

# Financial Results for the First Half, 2015

Investor Relations | 2015. 07. 24



# 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.

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 half ended June 30, 2015.

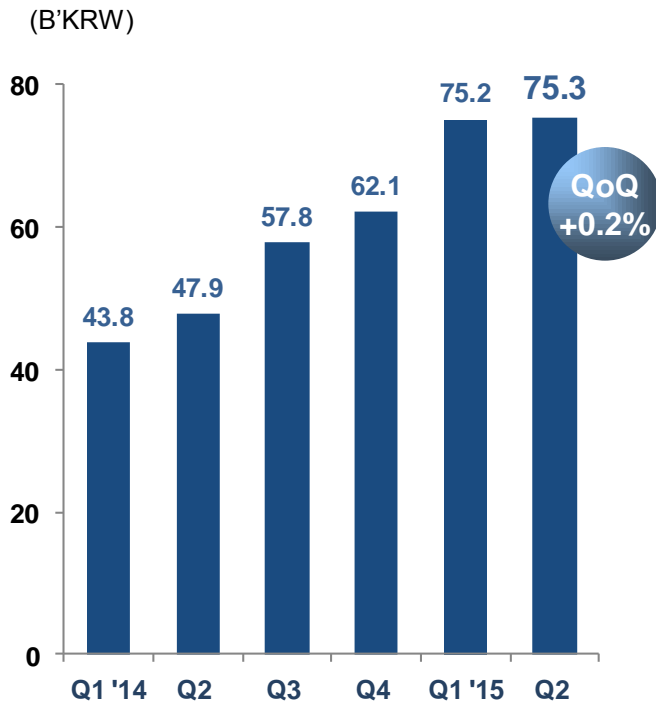
# 1. Financial Result for the First Half



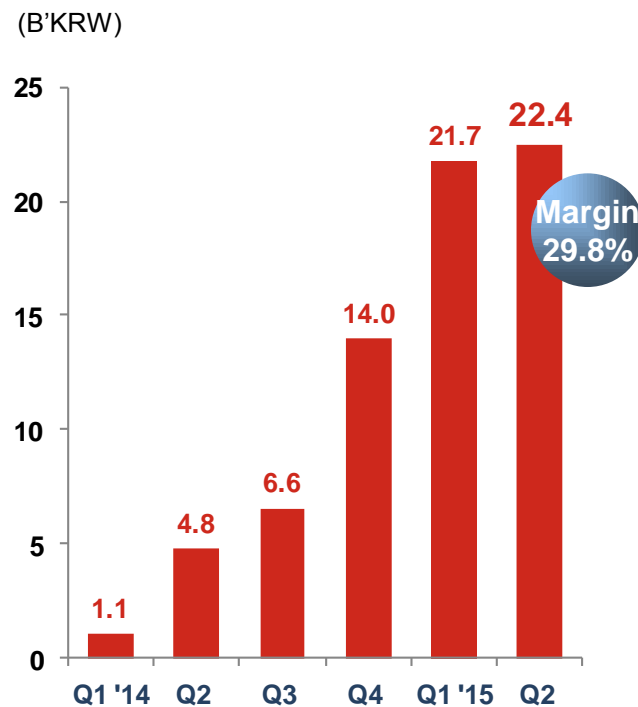
# Operating Results for the First Half

- Q2 shows slightly better result in revenue and operating profit than Q1
- YoY Sales and Profit for the first half rise 64%, and 65% respectively

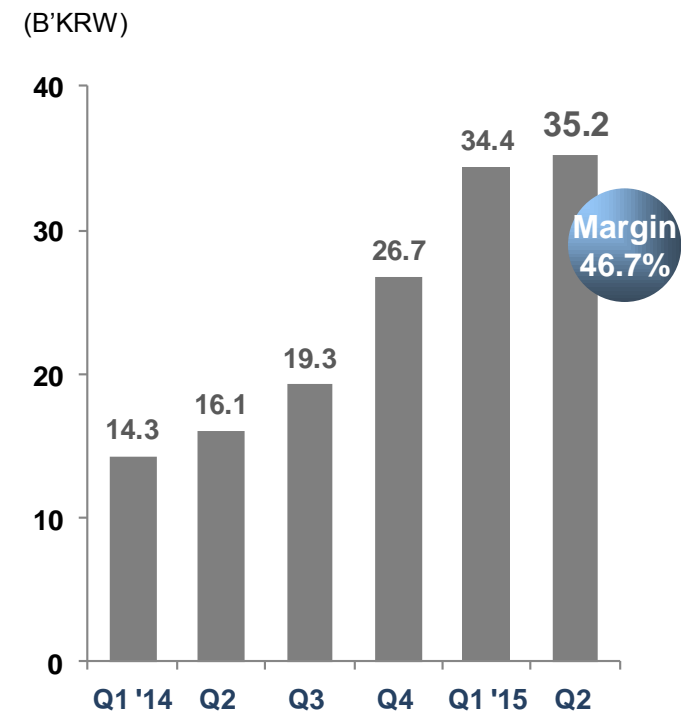
## Sales



## Operating Profit



## EBITDA



# Consolidated Income Statement

- In China, QoQ NF3 ASP increase of 10%, slight decrease in volume
- Regular maintenance of SiH4 brought temporary decrease in operation rate

