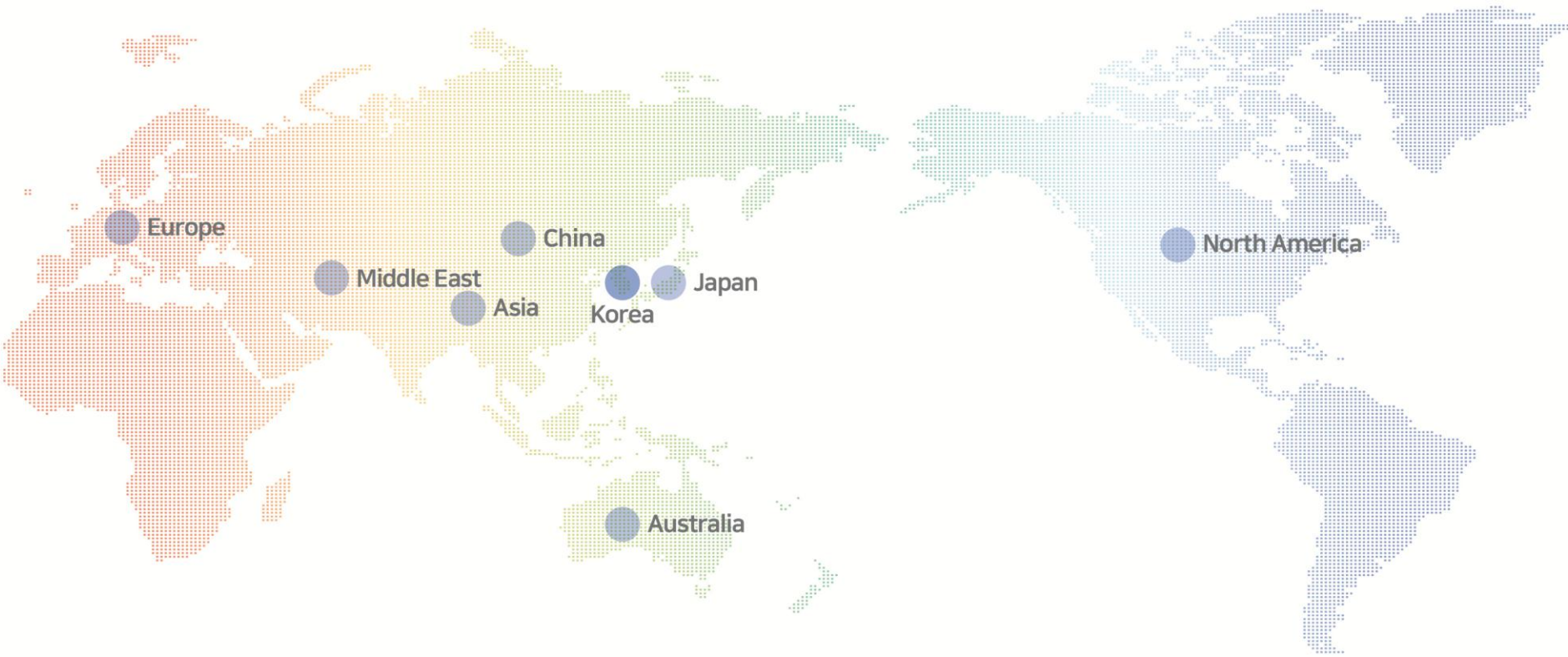




 **GS** Global  
Investor Relations 2019



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Investor Relations 2019

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## **Company Overview**

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2. History
3. Medium & Long-term Strategy
4. Performance & Revenue Breakdown

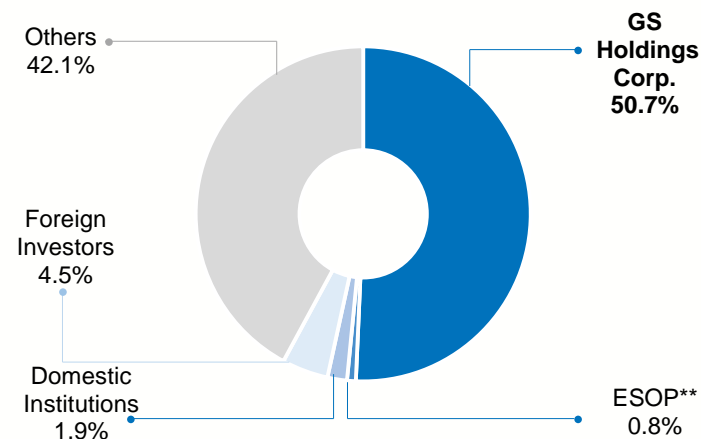
# 1. Overview

## General Information

<b>Business Category</b>	General Trading
<b>Affiliation</b>	GS Group (largest shareholder: GS Holdings Corp. (50.7%))
<b>CEO</b>	KIM Tae hyeong
<b>Capital</b>	206.3 billion KRW
<b>No. of Employees</b>	238* (as of Dec. 31, 2018)
<b>Address</b>	GS Tower, 508, Nonhyeon-ro, Gangnam-gu, Seoul, 06141, Korea
<b>Global Network</b>	28 Global outposts in 18 countries

\*Excluding overseas representatives, and global staff.

