SECTOR UPDATE

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Steel/Nonferrous Metals

(NEUTRAL)

Domestic price rebound to lift earnings in 2Q

- The two major political events held in China last month delivered no meaningful stimulus to drive a rebound in steel demand. Potential structural restructuring to boost the sector's fundamentals warrant close monitoring.
- Thanks to a decline in hot-rolled (HR) steel imports following anti-dumping duties imposed at end-Sep 2025, domestic HR distribution prices have been recovering since Feb 2026, with meaningful earnings improvement for major Korean steelmakers expected starting in 2Q26.
- Active M&As in the mining sector suggests the tightness in copper concentrate supply may persist for some time to come. While rising uncertainties stemming from the crisis in the Middle East warrant attention, overall supply-demand dynamics should remain supportive of prices.

AT A GLANCE

Posco Holdings (005490 KS, 415,000)		
Target price	KRW450,000	8.4%
BUY		
Hyundai Steel (004020 KS, 42,500)		
Target price	KRW47,000	10.6%
BUY		
Seah Besteel Holdings (001430 KS, 71,100)		
Target price	KRW78,500	10.4%
BUY		
Poongsan (103140 KS, 100,500)		
Target price	KRW140,000	39.3%
BUY		

WHAT'S THE STORY?

§(The Korean version of this report was published Apr 13, 2026)

No turning point for China's steel market: The Chinese government set its key 2026 economic targets at two political events that began on Mar 4. While the country slightly lowered its 2026 economic growth target y-y to 4.5-5.0%, most other fiscal and policy targets remained unchanged y-y. Although the "Three Red Lines" regulatory guidelines for property developers was officially lifted early this year, the two political events did not signal any major new stimulus or policy shifts in the property sector. As a result, a sharp recovery in steel demand appears unlikely in the near term. The lack of details vis-à-vis structural reform to tackle steel overcapacity (included in the 15th Five-Year Plan) implies that a meaningful recovery in China's steel market needs more time.

(Continued on the next page)

Expectations for Korean steel price recovery: Anti-dumping duties on Chinese and Japanese hot-rolled (HR) steel imports took effect at end-Sep 2025, leading to a sharp decline in HR import volumes from in 4Q25. With domestic distribution inventories largely depleted by mid-Jan 2026, domestic HR prices began to rebound, rising by KRW130,000/tonne (up 16%) over the past three months. Meanwhile, facing weak domestic demand, rebar producers have offset the slump by expanding exports, which has also supported domestic rebar prices. Since Dec 2026, domestic rebar distribution prices have increased by KRW180,000/tonne (up 27%). As a result, major Korean steelmakers—including Posco Holdings and Hyundai Steel—are expected to experience a meaningful increase in ASP from 2Q. Furthermore, if ongoing anti-dumping investigations into color-coated and galvanized steel, as well as pending anti-dumping petitions targeting carbon alloy steel (special steel bars), result in formal duty imposition, Korean steelmakers could still achieve earnings recovery—even if China's market conditions remain sluggish.

Non-ferrous metal prices to remain resilient: Macroeconomic uncertainty has increased since March, leading to higher price volatility in non-ferrous metals. But as suggested by active M&A activity in the global mining sector, miners are consolidating to overcome challenges in developing new mines and to strengthen their negotiating power through increased scale. The formation of AngloTeck—the merger of Anglo American and Teck Resources—and Glencore's ongoing evaluation of further acquisitions are particularly supportive of sustained price resilience in copper. Yet, for Poongsan—whose operating profit is now overwhelmingly driven by its defense business—the current relatively low valuation may only become compelling once management's credibility in the defense business is restored.

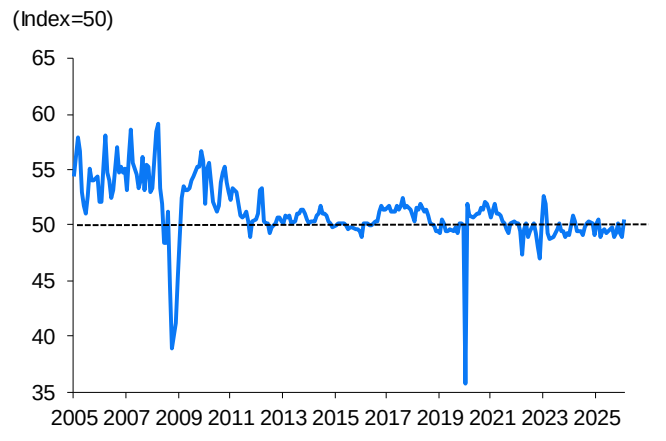
China's steel market recovery remains elusive

China's steel supply-demand outlook following its two political events in March

China's steel demand to remain sluggish this year

At two of China's most important political events held on Mar 4, authorities outlined key economic targets for 2026. Investors had hoped for signs of a steel market rebound—but the outcomes offered little new momentum. Although the "Three Red Lines" property restrictions, introduced in 2022 to curb developer leverage, were officially lifted in January, the broader policy framework remains focused on achieving a soft landing for the real estate sector—for reference, under the "Three Red Lines", liabilities should not exceed 70% of assets, net debt should not be greater than 100% of equity, and money reserves must be at least 100% of short-term debt. A sharp recovery in steel demand from housing construction remains unlikely in the near term. Meanwhile, to support its 2026 economic growth target of 4.5-5.0%, Beijing has set the full-year fiscal deficit ratio at 4%—unchanged from last year. Infrastructure spending (a key driver of steel demand) is therefore expected to grow at a similar pace y-y. Overall, China's steel demand is likely to remain sluggish this year, with no significant uptick anticipated.

China: Manufacturing PMI



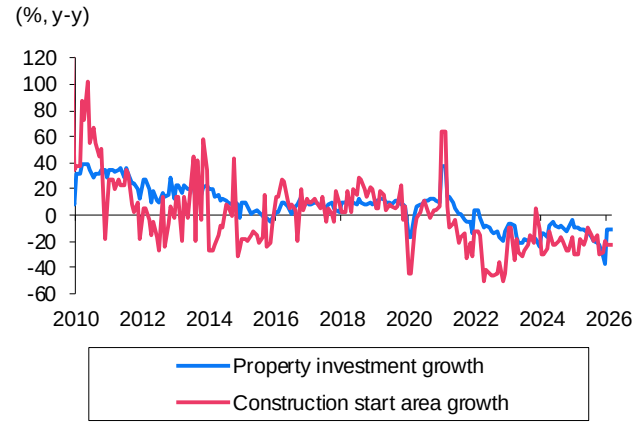
Source: Bloomberg, Samsung Securities

China's "Two Sessions": Key economic targets

Category	Item	2025	2026
Policy target	GDP growth	Around 5.0%	4.5~5.0%
	Inflation	2.00%	2.00%
	Unemployment rate	5.50%	5.50%
Monetary policy	Stance	"Moderately accommodative"	"Moderately accommodative"
	Liquidity provision	Maintain ample liquidity	Maintain ample liquidity
	Rates/RRR	Cuts at appropriate timing	Flexible and efficient management
Fiscal policy	Stance	"More proactive"	"More proactive"
	Fiscal deficit (% of GDP)	4.00%	4.00%
	Local government special bonds	CNY4.4t	CNY4.4t
Key tasks	Policy priorities	Domestic→Industry → Science	Domestic→Industry → Science

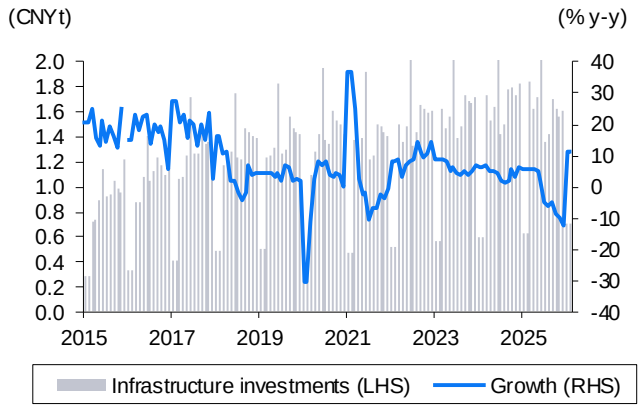
Source: Samsung Securities

China: Property investment growth vs construction start area growth



Source: CEIC, Samsung Securities

China: Infrastructure investments



Source: CEIC, Samsung Securities

Steel demand outlook

(% y-y)	Construction area	Manufacturing capex	Automobile production	Infrastructure investment*	Aggregate growth rate of downstream industries	Nominal demand	Real steel demand growth
2014	-12.5	12.9	6.8	19.9	0.9	2.2	-4.1
2015	-14.3	10.6	4.6	-9.7	-7.5	-5.4	-5.4
2016	8.5	3.8	13.7	17.4	10.4	1.2	1.3
2017	7.3	7.8	3.6	17.8	9.1	10.2	13.6
2018	15.9	9.5	-3.1	3.8	10.3	11.2	8.1
2019	8.3	3.1	-8.1	3.8	5.4	7.5	9.1
2020	-8.8	-2.2	-1.9	0.9	-4.8	10.3	10.6
2021	-11.4	13.5	3.9	0.4	-3.9	-5.5	-5.4
2022	-39.4	9.1	2.3	9.4	-8.8	-2.4	-2.9
2023	-20.9	6.5	11.9	5.9	-1.2	-2.7	-2.3
2024	-22.5	9.2	4.6	4.4	-1.1	-3.2	-5.4
2025	**-20.5**	**0.6**	**9.3**	**-2.2**	**-3.8**		**-3**
Jan-Feb 2026	**-23.1**	**1.8**	**-8.8**	**11.4**	**1.7**		
2026E	**-5**	**3**	**5**	**2.5**	**1.6**		**0.2**

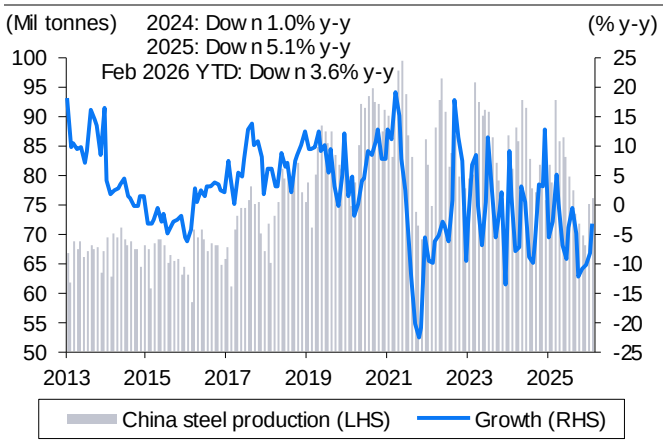
Note: *Infrastructure investment updates discontinued in 2017;
Monthly infrastructure investment growth rate applied
Source: CEIC, Samsung Securities estimates

China's steel supply to keep falling, but structural reform lacks detail

On the supply side, the Politburo's Jul 2025 call to curb destructive competition in overcapacity industries sparked speculation that the steel industry might finally undergo its first major round of restructuring since 2016. So far, however, policy efforts have focused on emerging sectors—solar, EVs, and batteries—leaving steel largely on the sidelines. In Sep 2025, the country's five ministries, including the Ministry of Industry and Information Technology, issued "measures for stable growth in the steel industry (2025-2026)," reiterating bans on new capacity and urging output controls. Yet the document offered no specific details (*eg*, targets and timelines). At China's "Two Sessions", authorities also emphasized capacity management—but still offered no concrete reduction goals.

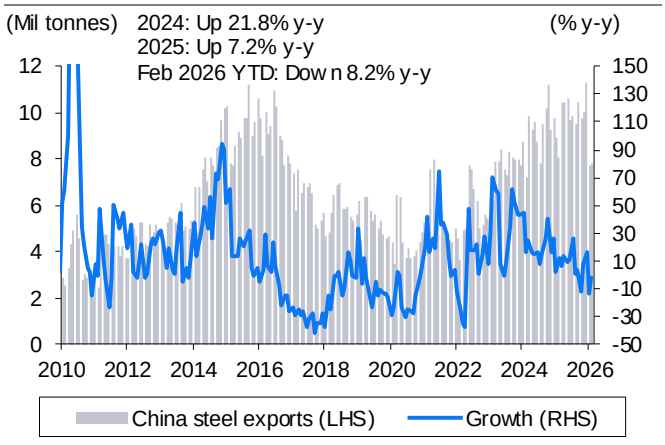
Still, China's steel production has declined for five straight years, and that trend is expected to continue in 2026. A notable shift occurred in early 2026: after three consecutive years of rising exports, the country's steel shipments fell in January and February. While only two months of data are available, this came amid a growing wave of anti-dumping duties imposed by key importers on Chinese steel since 2024. If exports remain weak, Chinese steelmakers may have no choice but to cut output further—a key development to monitor.

China: Steel production



Source: Bloomberg, Samsung Securities

China: Steel exports



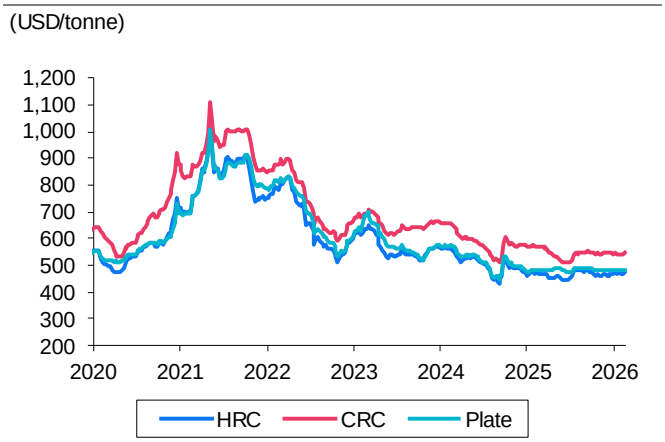
Source: Bloomberg, Samsung Securities

China: Annual steel production

(Mil tonnes)	Production	Growth (% y-y)
2015	803.8	-2.3
2016	807.6	0.5
2017	831.7	3.0
2018	920	10.6
2019	996.3	8.3
2020	1,064.70	6.9
2021	1,032.80	-3.0
2022	1,019.10	-1.3
2023	1,019.10	0.0
2024	1,005.10	-1.4
2025	960	-4.4