(Unit: B'KRW)	2015.Q2	2015. Q1	QoQ	2014. Q2	YoY
Sales	75.3	75.2	0%	47.9	57%
Operating Income	22.4	21.7	3%	4.8	370%
%SR	29.8%	28.9%		10.0%	
EBITDA	35.2	34.4	2%	16.1	119%
%SR	46.7%	45.8%		33.5%	
Income before Tax	21.2	20.1	5%	2.1	908%
Net Income	16.8	15.7	7%	2.3	648%

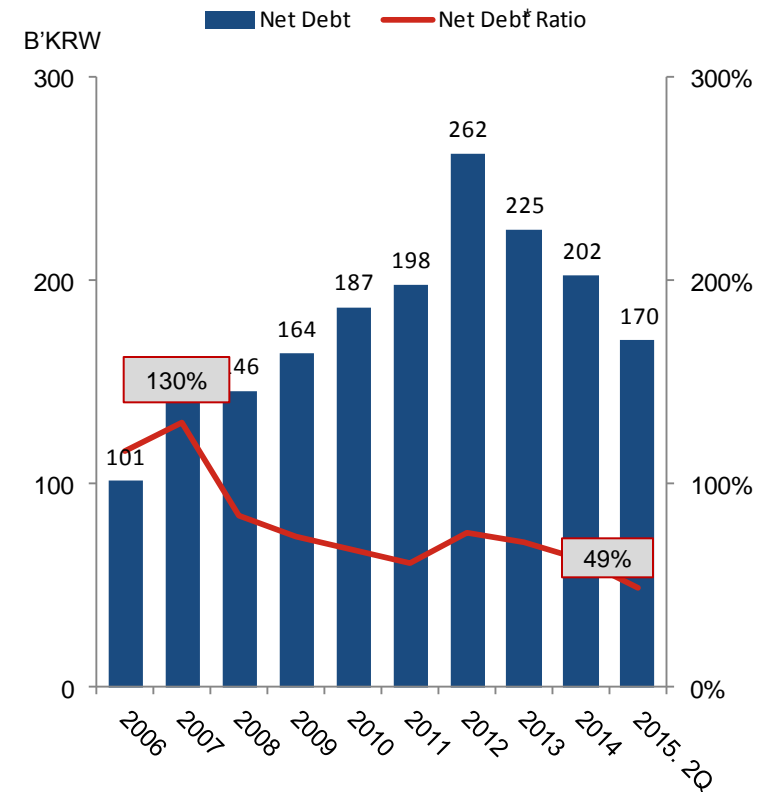
Note.1) Consolidated results based on K-IFRS  
 2) Not reviewed by external audit

# Consolidated Financial Statement

- Assets increased due to investment of expansion and profit growth
- Decrease in both net debt and debt ratio owing to profit improvement

(Unit: B'KRW)	Jun 30, 2015		Dec 31, 2014		Change
		%		%	
<b>Current Assets</b>	<b>130.5</b>	<b>21%</b>	<b>118.6</b>	<b>20%</b>	<b>11.8</b>
Cash & Cash equivalents	28.4	5%	17.6	3%	10.8
Account Receivables	53.7	9%	53.8	9%	-0.2
Inventories	46.4	8%	45.7	8%	0.6
<b>Non-Current Assets</b>	<b>491.7</b>	<b>79%</b>	<b>471.2</b>	<b>80%</b>	<b>20.5</b>
Long-term Investments	1.4	0%	1.6	0%	-0.2
Tangible Assets	470.1	76%	449.8	76%	20.3
<b>Total Assets</b>	<b>622.2</b>	<b>100%</b>	<b>589.8</b>	<b>100%</b>	<b>32.4</b>
<b>Total Liabilities</b>	<b>275.7</b>	<b>44%</b>	<b>266.9</b>	<b>45%</b>	<b>8.8</b>
Debts	198.9	32%	220.1	37%	-21.2
<b>Total Shareholder's Equity</b>	<b>346.5</b>	<b>56%</b>	<b>322.9</b>	<b>55%</b>	<b>23.6</b>
Capital stock	5.3	1%	5.3	1%	
<b>Debt Ratio</b>	<b>79.6%</b>		<b>82.7%</b>		<b>-3.1%</b>

