COMPANY UPDATE

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EV/Mobility Team

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L&F (066970)

1Q preview; both the present and future look good

- We forecast L&F's 1Q operating profit to hit KRW83.1b (up 1% q-q), surpassing consensus of KRW54.2b by 54% driven by stronger-than-expected sales to key customers and enhanced inventory gains due to rising lithium prices.
- Compared to peers, the company benefits from: 1) robust demand in the EV sector; and 2) growing demand for LFP cathode materials, where it is poised to become the first in Korea to achieve commercial production. We raise our target price for the stock to KRW230,000 and maintain BUY.

▶ AT A GLANCE

BUY

Target price	KRW230,000	24.3%
Current price	**KRW185,000**	
Market cap	KRW7.5t/USD5.0b	
Shares (float)	40,325,085 (71.6%)	
52-week high/low	KRW185,000/KRW47,800	
Avg daily trading value (60-day)	KRW99.8b/ USD66.3m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
L&F (%)	56.0	150.7	224.0
Vs Kospi (%pts)	58.5	61.9	37.3

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	230,000	160,000	43.8%
2026E EPS	364	364	0.0%
2027E EPS	2,946	2,946	0.0%

▶ SAMSUNG vs THE STREET

No of estimates	17
Target price	176,471
Recommendation	3.9

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

WHAT'S THE STORY?

View - Both current and future prospects are strong: We raise our target price for L&F by 44% from KRW160,000 to KRW230,000, to reflect: 1) a hike in battery industry peers' EV/EBITDA multiple from 32.8x to 39.7x; and 2) a 17% hike in our 12-month forward EBITDA forecast from KRW239b to KRW279b. The company boasts both strong current and future prospects. It is currently benefiting from sustained demand driven by new EV models from leading automakers, while its future growth should be supported by an increase in procurement requests from customers ahead of upcoming commercialization of LFP cathode materials for ESS batteries. For instance, in March, the company signed a long-term supply agreement with Samsung SDI for 39,000 tonness annually (2026–2029), with additional customer orders expected going forward. Fundamentally and momentum-wise, its improvement is more pronounced than peers. We maintain BUY on the stock.

(Continued on the next page)

SUMMARY FINANCIAL DATA

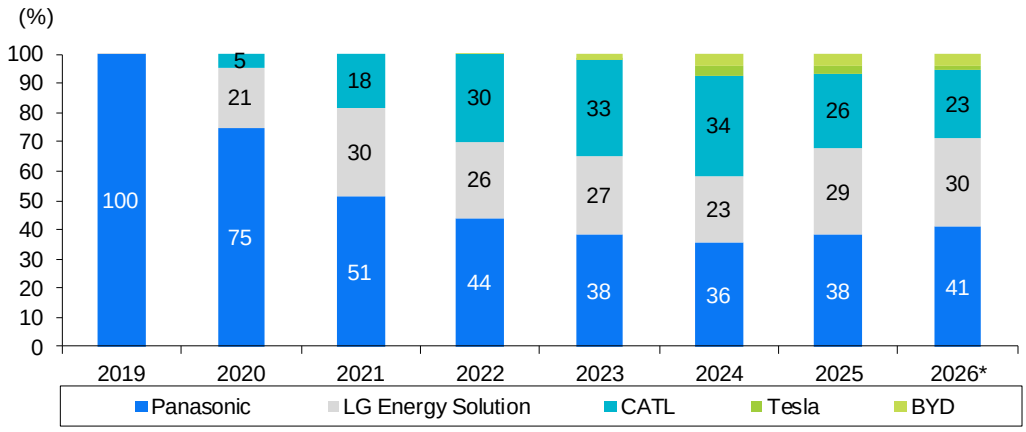
	2025	2026E	2027E	2028E
Revenue (KRWb)	2,155	2,790	3,125	3,676
Operating profit (KRWb)	-157	185	201	252
Net profit (adj) (KRWb)	-535	15	119	188
EPS (adj) (KRW)	-14,393	364	2,946	4,648
EPS (adj) growth (% y-y)	nm	nm	709.5	57.8
EBITDA margin (%)	-3.3	9.5	9.1	9.2
ROE (%)	-77.0	2.2	15.9	20.8
P/E (adj) (x)	n/a	508.4	62.8	39.8
P/B (x)	5.4	10.5	9.0	7.3
EV/EBITDA (x)	n/a	34.4	31.4	26.1
Dividend yield (%)	0.0	0.0	0.0	0.0

