# COMPANY UPDATE

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# OCI (456040)

## All-round earnings recovery ahead

- We initiate coverage of OCI at BUY with a 12-month target price of KRW130,000.
- Driven by a probable earnings recovery across all of its businesses, OCI's ROE is likely to improve from -5.4% in 2025 to 7-9% over 2026-2028. Its valuation multiple should expand alongside this earnings improvement.

### WHAT'S THE STORY?

**View—all-round earnings recovery ahead:** We initiate coverage of OCI with a BUY rating and a 12-month target price of KRW130,000. Our target price is based on a sum-of-the-parts valuation, as OCI has a diversified business portfolio. For each business unit, we selected various domestic and international peers. The company's 12-month forward P/B multiple peaked at 1.2x in 2023 before declining to 0.45x in 2025 as its ROE fell sharply (to -5.4% in 2025). Expecting its ROE to rebound rapidly to 7.2% in 2026 and to 8-9% over 2027-2028—driven by an earnings recovery across its basic chemicals and carbon chemicals businesses—we believe there is a high change its valuation (currently 0.68x P/E) expands.

*(Continued on the next page)*

### AT A GLANCE

**BUY**

| | | |
|---|---|---|
| Target price | KRW130,000 | 32.7% |
| **Current price** | **KRW98,000** | |
| Market cap | KRW877.34b/USD578.83m | |
| Shares (float) | 8,952,495 (53.1%) | |
| 52-week high/low | KRW98,000/KRW49,250 | |
| Avg daily trading value (60-day) | KRW6.9b/ USD4.6m | |

### ONE-YEAR PERFORMANCE

| | 1M | 6M | 12M |
|---|---|---|---|
| OCI (%) | 11.5 | 82.5 | 75.3 |
| Vs Kospi (%pts) | 31.9 | 18.4 | -15.0 |

### KEY CHANGES

| (KRW) | New | Old | Diff |
|---|---|---|---|
| Recommend. | BUY | BUY | |
| Target price | 130,000 | 130,000 | 0.0% |
| 2026E EPS | 9,521 | n/a | n/a |
| 2027E EPS | 11,534 | n/a | n/a |

### SAMSUNG vs THE STREET

| | |
|---|---|
| No of estimates | n/a |
| Target price | n/a |
| Recommendation | n/a |

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

### SUMMARY FINANCIAL DATA

| | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|
| Revenue (KRWb) | 2,009 | 2,176 | 2,230 | 2,301 |
| Operating profit (KRWb) | 0 | 104 | 123 | 136 |
| Net profit (adj) (KRWb) | -68 | 79 | 97 | 115 |
| EPS (adj) (KRW) | -6,994 | 9,521 | 11,534 | 13,480 |
| EPS (adj) growth (% y-y) | nm | nm | 21.1 | 16.9 |
| EBITDA margin (%) | 4.5 | 9.1 | 9.9 | 10.3 |
| ROE (%) | -5.4 | 7.3 | 8.2 | 8.8 |
| P/E (adj) (x) | n/a | 10.3 | 8.5 | 7.3 |
| P/B (x) | 0.5 | 0.7 | 0.7 | 0.6 |
| EV/EBITDA (x) | 12.0 | 6.6 | 5.4 | 4.5 |
| Dividend yield (%) | 0.0 | 0.0 | 0.0 | 0.0 |

Source: Company data, Samsung Securities estimates

**Point (1) Basic chemicals:** We expect a pronounced recovery in profitability at the semiconductor-related materials business, driven by a recovery in the semiconductor memory market. The benefits of this uptrend should start with phosphoric acid, before moving to hydrogen peroxide, and then to polysilicon. With semiconductor customers accounting for more than 62% of its sales, the basic chemicals division is likely to show a clear improvement in profitability in 2026. Additionally, its high-value-added phosphoric acid-based etchants are in the final stages of customer qualification. Upon the successful commercialization of the product, companies that command a high valuation multiple could be added to the basic chemicals division's peer group, unlocking meaningful valuation upside.

**Point (2): Carbon chemicals:** Out of OCI's coal-based carbon chemicals sales, 45% (carbon black at 29% and BTX at 16%) competes directly with petroleum-based alternatives. The recent surge in oil prices has driven up the prices of these petroleum-based alternatives, which should benefit OCI's carbon chemicals business (it uses coal-based feedstocks). With average oil prices in 2026 set to rise sharply y-y, the carbon chemicals division's profitability should rapidly recover.

## Valuation and target price calculation

# Earnings and valuation to normalize

### Initiating coverage at BUY with target price of KRW130,000

We initiate coverage of OCI at BUY with a 12-month target price of KRW130,000. Our target price is based on a sum-of-the-parts (SOTP) valuation, as OCI has a diversified business portfolio comprising basic chemicals and carbon chemicals.

We arrived at our target price by applying EV/EBITDA multiples to our 12-month forward EBITDA estimates for each business unit. We selected the following peers for each business based on their primary products: Semiconductor-grade polysilicon (Wacker, Tokuyama), hydrogen peroxide (Hansol Chemical), and TDI (Wanhua Chemical) were chosen as peers for the basic chemicals business, while firms with exposure to pitch (Koppers Holdings) and carbon black (Cabot) were identified as suitable peers for units attached to the carbon chemicals business.

**OCI: SOTP valuation**

| (KRWb) | Forward EBITDA | Multiples (x) | Value | Details |
|---|---|---|---|---|
| **Operating value (A)** | | | | |
| Basic chemicals | 93 | 8.0 | 743 | Peers *(Wacker, Hansol Chemical, Wanhua Chemical, Tokuyama) |
| Carbon chemicals | 119 | 5.8 | 690 | Peers **(Cabot, Koppers Holdings) |
| **Total** | **212** | **6.8** | **1,433** | |
| Asset value (B) | | | 104 | Discounted 30% |
| Net debt (C) | | | 392 | End-2026E |
| **Fair market cap (E = A + B - C)** | | | **1,145** | |
| Outstanding shares ('000) | | | 8,952 | |
| Fair price (KRW) | | | 127,886 | |
| **Fair value per share (KRW)** | | | **130,000** | |
| Current price (KRW) | | | 98,000 | As of Mar 30 close |
| Upside (%) | | | 32.7 | |
| 2026 implied P/E (x) | | | 13.7 | |
| 2027 implied P/E (x) | | | 11.3 | |
| 2026 implied P/B (x) | | | 0.96 | |
| 2027 implied P/B (x) | | | 0.88 | |

Note: * The manufacturers of semiconductor-grade polysilicon (Wacker, Tokuyama), hydrogen peroxide (Hansol Chemical), and TDI (Wanhua Chemical) were chosen as peers for the basic chemicals business.
** The manufacturers of pitch (Koppers Holdings) and carbon black (Cabot) were identified as peers for the carbon chemicals business.

