



posco

# 2021 3Q Earnings Release

Oct 25, 2021

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# Disclaimer

This presentation was prepared and circulated to release the informations regarding the company's business performance to shareholders and investors prior to the completion of auditing for the period of the third quarter of 2021. As figures in this presentation are based on unaudited financial statements, certain contents may be subject to modification in the course of auditing process.

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## 3Q 2021 Earnings Release

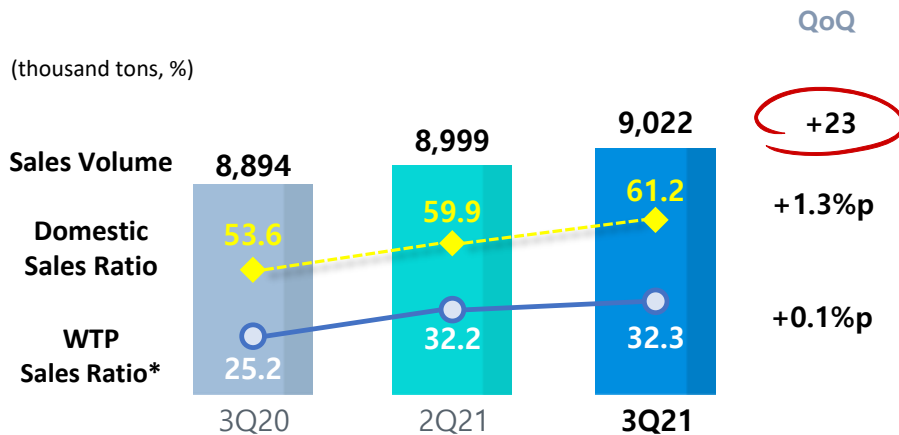
- Business Performance (Parent/Consolidated)
- Financial Structure
- Subsidiary Performance

## 2021 Business Outlook

## Appendix

# Business Performance\_Sales/Production(Parent)

## Sales

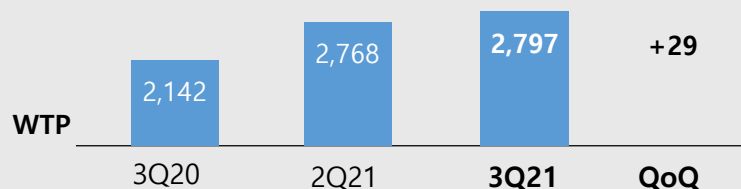


\*Un-ordered and semi-product figure excluded in total sales volume

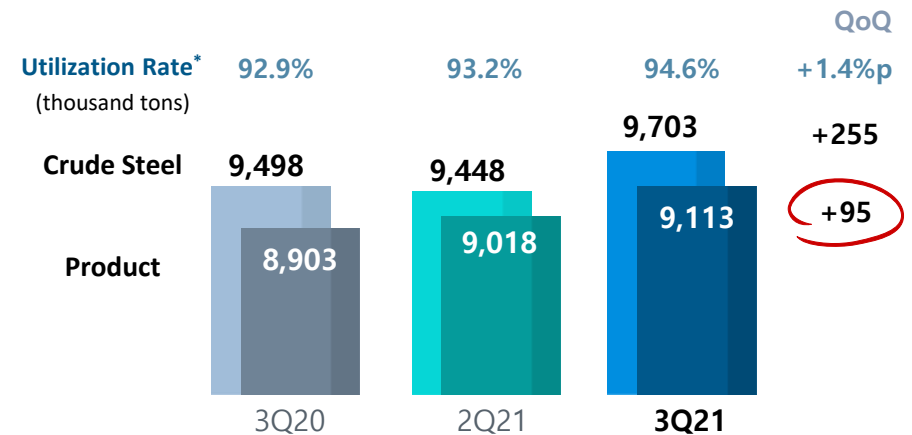
○ As domestic demand held strong, sales volume increased from CR and coated products, and domestic M/S expanded

