SECTOR
UPDATE

2026. 1. 22

Industrial Team

Jaeseung Baek
Senior Analyst
jaeseung.baek@samsung.com

Scan to go to
Research Center report database

Steel/Nonferrous Metals
(NEUTRAL)
Focus on company-specific momentum

- A steel market recovery hinges on China's supply controls. Investors should watch for policy signals in March, during two key events on China's political calendar.
- Prices of nonferrous metals—particularly copper—should remain firm, supported by a weaker US dollar and tight supply of concentrates.
- Given a broad steel market recovery is likely to take some time, we recommend a selective approach, with investors picking stocks with strong company-specific catalysts. We favor Posco Holdings and Poongsan.

§The Korean version of this report was published on Jan 16, 2026

AT A GLANCE

Posco Holdings (005490 KS, 351,000)		
Target price	KRW450,000	28.2%
BUY		
Hyundai Steel (004020 KS, 31,400)		
Target price	KRW41,000	30.6%
BUY		
Poongsan (103140 KS, 122,100)		
Target price	KRW180,000	47.4%
BUY		
Seah Besteel Holdings (001430 KS, 76,500)		
Target price	KRW78,500	2.6%
BUY		

WHAT'S THE STORY?

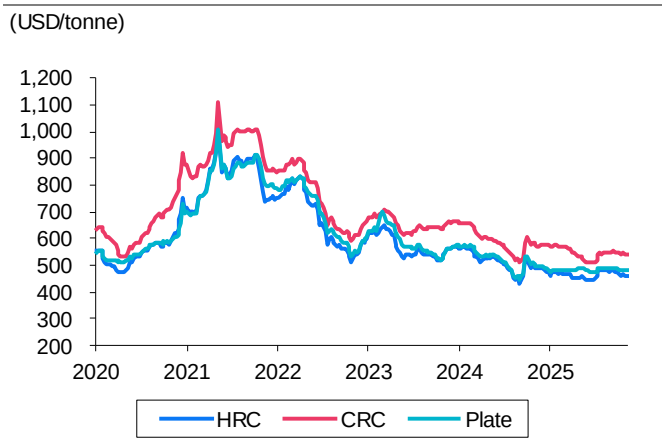
Steel market recovery to be gradual: Expectations for China's steel supply controls resurfaced several times in 2025, but no concrete follow-through materialized, leaving investors somewhat cautious about a sector recovery. While demand weakness arguably justifies restructuring of China's steel industry, Beijing has yet to demonstrate a clear commitment to such measures. Although China introduced export licensing requirements for certain steel products starting in Jan 2026, the market does not expect this to result in a meaningful curtailment of exports. Investors should closely monitor China's January-February export data, as well as policy signals from two major political events in March, to gauge the strength of a potential recovery.

Nonferrous metal market conditions to remain resilient: In contrast, the nonferrous metals market should deliver another year of solid performance in 2026. With US Fed rate cuts anticipated in 1H, the dollar index is likely to continue trending lower. Concentrate supply—particularly for copper—remains tight, supporting earnings visibility for metal companies. Poongsan should benefit from continued strength in copper prices and improved profitability at its copper business in 1Q26, underpinned by a favorable commodity price environment.

(Continued on the next page)

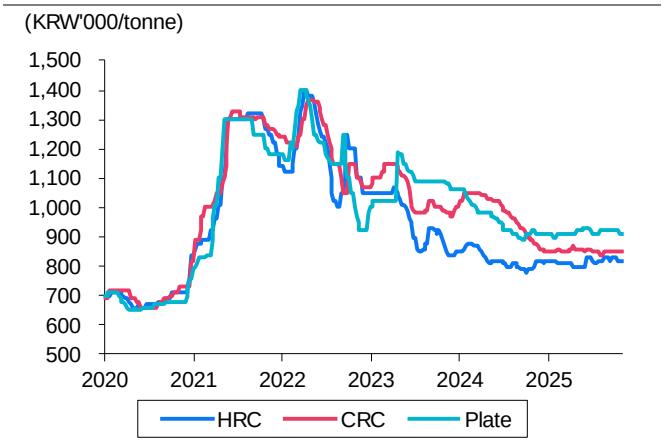
Focus on company-specific catalysts: Given the uncertain outlook for a broad-based steel recovery, investors should focus on companies with clear, individual catalysts. Posco Holdings is well-positioned to benefit from rising lithium prices, which we expect to have a more pronounced impact on 2026 results than on 4Q25 earnings. Meanwhile, Poongsan should report better operating results, backed by expanding defense-related earnings and higher copper prices. Seah Besteel Holdings has rallied sharply on its growing exposure to the aerospace sector, suggesting potential trading opportunities. That said, we may revisit our earnings forecasts if Korea imposes anti-dumping duties on special steel bar imports in 1H26.

China steel prices: HRC vs CRC vs plate



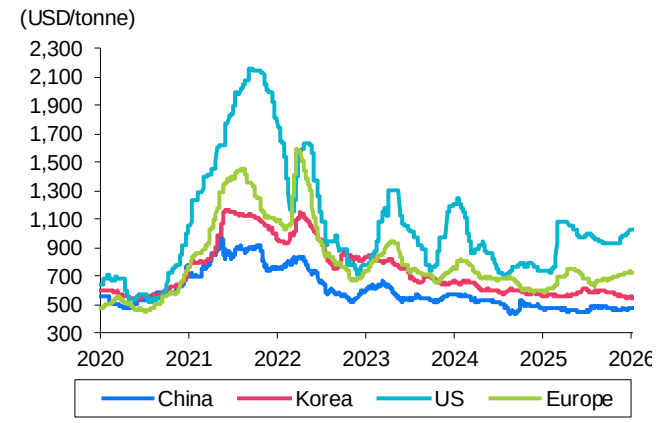
Source: Bloomberg, Samsung Securities

Korea steel prices: HRC vs CRC vs plate



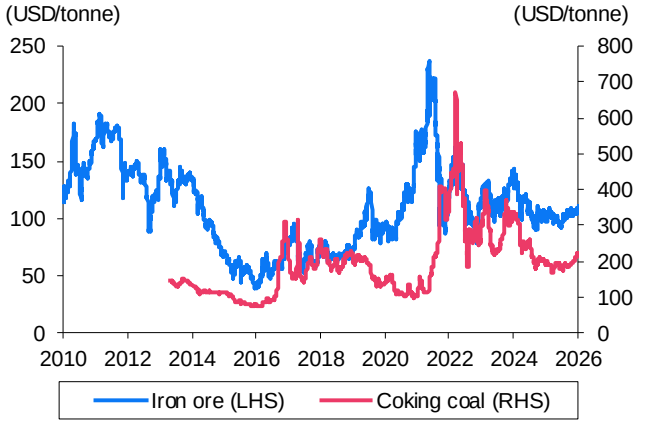
Source: SteelDaily, Bloomberg, Samsung Securities

HRC spreads in Korea, China, the US, and Europe



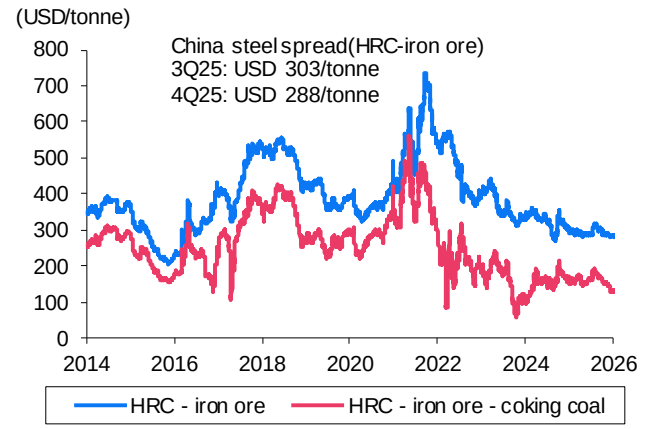
Source: Bloomberg, Samsung Securities

Iron ore prices vs coking coal prices



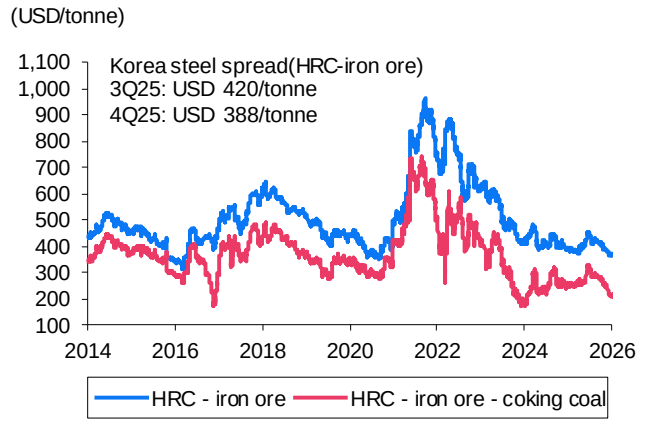
Source: Metal Bulletin, Samsung Securities

China: HRC spreads



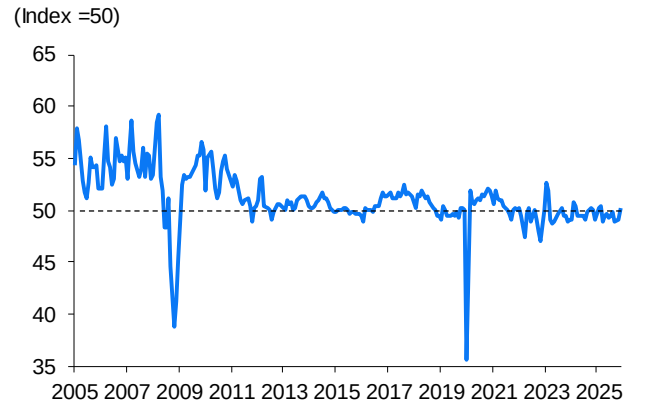
Source: Metal Bulletin, Bloomberg, Samsung Securities

Korea: HRC spreads



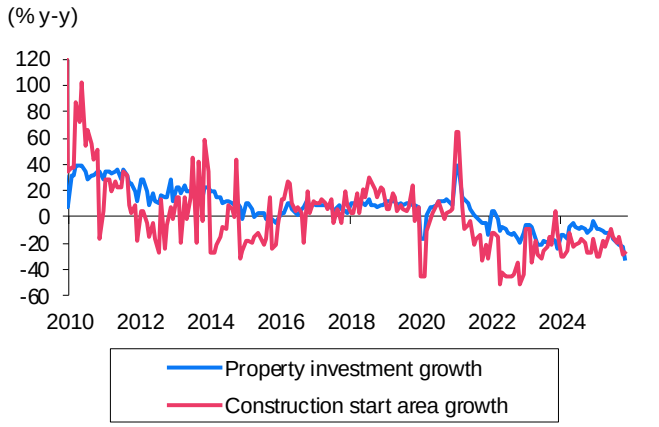
Source: Metal Bulletin, Bloomberg, Samsung Securities

