COMPANY UPDATE

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Industrial Team

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Poongsan (103140)

Soft guidance, but valuation remains attractive

- Poongsan reported a 4Q25 consolidated operating profit of KRW91.5b, in line with consensus.
- While the profitability of the defense business fell somewhat short of expectations, the copper processing business did well, buoyed by rising copper prices.
- Although the export portion of the company's 2026 defense sales guidance is rather modest, we expect the overall operating environment to remain favorable.

WHAT'S THE STORY?

4Q operating profit in line with expectations: Poongsan's 4Q25 consolidated sales and operating profit rose 21% and 115% q-q, respectively, to KRW1.4t and KRW91.5b—the latter meeting consensus. Although its defense business proved somewhat less profitable than anticipated, its copper processing business (parent basis) and subsidiaries PMX and Poongsan FNS put in stronger results, buoyed by rising copper prices. Net profit significantly missed consensus, due to an increase in corporate taxes resulting from deferred tax asset adjustments at PMX, but this factor is considered a one-off. Given the recent surge in copper prices, copper processing should offer sharply higher margins in 1Q26, supporting a positive short-term earnings momentum.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW167,000	49.6%
Current price	KRW111,600	
Market cap	KRW3.1t/USD2.1b	
Shares (float)	28,024,278 (59.4%)	
52-week high/low	KRW165,000/KRW50,200	
Avg daily trading value (60-day)	KRW31.1b/ USD21.4m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
POONGSAN CORPORATION (%)	-7.7	-7.3	103.3
Vs Kospi (%pts)	-20.9	-44.5	-3.6

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	167,000	180,000	-7.2%
2025E EPS	6,285	6,854	-8.3%
2026E EPS	8,644	8,756	-1.3%

SAMSUNG vs THE STREET

No of estimates	13
Target price	160,846
Recommendation	3.9

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

SUMMARY 4Q RESULTS

(KRWb)	4Q25	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	1,424.5	16.0	21.3	-1.8	-3.5
Operating profit	91.5	170.2	114.9	0.7	-0.5
Pre-tax profit	59.6	11.2	46.4	-26.3	-29.9
Net profit	8.8	-78.2	-73.0	-85.5	-86.1
Margins (%)					
Operating profit	6.4				
Pre-tax profit	4.2				
Net profit	0.6				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2024	2025E	2026E
Valuations (x)			
P/E	5.9	16.9	12.9
P/B	0.6	1.3	1.3
EV/EBITDA	4.5	9.0	8.2
Div yield (%)	5.2	1.6	2.4
EPS growth (% y-y)	41.1	-21.6	37.5
ROE (%)	10.8	7.9	10.2
Per-share data (KRW)			
EPS	8,019	6,285	8,644
BVPS	74,315	79,837	84,656
DPS	2,600	1,700	2,700

Maintaining BUY: Guidance has 2026 parent-based sales and pre-tax profit rising 11.5% and 49.4% y-y to KRW4.3t and KRW280b, respectively, with defense exports and domestic sales expanding a respective 1.6% and 28.3% y-y to KRW574.8b and KRW797.2b. The domestic portion of defense sales is projected to remain larger in 2026 (as in 2025), due to demand for domestic stockpiling of large-caliber artillery shells and the steady increase in domestic supply of extended-range ammunition. The company anticipates defense exports to increase substantially starting 2028 when domestic inventory buildup plateaus. The potential defense business mix this year necessitates some adjustment to profitability expectations. Yet, with the stronger-than-expected rise in copper prices likely to boost short-term profitability in the copper business and drive earnings improvement at subsidiaries, we leave our 2026 earnings forecasts largely unchanged. We cut our SOTP-based target price by 7% to KRW167,000 to reflect our updated estimates for divisional earnings and changes in peer multiple, but as shares are trading at a 55% discount to the K-defense sector average, we maintain our BUY recommendation.

Poongsan: Results and forecasts (parent basis)

