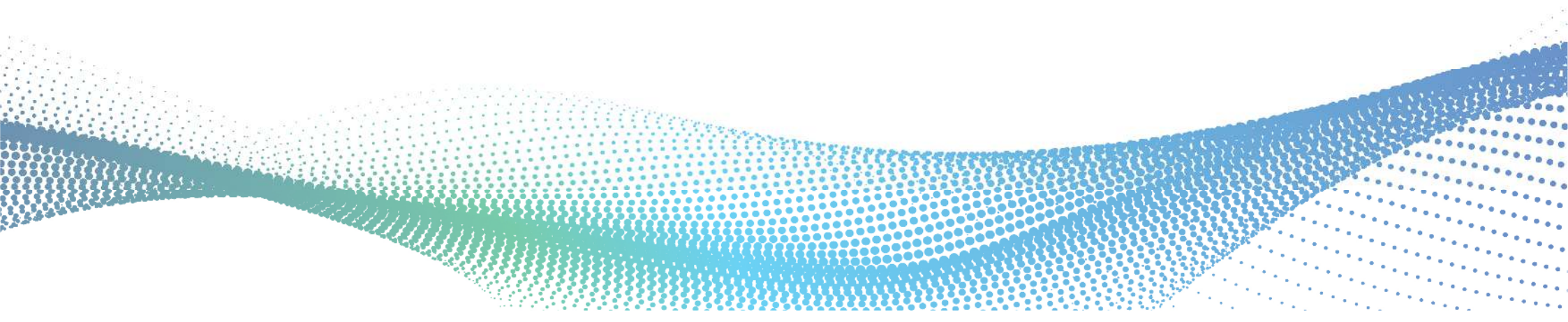


SECOND QUARTER 2022

Financial Results

HYOSUNG CHEMICAL



| What's Inside |

2Q 2022 Financial Results 3p

Financial Performance by Division 6p

Appendix 8p

1. Quarterly Income Statements by Biz Sector
2. Price Trend of Raw Materials

HYOSUNG CHEMICAL

[2Q 2022 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.

2Q 2022 Financial Results

Quarterly Profit/Loss Statement (Consolidated)

(Unit: Billion KRW)

	2Q 2021	1Q 2022	2Q 2022	QoQ	YoY
Sales Revenue	619.2	727.2	766.4	5.4%	23.8%
Gross Profit	95.6	(8.1)	(40.6)	Continued Loss	T/L
<i>Gross Profit Margin</i>	<i>15.4%</i>	<i>(1.1%)</i>	<i>(5.3%)</i>	<i>(4.2%p)</i>	<i>(20.7%p)</i>
Operating Profit	71.3	(33.2)	(68.1)	Continued Loss	T/L
<i>Operating Profit Margin</i>	<i>11.5%</i>	<i>(4.6%)</i>	<i>(8.9%)</i>	<i>(4.3%p)</i>	<i>(20.4%p)</i>
Interest Expense	7.6	15.6	19.4	24.4%	155.3%
Gain or Loss on Foreign Exchange/Derivatives	(0.1)	0.7	0.2	(71.4%)	T/P
Income before Tax	64.1	(50.5)	(86.9)	Continued Loss	T/L
Net Profit	46.8	(49.6)	(87.7)	Continued Loss	T/L
Net Profit in Controlling Interest	46.8	(49.6)	(87.7)	Continued Loss	T/L
EBITDA	117.4	37.1	3.1	(91.6%)	(97.4%)

2Q 2022 Financial Results (Continued)

Balance Sheet (Consolidated)

(Unit : Billion KRW)

	Dec 2021	Mar 2022	Jun 2022	QoQ
Assets	3,056.2	3,096.5	3,249.7	4.9%
Current Assets	797.6	825.2	888.9	7.7%
Cash & Cash Equivalents	36.5	60.4	60.5	0.3%
Non-Current Assets	2,258.6	2,271.3	2,360.8	3.9%
Liabilities	2,554.7	2,638.3	2,877.5	9.1%
Current Liabilities	1,083.1	1,208.5	1,353.2	12.0%
Non-Current Liabilities	1,471.6	1,429.8	1,524.3	6.6%
Equity	501.5	458.2	372.2	(18.8%)
Debt	2,020.7	2,121.3	2,351.2	10.8%
Net Debt	1,984.2	2,060.9	2,290.7	11.2%
<i>Debt Ratio</i>	<i>509.5%</i>	<i>575.8%</i>	<i>773.0%</i>	<i>197.2%p</i>