China: Manufacturing PMI



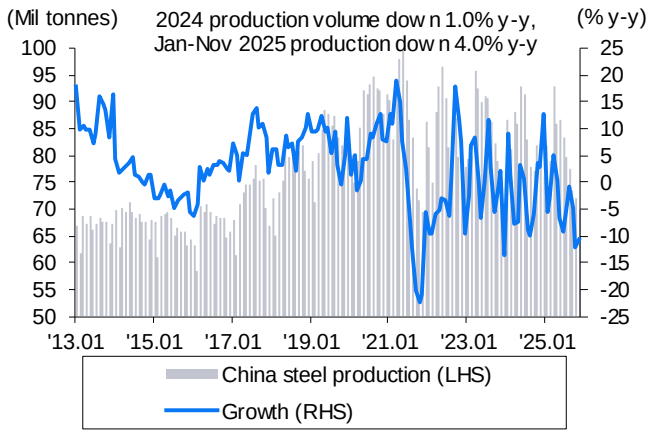
Source: Bloomberg, Samsung Securities

China: Construction start area growth vs property investment growth



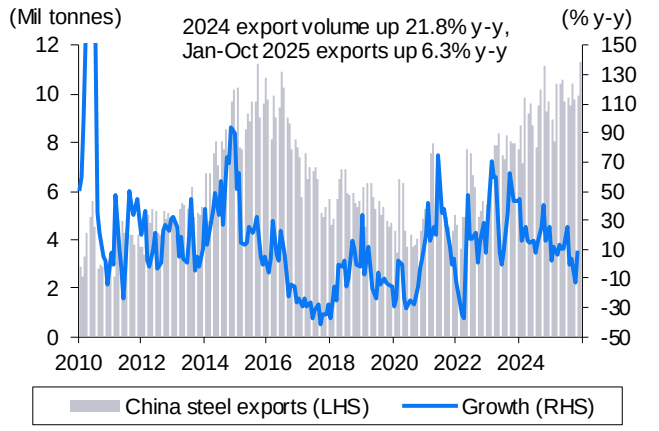
Source: CEIC, Samsung Securities

China: Monthly steel production



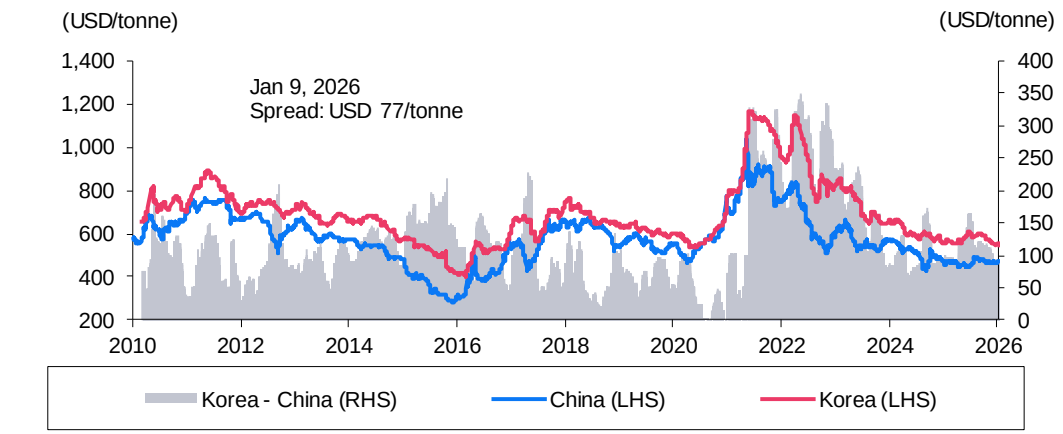
Source: Bloomberg, Samsung Securities

China: Monthly steel exports



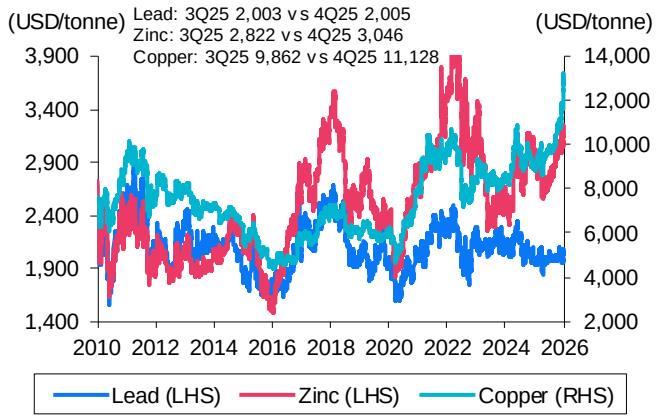
Source: Bloomberg, Samsung Securities

HRC spreads: Korea vs China



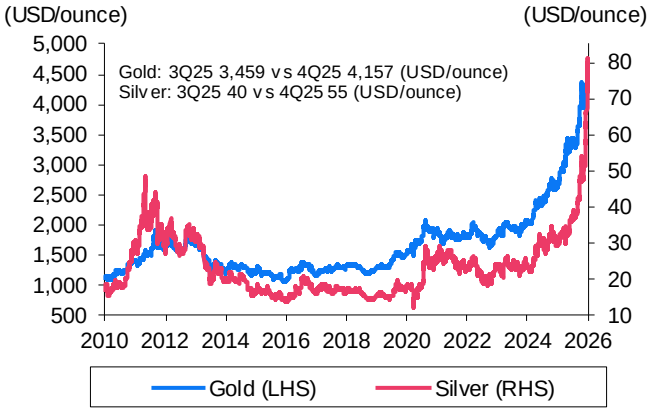
Source: Bloomberg, Samsung Securities

Metal prices: Zinc vs lead vs copper



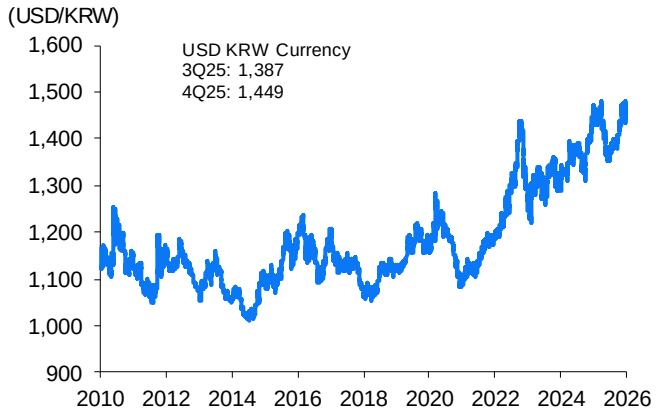
Source: Bloomberg, Samsung Securities

Metal prices: Gold vs silver



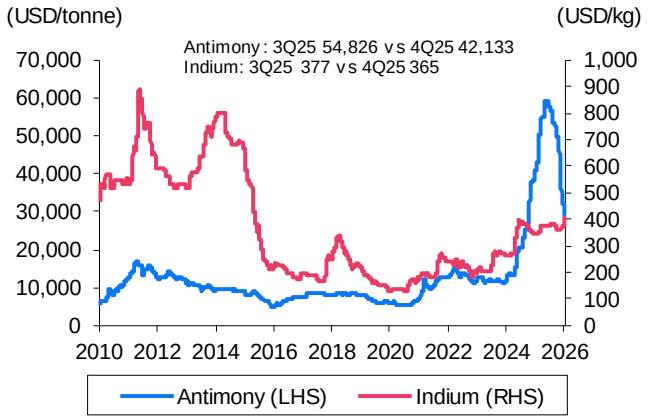
Source: Bloomberg, Samsung Securities

KRW/USD exchange rate



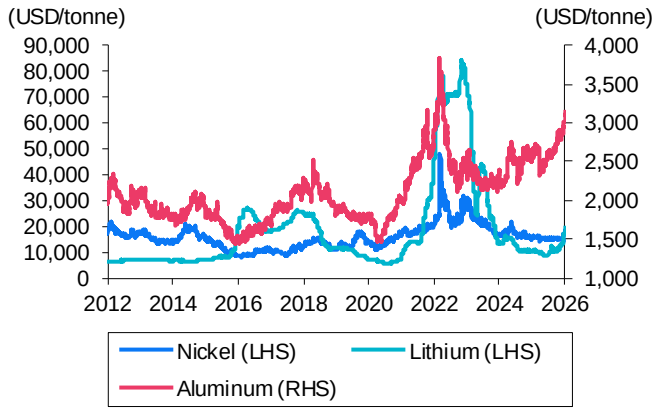
Source: Bloomberg, Samsung Securities

Rare metal prices: Antimony vs indium



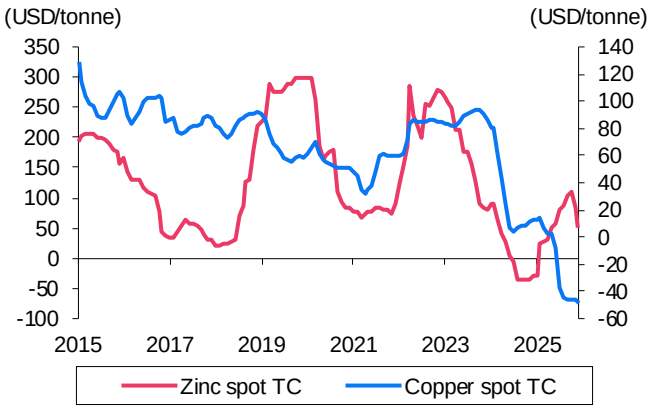
Source: Bloomberg, Samsung Securities

Rechargeable battery metal prices: Nickel vs lithium vs aluminum



Source: Bloomberg, Samsung Securities

Spot TCs: Zinc vs copper



Source: Metal Bulletin, Bloomberg, Samsung Securities

Estimates: Samsung vs consensus

(KRWb)	3Q25	4Q25E			1Q26E			2024	2025E			2026E		
	Actual	Samsung	Consensus	Diff (%)	Samsung	Consensus	Diff (%)	Actual	Samsung	Consensus	Diff (%)	Samsung	Consensus	Diff (%)
Sales														
Posco Holdings	17,261	16,660	17,172	-3.0	18,061	17,610	2.6	72,688	68,914	69,550	-0.9	71,899	72,884	-1.4
Hyundai Steel	5,734	5,691	5,821	-2.2	5,235	5,880	-11.0	23,226	22,934	23,064	-0.6	23,518	23,969	-1.9
Poongsan	1,174	1,451	1,476	-1.7	1,302	1,335	-2.5	4,554	5,075	5,094	-0.4	5,646	5,576	1.3
Seah Besteel	926	923	884	4.4	950	935	1.6	3,636	3,714	3,668	1.2	3,925	3,790	3.6
Korea Zinc	4,160	n/a	4,617	n/a	n/a	4,517	n/a	12,053	n/a	16,460	n/a	n/a	18,611	n/a
Operating profit														
Posco Holdings	639	394	460	-14.2	753	666	13.0	2,174	2,209	2,260	-2.3	3,480	3,271	6.4
Hyundai Steel	93	115	122	-6.1	118	162	-27.0	159	291	299	-2.9	725	732	-1.0
Poongsan	43	91	91	-0.2	88	75	18.0	324	279	297	-6.2	360	357	0.8
Seah Besteel	27	19	24	-20.5	36	34	7.3	52	109	114	-4.0	171	153	11.7
Korea Zinc	273	n/a	335	n/a	n/a	312	n/a	723	n/a	1,136	n/a	n/a	1,158	n/a
Net profit														
Posco Holdings	387	177	227	-22.1	480	431	11.4	948	992	972	2.1	2,366	2,221	6.5
Hyundai Steel	18	38	64	-40.8	48	92	-48.1	9	39	54	-28.4	362	384	-5.7
Poongsan	34	61	61	-1.3	60	48	24.4	236	199	205	-2.7	245	248	-1.2
Seah Besteel	8	9	14	-37.9	21	16	28.4	20	67	67	-0.3	102	94	8.0
Korea Zinc	71	n/a	n/a	n/a	n/a	n/a	n/a	195	n/a	755	n/a	n/a	827	n/a

Source: QuantiWise, Samsung Securities estimates

Global peer valuation

(x)	P/E		P/B		ROE (%)		EV/EBITDA		EPS CAGR (%)	
	2026E	2027E	2026E	2027E	2026E	2027E	2026E	2027E	2026E	2027E
Posco Holdings	12.9	10.4	0.5	0.5	3.2	3.9	5.5	5.1	157.4	23.4
Hyundai Steel	11.8	8.3	0.2	0.2	1.9	2.6	4.9	4.7	455.9	42.8
Poongsan	15.0	14.1	1.5	1.4	10.1	10.1	9.9	9.4	27.8	6.2
Seah Besteel	23.6	16.7	1.2	1.2	5.2	7.0	11.1	9.2	85.0	40.9
Korea Zinc	38.7	33.7	3.7	3.6	9.7	10.8	21.9	19.5	-4.5	14.9
Baosteel	13.1	11.3	0.7	0.7	5.7	6.3	5.1	4.8	14.9	15.3
Angang	n/a	85.3	0.5	0.5	-1.3	1.8	14.2	9.6	n/a	n/a
Hesteel	n/a	8.9	0.7	0.6	-0.0	7.4	8.7	6.4	21.7	n/a
Nippon Steel	17.1	9.8	0.5	0.5	3.2	5.3	7.5	6.5	n/a	n/a
JFE	19.9	13.8	2.3	2.1	11.7	15.6	9.0	7.4	(15.2)	74.5
Tata Steel	17.3	14.3	1.0	1.0	5.8	6.9	7.8	7.1	234.6	44.2
SAIL	28.1	19.1	3.2	2.8	12.1	15.4	11.5	9.3	48.5	21.2
JSW	n/a	n/a	n/a	n/a	5.4	6.4	n/a	n/a	192.3	47.1
Nucor	14.8	13.1	1.7	1.5	11.5	11.9	8.2	7.3	81.7	9.5
Arcelor Mittal	9.9	8.1	0.6	0.6	7.1	8.2	5.6	5.0	43.5	13.1
Vale	7.1	7.4	1.3	1.2	19.1	19.1	17.0	3.5	-1.6	-3.3
Rio tinto	11.6	11.7	2.1	1.9	18.8	18.8	17.8	4.1	12.0	-1.1
Bhp	14.9	15.2	2.8	2.6	19.4	17.8	4.4	4.6	-4.2	-2.1
Glencore	17.7	15.2	1.9	1.8	10.8	12.3	4.9	4.5	101.8	16.5
Boliden	13.6	11.8	1.9	1.7	15.0	15.1	4.2	4.9	52.5	15.8

Source: Quantiwise, Samsung Securities estimates

COMPANY UPDATE

2026. 1. 22

Industrial Team

Jaeseung Baek
Senior Analyst
jaeseung.baek@samsung.com

Scan to go to
Research Center report database

Posco Holdings (005490)

To benefit from lithium price rise

- We now believe Posco Holdings will post a 4Q25 consolidated operating profit of KRW394.4b, missing consensus by 14%.
- The firm's steel sales volume likely fell q-q due to sluggish market conditions and maintenance shutdowns at some plants. Earnings at other subsidiaries likely shrank y-y.
- This year, commercial production should start at the firm's Gwangyang Plant #2 and Argentine salt lake project. If the recent rebound in lithium prices holds, losses at Posco Holdings' lithium business should narrow.

WHAT'S THE STORY?

4Q preview: We now expect Posco Holdings' 4Q results to show consolidated sales and operating profit down 3.5% and 38.3% q-q, respectively, to KRW16.7t and KRW334.4b, the latter missing consensus by 14%. Steel spreads likely narrowed slightly as the firm's ASP declined. The company also probably saw its sales volume dwindle q-q due to maintenance shutdowns at some plants, resulting in lower sales and higher fixed costs. Uncertainty over 4Q operating results at subsidiary Posco E&C lingers. Operating results at Posco International likely shrank q-q due to seasonality. Losses at the lithium business probably narrowed q-q thanks to a recent rise in lithium prices.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW450,000	28.2%
Current price	**KRW351,000**	
Market cap	KRW28.4t/USD19.3b	
Shares (float)	80,932,952 (83.8%)	
52-week high/low	KRW357,500/KRW230,500	
Avg daily trading value (60-day)	KRW135.2b/ USD91.9m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Posco Holdings (%)	16.0	7.3	36.0
Vs Kospi (%pts)	-5.0	-29.8	-30.2

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	450,000	420,000	7.1%
2025E EPS	10,635	11,656	-8.8%
2026E EPS	27,369	29,436	-7.0%

SAMSUNG vs THE STREET

No of estimates	20
Target price	440,800
Recommendation	4.0

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

SUMMARY FINANCIAL DATA

(KRWb)	2024	2025E	2026E	2027E
Revenue	72,688	68,914	71,899	73,078
Operating profit	2,174	2,209	3,480	4,130
Net profit (adj)	948	992	2,220	2,696
EPS (adj) (KRW)	16,850	10,635	27,369	33,776
EPS (adj) growth (% y-y)	-34.9	-36.9	157.4	23.4
EBITDA margin (%)	8.5	9.5	11.1	12.1
ROE (%)	2.9	1.6	3.2	3.9
P/E (adj) (x)	19.4	33.1	12.9	10.4
P/B (x)	0.3	0.5	0.5	0.5
EV/EBITDA (x)	6.2	6.6	5.5	5.1
Dividend yield (%)	3.9	3.3	2.8	2.8

Source: Company data, Samsung Securities estimates

Lithium business—commercial production to grow in earnest this year: Posco Holdings' Gwangyang Plant #1—a lithium smelting facility with an annual capacity of 21,500 tonnes—is already operational. Its Gwangyang Plant #2—identical in size—is scheduled to come online in 2Q26. In addition, the firm's Argentine salt lake project (25,000 tonnes of lithium hydroxide capacity) is currently ramping-up and should start commercial production in 2H26. As a result, the company's lithium production capacity should expand significantly from this year. Given China's restrictions on lithium mining, and rising demand for energy storage systems, lithium prices should continue to climb for the time being. We expect losses at Posco Holding's lithium business to decline y-y this year. Moreover, Korea's domestic steel prices could head north in 1Q26 as the country's Chinese HRC imports nosedived following the introduction of trade tariffs on such imports in Oct 2025. We reiterate our BUY rating on the stock and raise our target price by 7% to KRW450,000 to reflect: 1) the potential for improved lithium business value stemming from rebounding lithium prices; and 2) the increased market value of the firm's subsidiaries.

