

South Korea

Asian tiger still roaring

South Korea has long been considered one of the economic giants of Asia, aided by a high-tech manufacturing sector and strong exports in areas like electronics. In recent years the Korean economy has continued to expand, with 2021 seeing the fastest annual growth rate in over a decade. Growth is predicted to drop slightly in 2022, hit by global headwinds like rising inflation and the war in Ukraine, but is still expected to come in at a healthy 2.6%.

South Korea has a strong, open and trade-dependent economy, with political parties fostering long-term economic growth. In June, South Korean President Yoon Suk-yeol promised to remove outdated regulations that he said were hindering new businesses, while also calling for an immediate start to reforms of labor practices, as well as the education system and pension program. This came as he introduced his new government's economic policy framework, which would involve lowering the cost of living by helping reduce private sector production costs.

Yoon, a former prosecutor-general and a relative newcomer to the world of politics, became South Korea's president in May 2022, and is positioning himself as a strong, conservative leader. He built his platform on fighting corruption and creating a more level economic playing field, while also seeking a tougher line on North Korea.

In his victory speech upon winning the presidential election, Yoon told supporters that he would "pay attention to people's livelihoods, provide warm welfare services to the needy, and make utmost efforts so that our country serves as a proud, responsible member of the international community and the free world".

It is a message that will increasingly resonate with people as inflation



Yoon Suk-yeol
President of South Korea

rises and global tensions persist.

Economically, South Korea is doing well. The country boasted record-high merchandise exports in 2021, worth \$645 billion. At the same time, just under 40% of the country's GDP comes from its industrial sector, with manufacturing alone accounting for 28% of GDP in 2021, according to the Bank of Korea.

Those involved in business in South Korea see an increasingly welcoming country for businesses. "We have a lot of regulations, but I think the new government is more open to being corporate friendly," says Walter Cho, the chairman and CEO of Hanjin Group, one of the largest family owned firms in South

Korea, which owns Korean Air, South Korea's largest airline and flag carrier.

"When people talk about Asia, people usually talk about China," Cho adds. "Less people talk about Korea. Our economy is very big; we've been growing so fast and we've been growing internally, strengthening the country, for the past 70 years. We are very close to China and are very accessible to other parts of Asia. Geographically we are in a good position," he says.

With industry leaders like Samsung Electronics, South Korea has long been seen as a major player in the information and communications technology space. However, it has ambitions to grow even larger.

In 2020, the Korean government at the time launched the Korean New Deal, with the aim of developing Korea's digital capabilities in the post-COVID-19 era, and cementing the country's position as a global leader in the space. An updated plan, released in July 2021, further highlighted the goal of being a global leader in areas like 5G and artificial intelligence (AI).

The Korean New Deal aims to transform the economy, making it greener and more digital, with the South Korean government targeting 903,000 new jobs by 2025 alone.

Another area that is likely to see significant investment is energy, with the Korean Minister of Trade, Industry and Energy, Lee Chang-yang, announcing in July 2022 that plans are underway for the nurturing of about 5,000 energy innovation startups via a \$378 million fund, regulatory adjustments, as well as new opportunities to work in tandem with public companies.

In July, President Yoon vowed to reverse a former policy of phasing out nuclear power, with the government set to provide the equivalent of \$99 million

for companies working in the nuclear power industry. Yoon said that he wants to see nuclear power generating more than 30% of the country's energy by 2030, boosting its energy security and helping to meet carbon-cutting goals. Work on two major reactors - the Shin Hanul 3 and 4 reactors - could resume as early as 2024.

The country's defence industry has also been growing strongly. In 2000, South Korea ranked 31st on the list of global arms exporters, according to the Stockholm International Peace Research Institute (SIPRI). By 2021 it had reached eighth place, with arms exports rising 177% between 2017 and 2021. Defence exports are predicted to surpass \$10 billion this year.

Yoon has also previously stated his desire for South Korea to join the Quadrilateral Security Dialogue (Quad), a diplomatic network that consists of Australia, India, Japan and the United States and which aims to promote a free, open, prosperous and inclusive Indo-Pacific region. Some view the Quad as a counter to China's growing influence in the region, though Yoon has

stressed that relations between South Korea are and must remain strong.

"When it comes to economic issues, South Korea and China are important trade partners to each other," he told the Washington Post in an interview shortly before taking office.

When it came to a timeline of South Korea potentially joining the Quad, Yoon said that "rather than thinking about whether to immediately join the Quad, the more important issue for us is first to work together on vaccines, climate change and emerging technologies to create a synergy."

Like much of the world, one area that South Korea has to be careful about is inflation, which is running at its fastest pace in 24 years. However, few believe that Asia's fourth-largest economy faces any real danger, in part due to its strong financial position; in May, South Korea had the ninth highest foreign reserves in the world, enough to cover more than seven months of imports, putting the country in a strong economic position.

Going forward, South Korea is in a great position to thrive.

Huneed Technologies

Kim puts South Korea on the map of aerospace exports

South Korea has ambitions to join the ranks of the world's largest arms exporters, with defence exports exceeding imports for the first time in 2021. Local defence contractors are hoping to ride this wave, having relied until now heavily on domestic defence needs.

"We have a steady business being the communication backbone provider to the Korean military," says Eugene Kim, chairman of Huneed Technologies, a developer and manufacturer of defense communication systems and airborne systems. Recently Kim has been also elected as the chairman of the Korean Defense Industries Association (KDIA) which is the governing body of all of the 645 Korean defense companies.

South Korea ranked 10th in the world for military spending in 2020, according to the Stockholm International Peace Research Institute. This has created a strong platform for domestic companies to develop cutting edge technologies.

Over the past 30 years the Korean defense industry has been reliant on domestic contracts, but that's slowly changing. Last year the sector exported \$7.5 billion worth of goods. "As the head of KDIA, I recently had a meeting with the new defense minister and he mentioned we need to double that," says Kim.