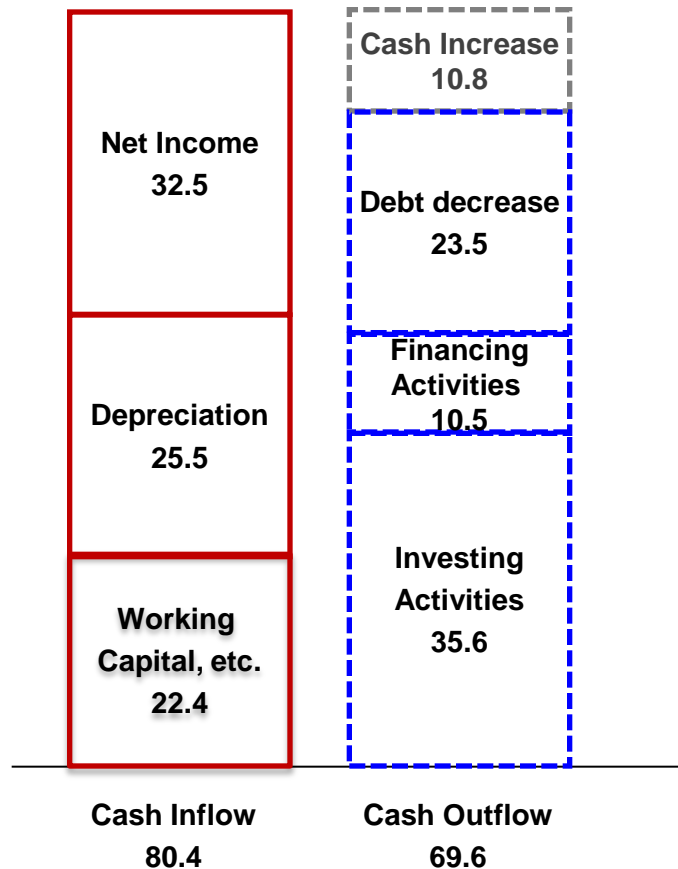
## Net Debt



Note. Net Debt Ratio = Net Debt / Total equity

# Consolidated Cash Flow

- Increase in cash flow from operations improved financial stability



(Unit: B'KRW)	Amounts	Remarks
<b>Cash from Operating Activities</b>	<b>80.4</b>	
Net Income	32.5	
Depreciation	25.5	
Working Capitals & etc.	22.4	A/P etc.
<b>Cash from Investing Activities</b>	<b>(35.6)</b>	
CapEx	(41.8)	
Others	6.2	
<b>Cash from Financing Activities</b>	<b>(10.5)</b>	
Dividend	(10.5)	
Others	0.0	
<b>Free Cash Flow</b>	<b>34.3</b>	
Debt	(23.5)	
Cash increase	10.8	
<b>Beginning Cash</b>	<b>17.6</b>	
<b>Ending Cash</b>	<b>28.4</b>	

Note.1) Consolidated results based on K-IFRS

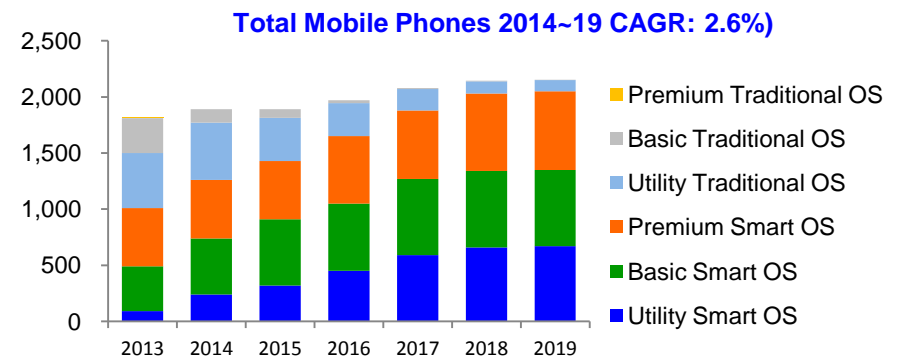
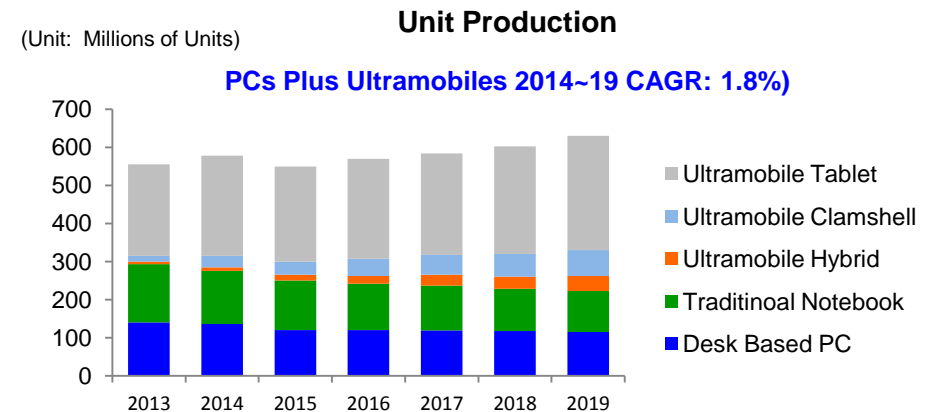
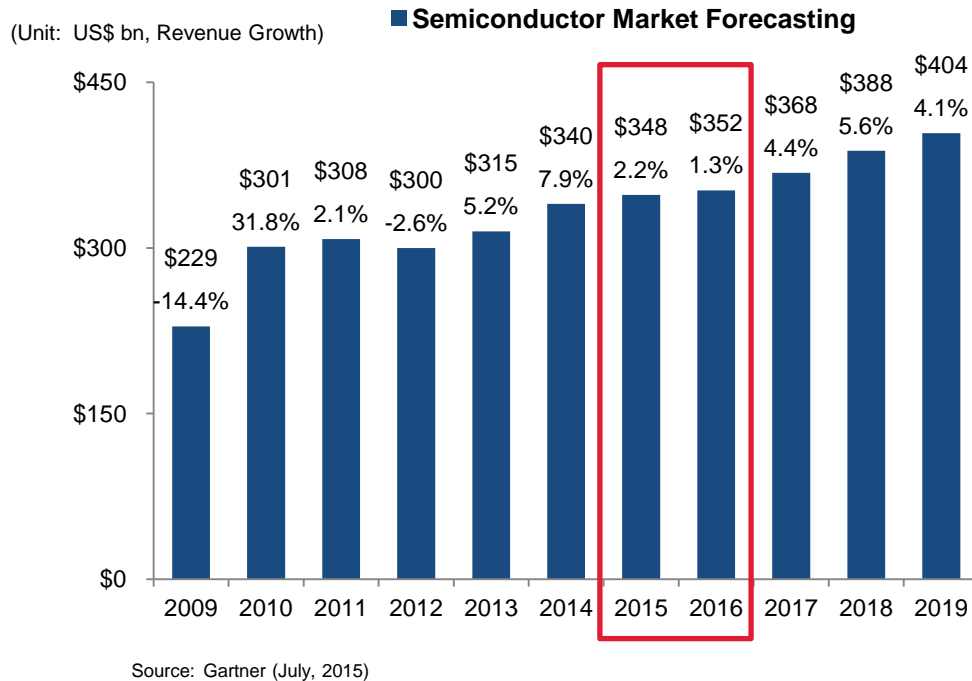
2) Not reviewed by external audit

