

POSCO INTERNATIONAL 1Q 2021 Earnings Release



April 23, 2021

Contents & Disclaimer

	1. Consolidated Results Overview
1Q Results	2. Condensed Income Statement
	3. Results and Outlook by Business Group
Growth Roadmap	1. Key Achievements of Core Businesses
	2. Green Mobility Business Status
Appendix	Condensed Financial Position
	Myanmar Gas Sales & Development Timeline

The financial information in this document are consolidated earnings results based on K-IFRS.

This document is provided solely for the convenience of investors, and has been prepared before the external audit on our financial results has been completed. Therefore, some parts of this document may change depending on the audit outcome.

This document contains "forward-looking statements" - that is, statements related to future, not past, events. "Forward-looking statements" by their nature address matters that are, to different degrees, uncertain. These uncertainties may cause our actual results to be different from those expressed in this document.

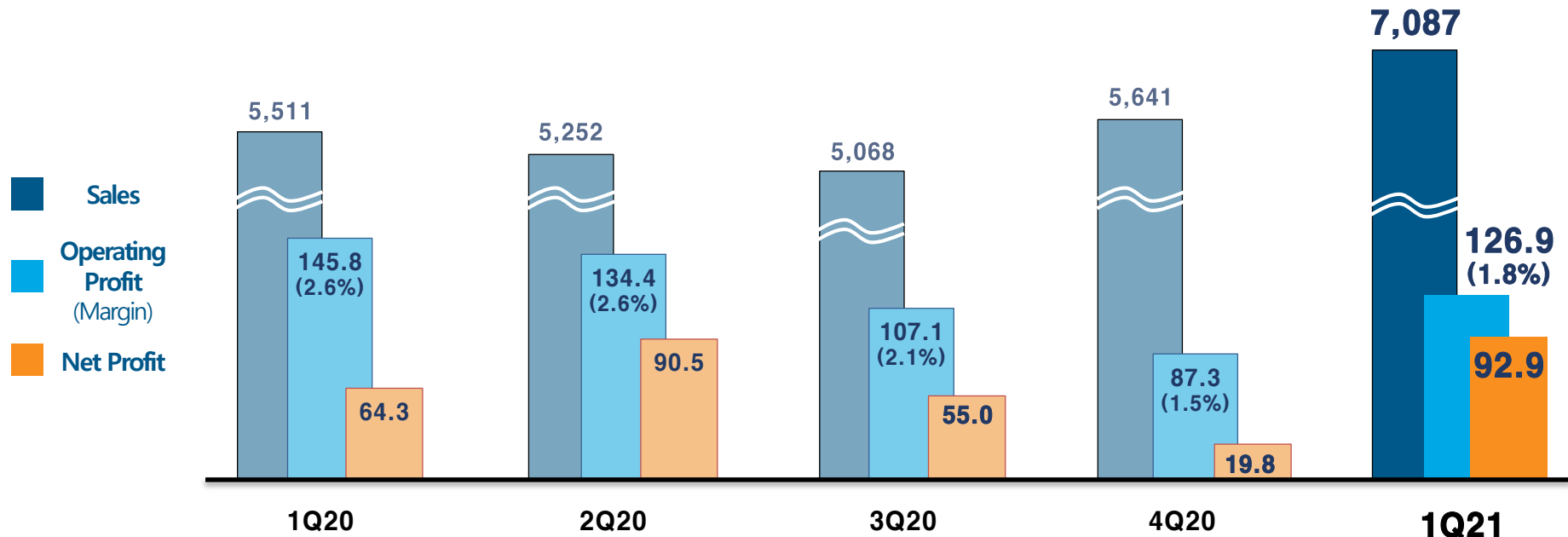
1. Consolidated Results Overview

1Q : KRW 7.1 Trillion in Sales / KRW 126.9 Billion in Operating Profit

[Sales] Increased by **+25.6% QoQ** through strong trading business backed by **increased sales of steel products and rise in agro commodity prices**

[Operating Profit] Increased through strong performance of trading business (steel, trading subsidiaris) and key investment subsidiaries - Indonesia palm oil business (up 593%↑ QoQ), Uzbekistan Cotton Wool (up 117%↑ QoQ)

