

POSCO INTERNATIONAL 1Q 2022 Earnings Release



2022. 4. 25

Disclaimer

Earning Results	1. Consolidated Results Overview
	2. Summary by Business Group
Results & Outlook by Business Group	1. Trading (Steel, AGRO, Trading Subsidiaries)
	2. ENERGY
	3. Investment Subsidiaries
Performance for Core Business	
Appendix	Condensed Statement of Financial Position
	Quarterly Earnings Trend and OP Weighting

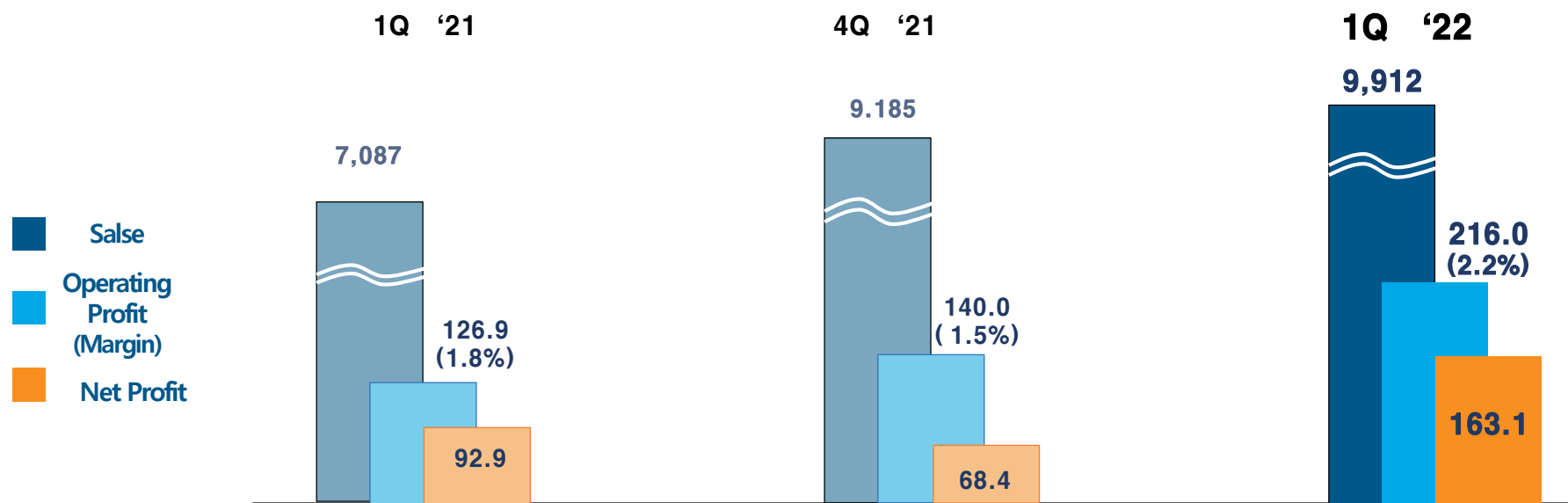
The financial information in this document are consolidated earnings results based on K-IFRS.

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

KRW 9.9 Trillion in Sales / KRW 216 Billion in Operating Profit



	1Q '21	4Q '21	1Q '22
ROE (Return On Equity)	12%	8%	17%
Profitability (Net profit/Sales)	1.3%	0.7%	1.6%
Asset Turnover (Sales/Asset)	3.17	3.30	3.29
leverage (Asset/Equity)	2.82	3.21	3.22
EBITDA	210.0 bn	230.8 bn	305.7 bn

