COMPANY UPDATE

2026. 3. 13

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LG Energy Solution (373220)

Market leader also excels in robotics

- LG Energy Solution (LGES) has already secured orders from six humanoid makers, with deliveries underway or under discussion for next-generation models. It is likely planning to supply batteries for use in Boston Dynamics' Atlas robot.
- Mirroring its position in the EV and ESS markets, LGES is likely to emerge as the strongest competitor against Chinese firms in the humanoid robotics industry. We maintain our 12-month target price and BUY rating.

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AT A GLANCE

BUY

Target price	KRW510,000	32.8%
Current price	KRW384,000	
Market cap	KRW89.9t/USD60.7b	
Shares (float)	234,000,000 (20.2%)	
52-week high/low	KRW514,000/KRW268,000	
Avg daily trading value (60-day)	KRW161.2b/ USD108.8m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
LG Energy Solution (%)	-6.3	8.0	10.2
Vs Kospi (%pts)	-7.4	-34.3	-49.2

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	510,000	510,000	0.0%
2025E EPS	-4,352	-4,352	0.0%
2026E EPS	1,234	1,234	0.0%

SAMSUNG vs THE STREET

No of estimates	23
Target price	528,227
Recommendation	3.9

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

WHAT'S THE STORY?

Already secured orders from six humanoid companies: During its 4Q25 earnings presentation, LG Energy Solution (LGES) disclosed its progress in the humanoid robot battery space. The company is currently recognized as a preferred partner by top-tier humanoid firms across the US, Korea, and China. It has already secured orders from six customers, with deliveries underway or under discussion for next-generation models. The product being supplied is high-energy-density, high-power 2170 cylindrical batteries. Notably, it is believed to be planning to supply batteries for use in Boston Dynamics' next-generation humanoid robot Atlas.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2024	2025E	2026E	2027E
Revenue (KRWb)	25,620	23,672	27,346	37,153
Operating profit (KRWb)	575	1,346	1,269	5,237
Net profit (adj) (KRWb)	339	81	777	4,105
EPS (adj) (KRW)	-4,354	-4,352	1,234	11,877
EPS (adj) growth (% y-y)	nm	nm	nm	862.8
EBITDA margin (%)	14.1	21.3	20.0	29.1
ROE (%)	-4.9	-4.9	1.4	12.8
P/E (adj) (x)	n/a	n/a	311.3	32.3
P/B (x)	3.9	4.3	4.4	3.9
EV/EBITDA (x)	28.4	23.0	22.2	10.9
Dividend yield (%)	0.0	0.0	0.0	0.0

Source: Company data, Samsung Securities estimates

Cylindrical battery production capacity around the globe: LGES currently operates 2170 or 46-series cylindrical battery manufacturing facilities in China and Korea. By end-2026, it plans to complete a new 46-series cylindrical battery plant in Arizona, US (44 GWh). In Europe, it intends to convert part of its existing pouch-type production line to 46-series cylindrical production, aiming to start the line (12 GWh) by 2028. Both the US and European facilities will initially supply batteries for EVs—contracts have already been signed. However, with Tesla leading the trend towards integrating 46-series batteries into humanoid robots, the company's expansion of cylindrical battery production capacity across its global manufacturing network means that LGES should be well positioned to meet battery demand from a wide range of humanoid companies.

View—Leading EV/ESS battery maker also excels in robotics: Even though the humanoid robot market is still in its very early stage, LGES has already managed to sign up six customers, suggesting that it is best positioned to challenge Chinese firms in this space—just as it has been challenging them in the EV and ESS markets. We maintain our 12-month target price and BUY rating.