(Unit: KRW Billion)



(KRW Billion)	Year	2020		2021		
		1Q	4Q	1Q	QoQ	YoY
Sales	21,472.4	5,511.0	5,641.3	7,087.0	+1,445.7	+1,576.0
Operating Profit	474.5	145.8	87.3	126.9	+39.6	-18.9
<i>(OP Margin)</i>	2.2%	2.6%	1.5%	1.8%	+0.3%p	-0.8%p
Trading & Etc.	124.5	32.6	5.9	59.0	+53.1	+26.4
Investment Subsidiaries	44.4	15.6	15.0	37.5	+22.5	+21.9
Myanmar Gas	305.6	97.6	66.4	30.4	-36.0	-67.2
Non-Operating P/L	-147.4	-55.0	-63.7	0.5	+64.2	+55.5
<i>Finance P/L</i>	-79.9	-60.9	2.0	-11.9	-13.9	+49.0
<i>Equity Method P/L</i>	18.8	4.8	10.3	9.1	-1.2	+4.3
<i>Other P/L</i>	-86.3	1.1	-76.0	3.3	+79.3	+2.2
Net Profit	229.5	64.3	19.8	92.9	+73.1	+28.6

2021 1Q Sales and Operating Profit Details

- ▷ **Sales : +1,445.7bn QoQ** (unit: KRW)
- 1) **Expanded steel sales**(automotive/cold rolled steel plates, steel raw materials)
Rise in agro commodity prices (Corn, Soybeans)
 - Steel trading volume : **6.71mn tons(4Q20)** → **9.69mn tons(1Q21)** / up 44% QoQ
- ▷ **Operating Profit : +39.6bn QoQ**
- 1) **Trading & Etc. (+53.1bn)** : Strong sales of steel products and increased earnings from trading subsidiaries
- 2) **Investment Subsidiaries (+22.5bn)** :
 - Earnings up due to increased production and price rise of CPO and cotton (Indonesia Palm Oil, Uzbekistan Cotton Wool subsidiaries, etc.)
- 3) **Myanmar Gas Field (-36.0bn)** : Despite stable sales, CAPEX recovery deferred due to adjustment in Phase 2 development schedule caused by COVID-19

2021 1Q Non-Operating Profit & Loss Details

- ▷ **Financial P/L : -11.9bn** (unit: KRW)
- Net Interest Expenses (-14.4bn),
 - Foreign Exchange P/L and etc. (+2.5bn)
- ▷ **Equity Method P/L : +9.1bn**
- Myanmar Gas Pipeline(+12.5bn), Sudan Medicine (+2.1bn)
 KOLNG (+1.7bn), Ambatovy Nickel(△7.2bn), etc.
- ▷ **Other P/L : +3.3bn**
- Reversal of one-off losses at Beijing trading subsidiary, etc. (+4.7bn)



STEEL BUSINESS

(KRW Billion)	Year	2020		2021
		1Q	4Q	1Q
Sales	10,361.5	2,594.8	2,657.3	4,121.8
OP	114.3	27.5	27.7	53.5
Volume (Mn Tons)	26.49	6.00	6.71	9.69
Overseas	22.43	4.98	5.61	8.48
Domestic	4.05	1.02	1.10	1.20
POSCO Products	7.77	1.91	1.89	2.25

[1Q Key Performance]

- **Expanded exports of POSCO products** (through the integration of sales channels as well as a recovery in global demand)
- **Increased sales of steel raw materials(iron ore) and cold-rolled steel plates** to POSCO's overseas production facilities
- **Strong domestic sales** (E-Sales, hot-rolled and cold-rolled steel)

[Outlook & Strategy]

- **High demand for steel products and raw materials** expected to continue as the production rate of global **auto manufacturers and steel manufacturers recover**
- Continue to strengthen risk management for stable earnings



ENERGY & INFRASTRUCTURE

(KRW Billion)	Year	2020		2021
		1Q	4Q	1Q
Sales	1,341.5	374.6	321.8	262.4
OP	283.8	93.6	55.7	22.1
Gas Sales (Bn ft³)	199.9	51.9	53.4	51.3
LNG Sales (Mn Tons)	2.80	0.49	0.98	0.35