Source: Bloomberg, Samsung Securities estimates

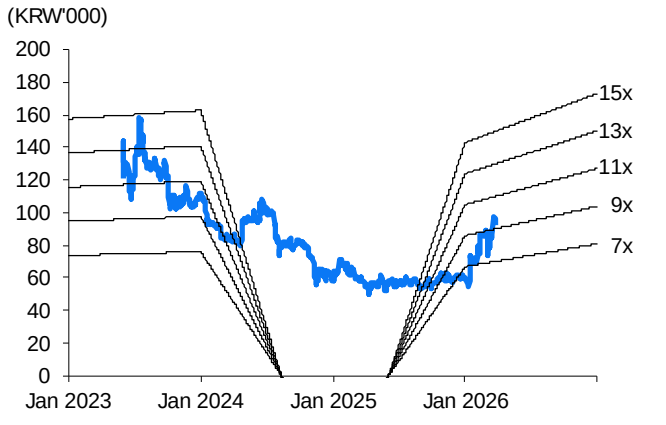
We believe OCI's valuation and earnings are in the process of normalizing to levels seen in the past. Following its spin-off (and listing) in 2023, the company's 12-month forward P/B peaked at 1.2x before declining to 0.65x in 2024 and to 0.45x in 2025 as its ROE plunged (8.8% in 2024 to -5.4% in 2025). However, with its earnings set to turn around in 2026, its ROE should rebound rapidly to 7.2%. This rosy outlook has already supported a recovery in its 12-month forward P/B multiple, which now sits at 0.62x. Believing that its ROE will improve to 8-9% over 2027-2028—and recalling that the 12-month forward P/B reached 1.2x in 2023 on high expectations towards its ROE in 2024—there appears to be a good chance of its valuation (currently 0.62x) rising.

**OCI: Peer valuation, by division**

| (x) | Currency | Share | Price performance (%) | | | | Market cap | P/E | | | P/B | | | EV/EBITDA | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Price | 1W | 1M | 3M | YTD | (USDb) | 2025 | 2026E | 2027E | 2025 | 2026E | 2027E | 2025 | 2026E | 2027E |
| **OCI** | KRW | **93,800** | **(3.7)** | **7.0** | **57.2** | **57.7** | **0.6** | **n/a** | **9.9** | **8.1** | **0.47** | **0.69** | **0.64** | **12.0** | **6.4** | **5.3** |
| **Basic chemicals** | | | | | | | | | | | | | | | | |
| Wacker Chemie* | EUR | 80.5 | 15.0 | (0.4) | 17.6 | 16.0 | 4.8 | n/a | 240.9 | 42.3 | 0.93 | 0.96 | 0.96 | 9.6 | 8.2 | 6.9 |
| Soulbrain | KRW | 389,000 | (9.5) | (12.9) | 51.7 | 48.5 | 2.0 | 32.5 | 19.1 | 16.6 | 2.80 | 2.48 | 2.20 | 14.5 | 10.5 | 8.7 |
| Hansol Chemical * | KRW | 269,000 | (7.2) | (21.3) | 21.7 | 18.5 | 2.0 | 20.0 | 15.9 | 13.5 | 2.74 | 2.37 | 2.07 | 15.2 | 11.6 | 9.5 |
| Wanhua Chemical* | CNY | 80.0 | 3.9 | (14.0) | 5.0 | 4.3 | 36.2 | 20.1 | 15.7 | 12.8 | 2.48 | 2.28 | 2.06 | 10.7 | 8.6 | 7.0 |
| Tokuyama* | JPY | 3,827.0 | 2.8 | (14.5) | (7.1) | (7.2) | 1.7 | 9.8 | 8.6 | 7.7 | 0.98 | 0.91 | 0.84 | 6.3 | 5.6 | 5.1 |
| **Carbon chemicals** | | | | | | | | | | | | | | | | |
| Cabot | USD | 74.11 | 9.3 | (2.7) | 12.1 | 11.8 | 3.9 | 10.2 | 11.9 | 10.8 | 2.57 | 2.37 | 2.16 | 6.2 | 6.8 | 6.4 |
| Koppers Holdings | USD | 6.06 | 23.2 | 6.5 | 16.8 | 14.8 | 0.3 | 121.2 | 13.8 | 8.7 | 0.87 | 0.83 | 0.79 | 6.4 | 5.5 | 4.8 |

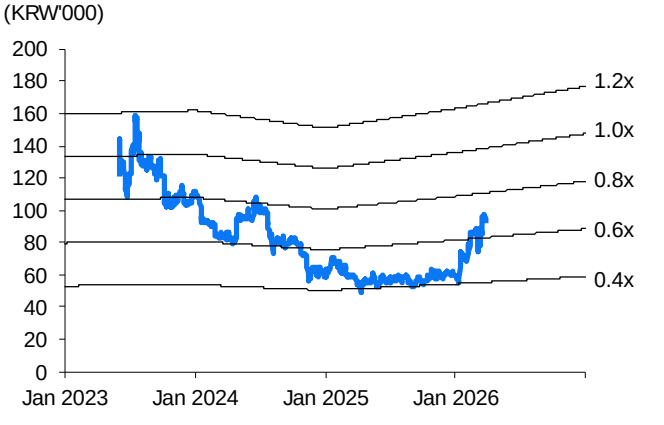
Note: Based on Bloomberg consensus as of Mar 27; OCI figures are Samsung Securities estimates due to lack of consensus data.
* Peers used for OCI valuation
Source: Bloomberg, Samsung Securities

