

上調至買入

- 中芯國際 14 年中報顯示，上半年營收達 9.62 億美元，同比下降 7.72%，歸屬於上市公司股東的淨利潤 7706 萬美元，同比下降 66.43%。其中，2 季度營收 5.11 億美元，同比下降 5.53%，環比增長 13.36%，歸屬於上市公司股東的淨利潤 5680 萬美元，同比下降 24.67%，環比增長 180.35%。
- 剔除武漢新芯後，公司二季度營收實際創下歷史新高，並連續第九個季度實現盈利，單季度 27.98% 的毛利率亦為 05 年以來最高水準，環比提升 6.7 個百分點。總體而言，營收增長主要得益於開工率提升，2 季度開工率由 1 季度的 84.2% 提升到 94.6%。盈利能力大升除了受惠於開工率因素外，亦因產品結構提升、運營效率及成本控制的加強。
- 7 月初，美國高通公司與中芯國際共同宣佈，就 28 納米工藝制程以及晶圓製造服務，雙方將開展緊密合作。高通是全球移動通訊領域的市場領導者，驍龍處理器是高通的核心產品，廣泛應用於各大智慧手機廠商，目前主要交付晶圓代工龍頭企業台積電。藉由與高通的合作，我們預期雙方將強化戰略合作關係，並提升中芯國際在 28NM 制程的產線成熟度。再考慮智慧手機產業鏈向內地轉移的趨勢及公司產品成本大幅低於台積電，屆時 28NM 制程或將快速放量，進一步提升公司的盈利能力。
- 晶片國產化則極具提升空間，12 年中國進口晶片占全球需求的 56%，但自給率僅有 11%。內地企業華虹宏力等產能有限，工藝又相對落後，因此，中芯國際有望在本輪內地積體電路產業崛起進程中贏得更多的市場份額。另外，政府有望於積體電路產業推動更多、更大力度的扶持政策，譬如國家級積體電路產業扶持基金。從這個趨勢來看，內地積體電路行業有望藉此進入新一輪發展階段，中芯國際作為製造環節的龍頭，預計將明顯受惠於此等進程。

投資建議

公司的長中短期戰略均進展順利，更高端的工藝引領中長期成長，內地更廣闊的市場和蓬勃發展的通訊行業還將支撐中短期成長，外加可能的扶持政策及行業景氣，公司作為目前國內規模最大且技術最先進的晶圓代工龍頭企業，預計將持續受惠，進入持續盈利的新通道。我們給予其對應 15 年每股帳面價值 1.35 倍的估值水準，目標價為 1 港元，維持“買入”評級。

Key Financial Summary

FYE	12/12	12/13	12/14F	12/15F
Turnover (USD mn)	1,702	2,069	2,020	2,424
Net Profit, adj. (USD mn)	16	173	161	207
EPS, adj. (USD)	0.001	0.005	0.005	0.006
P/E (X)	100.6	20.4	21.7	17.0
BVPS (USD)	0.07	0.08	0.09	0.10
P/B (X)	1.40	1.30	1.10	1.00
DPS (USD)	0.00	0.00	0.00	0.00
Div. Yield	0.0%	0.0%	0.0%	0.0%

Source: Bloomberg, PSR est.

*All multiples & yields based on current market price

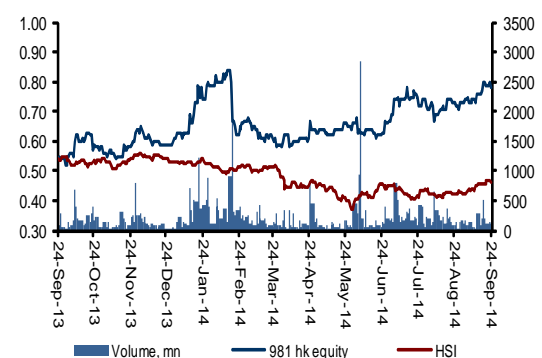
Target Price (HKD)	1.00
Forecast Dividend (RMB)	0.00
Closing Price (HKD)	0.78
Potential Upside	28.2%

Company Description

Semiconductor Manufacturing Int'l Corp. (SMIC) is one of the major suppliers of pure wafers on the global semiconductor market, with the largest scale and most advanced technology of integrated circuit wafer foundry in mainland China. It listed on the Hong Kong Stock Exchange in March 2004. SMIC provides foundry and technology services of wafers ranging from 0.35µm to 40nm to customers worldwide.

