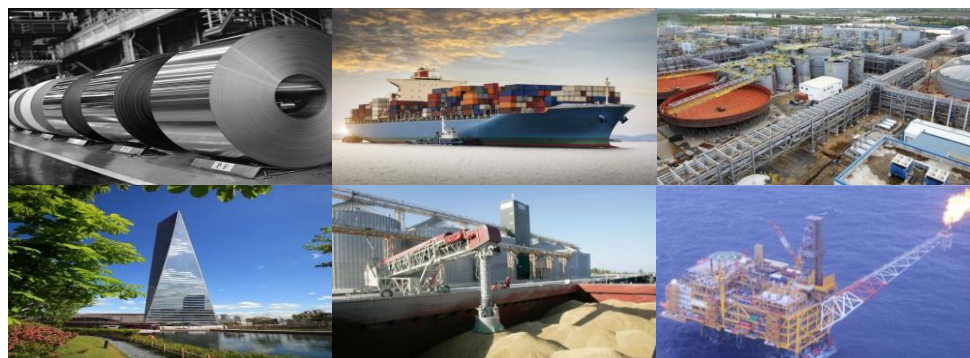


posco INTERNATIONAL

3Q 2019 Financial Results



October 24, 2019



Consolidated Results

Financial Results - Sales & Income Figures

Financial Results - Breakdown by Segment

Performance by Business Group

Sales Figures for Myanmar Gas Field & Steel Biz.

Financial Structure & Ratios

Quarterly Performance Summary

**Appendix 1. Status of Offshore Blocks (E&P)
(Myanmar & Bangladesh)**

Appendix 2. Midterm Business Strategy

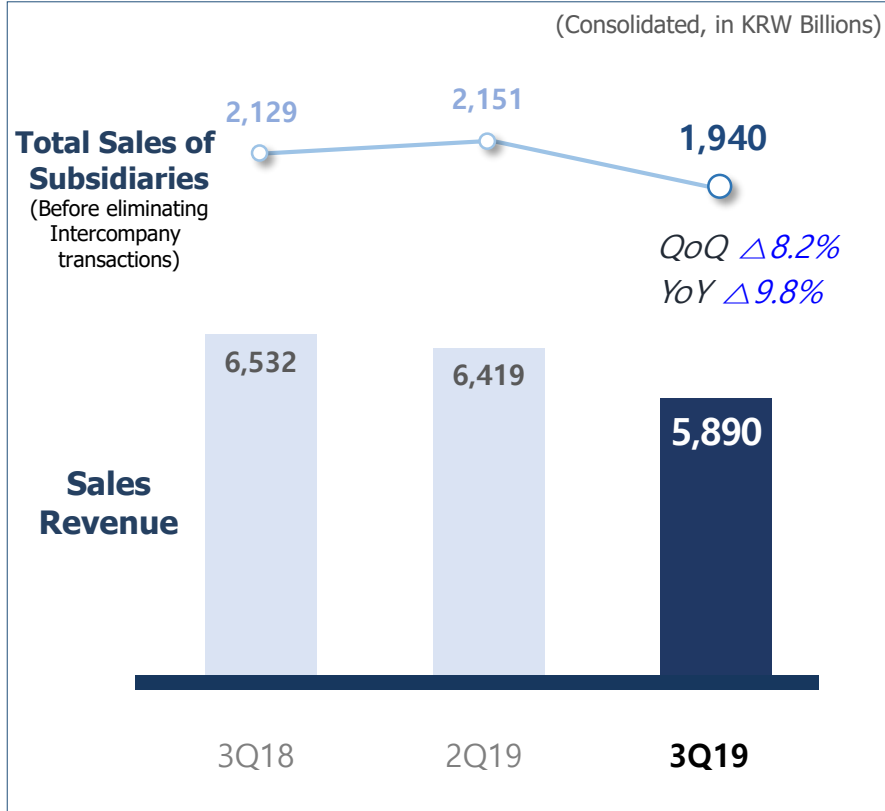
Figures in this presentation are based on unaudited financial statements of the company.
Certain contents in this presentation are subject to change during the course of auditing process.