**OCI: 12M forward P/E**




Source: Company data, Samsung Securities

**OCI: 12M forward P/B**




Source: Company data, Samsung Securities

## OCI: Results and forecasts

| (KRWb) | 1Q25 | 2Q25 | 3Q25 | 4Q25 | 1Q26E | 2Q26E | 3Q26E | 4Q26E | 2024 | 2025 | 2026E | 2027E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| KRW/USD (average) | 1,453 | 1,401 | 1,387 | 1,449 | 1,459 | 1,420 | 1,380 | 1,335 | 1,365 | 1,422 | 1,398 | 1,335 |
| **Sales** | **539** | **527** | **476** | **467** | **541** | **561** | **560** | **514** | **2,215** | **2,009** | **2,176** | **2,230** |
| Growth (% q-q) | 3.7 | -2.2 | -9.6 | -1.9 | 15.9 | 3.6 | -0.2 | -8.2 | | | | |
| Growth (% y-y) | -0.3 | -7.0 | -19.1 | -10.1 | 0.5 | 6.4 | 17.5 | 9.9 | 9.5 | -9.3 | 8.3 | 2.5 |
| Basic chemicals | 188 | 200 | 189 | 200 | 240 | 239 | 242 | 210 | 825 | 777 | 931 | 1,001 |
| Growth (% q-q) | -14.0 | 6.3 | -5.3 | 5.9 | 19.7 | -0.1 | 1.2 | -13.5 | | | | |
| Growth (% y-y) | 0.0 | -2.5 | -11.4 | -8.3 | 27.6 | 19.9 | 28.0 | 4.6 | -2.6 | -5.8 | 19.8 | 7.6 |
| Carbon chemicals | 366 | 350 | 312 | 284 | 322 | 341 | 337 | 324 | 1,488 | 1,312 | 1,324 | 1,308 |
| Growth (% q-q) | 14.5 | -4.3 | -10.7 | -9.0 | 13.2 | 6.1 | -1.1 | -4.0 | | | | |
| Growth (% y-y) | -2.1 | -9.1 | -23.8 | -11.0 | -12.0 | -2.4 | 8.0 | 14.0 | 26.6 | -11.8 | 1.0 | -1.3 |
| **EBITDA** | **31** | **22** | **17** | **22** | **39** | **49** | **57** | **53** | **185** | **91** | **198** | **220** |
| Growth (% q-q) | -27.7 | -29.5 | -23.5 | 29.5 | 82.3 | 24.2 | 17.5 | -7.8 | | | | |
| Growth (% y-y) | -44.6 | -57.8 | -53.1 | -49.5 | 27.2 | 124.2 | 244.4 | 145.1 | 4.4 | -51.0 | 118.2 | 11.3 |
| Basic chemicals | 2 | 8 | 1 | 17 | 11 | 19 | 29 | 27 | 88 | 28 | 86 | 100 |
| Growth (% q-q) | -96.3 | 416.9 | -85.3 | 1,296.2 | -33.8 | 64.5 | 57.7 | -8.1 | | | | |
| Growth (% y-y) | -85.8 | -62.9 | -88.9 | -60.5 | 601.0 | 123.0 | 2,298.3 | 57.9 | 33.6 | -67.9 | 205.1 | 16.0 |
| Carbon chemicals | 27 | 15 | 14 | 10 | 29 | 31 | 29 | 27 | 110 | 66 | 115 | 123 |
| Growth (% q-q) | 448.6 | -45.6 | -2.0 | -32.7 | 197.0 | 7.7 | -7.0 | -7.4 | | | | |
| Growth (% y-y) | -43.3 | -53.2 | -45.3 | 96.8 | 6.5 | 110.7 | 99.9 | 175.3 | -11.0 | -40.3 | 75.1 | 7.4 |
| **Operating profit** | **10** | **-2** | **-10** | **3** | **16** | **25** | **34** | **29** | **110** | **0** | **104** | **123** |
| Growth (% q-q) | -49.7 | Turned neg | Remained neg | Turned pos | 475.6 | 56.8 | 32.5 | -14.2 | | | | |
| Growth (% y-y) | -73.6 | Turned neg | Turned neg | -86.2 | 58.0 | To turn pos | To turn pos | 926.1 | -7.2 | -99.6 | 23,531.6 | 17.8 |
| Basic chemicals | -7 | -2 | -9 | 6 | 1 | 8 | 19 | 16 | 60 | -11 | 44 | 58 |
| Growth (% q-q) | Turned neg | Remained neg | Remained neg | Turned pos | -88.0 | 964.8 | 133.3 | -12.6 | | | | |
| Growth (% y-y) | Turned neg | Turned neg | Turned neg | -82.5 | To turn pos | To turn pos | To turn pos | 159.7 | 55.1 | Turned neg | To turn pos | 31.5 |
| Carbon chemicals | 18 | 4 | 5 | 2 | 20 | 22 | 19 | 17 | 77 | 29 | 77 | 82 |
| Growth (% q-q) | Turned pos | -75.6 | 11.4 | -69.4 | 1,214.8 | 9.8 | -11.4 | -12.5 | | | | |
| Growth (% y-y) | -56.0 | -81.6 | -74.2 | Turned pos | 9.2 | 392.1 | 291.7 | 1,019.3 | -25.8 | -62.6 | 168.0 | 6.1 |
| Pre-tax profit | -16 | -1 | -46 | -4 | 12 | 24 | 32 | 28 | 115 | -66 | 97 | 119 |
| Growth (% q-q) | Turned neg | Remained neg | Remained neg | Remained neg | To turn pos | 101.1 | 34.6 | -12.5 | | | | |
| Growth (% y-y) | Turned neg | Turned neg | Turned neg | Turned neg | To turn pos | To turn pos | To turn pos | To turn pos | -53.7 | Turned neg | To turn pos | 22.8 |
| **Net profit** | **-17** | **-2** | **-52** | **3** | **10** | **20** | **26** | **23** | **90** | **-68** | **79** | **97** |
| Growth (% q-q) | Turned neg | Remained neg | Remained neg | Turned pos | To turn pos | 101.1 | 34.6 | -12.5 | | | | |
| Growth (% y-y) | Turned neg | Turned neg | Turned neg | -72.1 | To turn pos | To turn pos | To turn pos | 566.7 | 71.8 | Turned neg | To turn pos | 22.8 |
| **Attributable to parent** | **-16** | **-1** | **-51** | **5** | **11** | **21** | **28** | **25** | **96** | **-63** | **85** | **103** |
| **Margins (%)** | | | | | | | | | | | | |
| EBITDA | 5.7 | 4.1 | 3.5 | 4.6 | 7.2 | 8.7 | 10.2 | 10.3 | 8.4 | 4.5 | 9.1 | 9.9 |
| Basic chemicals | 0.9 | 4.2 | 0.6 | 8.5 | 4.7 | 7.7 | 12.1 | 12.8 | 10.7 | 3.6 | 9.2 | 10.0 |
| Carbon chemicals | 7.4 | 4.2 | 4.6 | 3.4 | 8.9 | 9.1 | 8.5 | 8.2 | 7.4 | 5.0 | 8.7 | 9.4 |
| Operating profit | 1.9 | -0.4 | -2.2 | 0.6 | 3.0 | 4.5 | 6.0 | 5.6 | 5.0 | 0.0 | 4.8 | 5.5 |
| Basic chemicals | -3.5 | -1.0 | -4.8 | 3.1 | 0.3 | 3.4 | 7.7 | 7.8 | 7.3 | -1.5 | 4.7 | 5.8 |
| Carbon chemicals | 4.9 | 1.3 | 1.6 | 0.5 | 6.1 | 6.3 | 5.7 | 5.2 | 5.2 | 2.2 | 5.8 | 6.3 |
| Pre-tax profit | -3.0 | -0.1 | -9.6 | (0.9) | 2.2 | 4.3 | 5.8 | 5.5 | 5.2 | -3.3 | 4.5 | 5.3 |
| Net profit | -3.2 | -0.5 | -11.0 | 0.7 | 1.8 | 3.5 | 4.7 | 4.5 | 4.0 | -3.4 | 3.6 | 4.4 |
| Attributable to parent | -2.9 | -0.1 | -10.7 | 1.1 | 2.1 | 3.8 | 5.0 | 4.8 | 4.3 | -3.1 | 3.9 | 4.6 |

Source: Company data, Samsung Securities

## Investment points

# All-round earnings recovery ahead

### Investment points (1) Basic chemicals division – growing impact of downstream recovery

One of the factors behind OCI's weak earnings performance in 2025 was the declining profitability of its basic chemicals business. Sluggish conditions for the semiconductor industry since 2024 led to inventory destocking by some of its customers, pressuring OCI's margins. The operating margin of OCI's basic chemicals division slid from 7.3% in 2024 to -1.5% in 2025. On a quarterly basis, its operating margin remained deeply negative throughout 1Q-3Q25, ranging between -5% and -1%.

