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Semiconductor Manufacturing International Corporation Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) And the first question comes from the line of Randy Abrams with Credit Suisse. Please proceed.

Randy Abrams – Credit Suisse

Yes, thank you. If you could talk about based on your guidance, where you think 12 inch and 8 inch utilization will be by June, and based on that, I am curious where you are in terms of the \$190 million CapEx, how close you are to triggering you have to raise CapEx, at what utilization on 12 inch, do you think you need to add capacity?

Richard Chang

Okay, thank you. By the end of June, our 300mm fab utilization rate will be very high, and our estimate is maybe above 80%. For 200mm fab, we will have quite a few of them, and each fab has different position. Our overall utilization rate will be more than 60%. This is our comment – estimate. And for the \$190 million CapEx, we basically plan to use majority of the CapEx to extend our 300mm capacity and capability, and for the 200mm facility, we plan to do a few of (inaudible) management. To answer your question, most of the CapEx will be used for 300 mm capacity and capability expansion.

Randy Abrams – Credit Suisse

Okay, thank you, and for the follow-up, if I could ask on the OpEx is going up from \$47 million to \$79 million to \$83 million, if I have that right, could you talk about what is driving the increase, and is that a new base for OpEx, or is it the one quarter event, or it goes up to the new level?

Richard Chang

Yes, Randy, I think, actually the CapEx moved up in Q2 mainly because, we are going to put less R&D (inaudible) in Q2. Reason because R&D is all project based, and it will happen in Q2, right now we don't anticipate we are going to book any. So which is why the CapEx has gone up. And then, R&D we're going to spend a little more money, because we're going to accelerate the R&D on the 45nm, the rest is all coming down actually.

Randy Abrams – Credit Suisse

Okay, and if I could ask for that \$190 million CapEx, how much capacity are you going to add at your 300mm fab?

Richard Chang

We expect – the range will be \$140 million, around maybe \$149 million to \$150 million.

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