

2020. 2Q Quarter Earnings Release

# Hyosung Chemical

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2020.2Q 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 KRW)

	2019.2Q	2020.1Q	2020.2Q (consolidated)	(separate)	QoQ	YoY
Sales Revenue	4,880	4,248	4,293	3,851	45	▲587
Gross Profit	713	352	284	405	▲68	▲429
(Gross Profit Margin)	(14.6%)	(8.3%)	(6.6%)	(10.5%)	(▲1.7%)	(▲8.0%)
Operating Profit	496	124	36	190	▲88	▲460
(Operating Profit Margin)	(10.2%)	(2.9%)	(0.8%)	(4.4%)	(▲2.1%)	(▲9.3%)
Interest Expense	▲94	▲79	▲130	▲80	▲51	▲36
Loss due to Foreign Exchange/Derivatives	▲29	▲21	2	2	24	31
Income before Tax	371	14	▲91	117	▲105	▲462
Net Income	286	11	▲130	93	▲140	▲416
EBITDA	885	509	524	573	15	▲361

(\*) Started sales activities for a new Vietnam Vina corp. from 2020.2Q

## II. Financial Status

### Statement of Financial Position (Consolidated)

(Unit: Hundred Million KRW)

	2019.12.31	2020.3.31	2020.6.30	QoQ
Asset	20,635	23,706	24,685	979
Current Asset	4,461	6,767	5,986	▲781
(Cash&Cash Equivalents)	(1,158)	(2,230)	(2,435)	205
Non-Current Asset	16,174	16,939	18,699	1,760
Liability	16,088	19,183	20,276	1,093
Current Liability	4,313	5,648	6,087	439
Non Current Liability	11,775	13,535	14,189	654
Equity	4,547	4,523	4,409	▲114
Borrowings	13,428	16,314	17,639	1,324
Net Borrowings	12,270	14,084	15,204	1,120
Debt Ratio	(353.8%)	(424.1%)	(459.9%)	(35.8%)

### III. Cash Flow Status

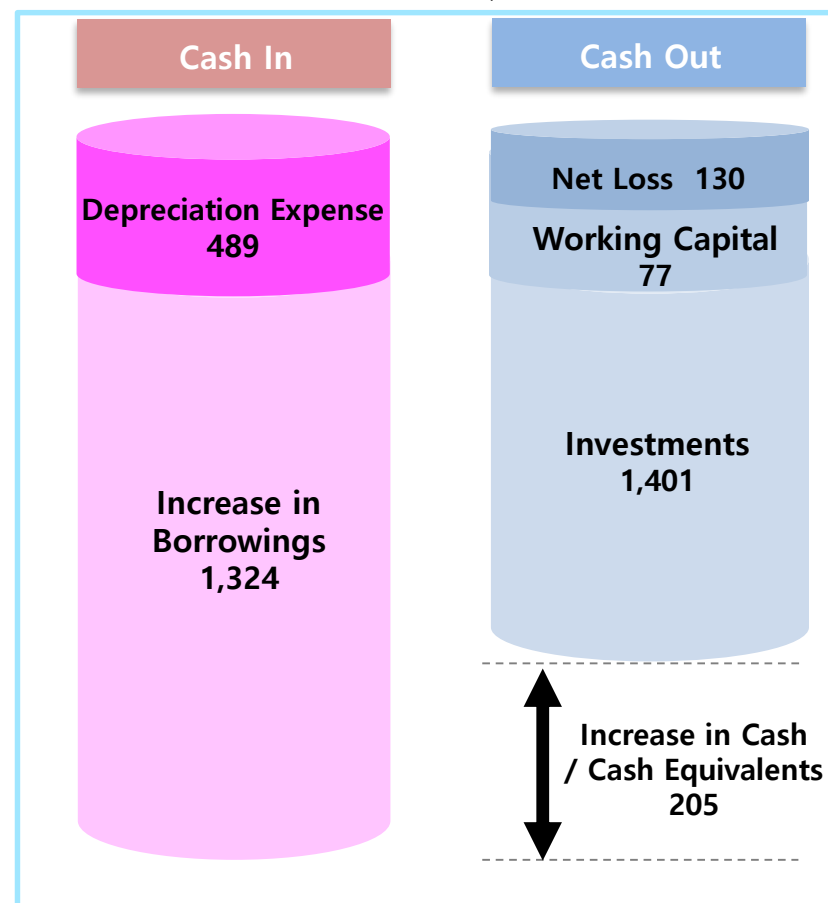
#### Cash Flow Statement

(Unit: Hundred Million KRW)

