



posco

2021 1Q Earnings Release

April 26, 2021

Disclaimer

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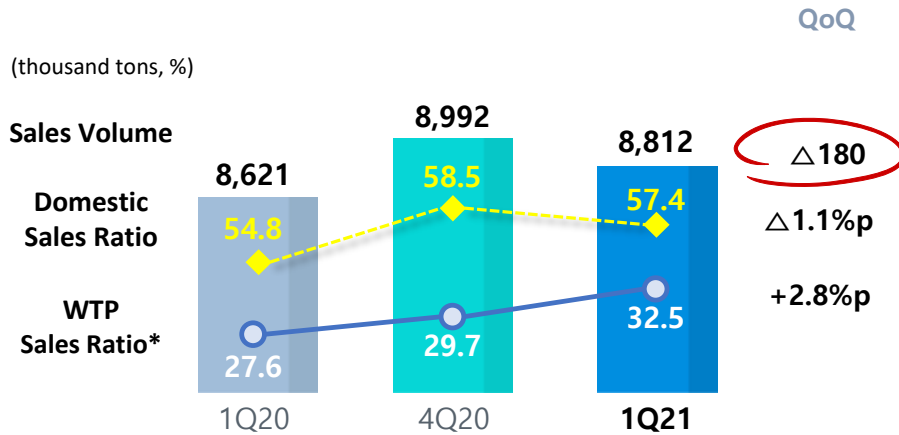
- Business Performance (Parent/Consolidated)
- Financial Structure
- Subsidiary Performance

2021 Business Outlook

Appendix

Business Performance_Sales/Production(Parent)

Sales

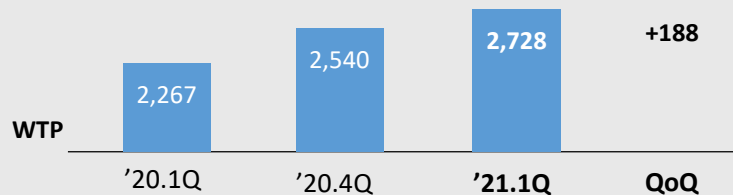


*Un-ordered and semi-product figure excluded in total sales volume

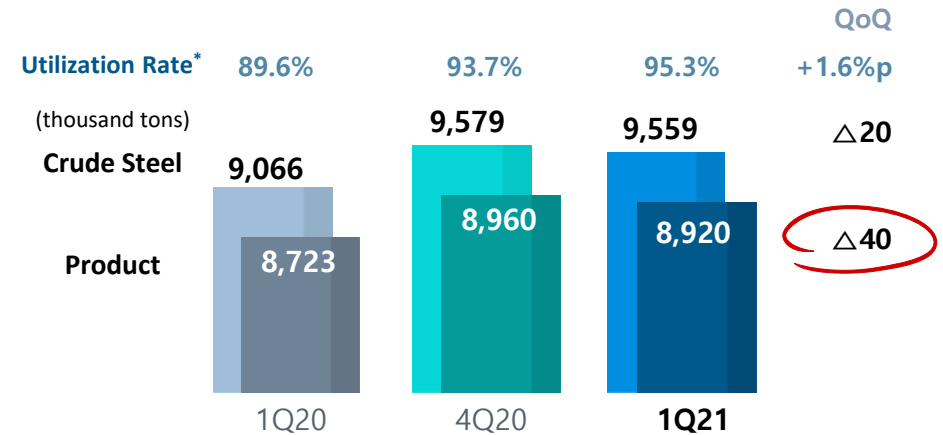
○ World-premium product sales ratio went up driven by CR/Plated products, while sales volume declined due to maintenance

- Sales Volume (k tons, QoQ) : HR Δ246, Plate Δ22, CR/Plated steel +114, etc

[WTP Sales Volume(k tons)]



Production



* Utilization rate : Crude Steel Production / Crude Steel Capacity

○ Production volume maintained QoQ, with the effort to meet the demand, despite maintenance and less working days

