

2Q 2019 Performance Results

**August 9th, 2019
KOLON INDUSTRIES, INC.**

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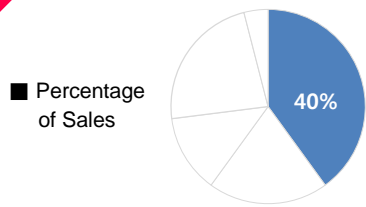
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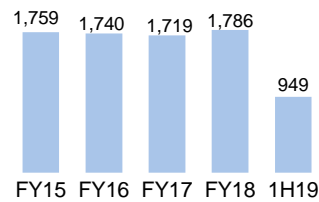
- All 2Q 2019 management performance and financial data in this report are consolidated or parent earnings results based on K-IFRS.
- The operating profit in this report was rewritten considering the changes made in 'indicating financial statements' of financial accounting standards 1001.
- This report 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 3Q 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.

1 Results Overview

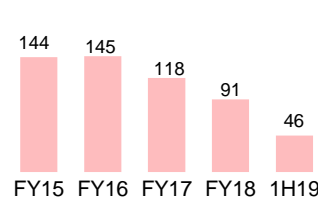
Industrial Material



■ Sales (Wbn)



■ OP (Wbn)



Functional fibers

- Polyester tire cord, airbag cushion, technical yarn

High performance fibers

- Aramid

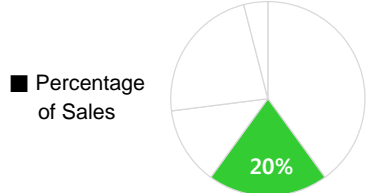
Non-woven fabrics

- Artificial leather, spunbond, membrane filter

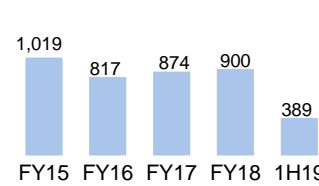
Subsidiary(KOLON GLOTECK, KOLON PLASTICS)

- Fabric & yarn for car seat, Engineering plastic

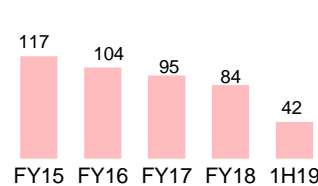
Chemical



■ Sales (Wbn)



■ OP (Wbn)



Hydrocarbon resin

- For glue, paint, diaper, sanitary towel

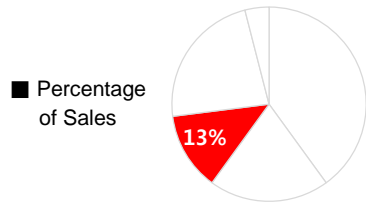
Phenolic resin

- For industrial glue, cast, abrasive cloth, paint

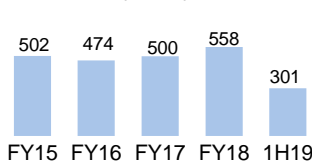
Epoxy resin

- For electronic circuit, epoxy molding compound

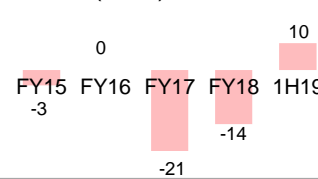
Film/electronic materials



■ Sales (Wbn)



■ OP (Wbn)



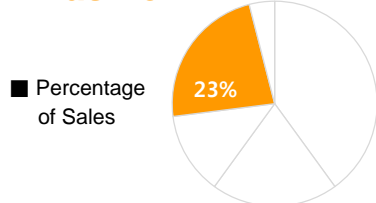
Polyester Film

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

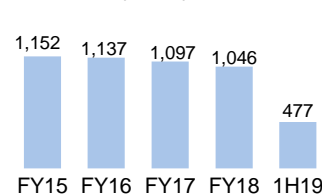
Electronic materials

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

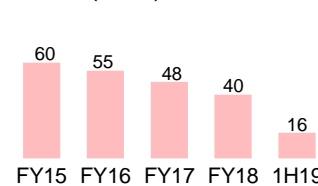
Fashion



■ Sales (Wbn)



■ OP (Wbn)



Outdoor, sports, golf

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

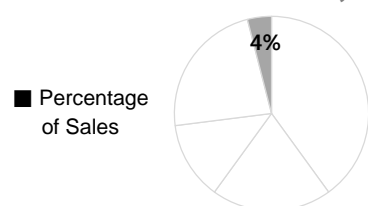
Men' wear, casual

- CAMBRIDGE MEMBERS, Customellow, Series

Accessory, women' wear

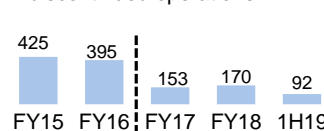
- COURONNE, Suecomma Bonnie, Lucky Chouette

Fashion material, etc

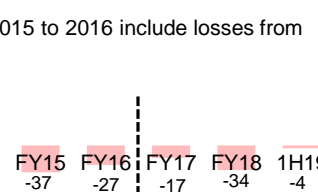


■ Sales (Wbn)

