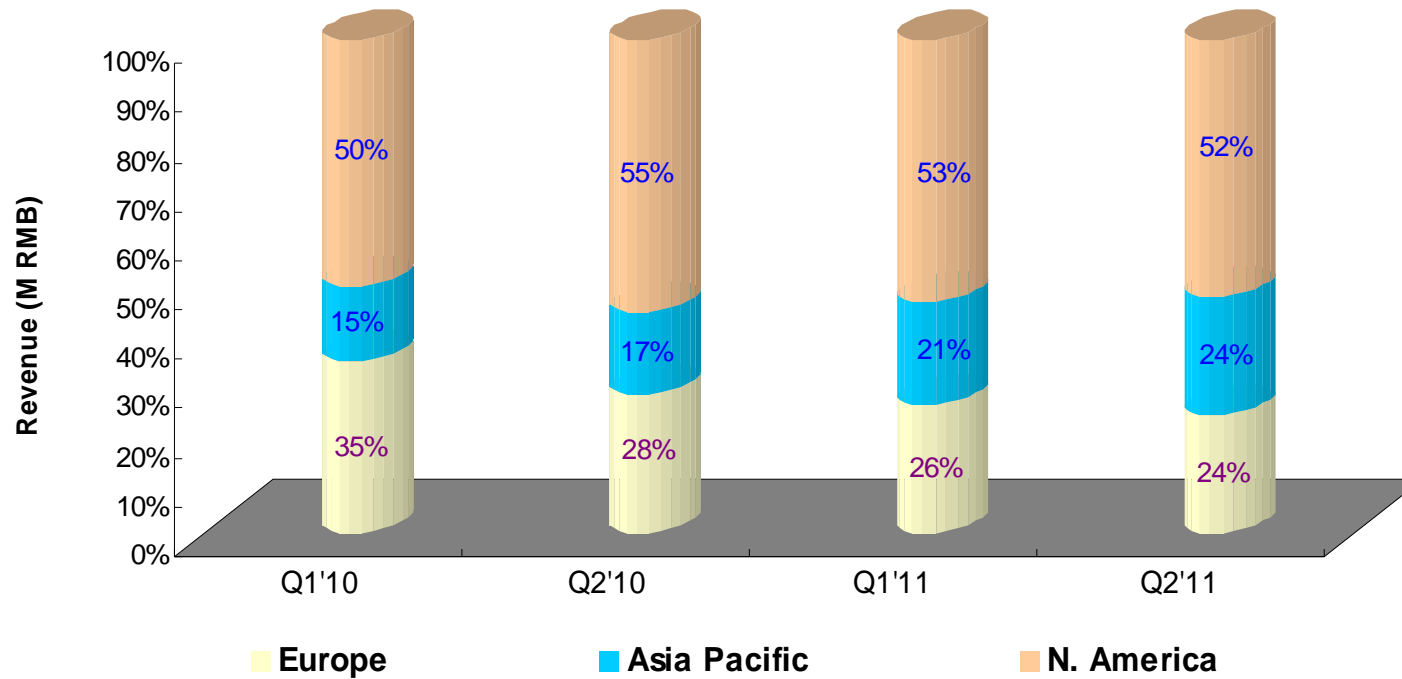
Amount: RMB Million

CAPEX

Q2'11	Q1'11	Q2'10
Amount	Amount	Amount
25.5	49.1	7.5

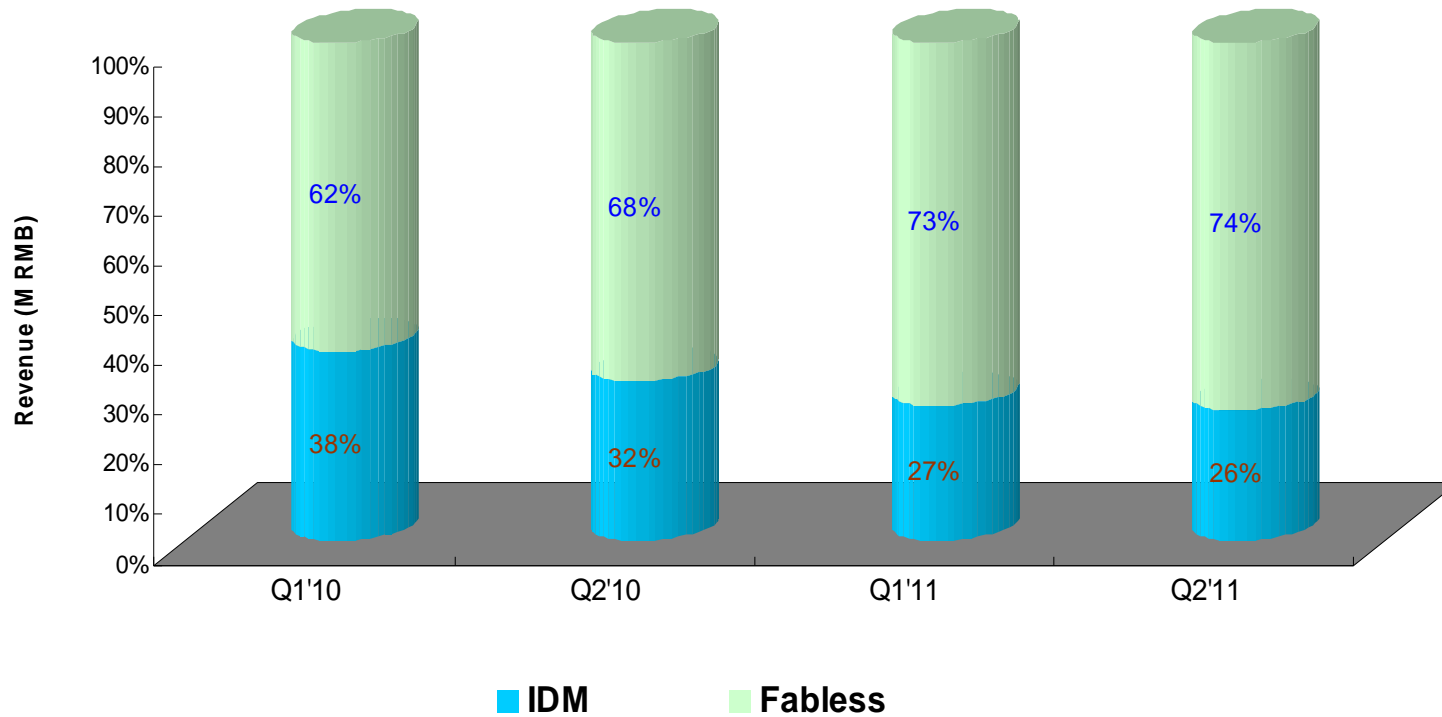


Sales Breakdown by Geography



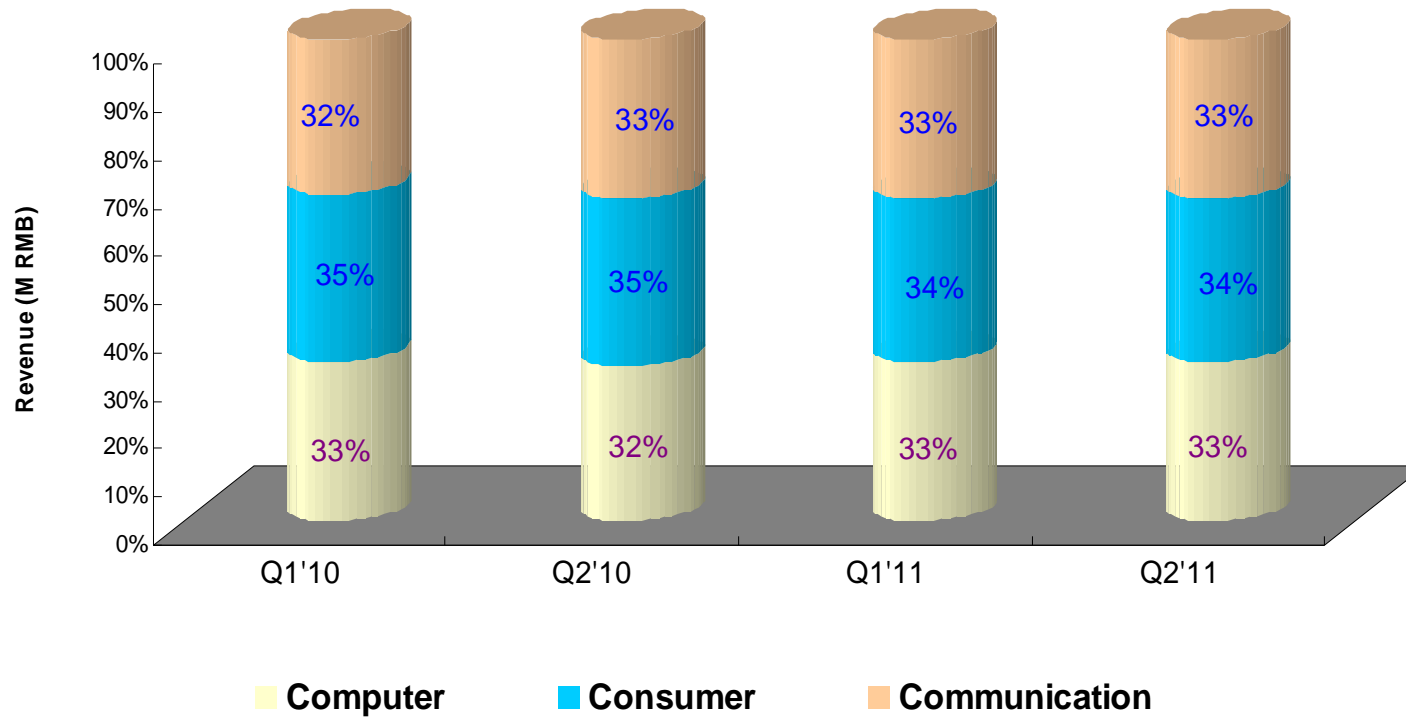