2Q 2022 Financial Results (Continued)

Cashflow (Consolidated)

(Unit : Billion KRW)

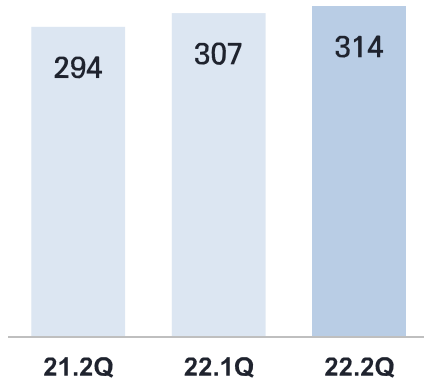
	Jan to Dec 2020	Jan to Dec 2021	2Q 2022	Jan to Jun 2022
Cash Flow from Operations	108.4	83.3	(59.1)	(63.4)
Net Income	(11.6)	70.4	(87.7)	(137.3)
Depreciation	181.9	195.2	71.2	141.4
Changes in Net Working Capital	(61.9)	(182.3)	(42.6)	(67.5)
Cash Flow from Investing	(477.6)	(471.2)	(170.6)	(243.1)
PP&E and Intangibles	(474.2)	(471.2)	(170.6)	(243.1)
Others	(3.4)	0	0	0
Cash Flow from Financing	318.5	359.2	229.9	330.6
Changes in Borrowings	318.5	359.2	229.9	330.6
Dividend Payment	0	0	0	0
Cash and Cash Equivalents	(50.7)	(28.7)	0.2	24.1

Financial Performance by Division

PP/DH (Korea)

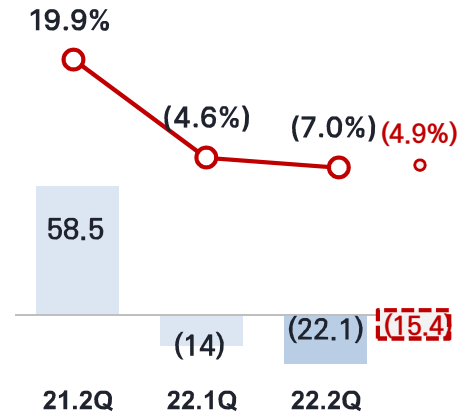
Losses widened QoQ on sustained raw material cost inflation, compounded further by inventory losses, focus on N.America and EU for better pricing helped if not sufficient to offset the headwind.

Sales revenue



Operating Profit (Margin)

Unit: Billion KRW



PP(homo) – Propane(CP) Spread

(\$/ton)	21.2Q	22.1Q	22.2Q	QoQ	YoY
PP(homo)	1,149	1,149	1,133	(1.4%)	(1.4%)
Propane(CP)	560	770	895	16.2%	59.8%
spread	449	187	14	(92.4%)	(96.8%)

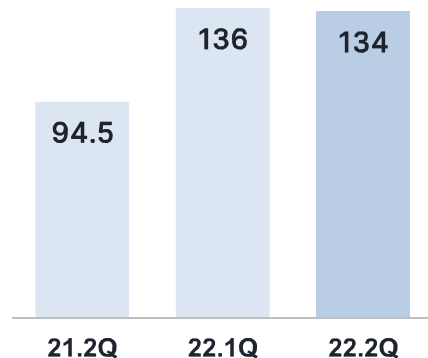
- Inventory losses of 6.7 billion won
- PP(homo) price premium: North America, Europe vs. North east Asia

	21.2Q	22.1Q	22.2Q	QoQ	YoY
N-America	562	554	789	1,167	1,205
W-Europe	769	740	769	985	904

PP/DH (Vietnam)

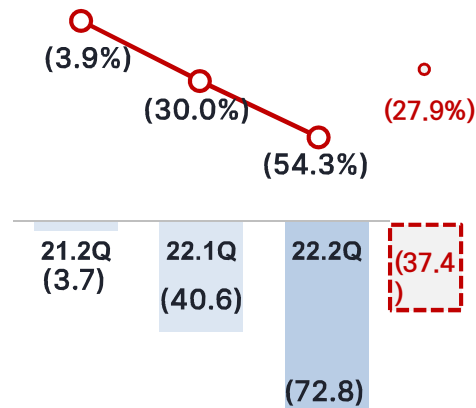
DH unit on the path to normalization, albeit subpar yet, resulting in modestly narrowed losses, despite the combination of spread squeeze and inventory losses.

