

2019.2Q Earnings Release

Hyosung Chemical

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2019.2Q 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 Korean Won)

	2018.2Q	2019.1Q	2019.2Q	QoQ	YoY
Sales Revenue	4,424	4,515	4,880	365	456
Gross Profit	594	462	713	251	119
(Gross Profit Margin)	(13.4%)	(10.2%)	(14.6%)	(4.4%)	(1.2%)
Operating Profit	375	249	496	247	121
(Operating Profit Margin)	(8.1%)	(5.5%)	(10.2%)	(4.7%)	(1.1%)
Interest Expense	▲55	▲96	▲94	2	▲39
Expense due to Foreign Exchange / Derivatives	▲162	▲75	▲53	22	109
Income before Tax	211	123	372	249	161
Net Income	177	135	286	151	109
EBITDA	783	637	890	253	107

II. Financial Status

Statement of Financial Position (Consolidated)

(Unit: Hundred Million Korean Won)

	End of 2018	End of 2019.Jun	Increase/ Decrease
Asset	16,533	<i>19,079</i>	2,546
Current Asset	4,417	<i>5,731</i>	1,314
Cash&Cash Equivalents	(793)	<i>(1,774)</i>	(981)
Non-Current Assets	12,116	<i>13,348</i>	1,232
Liability	12,860	<i>14,945</i>	2,085
Current Liability	6,860	<i>6,385</i>	▲475
Non-Current Liability	6,000	<i>8,560</i>	2,560
Equity	3,672	<i>4,134</i>	462
Borrowings	9,831	<i>11,808</i>	1,977
Net Borrowings	9,037	<i>10,034</i>	997
Debt Ratio	(350.2%)	<i>(361.5%)</i>	(11.3%)

Ⅲ. Cash Flow for 2019.Jan ~ Jun

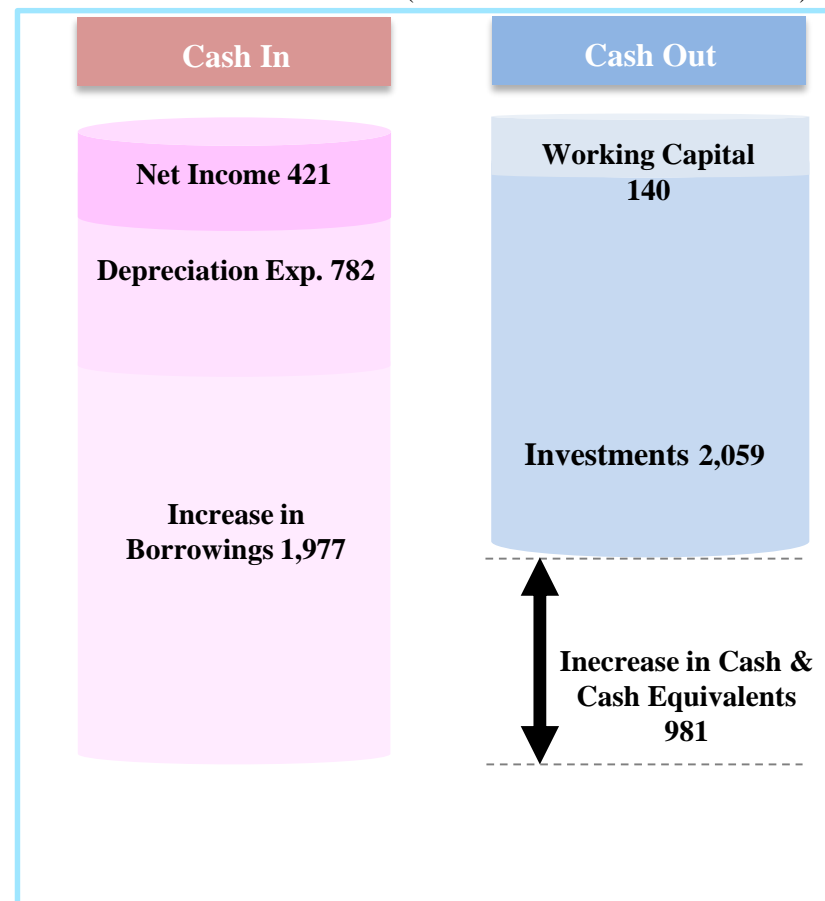
Cash Flow Statement

(Unit: Hundred Million Korean Won)

