COMPANY UPDATE

2026. 8. 3

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Posco Holdings (005490)

Results gradually improving

- Posco Holdings reported a 2Q consolidated operating profit of KRW820b, surpassing consensus by 12%.
- Steel business spreads improved q-q due to higher ASPs, including rising hot-rolled coil distribution prices, while strong performance from subsidiary Posco International and advancements in the Argentine lithium business also contributed.
- Steel business spreads should improve further in 3Q driven by real demand-based price hikes, while continued progress in the Argentine lithium business, as projected by the company, should further enhance its overall business value.

WHAT'S THE STORY?

All major business segments improve q-q in 2Q: Posco Holdings' 2Q26 consolidated sales and operating profit rose 7.7% and 15.5% q-q, respectively, to KRW19.3t and KRW820b, the latter exceeding consensus by 12%. Supported by heightened protectionist measures against Chinese hot-rolled steel, including the imposition of anti-dumping duties, the company raised distribution prices for hot-rolled products, leading to a q-q expansion in steel business spreads. Also positive was the q-q improvement in most major business segments—eg, better performance in the energy business of subsidiary Posco International and a turn to profitability of the Argentine lithium project.

(Continued on the next page)

AT A GLANCE

BUY

Target price	**KRW460,000**	**47.2%**
Current price	**KRW312,500**	
Market cap	KRW24.8t/USD17.4b	
Shares (float)	79,241,527 (85.5%)	
52-week high/low	KRW535,000/KRW263,000	
Avg daily trading value (60-day)	KRW175.0b/ USD122.9m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Posco Holdings (%)	-1.4	-10.1	1.3
Vs Kospi (%pts)	26.7	-28.8	-50.2

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	460,000	480,000	-4.2%
2026E EPS	33,545	30,257	10.9%
2027E EPS	37,627	39,058	-3.7%

SAMSUNG vs THE STREET

No of estimates	18
Target price	523,322
Recommendation	4.0

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

SUMMARY 2Q RESULTS

(KRWb)	2Q26	Chg (% y-y)	Chg (% q-q)	Diff (%) Samsung	Diff (%) Consensus
Sales	19,259.0	9.7	7.7	6.3	6.8
Operating profit	819.0	34.9	15.9	9.3	12.2
Pre-tax profit	911.0	300.1	20.4	20.8	48.0
Net profit	761.0	807.6	40.0	44.2	73.0
Margins (%)					
Operating profit	4.3				
Pre-tax profit	4.7				
Net profit	4.0				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuations (x)			
P/E	37.7	9.3	8.3
P/B	0.4	0.4	0.4
EV/EBITDA	7.5	6.1	5.4
Div yield (%)	3.3	3.0	3.0
EPS growth (% y-y)	-38.2	314.9	12.2
ROE (%)	1.2	3.9	5.1
Per-share data (KRW)			
EPS	9,887	33,545	37,627
BVPS	686,521	714,604	740,095
DPS	10,000	11,000	14,000

Samsung Securities

Maintaining BUY: The steel business is expected to sustain further spread expansion in 3Q26, driven by underlying demand-supported price increases. Meanwhile, lithium carbonate prices rose to approximately USD30,000/tonne in May 2026, supported by robust demand from ESS applications, but have since retraced to around USD20,000/tonne due to increased supply from Australian mines and the potential resumption of production at CATL's Jianxiawo mine. Nevertheless, Posco Holding's Argentina lithium project is anticipated to benefit from ongoing product mix improvements (and the resultant ASP hikes) and higher utilization rates going forward (note: 3Q26 is a seasonal low point). During the CEO IR Day, the company indicated that its Argentina lithium business could achieve an operating margin of 40% even at a lithium carbonate price of USD20,000/tonne. At this price level, the EBITDA margin is projected to range between 50–60%, comparable to Albemarle's estimated EBITDA margin of mid-50% under similar assumptions. Reflecting lower valuations of listed subsidiaries, we lower our target price (SOTP-based) by 4% to KRW460,000. However, given the gradual improvement in the steel business and the potential for the lithium segment to deliver meaningful earnings momentum, we maintain our BUY rating.