Company Data

Market Cap. (HKD mn)	27,185
Enterprise Value (HKD mn)	4,190
52 week range (HKD)	0.52 - 0.88
Closing Price in 52 week range	



Major Shareholders

1. Datang Telecom Technology & Industry Holdings Co., Ltd.	19.70%
2. China Investment Corporation	12.02%

Valuation Method

P/B

Analyst

Fan Guohe

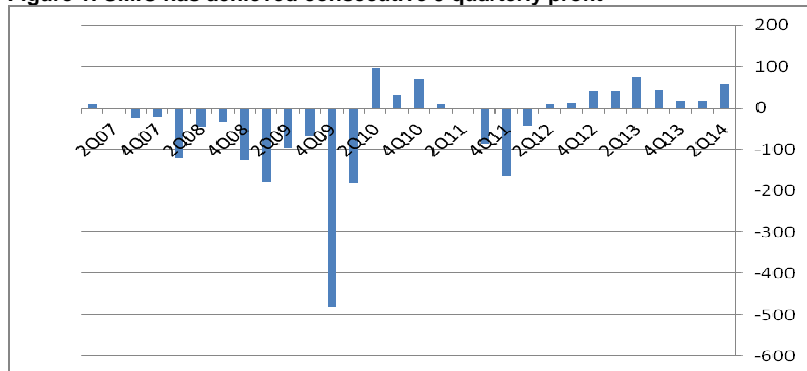
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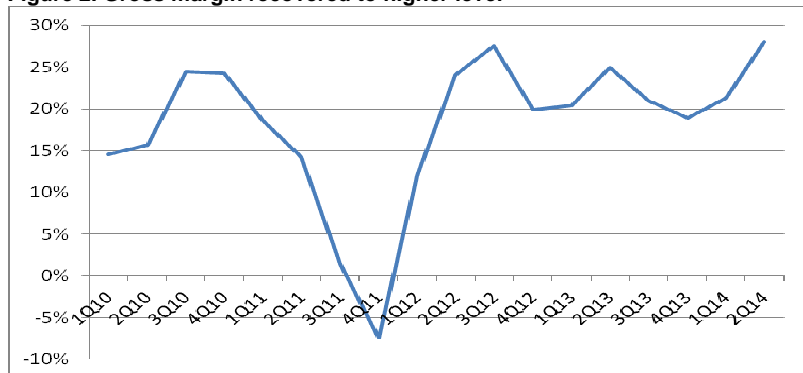
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Figure 1. SMIC has achieved consecutive 9 quarterly profit



Source: PSR, Company report

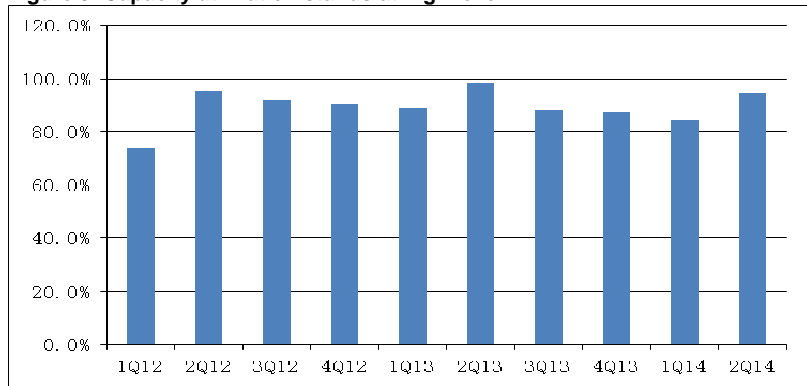
Figure 2. Gross margin recovered to higher level



Source: PSR, Company report

總體而言，營收增長主要得益於開工率提升，2 季度開工率由 1 季度的 84.2% 提升到 94.6%，出貨量環比增長 11.5%。盈利能力大升除了受惠於開工率因素外，亦因產品結構提升、運營效率及成本控制的加強。