Sales Breakdown by Customer Type



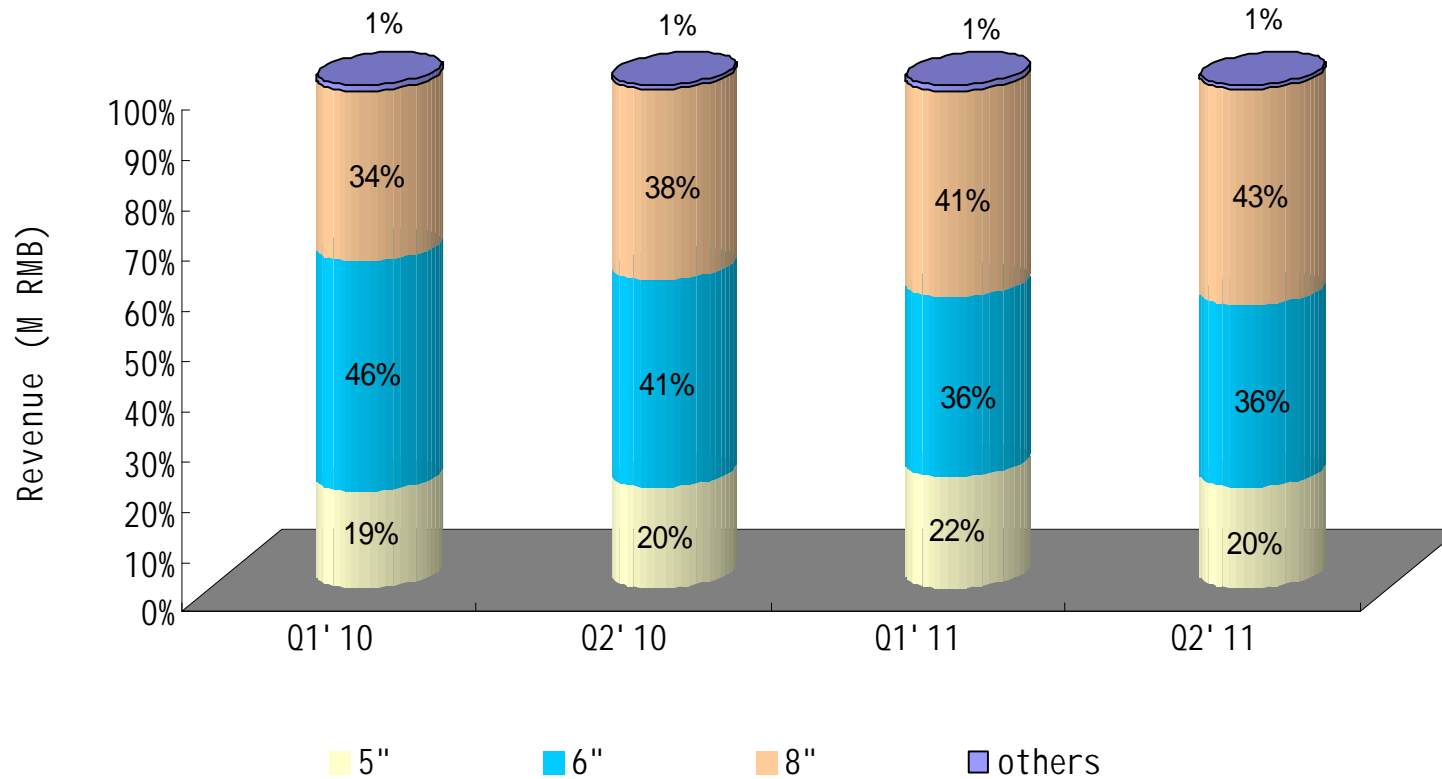


Sales Breakdown by Application





Sales Breakdown by 5", 6" and 8"





FAB Installed Capacity (8" Equivalent)

FAB / (Wafers in thousand)	Q2'11	Q1'11	Q2' 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 and second quarter of 2011 was 94K 8-inch equivalent wafers respectively. As a result, total installed quarterly capacity of the Company's total equipment of the first and second quarter of 2011 was 163K 8-inch equivalent wafers accordingly.



