COMPANY UPDATE

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Posco Holdings (005490)

Steel and lithium units rebounding

- Posco Holdings reported a 1Q consolidated operating profit of KRW707b, beating consensus by 20%.
- The lithium business narrowed losses amid rising lithium prices, while Posco International delivered solid results—primary drivers behind the consensus beat.
- Higher domestic HRC prices in Korea, driven by stronger trade protection, are likely to lift ASP in 2Q. At the same time, rising lithium prices should help reduce losses in the lithium business this year.

(§ The Korean version of this report was published May 6, 2026)

AT A GLANCE

BUY

Target price	KRW540,000	2.9%
Current price	**KRW525,000**	
Market cap	KRW41.6t/USD28.3b	
Shares (float)	79,241,527 (85.6%)	
52-week high/low	KRW535,000/KRW233,500	
Avg daily trading value (60-day)	KRW201.7b/ USD137.1m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Posco Holdings (%)	44.8	75.6	100.8
Vs Kospi (%pts)	13.4	-7.4	-30.9

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	540,000	450,000	20.0%
2026E EPS	31,098	27,275	14.0%
2027E EPS	42,707	40,413	5.7%

SAMSUNG vs THE STREET

No of estimates	17
Target price	579,235
Recommendation	4.0

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

WHAT'S THE STORY?

Strong 1Q driven by improvement in non-steel businesses: Posco Holdings reported that its 1Q consolidated sales rose 6.1% q-q to KRW17.9t and operating profit surged to KRW707b—the latter beating consensus by 20%. Posco's steel spreads narrowed as rising input costs outpaced price increases, but Posco International put in solid results and the lithium business managed to narrow losses amid rising lithium prices. Korea began to impose tariffs on HRC imports from China and Japan in Sep 2025, and imports of Chinese HRC have plunged more than 90% y-y this year to date. Domestic HRC prices, in turn, have risen by KRW150,000/tonne (or 19%) over the past three months. This encouraged the company to raise HRC prices by KRW50,000/tonne in February and announce another KRW50,000/tonne hike for HRC and CRC prices in April. As a result, the steel business will likely show better earnings performance in 2Q onward.

(Continued on the next page)

SUMMARY 1Q RESULTS

(KRWb)	1Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	17,876.0	2.5	6.1	2.2	2.3
Operating profit	707.0	24.4	5,474.2	34.4	18.8
Pre-tax profit	757.0	48.4	nm	42.0	63.8
Net profit	543.0	57.7	nm	45.5	51.0
Margins (%)					
Operating profit	4.0				
Pre-tax profit	4.2				
Net profit	3.0				

Source: Company data, Fnguide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuation (x)			
P/E	37.7	14.9	10.8
P/B	0.4	0.6	0.6
EV/EBITDA	7.5	6.9	5.8
Div yield (%)	3.3	2.2	2.8
EPS growth (% y-y)	-40.7	214.5	37.3
ROE (%)	1.2	3.6	4.9
Per-share data (KRW)			
EPS	9,887	31,098	42,707
BVPS	686,521	714,727	743,216
DPS	10,000	10,000	13,000

Improvement in lithium business performance a welcoming trend: Lithium prices have remained firm amid tightening supply and growing demand from energy storage systems (ESS). After posting operating losses exceeding KRW400b in 2025, the lithium business is on track to significantly narrow its losses in 2026, as both the Argentina Plant 1 and Gwangyang production facilities commence full-scale commercial operations this year. Meanwhile, the company has taken its first step in collaboration with India's JSW Group by finalizing an investment to build a 6m-tonne blast furnace in India. Posco Group will invest a total of USD3.6b to secure a 50% stake in the joint venture. This move not only strengthens the growth potential of its steel business by increasing exposure to a region with structural demand growth, but also signals a clear focus on strengthening its core businesses of steel, rechargeable batteries, and energy. With both the steel and lithium markets showing early signs of recovery after bottoming out, we revise our full-year operating profit forecast upward by 13%. We raise our target price by 20% to KRW540,000 and maintain our BUY rating.

