

Korea Desk

*Guiding Korean
Companies through
their Brazilian journey*



Present and future of Korea in Brazil

Inflow of Korean Investments (2008 - 2012)

US\$ millions



Note: this does not include investments structured via other jurisdictions, i.e., use of intermediate holdings

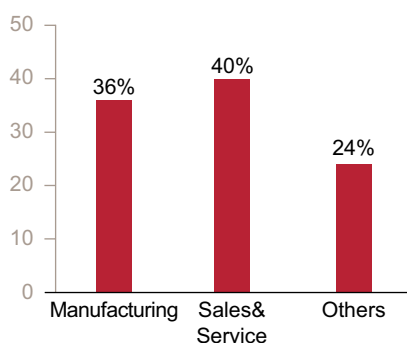
Brazil's economic development has been impacted by the Korean presence. This economic influence is enormously relevant in Brazil due to the ties of friendship and investments or participation of immigrant communities in the country. This mark is true for the past, the present and certainly for the future: Brazil's relationship with Korea is a concrete, long-lasting and sustainable reality.

In the last decade, there was a huge increase in the number of Korean companies in Brazil. The number increased from 19 companies in 2001 to 79 in 2012, an increase of more than 300%. Korean companies are most concentrated in sales & services (40%) and manufacturing (36%), with the remaining 24% divided among different areas. Over the years, Korean firms have used Brazil as a production platform to serve Latin American markets.

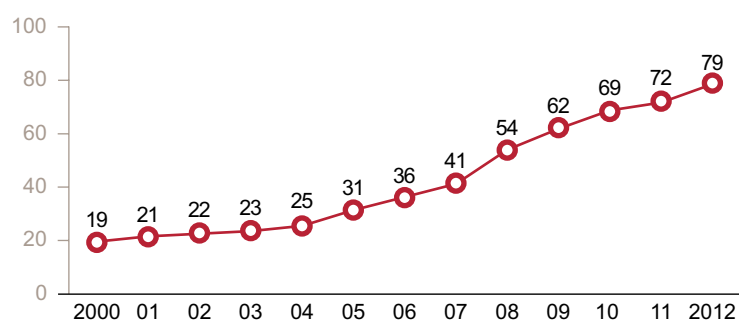
The sizeable increase in Korean business activities can be evidenced by the expansion of direct investment from Korea in Brazil: in 2008, even in light of the world financial crisis, Korean companies invested US\$ 630 million in Brazil. In 2011, there was a peak of investment on the order of US\$ 1 billion and, in 2012, the amount reached US\$ 880 million. A striking characteristic of Korean corporations is their preference for greenfield investments, with a perspective of long-term duration. New coming Korean companies into Brazil are interested in and developing electronics, automotive, steel industries specially. And they expect to be able to expand their operations not only in Brazil market but also toward whole Latin America market.

These investments along with the Korean presence in Brazil are generally expected to continue in the coming years, even after the mega-sports events which Brazil will host, the 2014 FIFA World Cup and the 2016 Summer Olympic Games are over.

Korean Companies



Number of Korean companies in Brazil



Opportunities

Brazil is aware of each country's cultural differences both socially and in the way that they do business. Also Korean companies have their specific preferences as to how to operate in Brazil:

- Korean multinational companies make long-term investments, confident in the potential of the Brazilian market, due to its enormous consumer market, population growth and credit expansion, among other factors;
- Brazil has important natural resources which represent relevant opportunities in areas such as oil and gas and agribusiness;
- The World Cup and Olympic Games offer major opportunities in the areas of infrastructure;
- The complex tax system and labor legislation in Brazil require the companies to rely on professional assistance to enter the local market; and
- Due to trade barriers imposed on certain areas (such as the auto industry), Korean companies tend to establish their own manufacturing bases in Brazil to keep competitiveness in the local market;
- Recently there is a trend among the big players of Korean economy to consider Latin America market as one of strategic targets. Brazil has the initiative as a test-bed market for whole Latin America market.



We speak your language

We at PwC are present in 158 territories and have over 236,000 professionals in the areas of Audit, Advising and Tax Consulting. We have been in Brazil since 1915 and have 17 offices in every region of the country with 160 partners and approximately 4,000 professionals.

