

# **SGC Energy**

## **Quarterly IR Report**

July 2021

## Disclaimer

---

Financial information contained in this document is based on consolidated K-IFRS that have not been reviewed by an independent auditor.

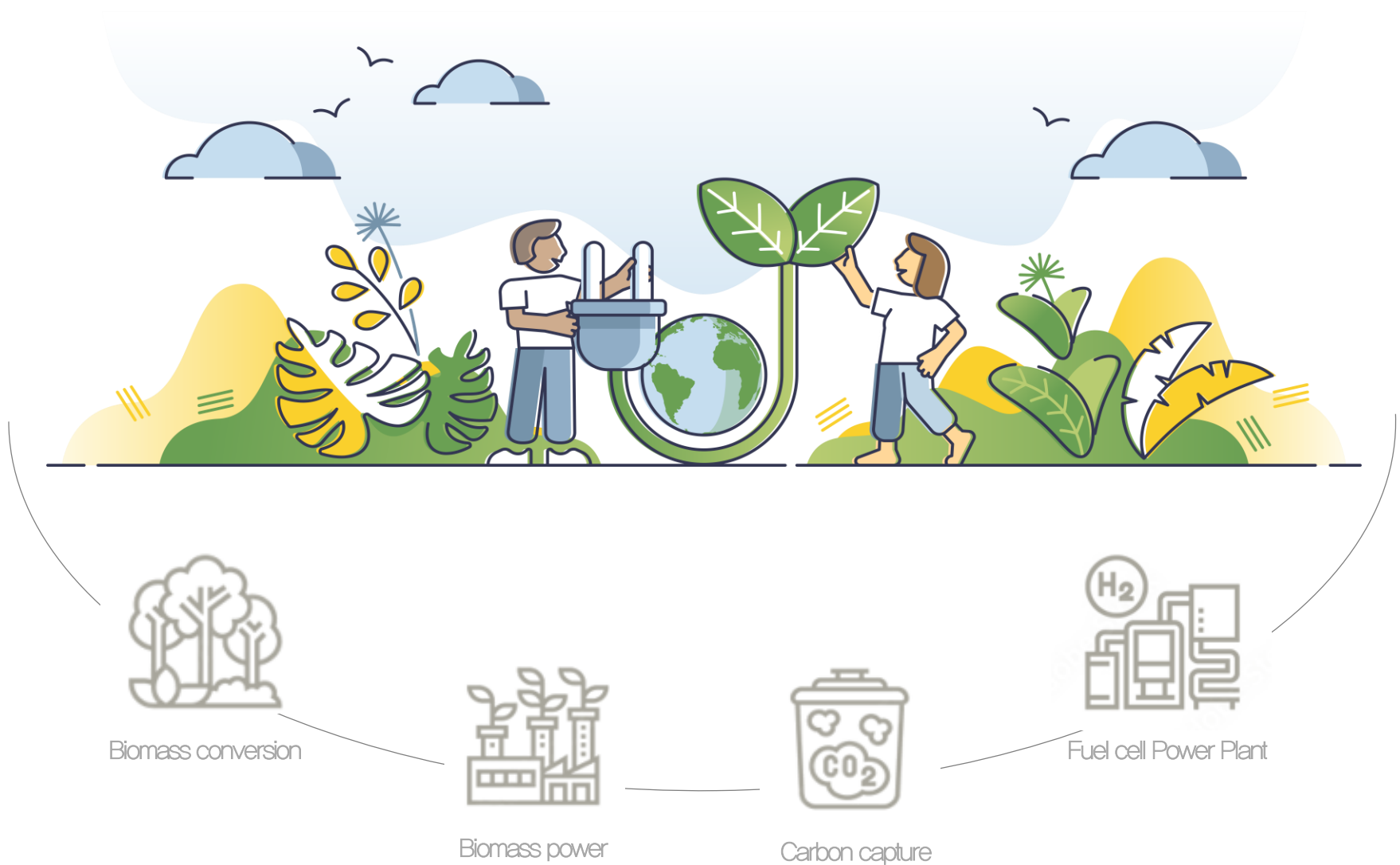
Therefore, the information and financial data of SGC Energy and its subsidiaries contained in this document are subject to change upon an independent auditor's review.

The Company does not make any representation or accept liability, as to the accuracy or completeness of the information contained in this material.

