

Investor Relations 2018

3Q 2018



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I. Company Overview

1-1. Corporate Information

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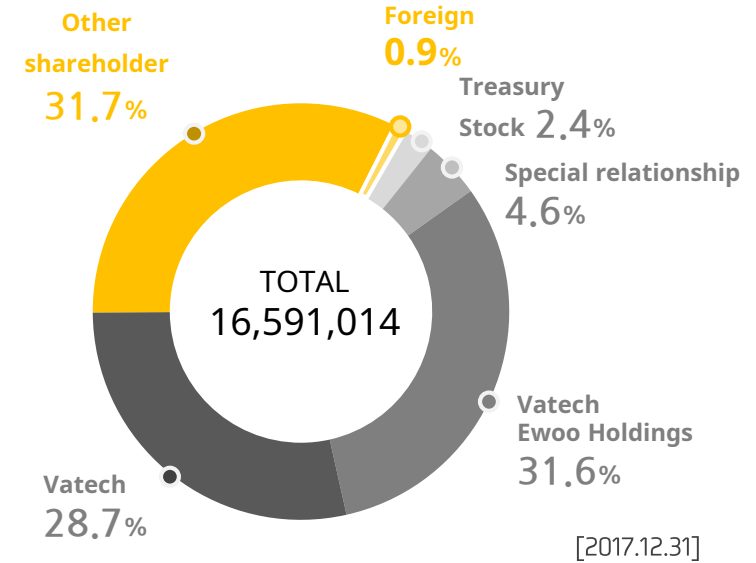
Korea No.1 Flat Panel Digital X-ray Detector Maker

[Corporate Data]



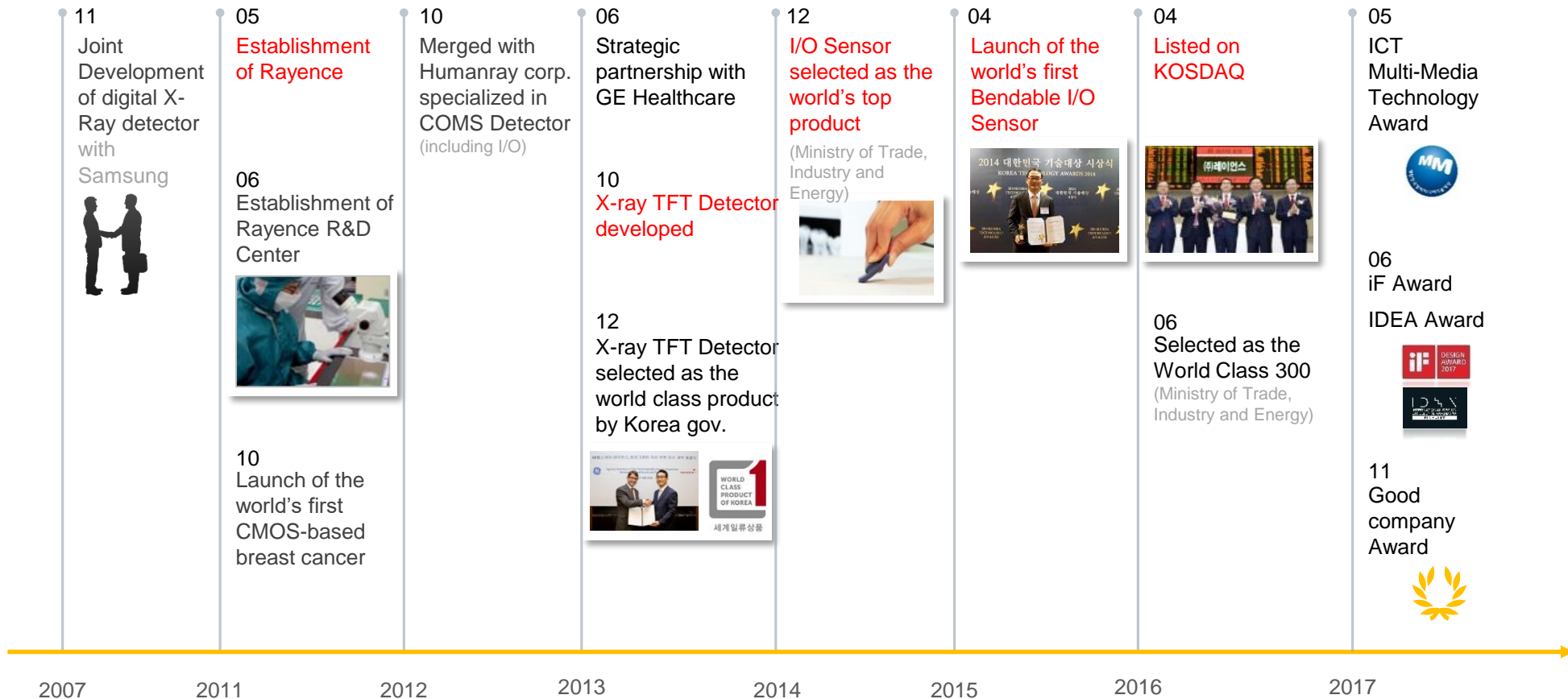
Company	Rayence Co.,Ltd
Foundation / IPO	'11. 05. 02 / '16. 04. 11(228850.KQ)
CEO	Kim Tae Woo
Employee	222
Capital	KRW 8,296,000,000 (USD 7,541K)
Products	TFT-CMOS Detector, I/O Sensor, etc.
Location	14, Samsung 1ro 1gil Hwaseong-si, Gyeonggi-do, Korea