<b>Cash Flow from Operations</b>		<b>282</b>
● Retained Earnings		359
· Net Loss		▲130
· Depreciation Expense		489
● A/R, Inventory, A/P, etc		▲77
<b>Cash Flow from Investing</b>		<b>▲1,401</b>
● Acquisition of Tangible/Intangible Assets		▲1,401
· Vietnam Vina Corp.		▲1,199
<b>Cash Flow from Financing</b>		<b>1,324</b>
● Increase in Borrowings		1,324
<b>Increase/Decrease in Cash</b>		<b>205</b>

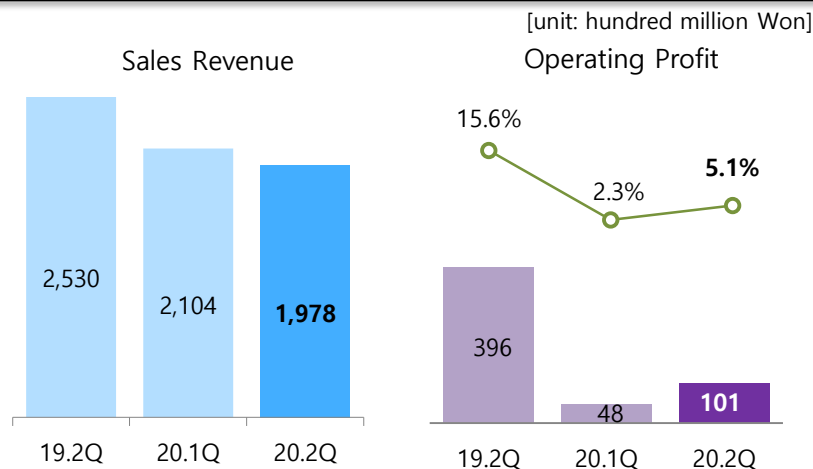
#### Net Cash Flow

(Unit: Hundred Million KRW)



## IV. Performance by Business Division

### PP/DH(Korea)\_ Decreased sales price of Chinese products and sales of high premium products to North America/Europe



#### <PP/DH>

- The overall selling price mix worsens due to a sharp decline in sales of “high premium products” to North America/Europe, which has been affected by the corona.
- Chinese market: Sales volume recovered, but selling price (premium) fell
- DH process regular maintenance (March~April) and catalyst (platinum) exchange cost incurred

### Vietnam vina Corp.\_ Incurred cost of stabilizing production of spunbond for corona masks



[unit: hundred million Won]

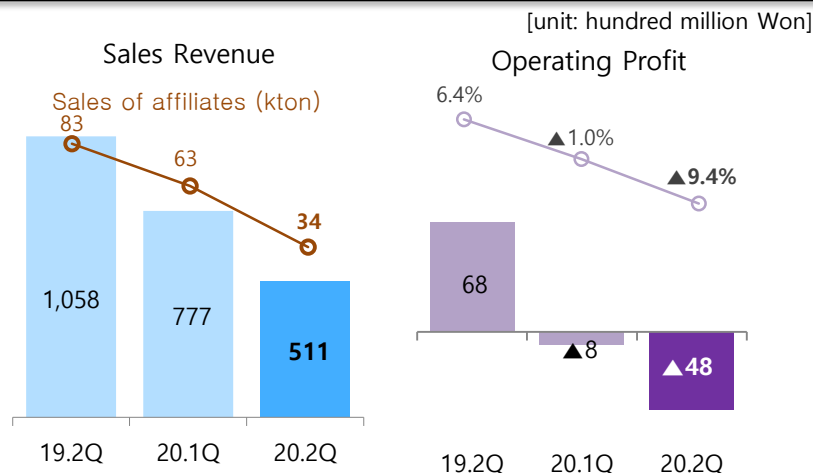
	20.1Q	20.2Q	Sum
Sales Revenue		443	443
Gross Profit		▲119	▲119
(Gross Profit Margin)		(▲26.8%)	(▲26.8%)
Operating Profit	▲11	▲164	▲175
(Operating Profit Margin)		(▲37.0%)	(▲39.4%)
Interest Expense	0	53	53
Income before Tax	▲14	▲217	▲231

