
POSCO



Korea University
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資源은 有限

Resources are limited;

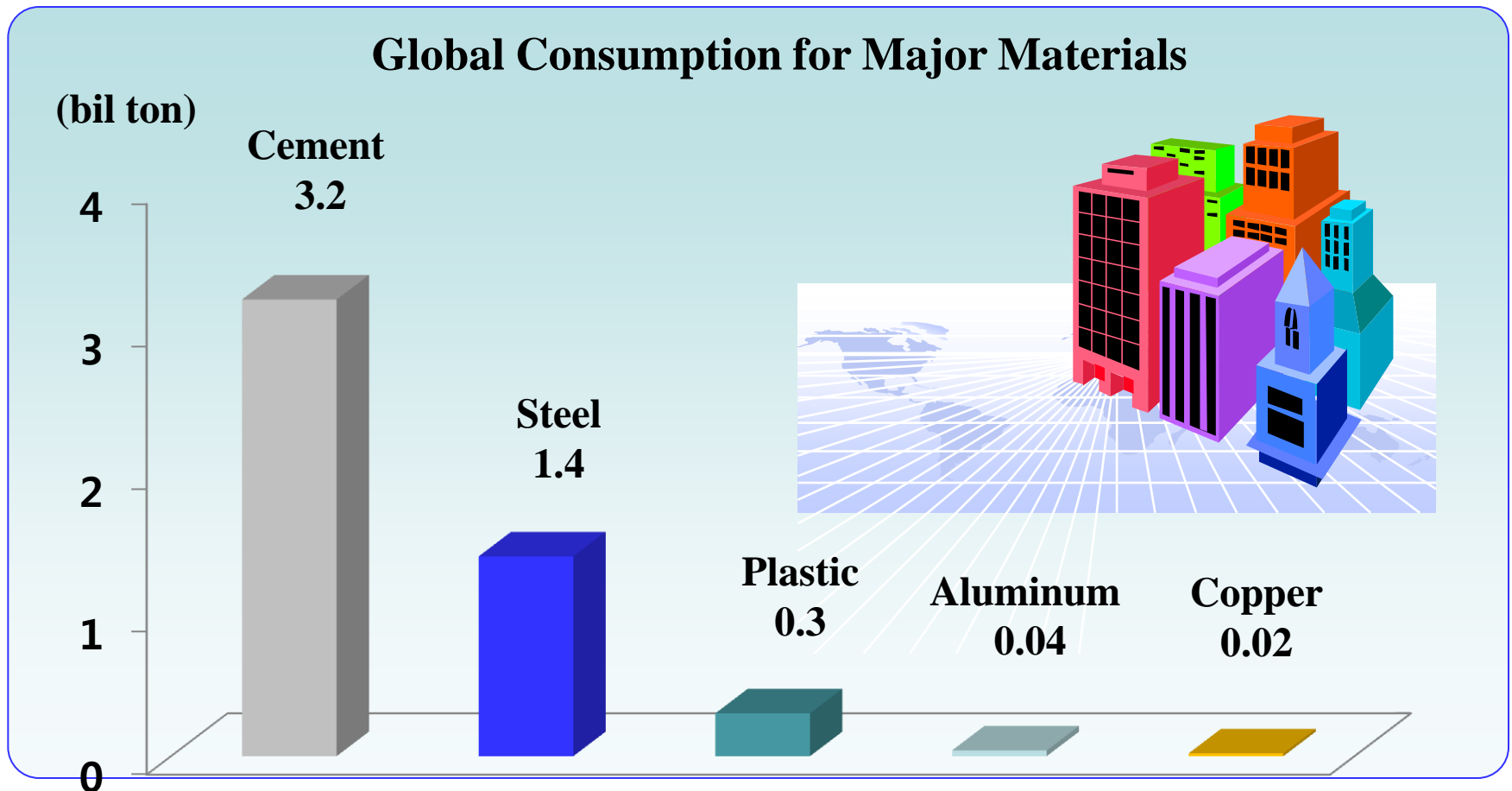
創意는 無限

Creativity is unlimited.



Steel

- The second most used material after cement



Topics

1. The History of POSCO
2. Korean Steel Industry
3. Development Strategy of POSCO
4. POSCO Today
5. Future Challenges
6. The Past CEOs of POSCO

I. The History of POSCO

POSCO
story

Vision
1965-1969

Develop-
ment
1970-1981

Growth
1982-1992

Success
1993~

1965.05

President Jeong-hee PARK visited the U.S. and explored the possibilities to construct an integrated steelworks

1968.04.01

Established Pohang Iron and Steel Co., Ltd.

