

# Materials for Tomorrow, Innovation for Excellence

**POSCO Holdings**

**Q2 2024**

**Earnings Release**

July 25, 2024



This presentation was prepared and circulated to shareholders and investors to release information regarding the company's business performance prior to completion of auditing for the period pertaining to the 2nd quarter of 2024. Given that this presentation is based on unaudited financial statements, certain figures may be modified in the course of the audit process.

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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. Infrastructure

- POSCO International
- POSCO E&C

### III. Rechargeable Battery Materials

- POSCO Future M

## ● Appendix

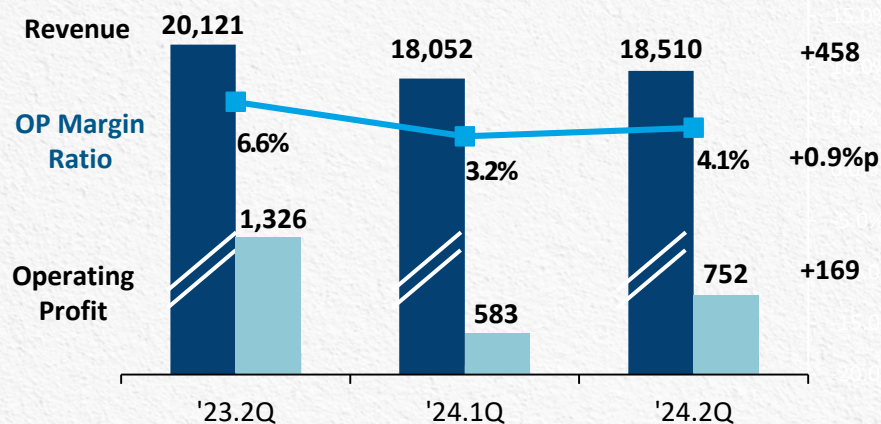


## Revenue and operating profit improved QoQ on enhanced Steel/Infrastructure performance

### Income

(KRW billion, %)

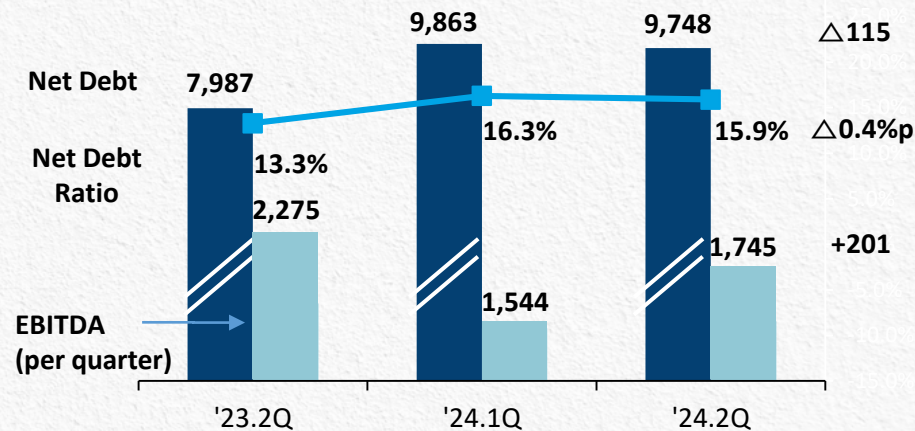
QoQ



### Financial Structure

(KRW billion, %)

QoQ



- Cumulative CAPEX to Q2 '24: KRW 4.4 tril. (consolidated), KRW 0.7 tril (separate)

### [Before Intercompany transaction adjustment]

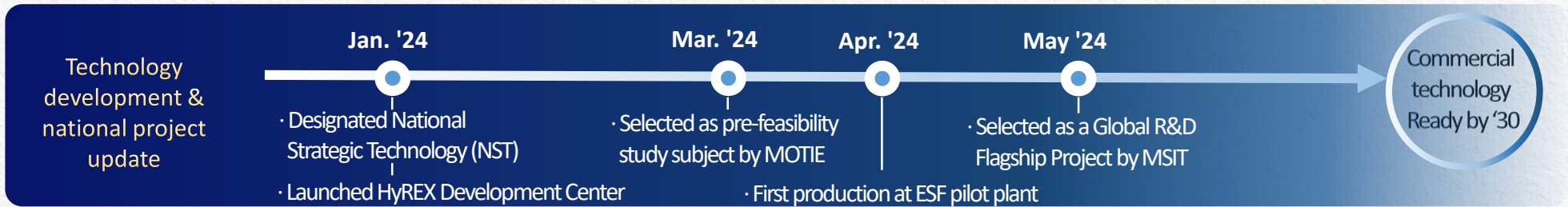
(KRW billion)	Revenue			Operating Profit			Net Profit		
	'23.Q2	'24.Q1	'24.Q2	'23.Q2	'24.Q1	'24.Q2	'23.Q2	'24.Q1	'24.Q2
<b>Steel</b>	16,547	15,444	<b>15,449</b>	1,021	339	<b>497</b>	544	210	<b>256</b>
POSCO <sup>1)</sup>	10,298	9,520	<b>9,277</b>	841	295	<b>418</b>	433	231	<b>267</b>
Overseas Steel	5,210	4,942	<b>5,156</b>	93	4	<b>20</b>	19	△68	<b>△69</b>
<b>Infrastructure</b>	15,195	14,153	<b>14,768</b>	445	340	<b>429</b>	375	304	<b>216</b>
POSCO International <sup>2)</sup>	8,871	7,761	<b>8,282</b>	357	266	<b>350</b>	221	183	<b>190</b>
POSCO E&C <sup>2)</sup>	2,591	2,453	<b>2,588</b>	56	34	<b>45</b>	38	76	<b>21</b>
<b>Rechargeable Battery Materials</b>	1,194	1,156	<b>947</b>	4	6	<b>△28</b>	5	25	<b>△38</b>
POSCO Future M <sup>2)</sup>	1,193	1,138	<b>915</b>	52	38	<b>3</b>	43	57	<b>△11</b>