Sales revenue



Operating Profit (Margin)

Unit: Billion KRW



Weaker PP homo(Southeast Asia)–Propane(CP) Spread QOQ

(\$/ton)	21.2Q	22.1Q	22.2Q	QoQ	YoY
spread	555	324	142	(56.0%)	(74.4%)

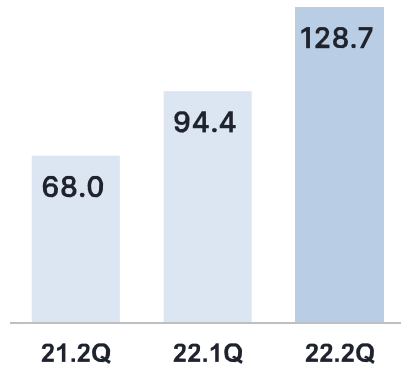
- Unplanned trouble shooting/optimizing of DH unit during the revamp process (5/11~6/23)
- Inventory losses (propane gas, etc) of 35.4 billion won



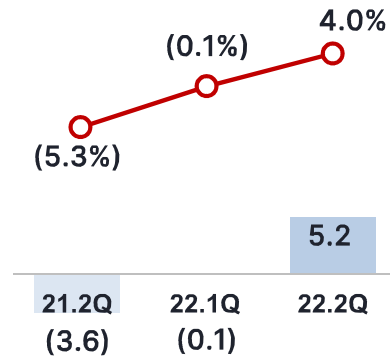
Financial Performance by Division (Continued)

TPA | Improved pricing/volume given successful yield gains, coupled with solid demand growth

Sales Revenue



Operating Profit (Margin) Unit: Billion KRW



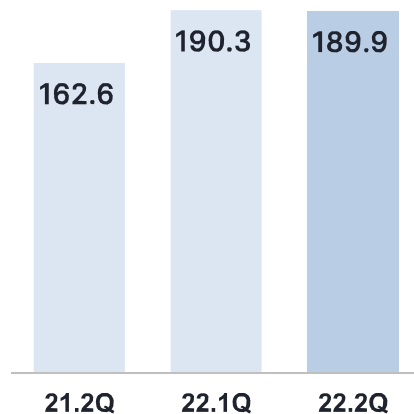
• TPA-PX (0.665) spread uptick, QoQ, YoY

(\$/ton)	21.2Q	22.1Q	22.2Q	QoQ	YoY
TPA	664	828	951	14.9%	43.2%
PX	855	1,084	1,260	16.2%	47.4%
Spread	95	107	113	5.6%	18.5%

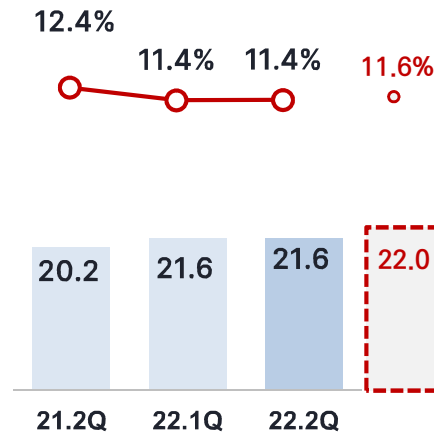
- Improved yield post plant revamp in 2021 led to timely capacity ramp and higher production YoY in 2022 in the midst of boom in PET tire cord, etc.

Others

Sales Revenue



Operating Profit (Margin) Unit: Billion KRW



<NF3>

- Strong demand from IT sector and supplementary gains from by-products (F2N2) boosted sales/profitability

<TAC film>

- Sustained high profitability despite a slight moderation in sales volume QoQ

<Film>

- PET film sales volume rose whereas cell pouch conversion line yield fell
- Inventory losses of 400 million won

