

3Q 2019 Performance Results

November 6th, 2019
KOLON INDUSTRIES, INC.

1. Overview

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2. 3Q19 Performance

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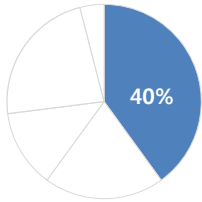
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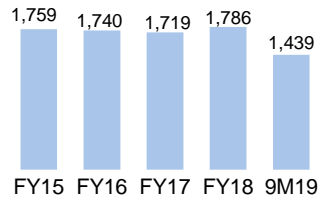
- All 3Q 2019 management performance and financial data in this report are consolidated or parent earnings results based on K-IFRS.
- The operating profit in this report was rewritten considering the changes made in 'indicating financial statements' of financial accounting standards 1001.
- This report has been drawn up for investors without receiving complete external auditing. It must be considered that some data may be revised in the process of external auditing. **Please note that the income statement for the period from 2017 to 2018 has been rewritten to reflect the losses from discontinued operations of the subsidiary and is not yet reviewed by external auditors.**
- The data contains prospective information for the future, including the company's business prospect in the 4Q 2019 and further on. The prospective information has been drawn up considering the current market condition and the company's business strategy at present. Accordingly, it should be taken into consideration that this information may be modified depending on the environmental changes of markets and the company's strategic alteration.

Industrial Material

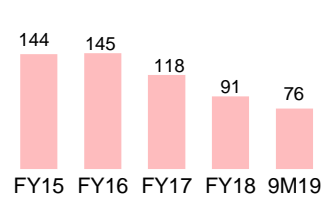
■ Percentage of Sales



■ Sales (Wbn)



■ OP (Wbn)



Functional fibers

- Polyester tire cord, airbag cushion, technical yarn

High performance fibers

- Aramid

Non-woven fabrics

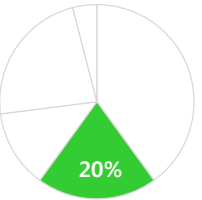
- Artificial leather, spunbond, membrane filter

Subsidiary(KOLON GLOTECK, KOLON PLASTICS)

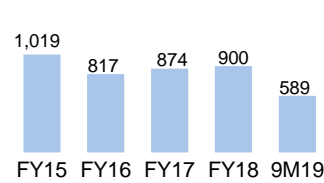
- Fabric & yarn for car seat, Engineering plastic

Chemical

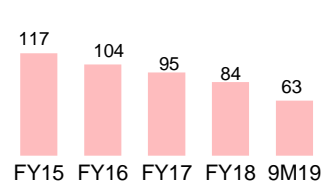
■ Percentage of Sales



■ Sales (Wbn)



■ OP (Wbn)



Hydrocarbon resin

- For glue, paint, diaper, sanitary towel

Phenolic resin

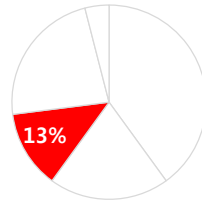
- For industrial glue, cast, abrasive cloth, paint

Epoxy resin

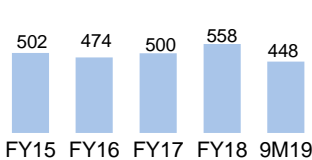
- For electronic circuit, epoxy molding compound

Film/electronic materials

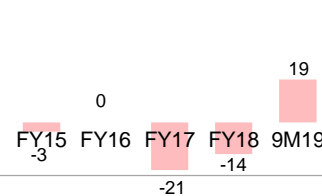
■ Percentage of Sales



■ Sales (Wbn)



■ OP (Wbn)



Polyester Film

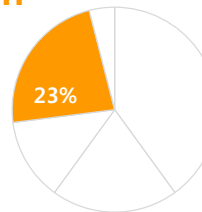
- For packaging, optical film, solar protect film, industrial use film

Electronic materials

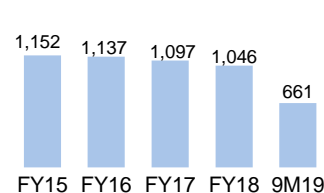
- Light diffuser film/plate, prism film, dry film resist,

Fashion

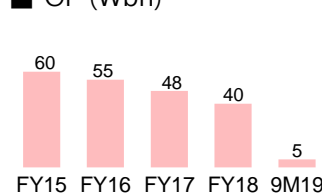
■ Percentage of Sales



■ Sales (Wbn)



■ OP (Wbn)



Outdoor, sports, golf

- KOLON SPORT, HEAD, ELORD, Jack Nicklaus, HONMA

Men' wear, casual

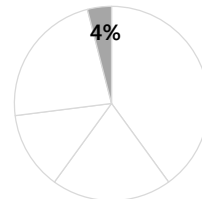
- CAMBRIDGE MEMBERS, Customellow, Series

Accessory, women' wear

- COURONNE, Suecomma Bonnie, Lucky Chouette

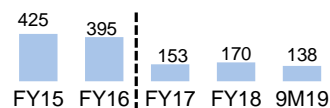
Fashion material, etc

■ Percentage of Sales

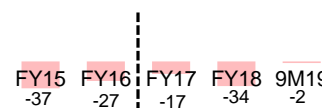


■ Sales (Wbn)

※ Sales and operating profit from 2015 to 2016 include losses from discontinued operations.



