



## SONGWON Industrial Group announces sound Q3 2022 results

- **Q3/2022 consolidated sales totaled 350,731 Million KRW**
- **The gross profit margin for the 3<sup>rd</sup> quarter 2022 stood at 21.9%**
- **Net profit Q3/2022 amounted to 41,376 Million KRW**

**Ulsan, South Korea – November 11, 2022** – SONGWON Industrial Group ([www.songwon.com](http://www.songwon.com)) today published its financial results for the 3<sup>rd</sup> quarter of 2022. During the quarter, the Group achieved consolidated sales of 350,731 Million KRW and reported a net profit of 41,376 Million KRW. When compared to the sales (Q3/2021: 260,137 Million KRW) and net profit (Q3/2021: 20,972 Million KRW), recorded in previous year, this marked an increase of 34.8% and 97.3% respectively. In Q3/2022, SONGWON reported a slight decline in its gross profit margin of 1.8%-points compared to Q3/2021.

In the first 9 months of 2022, the Group recorded a 44.4% rise in consolidated sales (YTD September 2022: 1,031,899 Million KRW) over the sales achieved during the same reporting period of the previous year (YTD September 2021: 714,715 Million KRW). In addition, SONGWON achieved a net profit of 123,473 Million KRW, 173.7% higher than the prior year comparable period (YTD September 2021: 45,109 Million KRW) and the gross profit margin of 24.3% was 2.7%-points higher than YTD September 2021 (21.6%).

In Million KRW	Q3			YTD September		
	2022	2021* (restated)	Δ%	2022	2021* (restated)	Δ%
Sales	350,731	260,137	34.8%	1,031,899	714,715	44.4%
Gross profit	76,802	61,630	24.6%	250,733	154,075	62.7%
<i>Gross profit margin</i>	21.9%	23.7%		24.3%	21.6%	
Operating profit	49,314	30,050	64.1%	160,767	69,130	132.6%
EBITDA	58,306	38,964	49.6%	186,988	95,305	96.2%
<i>EBITDA margin</i>	16.6%	15.0%		18.1%	13.3%	
EBIT	49,426	30,468	62.2%	161,599	65,790	145.6%
<i>EBIT margin</i>	14.1%	11.7%		15.7%	9.2%	
Profit for the period	41,376	20,972	97.3%	123,473	45,109	173.7%

\*restated with IFRS15 adjustment.

In the first half year, demand was strong throughout Q1/2022 and Q2/2022 leading to a robust performance across both Divisions. Despite noting a general weakening of demand across the markets in Q3/2022 and facing continually rising energy and raw material prices, Division Industrial Chemicals (+32.6% compared to Q3/2021) and Division Performance Chemicals (+41.4% compared to Q3/2021) both reported increases in revenues.

Division Industrial Chemicals was positively supported throughout Q3/2022 by implemented price increases. These successfully offset the rising raw material, logistics and energy costs and led to increased revenues for Polymer Stabilizers. Fuel and Lubricant Additives achieved higher revenues and an increase in volumes sold, benefiting from the global forecast volume increases by customers and competitors' ongoing supply issues as well as the oil-associated higher cost of raw materials. Despite the increased availability of products in the market in general leading to a rise in price competitiveness, Q3/2022 was a good quarter for Coatings which recorded sound sales development over the 3 months albeit lower volumes.

Division Performance Chemicals performed well throughout the 3<sup>rd</sup> quarter amid the challenging market environment with the sinking logistical costs making SONGWON more competitive outside of Asia and to leading new business opportunities. Although the price of tin fell in Q3/2022, the increased production capacity of DOTO (di-n-Octyltin oxide) led to a rise in revenues for Tin Intermediates. Sales of PVC in Q3/2022 were negatively impacted by, among other things, the escalating cost of energy and customers' destocking activities in response to a decline in raw material costs. During Q3/2022, Polyurethanes and Thermoplastic Polyurethanes revenues decreased slightly compared to the 2<sup>nd</sup> quarter of 2022 but decreasing raw material prices led to improved profitability.

Going into the final 3 months of the year, SONGWON sees macroeconomic and geopolitical challenges as well as the slowdown in demand continuing. In response, SONGWON will closely monitor developments in the coming period while exercising cost discipline and where necessary, counterbalancing escalating costs by implementing price increases as appropriate. Confident in the resilience of its business model amid such dynamic market conditions, SONGWON remains committed to delivering on its financial priorities, materializing opportunities and ensuring the Group remains firmly positioned for long-term success.

The Q3/2022 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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