

# Business*Creation*

## **Creating a sustainable future for all stakeholders in the Korean shipbuilding crisis**

Business Creation introduction  
St. Gallen, Seoul, October 2016

## How BCI works

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I am assuming no one is familiar with what BCI does and has been doing for the last 30 years.

BCI was born out of the need of companies and local governments to find new jobs for workers laid off by big companies in the various upheavals of countries in Europe as the balance of industry.

No one in Europe knew how to do this, and we didn't really at that time. Now 30 years later 120,000 jobs created and some 350 of businesses redeveloped we know exactly what to do.

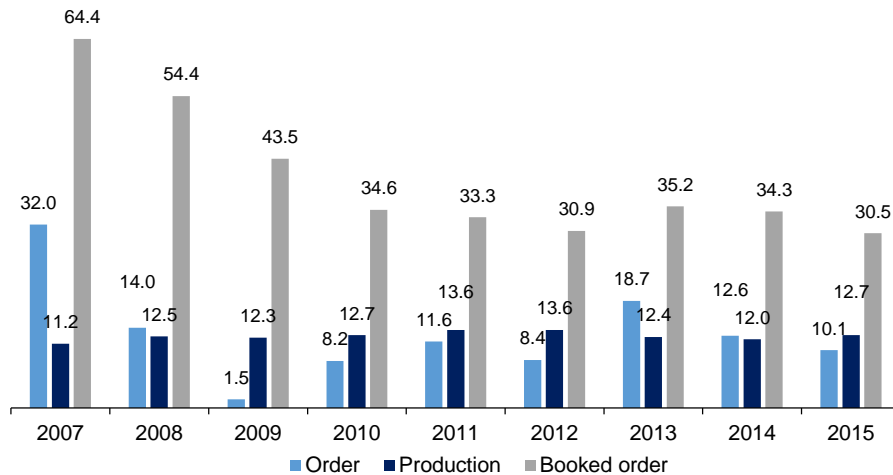
So if your shipbuilding industry has to downsize because the nature of demand for shipping is changing, let me tell you how my company would propose to apply the solutions we have used in other countries to create new jobs, introduce new technology and new businesses and incidentally after the initial scoping study, bring our own investors who follow us around the world to invest in our new ventures.

# Korea's Shipbuilding Industry is going through a crisis

## Major reasons:

- Financial crisis
- Severe competition from China and Japan
- New technologies emerging
- Received orders 2016 may shrink by 30%+ compared with 2015

## CGTm



Source: Korea Offshore and Shipbuilding Association

## What does it mean in terms of jobs?

- Expected job losses in the ship building industry until 2018: 20,000 to 25,000 (source: Hana Financial Investment Co)
- Mainly the age group 40-55 will be hit by this and those with lower and vocational training
- In addition youth unemployment is a growing problem



# OMJ and Business Creation Proposal for the Shipyard Problem, stimulating Marine Industries and that of the surrounding area

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Business Creation Investments AG has wide experience of large scale projects where large companies around the world have needed to down-size. The OMJ team has in depth experience of developing and stimulating solutions for Korea during OMJ I 1998-2001, and in the new OMJ Initiative launched in June 2016 has a comprehensive framework which meshes exactly with Business Creation's expertise.

Our proposal is to develop a comprehensive package to handle downsizing, together with global partners who may bring additional conventional business to Korean shipyards and the marine industries of Korea, to create new businesses and new opportunities for workers who risk being laid off.

Our proposal is to engage in the rejuvenation of businesses and stimulation of new growth, through a joint initiative employing Business Creation Investments AG and their local partner KABC Ltd and allies to provide speedy solutions.

# Proposed approach for the Busan region

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BCI could bring companies to Busan that will deploy new technologies of ship-building, maritime propulsion, off-shore floating platforms, renewable energy, circular economy, urban mining that will address the workers being laid off at the shipyards

Additionally, a Job Creation project will be initiated to absorb employees from the region

Open Manufacturing Campus approach will be implemented to cater for SMEs, start ups and pilot production

Proper re-training programs will be defined

The ultimate objective is to employ not less than 5,000 people by 2019





## Business Creation's mission

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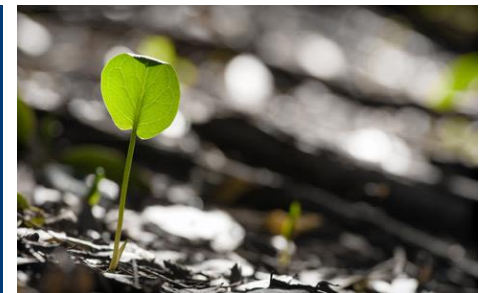
Since 1982 our mission has been to ensure a sustainable future for all stakeholders involved in or affected by corporate restructuring by balancing the interests of companies, employees and communities through the redevelopment of human capital, technology and real estate

