



SONGWON reports solid results for FY 2022

- **Sales in 2022 totaled 1,329,509 Million KRW**
- **Net profit amounted to 131,932 Million KRW for FY 2022**
- **SONGWON maintained a gross profit margin of 22.7% in 2022**

Ulsan, South Korea – March 2, 2023 – SONGWON Industrial Group (www.songwon.com) today reported its financial results for FY 2022. The Group achieved revenues of 297,610 Million KRW during Q4/2022, marking a 5.0% increase over the previous comparable quarter in 2021 (Q4/2021: 283,475 Million KRW). In Q4/2022, the Group achieved a net profit of 8,459 Million KRW, a decline of -67.6% versus the prior year quarter (Q4/2021: 26,100 Million KRW). SONGWON recorded strong overall consolidated sales of 1,329,509 Million KRW for FY 2022, a rise of 33.2% compared to the consolidated sales achieved for FY 2021 (998,190 Million KRW). The Group reported a net profit in 2022 of 131,932 Million KRW, marking an 85.3% increase compared to the full year 2021 (FY 2021: 71,209 Million KRW). The gross profit margin of 22.7% for the financial year stood slightly higher than in FY 2021 (22.3%).

In Million KRW	Q4			YTD December		
	2022	2021* (restated)	Δ%	2022	2021* (restated)	Δ%
Sales	297,610	283,475	5.0%	1,329,509	998,190	33.2%
Gross profit*	50,887	68,115	-25.3%	301,620	222,190	35.7%
<i>Gross profit margin</i>	17.1%	24.0%		22.7%	22.3%	
Operating profit	24,349	36,584	-33.4%	185,116	105,714	75.1%
EBITDA	33,321	47,647	-30.1%	220,310	142,952	54.1%
<i>EBITDA margin</i>	11.2%	16.8%		16.6%	14.3%	
EBIT	23,903	38,729	-38.3%	185,502	104,519	77.5%
<i>EBIT margin</i>	8.0%	13.7%		14.0%	10.5%	
Profit for the period	8,459	26,100	-67.6%	131,932	71,209	85.3%

*restated with IFRS15 adjustment

After a strong end to 2021, SONGWON registered sound growth and increased revenues at the beginning of 2022. This positive momentum continued throughout the year until overall demand began weakening in the 3rd quarter as product availability grew and customers' destocking activities increased in response to declining raw material costs. Despite this, and amid ongoing geopolitical tensions, supply chain bottlenecks and rising variable costs across the regions, SONGWON's Divisions benefitted from robust demand in the first 6 months of 2022 and finished FY 2022 well. Division Industrial Chemicals achieved revenues of 983,239 Million KRW in 2022, 33.7% higher than the previous year (FY 2021: 735,654 Million KRW). Division Performance Chemicals sales for FY 2022 amounted to 346,270 Million KRW, an increase of 31.9% compared to the same reporting period in 2021 (262,536 Million KRW).

In Q4/2022, Division Industrial Chemicals' performance was impacted by the increased supply in its markets and customers' reducing stock levels which resulted in a drop in demand across the businesses. In addition to weaker demand, Polymer Stabilizers' revenue fell due to aggressive pricing, the conflict between Russia and the Ukraine and was further compounded by shipping constraints. During the final quarter, Fuel and Lubricant Additives partially offset the negative impacts with higher product prices on the back of its effective raw material cost formula mechanism. In keeping with the general trend in the industry, Coatings recorded lower revenues in Q4/2022 compared to the previous quarters but was successful at counterbalancing the value decline with previously implemented price increases.

SONGWON's Division Performance Chemicals was also negatively impacted by volatile prices and the weaker, more unpredictable demand but throughout the quarter, it was able to benefit from decreasing raw material costs.

Although demand remained fairly strong for Tin Intermediates during Q4/2022, especially from the Automotive E-coat market, but its profitability deteriorated due to the drop in tin prices. Despite the general economic environment causing demand to fall significantly in South East Asia, PVC saw demand rise slowly overall during Q4/2022 on the back of logistics costs returning to pre-pandemic levels which positively impacted SONGWON's competitiveness outside Asia. Declining raw material prices and price increases applied earlier in the year led to a rise in revenues and profitability for TPU/SPU throughout the final quarter.

SONGWON demonstrated resilience in facing the many unprecedented challenges in 2022, achieving good financial results for the year by successfully executing the Group's strategy and managing expenditures prudently. Looking ahead to the coming year, the volatile political instability in various regions across the globe is expected to be ongoing in 2023, along with inflationary pressure on the world's economy and the continuing decline in demand. However, SONGWON is remaining reserved with its predictions. With the current global macro conditions and particularly political and economic instability, supply chain pressures and demand unpredictability, it is difficult to assess accurately what the new fiscal year will bring.

To further strengthen its position going forward, SONGWON will continue to invest in new technologies, maintain its broad, robust portfolio and make sure that it is well-positioned to reliably meet customers' requirements. The Group intends to keep a close eye on global developments while driving productivity and focusing on operational improvements as well as optimizing processes to achieve higher efficiencies. Acting with caution and exercising financial discipline, SONGWON is confident that it can successfully navigate these uncertain times, continue to reliably serve customers and most importantly create long-term value for all of SONGWON's shareholders.

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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