■ OP (Wbn)



Polyester chip

Subsidiary(KOLON MATERIALS)

- Polyester and Nylon fabric

Etc

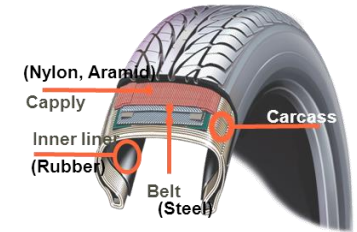
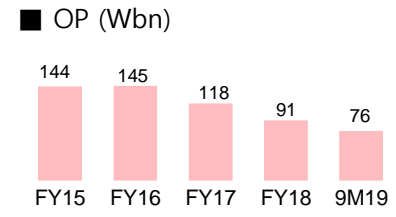
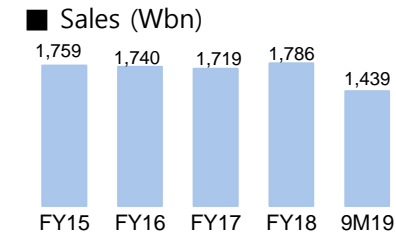
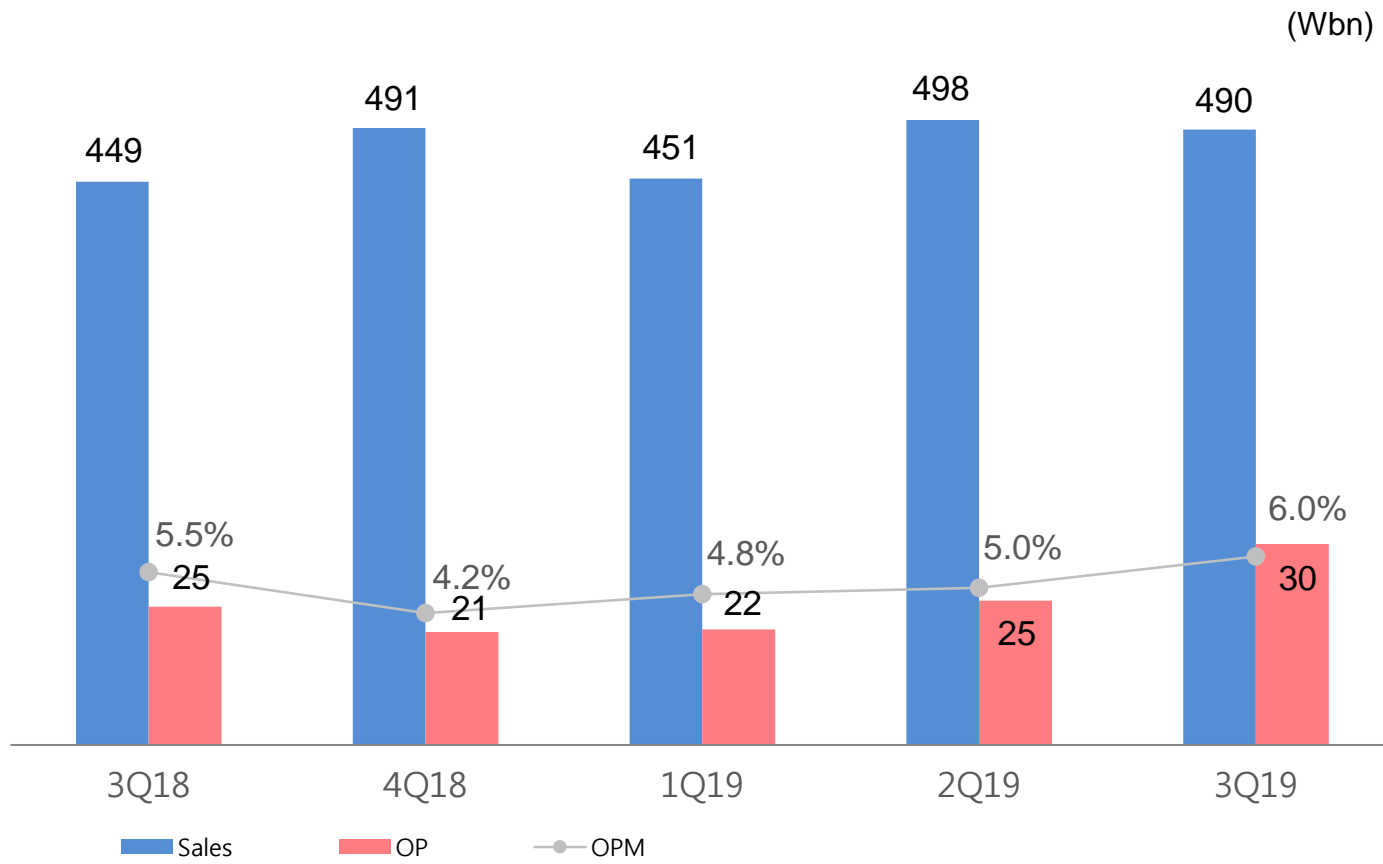
	3Q18	4Q18	1Q19	2Q19	3Q19
	(Wbn)				
Sales	1,054	1,250	1,058	1,149	1,067
Operating profit (OPM)	30 (2.9%)	36 (2.9%)	49 (4.6%)	62 (5.4%)	52 (4.8%)
Pre-tax profit from continuing operations	9	17	36	33	33
Profit from continuing operations	5	4	28	25	22
Loss from discontinued operations	-9	-23	-8	-10	-6
Net profit	-4	-19	20	15	16

- Sales and operating profits increased YoY due to increase in sales volume, high demand for high-value products such as aramid, turn-around effects of film division and improved subsidiaries performance.

