



GLOBAL LEADING GREEN ENERGY AND CHEMICAL COMPANY

Financial results for the first quarter ended
March 31, 2020

Investor Relations
April 29, 2020

OCI Company Ltd.

Disclaimer

The following earnings release and the financial, business and other information contained herein are current only of the date hereof and readers are cautioned that changes in general macroeconomic, business, financial and other conditions may have occurred since such date and our financial condition and results of operations may have been materially impacted as a result of such occurrences. Certain information contained herein may be considered forward-looking in nature, which are based on certain assumptions and expectations of future events that are subject to risks and uncertainties, including comments on trends in the global economy and duration of such trends, future development and investment plans including market strategy and business plans. We disclaim any responsibility or obligation to update or disseminate any revisions to any forward-looking statements contained in this document to reflect any changes in assumptions or circumstances.

Actual future results and trends and statements regarding plans or expectations may change for various reasons which management has not anticipated, including as a result of a further slowdown in global economic growth, further weakening of customer demand for our products and the loss of major customers, pricing pressures, inability to finance certain projects and capital expenditures on attractive terms, or at all, among others.

1

First Quarter Ended March 31, 2020*

2

Business Strategy & Updates

* All financial figures are not reviewed by an outside auditor

* Division figures are simple totals without internal transaction adjustment

Quarterly Consolidated Income Statement

- Sales declined compared with the previous quarter due to a drop in sales volume caused by the shutdown of Gunsan Poly-Si plant
- Operating loss expanded by reflecting approximately KRW 79 billion in business restructuring expenses in the first quarter. However, the operating loss excluding the business restructuring cost was about KRW 14.4 billion

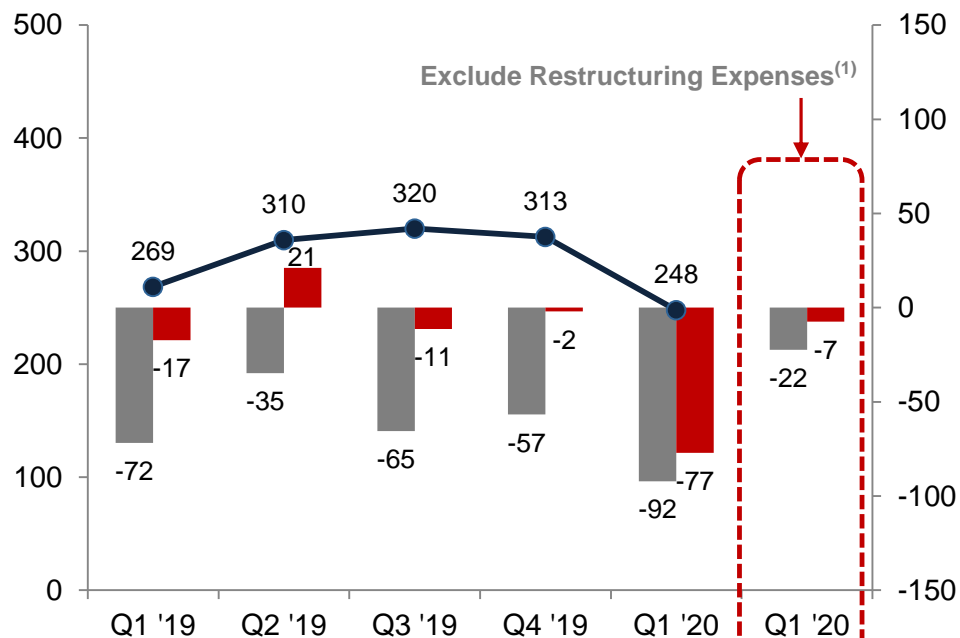
(Unit: KRW bil)	Q4 '19	Q1 '20	Q1 '20 (Exclude restructuring expenses)	QoQ	YoY
Sales Revenue	638.7	568.6	568.6	-11%	-11%
Operating Income	-64.2	-92.9	-14.4	Loss	Loss
% Margin	-10%	-16%	-3%		
EBITDA	14.0	-56.5	22.0	Loss	Loss
% Margin	2%	-10%	4%		
Income before tax	-843.3	-74.7	3.8	Loss	Loss
Net Income	-660.7	-57.9		Loss	Loss

Note: Consolidated results based on K-IFRS

Quarterly Results

(Unit: KRW bil)

● Sales (LHS) ■ Operating Income (RHS) ■ EBITDA (RHS)



Operating Margin	-27%	-11%	-20%	-18%	-37%	-9%
EBITDA	-6%	7%	-4%	-1%	-31%	-3%

(1) Excluding the business restructuring expenses from K-IFRS based pre-adjustment figures

Business Highlights

Q1'20 Highlights

- Poly-Si sales quantity declined 33% QoQ
- Excluding the business restructuring costs in the division, operating loss reduced by 60% compared with the previous quarter

Q2'20 Business Outlook

- Poly-Si plant in Malaysia is fully operational and continues to reduce manufacturing cost per unit, but the price index of solar grade Poly-Si has been on the decline since April due to delayed installation over the world by COVID-19
- Gunsan plant will restart P1 facility from May as planned, and will produce Poly-Si for electronic grade