Our main objective is to create value in our projects through constructive and creative solutions for all stakeholders

We define and implement solutions using a multi-disciplinary team with a background in, for example, turnarounds, banking, HR, creative industries and business development

We aim for a hands-on and transparent approach where the improvement of results is balanced with the needs of all parties involved

Our main objective is to create *value* in our projects through *constructive and creative solutions* for all stakeholders



## Business Creation achievements from 1982 to 2016

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- Jobs created and preserved: 123,000
- Redundancies and closure budgets saved: more than 30%
- Real estate developed: 9.5 million m2
- Capital deployed and brokered: EUR 450 million
- IRR realised on equity invested in BCI projects: 53% per annum
- Successfully executed projects in 19 countries in the world

We help our customers develop the *best alternatives* in terms of *costs* and *employee interests*



# Business Creation has worked with many major large corporations and government agencies since 1982: a selection...

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- ABB
- Ahold
- Akzo Nobel
- Alcatel
- Alcan
- Barlow Rand
- B.A.T.
- BDC Rhode Island
- Brabant Dev. Corp
- Bombardier
- British Telecom
- Honeywell-Bull
- Corus
- Citibank
- Canon
- City of Bergen op Zoom
- City of Flint
- City of Philadelphia
- DaimlerCrysler
- Dev. Board Zurich
- Danone
- Delta Lloyd
- Digital Equipment
- Dura Automotive
- Elopak
- Ericsson
- Flemish Government
- Ford
- Framatome
- General Motors/Opel
- Grundig
- Hartman
- IBM
- ING Bank
- Kemet
- KLM
- Lucent
- Manz
- Ministry Econ Aff. NL
- Munic. of Amsterdam
- Munic. of The Hague
- Motorola
- Nedcar
- Nedlloyd
- Nestlé
- Philip Morris/KJS
- Philips
- Province of Zeeland (NL)
- Province of North-Holland (NL)
- Pioneer
- Rank Xerox
- RDO Styria
- RDB Cantabria
- RDO Carinthia
- Sanyo
- Sara Lee/DE
- Scottish Enterprise
- Shell
- Siemens
- Sony
- SN Dev. Board
- Texas Instruments
- Toshiba
- Unilever
- Unisys
- VDO Mannesmann
- VoestAlpine
- Wärtsilä
- Wavin



## Selection of current projects

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<b>The Netherlands</b>	<ul style="list-style-type: none"><li>• Regional Job Creation projects for 1.500 jobs</li><li>• Redevelopment project for 200 jobs</li></ul>
<b>Belgium</b>	<ul style="list-style-type: none"><li>• Redevelopment car manufacturing site; 2.500 jobs</li><li>• Redevelopment construction equipment; 2.200 jobs</li><li>• Redevelopment lamp factory; 800 jobs</li></ul>
<b>Germany</b>	<ul style="list-style-type: none"><li>• Closure of current solar module factory; redevelopment into multi-user centre; 200 jobs</li></ul>
<b>USA</b>	<ul style="list-style-type: none"><li>• 1000 jobs plan for large city</li></ul>

# Business Creation is dedicated to restructuring situations for which no conventional investor or developer is equipped

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# Business Creation has developed a unique set of solutions for complex divestments and job creation activities since 1982

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## Business Creation has experience in the following fields:

