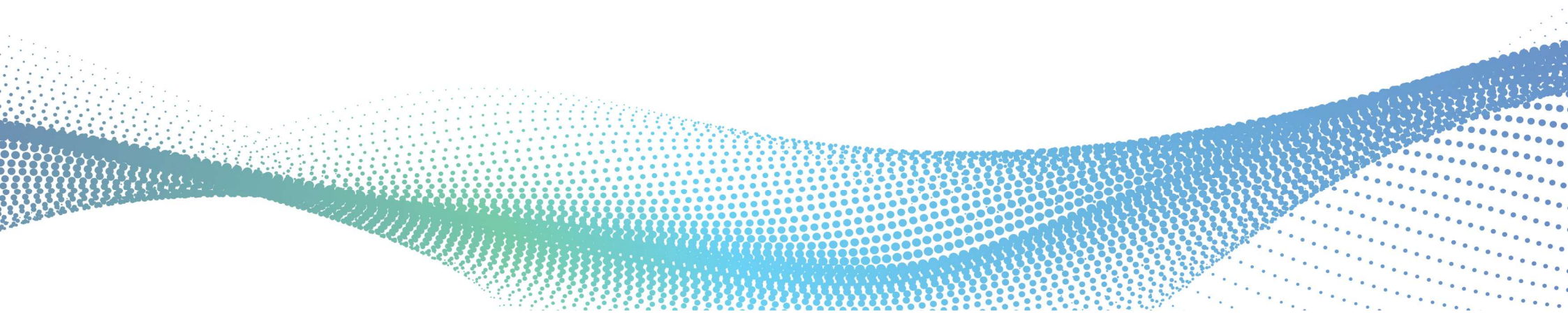


# THIRD QUARTER 2024

Financial Results

HYOSUNG CHEMICAL



## | What's Inside |

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## HYOSUNG CHEMICAL

[3Q 2024 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.

# 3Q 2024 Financial Results

## Quarterly Profit/Loss Statement (Consolidated)

(Unit: Billion KRW)

	3Q 2023	2Q 2024	3Q 2024	QoQ	YoY
Sales Revenue	711.7	754.5	768.3	1.8%	8.0%
Gross Profit	23.2	(23.1)	(6.2)	Continued Loss	(126.7%)
<i>Gross Profit Margin</i>	<i>3.2%</i>	<i>(3.1%)</i>	<i>(0.8%)</i>	<i>2.3%p</i>	<i>(4.0%p)</i>
Operating Profit	(2.8)	(50.7)	(26.2)	Continued Loss	Continued Loss
<i>Operating Profit Margin</i>	<i>(0.4%)</i>	<i>(6.7%)</i>	<i>(3.4%)</i>	<i>3.3%p</i>	<i>(3.0%p)</i>
Interest Expense	43.7	44.2	46.1	4.3%	5.5%
Gain or Loss on Foreign Exchange/Derivatives	0.1	(1.4)	(0.3)	Continued Loss	(400.0%)
Income before Tax	(51.7)	(97.5)	(74.2)	Continued Loss	Continued Loss
Net Profit	(48.0)	(90.1)	(61.2)	Continued Loss	Continued Loss
Net Profit in Controlling Interest	(48.0)	(90.1)	(61.2)	Continued Loss	Continued Loss
EBITDA	60.8	6.7	30.1	349.3%	(50.5%)

# 3Q 2024 Financial Results (Continued)

## Balance Sheet (Consolidated)

(Unit : Billion KRW)

	Dec 2023	Jun 2024	Sept 2024	QoQ
Assets	3,115.6	3,349.5	3,210.7	(4.1%)
Current Assets	710.0	849.5	811.8	(4.5%)
Cash & Cash Equivalents	52.8	167.4	104.2	(37.8%)
Non-Current Assets	2,405.6	2,500.0	2,398.9	(4.0%)
Liabilities	3,053.7	3,347.6	3,178.2	(5.1%)
Current Liabilities	2,147.5	2,911.8	2,818.3	(3.2%)
Non-Current Liabilities	906.2	435.8	359.9	(17.4%)
Equity	61.8	1.9	32.5	(97.9%)
Debt	2,460.3	2,638.1	2,641.3	0.1%
Net Debt	2,407.5	2,470.7	2,537.1	2.7%
<i>Net Debt to Equity Ratio</i>	<i>3,895.6%</i>	<i>130,036.8%</i>	<i>7,806.5%</i>	<i>(122,230.3%p)</i>

