

POSCO International

‘23.3Q Earnings Release

(‘23.10.24)



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Table of Contents

I. '23.3Q results

II. Key development

III. New Business

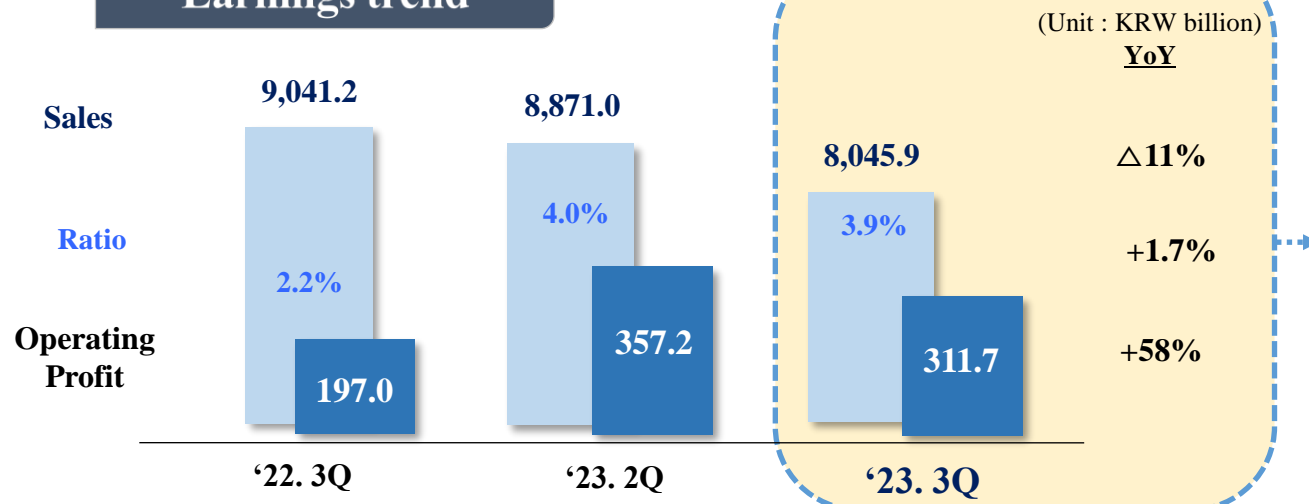
APPENDIX



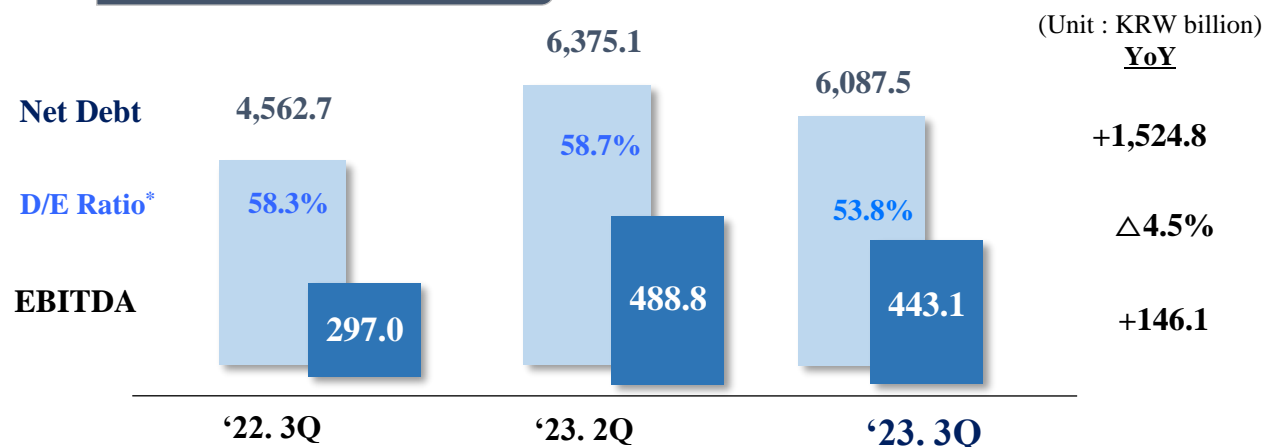
I. '23. 3Q results

Operating profit increased by 58% YoY reaching KRW 311.7 Billion in 3Q

Earnings trend



Financial trend



3Q financial highlights by key business units

(KRW billion, unconsolidated)