In 2017, Huneed Technologies was selected to supply core equipment for Boeing-made Chinook heavy lift helicopters and F-15, F-18 fighters, becoming the first non-American company to



Eugene Kim
Chairman

supply key components to the international aerospace sector. Huneed Technologies was also the first company in South Korea to co-develop a commercial avionics system, a specialized field traditionally dominated by US and European manufacturers. Meanwhile, the company's components are making their way to countries like Qatar, Singapore and Saudi Arabia, via contracts with global players like Boeing; Huneed Technologies is currently developing an avionics box which will go into the commercial aircrafts once it is fully certified, offering a long-term pipeline of work.

Even so, there are challenges, with a strong reliance on aspects outside of their control. "Whenever a new government comes in, they come up with new initiatives and agenda," says Kim. "During the last administration a more peaceful, regional stability through dialogue was emphasized,

so the defense industry was a bit more limited." The new administration, however, is pushing a more robust defense posture in the region, which will likely be beneficial for the Korean defense industry overall.

Global events, especially in Ukraine, are also likely to lead to an increase in military spending around the world, driving up exports.

As it stands, the US is currently Huneed Technologies' most important international market, followed by the European countries. However, Southeast Asia is growing in importance, with countries like Indonesia, Malaysia, Philippines and Singapore increasing their defense spending, creating opportunities for companies like Huneed Technologies. The company also has recently launched "Cyber & C4I Center" for the growing domestic and foreign cyber security market.

As it expands its reach, Huneed Technologies will likely meet strong challenges, both from existing players and from governments not used to purchasing military equipment from countries in Asia. However, its commercial avionics business should offer a strong safety net while it grows its defense-related exports.

Kim says Huneed Technologies will be very active in the international export market over the next few years. "I think, come 2025, we may have a significant facelift of our business lines, to be able to continuously manufacture and be more export-oriented," he states.

Korean Air

An Asian champion delivers excellence in service

South Korea's exports hit an all-time record of \$645bn in 2021, surging a remarkable 26% year-on-year, driving strong economic growth, according to business information service IHS Markit. Exports to the European Union rose 34%, exports to the US by 29%, to China 23%, and to ASEAN 22%. Semiconductor exports rose 29%, while those of petrochemicals soared by 55%. Auto exports jumped 24%, reaching \$46.5bn. Exports of ICT products hit an all-time high of \$228bn, up 24%. The huge rise in overall trade has lifted the purchasing managers' index, and drove manufacturing growth to 6.6% in 2021. Exports have been lifted by the recovery of key markets, boosted by the rollback of pandemic restrictions and accommodative fiscal and monetary policy in those markets. Other factors behind Korea's economic uptick include consumption; final consumption rose 6.8% year-on-year in the final quarter of 2021. Overall, the country's GDP rose by 4.0% in 2021.

South Korea's position as one of Asia's strongest economies, as well as its wide-ranging appeal to foreign leisure visitors, robust domestic travel demand, and large diaspora, have made its air transportation sector a major economic contributor. The industry adds gross value added of nearly \$50bn to the Korean economy, supporting more than 830,000 jobs, according to the International Air Transport Association. The core sector alone, including airlines and their supply chains, is estimated to support around \$30bn of GDP. Before the pandemic, more than 75 airlines operated in the country, serving upwards of 175 destinations, with nearly 750,000 landings and takeoffs a year. Some 183 flights connected to cities in the top ten countries by passenger numbers worldwide. IATA also rates South Korea highly for cost competitiveness in its aviation sector, scoring 9.3/10 and ranking 15th in the world. The country scores an impressive 9.7/10 in the organisation's air trade facilitation index, ranking in the top 30 countries globally.

Leading this thriving industry and connecting Korea to the globe is Korean Air, the nation's flag carrier. For over five decades, Korean Air has been contributing to the country's development.

"Our core value is to contribute to the communities we serve through transportation," says Walter Cho, Chairman and CEO of both Korean Air and its owner, conglomerate Hanjin Group. "Hanjin Group started in 1945 and entered the airline



business in 1969. We have grown through transporting people and cargo; every business we do is related to transportation, and we've stuck to it. We grew our freight business hand-in-hand with the boom in exports that powered the country's growth in the 1960s and 1970s, and exports remain a very large share of South Korea's GDP. We base our business on consumer demand, and are always very customer-centric."

Cho, a youthful 46, is the grandson of the founder of Hanjin Group, Cho Choong-hoon. He joined Korean Air in 2004 and gained experience across the company, including in corporate strategy and planning,

procurement, and both the passenger and the cargo business. An enthusiastic leader, he has embraced the challenges that the airline industry has faced, and championed innovation in the company. He pioneered Korean Air's transpacific joint venture with Delta Air Lines in 2018, and has overseen the introduction of the airline's next-generation environmentally friendly aircraft. He has also led the successful implementation of major IT initiatives - ever more essential in this competitive and tech-intensive industry - including becoming the first global full service carrier to migrate its entire IT infrastructure to the cloud. The airline is a founding member of the SkyTeam alliance and Cho has taken the lead in helping shape the grouping as a digitally connected, consumer-centric partnership.

Cho was named 2021 Person of the Year by Orient Aviation, an industry publication focusing on Asia, which praised his "nimble and market accurate strategy" resulting in "profitable operations unrivalled by the company's airline peers". His leadership during the pandemic was also recognized with the airline being named 2021 Airline of the Year and 2022 Cargo Operator of the Year in Air Transport World's Airline Awards, one of the most prestigious awards in the aviation industry.

