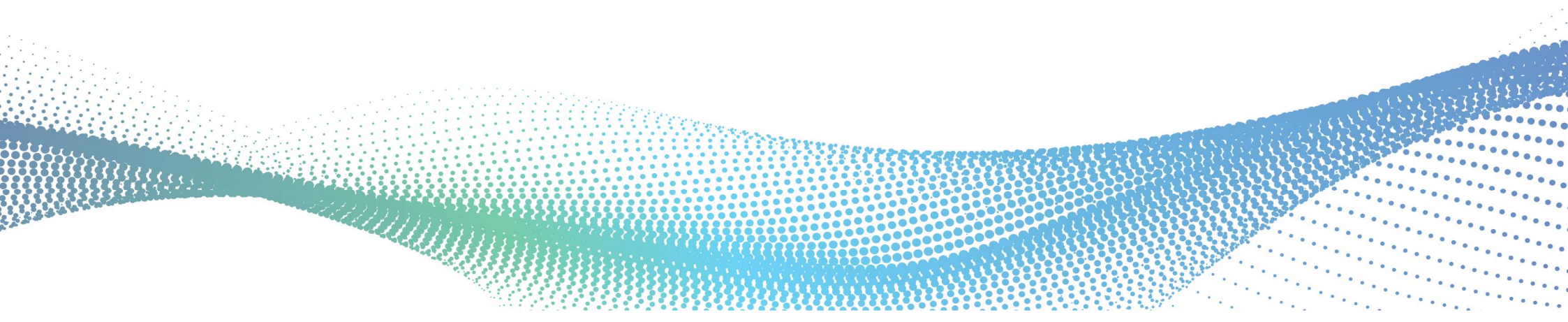


THIRD QUARTER 2023

Financial Results

HYOSUNG CHEMICAL



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1. Quarterly Operating Segment Performance
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3. Fact Sheet

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[3Q 2023 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 2023 Financial Results

Quarterly Profit/Loss Statement (Consolidated)

(Unit: Billion KRW)

	3Q 2022	2Q 2023	3Q 2023	QoQ	YoY
Sales Revenue	702.9	723.8	711.7	(1.6%)	1.2%
Gross Profit	(112.2)	(74.3)	23.2	Turn black	Turn black
<i>Gross Profit Margin</i>	<i>(16.0%)</i>	<i>(10.2%)</i>	<i>3.2%</i>	<i>13.4%p</i>	<i>19.2%p</i>
Operating Profit	(139.8)	(103.3)	(2.8)	Continued Loss	Continued Loss
<i>Operating Profit Margin</i>	<i>(19.9%)</i>	<i>(14.3%)</i>	<i>(0.4%)</i>	<i>13.9%p</i>	<i>19.5%p</i>
Interest Expense	28.1	45.0	43.7	(2.9%)	55.5%
Gain or Loss on Foreign Exchange/Derivatives	(0.8)	2.5	0.1	In the Black	Turn black
Income before Tax	(171.1)	(147.5)	(51.7)	Continued Loss	Continued Loss
Net Profit	(151.8)	(142.4)	(48.0)	Continued Loss	Continued Loss
Net Profit in Controlling Interest	(151.8)	(142.4)	(48.0)	Continued Loss	Continued Loss
EBITDA	(65.4)	(33.6)	60.8	Turn black	Turn black

3Q 2023 Financial Results (Continued)

Balance Sheet (Consolidated)

(Unit : Billion KRW)

	Dec 2022	Jun 2022	Sep 2023	QoQ
Assets	3,131.1	3,280.2	3,245.3	(1.1%)
Current Assets	845.0	832.0	779.8	(6.2%)
Cash & Cash Equivalents	108.1	172.4	81.0	(53.0%)
Non-Current Assets	2,286.0	2,448.2	2,465.5	0.7%
Liabilities	3,016.5	3,243.9	3,154.5	(2.7%)
Current Liabilities	2,593.8	1,939.9	2,024.7	4.3%
Non-Current Liabilities	422.6	1,304.0	1,129.8	(13.3%)
Equity	114.6	36.3	90.8	150.1%
Debt	2,536.7	2,645.5	2,528.8	(4.4%)
Net Debt	2,428.6	2,473.1	2,447.7	(1.0%)
<i>Net Debt to Equity Ratio</i>	<i>2,119.2%</i>	<i>6,812.9%</i>	<i>2,695.7%</i>	<i>(4,117.2%p)</i>

3Q 2023 Financial Results (Continued)

Cashflow (Consolidated)