Source: Company data, Samsung Securities estimates

1Q26 preview - To surpass consensus again: We forecast the company's 1Q operating profit to hit KRW83.1b (for an operating margin of 11.6%), exceeding FnGuide consensus of KRW54.2b by 54%. This should mark the third consecutive quarter above consensus, fueled by sustained plant utilization above breakeven since 3Q25 and favorable inventory effects from rising lithium prices. Sales volume likely grew 9% q-q (above prior expectations of a 7% growth), with quarterly sales volume remaining above 20,000 tonnes (sales growth of +55% q-q in 2Q25, +39% q-q in 3Q25 and -2% q-q in 4Q25). Lithium carbonate prices rose sharply from an average of USD14.1/kg in Dec 2025 to USD 19.1/kg in Mar 2026, contributing an estimated additional KRW69b in inventory-related gains. However, pre-tax profit is expected at a loss of KRW61.1b, below consensus of a pre-tax profit of KRW38.5b, due to accounting losses from derivatives (ie, exchangeable bonds and warrant-attached bonds) triggered by the company's rising stock price.

Market share gains with leading EV makers: In 2023, battery procurement shares among leading EV makers were CATL 33%, LG Energy Solution 27%, and Panasonic 38%. By 2024, these slightly shifted to CATL 34%, LG Energy Solution 23%, and Panasonic 36%. However, beginning in 2025, significant changes are emerging due to the launch of new models based on ternary batteries, expanded US tariffs on Chinese batteries, and leading EV makers' growing ESS business. LG Energy Solution's share rose from 23% in 2024 to 29% in 2025, and reached 30% in the first two months of 2026. As L&F effectively holds a monopoly in supplying cylindrical EV battery materials to LG Energy Solution, its sales momentum should continue through the end of 2026.

Tesla: Battery procurement portions, by supplier



Source: EV Volumes, Samsung Securities

L&F: Quarterly results

(KRWb)	1Q26E	4Q25	1Q25	Consensus	Diff (%)		
					(% q-q)	(% y-y)	Consensus
Sales	714	618	365	664	15.6	95.8	7.6
Operating income	83	82	-140	54	0.8	To turn pos	53.5
Pre-tax income	-61	-176	-145	39	To remain neg	To remain neg	To turn neg
Net income	-58	-193	-111	31	To remain neg	To remain neg	To turn neg
Attributable to parent	-57	-192	-111	37	To remain neg	To remain neg	To turn neg
Margins (%)							
Operating income	11.6	13.3	-38.4	8.2			
Pre-tax income	-8.6	-28.4	-39.9	5.8			
Net income	-8.1	-31.2	-30.5	4.6			
Attributable to parent	-8.0	-31.2	-30.4	5.5			

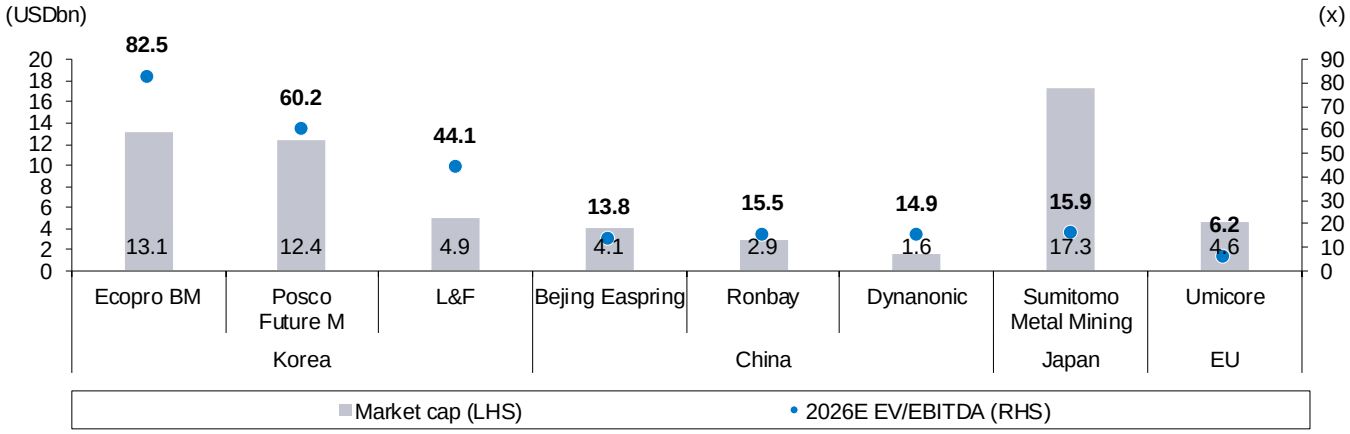
Source: Company data, FnGuide, Samsung Securities estimates