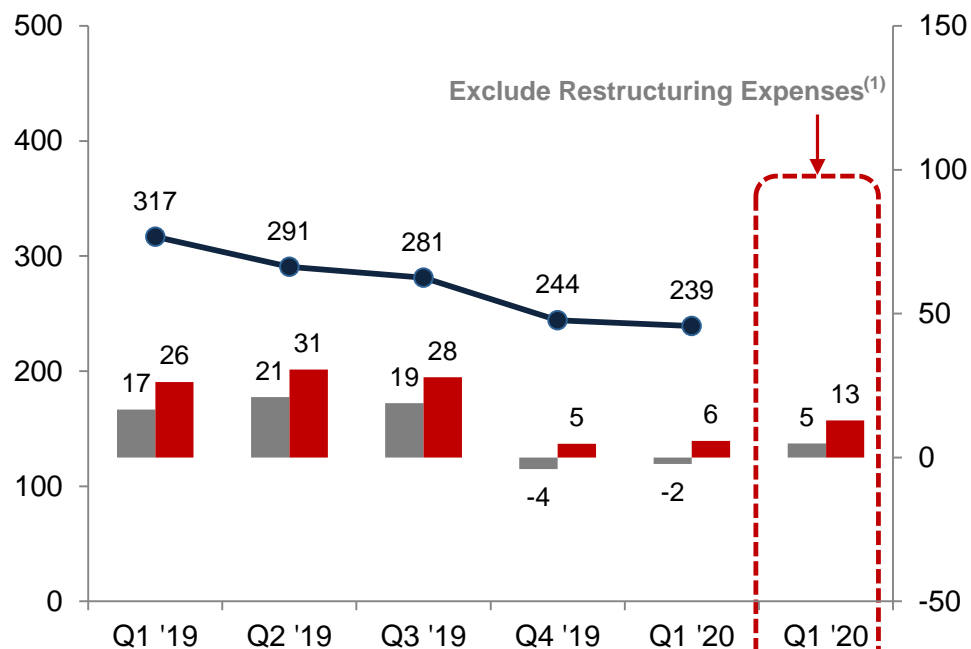
Operating Results by Division

Petrochemicals & Carbon Materials

Quarterly Results

(Unit: KRW bil)

● Sales (LHS) ■ Operating Income (RHS) ■ EBITDA (RHS)



Operating Margin	5%	7%	7%	-2%	-1%	2%
EBITDA	8%	9%	10%	2%	2%	5%

(1) Excluding the business restructuring expenses from K-IFRS based pre-adjustment figures

Business Highlights

Q1'20 Highlights

- Due to the spread of Covid-19, it failed to show the traditional 1Q recovery trend
- Above all, the Chinese plants continued to suffer operating losses due to disruptions in operations and product sales as well as falling unit prices in the wake of COVID-19
- In Korean plants, the sales price decline of Pitch and Carbon Black (-10% QoQ and -12%, each) offset the effect of increased sales volume of Pitch and Benzene (+65% and +29%, respectively)

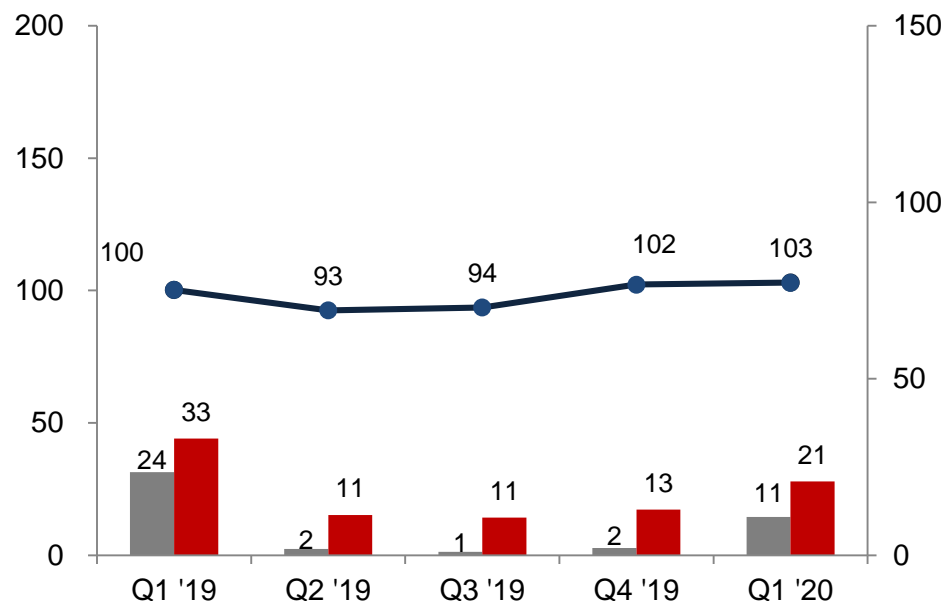
Q2'20 Business Outlook

- Different items have different effects depending on where the main market is, in the situation that COVID-19 is stabilizing in China and Korea, while has worsened in the other market

Quarterly Results

(Unit: KRW bil)

● Sales (LHS) ■ Operating Income (RHS) ■ EBITDA (RHS)



Operating Margin	23%	2%	1%	2%	11%
EBITDA	33%	12%	11%	13%	20%

Business Highlights

Q1'20 Highlights

- Division sales remained flat QoQ as decline in OCI SE's REC⁽¹⁾ sales and REC price (-12% QoQ and -10%, respectively) offset increased module sales in MSE (+43%), a module production subsidiary in the US
- Operating profit improved QoQ with solid earnings of MSE and OCI SE's REC inventory valuation gain (KRW 2.2 billion), etc.