※ 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

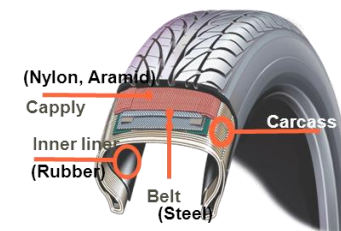
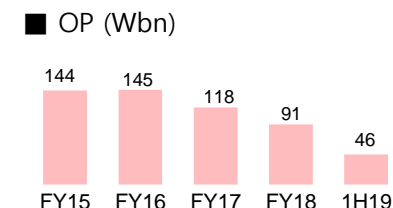
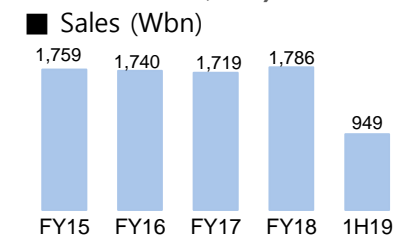
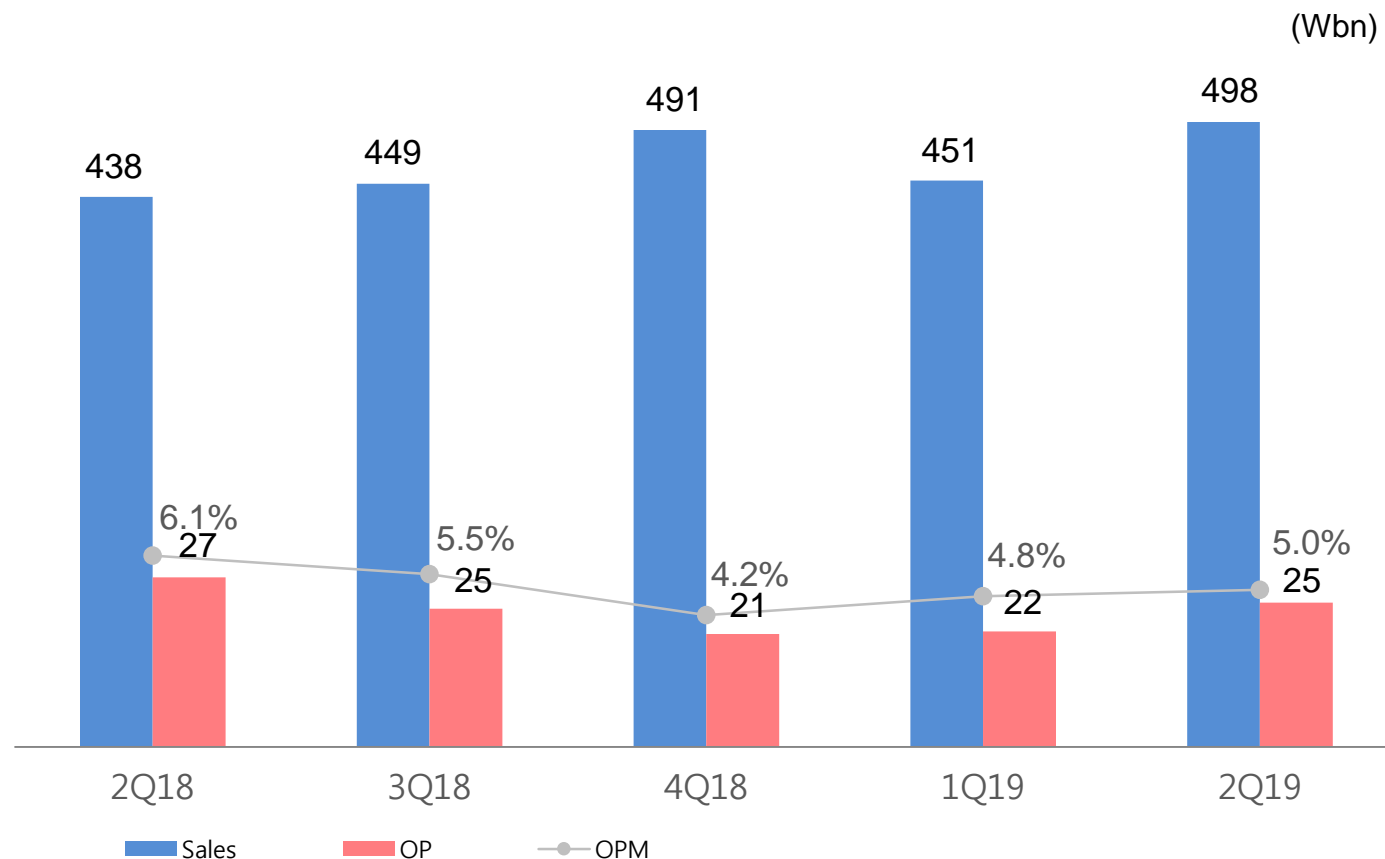
					(Wbn)
	2Q18	3Q18	4Q18	1Q19	2Q19
Sales	1,098	1,054	1,250	1,058	1,149
Operating profit (OPM)	57 (5.2%)	30 (2.9%)	36 (2.9%)	49 (4.6%)	62 (5.4%)
Pre-tax profit from continuing operations	48	9	17	36	33
Profit from continuing operations	32	5	4	28	25
Loss from discontinued operations	-3	-9	-23	-8	-10
Net profit	29	-4	-19	20	15

