

# Entering Korea with Confidence

EY한영 산업연구원

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## Agenda 1

# Market fundamentals and entry conditions

# Korea is a major, trade-oriented economy with a strong manufacturing base.

## South Korea overview

|                        |                                      |
|------------------------|--------------------------------------|
| Official name          | ▪ The Republic of Korea              |
| Capital                | ▪ Seoul                              |
| Population             | ▪ 51.7 million                       |
| Exchange rate ('26.04) | ▪ US\$1 ≈ KRW 1,473                  |
| Area                   | ▪ 100,432 km <sup>2</sup>            |
| GDP per capita ('24)   | ▪ US\$36,239                         |
| Big Mac Index          | ▪ US\$4.23<br>(global avg. US\$4.37) |

## Key economic indicators<sup>1</sup>

12<sup>th</sup>

GDP

US\$1.87 trillion

9<sup>th</sup>

Trade volume

US\$1,315 billion

6<sup>th</sup>

Exports

US\$684 billion

9<sup>th</sup>

Foreign exchange reserves

US\$427.2 billion

2<sup>nd</sup>

Ratio of R&amp;D investment to GDP

5.13%

7<sup>th</sup>

Manufacturing share of GDP

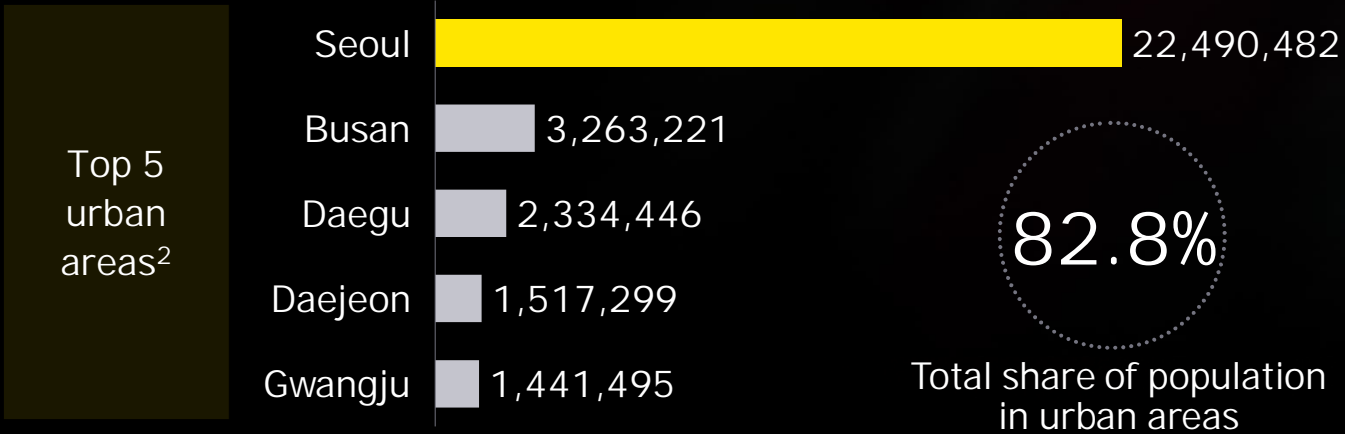
26.6%

1. Figures reflect 2024 data; foreign exchange reserves use the latest update (Feb 2026)  
Source: KOTRA, Worldometer, Trading Economics, EY Analysis

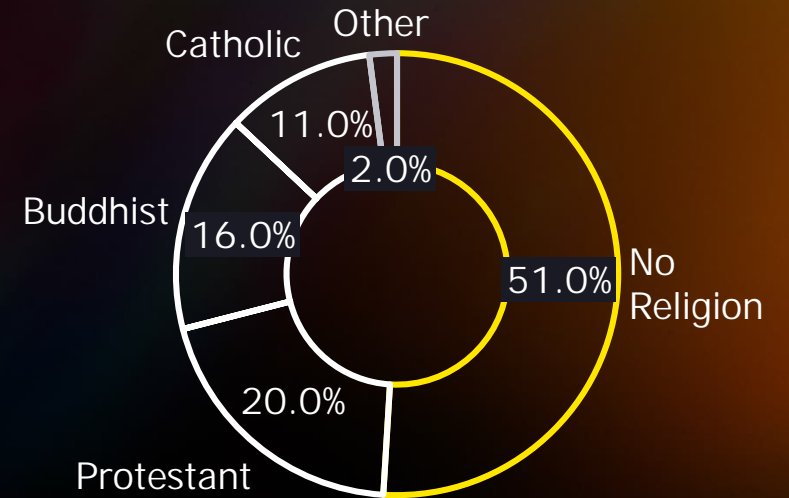
# Korea's population is highly urbanized, rapidly aging, and predominantly non-religious

