



cutting through complexity

GLOBAL Korean PRACTICE

KPMG in Germany Serving Global Korean Companies



Contents

Global Korean PracticeGermany	3
Audit	4
Tax	6
Advisory	8
Consulting	9
Transactions & Restructuring	11
Legal Services*	14

* Legal Services are provided by KPMG Rechtsanwalts-gesellschaft mbH.

Global Korean Practice Germany

KPMG in Germany is a leading provider of professional services including audit, tax and advisory. Also legal services are provided in a separate legal entity.

Global Korean Practice (GKP) is a network of KPMG professionals dedicated to assisting Korean companies in the success of their overseas business. KPMG's network of firms was one of the pioneers among the major professional services organizations in locating Korean-speaking staff in Europe. For more than a quarter of a century, our network has recognized the importance of our firm's Korean clients in this region. KPMG in Germany has one of the most extensive Global Korean Practices in Europe with over 8,500 local professional staff, many of whom have particular experience with Korean companies.

Within Germany the GKP is located near our Korean clients in Frankfurt/Main(Region Central).

We select the team that is right for you by identifying resources within the Global Korean Practice and combining them with experienced professionals throughout KPMG.



Bernhard Schraut

Partner, Tax, Coordinator Global Korean Practice | Region Central

Experience

Advising Korean companies in the Frankfurt area on international taxation, German and international reorganizations, transfer pricing and electronic tax audit.

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Audit

Our risk-oriented Internal Audit approach is based on a comprehensive understanding of the business activities of our clients, of the resultant business risks, and their implications for the annual financial statements and the management report. This approach includes an assessment of the internal control system. We provide the management and supervisory body of the company with an extensive report on the findings of our audit.

To ensure that the audit is conducted with due professionalism, we engage specialists who not only have an excellent theoretical background, but who are also able to demonstrate extensive practical and industry experience.

When performing audits as well as reviews at year-end or for quarterly purposes, we are considering the relevant Generally Accepted Auditing Standards (GAAS). Our audit teams in Germany are continuously trained in regulations of IFRS/PITF No. 18, US GAAP, German GAAP and also in SOX regulations related to Internal Control over Financial Reporting (ICOFR).

An independent audit of financial statements is one of the foundations for the effective operation of the capital markets. Audit quality is vital for maintaining trust in the financial reporting process and the integrity of financial information. Audit teams equipped with a high level of technical skills and empowered with professional skepticism provide the heart and soul of a good audit.

The financial statement audit can provide invaluable business insight of course. But increasingly, business leaders and various stakeholders need and can benefit from our Global Assurance Services which go beyond the traditional external audit. As auditors we can apply the same skills, rigorous and robust challenge to many business areas that can be quantified and measured.

IFRS/PITF No. 18

International Financial Reporting Standards (IFRS) are being promoted as a single set of high quality, understandable and enforceable global standards. The adoption of IFRS in the EU, Korea and many other countries follows the global trend for enterprises to report under IFRS instead of under local GAAPs or US GAAP. KPMG has extensive experience in providing services for enterprises reporting under IFRS. We can assist you in IFRS implementation and in doing so help you to seize the opportunity provided by IFRS. In addition we are also experienced in the regulations of PITF No. 18.

German GAAP

For statutory purposes German-based entities still have to apply German GAAP. With the introduction of the New modernized German GAAP (BilMoG), the German accounting and disclosure principles are developing towards IFRS but are still significantly differing from those of IFRS and also US GAAP. KPMG in Germany supports you in fulfilling your statutory obligations.

SOX

For German subsidiaries of Korean groups which are listed in the US or Korea, often US SOX rules or K SOX rules have to be applied and audited. Our teams are experienced and regularly trained in those regulations and perform SOX audits on an ongoing basis. When doing so, KPMG provides improvement opportunities for your internal control systems.

Global Assurance Services

Our Global Assurance Services include a wide range of services. Some of the key challenges for Korean companies are covered by the following examples:

- Accounting assurance: expert reports and evaluation of the financial reporting process.
- Corporate governance assurance: documentation, testing, benchmarking and audit of risk management, compliance management and internal control systems.
- Future and business combinations assurance: assessment of the investment decision and budget processes.
- Revenue assurance: assurance regarding complete and accurate capture, processing, invoicing and accounting of revenue streams.

Our clients benefit from the right mix of skills, from our professionals. This blend of technical and sector experience guarantees the necessary insights and deep business understanding to provide our clients with the needed assurance and added value.

Audit Services Contact



Henryk Zoller

Director, Audit, Global Korean Practice Germany

Experience

Lead audit partner for more than a decade for various Korean multinationals of the electronics, automotive and chemical industry.

