COMPANY UPDATE

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Posco International (047050)

Stable core business, promising new businesses

- As the importance of energy continues to grow, global efforts to secure energy resources are expected to intensify.
- Posco International's energy unit is well-positioned to reliably contribute to its earnings growth through the expansion of its LNG value chain.
- Its mobility business' earnings contribution should grow, too, driven by vertical integration efforts in the areas of drive motor cores and rare earth permanent magnets. We suggest paying attention to its stable earnings from existing operations and to its new growth drivers.

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WHAT'S THE STORY?

Energy business to remain key focus: Following the outbreak of the conflict between the US and Iran, elevated oil prices have persisted, which should lead to higher ASPs for Posco International's gas assets in Myanmar and Australia over the medium term. Beyond these direct earnings impacts, the conflict is likely to further strengthen global efforts to secure energy supplies—the energy market is already tight, a state that is set to intensify over the longer term. While energy-price volatility remains inherent, the structural rise in global energy demand makes it highly probable that Posco International's energy segment will continue driving earnings growth through value-chain initiatives (*eg*, participating in the Alaska LNG project to secure LNG supplies and expanding the Gwangyang LNG terminal).

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW88,000	22.9%
Current price	KRW71,600	
Market cap	KRW12.6t/USD8.5b	
Shares (float)	175,922,788 (26.1%)	
52-week high/low	KRW79,500/KRW44,000	
Avg daily trading value (60-day)	KRW65.9b/ USD44.5m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Posco International (%)	8.8	45.1	28.1
Vs Kospi (%pts)	1.1	-15.2	-43.5

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	88,000	80,000	10.0%
2026E EPS	4,698	4,506	4.3%
2027E EPS	5,118	4,928	3.8%

SAMSUNG vs THE STREET

No of estimates	13
Target price	78,077
Recommendation	4.0

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

SUMMARY FINANCIAL DATA

	2024	2025E	2026E	2027E
Revenue (KRWb)	32,261	32,374	32,599	33,867
Operating profit (KRWb)	1,158	1,165	1,335	1,443
Net profit (adj) (KRWb)	503	628	827	900
EPS (adj) (KRW)	3,245	3,147	4,698	5,118
EPS (adj) growth (% y-y)	-18.6	-3.0	49.3	8.9
EBITDA margin (%)	5.2	5.3	5.8	6.0
ROE (%)	8.2	7.4	10.4	10.6
P/E (adj) (x)	13.6	15.8	15.3	14.1
P/B (x)	1.0	1.2	1.6	1.5
EV/EBITDA (x)	7.7	8.4	9.5	8.8
Dividend yield (%)	3.9	3.7	3.3	3.5

Source: Company data, Samsung Securities estimates

Mobility business' earnings contribution to grow over longer term: The company plans to steadily expand mobility-related sales over the longer term through four key pillars: 1) the production of drive motor cores; 2) the manufacture of rare earth permanent magnets; 3) the trading of electric steel sheets; and 4) the trading of drive components. Corresponding investments are already in motion. Notably, the rare earth permanent magnet business aims to collaborate with multiple partners to secure raw materials in Southeast Asia and establish rare earth refining and permanent magnet production facilities in the US—a positive move that should support the building of supply chains that are independent of China. Recent developments—such as the US Department of Defense and Japan Australia Rare Earth (JARE) establishing a USD110/kg price floor for heavy rare earth oxides and signing long-term supply agreements—highlight these China-independent value chains' strong commercial potential. Considering both the stable performance of its existing businesses and the promising upside from its new initiatives, we maintain our BUY rating on Posco International. However, we raise our 12-month target price by 10% to KRW88,000, reflecting the rising valuations of its global peers.

Posco International: Sum-of-the-parts valuation

(KRWb)	
Global business	11,421.1
2026E EBITDA	885.0
EV/EBITDA (x) *	12.9
Energy business	8,605.9
2026E EBITDA	954.9
EV/EBITDA (x) **	9.0
Net debt	4,850.4
Treasury shares (value)	275.7
Enterprise value	15,452.4
Outstanding shares	175,922,788
Target price (KRW)	**88,000**

Note: *Discounted 30% to global peer average to reflect revenue scale
**Global peer average
Source: Bloomberg, Samsung Securities estimates