Cash Flow from Operations	1,063
<ul style="list-style-type: none"> ● Retained Earnings 1,203 <ul style="list-style-type: none"> · Net Income 421 · Depreciation Expense 782 ● A/R, Inventory, A/P, Etc. ▲140 	
Cash Flow from Investing	▲2,059
<ul style="list-style-type: none"> ● Acquisition of Tangible/Intangible Assets ▲2,042 ● Acquisition of Investment Securities ▲17 ● Others - 	
Cash Flow from Financing	1,977
<ul style="list-style-type: none"> ● Increase/Decrease in Borrowings 1,977 	
Increase/Decrease in Cash	981

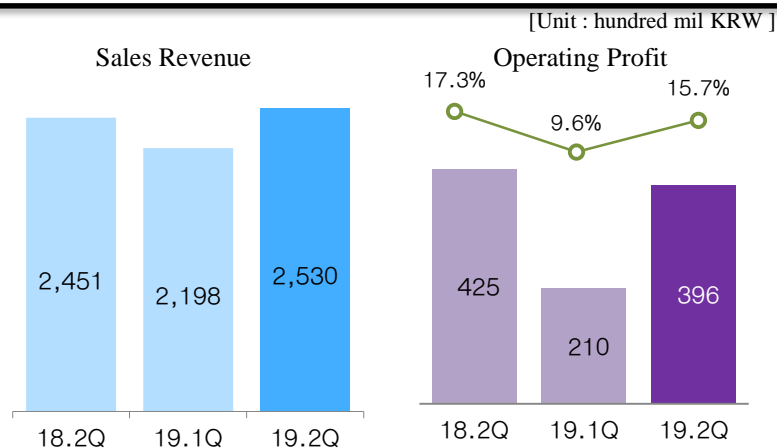
Net Cash Flow

(Unit: Hundred Million Korean Won)



VI. Performance by Business Division

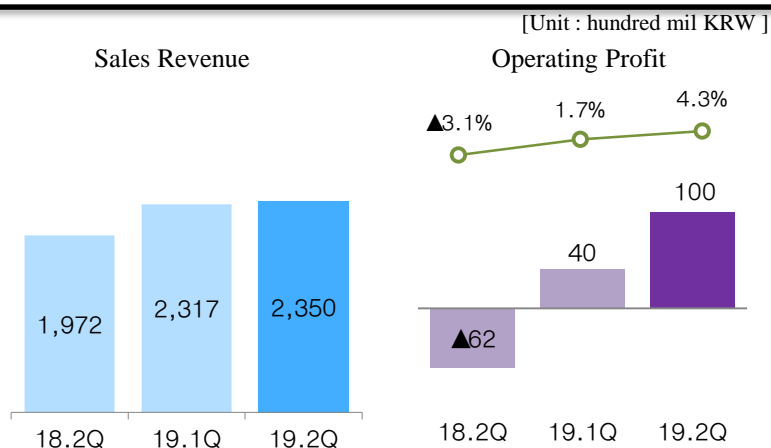
PP/DH_Increase Profitability through weakness raw material price



<PP/DH>

- Continuously weak price propane.
- Regular PP and Specialty price up due to Improved PP market.
- Continuously demand grow of PPR.
- Profit sustainable because second half of year will weak.
- propane price due to increase supplying as USA and Canada gas terminal.

Others_Increase Profitability through new business stable.



<TPA>

- PX price fell down due to end of maintenance PX plant and new PX capacity started.

<Film>

- Secured profitability due to increased sales new products and seasonal products.

