

# **Participating in the Korean Technology Venture Market**

**- KITIA, The Pathway -**

**Chris Lee**



**KITIA**

**Korea core Industrial  
Technology Investment  
Association**

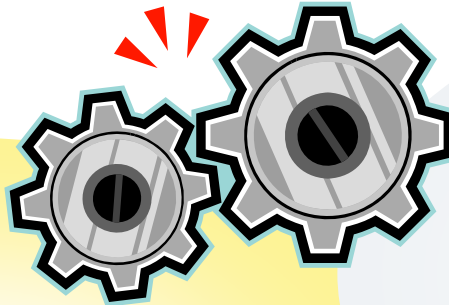
Korean technology venture market is driven by ‘National Growth Momentum Industries’ and conventional key industries adopting technology innovation.

National Growth Momentum Industries

Key Industries Adopting Tech. Innovation

*“New technologies provide national growth momentum”*

- Digital TV,
- Display
- Intelligent Robot
- Future Automobiles
- Next Generation Semiconductors
- Next Generation Mobile Communications
- Intelligent Home Network
- Digital Contents
- Next Generation Batteries
- Biotechnology Drugs



- Components and Materials
- Machineries
- Steel Manufactures
- Shipbuilding
- Petro/Fine Chemicals
- Electronic Appliances
- Aerospace
- Environmental Energy
- Design
- Textiles and Fashion

*“Technology innovation brings sustained growth”*

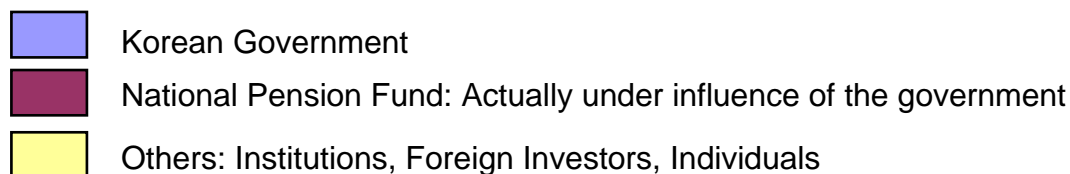
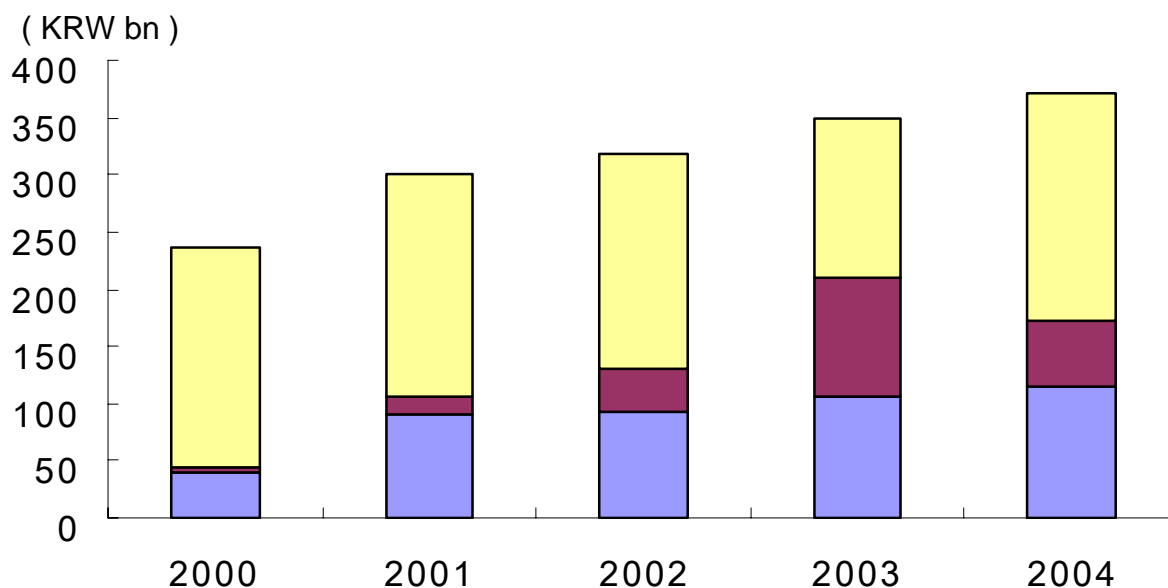
Early