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



# Key Business Activities\_HyREX Development

## Economically viable Green Transformation: Technology roadmap aligned to government R&D project



### ○ Mar. '24: MOTIE names HyREX among projects selected for government-led pre-feasibility study (PFS)

- PFS to be performed on 'H<sub>2</sub>-based Steelmaking Tech Demo Project' (1 of 10 programs selected by MOTIE for PFS, Mar. 11)
- Once legislature approves (Q3, '25), HyREX demo project will align with government-led demo program



### ○ May 30, '24: 'H<sub>2</sub>-based Steelmaking Feedstock' selected as MSIT's global R&D flagship project

#### Project title

**Develop H<sub>2</sub>-based Iron Ore Feedstock Optimized for Steelmaking in Korea ('26~'28)**  
- Selected as a national R&D Strategy project of the Ministry of Science and ICT (MSIT)

#### Goal

**Identify the optimal Australian ore type and feedstock chemistry for H<sub>2</sub>-based Steelmaking suited for Korea**

### ○ Apr. '24: First batch of molten iron from electric smelting furnace (ESF)

- 7 months to install (Jul. '23~Jan. '24), hourly molten iron production capacity of 1 ton
- To produce molten iron, the ESF is used to smelt DRI obtained from the fluidized bed reactor
  - Simultaneously meeting the quality advantage of the BF and the CO<sub>2</sub> emissions reduction effect of the EAF
  - Group subsidiary SNNC has operational experience in the 2 largest ESFs in the world



# Key Business Activities\_Li/Ni Production Update

## P-PLS



- **Shorten ramp-up period by leveraging demo plant experience; obtain certification** (POSCO Future M, key domestic battery makers)
  - **Plant1 (21.5Kt)** : Completed in Nov. '23, reached the highest daily plant operation rate at 76% in Jun., **full operation target in Feb. '25**
  - **Plant 2 (21.5Kt)** : Completed in Sept. '24, **full operation target in Sept. '25**

## P-Argentina



- **Train plant workers & trial-run facility; leverage P-PLS operation knowhow to accelerate plant normalization**
  - **Phase 1 (25Kt)** : Test-run Completed in Jul. '24, **full operation target in Apr. '25**
  - **Phase 2 (25Kt)** : Completed in Jun. '25, **full operation target in Jun. '26**

## P-HYCM



- **Met qualified product & plant operate rate; diversify client to generate profit**
  - Since plant completion (Jul., '23), **100% qualified product rate** (Feb.) and **92% plant operation rate** (Jun.) were reached in '24
  - POSCO Future M (since May) product certifications in progress **with local manufacturers of cathodes (from Jun.) and electrolytes/precursors**

## Nickel

- **【SNNC/Sm. –POSCO/Ref.】 (20Kt smelter)** Plant completion (Jan.) and product quality achievement (May) in '24  
**(20Kt refinery)** Test-run, June '24; plant completion & initial shipment in Q3
- **【POSCO-CNGR Ni Solution】 (25Kt refinery)** Finalize design (Oct.) and begin site engineering (Nov.) in '24, targeting **Q2 '26 completion**
- **【Indonesia Ni Matte JV】 (26Kt smelter)** **69% construction progress** (Jun. '24), targeting **completion in Q2 '25**



# Key Business Activities\_NG Upstream Expansion

## 4-Stage Expansion of the Myanmar Offshore Gas Field

### Stage 3 wraps up as Stage 4 gears up to roll out

- **Stage 3: Test run of gas booster platform; commercial operation (Apr. '24~)**
  - Gas field daily average production of 500mmcf to be maintained
- **Stage 4 : Kick off in 2H '23; basic plant design begin (Jul. '24)**
  - Jul. '24 begin construction → Jan. '26 drilling begins → Jul. '27 production
  - Contract volume (500mmcf/day \* 4Mt per year) period extended by 6 yrs.
  - First deep sea development project managed by a Korean business; represents potential to enhance and own project skills

