

2015年12月期 第3四半期決算短信（連結）

平成27年10月21日

会社名：株式会社ポスコ（株式銘柄コード：5412）
 本店所在地：大韓民国慶尚北道浦項市南区東海岸路6261番地
 所属部：東証第一部
 決算期：本決算：年1回(12月) 中間決算：四半期ごと
 問合せ先：ベーカー&マッケンジー法律事務所（外国法共同事業）
 弁護士 高橋 謙（TEL. 03-6271-9900）

1. 本国における第3四半期決算発表日 2015年10月20日（火曜日）

2. 業績(韓国採択国際財務報告基準(K-IFRS))

(1) 経営成績の進捗状況（連結）

	2014年 第3四半期	2015年 第2四半期	2015年 第3四半期	増減額 (前期比)
売上高 (単位：十億ウォン)	16,270	15,189	13,996	△1,193
営業利益 (単位：十億ウォン)	879	686	652	△34
純利益(税引き後) (単位：十億ウォン)	224	117	△658	△775

(注) 1. 税引き後利益は、異常項目加減後の利益である。
 2. 増減額の欄で、△印を付した数値は前期に対する減少を示す。

(2) 財政状態（連結）

	2014年 第3四半期	2015年 第2四半期	2015年 第3四半期	増減額 (前期比)
総資産 (単位：十億ウォン)	84,847	83,637	83,202	△435
株主資本 (単位：十億ウォン)	45,298	44,753	44,999	246
株主資本比率	53.39%	53.51%	54.08%	-

(注) 1. 増減額の欄で、△印を付した数値は前期に対する減少を示す。

3. 2015年12月期の業績予想（連結）(2015年1月1日～2015年12月31日)

	売上高
通 期	60.6兆ウォン

4. 概況・特記事項・その他

該当事項なし。

以 上



2015 3Q Earnings Release

October 20, 2015

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.



3Q Operating Performance

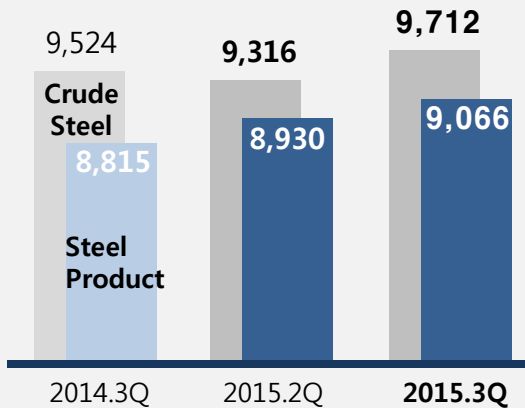
- Major Business Activities
- 2015 Business Plan

Parent Income

OP went up as efforts to reduce cost and expand WP sales continued

Production

(in thousand tons)



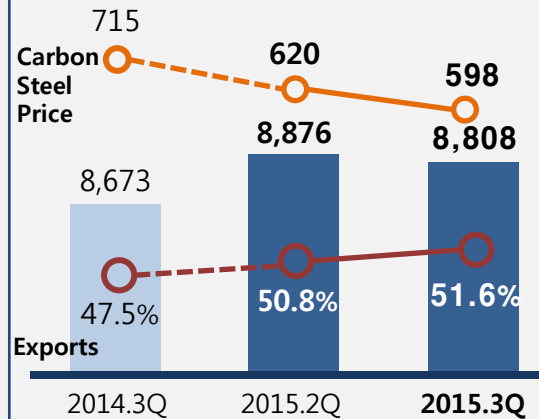
[Steel Product Production]

	2014.3Q	2015.2Q	2015.3Q
Carbon Steel	8,394	8,452	8,595
S T S	421	478	471

* Pohang) Finalized No.2 BF revamping (Feb.6 ~ May.12, 96 days)

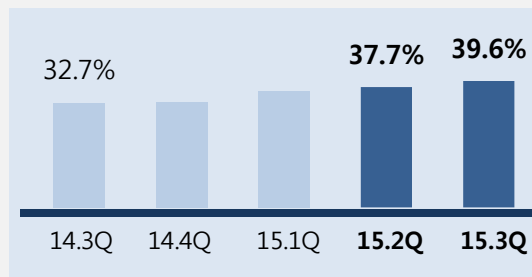
Sales

(in thousand tons, thousand KRW/ton)



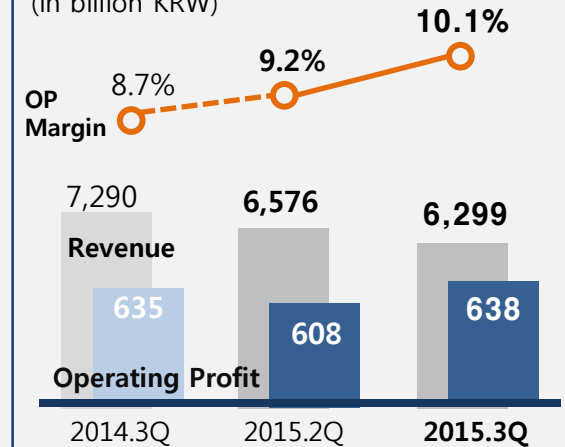
* Inventories : ('15.Q2) 1,257, ('15.Q3) 1,438

