

2020.4Q Quarter Earnings Release

Hyosung Chemical

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2020.4Q 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 (quarterly)

Income Statement (Consolidated)

(Unit: Hundred Million KRW)

	2019.4Q	2020.3Q	2020.4Q (consolidated)	(separated)	QoQ	YoY
Sales Revenue	4,171	4,873	4,757	4,173	▲116	586
Gross Profit	243	465	429	519	▲36	186
(Gross Profit Margin)	(5.8%)	(9.5%)	(9.0%)	(12.4%)	(▲0.5%)	(3.2%)
Operating Profit	243	249	201	311	▲48	▲42
(Operating Profit Margin)	(5.8%)	(5.1%)	(4.2%)	(6.5%)	(▲0.9%)	(▲1.6%)
Interest Expense	▲81	▲113	▲92	▲58	21	▲11
Loss due to Foreign Exchange/Derivatives	▲13	▲4	0	▲1	4	13
Income before Tax	137	132	▲21	126	▲153	▲157
Net Income	91	63	▲61	86	▲124	▲151
EBITDA	629	722	674	672	▲48	45

(*) ① Started sales activities for a new Vietnam PP subsidiary from 2020.2Q ② 10 billion won in impairment loss for POK division

I . Income Status (yearly)
Income Statement (Consolidated)

(Unit: Hundred Million KRW)

	2017	2018	2019	2020	YoY
Sales Revenue	16,673	18,639	18,125	<i>18,172</i>	47
Gross Profit	2,310	1,963	2,436	<i>1,531</i>	▲905
(Gross Profit Margin)	(13.9%)	(10.5%)	(13.5%)	<i>(8.4%)</i>	(▲5.0%)
Operating Profit	1,088	1,080	1,539	<i>609</i>	▲930
(Operating Profit Margin)	(6.5%)	(5.9%)	(8.5%)	<i>(3.4%)</i>	(▲5.2%)
Interest Expense	▲297	▲317	▲360	▲414	▲54
Loss due to Foreign Exchange/Derivatives	301	▲67	▲23	▲23	0
Income before Tax	681	555	1,100	<i>34</i>	▲1,066
Net Income	521	438	878	▲116	▲994
EBITDA	2,721	2,653	3,113	2,429	▲684

(*) Separated IS for 2020 (KRW 100 million): Sales (16,433) Operating profit (1,023) Pre-tax profit (566) Net income (428)

II. Financial Status

Statement of Financial Position (Consolidated)

(Unit: Hundred Million KRW)

	2019	2020.9.30	2020	QoQ	YoY
Asset	20,635	24,385	24,174	▲211	3,539
Current Asset	4,461	5,286	4,358	▲928	▲103
(Cash&Cash Equivalents)	(1,158)	(1,299)	(651)	▲648	▲507
Non-Current Asset	16,174	19,099	19,816	717	3,642
Liability	16,088	20,009	20,150	141	4,062
Current Liability	4,313	7,050	6,242	▲808	1,929
Non Current Liability	11,775	12,959	13,098	139	1,323
Equity	4,547	4,376	4,024	▲352	▲523
Borrowings	13,429	17,298	16,614	▲684	3,185
Net Borrowings	12,270	15,998	15,963	▲35	3,692
Debt Ratio	(353.8%)	(457.2%)	(500.8%)	(43.6%)	(147.0%)

