OCI Holdings

INVESTOR RELATIONS

OCI Holdings

Financial Results for Q2 2024

2024.08.05

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 but not limited to, trends and/or slowdown in the global economy, future investment plans, market demand and supply conditions and intensified industry competition. 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.

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01

Financials

1. Q2'24 Review
2. Financials by Subsidiaries

OCI Holdings



01. Q2'24 Consolidated Financials _Income Statement

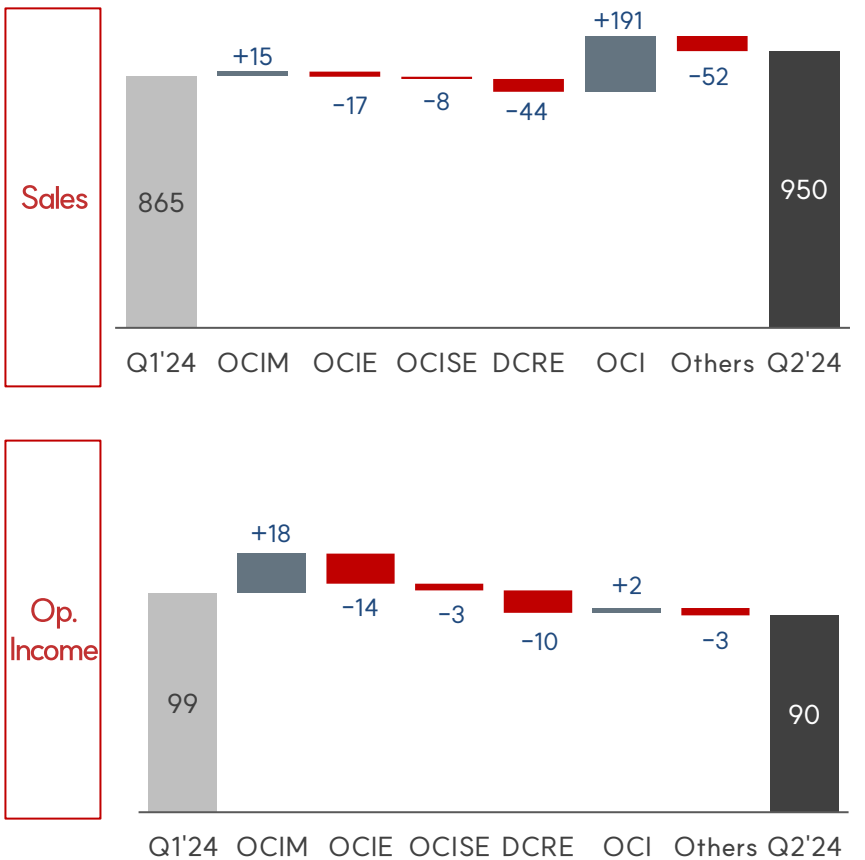
OCI Holdings

- Sales KRW 950 billion, Operating Income KRW 90 billion, Operating Margin 9.4% achieved
  - Sales revenue increased by 9.8% QoQ due to the consolidation effect of OCI's Q2 full earnings[1)]
  - Despite an increase in OCIM's operating income from higher polysilicon production and sales volumes, a loss in the U.S. module business and overall market challenges across subsidiaries resulted in a 9.8% QoQ decrease in operating income

Condensed Statement of Income (Unit: KRW bil.)

	Q2'23	Q1'24	Q2'24	QoQ
Sales	**594**	**865**	**950**	**+9.8%**
Operating Income	**132**	**99**	**90**	**-9.8%**
OP Margin(%)	22.2%	11.5%	9.4%	
Income Before Tax Expenses	**174**	**210**	**91**	**-56.5%**
Net Income	**389**	**192**	**23**	**-88.1%**
NI Margin (%)	46%	20.2%	1.7%	
EBITDA	**156**	**132**	**146**	**11.0%**
EBITDA Margin(%)	26.3%	15.3%	15.4%	
ROE(%)	36.1%	19.7%	8.3%	

Analysis by Subsidiaries (Unit: KRW bil.)



Note: K-IFRS consolidated base, before audit

1) In Q1, 2 months of OCI earnings reflected in OCIH consolidated financials as consolidation became effective at the end of January