Korean Air successfully pivoted to focusing on its cargo operation when passenger numbers dropped due to covid restrictions; it converted some passenger jets to freighters, and operated cargo-only flights on other passenger lines. Freight

revenues grew by more than 60% in 2020, and accounted for more than half of overall revenue. Korean Air was one of the very few airlines in the world that achieved an operating profit for eight consecutive quarters and a net profit in 2021, when the industry as a whole was hit hard by the pandemic and related restrictions. Focusing on cargo was not only a wise business decision, but also helped Korean Air perform a vital service for the countries it serves. The airline delivered vital covid-19 vaccines, personal protective equipment, and other medical and emergency supplies throughout the pandemic. Meanwhile, Cho worked on finding efficiencies throughout the company that have made it a leaner and more competitive business, bringing long term benefits.

"We managed to get through the crisis with cargo," says Cho. "We were very successful in the freight business in the last few years. We also had to streamline and find more efficiency in our business. It wasn't easy, and we were always looking for the return of passenger flights, which thankfully is happening now. Through the pandemic we became more efficient, we know our limits, we know what we are capable of. We are more prepared now for what's coming. If there is a second pandemic, we'll know what to do."

Korean Air is now reaping the benefits of the rise in passenger traffic, with more and more long-haul routes restarting. The airline also deployed an increasing number

of charter flights through the pandemic to meet fluctuating demand. It continues to expand its private business jet services, which are used by VVIPs including C-suite executives, top government officials, and celebrities. Always moving with the times, the company has forged partnerships with Hyundai Oilbank and SK Energy to adopt sustainable and carbon-neutral fuels.

Cho's strategy is also characterised by a bold approach to growth. In November 2020, Korean Air announced a \$1.6bn acquisition of Asiana Airlines, and is now in the process of finalising the deal. The merger will bring together two network carriers and their three low-cost carriers, and will set Korean Air in good stead for long-term expansion, putting it on a course to compete with the world's largest airlines.

"We're already Korea's largest airline, but we will be even larger and stronger across the board - passengers, freight, and as a business," says Cho. "We're going to be an even more competitive carrier in Asia. This year, if everything stays the same economically, we're going to be even more profitable than last year, which was a great success. But we aren't celebrating yet - there are a lot of variables affecting the economy that feed through to our business, both passenger and freight, and these are early days. Nothing is predictable in this world."

As Korean Air has noted, South Korea is unusual in having two full-service carriers for a country of fewer than 100m people, which puts it at a competitive disadvantage.

The merger should strengthen the Korean airline industry as a whole, bringing together two different but complementary carriers to create a new business for the future.

Korean Air's growth strategy is partly based on the strength of Seoul's Incheon Airport as a regional hub; it is a highly efficient base and can flourish as a connection point between Asia and Europe, and Asia and the Americas. Korea's rising appeal as a base for regional headquarters for international businesses investing and operating in Asia should also benefit the airline.

"Korea is an interesting place to invest in, and more and more corporations are coming to Asia and looking at the country as a base," says Cho.

Being South Korea's flag carrier, Korean Air's strong brand is closely associated with that of the country, and Cho is a passionate advocate of his homeland. The growth of the company and country go hand-in-hand - and the future is bright for both.

"Korean people are very open to foreigners," says Cho. "The new government is corporate-friendly and is reducing regulation; there's some way to go but the direction of travel is excellent. We're close to China and have great access to the rest of Asia, it's a great geographical position. When people talk about Asia, twenty years ago it was Japan, and now it's China. Fewer people talk about Korea, but we've been growing fast and strengthening our country for the past 70 years. It's a great place to be and to do business."



MDM Group - Helping to build an exciting new South Korea, from the ground up

South Korea's economy has been growing strongly in recent years; in 2021, the economy, Asia's fourth largest, recorded its fastest annual expansion for over a decade. This year growth is expected to dip slightly, given global political and macroeconomic developments, but the government is still expecting to see growth of about 2.6%.

Meanwhile, real estate market in the country has been growing fast, creating strong opportunities for construction companies and real estate developers.

MDM Group is a leading Korean real estate development and finance group engaged in a variety of businesses related to real estate: from planning to marketing, operation, finance, investment, and asset management. Over the years, the group has sold over 40,000 residential units, and developed over 4.4 million m², and is considered one of South Korea's most important companies.

"It's been 24 years since we began operating and we've achieved 7.3 trillion Korean won in total asset so far and are ranked the 57th largest Korean company according to the Fair Trade Commission," says Joo-Hyun Moon, MDM Group's founder and chairman.

This is a long way from the group's humble beginnings. "In 1997, the company I worked for at the time went bankrupt during the Asian financial crisis, along with many other companies, and I wondered what to do," says Moon.

Having previously worked for a real estate developer, Moon decided to set up his own operations. "I created the company in 1998 with one employee, that was the beginning. It's named MDM because of my family name; Moon Development & Marketing."

At the time there was a shortage of housing in South Korea, and MDM had been successful in marketing and sales where it can compete with its creative idea. So, business went well, later in 2007, MDM was able to move from marketing to development. MDM began developing its own projects, and since then the group has created many signature developments, and has added other complementary financing companies in order to create a consolidated real estate group.

"I started with nothing and I've been able to make this wealth," says Moon. "I did the marketing and the development, I acquired a finance company (Korea Asset In Trust), and have successfully managed to systemize all of the real estate sides including REITs, capital, and asset management," he adds.



Joo-Hyun Moon
Founder and Chairman

In 2017, MDM Group signed a strategic partnership agreement with a global asset management company, in order to target both the American and Vietnamese markets. The following year it set up its own American enterprise, MDM International, in preparation for becoming a multinational company.

Part of the group's global strategy has been to enter the US market, where they now have projects in Los Angeles, Dallas and San Francisco. "Those are the locations where we're working with local partners," Moon says. They've also partnered with a company in Hong Kong, and are investing with local partners in a city development project in Vietnam.

At the same time, the group is open to new investors and partners, with the ultimate goal of building a global brand and improving the image of South Korea as a business destination.

"We are also looking to attract foreign investments," Moon says. "We have several upcoming projects, as there are many investors interested in the Korean market who come to us to be their local partner. We are

a fully integrated group," he adds. "The real estate development function and the finance company can be flexible in terms of choosing the right investment structure for them."