※ The quarterly results are undetermined figures that have not been audited or reviewed by external auditors since they were rewritten by eliminating losses from discontinued operations of subsidiaries.

2_1 Divisional Results – Industrial materials

Consolidated earnings (Kolon Industries, Kolon Glotech, Kolon Nanjing Co.,LTD, Kolon Plastics, Kolon Vietnam, etc)

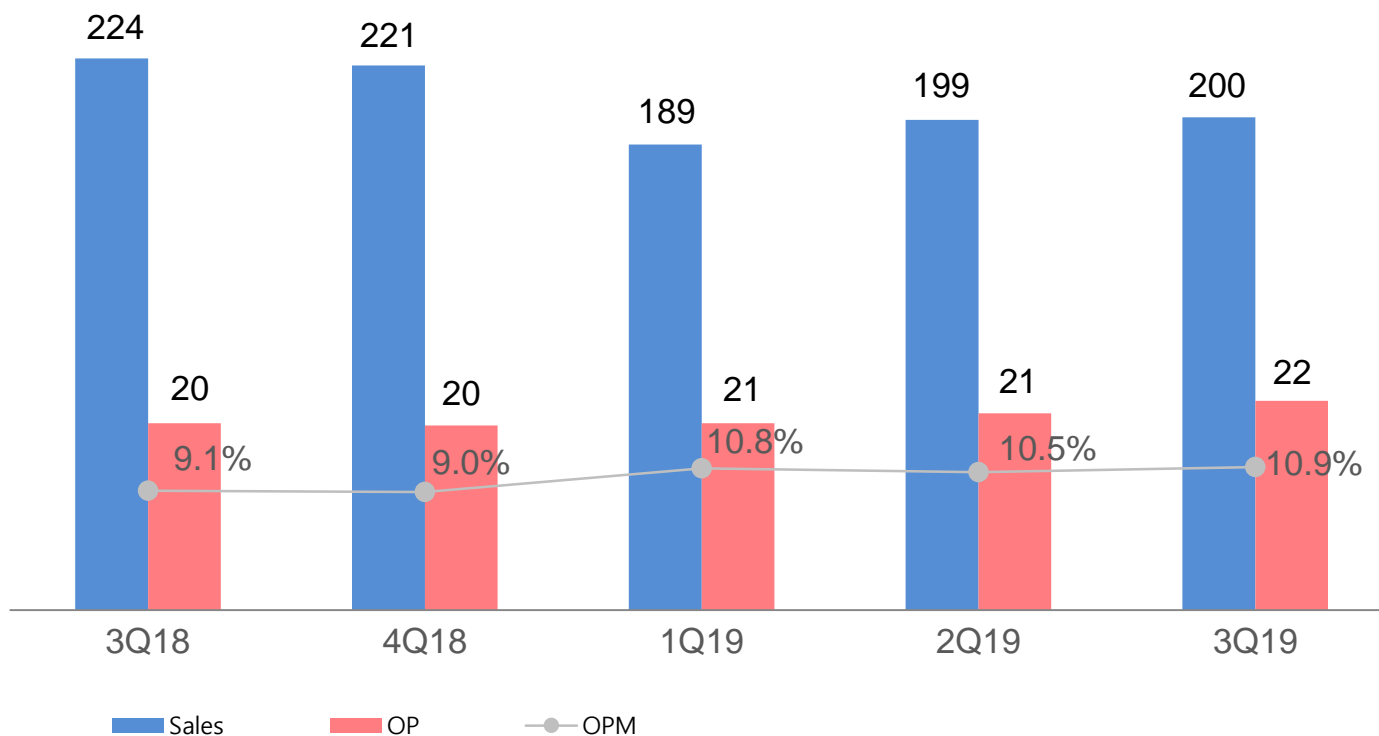


- Sales increased YoY due to the capacity expansion of tire cord and increase in airbag cushion sales volume.
- Operating profit increased YoY due to improved performance by Kolon Glotech and its subsidiaries, including aramid and airbag cushion.