Global peer valuations

(KRWb) (2026E)	Sales	Operating profit	Net profit	EPS growth (CAGR*, %)	P/E (x)	ROE (%)	P/B (x)	EBITDA growth (CAGR*, %)	EV/EBITDA (x)	OPM (%)
Posco International	**32,599**	**1,335**	**827**	**27.5**	**15.3**	**10.4**	**1.6**	**8.4**	**9.5**	**4.1**
Mitsubishi	175,172	5,060	7,680	17.8	22.7	9.5	2.1	8.5	24.1	2.9
Mitsui	135,459	4,832	8,358	9.4	18.9	11.3	2.0	9.1	23.9	3.6
Marubeni	76,462	3,141	5,221	6.5	16.3	13.7	2.1	2.4	22.2	4.1
Sumitomo	70,014	4,247	5,614	7.2	11.0	13.0	1.4	7.2	14.0	6.1
Itochu	142,613	6,830	8,418	5.1	15.3	14.4	2.1	1.2	18.1	4.8
Toyota Tsusho	103,933	5,198	3,695	12.8	15.2	14.5	2.2	5.8	11.1	5.0
Sojitz	25,327	884	1,105	7.4	10.7	11.2	1.1	7.1	15.6	3.5
Japanese trading companies average				**9.5**	**15.7**	**12.5**	**1.9**	**5.9**	**18.4**	**4.3**
BP	277,460	27,695	11,034	(23.1)	13.8	12.5	1.9	23.3	4.3	10.0
EQT	13,806	6,145	4,137	2.1	13.5	12.5	1.4	53.0	7.1	44.5
Southwestern Energy	7,296	2,456	1,602	(16.1)	n/a	21.1	n/a	28.2	n/a	33.7
Antero Resources	9,132	2,288	1,586	134.1	11.3	13.7	1.6	1.3	6.0	25.1
Exxon Mobil	466,326	48,285	41,527	(13.2)	17.2	11.0	1.9	4.0	8.9	10.4
Range Resources	4,876	1,715	1,269	(0.0)	11.9	18.7	2.1	45.7	6.8	35.2
Chevron	265,527	24,006	17,707	(23.7)	24.5	7.3	1.6	8.1	8.6	9.0
Cheniere Energy	29,985	8,605	4,390	(40.5)	17.3	38.8	4.1	(6.0)	11.0	28.7
Shell	384,236	39,710	25,681	2.6	n/a	10.1	n/a	(2.1)	4.9	10.3
Total Energies	274,377	35,006	23,328	(8.6)	11.3	13.0	1.5	0.6	5.8	12.8
Excelerate Energy	2,049	544	259	26.3	18.3	8.4	0.9	37.6	11.9	26.5
The Willams	17,604	7,057	4,131	(5.9)	32.0	21.1	6.8	28.0	15.2	40.1
Kinder Morgan	24,384	6,801	4,400	13.7	20.9	9.9	2.0	13.2	13.2	27.9
Energy Transfer	148,829	15,887	8,877	20.2	11.8	14.5	2.0	13.0	8.4	10.7
TC Energy Corp	17,118	9,398	4,100	16.2	23.5	14.5	3.6	14.3	14.2	54.9
LNG companies average				**5.6**	**17.5**	**15.1**	**2.4**	**17.5**	**9.0**	**25.3**

