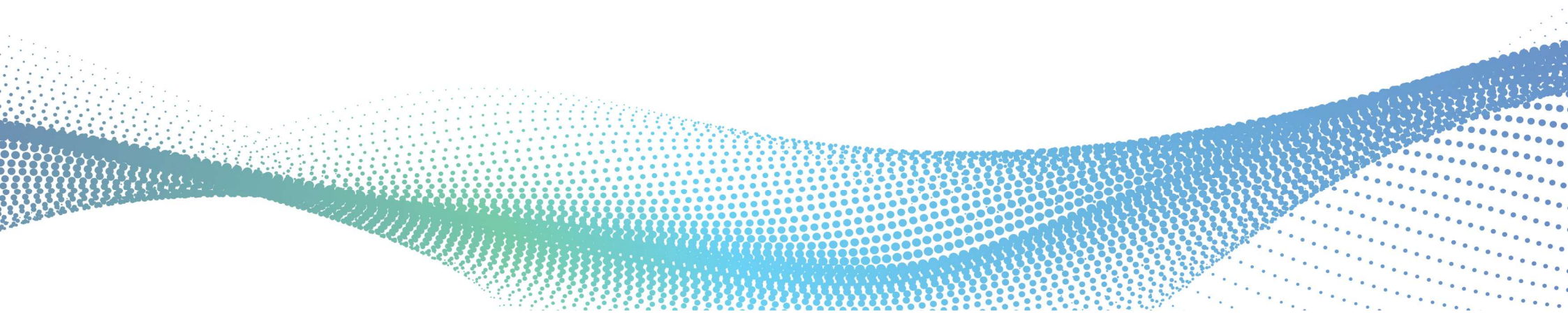


# FOURTH QUARTER 2023

Financial Results

HYOSUNG CHEMICAL



## | What's Inside |

4Q 2023 Financial Results ..... 3p

Financial Performance by Segment ..... 6p

**Appendix** ..... 8p

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

## HYOSUNG CHEMICAL

[4Q 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.

# 4Q 2023 Financial Results

## Quarterly Profit/Loss Statement (Consolidated)

(Unit: Billion KRW)

	4Q 2022	3Q 2023	4Q 2023	QoQ	YoY
Sales Revenue	682.0	711.7	686.5	(3.5%)	0.6%
Gross Profit	(69.2)	23.2	(8.9)	Turn a loss	Continued Loss
<i>Gross Profit Margin</i>	<i>(10.1%)</i>	<i>3.2%</i>	<i>(1.3%)</i>	<i>(4.5%p)</i>	<i>8.8%p</i>
Operating Profit	(95.7)	(2.8)	(37.4)	Continued Loss	Continued Loss
<i>Operating Profit Margin</i>	<i>(14.0%)</i>	<i>(0.4%)</i>	<i>(5.5%)</i>	<i>(5.1%p)</i>	<i>8.5%p</i>
Interest Expense	36.7	43.7	42.3	(3.2%)	15.2%
Gain or Loss on Foreign Exchange/Derivatives	12.6	0.1	1.6	1500.0%	(87.3%)
Income before Tax	(139.7)	(51.7)	(85.4)	Continued Loss	Continued Loss
Net Profit	(119.7)	(48.0)	(74.1)	Continued Loss	Continued Loss
Net Profit in Controlling Interest	(119.7)	(48.0)	(74.1)	Continued Loss	Continued Loss
EBITDA	(19.6)	60.8	21.2	(65.1%)	Turn black

# 4Q 2023 Financial Results (Continued)

## Balance Sheet (Consolidated)

(Unit : Billion KRW)

	Dec 2022	Sep 2022	Dec 2023	QoQ
Assets	3,131.1	3,245.3	3,115.6	(4.0%)
Current Assets	845.0	779.8	710.0	(8.9%)
Cash & Cash Equivalents	108.1	81.0	52.8	(34.8%)
Non-Current Assets	2,286.0	2,465.5	2,405.6	(2.4%)
Liabilities	3,016.5	3,154.5	3,053.7	(3.2%)
Current Liabilities	2,593.8	2,024.7	2,147.5	6.1%
Non-Current Liabilities	422.6	1,129.8	906.2	19.8%
Equity	114.6	90.8	61.8	(31.9%)
Debt	2,536.7	2,528.8	2,460.3	(2.7%)
Net Debt	2,428.6	2,447.7	2,407.5	(1.6%)
<i>Net Debt to Equity Ratio</i>	<i>2,119.2%</i>	<i>2,695.7%</i>	<i>3,895.6%</i>	<i>1199.9%p</i>

