

“The Eye of IT World”



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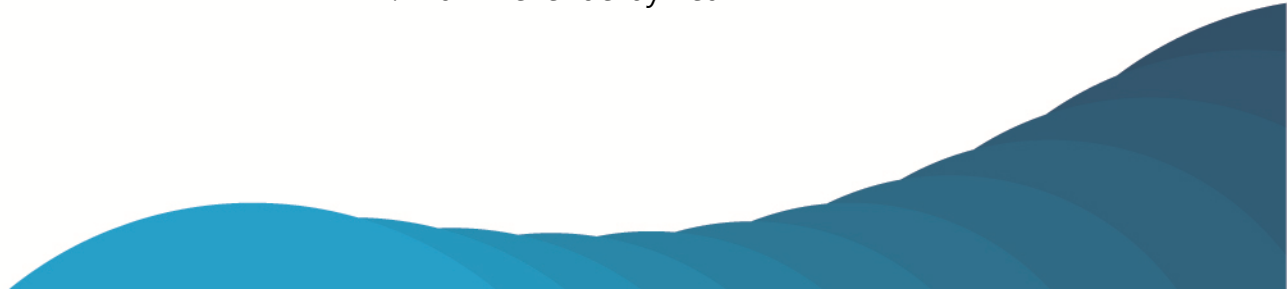
Chapter 02. Core Competencies

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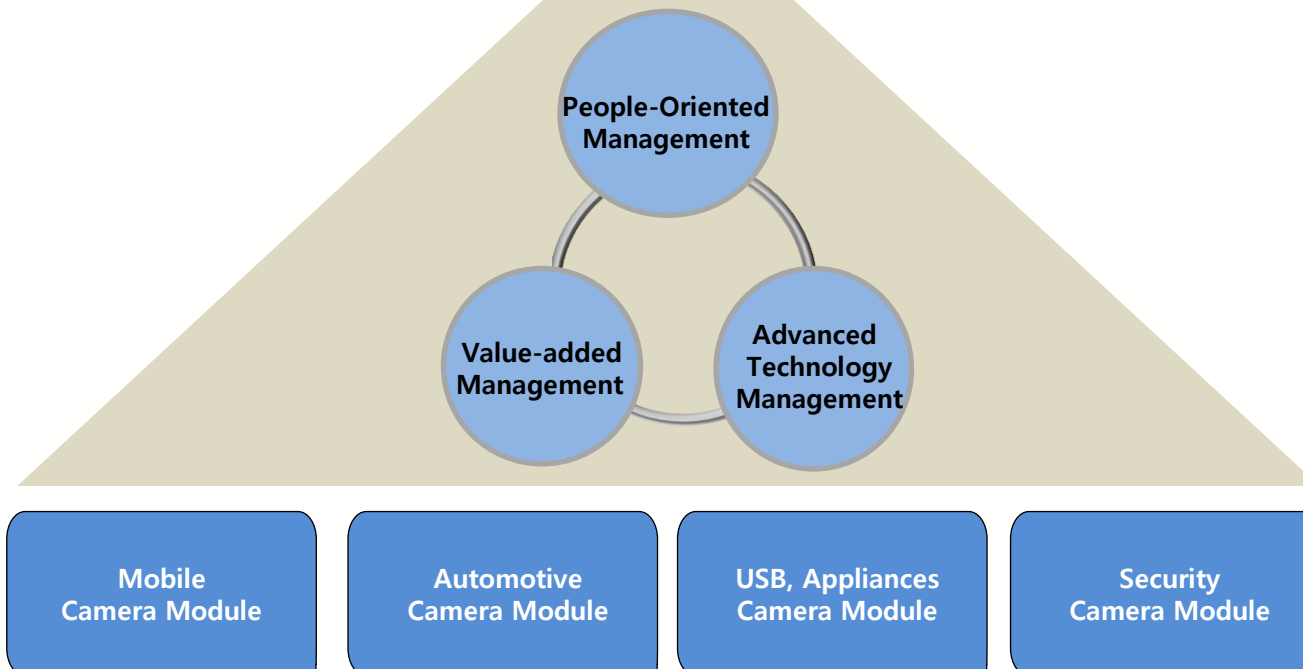
Chapter01. Company Overview

1. Corporate Identity
 2. Introduction
 3. History
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 - 5-1. Production – Mobile Camera Module
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 - 6-1. Performance
 - 6-2. Growth Process in MCNEX China
 7. Main Revenue by Year
- 

1. Corporate Identity



Leading the Future,
Total Imaging Solution Specialized Company



2. Company Introduction

Company Overview

Name	MCNEX Co., Ltd	Establishment	22 nd Dec, 2012
CEO	Dong-uk Min	The Number of employees	344 people
Capital	US\$ 2.8 M	Web Site	www.mcnex.com
Business Area	Total imaging solution for mobile, automotive, computer USB, security device and etc	Address	Hanshin IT Tower II, 60-18, Gasan-dong, Seoul

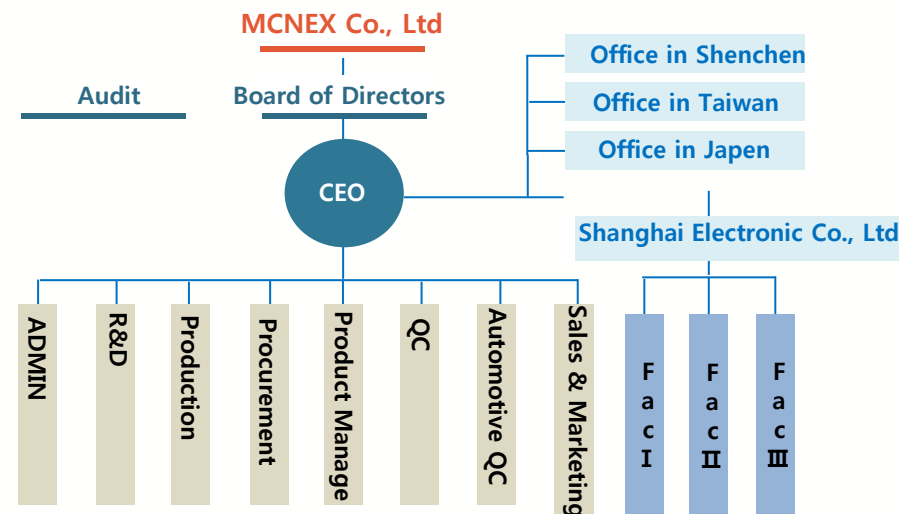
CEO Profile



CEO Dong-uk Min

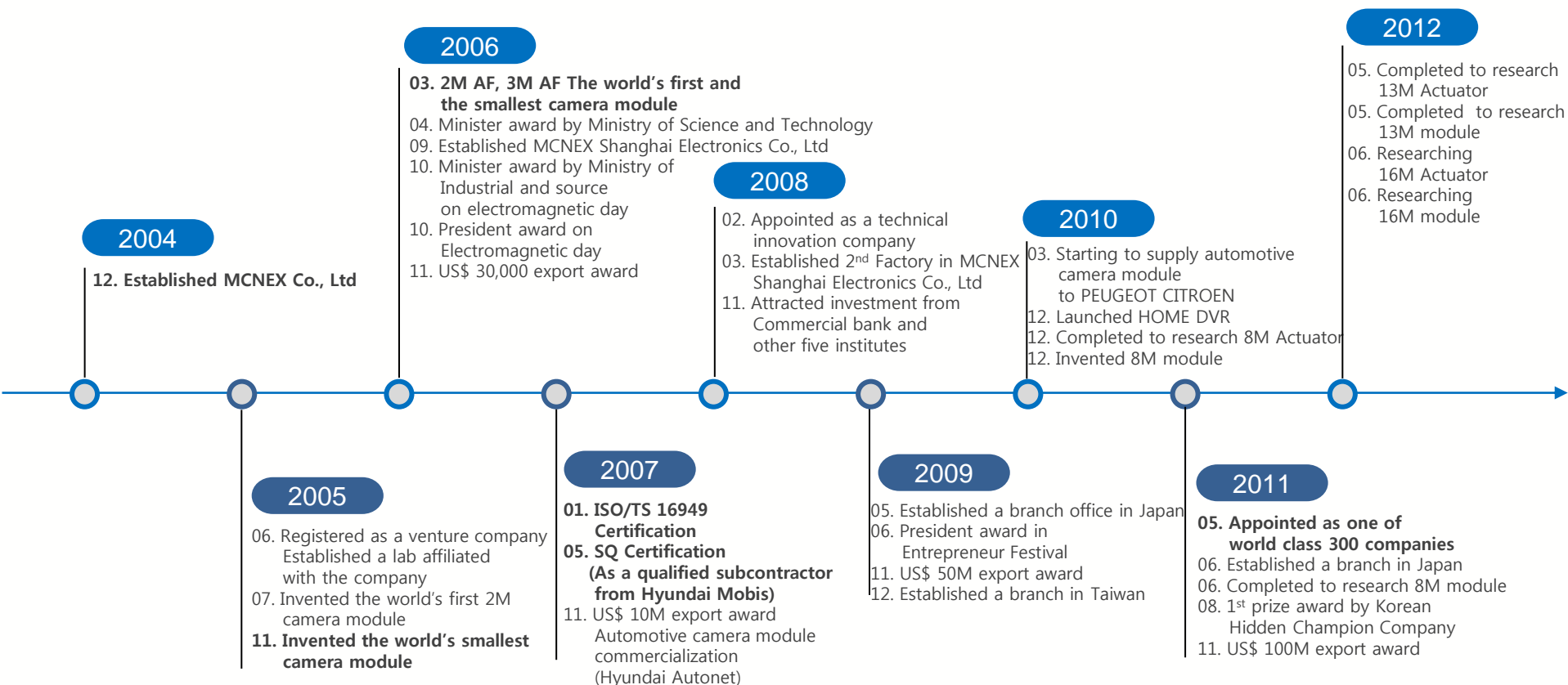
- Bachelor's degree for mechanical engineering from Dong-guk Univ.
- Former senior engineer for mobile in Hyundai Electronics
- Former chief engineer for mobile in Pantech and Curitel
- 2006 President award in Electromagnetic day
- 2009 President award in Entrepreneur Festival
- 21st an honored trader award
- 2009 Minister award by Ministry of knowledge economy
- 2010 Designated as a "Small Giants company" CEO' in the Blue House
- Current CEO of MCNEX Co., Ltd

