

# 2024 1Q Earnings release

---

---

## Forward Looking Statements

This document is intended for the convenience of investors which includes predictive information about the future.

Such predictive information could be affected by known or unknown risks and markets, other unclear reasons or originally expected situation. There might be a difference between the actual results and written contents and it could vary without notice depending on the changes of the market environments and strategic modification.

This document is written as a reference for judgment to invest. Please note that we do not offer you any guarantees or bear any liability for the content of this material.

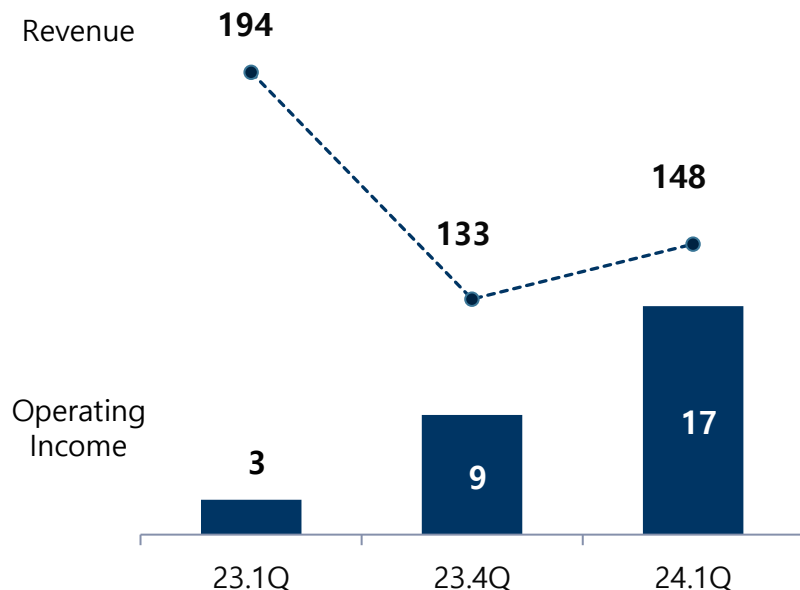
Both revenue and operating income increased greatly compared to the same period of last year and previous quarter.

(KRW bn)	23.1Q	23.2Q	23.3Q	23.4Q	24.1Q	QoQ(%)	YoY(%)	FY23	FY22
<b>Revenue</b>	335	301	<b>251</b>	<b>247</b>	<b>255</b>	+3%	▽24%	1,134	1,405
<b>Operating Income</b>	2	8	<b>1</b>	<b>21</b>	<b>27</b>	+28%	+1,622%	32	148
<b>%</b>	0.5%	3%	0.3%	9%	<b>11%</b>	+2%p	+10%p	3%	11%
<b>EBITDA</b>	14	20	<b>13</b>	<b>34</b>	<b>3</b>	+19%	+195%	81	194
<b>%</b>	4%	7%	5%	14%	<b>16%</b>	+2%p	+12%p	7%	14%
<b>Pretax Income</b>	6	55	(29)	195	<b>272</b>	+39%	+4,151%	23	141
<b>Net Income</b>	2	44	(18)	135	<b>217</b>	+61%	+9,255%	16	127

※ Profit and loss from the board division were excluded as the UNID BT+ had been spun off

### Quarterly Results

(UNIT: KRW bn)