- Sales volume (QoQ, k tons) : HR  $\Delta$ 76, Plate  $\Delta$ 34, CR/Coated+129, etc

[WTP Sales Volume(k tons)]



## Production



\* Utilization rate : Crude Steel Production / Crude Steel Capacity

○ Crude steel production went up as major maintenance completed in 2Q, and product production increased to meet the demand from CR and coated products

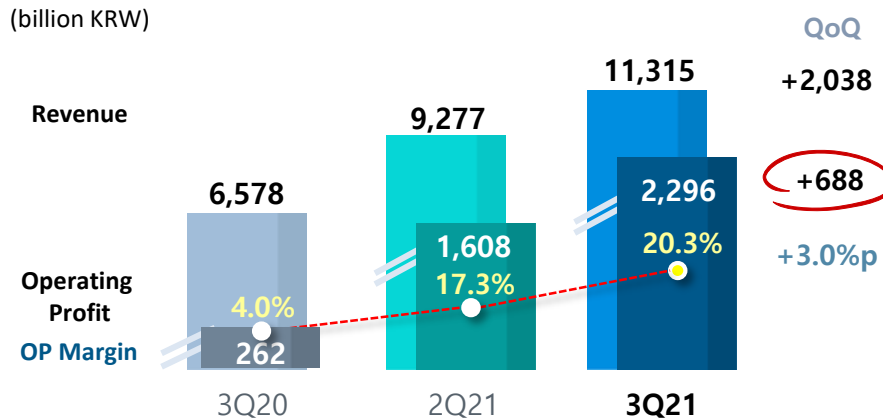
- Product production (QoQ, k tons) : HR  $\Delta$ 72, CR/Coated+164

[Carbon Steel/STS Production Volume]

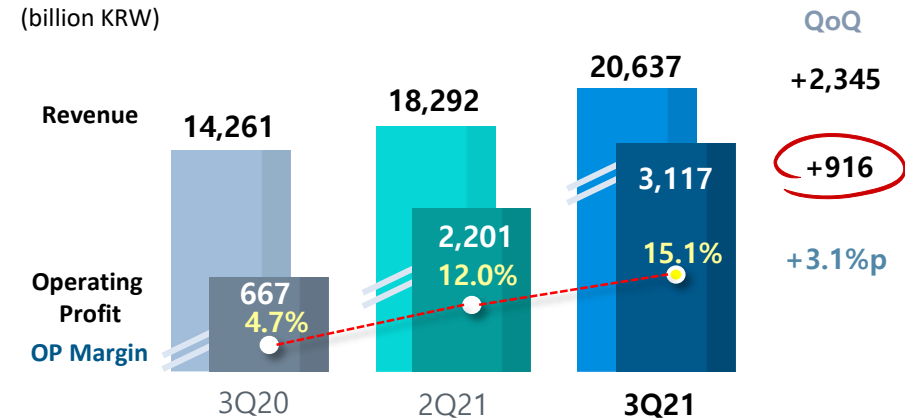
(k tons)	'20.3Q	'21.2Q	'21.3Q	QoQ
Carbon Steel	8,478	8,545	8,592	+47
STS	425	473	521	+48

# Business Performance\_Parent/Consolidated

## Parent

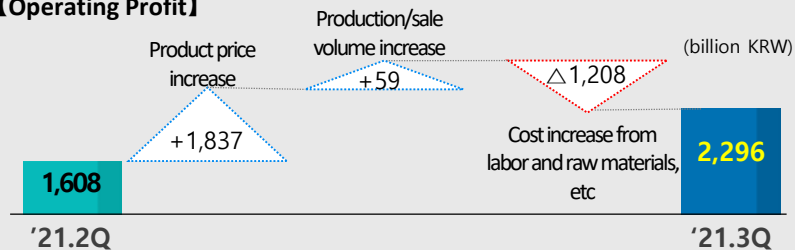


## Consolidated



- Rewrote the highest quarterly operating profit record due to price hike, despite increased raw material cost

