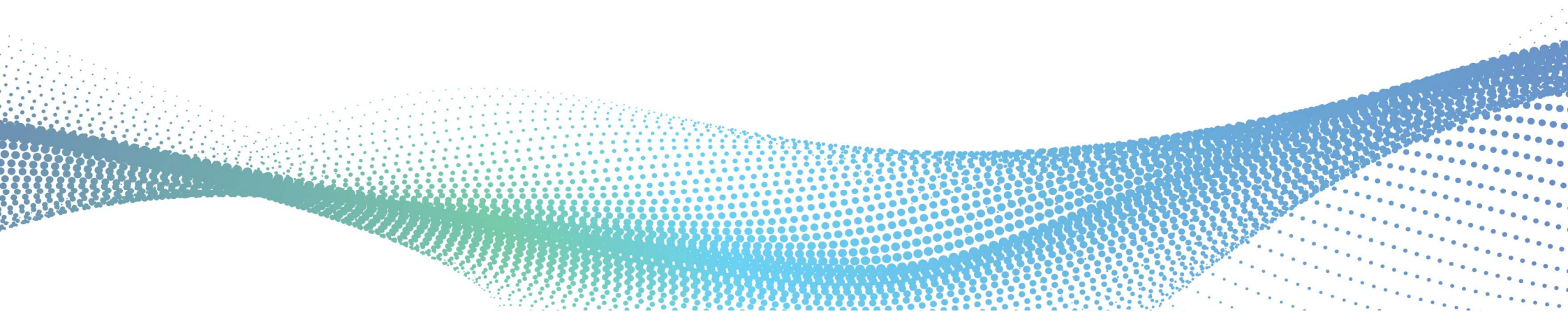


FIRST QUARTER 2023

Financial Results

HYOSUNG CHEMICAL



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1. Quarterly Operating Segment Performance
2. Price Trend of Raw Materials
3. Fact Sheet

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[1Q 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.

1Q 2023 Financial Results

Quarterly Profit/Loss Statement (Consolidated)

(Unit: Billion KRW)

	1Q 2022	4Q 2022	1Q 2023	QoQ	YoY
Sales Revenue	727.2	682.0	669.5	(1.8%)	(7.9%)
Gross Profit	(8.1)	(69.2)	(17.8)	Continued Loss	Continued Loss
<i>Gross Profit Margin</i>	<i>(1.1%)</i>	<i>(10.1%)</i>	<i>(2.7%)</i>	<i>7.4%p</i>	<i>(1.6%p)</i>
Operating Profit	(33.2)	(95.7)	(45.2)	Continued Loss	Continued Loss
<i>Operating Profit Margin</i>	<i>(4.6%)</i>	<i>(14.0%)</i>	<i>(6.8%)</i>	<i>7.2%p</i>	<i>(2.2%p)</i>
Interest Expense	15.6	36.7	42.0	14.4%	169.2%
Gain or Loss on Foreign Exchange/Derivatives	0.7	(12.6)	2.4	(81.0%)	242.9%
Income before Tax	(50.5)	(139.7)	(87.1)	Continued Loss	Continued Loss
Net Profit	(49.6)	(119.7)	(82.3)	Continued Loss	Continued Loss
Net Profit in Controlling Interest	(49.6)	(119.7)	(82.3)	Continued Loss	Continued Loss
EBITDA	37.1	(19.6)	23.5	Turn to Profit	(36.7%)

1Q 2023 Financial Results (Continued)

Balance Sheet (Consolidated)

(Unit : Billion KRW)