Financial Results - Sales & Income Figures

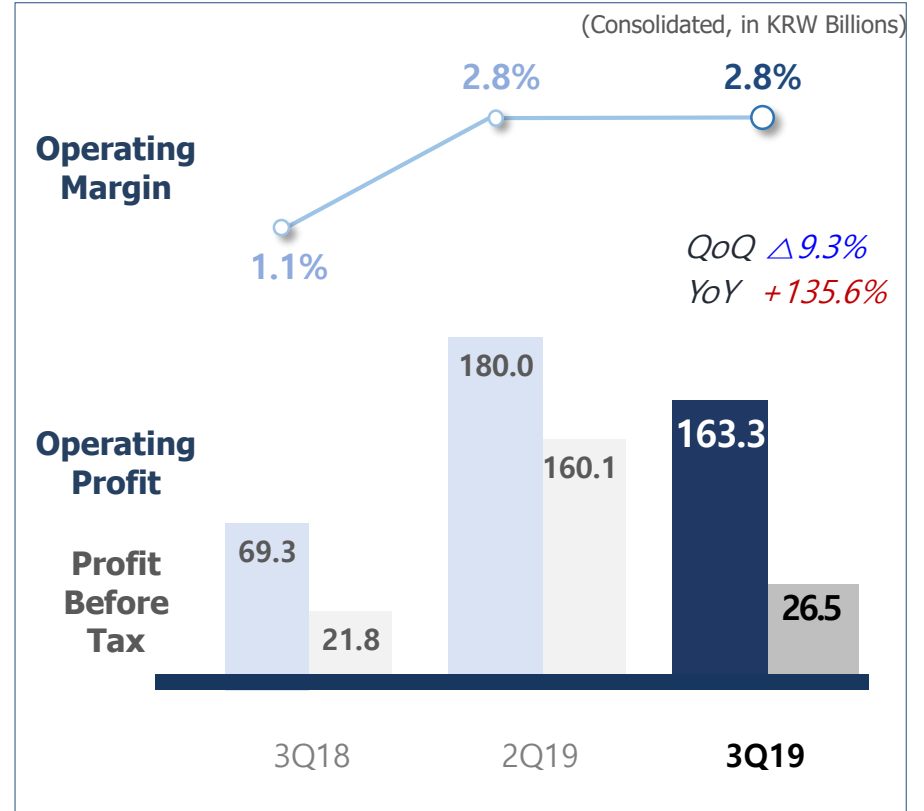
'KRW 5,890 Billion' In Sales Revenue, 'KRW 163.3 Billion' In Operating Profit

Stable Operating Profit Despite Reduced Sales Due To Global Economic Slowdown

Sales Revenue



Operating Profit & Profit Before Tax



Financial Results - Breakdown by Segment

Improved Profitability Through Trading Biz Competency Despite Global Economic Slowdown And Trade Disputes

(Billion KRW)	2018		2019			
	Yearly	3Q	2Q	3Q	QoQ	YoY
Sales Revenue	25,173.9	6,531.8	6,418.8	5,890.4	-528.4	-641.4
Operating Profit	472.6	69.3	180.0	163.3	-16.7	+94.0
<i>(OP Margin)</i>	1.9%	1.0%	2.8%	2.8%	-	+1.8%p
Trading & Etc.	178.9	47.0	40.6	47.4	+6.8	+0.4
<i>(Margin)</i>	0.8%	0.8%	0.7%	0.9%	+0.2%p	+0.1%p
Myanmar Gas	245.1	14.8	124.3	114.9	-9.4	+100.1
Other Resources PJT	-12.1	-3.0	1.7	-2.7	-4.4	+0.3
Subsidiaries	60.7	10.5	13.4	3.7	-9.7	-6.8
Non-Operating P/L	-296.5	-47.5	-19.9	-136.8	-116.9	-89.3
<i>F/X Profit & Loss</i>	-4.1	-1.8	7.3	9.1	+1.8	+10.9
<i>Finance Costs</i>	-151.5	-36.3	-26.6	-24.5	+2.1	+11.8
<i>SEAGP</i>	17.7	-9.0	19.5	20.7	+1.2	+29.7
<i>Equity Method Profit & Loss</i>	-1.6	-1.0	6.3	-0.5	-6.8	+0.5
<i>Other Profit & Loss</i>	-153.1	1.4	-23.5	-139.3	-115.8	-140.7
Profit Before Tax	176.1	21.8	160.1	26.5	-133.6	+4.7
Net Profit	115.7	13.6	121.5	10.9	-110.6	-2.7