L&F: EV/EBITDA valuation

(KRWb)	2026E EBITDA	Multiples (x)	EV	Details
Operating value (A)				
Cathode materials	279	39.7	11,077	Peer (global cathode materials firms*); **revised up from 32.8x**
Total	**279**	**39.7**	**11,077**	**12 month forward EBITDA; revised up by 17% (from KRW239b)**
Asset value (B)			**135**	30% discount to book value
Net debt (C)			**1,636**	End-2026E; **Assuming full conversion of BW**
Fair market capitalization (D=A+B-C)			**9,576**	
Shares outstanding ('000)			42,316	**Assuming full conversion of BW**
Fair price (KRW)			226,296	
Fair market value per share (KRW)			**230,000**	**Revised up by 44% from KRW160,000**
Current price			170,600	As of Apr 6 close
Upside (%)			34.8	
2025 implied P/E (x)			632.0	
2026 implied P/E (x)			78.1	
2025 implied P/B (x)			13.1	
2026 implied P/B (x)			11.1	

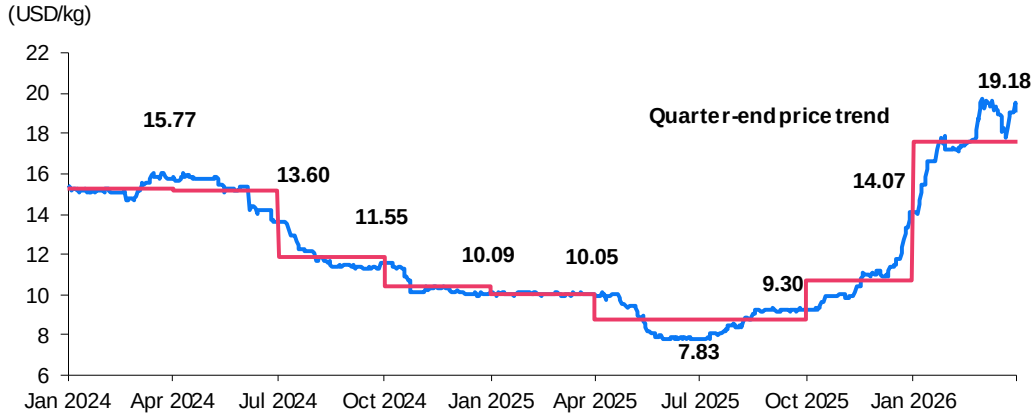
Note: * Ecopro BM, Posco Future M, Cosmo Advanced Materials, Beijing Easpring, Ronbay
Source: Bloomberg, Samsung Securities estimates

