TAIWAN EXCHANGE STOCK NO : 2434

MOSPEC Semiconductor corporation BUSINESS REVIEW

December 25,2017

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DISCLAIMER STATEMENT

Our discussion may include predictions, estimates or other information that might be considered forward-looking. While these forward-looking statements represent our current judgment on what the future holds, the are subject to risks and uncertainties that could cause actual results to differ materially。You are cautioned not to place undue reliance on these forward-looking statements , which reflect our opinions only as of the date of this presentation , Please keep in mind that we are not obligating ourselves to revise or publicly release the results of any revision to these forward-looking statements in light of new information or future events. Throughout today's discussion, we will attempt to present some important factors relating to our business that may affect our predictions.

MOSPEC Semiconductor corp.

FOUNDED IN 1987
CAPITAL : USD 23 MILLION
EMPLOYEE : 150
HEADQUARTERS : TAINAN, TAIWAN
CHINA FACTORY : SICHUAN, CHINA
TAIWAN EXCHANGE STOCK NO. : 2434

INTRODUCTION

LEADING HIGH-TECH TODAY
INITIATING THE WORLD OF TOMORROW

A VERTICALLY INTEGRATED POWER SEMICONDUCTOR COMPANY, SPECIALIZED IN POWER TRANSISTOR, SCHOTTKY DIODE, ULTRA-FAST AND FAST RECOVERY RECTIFIER AND SILICON MATERIALS (EPITAXIAL SILICON WAFERS, PRIME WAFERS) AND SOLAR CELLS.

TO BETTER SERVICE ITS DIVERSE CUSTOMERS, MOSPEC CAN PROVIDE ITS PRODUCTS IN CHIP OR WAFER FORM, OR IN VARIOUS PACKAGE TYPES, INCLUDING S.M.D.,AXIAL LEAD, AND TRANSISTOR OUTLINE (TO) FORMAT.

QUALITY & TECHNOLOGY HISTORY

2016 Green Gas Verification

2013 ISO/TS16949 CERTIFIELD

2008 INGOT GROWING PROCESS

2006 ISO 14001 CERTIFIELD

2004 6 INCH WAFER PROCESS

1997 ISO 9001 CERTIFIELD; POLISH WAFER PROCESS

1990 EPI WAFER PROCESS

1987 FOUND

MOSPEC Group

H&M SEMICONDUCTOR(SICHUAN)
ECONOMIC DEVELOPMENT ZONE
PHOTOELECTRIC INDUSTRIAL PARK SUINING, SICHUAN
TEL:0825-8095038

TAIPEI OFFICE:
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TEL: 886-2-27389606 FAX: 886-2-27369602, 2-27369354
E-MAIL: kevin@mail.mospec.com.tw

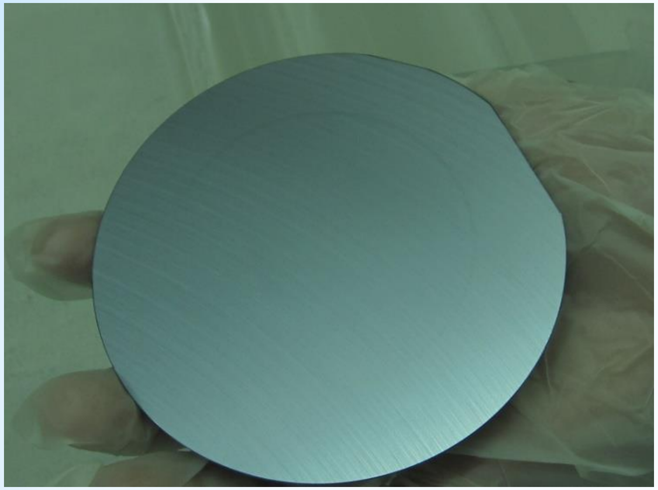
MOSPEC SEMICONDUCTOR(SHENZHEN)
SHENZHEN CHINA MERCHANTS BRIGHT LIGHT DISTRICT SCIENCE PARK A6, 4A UNIT
TEL: 755-29891881 Ext 201
FAX: 755-29891876
E-mail:johnson@mail.mospec.com.tw
QQ:1721863906

