GLOBAL LEADING GREEN ENERGY AND CHEMICAL COMPANY

Financial results for the fourth quarter ended
December 31, 2020

Investor Relations
February 9, 2021

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 Fourth Quarter Ended December 31, 2020*

2 Business Strategy & Updates

* All financial figures are reviewed by an outside auditor
* Division figures are simple totals without internal transaction adjustment

Quarterly Consolidated Income Statement

- Despite planned maintenance in Petrochemicals and Carbon Materials Division, stable operating profit was shown as the market of major items recovered and stabilized, led by Poly-Si
- In relation to the urban development project of DCRE, a subsidiary company, marketing costs (about KRW 5billion including sales agency costs, model house construction costs, etc.) were reflected, which offset part of consolidated operating profit
- Net loss incurred mainly by reflecting the impairment of assets including Poly-Si P4 facilities at Gunsan plant (approximately KRW 263 billion)
- The year-end leverage ratio after the impairment is about 86%, showing solid capital soundness

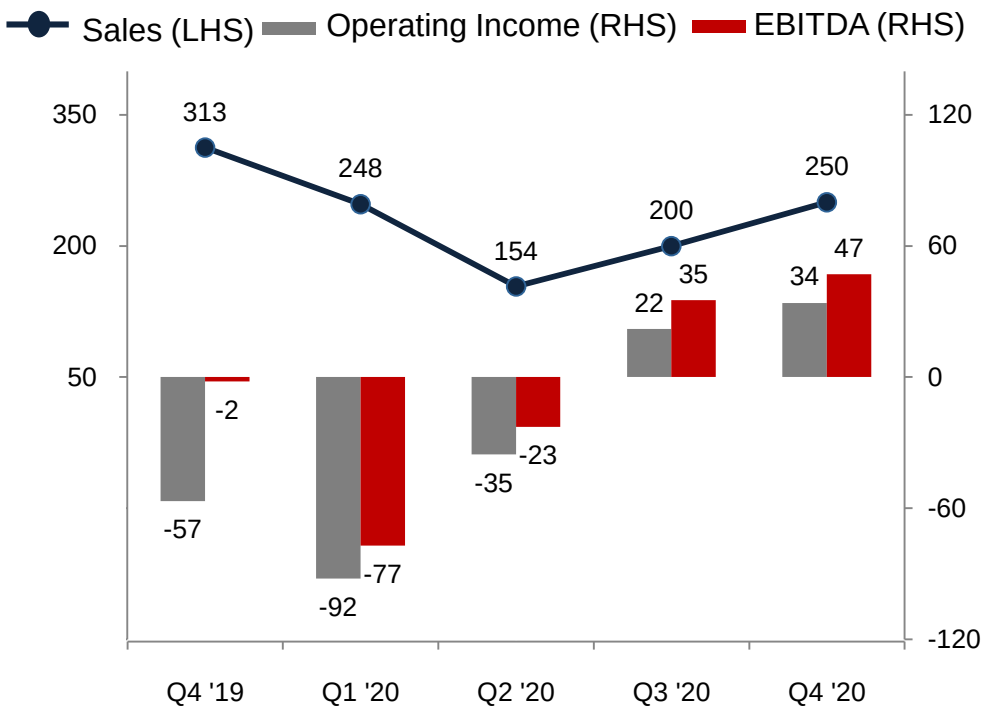
(Unit: KRW bil)	Q4 '19	Q3 ’20	Q4 ’20	QoQ	YoY
Sales Revenue	638.7	468.0	564.2	21%	-12%
Operating Income	-64.2	18.1	33.0	82%	Profit
% Margin	-10%	4%	6%		
EBITDA	14.0	51.9	67.4	30%	383%
% Margin	2%	11%	12%		
Income before tax	-843.3	9.9	-225.9	Loss	Loss
Net Income	-660.7	6.1	-161.1	Loss	Loss

Note: Consolidated results based on K-IFRS, Reviewed by outside auditors

Operating Results by Division

Quarterly Results

(Unit: KRW bil)



	Q4 '19	Q1 '20	Q2 '20	Q3 '20	Q4 '20
Operating Margin	-18%	-37%	-23%	11%	14%
EBITDA	-1%	-31%	-15%	18%	19%

Note: Reviewed by outside auditors

Business Highlights

Q4'20 Highlights

- After maintaining the stable price level due to normalized production by major Poly-Si manufacturers, the price of Poly-Si rebounded by the expansion of wafer companies and increased demand to secure inventory before lunar new year
- With full operation of Malaysian plant, production and sales of Poly-Si increased by about 50% QoQ each, and manufacturing cost was reduced by about 18% QoQ

Q1'21 Business Outlook

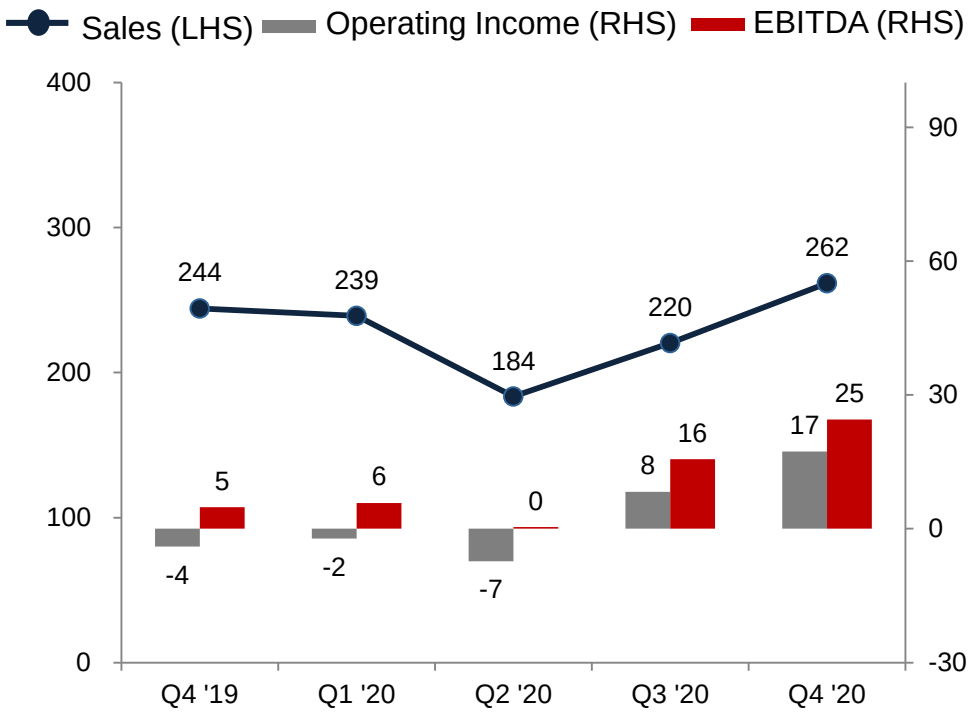
- Despite increased demand for Poly-Si due to wafer expansion, the production of Poly-Si is expected to remain at a similar level, which will lead to tight supply for the time being

Operating Results by Division

Petrochemicals & Carbon Materials

Quarterly Results

(Unit: KRW bil)



	Q4 '19	Q1 '20	Q2 '20	Q3 '20	Q4 '20
Operating Margin	-2%	-1%	-4%	4%	7%
EBITDA	2%	2%	0%	7%	9%