Right now the global and regional economic situation is once again uncertain, with the ongoing conflict in Ukraine and global shortages of materials. Still, MDM is well prepared, given its founder's roots. "Before Covid we grew very rapidly, but due to shortages of materials we have had to prepare for the coming period," says Moon. "This is a very difficult time, many companies are going into financial trouble, we have to be prepared and be positive for the next stage," he says.

Three years after founding MDM, Moon set up a scholarship foundation. "When I was in university, I had no money and someone helped me. I built this foundation to pay it back," he says.

Moon allocates half of his revenue to the foundation in 2001 and so far more than 3,800 students have benefited. "I also take care of my employees," he adds, with parents receiving maximum 12 million Korean won per year as a child-care subsidy, among other employee-centric perks. Overall, creating a sustainable, fair company is key to Moon's vision for MDM Group.

"It's important that it's not just one person making the money, but all of us together, including employees, together with the people in society that buy our products. I want to play fair, be honest and be respected, as well as taking care of people that need help, to develop the society and to make a brighter future."

When it comes to South Korea, Moon says the country's geographical location is highly advantageous. "We're surrounded by Japan, Hong Kong, Singapore and China, so the market is very wide. It's also a very good country to live in as a foreigner, with many Korean people speaking English and everything globalized," he says, adding: "Korean businesses are leading the world, Korean people are very hard-working and trustworthy, and Korean society is very fair."

IDIS Holdings

Korea's hidden champion taking on the world's security market

In many ways South Korea's global reputation has been built on the achievements of its electronics companies, which for decades have been among the world's leading brands. This trend is set to continue, and is predicted to grow; while the South Korean economy expanded by 4.1% year-on-year in the fourth quarter of 2021, merchandise exports reached a record high of \$645 billion for full year 2021, up 25.8% year-on-year, according to global research firm IHS Markit. The electronics manufacturing industry is a critical part of the country's export sector.

"Korea's competitiveness is our competitiveness," says Young-Dal Kim, CEO of IDIS Holdings, which owns the largest video surveillance brand and manufacturer in South Korea.

Originally known as Intelligent Digital Integrated Security Co., Ltd, IDIS was founded in 1997 with a strong focus on digital video recording (DVR) technology. Within just a few years IDIS grew to become the world's number one DVR vendor, designing and manufacturing recorders for some of the best-known security brands. By the mid-2000s the company had begun a series of in-house innovations and acquisitions that expanded its focus beyond DVRs to include next-generation cameras and network video recording offerings, as well as industrial display technologies.

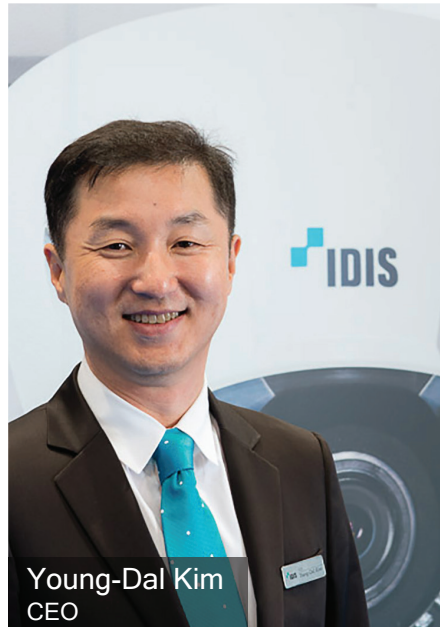
Twenty-five years after its founding, IDIS is now at the forefront of strengthening safety and security, designing, developing, and manufacturing end-to-end surveillance and video analytics solutions for a wide range of commercial and public sector markets. It operates across 50 countries, with more than 100 strategic partners. The company was listed on the KOSDAQ in 2001, and globally over 17 million cameras now utilize its technology, with more than two million recorders installed worldwide.

Kim says that while the consumer electronics market is a strong one, the commercial electronics sector it operates in has some notable advantages.

"The commercial sector IDIS focusses on is a very sustainable market. The consumer market is cool, but trends change rapidly, and competition is fierce; what we do is more sustainable and consistent," he says. "Once we get into a marketing sector, and once we secure our position, we can expect sustainable growth."

IDIS operates in the highly sensitive security equipment industry, and with Chinese competitors now facing more restrictions across key markets as a result of US and European sanctions, South Korean telecommunications and electronics companies expect to see a bump in sales.

Kim explains that 2021 was the beginning of a strong period of growth for IDIS: "Last year



Young-Dal Kim
CEO

we had revenue of around \$460 million, and we expect this year to have more than \$700 million," he says, adding that this strong growth should last for the next three years at least.

Through its global network of integration partners - leading installation companies in markets globally - IDIS is confident that its end-to-end video solutions deliver on an industry-leading low total cost of ownership (TCO), which is increasingly appealing to organizations as they seek to form long term technology partnerships, and achieve better value, sustainability, and performance. The promise of 100 percent Korean manufacturing origin, enhanced cybersecurity, better quality, and longer product lifespans is also cutting through.

The company is now focused primarily on physical security, alongside its significant commercial display business - known as Kortek - and industrial print (IDP) and mobile & PoS printers (Bixolon).

Globally, IDIS Holdings now has 1,200 employees, with a high proportion working exclusively in research and development. "This gives us the capacity to drive forward a healthy pipeline of around 450 hardware and software innovations each year," says Kim.

"For IDIS surveillance overall, that means production now covers more than 2,000 different camera and recorder models."

When it comes to Kortek, 60% of company profits come from casino displays, with one out of every two casinos in Las Vegas using them. "The reason we have a 50% market share is that we can produce various kinds of high-quality systems in a speedy way," says Kim. This kind of approach, he says, is one that favors Korean companies.

If you look at China, mass production is not good for the industrial electronics sector because it lacks sophistication and the necessary expertise to make products perfect. Meanwhile Japan is slow when it comes to digital transformation. In Korea we're at a very good middle-point," he says.