## Population demographics ('25)

| Total population | Working-age population <sup>1</sup> | Median age | Fertility rate |
|------------------|-------------------------------------|------------|----------------|
| 51.7 m.          | 35.1 m.                             | 46.7       | 0.8            |



## Religion ('25)



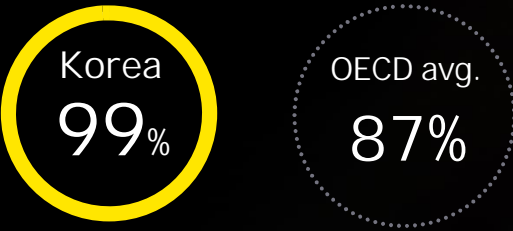
With a majority non-religious population, business practices are influenced more by social norms and hierarchy than religion

1. 15-64 Years    2. Population counts reflect the entire continuous urban footprint, not administrative divisions  
 Source: UN World Population Prospects Data, Worldometer, FRED, Korea Research

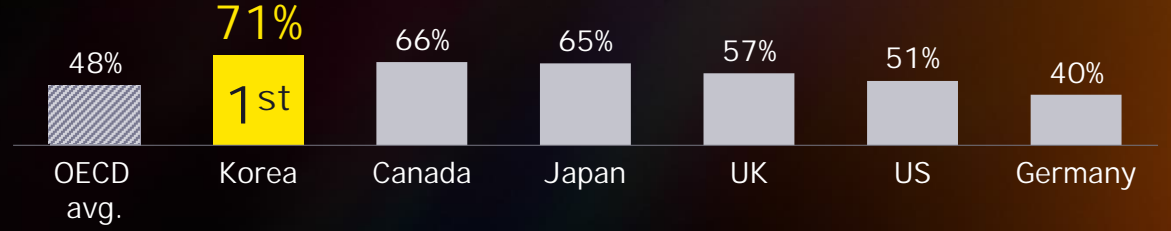
# The country's talent pool is highly skilled, while cost levels remain competitive among advanced economies

**High workforce education level**

Upper-secondary education completion rate (25-34yrs)

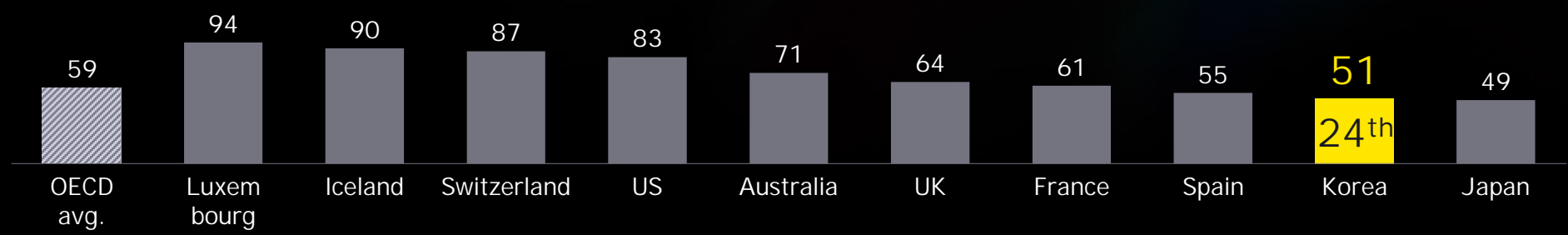


Tertiary education completion rate of major OECD countries (25-34 yrs)



[ K US\$ ]

Average annual salary<sup>1</sup> of major OECD Countries



**Competitive labor costs**

1. PPP (Purchasing Power Parity) adjusted  
Source: OECD

# Successful market entry requires clarity on regulatory constraints and incentives

## Regulative environment

- Foreign exchange and capital flows**
  - All outbound and inbound capital flows are regulated under FETA<sup>1</sup>
  - FETA requires reporting or prior approval depending on transaction type and amount
- Labor hours and holidays**
  - Working hours are capped at 52 hours/week
  - Korea observes around 15 official public holidays a year and around 15 days of annual paid leave
- Hiring and termination**
  - Employment types include permanent, temporary, and fixed-term contracts
  - Terminations require a "just cause" and strict documentation and procedures

## Key incentives

- Tax incentives**
  - Corporate Income Tax deductions of 5~30% for qualifying SMEs depending on size, location, industry
- Cash grants**
  - Cash grants of up to 75% of eligible R&D investments costs for high-impact or strategic projects
- Location-based incentives**
  - 100% exemption of acquisition and property tax for companies in certain industries/ zones
  - 50~100% CIT reduction for start-up SMEs in designated regions
- Strategic industry uplifts**
  - Benefits such as higher R&D grants, fast-track approvals for investments for certain national core technologies
- Workforce development**
  - Government training programs specifically for foreign-invested companies