## 2. Market Outlook



# Semiconductor Market Outlook

- Semiconductor market in 2015, 2016 expects to slow down due to the decrease in both price and demand for PC/laptop
- Memory : Expected to apply miniaturized process, Multi-patterning and 3D structure
- Foundry : Increase in demand for Mobile AP led by expansion of smartphone market

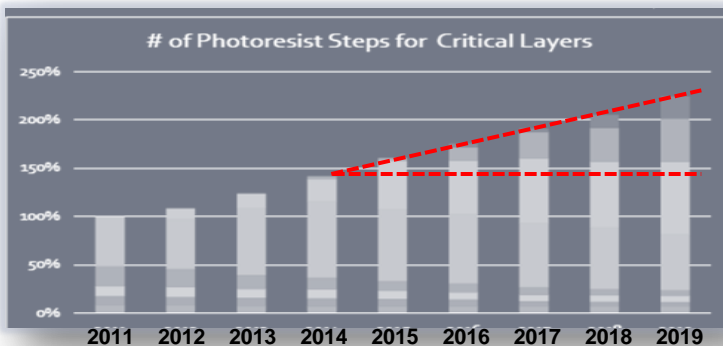
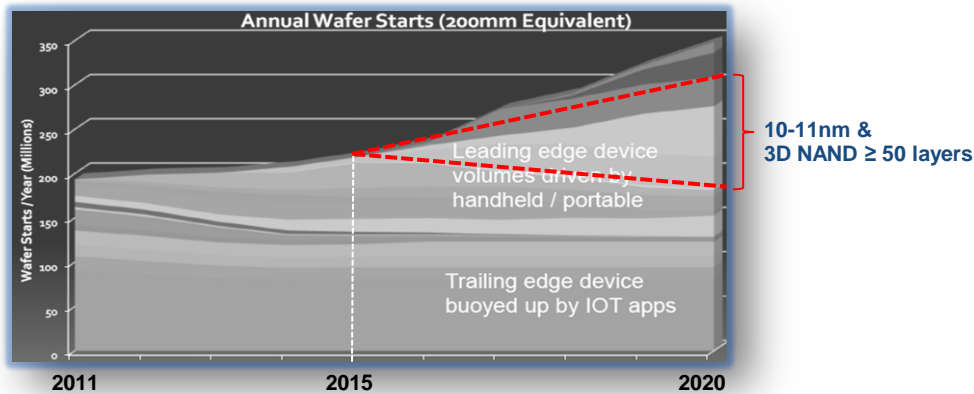


Source: Gartner (July, 2015)

