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PRESENTATION

Operator

Good morning, and welcome to Olin Corporation's Fourth Quarter 2021 Earnings Conference Call. (Operator Instructions) Please note today's event is being recorded.

I would now like to turn the conference over to Steve Keenan, Olin's Director of Investor Relations. Please go ahead, Steve.

Steve A. Keenan ***Olin Corporation - Director of IR***

Thank you, Rocco. Good morning, everyone, and thank you for joining us today. Before we begin, let me remind you that this discussion, along with the associated slides and the question-and-answer session that follows, will include statements regarding estimates or expectations of future performance. Please note that these are forward-looking statements and that actual results could differ materially from those projected. Some of the factors that could cause actual results to differ from our projections are described without limitations in the Risk Factors section of our most recent Form 10-K and in yesterday's fourth quarter earnings press release.

A copy of today's transcript and slides will be available on our website in the Investors section under past events. Our earnings press release and other financial data and information are available under press releases.

With me this morning are Scott Sutton, Olin's CEO; and Todd Slater, Olin's CFO. Olin's business presidents will rejoin our first quarter earnings call. Scott will begin with some brief remarks, after which we will be happy to take your questions.

I'll now turn the call over to Scott Sutton.

Scott McDougald Sutton ***Olin Corporation - President, CEO & Chairman***

Yes. Thanks, Steve. 2021 was a solid year for Olin. I'm extremely proud of the complete Olin team for establishing that this company can deliver expected profitability and cash flow. Driving that 2021 performance stake in the ground was critical to our future improvement as there were many temptations to a falling back into a historical peak-trough experience. However, we resisted all of those temptations and instead demonstrated the commitment to our leadership model of lifting Olin system value above all else.

Now and as called out on Slide #3, it is time to demonstrate that we have broad control over improving our value delivery in 2022 and that we have multiple 2022 and 2023 growth vectors in all 3 of our businesses.

As shown on Slide #4, we set our market participation according to the weaker side of the ECU. And consequently, we were able to lift our value on both sides of the ECU through 2021. We won't sell into a poor-quality market. And in fact, we are pressing that principle more than ever heading into 2022.

As shown on Slide #5. Instead of choosing to produce and sell incremental volume and negatively impact our market quality, we are instead reducing our capacity utilization and purchasing product liquidity from the market to satisfy our participation level. This is 1 tool to prevent a traditional negative cycle for Olin and bridge to the future favorable supply/demand structural thematic.

Slide #6 shows our increased purchase of global liquidity as our parlaying activities grow. For the moment, those parlaying activities primarily serve to complement our leadership model of lifting our system value. But those activities will additionally serve Olin well in the future as we grow, and we require volume produced outside of our asset perimeter. The favorable supply-demand structural thematic is upon us.

And as shown on Slide #7, as the world appears to be underinvesting in ECU capacity on the order of 17 world-scale ECU plants over the next 6 years. This forecasted underinvestment comes at a time when clear positive demand megatrends solidify, as shown on Slide #8. This same scenario impacts epichlorohydrin as well as base ECUs.

Moving to Slide #9, the impacts, activities and outcomes for Olin are clear. The forward structural thematic suggests demand growth is much greater than supply growth. We have taken many actions to improve our system value and we expect to become the world leader in global liquidity as well.

The result is that Olin defeats the cycle, expects to deliver $8 billion of levered free cash flow over the next 5 years, approximately equal to our current market capitalization and achieves the improved valuation multiple we deserve. All 3 of our businesses succeed in materializing their clear growth vectors.

Winchester grows a shooting sports participation via the Shoot United mission and grows its military business via the demands of the next-generation squad weapon. Epoxy grows its upstream value impact in both aromatics and epichlorohydrin and grows its downstream value impact via additional engineered solutions volume into clean energy, composites and infrastructure. And CAPV becomes the largest buyer of global liquidity and grows by matching our significant excess vinyls upstream capability in EDC and VCM with the right PVC players. These and other growth vectors will become a key subject of future earnings calls.