# 4Q 2023 Financial Results (Continued)

## Cashflow (Consolidated)

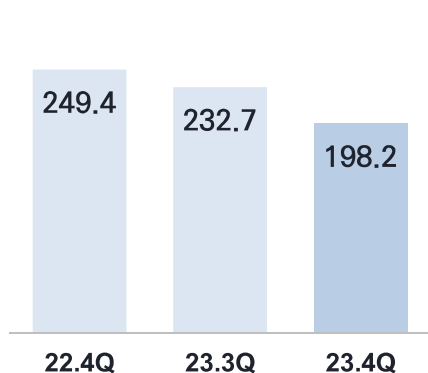
(Unit : Billion KRW)

	2021	2022	4Q 2023	2023
Cash Flow from Operations	83.3	(143.2)	(20.6)	75.4
Net Income	70.4	(408.8)	(74.1)	(346.9)
Depreciation	195.2	291.6	58.7	260.7
Changes in Net Working Capital, etc.	(182.3)	(26.0)	(5.2)	161.6
Cash Flow from Investing	(471.2)	(301.3)	14.2	(200.8)
PP&E and Intangibles	(471.2)	(301.3)	14.2	(200.8)
Others	0	0	0	0
Cash Flow from Financing	359.2	516.1	(20.6)	71.4
Changes in Borrowings	359.2	516.1	(68.5)	(76.5)
Dividend Payment	0	0	0	0
Changes in Cash and Cash Equivalents	(28.7)	71.6	(27.0)	(54.0)

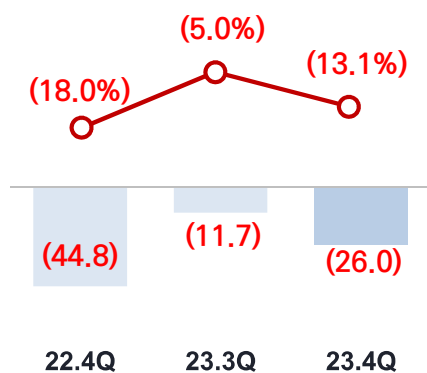
# Financial Performance by Division

## PP/DH (Korea) | Narrowed spread brought on from increase in propane prices

Sales revenue



Operating Profit (Margin) Unit: Billion KRW



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

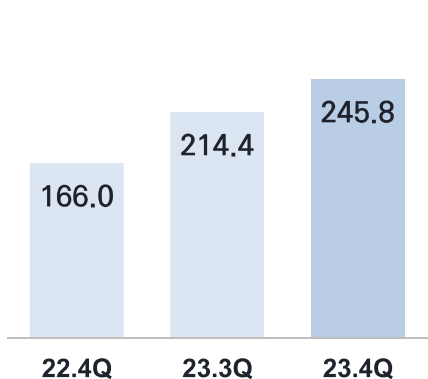
(\$/ton)	22.4Q	23.3Q	23.4Q	QoQ	YoY
PP(homo)	901	847	866	2.2%	(3.9%)
Propane(CP)	617	473	607	28.3%	(1.6%)
<b>Spread</b>	<b>111</b>	<b>242</b>	<b>89</b>	<b>(63.1%)</b>	<b>(20.0%)</b>

### • Weak market conditions persisted due to sluggish recovery in demand and new expansion of PP plants in China

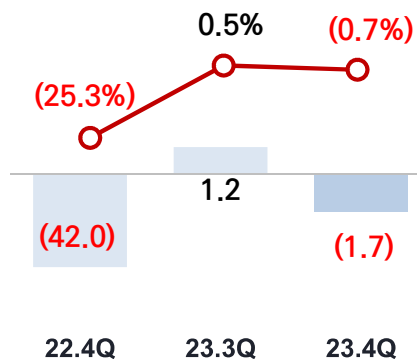
(\$/ton)	Jul.23	Aug.23	Sep.23	Oct.23	Nov.23	Dec.23
N-America	103	123	134	206	227	224
W-Europe	261	243	251	350	341	248