# Semiconductor Market Outlook

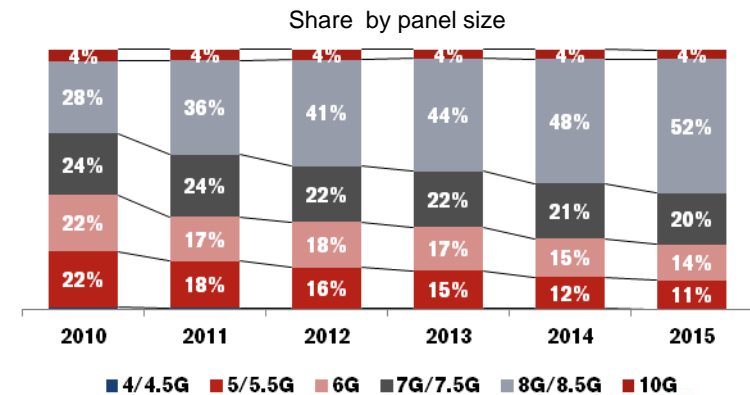
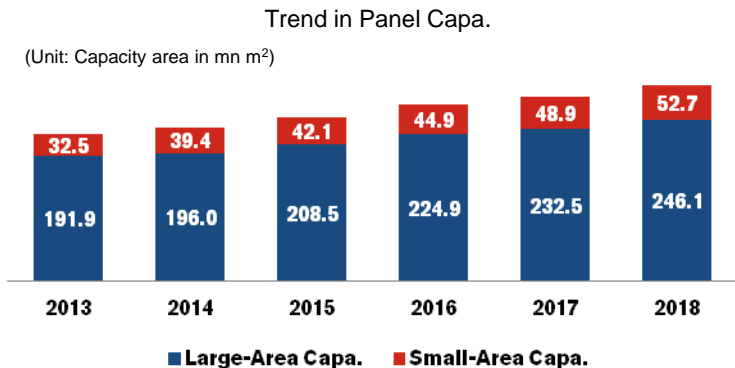
- Semiconductor : Process miniaturation and extreme scale integration is being accelerated
  - Consumption of specialty gas will increase due to the increase in process steps
- Display : Larger trend in panel size ( 7G > 75%, 2015 )
  - Consumption of specialty gas will increase due to large-area panel

## Semiconductor



Source: Techcet (Feb, 2015)

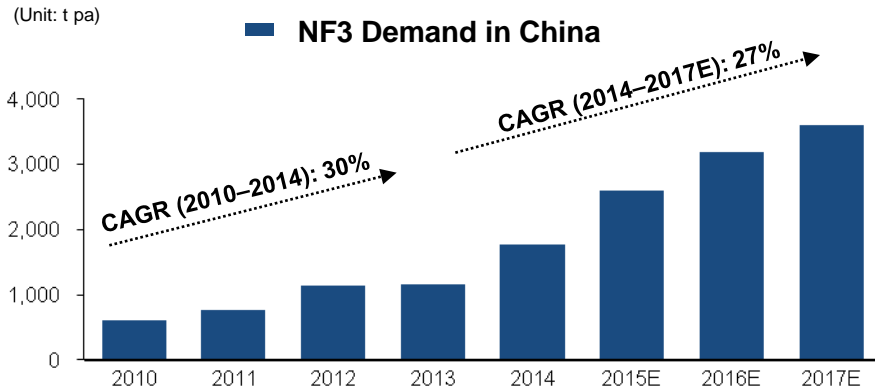
## LCD



Source: iHS, Display Search (2015)

# Market Outlook in China

## NF3 demand in China forecast to grow by 27% (2014 ~ 2017E)

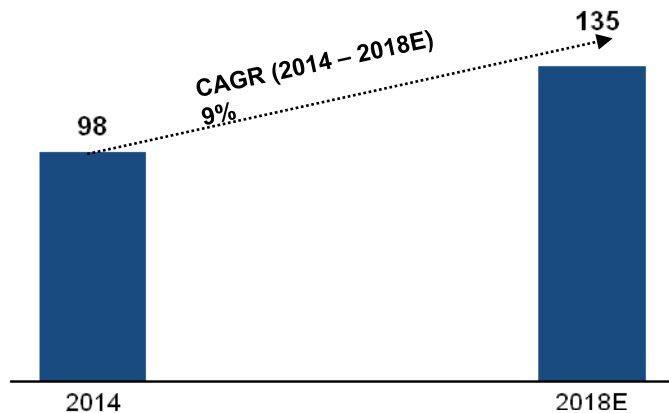


- **Chinese government supports semiconductor industry**
  - Expected to spend \$10 billion over the next 5 years
- **Semiconductor and LCD manufacturers' aggressive investment in China**
  - BOE announced to invest \$1 billion to build LCD panel production line (8.5G, 10.5G)

## Favorable market outlook in Semiconductor and LCD industry of China

### Semiconductor

(Unit: Industry revenue in US\$ bn)