Q2'20 Business Outlook

- As the impact of COVID-19 in the US is in full swing, MSE suspended operations for 3 weeks (4th week of March to 2nd week of April) and Module sales has been delayed

(1) REC: Renewable Energy Certificate

Financial Position

Summary of Financial Position		(Unit: KRW bil)	
	Dec 31 2019	Mar 31 2020	Change
Current Assets	2,161	2,080	-80
Cash & ST Financial Assets	735	699	-36
Account Receivables & Others	410	380	-29
Inventories	906	899	-7
Others	110	102	-8
Non-current Assets	2,651	2,706	55
Investments	192	211	20
Tangible Assets	2,042	2,060	18
Others	417	435	18
Total Assets	4,811	4,786	-25
Liabilities	2,125	2,128	2
Debt	1,582	1,580	-2
Accounts Payable & Others	344	284	-60
Long-term Advances Received	51	38	-14
Others	148	226	77
Shareholders' Equity	2,686	2,658	-27
Net Debt⁽¹⁾	832	826	-6
Leverage Ratio	79%	80%	

Cash & Short Term Financial Assets

- Account change to long-term financial assets (investment asset) by subscribing to long-term deposits

Account Receivables & Payables

- Reduction in sales volume and raw material purchases due to the shutdown of the Poly-Si Gunsan plant

Other Liabilities

- Set estimated business restructuring costs as a provision

Note: Consolidated results based on K-IFRS

(1) Debt - (Cash & Short Term Financial Assets + Long Term Financial Instruments)

1 First Quarter Ended March 31, 2019

2 Business Strategy & Updates

Progress of Business Reorganization (1)

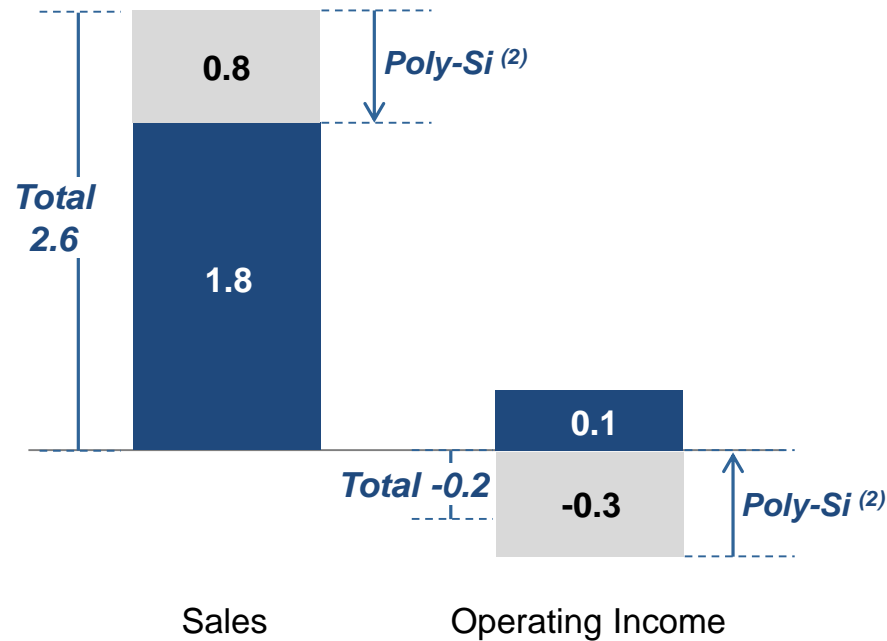
- Business restructuring has been completed as planned, and a significant portion of the staffing and related costs were recognized in the Q1

Issues	Progress Details							
Gunsan Plant Operation Status	<ul style="list-style-type: none"> • P2, P3 shutdown • P1 plant is scheduled to restart from May to produce Poly-Si for electronic grade 							
Business Restructuring Costs	<ul style="list-style-type: none"> • Reduce future uncertainty by reflecting the expected costs in the Q1 <p style="text-align: right;">(Unit: KRW bil)</p> <table border="1" data-bbox="613 772 1587 968"> <tbody> <tr> <td>Labor Expenses</td> <td style="text-align: right;">61</td> </tr> <tr> <td>Repair and Other Shutdown Costs</td> <td style="text-align: right;">18</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">79</td> </tr> </tbody> </table> <p>* Recognizable costs in the future: Termination of raw material purchase contracts, etc.</p>		Labor Expenses	61	Repair and Other Shutdown Costs	18	Total	79
Labor Expenses	61							
Repair and Other Shutdown Costs	18							
Total	79							
Staffs	<ul style="list-style-type: none"> • Completion of personnel relocation in accordance with the changed business structure after the company reduced its workforce 							