Note: Reviewed by outside auditors

Business Highlights

Q4'20 Highlights

- Following a recovery in sales volume of major products in Q3, rise in sales prices (TDI about +60% QoQ, benzene +15%, carbon black +20%) in Q4 contributed to the profit. However, it was partially offset by reduced production (pitch about -25% QoQ, benzene -20%) due to regular maintenance

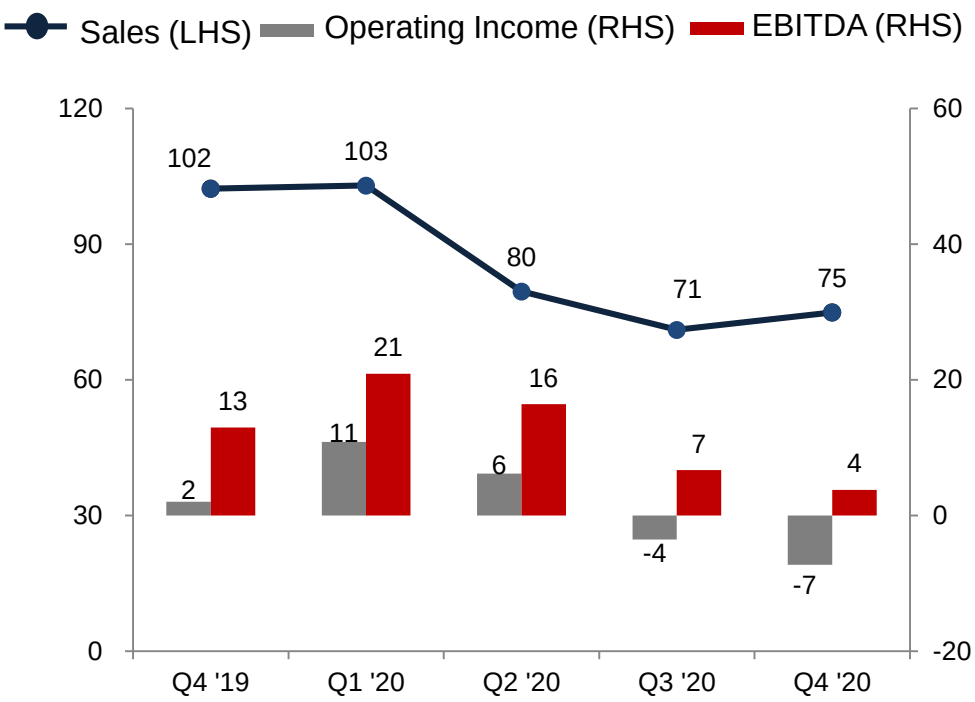
Q1'21 Business Outlook

- TDI supply is increasing as the production issues of large manufacturers were resolved

Operating Results by Division

Quarterly Results

(Unit: KRW bil)



Operating Margin	2%	11%	8%	-5%	-10%
EBITDA	13%	20%	21%	9%	5%

Note: Reviewed by outside auditors

Business Highlights

Q4'20 Highlights

- OCI SE continued to suffer operating loss as SMP and REC prices hit rock bottom (SMP-10% QoQ, REC-18%)
- An inventory valuation loss (approximately KRW 1.7 billion) recognized due to weak REC prices

Q1'21 Business Outlook

- A possibility of rise in SMP, which has been on the decline for year-round in 2020
  - Oil prices recovered to USD50s/bbl in 2H of 2020 due to oil production cuts and supply controls in oil-producing countries
  - SMP linked to oil prices is expected to recover accordingly

(1) SMP: System Marginal Price
(2) REC: Renewable Energy Certificate

Financial Position

Summary of Financial Position (Unit: KRW bil)

	Sep 30, 2020	Dec 30, 2020	Change
Current Assets	**1,898**	**2,036**	**138**
Cash & ST Financial Assets	608	638	**30**
Account Receivables & Others	326	329	**3**
Inventories	843	814	**-29**
Others	121	255	**134**
Non-current Assets	**2,651**	**2,401**	**-250**
Investments	195	192	**-3**
Tangible Assets	2,017	1,710	**-307**
Others	439	499	**60**
Total Assets	**4,549**	**4,437**	**-112**
Liabilities	**1,951**	**2,052**	**101**
Debt	1,505	1,658	**153**
Accounts Payable & Others	269	271	**2**
Others	177	123	**-54**
Shareholders' Equity	**2,598**	**2,386**	**-212**
Net Debt(1)	**842**	**977**	**135**
Leverage Ratio	75%	86%	

Note: Consolidated results based on K-IFRS, Reviewed by outside auditors
(1) Debt - (Cash & Short Term Financial Assets + Long Term Financial Assets)

Increase in other current assets

- Unacquired ownership after DCRE's purchasing of private land

  : State having balance payment before ownership transfer

Decrease in property, plant and equipment

- Asset impairment of idle Poly-Si facilities at Gunsan plant

Increase in other non-current assets

- Deferred tax assets increased due to impairment of tangible assets

Increase in borrowing

- DCRE's urban development project raises borrowings

Decrease in other liabilities

- Debt reduction by offsetting advance payments

1 Fourth Quarter Ended December 31, 2020

2 Business Strategy & Updates

Business Highlights & Strategies: Solar Value Chain

Solar Value Chain

2020

- **Large-scale of business reorganization, including production suspension of P2, P3 Poly-Si plants for SoG(1) in Gunsan**
- **Dualize polysilicon business → Gunsan: EG(2), Malaysia: SoG**
  - SoG : Capacity increase by 10% from 27,000MT/yr to 30,000MT/yr through facility improvement and process condition changes
  - EG : Volume increase of long-term EG polysilicon supply contracts to KRW 277.5 billion with SK Siltron

2021

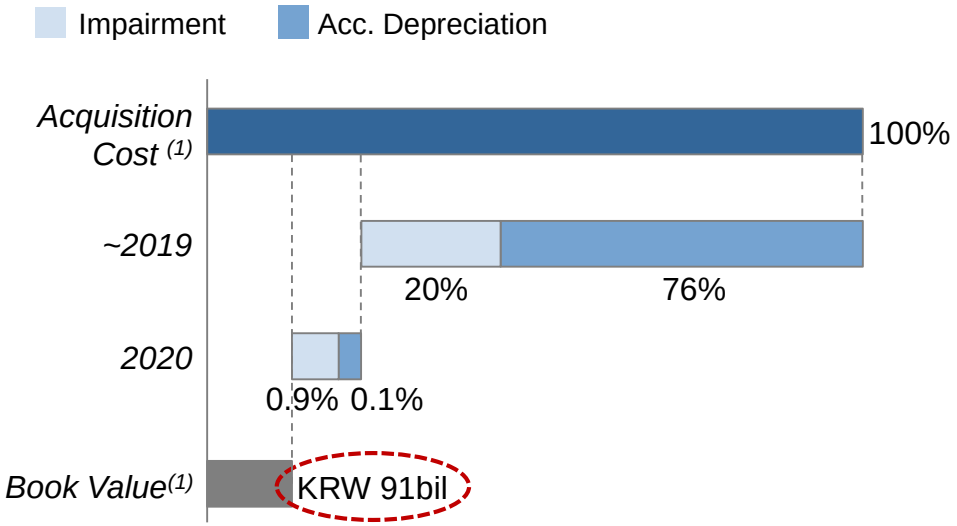
- **Maximize profitability and efficiency through 'two-track' strategy**
  - Gunsan: Accelerate EG polysilicon business
    - ✓ Qualification test is underway with leading domestic and overseas semiconductor companies
    - ✓ Efforts to increase the supply volume in line with the expansion plans of the semiconductor wafer companies
    - ✓ Target sales of about 2,000MT of EG polysilicon in 2021
  - Malaysia(OCIMSB): Expand cost competitiveness of SoG polysilicon
    - ✓ Increase production from 30,000MT/yr to 35,000MT/yr through debottlenecking by 2022
      → Additional 15% reduction compared with average manufacturing cost in 2020
    - ✓ Cost-competitive business positioning
- **Initiate ESS demonstration project using reusable batteries with Hyundai Motor Group for materializing its business model**