1969.12

Signed on the Financing of the construction funds for the Steelworks



Integrated Steelworks Construction Project Promotion Committee meeting



Pohang Iron and Steel Co., Ltd. founding ceremony



Plate hanging ceremony after founding event in front of UNESCO Hall

I. The History of POSCO

POSCO
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**Develop-
ment**
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Success
1993~

1973.07.03

Annual steel capacity: 1.03 million tons (Construction of Pohang Works Phase 1 completed)

1978.12.08

Annual steel capacity: 5.5 million tons (Construction of Pohang Works Phase 3 completed)

1981.02.08

Annual steel capacity: 8.5 million tons (Construction of Pohang Works Phase 4 completed)



Construction of Pohang Works Phase 1 begun



Historical first production



Pohang #1 blast furnace pouring out molten iron

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1987.05.07

Construction of **Gwangyang Works** Phase 1 completed (annual steel capacity: 11.8 million tons)

1988.06.10

Initial public offering

1992.10.02

Integrated construction completed in time to celebrate a Quarter-century of Pohang Iron and Steel Co., Ltd. (annual steel capacity: 20.8 million tons)



Press release announcing the first national company



View of POSTECH



Integrated construction complete of quarter-century history

I. The History of POSCO

**POSCO
story**

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1965-1969**

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ment
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**Success
1993~**

- 1994.10.14** Listed on New York Stock Exchange
- 1996.10.15** Construction of Gwangyang Works #5 blast furnace begun and No. 1 mini-mill construction complete
- 1999.03.31** Construction of Gwangyang Works #5 blast furnace completed (annual crude-steel capacity: 28 million tons)
- 2002.03.15** Company name changed (Pohang Iron and Steel Co., Ltd → POSCO Co., Ltd)
- 2003.11.07** Launched the POSCO-China
- 2004.10.15** Launched the POSCO-Japan
- 2005.08.25** Launched the POSCO-India
- 2009.08.06** Construction of Mexico CGL facilities completed
- 2005.10.19** Construction of Vietnam CGL facilities completed