## Shareholder Composition



\* No. of Listed Shares: 82,533,764 (as of Dec. 31, 2018)

\*\* Employee Stock Ownership Plan

## Business Area

### Trading

**Steel**  
**Petroleum & Chemicals**  
**Coal & Biomass**  
**Machinery & Commodities**  
**Machinery Import**

### Operation

<b>Logistics</b>	<b>Manufacturing</b>
Import Vehicle PDI Unloading, Shipping Special Vehicle Production SOC Development Business	GS Entec

### Investment

**Business Investments**  
**Resource Development**  
**New Business**  
**Project Development Business**

## 2. History

**1954**  
**Establishment of Kumsung Industry Corporation**

**1964**  
Develop of Foreign Network  
Opened Tokyo Office

**1975**  
Renamed as Ssangyong Corp.  
Designated as Korea's 2nd General Trading Company

**1976**  
Listed on the Stock Exchange

**2009**  
Establishment of compound logistics brokerage company, PLS Co., Ltd.

**2009**  
**Incorporated into GS Group**  
**Renamed as GS Global Corp.**

**2010**  
Acquired DKT (currently known as GS Entec)

**2018**  
Decided to invest in development/operation project of coal terminal of Donghae Port

**2017**  
Acquired shares of BSSR, a coal mining company in Indonesia

Decided to invest in Pyeongtaek-Dangjin Port hinterland development project

**2015**  
Selected as developer/operator of two berths at the west terminal of Pyeongtaek-Dangjin Port

**2014**  
Invested in lubricant blending facility in Tianjin, China

**2012**  
Investment in Nemaha Project, onshore Oil & Gas project

**2011**  
Commissioned Pyeongtaek PDI Center

Establishment of Suzhou steel service center in China

# 3. Medium & Long-term Strategy

## Trading - Solidify Source of Profit

### Solidify Customer-oriented Source of Profit

- **Accelerate in Steel business**
  - Increase sales of high value-added products and triangular trades
- **Expand Source of Profit for Petrochemicals**
  - Market expansion & diverse product lines
- **Steady growth of Resource business**
  - Procure prominent consumers (domestic/overseas), and promote sales
  - Secure and invest in competitive suppliers
- **Strengthen Machinery & Commodities business portfolio**
  - Continue to develop diverse product lines (industrial material, bio diesel)

### Strengthen Global Network

- **Focus on strategic markets (Southeast Asia, India)**

### Improved Value Chain

- **Selective Investment to value chain assets with potentially stable earnings**

## Operation - Expansion for Steady Profit Generation

### Strengthen Logistics Business Portfolio

- **Gradually expand Imported Vehicle PDI (Pre-delivery Inspection) service**
  - Sustain position as the market leader in PDI, expand serviceable vehicles.
- **Strengthen Business Portfolio for other Areas**
  - Develop special vehicle business (diverse items, regions, customers)
  - Explore new business opportunities based on PDI business competency

### Enhance competitiveness of GS Entec

- **Increase orders based on revitalized plant market and relatively strong market position**
  - Aggressive marketing in promising markets to potential customers (Northern America)
- **Renew and strengthen business portfolio to establish long-term growth foundation**
  - Enter High value-added machinery market (collaboration with leading companies)
  - Explore new promising items with existing facility / human resources

## Investment – Pursue Promising New Growth Businesses

### Embark New Industrial Machinery Platform Business

- **Enter collaborative robot rental / sales business**
- **Establish commercial electric vehicle supply chain**

### Create performances from Project Development Biz.

- **Overseas Energy Industry Project Organizing**
  - Target Southeast Asia and Southwest Asia
- **Explore new overseas renewable energy business opportunities**

### Reliable Implementation of SOC Development Projects

- **Develop west quay and hinterland of Pyeongtaek Port**
- **Develop coal terminal of Donghae Port**