Figure 3. Capacity utilization stands at high level

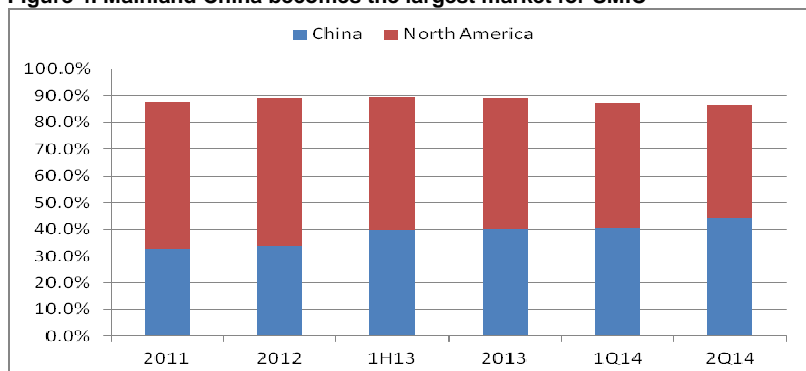


Source: PSR, Company report

另值一提的是，內地客戶提升為業績貢獻的主要因素之一。公司內地客戶占比已提升至 44.4%，並首次超過其他所有地區，成為第一大地區。我們

相信，內地 IC 設計興起將成為公司成長的重要推動力量，作為內地第一大晶片製造商，公司亦享有本土優勢，未來公司有望持續受惠於內地 IC 產業鏈的崛起。

Figure 4. Mainland China becomes the largest market for SMIC



Source: PSR, Company report

產品結構或持續提升

儘管戰略上由技術導向轉為產品導向，但產品結構提升依然是公司業績持續成長的主要動力之一。上半年，公司 40nm 占比提升，二季度占比繼續升至 13.2%，高於 13 年全年的 12% 及首季的 9.8%，我們預計年底或升至約 18%。

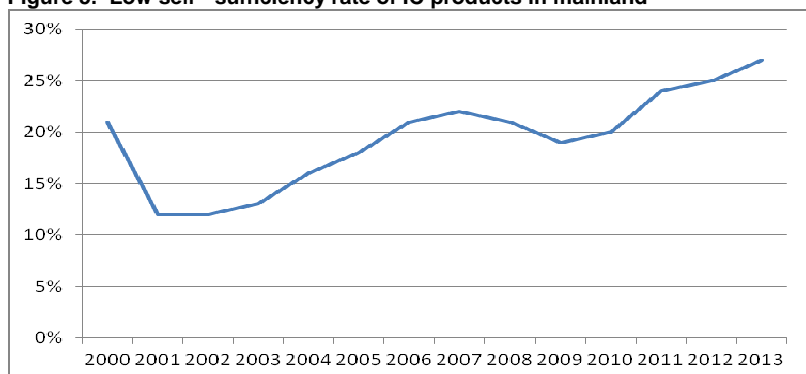
另外，公司的 28NM 制程預計也將在年底或明年年初量產。14 年初，公司成為內地首家提供 28NM 工藝制程的晶片代工企業。7 月初，美國高通公司更與中芯國際共同宣佈，就 28 納米工藝制程以及晶圓製造服務，雙方將開展緊密合作。中芯國際將在國內為高通公司製造專為移動終端而設計的驍龍處理器。中芯管理層指，相關收入或於 2015 年初出現。

高通是全球移動通訊領域的市場領導者，在 CDMA 和 LTE 4G 具備強大的技術儲備。2014 年 1 季度，其在全球基帶市場份額達到 66%，遠超第二名聯發科的 15%。驍龍處理器是高通的核心產品，廣泛應用於各大智慧手機廠商，目前主要交付晶圓代工龍頭企業台積電。藉由與高通的合作，我們預期雙方將強化戰略合作關係，並提升中芯國際在 28NM 制程的產線成熟度和產能。再考慮智慧手機產業鏈向內地轉移的趨勢及公司產品成本大幅低於台積電，屆時 28NM 制程或將快速放量，進一步提升公司的盈利能力。

將受惠於進口替代及政策支持

內地積體電路下游產品的銷售額在全球的占比已達 33%，成為全球最大市場。不過，內陸積體電路產品自給率僅為 27%，其中晶片國產化則更具提升空間，12 年中國進口晶片占全球需求的 56%，但自給率僅有 11%。

Figure 5. Low self - sufficiency rate of IC products in mainland



Source: WSTS, CSIA, PSR

值得一提的是，內地企業華虹宏力等產能有限，工藝又相對落後，因此，中芯國際有望在本輪內地積體電路產業崛起進程中贏得更多的市場份額。

另外，中國積體電路產業要崛起，製造環節尤為關鍵，但該領域往往依賴於巨額投資，政策扶持頗為關鍵。再考慮此前棱鏡門事件及國家資訊安全等因素，我們認為，未來政府有望於積體電路產業推動更多、更大力度的扶持政策。據悉，積體電路總體發展綱要即將下發，國家級積體電路產業扶持基金的方案亦由工信部牽頭設計，據透露今年第一批基金扶持規模或從最初的 1000-1200 億元上調至 1300-1500 億元。從這個趨勢來看，內地積體電路行業有望藉此進入新一輪發展階段，中芯國際作為製造環節的龍頭，預計將明顯受惠於此等進程。

