

posco

1Q '04 Performance

April 12, 2004

The figures provided in this presentation are based on unaudited financial statements. Certain numbers may be presented differently once audited, and the company takes no responsibility and accepts no liability for such changes.

Operating results are based on non-consolidated financial statements.

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Production/Sales

(Unit: Thousand Tons)

	2003		2004	YoY(%)
		1Q	1Q	
Crude Steel Production	28,900	6,907	7,316	5.9
Product Production	27,556	6,592	7,127	8.1
Sales Volume	28,201	6,814	7,194	5.6
Domestic	21,356	5,196	5,282	1.7
Export (%)	6,845 (24.3)	1,618 (23.7)	1,912 (26.6)	18.2
Inventory	352	387	361	△6.7

- Crude Steel Production increase is largely attributable to increased production from FINEX-based lines and improved productivity in Plate production lines

Sales Volume by Product

(Unit: Thousand Tons)

	2003		2004 1Q	YoY Increase(%)
		1Q		
Hot Rolled	8,903	2,110	2,298	8.9
Plate	2,971	792	804	1.5
Wire Rod	1,969	496	508	2.4
Cold Rolled	9,937	2,411	2,546	5.6
Stainless	1,571	313	493	57.5
Others	2,850	692	545	△ 21.2
Total	28,201	6,814	7,194	5.6

Income Statement

(Unit: Billion Won)

	2003		2004 1Q	YoY Increase (%)
		1Q		
Sales	14,359	3,261	4,285	31.4
COGS	10,416	2,298	3,027	31.7
Operating Income	3,059	774	1,008	30.2
O/P Margin (%)	19.8%	23.7%	23.5%	-
Net Income	1,981	469	720	53.5
N/P Margin (%)	11.8%	14.4%	16.8%	-

- An increase in F/X Translation gain
- An increase in Equity In Earnings

Balance Sheet

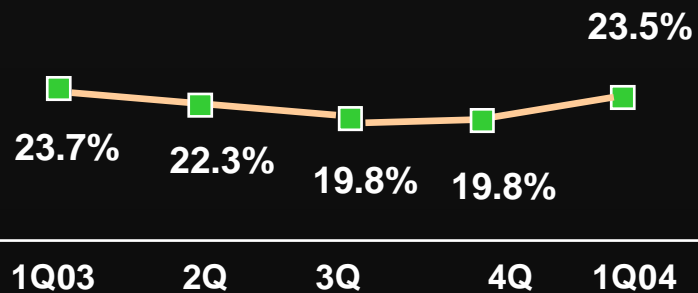
(Unit: Billion Won)

	FY2003	1Q04	YoY Increase(%)
Asset	18,407	18,566	0.9
Current Asset	5,328	5,489	3.0
Fixed Asset	13,079	13,077	
Liability	5,449	5,214	△4.3
Debt (Foreign Debt in Billion USD)	3,580 (1.6)	3,210 (1.6)	△10.3
Shareholders' Equity	12,958	13,352	3.0

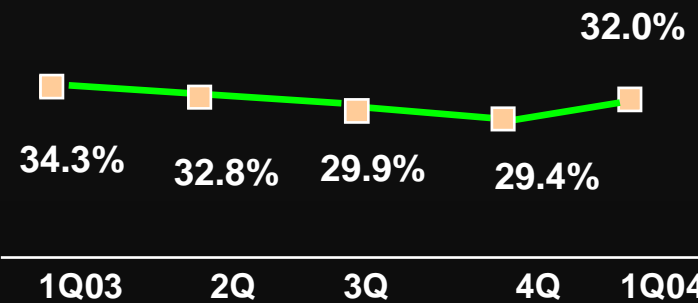
▪ Repayment of debt

Key Financial Ratios

Operating Margin

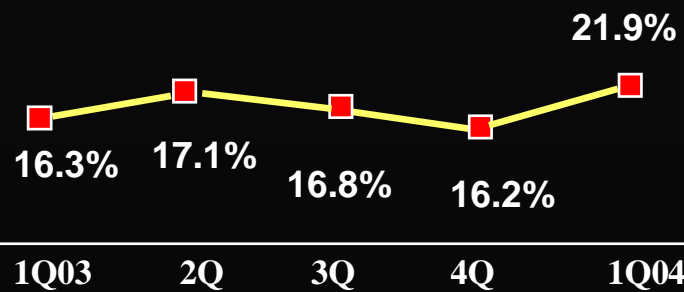


EBITDA Margin



ROE

(Annualized Earnings Used)



