World leader of Electro-Mechanical Actuator System for Optical Application Devices

Investor Relations 2014
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CHAPTER 1

Company Overview

• Company Profile
• Main History
• Main products: What is the AF Actuator?
• AF Actuator by Drive system
• Application status and main product
• Sales amount by customer(2013)
• Annual performance
HYSONIC is the actuator system specialist of world's best.
We are leading the smart device component market.

Company Profile

HYSONIC Co., Ltd.

Address: 5th Floor, RIT center, Kyeonggi Techno_Park, Ansan City, Korea

Established: March 29, 2001

Capital: 5.32 Million $

Business: Actuator for Smart Device

No. of Staff: 86 (May. 2014)

Web site: www.hysonic.com

Affiliated companies: HYSONIC PHILIPPINES INC.

CEO Profile

C.E.O Ph.D Jae-Wook RYU

Personnel organization

- Management: 15%
- Sales: 9%
- Production: 40%
- R&D: 17%
- Purchasing & QA: 19%
Main History

Position succeeded in mass production and development of AF Actuator country's first, to lead the market

## Foundation Established
- **2001**
  - HYSONIC established

## Business Takeoff Stage
- **2002**
  - HYSONIC R&D Center established
- **2003**
  - Completed the development of SP Actuator for DLP Projection TV
- **2004**
  - Started MP of SP Actuator (Samsung)
  - Completed the development of AF Actuator for Handset
  - HYSONIC Philippines Factory established
- **2005**
  - Started MP of AF Actuator (Pantech)
  - Tower award of 5Million$ export

## Business Growth Stage
- **2006**
  - AF Actuator customer base extended (Sony Ericson, LG Electronics)
- **2007**
  - AF Actuator customer base extended (Samsung Electronics)
  - Tower award of 10Million$ export
- **2009**
  - Completed the development of OIS Actuator
  - AF Actuator production accumulated volume over 50million
- **2010**
  - KOSDAQ (Korean Stock market) listed
- **2011**
  - AF Actuator production accumulated volume over 50million
- **2012**
  - Tower award of 30Million$ export
Main products: What is the AF Actuator?

**Auto Focus Actuator**

Device that will move in the vertical direction of the image sensor and lens in order to obtain an accurate focus in smartphones/tablets.

AF Actuator has been adopted most of smartphones and tablet.
AF Actuator by Drive system

Most handset companies adopt the VCM system because of low cost, compact size & lightweight

<table>
<thead>
<tr>
<th>Tech. Type</th>
<th>VCM (Voice Coil Motor)</th>
<th>Encoder</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concept</td>
<td>![Concept Diagram]</td>
<td>![Encoder Diagram]</td>
</tr>
</tbody>
</table>
| Feature    | ▪ Drive utilizing electromagnetic force  
 ▪ Non-contact guide utilizing a leaf spring  
 ▪ Simple basic configuration | ▪ Drive utilizing electromagnetic force  
 ▪ Contact guide type  
 ▪ Position sensors is required |
| Cost structure | 🌟🌟🌟🌟🌟 | 🌟🌟🌟🌟 |
| Driving distance | 🌟🌟🌟 | 🌟🌟🌟🌟🌟 |
| Market size | 🌟🌟🌟🌟🌟 | 🌟🌟 |
| The main manufacturer | HYSONIC, LG Innotek, Mitsumi, ... | Jahwa Electronics, ... |

The conceptual diagram, for the purpose of description and may be different from the actual application.
Application status and main product

5M~13M applied AF Actuator for tablet & smartphone

### 3M/5M/8M/13M Pixel
- A60A-8550
- A60A-8554
- A60A-8546
- AM6A-8585
- A50A-7540

### HYSONIC AF Actuator applied.
- Huawei G730
- Huawei S10-201L
- LGE PRADA 3
- Samsung Galaxy
- Toshiba Tablet
- Samsung Google NEXUS
- Pantech VEGA LTE
- LGE Optimus
- Pantech P9070
- Sony Xperia X10
- Samsung Slate laptop
Sales amount by customer (2013)

Sales by customer:
- SEMCO, 53%
- Lite-On, 19%
- CAMMSYS, 13%
- CRESYN, 3%
- LG Innotek, 3%
- MCNEX, 9%
- Others, 3%