[Shareholder Information]



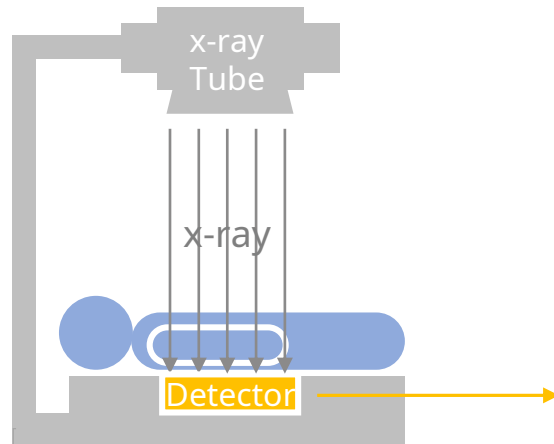
Shareholder	# of Shares	%
Major Shareholder & Related Parties	10,777,455	65.0%
Treasury Stock	404,792	2.4%
Foreign	142,144	0.9%
Others	5,266,623	31.7%
Total	16,591,014	100.0%

Be The Global DR imaging Leader via New business and products



To secure source technology and cost competitiveness via In-house technology and vertical integration

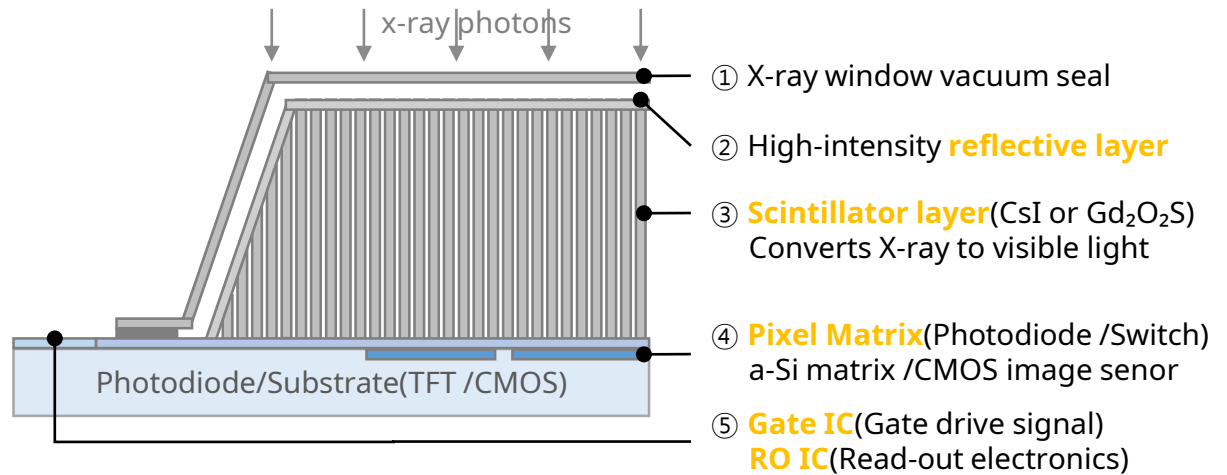
[Digital X-ray System]



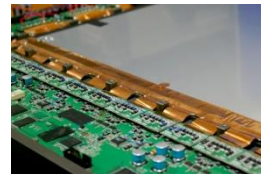
-
- ① Medical
 - ② Dental
 - ③ Industrial
 - ④ VET

[Technologies of Digital X-ray Detector]

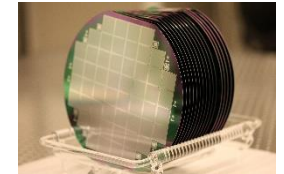
Rayence has Internalized All Technologies for FPD



a-Si matrix array : passive pixel
Photodiodes convert light into electrons
+ **one TFT switch per pixel**



CMOS image sensor : active pixel
Photodiodes convert light into electrons
+ **several transistor per pixel**



1-4. Products & Applications

	TFT Detector (Based on Thin Film Transistor Detector)	CMOS Detector (Based on Crystalline Silicon Wafer Detector)
Strengths	Very Large Panel / Simple / Economical	High Speed & Resolution / No Image Lag
Weaknesses	Low Resolution / Image Lag / Slow	Limited Size (Needs Sensor tiling) / Expensive
Products		