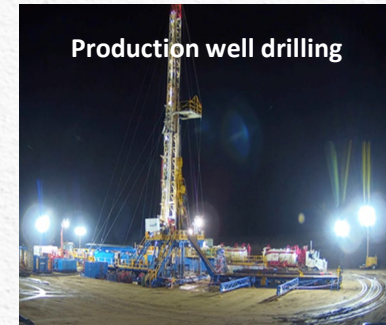
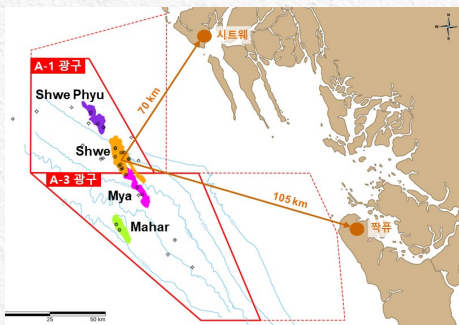
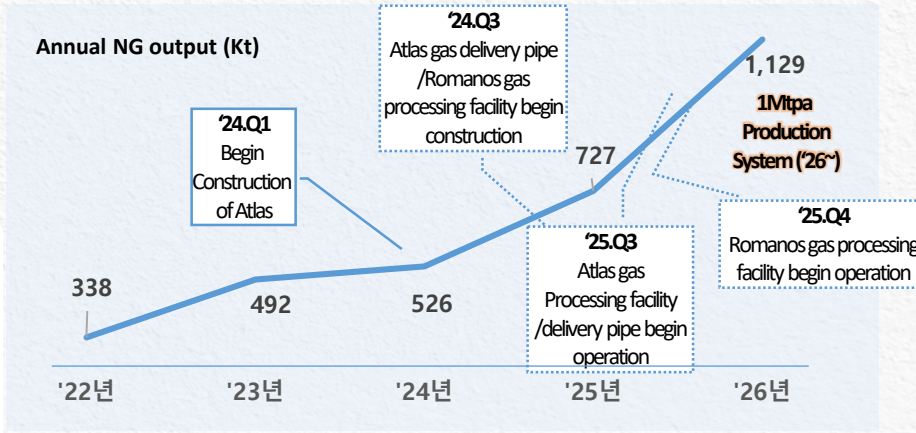
## Senex 3x Capacity Expansion Speeds Up

### Expansion project gains EPBC\* AU gov't approval (Jun. '24)

- To raise A\$650Mil capital with Hancock En. (P-INT'L 50.1%)
- EPBC approval removes potential hurdle, speeds up PJT
- Increased gas production offers Px advantage in new contract

### POSCO INT'L Key Competence in NG Upstream Business

- ☑ Full competency across NG exploration, development, production and sales
  - ☑ Full NG value chain; ability to maximize synergy
  - ☑ Lead deep sea exploration as the key project operator
- (up) gas field portfolio  
(mid) store/ship/trade  
(down) 3.4GW gas power



\*Environmental Protection and Biodiversity Conservation

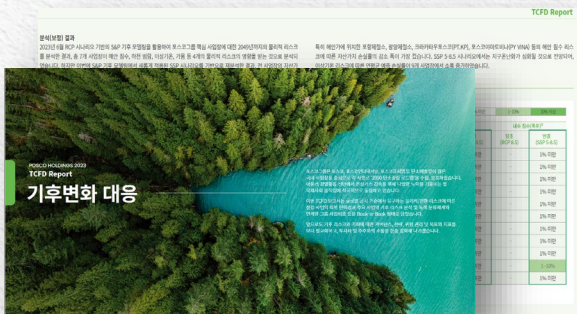


# Key Business Activities\_ESG

## Sustainability Report<sup>1)</sup> marks 20 years

- 2023 POSCO Holdings Sustainability Report published in Korean and English (Jun. 28, '24)

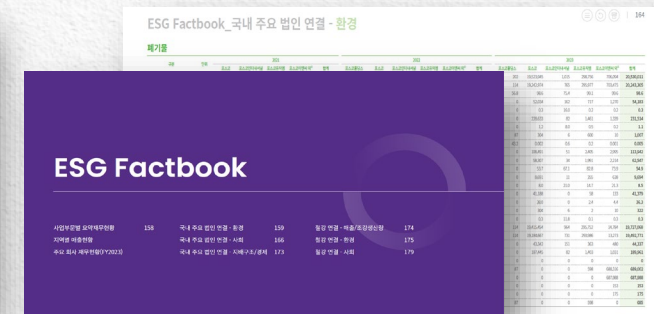
**Climate Report<sup>2)</sup> published at group level**  
 - Analysis on physical & transition risks



**Transparent controversies disclosure**  
 - Includes progress & prospects



**Broader ESG data consolidation**  
 - 10 Korean & 5 overseas Group entities



## Key Performance Improvements

- 'A' rating from MSCI ESG (Apr. '24) places POSCO Holdings in the ranks of the best global ESG performers



'A' rating



Highest score ('1') from ISS in every category



Industry Top Rated by Sustainalytics



Korea Institute of Corporate Governance and Sustainability

Average 'A+' rating (A, A+, A+ on E, S, G, respectively)