Today, around 80% of IDIS Holdings' business is related to exports, with only 20% going to the domestic market.

Despite this, in many ways IDIS still operates like a startup, and is very much a hidden champion of South Korea. This agility combined with a strong research and development team means the company can nimbly innovate to meet regional and global customer needs.

Meanwhile, the company is always on the lookout for strategic investors. "When it comes to operating a company I believe that rather than just focusing on commercial considerations and sales figures, mutual trust is the most important aspect of business," says Kim. "Business is not only about money, but also about people."

When it comes to his home country, Kim says that South Korea is really strong in electronics and manufacturing, benefitting from having global leaders like LG and Samsung. "My vision is for IDIS to become a similar leading brand," he says.

"For global companies looking for manufacturing partners, they should look to find them in South Korea, rather than China, Japan and Taiwan," he adds. "South Korea is a politically stable democracy which takes seriously environmental, social, and governance issues. With globally renowned R&D capabilities it's a country that consistently delivers high quality and high performance electronic equipment."

GP Club - The story of entrepreneurial success

Strong investment and exports will drive South Korea's economy in the medium term, according to the latest forecast from the Organisation for Economic Cooperation and Development (OECD), a grouping of affluent nations. The OECD noted that the country has enjoyed "a strong rebound" from the covid-19 pandemic, with exports in particular in the driving seat, while consumption is likely to strengthen further after a slower start. The war in Ukraine has only had a modest impact on economic performance, and the economy will receive a further boost from the country's largest-ever supplementary budget - worth \$43bn, or 2.9% of GDP. Fuel tax cuts have helped support demand, and the government is moving to strengthen supply chain resilience and energy security.

The economic rebound is feeding through into the consumer market, as global management consultancy McKinsey reported in May 2022. McKinsey noted that optimism was returning to consumers, particularly Generation Z and millennials, and that several categories of goods were reporting positive results. Consumers are also increasingly shopping across various channels, from online to bricks-and-mortar; they are also increasingly willing to try new outlets.

This dynamic consumer environment should prove a boon for Seoul-based GP Club, one of the world's leading cosmetics companies. The company was founded by serial entrepreneur and self-made billionaire Kim Jung-woong, who is just 47 but is already one of South Korea's 50 richest people. A keen gamer as a youth, Kim launched a video-game business when still at school; GP stands for "Games Paradise". He diversified into gaming accessories and built a strong presence on the Chinese market, even learning Chinese on his regular visits. Ever seeking new opportunities, he then shifted to fashion, then cosmetics.

"I finished school classes at 2pm, and would then work until 10pm," Kim says. "I dealt with gaming businesses like Nintendo and PlayStation. Then I changed direction to fashion and was earning profits of \$300,000. I created my own fashion goods. Then I entered the beauty industry, distributing other brands. But I wanted to create my own."

Thus in 2016, Kim launched JMsolution - an inflection point even in his own remarkably successful business career. JMsolution produces a range of skincare products developed by experts in dermatology, aesthetics, and plastic surgery offering a complete skincare regime for women. Its facial masks have become a cult product worldwide, and particularly in China - the world's most populous market. Online



Kim Jung-woong
Founder

influencers have championed the masks, which come in a huge range of varieties. "I started JMsolution with just one employee, and did not expect the business to explode this much," says Kim. "By 2018, we were averaging sales of \$380m, with profits of \$85m, and fifty employees. I think we can confidently say that we have the best business structure in the cosmetics industry internally and externally."

In just two years after its launch, GP Club had sold more than two billion JMsolution masks, with sales soaring 900% and profits an astonishing 3000% in 2018. Kim credits his business approach founded on absolute transparency for his success, warning that companies which are not transparent can rapidly unravel. GP Club has also benefitted from having zero debt, which should prove particularly important as interest rates tick upwards; having achieved profitability in his early years after borrowing from relatives, he has since adopted a mindset of never taking loans.

With the pandemic receding, now Kim is

gearing up for his latest challenge - expanding into future-oriented businesses such as blockchain and car batteries. This year the company is targeting revenues of more than \$780m, and has a view to diversifying its sales to 60% overseas to 40% domestic. Setting USA, Germany, Thailand, Vietnam, Indonesia and India as strategic regions, GP Club will perform aggressive business. As such, GP Club will be seeking new opportunities for collaboration as well. Given Kim's track record of success, the company is the ideal partner for international companies looking for a gateway to the burgeoning Korean market, and innovative new niches.

"I'm very interested in partnerships and cooperation," says Kim. "I've been studying a lot on M&A, as it's a major topic of interest. Car batteries are a priority area - I'm looking into manufacturing lithium batteries in Korea and exporting them. Korea is quickly adopting electric cars and importing many of them. This all goes back to where I started Apple product distribution in Korea. Phones, computers, electric cars and that's how I got to grow my interest in car batteries."

Kim sees promoting investment in Korea as an important part of his role. The first step, he says, is creating job opportunities within the country to catalyse more active business interactions - a key factor in the growth of his businesses. The entrepreneur remains bullish about his homeland, which provides the ideal environment for innovative companies to flourish.

"This country is a leader in attracting investment," says Kim. "Since covid, reforms have encouraged the growth of SMEs. Meanwhile, we remain a global tech and online business leader. Operating in Korea, we really don't face many challenges - this is a great country to do business in."

OCI - Becoming a global leading green energy and chemical company, the South Korean way

South Korea has long been admired for its impressive rise from one of the poorest nations in the world to one of its richest, in little more than a generation. Much of that rise was built on industrial achievements. Just under 40% of South Korea's gross domestic product (GDP) comes from its industrial sector, with manufacturing alone accounting for 28% of GDP in 2021, according to the Bank of Korea. And it's not just the importance of the industrial sector to the country, but the dynamism of the sector that is so impressive, as well as its willingness to adapt.

