



SONGWON Industrial Group reports stable results for FY 2020

- **Sales in 2020 totaled 807,768 Million KRW**
- **Net profit amounted to 28,365 Million KRW for FY 2020**
- **In 2020, SONGWON maintained a gross profit margin of 20.3%**

Ulsan, South Korea – March 03, 2021 – SONGWON Industrial Group (www.songwon.com) today released its financial results for FY 2020. During Q4/2020, revenues recovered and amounted to 203,843 Million KRW on December 31, 2020, marking a 3.4% increase compared to the same quarter of 2019. SONGWON recorded overall consolidated sales of 807,768 Million KRW for FY 2020 which was slightly lower (-0.8%) than the consolidated sales in FY 2019 (814,340 Million KRW).

As a result of the annual impairment test in December 2020, the Group's management recognized an impairment loss of -6,889 Million KRW. This was recorded in the consolidated statements of comprehensive income within other expenses. Furthermore, SONGWON's net profit of 28,365 Million KRW (FY 2019: 35,008 Million KRW) was negatively impacted following the result of the tax audit within the parent company, Songwon Industrial Co., Ltd., conducted by the Korean National Tax Service in 2019-2020 for the financial years 2015-2017. Based on the final notice of assessment, the income tax expense of -10.5 Billion KRW was recognized by the parent company and partly offset by the reversal of the available deferred tax provision for the taxed transaction, resulting in a net impact of -4.6 Billion KRW. Songwon Industrial Co., Ltd. initiated tax appeal filing procedures against the tax assessment made in accordance with its solid contingency plan. It also started a mutual agreement procedure between South Korea and Switzerland.

In Million KRW	Q4			YTD December		
	2020	2019	Δ%	2020	2019	Δ%
Sales	203,843	197,068	3.4%	807,768	814,340	-0.8%
Gross profit	40,041	33,900	18.1%	163,973	166,473	-1.5%
<i>Gross profit margin</i>	19.6%	17.2%		20.3%	20.4%	
Operating profit	17,955	8,217	118.5%	68,010	59,292	14.7%
EBITDA	26,802	16,711	60.4%	102,851	95,293	7.9%
<i>EBITDA margin</i>	13.1%	8.5%		12.7%	11.7%	
EBIT	11,536	7,739	49.1%	61,825	58,756	5.2%
<i>EBIT margin</i>	5.7%	3.9%		7.7%	7.2%	
Profit for the period	3,015	6,103	-50.6%	28,365	35,008	-19.0%

SONGWON began 2020 solidly, registering sound growth and increased revenues in Q1 based on the uncertainty and concern relating to possible supply disruptions which customers expected and their subsequent stocking up activities after the emergence of the COVID-19 pandemic. Compared to Q1/2019, both Divisions, Industrial Chemicals (+10.7%) and Performance Chemicals (+10.1%), recorded increased sales throughout the 1st quarter of 2020. As the pandemic quickly spread and negatively impacted many industries, SONGWON noted a decline in demand in Q2 and during the 2nd half of the year but observed signs of recovery in the final months.

As a result of the uncertain global economic situation, Division Industrial Chemicals saw a decline (-3.3%) in revenue in FY 2020 compared to 2019. Although negatively impacted by the drop in sales prices due to pricing formulas induced by lower raw material costs, the Division saw this partly offset by higher sales volumes as a result of customers' mitigating possible shortages in production, supply and logistics capabilities. Overall, the Division was able to maintain and increase its market share selectively across the portfolio after demand picked up in Q4/2020 across most regions, particularly in Asia.

Despite the pandemic negatively impacted certain industries and markets in the 1st quarter 2020, Division Performance Chemicals was able to maintain stable revenues throughout FY 2020, with economic improvements indicated across its businesses. In the final months of the year, the Division's result was positively impacted by demand recovery particularly in the automotive market (with some exceptions). In response, SONGWON increased capacities to meet the rise in demand and to allow the Division to benefit from new business opportunities.

However, despite its continuity plan implemented in February, the renewed lockdowns in Q4/2020 resulted in customers' fearing new supply disruptions and led to unexpected surges in demand with short lead times. As a result, SONGWON was unable to fully support all orders for certain products.

Against the backdrop of the ongoing COVID-19 pandemic, with the heightened uncertainty of new virus strains and the accompanying stringent government restrictions which could weigh in on demand, it is difficult to predict what the next few months of FY 2021 will bring. Taking into account the stable results achieved in FY 2020, SONGWON believes that the trends seen at the end of FY 2020 will continue into 2021 with demand especially from customers in Asia remaining strong in the short-term. Going into 2021, while remaining cautious and closely monitoring developments, SONGWON will continue to implement additional plant utilization to meet the customers' demands and safety stock requirements.

The FY 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.

**For further information,
please contact:**

SONGWON Industrial Group
Christine Hug
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
Rita Verschuuren
Box 6
2950 Kapellen
Belgium
Tel: +32 3 31 30 311
E-mail: rverschuuren@marketing-solutions.com

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