1) Access English edition: [https://www.posco-inc.com:4453/resource/v4/file/esg/POSCO HOLDINGS\\_report\\_2023\\_eng.pdf](https://www.posco-inc.com:4453/resource/v4/file/esg/POSCO HOLDINGS_report_2023_eng.pdf)  
 Access Korean edition: [https://www.posco-inc.com:4453/resource/v4/file/esg/POSCO HOLDINGS\\_report\\_2023.pdf](https://www.posco-inc.com:4453/resource/v4/file/esg/POSCO HOLDINGS_report_2023.pdf)

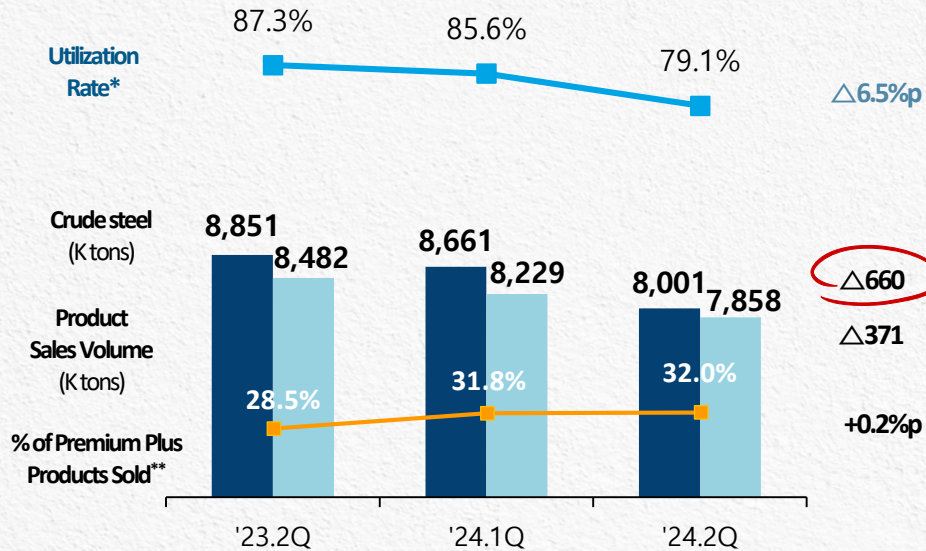
2) A report analyzing the climate change response strategies of major business companies, including their resilience to physical/transition risks, in line with global disclosure standards



## Production/Sales

(KRW billion, %)

QoQ



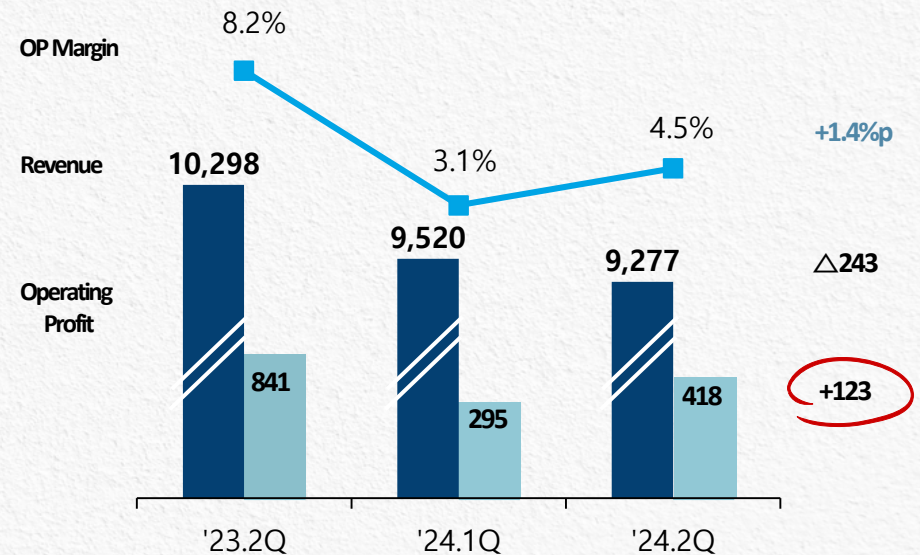
\* Utilization rate : crude steel production / crude steel capacity

\*\* Excludes Non-prime and Semi-product figures

## Income

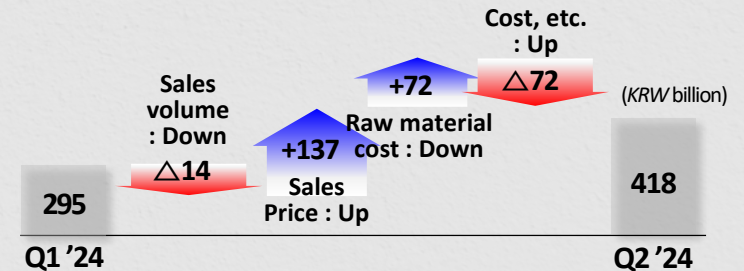
(KRW billion, %)