None of this is 100% possible without a platform that is sustainable at Olin. We must have the right ESG program. So we have decided to raise the bar on some of our targets shown on Slide #10 after having met many of our initial ESG goals earlier than targeted. There is more to come here as our stakeholders continue to ask for enhancements in our ESG public profile, and we will continue to upgrade our contemporary scorecard on Slide #11.

So that concludes my opening comments. So Rocco, we're now ready to take questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Today's first question comes from Hassan Ahmed with Alembic Global.

Hassan Ijaz Ahmed ***Alembic Global Advisors - Partner & Head of Research***

Scott, a question on 2022 EBITDA guidance, the $2.5 billion to $2.8 billion that you guys have guided to. Look, as I took a look at Slide 16, I mean, where you listed all the different products that you guys have. I mean apart from aromatics, it pretty much seems that you guys have price hikes on the table for Q4 and Q1 across the board ex aromatics, of course. So I'm sitting there thinking that with you guys logging $2.5 billion to $2.6 billion, slightly north of $2.5 billion in EBITDA in 2021 and that $2.5 billion to $2.8 billion seems pretty conservative if most of those price hikes take effect. So I mean, am I thinking about these things the right way?

Scott McDougald Sutton ***Olin Corporation - President, CEO & Chairman***

Well, Hassan, if you look at exactly where we are today, right, we're being successful at lifting price and lifting product value, but there's been some caution around market quality, so we're not participating as much. So in addition to not participating as much in a little weaker market, we're also not operating our facilities as much as we might as well. So we're additionally buying material or product liquidity out of the marketplace to satisfy our needs.

So those are some current offsets to what's going on with pricing. But to your point, I mean, the only way that we end up at a $2.5 billion mark is for these gully conditions that we're in right now to continue. The outlook looks better than that.

Hassan Ijaz Ahmed ***Alembic Global Advisors - Partner & Head of Research***

Yes. Makes complete sense. And I also appreciated the sort of 5-year levered free cash flow guidance of $8 billion that you guys gave in talking about being able to buy the company within 5 years at those rates. So my question is, when I parlay that with the supply/demand outlook that you guys gave, obviously, demand, majorly outstripping supply growth, right, which to me means obviously, there'll be a resilient sort of earnings trajectory on a go-forward basis. You won't really see much volatility, which obviously means that, that should have a positive impact on your valuation multiple, right?

So my question really is, with the outlook the way it is for supply demand, do you feel that quarter-after-quarter, as you guys keep sort of showing resilient sort of earnings, you will get a sort of bump up in your multiple? Or at some stage, do you just sit there and get frustrated and say, I'm just going to move away from the public domain.

Scott McDougald Sutton ***Olin Corporation - President, CEO & Chairman***

Well, yes, I think you saw that in fourth quarter, of course, we bought back a number of shares. We're leaning into that even harder. The scenario is set up where 2022 is likely better performance than 2021 and 2023 is likely better performance than 2022. So even in 2022, we're looking at levered free cash flow liberation of about $1.6 billion. So just call that $10 a share. So it's greater than a 20% yield. I mean, I think the dilemma we have is that the forward valuation set up is for an imaginary cliff. That cliff just doesn't exist. So yes, I think we have a great opportunity. It's the best investment we have is to buy ourselves.

Hassan Ijaz Ahmed ***Alembic Global Advisors - Partner & Head of Research***

I like that imaginary cliff analogy.

Operator

Our next question today comes from Mike Sison with Wells Fargo.

Michael Joseph Sison ***Wells Fargo Securities, LLC, Research Division - MD & Senior Equity Analyst***

I guess my question is can you maybe help us better understand when it makes sense for Olin to produce caustic or EDC versus sort of trading it, procuring it? I know -- and maybe how much volume sort of goes into that calc. I mean, obviously, you're going to still produce a lot. But is there sort of a swing volume that you will sort of move around to make that trade? And then, what do you think the benefit was in the fourth quarter in terms of either margin or EBITDA?