Applications

Medical	<p>General Radiography</p> <p>Mobile X-Ray</p>	<p>Surgical c-arm</p> <p>Mammography</p>
Dental		<p>Dental 2D/3D</p> <p>Dental IOS</p>
Industrial	<p>NDT Portable</p> <p>Security/EOD</p>	<p>Automatic X-ray Inspection (SEMI/Battery/Die-Casting)</p>
VET	<p>Small Animal</p> <p>Equine</p>	<p>VET IOS</p>

II. Market Trend & Competitiveness



2-1. Our Sustainable Market

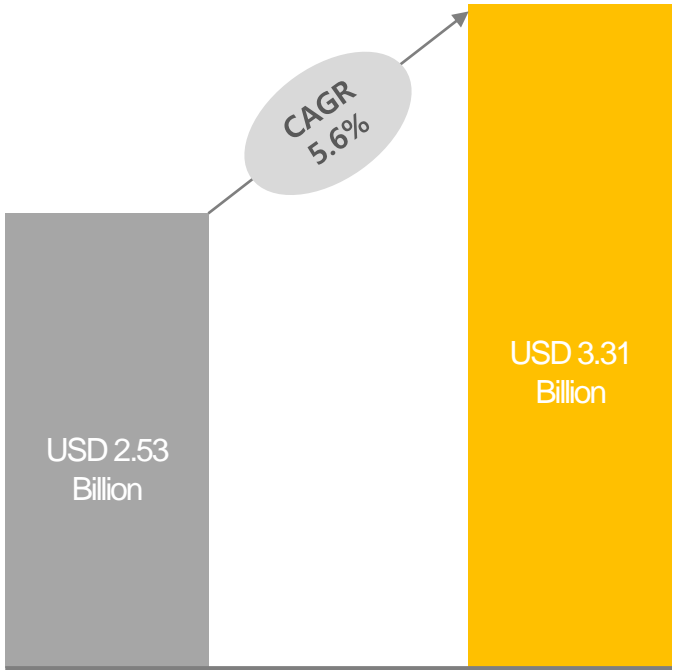
2-2. Our Strengths

2-3. Our Growth Driver

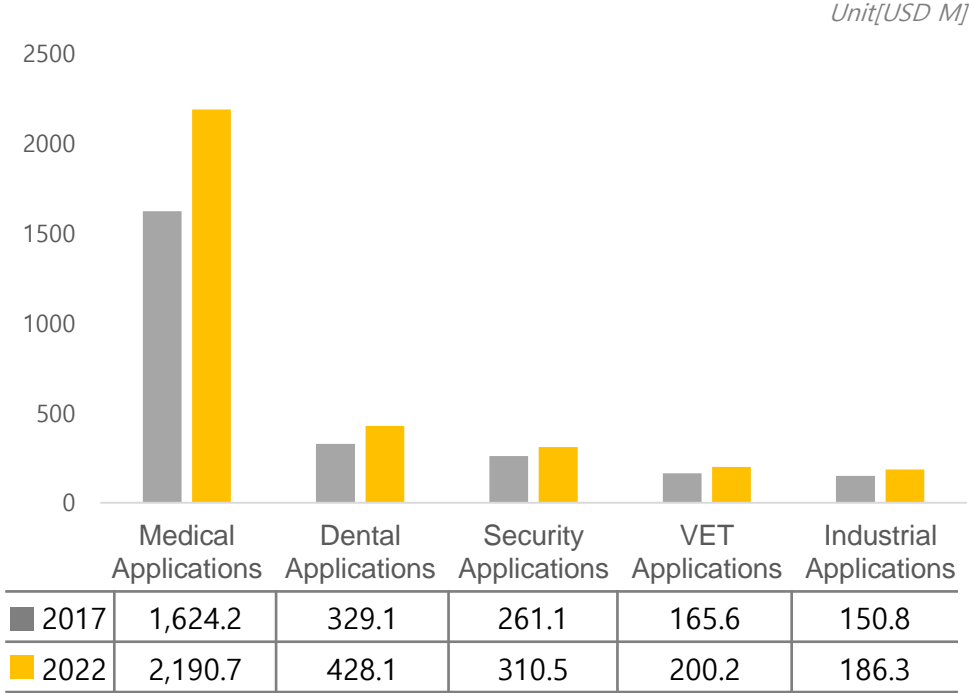
2-1. Our Sustainable Market

Global X-Ray Detectors Market's CAGR is 5.6% by 2022

[Global X-RAY Detectors market TOTAL]



