

2020. 1Q Quarter Earnings Release

# Hyosung Chemical

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2020.1Q consolidated earnings and past consolidated earnings presented in this presentation are based on K-IFRS accounting standards. Historical data is provided for comparison purposes.

Information in this presentation has not been audited nor reviewed yet, and thus, is subject to change during the audit or review. Forward looking statements have been made with consideration of current status of the business environment and are also subject to change according to changes in the business environment, as well as the company's strategy.

## I . Income Status

### Income Statement (Consolidated)

(Unit: Hundred Million KRW)

	2019.1Q	2019.4Q	2020.1Q (consolidated)	(separate)	QoQ	YoY
Sales Revenue	4,515	4,174	4,248		74	-267
Gross Profit	462	489	352		▲137	▲109
(Gross Profit Margin)	(10.2%)	(11.7%)	(8.3%)		(▲3.4%)	(▲1.9%)
Operating Profit	249	266	124	135	▲141	▲125
(Operating Profit Margin)	(5.5%)	(6.4%)	(2.9%)	(3.2%)	(▲3.4%)	(▲2.6%)
Interest Expense	▲96	▲81	▲79	▲78	2	17
Loss due to Foreign Exchange/Derivatives	▲26	▲13	▲21	▲19	▲8	5
Income before Tax	123	187	14	34	▲173	▲109
Net Income	135	135	11	27	▲125	▲124
EBITDA	637	647	509	515	▲138	▲129

(\*) In 2020.1Q (consolidated), the details of the Vietnam Vina Corp. (sales = 0 won, SG&A expenses = 1.1 billion won, non-operating expenses = 300 million won) are reflected.

## II. Financial Status

### Statement of Financial Position (Consolidated)

(Unit: Hundred Million KRW)

	2018.12.31	2019.12.31	2020.3.31	QoQ
Asset	16,533	20,635	<i>23,706</i>	3,071
Current Asset	4,417	4,461	<i>6,767</i>	2,306
(Cash&Cash Equivalents)	(793)	(1,158)	<i>(2,230)</i>	1,072
Non-Current Asset	12,116	16,174	<i>16,939</i>	765
Liability	12,860	16,088	<i>19,183</i>	3,095
Current Liability	6,860	4,313	<i>5,648</i>	1,335
Non Current Liability	6,000	11,775	<i>13,535</i>	1,760
Equity	3,673	4,547	<i>4,523</i>	▲24
Borrowings	9,831	13,428	<i>16,314</i>	2,886
Net Borrowings	9,038	12,270	<i>14,084</i>	1,813
Debt Ratio	(350.1%)	(353.8%)	<i>(424.1%)</i>	(70.3%)