Scott McDougald Sutton ***Olin Corporation - President, CEO & Chairman***

Yes. Sure. Hi, Mike. I mean, look, sometimes it's just more effective to buy. I mean, I get your question on how do you know how much, right? And a lot of things go into that analysis for us. But any time we see signs of a poor-quality market developing we're likely to pull back a bit. And you may have noticed that we do have a slide in the deck now where we're trying to give some quantification around that.

So in the fourth quarter, it was roughly about 12% of our sales volume, and that is sales volume for any products that are ECU-oriented or ECU-based derivatives, which is most of our volume. I think that number got up to about 12%. So in the fourth quarter, Mike, the direct benefit of that is a disbenefit, right? I mean that cost us a lot to do that. But what it is, is a benefit for the future. It's a benefit for 2022 because we're just not going to sell it to a poor-quality market, and we're going to continue to improve the value of the ECU and ECU derivatives, and that's not a 1-quarter play. We could have not made those moves in the fourth quarter and produced a bigger result, but that could have led to a lower outcome in 2022 and 2023. So there's a lot that goes into that.

Michael Joseph Sison ***Wells Fargo Securities, LLC, Research Division - MD & Senior Equity Analyst***

Got it. Okay. And then just as a follow-up on your ECU calc it's, more than doubled since you've been presenting it. You continue to say it's undervalued. At what level will you say it's fairly valued or above? And then when we get to that level where you think it's -- where you're getting the right value for your volume, is that sort of the number where you consider maybe adding some capacity given that demand is going to be a lot stronger over the next couple of years?

Scott McDougald Sutton ***Olin Corporation - President, CEO & Chairman***

Well, yes, I mean the value has become better. I would say it gets even more fairly valued when there's recognition that, again, there's no imaginary cliff there that we've set it at a value that doesn't cycle up and down, then we'll feel a bit better about it. As far as adding capacity, right? We don't have plans to be adding capacity through an organic means. In fact, we're practicing a bit at our parlaying activities because when we do grow and we have a number of growth vectors in place, we'll rely on that skill that we're developing today to go out and access liquidity in the world that is actually produced on others assets to support our growth.

Operator

And our next question today comes from Jeff Zekauskas with JPMorgan.

Jeffrey John Zekauskas ***JPMorgan Chase & Co, Research Division - Senior Analyst***

Is EDC a more challenging opportunity in 2022 because of the deterioration in Asian PVC prices?

Scott McDougald Sutton ***Olin Corporation - President, CEO & Chairman***

Hey, jeff, that's a good question. And so we've seen this movie before, in fact, in the middle of 2021, there was a point where you saw some deterioration in PVC pricing, which tended to drag some deterioration in EDC. But again, when we see a poor quality market developing, we just don't sell into it. And maybe we go out and buy some material to satisfy needs or we redirect those molecules to other places in our ECU chain, which is exactly what we did in the middle of the year. So here, you sort of see the same scenario happening where PVC in Asia is coming off some. And so we have to adjust our model in real time, which we've done. You don't see the same phenomena affecting PVC in North America and Europe, though.

Jeffrey John Zekauskas ***JPMorgan Chase & Co, Research Division - Senior Analyst***

If PVC prices in North America and Europe came in, wouldn't that represent additional challenges? And when you redirect your molecules away from EDC, where do you direct them to?

Scott McDougald Sutton ***Olin Corporation - President, CEO & Chairman***

Yes. I mean you're right, Jeff. I mean that could present some other opportunities, right? So there we have to shift our model dynamically, and we would reallocate to potentially other areas. And there's lots of other areas to reallocate to. But it's very possible that we slow down a bit on one side of the ECU. And even though we're not redirecting more molecules into the marketplace, we are getting a lot more value from the other side of the ECU. In fact, caustic could turn out to be really good in that scenario.

Operator

Our next question today comes from Kevin McCarthy of Vertical Research Partners.

Kevin William McCarthy ***Vertical Research Partners, LLC - Partner***

Scott, I was wondering, if you could elaborate on your outlook for Winchester along 3 lines: volume outlook, pricing and costs for 2022 versus '21?