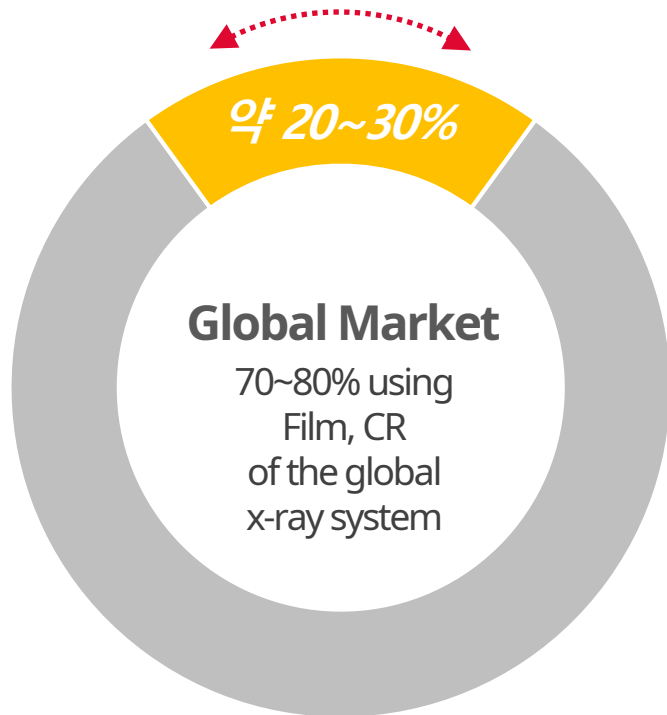
[BY APPLICATION]



* Source: Market and Market

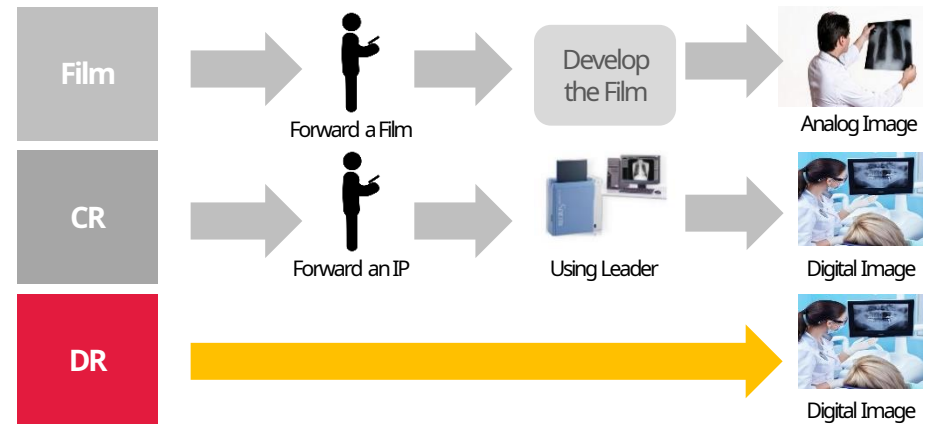
Market share of using DR is 20 ~ 30% of X-ray system

[Trend of change to the flat panel detector]



* Source: Global Data and stock firm

[Type of Detector]



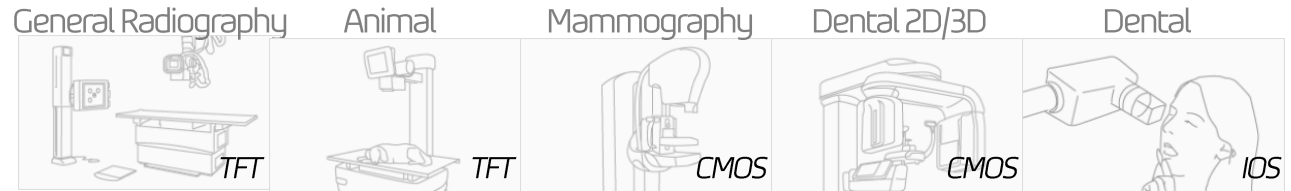
	Film	CR	DR
Time for getting image	Slow	Normal	FAST
Image processing	X	O	O
Dynamic Range	Narrow	Wide	Wide
Cost (Invest side)	Low	Normal	High
Cost (Managing side)	High	Normal	Low

