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Semiconductor Manufacturing International Corporation Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator instructions) Your first question comes from the line of Randy Abrams with Credit Suisse. Please proceed with your question.

Randy Abrams – Credit Suisse

Yes, hi. Thank you. Wondered if you can talk about the 65 nanometer and give an update on timing of ramping that, talk about number of customers and applications you have now to ramp 65. Thank you.

Richard Chang

Randy, thank you. As of the – at the end of 2008, we have started approximately 20 different products in the 65 nanometers technology node, and they are all at different stages, some at starting, some already started qualification process. We expect in second quarter this year that few of these products will be qualified and start mass production. And second half this year, we expect more than 20 products will be ready for mass production.

Randy Abrams – Credit Suisse

Okay. And a follow up on that, I mean second half, what percent of revenue – I guess revenues is one factor, but percent of revenue you expect there, and with your CapEx at \$190 million, do you have enough capacity or how much capacity do you have to ramp up 65 nanometer?

Richard Chang

To answer your first question about capacity, because those are DRAM equipment originally, all capable of doing 65 nanometer. So our capacity for 65 nanometers and 45 nanometer together should have – by the end of this year we should be able to have maybe 25% to 30% of our 12 inch capacity can do it and without additional CapEx. And we expect that in the second half, we should be able to achieve our goals to achieve minimum maybe 12% of the 65 nanometer and minimum and hopefully we can fully utilize this 25% maybe up to 30% of our capacity into 65 nanometer and the 45 nanometer. 45 we just started, more volume, but 65 would be in certain significant amount.

Randy Abrams – Credit Suisse

Okay. If I could fit in one question on the TSMC-SMIC case, what's the next step? It looks like January 13th to 16th, there was a trial, and you cite potential for an impact to the financial

restatement, but maybe talk about the next milestone and what the risk is if the trial weren't to go as well as you would like it to?

Richard Chang

Yes, Randy, we reported that we had so far what we call a mini trial in January, mid of January in California. And now the trial is still waiting for the court ruling and judgment, so I cannot comment on that. But we feel comfortable that this trial will be very smooth that we will receive a good result. That's all I can say, I cannot comment on any of the rulings from the court. But overall, we think that we're comfortable with this trial.

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