Scott McDougald Sutton ***Olin Corporation - President, CEO & Chairman***

Yes. Yes, sure. I mean, of course, volume is solid in the Winchester business, and we have certainly a heavy commercial backlog already. But on top of that, right, we have an initiative called Shoot United where we're going out and trying to grow the total number of participants in this wholesome sporting activity. If you just look at what happened in 2020, there are effectively 8 million new shooters added to the roles.

And if you look at what happened in 2021, there was nearly 6 million additional new shooters added to the role. So now we're up around 60 million people in this country enjoying the sport. In fact, it's one of the fastest-growing high school sports in the country. So what we're going to do is go out and grow participation.

So we expect volume to stay strong, right? I won't say that we'll have large multiples of volume expansion because we're running pretty hard in that business already. As far as pricing goes, we have another price increase on the table here in the first quarter. A lot of that will go to offsetting some cost increases that we do have, especially across our metal's portfolio.

Kevin William McCarthy ***Vertical Research Partners, LLC - Partner***

Okay. And then tempted to ask you about the sequential trends in Epoxy. Prices have hung in quite well, I think, as the fourth quarter progressed. How are you thinking about sequential earnings taking the cost side into account?

Scott McDougald Sutton ***Olin Corporation - President, CEO & Chairman***

Well, I think we've called out that we expect net-net, our total chemicals earnings to be close to flat going into 1 quarter versus fourth quarter. In Epoxy, we are facing some cost pressures, just like we are in some of our other businesses. But that's the business where we're pressing our model harder than any other place, right?

There were some signs of poor-quality conditions temporarily developing, especially in the Northern Hemisphere in the winter time when there's not as many coatings needed. So we did slow down our rates and we did execute some parlaying activities. And what we're really doing there is just trying to bridge through that gully because really, if you think about demand in 2022, it's absolutely robust.

And you think about the categories of that, marine coatings look good, composite work and light-weighting and automobiles, wind blade activity for turbines very, very bullish there and infrastructure isn't going to hurt us at all either.

Operator

And our next question today comes from Frank Mitsch with Fermium Research.

Frank Joseph Mitsch ***Fermium Research, LLC - President***

Nice end to the year. I noticed that there was a press release that you guys' shutdown a bleach facility out in the West Coast. I was wondering, if you could talk about the factors behind that and what your general outlook is for the bleach market?

Scott McDougald Sutton ***Olin Corporation - President, CEO & Chairman***

Yes. Sure. We did shutdown or we've announced the closure of capacity in a facility there in Northern California. And the reason we did that is just that bleach is undervalued there. We still have a lot of bleach capability left across the country, but it's undervalued and gives us the opportunity to allocate those ECUs back into higher-value applications. So that's the reason for it.

Frank Joseph Mitsch ***Fermium Research, LLC - President***

Got you. That makes sense, totally in keeping with your philosophy. And then -- and given the undervaluation of your shares and clearly, buybacks are going to play a nice role here in 2022. I was wondering, if you guys consider giving some thoughts on accelerated share repurchase program.

Todd A. Slater ***Olin Corporation - VP & CFO***

Frank, this is Todd. I think as Scott may have mentioned earlier, as you saw in the fourth quarter, we bought roughly $184 million worth of stock. Early in 2022 you should expect Olin targeting a key use of our free cash flow towards share repurchases and probably leaning in a little heavier than what you saw in the fourth quarter.

Operator

And our next question today comes from Arun Viswanathan with RBC Capital Markets.

Arun Shankar Viswanathan ***RBC Capital Markets, Research Division - Senior Equity Analyst***

Congrats on all the progress. I guess, I'm just curious, maybe you could just walk us through some of your statements earlier, you said that there were 17 ECU plants that potentially demand would be necessary over the next several years. Where are we on replacement cost economics right now? Does it make sense that some of those plants start to get announced pretty soon? And if not, would you expect maybe some brownfield operations to -- or expansions to get announced as well? How are we thinking about new capacity here?