- Production efforts(4Q20 figure=100) : [Crude Steel ratio](Pohang)100.5(Gwangyang)102.3, [HMR]99.8
- Product Production volume (k tons, QoQ) : HR Δ236, Plate Δ49, CR/Plated +284, etc

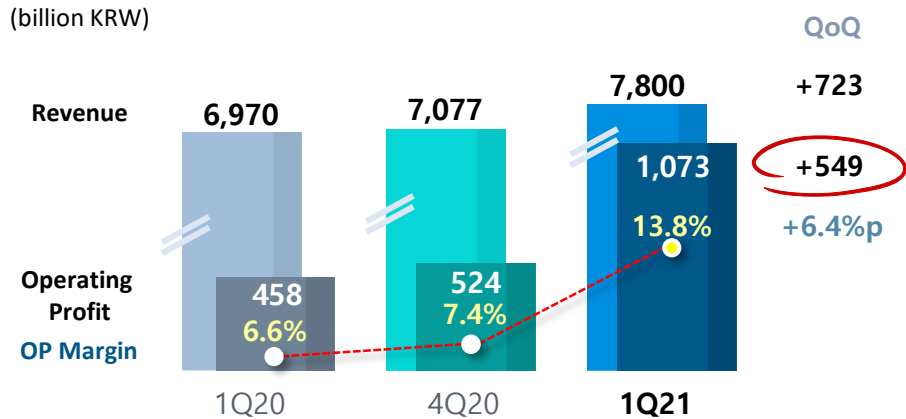
※ Maintenance : Gwangyang No.1 HR line (13 days), No.1 Plate line (14 days)

[Carbon Steel Production Volume]

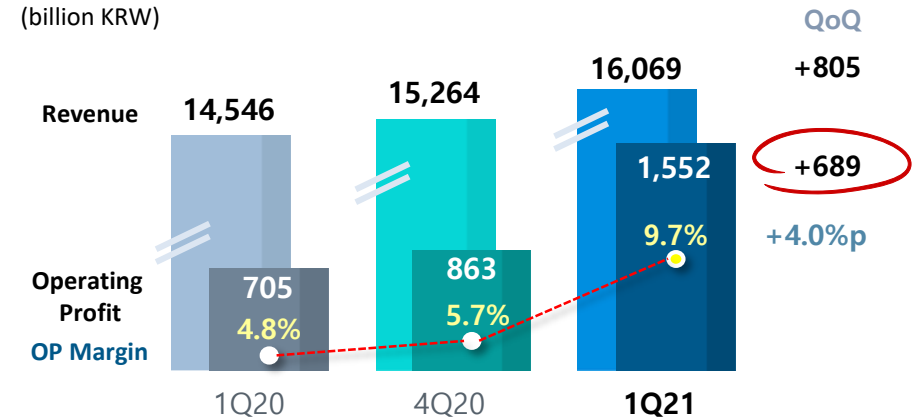
(k tons)	1Q20	4Q20	1Q21	QoQ
Carbon Steel	8,242	8,458	8,432	Δ26
STS	481	502	488	Δ14

Business Performance_Parent/Consolidated

Parent

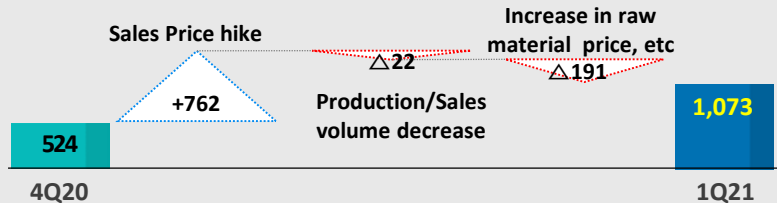


Consolidated



○ Operating profit edged up QoQ as margin spread widened led by product price increase

【Operating Profit (billion KRW)】



- Sales price(carbon steel, thousand KRW/t) : 4Q20) 679 → 1Q21) 763 (+84)
- Iron ore applied cost (4Q 20 price = 100) : 4Q20) 100 → 1Q21) 116

○ Operating profit hiked QoQ as profit from all sectors, such as steel, global & infrastructure, and new growth, improved