	Dec 2021	Dec 2022	Mar 2023	QoQ
Assets	3056.2	3,131.1	3,309.4	5.7%
Current Assets	797.6	845.0	1,019.8	20.7%
Cash & Cash Equivalents	36.5	108.1	295.7	173.5%
Non-Current Assets	2,258.6	2,286.0	2,289.6	0.2%
Liabilities	2,554.7	3,016.5	3,276.5	8.6%
Current Liabilities	1,083.1	2,593.8	2,033.1	(21.6%)
Non-Current Liabilities	1,471.6	422.6	1,243.4	194.2%
Equity	501.5	114.6	32.9	(71.3%)
Debt	2,020.7	2,536.7	2,794.7	10.2%
Net Debt	1,984.2	2,428.6	2,499.0	2.9%
<i>Net Debt to Equity Ratio</i>	<i>395.7%</i>	<i>2,119.2%</i>	<i>7,595.7%</i>	<i>5476.5%p</i>

1Q 2023 Financial Results (Continued)

Cashflow (Consolidated)

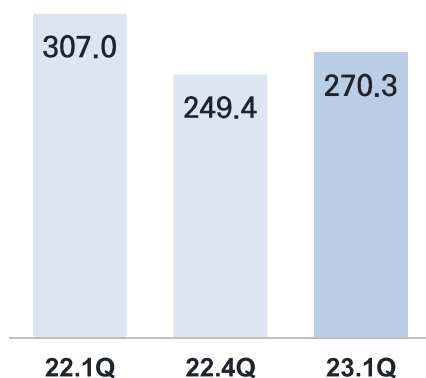
(Unit : Billion KRW)

	2021	2022	1Q 2023	2023
Cash Flow from Operations	83.3	(143.2)	(8.0)	(8.0)
Net Income	70.4	(408.8)	(82.3)	(82.3)
Depreciation	195.2	291.6	68.8	68.8
Changes in Net Working Capital, etc.	(182.3)	(26.0)	5.5	5.5
Cash Flow from Investing	(471.2)	(301.3)	(62.4)	(62.4)
PP&E and Intangibles	(471.2)	(301.3)	(62.4)	(62.4)
Others	0	0	0	0
Cash Flow from Financing	359.2	516.1	258.0	258.0
Changes in Borrowings	359.2	516.1	258.0	258.0
Dividend Payment	0	0	0	0
Changes in Cash and Cash Equivalents	(28.7)	71.6	187.6	187.6

Financial Performance by Division

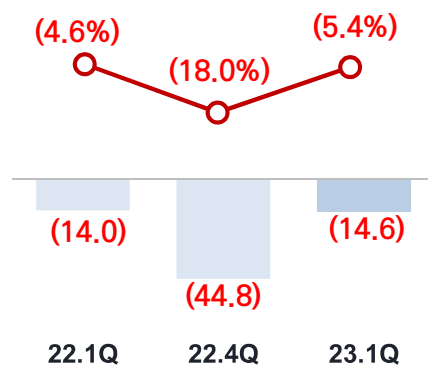
PP/DH (Korea) | Improved Spread Resulting from Higher ASP of PP

Sales revenue



Operating Profit (Margin)

Unit: Billion KRW



PP homo(Korea)-Propane(CP) Spread QoQ

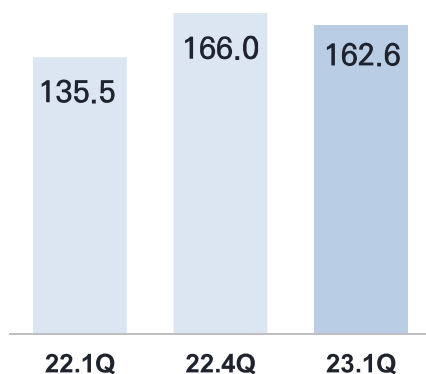
(\$/ton)	22.1Q	22.4Q	23.1Q	QoQ	YoY
PP(homo)	1,150	902	941	4.3%	(18.2%)
Propane(CP)	770	617	700	13.5%	(9.1%)
Spread	164	112	45	(59.9%)	(72.6%)

- Reduced losses vs. 4Q2022 due to improved spread resulting from higher ASP of PP along with expansion into ex-China markets
- PP(homo) price premium: North America, Europe vs. Far East Asia