Note: *2025-2027 CAGR
Source: Bloomberg, Samsung Securities estimates

Posco International: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2025	2026E	2027E
Sales	**8,153.7**	**8,144.1**	**8,248.3**	**7,827.5**	**8,065.3**	**8,081.0**	**8,413.6**	**8,039.1**	**32,373.6**	**32,598.9**	**33,867.1**
Energy	**858.2**	**921.2**	**1,226.3**	**988.0**	**892.2**	**914.6**	**1,348.9**	**1,125.1**	**3,993.7**	**4,280.9**	**4,911.0**
E&P	151.3	203.2	151.2	145.0	251.4	328.1	309.7	306.7	650.7	1,195.9	1,334.1
LNG	138.5	133.2	470.4	320.4	148.1	166.2	559.6	388.6	1,062.5	1,262.4	1,650.8
Power generation	465.4	480.4	488.1	395.9	470.5	405.5	468.1	418.9	1,829.8	1,763.0	1,865.4
Other (Investment/Fuel cell)	21.8	14.6	11.3	10.7	22.2	14.9	11.5	10.9	58.4	59.6	60.8
Global	**9,745.9**	**9,755.6**	**9,583.0**	**9,475.9**	**9,769.2**	**9,762.5**	**9,660.8**	**9,510.1**	**38,560.4**	**38,702.6**	**39,340.7**
Steel	4,995.7	5,116.5	5,159.6	4,798.2	5,186.0	5,115.3	5,048.4	4,940.9	20,070.0	20,290.6	20,569.2
Food	964.4	678.6	755.1	909.0	889.9	943.2	898.4	840.5	3,307.1	3,572.0	3,728.8
Posco Mobility Solution	286.2	309.7	305.9	385.5	310.1	320.8	330.8	345.5	1,287.3	1,307.3	1,509.9
Trading	3,186.4	3,351.0	3,252.0	3,308.2	3,308.2	3,308.2	3,308.2	3,308.2	13,097.6	13,232.8	13,232.8
Other	-290.9	-304.3	-493.7	-529.1	-529.1	-529.1	-529.1	-529.1	(1,618.0)	(2,116.4)	(2,116.4)
Operating profit	**270.2**	**313.7**	**315.9**	**265.5**	**296.0**	**364.5**	**385.8**	**288.4**	**1,165.3**	**1,334.8**	**1,443.1**
Energy	**135.0**	**164.6**	**197.4**	**144.9**	**135.8**	**192.1**	**232.8**	**141.6**	**641.9**	**702.3**	**791.0**
E&P	79.8	131.9	82.0	62.4	69.9	148.3	120.9	99.4	356.1	438.5	496.8
LNG	8.9	11.7	23.2	14.1	10.3	15.4	30.4	19.0	57.9	75.1	98.3
Power generation	31.7	14.3	65.7	2.5	41.5	14.1	63.0	4.7	114.2	123.3	130.5
Other (Investment/Fuel cell)	14.6	6.7	26.5	65.9	14.2	14.2	18.5	18.5	113.7	65.4	65.4
Global	**130.6**	**155.5**	**114.2**	**130.6**	**160.1**	**172.5**	**153.0**	**146.8**	**530.9**	**632.4**	**652.1**
Steel	69.1	94.8	94.4	64.0	79.3	78.3	77.3	75.7	322.3	310.6	314.8
Food	4.8	4.5	-7.6	-17.1	2.9	15.7	-3.8	-8.6	(15.4)	6.2	12.4
Posco Mobility Solution	-0.3	3.9	2.3	-4.1	0.7	1.4	2.4	2.5	1.8	7.1	16.5
Trading	27.4	24.2	21.5	34.0	28.7	28.7	28.7	28.7	107.1	114.8	114.8
Other	29.6	28.1	3.6	53.8	48.4	48.4	48.4	48.4	115.1	193.7	193.7
Operating margin (%)	**3.3**	**3.9**	**3.8**	**3.4**	**3.7**	**4.5**	**4.6**	**3.6**	**3.6**	**4.1**	**4.3**
Energy	**15.7**	**17.9**	**16.1**	**14.7**	**15.2**	**21.0**	**17.3**	**12.6**	**16.1**	**16.4**	**16.1**
E&P	52.7	64.9	54.2	43.0	27.8	45.2	39.0	32.4	54.7	36.7	37.2
LNG	6.4	8.8	4.9	4.4	6.9	9.3	5.4	4.9	5.4	6.0	6.0
Power generation	6.8	3.0	13.5	0.6	8.8	3.5	13.5	1.1	6.2	7.0	7.0
Other (Investment/Fuel cell)	67.0	45.9	234.5	615.9	63.9	95.4	160.3	169.3	194.7	109.8	107.6
Global	**1.3**	**1.6**	**1.2**	**1.4**	**1.6**	**1.8**	**1.6**	**1.5**	**1.4**	**1.6**	**1.7**
Steel	1.4	1.9	1.8	1.3	1.5	1.5	1.5	1.5	1.6	1.5	1.5
Food	0.5	0.7	-1.0	-1.9	0.3	1.7	-0.4	-1.0	(0.5)	0.2	0.3
Posco Mobility Solution	-0.1	1.3	0.8	-1.1	0.2	0.4	0.7	0.7	0.1	0.5	1.1
Trading	0.9	0.7	0.7	1.0	0.9	0.9	0.9	0.9	0.8	0.9	0.9
Other	4.9	4.7	0.6	8.9	8.0	8.0	8.0	8.0	4.8	8.0	8.0