01. Q2'24 Consolidated Financials _Balance Sheet

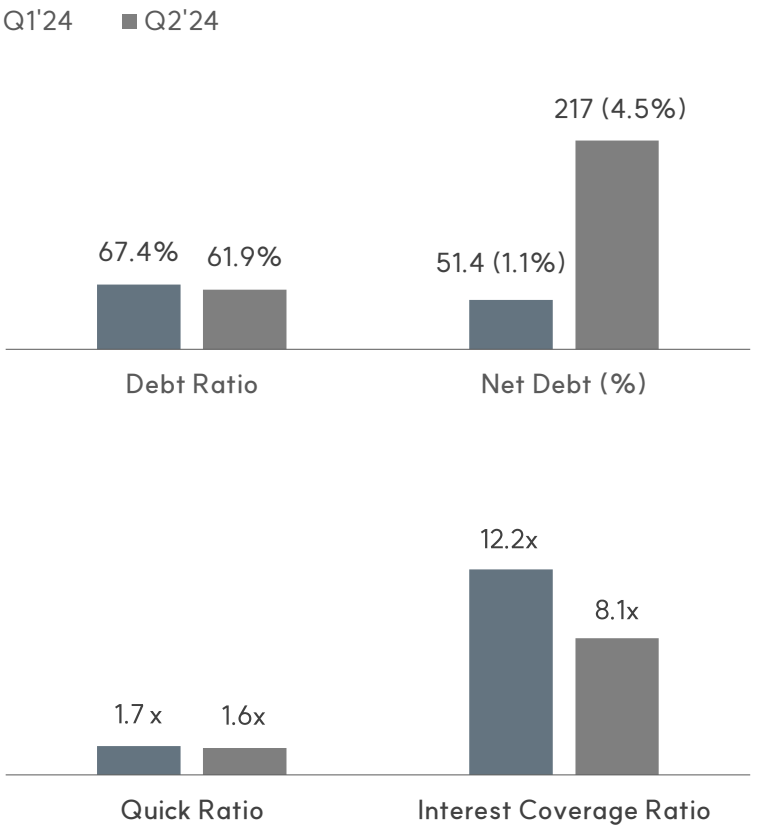
OCI Holdings

- Assets KRW 7,776 billion, Liabilities KRW 2,974 billion, Equities KRW 4,802 billion
  - OCIH's debt ratio decreased by 5.5%p QoQ to 61.9%, attributable to a reduction in debt following the repayment of a part of borrowings by OCI in Q2

Condensed Statement of Financial Position (Unit: KRW bil.)

	Q1'24	Q2'24	QoQ
Total Assets	**7,941**	**7,776**	**-165**
Current Assets	**4,931**	**4,740**	**-191**
Cash & ST Financial Assets	1,935	1,754	-182
Account Receivables	800	716	-84
Inventories	2,073	2,208	135
Others	123	62	-60
Non-Current Assets	**3,010**	**3,035**	**26**
Liabilities	**3,197**	**2,974**	**-223**
Debt	1,986	1,971	-16
Account Payables & Others	713	497	-217
Others	497	506	9
Shareholders' Equity	**4,744**	**4,802**	**58**

Financial Stability (Unit: KRW bil.)



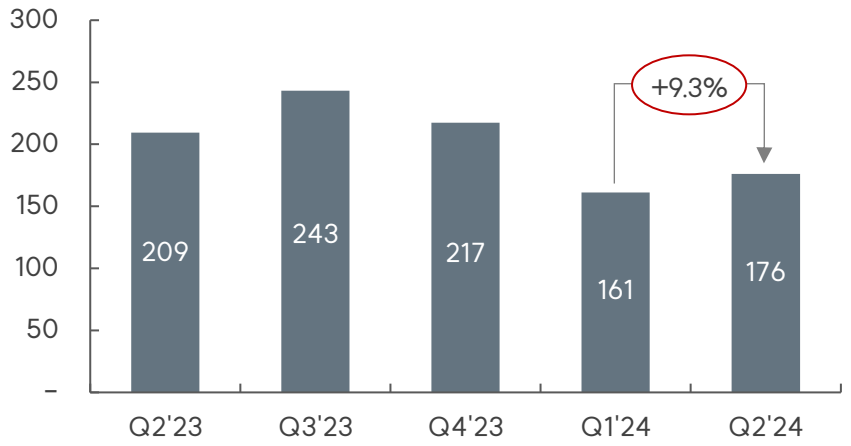
Note: K-IFRS consolidated base, before audit

02. Financials _OCIM

OCI Holdings

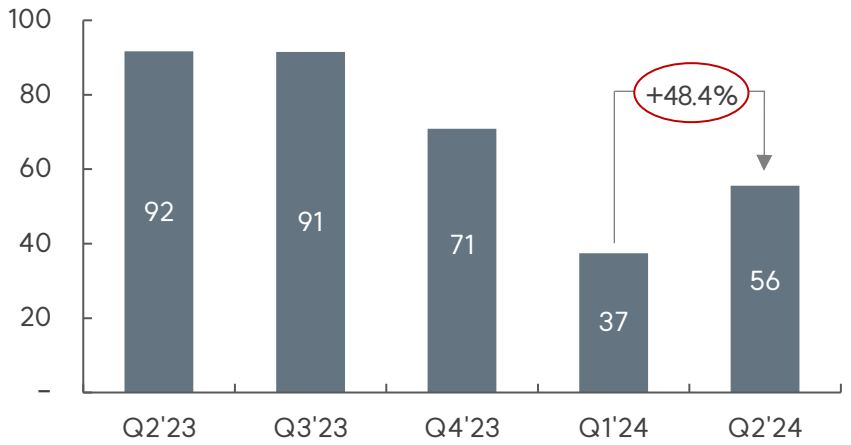
Sales

(Unit: KRW bil.)



Operating Income

(Unit: KRW bil.)



Q2'24 Highlights

- Q2 Operation rate(+90%) remained within the normal range, and the ASP reflected the non-China premium
- However, sales volume reduced in June after the announcement of an AD/CVD investigation on solar panels from Southeast Asia, resulting in a decrease in order volume

Q3'24 Outlook

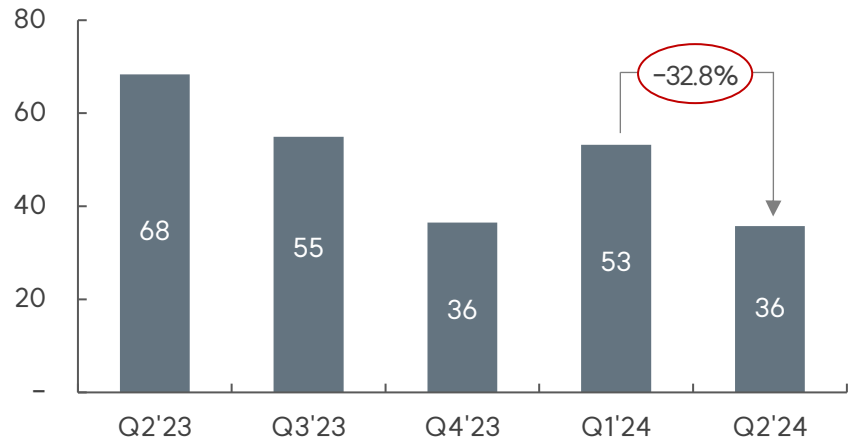
- Q3 operation rate reduced to 70%
- Sales and operating income expected to decline due to lower sales volume, according to the reduced operation of customers in Southeast Asia
- Mandatory maintenance shutdowns from the end of Q3 to Q4(90 days)

