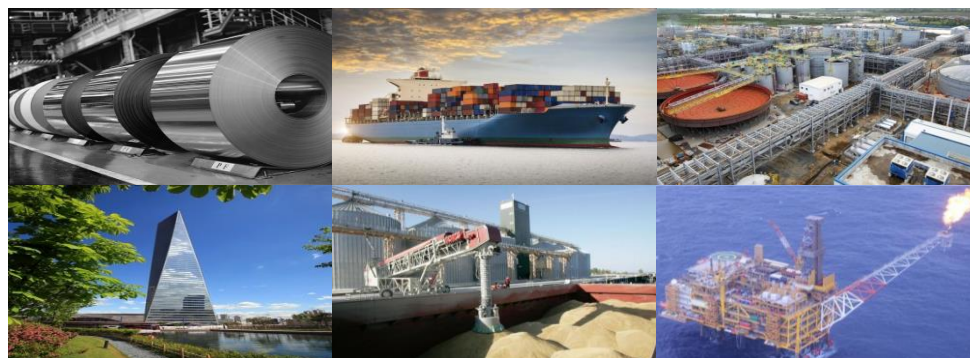


posco INTERNATIONAL

4Q 2019 Earnings Release



January 31, 2020



Consolidated Results

Business Performance

Sales Figures for Myanmar Gas Field & Steel Biz.

Financial Structure & Ratios

Quarterly Performance Summary

Appendix 1. Business Plan for FY2020

Appendix 2. FY2019 in Numbers

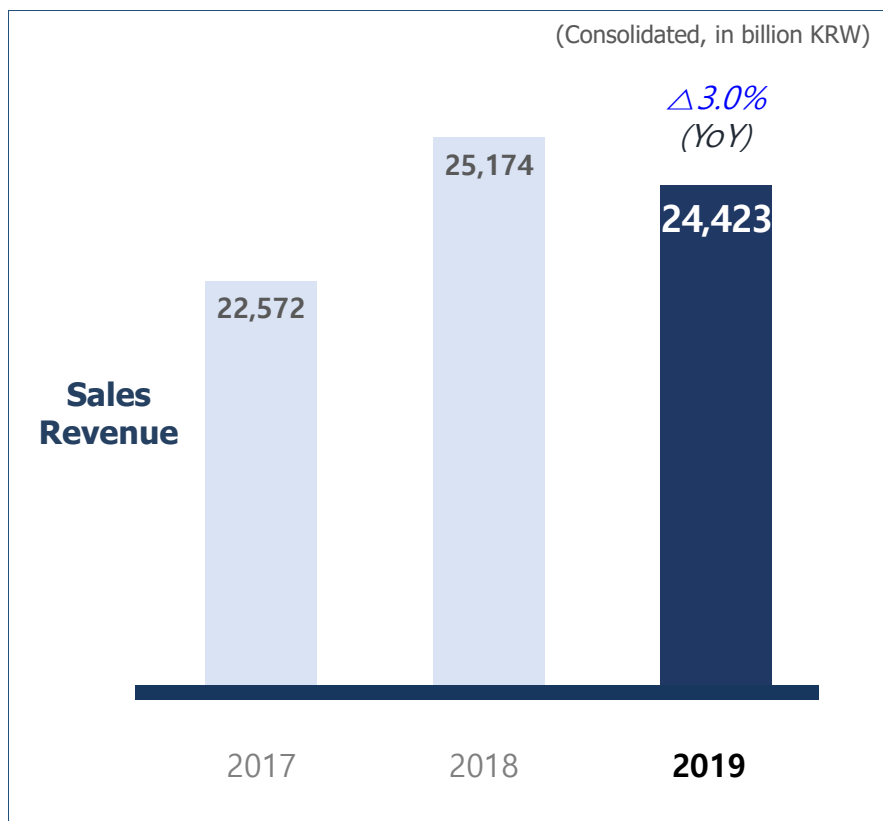
Figures in this presentation are based on unaudited financial statements of the company.
Certain contents in this presentation are subject to change during the course of auditing process.