Growing

Mature

**The government is the major stakeholder in the Korean technology venture market.**

### The Government's Participation in Korean VC Fund



### Government's R&D Grant to Industrial Technologies

( KRW bn )

2004	2005
1,765.3	1,934.1

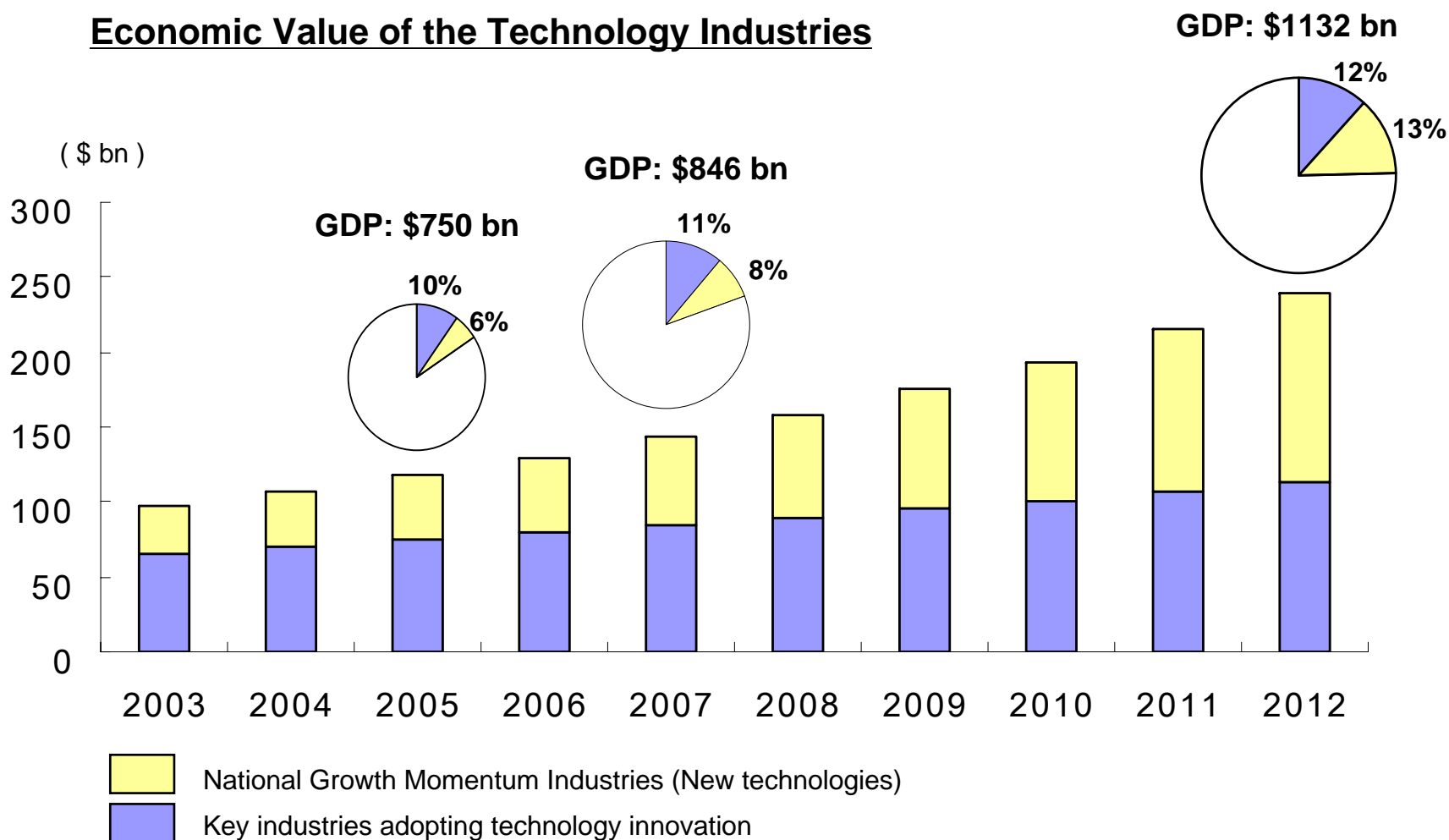
### Debt Financing to Technology Companies by The Korea Industrial Bank