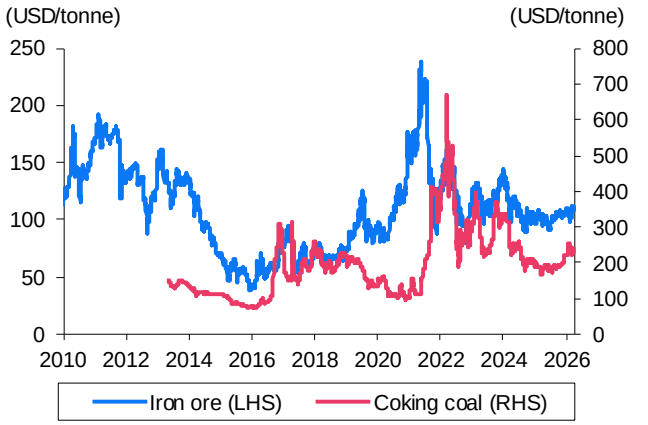
Source: Bloomberg, Samsung Securities

China prices: HRC vs CRC vs plate



Source: SteelDaily, Samsung Securities

Iron ore and coking coal prices



Source: Metal Bulletin, Samsung Securities

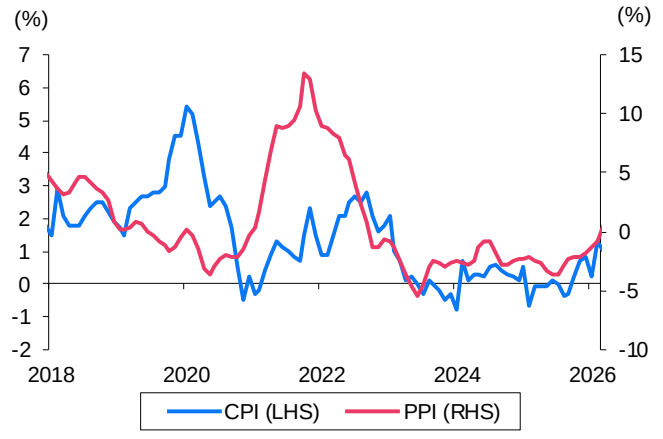
Recent anti-dumping tariffs on Chinese steel, by country/region

Country/Region	Tariff measures
US	25% tariff on Chinese steel effective from Sep 27 25% tariff also imposed on Chinese steel imported via Mexico
Canada	25% tariff on Chinese steel effective from Oct 15
India	On Sep 10, announced planned tariffs of 12-30% on Chinese stainless-steel pipes and tubes for the next five years
Vietnam	Announced provisional anti-dumping duties of 19.38-27.83% on imported Chinese hot-rolled coil
Turkey	Imposed tariffs of 20.56-57.75% on imported Chinese hot-rolled coil
EU	From Jul 2026, pursuing measures including a 47% cut in steel quotas and an increase in tariffs on over-quota volumes to 50%
Latin America	Mexico/Brazil doubled tariffs; Chile imposed a 33.5% tariff
Korea	Final anti-dumping duties on Chinese thick plate set at 27.91-34.1%*; final anti-dumping duties on Chinese hot-rolled coil set at 28.16-33.1%, and on Japanese material at 31.58-33.43%**

Notes: *Received commitments from nine major Chinese exporters for phased price increases and export volume restrictions over five years;
**Received commitments from three Japanese exporters and six Chinese exporters for phased price increases and export volume restrictions over five years

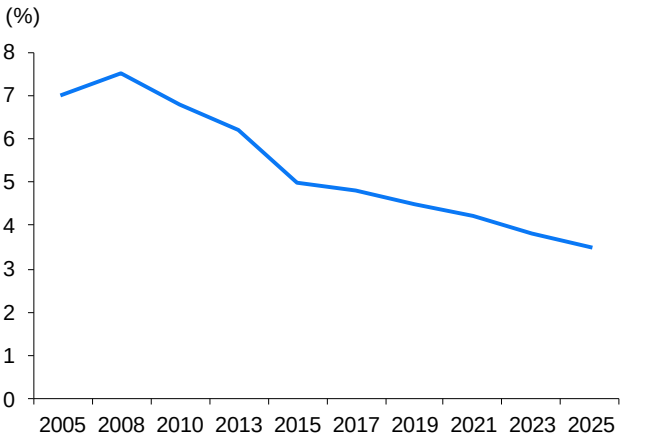
Source: Media reports, Samsung Securities

China: CPI growth vs PPI growth



Source: Bloomberg

China: Steel industry value added as a share of GDP



Source: Bloomberg

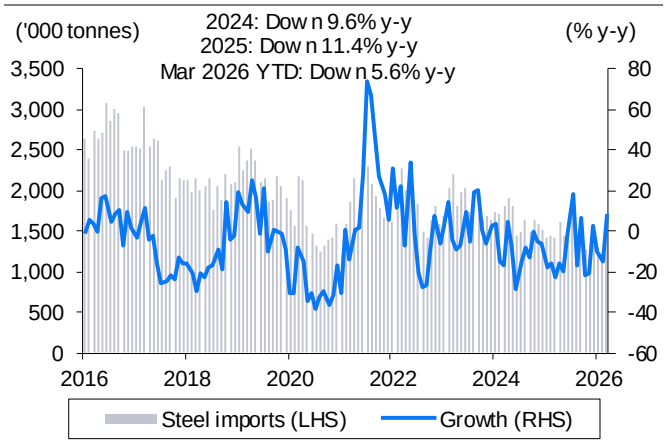
Korea's steel industry seeks breakthroughs amid structural shifts

Steel products benefiting from strengthened trade protection deserve attention

Domestic hot-rolled (HR) steel distribution prices up lately, led by anti-dumping duties on HR imports implemented in Sep 2025

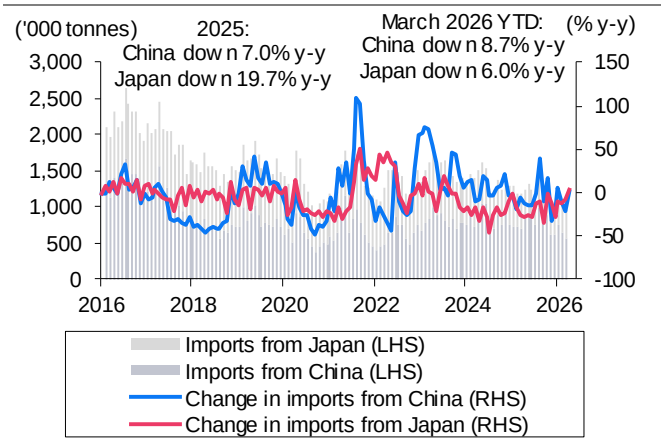
In Jul 2025, preliminary anti-dumping determinations were issued against Japanese and Chinese HR steel imports, with provisional duties implemented in Sep 2025. Following the imposition, import volumes sharply declined. However, Korean HR prices remained largely unchanged through end-2025, which was attributable to the time needed for market participants to absorb the surge in imports seen over Jul-Aug 2025. By Feb 2026, domestic blast furnace producers announced a KRW50,000/tonne price increase for HR steel, signaling that inventory overhang had largely been cleared. Indeed, over Jan-Apr 2026, domestic HR distribution prices rose by KRW130,000/tonne, while imported HR prices increased by KRW120,000/tonne. This strongly suggests that the anti-dumping duties on HR imports have altered supply-demand dynamics, directly contributing to domestic price hikes. As a result, Korean blast furnace producers' quarterly average ASPs are expected to rise meaningfully from 2Q, driving near-term earnings improvement.

Korea: Steel imports



Source: KOSA, Samsung Securities

Korea: Steel imports from China and Japan

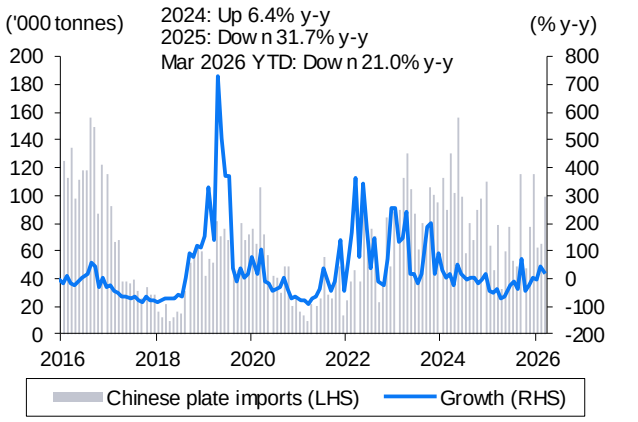


Source: KOSA, Samsung Securities

Korea: Steel imports from China

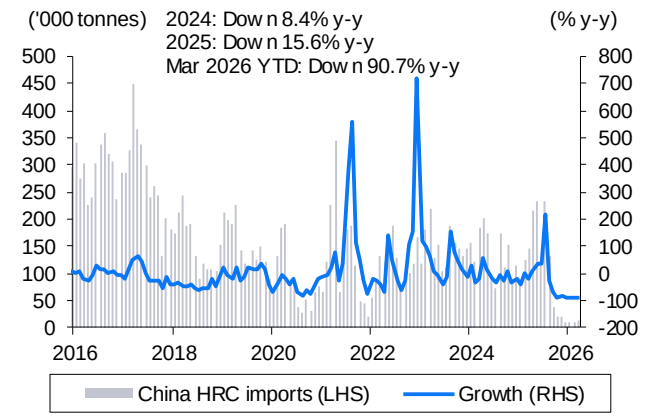
Source: KOSA, Samsung Securities

Korea: Plate imports from China



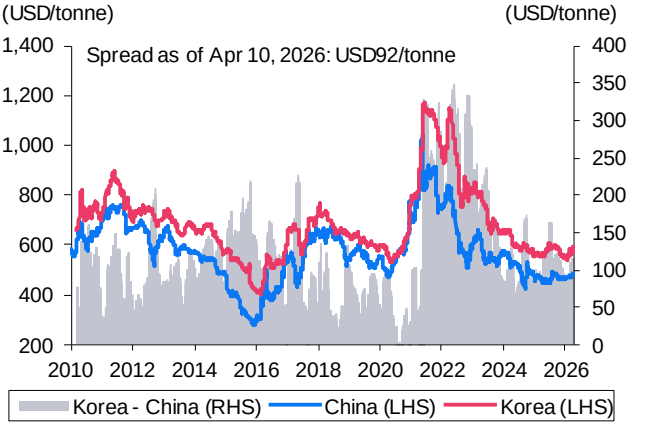
Source: KOSA, Samsung Securities

Korea: HRC imports from China



Source: KOSA, Samsung Securities

HRC prices: Korea vs China

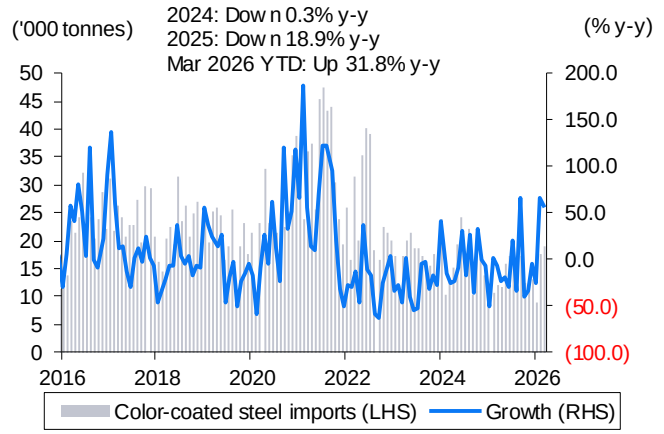


Source: KOSA, Samsung Securities

Other steel products with potential anti-dumping benefits also warrant monitoring

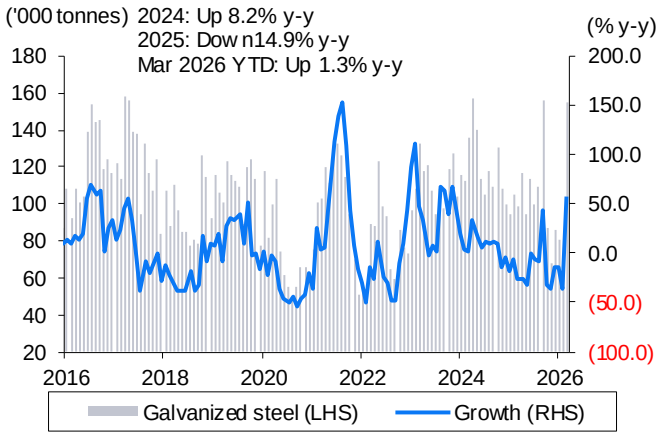
Final anti-dumping duties on Japanese and Chinese HR steel were confirmed in Feb 2026, with rates of 31.58-33.43% for Japan and 28.16-33.1% for China—largely in line with preliminary rates. Nine major exporters (three Japanese and six Chinese firms, accounting for 81% of Korea's HR imports over the past three years) have been granted temporary duty exemptions for five years provided they commit to price undertakings (*eg*, export price increases and quarterly price adjustments), similar to the approach taken for Chinese plate steel in 2025. Meanwhile, to offset the impact of anti-dumping duties on HR imports (*eg*, cost increases), some domestic color-coated and galvanized steel producers have applied to establish bonded zones for certain export-bound production lines to partially circumvent duties. More fundamentally, major Korean producers—including KG Steel, Dongkuk CM, and SeAH CM—filed anti-dumping petitions in Sep 2025 against Chinese imports of color-coated and galvanized steel. Korea Trade Commission (KTC; under the Ministry of Trade, Industry and Energy) accepted the petition in Nov 2025, and an inquiry is now underway. Additionally, SeAH Besteel Holdings filed a petition in Aug 2025 targeting carbon alloy steel (special steel bar), and it is awaiting the KTC's decision on whether to launch a formal investigation. Given these developments, we anticipate sustained interest in Korean steel products and producers likely to benefit from Korea's strengthened trade protection in 2026.