The format and contents of this document are subject to change for future filings and reports. SGC Energy is not liable for providing future updates on all figures included in this document.

Therefore, this presentation contained herein should not be utilized for any legal purposes in regards to investors' investment results. The Company hereby expressly disclaims any and all liability for any loss or damage resulting from the investors' reliance on the information contained herein.

# 01 Renewable Energy operation plan



## 02 Summary of Financial Performance

※ Half-year sales of 840 billion reaching 50% of annual target, assuring continuing growth in the 2<sup>nd</sup> half.

Unit: KRW million

구분	Q2 '21	Q1 '21	Q2 '20	QoQ	YoY
Sales <sup>Note 1</sup>	422,765	415,954	91,226	1.6%	363.4%
SGC Energy	96,744	96,243	91,226	0.5%	6.0%
SGC eTEC E&C <sup>Note 2</sup>	313,171	294,360	<sup>Note3</sup> 258,883	6.4%	21.0%
SGC Solutions	68,843	70,182	<sup>Note4</sup> 61,081	-1.9%	12.7%
Operating profit	30,264	30,912	41,762	-2.1%	-27.5%
Operating profit Margin	7.2%	7.4%	45.8%	-0.2%	-38.6%
Net income	15,686	20,780	25,956	-24.5%	-39.6%
NI attributable to controlling interests	3,753	13,561	25,972	-72.3%	—
NI attributable to non-controlling interests	11,933	7,219	-15	65.3%	—
EPS (KRW)	271	958	2,495	—	—

\* 20.2Q : Gunjang Energy Co.,Ltd. (Con)  
21.1Q/2Q : SGC Energy Co.,Ltd (Con)

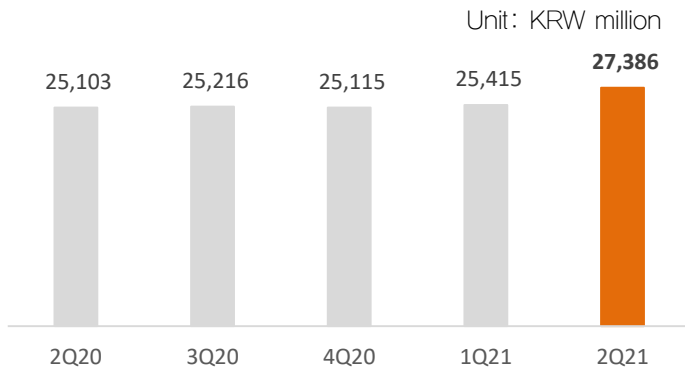
<sup>Note1</sup> Sales : consolidated adjustments

<sup>Note2</sup> Figures indicate the sum of SGC eTEC E&C and SGC Development

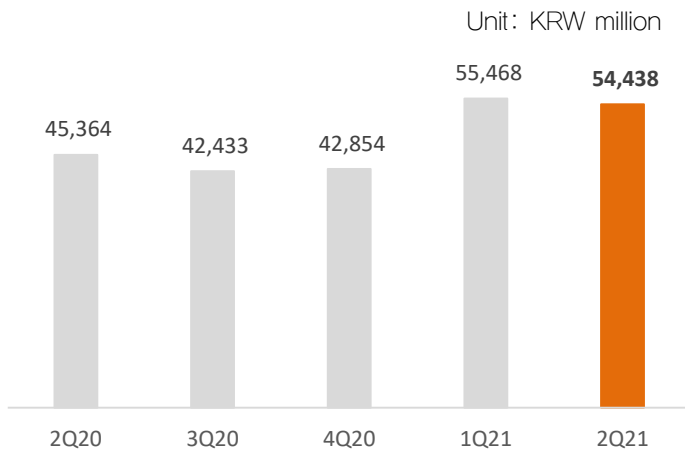
<sup>Note3</sup> Figures include construction and realty development business only

<sup>Note4</sup> Figures include glass business only for of comparison.

### Steam QoQ -1.9%, YoY +20%



### Power QoQ +7.8%, YoY +9.1%



#### Steam/Power

##### [Q2]

###### ☐ Steam

- Stable sales continued with heat supply.

###### ☐ Power

- Despite of regular maintenance schedule during Q2, power sales did not drop due to the surge in SMP price.
- Maintenance & repair costs affected operating income.

