

Merger of POSCO International & POSCO Energy

Investor Presentation

August 2022

posco
INTERNATIONAL

posco
ENERGY



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Outline of the Merger

Method

- POSCO International will offer new shares in exchange for existing shares of POSCO Energy, to merge with POSCO Energy under a statutory merger.
 - Remaining company : POSCO International
 - Extinguished company : POSCO Energy

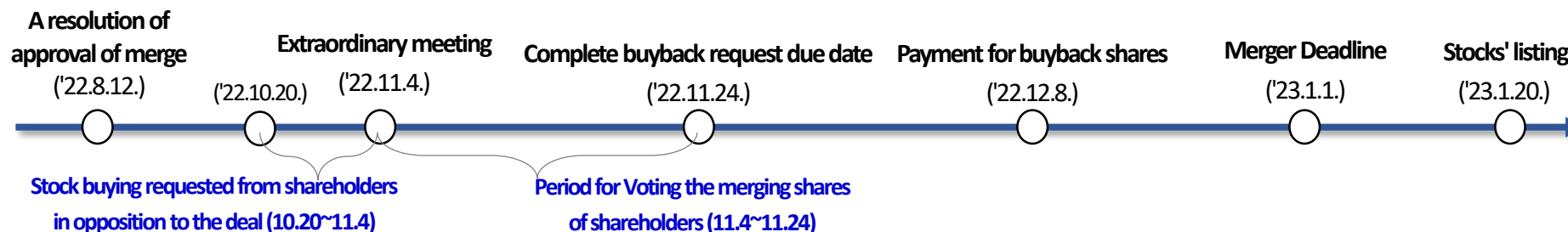
Merger Ratio

- **1 common share of POSCO Energy will receive 1.1626920 shares of POSCO International**
 - Based on merger unit price of POSCO International KRW 27,801 and POSCO Energy KRW 32,324, merger ratio will be 1 : 1.1626920
 - Valuation Method for Merger Ratio
 - POSCO International : Asset Value
 - POSCO Energy : Intrinsic Value (Asset Value : Earnings Value = 1 : 1.5)

Change in Shareholder Structure

	posco INTERNATIONAL	posco ENERGY	posco INTERNATIONAL + posco ENERGY
Issued shares	123,375,149	45,194,806	175,922,788
Major Shareholder	POSCO Holdings 62.9%	POSCO Holdings 89.0% Treasury stock 11.0%	POSCO Holdings 70.7%, Treasury stock 3.3%

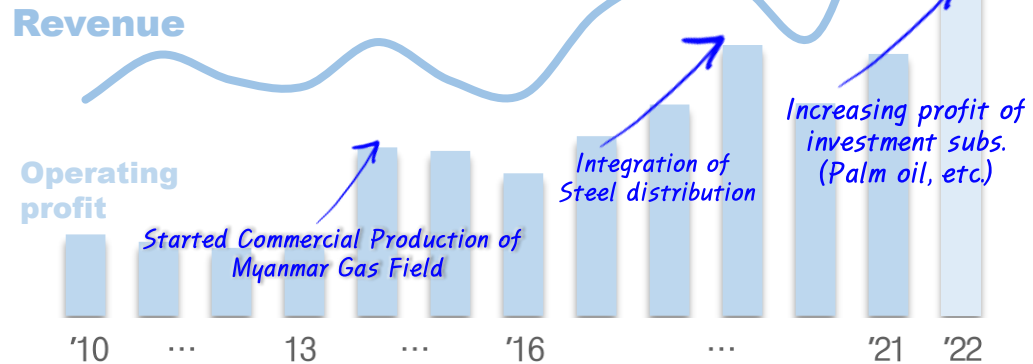
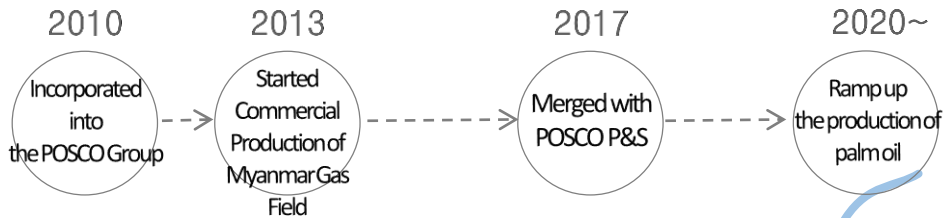
Merger Schedule