02. Financials _OCIE

OCI Holdings

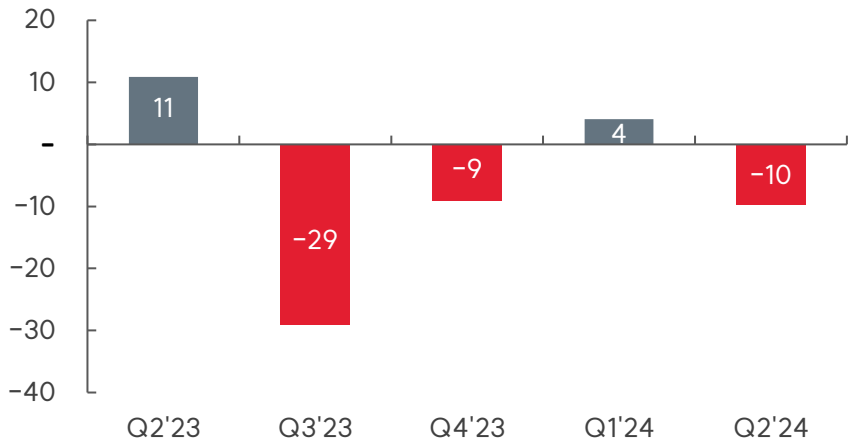
Sales

(Unit: KRW bil.)



Operating Income

(Unit: KRW bil.)



Q2'24 Highlights

- MSE, slow recovery in residential module sales resulted in an operating loss

Q3'24 Outlook

- Energy[1], solar project sale completed, and sales revenues to be recognized by development milestone
  - Project: Hillsboro, 260 MW
  - Purchaser: HEC[2] Renewable America

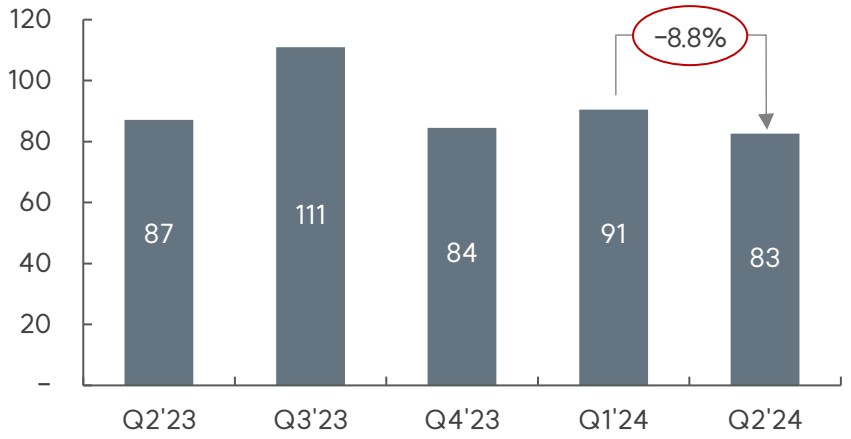
1) Company name changed from OCI Solar Power to OCI Energy ('24.07.10)
2) Hyundai Engineering Corporation

02. Financials _OCISE

OCI Holdings

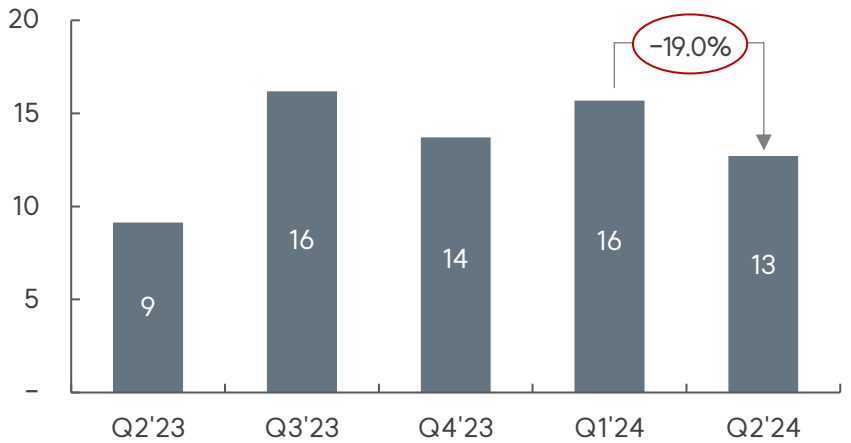
Sales

(Unit: KRW bil.)



Operating Income

(Unit: KRW bil.)



Q2'24 Highlights

- Sales and operating income reduced due to reduced operation(90%), decline in SMP[1)] and REC[2)] sales
- Steam supply increased to new customers and new contracts added(+2 companies)

Q3'24 Outlook

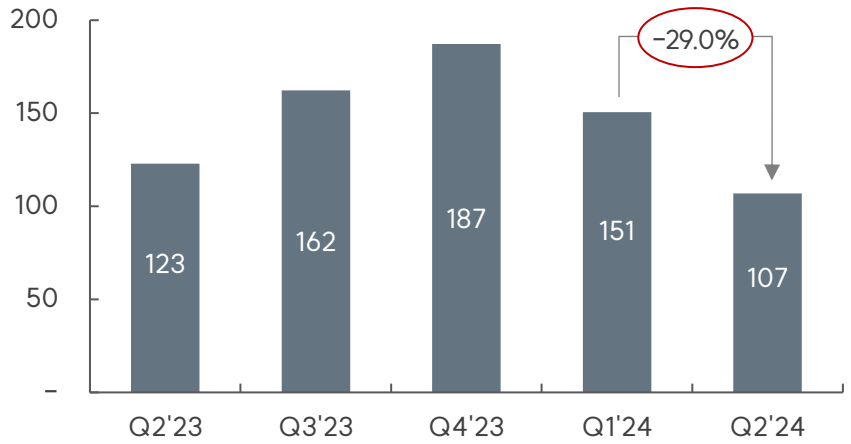
- SMP[2)] increase due to LNG price increase and seasonal effect
- CAPEX on steam pipeline on going and proceed with new contracts(+2 companies)