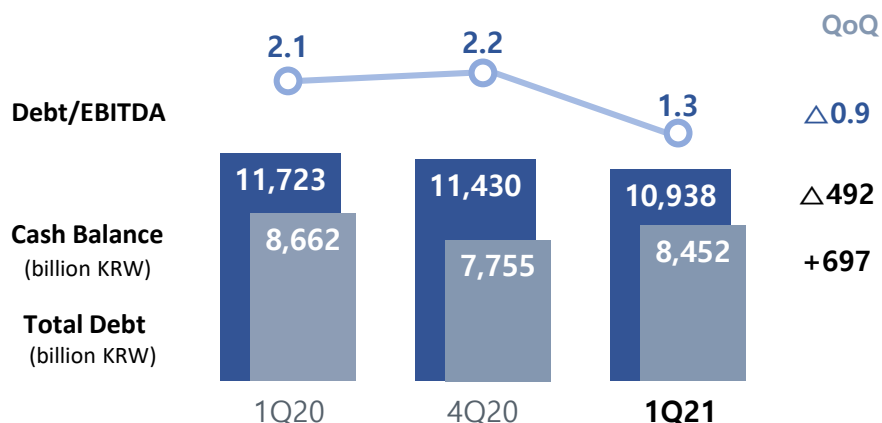
【Aggregated Operating Profit】

(billion KRW)	1Q20	4Q20	1Q21	QoQ
Steel	383	678	1,334	+656
Overseas (US\$ m)	△67	124	212	+88
Global & Infra.	376	222	347	+125
New Growth	9	25	43	+18

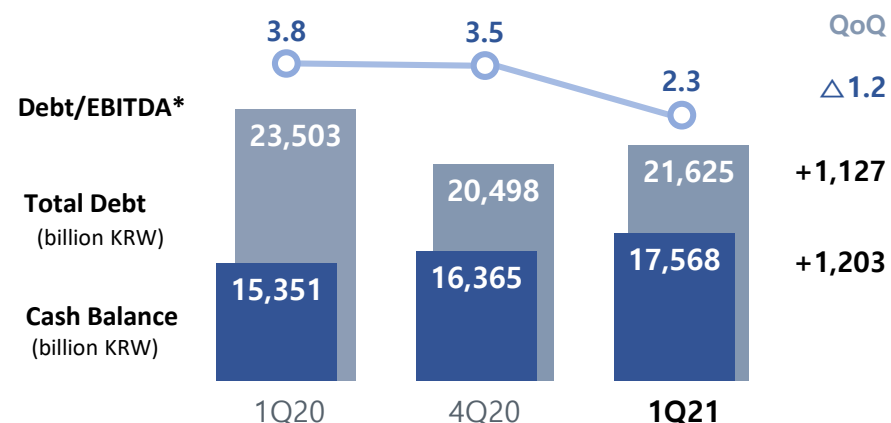
※ Global & Infra. Sector (billion KRW) : P-Energy +53, P-E&C +39, etc

Financial Structure

Parent



Consolidated



* Based on Moody's standard (Consider unrecorded liabilities in debt and net finance cost in EBITDA)

○ Debt/EBITDA improved as profitability went up despite debt increase driven by short-term trade finance

- Trade finance borrowings (U\$ billion) : ('20.12/E) 0.47 → ('21.3/E) 1.02, +0.55
- Cash reduced by taking part in raising capital for POSCO Chemical : △688 billion KRW

【Liabilities ratio, EBITDA】

(billion KRW)	1Q20	4Q20	1Q21	QoQ
Liabilities ratio	28.3%	25.9%	27.6%	+1.7%p
EBITDA	1,045	1,132	1,673	+541

○ Debt rose due to parent-base trade finance and ESG bond issuance of POSCO E&C, while cash levelled up by POSCO Chemical's raise in capital

- POSCO Chemical capital raise (exclude. cash injection from POSCO) : 585 billion KRW
- POSCO E&C bond issuance (billion KRW) : [ESG] 140, [corporate bond] 40