QoQ



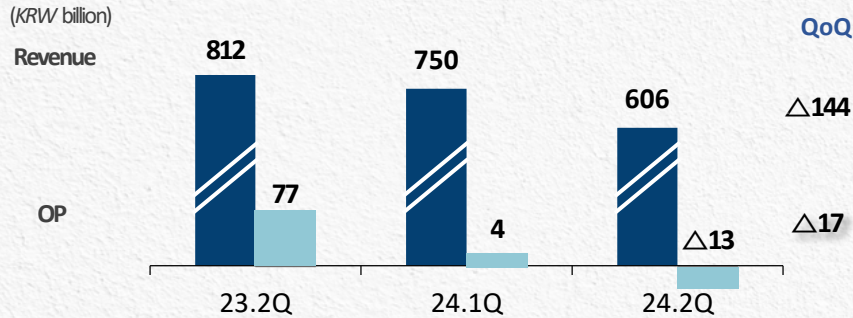
### ○ Production and sales volume decreased due to BF refurbishment, but OP increased because of an improved mill margin

- Sales price (carbon steel): Q1, KRW 1,007k/t → Q2, KRW 1,023k/t (+16)
  - Unit price hike and FX impact : +KRW 15k/t, change in product composition: +KRW 4k/t
- Major raw material input cost (carbon steel): Q1, 100 → Q2, 97 (△3)
  - Q2 unit price: iron ore = 100, coal = 95 (Q1 rebased to 100)
- Q2 fixed cost hike due to reduced production: 109 (+9) (Q1 rebased to 100)

