COMPANY UPDATE

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LG Energy Solution (373220)

Prolonged Middle East war driving energy transition

EV/Mobility Team

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- In line with its preliminary announcement on Apr 7, LG Energy Solution reported a 1Q operating loss of KRW207.8b (KRW85.8b worse q-q), below consensus (KRW121b loss) but meeting our estimate (KRW225.9b loss).
- To reflect rising peer multiple, we raise our target price by 18%. Prolonged high oil prices are likely to accelerate the energy transition, positioning it as a key beneficiary. We maintain BUY.

WHAT'S THE STORY?

In line with its preliminary announcement on Apr 7, LG Energy Solution reported a 1Q operating loss of KRW207.8b (KRW85.8b worse q-q), below consensus (KRW121b loss) but meeting our estimate (KRW225.9b loss).

To reflect rising peer multiple, we raise our target price by 18%. Prolonged high oil prices are likely to accelerate the energy transition, positioning it as a key beneficiary. We maintain BUY.

- **Small batteries:** Its small-battery business recorded estimated sales of KRW2t (up 1% q-q) and an operating profit of KRW133.8b (up 6% q-q) for a margin of 6.7%. US dollar-based ASP fell 2% q-q (less than a 4% q-q fall in 4Q25). Shipment volume grew 2% q-q (on top of a 19% q-q rise in 4Q25), thanks to a leading EV maker's introduction of new models (variants and trims).

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW600,000	30.3%
Current price	**KRW460,500**	
Market cap	KRW107.8t/USD72.7b	
Shares (float)	234,000,000 (20.2%)	
52-week high/low	KRW514,000/KRW268,000	
Avg daily trading value (60-day)	KRW171.0b/ USD115.3m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
LG Energy Solution (%)	12.3	-5.3	41.9
Vs Kospi (%pts)	-10.2	-41.4	-45.0

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	600,000	510,000	17.6%
2026E EPS	537	537	0.0%
2027E EPS	12,085	12,085	0.0%

SAMSUNG vs THE STREET

No of estimates	18
Target price	542,000
Recommendation	3.9

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

SUMMARY 1Q RESULTS

(KRWb)	1Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	6,555.0	4.6	6.7	0.0	12.2
Operating profit	-207.8	nm	nm	nm	nm
Pre-tax profit	-858.6	nm	nm	nm	nm
Net profit	-944.0	nm	nm	nm	nm
Margins (%)					
Operating profit	-3.2				
Pre-tax profit	-13.1				
Net profit	-14.4				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuations (x)			
P/E	n/a	856.8	38.1
P/B	4.3	5.3	4.7
EV/EBITDA	33.6	22.3	11.9
Div yield (%)	0.0	0.0	0.0
EPS growth (% y-y)	nm	nm	2,148.6
ROE (%)	-5.2	0.6	13.0
Per-share data (KRW)			
EPS	-4,585	537	12,085
BVPS	86,391	86,929	99,013
DPS	0	0	0

- **EV batteries:** The EV battery business registered estimated sales of KRW2.95t (down 4% q-q) and an operating loss of KRW309.7b (wider by KRW178.1b q-q) for a margin of -10.5% (wider by 5.4%pts q-q). Sales volume dropped 25% q-q, harder than a 19% q-q fall in 4Q25. US sales volume, in particular, declined 91% q-q, worsening from a 34% q-q fall in 4Q25, due to halted operations at a joint venture plant with GM. Winding down joint ventures incurred costs, but these were offset by a one-time compensation received from a client.
- **ESS:** We estimate the ESS business saw sales of KRW1.61t (up 12% q-q) and an operating loss of KRW221.6b (wider by KRW128.6b q-q), for a margin of -13.8%. Despite higher utilization rates at the new North American plant, ESS sales volume growth (21% q-q) lagged our previous expectation (31% q-q), due to bottlenecks in the battery pack assembly process. As a result, fixed cost pressures increased, weighing on profitability. The battery pack bottleneck is likely to be resolved starting in 3Q.
- **IRA AMPC:** The Advanced Manufacturing Production Credits (AMPCs; created under the US Inflation Reduction Act) that LGES recognized in 1Q were KRW189.7b (down 43% q-q), short of our estimate (KRW175.2b) by 8%—AMPCs are tied to US factory production/sales volume, which shrank an estimated 36% q-q to 4.6GWh. Shipments to GM declined significantly, but ESS continued strong growth (from 3.1 to 4.2 GWh).

