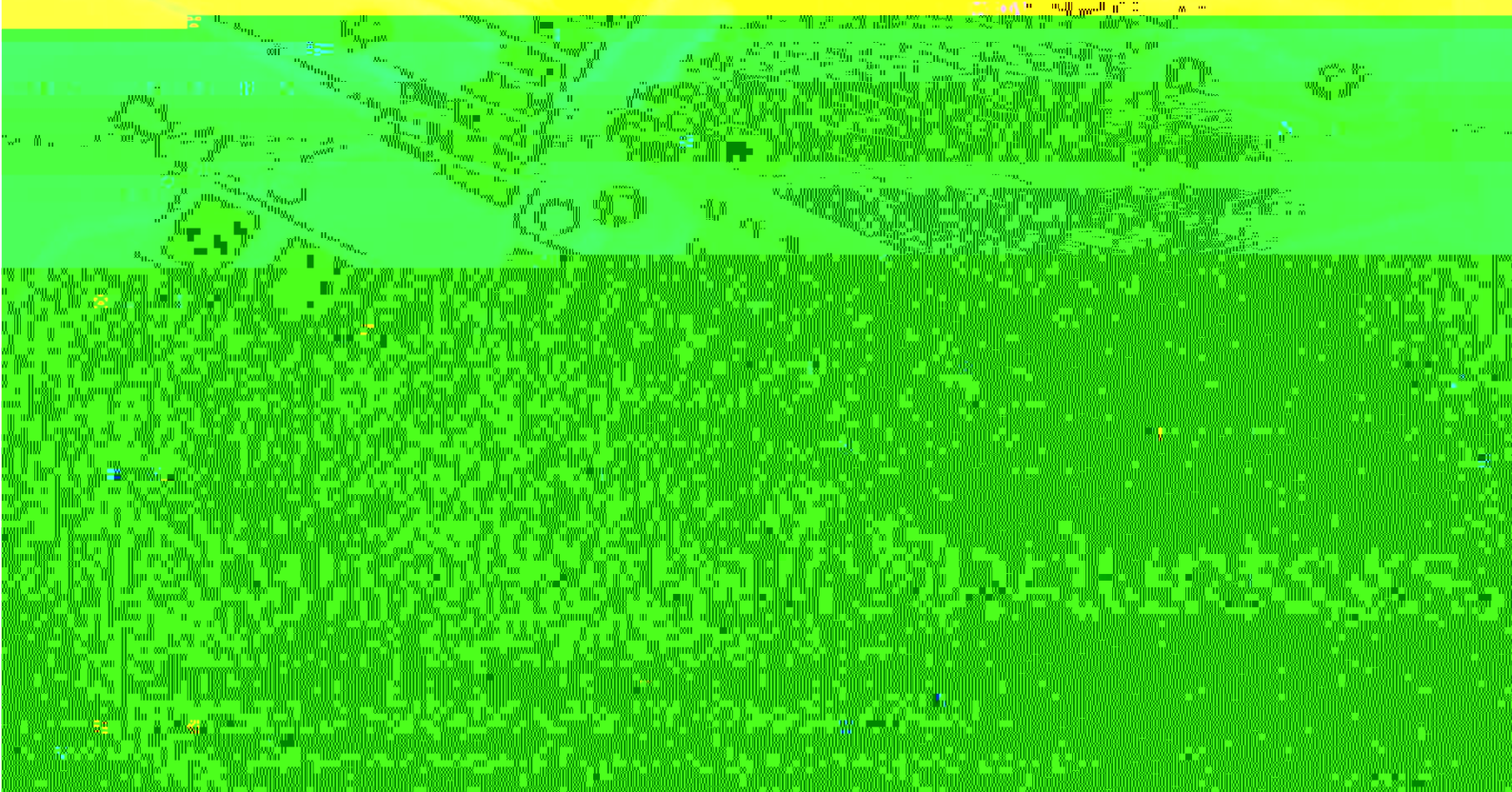




Appendix A

July 12, 2020

By Email

Lynn Luo

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CR Micro (688396.SS): A domestic major in MOSFETs, expanding into IGBTs and power ICs

Primary analysts:

Initiate at Buy with a 12-month TP of Rmb88: CR Micro is the leading

domestic MOSFET IDM, with large applications such as consumer electronics, power tools, automobiles, etc. The company is expanding its MOSFET product offering 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 scale (2020E MOQ).

These products also carry higher GmI at 32-43% in 2020E (vs. overall IDM segment 30% in 2020E).