Posco Holdings: Results and forecasts (consolidated)

(KRWb)	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025E	2026E
Sales	**17,436.8**	**17,555.6**	**17,261.0**	**16,660.2**	**18,061.2**	**18,273.2**	**17,779.6**	**17,785.1**	**72,688.1**	**68,913.6**	**71,899.1**
Steel	8,884.5	8,854.1	8,702.2	8,298.6	8,938.4	9,124.5	9,031.4	9,125.5	37,194.1	34,739.3	36,219.8
Trading	7,008.9	7,056.5	7,269.5	7,033.9	7,553.8	7,556.9	7,428.2	7,301.0	26,980.5	28,368.7	29,839.9
Construction	1,183.5	1,235.5	777.5	771.2	1,002.1	1,048.9	805.6	799.2	6,946.9	3,967.6	3,655.7
Other	360.0	409.6	512.0	556.5	567.0	542.8	514.4	559.4	1,566.6	1,838.1	2,183.7
Operating profit	**568.4**	**607.2**	**638.8**	**394.4**	**752.6**	**815.6**	**927.7**	**983.7**	**2,173.6**	**2,208.8**	**3,479.5**
Steel	424.4	596.7	656.8	492.0	668.8	645.6	721.2	822.7	1,466.2	2,170.0	2,858.3
Trading	189.4	233.0	235.2	162.1	206.7	242.0	241.1	181.2	804.0	819.7	871.0
Construction	26.6	-88.4	-192.4	-184.5	-76.5	-36.8	-9.6	4.8	75.5	-438.6	-118.2
Other	-72.0	-134.1	-60.8	-75.2	-46.4	-35.1	-25.0	-25.0	-172.1	-342.2	-131.6
Net profit	**344.2**	**83.8**	**386.9**	**176.8**	**479.5**	**511.8**	**577.6**	**651.6**	**947.6**	**991.8**	**2,220.5**
Change (% y-y)											
Sales	**-3.4**	**-5.2**	**-5.8**	**-6.4**	**3.6**	**4.1**	**3.0**	**6.8**	**-5.8**	**-5.2**	**4.3**
Steel	-5.8	-3.8	-7.2	-9.7	0.6	3.1	3.8	10.0	-3.6	-6.6	4.3
Trading	8.7	1.3	3.0	8.0	7.8	7.1	2.2	3.8	-7.7	5.1	5.2
Construction	-31.8	-36.9	-49.8	-54.8	-15.3	-15.1	3.6	3.6	-15.0	-42.9	-7.9
Other	-17.7	6.5	48.2	39.4	57.5	32.5	0.5	0.5	36.5	17.3	18.8
Operating profit	**-2.5**	**-19.3**	**-14.0**	**313.5**	**32.4**	**34.3**	**45.2**	**149.4**	**-38.5**	**1.6**	**57.5**
Steel	42.7	38.0	52.0	61.6	57.6	8.2	9.8	67.2	-37.5	48.0	31.7
Trading	-2.7	-13.4	-14.9	153.9	9.1	3.9	2.5	11.8	-12.2	2.0	6.3
Construction	-25.9	-285.6	-487.7	220.0	-387.5	-58.3	-95.0	-102.6	-60.9	-681.0	-73.1
Other	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Net profit	**-43.4**	**-84.6**	**-22.1**	**-125.1**	**39.3**	**510.4**	**49.3**	**268.5**	**-48.7**	**4.7**	**123.9**
Margins (%)											
Operating profit	**3.3**	**3.5**	**3.7**	**2.4**	**4.2**	**4.5**	**5.2**	**5.5**	**3.0**	**3.2**	**4.8**
Steel	4.8	6.7	7.5	5.9	7.5	7.1	8.0	9.0	3.9	6.2	7.9
Trading	2.7	3.3	3.2	2.3	2.7	3.2	3.2	2.5	3.0	2.9	2.9
Construction	2.2	-7.2	-24.7	-23.9	-7.6	-3.5	-1.2	0.6	1.1	-11.1	-3.2
Other	-20.0	-32.8	-11.9	-13.5	-8.2	-6.5	-4.9	-4.5	-11.0	-18.6	-6.0
Net profit	**2.0**	**0.5**	**2.2**	**1.1**	**2.7**	**2.8**	**3.2**	**3.7**	**1.3**	**1.4**	**3.1**

Source: Company data, Samsung Securities estimates

Posco Holdings: Sum-of-the-parts valuation

(KRWb)	
Listed*	**9,994.8**
Unlisted	**22,747.7**
Posco (steel)	17,979.5
Equity	34,928.3
Target P/B (x)**	0.51
Posco E&C	306.0
Equity	3,060.2
Target P/B (x)	0.1
Lithium business	3,680.2
Equity	3,377.0
Target P/B (x)***	1.1
Other unlisted subsidiaries	782.0
Equity	7,820.3
Target P/B (x)	0.1
Net cash	**1,904.8**
Treasury shares**	**874.4**
Equity value	**35,521.6**
Outstanding shares	79,241,527
Target price (KRW)	**450,000**

Note: *50% discount to equity value of listed subsidiaries (based on Jan 14 closing prices);
**Based on global peer valuation and ROE;
***60% discount to global peer average to reflect historically relatively low ROE;
****30% discount to market value

Source: Bloomberg, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**77,127**	**72,688**	**68,914**	**71,899**	**73,078**
Cost of goods sold	70,710	67,275	63,444	64,995	65,397
Gross profit	**6,417**	**5,413**	**5,470**	**6,904**	**7,681**
Gross margin (%)	8.3	7.4	7.9	9.6	10.5
SG&A expenses	2,885	3,239	3,261	3,425	3,551
Operating profit	**3,531**	**2,174**	**2,209**	**3,480**	**4,130**
Operating margin (%)	4.6	3.0	3.2	4.8	5.7
Non-operating gains (losses)	**-896**	**-922**	**-701**	**-307**	**-279**
Financial profit	3,831	5,212	2,607	1,442	1,421
Financial costs	4,203	5,081	3,323	1,749	1,699
Equity-method gains (losses)	270	-256	323	354	354
Other	-794	-797	-307	-354	-354
Pre-tax profit	**2,635**	**1,251**	**1,508**	**3,172**	**3,851**
Taxes	789	304	516	952	1,155
Effective tax rate (%)	30.0	24.3	34.2	30.0	30.0
Profit from continuing operations	1,846	948	992	2,220	2,696
Profit from discontinued operations	0	0	0	0	0
Net profit	**1,846**	**948**	**992**	**2,220**	**2,696**
Net margin (%)	2.4	1.3	1.4	3.1	3.7
Net profit (controlling interests)	1,698	1,095	1,049	1,849	2,696
Net profit (non-controlling interests)	148	-147	-57	371	0
EBITDA	7,376	6,158	6,520	7,999	8,858
EBITDA margin (%)	9.6	8.5	9.5	11.1	12.1
EPS (parent-based) (KRW)	20,079	13,073	10,635	27,369	33,306
EPS (consolidated) (KRW)	21,826	11,314	12,216	27,932	33,306
Adjusted EPS (KRW)*	25,869	16,850	10,635	27,369	33,776

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**46,212**	**44,030**	**43,024**	**44,398**	**45,587**
Cash & equivalents	6,671	6,768	5,599	6,347	6,580
Accounts receivable	11,015	10,822	11,141	11,626	12,309
Inventories	13,826	14,143	14,443	14,961	15,659
Other current assets	14,701	12,297	11,842	11,464	11,039
Fixed assets	**54,733**	**59,374**	**61,491**	**64,097**	**67,010**
Investment assets	8,423	8,015	15,044	15,840	16,919
Tangible assets	35,206	39,847	41,673	43,482	45,316
Intangible assets	4,715	4,775	4,775	4,775	4,775
Other long-term assets	6,389	6,738	0	0	-0
Total assets	**100,945**	**103,404**	**104,515**	**108,495**	**112,597**
Current liabilities	**21,862**	**22,780**	**22,985**	**23,770**	**24,406**
Accounts payable	5,783	6,159	6,227	6,619	6,914
Short-term debt	4,959	5,733	5,733	5,733	5,733
Other current liabilities	11,119	10,888	11,025	11,418	11,758
Long-term liabilities	**19,420**	**19,174**	**19,657**	**21,178**	**22,490**
Bonds & long-term debt	15,011	14,882	15,726	16,226	16,226
Other long-term liabilities	4,409	4,292	3,931	4,952	6,264
Total liabilities	**41,281**	**41,954**	**42,648**	**44,955**	**46,903**
Owners of parent equity	**54,181**	**55,394**	**55,690**	**57,239**	**59,267**
Capital stock	482	482	482	482	482
Capital surplus	1,663	1,649	1,649	1,649	1,649
Retained earnings	53,858	53,658	53,954	55,503	57,531
Other	-1,822	-395	-395	-395	-395
Non-controlling interests' equity	**5,483**	**6,056**	**6,177**	**6,301**	**6,427**
Total equity	**59,664**	**61,450**	**61,868**	**63,540**	**65,694**
Net debt	8,908	11,444	13,325	13,578	13,845

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**6,168**	**6,664**	**6,051**	**7,574**	**7,831**
Net profit	1,846	948	992	2,220	2,696
Non-cash profit and expenses	6,030	5,646	5,882	6,124	6,371
Depreciation	3,346	3,531	3,858	4,066	4,274
Amortization	498	454	454	454	454
Other	2,185	1,661	1,571	1,605	1,643
Changes in A/L from operating activities	-1,087	337	-823	-770	-1,235
Cash flow from investments	**-7,388**	**-4,487**	**-6,410**	**-6,736**	**-7,012**
Change in tangible assets	-6,745	-7,626	-7,184	-7,115	-7,226
Change in financial assets	-665	2,884	1,247	848	688
Other	22	254	-473	-468	-474
Cash flow from financing	**-179**	**-2,302**	**-1,033**	**-312**	**-808**
Change in debt	1,902	-125	803	500	0
Change in equity	263	-14	0	0	0
Dividends	-815	-844	-836	-812	-808
Other	-1,528	-1,319	-1,000	0	0
Change in cash	-1,382	97	-1,169	748	233
Cash at beginning of year	8,053	6,671	6,768	5,599	6,347
Cash at end of year	6,671	6,768	5,599	6,347	6,580
Gross cash flow	**7,876**	**6,594**	**6,874**	**8,344**	**9,066**
Free cash flow	**-577**	**-1,006**	**-1,148**	**439**	**579**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	-9.0	-5.8	-5.2	4.3	1.6
Operating profit	-27.2	-38.5	1.6	57.5	18.7
Net profit	-48.2	-48.7	4.7	123.9	21.4
Adjusted EPS**	-23.3	-34.9	-36.9	157.4	23.4
Per-share data (KRW)					
EPS (parent-based)	20,079	13,073	10,635	27,369	33,306
EPS (consolidated)	21,826	11,314	12,216	27,932	33,306
Adjusted EPS**	25,869	16,850	10,635	27,369	33,776
BVPS	630,788	661,048	684,116	710,274	732,770
DPS (common)	10,000	10,000	10,000	10,000	10,000
Valuations (x)					
P/E***	24.9	19.4	33.1	12.9	10.4
P/B***	0.7	0.3	0.5	0.5	0.5
EV/EBITDA	7.7	6.2	6.6	5.5	5.1
Ratios (%)					
ROE	3.8	2.9	1.6	3.2	3.9
ROA	1.9	0.9	1.0	2.1	2.4
ROIC	4.3	2.7	2.6	4.7	5.4
Payout ratio	588.9	913.3	733.3	40.9	28.1
Dividend yield (common)	2.0	3.9	3.3	2.9	2.9
Net debt to equity	14.9	18.6	21.5	21.4	21.1
Interest coverage (x)	3.5	2.1	2.1	3.5	4.4

Note: *Excluding one-off items;
**Fully diluted, excluding one-off items;
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

COMPANY UPDATE

2026. 1. 22

Scan to go to
Research Center report database

Industrial Team

Jaeseung Baek
Senior Analyst
jaeseung.baek@samsung.com

Hyundai Steel (004020)

Steel cycle recovery: More patience required

- We now expect Hyundai Steel to post a 4Q25 consolidated operating profit of KRW114.7b, missing consensus by 18%.
- While spreads on both plate and bar products likely widened slightly, plate product sales volume probably contracted q-q, hit by the *Chuseok* holiday effect and weak year-end demand.
- Given that China still has not announced clear steel restructuring plans or specific targets, we do not expect steel market conditions to change materially before the country holds its two major political conferences in March. The effect of anti-dumping duties on imported HRC should materialize in 1Q26.