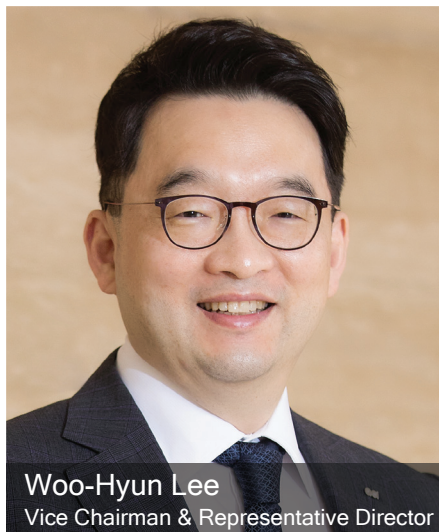
We have been gradually changing the mainstream business of Korea," says Woo-Hyun Lee, vice chairman & representative director of OCI Company Ltd, which manufactures specialty chemicals and materials and is on track to become a global leading green energy and chemical company.

Lee adds: "In the 50s and 60s we had the garment and shoe industries; Samsung's first business was making sugar. In the 1970s we started building apartments and construction materials became important, and in the 1980s we started making automobiles and semiconductor home appliances. Every 10 years Korea's mainstream revenue-generating business model has been updated."

OCI has seen this process firsthand, and has been part of the change. Founded in 1959 as Oriental Chemical Industries, OCI has expanded and adapted over the years and now provides optimal solutions to customers worldwide, through business portfolios ranging from basic chemical products to solar photovoltaic generation and urban development. The company has annual revenue of around \$4 billion, with yearly projected profits in the region of \$400-500 million.

Over the years OCI has created a strong niche for itself, producing materials like polysilicon for solar and photovoltaics and carbon products for aluminum smelters. "We have a very diversified customer base, the only differentiating factor for us is that we do not compete against any domestic rivals," says Lee. "We are generally the sole producer of an item in Korea and most of our businesses are competing on a global marketplace against other global players," he adds.

Today, domestic revenue makes up less than 30% of OCI's total earnings, with more than 90% of business now dollar-



denominated. "When we supply carbon black for tire manufacturers in Korea, those tires get exported. When we supply to semiconductor companies, less than 20% are used in Korea. We supply China with solar components- many of those products are then exported to the USA, Europe, etc." Lee says. "For us, the international markets are much more critical than the Korean market."

OCI has a strong corporate legacy, befitting a third-generation family company, one with deep roots, traditions and many decades of experience. Even so, the last few years have been a period of change. In 2020 OCI went through rigorous restructuring, with 30% of employees ultimately let go. At the same time, the company heavily invested in polysilicon operations in Malaysia, in order to increase its capacity and improve efficiency; overall production costs are 30% cheaper in Malaysia than in South Korea, creating a competitive advantage for the company.

This isn't the only important development. "We want to change our business portfolio,

and streamline, to be more stable," says Lee. "We have been selecting our customers seriously and carefully. Most of our customers during the pandemic did pretty well. They survived and grew, so we've been able to grow together and will continue to grow together."

At the same time, he says that over the next decade OCI's business will continue to change considerably. "A certain portion of our business needs to be consolidated, eliminated or transferred to a new home so we can have a thriving second life. Business-wise, we are trying to build more soft businesses," he says. "Solar photovoltaics; we are the number one in Texas - as a Korean company in just 10 years that is a pretty good achievement."

OCI is also looking to expand its power development business, to help meet more of the world's energy needs. "This is a mobile business where we use more brain rather than muscle," says Lee. "I would like to see this business grow. We would also like to focus on the healthcare industry, given the growing age of the Korean population."

Meanwhile, OCI aims to attract more investors who can help to push it to new heights, and is opening the doors to new partnerships and clients, though ones that it will scrutinize carefully to make sure they fit with the long-term vision of the company.

When it comes to South Korea, Lee says that following the Korean War in the 1950s the country was the second poorest in the world, but that's changed dramatically over the last 70 years. "The same applies to OCI. The businesses we used to do in the 1960s and 70s we don't have today. We have become used to adapting to many changes," he says. "If we cannot adapt, we cannot survive."

Foosung

A Korean chemical giant on a global mission

For decades, South Korean chemicals companies have been a powerhouse of the Korean economy. Between the 1960s and 1990s, the domestic chemical industry grew at an average rate of 7-8% a year, with this rate increasing in the following decades due to strong operational structures and heightened demand. This has also created plenty of opportunities for newer entrants looking to leave their mark on the global chemical industry.

Founded in 1983 and headquartered in Hwaseong, Foosung is engaged in the production and sale of basic compounds used in the manufacturing and sale of refrigerant gases, gases for semiconductors and battery materials, among other things. “Our products are well lined up with the fast-growing energy transitions,” says Yongmin Kim, vice chairman of Foosung. “We have invested in semiconductors and materials for over 15 years. The demand is growing now, and we want to pursue this opportunity,” he adds.

Over the years Foosung has built its operations from scratch, becoming one of the few manufacturers in the world involved in all aspects of the chemical production chain; the company is among the very few manufacturers able to treat fluoride products from beginning to end. In recent years the company has experienced double-digit earnings before interest, taxes, depreciation and amortization, and it expects a similar performance in 2021, due to strong global demand for its products. “The growth we see today is mainly due to battery materials and semiconductor manufacturing,” says Kim.

Currently Foosung is focused on the domestic market, but it also sees opportunities in the United States, China and Europe. “We see increasing demand in North America and in Europe, and we have decided to have on-site manufacturing in both areas,” says Kim. The company is currently constructing a factory to manufacture battery materials in Poland, which will be opened in 2024.

Kim says that while there are a few players operating in the space in North America, those already there can't easily satisfy all of the country's demand. “Batteries are very attractive in the US, and factories are being constructed. We're discussing with our partners if we should proceed as a joint venture or as a type of cooperation - we have not come



Yongmin Kim
Vice Chairman

to the conclusion yet, but entering the US market is in our short-term plans,” he says.

