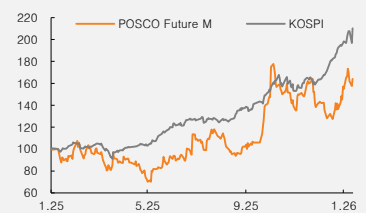


(Maintain)	Buy
Target price	₩250,000
Current price (2/3/26)	₩226,500
Upside	10.4%

OP (25, Wbn)	33
Consensus OP (25F, Wbn)	75
EPS growth (25, %)	TTB
Market EPS growth (25F, %)	36.0
P/E (2F, x)	478.0
Market P/E (25F, x)	18.2
KOSPI	5,288.08

Market cap (Wbn)	20,146
Shares (mn)	89
Free float (%)	36.4
Foreign ownership (%)	9.3
Beta (12M)	1.386
52-week low (₩)	97,028
52-week high (₩)	245,500

(%)	1M	6M	12M
Absolute	28.0	65.2	81.1
Relative	4.3	-2.5	-15.9



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POSCO Future M

Gradual earnings recovery

Maintain TP of ₩250,000

We maintain our target price for POSCO Future M at ₩250,000. We derived our target price using a SOTP approach, valuing the EV battery cathode materials business at ₩5.7tr, the ESS cathode materials business at ₩1.3tr, and the anode materials business at ₩15tr. While earnings should remain subdued through 1Q26 due to shutdowns at key customer Ultium Cells, we expect a gradual recovery to begin thereafter. Cathode materials supply to Ultium Cells should partially resume in 2Q26, as operations are scheduled to restart in June-July. Additionally, improved product spreads with the pass-through of higher metal prices and the write-back of inventory valuation provisions should support gradual earnings improvement.

While the firm is currently passing through a trough in quarterly earnings, the anode materials business deserves attention as the key driver of medium/long-term value. The final outcome of the US countervailing/antidumping duty (CVD/AD) investigation into Chinese anode materials—now expected in 1Q26 following a delay—should determine the extent of supply shortages in the North American market. The final tariff rate applied to the Indonesian facility of China's BTR will be particularly important.

4Q25 review and 1Q26 preview

For 4Q25, POSCO Future M posted revenue of ₩557.6bn (-36% QoQ) and an operating loss of ₩51.8bn (swinging to a loss QoQ). Volumes likely started falling ahead of the shutdowns at Ultium Cells in 1H26. In addition, we estimate the firm booked at least ₩40bn in inventory valuation losses and impairment losses related to anode/cathode materials. For 1Q26, we look for revenue of ₩595.8bn (+7% QoQ) and operating profit of ₩9.4bn (swinging to black QoQ). Losses in the cathode and anode materials businesses are likely to persist due to low utilization but should narrow meaningfully QoQ thanks to the absence of one-off expenses recognized in 4Q25. From 2H26, earnings should improve on: 1) a rebound in N86 product shipments following the resumption of Ultium Cells operations; and 2) an increase in N65 shipments amid a recovery in European EV demand.

While earnings appear to be bottoming out, POSCO Future M's high exposure to the North American EV market continues to exert downward pressure. Given the limited potential for meaningful earnings growth this year, we believe the stock's trajectory will be shaped primarily by: 1) the final CVD/AD results and their implications for the company's medium/long-term business value; and 2) the company's ability to secure meaningful orders in the ESS cathode materials segment.

(Dec.)	2023	2024	2025	2026F	2027F
Revenue (Wbn)	4,760	3,700	2,939	3,318	4,752
OP (Wbn)	36	1	33	96	222
OP margin (%)	0.8	0.0	1.1	2.9	4.7
NP (Wbn)	29	-212	33	10	112
EPS (₩)	359	-2,655	391	110	1,262
ROE (%)	1.2	-8.0	0.9	0.2	2.7
P/E (x)	968.7	-	478.0	2,051.6	179.4
P/B (x)	11.8	3.7	4.1	5.0	4.8
Dividend yield (%)	0.1	0.0	0.0	0.0	0.0

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent
Source: Company data, Mirae Asset Securities Research estimates