LG Energy Solution: Three key batteries for humanoid robots

	2170 cylindrical battery		
	H51	**H52A**	**M58**
Energy Capacity (Wh)	18.2	18.5	20.3
Energy Density (Wh/L)	743	749	801
Weight (g)	69.6	64.5	70.9
Max Charging C-rate	1C	3C	0.47C
Max Discharging C-rate	5C	8C	2.2C
Fast Charging Support	30 min	15 min	-
Key Features	**High energy density, high power output, lightweight**	**Ultra-high-power output, suitable for applications requiring high power for short durations**	**Prioritizes energy density and capacity, suitable for long-duration operations**

Source: LG Energy Solution, Samsung Securities

LG Energy Solution: Cylindrical battery production capacity plan, by region

(GWh)	Product Type	Customers*	2025	2026E	2027E	2028E
Korea	2170/46 series	Tesla, Rivian, Chery Automobile	10	10	10	10
China	2170	Tesla	65	65	65	65
US	46 series	Tesla, Rivian, Ford, Mercedes Benz		44	44	44
Europe	46 series	Mercedes Benz, Chery Automobile				12
Global			**75**	**119**	**119**	**131**

Note: Production capacity is based on year-end nominal capacity.
* Based on Samsung Securities estimates.
Source: LG Energy Solution, Samsung Securities

LG Energy Solution: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (average)	1,453	1,401	1,387	1,449	1,450	1,400	1,350	1,315	1,365	1,422	1,379	1,315
Sales	**6,265**	**5,565**	**5,700**	**6,142**	**5,762**	**6,390**	**7,244**	**7,950**	**25,620**	**23,672**	**27,346**	**37,153**
Growth (% q-q)	-2.9	-11.2	2.4	7.7	-6.2	10.9	13.4	9.8				
Growth (% y-y)	2.2	-9.7	-17.1	-4.8	-8.0	14.8	27.1	29.4	-24.1	-7.6	15.5	35.9
Small batteries	1,710	1,553	1,653	1,935	1,855	2,005	2,270	2,271	7,363	6,851	8,401	8,443
Growth (% q-q)	5.6	-9.2	6.5	17.0	-4.1	8.1	13.2	0.1				
Growth (% y-y)	-21.4	-16.0	-3.9	19.5	8.4	29.1	37.3	17.4	-22.9	-7.0	22.6	0.5
EV batteries	4,110	3,623	3,466	2,856	2,142	2,434	2,716	3,019	16,408	14,054	10,311	14,878
Growth (% q-q)	-2.0	-11.8	-4.3	-17.6	-25.0	13.6	11.6	11.2				
Growth (% y-y)	9.9	-9.5	-22.5	-31.9	-47.9	-32.8	-21.6	5.7	-24.5	-14.3	-26.6	44.3
ESS	445	390	581	1,351	1,766	1,951	2,258	2,659	1,849	2,767	8,634	13,832
Growth (% q-q)	-30.4	-12.4	49.2	132.4	30.7	10.5	15.7	17.8				
Growth (% y-y)	107.4	26.4	-15.5	111.6	296.9	400.8	288.4	96.8	-24.5	49.6	212.0	60.2
EBITDA	**1,231**	**1,375**	**1,519**	**913**	**696**	**1,207**	**1,674**	**1,887**	**3,621**	**5,038**	**5,463**	**10,825**
Growth (% q-q)	94.3	11.7	10.5	-39.9	-23.8	73.4	38.7	12.7				
Growth (% y-y)	50.8	47.8	22.4	44.1	-43.5	-12.2	10.2	106.7	-18.6	39.1	8.5	98.1
Operating profit	**375**	**492**	**601**	**-122**	**-226**	**210**	**573**	**711**	**575**	**1,346**	**1,269**	**5,237**
Growth (% q-q)	Turned pos	31.4	22.2	Turned neg	To remain neg	To turn pos	172.5	24.1				
Growth (% y-y)	138.1	152.0	34.1	Remained neg	To turn neg	-57.3	-4.7	To turn pos	-73.4	134.0	-5.8	312.8
Small batteries	117	92	115	129	91	118	202	111	195	453	522	524
Growth (% q-q)	Turned pos	-21.7	25.2	12.7	-29.9	30.2	70.9	-44.9				
Growth (% y-y)	49.1	41.9	48.9	Turned pos	-22.6	28.7	75.7	-14.2	-74.3	133.0	15.1	0.4
EV batteries	-107	-91	87	-488	-538	-246	-139	-3	-880	-599	-925	123
Growth (% q-q)	Remained neg	Remained neg	Turned pos	Turned neg	To remain neg	To remain neg	To remain neg	To remain neg				
Growth (% y-y)	Remained neg	Remained neg	Turned pos	Remained neg	To remain neg	To remain neg	To turn neg	To remain neg	Turned neg	Remained neg	To remain neg	To turn pos
ESS	-93	0	34	-96	46	55	70	77	-219	-155	248	415
Growth (% q-q)	Remained neg	Turned pos	17,509.7	Turned neg	To turn pos	19.0	28.1	10.2				
Growth (% y-y)	Remained neg	Turned pos	49,773.0	Remained neg	To turn pos	27,946.1	104.1	To turn pos	Turned neg	Remained neg	To turn pos	67.6
AMPC	458	491	365	333	175	283	440	526	1,480	1,647	1,424	4,176
Growth (% q-q)	21.3	7.2	-25.5	-8.9	-47.4	61.8	55.2	19.6				
Growth (% y-y)	142.2	9.6	-21.6	-11.8	-61.7	-42.2	20.3	58.0	118.7	11.3	-13.5	193.2
Pre-tax profit	**365**	**-27**	**553**	**-476**	**-447**	**177**	**531**	**620**	**349**	**414**	**882**	**4,553**
Growth (% q-q)	4.5	Turned neg	Turned pos	Turned neg	To turn neg	To turn pos	199.9	16.7				
Growth (% y-y)	63.7	Turned neg	63.0	Remained neg	To turn neg	To turn pos	-3.9	To turn pos	-82.9	18.7	112.9	416.4
Net profit	**227**	**91**	**536**	**-772**	**-394**	**156**	**468**	**546**	**339**	**81**	**777**	**4,105**
Growth (% q-q)	-33.1	-60.0	491.7	Turned neg	To turn neg	To turn pos	199.9	16.7				
Growth (% y-y)	6.8	Turned pos	-4.5	Remained neg	To turn neg	72.4	-12.6	To turn pos	-79.3	-76.1	862.1	428.1
Attributable to parent	-146	-297	247	-822	-339	75	253	299	-1,019	-1,018	289	2,779
Margins (%)												
EBITDA	19.6	24.7	26.6	14.9	12.1	18.9	23.1	23.7	14.1	21.3	20.0	29.1
Operating profit	6.0	8.8	10.5	-2.0	-3.9	3.3	7.9	8.9	2.2	5.7	4.6	14.1
Small batteries	6.9	5.9	6.9	6.7	4.9	5.9	8.9	4.9	2.6	6.6	6.2	6.2
EV batteries	-2.6	-2.5	2.5	-17.1	-25.1	-10.1	-5.1	-0.1	-5.4	-4.3	-9.0	0.8
ESS	-21.0	0.1	5.9	-7.1	2.6	2.8	3.1	2.9	-11.9	-5.6	2.9	3.0
Pre-tax profit	5.8	-0.5	9.7	-7.8	-7.8	2.8	7.3	7.8	1.4	1.7	3.2	12.3
Net profit	3.6	1.6	9.4	-12.6	-6.8	2.4	6.5	6.9	1.3	0.3	2.8	11.0

