

POSCO Holdings

2024

Earnings Release

February 3, 2025



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- **Consolidated Business Performance**

- **Key Business Activities**

- **Business Performance by Key Area**

 - I. Steel**

 - POSCO · Production/Sales · Income
 - Overseas · PT-KP · PZSS · P-Maharashtra · PY-VINA

 - II. Energy Materials**

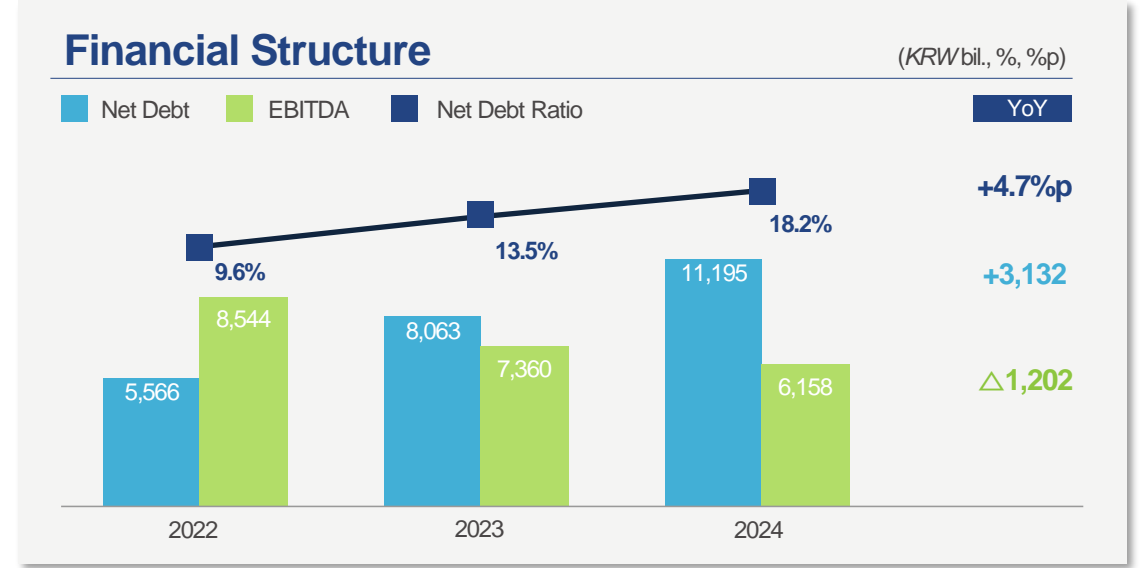
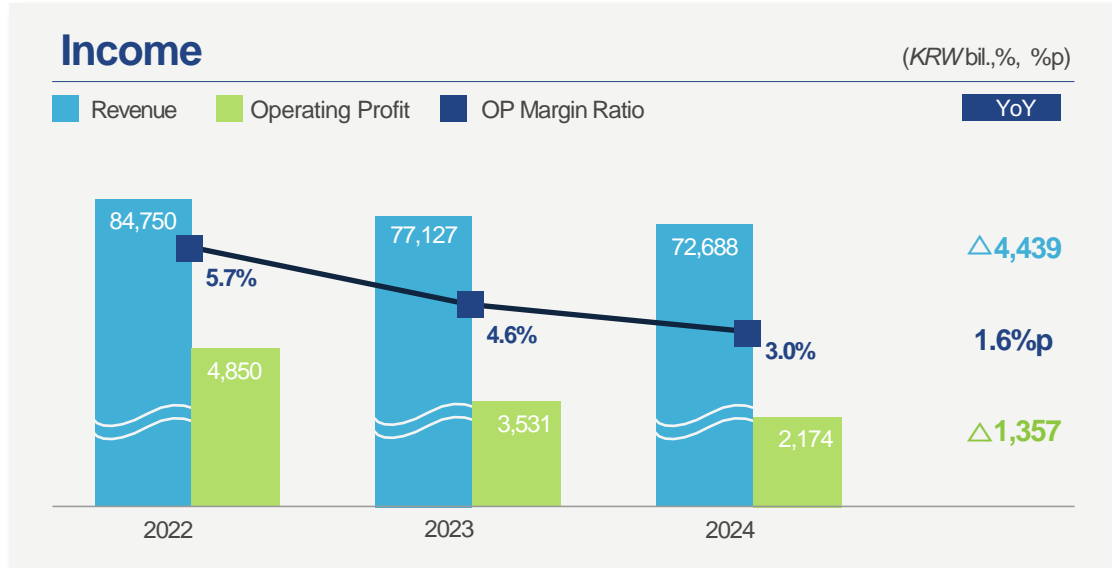
 - POSCO Future M

 - III. Infrastructure**

 - POSCO International
 - POSCO E&C

- **Appendix**

Earnings declined due to concurrent downturns in both Steel and Energy Materials



- 2024 CAPEX : KRW 9.0 tril. (consolidated), KRW 1.0 tril. (separate)