2. Summary by Business Group

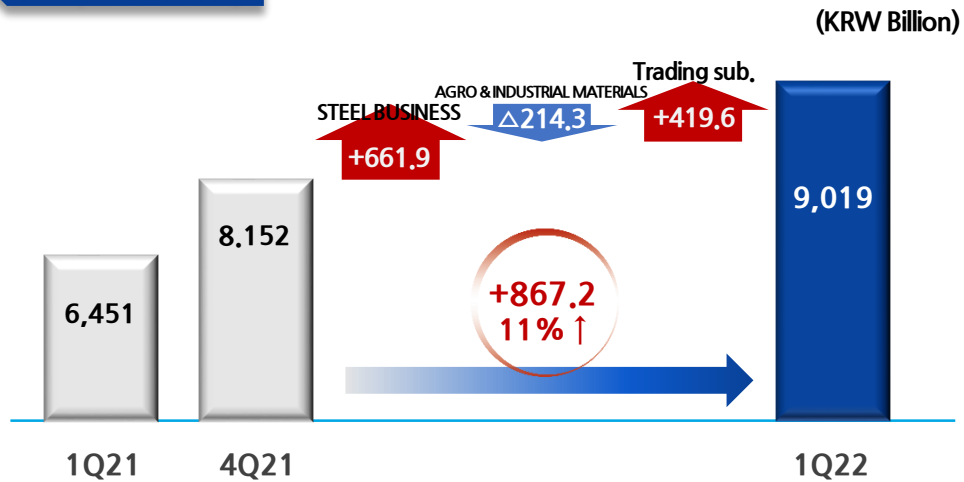
(KRW Billion)	'21		'22	QoQ	YoY
	1Q	4Q	1Q		
Sales	7,087	9,186	9,912	+8%	+40%
Trading	6,451	8,152	9,019	+11%	+40%
Energy	262	514	346	△33%	+32%
Investment Subsidiaries & Etc.	374	520	547	+5%	+46%
Operating Profit	1,269	1,400	2,160	+54%	+70%
(OP Margin)	17.9%	15.2%	21.8%	+0.7%p	+0.4%p
Trading	66.3	35.1	113	+221%	+70%
Energy	22.1	47.1	42.9	△9%	+94%
Investment Subsidiaries & Etc.	38.5	57.8	60.4	+4%	+57%
Non-Operating P/L	0.5	△38.4	6	+116%	+1100%
Finance P/L	△15.3	△28.2	△16.5	+41%	+8%
Equity Method P/L	9.2	18.4	15.3	△17%	+66%
Other P/L	6.6	△28.6	7.2	+125%	+9%
Net Profit	92.9	68.3	163.1	+139%	+76%

* Equity Method P/L : SEAGP 8.5bn (△5.2), Ambatovy Nickel 1.6bn (△0.5), KOLNG 3.7nb (+1.2)

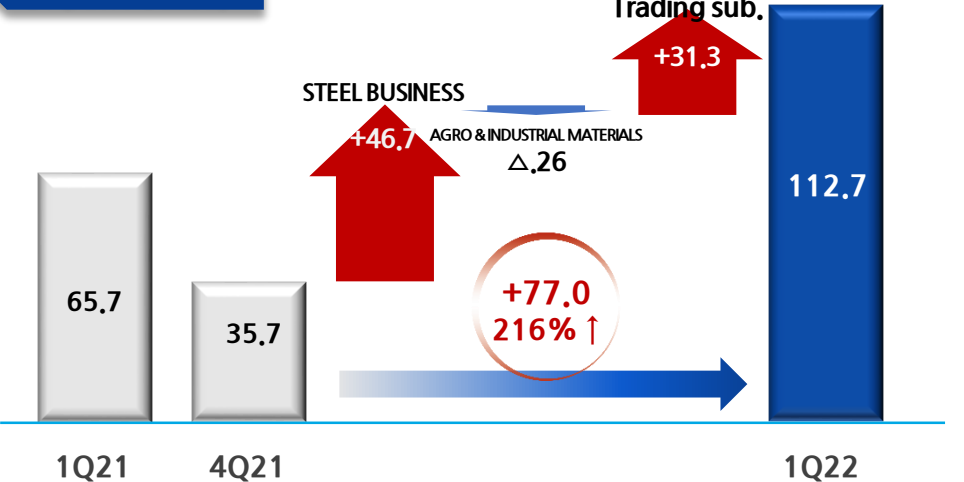
* Other P/L : Reversal of Loss on impairment of KWANIKA 8.7bn

1. Trading Biz

Sales(KRW Billion)



OP(KRW Billion)



Key Performance in 1Q

- Grew by +12% QoQ backed by strong steel trading business and steel raw materials due to rise in price