PER

(Annualized Earnings Used)

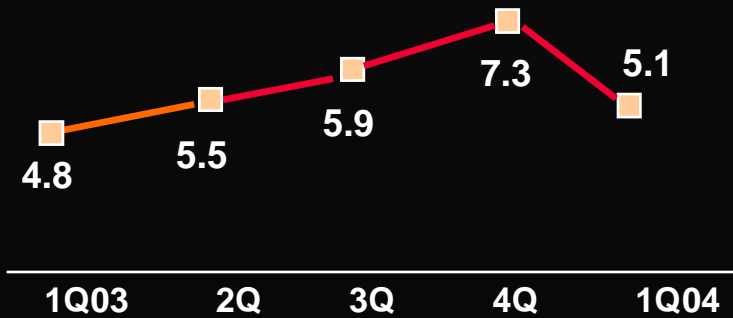


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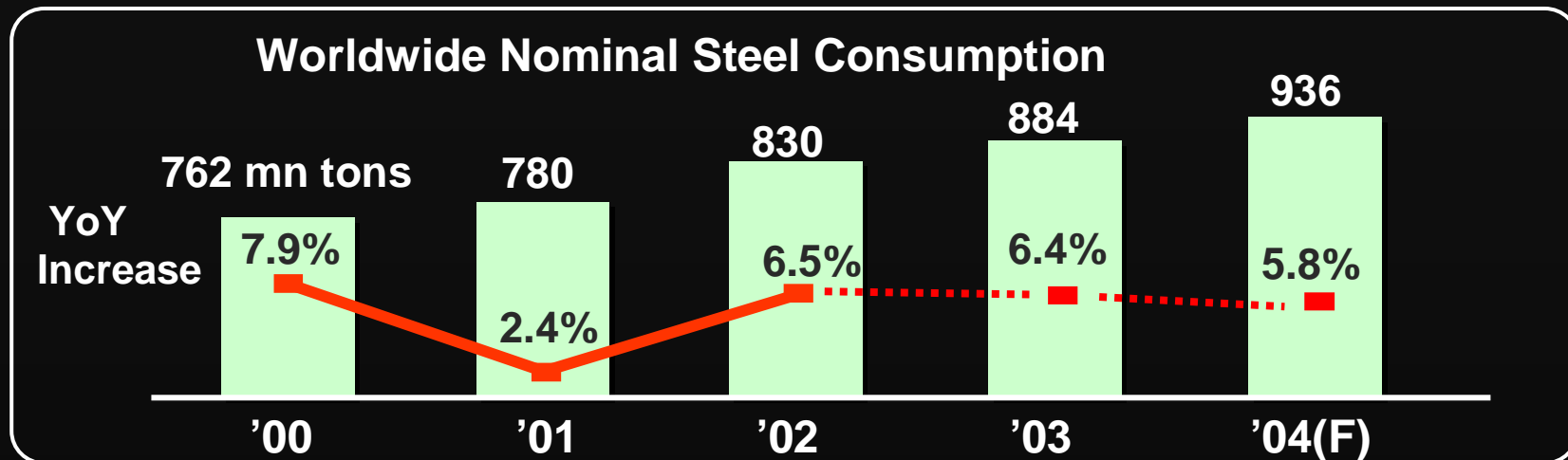
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World Steel Industry

- Positive outlook on back of continued growth of Chinese economy and economic recovery of advanced countries