(KRWb)	1Q25	2Q25	3Q25	4Q25P	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025P	2026E
Sales	**826.4**	**1,014.0**	**871.4**	**1,137.3**	**1,032.4**	**1,203.6**	**1,036.2**	**1,250.6**	**3,502.6**	**3,849.1**	**4,522.7**
Copper business	620.5	666.2	642.1	721.7	793.9	813.1	775.2	768.6	2,313.7	2,650.6	3,150.9
Defense business	205.9	347.8	229.3	415.6	238.4	390.5	261.0	482.0	1,188.9	1,198.5	1,371.8
Exports	422.1	570.7	473.2	599.8	515.8	653.1	545.5	626.9	2,026.7	2,065.7	2,341.2
Copper business	336.8	372.0	359.9	430.6	428.8	450.4	429.9	454.3	1,315.7	1,499.2	1,763.4
Defense business	85.3	198.7	113.3	169.2	87.0	202.7	115.6	172.6	711.0	566.5	577.8
Domestic	404.3	443.3	398.2	537.6	516.6	550.5	490.7	623.6	1,475.9	1,783.4	2,181.5
Copper business	283.7	294.2	282.2	291.1	365.2	362.7	345.3	314.3	998.0	1,151.4	1,387.5
Defense business	120.6	149.1	116.0	246.4	151.4	187.8	145.4	309.4	477.9	632.0	794.0
Gross profit	82.8	128.3	86.0	133.6	119.0	121.0	105.5	127.6	501.9	430.7	473.1
Operating profit	**44.7**	**88.0**	**42.4**	**72.0**	**79.5**	**87.6**	**60.4**	**65.3**	**314.1**	**247.2**	**292.9**
Pre-tax profit	50.6	74.9	41.5	20.3	72.3	79.5	52.8	58.6	317.5	187.4	263.2
Net profit	**41.6**	**64.2**	**32.6**	**9.1**	**54.9**	**60.4**	**40.1**	**44.5**	**235.6**	**147.4**	**200.0**
Chg (% y-y)											
Sales	**15.6**	**3.7**	**5.0**	**16.0**	**24.9**	**18.7**	**18.9**	**10.0**	**13.0**	**9.9**	**17.5**
Copper business	15.3	4.6	15.6	23.8	27.9	22.1	20.7	6.5	10.1	14.6	18.9
Defense business	16.5	2.1	-16.4	4.5	15.8	12.3	13.8	16.0	19.0	0.8	14.5
Exports	7.2	-2.7	-2.7	7.1	22.2	14.4	15.3	4.5	24.8	1.9	13.3
Copper business	12.8	3.4	12.8	27.2	27.3	21.1	19.5	5.5	16.2	13.9	17.6
Defense business	-10.4	-12.3	-32.4	-23.7	2.0	2.0	2.0	2.0	44.5	-20.3	2.0
Domestic	25.8	13.3	16.0	28.0	27.8	24.2	23.2	16.0	-0.0	20.8	22.3
Copper business	18.3	6.1	19.3	19.2	28.7	23.3	22.3	7.9	3.0	15.4	20.5
Defense business	48.0	30.8	8.8	40.1	25.6	26.0	25.4	25.6	-5.7	32.2	25.6
Gross profit	17.7	-28.3	-22.5	-5.7	43.6	-5.7	22.7	-4.5	51.7	-14.2	9.8
Operating profit	27.0	-37.6	-40.0	7.1	77.8	-0.4	42.4	-9.3	65.0	-21.3	18.5
Pre-tax profit	9.5	-50.1	-34.5	-64.9	42.7	6.1	27.3	188.4	66.0	-41.0	40.5
Net profit	12.6	-42.3	-31.6	-77.2	32.2	-5.9	23.1	391.1	50.7	-37.4	35.7
Margins (%)											
Gross profit	10.0	12.7	9.9	11.7	11.5	10.1	10.2	10.2	14.3	11.2	10.5
Operating profit	5.4	8.7	4.9	6.3	7.7	7.3	5.8	5.2	9.0	6.4	6.5
Pre-tax profit	6.1	7.4	4.8	1.8	7.0	6.6	5.1	4.7	9.1	4.9	5.8
Net profit	5.0	6.3	3.7	0.8	5.3	5.0	3.9	3.6	6.7	3.8	4.4

Source: Company data, Samsung Securities estimates

Poongsan: Results and forecasts (consolidated)

