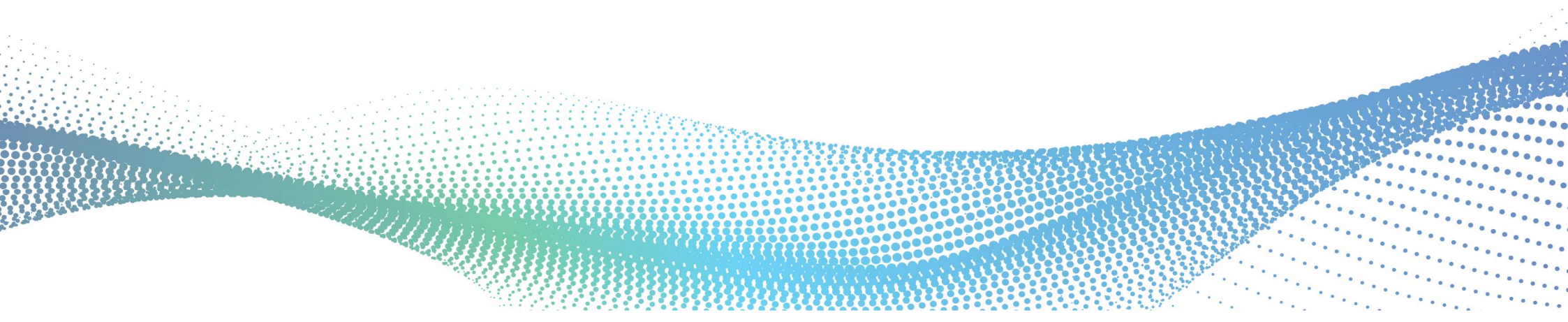


# FIRST QUARTER 2024

Financial Results

HYOSUNG CHEMICAL



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## HYOSUNG CHEMICAL

[1Q 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.

# 1Q 2024 Financial Results

## Quarterly Profit/Loss Statement (Consolidated)

(Unit: Billion KRW)

	1Q 2023	4Q 2023	1Q 2024	QoQ	YoY
Sales Revenue	669.5	686.5	710.4	3.5%	6.1%
Gross Profit	(17.8)	(8.9)	(7.1)	Continued Loss	Continued Loss
<i>Gross Profit Margin</i>	<i>(2.7%)</i>	<i>(1.3%)</i>	<i>(1.0%)</i>	<i>0.3%p</i>	<i>1.7%p</i>
Operating Profit	(45.2)	(37.4)	(34.8)	Continued Loss	Continued Loss
<i>Operating Profit Margin</i>	<i>(6.8%)</i>	<i>(5.5%)</i>	<i>(4.9%)</i>	<i>0.6%p</i>	<i>1.9%p</i>
Interest Expense	42.0	42.3	43.6	3.1%	3.8%
Gain or Loss on Foreign Exchange/Derivatives	2.4	1.6	(1.5)	(193.8%)	(162.5%)
Income before Tax	(87.1)	(85.4)	(80.6)	Continued Loss	Continued Loss
Net Profit	(82.3)	(74.1)	(73.9)	Continued Loss	Continued Loss
Net Profit in Controlling Interest	(82.3)	(74.1)	(73.9)	Continued Loss	Continued Loss
EBITDA	23.5	21.2	12.1	(42.9%)	(48.5%)

# 1Q 2024 Financial Results (Continued)

## Balance Sheet (Consolidated)

(Unit : Billion KRW)

	Dec 2022	Dec 2023	Mar 2023	QoQ
Assets	3,131.1	3,115.6	3,313.6	6.4%
Current Assets	845.0	710.0	846.4	19.2%
Cash & Cash Equivalents	108.1	52.8	185.8	251.9%
Non-Current Assets	2,286.0	2,405.6	2,467.2	2.6%
Liabilities	3,016.5	3,053.7	3,221.2	5.5%
Current Liabilities	2,593.8	2,147.5	2,557.7	19.1%
Non-Current Liabilities	422.6	906.2	663.5	(26.8%)
Equity	114.6	61.8	92.4	49.5%
Debt	2,536.7	2,460.3	2,628.1	6.8%
Net Debt	2,428.6	2,407.5	2,442.3	1.5%
<i>Net Debt to Equity Ratio</i>	<i>2,119.2%</i>	<i>3,895.6%</i>	<i>2,643.2%</i>	<i>(1,252.4%p)</i>

