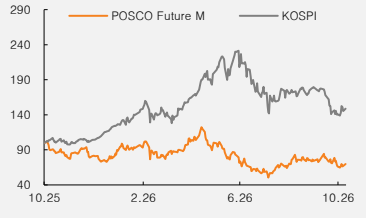
MIRAE ASSET Securities

Equity Research
November 2, 2026

(Maintain)	**Buy**
Target price	▼ **W220,000**
Current price (11/2/26)	W168,900
Upside	30.3%

OP (26F, Wbn)	141
Consensus OP (26F, Wbn)	83
EPS growth (26F, %)	118.8
Market EPS growth (26F, %)	277.0
P/E (26F, x)	200.2
Market P/E (26F, x)	5.7
KOSPI	5,859.08
Market cap (Wbn)	15,023
Shares (mn)	89
Free float (%)	36.8
Foreign ownership (%)	8.9
Beta (12M)	0.72
52-week low (W)	122,100
52-week high (W)	296,000

(%)	1M	6M	12M
Absolute	-9.6	-33.0	-22.0
Relative	8.0	-24.5	-45.3



Mirae Asset Securities Co., Ltd.

Chuljoong Kim
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003670 KS · Batteries/ESS

POSCO Future M

Aggressive business shift; focus on anode materials momentum

Lower TP to W220,000

We lower our target price for POSCO Future M to W220,000 (from W290,000), as we revised down our 2028 earnings estimates for EV cathode materials. However, from a medium/long-term perspective, we are positive on the company's aggressive shift toward LFP cathode materials for ESS applications and anode materials. With global supply chains clearly moving away from China, the likelihood of medium/long-term supply shortages in these product categories remains high. In particular, we believe the sustainability of the company's valuation premium will hinge more on anode materials, for which a non-Chinese value chain is virtually non-existent, than on LFP cathode materials, where market entry by other suppliers is underway.

3Q26 review: Customer compensation signals stronger bargaining power

For 3Q26, POSCO Future M posted revenue of W834.8bn (+23% QoQ) and operating profit of W82.1bn (+207% QoQ), both above market expectations. The earnings beat was mainly driven by: 1) one-off gains in cathode materials from compensation for customers' unfulfilled purchase commitments; and 2) continued favorable conditions in basic materials.

The significance of the customer compensation in cathode materials extends beyond the quarter. While battery cell makers have routinely received compensation from major EV customers for unfulfilled purchase commitments, this is effectively the first time a battery materials supplier has received such payments. We attribute this development to: 1) continued price increases by major Chinese materials suppliers; and 2) a deepening medium/long-term shortage of materials meeting US sourcing requirements in the North American ESS value chain. We see this as evidence that competitive Korean battery material firms are gradually regaining bargaining power.

Order wins support medium/long-term growth; focus on anode materials

POSCO Future M is pursuing orders aggressively, supported by its relative financial strength and advantages in vertical integration. Notably, it has secured anode materials (artificial graphite) orders under the recently reported medium/long-term MOU with LG Energy Solution (LGES). Order momentum in anode materials had weakened recently for two reasons: 1) additional US tariffs on Chinese imports fell short of the increases anticipated; and 2) customers prioritized cathode materials over anode materials when shifting sourcing to meet material assistance cost ratio (MACR) requirements, reflecting cathode materials' larger share of costs. Beyond the orders secured from a North American OEM, additional order momentum had been limited. However, we expect the supply deal with LGES to mark the start of renewed order momentum from other customers. Outside of China, POSCO Future M remains effectively the only viable alternative for anode materials globally.

(Dec.)	2024	2025	2026F	2027F	2028F
Revenue (Wbn)	3,700	2,939	3,151	3,806	5,599
OP (Wbn)	1	33	141	166	309
OP margin (%)	0.0	1.1	4.5	4.4	5.5
NP (Wbn)	-212	32	75	83	182
EPS (W)	-2,655	386	844	932	2,046
ROE (%)	-8.0	0.9	1.8	1.9	4.1
P/E (x)	-	485.0	200.2	181.2	82.6
P/B (x)	3.7	4.1	3.5	3.5	3.4
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)	Existing business	4,770	2028F EV cathode materials EPS revised down 40%
	LFP	2,109	2028F US LFP cathode materials M/S raised to 25%; target P/E of 70x maintained
Anode materials (Wbn)		13,027	North American M/S of 60% in 2035F; target P/E of 70x maintained; lowered long-term US EV battery demand forecasts
Fair value (Wbn)		19,905	
Shares ('000)		88,946	
TP (W)		220,000	