Korea: Color-coated steel imports



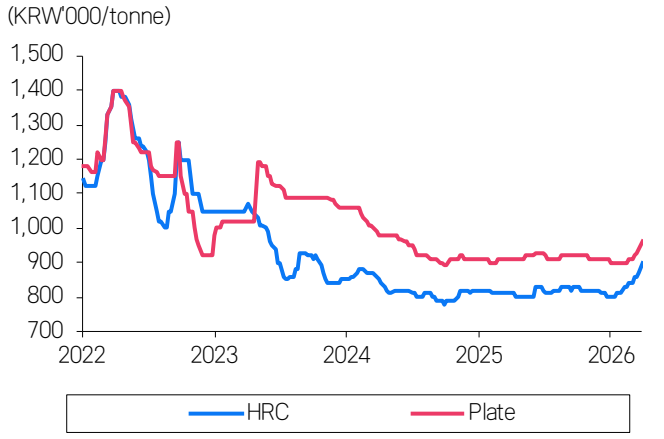
Source: KOSA, Samsung Securities

Korea: Galvanized steel imports



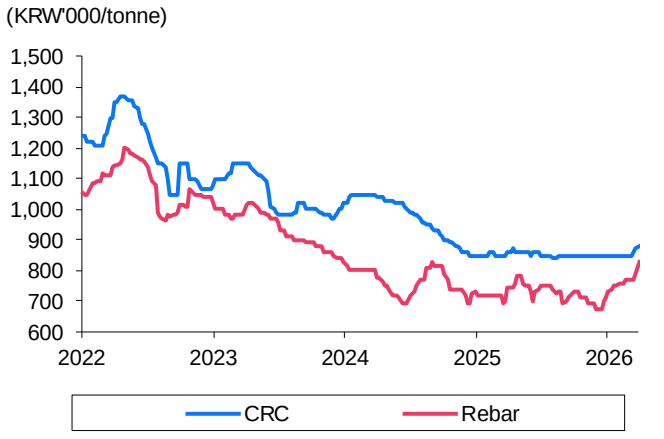
Source: KOSA, Samsung Securities

Korea: HRC prices vs plates prices



Source: SteelDaily, Samsung Securities

Korea: CRC prices vs rebar prices

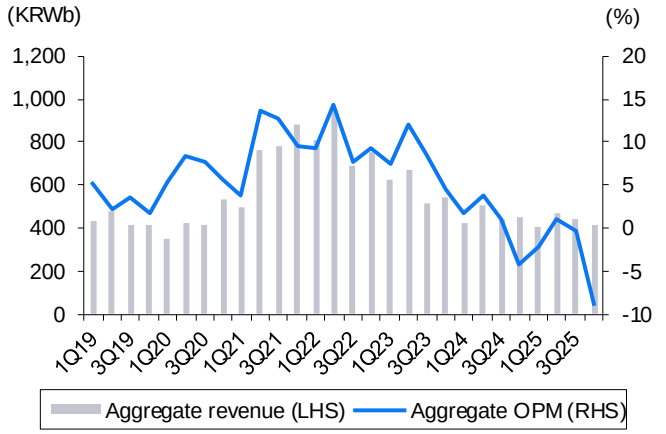


Source: SteelDaily, Samsung Securities

Rebar industry turns to exports to overcome domestic slump

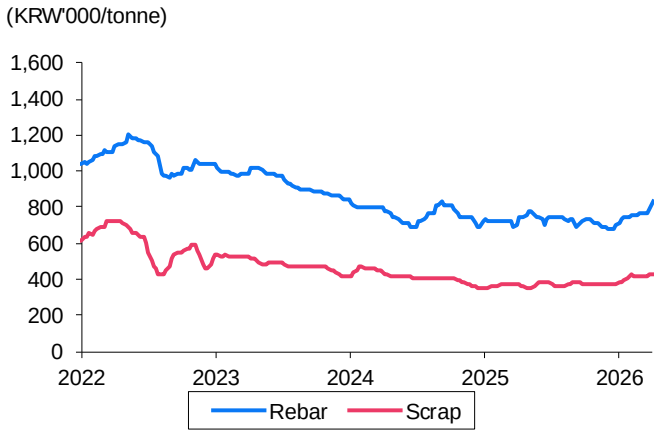
Meanwhile, Korea's rebar industry—which has suffered four consecutive years of weak demand due to a domestic construction slowdown—is seeking recovery through export expansion. Despite a 50% import tariff, Korean rebar producers are increasing exports to the US by leveraging their price competitiveness. This has led to two key benefits: 1) improved product mix, as US exports offer higher margins than domestic sales; and 2) reduced domestic oversupply, easing market imbalance and supporting higher domestic prices. Having previously responded to weak demand with temporary production halts and facility closures, rebar producers now anticipate that robust overseas demand—even without a rapid domestic recovery—will enable profitability gains in 2026.

Major rebar producers: Aggregate sales and operating margin



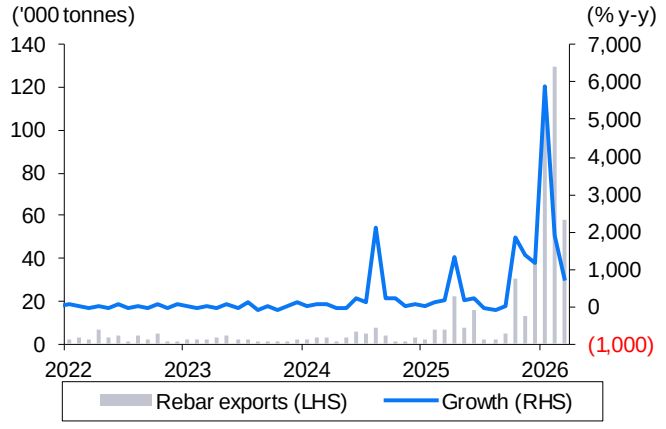
Note: Aggregate of Kisco and Daehan Steel
Source: SteelDaily, Samsung Securities

Korea: Rebar prices vs scrap prices



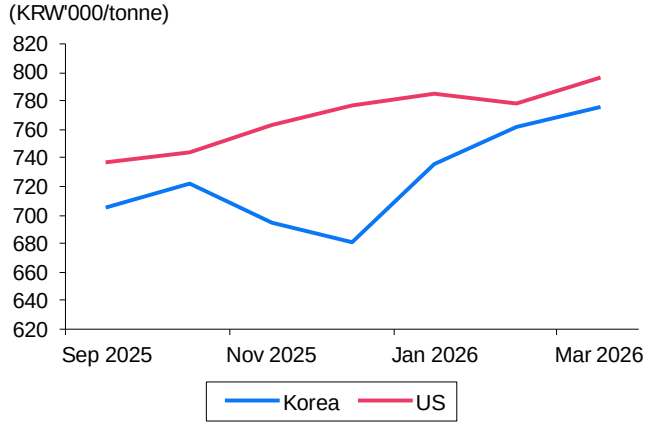
Source: SteelDaily, Samsung Securities

Korea: Rebar exports



Source: KOSA, Samsung Securities

Rebar prices: Korea vs US

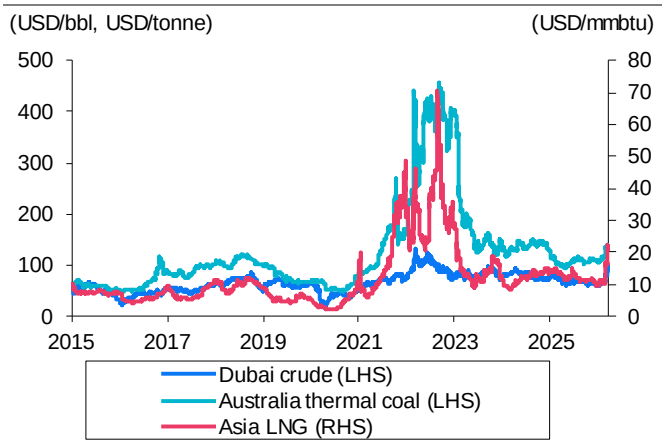


Source: KOSA, SteelDaily, Samsung Securities

Rising energy and logistics costs pose risks, but price pass-through efforts underway

Persistent high oil prices and a weak won—driven by Middle East geopolitical risks—are increasing energy and logistics costs for Korean steelmakers. However, steel producers across the US, Europe, and Asia are broadly pushing to hike prices in Apr 2026 to pass on these costs. Korean companies are expected to follow suit. Thus, despite cost pressures, expectations for earnings recovery in 2Q26 remain valid. Given strengthened domestic trade protectionism and sustained global price pass-through momentum, and assuming the Middle East conflict does not escalate into prolonged disruption, Korea's steel sector could offer meaningful trading opportunities.

Energy prices



Source: Bloomberg, Samsung Securities

Global steelmakers: Price hikes announced in Apr 2026

Region	Steelmaker	Price-hike specifics
China	Baoshan	Flat products: CNY200 in April (approx. KRW43,000)
	Angang	Flat products and rebar: CNY200 in April
Japan	Nippon Steel	Flat products: JPY10,000/tonne (approx. KRW94,000) H-beams: JPY10,000/tonne (JPY5,000 over February-March)
	JFE	Flat products: JPY10,000/tonne
	Tokyo Steel	In April, sections, rebar, and thick plate: JPY5,000 Hot-rolled coil, PO, and galvanized: JPY7,000
US	Nucor	Hot-rolled coil prices raised for nine consecutive weeks
EU	ArcelorMittal	Hot-rolled coil: Cumulative increase of EUR110 over March-May (approx. KRW189,000) Sections: EUR20 in Jan, EUR20 in Feb

Source: SteelDaily, Samsung Securities

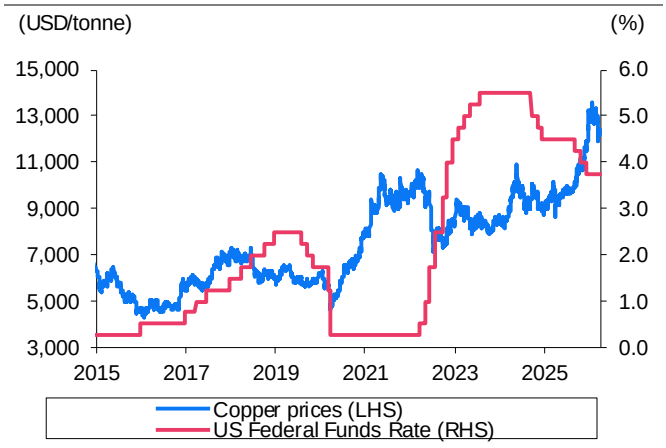
Copper supply to remain tight

Uncertainty has grown, but concentrate supply to remain tight

Concentrate supply, tight since 2025, remains so

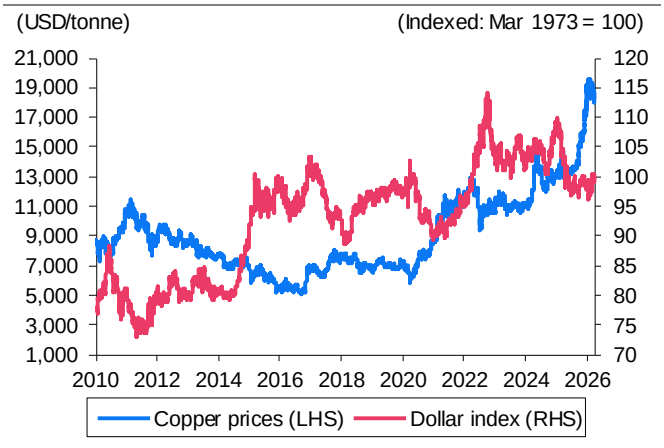
Spot treatment charges (TCs) for both zinc and copper—which began pronounced declines in 2025—remain low, signaling sustained tightness in concentrate supply. Chile's Codelco, one of the world's largest copper producers, continues to face rising cash costs since 2020. Despite copper prices reaching record highs, its spreads and gross margins remain near historical averages. Meanwhile, Glencore and Teck Resources lowered their 2026 copper concentrate production guidance late last year, citing declining ore grades and lower recovery rates as primary factors. Ultimately, despite rising copper demand driven by electrification and copper prices surpassing historical highs in response, major copper miners are, paradoxically, reducing production volumes due to what may be a structural issue: declining ore grade.

Federal funds rate vs copper prices



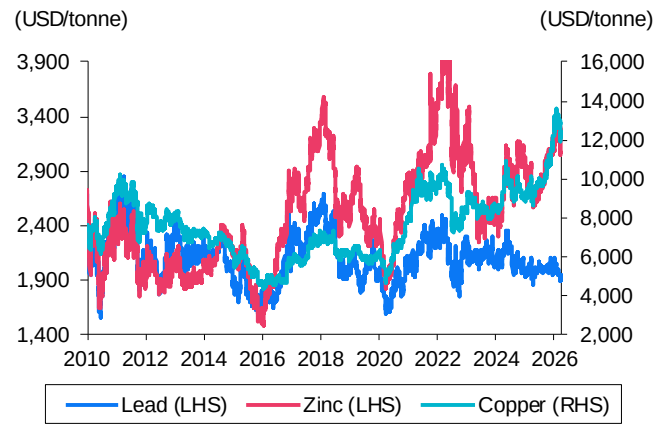
Source: Bloomberg, Samsung Securities

Dollar index vs copper prices



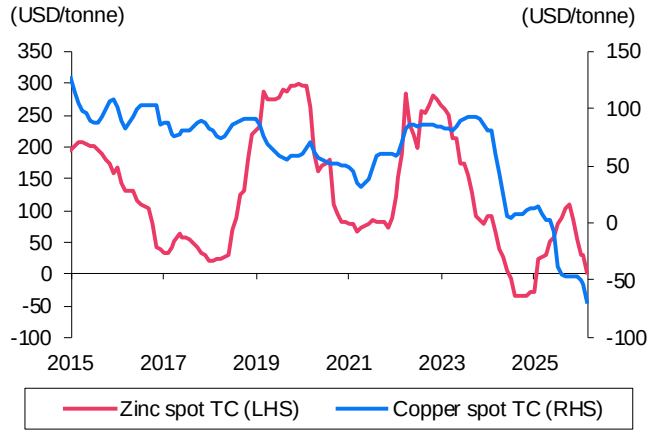
Source: Bloomberg, Samsung Securities

Nonferrous metal prices



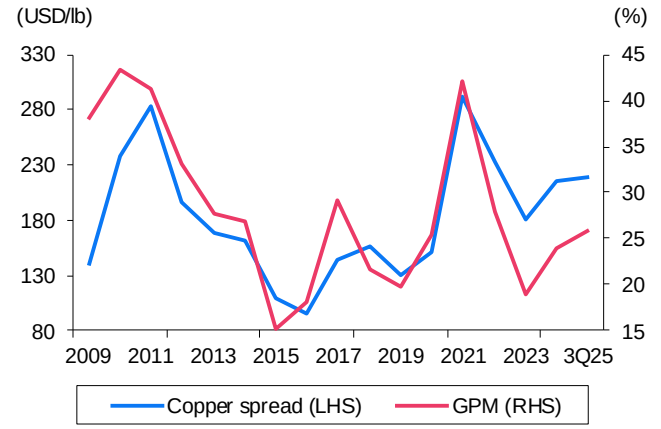
Source: Bloomberg, Samsung Securities

Spot TCs: Zinc vs copper



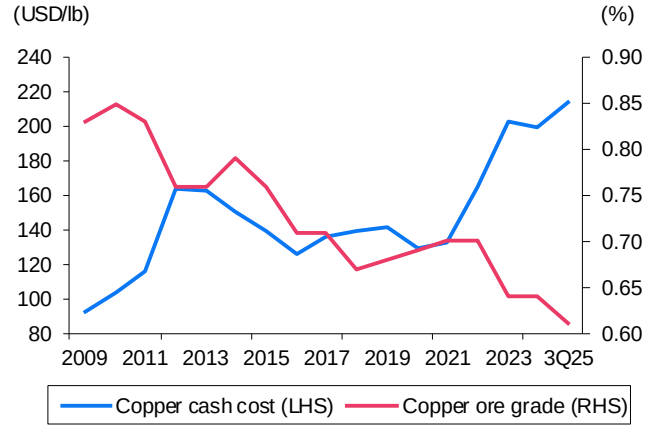
Source: Bloomberg, Samsung Securities

Codelco (miner): Copper spread* vs gross margin



Note: *Copper price – cash cost
Source: Company data, Samsung Securities

Codelco (miner): Copper cash cost vs copper ore grade

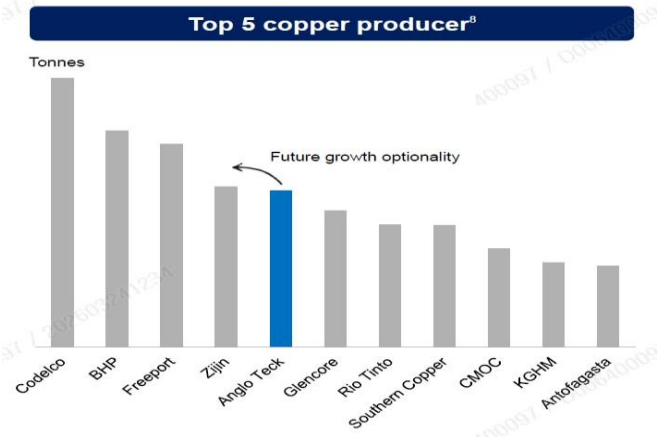


Source: Company data, Samsung Securities

Copper prices to maintain positive trend, underpinned by tight concentrate supply