Posco Holdings: Results and forecasts (consolidated)

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26P	2Q26P	3Q26E	4Q26E	2025	2026E	2027E
Sales	**17,436.8**	**17,555.6**	**17,261.0**	**16,841.5**	**17,876.1**	**19,259.0**	**19,045.8**	**18,351.7**	**69,094.9**	**74,532.6**	**75,875.0**
Steel	8,884.5	8,854.1	8,702.2	8,280.9	8,927.9	9,432.0	9,852.9	9,462.5	34,721.6	37,675.4	38,725.6
Trading	7,008.9	7,056.5	7,269.5	6,848.7	7,431.6	8,399.6	8,091.2	7,771.7	28,183.5	31,694.1	32,019.4
Construction	1,183.5	1,235.5	777.5	777.5	1,049.5	1,012.4	679.5	679.5	3,973.9	3,420.9	3,421.2
Other	360.0	409.6	512.0	934.4	467.1	415.0	422.2	438.0	2,216.0	1,742.3	1,708.7
Operating profit	**568.4**	**607.2**	**638.8**	**12.7**	**706.8**	**819.0**	**821.1**	**801.2**	**1,827.1**	**3,148.1**	**4,193.1**
Steel	424.4	596.7	656.8	247.9	326.4	381.3	482.5	528.0	1,925.8	1,718.2	2,937.2
Trading	189.4	233.0	235.2	134.8	306.8	338.3	282.3	205.9	792.4	1,133.2	1,013.7
Construction	26.6	-88.4	-192.4	-187.4	55.6	46.6	26.4	19.2	-441.5	147.8	130.1
Other	-72.0	-134.1	-60.8	-182.6	18.0	52.8	29.9	48.2	-449.6	148.8	112.1
Net profit	**344.2**	**83.8**	**386.9**	**-310.6**	**543.4**	**761.0**	**595.9**	**589.8**	**504.4**	**2,490.1**	**2,996.6**
Chg (% y-y)											
Sales	**-3.4**	**-5.2**	**-5.8**	**-5.4**	**2.5**	**9.7**	**10.3**	**9.0**	**-4.9**	**7.9**	**1.8**
Steel	-5.8	-3.8	-7.2	-9.9	0.5	6.5	13.2	14.3	-6.6	8.5	2.8
Trading	8.7	1.3	3.0	5.2	6.0	19.0	11.3	13.5	4.5	12.5	1.0
Construction	-31.8	-36.9	-49.8	-54.4	-11.3	-18.1	-12.6	-12.6	-42.8	-13.9	0.0
Other	-17.7	6.5	48.2	134.1	29.8	1.3	-17.5	-53.1	41.5	-21.4	-1.9
Operating profit	**-2.5**	**-19.3**	**-14.0**	**-86.7**	**24.3**	**34.9**	**28.5**	**n/a**	**-15.9**	**72.3**	**33.2**
Steel	42.7	38.0	52.0	-18.6	-23.1	-36.1	-26.5	113.0	31.3	-10.8	70.9
Trading	-2.7	-13.4	-14.9	111.2	61.9	45.2	20.1	52.7	-1.4	43.0	-10.6
Construction	-25.9	n/a	n/a	n/a	108.9	n/a	n/a	n/a	n/a	n/a	-12.0
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**	**57.9**	**807.6**	**54.0**	**n/a**	**-46.8**	**393.7**	**20.3**
Margins (%)											
Operating profit	**3.3**	**3.5**	**3.7**	**0.1**	**4.0**	**4.3**	**4.3**	**4.4**	**2.6**	**4.2**	**5.5**
Steel	4.8	6.7	7.5	3.0	3.7	4.0	4.9	5.6	5.5	4.6	7.6
Trading	2.7	3.3	3.2	2.0	4.1	4.0	3.5	2.6	2.8	3.6	3.2
Construction	2.2	-7.2	-24.7	-24.1	5.3	4.6	3.9	2.8	-11.1	4.3	3.8
Other	-20.0	-32.8	-11.9	-19.5	3.9	12.7	7.1	11.0	-20.3	8.5	6.6
Net profit	**2.0**	**0.5**	**2.2**	**-1.8**	**3.0**	**4.0**	**3.1**	**3.2**	**0.7**	**3.3**	**3.9**

Source: Company data, Samsung Securities estimates

Posco Holdings: Sum-of-the-parts valuation

(KRWb)	
Listed*	**7,681.7**
Unlisted	**26,443.4**
Posco (steel)	19,612.9
Equity	36,321.7
Target P/B** (x)	0.54
Posco E&C	614.6
Equity	3,073.0
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****	**761.6**
Equity value	**36,386.1**
Outstanding shares	79,241,527
Target price (KRW)	**460,000**