02. Financials _ DCRE

OCI Holdings

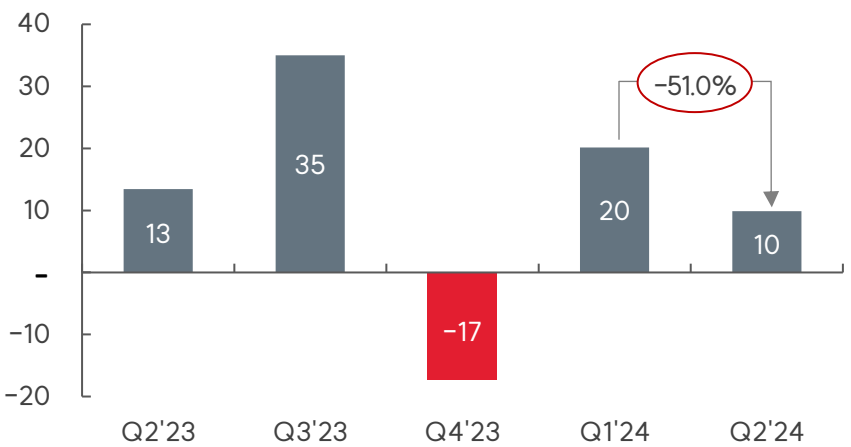
Sales

(Unit: KRW bil.)



Operating Income

(Unit: KRW bil.)



Q2'24 Highlights

- Sales declined due to the construction completion of Complex 1
- Cash flow improved in receipt of final payments from the unit purchasers of Complex 1

Q3'24 Outlook

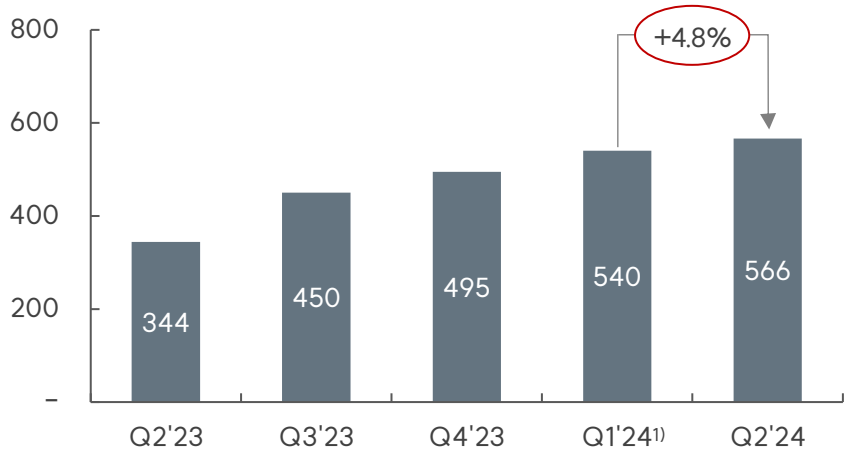
- Preparing for pre-sale of complex 6 (1,734 units) and applying increased sales price given cost hike
- Operating income to be affected by recognition of additional construction costs

02. Financials _OCI

OCI Holdings

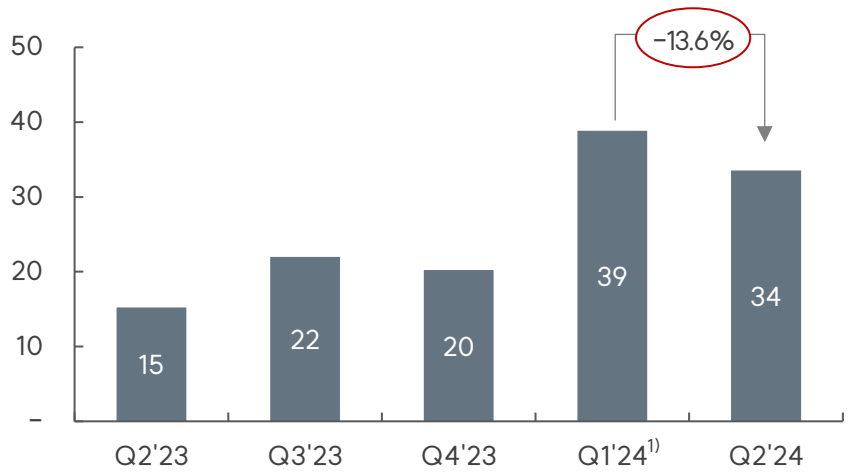
Sales

(Unit: KRW bil.)



Operating Income

(Unit: KRW bil.)