Posco Holdings: Results and forecasts (consolidated)

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26P	2Q26E	3Q26E	4Q26E	2025	2026E	2027E
Sales	**17,436.8**	**17,555.6**	**17,261.0**	**16,841.5**	**17,876.0**	**18,111.1**	**18,429.6**	**18,366.8**	**69,094.9**	**72,783.5**	**75,002.8**
Steel	8,884.5	8,854.1	8,702.2	8,280.9	8,925.3	9,240.3	9,448.9	9,547.2	34,721.6	37,161.8	38,237.5
Trading	7,008.9	7,056.5	7,269.5	6,848.7	7,431.6	7,447.7	7,642.7	7,465.3	28,183.5	29,987.3	31,176.1
Construction	1,183.5	1,235.5	777.5	777.5	820.7	862.3	805.6	805.6	3,973.9	3,294.2	3,410.5
Other	360.0	409.6	512.0	934.4	698.5	560.8	532.4	548.6	2,216.0	2,340.2	2,178.8
Operating profit	**568.4**	**607.2**	**638.8**	**12.7**	**707.0**	**753.5**	**891.3**	**933.1**	**1,827.1**	**3,284.9**	**4,513.8**
Steel	424.4	596.7	656.8	247.9	324.7	425.3	546.7	684.5	1,925.8	1,981.3	3,222.0
Trading	189.4	233.0	235.2	134.8	306.8	289.9	302.3	208.1	792.4	1,107.1	1,076.7
Construction	26.6	-88.4	-192.4	-187.4	55.6	34.8	33.5	33.5	-441.5	157.4	156.0
Other	-72.0	-134.1	-60.8	-182.6	19.9	3.6	8.7	7.0	-449.6	39.1	59.1
Net profit	**344.2**	**83.8**	**386.9**	**-310.6**	**543.0**	**583.6**	**668.8**	**714.2**	**504.4**	**2,509.7**	**3,384.1**
Chg (% y-y)											
Sales	**-3.4**	**-5.2**	**-5.8**	**-5.4**	**2.5**	**3.2**	**6.8**	**9.1**	**-4.9**	**5.3**	**3.0**
Steel	-5.8	-3.8	-7.2	-9.9	0.5	4.4	8.6	15.3	-6.6	7.0	2.9
Trading	8.7	1.3	3.0	5.2	6.0	5.5	5.1	9.0	4.5	6.4	4.0
Construction	-31.8	-36.9	-49.8	-54.4	-30.7	-30.2	3.6	3.6	-42.8	-17.1	3.5
Other	-17.7	6.5	48.2	134.1	94.0	36.9	4.0	-41.3	41.5	5.6	-6.9
Operating profit	**-2.5**	**-19.3**	**-14.0**	**-86.7**	**24.4**	**24.1**	**39.5**	**n/a**	**-15.9**	**79.8**	**37.4**
Steel	42.7	38.0	52.0	-18.6	-23.5	-28.7	-16.8	176.2	31.3	2.9	62.6
Trading	-2.7	-13.4	-14.9	111.2	61.9	24.4	28.6	54.3	-1.4	39.7	-2.7
Construction	-25.9	n/a	n/a	n/a	108.9	n/a	n/a	n/a	-684.8	n/a	-0.9
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**	**57.7**	**596.0**	**72.9**	**n/a**	**-46.8**	**397.6**	**34.8**
Margins (%)											
Operating profit	**3.3**	**3.5**	**3.7**	**0.1**	**4.0**	**4.2**	**4.8**	**5.1**	**2.6**	**4.5**	**6.0**
Steel	4.8	6.7	7.5	3.0	3.6	4.6	5.8	7.2	5.5	5.3	8.4
Trading	2.7	3.3	3.2	2.0	4.1	3.9	4.0	2.8	2.8	3.7	3.5
Construction	2.2	-7.2	-24.7	-24.1	6.8	4.0	4.2	4.2	-11.1	4.8	4.6
Other	-20.0	-32.8	-11.9	-19.5	2.8	0.6	1.6	1.3	-20.3	1.7	2.7
Net profit	**2.0**	**0.5**	**2.2**	**-1.8**	**3.0**	**3.2**	**3.6**	**3.9**	**0.7**	**3.4**	**4.5**