2Q results to beat consensus—earnings turnaround set to begin: We forecast a 2Q operating profit of KRW297.6b (up by KRW505.4b q-q), which would be 202% above consensus (KRW98.5b; FnGuide). The operating profit reflects an estimated operating profit of KRW140.9b (up 5% q-q; OPM of 6.7%) from the small battery business, an operating profit of KRW33.6b (up by KRW343.4b q-q; OPM of 1.2%) from the EV battery business, an operating loss of KRW165.7b (narrower by KRW55.9b; OPM of -6.6%) from the ESS business, and KRW288.8b (up 52% q-q; on sales volume expanding an estimated 51% q-q to 6.9 GWh) in IRA AMPC. We estimate the shipment volume of small batteries will increase an additional 5% q-q (after a 2% q-q rise in 1Q), driven by strong demand from a leading EV manufacturer and increased e-scooter sales in Asia following the Middle East war. The shipment volume of EV batteries is likely to expand 7% q-q, with volume in North America remaining sluggish (flat q-q) but volume elsewhere climbing 7% q-q. Operating margin on EV batteries should turn positive, thanks to rebounding sales volumes easing fixed cost pressures and a few one-off gains. The sales volume of ESS will likely rise another 55% q-q, as the new North American factory ramps up to maximum utilization, but cost pressures from battery pack bottlenecks are likely to continue.

LG Energy Solution: P/E and P/B valuations

(KRW)	Value	Note
P/E valuation		
12MF net profit (KRWb)	2,828	Based on the average net profit attributable to controlling shareholders for 2027
Total number of shares ('000)	234,000	
12MF EPS	12,085	Based on the average net profit attributable to controlling shareholders for 2027
Target P/E (x)	52.3	Trading at an 60% premium to global peers (CATL, BYD, Eve Energy, Samsung SDI); **Revised up from 40.6x**
Fair value per share (A)	**632,103**	
P/B valuation		
12MF book value (KRWb)	23,169	Based on the average equity attributable to controlling shareholders for 2027
Total number of shares ('000)	234,000	
12MF BVPS	99,013	Based on the average equity attributable to controlling shareholders for 2027
Target P/B (x)	5.9	Trading at an 60% premium to global peers (CATL, BYD, Eve Energy); **Revised up from 5.5x**
Fair value per share (B)	**585,109**	
Average fair value per share [(A+B)/2]	**608,606**	
Target price (KRW)	**600,000**	**Revised up by 18% from KRW510,000**
Current price (KRW)	473,000	As of Apr 29 close
Upside (%)	26.8	
2026 implied P/E (x)	1,116.4	
2027 implied P/E (x)	49.6	
2026 implied P/B (x)	6.9	
2027 implied P/B (x)	6.1	

Source: Bloomberg, Samsung Securities estimates

LG Energy Solution: Quarterly results

(KRWb)	1Q26	4Q25	1Q25	Consensus	Samsung	Diff (%)			
						(% q-q)	(% y-y)	Consensus	Samsung
Sales	6,555	6,474	6,723	6,015	5,937	1.2	-2.5	9.0	10.4
Operating profit	-208	-122	375	-121	-226	Remained neg	Turned neg	Remained neg	Remained neg
Pre-tax profit	-859	-476	365	-237	-447	Remained neg	Turned neg	Remained neg	Remained neg
Net profit	-944	-772	227	-308	-394	Remained neg	Turned neg	Remained neg	Remained neg
Attributable to parent	-812	-877	-146	-210	-339	Remained neg	Remained neg	Remained neg	Remained neg
Margins (%)									
Operating profit	-3.2	-1.9	5.6	-2.0	-3.8				
Pre-tax profit	-13.1	-7.4	5.4	-3.9	-7.5				
Net profit	-14.4	-11.9	3.4	-5.1	-6.6				
Attributable to parent*	-12.4	-13.5	-2.2	-3.5	-5.7				