[WP Product Sales Portion]

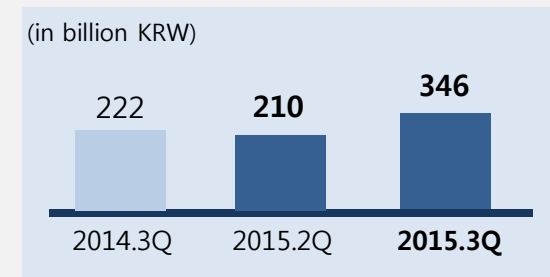


Income

(in billion KRW)

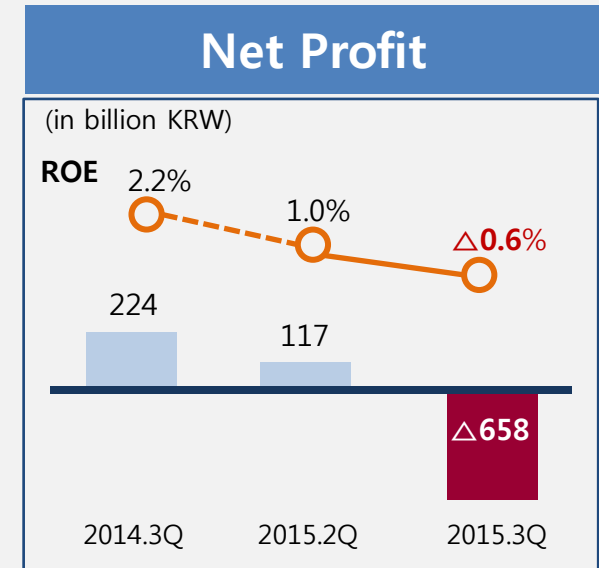
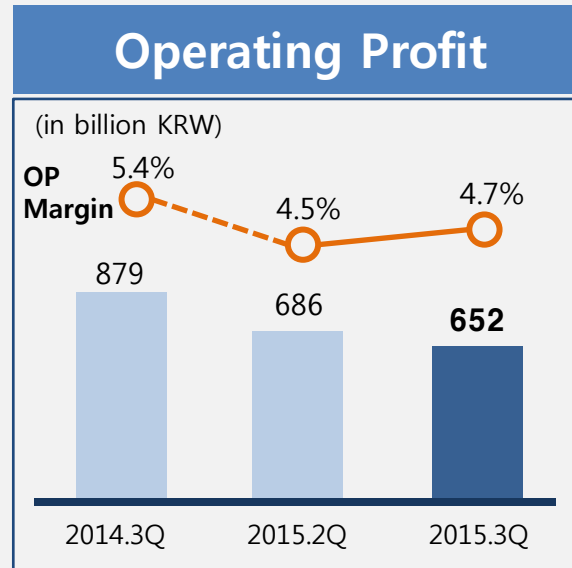
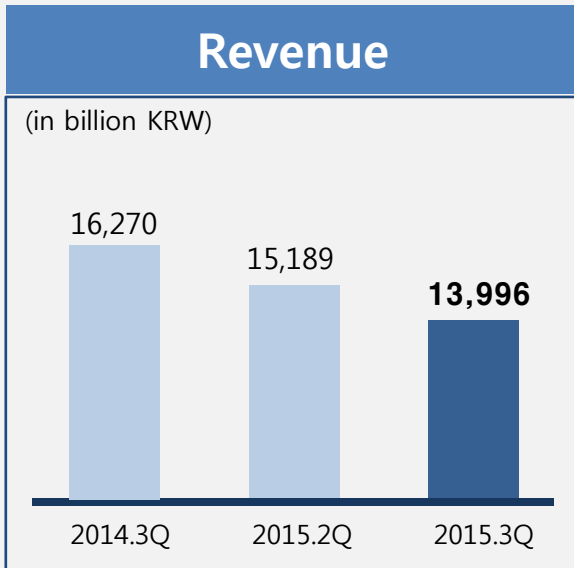


[Net Profit]