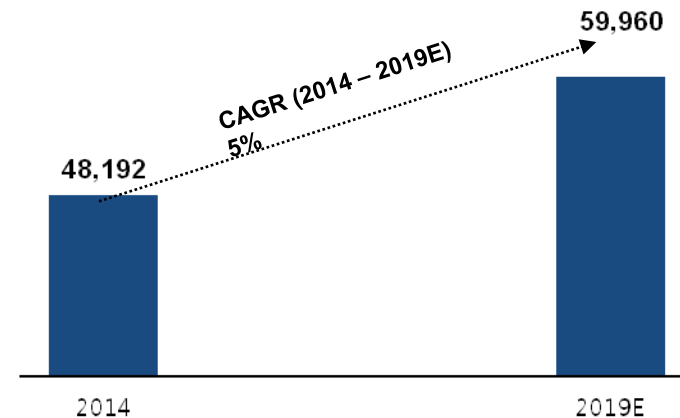


Source: IC Insights

■ Semiconductor Market Scale

### LCD

(Unit: '000 units sold)



Source: BMI Research

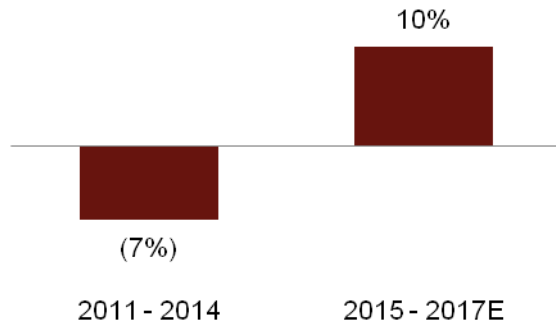
■ LCD TV sold

# Specialty Gas Market Outlook

- Specialty gas demand expected to show continuous growth due to expansion of IoT, wearable device and smartphone & next process steps such as Multi-patterning and 3D structure
- There was Market volume decrease owing to market price drop despite the growing demand in 2011~14
- Specialty gas market will be on a solid growth path after 2015

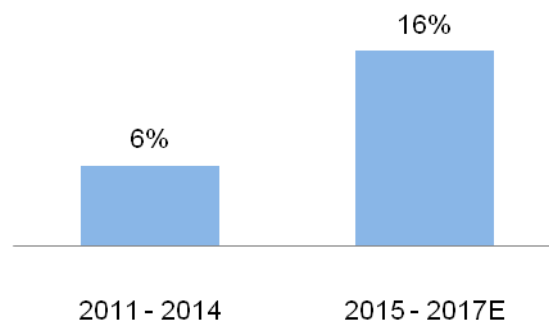
## NF3 global market growth

(Unit: CAGR, %)



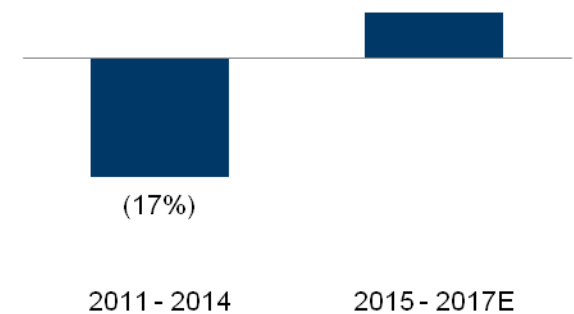
## WF6 global market growth

(Unit: CAGR, %)



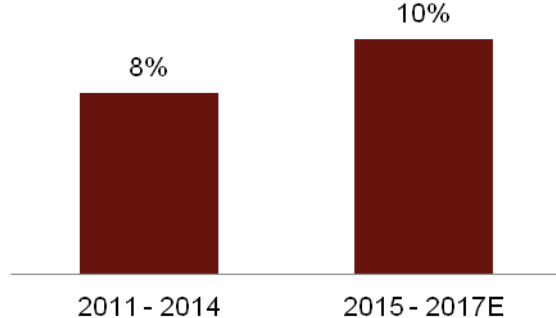
## SiH4 global market growth

(Unit: CAGR, %)



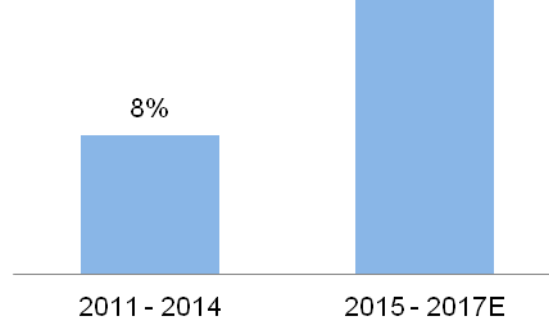
## NF3 global market volume growth

(Unit: CAGR, %)



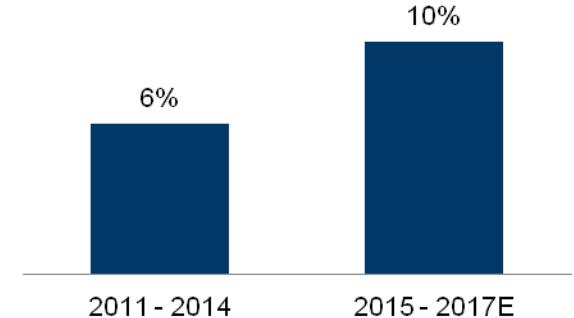
## WF6 global market volume growth

(Unit: CAGR, %)