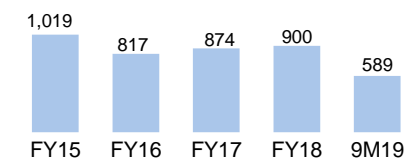
2_1 Divisional Results – Chemical

Consolidated earnings (Kolon Industries, KOLON (SUZHOU) COMPANY LIMITED)

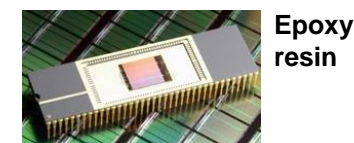
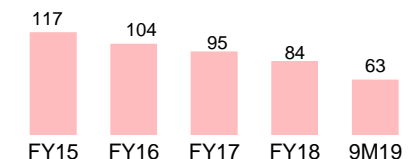
(Wbn)



■ Sales (Wbn)



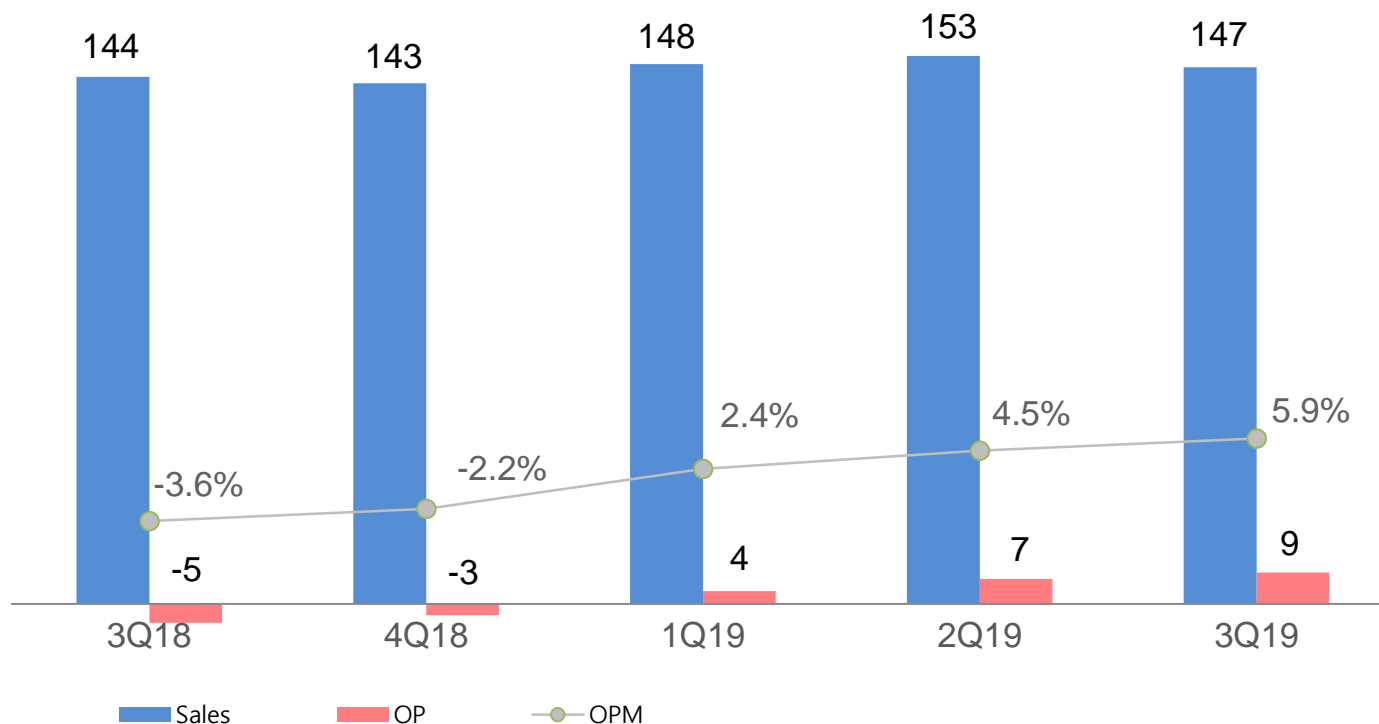
■ OP (Wbn)



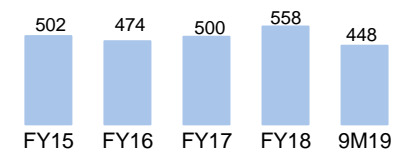
· Operating profit increased YoY due to the good performance result of hydrocarbon resin and improved epoxy resin spread.

Consolidated earnings (Kolon Industries, KIN, KHC, etc)

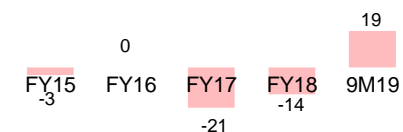
(Wbn)



■ Sales (Wbn)