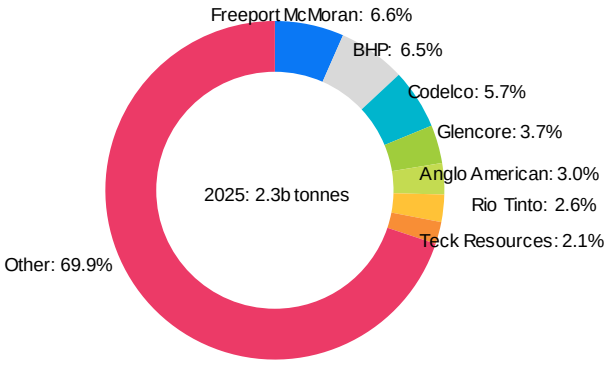
Meanwhile, in 2H25, Canadian miner Teck Resources announced its pursuit of a merger with the UK's Anglo American. Following approval from the Canadian government, the combined entity—named Anglo Teck—officially launched. The merger reshapes the company's product mix by 2027 to 72% copper, 22% premium iron ore, and 6% zinc, positioning it as a true global copper leader—ranked fifth worldwide in copper production. The core strategic intent behind the merger lies in leveraging the geographic proximity of Teck Resources' 60% stake in Chile's Quebrada Blanca copper mine and Anglo American's 44% stake in Chile's Collahuasi copper mine. By sharing infrastructure, the combined entity aims to achieve efficiency gains and maximize EBITDA on the assets. This move reflects a broader industry trend: scaling up to boost operational efficiency and strengthen negotiating power. Glencore, too, continues to seek M&A opportunities, suggesting that copper mining industry consolidation is likely to continue. Together, declining ore grades and the industry's push toward consolidation are reinforcing the structural floor under copper prices. Even as global economic uncertainty introduces volatility in copper demand, the supply side will likely sustain a supportive dynamic for copper prices.

Creation of Angloteck



Source: Bloomberg

Copper mining market shares



Source: Bloomberg, Samsung Securities

Steelmakers: Results and forecasts

(KRWb)	4Q25	1Q26E			2Q26E			2025	2026E			2027E		
	Actual	Samsung	Consensus	Diff	Samsung	Consensus	Diff	Actual	Samsung	Consensus	Diff	Samsung	Consensus	Diff
Sales														
Posco	16,841	17,497	17,413	0.5%	17,939	17,909	0.2%	69,095	70,962	72,085	-1.6%	72,897	74,788	-2.5%
Hyundai	5,490	5,699	5,852	-2.6%	6,158	6,136	0.4%	22,733	23,649	23,769	-0.5%	24,132	24,293	-0.7%
Poongsan	1,425	1,332	1,382	-3.6%	1,553	1,576	-1.5%	5,049	5,823	5,961	-2.3%	5,815	6,223	-6.6%
Seah Besteel	861	981	916	7.0%	1,065	981	8.6%	3,652	3,993	3,756	6.3%	4,131	4,070	1.5%
Operating profit														
Posco	13	526	607	-13.3%	724	797	-9.2%	2,174	2,917	3,171	-8.0%	4,254	3,851	10.5%
Hyundai Steel	43	35	114	-69.3%	126	175	-27.8%	159	527	624	-15.5%	944	806	17.2%
Poongsan	92	103	90	14.1%	103	99	4.9%	324	353	297	18.9%	369	380	-2.9%
Seah Besteel	9	24	28	-13.2%	54	47	15.2%	52	151	143	6.2%	219	210	4.0%
Net profit														
Posco	421	373	345	8.2%	559	523	6.9%	948	2,205	1,829	20.6%	3,202	2,221	44.2%
Hyundai	17	-8	46	nm	55	85	-35.8%	-12	247	296	-16.6%	549	377	45.5%
Poongsan	-2	70	66	5.3%	70	59	18.8%	236	235	245	-4.1%	247	264	-6.4%
Seah Besteel	4	12	20	-37.9%	34	27	25.1%	20	87	82	6.7%	136	135	0.9%

Source: QuantiWise, Samsung Securities estimates

COMPANY UPDATE

2026. 4. 27

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Posco Holdings (005490)

Steel and lithium to improve gradually

- We now believe Posco Holdings will post a 1Q consolidated operating profit of KRW526.1b, missing consensus by 13%, which we would attribute to rising input costs and the narrowing of steel spreads.
- The firm's steel ASP should improve from 2Q as domestic HRC prices climb.
- Operating losses at the lithium business should diminish as lithium prices recover and the firm's lithium facilities start commercial production. We maintain our BUY rating on the stock.

WHAT'S THE STORY?

§(The Korean version of this report was published Apr 13, 2026)

1Q preview—steel ASP to rebound in earnest from 2Q: We now expect Posco Holdings' 1Q results to show consolidated sales up 3.9% q-q to KRW17.5t and operating profit up significantly q-q to KRW526.1b, but the latter still missing consensus by 13%. We would ascribe such a miss to: 1) a rise in input costs—particularly for coking coal—amid supply disruptions; and 2) weak steel demand, which has led steel spreads to narrow. However, since Korea began to impose tariffs on HRC imports from China and Japan from Sep 2025, imports of Chinese HRC have plunged. Domestic HRC prices have since risen by KRW130,000/tonne (or 16%) over the past three months, setting the stage for a meaningful recovery in Posco Holdings' steel ASP from 2Q.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW450,000	8.4%
Current price	**KRW415,000**	
Market cap	KRW32.9t/USD22.2b	
Shares (float)	79,241,527 (85.6%)	
52-week high/low	KRW421,500/KRW233,500	
Avg daily trading value (60-day)	KRW187.8b/ USD126.5m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Posco Holdings (%)	22.2	27.5	61.5
Vs Kospi (%pts)	4.8	-22.4	-37.1

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	450,000	450,000	0.0%
2026E EPS	27,275	27,275	0.0%
2027E EPS	40,413	40,413	0.0%

SAMSUNG vs THE STREET

No of estimates	17
Target price	484,588
Recommendation	4.0

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

SUMMARY FINANCIAL DATA

(KRWb)	2025	2026E	2027E	2028E
Revenue	69,095	70,962	72,897	73,278
Operating profit	1,827	2,917	4,254	4,339
Net profit (adj)	504	2,205	3,202	3,278
EPS (adj) (KRW)	8,085	27,275	40,413	41,366
EPS (adj) growth (% y-y)	-40.7	175.9	48.2	2.4
EBITDA margin (%)	8.7	10.1	11.8	11.9
ROE (%)	1.2	3.2	4.7	4.6
P/E (adj) (x)	37.3	13.5	9.1	8.9
P/B (x)	0.5	0.5	0.5	0.5
EV/EBITDA (x)	7.1	6.3	5.3	5.2
Dividend yield (%)	3.3	2.7	2.7	2.7

Source: Company data, Samsung Securities estimates

Lithium business on path to narrowing losses: Lithium prices have risen steadily since 2025, backed by growing demand for energy storage systems and reduced supply from China. Posco Holdings is set to start commercial production at its Gwangyang lithium refinery plant #2 in 2Q and also at its first-phase brine lake project in Argentina in 3Q. While neither steel nor lithium market conditions have recovered enough to push earnings to levels seen over 2021-2023, the recent rebound in domestic steel prices—combined with Posco Group's accelerating push to diversify supply chains away from China—points to meaningful structural improvements. We maintain our BUY rating on the stock.

Posco Holdings: Results and forecasts (consolidated)

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2025	2026E	2027E
Sales	**17,436.8**	**17,555.6**	**17,261.0**	**16,841.5**	**17,497.2**	**17,939.1**	**17,897.3**	**17,628.3**	**69,094.9**	**70,962.0**	**72,896.7**
Steel	8,884.5	8,854.1	8,702.2	8,280.9	8,847.4	9,265.5	9,167.7	9,263.2	34,721.6	36,543.8	37,101.6
Trading	7,008.9	7,056.5	7,269.5	6,848.7	7,080.7	7,081.9	7,409.6	7,028.8	28,183.5	28,601.1	29,843.5
Construction	1,183.5	1,235.5	777.5	777.5	1,002.1	1,048.9	805.6	805.6	3,973.9	3,662.2	3,785.9
Other	360.0	409.6	512.0	934.4	567.0	542.8	514.4	530.7	2,216.0	2,154.9	2,165.8
Operating profit	**568.4**	**607.2**	**638.8**	**12.7**	**526.1**	**724.4**	**781.9**	**884.9**	**1,827.1**	**2,917.3**	**4,253.6**
Steel	424.4	596.7	656.8	247.9	385.2	497.4	506.4	650.0	1,925.8	2,039.0	3,051.2
Trading	189.4	233.0	235.2	134.8	210.4	269.9	289.6	193.5	792.4	963.3	1,007.9
Construction	26.6	-88.4	-192.4	-187.4	10.9	11.1	9.9	17.1	-441.5	49.0	92.9
Other	-72.0	-134.1	-60.8	-182.6	-80.3	-54.1	-23.9	24.3	-449.6	-134.0	101.7
Net profit	**344.2**	**83.8**	**386.9**	**-310.6**	**373.1**	**559.5**	**592.2**	**680.5**	**504.4**	**2,205.3**	**3,202.4**
Chg (% y-y)											
Sales	**-3.4**	**-5.2**	**-5.8**	**-5.4**	**0.3**	**2.2**	**3.7**	**4.7**	**-4.9**	**2.7**	**2.7**
Steel	-5.8	-3.8	-7.2	-9.9	-0.4	4.6	5.3	11.9	-6.6	5.2	1.5
Trading	8.7	1.3	3.0	5.2	1.0	0.4	1.9	2.6	4.5	1.5	4.3
Construction	-31.8	-36.9	-49.8	-54.4	-15.3	-15.1	3.6	3.6	-42.8	-7.8	3.4
Other	-17.7	6.5	48.2	134.1	57.5	32.5	0.5	-43.2	41.5	-2.8	0.5
Operating profit	**-2.5**	**-19.3**	**-14.0**	**-86.7**	**-7.5**	**19.3**	**22.4**	**n/a**	**-15.9**	**59.7**	**45.8**
Steel	42.7	38.0	52.0	-18.6	-9.2	-16.6	-22.9	162.3	31.3	5.9	49.6
Trading	-2.7	-13.4	-14.9	111.2	11.1	15.9	23.1	43.5	-1.4	21.6	4.6
Construction	-25.9	n/a	n/a	n/a	-59.1	n/a	n/a	n/a	-684.8	n/a	89.7
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**	**n/a**	**8.4**	**567.3**	**53.1**	**n/a**	**-46.8**	**337.2**	**45.2**
Margins (%)											
Operating profit	**3.3**	**3.5**	**3.7**	**0.1**	**3.0**	**4.0**	**4.4**	**5.0**	**2.6**	**4.1**	**5.8**
Steel	4.8	6.7	7.5	3.0	4.4	5.4	5.5	7.0	5.5	5.6	8.2
Trading	2.7	3.3	3.2	2.0	3.0	3.8	3.9	2.8	2.8	3.4	3.4
Construction	2.2	-7.2	-24.7	-24.1	1.1	1.1	1.2	2.1	-11.1	1.3	2.5
Other	-20.0	-32.8	-11.9	-19.5	-14.2	-10.0	-4.6	4.6	-20.3	-6.2	4.7
Net profit	**2.0**	**0.5**	**2.2**	**-1.8**	**2.1**	**3.1**	**3.3**	**3.9**	**0.7**	**3.1**	**4.4**

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**72,688**	**69,095**	**70,962**	**72,897**	**73,278**
Cost of goods sold	67,275	63,929	64,586	65,058	65,223
Gross profit	**5,413**	**5,166**	**6,377**	**7,838**	**8,055**
Gross margin (%)	7.4	7.5	9.0	10.8	11.0
SG&A expenses	3,239	3,339	3,459	3,585	3,716
Operating profit	**2,174**	**1,827**	**2,917**	**4,254**	**4,339**
Operating margin (%)	3.0	2.6	4.1	5.8	5.9
Non-operating gains (losses)	**-922**	**-720**	**233**	**321**	**344**
Financial profit	5,212	3,222	1,724	1,736	1,710
Financial costs	5,081	3,910	1,520	1,468	1,419
Equity-method gains (losses)	-256	350	438	462	462
Other	-797	-382	-409	-409	-409
Pre-tax profit	**1,251**	**1,107**	**3,150**	**4,575**	**4,683**
Taxes	304	602	945	1,372	1,405
Effective tax rate (%)	24.3	54.4	30.0	30.0	30.0
Profit from continuing operations	948	504	2,205	3,202	3,278
Profit from discontinued operations	0	0	0	0	0
Net profit	**948**	**504**	**2,205**	**3,202**	**3,278**
Net margin (%)	1.3	0.7	3.1	4.4	4.5
Net profit (controlling interests)	1,095	658	1,847	3,202	3,278
Net profit (non-controlling interests)	-147	-153	359	0	0
EBITDA	6,158	5,986	7,146	8,621	8,706
EBITDA margin (%)	8.5	8.7	10.1	11.8	11.9
EPS (parent-based) (KRW)	13,073	8,085	27,275	40,413	41,366
EPS (consolidated) (KRW)	11,314	6,201	27,687	40,413	41,366
Adjusted EPS (KRW)*	13,073	8,085	27,275	40,413	41,366

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**44,030**	**43,484**	**44,009**	**44,297**	**45,372**
Cash & equivalents	6,768	7,050	5,800	5,113	5,882
Accounts receivable	9,333	9,604	10,901	11,478	11,763
Inventories	14,143	13,624	14,452	15,192	15,626
Other current assets	13,785	13,206	12,856	12,514	12,102
Fixed assets	**59,374**	**61,709**	**64,751**	**67,974**	**70,150**
Investment assets	8,015	8,824	15,331	16,900	17,609
Tangible assets	39,847	42,293	43,926	45,581	47,047
Intangible assets	4,775	5,494	5,494	5,494	5,494
Other long-term assets	6,738	5,099	-0	-0	-0
Total assets	**103,404**	**105,192**	**108,760**	**112,271**	**115,522**
Current liabilities	**22,780**	**23,132**	**24,406**	**24,985**	**25,416**
Accounts payable	6,159	5,107	6,117	6,299	6,372
Short-term debt	5,733	7,432	7,432	7,432	7,432
Other current liabilities	10,888	10,593	10,857	11,254	11,612
Long-term liabilities	**19,174**	**19,683**	**20,303**	**20,551**	**20,621**
Bonds & long-term debt	14,882	16,375	16,916	16,916	16,916
Other long-term liabilities	4,292	3,309	3,387	3,635	3,705
Total liabilities	**41,954**	**42,815**	**44,716**	**45,544**	**46,046**
Owners of parent equity	**55,394**	**55,730**	**57,264**	**59,811**	**62,422**
Capital stock	482	482	482	482	482
Capital surplus	1,649	1,685	1,685	1,685	1,685
Retained earnings	53,658	53,177	54,711	57,259	59,869
Other	-395	385	385	385	385
Non-controlling interests' equity	**6,056**	**6,648**	**6,780**	**6,916**	**7,054**
Total equity	**61,450**	**62,378**	**64,044**	**66,728**	**69,476**
Net debt	11,444	13,793	14,837	16,024	15,756