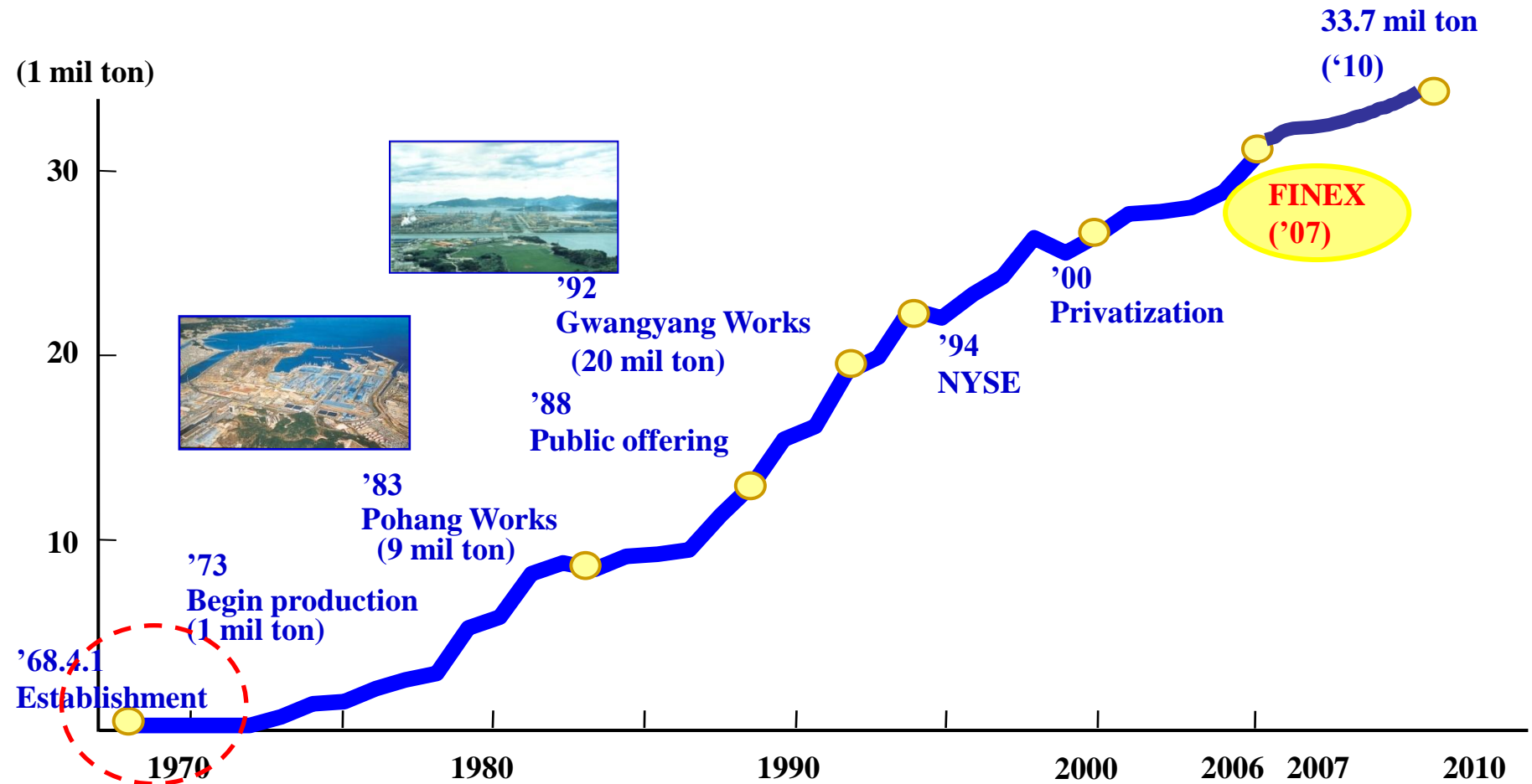


First domestic company to be listed on the New York Stock Exchange

I. The History of POSCO

● Production increase 12.7%/yr, 33.7 mil ton in 2010

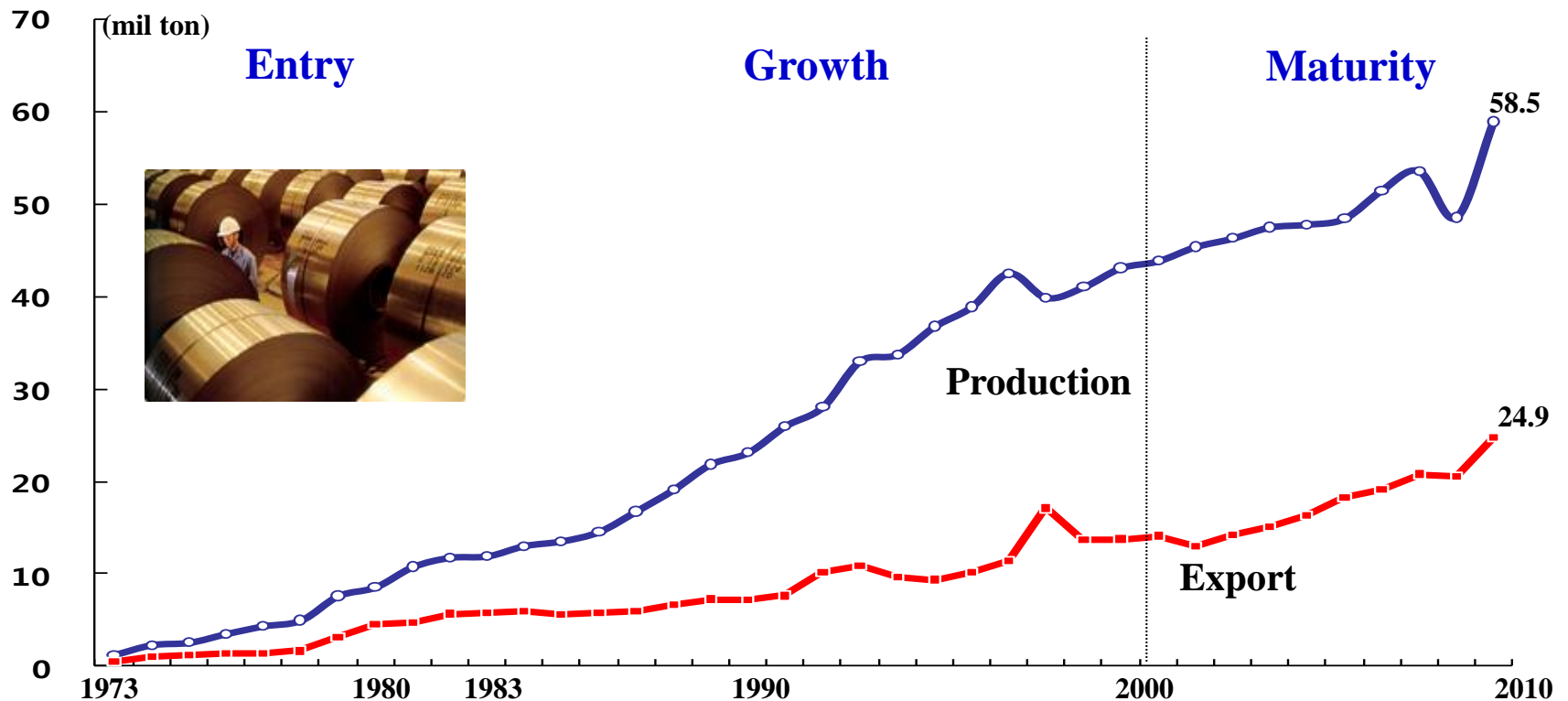
• Production 35 times (sales 600 times) increase since 1973