(\$/ton)	Oct.22	Nov.22	Dec.22	Jan.22	Feb.22	Mar.22
N-America	91	112	67	93	287	415
W-Europe	326	419	384	315	329	415

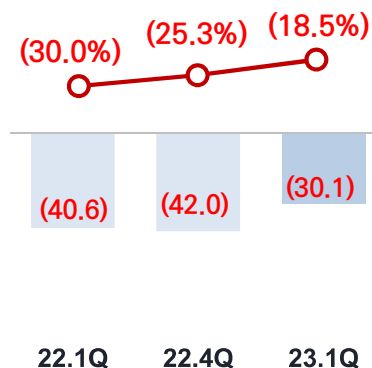
PP/DH (Vietnam) | Stable Production after Revamp Process of OL-1

Sales revenue



Operating Profit (Margin)

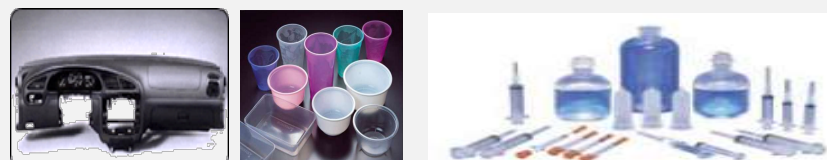
Unit: Billion KRW



PP homo(Southeast Asia)-Propane(CP) Spread QoQ

(\$/ton)	22.1Q	22.4Q	23.1Q	QoQ	YoY
Spread	248	137	136	(0.7%)	(45.2%)

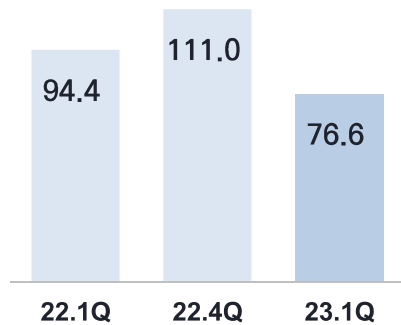
- DH unit on the path of normalization, stable production and better volume following the completion of Revamp Process



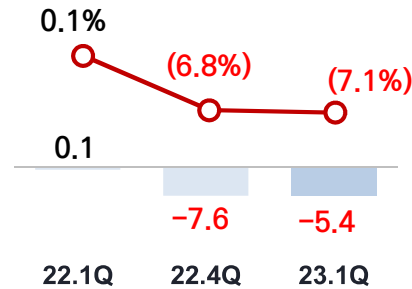
Financial Performance by Division (Continued)

TPA | Narrowed Spread driven by new Expansion of TPA plants

Sales Revenue



Operating Profit (Margin) Unit: Billion KRW



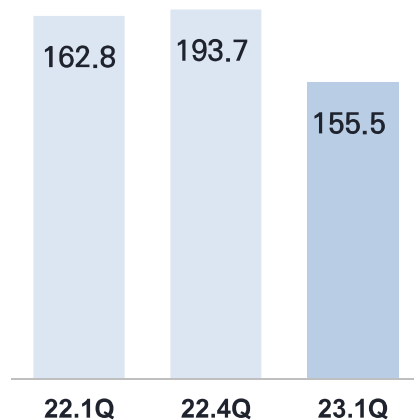
- TPA-PX (0.665) benchmark spread slightly decreased QoQ, YoY

(\$/ton)	22.1Q	22.4Q	23.1Q	QoQ	YoY
TPA	828	758	775	2.2%	(6.4%)
PX	1,084	981	1,034	5.4%	(4.6%)
Spread	119	116	99	(15.2%)	(17.0%)

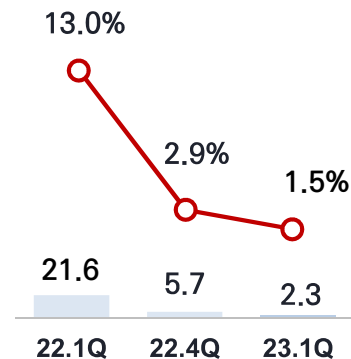
- Decrease in sales volume due to low operating rate of PET polymerization and new expansion of TPA plants in China

