

INVESTMENT
OPPORTUNITIES
IN KOREA

CULTURAL CONTENTS



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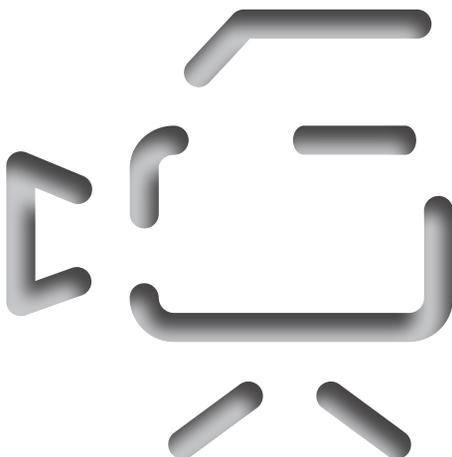
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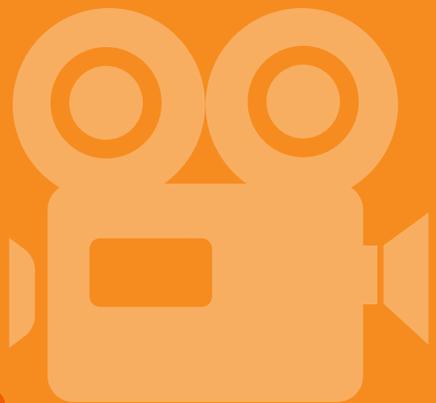
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Most figures in this report are converted from KRW into USD based on yearly average exchange rates. But growth rates (e.g. CAGR and YoY growth rate) are calculated based on KRW to prevent any distortion caused by changes in exchange rates.

INVESTMENT OPPORTUNITIES IN KOREA
CULTURAL CONTENTS



01 INDUSTRY OVERVIEW



— Definition of Industry

Definition of the Industry

The “cultural content industry” refers to the industry involved in the planning, development, production, distribution, consumption, etc., of cultural products and services.

“Cultural products” refer to tangible or intangible goods and services, or any combination thereof, which create added economic value based on a system of cultural elements with artistic, entertainment, and recreational value, as well as originality and popularity.

The cultural content industry is also commonly referred to as the culture industry, the content industry, the creative industry, or the media and entertainment industry, etc.

The cultural content industry does not break down into clearly defined categories, and tends to overlap with the fields of culture, products, and other industries.

Breakdown of the Industry

The Framework Act on the Promotion of Cultural Industries breaks down the cultural industry into the following categories:

- film and video
- music and games
- publishing, printing, and periodicals
- broadcasting
- national cultural heritage
- comics, character design, animation, edutainment, mobile cultural content, graphic design, advertising, performing arts, fine art, or craftwork
- the collection, processing, development, manufacturing, production, storage, searching, distribution, etc., of digital cultural content, user-created cultural content (UCC), and multimedia cultural content, and any service related thereto
- Popular culture and art
- the production and distribution of products based on traditional materials and techniques, such as costumes, sculptures, ornaments, props, household items, etc.
- cultural product exhibitions, expositions, sample fairs, festivals, etc.

The government-approved “Content Industry Statistics” divides the content industry into publishing, comics, music, films, animation, broadcasting, advertising, character design, knowledge information, content solutions, and performing arts.

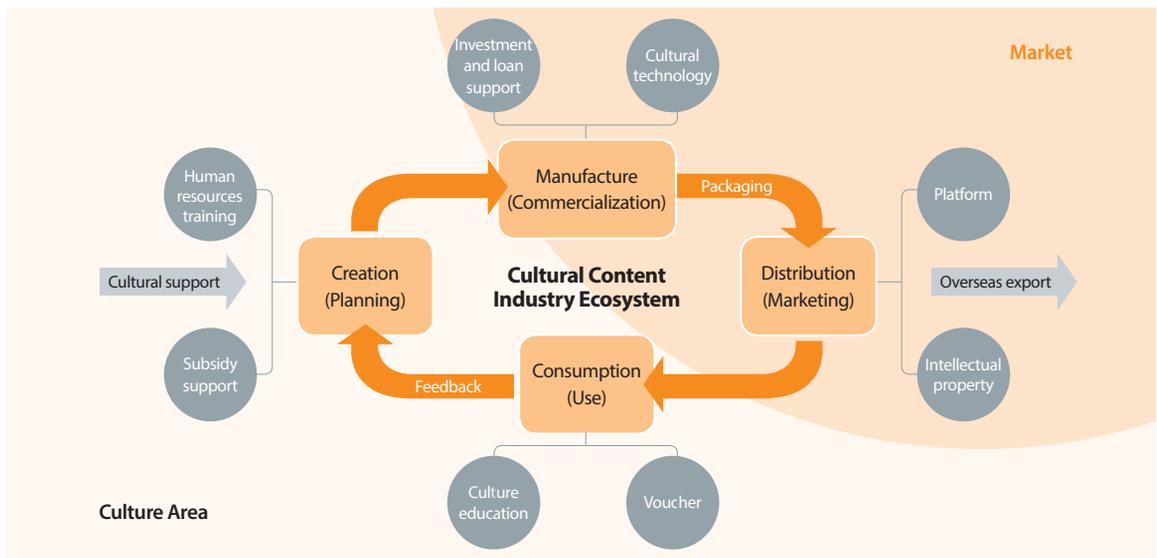
The Industry Ecosystem

The cultural content industry ecosystem is composed of content creation (planning), production (commercialization), distribution (marketing), and consumption (use), and works in close connection with various industrial fields up and down the value chain.

- The cultural content industry is closely related to the storytelling industry at the stages of creation and production, the copyright industry at the distribution stage, and the general manufacturing industry at the consumption stage, particularly when related products are sold overseas.
- Compared to other industries, the cultural content industry characteristically has a low intermediate input rate and creates high added value.

The so-called “Korean Wave” is responsible for much of the popularity of Korean cultural content overseas, resulting in more Korean consumer goods being sold in regions affected by the Korean Wave.

Cultural Content Industry Ecosystem



Intermediate Input Ratio and Added Value Ratio of Major Industries

(%)

Industry	Intermediate Input Ratio			Added Value Ratio (100% - C)
	Domestic (A)	Import (B)	Total (C = A + B)	
High-tech	57.1	23.0	80.1	19.9
Manufacturing	53.9	25.0	78.9	21.1
Cultural content	38.3	1.9	40.1	59.9
Services	39.3	7.9	47.4	52.6

Source: “Structural analysis and economic ripple effect estimation of the creative industry through interindustry analysis.” Korea Development Bank Research Institute, 2014, p. 50

Effect of Cultural Product Exports on Consumer Goods Exports

Cultural Product	Consumer Good	Coefficient (Elasticity)	Average Rate of Change	Significance
Cultural products in general	Consumer goods	0.030	4.12	<ul style="list-style-type: none"> Consumer goods exports increase by 0.03% for every 1% increase in cultural product exports. Consumer goods export increases by USD 412 for every USD 100 increase in cultural product exports.
	IT products	0.032	3.95	<ul style="list-style-type: none"> IT exports increase by 0.032% for every 1% increase in cultural product exports. IT exports increase by USD 395 for every USD 100 increase in cultural product exports.
	Clothing	0.051	0.35	<ul style="list-style-type: none"> Clothing exports increase by 0.051% for every 1% increase in cultural product exports. Clothing exports increase by USD 35 for every USD 100 increase in cultural product exports.
	Processed foods	0.070	0.31	<ul style="list-style-type: none"> Processed foods exports increase by 0.07% for every 1% increase in cultural product exports. Processed foods exports increase by USD 31 for every USD 100 increase in cultural product exports.
Broadcasting	Processed foods	0.032	0.64	<ul style="list-style-type: none"> Processed foods exports increase by 0.032% for every 1% increase in broadcasting content exports. Processed foods exports increase by USD 64 for every USD 100 increase in cultural product exports.
Films	Clothing	0.026	0.87	<ul style="list-style-type: none"> Clothing exports increase by 0.026% for every 1% increase in film industry exports. Clothing exports increase by USD 87 for every USD 100 increase in cultural product exports.

Source: "Analysis of the ripple effect of Korean Wave exports and financial support measures." The Export-Import Bank of Korea, 2012

Current state of the Industry

Global Markets

Despite the global economic slowdown, cultural content markets across the world are expected to keep growing by about 5%, led by the emerging economies of China, India, etc., as standards of living, network infrastructure, etc., continue to improve.