( KRW bn )

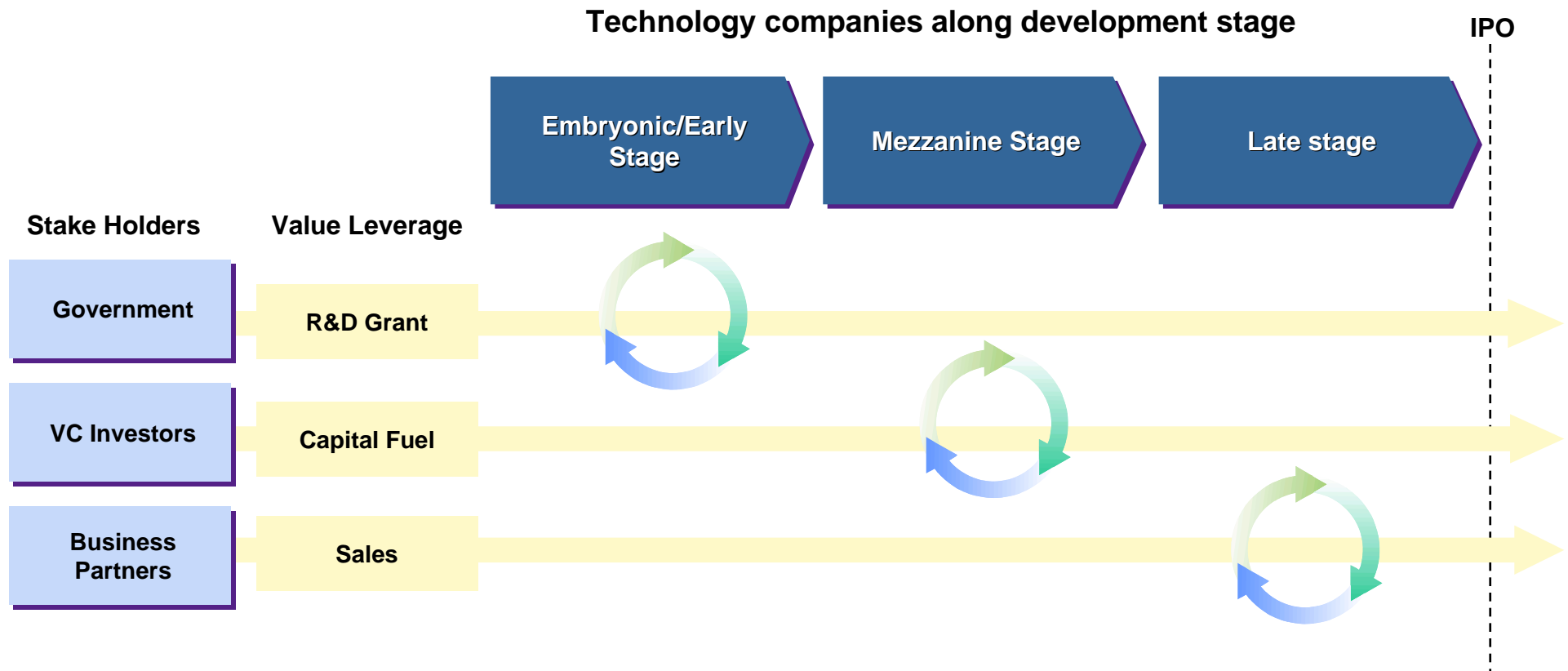
2004	2005
682.6	1,500.0

**Technologies drive to create economic value of USD 240 billion taking up 25% of GDP by 2012 in Korea.**

**Economic Value of the Technology Industries**



**Securing the government R&D grant and VC investment are important part of the game for early to mezzanine stage companies while business partnering is critical for later stage companies.**



