



1Q 2020 Earnings Release

April 24, 2020

posco

Disclaimer

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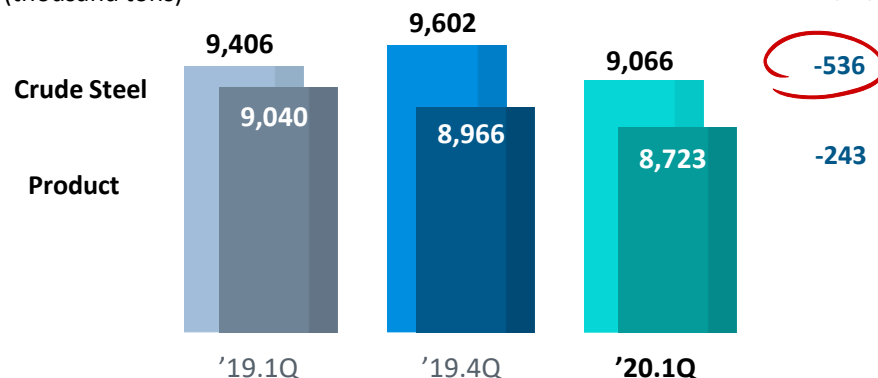
- **1Q 2020 Business Performance**
 - Parent Performance
 - Consolidated Performance
 - Subsidiary Performance
- **Treasury Share Buyback Plan**
- **2020 Business Outlook**

Parent Performance_Production / Sales

Production

(thousand tons)

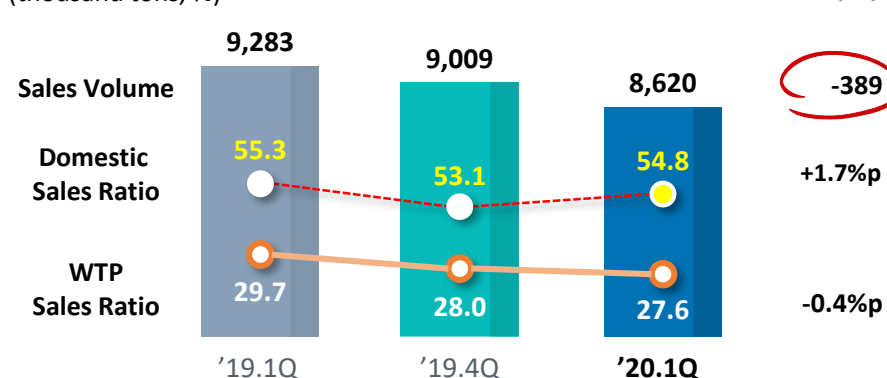
QoQ



Sales

(thousand tons, %)

QoQ



※ In WTP volume, semi-products and un-ordered products are excluded from total sales

- Crude steel and product production declined QoQ due to revamp of Gwangyang #3 Blast Furnace and maintenance of downstream mills incl. HR and plate lines

- Molten iron production volume down due to G) #3 BF revamp(2.12~5.28)
- Downstream maintenance schedule
 - G) #4 HR rationalization (2.26~4.21), CR Mill (2.11~15), Plate Mill (1.9~20)
 - P) #4 Wire Rod (3.24~31), etc.

* G) Gwangyang Works, P) Pohang Works

[Product Production]

(thousand tons)	'19.1Q	'19.4Q	'20.1Q	QoQ
Carbon	8,542	8,463	8,242	-221*
STS	498	503	481	-22

* HR -59, CR -107, Plate -35, etc.