Business Performance - Overview

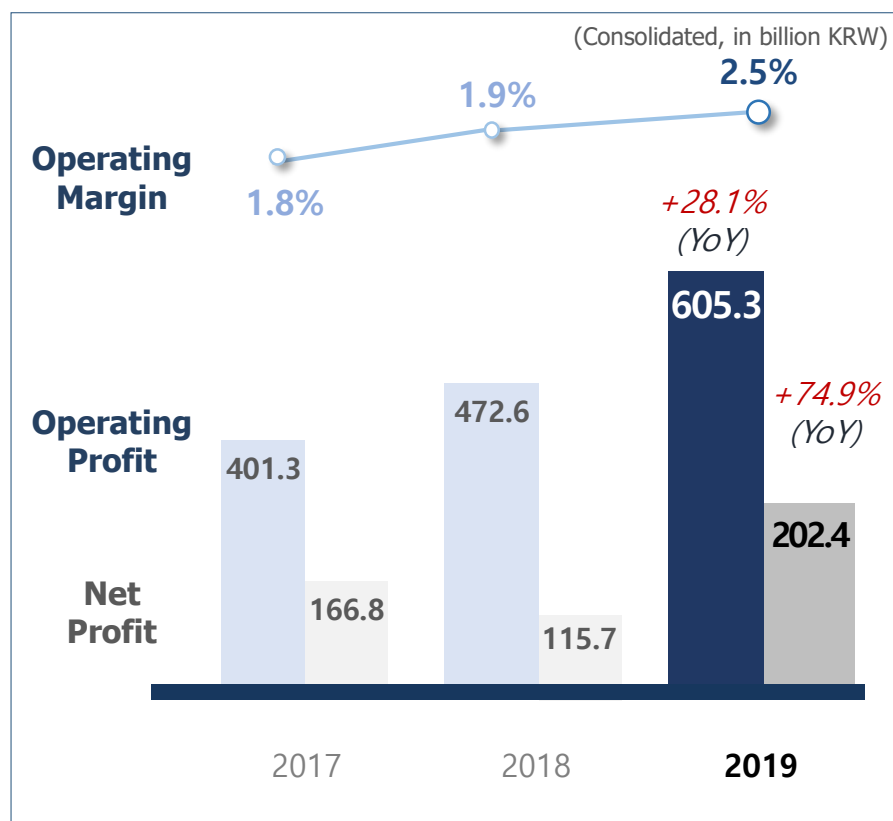
'KRW 24.4 Trillion' In Sales Revenue, 'KRW 605.3 Billion' In Operating Profit

**Record Operating Profit Backed By Strong Myanmar Gas Sales
Despite Reduced Sales Due To Global Economic Slowdown**

Sales Revenue



Operating Profit & Net Profit



Business Performance – Detailed Consolidated Results

4Q19 : Continued Strength in Myanmar Gas Sales Despite One-Off Losses From Trading and Investment Businesses

(KRW in Billions)	2018 Yearly	2019			Yearly
		4Q	QoQ	YoY	
Sales Revenue	25,173.9	5,938.3	+48.1	-356.9	24,422.6
Operating Profit	472.6	97.7	-65.6	-19.5	605.3
<i>(OP Margin)</i>	1.9%	1.6%	-1.1%p	-0.2%p	2.5%
Trading & Etc.	169.2	-1.3	-45.5	-26.6	126.0
<i>(Margin)</i>	0.6%	-	-0.6%	-0.2%	0.5%
Subsidiaries	60.7	2.4	-1.3	-18.9	33.8
Resource Dev.	242.7	96.6	-18.8	+26.0	445.5
Myanmar Gas	245.1	99.7	-15.2	+28.0	441.7
Non-Operating P/L	-296.5	-76.3	+60.7	+66.9	-275.3
<i>F/X Profit & Loss</i>	-3.9	-8.9	-18.0	-17.7	12.6
<i>Finance Costs</i>	-151.5	-26.2	-1.6	+21.1	-117.6
<i>SEAGP (Myanmar Gas Pipeline)</i>	17.7	11.7	-9.0	+7.4	63.7
<i>Equity Method Profit & Loss</i>	-1.6	-3.3	-2.7	-6.0	-8.6
<i>Other P/L</i>	-157.2	-49.6	+91.8	+62.1	-225.4
Profit Before Tax	176.1	21.4	-5.1	+47.4	330.0
Net Profit	115.7	1.2	-9.7	+23.6	202.4