Progress of Business Reorganization (2)

2019 Consolidated Results⁽¹⁾

(Unit: KRW Trillion)



2020 Poly-Si Business Operation Strategy

- Resolve the deficit factor and secure liquidity as working capital decreases after the shutdown of P2 and P3 in Gunsan plant
- Plan to focus on products with high profit rates in the future while maintaining 'Two-Track Strategy' of Gunsan plant(for electronic grade) and Malaysia plant(for solar grade)
- When demand decreases due to the global spread of COVID-19, OCI will adjust the plant utilization rate and production volume by region to respond flexibly

(1) It is a simplified example for understanding

(2) Includes both Gunsan and Malaysia

COVID-19 Impact by Item

Poly-Si

- Full impact from the end of March as it has spread worldwide, including Europe and the US

Gunsan

- Demand for electronic grade Poly-Si is maintained due to increased demand for data centers, clouds, etc.

Malaysia

- Malaysian government initiated movement restrictions(3/18 ~ 5/12)
- Plants are in operation with minimal staffs
- Logistics/Ports are operating normally, no disruption in plant operation and sales

Carbon Black (CB)

- Announcement of temporary shutdown of major domestic and foreign tire companies
- Sales of passenger car tires declined as sales of new cars down due to shrinking consumer sentiment vs. Demand for truck replacement tires benefited from expanding role of the transportation industry
- CB demand is expected to decrease by 11 ~ 37% YoY⁽¹⁾

Benzene

- **(US)** Virus spread has caused prices of benzene in the US to plummet, disrupting exports to the US
- **(China)** As situation calms down, import demand is recovering

TDI

- Asian prices decline due to weak downstream demand and increased inventories of producers
- Increased uncertainty as trade contracted significantly due to the movement restrictions of major importing countries(Southeast Asia, India)

Pitch

- Major customers(Aluminum manufacturers in Middle East) maintain production utilization rate and Pitch demand
- Import and export logistic disruptions were resolved in China

COVID-19

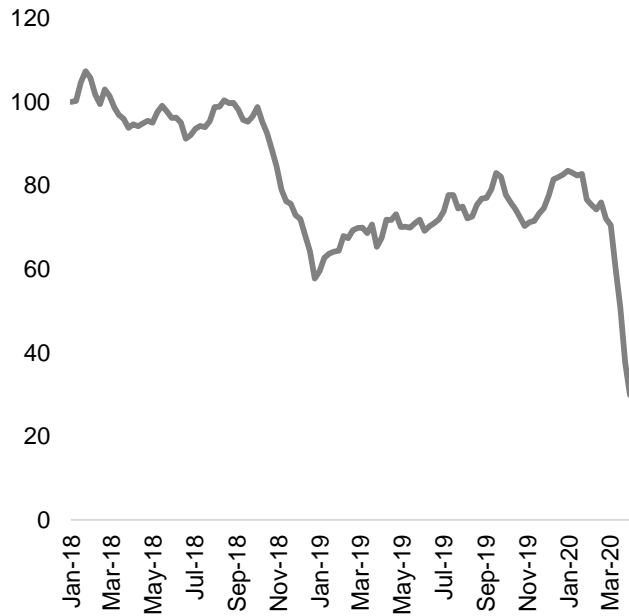
(1) Source: Notch Consulting, Inc.

Price Index of Major Chemical Products

- The effect of each item is different due to different times of COVID-19 spread by country
- The short-term impact on oil prices is expected to be minor as drop in oil prices are applied to raw materials price and products price with different lagging, but there is a risk of decreasing demand for downstream

Benzene

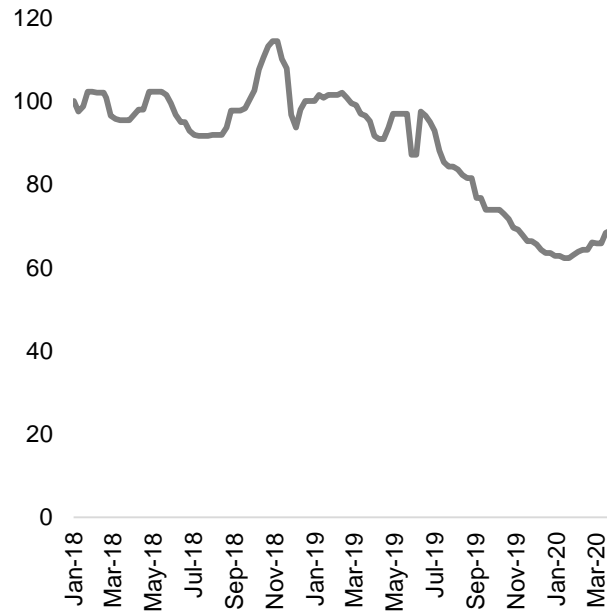
(January 2018=100)



Source: Platts(FOB Korea)