Table 1. POSCO Future M: Quarterly and annual earnings

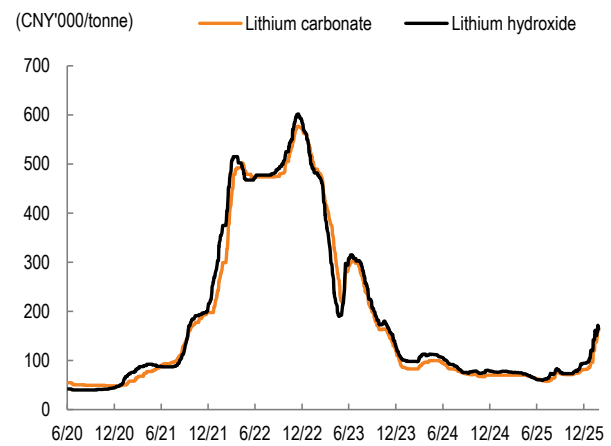
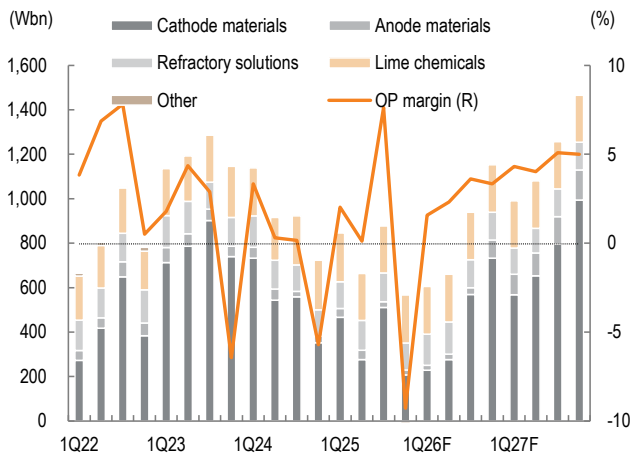
(Wbn, %)

	1Q26F	2Q26F	3Q26F	4Q26F	1Q27F	2Q27F	3Q27F	4Q27F	2025	2026F	2027F
Revenue	596	650	929	1,143	981	1,070	1,246	1,456	2,938	3,318	4,752
Cathode materials	228	277	570	732	568	653	795	994	1,461	1,807	3,011
Anode materials	22	24	30	82	92	103	124	135	128	158	455
Refractory solutions	140	145	125	125	118	111	125	125	505	535	479
Lime chemicals	215	215	214	214	213	213	212	212	859	857	849
Other	-10	-10	-10	-10	-10	-10	-10	-10	-16	-39	-41
OP	9	15	34	38	42	43	63	73	33	96	222
OP margin	1.6	2.3	3.6	3.3	4.3	4.0	5.1	5.0	1.1	2.9	4.7
Growth (QoQ/YoY)											
Revenue	6.9	9.2	42.9	23.0	-14.2	9.1	16.5	16.8	-20.6	12.9	43.2
OP	TTB	60.7	123.1	13.2	11.3	1.8	47.3	14.5	4,278.9	192.9	130.5

Source: Company data, Mirae Asset Securities Research

Figure 1. POSCO Future M: Revenue and OP margin

Figure 2. Lithium price trends

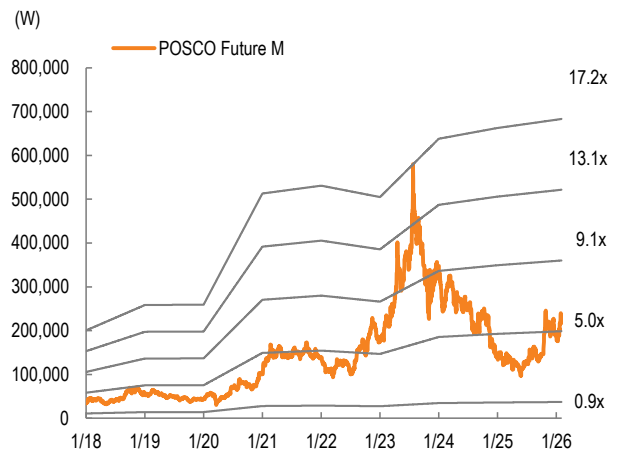
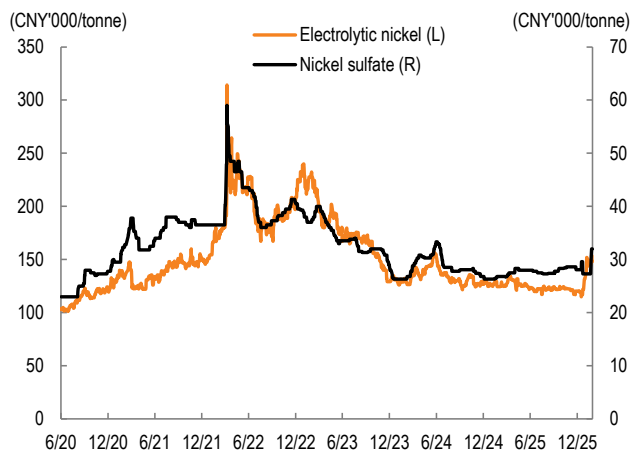


