

Strategy focus

Our focus on business fundamentals in pursuit of profitability and financial soundness is key to our vision of becoming a global leading green energy and chemical company.

Investment rationalization

We focus on new growth engines such as energy solutions while strengthening existing businesses.



Since 2012, our investment strategy has focused primarily on supporting our entry into the global energy business. In addition to our ongoing 400 MW Alamo solar PV project in the United States and recent inroads into China and other emerging markets, we have completed construction of a state-of-the-art 303 MW cogeneration power plant in Korea's Saemangeum Industrial Complex that is the nation's most environmentally friendly coal-fired plant to date.

Investing in projects that enhance the efficiency and scale of existing businesses is another one of our key strategies. In 2015, we boosted our nameplate polysilicon production capacity to 52,000 metric tons by completing the P3.9 debottlenecking at our Gunsan plant. The project added 10,000 metric tons of capacity at roughly one-seventh the per-kg cost of what it would have taken to build a new greenfield plant, further enhancing our position as one of the industry's most cost-competitive producers.

Active alliances with our partners

We actively seek opportunities for strategic alliances and partnerships to create a better and more competitive business platform.



Our partnership with CPS Energy, the largest municipally-owned power and gas utility in the United States serving San Antonio, Texas, has continued to grow and mature since we signed a 400 MW solar PV power purchase agreement back in 2012. Today, the Alamo project has created a robust solar equipment manufacturing base to serve the North America and Latin America markets.

China is another key market for partnerships. We are now building a 350,000 metric ton joint-venture coal tar distillation plant with Maanshan Iron & Steel Company in Anhui Province and an 80,000 metric ton joint-venture carbon black plant with Zaokuang Group in Shandong Province. We also partnered with Japanese tiremaker Bridgestone to install a 4.6 MW distributed generation solar PV plant on the roof of its Wuxi tire plant in 2015.

Optimizing operational scale

We continuously seek the best operating scenario based on demand and market conditions, the seasonal impact on manufacturing costs, and working capital minimization.



Our continued competitiveness in our core businesses in the face of challenging market and economic conditions depends on the rapid, ongoing development of innovative production technologies that ensure we have a globally competitive manufacturing cost structure. Finding better, more efficient ways to make products is our lifeblood and something we excel at.

In 2015, our polysilicon business achieved a remarkable 26% reduction in manufacturing costs by significantly reducing per-unit electricity and steam consumption, the largest variable-cost components. The early completion of several new plants including an 80,000 metric ton carbon black plant and a 350,000 metric ton coal tar distillation plant in China as well as the Saemangeum cogeneration power plant in Korea will also help further optimize our operational cost efficiency.

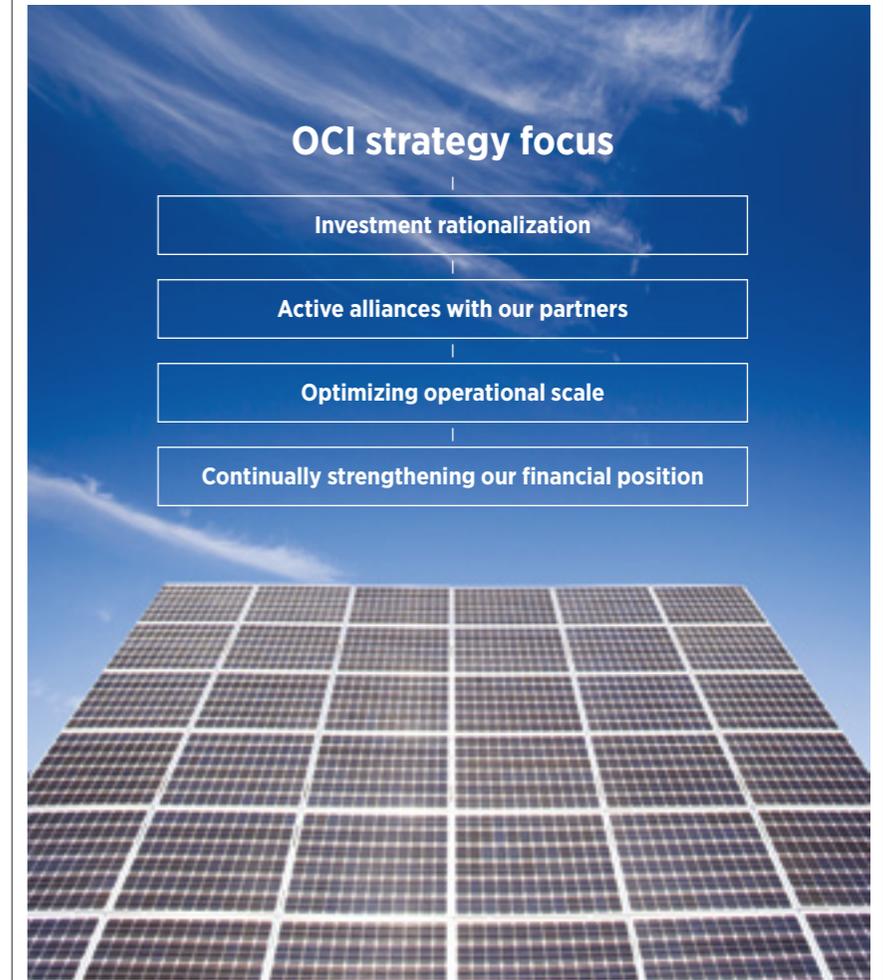
Continually strengthening our financial position

We will make every effort to improve financial soundness, which has been adversely affected by the difficult operating environment during the past few years.



Ongoing investment in our new energy solutions businesses together with continued challenging market conditions in our core businesses have pushed debt to a level that, while still lower than other players in the industry, we are not comfortable with. This stress on our financial health combined with our ongoing review of all businesses in light of our current business strategy led to two strategic divestiture decisions in 2015.

We signed agreements to sell US-based natural soda ash producer OCI Resources to Ciner Enterprises, an affiliate of Ciner Group of Istanbul, Turkey, in July and Korea-based specialty gas maker OCI Materials to SK Corporation in November. We also sold equity stakes in the Alamo 3, Alamo 5, and Alamo 7 solar PV projects in the US to ConEdison Development as part of our shift in focus to a build-and-sell strategy. In addition to retiring debt to put us on a sounder financial footing, a portion of the proceeds from these sales will be used to complete the Alamo solar PV project, build new solar PV projects worldwide, and fund development of new businesses such as energy storage solutions and advanced materials.



Polysilicon manufacturing cost reduction roadmap

Assumed full utilization during 2016-2018