WHAT'S THE STORY?

4Q results to miss consensus: We expect Hyundai Steel's 4Q25 results to show consolidated sales of KRW5.7t (down 0.8% q-q) and operating profit of KRW114.7b (up 23.1% q-q), the latter missing consensus—despite improved spreads on both plate and bar products (led by mix improvements)—due to a decline in plate product sales volume. Since end-September, Korea has effectively imposed anti-dumping duties on Chinese (and Japanese) HRC imports, leading to a sharp drop in Chinese HRC imports—a development we expect to support domestic HRC prices in 1Q26. Despite a recent increase in raw material prices, spot steel prices have yet to show meaningful movement. Reflecting this, we lower our 2026 operating profit forecast for Hyundai Steel by 14% and cut our target price by 7% to KRW41,000.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW41,000	30.6%
Current price	**KRW31,400**	
Market cap	KRW4.2t/USD2.9b	
Shares (float)	133,445,785 (62.6%)	
52-week high/low	KRW37,600/KRW21,700	
Avg daily trading value (60-day)	KRW15.0b/ USD10.2m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Hyundai Steel (%)	2.8	-14.3	40.2
Vs Kospi (%pts)	-15.8	-44.0	-28.1

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	41,000	44,000	-6.8%
2025E EPS	488	949	-48.6%
2026E EPS	2,711	3,318	-18.3%

SAMSUNG vs THE STREET

No of estimates	20
Target price	46,000
Recommendation	4.0

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

SUMMARY FINANCIAL DATA

(KRWb)	2024	2025E	2026E	2027E
Revenue	23,226	22,934	23,518	23,810
Operating profit	159	291	725	933
Net profit (adj)	9	39	362	517
EPS (adj) (KRW)	0	488	2,711	3,871
EPS (adj) growth (% y-y)	n/a	n/a	455.9	42.8
EBITDA margin (%)	8.1	8.4	10.4	11.5
ROE (%)	0.0	0.3	1.9	2.6
P/E (adj) (x)	n/a	65.8	11.8	8.3
P/B (x)	0.1	0.2	0.2	0.2
EV/EBITDA (x)	6.1	6.0	4.9	4.7
Dividend yield (%)	3.6	2.4	3.1	3.1

Source: Company data, Samsung Securities estimates

China's political conferences in March—key to recovery in steel industry conditions: Given that China has yet to give a clear indication of its steel industry restructuring plans or specific targets, steel market conditions appear unlikely to change significantly before two major political conferences in March, at which the country should announce its 2026 economic goals. Meanwhile, Hyundai Steel recently revealed its investment structure for the US EAF plant (scheduled to be completed in early 2029): the steelmaker plans to invest KRW2.15t to secure a 50% stake, funding the investment with retained cash and free cash flows (via working capital management). Although it will take time to confirm the profitability of this investment, investors should note that Hyundai Steel's share price is likely to fluctuate depending on future US steel prices.

Hyundai Steel: Results and forecasts (parent basis)

(KRWb)	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025E	2026E
Sales	**4,289.9**	**4,680.0**	**4,532.5**	**4,467.8**	**4,518.1**	**4,835.6**	**4,723.7**	**4,703.8**	**18,617.6**	**17,970.2**	**18,781.3**
Gross profit	186.1	237.0	309.4	326.7	326.4	380.5	402.1	481.6	990.0	1,059.2	1,590.7
Operating profit	-56.1	-7.5	47.1	76.2	75.7	127.6	130.5	222.0	15.0	59.7	555.8
Pre-tax profit	-62.3	-62.3	5.8	14.3	71.1	85.4	85.1	161.7	-155.9	-104.6	403.3
Net profit	-38.0	-18.2	-2.7	10.4	51.6	61.9	61.7	117.2	-65.0	-48.5	292.4
Change (% y-y)											
Sales	-11.0	-3.5	1.6	-0.3	5.3	3.3	4.2	5.3	-13.8	-3.5	4.5
Operating profit	n/a	-116.3	46.9	n/a	n/a	-1,808.4	176.9	191.5	-97.7	298.7	831.2
Net profit	n/a	n/a	n/a	n/a	n/a	n/a	-2,424.5	1,028.2	n/a	n/a	n/a
Margins (%)											
Gross profit	4.3	5.1	6.8	7.3	7.2	7.9	8.5	10.2	5.3	5.9	8.5
Operating profit	-1.3	-0.2	1.0	1.7	1.7	2.6	2.8	4.7	0.1	0.3	3.0
Net profit	-0.9	-0.4	-0.1	0.2	1.1	1.3	1.3	2.5	-0.3	-0.3	1.6
Roll margin											
Carbon steel sales (KRWb)	2,737.4	3,036.9	3,011.7	2,902.1	2,960.4	3,139.6	3,129.9	3,035.1	12,062.3	11,688.1	12,265.0
Carbon steel sales volume ('000 tonnes)	2,681.0	2,955.0	2,897.0	2,763.1	2,803.2	2,952.7	2,927.2	2,832.4	11,179.0	11,296.1	11,515.5
Carbon steel ASP	1,021.0	1,027.7	1,039.6	1,050.3	1,056.1	1,063.3	1,069.3	1,071.6	1,079.0	1,034.7	1,065.1
Raw material price	546.6	536.4	518.9	523.8	547.2	551.3	536.8	520.4	595.3	531.4	538.9
BF roll margin (KRW1,000/tonne)	474.4	491.3	520.7	526.5	508.9	512.0	532.5	551.2	483.7	503.3	526.1
(Chg q-q)	-16.8	16.9	29.4	5.8	-17.6	3.1	20.5	18.8	-22.6	19.6	22.8
Long product sales (KRWb)	1,086.6	1,168.6	1,075.7	1,110.4	1,121.3	1,219.1	1,146.7	1,205.9	4,648.2	4,441.2	4,693.0
Long product sales volume ('000 tonnes)	1,068.5	1,173.5	1,082.1	1,106.5	1,093.5	1,205.1	1,130.8	1,187.4	4,412.7	4,430.6	4,616.8
Long product ASP	1,016.9	995.8	994.1	1,003.5	1,025.5	1,011.6	1,014.0	1,015.6	1,053.4	1,002.4	1,016.5
Raw material prices	500.5	479.5	478.3	480.0	480.0	480.0	480.0	480.0	547.1	484.6	480.0
EF roll margin (KRW1,000/tonne)	516.4	516.3	515.8	523.5	545.5	531.6	534.0	535.6	506.3	517.8	536.5
(Chg q-q)	-5.9	-0.0	-0.5	7.7	21.9	-13.8	2.4	1.6	-15.5	11.6	18.7
Average roll margin (KRW1,000/tonne)	486.4	498.4	519.4	525.7	519.2	517.7	532.9	546.6	490.1	507.4	529.1
(Chg q-q)	-13.3	12.1	21.0	6.3	-6.5	-1.5	15.2	13.7	-21.3	17.3	21.7
Operating profit (KRWb)	-56.1	-7.5	47.1	76.2	75.7	127.6	130.5	222.0	15.0	59.7	555.8
Operating profit per tonne*	-12.8	0.8	15.1	22.9	22.0	32.7	35.1	57.7	1.0	3.8	34.5
(Chg q-q)	24.1	13.5	14.3	7.8	-0.9	10.7	2.4	22.6	-38.9	2.8	30.7

Note: *Excludes specialty steel unit

Source: Company data, Samsung Securities estimates

Hyundai Steel: Results and forecasts (consolidated)

(KRWb)	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025E	2026E
Sales	**5,563.5**	**5,945.6**	**5,734.4**	**5,690.6**	**5,676.7**	**6,015.5**	**5,910.4**	**5,914.9**	**23,226.1**	**22,934.0**	**23,517.6**
Parent	4,289.9	4,680.0	4,532.5	4,467.8	4,518.1	4,835.6	4,723.7	4,703.8	18,617.6	17,970.2	18,781.3
Subsidiaries	1,273.6	1,265.6	1,201.9	1,222.8	1,158.6	1,179.9	1,186.7	1,211.1	4,608.5	4,963.8	4,736.3
Gross profit	**291.9**	**411.8**	**425.3**	**444.2**	**442.2**	**493.7**	**518.5**	**607.5**	**1,394.0**	**1,573.2**	**2,061.9**
Parent	186.1	237.0	309.4	326.7	326.4	380.5	402.1	481.6	990.0	1,059.2	1,590.7
Subsidiaries	105.8	174.8	116.0	117.5	115.8	113.1	116.3	126.0	403.9	514.0	471.2
Operating profit	**-19.0**	**101.8**	**93.2**	**114.7**	**118.0**	**170.3**	**172.4**	**263.8**	**159.5**	**290.7**	**724.6**
Parent	-56.1	-7.5	47.1	76.2	75.7	127.6	130.5	222.0	15.0	59.7	555.8
Subsidiaries	37.1	109.2	46.1	38.6	42.2	42.7	41.9	41.9	144.5	231.0	168.8
Pre-tax profit	-67.0	5.8	30.0	52.5	65.9	115.7	112.9	204.4	-59.5	21.4	498.9
Parent	-62.3	-62.3	5.8	14.3	71.1	85.4	85.1	161.7	-155.9	-104.6	403.3
Subsidiaries	-4.6	68.1	24.3	38.2	-5.3	30.4	27.8	42.7	96.4	126.0	95.6
Net profit	-54.4	37.4	17.8	38.1	47.8	83.9	81.9	148.2	8.8	38.9	361.7
Parent	-38.0	-18.2	-2.7	10.4	51.6	61.9	61.7	117.2	-65.0	-48.5	292.4
Subsidiaries	-16.4	55.6	20.5	27.7	-3.8	22.0	20.2	30.9	73.8	87.4	69.3
Net profit (controlling interests)	-55.1	33.8	17.1	33.1	42.8	78.9	76.9	143.2	-11.6	28.8	341.7
Change (% y-y)											
Sales	-6.5	-1.6	2.0	1.4	2.0	1.2	3.1	3.9	-10.4	-1.3	2.5
Operating profit	n/a	3.9	80.9	n/a	n/a	67.3	84.9	129.9	-80.0	82.3	149.2
Net profit	n/a	2,664.6	n/a	n/a	n/a	124.4	359.5	289.0	-98.0	341.4	829.7
Net profit (controlling interests)	n/a	n/a	n/a	n/a	n/a	133.2	350.8	332.7	n/a	n/a	1,084.5
Margins (%)											
Gross profit	5.2	6.9	7.4	7.8	7.8	8.2	8.8	10.3	6.0	6.9	8.8
Operating profit	-0.3	1.7	1.6	2.0	2.1	2.8	2.9	4.5	0.7	1.3	3.1
Net profit	-1.0	0.6	0.3	0.6	0.8	1.3	1.3	2.4	-0.1	0.1	1.5

Source: Company data, Samsung Securities estimates

Hyundai Steel: P/B valuation

(KRWb)	
Consolidated operating value	5,410
- 2026E book value	19,122
- Target P/B (x)*	0.28
Outstanding shares	133,445,785
Target price (KRW)	**41,000**

Note: * 30% discount to the 2016-2018 average (based on ROE estimates)
Source: Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**25,915**	**23,226**	**22,934**	**23,518**	**23,810**
Cost of goods sold	23,782	21,832	21,361	21,456	21,483
Gross profit	**2,132**	**1,394**	**1,573**	**2,062**	**2,327**
Gross margin (%)	8.2	6.0	6.9	8.8	9.8
SG&A expenses	1,334	1,234	1,282	1,337	1,395
Operating profit	**798**	**159**	**291**	**725**	**933**
Operating margin (%)	3.1	0.7	1.3	3.1	3.9
Non-operating gains (losses)	**-266**	**-219**	**-269**	**-226**	**-220**
Financial profit	372	384	269	130	129
Financial costs	651	664	515	358	351
Equity-method gains (losses)	5	12	1	2	2
Other	7	49	-25	0	-0
Pre-tax profit	**532**	**-59**	**21**	**499**	**713**
Taxes	89	-68	-18	137	196
Effective tax rate (%)	16.7	114.8	-81.8	27.5	27.5
Profit from continuing operations	443	9	39	362	517
Profit from discontinued operations	0	0	0	0	0
Net profit	**443**	**9**	**39**	**362**	**517**
Net margin (%)	1.7	0.0	0.2	1.5	2.2
Net profit (controlling interests)	461	-12	29	342	497
Net profit (non-controlling interests)	-18	20	10	20	20
EBITDA	2,441	1,870	1,931	2,447	2,728
EBITDA margin (%)	9.4	8.1	8.4	10.4	11.5
EPS (parent-based) (KRW)	4,172	-87	1,223	2,711	3,721
EPS (consolidated) (KRW)	3,320	66	292	2,711	3,871
Adjusted EPS (KRW)*	4,172	0	488	2,711	3,871

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**11,954**	**11,460**	**11,665**	**11,912**	**11,595**
Cash & equivalents	1,386	1,296	1,333	1,317	738
Accounts receivable	2,929	2,524	2,594	2,703	2,806
Inventories	6,279	6,291	6,377	6,513	6,653
Other current assets	1,359	1,350	1,361	1,379	1,397
Fixed assets	**23,265**	**23,284**	**23,240**	**23,579**	**24,536**
Investment assets	2,200	2,292	2,031	2,202	2,985
Tangible assets	18,250	18,431	18,570	18,739	18,912
Intangible assets	1,438	1,402	1,402	1,402	1,402
Other long-term assets	1,378	1,160	1,237	1,237	1,237
Total assets	**35,219**	**34,744**	**34,904**	**35,491**	**36,130**
Current liabilities	**7,984**	**7,699**	**7,722**	**7,996**	**8,335**
Accounts payable	1,330	1,467	1,493	1,579	1,648
Short-term debt	1,289	1,216	1,116	1,116	1,116
Other current liabilities	5,366	5,017	5,113	5,301	5,572
Long-term liabilities	**7,739**	**7,711**	**7,908**	**7,959**	**7,873**
Bonds & long-term debt	5,843	6,159	6,159	6,159	6,159
Other long-term liabilities	1,896	1,552	1,750	1,800	1,714
Total liabilities	**15,723**	**15,410**	**15,631**	**15,955**	**16,208**
Owners of parent equity	**19,100**	**18,918**	**18,859**	**19,122**	**19,507**
Capital stock	667	667	667	667	667
Capital surplus	3,906	3,905	3,905	3,905	3,905
Retained earnings	13,639	13,400	13,340	13,603	13,988
Other	888	946	946	946	946
Non-controlling interests' equity	**396**	**415**	**415**	**415**	**415**
Total equity	**19,496**	**19,334**	**19,274**	**19,537**	**19,922**
Net debt	8,404	8,258	7,313	7,328	7,907