Others | Lower shipment driven by destocking pressure across various customers

Sales Revenue



Operating Profit (Margin) Unit: Billion KRW



<NF3>

- Decrease in sales volume due to excess inventory brought on from massive investment of memory chip producers

<TAC film>

- Solid Sales driven by strong demand from panel manufacturers

<Film>

- Sustained dull demand due to sluggish downstream production

<POK (Polyketone)>

- Decrease in production/sales volume due to decline in demand worldwide

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
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
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
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
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

Operating Margin

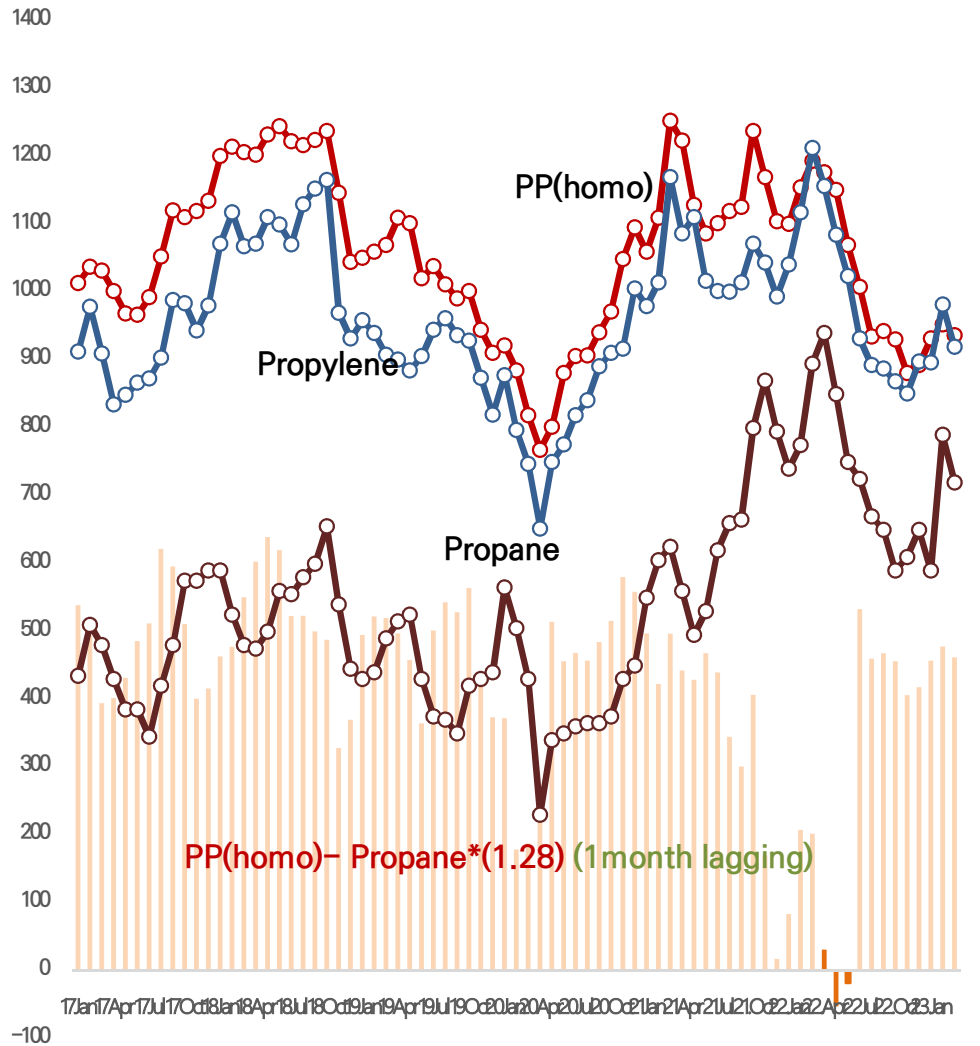
Unit: Billion KRW

(OPM)	2020					2021					2022					2023
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q
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)
	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%)
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)
	(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%)
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
	7.5%	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%
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)
	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%)