Newer forms of cultural content, such as films, animation, knowledge information, are growing at a much faster pace than more traditional forms such as publishing, comic, and music.

Size and Prospects of Global Cultural Content Markets

(USD billion, %)

Category	2010	2011	2012	2013	2014p	2015p	2016p	2017p	2018p	2019p	2014-19 CAGR
Publishing	372	371	367	365	365	365	366	368	370	373	0.4
Comics	7	8	8	7	7	7	7	7	6	6	-1.7
Music	46	46	46	46	46	46	46	46	47	48	0.8
Games	54	58	60	65	71	75	80	84	89	93	5.7
Films**	84	84	84	84	85	88	91	95	99	105	4.1
Animation	11	10	11	12	11	13	14	15	16	17	8.2
Broadcasting***	382	400	417	431	453	468	487	503	521	536	3.4
Advertising****	418	436	451	467	492	514	542	568	596	620	4.7
Character design/ licensing	147	151	153	156	161	167	173	180	186	193	3.6
Knowledge information	457	501	546	596	643	694	745	799	856	919	7.4
Aggregate total	1,976	2,064	2,144	2,229	2,335	2,437	2,552	2,664	2,787	2,909	4.5
Total*****	1,572	1,653	1,725	1,807	1,904	1,998	2,100	2,203	2,314	2,426	5.0

Source: Overseas Content Market Trends in 2015. PWC and Korea Creative Content Agency(KOCCA), 2016

* Including animation

** Excluding the satellite radio advertising market, which overlaps with the radio market

*** Including advertisements made through other forms of media, such as newspapers, magazines and other forms of print publishing, games, film theater advertisements, etc

**** Excluding overlaps between fields

Top 15 Cultural Contents Markets

(USD billion, %)

Ranking	Country	2010	2011	2012	2013	2014	2015p	2016p	2017p	2018p	2019p	2014-19 CAGR
1	United States	555	581	606	629	660	690	725	758	797	836	4.8
2	Japan	151	154	158	162	168	170	172	172	173	175	0.8
3	China	89	104	116	133	149	167	186	206	227	248	10.6
4	Germany	96	99	102	104	105	107	109	111	113	115	1.8
5	United Kingdom	91	93	95	98	101	104	107	111	114	117	3.1
6	France	73	75	76	78	80	82	85	87	90	93	3
7	Canada	46	48	49	51	53	56	59	61	64	67	4.8
8	Korea	38	42	46	49	52	55	58	60	62	64	4.2
9	Brazil	29	33	36	40	45	49	55	60	66	72	10
10	Italy	44	45	43	43	43	44	46	48	49	51	3.5
11	Australia	33	33	33	35	36	37	39	40	42	44	4.1
12	Spain	30	30	29	28	29	30	31	32	33	34	2.9
13	Mexico	18	20	22	24	26	28	30	32	34	36	6.5
14	India	16	18	20	22	25	28	32	35	38	42	10.5
15	Russia	17	19	21	23	25	26	28	30	33	34	6.3

Source: Overseas Content Market Trends in 2015. PWC and KOCCA, 2016

The United States holds an unrivaled position in the global cultural content industry, accounting for one-third of all global markets, while China continues to grow at an alarming rate (rising from 5th place in 2010 to 3rd in 2011, and is expected to reach 2nd place by 2016).

Korea's cultural content market grew by an average 4.2% in 2014, and ranked 8th.

Korea's Cultural Contents Markets

For the past 5 years, Korean cultural content markets have been growing at an annual average of 5.7% in sales, and 8.3% in exports.

- Sales growth led by more traditional forms of media, including publishing (19.6%) and broadcasting (16.5%)
- Export growth led by digital media such as digital games (54.6%)

In particular, as the Korean Wave spreads throughout Southeast Asia, Southwest Asia, Europe and South America, raising the popularity of K-pop in those regions, Korean cultural content markets are expected to see continuous growth.

Status of the Korean Cultural Content Industry

Category	No. of Businesses	No. of Employees	Sales (USD million)	Added Value (USD million)	Added Value (%)	Exports (USD million)	Imports (USD million)	Imports - Exports (USD million)
Publishing	25,705	191,033	18,727.2	7,996.4	42.7	247.3	319.2	72.0
Comics	8,274	10,066	777.6	306.4	39.4	25.6	6.8	-18.7
Music	36,535	77,637	4,190.7	1,605.2	38.3	335.7	12.9	-322.8
Games	14,440	87,281	9,070.0	4,285.6	47.3	2,973.8	165.6	-2,808.3
Films	1,285	29,646	4,152.7	1,394.8	33.6	26.4	50.2	23.8
Animation	350	4,505	509.6	201.7	39.6	115.7	6.8	-108.8
Broadcasting	910	41,397	14,349.7	5,567.2	38.8	336.0	64.5	-271.5
Advertising	5,688	46,918	12,496.2	3,768.8	30.2	76.4	501.8	425.4
Character design	2,018	29,039	8,235.0	3,451.7	41.9	489.2	165.3	-324.0
Knowledge information	8,651	75,142	10,319.0	4,378.1	42.4	479.7	0.6	-479.0
Content solutions	1,586	23,795	3,542.9	1,343.2	37.9	167.9	0.5	-167.3
Total	105,442	616,459	86,370.6	34,299.2	39.7	5,273.5	1,294.2	-3,979.3

Source: 2015 Contents Industry Statistics (based on 2014 data), KOCCA (2016)

Korean Cultural Content Industry Sales by Category

(USD million,%)

Category	2012	2013	2014	2015	2016(E)	YoY(%)
Publishing	19,708.6	19,708.2	18,739.2	17,313.4	17,057.2	1.2
Comics	747.2	758.0	818.7	767.6	745.2	3.8
Music	3,736.2	4,074.3	4,184.5	4,008.5	4,140.1	5.3
Games	9,153.7	9,190.8	9,096.7	9,125.8	9,356.6	5.6
Films	4,109.8	4,453.3	4,184.5	4,179.1	4,471.3	8.9
Animation	467.0	473.8	545.8	511.7	496.8	7.6
Broadcasting	13,263.6	14,117.9	14,372.8	14,157.8	14,324.7	4.5
Advertising	11,675.7	12,696.6	12,462.5	12,196.2	12,171.9	3.2
Character design	7,005.4	7,864.3	8,278.0	8,358.2	9,025.4	11.4
Knowledge information	8,873.5	9,854.1	10,279.3	10,746.3	11,757.9	13.1
Content solutions	2,802.2	3,221.5	3,547.7	3,582.1	3,643.3	5.0
Total	81,543.1	86,412.7	86,327.7	84,861.4	87,107.7	5.7

Source: 2017 Content Industry Prospects. KOCCA, 2017

Due to the characteristics of the industry, exports are generally made in the form of content that entirely produced in Korea, while in some categories, such as broadcasting, exports of program format are also increasing.

Korean Cultural Content Industry Exports by Category

(USD 100 million)

Category	2012	2013	2014	2015	2016(E)	YoY(%)
Publishing	2.5	2.9	2.5	2.5	2.6	5.2
Comics	0.2	0.2	0.3	0.3	0.3	11.6
Music	2.4	2.8	3.4	3.6	3.8	6.4
Games	26.4	27.2	29.7	32.1	34.5	7.3
Films	0.2	0.4	0.3	0.9	1.0	10.3
Animation	1.1	1.1	1.2	1.3	1.4	8.0
Broadcasting	2.3	3.1	3.4	4.2	4.6	9.7
Publishing	1.0	1.0	0.8	0.8	0.8	1.5
Character design	4.2	4.5	4.9	5.5	6.4	16.4
Knowledge information	4.5	4.6	4.8	5.3	5.8	10.8
Content solutions	1.5	1.6	1.7	1.7	1.8	6.2
Total	46.1	49.2	52.7	60.9	63.1	8.3

Source: 2017 Content Industry Prospects. KOCCA Agency, 2017

Current State of FDI in the Industry

Currently, foreign direct investment (FDI) in the Korean cultural content industry is limited to the categories of Films, broadcasting, games, and entertainment.