Operating Profit

- ▷ **Reduced earnings due to slow trading biz and one-off losses**
(Details on Page 4, Performance by Business Group)

Non-Operating P/L Details

- ▷ **Net Interest Income : -26.2 bn**

☞ Interest Income – Interest Expense
- Loss on disposal of AR (Trade Finance)

※ Reference: Libor 3M Trend
: 2.62%(4Q18), 2.20%(3Q19), 1.93%(4Q19)

- ▷ **Equity Method P/L : -3.3 bn**

- KOLNG (+2.5 bn)
- Ambatovy Nickel (-3.1 bn)
- Wetar Copper (-3.6 bn)

- ▷ **Other Profit & Loss :**

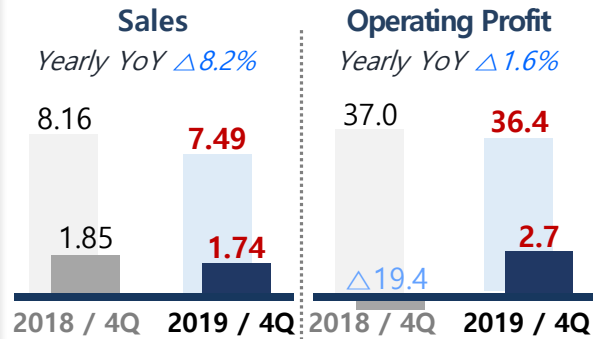
- Loss related to Ambatovy : -31.6 bn
(Impairment -20.2 bn, A/R -11.4 bn)
- Loss from ship leasing biz : -7.8 bn

Business Performance – By Business Group

(Sales in Trillion KRW, OP in Billion KRW)

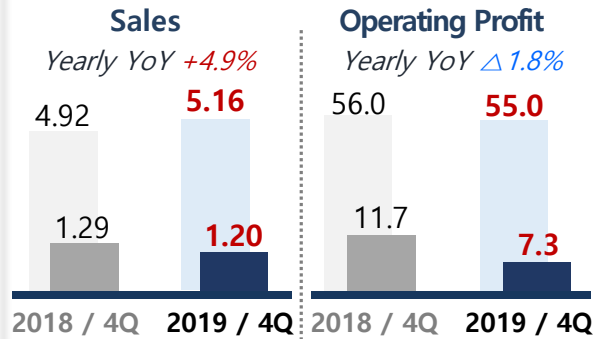
Overseas Steel Group

▷ Weak sales due to global steel market slowdown



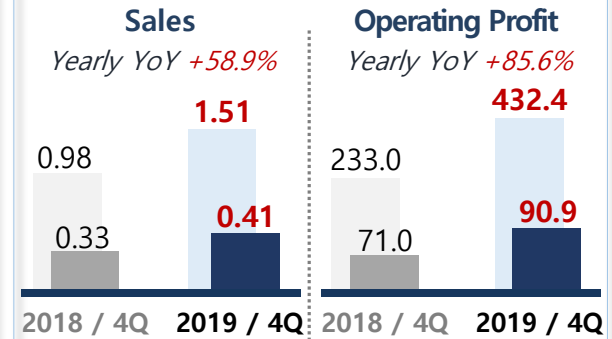
Domestic Steel Group

▷ Stable domestic sales of POSCO products despite lower profits due to decrease in sales price



