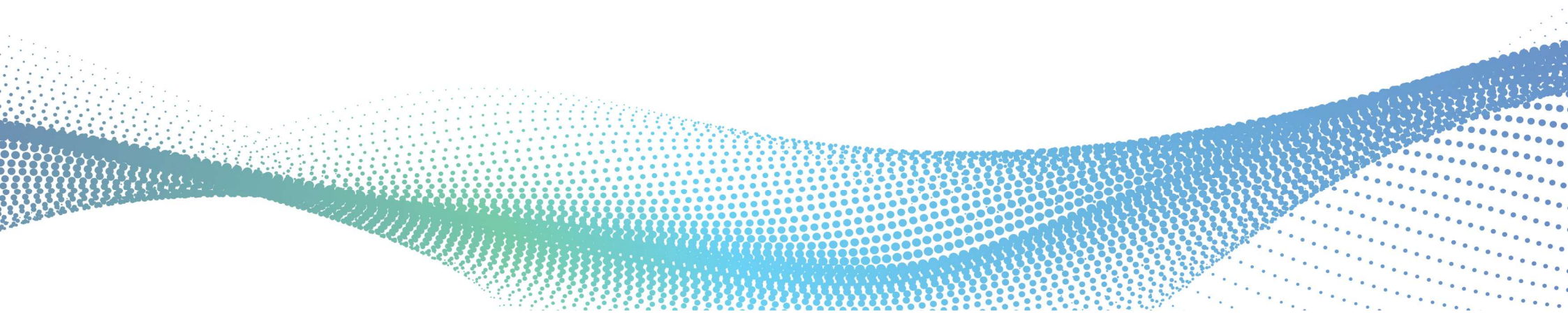


SECOND QUARTER 2023

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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[2Q 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.

2Q 2023 Financial Results

Quarterly Profit/Loss Statement (Consolidated)

(Unit: Billion KRW)

	2Q 2022	1Q 2023	2Q 2023	QoQ	YoY
Sales Revenue	766.4	669.5	723.8	8.1%	(5.5%)
Gross Profit	(40.6)	(17.8)	(74.3)	Continued Loss	Continued Loss
<i>Gross Profit Margin</i>	<i>(5.3%)</i>	<i>(2.7%)</i>	<i>(10.2%)</i>	<i>(7.5%p)</i>	<i>(4.9%p)</i>
Operating Profit	(68.1)	(45.2)	(103.3)	Continued Loss	Continued Loss
<i>Operating Profit Margin</i>	<i>(8.9%)</i>	<i>(6.8%)</i>	<i>(14.3%)</i>	<i>(7.5%p)</i>	<i>(5.4%p)</i>
Interest Expense	19.4	42.0	45.0	7.1%	131.9%
Gain or Loss on Foreign Exchange/Derivatives	0.2	2.4	2.5	4.1%	1,150.0%
Income before Tax	(86.9)	(87.1)	(147.5)	Continued Loss	Continued Loss
Net Profit	(87.7)	(82.3)	(142.4)	Continued Loss	Continued Loss
Net Profit in Controlling Interest	(87.7)	(82.3)	(142.4)	Continued Loss	Continued Loss
EBITDA	3.1	23.5	(33.6)	Turn to Loss	Turn to Loss

2Q 2023 Financial Results (Continued)

Balance Sheet (Consolidated)

(Unit : Billion KRW)

	Dec 2022	Mar 2022	Jun 2023	QoQ
Assets	3,131.1	3,309.4	3,280.2	(0.8%)
Current Assets	845.0	1,019.8	832.0	(18.4%)
Cash & Cash Equivalents	108.1	295.7	172.4	(41.7%)
Non-Current Assets	2,286.0	2,289.6	2,448.2	6.9%
Liabilities	3,016.5	3,276.5	3,243.9	(1.0%)
Current Liabilities	2,593.8	2,033.1	1,939.9	(4.6%)
Non-Current Liabilities	422.6	1,243.4	1,304.0	4.9%
Equity	114.6	32.9	36.3	10.3%
Debt	2,536.7	2,794.7	2,645.5	(5.3%)
Net Debt	2,428.6	2,499.0	2,473.1	(1.0%)
<i>Net Debt to Equity Ratio</i>	<i>2,119.2%</i>	<i>7,595.7%</i>	<i>6,812.9%</i>	<i>(782.8%p)</i>