### 【Operating Profit】



- Sales price (carbon steel, thousand won/t) : 2Q21) 901 → 3Q21) 1,097 (+196)
- 3Q Raw material applied cost(2Q21 price=100) : Iron ore 117, coking coal 136

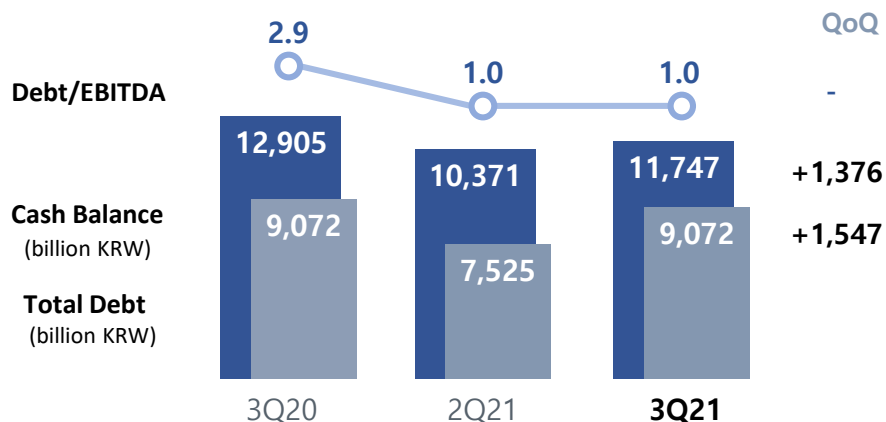
- Recorded highest quarterly result, backed by continuing steel market uptrend from home and abroad, and stable profit from Global Infrastructure division

### 【Aggregated Operating Profit】

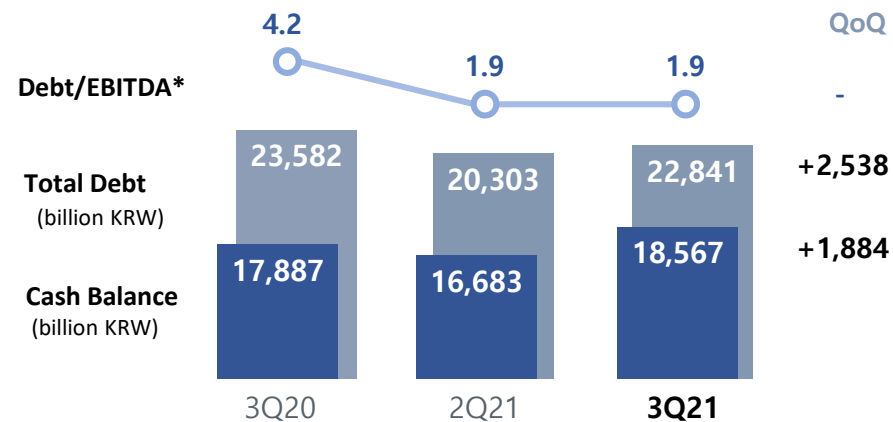
(billion KRW)	'20.3Q	'21.2Q	'21.3Q	QoQ
Steel	345	2,048	2,916	+873
Overseas (US\$ m)	70	353	452	+99
Global & Infra.	304	286	355	+69
New Growth	18	34	29	△5

# Financial Structure

## Parent



## Consolidated



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

○ Liabilities ratio went up due to bond issuance, while Debt/EBITDA maintained QoQ level as OP improved

- Debt increased to secure cash in preparation for possible interest rate hike  
- Exchangeable bond of EUR 1.1 billion, bond of 500 KRW

### 【Liabilities ratio, EBITDA】

(billion KRW)	3Q20	2Q21	3Q21	QoQ
Liabilities ratio	28.6%	26.1%	31.1%	+5.0%p
EBITDA	610	2,209	2,889	+680