Operating Profit

- ▷ Refer to "Performance by Business Unit" on Page 4

Non-Operating P/L Details

- ▷ **Net Interest Income : KRW -24.5bn**

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

※ Reference: Libor 3M Trend
: 234%(3Q18), 251%(2Q19), 220%(3Q19)

- ▷ **Equity Method P/L : KRW -0.5bn**

– KOLNG (KRW 3.1 Billion)
– Ambatovy Nickel (KRW -2.9 Billion)

- ▷ **Other Profit & Loss :**

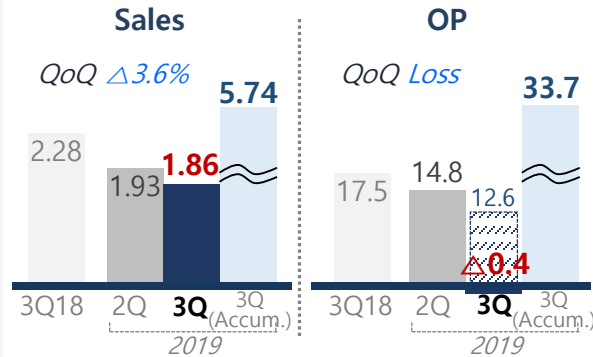
– Impairment loss recognized for the exploration costs of the Thalín structure at the Myanmar offshore AD-7 block (KRW -118.1 Billion)

Performance by Business Group

(Sales in Trillion KRW, OP in Billion KRW)

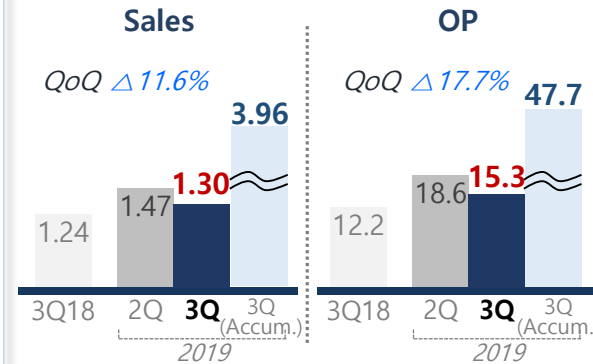
Overseas Steel Group

- ▷ Weak sales due to global steel market slowdown
- ▷ One-off loss (-15.1 bn) from steel pipe inventory loss written off in 1H on consolidated basis



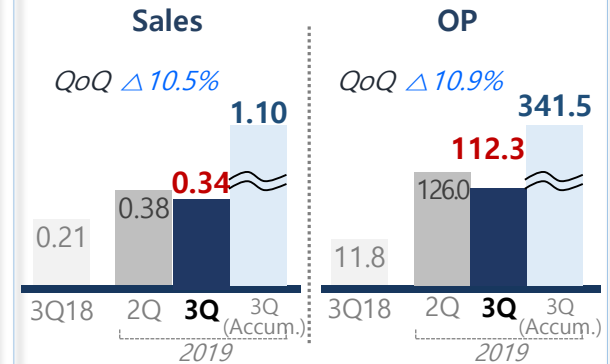
Domestic Steel Group

- ▷ Stable domestic sales of POSCO products despite slower QoQ sales of steel raw materials



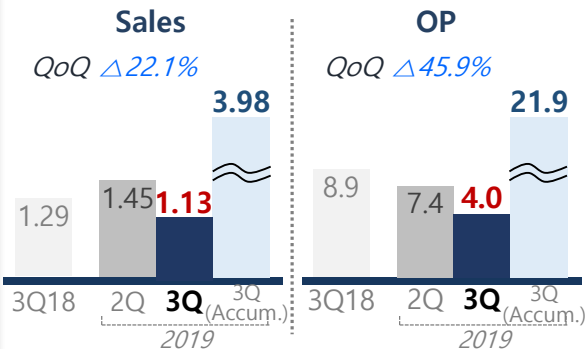
Energy Group

- ▷ Continued strong sales of Myanmar gas (590 Mm ft³/d)
- ▷ Continued growth of LNG trade volume (390k tons in 3Q)