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**1,948**	**1,777**	**1,692**	**1,883**	**2,005**
Net profit	443	9	39	362	517
Non-cash profit and expenses	1,955	1,921	1,851	1,757	1,718
Depreciation	1,555	1,621	1,596	1,675	1,746
Amortization	87	90	45	47	49
Other	312	210	210	35	-78
Changes in A/L from operating activities	304	276	-198	-236	-229
Cash flow from investments	**-132**	**-1,503**	**-1,443**	**-1,836**	**-2,489**
Change in tangible assets	-800	-1,650	-1,596	-1,891	-1,933
Change in financial assets	-298	-285	163	65	-544
Other	966	432	-9	-11	-12
Cash flow from financing	**-2,121**	**-354**	**-202**	**-52**	**-84**
Change in debt	-1,941	-33	-150	0	0
Change in equity	0	-1	0	0	0
Dividends	-132	-132	-99	-99	-132
Other	-47	-188	47	47	-47
Change in cash	-313	-90	37	-15	-579
Cash at beginning of year	1,699	1,386	1,296	1,333	1,317
Cash at end of year	1,386	1,296	1,333	1,317	738
Gross cash flow	**2,398**	**1,930**	**1,890**	**2,119**	**2,234**
Free cash flow	**1,124**	**105**	**73**	**-31**	**50**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	-5.2	-10.4	-1.3	2.5	1.2
Operating profit	-50.6	-80.0	82.3	149.2	28.7
Net profit	-57.3	-98.0	341.4	829.7	42.8
Adjusted EPS**	-54.5	n/a	n/a	455.9	42.8
Per-share data (KRW)					
EPS (parent-based)	4,172	-87	1,223	2,711	3,721
EPS (consolidated)	3,320	66	292	2,711	3,871
Adjusted EPS**	4,172	0	488	2,711	3,871
BVPS	144,720	143,815	144,656	145,417	148,288
DPS (common)	1,000	750	750	750	750
Valuations (x)					
P/E***	8.7	n/a	65.8	11.8	8.3
P/B***	0.3	0.1	0.2	0.2	0.2
EV/EBITDA	5.6	6.1	6.0	4.9	4.7
Ratios (%)					
ROE	2.9	0.0	0.3	1.9	2.6
ROA	1.2	0.0	0.1	1.0	1.4
ROIC	2.5	-0.1	2.1	2.1	2.7
Payout ratio	28.5	-849.0	342.0	28.9	19.9
Dividend yield (common)	2.7	3.6	2.3	3.1	3.1
Net debt to equity	43.1	42.7	37.9	37.5	39.7
Interest coverage (x)	1.9	0.4	0.8	2.0	2.7

Note: *Excluding one-off items;
**Fully diluted, excluding one-off items;
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

COMPANY UPDATE

2026. 1. 22

Industrial Team

Jaeseung Baek
Senior Analyst
jaeseung.baek@samsung.com

Scan to go to
Research Center report database

Poongsan (103140)

Copper leads, defense supports

- We now believe Poongsan saw a 4Q25 consolidated operating profit of KRW90.9b, in line with consensus.
- Defense exports likely fell slightly short of guidance, but a better performance at the copper business—supported by rising copper prices and the US dollar's strength against the won—likely allowed for solid overall results.
- While the possibility of an end to the Russia-Ukraine war could weaken momentum in the defense industry, overall global tensions remain elevated. We expect Poongsan to maintain a strong earnings trajectory in 2026.

WHAT'S THE STORY?

4Q25 preview: We now expect Poongsan's 4Q25 results to show consolidated sales and operating profit up 23.6% and 113.4% q-q, respectively, to KRW1.45t and KRW90.9b, the latter meeting consensus. Defense exports likely fell slightly short of guidance, but a better performance at the copper business—supported by rising copper prices and the US dollar's strength against the won—likely allowed for solid overall results. PMX Industries, the company's US-based copper processing subsidiary, also likely bounced back from a weak performance in 3Q25, supported by higher copper prices. Although shares slipped following the 3Q25 earnings miss, a performance rebound in 4Q25 could help boost market confidence in earnings visibility.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW180,000	47.4%
Current price	KRW122,100	
Market cap	KRW3.4t/USD2.3b	
Shares (float)	28,024,278 (59.4%)	
52-week high/low	KRW165,000/KRW50,200	
Avg daily trading value (60-day)	KRW28.2b/ USD19.2m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Poongsan (%)	19.9	-23.8	122.4
Vs Kospi (%pts)	-1.8	-50.2	14.1

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	180,000	135,000	33.3%
2025E EPS	6,854	6,743	1.6%
2026E EPS	8,756	7,904	10.8%

SAMSUNG vs THE STREET

No of estimates	15
Target price	155,400
Recommendation	3.9

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

SUMMARY FINANCIAL DATA

(KRWb)	2024	2025E	2026E	2027E
Revenue	4,554	5,075	5,646	5,679
Operating profit	324	297	360	379
Net profit (adj)	236	199	245	260
EPS (adj) (KRW)	8,019	6,854	8,756	9,302
EPS (adj) growth (% y-y)	41.1	-14.5	27.8	6.2
EBITDA margin (%)	9.1	7.7	8.0	8.3
ROE (%)	10.8	8.5	10.1	10.1
P/E (adj) (x)	5.9	19.1	15.0	14.1
P/B (x)	0.6	1.6	1.5	1.4
EV/EBITDA (x)	4.5	10.8	9.9	9.4
Dividend yield (%)	5.2	1.9	1.8	2.0

Source: Company data, Samsung Securities estimates

Raising target price: Thanks to additional orders from major domestic defense companies in 2025, Poongsan's defense sales are likely to grow in 2026, with export growth projected to be relatively stronger. A higher share of sales coming from exports to Poland should improve the firm's product mix. On the copper side, copper concentrate supply remains tight, and ongoing consolidation in the copper mining industry—driven by Teck Resources' acquisition of Anglo American, and merger talks between Rio Tinto and Glencore—could support sustained strength in copper prices. Raising our 2026 operating profit estimate by 10%, and reflecting an increase in peer valuation multiples, we increase our target price by 33% to KRW180,000. With shares still trading at just 14.5x P/E, a 51% discount to the domestic defense peer average, we believe the valuation is not overly stretched. We maintain our BUY rating on the stock.

Poongsan: Results and forecasts (parent basis)

(KRWb)	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025E	2026E
Sales	**826.4**	**1,014.0**	**871.4**	**1,137.0**	**988.3**	**1,170.1**	**1,032.9**	**1,210.3**	**3,502.6**	**3,848.8**	**4,401.6**
Copper business	620.5	666.2	642.1	713.8	765.0	792.3	755.0	762.9	2,313.7	2,642.6	3,075.2
Defense business	205.9	347.8	229.3	423.2	223.3	377.8	277.9	447.4	1,188.9	1,206.1	1,326.4
Exports	422.1	570.7	473.2	503.6	524.1	677.0	560.3	586.6	2,026.7	1,969.5	2,348.1
Copper business	336.8	372.0	359.9	392.7	413.2	438.6	418.7	420.3	1,315.7	1,461.4	1,690.8
Defense business	85.3	198.7	113.3	110.8	110.9	238.4	141.6	166.3	711.0	508.1	657.2
Domestic	404.3	443.3	398.2	633.4	464.1	493.0	472.6	623.7	1,475.9	1,879.3	2,053.5
Copper business	283.7	294.2	282.2	321.1	351.8	353.7	336.3	342.6	998.0	1,181.3	1,384.3
Defense business	120.6	149.1	116.0	312.4	112.4	139.4	136.3	281.1	477.9	698.0	669.2
Gross profit	82.8	128.3	84.8	135.5	108.7	136.1	111.6	126.5	501.9	431.5	482.9
Operating profit	**44.7**	**88.0**	**42.4**	**77.3**	**69.3**	**102.7**	**67.7**	**66.1**	**314.1**	**252.4**	**305.7**
Pre-tax profit	50.6	74.9	41.5	70.5	62.0	94.6	60.2	59.4	317.5	237.6	276.2
Net profit	**41.6**	**64.2**	**32.6**	**53.6**	**47.1**	**71.9**	**45.8**	**45.1**	**235.6**	**191.9**	**209.9**
Chg (% y-y)											
Sales	**15.6**	**3.7**	**5.0**	**16.0**	**19.6**	**15.4**	**18.5**	**6.4**	**13.0**	**9.9**	**14.4**
Copper business	15.3	4.6	15.6	22.5	23.3	18.9	17.6	6.9	10.1	14.2	16.4
Defense business	16.5	2.1	(16.4)	6.4	8.5	8.6	21.2	5.7	19.0	1.4	10.0
Exports	7.2	(2.7)	(2.7)	(10.1)	24.2	18.6	18.4	16.5	24.8	-2.8	19.2
Copper business	12.8	3.4	12.8	16.0	22.7	17.9	16.3	7.0	16.2	11.1	15.7
Defense business	(10.4)	(12.3)	(32.4)	(50.0)	30.0	20.0	25.0	50.0	44.5	-28.5	29.3
Domestic	25.8	13.3	16.0	50.8	14.8	11.2	18.7	(1.5)	-0.0	27.3	9.3
Copper business	18.3	6.1	19.3	31.5	24.0	20.2	19.1	6.7	3.0	18.4	17.2
Defense business	48.0	30.8	8.8	77.6	(6.8)	(6.5)	17.5	(10.0)	-5.7	46.0	-4.1
Gross profit	17.7	(28.3)	(23.5)	(4.4)	31.2	6.1	31.5	(6.7)	51.7	-14.0	11.9
Operating profit	**27.0**	**(37.6)**	**(40.0)**	**14.8**	**54.8**	**16.8**	**59.6**	**(14.5)**	**65.0**	**-19.6**	**21.1**
Pre-tax profit	9.5	(50.1)	(34.5)	21.7	22.4	26.2	45.3	(15.8)	66.0	-25.2	16.3
Net profit	**12.6**	**(42.3)**	**(31.6)**	**34.7**	**13.4**	**12.0**	**40.5**	**(15.8)**	**50.7**	**-18.5**	**9.4**
Margins (%)											
Gross profit	10.0	12.7	9.7	11.9	11.0	11.6	10.8	10.5	14.3	11.2	11.0
Operating profit	5.4	8.7	4.9	6.8	7.0	8.8	6.5	5.5	9.0	6.6	6.9
Pre-tax profit	6.1	7.4	4.8	6.2	6.3	8.1	5.8	4.9	9.1	6.2	6.3
Net profit	5.0	6.3	3.7	4.7	4.8	6.1	4.4	3.7	6.7	5.0	4.8

Source: Company data, Samsung Securities estimates

Poongsan: Results and forecasts (consolidated)

(KRWb)	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025E	2026E
Sales	**1,155.9**	**1,294.0**	**1,174.2**	**1,451.1**	**1,302.3**	**1,485.7**	**1,339.9**	**1,518.0**	**4,554.4**	**5,075.2**	**5,646.0**
Parent	826.4	1,014.0	871.4	1,137.0	988.3	1,170.1	1,032.9	1,210.3	3,502.6	3,848.8	4,401.6
Subsidiaries	329.5	280.0	302.8	314.1	314.0	315.7	307.0	307.7	1,051.8	1,226.4	1,244.4
Gross profit	130.2	153.6	108.5	175.8	150.5	175.0	147.9	164.4	615.9	568.2	637.9
Parent	82.8	128.3	84.8	135.5	108.7	136.1	111.6	126.5	501.9	431.5	482.9
Subsidiaries	47.4	25.3	23.7	40.3	41.8	38.9	36.3	37.9	114.0	136.7	155.0
Operating profit	**69.7**	**93.6**	**42.6**	**90.9**	**88.4**	**113.7**	**79.7**	**78.0**	**323.8**	**296.8**	**359.8**
Parent	44.7	88.0	42.4	77.3	69.3	102.7	67.7	66.1	314.1	252.4	305.7
Subsidiaries	25.0	5.6	0.2	13.6	19.1	11.0	12.0	11.9	9.7	44.4	54.0
Pre-tax profit	57.8	77.4	40.7	80.9	79.9	104.8	71.4	70.2	318.3	256.8	326.3
Parent	50.6	74.9	41.5	70.5	62.0	94.6	60.2	59.4	317.5	237.6	276.2
Subsidiaries	7.2	2.5	-0.7	10.3	17.9	10.3	11.1	10.8	0.8	19.3	50.1
Net profit	**41.6**	**64.2**	**32.6**	**60.6**	**59.9**	**78.6**	**53.5**	**52.7**	**236.0**	**199.0**	**244.7**
Parent	41.6	64.2	32.6	53.6	47.1	71.9	45.8	45.1	235.6	191.9	209.9
Subsidiaries	0.0	0.0	0.0	7.0	12.8	6.8	7.7	7.5	0.5	7.0	34.8
Net profit attributable to parent company	41.6	64.2	32.6	60.6	59.9	78.6	53.5	52.7	236.0	199.0	244.7
Chg (% y-y)											
Sales	20.0	4.9	4.0	18.2	12.7	14.8	14.1	4.6	10.4	11.4	11.2
Operating profit	28.5	-42.0	-42.7	168.4	26.7	21.5	87.2	-14.2	41.6	-8.3	21.2
Net profit	12.6	-42.3	-31.6	50.5	44.1	22.5	64.3	-13.2	50.9	-15.7	23.0
Net profit attributable to parent company	12.6	-42.3	-31.6	50.5	44.1	22.5	64.3	-13.2	50.9	-15.7	23.0
Margins (%)											
Gross profit	11.3	11.9	9.2	12.1	11.6	11.8	11.0	10.8	13.5	11.2	11.3
Operating profit	6.0	7.2	3.6	6.3	6.8	7.7	5.9	5.1	7.1	5.8	6.4
Net profit	3.6	5.0	2.8	4.2	4.6	5.3	4.0	3.5	5.2	3.9	4.3