<POK (polyketone)>

- Improved economies of scale in line with growing sales volume

Appendix 1. Quarterly Income Statements by Biz Sector

Sabs Revenue

Unit: Billion KRW

	2019					2020					2021					2022	
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q
PP/DH	219.8	253.0	247.3	227.2	947.3	210.4	242.1	285.0	270.1	1,007.6	357.1	388.6	375.7	357.4	1,478.8	442.5	447.8
TPA	102.9	105.8	74.6	69.4	352.7	77.7	51.1	53.8	55.7	238.3	72.7	68.0	92.8	89.0	322.4	94.4	128.7
Others	128.8	129.2	134.0	120.5	512.5	136.7	136.1	148.5	149.9	571.2	161.4	162.6	162.1	165.7	651.8	190.3	189.9
Sum	451.5	488.0	455.9	417.1	1,812.5	424.8	429.3	487.3	475.7	1,817.1	591.2	619.2	630.6	612.0	2,453.0	727.2	766.4

Operating Margin

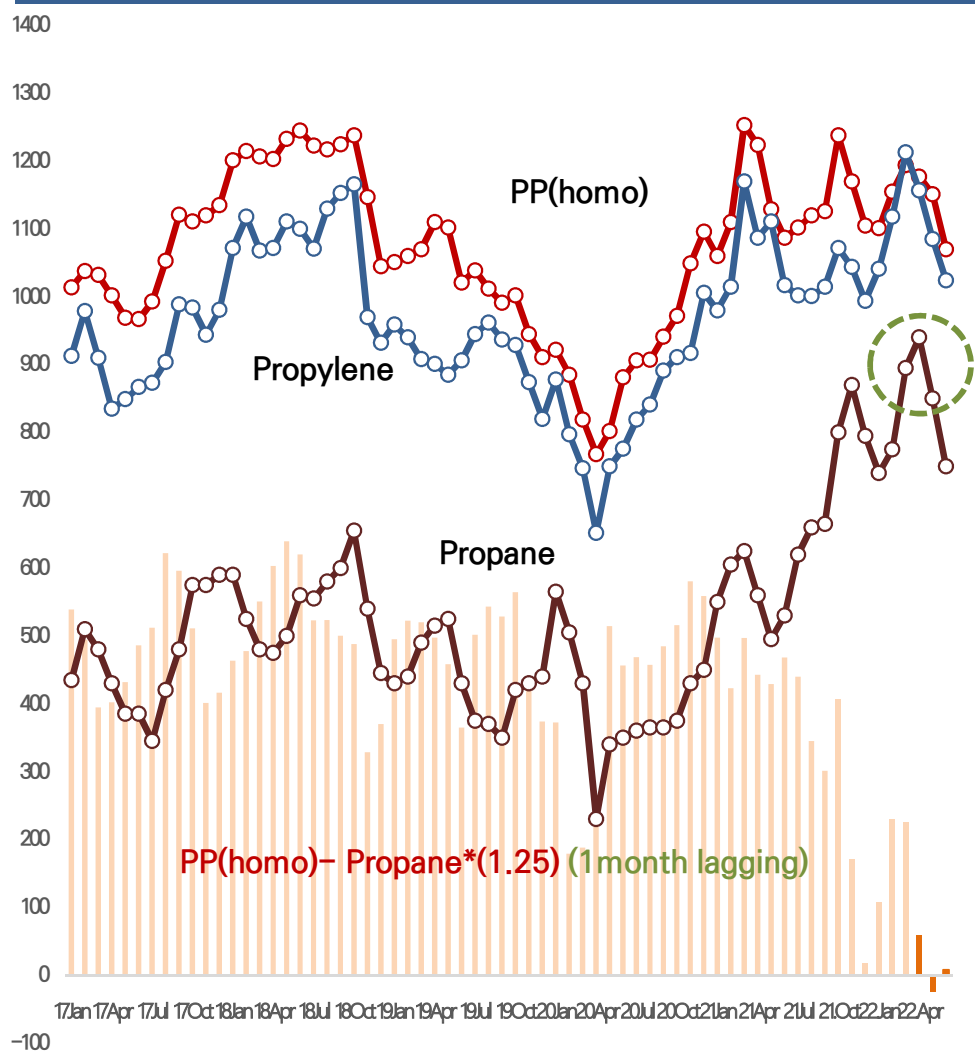
Unit: Billion KRW

(OPM)	2019					2020					2021					2022	
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q
PP/DH	21.0	39.6	45.7	27.5	133.8	3.7	(5.3)	11.6	9.5	19.4	43.7	54.7	15.6	(27.8)	86.3	(54.6)	(94.9)
	9.6%	15.7%	18.5%	12.1%	14.1%	1.8%	(2.2%)	4.1%	3.5%	1.9%	12.2%	14.1%	4.2%	(7.8%)	5.8%	(12.3%)	(21.2%)
TPA	2.7	6.8	2.0	(3.4)	8.1	(0.8)	(4.8)	(1.7)	(3.4)	(10.8)	(1.8)	(3.6)	(1.0)	(1.4)	(7.9)	(0.1)	5.2
	2.6%	6.4%	2.7%	(4.9%)	2.3%	(1.0%)	(9.5%)	(3.2%)	(6.1%)	(4.5%)	(2.5%)	(5.3%)	(1.1%)	(1.6%)	(2.4%)	(0.1%)	4.0%
Others	1.3	3.2	7.4	0.2	12.1	9.5	13.8	15.0	14.0	52.3	19.2	20.2	18.3	12.4	70.1	21.6	21.6
	1.0%	2.5%	5.5%	0.2%	2.4%	6.9%	10.1%	10.1%	9.3%	9.1%	11.9%	12.4%	11.3%	7.5%	10.8%	11.3%	11.4%
Sum	25.0	49.6	55.1	24.3	154.0	12.4	3.6	24.9	20.1	60.9	61.1	71.3	32.9	(16.8)	148.6	(33.2)	(68.1)
	5.5%	10.2%	12.1%	5.8%	8.5%	2.9%	0.8%	5.1%	4.2%	3.4%	10.3%	11.5%	5.2%	(2.7%)	6.1%	(4.6%)	(8.9%)

