



SONGWON Industrial Group announces solid Q1/2020 financial results

- **Sales in Q1 totaled 210,543 Mil. KRW**
- **Net profit increased by 27.4% over Q1/2019 to 11,182 Mil. KRW**
- **Gross profit margin amounted to 19.7%**

Ulsan, South Korea – May 15, 2020 – SONGWON Industrial Group (www.songwon.com) today released its audited financial results for the first quarter of 2020, ended March 31, 2020. After a challenging finish to 2019, SONGWON experienced a solid start to the new year with sound growth and increased revenue: In Q1/2020, the Group achieved consolidated sales of 210,543 Mil. KRW and reported a 27.4% increase in net profit (11,182 Mil. KRW) in the first quarter 2020 over Q1/2019. Compared to the first quarter of 2019, the gross profit margin in Q1/2020 decreased slightly from 20.9% to 19.7%. However, both the EBITDA and EBIT margins increased respectively in the first quarter to 12.8% and to 8.8%.

In Million KRW	Q1		
	2020	2019	Δ%
Sales	210,543	190,417	10.6%
Gross profit	41,542	39,713	4.6%
<i>Gross profit margin</i>	19.7%	20.9%	
Operating profit	18,069	13,762	31.3%
EBITDA	26,990	23,089	16.9%
<i>EBITDA margin</i>	12.8%	12.1%	
EBIT	18,450	13,945	32.3%
<i>EBIT margin</i>	8.8%	7.3%	
Profit for the period	11,182	8,777	27.4%

Compared to the same reporting period in 2019, the Group's Divisions Industrial Chemicals (+10.7%) and Performance Chemicals (+10.1%), both recorded higher sales in Q1/2020. This was mainly caused by customers increasing their stocking up activities beyond the usual seasonal inventory buildup due to concern for potential supply disruptions caused by the COVID-19 pandemic. During Q1/2020, the Group benefitted from the increased demand particularly in its key business, Polymer Stabilizers.

Despite the coronavirus pandemic leading to an extended Chinese New Year and paralyzing China's automotive industry, Division Performance Chemicals started 2020 stronger than expected. Positively impacted by European competitors' line stoppages, the Division increased its capacities in Q1/2020 to meet the higher demand especially for Tin Intermediates.

By the time COVID-19 reached Korea at the beginning of February, SONGWON had its continuity plan well in place to counteract possible raw material shortages. It also increased capacity levels to match the rise in demand and to ensure that an optimal cost position for the Group was maintained. In addition, SONGWON's plant in Pingdu, Shandong Province, China was granted special permission by the government to remain open to support the production of protective respiratory face masks by continuing to supply the necessary chemicals.

Although Q2 and Q3 are historically strong quarters and usually bring an increase in demand, the coronavirus pandemic has led to higher levels of uncertainty and disruption across global markets. In light of this and a possible global recession, SONGWON can no longer be certain that its previously announced business expectations or growth prospects for the 2020 fiscal year are now achievable. Looking ahead, the Group expects to see its global activities negatively impacted and the generation of new business delayed. Despite this, SONGWON is aligning its pricing strategies accordingly and continuing to make operational improvements as well as seeking ways through its comprehensive global distributor network to further market penetration and capitalize on opportunities.

While focusing on minimizing the impact of COVID-19 on both its own business and that of its customers, SONGWON will remain cautious and committed to improving profitability going forward by drawing upon its key strengths and leveraging its technology expertise. Confident in the future of the industry, the Group believes it is well-positioned to face and overcome future challenges, further its long-term strategy and remain a strong, leading industry player.

The Q1 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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