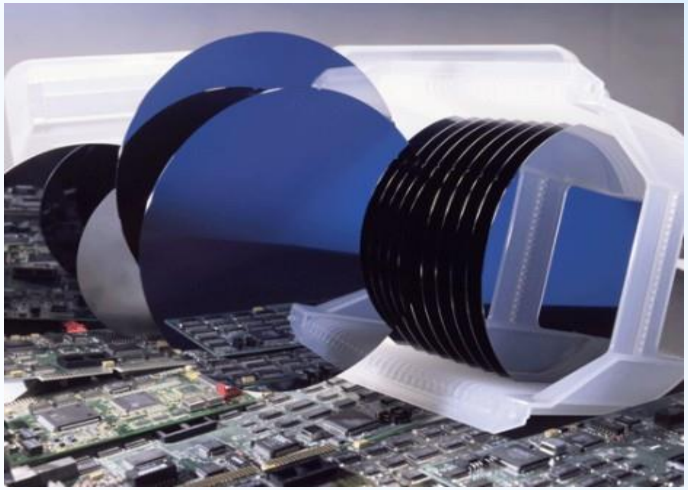
MOSPEC SEMICONDUCTOR CORP.
HEADQUARTERS:
No.76, Zhongshan Rd., Xinshi Dist.,Tainan City 74442, Taiwan
TEL: 886-6-5991621 (REP.) FAX: 886-6-5991626, 5995486

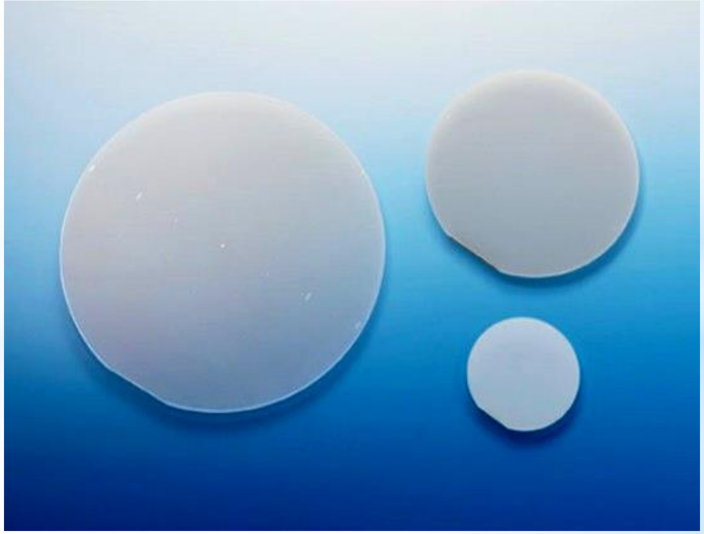
PRODUCTS

- Solar Cell
  太陽能電池
- Schottky Diode
  肖特基二極體
- Ultra-Fast Recovery Rectifier
  超快速恢復整流管
- Fast Recovery Rectifier
  快恢復整流管
- High Efficiency Rectifier
  高效率整流管
- T.V.S
  突波抑制二極體
- Low VF Schottky Diode
  超低電壓降肖基特二極體
- EPI Wafer
  磊晶圓
- Power Transistor
  功率電晶體
- Small Signal Schottky Diode
  小信號肖特基二極體
- Bridge Rectifier
  橋式整流器
- Mini Bridge Rectifier