# 1Q 2024 Financial Results (Continued)

## Cashflow (Consolidated)

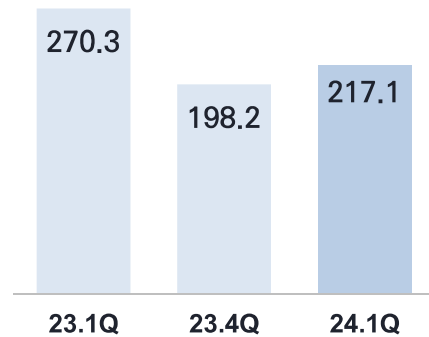
(Unit : Billion KRW)

	2022	2023	1Q 2024	2024
Cash Flow from Operations	(143.2)	75.4	(22.6)	(22.6)
Net Income	(408.8)	(346.9)	(73.9)	(73.9)
Depreciation	291.6	260.7	56.6	56.6
Changes in Net Working Capital, etc.	(26.0)	161.6	(5.3)	(5.3)
Cash Flow from Investing	(301.3)	(200.8)	(111.3)	(111.3)
PP&E and Intangibles	(301.3)	(200.8)	(111.3)	(111.3)
Others	0	0	0	0
Cash Flow from Financing	516.1	71.4	265.6	265.6
Changes in Borrowings	516.1	(76.5)	167.7	167.7
Dividend Payment	0	0	0	0
Changes in Cash and Cash Equivalents	71.6	(54.0)	131.7	131.7

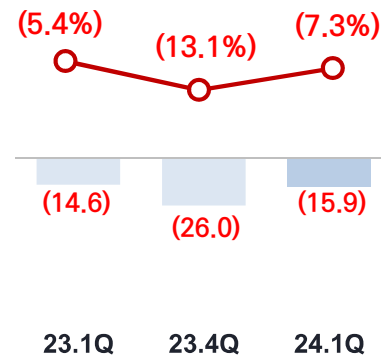
# Financial Performance by Division

PP/DH (Korea) | Margin squeeze resulting from new expansions in China, coupled with an increase in ocean freight rates

Sales revenue



Operating Profit (Margin) Unit: Billion KRW



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

(\$/ton)	23.1Q	23.4Q	24.1Q	QoQ	YoY
PP(homo)	941	866	872	0.7%	(7.3%)
Propane(CP)	700	607	627	3.3%	(10.4%)
<b>Spread</b>	<b>45</b>	<b>89</b>	<b>69</b>	<b>(22.0%)</b>	<b>54.3%</b>

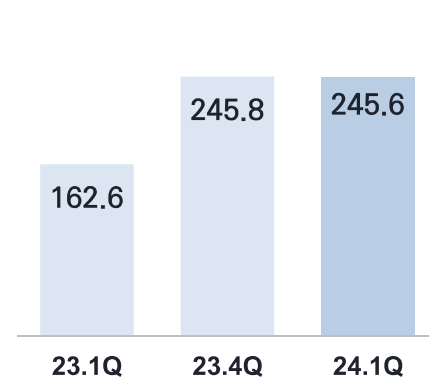
• Continued losses attributed to a slew of new startups in China, along with higher ocean freight rates stemming from ongoing geopolitical issues in the Middle East

• PP(homo) price premium: North America, Europe vs. Far East Asia

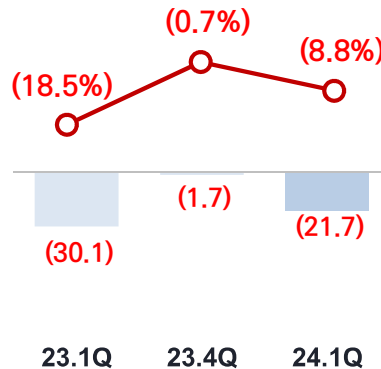
(\$/ton)	Oct.23	Nov.23	Dec.23	Jan.24	Feb.24	Mar.24
N-America	206	227	224	226	213	131
W-Europe	350	341	248	293	451	541

PP/DH (Vietnam) | Reduced premiums ensued as a result of the higher ocean freight rates precipitated by the Red Sea crisis.