##### [H2 Outlook]

###### ☐ Steam

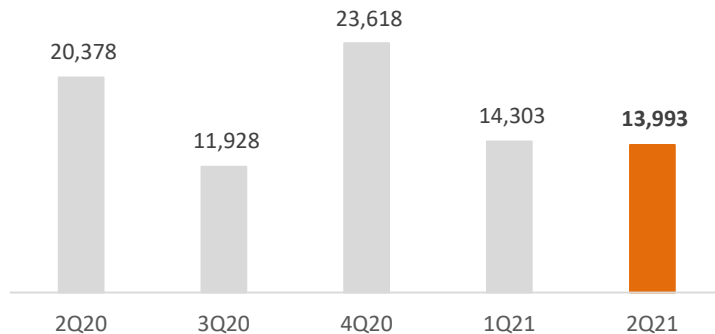
- New customer of Seah Besteel will boost additional sales of heat from Aug.

###### ☐ Power

- SMP price is expected to rise further as oil price is in rising trend and stronger demand For electricity is expected in H2 electricity demand
- We expect SMP price to move in the range of KRW 90/kwh ~ 95/kwh in H2.

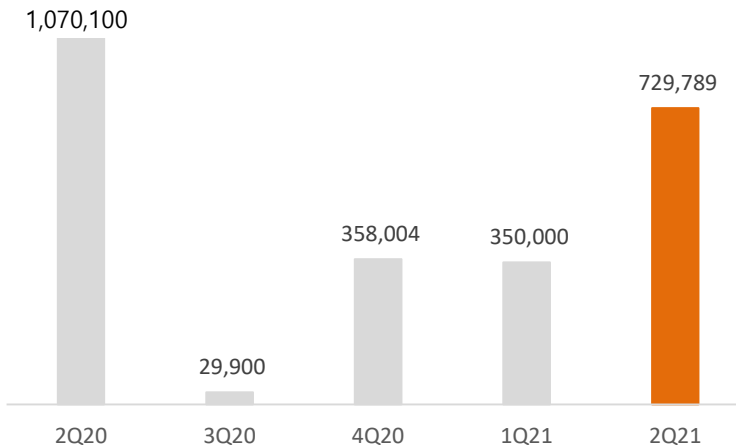
## REC QoQ -2.2%, YoY -31.3%

Unit: KRW million



## Carbon Credit QoQ +108.5%, YoY -31.8%

Unit : TON



## REC/Carbon Credit

## 【Q2】

## □ REC

- Total of 430,000 REC sold in H1.  
(1Q : 250,000 REC, 2Q : 180,000 REC)
- All sales carried out in contract basis, not in trading market.

## □ Carbon Credit

- Total of 1,080,000 Ton of Carbon credit sold in H1.  
(1Q : 350,000 Ton, 2Q : 730,000 Ton)
- Approx. 370,000 ton of KAU20 exchanged with KAU 21.

## 【 H2 Outlook 】

## □ REC

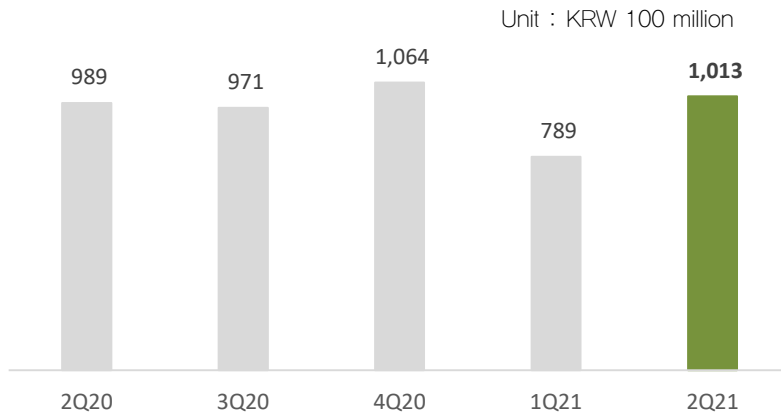
- Total of 1,000,000 REC remains to be sold in H2.
- All are most likely sold in contract basis unless REC trading market serves a fair market price.
- GOK will enforce a higher quota for obligatory REC providers from 2022.

## □ Carbon Credit (CC)

- Total of 680,000 Ton available for sales in H2.
- CC price expected to rise as NDC requirements go up.
- We expect CC price to move in the range of KRW 25,000 ~ KRW 30,000 KRW in H2.