Consolidated Income

Net profit turned downward whereas OP Margin improved

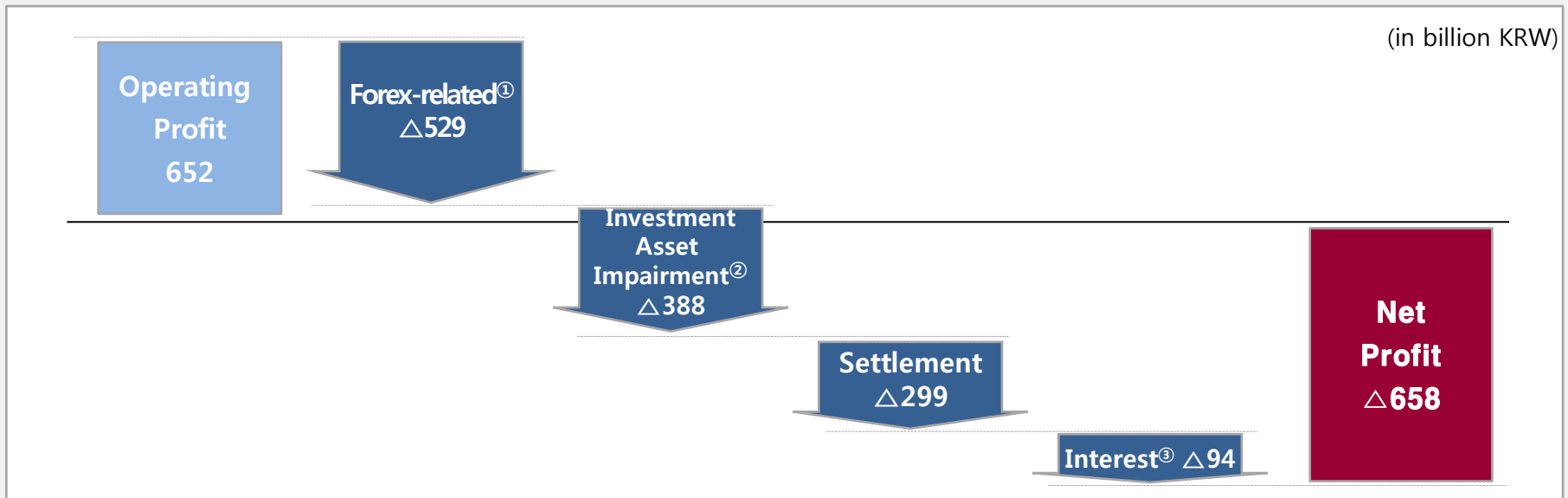


(in billion KRW)	Revenue			Operating Profit			Net Profit*		
	2014.3Q	2015.2Q	2015.3Q	2014.3Q	2015.2Q	2015.3Q	2014.3Q	2015.2Q	2015.3Q
Steel	12,622	11,505	11,177	674	478	539	151	△26	△234*
Trade	7,809	7,079	6,533	93	97	95	31	61	8
E & C	2,322	2,561	2,308	48	27	30	△2	△147	△60
Energy	704	471	451	78	20	18	44	△11	5
I C T	258	241	241	8	9	11	2	13	△49
Chem/Mat'l /Others	784	705	677	31	7	12	7	△9	△24
Total	24,498	22,562	21,387	932	638	707	233	△119	△353

* Impairment losses on mining assets, lawsuit settlement, and forex losses

※ Breakdown of Consolidated Net Loss

Impairment losses and forex-related losses occurred, as external conditions changed



① Forex-related

- **Forex loss from dollar-denominated debt** △380
- ₩/\$ 1,124 → 1,194 (6.3% ↑)
- **Equity loss** △149
- Equity losses occurred as exchange rate in emerging countries dropped

② Investment Asset Impairment

- **Value loss in mining assets as raw material price dropped** △263
- **Value loss on holding stocks** △125
- Thainox, Santos CMI, Ponu-tech, etc.