○ EBITDA improved due to better profit led by steel sector, whereas liabilities ratio edged up QoQ due to exchangeable bond issuance from POSCO

- Debt (billion KRW) : POSCO +1,547, POSCO International+676, POSCO-Chemical +205, etc

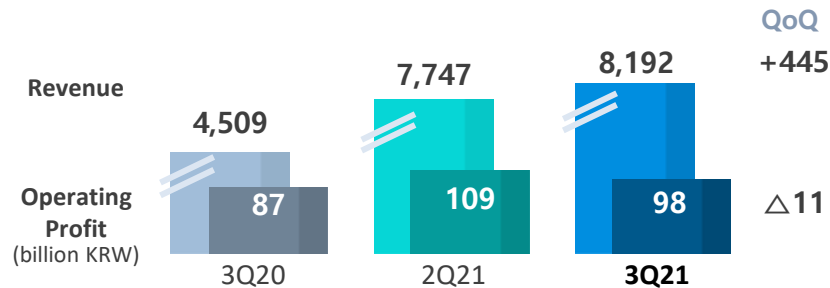
### 【Liabilities ratio, EBITDA】

(billion KRW)	3Q20	2Q21	3Q21	QoQ
Liabilities ratio	71.8%	64.1%	68.4%	+4.3%p
EBITDA	1,567	3,090	4,008	+918

# Subsidiary Performance \_Domestic

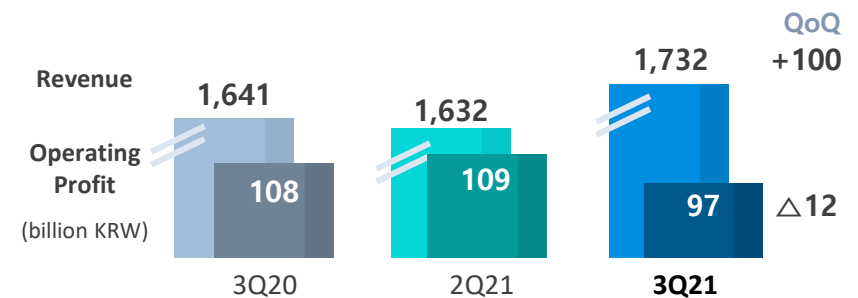
## POSCO International

- Revenue continued to rise supported by stable steel product sales, while operating profit slowed due to increased cost



## POSCO E&C

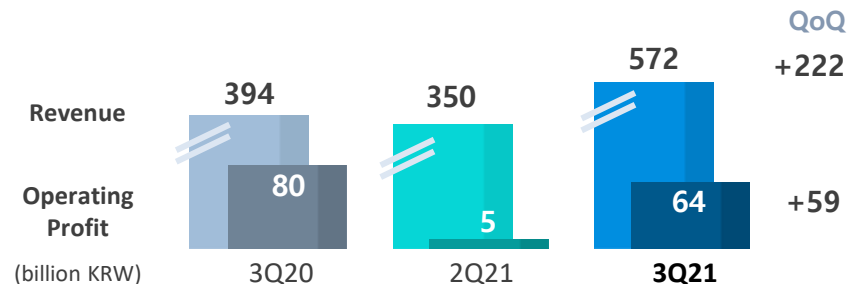
- Revenue climbed up QoQ as major plant construction projects kicked off, though operating profit downturned as cost from labor increased



## POSCO Energy

- Operating profit edged up as electricity unit price jumped entering the peak season, despite LNG spot price hike