<NF₃>

- Increased revenue due to increased production.
- Secured profitability due to raw material price weak and expand sale of F2N2.

<TAC Film>

- Secured profitability due to Production of various width products.

Appendix. Quarterly Operating Profit

Quarterly Income Statement

(Unit: Hundred Million Korean Won)

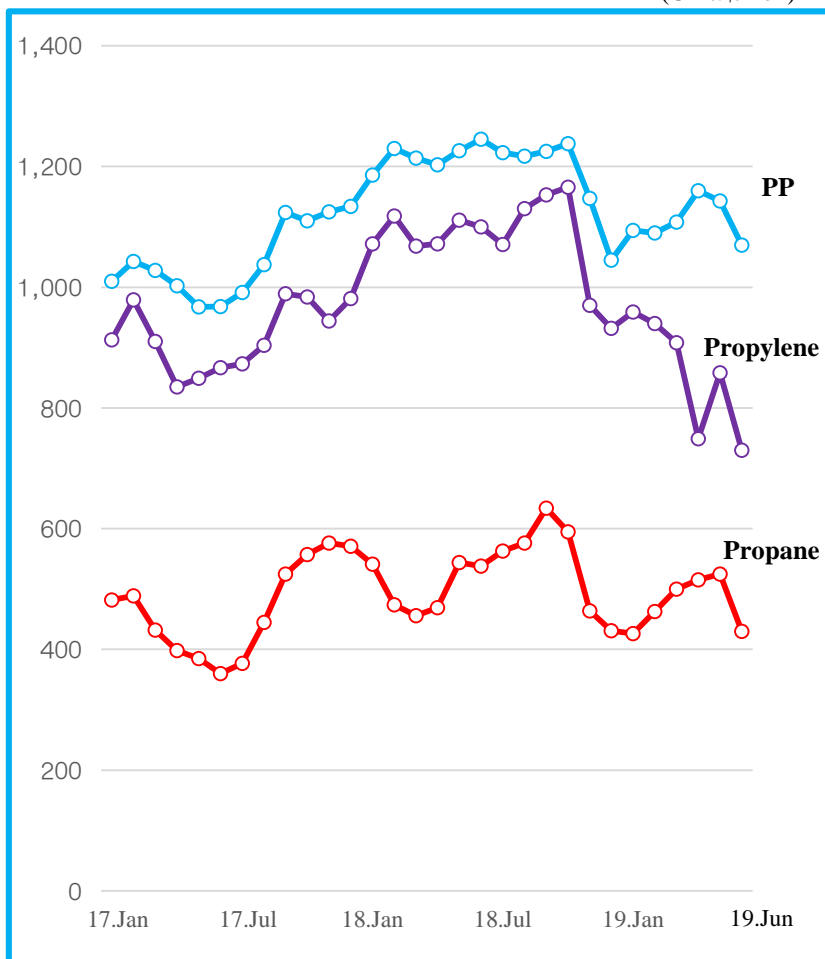
		2018				Total
		1Q	2Q	3Q	4Q	
Revenue	PP/DH	2,384	2,451	2,524	2,479	9,838
	Others	2,022	1,972	2,394	2,413	8,801
OP	PP/DH	241	425	340	67	1,073
	Others	▲51	▲50	23	97	19
(OPM)	PP/DH	(10.1%)	(17.3%)	(13.5%)	(2.7%)	(10.9%)
	Others	(▲2.5%)	(▲2.5%)	(1.0%)	(4.0%)	(0.2%)

		2019				Total
		1Q	2Q	3Q	4Q	
Revenue	PP/DH	2,198	2,530			4,728
	Others	2,317	2,350			4,667
OP	PP/DH	210	396			606
	Others	40	100			140
(OPM)	PP/DH	(9.6%)	(15.7%)			(12.8%)
	Others	(1.7%)	(4.3%)			(3.0%)

Appendix. Flow of Raw Materials

PP-Propane

(Unit:\$/Ton)



PX-TPA

(Unit:\$/Ton)

