

POSCO
Form 20-F
April 27, 2018
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As filed with the Securities and Exchange Commission on April 27, 2018

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 20-F

(Mark One)

**REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
OR**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2017**

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
OR**

**SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report _____**

For the transition period from _____ to _____

Commission file number 1-13368

POSCO

(Exact name of Registrant as specified in its charter)

POSCO
(Translation of Registrant's name into English)

POSCO Center, 440 Teheran-ro, Gangnam-gu

Seoul, Korea 06194

(Address of principal executive offices)

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(Name, telephone, e-mail and/or facsimile number and address of company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

| <u>Title of Each Class</u> | <u>Name of Each Exchange on Which Registered</u> |
|--|---|
| American Depositary Shares, each representing one-fourth of one share of common stock | New York Stock Exchange, Inc. |
| Common Stock, par value Won 5,000 per share * | New York Stock Exchange, Inc. * |
| | Securities registered or to be registered pursuant to Section 12(g) of the Act. |

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

As of December 31, 2017, there were 79,999,604 shares of common stock, par value Won 5,000 per share, outstanding

(not including 7,187,231 shares of common stock held by the company as treasury shares)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. **Yes** **No**

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. **Yes** **No**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes** **No**

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). **Yes** **No**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or an emerging growth company. See definition of large accelerated filer, accelerated filer and emerging growth company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer **Accelerated filer** **Non-accelerated filer** **Emerging growth company**

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing. **U.S.**
GAAP **IFRS** **Other**

If **Other** has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. **Item 17** **Item 18**

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). **Yes** **No**

* Not for trading, but only in connection with the registration of the American Depositary Shares.

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GLOSSARY

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| ADR | American Depositary Receipt evidencing ADSs. |
| ADR depositary | Citibank, N.A. |
| ADS | American Depositary Share representing one-fourth of one share of Common Stock. |
| Australian Dollar or A\$ | The currency of the Commonwealth of Australia. |
| Commercial Code | Commercial Code of the Republic of Korea. |
| common stock | Common stock, par value Won 5,000 per share, of POSCO. |
| deposit agreement | Deposit Agreement, dated as of July 19, 2013, among POSCO, the ADR Depositary and all holders and beneficial owners from time to time of ADRs issued thereunder. |
| Dollars, \$ or US\$ | The currency of the United States of America. |
| FSCMA | Financial Investment Services and Capital Markets Act of the Republic of Korea. |
| Government | The government of the Republic of Korea. |
| IASB | International Accounting Standards Board. |
| IFRS | International Financial Reporting Standards. |
| Yen or JPY | The currency of Japan. |
| Korea | The Republic of Korea. |
| Gwangyang Works | Gwangyang Steel Works. |
| We | POSCO and its consolidated subsidiaries. |
| Pohang Works | Pohang Steel Works. |
| POSCO Group | POSCO and its consolidated subsidiaries. |
| Renminbi | The currency of the People's Republic of China. |
| Securities Act | The United States Securities Act of 1933, as amended. |
| Securities Exchange Act | The United States Securities Exchange Act of 1934, as amended. |
| SEC | The United States Securities and Exchange Commission. |
| tons | Metric tons (1,000 kilograms), equal to 2,204.6 pounds. |
| U.S. GAAP | Generally accepted accounting principles in the United States of America. |
| Won or | The currency of the Republic of Korea. |
| Any discrepancies in any table between totals and the sums of the amounts listed are due to rounding. | |

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PART I

Item 1. *Identity of Directors, Senior Managers and Advisers*

Item 1.A. *Directors and Senior Management*

Not applicable

Item 1.B. *Advisers*

Not applicable

Item 1.C. *Auditor*

Not applicable

Item 2. *Offer Statistics and Expected Timetable*

Not applicable

Item 2.A. *Offer Statistics*

Not applicable

Item 2.B. *Method and Expected Timetable*

Not applicable

Item 3. *Key Information*

Item 3.A. *Selected Financial Data*

The selected financial data presented below should be read in conjunction with our Consolidated Financial Statements and related notes thereto and Item 5. Operating and Financial Review and Prospects included elsewhere in this annual report. The selected financial data in Won as of December 31, 2016 and 2017 and for each of the years in the three-year period ended December 31, 2017 were derived from our Consolidated Financial Statements included elsewhere in this annual report. Our Consolidated Financial Statements are prepared in accordance with IFRS as issued by the IASB.

In addition to preparing financial statements in accordance with IFRS as issued by the IASB included in this annual report, we prepare financial statements in accordance with Korean International Financial Reporting Standards (K-IFRS) as adopted by the Korean Accounting Standards Board (the KASB), which we are required to file with the Financial Services Commission and the Korea Exchange under the FSCMA. English translations of such financial statements are furnished to the SEC under Form 6-K. K-IFRS differs in certain respects from IFRS as issued by the IASB in the presentation of operating profit. Additionally, under K-IFRS, revenue from the development and sale of certain real estate is recognized using the percentage of completion method. However, under IFRS as issued by the IASB, revenue from the development and sale of real estate is recognized when an individual unit of residential real estate is delivered to the buyer. As a result, our consolidated statements of comprehensive income and our consolidated statements of financial position prepared in accordance with IFRS as issued by the IASB included in this annual report differ from our consolidated statements of comprehensive income and consolidated statements of financial position prepared in accordance with K-IFRS. See Item 5.A. Operating Results Explanatory Note Regarding Presentation of Certain Financial Information under K-IFRS.

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The information set forth below is not necessarily indicative of the results of future operations and should be read in conjunction with Item 5. Operating and Financial Review and Prospects and our consolidated financial statements and related notes included in this annual report.

Selected consolidated statement of comprehensive income data

| | 2013 | For the Year Ended December 31, | | | 2017 |
|---|--------|---|--------|--------|--------|
| | | 2014 | 2015 | 2016 | |
| | | (In billions of Won, except per share data) | | | |
| Revenue | 61,766 | 64,759 | 58,522 | 52,940 | 60,187 |
| Cost of sales | 54,914 | 57,465 | 52,018 | 46,271 | 51,916 |
| Gross profit | 6,852 | 7,293 | 6,504 | 6,668 | 8,271 |
| Administrative expenses | 2,232 | 2,310 | 2,395 | 2,292 | 2,177 |
| Selling expenses | 1,632 | 1,760 | 1,729 | 1,554 | 1,557 |
| Other operating income | 229 | 269 | 549 | 215 | 451 |
| Other operating expenses | 651 | 980 | 1,442 | 756 | 792 |
| Operating profit | 2,566 | 2,513 | 1,486 | 2,282 | 4,196 |
| Share of profit (loss) of equity-accounted investees, net | (180) | (300) | (506) | (89) | 11 |
| Finance income | 2,381 | 2,397 | 2,557 | 2,232 | 2,373 |
| Finance costs | 2,829 | 3,222 | 3,387 | 3,014 | 2,484 |
| Profit before income tax | 1,938 | 1,388 | 150 | 1,412 | 4,095 |
| Income tax expense | 589 | 824 | 267 | 380 | 1,186 |
| Profit (loss) | 1,349 | 564 | | | |