Note: *Our estimates

Source: Company data, FnGuide, Samsung Securities estimates

LG Energy Solution: Quarterly results, by division

(KRWb)	1Q26	4Q25	1Q25	Chg (% q-q)	Chg (% y-y)
Sales	**6,555**	**6,474**	**6,723**	**1.2**	**-2.5**
Small batteries	1,999	1,976	1,678	1.2	19.2
EV batteries	2,950	3,068	4,568	-3.9	-35.4
ESS	1,606	1,431	477	12.3	236.5
Operating profit	**-208**	**-122**	**375**	**Remained neg**	**Turned neg**
Small batteries	134	126	117	6.2	14.0
EV batteries	-310	-488	-107	Remained neg	Remained neg
ESS	-222	-93	-93	Remained neg	Remained neg
IRA AMPC	190	333	458	-43.0	-58.6
Pre-tax profit	-859	-476	365	Remained neg	Turned neg
Net profit	**-944**	**-772**	**227**	**Remained neg**	**Turned neg**
Margins (%)					
Operating profit	-3.2	-1.9	5.6		
Small batteries	6.7	6.4	7.0		
EV batteries	-10.5	-15.9	-2.4		
ESS	-13.8	-6.5	-19.5		
Pre-tax profit	-13.1	-7.4	5.4		
Net profit	-14.4	-11.9	3.4		

Source: Company data, Samsung Securities estimates

LG Energy Solution: Simulation of tax credit benefits under IRA

(GWh)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
Advanced Manufacturing Production Credits													
Battery cell (USD/kWh)			35.0	35.0	35.0	35.0	35.0	35.0	26.3	17.5	8.8	0.0	
Battery module (USD/kWh)			10.0	10.0	10.0	10.0	10.0	10.0	7.5	5.0	2.5	0.0	
LGES US battery capacity													
Total	**5**	**15**	**45**	**70**	**87**	**140**	**176**	**203**	**203**	**203**	**203**	**203**	
Michigan (100%)	5	5	5	5	5	25	25	25	25	25	25	25	
Michigan ESS (100%)					17	29	45	62	62	62	62	62	
Ultium Cells #1 (50%)		10	40	45	45	45	45	45	45	45	45	45	
Ultium Cells #2 (50%)				20	20	10	10	10	10	10	10	10	
L-H Battery (50%)					0	10	10	10	10	10	10	10	
Nextstar Energy (51%)						11	11	11	11	11	11	11	
Arizona (100%)						10	20	30	30	30	30	30	
HL-GA Battery (50%)							10	10	10	10	10	10	
LGES US battery operating rate													
Total	**80%**	**43%**	**49%**	**53%**	**43%**	**31%**	**52%**	**65%**	**79%**	**85%**	**88%**	**88%**	
Michigan (100%)	80%	80%	80%	29%	60%	10%	18%	38%	68%	73%	78%	80%	
Michigan ESS (100%)					31%	78%	69%	79%	94%	94%	94%	94%	
Ultium Cells #1 (50%)		25%	43%	59%	47%	11%	32%	47%	67%	77%	81%	81%	
Ultium Cells #2 (50%)				21%	22%	28%	95%	95%	95%	95%	95%	95%	
L-H Battery (50%)					0%	7%	75%	90%	95%	95%	95%	95%	
Nextstar Energy (51%)						58%	96%	97%	97%	97%	97%	97%	
Arizona (100%)						1%	21%	49%	74%	89%	94%	94%	
HL-GA Battery (50%)							23%	23%	43%	63%	73%	73%	
LGES US battery production													
Total	**4**	**7**	**15**	**31**	**33**	**35**	**83**	**123**	**161**	**173**	**179**	**179**	
Michigan (100%)	4	4	4	1	3	1	4	9	17	18	19	20	
Michigan ESS (100%)					5	17	31	48	58	58	58	58	
Ultium Cells #1 (50%)		3	11	25	21	5	14	21	30	35	36	36	
Ultium Cells #2 (50%)				4	4	4	10	10	10	10	10	10	
L-H Battery (50%)						1	8	9	10	10	10	10	
Nextstar Energy (51%)						6	11	11	11	11	11	11	
Arizona (100%)						0	3	12	22	27	28	28	
HL-GA Battery (50%)							2	2	4	6	7	7	
LGES IRA tax credit benefits (total; USDm)													
Total			**517**	**1,081**	**1,158**	**1,048**	**2,934**	**5,167**	**6,757**	**5,430**	**3,729**	**1,870**	**29,692**
Battery cell			517	1,074	1,110	890	2,532	4,293	5,630	4,544	3,126	1,568	25,283
Battery module			0	7	48	158	401	874	1,127	886	603	302	4,409
LGES IRA tax credit benefits (total; KRWb)													
Total			**677**	**1,480**	**1,647**	**1,448**	**3,916**	**6,718**	**8,784**	**7,059**	**4,848**	**2,431**	**39,008**
Battery cell			677	1,470	1,578	1,229	3,381	5,581	7,318	5,907	4,064	2,038	33,243
Battery module			0	10	69	218	536	1,137	1,466	1,152	784	393	5,764
LGES IRA tax credit benefits (controlling interests; USDm)													
Total			**329**	**314**	**492**	**799**	**2,439**	**4,397**	**5,703**	**4,522**	**3,090**	**1,550**	**23,636**
Battery cell			329	307	443	645	2,087	3,595	4,669	3,708	2,537	1,273	19,593
Battery module			0	7	48	155	352	802	1,034	814	553	277	4,043
LGES IRA tax credit benefits (controlling interests; KRWb)													
Total			**427**	**408**	**639**	**1,039**	**3,171**	**5,716**	**7,414**	**5,879**	**4,017**	**2,015**	**30,727**
Battery cell			427	399	577	838	2,713	4,673	6,070	4,821	3,298	1,655	25,471
Battery module			0	9	63	201	458	1,043	1,344	1,058	719	360	5,256
Present value* of IRA tax credit benefits (controlling interests; KRWb)													
Total			**427**	**408**	**639**	**990**	**2,876**	**4,938**	**6,099**	**4,606**	**2,998**	**1,432**	**25,414**
Battery cell			427	399	577	798	2,461	4,037	4,994	3,777	2,461	1,176	21,107
Battery module			0	9	63	192	415	901	1,106	829	537	256	4,308