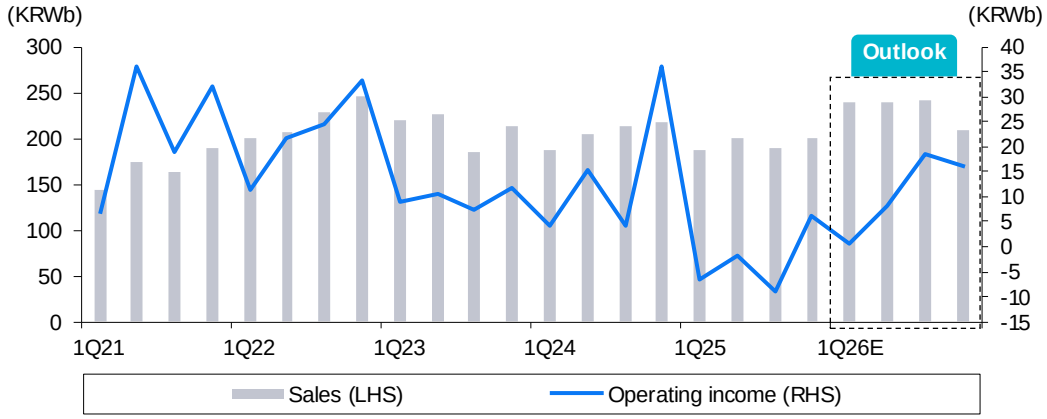
However, the semiconductor memory market staged a strong rebound in 2H25, and positive signs started appearing for OCI's basic chemicals division. The impact showed up in 4Q25—the division's operating margin jumped to 3.1%, moving into the black for the first time in four quarters.

During its 4Q25 earnings call, OCI noted that the benefits stemming from the semiconductor industry's upswing would be felt first with phosphoric acid, then with hydrogen peroxide, and then with polysilicon. Already seeing a clear rise in demand for phosphoric acid, it plans to expand phosphoric acid capacity by 20% from 25,000 tonnes to 30,000 tonnes in 1H26 through debottlenecking. Phosphoric acid (used in etching processes) and hydrogen peroxide (used in cleaning processes), which are supplied directly to semiconductor makers like SEC and SK Hynix, appears to be experiencing a more immediate demand uptick vs polysilicon (the latter is supplied to wafer manufacturers).

Over 62% of OCI's basic chemicals sales were connected to the semiconductor industry in 2025—led by polysilicon at 19%, hydrogen peroxide at 16%, phosphoric acid at 11%, caustic soda at 11%, and fumed silica at 5%. Sales of hydrogen peroxide and polysilicon, in particular, are likely to exhibit a more pronounced recovery from 2H26, likely increasing the basic chemicals division's operating margin from -1.5% in 2025 to 4.7% in 2026 and to 5.8% in 2027.

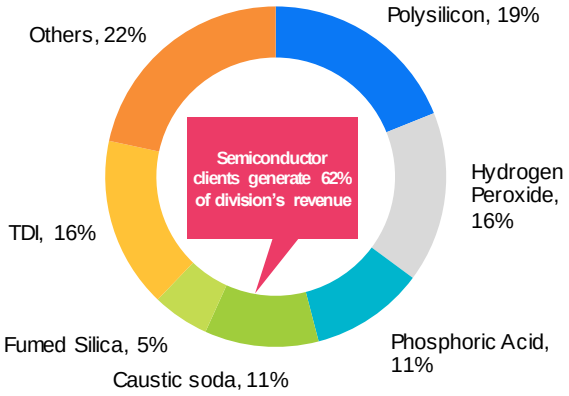
OCI's ongoing preparation to expand into higher-value-added semiconductor applications is another positive development. The company is readying to produce phosphoric acid-based etchants, and we believe it has entered the final stages of quality certification with global semiconductor firms. While phosphoric acid is a core material for wafer etching, phosphoric acid-based etchants are high-selectivity solutions designed to remove only specific layers in semiconductor fabrication. This represents a higher-value-added downstream extension of phosphoric acid, with better profitability potential. Furthermore, if OCI successfully achieves mass-production of these etchants, Soulbrain (which commands a high valuation multiple due to its dominant position in the etchant market) could be added to the basic chemicals division's peer group, unlocking meaningful valuation upside.

**OCI basic chemicals: Revenue and operating income**



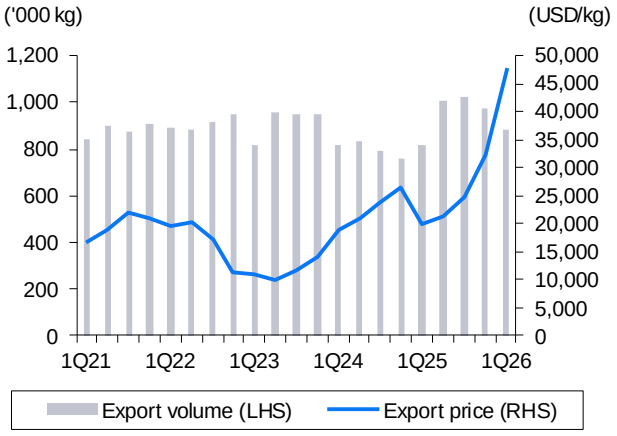

Source: Company data, Samsung Securities

**OCI: Basic chemicals division's revenue, by product (2025)**




Source: Company data, Samsung Securities

**Korea: Memory chip* export trends**




Note: * Based on HS code 854232
Source: KITA, Samsung Securities

### Investment points (2) Carbon chemicals division – indirect beneficiary of rising oil prices

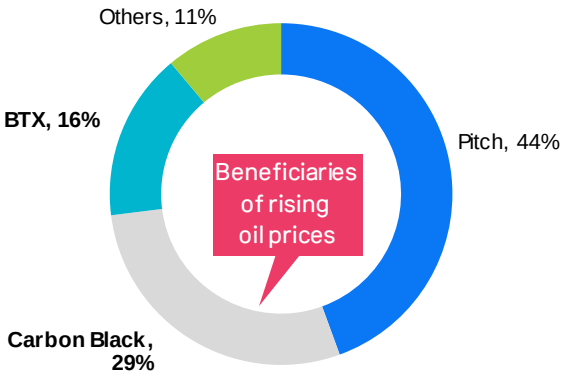
We expect profitability to rise at not only the basic chemicals division but also at the carbon chemicals business, which bodes well for OCI's fundamentals. The carbon chemicals division procures by-products (including coke oven gas (COG), coke oven light oil (COL), and coal tar) as raw materials and sells BTX (benzene, toluene, xylene), carbon black, and pitch.

The carbon chemicals division's operating margin declined from 8.9% in 2023 to 5.2% in 2024 and to 2.5% in 2025. This decline was primarily driven by falling oil prices, which pressured selling prices (amid weak demand due to China's sluggish economy). Given the structural characteristics of OCI's carbon chemicals business, we believe that a sustained fall in oil prices causes its margins to compress.