Business unit	Business	Sales	Operating profit
Energy	GAS (E&P)	249.4	108.0
	Terminal, power generation	620.2	64.0
Global Biz.	Steel	2,957.4	55.4
	Eco-Friendly Material	2,216.7	36.1
Others	Invest. subsidiaries	723.9	3.1
	Adjustments(Subsidiaries)	1,278.3	45.1

Reasons for significant changes in operating profit YoY(+114.7) (KRW billion, unconsolidated)

Business unit	Reason	Amount
Energy	Increased profit from terminal & power generation due to merger	64.0
Global Biz.	Strong sales of eco-friendly industrial products to Europe & profit margin improvement	50.7

I. '23. 3Q results - Energy

Stable profit throughout the value chain (Up · Mid · Downstream)

E & P

Biz. Performance

(KRW billion)		'23. 2Q	'23. 3Q	Changes
Myanmar gas field	Sales	169.0	182.9	13.9
	Operating profit	110.0	112.5	2.5
SENEX	Sales	64.3	58.9	△5.4
	Operating profit	11.7	9.8	△1.9

KPI

Sales volume (bcf)	'23. 2Q	'23. 3Q	Changes
Myanmar gas field	39.3	46.6	7.3
SENEX	6.5	6.1	△0.4

Major Changes

- (Myanmar) Increase in operating profit due to increased sales volume
- (SENEX) Modest decrease in sales due to maintenance in July/Sep.

Terminal · Power Generation

Biz. Performance

(KRW billion)		'23. 2Q	'23. 3Q	Changes
Terminal	Sales	27.1	30.7	3.6
	Operating profit	9.3	7.8	△1.5
Power Generation	Sales	544.6	575.3	30.7
	Operating profit	45.5	52.0	6.5

KPI

(%)	'23. 2Q	'23. 3Q	Changes
Terminal turnover rate	43.0	44.1	1.1
Generation utilization rate	33.6	36.8	3.2

Major Changes

- (Terminal) Modest decrease in profit due to increased operating costs
- (Pwr. Gen.) Profit increase due to high electricity demand during summer season

I. '23. 3Q results – Material (steel · eco-friendly)

Aim for high-margin biz. through expansion of premium material trading for wind & solar power PJTs

Material

Biz. Performance

(KRW Billion)		'23. 2Q	'23. 3Q	Changes
Steel	Sales	3,644.4	2,957.4	△291
	Operating profit	75.9	55.4	△20.5
Eco-Friendly Materials *	Sales	2,360.5	2,216.7	△143.8
	Operating profit	46.4	36.1	△10.3
Sales Vol. of eco-friendly mat.(10,000 ton)		104	115	11

* Steel sales to environment friendly industry, steel scraps, EV components, secondary battery materials & etc.

Major Changes

- (Steel) Decrease in sales due to exceeding sales quarter (VST, TST etc.)
- (Eco-friendly mat.) Sales expansion for high quality products such as high-strength steel & PosMAC

EV motor core

Biz. Performance

(KRW Billion)		'23. 2Q	'23. 3Q	Changes
EV Motor core	Sales	103.3	102.2	△1.1
	Operating profit	6.1	3.7	△2.4

KPI

(10K Units)		'23. 2Q	'23. 3Q	Changes
EV Motor core	Domestic sales	39.0	36.1	△2.9
	Overseas sales	8.7	7.3	△1.4

Major Changes

- Increase in fixed costs/unit delivery due to delay to OEM
- Future sales expected to improve gradually leading to future improvements in profits

