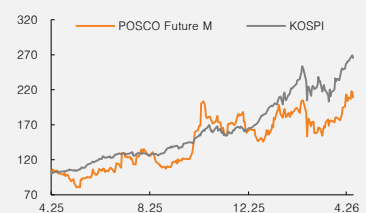


(Maintain)	Buy
Target price	▲ W290,000
Current price (4/30/26)	W252,000
Upside	15.1%

OP (26F, Wbn)	104
Consensus OP (26F, Wbn)	83
EPS growth (26F, %)	20.3
Market EPS growth (26F, %)	212.0
P/E (26F, x)	543.4
Market P/E (26F, x)	7.7
KOSPI	6,598.87

Market cap (Wbn)	22,414
Shares (mn)	89
Free float (%)	36.4
Foreign ownership (%)	9.2
Beta (12M)	1.10
52-week low (W)	97,028
52-week high (W)	263,000

(%)	1M	6M	12M
Absolute	17.5	14.5	108.1
Relative	-6.0	-29.1	-19.4



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POSCO Future M

Entry into new markets is key

Raise TP by 16% to W290,000

We raise our target price for POSCO Future M by 16% to W290,000 (from W250,000). We used an SOTP approach, valuing existing businesses (including ternary cathode materials) at W7.9tr, the LFP cathode materials business at W1.8tr, and the anode materials business at W16tr.

We believe quarterly earnings have already passed the trough and will improve gradually, supported by: 1) continued increases in lithium and cathode materials prices; 2) ongoing shipments of NCA cathode materials for ESS applications; and 3) the start of supply to a new Chinese cylindrical battery customer. From a medium/long-term perspective, sustaining earnings growth and a valuation premium will likely require: 1) LFP cathode materials orders for both ESS and EV applications; and 2) additional anode materials orders (beyond existing orders from a key North American customer).

Notably, POSCO Future M is one of only a few major LFP cathode materials players outside of China and effectively the only viable non-Chinese player in anode materials.

1Q26 review: New customer wins drive faster-than-expected shipment recovery

For 1Q26, POSCO Future M posted revenue of W757.5bn (+36% QoQ) and operating profit of W17.7bn (swinging to black QoQ). Cathode materials revenue increased 132% QoQ to W481.7bn, exceeding our estimate, with operating profit estimated at W9.6bn (OP margin of 2%). The better-than-expected performance was likely driven by: 1) the start of supply to a new Chinese cylindrical battery customer, which increased quarterly shipments by about 4,000 tonnes; and 2) higher NCA volumes for ESS applications.

N86 shipments for North American EV applications—previously the main driver of company-wide earnings weakness—have effectively declined to near zero, limiting the potential for further downside in overall shipment volumes. We expect N86 volumes for North American EV applications to improve gradually in 2H26.

For 2Q26, we look for revenue of W814.3bn (+7% QoQ) and operating profit of W27.9bn (+57% QoQ). We forecast cathode materials revenue at W478.7bn (flat QoQ), with profitability likely to improve gradually. In basic materials (chemicals), earnings improvement should accelerate on higher oil prices. Meanwhile, losses in the anode materials business should narrow as supply to Panasonic begins.

(Dec.)	2024	2025	2026F	2027F	2028F
Revenue (Wbn)	3,700	2,939	3,340	4,531	6,340
OP (Wbn)	1	33	104	221	343
OP margin (%)	0.0	1.1	3.1	4.9	5.4
NP (Wbn)	-212	32	41	139	263
EPS (W)	-2,655	386	464	1,567	2,956
ROE (%)	-8.0	0.9	1.0	3.4	6.1
P/E (x)	-	485.0	543.4	160.9	85.2
P/B (x)	3.7	4.1	5.5	5.3	5.0
Dividend yield (%)	0.0	0.1	0.1	0.1	0.1