## 3Q 2024 Financial Results (Continued)

### Cashflow (Consolidated)

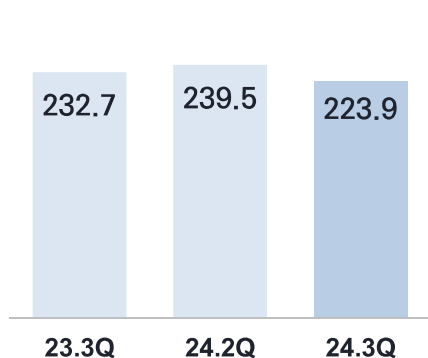
(Unit : Billion KRW)

	2023	2Q 2024	3Q 2024	(1~3Q) 2024
Cash Flow from Operations	75.4	59.7	(104.9)	(67.8)
Net Income	(346.9)	(90.1)	(61.2)	(225.2)
Depreciation	260.7	57.4	56.3	170.3
Changes in Net Working Capital, etc.	161.6	92.4	(100.0)	(12.9)
Cash Flow from Investing	(200.8)	(84.0)	(57.3)	(252.6)
PP&E and Intangibles	(200.8)	(84.0)	(57.3)	(252.6)
Others	0	0	0	0
Cash Flow from Financing	71.4	5.9	99.0	370.5
Changes in Borrowings	(76.5)	10.0	3.2	180.9
Dividend Payment	0	0	0	0
Changes in Cash and Cash Equivalents	(54.0)	(18.4)	(63.2)	50.1

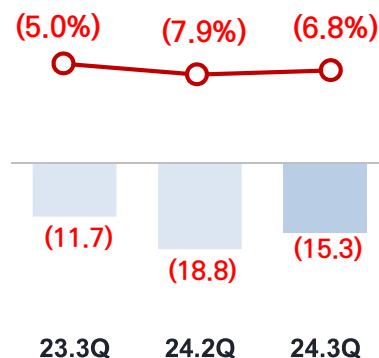
# Financial Performance by Division

## PP/DH (Korea) | Spread improvement due to the decline in propane input costs

Sales revenue



Operating Profit (Margin) Unit: Billion KRW



### PP homo(Korea)-Propane(CP)\*1.28 Spread QoQ

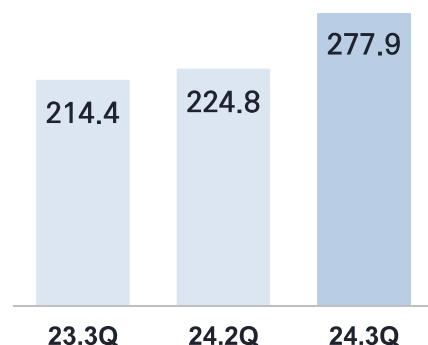
(\$/ton)	23.3Q	24.2Q	24.3Q	QoQ	YoY
PP(homo)	847	914	897	(1.9%)	5.9%
Propane(CP)	473	592	592	0.0%	25.2%
<b>Spread</b>	<b>242</b>	<b>156</b>	<b>139</b>	<b>(10.9%)</b>	<b>(42.4%)</b>

- Total spread improved and loss margin reduced as propane input costs decreased
- PP(homo) price premium: North America, Europe vs. Far East Asia

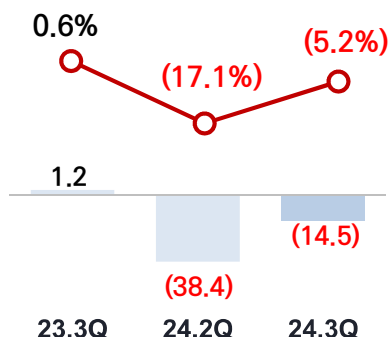
(\$/ton)	Apr.24	May.24	Jun.24	Jul.24	Aug.24	Sep.24
N-America	291	197	188	334	285	284
W-Europe	299	338	249	383	444	479

## PP/DH (Vietnam) | Improvement due to normalized production and sales post regular maintenance

Sales revenue



Operating Profit (Margin) Unit: Billion KRW



### PP homo(Southeast Asia)-Propane(CP)\*1.15 Spread QoQ

(\$/ton)	23.3Q	24.2Q	24.3Q	QoQ	YoY
<b>Spread</b>	<b>369</b>	<b>293</b>	<b>264</b>	<b>(9.9%)</b>	<b>(28.5%)</b>