II. Korean Steel Industry

- Production increased from 1.2 mil ton (1973) to 58.5 mil ton (2010)
- Steel export increased from 1 mil ton to 25 mil ton
- Continued growth due to China even after 2000

Korean Steel Industry



II. Korean Steel Industry

- Global No. 1 per capita consumption (2010, 1,072Kg)

Production (2010)

(mil ton)

	Country	Production
1	China	626.7
2	Japan	109.6
3	US	80.6
4	Russia	67.0
5	India	66.8
6	Korea	58.5
7	Germany	43.8
8	Ukraine	33.6
9	Brazil	32.8
10	Turkey	29.0

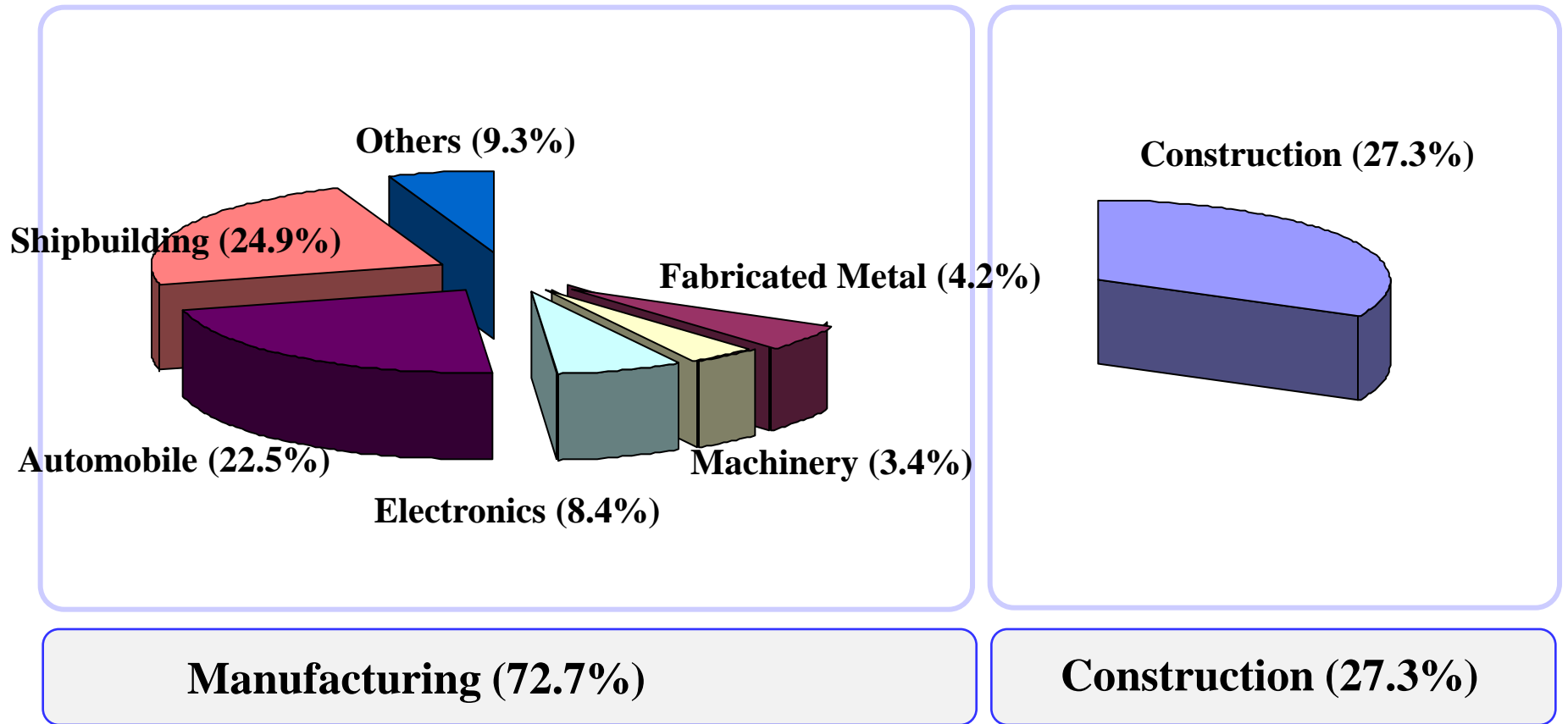
Source: Worldsteel

Consumption (2010)

(mil ton, Kg)