Volume (Mn Tons)	1Q '21	4Q '21	1Q '22	QoQ	YoY
Steel products	3.31	3.13	3.51	12%	6%
POSCO Products	2.44	2.26	2.52	12%	3%
Steel raw material	6.37	6.48	6.46	Δ1%	Δ0%

- The integration of marketing channel in Japan and sales expanded largely end buyers
- Increased OP from coal and steel scrap sales due to rise in price
- Both revenue and profit improved as steel market upturned and performance of Trading sub
 - Increased HR steel sales due to in US low tariff burden & Coated Steel higher demand in EU due to rise in price
 - Broaden the sales of automotive steel toward in North America & Japan
- Decreased profitability of Agro & Inventory allowance UK Terminal (Δ4.1bn)

Expansion of trading vol. and strengthened global marketing as the lineal trader of POSCO

- POSCO products supply : 6.5mn T in 2021 → 7.6mn T in 2022
- Laid out foundation for growth through the integration of export channels (1.2mn T in 2022)

Investment to Global supply chain of traction ferrous scrap

- Sales vol. up from the Net Zero policy of Global trend
- POSCO products supply : 2.1mn T in 2022 → 2.7mn T in 2023 → 5.0mn T in 2030
- Stable sourcing structure in domestic ferrous scrap

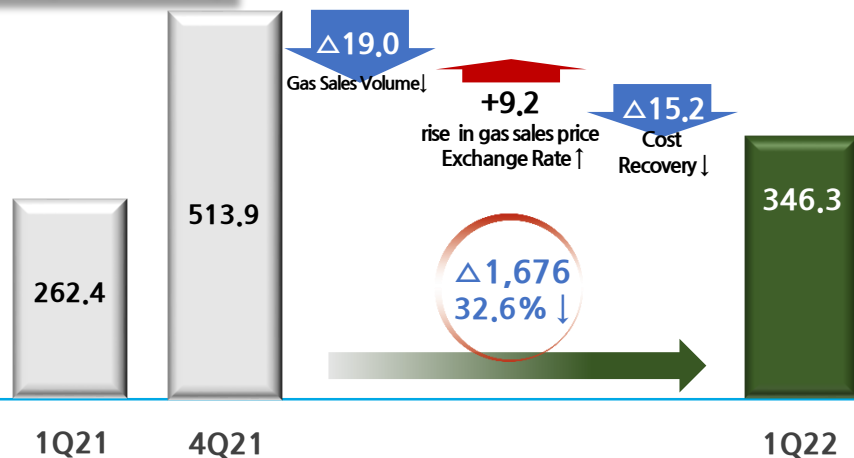
Build broadening global supply chain of traction motor core

- Due to Investment Overseas factory, Supply expanded Non-Oriented electrical steel base in Mexico & China
- Planning production base for EU market ('22. 3Q)

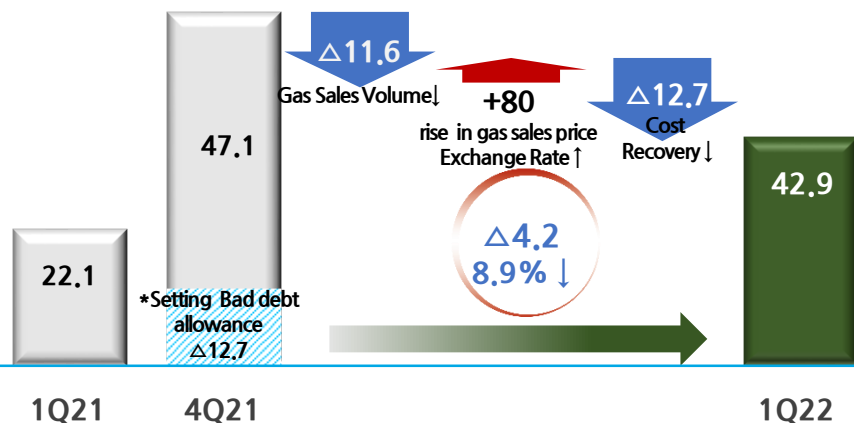
Outlook

2. Energy Biz

Sales(KRW Billion)