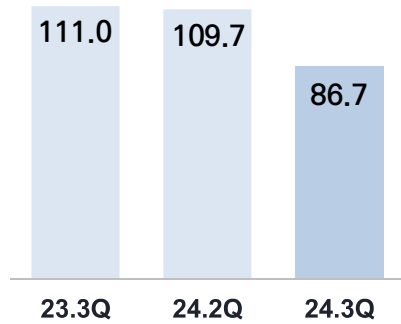
- Loss reduced due to normalized production and sales post regular maintenance



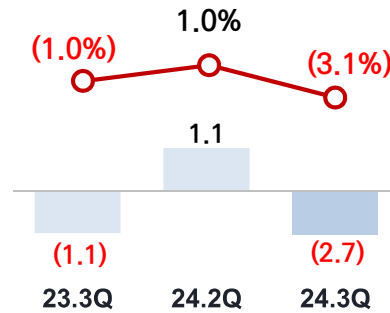
# Financial Performance by Division (Continued)

## TPA | Sales declined due to oversupply in China

Sales Revenue



Operating Profit (Margin) Unit: Billion KRW



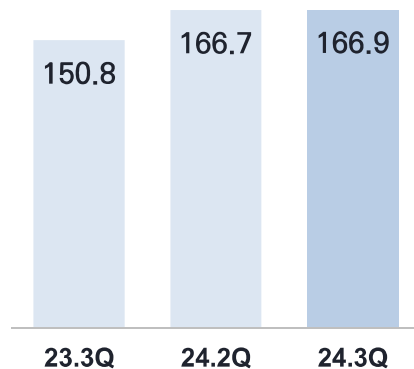
### • TPA-PX (0.665) QoQ, YoY

(\$/ton)	23.3Q	24.2Q	24.3Q	QoQ	YoY
TPA	794	772	712	(7.8%)	(10.3%)
PX	1,068	1,040	944	(9.2%)	(11.6%)
Spread	96	92	95	3.0%	(0.9%)

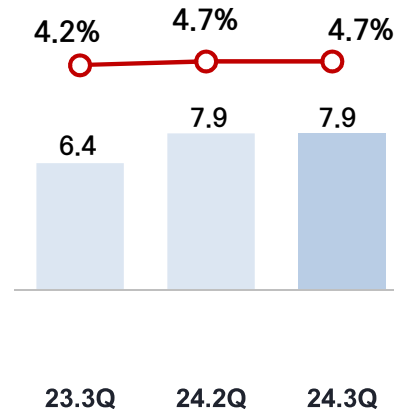
- Sales declined and losses occurred as TPA inventory increased in China amid a sluggish market, coupled with a rise in operating costs

## Others | POK Sales volume increased and profitability sustained due to the support of China's stimulus package

Sales Revenue



Operating Profit (Margin) Unit: Billion KRW



### 〈NF3〉

- Improvements constrained by the low operating rates of customer facilities, caused by delayed market recovery

### 〈TAC film〉

- Increased replacement demand for IT equipment (monitors, laptops) in the second half of the year leading to sustained profits

### • 〈Film〉

- Sales declined due to decreased demand from downstream of PET film industries, while profitability continued to deteriorate due to oversupply of NY film

### 〈POK (Polyketone)〉

- Sales volume increased and profitability sustained due to the support of China's stimulus package



## Appendix 1. Quarterly Operating Segment Performance

### Sales Revenue

Unit: Billion KRW

	2021					2022					2023					2024		
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q
PP/DH	35.7	38.9	37.6	35.7	147.9	442.5	447.8	431.7	415.4	1,737.4	432.9	436.9	447.1	443.9	1,760.8	462.7	464.3	501.8
TPA	7.3	6.8	9.3	8.9	32.3	94.4	128.7	118.1	111.0	452.2	76.6	120.2	111.0	102.6	410.4	86.7	109.7	86.7
Others	16.1	16.2	16.2	16.7	65.2	190.3	189.9	153.1	193.7	727.0	155.5	162.3	150.8	137.4	606.0	151.7	166.7	166.9
Sum	59.1	61.9	63.1	61.3	245.4	727.2	766.4	702.9	720.1	2,916.6	665.0	719.4	708.9	683.9	2,777.2	701.1	740.7	755.4