(KRWb)	1Q25	2Q25	3Q25	4Q25P	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025P	2026E
Sales	**1,155.9**	**1,294.0**	**1,174.2**	**1,424.5**	**1,323.3**	**1,494.6**	**1,319.2**	**1,534.2**	**4,554.4**	**5,048.6**	**5,671.2**
Parent	826.4	1,014.0	871.4	1,137.3	1,032.4	1,203.6	1,036.2	1,250.6	3,502.6	3,849.1	4,522.7
Subsidiaries	329.5	280.0	302.8	287.2	290.9	291.0	283.0	283.6	1,051.8	1,199.5	1,148.6
Gross profit	130.2	153.6	108.5	182.4	165.5	161.7	142.2	170.2	615.9	574.8	639.6
Parent	82.8	128.3	86.0	133.6	119.0	121.0	105.5	127.6	501.9	430.7	473.1
Subsidiaries	47.4	25.3	22.6	48.8	46.5	40.7	36.8	42.5	114.0	144.1	166.5
Operating profit	**69.7**	**93.6**	**42.6**	**91.5**	**103.3**	**100.4**	**74.0**	**77.8**	**323.8**	**297.4**	**355.6**
Parent	44.7	88.0	42.4	72.0	79.5	87.6	60.4	65.3	314.1	247.2	292.9
Subsidiaries	25.0	5.6	0.2	19.5	23.8	12.8	13.7	12.5	9.7	50.2	62.7
Pre-tax profit	57.8	77.4	40.7	59.6	94.8	91.6	65.7	70.0	318.3	235.6	322.1
Parent	50.6	74.9	41.5	20.3	72.3	79.5	52.8	58.6	317.5	187.4	263.2
Subsidiaries	7.2	2.5	-0.7	39.3	22.6	12.1	12.9	11.4	0.8	48.2	58.9
Net profit	**41.6**	**64.2**	**32.6**	**8.8**	**71.1**	**68.7**	**49.3**	**52.5**	**236.0**	**147.2**	**241.6**
Parent	41.6	64.2	32.6	9.1	54.9	60.4	40.1	44.5	235.6	147.4	200.0
Subsidiaries	0.0	0.0	-0.0	-0.2	16.2	8.3	9.2	8.0	0.5	-0.2	41.6
Net profit attributable to parent company	41.6	64.2	32.6	8.8	71.1	68.7	49.3	52.5	236.0	147.2	241.6
Chg (% y-y)											
Sales	20.0	4.9	4.0	16.0	14.5	15.5	12.4	7.7	10.4	10.9	12.3
Operating profit	28.5	-42.0	-42.7	170.2	48.2	7.3	73.8	-15.0	41.6	-8.1	19.6
Net profit	12.6	-42.3	-31.6	-78.1	71.1	7.0	51.2	494.8	50.9	-37.7	64.1
Net profit attributable to parent company	12.6	-42.3	-31.6	-78.1	71.1	7.0	51.2	494.8	50.9	-37.7	64.1
Margins (%)											
Gross profit	11.3	11.9	9.2	12.8	12.5	10.8	10.8	11.1	13.5	11.4	11.3
Operating profit	6.0	7.2	3.6	6.4	7.8	6.7	5.6	5.1	7.1	5.9	6.3
Net profit	3.6	5.0	2.8	0.6	5.4	4.6	3.7	3.4	5.2	2.9	4.3

Source: Company data, Samsung Securities estimates

Poongsan: SOTP valuation

(KRWb)	
Enterprise value	**4,666.7**
1) Defense business	3,937.9
- 2026E net profit	172.0
- Target P/E*	22.9
2) Copper business	728.8
- 2026E net profit	69.6
- Target P/E**	10.5
Outstanding shares	28,024,278
Target price (KRW)	**167,000**

Note: *Discounted 20% to peer average to reflect order structure;
**Discounted 20% to peer average to reflect business scale
Source: Bloomberg, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**4,125**	**4,554**	**5,049**	**5,671**	**5,702**
Cost of goods sold	3,684	3,938	4,474	5,032	5,036
Gross profit	**441**	**616**	**575**	**640**	**666**
Gross margin (%)	10.7	13.5	11.4	11.3	11.7
SG&A expenses	212	292	277	284	290
Operating profit	**229**	**324**	**297**	**356**	**376**
Operating margin (%)	5.5	7.1	5.9	6.3	6.6
Non-operating gains (losses)	**-28**	**-5**	**-62**	**-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	-31	-5	-5
Pre-tax profit	**201**	**318**	**236**	**322**	**344**
Taxes	45	82	88	81	86
Effective tax rate (%)	22.2	25.8	37.5	25.0	25.0
Profit from continuing operations	156	236	147	242	258
Profit from discontinued operations	0	0	0	0	0
Net profit	**156**	**236**	**147**	**242**	**258**
Net margin (%)	3.8	5.2	2.9	4.3	4.5
Net profit (controlling interests)	156	236	147	242	258
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	319	413	391	448	467
EBITDA margin (%)	7.7	9.1	7.7	7.9	8.2
EPS (parent-based) (KRW)	5,682	8,423	6,285	8,644	9,227
EPS (consolidated) (KRW)	5,582	8,423	5,251	8,620	9,201
Adjusted EPS (KRW)*	5,682	8,019	6,285	8,644	9,227

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**2,239**	**2,562**	**2,638**	**2,907**	**3,136**
Cash & equivalents	408	345	285	302	330
Accounts receivable	517	602	663	720	779
Inventories	1,227	1,459	1,533	1,707	1,846
Other current assets	87	155	157	177	181
Fixed assets	**1,421**	**1,535**	**1,595**	**1,656**	**1,717**
Investment assets	36	48	184	169	156
Tangible assets	1,183	1,309	1,383	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**	**4,233**	**4,563**	**4,853**
Current liabilities	**1,352**	**1,359**	**1,409**	**1,520**	**1,601**
Accounts payable	183	185	207	264	304
Short-term debt	328	393	393	393	393
Other current liabilities	842	780	809	863	904
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**	**1,958**	**2,093**	**2,202**
Owners of parent equity	**1,966**	**2,199**	**2,275**	**2,469**	**2,652**
Capital stock	140	140	140	140	140
Capital surplus	495	495	495	495	495
Retained earnings	1,315	1,491	1,567	1,761	1,943
Other	16	74	74	74	74
Non-controlling interests' equity	**0**	**0**	**0**	**0**	**0**
Total equity	**1,966**	**2,199**	**2,275**	**2,469**	**2,652**
Net debt	288	480	533	515	487

