Transforming competitiveness

The past decade has been a transformative one for OCI. We have built a global polysilicon business that is now No. 2 in the industry in terms of capacity. We have established ourselves as a world-class solar PV project developer in the United States and beyond. We have expanded our traditional core businesses such as carbon black and pitch with key partnerships in China and Korea. And now as we prepare to mark our 60th anniversary, we have set our sights on new opportunities for growth in the field of biopharmaceuticals and a higher level of safety for our people and communities.
At OCI, we have been a global supplier of chemicals and materials for nearly six decades. Over the last decade, we have built a diversified East Asian production network through strategic partnerships and acquisitions to enhance the competitiveness of our core businesses. Today, we produce polysilicon in Korea and Malaysia and carbon black, carbon black oil, pitch, and naphthalene in Korea and China as we work together with our local partners to meet the needs of our growing global customer base.

Shandong OCI
This 80:20 joint venture with Shandong Hainiu Coal Chemical was established in 2008 in China’s Shandong Province and began operations in 2010. It is capable of distilling 380,000 metric tons of coal tar annually into carbon black oil, pitch, and naphthalene.

Ma Steel OCI Chemical
This 60:40 joint venture with Chinese steelmaker Maanshan Iron & Steel Company began operations in China’s Anhui Province in 2016. It is capable of distilling 350,000 metric tons of coal tar annually into carbon black oil, pitch, and naphthalene.

After weathering a brutal year where USD per-kilogram polysilicon prices fell below USD 10/kg, we expect prices to recover to the low double digits in the first half of 2019, putting our polysilicon business back on track for profitability. We will also be ramping-up production at our Sarawak P1 plant in Malaysia in 2019, boosting our global production capacity to 79,000 metric tons as we secure the economies of scale that will make us even more competitive going forward.

Sungjoon Kim, Senior Executive Vice President
RE business division
Growing Collaboration

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We are a global leader in the liquid pitch market, supplying 270,000 of the 600,000 metric tons used annually around the world. Our Shandong OCI and Ma Steel OCI Chemical subsidiaries already supply customers in China and the Middle East and we expect the markets they serve to increase. Our upcoming completion of a 50,000 metric ton capacity expansion project at Hyundai OCI Carbon will also boost our global carbon black sales capacity to 500,000 metric tons as we continue to emerge as a global player in that field as well.

Shandong OCI
This 80:20 joint venture with Haitai Coal Chemicals began operations in 2018 in China’s Shandong Province and is capable of distilling 380,000 metric tons annually into carbon black oil, pitch, and naphthalene.

Ma Steel OCI Chemical
This 60:40 joint venture with Chinese steelmaker Maanshan Iron & Steel Company began operations in China’s Anhui Province in 2016. It is capable of distilling 350,000 metric tons of coal tar annually into carbon black oil, pitch, and naphthalene.

Shandong OCI-Jianyang Carbon Black
This 51:49 venture with Zaozhuang Mining Group was established in 2014 and began commercial operations at an 80,000 metric ton carbon black plant in China’s Shandong Province in 2016.

Hyundai OCI Carbon
This 49:51 joint venture with Korean refiner Hyundai Oilbank launched operations at a 100,000 metric ton carbon black plant in Daesan, Korea in 2018. The venture will complete a 50,000 metric ton plant expansion in 2019 to meet growing demand for high-grade products.

Yoo Shin Kim, Senior Executive Vice President
Chemical business division
Broadening Horizons

In 2018, we announced our entrance into the field of biopharmaceuticals. We believe our world-class nanotechnology combined with our global network and extensive expertise in mergers and acquisitions will enable us to successfully partner with biotechs around the world. These partnerships will produce innovative new drug pipelines that will bring effective new therapeutics to market in the coming years as we lay a new foundation for future growth and improve quality of life for millions.

2018 FOCUS

There are a number of reasons we have chosen to focus on the field of oncology as we enter the biopharmaceuticals field. The global market for cancer therapeutics is projected to grow from USD 104 billion in 2017 to USD 233 billion by 2024. The market is clearly segmented and drug candidate efficacy is easily determined. Cancer therapies also tend to receive approval more quickly, shortening time to market.