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

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Table 1. SOTP valuation

		Value	Notes
Cathode materials (Wbn)	EV	7,932	Target P/E of 35x (2027F)
	ESS (LFP + NCA)	1,852	Assuming M/S of 20% in the US LFP cathode materials market in 2028; target P/E of 70x
Anode materials (Wbn)		16,033	Assuming North American M/S of 60% in 2035; target P/E of 70x
Fair value (Wbn)		25,817	
Shares ('000)		88,946	
TP (W)		290,000	

Source: Mirae Asset Securities Research

Table 2. Quarterly and annual earnings

(Wbn, %)

	1Q26	2Q26F	3Q26F	4Q26F	1Q27F	2Q27F	3Q27F	4Q26F	2026F	2027F	2028F
Revenue	757	814	842	926	926	1,014	1,191	1,401	3,340	4,531	6,340
Cathode materials	482	479	510	575	574	660	803	1,004	2,045	3,041	4,533
Anode materials	15	23	29	77	87	97	117	128	144	430	791
Refractory solutions	113	145	125	125	118	111	125	125	508	479	453
Lime chemicals	211	232	243	214	213	213	212	212	899	849	841
Other	-63	-64	-64	-65	-66	-66	-67	-68	-257	-267	-278
OP	18	28	25	34	42	43	63	73	104	221	343
OP margin	2.3	3.4	2.9	3.6	4.6	4.2	5.3	5.2	3.1	4.9	5.4
Growth (QoQ/YoY)											
Revenue	35.9	7.5	3.4	9.9	0.0	9.6	17.4	17.6	13.7	35.7	39.9
OP	TTB	57.4	-12.1	37.3	25.6	1.8	47.2	14.6	216.5	113.2	55.1

Source: Mirae Asset Securities Research

POSCO Future M (003670 KS)

Income statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Revenue	2,939	3,340	4,531	6,340
Cost of revenue	2,682	3,004	4,068	5,694
GP	257	336	463	646
SG&A expenses	236	232	242	303
OP (adj.)	33	104	221	343
OP	33	104	221	343
Non-operating profit	-43	-51	-65	-48
Net financial income	-41	-37	-45	-50
Net income from associates	-8	0	0	0
Pretax profit	-10	53	156	295
Income tax	-46	8	16	30
Profit from continuing operations	37	45	141	266
Profit from discontinued operations	0	0	0	0
NP	37	45	141	266
Attributable to owners	32	41	139	263
Attributable to minority interests	4	4	1	3
Total comprehensive income	23	45	141	266
Attributable to owners	19	26	83	156
Attributable to minority interests	3	18	58	109
EBITDA	223	316	440	564
FCF	-1,532	-413	-208	-47
EBITDA margin (%)	7.6	9.5	9.7	8.9
OP margin (%)	1.1	3.1	4.9	5.4
Net margin (%)	1.1	1.2	3.1	4.1

Cash flow statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Operating cash flow	-34	387	192	253
NP	37	45	141	266
Non-cash income/expenses	264	279	302	301
Depreciation	193	204	212	215
Amortization	10	8	6	5
Other	61	67	84	81
Chg. in working capital	-292	87	-212	-256
Chg. in AR & other receivables	86	-300	-253	-284
Chg. in inventory	-105	-12	-312	-351
Chg. in AP & other payables	-165	105	136	121
Income tax	-2	-8	-16	-30
Cash flow from investing activities	-1,727	-835	-438	-314
Chg. in PP&E	-1,495	-800	-400	-300
Chg. in intangible assets	-10	0	0	0
Chg. in financial assets	-416	-12	-16	-14
Other	194	-23	-22	0
Cash flow from financing activities	1,430	508	172	-31
Chg. in financial liabilities	297	551	217	15
Chg. in equity	1,102	0	0	0
Dividends	-1	-22	-22	-22
Other	32	-21	-23	-24
Chg. in cash	-324	60	-74	84
Beginning balance	644	320	380	306
Ending balance	320	380	306	390