In 2025, the sales mix of OCI's carbon chemicals division was composed of pitch (44%), carbon black (29%), BTX (16%), and other products (11%). OCI produces carbon black and BTX using coal-based feedstocks, but most other producers rely primarily on petroleum-based feedstocks (FCC slurry oil and reformate). As a result, when oil prices rise significantly (vs coal-based feedstock costs), OCI's profitability on these products tends to improve. This relationship is evidenced by the strong correlation between the average Dubai crude oil price and the operating margin of OCI's carbon chemicals division over 2021-2025.

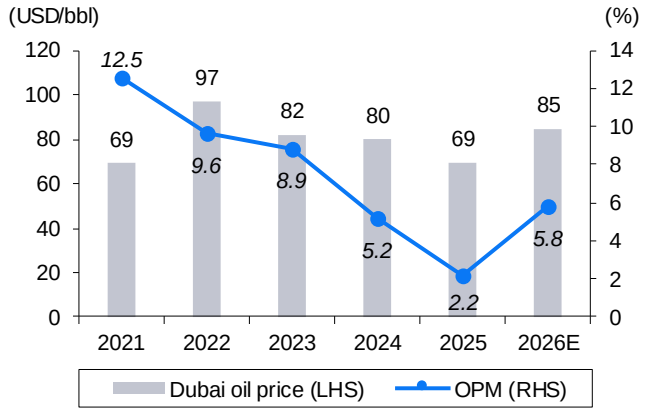
Since January, the average Dubai crude oil price has risen to USD75 per barrel, up from USD69/bbl last year—marking the first recovery since 2022. Moreover, since March, geopolitical tensions in the Middle East have driven sharp price increases in Asian naphtha, which rose by USD419/tonne from February levels (from USD611/tonne to USD1,030/tonne). Similarly, benzene prices increased by USD269/tonne (from USD782/tonne to USD1,052/tonne), toluene rose by USD310/tonne (from USD740/tonne to USD1,050/tonne), and xylene climbed by USD342/tonne (from USD729/tonne to USD1,070/tonne). Given these developments and the rebound in global oil prices compared to the previous year, we expect the carbon chemicals division's operating margin to clearly recover to 5.8% in 2026 (+3.6%p YoY).

**OCI: Carbon chemicals division's sales, by product (2025)**



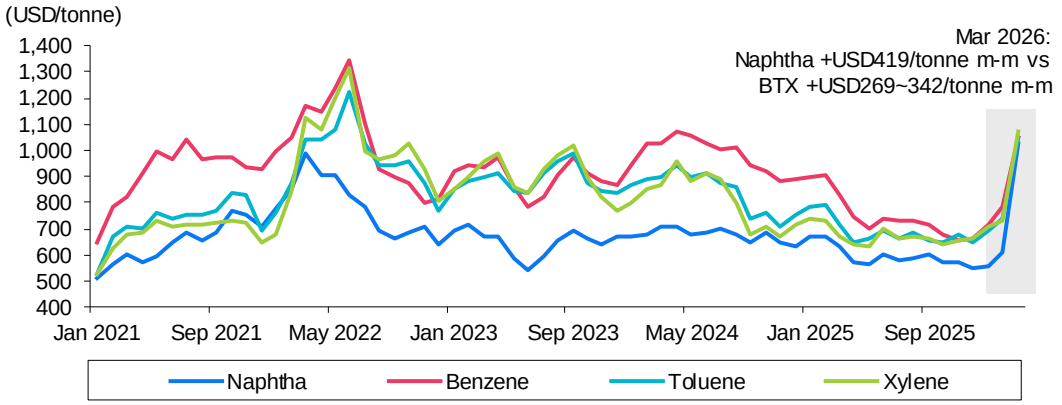

Source: Company data, Samsung Securities

**OCI: Oil prices and carbon chemicals OPM trends**




Source: Petronet, Company data, Samsung Securities

**Asia Naphtha and BTX price trends**




Source: S&P Global Platts, Samsung Securities

## Appendix

# Company overview

### Company overview

OCI Holdings traces its origins to Oriental Chemical Industries, which was established in 1959. Korea Steel Chemical (a venture distilling coal tar to produce pitch and naphthalene), founded in 1974, is the foundation of its coal chemical business. KoFran Chemical manufactured inorganic chemicals, including hydrogen peroxide, and was established in 1975. Korea Steel Petrochemicals was established a decade later in 1984, which firm produced downstream coal chemicals such as carbon black and BTX using Korea Steel Chemical's output (essentially extending the chemical materials business). In 2001, Oriental Chemical Industries acquired Korea Steel Chemical and Korea Steel Petrochemicals from Keopyung Group and rebranded itself as DC Chemical. In 2009, the company changed its name to OCI. In 2023, OCI transitioned to a holding company structure, splitting into OCI Holdings (the holding entity) and OCI (the operating entity).

OCI's operations are divided into two business areas: Basic chemicals and carbon chemicals. As of 2025, 37% of OCI's sales came from the basic chemicals division and 63% from the carbon chemicals division. Sales at the basic chemicals division (37%) are driven by semiconductor-grade polysilicon (7% of the division's sales), hydrogen peroxide (6%), TDI (6%), phosphoric acid (4%), caustic soda (4%), and fumed silica (2%). Among these six products, all except TDI are sold into the semiconductor value chain—semiconductor industry conditions determine the business environment for the basic chemicals division. Sales contributions from the basic chemicals division (63%) are driven by pitch (28%), carbon black (18%), and BTX (10%). Pitch is sold to aluminum smelters in the Middle East and Australia, carbon black is supplied predominantly to tire manufacturers, and BTX is sold to domestic petrochemical companies.

### OCI: Key milestones

| Year | Milestone | Year | Milestone |
|---|---|---|---|
| 1959 | Founded as Oriental Chemical Industry | 2008 | Success in commercial production of solar-grade polysilicon |
| 1968 | Completed Incheon Soda Ash plant | 2009 | Renamed to OCI |
| 1974 | Established Jecheol Chemical | 2016 | Completed Ma Steel OCI Chemical Company |
| 19 75 | Established Korea-French Chemical | 2016 | Completed OCI Jianyang Carbon Black |
| 1976 | Completed Pohang plant | 2017 | Commercial production of semiconductor-grade polysilicon |
| 1979 | Completed Iksan Hydrogen Peroxide plant | 2020 | Established P&O Chemical (JV with POSCO Future M) |
| 1984 | Established Jecheol Petrochemical | 2022 | Established OCI Kumho (JV with Kumho P&B Chemicals) |
| 1987 | Completed Gwangyang plant | 2022 | Commercial production of hydrogen peroxide at P&O Chemical |
| 1991 | Completed Gunsan TDI plant | 2022 | Established OCI Kumho (JV with Kumho P&B Chemicals) |
| 1992 | Completed Gunsan PVA plant | 2023 | Launched OCI Holdings; Spun off OCI as new entity |
| 2001 | Renamed to DC Chemical (Merger of Oriental Chemical & Jecheol Chemical) | 2023 | Entered EV battery silicon anode specialty material (monosilane) business |
| 2006 | Acquired Columbian Chemicals (Carbon Black) | 2025 | Completed EV battery silicon anode specialty material plant |