Global cathode material companies: 2026E EV/EBITDA



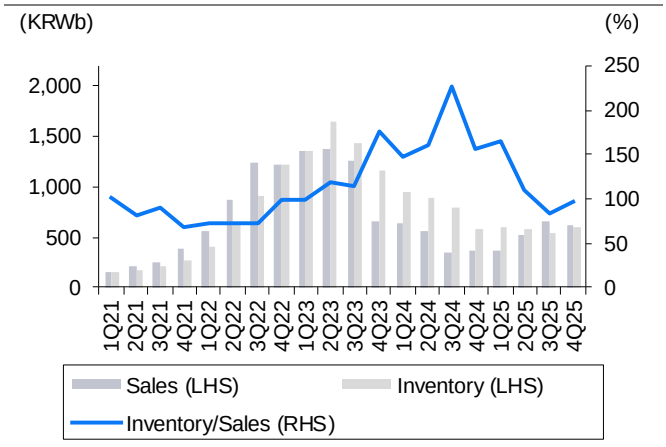
Source: Bloomberg, Samsung Securities

Chinese Market: Lithium carbonate (99.5% min CIF China) price trend



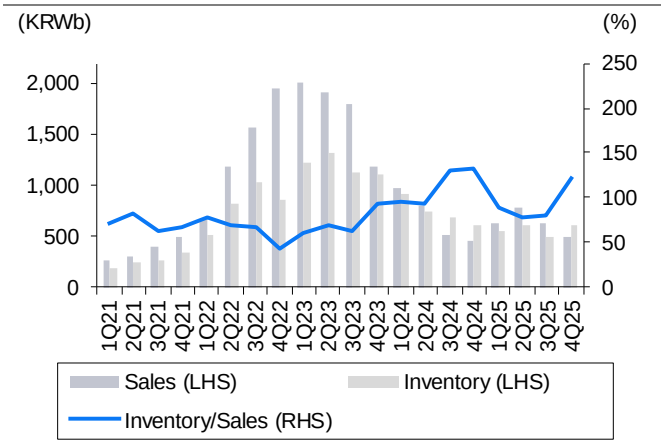
Source: Korea Mineral Resource Information Service (KOMIS), Samsung Securities

L&F: Quarterly revenue and inventory trends



Source: FnGuide, Samsung Securities

Ecopro BM: Quarterly revenue and inventory trends



Source: FnGuide, Samsung Securities

L&F: 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	1,452	1,467	1,420	1,380	1,335	1,365	1,423	1,401	1,335
Sales	**365**	**520**	**652**	**618**	**714**	**714**	**696**	**665**	**1,907**	**2,155**	**2,790**	**3,125**
Growth (% q-q)	-0.2	42.6	25.4	-5.3	15.6	0.0	-2.5	-4.5				
Growth (% y-y)	-42.6	-6.3	85.5	69.1	95.8	37.3	6.7	7.7	-58.9	13.0	29.5	12.0
EBITDA	**-118**	**-99**	**44**	**101**	**102**	**46**	**56**	**60**	**-495**	**-72**	**264**	**294**
Growth (% q-q)	Remained neg	Remained neg	Turned pos	128.4	1.2	-54.8	20.8	6.4				
Growth (% y-y)	Remained neg	Remained neg	Turned pos	Turned pos	To turn pos	To turn pos	26.2	-41.2	Remained neg	Remained neg	To turn pos	11.1
Operating profit	**-140**	**-121**	**22**	**82**	**83**	**27**	**36**	**39**	**-559**	**-157**	**185**	**201**
Growth (% q-q)	Remained neg	Remained neg	Turned pos	272.8	0.8	-67.8	35.7	7.1				
Growth (% y-y)	Remained neg	Remained neg	Turned pos	Turned pos	To turn pos	To turn pos	64.3	-52.8	Remained neg	Remained neg	To turn pos	8.4
Pre-tax income	-145	-145	-102	-176	-61	14	24	39	-520	-568	16	126
Growth (% q-q)	Remained neg	Remained neg	Remained neg	Remained neg	To remain neg	To turn pos	67.5	63.8				
Growth (% y-y)	Remained neg	Remained neg	Remained neg	Remained neg	To remain neg	To turn pos	To turn pos	To turn pos	Remained neg	Remained neg	To turn pos	709.6
Net profit	**-111**	**-113**	**-118**	**-193**	**-58**	**13**	**22**	**37**	**-381**	**-535**	**15**	**119**
Growth (% q-q)	Remained neg	Remained neg	Remained neg	Remained neg	To remain neg	To turn pos	67.5	63.8				
Growth (% y-y)	Remained neg	Remained neg	Remained neg	Remained neg	To remain neg	To turn pos	To turn pos	To turn pos	Remained neg	Remained neg	To turn pos	709.6
Controlling net profit	-111	-112	-118	-192	-57	13	22	37	-378	-534	15	119
Margins (%)												
EBITDA	-32.4	-19.1	6.8	16.4	14.3	6.5	8.0	9.0	-26.0	-3.3	9.5	9.4
Operating profit	-38.4	-23.3	3.4	13.3	11.6	3.7	5.2	5.8	-29.3	-7.3	6.6	6.4
Pre-tax income	-39.9	-27.9	-15.6	-28.4	-8.6	2.0	3.4	5.8	-27.2	-26.3	0.6	4.0
Net profit	-30.5	-21.6	-18.1	-31.2	-8.1	1.9	3.2	5.5	-20.0	-24.8	0.5	3.8