Sales revenue



Operating Profit (Margin) Unit: Billion KRW



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

(\$/ton)	23.1Q	23.4Q	24.1Q	QoQ	YoY
<b>Spread</b>	<b>227</b>	<b>219</b>	<b>237</b>	<b>8.2%</b>	<b>4.4%</b>

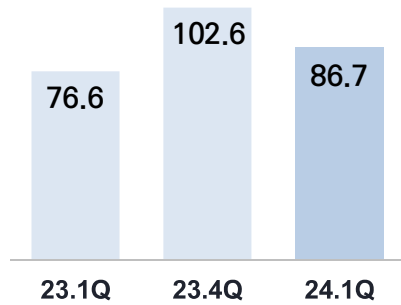
• Intensified price competition arisen due to an influx of low-cost products from China into Vietnam



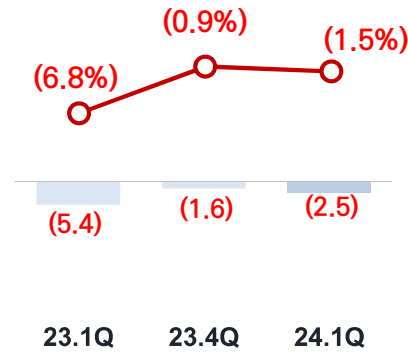
# Financial Performance by Division (Continued)

## TPA | Margin Squeeze due to new expansions in China

Sales Revenue



Operating Profit (Margin) Unit: Billion KRW



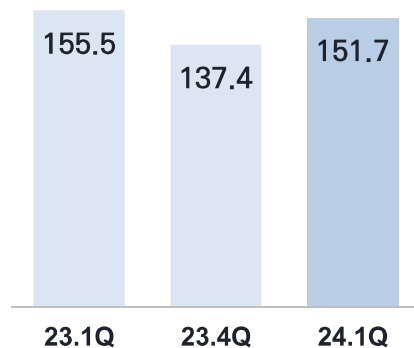
- TPA-PX (0.665) QoQ, YoY

(\$/ton)	23.1Q	23.4Q	24.1Q	QoQ	YoY
TPA	775	753	768	2.0%	(0.9%)
PX	1,034	1,017	1,027	1.0%	(0.7%)
Spread	99	88	96	9.6%	(2.5%)

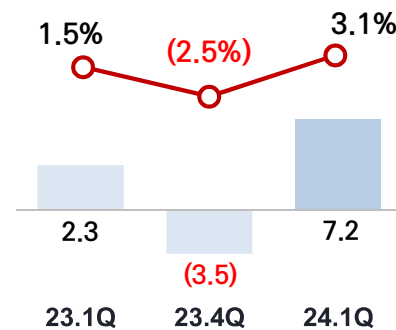
- Decreased sales/profitability due to the operation of new TPA plants in China and falling utilization of polyester polymerization

## Others | Increase in demand for electric vehicle components due to Europe's eco-friendly policies, leading to a rise in orders for POK

Sales Revenue



Operating Profit (Margin) Unit: Billion KRW



### <NF3>

- The high inventory levels among memory semiconductor manufacturers remains limiting improvements in sales

### <TAC film>

- The surplus persists as a result of inventory stockpiling in anticipation of large-scale events in 2H

### <Film>

- Intensified competition due to accelerated oversupply of low-cost Chinese film supplies