2-2. Our Strengths

Only One Manufacturer

Both TFT/CMOS Detector and IOS

Can provide **Varied & Customized Products**



Vertical Integration & Internalized Process

Design & Material processing

Having more **Competitive Cost Advantages**






IOS (Intra Oral Sensor) No.1 Manufacturer

Capacity & Volume Sales

Customer & Application diversification



Create New Growth Engine via CMOS Detectors

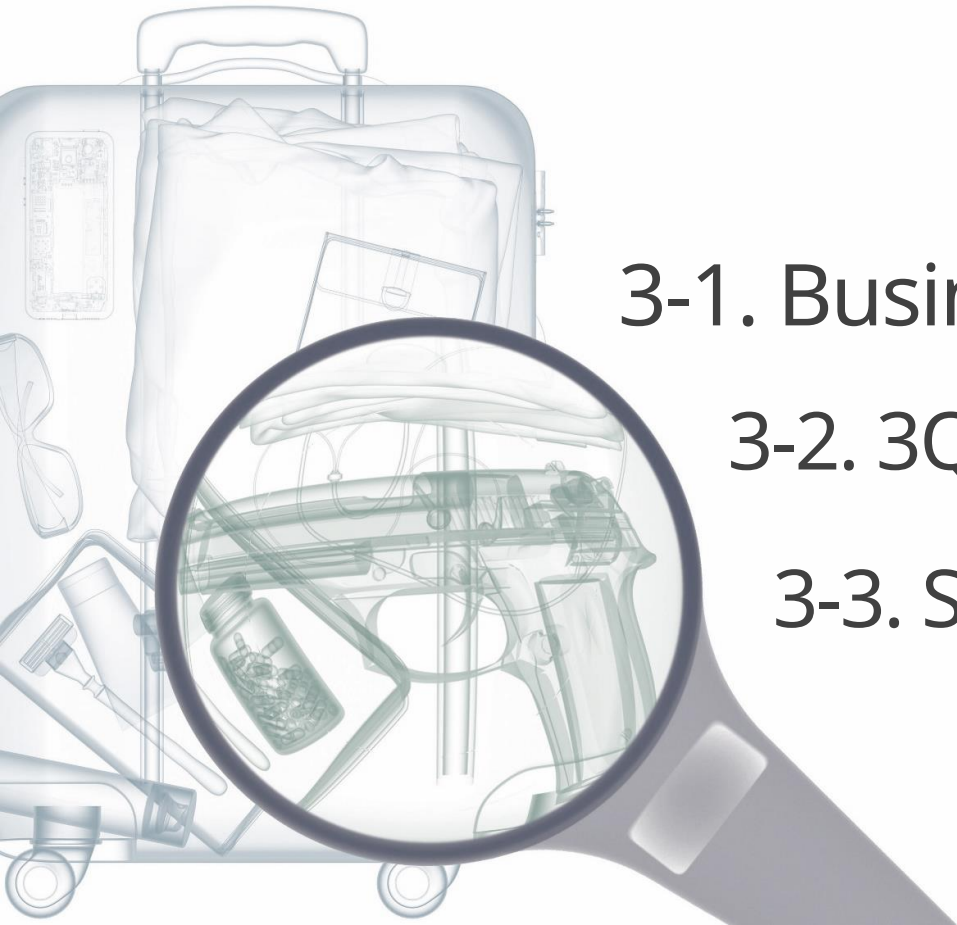
Medical	Dental	Industrial
<p>Expand High-valued CMOS Line up</p>	<p>Diversification of EOS / IOS customers</p>	<p>Develop & penetrate new market via new products</p>
<p>1. Penetrate specialized medical Market</p> <ul style="list-style-type: none"> - surgical c-arm Market <i>[c-arm]</i> *’18y → ’20y Global c-arm Market Forecasting (483m\$ → 507m\$)  - Develop Mammo Retrofit market <i>[Mammo]</i> *’18y → ’20y Global Mammo Market Forecasting (1,207m\$ → 1,338m\$)  <p>2. Promote High-valued <i>[Radiotherapy]</i> TFT business</p> <ul style="list-style-type: none"> - Develop & Penetrate Radiotherapy system market  <p>3. Tackle to TFT Retrofit market of Central and South America</p> <ul style="list-style-type: none"> - Via OSKO's local manufacturing system 	<p>1. Success to penetrate China dental CMOS market</p> <ul style="list-style-type: none"> - Discovered new Chinese customer (Be the No.1 DR manufacturer in China) - Expand sales of CMOS detector via global new customer <div data-bbox="828 768 1321 911" style="text-align: center;"> <p>vatech → ODM / OEM</p> </div> <p>2. Strengthen global market dominance of IOS</p> <ul style="list-style-type: none"> - Tackle the Global Big 2 Market (USA&China) & EU market <div data-bbox="866 1139 1239 1343" style="text-align: center;"> <p>"The world's first bendable IOS"</p> <p>robust against shock water proof IP68 certificated 2mm bendable World's smallest pixel size</p> </div>	<p>1. Achieve global #1 M/S in x-ray electronic inspection market</p> <ul style="list-style-type: none"> - Penetrate to high class SEMI. inspection system market (High sensitivity, High resolution, High-voltage) - Release new products for In-line TDI inspection for rechargeable batteries <div data-bbox="1452 851 1829 1048" style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p><i>[Batteries]</i></p> </div> <div style="text-align: center;"> <p><i>[LED]</i></p> </div> </div> <p>2. Develop new products for food & Die-casting inspection market</p> <div data-bbox="1446 1176 1823 1348" style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p><i>[Food]</i></p> </div> <div style="text-align: center;"> <p><i>[Aerospace]</i></p> </div> </div>