III. Cash Flow Status (quarterly)

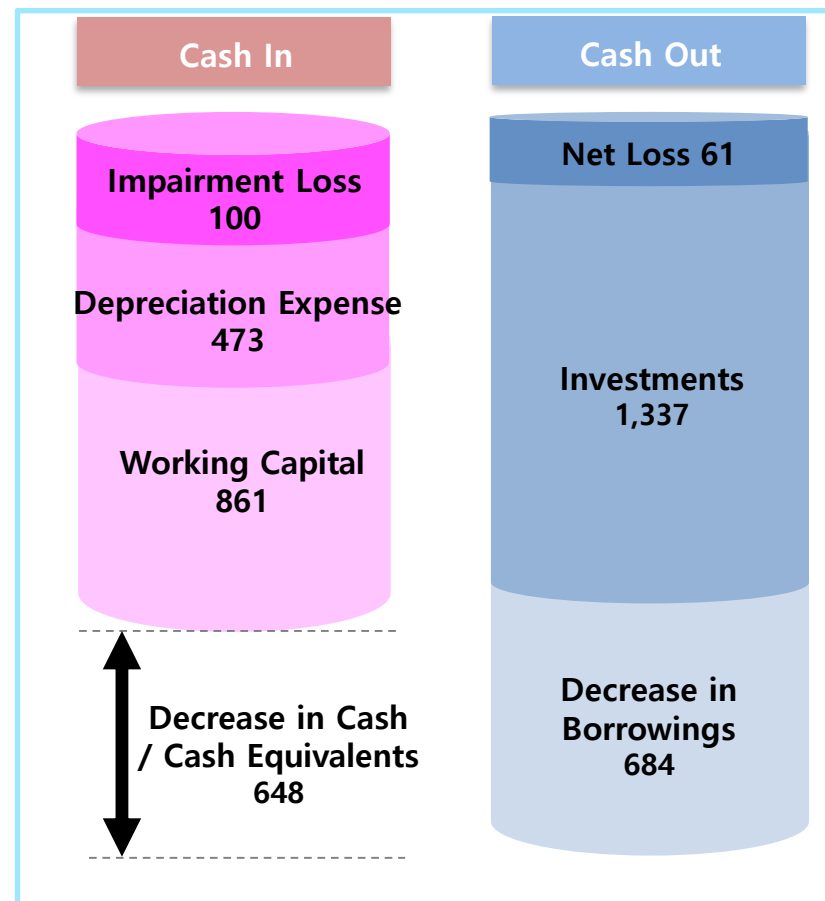
Cash Flow Statement

(Unit: Hundred Million KRW)

Cash Flow from Operations	1,373
Retained Earnings	512
• Net Loss	▲61
• Depreciation Expense	473
• Impairment Loss	100
A/R, Inventory, A/P, etc	861
Cash Flow from Investing	▲1,337
Acquisition of Tangible/Intangible Assets	▲1,337
• Hyosung Vina Chemical Co.,Ltd	▲1,152
Cash Flow from Financing	▲684
Decrease in Borrowings	▲684
Increase/Decrease in Cash	▲648

Net Cash Flow

(Unit: Hundred Million KRW)



III. Cash Flow Status (yearly)

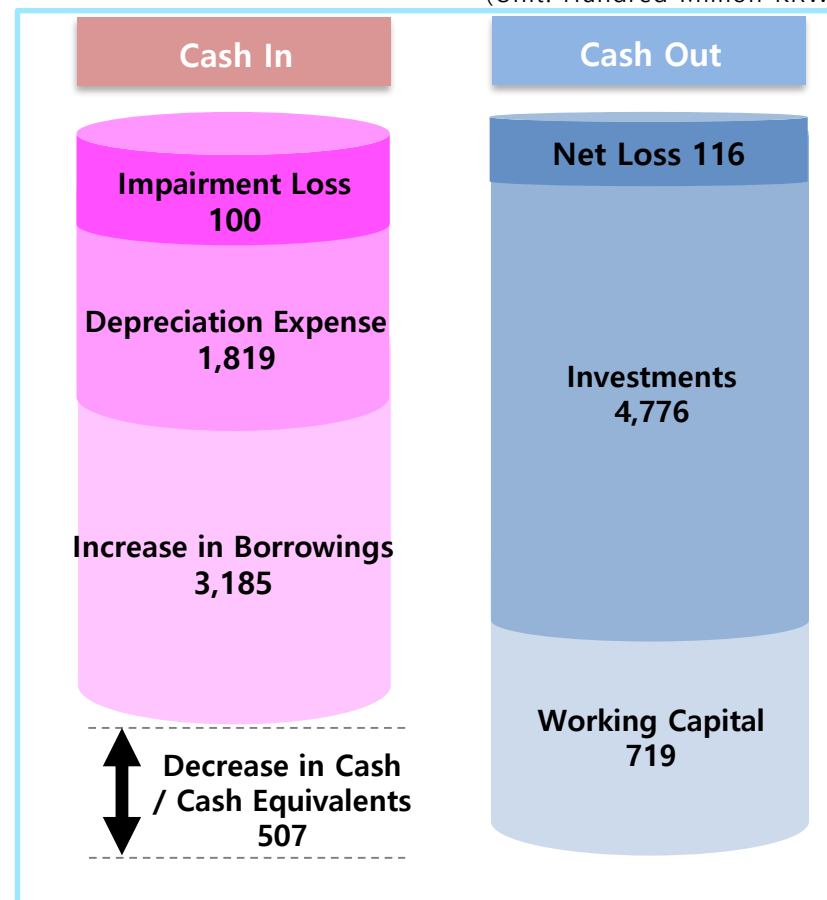
Cash Flow Statement

(Unit: Hundred Million KRW)