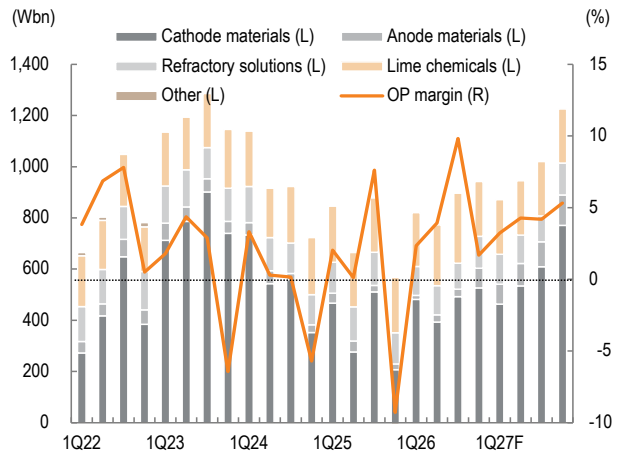
Source: Mirae Asset Securities Research

Table 2. Quarterly and annual earnings (Wbn, %)

	1Q26	2Q26	3Q26	4Q26F	1Q27F	2Q27F	3Q27F	4Q26F	2026F	2027F	2028F
Revenue	757	680	835	879	808	882	956	1,161	3,152	3,806	5,599
Cathode materials	482	393	493	526	463	534	609	771	1,894	2,378	3,737
Anode materials	15	28	29	77	78	88	98	118	149	381	858
Refractory solutions	113	114	101	125	118	111	101	125	454	455	429
Lime chemicals	211	237	274	214	213	213	212	212	935	849	841
Other	-63	-93	-62	-62	-63	-64	-64	-65	-280	-256	-267
OP	18	27	82	15	26	38	40	62	141	166	309
OP margin	2.3	3.9	9.8	1.7	3.2	4.3	4.2	5.3	4.5	4.4	5.5
Growth (QoQ/YoY)											
Revenue	35.9	-10.2	22.7	5.3	-8.1	9.1	8.4	21.4	7.3	20.8	47.1
OP	TTB	50.8	206.9	-81.9	76.5	44.3	6.2	54.1	330.9	17.4	86.4

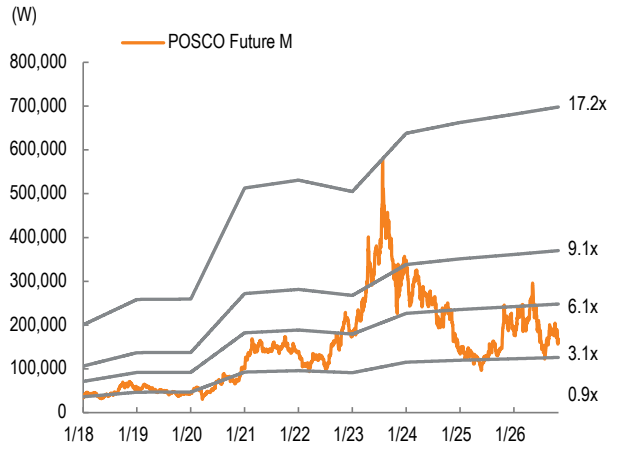
Source: Company data, Mirae Asset Securities Research

Figure 1. Earnings trend and outlook



Source: Company data, Mirae Asset Securities Research.

Figure 2. 12-month forward P/B band chart



Source: QuantiWise, Mirae Asset Securities Research

POSCO Future M (003670 KS)

Income statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Revenue	**2,939**	**3,151**	**3,806**	**5,599**
Cost of revenue	**2,682**	**2,803**	**3,427**	**5,043**
GP	**257**	**348**	**379**	**556**
SG&A expenses	**236**	**217**	**214**	**246**
OP (adj.)	**33**	**141**	**166**	**309**
OP	**33**	**141**	**166**	**309**
Non-operating profit	**-43**	**-33**	**-59**	**-74**
Net financial income	-41	-52	-49	-57
Net income from associates	-8	4	0	0
Pretax profit	-10	108	107	235
Income tax	-46	22	16	35
Profit from continuing operations	37	85	91	200
Profit from discontinued operations	0	0	0	0
NP	**37**	**85**	**91**	**200**
Attributable to owners	32	75	83	182
Attributable to minority interests	4	10	8	18
Total comprehensive income	**23**	**267**	**91**	**200**
Attributable to owners	19	213	75	164
Attributable to minority interests	3	54	16	36
EBITDA	223	344	385	530
FCF	-1,532	-479	-240	-204
EBITDA margin (%)	7.6	10.9	10.1	9.5
OP margin (%)	1.1	4.5	4.4	5.5
Net margin (%)	1.1	2.4	2.2	3.3

Balance sheet (summarized)