Source: Company data, Samsung Securities estimates

Posco Holdings: Sum-of-the-parts valuation

(KRWb)	
Listed*	**8,420.4**
Unlisted	**30,643.5**
Posco (steel)	23,812.0
Equity	36,803.7
Target P/B (x)**	0.65
Posco E&C	615.6
Equity	3,077.8
Target P/B (x)	0.2
Lithium business	5,449.5
Equity	3,377.0
Target P/B (x)***	1.6
Other unlisted subsidiaries	766.4
Equity	7,663.9
Target P/B (x)	0.1
Net cash	**1,499.4**
Treasury shares**	**1,174.8**
Equity value	**41,738.0**
Outstanding shares	79,241,527
Target price (KRW)	**540,000**

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

Source: Bloomberg, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**72,688**	**69,095**	**72,783**	**75,003**	**76,294**
Cost of goods sold	67,275	63,929	66,042	66,907	67,911
Gross profit	**5,413**	**5,166**	**6,742**	**8,096**	**8,383**
Gross margin (%)	7.4	7.5	9.3	10.8	11.0
SG&A expenses	3,239	3,339	3,457	3,582	3,713
Operating profit	**2,174**	**1,827**	**3,285**	**4,514**	**4,669**
Operating margin (%)	3.0	2.6	4.5	6.0	6.1
Non-operating gains (losses)	**-922**	**-720**	**282**	**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	-361	-409	-409
Pre-tax profit	**1,251**	**1,107**	**3,567**	**4,834**	**5,013**
Taxes	304	602	1,057	1,450	1,504
Effective tax rate (%)	24.3	54.4	29.6	30.0	30.0
Profit from continuing operations	948	504	2,510	3,384	3,509
Profit from discontinued operations	0	0	0	0	0
Net profit	**948**	**504**	**2,510**	**3,384**	**3,509**
Net margin (%)	1.3	0.7	3.4	4.5	4.6
Net profit (controlling interests)	1,095	658	2,078	3,384	3,509
Net profit (non-controlling interests)	-147	-153	431	0	0
EBITDA	6,158	5,986	7,650	9,065	9,385
EBITDA margin (%)	8.5	8.7	10.5	12.1	12.3
EPS (parent-based) (KRW)	13,073	8,085	31,098	42,707	44,287
EPS (consolidated) (KRW)	11,314	6,201	31,507	42,707	44,287
Adjusted EPS (KRW)*	16,673	9,887	31,098	42,707	44,287

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**44,030**	**43,484**	**44,733**	**46,275**	**48,225**
Cash & equivalents	6,768	7,050	6,484	6,770	7,804
Accounts receivable	9,333	9,604	10,762	11,656	12,147
Inventories	14,143	13,624	14,546	15,235	16,026
Other current assets	13,785	13,206	12,941	12,614	12,248
Fixed assets	**59,374**	**61,709**	**64,133**	**66,698**	**68,230**
Investment assets	8,015	8,824	14,669	15,528	15,528
Tangible assets	39,847	42,293	43,971	45,676	47,209
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**	**108,867**	**112,973**	**116,455**
Current liabilities	**22,780**	**23,132**	**24,345**	**25,476**	**26,273**
Accounts payable	6,159	5,107	5,944	6,653	7,020
Short-term debt	5,733	7,432	7,432	7,432	7,432
Other current liabilities	10,888	10,593	10,970	11,391	11,820
Long-term liabilities	**19,174**	**19,683**	**20,192**	**20,327**	**20,244**
Bonds & long-term debt	14,882	16,375	16,916	16,916	16,916
Other long-term liabilities	4,292	3,309	3,276	3,411	3,328
Total liabilities	**41,954**	**42,815**	**44,544**	**45,811**	**46,526**
Owners of parent equity	**55,394**	**55,730**	**57,542**	**60,245**	**62,875**
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	54,989	57,692	60,322
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**	**64,322**	**67,161**	**69,929**
Net debt	11,444	13,793	14,153	14,367	13,835

