

2020. 3Q Quarter Earnings Release

Hyosung Chemical

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2020.3Q 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)

	2019.3Q	2020.2Q	2020.3Q (consolidated)	(separate)	QoQ	YoY
Sales Revenue	4,562	4,293	4,873	4,143	580	311
Gross Profit	772	284	465	588	181	▲307
(Gross Profit Margin)	(16.9%)	(6.6%)	(9.5%)	(14.2%)	(2.9%)	(▲7.4%)
Operating Profit	555	36	249	388	213	▲306
(Operating Profit Margin)	(12.2%)	(0.8%)	(5.1%)	(8.0%)	(4.3%)	(▲7.1%)
Interest Expense	▲88	▲130	▲113	▲74	17	▲25
Loss due to Foreign	18	2	▲4	▲3	▲6	▲22
Income before Tax	469	▲91	132	290	223	▲337
Net Income	366	▲130	63	222	193	▲303
EBITDA	938	524	722	750	198	▲216

(*) 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	2020.6.30	2020.9.30	QoQ
Asset	20,635	24,685	24,385	▲300
Current Asset	4,461	5,986	5,286	▲700
Cash&Cash Equivalents	(1,158)	(2,435)	(1,299)	▲1,136
Non-Current Asset	16,174	18,699	19,099	400
Liability	16,088	20,276	20,009	▲267
Current Liability	4,313	6,087	7,050	963
Non Current Liability	11,775	14,189	12,959	▲1,230
Equity	4,547	4,409	4,376	▲33
Borrowings	13,428	17,638	17,297	▲341
Net Borrowings	12,270	15,203	15,998	795
Debt Ratio	(353.8%)	(459.9%)	(457.2%)	(▲2.6%)

III. Cash Flow Status

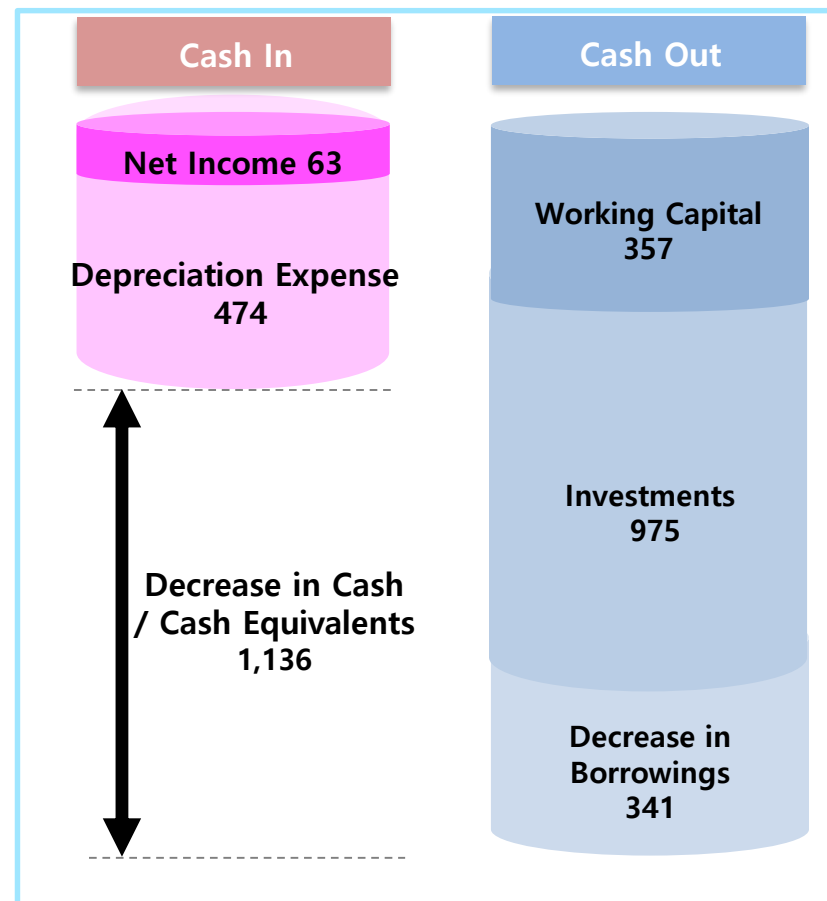
Cash Flow Statement

(Unit: Hundred Million KRW)