## SiH4 global market volume growth

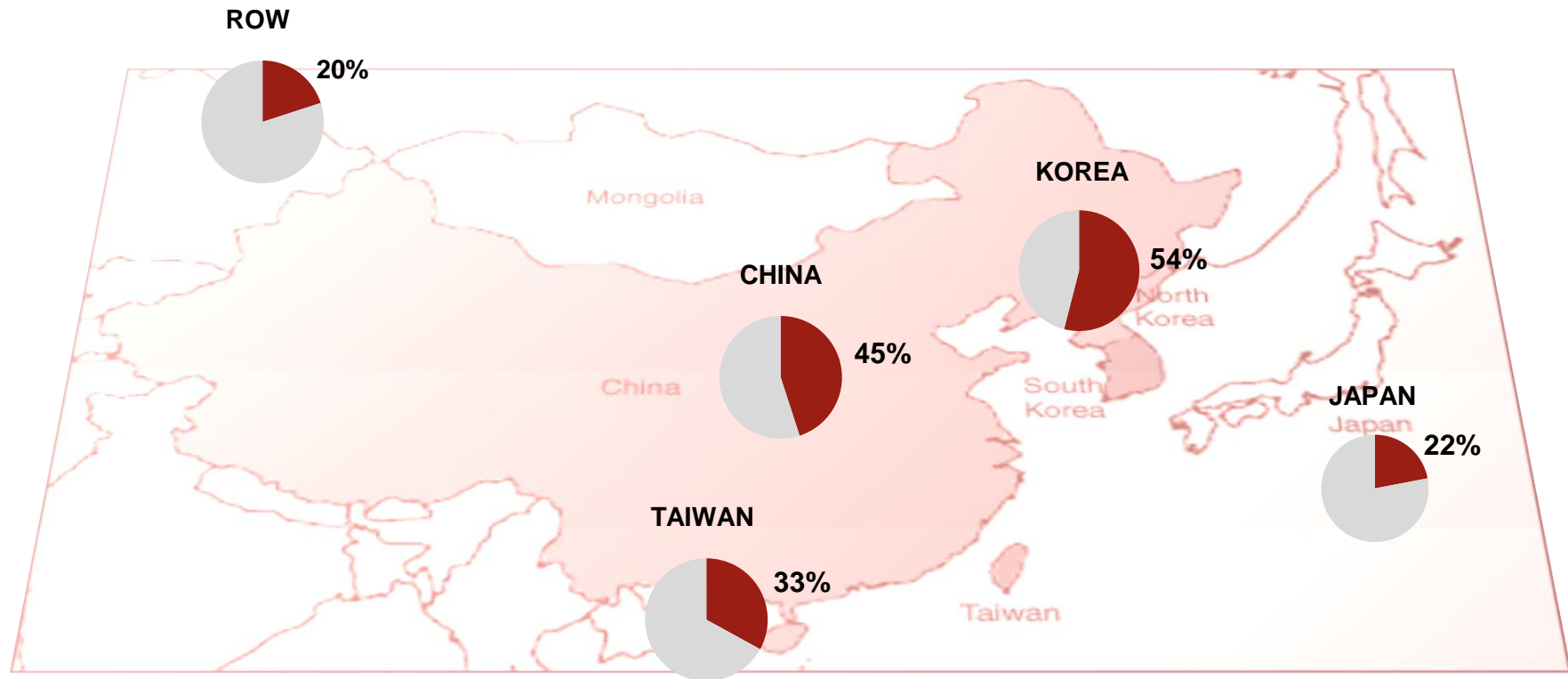
(Unit: CAGR, %)