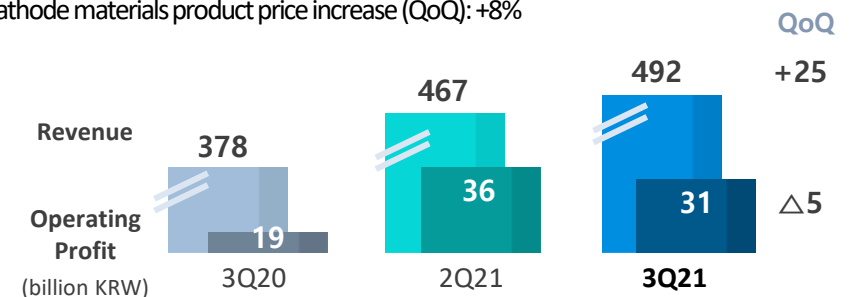
- Electricity unit price increase : [SMP] +18%, [CP] +203%



## POSCO Chemical

- Revenue increased as cathode materials and chemical product price went up, while operating profit lowered slightly as increased labor cost applied

- Cathode materials product price increase (QoQ): +8%



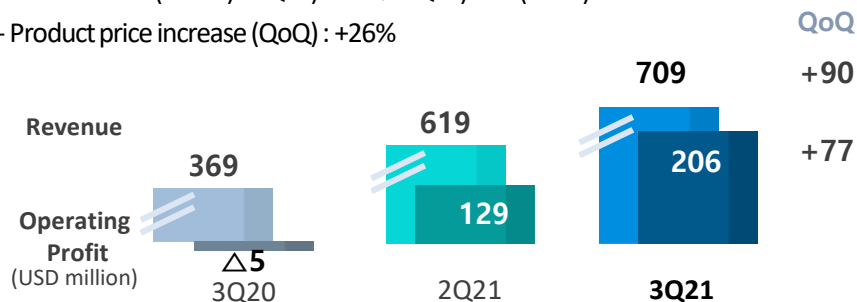
# Subsidiary Performance \_Overseas

## PT. Krakatau POSCO

- Reached record-high operating profit level as price kept its uptrend due to continuing positive steel market sentiment

- Sales volume (k tons) : 2Q21) 804 → 3Q21) 726 (△78)

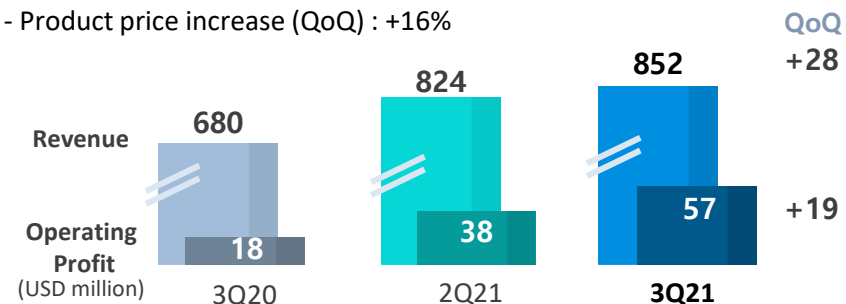
- Product price increase (QoQ) : +26%



## Zhangjiagang STS (PZSS)

- Product price hike, due to government restriction on electricity usage causing tight STS supply, and higher low-cost raw material usage, resulted profit upturn

- Product price increase (QoQ) : +16%

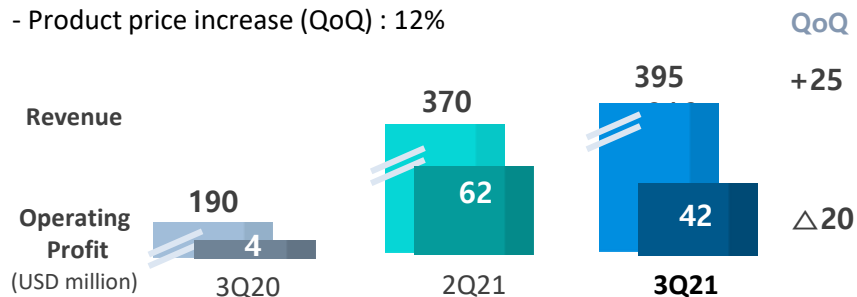


## POSCO Maharashtra

- Operating profit and sales volume downturned despite product price hike, due to auto-semiconductor shortage