Performance Before Intercompany Transaction Adjustment

(KRW bil.)	Revenue				Operating Profit				Net Profit			
	2022	2023	2024	4Q24	2022	2023	2024	4Q24	2022	2023	2024	4Q24
*Consolidated Income	84,750	77,127	72,688	17,805	4,850	3,531	2,174	95	3,560	1,846	948	$\Delta 703$
Steel	70,650	63,539	62,201	15,639	3,236	2,557	1,637	334	1,712	1,241	692	$\Delta 6$
POSCO ¹⁾	42,695	38,972	37,556	9,281	2,295	2,083	1,473	322	1,126	1,180	902	146
Overseas	23,933	20,494	20,713	5,335	474	194	39	8	109	$\Delta 137$	$\Delta 149$	64
Energy Materials	3,389	4,822	3,830	761	143	$\Delta 161$	$\Delta 278$	$\Delta 203$	109	$\Delta 236$	$\Delta 631$	$\Delta 565$
POSCO Future M ²⁾	3,302	4,760	3,700	723	166	36	1	$\Delta 41$	204	4	$\Delta 231$	$\Delta 276$
Infrastructure	65,901	57,157	56,872	13,749	1,544	1,533	1,324	108	957	1,078	445	$\Delta 374$
POSCO International ²⁾	37,990	33,133	32,341	7,942	903	1,163	1,117	145	605	680	503	$\Delta 107$
POSCO E&C ²⁾	9,435	10,166	9,469	2,251	309	201	62	$\Delta 63$	171	177	51	78

1) Separate 2) Consolidated, POSCO International performance includes POSCO Energy

Application of *KRW* 1.3 tril. non-cash losses, resulting from impairment of low-profit assets and valuation due to market downturn

Steel

△1,195.9 bil. *KRW* (Q4 △1,007.7 bil.)

Asset Impairment (Non-operating loss)

- **Suspended operation of inefficient, aged assets of Pohang works: △184.1 bil. *KRW***
 - Steelmaking line #1: △76.6 bil. *KRW*; capacity 0.75Mt since '73
 - Wire Rod #1: △21.1 bil. *KRW*; 0.7Mt capacity since '79
 - Coking, sintering, power generation, and plate lines (1st phase facilities)
- **(ESG) Suspended additional coal mine development :**
 - Impact of fire loss on NCR coal mine in USA: △220.2 bil. *KRW*

Energy Materials / Infrastructure

- **Recognized impairment losses on low-profit assets:**
 - Aging CAM/AAM facilities, △303 bil. *KRW*
 - Precursor JV in China, △160 bil. *KRW*
- **(ESG) Recognized impairment losses due to the sale of the coal power generation business:**
 - Mongduoung coal-fired power plant, Vietnam (sale pending) △116 bil. *KRW*

△88.2 bil. *KRW* (Q4 △146.2 bil.)

Inventory Valuation Loss (Operating loss)

- **Product Price Decline :**
Overseas Steel △ 5.1 bil. *KRW* (Q4 △ 13.9 bil.)

- **Inventory valuation reflects metal price drop triggered by low EV demand :**
 - POSCO Pilbara Lithium Solution △56.0 bil. *KRW* (Q4 △55.6 bil.)
 - POSCO Argentina △ 52.9 bil. *KRW* (Q4 △ 52.9 bil.)

Steel

Invest in low-carbon steelmaking & explore offshore growth markets

1 HyREX technology development

- Designated as a National Strategic Technology (Jan. '24)
- 'H2-based Steelmaking Feedstock' selected as MSIT's global R&D flagship project (May '24)
- First batch of molten iron tapped from ESF (Apr. '24)

2 JV integrated steelworks in India

- POSCO-JSW signed MOU to seek Steel/Battery Materials/Energy collaboration (Oct. '24)
- To build a 5Mt+ capacity JV integrated steel mill
- JV defines a 50:50 ownership split with equal number of directors on the Board

3 EAF construction

- With the aim to reach its interim carbon net zero milestone, POSCO began construction of a 2.5Mt EAF at Gwangyang Steelworks (Feb. '24)

Energy Materials

New plant commissioning & initial ramp-up operations

1 A suite of materials plants come on line

- P-Argentina completed facilities (upstream & downstream) to produce 25Kt of LH (Oct. '24)
- P-Silicon Solution commissioned 550-ton capacity silicon anode material plants (Nov. '24)
- P-PLS completed 21.5Kt capacity LH Plant 2 (Nov. '24)



2 Continuous expansion of CAM plants

- P-Future M's Gwangyang NCA CAM plant broke ground (52.5Kt, Feb. '24)
- P-Future M's Pohang NCA CAM plant began operation at full capacity (30Kt, Oct. '24)

Infrastructure

Continue to drive gas field expansion project

1 4-Stage expansion of the Myanmar offshore gas field

- Stage 3: gas booster platform test run; P-Int'l began commercial operation (Apr. '24)
- Stage 4: project kick-off in '23 2H; basic plant design began (Jul. '24)

2 Senex 3x capacity expansion speeds up

- P-Int'l's expansion project gained Australia's Environment Protection and Biodiversity Conservation (EPBC) gov't approval (Jun. '24)
- Agreed to raise A\$ 650mil. in capital with Hancock Energy. (P-Int'l 50.1%, A\$ 326mil)

3 No.1 in Korean remodeling construction

- POSCO E&C achieved an industry milestones as Korea's first vertical extension remodeling construction service provider. It ranked No.1 in the nation's remodeling order book.