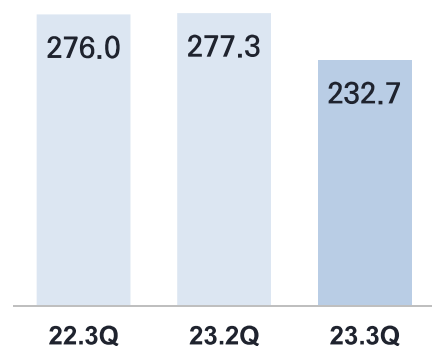
(Unit : Billion KRW)

	2021	2022	3Q 2023	2023
Cash Flow from Operations	83.3	(143.2)	4.0	96.0
Net Income	70.4	(408.8)	(48.0)	(272.8)
Depreciation	195.2	291.6	63.6	202.0
Changes in Net Working Capital, etc.	(182.3)	(26.0)	(11.6)	166.8
Cash Flow from Investing	(471.2)	(301.3)	(78.7)	(215.0)
PP&E and Intangibles	(471.2)	(301.3)	(78.7)	(215.0)
Others	0	0	0	0
Cash Flow from Financing	359.2	516.1	(16.7)	92.0
Changes in Borrowings	359.2	516.1	(116.7)	(8.0)
Dividend Payment	0	0	0	0
Changes in Cash and Cash Equivalents	(28.7)	71.6	(91.4)	(27.0)

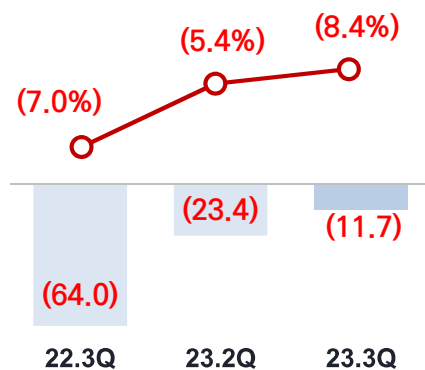
Financial Performance by Division

PP/DH (Korea) | Spread improvement due to a decrease in propane prices

Sales revenue



Operating Profit (Margin) Unit: Billion KRW



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

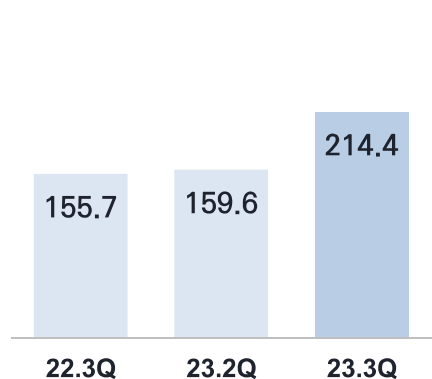
(\$/ton)	22.3Q	23.2Q	23.3Q	QoQ	YoY
PP(homo)	964	873	847	(3.0%)	(12.1%)
Propane(CP)	682	520	473	(9.0%)	(30.6%)
Spread	91	207	242	16.5%	165.3%

- A decrease in losses compared to the second quarter due to spread improvement following the decline in propane prices
- PP(homo) price premium: North America, Europe vs. Far East Asia

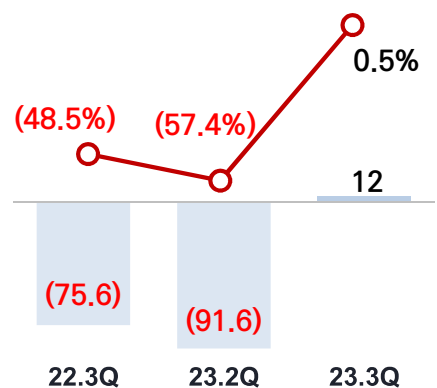
(\$/ton)	Apr.23	Mar.23	Jun.23	Jul.23	Aug.23	Sep.23
N-America	385	157	120	103	123	134
W-Europe	471	409	320	261	243	251

PP/DH (Vietnam) | Turned in black after successful Revamp Process of OL-1 through full production and sales

Sales revenue



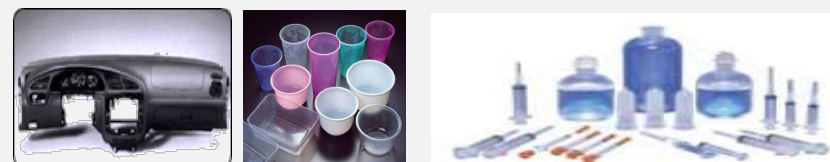
Operating Profit (Margin) Unit: Billion KRW