FDI Trends in Culture and Entertainment

(no. of cases, USD thousand)

Category	2015				2016							
	3Q		4Q		1Q		2Q		3Q		4Q	
	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount
Culture / entertainment	11	62,374	20	1,029,865	14	85,585	16	82,168	20	52,824	15	17,158
Culture / broadcasting	7	16,106	11	28,255	9	80,144	11	58,061	16	51,396	13	16,651
Film and video production	0	0	3	25,685	4	37,796	2	736	5	3,491	5	9,519
Animation production/ Comics	0	0	0	0	2	18,517	0	0	1	7,950	1	1,675
Video advertisement production	0	0	2	537	0	0	2	3,750	0	0	0	0
Film and video production-related services	3	9,937	1	91	0	0	0	0	2	1,122	2	250
Film distribution	0	0	0	0	0	0	3	47,918	0	0	0	0
Cable and satellite broadcasting	1	1,800	0	0	0	0	0	0	0	0	0	0
Other culture / broadcasting	3	4,369	5	1,941	3	23,831	4	5,657	8	38,833	5	5,208
Leisure sports	4	46,268	9	1,001,610	5	5,441	5	24,107	4	1,428	2	506

Sources: Ministry of Trade, Industry and Energy (2016). Foreign investment statistics, KOCCA (2016). 2016 content industry trend analysis report

Note: Based on Notification

In recent years, Chinese businesses and capital have been actively making FDIs in the Korean cultural content industry.

- Internet value-added services provider Tencent Holdings Ltd. acquired shares in leading Korean game companies in 2014 through FDIs worth about KRW 700 billion.
- Since then, other Chinese businesses, such as Zhejiang Huace Film & TV Co. Ltd., Wanda Group, Alibaba Group, have also stepped forward to invest in Korean film, broadcasting, and entertainment companies.

Chinese FDI in Korean Cultural Content Businesses for the past 3 years

(*fixed rate: USD 1 = KRW 1,200)

Chinese Investor	Investee Company	Industry	Amount Invested (KRW billion)	Amount Invested (USD million)	Date	Share
Tencent	4:33 Creative Lab	Game	120	100.0	November 2014	20%
	Party Games	Game	20	16.7	September 2014	20% (2nd largest shareholder)
	CJ Games	Game	550	458.3	March 2014	28% (3rd largest shareholder)
	YG Entertainment	Entertainment	35.8	29.8	May 2016	4.5% (4th largest shareholder)

Chinese Investor	Investee Company	Industry	Amount Invested (KRW billion)	Amount Invested (USD million)	Date	Remarks
Huace Media	NEW	Film/ broadcasting	53.5	44.6	October 2014	15% (2nd largest shareholder)
Sohu	KeyEast	Entertainment	15	12.5	August 2014	6.4% (2nd largest shareholder)
DMG	Chorokbaem Media	Entertainment	25	20.8	November 2015	25% (the largest shareholder)
PAG	Youngtoys Co., Ltd.	Character design	220	183.3	April 2015	96.5% (the largest shareholder)
Wanda Group	DexterStudio	CT	11.1	9.3	April 2015	13.3%
FNC Entertainment	Redrover	Animation	45.3	37.8	June 2015	20.2% (the largest shareholder)
	FNC Entertainment	Entertainment	33.6	28.0	November 2015	22% (2nd largest shareholder)
Spearhead Group	Signal Entertainment	Entertainment	21.4	17.8	September 2015	12.6% (the largest shareholder)
Alibaba Group	SM Entertainment	Entertainment	35.5	29.6	February 2016	4%
Huayi Brothers	HB Entertainment	Entertainment	42.1	35.1	March 2016	30%
	Sim Entertainment	Entertainment	22.8	19.0	March 2016	30.4% (the largest shareholder)
Shanghai ISPC	Soribada	Music	10	8.3	March 2016	10.3% (the largest shareholder)
Fun Game International	Webzen	Game	203.9	169.9	March 2016	19.2% (2nd largest shareholder)
Weying	YG Entertainment	Entertainment	65.8	54.8	May 2016	8.2% (3rd largest shareholder)
JC Group	Fantagio Entertainment	Entertainment	30	25.0	October 2016	27.6% (the largest shareholder)

Source: Various press reports

Industrial Competitiveness

Characteristics and Strengths

The cultural content industry is a representative field of the so-called “4th industrial revolution” that pays attention to how human beings interact with technology.

In line with recent consumption trends, the industry emphasizes both individual and shared experience.

- As technology advances, more consumers demand valuable experiences rather than tangible goods.
- Human beings consume not only goods, but the stories contained within the goods, and routinely share and evaluate their consumption behavior through various social media channels.
- Such stories make up the resource input and output of the cultural content industry.

Window effect and linkage effect

- Once it is created in a particular field, a cultural product enhances in value as it evolves and is sold in an altered form (material, design, intellectual property, etc.) in other fields.
- The industry has a great influence on other industries such as manufacturing and tourism.

Market uncertainty and cultural discounts

- As a typical high-risk and high-return industry, it is difficult to predict the demand and performance of cultural content. However, initial success often leads to a continuous stream of substantial profit.
- In other cultures, the commercial value and utility of cultural products generally decrease due to differences in language, customs, history, etc.

Standing of Korea's Cultural Contents Industry

Korea's status in the global cultural content industry can be explained through the "Korean Wave."

- For the past 20 years, Korean broadcasting content, represented by TV dramas, have continued to gain popularity in other countries in Asia and beyond.
- In particular, K-pop has garnered immense global attention, especially with PSY's mega-hit "Gangnam Style."

Korea has also led in global online games markets.

- Korean massive multi-player online role-playing games (MMORPGs), such as Kingdom of the Winds and Lineage, became popular worldwide.

Korea's Share the Global Cultural Content Industry by Category

(USD million, %)

Category	World	United States	Japan	United Kingdom	Germany	France	Korea		
							Size	Ranking	Share
Games	65,736	14,241	8,663	4,967	2,672	3,257	6,985	4	10.6
Films	88,274	31,118	6,745	6,088	3,798	3,812	2,967	9	3.4
Music	47,415	15,077	5,041	4,110	4,316	1,817	780	11	1.6
Publishing	372,881	97,904	39,425	17,032	30,469	17,847	8,912	8	2.47
Broadcasting	445,410	182,188	24,819	19,947	25,892	14,576	6,638	13	1.5

Source: Content industry major statistics. PWC and KOCCA, 2015

Industry Outlook

Industrial Development Potential

The 4th industrial revolution is expected to raise the value and status of cultural content in the global economy.

- The key concepts of “convergence” and “connection” will revolutionize all aspects of human life, and spur the convergence of cultural content with other industries.
- As cultural content converges with other fields and increase their value in the process, the industry is set to lead the world economy with new innovative products and services.
- The industry’s development potential will rise as barriers between industries break down and connections grow stronger.

The 4th Industrial Revolution and Cultural Content

Classification	1st Industrial Revolution	2nd Industrial Revolution	3rd Industrial Revolution	4th Industrial Revolution
Time	Late 18th century	Early 20th century	Since 1970	In progress
Key driver	Steam	Electricity	ICT	IoT, AI
Production method	Mechanization	Massification	Partial automation	Automation
Media	Mass media (print)	Mass media (audiovisual)	Multimedia (computer)	Realistic media
Cultural content	Books, newspapers	Films, broadcasting	Internet, social media	Virtual/augmented reality

The Korean government has already designated the cultural content industry as a future growth engine, and is providing appropriate support.

- Throughout the years, the Korean government designated the cultural contents industry as a major industry for the 21st century (Ministry of Culture and Sports, 1997), a key industry for the 21st century (inauguration speech of President Dae-jung Kim, 1998), and a next-generation growth engine industry (Ministry of Finance and Economy, 2003).
- With its history of striving to make up for lack of natural resources with human creativity, Korea considers the cultural content industry as a key area that will lead the national economy in the future.

Future Prospects

Korea’s electronic device industry, supported by an excellent platform environment based on abundant ICT infrastructure and outstanding technology, acts as an important basis for future growth in the cultural content industry.

Since late 1990s, the government has tried to promote the cultural content industry by lifting many related regulations, such as foreign investment restrictions, etc.

A global test bed for cultural content, Korea often is the country of choice for Hollywood films to have their world premiere.

The recent expansion of the Korean wave across the world in the form of K-Pop (music), K-Drama (television shows), etc., proves the value and marketability of Korean cultural content products.

02 **LOCATIONAL COMPETITIVENESS**



Cultural Content Industry Clusters

More than 90% of cultural content companies are located in the greater Seoul area.

- This is because consumers, human resources, as well as manufacturing and distribution facilities are also concentrated in Seoul and neighboring areas.

The advantageous location by genre tends to be formed depending on the Meanwhile, government policies designed to attract cultural businesses to specific regions are influencing the geographical distribution of cultural content industries.

- In particular, film and game companies are concentrated in Busan, broadcasting in Goyang, and animation in Bucheon and Chuncheon.

