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TRADE LENS

Bringing investing into focus.

COMPANY RESEARCH / No.02

OCI Holdings

KOSPI 010060 · PORTFOLIO & CAPITAL ALLOCATION

Exiting TDI: Profitability over Scale

Reading the exit from marginal businesses and the focus on advanced materials through earnings and cash flow

**A good exit does not merely reduce revenue.
It reduces future cash burdens.**

Separating a quarterly cyclical recovery from the economics of staying in business—and tracing how OCI Company's exit reaches OCI Holdings.

01 / RESEARCH VIEW

A positive direction; cash is the test

This is not the acquisition of a new growth business. It is a choice about where to keep investing.

TradeLens view | Capital productivity over revenue preservation

We view the TDI exit positively as a capital-allocation decision for OCI Holdings. It prioritizes the businesses the group intends to retain over preserving the scale of a marginal operation. It should not be read as an event that transforms group-wide earnings at once. The sequence to watch is **lower cash burdens → control of residual costs → returns on reinvestment**.

Question	Assessment	Evidence and significance
Why is it positive?	Resource efficiency, not the number of businesses	The cited disclosure gives improved profitability as the rationale for exiting TDI. A separate company announcement outlines expansion in semiconductor materials. [1] [3]
Was TDI persistently loss-making?	That conclusion is not supported	Second-quarter commentary described a recovery in TDI volumes and prices. Separate TDI earnings were not presented in the cited material. [4]
A large earnings uplift?	The scale cannot yet be quantified	Historical revenue is not a saving. Avoidable costs and sustaining investment must be considered alongside exit costs.
What reaches the holding company?	More choices for cash allocation	The benefit becomes a holding-company outcome when subsidiary headroom feeds into reinvestment, debt management or dividends.

How to read the decision

The relevant question is not one quarter's product price, but whether cash remains after the next investment cycle. Stopping production reduces revenue, but it may also reduce spending and eliminate future investment needs. If the net effect is positive, contraction can improve the quality of the business rather than signal retreat.

The report's takeaway

This event alone does not recast OCI Holdings as a new growth story. It is better read as a group reducing marginal operations and changing how resources are used. **A good exit and good reinvestment are separate achievements. Both are needed.**

02 / DISCLOSURE MAP

OCI Company exits; OCI Holdings is the subject

The 5.87% share refers to the operating company's revenue, not a group-wide decline.

Item	Announcement and basis
Operation to be discontinued	TDI manufacturing and sales at OCI Company Ltd. (456040)
Decision / planned cessation	Board decision: 29 Sep 2026 / planned cessation: 18 Dec 2026
Revenue of the operation	KRW 117.947bn (KRW 117,947,181,460)
Comparison denominator	OCI Company's FY2025 consolidated revenue: KRW 2,009.429bn
Stated rationale / impact	Exit from a marginal business / improved profitability. The schedule may change as implementation progresses.

Sources: disclosure reproduction and separate reporting. Revenue amounts use FY2025 consolidated reporting. [\[1\]](#) [\[2\]](#)

What is being closed?

TDI is a polyurethane feedstock used in automotive interiors, furniture and bedding. [\[7\]](#) The decision concerns the manufacturing and sale of this product—not the closure of the entire operating company or the group's polysilicon business.

TDI within OCI Company's FY2025 revenue

0% 25% 50% 75% 100%



TDI 5.87%

Other businesses 94.13%

Total revenue is set to 100. The share is calculated from the source figures; it is not a share of profit, assets or enterprise value.

The figure is not KRW 117.9bn of cash proceeds

It is the operation's historical revenue, **not disposal proceeds or a loss**. The cited material does not specify asset-sale proceeds, closure costs or savings. No cash inflow is therefore assumed at the outset. [\[2\]](#)

Disclosure-related information is based on reports dated 29 Sep 2026. [\[1\]](#) [\[2\]](#) The DART receipt number reproduced in the coverage is 20260929800197. See page 11 for sources and the scope of use.