Company Organization



3. History

“A Leading Company Specialized in Camera Module, Started from a Small Venture with only 6 Members”



4. Business Area

“Research and Manufacture the Camera (module) for Diverse Applications
: Mobile Phone, Automotive Camera, Security Device and etc”

Business Area of MCNEX

Research and Manufacture Parts

Lens Evaluation/Design,
Actuator/PCB Design,
Evaluation on H/W, S/W Design

Manufacturing Camera Module

Manufacturing
Camera Module,
17 Processes



Mobile Camera
Module



Automotive Camera
Module

Applications

- Smart Phone
- Tablet PC



- Automotive Camera (Front/Rear)
- 360° around view
- Black box

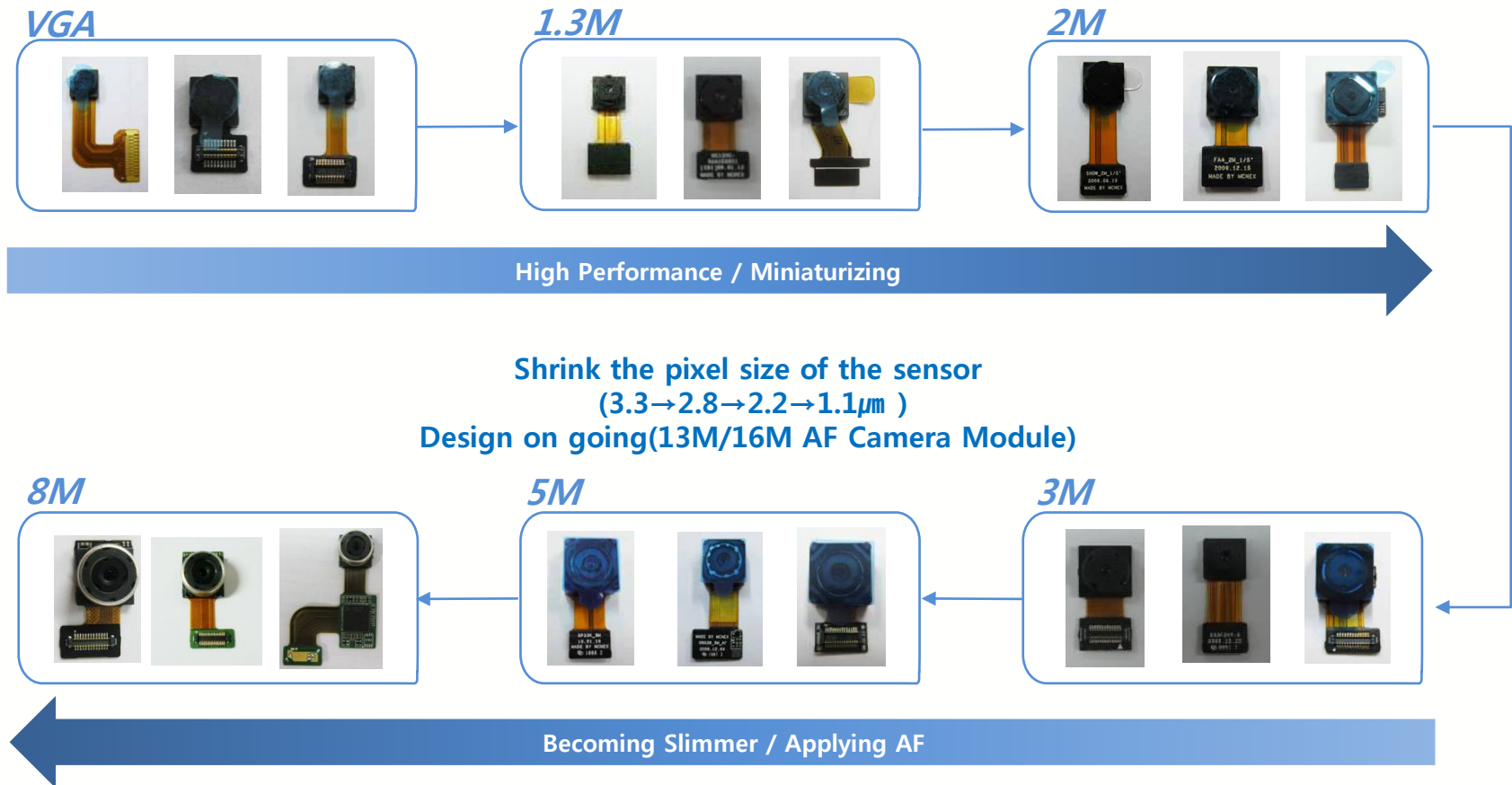


- CCTV, ATM
- Cleaning Robot
- Multimedia Door Phone



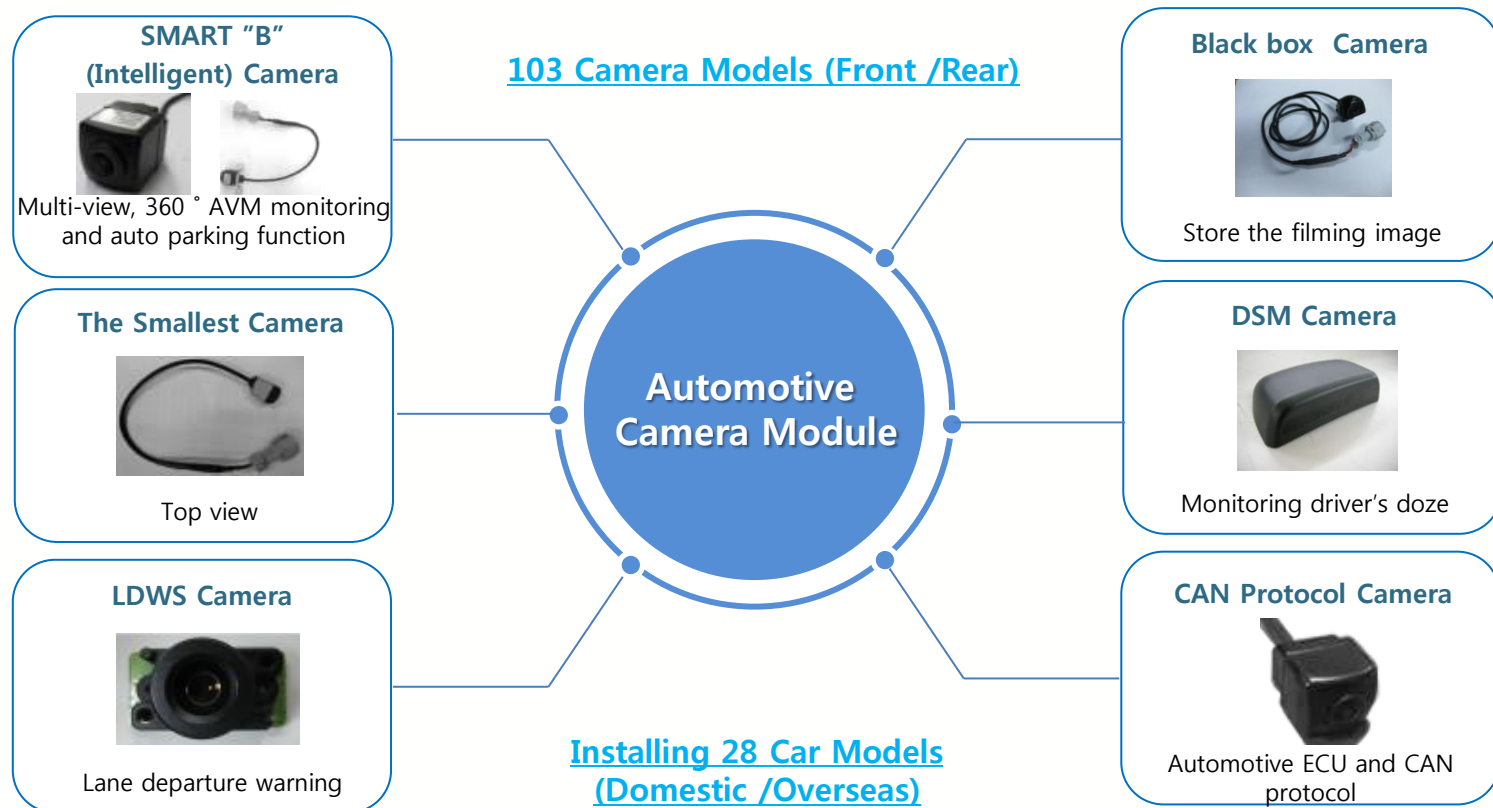
5-1. Production Overview – Mobile Camera Module