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**696**	**40**	**170**	**212**	**249**
Net profit	156	236	147	242	258
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	-222	-285	-264
Cash flow from investments	**-137**	**-217**	**-188**	**-182**	**-177**
Change in tangible assets	-136	-195	-172	-166	-161
Change in financial assets	8	-17	-15	-15	-15
Other	-9	-5	-0	-1	-0
Cash flow from financing	**-306**	**90**	**-67**	**-38**	**-68**
Change in debt	-302	136	-2	0	0
Change in equity	0	0	0	0	0
Dividends	-27	-33	-71	-48	-76
Other	23	-13	6	10	8
Change in cash	253	-63	-60	17	28
Cash at beginning of year	155	408	345	285	302
Cash at end of year	408	345	285	302	330
Gross cash flow	**362**	**488**	**392**	**497**	**512**
Free cash flow	**560**	**-156**	**-3**	**45**	**87**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	-5.7	10.4	10.9	12.3	0.5
Operating profit	-1.3	41.6	-8.1	19.6	5.8
Net profit	-10.7	50.9	-37.7	64.1	6.7
Adjusted EPS**	-13.6	41.1	-21.6	37.5	6.7
Per-share data (KRW)					
EPS (parent-based)	5,682	8,423	6,285	8,644	9,227
EPS (consolidated)	5,582	8,423	5,251	8,620	9,201
Adjusted EPS**	5,682	8,019	6,285	8,644	9,227
BVPS	67,945	74,315	79,837	84,656	91,366
DPS (common)	1,200	2,600	1,700	2,700	3,000
Valuations (x)					
P/E***	6.9	5.9	16.9	12.9	12.1
P/B***	0.6	0.6	1.3	1.3	1.2
EV/EBITDA	4.3	4.5	9.0	8.2	7.8
Ratios (%)					
ROE	8.4	10.8	7.9	10.2	10.2
ROA	4.4	6.1	3.5	5.5	5.5
ROIC	7.4	9.7	7.2	10.9	10.9
Payout ratio	21.0	30.1	32.4	31.3	32.6
Dividend yield (common)	3.1	5.2	1.6	2.4	2.7
Net debt to equity	14.7	21.8	23.4	20.9	18.4
Interest coverage (x)	5.8	8.6	8.0	9.7	10.5

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

Source: Company data, Samsung Securities estimates

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- As of 2/11 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.
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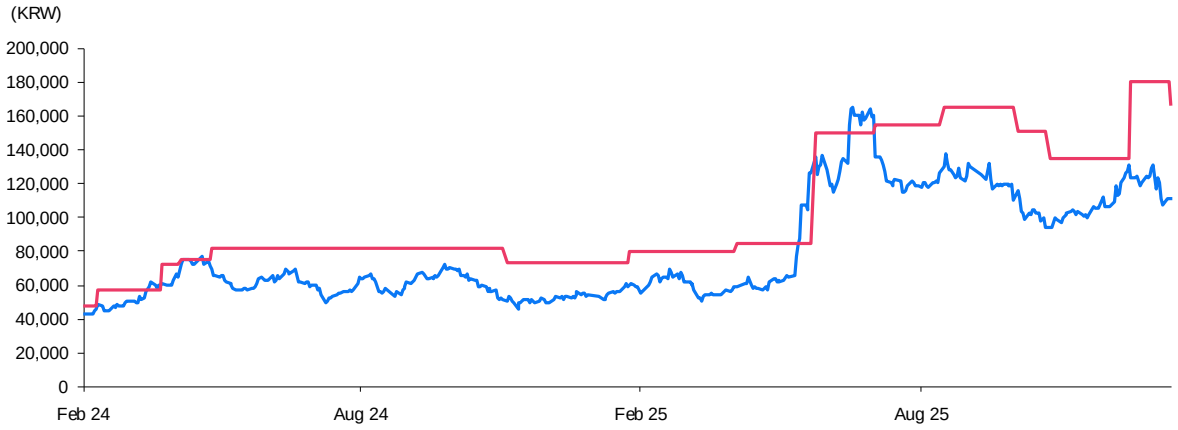
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

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	2/12									
Recommendation	BUY	BUY	BUY									
Target price (KRW)	135000	180000	167000									
Gap* (average)	-20.72	-33.37										
(max or min)**	-2.89	-27.11										

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%)

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