Building stability into new plants and rebalancing the portfolio (acquire high-quality assets, downsize less competitive businesses)

Focus on stabilizing new operations

- 1 Brine lithium (POSCO Argentina, Phase 1)**
 - Ramp-up and certification: aim to achieve full ramp-up by Q2 and acquire customer certification by Q4
 - ※ Phase 2 (LC, 23Kt) : target completion by Aug. '25
- 2 Ore lithium (P-PLS, 43Kt)**
 - Plant 1: Already in standard operation
 - Certification: Obtained from P-Future M; in progress at 2 other battery/CAM makers
 - Service Agreement: 3-yr 15Kt signed with SK On (Nov. '24); 1-yr 20Kt signed with P-Future M (Dec. '24)
 - Plant 2: P-Future M certification anticipated by June; by September, 2 battery/CAM companies expected to follow suit
- 3 POSCO HY Clean Metal (recycling)**
 - 95% operation recorded for two consecutive quarters (Q3, Q4)
 - Reduced losses due to stabilization of operations
- 4 Next-generation AAM (silicon anode, 550-tons)**
 - Facility construction completed in Sept. '24; customer sample test currently in progress

Rebalance the Energy Materials business

- + Promoting the acquisition of high-quality brine assets**
 - Pursuing investment in salt lakes in Chile and Argentina ('25)
 - + Lithium development MOU w/ Hancock in Australia (Dec, '24)**
 - Downstream business cooperation on Hancock-owned resources

※ POSCO – Hancock cooperation

 - POSCO invested 12.5% in Roy Hill (Hancock) ('10)
 - Senex Energy in Australia was jointly acquired by P-Int'l and Hancock ('22)
 - + Mahenge mine graphite project in Tanzania**
 - In May '23, a long-term supply agreement was signed with Black Rock Mining, owner of the mine (30Ktpa)
 - In Sept. '24, an MOU was signed to raise additional capital and increase purchase volume (→ 60Ktpa)
- 
- Precursor/Nickel JV between P-Future M and Huayou is dropped**
 - CNGR precursor JV is postponed by a year (Jan.'25 → Jan. '26)**
 - Divestment of P&O Chemical shares due to low profitability and lack of strategic alignment**
 - Debt reduction effect : over *KRW* 200 bil.

Restructuring under-performing projects and non-essential assets to enhance capital efficiency

Project Scope

125 projects including 55 under-performing projects and 70 non-core assets

2024 Performance

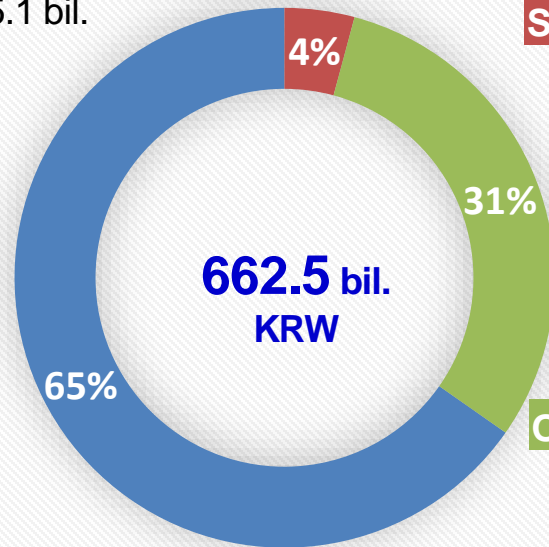
45 projects completed → Cumulative cash generation of **KRW 662.5 bil.**

*Includes advance payment from ongoing projects; KRW 102.5 bil. in demolition costs separately incurred

Infrastructure

24 projects, cash inflow of **KRW 415.1 bil.**

- **Sale of low-profit assets**
: property income rights of Guryong Village & commercial space in Haengdang-dong
- **Enhanced ESG management**
: sale of heavy oil power plant in Papua New Guinea
- **Sale of minority stakes**
: shares in West Seoul Expressway, East Seoul Expressway, Northwest Copper, and ITI



Steel

19 projects, cash inflow of **KRW 26.6 bil.**

- Restructure low-profit steel service centers in China
- Liquidate investment funds

Other

2 projects, cash inflow of **KRW 194.2 bil.**

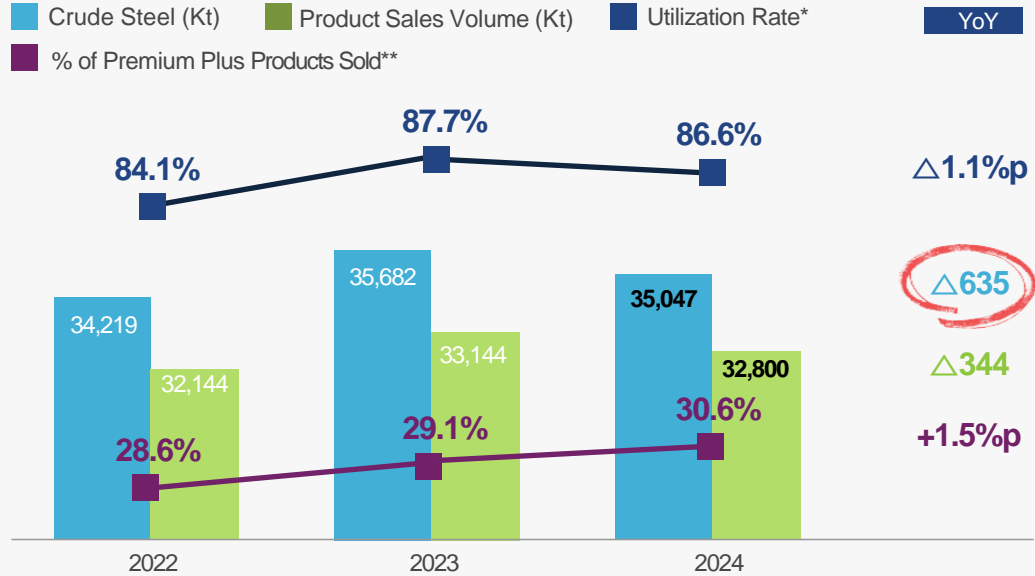
- Sale of KB Financial Group shares

2025 Goal

Additional **KRW 1.5 tril.** cash generation through 61 restructuring projects
(Cumulative **KRW 2.1 tril.** across '24 to '25)

