

March 23, 2020

Dear Shareholders of POSCO,

First, I sincerely thank you for your ongoing support and trust in POSCO. I am sure that the recent COVID-19 outbreak has changed much of your work and daily life. I hope all the situation will return to normal as soon as it can.

In 2019, the global steel industry underwent one of the hardest periods due to multiple reasons from economic recession caused by trade dispute and slow growth in emerging markets to surged iron ore price on the dam collapse in Brazil.

To weather such circumstances, POSCO has made strenuous efforts to increase World Top Premium(WTP) product sales to shore up steel profitability, save costs by promoting an initiative named "Cost Innovation 2020(CI2020)" and expand Smart Factory using AI and Big Data.

In new growth business, POSCO acquired and commenced to develop a brine in Argentina and a part of lithium hard rock mine in Australia. In addition to this, we are in an expansion of cathode and anode capacity to prepare for the new mobility era with our strong growth potential in the secondary battery material business.

Based on this strategy, POSCO recorded 2.6 trillion KRW of operating profit on a parent basis with 8.5% operating margin and 3.9 trillion KRW consolidated operating profit in 2019, demonstrating its sound performance in comparison to global peers. In January BOD meeting, POSCO board members resolved to pay out 10,000 KRW per share dividend for the fiscal year of 2019 maintaining the leveled up DPS for two consecutive years, in which we will seek for the approval from our shareholders in the upcoming AGM.

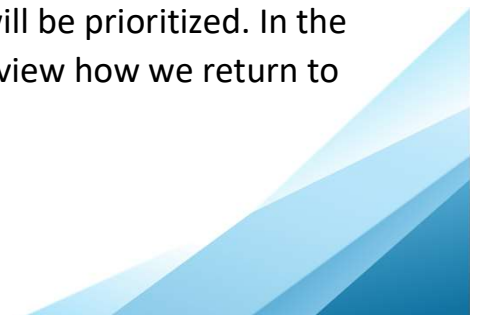


Our endeavors were also highly recognized by external evaluation institutions that paid attention to our strong commitment to 100 innovation goals and successful completion of them. A world-renowned steel research institution World Steel Dynamics(WSD) selected POSCO as “the most competitive steelmaker in the world” for ten years in a row. World Economic Forum(WEF) named POSCO as “Lighthouse Factory,” first among Korean companies, that leads the future of global manufacturing industry. Through this, POSCO again showcased its firm status as a leading steelmaker in the global market.

In the beginning of 2020, we face unprecedented coronavirus pandemic while the remaining difficulties in the global economy have not been resolved. Nonetheless, POSCO will continue its efforts in cost-saving, technology enhancement, quality innovation, new product development and exploration of new markets to sustain its unmatched profitability.

We will establish a contingency scenario planning for production and sales to flexibly respond to changing business environments even in times of economic turmoil, like today. If the environment constantly aggravates even further, extreme cost management will be in place such as overhead cost saving and adjustment of investment priorities. In every measure, profitability and financial soundness would be pursued with the highest urgency.

In POSCO’s group portfolio, we will continuously evolve businesses in the segments of energy, E&C and secondary battery materials. Among them, secondary battery materials will become our future core business, in which we are in the course of expanding cathode and anode capacity, raising marketing capabilities and strengthening R&D power for next-generation products. Non-core and low-profitability businesses will continue to be restructured and capital spending for future growth will be prioritized. In the mean time, our most pressing task is to thoroughly review how we return to shareholders with our excess cash.



Dear Shareholders of POSCO,

Before I finish my letter, let me share this quote with you. “The storm will pass. The spring will come.” What we see today is unheard of, but POSCO will overcome this crisis by closely cooperating with its business partners and ultimately create higher corporate value based on the stronger industrial ecosystem. I promise you that we will work harder to satisfy your expectations through endless innovation.

I wish you and your family good health and happiness for the year 2020.

Thank You.

Sincerely yours,

Choi, Jeong-Woo
Chief Executive Officer
POSCO