### III. Cash Flow Status

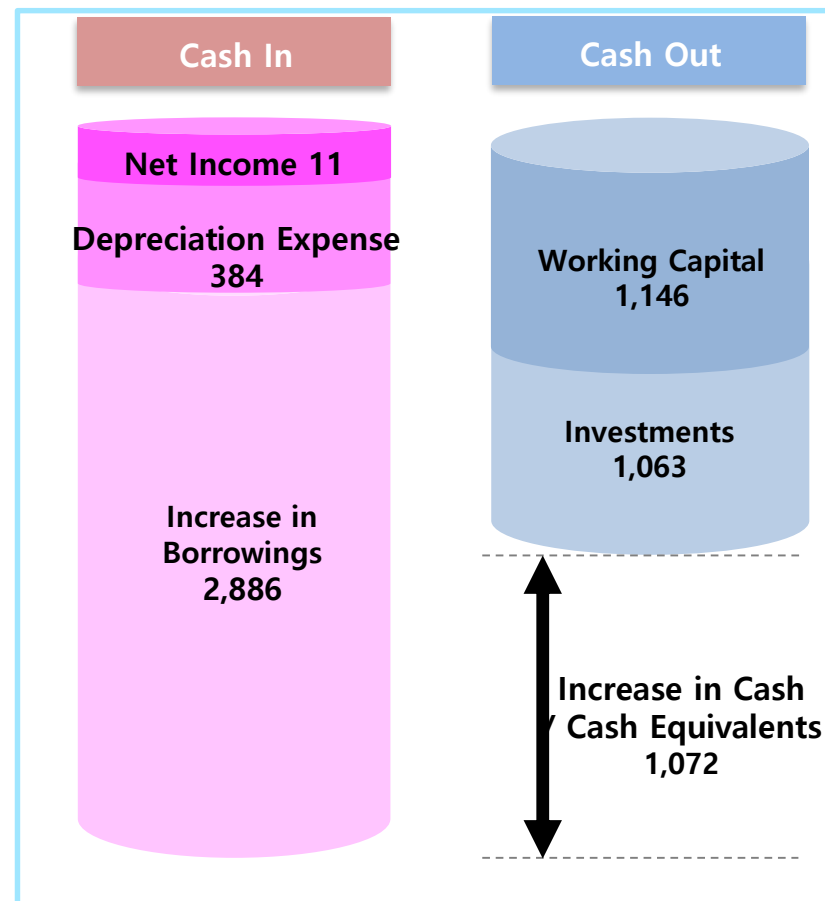
#### Cash Flow Statement

(Unit: Hundred Million KRW)

Cash Flow from Operations		▲751
● Retained Earnings		395
· Net Income		11
· Depreciation Expense		384
● A/R, Inventory, A/P, etc		▲1,146
Cash Flow from Investing		▲1,063
● Acquisition of Tangible/Intangible Assets		▲1,029
· Vietnam Vina Corp.		▲917
● Acquisition of investment securities		▲34
Cash Flow from Financing		2,886
● Increase in Borrowings		2,886
Increase/Decrease in Cash		1,072

#### Net Cash Flow

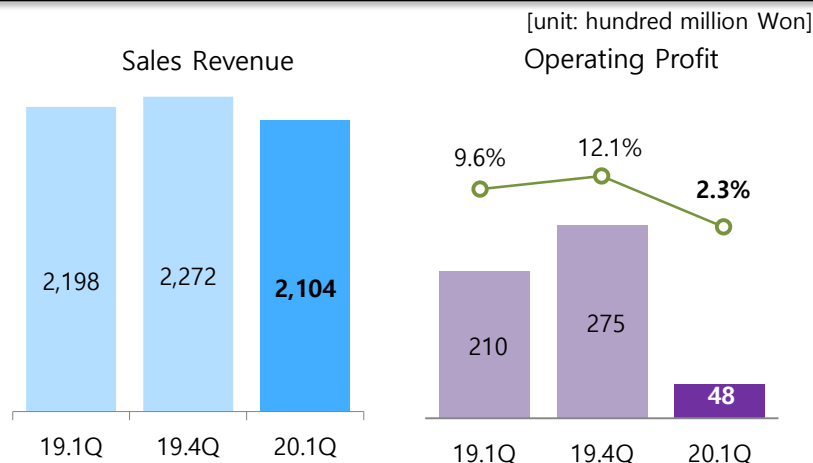
(Unit: Hundred Million KRW)



## IV. Performance by Business Division



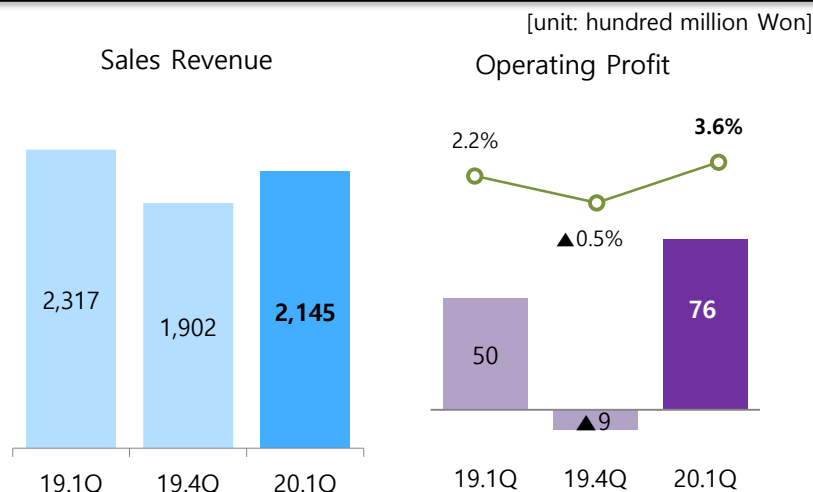
### PP/DH\_ Raw material input cost surge and regular maintenance cost