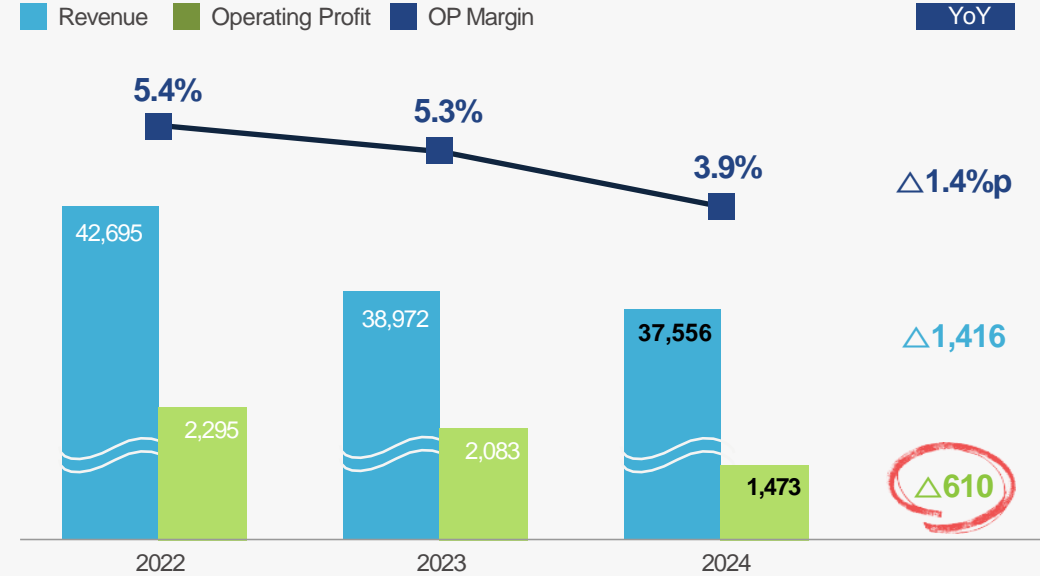
Production/Sales

(KRW/bil., %)



Income

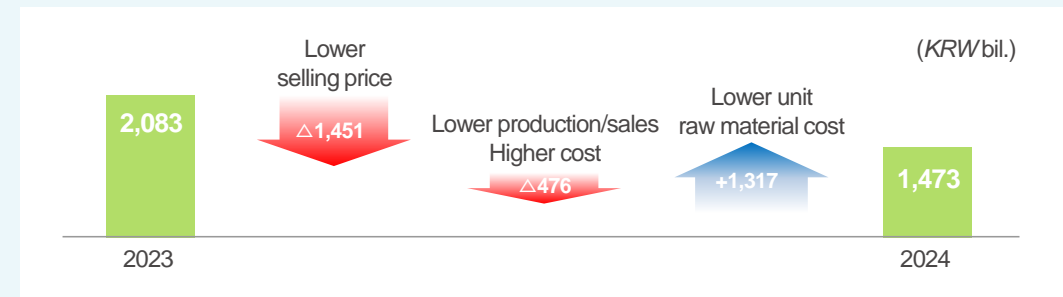
(KRW/bil., %)