Note: *Discounted to the beginning of 2026, using a discount rate of 5% / Source: Samsung Securities estimates

LG Energy Solution: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26P	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	**6,723**	**6,056**	**6,065**	**6,474**	**6,555**	**7,548**	**8,041**	**8,577**	**25,620**	**25,319**	**30,720**	**40,562**
Growth (% q-q)	4.2	-9.9	0.2	6.7	1.2	15.1	6.5	6.7				
Growth (% y-y)	9.7	-1.7	-11.8	0.4	-2.5	24.6	32.6	32.5	-24.1	-1.2	21.3	32.0
Small batteries	1,678	1,552	1,653	1,976	1,999	2,104	2,204	2,173	7,363	6,858	8,480	9,058
Growth (% q-q)	3.6	-7.5	6.5	19.5	1.2	5.2	4.8	-1.4				
Growth (% y-y)	-22.9	-16.0	-3.9	22.0	19.2	35.5	33.3	10.0	-22.9	-6.9	23.6	6.8
EV batteries	4,568	4,087	3,784	3,068	2,950	2,804	2,726	2,729	16,408	15,508	11,208	12,564
Growth (% q-q)	8.9	-10.5	-7.4	-18.9	-3.9	-4.9	-2.8	0.1				
Growth (% y-y)	22.2	2.0	-15.3	-26.8	-35.4	-31.4	-28.0	-11.1	-24.5	-5.5	-27.7	12.1
ESS	477	417	628	1,431	1,606	2,640	3,111	3,675	1,849	2,953	11,032	18,939
Growth (% q-q)	-25.3	-12.7	50.8	127.8	12.3	64.4	17.8	18.1				
Growth (% y-y)	122.5	35.2	-8.7	124.0	236.5	533.9	395.3	156.9	-24.5	59.7	273.7	71.7
EBITDA	**1,231**	**1,375**	**1,519**	**913**	**887**	**1,475**	**1,781**	**1,975**	**3,621**	**5,037**	**6,118**	**11,301**
Growth (% q-q)	94.3	11.7	10.5	-39.9	-2.8	66.3	20.8	10.9				
Growth (% y-y)	50.8	47.8	22.4	44.1	-27.9	7.3	17.3	116.4	-18.6	39.1	21.5	84.7
Operating profit	**375**	**492**	**601**	**-122**	**-208**	**298**	**559**	**705**	**575**	**1,346**	**1,354**	**5,133**
Growth (% q-q)	Turned pos	31.4	22.2	Turned neg	Remained neg	To turn pos	87.9	26.2				
Growth (% y-y)	138.1	152.0	34.1	Remained neg	Turned neg	-39.5	-7.0	To turn pos	-73.4	134.0	0.6	279.0
Small batteries	117	92	115	126	134	141	214	124	195	450	612	636
Growth (% q-q)	Turned pos	-21.5	24.7	9.7	6.2	5.2	51.7	-42.1				
Growth (% y-y)	49.2	42.4	48.9	Turned pos	14.0	52.9	86.0	-1.8	-74.3	131.4	35.9	3.9
EV batteries	-107	-91	87	-488	-310	34	-49	-22	-880	-599	-347	117