[unit: hundred million Won]

	20.1Q	20.2Q	QoQ
Asset	10,036	12,008	1,972
Current Asset	2,128	3,009	882
(Cash&Cash Equivalents)	(1,584)	(2,225)	641
Non-Current Asset	7,908	8,999	1,090
Liability	5,821	8,082	2,261
(Borrowings)	(5,538)	(7,628)	2,090
Equity	4,215	3,926	▲289

## IV. Performance by Business Division

### TPA\_ Profitability deteriorated due to decrease in sales volume among affiliates



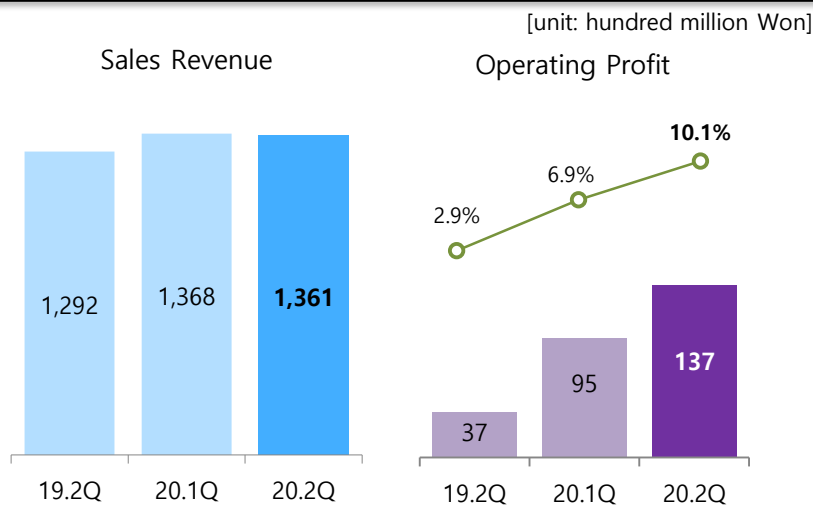
#### <TPA>

- The overall sales volume plummeted as the utilization rate of the PET chip process of its affiliates, which is a major customer, declined (qoq ▲10.5% yoy ▲16.5%)
- TPA product prices declined QoQ due to aggressive expansion in China, but raw material PX prices are also weak due to weak demand due to corona, and spreads improved QoQ.

(unit: \$/ton)	19.2Q	20.1Q	20.2Q	QoQ	YoY
TPA-PX Spread	158	85	93	(9.4%)	(▲41.1%)

- Steam turbine inspection and maintenance costs incurred

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



#### <Film>

- Profitability improvement continued due to rising selling price mix and falling cost due to increased sales of high-priced optical films

#### <NF3>

- Although the pace of improvement in the downstream industry was slow, we achieved sales and profitability comparable to the previous quarter thanks to our productivity improvement.