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Tax

Key challenges for Korean companies operating in Europe are to understand and comply with the relevant tax system of each country in which they operate, to develop effective European-wide transfer pricing strategies, and to design the optimal organizational structure. KPMG's Global Korean Practice enables KPMG member firms to provide Korean companies with European-wide support in close cooperation with KPMG's Tax Corporation in Korea.

Corporate tax and international tax issues

Tax is a major aspect for the business set-up. An optimized tax structure minimizes tax costs and increases after tax profits and thus investment capital.

Tax Compliance

In all European countries, KPMG has experienced tax professionals working together with our German team on daily tax compliance. This is particularly important, as "tax compliance" is changing significantly through recent digitalization (e.g. electronic submission of tax returns and E-(tax) balance sheet, electronic tax audits). This allows the tax authorities to easily discover insufficiencies. In addition, the sequence and volume of new tax regulations increase companies' work. We can help you to be up-to-date, to reduce internal workload and to manage the respective risks.

Tax Advisory

Corporate tax advice has to be already considered when entering new markets or setting up operations. In order to identify the most suitable business-set up from a tax perspective, it is important to determine

- what kind of corporate structure in general is appropriate,
- where intellectual property should be located,
- how global supply chains should be configured to help mitigate overall effective tax rates, etc.

From our experience, many multinational companies require tax advisors' support with respect to international tax considerations when business transactions or corporate reorganizations are cross-border.

KPMG can provide the right tools and has a global network of professionals with knowledge, insight and experience, no matter where in the world our Korean clients are doing business.

Transfer pricing

For many tax administrations transfer pricing is currently a priority. Dealing with challenges can be arduous. From our experience, multinational groups intend to generate more benefits than simply complying with national rules by transforming their transfer pricing policies into strategic tools for investment, supply chain decisions and for global tax planning. Especially with respect to cross-border profit allocation of permanent establishments, such as branches, the tax authorities' approach has recently changed in line with OECD principles. KPMG can assist together with our GJP EU colleagues and KPMG in Korea in actively developing and implementing effective transfer pricing policies, preparing / reviewing documentations, updating or drafting underlying agreements and assistance regarding advance pricing agreements.

Indirect tax

Indirect taxes – such as e.g. value added tax, custom duties etc. – can represent up to 1/3 of a company's annual turnover. Insufficient indirect tax management can squeeze cash flow, lead to an over- or underpayment of tax and may result in penalties for non-compliance. Recently, tax authorities tend to argue in non-compliance cases with tax fraud and the liability of managing directors.

KPMG helps businesses and their tax teams in the development and execution of effective indirect tax management strategies, including appropriate internal controls and cross-jurisdictional compliance.

KPMG has developed specific tools for evaluating how indirect taxes affect corporate supply chains and provides data analysis tools, which help to reduce inaccuracies in reporting and remitting indirect taxes.

Global Mobility Services

For many clients globalization corresponds with increasing their global workforce. This involves additional reporting, withholding and regulatory compliance issues in each country in which your employees operate. KPMG offers a broad range of international experience. Our certified technology helps to support worldwide businesses and assignees. Our practice covers broad compliance, advisory as well as administration services.

Tax Services Contact



Barbara Sillich

Partner, Tax, Global Korean Practice Germany

Experience

Experience in international and German national tax consulting for various German and international clients, in particular regarding international outbound as well inbound investments in Asia (mainly Korea, Japan and China).

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Advisory

KPMG in Germany provides a wide range of advisory services that help our clients reduce risk, address finance-related challenges, and execute targeted strategies to enhance results.

We have a global network of professionals and the capability to handle complex cross-border projects. Our services are grouped in the following areas.

Consulting

Transactions & Restructuring



Consulting

As with all global businesses, Korean companies increasingly face regulatory pressures, risks from uncertain economic conditions and the constant need to improve and run the business more effectively and efficiently. Consulting combines the expertise of its service lines to help our clients manage their regulatory environment, create business value, reduce costs and extract value from their financial and organizational risk management processes.

Consulting helps the management to gain increased benefit from third party relationships, provides guidance for best practice governance as well as corporate sustainability, and contributes a fresh and challenging point of view to enable our clients to improve the way they operate. The skills used to deliver these services include strategic views, risk and compliance as well as change management methodologies, specialist financial services risk and regulation know-how, IT strategies and management practices, accounting experience and forensic technology.

Internal Audit, Risk and Compliance Services

Internal Audit, Risk and Compliance Services are designed to actively manage business risks and attain the business objectives. Additionally, Internal Audit, Risk and Compliance Services support our clients in evaluating and enhancing the efficiency and effectiveness of internal control systems, enterprise risk management, management control, and fraud risk management programs.