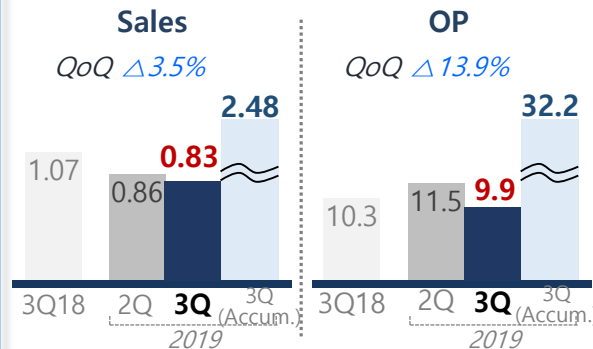
Agro & Chemical Business Group

- ▷ Sales down due to the price drop of petrochemicals
- ▷ Procurement chain of Agro from the Black Sea region completed (Ukraine grain terminal operational Sep. 2019~)



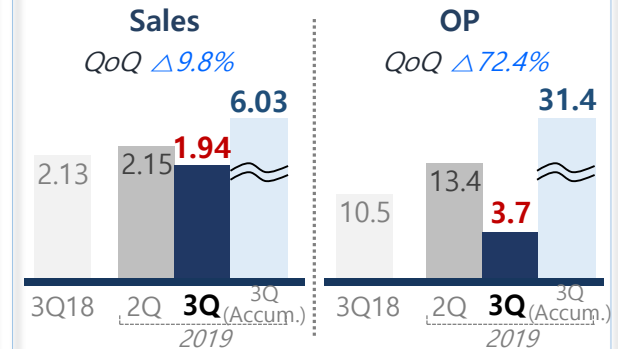
Mobility & Industrial Material Group

- ▷ Stable earnings from increased nickel sales to battery manufacturers despite slow sales from the auto-parts business



Subsidiaries

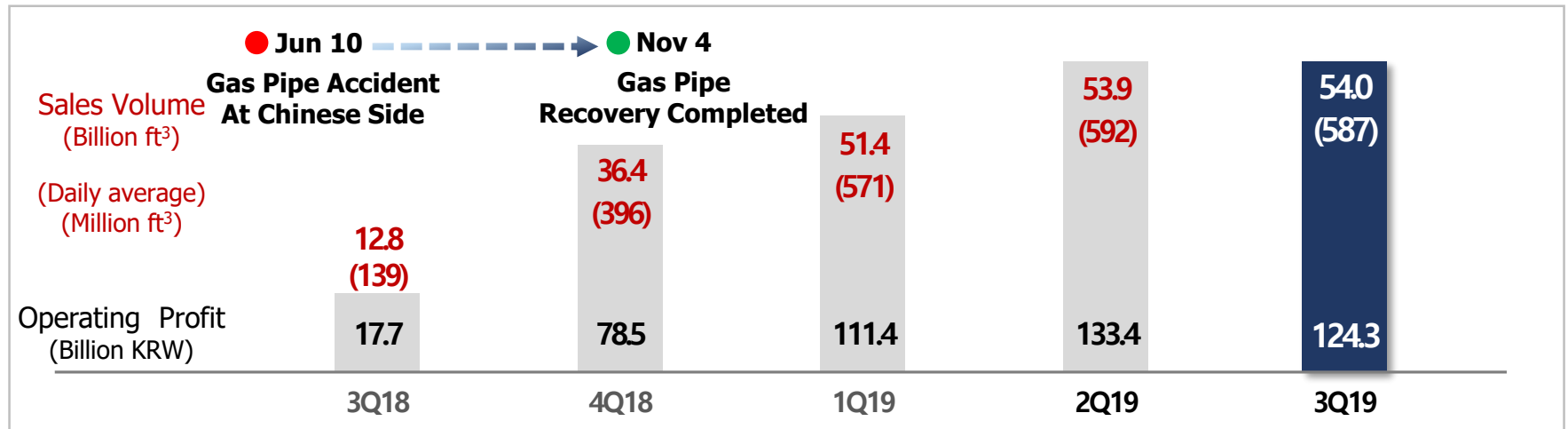
- ▷ Slow earnings from the Japan trade subsidiary and Indonesia palm oil plantation (Production down due to severe draught in the area)



Sales Figures for Myanmar Gas Field & Steel Biz.