- Product inventory remained same as previous quarter while product sales volume decreased affected by blast furnace revamp

- Sales volume by product(k tons) : HR -89, CR -157, etc.
- WTP sales volume(k tons) : '19.4Q) 2,386 → '20.1Q) 2,266(-120)

[Product Sales]

(thousand tons)	'19.1Q	'19.4Q	'20.1Q	QoQ
Domestic	5,131	4,781	4,729	-52
Export	4,152	4,228	3,891	-337
Inventory	1,198	1,107	1,107	-

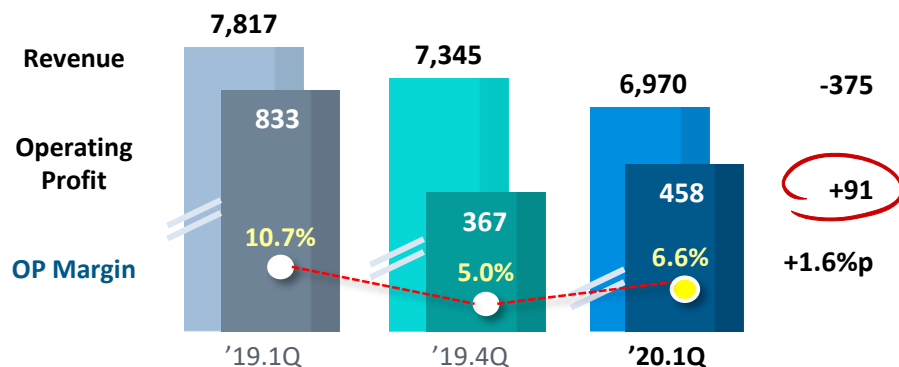
*WTP(World Top Premium) includes World First/World Best products

Parent Performance

P/L

(billion KRW)

QoQ



- Operating profit gained with raw material prices declined despite sales volume contraction and softened price under worsening demand situation

- Raw material input cost (Indexed as of '19.3Q=100)
 - Iron ore : '19.4Q) 100 → '20.1Q) 95
 - Coking coal : '19.4Q) 88 → '20.1Q) 80

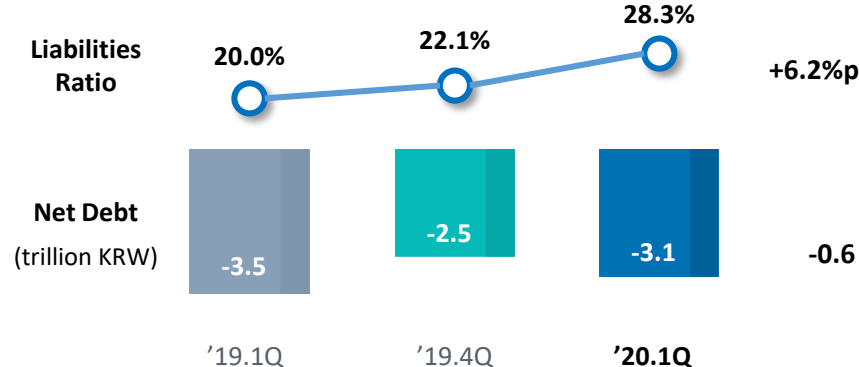
【Operating Profit】

(billion KRW)



Financial Structure

QoQ



- Preemptively issued global bonds in preparation for debt repayment, which increased liabilities and cash balance

- Global bond issued : 940 million USD, 500 million EUR
- * Repayment schedule : '20) 1.0, '21) KRW 1.5 trillion

【Cash Balance & Debt】

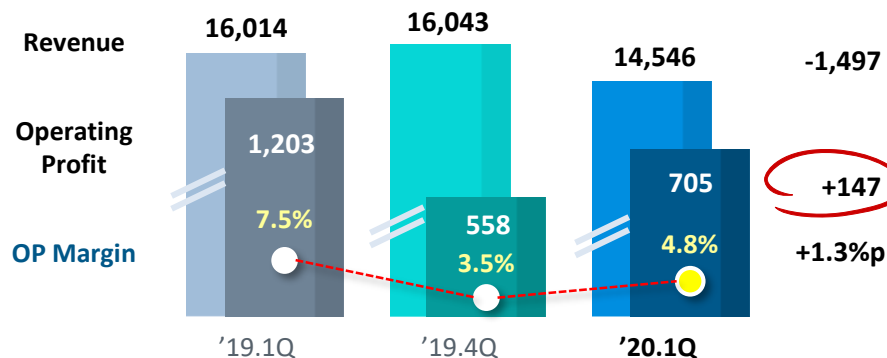
(bn KRW)	'19.1Q	'19.4Q	'20.1Q	QoQ
Cash Balance	7,734	8,822	11,723	+2,901
Debt	4,282	6,338	8,662	+2,324