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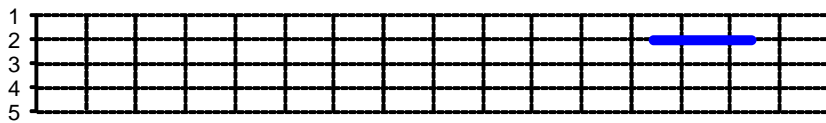
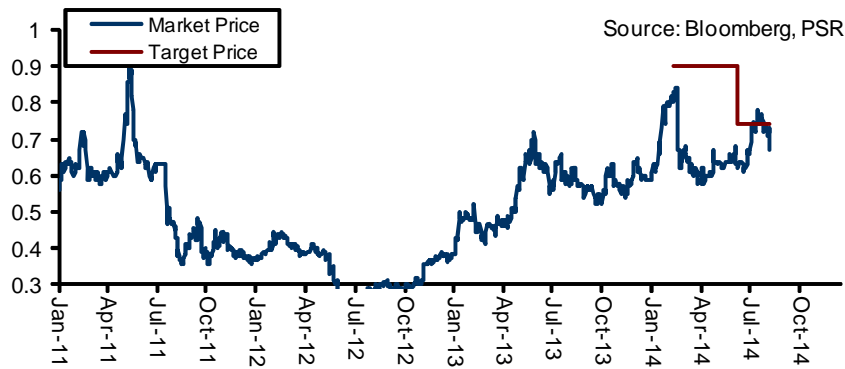
行業扶持政策出臺；
先進工藝提前量產。

風險

同業的更劇烈競爭；
折舊增加拖滯盈利能力改善。

Periodicity:	2011	2012	2013	2014F	2015F
Valuation Ratios					
Price Earnings	-	100.6x	20.4x	21.7x	17.0x
Price to Book	1.2x	1.4x	1.3x	1.1x	1.0x
Per share data(US\$)					
EPS Adjusted	(0.01)	0.001	0.005	0.005	0.006
Book Value Per Share	0.08	0.07	0.08	0.09	0.10
Growth &Margin					
Revenue growth	-13.9%	29.0%	21.6%	-2.4%	20.0%
Operating profit growth	-	-	1040.5%	8.0%	26.0%
Net profit growth	-	-	991.1%	-6.9%	28.3%
Gross Margin	7.7%	20.5%	21.2%	25.5%	26.0%
Operating Margin	-13.6%	1.0%	9.0%	10.0%	10.5%
Net Profit Margin	-18.7%	1.3%	8.4%	8.0%	8.5%
Key ratios					
Return on Assets	-6.5%	0.6%	4.0%	3.2%	3.7%
Return on Equity	-11.2%	1.0%	7.1%	5.6%	6.4%
Liability ratio	39.75%	44.11%	42.67%	41.75%	41.50%
Effective Tax Rate	0.0%	0.0%	2.2%	2.4%	2.4%
Income Statement(US\$: mn)					
Revenue	1,319	1,702	2,069	2,020	2,424
- Cost of Goods Sold	1,218	1,353	1,631	1,505	1,794
Gross Income	102	349	438	515	630
- Selling, General & Admin Expenses	281	332	319	313	376
Operating Income	-180	16	187	202	255
Pretax Income	-179	13	179	165	212
- Income Tax Expense	83	-9	4	4	5
Net Income Adjusted*	-247	16	173	161	207

Ratings History



PSR Rating System

Total Returns	Recommendation	Rating
> +20%	Buy	1
+5% to +20%	Accumulate	2
-5% to +5%	Neutral	3
-5% to -20%	Reduce	4
< -20%	Sell	5

Remarks

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

PHILLIP RESEARCH STOCK SELECTION SYSTEMS

Total Return	Recommendation	Rating	Remarks
>+20%	Buy	1	>20% upside from the current price
+5% to +20%	Accumulate	2	+5% to +20% upside from the current price
-5% to +5%	Neutral	3	Trade within \pm 5% from the current price
-5% to -20%	Reduce	4	-5% to -20% downside from the current price
<-20%	Sell	5	>20% downside from the current price

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