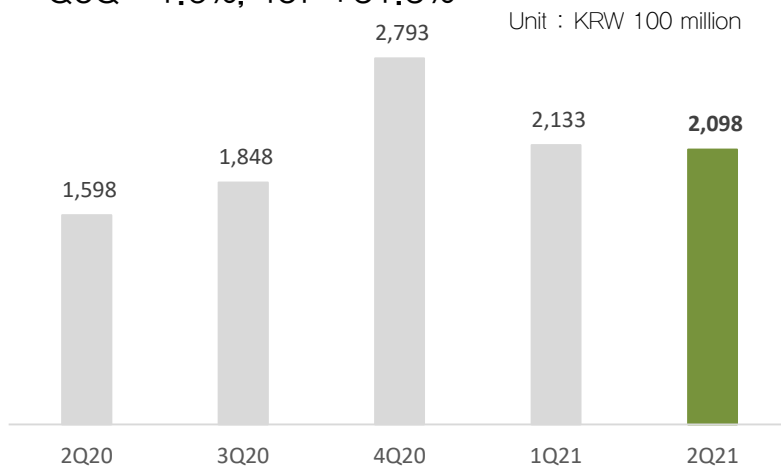
### Building Construction

QoQ +28.3%, YoY +2.4%



### Plant Construction

QoQ -1.6%, YoY +31.3%



## Construction

### 【 Q2 】

#### □ Building Construction

- Housing brand 'THE LIV' improves profitability
- Early completion also reduced costs, improving profitability.

#### □ Plant Construction

- More smart warehouse projects due to COVID 19.
- Earning improved by timely scheduling the progress

### 【 H2 Outlook 】

#### □ Building Construction

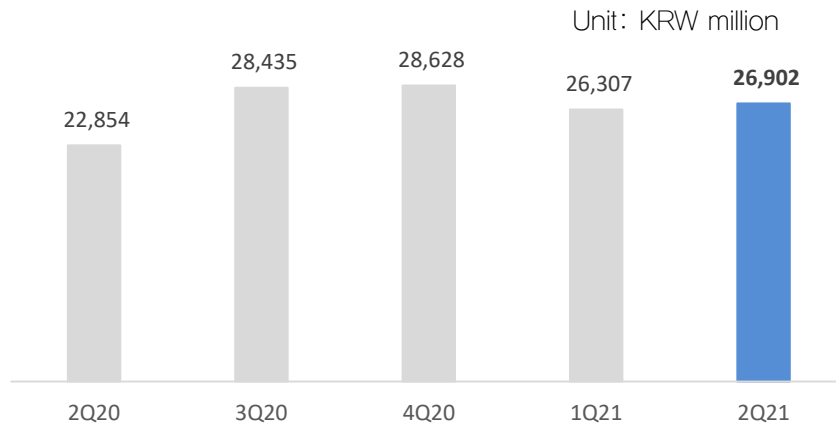
- Self-financed development project expected to harvest the fruit in H2.
- More self-financed projects in the pipeline in H2.

#### □ Plant Construction

- More smart warehouse project will add more new orders, amounting to KRW 900 bil.
- Recovery from COVID19 will bring new project awards in SE Asia.

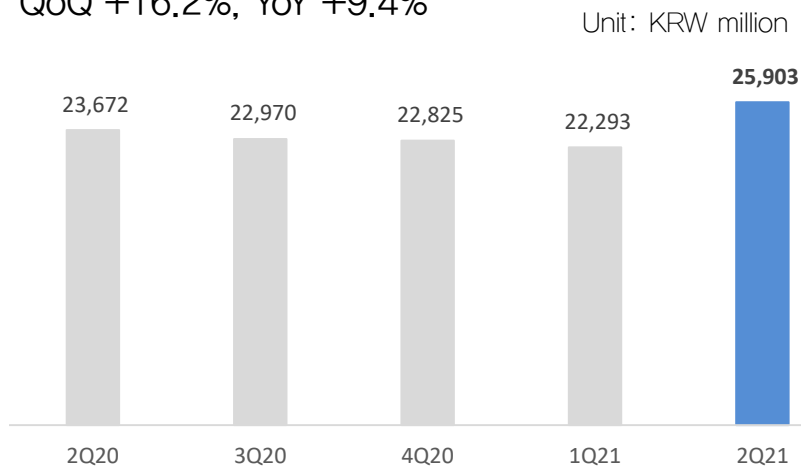
### B2B (Glass Bottle manufacturing)

QoQ +2.3%, YoY +17.7%



### B2C (Glass-made Kitchenware)

QoQ +16.2%, YoY +9.4%



## Glass Manufacturing

### [ Q2 ]

#### □ B2B (Glass Bottle manufacturing)

- Increased sales of food & alcohol bottles thanks to prolonged Covid-19
- Exports of fruity liquor bottles to SE Asia increased.
- Exports of food bottles to N. America also increased.