Note: *50% discount to equity value of listed subsidiaries (based on July 30 closing prices);
**Based on global peer valuations 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**	**74,533**	**75,875**	**77,295**
Cost of goods sold	67,275	63,929	67,955	68,125	69,046
Gross profit	**5,413**	**5,166**	**6,577**	**7,750**	**8,249**
Gross margin (%)	7.4	7.5	8.8	10.2	10.7
SG&A expenses	3,239	3,339	3,429	3,557	3,691
Operating profit	**2,174**	**1,827**	**3,148**	**4,193**	**4,558**
Operating margin (%)	3.0	2.6	4.2	5.5	5.9
Non-operating gains (losses)	**-922**	**-720**	**213**	**88**	**78**
Financial profit	5,212	3,222	2,881	1,811	1,750
Financial costs	5,081	3,910	2,906	1,728	1,676
Equity-method gains (losses)	-256	350	390	414	414
Other	-797	-382	-151	-409	-409
Pre-tax profit	**1,251**	**1,107**	**3,362**	**4,281**	**4,636**
Taxes	304	602	871	1,284	1,391
Effective tax rate (%)	24.3	54.4	25.9	30.0	30.0
Profit from continuing operations	948	504	2,490	2,997	3,246
Profit from discontinued operations	0	0	0	0	0
Net profit	**948**	**504**	**2,490**	**2,997**	**3,246**
Net margin (%)	1.3	0.7	3.3	3.9	4.2
Net profit (controlling interests)	1,095	658	2,033	2,997	3,246
Net profit (non-controlling interests)	-147	-153	457	0	0
EBITDA	6,158	5,986	7,527	8,737	9,257
EBITDA margin (%)	8.5	8.7	10.1	11.5	12.0
EPS (parent-based) (KRW)	13,073	8,085	33,545	37,817	40,957
EPS (consolidated) (KRW)	11,314	6,201	31,262	37,817	40,957
Adjusted EPS (KRW)*	13,073	8,085	33,545	37,627	40,957

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**44,030**	**43,484**	**44,423**	**46,078**	**48,248**
Cash & equivalents	6,768	7,050	5,982	6,067	6,736
Accounts receivable	9,333	9,604	10,807	12,043	13,117
Inventories	14,143	13,624	14,612	15,313	16,098
Other current assets	13,785	13,206	13,022	12,655	12,296
Fixed assets	**59,374**	**61,709**	**64,252**	**66,636**	**68,086**
Investment assets	8,015	8,824	14,669	15,528	15,528
Tangible assets	39,847	42,293	44,089	45,614	47,064
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**	**108,675**	**112,714**	**116,333**
Current liabilities	**22,780**	**23,132**	**24,124**	**25,086**	**26,073**
Accounts payable	6,159	5,107	5,614	6,206	6,751
Short-term debt	5,733	7,432	7,432	7,432	7,432
Other current liabilities	10,888	10,593	11,078	11,448	11,890
Long-term liabilities	**19,174**	**19,683**	**20,242**	**20,934**	**21,129**
Bonds & long-term debt	14,882	16,375	16,916	16,916	16,916
Other long-term liabilities	4,292	3,309	3,326	4,018	4,213
Total liabilities	**41,954**	**42,815**	**44,372**	**46,027**	**47,211**
Owners of parent equity	**55,394**	**55,730**	**57,522**	**59,770**	**62,068**
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	54,970	57,217	59,515
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**	**64,303**	**66,686**	**69,122**
Net debt	11,444	13,793	14,655	15,070	14,902

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**6,664**	**4,572**	**6,869**	**7,575**	**8,141**
Net profit	948	504	2,490	2,997	3,246
Non-cash profit and expenses	5,646	5,939	6,385	6,146	6,374
Depreciation	3,531	3,693	3,913	4,078	4,232
Amortization	454	466	466	466	466
Other	1,661	1,780	2,006	1,602	1,675
Changes in A/L from operating activities	337	-805	-2,006	-1,568	-1,479
Cash flow from investments	**-4,487**	**-6,687**	**-7,542**	**-6,542**	**-6,325**
Change in tangible assets	-7,626	-5,451	-7,247	-6,231	-6,003
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**	**-942**	**-1,141**
Change in debt	-125	2,886	502	0	0
Change in equity	-14	36	0	0	0
Dividends	-844	-915	0	0	0
Other	-1,318	396	-891	-942	-1,141
Change in cash	97	282	-1,068	86	669
Cash at beginning of year	6,671	6,768	7,050	5,982	6,067
Cash at end of year	6,768	7,050	5,982	6,067	6,736
Gross cash flow	**6,594**	**6,444**	**8,875**	**9,143**	**9,619**
Free cash flow	**-1,006**	**-1,093**	**-464**	**1,230**	**2,000**