“Research and Manufacture the Advanced Camera Module(VGA–16M AF)”



5-2. Product Introduction – Automotive Camera Module

“Manufacture Automotive Camera Module (Front/Rear and Black box)”



Mass Production Models 1/2






























Image	Model name	Front camera	Back camera
	Citroen DS5 2011.06		
	EQUUS Limousine 2009.08		
	EQUUS 2009.02		
	Genesis 2007.12		
	Veracruz 2007.11		

Image	Model name	Front camera	Back camera
	HG Grandeur 2010.12		
	Volvo Excavator 2010.04		
	Opirus 2009.05		
	Mohave 2007.11		
	Sorrento 2009.04		
	Grand carnival 2008.06		
	K5 2010.05		

Mass Production Models 2/2

Image	Model name	Front camera	Back camera
	Grandeur 2008.10		
	Tucson 2009.07		
	Sonata 2009.10		
	Avante 2009.07		
	Chairman 2010.12		
	Rexton 2010.12		

Image	Model name	Front camera	Back camera
	Sportage 2010.04		
	Carens 2009.07		
	Ceed 2010.04		
	Venga 2010.05		
	Forte 2009.08		
	Soul 2008.09		
	Morning 2009.06		
	Korando C200 2010.01		

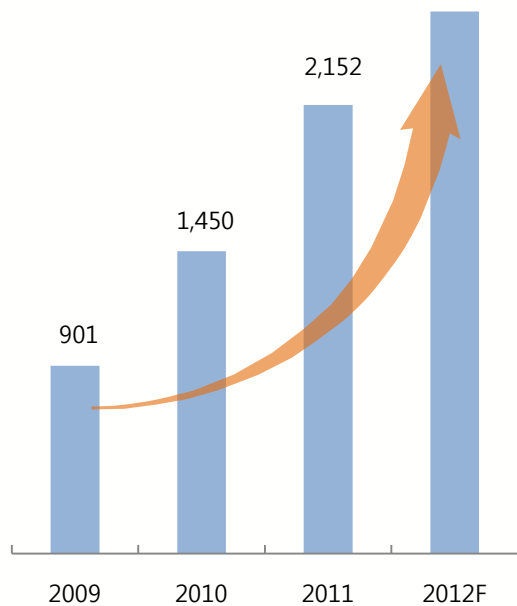
6-1. Business Performance

“The Revenue increase(48%) in 2011, Compare to the Previous Year”

- Stable Profit-Making and Revenue Increase due to Sales Growth of Automotive Camera and Camera Modules(5M/8M) for Smartphone

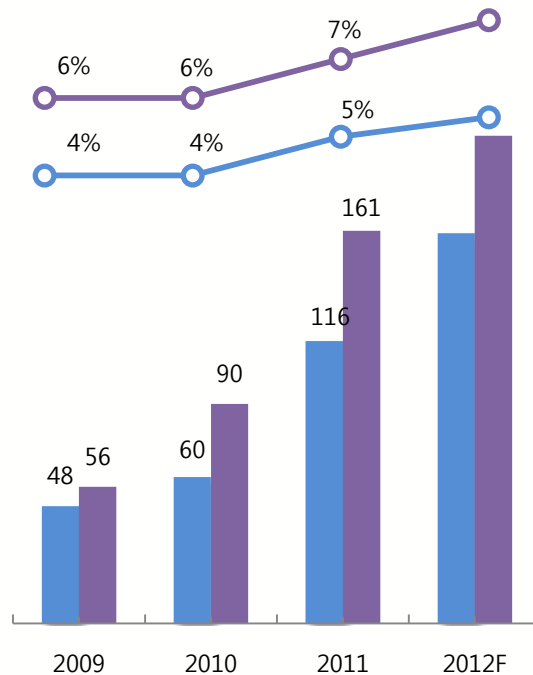
Revenue

(unit: ₩ 100Million)



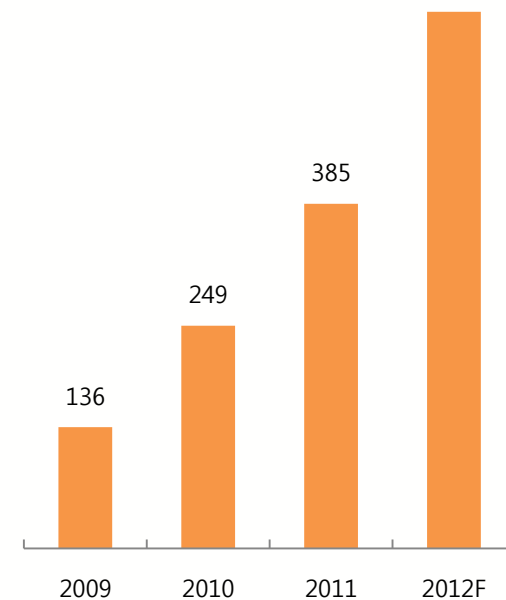
Net Profit(rate)/Operating Profit(rate)

(unit: ₩ 100Million) ■ Profit ■ Sales Revenue



Automotive Camera Module

(unit: ₩ 100Million)



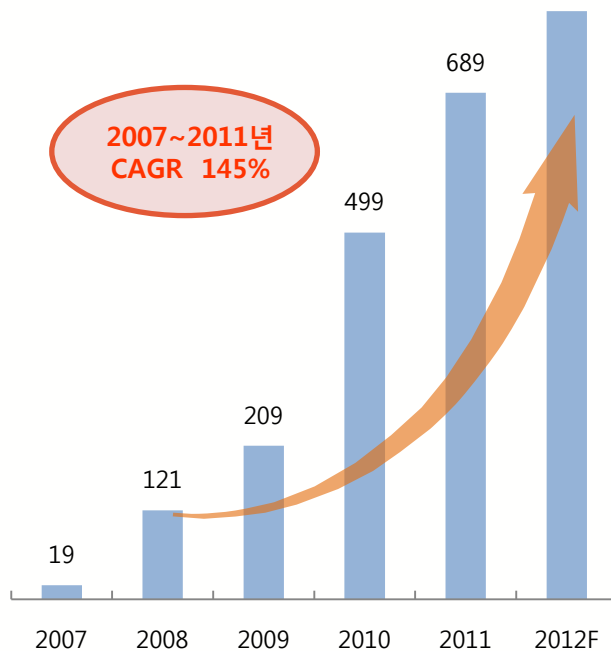
6-2. Growth of MCNEX Shanghai

“Sales Growth due to the Rapid Growth of Major Mobile Companies in China”

- Chinese Companies: ZTE(5th), Huawei(7th) in Global Top 10, OPPO(15th), GIONEE(25th)

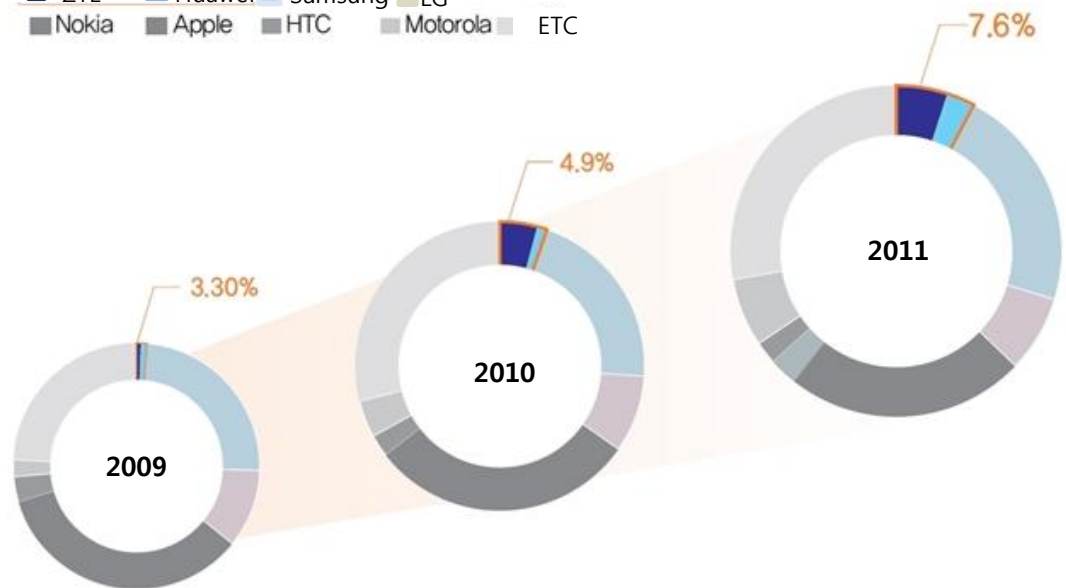
Profit of MCNEX Shanghai

(unit: ₩ 100Million)