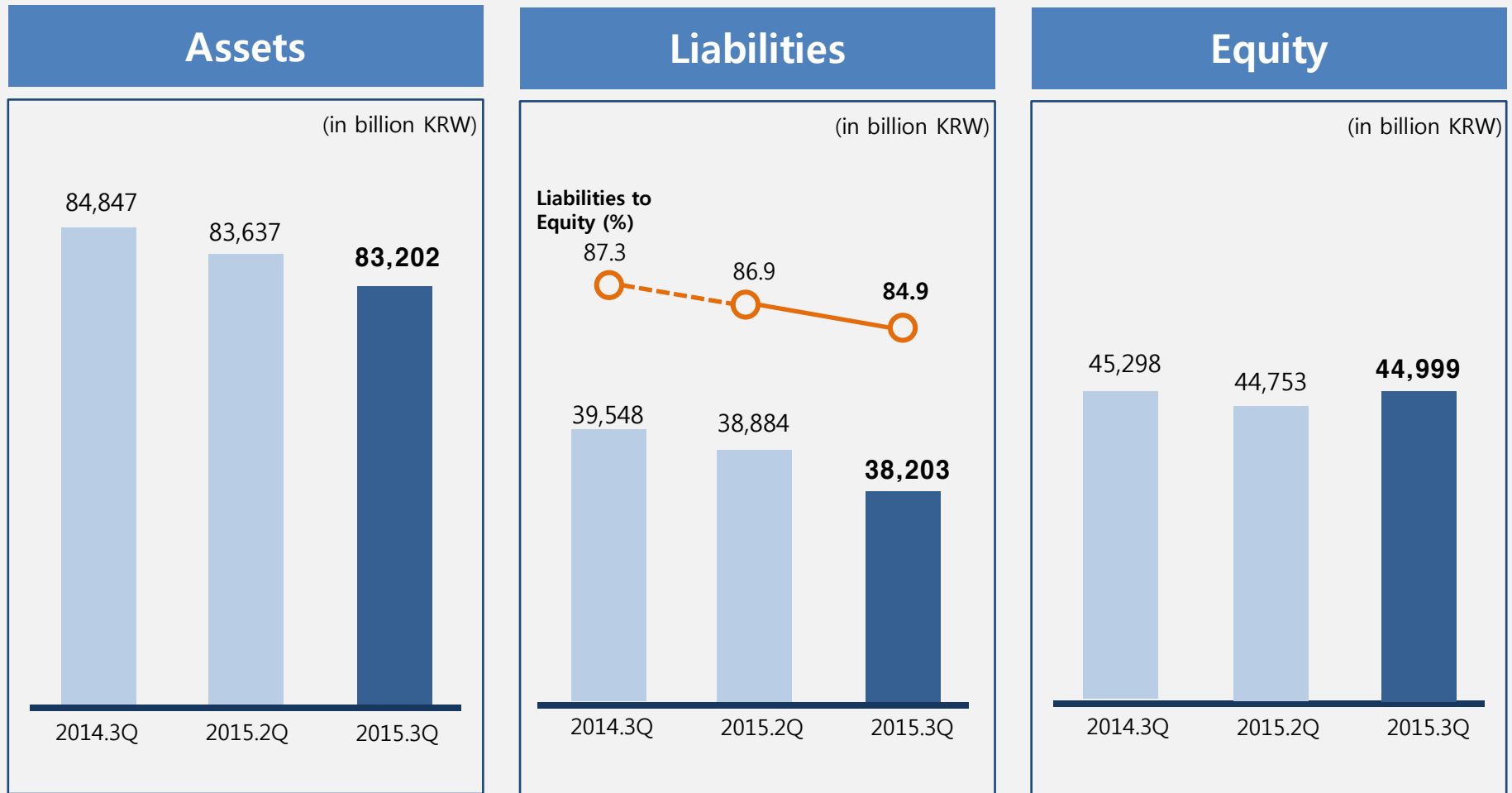
③ Interest Expenses/ Others

- **Net interest expenses** △151
- **Tax expense** +117
- Tax reduction on new technology and refund from tax investigation (+303 QoQ)

※ Gain from selling POSCO E&C stakes (3Q on parent basis), 346 billion KRW is excluded from consolidated (as equity)

Consolidated Financial Structure

Equity increased while liabilities ratio fell due to stake sales of POSCO E&C



- 3Q Operating Performance

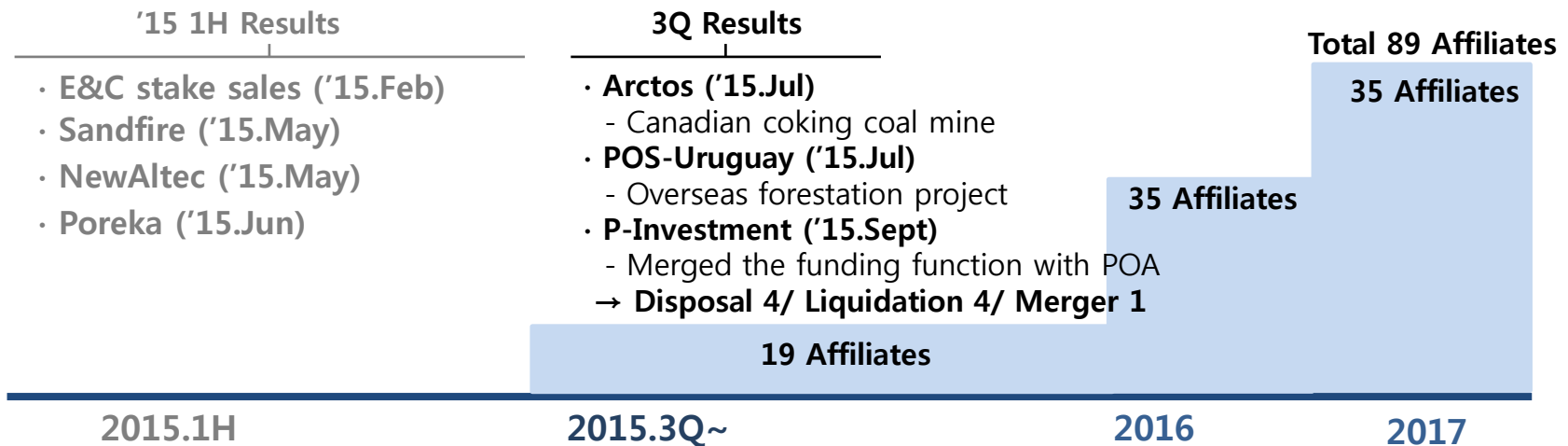
- ▶ **Major Business Activities**

- 2015 Business Plan

Business Restructuring

Enhanced financial soundness through disposal and liquidation of 9 low-profit making businesses

Disposed 9 overseas affiliates (3Q) → Proceed restructuring by 2017



Restructuring under progress

P-Plantec

- Reached MOU with creditors
→ Entered Workout program (Sept)
- **Excluded from consolidation (Sept)**
- **No financial support from POSCO**