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**6,664**	**4,572**	**6,900**	**8,434**	**8,771**
Net profit	948	504	2,510	3,384	3,509
Non-cash profit and expenses	5,646	5,939	5,969	6,142	6,344
Depreciation	3,531	3,693	3,899	4,086	4,250
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	-1,578	-1,092	-1,082
Cash flow from investments	**-4,487**	**-6,687**	**-7,071**	**-7,268**	**-6,659**
Change in tangible assets	-7,626	-5,451	-6,777	-6,957	-6,336
Change in financial assets	2,884	-823	206	206	206
Other	254	-414	-500	-516	-528
Cash flow from financing	**-2,302**	**2,403**	**-389**	**-874**	**-1,073**
Change in debt	-125	2,886	502	0	0
Change in equity	-14	36	0	0	0
Dividends	-844	-915	-891	-874	-1,073
Other	-1,318	396	0	0	0
Change in cash	97	282	-566	286	1,034
Cash at beginning of year	6,671	6,768	7,050	6,484	6,770
Cash at end of year	6,768	7,050	6,484	6,770	7,804
Gross cash flow	**6,594**	**6,444**	**8,479**	**9,526**	**9,854**
Free cash flow	**-1,006**	**-1,093**	**38**	**1,362**	**2,297**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	-5.8	-4.9	5.3	3.0	1.7
Operating profit	-38.5	-15.9	79.8	37.4	3.4
Net profit	-48.7	-46.8	397.6	34.8	3.7
Adjusted EPS**	-34.9	-38.2	284.7	37.3	3.7
Per-share data (KRW)					
EPS (parent-based)	13,073	8,085	31,098	42,707	44,287
EPS (consolidated)	11,314	6,201	31,507	42,707	44,287
Adjusted EPS**	16,673	9,887	31,098	42,707	44,287
BVPS	663,092	686,521	714,727	743,216	776,865
DPS (common)	10,000	10,000	10,000	13,000	13,000
Valuations (x)					
P/E***	19.4	37.7	14.9	10.8	10.4
P/B***	0.3	0.4	0.6	0.6	0.6
EV/EBITDA	6.2	7.5	6.9	5.8	5.7
Ratios (%)					
ROE	2.9	1.2	3.6	4.9	4.8
ROA	0.9	0.5	2.3	3.1	3.1
ROIC	2.7	1.3	3.9	5.9	5.9
Payout ratio	76.2	138.4	27.1	26.0	25.1
Dividend yield (common)	3.9	3.3	2.2	2.2	2.2
Net debt to equity	18.6	22.1	22.0	21.4	19.8
Interest coverage (x)	2.1	1.7	3.2	4.6	5.0

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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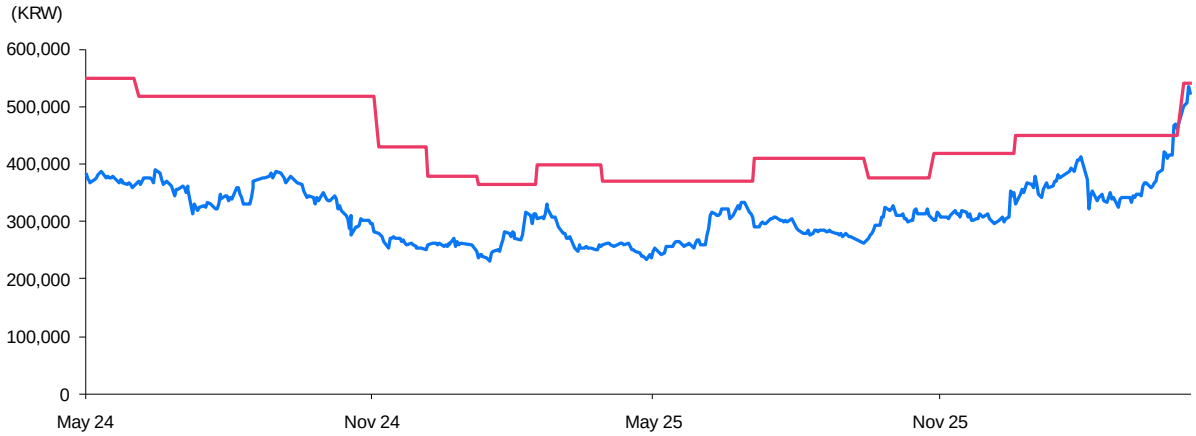
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

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	5/4
Recommendation	BUY	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	540000
Gap* (average)	-25.99	-33.75	-38.55	-31.43	-26.15	-30.72	-25.24	-29.73	-17.87	-25.64	-18.19	
(max or min)**	-16.73	-24.62	-35.93	-28.68	-13.15	-17.00	-9.46	-24.63	-12.80	-16.07	4.22	

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

Industry

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

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

Percentage of ratings in 12 months prior to 2026.03.31

BUY(85.2%)·HOLD(14.8%)·SELL(0%)

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