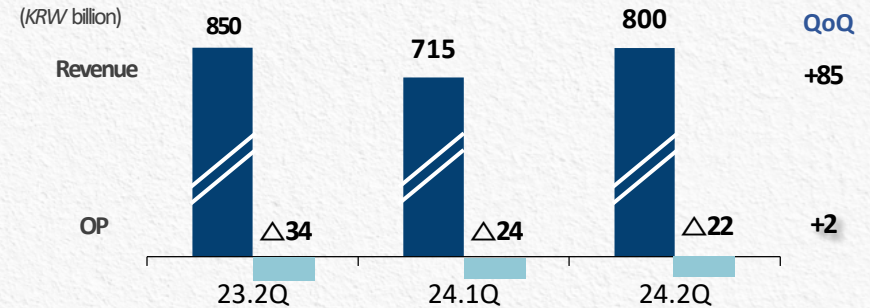




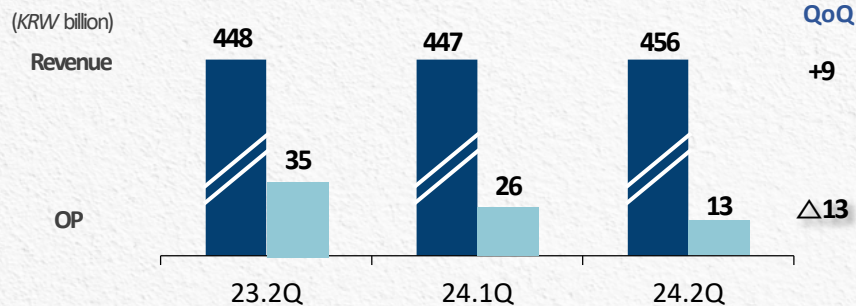
## PT. Krakatau POSCO



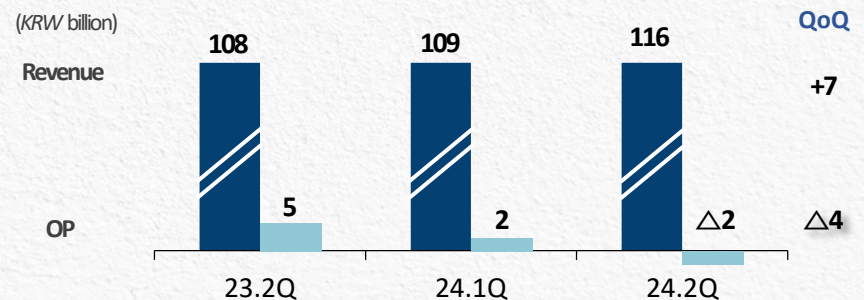
## PZSS



## POSCO Maharashtra



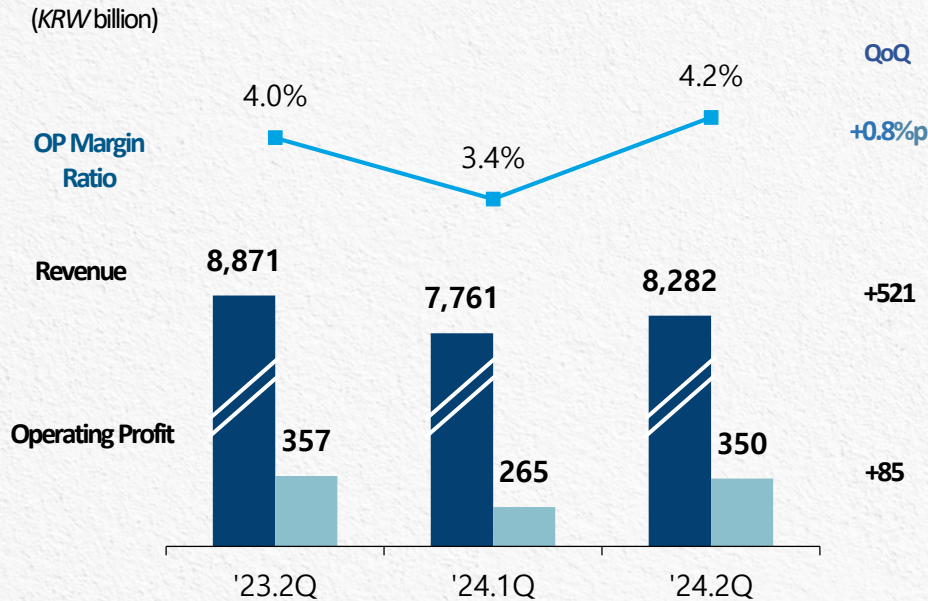
## PY VINA



- **Total OP results increased in Overseas Steel, despite deficits at integrated mills caused by slowing global demand**
  - Upstream operations make losses, as cheap imports flood the SE Asian market and sales prices fall (PT.KP Δ6%, PY VINA Δ6% QoQ)
  - Total overseas profits improve on increased high-margin sales, e.g. automotive steel from rolling mills & processing centers in Mexico, Thailand and Turkey



## Income



## 【Revenue & OP by Business Division】

(KRW billion)

	Q2 '23	Q1 '24	Q2 '24	QoQ
<b>Revenue</b>	<b>8,871</b>	<b>7,761</b>	<b>8,282</b>	<b>+521</b>
Energy <sup>1)</sup>	932	966	1,084	+118
Steel mtrls, etc. <sup>2)</sup>	7,939	6,795	7,198	+403
<b>Operating Profit</b>	<b>357</b>	<b>265</b>	<b>350</b>	<b>+85</b>
Energy <sup>1)</sup>	194	128	198	+70
Steel mtrls, etc. <sup>2)</sup>	163	137	152	+15

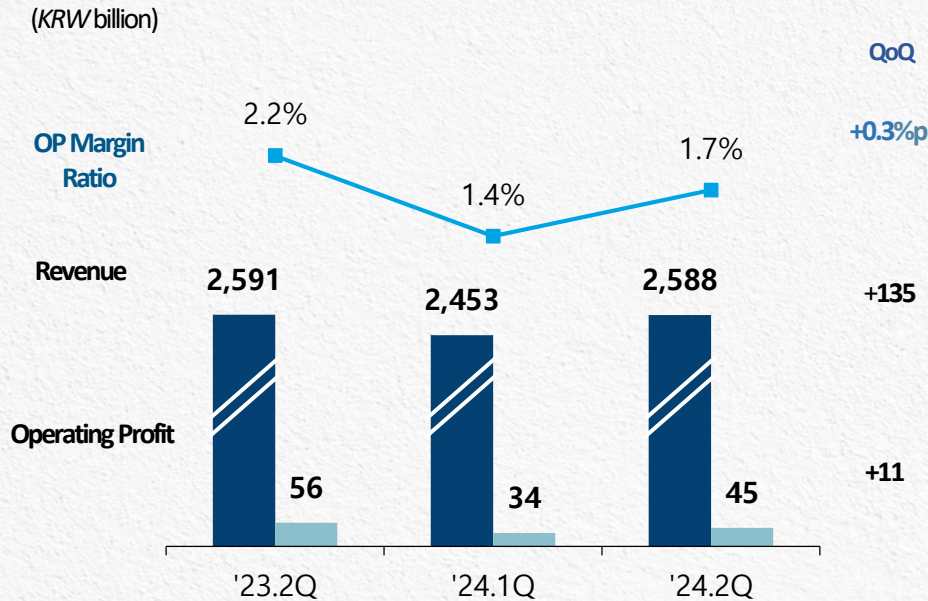
<sup>1)</sup> E&P, LNG power/terminal,

<sup>2)</sup> General steel/eco-friendly material/food trading, consolidated accounts, etc.

- **Energy: Recertifying gas reserves helps to cut depreciation; enhanced ratio of cost recovery shores up performance**
  - [E&P] Reserves in Myanmar gas field stages 3 & 4 are recertified(+659bcf); profit enhanced by higher prices (KRW+84B, QoQ)
  - [Power] Gas power OP meets seasonal decline; part of the loss is recovered through direct import of low-cost LNG (△KRW 13B, QoQ)
- **Steel Mtrls, etc.: Stable profits generated by increased wind tower project steel plate sales and expanding high-nickel steel products orders for LNG terminals**
  - Growing sales of high-tensile steel bound for Europe and the Americas and continuation of long-term agreements with wind tower projects



## Income



## 【Revenue & OP by Business Division】

(KRW billion)

	Q2 '23	Q1 '24	Q2 '24	QoQ
<b>Revenue</b>	<b>2,591</b>	<b>2,453</b>	<b>2,588</b>	<b>+135</b>
Plant	873	854	765	△ 89
Infrastructure	402	326	377	+51
Construction	1,263	1,278	1,374	+96
Consolidated Accounts	53	△ 5	72	+77
<b>Operating Profit</b>	<b>56</b>	<b>34</b>	<b>45</b>	<b>+11</b>
Plant	16	7	△ 31	△ 38
Infrastructure	15	4	6	+2
Construction	23	23	65	+42
Consolidated Accounts	2	-	5	+5