Growth of Local Chinese Companies

■ ZTE ■ Huawei ■ Samsung ■ LG
■ Nokia ■ Apple ■ HTC ■ Motorola ■ ETC



(Ref: Hyundai Securities Research, 2012)

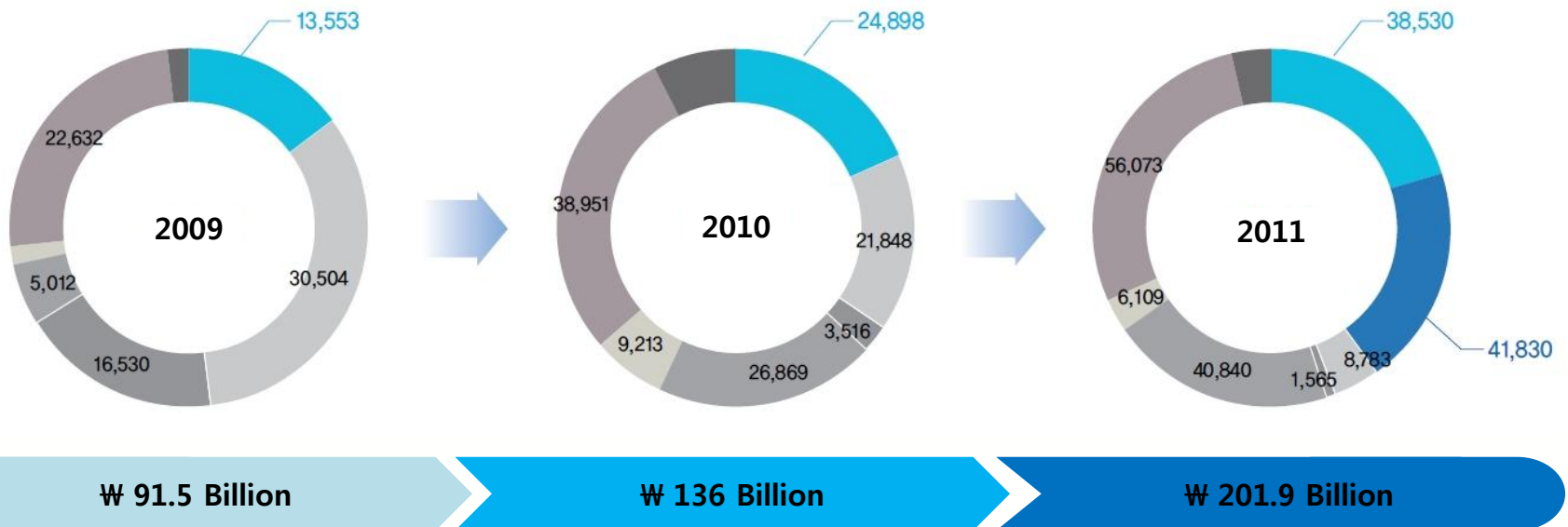
The 3rd Factory Built in May, 2012(Planning the 4th Factory in 2013)



7. Annual Revenue Portfolio

“Automotive Camera Module Revenue Increase (₩24.9 B in 2010 → ₩38.5 B in 2011),
8M High-Resolution Camera Module Revenue increased as ₩41.8 B”

(unit: ₩ Million)





Chapter02. Core Competencies

- 1-1. Core Technologies
 - 1-2. Automotive Camera Technology
 - 1-3. Intelligent Automotive System Technology
 - 2. R&D
 - 3. Production CAPA and Global Sites
 - 4. Strong Market Share Worldwide
 - 5. Wide range of Sales Portfolio
- 

1-1. Core Technologies

“From H/W to S/W, Providing a Total Image Solution of MCNEX”

- Patented VCM (Auto Focus mechanism: Key part) on MP, Designing a specialised automotive lens etc.

- Static OVERLAY
- Dynamic OVERLAY using CAN telecommunication

Image OVERLAY

Image Optimizing

- Lens SHADING correction
- Auto Exposure correction
- Gamma correction
- Auto White Balance correction
- Colour correction
- Fine Image tuning

AF Actuator

- Magnetic Circuit design with Minimum Leakage
- TILT Minimizing design
- Separate Connector design
- Closed mechanical design
- VE design

Mechanical design (including lens design)

- Waterproof/Humidity Protection
- Heat control design
- Humidity Control
- COMPACT lens design
- Wide angle lens design

Embedded H/W

- Low-voltage design
- EMI Filtering design
- ESD Protective design
- Integrated/Micro design
 - PCB design

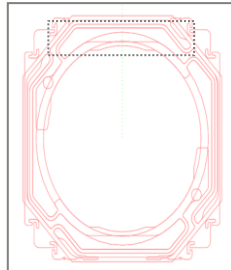
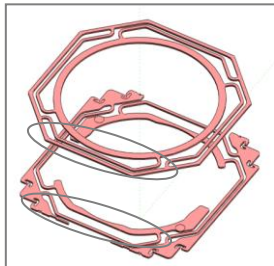
Embedded S/W

- System programming based on RTOS
 - Processing/Merging Image (4 Ch)
 - Automotive paring system
 - Network Interface
 - Embedded UI control
 - Face Recognition
 - Motion Recognition
 - 3D w/ Single sensor

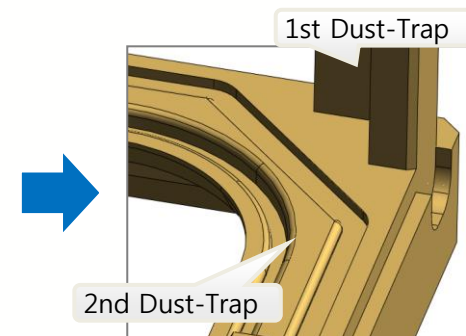
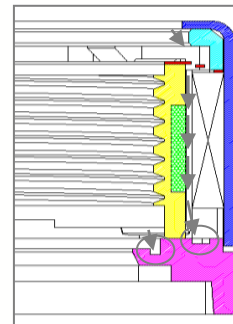


MCNEX Actuator





- 1** Make contortion deformation minimized for preventing Plate Spring deformation by Spring design
→ It makes driving shape of top/bottom spring and stepped preload length fit for Minimized moving TILT
(On registering a Patents of MCNEX)



- 2** Prevented IR-Filter pollution By double Dust-Trap in the Base bottom



- 3** 3. Tight specification on Major features and Excellent accuracy comparing with others

No	Item	MCNEX	H co.
1	Starting Current (Position Difference)	0° : 25 ~40 mA  90° : 15 ~30 mA  180° :10 ~25 mA 	0° : 25 ~45 mA 
2	Hysteresis	Under 7 μ m	Under 20 μ m
3	Tilt	Initial Tilt :Under 15' Maximum Tilt :Under 20'	Max Tilt : Under 20'