# 4. Performance & Revenue Breakdown

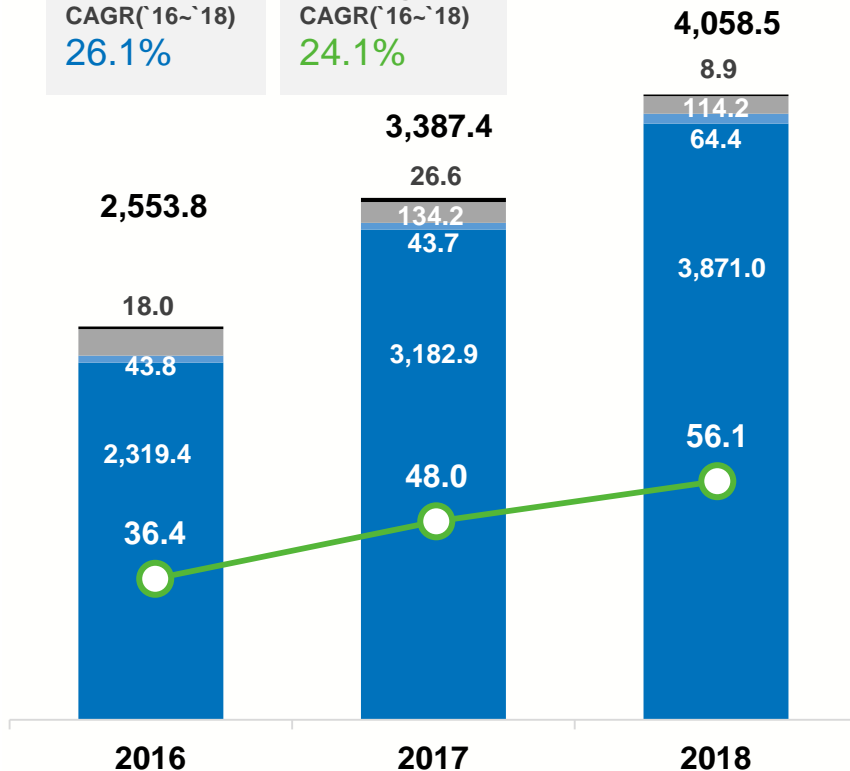
## Revenue & Operating Profit per Business Area

■ Trading ■ Logistics ■ Manufacturing ■ Investment

(Unit: billion KRW)

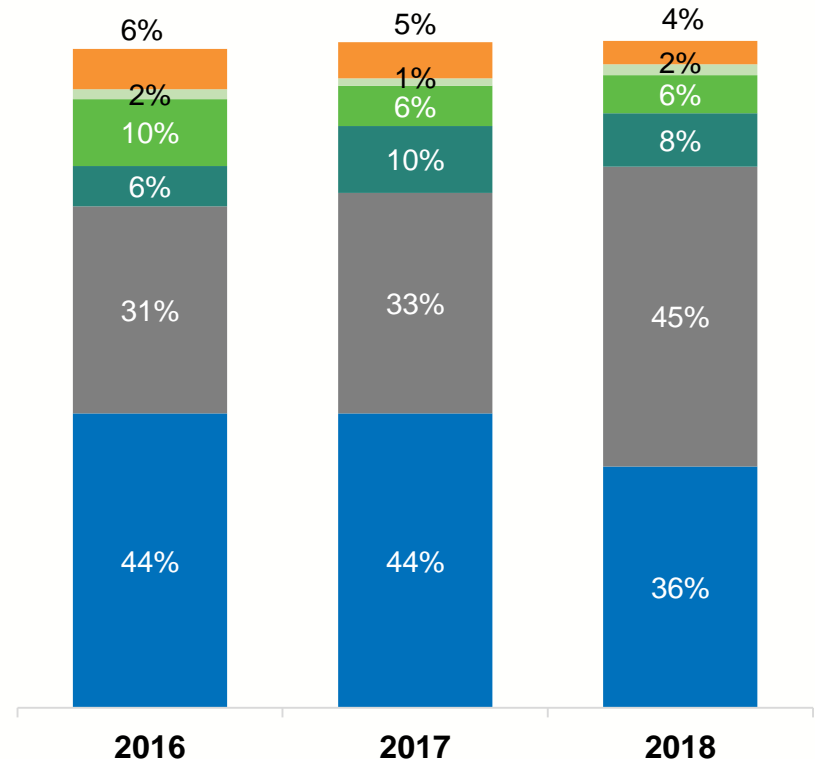
Revenue  
CAGR('16~'18)  
26.1%

Operating Profit  
CAGR('16~'18)  
24.1%



## Revenue Breakdown per Business Area

■ Steel ■ Petrochemical  
■ Coal/Biomass ■ Machinery/Commodity  
■ Logistics(PDI) ■ GS Entec