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

(\$/ton)	22.3Q	23.2Q	23.3Q	QoQ	YoY
Spread	243	356	369	3.7%	51.9%

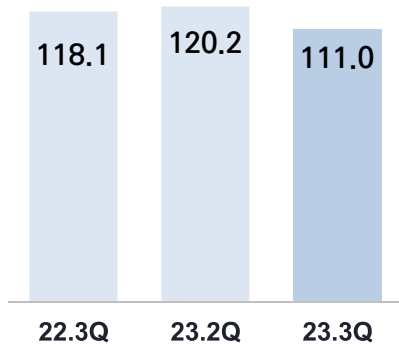
- Completion of full production and sales after Revamp Process of OL-1



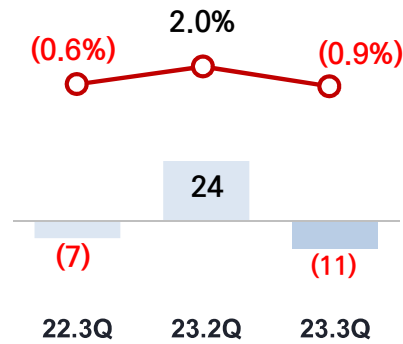
Financial Performance by Division (Continued)

TPA | Weak market conditions due to a weak recovery in downstream demand

Sales Revenue



Operating Profit (Margin) Unit: Billion KRW



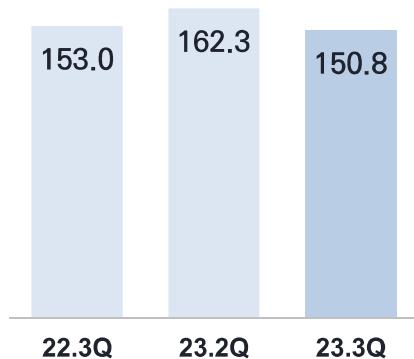
• TPA-PX (0.665) QoQ, YoY

(\$/ton)	22.3Q	23.2Q	23.3Q	QoQ	YoY
TPA	845	797	794	(0.4%)	(6.0%)
PX	1,096	1,031	1,068	3.6%	(2.6%)
Spread	128	123	96	(22.2%)	(25.5%)

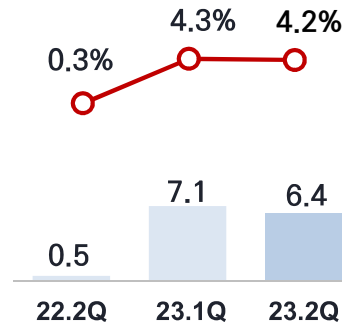
• Spread declined over the period due to weak market condition

Others | Persistent weak demand due to a slowdown in the semiconductor and display industries

Sales Revenue



Operating Profit (Margin) Unit: Billion KRW



〈NF3〉

• Increased inventory and decreased demand from semiconductor/display customers

〈TAC film〉

• Maintaining profitability by stabilizing demand through panel operation adjustments for supply management

〈Film〉

• Persistent weak demand due to economic downturn

〈POK (Polyketone)〉

• A decrease in sales volume due to global demand reduction

Appendix 1. Quarterly Operating Segment Performance

Sales Revenue

Unit: Billion KRW

	2020					2021					2022					2023		
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q
PP/DH	21.0	24.2	28.5	27.0	100.8	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
TPA	7.8	5.1	5.4	5.6	23.8	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
Others	12.7	13.6	14.9	15.0	57.1	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
Sum	41.5	42.9	48.8	47.6	181.7	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