Sales by end-user (handset maker):
- SAMSUNG, 49%
- PANTECH, 13%
- RIM, 10%
- SONY, 13%
- China, Japan market, 13%
Annual performance

Sales growth due to the growth of the smartphone market

(Unit: 100 Mil. KRW)
CHAPTER 2

Market Analysis

• Global handset CAGR (2012~2016)
• Handset, Smartphone growth rate in CHINA
Global handset CAGR (2012~2016)

*Source: IDC, Hyundai Securities (2013.10)
Handset, Smartphone growth rate in CHINA

<table>
<thead>
<tr>
<th>Year</th>
<th>Mobile Phone (M units)</th>
<th>Smartphone (M units)</th>
<th>Mobile Phone Y/Y Growth</th>
<th>Smartphone Penetration%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>35</td>
<td>0.9</td>
<td>80%</td>
<td>1%</td>
</tr>
<tr>
<td>2001</td>
<td>45</td>
<td>1.1</td>
<td>29%</td>
<td>1%</td>
</tr>
<tr>
<td>2002</td>
<td>50</td>
<td>11%</td>
<td>10%</td>
<td>14%</td>
</tr>
<tr>
<td>2003</td>
<td>55</td>
<td>16%</td>
<td>28%</td>
<td>22%</td>
</tr>
<tr>
<td>2004</td>
<td>64</td>
<td>21%</td>
<td>46%</td>
<td>49%</td>
</tr>
<tr>
<td>2005</td>
<td>82</td>
<td>10%</td>
<td>9%</td>
<td>70%</td>
</tr>
<tr>
<td>2006</td>
<td>120</td>
<td>19%</td>
<td>74%</td>
<td>83%</td>
</tr>
<tr>
<td>2007</td>
<td>145</td>
<td>0%</td>
<td>0%</td>
<td>88%</td>
</tr>
<tr>
<td>2008</td>
<td>160</td>
<td>12%</td>
<td>12%</td>
<td>92%</td>
</tr>
<tr>
<td>2009</td>
<td>175</td>
<td>20%</td>
<td>7%</td>
<td>95%</td>
</tr>
<tr>
<td>2010</td>
<td>208</td>
<td>6%</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>362</td>
<td>5%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>361</td>
<td>4%</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>405</td>
<td>3%</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>486</td>
<td>2%</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>519</td>
<td>1%</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>548</td>
<td>1%</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>574</td>
<td>1%</td>
<td>1%</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Display Search*
CHAPTER 3

Core Competencies

- Technical capabilities to lead the market
- Philippines Factory
- Mass production technology accumulated
- Standardization of products
Technical capabilities to lead the market

Leading the market on the basis of the excellent R&D capability

R&D Man power

- Over 10 years: 12
- Over 5 years: 5
- Under 2 years: 12
- Over 2 years: 5

Total employee: 86, R&D: 34 (40% of entire)

Ratio of Ph.D & M.A: 38% of R&D
Over 5 years experience: 30% of R&D

Patent

Registered patent of 228, AF-related patents is 86.

Self-assessment tech.

- Displacement meter tester
- Tilt meter tester

- At the same time product development, apply the evaluation technology of its own.
- Guaranteed quality and performance to meet the needs of customers in the art of self-evaluation

Lead the market

- SP Actuator
  World’s 1st development
- AF Actuator
  Development of Korea’s 1st
- Mobile OIS Actuator
  World’s 1st leader
- Future Technology Leading
  (Haptic, 3DMS)
- Present the criteria for product evaluation
- Leading the market
# Philippines Factory

## Cost savings by Philippines Factory production

### Capacity trend (AF actuator)

(Unit: 10,000/month)

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>18</td>
<td>240</td>
<td>270</td>
<td>330</td>
<td>500</td>
<td>1,500</td>
</tr>
</tbody>
</table>

### Advantage of the Philippines factory

- **Low labor costs**
- **Employment is flexible**
- **Communication is possible in English use**
- **Tax support to special economic zone area.**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Site area</td>
<td>16,000 sqm</td>
</tr>
<tr>
<td>Building area</td>
<td>14,000 sqm</td>
</tr>
<tr>
<td>Clean Room area</td>
<td>5,000 sqm</td>
</tr>
<tr>
<td>Max. Capacity</td>
<td>10 Million/month</td>
</tr>
</tbody>
</table>
Mass production technology accumulated