(1) Solar Grade (2) Electronic Grade

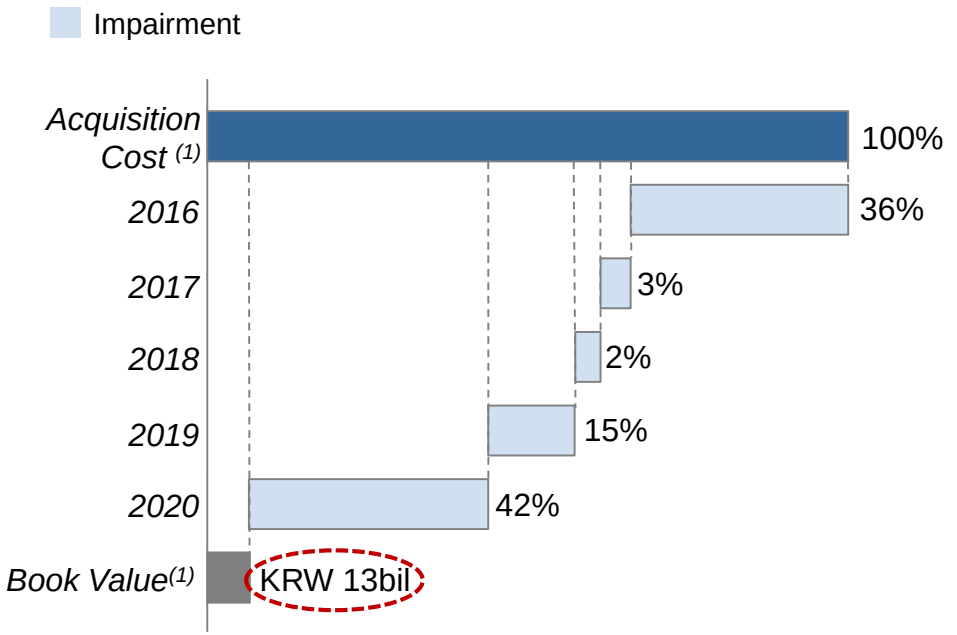
Asset Impairment - Gunsan Poly-Si Facilities

- After an asset impairment loss of about KRW 750billion in 2019 due to a sharp drop in Poly-Si prices and capacity expansion of competitors, OCI recognized an asset impairment loss for unused facilities in 2020
- The facilities recognized in 2020 were excluded from the impairment loss in 2019 because ways to utilize were under discussion, but it was suspended because of external variables such as Covid-19
- Idle facilities are being managed to maintain quality and performance, and some assets may be revalued and reversed depending on future facility reuse

Impairment Losses on P1/P2/P3



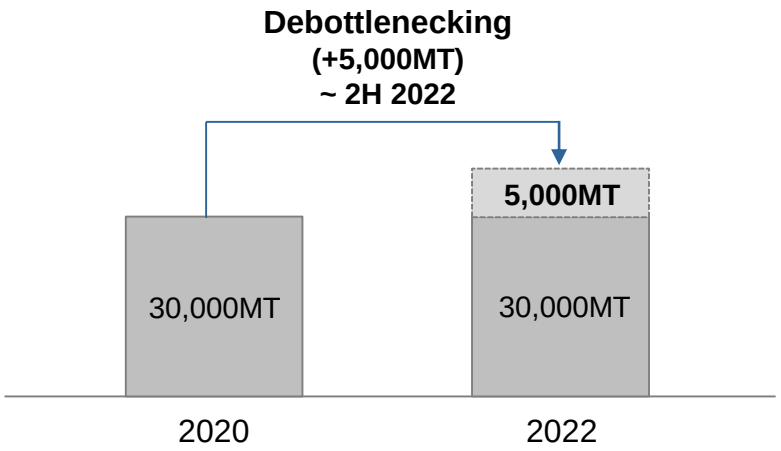
Impairment Losses on P4



(1) Land acquisition cost not included
(2) There may be some differences in the number due to depreciation, sales, transfer, etc. other than impairment losses

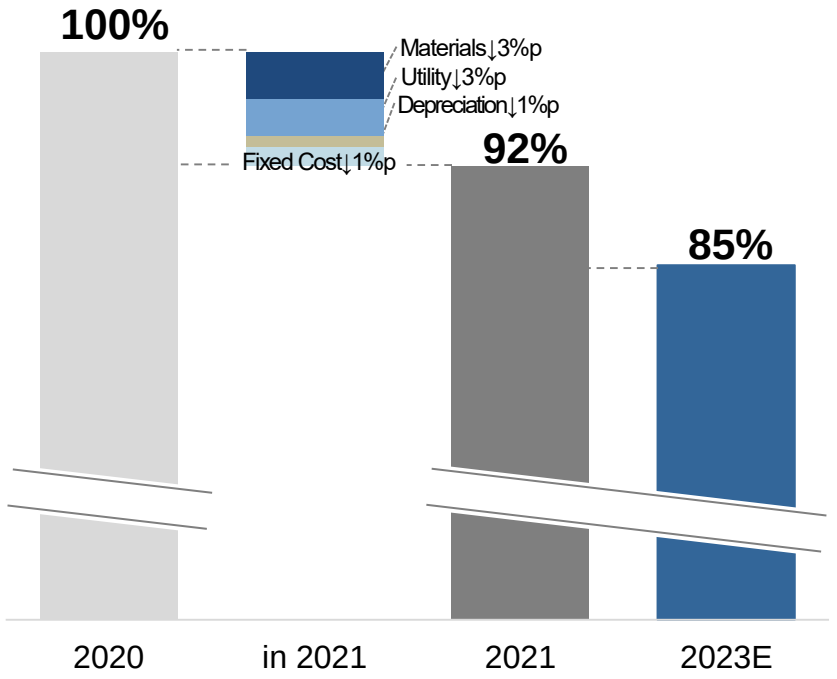
OCIMSB Capacity Expansion Plan

- Malaysian SoG Poly-Si plant to expand its production capacity up to 35,000MT/year by the 2H of 2022
- To reduce the manufacturing cost of SoG Poly-Si by about 15% after the debottlenecking, compared with the average cost in 2020
- Efforts to streamline facilities use and reduce investment costs through the use of idle facilities in Gunsan in part
- Signed a long-term supply contract with Longi, the world's largest wafer manufacturer, to secure stable sales (for 3 years, approximately USD 850milion)
- Considering additional expansion after debottlenecking



- Relocate & utilize the parts of idle facilities in Gunsan to Malaysia
- Minimize CAPEX: total investment of about USD 55million
- Compressed schedule with verified construction technology
- Invest in steam facility