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**1,907**	**2,155**	**2,790**	**3,125**	**3,676**
Cost of goods sold	2,371	2,226	2,518	2,842	3,340
Gross profit	**-463**	**-71**	**272**	**284**	**335**
Gross margin (%)	-24.3	-3.3	9.7	9.1	9.1
SG&A expenses	95	86	86	83	84
Operating profit	**-559**	**-157**	**185**	**201**	**252**
Operating margin (%)	-29.3	-7.3	6.6	6.4	6.8
Non-operating gains (losses)	**39**	**-411**	**-170**	**-74**	**-52**
Financial profit	258	47	-54	55	60
Financial costs	244	430	132	143	146
Equity-method gains (losses)	-0	-4	-5	-6	-7
Other	25	-23	22	20	42
Pre-tax profit	**-520**	**-568**	**16**	**126**	**199**
Taxes	-139	-33	1	7	12
Effective tax rate (%)	26.7	5.8	5.8	5.8	5.8
Profit from continuing operations	-381	-535	15	119	188
Profit from discontinued operations	0	0	0	0	0
Net profit	**-381**	**-535**	**15**	**119**	**188**
Net margin (%)	-20.0	-24.8	0.5	3.8	5.1
Net profit (controlling interests)	-378	-534	15	119	187
Net profit (non-controlling interests)	-3	-1	0	0	0
EBITDA	-495	-72	264	286	337
EBITDA margin (%)	-26.0	-3.3	9.5	9.1	9.2
EPS (parent-based) (KRW)	-10,416	-14,393	364	2,946	4,648
EPS (consolidated) (KRW)	-10,493	-14,424	365	2,952	4,658
Adjusted EPS (KRW)*	-10,416	-14,393	364	2,946	4,648

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**1,090**	**1,347**	**1,674**	**1,867**	**2,186**
Cash & equivalents	280	383	703	858	1,117
Accounts receivable	180	324	372	394	429
Inventories	575	595	542	552	567
Other current assets	56	45	57	63	74
Fixed assets	**1,710**	**1,787**	**1,907**	**1,943**	**1,991**
Investment assets	184	197	236	257	290
Tangible assets	1,260	1,326	1,409	1,426	1,443
Intangible assets	17	15	12	10	8
Other long-term assets	249	250	250	250	250
Total assets	**2,800**	**3,134**	**3,581**	**3,810**	**4,177**
Current liabilities	**1,552**	**2,060**	**2,491**	**2,599**	**2,776**
Accounts payable	78	325	421	471	554
Short-term debt	813	781	1,181	1,181	1,181
Other current liabilities	661	955	889	947	1,041
Long-term liabilities	**524**	**397**	**399**	**400**	**402**
Bonds & long-term debt	502	379	379	379	379
Other long-term liabilities	22	18	20	21	23
Total liabilities	**2,076**	**2,457**	**2,890**	**2,999**	**3,179**
Owners of parent equity	**714**	**673**	**688**	**807**	**994**
Capital stock	18	20	20	20	20
Capital surplus	702	693	693	693	693
Retained earnings	-23	-76	-61	58	245
Other	16	36	36	36	36
Non-controlling interests' equity	**10**	**4**	**4**	**4**	**4**
Total equity	**723**	**677**	**692**	**811**	**998**
Net debt	1,570	1,655	1,636	1,525	1,337