Gas Sales Vol. – Average **587mnft³/d**, Steel Sales Vol. **2.79mnMT**

Myanmar Gas Field Sales Volume



Steel Sales Volume

(Million Metric Tons)

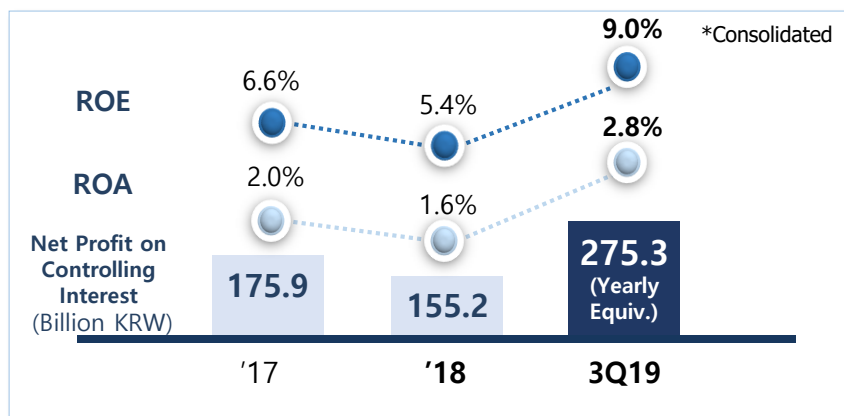
Volume by Type	2017	2018	2019	1Q	2Q	3Q
Total Sales Volume	11.32	11.41	5.65	2.86	2.79	2.79
POSCO Products	7.81(69%)	7.35(64%)	3.86(68%)	1.99(70%)	1.87(67%)	1.93(69%)
Exports	4.58	4.28	2.18	1.08	1.10	1.20
Imports	1.59	1.86	0.96	0.49	0.47	0.45
Overseas Mills	1.64	1.21	0.70	0.41	0.29	0.28
Non-POSCO Products	3.51(31%)	4.06(36%)	1.79(32%)	0.87(30%)	0.92(33%)	0.86(31%)

Financial Structure & Ratios

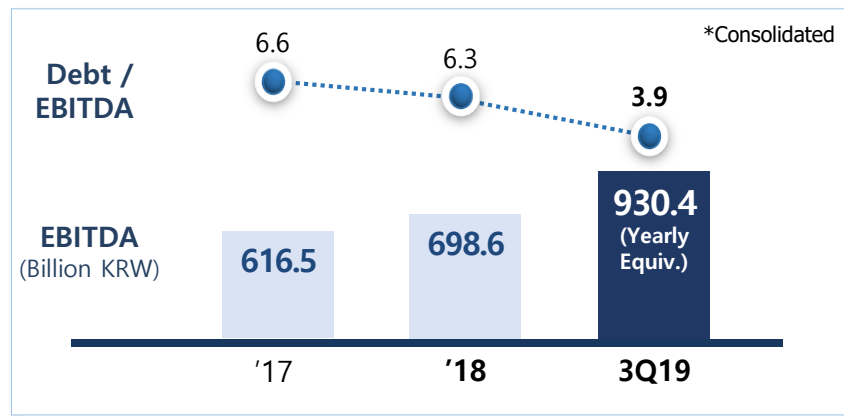
Improved ROE, Debt/EBITDA Ratio Due To Increased Earnings And Reduced Debt

(Billion KRW)	'15	'16	'17	'18	'19.3Q
Total Assets	8,043.3	8,288.8	9,170.0	9,881.0	9,837.9
Current Assets	4,346.3	4,681.0	5,047.5	5,980.2	5,777.2
Non-Current Assets	3,697.0	3,607.8	4,122.4	3,900.8	4,060.7
Total Liabilities	5,622.1	5,785.1	6,317.5	6,991.5	6,769.2
Current Liabilities	3,918.4	4,304.7	4,937.9	5,421.1	4,529.7
Trade Finance	1,787.3	1,401.8	1,520.2	1,896.8	1,082.6
Non-Current Liabilities	1,703.7	1,480.4	1,379.6	1,570.4	2,239.5
Equities	2,421.2	2,503.7	2,852.5	2,889.5	3,068.7
Issued Capital and Capital Surplus	902.6	902.6	1,170.3	1,170.9	1,172.2
Retained Earnings	1,472.0	1,524.8	1,644.4	1,732.3	1,864.3