To maximize synergy by concentrating similar businesses in one location, the government is establishing industrial complexes, as well as promotional districts and facilities specifically targeted for the cultural content industry.

Cultural Industry Complexes

City	Industrial focus	Location	Area (m ²)
Cheongju	Edutainment	201-31, Naedeok 2-dong, Sangdang-gu, Cheongju-si, North Chungcheong Province	50,637
Chuncheon	Animation	Hyeonam-ri and Geumsan-ri, Seo-myeon, Chuncheon-si, Gangwon Province	186,849

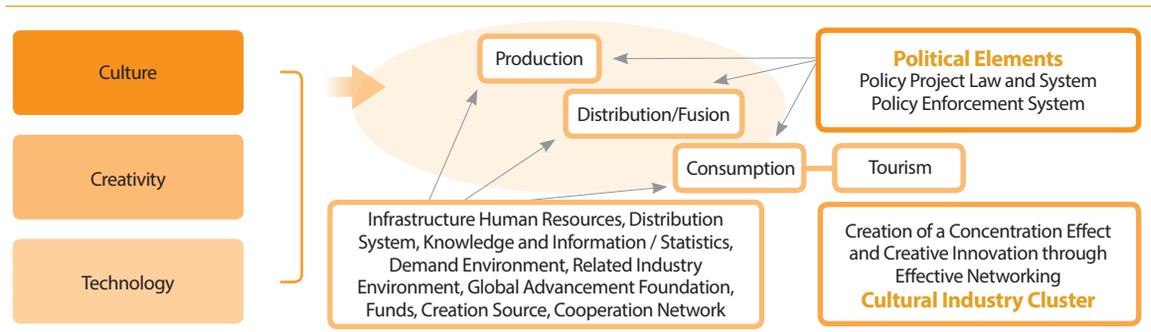
Cultural Industry Promotion Districts

City	Industrial focus	Location	Area (m ²)
Busan	Video, games	U-dong, Haeundae-gu (Centum City)	343,959
Daegu	Games, mobile content, character design, new media content	Daemyeong-dong, Nam-gu (former Keimyung University site)	117,666
Daejeon	High-tech video (Films), games	Doryong-dong, Yuseong-gu (inside Expo Park)	388,570
Bucheon, Gyeonggi-do	Comics, animation	Sang-dong, Wonmi-gu (Video Culture Complex)	600,263
Jeonju, Jeollabuk-do	Traditional Korean fashion (Han-Style), video	Across Jungnosong-dong, Gyo-dong, Pungnam-dong and Gosa-dong in Wansan-gu (Information Video Venture Town, Hanok Village, Film Avenue)	472,138
Cheonan, Chungcheongnam-do	Culture design	Across Munhwa-dong, Daeheung-dong, Seonghwang-dong, Oryong-dong and Wonseong-dong (vicinity of Cheonan Station)	306,782
Jeju	Next-generation AR/VR content	Ido 2-dong (vicinity of Jeju City Hall)	127,657
Incheon	Culture design	Dohwa-dong, Nam-gu	263,164
Goyang, Gyeonggi-do	Broadcasting video (broadcasting, Films, animation, games)	Office district in Janghang-dong (vicinity of La Festa and Western Dorm)	664,710
Seongnam, Gyeonggi-do	Game and IPTV industries	Across Seohyeon-dong and Jeongja-dong in Bundang-gu	1,246,826
Andong, Gyeongsangbuk-do	Video, craftwork, performing arts / exhibition industry	Junggu-dong and Seogu-dong	512,581

Gwangju, a hub for Asian culture

- Under the Special Act on Creating a Hub for Asian Culture, the government designated Gwangju Metropolitan City as a “cultural industry investment promotion district.”
- Legal bases were established so that companies that relocate to the district can lease or purchase national or public properties, and receive various loans and forms of financial support.

Cultural Industry Cluster Components



Source: Content industry white paper 2010. Ministry of Culture, Sports and Tourism, 2011, p. 147

Benefits of the Clusters

The cultural content industry is based on creativity and imagination, putting location low on the list of priorities.

Companies that move into one of the following designated locations become eligible for various exemptions, as well as license and tax benefits under the Framework Act on the Promotion of Cultural Industries.

Classification	Concept	Benefits	Designation
Cultural industry complexes	Industrial complexes are designated and developed under the Industrial Sites and Development Act as an aggregate of land, buildings, and facilities created so that companies, universities, institutes, individuals, etc., can jointly perform R&D, technology training, information exchange, manufacturing, and other activities in relation to the cultural industry.	<ul style="list-style-type: none"> • Exemption of various fees (five fees including the replacement fee for forest resources creation the farm land conservation fee, etc.) • Various licensing benefits (34 benefits concerning the construction of a public sewerage system, the construction and occupation of rivers and roads, etc.) • Tax benefits (exemption of acquisition tax and registration tax, 50% reduction of property tax, etc.) 	<ul style="list-style-type: none"> • Cheongju (March 2002) • Chuncheon (January 2008)
Cultural industry promotion districts	Cultural industry promotion districts are designated to encourage and promote the business activities, R&D, human resources training, joint manufacturing activities, etc., in the cultural industry, by bringing together related companies, universities, institutes, etc., in one location.	<ul style="list-style-type: none"> • Exemption of various fees (four fees including the replacement fee for forest resources creation, etc.) • Various licensing benefits (9 benefits concerning the construction of a public sewerage system, the construction and occupation of rivers and roads, etc.) 	<ul style="list-style-type: none"> • Busan, Daegu, Daejeon, Bucheon, Jeonju, Cheonan, and Jeju (February 2008) • Incheon and Goyang (December 2008)
Cultural industry promotion facilities	Cultural industry promotion facilities support the activities of cultural industry-related business operators by making necessary facilities available in one convenient location.	<ul style="list-style-type: none"> • Exemption of various fees (seven fees including the development fee, the congestion fee, etc.) • Tax benefits (exemption of acquisition tax and registration tax, 50% reduction of property tax, etc.) 	<ul style="list-style-type: none"> • Culture Content Center in Sangam-dong, Seoul (March 2007)

03 GOVERNMENT POLICIES AND REGULATIONS



Government Policies and Incentives

Government Policies and Support for Industrial Hubs

Government policies to promote the cultural content industry.

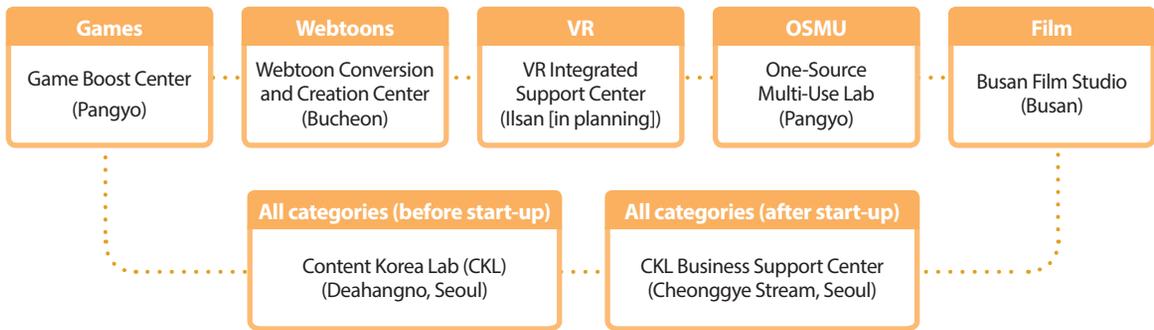
- Every three years, the Korean government establishes a Basic Plan for the Promotion of the Cultural Industry under the Framework Act on the Promotion of Cultural Industries. In addition, various government departments work together establish and carry out an implementation plan every year.
- The 2nd Basic Plan for the Promotion of the Content Industry (2014–2016) sets its vision as Korea being a leading creative force in the global content industry, with a national income of USD 30,000,” and presents the following 5 implementation strategies and 17 key objective.