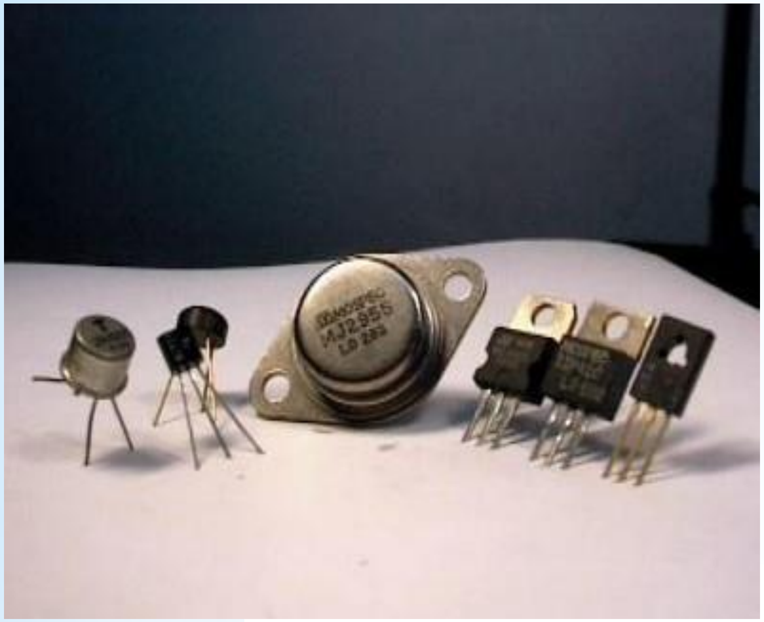
TYPE – SILICON WAFER & SOLAR CELL



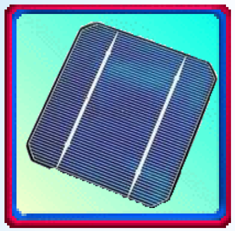




TYPE-TRANSISTORS & DIODES



MAIN PACKAGES


Solar Cell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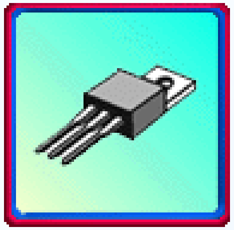
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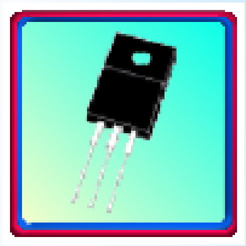
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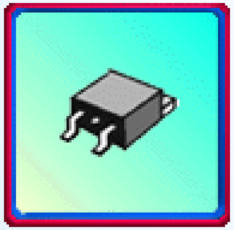
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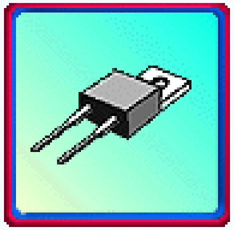
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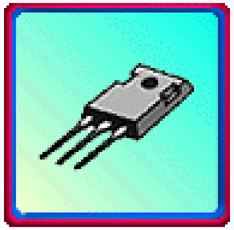
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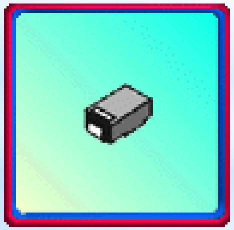
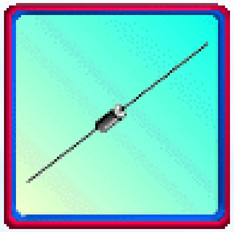
TO-3


SMA/SMB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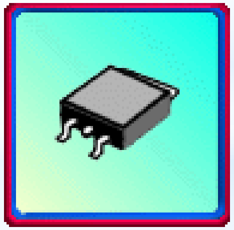
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TO-66

Q3 2017 BALANCE SHEET(CONSOLIDATED)

Unit：NT $ 1,000

Assents	30-Sep-17 Amount	%	31-Dec-16 Amount	%	30-Sep-16 Amount	%
Current assets						
Cash	$18,851	2	$54,842	5	$26,957	3
Financial assets at fair value through profit or loss - current	13	-	13	-	13	-
Notes receivable	25,038	2	28,023	3	36,475	4
Accounts receivable	99,835	10	78,828	7	61,504	6
Accounts receivable-related parties	1,271	-	2,226	-	4,312	-
Inventory	204,321	19	212,772	19	189,723	18
Other current assets	100,752	10	76,586	7	66,496	6
Current Assets	450,081	43	453,290	41	385,480	37
Non Current assets						
Avaliable-for-sale financial assets-noncurrent	122	-	122	-	2,918	-
Property,plant and equipment	580,618	55	618,499	57	623,908	60
Investment real estate	-	-	-	-	3,342	1
Intangible assets	4,150	-	-	-	-	-
Deferred income tax assets	5,972	1	10,442	1	2,982	-
Prepayments for equipment	2,529	-	1,474	-	6,028	1
Refundable deposits	117	-	119	-	119	-
Long-term prepayments	10,236	1	10,617	1	10,785	1
Non Current assets	603,744	57	641,273	59	650,082	63
Total Assets	$1,053,825	100	$1,094,563	100	$1,035,562	100

Q3 2017 BALANCE SHEET(CONSOLIDATED)

Unit：NT $ 1,000

	30-Sep-17		30-Dec-16		30-Sep-16	
Liabilities and Equity	Amount	%	Amount	%	Amount	%
Current liabilities						
Short-term borrowings	$30,000	3	$30,000	3	$30,000	3
Notes payable	7,254	1	10,096	1	10,756	1
Accounts payable	28,211	3	21,663	2	7,380	1
Other payables	32,643	3	30,634	3	32,568	3
Other payables-sponsor	87,838	8	40,000	4	-	-
This issue of income tax debt	-	-	884	-	-	-
Long-term debt due within one year	77,668	7	56,632	5	48,380	5
Current Liabilities	2,379	-	1,648	-	2,148	-
Non - Current Liabilities	265,993	25	191,557	18	131,232	13
Deferred income tax liabilities						
Long-term debt	27,193	3	57,884	5	70,143	7
Accrued pension liabilities	46,203	4	46,203	4	46,433	4
Other non-current liabilities, others	92,810	9	96,158	9	91,805	9
Guarantee deposits received	-	-	-	-	22	-
Non-current liabilities	166,206	16	200,245	18	208,403	20
Total Liabilities	432,199	41	391,802	36	339,635	33
Equity attributable to owners of parent						
Share capital - common stock	706,021	67	1,106,776	101	1,106,776	107
Unappropriated retained earnings						
Legal reserve	1,672	-	1,672	-	1,672	-
Unappropriated retained earnings	(77,894)	(7)	(400,754)	(37)	(409,194)	(40)
Total unappropriated retained earnings	(76,222)	(7)	(399,082)	(37)	(407,522)	(40)
Other equity interest	(8,173)	(1)	(4,933)	-	(3,327)	-
Total equity	621,626	59	702,761	64	695,927	67
Total liabilities and equity	1,053,825	100	1,094,563	100	1,035,562	100