With clients all around the world operating in the battery sector, Foosung has been forced to adopt a global mindset, with on-the-ground presence in key strategic markets. However, this comes with its own challenges, which the company is increasingly looking to solve through beneficial, long-term partnerships.

This is especially the case for ensuring safe and competitive procurement of raw materials. “One of the biggest challenges I hope to resolve through partnerships and cooperations is security of the raw materials,” says Kim, who adds that as a company they depend upon Chinese resources, but when they expand to different parts of the world shipments become harder. “We need resources that can be safe and competitive enough to be supplied to the local area,”

he says. “In the US we are in contact with a company with a strong position in manufacturing raw materials, but we need multiple sources of materials to ensure safe production and supply to our customers.”

Foosung is also considering expanding into Indonesia and Malaysia. “For us, Malaysia and Indonesia are very appealing. Another company of our group is constructing a car parts factory in Indonesia and it seems like Malaysia and Indonesia are becoming our obvious next geographies,” he adds.

At the same time, Kim believes that Foosung's products can help contribute towards a cleaner and safer environment, with safety and efficient usage of energy requiring a lot of modern batteries and semiconductors.

“We make the next-generation fluorine products, and this can be our contribution to a safer world,” he says. “The same can be applied to semiconductors; people usually discuss various programming things when they touch the topic, but utilizing semiconductors can help in smarter energy usage. Sometimes as a society we waste a lot of energy, and that has to stop. If our stakeholders ask what we are doing, we can say we are helping them to help customers get attracted to such a mission as to make the world safer and cleaner, and to fulfil it.”

Kim says that the image of South Korea internationally will only grow as more and more Korean companies, whether they are chemical producers or something else entirely, begin to operate abroad and act as country ambassadors. “I hope that our present government can promote these companies through the media, describing what they do and what they can give the world,” he says. “When such cases accumulate, it will improve the image of South Korea and help to create a strong image of Korean manufacturers wherever they go.”

PROTEC

Providing total solutions in the semiconductor and LED packaging fields

South Korea's economy recorded its fastest annual expansion in over a decade in 2021, aided by a strong manufacturing sector which accounts for more than a quarter of the country's gross domestic product (GDP), according to the Bank of Korea. Growth is predicted to be down slightly this year, given global developments, but is still expected to come in at a healthy 2.6%.

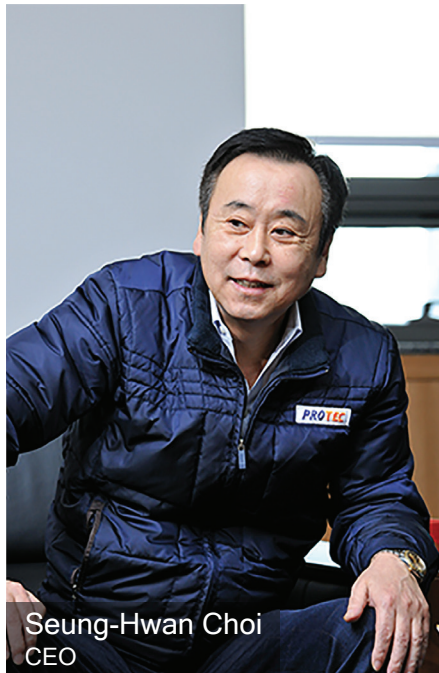
For those involved in the country's industrial and electronics industries, the current period highlights the strength of the Korean electronics industry. "South Korea has global leading products, like the semiconductor, mobile, and electric battery," says Seung-Hwan Choi, CEO of PROTEC Co Ltd, which specializes in manufacturing a wide variety of equipment for semiconductor packaging, with a focus on high-precision dispensing and packaging solutions.

PROTEC was founded in 1997, and backed by its cutting-edge technology the company has grown to become a global leader in the dispensing and packaging industry, with a strong track record and a reputation for flexibility, speed, transparency and simplicity. PROTEC's clients now include the likes of Samsung, ASE, Amkor, JCET, LG Innotek, Osram, and Huawei. "We develop equipment for semiconductor packaging and dispensers; and our product structure is 40% export and 60% domestic," says Choi. "What we develop is for the global market, not only for the domestic market," he adds.

Achievements came thick and fast for the company, which was designated as an excellent high-tech product venture company in 1999, was listed on the KOSDAQ in 2001, and won the Presidential Citation for Technology Innovation at the Parts and Materials Technology Awards in 2005. In 2011, PROTEC acquired Minami of Japan, and the same year it was named by Forbes as one of the top 200 mid-sized companies in all of Asia.

Since its establishment, PROTEC has pushed hard in the area of research and development, providing total solutions in the semiconductor and LED packaging fields. "We are constantly researching and developing to contribute to the national industrial development and become the world's best semiconductor equipment manufacturing company," says Choi.

As well as South Korea, PROTEC's



Seung-Hwan Choi
CEO

products are now sold heavily in China, Vietnam, Taiwan, India, Malaysia, Singapore and Philippines.

Choi says that one strong positive about PROTEC is that the company's debt ratio is close to 0%, and that it manufactures most of the parts that goes into its products. "We have a high-precision dispenser, of which every single part we developed by ourselves, and that goes for most of our products," he says.

Choi adds that this year they expect to have a modest amount of growth, and within the next three years to have developed important new products. "Besides the dispenser we also have many other products to cover the market. We are innovative in processing and we have also developed Solder Ball Attachment System, Aerosol Selective Coater, and Laser-assisted Bonder (LAB)."

This further highlights the resources that PROTEC has put into its R&D operations over the years. Early on, after realising

the challenge of recruiting high-quality human resources, the company began working with universities in South Korea, in order to better discover and bring on board talented individuals. In 2001 it also established an affiliated research institute.