Cash Flow from Operations	1,084
<ul style="list-style-type: none"> ● Retained Earnings 1,803 <ul style="list-style-type: none"> · Net Loss ▲116 · Depreciation Expense 1,819 · Impairment Loss 100 ● A/R, Inventory, A/P, etc ▲719 	
Cash Flow from Investing	▲4,776
<ul style="list-style-type: none"> ● Acquisition of Tangible/Intangible Assets ▲4,742 <ul style="list-style-type: none"> · Hyosung Vina Chemical Co.,Ltd ▲4,128 ● Increase in investment securities ▲34 	
Cash Flow from Financing	3,185
<ul style="list-style-type: none"> ● Increase in Borrowings 3,185 	
Increase/Decrease in Cash	▲507

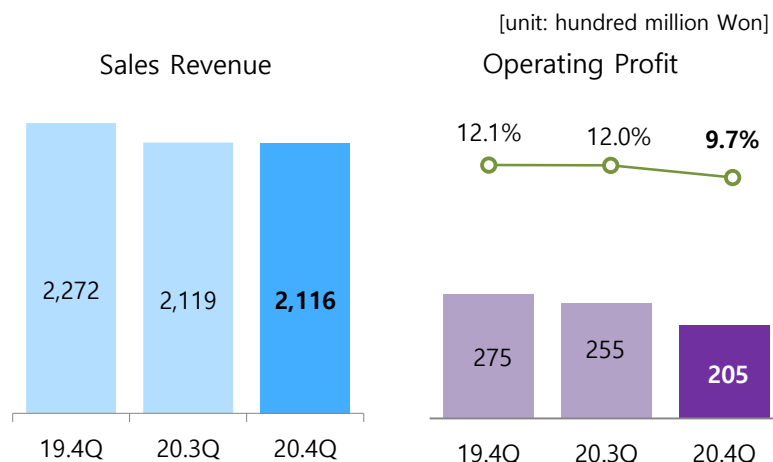
Net Cash Flow

(Unit: Hundred Million KRW)



IV. Performance by Business Division

PP/DH



- *With PP price recovery, spreads improved QoQ and YoY*
- *Sales of premium products and Premiums slightly decreased compared to the previous quarter: : Decreased sales volume in China due to the off-peak season (winter) & delayed recovery of factory utilization rates in N.America, EU etc.*
- *In mid-December, due to a power outage near the plant, the operation rate declined and maintenance costs occurred due to early overhaul of the DH process.*
- *SG&A expenses rise due to a surge in sea freight rates*

Vietnam vina Corp. Decrease deficit due to rising pp price



[unit: hundred million Won]

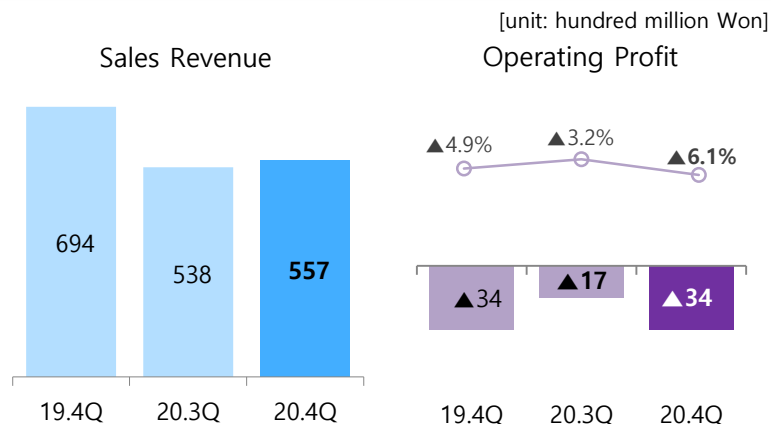
	20.2Q	20.3Q	20.4Q	2020
Sales Revenue	443	738	587	1,767
Gross Profit	▲119	▲124	▲90	▲333
(Gross Profit Margin)	(▲26.8%)	(▲16.8%)	(▲15.4%)	(▲18.8%)
Operating Profit	▲164	▲139	▲110	▲424
(Operating Profit Margin)	(▲37.0%)	(▲18.9%)	(▲18.7%)	(▲24.0%)
Interest Expense	53	43	37	133
Income before Tax	▲217	▲177	▲136	▲544