\*As per IFRS consolidated financial statement





## **Business Overview**

1. Trading
2. Operation
3. Investment



# 1-1. Trading : Steel

Source steel products from domestic and overseas steel producers, and market through global network

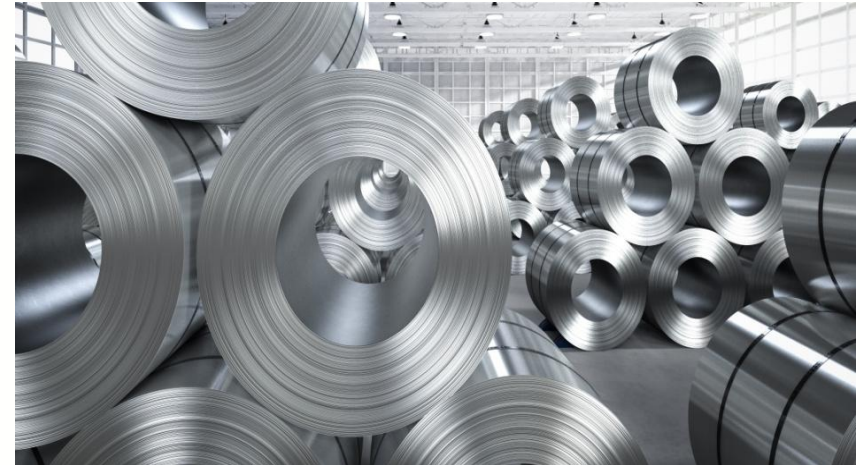
## Business Status

### ○ Key Products

- Hot Rolled Steel, Cold Rolled, Steel, Galvanized Steel, Semi-finished Steel

○ **Major Suppliers:** Prominent steel providers in Korea (POSCO, Hyundai Steel, Dongkuk Steel, Dongbu Steel, etc.), China and Japan.

○ **Major Buyers:** Major overseas steel companies (China, Japan, Southeast Asia, Europe and USA)



## Strength

- Establish strategic alliance with global steel partners
- Broad range of steel products
  - Deal various items from general products (Hot Rolled Steel, Galvanized Steel) to specialty products (Energy plants, Automotive Steel)
- Manage coil centers to enforce value chain in steel industry

## Strategies

- Maintain & expand existing market
  - Increase revenue in established markets (Japan, China, Southeast Asia, Europe)
- Enter new markets
  - Pioneer new markets to seek improved revenue and profitability (India, Middle-east, Europe)

# 1-2. Trading : Petrochemical

Source petrochemical products from various domestic & overseas suppliers, and market through global network; Expand items & regions

## Business Status

### ○ Key Products

- Petrochemicals: Benzene (BZ), Toluene (TL), Xylene, MEG, etc.
  - Polymer: PE, PP, ABS, EPS, PET, etc.
  - Lubricants: Automotive, Industrial, Marine, White oil, etc.
  - Bunkering: Refueling service focusing on large-sized ships (domestic and overseas)
  - Commodity Oil Products: Mogas, Kerosene, Gas oil, Fuel oil, etc.
- **Major Suppliers:** GS Caltex, LG Chem, Repsol S.A. (Spain), Formosa (Taiwan), ADNOC (UAE), etc.
- **Major Buyers:** China, Taiwan, Southeast Asia, Europe, Russia, etc.



## Strength

- Sustain friendly relations with accomplished domestic / overseas petrochemical companies
  - GS Caltex, LG Chem, ADNOC, SINOPEC, etc.
- Broad range of business area, and products
  - Petrochemical, Polymer, Inorganic Compounds, Commodity Oil Products, Bunkering, etc.

## Strategies

- Engage in broad range of business area and handle varieties of products, while focusing and expanding key areas to improve profitability
- Procure broad supply chain to increase non-group reliability
- Expand market by securing prominent fixed trading partners and pioneering new markets

# 1-3. Trading : Resource (Coal / Biomass)

## Sourcing & Marketing Coal, Biomass fuel, expand resource value chain

### Business Status

#### ○ Key Products

- Coal
- Biomass: PKS (Palm Kernel Shell), Wood Pellet

#### ○ Major Suppliers: Indonesia, Russia, Australia (Coal)

Indonesia, Vietnam, North America (Biomass)

#### ○ Major Buyers: Energy affiliates of GS Group, GENCO

(affiliate of KEPCO), domestic IPPS, China, Vietnam, Taiwan



### Strength

- Stably secure captive quantity of GS Group affiliates
- Steady Off-take quantity through investments in coal mines
- Averaged 60% growth for the past 5 years, with larger potential