1. Foreign Exchange Transaction Act  
Source: Bank of Korea, EY Analysis

## Agenda 2

# Industry landscape and paths to opportunity

# Korea combines a high-value domestic market with strategic access to broader Asia markets

## Korea as a standalone market

### 「High-quality domestic demand」

- Among the highest GDP per capita in Asia
- Top-tier digital penetration and connectivity

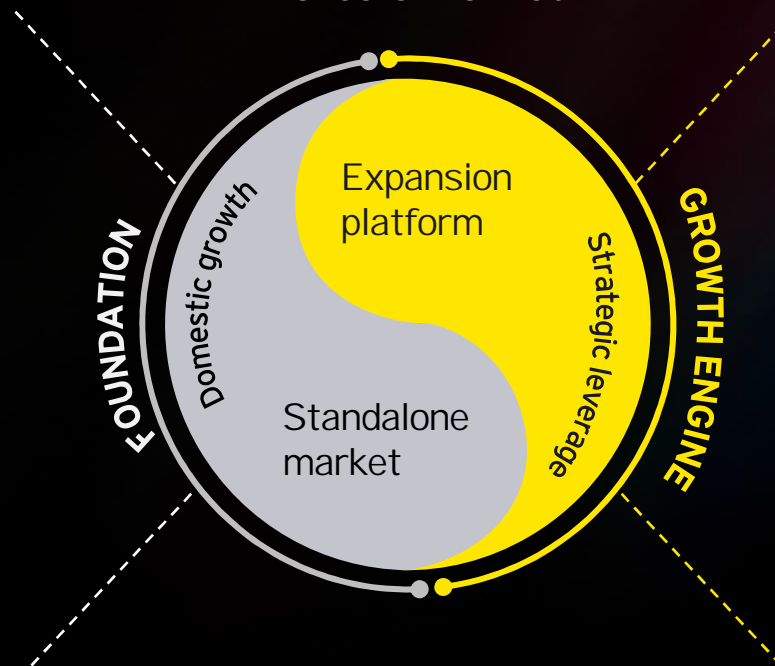
### 「Stable market economics」

- Historically moderate inflation volatility (typically under ~3% in normal periods)

### 「Fast adoption speed」

- Rapid consumer and enterprise adoption of new products
- Extremely informed, demanding consumers