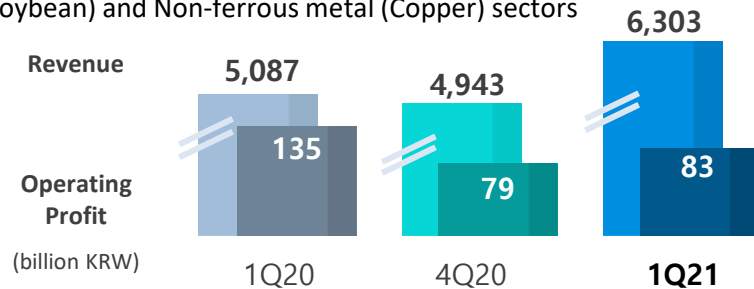
【Liabilities ratio, EBITDA】

(billion KRW)	1Q20	4Q20	1Q21	QoQ
Liabilities ratio	73.5%	65.9%	68.3%	+2.4%p
EBITDA	1,590	1,800	2,453	+653

Subsidiary Performance _Domestic

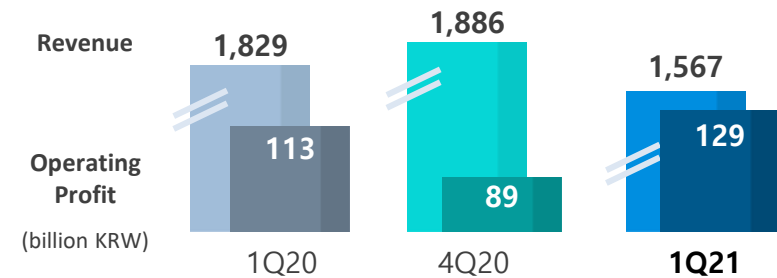
POSCO International

- Both revenue and profit climbed driven by booming steel and Agro and industrial materials sector
- Sales expanded from Steel/Iron ore, Agro crops (Corn supply to SEA, Soybean) and Non-ferrous metal (Copper) sectors



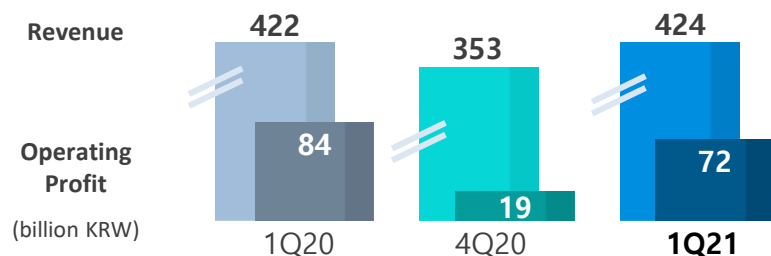
POSCO E&C

- Profit went up QoQ supported by upturn from construction sector
- Construction +25.5 billion KRW including new APT projects (Pyeongtaek Jije +3.5 bln, Hanam Gamil +3.3 bln KRW)



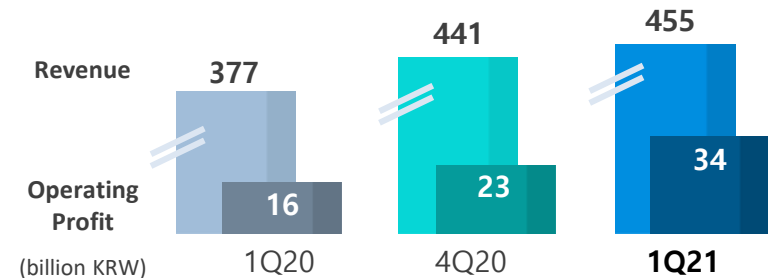
POSCO Energy

- Profit surged QoQ as both CP and SMP price per unit increased as electricity market entered its peak season
- Electricity price per unit (QoQ) : [CP] +33%, [SMP] +38%



POSCO Chemical

- Profit rose as chemical sector benefit from oil price uptrend and cathode materials profitability improved due to cost reduction effort from production process
- WTI(US\$/barrel) : '20.4Q/E) 48.52 → '21.1Q/E) 59.16 (+10.64)