### Strategies

- Establish stable supply chain for new power plant expansion of GS Group
- Pursue reliable business portfolio by developing prominent domestic & overseas consumers, and business expansion with non-group companies
- Enter emerging overseas Biomass market

# 1-4. Trading : Machinery & Commodity

Trading various oil products, cement & commodity products, plant equipments, and import & distribute HONDA industrial engines

## Business Status

### ○ Key Products

- Machinery & Materials: Plant materials (special valves), various Industrial Equipment
- Oils: Palm Oil, Pour Point Depressants, Bio Diesel, Ethanol, etc.
- Cement: Material related to Cement
- HONDA General-purpose Engine: Construction Equipment, Agricultural Machinery
- CBU (Complete Built-up) / Components / other power equipment

○ **Major Suppliers:** Southeast Asia (Palm Oil), Europe (Pour Point Depressants), Brazil & Pakistan (Ethanol), Japan (Cement, HONDA Engine)

○ **Major Buyers:** Major domestic bio diesel manufacturers, and oil companies, Japan, China, India, Southeast Asia, etc.



## Strength

- Medium & long-term business expansion potential based on diverse business areas and firm network
- Operating cement distribution hub in Japan (Yokohama, Nagoya)
- Domestic distribution network for HONDA Engine established based on the title as the sole distributor in Korea

## Strategies

- Expand trading scope by developing new markets and diverse items of machinery, materials and oil products.
- Pursue new products and brands including small size construction equipment and rechargeable gardening tools



# 2-1. Operation : Logistics

## Expedition in various logistics projects including imported vehicle PDI, unloading & transportation business, special vehicle manufacturing

### Business Status

#### ○ Key Products

- PDI (Pre-Delivery Inspection): provision of services for vehicles including, unloading, transportation, customs clearance, receiving, inspection and warehousing.
- Unloading & transportation: Energy fuel (Coal, Biomass)
- Manufacturing special vehicles: Produce and export special vehicles (Bowser)

○ **Major Suppliers:** Domestic port unloading & transportation providers, special vehicle manufacturers

○ **Major Buyers:** Audi, Volkswagen, Volvo, Toyota, Honda (PDI); Energy affiliates of GS Group (Unloading, Transportation); Major companies in Pakistan, Egypt (Special Vehicles)



### Strength

- Largest market share in domestic PDI business, handling numbers of prominent import vehicle brands
- Improved value chain through various business operations other than PDI business including unloading & transportation and special vehicle manufacturing

### Strategies

- Increase market share with interlinking hinterland and securing PDI business infrastructure
- Develop consumers and diversify items of new businesses including special vehicle export

## 2-2. Operation : SOC Development

**Synergy effect expected between steady profits from port development rights obtained from state, and improved logistics value chain**

Project	Pyeongtaek Port West Quay	Pyeongtaek-Dangjin Port Hinterland	Donghae Port Coal Terminal
<b>Project Overview</b>	<ul style="list-style-type: none"> <li>Oct. 2015, Selected as project operator by Pyeongtaek Regional Office of Oceans &amp; Fisheries</li> <li>Develop &amp; Operate two, 30K ton general cargo piers at Pyeongtaek Port West Quay</li> </ul>	<ul style="list-style-type: none"> <li>Jun. 2016, Selected as project operator by Pyeongtaek Regional Office of Oceans &amp; Fisheries</li> <li>Reclaim hinterland of Pyeongtaek Port (1.1 million m<sup>2</sup>), acquire and offer landfill</li> </ul>	<ul style="list-style-type: none"> <li>Feb. 2018, Selected as project operator by Donghae Regional Office of Oceans &amp; Fisheries</li> <li>Construct / Operate one, 0.1 million DWT coal terminal on 0.1 million m<sup>2</sup> land</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>GS Global, GS E&amp;C, etc.</li> </ul>	<ul style="list-style-type: none"> <li>GS Global, GS E&amp;C, etc.</li> </ul>	<ul style="list-style-type: none"> <li>GS Global, GS E&amp;R, GS E&amp;C, etc.</li> </ul>
<b>Features &amp; Expectations</b>	<ul style="list-style-type: none"> <li>Own-port operation for the reliable cargo handling for GS Global and energy affiliates of GS Group, and in prompt response to rapid increase of general cargo shipped to the Seoul metropolitan area.</li> <li>Pursue diverse new businesses with improved logistics value chain</li> </ul>	<ul style="list-style-type: none"> <li>Earnings generated from land organizing and sale</li> <li>Synergy in logistics business with correlation between existing Pyeongtaek PDI project and West Quay development project</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced competitiveness in coal market by securing a dedicated coal terminal</li> <li>Reliable business feasibility based on trading volume from group affiliates</li> </ul>
<b>Land</b>			

\*PLS: PDI business of imported vehicles, and transportation & tank terminal business as a subsidiary company of GS Global.