Pitch

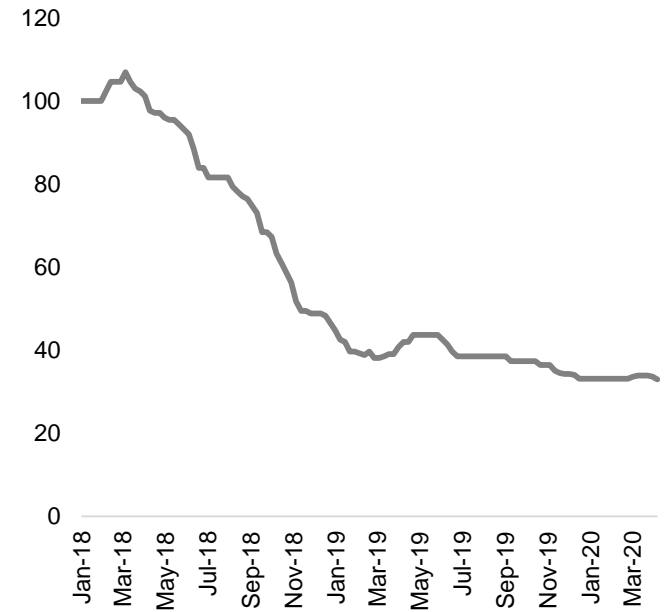
(January 2018=100)



Source: EastRiver(Hard Pitch, EX-Work China)

TDI

(January 2018=100)



Source: ICIS(CFR China Main Port & HK)

Solar PV Demand Forecast of Major Market

- Bidding and construction of solar power projects have been delayed due to plant shutdown in each country caused by COVID-19, labor shortage due to restrictions on movement, funding disruptions, etc.
- As customers postpone or cancel the installation of roof-top PV system, the residential solar sector in the US and Europe is expected to suffer more

Region	Status	2019	2020E	2020E (Adjust)
China	<ul style="list-style-type: none"> • Most of PV-related output has recovered as manufacturers resumed production • Cell/Module orders are delayed or canceled due to worsening overseas markets • Postpone deadline for 2020 project applications <ul style="list-style-type: none"> - Grid-Parity Project : By mid-March 2020 → By April 30, 2020 - Subsidy Project : By April 30, 2020 → By June 15, 2020 	30GW ⁽¹⁾	40GW	35GW
Europe	<ul style="list-style-type: none"> • The prices of products in the value chain fall from April as production resumes in China • As Power Purchase Agreement prices have fallen and market risks have increased, it is difficult to further develop non-subsidy projects 	21GW	20GW	18GW
US	<ul style="list-style-type: none"> • Solar manufacturers(mainly for installation companies) announce workforce reductions • As COVID-19 reduces energy demand, renewable energy demand also decreases <ul style="list-style-type: none"> ✓ Residential: Demand is expected to decline over the next two years ✓ Utility: Not much delay in grid-connection so far, but there is a possibility of funding delay 	13GW	15GW	11GW
India	<ul style="list-style-type: none"> • As about 80% of the modules are imported from China, it has been hit from the Q1 when module production disruption in China was severe • 40 days of blockade in India(March 24 ~ May 3, 2020), but renewable energy projects will resume from April 20, 2020 • Monsoon season(mid-June to September) is traditionally the least installed period 	12GW	12GW	9GW

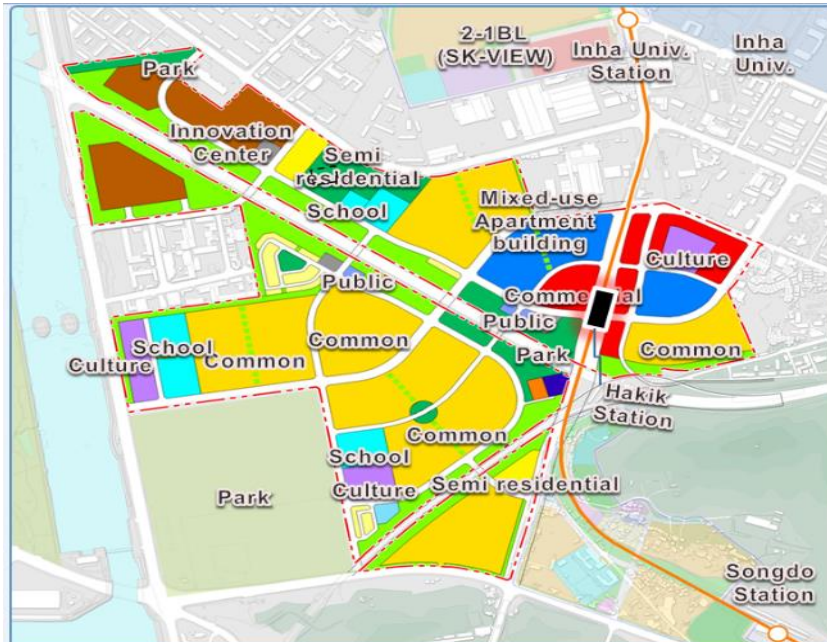
(1) Utility 18GW, Residential 12GW

DCRE: City Development Progress

- In October 2019, DCRE signed the partnership agreement with the HDC(Hyundai Development Company) Consortium, aiming to break ground within the 1H of 2020 and the first batch(about 2,100 households) sale in the 2H
- In negotiation with the HDC Consortium to sign the follow-up contracts