Based on the mass production technology that has been accumulated, HYSONIC has the competitive advantage of yield & productivity.
Standardization of products

Increase the market share through the standardized products for each customer

- Design know-how + quality and reliability
- To maintain a direct relationship with the mobile phone company and camera module manufacturers
- Mass production and development of optimization of product quality and function

Selected as a standardized product for each customer

- 8.5X8.5, 9.5X9.5 size standardized
- Applies to various models
- To ensure the amount of PO
- To ensure the priority of the new business opportunities

Camera Module Maker
- LITEON
- POWERLOGICS
- SAMSUNG
- LG
- CAMMSYS
- MCNEX
- CRESYN
- partron

End Customer
- SAMSUNG
- HUAWEI
- SONY
- LG
- BlackBerry
- PANTECH
CHAPTER 4

Growth Factor

- Long term strategy plan
- OIS Actuator
- Appcessory(Biz-Roadmap)
- 3D Motion Switch
- HAPTIC Actuator Module
Long term strategy plan

Expansion of sales through the high functionality & portfolio expansion
OIS Actuator

With AF built-in type OIS Actuator development, the application of high added DSC functions for camera phone.

**OIS (Optical Image Stabilization) AF Actuator**

Anti-shake actuator for mobile phone

**Feature**
- By independent magnetic circuit composition
- Simultaneous implementation of AF and anti-shake
- AF built-in type OIS actuator of compact size

**Status quo**
- With major mobile phone and module companies, application progress

*<OIS+AF Module>*
Appcessory

Appcessory for smart phone that convergence VCM technological and smart phone Application

Existent earphone monad accessories had limit of simple ornaments, Hysonic's Smart Toy invents new market by the first action accessory that is interlocked with App (Application).

Movement of Ear and eyelid

Emotions

The applicable to products of various types.

Touch Screen

[Doggy]  [Mascot]  [Entertainer]
Appcessory : Biz-Roadmap

Status of the business – (2014)

**Appcessory**
‘Cocoberry’ Release
A friend who shares sensitivity with Users.
Over 30,000 Sales expectation in 2014

**App. service Alliance**
Alliance with App. Partners.
( App. with cocoberry )

**Extended road-map**

**Appcessory R&D operation.**
- Preoccupancy Appcessory relative tech. & Patent.
- New Appcessory product.
- Setting Software Platform ( API development )

**ODM BIZ.**
- New App. Development with Accessory company

**TECH. License & Module BIZ.**
- Licensing based on acquired Patent
- Supply module for Appccessory

**Extension of Appcessory Biz.**
- Oversea: JAPAN, HONGKONG, US, CANADA & EUROPE
- Extension of domestic & foreign market.
3D Motion Switch

'New user interface input device' that recognizes various motion in short distance without doing touch directly.

<3D Optical Mouse>

Home Automation  Car Sensing Switch

Proximity  Slider  Joystick

<Gesture control>

Bathroom  Medical Industry
HAPTIC Actuator Module

Actuator that communicate sense of touch generating power by various input signal at portable terminal

Actuator module that creation of Sense of touch output that correspond according to various input signal pattern in portable terminal creation and use of Piezo-electric element that can deliver the power by various input signal at portable terminal.

Feature

- Structural characteristic that response to various devices is easy
- Strong in external shock by buffer action between material (piezoelectric sensor and panel), and trustability is excellent.
CHAPTER 5

Investment Highlight

- HYSONIC’s competitive advantage
- Overseas sales growth by the expansion of channel
- Diversification of the portfolio through high technology
- Investment Highlight
HYSONIC’s competitive advantage

**The Superiority of Technical Development**
- AF Actuator development for mobile phones for the first time in Korea.
- R&D manpower who fulfill know-how with long experience.
- Intellectual Property rights including Patent etc., vast quantity possession.

**Comparative Advantage of Cost**
- Cost reduction by Philippines local subsidiary production.
- Secure of Cost competitiveness of its own production.
- Reduction of production costs by securing a stable raw material.

**Comparative Advantage of MP Tech.**
- High productivity and yield.
- Automation production equipment possession.
- Rich experience and know-how possession of related mass production.