### Operating Margin

Unit: Billion KRW

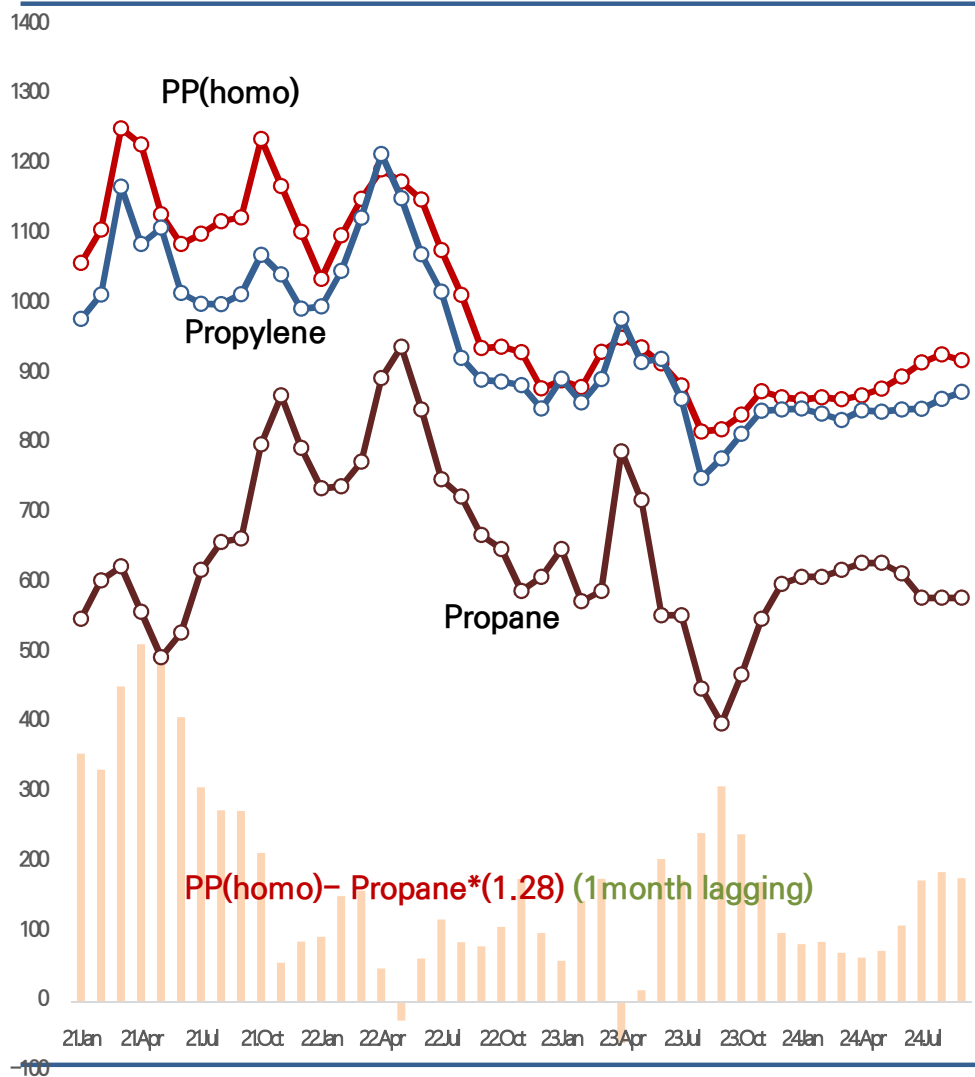
(OPM)	2021					2022					2023					2024		
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q
PP/DH	4.4	5.5	1.6	(2.8)	8.6	(54.6)	(94.9)	(139.6)	(86.8)	(375.9)	(44.7)	(115.0)	(10.5)	(27.7)	(197.9)	(37.6)	(57.2)	(29.8)
	12.2%	14.1%	4.1%	(7.8%)	5.8%	(12.3%)	(21.2%)	(32.3%)	(20.9%)	(21.6%)	(10.3%)	(26.3%)	(2.3%)	(6.2%)	(11.2%)	(8.1%)	(12.3%)	(5.9%)
TPA	(0.2)	(0.4)	(0.1)	(0.1)	(0.8)	(0.1)	5.2	(0.7)	(7.6)	(3.2)	(5.4)	2.4	(1.1)	(1.6)	(5.7)	(2.5)	1.1	(2.7)
	(2.5%)	(5.3%)	(1.2%)	(1.6%)	(2.4%)	(0.1%)	4.0%	(0.6%)	(3.9%)	0.7%	(7.0%)	2.0%	(1.0%)	(1.2%)	(1.4%)	(2.9%)	1.0%	(3.1%)
Others	1.9	2.0	1.8	1.2	7.0	21.6	21.6	0.5	5.7	49.4	2.3	7.1	6.4	(3.5)	12.3	7.2	7.9	7.9
	11.9%	12.5%	11.3%	7.4%	10.8%	11.3%	11.4%	0.3%	2.9%	6.8%	1.5%	4.4%	4.2%	(2.5%)	2.0%	4.7%	4.7%	4.7%
Sum	6.1	7.1	3.3	(1.7)	14.8	(33.2)	(68.1)	(139.8)	(88.7)	(329.8)	(47.8)	(105.5)	(5.2)	(32.8)	(191.3)	(32.9)	(48.2)	(24.6)
	10.3%	11.5%	5.2%	(2.7%)	6.0%	(4.6%)	(8.9%)	(19.9%)	(12.3%)	(11.3%)	(7.2%)	(14.7%)	(0.7%)	(4.8%)	(6.9%)	(4.7%)	(6.5%)	(3.3%)



