SECTOR UPDATE

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Rechargeable Batteries

(OVERWEIGHT)

Dialogue with the market #50: Chinese anode AD/CVD finalized; implications for Posco Future M

- The US Department of Commerce has finalized its anti-dumping (AD) and countervailing duties (CVD) on Chinese anode imports, setting the combined tariff rate at 160%.
- With the final duty rate effectively tripling the cost of imported Chinese anode materials, US battery cell and EV production costs are projected to rise by 22% and 7%, respectively.
- With the US International Trade Commission expected to issue its final "injury determination" in March, this should accelerate a comprehensive realignment of the North American anode supply chain—a structural shift that positions Posco Future M as a key beneficiary.

AT A GLANCE

Posco Future M (003670 KS, 191,200)		
Target price	KRW271,000	41.7%
BUY		

WHAT'S THE STORY?

Introduction: In this, the 50th report in our Dialogue with the Market series, we analyze: 1) the US Department of Commerce's (DOC) final determination on anti-dumping (AD) and countervailing duties (CVD) on Chinese graphite anode materials; and 2) its implications for Korean rechargeable battery shares. The final duty rates announced by the DOC represent a substantial upward revision from preliminary findings, making the importation of Chinese anode materials into the US economically unviable for US-based battery cell makers. Given procedural timelines, the International Trade Commission (ITC) must make a final decision on the imposition of these duties by end-March. Against this backdrop, we examine: 1) the potential for a comprehensive realignment of the North American anode supply chain; and 2) the growing strategic interest in Posco Future M as a result.

(Continued on the next page)

US: Final ruling on AD/CVD on Chinese graphite anodes

Category	Preliminary determination date	Final determination date	Tariff rate applied
CVD	May 28, 2025	Feb 11, 2026	66.86%
AD	Jul 17, 2025	Feb 11, 2026	93.5% (up to 102.72% applicable to China-wide entities*)

Note: *The maximum tariff rate applies to non-cooperative companies that did not respond to information requests or questionnaires from the US Department of Commerce

Source: US Department of Commerce

US DOC sets final duty rate on Chinese anode materials at 160%: On Feb 17, the DOC announced its final determination on anti-dumping (AD) and countervailing duties (CVD) on Chinese anode materials, setting the final rates at 93.5% and 66.8%, respectively, for a combined duty rate of 160%. The ruling took immediate effect upon publication in the Federal Register on the same date, requiring all covered imports entering or withdrawn from US warehouses to post cash deposits at the full 160% rate.

The ITC is now responsible for the final determination on whether the US domestic industry has suffered material injury as a result of these imports. Under procedural timelines, it must issue its final ruling within 45 days of the DOC's determination—which puts the deadline for its decision in late-March. If the ITC affirms injury, the AD/CVD orders will be formally issued, and the previously collected cash deposits will be converted into definitive duties. Conversely, if the ITC finds no material injury, the investigation will be terminated immediately, and all deposited funds will be fully refunded.

What is worth noting, however, is that following a formal petition filed by the Association of Anode Active Material Producers in Dec 2024, the ITC found sufficient evidence of a reasonable indication of injury in Feb 2025, which triggered the DOC's investigation. Given this prior finding, it is highly unlikely that the ITC will now reverse its prior position and rule against injury.

Effective duty rate surges to 204%, reshaping North American battery supply chains: The final duty rate on Chinese graphite anodes now stands at around 203.7%, up from 40.9% in 2025 after factoring in recent policy shifts: the US Supreme Court's invalidation of President Trump's tariffs under the International Emergency Economic Powers Act (IEEPA) and the imposition of a new 15% universal tariff under Section 122. For US battery manufacturers, this means the cost of importing Chinese anodes has more than tripled y-y.

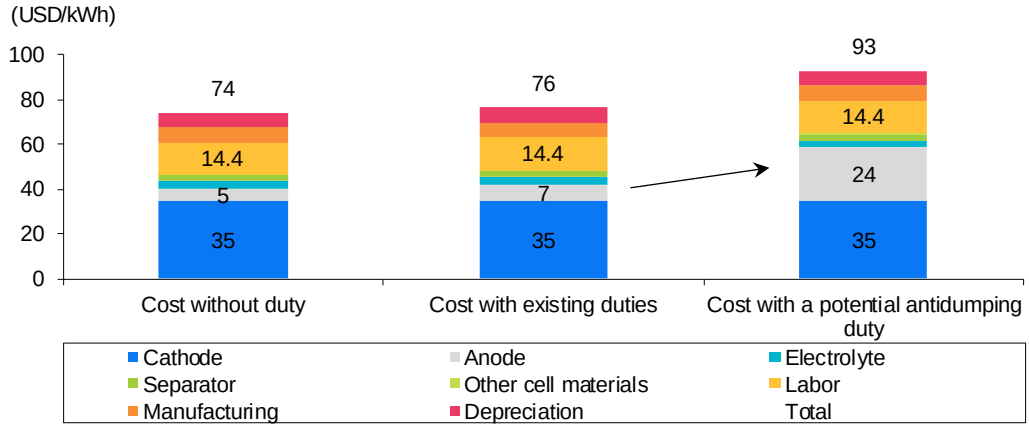
Changes in tariff rates on Chinese anode materials

