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010060 KS · Green Energy

# OCI Holdings

## Long-term supply contract signed with US wafer producer CubicPV

- Maintain Buy and TP of W165,000
- OCI Holdings' Malaysia subsidiary OCIM and US wafer producer CubicPV entered into an eight-year polysilicon supply contract worth US\$1bn. The agreement represents 20-30% of OCIM's annual capacity.
- Wafer customer diversification should strengthen OCI Holdings' pricing power going forward.

### Subsidiary OCIM signs long-term supply deal worth US\$1bn with US wafer manufacturer CubicPV

OCI Holdings' wholly owned Malaysia subsidiary OCIM signed a US\$1bn polysilicon supply contract with US wafer producer CubicPV. Under the agreement, OCIM will supply polysilicon to CubicPV from 2025 to 2033, with prices linked to the non-China price index. The contract value suggests total supply volume of 60,000-80,000 tonnes, translating to annual production of 8,000-10,000 tonnes. This represents about 25-30% of OCIM's annual production capacity (35,000 tonnes).

### CubicPV to be a key player in the US solar value chain

As the US solar value chain continues to diversify away from China, CubicPV is set to become a key player. The firm is building a 10GW monocrystalline wafer plant in the US and expects to start operations in 2025 (after finishing construction in 2024). Notably, the firm plans to produce wafers directly from a bath of molten silicon, thus eliminating the ingot casting and sawing steps; this method is expected to minimize material waste and reduce kerf loss. CubicPV has drawn investments from Breakthrough Energy Ventures (an investment firm founded by Bill Gates) and First Solar.

### Wafer customer diversification to lead to stronger pricing power

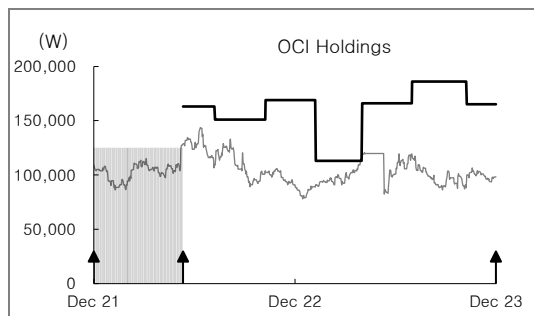
Having a more diversified customer base should strengthen OCI Holdings' pricing power going forward. In addition to the Chinese firm LONGi Green Energy Technology, the firm now counts non-Chinese names such as Hanwha Solutions (long-term supply contract starting from 2024) and CubicPV as customers. We believe OCI Holdings will gain an upper hand in price negotiations as non-China polysilicon order volumes continue to grow. We maintain our Buy rating and target price of W165,000.

# Appendix 1

## Important disclosures and disclaimers

### Two-year rating and TP history

Company	Date	Rating	TP (₩)
OCI Holdings (010060)	10/27/23	Buy	165,000
	07/20/23	Buy	186,000
	04/20/23	Buy	166,000
	01/26/23	Buy	113,000
	10/27/22	Buy	169,000
	07/27/22	Buy	151,000
	05/30/22	Buy	163,000
	09/10/21	No Coverage	



### Stock ratings

Buy	Expected 12-month performance: +20% or greater
Trading Buy	Expected 12-month performance: +10% to +20%
Hold	Expected 12-month performance: -10% to +10%
Sell	Expected 12-month performance: -10% or worse

### Sector ratings

Overweight	Expected to outperform the market over 12 months
Neutral	Expected to perform in line with the market over 12 months
Underweight	Expected to underperform the market over 12 months

Rating and TP history: Share price (—), TP (—), Not Rated (■), Buy (▲), Trading Buy (■), Hold (●), Sell (◆)

\* Our investment rating is a guide to the expected return of the stock over the next 12 months.

\* Outside of the official ratings of Mirae Asset Securities Co., Ltd., analysts may call trading opportunities should technical or short-term material developments arise.

\* The TP was determined by the research analyst through valuation methods discussed in this report, in part based on estimates of future earnings.

\* TP achievement may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions.

### Ratings distribution and investment banking services

	Buy	Trading Buy	Hold	Sell
Ratings distribution	88.81%	7.24%	3.29%	0.66%
Investment banking services	95.65%	4.35%	0%	0%

\* Based on recommendations in the last 12-months (as of September 30, 2023)

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