## PP/DH (Vietnam) | Reached full production and sales after Revamp Process of OL-1

Sales revenue



Operating Profit (Margin) Unit: Billion KRW



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

(\$/ton)	22.4Q	23.3Q	23.4Q	QoQ	YoY
<b>Spread</b>	<b>216</b>	<b>369</b>	<b>219</b>	<b>(40.7%)</b>	<b>1.4%</b>

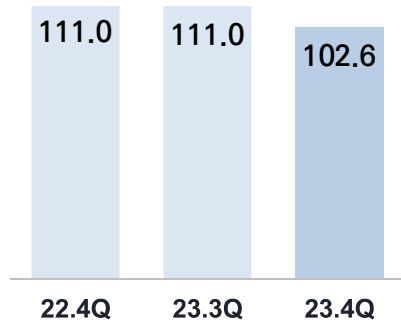
### • With product qualification completed, the proportion of specialty products has increased, and improved profitability is expected through the sale of differentiated high-value-added products



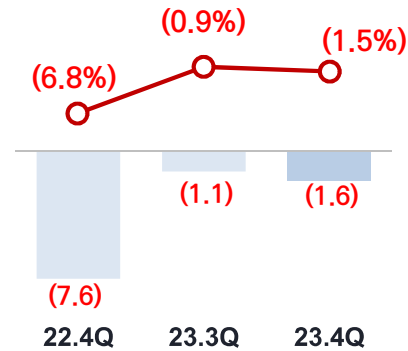
# Financial Performance by Division (Continued)

## TPA | Weakened market along with spread reduction caused by new expansions in China

Sales Revenue



Operating Profit (Margin) Unit: Billion KRW



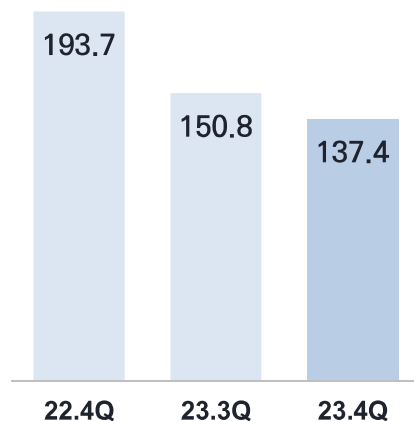
### • TPA-PX (0.665) QoQ, YoY

(\$/ton)	22.4Q	23.3Q	23.4Q	QoQ	YoY
TPA	758	794	753	(5.2%)	(0.7%)
PX	981	1,068	1,017	(4.8%)	3.7%
<b>Spread</b>	<b>116</b>	<b>96</b>	<b>88</b>	<b>(8.0%)</b>	<b>(24.5%)</b>

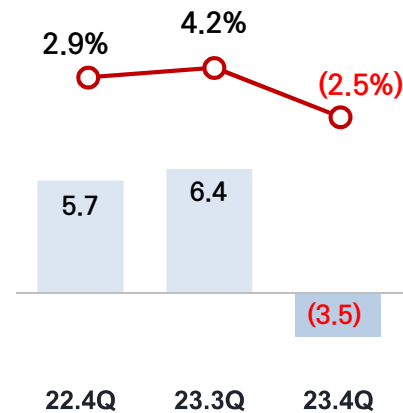
- Weak market conditions persisted due to oversupply of TPA caused by new expansions and the inability to export to India

## Others | Weak market brought on from poor industry macro and reduction in global demand

Sales Revenue



Operating Profit (Margin) Unit: Billion KRW



### 〈NF3〉

- Despite improvements in semiconductor industry in the second half of the year, weak demand persisted due to the high inventory levels of memory semiconductor manufacturers

### 〈TAC film〉

- Continued deterioration of the economic situation in China led to a contraction in consumption, resulting in a decrease in sales

### 〈Film〉

- Intensive competition due to weak demand for TVs and mobile phones, as well as an increase in imports from China and Thailand

### 〈POK (Polyketone)〉

- A decrease in global demand and an oversupply of competitive materials leading to a price decline

## 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	4Q	Total
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	443.9	1,760.8
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	102.6	410.4
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	137.4	606.0
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	683.9	2,777.2