- Sales and OP were up QoQ and YoY from sales volume increase in the manufacturing division, high demand of high value-added products including Aramid, and turn around in film division.
- Pre-tax profit from continuing operations and Net profit decreased due to disposal losses of subsidiaries as well as increased discontinued business losses.

※ 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

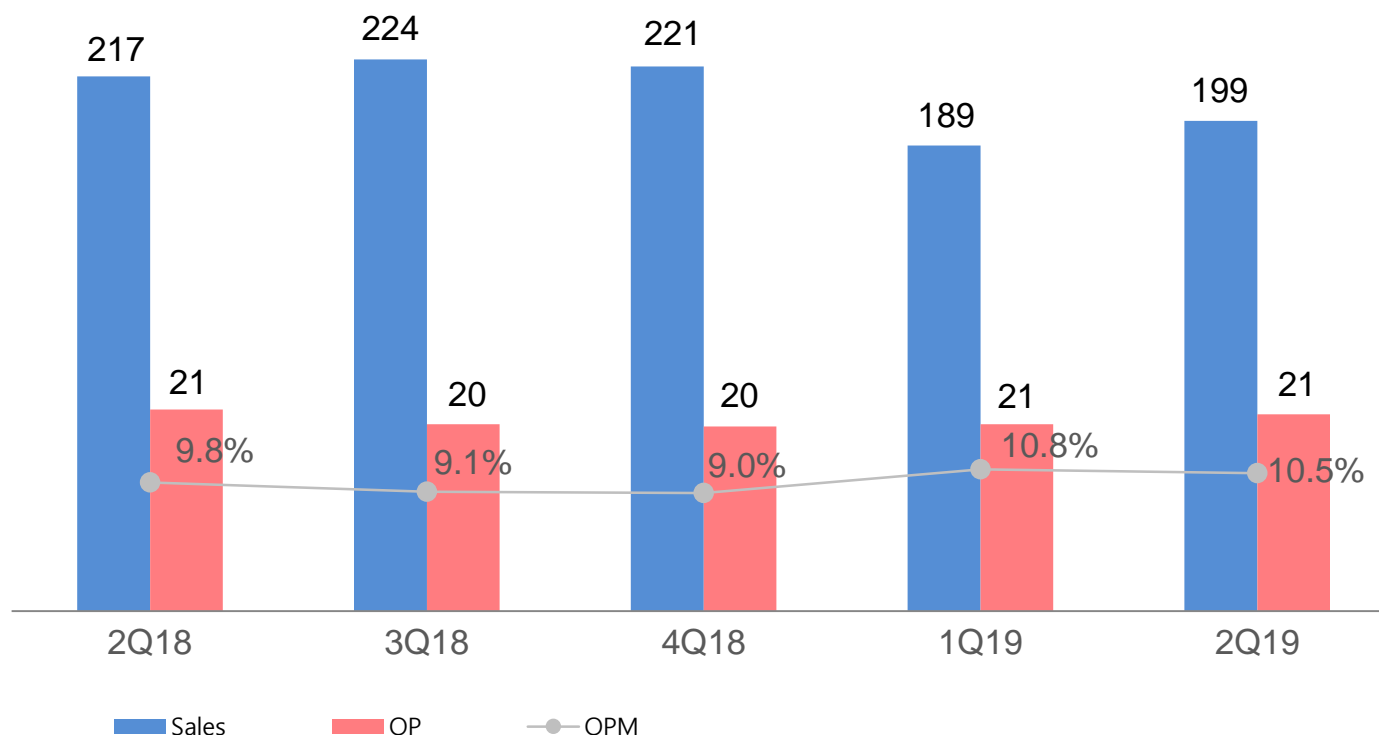
Consolidated earnings (Kolon Industries, Kolon Glotech, Kolon Nanjing Co.,LTD, Kolon Plastics, Kolon Vietnam, etc)



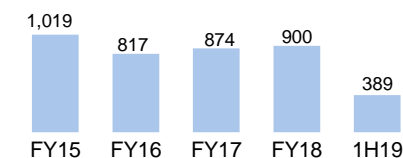
- Sales in 2Q19 were up QoQ and YoY mainly from capacity extension of tired cords and airbag cushion, and OP increased QoQ from improved profitability of Aramid, Kolon Nanjing, and Kolon Plastics.

