



SONGWON Industrial Group reports Financial Results for Q3/2020

- Sales in Q3 totaled 195,237 Mil. KRW
- Net profit amounted to 8,746 Mil. KRW
- The gross profit margin is at 20.8%

Ulsan, South Korea – November 13, 2020 – SONGWON Industrial Group (www.songwon.com) today announced its financial results for the 3rd quarter ending September 30, 2020. In Q3/2020, the Group achieved consolidated sales of 195,237 Mil. KRW, marking a 6.3% decline in revenue compared to sales for Q3/2019 (208,388 Mil. KRW). During Q3/2020, the EBITDA increased by 7.3% to 24,349 Mil. KRW and the Group recorded a net profit increase of 19.8% (8,746 Mil. KRW) over Q3/2019. SONGWON achieved YTD September 2020 consolidated sales of 603,925 Mil. KRW.

In Million KRW	Q3			YTD September		
	2020	2019	Δ%	2020	2019	Δ%
Sales	195,237	208,388	-6.3%	603,925	617,272	-2.2%
Gross profit	40,622	41,000	-0.9%	123,932	132,573	-6.5%
<i>Gross profit margin</i>	20.8%	19.7%		20.5%	21.5%	
Operating profit	15,822	14,039	12.7%	50,055	51,075	-2.0%
EBITDA	24,349	22,694	7.3%	76,049	78,582	-3.2%
<i>EBITDA margin</i>	12.5%	10.9%		12.6%	12.7%	
EBIT	15,796	13,532	16.7%	50,289	51,017	-1.4%
<i>EBIT margin</i>	8.1%	6.5%		8.3%	8.3%	
Profit for the period	8,746	7,302	19.8%	25,350	28,905	-12.3%

Throughout the 3rd quarter of 2020, SONGWON witnessed ongoing global economic uncertainty due to the continuing COVID-19 pandemic which has subsequently disrupted markets and negatively impacted demand in many industries. Despite this, SONGWON's Division Performance Chemicals (+8.2% compared to Q3/2019) performed well throughout the quarter, seeing improvements across its businesses and signs of market recovery, notably in Korea which resulted in increased demand. The Division saw higher sales in PVC Additives particularly in South East Asia and South Asia. Furthermore, the high plant utilization rates led to an improved gross profit margin for Tin Intermediates/Catalysts.

For SONGWON's Division Industrial Chemicals, the challenging market environment in Q3/2020 led to a decline in revenue (-11.3%) compared to Q3/2019. There was a drop in the sale of Polymer Stabilizers mainly caused by lower market demand, which was only partially mitigated by an increase in relative market share combined with the slightly positive effect of foreign exchange rate developments. In addition, an erosion in price was identified in Q3/2020 which was driven by lower raw material costs. For Lubricant Additives, unforecasted higher demand with short lead times led to a strong result in the 3rd quarter of 2020.

During Q3/2020, the Group benefited from the automotive market's signs of recovery (with some exceptions) but recognizes that a 2nd wave of COVID-19 could lead to another decrease in demand. In the 3rd quarter, SONGWON highlighted its ongoing commitment to sustainability with the release of SONGFLAME[®] WB 201. The latest solvent-free, aqueous, flame-retardant synergist was especially developed for the CASE (coatings, adhesives, sealants and elastomers) market and textile applications requiring flame-retardancy. Throughout Q3/2020, in order to maintain an optimal cost position, SONGWON set its capacity levels to meet the demand and continued implementing its Business Continuity Plan measures.

Outlook

The Group sees the remainder of the year remaining unpredictable due to the continuing uncertainty surrounding the duration of the pandemic and the challenging market environment it has created. Based on the increasingly heightened concern for a potential supply disruption caused by a 2nd wave of COVID-19 pandemic, SONGWON cautiously expects the increases in demand seen for performance chemicals in Q3/2020 to continue in Q4/2020 and possibly into 2021. Customers' traditional end-of-year destocking is expected to have a general negative impact.

In response to current demand unpredictability, SONGWON will continue progressing with additional plant utilization to ensure it can respond to any sudden demand peaks with adequate supply as well as to build safety stocks for its businesses.

Although the full effect of the COVID-19 pandemic and the rate of recovery are uncertain, the Group will be remaining cautious and closely monitoring the global situation and pandemic-related impacts on the industry and various markets. Having confidence in its resilient business model and continuous optimization strategy, SONGWON believes that the company is well-positioned to navigate these challenging times.

The Q3/2020 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.

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