

2019.3Q Quarter Earnings Release

Hyosung Chemical

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2019.3Q 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)

	2018.3Q	2019.2Q	2019.3Q	QoQ	YoY
Sales Revenue	4,918	4,880	4,559	▲321	▲359
Gross Profit	580	713	772	59	192
(Gross Profit Margin)	(11.8%)	(14.6%)	(16.9%)	(2.3%)	(5.1%)
Operating Profit	363	496	551	55	188
(Operating Profit Margin)	(7.4%)	(10.2%)	(12.1%)	(1.9%)	(4.7%)
Interest Expense	▲90	▲94	▲88	6	2
Loss due to Foreign Exchange/Derivatives	30	▲29	19	48	11
Income before Tax	290	372	469	97	179
Net Income	234	286	366	80	132
EBITDA	744	890	938	48	194

II. Financial Status

Statement of Financial Position (Consolidated)

(Unit: Hundred Million KRW)

	2018.12.31	2019.6.30	2019.9.30	QoQ	Yoy
Asset	16,533	19,079	<i>20,041</i>	962	3,508
Current Asset	4,417	5,731	<i>4,071</i>	▲1,660	▲346
Cash&Cash Equivalents	(793)	(1,774)	<i>(1,230)</i>	▲544	437
Non-Current Asset	12,116	14,945	<i>15,970</i>	1,025	3,854
Liability	12,860	14,945	<i>15,458</i>	513	2,598
Current Liability	6,860	6,385	<i>6,228</i>	▲157	▲632
Non Current Liability	6,000	8,560	<i>9,230</i>	670	3,230
Equity	3,673	4,134	<i>4,583</i>	449	910
Borrowings	9,831	11,808	<i>12,598</i>	790	2,767
Net Borrowings	9,038	10,034	<i>11,368</i>	1,334	2,330
Debt Ratio	(350.1%)	(361.5%)	<i>(337.3%)</i>	(▲24.2%)	(▲12.8%)

III. Cash Flow Status

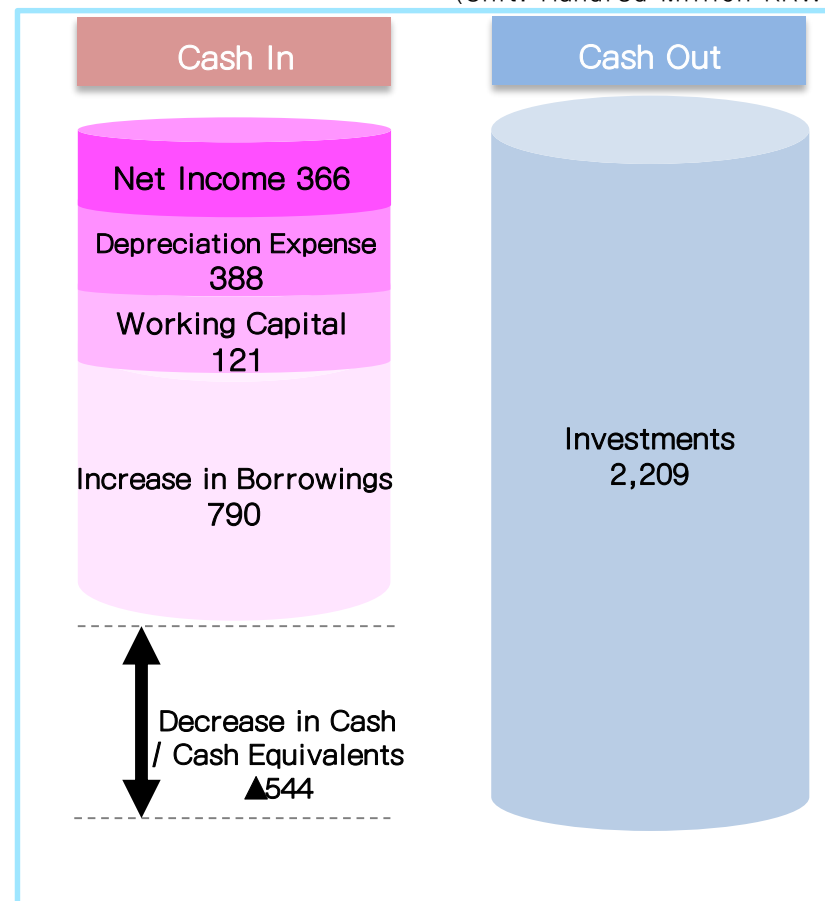
Cash Flow Statement

(Unit: Hundred Million KRW)