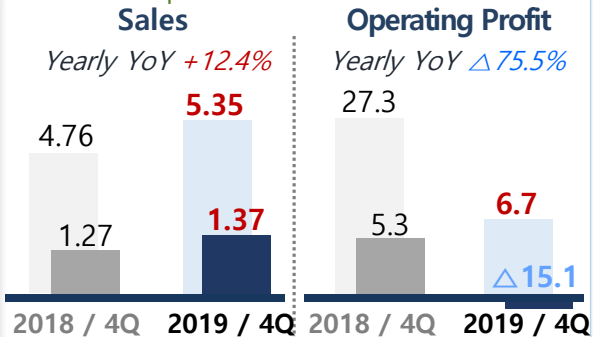
Energy Group

▷ Record sales volume of Myanmar gas (625 Mm ft³/d)
▷ Continued growth of LNG trade volume (1.46m tons/y)



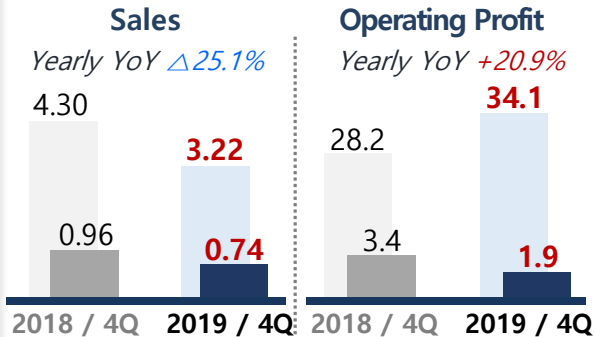
Agro & Chemical Business Group

▷ Strong sales in Agro biz through increased sales of soybean to China
▷ Loss for the quarter due to one-off losses in Chem biz



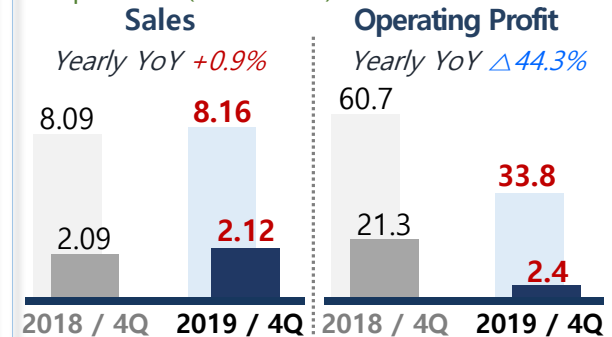
Mobility & Industrial Material Group

▷ Increase profitability through continuous restructuring of high-risk businesses despite reduced sales due to slow automotive biz



Overseas Subsidiaries

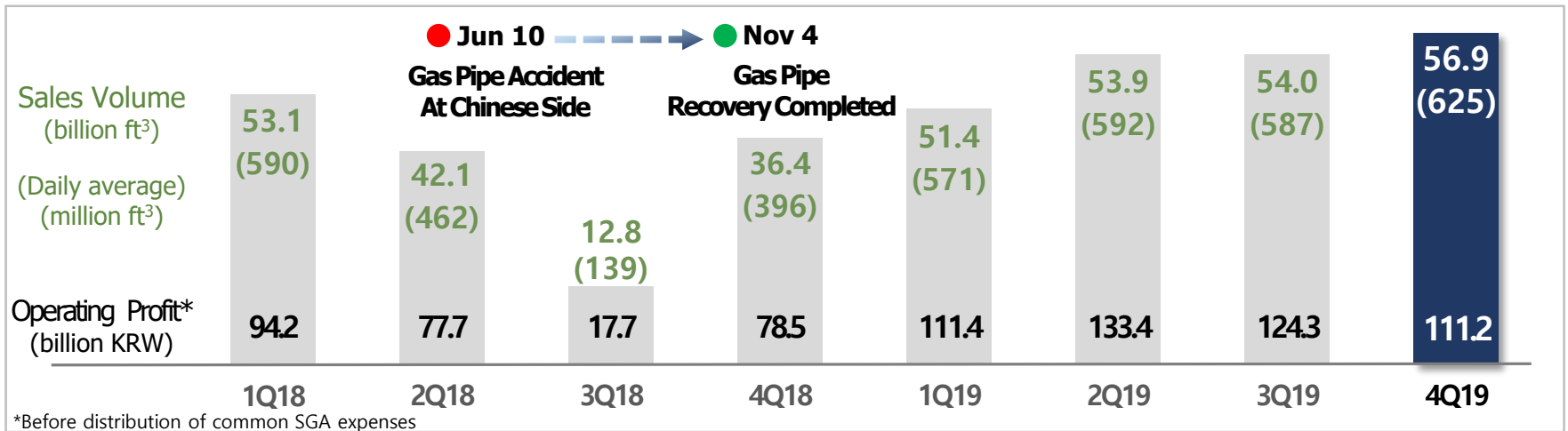
▷ Decrease in OP of subsidiaries (-24bn YoY) despite increased stability of Myanmar hotel operations (+5.8bn YoY)