1-2. Automotive Camera Technologies

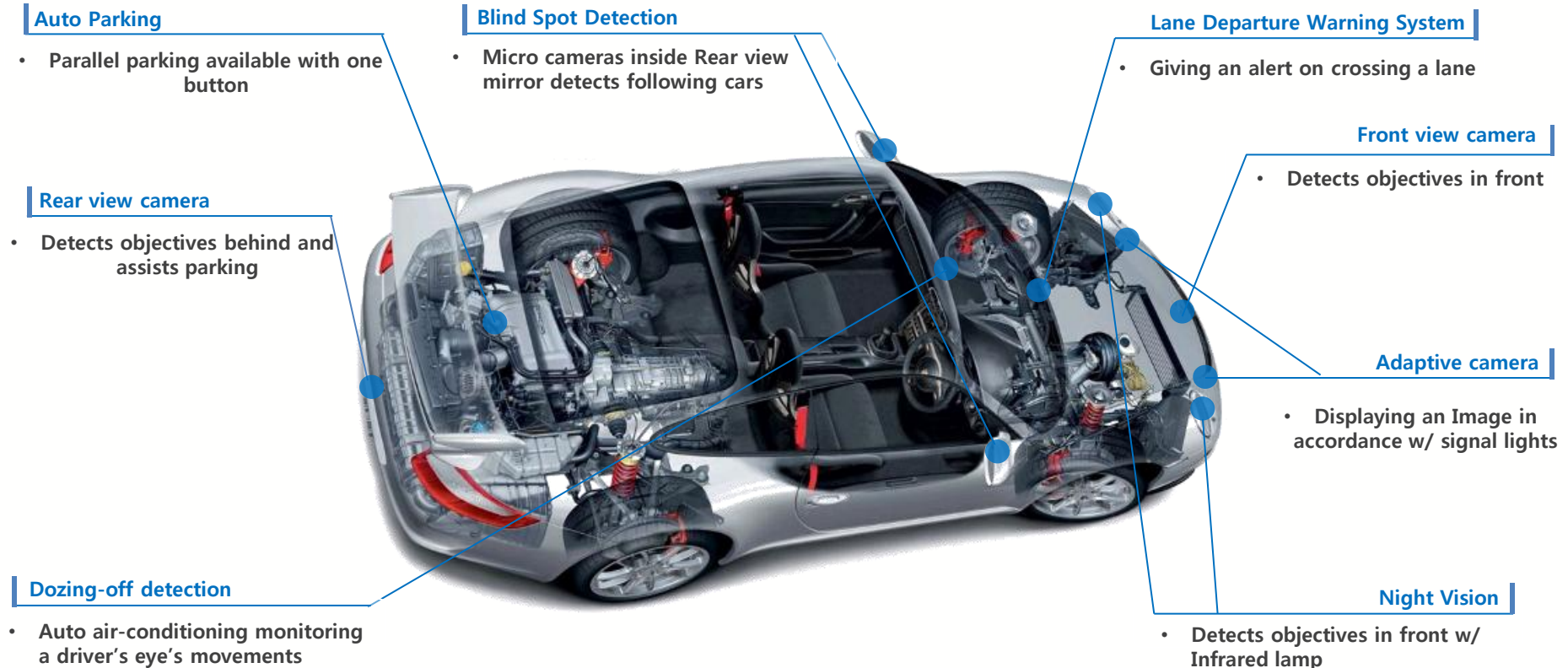
“Application: All kinds (Front/Rear camera, Black box & Alert system etc). ”

Kia K9 (Released on May 2012): 5 ea installed



360° Surround view 4ea

Lane Departure 1ea



1-3. Intelligent automotive system

“Leading Technologies by developing Cruise control system in a national project”

- Safe driving to the destination with the information of GPS, Radar, Laser sensor, various sensor, control system, camera.

Adaptive Cruise Control (ACC)

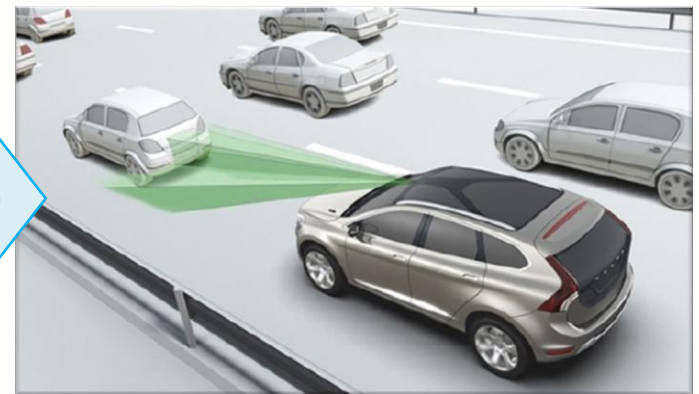
- Autonomous driving system with cameras/sensors detecting other cars by controlling speed of a car according to the distance with cars in front



All around view/Intelligent
automotive camera system
based on Light

Lane Departure Warning/ control system

- Lane Keeping system: Detecting Lane Departure using a camera in front of a car
- Keep the distance using a radar installed on the front of a car



Pre-Crash Safety (PCS)

- Integrated Safety maximizing system (Radar with Camera: Avoid an injury by controlling seat belt, window, air-bag etc if a car crash is expected after processing traffic around a car

Collision Avoidance System(CAS)

- Avoids an accident detecting the speed of cars around by integrating a radar and camera

2. R&D

“Strong R&D with expertise in various area”

R&D researchers
: 30% of the whole employee



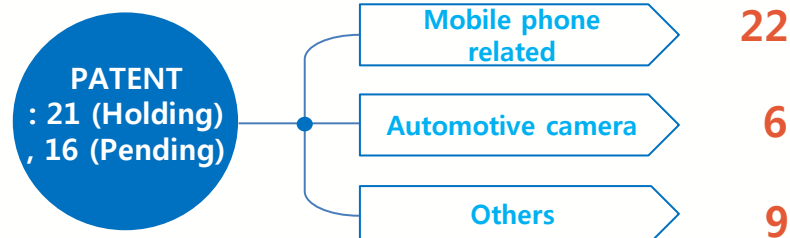
R&D team
in each business → **2 teams**

Direct R&D → **55 persons**

Additional R&D overseas:
13 persons

Indirect R&D → **50 persons**

Production engineers
, Quality engineers

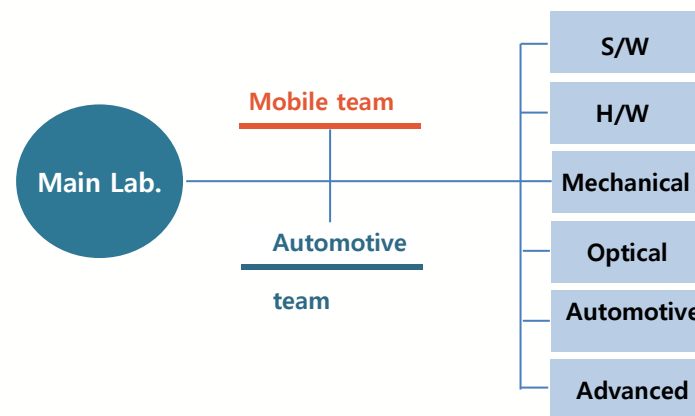


※ Four (4) Patent pending overseas!

Recent Patent Pending

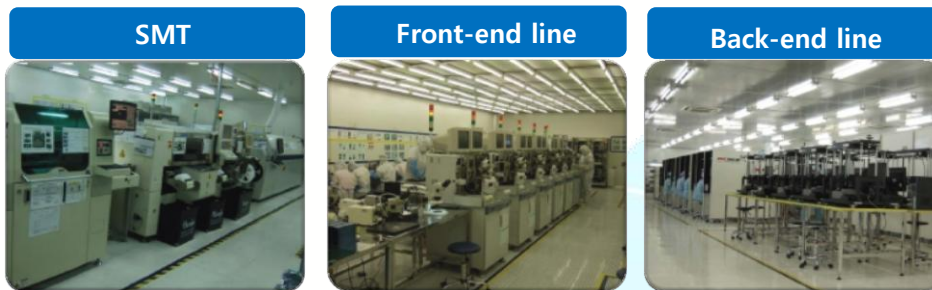
Contents	Date	Application
Displaying the road in front of a car	2010.11.24	Display
Auto Focus camera module	2011.04.14	Mobile Phone
Parking Assistance overlaying Image	2011.04.15	Automotive camera
Parking Assistance using a camera	2011.04.15	Automotive camera
Auto Focus camera module	2011.05.30	Mobile Phone camera
Parking Assistance calculating tilted roads	2011.06.21	Automotive camera

Organization



3. Production CAPA and Global Sites

“Maximum: 11.25M ea/m Worldwide”



2011
5.5M → **11.25M**
2012 (FCST)

Factory	Application	Production
Korea	Mobile	1,000K
	Automotive	250K
China	Mobile	10,000K
Total		11,250K



4. Strong Market Share worldwide

“Take initiative and get a strong market share/Expand Profit by direct export”