Table of Contents

I. '23.3Q results

II. Performance by Business Unit

III. New Business Roadmap

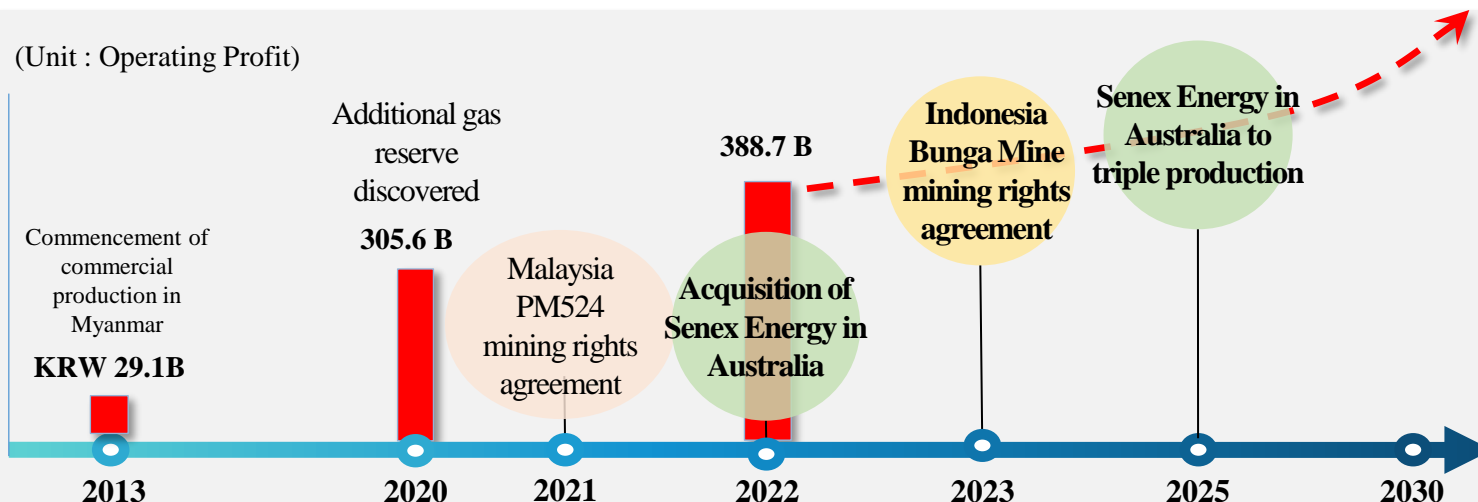
APPENDIX

II. Key development - Energy (Upstream)

Pursue diversification of upstream biz. leveraging on success in Myanmar

Upstream development strategy

- ✓ **Leverage the experience in Myanmar (exploration, development, operational capabilities) to pursue regional diversification**
 - 3X production by '25 post acquisition of SENEX Australia
 - Exploration PJTs underway for PM524 mine in Malaysia & Bunga mine in Indonesia
- ✓ **Import LNG through acquisition of overseas gas field, create synergy through integration of terminal & power generation PJTs**
 - Plan to add 3 more LNG terminals by '25 (Currently 5 (730K kl) → 8 (1.3M kl))



New Exploration PJT

Malaysia PM-524 mine

- **Year** : '21(Exploration period 4 yrs : '25.10)
- **Share** : 80% (Operator)
- **Location** : Eastern offshore region of the Malay Peninsula(4,738km²)
- **Participants** : PETRONAS (20%)
- **Status** : ('21.11) product distribution agreement signed ('25) Plan to drill 1 hole

Indonesia Bunga mine

- **Year** : '23 (Exploration period 4 yrs : '27.7)
- **Share** : 50% (Operator)
- **Location** : Northeastern Offshore of Java Island (8,500km²)
- **Participants** : PHE(Pertamina subsidiary, 50%)
- **Status** : ('23.7) product distribution agreement signed ('25) 3D artificial seismic waves