Capacity Utilization Rate by Fab

FAB	Q2' 11	Q1' 11	Q2' 10
Fab 1/2			
5-inch wafers	69%	54%	64%
6-inch wafers	57%	42%	59%
Fab 3			
8-inch wafers	96%	69%	79%
Overall Capacity Utilization Rate	75%	55%	68%

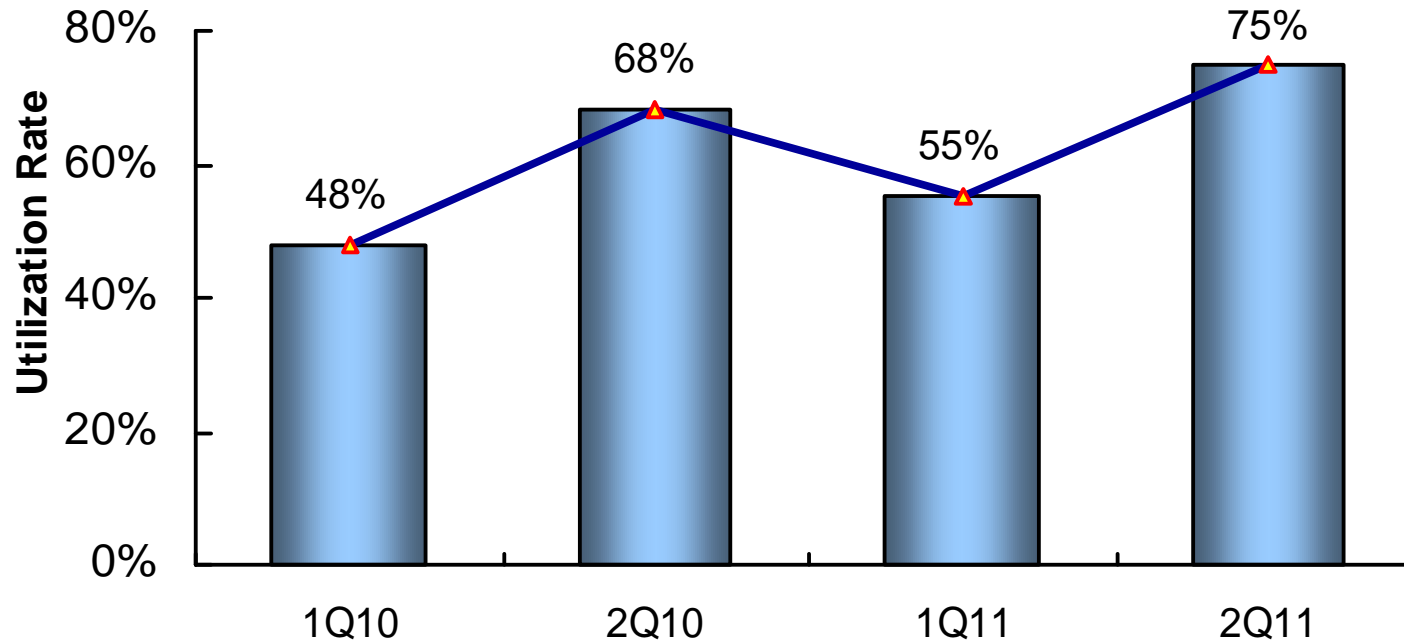
Notes:

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 15. 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 2Q2011 was 54%, compared to 38% in 1Q2010. As a result, the overall capacity utilization rate of the Company's total equipment in 2Q2011 was 72%, compared to 53% in 1Q2011.



The Utilization Rate Further Improved

The utilization rate in 2Q2011 enjoyed a significant sequential increase





Prospects and Future Plans

- n A combination of the slow recovery of global economy, the European debt crisis and inflationary pressures in some developing countries, the prolonged inventory correction across the supply chain is likely to weaken the semiconductor market in the near term

- n In response to the recent slowdown in the semiconductor industry, the Company is now endeavouring to establish more organised business operations for quality, cost effectiveness and efficiency while accelerating the development of new process and technology

- n The Company will further expand business focusing on the three core areas, namely IGBT, MEMS and automotive chips to facilitate business growth

- n The Company, by aligning its strategy and market and technology focus with overall industry development trends, will continue to strengthen its position in the new growth areas and to enhance its service and support to its customers



For Further Information

Thank You!

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