(Source: April, POSRI)

- ▶ **Demand: Continued growth due to worldwide economic recovery**
 - Increasing the share of China in world consumption: 18.5%('00) → 31.0('04)
- ▶ **Production: Production growth by developing countries**
 - Production level of Jan. and Feb. combined estimated to increase by 10% yoy due to production increase from China and Russia

Steel Industry in China

□ Chinese Market

(In mn tons, YoY Increase)

	2003	2004(F)	
		Chinese Steel Association	Japanese Steel Association
Steel Demand	247.2 (25.4%)	300 (21.3%)	295 (19.3%)
Steel Production	222.3 (22.4%)	260 (16.9%)	250 (12.4%)
Steel Import	37.2 (51.8%)	45.0 (20.9%)	50 (34.4%)

Source: 1. Chinese Steel Association(Press as of March, 2004) 2. Japanese Steel Association(2004.1)

- ▶ **Demand:** High growth of steel consuming industries carrying out mega projects
- ▶ **Production:** Growth due to capacity expansion of privatized steel makers
- ▶ **Import:** An increased demand for flat products inevitable due to the lack of supply of high-value-added downstream products

□ Outlook on Chinese Steel Consuming Industry

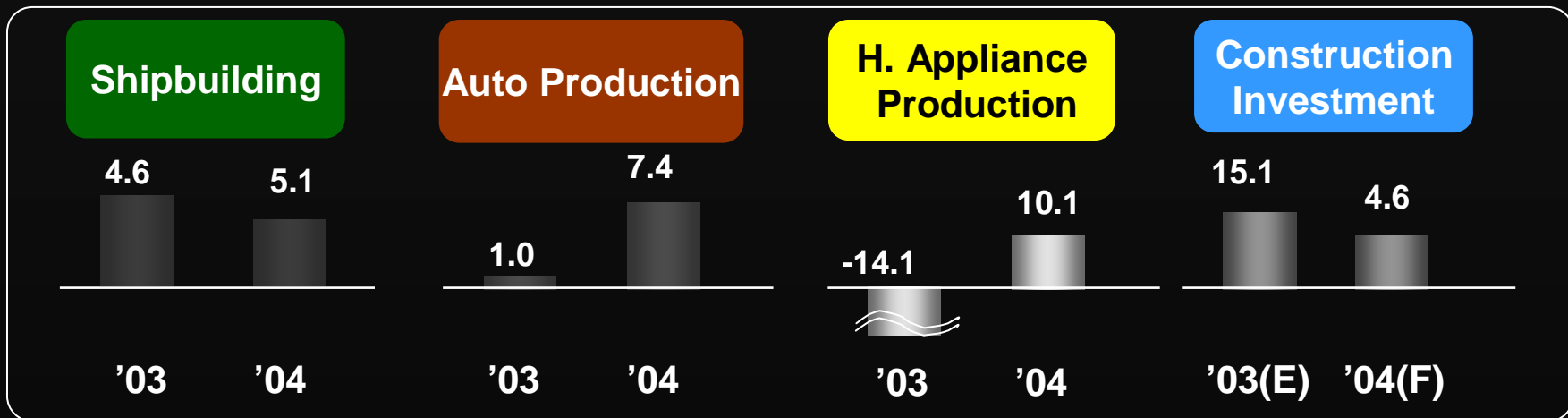
- ▶ **Automobile:** High growth in the sedan segment due to the increased income level
- ▶ **Home Appliance:** High growth largely due to the increased level of purchasing power in inland area
- ▶ **Shipbuilding:** Continued to list as the world No.1 in terms of building general purpose vessels and actively seeking expansion on special purpose vessels such as LNG and VLCC

Domestic Steel Industry

□ Steel demand to grow on back of economic recovery

- ▶ Export driven economic recovery
 - GDP Growth : 3.1% ('03) → 4.9% ('04)
- ▶ Shipbuilding(Strength to continue), Automobile· Home Appliance(Turn around expected), Construction(Growth to slow)