Consolidated Performance

P/L

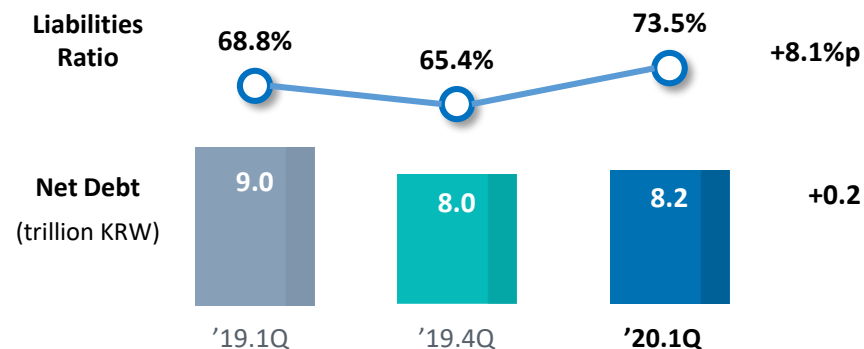
(billion KRW)

QoQ



Financial Structure

QoQ



- Consolidated operating profit improved on stronger performance of global&Infra business incl. E&C and energy

【Aggregated Operating Profit】

(billion KRW)	'19.1Q	'19.4Q	'20.1Q	QoQ
Steel	893	279	383	+104
Overseas steel	13	-89	-81	+8
Global&Infra	293	266	375	+109
New Growth	21	20	14	-6

- Overseas steel subsidiaries operating profit in '20.1Q (million USD)

PT.KP -38, PZSS -18, POSCO Maharashtra -2, PY VINA* -3

* Posco Yamato Vina Steel Joint Stock Company

- Liabilities ratio went up from bond issuing and short-term borrowings for preparing repayment

- Debt : POSCO +2,324 billion KRW

(Incl. global bonds 940 million USD, 500 million EUR)

POSCO International KRW 555 billion KRW

(Short-term borrowings for maintaining cash balance), etc.

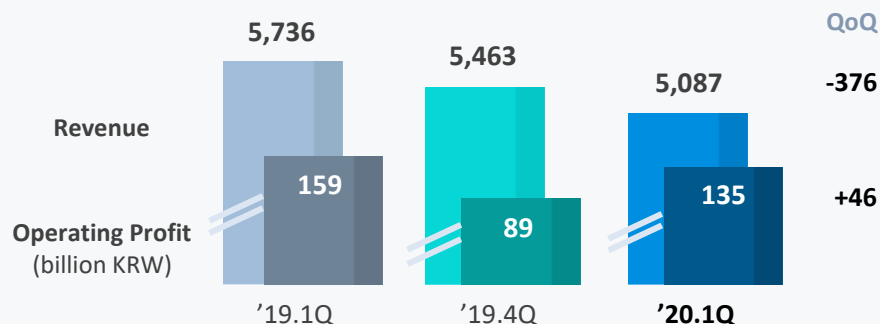
【Cash Balance & Debt】

(billion KRW)	'19.1Q	'19.4Q	'20.1Q	QoQ
Cash Balance	10,887	12,463	15,351	+2,888
Debt	19,932	20,442	23,503	+3,061

Subsidiary Performance

POSCO International

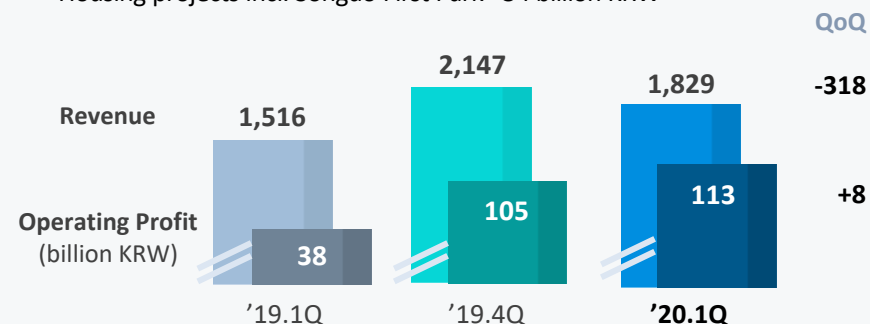
- Operating profit jumped on stable gas sales while revenue shrank from weakened global trading sector due to COVID-19