## Strategic value of Korea's market



## Korea as an expansion platform

### 「Strong infrastructure」

- World-leading digital infrastructure
- Advanced manufacturing base

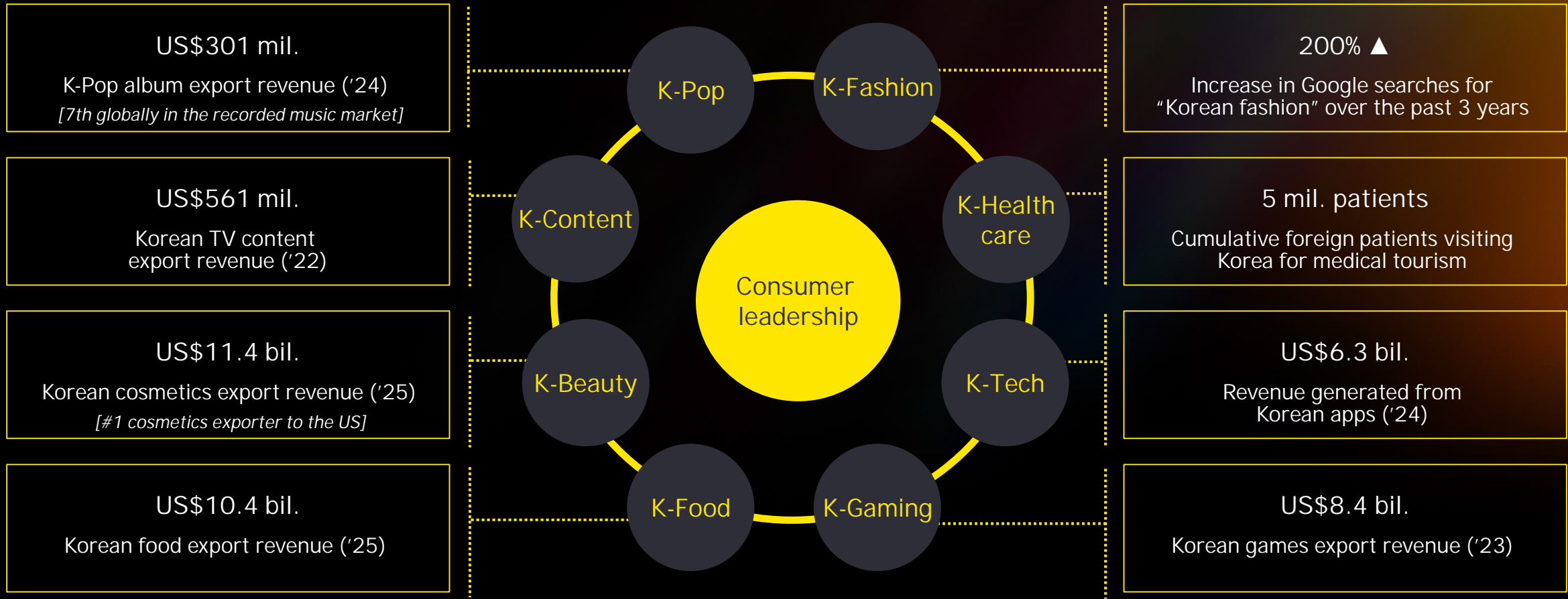
### 「Scalable operating capabilities」

- Capabilities and platforms developed in Korea can be efficiently replicated across Asian markets

### 「Regional credibility and influence」

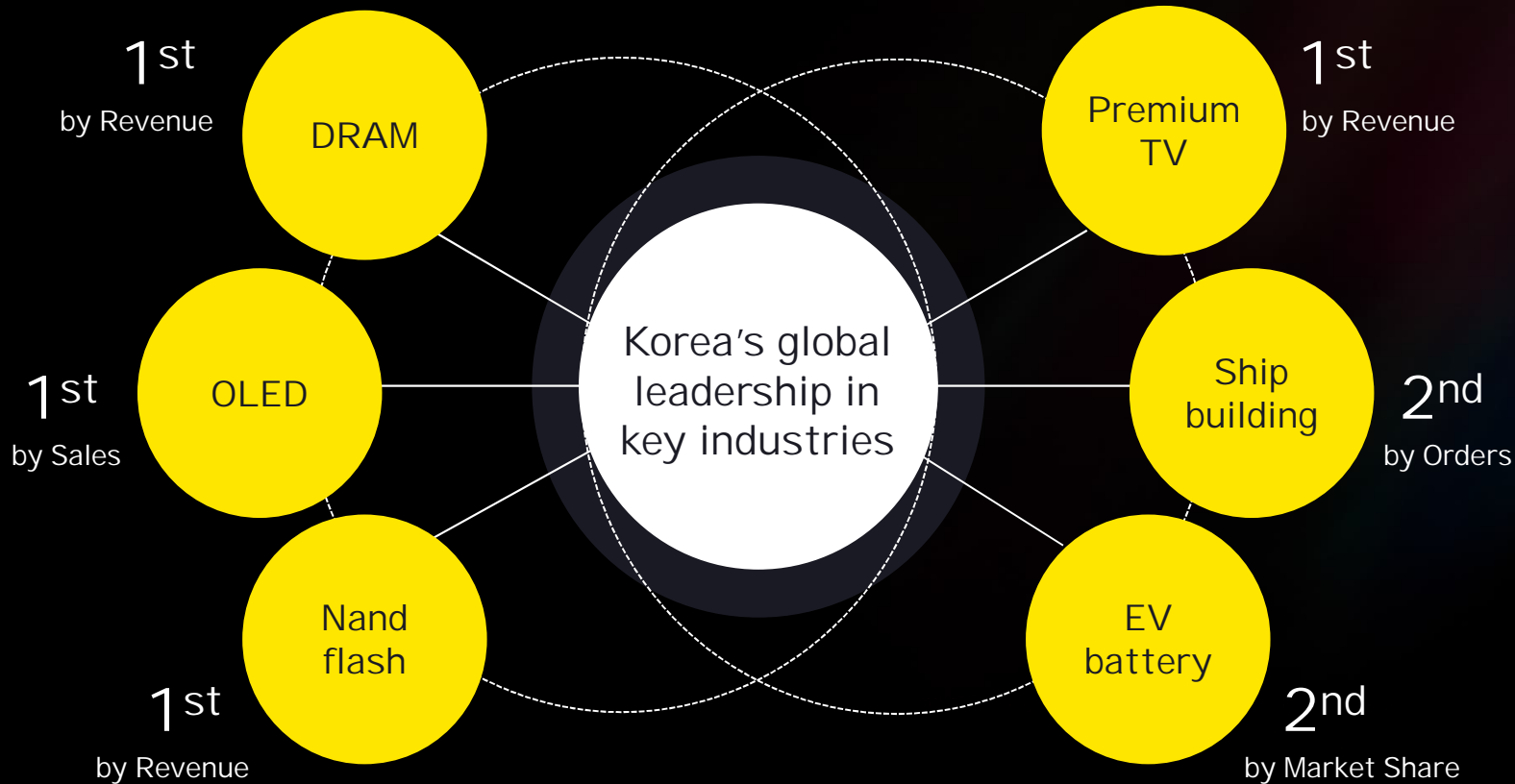
- Succeeding in Korea's demanding market establishes trust, brand strength and credibility across Asia