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**6,664**	**4,572**	**6,707**	**7,972**	**8,773**
Net profit	948	504	2,205	3,202	3,278
Non-cash profit and expenses	5,646	5,939	5,964	6,130	6,325
Depreciation	3,531	3,693	3,893	4,074	4,230
Amortization	454	466	466	466	466
Other	1,661	1,780	1,604	1,590	1,629
Changes in A/L from operating activities	337	-805	-1,462	-1,360	-829
Cash flow from investments	**-4,487**	**-6,687**	**-7,562**	**-7,779**	**-7,112**
Change in tangible assets	-7,626	-5,451	-6,605	-6,759	-6,080
Change in financial assets	2,884	-823	-457	-504	-504
Other	254	-414	-500	-516	-528
Cash flow from financing	**-2,302**	**2,403**	**-389**	**-874**	**-887**
Change in debt	-125	2,886	502	0	0
Change in equity	-14	36	0	0	0
Dividends	-844	-915	-891	-894	-887
Other	-1,318	396	0	0	0
Change in cash	97	282	-1,250	-686	769
Cash at beginning of year	6,671	6,768	7,050	5,800	5,113
Cash at end of year	6,768	7,050	5,800	5,113	5,882
Gross cash flow	**6,594**	**6,444**	**8,169**	**9,332**	**9,603**
Free cash flow	**-1,006**	**-1,093**	**16**	**1,099**	**2,555**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	-5.8	-4.9	2.7	2.7	0.5
Operating profit	-38.5	-15.9	59.7	45.8	2.0
Net profit	-48.7	-46.8	337.2	45.2	2.4
Adjusted EPS**	-34.9	-38.2	237.4	48.2	2.4
Per-share data (KRW)					
EPS (parent-based)	16,673	9,887	27,275	40,413	41,366
EPS (consolidated)	11,314	6,201	27,687	40,413	41,366
Adjusted EPS**	16,673	9,887	27,275	40,413	41,366
BVPS	732,527	736,969	712,972	790,939	825,458
DPS (common)	10,000	10,000	10,000	10,000	10,000
Valuations (x)					
P/E***	22.1	37.3	13.5	9.1	8.9
P/B***	0.6	0.5	0.5	0.5	0.5
EV/EBITDA	6.6	7.1	6.3	5.3	5.2
Ratios (%)					
ROE	2.9	1.2	3.2	4.7	4.6
ROA	1.4	0.8	2.0	2.9	2.9
ROIC	2.7	1.3	3.4	5.6	5.5
Payout ratio	913.3	1,520.6	40.7	23.6	23.1
Dividend yield (common)	3.9	3.3	2.7	2.7	2.7
Net debt to equity	18.6	22.1	23.2	24.0	22.7
Interest coverage (x)	2.1	1.7	2.8	4.3	4.6

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. 4. 27

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Hyundai Steel (004020)

2Q recovery to follow soft 1Q

- We believe Hyundai Steel's operating profit came in at KRW35b in 1Q, falling well short of consensus.
- Domestic HRC and rebar distribution prices are rising, which should lift the firm's ASP from 2Q.
- Although higher energy and logistics costs are unavoidable amid ongoing conflicts in the Middle East, most steelmakers worldwide are moving to pass increases onto customers, and Hyundai Steel is likely to follow suit.

AT A GLANCE

BUY

Target price	KRW47,000	10.6%
Current price	**KRW42,500**	
Market cap	KRW5.7t/USD3.8b	
Shares (float)	133,445,785 (62.6%)	
52-week high/low	KRW46,500/KRW24,050	
Avg daily trading value (60-day)	KRW52.6b/ USD35.4m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
HYUNDAI STEEL (%)	20.6	24.5	75.3
Vs Kospi (%pts)	3.4	-24.2	-31.7

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	47,000	41,000	14.6%
2026E EPS	1,750	2,389	-26.7%
2027E EPS	3,608	3,606	0.1%

SAMSUNG vs THE STREET

No of estimates	15
Target price	48,320
Recommendation	4.0

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

WHAT'S THE STORY?

§(The Korean version of this report was published Apr 13, 2026)

Earnings recovery to gain traction from 2Q: We now believe Hyundai Steel's consolidated sales rose 3.8% q-q to KRW5.7t in 1Q, but operating profit tumbled 19.2% y-y to KRW35b, the latter significantly below consensus. While the electric arc furnace business likely managed to hold margins against rising scrap prices through stronger rebar exports, the blast furnace segment likely experienced margin compression due to rising raw material costs—particularly for coking coal—and a shift in sales mix toward hot-rolled coil (HRC). Korea's imposition of tariffs on HRC imports since late Sep 2025 began to show clear effects in February, as reduced imports lifted domestic HRC distribution prices. At the same time, growing rebar exports improved the domestic supply-demand balance, pushing up rebar distribution prices. These pricing tailwinds should fully flow through to earnings from 2Q.

(Continued on the next page)

SUMMARY FINANCIAL DATA

(KRWb)	2025	2026E	2027E	2028E
Revenue	22,733	23,714	24,206	24,533
Operating profit	219	509	879	916
Net profit (adj)	1	234	501	528
EPS (adj) (KRW)	-54	1,750	3,757	3,958
EPS (adj) growth (% y-y)	nm	nm	106.1	5.6
EBITDA margin (%)	8.7	9.6	10.9	10.9
ROE (%)	-0.0	1.2	2.5	2.6
P/E (adj) (x)	n/a	23.1	10.8	10.2
P/B (x)	0.3	0.3	0.3	0.3
EV/EBITDA (x)	6.3	5.4	4.6	4.6
Dividend yield (%)	1.6	1.9	1.9	1.9

Source: Company data, Samsung Securities estimates

Protectionist policies to trigger rebound in domestic prices, supporting earnings: Amid ongoing conflict in the Middle East, energy prices worldwide have risen markedly. As a result, major steelmakers in Europe, the US, China, and Japan are officially announcing price hikes in April, and Korean producers are likely to follow suit to some extent. Korea's revised industrial electricity rates, effective Apr 16, raises nighttime charges by KRW5.1/kWh while cutting daytime charges by up to KRW16.9/kWh, and Hyundai Steel is likely to optimize energy use to curb a rise in power costs. Also, considering the benefits from trade protectionism—and assuming the war does not become prolonged—its near-term earnings appear more likely to improve than deteriorate. We maintain our BUY rating on the stock. Additionally, over time, Hyundai Steel's planned investment in a new US plant should gradually unlock value from its existing investment asset holdings. We therefore reduce the discount (from 30% to 20%) we use to derive our target P/B multiple, which leads us to raise our target price by 15% to KRW47,000.

Hyundai Steel: Results and forecasts (parent basis)

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2025	2026E	2027E
Sales	**4,289.9**	**4,680.0**	**4,532.5**	**4,297.7**	**4,570.7**	**5,037.8**	**4,917.4**	**4,575.1**	**17,800.1**	**19,101.0**	**19,637.4**
Gross profit	**186.1**	**237.0**	**309.4**	**354.5**	**255.2**	**349.1**	**372.0**	**439.2**	**1,086.9**	**1,415.5**	**1,798.9**
Operating profit	**-56.1**	**-7.5**	**47.1**	**105.7**	**4.5**	**96.1**	**100.4**	**183.1**	**89.2**	**384.1**	**731.0**
Pre-tax profit	-62.3	-62.3	5.8	14.5	-0.1	53.9	55.0	164.9	-104.4	273.6	626.1
Net profit	-38.0	-18.2	-2.7	17.9	-0.1	39.1	39.9	119.5	-40.9	198.4	453.9
Chg (% y-y)											
Sales	-11.0	-3.5	1.6	-4.1	6.5	7.6	8.5	6.5	-4.4	7.3	2.8
Operating profit	n/a	n/a	46.9	n/a	n/a	n/a	113.1	73.2	496.1	330.4	90.3
Net profit	n/a	n/a	n/a	n/a	n/a	n/a	n/a	566.5	n/a	n/a	128.8
Margins (%)											
Gross profit	4.3	5.1	6.8	8.2	5.6	6.9	7.6	9.6	6.1	7.4	9.2
Operating profit	**-1.3**	**-0.2**	**1.0**	**2.5**	**0.1**	**1.9**	**2.0**	**4.0**	**0.5**	**2.0**	**3.7**
Net profit	-0.9	-0.4	-0.1	0.4	-0.0	0.8	0.8	2.6	-0.2	1.0	2.3
Roll margin											
Carbon steel sales (KRWb)	2,737.4	3,036.9	3,011.7	2,779.1	2,985.5	3,234.3	3,225.0	2,926.3	11,565.1	12,371.1	12,635.7
Carbon steel sales volume ('000 tonnes)	2,681.0	2,955.0	2,897.0	2,599.0	2,840.6	2,992.0	2,927.2	2,663.9	11,132.0	11,423.7	11,519.4
Carbon steel ASP	1,021.0	1,027.7	1,039.6	1,069.3	1,051.0	1,081.0	1,101.7	1,098.5	1,038.9	1,082.9	1,096.9
Raw material price	546.6	536.4	518.9	523.8	567.5	590.1	591.6	564.3	531.4	578.4	538.7
BF roll margin (KRW1,000/tonne)	474.4	491.3	520.7	545.5	483.5	490.9	510.1	534.2	507.5	504.6	558.2
(Chg q-q)	-16.8	16.9	29.4	24.8	-62.0	7.4	19.3	24.1	23.8	-2.9	53.7
Long product sales (KRWb)	1,086.6	1,168.6	1,075.7	1,079.7	1,130.8	1,301.3	1,219.9	1,202.2	4,410.6	4,854.1	5,119.6
Long product sales volume ('000 tonnes)	1,068.5	1,173.5	1,082.1	1,073.8	1,093.5	1,217.4	1,136.2	1,127.5	4,397.9	4,574.5	4,747.1
Long product ASP	1,016.9	995.8	994.1	1,005.6	1,034.1	1,069.0	1,073.7	1,066.2	1,002.9	1,061.1	1,078.5
Raw material prices	500.5	479.5	478.3	480.0	498.0	511.5	518.5	520.0	484.6	512.0	520.0
EF roll margin (KRW1,000/tonne)	516.4	516.3	515.8	525.6	536.1	557.5	555.2	546.2	518.3	549.1	558.5
(Chg q-q)	-5.9	-0.0	-0.5	9.7	10.5	21.4	-2.3	-8.9	12.1	30.8	9.3
Average roll margin (KRW1,000/tonne)	486.4	498.4	519.4	539.7	498.1	510.1	522.7	537.8	510.6	517.3	558.3
(Chg q-q)	-13.3	12.1	21.0	20.3	-41.6	12.0	12.6	15.1	20.5	6.7	41.0
Operating profit (KRWb)	-56.1	-7.5	47.1	105.7	4.5	96.1	100.4	183.1	89.2	384.1	731.0
Operating profit per tonne*	-12.8	0.8	15.1	32.1	4.1	24.6	26.7	50.4	5.7	24.0	44.9
(Chg q-q)	24.1	13.5	14.3	17.0	-28.0	20.4	2.1	23.7	4.8	18.3	20.9

Note: *Excludes specialty steel unit
Source: Company data, Samsung Securities estimates

Hyundai Steel: Results and forecasts (consolidated)

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2025	2026E	2027E
Sales	**5,563.5**	**5,945.6**	**5,734.4**	**5,489.8**	**5,698.5**	**6,187.0**	**6,073.4**	**5,755.4**	**22,733.2**	**23,714.4**	**24,205.5**
Parent	4,289.9	4,680.0	4,532.5	4,297.7	4,570.7	5,037.8	4,917.4	4,575.1	17,800.1	19,101.0	19,637.4
Subsidiaries	1,273.6	1,265.6	1,201.9	1,192.1	1,127.8	1,149.2	1,156.0	1,180.4	4,933.1	4,613.4	4,568.2
Gross profit	**291.9**	**411.8**	**425.3**	**375.4**	**359.2**	**448.2**	**478.9**	**561.6**	**1,504.3**	**1,847.8**	**2,275.1**
Parent	186.1	237.0	309.4	354.5	255.2	349.1	372.0	439.2	1,086.9	1,415.5	1,798.9
Subsidiaries	105.8	174.8	116.0	20.9	104.0	99.1	106.9	122.4	417.4	432.4	476.2
Operating profit	**-19.0**	**101.8**	**93.2**	**43.3**	**35.0**	**124.8**	**132.9**	**216.5**	**219.2**	**509.1**	**879.2**
Parent	-56.1	-7.5	47.1	105.7	4.5	96.1	100.4	183.1	89.2	384.1	731.0
Subsidiaries	37.1	109.2	46.1	-62.5	30.5	28.7	32.5	33.4	130.0	125.0	148.2
Pre-tax profit	-67.0	5.8	30.0	-12.1	-11.3	74.2	74.7	184.5	-43.2	322.1	691.6
Parent	-62.3	-62.3	5.8	14.5	-0.1	53.9	55.0	164.9	-104.4	273.6	626.1
Subsidiaries	-4.6	68.1	24.3	-26.6	-11.1	20.3	19.7	19.7	61.2	48.5	65.5
Net profit	-54.4	37.4	17.8	0.6	-8.2	53.8	54.1	133.8	1.4	233.5	501.4
Parent	-38.0	-18.2	-2.7	17.9	-0.1	39.1	39.9	119.5	-40.9	198.4	453.9
Subsidiaries	-16.4	55.6	20.5	-17.4	-8.1	14.7	14.3	14.3	42.3	35.1	47.5
Net profit (controlling interests)	-55.1	33.8	17.1	-2.7	-13.2	48.8	49.1	128.8	-6.9	213.5	481.4
Chg (% y-y)											
Sales	-6.5	-1.6	2.0	-2.2	2.4	4.1	5.9	4.8	-2.1	4.3	2.1
Operating profit	n/a	3.9	80.9	n/a	n/a	22.6	42.5	400.6	37.5	132.2	72.7
Net profit	n/a	2,664.6	n/a	n/a	n/a	43.8	203.8	n/a	-84.2	n/a	114.7
Net profit (controlling interests)	n/a	n/a	n/a	n/a	n/a	44.2	188.1	n/a	n/a	n/a	125.4
Margins (%)											
Gross profit	5.2	6.9	7.4	6.8	6.3	7.2	7.9	9.8	6.6	7.8	9.4
Operating profit	-0.3	1.7	1.6	0.8	0.6	2.0	2.2	3.8	1.0	2.1	3.6
Net profit	-1.0	0.6	0.3	-0.0	-0.2	0.8	0.8	2.2	0.0	1.0	2.1