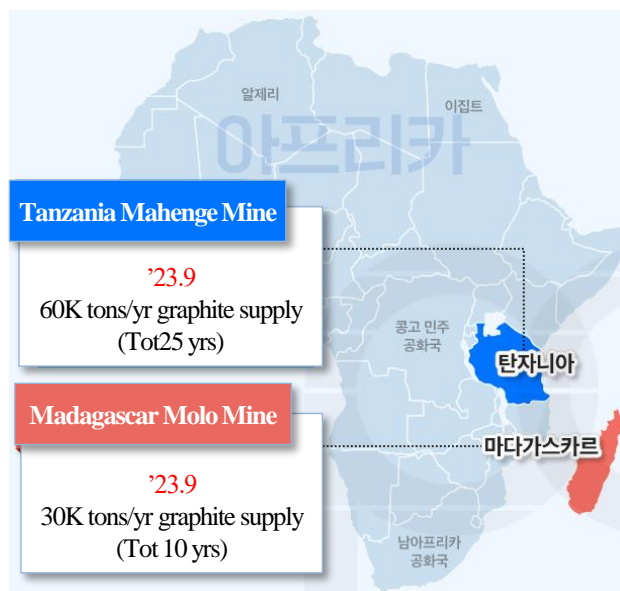
II. Key development - Eco-friendly material

Secure future growth potential via Eco-friendly material biz. & strengthen revenue structure

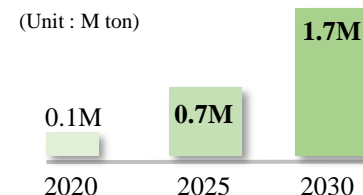
Secondary battery material

Anode mat. : Pursue 90K tons of graphite/yr

- Lead the decoupling of secondary battery mat. supply chain from China & to benefit from the U.S. IRA & EU CRMA
 - Graphite : Designated as critical minerals in U.S. & Australia, & by EU
- Pursue acquisition of 60K tons(30k + add. 30k) in Tanzania & 30K tons in Madagascar



[Battery Graphite Demand Outlook]



[Dependency on China for critical minerals in the secondary battery industry]



*자료: UN Comtrade(2020년 기준)

EV motor core

Expand overseas production facilities: China(Sep), Mexico(Oct)

[Monterrey, Mexico plant]



- Tot. inv. KRW 162B (1.5M units CAPA)
- Pursue order from local EV OEM
 - Second factory (1M units) under consideration depending on new order
 - Located at the hub of eco-friendly automotive cluster : GM, Hyundai M., Tesla, LG Magna etc.

Order Status

(10k units)	Location	'23	'24	'25	'26	'27
Confirmed Order	Korea	185	198	238	263	277
	Oversea	40	88	140	140	150
	Sum	225	286	378	403	427
Under discussion	Korea	-	-	8	28	29
	Oversea	7	49	81	141	365

* Signed supply contract w/ Hyundai for 10.38M units(Scheduled for supply '25~'36)

Table of Contents

I. '23.3Q results

II. Key development

III. New Business

APPENDIX



III. New business - CCS

Enter CCS biz based on U.S. CCS subsidy → Expand to Australia & southeast Asia

Biz. Overview

Background & regional strategies


- ✓ Pursue biz. expansion after securing capability through participation in global CCS PTJs with U.S. companies

Strategy	Region	Plan
Early commercialization in countries that provide subsidies	U.S. Australia	• Pursue storage acquisition and commercialization through joint bidding & partnership participation in offshore CCS subsurface storage
Secure subsurface storage for P-Group's carbon reduction efforts	Korea	• Secure CCS PJT rights based on experience in exploration & production in the East Sea
	South east Asia	• Sign partnership agreement w/ state-owned oil companies

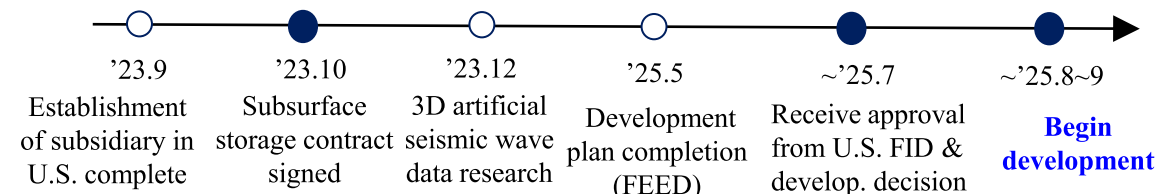
- ✓ Contribute to carbon neutral and reduction

- Aim : Reduce 1.92M tons by '30 ('21 5.16M → '30 3.24M)
- Methodology : Fuel switch 46%, **CCS 23%**, renewable energy 9% etc.

