



SONGWON Industrial Group releases Q1/2023 financial results

- Sales in Q1 totaled 267,167 Million KRW
- Gross profit margin was 15.4%, -11%-points lower than Q1/2022 (26.4%)
- Net profit declined to 10,626 Million KRW over Q1/2022 (43,427 Million KRW)

Ulsan, South Korea – May 12, 2023 – SONGWON Industrial Group (www.songwon.com) today released its audited financial results for the 1st quarter of 2023. The Group reported a decline in revenue of -21.1% in Q1/2023 (267,167 Million KRW) compared to sales generated in Q1/2022 (338,433 Million KRW). SONGWON's gross profit margin in the first 3 months of 2023 was 15.4%, a decrease of -11%-points when compared to the same period of the previous year (26.4%). Net profit in Q1/2023 was 10,626 Million KRW, lower than in Q1/2022 (43,427 Million KRW).

In Million KRW	Q1		
	2023	2022* (restated)	Δ%
Sales	267,167	338,433	-21.1%
Gross profit*	41,076	89,236	-54.0%
Gross profit margin*	15.4%	26.4%	
Operating profit	18,489	57,195	-67.7%
EBITDA	27,124	65,780	-58.8%
EBITDA margin	10.2%	19.4%	
EBIT	18,742	57,530	-67.4%
EBIT margin	7.0%	17.0%	
Profit for the period	10,626	43,427	-75.5%

* Restated with IFRS15 adjustment.

After delivering good financial results for FY 2022, SONGWON started 2023 slowly recording lower earnings due to the anticipated further decline in demand. Throughout Q1/2023, both Division Industrial Chemicals and Division Performance Chemicals continued to be affected by the ongoing geopolitical tensions, deteriorating economic conditions and inflationary pressures compounded by customers' destocking activities. Division Industrial Chemicals reported sales of 195,947 Million KRW in the first 3 months of the year, marking a decrease of -21.3% compared to Q1/2022 (248,865 Million KRW). Similarly, Division Performance Chemicals saw a -20.5% drop in revenues compared to Q1/2022 (89,568 Million KRW) and recorded consolidated sales of 71,220 Million KRW.

Consistent with expectations, the 1st quarter of 2023 was challenging for SONGWON's Polymer Stabilizers business. Negatively impacted by the Russia-Ukraine conflict and strong price competition from Asia, revenues declined significantly driven by weak demand. Fuel and Lubricants performed well in Q1/2023 and saw revenues increase due to its effectively implemented pricing formula mechanism. The business also profited from the lower raw material and shipping costs. For SONGWON's Coatings business, 1st quarter revenues were negatively impacted by weak demand and price erosion due to the increasing levels of supply availability in the marketplace.

Compared to 2022, Tin Intermediates saw lower volumes in Q1/2023 and strong fluctuations in profitability caused by the continuing volatility in the price of tin. However, with the market in China gradually improving, revenues are expected to grow in the next quarter. Still affected by the stagnation in the construction industry in Korea and the subsequent weak demand as well as the Lunar New Year holidays, Q1/2023 was a challenging quarter for PVC. For Solution Polyurethanes and Thermoplastic Polyurethanes, stable pricing and lower raw material costs resulted in volumes slightly above Q4/2022. Profitability also improved during in the 1st quarter compared to Q4/2022.

With the current highly volatile and complex macroeconomic environment expected to persist, 2023 is set to be a challenging year. In view of this, SONGWON refrains from making any predictions related to market development but will be monitoring developments closely going forward. The Group intends to continue executing its ongoing strategy and implementing appropriate measures to ensure its operations and businesses can adapt to the evolving market realities. Looking ahead, SONGWON is confident that it can navigate the current challenges and is well-positioned to continue successfully meeting customers' needs and ensuring long-term sustainable growth.

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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