# Korea leads in high-value consumer areas such as tech, beauty and healthcare, creating partnership opportunities for global players



Source: Bloomberg, Medical Korea, Korea Times, The Chosun, Korea Creative Content Agency

# Korea stands as a global leader in several advanced manufacturing and technology sectors



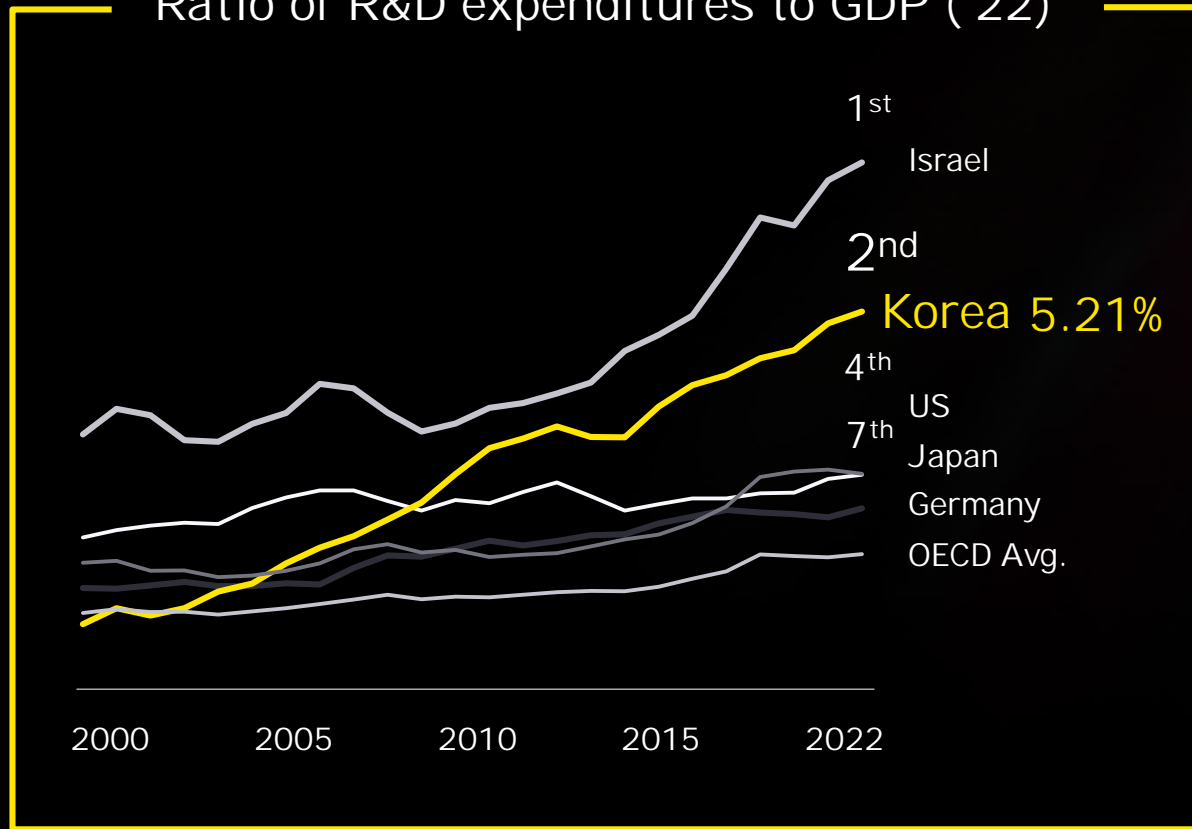
## Korean companies in Fortune Global 500

- Samsung Electronics
- SK Hynix
- Hyundai Motor Group
- LG Electronics
- POSCO
- Hanwha
- KEPCO

⋮

# Sustained R&D investment underpins Korea's technological and innovation capacity

Ratio of R&D expenditures to GDP ('22)



Top 3 science and tech industry for national R&D<sup>2</sup> ('23)

|                                       |       |
|---------------------------------------|-------|
| Machinery                             | 15.9% |
| Electrical and electronic engineering | 12.7% |
| ICT                                   | 11.3% |

