COMPANY UPDATE

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EV/Mobility Team

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Posco Future M (003670)

Adding LFP cathode materials to portfolio

- Posco Future M yesterday announced a joint venture investment for North American ESS LFP cathode production, targeting mass-production in 2H27.
- Separately, the firm is targeting LFP cathode production through conversion of existing lines from 4Q26.
- Posco Future M is diversifying its portfolio across cathode materials, spanning high-nickel, mid-nickel ternary, and LFP chemistries.

WHAT'S THE STORY?

Confirms plans to mass-produce LFP cathode materials for North American ESS from 2H27: Before the market on Dec 16, Posco Future M Posco Future M announced that it had approved an investment plan to build a dedicated LFP cathode materials plant in Pohang, Korea. Construction is scheduled to begin in 2026, with mass-production targeted for 2H27. All output from the facility will be supplied to the North American ESS market. While the company has not officially disclosed production capacity, media reports indicate it will be capable of producing up to 50,000 tonnes of materials annually. The project will be carried out through an equity investment (20% stake) in CNP New Materials Technology, a JV with China-based CNGR. The JV will source LFP precursor materials for ESS use entirely from CNGR.

LFP production via conversion of ternary lines targeted for 4Q26: In parallel, Posco Future M plans to convert part of its existing ternary cathode material lines in Pohang to LFP production, with mass-production targeted for 4Q26. LFP precursors for this line will also be sourced from CNGR. Upon commencement of mass-production, supply could begin concurrently to Korean battery manufacturers that are planning start of production around the same timeframe. The Pohang line has a base capacity of approximately 30,000 tonnes; assuming 15,000 tonnes is converted to LFP, this would be sufficient to support around 8 GWh of LFP cell production. We view this announcement as meaningful, as it not only aligns with the expansion of North American ESS battery volumes by Korean players but also positions Posco Future M as the domestic materials supplier with the most-diversified cathode product portfolio.

(Continued on the next page)

Posco Future M: LFP cathode production strategy

Category	Entity	Investment structure	Capacity (tonnes)	Mass-production
JV	CNP New Material Technology*	Equity investment (20%)	50,000	2H27
In-house	Posco Future M	Line conversion	n/a	4Q26

Note: *CNGR (51% stake), FINO (29% stake)
Source: Media, Samsung Securities

AT A GLANCE

BUY

Target price	KRW280,000	33.3%
Current price	KRW210,000	
Market cap	KRW18.7t/USD12.7b	
Shares (float)	88,946,220 (36.4%)	
52-week high/low	KRW245,500/KRW97,028	
Avg daily trading value (60-day)	KRW103.9b/ USD70.4m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Posco Future M (%)	0.2	77.2	30.3
Vs Kospi (%pts)	0.6	30.6	-18.9

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	280,000	280,000	0.0%
2025E EPS	132	132	0.0%
2026E EPS	969	969	0.0%

SAMSUNG vs THE STREET

No of estimates	20
Target price	251,789
Recommendation	3.5

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

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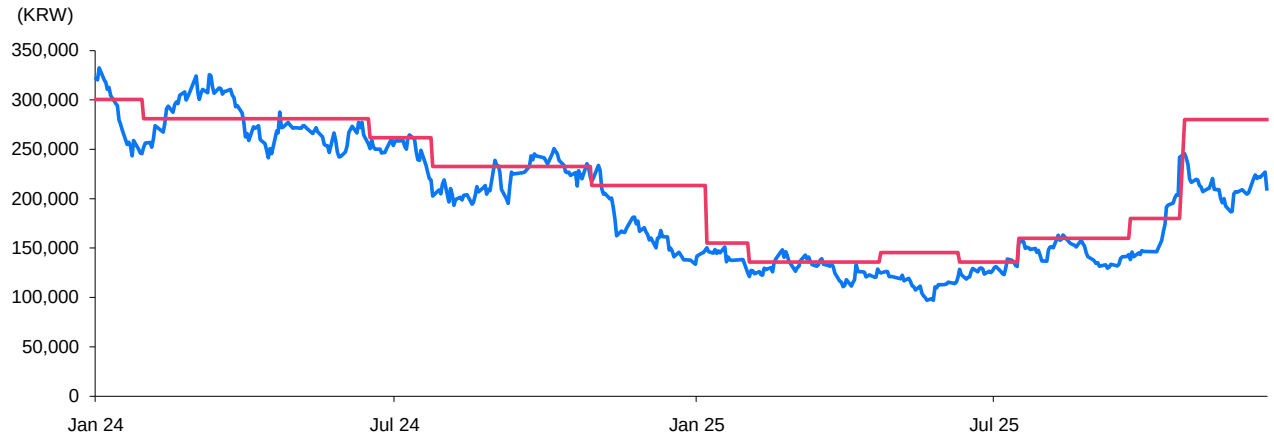
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/10/24	2024/1/3	2/1	6/18	7/26	10/31	2025/1/9	2/4	4/25	6/12	6/19	7/18
Recommendation	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	BUY
Target price (KRW)	339260	300488	281101	261715	232636	213249	155090	135704	145397	135704	135704	160000
Gap* (average)	-10.58	-6.09	-0.90	-4.96	-5.42	-21.06	-8.54	-4.86	-22.52	-11.07	-4.71	-9.28
(max or min)**	5.14	-19.03	15.86	1.11	7.71	-37.32	-2.62	9.29	-13.20	-9.21	2.43	2.00

Date	9/24	10/27
Recommendation	BUY	BUY
Target price (KRW)	180000	280000
Gap* (average)	-3.74	
(max or min)**	34.44	

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

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Industry

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

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

Percentage of ratings in 12 months prior to 2025.09.30

BUY (83.5%)·HOLD (16.5%)·SELL (0%)

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