



SONGWON announces Q3 2023 financial results

- **Q3/2023 consolidated sales totaled 247,867 Million KRW**
- **The gross profit margin stood at 14.7%**
- **Net profit Q3/2023 amounted to 9,372 Million KRW**

Ulsan, South Korea – November 14, 2023 – SONGWON Industrial Group (www.songwon.com) today released its financial results for the 3rd quarter of 2023. During Q3/2023, the Group achieved consolidated sales of 247,867 Million KRW marking a decline in revenue over sales generated in the same quarter of the previous year (350,731 Million KRW). In the 3rd quarter, SONGWON reported a gross profit margin of 14.7% (Q3/2022: 21.9% Million KRW) and a drop in net profit to 9,372 Million KRW when compared to the 3rd quarter in 2022 (41,376 Million KRW).

Year-to-date (YTD) September 2023, the Group realized consolidated sales of 784,266 Million KRW, (YTD September 2022:1,031,899 Million KRW) and recorded a net profit of 31,954 Million KRW (YTD September 2022: 123,473 Million KRW).

In Million KRW	Q3			YTD September		
	2023	2022	Δ%	2023	2022	Δ%
Sales	247,867	350,731	-29.3%	784,266	1,031,899	-24.0%
Gross profit	36,351	76,802	-52.7%	121,477	250,733	-51.6%
<i>Gross profit margin</i>	14.7%	21.9%		15.5%	24.3%	
Operating profit	14,443	49,314	-70.7%	54,922	160,767	-65.8%
EBITDA	25,005	58,306	-57.1%	83,582	186,988	-55.3%
<i>EBITDA margin</i>	10.1%	16.6%		10.7%	18.1%	
EBIT	15,076	49,426	-69.5%	53,431	161,599	-66.9%
<i>EBIT margin</i>	6.1%	14.1%		6.8%	15.7%	
Profit for the period	9,372	41,376	-77.3%	31,954	123,473	-74.1%

As anticipated, the global environment remained challenging in Q3/2023 and SONGWON's Divisions continued to face the headwinds already seen in the previous quarters. Amid the adverse macro and microeconomic conditions, Division Industrial Chemicals and Division Performance Chemicals reported a drop in revenue and volumes. In the 3rd quarter of 2023, Division Industrial Chemicals generated sales of 187,386 Million KRW (Q3/2022: 256,289 Million KRW) and YTD September 2023, 582,107 Million KRW (YTD September 2022: 765,560 Million KRW) and Division Performance Chemicals recorded sales of 60,481 Million KRW (Q3/2022: 94,442 Million KRW) and YTD September 2023, 202,159 Million KRW (YTD September 2022: 266,339 Million KRW).

For Division Industrial Chemicals, Q3/2023 was characterized by weak demand in the markets overall, increased supply availability and lower selling prices. Although Polymer Stabilizers registered lower revenues in Q3/2023 compared to the 3rd quarter in 2022, the business achieved a positive result due to price adjustments implemented at the end of 2022, newly acquired business and lower shipping costs. Towards the latter part of the 3rd quarter, SONGWON also observed improved demand for polymer stabilizers in some of its markets. In Q3/2023, SONGWON's Fuel and Lubricant Additives achieved volumes similar to those recorded in the 3rd quarter of 2022 and reported a slight increase in revenues despite the fall in the cost of raw materials between the 2nd and the 3rd quarters of 2023. For SONGWON's Coatings, Q3/2023 was a challenging quarter marked by oversupply, subdued demand, volatile order patterns and highly competitive pricing but the business continued to win new customers and advanced its product development strategy.

In line with expectations, Division Performance Chemicals continued to face ongoing demand volatility and economic slowdowns in its key markets in Q3/2023. Tin Intermediates reported improved margins on the back of the higher price of tin, despite recording a fall in revenues and volumes resulting from weak demand overall, especially in the automotive industry. PVC recorded improved margins resulting from new business and a rise in sales in Korea despite the ongoing aggressive competition for volumes throughout the 3rd quarter of 2023. In Q3/2023, Solution Polyurethanes and Thermoplastic Polyurethanes was able to benefit from the stable price of raw materials despite continuing to be negatively impacted by low demand and the economic situation in South Korea.

Looking ahead to the 4th quarter, the challenging market environment and volatile geopolitical situation are expected to continue with demand remaining weak, order patterns unpredictable and prices volatile. To proactively address the challenging macro environment and ensure it maintains financial resilience, SONGWON will continue executing its strategic objectives and leveraging its extensive industry expertise, global presence, and diverse product portfolio. Going forward, the Group is confident that it is well-positioned to navigate both current and emerging challenges and strategically well-placed to capitalize on emerging opportunities.

The Q3/2023 Report can be downloaded at:

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 2nd 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.

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

**For further information,
please contact:**
SONGWON Industrial Group
Marcel Romer
Corporate Communications Manager
Walzmühlestrasse 48
CH-8500 Frauenfeld
Switzerland
Tel: +41 52 635 0000
E-mail: marketing@songwon.com

**For editorial inquiries and clippings,
please contact:**
Marketing Solutions
Stephanie Wakkee

Box 6
2950 Kapellen
Belgium
Tel: +32 3 31 30 311
E-mail: swakkee@marketing-solutions.com

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