Project Overview

- Location : 587-1, Hagik, Michuhol-gu, Incheon, Korea
- Size : 1,546,747m²
- Population/Households(Planned): 33,530 People / 13,149 Households⁽¹⁾
- Total Investment Cost: About KRW 5.7 trillion



(1) Approval basis

Follow-up Contracts Timeline

- Contract Parties:
Between DCRE and HDC Consortium or
HDC Consortium and other service companies
- Q2
- Contract for building design
 - Model house construction contract
 - Selection of promotional agency and sales agency
- Q3
- Contract for the construction plan of apartment housing
 - City naming and design development

Business Update

Joint Venture for Hydrogen Peroxide with POSCO Chemical

- A JV will be established with the target of July 2020 (OCI 49%, POSCO Chemical 51%)
- Production Capacity : Hydrogen Peroxide 50kMT/yr (Electronic Grade 30kMT/yr)
- Location : Gwangyang
- Commercial Production : 2H of 2022

Trust Agreement for Acquisition of Treasury Stock

- Purpose : To stabilize stock price and enhance shareholder value against the decline in stock price due to the spread of COVID-19 and others
- Contract Amount : KRW 20 billion
- Contract Period : 6 months (2020.3.20 ~ 2020.9.19)

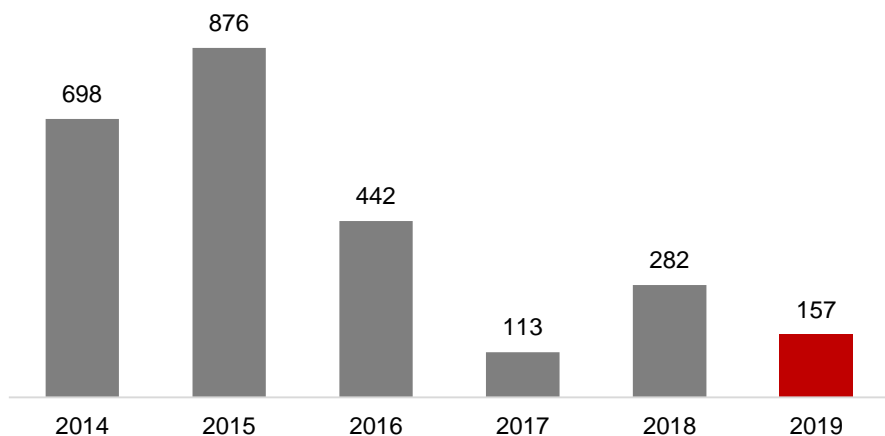
Appendix. Company Overview

Overview

- Founded in 1959, OCI Company Ltd. is a Korea-based chemical company
- The company consists of four business divisions: Basic Chemical, Petrochemical & Carbon Materials, Energy Solution and others
- Basic Chemical: Poly-Si, H₂O₂, Chlor-Alkali and etc
- Petrochemical & Carbon Materials: TDI, Carbon Black, Pitch, Benzene, P/A, Plasticizer, FS VIP and etc
- Energy Solution: Solar PV, Cogeneration power plant
- Others: Bio, Trading and etc

CAPEX

(Unit: KRW bil)

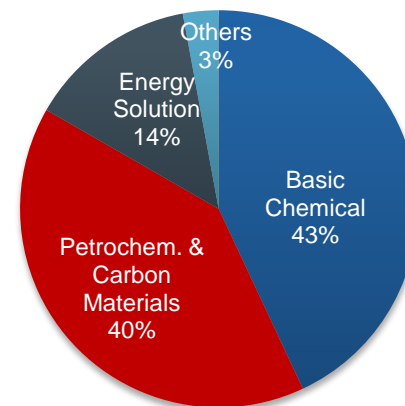


Note: Consolidated results based on K-IFRS, Not reviewed by outside auditors

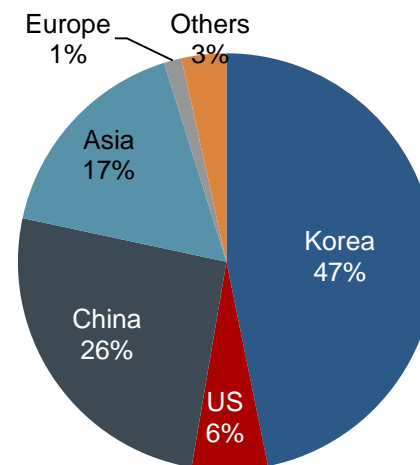
(1) Before inter-company adjustment

(2) Korea revenue includes transaction through domestic letter of credit

2019 Revenue⁽¹⁾ Breakdown by Segment



2019 Revenue Breakdown by Region⁽²⁾



Appendix. Business Snapshot by Division (Q1 2020)

(Unit: KRW bil)