Source: Company data, Samsung Securities estimates

Poongsan valuation

(KRWb)	
Consolidated operating value	5,102.5
1) Defense business value	4,570.2
- 2026E net profit	192.5
- Target P/E (x)*	23.7
2) Copper business value	532.3
- 2026E net profit	52.2
- Target P/E (x)**	10.2
Outstanding shares	28,024,278
Target price (KRW)	**180,000**

Note: *20% discount to peer valuation due to order intake structure;
**20% discount to peer valuation reflecting differences in business scale
Source: Bloomberg, Samsung Securities estimates

Global peer valuation (2026E)

2026E valuation (x)	P/E	P/B	ROE (%)	EV/EBITDA	2025-2027E EPS CAGR (%)
Poongsan*	**15.0**	**1.5**	**10.1**	**9.9**	**17.5**
LIG Nex1	30.4	6.8	24.7	19.7	29.7
Hanwha Aerospace	26.3	5.7	24.5	14.5	39.1
KAI	39.6	6.9	19.0	26.0	52.8
Hyundai Rotem	22.4	6.1	31.1	15.3	33.8
K-defense average	**29.7**	**6.4**	**24.8**	**18.9**	**38.9**
Vale	7.1	1.3	19.1	4.8	-2.4
Rio Tinto	11.5	2.0	18.8	6.0	5.3
BHP Group	14.1	3.1	22.7	6.2	3.1
Glencore	17.6	1.9	10.8	6.0	53.4
Boliden	13.5	1.9	15.0	6.8	32.9
Major miner average	**12.8**	**2.0**	**17.3**	**6.0**	**18.5**
Rheinmetall	45.4	13.0	30.6	25.6	50.0
BAE Systems	24.8	4.7	18.8	14.9	11.3

Note: *Defense 2025-2027E operating profit CAGR of 25.2%, trading at a 47% P/E discount to K-defense peers
Source: Bloomberg, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**4,125**	**4,554**	**5,075**	**5,646**	**5,679**
Cost of goods sold	3,684	3,938	4,507	5,008	5,017
Gross profit	**441**	**616**	**568**	**638**	**663**
Gross margin (%)	10.7	13.5	11.2	11.3	11.7
SG&A expenses	212	292	271	278	283
Operating profit	**229**	**324**	**297**	**360**	**379**
Operating margin (%)	5.5	7.1	5.8	6.4	6.7
Non-operating gains (losses)	**-28**	**-5**	**-40**	**-33**	**-33**
Financial profit	15	19	15	8	8
Financial costs	50	47	46	37	36
Equity-method gains (losses)	0	0	1	0	0
Other	8	23	-9	-5	-5
Pre-tax profit	**201**	**318**	**257**	**326**	**347**
Taxes	45	82	58	82	87
Effective tax rate (%)	22.2	25.8	22.5	25.0	25.0
Profit from continuing operations	156	236	199	245	260
Profit from discontinued operations	0	0	0	0	0
Net profit	**156**	**236**	**199**	**245**	**260**
Net margin (%)	3.8	5.2	3.9	4.3	4.6
Net profit (controlling interests)	156	236	199	245	260
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	319	413	390	453	470
EBITDA margin (%)	7.7	9.1	7.7	8.0	8.3
EPS (parent-based) (KRW)	5,682	8,423	6,854	8,756	9,302
EPS (consolidated) (KRW)	5,582	8,423	7,100	8,732	9,276
Adjusted EPS (KRW)*	5,682	8,019	6,854	8,756	9,302

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**2,239**	**2,562**	**2,691**	**2,951**	**3,194**
Cash & equivalents	408	345	326	60	71
Accounts receivable	517	602	666	842	953
Inventories	1,227	1,459	1,541	1,873	1,990
Other current assets	87	155	158	177	180
Fixed assets	**1,421**	**1,535**	**1,596**	**1,656**	**1,717**
Investment assets	36	48	184	169	156
Tangible assets	1,183	1,309	1,384	1,456	1,526
Intangible assets	12	13	13	13	13
Other long-term assets	189	165	15	19	22
Total assets	**3,661**	**4,097**	**4,286**	**4,607**	**4,911**
Current liabilities	**1,352**	**1,359**	**1,412**	**1,518**	**1,599**
Accounts payable	183	185	208	263	303
Short-term debt	328	393	393	393	393
Other current liabilities	842	780	810	862	903
Long-term liabilities	**342**	**539**	**548**	**573**	**601**
Bonds & long-term debt	227	240	240	240	240
Other long-term liabilities	115	299	308	333	361
Total liabilities	**1,695**	**1,897**	**1,959**	**2,091**	**2,200**
Owners of parent equity	**1,966**	**2,199**	**2,327**	**2,516**	**2,711**
Capital stock	140	140	140	140	140
Capital surplus	495	495	495	495	495
Retained earnings	1,315	1,491	1,619	1,807	2,003
Other	16	74	74	74	74
Non-controlling interests' equity	**0**	**0**	**0**	**0**	**0**
Total equity	**1,966**	**2,199**	**2,327**	**2,516**	**2,711**
Net debt	288	480	492	758	746

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**696**	**40**	**212**	**-63**	**220**
Net profit	156	236	199	245	260
Non-cash profit and expenses	205	252	245	256	254
Depreciation	90	89	93	93	91
Amortization	1	1	0	0	0
Other	115	162	151	163	163
Changes in A/L from operating activities	454	-343	-232	-564	-294
Cash flow from investments	**-137**	**-217**	**-189**	**-181**	**-176**
Change in tangible assets	-136	-195	-173	-165	-161
Change in financial assets	8	-17	-15	-15	-15
Other	-9	-5	-0	-1	-0
Cash flow from financing	**-306**	**90**	**-67**	**-46**	**-57**
Change in debt	-302	136	-2	0	0
Change in equity	0	0	0	0	0
Dividends	0	0	-71	-56	-65
Other	-4	-46	6	10	8
Change in cash	253	-63	-20	-266	11
Cash at beginning of year	155	408	345	326	60
Cash at end of year	408	345	326	60	71
Gross cash flow	**362**	**488**	**444**	**501**	**514**
Free cash flow	**560**	**-156**	**38**	**-229**	**59**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	-5.7	10.4	11.4	11.2	0.6
Operating profit	-1.3	41.6	-8.3	21.2	5.4
Net profit	-10.7	50.9	-15.7	23.0	6.2
Adjusted EPS**	-13.6	41.1	-14.5	27.8	6.2
Per-share data (KRW)					
EPS (parent-based)	5,682	8,423	6,854	8,756	9,302
EPS (consolidated)	5,582	8,423	7,100	8,732	9,276
Adjusted EPS**	5,682	8,019	6,854	8,756	9,302
BVPS	67,945	74,315	80,762	86,411	93,265
DPS (common)	1,200	2,600	2,000	2,300	2,600
Valuations (x)					
P/E***	6.9	5.9	19.1	15.0	14.1
P/B***	0.6	0.6	1.6	1.5	1.4
EV/EBITDA	4.3	4.5	10.8	9.9	9.4
Ratios (%)					
ROE	8.4	10.8	8.5	10.1	10.1
ROA	4.4	6.1	4.7	5.5	5.5
ROIC	7.4	9.7	8.9	10.7	10.4
Payout ratio	21.0	30.1	28.2	26.3	28.0
Dividend yield (common)	3.1	5.2	1.9	1.8	2.0
Net debt to equity	14.7	21.8	21.1	30.1	27.5
Interest coverage (x)	5.8	8.6	7.9	9.8	10.6

Note: *Excluding one-off items;
**Fully diluted, excluding one-off items;
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

COMPANY UPDATE

2026. 1. 22

Scan to go to
Research Center report database

Industrial Team

Jaeseung Baek
Senior Analyst
jaeseung.baek@samsung.com

Seah Besteel Holdings (001430)

Lifting earnings and valuation via expanded aerospace exposure

- Following news of SpaceX's potential IPO, Seah Besteel Holdings' share price surged, driven by expectations of early profitability from Seah Changwon Special Steel's special alloy plant (under construction in the US).
- The company's growing exposure to the aerospace sector should remain intact over the medium-to-long term through: 1) the new special alloy plant; and 2) capacity expansion at sub-subsidiary Seah Aerospace & Defense.
- Additional positives include the potential imposition of anti-dumping duties on imported special steel bars and the possibility of a boom in Korea's used-nuclear-fuel dry storage cask market. We raise our target price for the stock to reflect the value of the new US plant.

AT A GLANCE

BUY

Target price	KRW78,500	2.6%
Current price	**KRW76,500**	
Market cap	KRW2.7t/USD1.8b	
Shares (float)	35,862,119 (35.3%)	
52-week high/low	KRW76,500/KRW15,140	
Avg daily trading value (60-day)	KRW21.9b/ USD14.9m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Seah Besteel Holdings (%)	74.1	123.7	294.7
Vs Kospi (%pts)	42.5	46.3	102.4

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	78,500	38,000	106.6%
2025E EPS	1,540	1,625	-5.2%
2026E EPS	2,849	2,810	1.4%

SAMSUNG vs THE STREET

No of estimates	12
Target price	44,917
Recommendation	4.0

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

WHAT'S THE STORY?

Factors that could lead to improved performance in 2026: We expect Seah Besteel Holdings to 4Q25 results that show consolidated sales of KRW923.4b (down 0.3% q-q) and operating profit of KRW19.3b (down 28.2% q-q), the latter missing consensus by 20%. While an ongoing market recovery remains modest—and earnings improvement is not yet meaningful—there is growing optimism for 2026. The potential imposition of anti-dumping duties on Chinese-made specialty steel bar imports in 1H, along with recent discussions about nickel mining quota cuts in Indonesia—which have already pushed nickel prices higher—could pave the way for price increases in Seah Changwon Special Steel's STS products. If these developments materialize, they would bring meaningful improvement to the company's core business performance in 2026.

(Continued on the next page)

SUMMARY FINANCIAL DATA

(KRWb)	2024	2025E	2026E	2027E
Revenue	3,636	3,714	3,925	4,048
Operating profit	52	109	171	228
Net profit (adj)	20	67	102	144
EPS (adj) (KRW)	1,061	1,540	2,849	4,013
EPS (adj) growth (% y-y)	-70.8	45.2	85.0	40.9
EBITDA margin (%)	4.7	5.8	7.1	8.4
ROE (%)	1.0	3.4	5.2	7.0
P/E (adj) (x)	35.0	43.6	23.6	16.7
P/B (x)	0.4	1.2	1.2	1.2
EV/EBITDA (x)	9.3	14.2	11.1	9.2
Dividend yield (%)	6.1	2.4	1.8	1.8

Source: Company data, Samsung Securities estimates

Raising target price to reflect value of new special alloy plant in US: Seah Besteel Holdings' shares have rallied since end-2025 on the news of SpaceX's potential IPO came. In short, the market is increasingly reflecting the value of subsidiary Seah Changwon Special Steel's special alloy plant in the US (under construction and set for completion by mid-2026; likely to have the capacity to produce 6,000 tonnes of nickel alloy annually). Although the new plant should begin commercial production no sooner than 2027, considering the growing expectations for structural growth in the aerospace sector, our target price calculation now reflects the value of the new plant (which we put at around KRW1.08t, assuming annual net profit of KRW49b and a target P/E multiple of 22x, a 30% discount to global peer average). Moreover, we raise our target P/B multiple for the company's existing business to 0.8x to account for the possible imposition of anti-dumping duties on imported special steel bars in 1H and the possibility of a boom in the domestic cask market. Accordingly, our target price moves substantially higher to KRW78,500, and we reiterate our BUY rating on the stock. Particularly positive for the stock is that the positive momentum surrounding it is largely based on the firm's manufacturing competitiveness.