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**33,745**	**25,620**	**23,672**	**27,346**	**37,153**
Cost of goods sold	28,802	22,214	19,440	22,400	29,070
Gross profit	**4,943**	**3,406**	**4,232**	**4,945**	**8,084**
Gross margin (%)	14.6	13.3	17.9	18.1	21.8
SG&A expenses	3,457	4,311	4,533	5,101	7,022
Operating profit	**2,163**	**575**	**1,346**	**1,269**	**5,237**
Operating margin (%)	6.4	2.2	5.7	4.6	14.1
Non-operating gains (losses)	**-120**	**-227**	**-932**	**-387**	**-683**
Financial profit	985	1,048	63	428	279
Financial costs	857	1,261	739	852	924
Equity-method gains (losses)	-32	-49	-6	-6	-6
Other	-215	35	-250	42	-33
Pre-tax profit	**2,043**	**349**	**414**	**882**	**4,553**
Taxes	405	10	333	104	448
Effective tax rate (%)	19.8	2.9	80.5	11.8	9.8
Profit from continuing operations	1,638	339	81	777	4,105
Profit from discontinued operations	0	0	0	0	0
Net profit	**1,638**	**339**	**81**	**777**	**4,105**
Net margin (%)	4.9	1.3	0.3	2.8	11.0
Net profit (controlling interests)	1,237	-1,019	-1,018	289	2,779
Net profit (non-controlling interests)	401	1,357	1,099	489	1,326
EBITDA	4,450	3,621	5,038	5,463	10,825
EBITDA margin (%)	13.2	14.1	21.3	20.0	29.1
EPS (parent-based) (KRW)	5,287	-4,354	-4,352	1,234	11,877
EPS (consolidated) (KRW)	7,000	1,447	345	3,322	17,544
Adjusted EPS (KRW)*	5,287	-4,354	-4,352	1,234	11,877