#### □ B2C (Glass-made Kitchenware)

- Sales of new brand products improved.
- Both online sales and exports are in rising trend.

### [ H2 Outlook ]

#### □ B2B (Glass Bottle manufacturing)

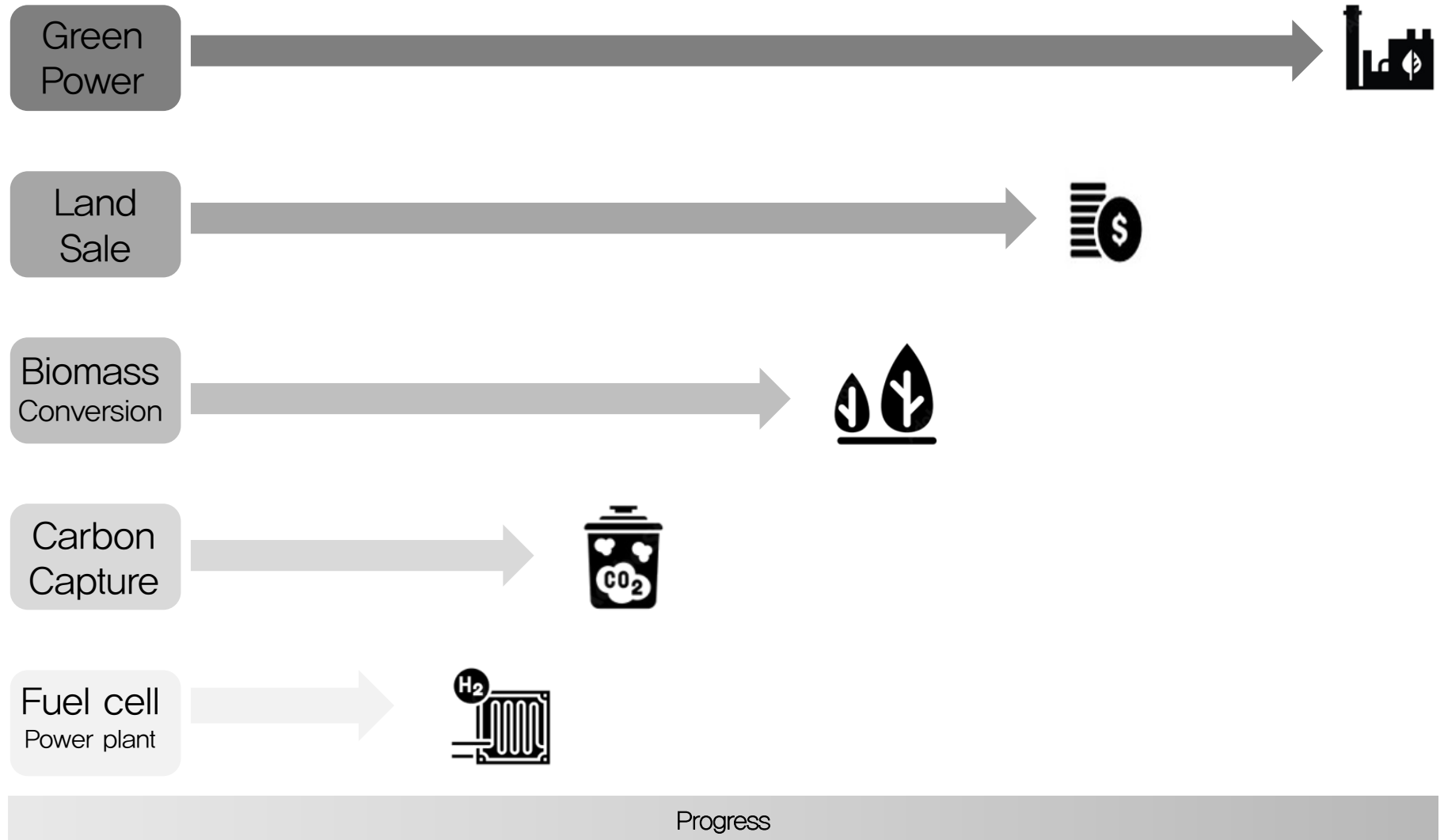
- B2B sales will continue to increase as COVID retreats slowly.
- Nevertheless, slowing down of marine transport is a risk to be resolved in H2