Growth (% q-q)	Remained neg	Remained neg	Turned pos	Turned neg	Remained neg	To turn pos	To turn neg	To remain neg				
Growth (% y-y)	Remained neg	Remained neg	Turned pos	Remained neg	Remained neg	To turn pos	To turn neg	To remain neg	Turned neg	Remained neg	To remain neg	To turn pos
ESS	-93	0	34	-93	-222	-166	-37	66	-219	-152	-359	463
Growth (% q-q)	Remained neg	Turned pos	81,331.0	Turned neg	Remained neg	To remain neg	To remain neg	To turn pos				
Growth (% y-y)	Remained neg	Turned pos	49,214.9	Remained neg	Remained neg	To turn neg	To turn neg	To turn pos	Turned neg	Remained neg	To remain neg	To turn pos
AMPC	458	491	365	333	190	289	432	537	1,480	1,647	1,448	3,916
Growth (% q-q)	21.3	7.2	-25.5	-8.9	-43.0	52.2	49.5	24.4				
Growth (% y-y)	142.2	9.6	-21.6	-11.8	-58.6	-41.2	18.1	61.4	118.7	11.3	-12.1	170.6
Pre-tax profit	**365**	**-27**	**553**	**-476**	**-859**	**359**	**457**	**830**	**349**	**414**	**788**	**4,499**
Growth (% q-q)	4.5	Turned neg	Turned pos	Turned neg	Turned neg	To turn pos	27.1	81.6				
Growth (% y-y)	63.7	Turned neg	63.0	Remained neg	Turned neg	To turn pos	-17.3	To turn pos	-82.9	18.7	90.3	470.9
Net profit	**227**	**91**	**536**	**-772**	**-944**	**324**	**412**	**748**	**339**	**81**	**541**	**4,056**
Growth (% q-q)	-33.1	-60.0	491.7	Turned neg	Turned neg	To turn pos	27.1	81.6				
Growth (% y-y)	6.8	Turned pos	-4.5	Remained neg	Turned neg	257.7	-23.1	To turn pos	-79.3	-76.1	568.9	650.4
Attributable to parent	-146	-297	247	-877	-812	231	226	480	-1,019	-1,073	126	2,828
Margins (%)												
EBITDA	18.3	22.7	25.0	14.1	13.5	19.5	22.2	23.0	14.1	19.9	19.9	27.9
Operating profit	5.6	8.1	9.9	-1.9	-3.2	3.9	7.0	8.2	2.2	5.3	4.4	12.7
Small batteries	7.0	5.9	6.9	6.4	6.7	6.7	9.7	5.7	2.6	6.6	7.2	7.0
EV batteries	-2.4	-2.2	2.3	-15.9	-10.5	1.2	-1.8	-0.8	-5.4	-3.9	-3.1	0.9
ESS	-19.5	0.0	5.4	-6.5	-13.8	-6.3	-1.2	1.8	-11.9	-5.2	-3.2	2.4
Pre-tax profit	5.4	-0.4	9.1	-7.4	-13.1	4.8	5.7	9.7	1.4	1.6	2.6	11.1
Net profit	3.4	1.5	8.8	-11.9	-14.4	4.3	5.1	8.7	1.3	0.3	1.8	10.0