Source: Mirae Asset Securities Research

Source: ICC Battery, Mirae Asset Securities Research

Figure 3. Nickel price trends

Figure 4. POSCO Future M: 12-month forward P/B band chart



Source: ICC Battery, Mirae Asset Securities Research

Source: QuantiWise, Mirae Asset Securities Research

POSCO Future M (003670 KS)

Income statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Revenue	3,700	2,939	3,318	4,752
Cost of revenue	3,464	2,683	2,972	4,240
GP	236	256	346	512
SG&A expenses	235	235	250	291
OP (adj.)	1	33	96	222
OP	1	33	96	222
Non-operating profit	-433	-41	-86	-91
Net financial income	-49	-42	-46	-51
Net income from associates	-95	-10	0	0
Pretax profit	-432	-8	10	131
Income tax	-201	-45	0	13
Profit from continuing operations	-231	37	10	118
Profit from discontinued operations	0	0	0	0
NP	-231	37	10	118
Attributable to owners	-212	33	10	112
Attributable to minority interests	-19	4	1	6
Total comprehensive income	-69	-29	10	118
Attributable to owners	-85	-17	9	99
Attributable to minority interests	16	-12	2	19
EBITDA	185	222	308	440
FCF	-1,371	-1,476	-260	-425
EBITDA margin (%)	5.0	7.6	9.3	9.3
OP margin (%)	0.0	1.1	2.9	4.7
Net margin (%)	-5.7	1.1	0.3	2.4

Cash flow statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Operating cash flow	671	-20	240	-25
NP	-231	37	10	118
Non-cash income/expenses	465	190	343	368
Depreciation	174	191	204	212
Amortization	10	10	8	6
Other	281	-11	131	150
Chg. in working capital	473	-271	-89	-470
Chg. in AR & other receivables	303	64	-163	-196
Chg. in inventory	167	-68	-352	-422
Chg. in AP & other payables	40	-128	179	96
Income tax	-5	59	0	-13
Cash flow from investing activities	-1,810	-1,482	-588	-487
Chg. in PP&E	-2,034	-1,453	-500	-400
Chg. in intangible assets	-16	-8	0	0
Chg. in financial assets	1	-190	-2	-1
Other	239	169	-86	-86
Cash flow from financing activities	1,375	1,594	294	185
Chg. in financial liabilities	527	443	315	208
Chg. in equity	2	1,102	0	0
Dividends	-22	-1	0	0
Other	868	50	-21	-23
Chg. in cash	255	92	-55	-327
Beginning balance	390	644	736	681
Ending balance	644	736	681	354

Source: Company data, Mirae Asset Securities Research estimates

Balance sheet (summarized)

(Wbn)	2024	2025F	2026F	2027F
Current assets	2,113	2,316	2,787	3,089
Cash & equivalents	644	736	681	354
AR & other receivables	472	399	565	762
Inventory	768	855	1,207	1,629
Other current assets	229	326	334	344
Non-current assets	5,820	6,714	7,005	7,187
Investments in associates	185	173	173	173
PP&E	5,160	6,103	6,399	6,587
Intangible assets	45	45	37	31
Total assets	7,932	9,030	9,792	10,277
Current liabilities	1,570	1,614	2,043	2,197
AP & other payables	837	389	731	839
Short-term financial liabilities	644	1,157	1,172	1,179
Other current liabilities	89	68	140	179
Non-current liabilities	3,042	2,965	3,288	3,500
Long-term financial liabilities	3,013	2,943	3,243	3,443
Other non-current liabilities	29	22	45	57
Total liabilities	4,612	4,579	5,331	5,698
Equity attributable to owners	2,971	4,035	4,044	4,156
Capital stock	39	44	44	44
Capital surplus	1,459	2,556	2,556	2,556
Retained earnings	761	775	785	897
Minority interests	350	416	417	423
Shareholders' equity	3,321	4,451	4,461	4,579