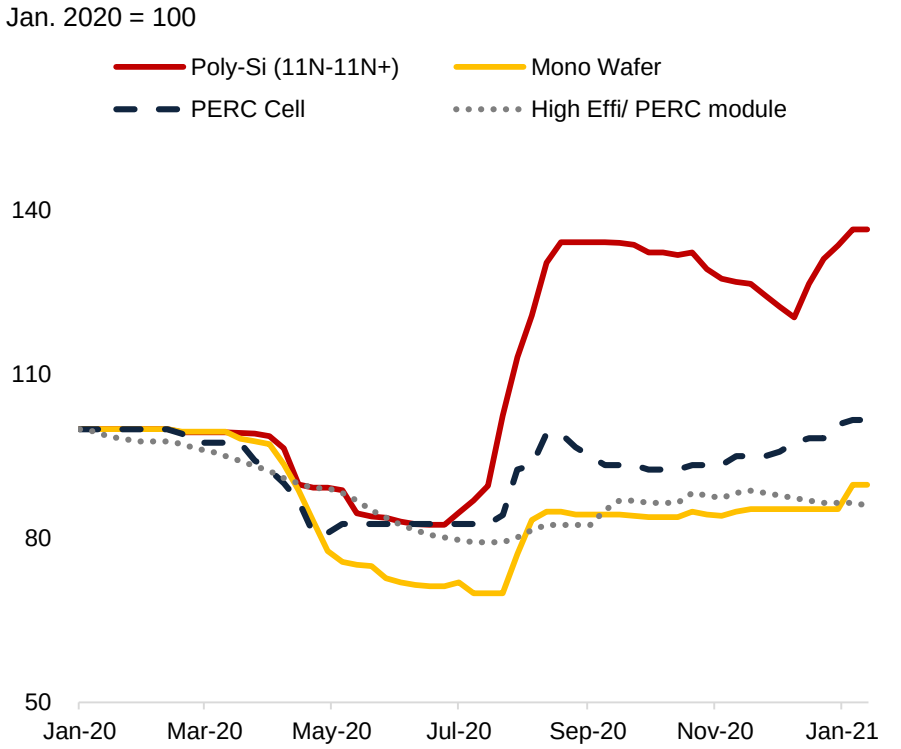
SoG Poly-Si Manufacturing Cost Reduction Roadmap



2020·2021 Solar PV Demand (1)

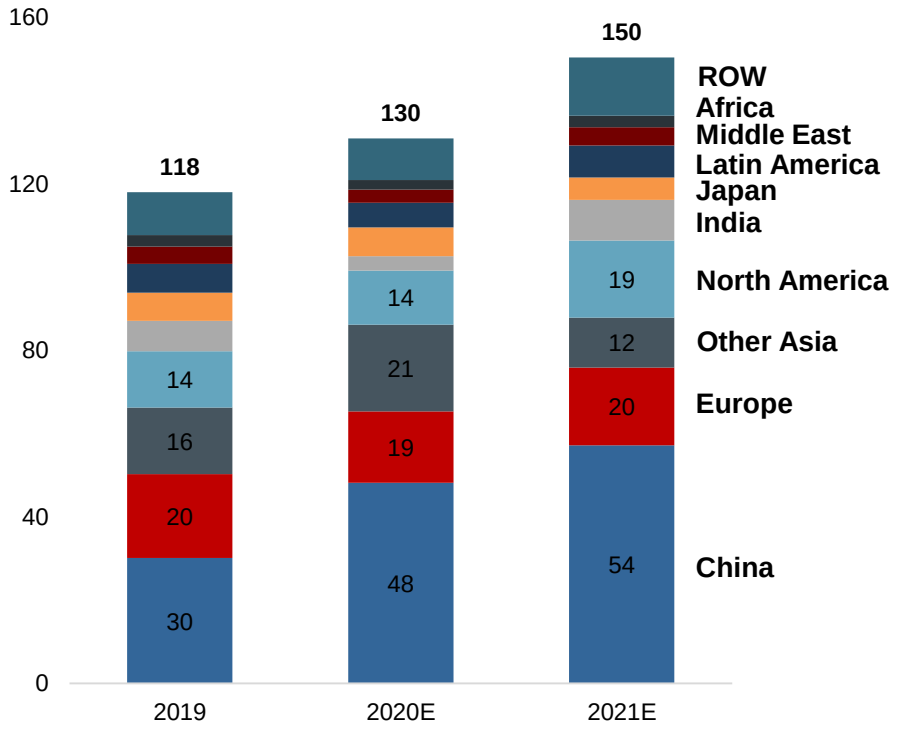
- Despite COVID-19, global solar PV installations increased by about 11% YoY in 2020, with new installations in China recording 48GW
- Although installation costs are expected to rise in the 1H of 2021, worldwide installation is expected to grow by about 15% in 2021 as China's 2020 subsidy projects should be installed by the 1H of 2021 and due to the increased interest in renewable energy and government support policies

Solar Value Chain Price Trend



Global Solar PV Installation Forecast

(Unit: GW)

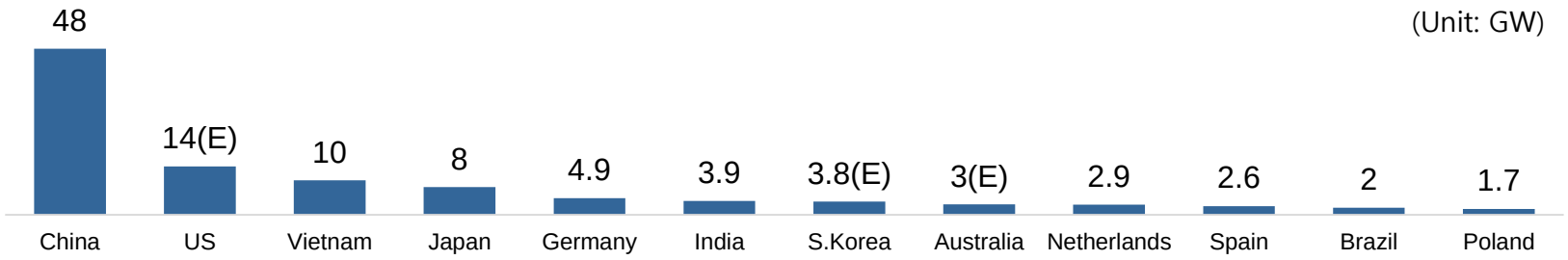


Source: PV insights

2020·2021 Solar PV Demand (2)

- About 18 countries worldwide have installed more than 1GW of solar power plants in 2020; the solar market has become geographically diverse
- As the COVID-19 situation recovers in 2021, governments' economic stimulus measures are expected to increase investment in eco-friendly infrastructure, which accelerates the supply of renewable energy centered on solar energy

[2020 PV Installation Highlight]



[2021 Major Market Policy Trend]

China	• NEA(1) targets to install 120GW of solar + wind power in 2021 (Dec. 2020) • 2020 was the last year of subsidy payments, but the government considers extending them until 2021 for residential only
Europe	• 281 subsidy-free projects (37 GW in total) are in progress; about 4 GW installed in 2020 and 7 GW to be installed in 2021
US	• US Democrat rejoins the Paris Climate Agreement • President Biden is strongly committed to implementing eco-friendly policies by investing USD 2 trillion in clean energy and infrastructure over the next four years • The Investment Tax Credit (ITC) for solar has been extended for another 2 years to 26% in 2020

(1) National Energy Administration

OCI Power: ESS Project with Hyundai Motor Group

- The first achievement since signing MOU in September 2019 to promote the demonstration of energy storage system (ESS) using EV reusable batteries
- Installed 300kWh ESS using Hyundai Motor Group's EV reusable battery at OCI's solar power plant in Gongju, Korea
- Plan to demonstrate with OCI Solar Power, a subsidiary for photovoltaic power plant located in Texas
- With the business model, aim to distribute ESS system using reusable batteries and develop distributed power generation markets in Korea and North America

Project Phase-1: Business Verification

- **Provide demonstration site** (Gongju, Korea & Texas, USA)
- **Supply and install Power Conditioning System(PCS) & operating system**

- **Provide ESS with recycled EV batteries**
- **Maintenance**

"Target distributed energy market in South Korea and North America"



ESS Cube installed at OCI's solar power plant in Gongju

Business Highlights & Strategies: Chemicals & New Business

Chemicals

2020

- **Discover high value-added chemical fields: Hydrogen Peroxide**
  - Establishment of 'P&O Chemical', a joint venture with POSCO Chemical to produce 50,000MT/yr of hydrogen peroxide
  - Long-term supply contract for EG hydrogen peroxide worth KRW 490 billion with Dongwoo Fine-chem

2021

- **Expand high value-added chemical fields**
  - Hydrogen Peroxide : P&O Chemical started construction in January (Gwangyang, completed in 2022)
  - VIP(1) : Expand business to high-insulated container market, etc.