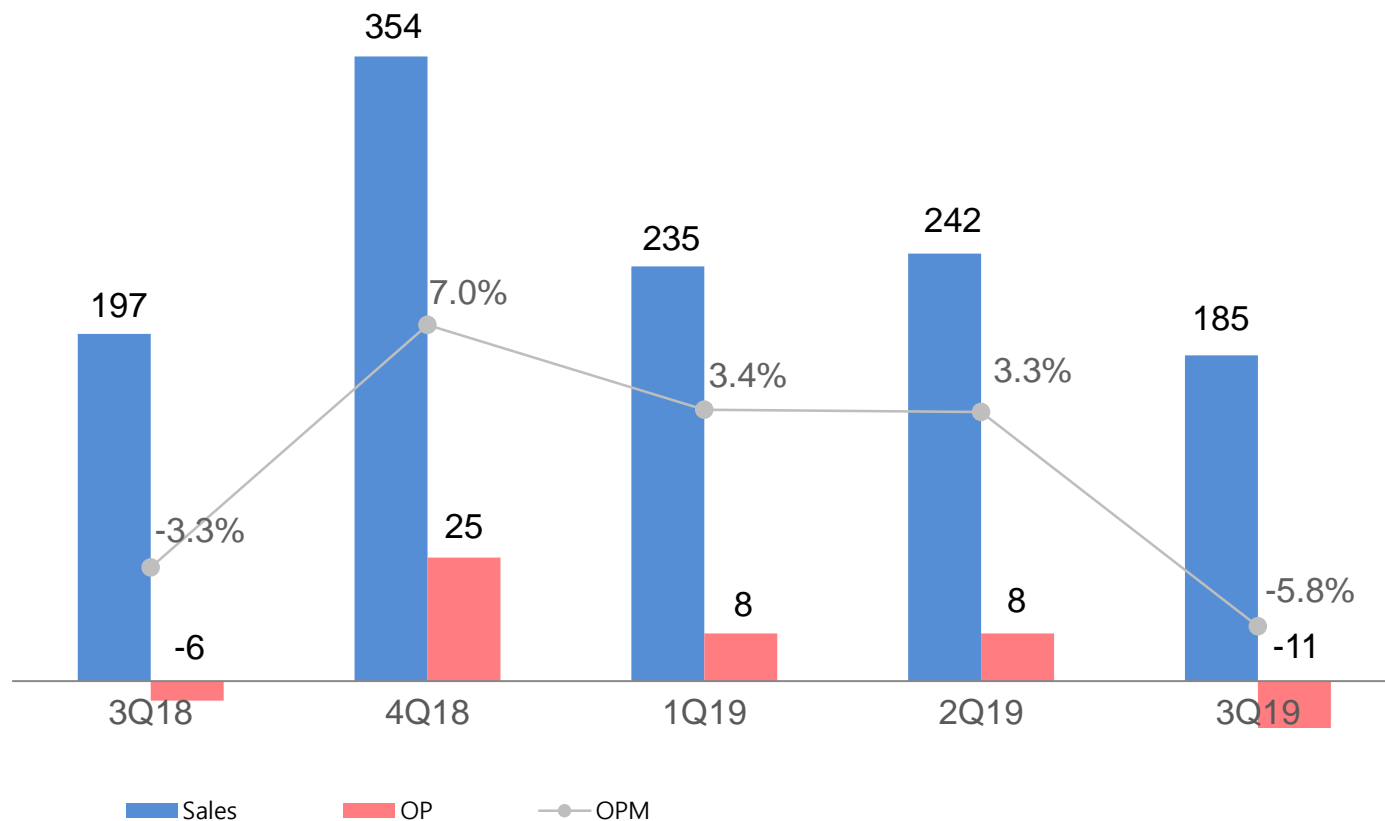


■ OP (Wbn)



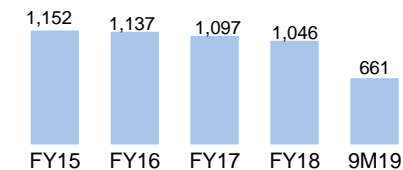
- Operating profit has been driven by increased sales of high value-added films.

Consolidated earnings (Kolon Industries, etc)

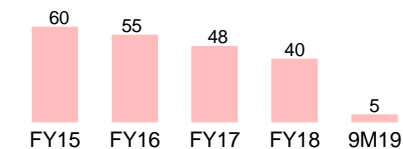


(Wbn)

■ Sales (Wbn)



■ OP (Wbn)