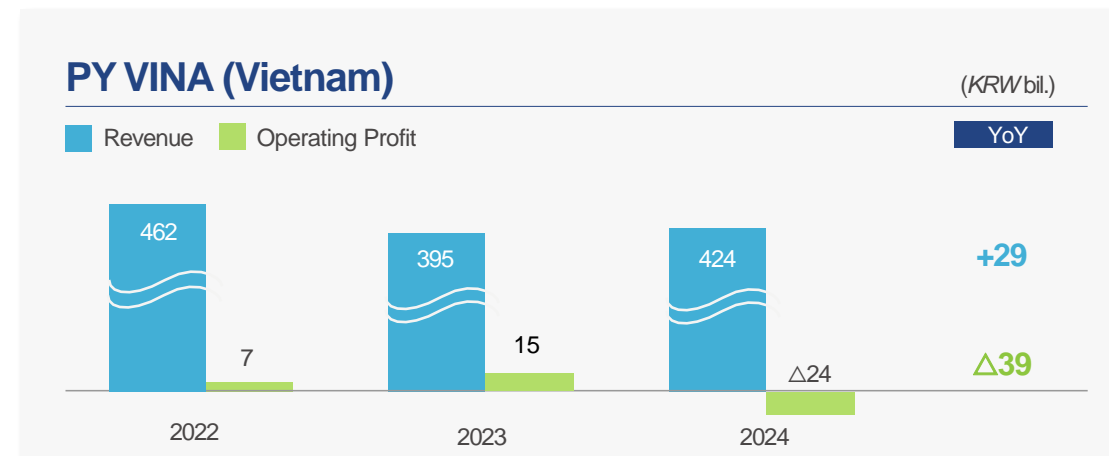
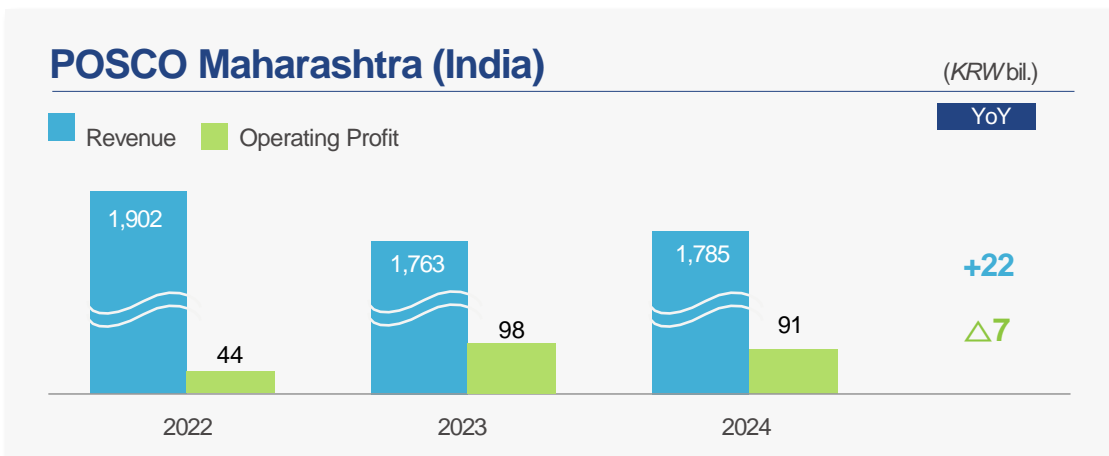
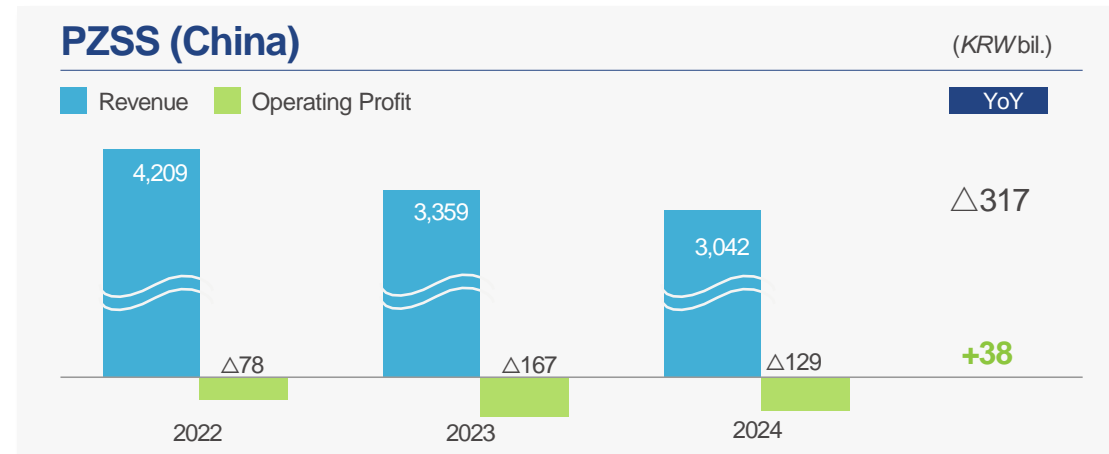


* Utilization Rate: crude steel production / crude steel capacity
 **Excludes figures for non-prime and semi-finished products

Production/sales declined due to BF refurbishment; however, high value-add product sales grew, defying weak global demand

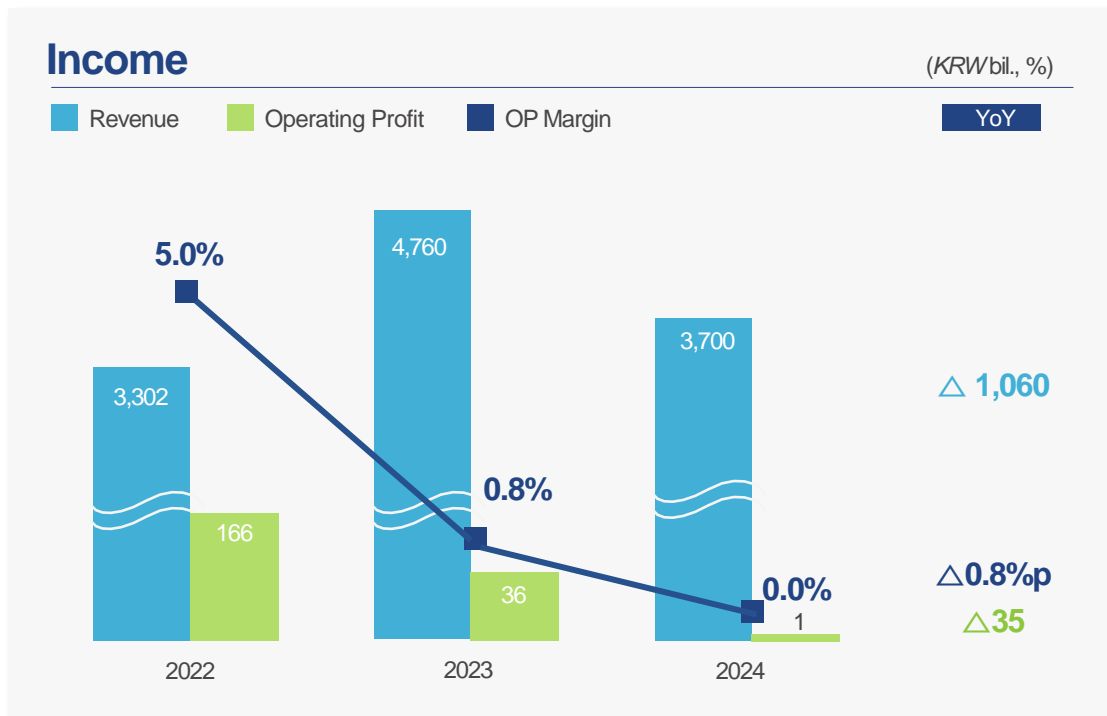
- Despite QoQ mill margin growth, OP fell due to higher non-recurring costs, e.g., one-time labor expenses
- Selling price (carbon steel): '23) KRW 1,022K/t → '24) KRW 985K/t (Δ37)
 * Q3) 980 → Q4) 931
- Key raw materials cost (carbon steel): '23) 100 → '24) 97 (Δ3)
 * 3Q) 100 → 4Q) 87
- Expenses: Higher energy cost due to rise in power rates; higher labor cost