Operating Margin

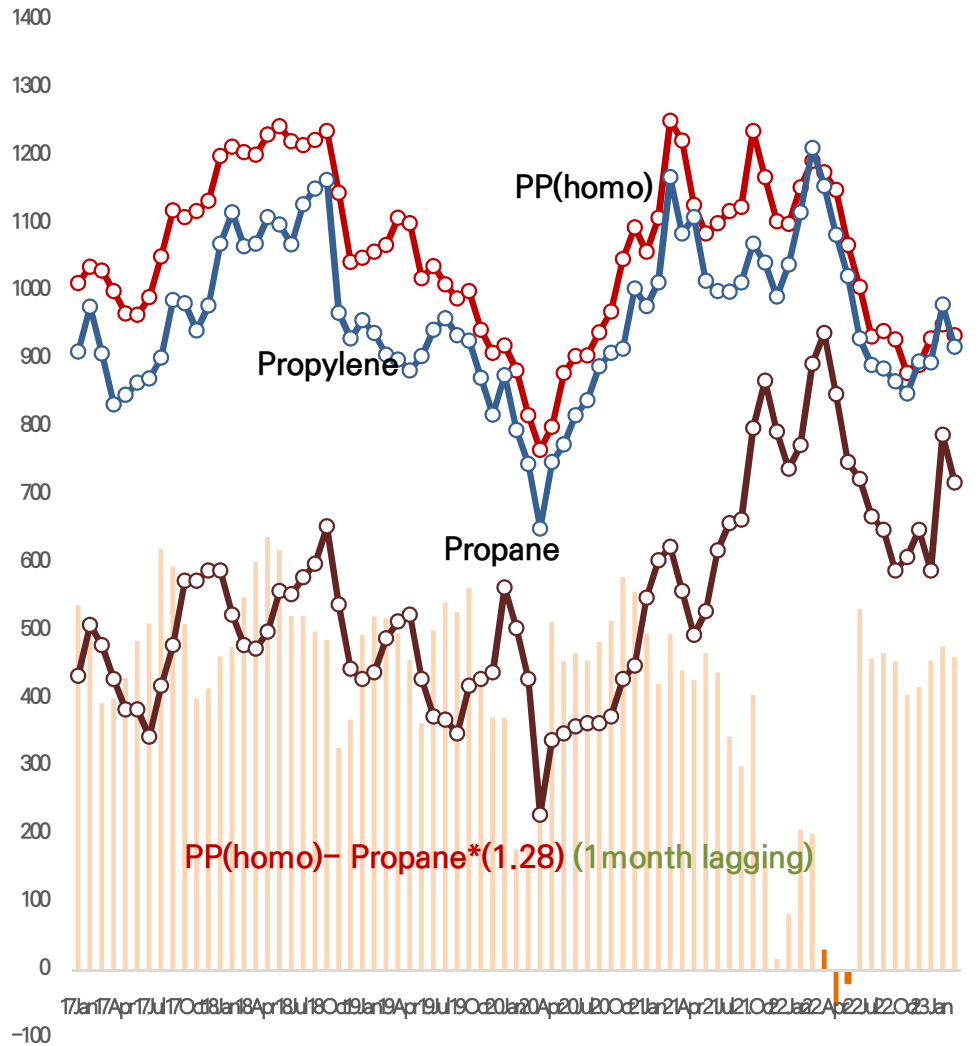
Unit: Billion KRW

(OPM)	2020					2021					2022					2023		
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q
PP/DH	0.4	(0.5)	1.2	0.9	1.9	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)
	1.8%	(2.2%)	4.1%	3.5%	1.9%	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%)
TPA	(0.1)	(0.5)	(0.2)	(0.3)	(1.1)	(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)
	(1.0%)	(9.4%)	(3.1%)	(6.1%)	(4.5%)	(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%)
Others	1.0	1.4	1.5	1.4	5.2	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
	7.5%	10.1%	10.1%	9.3%	9.1%	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%
Sum	1.2	0.4	2.5	2.0	6.1	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)
	3.0%	0.8%	5.1%	4.2%	3.4%	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%)