### <POK (Polyketone)>

- A reversal to surplus occurred due to the heightened exports of EVs from China and the increasing demand for vehicle components in Europe

## 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
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
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
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
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

### Operating Margin

Unit: Billion KRW

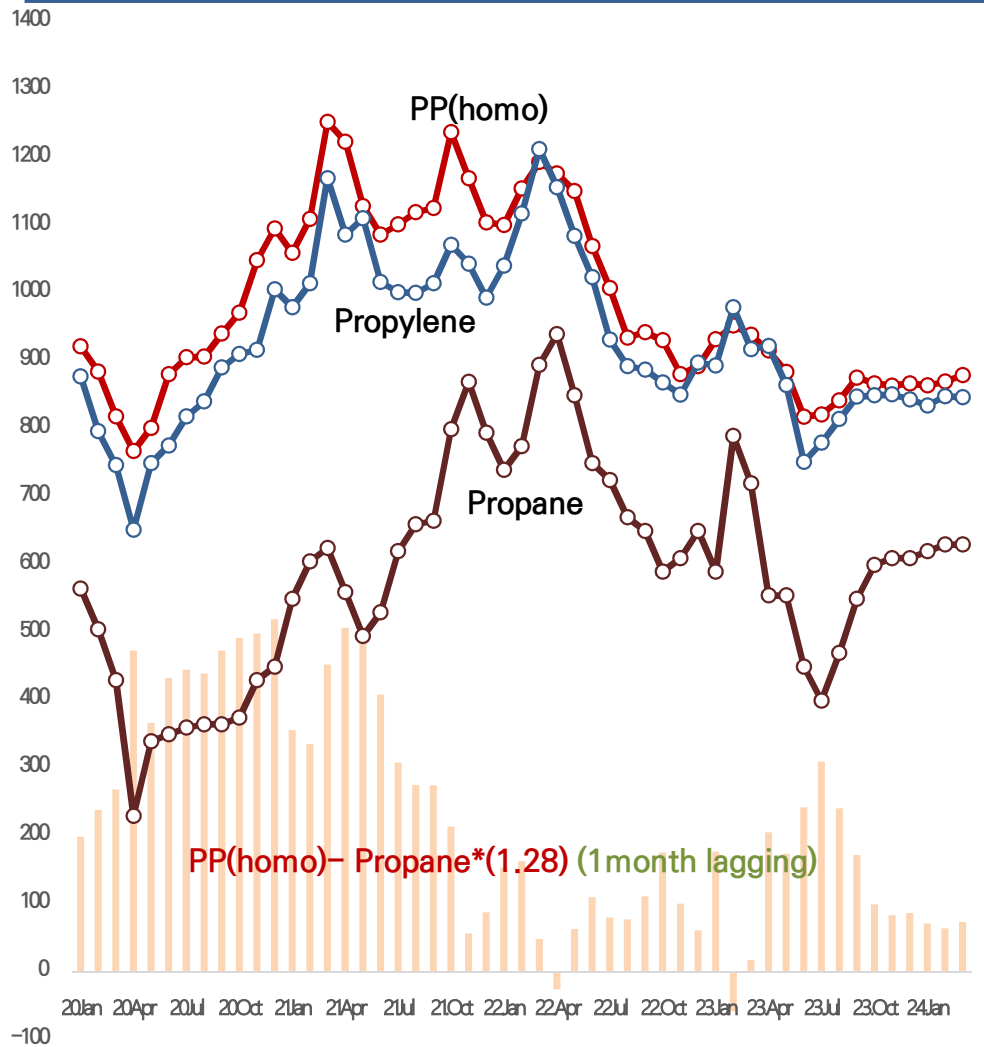
(OPM)	2021					2022					2023					2024
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q
PP/DH	4.4	5.5	1.6	(2.8)	8.6	(54.6)	(94.9)	(139.6)	(86.8)	(375.9)	(44.7)	(115.0)	(10.5)	(27.7)	(197.9)	(37.6)
	12.2%	14.1%	4.1%	(7.8%)	5.8%	(12.3%)	(21.2%)	(32.3%)	(20.9%)	(21.6%)	(10.3%)	(26.3%)	(2.3%)	(6.2%)	(11.2%)	(8.1%)
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)
	(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%)
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
	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%
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)
	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%)