(1) Vacuum Insulation Panel

New Business

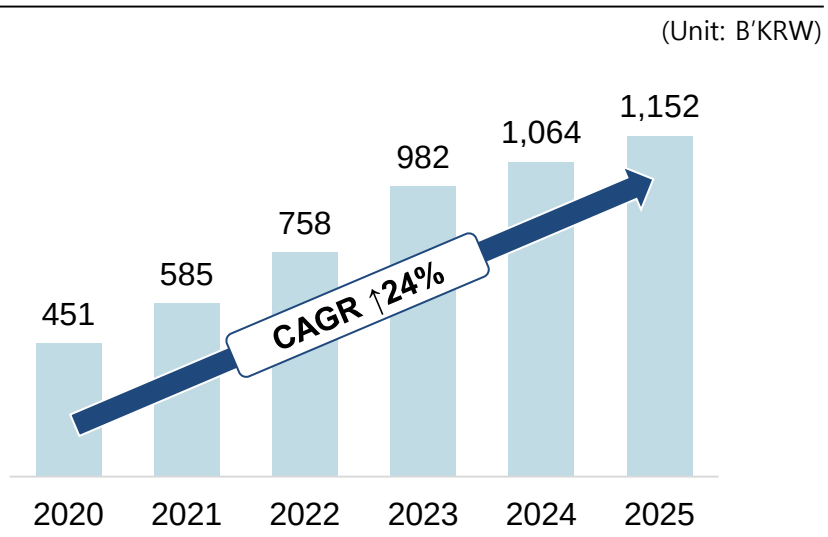
- **DCRE: Incheon Urban Development Project**
  - A project for a total of 13,000 households launched the brand named 'CITYOCIEL'
- **Biopharma**
  - US based company, Adicet Bio, listed on NASDAQ in September 2020 (OCI investment: USD 7million)

- **DCRE: Incheon Urban Development Project**
  - Multipurpose Buildings pre-sale in March 2021 (980 households, 900 units of studio apartment)
- **Extend derivative/related businesses and stabilize new projects**
  - Semiconductor chemicals, environment business, bio-related business

Expansion of VIP Business

- ENERVAC[(1)], an OCI's vacuum insulation panel, is applied to 'Battery Hybrid Smart High Insulation Container' developed by the Korea Railroad Research Institute
- As Cold-Chain, a refrigeration logistic system, becomes more important ahead of the supply of COVID-19 vaccine, the insulation transport container market is rapidly growing
- Expand business area by developing transportation containers other than existing projects in construction and refrigeration by using ENERVAC and PCM[(2)] technologies

Global VIP-TCP[(3)] Market



Source: Pharmaceutical Commerce analysis of Statista



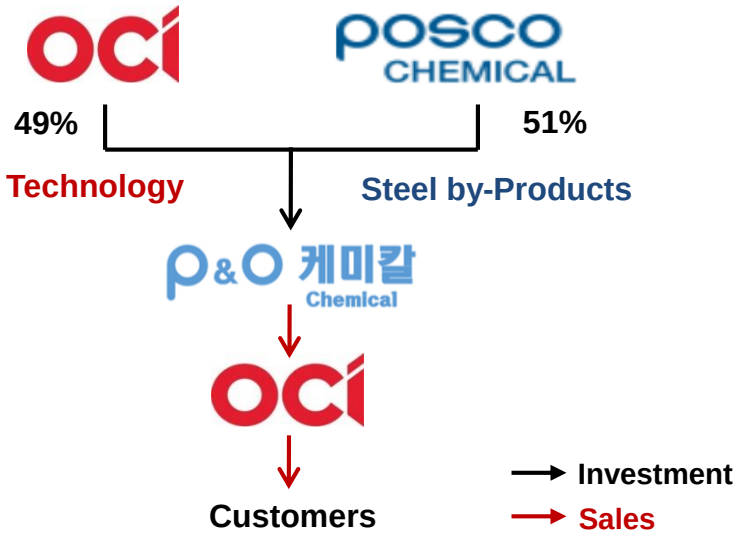
'Battery Hybrid Smart High Insulation Container' by the Korea Railroad Research Institute with OCI's ENERVAC

(1) A vacuum insulation material with fumed silica produced by OCI as a raw material. It delivers approximately 8 times higher performance than conventional insulation and is safe from fire as it does not burn
(2) Phase Change Material: Technology that artificially adjusts melting and freezing points to the required temperature and controls indoor temperature as desired while minimizing changes in ambient temperature
(3) Temperature-Controlled Packaging: As a major market for cold chains, various materials are used including Expanded Polystyrene, Vacuum Insulated Panel, Polyurethane, Cryogenic tanks, etc.

Hydrogen Peroxide: P&O Chemical

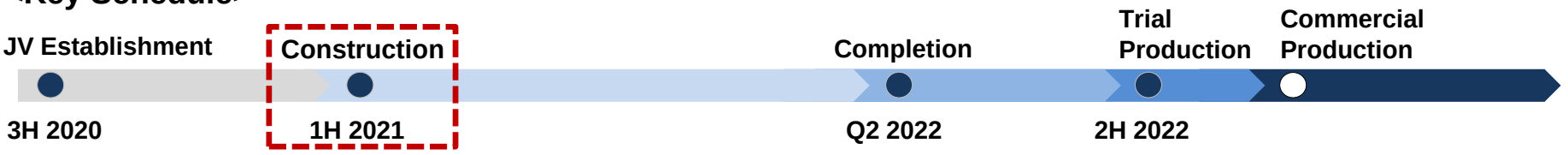
- In January 2021, P&O Chemical, a joint venture with POSCO Chemical, commenced the construction of 50,000mt/yr of hydrogen peroxide facility
- Starting with high-purity hydrogen peroxide, the production of fine chemical products will respond to changes in the market environment and maximize to add value