(YoY, %)



Domestic Steel Consumption

- ▶ 46.7 million tons (2.1% Growth)
 - long products(as of Feb., +1.5%)
 - flat products(as of Feb, + 9.7%)

□ Opening of Steel Market

- ▶ Abolition of import tariff in 2004

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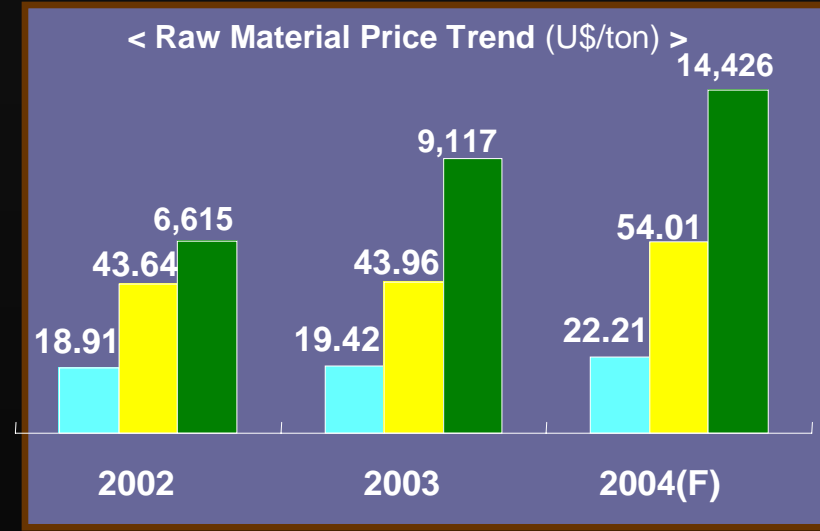
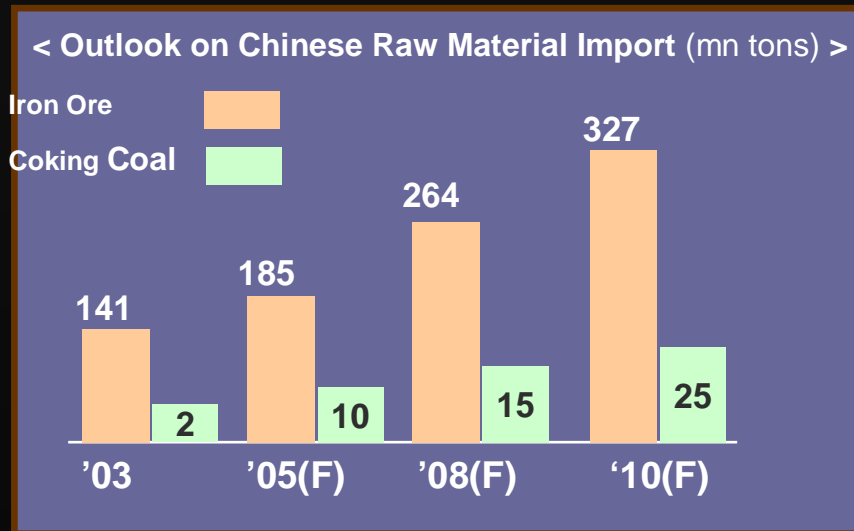
III. Major Management issues & initiatives

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Raw Material

□ Market Situation

- A tight balance of supply due to increased demand for raw material in China, coupled with difficulties in transportation
- Price strength to continue due to the oligopolized market and lack of new supply sources
- High freight rates due to restrained supply of new vessels