#### <TAC Flim>

- Profitability improved as sales volume, which had been reduced by withdrawal from major clients last year, recovered

#### <POK>

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

**Appendix. Quarterly Operating Profit** (Unit: Hundred Million KRW)

		2019				
		1Q	2Q	3Q	4Q	Total
Revenue	PP/DH	2,198	2,530	2,473	2,272	9,473
	TPA	1,029	1,058	746	694	3,527
	Others	1,288	1,292	1,340	1,205	5,125
Operating Profit	PP/DH	210	396	457	275	1,337
	TPA	27	68	20	▲34	81
	Others	13	32	74	2	121
(Operating Profit Margin)	PP/DH	(9.6%)	(15.7%)	(18.5%)	(12.1%)	(14.1%)
	TPA	(2.6%)	(6.4%)	(2.7%)	(▲4.9%)	(2.3%)
	Others	(1.0%)	(2.5%)	(5.5%)	(0.2%)	(2.4%)

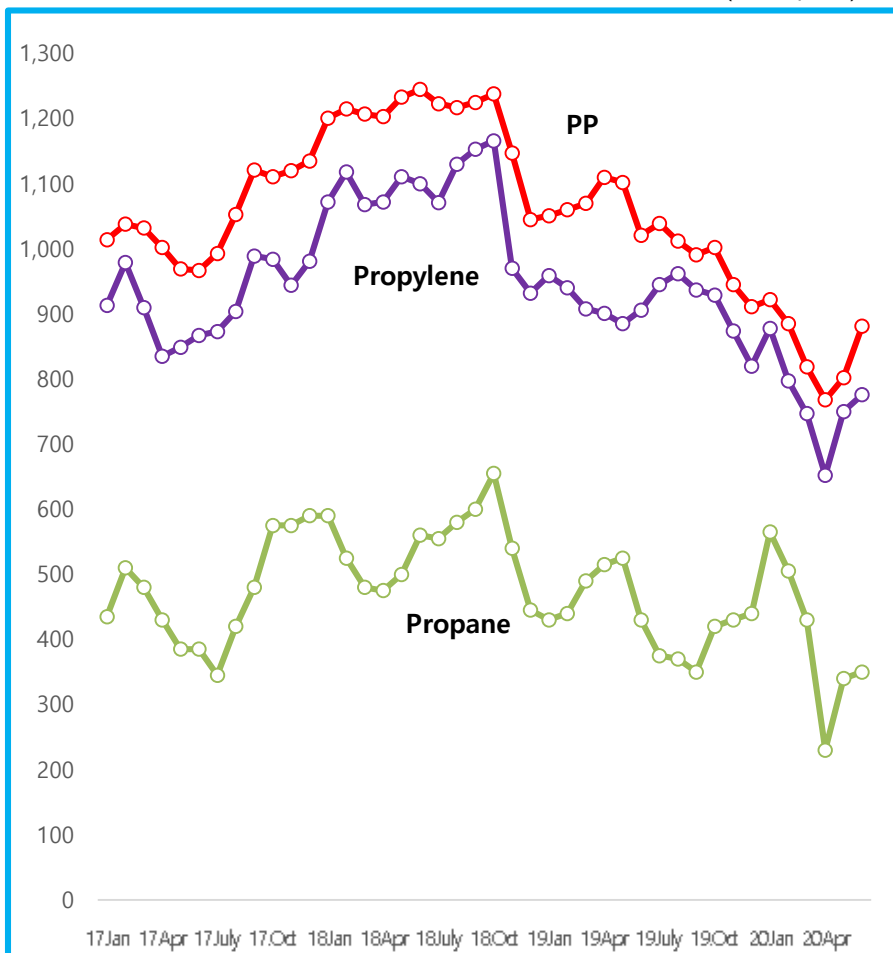
		2020				
		1Q	2Q	3Q	4Q	Total
Revenue	PP/DH	2,104	2,421			4,525
	TPA	777	511			1,288
	Others	1,367	1,361			2,728
Operating Profit	PP/DH	37	▲53			▲16
	TPA	▲8	▲48			▲56
	Others	95	137			232
(Operating Profit Margin)	PP/DH	(1.8%)	(▲2.2%)			(▲0.4%)
	TPA	(▲1.0%)	(▲9.5%)			(▲4.4%)
	Others	(6.9%)	(10.1%)			(8.5%)



## Appendix. Flow of Raw Materials

### PP – Propylene - Propane

(unit:\$/ton)



### PX - TPA

(unit:\$/ton)

