

Portfolio Company Background:

Sector	Industry	Business Portfolio	Key Customers
Hardware Component	Mobile/IoT component & device design & manufacturing	<ul style="list-style-type: none"> - Mobile components: FPM (fingerprint module), electronic smart cover case, slim touch screen module, flat panel display staking/bonding, battery pack, OLED module - IoT device: wireless audio headsets, wearables, hearable device, and smart home/car applications 	<ul style="list-style-type: none"> - Mobile components: LG Electronics, LG Display, FIH, HTC, and Japanese OEMs - IoT device: LG Electronics, Fossil, Kolon Wellcare

Deal structure:

Deal Size	\$17.0 million
BRV Lotus Fund II Commitment	\$17.0 million
Co-Investor(s)	N/A
Target Equity Position	<ul style="list-style-type: none"> - 1st Tranche: BRV Fund II acquires control stake from SCG (Seoul City Gas) in October 2015, for \$17 million (43.32% of Suntel's ownership) - 2nd Tranche: three way merger between Suntel, SCGD, and VisionScape in July 2016 (BRV Fund II ends up with 25.82% of Suntel's total shares)
Investment Form	Common Shares
Investment Strategy	Growth Equity
Deal Closing Date	<ul style="list-style-type: none"> - 1st tranche October 2015 - 2nd tranche July 2016
Sourcing Background	Unique opportunity to acquire Suntel's control stake as the existing largest stake holder (Seoul City Gas) decided to exit from the IT industry, focus on their core business which is industrial gas. BRV has built strong expertise in the mobile component space since its founding in 1998, and developed proprietary restructuring/consolidation initiatives including new top management buildout, new business development and global expansion
Deal Team	SJ Lee, Kwan Yoon, and Scott Ryu
Board Seat	2 seats (SJ Lee and Scott Ryu)

Industry overview:

Key Players	Crucialtec, Bluecom, Partron and Emtech
Market Size	<ul style="list-style-type: none"> - Growth of smartphone market: 1,220mm shipments in 2016 → 1,642mm shipments expected in 2020 (CAGR 6%) - Growth of smartphone utilizing FPM (fingerprint module): 553mm shipments in 2016 → 1,233mm shipments expected in 2020 (CAGR 22%) - Growth of Bluetooth headset market: 36mm shipments in 2016 → 42mm shipments in 2020 (steady growth of CAGR 4%; LG Electronics is a clear winner in the Bluetooth headset category in the US with more than 40% market share) - Growth of wearable market: 46mm shipments in 2015 → 126mm expected in 2019 (sharp growth of CAGR 45%) - With growing number of mobile payment users, FPM (fingerprint module) technology is expected to expand into ATMs, other IoT devices, and home networking.

	<ul style="list-style-type: none"> - As technology for Bluetooth and wireless devices continues to develop, traditional users of headphones and earphones are expected to migrate to more wireless technology. Because small wireless audio devices require more complicated HW/SW design and integration, technology entry barrier still remains high to deliver high quality audio and wireless connectivity in a slim and compact form factor. - Wearable market has been steadily expanding, especially due to wristband/watches that incorporate healthcare and fitness tracking capabilities. Its applications are rapidly expanding into smart home, smart car and smart office areas which require new innovations around supply chain, product design process and sales/distribution models.
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Investment Thesis:

Solid Baseline	<ul style="list-style-type: none"> - Suntel successfully exited from its low margin touch screen business in 2016 post BRV's investment, which required substantial restructuring of assets and headcount in Korea and China. - The company has started to develop a robust line of new businesses post the merger transaction in July of 2017 (IoT, electric car, battery packing, OLED display components, finger print sensor modules, wireless audio products, and etc.), and secured over \$150+ million firm purchase orders for 2017, and projects over \$300m for 2018. - Sticky and long customer relationships: Suntel successfully acquired the "strategic vendor" status in 2008, and has secured stable and firm purchase orders (min 30-60% market share within LGE). Suntel has the 1st look at all the new initiatives (in the mobile component area) LGE architects from on-start of product planning to development. - Extensive product development and engineering service experiences with a number of global OEMS such as LG, LG Display, Nokia, Sony Ericsson, Motorola/Google, Apple, Fossil (Misfit), Hitachi, Panasonic and HTC. - High entry barrier technology portfolio – advanced ANC (active noise cancelation), micro pressure sensors, OLED stacking, CNT based touch panel, and etc. - Cost efficient and (dynamic demand base) scalable manufacturing operation system in China and Vietnam - Deep OEM/ODM business experience through acquisition of VisionScape which enables wider collaboration and partnership opportunities with global fashion and home furnishing brands
Growth Initiatives	<ul style="list-style-type: none"> - Expected 2017 shipment to LG Mobile: <ul style="list-style-type: none"> • 11.64 million units (about \$60 million) finger print modules • 5.25 million units (about \$40 million) smart cover case design/mfg • 1.1 million units (about \$30 million) next gen Bluetooth headsets for US market - Expected 2017 shipment to non-LG: <ul style="list-style-type: none"> • Finger Print Modules through Wingtech, Longcheer, FIH, HTC: 7.25 million shipments expected (about \$30 million) • Wearables with activity tracker capabilities through Fossil, Kolonwellcare, etc.: 828,000 shipments expected (about \$15 million) • Currently in development of emergency backup battery packs for automotive makers, utilizing LG Chem's battery cells; customers include LG Chem, LG Electronics, and GM for 2018. Leveraging its technology for backup battery, Suntel expects to expand to automotive main battery pack and wireless connectivity module businesses

	<ul style="list-style-type: none"> In product development for healthcare devices (including portable blood pressure readers), utilizing existing OEM/ODM technology from VisionScape BRV recently brought in Paul Sang, new CEO, who has already completed corporate restructuring and reorganization, signed \$150m plus purchase order from tier one customers, and he is building a solid revenue pipeline for 2018 which is forecasted to be over \$300m plus (which BRV has not approved/reviewed in depth yet).
Management Team	<ul style="list-style-type: none"> Paul Sang, new CEO for Suntel was the ex-head of Products at LG Mobile. He led development of mega hit phones during his tenure including the "Prada Phone" and the "Chocolate Phone". Paul recently brought in senior management team from LGE, to oversee product development and global production for Suntel.
BRV Value-Add	<ul style="list-style-type: none"> Lead new customer introductions in China, US, and Japan leveraging strong sector expertise and deep access to top management of various global OEMs Advise on new product development roadmapping, cost control, differentiated supply chain development in Vietnam and China Accelerate next-generation tech development - for example, fingerprint recognition module (helping with securing a new partner Swedish FPC, a fingerprint sensor manufacturer), OLED module business (serving top 2 global OEMs), and wireless audio products (deep collaboration with tier one fashion brands and speaker brands)
Attractive Valuation	<ul style="list-style-type: none"> Attractive entry valuation at \$66m USD vs. \$500m+ IPO exit value (1H2019)

Company Financials:

(in USD mm)	FY2015	FY2016	FY2017	FY2018
	FY2015(A)	FY2016(E)	FY2017(E)	FY2018(E)
Revenue	103.0	65.4	178.8	316.0
YoY (%)	-48.3%	-36.5%	173.5%	76.7%
EBITDA	1.6	-13.6	13.3	26.9
EBITDA Margin (%)	1.5%	-20.8%	7.5%	8.5%
Net Profit	-4.9	-19.2	6.8	16.7
NP Margin (%)	-	-	3.8%	5.3%

Exit Profile

Expected Return	2.8 – 5x
Minimum IRR (worst case)	29.0%
Expected Exit Timing	1H2019
Exit Strategy	IPO in Korea