Startup rate<sup>1</sup>

12.7%

Number of unicorns<sup>2</sup> by country



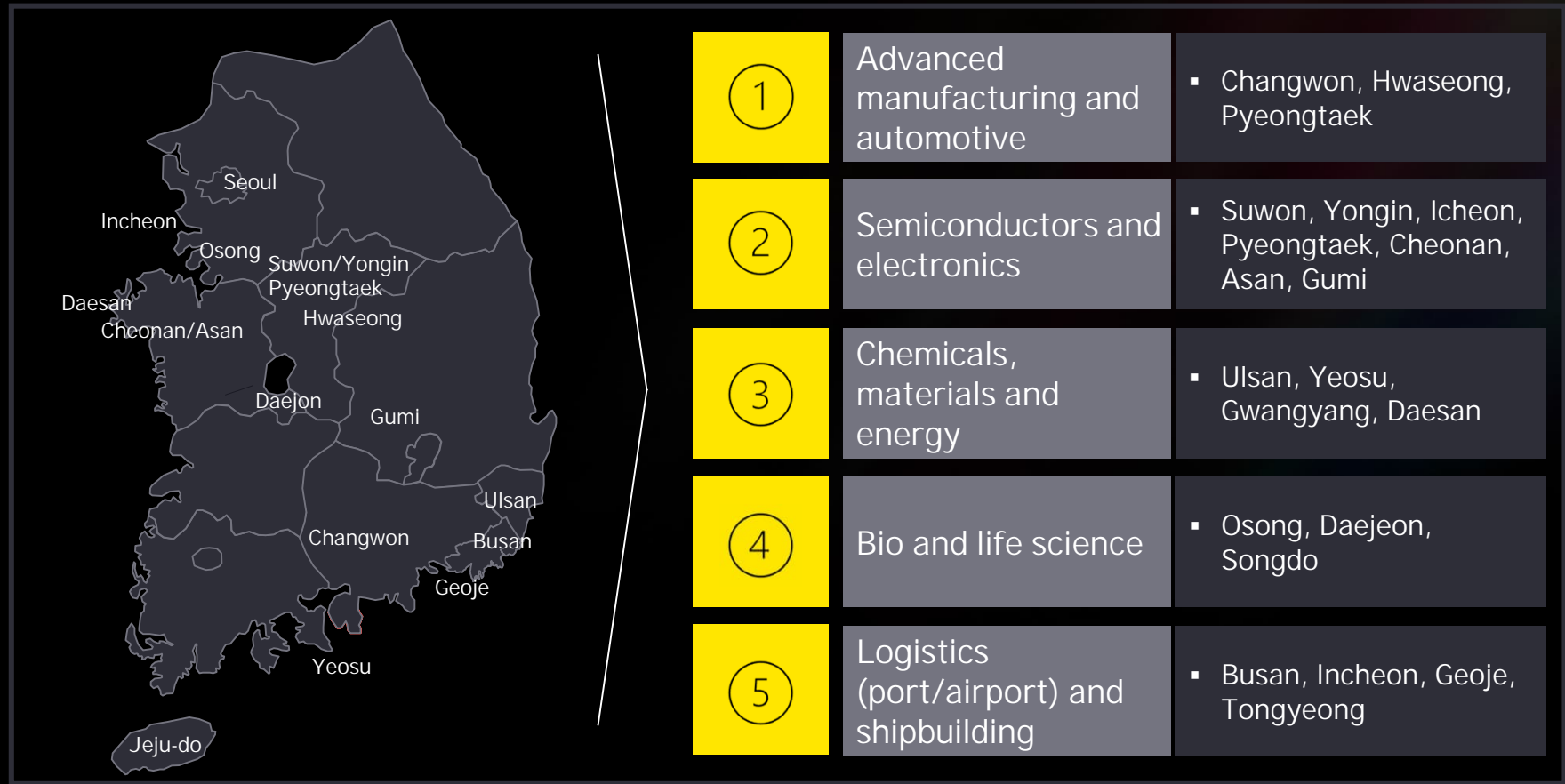
7<sup>th</sup> (25)