2Q 2023 Financial Results (Continued)

Cashflow (Consolidated)

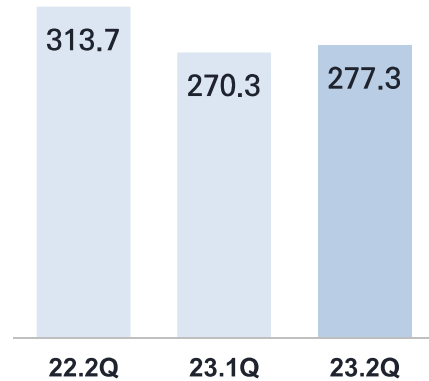
(Unit : Billion KRW)

	2021	2022	1Q 2023	2023
Cash Flow from Operations	83.3	(143.2)	100.0	92.0
Net Income	70.4	(408.8)	(142.5)	(224.8)
Depreciation	195.2	291.6	69.6	138.4
Changes in Net Working Capital, etc.	(182.3)	(26.0)	172.9	178.4
Cash Flow from Investing	(471.2)	(301.3)	(73.9)	(136.3)
PP&E and Intangibles	(471.2)	(301.3)	(73.9)	(136.3)
Others	0	0	0	0
Cash Flow from Financing	359.2	516.1	(149.3)	108.7
Changes in Borrowings	359.2	516.1	(149.3)	108.7
Dividend Payment	0	0	0	0
Changes in Cash and Cash Equivalents	(28.7)	71.6	(123.2)	64.4

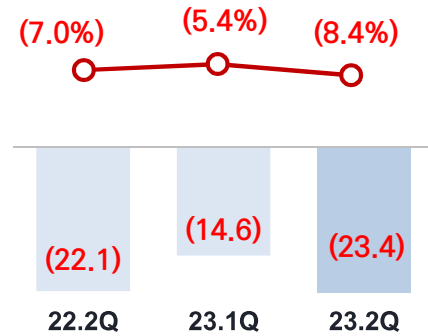
Financial Performance by Division

PP/DH (Korea) | Limitation on spread improvement due to a decrease in PP prices

Sales revenue



Operating Profit (Margin) Unit: Billion KRW



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

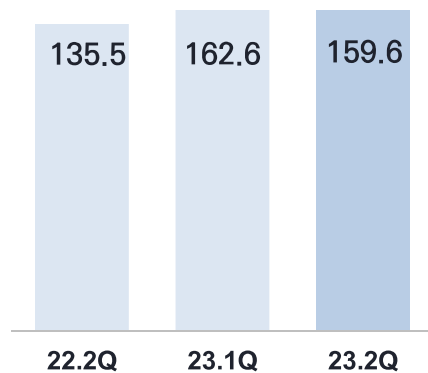
(\$/ton)	22.2Q	23.1Q	23.2Q	QoQ	YoY
PP(homo)	1,149	941	873	(7.2%)	(24.0%)
Propane(CP)	803	700	520	(25.7%)	(35.2%)
Spread	121	45	207	360.9%	71.2%

- Weak demand continued in China and the bearish trend persisted
- PP(homo) price premium: North America, Europe vs. Far East Asia