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**25,620**	**23,672**	**30,720**	**40,562**	**48,532**
Cost of goods sold	22,214	19,440	25,404	32,143	38,157
Gross profit	**3,406**	**4,232**	**5,317**	**8,419**	**10,374**
Gross margin (%)	13.3	17.9	17.3	20.8	21.4
SG&A expenses	4,311	4,533	5,410	7,203	8,582
Operating profit	**575**	**1,346**	**1,354**	**5,133**	**7,685**
Operating margin (%)	2.2	5.7	4.4	12.7	15.8
Non-operating gains (losses)	**-227**	**-932**	**-566**	**-634**	**-469**
Financial profit	1,048	1,018	677	457	678
Financial costs	1,261	1,104	953	944	991
Equity-method gains (losses)	-49	-2	-2	-2	-2
Other	35	-844	-289	-146	-153
Pre-tax profit	**349**	**414**	**788**	**4,499**	**7,216**
Taxes	10	333	247	443	566
Effective tax rate (%)	2.9	80.5	31.4	9.8	7.8
Profit from continuing operations	339	81	541	4,056	6,650
Profit from discontinued operations	0	0	0	0	0
Net profit	**339**	**81**	**541**	**4,056**	**6,650**
Net margin (%)	1.3	0.3	1.8	10.0	13.7
Net profit (controlling interests)	-1,019	-1,073	126	2,828	4,981
Net profit (non-controlling interests)	1,357	1,154	415	1,228	1,669
EBITDA	3,621	3,391	6,118	11,301	9,028
EBITDA margin (%)	14.1	14.3	19.9	27.9	18.6
EPS (parent-based) (KRW)	-4,354	-4,585	537	12,085	21,288
EPS (consolidated) (KRW)	1,447	345	2,310	17,332	28,420
Adjusted EPS (KRW)*	-4,354	-4,585	537	12,085	21,288

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**15,327**	**18,412**	**20,403**	**31,339**	**45,560**
Cash & equivalents	3,899	3,779	1,413	6,265	15,560
Accounts receivable	4,944	4,311	5,595	7,387	8,839
Inventories	4,552	4,350	5,646	7,454	8,919
Other current assets	1,932	5,971	7,749	10,232	12,242
Fixed assets	**44,979**	**48,736**	**49,471**	**49,133**	**47,136**
Investment assets	1,272	1,522	1,724	2,005	2,233
Tangible assets	38,350	40,795	42,289	41,763	39,616
Intangible assets	1,285	1,592	1,483	1,390	1,311
Other long-term assets	4,073	4,827	3,975	3,975	3,975
Total assets	**60,307**	**67,148**	**69,873**	**80,472**	**92,696**
Current liabilities	**12,055**	**16,785**	**16,118**	**20,359**	**23,769**
Accounts payable	2,705	2,153	2,794	3,689	4,414
Short-term debt	1,291	2,681	2,681	2,681	2,681
Other current liabilities	8,058	11,952	10,643	13,989	16,675
Long-term liabilities	**17,285**	**21,041**	**23,894**	**26,195**	**28,358**
Bonds & long-term debt	12,641	15,513	17,530	18,665	19,883
Other long-term liabilities	4,644	5,528	6,363	7,531	8,476
Total liabilities	**29,340**	**37,826**	**40,011**	**46,554**	**52,127**
Owners of parent equity	**21,116**	**20,216**	**20,341**	**23,169**	**28,150**
Capital stock	117	117	117	117	117
Capital surplus	17,165	17,165	17,165	17,165	17,165
Retained earnings	1,397	332	458	3,286	8,267
Other	2,437	2,602	2,602	2,602	2,602
Non-controlling interests' equity	**9,850**	**9,106**	**9,521**	**10,749**	**12,418**
Total equity	**30,967**	**29,322**	**29,862**	**33,918**	**40,568**
Net debt	11,493	18,690	19,385	15,691	7,609

