



## SONGWON Industrial Group announces Financial Results for Q1/2021

- **Sales amounted to 222,487 Million KRW in Q1**
- **Net profit decreased by 18.0% over Q1/2020 to total 9,164 Million KRW**
- **Gross profit margin grew to 21.6%**

**Ulsan, South Korea – May 14, 2021** – SONGWON Industrial Group ([www.songwon.com](http://www.songwon.com)) today released its audited financial results for the 1<sup>st</sup> quarter of the year, ended March 31<sup>st</sup>, 2021. Following the surge in demand observed at the end of 2020, especially from customers in Asia, SONGWON entered the new fiscal year positively with demand continuing to rise across its markets. During Q1, the Group achieved consolidated sales of 222,487 Million KRW. When compared to sales in Q1/2020 (210,543 Million KRW), this marked a 5.7% increase in revenue. In addition, SONGWON's gross profit margin reached 21.6% (Q1/2020:19.7%) in Q1/2021 and a decrease in net profit (Q1/2021: 9,164 Million KRW) of 18.0% was recorded over Q1/2020 (11,182 Million KRW) due to the anticipated losses recognized in March 2021 related to the sale of 72% interest in Qingdao Long Fortune Songwon Chemical Co., Ltd. with effective date as of April 30, 2021.

In Million KRW	Q1		
	2021	2020	Δ%
Sales	222,487	210,543	5.7%
Gross profit	48,117	41,542	15.8%
<i>Gross profit margin</i>	21.6%	19.7%	
Operating profit	17,343	18,069	-4.0%
EBITDA	26,131	26,990	-3.2%
<i>EBITDA margin</i>	11.7%	12.8%	
EBIT	13,274	18,450	-28.1%
<i>EBIT margin</i>	6.0%	8.8%	
Profit for the period	9,164	11,182	-18.0%

In spite of the continuing global health crisis caused by COVID-19 and economic uncertainty, demand remained particularly strong during the 1<sup>st</sup> quarter of the year and as a result, SONGWON's Divisions delivered robust performances. In Q1/2021, Division Industrial Chemicals achieved consolidated sales of 153,431 Million KRW, which reflects a 1.7% decrease in revenues compared to the strong 1<sup>st</sup> quarter of 2020. Division Performance Chemicals exceeded the strong Q1/2020 result by 26.7% and achieved consolidated sales of 69,056 Million KRW.

As customer demand continued to grow in Q1/2021, Division Industrial Chemicals' revenues were positively impacted by the price increases implemented in the previous months to offset the rising cost of raw materials. Competitors' supply disruptions resulted in further increases in demand with profitability in SONGWON's core business, Polymer Stabilizers, remaining stable and at expected levels during the quarter. Fuel and Lubricant Additives also performed well and above forecast in Q1/2021.

Division Performance Chemicals was positively impacted by especially strong demand in the automotive market related to an increase in customers' safety stock activities during Q1/2021, as well as the Tin Intermediates price increases which counterbalanced the rising costs of raw materials and logistics. In addition, PVC Stabilizers saw an almost full recovery from the impacts of the COVID-19 pandemic on the back of increased demand in North East Asia.

In the 1<sup>st</sup> quarter of 2021, customers were ordering ahead of their usual order patterns to compensate for possible logistics and shipping delays. SONGWON was able to continue delivering in line with customers' expectations, despite limited container and vessel space availability which further compounded the existing supply chain challenges. During the quarter, SONGWON was able to secure required raw materials and maintain its safety stock levels, thereby minimizing the risk of any negative impact on SONGWON's ability to meet demand. SONGWON's plants ran without any issues throughout Q1/2021.

SONGWON anticipates that the continuing global COVID-19 pandemic will make 2021 another challenging year for its customers' industries and for the global economy, with possible restrictions related to new waves of the virus negatively affecting businesses. However, with the increasingly widespread availability of vaccines to combat the virus, a recovery of the global economy seems realistic. After its strong start to the year, SONGWON sees the sound Q1 results as positive confirmation of its long-term strategy. Going forward, SONGWON will continue to closely monitor developments, review its strategic plans and implement appropriate actions to mitigate any impacts arising from climbing raw material prices or logistics costs.

Looking ahead to the rest of the year, SONGWON is confident that it is well-equipped to navigate the current dynamic business environment and continue to reliably serve customers and deliver positive financial results.

The Q1/2021 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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