Sales Figures for Myanmar Gas Field & Steel Biz.

Gas Sales Vol. – Annual Average **594mnft³/d**, Steel Sales Vol. **12mnMT** in 2019

Myanmar Gas Field Sales Volume



Steel Sales Volume

(Million Metric Tons)

Volume by Type	2017	2018	2019	1Q	2Q	3Q	4Q
Total Sales Volume	11.32	11.41	12.00	2.86	2.79	2.79	3.56
POSCO Products	7.81(69%)	7.35(64%)	7.94(66%)	1.99(70%)	1.87(67%)	1.93(69%)	2.15(60%)
Exports	4.58	4.28	4.60	1.08	1.11	1.20	1.21
Domestic	1.59	1.86	2.08	0.50	0.47	0.45	0.66
Overseas Mills	1.64	1.21	1.26	0.41	0.29	0.28	0.28
Non-POSCO Products	3.51(31%)	4.06(36%)	4.06(34%)	0.87(30%)	0.92(33%)	0.86(31%)	1.41(40%)

Financial Structure & Ratios

Improved Financial Position As A Result Of Increased EBITDA And Strengthened Working Capital Management

(Billion KRW)	'17	'18	'19
Total Assets	9,170.0	9,881.0	8,959.4
Current Assets	5,047.5	5,980.2	5,032.3
Non-Current Assets	4,122.5	3,900.8	3,927.1
Total Liabilities	6,317.5	6,991.5	5,911.4
Current Liabilities	4,937.9	5,421.1	3,561.3
Non-Current Liabilities	1,379.6	1,570.4	2,350.1
(Net Debt)	4,032.8	4,389.4	3,133.0
Equity	2,852.5	2,889.5	3,048.0
Issued Capital and Capital Surplus	1,170.3	1,170.9	1,174.6
Retained Earnings	1,644.4	1,732.3	1,857.5
Debt/Equity Ratio	221.5%	242.0%	193.9%

재무 구조 상세

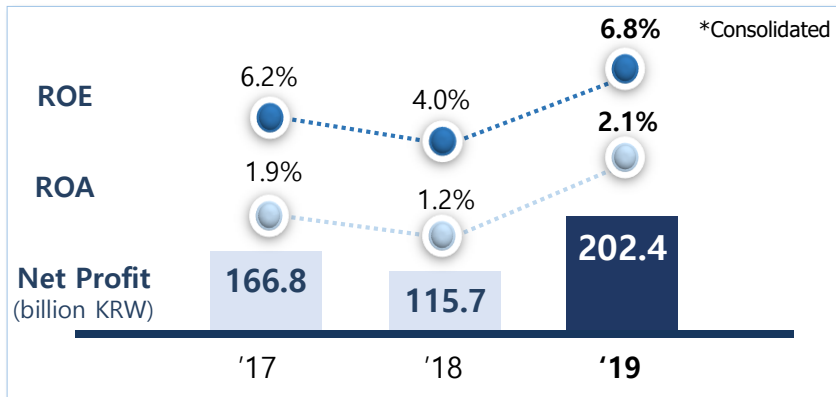
- **YoY 48.1%p decrease in D/E Ratio**
due to decrease in net debt (-1,256 bn)
from increased EBITDA