[1Q Key Performance]

- Despite **stable sales of gas** from the Myanmar Gas Field, **revenue decreased** due to deferred CAPEX recovery caused by an adjustment in the Phase 2 development schedule as a result of COVID-19
- Daily average gas sales volume (mn ft³):
480 (3Q20) ⇔ 580 (4Q20) ⇔ **570 (1Q21)**

[Outlook & Strategy]

- CAPEX recovery to increase after 3Q
- **Phase 2 development currently in progress despite situation in Myanmar**
- **Gas sales price rebounding** as oil prices recover, and **stable gas production to be maintained**



AGRO & INDUSTRIAL MATERIALS

(KRW Billion)	Year	2020		2021
		1Q	4Q	1Q
Sales	7,279.2	1,906.1	1,936.9	1,942.2
OP	23.0	12.3	-5.7	6.5
Agro Biz (HQ, PT.BIA, Terminal, RPC combined)				
OP	25.6	13.3	1.4	20.7
Volume (Mn Tons)	8.00	1.57	2.34	2.00
Mobility Biz (HQ, SPS combined)				
OP	10.4	2.0	8.0	7.8

[1Q Key Performance]

- **Sales increased** due to **rise in commodity prices**
- Agro, PTA, and nonferrous metals (copper, aluminum, nickel, etc.)
- Earnings slow due to **rise in transportation costs** and **increased competition** as a result of **market oversupply**

[Outlook & Strategy]

- Despite concerns of surge in agro prices as well as slow demand during the low season, **trading expected to expand during the new crop harvesting season** in 2H21
- Expand sales and earnings through **increased production of motor cores** and expanding new businesses (motor magnets, etc.)



FOREIGN SUBSIDIARIES

(KRW Billion)	Year	2020		2021
		1Q	4Q	1Q
Trading Subsidiaries				
Sales	7,259.6	1,880.3	2,012.6	2,293.5
OP	-2.3	-3.3	-8.2	9.0
Investment Subsidiaries				
Sales	1,058.7	115.8	337.5	355.9
OP	44.4	15.0	15.0	37.5

[Key Subsidiaries : Operating Profit]

(KRW Billion)	Year	2020		2021
		1Q	4Q	1Q
SPS	11.6	0.7	7.0	6.8
PT.BIA (Indonesia Palm)	21.8	13.3	2.8	19.4

[1Q Key Performance]

- **Trading** : Earnings turnaround through strong steel and agro sales
- **Investment** : Improved earnings of key subsidiaries (palm, cotton, etc.)
*PT.BIA - Strong earnings from rise in production and price of CPO

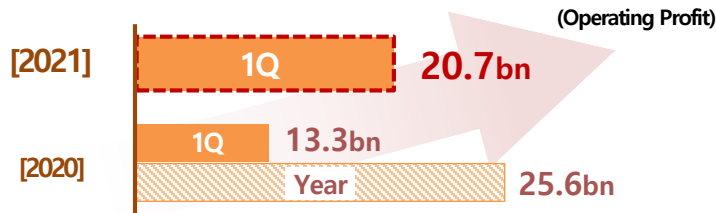
1. Key Achievements of Core Businesses

Strong performance based on stable production of CPO from Indonesia Palm Oil business

Agro



OP from Agro Biz in 1Q Increased +56% YoY



Trading (HQ)



Palm Oil (Indonesia)