2_1 Divisional Results – Chemical

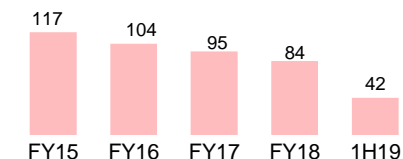
Consolidated earnings (Kolon Industries, KOLON (SUZHOU) COMPANY LIMITED)
(Wbn)



■ Sales (Wbn)



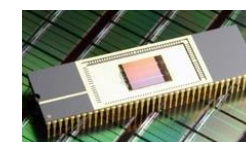
■ OP (Wbn)



Hydrocarbon resin



Phenolic resin



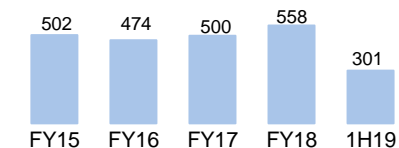
Epoxy resin

- Earnings in 2Q19 slightly increased QoQ from stable sales in hydrocarbon resin as well as improved spread of epoxy resin.

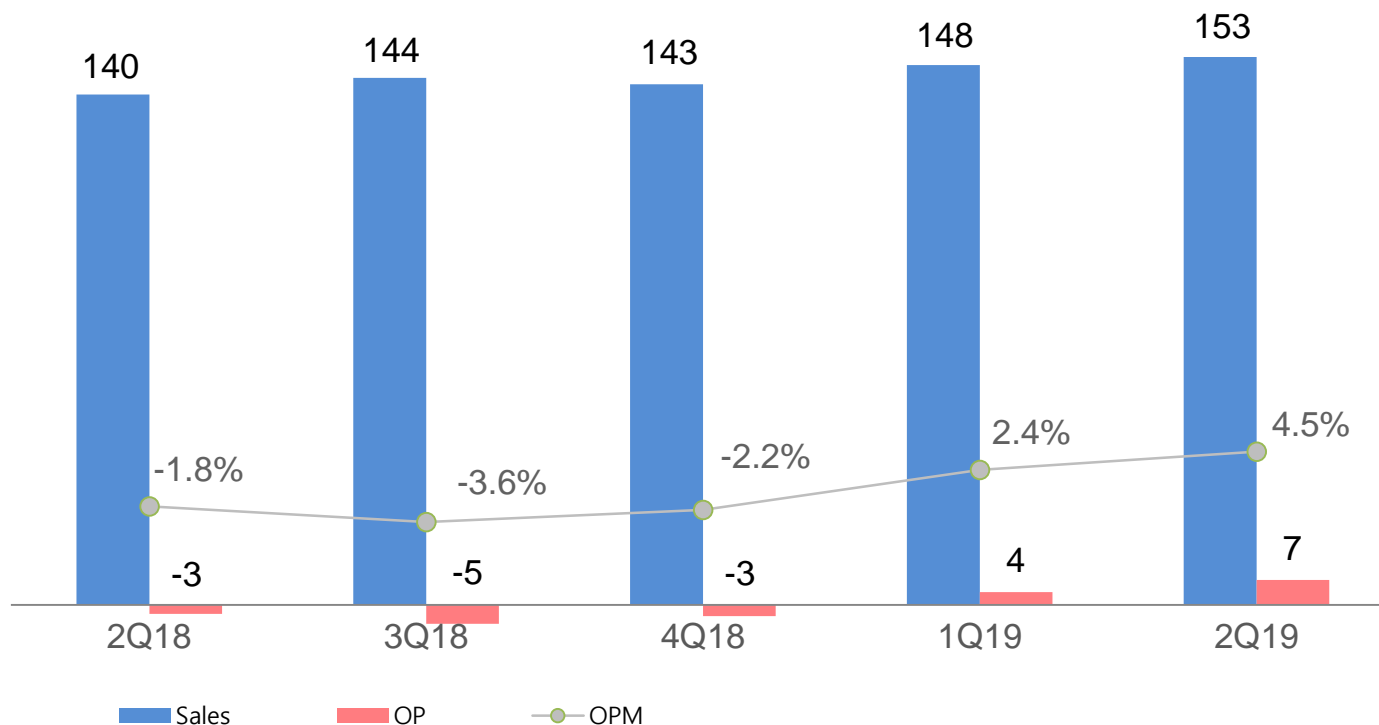
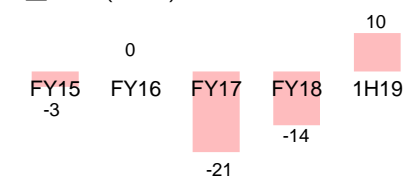
Consolidated earnings (Kolon Industries, KIN, KHC, etc)

(Wbn)

■ Sales (Wbn)