- Changes in Net Debt

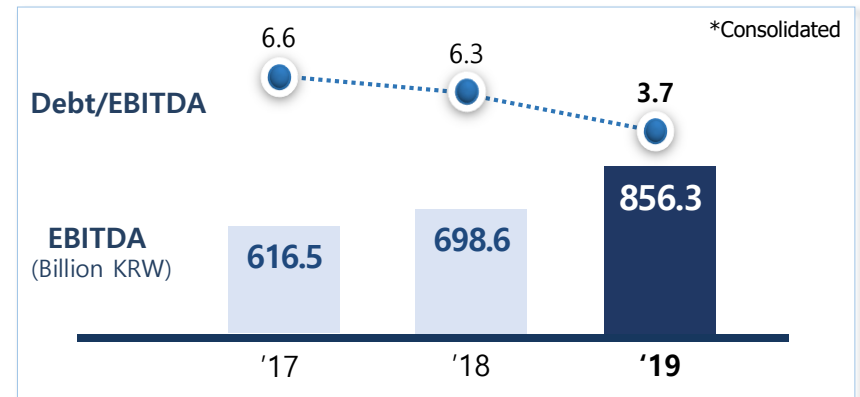
(billion KRW)	2017	2018	2019
Trade Finance	1,472	1,737	558
Corporate Bonds	1,200	1,309	1,374
*Others	1,360	1,344	1,201

*Others : Exceptional Loans for Energy PJTs, Subsidiary Loans

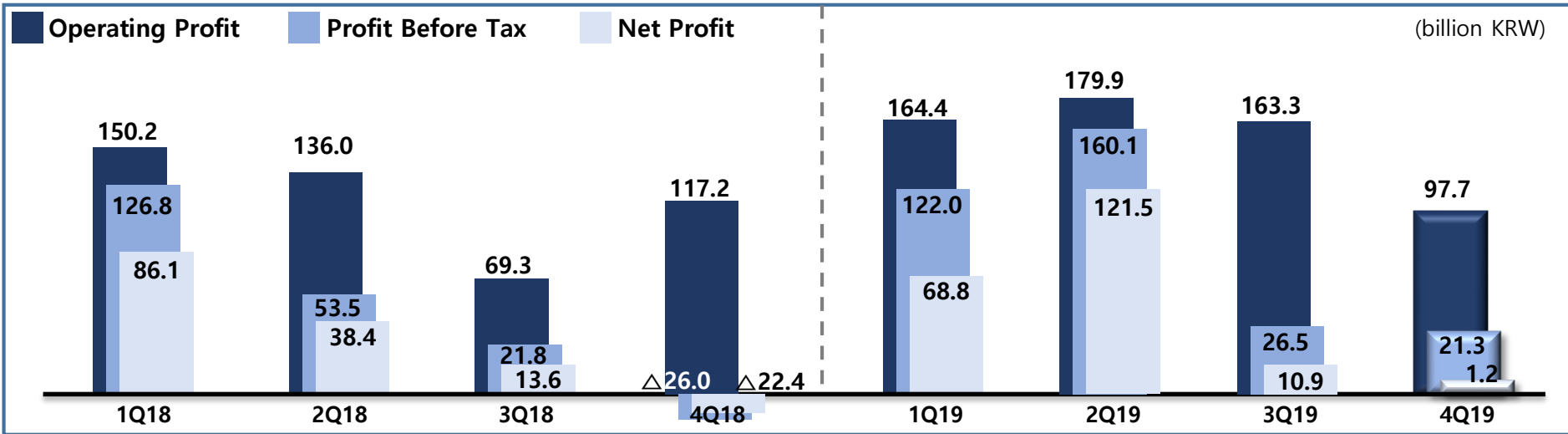
ROE & ROA



EBITDA (Debt/EBITDA)