03 / GROUP ECONOMICS

TDI alone does not drive group earnings

An improvement at the operating company is not the same as a change in the group's earnings structure.

OCI Holdings manages subsidiaries and invests in new businesses; OCI Company is the chemical operating company. The group also has energy and urban-development businesses. A subsidiary's product-revenue share cannot be converted into an earnings sensitivity for the entire holding-company group. [6]

OCI Company Chemical operations The entity implementing the TDI exit	Energy businesses Polysilicon and solar Other drivers of group earnings	Other businesses Urban development, etc. Distinct businesses and cash flows
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A map of business roles within OCI Holdings—not a complete organizational chart or a statement of ownership percentages. [6] [8]

The same quarter, different earnings drivers

2Q2026 consolidated	Revenue	Operating profit	Prior-year operating profit / loss
OCI Holdings [5]	1,023.1	108.0	-80.3
OCI Company [4]	535.0	43.3	-2.3

Unit: KRW bn. Rounded company-results figures reported in the media; OCI Company's figures are based on its preliminary results release. Do not add the two companies' numbers.

Entity	Drivers of the 2Q improvement	Relation to the TDI exit
OCI Company	Petrochemical volumes and prices, and better semiconductor-materials performance. [4]	A company-wide profit does not establish that TDI itself was profitable.
OCI Holdings	Among other factors, the sale of a 50% interest in the 500MW La Salle solar project in the U.S. [5]	Realized project earnings and the manufacturing exit are different channels.

Analysis | Reducing a burden, not replacing every growth driver

Group results also depend on the competitiveness of the remaining chemical businesses and execution of energy projects. The TDI exit alone cannot explain a group-wide earnings turnaround. Its significance is the selection of businesses that will continue to receive capital.

04 / CYCLE VERSUS STRUCTURE

Higher prices do not always justify staying

A cyclical rebound challenges the exit thesis, but does not by itself justify continued investment.

Reported fact | TDI volumes and prices recovered in the second quarter

July coverage of OCI Company's results described recovering sales volumes after scheduled maintenance and higher TDI prices amid supply disruptions. The simple narrative that sales kept deteriorating until the closure decision does not fit that evidence. Separate TDI operating profit was not disclosed. [4]

Quarterly results and business survival ask different questions

Perspective	The quarterly-results question	The reinvestment question
Demand / prices	Have shipments and selling prices recovered this quarter?	Will returns remain after temporary supply disruptions fade?
Production / costs	Has utilization recovered after scheduled maintenance?	Can the business earn back maintenance, safety and quality investment?
Assets / resources	Did existing assets generate revenue?	Can returns justify the opportunity cost of additional capital and people?
Evaluation horizon	Recent quarterly revenue and operating profit	Through-cycle cash generation and execution risk

These are TradeLens analytical questions. They do not imply that the company disclosed these measures or an internal rate of return.

The signal in the decision

Resolving to close a business the company calls marginal suggests that the long-term use of resources matters more than a short-term price rebound. Continuing to commit new money in an effort to recover sunk costs is different from judging a business by the cash it can generate from now on. The latter should guide capital allocation.

Counterargument | An exit can forgo cash in a favorable price cycle

Continuing the business may be more attractive if the rebound lasts and additional sustaining investment is small. The same is true if substantial fixed costs remain after closure. We therefore favor the direction of the exit without assigning a confirmed savings figure or earnings uplift in advance.

05 / CASH FLOW LAB

The benefit is the cash difference, not revenue

Illustrative model—not an estimate of actual TDI earnings or the company's cost plans.