Scott McDougald Sutton ***Olin Corporation - President, CEO & Chairman***

Hey, Arun. Yes, I mean if you could build an isolated ECU plant, right, we're starting to get closer to reinvestment economics. But the reality is that doesn't make a lot of sense to do that just because of the challenges around elemental chlorine. So you really have to attach it to or build a complete integrated complex. And right now, an integrated complex, it's unlikely to match reinvestment economics. But I would just say that that's not even the biggest driver here now.

I mean there's so many ESG considerations on where the energy being the biggest input for Chlor Alkali plant comes from. And so it's challenging to make a decision to increase your carbon footprint. So now you've got the added cost of renewable energy as well that goes into those investment decisions. So I would say it's not improbable, I guess, that there could have been some expansions on the table that might not be on the table anymore just because of the ESG trends.

Arun Shankar Viswanathan ***RBC Capital Markets, Research Division - Senior Equity Analyst***

Great. And as a follow-up, maybe I can just ask a question on Epoxy. There has been a notable improvement in Epoxy margins over the last year or 2. I guess, do you see this level as kind of the new structural level of earnings power within that business? Should we expect margins to remain north of 20% on an EBITDA basis from here on? Are you kind of implementing a similar ratchet strategy of preserving value in that business as well?

Scott McDougald Sutton ***Olin Corporation - President, CEO & Chairman***

Yes. Our expectation for margins in Epoxy is for them to expand from where we are in the fourth quarter. And there's just -- there's just so many upsides in that business. We haven't fully implemented our model across the upstream part of that business. But the great fundamentals around some of the demand factors that I talked about before, especially as we bridge this fourth quarter and first quarter gully that we're working ourselves through, I expect midyear that business to be rocking.

Operator

And our next question today comes from Steve Byrne with Bank of America.

Stephen V. Byrne ***BofA Securities, Research Division - MD in Americas Equity Research & Research Analyst***

Yes, Scott, these comments you just made about the challenges to building an integrated ECU complex would seem to be even greater for your customers and thus their interest in back integrating into chlorine would be extremely low. And that's what seems to enable you to use your EPI business since you should also downstream into Epoxy, you leverage that to drive these tolling agreements with these epoxy customers. Could you not also do that with EDC. If you got into the PVC business, you could leverage that EDC position with a nonintegrated PVC customers or potentially MDI since you're also into aromatics or chlorosilane. Or do you see opportunities to do this and leverage that chlorine business you have and your customers' lack of interest in back integrating?

Scott McDougald Sutton ***Olin Corporation - President, CEO & Chairman***

Yes. Thanks a lot for the question, Steve. Yes, look, you're exactly right. I mean, this is an upside for the company. And you're going to hear us shift more of our discussion to -- with these growth vectors.

And 1 of the growth vectors that we will be talking about is the one I mentioned in some of my opening comments where this is an area, in other words, upstream vinyls being EDC and VCM where we have significant extra capability and certainly incremental capability, where we might could match up very well with the right PVC leaders. And that same thing can apply potentially to other chlorine derivatives. And this is a great way to grow the company.

Stephen V. Byrne ***BofA Securities, Research Division - MD in Americas Equity Research & Research Analyst***

Okay. And I also wanted to get your update on some of these legacy chlorine contracts that you've talked about not renewing on expiry. Did some of those roll off at the end of the calendar year and are there more to go on that?

Scott McDougald Sutton ***Olin Corporation - President, CEO & Chairman***

Yes. Some of them did roll off. So we've set those back to freely negotiated. And there's still some more that we have that continue throughout 2022. But now it's the minority of our business is still attached to sort of the nonfunctioning type of index out there.

Operator

And our next question today comes from John Roberts at UBS.

John Ezekiel E. Roberts ***UBS Investment Bank, Research Division - Executive Director and Equity Research Analyst, Chemicals***

On Slide 6, the Parlay Volume Tracker, how diversified is that today across the opportunities? Or is it relatively concentrated? And could you talk a little bit more about what Winchester is doing there? Is that -- I think it's largely Russian imports into the U.S. of ammo? Is that what they're doing? Is this something else?