Seah Besteel Holdings: Results and forecasts (consolidated)

(KRWb)	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025E	2026E
Sales	899.9	964.5	925.9	923.4	949.8	1,041.9	975.6	958.2	3,636.1	3,713.7	3,925.5
Parent company	498.3	541.6	496.6	487.0	484.8	539.8	499.4	500.3	2,024.9	2,023.6	2,024.3
Subsidiary	401.6	422.9	429.3	436.4	465.0	502.1	476.2	457.8	1,611.1	1,690.1	1,901.2
Gross profit	74.9	95.0	77.9	62.9	80.1	98.9	82.2	85.1	258.0	310.6	346.3
Parent company	34.1	51.3	32.4	32.8	40.3	54.6	45.8	52.8	153.7	150.7	193.5
Subsidiary	40.8	43.7	45.4	30.0	39.8	44.3	36.4	32.3	104.3	159.9	152.8
Operating profit	18.1	44.5	27.0	19.3	36.4	54.8	39.3	40.9	52.3	108.9	171.3
Parent company	5.2	22.0	4.6	4.0	10.6	24.6	17.2	23.3	41.6	35.8	75.7
Subsidiary	12.9	22.5	22.4	15.3	25.8	30.2	22.1	17.6	10.7	73.1	95.7
Pre-tax profit	8.9	24.4	46.3	11.8	29.0	47.0	31.4	33.5	23.2	91.4	140.9
Parent company	0.5	19.8	-2.7	-3.3	7.5	19.4	12.4	18.6	12.7	14.3	57.8
Subsidiary	8.4	4.6	49.0	15.1	21.6	27.5	19.0	15.0	10.5	77.1	83.1
Net profit	6.0	18.2	33.9	8.6	21.0	34.1	22.8	24.3	20.3	66.6	102.2
Parent company	1.9	10.7	17.1	-2.4	5.6	14.6	9.3	13.9	29.8	27.2	43.4
Subsidiary	4.1	7.5	16.8	11.0	15.4	19.5	13.5	10.4	-9.5	39.4	58.8
Net profit (controlling interests)	6.1	17.9	33.7	8.6	21.0	34.1	22.8	24.3	20.2	66.2	102.2
Chg (% y-y)											
Sales	-5.6	-0.6	4.8	11.3	5.5	8.0	5.4	3.8	-11.0	2.1	5.7
Parent company	-9.3	-1.9	4.8	8.4	-2.7	-0.3	0.6	2.7	-12.4	-0.1	0.0
Subsidiary	-0.5	1.2	4.8	14.8	15.8	18.7	10.9	4.9	-9.1	4.9	12.5
Operating profit	-14.9	-30.1	10.4	n/a	100.9	23.1	45.8	111.4	-73.4	108.1	57.3
Parent company	-8.6	-50.4	-65.4	n/a	104.1	11.6	277.4	478.9	-62.5	-14.0	111.4
Subsidiary	-17.2	16.5	99.3	n/a	99.5	34.4	-1.4	15.1	-87.5	581.3	30.9
Net profit	-62.6	-61.0	197.9	n/a	250.4	87.3	-32.8	183.5	-83.9	228.7	53.3
Parent company	-64.7	-68.8	201.5	n/a	200.4	36.1	n/a	n/a	-63.8	-8.7	59.5
Subsidiary	n/a	-39.4	194.3	n/a	n/a	160.7	-19.7	-5.7	n/a	n/a	49.1
Net profit (controlling interests)	-62.2	-61.6	200.7	n/a	245.1	90.4	-32.4	183.5	-84.2	227.4	54.2
Margins (%)											
Operating profit	2.0	4.6	2.9	2.1	3.8	5.3	4.0	4.3	1.4	2.9	4.4
Parent company	1.0	4.1	0.9	0.8	2.2	4.6	3.4	4.6	2.1	1.8	3.7
Subsidiary	3.2	5.3	5.2	3.5	5.5	6.0	4.6	3.9	0.7	4.3	5.0
Net profit	0.7	1.9	3.7	0.9	2.2	3.3	2.3	2.5	0.6	1.8	2.6
Parent company	0.4	2.0	3.4	-0.5	1.2	2.7	1.9	2.8	1.5	1.3	2.1
Subsidiary	1.0	1.8	3.9	2.5	3.3	3.9	2.8	2.3	-0.6	2.3	3.1
Net profit (controlling interests)	0.7	1.9	3.6	0.9	2.2	3.3	2.3	2.5	0.6	1.8	2.6

Source: Company data, Samsung Securities estimates

Seah Besteel Holdings: P/B valuation

(KRWb)	
Total enterprise value	2,816.9
Core business value	1,739.2
2026E book value	2,066.5
Target P/B (x)*	0.8
US specialty alloy plant value	1,077.7
Share outstanding	35,862,119
Target price (KRW)	**78,500**

Note: *Reflects a 20% premium to average P/B over 2013-2015, when ROE was in an uptrend
Source: Samsung Securities estimates

Seah Besteel Holdings: Estimated impact of anti-dumping duties on carbon alloy steel imports in 2026

(KRWb)	2026E	Effect of duties*	Chg (% y-y)
Sales	**3,925.5**	**4,055.7**	**3.3**
Carbon alloy steel	1,302.1	1,432.3	10.0
Carbon alloy steel sales volume	1,099.7	1,099.7	0.0
Carbon alloy steel sales prices*	1,184.0	1,302.4	10.0
Operating profit	**171.3**	**301.6**	**76.0**
Non-operating gains (losses)	(30.4)	(30.4)	0.0
Pre-tax profit	140.9	271.1	92.4
Net profit	**102.2**	**196.6**	**92.4**
Net profit (controlling interests)	102.2	196.6	92.4

Note: *Reflecting domestic price rises of 10% in month after the imposition of preliminary anti-dumping duties on Chinese plates;
**Estimated ROE at 9.3%, reflecting impact of anti-dumping duties
Source: Samsung Securities estimates

Global Peer valuations (2026E)

2026E valuation (x)	P/E	P/B	ROE (%)	EV/EBITDA	Operating margin (%)
Seah Besteel Holdings	**23.6**	**1.2**	**5.2**	**11.1**	**4.4**
Carpenter Technology	31.6	7.1	23.1	19.5	28.7
ATI	31.9	8.1	27.0	18.7	22.2
Global peer average	**31.7**	**7.6**	**25.0**	**19.1**	**25.4**

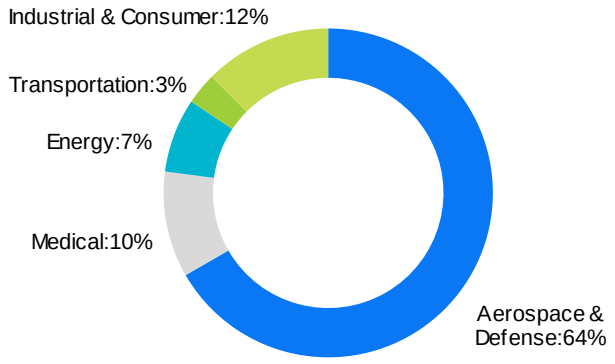
Note: Defense 2025-2027E operating profit CAGR of 25.2%, trading at 51.1% discount to K-defense peers
Source: Bloomberg, Samsung Securities estimates

US specialty alloy plant (SST) valuation

(KRWb)	
Sales	300
Price* (KRW'000/tonne)	50,000
Quantity (tonnes)	6,000
Operating profit	61
Operating margin** (%)	20
Net profit	49
Target ~~P/B~~ P/E* (x)**	**22**
Value	**1,078**

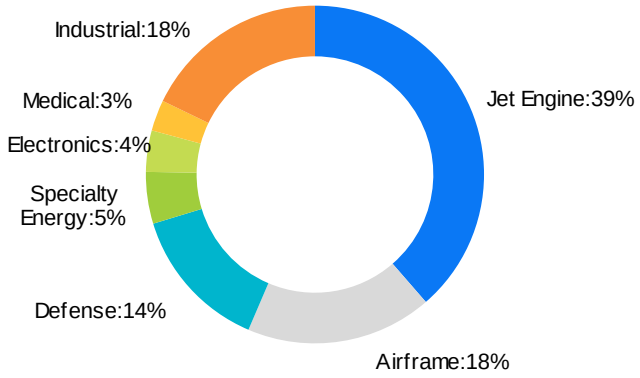
Note: *As nickel alloy ASP ranges from KRW20m/tonne to KRW100m/tonne, we assume an ASP of KRW50m
**Assumes full utilization and global peer average operating margin
***30% discount to global peer average
Source: Bloomberg, Samsung Securities estimates

Carpenter Technology: Revenue breakdown, by end market



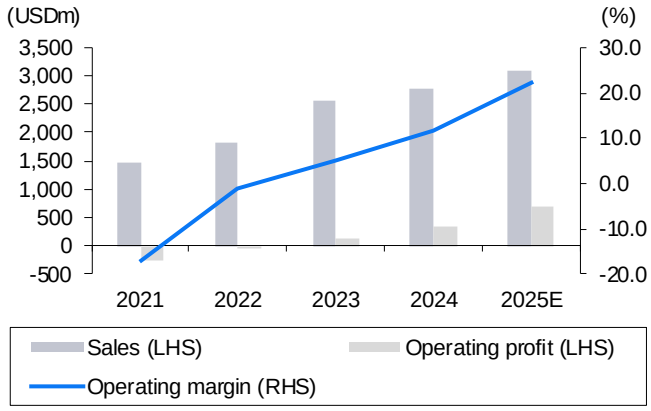
Source: Company data, Samsung Securities

ATI: Revenue breakdown, by end market



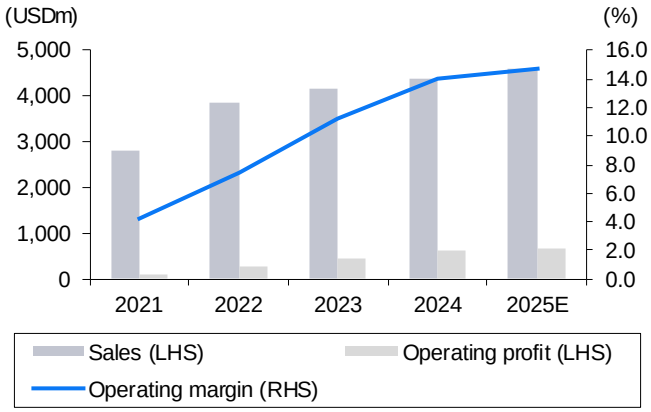
Source: Company data, Samsung Securities

Carpenter Technology: Sales and operating profit



Source: Bloomberg, Samsung Securities

ATI: Sales and operating profit



Source: Bloomberg, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**4,083**	**3,636**	**3,714**	**3,925**	**4,048**
Cost of goods sold	3,677	3,378	3,403	3,579	3,654
Gross profit	**406**	**258**	**311**	**346**	**394**
Gross margin (%)	9.9	7.1	8.4	8.8	9.7
SG&A expenses	209	206	202	175	166
Operating profit	**197**	**52**	**109**	**171**	**228**
Operating margin (%)	4.8	1.4	2.9	4.4	5.6
Non-operating gains (losses)	**-41**	**-29**	**-18**	**-30**	**-30**
Financial profit	41	83	33	6	6
Financial costs	74	84	69	36	35
Equity-method gains (losses)	-7	-4	-2	0	0
Other	-1	-25	20	0	-0
Pre-tax profit	**155**	**23**	**91**	**141**	**199**
Taxes	29	3	25	39	55
Effective tax rate (%)	18.9	12.7	27.1	27.5	27.5
Profit from continuing operations	126	20	67	102	144
Profit from discontinued operations	0	0	0	0	0
Net profit	**126**	**20**	**67**	**102**	**144**
Net margin (%)	3.1	0.6	1.8	2.6	3.6
Net profit (controlling interests)	128	20	66	102	144
Net profit (non-controlling interests)	-2	0	0	0	0
EBITDA	302	169	217	279	338
EBITDA margin (%)	7.4	4.7	5.8	7.1	8.4
EPS (parent-based) (KRW)	3,639	564	1,540	2,849	4,013
EPS (consolidated) (KRW)	3,576	565	1,847	2,849	4,013
Adjusted EPS (KRW)*	3,639	1,061	1,540	2,849	4,013

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**1,664**	**1,713**	**1,819**	**1,937**	**2,072**
Cash & equivalents	97	264	247	248	283
Accounts receivable	424	396	466	502	543
Inventories	1,105	970	1,020	1,100	1,157
Other current assets	38	83	86	87	89
Fixed assets	**2,001**	**2,114**	**2,129**	**2,138**	**2,156**
Investment assets	143	192	357	364	371
Tangible assets	1,652	1,683	1,687	1,693	1,703
Intangible assets	51	77	77	77	77
Other long-term assets	155	161	7	4	5
Total assets	**3,665**	**3,827**	**3,948**	**4,075**	**4,228**
Current liabilities	**749**	**1,137**	**1,203**	**1,279**	**1,338**
Accounts payable	269	230	256	284	302
Short-term debt	123	142	142	142	142
Other current liabilities	357	765	806	852	894
Long-term liabilities	**877**	**658**	**702**	**690**	**679**
Bonds & long-term debt	613	490	491	491	491
Other long-term liabilities	264	168	211	199	187
Total liabilities	**1,626**	**1,795**	**1,905**	**1,969**	**2,017**
Owners of parent equity	**1,955**	**1,940**	**1,950**	**2,014**	**2,119**
Capital stock	219	219	219	219	219
Capital surplus	306	306	306	306	306
Retained earnings	1,290	1,264	1,292	1,355	1,461
Other	141	151	134	134	134
Non-controlling interests' equity	**84**	**92**	**92**	**92**	**92**
Total equity	**2,039**	**2,031**	**2,042**	**2,106**	**2,211**
Net debt	805	772	788	787	752

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**0**	**0**	**227**	**256**	**300**
Net profit	126	20	67	102	144
Non-cash profit and expenses	233	243	257	238	241
Depreciation	103	113	106	107	109
Amortization	2	4	2	1	1
Other	127	126	149	130	131
Changes in A/L from operating activities	-54	137	-97	-84	-85
Cash flow from investments	**-146**	**-248**	**-209**	**-221**	**-231**
Change in tangible assets	-93	-165	-172	-184	-194
Change in financial assets	3	-21	-13	-13	-13
Other	-56	-63	-24	-24	-24
Cash flow from financing	**-123**	**91**	**-40**	**-40**	**-40**
Change in debt	-85	150	0	0	0
Change in equity	-0	0	0	0	0
Dividends	-38	-37	0	0	0
Other	-1	-22	-40	-40	-40
Change in cash	-40	166	-16	1	35
Cash at beginning of year	137	97	264	247	248
Cash at end of year	97	264	247	248	283
Gross cash flow	**359**	**263**	**324**	**340**	**385**
Free cash flow	**0**	**0**	**39**	**57**	**95**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	-6.9	-11.0	2.1	5.7	3.1
Operating profit	53.8	-73.4	108.1	57.3	33.2
Net profit	42.7	-83.9	228.7	53.3	40.9
Adjusted EPS**	19.0	-70.8	45.2	85.0	40.9
Per-share data (KRW)					
EPS (parent-based)	3,639	564	1,540	2,849	4,013
EPS (consolidated)	3,576	565	1,847	2,849	4,013
Adjusted EPS**	3,639	1,061	1,540	2,849	4,013
BVPS	55,920	56,751	54,235	55,269	57,625
DPS (common)	1,200	1,200	1,200	1,200	1,200
Valuations (x)					
P/E***	6.8	35.0	43.6	23.6	16.7
P/B***	0.4	0.4	1.2	1.2	1.2
EV/EBITDA	5.9	9.3	14.2	11.1	9.2
Ratios (%)					
ROE	6.7	1.0	3.4	5.2	7.0
ROA	3.4	0.5	1.7	2.5	3.5
ROIC	5.6	1.6	3.0	4.8	6.4
Payout ratio	30.0	190.4	58.2	37.7	26.8
Dividend yield (common)	4.8	6.1	2.4	1.8	1.8
Net debt to equity	39.5	38.0	38.6	37.4	34.0
Interest coverage (x)	6.0	1.5	2.6	4.7	6.5