#### □ B2C (Glass-made Kitchenware)

- Will manage logistics by trading with big volume customers.
- Will expand new brand sales in overseas.
- Glass for washing machine will be a new technological challenge in H2 in pursuit of new product line.



## 04 Updates on New Developments (Moves to Net-Zero Emission)



# Summary Financial Statements(Consolidated)

## Consolidated Statements of Comprehensive Income

Unit: KRW million	2Q20	3Q20	4Q20	1Q21	2Q21
<b>Sales</b> <sup>Note1</sup>	<b>91,226</b>	<b>80,227</b>	<b>128,919</b>	<b>415,954</b>	<b>422,765</b>
Power Plant & Energy	91,226	80,227	92,362	96,243	96,744
Construction & Real Estate	—	—	1,327	294,360	313,171
Glass	—	—	47,817	70,182	68,843
<b>Operating profit</b>	<b>41,762</b>	<b>1,231</b>	<b>3,375</b>	<b>30,912</b>	<b>30,264</b>
Operating profit Margin (%)	46%	2%	3%	7%	7%
Finance income	105	69	791	1,985	2,392
Finance costs	5,816	5,502	7,495	8,540	7,988
Share of net profit of associates accounted for using the equity method	-25	164	44	—	—
<b>Income before taxes</b>	<b>36,352</b>	<b>-3,961</b>	<b>14,132</b>	<b>26,208</b>	<b>23,627</b>
Income tax expense	10,396	-1,027	230	5,428	7,940
<b>Net income</b>	<b>25,956</b>	<b>-2,935</b>	<b>13,903</b>	<b>20,780</b>	<b>15,686</b>
profit, attributable to owners of parent	25,972	-2,950	13,912	13,561	3,753
profit, attributable to non-controlling interests	-15	14	-9	7,219	11,933
<b>EBITDA Rate</b>	<b>67%</b>	<b>17%</b>	<b>20%</b>	<b>14%</b>	<b>14%</b>

Note1 Sales : consolidated adjustments

\* 2Q/3Q.20 : Gunjang Energy Co.,Ltd. (Con)

4Q.20 : 20.10M Gunjang Energy Co.,Ltd (Con) + 20.11M~12M

SGC Energy Co.,Ltd (Con)

1Q/2Q.21 : SGC Energy Co.,Ltd (Con)

## Consolidated Statements of Financial Position

Unit: KRW million	Dec 31, 2019	Dec 31, 2020	Jun 30, 2021
<b>Current assets</b>	<b>197,446</b>	<b>780,569</b>	<b>668,772</b>
Cash and cash equivalents	18,974	174,682	125,645
Short-term financial instruments	85,398	18,111	30,607
Account & Other Receivables	45,415	337,897	213,556
<b>Non-current assets</b>	<b>1,288,727</b>	<b>1,885,101</b>	<b>1,913,745</b>
Tangible assets	1,178,031	1,451,249	1,466,038
Intangible assets	1,435	8,321	14,863
Right-of-use assets	74,809	78,961	76,747
investments in real estate	—	99,833	108,865
<b>Deferred income tax assets</b>	<b>10,154</b>	<b>4,392</b>	<b>2,623</b>
<b>Total assets</b>	<b>1,486,173</b>	<b>2,665,670</b>	<b>2,582,517</b>
<b>Current liabilities</b>	<b>281,164</b>	<b>1,385,618</b>	<b>1,150,502</b>
Accounts & Other payables	89,255	332,907	238,285
Borrowings and debentures	181,673	809,360	666,364
Lease liabilities	2,320	5,494	6,019
Current income tax liability	4,716	8,011	10,131
<b>Non-current liabilities</b>	<b>778,833</b>	<b>611,975</b>	<b>759,193</b>
Borrowings and debentures	682,959	489,487	634,775
Lease liabilities	74,476	77,359	75,474
<b>Total liabilities</b>	<b>1,059,997</b>	<b>1,997,593</b>	<b>1,909,695</b>
Capital stock	52,050	73,385	73,385
Capital surplus(Other capital)	- 6,686	426,461	426,416
Retained earnings	379,123	87,237	83,146
Non-controlling interest	1,847	101,131	117,031
<b>Total shareholders' equity</b>	<b>426,176</b>	<b>668,077</b>	<b>672,822</b>
<b>Total liabilities and equity</b>	<b>1,486,173</b>	<b>2,665,670</b>	<b>2,582,517</b>