OP(KRW Billion)



Status of Energy Investment

		2022	2023	2024
Stage 2 development phases (Myanar A-1/A-3)	production drilling completed Installation offshore platform <i>Process 87.2%</i>	Installation offshore platform		
		Shwe Phyu production		
Stage 3 development phases (Myanar A-1/A-3)	design in progress Jacket/File in production <i>Process 33.1%</i>	Development Jacket/File in production	Simulation	
		Topside production		Production & Supply
Mahar field	Drilling for appraisal Reserve appraisal (~1Q23)	Reserve appraisal	Gas sales marketing	Platform design and construction (~'27)
Malaysia PM524 Block Joint Study at Indonesia	Analysis for prospectivity Decision for exploration right	Analysis for prospectivity	Joint Study (~'25.10)	
		Final Report Joint Bidding		

Myanmar gas field

	2021				2022
	1Q	2Q	3Q	4Q	1Q
Sales Vol. (bn ft3)	513	476	488	474	417
Operating Profit ((bn KRW)	30.4	37.7	43.6	69.1	52.8

Outlook

Myanmar gas field

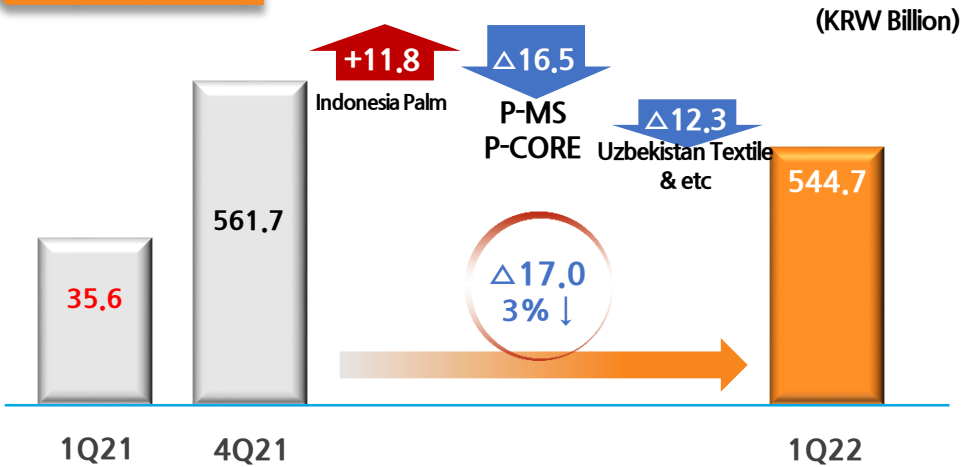
- 2Q : Back to normal Sales Vol. (Daily Avg 500mn ft3) & increase in Cost recovery expectet
- Rise in gas sales price (QoQ +5.18%)

Status of Energy Biz

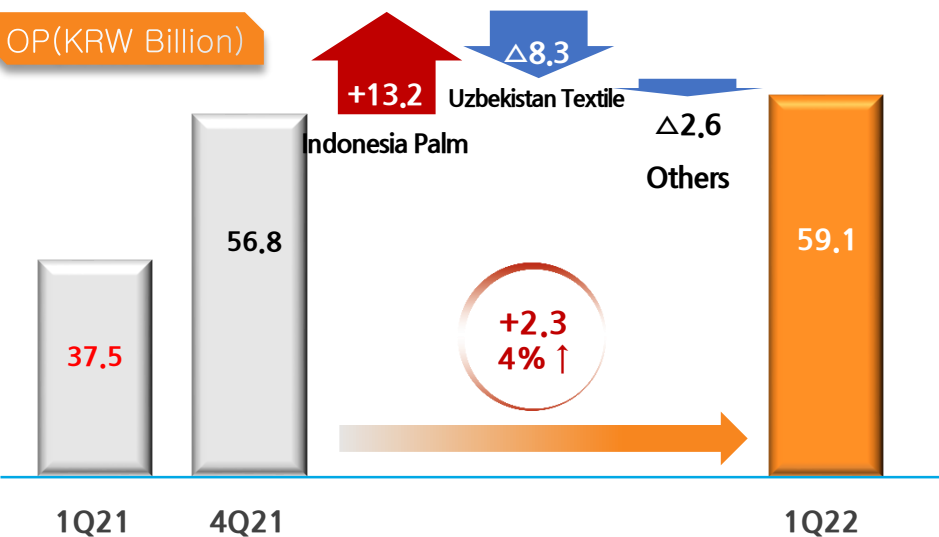
- Review LNG Captive off-take agreement (Yearly target 0.40mn, '25~'40)
- Cooperation with CCS/Green Hydrogen PJT (Oman Duqm), Renewable energy IPP (4GW) & Ammonia