	Country	Gross Consumption	Per capita Consumption
1	China	575.9	430
2	US	80.1	261
3	India	60.6	52
4	Japan	63.8	502
5	Korea	52.4	1,072
6	Germany	36.3	441
7	Russia	35.7	255
8	Brazil	26.6	134
9	Italy	25.5	439
10	Turkey	23.6	307

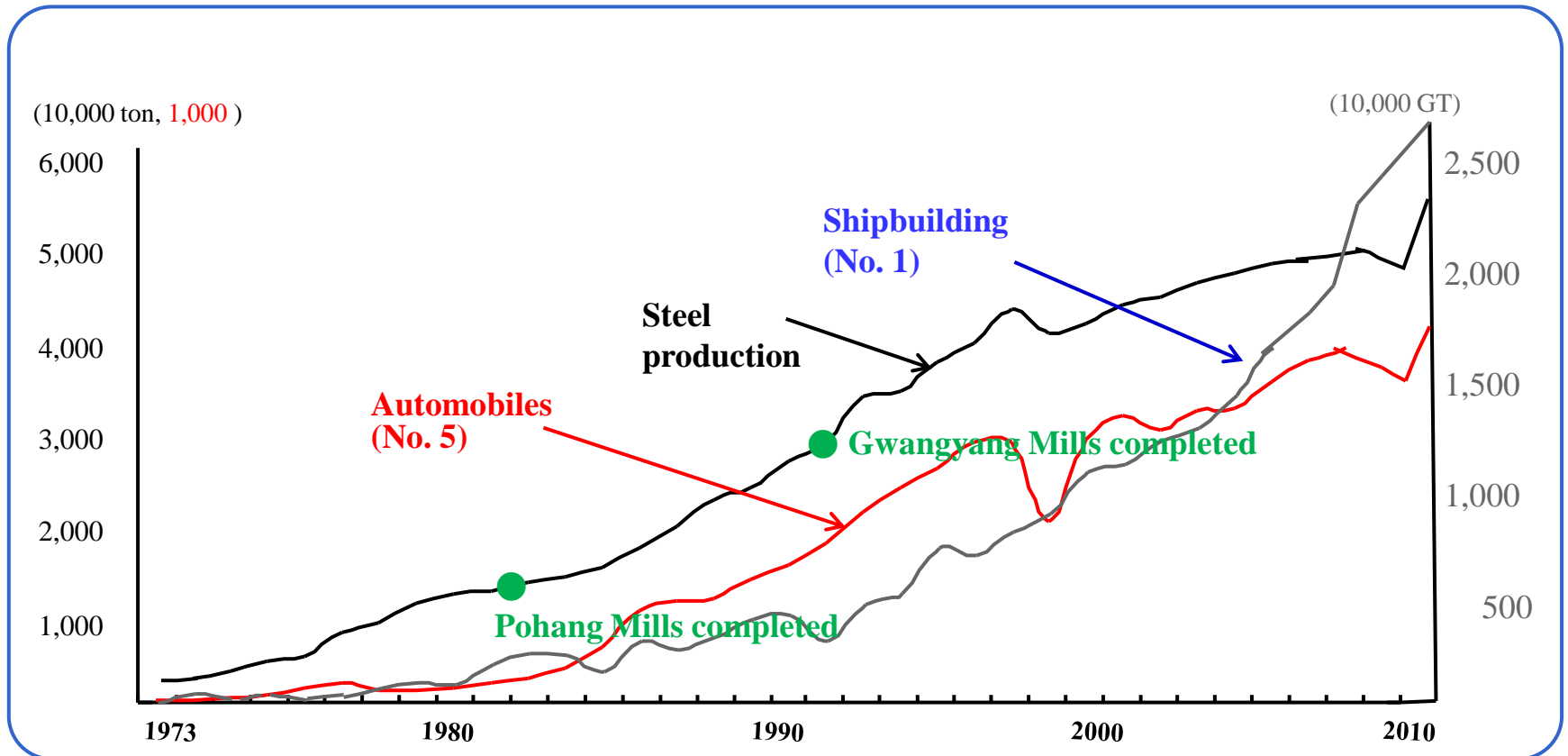
Steel Demand by Industry in Korea



Source: Korea Steel Industry Association

II. Korea Steel Industry

- Rapid growth during 1970~1998
- Strong demand in automobiles and shipbuilding




III. Development Strategy of POSCO

President Junghee PARK's Own Writing
(April 1978)

鐵鋼之國力

浦項製鐵創立十周年記念

一九七八年四月一日

大統領 朴正熙 

“Steel is National Power”