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**17,208**	**15,327**	**10,626**	**13,269**	**23,671**
Cash & equivalents	5,069	3,899	66	1,070	7,098
Accounts receivable	5,128	4,944	4,568	5,277	7,170
Inventories	5,396	4,552	4,206	4,859	6,602
Other current assets	1,615	1,932	1,785	2,063	2,802
Fixed assets	**28,229**	**44,979**	**51,897**	**54,230**	**54,039**
Investment assets	648	1,272	1,231	1,309	1,516
Tangible assets	23,655	38,350	45,343	47,628	47,256
Intangible assets	876	1,285	1,250	1,220	1,193
Other long-term assets	3,050	4,073	4,073	4,073	4,073
Total assets	**45,437**	**60,307**	**62,523**	**67,498**	**77,710**
Current liabilities	**10,937**	**12,055**	**10,469**	**12,021**	**15,751**
Accounts payable	3,094	2,705	2,500	2,888	3,923
Short-term debt	1,576	1,291	1,291	1,291	1,291
Other current liabilities	6,267	8,058	6,678	7,842	10,536
Long-term liabilities	**10,126**	**17,285**	**21,007**	**23,652**	**26,030**
Bonds & long-term debt	7,628	12,641	16,620	18,780	19,862
Other long-term liabilities	2,498	4,644	4,387	4,872	6,168
Total liabilities	**21,064**	**29,340**	**31,476**	**35,674**	**41,780**
Owners of parent equity	**20,201**	**21,116**	**20,098**	**20,387**	**23,166**
Capital stock	117	117	117	117	117
Capital surplus	17,165	17,165	17,165	17,165	17,165
Retained earnings	2,364	1,397	379	667	3,447
Other	555	2,437	2,437	2,437	2,437
Non-controlling interests' equity	**4,173**	**9,850**	**10,949**	**11,438**	**12,764**
Total equity	**24,374**	**30,967**	**31,047**	**31,825**	**35,930**
Net debt	5,870	11,493	18,445	19,783	14,905