3. Investment Sub.

Sales(KRW Billion)

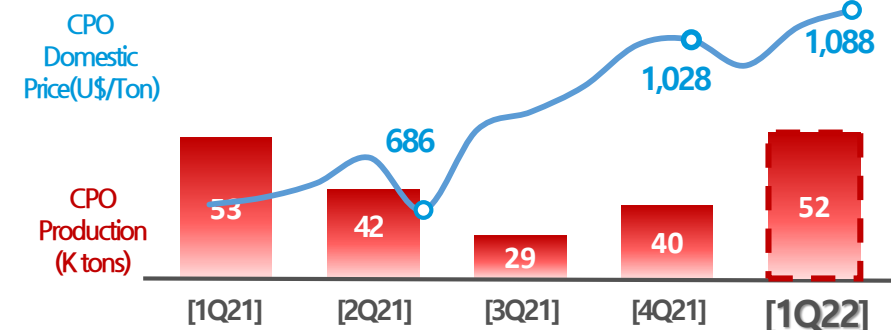


OP(KRW Billion)



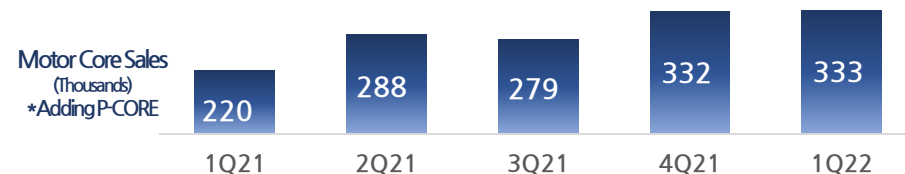
Key Investment Sub. Performance

- Indonesia Palm** : Increased production(+12 K) and higher price in CPO
- OP(bn KRW) : '21. 4Q 22.7 → '22. 1Q 34.5 (52% ↑)



New CPO Mill Capacity of 90k tons/year, target completion by 4Q 2022

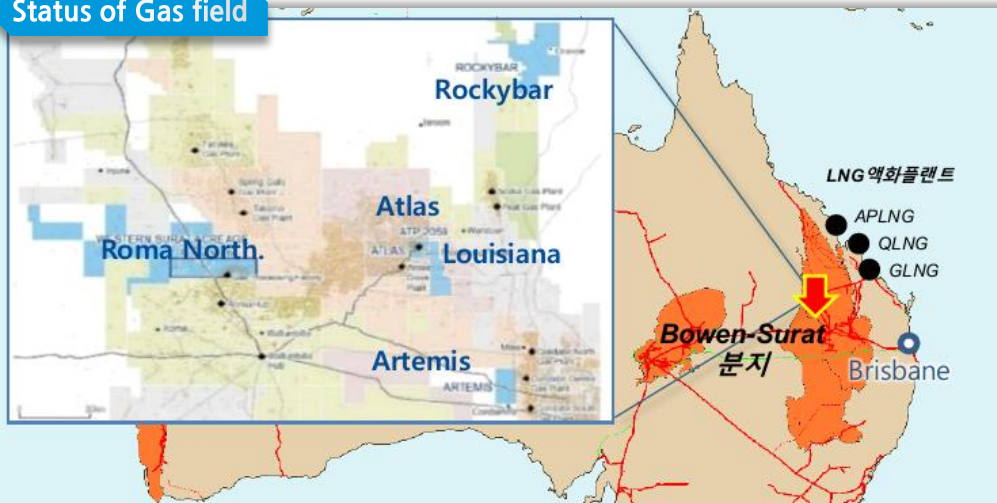
- P-MS** : Increased sales of STS & stable production Motor Core
- Despite a global shortage of automotive chips, stable production & profitability



