

# Financial results For 2014

Investor Relations | 2015. 02. 11



# Disclaimer

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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.

The financial information contained herein has not been audited. Readers are cautioned that actual results may differ as a result of the audit of our financial results for the quarter ended December 31, 2014.

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**Market Status and Business Highlights**

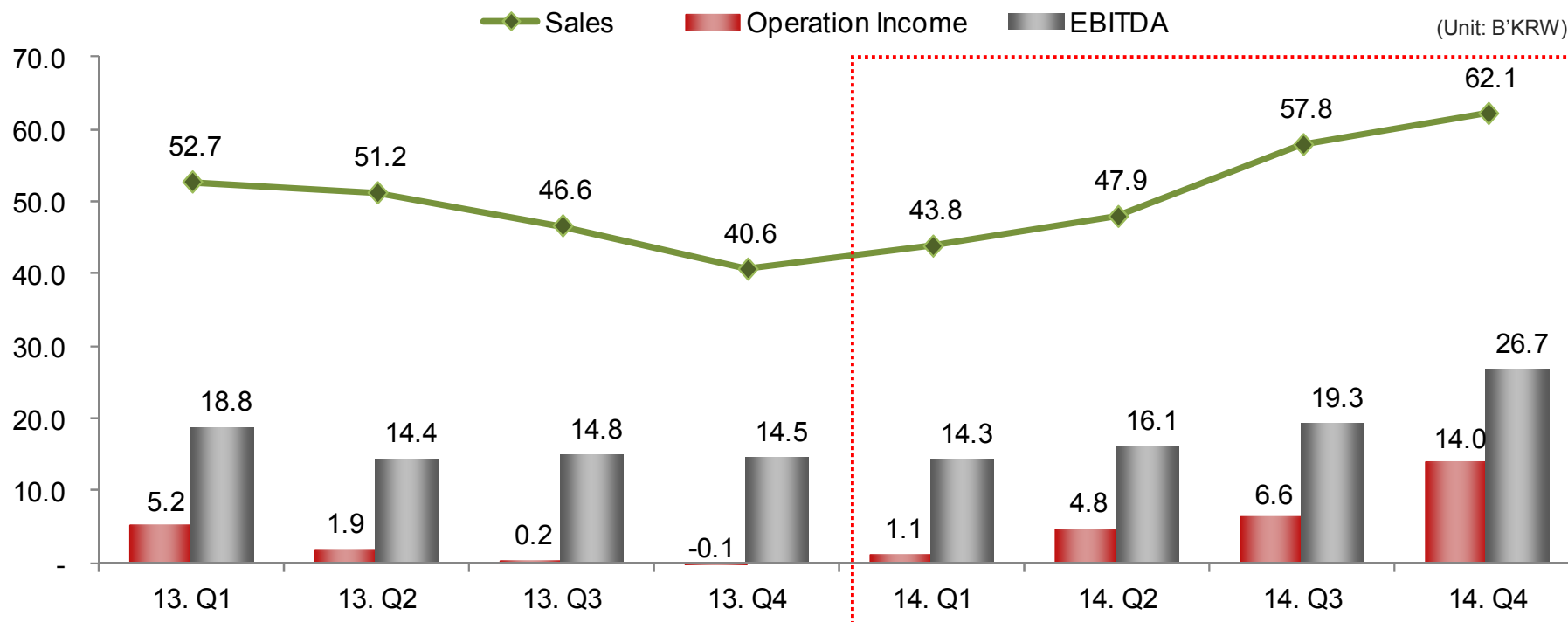
# Consolidated Income Statement

- Increase in NF3 sales and keeping full operation
- NF3 Price increased 3Q 2014
- Restarted SiH4 Operation in 4Q 2014
- Utilization rate of NF3 China plant risen up in 4Q 2014  
: Reducing Loss

(Unit: B'KRW)	2013	2014	YoY	2014. 3Q	2014. 4Q	QoQ
Sales	191.1	211.7	11%	57.8	62.1	7%
Operating Income	7.2	26.4	265%	6.6	14.0	112%
%SR	4%	12%		11%	22%	
EBITDA	62.5	76.3	22%	19.3	26.7	39%
%SR	33%	36%		33%	43%	
Income before Tax	1.2	17.4	1342%	8.2	8.7	7%
Net Income	0.4	13.6	3766%	5.3	7.7	45%

Note 1) Consolidated results based on K-IFRS  
2) Not reviewed by outside auditor yet