POSCO E&C

- Profit improved supported by housing segment and reduced general & administrative expenses

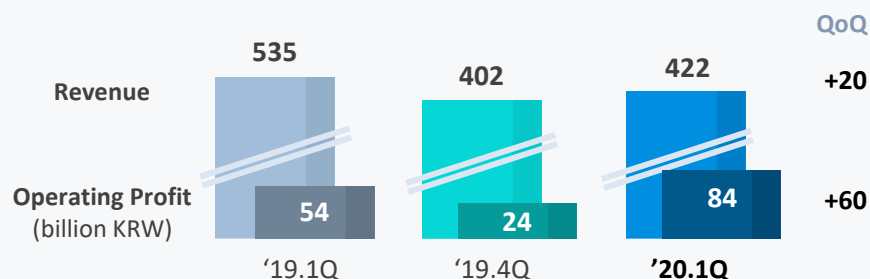
- Housing projects incl. Songdo First Park +34 billion KRW



POSCO Energy

- OP surged with lower cost of direct LNG import for Incheon #3 Power Plant, increased CP price and renewal of fuel cell LTSA

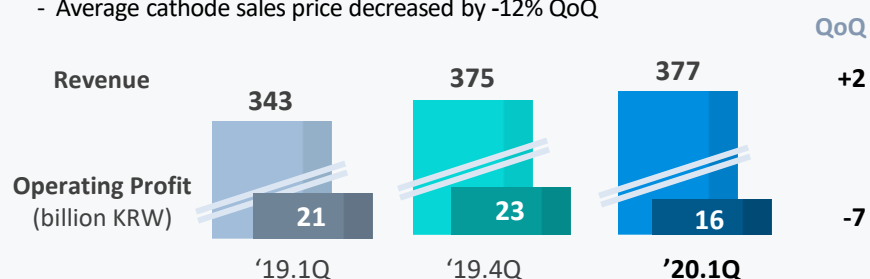
- CP price (KRW/kWh) : ('19.4Q) 8.1 → ('20.1Q) 11.8



POSCO Chemical

- Profit declined as chemical margin worsened with collapse of oil prices and inventory valuation loss on cathode business

- Oil price applied in chemical segment(HSFO) : ('19.4Q) 393→('20.1Q) US\$276/ton
- Average cathode sales price decreased by -12% QoQ



Treasury Share Buyback Plan

Share repurchase worth of KRW 1 trillion to be carried out through trust agreement for one year period

○ **Purpose of Share Buyback**

- Raise shareholders' value by stabilizing the stock price and increasing shareholder return

