

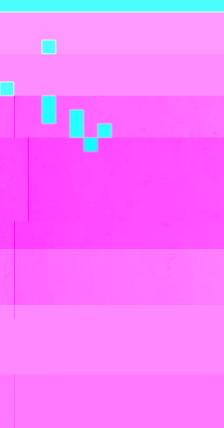
China Semiconductors

Localizing the next generation of long-term winners

After two decades of rapid growth, China's semiconductor industry is now facing a period of consolidation and localization.



Company Overview



market share in the global China MOSFET market. MOSFETs are used for switching (power on/off) in low voltage applications such as consumer electronics, power tools, automotive, etc. The company is expanding its MOSFET product offerings from consumer electronics to auto/industrial applications, and expanding into IGBT and power ICs.

As a MOSFET IDM (c.30% of 2020E revs), with foundry and OSAT capabilities (c.50% of revs), we like the company for its improving margin outlook as it ramps up contribution from higher-margin products in the IDM segment and for its strength versus domestic peers in revenue (2020E MOSFET rev. Rm1.7bn vs. domestic No. 2 Silan at Rmb0.8bn) as it looks to catch up with global peers in higher-end products.