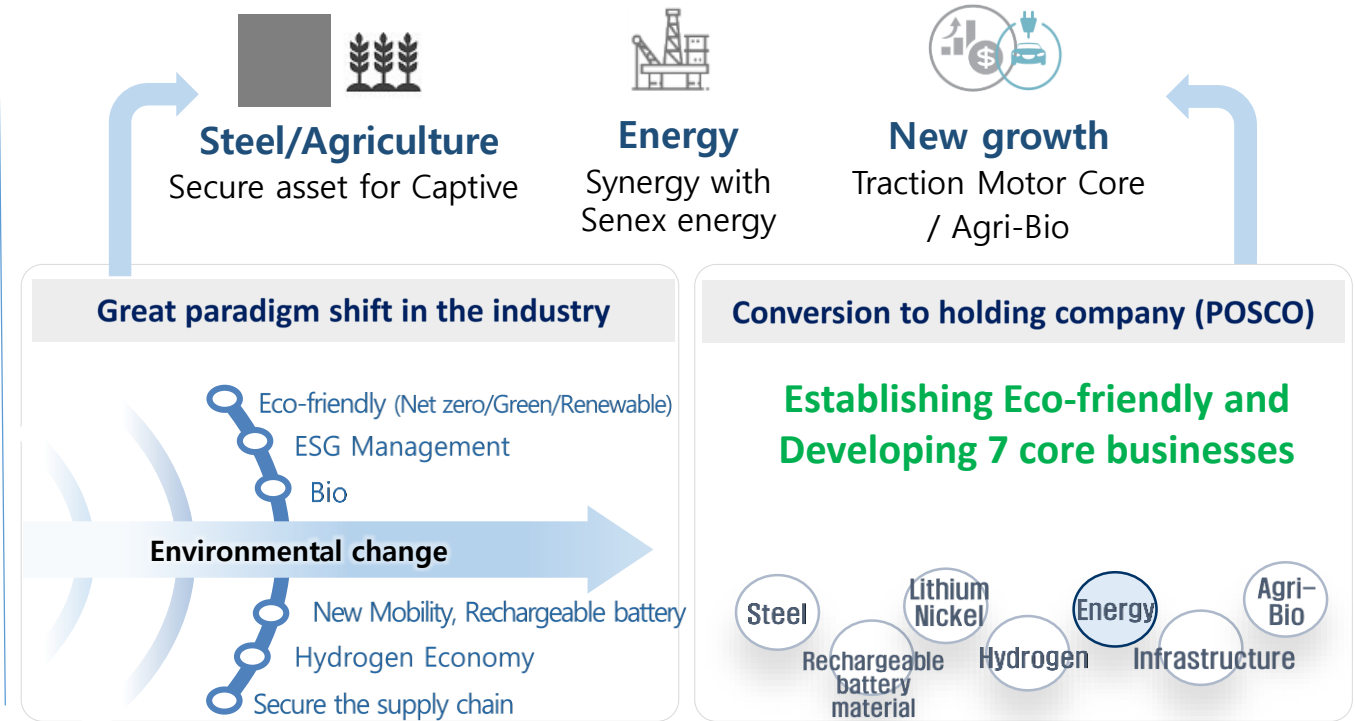
Purpose of the Merger

Gradual growth after incorporated into the POSCO Group but,
Time for accelerated growth in core businesses in the mist of business paradigm.

Doubled revenue, tripled operating profit since 2010 by Energy biz., Integration of Steel distribution and Increasing profit of investment subs. *Dividend: ('09)KRW 50 → ('21)KRW 800



Environmental change & POSCO's conversion to holding company
 → **Acceleration of investment for Core businesses**








Merger of POSCO International & POSCO Energy

Purpose of the Merger

Great transformation coping with changing global energy market, qualitative and quantitative growth by the merge of energy biz is necessary.

Staged investment of Energy Value Chain in POSCO Group

	 <p>E&P (Upstream) Takeover Senex Energy(Australia E&P co.) ☞ LNG capacity(0.4→1.2mn tons), Import to Korea</p>
	 <p>Terminal (Midstream) Increase to 800k kℓ, Expansion to related biz. (Bunkering, etc.)</p>
	 <p>Power Generation (Downstream) Shift to low carbon (LNG → Hydrogen mixed → Hydrogen only)</p>

Acceleration of growth for Green energy

Great transformation in the global energy market



- Global Carbon Neutrality Declaration for Climate Change Crisis
- Decarbonization, RE100
- The hydrogen economy

「Group Energy Business Integration」 & 「Eco-Friendly Business Expansion」



Quantitative growth
Completion of LNG Value chain (E&P/Terminal/Power Generation)