**Leading Standardization**
- Customer Preoccupancy through product standardization.
- Secure of various customer like camera module company and mobile phone company.
**Overseas sales growth by the expansion of channel**

**Growth of sales and profits in the expansion of overseas sales destination**
*China, Taiwan, and Japan*

- Succeed in winning design on major local handset makers
- Promotion through agent

- World wide new products promotion such as OIS, 3DMS, Haptic and Appcessory

<table>
<thead>
<tr>
<th>Production</th>
<th>Local customer</th>
<th>Enter into China market (2012~2013)</th>
<th>Expansion the China Market (2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AF Actuator</td>
<td>LG, Samsung, LITEON</td>
<td>LITEON, SHARP, Chicony, TRULY</td>
<td>ZTE, Huawei, Lenovo</td>
</tr>
<tr>
<td>OIS Actuator</td>
<td>MCNEX, CAMMSYS, CRESYN</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Diversification of the portfolio through high technology

HYSONIC AF applies to all products in the af function camera

<table>
<thead>
<tr>
<th>Creation of new market</th>
<th>Diversification of the portfolio by AF tech.</th>
</tr>
</thead>
<tbody>
<tr>
<td>OIS Actuator for mobile phone</td>
<td>Smart Toy</td>
</tr>
<tr>
<td>HAPTIC Actuator Module</td>
<td>- Appcessory for smart phone that convergence VCM technological and smart phone Application</td>
</tr>
<tr>
<td>3D Motion Switch</td>
<td>Car Linear VCM</td>
</tr>
<tr>
<td></td>
<td>- Safety components to be applied to the accelerator</td>
</tr>
<tr>
<td></td>
<td>LDWS(Lane Departure Warning System)</td>
</tr>
<tr>
<td></td>
<td>- Lane departure warning device</td>
</tr>
<tr>
<td></td>
<td>VCM for DSLR</td>
</tr>
</tbody>
</table>
HYSONIC
Strong company which had growth potential & stability

Investment Highlight

Expansion of business range and market-leading based on technology

1. Rapid growth of the smartphone / tablet market
2. Lead the market on the basis of the excellent R&D capability
3. Cost savings through the production of Philippines Factory
4. Market share increase by the customers diversification
5. Portfolio diversification and expansion of AF applies
6. Expansion of overseas sales and globalization
Appendix

- Balance Sheet
- Income Statements
## Balance Sheet

<table>
<thead>
<tr>
<th>Account</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td>29,635</td>
<td>22,934</td>
<td>16,091</td>
</tr>
<tr>
<td><strong>Non current assets</strong></td>
<td>12,348</td>
<td>24,531</td>
<td>28,648</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td>41,983</td>
<td>47,465</td>
<td>44,739</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td>9,175</td>
<td>10,157</td>
<td>16,526</td>
</tr>
<tr>
<td><strong>Non current liabilities</strong></td>
<td>3,005</td>
<td>2,846</td>
<td>871</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td>12,180</td>
<td>13,003</td>
<td>17,398</td>
</tr>
<tr>
<td>Capital stock</td>
<td>3,391</td>
<td>3,550</td>
<td>5,322</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>20,355</td>
<td>21,443</td>
<td>19,591</td>
</tr>
<tr>
<td>Other capital surplus</td>
<td>-629</td>
<td>-629</td>
<td>-632</td>
</tr>
<tr>
<td>Accumulated other comprehensive income</td>
<td>929</td>
<td>534</td>
<td>-696</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>5,757</td>
<td>9,564</td>
<td>3,756</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>29,803</td>
<td>34,462</td>
<td>27,341</td>
</tr>
<tr>
<td>Liabilites &amp; Equity</td>
<td>41,983</td>
<td>47,465</td>
<td>44,739</td>
</tr>
</tbody>
</table>
## Income Statements

### Income statement & Expectation

(unit: Mil.KRW)

<table>
<thead>
<tr>
<th>Account</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Rate</td>
<td>Amount</td>
</tr>
<tr>
<td>Sales</td>
<td>49,666</td>
<td></td>
<td>48,336</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(45,295)</td>
<td>91%</td>
<td>(37,219)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>4,371</td>
<td>9%</td>
<td>11,117</td>
</tr>
<tr>
<td>Selling and administrative expenses</td>
<td>(2,725)</td>
<td>6%</td>
<td>(3,553)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>1,646</td>
<td>3%</td>
<td>7,564</td>
</tr>
</tbody>
</table>
Thank you

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