



MCNEX(097520.KQ)

Analyst Moon/yongkwan

BUY(NEW)

Price (10/15) 24,200 won

Target Price (12M) 31,000 won

Camera module manufacturer for mobile and automotive devices

The main products are smart phones camera module and an actuator, automobile camera module, biometric identification module (fingerprint, iris recognition), and others. As of 1H19, percentage of sales for each application is 90% for Smartphones and 8.5% for cars. customers are Samsung Electronics(82.7%) and Hyundai Mobis(7.5%).

Multi-camera and fingerprint recognition extension expected to be applied to 2H19

The expansion of multi-cameras with Samsung Electronics' mid- and low-priced lineup drives the performance of the 1H19. Samsung Electronics' multi-camera mounting rate is in the mid-50% range, still lower than Huawei and Xiaomi (80%). In order to strengthen competitiveness in emerging countries that are driving global demand for smartphones such as India and Eastern Europe, the number of multi-camera payloads and optical fingerprint

recognition modules will increase in 2020. In addition, the company expects to improve its external growth and mid- to long-term cost competitiveness by operating its 4Q19 Vietnam 4 plant (TOF camera, OIS actuator).

In addition, Europe has made it mandatory to monitor driver status. Major manufacturers such as Subaru and Volvo decide to build interior cameras for vehicles. This change will lead to camera growth for stationary vehicles.

Expect growth for both cell phones and car cameras

Competitive edge in both areas for mobile phones and vehicles compared to competitors will be a factor that differentiates the company in the future. To this end, the company will open its coverage with the purchase of investment opinions, and the target stock price of 3.1 million won will be offered. Target stock price is applied to 6 times average price of Fwd12M PER at 5,090 won diluted EPS since 2014 in order to reflect concerns caused by Samsung Electronics' strategy of expanding ODM)