Implementation Strategies	Key Objectives
1. Building a foundation for investment, loans, and technology.	1-1. Expand financial resources for investment and loans. 1-2. Develop a new market where cultural content and ICT converge. 1-3. Improve systems to meet the needs of a creative economy. 1-4. Help local content industries grow.
2. Promoting content-related start-ups, and job creation, and training creative talent.	2-1. Expand spaces for the convergence and creation of cultural content. 2-2. Nurture content-related start-ups and create jobs. 2-3. Train various creative talent and help them develop sustainable careers.
3. Supporting entry into global markets.	3-1. Expand spaces for the convergence and creation of cultural content. 3-2. Build a foundation for helping businesses enter overseas markets. 3-3. Expand bidirectional exchange and cooperation.
4. Promoting the development and use of a healthy ecosystem.	4-1. Build a foundation for shared growth, and improve fair trade. 4-2. Reinforce the foundation for intellectual property management and promote the use thereof. 4-3. Foster an environment and a foundation for unhindered access to cultural content.
5. Reinforcing content competitiveness and building a cooperation system for industrial growth.	5-1. Strengthen content competitiveness in leading fields. 5-2. Nurture content industries that show promise. 5-3. Expand markets for digital convergence content. 5-4. Develop a cooperation system for promoting the content industry .

Creating a hub for incubating cultural content startups.

- Content Korea Lab (CKL) Planning Center supports prospective creative talent and prospective entrepreneurs start and plan a new business.
- CKL Business Support Center supports startups move to new locations, and carry out manufacturing, commercializing, and distributing activities.
- The center supports the building and operation of centers for incubating startups in each industry category, such as games, webtoons (online comics), virtual reality content, etc.

Major Centers for Incubating Cultural Content Startups



Financial Investment Support Policies

Korea Fund of Funds (KFoF)

- Managed by Korea Venture Investment Corp., the Korea Fund of Funds (KFoF) was established by the government to provide a supply of financial investment for cultural content production funds, reducing risk and facilitating greater autonomy through indirect investment.
- As compulsory measures to promote investment in content, special accounts for cultural content and films were created to operate as feeder funds.
- A total of 66 cultural and Film accounts were formed from 2006 to 2015, amounting to KRW 1.41 trillion (USD 1.18 million), of which KRW 1.68 trillion (USD 1.4 million) has been invested in 2,500 businesses and projects.
- The FoF accounts helped fund the production of cultural content in the performing arts, games, animation, music, TV dramas, CG/3-D imaging, and other cultural fields.

FoF Investments

(USD million, %)

Classification	Films	Performing arts	Games	Music/sound	Exhibitions	Animation/Character design	Broadcasting	Wire/Wireless	Publishing/Comics/Webtoons	Other	Total
No. of cases	1,510	309	95	112	42	143	101	1	13	207	2,533
Amount	797.26	160.05	57.08	27.14	20.12	103.38	100.04	1.28	4.42	167.08	1,437.84
Proportion	55.45	11.13	3.97	1.89	1.4	7.19	6.96	0.09	0.31	11.62	100

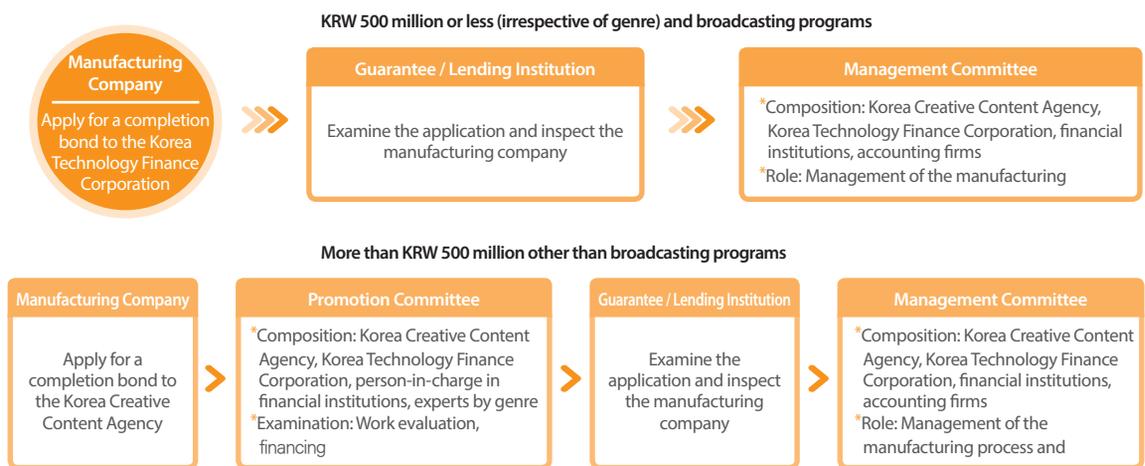
Source: Korea Venture Investment Corp., as of December 2015

Completion Warrant System

- The Completion Warrant System allows a financial institution to vouch for the completion and delivery of content products to the distributor.
- Current participants include the Export-Import Bank of Korea, the Korea Technology Finance Corporation, Kookmin Bank, the Industrial Bank of Korea, Woori Bank, and Hana Bank.

- The system allows a maximum loan of KRW 3 billion (USD 2.5 million) to each enterprise, and up to KRW 5 billion (USD 4.16 million) for makers of high value-added content. As of April 2014, a total of 197 loans worth KRW 148.2 billion (USD 123.5 million) were made to 138 businesses.

Procedures for Receiving Loans through the Completion Warrant System



Source: Ministry of Culture, Sports and Tourism, 2016. p. 212

Content value assessment

- To help cultural content businesses and projects receive financial support, the government provides services that assesses the intangible value of culture content.
- Valuation services were launched for film and games industries in 2016, and will be expanded to broadcasting and animation in 2017, and the performing arts in 2018.
- In 2016, a fund linked to content value assessments (worth KRW 20 billion) was formed, of which a fixed ratio is invested in the assessment of content value.

Cultural Content Specialists (CCSs)

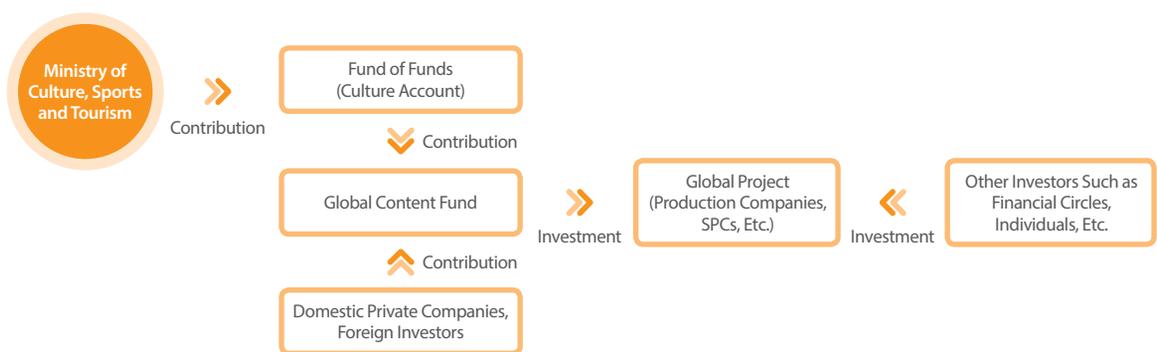
- Cultural Content Specialist (CCS) companies aim to attract investment by securing transparent procedures for the raising, operation, and recovery of investments.
- CSS companies are paper companies set up as established in the form of a limited liability company or corporation, to promote transparency of the company's accounting and production management of cultural content services. They are special-purpose companies for carrying out a particular project, such as a TV series.
- Starting with TSG Production, established to produce the TV drama "Taewangsasingi" in late 2006, a total of 320 CCS companies were launched (12 companies in 2007, 9 in 2008, 10 in 2009, 11 in 2010, 15 in 2011, 24 in 2012, 69 in 2014, and 117 in 2015).

Global content funds

- Global content funds invest in global projects organized by Korean companies that hope to enter foreign markets, or large-scale overseas projects that involve the participation of a Korean company.
- The Korean government plans to build a foundation for enhancing content production capacity and entering foreign markets by supporting the establishment of global content funds worth KRW 200 billion.

- Established in 2011, the first global content fund was worth a total of KRW 123.6 billion (KRW 40 billion from the Korean government, and KRW 83.6 billion from private and foreign investors), while a second fund has been raised since 2015, worth some KRW 100 billion (KRW 40 billion from the government, KRW 60 billion from private investors).

Operational Structure of Global Content Funds



Source: Ministry of Culture, Sports and Tourism, 2016. p. 214

- The Korea Content Financial Cooperative provides small cultural content companies unable to secure a loan due to lack of collateral with specialized products, such as financing (loans), performance bonds, debt guarantee, etc., required for content production, development, and business operation.