POS-HiAL (high-purity Alumina)

- Initiate workout program ('15.Jun)
- **Disposal under progress led by the court**
 - Find preferred bidder (by Oct)
 - Plan to dispose/liquidate in 2015

PONUTECH (nuclear maintenance)

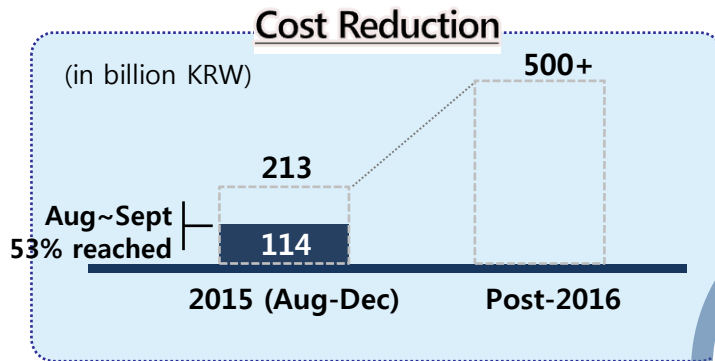
- **Disposal under progress**
 - Named preferred bidder and signed MOU (early Oct)
 - Plan to negotiate price and sign SPA* after due diligence

* Sales and Purchase Agreement (SPA)

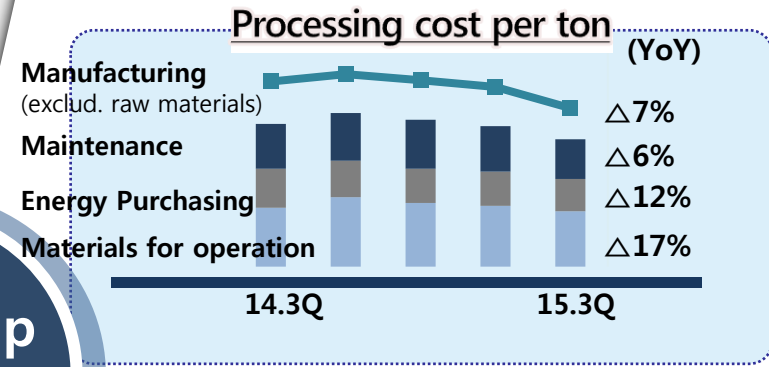
Strengthened Cost Competitiveness

Pushed cost reduction efforts in corporate level to overcome hardships

Achieved 53% of cutting fixed cost



Steel processing cost down 7% per ton



Speed-up Profitability Upturn

Type	Reduction Efforts
Out-sourcing, Materials	<ul style="list-style-type: none"> Competition bidding, control on Maintenance period, reused materials Used low-cost materials, upgrade packaging
Labor cost	<ul style="list-style-type: none"> Labor and salary cut on Mgmt level (△20%) Froze and cut salary
Expenses	<ul style="list-style-type: none"> Minimized advertising, events, etc. Reduced test production and prioritized R&D tasks

Utilized highly efficient facilities

- Upgrade efficiency by utilizing Gwangyang No.4 HR mill and adding newly operating convertor

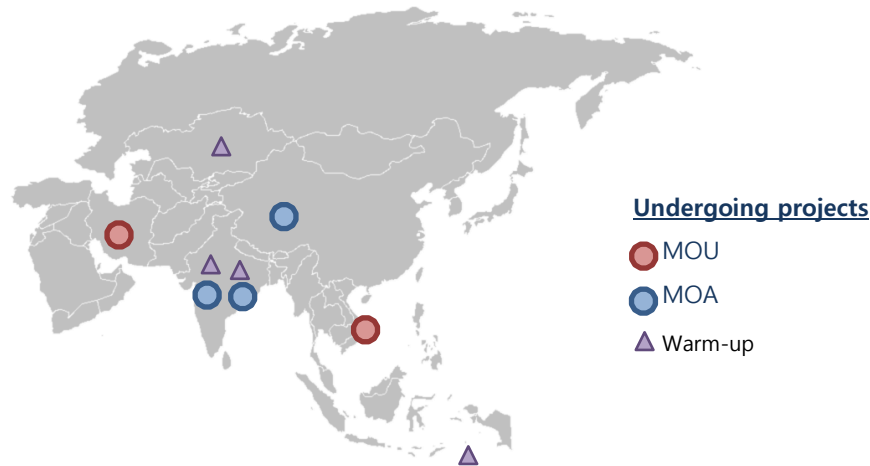
Saved electricity cost

- Minimized energy purchasing cost by utilizing LNG and off-gas power plant

Commercialized POSCO's own technology

Technology sales progress on FINEX, CEM, and Lithium

POIST¹ (FINEX+CEM²)