We know that each company has its own culture and strategies to perform business. It is precisely for this reason that we have established our supporting group, the Korean Desk, dedicated to serve and work together with companies operating or planning to enter the Brazilian market.

Our work and service stand out because:

- We have a strong global network, present in the country of origin and investment of companies;
- We are able to communicate in Korean language through Korean desk as we have dedicated professionals with knowledge and experience to provide service;
- PwC is well positioned in the market in Korea;
- In Brazil, PwC is the largest and most renowned firm in the market, with the wider experience, in the areas of management consulting, tax management and audit; and
- The PwC Brazil staff consists of professionals specialized by line of service, solutions or type of industry, ensuring highly qualified services and professionals with deep knowledge of the market.

How PwC can help

The new challenges of the international business market require a new way to deal with them and develop solutions. For this reason we created the Korean Desk, a group specialized in assisting our clients in commercial transactions performed between Korea and Brazil.

We use the multicultural makeup of our staff and complete and specialized knowledge of Korean culture in the Korean Desk, operating together with PwC Korea. Therefore, we are prepared to provide support both to Korean companies investing in Brazil as well as Brazilian companies interested in investing in the Korean market.

We offer our clients complete solutions for effective operations in the Brazilian market which are solid, sustainable and obtain results. We count on qualified specialists and methodologies consolidated in the marketplace which give our clients security and contribute to success in their operations.

In Brazil our audit, tax consulting and management consulting staff have years of experience and dedicated professionals in several economic sectors. With complete and integrated solutions, we are focused on improving our clients' performance through promoting operational, financial, organizational, human capital excellence as well as improvements in information technology (IT) management, sustainability, governance, risks and compliance.

Assurance

We have staff specialized in risk management services for every area and industrial segment. Our global standard audit services (assurance) are performed by experienced professionals auditing, not only statutory financial statements but also auditing financial statements prepared according to International Financial Reporting Standards (IFRS) and with complete command of generally accepted accounting principles in the United States (US GAAP). Among the main assurance services are:

- Statutory financial statement audit;
- IFRS financial statement audit;
- US GAAP financial statement audit;
- Consolidation package audit;
- Internal controls audit (US-SOX, J-SOX etc.);
- Systems audit;
- Other discretionary audits; and
- Capital Markets & Accounting Advisory Services.

We use the multicultural makeup of our staff and complete and specialized knowledge of Korean culture in the Korean Desk, operating together with PwC Korea. Tax Consulting

We offer support in preparing annual corporate and individual income tax returns, consulting on related questions with tax due diligence and management of tax risks. PwC's global network also allows us to offer services on foreign taxes, transfer pricing, mergers and acquisitions and financing restructuring. The main services offered in this area are:

- Tax compliance;
- Tax planning;
- Transfer price consulting;
- Corporate income tax; and
- Individual income tax.

Mergers & Acquisitions and Finance Restructuring

(Transaction Consulting)

Our team consists of over 300 professional employees, with extensive experience in transactions in the Brazilian and international markets, who can offer full support in the analysis and performance of transactions involving business mergers, acquisitions, sales and financial and operational restructuring.

We support the preparation and definition of strategies and the analysis of the risks involved, as well as the performance of full due diligence (corporate, tax, financial and operational due diligence). Business valuation and capture of synergies and gains enable value creation through transaction and negotiation strategies and acting directly in negotiations with stakeholders (creditors, stockholders and other stakeholders). We continue by supporting the implementation of the related changes with a view to realizing the gains expected from the transaction.

Business and management consulting services

We offer financial, economic and strategic consulting on complex issues related to the business of our clients. In this area, the principal services are:

- Strategy;
- Finance;
- Operations;
- Information technology – Strategy and Security;
- People, Organization and Changes – Human Resources Consulting;
- Outsourcing of Tax, finance and Human Capital Resources;
- Corporate risk management and compliance;
- Forensics;
- Internal Audit;
- Actuarial Services;
- Corporate Governance;
- Project management;
- Organizational development;
- Business process consulting;
- Management of risk value; and
- Sustainability.

PwC publications

“Doing business and investing in Brazil”



“Doing deals in Brazil”



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(DC0) Public Information

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