- Sales Volume (k tons) : 2Q21) 350 → 3Q) 325 (△25)

- Product price increase (QoQ) : 12%

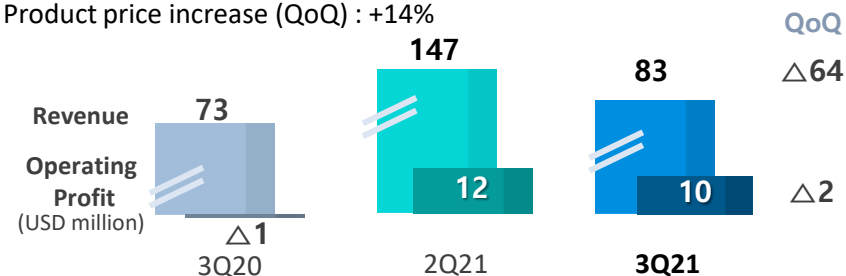


## PY VINA

- Operating profit maintained QoQ level backed by price increase, despite domestic sales declined due to COVID-19 resurgence and government shutdown

- H-beam domestic sales(k tons) : 2Q21) 87 → 3Q) 46 (△41)

- Product price increase (QoQ) : +14%





# 2021 Business Outlook

## Parent

39.7

Crude Steel Production **38.2 million tons**  
Product Sales **35.6 million tons**

4.2

8.3

## Consolidated

**Revenue**  
(trillion KRW)

74.2

**CAPEX**  
(trillion KRW)

5.6

**Debt**  
(trillion KRW)

21.1

\* CAPEX execution rate : Parent 58.5%, Consolidated 47.1%



## Summarized Financial Statements

- Summarized F/S\_Parent (IS, BS)
- Summarized F/S\_Consolidated (IS, BS)

# Summarized F/S\_Parent Income Statement

(billion KRW)

	3Q20	2Q21	3Q21	QoQ
<b>Crude Steel Production</b> (thousand tons)	9,498	9,448	<b>9,703</b>	+255
<b>Product Sales</b> (thousand tons)	8,894	8,999	<b>9,022</b>	+23
<b>STS</b>	451	480	<b>505</b>	+25
<b>Carbon Steel Sales Price</b> (thousand KRW)	634	901	<b>1,097</b>	+196
<b>Revenue</b>	6,578	9,277	<b>11,315</b>	+2,038
<b>Cost of Goods Sold</b>	6,064	7,412	<b>8,713</b>	+1,301
<b>Gross Profit</b>	514	1,865	<b>2,602</b>	+737
<b>SG&amp;A</b>	252	257	<b>306</b>	+49
<b>Operating Profit</b>	262	1,608	<b>2,296</b>	+688
<b>(Operating Margin)</b>	(4.0%)	(17.3%)	<b>(20.3%)</b>	(+3.0%p)
<b>Non-Operating Profit</b>	18	222	<b>179</b>	△43
<b>Net Profit</b>	181	1,318	<b>1,840</b>	+522
<b>(Net Margin)</b>	(2.7%)	(14.2%)	<b>(16.3%)</b>	(+2.1%p)

# Summarized F/S\_Parent Balance Sheet

(billion KRW)