Iron Ore Coking Coal Nickel

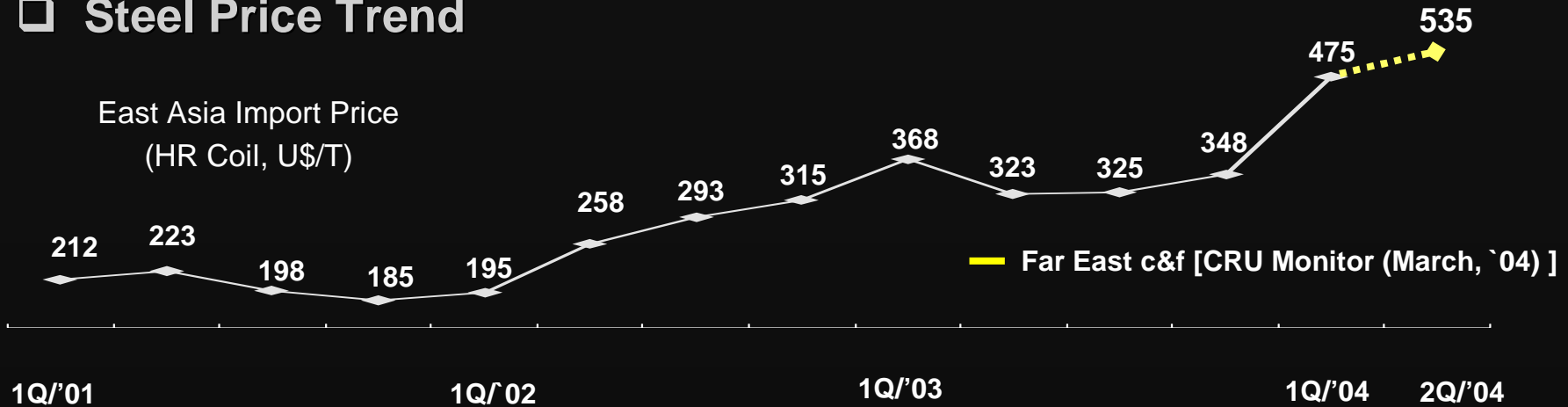
[Expand Long-term contracts]

[Minimize exposure to spot freight market]

[Strengthen relationship with major suppliers]

Steel Price Trend

Steel Price Trend



'04 Domestic Price Increase

Feb. 9, '04

- An average KRW 50,000 increase on HR, CR, STS, etc.

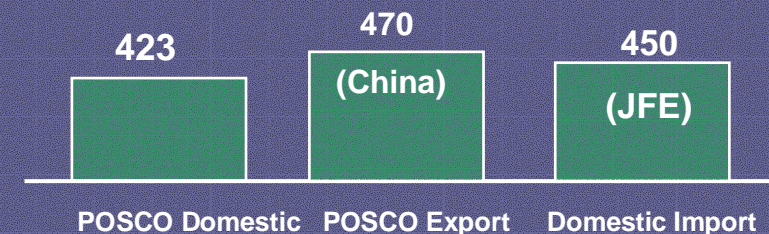
April 1, '04

- Extra adjustment on plate and a KRW 100,000 increase on STS 400 Series

April 19, '04

- An average KRW 80,000 increase on HR, CR, STS, etc.