# 2-3. Operation : GS Entec

1. Trading

2. Operation

3. Investment

## Chemical Process Equipment and Energy Business

GS Entec, incorporated to GS Group in 2011, manufactures equipment required for oil & gas, petrochemical and LNG power plants

### Plant Division

#### Oil & Gas Plants



Heat Exchanger



Reactor

#### Petrochemical Plants



Pressure Vessel



Column & Tower

### Energy Division

#### LNG Power Plant



HRSG



Steam Drum

### Strength

- Solidified position in domestic market by virtue of reorganization of domestic industry
- Order-book focused on high value-added non-metallic products with high profitability, based on exceptional technology

### Strategies

- Fill order book with strategic marketing against promising areas (North America, Middle-east, Europe) and customers
- Enter high value-added plant market, pursue new promising items



# 3. Investment : Overseas Investments

Nemaha Project	
<b>Location</b>	▪ Oklahoma, USA
<b>Year</b>	▪ 2012
<b>Total Investment</b>	▪ Approx. 89.55 million USD (as of Dec. 31, 2018)
<b>Detail</b>	▪ Acquired equity share of Oil & Gas development project in Oklahoma USA (Nemaha Mine), currently in commercial production phase
<b>Shareholder Composition</b>	▪ SK E&P America Inc. (Operator, wholly owned by SK Innovation) 60%, GS Global 20%, GS Energy 10%, Fine Partners 10%
<b>Total Reserves</b>	▪ Approx. 91 million BOE (estimate)
<b>Status</b>	▪ Ongoing production from 104 well holes

BSSR Coal Mine	
<b>Location</b>	▪ Kalimantan, Indonesia
<b>Year</b>	▪ 2017
<b>Total Investment</b>	▪ Approx. 45 million USD (Total investment made by GS Group)
<b>Detail</b>	▪ Acquired equity share of Baramulti Suksessarana, largest coal mine operator in Indonesia, secure Off-take rights
<b>Shareholder Composition</b>	▪ Baramulti 50.0%, TATA Power 26.0%, GS Energy 9.74%, GS Global 5.0%, others 9.26%
<b>Total Reserves</b>	▪ Approx. 140 million Ton (estimate)
<b>Production</b>	▪ 10 million ton per year