# Income Statement by Quarter

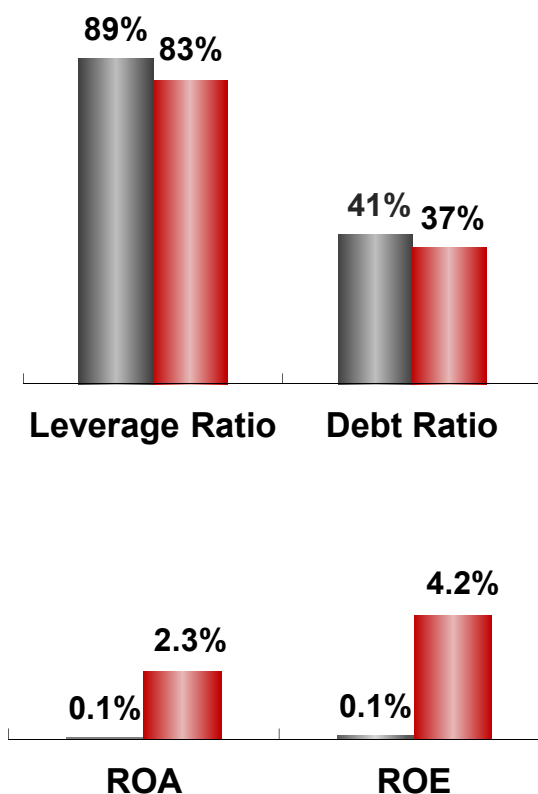


	2013					2014				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Operating Income	9.9%	3.7%	0.4%	-0.1%	3.8%	2.5%	10.0%	11.4%	22.5%	12.5%
EBITDA	35.7%	28.2%	31.8%	35.7%	32.7%	32.6%	33.5%	33.3%	43.0%	36.1%

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# Balance Sheet

■ '13  
■ '14

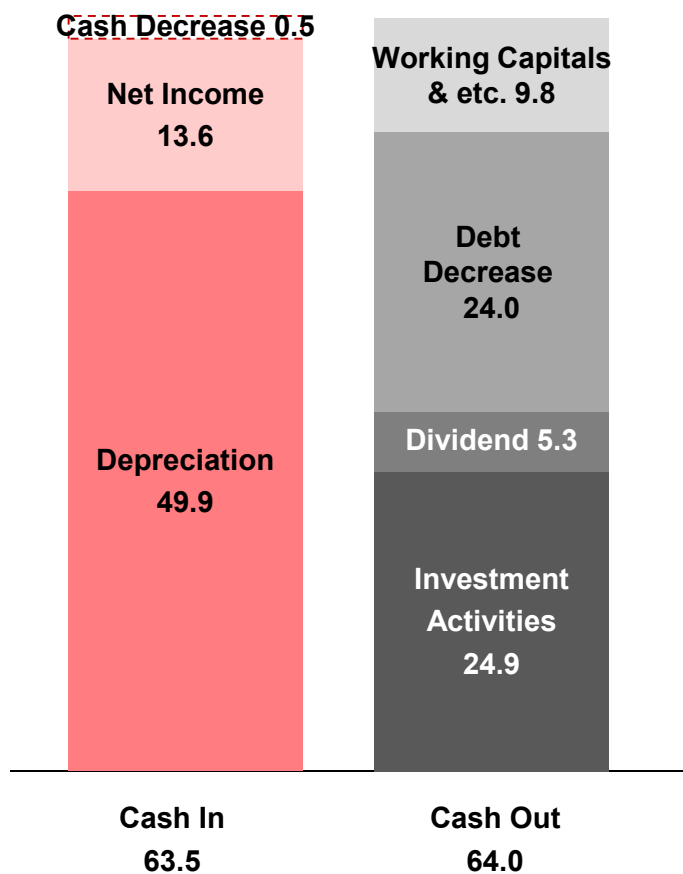


(Unit: B'KRW)	Dec 31, 2013		Dec 31, 2014		Change
		%		%	
<b>Current Assets</b>	<b>99.2</b>	<b>17%</b>	<b>118.6</b>	<b>20%</b>	<b>19.4</b>
Cash & Cash equivalents	18.1	3%	17.6	3%	-0.5
Account Receivables	34.7	6%	53.8	9%	19.2
Inventories	44.9	8%	45.7	8%	0.9
<b>Non-current Assets</b>	<b>498.2</b>	<b>83%</b>	<b>471.2</b>	<b>80%</b>	<b>-27.0</b>
Tangible Assets	475.3	80%	449.8	76%	-25.4
<b>Total Assets</b>	<b>597.4</b>	<b>100%</b>	<b>589.8</b>	<b>100%</b>	<b>-7.6</b>
<b>Liabilities</b>	<b>280.6</b>	<b>47%</b>	<b>266.9</b>	<b>45%</b>	<b>-13.6</b>
Debts	242.8	41%	220.0	37%	-22.8
<b>Shareholders' Equity</b>	<b>316.8</b>	<b>53%</b>	<b>322.9</b>	<b>55%</b>	<b>6.1</b>
Capital	5.3	1%	5.3	1%	
<b>Net debt</b>	<b>224.6</b>	<b>38%</b>	<b>202.3</b>	<b>34%</b>	<b>-22.3</b>