YoY OP declined due to weakened global demand markets

- [PT.KP] OP fell on market slowdown despite cost optimization efforts, e.g., increased use of low-cost coking coal, improved BF charge mix
- [POSCO Maharashtra] Despite lower market prices in India, OP preserved by improved product mix (Automotive steel sales ratio '23, 49% → '24, 51%)
- [PZSS, PY VINA] Despite adverse market conditions, cost saving activities helped to defend against more sizeable losses (PZSS), earnings turned negative due to H beam price decline, resulting from China's construction sector downturn (PY VINA)



Revenue & OP by Segment

(KRW/bil.)

	2022	2023	2024	YoY
Revenue	3,302	4,760	3,700	$\Delta 1,060$
Energy Material	1,938	3,362	2,340	$\Delta 1,022$
Base Material	1,364	1,398	1,360	$\Delta 38$
Operating Profit	166	36	1	$\Delta 35$
Energy Material	151	$\Delta 12$	$\Delta 37$	$\Delta 25$
Base Material	15	48	38	$\Delta 10$

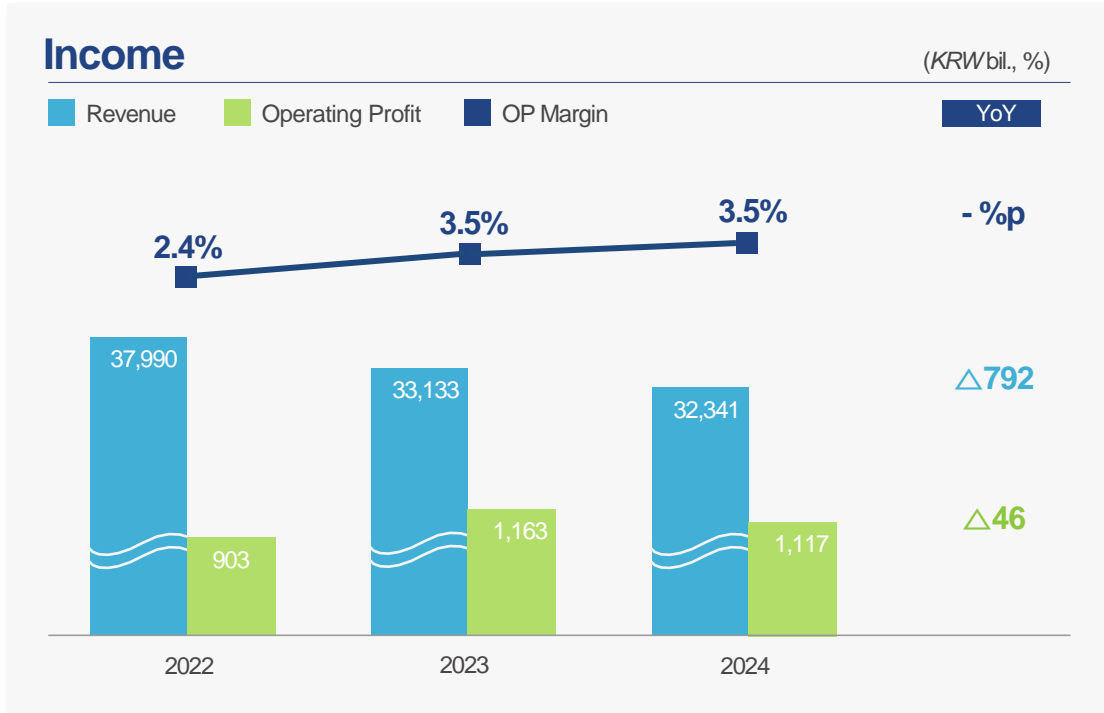
CAM: Revenue declined on low selling price, pegged to the falling price of metals; margins eroded by lower capacity utilization

- Slight volume growth in CAM sold, impacted by the quick rise in high-Ni sales from initial NCA shipments, which helped to offset the drop in mid-Ni (N65) sales

AAM: US delays FEOC ruling, causing weak Natural Graphite sales, thus shifting the business into negative profit. Fixed cost enters the book as Artificial Graphite begins mass production

- [Natural] Glut of cheap Chinese imports dented sales and capacity utilization from 2H '24;
- [Artificial] Mass production began, but sales trailed output. Government considers subsidy program with the goal to stabilize supply chains

Basic Materials: Earnings decline resulting from slimmer Chemical margins due to crude oil price drop



Revenue & OP by Segment

(KRW bil.)

	2022	2023	2024	YoY
Revenue	37,990	33,133	32,341	$\Delta 792$
Energy ¹⁾	1,558	4,084	4,041	$\Delta 43$
Steel Mtrls, etc. ²⁾	36,432	29,049	28,300	$\Delta 749$
Operating Profit	903	1,163	1,117	$\Delta 46$
Energy ¹⁾	352	592	613	+21
Steel Mtrls, etc. ²⁾	551	571	504	$\Delta 67$

1) Consists of E&P, LNG plant and terminal
 2) Consists of steel, eco-friendly industrial material, foods trading, and consolidated accounts

* Acquisition of POSCO Energy completed in Jan. '23. ('22E sales: KRW 3,707 bil., OP: KRW 271 bil.)