Appendix 2. Price Trend of Raw Materials

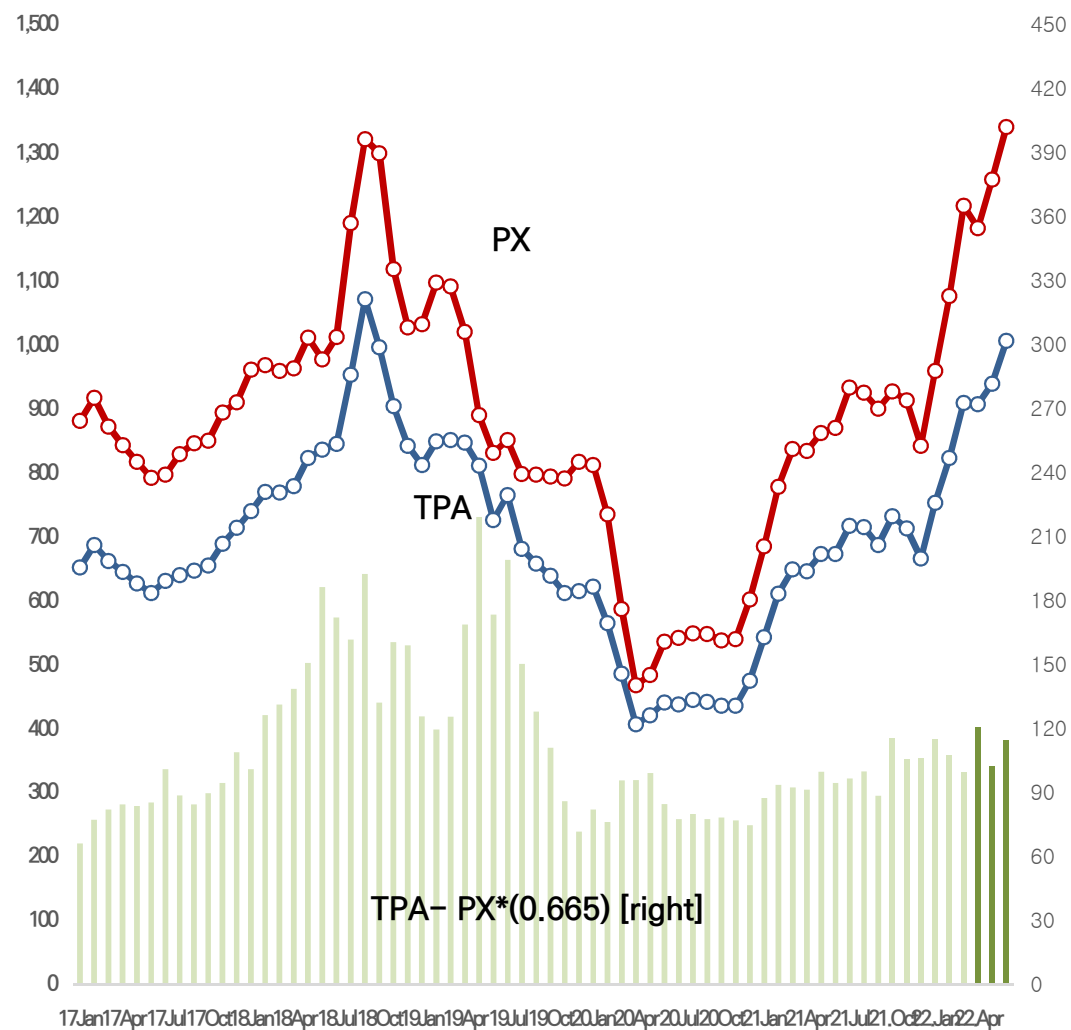
PP(homo) – Propylene – Propane

(unit: \$/ton)



PX – TPA

(unit: \$/ton)



Appendix 3. Fact sheet

HYOSUNG CHEMICAL

Business Model

▶ World No1. PP-R(pipe) Provider

- 61% of total revenue (2021)
- Key markets: China, Middle East, Turkey, Russia, CIS
- PP-R pipe accounts for ~55% of total PP outputs
- Key feedstock: Propane
- Brand "TOPILENE R200P"

▶ TPA

- 13% of total revenue (2021)
- 75% of its revenue stems from group affiliates
- Key feedstock: PX

▶ PET/NY Flim

- 11% of total revenue (2021)
- Main use: Food packaging, LCD film protection
- Key feedstock: PET chip, NY6 chip

▶ World No3. NF3 Provider

- Key Customers: Samsung Electronics Company, SK-Hynix, LG Display, Samsung SDI
- Key feedstock: Hydrogen Fluoride

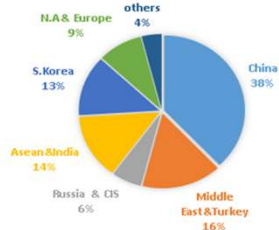
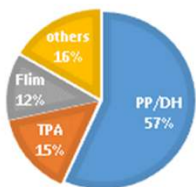
▶ Polyketon: eco-friendly product

- Brand "POKETONE"
- Key feedstock: CO

▶ World No3. TAC(Tri-Acetyl Cellulose) Flim Provider

- LCD polarizer(PVA film) protection film

SALES REVENUE



Industry Backdrop

▶ PP-R Pipe

- **Replacing PVC:** water pipe, better economics/eco-friendly, more prominent in China/Middle East.
- **Emerging markets:** particularly strong in SE Asia and India due to a slew of infrastructure investments.
- **PP(homo):** likley supply glut in China in 2022 whereas **PP-R** should fare better given its unique pricing dynamics linked with PVC market(in lieu of PP) which appears to trend up in 2022.