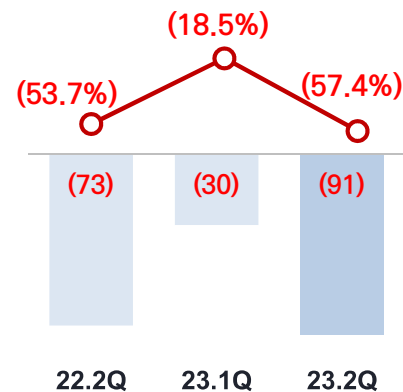
(\$/ton)	Jan.23	Feb.23	Mar.23	Apr.23	May.23	Jun.23
N-America	93	287	415	385	157	120
W-Europe	315	329	415	471	409	320

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

Sales revenue



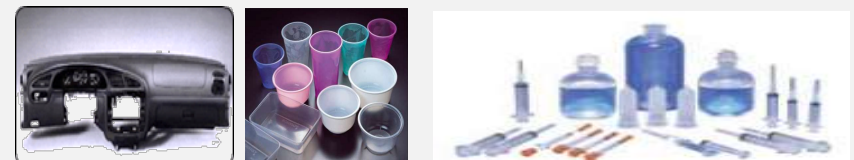
Operating Profit (Margin) Unit: Billion KRW



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

(\$/ton)	22.2Q	23.1Q	23.2Q	QoQ	YoY
Spread	279	225	354	57.3%	26.9%

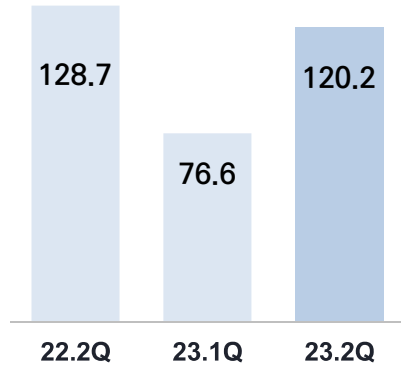
- Expecting improvement in spreads due to propane price stabilization and OL-1 running at full capacity



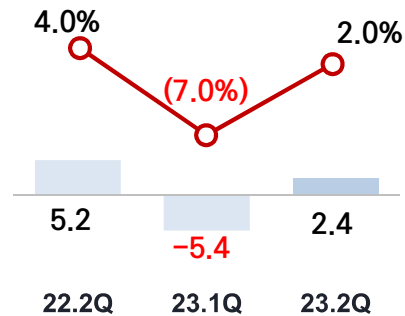
Financial Performance by Division (Continued)

TPA | Improved market conditions, higher operating rate

Sales Revenue



Operating Profit (Margin) Unit: Billion KRW



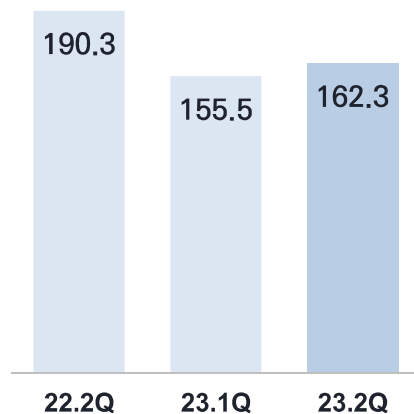
- TPA-PX (0.665) benchmark spread slightly increased QoQ

(\$/ton)	22.2Q	23.1Q	23.2Q	QoQ	YoY
TPA	951	775	797	2.8%	(16.2%)
PX	1,260	1,034	1,031	(0.3%)	(18.2%)
Spread	127	99	123	24.3%	(3.3%)

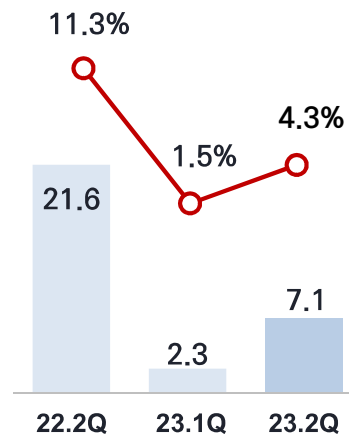
- With the peak season for PET bottle, the polymerization operating rate increased, resulting in a slight improvement in profits."