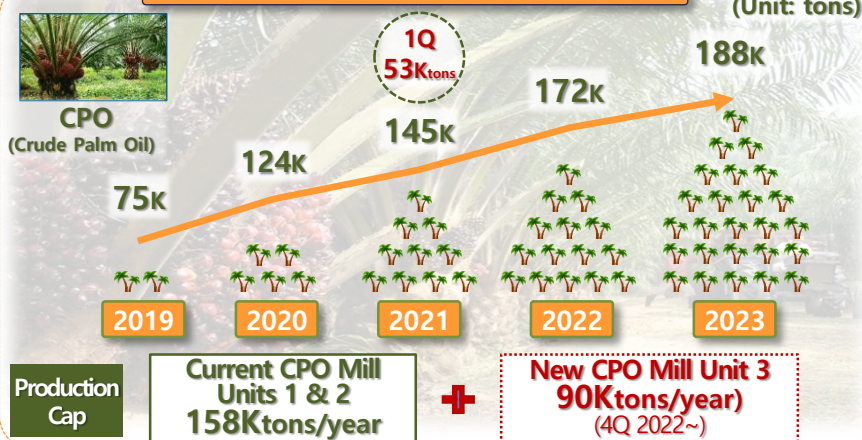


Grain Terminal (Ukraine)



RPC (Myanmar)

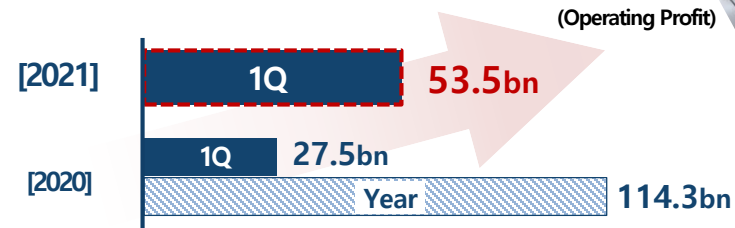
Indonesia Palm Oil (CPO) Production



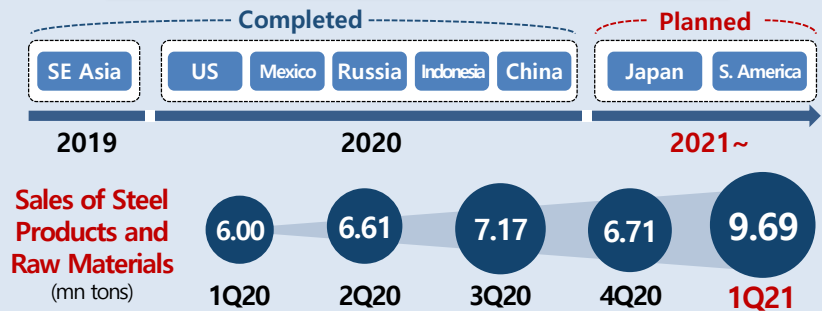
Increased sales of POSCO products and exports to overseas production facilities through integration of export channels

Steel

OP from Steel Biz in 1Q Increased +95.0% YoY



Integration of POSCO Export Channels



Growth in domestic steel sales (including online E-Sales platform)



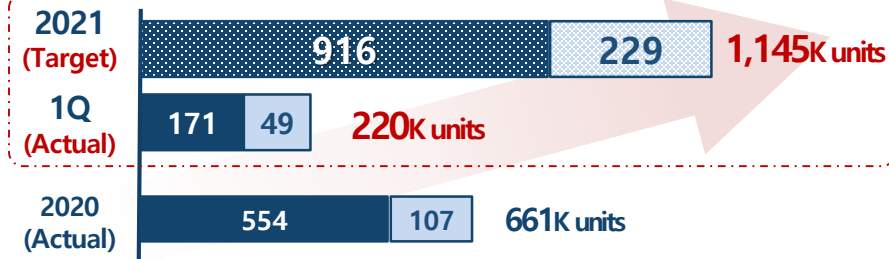
2. Green Mobility Business Status

Diversifying green mobility biz portfolio focused on the traction motor core biz

Traction Motor Core Business

Sales (1,000 units)

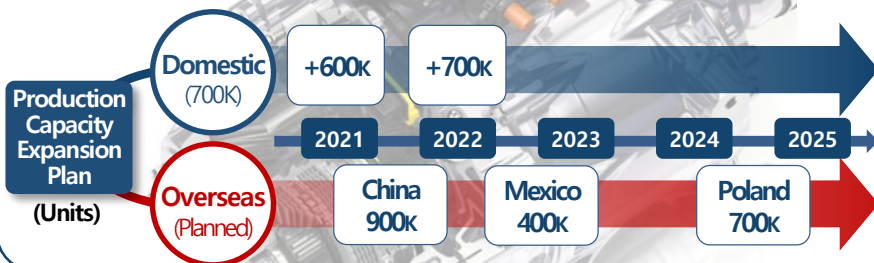
■ Domestic ■ Exports



Total **16.7mn units** ordered and/or in negotiation



Over **KRW 2.5tn** in orders until 2025 ☞ Avg. **KRW 500bn** in annual sales



Other Mobility Businesses

Battery Module Case



- Currently supplying 4.5k units yearly to domestic manufacturers
- In joint development of clad steel plates for weight reduction of battery packs for EVs 中