Korea Content Financial Cooperative Products

Financial product	Use
Bid bonds	For submitting a bid related to a content project.
Contract guarantees	For entering into a contract related to a content project.
Defect guarantees	To repair a defect discovered during the execution of a content project-related contract.
Advance payment guarantees	To receive advance payment in a content project-related contract.
Performance bonds	When a performance bond is required in a contract related to other content projects.
Debt guarantees	To receive a financial institution loan with a content project-related contract.

- The government offers fair trade and dispute mediation services through the Content Dispute Resolution Committee.
- Incentives for investing in culture content are provided in the form of production fee deductions for film and video content, such as movies, TV dramas, documentaries, etc. (10% for small and medium businesses, 7% for enterprises of middle standing, and 3% for large companies)

— Laws and Regulations Governing Investment in the Cultural Content Industry

Most laws and regulations related to cultural content industries focus on promoting business activity, although some restrict foreigners from participating in specific fields such as broadcasting, media, etc.

Support for international cooperation and overseas marketing.

- The Framework Act on the Promotion of Cultural Industries and the Content Industry Promotion Act prescribe provisions for international cooperation projects in all categories of the cultural content industry.
- Promotion acts for each industry category, such as films, games (e-sports), music, comics, popular culture and arts, etc., prescribe that the Korean government support joint production with foreign countries, overseas marketing and promotion, attraction of foreign investment, etc.

Joint production benefits to countries that sign FTAs with Korea.

- Institutional incentives are given to joint productions between Korea and foreign country that has signed a free trade agreement (FTA) with Korean. For instance, cultural content produced in collaboration with the European Union is recognized as a domestic product under the Korea–E.U. FTA Cultural Cooperation Protocol.
- The Korea–China FTA also ensures institutional incentives for joint film productions between the two countries.

Restriction of foreign equity ownership.

- Laws related to newspaper, broadcasting, news and communication industries prohibit foreign direct investment or restrict the share acquisition percentage of foreign investment in consideration of the content's social and cultural influences.

Foreign Investment-related Provisions in Laws on the Cultural Content Industry

Industry	Law	Provisions
Entire cultural content industry	Framework Act on the Promotion of Cultural Industries	Article 8 (Support for Investors) Article 9 (Investment Associations)
	Content Industry Promotion Act	Article 17 (International Cooperation and Overseas Marketing Support) Article 18 (Tax Support, etc.) Article 19 (Special Support for Small and Medium Content Providers)
Film	Framework Act on Video Industry Promotion	Article 14 (International Exchange and Cooperation)
	Promotion of Motion Pictures and Video Products Act	Article 27 (Recognition of Jointly Produced Films as Korean Films)
Games	Game Industry Promotion Act	Article 10 (International Cooperation and Overseas Marketing Support)
	E-Sports Promotion Act	Article 14 (International Exchange and Overseas Marketing Support)
Music	Music Industry Promotion Act	Article 12 (International Cooperation and Overseas Marketing Support)

Industry	Law	Provisions
Comics	Comics Promotion Act	Article 11 (International Cooperation and Overseas Marketing Support) Article 13 (Recognition of Jointly Produced Comics as Korean Comics)
Entertainment	Popular Culture and Arts Industry Promotion Act	Article 5 (International Cooperation and Overseas Marketing Support)
Newspapers and magazines	Act on the Promotion of Newspapers, Etc.	Article 13 (Reasons for Disqualification, etc.)
	Act on the Promotion of Periodicals, Including Magazines	Article 20 (Reasons for Disqualification, etc.) Article 21 (Investment of Foreign Capital) Article 29 (Installation of Foreign Branches for Periodicals, etc.)
News and communication	Act on the Promotion of News and Communications	Article 9 (Reasons for Disqualification, etc.) Article 9-5 (Installation of Branches in Korea by Foreign News Broadcasters)
Publishing	Publishing Industry Promotion Act	Article 6 (Support for International Exchange, etc.)
	Print Culture Industry Promotion Act	Article 8 (Support for International Exchange)
Broadcasting	Broadcasting Act	Article 13 (Reasons for Disqualification) Article 14 (Investment and Contribution of Foreign Capital) Article 78-2 (Approval of Foreign Broadcasters' Signal Transmission in Korea) Article 97 (International Cooperation for Broadcasting)
	Framework Act on the Promotion of Broadcasting and Communications	Article 23 (International Cooperation for Broadcasting and Communication)
	Internet Multimedia Broadcast Business Act	Article 7 (Reasons for Disqualification) Article 9 (Limitation on Foreign Ownership of Stocks)

04 COST



Costs and Human Resources

Production Cost

As of 2014, the breakdown of the average cost of production in the cultural content industry was 76.2% for content production, 8.2% for marketing and publicity, 6.5% for royalties, and 4.9% for R&D costs.

- For traditional cultural content, the industry with the highest production costs is publishing (81.8%), the lowest being character design (58.9%).
- By activity, character design ranked highest in percentage of R&D costs (15.5%), while the music industry accounted for the highest percentage of marketing and publicity spending (14.3%). As such, the composition of production costs varies depending on the industry.

Production Costs in the Cultural Content Industry

(no. of companies, USD thousand)

Classification	No. of Businesses	Total Cost	Cost per Business	Production Costs				
				Production	Royalties	Marketing and Publicity	R&D	Other
Publishing	621	329,272	530.2	269,271	19,179	22,545	8,232	10,045
		100%		81.8%	5.8%	6.8%	2.5%	3.1%
Comics	178	64,629	363.1	48,001	5,863	6,093	1,962	2,710
		100%		74.3%	9.1%	9.4%	3.0%	4.2%
Music	352	83,003	235.8	55,795	7,676	11,880	2,657	4,995
		100%		67.2%	9.2%	14.3%	3.2%	6.0%
Animation	184	84,957	461.7	62,953	5,585	6,262	6,731	3,427
		100%		74.1%	6.6%	7.4%	7.9%	4.0%
Character design	276	89,408	323.9	52,629	9,186	9,002	13,828	4,763
		100%		58.9%	10.3%	10.1%	15.5%	5.3%
Knowledge information	239	90,695	379.5	70,130	3,876	8,096	3,918	4,675
		100%		77.3%	4.3%	8.9%	4.3%	5.2%
Content solutions	185	64,456	348.4	55,406	1,354	2,239	2,337	3,120
		100%		86.0%	2.1%	3.5%	3.6%	4.8%
Total	2,035	806,418	396.3	614,184	52,719	66,117	39,664	33,734
		100%		76.2%	6.5%	8.2%	4.9%	4.2%

Source: 2015 Contents Industry Statistics. Ministry of Culture, Sports and Tourism. 2016. p. 69. Only seven industries were surveyed for production costs

Employment Trends

As of 2014, the number of employees in the entire cultural contents industry was 616,459, which was a 0.5% decrease from the previous year.

- The number of employees in publishing, 191,033 persons were employed (31.0%), accounting for the largest proportion among all cultural contents industries.

Supply and demand of human resources by industry

- Print media, such as publishing, comics, etc. has continuously declined.
- Recent progress in technology, etc., has caused the number of employees in games and film industries, etc., to decrease as well.
- Meanwhile, knowledge information and content solutions industries are witnessing a continuous increase in employment numbers thanks to the growth of digital media.

Cultural Content Industry Employment Trends

(no. of employees, %)

Industry	2010	2011	2012	2013	2014	Proportion	YoY (13-14)	CAGR (10-14)
Publishing	203,226	198,691	198,262	193,613	191,033	31.0	-1.3	-1.5
Comics	10,779	10,358	10,161	10,077	10,066	1.6	-0.1	-1.7
Music	76,654	78,181	78,402	77,456	77,637	12.6	0.2	0.3
Games	94,973	95,015	95,051	91,893	87,281	14.2	-5.0	-2.1
Film	30,561	29,569	30,857	30,238	29,646	4.8	-2.0	-0.8
Animation	4,349	4,646	4,503	4,502	4,505	0.7	0.1	0.9
Broadcasting	34,584	38,366	40,774	41,522	41,397	6.7	-0.3	4.6
Advertising	34,438	34,647	36,424	49,114	46,918	7.6	-4.5	8
Character design	25,102	26,418	26,897	27,701	29,039	4.7	4.8	3.7
Knowledge information	61,792	69,026	69,961	71,591	75,142	12.2	5	5
Content solutions	19,540	19,813	20,145	21,731	23,795	3.9	9.5	5
Total	595,998	604,730	611,437	619,438	616,459	100	-0.5	0.8