Q2'24 Highlights

- Basic chemical division, production and sales volumes increased after the maintenance in Q1
- Increase in raw material prices and operating loss in China resulted in a decrease in operating income in consolidated base

Q3'24 Outlook

- Efforts to increase profitability in the face of rising raw material prices and freight costs
- Gradual recovery expected in the sales of electronic-grade chemical products

1) Sales and operating profit from the inclusion of OCIH in OCI's consolidated results are KRW 375 billion and KRW 31 billion, respectively

02

Business Updates

1. Solar Industry Trend
2. Management Updates

OCI Holdings

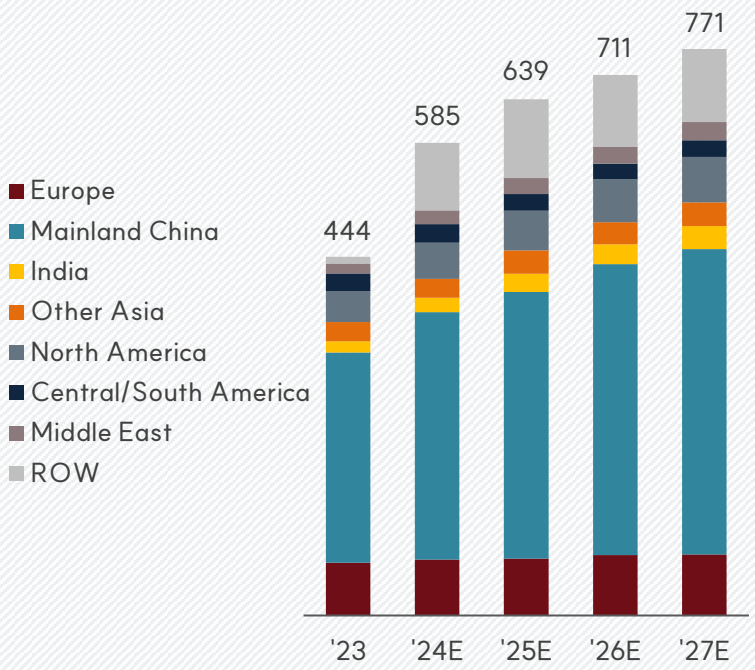


01. **Solar Industry Trend_** Global Installation Forecast

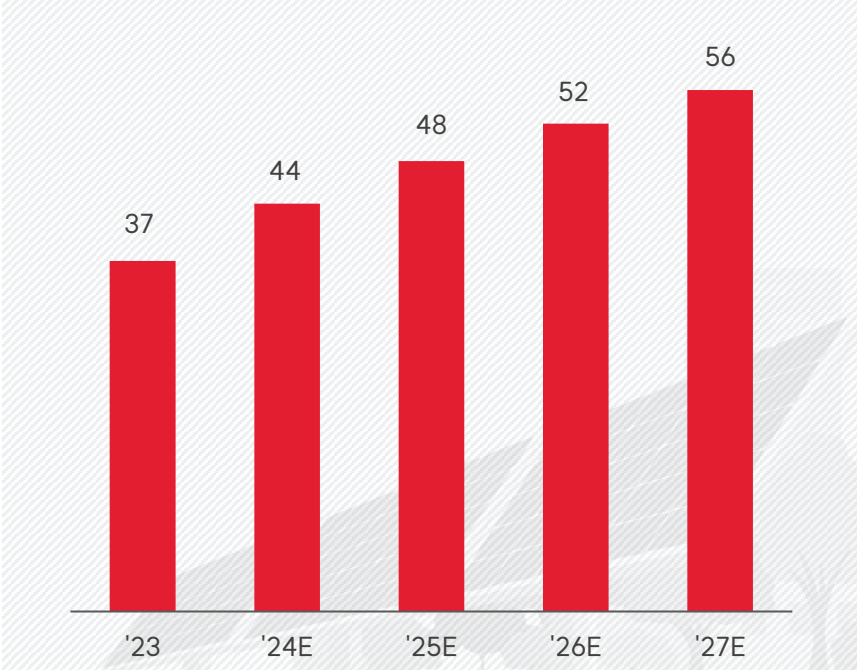
OCI Holdings

- 2024, global solar PV installation is expected to increase to 585 GW, +32% YoY, and the portion of solar generation will continue to grow among major energy sources
- 2024, the U.S. solar PV installation is expected to record 44 GW, +19% YoY, and installation is expected to surpass the forecast due to growing demand from data centers, which strictly requires the use of clean energy

Global Solar PV Installations Forecast (Unit: GW)



US Solar PV Installations Forecast (Unit: GW)



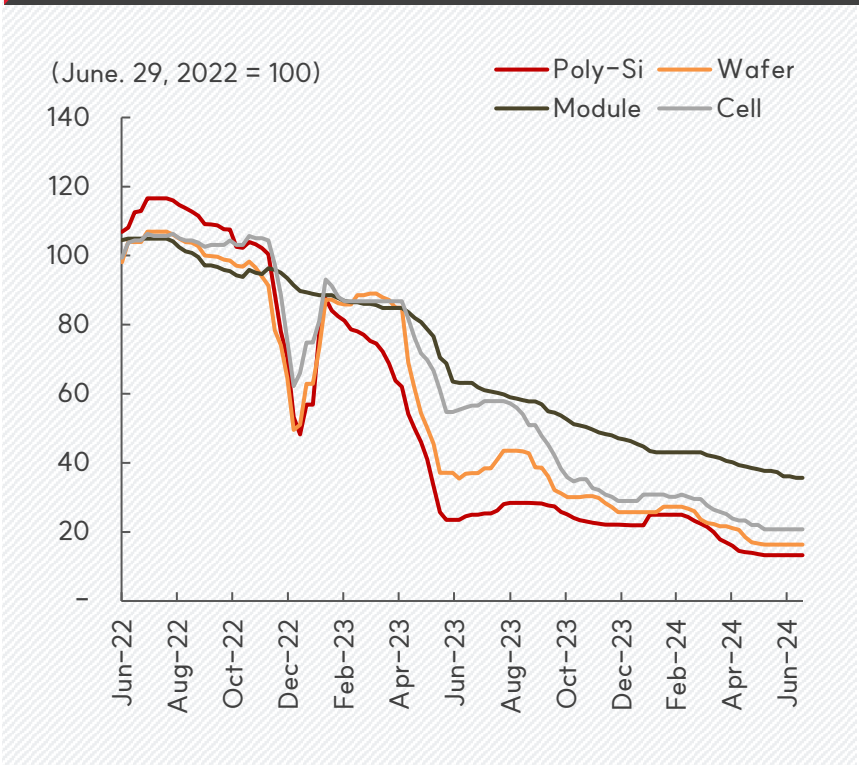
Source: BNEF 2Q 2024 Global PV Market Outlook