Government Initiation on Integrated Steel Plant

- President Park thought integrated steel mill, petrochemical complex, and highways are critical for economic development
- Lack of capital, raw materials, technology and experience
- Setup of KISA (Korea International Steel Associates) for raising capital (8 firms from US, UK, W. Germany, Italy, and France) in 1966
- Collapse of KISA after a pessimistic outlook report
- 23.9% of Compensation Fund of Japanese Government was used as seed money (\$120 mil out of \$500 mil) for the first stage

POSCO site before and after



POSCO First Ground Breaking Ceremony (1970. 4)



Early Development Strategies of POSCO

- Nationalism coupled with hungry spirit:
Willingness and Effort over Capital and Technology

-右向右 (Right Turn): “if failed with the special fund, we should make a right turn to die at East Sea”

-We should make the project successful to contribute to our nation

-Highly masculine organizational culture



- Hurry Hurry Spirit: Start producing hot rolled steel before operating blast furnace
- Reduction of construction time: 1st phase (1 mil ton) completed during 1970-73. Cost competitiveness. Const. cost per ton was \$287 (50% of others')

Gwangyang Steel Mill Site before and after

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Development Strategy of POSCO

- Continued investment on factory (adding capacity), particularly up to 1999
- Clear business goal in mind
- Strong CEO leadership (Mr. Tae-Jun PARK)
- R & D investment on new products and processes (FINEX, 2007)

IV. POSCO Today

No. 6 Producer, but No 1 Competitiveness

Production Ranking

(2010, mil. ton)

	철강사	생산량
1	ArcelorMittal (Lux)	90.6
2	Hebei I&S (C)	52.9
3	Baosteel (C)	44.5
4	Angang Group (C)	40.3
5	Wuhan (C)	36.5
6	POSCO (K)	35.4
7	Nippon Steel (J)	34.5
8	JFE (J)	31.1
9	Jiangsu Shagang (C)	30.1
10	Shougang (C)	25.8

Source: SBB

Competitiveness Ranking(2011)

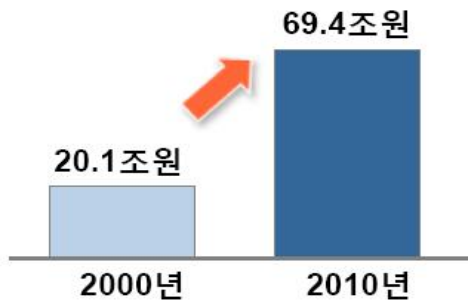
1	POSCO(韓)
2	Nucor(US)
3	NLMK(R)
4	Severstal(R)
5	ArcelorMittal(Lux)
6	Nippon Steel(J)
7	JSW Steel(I)
8	CSN(B)
9	SAIL(I)
10	JFE(J)

Source: WSD(2011)

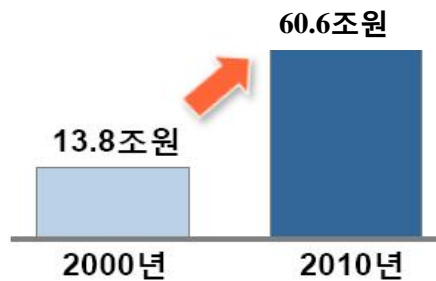
Growth of Assets and Revenue

- **Growth of Assets (3.4 times, \$61.3 bil) and Revenue (4.4 times, \$53.6 bil) during 2000-2010**