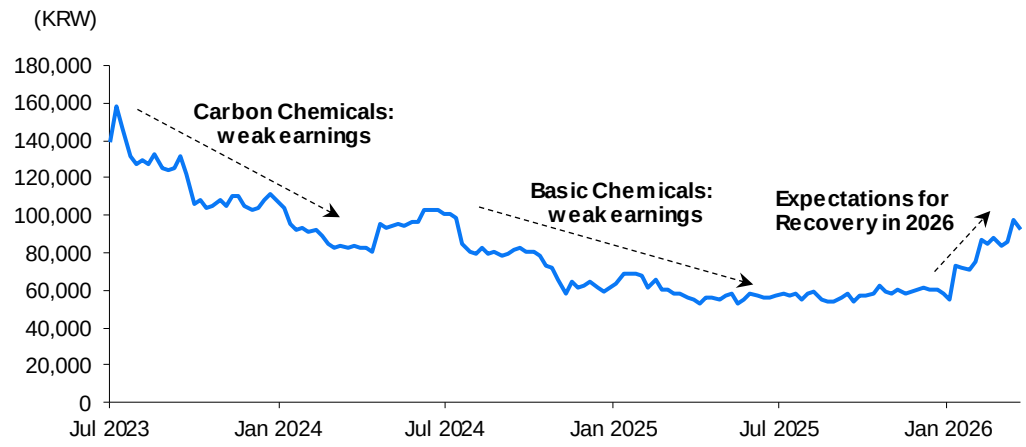
Source: Company data, Samsung Securities

### OCI: Key products by division

| Division | | Product | End-use | Capacity | Raw materials | Key Customers |
|---|---|---|---|---|---|---|
| Basic Chemicals | Semi & Advanced Materials | Polysilicon (Semi-grade) | Semiconductor wafers | 4,700 tonnes | Metal Silicon | SK Siltron, etc. |
| | | Phosphoric Acid (PA) | Semi etching process | 25,000 tonnes | Yellow Phosphorus | Samsung Electronics, SK Hynix, etc. |
| | | Hydrogen Peroxide | Semi cleaning process | 125,000 tonnes | Naphtha, LNG | Dongwoo Fine-Chem, Kioxia, etc. |
| | | HCDS | Semi precursor | 18 tonnes | STC | Hansol Chemical |
| | | $SiH_4$ | Si-anode for secondary batteries | 1,000 tonnes | TCS | Nexeon |
| | Basic Materials | CA | Neutralizers, cleaners, wastewater treatment, precursor mfg. | NaOH 117,000 tonnes<br>NaOCl 110,000 tonnes<br>HCl 160,000 tonnes | Raw Salt | Samsung Electro-Mechanics, Samsung Electronics, etc. |
| | | FS | Window frame adhesives, Semi CMP slurry, etc. | 9,000 tonnes | STC | Shin-Etsu, Dongjin Semichem, etc. |
| | | TDI | Polyurethane feedstock (Furniture cushioning, auto interiors) | 50,000 tonnes | DNT | Alfome, Foamworks, INOAC, etc. |
| Carbon Chemicals | | Carbon Black | Tires, semi-conductive compounds for high-voltage cables | 270,000 tonnes | FCC Slurry, CBO / Creosote | Hankook Tire, Bridgestone, DYM Solution, etc. |
| | | Pitch | Anodes for aluminum smelting | 220,000 tonnes (Korea)<br>300,000 tonnes (China JV*) | Coal Tar | Aluminum smelters in Middle East & Australia |
| | | BTX | Base chemicals for plastics | 260,000 tonnes | Coke Oven Light Oil | Kumho P&B, TKG Huchems, etc. |

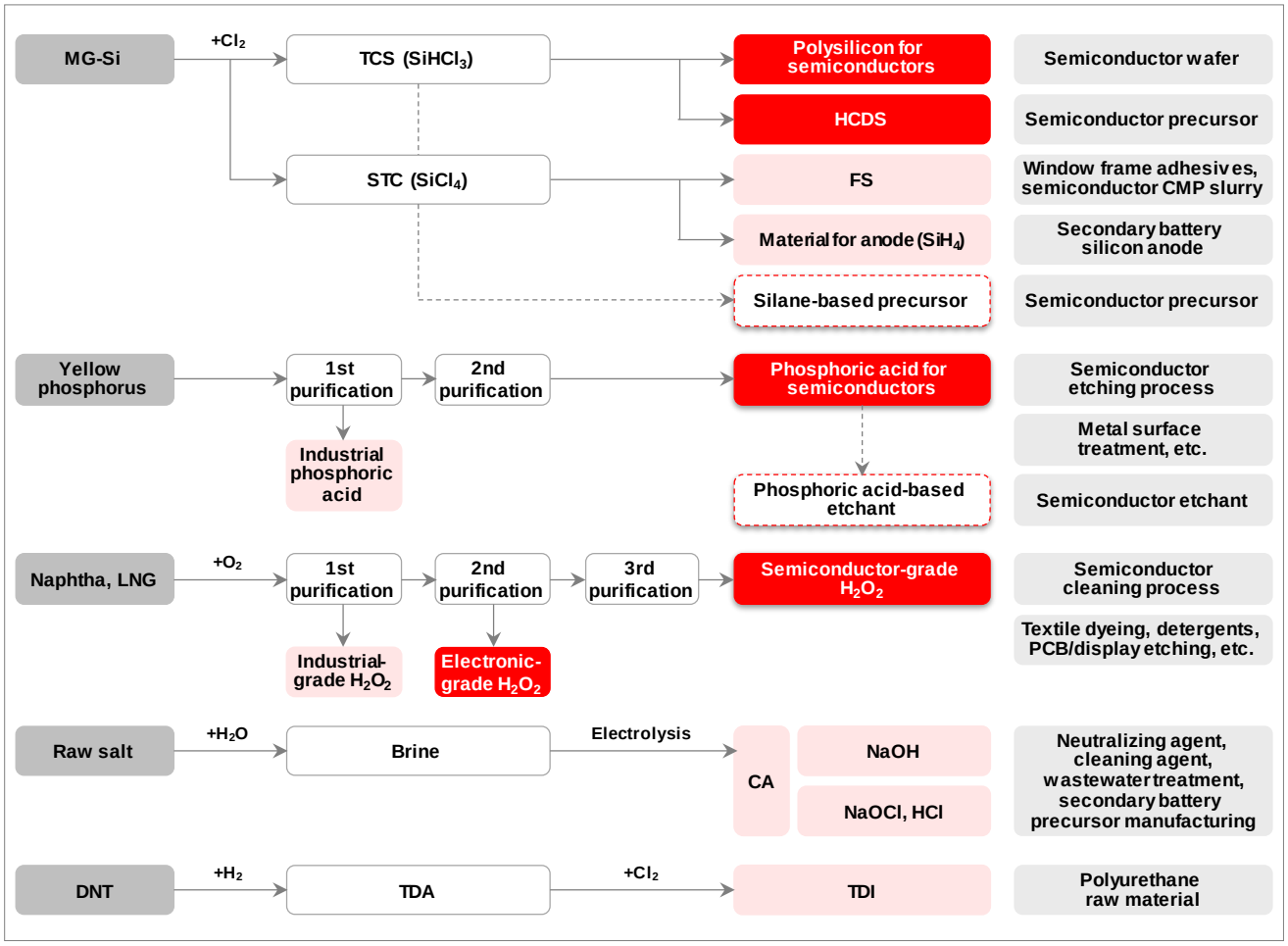
Source: Company data, Samsung Securities