ROE & ROA

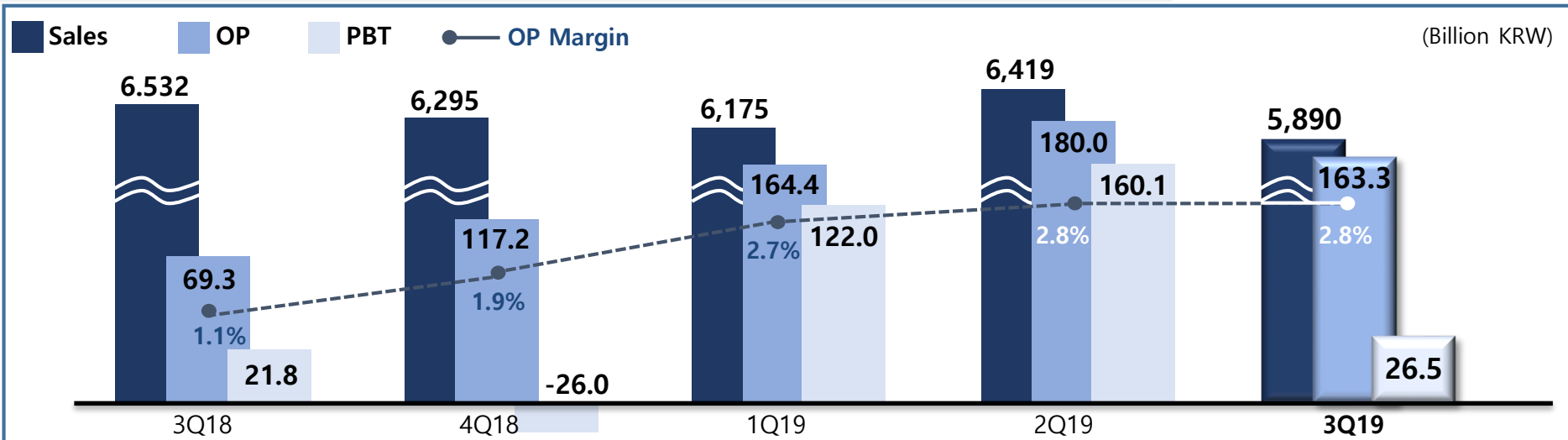


EBITDA (Debt/EBITDA)



Appendix 1. Quarterly Performance Summary

(Billion KRW)



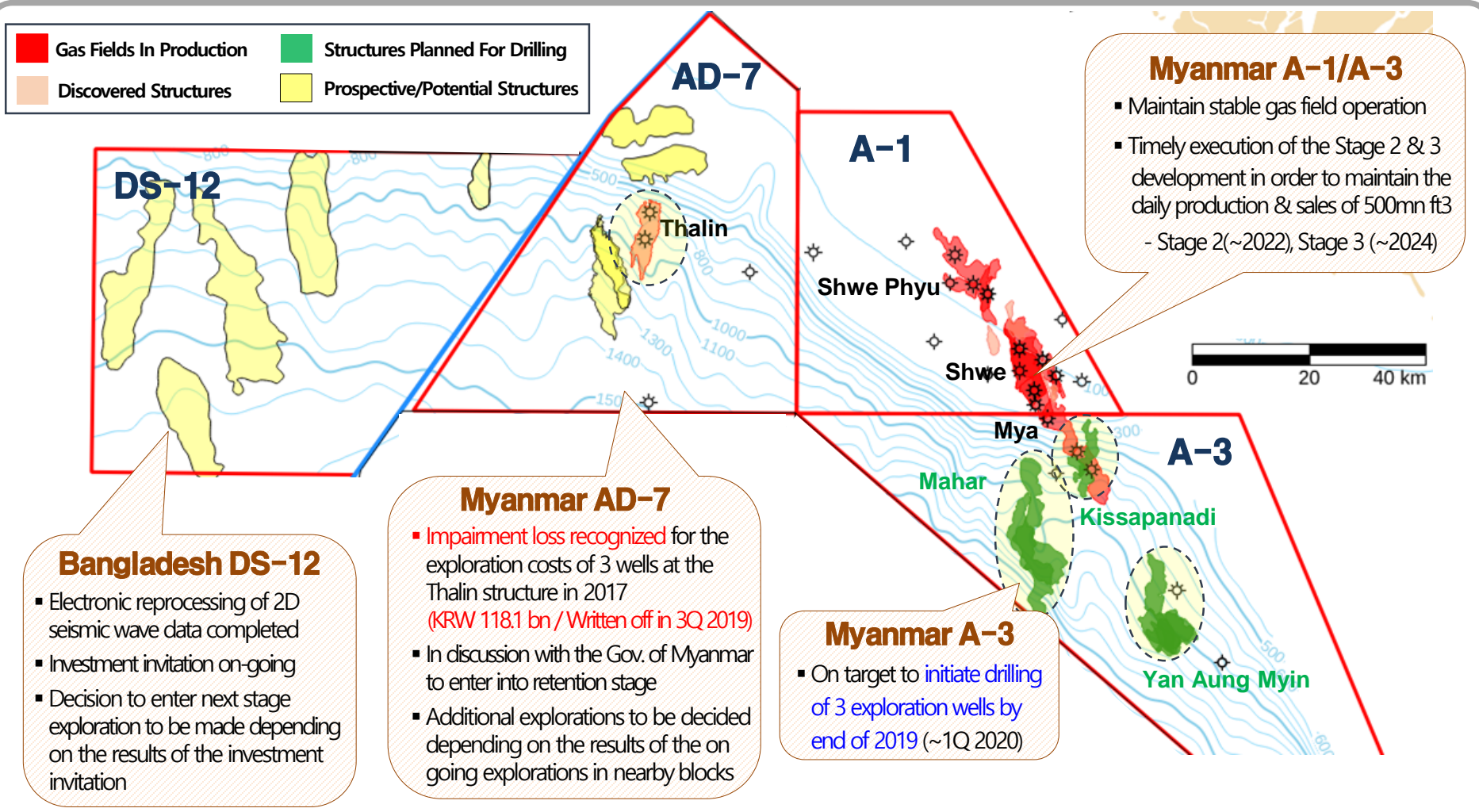
[Key Profit & Loss Items, in Billion KRW]