Tariff type	Year	
	2025	2026
Basic import tariff	3.4%	3.4%
Section 301 tariff	7.50%	25%
Fentanyl tariff*	20%	0%
Section 232 tariff (May 3, 2025)	0%	0%
Reciprocal tariff (Apr 3, 2025)**	10%	0%
Section 122 tariff (Feb 20, 2026)	-	15%
Final determination on countervailing duties (CVD)		**66.80%**
Final determination on anti-dumping (AD)		**93.5%**
Final tariff rate	40.9%	203.7%
Additional tariff hike from preliminary CVD/AD rulings		**160.30%**

Note: *Initially 20%, later reduced to 10% following US-China APEC summit (Oct 2025);
**Implemented under IEEPA, then nullified by US Supreme Court for being unconstitutional
Source: US DOC, BNEF, Samsung Securities estimates

Battery cell costs rise 22%; EV costs up 7%: Compared to the preliminary determination—which applied a 6.55% rate to most Chinese producers (excluding Shanghai Xiaosheng and Kaijin, which are subject to 721%)—the final rates significantly increase procurement costs. Assuming no changes in other raw material prices, battery cell production costs would rise by 22%. If these costs cannot be absorbed by suppliers, EV manufacturing costs may increase by an estimated 7%.

Impact of existing and potential tariffs on manufacturing costs in the US



Source: BNEF, Samsung Securities estimates

Posco Future M to gain competitive edge in US market: While the ITC's final decision remains pending, if the DOC's ruling is upheld, US automakers—already grappling with softened EV demand following the phaseout of federal tax credits—should struggle to justify steep price hikes tied to Chinese anode materials. As a result, US battery manufacturers are likely to accelerate efforts to source anodes from non-Chinese suppliers, with Korea's Posco Future M emerging as a top alternative. This could significantly lift the firm's utilization rate, which now stands below 30% of its annual capacity (74,000 tonnes for natural graphite anodes).

Meanwhile, the strengthening order pipeline for Posco Future M's anode materials business could unlock meaningful cross-business synergies. First, although synthetic graphite—significantly more expensive than natural graphite—faces limited competition from Chinese imports due to US AD and CVD duties, North American battery cell makers that use blended anode formulations may still need to source some synthetic graphite to meet performance targets. Second, Posco Future M's leverage in negotiations with North American cell manufacturers is likely to extend into cathode materials, precursors, and high-nickel cathode materials. If the DOC's final ruling is upheld by the ITC's final determination, this would constitute a positive catalyst for Posco Future M's share price.

Tariff impact on major companies

Exporter	Producer	AD tariff rate	CVD tariff rate
Panasonic	BTR affiliates	93.50%	66.86%
Tesla	BTR	93.50%	66.86%
Shanghai Shanshan & affiliates	Same affiliates	93.50%	Not announced
Resonac	Henan Yicheong , *etc.*	93.50%	Not announced
China-wide entity (all of China)	Other producers (overall)	102.72%*	66.86%

Note: *The maximum tariff rate is applied to companies deemed non-cooperative for failing to respond to information requests or questionnaires from the US Department of Commerce

Source: US Department of Commerce, compiled by Samsung Securities

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Target price changes in past two years

Rating changes over past two years (adjusted share prices)

Posco Future M												
Date	2024/2/1	6/18	7/26	10/31	2025/1/9	2/4	4/25	6/12	6/19	7/18	9/24	10/27
Recommendation	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	BUY	BUY	BUY
Target price (KRW)	281101	261715	232636	213249	155090	135704	145397	135704	135704	160000	180000	280000
Gap* (average)	-0.90	-4.96	-5.42	-21.06	-8.54	-4.86	-22.52	-11.07	-4.71	-9.28	-3.74	-26.75
(max or min)**	15.86	1.11	7.71	-37.32	-2.62	9.29	-13.20	-9.21	2.43	2.00	34.44	-13.93
Date	2026/1/12	1/29										
Recommendation	BUY	BUY										
Target price (KRW)	230000	271000										
Gap* (average)	-9.45											
(max or min)**	4.13											

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

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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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