Source: Company data, Samsung Securities estimates

Hyundai Steel: P/B valuation

(KRWb)	
Consolidated business value	**6,318**
- 2026E book value	19,538
- Target P/B* (x)	0.32
Shares	133,445,785
Target price (KRW)	**47,000**

Note: *20% discount to 2016-2019 average, reflecting ROE estimate comparison and potential value of investment assets

Source: Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**23,226**	**22,733**	**23,714**	**24,206**	**24,533**
Cost of goods sold	21,832	21,229	21,867	21,930	22,161
Gross profit	**1,394**	**1,504**	**1,848**	**2,275**	**2,372**
Gross margin (%)	6.0	6.6	7.8	9.4	9.7
SG&A expenses	1,234	1,285	1,339	1,396	1,456
Operating profit	**159**	**219**	**509**	**879**	**916**
Operating margin (%)	0.7	1.0	2.1	3.6	3.7
Non-operating gains (losses)	**-219**	**-262**	**-187**	**-188**	**-187**
Financial profit	384	452	159	158	158
Financial costs	664	651	360	360	360
Equity-method gains (losses)	12	5	14	14	14
Other	49	-68	0	-0	-0
Pre-tax profit	**-59**	**-43**	**322**	**692**	**729**
Taxes	-68	-45	89	190	200
Effective tax rate (%)	114.8	103.2	27.5	27.5	27.5
Profit from continuing operations	9	1	234	501	528
Profit from discontinued operations	0	0	0	0	0
Net profit	**9**	**1**	**234**	**501**	**528**
Net margin (%)	0.0	0.0	1.0	2.1	2.2
Net profit (controlling interests)	-12	-7	214	481	508
Net profit (non-controlling interests)	20	8	20	20	20
EBITDA	1,870	1,981	2,271	2,641	2,678
EBITDA margin (%)	8.1	8.7	9.6	10.9	10.9
EPS (parent-based) (KRW)	-87	-52	1,750	3,608	3,808
EPS (consolidated) (KRW)	66	10	1,750	3,757	3,958
Adjusted EPS (KRW)*	-111	-54	1,750	3,757	3,958

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**11,460**	**11,318**	**11,832**	**12,277**	**12,516**
Cash & equivalents	1,296	1,343	1,422	1,575	1,568
Accounts receivable	2,524	2,358	2,521	2,649	2,743
Inventories	6,291	5,740	5,992	6,136	6,266
Other current assets	1,350	1,876	1,897	1,917	1,939
Fixed assets	**23,284**	**23,125**	**23,194**	**23,418**	**23,670**
Investment assets	2,292	2,830	1,835	1,849	1,863
Tangible assets	18,431	17,835	18,008	18,218	18,456
Intangible assets	1,402	1,320	1,320	1,320	1,320
Other long-term assets	1,160	1,140	2,031	2,031	2,031
Total assets	**34,744**	**34,442**	**35,026**	**35,695**	**36,186**
Current liabilities	**7,699**	**7,411**	**7,775**	**8,002**	**8,172**
Accounts payable	1,467	1,533	1,599	1,683	1,758
Short-term debt	1,216	1,216	1,216	1,216	1,216
Other current liabilities	5,017	4,662	4,960	5,103	5,198
Long-term liabilities	**7,711**	**7,192**	**7,242**	**7,250**	**7,141**
Bonds & long-term debt	6,159	5,816	5,816	5,816	5,816
Other long-term liabilities	1,552	1,375	1,426	1,433	1,325
Total liabilities	**15,410**	**14,602**	**15,018**	**15,251**	**15,313**
Owners of parent equity	**18,918**	**19,371**	**19,538**	**19,974**	**20,404**
Capital stock	667	667	667	667	667
Capital surplus	3,905	3,871	3,871	3,871	3,871
Retained earnings	13,400	13,303	13,471	13,907	14,336
Other	946	1,529	1,529	1,529	1,529
Non-controlling interests' equity	**415**	**469**	**469**	**469**	**469**
Total equity	**19,334**	**19,840**	**20,008**	**20,444**	**20,873**
Net debt	8,258	7,769	6,947	6,794	6,801

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**1,777**	**2,053**	**2,000**	**2,439**	**2,589**
Net profit	9	1	234	501	528
Non-cash profit and expenses	1,921	2,193	2,060	2,163	2,272
Depreciation	1,621	1,666	1,614	1,701	1,785
Amortization	90	96	47	50	52
Other	210	431	398	412	435
Changes in A/L from operating activities	276	86	-293	-225	-211
Cash flow from investments	**-1,503**	**-1,578**	**-1,997**	**-2,362**	**-2,639**
Change in tangible assets	-1,650	-1,475	-1,921	-2,283	-2,561
Change in financial assets	-285	327	-62	-62	-62
Other	432	-430	-14	-17	-16
Cash flow from financing	**-354**	**-385**	**119**	**119**	**86**
Change in debt	-33	-563	0	0	0
Change in equity	-1	-34	0	0	0
Dividends	-132	-100	-66	-66	-99
Other	-188	312	185	185	185
Change in cash	-90	47	79	153	-7
Cash at beginning of year	1,386	1,296	1,343	1,422	1,575
Cash at end of year	1,296	1,343	1,422	1,575	1,568
Gross cash flow	**1,930**	**2,194**	**2,294**	**2,664**	**2,801**
Free cash flow	**105**	**561**	**58**	**136**	**9**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	-10.4	-2.1	4.3	2.1	1.4
Operating profit	-80.0	37.5	132.2	72.7	4.2
Net profit	-98.0	-84.2	16,713.5	114.7	5.3
Adjusted EPS**	nm	nm	nm	114.7	5.3
Per-share data (KRW)					
EPS (parent-based)	-111	-54	1,750	3,757	3,958
EPS (consolidated)	66	10	1,750	3,757	3,958
Adjusted EPS**	-111	-54	1,750	3,757	3,958
BVPS	145,488	146,778	149,305	151,565	154,807
DPS (common)	750	500	750	750	750
Valuations (x)					
P/E***	n/a	n/a	23.1	10.8	10.2
P/B***	0.3	0.3	0.3	0.3	0.3
EV/EBITDA	6.9	6.3	5.4	4.6	4.6
Ratios (%)					
ROE	-0.1	-0.0	1.2	2.5	2.6
ROA	-0.0	-0.0	0.7	1.4	1.5
ROIC	-0.1	-0.0	1.5	2.5	2.6
Payout ratio	-849.0	-951.0	33.0	20.5	n/a
Dividend yield (common)	3.6	1.6	1.9	1.9	1.9
Net debt to equity	42.7	39.2	34.7	33.2	32.6
Interest coverage (x)	0.4	0.6	1.4	2.4	2.5

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

Source: Company data, Samsung Securities estimates

COMPANY UPDATE

2026. 4. 27

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Seah Besteel Holdings (001430)

Core business improving, new business emerging

- We believe Seah Besteel Holdings will report a 1Q consolidated operating profit of KRW24.5b, missing consensus by 13%.
- The company has strived to offset strong scrap costs by marking up some product prices, but market conditions remain weak. Earnings should head north in 2Q, driven by further ASP hikes.
- With shares having already priced in much of the value of the firm's US nickel alloy plant, a key thing to watch is whether production ramps up smoothly once the plant comes online in 2H.

WHAT'S THE STORY?

§(The Korean version of this report was published Apr 13, 2026)

1Q preview—recovery of core business still slow: We now believe Seah Besteel Holdings 1Q results will show consolidated sales of KRW980.8b (up 14% q-q) and operating profit of KRW24.5b, up 176% q-q but missing consensus by 13%. Seah Besteel likely negated the rise in scrap prices through selective price hikes—driving the q-q earnings improvement—but overall market conditions for special steel bars remained sluggish. Yet, we anticipate further earnings improvement in 2Q propelled by additional price hikes. Meanwhile, Seah Changwon Special Steel's operating results have shown gradual y-y improvement, supported by a rebound in nickel prices following Indonesia's decision to reduce nickel production quotas. For a more substantial and sustainable recovery in core operations, the company needs authorities to initiate an anti-dumping investigation into imported special steel bars (currently under petition).

(Continued on the next page)

SUMMARY FINANCIAL DATA

(KRWb)	2025	2026E	2027E	2028E
Revenue	3,652	3,993	4,131	4,265
Operating profit	98	151	219	226
Net profit (adj)	56	87	136	142
EPS (adj) (KRW)	1,567	2,430	3,804	3,958
EPS (adj) growth (% y-y)	32.3	73.2	56.6	4.0
EBITDA margin (%)	6.2	7.0	8.4	8.3
ROE (%)	2.9	4.5	6.7	6.7
P/E (adj) (x)	45.0	26.0	16.6	15.9
P/B (x)	1.1	1.2	1.1	1.1
EV/EBITDA (x)	14.6	11.8	9.4	9.1
Dividend yield (%)	2.4	1.9	1.9	1.9

Source: Company data, Samsung Securities estimates

AT A GLANCE

BUY

Target price	KRW78,500	10.4%
Current price	KRW71,100	
Market cap	KRW2.5t/USD1.7b	
Shares (float)	35,862,119 (35.3%)	
52-week high/low	KRW90,300/KRW17,460	
Avg daily trading value (60-day)	KRW21.7b/ USD14.6m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Seah Besteel Holdings (%)	3.2	151.2	307.2
Vs Kospi (%pts)	-11.5	52.9	58.6

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	78,500	78,500	0.0%
2026E EPS	2,430	2,430	0.0%
2027E EPS	3,804	3,804	0.0%

SAMSUNG vs THE STREET

No of estimates	11
Target price	84,727
Recommendation	3.8

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

Time to focus on upcoming start of specialty alloy production in US: Seah Besteel Holdings is currently building a nickel alloy plant in the US, which is slated for completion by mid-2026. Ramp-up is scheduled for 2H, with full commercial production commencing in 2027. Since the market began speculating about SpaceX's potential IPO last year, Seah Besteel Holdings' shares have already priced in much of the expected value from this US plant. Therefore, the critical test now is whether the plant can deliver the revenue and profitability the market anticipates once operational. We maintain our BUY rating on the stock, as the firm's strategic shift toward the aerospace and energy sectors—where product quality is paramount—is increasingly visible and positive for profitability.

Seah Besteel Holdings: Results and forecasts (consolidated)

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2025	2026E	2027E
Sales	**899.9**	**964.5**	**925.9**	**861.3**	**980.8**	**1,064.9**	**1,000.0**	**947.2**	**3,651.6**	**3,992.9**	**4,130.5**
Parent company	498.3	541.6	496.6	464.2	519.1	557.0	519.2	502.4	2,000.8	2,097.8	2,146.1
Subsidiary	401.6	422.9	429.3	397.0	461.7	508.0	480.7	444.7	1,650.8	1,895.1	1,984.4
Gross profit	74.9	95.0	77.9	67.3	68.2	98.6	83.8	75.0	315.1	325.6	383.8
Parent company	34.1	51.3	32.4	29.1	37.7	54.4	46.8	42.7	147.0	181.5	205.7
Subsidiary	40.8	43.7	45.4	38.2	30.5	44.2	37.0	32.4	168.0	144.1	178.1
Operating profit	**18.1**	**44.5**	**27.0**	**8.9**	**24.5**	**54.5**	**40.9**	**31.6**	**98.4**	**151.5**	**218.8**
Parent company	5.2	22.0	4.6	0.3	8.0	24.3	18.2	13.1	32.1	63.7	84.9
Subsidiary	12.9	22.5	22.4	8.5	16.5	30.2	22.7	18.5	66.3	87.8	133.9
Pre-tax profit	8.9	24.4	46.3	8.3	17.1	46.7	33.0	23.4	87.8	120.2	188.2
Parent company	0.5	19.8	-2.7	-7.0	1.7	20.2	13.9	8.5	10.6	44.3	65.5
Subsidiary	8.4	4.6	49.0	15.2	15.4	26.4	19.1	15.0	77.2	75.9	122.7
Net profit	**6.0**	**18.2**	**33.9**	**-1.9**	**12.4**	**33.8**	**23.9**	**17.0**	**56.1**	**87.1**	**136.4**
Parent company	1.9	10.7	17.1	9.4	1.3	15.2	10.4	6.3	39.0	33.2	49.1
Subsidiary	4.1	7.5	16.8	-11.3	11.1	18.7	13.5	10.6	17.1	53.9	87.3
Net profit (controlling interests)	**6.1**	**17.9**	**33.7**	**-1.5**	**12.4**	**33.8**	**23.9**	**17.0**	**56.2**	**87.1**	**136.4**
Change (% y-y)											
Sales	**-5.6**	**-0.6**	**4.8**	**3.8**	**9.0**	**10.4**	**8.0**	**10.0**	**0.4**	**9.3**	**3.4**
Parent company	-9.3	-1.9	4.8	3.3	4.2	2.8	4.6	8.2	-1.2	4.8	2.3
Subsidiary	-0.5	1.2	4.8	4.4	15.0	20.1	12.0	12.0	2.5	14.8	4.7
Operating profit	**-14.9**	**-30.1**	**10.4**	**-115.5**	**35.1**	**22.5**	**51.6**	**257.3**	**88.1**	**53.9**	**44.4**
Parent company	-8.6	-50.4	-65.4	-101.5	54.2	10.4	298.8	3,964.2	-22.8	98.3	33.4
Subsidiary	-17.2	16.5	99.3	-124.1	27.5	34.2	1.3	117.0	518.0	32.4	52.4
Net profit	**-62.6**	**-61.0**	**197.9**	**-96.4**	**106.7**	**86.1**	**-29.4**	**n/a**	**176.9**	**55.2**	**56.6**
Parent company	-64.7	-68.8	201.5	-160.6	-32.0	41.7	n/a	n/a	30.9	-14.9	48.0
Subsidiary	n/a	-39.4	194.3	-70.6	n/a	149.7	-19.7	n/a	n/a	214.6	61.8
Net profit (controlling interests)	**-62.2**	**-61.6**	**200.7**	**-97.2**	**103.6**	**89.2**	**-29.0**	**n/a**	**177.7**	**55.1**	**56.6**
Margins (%)											
Operating profit	**2.0**	**4.6**	**2.9**	**1.0**	**2.5**	**5.1**	**4.1**	**3.3**	**2.7**	**3.8**	**5.3**
Parent company	1.0	4.1	0.9	0.1	1.5	4.4	3.5	2.6	1.6	3.0	4.0
Subsidiary	3.2	5.3	5.2	2.1	3.6	5.9	4.7	4.2	4.0	4.6	6.7
Net profit	**0.7**	**1.9**	**3.7**	**-0.2**	**1.3**	**3.2**	**2.4**	**1.8**	**1.5**	**2.2**	**3.3**
Parent company	0.4	2.0	3.4	2.0	0.2	2.7	2.0	1.3	1.9	1.6	2.3
Subsidiary	1.0	1.8	3.9	-2.8	2.4	3.7	2.8	2.4	1.0	2.8	4.4
Net profit (controlling interests)	**0.7**	**1.9**	**3.6**	**-0.2**	**1.3**	**3.2**	**2.4**	**1.8**	**1.5**	**2.2**	**3.3**