(I) Outdoor

KOLON SPORT

(II) Sports & Golf

HEAD HONMA
 ELORD WAAC

(III) Man

CAMBRIDGE MEMBERS GGIO CURATION
 customellow

(IV) Casual

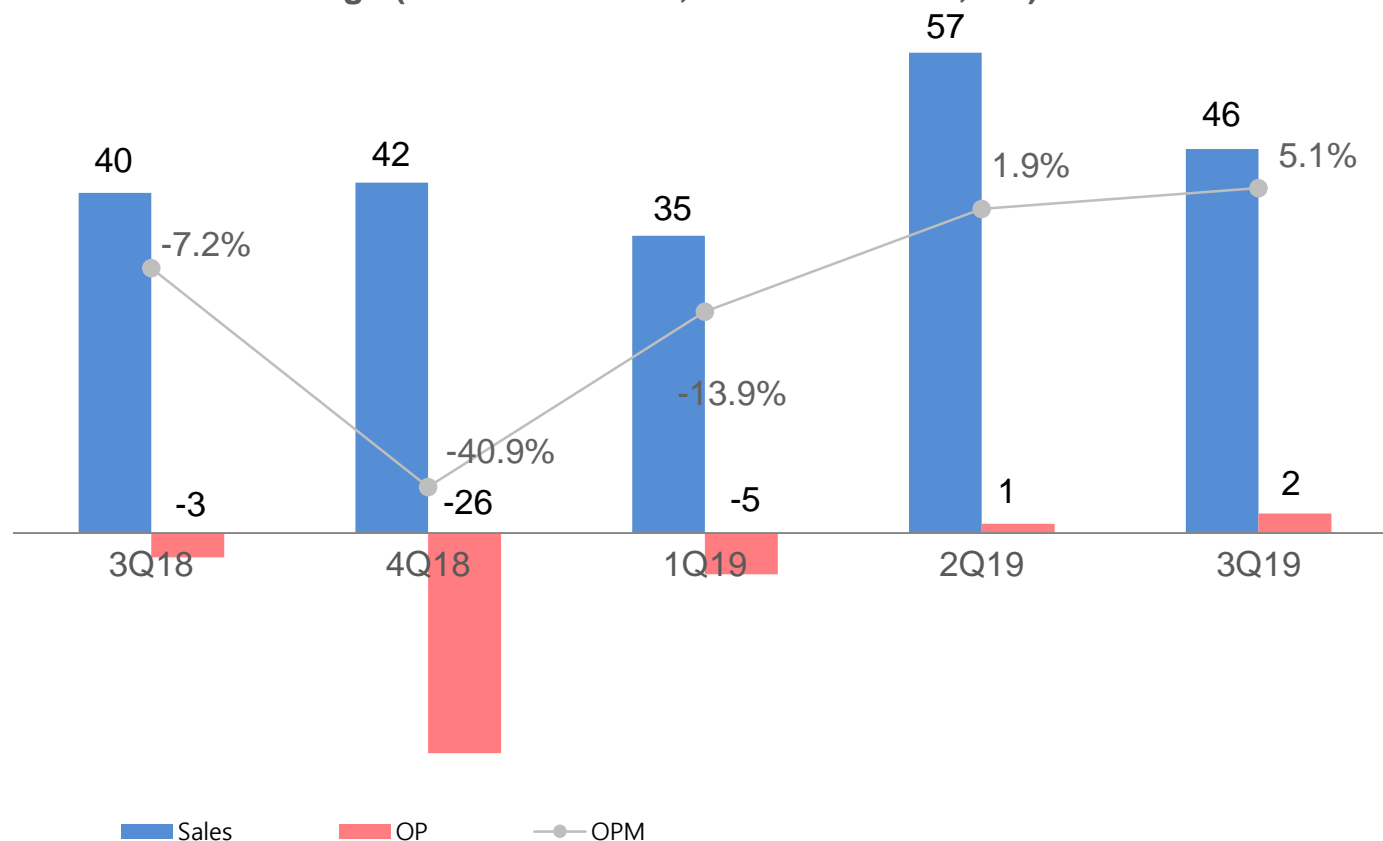
Henry Cottons series: urban generation

(V) Accessory&Woman

COURONNE
 SUECOMMA BONNIE
LUCKY CHOUETTE

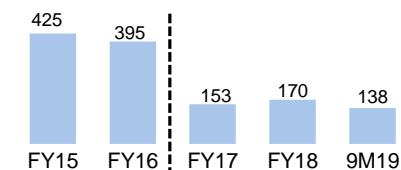
· Performance result dropped YoY due to the outdoor market slump.

Consolidated earnings (Kolon Industries, Kolon Materials, etc) (Wbn)

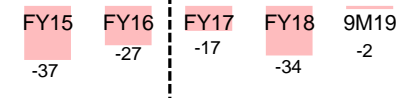


※ Sales and operating profit in 2015 and 2016 include losses from discontinued operations.

■ Sales (Wbn)



■ OP (Wbn)



(I) Kolon Industries



(II) Kolon Materials



HiPAN

neoVENT™

- Operating profit increased YoY due to improvement in polymer performance and reduction in subsidiaries deficit.

※ The quarterly results were rewritten by eliminating losses on discontinued operations of subsidiaries (subject to change upon an external auditor's review)

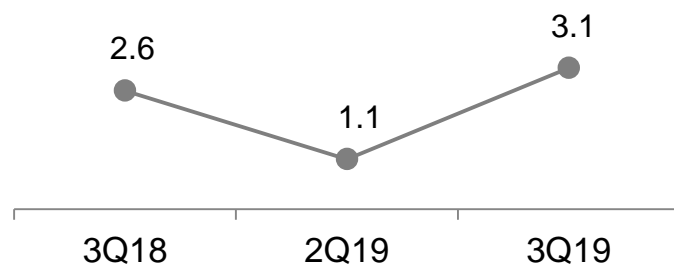
2_2 Non-operating Profit & Loss

(Unit: Wbn)	2017	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19	3Q19
Operating Profit	224	43	57	30	36	167	49	62	52
Other income(losses)	-9	2	13	-3	-20	-8	-1	-10	-4
Finance income(losses)	-55	-12	-15	-15	-9	-51	-10	-13	-16
Gain (loss) on disposal of investments in associates and joint ventures	52	23	-8	-4	10	22	-1	-6	1
Pre-tax profit from continuing operations	211	56	48	9	17	130	36	33	33
Profit from continuing operations	154	43	32	5	4	84	28	25	22
Loss from discontinued operations	-31	-6	-3	-9	-23	-41	-8	-10	-6
Net profit	123	37	29	-4	-19	43	20	15	16