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**4,444**	**5,112**	**3,408**	**4,846**	**10,258**
Net profit	1,638	339	81	777	4,105
Non-cash profit and expenses	3,607	4,984	4,417	4,779	6,741
Depreciation	2,150	2,856	3,507	4,015	5,412
Amortization	137	190	185	180	176
Other	1,320	1,939	726	584	1,153
Changes in A/L from operating activities	-277	691	-116	218	582
Cash flow from investments	**-9,719**	**-12,065**	**-10,359**	**-6,169**	**-5,351**
Change in tangible assets	-9,821	-12,324	-10,500	-6,300	-5,040
Change in financial assets	-114	-277	36	-69	-183
Other	215	536	104	199	-127
Cash flow from financing	**4,355**	**5,382**	**3,120**	**2,341**	**1,150**
Change in debt	2,895	4,383	3,120	2,341	1,150
Change in equity	0	0	0	0	0
Dividends	0	0	0	0	0
Other	1,460	998	0	0	-0
Change in cash	-869	-1,170	-3,832	1,004	6,028
Cash at beginning of year	5,938	5,069	3,899	66	1,070
Cash at end of year	5,069	3,899	66	1,070	7,098
Gross cash flow	**5,245**	**5,323**	**4,498**	**5,556**	**10,846**
Free cash flow	**-5,479**	**-7,287**	**-7,092**	**-1,454**	**5,218**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	31.8	-24.1	-7.6	15.5	35.9
Operating profit	78.2	-73.4	134.0	-5.8	312.8
Net profit	110.0	-79.3	-76.1	862.1	428.1
Adjusted EPS**	60.0	nm	nm	nm	862.8
Per-share data (KRW)					
EPS (parent-based)	5,287	-4,354	-4,352	1,234	11,877
EPS (consolidated)	7,000	1,447	345	3,322	17,544
Adjusted EPS**	5,287	-4,354	-4,352	1,234	11,877
BVPS	86,328	90,240	85,888	87,122	98,999
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E***	80.9	n/a	n/a	311.3	32.3
P/B***	5.0	3.9	4.3	4.4	3.9
EV/EBITDA	24.7	28.4	23.0	22.2	10.9
Ratios (%)					
ROE	6.4	-4.9	-4.9	1.4	12.8
ROA	3.9	0.6	0.1	1.2	5.7
ROIC	6.7	1.5	0.6	2.2	8.8
Payout ratio	0.0	0.0	0.0	0.0	0.0
Dividend yield (common)	0.0	0.0	0.0	0.0	0.0
Net debt to equity	24.1	37.1	59.4	62.2	41.5
Interest coverage (x)	6.9	1.0	1.8	1.5	5.7

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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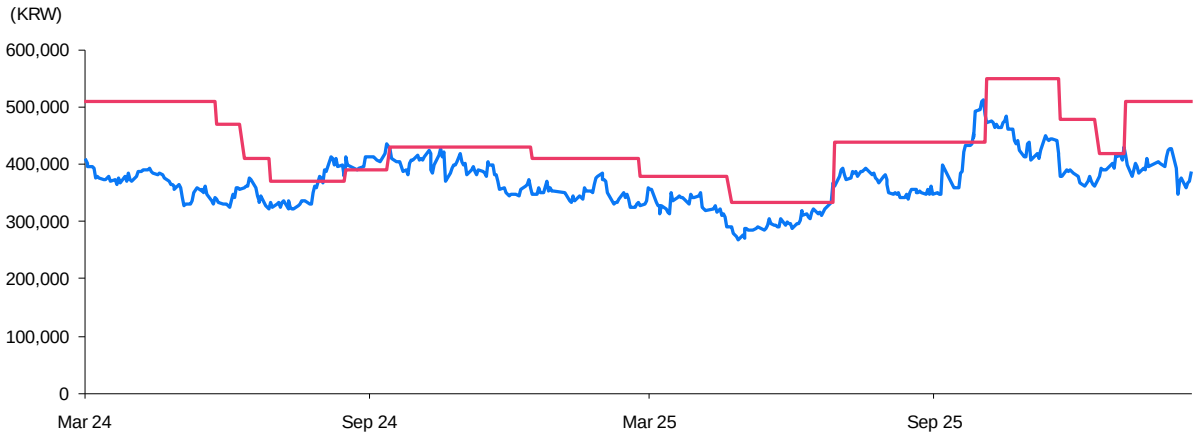
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/1/26	6/20	7/8	7/25	9/11	10/10	2025/1/10	3/21	5/19	7/25	10/31	12/18
Recommendation	BUY	BUY	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	BUY	HOLD	HOLD
Target price (KRW)	510000	470000	410000	370000	390000	430000	410000	380000	335000	440000	550000	480000
Gap* (average)	-25.18	-27.55	-15.22	-3.89	5.00	-9.14	-14.77	-12.67	-10.19	-12.74	-19.50	-21.65
(max or min)**	-17.75	-23.62	-8.54	11.35	0.38	-0.70	-5.98	-5.26	9.85	16.82	-11.91	-18.65

Date	2026/1/12	1/29
Recommendation	HOLD	BUY
Target price (KRW)	420000	510000
Gap* (average)	-3.83	
(max or min)**	2.62	

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 2025.12.31

BUY (85.8%)·HOLD (14.2%)·SELL (0%)

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