< HR Price Comparison (U\$/Ton) >

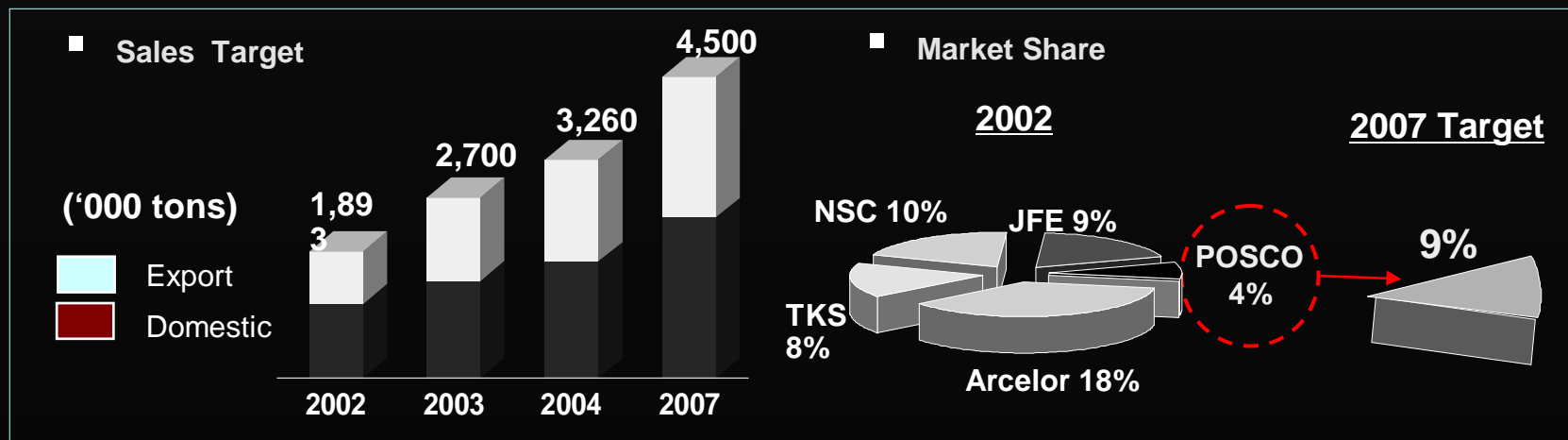


Auto Steel Sheet Capacity Expansion

- Automobile GA Sheet
 - New Investment in #5, 6 CGL plants

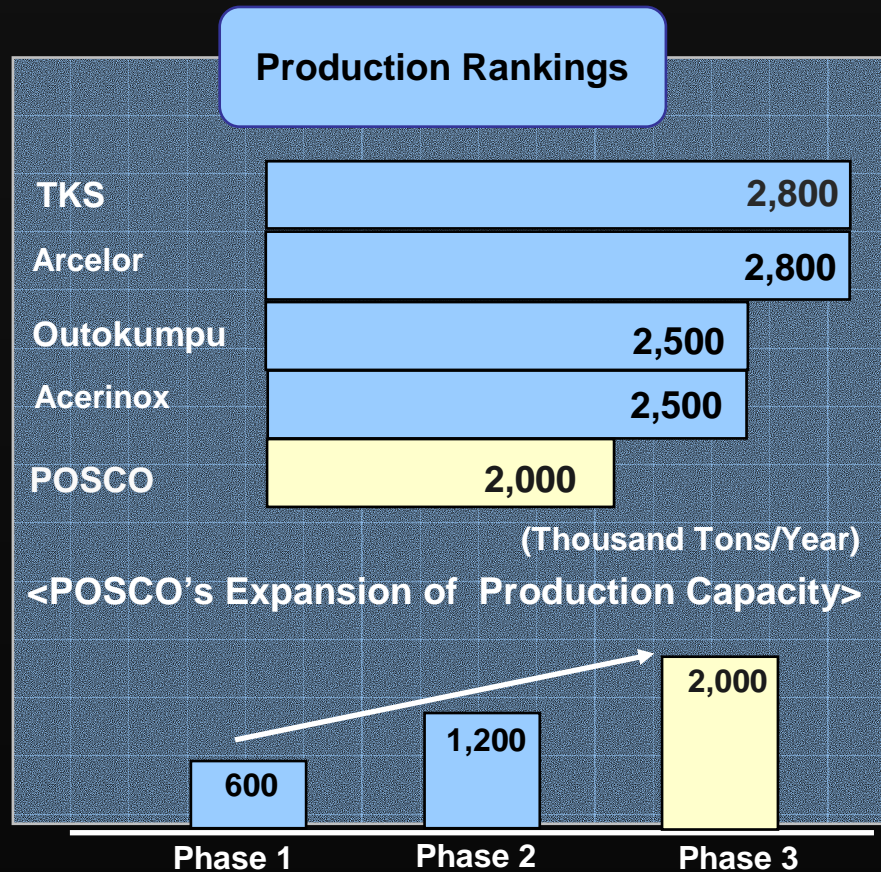
	#5 CGL	#6 CGL
Capacity	450,000 tons	400,000 tons
Capex	KRW 270.5 Bn.	KRW 191.6 Bn.
Type	GA / HGA	GA
Construction Period	Feb. '04 ~ Oct. '05	Nov. '04 ~ June '06