## Appendix 2. Price Trend of Raw Materials

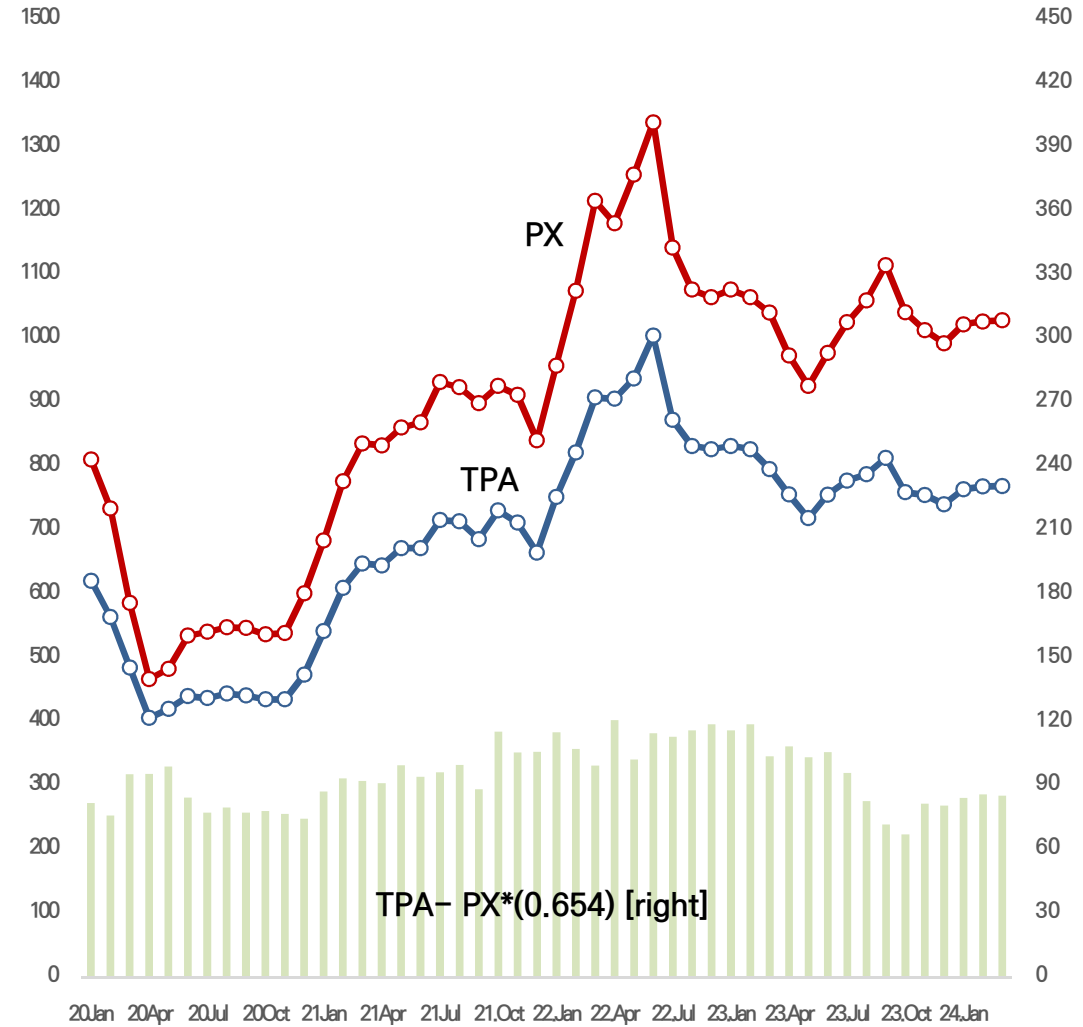
### PP(homo) – Propylene – Propane

(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>		