- Myanmar Hotel** : Operating profit increased QoQ assisted by rise in CONFERENCE & Dining service.
- OP (bn KRW) : '21. 1Q 0.4 → 4Q 1.7 → '22. 1Q 2.4
- Uzbekistan Textile** : Concerns of surge in cotton prices & Exchange Margin loss due to Russia attacks Ukraine

Completion of acquisition Senx And Next step

Status of Gas field



Gas Field	reserves (BCF)	Vendor	Details
Atlas	284	Domestic (manufacturer & plant)	Long Term Sale Agreement (CPI index)
Roma North	522	LNG plants	GLNG long Term Sale Agreement (Oil Price index)
Louisiana	79	LNG plants / Domestic	

Exploration	PIIP (BCF)	Status	Details
Artemis	600	Exploration('20~'26)	· LNG & In the Market near the domestic market
Rockybar	500	Decision for exploration right (Acquisition in 2020)	· Development of existing infrastructure

Performance

Sales Vol (BCF) (Daily/Aver, mmcfd)	4.57 (12.5)	4.48 (12.3)	4.57 (12.5)	4.67 (12.8)	5.39 (14.8)
OP(A\$ M)	7.1	5.9	5.6	5.4	11.6
	1Q21	2Q21	3Q21	4Q21	1Q22(f)

* 'Consolidation [Atlas + Roma North, 2Q,2022]

Production & Development

		2022	2023	2024	2025~
Atlas	· Continued drilling				
Roma North	· Phase of 1 st Drilling for appraisal · Design of 2 nd stage development & Drilling				
Louisiana	· Development & Drilling				

Out-look

Expand gas field production & Get New customers

- Atlas, Roma North follow-up development and production
- Louisiana development of gas fields

Review projects utilizing natural gas and on-site assets (CCS/ Hydrogen)

*Carbon Capture and Storage

Consolidated Balance Sheet

(KRW Billion)		Dec 31, 2020	Dec 31, 2021	Mar 31, 2022
Total Assets		8,328	10,771	13,340
	Current Assets	4,765	7,155	9,621
	AR and Inventory	3,824	5,951	7,095
	Cash and Cash Equivalents	698	521	939
	Non-Current Assets	3,563	3,616	3,718
Total Liabilities		5,167	7,259	9,374
	Current Liabilities	3,397	5,669	7,333
	Non-Current Liabilities	1,770	1,589	2,041
	Debt	2,700	3,693	5,352
Shareholder's Equity		3,161	3,512	3,965
	Issued Capital and Capital Surplus	1,153	1,220	1,611
	Retained Earnings	2,008	2,293	2,354

	Dec 31, 2020	Dec 31, 2021	Mar 31, 2022
Liabilities Ratio	163.5%	206.8%	236.41%
Net Debt to Assets	24.0%	29.5%	33.1%
Debt to EBITDA	3.4	4.0	4.4

Quarterly Earnings Trend and OP Weighting

● Quarterly Earnings Trend

(KRW Billion)		2019				2020				2021				2022
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Sales	Trading	5,657	5,890	5,371	5,371	5,059	4,641	4,504	5,005	6,451	7,788	8,390	8,152	9,019
	Energy	451	459	450	487	375	339	306	322	277	346	348	538	346
	Investment Subsidiaries & Etc.	67	70	70	81	78	272	259	315	359	391	413	496	547
	Total	6,175	6,419	5,890	5,938	5,511	5,252	5,068	5,641	7,087	8,525	9,152	9,186	9,912
OP	Trading	50	44	45	△4	36	41	51	16	66	93	78	36	113
	Energy	104	129	114	89	94	87	48	56	24	33	30	61	43
	Investment Subsidiaries & Etc.	10	7	4	13	16	6	9	16	37	45	40	44	60
	Total	164	180	163	98	146	134	107	87	127	170	149	140	216

● Operating Profit Weighting by Business Area