자 산



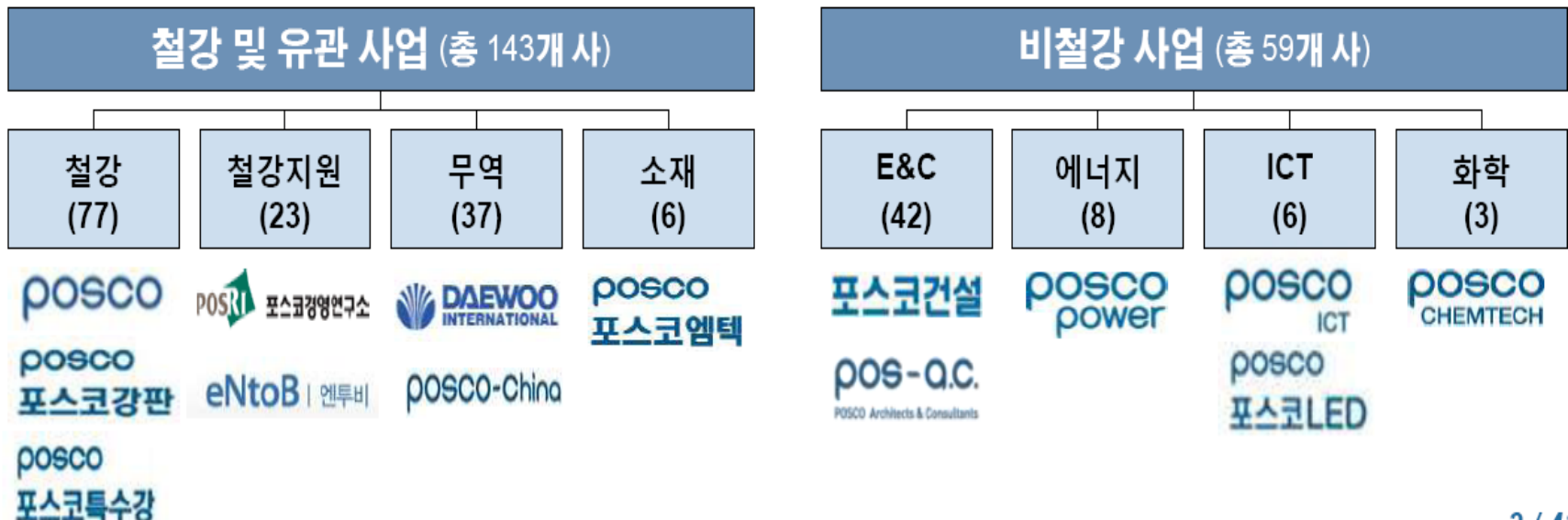
매출액



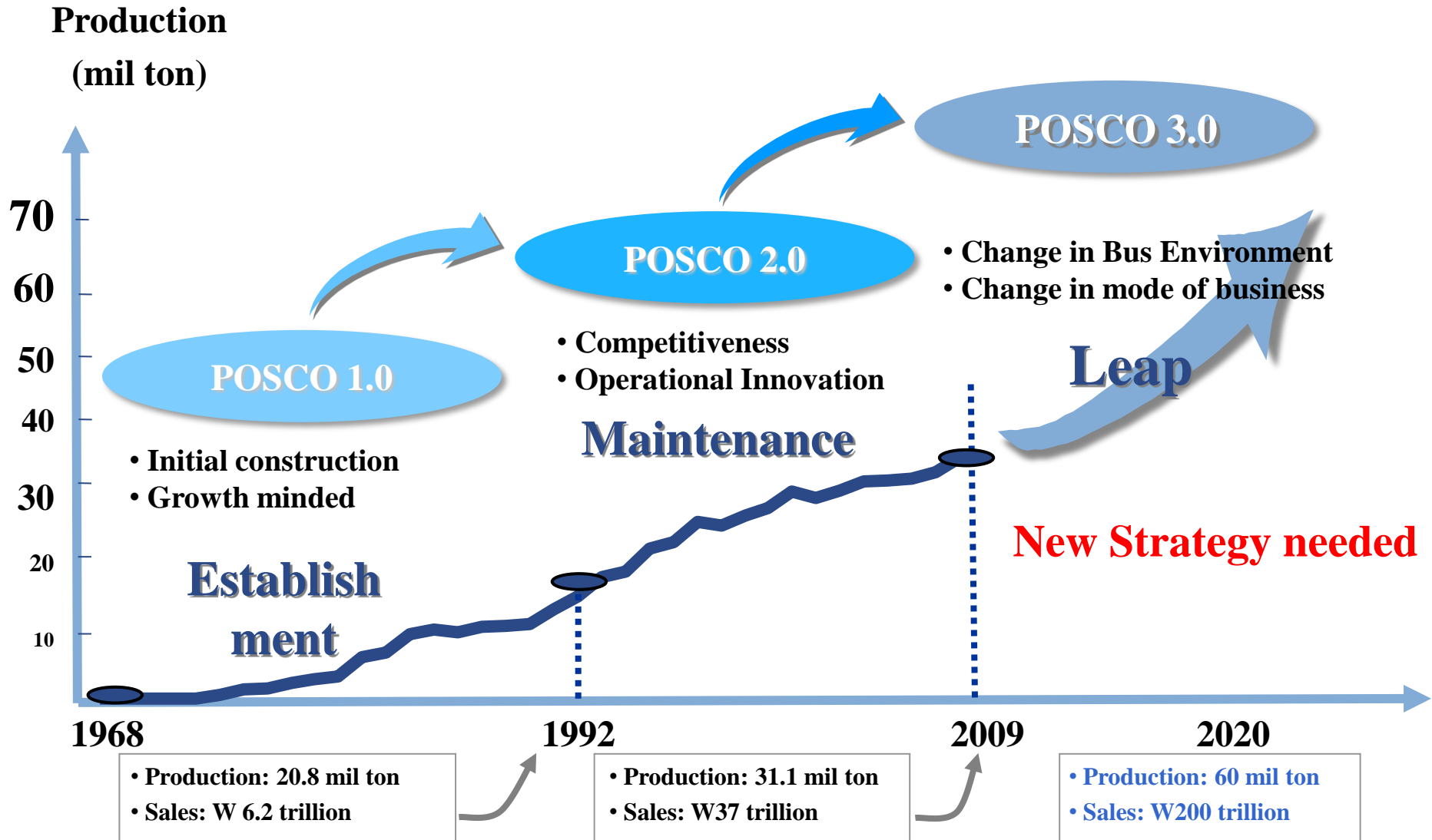
Affiliated companies (202 firms)