FINEX Technology sales : 10 cases under progress

- POIST 3 cases, FINEX tech sales 6 cases, CEM tech sales 1 case

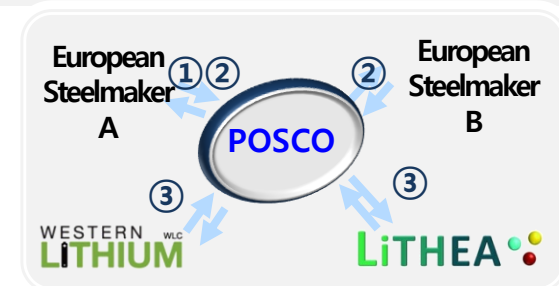
Signed CEM² License contract with German company, SMS (Jul.3)

- Sold CEM technology for the first time since development, which took 6 yrs

* Produce coil directly from hot slab made from molten iron → Reduce processing cost/energy loss



TPB³ Strategy



① Expanded market by developing Multi-Source supply system

- Cross-evaluate pilot products, such as High-Mn plate steel

② Built production-sales cluster for high-end product by extending regional cooperation

- Sample exchange (TWIP), pilot product testing

③ Sold license to use lithium extraction technology (1 case) and pushed for joint biz (signed HOA⁴)

¹ POSCO Innovative Steelmaking Technology ² Compact Endless casting and rolling Mill ³ Technology-based Platform Biz. ⁴ Heads of Agreement

Major Subsidiaries

Daewoo International

- **Resource Development profitability improved as gas production went up**
 - Sales Volume : ('15.Q2) 37.2 billion ft³ → (Q3) 48.2 billion ft³
- **Proceed additional exploration on mines**
 - Conducted 3D artificial seismic wave on new A-1/A-3 mines in Myanmar
 - Prepared drilling Myanmar AD-7 mine lot (for 1Q16)

POSCO Energy

- **Doubled its strength on coal-fired power plant business both in domestic/overseas market**
 - [Vietnam Mong Duong II, 1,200MW]**
 - Successfully operating after completion of No.1 and 2 power plant (25 years PPA contract with EVN)
 - [Samcheok Coal-fired, 2,100MW]**
 - Hired and nurtured experts on operation/maintenance/tech.
 - Heightened tech cooperation with domestic power subsidiaries of Korea Power

POSCO E&C

- **Sold stakes to PIF* and extended business base in the Middle East**
 - Scheduled to build JV (E&C 60%, PIF 40%) with PIF within this year
- **Orders went up as housing market recovered**
 - "L-City" in Busan (1.4 trillion KRW), Housing complex in Gwangju and Ulsan (0.5 trillion KRW)



* Public Investment Fund (Saudi Arabia's sovereign wealth fund)

POSCO ChemTech

- **Sales of secondary battery cathode material picked up**
 - Capacity expansion : Yearly 3,600 → 5,400 tons
 - Sales volume increased by 150% YoY as pre-order flew in
- **First to produce premium needle cokes in domestic market (Oct)**
 - Plan to enter the needle cokes market, which only has 6 suppliers globally
 - Became capable of producing artificial graphite cathode by using needle cokes

- 3Q Operating Performance
- Major Business Activities
- ▶ **2015 Business Plan**

Consolidated Business Target

		<u>2014</u>	<u>2015(F)</u>
POSCO			
▪ Revenue	(in trillion KRW)	29.2	26.0
▪ Crude Steel Production	(in million tons)	37.7	37.9
▪ Product Sales	(")	34.3	35.3
▪ Investment	(in trillion KRW)	3.0	2.4
Consolidated			
▪ Revenue	(in trillion KRW)	65.1	60.6
▪ Investment	(")	5.4	3.3



Appendix

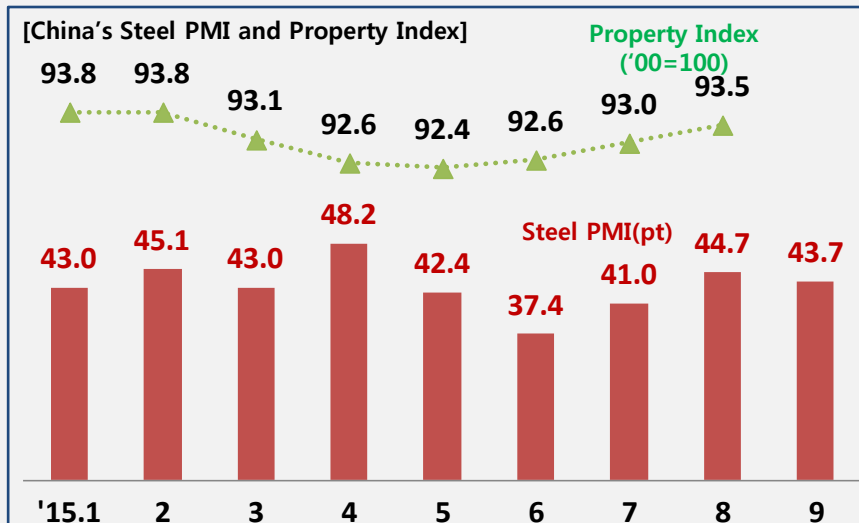
- 1. Business Environment**
 - Steel Demand and Raw Materials**
- 2. Financial Statements**