▶ NF3 market

- Nearly "sold-out" situation, imminent expansion warranted
- Strong IT demand especially for D-RAM

▶ POK market

- Could be meaningfully big in the future given its consistency with carbon-zero campaign: Use CO₂, a precursor for POK, originating from carbon capture facilities.
- The lowest CO₂ emission across various engineering plastics.

Growth Strategy

▶ Focus on Low-cost Curve, Volume Gains

- Focus on Premium-grade(e.g. PP-R)
- PP/DH: Full capacity run(600kMT/year) in Vietnam
- Strategic geographical choice: growth potential in India/SE bypassing trade conflict(high tariff).

▶ Tech-related materials

- NF3: per requests from captive customers.

Competitive Edges

▶ Capability to produce eco-friendly EP

▶ Trust from returning customers

- Capacity expansion per request from captive customers
- High entry barrier related to the need to deal with toxic materials (e.g. fluoride)

Management Team

CEO: Kun-Jong LEE

- Ph D in Chemistry
- Ex-Director of LCD manufacturing center Samsung Electronics
- Ex-CEO at Wonil Materials



CFO : Bo-Young YOON

Ex-Head of Finance at Hyosung Corporation



Key Metrics

Sales	2,453 billion KRW
Growth	35.0%
Gross profit	249 billion KRW
Growth	62.8%
EBITDA	344 billion KRW
Growth	41.5%
Operating profit	148 billion KRW
Growth	143.4%
Net debt/Equity	509.5%
Average number of staff: 1,195 (worldwide)	