"When it comes to the engineering, we're expanding and hiring good human resources, while also obtaining transparency through internal audits," says Choi. "In order to expand global market, we're also developing local experts in different regions: in the USA, China and Southeast Asia."

PROTEC continues to strongly pursue a global strategy, built on a solid South Korean foundation. In 2016 the company moved to a new HQ in Anyang and was certified as a youth-friendly small business by the South Korean Ministry of Employment and Labor. "In order to adjust to the global level we are constructing a system including flexibility of work in every department," says Choi.

The company also pays dividends to its shareholders each year, with 10% of its income going to its stakeholders, with the expectation that this will grow to 15% in the future. The company is open to new investors, and is known for hiring strong talent internationally.

When it comes to his home country, Choi says that the external image of South Korea has been disadvantaged due to politics. However, since the election of the new president, Yoon Suk-yeol, in May 2022, that is increasingly changing, especially when it comes to the business operating landscape. "President Yoon has decreased the corporate tax from 25% to 22%, and this can be the win-win for foreign companies that come into Korea to do business; it's very important for the competitiveness of the country," says Choi, adding: "I personally believe that this society is very dynamic, and that Korea is a very good place to do business; South Korea provides very good business environment."

PROTEC

Simmtech

A global Semiconductor PCB and Packaging Substrate leader

Ranking in first place in the 2021 Bloomberg Innovation Index, South Korea is cementing its position as an innovative global tech centre. The country has topped the table for seven of the nine years since it has been published. The rankings reflect criteria including research and development investment, manufacturing capability, and concentration of high-tech public companies.

South Korea has become a global leader not only in mobile phones, but also in many vital electronic components, including printed circuit boards (PCBs) especially for Semiconductor products and packaging substrates, which are the essential parts of semiconductors. According to the industry figures, Korean domestic PCB market alone is expected to grow by 7% to reach more than \$12.6 billion this year.

Simmtech, a global top-tier PCB and packaging substrate manufacturing company, is at the forefront of this. Focusing only on PCBs for the semiconductor industry has secured the biggest market share in the world in this area. The company leverages its cutting-edge technology, deeply-rooted corporate values, and an increasingly diversified manufacturing base.

“Simmtech is the only PCB company with global production sites in four countries: Korea, Japan, China, and Malaysia,” says Se-Ho Chun, the company’s chairman. “Our overseas sites are the exact duplicates of our Korean factory, which is already verified in the market, and also the next-door neighbour to our major customers. And that enables those sites to manufacture products with the same quality standards as in Korea, and also to maintain our business continuity plan.”

As a technology-oriented equipment industry, the nature of the industry in which Simmtech operates is order-made manufacturing. This makes having a geographically diversified group of production facilities which can ensure continuity of supply even in periods of disruption - for example the covid-19 pandemic, or logistics crunches - essential. Simmtech’s core corporate value is integrity - not only honesty, but a cast-iron commitment to keep every promise made to customers, shareholders, and employees. But the company’s dedication is even broader - its motto is “enabling a better world”.

Simmtech was founded in 1987, and rapidly got involved with one of the world’s top OEM manufacturers in its industry, through adhering to a long-term vision rather than short-term profit, and through focusing on its strengths. It has a unique competitive edge, based on technical experience and manufacturing expertise. This enables the company to deliver PCBs quickly at competitive costs to the world’s leading semiconductor companies in huge markets, including the USA, China, Japan, South East Asia and of course, its domestic market as well. Despite several macroeconomic crises, Simmtech has achieved consistent growth, proving an attractive asset for its investors; the company is listed on the Korea-based KOSDAQ. Investors can be assured of



a continuing commitment to long-term growth.

“Simmtech’s business strategy is to ‘focus on top picks’,” says Chun. “Over the past two years, we have substantially expanded our capacity of the high-tech PCBs -called ‘FC-CSP’ - used in smartphones, servers, and AI. As a result, this year’s revenue is expected to reach 1.7 trillion KRW [\$1.32bn], which is an increase of around 70% compared to 2019. Operating profit is expected to reach historical high, twice as high as last year’s. Simmtech will continue to expand the technological ‘Super Gap’ within the PCB Industry as a global top tier company in the FC-CSP substrate. Also, we are preparing a growth engine for next-generation technologies through our new ninth cutting-edge factory, which will be completed this year.”

Simmtech is the first PCB company to operate its own R&D centre, underlining its focus on maintaining its lead in this technology-intensive sector. In May 2022, it opened its first advanced manufacturing facility in South East Asia, Penang, Malaysia. The \$135 million facility increases Simmtech’s total substrate and PCB capacity by 20%. This has an immediate impact on easing supply constraints in the semiconductor industry, which has had a global impact, and setting Simmtech up for maintaining its leading contribution to global technological development.

“We provide one-stop solutions to our global industry leaders as the major supplier, and enhance collaborations with our customers,” says Chun. “We’re contributing our efforts to

next-generation technologies such as 5G, AI and electric vehicles to enable a better world.”

Chun has been communicating his unique vision of doing business, writing a series of letters to all Simmtech’s employees about his management philosophy, and taking a lead in shaping and maintaining corporate identity. As well as its adherence to absolute integrity, Simmtech carries out continuous staff training in its pursuit of becoming an ever-better company offering ever-better technology to the world. This philosophy also encompasses ongoing activities to support the communities in which the company operates. Even as it grows internationally, Simmtech remains rooted in its home country, a technology champion.

“Korea is an economic and cultural superpower with exceptional global leaders, especially in semiconductor and the PCB industry,” says Chun. “Korea will continue to lead the global market in the 4th industrial revolution where AI, IoT, and autonomous driving are expected to grow steadily. To overcome the downturn market with low global economic growth, we first need to improve our manufacturing technology, and accurately and professionally understand the direction of the future technology. We also need to utilize the given time, efforts, and capital more efficiently. Korean businesses are in a great position, and will continue to take the global lead in these areas.”