Quarterly Performance Summary



[Key Profit & Loss Items, in Billion KRW]	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
Operating Profit	150.2	135.9	69.3	117.2	164.4	179.9	163.3	97.7
Trading & Etc.	51.3	48.4	44.2	25.3	44.7	38.4	44.2	-1.3
Subsidiaries	13.5	15.4	10.5	21.3	14.3	13.4	3.7	2.4
Resource Development	85.4	72.1	14.6	70.6	105.4	128.1	115.4	96.6
Myanmar Gas (After SGA distribution)	94.2 (87.7)	77.7 (70.9)	17.7 (14.8)	78.5 (71.7)	111.4 (102.8)	133.4 (124.3)	124.3 (114.9)	111.2 (99.7)
Non-Operating P/L	-23.4	-82.4	-47.5	-143.2	-42.4	-19.8	-136.8	-76.3
F/X Profit & Loss	-0.4	-10.5	-1.8	8.8	4.6	7.8	9.1	-8.9
Finance Costs	-33.3	-34.6	-36.3	-47.3	-38.0	-28.8	-24.6	-26.2
SEAGP (Myanmar Gas Pipeline)	13.6	8.8	-9.0	4.3	11.8	19.5	20.7	11.7
Equity Method Profit & Loss	-1.8	-1.5	-1.0	2.7	-11.0	6.3	△0.6	-3.3
Other Profit & Loss	-1.5	-44.6	0.6	-111.7	-9.8	-24.6	-141.4	-49.6
Profit Before Tax	126.8	53.5	21.8	-26.0	122.0	160.1	26.5	21.4
Net Profit	86.1	38.4	13.6	-22.4	68.8	121.5	10.9	1.2

Key Indices (KRW, US\$/bbl,%)	KRW/USD (Quarter-End)	1,064.38	1,117.37	1,110.17	1,118.15	1,136.09	1,156.45	1,199.20	1,157.87
	Dubai Crude (Avg.)	64.1	72.0	74.1	68.1	63.4	67.5	61.3	62.0
	Libor 3M (USD, Avg.)	1.91799	2.33767	2.33572	2.62213	2.69218	2.50665	2.19759	1.93177

Appendix 1. Business Plan for FY2020

'KRW 23.5 Trillion' In Sales(-3.8% YoY), 'KRW 472.5 Billion' In CAPEX(+90% YoY)

- ✓ **Achieve qualitative growth through improved profitability by streamlining and strengthening of the trading business**
 - Reduce high-risk, long-term credit transactions, restructure trading portfolio around prospective growth businesses, and increase volume of growth businesses such as Agro, LNG, and Future Car Parts
- ✓ **CAPEX allocation around strategic businesses**
 - Stage 2 & 3 development of Myanmar Gas PJT, acquisition of new reserves, etc.

Steel

- Increase profitability through expansion of construction steel sales through steel processing/fabricating plants
- Increase profitability through increased sales of POSCO's strategic products

E&P

- Achieve milestones of the stage 2 & stage 3 development of the Myanmar Gas PJT
- Exploration drilling of 3 prospective wells in the Myanmar A-3 Block (CAPEX in E&P : 299.1 bn)

LNG

- Increase trading volume backed by the stable and captive demand of the POSCO Group
- Pursue investment opportunities in liquefaction plants and related off-take

Agro

- Stable operation of acquired assets such as the Grain Terminal in Ukraine and the CPO mills in Indonesia
- Expand trading volume of agro by utilizing acquired assets (Volume : 5.45 mn tons₍₂₀₁₉₎ → 6.00 mn tons₍₂₀₂₀₎)

(billion KRW)		2019 Performance	2020 Plans
Consolidated	Sales	24,422.6	23,504.3
	CAPEX	248.1	472.5

Appendix 2. FY2019 in Numbers

A Step Forward As A Globally Integrated Corporation

216.2 billion ft³

Record high Myanmar Gas sales volume

Improved D/E Ratio
through increased EBITDA
EBITDA for 2019 : 856.3 bn
(+22.6% YoY)

242%

194%

-48%p YoY

Commenced commercial operation
of key assets of Agro business

Myanmar RPC Unit #2 (May 2019)
Ukraine Grain Terminal (Nov 2019)
Indonesia PT.BIA Mill #2 (Nov 2019)

5.45 mn tons

Agro Trade Volume

2019 ESG Comprehensive Rating
(Korea Corporate Governance Service)

A+ ← **A**

(Currency in KRW)

605.3 bn

In Operating Profit

+132.7 bn YoY



LNG Trading Volume

1.46 mntons

LNG Value Chain Expansion

2 mn

5 mn

10 mn

2020

2025

2030

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