Starting equation | Annual cash improvement = $M - C - S$

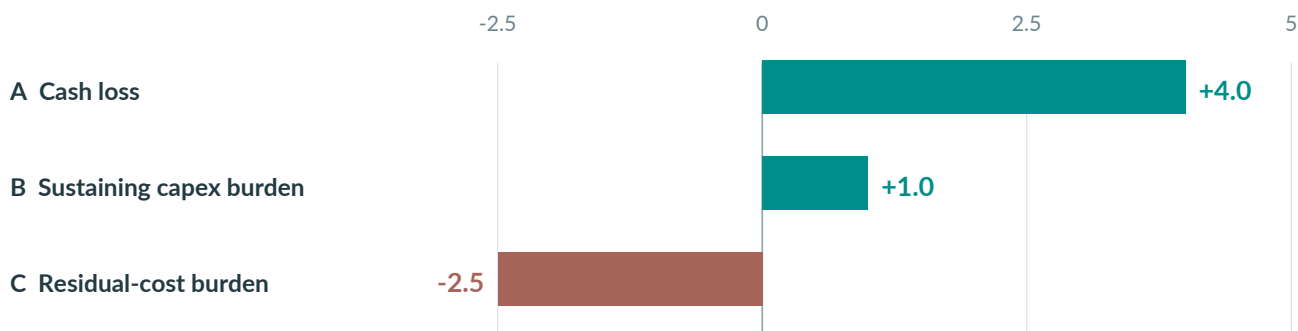
C is the cash operating contribution if the business continues; **M** is sustaining investment avoided by stopping it; **S** is the annual cash cost remaining after closure. Continuing produces $C - M$; closure produces $-S$. The difference is therefore $M - C - S$.

Illustrative situation	C	M	S	Annual cash improvement
A Cash-loss operation	-3.0	2.0	1.0	+4.0
B Cash-positive; high sustaining capex	1.0	3.0	1.0	+1.0
C Cash-positive; high residual costs	3.0	2.0	1.5	-2.5

Unit: KRW bn per year. All inputs are illustrative. C excludes depreciation. S represents costs borne during operation that continue after closure.

The direction of the cash effect can differ

KRW bn per year · change versus continuing the business



Zero means equal annual cash flow under continuation and closure. Positive values favor closure; negative values mean closure is less favorable.

What the calculation shows | A cash-positive business can still be worth closing

In B, the business contributes KRW 1bn of operating cash, yet avoiding KRW 3bn of sustaining investment improves annual cash by KRW 1bn. In C, stronger continuing earnings and residual costs make exit less attractive. This is why **avoidable spending** matters more than the label “eliminating losses.”

Excludes taxes, one-off exit costs, inventory and receivables recovery, asset disposals, new-business investment and discounting. This is not a business valuation or an earnings forecast.

06 / EXIT COST & PAYBACK

Exit costs may arrive before the savings

Separate the direction of the decision from the time needed to recover its cash cost.

The income statement may deteriorate initially even as future cash burdens fall. Conversely, an exit announcement may look positive while large cash outlays lengthen the payback period. First-year costs and recurring effects must be kept separate.

Item	Meaning for earnings and cash	Calculation principle
Impairments / write-offs	An accounting charge may differ from current-period cash spending.	Separate non-cash charges from cash exit costs.
People, contracts and facilities	Cash burdens may arise according to actual payment schedules.	Distinguish the obligation, provision and payment.
Inventory, receivables and asset recovery	Recovery amounts and timing may reduce the initial burden.	Do not treat book value as realized recovery proceeds.

How long does it take to recover the initial net cash outlay?

Net initial exit cash outlay E = cash exit costs – net equipment-disposal proceeds – net working-capital recovery. The example assumes no double-counting of recoveries, E greater than zero, and a sustained annual net cash improvement.

E / annual cash improvement	KRW 2bn	KRW 5bn	KRW 10bn
KRW 10bn	5.0 years	2.0 years	1.0 year
KRW 20bn	10.0 years	4.0 years	2.0 years
KRW 30bn	15.0 years	6.0 years	3.0 years

Simple payback = $E \div$ annual net cash improvement. Every input is illustrative, not an estimate of TDI exit costs or savings.

Decision rule | Low exit costs alone do not make a good exit

An initial net cash outlay of KRW 20bn and an annual improvement of KRW 5bn imply a four-year simple payback. At KRW 2bn a year, payback rises to ten years. Longer recovery makes the durability of savings and the risk of costs returning more important. A full economic assessment must also include discounting, taxes and staged execution.