### Operating Margin

Unit: Billion KRW

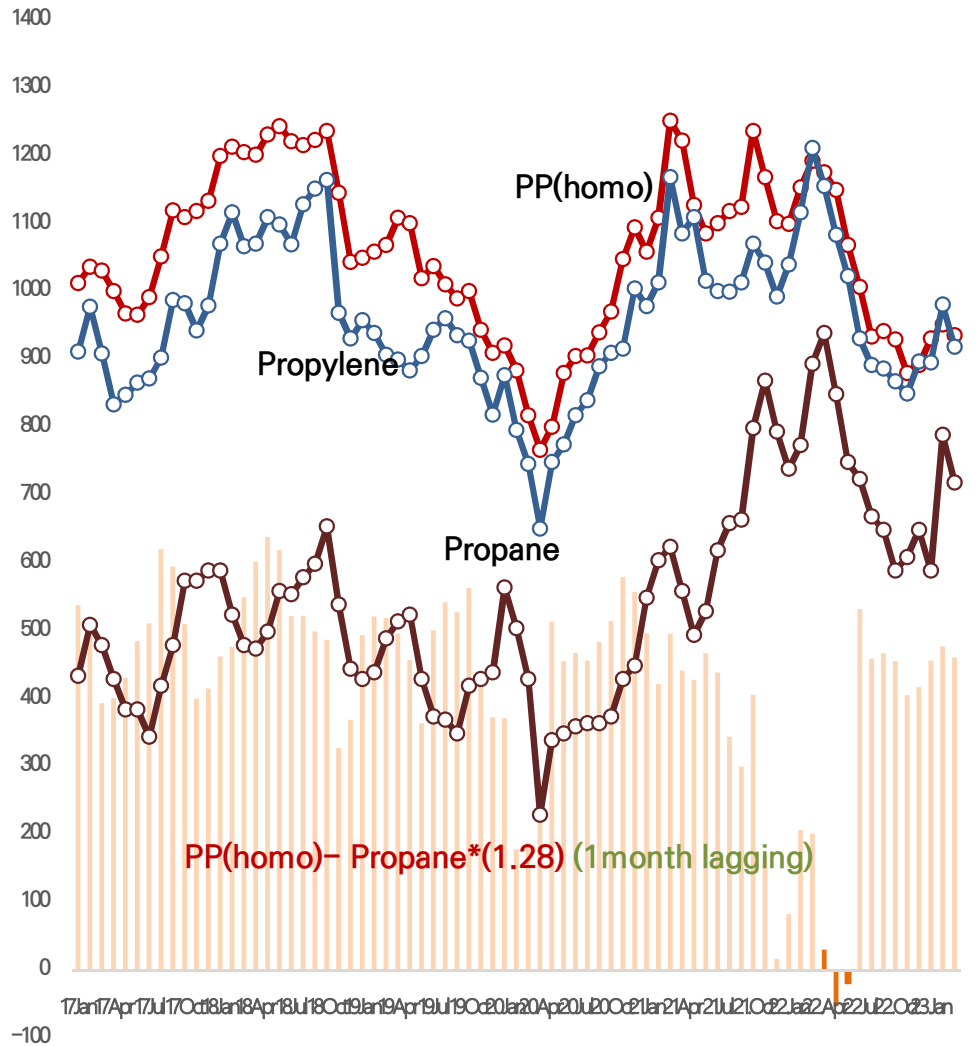
(OPM)	2020					2021					2022					2023				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
PP/DH	0.4	(0.5)	1.2	0.9	1.9	4.4	5.5	1.6	(2.8)	8.6	(54.6)	(94.9)	(139.6)	(86.8)	(375.9)	(44.7)	(115.0)	(10.5)	(27.7)	(197.9)
	1.8%	(2.2%)	4.1%	3.5%	1.9%	12.2%	14.1%	4.1%	(7.8%)	5.8%	(12.3%)	(21.2%)	(32.3%)	(20.9%)	(21.6%)	(10.3%)	(26.3%)	(2.3%)	(6.2%)	(11.2%)
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)	(1.6)	(5.7)
	(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%)	(1.2%)	(1.4%)
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	-3.5	12.3
	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%	4.4%	4.2%	(2.5%)	2.0%
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)	(32.8)	(191.3)
	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%)	(4.8%)	(6.9%)