## Appendix 2. Price Trend of Raw Materials

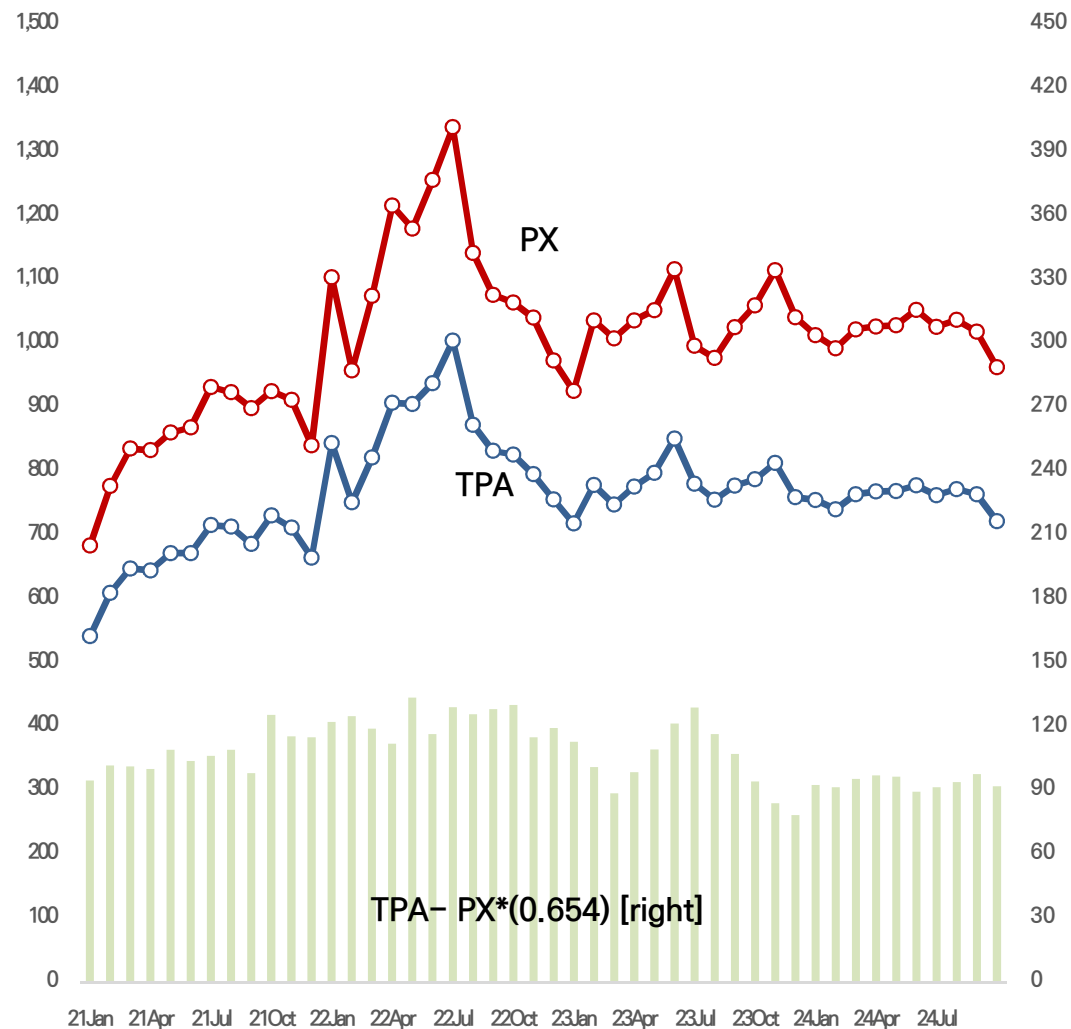
### PP(homo) – Propylene – Propane

(unit: \$/ton)