Forensic

Forensic helps clients protect their business and clarify suspicions of white-collar crime. We provide assistance where facts and figures do not agree, or where behaviour does not comply with expectations or regulations. Our range of services includes special investigations, dispute advisory services, corporate intelligence, and forensic technology.

Financial Risk Management

With our Financial Risk Management Services we assist clients in designing and implementing structures, processes and methodologies for risk management and controlling, especially focussing on credit, market, liquidity, and operational risks at financial services companies and corporates.

Continued on page 22 p

Strategy & Operations

Business Effectiveness teams focus on fundamental business issues – managing risk, increasing revenues and controlling costs – which all organizations, in all industries, should address in order to flourish. We help companies identify risks and optimize operations that are used to support their strategic business objectives and financial goals. Business Effectiveness teams serve our firms' leading clients in all industries. They also advise on a range of sustainability matters.

Finance Advisory

Finance Advisory teams can help our firms' clients align their finance organizations with the strategies and needs of their businesses to realise and sustain value over the long term. KPMG's strong capabilities in the core drivers of change – process, organization, information technology and risk and control – can help organizations transform their finance capabilities to drive business value across the enterprise while seeking to ensure the integrity of the processes and information delivered to key stakeholders.

Furthermore, our Finance Advisory teams support our clients in understanding complex accounting issues and give advice on how to comply with international accounting requirements including US GAAP and IFRS conversions. Our services include: conversions & financial reporting and accounting advice.

Human Relations Consulting

Human Relations Consulting teams focus on the human resources and develop strategies for the attraction, development, motivation, retention and management of the right people with the right skill sets and right experiences to deliver on the organization's goals. Our services include talent management, workforce optimization and compensation & benefits.

Furthermore, our professionals help to ensure the sustainability of the human resource organization and the optimization of HR functions with regard to quality and costs in a setting of fast moving product & innovation cycles and demographic change.

In transaction and transformation processes, HR Consulting teams support clients in recognising people risks and developing plans in response as well as in reducing conflict costs and ensuring business continuity in the complex process of transition.

Information Technology

The Information Technology team focuses on identifying and realizing business benefits and enterprise transformation enabled through the application of IT. We realize business outcomes and technical success, while at the same time complying with regulatory requirements. Our professionals have the knowledge of the major systems and service providers in the market, are independent and ensure our clients get impartial and the best advice.

The three major areas of our services are identifying the best strategy for exploiting IT to maximize the business benefit, effectively designing and realizing the benefits of IT-enabled transformation projects and designing solutions which provide the necessary insight to make effective business decisions.

Supply Chain Management & Procurement

Procurement Advisory teams will regularly focus on optimizing purchasing and supply chain performance – including cost reduction programmes, product availability optimization or stock management. Our scope often encompasses procurement transformations spanning the entire value chain and addressing processes, the organization and procurement IT. A global category network and knowledge management as well as procurement training programmes and academies complement our advisory services.

Transactions & Restructuring

Given a mature and shrinking domestic market and the relative strength of the yen, many Korean companies are looking to overseas markets for growth opportunities, whilst also addressing the restructuring needs of their existing businesses. Transaction Services provides support on mergers and acquisitions from before the deal is signed through to completion, integration or separation. Core products are high quality financial due diligence services (buy side and vendor due diligence). Corporate Finance supports companies with their business decisions regarding strategic planning and analysis, transactions, business valuation and financing. Restructuring advises companies in a corporate crisis as well as their banks, investors and shareholders, and supports clients with the realization of restructuring concepts.

Corporate Finance

Corporate Finance advises and supports clients through acquisitions, divestments, mergers, major projects, initial public offerings (IPOs), debt issuance, real estate deals, complex refinancing and transactions that require fairness opinions. This includes the evaluation of M&A opportunities by our experts in the Valuation Services teams which perform business and asset valuations, but also solve your requirements in purchase price allocations and impairment testing.

Transaction Services

Transaction Services evaluates and delivers successful transactions including pre-deal evaluation and bid services, transaction evaluation, vendor assistance and post-deal services, such as integration planning and support.

Restructuring

Restructuring implements solutions in situations relating to cash, stress and distress. Our professionals plan and deliver restructuring actions that can provide improvements to cash flow, profit and loss as well as the corporate balance sheet. Our range of services include: operational restructuring, strategic cash generation/crisis cash management, turnaround planning and implementation, corporate financial restructuring, lender advisory, exit planning and implementation as well as insolvency advisory and execution.