While Steel Materials took a modest OP decline in a sluggish global economy, the extended Energy value chain is helping to maintain stable profits

- [Steel Materials] Profits declined due to slow global demand and weak commodity market (KRW $\Delta 67$ bil, YoY)
- [Myanmar gas field] Gains generated from FX hike and depreciation cost drop, resulting from certification of additional reserves following Phase 3 development completion (+ KRW 26 bil., YoY)
- [LNG/Terminal] Profits lifted by commencement of commercial operation at expanded terminal (Tank No. 6) and new customers (+ KRW 18 bil., YoY)
- [Power] Despite stronger sales from record summer heat and winter freeze, profits shrank due to lower SMP* caused by weak crude oil and gas prices (Δ KRW 19 bil., YoY)

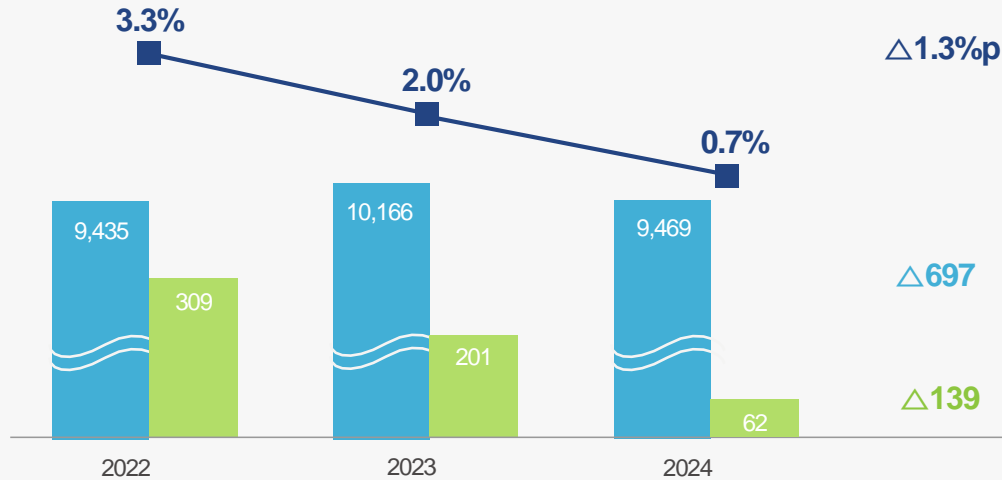
*The price at which KEPCO buys electricity from energy companies

Income

(KRW/bil., %)

Revenue Operating Profit OP Margin

YoY



Revenue & OP by Segment

(KRW/bil.)

	2022	2023	2024	YoY
Revenue	9,435	10,166	9,469	$\Delta 697$
Plant	2,629	3,285	2,601	$\Delta 684$
Infrastructure	1,349	1,602	1,376	$\Delta 226$
Construction	4,562	5,045	5,189	+144
Consolidated Accounts	895	234	303	+69
Operating Profit	309	201	62	$\Delta 139$
Plant	64	20	$\Delta 135$	$\Delta 155$
Infrastructure	12	19	$\Delta 3$	$\Delta 22$
Construction	201	149	193	+44
Consolidated Accounts	32	13	7	$\Delta 6$

Despite revenues siphoned off by large projects delivery, E&C business registered record-setting order volume in Company history (New orders in '24: KRW 11.2 tril., Year-end order backlog: KRW 39.6 tril.)

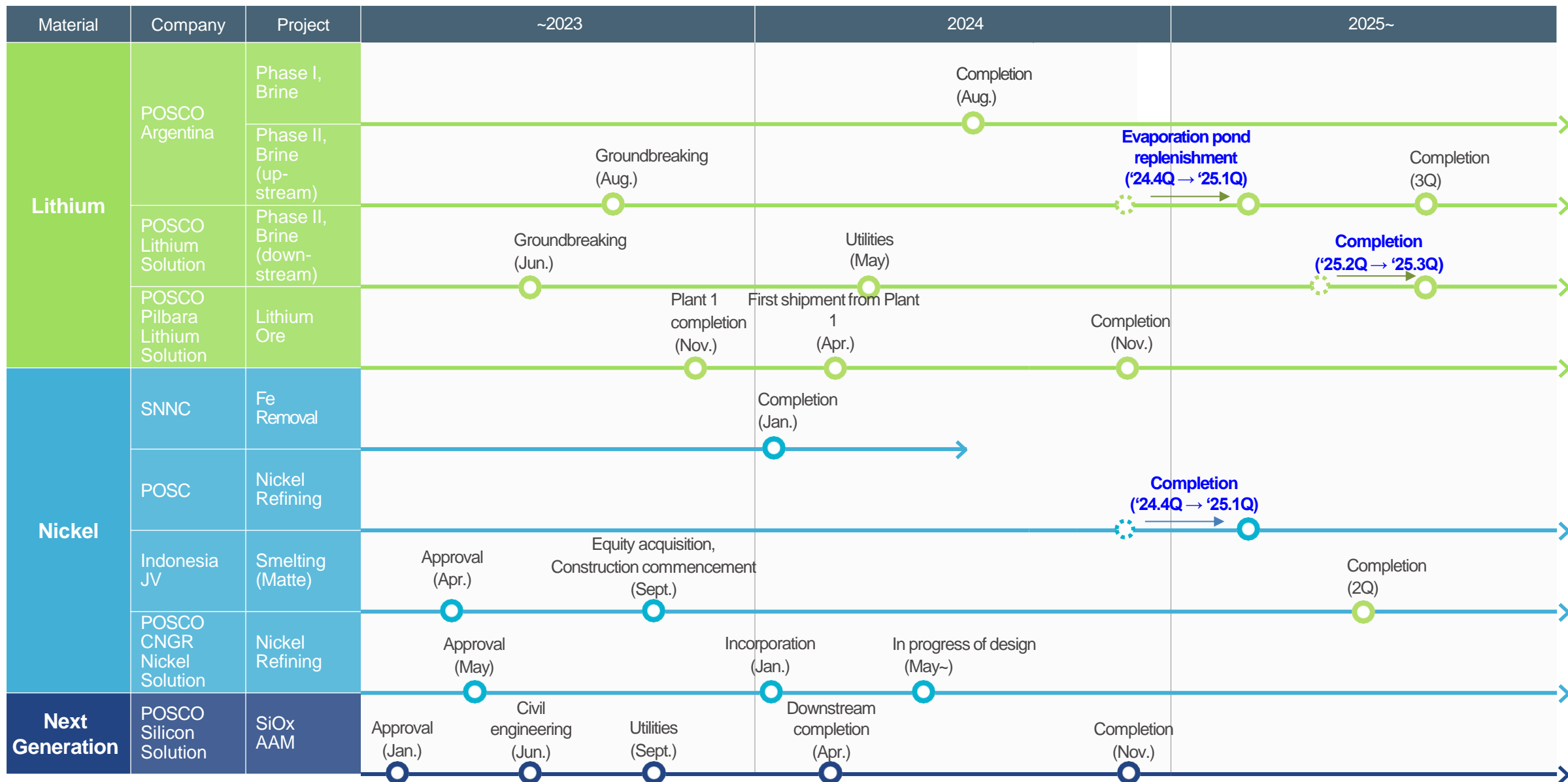
- [Construction] Winning sizeable project contracts, each topping KRW 1 tril. (e.g., Busan Urban Park, Noryangjin Zone 1 redevelopment), led to record construction orders (+KRW 1.5 tril.)