Note1) Leverage Ratio = Total liabilities / Total stockholders equity  
 2) Debt Ratio = Debt / Total assets  
 3) ROA = Net Income / Total Assets  
 4) ROE = Net Income / Total Shareholders' Equity

Note 1) Consolidated results based on K-IFRS  
 2) Not reviewed by outside auditor yet

# Cash Flow



(Unit: B'KRW)	Amounts	Remarks
<b>Cash from Operating Activities</b>	<b>53.7</b>	
Net Income	13.6	
Depreciation	49.9	
Working Capitals & etc.	(9.8)	
<b>Cash from Investment Activities</b>	<b>(24.9)</b>	
CapEx	(31.4)	
Others	6.5	
<b>Cash from financial Activities</b>	<b>(5.3)</b>	
Dividend	(5.3)	
<b>Free Cash Flow</b>	<b>23.5</b>	
Debt	(24.0)	
Cash decrease	(0.5)	
<b>Beginning Cash</b>	<b>18.1</b>	
<b>Ending Cash</b>	<b>17.6</b>	

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1

2014 Financial Results

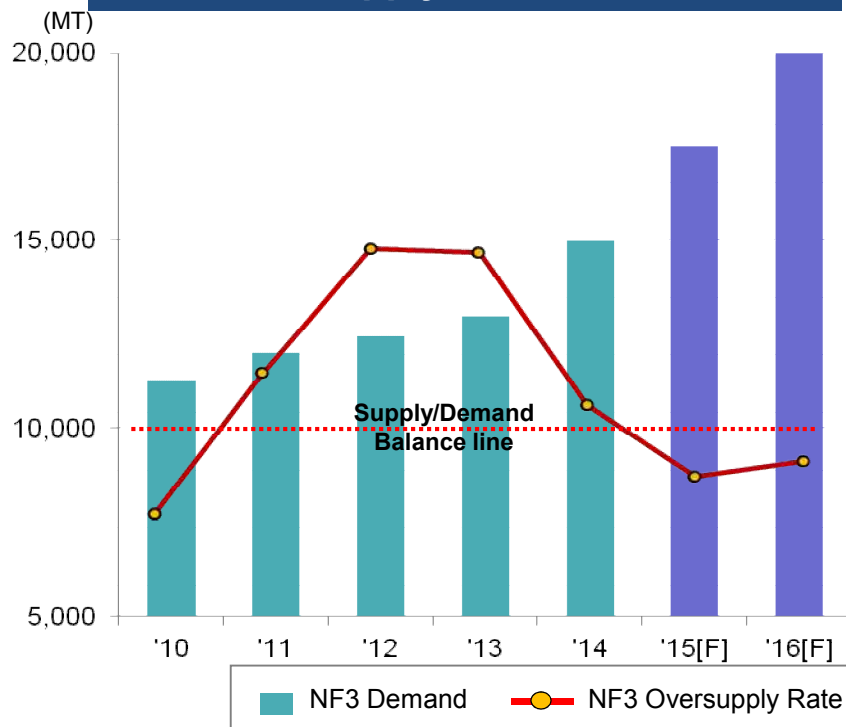
2

**Market Status and Business Highlights**

# NF3 Market

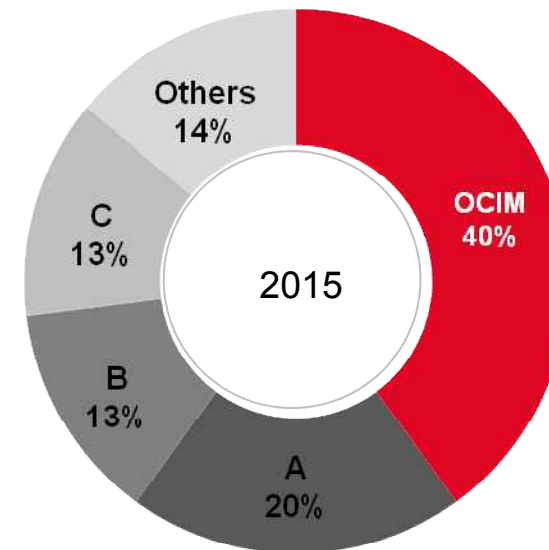
- NF3 Suppliers stopped expanding capacity due to oversupply & sharp ASP decline in 2012-2013  
→ **Tightened NF3 supply and market price increase in second half of 2014**
- Demand for NF3 expected to keep on growing in 2015 due to the increased production of 3D NAND semiconductors and LCD TV Panels