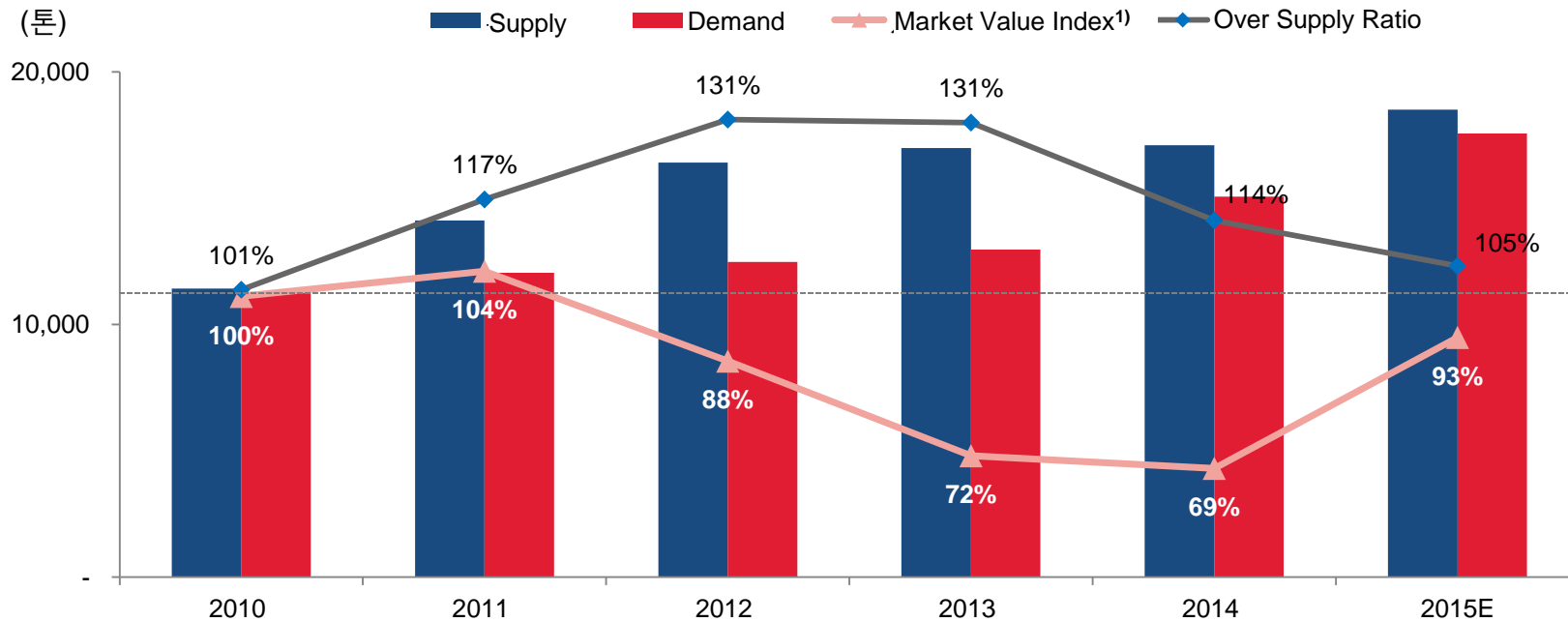
# Market Position

## NF3

- c. 17,600 MT of demand estimated in 2015 (17% growth YoY)
- Globally > 40% of share secured



# NF3 Market Price Trend



- Recovering NF3 market price after 2014
- Tight supply and demand situation to be expected in 2015  
(estimate of demand 17,000MT and supply 18,000MT)

Note) 1. Market Value Index: Price trend for 5 years based on 2010

## 3. Business Updates



# Resuming NF3(Nitrogen Trifluoride) Expansion

**OCI Materials decides to resume its postponed NF3 expansion(N5. 3,000MT)  
due to strong signs of demand recovery in NF3**

---

- **Expansion History**

- . 2010. Dec. Announced to build additional N5 Factory(3.000MT/yr, CapEx 172.4 B'KRW)
- . 2011. Nov. Completion of N5P1(1,000MT)
- . 2013. Oct. Hold to build N5P2, P3 (2,000MT)
- . **2014. Oct. Announced to resume N5P2(1,000MT) / Expected to complete in 4Q. 2015**
- . **2015. Jun. Announced to resume N5P3(1,000MT) / Expected to complete in 4Q. 2015**

- **Total NF3 capacity after expansion : 8,600MT (Including 1,000MT in China)**

**To maintain as a global leader our top priority is to actively respond to growing NF3 demand  
in semiconductor/display industry and prioritize in Safety and Quality management**

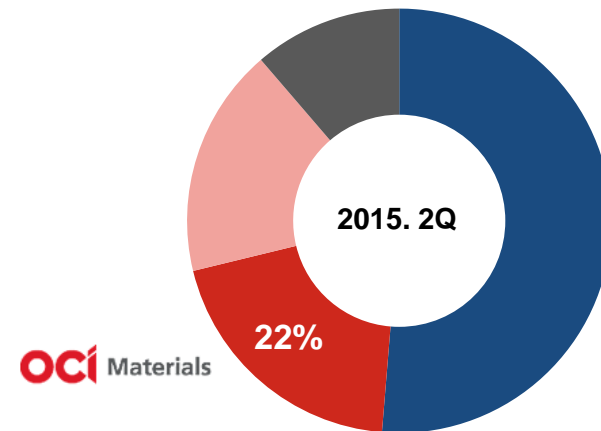
# 5 year Long-Term NF3 Supply Contract

Signed 5year Long-term supply contract responding to customer's request for increasing supply volume

## ▪ Contract Details

- Parties : Japan Material Co., Ltd.
- Term : 2016.07 ~ 2021.06 (5yrs)
- Amount : 39.6M'USD
- Date : 2015.07.24

## ▪ M/S in Japan



Strengthening partnership with key customer and creating stable profit from long-term contract

# Major Shareholder(OCI) decides to sell its stake

**Selling its entire OCI Materials shares(49.1%) is now in progress**

---

## ▪ Overall

- Decision date : 2015.5.29
- Shares : 5,178,535(49.1%, entire stake of OCI)
- Organizer : Credit Suisse

## ▪ Schedule

- 2015. Jun. : Select preferred bidder and distribute invitation
- 2015. Jul. : Receiving LOI and conduct sightseeing
- 2015. Aug. : Pick the finalist and contract SPA
- 2015. Dec. : Complete Selling Procedure