[unit: hundred million Won]

	2019	20.3Q	2020	QoQ	YoY
Asset	7,822	12,253	12,553	300	4,731
Current Asset	2,252	2,505	1,762	▲743	▲490
(Cash&Cash Equivalents)	(1,146)	(1,292)	(642)	▲650	▲504
Non-Current Asset	5,570	9,749	17,091	7,343	11,521
Liability	4,975	8,592	9,290	698	4,315
(Borrowings)	(4,805)	(8,323)	(8,251)	(▲72)	(3,447)
Equity	2,847	3,662	3,263	▲399	416

IV. Performance by Business Division

TPA_Spread worsens and plant utilization declines

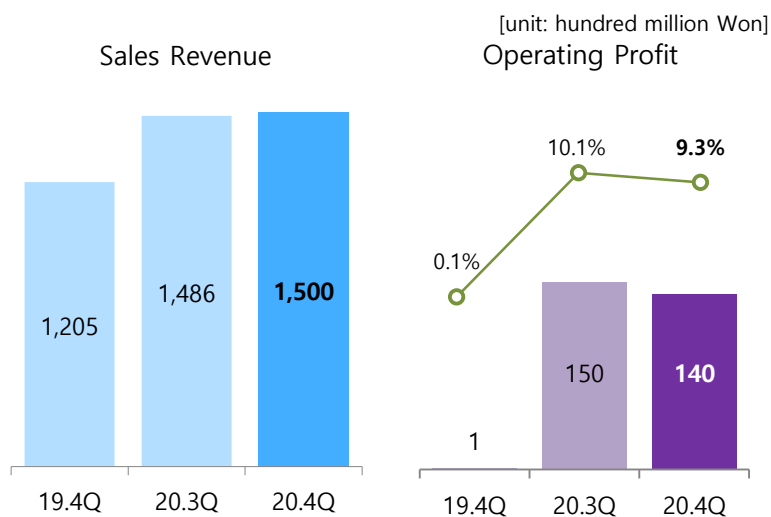


- Although demand for PET fiber in China increased, PX(raw materials) prices rose even more due to the expansion of Chinese TPA companies, and spreads fell compared to the previous year/year

(unit :\$/ton)	19.4Q	20.3Q	20.4Q	QoQ	YoY
TPA-PX Spread	151	78	76	(▲2.6%)	(▲49.7%)

- In December, due to a power outage near the factory, the operation was temporarily suspended, resulting in a decrease in production (sales volume) and losses

Others_ Improved profitability by improving productivity and increasing sales volume



<Flim>

- Sales volume declined QoQ due to slowing growth in packaging demand

<NF3>

- With the boom in the IT industry, sales volume and sales volume increased compared to the previous quarter, and profitability improved further compared to 20.3q

<TAC Flim>

- As mobile LCD demand continued to increase, sales volume increased compared to the previous quarter, but selling prices fell slightly

<POK>

- Improved profitability by reducing fixed cost per unit as sales volume increases

Appendix. Quarterly Operating Profit

Quarterly Income Statement

[unit: hundred million Won]