### NF3 Supply and Demand



[Sources: OCI Materials Estimates]

### Market Share in NF3



# Resume investing in NF3 (1,000MT)

To respond to robust demand for stable supply

## Investment Plan

### 1. Building 1,000MT NF3 Plant(Phase2)

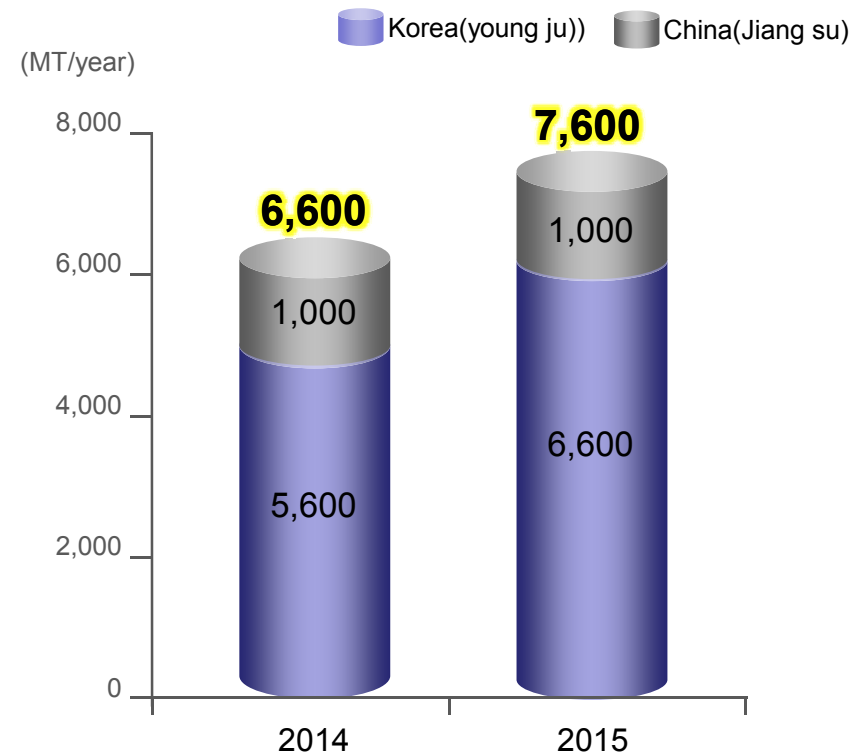
(Resuming the temporarily deferred 3,000MT investment plan of 2010)