Do not label the exit a failure solely because of one-off accounting charges, or ignore initial cash costs by emphasizing future savings. **The economics improve only if the costs left behind also decline.**

07 / WHAT REMAINS

What stays: a semiconductor-materials platform

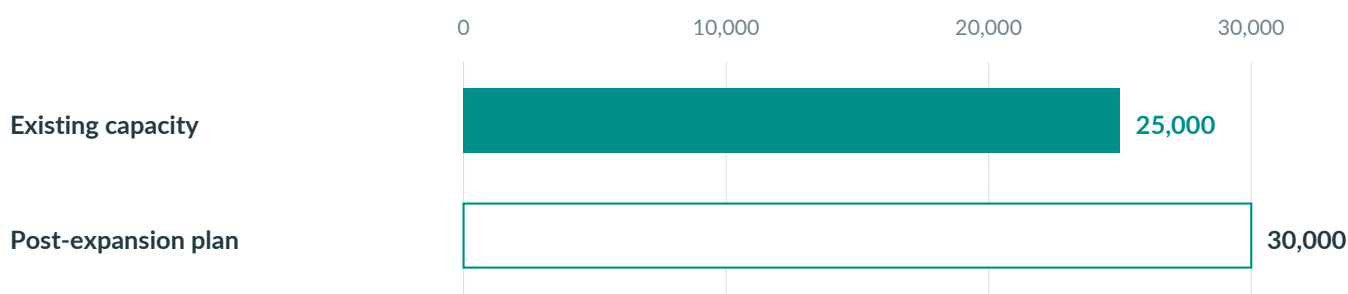
On the same day as the TDI decision, OCI Company outlined its existing base and expansion plans.

OCI Company's 29 September announcement described its semiconductor-materials base in Gunsan and Iksan, phosphoric-acid expansion, new materials and wafer-reclaim plans. This is an extension of established processes and customer segments, rather than a vague move into a new industry. It does **not** establish a specific reinvestment destination for cash saved through TDI. [3] [8]

Business retained	Company-announced position	Next commercialization test
Semiconductor-grade polysilicon	Gunsan capacity: 4,700 tonnes per year. [3]	Utilization, qualified products, yield and continued supply
Phosphoric acid	Expansion in progress: 25,000 → 30,000 tonnes per year. [3]	Completion, acceptance, actual sales volume and incremental profit
Hydrogen peroxide	Materials for semiconductor cleaning and etching produced in Iksan. [3]	High-purity mix, quality and customer adoption
New materials / wafer reclaim	Specialty etchant development and plans to expand packaging-wafer reclaim. [3]	Customer qualification, commercial-scale contracts and investment recovery

A 20% capacity increase is not yet revenue growth

Phosphoric-acid capacity · tonnes per year



Nameplate capacity, common zero baseline. The outline indicates a plan, not completed construction or operating output. [3]

Analysis | Managing the exit and growth together

The existing semiconductor-materials base supports the reinvestment logic. Expansion itself is not proof of profitability, however. Customer qualification, utilization and cash contribution per unit must follow for the TDI exit to become a better allocation of resources.