Equity Method Income(losses) on Investments

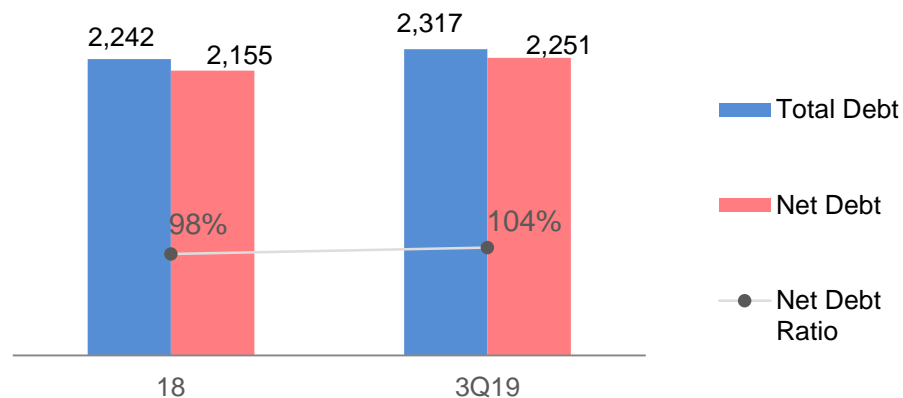
(Unit: Wbn)

SKC KOLON PI
(Shares : 27.0%)

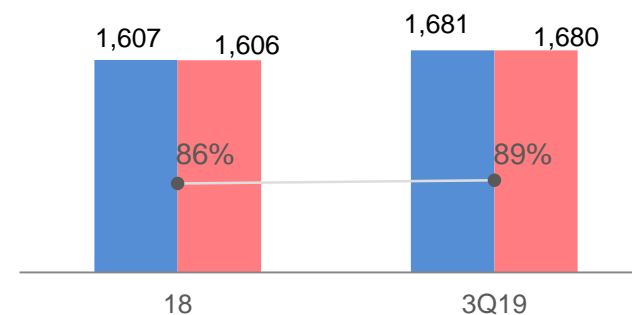


Changes in borrowings / Net Debt Ratio

- Consolidated (Wbn)



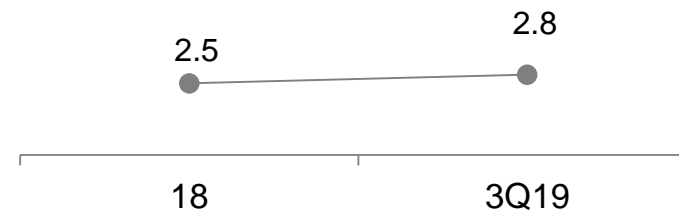
- Kolon Industries: Non-consolidated(Wbn)



Financial Ratio

	18	3Q19
Debt ratio (%)	152%	152%
Capital ratio (%)	40%	40%
Total borrowings and bonds payable to total assets (%)	40%	43%

Interest Coverage Ratio (times)