Keep sound financials and continue risk management

- Industry's lowest direct guarantees and reduced debt ratio reflect sound financials

- **Progress on Battery Materials Plant Construction**
- **Summarized Income Statement**
- **Summarized Balance Sheet**
- **Summarized Cash Flow Statement**

Progress on Battery Materials Plant Construction



(KRW bil., %, %p, No of K shares)

	2022	2023	2024	YoY	
Revenue	84,750	77,127	72,688	△4,439	
Gross Profit	7,649	6,417	5,413	△1,004	
(Gross Margin)	9.0%	8.3%	7.4%	△0.9%p	
SG&A	2,799	2,885	3,239	+354	
Operating Profit	4,850	3,531	2,174	△1,358	
(Operating Margin)	5.7%	4.6%	3.0%	△1.6%p	
Profit Before Tax	4,014	2,635	1,251	△1,384	
Net Profit	3,560	1,846	948	△898	
Net Profit attributable to Controlling Interest	3,144	1,698	1,095	△603	
EBITDA	8,544	7,360	6,158	△1,202	
(EBITDA Margin)	10.1%	9.5%	8.5%	△1.0%	
EPS (KRW)	42,100	21,815	11,469	△10,357	
	No. of Outstanding Shares (Thousands)	84,571	84,571	82,624	△1,947

(KRW bil.)

	2022	2023	2024	YoY
Current Assets	47,649	46,212	43,980	△2,257
Cash Balance*	18,739	17,907	14,802	△3,105
Accounts Receivable	9,770	11,015	10,822	△193
Inventories	15,472	13,826	14,143	+317
Non-Current Assets	50,757	54,733	59,395	+4,662
Tangible Assets	31,781	35,206	39,847	+4,640
Intangible Assets	4,838	4,715	4,774	+59
Other LT Financial Assets	2,333	2,708	2,622	△86
Total Assets	98,407	100,945	103,375	△2,430
Liabilities	40,149	41,281	41,954	+673
Current Liabilities	23,188	21,862	22,780	+918
Non-Current Liabilities	16,961	19,420	19,174	△246
※ Total Interest Bearing Debt	24,306	25,970	25,997	+27
Shareholders' Equity	58,257	59,664	61,421	+1,757
Controlling Interest	52,512	54,181	55,365	+1,184
Net Debt	5,566	8,063	11,195	+3,132
Net Debt to Equity (%)	9.6%	13.5%	18.2%	+4.7%p

*Cash Balance represents Cash and Cash Equivalents, Short-term Financial Instruments, Short-term Held-for-Trading Securities, Short-term Marketable Securities, and Current Portion of Held-to-Maturity Securities

(KRW bil.)

		2022	2023	2024
I . Operating Activities		5,706	7,062	7,078
	1. Net Profit	3,560	1,846	948
	2. Depreciation and Amortization	3,694	3,845	3,985
	3. Changes in Accounts Receivable, Accounts Payable, etc.	△1,548	1,371	2,145
II. Investing Activities		△6,433	△7,732	△8,079
	1. Tangible Asset Disposition(Acquisition)	△5,412	△7,197	△8,081
	2. Financial Instruments Disposition(Acquisition), etc.	△1,021	△535	2
III. Financing Activities		1,319	△179	△2,318
	1. Increase in Borrowings(Decrease)	2,180	832	△1,853
	2. Dividends Paid, etc.	△861	△1,011	△465
IV. Others		△9	17	214
V . Net Increase/Decrease in Cash and Cash Equivalents		583	△832	△3,105
	1. Cash Balance, Beginning of Period	18,156	18,739	17,907
	2. Cash Balance, End of Period	18,739	17,907	14,802