OPM	1%	7%	11%
EBITDA	9.4	15.9	24.1

※ Based on K-IFRS, before external audit

### 1Q Review

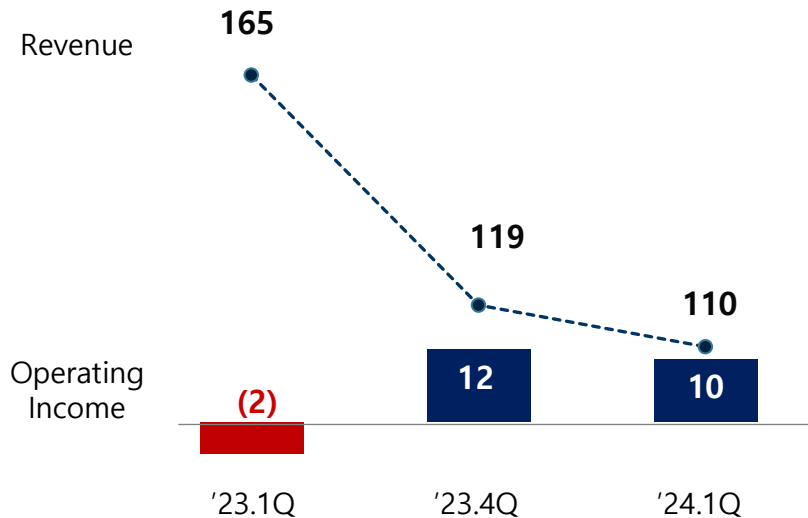
- 1Q operating rate : 85% | 4Q operating rate : 60% (implemented annual maintenance)
- Sales volumes QoQ +8% increased, YoY +10% increased : demands from Europe recovered
- Spread stabilized due to lower raw materials costs
- Foreign-exchange rate effect thanks to strong dollar : proportion of export is up to 90%
- Revenue decreased as ASP declined, driven by raw material costs decrease

### 2Q Outlook

- Entering peak seasonality, sales volumes QoQ +8% expected
- 2Q expected operating rate : 85%, similar to 1Q
- Expect Strong dollar trend continues : favor situation for domestic division
- Ocean freight issue due to conflict in Middle East
- U-3 will be completed by June (80,000mt ramp-up) : purpose of ramp-up is to improve electricity efficiency

## Quarterly Results

(UNIT: KRW bn)



OPM	△1%	10%	9%
EBITDA	3.6	17.0	15.6

※ Based on K-IFRS, before external audit

## 1Q Review

- 1Q operating rate : 91% | 4Q operating rate : 85%  
: to secure product inventory, operating rate increased
- Sales volumes similar to previous year, QoQ △9% decreased  
: due to Chinese Lunar New Year, QoQ sales volumes decreased
- Chlorine price, which was weak during Chinese Lunar New year, had been recovered from March  
: but still price is weak as demand for PVC is not strong
- Revenue decreased as ASP declined, driven by raw material costs decrease

## 2Q Outlook

- Entering peak seasonality, sales volumes QoQ +13% expected
- Expect slight competition as competitors completed capacity expansion recently
- 2Q expected operating rate : 92%
- Despite weak Chlorine price, gradual improvement is expected compared to previous quarter
- Aiming to operate CPs plant from April, and full operation by July

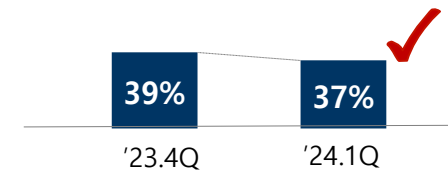
### Summary of Consolidated B/S

(KRW bn)	'23.4Q	'24.1Q	QoQ
<b>Total Assets</b>	<b>1,259</b>	<b>1,266</b>	<b>+7</b>
Cash and Cash equivalents	160	136	△24
Accounts and notes receivable	268	278	+10
Inventories	137	146	+9
Property, plant & equipment	501	506	+5
<b>Total Liabilities</b>	<b>356</b>	<b>345</b>	<b>△11</b>
Payables	116	108	△8
Debt	205	201	△4
<b>Total Shareholders' Equity</b>	<b>903</b>	<b>922</b>	<b>+18</b>
Share capital	34	34	-
Retained earnings	1,036	1,050	+14

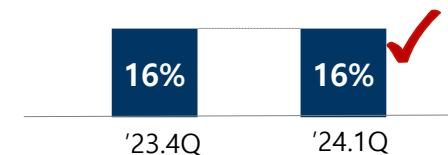
1) Total liability ÷ Total Shareholders' Equity, 2) Total debt ÷ Total assets

### Key Financial Ratios

Debt-to-equity Ratio<sup>1)</sup>



Borrowing Dependence<sup>2)</sup>

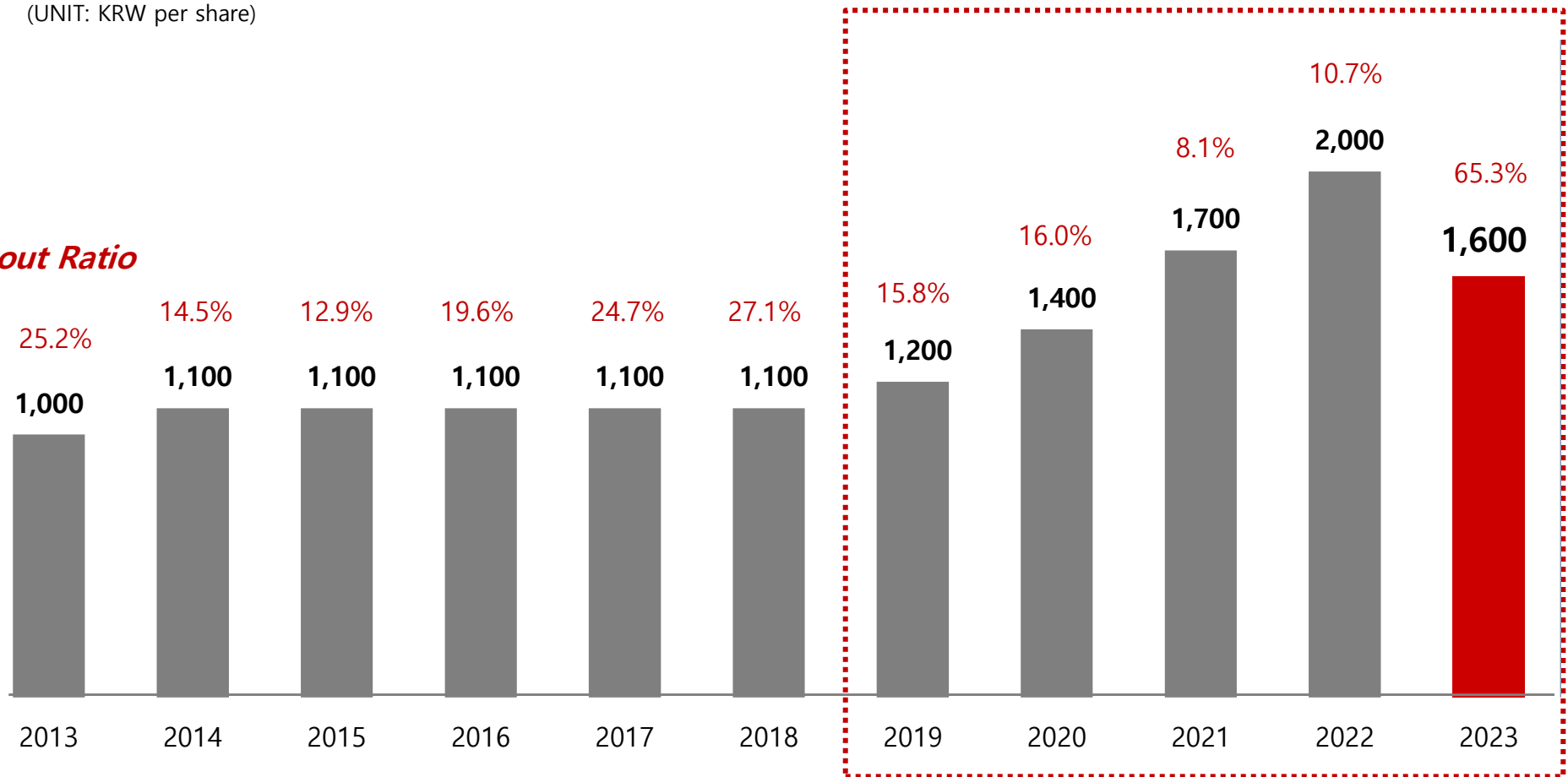


Paying dividends for 20 consecutive years since been listed

## Dividend History (2013 ~ 2023)

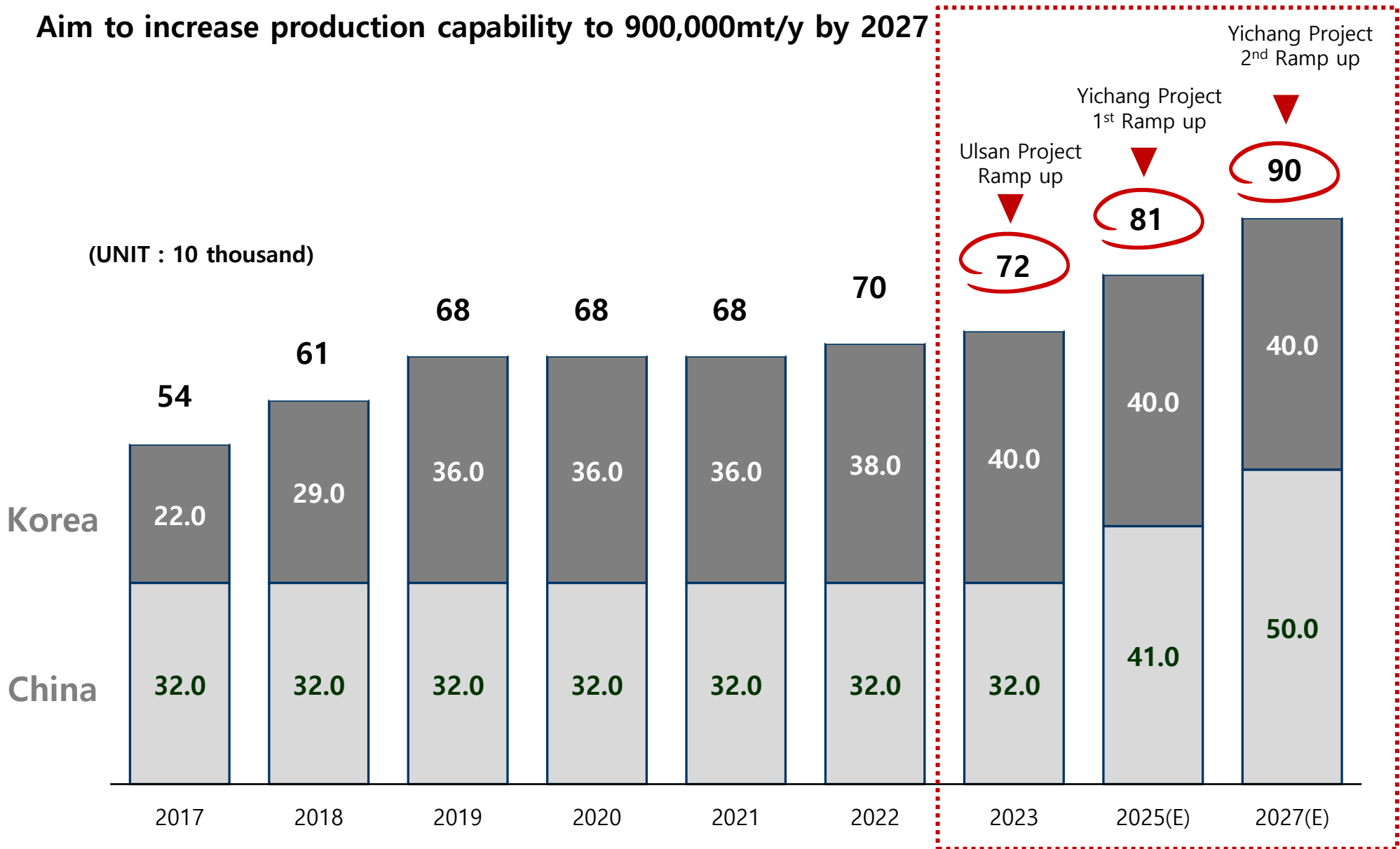
(UNIT: KRW per share)

*Payout Ratio*



# Appendix. Capacity (2017 ~ 2027)

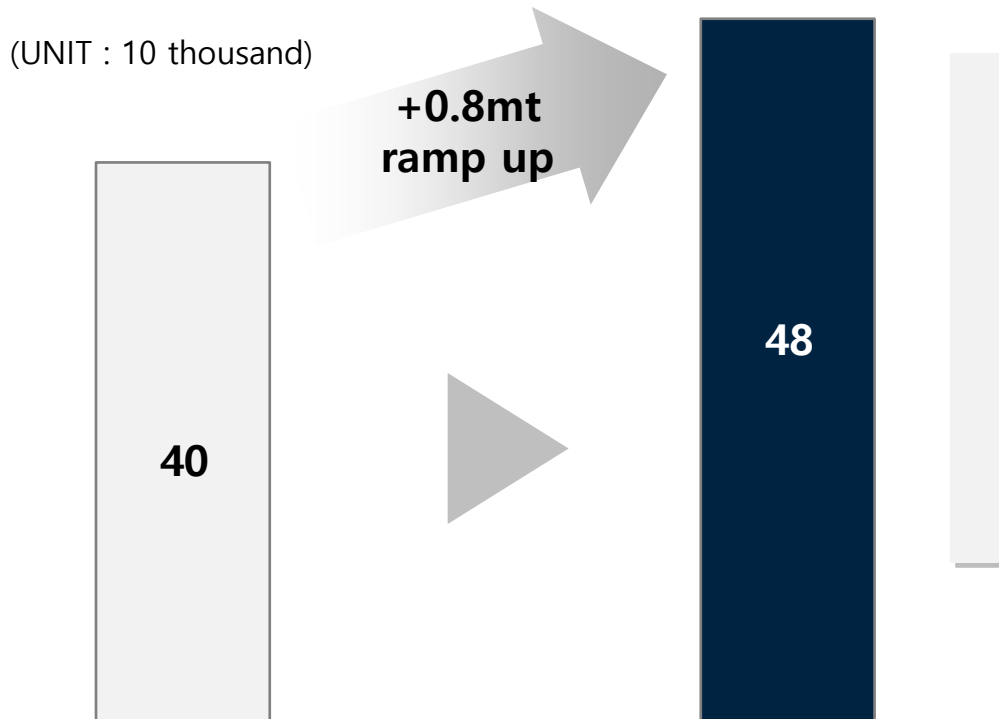
Aim to increase production capability to 900,000mt/y by 2027





To improve electricity efficiency, Korea Plant has been under process for ramp-up and the whole process will be completed by '24.06

Korea Plant Capacity



Purpose of Project & Expected Effect

- Due to increase in electricity prices, the production cost increased as well
- Therefore, **to proactively response to these increases and to save electricity costs, Korea Plant ramp up 0.8mt** : Depending on the rate of the electricity price increase rate, **it expects to save about KRW 5~7 billion annually**
- Quick ramp up is possible in the future, since this project is to maximize electricity efficiency (So we are not going to operate at full capacity)

*“Strategical investment to proactively response to electricity and demands increases”*

CPs Project will be completed in November 2023. Our total investment is 65 billion KRW and target revenue is 90 billion KRW with OPM 10%

## Main application



PVC



polyurethane



rubber



insulator



metalworking

## Expectations

### Strengthen Competitiveness

Tight supply of CPs at Jiangsu Province  
: shortage of 150,000mt as 2 major companies withdraw

### Safely dispose Chlorine

Hydrochloric acid is generated as by-production  
: produce about 168,000mt/y, will sell through Jiangsu Province

### Stable Operation

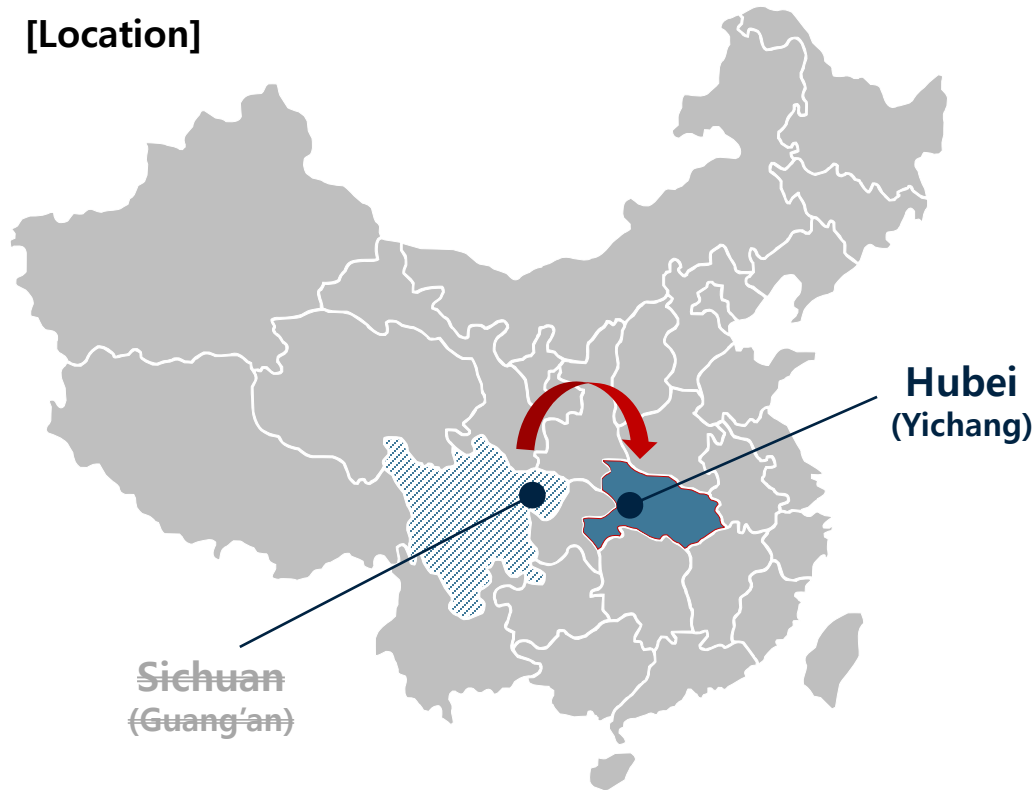
Able to operate KOH plant stably  
: CPs is one of chlorine derivatives that highly uses chlorine

### Capacity

UJC : CP-52 82,000mt (liquid), CP-70 10,000mt (flake)

Aim to operate from 1Q 2025 with capacity of 180,000mt/yr

[Location]



[Details]

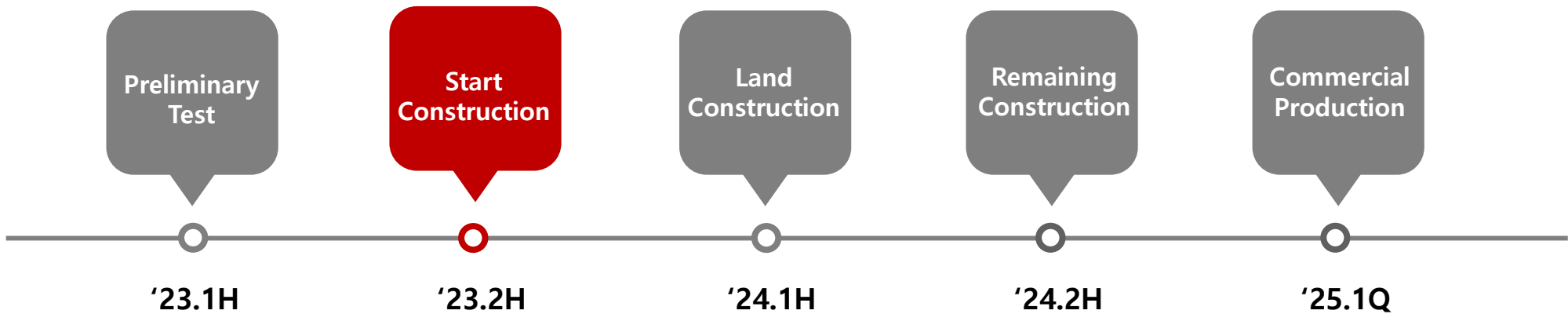
- Total CAPEX : 200 bn. KRW
- Estimated Revenue : 300 bn. KRW

	Products	Capacity*
1 <sup>st</sup> Phase	KOH	8.8
	L-Cl2	5.6
	Low Na KOH*	1.0
	K2CO3	3.0
2 <sup>nd</sup> Phase	KOH	8.8
	L-Cl2	5.6

\* Based on 10 thousand MT

***Guang'an Project Changed to Yichang Project  
"Aim to Operate Yichang Plant from '25.1H"***

*“Aim to complete by 1Q 2025 and ramp up capability to 180,000mt/yr by 2027”*



## Expectations

### Market expansion

Expanding sales network from Hwadong to Midwest  
: Yunnan, Guangdong, Chongqing, Shanxi Province etc

### Cost Reduction

Reduce logistics costs by using Midwest hubs  
: Substitute existing UJC/OJC

### Strengthen Competitiveness

Chinese Division Capacity : 320,000 → 410,000mt/yr  
: UHC 1<sup>st</sup> ramp-up : 90,000 + 2<sup>nd</sup> ramp-up : 90,000mt/yr

### Product diversification

K-series by-products  
: CPs, PAC etc

# Appendix. New Investments & Business

Investing on various sectors to find new driver for the future

## Semiconductor



*"Packaging&Test"*

## Battery

*"Secondary Battery"*



## Hydrogen



*"Liquid hydrogen Storage/ transportation"*

## Carbon

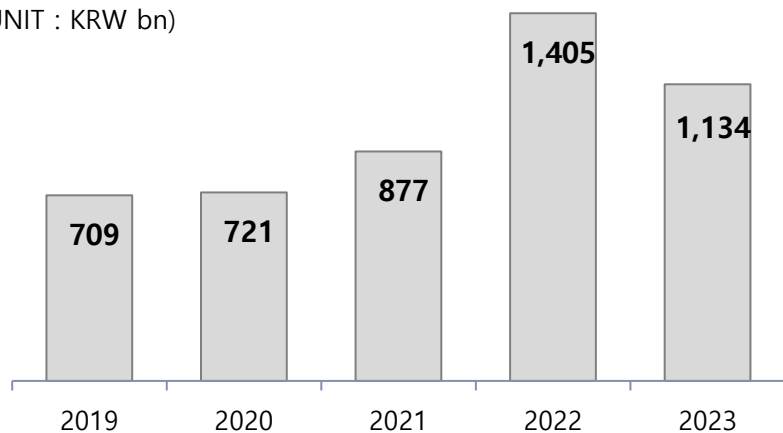


*"CCUS"*

# Appendix. Summary of Consolidated Income Statement

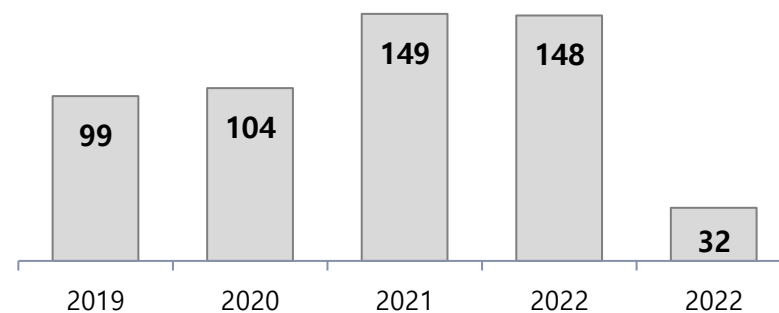
## Revenue

(UNIT : KRW bn)



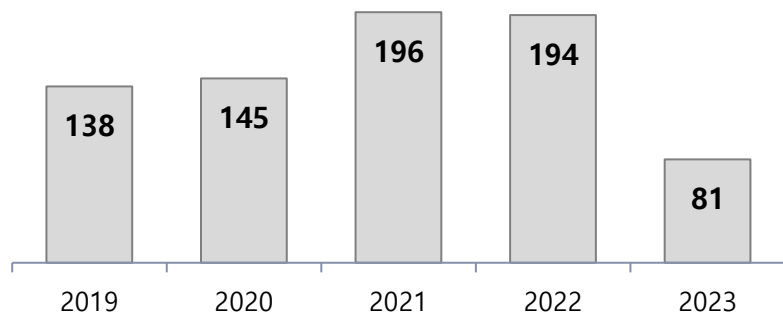
## Operating income

(UNIT : KRW bn)



