



## SONGWON announces FY2023 financial results

- Sales in 2023 totaled 1,029,975 Million KRW
- Net profit amounted to 34,847 Million KRW for the FY
- SONGWON maintained a gross profit margin of 14.6% in 2023

Ulsan, South Korea – February 28, 2024 – SONGWON Industrial Group ([www.songwon.com](http://www.songwon.com)) today released its financial results for FY 2023. In the 4<sup>th</sup> quarter of 2023, SONGWON Industrial Group recorded consolidated sales of 245,709 Million KRW with a gross profit margin of 11.6%, representing a -17.4% decline in revenue and a -5.5%-points reduction in the gross profit margin compared to Q4/2022. The net profit for Q4/2023 stood at 2,893 Million KRW (Q4/2022: 8,459 Million KRW). SONGWON ended 2023 with overall consolidated sales totaling 1,029,975 Million KRW, 22.5% lower than the previous year (FY2022: 1,329,509 Million KRW).

In Million KRW	Q4			YTD December		
	2023	2022	Δ%	2023	2022	Δ%
Sales	245,709	297,610	-17.4%	1,029,975	1,329,509	-22.5%
Gross profit	28,472	50,887	-44.0%	149,949	301,620	-50.3%
Gross profit margin	11.6%	17.1%		14.6%	22.7%	
Operating profit	3,547	24,349	-85.4%	58,469	185,116	-68.4%
EBITDA	13,675	33,322	-59.0%	97,257	220,310	-55.9%
EBITDA margin	5.6%	11.2%		9.4%	16.6%	
EBIT	3,979	23,903	-83.4%	57,410	185,502	-69.1%
EBIT margin	1.6%	8.0%		5.6%	14.0%	
Profit for the period	2,893	8,459	-65.8%	34,847	131,932	-73.6%

As expected, SONGWON experienced a slow start to the year amidst the backdrop of the highly volatile global environment. Persisting geopolitical tensions, worsening economic conditions and inflationary pressures continued throughout the year. These factors, coupled with a general decrease in demand due to customers' inventory reduction efforts, affected the performance of both the Industrial Chemicals and Performance Chemicals divisions in the latter part of 2023. In Q4 2023, Division Industrial Chemicals reported sales of 183,636 Million KRW (-15.6% year-over-year) and consolidated sales for FY2023 of 765,743 Million KRW (-22.1% year-over-year). Division Performance Chemicals noted Q4 2023 sales of 62,073 Million KRW (-22.3% year-over-year) and recorded FY2023 sales of 264,232 Million KRW (-23.7% year-over-year).

In the 4<sup>th</sup> quarter of 2023, Division Industrial Chemicals faced ongoing macroeconomic challenges, including a sluggish recovery in China, geopolitical constraints and a persistent slowdown in demand, exacerbated by aggressive pricing pressures. Furthermore, declining raw material prices disrupted effective pricing mechanisms, while global logistical issues hindered the Division's performance. Polymer Stabilizers saw increased volumes in Q4 2023 compared to the previous year, but revenues declined due to lower pricing. As customers' safety stocks diminished, the business did observe improved demand later in the quarter, resulting in a relatively positive performance overall in Q4/2023, albeit lower than 1HY/2023. Meanwhile, Fuel and Lubricant Additives saw higher volumes and revenue in Q4/2023 due to increased customer demand, offsetting falling raw material costs. Although Coatings volumes rebounded in October following a weak September, global demand remained subdued throughout Q4/2023.

For Division Performance Chemicals, Q4/2023 mirrored the previous quarter, as expected, with no significant changes. Despite the overall low demand in the final quarter of 2023, Tin Intermediates maintained a sales volume similar to that of Q3/2023 and observed a rise in turnover, due to the product mix and the positive influence of stable tin prices throughout the quarter. During Q4/2023, PVC faced weak demand and intense competition. However, there was a slight improvement observed, supported by signs of a slow recovery in Korea and robust growth in EMEA. In contrast, Q4/2023 proved to be a stronger quarter than Q3/2023 for SONGWON's SPU/TPU business. Strong demand for SPU drove revenue growth, while TPU sales remained steady compared to Q3/2023. Raw material prices remained stable throughout the 4<sup>th</sup> quarter, and SONGWON's manufacturing facilities ran smoothly without any issues.

As anticipated, 2023 was another challenging year for the industry due to inflation and uncertain macroeconomic conditions, which made market development predictions difficult. Despite expectations for demand to rise in the latter half of the year, true industry recovery has not yet materialized. Although SONGWON notes slight improvement, it sees overall demand remaining at comparable levels in the coming months and the competitive landscape intense. Additionally, due to recent global events, logistics costs are expected to continue rising.

In the face of ongoing demand volatility, geopolitical uncertainty and logistics hurdles, accurately predicting what the upcoming year will bring is not possible. Hence, SONGWON will persist in executing its current strategy and enhancing efficiencies as well as implementing appropriate measures to navigate the dynamic market conditions effectively. With confidence in its resilient business model, SONGWON remains dedicated to fulfilling financial objectives, seizing opportunities and securing 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 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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**For further information,  
please contact:**  
SONGWON Industrial Group  
Marcel Romer  
Corporate Communications Manager  
Walzmühlestrasse 48  
CH-8500 Frauenfeld  
Switzerland  
Tel: +41 52 635 0000  
E-mail: [marketing@songwon.com](mailto:marketing@songwon.com)

**For editorial inquiries and clippings,  
please contact:**  
Marketing Solutions  
Büşra Karaca  
  
Box 6  
2950 Kapellen  
Belgium  
Tel: +31 651 487 664  
E-mail: [bkaraca@marketing-solutions.com](mailto:bkaraca@marketing-solutions.com)

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