Status of CCS PJT in Texas, USA

Location	7 subsurface storage facilities in the Corpus Christi area, Gulf of Mexico
Period	Evaluation period 2 yrs. / development period 3 yrs. / injection period 25 yrs.
Share	P-Int'l 10% , Mitsui 10%, Repsol 40%, Carbonvert 40%
CAPEX	Exploration phase U\$85M (P-Int'l portion : U\$9M)
Location of storage	

Future Plans



III. New business - Palm

Enter palm oil refining biz. for V/C expansion w/ GS Caltex

Biz plan

Stabilization of the refining biz. with GS Caltex

- **Secure tech. & reduce operational risk** through collab. w/ partners in the petrochemical industry.
- Create lock-in demand through subsidiary & expand **eco friendly Biochem Biz.**

Name	AGPA Refinery Complex ("ARC") * Establishment '23.3.30
CAPA	Refining 500K tons per year
Share	P-Int'l 60%, GS Caltex 40%
Operating Expense	US\$ 2.1M
Period	'24.1Q construction commence, '25.2Q target for operation

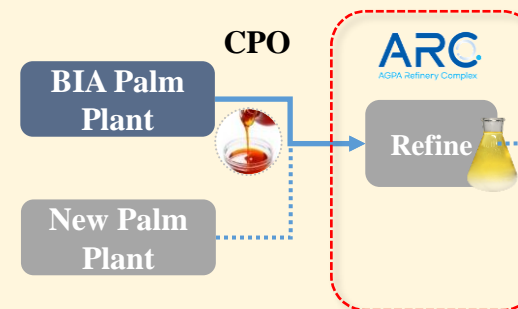
JV biz. Structure



JV PJT Plan

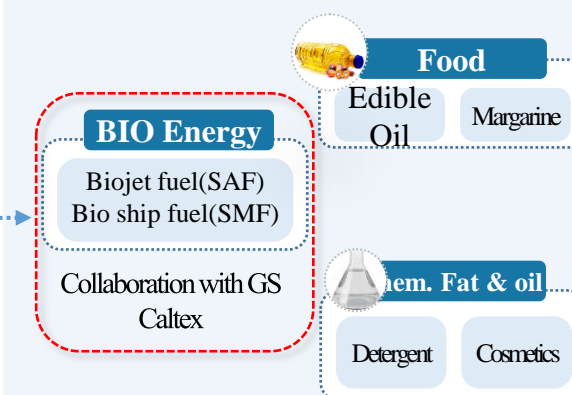
Stage 1

- Produce palm refined oil (raw material for biodiesel)
- Biz. expansion through acquisition of CPO (P-Int'l 200Ktons, external 300k tons)



Stage 2

- Palm oil recycling biz. (SAF/SMF)
- Establish SAF plant within the premises of the refining site



Q & A

Table of Contents

I. '23.3Q results

II. Key development

III. New Business

APPENDIX



3Q 2023 Financial Statements

Income Statement

(KRW Billion)	2Q 2023	3Q 2023	QoQ
Sales	8,871.0	8,045.9	△825.1
Operating Profit	357.2	311.7	△45.5
(Ratio)	4.0%	3.9%	△0.1
Other Profit/Loss	△44.1	△50.6	△6.5
Profit Before Tax	313.1	261.1	△52
Income Tax	92.6	65.9	△26.7
Net Income	220.5	195.2	△25.3

Balance Sheet

(KRW Billion)	2Q 2023	3Q2023	QoQ
Assets	17,204.4	17,300.8	96.4
Cash & Cash equivalents	1,370.0	1,652.0	282
AR(Net)	4,409.8	4,367.8	△42
Liability	10,680.2	10,715.1	34.9
AP	2,311.5	2,547.9	236.4
Loan(Net)	6,375.1	6,087.5	△287.6
Stockholder's Equity	6,259.0	6,585.7	61.5
(Net Debt Ratio)	58.7%	53.8%	△4.9

사람과 사람을 이어갑니다

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Thank You.

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