Appendix 2. Price Trend of Raw Materials

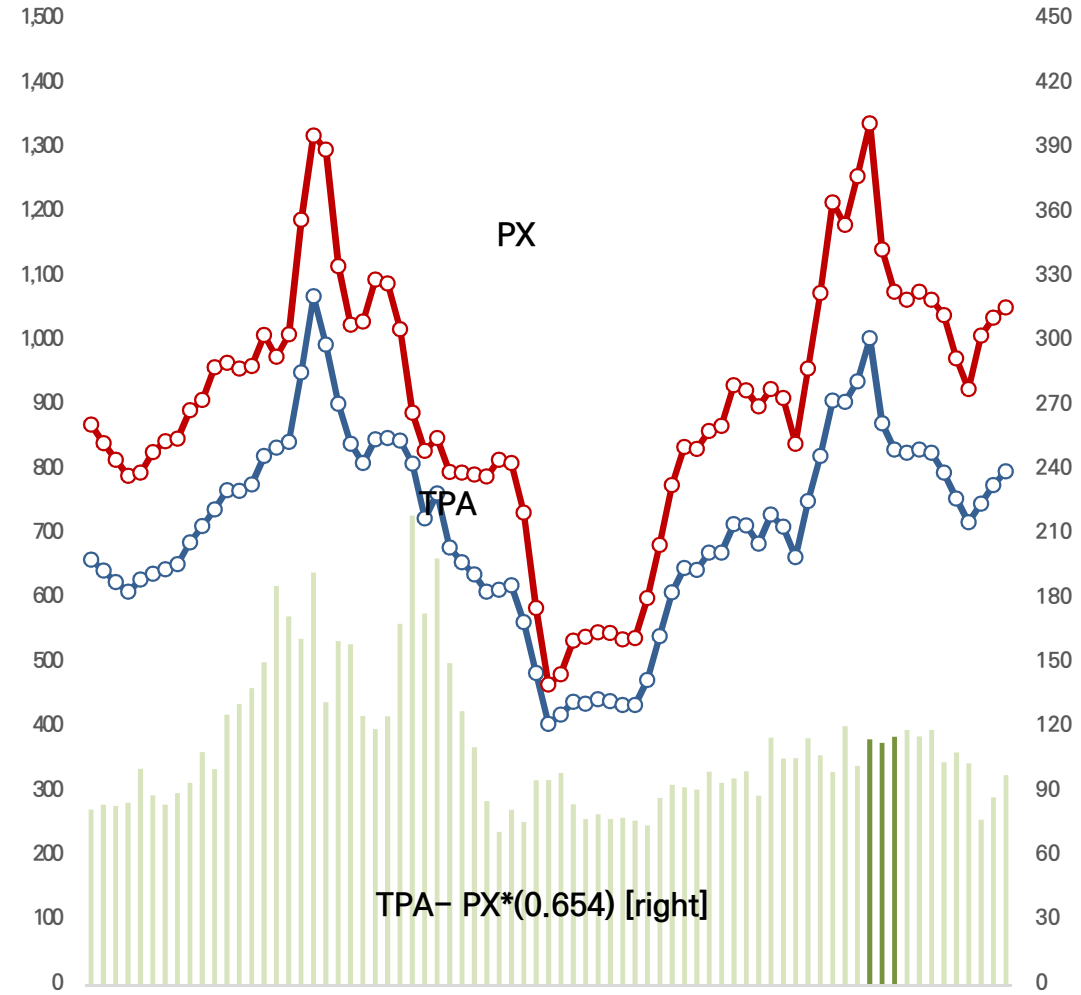
PP(homo) – Propylene – Propane

(unit: \$/ton)



PX – TPA

(unit: \$/ton)



Appendix 3. Fact sheet

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Business Model

► World No1. PP-R(pipe) Provider

- 50% of total revenue (2022)
- Key markets: China, Middle East, Turkey, Russia, CIS, Europe
- PP-R pipe accounts for ~55% of total PP outputs
- Key feedstock: Propane
- Brand "TOPILENE R200P"

► TPA

- 13% of total revenue (2022)
- 60% of its revenue stems from group affiliates
- Key feedstock: PX

► PET/NY Flim

- 11% of total revenue (2022)
- Main use: Food packaging, LCD film protection
- Key feedstock: PET chip, NY6 chip

► World No3. NF3 Provider

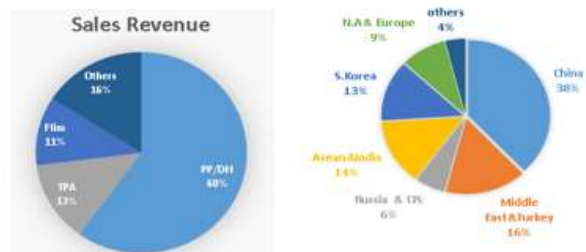
- Key Customers: SEC, SK-Hynix, LGD, SDI
- Key feedstock: Hydrogen Fluoride

► Polyketon: eco-friendly product

- Brand "POKETONE"
- Key feedstock: CO

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

- LCD polarizer(PVA film) protection film



Industry Backdrop

► PP-R Pipe

- Replacing PVC: water pipe, better economics/eco-friendly, more prominent in China/Middle East/Europe
- Emerging markets: particularly strong in SE Asia and India
- PP(homo): supply glut in China in 2023 whereas PP-R should fare better given its unique pricing dynamics linked with PVC market (in lieu of PP) and PPR market is anticipated to rise at a considerable rate between 2023 and 2028.

► NF3 market

- 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.

Key Metrics

Sales	2,287.4 billion KRW
Growth	(7.9%)
Gross profit	(8.1) billion KRW
Growth	(1.6%)
EBITDA	23.5 billion KRW
Growth	(36.7%)
Operating profit	(104.3) billion KRW
Growth	(2.2%)
Net debt/Equity	7,595.7%

Average number of staff: 1,258(worldwide)

Growth Strategy

► Focus on Low-cost Curve, Expansion into global markets

- 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