01. **Solar Industry Trend_** Solar Value Chain Trend

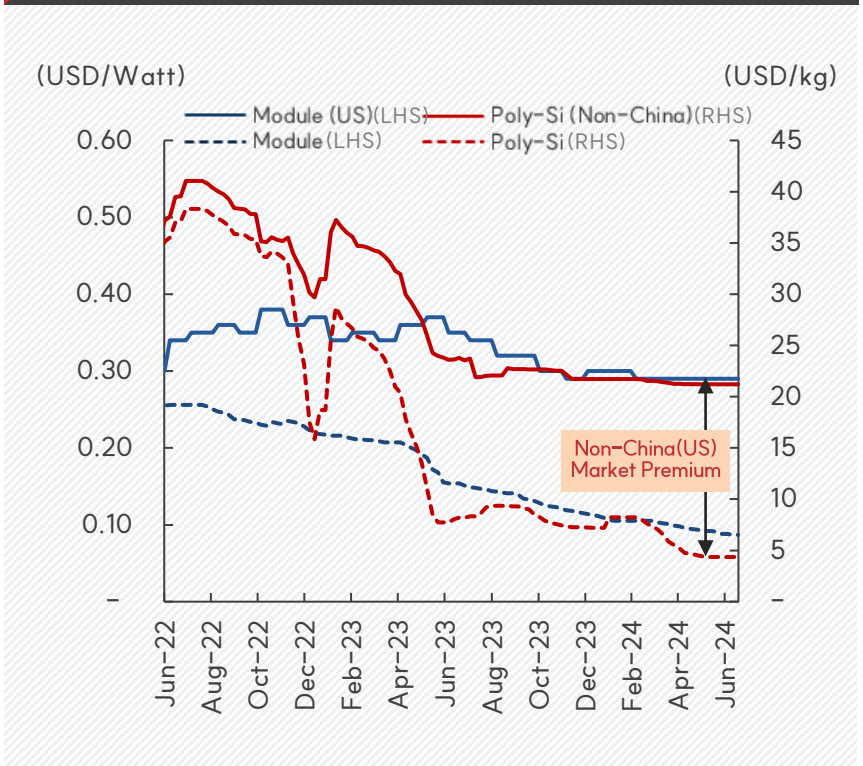
OCI Holdings

- Prices of solar products on the value chain, including polysilicon and wafer, continued to fall due to oversupply in China
- As most solar manufacturers recorded the loss in H1'24, solar industry restructuring, especially among Chinese players, is highly expected
- The US continued to reinforce UFLPA by scrutinizing the customs clearance amid the US-China trade conflicts; thus, non-China polysilicon price premium remained resilient and expanded

Price Trend of Solar Value Chain



Polysilicon Price Trend by Grade



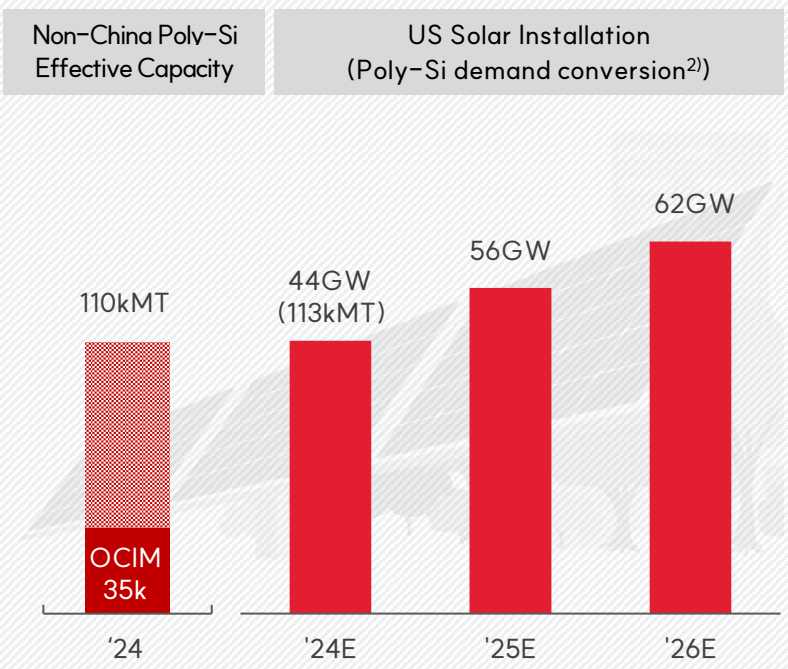
Source: PV Insights, PV Infolink
1) Mono-grade base

01. Solar Industry Trend_ US Solar Market Trend

OCI Holdings

- The effective capacity for non-China polysilicon remains at 110kMT, which is below the US market demand
- US module imports from SEA(Southeast Asia) increased prior to the end of tariff exemption on circumventing products, leading to excessive inventory in the distribution channels
- Solar manufactures in SEA adjusted the operation plan due to the US export uncertainty amid the AD/CVD investigation targeting manufacturers based in four regions[1] in SEA

Non-China Poly-Si Supply & Demand (Unit: kMT, GW)



Market Dynamics around AD/CVD

US module imports in H1'24

Total	From 4 SEA
30 GW	25 GW

Operation reduction in SEA

Cell	Module
40%	35%

Growing sales & investment from/to new region[3]

Cell	Module
11GW	1GW

- 24.04.04 Request for AD/CVD by US solar manufactures
- 24.06.06 End of SEA tariff exemption
- 24.06.10 AD/CVD Preliminary Result (ITC)
- 24.09.23 CVD Preliminary Result (DoC)
- 24.11.20 AD Preliminary Result (DoC)

Source: US Statistics(January~May, '24), Bloomberg, OCIH Analysis
1) AD/CVD affected four regions: Thailand, Vietnam, Malaysia, Cambodia
2)BNEF 2Q 2024 Global PV Market Outlook , US installation demand converted to poly-si volume (2.6 gram/watt)
3) New region: AD/CVD not applicable countries including Indonesia, Laos, etc.