	3Q20	2Q21	3Q21	QoQ
<b>Current Assets</b>	20,873	21,058	<b>24,843</b>	+3,785
<b>Cash Balance*</b>	12,905	10,371	<b>11,747</b>	+1,376
<b>Accounts Receivable</b>	3,687	4,920	<b>6,108</b>	+1,188
<b>Inventories</b>	3,853	5,325	<b>6,528</b>	+1,203
<b>Current Ratio</b>	369.7%	393.8%	<b>396.2%</b>	+2.4%p
<b>Non-Current Assets</b>	37,452	37,943	<b>38,511</b>	+568
<b>Other Long-term financial assets</b>	1,125	1,282	<b>1,679</b>	+397
<b>PP&amp;E</b>	20,086	19,931	<b>19,774</b>	△157
<b>Total Assets</b>	58,326	59,001	<b>63,354</b>	+4,353
<b>Liabilities</b>	12,956	12,198	<b>15,035</b>	+2,837
<b>Current Liabilities</b>	5,646	5,348	<b>6,270</b>	+922
<b>Non-Current Liabilities</b>	7,310	6,850	<b>8,765</b>	+1,915
<b>Interest-bearing Debt</b>	9,072	7,525	<b>9,072</b>	+1,547
<b>Liabilities Ratio</b>	28.6%	26.1%	<b>31.1%</b>	+5.0%p
<b>Equity</b>	45,370	46,803	<b>48,319</b>	+1,516

\* 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)

	3Q20	2Q21	3Q21	QoQ
<b>Revenue</b>	14,261	18,292	<b>20,637</b>	+2,345
<b>Gross Profit</b>	1,207	2,823	<b>3,779</b>	+956
<b>(Gross Margin)</b>	(8.5%)	(15.4%)	<b>(18.3%)</b>	(2.9%p)
<b>SG&amp;A</b>	540	623	<b>662</b>	+39
<b>Operating Profit</b>	667	2,201	<b>3,117</b>	+916
<b>(Operating Margin)</b>	(4.7%)	(12.0%)	<b>(15.1%)</b>	(3.1%p)
<b>Non-Operating Profit</b>	0.3	63	<b>△73</b>	△136
<b>Share of Profit(Loss) of Equity-accounted Investees</b>	89	188	<b>287</b>	+99
<b>Finance Income and Costs</b>	△44	△54	<b>28</b>	+82
<b>Foreign Currency Transaction &amp; Translation Gain(Loss)</b>	83	12	<b>△94</b>	△106
<b>Net Profit</b>	514	1,807	<b>2,628</b>	+821
<b>(Net Margin)</b>	(3.6%)	(9.9%)	<b>(12.7%)</b>	(+2.8%p)
<b>Profit Attributable to Owners of the Controlling Company</b>	465	1,664	<b>2,430</b>	+766

# Summarized F/S\_Consolidated Balance Sheet

(billion KRW)

	3Q20	2Q21	3Q21	QoQ
<b>Current Assets</b>	38,249	40,182	<b>45,691</b>	+5,509
<b>Cash Balance*</b>	17,887	16,683	<b>18,567</b>	+1,884
<b>Accounts Receivable</b>	8,894	9,422	<b>10,468</b>	+1,046
<b>Inventories</b>	9,021	11,427	<b>13,810</b>	+2,383
<b>Current Ratio</b>	207.7%	226.4%	<b>235.5%</b>	+9.1%p
<b>Non-Current Assets</b>	43,842	43,288	<b>44,444</b>	+1,156
<b>Other Long-term financial assets</b>	1,564	1,890	<b>2,396</b>	+506
<b>PP&amp;E</b>	29,851	29,334	<b>29,395</b>	+61
<b>Total Assets</b>	82,091	83,470	<b>90,135</b>	+6,665
<b>Liabilities</b>	34,301	32,614	<b>36,614</b>	+4,000
<b>Current Liabilities</b>	18,412	17,744	<b>19,405</b>	+1,661
<b>Non-Current Liabilities</b>	15,889	14,870	<b>17,209</b>	+2,339
<b>Interest-bearing Debt</b>	23,582	20,303	<b>22,841</b>	+2,538
<b>Liabilities Ratio</b>	71.8%	64.1%	<b>68.4%</b>	+4.3%p
<b>Equity</b>	47,790	50,855	<b>53,521</b>	+2,666
<b>Owners of the Controlling Company</b>	44,437	46,757	<b>49,171</b>	+2,414

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