(Wbn)	2025	2026F	2027F	2028F
Current assets	**2,170**	**2,285**	**2,588**	**3,325**
Cash & equivalents	320	489	369	267
AR & other receivables	395	680	854	1,182
Inventory	841	899	1,129	1,562
Other current assets	614	217	236	314
Non-current assets	**6,974**	**7,795**	**7,985**	**7,888**
Investments in associates	175	191	191	0
PP&E	6,253	6,959	7,147	7,231
Intangible assets	43	39	32	26
Total assets	**9,144**	**10,080**	**10,573**	**11,213**
Current liabilities	**1,658**	**1,585**	**1,785**	**2,210**
AP & other payables	547	743	891	1,233
Short-term financial liabilities	1,028	711	721	737
Other current liabilities	83	131	173	240
Non-current liabilities	**2,973**	**3,727**	**3,951**	**3,989**
Long-term financial liabilities	2,926	3,651	3,851	3,851
Other non-current liabilities	47	76	100	138
Total liabilities	**4,632**	**5,312**	**5,736**	**6,199**
Equity attributable to owners	**4,067**	**4,249**	**4,310**	**4,469**
Capital stock	44	44	44	44
Capital surplus	2,556	2,556	2,556	2,556
Retained earnings	771	815	876	1,036
Minority interests	**445**	**519**	**527**	**545**
Shareholders' equity	**4,512**	**4,768**	**4,837**	**5,014**

Cash flow statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Operating cash flow	**-34**	**284**	**160**	**96**
NP	37	85	91	200
Non-cash income/expenses	264	347	314	351
Depreciation	193	204	212	215
Amortization	10	9	7	6
Other	61	134	95	130
Chg. in working capital	-292	-97	-209	-392
Chg. in AR & other receivables	86	-229	-172	-325
Chg. in inventory	-105	-106	-230	-433
Chg. in AP & other payables	-165	127	104	164
Income tax	-2	-20	-16	-35
Cash flow from investing activities	**-1,727**	**-444**	**-442**	**-355**
Chg. in PP&E	-1,495	-763	-400	-300
Chg. in intangible assets	-10	-5	0	0
Chg. in financial assets	-416	381	-10	-15
Other	194	-57	-32	-40
Cash flow from financing activities	**1,430**	**326**	**162**	**-33**
Chg. in financial liabilities	297	408	210	16
Chg. in equity	1,102	0	0	0
Dividends	-1	-22	-22	-22
Other	32	-60	-26	-27
Chg. in cash	**-324**	**169**	**-120**	**-102**
Beginning balance	644	320	489	369
Ending balance	320	489	369	267

Key valuation metrics/ratios

	2025	2026F	2027F	2028F
P/E (x)	485.0	200.2	181.2	82.6
P/CF (x)	52.0	34.8	37.0	27.3
P/B (x)	4.1	3.5	3.5	3.4
EV/EBITDA (x)	90.8	56.3	51.2	37.4
EPS (W)	386	844	932	2,046
CFPS (W)	3,593	4,860	4,559	6,192
BPS (W)	45,731	47,765	48,447	50,243
DPS (W)	250	250	250	250
Dividend payout ratio (%)	60.9	26.1	24.4	11.1
Dividend yield (%)	0.1	0.2	0.2	0.2
Revenue growth (%)	-20.6	7.2	20.8	47.1
EBITDA growth (%)	20.8	54.2	11.9	37.7
OP growth (%)	4,451.5	330.4	17.4	86.4
EPS growth (%)	TTB	118.8	10.4	119.5
AR turnover (x)	6.8	5.9	5.0	5.6
Inventory turnover (x)	3.7	3.6	3.8	4.2
AP turnover (x)	11.7	11.6	9.1	9.9
ROA (%)	0.4	0.9	0.9	1.8
ROE (%)	0.9	1.8	1.9	4.1
ROIC (%)	-1.9	1.6	1.8	3.2
Debt-to-equity ratio (%)	102.7	111.4	118.6	123.6
Current ratio (%)	130.9	144.1	145.0	150.5
Net debt-to-equity ratio (%)	71.2	80.5	86.2	85.5
Interest coverage ratio (x)	0.5	1.9	2.5	4.5

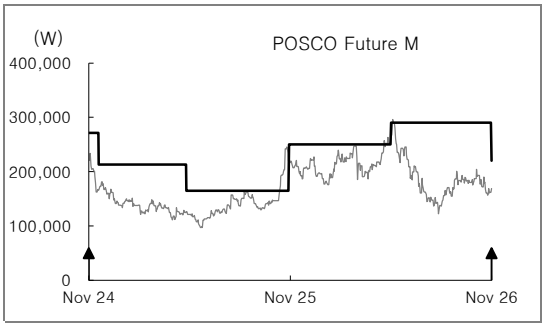
Source: Company data, Mirae Asset Securities Research estimates

Appendix 1

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Two-year rating and TP history

Company	Date	Rating	TP (W)
POSCO Future M (003670)	11/02/26	Buy	220,000
	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



Stock ratings		Sector ratings	
Buy	Expected 12-month return: +20% or greater	Overweight	Expected to outperform the market over 12 months
Hold	Expected 12-month return: Greater than -10% and less than +10%	Neutral	Expected to perform in line with the market over 12 months
Sell	Expected 12-month return: -10% or less	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	89.66%	0%	9.77%	0.57%
Investment banking services	92.86%	0%	7.14%	0%

* Based on recommendations in the last 12-months (as of September 30, 2026)

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