



SONGWON Industrial Group announces Financial Results for Q2/2018

- Sales increased by 5.9% over Q2/2017 to 197,841 Mil. KRW
- The gross profit margin is at 18.1% (after K-IFRS 1115 applied)
- Net profit amounted to 8,179 Mil. KRW

Ulsan, South Korea – August 14, 2018 – SONGWON Industrial Group (www.songwon.com) today released its financial results for the second quarter of 2018. The Group achieved consolidated sales of 197,841 Mil. KRW and a gross profit margin of 18.1% (without impact from application of K-IFRS 1115: 19.4%) for Q2/2018 – marking a decrease of 5.5%pts (without impact from application of K-IFRS 1115: 4.2%pts) compared to Q2/2017. In the two quarters of the year, the Group realized consolidated sales of 388,313 Mil. KRW which is a 7.4% increase over the first six months of 2017 (361,707 Mil. KRW).

In Million KRW	Q2			YTD June		
	2018	2017	Δ%	2018	2017	Δ%
Sales*	197,841	186,742	5.9%	388,313	361,707	7.4%
Gross profit*	35,766	44,135	-19.0%	76,142	81,997	-7.1%
<i>Gross profit margin*</i>	18.1%	23.6%		19.6%	22.7%	
Operating profit	11,447	18,505	-38.1%	26,709	31,488	-15.2%
EBITDA	20,691	26,365	-21.5%	44,396	47,590	-6.7%
<i>EBITDA margin</i>	10.5%	14.1%		11.4%	13.2%	
EBIT	12,341	18,521	-33.4%	27,774	31,623	-12.2%
<i>EBIT margin</i>	6.2%	9.9%		7.2%	8.7%	
Profit for the period	8,179	12,279	-33.4%	19,716	20,563	-4.1%

*In order to comply with the new mandatory K-IFRS 1115 standard, outbound logistic costs have been reclassified in 2018 from "SG&A" to "Cost of Services". This reclassification led to a lower gross profit and the corresponding margin.

During the first half year 2018, SONGWON's business delivered according to expectations. Demand was solid across the portfolio in line with the historically strong first and second quarters in previous years. SONGWON's Polymer Stabilizers (PS) performed particularly well, delivering a 2.6% increase in gross sales (256,758 Mil. KRW) compared to the first half year in the previous year (250,208 Mil. KRW). Although the Group's expectations were met throughout Q2 and YTD in terms of sales and revenues, volume lay slightly behind due to the scheduled production shutdowns during the quarter combined with shortages of certain specific raw materials.

Higher raw material costs and the negative influence of foreign currency fluctuations already experienced in 2017 and continuing in 2018 impacted all of SONGWON's businesses in the second quarter of 2018. As a result, overall profitability in Q2/2018 was subsequently slightly lower than in Q2/2017 and from a revenues perspective, SONGWON's sound result in Q2/2018 was driven by the price increases implemented globally in Q4/2017 across the portfolio. In the currently favorable market environment, these increased prices are now successfully offsetting the elevated key raw material prices. An optimal cost position for the organization was supported in Q2/2018 by SONGWON's production sites which, in general, operated at high capacity utilization levels throughout the quarter.

Heading into the third quarter of the year, SONGWON is optimistic that the trend established in the second quarter of 2018 will continue with an increase in demand for its products and ongoing growth. With its comprehensive portfolio of high-quality solutions and highly strategic position in South East Asia, the Group is uniquely positioned to take advantage of the expanding opportunities throughout Asia. Recognizing potential risks as a global player, SONGWON will remain cautious but continue to expand its global reach, and improve its financial performance by focusing on markets that offer attractive growth opportunities. The organization will also further leverage its innovation expertise to continue reliably providing the solutions its customers demand and value for.

The Q2/2018 Report can be downloaded at:

www.songwon.com/en/investors/financialresults

About SONGWON Industrial Co., Ltd.

SONGWON, which was founded in 1965 and is headquartered in Ulsan, South Korea, is a leader in the development, production and supply of specialty chemicals. The second largest manufacturer of polymer stabilizers worldwide, SONGWON Industrial Group operates companies all over the world, offering the combined benefits of a global framework and readily accessible local organizations. Dedicated experts work closely together with customers to develop tailor-made solutions that meet individual requirements.

For further information, please go to: www.songwon.com.

This press release can be downloaded from www.PressReleaseFinder.com.

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SWPR184EN0818
Issued on 14-August-2018

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