Appendix 2. Price Trend of Raw Materials

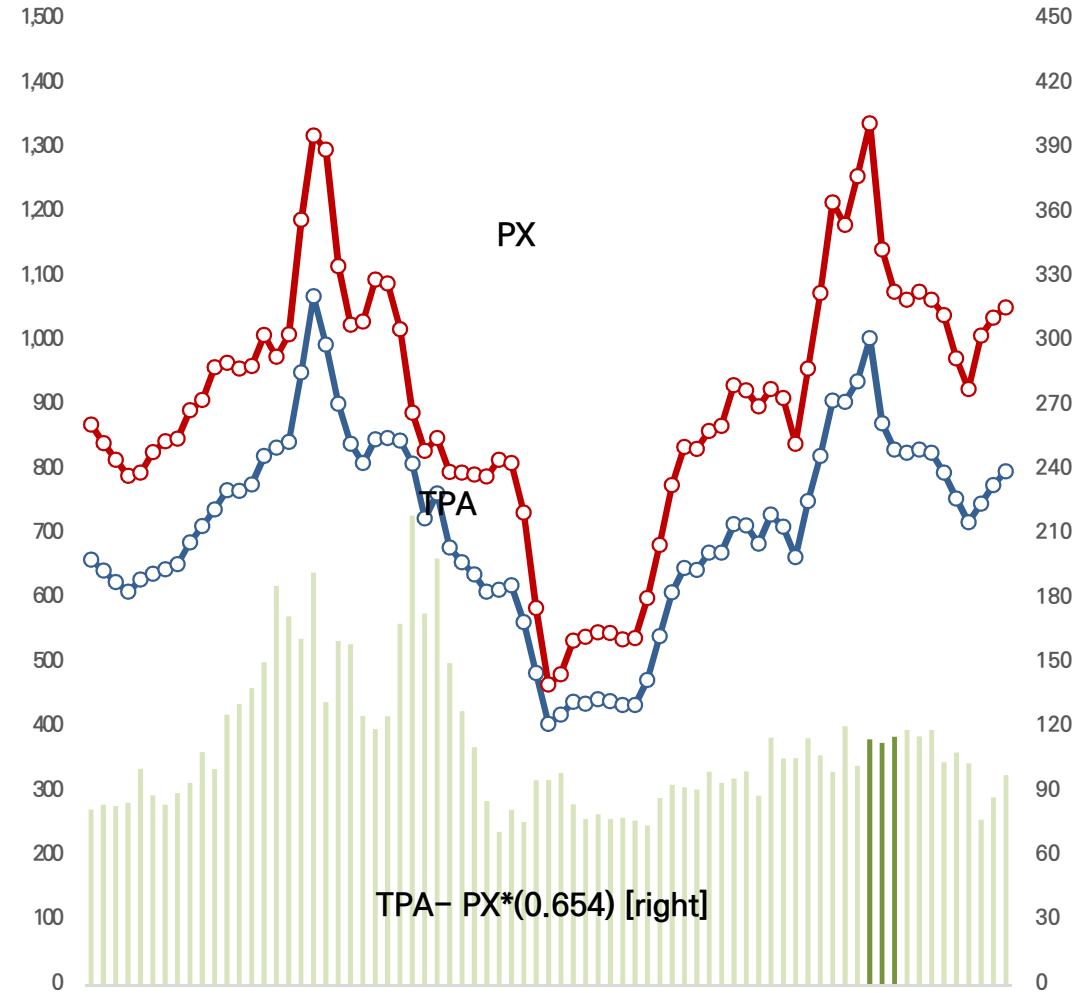
PP(homo) – Propylene – Propane

(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