Others | Sequentially weak demand on account of continued slowdown in the semiconductor/display sector

Sales Revenue



Operating Profit (Margin) Unit: Billion KRW



<NF3>

- Higher inventory amid weaker demand from key customers (semiconductor/display customers)

<TAC film>

- Improved operating rate given inventory restocking from panel manufacturers

<Film>

- Persistently weak demand due to economic downturn

<POK (Polyketone)>

- A decrease in sales volume due to demand slowdown 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	2Q
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
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
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
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

Operating Margin

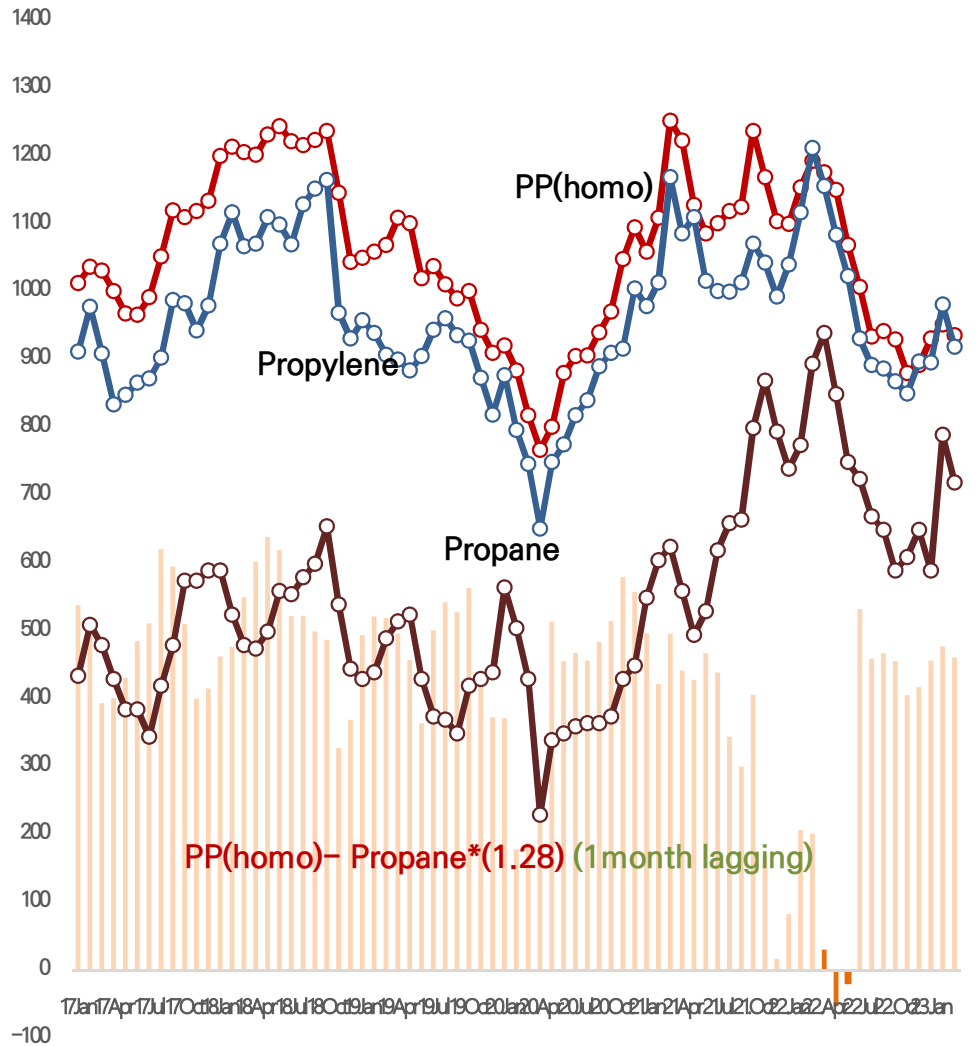
Unit: Billion KRW

(OPM)	2020					2021					2022					2023	
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q
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)
	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%)
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
	(1.0%)	(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%
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
	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%
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)
	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%)