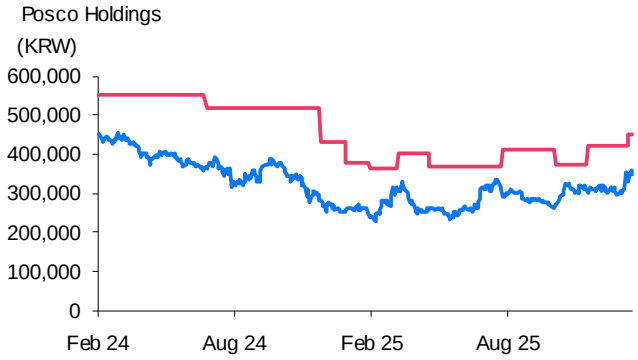
Note: *Excluding one-off items;
**Fully diluted, excluding one-off items;
***From companies subject to equity-method valuation

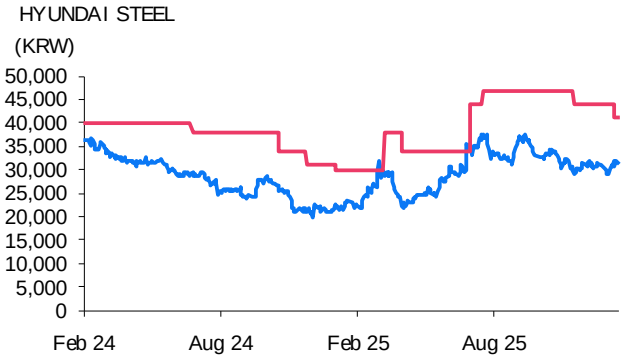
Source: Company data, Samsung Securities estimates

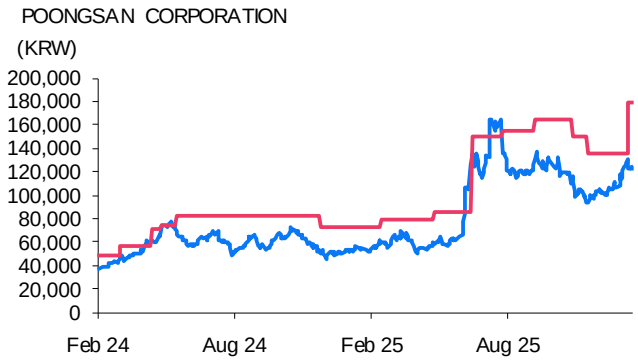
Compliance notice

- As of 1/21 2026, the covering analyst(s) did not own any shares, or debt instruments convertible into shares, of any company covered in this report.
- As of 1/21 2026, Samsung Securities' holdings of shares and debt instruments convertible into shares of each company covered in this report would not, if such debt instruments were converted, exceed 1% of each company's outstanding shares.
- This report has been prepared without any undue external influence or interference, and accurately reflects the views of the analyst(s) covering the company or companies herein.
- All material presented in this report, unless specifically indicated otherwise, is under copyright to Samsung Securities.
- Neither the material nor its content (including copies) may be altered in any form, or by any means transmitted, copied, or distributed to another party, without prior express written permission from Samsung Securities.
- This memorandum is based upon information available to the public. While we have taken all reasonable care to ensure its reliability, we do not guarantee its accuracy or completeness. This memorandum is not intended to be an offer, or a solicitation of any offer, to buy or sell the securities mentioned herein. Samsung Securities shall not be liable whatsoever for any loss, direct or consequential, arising from the use of this memorandum or its contents. Statements made regarding affiliates of Samsung Securities are also based upon publicly available information and do not necessarily represent the views of management at such affiliates.
- This material has not been distributed to institutional investors or other third parties prior to its publication.

Target price changes in past two years







Rating changes over past two years (adjusted share prices)

Posco Holdings												
Date	2024/1/3	2/1	7/1	12/2	2025/1/3	2/4	3/14	4/25	8/1	10/13	11/24	2026/1/16
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	580000	550000	520000	430000	380000	365000	400000	370000	410000	375000	420000	450000
Gap* (average)	-25.38	-25.99	-33.75	-38.55	-31.43	-26.15	-30.72	-25.24	-29.73	-17.87	-25.64	
(max or min)**	-17.24	-16.73	-24.62	-35.93	-28.68	-13.15	-17.00	-9.46	-24.63	-12.80	-16.07	

Hyundai Steel												
Date	2024/1/10	1/31	7/1	10/25	12/2	2025/1/9	3/14	4/8	7/8	7/24	11/24	2026/1/16
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	42000	40000	38000	34000	31000	30000	38000	34000	44000	47000	44000	41000
Gap* (average)	-21.75	-19.57	-29.71	-32.37	-30.44	-18.38	-29.88	-21.00	-19.98	-28.39	-30.38	
(max or min)**	-15.00	-7.50	-22.76	-24.41	-26.77	6.17	-22.37	4.56	-14.89	-20.00	-27.05	

Poongsan												
Date	2023/9/26	2024/3/8	4/19	5/2	5/22	12/2	2025/2/20	5/2	6/23	8/1	9/15	11/3
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	48000	57000	72000	75000	82000	73000	80000	85000	150000	155000	165000	151000
Gap* (average)	-21.76	-9.81	-13.81	-1.18	-25.26	-27.48	-25.43	-13.70	-5.09	-21.59	-24.93	-32.49
(max or min)**	-3.96	8.07	-7.08	3.07	-12.07	-16.44	-13.25	48.82	10.00	-12.58	-16.48	-26.49
Date	11/24	2026/1/16										
Recommendation	BUY	BUY										
Target price (KRW)	135000	180000										
Gap* (average)	-20.72											
(max or min)**	-2.89											

Seah Besteel Holdings										
Date	2024/1/10	2/6	7/1	8/1	12/2	2025/2/12	6/5	7/11	7/31	2026/1/16
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	28000	26500	25500	27500	28500	23500	28000	37000	38000	78500
Gap* (average)	-23.49	-14.11	-21.83	-26.25	-31.15	-20.15	-0.22	-10.24	-14.23	
(max or min)**	-18.21	-0.75	-17.65	-10.91	-20.88	-0.43	19.46	-7.16	81.05	

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

Samsung Securities uses the following investment ratings*

Company

BUY	Expected to increase in value by 15% or more within 12 months and is highly attractive within sector
HOLD	Expected to increase/decrease in value by less than 15% within 12 months
SELL	Expected to decrease in value by 15% or more within 12 months

Industry

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
NEUTRAL	Expected to outperform/underperform market by less than 5% within 12 months
UNDERWEIGHT	Expected to underperform market by 5% or more within 12 months

* Note: Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

Percentage of ratings in 12 months prior to 2025.12.31

BUY (85.8%)·HOLD (14.2%)·SELL (0%)

Global Disclosures & Disclaimers

General

This research report is for information purposes only. It is not and should not be construed as an offer or solicitation of an offer to purchase or sell any securities or other financial instruments or to participate in any trading strategy. This report does not provide individually tailored investment advice. This report does not take into account individual client circumstances, objectives, or needs and is not intended as recommendations of particular securities, financial instruments or strategies to any particular client. The securities and other financial instruments discussed in this report may not be suitable for all investors. The recipient of this report must make its own independent decisions regarding any securities or financial instruments mentioned herein and investors should seek the advice of a financial adviser.

This report may not be altered, reproduced, distributed, transmitted or published in whole or in part for any purpose. References to "Samsung Securities" are references to any company in the Samsung Securities, Co., Ltd. group of companies.

Samsung Securities and/or other affiliated companies, its and their directors, officers, representatives, or employees may have long or short positions in any of the securities or other financial instruments mentioned in this report or of issuers described herein and may purchase and/or sell, or offer to purchase and/or sell, at any time, such securities or other financial instruments in the open market or otherwise, as either a principal or agent. Any pricing of securities or other financial instrument contained herein is as of the close of market for such day, unless otherwise stated. Opinions and estimates contained herein constitute our judgment as of the date of this report and are subject to change without notice.

The information provided in this report is provided "AS IS". Although the information contained herein has been obtained from sources believed to be reliable, no representation or warranty, either expressed or implied, is provided by Samsung Securities in relation to the accuracy, completeness or reliability of such information or that such information was provided for any particular purpose and Samsung Securities expressly disclaims any warranties of merchantability or fitness for a particular purpose. Furthermore, this report is not intended to be a complete statement or summary of the securities, markets or developments referred to herein.

Samsung Securities does not undertake that investors will obtain any profits, nor will it share with investors any investment profits. Samsung Securities, its affiliates, or any of its and their affiliates, directors, officers, employees or agents disclaim any and all responsibility or liability whatsoever for any loss (direct or consequential) or damage arising out of the use of all or any part of this report or its contents or otherwise arising in connection therewith. Information and opinions contained herein are subject to change without notice. Past performance is not indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned in this report. For investment advice, trade execution or other enquiries, clients should contact their local sales representative. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of Samsung Securities. Any analysis contained herein is based on numerous assumptions. Different assumptions may result in materially different results. Samsung Securities is under no obligation to update or keep current the information contained herein. Samsung Securities relies on information barriers to control the flow of information contained in one or more areas or groups within Samsung Securities into other areas or groups of Samsung Securities. Any prices stated in this report are for information purposes only and do not represent valuations for individual securities or other financial instruments. Samsung Securities makes no representation that any transaction can or could have been effected at those prices and any prices contained herein may not reflect Samsung Securities' internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by Samsung Securities or any other source may yield substantially different results. Additional information is available upon request.

For reports to be distributed to US:

Securities research is prepared, issued and exclusively distributed by Samsung Securities Co., Ltd., an organization licensed with the Financial Supervisory Service of South Korea. This research may be distributed in the United States only to major institutional investors as defined in Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended, and may not be circulated to any other person otherwise. All transactions by U.S. investors involving securities discussed in this report must be effected through Samsung Securities (America) Inc., a broker-dealer registered with the U.S. Securities & Exchange Commission and a member of the Financial Industry Regulatory Authority/SIPC, and not through any non-U.S. affiliate thereof. The analysts listed [on the front of this report] are employees of Samsung Securities Co., Ltd., or a non-U.S. affiliate thereof, and are not registered/qualified as research analysts under applicable U.S. rules and regulations and may not be subject to U.S. restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account.

For reports to be distributed to UK:

This report is not an invitation nor is it intended to be an inducement to engage in investment activity for the purpose of section 21 of the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA"). To the extent that this report does constitute such an invitation or inducement, it is directed only at (i) persons who are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as amended) of the United Kingdom (the "Financial Promotion Order"); (ii) persons who fall within Articles 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order; and (iii) any other persons to whom this report can, for the purposes of section 21 of FSMA, otherwise lawfully be made (all such persons together being referred to as "relevant persons").

Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons. Persons who are not relevant persons must not act or rely on this report.

For reports to be distributed to Korea:

This report is for private circulation only, not for sale, and is issued and distributed only to persons permitted under the laws and regulations of Korea.

For reports to be distributed to Singapore:

This report is provided pursuant to the financial advisory licensing exemption under Regulation 27(1)(e) of the Financial Advisers Regulation of Singapore and accordingly may only be provided to persons in Singapore who are "institutional investors" as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore. This report is intended only for the person to whom Samsung Securities has provided this report and such person may not send, forward or transmit in any way this report or any copy of this report to any other person.

Analyst certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of such analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research report. The analyst(s) principally responsible for the preparation of this research report receives compensation based on determination by research management and senior management (not including investment banking), based on the overall revenues, including investment banking revenues of Samsung Securities Co., Ltd. and its related entities and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

Copyright © 2010 Samsung Securities Co., Ltd.. All rights reserved. This report or any portion hereof may not be reprinted, sold or redistributed without the prior written consent of Samsung Securities America Inc

Samsung Securities

SAMSUNG SECURITIES

Samsung Electronics Bldg., 11, 74-gil,
Seochodae-ro, Seocho-gu, Seoul, Korea 06620
Tel: 02 2020 8000 / www.samsungpop.com

Family Center: 1588 2323

Voice Of Customer: 080 911 0900

For more information,
please call our sales representatives:

LONDON

Samsung Securities Europe Limited
1st Floor, 30 Gresham Street, London EC2V 7PG UK
Tel. 44-207-776-4311
Fax. 44-203-837-9219

NEW YORK

Samsung Securities America Limited
1330 Avenue of the Americas. 10th Floor. New York,
NY 10019
Tel: 1-212-972-2454
Fax: 1-212-972-2704

HONG KONG

Samsung Securities (Asia) Limited
Suite 4511, Two International Finance Center,
8 Finance Street, Central, Hong Kong
Tel: 852-3411-3608
Fax: 852-2114-0290

BEIJING

Samsung Securities Beijing Representative Office
Rm. 910, The Exchange Building No 118 JianGuo Lu, Chao Yang District, Beijing, China
Tel: 86-10-6522-1855 (extension 7891)
Fax: 86-10-6522-1855 (extension 7889)

TOKYO

Samsung Securities Tokyo Representative Office
#106-8532 19F, Roppongi T-Cube 3-1-1,
Roppongi Minato-ku Tokyo, Japan
Tel: 81-3-6333-2952
Fax: 81-3-6333-2953

Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA