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NEWS & EVENTS

**Songwon Industrial Group releases Financial Results for Q2/2015**

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- Sales in Q2 totaled 157,009 Mil. KRW
- Gross profit amounted to 31,927 Mil. KRW
- The gross profit margin is at 20.3%
- EBITDA increased by 787.4% over Q2/2014

**Ulsan, Korea – August 14, 2015** – Today, Songwon Industrial Group ([www.songwon.com](http://www.songwon.com)) released its financial results for Q2. The Group announced sales of 157,009 Mil. KRW and a gross profit margin of 20.3% for Q2 - an increase of 6.5% points compared to Q2/2014.

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	Q2			YTD June		
	2015	2014	Δ%	2015	2014	Δ%
<b>In Million KRW</b>						
Sales	157,009	172,909	-9.2%	314,054	335,808	-6.5%
Gross profit	31,927	23,927	33.4%	56,898	44,254	28.6%
<i>Gross profit margin</i>	<i>20.3%</i>	<i>13.8%</i>		<i>18.1%</i>	<i>13.2%</i>	
Operating profit	10,802	1,546	598.7%	15,905	489	3,153%
EBITDA	25,993	2,929	787.4%	36,849	13,545	172.0%
EBIT	17,295	-4,971	447.9%	19,610	-2,259	968.1%
<i>EBIT-margin</i>	<i>11.0%</i>	<i>-2.9%</i>		<i>6.2%</i>	<i>-0.7%</i>	
Profit for the period	2,843	-6,713	142.4%	5,911	-11,605	150.9%

After a good start into the year 2015, with a significantly improved gross profit margin in Q1, Songwon saw a more predictable and robust Q2/2015 — despite the ongoing challenging market conditions.

In Q2, the economic situation in Europe continued to remain instable. Compared to Q2/2014, Songwon's Q2/2015 results were affected by strong forex devaluations (EUR/USD, JPY/USD),

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Editorial Enquiries

Giulia Boratto

Songwon Industrial Group

Email: [marketing@songwon.com](mailto:marketing@songwon.com)

Tel: +41 52 635 0000

Kevin Noels

Marketing Solutions NV

Email: [knoels@marketingsolutions.be](mailto:knoels@marketingsolutions.be)

Tel: +32 3 31 30 311

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and the oil price.

Due to the drastic weakening of the Euro against the Korean Won and other relevant currencies, Songwon experienced lower sales revenues in Europe at the beginning of the year. Business in Japan was similarly affected by the continued weakening of the Yen. In Q2, the decision was made to selectively go for price increases to offset volume losses at lower margin accounts.

The price increases in local currencies were successfully implemented but were partly eroded by an additional weakening of the FX against the KRW. This resulted in an overall reduction in consolidated sales of -6.5% compared to the first six months of 2014.

During Q2/2015, Songwon's production sites ran steadily without any disruptions. Raw material costs in Q2/2015 were significantly lower when compared to Q2/2014, although a slight raw material price increase took place in Q2/2015 versus Q1/2015. In spite of this, there were also raw material shortages which negatively affected the availability of some finished products, particularly in the lube additive segment.

However, Songwon's production stability coupled with selective price increases and significantly weaker raw materials in Q2/2015 as compared to Q2/2014, did lead to an impressive recovery of the gross profit margin. EBITDA and EBIT increased notably to 25,993 Mil. KRW and respectively 17,295 Mil. KRW during Q2/2015 compared to Q2/2014.

The reduction of uncertainties regarding foreign exchange rates combined with the stabilization of some political instability (especially Europe and the Near Middle East), is leading to a general upturn in economic activities. The polymer industry's output is expected to increase significantly and subsequently lead to a higher demand for antioxidants. As the cost of raw materials slowly increases, the pressure on prices is expected to weaken and Songwon anticipates a higher demand for products on the back of the global recovery of economic activities.

The Q2 Report can be downloaded at: [www.songwon.com/en/investors/financialresults](http://www.songwon.com/en/investors/financialresults).

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**Reader Enquiries**

Walzmühlestrasse 48  
8500 Frauenfeld  
Switzerland

Tel: +41 52 635 0000  
Fax: +41 52 635 0001  
Email: [marketing@songwon.com](mailto:marketing@songwon.com)  
Web: [www.songwon.com](http://www.songwon.com)

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## Notes For Editors

### **About Songwon Industrial Co., Ltd.**

Songwon Industrial Group is the 2nd largest manufacturer of polymer stabilizers in the world with an almost 50 year history of breakthrough solutions. A leader in the development and production of additives and specialty chemicals, Songwon provides added-value products and innovative solutions to the plastics industry.

The company's extensive product portfolio includes polymer stabilizers, alkylphenols and alkylcresols, PVC stabilizers, plasticizers, tin intermediates, polyurethanes, SAP and flocculants.

With headquarters in Ulsan, Korea, the Songwon Industrial Group comprises 17 companies including 2 joint ventures and 1 representative office, located in 9 different countries on 3 continents. The company has 7 manufacturing facilities, 3 of which are located in Korea, Germany, China, USA, India as well as a manufacturing JV plant in China. Songwon also has a worldwide network sales and customer service offices, logistics hubs and stocking distributors.

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