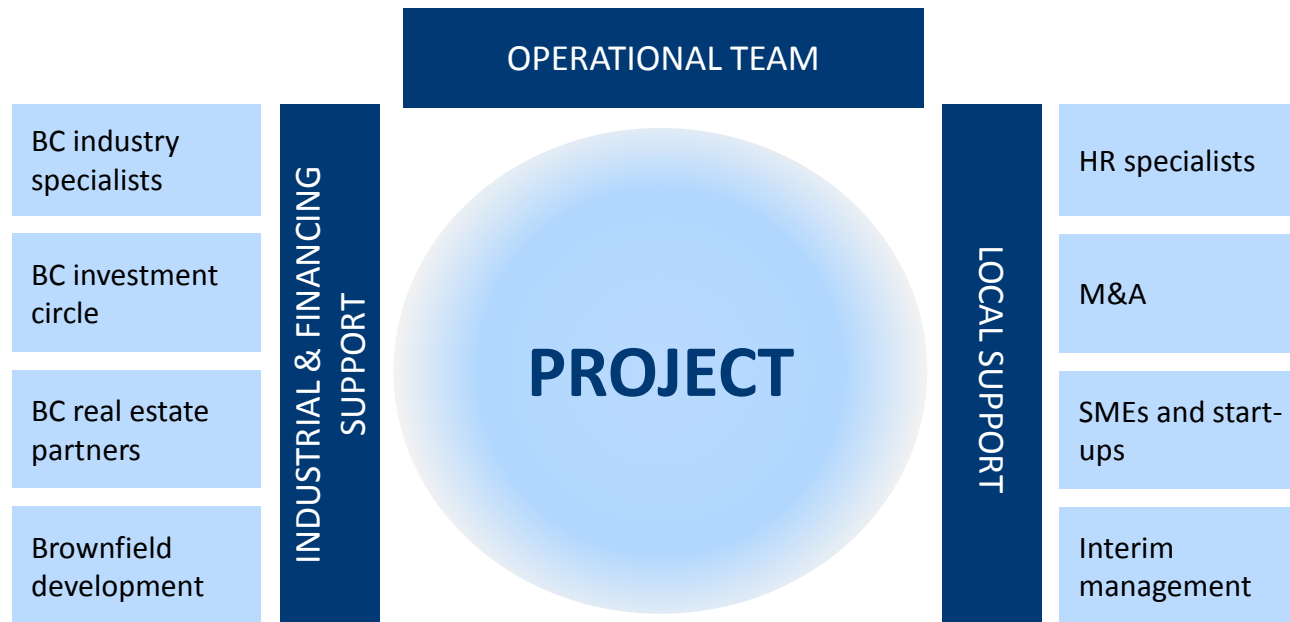
- Establishing and investing in new business activities
- Investment in and development of industrial parks and business centres
- Development and management of Job Creation® programmes by providing support to start-up companies and SMEs
- Taking ownership of large complex divestment projects for multinationals
- Acquisition of carve-out business activities

Business Creation has developed a *unique set of solutions* for complex *divestments* and *job creation* activities



# Business Creation operates with dedicated project teams, with different partners for local and industrial solutions

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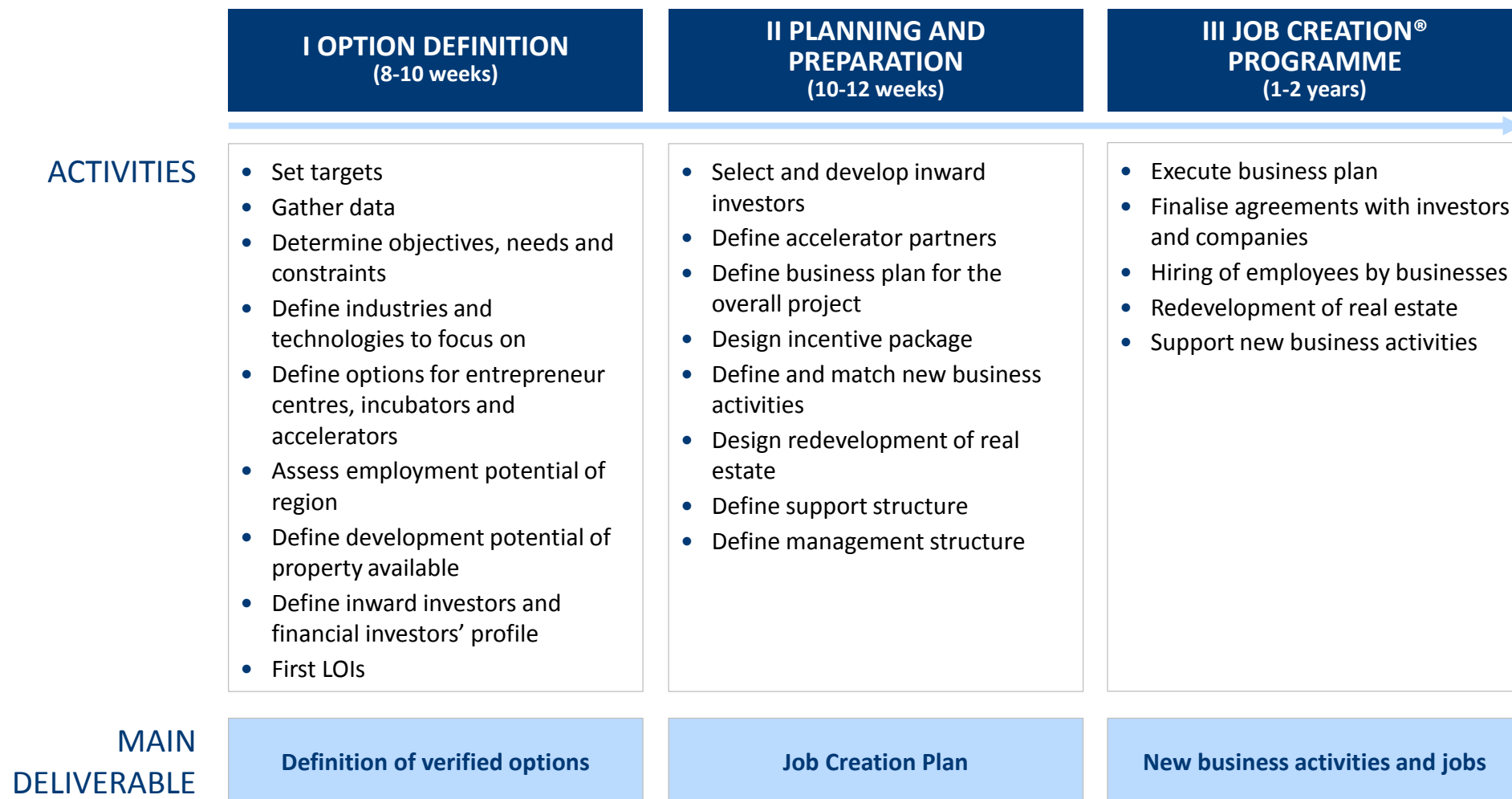