□ Expansion Plan of Automobile Sheets Production



Reinforcement of STS Business

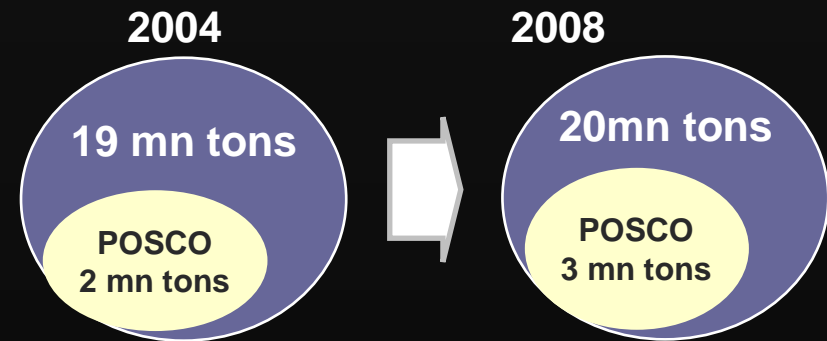
□ World's Top 5 STS producer



□ Reinforce the STS operation through strategic reorganization and functional integration

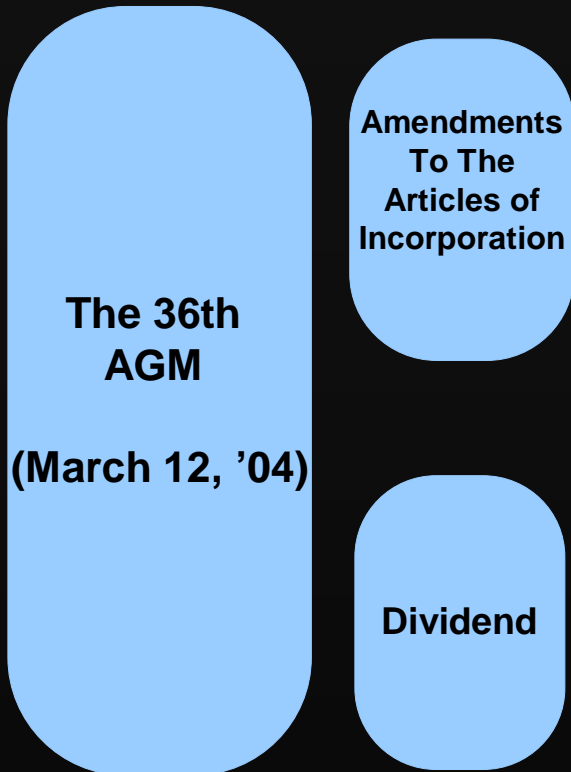
□ Medium-term Plan (~ '08)

- Become a Global Leader through capacity expansion



- Improve Sales Mix
 - Share of CR: 30 → 44%
 - Share of 400 Series: 16 → 25%
- Reinforce global marketing abilities, especially in Japan/Southeast Asia
- Secure undisrupted raw material purchase

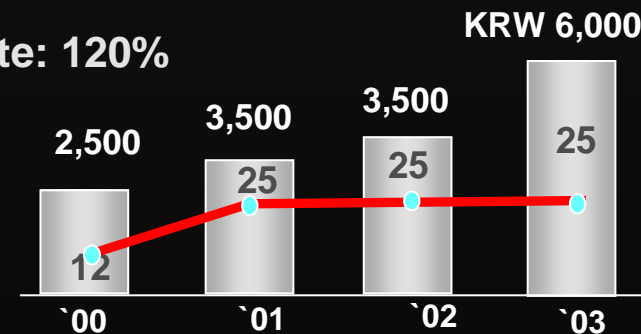
Improve Corporate Governance & Transparent Management