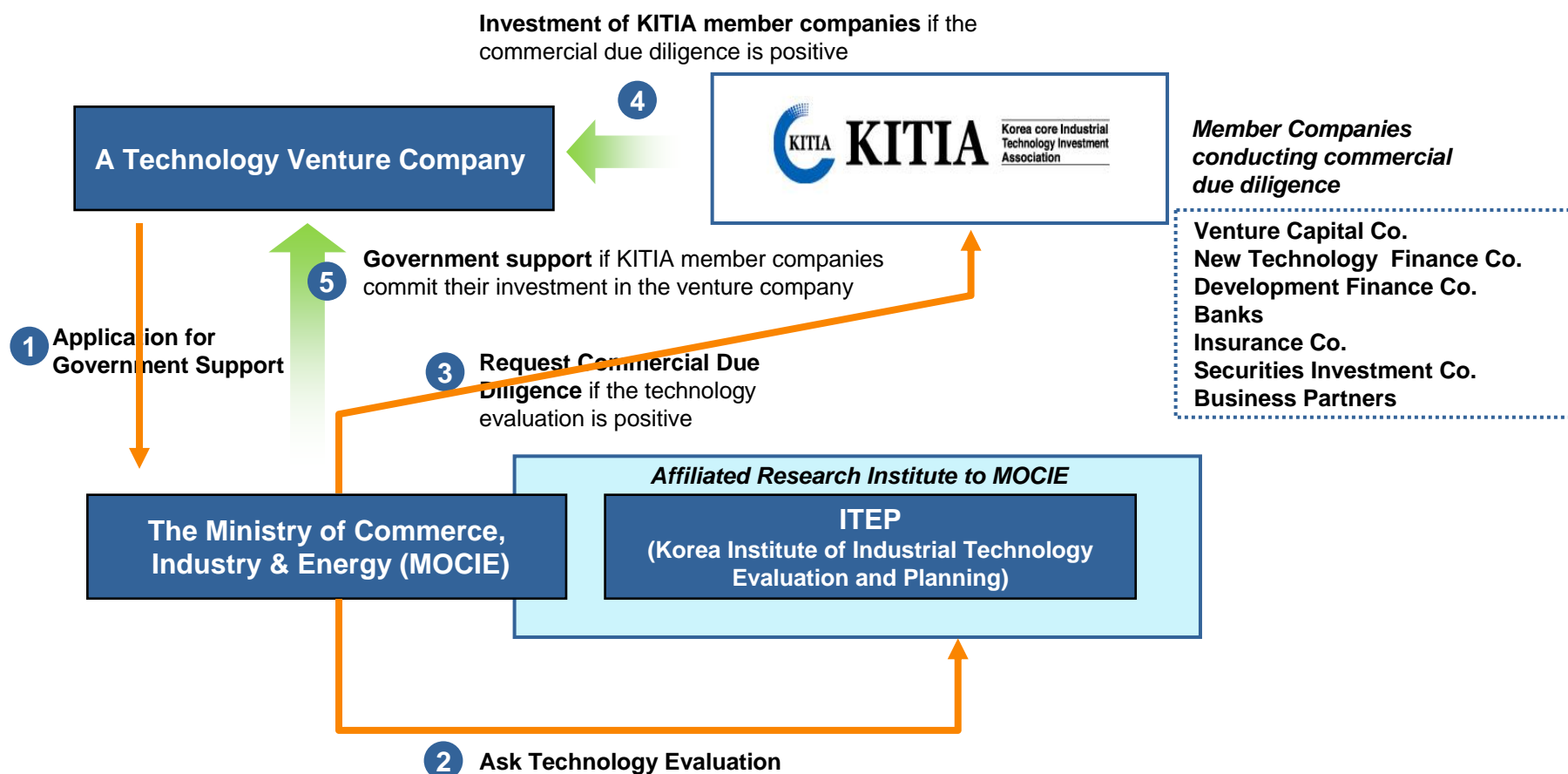
**International business partnering becomes more critical as the value of domestic partnering is limited and even it gets more competitive.**