1st

M/S in Domestic
Automotive
camera market

5th

M/S in Global
Automotive
camera market

4th

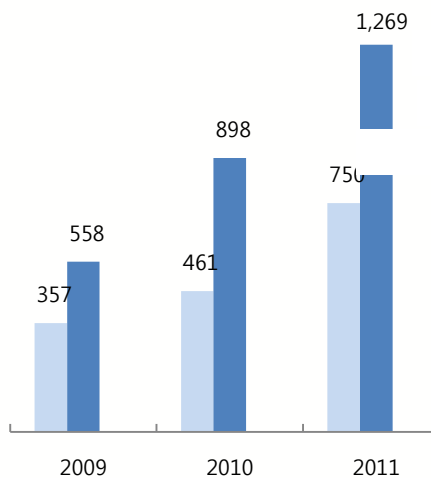
M/S in Domestic
mobile
camera module

11th

M/S in mobile
camera module
Worldwide

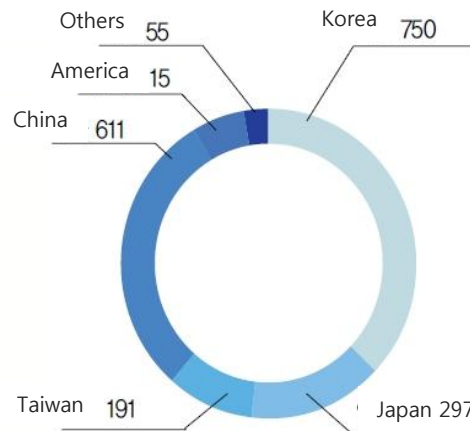
Sales Revenue Worldwide

(Unit: ₩ 1M)
■ Domestic
■ Export

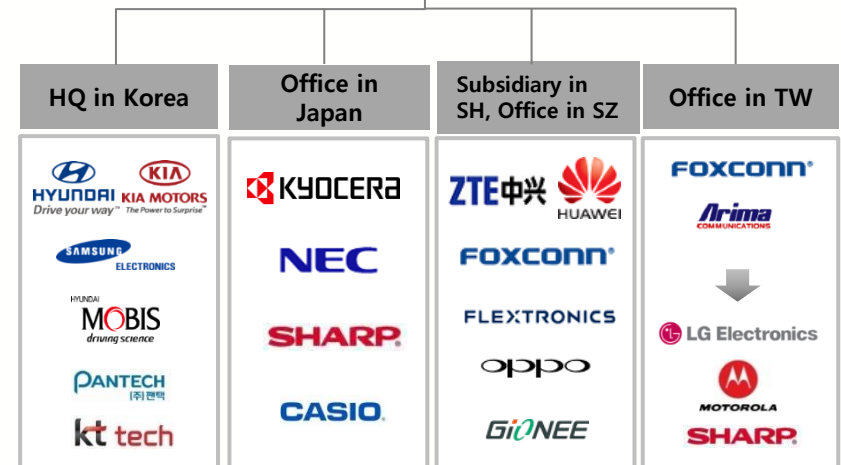


2011 Sales Revenue (Region)

(Unit: ₩100M)

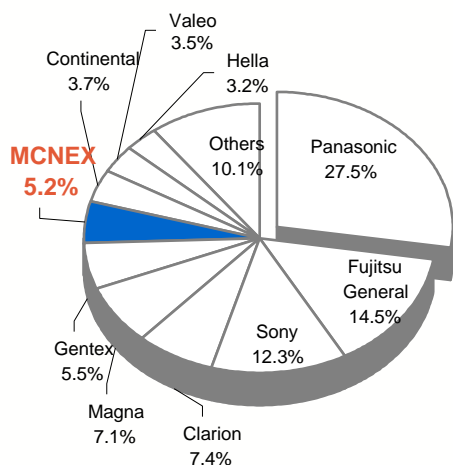


Major customers are leading companies worldwide



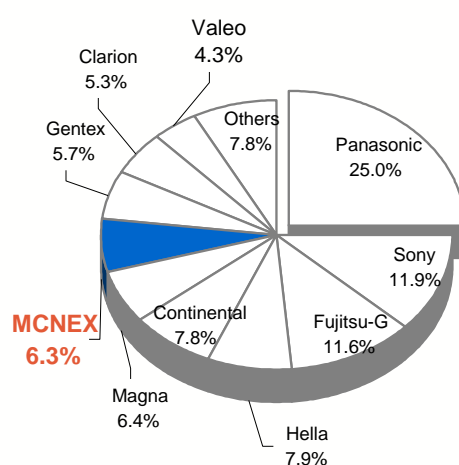
Automotive Camera Total Tier2 Maker share

CY2009 total vol=7,844 Kpcs



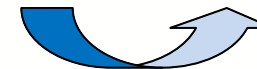
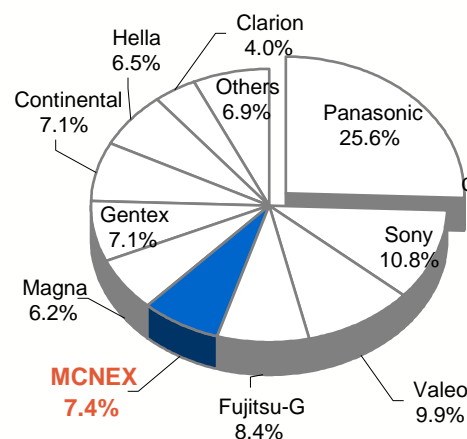
Panasonic	2,137
Fujitsu General	1,125
Sony	956
Clarion	575
Magna	555
Gentex	430
MCNEX	400
Continental	285
Valeo	268
Hella	245
Others	788
Total	7,844

CY2010 total vol=10,882 Kpcs



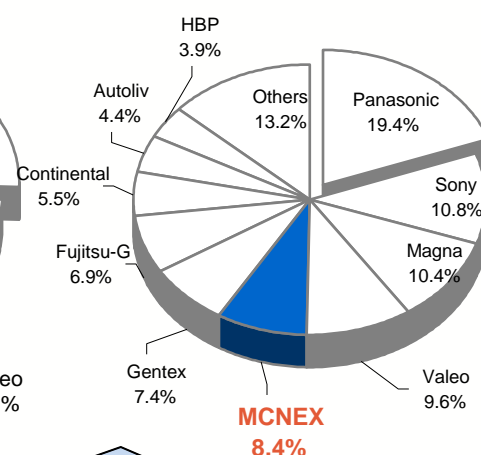
Panasonic	2,790
Sony	1,330
Fujitsu-G	1,296
Hella	880
Continental	870
Magna	715
MCNEX	700
Gentex	635
Clarion	590
Valeo	475
Others	871
Total	11,152

CY2011 total vol=16,322 Kpcs



Panasonic	4,175
Sony	1,760
Valeo	1,620
Fujitsu-G	1,370
MCNEX	1,200
Magna	1,020
Gentex	1,165
Continental	1,165
Hella	1,065
Clarion	650
Others	1,132
Total	16,322

CY2012 F total vol=24,946 Kpcs



Panasonic	4,850
Sony	2,690
Magna	2,595
Valeo	2,400
MCNEX	2,100
Gentex	1,850
Fujitsu-G	1,715
Continental	1,371
Autoliv	1,101
HBP	970
Others	3,304
Total	24,946

5. Wide range of Sales Portfolio

“Providing products in various business (mobile phone, automotive, security, etc) to Global Top-Tier customers”

- 39 customers worldwide (The biggest customer has 20% among total customers: avoiding a risk)





Chapter03. Investment Highlights

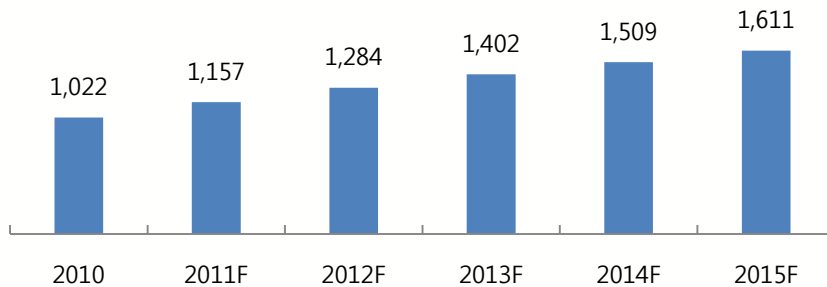
- 1-1. Market Growth – mobile camera module
 - 1-2. Market Growth – Automotive camera module
 - 2. Ongoing-development of new products
 - 3. Automotive camera policy
 - 4. Expanding in overseas market
 - 5. Vision
- 

1-1. Market Growth – Mobile camera module

“Growing demand of Camera module for fast-growing Smart phone/Tablet PC market”

Global Phone camera market

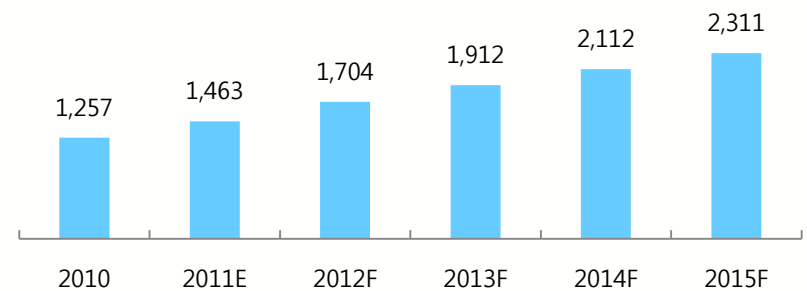
(Unit: M pcs)



(From Techno Systems Research, 2011)

Camera Module market

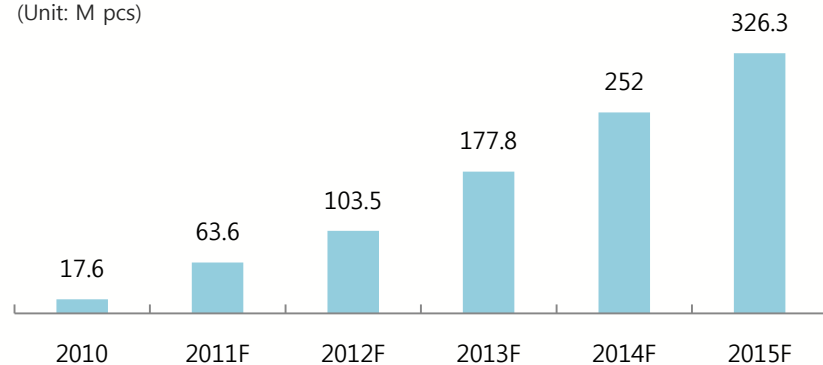
(Unit: M pcs)



(From Techno Systems Research, 2011)