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**281**	**-29**	**210**	**222**	**318**
Net profit	-381	-535	15	119	188
Non-cash profit and expenses	-77	369	200	221	235
Depreciation	60	82	76	83	84
Amortization	3	3	3	2	2
Other	-140	284	121	136	149
Changes in A/L from operating activities	776	209	125	27	48
Cash flow from investments	**-240**	**-138**	**-151**	**-90**	**-96**
Change in tangible assets	-208	-137	-160	-100	-100
Change in financial assets	12	4	-0	-0	-0
Other	-44	-4	9	10	4
Cash flow from financing	**-20**	**273**	**300**	**43**	**71**
Change in debt	-179	185	300	43	71
Change in equity	-2	-7	0	0	0
Dividends	0	0	0	0	0
Other	160	95	0	0	0
Change in cash	38	103	320	155	259
Cash at beginning of year	241	280	383	703	858
Cash at end of year	280	383	703	858	1,117
Gross cash flow	**-457**	**-166**	**215**	**340**	**422**
Free cash flow	**73**	**-167**	**50**	**122**	**218**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	-58.9	13.0	29.5	12.0	17.6
Operating profit	nm	nm	nm	8.4	25.5
Net profit	nm	nm	nm	709.6	57.8
Adjusted EPS**	nm	nm	nm	709.5	57.8
Per-share data (KRW)					
EPS (parent-based)	-10,416	-14,393	364	2,946	4,648
EPS (consolidated)	-10,493	-14,424	365	2,952	4,658
Adjusted EPS**	-10,416	-14,393	364	2,946	4,648
BVPS	21,264	17,482	17,596	20,635	25,430
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E***	n/a	n/a	508.4	62.8	39.8
P/B***	3.8	5.4	10.5	9.0	7.3
EV/EBITDA	n/a	n/a	34.4	31.4	26.1
Ratios (%)					
ROE	-41.7	-77.0	2.2	15.9	20.8
ROA	-12.4	-18.0	0.4	3.2	4.7
ROIC	-18.2	-7.9	9.3	10.2	13.0
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	217.0	244.6	236.5	188.1	133.9
Interest coverage (x)	-5.3	-1.3	1.4	1.4	1.7

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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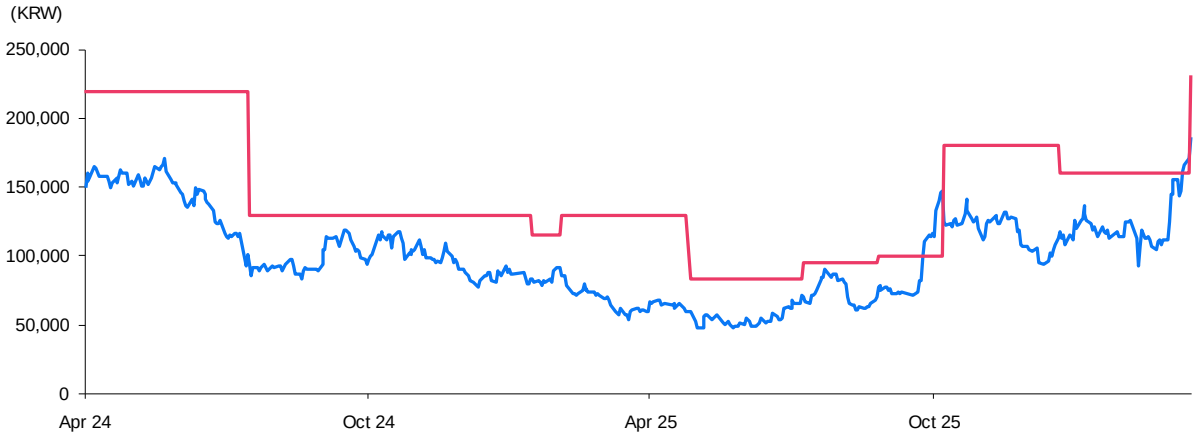
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/1/16	4/12	8/7	2025/2/6	2/25	5/19	7/31	9/17	10/30	2026/1/13	4/7
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	230000	220000	130000	115000	130000	83000	95000	100000	180000	160000	230000
Gap* (average)	-28.21	-34.28	-25.00	-26.56	-48.64	-34.18	-22.96	-5.18	-33.95	-23.13	
(max or min)**	-12.39	-22.00	-8.15	-20.26	-33.77	-13.25	-4.74	47.00	-21.33	6.63	

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

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BUY	Expected to increase in value by 15% or more within 12 months and is highly attractive within sector
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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 2026.03.31

BUY(85.2%)·HOLD(14.8%)·SELL(0%)

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