Steel-related 143 firms in steel, steel support, trading, and materials

Non steel-related 59 firms in construction, energy, IT, and chemicals



POSCO Strategy



V. Future Challenges

Raw Materials

- Price increase (iron ore 10, & coal 8 times increase during 2000-2010)
- Oligopolistic trend of supplying firms
- Competition over natural resource

Market

- Competitive expansion
- Over supply in East Asia
- Export competition/
Trade conflict

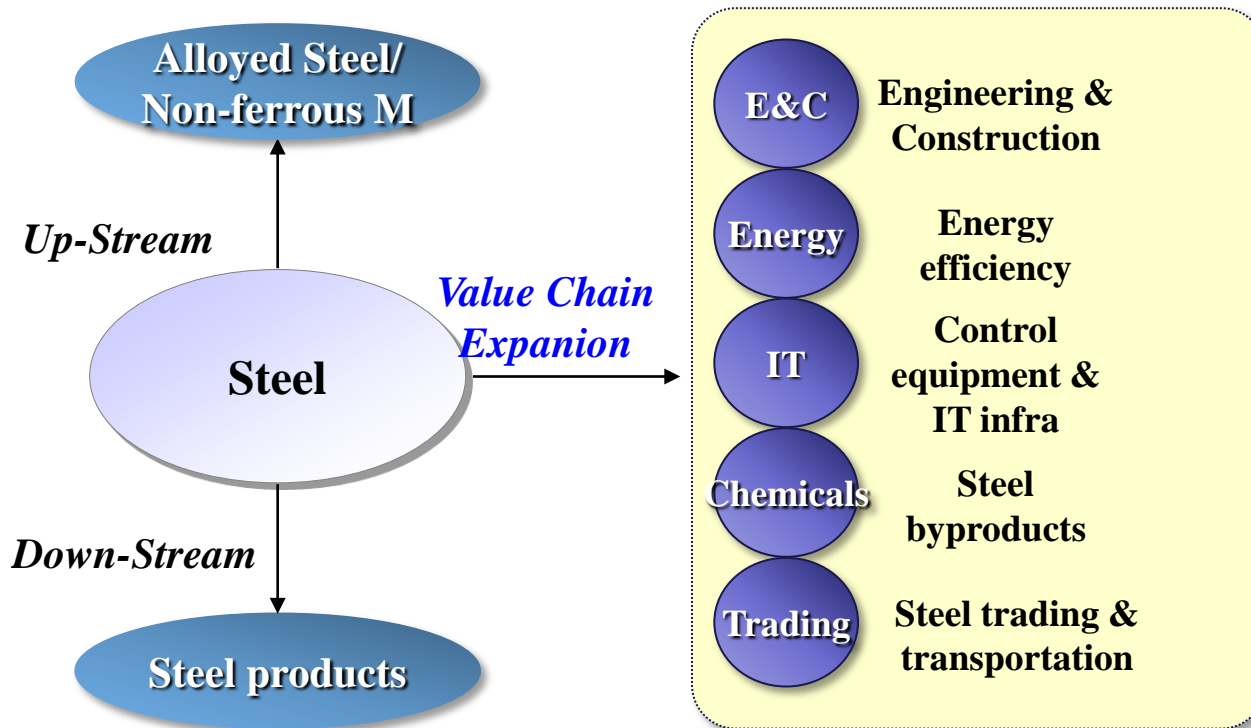
Environment

- Environmental regulation
- Shortage of water
- Eco-friendly tech.
development

Future Strategic Directions

Expansion of Business (Diversification)

- From Steel to Comprehensive Material Producers (alloyed steel)



- Market Expansion (Globalization): Emerging Markets such as China, India, Vietnam, Indonesia, and Mexico**
 - Setting up steel mills and raw material mining development

VI. The Past CEOs of POSCO

1968.02~1992.10



Park Tae Joon
The first CEO

1968.02~1992.10



Hwang Kyung Roh

1993.03~1994.03



Chung Myung Sik

2010.03~



Chung Joon Yang

1994.03~1996.03



Kim Man Je

1996.03~2003.03



Yoo Sang Bu

2003.03~2010.03



Lee ku Taek

KOREA



Q&A