

2019.1Q Earnings Release

# Hyosung Chemical

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2019.1Q 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)

	2018.1Q	2018.4Q	2019.1Q	QoQ	YoY
Sales Revenue	4,406	4,892	4,515	▲377	109
Gross Profit	415	373	462	89	47
(Gross Profit Margin)	(9.4%)	(7.6%)	(10.2%)	(2.6%)	(0.8%)
Operating Profit	190	164	249	85	59
(Operating Profit Margin)	(4.3%)	(3.4%)	(5.5%)	(2.2%)	(1.2%)
Interest Expense	▲81	▲90	▲96	▲6	▲15
Expense due to Foreign Exchange / Derivatives	18	▲36	▲75	▲39	▲93
Income before Tax	101	▲48	123	170	22
Net Income	83	▲55	135	190	52
EBITDA	594	533	637	104	43

## II. Financial Status

### Statement of Financial Position (Consolidated)

(Unit: Hundred Million Korean Won)

	End of 2018	End of 2019.Mar	Increase/ Decrease
Asset	16,533	17,021	488
Current Asset	4,417	4,530	114
Cash&Cash Equivalents	(793)	(497)	(▲296)
Non-Current Assets	12,116	12,490	374
Liability	12,860	13,208	348
Current Liability	6,860	7,418	558
Non-Current Liability	6,000	5,790	▲210
Equity	3,672	3,813	141
Borrowings	9,831	10,472	641
Net Borrowings	9,037	9,975	938
Debt Ratio	(350.2%)	(346.4%)	(▲3.8%)

### III. Cash Flow for 2019.1Q

#### Cash Flow Statement

(Unit: Hundred Million Korean Won)

Cash Flow from Operations **▲153**

● Retained Earnings	523
• Net Income	135
• Depreciation Expense	388
● A/R, Inventory, A/P, Etc.	▲552
● Others	▲124

Cash Flow from Investing **▲787**

● Acquisition of Tangible/Intangible Assets	▲777
● Acquisition of Investment Securities	▲10
● Others	-

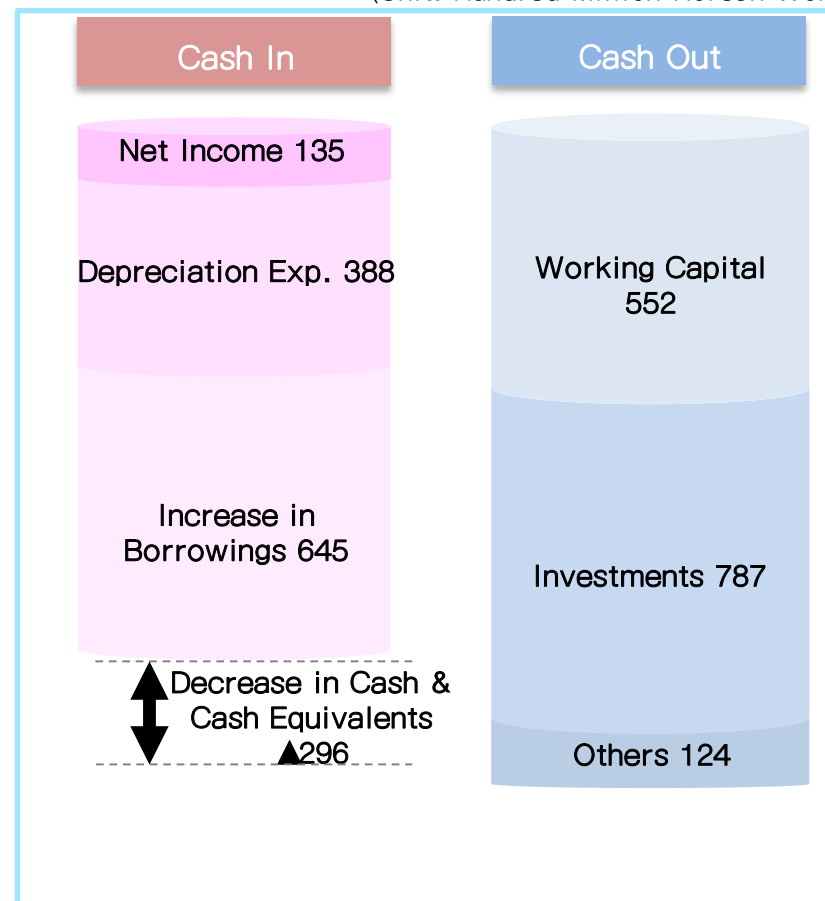
Cash Flow from Financing **645**

● Increase/Decrease in Borrowings	645
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Increase/Decrease in Cash **▲296**

#### Net Cash Flow

(Unit: Hundred Million Korean Won)

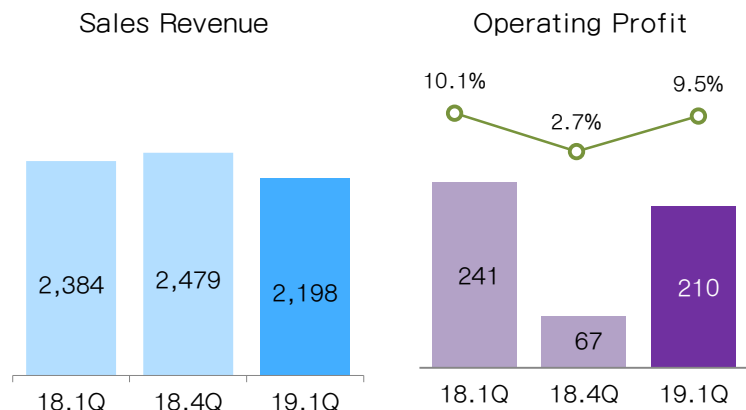


## VI. Performance by Business Division

### PP/DH\_Increase Profitability through sale of specialized products



[Unit : hundred mil KRW ]