Note: *Excluding one-off items;
**Fully diluted, excluding one-off items;
***From companies subject to equity-method valuation
Source: Company data, Samsung Securities estimates

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	-5.8	-4.9	7.9	1.8	1.9
Operating profit	-38.5	-15.9	72.3	33.2	8.7
Net profit	-48.7	-46.8	393.7	20.3	8.3
Adjusted EPS**	-35.5	-40.7	239.3	12.2	8.9
Per-share data (KRW)					
EPS (parent-based)	13,073	8,085	33,545	37,817	40,957
EPS (consolidated)	11,314	6,201	31,262	37,817	40,957
Adjusted EPS**	16,673	9,887	33,545	37,627	40,957
BVPS	663,092	686,521	714,604	740,095	768,777
DPS (common)	10,000	10,000	11,000	14,000	15,000
Valuations (x)					
P/E***	19.4	37.7	9.0	8.0	7.3
P/B***	0.3	0.4	0.4	0.4	0.4
EV/EBITDA	6.2	7.5	5.3	4.7	4.5
Ratios (%)					
ROE	2.9	1.2	3.9	4.3	4.5
ROA	0.9	0.5	2.3	2.7	2.8
ROIC	2.7	1.3	3.9	5.4	5.7
Payout ratio	913.3	1,520.6	126.2	24.0	22.1
Dividend yield (common)	3.9	3.3	3.2	3.2	3.2
Net debt to equity	18.6	22.1	22.8	22.6	21.6
Interest coverage (x)	2.1	1.7	2.9	4.1	4.7

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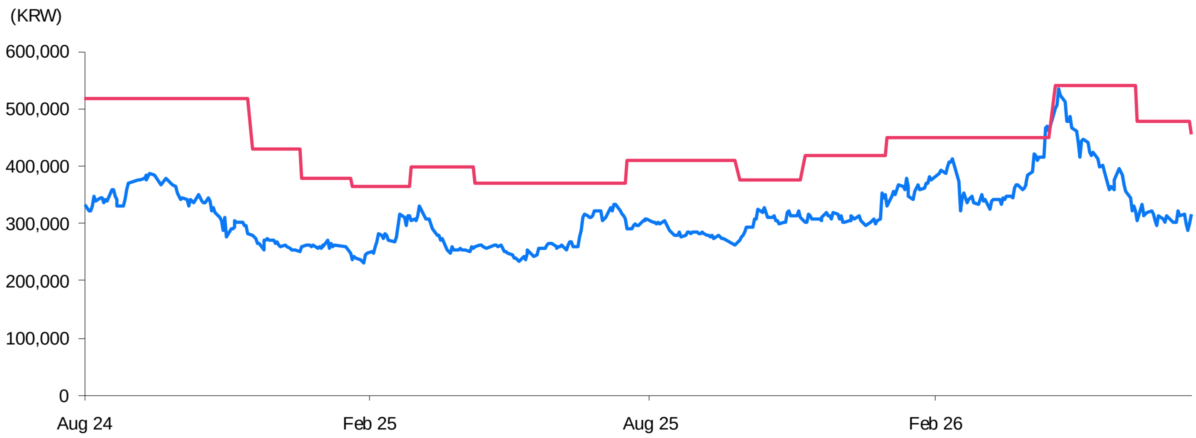
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/7/1	12/2	2025/1/3	2/4	3/14	4/25	8/1	10/13	11/24	2026/1/16	5/4	6/26
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	520000	430000	380000	365000	400000	370000	410000	375000	420000	450000	540000	480000
Gap* (average)	-33.75	-38.55	-31.43	-26.15	-30.72	-25.24	-29.73	-17.87	-25.64	-18.19	-23.01	-35.32
(max or min)**	-24.62	-35.93	-28.68	-13.15	-17.00	-9.46	-24.63	-12.80	-16.07	4.22	-0.93	-30.63

Date	7/31
Recommendation	BUY
Target price (KRW)	460000
Gap* (average)	
(max or min)**	

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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Company

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

Industry

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

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

Percentage of ratings in 12 months prior to 2026.06.30

BUY (85.5%)·HOLD (14.5%)·SELL (0%)

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