# The aim is sustainable benefits

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# Basic focus





# Business Creation's way of working: No Cure, No Profit

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## BCI's reward scheme



- During the project BCI is being paid for time spent and expenses
- BCI receives a success fee per employee starting in a new job from the downsizing industry
- The jobs must be sustainable


## Example of a typical BCI project based on acquisition

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Past	<ul style="list-style-type: none"><li>• ABB electromotor factory in the North of Spain</li><li>• 145 employees</li></ul>	
Situation	<ul style="list-style-type: none"><li>• Overcapacity in Spanish market</li><li>• Closure at hand</li></ul>	
Solution	<ul style="list-style-type: none"><li>• Acquisition by BCI</li><li>• Development stand-alone business supported by supply agreement with ABB</li><li>• Building wind turbine generator business</li></ul>	
Current	<ul style="list-style-type: none"><li>• Sold to Gamesa (Spanish wind turbine producer)</li><li>• 250 jobs created</li></ul>	


## Example of a typical BCI project development multi-user site 1

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Past	<ul style="list-style-type: none"><li>• Optical storage manufacturing plant in Hasselt, Belgium</li><li>• 900 employees</li></ul>	
Situation	<ul style="list-style-type: none"><li>• Loss-making</li><li>• Closure within six months was announced</li></ul>	
Solution	<ul style="list-style-type: none"><li>• Redevelop the single-user site into a multi-user industrial park</li></ul>	
Current	<ul style="list-style-type: none"><li>• Successful standalone business park and research facility</li><li>• 700 jobs safeguarded</li></ul>	

## Example of a typical BCI project development multi-user site 2

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Past	<ul style="list-style-type: none"><li>• Incandescent lamps production, Alpignano, Italy</li><li>• 1.800 employees</li></ul>	
Situation	<ul style="list-style-type: none"><li>• Loss-making</li><li>• Relocation of production to Eastern Europe</li></ul>	
Solution	<ul style="list-style-type: none"><li>• Redevelop the single-user site into a multi-user industrial park</li></ul>	
Current	<ul style="list-style-type: none"><li>• Successful business park</li><li>• 800 jobs safeguarded</li></ul>	

# The Partners of BCI

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- OMJ
- KABC
- Nuesch Development
- Additional partners in Real Estate development



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- Additionally, a Job Creation project will be initiated to absorb employees from the region
- Open Manufacturing Campus approach will be implemented to cater for SMEs, start ups and pilot production
- Proper re-training programs will be defined
- The ultimate objective is to employ 5,000 people by 2019



*“Since 1982,”*

Ever since 1982 Business Creation helps businesses facing continuity challenges



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