**KITIA is the government backed investment service platform serving investors as well as Korean technology companies.**

- 1. Access to proven dealflows, business/market information**
- 2. Networking with Korean technology market stakeholders all at one place**
- 3. Leveraging value of the investment by government grant matching program**
- 4. Channeling your needs to the government and back to you with answers**

**KITIA serves you as the gateway to participate in the Korean technology venture market and help you to play winning games.**

**KITIA system screens globally competitive technology companies and provides R&D grants as long as private investors participate the deal.**

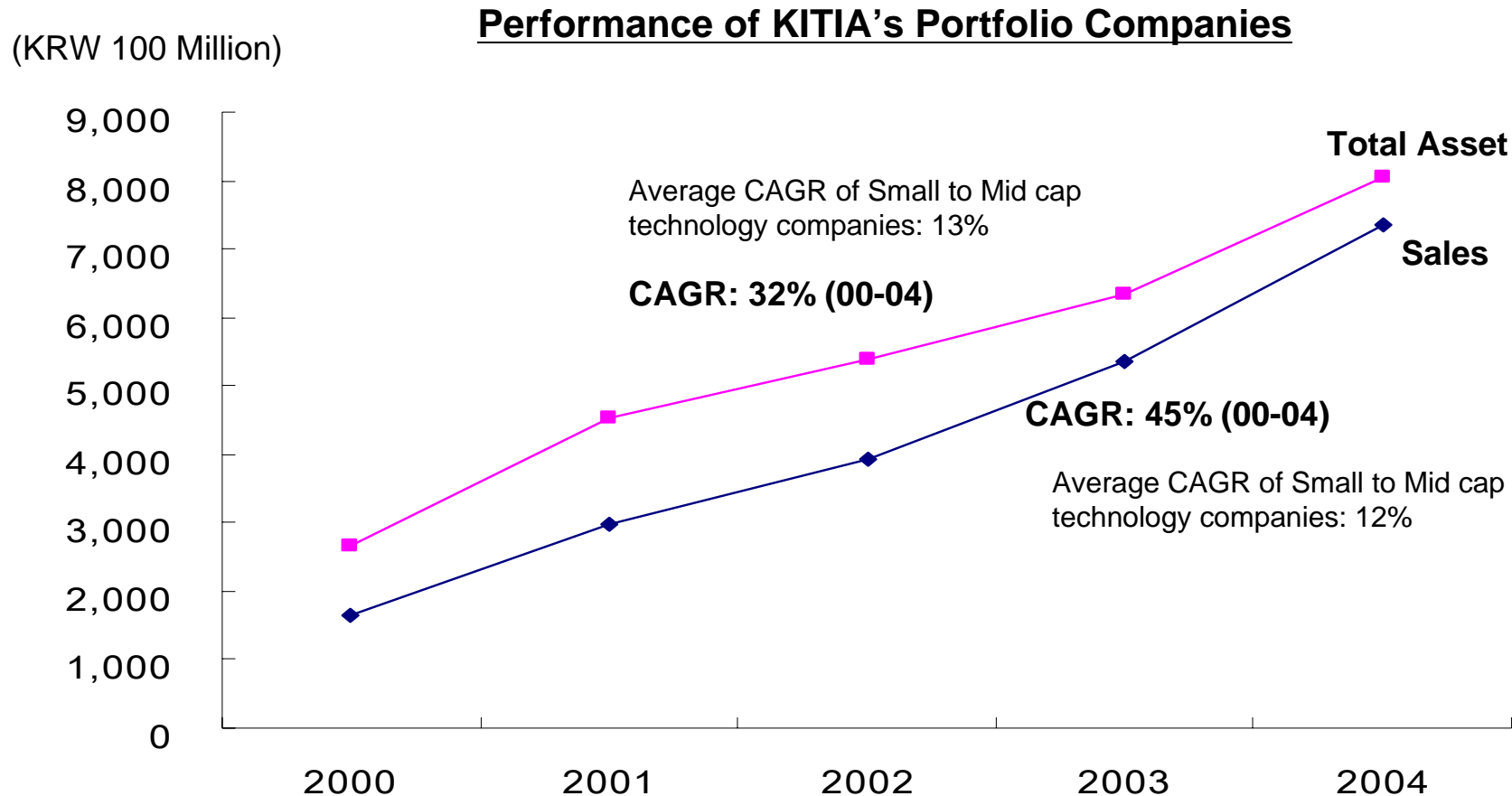


**KITIA became the pathway to success for Korean technology companies.**

	2000	2001	2002	2003	2004	2005	2006	Total
<b>Number of KITIA Portfolio Companies</b>	42	68	61	53	56	39	40	359
<b>Government R&amp;D Grant from the KITIA System (KRW billion)</b>	77.3	87.3	71.7	62.6	93.1	78.7	63.5	534.2
<b>Matching Fund from the KITIA Member Companies (KRW billion)</b>	172.9	205.3	167.9	162.2	226.5	186.6	176.8	1,298.2



**Performance of the portfolio companies clearly presents how KITIA system works.**



Sample: 27 survey participants out of 42 companies which became KITIA portfolio in 2000

**Time to IPO may be the ultimate performance measure for both portfolio companies and KITIA system itself from the investors' point of view.**

Company	Joining Year to KITIA Portfolio	Products	IPO Year	2005 Sales KRW bn	Value (KRW) at Investment by KITIA members
KPT	2000	Metal surface/ heat treatments	2002, Apr.	169	1500/share
Sekonix	2000	Opto electronics	2001, Aug	412	7082/share