Appendix 2. Price Trend of Raw Materials

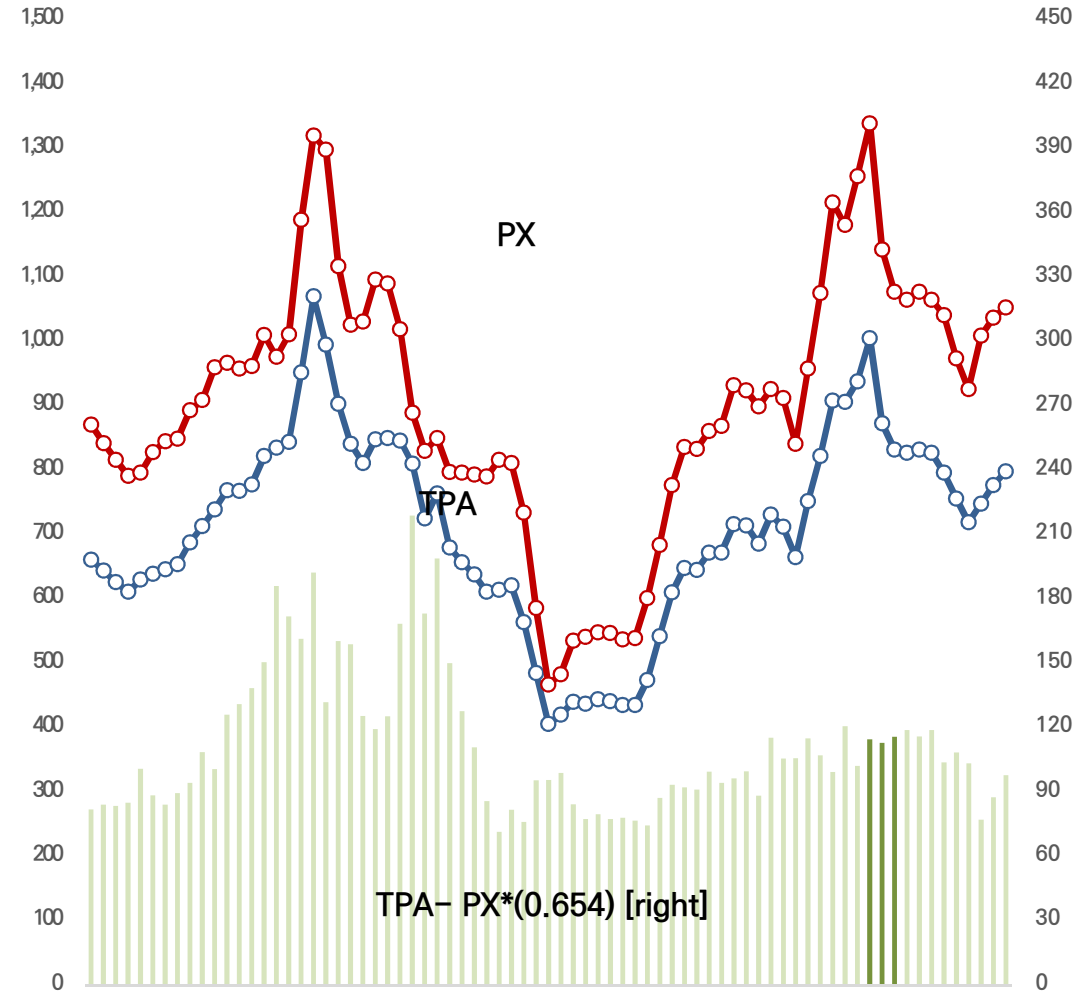
PP(homo) – Propylene – Propane

(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