Cash Flow from Operations	180
<ul style="list-style-type: none"> ● Retained Earnings 537 <ul style="list-style-type: none"> · Net Income 63 · Depreciation Expense 474 ● A/R, Inventory, A/P, etc ▲357 	
Cash Flow from Investing	▲975
<ul style="list-style-type: none"> ● Acquisition of Tangible/Intangible Assets ▲975 <ul style="list-style-type: none"> · Vietnam Vina Corp. ▲860 	
Cash Flow from Financing	▲341
<ul style="list-style-type: none"> ● Decrease in Borrowings ▲341 	
Increase/Decrease in Cash	▲1,136

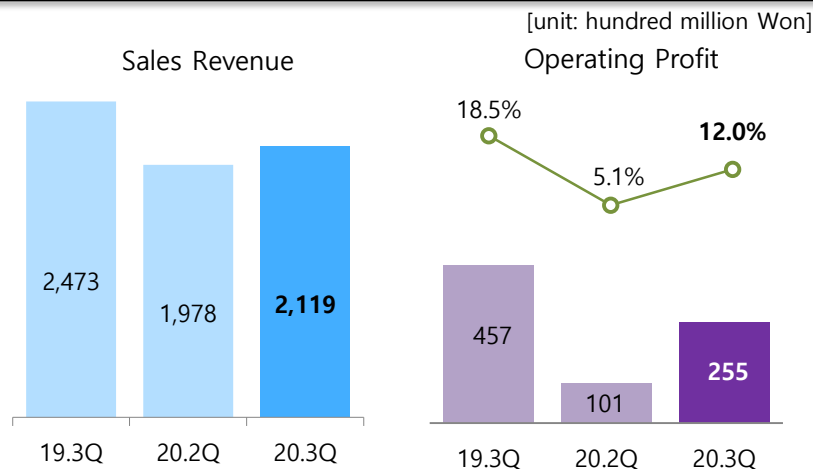
Net Cash Flow

(Unit: Hundred Million KRW)



IV. Performance by Business Division

PP/DH(Korea)_ Delayed improvement of premium product market for North America/Europe



<PP/DH>

- Chinese PP market improvement in progress:
 - Sales volume declined from 20.2Q, but exceeded 19.3Q
 - As the spread of the corona declined, the selling price (premium) rose compared to 20.2Q
- Continued sluggish overall selling price mix: due to delayed recovery of sales volume and selling price (premium) of "premium products" to North America/Europe, which continues to be affected by Corona



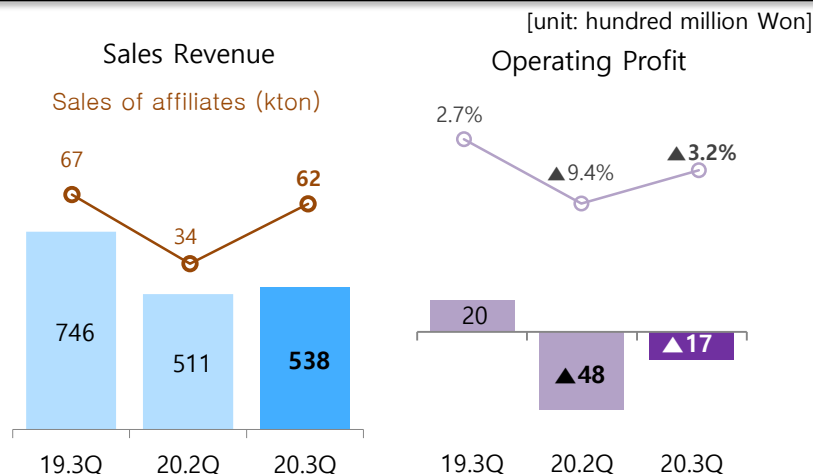
Vietnam vina Corp.