		3Q18	4Q18	1Q19	2Q19	3Q19
OP	Total Operating Profit	69.3	117.2	164.4	180.0	163.3
	Myanmar Gas Field (B.D. / A.D.)	17.7 / 14.8	78.5 / 71.7	111.4 / 102.8	133.4 / 124.3	124.3 / 114.9
	Other Energy Businesses	-3.0	-2.9	0.4	1.7	-2.7
	Trading & Etc.	47.0	27.1	46.7	40.6	47.4
	Subsidiaries	10.5	21.3	14.5	13.4	3.7
Profit Before Tax	Total Profit Before Tax	21.8	-26.0	122.0	160.1	26.5
	F/X Profit & Loss	-1.8	8.6	5.1	7.3	9.1
	Finance Costs	-36.3	-47.3	-40.3	-26.6	-24.5
	Myanmar Gas Pipe (SEAGP, 25%)	-9.0	4.3	11.8	19.5	20.7
	Equity Method Profit & Loss	-1.0	2.7	-11.0	6.3	-0.5
	Other Profit & Loss	1.4	-105.4	-0.5	-23.5	-139.3

Market Indices (KRW, U\$/bbl,%)	KRW/USD (Quarter-End)	1,112.70	1,118.10	1,137.80	1,156.80	1,196.20
	Dubai Crude (Avg.)	74.1	68.1	63.4	67.5	61.3
	Libor 3M (USD, Avg.)	2.33572	2.62213	2.69218	2.50665	2.19759

Appendix 1. Status of Offshore Blocks (E&P)

Stable Operation Of Myanmar Gas Field (Maintain Daily Production of 500mn ft³) And Initiate Exploration Drilling of 3 Wells at Block A-3



Appendix 2. Midterm Business Strategy (1/2)

Portfolio Restructuring Towards The 4 Core Businesses And Establish The Growth Strategies Of Each Business Area

- ✓ Counter the barriers to trade due to the trend of global economic slowdown and trade disputes
- ✓ Strengthen competency for expanding trade in **new business such as Agro, LNG, Future Cars, etc.**

Trading

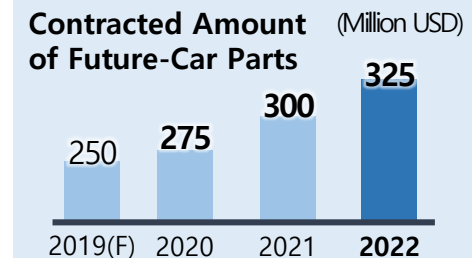
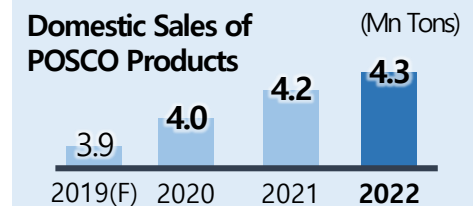
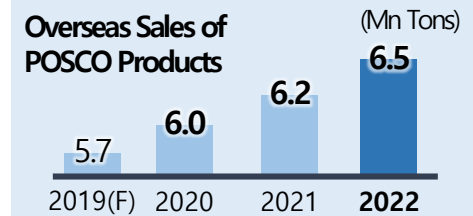
Steel Strengthen inter-group cooperation and expand overseas markets and grow market leadership in the domestic market