Scott McDougald Sutton ***Olin Corporation - President, CEO & Chairman***

Well, your first question, right, how diversified are we across the chemicals business. We're quite diversified. There may be 1 or 2 of our products where we don't necessarily do parlaying activities, but it's actually very broad based there. And we had just put a few examples on the slide.

As far as Winchester goes, the phenomenon going on with Russian imports, right? And Russia has been the largest importer of ammunition. Of course, their import -- additional import permits are terminated. So there's a phasedown of imports that would be allowed to come in from Russia. That's actually not the volume that we purchase for our needs. We purchase some other imports for our needs.

So out in the future, we're likely to be a little bigger player in purchasing imports, and there's likely to be total less imports as well because of -- the country not accepting Russian imports out in the future.

John Ezekiel E. Roberts ***UBS Investment Bank, Research Division - Executive Director and Equity Research Analyst, Chemicals***

Okay. And then, what's the strategy for the Aromatics assets? I'm guessing, they're among the lower return assets in your portfolio.

Scott McDougald Sutton ***Olin Corporation - President, CEO & Chairman***

Yes. Well, I mean Aromatics is an important upstream business for us. In fact, we have one of the largest cumene plants in the world, produce phenol and acetone and BPA. And some amount of all of those we sell into the merchant market. Some other amount we use in our downstream businesses, and we just haven't talked a lot about it.

The production of phenol and acetone is very interesting. It's a lot like the ECU, right? They're co-produced. And we haven't applied our coproduction commercial model yet -- fully yet to phenol and acetone. Of course, we're not near as large a player. We're not the leader in that business, but we do expect to get some upside out of advancing that.

Operator

And our next question today comes from Eric Petrie with Citi.

Eric B Petrie ***Citigroup Inc., Research Division - VP & Senior Associate***

Can you talk a little bit about the opportunity that you have to sell caustic soda in the EVs and battery, the cathode? How large of an opportunity is that? And are those customers asking for a greener caustic soda?

Scott McDougald Sutton ***Olin Corporation - President, CEO & Chairman***

Well, yes, I mean the opportunity continues to grow. And a lot of the opportunity has to do with mining activities or extraction activities for lithium and other metals that go into batteries. So that's on a fast upward trajectory. Today, it's not a massive part of our business. But more than likely, if you look in the range of 5 years-ish, maybe a little bit longer, it's actually going to be one of the larger consumers of caustic in the world. And it's one of the items that is driving ECU demand growth and why demand growth is certainly climbing faster than supply growth. It's an important area for us.

Eric B Petrie ***Citigroup Inc., Research Division - VP & Senior Associate***

Okay. Helpful. And then as you run your models for this year, how much could your volumes be down? And similarly, do you expect kind of your Parlay volume to stay in this low to mid-teens range?

Scott McDougald Sutton ***Olin Corporation - President, CEO & Chairman***

No, we haven't, of course, given a number on whether volumes will go down. Net-net across 2022 versus 2021, you shouldn't think that our self-production volumes are going to decline because that's actually unlikely that, that happens. I think in our parlaying, our purchasing activities of third-party liquidity, that will change quarter-to-quarter depending on how we're running our model. I'm doubtful that it goes much above this sort of 10% to 15% range that you see it in now. But in any quarter where that some weakness shows up, that's when you'll see it peak to those levels.

Operator

And the next question today comes from Alex Yefremov with KeyBanc.

Aleksey V. Yefremov ***KeyBanc Capital Markets Inc., Research Division - Research Analyst***

Scott, you earlier talked about EPI -- sorry, on one of the slides, you show EPI continuing to rise. Do you think -- sorry, PCI continuing to rise. Do you think PCI will be up in the first quarter? And then should we expect a plateau or continuing increases in the PCI in the rest of the year?

Todd A. Slater ***Olin Corporation - VP & CFO***

Aleksey, this is Todd. We would expect the ECU PCI to continue to improve in the first quarter of 2022 from the fourth quarter. And obviously, as we're running our model, it is all about value. And so you should expect that, that is going to be the key area of focus as we move from where we are today into the rest of 2022.