[unit: hundred million Won]

	20.1Q	20.2Q	20.3Q	20.1~3Q		20.1Q	20.2Q	20.3Q	QoQ
Sales Revenue		443	738	1,180	Asset	10,036	12,008	12,253	245
Gross Profit		▲119	▲124	▲243	Current Asset	2,128	3,009	2,505	▲505
(Gross Profit Margin)		(▲26.8%)	(▲16.8%)	(▲20.6%)	(Cash&Cash Equivalents)	(1,584)	(2,225)	(1,292)	▲933
Operating Profit	▲11	▲164	▲139	▲314	Non-Current Asset	7,908	8,999	9,749	750
(Operating Profit Margin)		(▲37.0%)	(▲18.9%)	(▲26.6%)	Liability	5,821	8,082	8,592	509
Interest Expense	0	53	43	96	(Borrowings)	(5,538)	(7,628)	(8,323)	695
Income before Tax	▲14	▲217	▲177	▲408	Equity	4,215	3,926	3,662	▲264

IV. Performance by Business Division

TPA_ Lower expectations due to worsening spreads and equipment problems



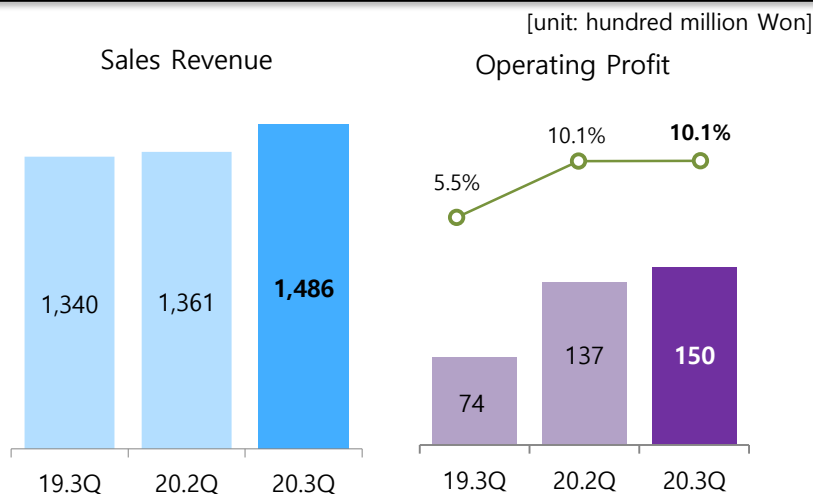
<TPA>

- Spread worsening (qoq, yoy): Chinese PET fiber demand increased, but raw material PX prices rose even more thanks to the expansion of Chinese TPA companies

(단위: \$/톤)	19.3Q	20.2Q	20.3Q	QoQ	YoY
TPA-PX Spread	159	93	78	(▲16.1%)	(▲50.9%)

- Suspension of operation due to equipment trouble in September

Others_ Improved profitability by improving productivity and increasing sales volume



<Flim>

- As the demand for mobile devices such as packaging and tablets recovered due to the corona effect, sales volume surged and sales and operating profit continued to improve

<NF3>

- Selling prices are falling due to the expansion of competitors, but gains at the level of the previous quarter are secured by improving productivity and increasing spot sales.