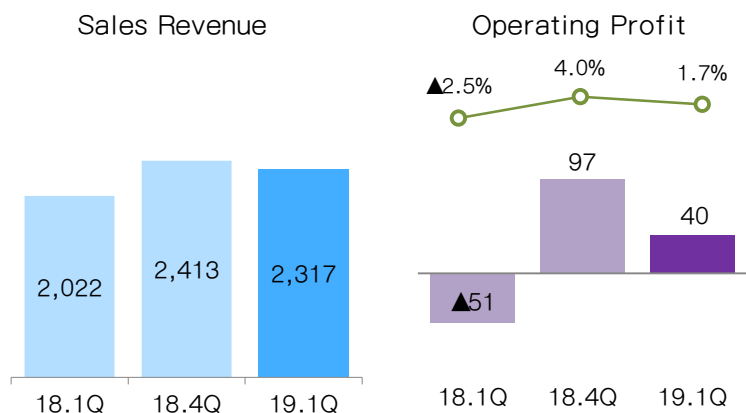
#### <PP/DH>

- Due to routing maintenance fees and other costs related to production, revenue decreased compared to previous quarter; however, due to improvements in spread, operating profit increased
- Normalization of profitability through increase in production, etc.
- Seek increased profitability as well as increased sales through increased sales of specialized products such as color PPR, RTPO, etc.

### Others\_ Turnaround through stabilization of new businesses.



[Unit : hundred mil KRW ]



#### <TPA>

- Secured RM prices due to troubles in production
- Sustain profitability through implementation of Formula

#### <FILM>

- Improved quality led to decrease in loss
- Secured profits due to additional new products

#### <NF₂>

- Sustain profitability despite tight markets and decreases in sales for semiconductors and display, through stable prices in RM prices
- Increased profit for F2N2 due to stable productions

#### <TAC FILM>

- Sustain profitability through increased sales overseas

## Appendix. Quarterly Operating Profit

### Quarterly Income Statement

(Unit: Hundred Million Korean Won)

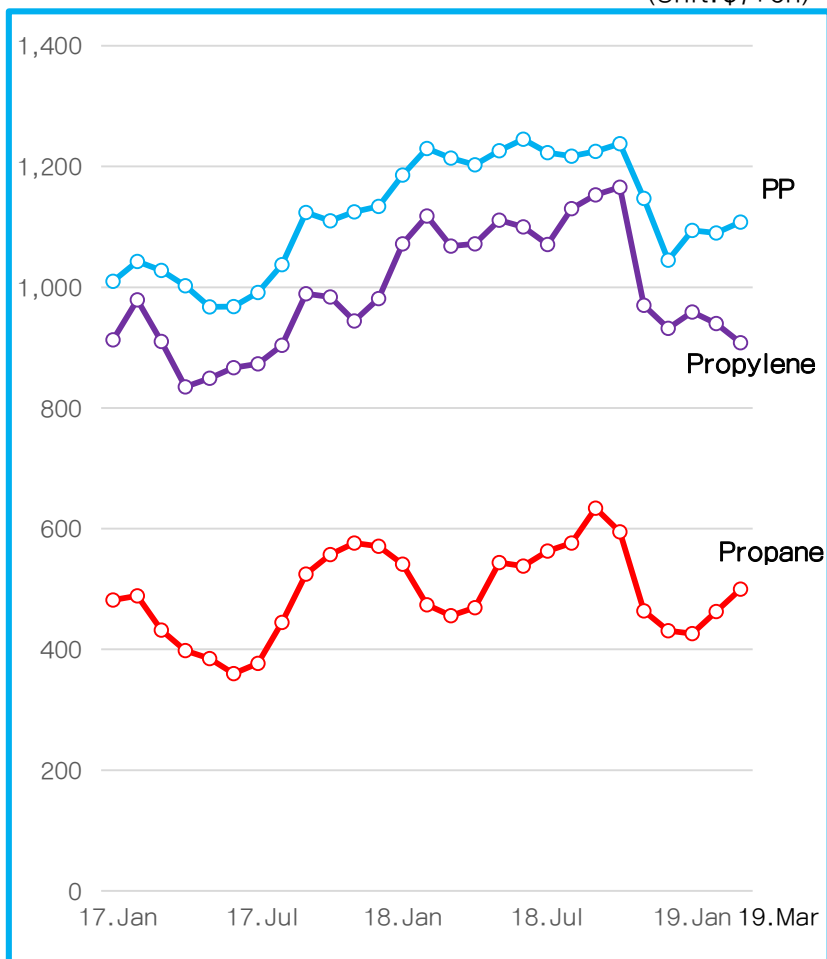
		2018				Total
		1Q	2Q	3Q	4Q	
Revenue	PP/DH	2,384	2,451	2,524	2,479	9,838
	Others	2,022	1,972	2,394	2,413	8,801
OP	PP/DH	241	425	340	67	1,073
	Others	▲51	▲50	23	97	19
(OPM)	PP/DH	(10.1%)	(17.3%)	(13.5%)	(2.7%)	(10.9%)
	Others	(▲2.5%)	(▲2.5%)	(1.0%)	(4.0%)	(0.2%)

		2019				Total
		1Q	2Q	3Q	4Q	
Revenue	PP/DH	2,198				2,198
	Others	2,317				2,317
OP	PP/DH	210				210
	Others	39				39
(OPM)	PP/DH	(9.6%)				(9.6%)
	Others	(1.7%)				(1.7%)

## Appendix. Flow of Raw Materials

PP-Propane

(Unit: \$/Ton)



PX-TPA

(Unit: \$/Ton)