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**5,112**	**4,432**	**4,509**	**9,504**	**13,299**
Net profit	339	81	541	4,056	6,650
Non-cash profit and expenses	4,984	5,524	5,520	7,314	8,152
Depreciation	2,856	3,414	4,506	5,926	7,006
Amortization	190	278	259	243	229
Other	1,939	1,832	756	1,145	917
Changes in A/L from operating activities	691	-365	-501	-699	-566
Cash flow from investments	**-12,065**	**-10,881**	**-6,045**	**-5,796**	**-5,205**
Change in tangible assets	-12,324	-10,758	-6,000	-5,400	-4,860
Change in financial assets	-277	-167	-192	-269	-218
Other	536	44	147	-127	-127
Cash flow from financing	**5,382**	**6,286**	**-1,657**	**1,178**	**1,229**
Change in debt	4,383	7,124	-1,657	1,178	1,229
Change in equity	0	0	0	0	0
Dividends	0	0	0	0	0
Other	998	-838	0	0	0
Change in cash	-1,170	-119	-2,366	4,852	9,295
Cash at beginning of year	5,069	3,899	3,779	1,413	6,265
Cash at end of year	3,899	3,779	1,413	6,265	15,560
Gross cash flow	**5,323**	**5,604**	**6,061**	**11,370**	**14,802**
Free cash flow	**-7,287**	**-6,402**	**-1,491**	**4,104**	**8,439**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	-24.1	-7.6	29.8	32.0	19.6
Operating profit	-73.4	134.0	0.6	279.0	49.7
Net profit	-79.3	-76.1	568.9	650.4	64.0
Adjusted EPS**	nm	nm	nm	2,148.6	76.2
Per-share data (KRW)					
EPS (parent-based)	-4,354	-4,585	537	12,085	21,288
EPS (consolidated)	1,447	345	2,310	17,332	28,420
Adjusted EPS**	-4,354	-4,585	537	12,085	21,288
BVPS	90,240	86,391	86,929	99,013	120,301
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E***	n/a	n/a	856.8	38.1	21.6
P/B***	3.9	4.3	5.3	4.7	3.8
EV/EBITDA	28.4	33.6	22.3	11.9	14.2
Ratios (%)					
ROE	-4.9	-5.2	0.6	13.0	19.4
ROA	0.6	0.1	0.8	5.4	7.7
ROIC	1.5	0.6	1.8	8.8	13.3
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	37.1	63.7	64.9	46.3	18.8
Interest coverage (x)	1.0	1.6	1.4	5.4	7.8

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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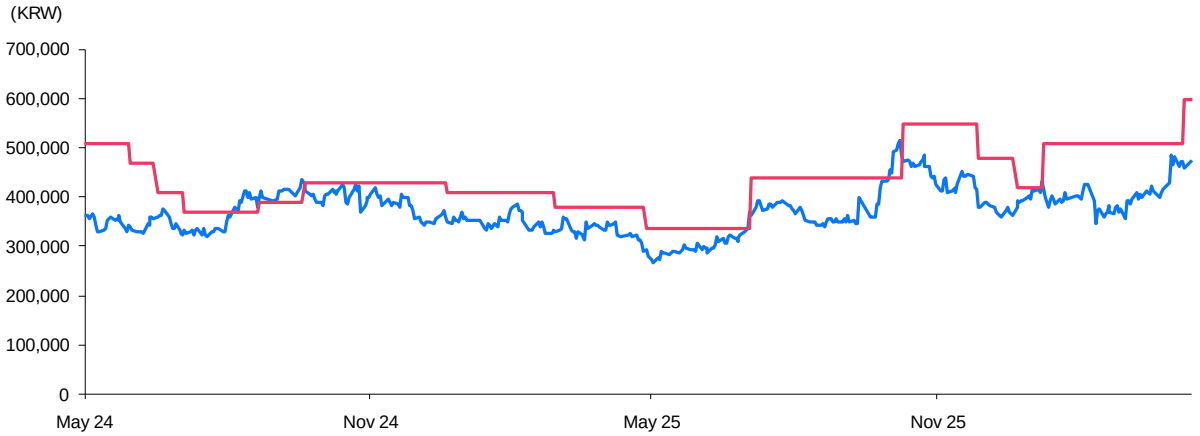
Target price changes in past two years



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	4/30
Recommendation	HOLD	BUY	BUY
Target price (KRW)	420000	510000	600000
Gap* (average)	-3.83	-20.82	
(max or min)**	2.62	-5.00	

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

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