#### <PP/DH>

- Sales volume declined mainly in China due to corona
- General-purpose product prices fell, but premium product prices rose, and overall sales prices rose slightly compared to the previous year.
- Propane input cost (based on Aramco CP) surged 26% QoQ and 15% YoY
- DH & PP process regular maintenance cost incurred

### Others\_ Improved profitability by improving productivity and increasing sales volume



#### <TPA>

- Sales and profitability deteriorated due to a decline in sales of subsidiaries and sharp decline in selling prices

#### <Flim>

- Improved sales and profitability through productivity improvement and cost reduction

#### <NF3>

- Improved sales and profitability by improving productivity and increasing product sales

#### <TAC Flim>

- Sales volume began to recover, which was reduced by the withdrawal of major customers in 2019

## Appendix. Quarterly Operating Profit

### Quarterly Operating Profit

(Unit: Hundred Million KRW)

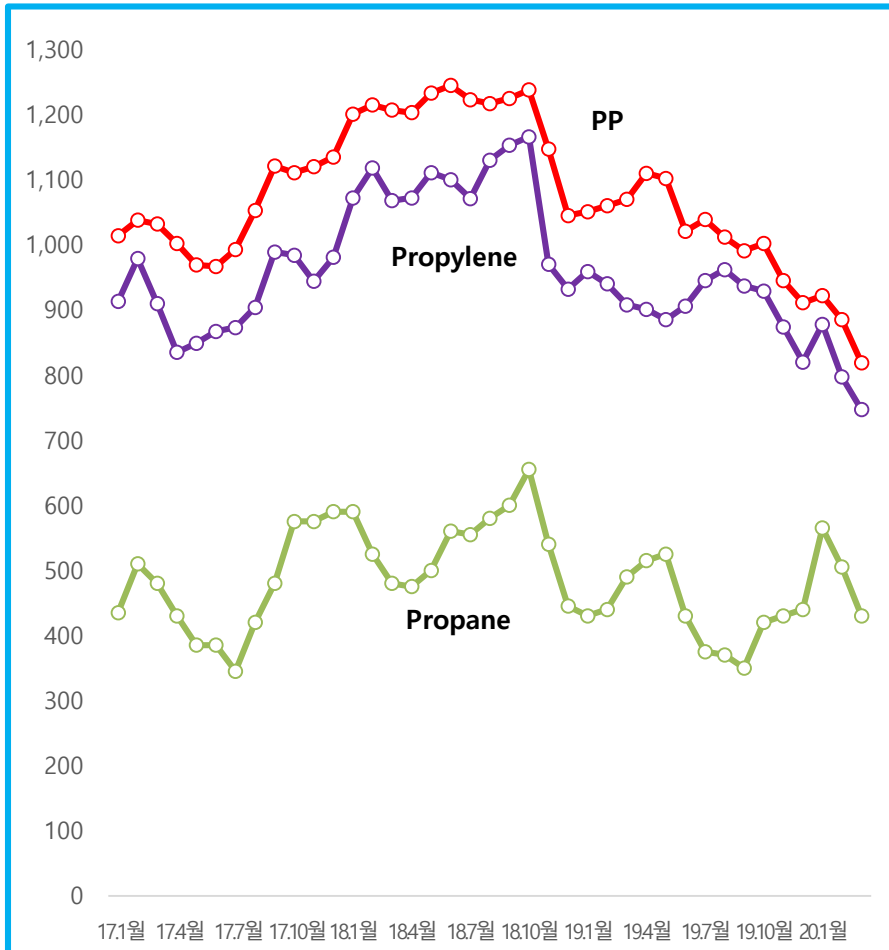
		2019				Total
		1Q	2Q	3Q	4Q	
Revenue	PP/DH	2,198	2,530	2,473	2,272	9,473
	Others	2,317	2,350	2,086	1,899	8,652
Operating Profit	PP/DH	210	396	457	275	1,337
	Others	40	100	94	▲32	202
(Operating Profit Margin)	PP/DH	(9.6%)	(15.7%)	(18.5%)	(12.1%)	(14.1%)
	Others	(1.7%)	(4.3%)	(4.5%)	(▲2.7%)	(2.3%)