	Basic Chemical	Petrochemical & Carbon Materials	Energy Solution	Others & Adjustment	Total
Sales Revenue	248	239	103	-21	569
Operating Income	-92	-2	11	-9	-93
% margin	-37%	-1%	11%		-16%
EBITDA	-77	6	21	-6	-57
% margin	-31%	3%	20%		-10%
Main Products	Poly-Si, H2O2, FS, Chlor-Alkali, Sodium Percarbonate	TDI, Carbon Black, Pitch, Benzene, P/A, Plasticizer, FS VIP	Solar power development, Cogeneration power plant	Bio Product Sales Rental Income	
OCI and Major Subsidiaries	OCI Specialty OCIMSB	OCI China	OCI Enterprises OCI SE OCI Power OCI Global	DCRE OCI I&C	

Note: Not reviewed by outside auditors

Appendix. Historical Performance by Segment

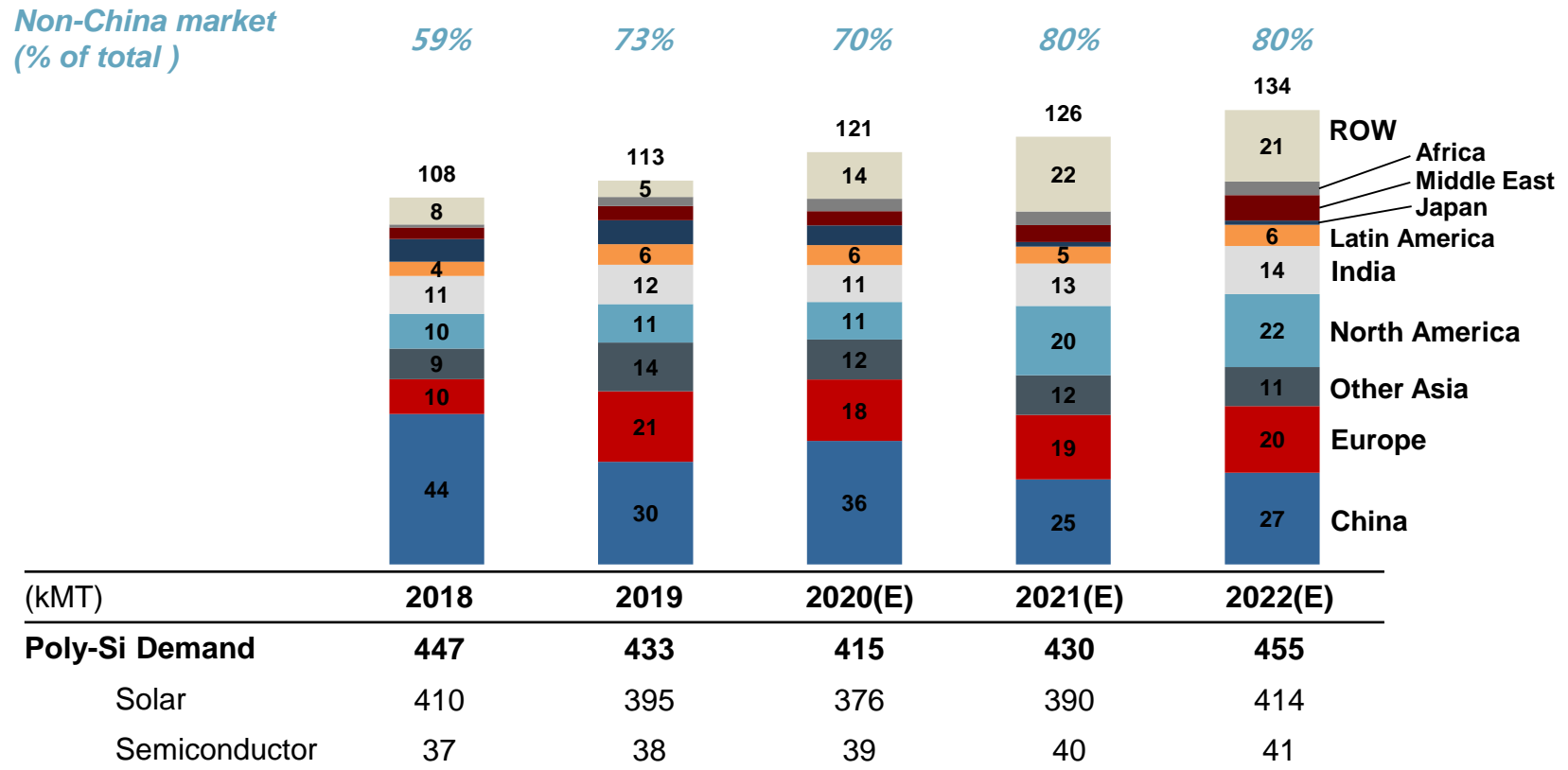
(Unit: KRW bil)