Source: Company data, Mirae Asset Securities Research estimates

Balance sheet (summarized)

(Wbn)	2025	2026F	2027F	2028F
Current assets	2,170	2,562	3,075	3,859
Cash & equivalents	320	380	306	390
AR & other receivables	395	698	955	1,242
Inventory	841	853	1,166	1,517
Other current assets	614	631	648	710
Non-current assets	6,974	7,574	7,772	7,690
Investments in associates	175	175	175	0
PP&E	6,253	6,849	7,036	7,121
Intangible assets	43	35	28	23
Total assets	9,144	10,137	10,847	11,549
Current liabilities	1,658	2,059	2,410	2,832
AP & other payables	547	879	1,143	1,487
Short-term financial liabilities	1,028	1,042	1,059	1,074
Other current liabilities	83	138	208	271
Non-current liabilities	2,973	3,543	3,784	3,820
Long-term financial liabilities	2,926	3,464	3,664	3,664
Other non-current liabilities	47	79	120	156
Total liabilities	4,632	5,602	6,194	6,652
Equity attributable to owners	4,067	4,087	4,204	4,445
Capital stock	44	44	44	44
Capital surplus	2,556	2,556	2,556	2,556
Retained earnings	771	790	907	1,148
Minority interests	445	448	449	452
Shareholders' equity	4,512	4,535	4,653	4,897

Key valuation metrics/ratios

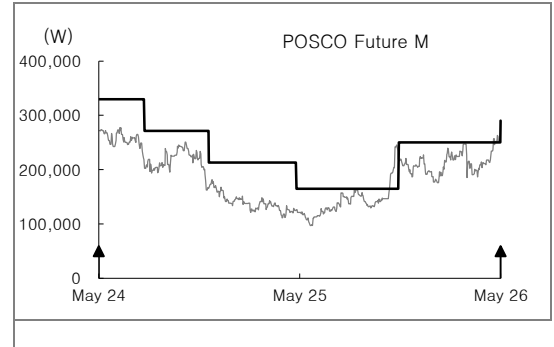
	2025	2026F	2027F	2028F
P/E (x)	485.0	543.4	160.9	85.2
P/CF (x)	52.0	69.2	50.7	39.6
P/B (x)	4.1	5.5	5.3	5.0
EV/EBITDA (x)	90.8	84.1	61.0	47.5
EPS (W)	386	464	1,567	2,956
CFPS (W)	3,593	3,641	4,972	6,365
BPS (W)	45,731	45,944	47,261	49,967
DPS (W)	250	250	250	250
Dividend payout ratio (%)	60.9	49.6	15.8	8.4
Dividend yield (%)	0.1	0.1	0.1	0.1
Revenue growth (%)	-20.6	13.6	35.7	39.9
EBITDA growth (%)	20.8	41.4	39.4	28.2
OP growth (%)	4,451.5	216.3	113.2	55.1
EPS growth (%)	TTB	20.3	237.8	88.7
AR turnover (x)	6.8	6.2	5.5	5.8
Inventory turnover (x)	3.7	3.9	4.5	4.7
AP turnover (x)	11.7	14.2	12.2	12.4
ROA (%)	0.4	0.5	1.3	2.4
ROE (%)	0.9	1.0	3.4	6.1
ROIC (%)	-1.9	1.4	2.7	3.9
Debt-to-equity ratio (%)	102.7	123.5	133.1	135.9
Current ratio (%)	130.9	124.5	127.6	136.3
Net debt-to-equity ratio (%)	71.2	81.1	85.3	79.7
Interest coverage ratio (x)	0.5	1.6	3.2	4.8

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (₩)
POSCO Future M (003670)	05/04/26	Buy	290,000
	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



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	80.84%	0%	18.56%	0.6%
Investment banking services	86.67%	0%	13.33%	0%

* Based on recommendations in the last 12-months (as of March 31, 2026)

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