



## SONGWON Industrial Group announces Q2/2023 Financial Results

- **Consolidated sales in Q2/2023 totaled 269,232 Million KRW**
- **Gross profit margin was 8.3%-points lower in Q2/2023 than in Q2/2022**
- **Net profit in Q2/2023 was 11,956 Million KRW**

**Ulsan, South Korea – August 11, 2023** – Today, SONGWON Industrial Group ([www.songwon.com](http://www.songwon.com)) published its Q2 and half-year financial results for the 2023 financial year. Over the quarter, the Group achieved consolidated sales of 269,232 Million KRW marking a decrease in revenues over the same quarter of the previous year of 21.4% (342,735 Million KRW). Year-to-date (YTD), the Group realized consolidated sales of 536,399 Million KRW, representing a 21.3% decline over YTD June 2022 (681,168 Million KRW) and recorded a drop in net profit to 22,582 Million KRW (Q2/2022: 82,097 Million KRW). The Group's gross profit margin achieved in Q2/2023 was 16.4% and YTD 15.9 % reflecting a decrease of 8.3%-points and 9.6%-points over the prior year comparable period.

In Million KRW	Q2			YTD June		
	2023	2022* (restated)	Δ%	2023	2022	Δ%
Sales	269,232	342,735	-21.4%	536,399	681,168	-21.3%
Gross profit*	44,050	84,695	-48.0%	85,126	173,931	-51.1%
<i>Gross profit margin*</i>	16.4%	24.7%		15.9%	25.5%	
Operating profit	21,990	54,258	-59.5%	40,479	111,453	-63.7%
EBITDA	31,453	62,902	-50.0%	58,577	128,682	-54.5%
<i>EBITDA margin</i>	11.7%	18.4%		10.9%	18.9%	
EBIT	19,613	54,643	-64.1%	38,355	112,173	-65.8%
<i>EBIT margin</i>	7.3%	15.9%		7.2%	16.5%	
Profit for the period	11,956	38,670	-69.1%	22,582	82,097	-72.5%

\* Restated with IFRS15 adjustment.

As anticipated, geopolitical tensions, volatile economic conditions, and the downturn in demand across the various regions observed in Q1/2023 continued throughout Q2/2023, impeding the performance of SONGWON's Divisions.

Q2/2023 was sluggish for Division Industrial Chemicals due to a challenging market environment with aggressive pricing strategies and intense competition compounded by the low demand, lack of reliable customer forecasting and shorter visibility. Revenues fell by 23.7% to 198,774 Million KRW in Q2/2023, compared to the same period in 2022 (Q2/2022: 260,406 Million KRW). In the first six months of 2023, the Division reported a decline in sales of 22.5% (YTD: 394,721 Million KRW) over the previous year (YTD June 2022: 509,271 Million KRW).

In Q2/2023, increased product availability and fierce price competition, mainly from Asia as well as the ongoing Russia-Ukraine conflict negatively impacted Polymer Stabilizers. However, overall performance was stable and comparable to Q1/2023. Demand for Fuel and Lubricant Additives remained similar to Q1/2023 and volumes in Q2/2023 were also comparable with Q1/2023. Revenues were negatively affected by the declining raw material and freight costs applied to the previously implemented raw material pricing formula mechanisms. Coatings experienced a slow 2<sup>nd</sup> quarter due to higher market supply than demand. This led to further price reductions compared to Q1/2023 with additional price erosion caused by falling raw material prices.

For Division Performance Chemicals, the 2<sup>nd</sup> quarter remained comparable to the previous quarter with no significant changes. The Division achieved revenues of 70,458 Million KRW in Q2/2023, 14.4% lower than in the previous year (Q2/2022: 82,329 Million KRW). YTD, the Division achieved sales of 141,678 Million KRW, marking a 17.6% decline compared to the same reporting period in 2022 (YTD June 2022: 171,897 Million KRW).

Throughout Q2/2023, Tin Intermediates saw slight improvements in turnover, volumes, and margins, driven by high tin metal and end-product prices as well as signs of automotive market recovery in China and Europe. With no market recovery in Asia, the PVC market remained weak but sales outside of Asia positively impacted profitability. Stable raw material prices supported profitability for Solution Polyurethanes and Thermoplastic Polyurethanes in Q2/2023, but the continuing economic recession negatively affected customers' operations and stagnant demand in Korea has led to ongoing intense competition.

Faced with ongoing geopolitical uncertainty, inflationary pressures and a macroeconomic environment with low visibility, 2023 is proving to be a challenging year for the industry. Moving into Q3/2023, SONGWON expects continuing weak demand and further declines in raw material and logistics prices. Despite this, the Group is optimistic about the effectiveness of its actions to address market imbalances and the positive impact of new products on future revenues and profitability. SONGWON will continue to pursue its strategy, monitor global developments and prioritize customer needs. Looking to the next six months with caution, the company is confident that it is well-positioned to face emerging challenges and remain a reliable supplier to its customers.

The Q2/2023 Report can be downloaded at: [www.songwon.com/investors/reports-publications](http://www.songwon.com/investors/reports-publications).

**About Songwon Industrial Co., Ltd.**

A leader in the development, production and supply of specialty chemicals, SONGWON's products touch your life every day, everywhere. Since 1965, we've been driving innovation, partnering for progress and paving the way for a better more sustainable tomorrow with 360° customized solutions.

Headquartered in South Korea, SONGWON is the 2<sup>nd</sup> largest manufacturer of polymer stabilizers worldwide. With Group companies and world-class manufacturing facilities across the globe, we are dedicated to providing customers in over 60 countries with high-performance products that meet their individual needs and the best levels of service.

For further information, please go to: [www.songwon.com](http://www.songwon.com).

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Page 5/5

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