○ **Progress on large projects drove up revenues in Infra. and Construction, resulting in an overall revenue increase QoQ**

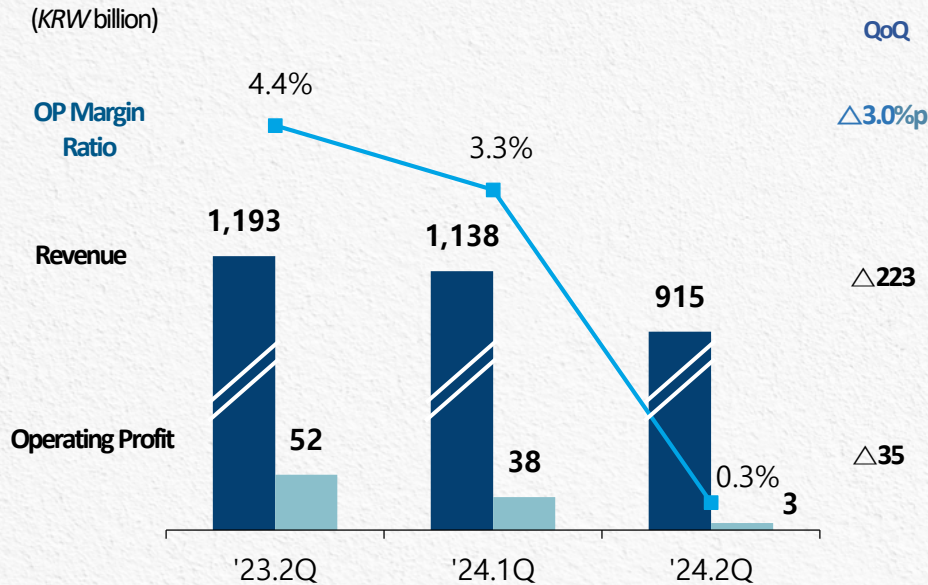
- The base effect of revenue recorded for construction progress in the previous quarter drove down Plant revenue QoQ

○ **In response to PF risk during the prolonged market crisis, KRW 1.2 trillion of our cash reserve will be mobilized, with monthly inspections of issued projects**

- The E&C direct guarantee is maintained at the lowest level in the industry



## Income



## 【Revenue & OP by Business Division】

(KRW billion)

	Q2 '23	Q1 '24	Q2 '24	QoQ
<b>Revenue</b>	<b>1,193</b>	<b>1,138</b>	<b>915</b>	$\Delta 223$
Energy Mtrl	843	782	593	$\Delta 189$
Base Mtrl	350	356	322	$\Delta 34$
<b>Operating Profit</b>	<b>52</b>	<b>38</b>	<b>3</b>	$\Delta 35$
Energy Mtrl	37	25	1	$\Delta 24$
Base Mtrl	15	13	2	$\Delta 11$

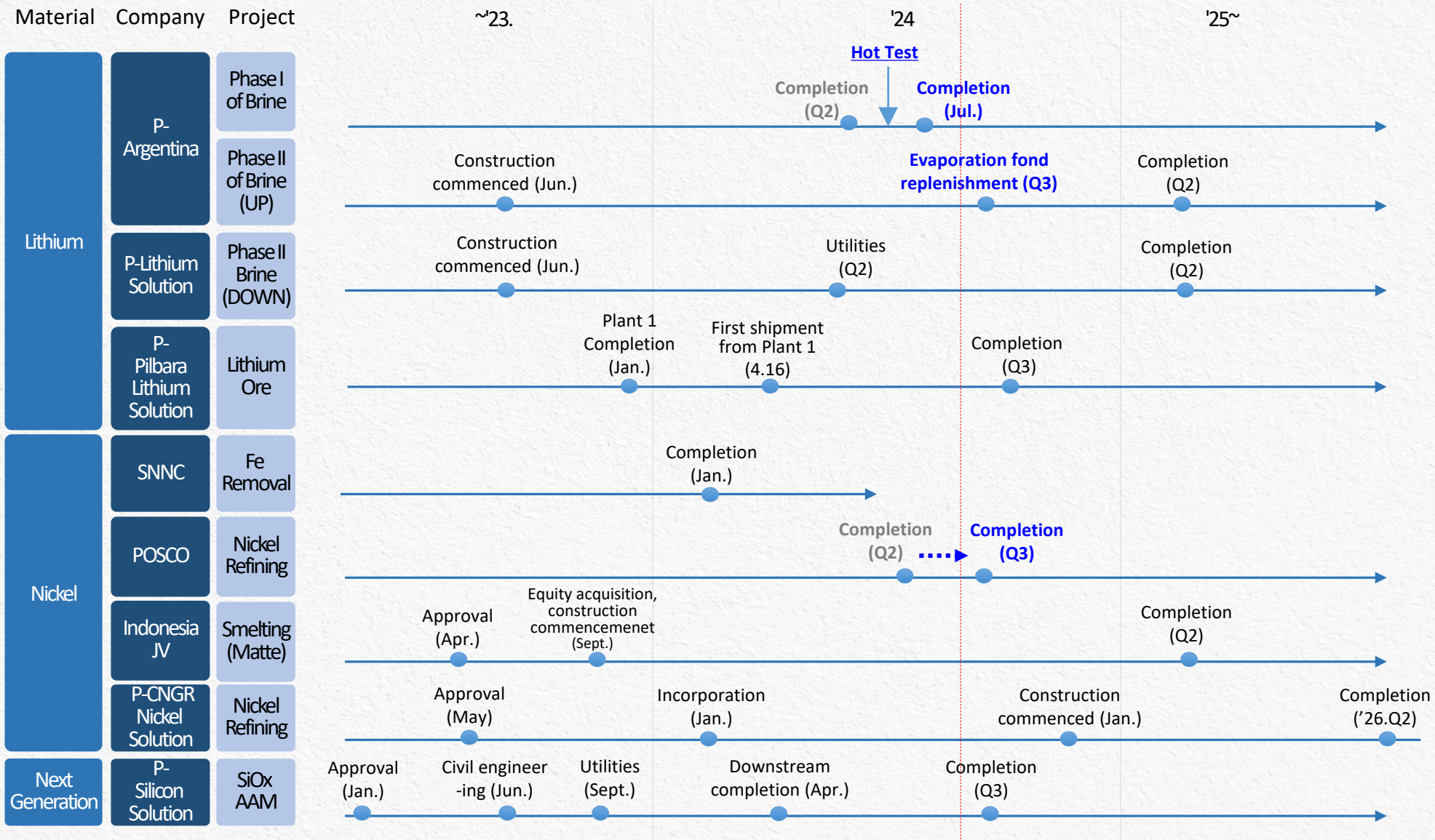
- **Cathodes: Falling price and N65 sales drove down QoQ revenue, but high-Ni sales continue to grow, shoring up OP**
  - N65 line operation is low, and prices reflect rock-bottom Li price as of Feb. '24; however, high-Ni sales & margins improve QoQ
- **Anodes: Nat. graphite sales & OP resembled last quarter, but art. graphite initial operation cost turned the business red**
  - Art. graphite initial production costs exceeded NRV, placing the disparity reflected in products and intermediary products into inventory valuation loss of KRW 18.6 billion
- **Base Mtrl: BF Refurbishment led to smaller revenue; profits slid due to partial accounting of repair costs on lime facility**