Global Tablet PC Sales and FCST

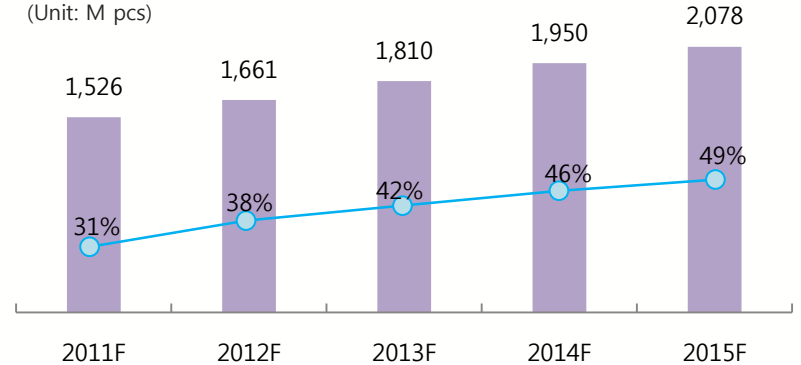
(Unit: M pcs)



(From the Guardian, 2011)

Global Smart Phone Sales and M/S

(Unit: M pcs)



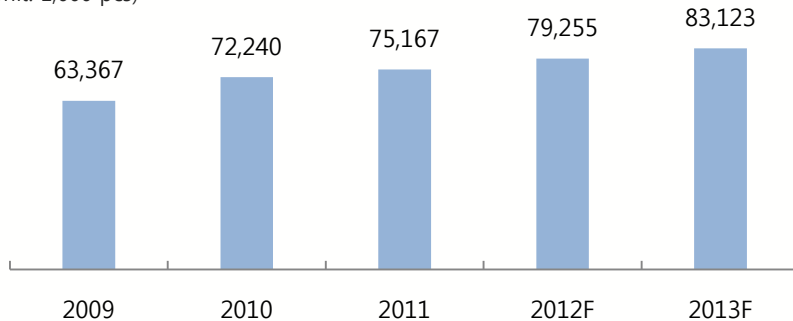
(From IMF, GATNER, BLOOMBERG, 2011)

1-2. Market Growth – Automotive camera Module

“Rapid growing market due to installing Automotive camera mandate/increase”

Global Car Sales

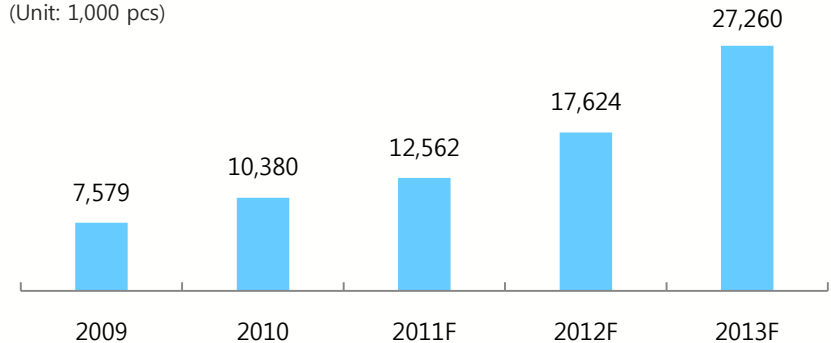
(Unit: 1,000 pcs)



(From Hyundai Motors, HMC IB Report)

Global Automotive camera Module market

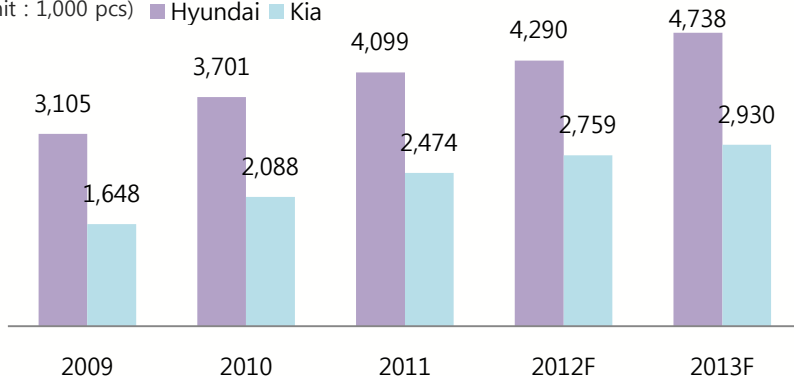
(Unit: 1,000 pcs)



(From Techno Systems Research, 2011)

Hyundai/Kia motors Sales

(Unit : 1,000 pcs) ■ Hyundai ■ Kia



(From Hyundai Motors, HMC IB Report)

Automotive camera Mandate Policy/Regulation

Region	Date	Contents
US	2014	From June 2014, All new cars should have rear cameras
	2012	Additional points are available, if you install a warning sensor camera (Start/Crash).
EU	2011	Fine on a car with high-beam headlamps
	2013	(Start)Should install a warning sensor camera Should have an air-breathing engine
	2016	(Start) Should install a warning sensor camera
Japan	2015	On discussion about the safety system(sensor camera) of a large vehicle

2. Ongoing-development of new products

“A leading company in IT industry makes a progress by ongoing technology development”

Extending Application



Mobile application camera Module

- 8M,13M,16M (Micro VCM/Camera Module) development
- Micro 3D input sensor module (Design/Production/MP)
- Developing UI for a smart device
- Laptop, Tablet PC application: FULL HD camera Module development
- 3D camera Module development
- IP camera Module development
- IPTV camera Module development
- Home DVR system development/MP
- Wi-Fi surveillance camera development

Automotive camera Module

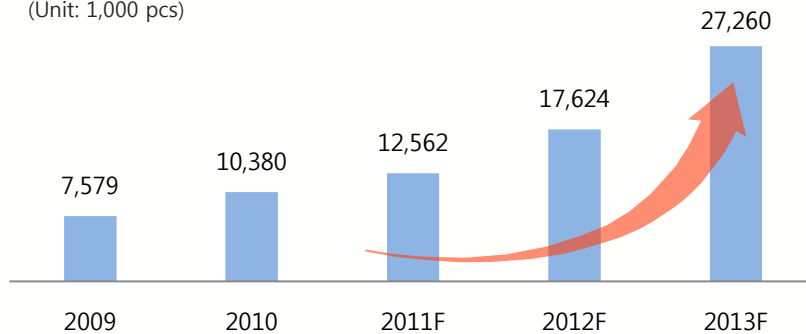
- Black Box application
- Measuring the tilt of the road Micro Laser camera Module on MP
- Intelligent camera Module system based on camera technology
- NIGHT VISION camera Module
- High-speed Serial Digital wire camera Module
- Image Distance Recognition camera
- SXGA Image processing/ECU integrated SoC
- High resolution Automotive Mega camera Module
- PAS application camera
- VGA/MEGA LDWS camera
- 360° around monitoring camera/system

3. Benefit from Automotive camera policy

“Demand of Automotive camera increases due to camera mandate regulation”

Global Automotive camera market FCST

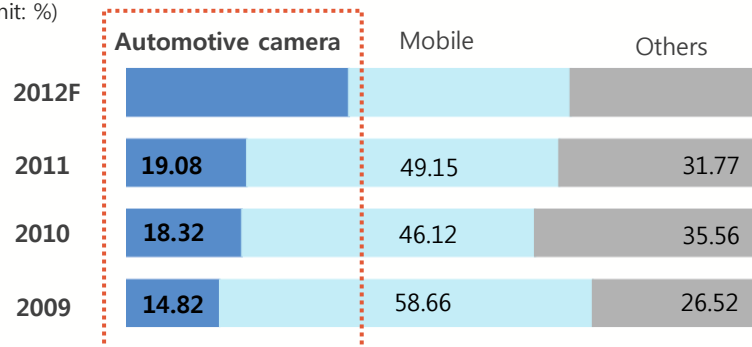
(Unit: 1,000 pcs)



(From Techno Systems Research, 2011)

Automotive camera portion in total revenue

(Unit: %)



Automotive camera mandate



MONEY & CO. TRACKING THE MARKET AND ECONOMIC TRENDS THAT SHAPE YOUR FINANCES

Federal regulators push to require rearview cameras in cars by 2014

By Tiffany Hsu
February 28, 2012 | 8:52 a.m.

By 2014, every new passenger car on the road will have a rearview camera, if federal regulators have their way.

The final draft of the rule, which the National Highway Traffic Safety Administration is expected to send to Congress on Wednesday, would require automakers to install the backup function.

And it's not just to prevent curb-hopping and love-tapping. Each year, 228 people die after being struck by passenger vehicles going in reverse – including about two children a week, according to the New York Times.

Accidents caused by drivers backing up also injure 17,000 people annually.

The mandate to build in cameras and viewing screens – first proposed in 2010 – could cost automakers between \$160 and \$200 for each car, or as much as \$2.7 billion total each year.

The camera is currently standard on fewer than half of model-year 2012 vehicles.

Automakers unveiled an assortment of other preventative safety features at the L.A. Auto Show in November.