Bio business division

In July 2018, we set up this new division to pursue investments focused on the field of oncology through new drug candidate in-licensing and acquisitions as well as invested startup company mergers and acquisitions. Our first biotech investment took place in January 2019 when we purchased a 29.3% equity stake in Korea-based SN Bioscience for KRW 5 billion. The investment secures us the right to jointly develop the startup’s SNB-101 pancreatic cancer candidate and double core-shell micelle drug delivery technology—both world firsts—as well as the right of first refusal for future product pipelines.

BNO BIO

On May 30, 2018, we purchased a 3.09% equity stake in Bukwang Pharmaceutical, a Korea-based leader in open innovation in pharmaceuticals and biotechnology with a growing pipeline and global network with strategic partnerships in Europe, North America, and Asia. In conjunction with the investment, we also entered a strategic alliance to establish BNO BIO, a 50:50 joint venture launched in July 2018 to explore new drug candidates, develop new drugs, and invest in promising biotechs in a variety of fields such as neurological disorders and obesity. We intend to invest approximately KRW 10 billion annually in this venture in support of these objectives going forward.

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2018 FOCUS

We will be making our first round of investments in 2019. In addition to our home market of Korea, we are actively developing global networks to identify promising drug candidates. By being an early investor and partner with startups with promising new drug pipelines, we will maximize synergies and the odds of success as we aim for revenues of at least KRW 1 billion in the oncology sector by the mid 2020s.

SooJin Choi, Senior Executive Vice President
Bio business division

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Empowering Safety

As a chemical company, the safety of our people and communities has always been a top priority. While we have continued to steadily improve our safety performance in recent years, safety accidents at our Gunsan and Pohang plants in 2018 were a reminder that safety can never be taken for granted. In January 2019, we launched Safety 2020, an 8-point program focused on taking the safety performance of both our people and systems to the next level.

Focus on people
The human component of Safety 2020 focuses on four core areas. First, we will practice leadership by example, tasking leaders at all levels of management with raising safety awareness in their areas of responsibility. Second, we will bring in outside safety professionals to assess our current level of safety awareness and conduct programs to rectify any deficiencies found. Third, we will strengthen our safety training system by systemizing mandatory training based on job rank and duties across all worksites. Finally, we will actively support employee health and wellness through smoking cessation and other programs.

Focus on systems
The systems component of Safety 2020 also focuses on four core areas. First, we will actively engage both our employees and partners to promote the practice of the fundamental safety principles embodied in our seven golden rules of safety. Second, we will upgrade the risk factor and safety checklist information on work orders to make them more useful on-site. Third, we will transform our present safety and environmental management-by-objective system into a comprehensive safety and environmental evaluation system operated year-round at the department level. Finally, frontline plant staff at all OCI worksites will reconduct full hazard and operability (HAZOP) reviews of their sites to further lower risk.

OCI golden rules of safety

1. Wear appropriate personal protective equipment for each task.
2. Secure a permit to work before each job.
3. Disconnect power before working on electric or rotating machinery.
4. Check toxic gas and oxygen levels before working in enclosed spaces.

Safety is one of the few management disciplines where performance is ultimately evaluated not by what happened but by what didn’t. As proud as I am of the progress we have made in safety management at OCI worksites over the past few years, safety is one area where the job is never done. The Safety 2020 program we launched in January 2019 provides new momentum as we pursue our ultimate goal of creating an accident-free workplace.
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In all, we selected eight core areas of focus for the Safety 2020 program based on a thorough review of all accidents at our worksites that have taken place over the past five years. Encompassing both people and systems, the program lays the groundwork for us to take the next step beyond our current rules- and systems-based safety management model to make safety a key performance indicator that drives continuous improvement.

OCI golden rules of safety

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2. Secure a permit to work before each job.
3. Disconnect power before working on electric or rotating machinery.
4. Check toxic gas and oxygen levels before working in enclosed spaces.
5. Wear a safety harness when working at heights.
6. Avoid stepping in water and mobile phone use when walking.
7. Speak up when safety regulations and work processes are violated.
8. Wear a safety harness when working at heights.

Dongmoon Kim, Executive Vice President
SH&E department