Source: Company data, Samsung Securities estimates

Global specialty alloy peers: Valuations

(x)	2026E P/E	2026E P/B	2026E ROE (%)	2026E EV/EBITDA	2026E OPM (%)
Seah Besteel Holdings	**26.0**	**1.2**	**4.5**	**11.8**	**3.8**
Carpenter Technology	42.4	10.0	25.3	26.3	29.3
ATI	38.6	10.1	29.6	23.0	26.7
Average	**40.5**	**10.1**	**27.4**	**24.6**	**28.0**

Source: Bloomberg, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**3,636**	**3,652**	**3,993**	**4,131**	**4,265**
Cost of goods sold	3,378	3,337	3,667	3,747	3,871
Gross profit	**258**	**315**	**326**	**384**	**394**
Gross margin (%)	7.1	8.6	8.2	9.3	9.2
SG&A expenses	206	217	174	165	168
Operating profit	**52**	**98**	**151**	**219**	**226**
Operating margin (%)	1.4	2.7	3.8	5.3	5.3
Non-operating gains (losses)	**-29**	**-11**	**-31**	**-31**	**-30**
Financial profit	83	45	6	6	5
Financial costs	84	75	37	36	35
Equity-method gains (losses)	-4	-4	0	0	0
Other	-25	23	0	0	-0
Pre-tax profit	**23**	**88**	**120**	**188**	**196**
Taxes	3	32	33	52	54
Effective tax rate (%)	12.7	36.1	27.5	27.5	27.5
Profit from continuing operations	20	56	87	136	142
Profit from discontinued operations	0	0	0	0	0
Net profit	**20**	**56**	**87**	**136**	**142**
Net margin (%)	0.6	1.5	2.2	3.3	3.3
Net profit (controlling interests)	20	56	87	136	142
Net profit (non-controlling interests)	0	-0	0	0	0
EBITDA	169	225	278	345	352
EBITDA margin (%)	4.7	6.2	7.0	8.4	8.3
EPS (parent-based) (KRW)	564	1,567	2,430	3,804	3,958
EPS (consolidated) (KRW)	565	1,565	2,430	3,804	3,958
Adjusted EPS (KRW)*	564	1,567	2,430	3,804	3,958

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**1,713**	**1,703**	**1,758**	**1,852**	**1,964**
Cash & equivalents	264	233	236	269	326
Accounts receivable	396	400	424	448	467
Inventories	970	976	1,003	1,037	1,071
Other current assets	83	95	96	98	100
Fixed assets	**2,114**	**2,211**	**2,208**	**2,233**	**2,257**
Investment assets	192	259	343	351	359
Tangible assets	1,683	1,766	1,777	1,791	1,802
Intangible assets	77	75	75	75	75
Other long-term assets	161	110	13	17	21
Total assets	**3,827**	**3,915**	**3,966**	**4,085**	**4,221**
Current liabilities	**1,137**	**917**	**988**	**1,027**	**1,068**
Accounts payable	230	249	287	306	326
Short-term debt	142	116	116	116	116
Other current liabilities	765	552	585	605	626
Long-term liabilities	**658**	**1,045**	**997**	**978**	**970**
Bonds & long-term debt	490	852	854	854	854
Other long-term liabilities	168	193	143	124	116
Total liabilities	**1,795**	**1,962**	**1,984**	**2,005**	**2,038**
Owners of parent equity	**1,940**	**1,943**	**1,973**	**2,070**	**2,174**
Capital stock	219	219	219	219	219
Capital surplus	306	306	306	306	306
Retained earnings	1,264	1,265	1,314	1,412	1,515
Other	151	153	134	134	134
Non-controlling interests' equity	**92**	**10**	**10**	**10**	**10**
Total equity	**2,031**	**1,953**	**1,982**	**2,080**	**2,183**
Net debt	772	1,050	1,022	988	932

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**0**	**0**	**276**	**287**	**296**
Net profit	20	56	87	136	142
Non-cash profit and expenses	243	170	189	190	187
Depreciation	113	118	111	115	117
Amortization	4	8	1	1	1
Other	126	44	78	75	70
Changes in A/L from operating activities	137	-50	-1	-39	-33
Cash flow from investments	**-248**	**-242**	**-200**	**-181**	**-167**
Change in tangible assets	-165	-186	-196	-176	-163
Change in financial assets	-21	-0	8	8	8
Other	-63	-55	-12	-12	-12
Cash flow from financing	**91**	**97**	**-73**	**-73**	**-73**
Change in debt	150	227	0	0	0
Change in equity	0	0	0	0	0
Dividends	-37	-39	-39	-39	-39
Other	-22	-92	-35	-35	-35
Change in cash	166	-31	3	34	57
Cash at beginning of year	97	264	233	236	269
Cash at end of year	264	233	236	269	326
Gross cash flow	**263**	**226**	**276**	**326**	**329**
Free cash flow	**0**	**0**	**69**	**105**	**127**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	-11.0	0.4	9.3	3.4	3.2
Operating profit	-73.4	88.1	53.9	44.4	3.2
Net profit	-83.9	176.9	55.2	56.6	4.0
Adjusted EPS**	-84.5	177.7	55.1	56.6	4.0
Per-share data (KRW)					
EPS (parent-based)	1,061	1,403	2,430	3,804	3,958
EPS (consolidated)	1,061	1,403	2,430	3,804	3,958
Adjusted EPS**	1,061	1,403	2,430	3,804	3,958
BVPS	54,089	54,192	54,598	56,368	59,173
DPS (common)	1,200	1,200	1,200	1,200	1,200
Valuations (x)					
P/E***	59.5	45.0	26.0	16.6	15.9
P/B***	1.1	1.1	1.2	1.1	1.1
EV/EBITDA	17.9	14.6	11.8	9.4	9.1
Ratios (%)					
ROE	1.0	2.9	4.5	6.7	6.7
ROA	0.9	1.3	2.2	3.3	3.4
ROIC	1.6	2.2	4.0	6.0	6.2
Payout ratio	190.4	68.6	44.2	28.3	27.2
Dividend yield (common)	6.1	2.4	1.9	1.9	1.9
Net debt to equity	38.0	53.8	51.6	47.5	42.7
Interest coverage (x)	1.5	2.2	4.1	6.0	6.4

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. 4. 27

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Poongsan (103140)

Needs to mitigate management risk

- We expect Poongsan's 1Q results to show an operating profit of KRW103.1b, beating consensus by 13%.
- Although defense exports were likely on the weak side, margin at the copper business probably improved, led by higher average copper prices and the won's depreciation against the US dollar.
- The performance of the firm's core business likely remained steady. However, efforts are needed to mitigate management risk following recent speculation around the potential sale of the ammunition division.

AT A GLANCE

BUY

Target price	KRW140,000	39.3%
Current price	**KRW100,500**	
Market cap	KRW2.8t/USD1.9b	
Shares (float)	28,024,278 (59.4%)	
52-week high/low	KRW165,000/KRW55,800	
Avg daily trading value (60-day)	KRW50.0b/ USD33.7m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
POONGSAN CORPORATION (%)	7.5	-16.1	80.1
Vs Kospi (%pts)	-7.8	-48.9	-29.8

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	140,000	167,000	-16.2%
2026E EPS	8,394	8,644	-2.9%
2027E EPS	8,838	9,227	-4.2%

SAMSUNG vs THE STREET

No of estimates	12
Target price	147,167
Recommendation	3.8

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

WHAT'S THE STORY?

§(The Korean version of this report was published Apr 13, 2026)

Copper business to drive 1Q results: We expect Poongsan to post 1Q results showing consolidated sales of KRW1.3t (down 6.5% q-q) and an operating profit KRW103.1b (up 12.6% q-q), the latter beating consensus by 13%. Although the firm's defense exports probably fell q-q and faced product-mix pressure due to lower shipments to Poland, improved margins at the copper business—supported by higher copper prices and won depreciation against the US dollar—likely provided a key short-term boost to profitability. While copper prices have pulled back slightly since Middle East tensions began in March, the won-denominated copper price trend should remain robust through 2Q given the sustained depreciation of the won.

(Continued on the next page)

SUMMARY FINANCIAL DATA

(KRWb)	2025	2026E	2027E	2028E
Revenue	5,049	5,823	5,815	5,904
Operating profit	297	353	369	388
Net profit (adj)	147	235	247	262
EPS (adj) (KRW)	5,251	8,394	8,838	9,387
EPS (adj) growth (% y-y)	-35.0	61.1	5.3	6.2
EBITDA margin (%)	7.7	7.6	7.9	8.1
ROE (%)	6.5	9.8	9.8	9.6
P/E (adj) (x)	19.1	11.9	11.3	10.6
P/B (x)	1.2	1.2	1.1	1.0
EV/EBITDA (x)	9.3	8.1	7.8	7.4
Dividend yield (%)	1.6	2.7	3.0	3.3

Source: Company data, Samsung Securities estimates

Management risk requires mitigation: Global supply of copper concentrate should remain tight, suggesting Poongsan's copper business margins will continue to benefit when copper prices rise. Meanwhile, while the outcome of additional large-caliber artillery shell orders remains uncertain, Poongsan's defense export performance should remain stable in the medium-term given last year's order backlog. Poongsan is trading at 11.8x P/E, approximately 70% below the domestic defense peer average. Given its fundamentals, this suggests ample upside. Having said that, recent speculation regarding the potential sale of the ammunition business has raised concerns over management credibility. Although the company has publicly stated it is not pursuing any such sale, evidence suggests the possibility was at least considered. As a result, restoring investor confidence in management may take time. In light of this, we widen the valuation discount applied to the defense segment from 20% to 30% and thus cut our target price by 16% to KRW140,000.

Poongsan: Results and forecasts (parent basis)

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2025	2026E	2027E
Sales	**826.4**	**1,014.0**	**871.4**	**1,137.3**	**1,040.2**	**1,256.0**	**1,080.3**	**1,284.2**	**3,849.1**	**4,660.7**	**4,701.6**
Copper business	620.5	666.2	642.1	721.7	801.8	865.6	819.3	802.3	2,650.6	3,288.9	3,191.8
Defense business	205.9	347.8	229.3	415.6	238.4	390.5	261.0	482.0	1,198.5	1,371.8	1,509.7
Exports	422.1	570.7	473.2	599.8	525.2	689.2	575.1	651.2	2,065.7	2,440.6	2,483.3
Copper business	336.8	372.0	359.9	430.6	438.2	486.5	459.5	478.6	1,499.2	1,862.8	1,807.3
Defense business	85.3	198.7	113.3	169.2	87.0	202.7	115.6	172.6	566.5	577.8	676.1
Domestic	404.3	443.3	398.2	537.6	515.0	566.8	505.2	633.1	1,783.4	2,220.1	2,218.2
Copper business	283.7	294.2	282.2	291.1	363.6	379.0	359.8	323.7	1,151.4	1,426.1	1,384.6
Defense business	120.6	149.1	116.0	246.4	151.4	187.8	145.4	309.4	632.0	794.0	833.7
Gross profit	82.8	128.3	86.0	133.6	120.7	125.2	105.9	124.6	430.7	476.4	507.4
Operating profit	**44.7**	**88.0**	**42.4**	**72.0**	**81.3**	**91.8**	**60.8**	**58.9**	**247.2**	**292.8**	**317.4**
Pre-tax profit	50.6	74.9	41.5	20.3	70.6	80.3	49.8	47.7	187.4	248.4	273.1
Net profit	**41.6**	**64.2**	**32.6**	**9.1**	**53.7**	**61.0**	**37.9**	**36.3**	**147.4**	**188.8**	**207.6**
Chg (% y-y)											
Sales	**15.6**	**3.7**	**5.0**	**16.0**	**25.9**	**23.9**	**24.0**	**12.9**	**9.9**	**21.1**	**0.9**
Copper business	15.3	4.6	15.6	23.8	29.2	29.9	27.6	11.2	14.6	24.1	-3.0
Defense business	16.5	2.1	-16.4	4.5	15.8	12.3	13.8	16.0	0.8	14.5	10.1
Exports	7.2	-2.7	-2.7	7.1	24.4	20.8	21.5	8.6	1.9	18.1	1.7
Copper business	12.8	3.4	12.8	27.2	30.1	30.8	27.7	11.2	13.9	24.3	-3.0
Defense business	-10.4	-12.3	-32.4	-23.7	2.0	2.0	2.0	2.0	-20.3	2.0	17.0
Domestic	25.8	13.3	16.0	28.0	27.4	27.9	26.9	17.8	20.8	24.5	-0.1
Copper business	18.3	6.1	19.3	19.2	28.1	28.8	27.5	11.2	15.4	23.9	-2.9
Defense business	48.0	30.8	8.8	40.1	25.6	26.0	25.4	25.6	32.2	25.6	5.0
Gross profit	17.7	-28.3	-22.5	-5.7	45.7	-2.4	23.2	-6.7	-14.2	10.6	6.5
Operating profit	27.0	-37.6	-40.0	7.1	81.7	4.4	43.4	-18.3	-21.3	18.5	8.4
Pre-tax profit	9.5	-50.1	-34.5	-64.9	39.4	7.1	20.2	134.8	-41.0	32.6	9.9
Net profit	12.6	-42.3	-31.6	-77.2	29.1	-5.0	16.2	299.9	-37.4	28.1	9.9
Margins (%)											
Gross profit	10.0	12.7	9.9	11.7	11.6	10.0	9.8	9.7	11.2	10.2	10.8
Operating profit	5.4	8.7	4.9	6.3	7.8	7.3	5.6	4.6	6.4	6.3	6.8
Pre-tax profit	6.1	7.4	4.8	1.8	6.8	6.4	4.6	3.7	4.9	5.3	5.8
Net profit	5.0	6.3	3.7	0.8	5.2	4.9	3.5	2.8	3.8	4.1	4.4

Source: Company data, Samsung Securities estimates

Poongsan: Results and forecasts (consolidated)