02. Management Updates_ OCIM Poly-Si

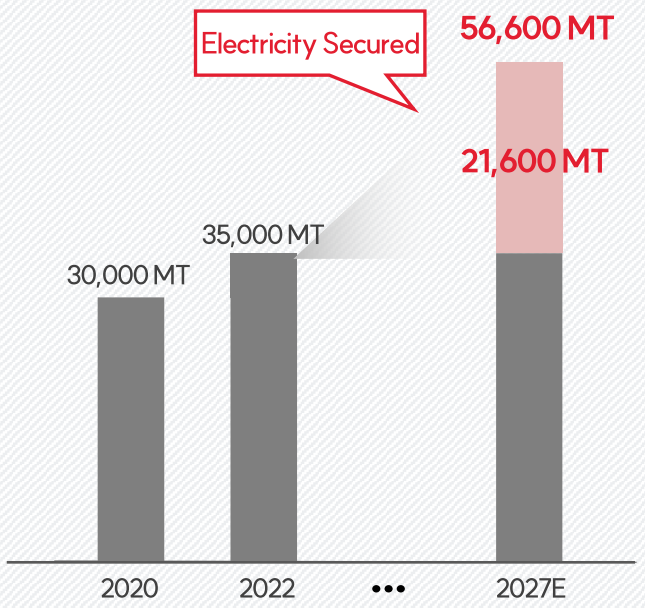
OCI Holdings

- According to the change in customers' operation plan due to excessive module inventory in the US and uncertainties around AD/CVD, OCIM plans to start mandatory plant maintenance originally scheduled in H1'25
- Efforts to expand customer base and secure STA & LTA in the new region[1)]
- Based on supply and demand imbalances for non-China poly-si for the US market, OCIM continues with the expansion plan to expand sales and profitability

OCIM 2H'24 Operation & Sales Plan

H2'24	• Conduct mandatory maintenance shutdowns during Q3/Q4 (90 days)- the operation rate to be reduced (vs. 1H) • Increase spot sales and secure customers in ex-SEA AD/CVD target countries • Negotiate with LTA customers for the shipment schedule
H1'25	• Normal operation (+90% operation rate) • Supply based on LTA (US market focus) • Expand new STA & LTA

OCIM Expansion Plan



Source: US Statistics(January~May, '24), Bloomberg, OCIH Analysis
1) New region: AD/CVD not applicable countries including Indonesia, Laos, etc.

02. Management Updates_ OCI Holdings Portfolio Strategy

OCI Holdings

Unit: KRW

Portfolio	Sustainability &Innovation		Management Target
Renewable Energy & Energy Solutions **1.6 trillion** Solar-grade Poly-Si & Energy Solutions	- Solar-grade polysilicon capacity expansion (2027) 35,000MT -->56,600MT (+62% UP) - US Solar & ESS projects development & regional expansion	New Sales +0.8 trillion	Sales Revenue CAGR> 10%
Advanced Materials & Green Chemical **2.2 trillion** Eco-friendly/ Value-added specialty products	- Electronic-grade polysilicon 8,000 MT production (2026) - Business expansion into secondary battery material & silicon-based specialty product SiH4) - OCI Kumho ECH&CA 100,000MT production (2026) - Specialty products portfolio expansion in the mid-to-long term	New Sales +1.5 trillion	Operating Margin >15%
Life Science **0.1 trillion** Objective investment review	- Secure 30% of Bukwang Pharm. to meet holding company requirement by 2025 - Strengthen the competitiveness in the CNS area with existing pipelines and new drug R&D	New Sales +0.4 trillion	ROE>15% Double Digit
Urban Development **0.6 trillion** Successful completion of project	- Expand the pre-sale business for the successful completion of the project - Utilizing cash secured from the project to invest into future growth	New Sales +0.5 trillion	

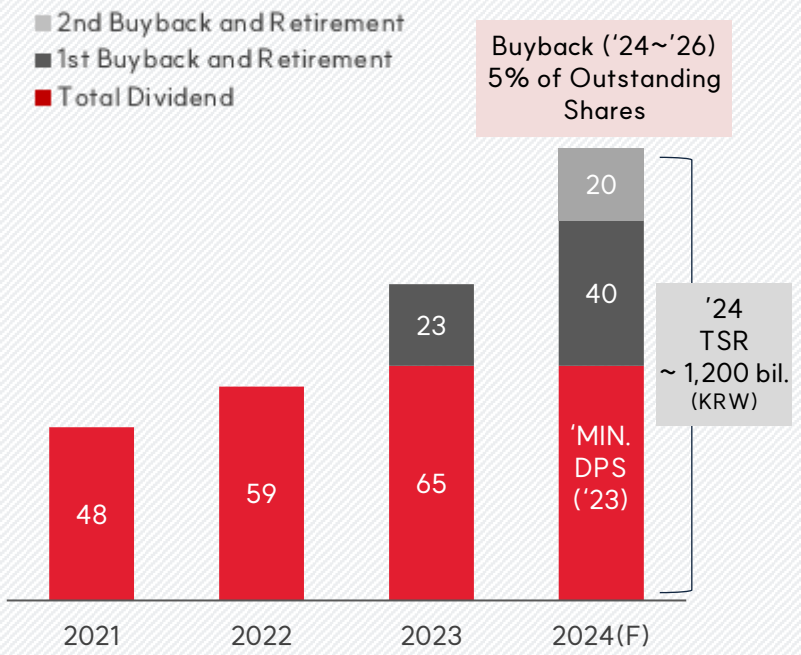
02. Management Updates_ Shareholder Return