Key valuation metrics/ratios

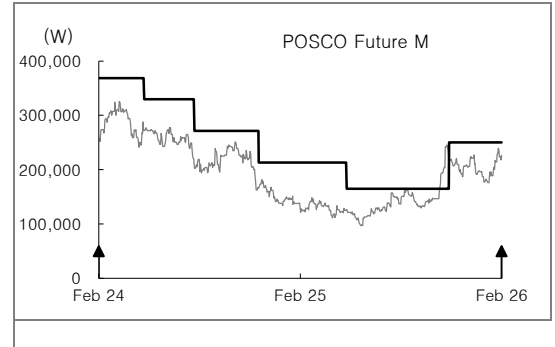
	2024	2025F	2026F	2027F
P/E (x)	-	478.0	2,051.6	179.4
P/CF (x)	47.2	69.2	57.0	41.5
P/B (x)	3.7	4.1	5.0	4.8
EV/EBITDA (x)	77.6	91.1	78.2	55.9
EPS (W)	-2,655	391	110	1,262
CFPS (W)	2,916	2,704	3,972	5,461
BPS (W)	37,193	45,358	45,468	46,731
DPS (W)	0	0	0	0
Dividend payout ratio (%)	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0
Revenue growth (%)	-22.3	-20.6	12.9	43.2
EBITDA growth (%)	6.6	19.9	38.8	43.0
OP growth (%)	-98.0	4,449.0	192.9	130.5
EPS growth (%)	TTR	TTB	-71.8	1,043.5
AR turnover (x)	6.0	6.8	6.9	7.2
Inventory turnover (x)	4.4	3.6	3.2	3.4
AP turnover (x)	12.3	11.4	11.4	10.7
ROA (%)	-3.2	0.4	0.1	1.2
ROE (%)	-8.0	0.9	0.2	2.7
ROIC (%)	0.0	-2.3	1.4	2.6
Debt-to-equity ratio (%)	138.9	102.9	119.5	124.4
Current ratio (%)	134.6	143.5	136.4	140.6
Net debt-to-equity ratio (%)	90.0	70.3	78.4	88.0
Interest coverage ratio (x)	0.0	0.5	1.3	2.9

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
POSCO Future M (003670)	10/31/25	Buy	250,000
	04/28/25	Buy	164,784
	11/20/24	Buy	213,249
	07/26/24	Buy	271,408
	04/26/24	Buy	329,567
	11/17/23	Buy	368,340



Stock ratings

Buy	Expected 12-month return: +20% or greater
Hold	Expected 12-month return: Greater than -10% and less than +10%
Sell	Expected 12-month return: -10% or less

Sector ratings

Overweight	Expected to outperform the market over 12 months
Neutral	Expected to perform in line with the market over 12 months
Underweight	Expected to underperform the market over 12 months

As of May 12, 2025, the Trading Buy rating category has been removed from our investment rating system.

Stocks expected to deliver a 12-month return between +10% and less than +20% may be rated either Buy or Hold at the discretion of the research analyst.

Rating and TP history: Share price (—), TP (—), Not Rated (■), Buy (▲), Trading Buy (■), Hold (●), Sell (◆)

* Our investment rating is a guide to the expected return of the stock over the next 12 months.

* Outside of the official ratings of Mirae Asset Securities Co., Ltd., analysts may call trading opportunities should technical or short-term material developments arise.

* The TP was determined by the research analyst through valuation methods discussed in this report, in part based on estimates of future earnings.

* TP achievement may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions.

Ratings distribution and investment banking services

	Buy	Trading Buy	Hold	Sell
Ratings distribution	79.76%	1.19%	19.05%	0%
Investment banking services	83.33%	0%	16.67%	0%

* Based on recommendations in the last 12-months (as of December 31, 2025)

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