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2025	2026E	2027E
Sales	**1,155.9**	**1,294.0**	**1,174.2**	**1,424.5**	**1,331.6**	**1,552.7**	**1,367.7**	**1,570.4**	**5,048.6**	**5,822.5**	**5,814.9**
Parent	826.4	1,014.0	871.4	1,137.3	1,040.2	1,256.0	1,080.3	1,284.2	3,849.1	4,660.7	4,701.6
Subsidiaries	329.5	280.0	302.8	287.2	291.4	296.7	287.5	286.2	1,199.5	1,161.8	1,113.3
Gross profit	130.2	153.6	108.5	182.4	167.3	166.7	143.2	167.5	574.8	644.8	665.9
Parent	82.8	128.3	86.0	133.6	120.7	125.2	105.9	124.6	430.7	476.4	507.4
Subsidiaries	47.4	25.3	22.6	48.8	46.6	41.5	37.3	42.9	144.1	168.3	158.5
Operating profit	**69.7**	**93.6**	**42.6**	**91.5**	**103.1**	**103.3**	**73.0**	**73.7**	**297.4**	**353.1**	**368.7**
Parent	44.7	88.0	42.4	72.0	81.3	91.8	60.8	58.9	247.2	292.8	317.4
Subsidiaries	25.0	5.6	0.2	19.5	21.8	11.5	12.2	14.9	50.3	60.3	51.3
Pre-tax profit	57.8	77.4	40.7	59.6	93.0	93.0	63.1	63.6	235.5	312.7	329.3
Parent	50.6	74.9	41.5	20.3	70.6	80.3	49.8	47.7	187.4	248.4	273.1
Subsidiaries	7.2	2.5	-0.7	39.3	22.3	12.7	13.3	15.9	48.2	64.3	56.2
Net profit	**41.6**	**64.2**	**32.6**	**8.8**	**69.7**	**69.7**	**47.4**	**47.7**	**147.2**	**234.6**	**246.9**
Parent	41.6	64.2	32.6	9.1	53.7	61.0	37.9	36.3	147.4	188.8	207.6
Subsidiaries	0.0	0.0	-0.0	-0.2	16.1	8.7	9.5	11.5	-0.2	45.7	39.4
Net profit attributable to parent company	41.6	64.2	32.6	8.8	69.7	69.7	47.4	47.7	147.2	234.6	246.9
Chg (% y-y)											
Sales	20.0	4.9	4.0	16.0	15.2	20.0	16.5	10.2	10.9	15.3	-0.1
Operating profit	28.5	-42.0	-42.7	170.3	47.8	10.4	71.3	-19.5	-8.1	18.7	4.4
Net profit	12.6	-42.3	-31.6	-78.1	67.8	8.6	45.4	440.8	-37.7	59.4	5.3
Net profit attributable to parent company	12.6	-42.3	-31.6	-78.1	67.8	8.6	45.4	440.8	-37.7	59.4	5.3
Margins (%)											
Gross profit	11.3	11.9	9.2	12.8	12.6	10.7	10.5	10.7	11.4	11.1	11.5
Operating profit	6.0	7.2	3.6	6.4	7.7	6.7	5.3	4.7	5.9	6.1	6.3
Net profit	3.6	5.0	2.8	0.6	5.2	4.5	3.5	3.0	2.9	4.0	4.2

Source: Company data, Samsung Securities estimates

Poongsan: Sum-of-the-parts valuation

(KRWb)	
Enterprise value	**3,882.1**
1) Defense business	3,197.7
- 2026E net profit	167.8
- Target P/E* (x)	19.1
2) Copper business	684.4
- 2026E net profit	66.7
- Target P/E** (x)	10.3
Outstanding shares	28,024,278
Target price (KRW)	**140,000**

Note: *Discounted 30% to peer average (Hanwha Aerospace, Hyundai Rotem) to reflect order structure;
**Discounted 20% to peer average to reflect business scale

Source: Bloomberg, Samsung Securities estimates

Global peers: 2026E valuations

(x)	P/E	P/B	ROE (%)	EV/EBITDA	2025-2027E EPS CAGR (%)
Poongsan	11.8	1.2	9.8	8.1	30.3
LIG Nex1	51.0	11.2	24.2	31.8	31.4
Hanwha Aerospace	31.9	6.4	22.2	16.5	41.3
KAI	52.2	9.3	18.9	33.7	58.6
Hyundai Rotem	22.5	5.6	27.7	15.0	32.5
Average of K-defense peers	39.4	8.1	23.2	24.2	40.9
Vale	7.5	1.8	25.2	4.8	-0.6
Rio Tinto	11.7	2.3	20.1	6.3	12.1
BHP Group	15.0	3.5	24.6	6.6	11.2
Glencore	17.4	2.1	13.6	6.4	69.1
Boliden	12.5	1.8	14.9	6.2	31.7
Average of mining companies	12.8	2.3	19.7	6.1	24.7
Rheinmetall	39.8	11.0	29.4	21.7	46.4
BAE Systems	27.1	5.4	19.5	15.8	12.5

Source: Bloomberg, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**4,554**	**5,049**	**5,823**	**5,815**	**5,904**
Cost of goods sold	3,938	4,474	5,178	5,149	5,213
Gross profit	**616**	**575**	**645**	**666**	**691**
Gross margin (%)	13.5	11.4	11.1	11.5	11.7
SG&A expenses	292	277	292	297	303
Operating profit	**324**	**297**	**353**	**369**	**388**
Operating margin (%)	7.1	5.9	6.1	6.3	6.6
Non-operating gains (losses)	**-5**	**-62**	**-40**	**-39**	**-38**
Financial profit	19	16	7	7	8
Financial costs	47	47	37	36	35
Equity-method gains (losses)	0	1	0	0	0
Other	23	-32	-11	-11	-11
Pre-tax profit	**318**	**236**	**313**	**329**	**350**
Taxes	82	88	78	82	87
Effective tax rate (%)	25.8	37.5	25.0	25.0	25.0
Profit from continuing operations	236	147	235	247	262
Profit from discontinued operations	0	0	0	0	0
Net profit	**236**	**147**	**235**	**247**	**262**
Net margin (%)	5.2	2.9	4.0	4.2	4.4
Net profit (controlling interests)	236	147	235	247	262
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	413	388	443	459	479
EBITDA margin (%)	9.1	7.7	7.6	7.9	8.1
EPS (parent-based) (KRW)	8,423	5,251	8,394	8,838	9,387
EPS (consolidated) (KRW)	8,423	5,251	8,370	8,812	9,361
Adjusted EPS (KRW)*	8,423	5,251	8,394	8,838	9,387

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**2,562**	**2,763**	**2,945**	**3,105**	**3,287**
Cash & equivalents	345	239	244	281	287
Accounts receivable	602	797	863	918	986
Inventories	1,459	1,623	1,695	1,772	1,860
Other current assets	155	104	143	134	155
Fixed assets	**1,535**	**1,566**	**1,655**	**1,744**	**1,834**
Investment assets	48	21	164	178	194
Tangible assets	1,309	1,387	1,461	1,533	1,604
Intangible assets	13	18	18	18	18
Other long-term assets	165	140	13	15	18
Total assets	**4,097**	**4,329**	**4,601**	**4,849**	**5,121**
Current liabilities	**1,359**	**1,450**	**1,542**	**1,620**	**1,717**
Accounts payable	185	158	214	261	320
Short-term debt	393	535	535	535	535
Other current liabilities	780	757	792	824	862
Long-term liabilities	**539**	**581**	**572**	**572**	**568**
Bonds & long-term debt	240	422	422	422	422
Other long-term liabilities	299	159	150	150	146
Total liabilities	**1,897**	**2,031**	**2,115**	**2,192**	**2,285**
Owners of parent equity	**2,199**	**2,298**	**2,486**	**2,658**	**2,836**
Capital stock	140	140	140	140	140
Capital surplus	495	495	495	495	495
Retained earnings	1,491	1,592	1,780	1,952	2,130
Other	74	71	71	71	71
Non-controlling interests' equity	**0**	**0**	**0**	**0**	**0**
Total equity	**2,199**	**2,298**	**2,486**	**2,658**	**2,836**
Net debt	480	845	817	780	774

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**40**	**-168**	**291**	**346**	**325**
Net profit	236	147	235	247	262
Non-cash profit and expenses	252	275	247	248	244
Depreciation	89	90	91	89	88
Amortization	1	0	0	0	0
Other	162	184	157	159	156
Changes in A/L from operating activities	-343	-397	-191	-149	-181
Cash flow from investments	**-217**	**-177**	**-220**	**-215**	**-215**
Change in tangible assets	-195	-179	-173	-167	-166
Change in financial assets	-17	27	-45	-45	-45
Other	-5	-25	-2	-3	-4
Cash flow from financing	**90**	**279**	**-28**	**-56**	**-66**
Change in debt	136	258	-2	0	0
Change in equity	0	0	0	0	0
Dividends	-33	-71	-46	-76	-84
Other	-13	50	20	20	18
Change in cash	-63	-106	5	37	6
Cash at beginning of year	408	345	239	244	281
Cash at end of year	345	239	244	281	287
Gross cash flow	**488**	**422**	**482**	**495**	**506**
Free cash flow	**-156**	**-353**	**116**	**176**	**155**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	10.4	10.9	15.3	-0.1	1.5
Operating profit	41.6	-8.1	18.7	4.4	5.3
Net profit	50.9	-37.7	59.4	5.3	6.2
Adjusted EPS**	48.2	-37.7	59.8	5.3	6.2
Per-share data (KRW)					
EPS (parent-based)	8,019	5,209	8,394	8,838	9,387
EPS (consolidated)	8,423	5,251	8,370	8,812	9,361
Adjusted EPS**	8,019	5,209	8,394	8,838	9,387
BVPS	74,315	80,242	85,361	91,774	98,010
DPS (common)	2,600	1,700	2,700	3,000	3,300
Valuations (x)					
P/E***	12.4	19.1	11.9	11.3	10.6
P/B***	1.3	1.2	1.2	1.1	1.0
EV/EBITDA	7.9	9.3	8.1	7.8	7.4
Ratios (%)					
ROE	10.8	6.5	9.8	9.8	9.6
ROA	5.5	3.4	5.1	5.1	5.1
ROIC	9.7	6.2	9.4	11.2	11.5
Payout ratio	30.1	31.6	32.3	34.0	35.3
Dividend yield (common)	5.2	1.6	2.7	3.0	3.3
Net debt to equity	21.8	36.8	32.9	29.3	27.3
Interest coverage (x)	8.6	8.0	9.7	10.3	11.1

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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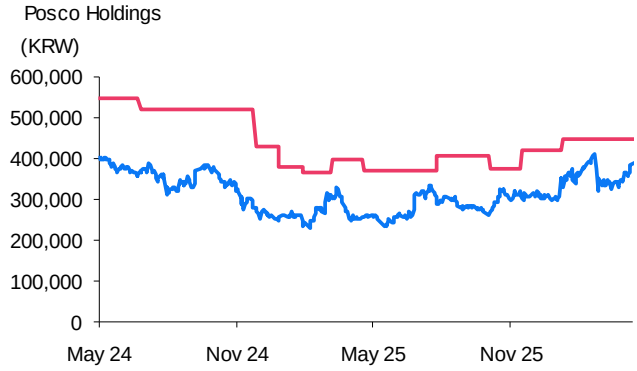
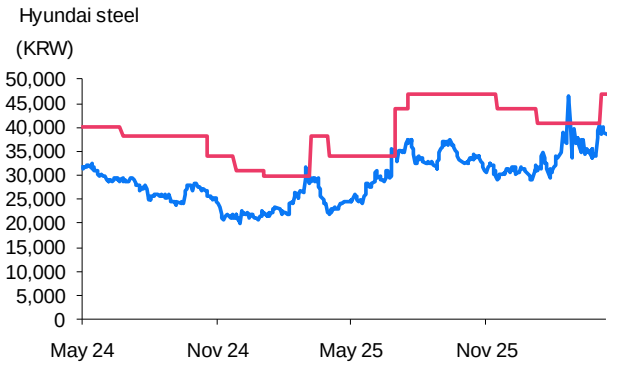
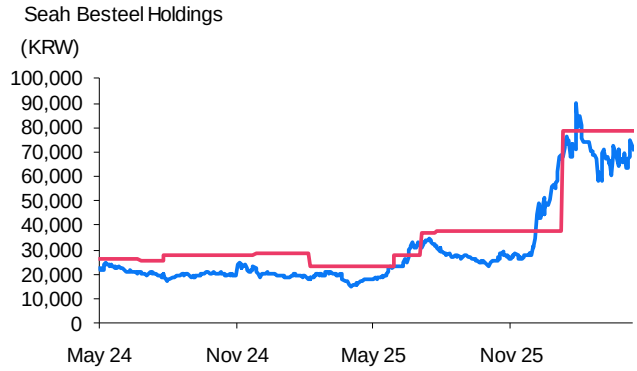
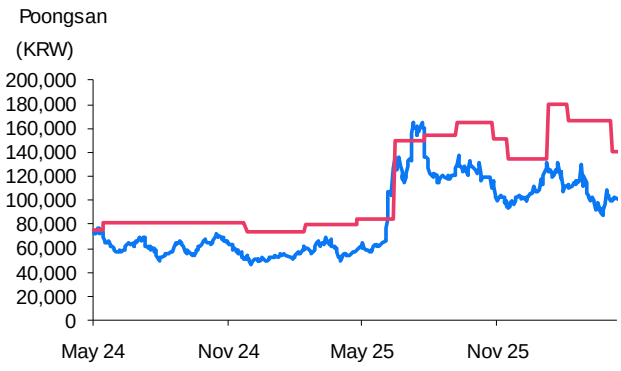
Target price changes in past two years









Rating changes over past two years (adjusted share prices)

Posco Holdings												
Date	2024/2/1	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	
Target price (KRW)	550000	520000	430000	380000	365000	400000	370000	410000	375000	420000	450000	
Gap* (average)	-25.99	-33.75	-38.55	-31.43	-26.15	-30.72	-25.24	-29.73	-17.87	-25.64		
(max or min)**	-16.73	-24.62	-35.93	-28.68	-13.15	-17.00	-9.46	-24.63	-12.80	-16.07		
Hyundai Steel												
Date	2024/1/31	7/1	10/25	12/2	2025/1/9	3/14	4/8	7/8	7/24	11/24	2026/1/16	4/13
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	40000	38000	34000	31000	30000	38000	34000	44000	47000	44000	41000	47000
Gap* (average)	-19.57	-29.71	-32.37	-30.44	-18.38	-29.88	-21.00	-19.98	-28.39	-30.38	-14.43	
(max or min)**	-7.50	-22.76	-24.41	-26.77	6.17	-22.37	4.56	-14.89	-20.00	-27.05	13.41	
Seah Besteel Holdings												
Date	2024/2/6	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			
Target price (KRW)	26500	25500	27500	28500	23500	28000	37000	38000	78500			
Gap* (average)	-14.11	-21.83	-26.25	-31.15	-20.15	-0.22	-10.24	-14.23				
(max or min)**	-0.75	-17.65	-10.91	-20.88	-0.43	19.46	-7.16	81.05				
Poongsan												
Date	2024/4/19	5/2	5/22	12/2	2025/2/20	5/2	6/23	8/1	9/15	11/3	11/24	2026/1/16
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	72000	75000	82000	73000	80000	85000	150000	155000	165000	151000	135000	180000
Gap* (average)	-13.81	-1.18	-25.26	-27.48	-25.43	-13.70	-5.09	-21.59	-24.93	-32.49	-20.72	-33.37
(max or min)**	-7.08	3.07	-12.07	-16.44	-13.25	48.82	10.00	-12.58	-16.48	-26.49	-2.89	-27.11
Date	2/12	4/13										
Recommendation	BUY	BUY										
Target price (KRW)	167000	140000										
Gap* (average)	-37.23											
(max or min)**	-21.80											

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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