		2020				Total
		1Q	2Q	3Q	4Q	
Revenue	PP/DH	2,104				2,104
	Others	2,144				2,144
Operating Profit	PP/DH	48				48
	Others	76				76
(Operating Profit Margin)	PP/DH	(2.3%)				(2.3%)
	Others	(3.6%)				(3.6%)

## Appendix. Flow of Raw Materials

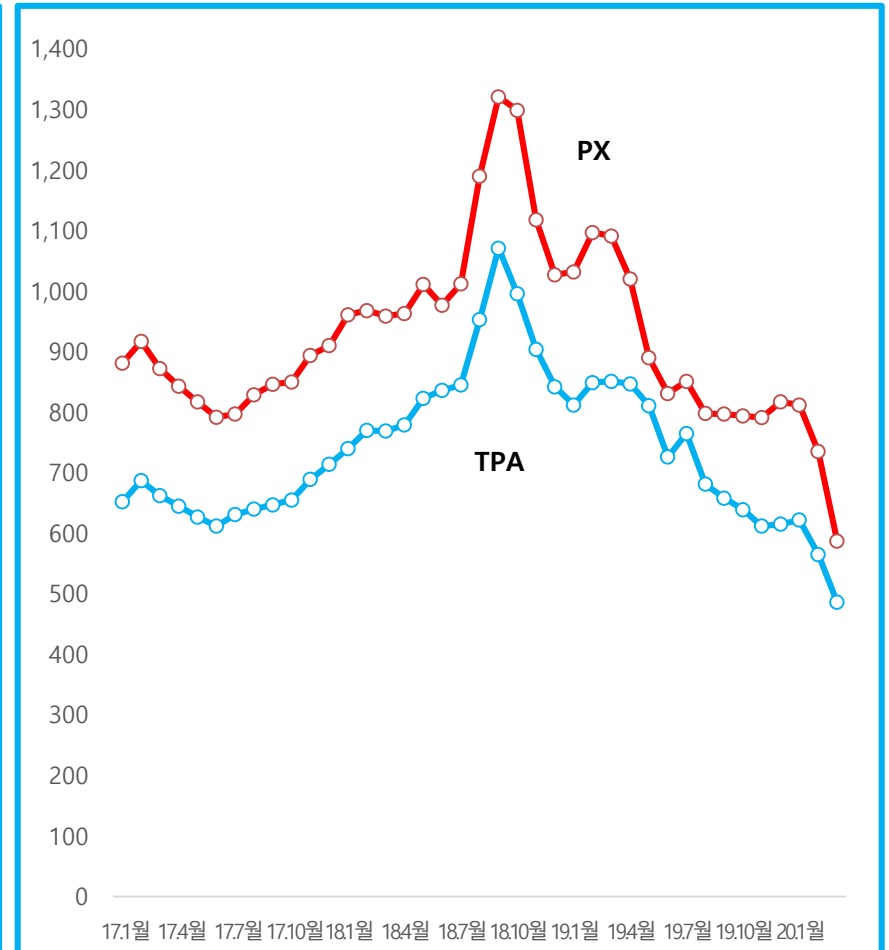
### PP – Propylene - Propane

(unit:\$/ton)



### PX - TPA

(unit:\$/ton)





## Appendix. Vietnam vina Corp. (as of March 2020)

### □ Site (Planning)



### □ Site (As of March 2020)



□ Office building, propylene ball tank (4,000 tons each), PP-4 (300,000 tons) factory, automated PP warehouse (as of March 2020)