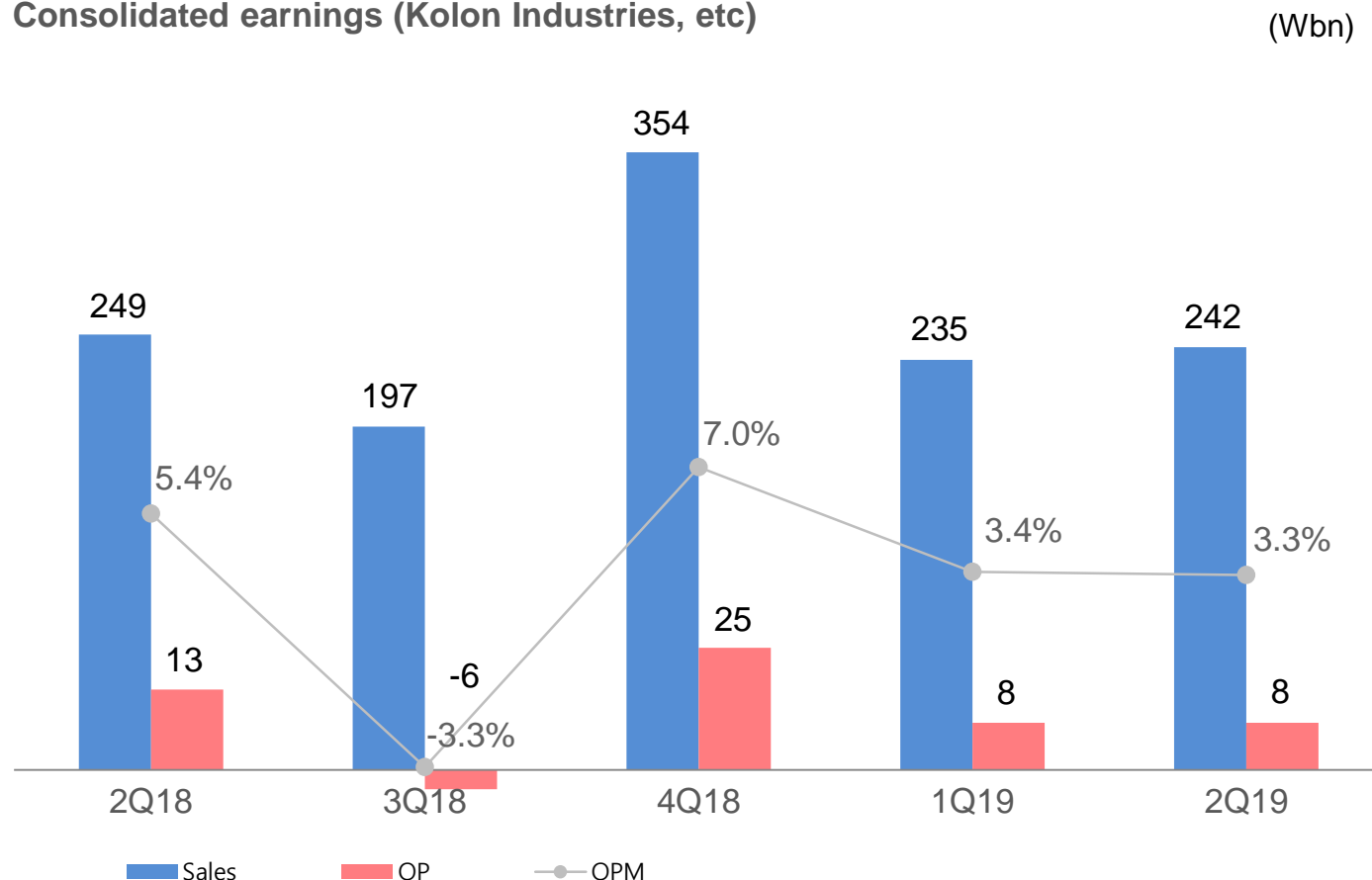
■ OP (Wbn)



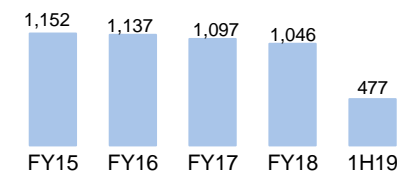
- Earnings in 2Q19 improved QoQ and YoY from increased sales of high value-added films.

2_1 Divisional Results – Fashion

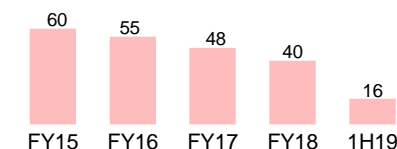
Consolidated earnings (Kolon Industries, etc)



Sales (Wbn)



OP (Wbn)