Korea

1. KOSIS ('23) 2. KOTRA

# Integrated industrial clusters enable fast collaboration and operational scale-up

## Integrated industrial clusters across Korea<sup>1</sup>

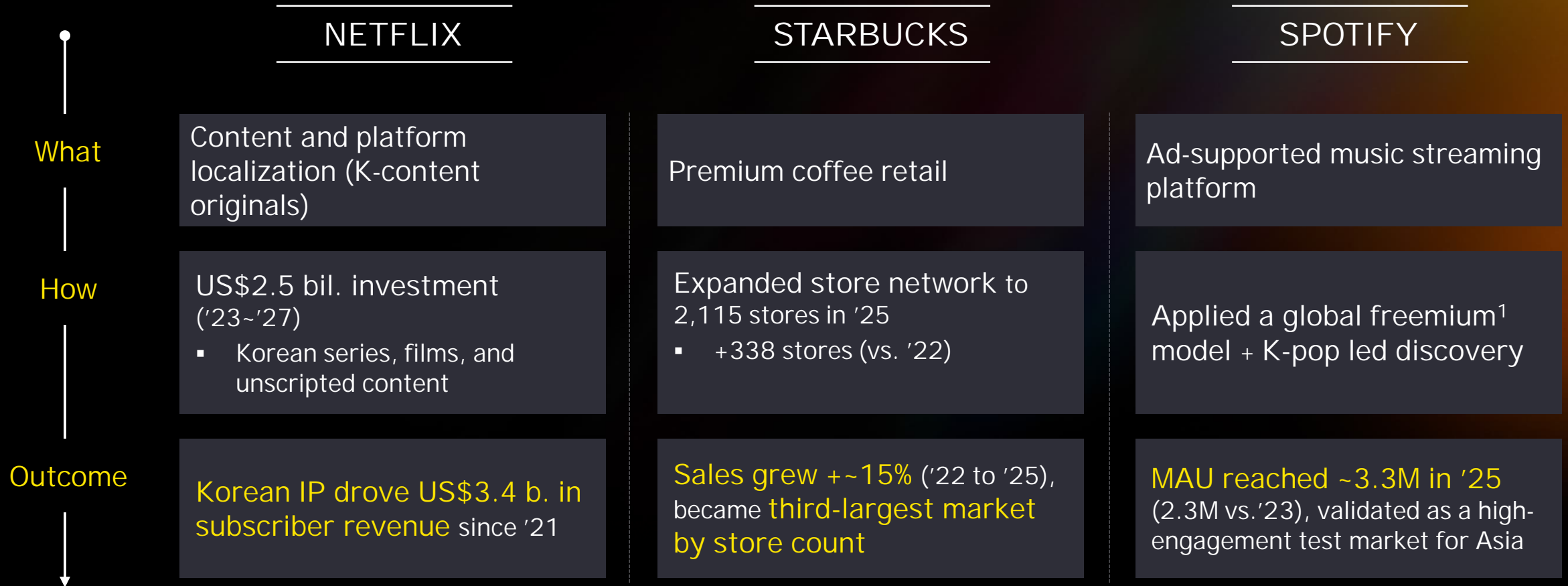


### Scale at a glance

- 50+ national industrial complexes account for ~60% of manufacturing output and ~70% of exports
- Most major clusters are located within 1–2 hours of Seoul

1. Locations shown represent primary industrial specializations (illustrative, not exhaustive). Source: Korea Economic Daily

# Korea is a demanding B2C market that rewards well-localized strategies with rapid adoption



1. Freemium model: free, ad-supported access with paid premium upgrades  
Source: Press release

# Infrastructure and partnerships in Korea enable B2B companies to validate, build, and scale across Asia

|                | ASML  | TORAY   | BASF   |
|----------------|---|---|--|
| <b>What</b>    | Semiconductor equipment support and training base   | Advanced materials manufacturing capacity   | Regional supply and local manufacturing  |
| <b>How</b>     | <p>Opened a remanufacturing + training center in Hwaseong (16,000 m<sup>2</sup>, '25)</p> <ul style="list-style-type: none"> <li>US\$180 mil. investment</li> </ul> | <p>Scaled capacity in Gumi (US\$367 mil., '24)</p> <ul style="list-style-type: none"> <li>Carbon fiber 4,700→8,000 t/y</li> <li>Aramid 3,000→5,000 t/y</li> </ul> | <p>Opened a new NIS<sup>1</sup> site in Daesan (12,234 m<sup>2</sup>, '26)</p> <ul style="list-style-type: none"> <li>JV with Hannong Chemicals</li> </ul> |
| <b>Outcome</b> | Serves as an <b>Asia-based support base</b> for regional semiconductor customers  | Korea accounts for <b>~11.4% of global production/export hub</b> after expansion  | <b>Asia-Pacific demand coverage</b> and strengthened <b>global supply network</b>  |

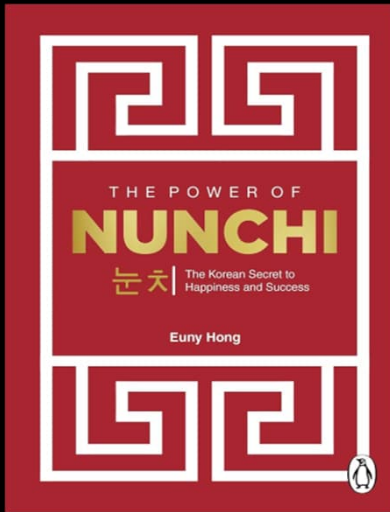
1. Non-ionic surfactant  
Source: Kedglobal, torayamk, Press release

Agenda 3

# Practical cultural context for business

# In Korean business, understanding context matters as much as understanding words

## The power of NUNCHI By Euny Hong



NUNCHI(eye measure) : the ability to read context, understanding what is meant beyond what is said.