OCI Holdings

- In accordance with the Treasury Stock buyback plan announced in April, the purchase of KRW 400 billion worth of shares was completed in July (scheduled to retire in Q3)
- Due to the excessive fall in the OCIH share price amid market uncertainty around SEA AD/CVD, the management decided on the 2nd phase of buyback worth of 200 billion
- Current stock valuation at 0.4x PBR is historic low, additional share buyback will be actively considered

Shareholder Return

(Unit: KRW bil.)



Return Policy

(Unit: KRW)

▶Dividend

- '21~'23, DPS upward trend for 3 consecutive years
- '24, the minimum DPS of KRW 3,300 ('23 DPS)

Year	DPS(KRW)	Growth	Total	Yield
2021	2,000		477 bil.	1.9%
2022	2,500	25%	589 bil.	2.9%
2023	3,300	32%	656 bil.	3.0%

▶Treasury Stock

- '24~'26, buyback of 5% of total outstanding shares
- 1st phase(400 bil.) buyback completed & 2nd phase to proceed

Year	Amount	Shares (%[1])		Retirement
2023	225 bil.	248,732	1.3 %	Complete
2024	400 bil.	436,630	2.2 %	Process
"	200 bil.			New

1) Treasury shares as a percentage of total outstanding shares, 19,127,353 total outstanding shares after the retirement in Q3

03

Appendix

OCI Holdings



Appendix _ OCI Holdings Governance Structure

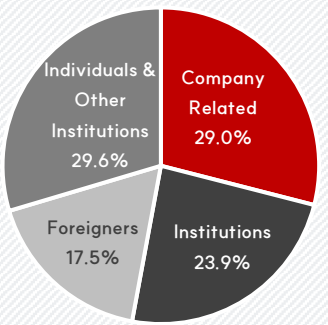
OCI Holdings Governance Structure

Listed in KOSPI	
OCIH	010060
OCI	456040
Bukwang	003000

OCI Holdings

- **Renewable Energy**
  - OCIM 100%
  - OCI Specialty 78%
- **Energy Solutions**
  - OCISE 100%
  - OCIE 100%
    - OCI Energy 100%
    - MSE 100%
  - OCI Global 100%
  - OCI Power 100%
- **Advanced Materials & Green Chemical**
  - OCI 45%
    - OCI China 100%
    - OCI Japan 100%
    - HOC 49%
    - P&O Chemical 49%
    - Philko Peroxide Corp. 40%
    - OCI Kumho[2] 50%
- **Urban Development**
  - DCRE 100%
- **Life Science**
  - Bukwang 11%

Shareholders[1]



1): As of June. 30, '24, based on the total number of issued shares 19,563,983
2): OCIM holds 50% shares of OCI Kumho

Appendix_ Q2'24 Financial Statements : OCIH Separate

OCI Holdings

Condensed Statement of Income (Unit: KRW bil.)

Sales	**3**
Cost of Good Sold (COGS)	1
Gross Profit	2
Selling, General, Administrative (SG&A)	8
Operating Income	**-6**
Operating Income Margin(%)	N/A
Financial Income	6
Financial Expense	2
Income Before Tax Expenses	-19
Net Income	-28
EBITDA	**-5**
EBITDA Margin(%)	N/A

Note: K-IFRS consolidated base, before audit

Condensed Statement of Financial Position (Unit: KRW bil.)

Total Assets	**2,442**
Current Assets	**470**
Cash & ST Financial Assets	431
Account Receivables & Others	37
Inventories	-
Others	2
Non-Current Assets	**1,972**
Investments	1,788
Tangible Assets	60
Others	123
Liabilities	**97**
Debt	70
Accounts Payables & Others	5
Others	22
Shareholders' Equity	**2,345**
Net Cash	**361**
Leverage Ratio (%)	**4.1%**

Appendix_ Q2'24 Financial Statements : OCIH Consolidated

OCI Holdings

Condensed Statement of Income (Unit: KRW bil.)

Sales	**950**
Cost of Good Sold (COGS)	783
Gross Profit	167
Selling, General, Administrative (SG&A)	77
Operating Income	**90**
Operating Income Margin(%)	9.4%
Financial Income	33
Financial Expense	27
Income Before Tax Expenses	**91**
Net Income	**23**
EBITDA	**146**
EBITDA Margin(%)	15.4%

Condensed Statement of Financial Position (Unit: KRW bil.)

Total Assets	**7,776**
Current Assets	**4,740**
Cash & ST Financial Assets	1,754
Account Receivables & Others	716
Inventories	2,208
Others	62
Non-Current Assets	**3,035**
Investments	360
Tangible Assets	2,117
Others	559
Liabilities	**2,974**
Debt	1,971
Accounts Payables & Others	497
Others	506
Shareholders' Equity	**4,802**
Net Debt	**217**
Leverage Ratio (%)	**61.9%**

Note: K-IFRS consolidated base, before audit

Thank You

IR Contacts

ir@ocihc.co.kr

04532 OCI Building, 94 Sogong-ro Jung-gu 04532 Seoul, Korea