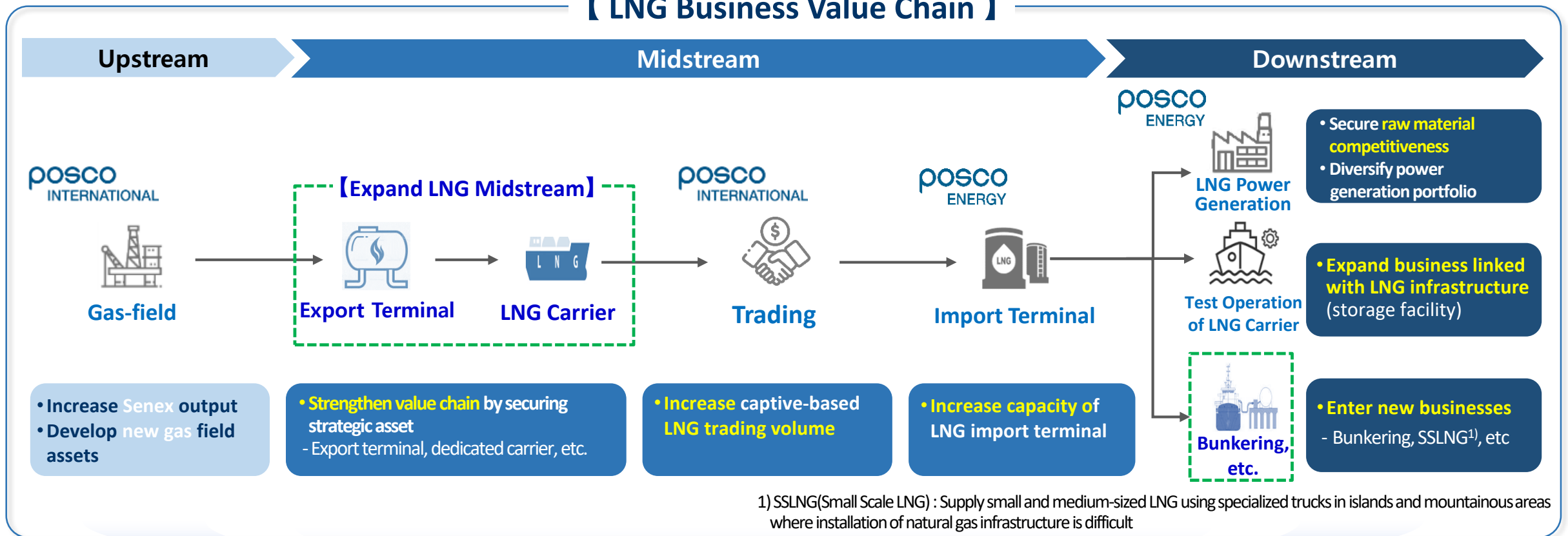


Qualitative growth
Carbon Neutral biz Expansion (Renewable energy / Hydrogen infrastructure)

Consolidation of LNG business

Strengthen synergy across businesses and reinforce global competitiveness through completion of LNG Value Chain

【 LNG Business Value Chain 】



Strengthen profitability and create group synergy through integration and expansion of LNG business

Expected Outcomes

Accelerate Investment with sufficient resource

Great leap to become a global company with increased Asset (KRW 20 trillion) and Profit (KRW 1 trillion).



The size of Merger

KRW Billion	posco INTERNATIONAL	posco ENERGY	posco INTERNATIONAL + posco ENERGY
Total Assets	15,154	4,663	19,816
Stockholders' equity	4,230	1,716	5,946
Total Liabilities	10,924	2,947	13,871
(Liabilities Ratio)	258%	172%	233%
Sales	39,320	2,672	41,992
Operating Profit	825	258	1,083
(OP Rate)	(2.1%)	(9.6%)	(2.6%)
EBITDA	1,184	376	1,559

* Consolidated Statement of F/S (FY 2022 06/30/2022 Current)

** Sales/Operating Profit/EBITDA (From 01/07/2022 To 06/30/2022)



Acceleration of investment in energy business



Expansion of LNG Value Chain

- Exploration & Development for new gas field
- Overseas LNG export Terminal
- New LNG Power generation in local
- Overseas Gas to Power (Terminal, Power plant)



Change to Eco-friendly energy business

- Blending hydrogen with natural gas for power generation
- Renewable Energy [Solar, Wind power(On/Off Shore) & etc.]
- Infrastructure for Ammonia

Growth Strategy

E&P and LNG business

Sustainable revenue models:

Secure competitive LNG through E&P, Exporting and Receiving Terminals

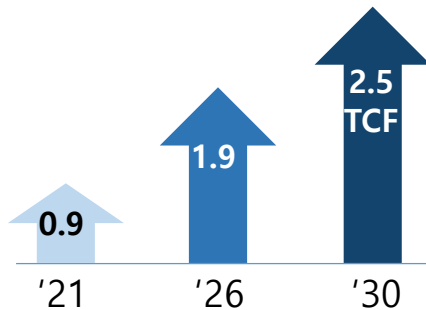


E&P

Gradual expansion (Gas reserves) & low carbon production system



Gas reserves



Gas field

- Completion of the stage 2/3 development(~'24) and Mahar structure(~'27)
- Ramp up production of Senex (0.4 → 1.2 mn tons) and import LNG to domestic market (Approx. 0.4 mn tons ~'26), Green Hydrogen Demonstration Project with major Australian energy companies
- Broaden E&P for securing reserves (Malaysia PM524, Investigation right in Indonesia)

CCUS

- Cooperation Development with Santos(Australia), PETRONAS(Malaysia)

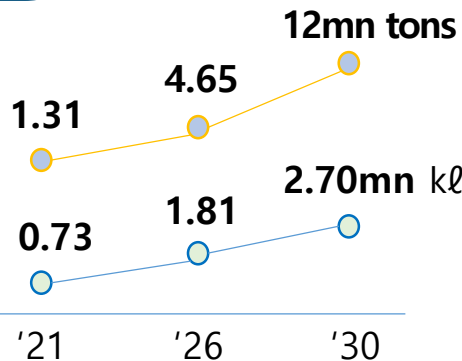


LNG

Solid business model building by Sales volume and asset of infrastructure



Sales Volume



Volume

- Expansion of the LNG sales volume including Captive
* LNG Demand of POSCO Energy('30) : 2 million tons yearly
- Construct transport system by long-term chartering LNG carrier (~'27)

LNG Terminal

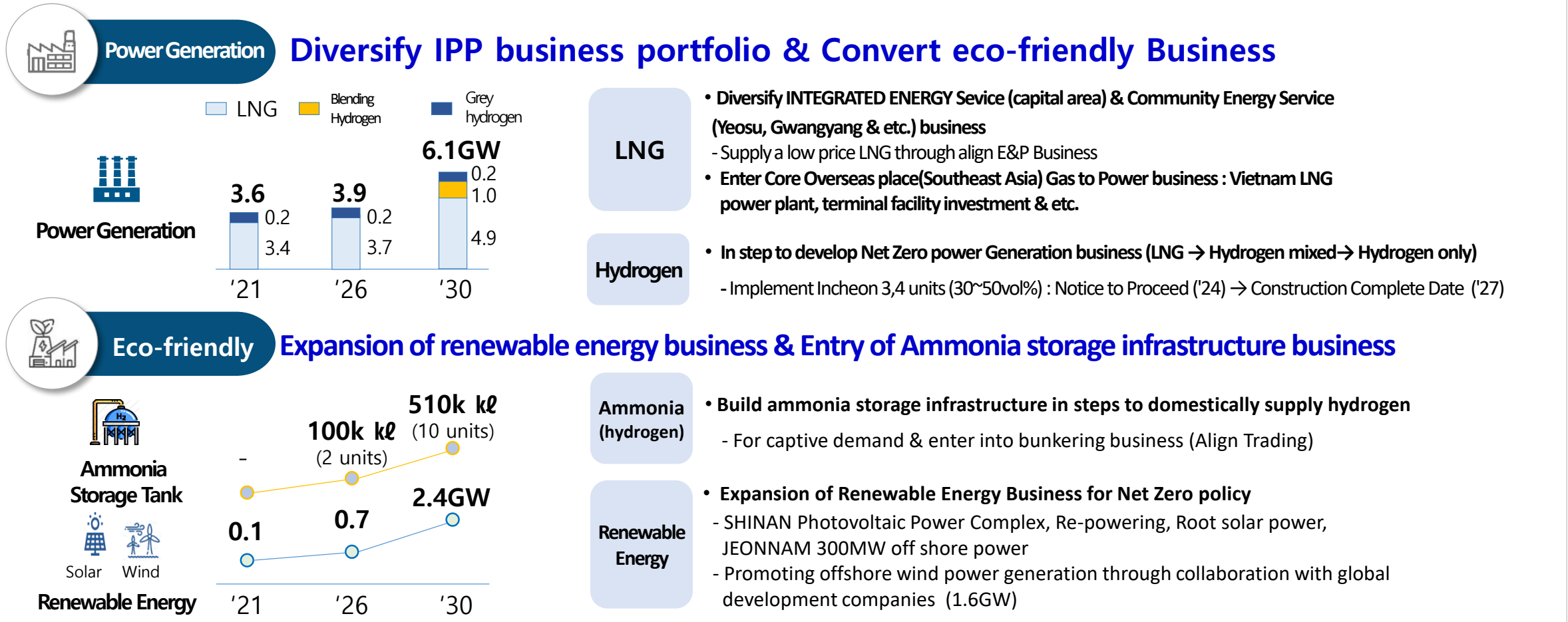
- Overseas export terminal – Building supply chain
- Extension import terminal to 800k kℓ, Expansion link(Bunkering, etc.)