Q3 2017 P&L (CONSOLIDATED)

Unit：NT $ 1,000

	2017 1-Jan to 30-Sep		2016 1-Jan to 30-Sep	
	Amount	%	Amount	%
Sales revenue	$184,681	100	$163,372	100
Operating costs	219,458	119	200,076	122
Net operating margin	(34,777)	(19)	(36,704)	(22)
Operating expenses				
Selling expenses	(9,741)	(5)	37,566	23
General & administrative expenses	36,793	20	37,659	23
Research and development expenses	4,863	2	5,669	4
Total operating expenses	31,915	17	80,894	50
Operating profit(loss)	(66,692)	(36)	(117,598)	(72)
Non-operating income and				
Other income	13,852	7	4,826	3
Other gains and losses	(17,079)	(9)	(24,705)	(15)
Finance costs	(3,406)	(2)	(2,085)	(1)
Total non-operating revenue and expenses	(6,633)	(4)	(21,964)	(13)
Profit (loss) before income tax	(73,325)	(40)	(139,562)	(85)
Income tax (expense) benefit	(4,570)	(2)	235	-
Profit (loss) for the year	(77,895)	(42)	(139,327)	(85)
The earnings per share				
Basic	($1.10)		($1.97)	

Q1~Q3 2017 Product Breakdown

Product service/project	Accumulated income amount (1,000 Yuan)	Percentage
Diode	158,118	85.62
Transister	15,350	8.31
EPI wafer	8,838	4.79
Silicon wafer	43	0.02
Solar cell	18	0.01
Other	2,314	1.25
Toral	184,681	100.00

Marketing analysis and forecast

(一)、Switching power Supply (below 300W) market… (SPS market)

Analysis :

Low profit margins, increased low price competition.

Suitable as high volume foundation for factory utilization.

Not suitable for future revenue and profit growth.

Goals :

(1) Maintain high yield (above 95%) and application quality.

(2) Reduce production cost, increase competitiveness.

Marketing analysis and forecast

(二)、SPS high power (400W-700W) market…(emerging power source market)

Analysis :

High market price, large presence in Europe and America. High quality and efficiency demanded.

Goals :

(1) Increase market share.

(2) Reduce lead time of low VF, high efficiency products.

(3) Focus on large current carrying Schottky devices.

Marketing analysis and forecast

(三)、LED TV and Adapter market…(current mainstream power supply market)

Analysis :

Low lead times, high volume, and high efficiency demanded.

Goals :

(1) Strive to increase market share at existing and developing markets

(2) Continuous to improvement of product characteristic: e.g. electrostatic resistance and package reliability to satisfy the customer request.

(3) Reduce delivery times for new products.

Marketing analysis and forecast

(四)、Power Amplifier market…(acoustic applications)

Analysis :

Traditional market, large variability in end product and application.

Low packaging cost key to competitiveness

Rewards for companies who understand customer applications

Goals ：

(1) Lower production cost through wafer process and packaging enhancements.

(2) Continuous improvement of device performance and uniformity.

Marketing analysis and forecast

(五)、 Power Transistor market…(general consumption)

Analysis :

Opportunities in power supply market for automotive and new energy. High potential profit High threshold for entry.

Goals ：

(1) Improve BJT production yield Reduce lead time.

(2) Accelerate qualification time for new customers.

Marketing analysis and forecast

(六)、Process foundry service market

Analysis :

Increase demand for material processing such as silicon epitaxy

Can increase current equipment utilization and provide revenue source.

Goals :

(1) Increase equipment capacity and reduce down time.

(2) Increase analysis inspection capabilities to refine production quality.

Marketing analysis and forecast

(七)、Small Signal component development market

Analysis :

Large communication market and small signal market demand growth.

Goals :

Focus on gaining market share through production alliances.

Q&A