(I) Outdoor

KOLON SPORT

(II) Sports & Golf

HEAD HONMA
ELORD WAAC

(III) Man

CAMBRIDGE MEMBERS GGIO² CURATION
customellow

(IV) Casual

Henry Cottons series;
urban generation

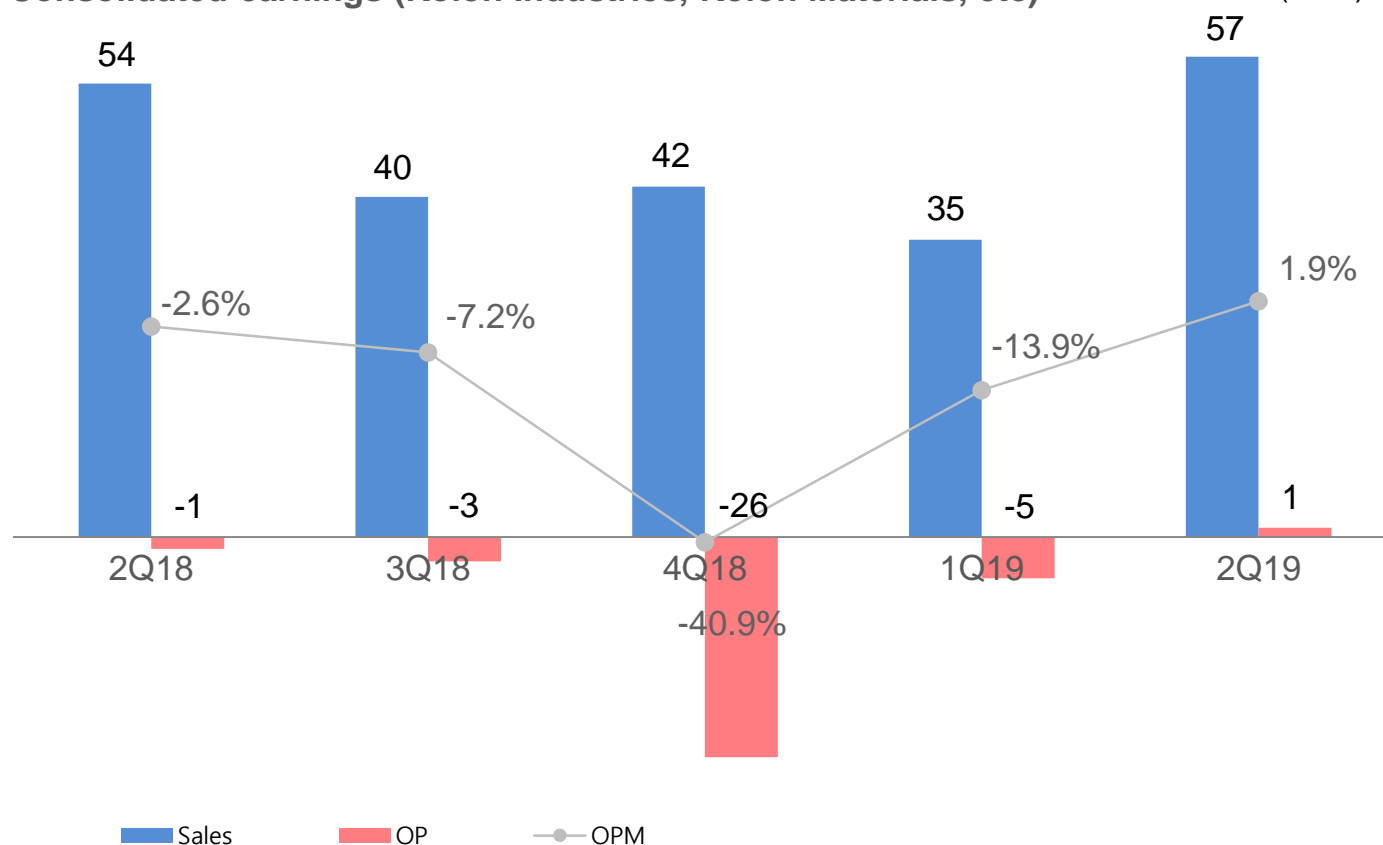
(V) Accessory&Woman

COURONNE
SUECOMMA BONNIE
LUCKY CHOUETTE

- 2Q19 earnings were down QoQ from a decrease in apparel demand and increased marketing expenses.

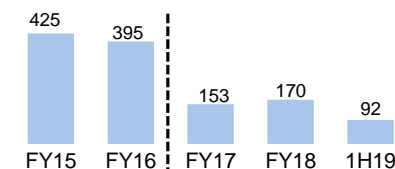
Consolidated earnings (Kolon Industries, Kolon Materials, etc)

(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™

- 2Q19 earnings showed surplus from seasonality factor of subsidiaries and decreased losses of polymer products.

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

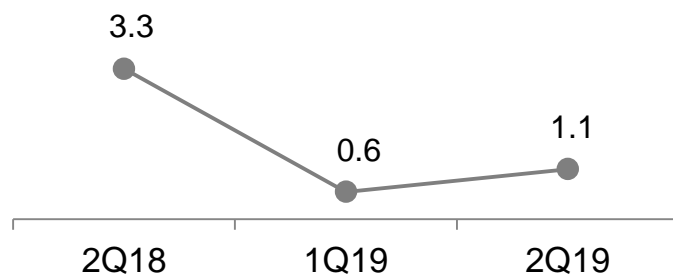
2_2 Non-operating Profit & Loss

(Unit: Wbn)	2017	1Q18	2Q18	3Q18	4Q18	2018	1Q19	1Q19
Operating Profit	224	43	57	30	36	167	49	62
Other income(losses)	-9	2	13	-3	-20	-8	-1	-18
Finance income(losses)	-55	-12	-15	-15	-9	-51	-10	-13
Gain (loss) on disposal of investments in associates and joint ventures	52	23	-8	-4	10	22	-1	2
Pre-tax profit from continuing operations	211	56	48	9	17	130	36	33
Profit from continuing operations	154	43	32	5	4	84	28	25
Loss from discontinued operations	-31	-6	-3	-9	-23	-41	-8	-10
Net profit	123	37	29	-4	-19	43	20	15