- **Increase Outside Directors:** Standing Directors:Outside Directors (7 : 8 → 6 : 9)
- **Reorganize BoD Committees:** Establish Insider Trading Committee
- **Delete Convertible Preferred Stock Clause**
- **Introduce Cumulative Voting & Paper Voting**

▪ '03 Nominal Dividend Rate: 120%

- Year End: 100%
- Interim: 20%



- **Announce Corporate Governance Charter (March 18, '04)**
- **Exempted from Fair Trading Committee's Audit (March 30, '04)**
 - Exempted from Fair Trading Committee's audit for three years due to its recognition of POSCO's internal check-and-balance system

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'04 Business Plan (Revised)

- Revised business plan, incorporating changes in general economic and steel cycle

(Mn. Tons, Bn. Won)

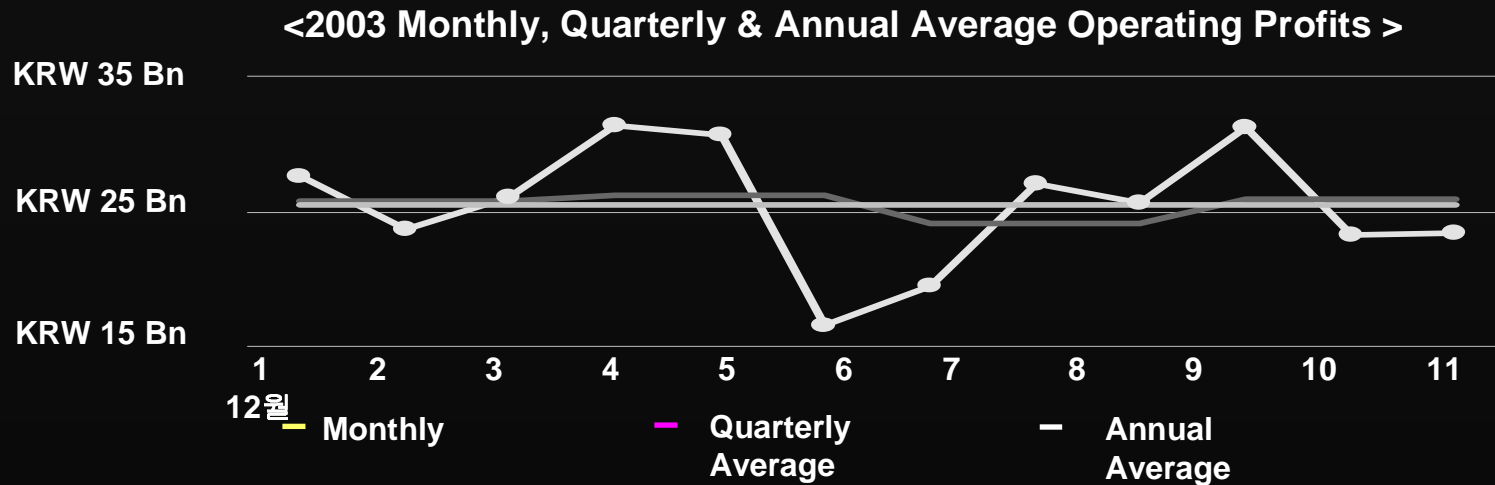
	2003	2004 (F)
Production	28.9	29.4
Sales Volume	27.5	28.2
Revenue	14,359	17,422
Operating Profit	3,059	3,663
CAPEX	1,341	2,778

The figures are internally generated targets and should not be used for investment criteria

※ Official Announcement: Earnings Release

□ Current monthly earning release

- Fluctuation of monthly earnings due to its accounting treatment
- Risk associated with releasing unaudited financial statement numbers



- Monthly Earnings Release & Disclosure
- Quarterly Web-Casting



Quarterly Corporate
Performance
Presentation