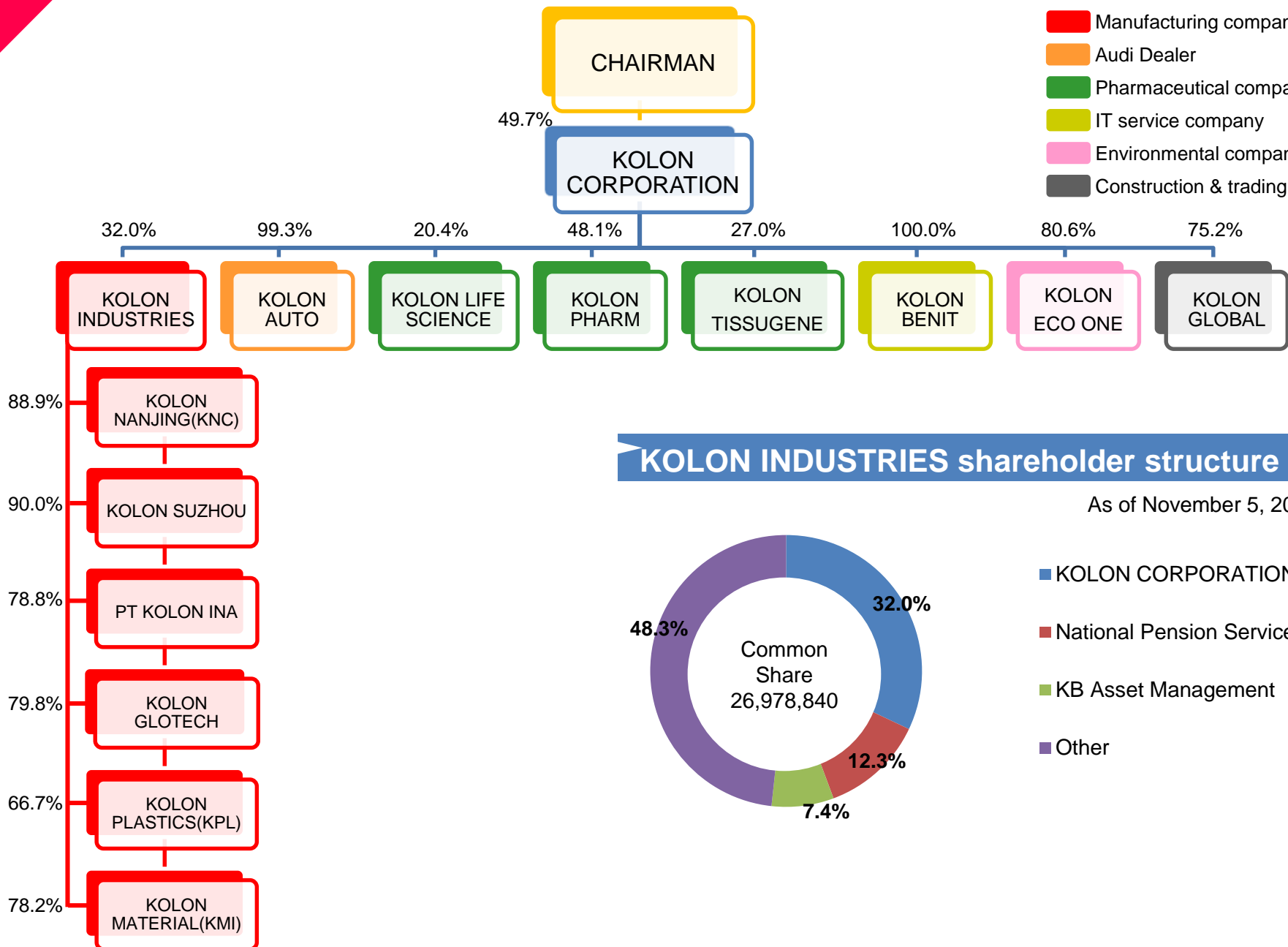


Income Statement (Consolidated)

	2017	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19	3Q19
									(Wbn)
Sales	4,342	1,058	1,098	1,054	1,250	4,460	1,058	1,149	1,067
Ind. Materials	1,719	409	438	449	491	1,786	451	498	490
Chemical	874	237	217	224	221	900	189	199	200
Film	500	131	140	144	143	558	148	153	147
Fashion	1,097	246	249	197	354	1,046	235	242	185
Others	153	34	54	40	42	170	35	57	46
Operating profit	224	43	57	30	36	167	49	62	52
Ind. Materials	118	20	27	25	21	91	22	25	30
Chemical	95	23	21	20	20	84	21	21	22
Film	-21	-4	-3	-5	-3	-14	4	7	9
Fashion	48	8	13	-6	25	40	8	8	-11
Others	-17	-3	-1	-3	-26	-34	-5	1	2
Other income(losses)	-9	2	13	-3	-20	-8	-1	-10	-4
Finance income(losses)	-55	-12	-15	-15	-9	-51	-10	-13	-16
Equity method income(losses), losses on Sale of equity securities	52	23	-8	-4	10	22	-1	-6	1
Pre-tax profit from continuing operations	211	56	48	9	17	130	36	33	33
Profit from continuing operations	154	43	32	5	4	84	28	25	22
Loss from discontinued operations	-31	-6	-3	-9	-23	-41	-8	-10	-6
Net profit	123	37	29	-4	-19	43	20	15	16

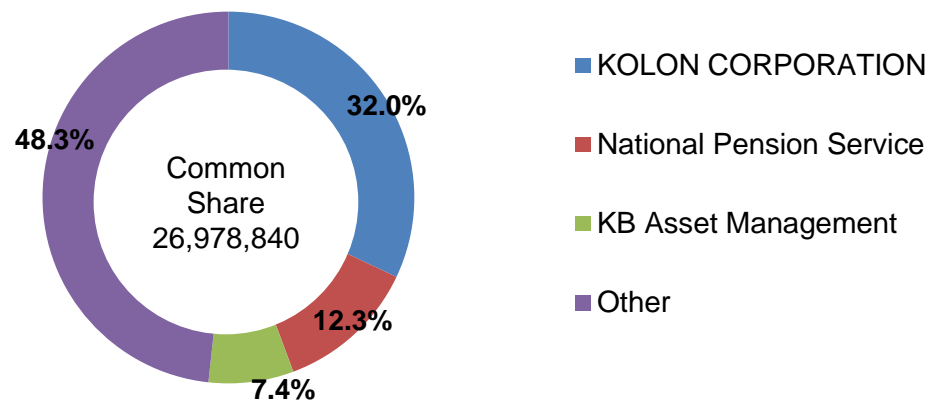
IFRS (Consolidated)							
	2017	2018	3Q19		2017	2018	3Q19
Total Assets	5,662	5,573	5,433	Beginning	147	77	87
Current assets	2,095	1,955	2,003	Net Profit	123	43	51
Non-current assets	3,567	3,618	3,430	Depreciation	191	196	172
Liabilities	3,340	3,364	3,278	Amortization	10	11	9
Current liabilities	2,126	2,324	2,301	Acquisitions of Tangible	-455	-383	-103
Non-current liabilities	1,213	1,040	977	Acquisitions of Intangible	-8	-26	-7
Equity	2,322	2,209	2,155	Dividends Paid	-32	-33	-28
Controlling Shareholders' Equity	2,183	2,097	2,050	Others	101	212	-113
Capital	142	149	149	Ending	77	87	66
Capital Surplus	930	991	990				
Consolidated Retained Earnings	976	1,027	1,034				
Accumulated Other Comprehensive Income	34	-69	-123				
Perpetual Bond	103	0	0				
Non-Controlling Shareholders' Equity	139	112	104				

- Manufacturing company
- Audi Dealer
- Pharmaceutical company
- IT service company
- Environmental company
- Construction & trading company



KOLON INDUSTRIES shareholder structure

As of November 5, 2019



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