\*BOE=Barrel of Oil Equivalent



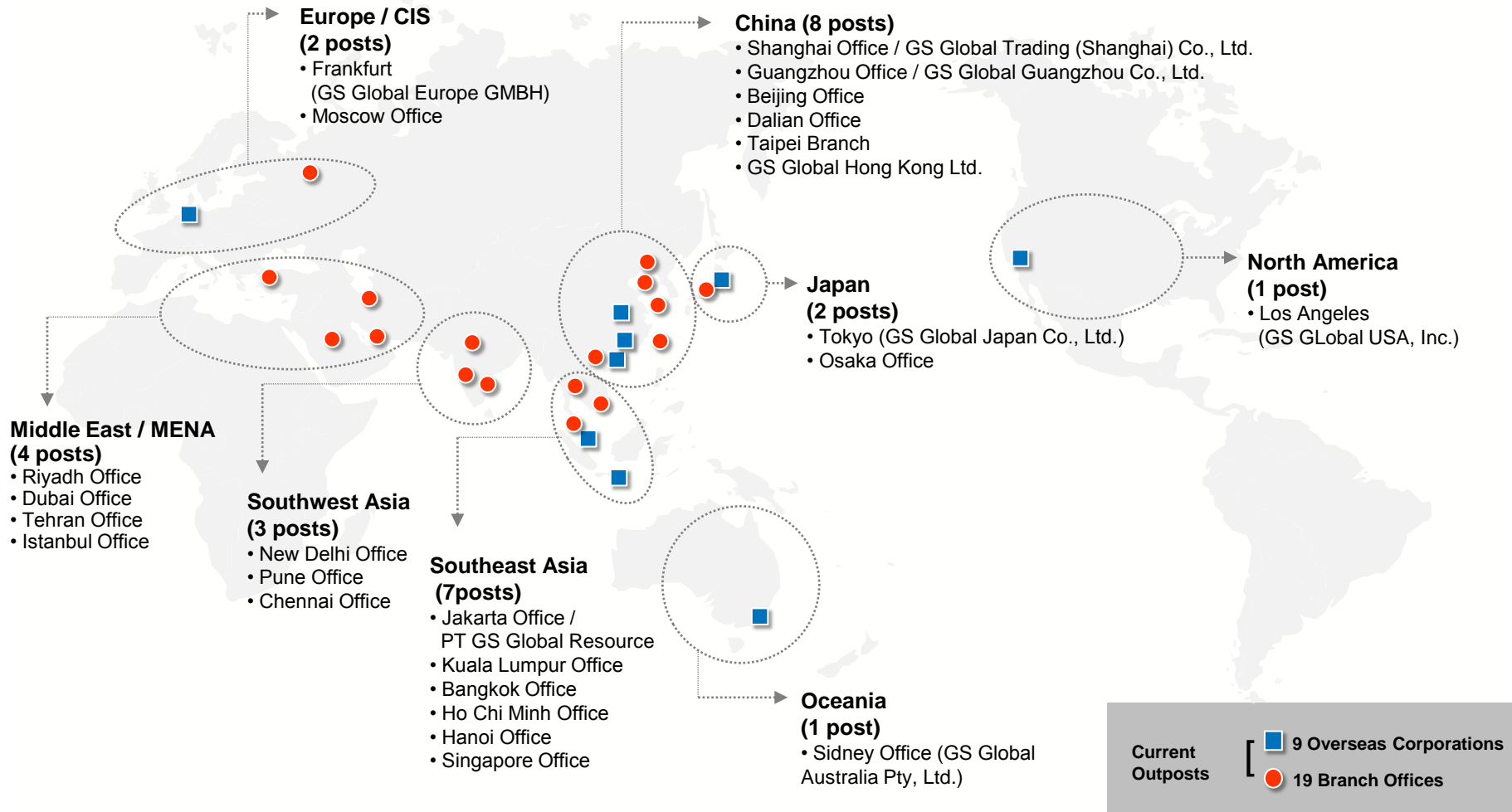


## **Appendix**

1. Global Network
- 2-1. Consolidated Statement of Financial Position
- 2-2. Consolidated Income Statement
3. Financial Indices

# 1. Global Network

28 outposts in 18 countries, Broad range of business from sophisticated Global Network



## 2-1. Consolidated Statement of Financial Position



(Unit: billion KRW)

Category	FY 2016	FY 2017	FY 2018
<b>Current Assets</b>	<b>751.0</b>	<b>841.4</b>	<b>800.8</b>
Cash and Cash Equivalents	49.2	78.5	68.0
Account Receivables & Other Receivables	496.2	494.4	499.2
Inventories	146.3	209.4	183.1
Other Assets	59.3	59.1	50.5
<b>Non-current Assets</b>	<b>575.4</b>	<b>556.4</b>	<b>535.1</b>
Tangible Assets	423.4	390.3	380.5
Intangible Assets	92.2	88.4	86.2
Other Assets	59.8	77.7	68.4
<b>Total Assets</b>	<b>1,326.4</b>	<b>1,397.8</b>	<b>1,336.0</b>
<b>Current Liabilities</b>	<b>829.0</b>	<b>905.6</b>	<b>749.5</b>
Trade Payables & Other Payables	309.0	355.6	360.8
Short-term Borrowings	219.7	312.5	242.6
Long-term Current Borrowings	155.3	109.6	96.6
Other Liabilities	145.0	127.9	49.5
<b>Non-current liabilities</b>	<b>143.1</b>	<b>104.4</b>	<b>183.4</b>
Long-term Borrowings	71.9	77.0	65.9
Bonds	59.9	19.9	109.2
Other Liabilities	11.3	7.5	8.3
<b>Total Liabilities</b>	<b>972.1</b>	<b>1,010.2</b>	<b>932.9</b>
Controlling Interest	312.6	367.4	382.6
Non-controlling Interest	41.7	20.2	20.5
<b>Total Capital</b>	<b>354.3</b>	<b>387.6</b>	<b>403.1</b>

\*As per IFRS consolidated financial statement

## 2-2. Consolidated Income Statement



(Unit: billion KRW)