## Appendix 2. Price Trend of Raw Materials

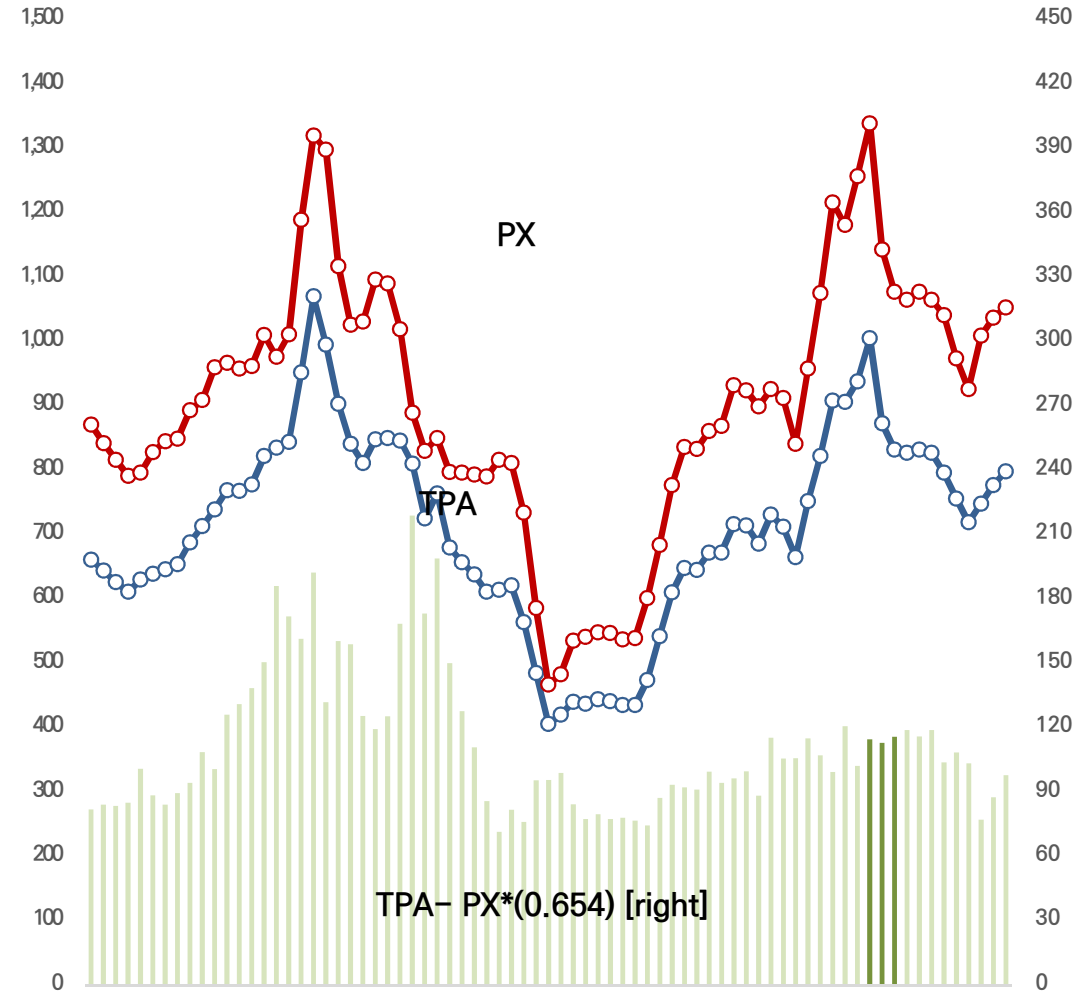
### PP(homo) – Propylene – Propane

(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>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><b>CEO: Kun-Jong LEE</b></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>Capability to produce eco-friendly EP</b></p> <p>▶ <b>Trust from returning customers</b></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>	<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. TAC(Tri-Acetyl Cellulose) Flim Provider</b></p> <ul style="list-style-type: none"> <li>- LCD polarizer(PVA film) protection film</li> </ul>		<p><b>CFO : Bo-Young YOON</b></p> <p>Ex-Head of Finance at Hyosung Corporation</p> 