## Common signals in Korean business

### "What you may hear"

"Let's have a meal sometime."

"I'll review this internally and come back to you."

"It may be challenging."

### "What it often signals"

|| Rapport first

A relationship opener, not a concrete calendar invite (yet).

|| Decision context

Decision authority and timing are clarified beyond the immediate conversation.

|| Commitment pacing

A cue to slow down or reset expectations.

# Business execution in Korea follows distinct execution dynamics

## Business norms: Western vs. Korea



## Key execution principles in business context

- ① Communication
  - Indirect but nuanced, harmony-oriented messaging

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- ② Ways of working
  - Deliberate, coordination-based execution

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- ③ Decision-making
  - Decisions are typically concluded beyond formal meetings

# Success in Korea requires understanding not just the market and industries, but how execution really works

From market fundamentals to execution reality



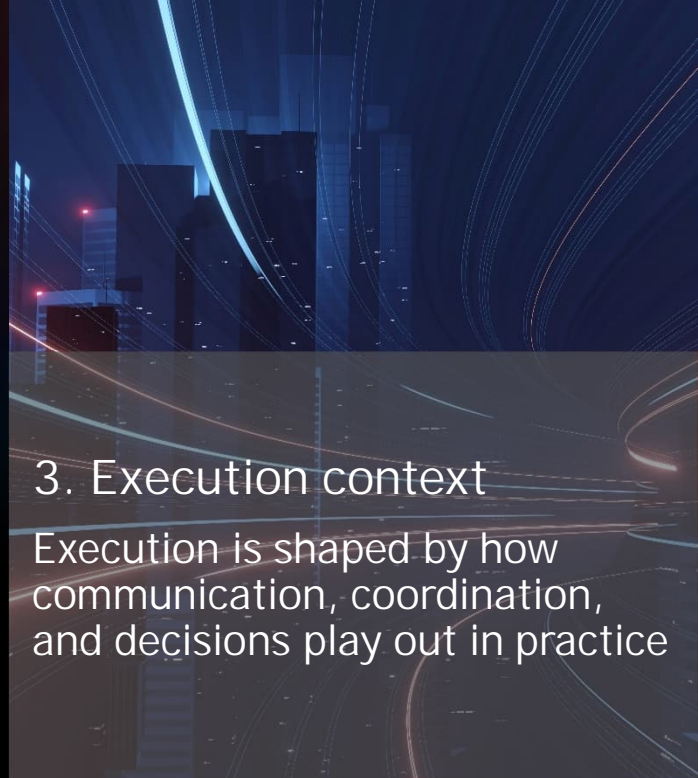
1. Market reality

Korea offers scale, purchasing power, and regulatory clarity – in a highly competitive environment



2. Industry logic

Global leadership plus dense clusters enable fast partnering, testing, and scale-up



3. Execution context

Execution is shaped by how communication, coordination, and decisions play out in practice

# Points of Contact

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# EY한영 산업연구원 소개

국내외 경영 환경의 변화와 주요 산업 동향을 분석한 EY한영만의 인사이트를 제공합니다. 이를 통해 기업들이 급변하는 경영 환경 속에서도 주요 산업군의 변화와 트렌드를 선제적으로 파악하고, 비즈니스 전략 수립을 할 수 있도록 지원하는 EY한영의 Think Tank의 역할을 수행하고 있습니다.

## 「산업별 인사이트와 전략적 시사점을 통해 시장 내 Thought Leadership을 선도」

### 1 산업 및 경영환경에 대한 연구과제 수행

- EY 글로벌 네트워킹을 통해 주요 산업·기능별 최신 리서치와 자료 확보
- 통합적 시각에서 산업별 주요 이슈를 분석한 리포트 정기 발간
- 시장 변화의 실질적인 영향력과 시사점을 분석하여 기업에 전략 방향성 제시

### 2 다양한 이해관계자 대상 지식 및 인사이트 공유

- 주요 산업 이슈 및 최신 경영 트렌드 중심의 세미나 정기 개최
- 업계 및 학계 등 대상 기관에 맞춤형 강연을 통해 차별적인 경영 전략 제시

#### EY한영 마켓 인사이트

[Insight Report 자료실 \(Link\)](#)

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#### Sector Insights



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