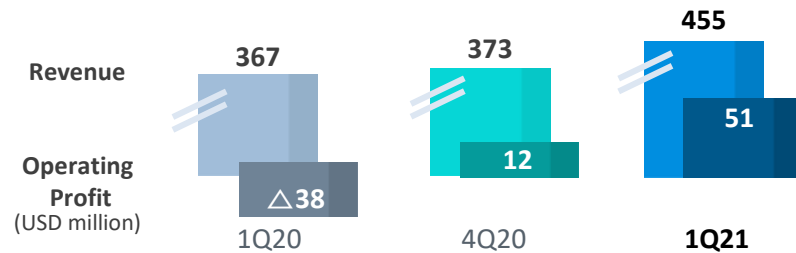
* CP : Capacity Price / SMP : System Marginal Price

Subsidiary Performance _Overseas

PT. Krakatau POSCO

- Profit levelled up QoQ as price increased due to steel market upturn continues

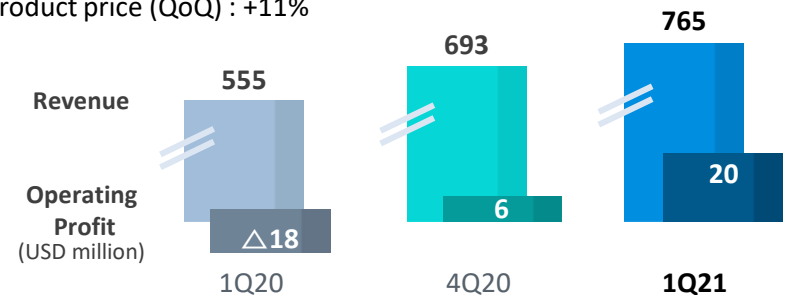
- Product price (QoQ) : [Slab] +23%, [Plate] +17%



Zhangjiagang STS (PZSS)

- Continued profit uptrend through price increase triggered by positive STS market and the company's cost reduction effort by using low-cost raw materials

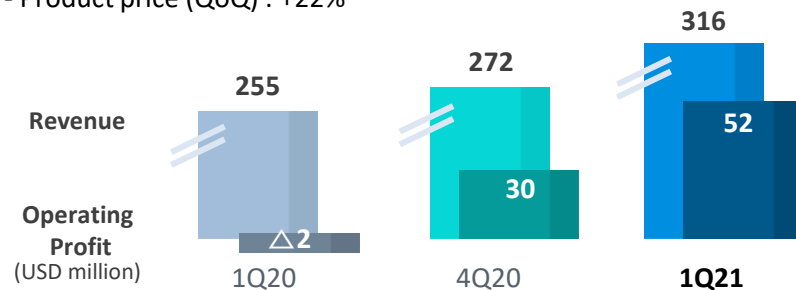
- Product price (QoQ) : +11%



POSCO Maharashtra

- Profit geared up QoQ as price climbed due to improved steel demand, led by auto and home appliance industries

- Product price (QoQ) : +22%



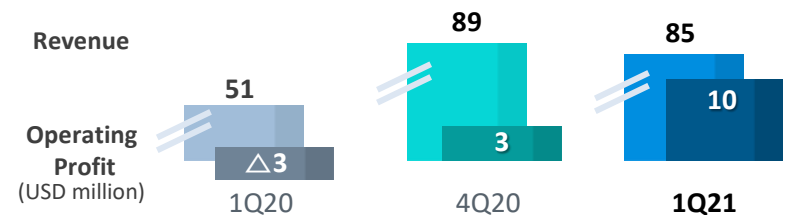
PY VINA

- Profit expanded as efforts to put limitation on Malaysian imports started to take effect, supporting price increase

- Sales volume (thousand tons) : '20.4Q) 158 → '21.1Q) 124 ($\Delta 34$)

- Product price (QoQ) : +20%

* Including billet



2021 Business Outlook

Parent

32.8

Crude Steel Production **37.8 million tons**
Product Sales **35.4 million tons**

4.4

7.7

Consolidated

Revenue
(trillion KRW)

63.2

CAPEX
(trillion KRW)

6.8

Debt
(trillion KRW)