III. Financial Status

3-1. Business Performance

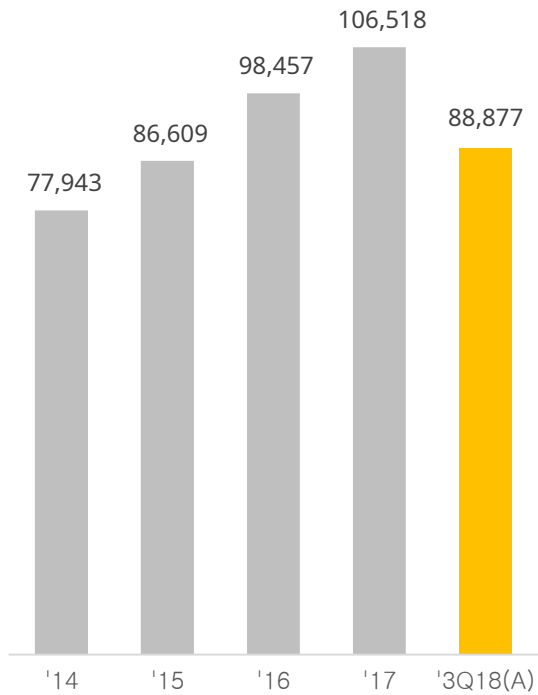
3-2. 3Q18 Financial Highlights

3-3. Sales Breakdown

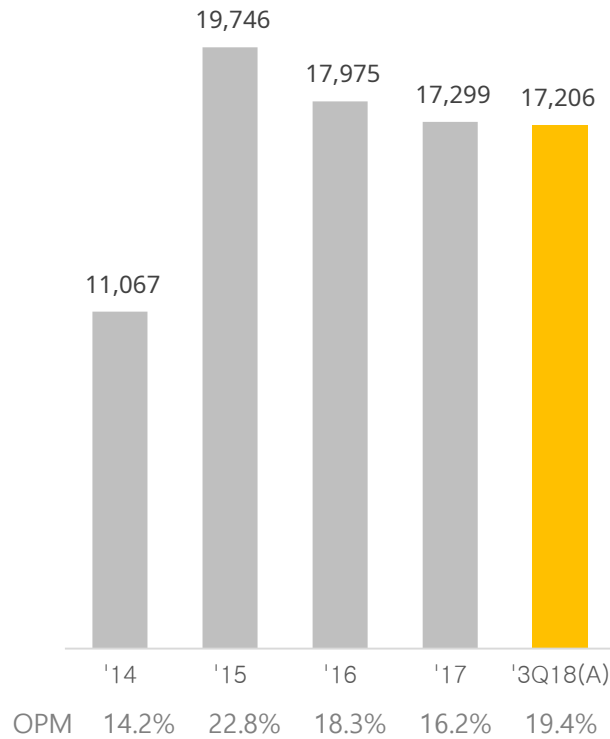


3-1. Business Performance

[Sales]



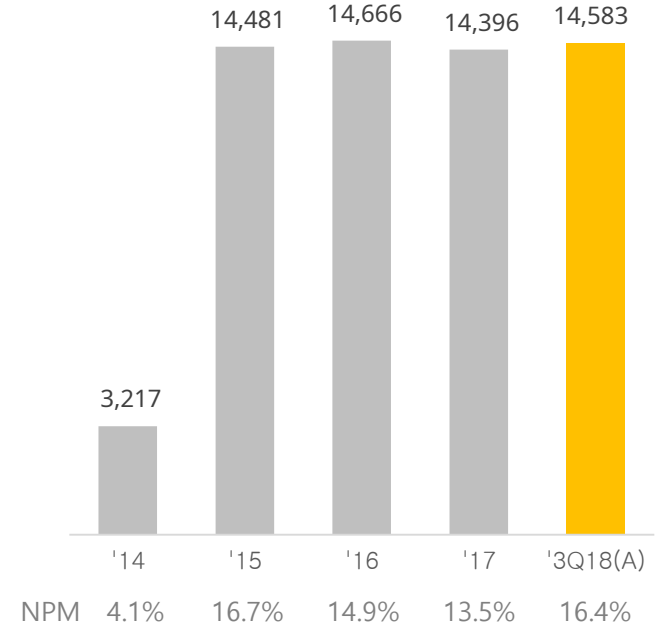
[Operating Income]



OPM 14.2% 22.8% 18.3% 16.2% 19.4%

[Net Income]

[KRW Million]



NPM 4.1% 16.7% 14.9% 13.5% 16.4%

3-2. 3Q18 Financial Highlights

3Q18 Sales **29.7Wbn**, Operating Income **5.7Wbn(OPM 19%)**, Achieved historical performance in 3Q

Sales

- Achieved Sales 29.7Wbn, Operating Income 5.7Wbn(OPM 19%)
 - Sales increased 0.3 Wbn, yoy 1.1%
 - Achieved historical performance in 3Q
- CMOS detectors Sales was increased In China for dental and EU Semiconductor / PCB inspection
- By region, the sales of EU and Asia, Africa was increased
- By Applications, the sales of CMOS for dental and industrial was increased yoy 61%, 125%

