



## SONGWON Industrial Group announces Financial Results for Q3/2019

- Sales in Q3 totaled 208,388 Mil. KRW
- Net profit amounted to 7,302 Mil. KRW
- The gross profit margin is at 19.7%

Ulsan, South Korea – November 14, 2019 – SONGWON Industrial Group ([www.songwon.com](http://www.songwon.com)) today released its financial results for the third quarter of 2019. In Q3/2019, the Group achieved sales of 208,388 Mil. KRW marking a 1.9% increase in revenue over sales recorded in the same quarter of the previous year (204,403 Mil. KRW), however, the Group reported a decline in its gross profit margin in Q3 to 19.7%. Comparing the YTD September 2018 consolidated sales (592,716 Mil. KRW), SONGWON saw a 4.1% increase in its YTD September 2019 consolidated sales (617,272 Mil. KRW) and a decrease in net profit of 12% (28,905 Mil. KRW).

In Million KRW	Q3			YTD September		
	2019	2018	Δ%	2019	2018	Δ%
Sales	208,388	204,403	1.9%	617,272	592,716	4.1%
Gross profit	41,000	42,974	-4.6%	132,573	119,116	11.3%
<i>Gross profit margin</i>	19.7%	21.0%		21.5%	20.1%	
Operating profit	14,039	17,400	-19.3%	51,075	44,109	15.8%
EBITDA	22,694	25,721	-11.8%	78,582	70,117	12.1%
<i>EBITDA margin</i>	10.9%	12.6%		12.7%	11.8%	
EBIT	13,532	17,159	-21.1%	51,017	44,933	13.5%
<i>EBIT margin</i>	6.5%	8.4%		8.3%	7.6%	
Profit for the period	7,302	13,115	-44.3%	28,905	32,831	-12.0%

Despite continuing uncertainty in global markets, the Group reported that in general, overall demand remained at a good level and in line with the organization's expectations. In particular, SONGWON's Industrial Chemicals Division performed strongly in the first two months of the quarter but noted a decline in the final month. Throughout Q3, SONGWON's Division Performance Chemicals experienced a more challenging market environment caused by fierce pricing pressures, the Korean long holiday period, the weakening of the KRW and the need to source raw materials from outside Korea.

The ongoing China-U.S. trade war has driven Chinese competitors to aggressively seek new markets to compensate for China's lower internal demand and reduced export to North America which has led to lower market demand throughout the entire Asian region. Across the industry, the impact of a slowdown in both the business-to-consumer market and automotive market, particularly in India, China and Europe was also felt by SONGWON and the resulting adjustment in the overall supply and demand led to an increased pressure to reduce prices.

During Q3/2019, raw materials continued to remain in good supply, SONGWON's production facilities ran smoothly with high capacity utilization levels to meet customers' demands and its innovation labs also operated at high levels over the quarter and continued to support the businesses well. In the third quarter, SONGWON established a strong distributor network in the U.S. for its coatings business and to accelerate market penetration and expansion, the company entered a partnership with Uniwel, the largest PVC stabilizer producer in China. SONGWON expects to see this partnership and the addition of new stabilizers to its portfolio from Uniwel's product lines, enhancing the market growth of its Performance Chemicals Division going forward.

Moving towards the end of the year, the Group expects to observe the traditional slowdown as customers' year-end de-stocking activities begin and the challenging market conditions caused by the U.S. trade war with China, Brexit and other political and economic uncertainties across the globe continue. Facing these challenges, SONGWON intends to continue focusing on its expansion strategy for South East Asia, Europe and North America and is confident that it is well-positioned to offset any emerging challenges with its broad portfolio, industry experience and global reach. The company also intends to leverage its innovation strength to support the industry's transition to a circular economy with environmentally friendly solutions. Furthermore, the Group will be keeping a close watch on emerging global trends and developments and exercising financial discipline in all areas of its business while continuing to drive productivity.

The Q3 Report can be downloaded at: [www.songwon.com/investors/reports-publications](http://www.songwon.com/investors/reports-publications).

**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](http://www.songwon.com).

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