Equity Method Income(losses) on Investments

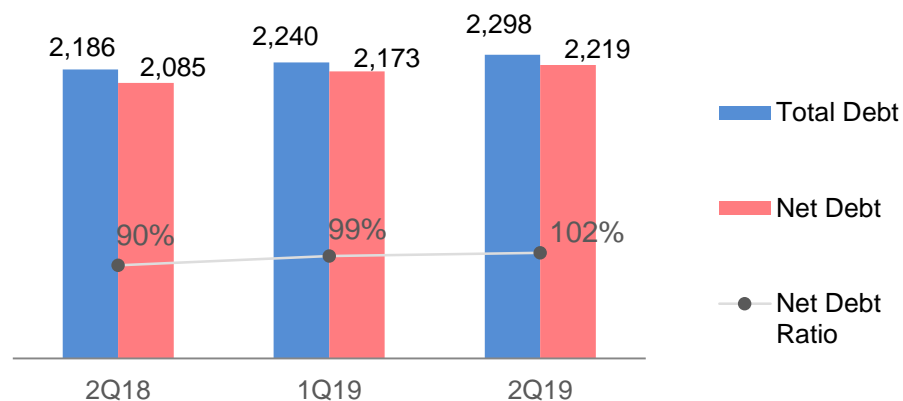
(Unit: Wbn)

SKC KOLON PI
(Shares : 27.0%)

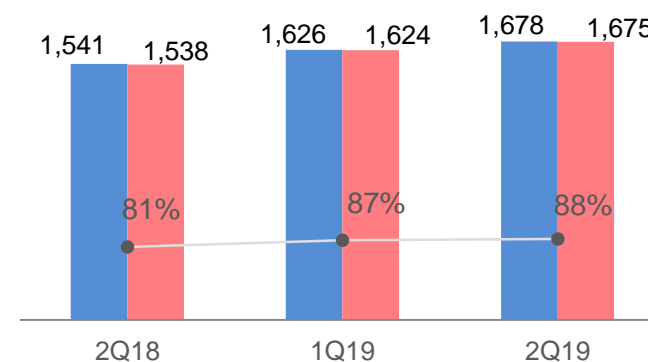


Changes in borrowings / Net Debt Ratio

• Consolidated (Wbn)



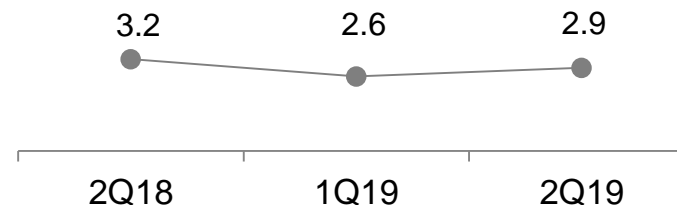
• Kolon Industries: Non-consolidated(Wbn)



Financial Ratio

	2Q18	1Q19	2Q19
Debt ratio (%)	142%	154%	150%
Capital ratio (%)	41%	39%	40%
Total borrowings and bonds payable to total assets (%)	39%	40%	42%