Business Structure





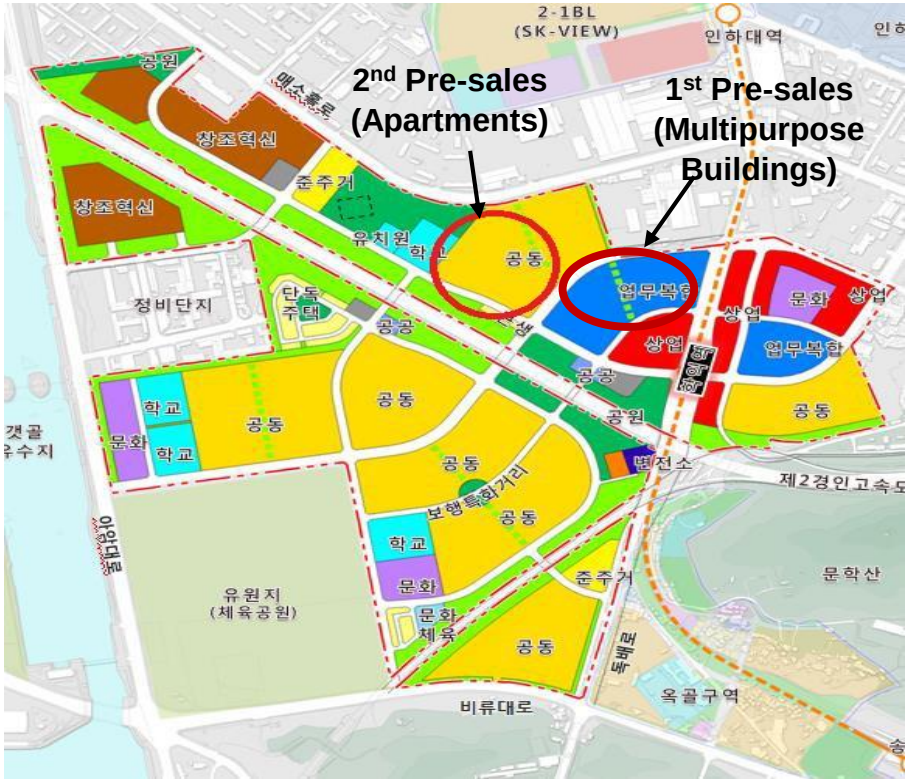
<Key Schedule>



DCRE: Urban Development Project Updates

- Phase-1 pre-sale of apartments(about 980households) and studio apartments(about 900units) will be announced in March 2021
- Sales price be within the expected level
- During the 1H of 2021, the phase-2 pre-sale of apartments will be carried out sequentially following the sales of multipurpose buildings

Site Information for Pre-sale in 1H 2021



Timeline

Mar. 2021

Phase-1 (Multipurpose Buildings)
- **980 households**
- **900units of studio apartment**
  - Model house open
  - 1st pre-sales starts
  - Ground breaking

1H 2021

Phase-2 (Apartments)
- **1,130 households**
  - Model house open
  - 2nd pre-sales starts
  - Ground breaking

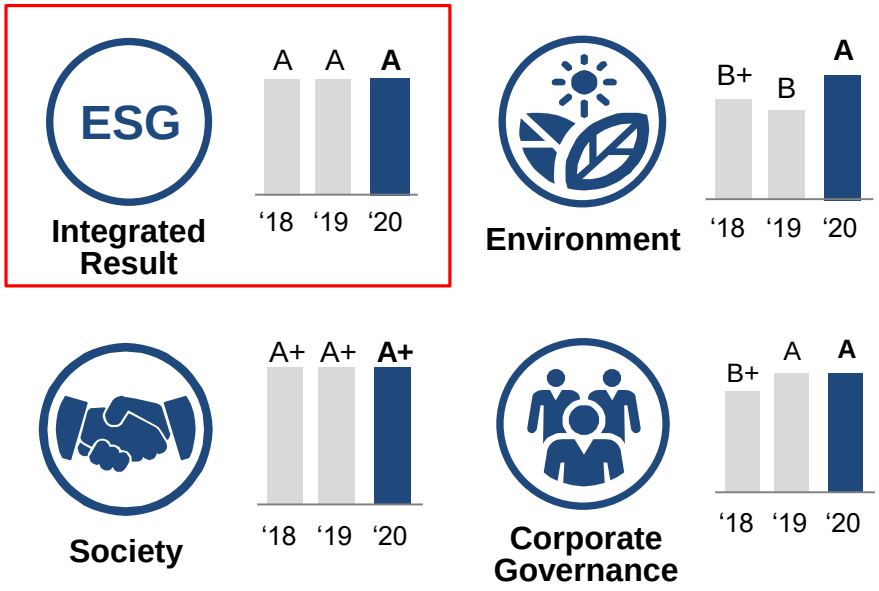
* Detailed project schedule can be changed subject to the site conditions

Sustainability: ESG, DJSI

- In the recent global market, there has been a growing interest in ESG(environment, society and governance) transparency. ESG is leading the mid-to long-term global investment trend as many asset managers expand ESG-based investment
- OCI achieved 2020 ESG integrated rating of A, which proven to be the industry leader in its sustainability management system, and has been included in the DJSI Korea index for 12 consecutive years in chemical sector

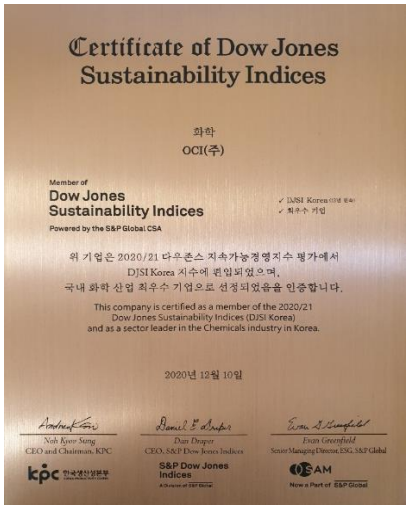
2020 ESG Assessment Results (KCGS[1])

- Integrated 'A' Grade, within the top 10% of average among 760 KOSPI listed companies



2020 DJSI

- Included in the DJSI Korea Index for 12 consecutive years
- Selected as a 'Yearbook Member[2]' in 'The Sustainability Yearbook[3]' 2021, and listed as a leading chemical company along with Dow Inc. and Mitsubishi Chemical



(1) KCGS: Korea Corporate Governance Service
(2) Companies must be within the top 15% of each industry, and must achieve a score within 30% of their industry's top-performing company in the sustainability assessment
(3) An annual report published by S&P Global, a DJSI organizer, to analyze ESG performance and commend outstanding companies

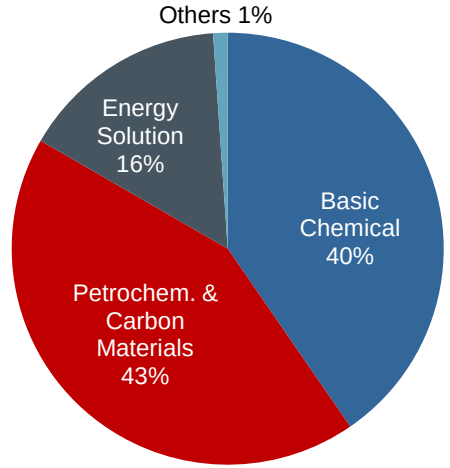
Q & A

Appendix. Company Overview

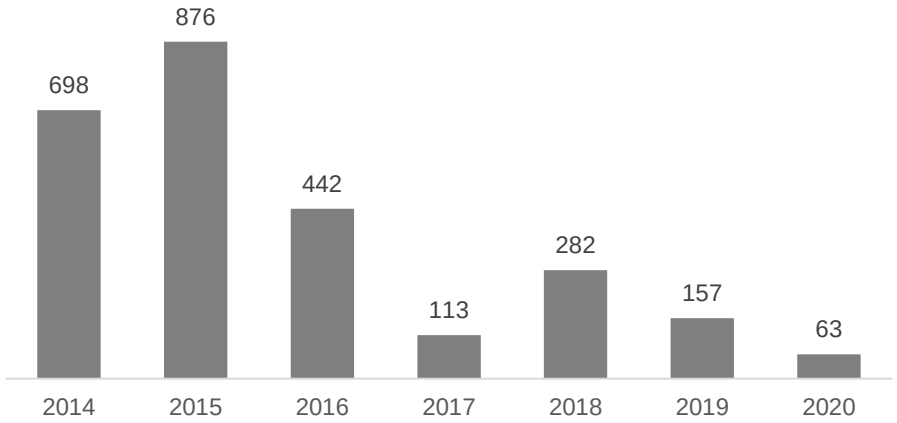
Overview

- 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, Fumed Silica Chlor-Alkali, etc.
- Petrochemical & Carbon Materials: TDI, Carbon Black, Pitch, Benzene, P/A, Plasticizer, FS VIP, etc.
- Energy Solution: Solar PV, Cogeneration power plant, PV EPC
- Others: Bio, Trading, Leasing, etc.