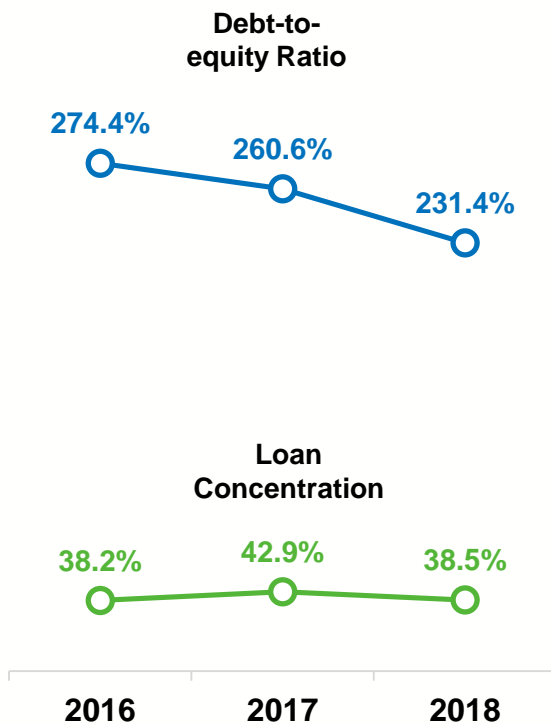
Category	FY 2016	FY 2017	FY 2018
<b>Revenue</b>	<b>2,553.8</b>	<b>3,387.3</b>	<b>4,058.5</b>
Cost of Sales	2,448.2	3,247.3	3,919.8
<b>Total Sales Profit</b>	<b>105.6</b>	<b>140.0</b>	<b>138.7</b>
Selling and Administrative Expenses	69.2	92.0	826
<b>Operating Profit (Loss)</b>	<b>36.4</b>	<b>48.0</b>	<b>561</b>
Other Profits	146.4	133.7	971
Other Expenses	148.4	146.1	101.9
Financial Income	1.5	6.6	4.9
Financial Cost	18.4	21.3	25.1
Profit (Loss) from Affiliates	1.0	0.5	(0.8)
Net Income (loss) Before Income Taxes Expenses	18.5	21.4	30.4
<b>Net Profit (Loss)</b>	<b>16.0</b>	<b>22.5</b>	<b>21.1</b>
Controlling Interest	15.6	21.2	20.5
Non-controlling Interest	0.4	1.3	0.6

\*As per IFRS consolidated financial statement

### 3. Financial Indices

#### Stability Indices

##### Debt-to-equity Ratio & Loan Concentration

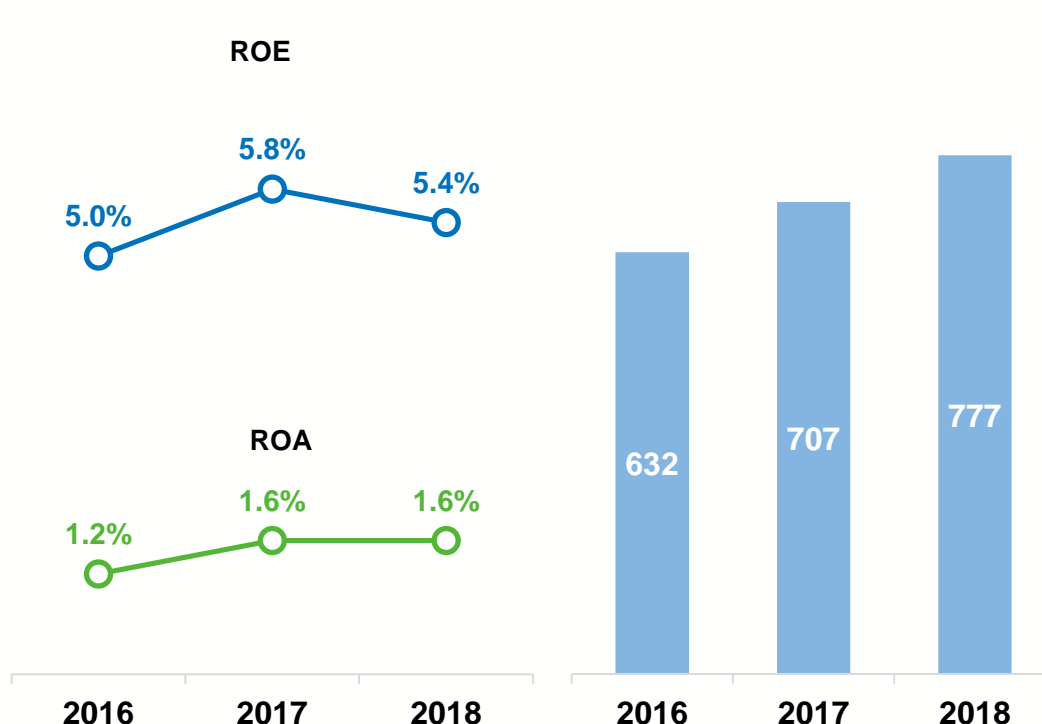


#### Profitability Indices

##### Return on Equity (ROE) & Return on Assets (ROA)

##### EBITDA

(Unit: billion KRW)



\*As per IFRS consolidated financial statement



**Thank you for your attention**