**OCI: share price trend and background of fluctuations**



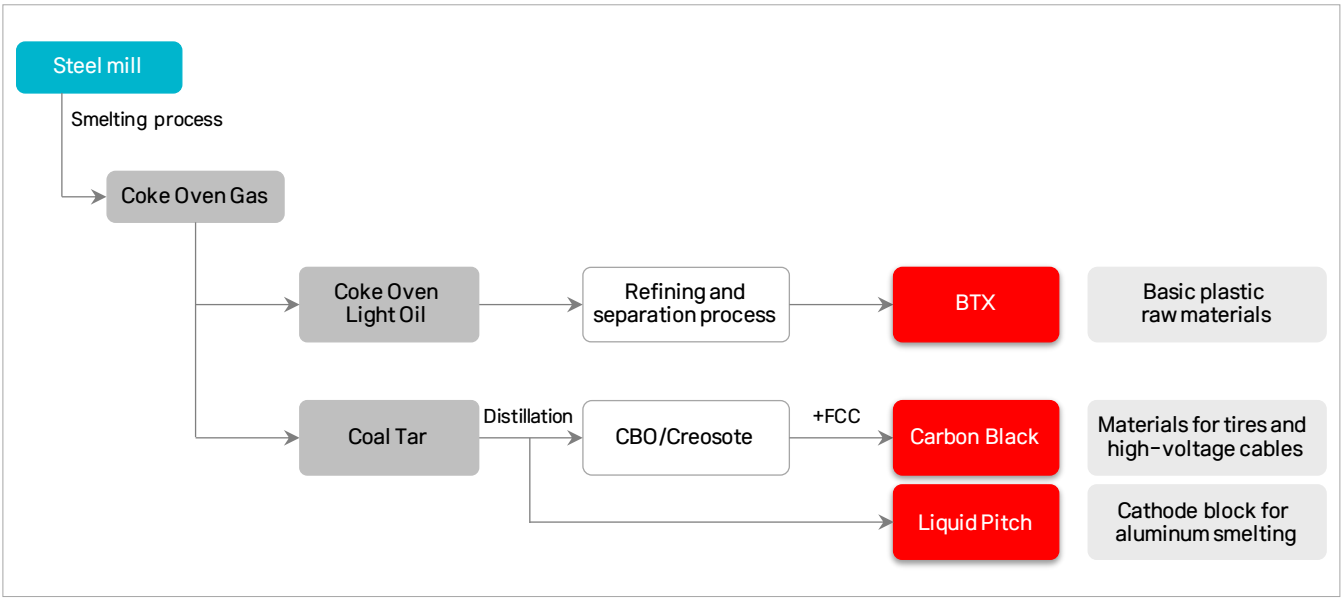

Source: Quantiwise, Samsung Securities

## OCI: Basic chemicals value chain




Source: Company data, Samsung Securities

## OCI: Carbon chemicals value chain




Source: Company data, Samsung Securities

## Income statement

| Year-end Dec 31 (KRWb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Sales** | **2,215** | **2,009** | **2,176** | **2,230** | **2,301** |
| Cost of goods sold | 1,915 | 1,801 | 1,853 | 1,880 | 1,933 |
| **Gross profit** | **300** | **208** | **322** | **350** | **368** |
| Gross margin (%) | 13.6 | 10.4 | 14.8 | 15.7 | 16.0 |
| SG&A expenses | 190 | 208 | 218 | 227 | 233 |
| **Operating profit** | **110** | **0** | **104** | **123** | **136** |
| Operating margin (%) | 5.0 | 0.0 | 4.8 | 5.5 | 5.9 |
| **Non-operating gains (losses)** | **5** | **-67** | **-7** | **-4** | **4** |
| Financial profit | 72 | 46 | 47 | 48 | 53 |
| Financial costs | 89 | 72 | 68 | 68 | 67 |
| Equity-method gains (losses) | 20 | 20 | 20 | 20 | 20 |
| Other | 2 | -61 | -6 | -3 | -2 |
| **Pre-tax profit** | **115** | **-66** | **97** | **119** | **140** |
| Taxes | 26 | 2 | 18 | 22 | 26 |
| Effective tax rate (%) | 22.3 | -3.4 | 18.3 | 18.3 | 18.3 |
| Profit from continuing operations | 90 | -68 | 79 | 97 | 115 |
| Profit from discontinued operations | 0 | 0 | 0 | 0 | 0 |
| **Net profit** | **90** | **-68** | **79** | **97** | **115** |
| Net margin (%) | 4.0 | -3.4 | 3.6 | 4.4 | 5.0 |
| Net profit (controlling interests) | 96 | -63 | 85 | 103 | 121 |
| Net profit (non-controlling interests) | -6 | -6 | -6 | -6 | -6 |
| EBITDA | 185 | 91 | 198 | 220 | 237 |
| EBITDA margin (%) | 8.4 | 4.5 | 9.1 | 9.9 | 10.3 |
| EPS (parent-based) (KRW) | 10,840 | -6,994 | 9,521 | 11,534 | 13,480 |
| EPS (consolidated) (KRW) | 10,122 | -7,650 | 8,838 | 10,850 | 12,797 |
| Adjusted EPS (KRW)* | 10,840 | -6,994 | 9,521 | 11,534 | 13,480 |

## Balance sheet

| Year-end Dec 31 (KRWb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Current assets** | **1,211** | **1,099** | **941** | **1,061** | **1,202** |
| Cash & equivalents | 286 | 234 | 113 | 213 | 327 |
| Accounts receivable | 307 | 268 | 263 | 270 | 278 |
| Inventories | 493 | 540 | 504 | 516 | 533 |
| Other current assets | 125 | 57 | 61 | 62 | 64 |
| **Fixed assets** | **1,072** | **1,177** | **1,196** | **1,183** | **1,168** |
| Investment assets | 175 | 148 | 161 | 165 | 170 |
| Tangible assets | 698 | 786 | 795 | 779 | 760 |
| Intangible assets | 18 | 54 | 52 | 50 | 49 |
| Other long-term assets | 181 | 188 | 188 | 188 | 188 |
| **Total assets** | **2,283** | **2,276** | **2,137** | **2,244** | **2,370** |
| **Current liabilities** | **612** | **730** | **508** | **516** | **526** |
| Accounts payable | 166 | 128 | 138 | 142 | 146 |
| Short-term debt | 165 | 197 | 197 | 197 | 197 |
| Other current liabilities | 281 | 405 | 173 | 177 | 183 |
| **Long-term liabilities** | **429** | **381** | **385** | **387** | **388** |
| Bonds & long-term debt | 352 | 305 | 305 | 305 | 305 |
| Other long-term liabilities | 77 | 76 | 80 | 81 | 83 |
| **Total liabilities** | **1,041** | **1,111** | **893** | **902** | **915** |
| **Owners of parent equity** | **1,208** | **1,127** | **1,212** | **1,315** | **1,436** |
| Capital stock | 45 | 45 | 45 | 45 | 45 |
| Capital surplus | 1,041 | 941 | 941 | 941 | 941 |
| Retained earnings | 118 | 136 | 221 | 324 | 445 |
| Other | 4 | 5 | 5 | 5 | 5 |
| **Non-controlling interests' equity** | **34** | **38** | **32** | **26** | **20** |
| **Total equity** | **1,242** | **1,165** | **1,244** | **1,341** | **1,456** |
| Net debt | 364 | 519 | 392 | 292 | 176 |