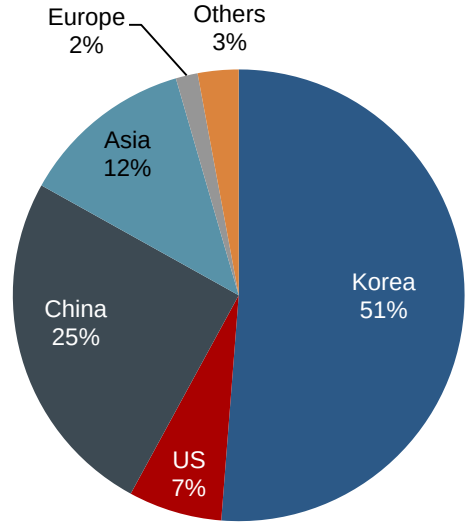
2020 Revenue(1) Breakdown by Segment



CAPEX (Unit: KRW bil)



2020 Revenue Breakdown by Region(2)



Note: Consolidated results based on K-IFRS,
(1) Before inter-company adjustment
(2) Korea revenue includes transaction through domestic letter of credit

Appendix. Business Snapshot by Division (Q4 2020)

(Unit: KRW bil)

	Basic Chemical	Petrochemical & Carbon Materials	Energy Solution	Others & Adjustment	Total
Sales Revenue	250	262	75	-22	564
Operating Income	34	17	-7	-11	33
% margin	14%	7%	-10%		6%
EBITDA	47	25	4	-8	67
% margin	19%	9%	5%		12%
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 Leasing	
OCI and Major Subsidiaries	OCI Specialty OCIMSB	OCI China	OCI Enterprises OCI SE OCI Power OCI Global	DCRE OCI I&C	

Note: Reviewed by outside auditors

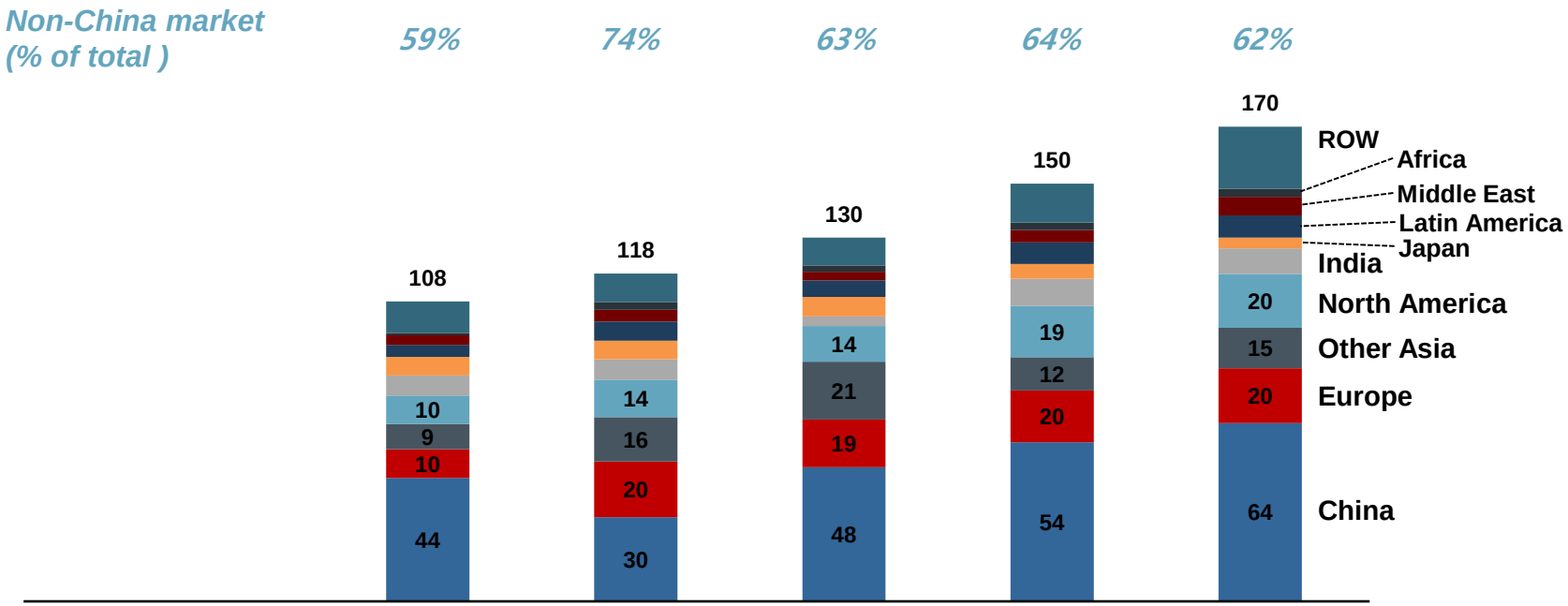
Appendix. Historical Performance by Segment

(Unit: KRW bil)

	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4
Sales Revenue	**638.7**	**568.6**	**401.6**	**468.0**	**564.2**
Basic Chemical	312.7	247.7	153.7	200.0	249.9
Petrochemical & Carbon Materials	244.3	239.2	183.6	220.4	261.7
Energy Solution	102.2	103.0	79.5	71.0	74.9
Others and Adjustment	-20.6	-21.3	-15.2	-23.4	-22.3
Operating Income	**-64.2**	**-92.9**	**-44.3**	**18.1**	**33.0**
Basic Chemical	-56.7	-92.2	-35.4	22.0	33.9
Petrochemical & Carbon Materials	-4.0	-2.2	-7.3	8.3	17.3
Energy Solution	2.0	10.8	6.2	-3.5	-7.2
Others and Adjustment	-5.5	-9.4	-7.8	-8.6	-11.0
EBITDA	**14.0**	**-56.5**	**-10.7**	**51.9**	**67.4**
Basic Chemical	-2.0	-77.1	-22.8	35.2	47.1
Petrochemical & Carbon Materials	4.8	5.8	0.4	15.6	24.5
Energy Solution	12.9	20.9	16.4	6.7	3.9
Others and Adjustment	-1.8	-6.2	-4.7	-5.6	-8.1