Cash Flow from Operations	875
<ul style="list-style-type: none"> • Retained Earnings 754 <ul style="list-style-type: none"> • Net Income 366 • Depreciation Expense 388 • A/R, Inventory, A/P, etc 121 	
Cash Flow from Investing	▲2,209
<ul style="list-style-type: none"> • Acquisition of Tangible/Intangible Assets ▲2,205 <ul style="list-style-type: none"> • Hyosung Vina Chemical Co.,Ltd ▲2,133 • Acquisition of Investment Securities ▲4 	
Cash Flow from Financing	790
<ul style="list-style-type: none"> • Increase in Borrowings 790 	
Increase/Decrease in Cash	▲544

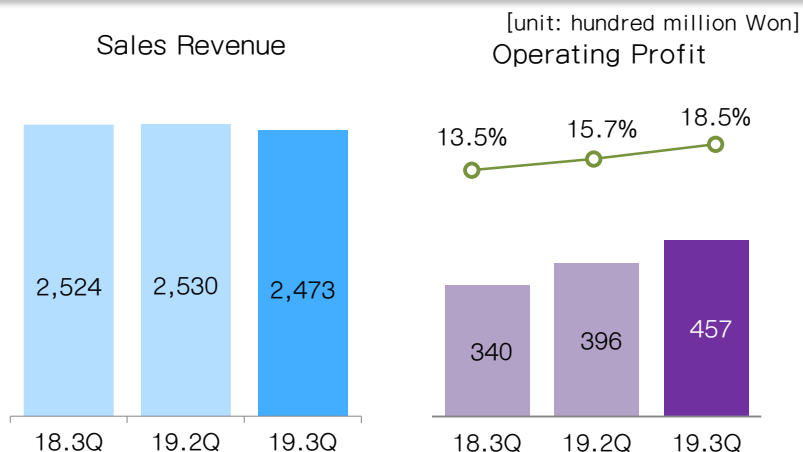
Net Cash Flow

(Unit: Hundred Million KRW)



IV. Performance by Business Division

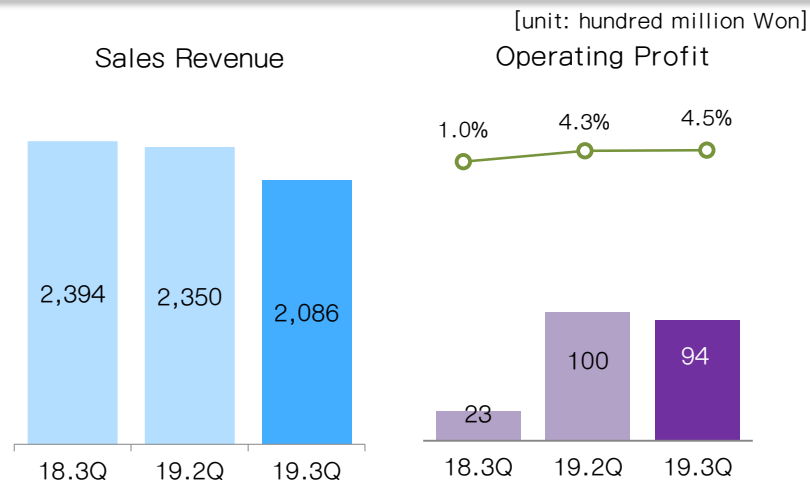
PP/DH_Expanding market share through expansion



<PP/DH>

- China's PP/DH facility expansion and falling oil prices make the price of PP weak.
- U.S. LPG export growth has continued to drive down raw material prices.
- Product premium increases year-on-year due to increased sales of expensive products
- Increase in sales of specialty products in new markets such as Russia

Others_Increase Profitability through new business stable



<NF₃>

- Reduced sales due to delayed improvement in semiconductor and display markets
- Increase profitability by increasing yields and byproduct sales