# Summary Financial Statements (non-Consolidated)

## Non-Consolidated Statements of Comprehensive Income

Unit: KRW million	2Q20	3Q20	4Q20	1Q21	2Q21
<b>Sales</b>	<b>91,345</b>	<b>80,416</b>	<b>92,444</b>	<b>96,244</b>	<b>96,744</b>
Cost of sales	50,710	80,339	86,187	77,368	83,529
<b>Operating profit</b>	<b>40,635</b>	<b>77</b>	<b>6,257</b>	<b>18,875</b>	<b>11,196</b>
Operating profit Margin (%)	44%	0%	7%	20%	12%
Finance income	1,412	1,557	2,717	1,838	1,056
Finance costs	5,790	5,774	11,140	6,756	6,511
<b>Income before taxes</b>	<b>36,486</b>	<b>-3,786</b>	<b>-5,986</b>	<b>13,874</b>	<b>5,717</b>
Income tax expense	10,396	-1,027	1,442	2,365	1,934
<b>Net income</b>	<b>26,091</b>	<b>-2,760</b>	<b>-7,428</b>	<b>11,509</b>	<b>3,784</b>
EBITDA Rate	66%	16%	27%	39%	31%

\* 2Q/3Q,20 : Gunjang Energy Co.,Ltd. (non-Con)  
 4Q,20 : 20,10M Gunjang Energy Co.,Ltd (Con) + 20,11M~12M  
 SGC Energy Co.,Ltd (non-Con)  
 1Q/2Q,21 : SGC Energy Co.,Ltd (non-Con)

## Non-Consolidated Statements of Financial Position

Unit: KRW million	Dec 31, 2019	Dec 31, 2020	Jun 30, 2021
<b>Current assets</b>	<b>183,030</b>	<b>160,653</b>	<b>158,790</b>
Cash and cash equivalents	10,371	32,530	25,609
Short-term financial instruments	81,307	2,362	15,901
Account & Other Receivables	40,623	63,693	43,246
<b>Non-current assets</b>	<b>1,140,302</b>	<b>1,485,570</b>	<b>1,463,767</b>
Investments in associates	26,084	313,994	313,993
Tangible assets	1,021,288	960,221	934,655
Intangible assets	1,435	1,482	8,504
Right-of-use assets	74,809	71,056	69,046
investments in real estate	—	—	—
<b>Deferred income tax assets</b>	<b>10,154</b>	<b>—</b>	<b>—</b>
<b>Total assets</b>	<b>1,323,332</b>	<b>1,646,223</b>	<b>1,622,557</b>
<b>Current liabilities</b>	<b>205,090</b>	<b>700,101</b>	<b>597,233</b>
Accounts & Other payables	49,581	36,555	52,701
Borrowings and debentures	141,673	604,400	499,781
Lease liabilities	2,320	2,671	2,813
Current income tax liability	4,716	4,015	2,039
<b>Non-current liabilities</b>	<b>693,833</b>	<b>389,308</b>	<b>481,551</b>
Borrowings and debentures	597,959	268,229	360,300
Lease liabilities	74,476	72,215	70,909
deferred tax liabilities	—	9,300	11,538
<b>Total liabilities</b>	<b>898,923</b>	<b>1,089,409</b>	<b>1,078,784</b>
Share capital	52,050	73,385	73,385
Capital surplus	—	420,105	420,105
Other components of equity	-4,358	-1,679	-8,091
Retained earnings	376,717	65,080	58,451
<b>Total shareholders' equity</b>	<b>424,409</b>	<b>556,814</b>	<b>543,773</b>
<b>Total liabilities and equity</b>	<b>1,323,332</b>	<b>1,646,223</b>	<b>1,622,557</b>