Income

- The performance was driven in CMOS sales due to increased demand for dental CMOS among major players and new player in global healthcare sector
 - TFT sales : 11.2 Wbn (yoy -25%)
 - CMOS sales : 14.1 Wbn (yoy +53%)
 - IOS sales : 1.8 Wbn (yoy -62%)
 - Others sales : 2.6 Wbn (yoy +311%)

[KRW Million]

Account	3Q17		2Q18		3Q18		QoQ	YoY
							(%)	(%)
Sales	29,334	100.0%	30,749	100.0%	29,655	100.0%	-3.6%	1.1%
Cost of sales	17,814	60.7%	18,771	61.0%	18,036	60.8%	-3.9%	1.3%
Gross margin	11,521	39.3%	11,978	39.0%	11,618	39.2%	-3.0%	0.8%
SG&A	6,252	21.3%	5,603	18.2%	5,968	20.1%	6.5%	-4.5%
Operating Income	5,269	18.0%	6,375	20.7%	5,651	19.1%	-11.4%	7.2%
Net Income	4,244	14.5%	5,578	18.1%	4,425	14.9%	-20.7%	4.3%

3-3. Sales Breakdown

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(KRW Million)

Biz	3Q17		2Q18		3Q18				3Q17(A)		3Q18(A)		
	Sales	%	Sales	%	Sales	%	qoq	yoy	Sales	%	Sales	%	yoy
TFT	14,932	50.7%	14,532	47.3%	11,160	37.6%	-23.2%	-25.3%	38,753	48.1%	37,899	42.6%	-2.2%
CMOS	9,202	31.2%	11,733	38.2%	14,092	47.5%	20.1%	53.1%	25,227	31.3%	35,851	40.3%	42.1%
IO	4,686	15.9%	3,536	11.5%	1,776	6.0%	-49.8%	-62.1%	14,812	18.4%	10,848	12.2%	-26.8%
Others	639	2.2%	949	3.1%	2,627	8.9%	176.8%	311.0%	1,831	2.3%	4,279	4.8%	133.7%
TOTAL	29,460	100.0%	30,749	100.0%	29,655	100.0%	-3.6%	0.7%	80,624	100.0%	88,877	100.0%	10.2%

(KRW Million)

Applcation	3Q17		2Q18		3Q18				3Q17(A)		3Q18(A)		
	Sales	%	Sales	%	Sales	%	qoq	yoy	Sales	%	Sales	%	yoy
Medical	12,260	41.6%	11,148	36.3%	9,335	31.5%	-16.3%	-23.9%	33,934	42.1%	31,431	35.4%	-7.4%
Dental	12,214	41.5%	13,213	43.0%	14,003	47.2%	6.0%	14.7%	33,905	42.1%	41,008	46.1%	21.0%
Industrial	4,151	14.1%	3,174	10.3%	3,215	10.8%	1.3%	-22.5%	8,291	10.3%	7,985	9.0%	-3.7%
VET	836	2.8%	3,214	10.5%	3,102	10.5%	-3.5%	271.1%	4,494	5.6%	8,453	9.5%	88.1%
TOTAL	29,460	100.0%	30,749	100.0%	29,655	100.0%	-3.6%	0.7%	80,624	100.0%	88,877	100.0%	10.2%

3-3. Sales Breakdown @ Region

▶ **Asia**

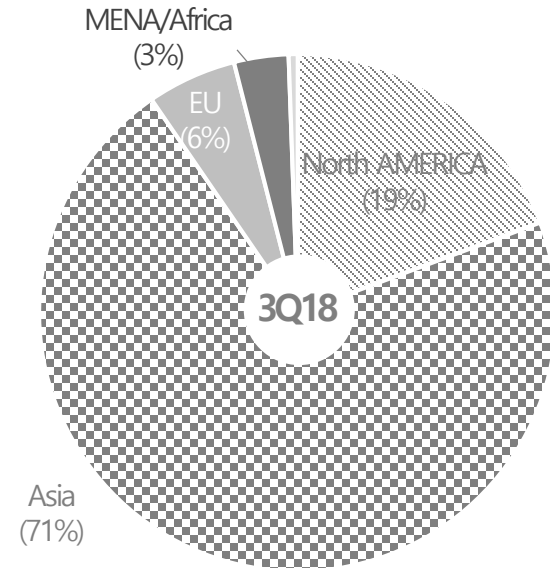
- CMOS detector for dental sales increased yoy 334% via new Chinese customer

▶ **EU**

- CMOS detector for industrial sales increased yoy 165%
Rayence's M/S was increased in customer's site

▶ **MENA/Africa**

- CMOS detector for industrial sales increased yoy 398%



(KRW Million)