SilverStar Corporation	2000	Industrial fabrics	2003, Jul.	341	1666/share
Amotech	2000	Amorphous core, Ceramic chip component	2003, Aug.	549	7000/share
Powerlogics	2000	Protection circuit Module	2003, Jul.	1,006	5000/share
Daejoo Electronic Materials	2000	Insulation, conductive Materials	2004, Dec.	492	3500/share
Havit Information	2000	Diffraction Grating, Optical Parts	2005. Jun.	321	2723/share
Innochip Technology	2000	ITM Series, ITD Series, RF IC	2005. Dec.	347	8000/shre
Clean Air Technology	2001	Filter bag, Air conditioning filter	2002. Jul.	179	1500/share
SSCP	2001	Special Paint, UV/Polyester Resin	2005. Oct.	1,211	4026/share
MEDIPOST	2001	Cord Blood Hematopoietic Stem cell	2005. Jul.	151	25000/share
OnTimetek	2002	Multimedia Video Streaming Solution	2005. Jul.	151	11238/share
Telechips	2003	Digital Multimedia / Caller ID Chip	2004. Dec.	603	3750/share
BIEMT	2003	Semiconductor/LCD mfg. process	2005. Jan.	319	4500/share
IDS	2003	LCD Module / Image Sensor Module	2005. Nov.	1,780	10500/share
NewFlex Technology	2003	Flexible Printed Circuit Board	2006. Jan.	437	1835/share
LifeCode	2004	Cord Blood Transplant	2005. May	63	2139/share
ViroMed	2005	Gene Therapy Recombinant Protein	2005. Dec.	21	3500/share

**Time to IPO may be the ultimate performance measure for both portfolio companies and KITIA system itself from the investors' point of view**  
*(Continued).*

Number of new portfolio companies of KITIA since 2000

2000	2001	2002	2003	2004	2005	2006	Total
42	68	61	53	56	39	40	360
8	3	1	4	1	1		

Number of New IPO Companies

18



Average Time to IPO: 2.6yr

**Total 18 companies have become public among KITIA portfolio companies and their average time to IPO was 2.6 years.**