### PX – TPA

(unit: \$/ton)



## Appendix 3. Fact sheet

Business Model	Industry Backdrop	Growth Strategy
<p>▶ <b>World No1. PP-R(pipe) Provider</b></p> <ul style="list-style-type: none"> <li>- 63% of total revenue (2023)</li> <li>- Key markets: China, Middle East, Turkey, Russia, Europe</li> <li>- PP-R pipe accounts for ~55% of total PP outputs</li> <li>- Key feedstock: Propane</li> <li>- Brand "TOPILENE R200P"</li> </ul>	<p>▶ <b>PP-R Pipe</b></p> <ul style="list-style-type: none"> <li>- <b>Replacing PVC:</b> water pipe, better economics/eco-friendly, more prominent in China/Middle East.</li> <li>- <b>Emerging markets:</b> particularly strong in SE Asia and India</li> <li>- <b>PP(homo):</b> Oversupply in China in 2023 Continued Global PP demand weakness Due to New expansions in China.</li> </ul>	<p>▶ <b>Focus on Low-cost Curve, Volume Gains</b></p> <ul style="list-style-type: none"> <li>- Focus on Premium-grade(e.g. PP-R)</li> <li>- PP/DH: Full capacity run(600kMT/year) in Vietnam</li> <li>- Strategic geographical choice: growth potential in India/SE bypassing trade conflict(high tariff).</li> </ul>
<p>▶ <b>TPA</b></p> <ul style="list-style-type: none"> <li>- 13% of total revenue (2023)</li> <li>- 54% of its revenue stems from group affiliates (2023)</li> <li>- Key feedstock: PX</li> </ul>	<p>▶ <b>NF3 market</b></p> <ul style="list-style-type: none"> <li>- Inventory reduction of semiconductor companies</li> <li>- IT demand is expected to rise</li> </ul>	<p>▶ <b>Tech-related materials</b></p> <ul style="list-style-type: none"> <li>- NF3: per requests from captive customers.</li> </ul>
<p>▶ <b>PET/NY Flim</b></p> <ul style="list-style-type: none"> <li>- 9% of total revenue (2023)</li> <li>- Main use: Food packaging, LCD film protection</li> <li>- Key feedstock: PET chip, NY6 chip</li> </ul>	<p>▶ <b>POK market</b></p> <ul style="list-style-type: none"> <li>- Could be meaningfully big in the future</li> <li>- The lowest CO2 emission across engineering plastics</li> <li>- With carbon-zero campaign: Use CO, a precursor for POK originating from carbon capture facilities.</li> </ul>	<p><b>Management Team</b></p> <p><b>CEO: Kun-Jong LEE</b></p> <ul style="list-style-type: none"> <li>- Ph D in Chemistry</li> <li>- Ex-Director of LCD manufacturing center Samsung Electronics</li> <li>- Ex-CEO at Wonil Materials</li> </ul> 
<p>▶ <b>World No3. NF3 Provider</b></p> <ul style="list-style-type: none"> <li>- Key Customers: SEC, SK-Hynix, LGD, SDI</li> <li>- Key feedstock: Hydrogen Fluoride</li> </ul>	<p><b>Competitive Edges</b></p> <p>▶ Capability to produce eco-friendly EP</p> <p>▶ Trust from returning customers</p> <ul style="list-style-type: none"> <li>- Capacity expansion per request from captive customers</li> <li>- High entry barrier related to the need to deal with toxic materials (e.g. fluoride)</li> </ul>	<p><b>CFO : Bo-Young YOON</b></p> <p>Ex-Head of Finance at Hyosung Corporation</p> 
<p>▶ <b>Polyketon: eco-friendly product</b></p> <ul style="list-style-type: none"> <li>- Brand "POKETONE"</li> <li>- Key feedstock: CO</li> </ul>		
<p>▶ <b>World No3. TAC(Tri-Acetyl Cellulose) Flim Provider</b></p> <ul style="list-style-type: none"> <li>- LCD polarizer(PVA film) protection film</li> </ul>		