<TAC Flim>

- Continued improvement in sales volume and profitability as demand for mobile LCDs increases due to working from home

<POK>

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

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

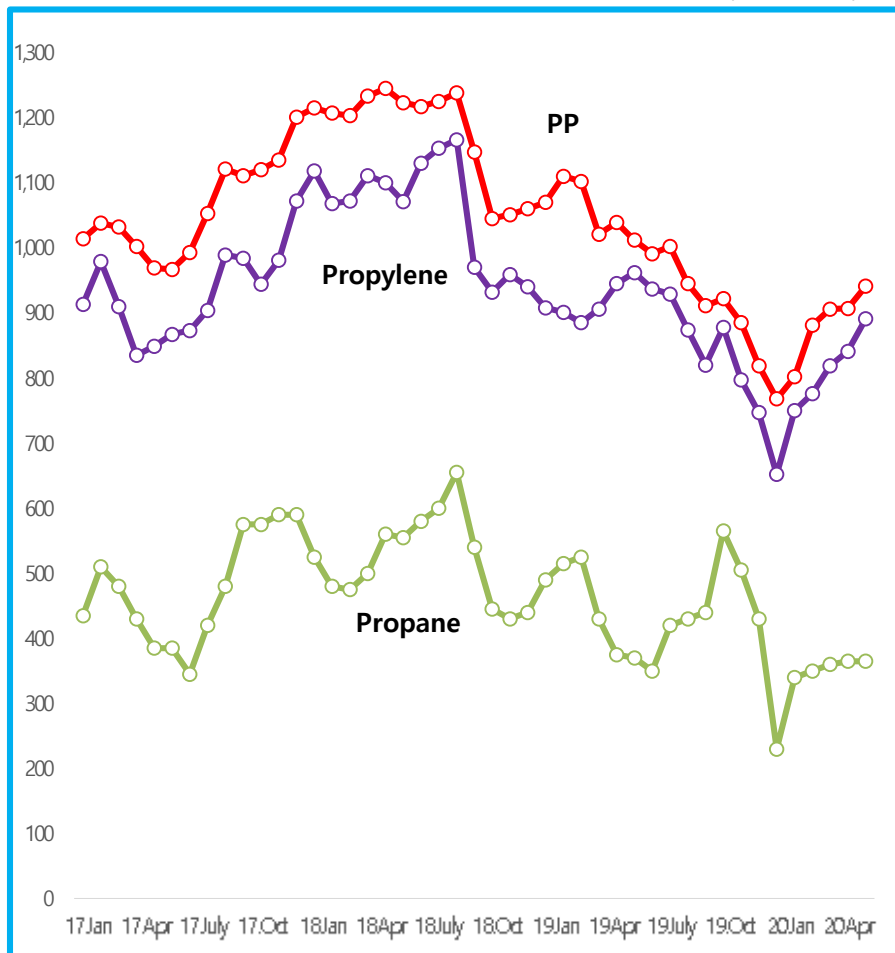
		2019				
		1Q	2Q	3Q	4Q	Total
Revenue	PP/DH	2,198	2,530	2,473	2,272	9,473
	TPA	1,029	1,058	746	694	3,527
	Others	1,288	1,292	1,340	1,205	5,125
Operating Profit	PP/DH	210	396	457	275	1,337
	TPA	27	68	20	▲34	81
	Others	13	32	74	2	121
(Operating Profit Margin)	PP/DH	(9.6%)	(15.7%)	(18.5%)	(12.1%)	(14.1%)
	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	2,850		7,375
	TPA	777	511	538		1,826
	Others	1,367	1,361	1,485		4,213
Operating Profit	PP/DH	37	▲53	116		100
	TPA	▲8	▲48	▲17		▲74
	Others	95	137	150		382
(Operating Profit Margin)	PP/DH	(1.8%)	(▲2.2%)	(4.1%)		(1.4%)
	TPA	(▲1.0%)	(▲9.5%)	(▲3.2%)		(▲4.0%)
	Others	(6.9%)	(10.1%)	(10.1%)		(9.1%)

Appendix. Flow of Raw Materials

PP – Propylene - Propane

(unit:\$/ton)



PX - TPA

(unit:\$/ton)