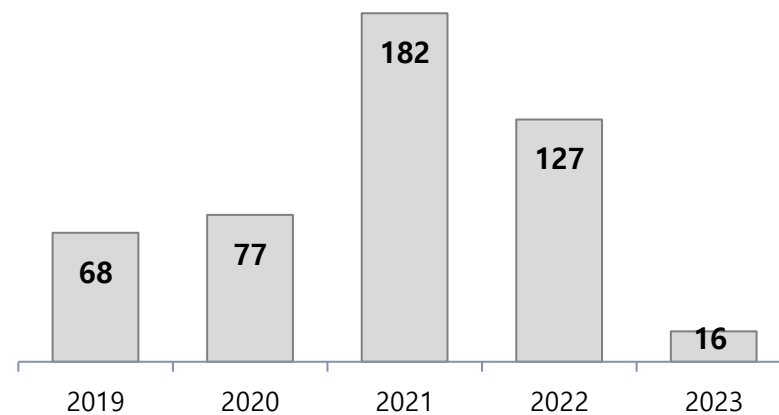
## EBITDA

(UNIT : KRW bn)



## Net income

(UNIT : KRW bn)



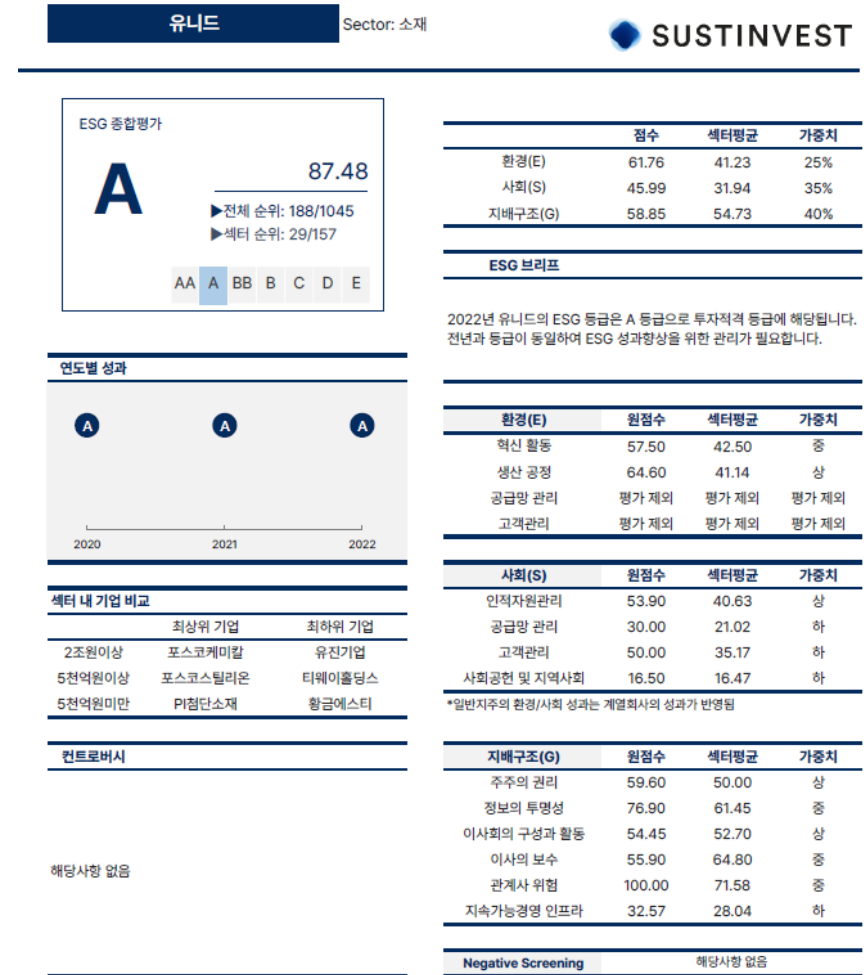
# Appendix. ESG Rating

Received Overall rating 'B+' from KCGS, and 'A' from SUSTINVEST

## KCGS\*



## SUSTINVEST\*\*



- Overall rate increased compared to last year (B → B+)
- Especially, Environment Sector has risen for three grades (C → B+)
- Actively promoting Social Sector by donating and sponsoring

\* Korea Institute of Corporate Governance and Sustainability

\*\* KCGS and Sustainvest are external ESG evaluation organization

---

**Thank You.**