

Economic analysis for FINEX power plant project

		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
A. Sum of benefit	million KRW/year	-	-	-	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328
a. Cost of purchasing power from KEPCO ¹⁾	KRW/kWh				50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25
b. Net power generation from FINEX power plant	MWh/year				922,018	922,018	922,018	922,018	922,018	922,018	922,018	922,018	922,018	922,018	922,018	922,018	922,018	922,018	922,018	922,018	922,018	922,018	922,018	922,018	922,018	922,018	922,018	922,018	922,018
– Net capacity	MW				141.3	141.3	141.3	141.3	141.3	141.3	141.3	141.3	141.3	141.3	141.3	141.3	141.3	141.3	141.3	141.3	141.3	141.3	141.3	141.3	141.3	141.3	141.3	141.3	141.3
– Plant load factor(annual operation time / 8760)	%				74.5%	74.5%	74.5%	74.5%	74.5%	74.5%	74.5%	74.5%	74.5%	74.5%	74.5%	74.5%	74.5%	74.5%	74.5%	74.5%	74.5%	74.5%	74.5%	74.5%	74.5%	74.5%	74.5%	74.5%	74.5%
c. Benefit from FINEX power plant	million KRW/year				46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328	46,328
B. Sum of cost	million KRW/year	34,800	139,200	174,000	55,500	55,500	55,500	55,500	55,500	55,500	55,500	55,500	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
a. Capital expenditure	million KRW/year	34,800	139,200	174,000																									
b. Depreciation ²⁾	million KRW/year				43,500	43,500	43,500	43,500	43,500	43,500	43,500	43,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
c. Cost of operation	million KRW/year				12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
C. Operation profit before tax(A–B)	million KRW/year	-34,800	-139,200	-174,000	-9,172	-9,172	-9,172	-9,172	-9,172	-9,172	-9,172	-9,172	34,328	34,328	34,328	34,328	34,328	34,328	34,328	34,328	34,328	34,328	34,328	34,328	34,328	34,328	34,328	34,328	34,328
a. Tax ³⁾	million KRW/year				0	0	0	0	0	0	0	0	9,440	9,440	9,440	9,440	9,440	9,440	9,440	9,440	9,440	9,440	9,440	9,440	9,440	9,440	9,440	9,440	9,440
b. Depreciation ²⁾	million KRW/year				43,500	43,500	43,500	43,500	43,500	43,500	43,500	43,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
D. Net cash flow(C-Tax + Depreciation)	million KRW/year	-34,800	-139,200	-174,000	34,328	34,328	34,328	34,328	34,328	34,328	34,328	34,328	24,888	24,888	24,888	24,888	24,888	24,888	24,888	24,888	24,888	24,888	24,888	24,888	24,888	24,888	24,888	24,888	24,888
Benchmark IRR ⁴⁾		10.00%																											
IRR		6.63%																											

1) Cost of purchasing power from KEPCO was derived from POSCO's data of 2000–2004

2) Depreciation is assumed by using straight line method for 8 years which is assumed by using POSCO's internal criteria

3–1) Corporation tax and inhabitant's tax

3–2) Corporation tax: If the benefit exceeds 100,000,000 KRW, 25% of tax rate is imposed on the benefit earned in the same year, and for the benefit not exceeding that amount 13% of tax rate is applied for the exceeding amount

3–3) Inhabitant's tax: Corporation tax's 10%

4) The benchmark is derived from POSCO's internal investment criteria, 10% (≒POSCO's 2006 WACC)