구분	3Q17		2Q18		3Q18				3Q17(A)		3Q18(A)		
	Sales	%	Sales	%	Sales	%	qoq	yoy	Sales	%	Sales	%	yoy
North Amer.	10,540	35.8%	9,140	29.7%	5,733	19.3%	-37.3%	-45.6%	24,465	30.3%	22,257	25.0%	-9.0%
Asia	17,592	59.7%	19,279	62.6%	21,085	71.1%	9.4%	19.9%	51,322	63.7%	59,352	66.8%	15.6%
E.U	981	3.3%	2,155	7.0%	1,659	5.6%	-23.0%	69.1%	4,170	5.2%	5,801	6.5%	39.1%
Africa/ MENA	184	0.6%	94	0.3%	1,010	3.4%	971.6%	449.8%	296	0.4%	1,198	1.3%	305.0%
Oceania	163	0.6%	117	0.4%	168	0.6%	43.6%	3.1%	371	0.5%	307	0.3%	-17.3%
TOTAL	29,460	100.0%	30,786	100.0%	29,655	100.0%	-3.7%	0.7%	80,624	100.0%	88,914	100.0%	10.3%

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경기 화성시 삼성1로1길 14 (18449) T : 031-8015-6420 www.rayence.com
14, Samsung 1-ro 1-gil, Hwaseong-si, Gyeonggi-do 18449, Korea

Appendix 1. 3Q18 Income Statement

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[KRW Million]

Account	3Q17		2Q18		3Q18		QoQ (%)	YoY (%)	3Q17(A)		3Q18(A)		YoY (%)
Sales	29,334	100.0%	30,749	100.0%	29,655	100.0%	-3.6%	1.1%	80,584	100.0%	88,877	100.0%	10.3%
COGS	17,813	60.7%	18,771	61.0%	18,036	60.8%	-3.9%	1.3%	49,096	60.9%	54,404	61.2%	10.8%
Gross Profit	11,521	39.3%	11,978	39.0%	11,618	39.2%	-3.0%	0.8%	31,488	39.1%	34,474	38.8%	9.5%
SG&A	6,252	21.3%	5,603	18.2%	5,968	20.1%	6.5%	-4.5%	17,924	22.2%	17,268	19.4%	-3.7%
Operating Income	5,269	18.0%	6,375	20.7%	5,651	19.1%	-11.4%	7.2%	13,563	16.8%	17,206	19.4%	26.9%
Other Operating Expense	(79)	-0.3%	462	1.5%	32	0.1%	-92.9%	141.3%	(798)	-1.0%	422	0.5%	152.8%
Other Non-operating Expense	240	0.8%	343	1.1%	126	0.4%	-63.3%	-47.6%	325	0.4%	791	0.9%	143.2%
Income Before Tax	5,430	18.5%	7,180	23.3%	5,809	19.6%	-19.1%	7.0%	13,090	16.2%	18,419	20.7%	40.7%
Income Tax Expense	1,186	4.0%	1,602	5.2%	1,384	4.7%	-13.6%	16.7%	2,555	3.2%	3,836	4.3%	50.1%
Net Income	4,244	14.5%	5,578	18.1%	4,425	14.9%	-20.7%	4.3%	10,535	13.1%	14,583	16.4%	38.4%

Appendix 2. Balance Sheet Summary

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(백만원)

Account	3Q18	FY 2017	FY 2016
Current assets	146,151	140,585	136,127
Cash and cash equivalents	14,996	20,740	9,093
Short-term deposits not classified as cash equivalents	62,042	69,406	76,013
Short-term trade Receivable	35,059	18,253	21,841
Inventories	27,783	27,316	24,926
Other current assets	6,271	4,871	4,253
Non-current assets	55,536	55,865	54,231
Property, plant and equipment	32,501	34,370	34,506
Intangible assets	21,603	20,414	18,299
Other non-current assets	1,432	1,080	1,427
Total assets	201,687	196,450	190,358
Current liabilities	16,297	17,584	20,514
Short-term trade Payables	7,330	6,540	7,986
other current payables	2,331	3,755	3,906
Short-term borrowings	2,364	5,324	5,710
Other current liabilities	4,272	1,964	2,911
Non-current liabilities	2,510	1,884	3,796
Long-term borrowings, gross	-	472	2,082
Post-employment benefit obligations	1,233	828	1,472
Other Non-current liabilities	1,277	584	242
Total liabilities	18,807	19,467	24,310
Equity			
Equity attributable to owners of parent	182,333	176,641	165,421
Issued capital	8,296	8,296	8,296
Share premium	107,298	107,298	107,298
Elements of other stockholder's equity	(13,653)	(6,677)	(4,532)
Other Comprehensive income/loss accumulated amount	80	24	381
Retained earnings	80,312	67,700	53,979
Non-controlling interests	547	343	627
Total equity	182,880	176,983	166,048
Total equity and liabilities	201,687	196,450	190,358