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# S&P TEST

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## POSCO SWOT & PESTLE ANALYSIS

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**Company Name :** POSCO

**Company Sector :** Iron & Steel

**Operating Geography :** South Korea, Asia, Global

**About the Company :**

Headquartered in Pohang, South Korea, Posco started operations in 1968 for manufacturing and selling rolled steel products. The company has gradually ventured into various related businesses that uses steel products or supplies requisite raw materials for manufacturing. Also, it has diversified risk by expanding its operating geography as mentioned above. It also took up a restructuring initiative that resulted in a financial effect worth KRW 7 trillion. POSCO has received many awards such as “Excellence in Sustainability at Steelie Awards”, gold prize at “6th Asia Sustainability Reporting Awards”, etc. As announced in January 2022, Adani Group, an Indian conglomerate, will partner with Posco, to develop and build an integrated steel mill in Mundra, Gujarat, with a \$5 billion investment (approx. Rs 37,000 crore). In response to the carbon reduction requirement, POSCO and Adani signed a non-binding MoU to collaborate further at the group business level in various industries such as renewable energy, hydrogen, and logistics.

POSCO’s USP lies in it being ranked number 1 for “The World’s Most Competitive Steelmaker” from consecutive 12 years. The mission statement of USS POSCO states “To Conduct Business in A Manner That Provides Maximum Value to Our Customers, Owners and Employees.” With a vision of “To deliver the meaning of With, which embodies the meaning of a corporate citizen growing together with society, W expresses the continuation of empathetic harmony by visualizing the image of two individuals holding hands. The warm orange color possesses the positive energy of growing together.”

**Revenue :**

76,010 billion KRW - FY ending 31 March 2021

57,467 billion KRW - FY ending 31 March 2020

**SWOT Analysis :**

The SWOT Analysis for POSCO is given below:

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>1.Largest steel producer in Korea</li> <li>2.Strategic initiatives through subsidiaries and joint-ventures</li> <li>3.Strong financial performance this year</li> <li>4.Global presence with a diversified portfolio</li> <li>5.People \u2013 Centric organisation</li> <li>6.In \u2013 house research capability</li> </ul>	<ul style="list-style-type: none"> <li>1.Problematic Cash Conversion Cycle</li> <li>2.Heavy reliance on export sales</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>1.Expected Growth in steel demand in developing economies</li> <li>2.Expected Consolidation of the sector</li> <li>3.New Ventures and Restructuring Endeavour</li> </ul>	<ul style="list-style-type: none"> <li>1.High competition in the steel industry</li> <li>2.New environmental regulation may lead to high capital expenditure</li> <li>3.Availability of substitute Products for steel</li> <li>4.Uncertainty in Korean and Asian markets</li> </ul>

## PESTLE Analysis :

The PESTLE Analysis for POSCO is given below:

<p style="text-align: center;"><b>Political</b></p> <ol style="list-style-type: none"> <li>1.Fluctuating business Environment</li> <li>2.Escalation in tensions with North Korea</li> </ol>	<p style="text-align: center;"><b>Economical</b></p> <ol style="list-style-type: none"> <li>1.Decrease in global economic demand</li> <li>2.Exchange Rate fluctuations</li> <li>3.Effect of Covid-19 on business operations</li> </ol>
<p style="text-align: center;"><b>Social</b></p> <ol style="list-style-type: none"> <li>1.Role of demographics in the steel industry</li> <li>2.Urbanization to increase the demand for steel</li> </ol>	<p style="text-align: center;"><b>Technological</b></p> <ol style="list-style-type: none"> <li>1.Innovations by Competitors</li> <li>2.Applying AI to manufacturing industry</li> </ol>
<p style="text-align: center;"><b>Legal</b></p> <ol style="list-style-type: none"> <li>1.Violation of laws leading to fines</li> <li>2.Bankruptcy Resolution Laws</li> </ol>	<p style="text-align: center;"><b>Environmental</b></p> <ol style="list-style-type: none"> <li>1.CO2 emission norms</li> <li>2.Sustainable use of resources</li> </ol>

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