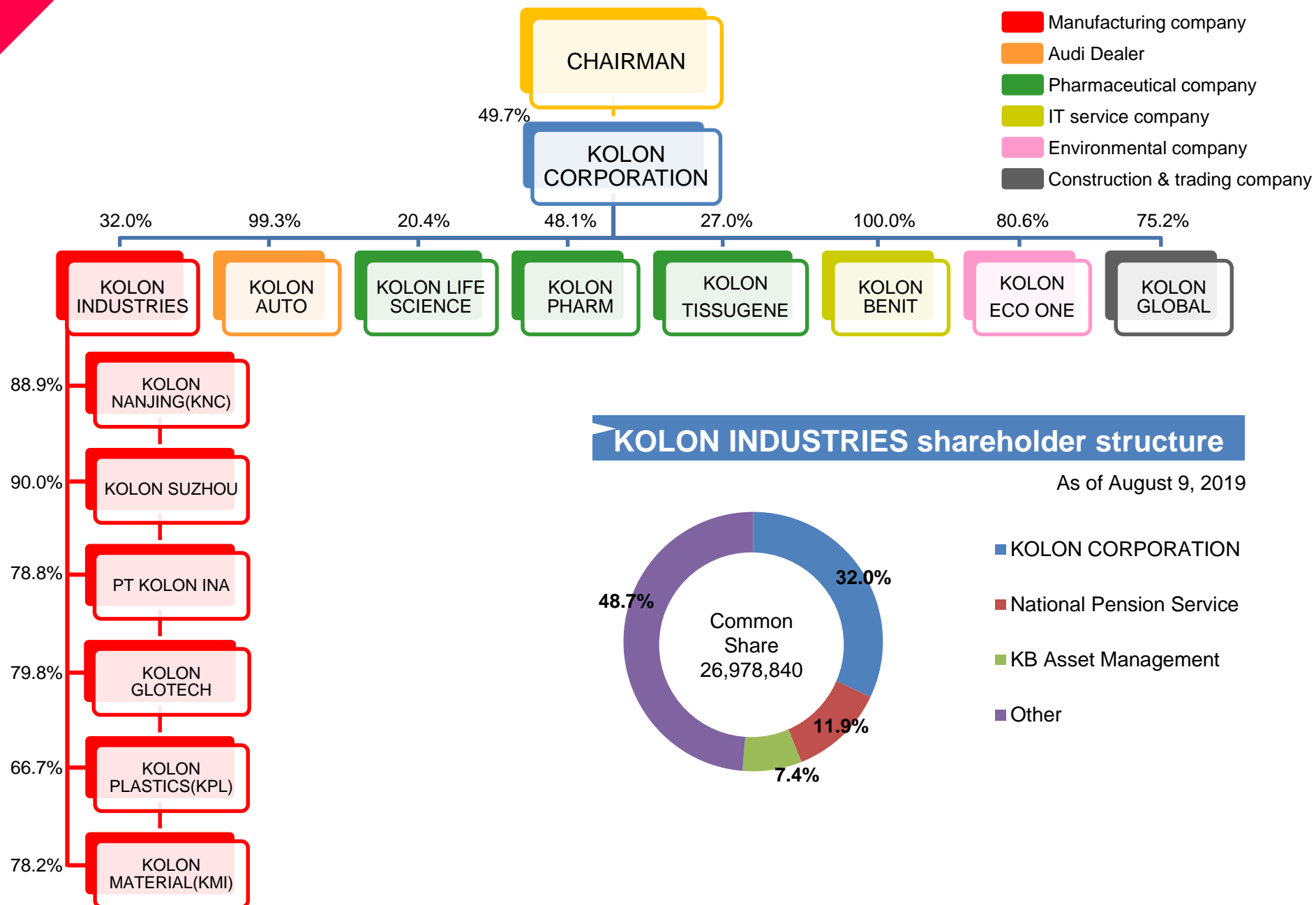
Interest Coverage Ratio (times)



Income Statement (Consolidated)

	2017	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19
								(Wbn)
Sales	4,342	1,058	1,098	1,054	1,250	4,460	1,058	1,149
Ind. Materials	1,719	409	438	449	491	1,786	451	498
Chemical	874	237	217	224	221	900	189	199
Film	500	131	140	144	143	558	148	153
Fashion	1,097	246	249	197	354	1,046	235	242
Others	153	34	54	40	42	170	35	57
Operating profit	224	43	57	30	36	167	49	62
Ind. Materials	118	20	27	25	21	91	22	25
Chemical	95	23	21	20	20	84	21	21
Film	-21	-4	-3	-5	-3	-14	4	7
Fashion	48	8	13	-6	25	40	8	8
Others	-17	-3	-1	-3	-26	-34	-5	1
Other income(losses)	-9	2	13	-3	-20	-8	-1	-18
Finance income(losses)	-55	-12	-15	-15	-9	-51	-10	-13
Equity method income(losses), losses on Sale of equity securities	52	23	-8	-4	10	22	-1	2
Pre-tax profit from continuing operations	211	56	48	9	17	130	36	33
Profit from continuing operations	154	43	32	5	4	84	28	25
Loss from discontinued operations	-31	-6	-3	-9	-23	-41	-8	-10
Net profit	123	37	29	-4	-19	43	20	15

IFRS (Consolidated)							
	2017	2018	2Q19		2017	2018	2Q19
Total Assets	5,662	5,573	5,426	Beginning	147	77	87
Current assets	2,095	1,955	1,957	Net Profit	123	43	35
Non-current assets	3,567	3,618	3,469	Depreciation	191	196	113
Liabilities	3,340	3,364	3,259	Amortization	10	11	6
Current liabilities	2,126	2,324	2,293	Acquisitions of Tangible	-455	-383	-62
Non-current liabilities	1,213	1,040	966	Acquisitions of Intangible	-8	-26	-5
Equity	2,322	2,209	2,167	Dividends Paid	-32	-33	-28
Controlling Shareholders' Equity	2,183	2,097	2,061	Others	101	212	-67
Capital	142	149	149	Ending	77	87	79
Capital Surplus	930	991	990				
Consolidated Retained Earnings	976	1,027	1,018				
Accumulated Other Comprehensive Income	34	-69	-96				
Perpetual Bond	103	0	0				
Non-Controlling Shareholders' Equity	139	112	106				



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