○ **Trust Agreement Period**

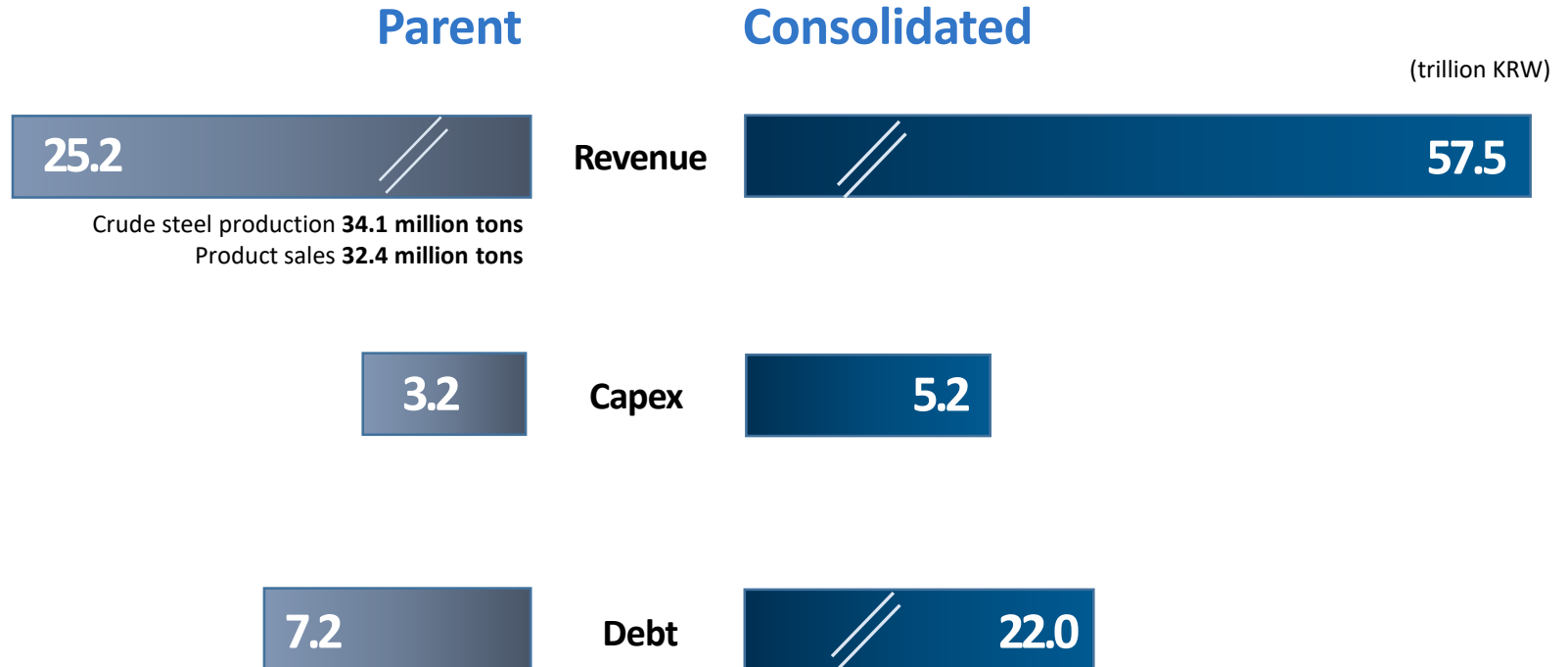
- April 13, 2020 ~ April 12, 2021

※ **History of Share Repurchase, Disposal and Cancellation**

	Year	'000 shares	Purpose
Repurchase	'94~'07	30,655	Raise shareholders' value and stabilize stock price
Disposal	'95~'14	14,290	List the stock on London and Tokyo Stock Exchanges and raise capital for ESOP
Cancellation	'01~'04	9,294	Raise shareholders' value

* Treasury stock as of April 24, 2020 : 7,071 thousand shares (8.1%)

2020 Business Outlook (Modified)



※ Appendix

- Summarized Financial Statements
- Aggregated Earnings by Segment

Summarized F/S_Parent Income Statement

	'19.1Q	'19.4Q	'20.1Q	QoQ
Crude Steel Production (thousand tons)	9,406	9,602	9,066	-536
Product Sales (thousand tons)	9,283	9,009	8,620	-389
STS	507	481	469	-12
Carbon Steel Sales Price (thousand KRW)	722	697	692	-5
(billion KRW)				
Revenue	7,817	7,345	6,970	-375
Cost of Goods Sold	6,728	6,676	6,230	-446
Gross Profit	1,089	669	740	+71
SG&A	256	302	282	-20
Operating Profit	833	367	458	+91
(Operating Margin)	(10.7%)	(5.0%)	(6.6%)	+1.6%p
Non-Operating Profit	90	-896	159	+1,055
Net Profit	671	-540	453	+993
(Net Margin)	(8.6%)	(-7.4%)	(6.5%)	+13.9%p

Summarized F/S_Parent Balance Sheet

(billion KRW)