Note: Reviewed by outside auditors

Appendix. Global Solar PV Market



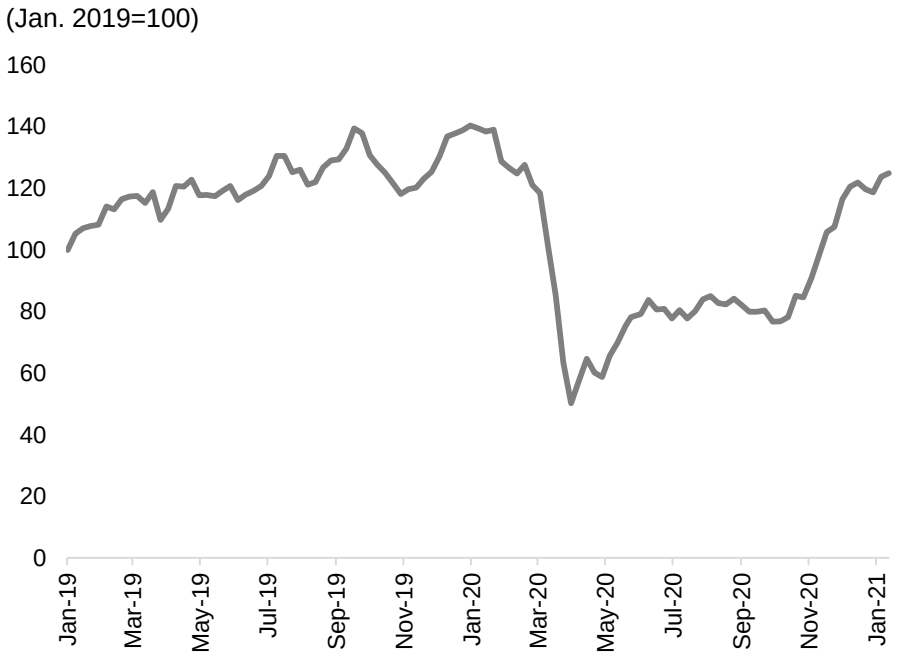
(kMT)	2018	2019	2020(E)	2021(E)	2022(E)
Poly-Si Demand	**447**	**450**	**440**	**488**	**532**
Solar	410	413	403	450	493
Semiconductor	37	37	37	38	39

Source: Global Solar PV installation actual and forecast by Bloomberg NEF(Central scenario, Nov. 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(2019), 3.1(2020E), 3.0(2021E), 2.9(2022E)

Appendix. Chemical Business Updates (1)

Benzene

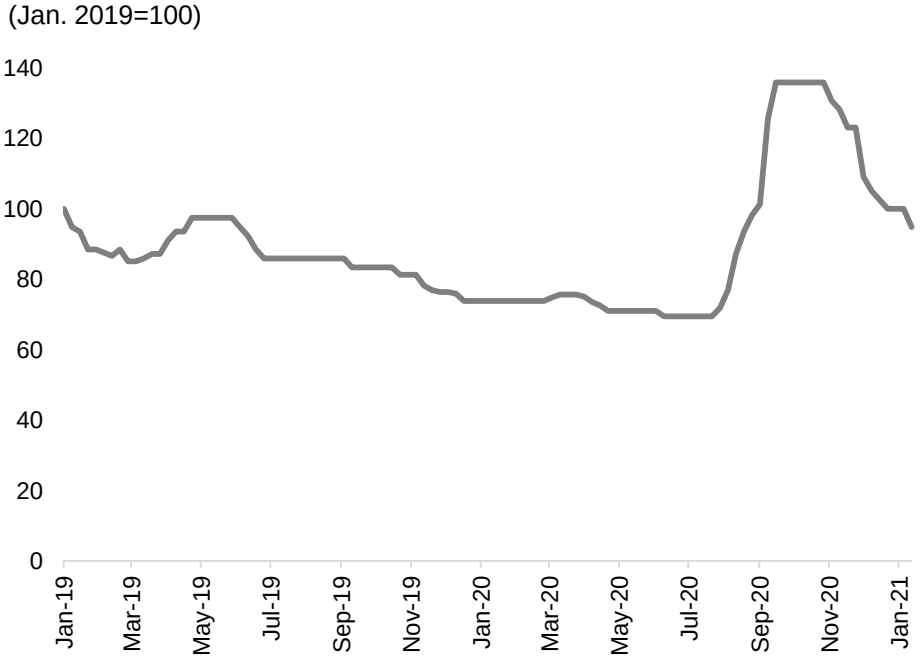
- Turned to tight supply as oil refiners reduced operation rate due to sluggish fuel demand, leading to rise in sales prices since November 2020
- The international price is expected to remain strong due to rising oil prices, but a recovery in operating rates may lead oversupply



Source:Platts(FOB Korea)

TDI

- TDI supply is increasing as production issues by large manufacturers were resolved
- Prices in Asia are on the decline due to increased exports from China

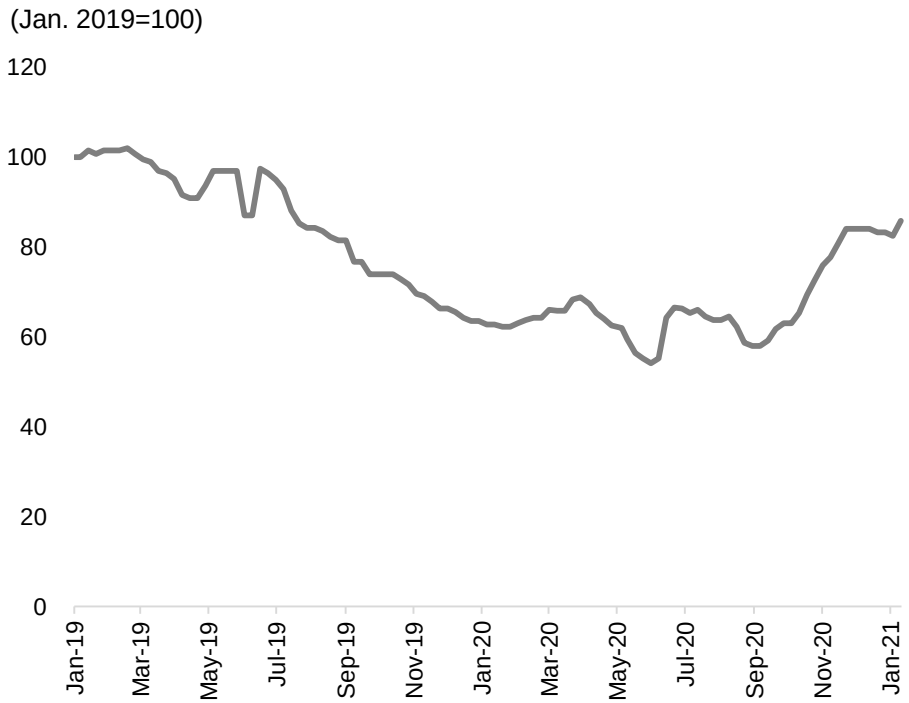


Source: ICIS(CFR China Main Port & HK)

Appendix. Chemical Business Updates (2)

Pitch

- Pitch prices have been rising since 3Q 2020 due to recovered demand for aluminum and lack of raw material(Coal Tar) supply



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

Carbon Black

- In the 3Q~4Q, the demand increased gradually with the recovery of tire facilities operations in Asia, including Korea
- The current market conditions are expected to remain in the 1Q, but needs to watch the possibility of Asian tire makers adjusting their operations following the preliminary investigation by the U.S. Department of Commerce regarding anti-dumping tariffs on passenger and light truck tires from Korea, Taiwan, Thailand, and Vietnam

Appendix. K-IFRS Impairment of Assets

K-IFRS No.1036 Impairment of Assets

- 9. An entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset.

- 18. This Standard defines recoverable amount as the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use. The requirements for measuring recoverable amount use the term 'an asset' but apply equally to an individual asset or a cash-generating unit.

- 59. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss.

Thank you!

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