Aleksey V. Yefremov ***KeyBanc Capital Markets Inc., Research Division - Research Analyst***

And the second question is on epi. You've earlier talked about potentially big repricing opportunity or value enhancement. Can you talk about progress here? And also, if you have any legacy contracts here similar to chlorine that may go beyond 2022?

Scott McDougald Sutton ***Olin Corporation - President, CEO & Chairman***

Yes. Yes, sure. I mean on epichlorohydrin, I'll just start with the fact that, yes, we do have some legacy contracts. And just like chlorine, we're working our way through that. We're not as far down the path as we now are on chlorine with the calendar year turning over.

But what I will say about epichlorohydrin, right, it's -- we're likely to participate less in the merchant market relative to our chlorine merchant market participation. I mean it really is about using that epichlorohydrin as a scarce resource that's really valuable to Olin's downstream operations, and that's where most of it gets directed.

Operator

And our next question today comes from Matthew Blair at Tudor, Pickering, Holt.

Matthew Robert Lovseth Blair ***Tudor, Pickering, Holt & Co. Securities, LLC, Research Division - MD of Refining and Chemicals Research***

So going back to the EV discussion. Do you have a number on how many pounds of Olin products you could eventually put on an EV compared to how many pounds that you currently put on an ICE vehicle?

Scott McDougald Sutton ***Olin Corporation - President, CEO & Chairman***

Yes. So I don't have the -- it's a good question. I don't have the exact number. But -- one consideration there, right, is that even in internal combustion vehicles, the amount of controls and electronics has continued to grow.

So even on those, the need for printed circuit boards, i.e. going back to copper clad laminate, going to epoxy has continued to grow. The good news is on -- that on EVs, it's probably double that as well. So the trend is positive in both areas. There's nothing but good news there for epoxy that goes into, call it, printed circuit boards.

The only limitation we really have now is driven by supply chain issues and in supply chain issues around chips that go on printed circuit boards.

Matthew Robert Lovseth Blair ***Tudor, Pickering, Holt & Co. Securities, LLC, Research Division - MD of Refining and Chemicals Research***

Right. Right. Okay. And then is there any update on your chlorine sales into the TiO2 market? Have you shifted away from that market? Or are you starting to get higher value into that market?

Scott McDougald Sutton ***Olin Corporation - President, CEO & Chairman***

Well, we've changed our supply mix some - where that's still an area where it's a lower value outcome for us. So we have changed our mix a bit. But we've also been successful being able to get more value there as well.

Operator

And our next question today comes from Angel Castillo with Morgan Stanley.

Angel Castillo ***Morgan Stanley, Research Division - VP***

Scott, just a question on what we've been seeing around Epoxy. I think trade sources have maybe talked a little bit more about potential risk of imports and you talked about a poor or I guess a weaker quality market and maybe more activations around the Epoxy business. So curious, as you think about the go forward and reducing the cyclicality of the segment and the business overall, how do you prevent from becoming a little bit more or I guess having more like a marginal producer where you're reducing your operations and incentivizing others to import more product into any given region?

Scott McDougald Sutton ***Olin Corporation - President, CEO & Chairman***

Yes. In Epoxy, I mean what's happening now -- I wouldn't want you to sort of extend that into a permanent pattern for the future, right? There's been a large value change in the epoxy chain. And then you sort of run into end of the year winter in the Northern Hemisphere scenario. And that's what we had called out in our third quarter earnings is that, that would happen in fourth quarter and it did.

So when these things happen, you do have the opportunity to go get slugs of material that come out of Asia. But those are always temporary and they're going to be temporary again. And we are getting ourselves partnered up with the right customers for the future.

And it's not about just epoxy resin. I mean no doubt demand for epoxy resin is certainly growing. And there can be some supply expansions in the epoxy world as well. But it all goes back to epichlorohydrin. Most of those supply expansions are limited by epichlorohydrin, which is where we focus a lot of our landscape activities on.