	'19.1Q	'19.4Q	'20.1Q	QoQ
Current Assets	17,604	18,216	20,774	+2,558
Cash Balance*	7,734	8,822	11,723	+2,901
Accounts Receivable	4,449	3,987	3,680	-307
Inventories	4,998	4,989	4,768	-221
Current Ratio	422.7%	546.8%	497.1%	-49.7%p
Non-Current Assets	37,608	37,495	37,662	+167
Other Long-term financial assets	1,200	1,258	1,197	-61
PP&E	19,953	20,132	20,182	+50
Total Assets	55,212	55,711	58,436	+2,725
Liabilities	9,211	10,097	12,886	+2,789
Current Liabilities	4,164	3,331	4,179	+848
Non-Current Liabilities	5,047	6,765	8,707	+1,942
Interest-bearing Debt	4,282	6,338	8,662	+2,324
Liabilities Ratio	20.0%	22.1%	28.3%	+6.2%p
Equity	46,001	45,614	45,550	-64

* Cash Balance : Cash and cash equivalents, Short-term financial instruments, Short-term trading securities, Short-term securities, Current portion of held-to-maturity securities

Summarized F/S_Consolidated Income Statement

(billion KRW)				
	'19.1Q	'19.4Q	'20.1Q	QoQ
Revenue	16,014	16,043	14,546	-1,497
Gross Profit	1,813	1,210	1,310	+100
(Gross Margin)	(11.3%)	(7.5%)	(9.0%)	(+1.5%p)
SG&A	610	652	605	-47
Operating Profit	1,203	558	705	+147
(Operating Margin)	(7.5%)	(3.5%)	(4.8%)	(+1.3%p)
Non-Operating Profit	-66	-372	-51	+321
Share of Profit(Loss) of Equity-accounted Investees	67	44	32	-12
Finance Income and Costs	-57	-147	-26	+121
Foreign Currency Transaction & Translation Gain(Loss)	18	6	-168	-174
Net Profit	778	26	435	+409
(Net Margin)	(4.9%)	(0.2%)	(3.0%)	(+2.8%p)
Profit Attributable to Owners of the Controlling Company	741	51	395	+344

Summarized F/S_Consolidated Balance Sheet

(billion KRW)

	'19.1Q	'19.4Q	'20.1Q	QoQ
Current Assets	34,678	34,843	37,813	+2,970
Cash Balance*	10,887	12,463	15,351	+2,888
Accounts Receivable	10,110	9,078	9,344	+266
Inventories	11,259	10,920	10,712	-208
Current Ratio	183.0%	213.4%	206.8%	-6.6%p
Non-Current Assets	45,062	44,216	44,433	+217
Other Long-term financial assets	1,667	1,669	1,604	-65
PP&E	30,486	29,926	30,352	+426
Total Assets	79,740	79,059	82,246	+3,187
Liabilities	32,495	31,264	34,831	+3,567
Current Liabilities	18,945	16,324	18,285	+1,961
Non-Current Liabilities	13,550	14,940	16,546	+1,606
Interest-bearing Debt	19,932	20,442	23,503	+3,061
Liabilities Ratio	68.8%	65.4%	73.5%	+8.1%p
Equity	47,245	47,795	47,415	-380
Owners of the Controlling Company	43,945	44,472	43,990	-482

* Cash Balance : Cash and cash equivalents, Short-term financial instruments, Short-term trading securities, Short-term securities, Current portion of held-to-maturity securities

Aggregated Earnings by Segment

(billion KRW)

Segment	Revenue			Operating Profit			Net Profit		
	'19.1Q	'19.4Q	'20.1Q	'19.1Q	'19.4Q	'20.1Q	'19.1Q	'19.4Q	'20.1Q
Steel	12,556	12,018	11,075	893	279	383	635	-964	285
Global&Infra	12,155	12,710	11,435	293	266	375	178	45	261
Trading	9,371	9,232	8,424	180	107	148	73	-3	78
E & C	1,638	2,315	1,937	25	96	124	21	-61	103
Energy	568	443	454	66	36	84	68	99	63
I C T	223	282	269	11	13	11	7	8	8
New Growth*	383	387	388	21	20	14	30	16	33
Total	25,094	25,115	22,898	1,207	565	772	843	-903	579

* New Growth segment includes the segment previously categorized as chemical business