- Play the role of POSCO Group's steel business developer : Increase sales of POSCO products and products from overseas manufacturing plants
- Strengthen earnings through higher sales of high value-added products (WTP)
- Utilize overseas networks to develop the local markets of overseas plants
- Spearhead the entry into the African market (Current : 200k tons → Target : 400k tons)
- Increase market share through customized services to domestic SME clients
- Increase sales of construction steel through utilizing processing divisions and establish next-generation distribution channels (E-trading platform)

Non-Steel Foster growth in earnings quality through expansion into prospective businesses such as future cars, batteries, etc

- Strengthen future-car parts biz : lightening of motor cores, EV auto parts, etc.
- Expand into developing auto markets(India, Vietnam, Africa)
- Strengthen cooperation for supply of raw material for steel and battery manufacturing
- Increase sales of fuel oil(IMO 2020) and heavy oil / synthetic materials (bio-plastic, etc)

Targets



Appendix 2. Midterm Business Strategy (2/2)

E&P Secure additional gas reserves and LNG supply source

- Timely execution of the Stage 2 & 3 development of the Myanmar gas field
 - Target completion : Stage 2(2022), Stage 3(2024) – To maintain daily production & sales of 500mn ft³
- Complete exploration drilling and initial assessment of 3 wells at Block A-3(~2Q 2020)
- Secure additional gas reserves in key areas (South East Asia, Australia, etc.)
- Secure 500bn ft³ through acquiring stakes in LNG linked gas development projects

LNG Develop into strategic growth biz through POSCO Group's captive demand

- Strengthen procurement competency in preparation for growing domestic demand
 - Enter into strategic MSPAs with Petro Brunei, Petronas(Malaysia), etc.
 - Invest into liquefaction plant in the US → Acquire 1mn tons of offtake supply
- Secure stable long-term demand from overseas import terminals, etc.
- Develop competence as a comprehensive LNG player through acquiring LNG ships and expanding into new business areas such as LNG bunkering

Agro Strengthen grain procurement competence and stabilize CPO production

- Secure the procurement chain of Agro in the Black Sea region through the operation of the Grain Terminal in Ukraine (Completed in Sep. 2019)
- Maintain stable sales to China through the RPC in Myanmar (Unit 2 completed in May 2019), and acquire additional RPCs in other regions
- Establish stable CPO production through completion of 2nd CPO Mill in Indonesia

* RPC : Rice Processing Complex / CPO : Crude Palm Oil

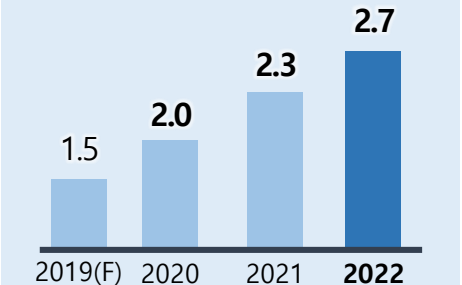
Targets

Myanmar A-3 Exploration

- 4Q19 : Initiate Exploration Drilling (3 Wells)
- 2Q20 : Completion of Initial Assessment
- 3Q20 : Establish Assessment Drilling Plans*
- 4Q21 : Initiate Assessment Drilling
- 4Q22 : Gas Reserves Evaluation

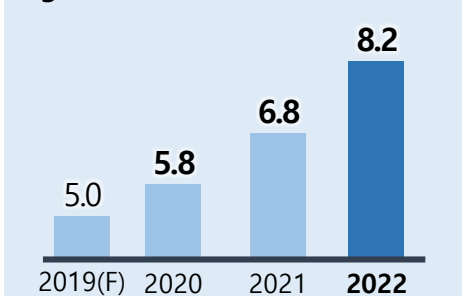
* In case of successful gas discovery

LNG Sales Volume (Mn Tons)



* Including volume supplied to POSCO Group directly by our Singapore LNG Office

Agro Sales Volume (Mn Tons)



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