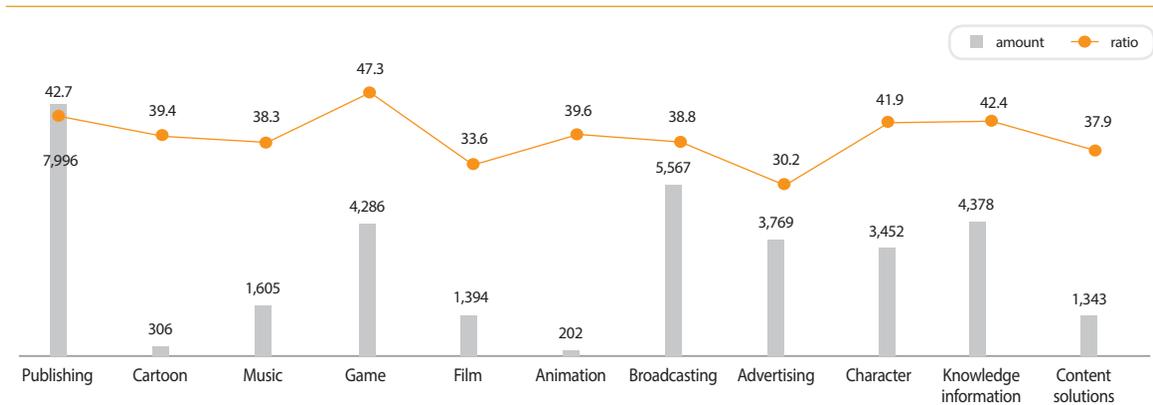
Source: 2015 Contents Industry Statistics. Ministry of Culture, Sports and Tourism, 2016. p. 85

Profitability

Added Value

Added Value (Amount and Percentage) by Industry (as of 2014)

(USD million, %)



Source: 2015 Contents Industry Statistics. Ministry of Culture, Sports and Tourism

As of 2014, added value in the cultural content industry ranged from 30.2% (advertising) to 47.3% (game), which is relatively high compared with other industries.

Added value created by the entire cultural content industry in 2014 was USD 34,298 million, accounting for a 0.9% decrease from the previous year.

- The industry's added value had steadily increased in amount until 2013, but started to decrease in 2014.
- Publishing accounts for the largest percentage of the total added value created in all content industries.

Added value by cultural content industry

- The rate of change from the previous year was highest in broadcasting (15.7%), followed by knowledge information (9.6%), and character design (9.1%), and lowest in advertising (-32.6%).
- The annual average rate of change increased by over 10% in knowledge information, music, content solutions, and character design industries, and decreased by -0.6% in publishing.

The added value created by the cultural content industry accounts for 2.54% of Korea's GDP.

Trends in Cultural Content Industry Added Value

(USD million, %)

Industry	2010	2011	2012	2013	2014	YoY (13-14)	CAGR (10-14)
Publishing	9,010.0	8,946.1	8,770.1	8,760.9	8,790.5	0.3	-0.6
Comics	297.6	307.6	313.9	322.6	336.9	4.4	3.1
Music	1,142.9	1,597.7	1,663.8	1,704.9	1,764.7	3.5	11.5
Games	3,768.3	4,184.9	4,568.1	4,545.9	4,711.1	3.6	5.7
Film	1,121.9	1,467.4	1,661.1	1,794.4	1,533.3	-14.5	8.1
Animation	217.1	223.1	220.0	219.2	221.8	1.1	0.5
Broadcasting	4,285.0	4,548.2	5,124.6	5,291.5	6,120.0	15.7	9.3
Advertising	3,932.1	3,989.0	4,652.7	6,147.0	4,143.1	-32.6	1.3
Character design	2,475.5	3,065.3	3,143.9	3,477.2	3,794.5	9.1	11.3
Knowledge information	3,086.0	3,915.3	3,915.7	4,391.1	4,812.9	9.6	11.8
Content solutions	956.3	1,166.0	1,200.8	1,383.7	1,476.5	6.7	11.5
Total	30,292.7	33,410.5	35,234.7	38,038.3	37,705.1	-0.9	5.6

Source: 2015 Contents Industry Statistics. Ministry of Culture, Sports and Tourism, 2016. p. 72

Composition of Cultural Contents industry Added Value

As of 2014, labor costs top the list of added value in the entire cultural content industry with an average of 67.1%, followed by ordinary profits (14.4%), and depreciation costs (7.2%).

The highest labor cost was indicated in publishing and comics industries, while ordinary profits, depreciation costs, and rent were higher in the film industry.

Composition of Cultural Content Industry Added Value

(USD million, %)

Industry		Ordinary Profits	Labor Cost	Net Financial Cost	Depreciation Cost	Rent	Taxes and Dues	Total
Publishing	Amount	916	5,205	252	522	401	201	7,497
	%	12.20	69.40	3.40	7.00	5.30	2.70	100.00
Comics	Amount	18	217	10	12	21	10	287
	%	6.20	75.40	3.40	4.30	7.10	3.50	100.00
Music	Amount	188	922	68	198	97	32	1,505
	%	12.50	61.20	4.50	13.20	6.40	2.10	100.00
Film	Amount	372	602	53	119	127	35	1,308
	%	28.40	46.00	4.00	9.10	9.70	2.70	100.00

Industry		Ordinary Profits	Labor Cost	Net Financial Cost	Depreciation Cost	Rent	Taxes and Dues	Total
Animation	Amount	25	132	6	18	4	4	189
	%	13.00	69.90	3.10	9.80	2.40	1.90	100.00
Independent broadcasting / video production	Amount	46	209	23	13	22	14	328
	%	14.10	63.70	7.10	4.10	6.80	4.30	100.00
Character design	Amount	468	2,066	210	269	124	100	3,236
	%	14.40	63.90	6.50	8.30	3.80	3.10	100.00
Knowledge information	Amount	682	2,938	34	189	199	64	4,105
	%	16.60	71.60	0.80	4.60	4.80	1.60	100.00
Content solutions	Amount	120	934	62	84	38	21	1,259
	%	9.50	74.20	4.90	6.70	3.00	1.70	100.00
Average	Amount	2,833	13,225	717	1,427	1,032	480	19,714
	%	14.40	67.10	3.60	7.20	5.20	2.40	100.00

Source: 2015 Contents Industry Statistics. Ministry of Culture, Sports and Tourism, 2016. p. 74

05 SUCCESS CASES OF FOREIGN INVESTMENT



Huace Media and Next Entertainment World (NEW)'s Investment in “Descendants of the Sun”

Reasons for Investing in Korea

- As the Chinese economy continues to develop, Chinese consumers are demanding cultural content of an increasingly higher quality.
- Increasing demands for Korean cultural content in China are encouraging more Chinese companies to make their investments early on in the production process, beginning in the planning phase and all the way through to the acquisition of equity shares, rather than merely importing finished products.
- Huace Media is a full media group based in Zhejiang, China. Next Entertainment World (NEW) is a Korean film distributor, hoping to expand its business into content production.
- Huace Media acquired 15% of NEW's shares, and became the 2nd largest shareholder.

Investment Advantages

- Securing a steady supply of content that meet the demand of Chinese consumers by participating in the planning and production stages.
- Gaining opportunities to learn from the advanced production techniques and systems of the K-Drama industry.

Investment Results

- “Descendants of the Sun,” which was broadcast simultaneously on Korean public broadcaster KBS and Chinese online video channel IQIYI from February to April 2016, became the most watched Korean television drama series in China since the “My Love from Another Star” in 2014.
- For exclusive real-time broadcasting rights, IQIYI spent a total of CNY 24 million (KRW 4 billion / USD 3.7 million) for 16 episodes.
- While the show was on air, the number of views in China exceeded 100 million per episode. About 4 billion views had accumulated by the final episode, allowing IQIYI to retrieve more than its total investment.
- From the pre-production stage, “Descendants of the Sun” was designed to meet China’s foreign content online broadcasting regulations, and has since become a new production/distribution model for the Korean cultural content market.

Chinese Banner for “Descendants of the Sun” and the Corporate Logos of NEW and Huace



Netflix, Okja SPC and Plan B Entertainment's Investment in "Okja"

Reasons for Investing in Korea

- The largest video content distribution company in the United States Netflix strives to secure high quality global cultural content in advance, not only by collecting existing content, but by directly investing in the production process for content that have strong potential for success.
- Although highly developed online platforms provide a sturdy foundation for Netflix to enter the Korean market, the strength of existing Korean platforms and consumers' unwillingness to pay for online video services are making it difficult for the company to do business in Korea.
- Netflix intends to expand its business in Korea as well as in other Asian and global markets, by directly investing in new films that have strong potential for achieving global success.
- Netflix invested USD 50 million in Okja SPC and Plan B Entertainment, covering the entire production cost for "Okja," the latest film by Director Bong Joon-ho, who received global recognition with "Snowpiercer" in both cinematic quality and box office sales. In return, Netflix has the exclusive screening rights for the film.