19.8



Summarized Financial Statements

- Summarized F/S_Parent (IS, BS)
- Summarized F/S_Consolidated (IS, BS)

Summarized F/S_Parent Income Statement

(billion KRW)

	1Q20	4Q20	1Q21	QoQ
Crude Steel Production (thousand tons)	9,066	9,579	9,559	△20
Product Sales (thousand tons)	8,621	8,992	8,812	△180
STS	469	482	480	△2
Carbon Steel Sales Price (thousand KRW)	692	679	763	+84
Revenue	6,970	7,077	7,800	+723
Cost of Goods Sold	6,230	6,286	6,467	+181
Gross Profit	740	792	1,334	+542
SG&A	281	268	261	△7
Operating Profit	458	524	1,073	+549
(Operating Margin)	(6.6%)	(7.4%)	(13.8%)	+6.4%p
Non-Operating Profit	159	△352	233	+585
Net Profit	453	325	952	+627
(Net Margin)	(6.5%)	(4.6%)	(12.2%)	+7.6%p

Summarized F/S_Parent Balance Sheet

(billion KRW)

	1Q20	4Q20	1Q21	QoQ
Current Assets	20,774	19,580	20,398	+818
Cash Balance*	11,723	11,430	10,938	△492
Accounts Receivable	3,680	3,694	4,107	+413
Inventories	4,768	4,094	4,759	+665
Current Ratio	497.1%	384.7%	354.5%	△30.2%p
Non-Current Assets	37,662	37,215	37,868	+653
Other Long-term financial assets	1,197	1,073	1,190	+117
PP&E	20,182	20,217	20,079	△138
Total Assets	58,436	56,795	58,265	+1,470
Liabilities	12,886	11,680	12,585	+905
Current Liabilities	4,179	5,089	5,754	+665
Non-Current Liabilities	8,707	6,591	6,832	+241
Interest-bearing Debt	8,662	7,755	8,452	+697
Liabilities Ratio	28.3%	25.9%	27.6%	1.7%p
Equity	45,550	45,115	45,680	+565

* 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)

	1Q20	4Q20	1Q21	QoQ
Revenue	14,546	15,264	16,069	+805
Gross Profit	1,310	1,469	2,138	+669
(Gross Margin)	(9.0%)	(9.6%)	(13.3%)	(+3.7%p)
SG&A	605	606	585	△21
Operating Profit	705	863	1,552	+689
(Operating Margin)	(4.8%)	(5.7%)	(9.7%)	(+4.0%p)
Non-Operating Profit	△51	△245	△0.1	+245
Share of Profit(Loss) of Equity-accounted Investees	32	24	78	+54
Finance Income and Costs	△26	△124	△71	+53
Foreign Currency Transaction & Translation Gain(Loss)	△168	265	△126	△391
Net Profit	435	735	1,139	+404
(Net Margin)	(3.0%)	(4.8%)	(7.1%)	(+2.3%p)
Profit Attributable to Owners of the Controlling Company	395	701	1,025	+324

Summarized F/S_Consolidated Balance Sheet

(billion KRW)

	1Q20	4Q20	1Q21	QoQ
Current Assets	37,813	35,831	39,442	+3,611
Cash Balance*	15,351	16,365	17,568	+1,203
Accounts Receivable	9,344	8,121	8,954	+833
Inventories	10,726	9,052	10,253	+1,201
Current Ratio	206.8%	212.6%	215.7%	+3.1%p
Non-Current Assets	44,448	43,256	43,380	+124
Other Long-term financial assets	1,604	1,562	1,711	+149
PP&E	30,352	29,400	29,472	+72
Total Assets	82,261	79,087	82,823	+3,736
Liabilities	34,846	31,412	33,607	+2,195
Current Liabilities	18,285	16,855	18,289	+1,434
Non-Current Liabilities	16,562	14,557	15,318	+761
Interest-bearing Debt	23,503	20,498	21,625	+1,127
Liabilities Ratio	73.5%	65.9%	68.3%	+2.4%p
Equity	47,414	47,675	49,216	+1,541
Owners of the Controlling Company	44,235	44,331	45,262	+931

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