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Sales Revenue	641.8	653.9	670.8	638.7	568.6
Basic Chemical	268.5	309.8	320.0	312.7	247.7
Petrochemical & Carbon Materials	316.9	290.7	281.1	244.3	239.2
Energy Solution	100.3	92.5	93.6	102.2	103.0
Others and Adjustment	-43.9	-39.1	-24.0	-20.6	-21.3
Operating Income	-40.1	-19.9	-56.4	-64.2	-92.9
Basic Chemical	-71.9	-34.8	-65.5	-56.7	-92.2
Petrochemical & Carbon Materials	16.7	21.0	18.9	-4.0	-2.2
Energy Solution	23.5	1.8	0.9	2.0	10.8
Others and Adjustment	-8.5	-7.9	-10.8	-5.5	-9.4
EBITDA	37.1	58.9	20.1	14.0	-56.5
Basic Chemical	-17.3	21.1	-11.4	-2.0	-77.1
Petrochemical & Carbon Materials	26.3	30.5	27.9	4.8	5.8
Energy Solution	33.1	11.4	10.6	12.9	20.9
Others and Adjustment	-4.9	-1.3	-7.1	-1.8	-6.2

Note: Not reviewed by outside auditors

Appendix. Global Solar PV Market Forecast

- In 2019, the market was 30GW in China and 83GW outside of China, achieving 113GW of new installation
- Reduced installed capacity(forecast) for 2020 in each country by spreading COVID-19
- In China, a rapid recovery in demand is expected in the 2H of 2020 based on government support for industrial revival, leading new installation to increase compared with 2019

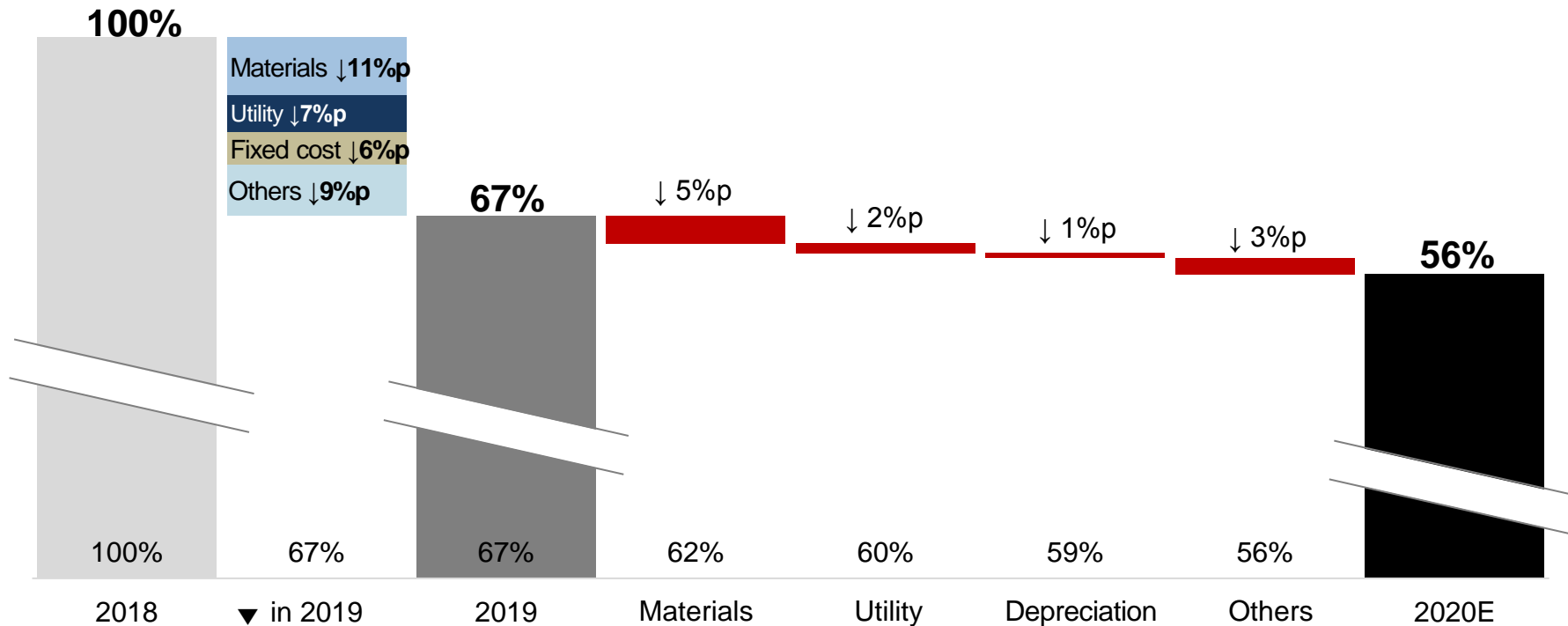


Source: Global Solar PV installation actual and forecast by Bloomberg NEF(Central scenario, Feb. 2020) and others, OCI analysis
 Poly-Si demand forecast(OCI analysis)
 Silicon usage(gram/watt): Bloomberg NEF and OCI analysis, 3.8(2018), 3.5(2019E), 3.1(2020E), 3.1(2021E), 3.0(2022E)

Appendix. OCIMSB - Manufacturing Cost Reduction Roadmap

- In 2019, OCIMSB's Poly-Si manufacturing costs were reduced by 33% over the previous year with fixed cost reduction and PS1 revamping
- Target to additionally reduce manufacturing costs by 16% YoY in 2020 with focusing on variable costs
- Increase production by 10% compared with 2019 by optimizing facility operating conditions

Malaysia's SoG Poly-Si Manufacturing Cost Reduction Roadmap



Thank you!

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