Global Steel Demand

China's Steel Economy

"Supply-Demand condition improve as production reduces and demand starts to build up"

- ✓ Business sentiment index starts to pick up slowly as the economy passes its trough
 - Steel PMI and property index started to rebound as of June
- ✓ Price rebound expected as local mills near Beijing shut down in preparation for military parade, easing over-supply
 - While distribution steel price downtrend started to slow down, major mills (Baoshan, etc) froze Nov. shipping price



* China Federation of Logistics & Purchasing, CEIC

Steel Demand in Major Countries

"2016 global demand to pick up slightly supported by emerging countries "

- ✓ China : 2016 demand lingers despite economy stimulus plan due to depressing property market, weak spending and investments
- ✓ Developed : Demand to recover slowly as economy shows signs of recovery and consumption sentiment goes up
- ✓ Developing : Expected to show 4~7% of steady growth and would compensate the weak demand in China

[Outlook for Demand in Major Countries]

(in million tons)

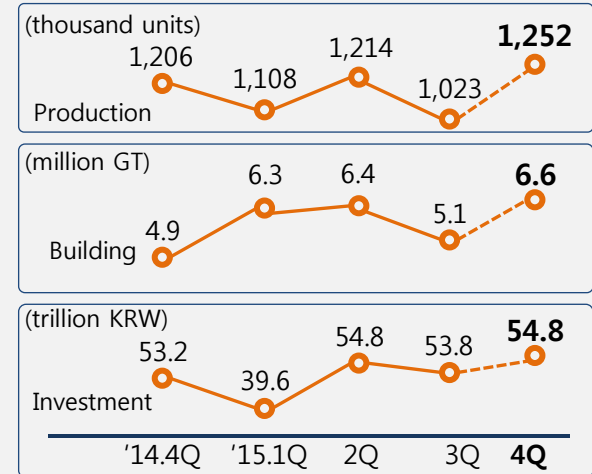
	2013	2014	2015	YoY	2016	YoY
US	95.7	107.0	103.8	△3.0%	105.2	1.3%
EU	140.9	148.0	149.8	1.3%	153.1	2.2%
China	735.1	710.8	685.9	△3.5%	672.2	△2.0%
India	73.7	75.9	81.5	7.3%	87.6	7.6%
ASEAN5	58.8	62.1	64.3	3.5%	66.4	3.4%
MENA	66.4	70.1	73.3	4.6%	77.2	5.2%
Global	1,528.9	1,539.9	1,513.4	△1.7%	1,523.4	0.7%

* World Steel Association(Oct, 2015)

Domestic Steel demand

Outlook for Demand Industries

Automobile	<p>4Q production to go up YoY, as domestic sales outshine weak exports</p> <ul style="list-style-type: none"> ✓ Domestic (thousand unit): 345('15.1Q)→393 (2Q)→386 (3Q)→443 (4Q) ✓ Exports (thousand unit): 734('15.1Q)→811 (2Q)→638 (3Q)→809 (4Q)
Shipbuilding	<p>4Q building to increase as pre-orders kick in while new orders reduced</p> <ul style="list-style-type: none"> ✓ Building (million GT): 6.3 ('15.1Q) → 6.4 (2Q) → 5.1 (3Q) → 6.6 (4Q) ✓ Order (million GT): 4.9 ('15.1Q) → 9.2 (2Q) → 5.5 (3Q) → 4.4 (4Q)
Construction	<p>4Q investment to climb up YoY as housing market grows</p> <ul style="list-style-type: none"> ✓ Construction (trillion KRW): 26.0 ('15.1Q)→35.6 (2Q)→36.2 (3Q)→33.6 (4Q) ✓ Engineering (trillion KRW): 13.6 ('15.1Q)→19.2 (2Q)→17.6 (3Q)→21.2 (4Q)



* POSRI(Oct, 2015)

Outlook for Supply/Demand

“4Q steel demand to remain flat YoY as domestic automobile demand recovers, while export still staggers with slow global demand and enhanced competition with the Chinese and Japanese steelmakers”

(in thousand tons)	2013	2014	2015					YoY
				1Q	2Q	3Q	4Q	
Nominal Consumption	51,762	55,521	55,170	13,043	14,357	14,170	13,600	0.0%
Export	29,191	32,257	31,598	7,888	7,770	7,830	8,110	△3.4%
Production	69,146	74,109	73,651	17,717	18,849	18,490	18,595	△0.3%
Import	11,807	13,669	13,117	3,214	3,279	3,510	3,115	△7.1%
Incl. Semi-Products	19,393	22,749	21,770	5,554	5,271	5,615	5,330	△6.9%

* POSRI(Oct, 2015)

Raw Materials

Iron Ore

2015.3Q

After the price plunged during early July due to Greek crisis, it bottomed out to U\$50/ton. Since then the movement has been mixed as demand shrank from the impact of China's military parade event