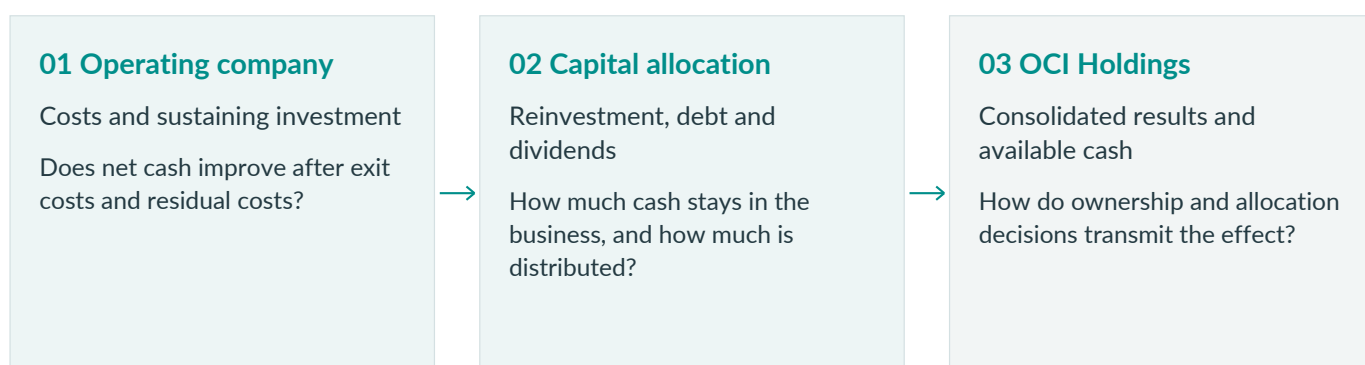
The company announcement date, 29 September, is distinct from the cluster's designation on 17 September. Total cluster investment or support is not treated as OCI's individual investment.

08 / HOLDING COMPANY LENS

A subsidiary's gain is not the parent's cash

Higher earnings in the retained businesses do not by themselves determine dividends or reinvestment.

OCI Holdings manages group resources and selects new businesses. [6] A cost reduction at an operating company does not mean the holding company immediately receives that cash. Separate **earnings improvement** → **cash recovery** → **the decision on how cash is used**.



Analytical cash-transmission map—not a statement of shareholdings, fixed dividends or completed fund transfers.

Keep these measures separate

Distinction	Common misreading	What to examine instead
Margin / absolute profit	A higher ratio caused by lower revenue is treated as comprehensive improvement.	Compare absolute operating profit and the profitability of retained operations.
Accounting charge / cash outflow	An impairment is treated as a full cash loss—or dismissed as meaningless.	Separate non-cash amounts from actual payments and their timing.
Consolidated profit / dividend resources	A subsidiary's improvement is added directly to holding-company cash.	Check cash recovery, reinvestment, dividend decisions and attribution.
Recoveries / recurring effects	One-time cash from inventories or assets is treated as permanent savings.	Separate first-year recoveries from later recurring cash improvement.

Analysis | The quality of deployable cash is the holding-company test

The benefit weakens if freed resources become tied up in another low-return business. Portfolio improvement can persist if they support growth in proven operations and financial stability. **The value of this decision depends more on subsequent capital-allocation discipline than on the exit itself.**

09 / OUTLOOK & CHECKPOINTS

Revenue is forgone; cash must prove the case

The direction is positive. The next test is whether the decision becomes repeatable performance.

Overall view | An exit selects the conditions for growth

We assess the TDI exit as a profitability-focused portfolio decision for OCI Holdings. An established semiconductor-materials platform also makes the direction of the retained portfolio visible. This single event does not establish a new group growth outlook. **Control of exit costs and cash generation in the remaining businesses** are the next tests.

Stage	Evidence supporting the view	Evidence weakening the view
Exit execution	Cessation schedule met; costs and provisions become more specific	Delays or cash exit costs exceeding expectations
Cost structure	Lower residual fixed costs and sustaining-investment needs	Costs and investment remain despite stopping production
Retained businesses	Customer acceptance, sales and utilization improve in semiconductor materials	Low post-expansion utilization, qualification delays or price pressure
Group cash	Operating cash flow and capital allocation remain consistent	Only margins improve while inventory, receivables or debt burdens grow

The adverse indicators are future monitoring conditions, not claims that these problems have occurred.

Different time horizons require different checks

Horizon	Focus	Status
4Q2026	TDI cessation schedule, one-off costs, and treatment of assets and contracts	Cessation planned for 18 December; subject to change. [1]
After cessation	Like-for-like fixed costs, sustaining investment and cash improvement	The effects are not yet established.
Subsequent business updates	Phosphoric-acid expansion, customer qualification and new-business commercialization	Distinguish progress and plans from realized revenue. [3]

The investor's takeaway: an exit can be rational when long-term returns on capital are weak, even if near-term product prices improve. This decision can be a starting point for demonstrating that discipline. Look beyond **revenue being lost to cash that will no longer be tied up**—and where it goes next.