Investment Advantages

- Entering the Korean market in early 2016, Netflix has been able to expand its influence and viewership in the region.
- The Korean market functions as a testbed for foreign companies that plan to enter the greater Asian market.

Investment Results

- Set for release in 2017, "Okja" is receiving worldwide attention although it is too early to judge its marketability.
- "Okja," co-produced by U.S. actor/producer Brad Pitt, a celebrity in the United States, has received the largest investment in Korean film history, and features an impressive cast of Hollywood stars, including Tilda Swinton, Jake Gyllenhaal, and Lily Collins.
- The Film is expected to serve as a new success model for the global expansion of the Korean film industry.

Zagtoon and SAMG Animation Studio's Investment in "Miraculous Ladybug"

Reasons for Investing in Korea

- Produced in 2015, "Miracle Ladybug" was the world's first feature-length 3D TV animation produced through the collaboration of companies in Asia and Europe.
- French companies Zagtoon and Method Animation and Japan's TOEI Animation participated in its production, investing more than USD 1 million over three years.
- SAMG Animation of Korea was selected for its outstanding technology in rendering the original work in 3D, as well as its competitiveness in terms of cost and investment conditions.

Investment Advantages

- Being home to numerous companies with advanced 3D animation technology Korea met the needs of the foreign production companies.
- Supported by excellent distribution networks, such as EBS and SK Broadband, the Korean cultural content industry was an ideal target of investment.

Investment Results

- The finished work was broadcasted in 120 countries, gaining substantial popularity and influence in the world.
- In 2016, Korea aired the second season of "Miracle Ladybug", and produced a new theatrical spinoff.
- In 2017, the show's third season will be aired, and additional revenue will be generated through the sales of character merchandise.

06 RELATED COMPANIES AND ASSOCIATIONS



Related Companies and Associations

Related Companies

Name	Main Items	Website	Location
CJ E&M	Broadcasting, film (production), music, performances, animation, games	www.cjenm.com	66, Sangamsan-ro, Mapo-gu, Seoul
CGV	Film (Film theaters)	www.cgv.co.kr	434, World Cup buk-ro, Mapo-gu, Seoul
Megabox	Film (Film theaters)	www.megabox.co.kr	156, Dosandae-ro, Gangnam-gu, Seoul
NEW	Film (distribution)	www.its-new.co.kr	726, Eonju-ro, Gangnam-gu, Seoul
SM Entertainment	Music, entertainment, broadcasting	www.smtown.com	648, Samseong-ro, Gangnam-gu, Seoul
YG Entertainment	Music, entertainment, broadcasting	www.ygfamily.com	3, Huiujeong-ro 1-gil, Mapo-gu, Seoul
JYP Entertainment	Music, entertainment, broadcasting	www.jype.com	41, Apgujeong 79-gil, Gangnam-gu, Seoul
Blizzard Entertainment	Games, character design	kr.blizzard.com	401, Hakdong-ro, Gangnam-gu, Seoul
Nexon	Games, character design	www.nexon.com/Home	7, Daewangpangyo-ro 256beon-gil, Bundang-gu, Seongnam-si, Gyeonggi-do
NCSOFT	Games, character design	kr.ncsoft.com/korean	12, Daewangpangyo-ro 644beon-gil, Bundang-gu, Seongnam-si, Gyeonggi-do
Iconix	Animation, character design	www.iconix.co.kr	64, Daewangpangyo-ro 255beon-gil, Bundang-gu, Seongnam-si, Gyeonggi-do
Daewon Media	Animation, character design, toys	www.daewonmedia.com	9-12, Hangangdae-ro 15-gil, Yongsan-gu, Seoul
SAMG Animation	Animation, character design	samg.net	413, Bongeunsa-ro, Gangnam-gu, Seoul
EMK Entertainment	Musicals	www.emkmusical.com	6, Jahamun-ro 4-gil, Jongno-gu, Seoul
OD Company	Musicals	www.odmusical.com	20, Dogok-ro 37-gil, Gangnam-gu, Seoul
CJeS Culture	Performing arts production	www.cjesculture.com	47, Teheran-ro 25-gil, Gangnam-gu, Seoul
MBC	Broadcasting	www.imbc.com	267, Seongam-ro, Mapo-gu, Seoul
KBS	Broadcasting	www.kbs.co.kr	13, Yeouigongwon-ro, Yeongdeungpo-gu, Seoul
SBS	Broadcasting	www.sbs.co.kr	161, Mokdongseo-ro, Yangcheon-gu, Seoul,
JTBC	Broadcasting	jtbc.joins.com	48-6, Sangamsan-ro, Mapo-gu, Seoul

Related Associations

Name	Website	Key Roles
Korean Film Producers Association	www.kfpa.net	Creating a safe and reasonable film production environment.
The Association of Korean Independent Film & Video	www.kifv.org	Offering independent film policy advice.
The Motion Pictures Association of Korea	www.koreamovie.or.kr	Ensuring the welfare and rights of film industry personnel.
The Korea Film Actor's Association	www.kfaa.kr	Ensuring the rights, welfare, and interests of film actors.
Korea Scenario Writers Association	www.scenario.or.kr	Protecting the rights and interests of screenwriters
Korean Broadcasters Association	www.kba.or.kr	Contributing to the advancement of broadcast media culture.
Korea Broadcasting Image Production Association	www.kipa21.com	Improving the production and supply of broadcast media programs.
Korea TV & Radio Writers Association	www.ktrwa.or.kr	Protecting the copyrights and interests of broadcast media writers.
Korean Independent Producers & Directors' Association	www.indiepd.org	Contributing to the advancement of broadcast video culture..
Corea Drama Production Association	www.codatv.or.kr	Revitalizing the Korean TV drama industry.
Korea Cable TV Association	www.kcta.or.kr	Producing advanced TV content.
Korea Music Content Industry Association	www.kmcia.or.kr	Promoting the development of the Korean music contents industry.
Korea Music Copyright Association	www.komca.or.kr	Protecting the rights and interests of music copyright holders.
The Korean Society of Composers, Authors and Publishers	www.koscap.or.kr	Protecting the rights and interests of music copyright holders.
Recording Industry Association of Korea	www.riak.or.kr	Protecting the rights and interests of record producers.
Foundation of Korean Music Performers	www.fkmp.kr	Protecting the rights and interests of music performers.
Singer Association of Korea	www.singerkorea.kr	Protecting the rights and interests of singers, and promoting the development of popular music.
Korea Entertainment Producers Association	www.kepa.net	Preserving and contributing to the success of popular cultural heritage.
Korea Entertainment Management Association	www.cema.or.kr	Protecting the rights and interests of popular culture artists.
Korea Internet Digital Entertainment Association	www.gamek.or.kr	Developing overseas games markets and improving the status of the games industry.
Korea Association of Board Game Industry	www.boardgame.or.kr	Contributing to the advancement of the Korean board games industry.

Name	Website	Key Roles
Korea Game Developers Association	www.kgda.or.kr	Contributing to the advancement of game production information infrastructure, and protecting the rights and interests of employees.
Korea Amusement Industry Association	www.gamekorea.or.kr	Contributing to the advancement of the amusement industry and promoting a sound culture for playing games.
Korea Cartoon Publishing Association	www.koreacpa.or.kr	Contributing to the advancement of comics publishing activities and the culture and art of comics.
Korea Cartoonist Association	www.cartoon.or.kr	Contributing to the creation and development of the culture and art of comics.
Korea Animation Producers Association	www.koreaanimation.or.kr	Improving and promoting sound animation content.
Korea Independent Animation Filmmakers Association	www.kiafa.org	Contributing to the status and development of independent animations.
Korea Culture Contents Licensing Association	www.kocla.org	Protecting Korean copyrights and promoting licensing.
Korea Character Business Association	www.character.or.kr	Building a foundation for the development of character design and animation industries.
Korean Publishers Association	www.kpa21.or.kr	Defending the freedom of publication and rights for a free publishing culture.
Korea Publishing Marketer Conference	www.kpmac.net	Developing ethical standards for publishing transactions and sales, and encourage collective responses to issues.
Korea Electronic Publishing Association	www.kepa.or.kr	Promoting the electronic publishing industry.

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