Angel Castillo ***Morgan Stanley, Research Division - VP***

That's very helpful. And then one thing that struck me, I guess, was you mentioned becoming the largest ECU buyer. So as we think about your ratchet strategy and continuing to increase the value of your ECU. I guess, how do we balance that with -- if I think about Olin as a buyer or the largest buyer of ECU. I would imagine that, to some degree, then you benefit from lower value. So where is the balance of continuing to drive higher value but also becoming a larger buyer of the product globally?

Scott McDougald Sutton ***Olin Corporation - President, CEO & Chairman***

Well, sometimes, it's just more effective to buy. And I want to repeat something that I had tried to clarify earlier. Today, we're in that position of buying or parlaying because it supports our model, and it certainly helps us bridge a bit of a gully here. But in the future, that's a great way to grow the company without spending excessive capital.

Operator

And our next question today comes from Mike Leithead with Barclays.

Michael James Leithead ***Barclays Bank PLC, Research Division - Research Analyst***

Congrats on the quarter. Just one for me today. I wanted to follow up on Hassan's earlier question, maybe a bit more directly. So Scott, in the slides now, you're confident you're going to get $8 billion in free cash over the next 5 years, which is more than your market cap today. And I think you laid out a fairly compelling rationale for that. And for whatever reason, when I look at your share price trading at a 20% cash yield for each of the next 5 years, I think the market valuation is saying they don't believe you or you're wrong. So if the public market won't give you credit, and I don't mean this to be flippant. But why not just take yourself private? I mean, the back-of-the-envelope LBO math is extremely compelling with that level of cash flow if you're confident you're going to deliver that.

Scott McDougald Sutton ***Olin Corporation - President, CEO & Chairman***

Yes. Yes, I appreciate your question. And yes, exactly right. I mean, in theory, you can buy ourselves back either immediately or over some time. Look, I mean, the only way that I can really answer that question is just to say that we are the best value for the use of our own cash at the moment, and we've been leaning into that, and we're going to lean into that a bit harder.

Operator

And our next question today comes from Roger Spitz with Bank of America.

Roger Neil Spitz ***BofA Securities, Research Division - Director & High Yield Research Analyst***

Do you have a target of how short you'd like to be in ECUs or a target range?

Scott McDougald Sutton ***Olin Corporation - President, CEO & Chairman***

You said how short we want to be in ECUs? Well, I would just say this, that just because we have ECU capacity doesn't mean that we necessarily run it, right? We have reduced our ECU capacity in fact, by about 850,000 ECU tons a year because it was undervalued. We'll always have the ability at the right value to move around by 5% or so. But we're not necessarily going to use that capability to service a market unless that's a growth market.

But I think getting at your question, because we'll be the largest buyer, net buyer, there's a point in our future where the combination of what we produce, and buy is larger than our capacity. And that's likely to be a permanent feature going forward. So I hope I answered your question.

Roger Neil Spitz ***BofA Securities, Research Division - Director & High Yield Research Analyst***

I mean, you did. But I'm trying to figure out whether that production and buying is that -- are you 5% short or you want to be 25% short?

Scott McDougald Sutton ***Olin Corporation - President, CEO & Chairman***

Yes. Well, we haven't given a number on where we are today. But in our future, we want to lean toward being more short.

Roger Neil Spitz ***BofA Securities, Research Division - Director & High Yield Research Analyst***

Okay. The other question I have is you stopped selling to TiO_2 producers. TiO_2 producers, you may have heard on some of their calls, say, well, we'll just build chlor alkali. Does that have a risk to start flooding the global market with caustic if they start building chlor alkali for their own chlorine process needs?

Scott McDougald Sutton ***Olin Corporation - President, CEO & Chairman***

Well, I would just say that the world is going to need more chlor alkali and it's not on the world's agenda right now to build more plants. So somebody's got to build. We'll see.

Operator

And as there are no further questions, this concludes our question-and-answer session. I'd like to turn the conference back over to Scott Sutton for closing comments.

Scott McDougald Sutton ***Olin Corporation - President, CEO & Chairman***

Yes. No, I would just say thanks to everybody for joining us today. Appreciate it.

Operator

Thank you. This concludes today's conference call. We thank you all for attending today's presentation. You may now disconnect your lines, and have a wonderful day.