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**33,133**	**32,261**	**32,374**	**32,599**	**33,867**
Cost of goods sold	31,293	30,338	30,405	30,399	31,515
Gross profit	**1,840**	**1,923**	**1,968**	**2,200**	**2,353**
Gross margin (%)	5.6	6.0	6.1	6.7	6.9
SG&A expenses	676	765	803	865	909
Operating profit	**1,163**	**1,158**	**1,165**	**1,335**	**1,443**
Operating margin (%)	3.5	3.6	3.6	4.1	4.3
Non-operating gains (losses)	**-248**	**-452**	**-330**	**-154**	**-157**
Financial profit	1,282	1,433	950	191	187
Financial costs	1,572	1,709	1,275	384	376
Equity-method gains (losses)	91	128	88	87	86
Other	-50	-304	-93	-48	-54
Pre-tax profit	**915**	**705**	**835**	**1,181**	**1,286**
Taxes	234	202	207	354	386
Effective tax rate (%)	25.6	28.6	24.8	30.0	30.0
Profit from continuing operations	680	560	628	827	900
Profit from discontinued operations	0	-56	0	0	0
Net profit	**680**	**503**	**628**	**827**	**900**
Net margin (%)	2.1	1.6	1.9	2.5	2.7
Net profit (controlling interests)	674	515	614	810	882
Net profit (non-controlling interests)	7	-11	14	17	18
EBITDA	1,701	1,669	1,717	1,896	2,017
EBITDA margin (%)	5.1	5.2	5.3	5.8	6.0
EPS (parent-based) (KRW)	3,989	2,925	3,491	4,698	5,118
EPS (consolidated) (KRW)	3,871	2,862	3,571	4,698	5,118
Adjusted EPS (KRW)*	3,989	3,245	3,147	4,698	5,118

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**8,077**	**8,268**	**8,450**	**8,564**	**9,018**
Cash & equivalents	1,137	1,057	1,145	1,049	1,119
Accounts receivable	4,113	4,183	4,145	4,246	4,448
Inventories	1,959	2,081	2,381	2,462	2,602
Other current assets	869	947	779	807	849
Fixed assets	**8,540**	**9,068**	**9,594**	**9,765**	**9,897**
Investment assets	1,055	814	2,585	2,585	2,585
Tangible assets	3,705	4,241	4,404	4,574	4,710
Intangible assets	2,332	2,553	2,553	2,553	2,553
Other long-term assets	1,448	1,461	52	53	49
Total assets	**16,618**	**17,336**	**18,044**	**18,329**	**18,915**
Current liabilities	**6,275**	**6,660**	**7,003**	**6,787**	**6,886**
Accounts payable	2,423	2,098	2,187	2,271	2,383
Short-term debt	1,592	1,600	1,800	1,800	1,800
Other current liabilities	2,261	2,962	3,016	2,717	2,704
Long-term liabilities	**3,718**	**3,327**	**3,326**	**3,325**	**3,325**
Bonds & long-term debt	3,079	2,708	2,712	2,712	2,712
Other long-term liabilities	638	619	614	614	614
Total liabilities	**9,993**	**9,987**	**10,330**	**10,115**	**10,214**
Owners of parent equity	**6,103**	**6,545**	**6,909**	**7,410**	**7,897**
Capital stock	880	880	880	880	880
Capital surplus	1,826	1,837	1,837	1,837	1,837
Retained earnings	3,337	3,635	3,999	4,500	4,987
Other	61	193	193	193	193
Non-controlling interests' equity	**522**	**805**	**805**	**805**	**805**
Total equity	**6,625**	**7,349**	**7,713**	**8,215**	**8,702**
Net debt	4,944	5,155	4,857	4,852	4,682