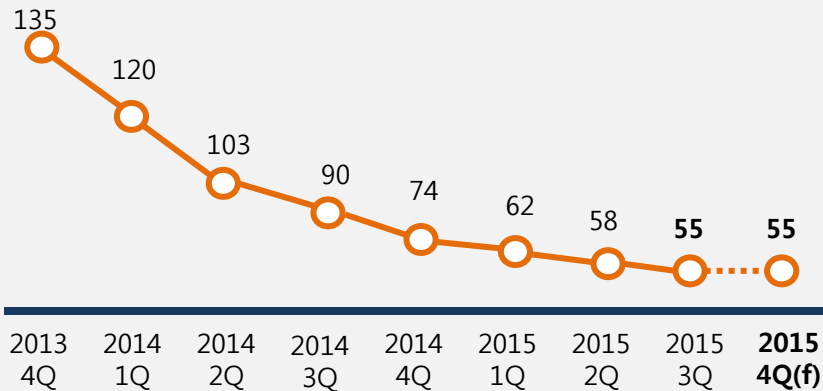
2015.4Q

The price will continue to stay weak as iron ore demand started to fall as the major miners continue to ramp up after 3Q, worsening oversupply, and steel demand industries enter the slow season

"Fine Ore around CFR U\$55/ton"

[Iron Ore Price]

(US\$/ton)



*Platts 62% Fe IODEX CFR China (Quarter Average Spot)

Coking Coal

2015.3Q

The price leveled down its lowest of 3Q due to drop in Australian dollar and Yuan appreciation, after experiencing small hike in August with temporary restocking move from China (FOB U\$80.35/ton)

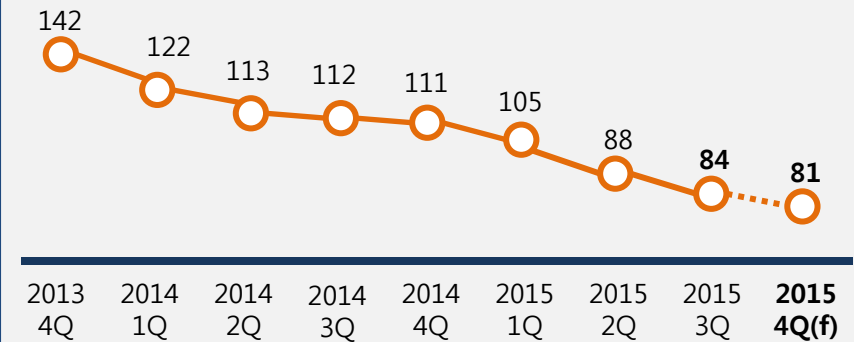
2015.4Q

While the oversupply in the market deepens as China's demand for imported ore stays weak, the price is to remain weak, with the impact from the weak Australian dollar and oil price

"Hard Coking Coal around FOB U\$81/ton"

[Coking Coal Price]

(US\$/ton)



*Platts HCC Peak Downs Region FOB Australia (Quarter Average Spot)

Summarized Statements of Income

(in billion KRW)

	2014.3Q	2015.2Q	2015.3Q	QoQ
Revenue	16,270	15,189	13,996	△1,193
Gross Profit	1,859	1,721	1,570	△151
(Gross Margin)	(11.4%)	(11.3%)	(11.2%)	
Selling & Admin. Expenses	980	1,035	918	△117
Operating Profit	879	686	652	△34
(Operating Margin)	(5.4%)	(4.5%)	(4.7%)	
Other Operating Profit	△108	△148	△663	△515
Share of Profit (loss) of Equity-accounted investees	△41	24	△149	△173
Finance Items Gains	△398	△259	△616	△357
Foreign Currency Transaction & Translation Gains (loss)	△72	△78	△380	△302
Net Profit	224	117	△658	△775
(Net Margin)	(1.4%)	(0.8%)	(△4.7%)	
Owners of the Controlling Company	238	198	△534	△732

Consolidated Statements of Financial Position

(in billion KRW)

	2014.3Q	2015.2Q	2015.3Q	QoQ
Current Assets	31,586	31,403	31,553	+150
Cash & Financial Goods*	5,530	7,394	8,857	+1,463
Account Receivable	11,972	11,115	10,183	△932
Inventories	10,934	9,344	9,091	△253
Non-Current Assets	53,261	52,233	51,649	△584
Other Long-term Financial Assets**	4,387	3,401	3,210	△191
PP&E	35,362	34,924	34,690	△234
Total Assets	84,847	83,637	83,202	△435
Liabilities	39,548	38,884	38,203	△681
Current Liabilities	21,003	22,082	22,066	△16
Non-Current Liabilities	18,545	16,801	16,137	△664
(Interest-bearing Debt)	27,726	27,785	27,331	△454
Equity	45,298	44,753	44,999	+246
Owners of the Controlling Company	41,576	41,512	41,509	△3
Total Liabilities & Equity	84,847	83,637	83,202	△435

* Cash & Financial Goods : Cash and cash equivalents, Short-term financial goods, Short-term available for sale securities, Current portion of held-to-maturity securities, and Derivatives asset held for trading **Including Other bonds