Infiniti showed off its backup collision intervention technology, which not only beeps when its sensors detect potential obstacles but also automatically brakes to avoid a crash.

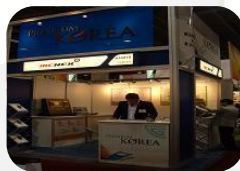
A similar function from Ford offers blind-spot warnings. Cadillac has a virtual bumper feature that stops the car before it hits anything.

4. Growth in overseas market

“Strategic Penetration into new market (US/EU) by opening an office, attending a show, etc”



Shanghai Asia Electronic show in 2009



ISC West in 2010



Global TransporTech in 2011



Chrysler Automotive camera Exhibition in 2012

2012

2013

2014

2015

2016

2017

2018

~2020

US

Hire a sales rep. for promotion

Initial sales to Motorola, RIM, Apple

Strengthen Customer relationship

China

Open Beijing office

Get an approval as a new supplier

EU

Penetration into France, Germany, etc through Tier1

Open an office (Berlin)

Strengthen Customer relationship

Taiwan

5M/8M AF Promotion on Moto, Foxconn

Surveillance camera, CCTV/MVR2, IPTV

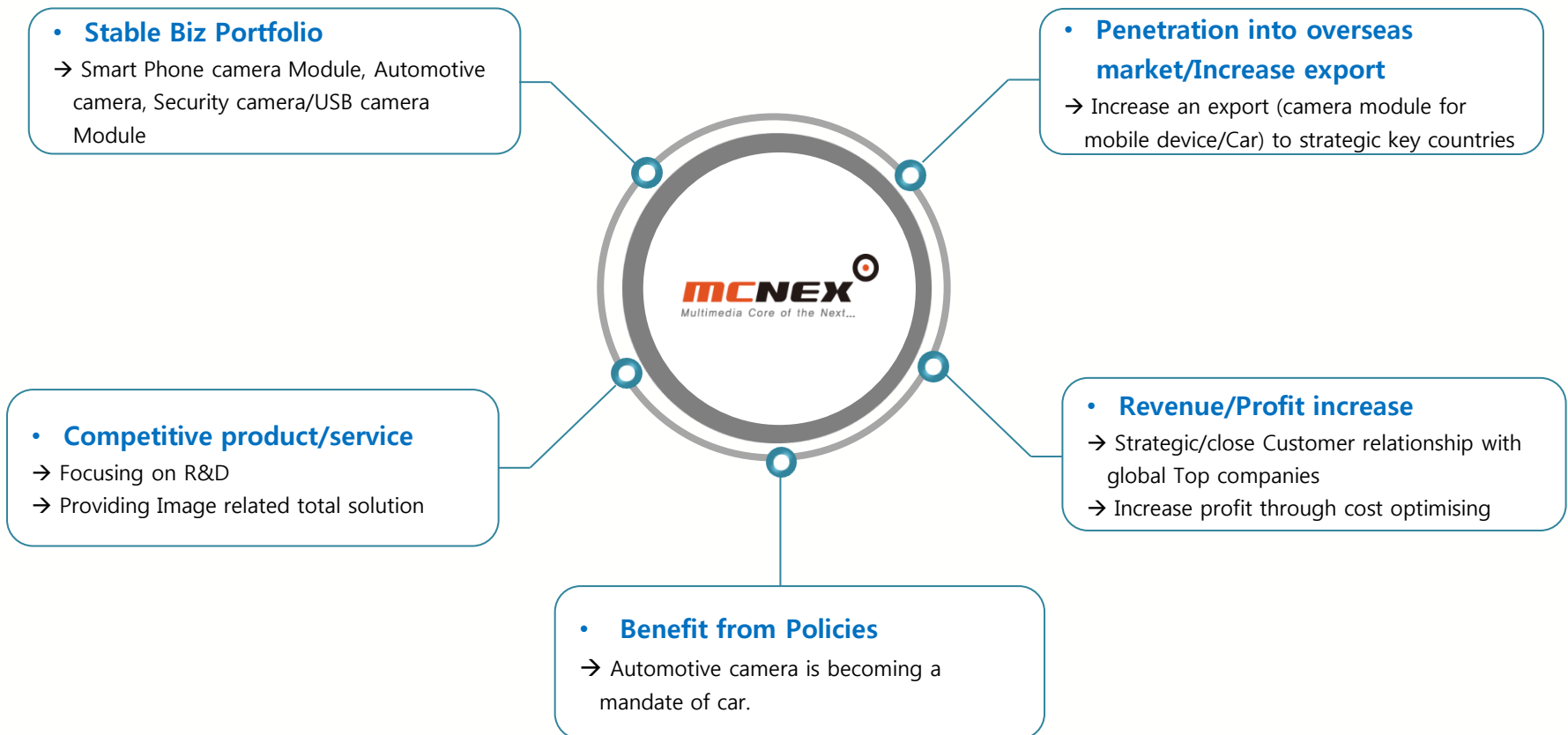
India/S. America

Surveillance camera, CCTV/MVR2, IPTV

Penetration into S. America including a factory

5. Vision

“USD 1 Billion of Sales in 2020”





Q&A

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Thank you!!


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Appendix.

1. IPO Information
 2. Financial Statement
- 

1. IPO Information

IPO Summary	
IPO Price	₩16,200 ~ 18,600
Number of Stocks	800,000
Expected Price	₩12.96 B ~ 14.88 B
Nominal Value	₩500
Market Capitalization (expected)	₩9.49 B ~ 1,08.96 B
Demand Forecasting Date	9 th ~ 10 th July, 2012
Subscription Date	16 th ~ 17 th July, 2012
Payment Due	19 th July, 2012
Expected Date for Being Listed	25 th July, 2012
Underwriter	Korea Investment Co., Ltd

Stakeholders		
	No. of Stocks	Percentage of Shareholding
Main Stakeholders	2,029,918	34.7%
The Korea Development Bank	436,344	7.4%
Employee Ownership(Existed)	106,900	1.8%
Other Stakeholders	2,485,199	42.4%
Number of IPO Stocks	800,000	13.7%
Total Number of Stocks after IPO	5,858,361	100%

※Main Stakeholders: Keeping Securities for one year after Being Listed

Operating Plan for IPO Funding	
	Amount
Facility	₩3.3 B
Operating	₩2.6 B
R&D	₩5.9 B
Total	₩11.8 B

2. Summarized Financial Statement (Additional)

Financial Status Table

(unit : ₩ Million)

	1 Q, 2012	2011	2010
Accounting Standards	K-IFRS		
Current Assets	62,615	72,194	65,170
Fixed Assets	37,095	36,576	27,600
Total Assets	99,710	108,770	92,770
Current Liabilities	55,619	66,671	69,612
Fixed Liabilities	5,976	6,723	2,543
Total Liabilities	61,595	73,394	72,155
Capital	2,475	2,383	1,782
Capital Surplus	11,880	10,501	3,824
Other Capital	268	370	878
Retained Earnings	23,461	22,101	14,120
Profit Reserve	31	21	11
Total Capital	38,115	35,376	20,615

Income Statement

(unit : ₩ Million)

	1 Q, 2012	2011년	2010년
Accounting Standards	K-IFRS		
Sales	38,912	201,921	135,908
Sales Cost	33,791	176,740	118,236
Gross Profit	5,121	25,181	17,672
Selling and Administrative Expenses	2,713	12,663	9,912
Operating Income	2,408	12,518	7,760
Non-operating Income (Banking Profit)	55	725	63
Non-operating Expense (Non-Financial Expense)	956	4,034	2,786
Income before Income Taxes	1,507	9,209	5,037
Income Taxes Expenses	83	1,160	494
Net Income	1,424	8,049	4,543

2. Summarized Financial Statement (Consolidated)

Financial Status Table

(unit : ₩ Million)

	1 Q, 2012	2011	2010
Accounting Standards	K-IFRS		
Current Assets	89,902	102,020	80,144
Fixed Assets	36,751	36,582	24,803
Total Assets	126,653	138,602	104,947
Current Liabilities	77,388	90,034	79,383
Fixed Liabilities	6,141	6,985	3,382
Total Liabilities	83,529	97,019	82,765
Capital	2,475	2,383	1,782
Capital Surplus	11,880	10,501	3,824
Other Capital	268	370	878
Retained Earnings	1,294	1,523	417
Profit Reserve	27,176	26,785	15,270
Total Capital	31	21	11

Income Statement

(unit : ₩ Million)

	1 Q, 2012	2011	2010
Accounting Standards	K-IFRS		
Sales	35,552	215,298	145,091
Sales Cost	30,748	184,985	125,363
Gross Profit	4,804	30,313	19,728
Selling and Administrative Expenses	3,036	14,210	10,685
Operating Income	1,768	16,103	9,043
Non-operating Income (Banking Profit)	69	2,168	649
Non-operating Expense (Non-Financial Expense)	1,298	4,999	3,135
Income before Income Taxes	539	13,272	6,557
Income Taxes Expenses	83	1,689	655
Net Income	456	11,583	5,902

“The Eye of IT World”

Investor Relations 2012



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