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**1,076**	**877**	**1,612**	**1,689**	**1,618**
Net profit	680	503	628	827	900
Non-cash profit and expenses	1,089	1,260	928	952	927
Depreciation	278	279	320	329	341
Amortization	260	232	232	232	232
Other	551	749	376	391	353
Changes in A/L from operating activities	-286	-558	56	-89	-209
Cash flow from investments	**-27**	**-846**	**-1,540**	**-1,517**	**-1,192**
Change in tangible assets	-452	-722	-1,455	-1,568	-1,225
Change in financial assets	-5	-38	246	368	368
Other	430	-86	-330	-317	-335
Cash flow from financing	**-1,225**	**-176**	**-51**	**-333**	**-421**
Change in debt	1,339	146	121	-100	-100
Change in equity	1,548	11	0	0	0
Dividends	-177	-264	-325	-413	-449
Other	-3,935	-58	153	180	128
Change in cash	-161	-80	87	-96	70
Cash at beginning of year	1,298	1,137	1,057	1,145	1,049
Cash at end of year	1,137	1,057	1,145	1,049	1,119
Gross cash flow	**1,769**	**1,764**	**1,556**	**1,778**	**1,827**
Free cash flow	**614**	**122**	**140**	**100**	**369**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	-12.8	-2.6	0.3	0.7	3.9
Operating profit	28.9	-0.5	0.6	14.5	8.1
Net profit	12.5	-26.0	24.8	31.6	8.9
Adjusted EPS**	-21.9	-18.6	-3.0	49.3	8.9
Per-share data (KRW)					
EPS (parent-based)	3,989	2,925	3,491	4,698	5,118
EPS (consolidated)	3,871	2,862	3,571	4,698	5,118
Adjusted EPS**	3,989	3,245	3,147	4,698	5,118
BVPS	31,354	38,397	40,532	45,270	48,078
DPS (common)	1,000	1,550	1,850	2,350	2,550
Valuations (x)					
P/E***	15.6	13.6	15.8	15.3	14.1
P/B***	2.0	1.0	1.2	1.6	1.5
EV/EBITDA	9.7	7.7	8.4	9.5	8.8
Ratios (%)					
ROE	12.7	8.2	7.4	10.4	10.6
ROA	4.7	3.0	3.6	4.5	4.8
ROIC	10.1	7.9	9.1	11.6	12.3
Payout ratio	25.2	51.3	51.3	51.0	50.8
Dividend yield (common)	1.6	3.9	3.7	3.3	3.5
Net debt to equity	74.6	70.1	63.0	59.1	53.8
Interest coverage (x)	4.1	4.0	4.2	5.0	5.6

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

Source: Company data, Samsung Securities estimates

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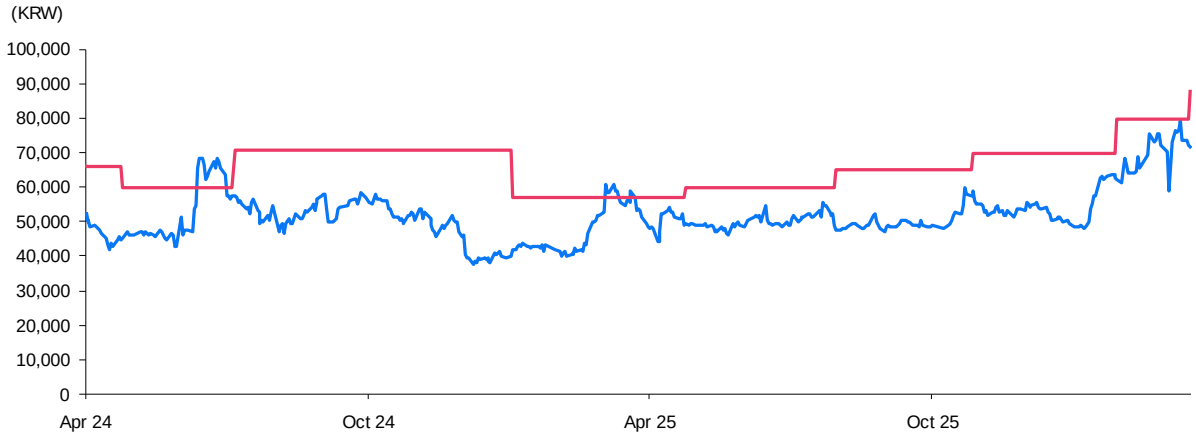
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/2/1	4/26	7/8	2025/1/3	4/25	8/1	10/28	2026/1/30	3/18
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	66000	60000	71000	57000	60000	65000	70000	80000	88000
Gap* (average)	-19.34	-11.46	-29.17	-14.95	-16.46	-23.25	-22.45	-12.33	
(max or min)**	-7.42	14.00	-17.61	7.02	-7.17	-8.00	-8.71	-0.63	

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

Samsung Securities uses the following investment ratings*

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 2025.12.31

BUY (85.8%)·HOLD (14.2%)·SELL (0%)

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General

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