Import terminal

Growth Strategy

Power Generation & Eco-Friendly Business

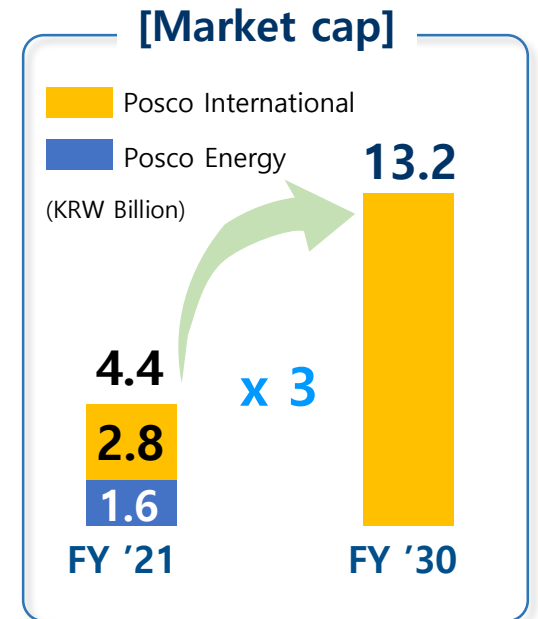
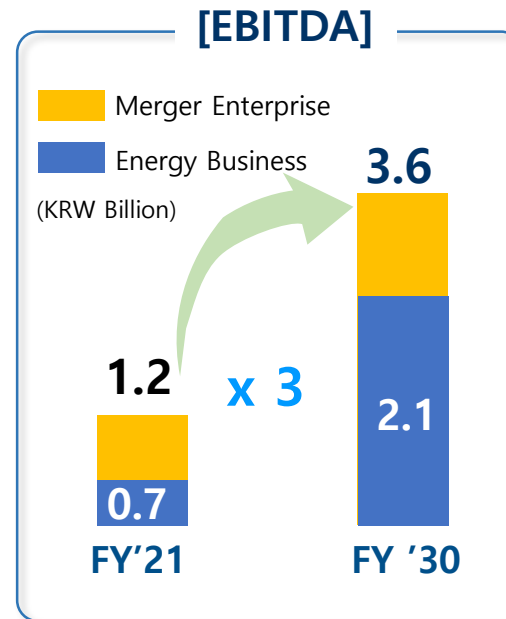
Sustainable company by diversifying power plant business portfolio and Convert eco-friendly infrastructure business.



Estimated indicators

Tripled EBITDA & Market capitalization by 2030 through Eco-friendly businesses based on LNG

	FY '21		FY '30
Natural Gas (gas reserves)	0.9 TCF	→	2.5 TCF
LNG (liquefied natural gas) (Million tons)	1.31 mnt	→	12 mnt
LNG Import Terminal (storage capacity)	730k kℓ	→	2,700k kℓ
Power Generation (power generation capacity)	3.6 GW	→	6.1 GW
Renewable Energy (power generation capacity)	0.1 GW	→	2.4 GW
Ammonia Storage Tank (storage capacity)	-	→	510k kℓ



* Posco Energy's market cap is Net Value in FY21.

Global Top 10

A Integrated Energy business



E&P
(Up)

Energy Transition biz.
(CCUS, Blue ammonia)

**Leading Net zero
E&P company**



LNG
(Mid)

Completion of LNG value-chain
Strengthen LNG supply-chain

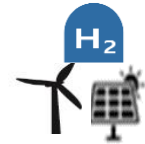
**Global Top Tier
LNG company**



**Power
Generation**
(Down)

Improving value of power
Biz with Bridging fuel (LNG)

**Global Power Generation
Company**



**Eco-friendly
Energy**

Leading
Eco-friendly biz.

**Sustainable
Energy company**