<PET/NY Flim>

- Increase profitability due to increase in PET film sales and decrease in raw material prices

<TAC Flim>

- Increase profitability by increasing sales and operating rate through expansion of Chinese LCD companies

<TPA>

- Reduced sales and profitability due to regular maintenance and worsening spread

Appendix. Quarterly Operating Profit

Quarterly Income Statement

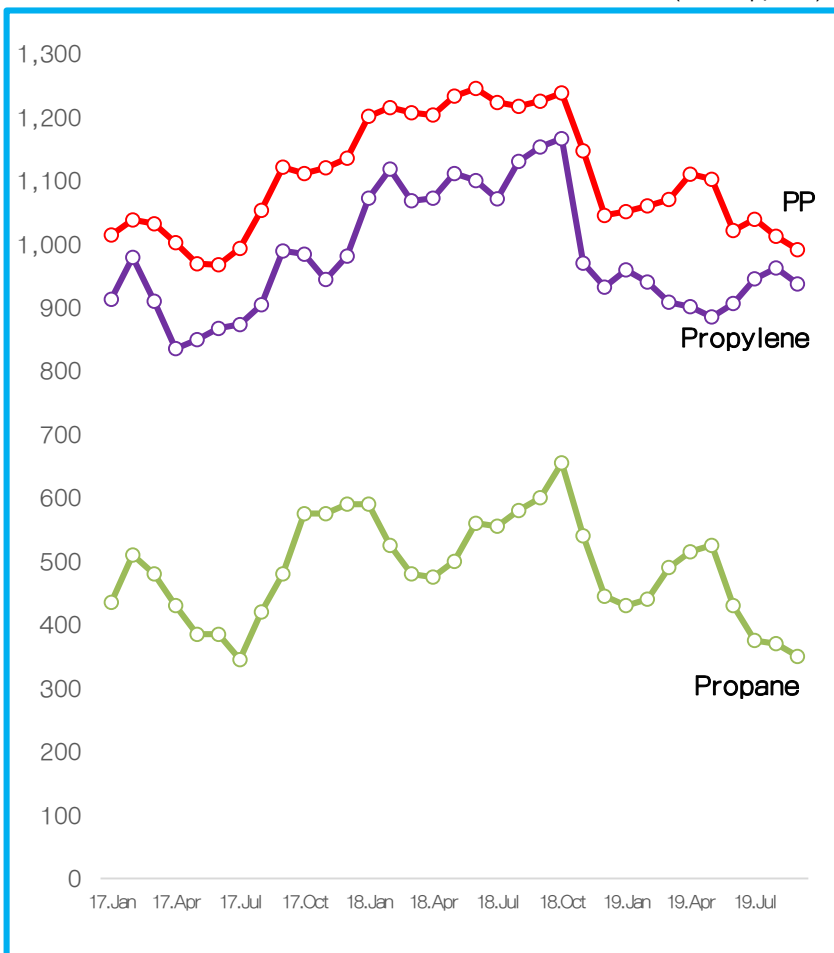
		2018				
		1Q	2Q	3Q	4Q	
Revenue	PP/DH	2,384	2,451	2,524	2,479	9,838
	Others	2,022	1,972	2,394	2,413	8,801
Operating Profit	PP/DH	241	425	340	67	1,073
	Others	▲51	▲50	23	97	19
(Operating Profit Margin)	PP/DH	(10.1%)	(17.3%)	(13.5%)	(2.7%)	(10.9%)
	Others	(▲2.5%)	(▲2.5%)	(1.0%)	(4.0%)	(0.2%)

		2019				
		1Q	2Q	3Q	4Q	
Revenue	PP/DH	2,198	2,530	2,473		7,201
	Others	2,317	2,350	2,086		6,753
Operating Profit	PP/DH	210	396	457		1,063
	Others	40	100	94		234
(Operating Profit Margin)	PP/DH	(9.6%)	(15.7%)	(18.5%)		(14.8%)
	Others	(1.7%)	(4.3%)	(4.5%)		(3.5%)

Appendix. Flow of Raw Materials

PP – Propylene - Propane

(unit: \$/ton)



PX - TPA

(unit: \$/ton)