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



# Progress on Battery Materials Plant Construction





# Summarized Consolidated Income Statement

(KRW/billion)

	Q2 '23	Q1 '24	Q2 '24	QoQ
<b>Revenue</b>	20,121	18,052	<b>18,510</b>	+458
<b>Gross Profit</b>	2,034	1,329	<b>1,495</b>	+166
<b>(Gross Margin)</b>	(10.1%)	(7.4%)	<b>(8.1%)</b>	(+0.7%p)
<b>SG&amp;A</b>	708	746	<b>743</b>	△3
<b>Operating Profit</b>	1,326	583	<b>752</b>	+169
<b>(Operating Margin)</b>	(6.6%)	(3.2%)	<b>(4.1%)</b>	(0.9%p)
<b>Profit Before Tax</b>	1,030	733	<b>720</b>	△13
<b>Net Profit</b>	776	608	<b>546</b>	△62
<b>Net Profit attributable to Controlling Interest</b>	690	541	<b>530</b>	△11
<b>EBITDA</b>	2,275	1,544	<b>1,755</b>	+211
<b>(EBITDA Margin)</b>	(11.3%)	(8.6%)	<b>(9.5%)</b>	(+0.9%p)
<b>EPS (KRW)</b>	8,156	6,394	<b>6,266</b>	△128
<b>No. of Outstanding Shares (Thousands)</b>	84,571	84,571	<b>84,571</b>	-



# Summarized Consolidated Balance Sheet

(KRW/billion)

		Q2 '23	Q1 '24	Q2 '24	QoQ
<b>Current Assets</b>		50,009	46,799	47,211	412
	<b>Cash Balance*</b>	19,704	17,883	18,911	1,028
	<b>Accounts Receivable</b>	11,498	11,675	11,405	△270
	<b>Inventories</b>	15,028	13,975	13,486	△489
<b>Non-Current Assets</b>		53,070	56,497	58,093	1,626
	<b>Tangible Assets</b>	33,385	36,671	38,146	1,475
	<b>Intangible Assets</b>	4,927	4,722	4,695	△27
	<b>Other LT Financial Assets</b>	2,693	2,910	2,944	34
<b>Total Assets</b>		103,079	103,266	105,304	2,038
<b>Liabilities</b>		43,199	42,870	44,089	1,219
	<b>Current Liabilities</b>	21,736	23,077	23,292	215
	<b>Non-Current Liabilities</b>	21,463	19,793	20,797	1,004
	<b>※ Total Interest Bearing Debt</b>	27,691	27,745	28,660	915
<b>Shareholders' Equity</b>		59,880	60,396	61,215	819
	<b>Controlling Interest</b>	54,341	54,792	55,449	657
<b>Net Debt</b>		7,987	9,863	9,748	△115
	<b>Net Debt to Equity (%)</b>	13.3%	16.3%	15.9%	0.4%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