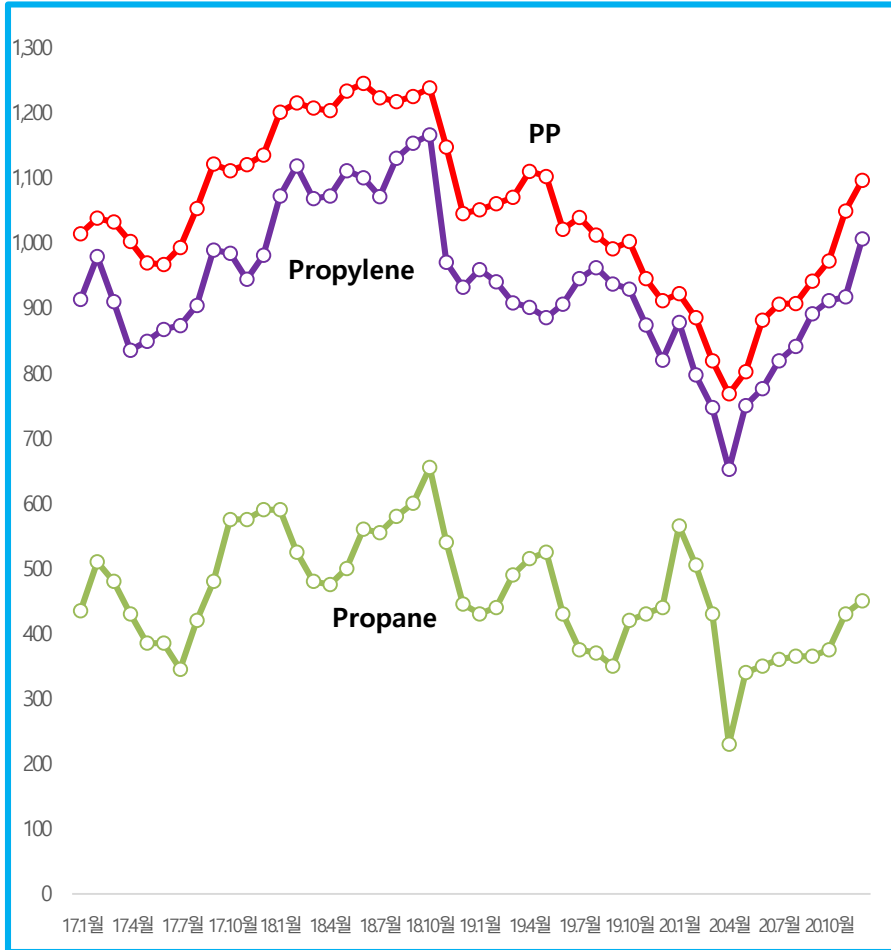
Revenue	2017	2018	2019					2020				
			1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
PP/DH	8,860	9,838	2,198	2,530	2,473	2,272	9,473	2,104	2,421	2,850	2,701	10,076
TPA	3,297	3,910	1,029	1,058	746	694	3,527	777	511	538	557	2,383
Others	4,516	4,891	1,288	1,292	1,340	1,205	5,125	1,367	1,361	1,485	1,499	5,712
	16,673	18,639	4,515	4,880	4,559	4,171	18,125	4,248	4,293	4,873	4,757	18,171

Operating Profit (Margin,%)	2017	2018	2019					2020				
			1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
PP/DH	1,396 (15.8%)	1,073 (10.9%)	210 (9.6%)	396 (15.7%)	457 (18.5%)	275 (12.1%)	1,338 (14.1%)	48 (2.3%)	▲53 (▲2.2%)	116 (4.1%)	95 (3.5%)	205 (2.0%)
TPA	71 (2.2%)	76 (1.9%)	27 (2.6%)	68 (6.4%)	20 (2.7%)	▲34 (▲4.9%)	81 (2.3%)	▲8 (▲1.0%)	▲48 (▲9.5%)	▲17 (▲3.2%)	▲34 (▲6.1%)	▲108 (▲4.5%)
Others	▲379 (▲8.4%)	▲69 (▲1.4%)	13 (1.0%)	32 (2.5%)	74 (5.5%)	1 (0.1%)	120 (2.3%)	84 (6.1%)	138 (10.1%)	150 (10.1%)	140 (9.3%)	512 (9.0%)
	1,088 (6.5%)	1,080 (5.8%)	250 (5.5%)	496 (10.2%)	551 (12.1%)	242 (5.8%)	1,539 (8.5%)	124 (2.9%)	36 (0.8%)	249 (5.1%)	201 (4.2%)	609 (3.4%)

Appendix. Flow of Raw Materials

PP – Propylene - Propane

(unit:\$/ton)



PX - TPA

(unit:\$/ton)