※ Phase3(1,000MT) will be considered according to Supply-Demand situation

2. Investment Cost: 172.4B'KRW (3,000MT)

3. Investment Period: 2014.10 ~ 2015.10  
(About 1 year)

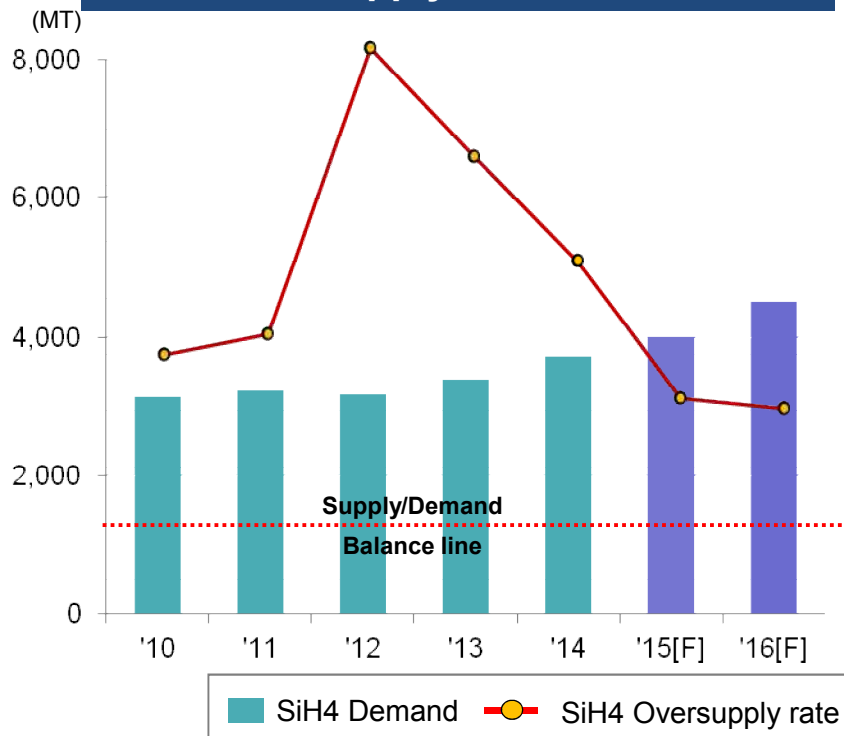
## NF3 Capacity



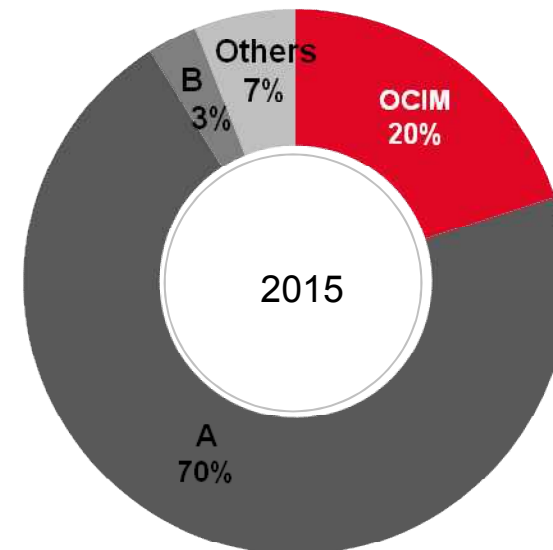
# SiH4 Market

- Oversupply is expected to be mitigated by:
  - Demand for trend towards large size and ultra-high-density LCD TV
  - Halt supply of major competitor

### SiH4 Supply and Demand



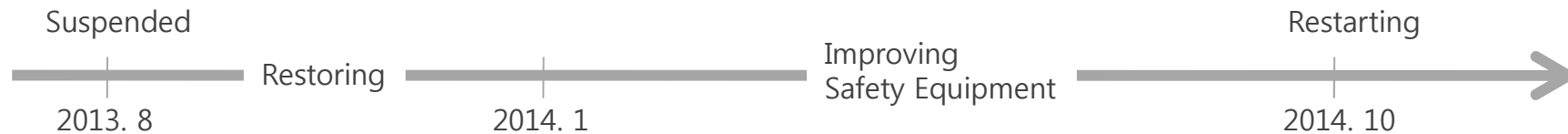
### Market Share in SiH4



[Sources: OCI Materials Estimates]

# Restarting SiH4 Plant

## Completed restoring SiH4 plant with additional safety equipment



### Operating Plan in 2015

- **Utilization Rate** : 40~50% considering the supply-demand situation

- **Highlights of Silane Business**

- ① Arranging qualification test with numerous customers
- ② Expanding SiH4 supply in Taiwan Market
- ③ Expecting to increase shipping from 2Q, 2015
- ④ Expanding Silane Business(e.g. Disilane, DCS)

# LiPF6 Investment Withdrawal

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## Uncertainty in market growth and deterioration in profitability due to oversupply

### Investment History

- **LiPF6 300MT/yr investment decision**  
(2011.11.30)
  - Forecasted expansion in LiPF6 demand, core material of secondary battery, mainly due to growth of electric vehicle market
  - Estimated investment cost: 29B'KRW
- **Tentatively postponed investment**  
(2012.12, 2013.12)
  - Due to lower market growth than forecasted and remaining oversupply

### Investment Withdrawal(2014.12.19)

- Sharp falling oil prices leading to low electric vehicle market growth forecast
- Remaining oversupply situation
- Occurred non-operating expenses of approximately 3 B'KRW(invested previously)

# 2015 Business Strategy

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## ***Safety***

Strengthening safety system and campaign for Zero accident workplace

## ***Actively respond to customer needs***

Leading the market and strengthening partnership with customers by actively responding to demand

## ***Build sound financial status***

Maintaining financial stability by reducing loan

## ***Discover the new growth engine***

Strengthening our current business, discovering new business and establishing new strategic partnership