Scope: business structure, growth and profitability. No buy/sell recommendations, trading timing, fair-value or target-price estimates, or personalized investment advice are provided.

10 / SOURCE REGISTER

References and sources

Select a teal reference number, a source title or “Open source” to open the underlying material.

01. Special Times | OCI Holdings: Business Cessation—Material Event at a Subsidiary

29 Sep 2026, 11:12 · Disclosure reproduction · Operation, amount, decision and planned cessation · [Open source](#)

02. Data Investment | OCI to Stop TDI Manufacturing and Sales: KRW 117.9bn in Revenue

29 Sep 2026, 11:01 · Disclosure coverage · Revenue, comparison basis and timetable · [Open source](#)

03. OCI Company | Anchor Company in Jeonbuk’s Ultra-High-Purity Semiconductor Chemicals Cluster

Published 29 Sep 2026 · Company announcement · Existing capacity, phosphoric-acid expansion and plans · [Open source](#)

04. Yonhap News | OCI Returns to Profit in 2Q: Revenue KRW 535bn; Operating Profit KRW 43.3bn

22 Jul 2026, 15:24 · Coverage of preliminary results · OCI Company earnings and TDI sales recovery · [Open source](#)

05. Money Today | OCI Holdings Returns to Profit in 2Q; Solar Value-Chain Expansion

23 Jul 2026, 17:19 · Company-results coverage · Consolidated earnings and U.S. solar-project results · [Open source](#)

06. OCI Holdings | Subsidiaries

Accessed 29 Sep 2026 · Official business overview · Holding-company role and key subsidiaries · [Open source](#)

07. OCI Company | Products—TDI

Accessed 29 Sep 2026 · Official product description · Polyurethane feedstock and applications · [Open source](#)

08. OCI Holdings | Advanced Materials

Accessed 29 Sep 2026 · Official chemical-business strategy · Semiconductor and battery materials · [Open source](#)

Basis of citation and application

Business-cessation information is drawn from media reproducing the disclosure. [1] [2] Financial figures are taken from coverage of company results. [4] [5] If the cited material differs from the underlying filing or periodic report, the original filing or report takes precedence.

[Related filing \(DART\)](#) · [OCI official news index](#)

Company commentary is cited as stated conditions and targets. The semiconductor cluster was designated on 17 September; the company announcement was published on 29 September. Figures from different periods, companies and accounting scopes are not combined.

11 / METHODOLOGY & USE

Methodology, disclaimer and permitted use

Distinguish reported facts, company plans, TradeLens interpretation and illustrative calculations.

Item	Basis applied
Analysis date	29 Sep 2026. Same-day cessation coverage and official business announcements, plus coverage of 2Q2026 results.
Entity / financial scope	OCI Holdings and OCI Company are distinct. The TDI revenue-share denominator is OCI Company's FY2025 consolidated revenue. Second-quarter earnings use each company's consolidated reporting scope.
Source basis	Disclosure and financial figures: related media coverage. Business conditions and strategy: official company materials. See page 11 for source details and scope.
Illustrative models	Pages 6–7 use assumed cash operating contribution, sustaining capex, residual costs and exit cash outlays. They are not estimates of actual TDI costs or earnings.
Coverage	Business and industry analysis only. No buy/sell recommendations, trading timing, fair-value or target-price estimates, or personalized investment advice.

Units: KRW 1bn = KRW 1,000,000,000 = 10 units of KRW 100 million in the Korean report. Revenue shares use source figures and are rounded for presentation. The illustrative models are not valuations incorporating taxes, discounting and actual execution timing. Tables and diagrams have been redrawn; they do not imply approval or a guarantee by the original organizations.

Preparation note: Generative AI was used in researching, analyzing and drafting this report.

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