## Cash flow statement

| Year-end Dec 31 (KRWb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Cash flow from operations** | **164** | **56** | **221** | **169** | **187** |
| Net profit | 90 | -68 | 79 | 97 | 115 |
| Non-cash profit and expenses | 130 | 209 | 97 | 103 | 108 |
| Depreciation | 72 | 87 | 91 | 96 | 100 |
| Amortization | 3 | 3 | 2 | 2 | 1 |
| Other | 55 | 119 | 4 | 6 | 7 |
| Changes in A/L from operating activities | -68 | -65 | 67 | -11 | -14 |
| **Cash flow from investments** | **-46** | **-60** | **-104** | **-87** | **-88** |
| Change in tangible assets | -68 | -82 | -100 | -80 | -81 |
| Change in financial assets | -17 | -6 | -2 | -1 | -1 |
| Other | 39 | 27 | -1 | -6 | -6 |
| **Cash flow from financing** | **-119** | **-48** | **-245** | **0** | **0** |
| Change in debt | -12 | 114 | -245 | 0 | 0 |
| Change in equity | 144 | -100 | 0 | 0 | 0 |
| Dividends | -19 | -23 | 0 | 0 | 0 |
| Other | -232 | -39 | 0 | 0 | 0 |
| Change in cash | 5 | -52 | -120 | 99 | 115 |
| Cash at beginning of year | 280 | 286 | 234 | 113 | 213 |
| Cash at end of year | 286 | 234 | 113 | 213 | 327 |
| **Gross cash flow** | **219** | **141** | **176** | **200** | **223** |
| **Free cash flow** | **93** | **-25** | **121** | **89** | **106** |

## Financial ratios

| Year-end Dec 31 | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Growth (%)** | | | | | |
| Sales | 71.9 | -9.3 | 8.3 | 2.5 | 3.2 |
| Operating profit | 92.3 | -99.6 | 23,531.6 | 17.8 | 10.9 |
| Net profit | 71.8 | nm | nm | 22.8 | 17.9 |
| Adjusted EPS** | 3.2 | nm | nm | 21.1 | 16.9 |
| **Per-share data (KRW)** | | | | | |
| EPS (parent-based) | 10,840 | -6,994 | 9,521 | 11,534 | 13,480 |
| EPS (consolidated) | 10,122 | -7,650 | 8,838 | 10,850 | 12,797 |
| Adjusted EPS** | 10,840 | -6,994 | 9,521 | 11,534 | 13,480 |
| BVPS | 134,902 | 125,846 | 135,833 | 147,406 | 160,933 |
| DPS (common) | 2,200 | 0 | 0 | 0 | 0 |
| **Valuations (x)** | | | | | |
| P/E*** | 5.4 | n/a | 10.3 | 8.5 | 7.3 |
| P/B*** | 0.4 | 0.5 | 0.7 | 0.7 | 0.6 |
| EV/EBITDA | 5.0 | 12.0 | 6.6 | 5.4 | 4.5 |
| **Ratios (%)** | | | | | |
| ROE | 8.8 | -5.4 | 7.3 | 8.2 | 8.8 |
| ROA | 4.2 | -3.0 | 3.6 | 4.4 | 5.0 |
| ROIC | 7.6 | 0.0 | 6.1 | 7.4 | 8.2 |
| Payout ratio | 20.5 | 0.0 | 0.0 | 0.0 | 0.0 |
| Dividend yield (common) | 3.8 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net debt to equity | 29.3 | 44.5 | 31.5 | 21.8 | 12.1 |
| Interest coverage (x) | 3.3 | 0.0 | 3.2 | 4.7 | 5.1 |

Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

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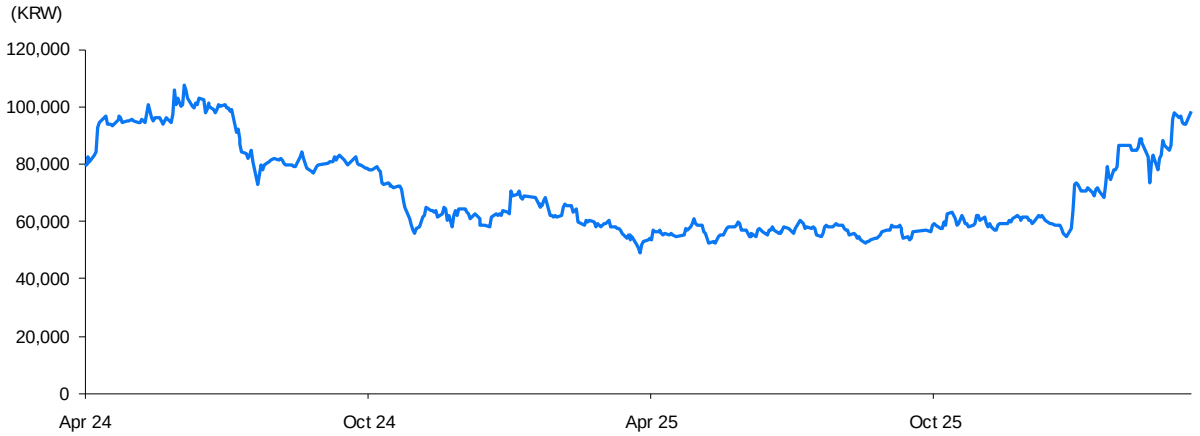


## Rating changes over past two years (adjusted share prices)

| | |
|---|---|
| **Date** | 2026/3/31 |
| **Recommendation** | BUY |
| **Target price (KRW)** | 130000 |
| **Gap* (average)** | |
| **(max or min)**** | |

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

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| | |
|---|---|
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| **HOLD** | Expected to increase/decrease in value by less than 15% within 12 months |
| **SELL** | Expected to decrease in value by 15% or more within 12 months |

**Industry**

| | |
|---|---|
| **OVERWEIGHT** | Expected to outperform market by 5% or more within 12 months |
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**Percentage of ratings in 12 months prior to 2025.12.31**

BUY(85.8%)·HOLD(14.2%)·SELL(0%)

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