Consulting Contacts

Finance Advisory



Simon Faust

Partner, Advisory

Experience

Implementation of international accounting standards (IFRS, US GAAP) as well as post-conversion and process improvement. Leader for Quality Close and Integrated Reporting within KPMG in Germany. Numerous engagements involving harmonization of internal and external accounting and financial reporting efficiency.

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Forensic



Barbara Scheben

Partner, Advisory

Experience

Has served international clients for many years in forensic consulting services.

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Information Technology



Carsten Müller

Partner, Advisory

Experience

Various project experience on IT Advisory projects in international companies (e.g. analysis of process/IT controls regarding effectiveness).

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Consulting Contacts

Supply Chain Management & Procurement

**Sven Linden**

Partner, Advisory

Experience

Procurement transformation and reorganization, including business process outsourcing (BPO); cost reduction programmes including success-based projects. Multiple engagements with international clients to enhance procurement performance and impact.

Contact details

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Transactions & Restructuring

**Armin Stolz**

Partner, Transactions & Restructuring

Experience

Wide range of experience in advising corporate and private equity clients on domestic and international transactions. Has led and coordinated many financial and vendor due diligence engagements in the German mid-cap segment.

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Legal Services*

Investing in Germany means handling one of the most complex legal systems in Europe. To master its various challenges and to avoid unforeseen and unintended contraventions, the management of the national business must have an understanding of the given legal framework. KPMG Rechtsanwalts-gesellschaft mbH, as one of the leading independent law firms in Germany, provides both experience in introducing new foreign managers into their European and domestic legal responsibilities and specializa-tion in advising on all legal matters arising in the course of the client group's cross-border and/or national business activities. In doing so, we combine our legal competence with the global capabilities of the worldwide network of the KPMG-network firms. This multidisciplinary approach sets us apart from most other law firms and justifies our clients' expectation of seamless service when we collaborate with KPMG AG Wirtschaftsprüfungsgesellschaft or other KPMG member firms in joint projects.

Establishment of business

We regularly accompany Japa-nese enterprises when they expand their business to Germany. We have advised not only the installation of European headquarters for Europe-wide activities, but also foundations with a more German marketfocussed approach (including company, branch or representative office foundations). This included all aspects of the legal design of the company's business structure as well as personal advice to the managers in terms of immigration law and regulatory provisions and whatever else became necessary.

Corporate law, governance and compliance

We have vast experience in advis-ing our Korean clients in all mat-ters related to corporate law including corporate measures within the com-pany (e.g. capital and financing meas-ures), duties as well as responsibilities of the board members. Furthermore, the management of the company may have to install a functioning risk and

compliance management system and a corporate governance structure that allows for a frictionless operating of the business. We offer the know-how which enables the management to comply with those requirements and provide tools to mitigate legal risks (e.g. contract risk management).

M&A, group & business restructurings

In the course of consolidating and strengthening its business in Europe or Germany, the management will fre-quently see a chance or need for the acquisition of other entities and busi-nesses. Structuring of the planned transaction, performance of a due diligence, drafting and negotiating a contractual framework are corner-stones for the successful consumma-tion of such a process. We have both the experience and the manpower to accomplish the legal and organiza-tional challenges related to such com-plex M&A and group/business restruc-turings.

Labour law & pensions

German and European labour law requires the employer to obey numer-ous provisions with regard to all lev-els of employment up to the manage-ment. Our specialists continuously deal with issues related to the drafting of employment contracts, negotiations with works councils, partial retirement, mass redundancies, short-time work and company pension schemes as well as international assignments and related social security matters.

Anti-trust and competition law, IP/IT

As penalty fees in case of violation may total up to 10 percent of the group's worldwide sales, compliance in the field of anti-trust law should have the full attention of the local management. Furthermore, the registration and en-forcement of intellectual property rights (e.g. trademarks, name, domain port-folio, etc.) as well as the licensing or franchising of such rights to/from third parties has become a crucial instru-ment in operating a business. Eventu-ally, you will be in need of a compliant IT infrastructure, including matters of data security, protection and privacy. Please contact our specialists for any legal support in this regard.

* Legal services are provided by KPMG Rechtsanwalts-gesellschaft mbH.

Legal Services Contact



Dr. Stefan Suchan

Partner, Legal Services

Experience

Dr. Stefan Suchan has broad experience in German and international reorganization advising on corporate law, tax and accounting issues.

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Korea Desk Contact



Jongin Won

Manager, Korea Desk

Experience

Has long-standing experience in the audit of separate and consolidated financial statements in accordance with IFRS and Korean GAAP

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