Industrial Motors



- Market expansion through TMC's stacking tech
- Servomotor in development for Samsung - developing new markets such as OHT(Overhead Hoist Transfer) & AGV(automated guided vehicle)

Motor Magnets



- Exports of motor magnets to global motor manufacturers through TMC's supplying partner
- High value-added product with technological and cost advantages
- Currently promoting to EU motor manufacturers

Other Green Mobility Parts



Half Shafts(Drive Shaft), Speed Reducers, BLDC Motors(Cooling Fan for EVs), Bipolar Plates(for Hydrogen Fuel Cells), EV Changers and Stations, etc.

Condensed Income Statement

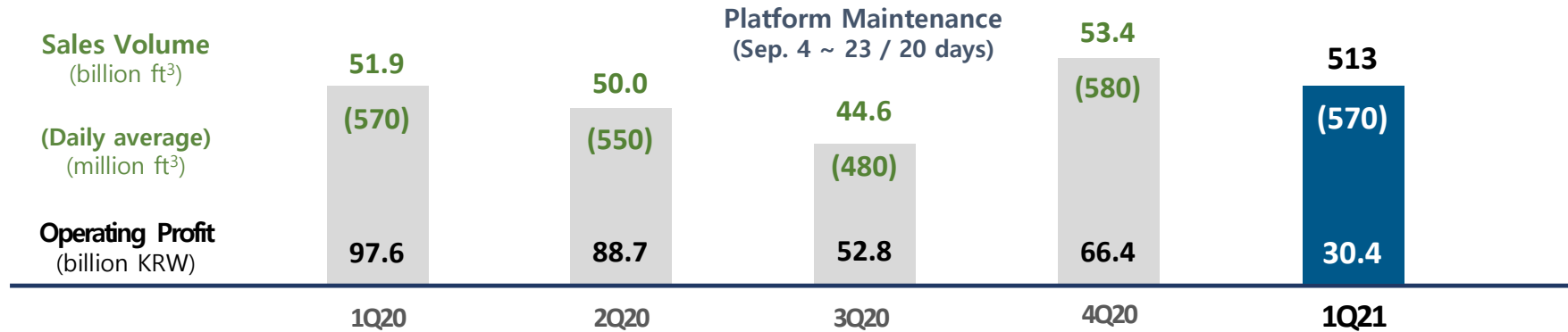
(KRW Billion)

	Dec 31, 2019	Dec 31, 2020	Mar 31, 2021
Total Assets	8,959.4	8,328.0	9,554.6
Current Assets	5,032.3	4,764.6	6,015.4
AR and Inventory	4,343.1	3,823.8	4,985.1
Cash and Cash Equivalents	258.8	698.0	467.5
Non-Current Assets	3,927.1	3,563.4	3,539.2
Total Liabilities	5,911.3	5,167.1	6,377.8
Current Liabilities	3,561.2	3,397.3	4,531.1
Non-Current Liabilities	2,350.1	1,769.8	1,846.7
Debt	3,133.0	2,699.8	3,245.8
Shareholder's Equity	3,048.1	3,160.9	3,176.8
Issued Capital and Capital Surplus	1,190.6	1,152.7	1,161.2
Retained Earnings	1,857.5	2,008.2	2,015.6

	Dec 31, 2019	Dec 31, 2020	Mar 31, 2021
Liabilities Ratio	193.9%	163.5%	200.7%
Net Debt to Assets	32.1%	24.0%	29.1%
Debt to EBITDA	3.5	3.4	3.9

Myanmar Gas Sales & Development Timeline

● Myanmar Gas Sales Volume



● Key E&P Development and Exploration Timeline

