

COMPANY UPDATE

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EV/Mobility Team

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▶ AT A GLANCE

BUY

Target price **KRW680,000** 36.4%

Current price **KRW498,500**

Market cap KRW40.2t/USD26.3b

Shares (float) 80,585,530 (72.6%)

52-week high/low KRW712,000/KRW168,200

Avg daily trading value (60-day) KRW462.9b/
USD302.8m

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
Samsung SDI (%)	-27.1	61.9	188.3
Vs Kospi (%pts)	-26.6	-14.3	8.0

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	680,000	740,000	-8.1%
2026E EPS	898	898	0.0%
2027E EPS	10,145	10,145	0.0%

▶ SAMSUNG vs THE STREET

No of estimates	23
Target price	840,913
Recommendation	4.0

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



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Samsung SDI (006400)

Likely to turn around in 3Q, faster than expected

- We expect Samsung SDI to substantially narrow losses in 2Q.
- The company should see increasing sales of battery backup unit (BBU) and ESS for data centers and also expand battery shipments for high-volume EV models targeting Europe.
- We trim our target price for the stock to KRW680,000 and maintain BUY.

WHAT'S THE STORY?

Losses to narrow substantially in 2Q: We forecast Samsung SDI to post 2Q sales of KRW3.7t and an operating loss of KRW73.5b—better than FnGuide consensus of an operating loss of KRW76.6b. Losses should narrow significantly, on: 1) improved q-q margins in the ESS business, supported by greater shipments of domestically manufactured uninterruptible power supply (UPS) for data centers—not just for North American power applications; and 2) robust sales of battery backup units (BBUs) for data centers in the small-battery business.

Likely to turn profitable in 3Q: We now believe Samsung SDI will log an operating profit of KRW14.3b, returning to profitability in 3Q (earlier than our previous forecast of 4Q) thanks to three factors. First, starting in 2Q, Samsung SDI began supplying batteries for Korean automakers' mass-market EV models targeting the European market. This should boost utilization rates at its Hungarian plant in 2H. Second, sales of the firm's lucrative LMO-based UPS systems are growing in the US market, increasing their share of total ESS revenue to 15–20%. Combined with the full-scale ramp-up of LFP-based ESS production in North America, significant improvements in the advanced manufacturing production credit (AMPC) are anticipated in 4Q. Third, the company's small battery business should turn to a profit from 3Q, backed by increasing sales of power tools and BBUs for data centers

SUMMARY FINANCIAL DATA

(Continued on the next page)

(KRWb)	2025	2026E	2027E	2028E
Revenue (KRWb)	13,267	15,929	20,237	24,694
Operating profit (KRWb)	-1,722	-92	1,198	1,802
Net profit (adj) (KRWb)	-585	369	1,209	1,630
EPS (adj) (KRW)	-8,325	898	10,145	14,672
EPS (adj) growth (% y-y)	nm	nm	1,029.6	44.6
EBITDA margin (%)	0.8	13.3	17.3	16.7
ROE (%)	-3.2	0.3	3.7	5.2
P/E (adj) (x)	n/a	555.1	49.1	34.0
P/B (x)	1.0	1.8	1.7	1.6
EV/EBITDA (x)	314.4	25.6	16.3	14.5
Dividend yield (%)	0.0	0.0	0.0	0.0

Source: Company data, Samsung Securities estimates

Trimming target price but maintaining BUY: We cut our target price for the stock by 8% to KRW680,000 to reflect a decline in the peer group's EV/EBITDA multiple from 13.4x to 12.7x (which we apply to the battery segment in our sum-of-the-parts valuation). We maintain BUY, anticipating earnings upgrade momentum, as robust demand for batteries serving North American data centers (BBU, UPS, and ESS), combined with the imminent ramp-up of battery shipments for European EVs, accelerate the path to profitability.

2Q preview

(KRWb)	2Q26	2Q25	1Q26	Chg	
				(% y-y)	(% q-q)
Sales	3,700.2	3,179.4	3,576.4	16.4	3.5
Operating profit	-73.5	-397.8	-155.6	Remained neg	Remained neg
Pre-tax profit	-14.2	-326.8	-347.2	Remained neg	Remained neg
Net profit	35.8	-166.7	56.1	Remained neg	-36.2
Margins (%)					
Operating profit	-2.0	-12.5	-4.4		
Pre-tax profit	-0.4	-10.3	-9.7		
Net profit	1.0	-5.2	1.6		

Source: Company data, Samsung Securities

Revisions to full-year forecasts

(KRWb)	2026E			2027E		
	Old	New	Diff (%)	Old	New	Diff (%)
Sales	15,752.5	15,928.8	1.1	19,899.7	20,237.4	1.7
Operating profit	-229.7	-92.4	nm	1,156.5	1,198.3	3.6
Pre-tax profit	251.2	388.6	54.7	1,469.1	1,510.7	2.8
Net profit	213.5	369.1	72.9	1,116.5	1,208.6	8.2

Source: Samsung Securities estimates

Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2025	2026E	2027E
Sales	3,176.8	3,179.4	3,051.8	3,858.7	3,576.4	3,700.2	3,969.3	4,682.9	4,437.4	4,823.9	5,285.2	5,690.9	13,266.7	15,928.8	20,237.4
Batteries	2,980.9	2,961.2	2,820.0	3,622.0	3,354.4	3,422.5	3,669.2	4,376.9	4,163.3	4,475.5	4,906.5	5,315.7	12,384.1	14,823.0	18,860.9
LiB (IT)	641.6	833.7	875.2	869.6	964.7	1,012.5	1,062.9	1,116.1	1,059.6	1,112.1	1,278.7	1,406.6	3,220.1	4,156.1	4,857.1
LiB (EV+ESS)	2,339.3	2,127.5	1,944.8	2,752.4	2,389.7	2,410.0	2,606.3	3,260.9	3,103.7	3,363.3	3,627.7	3,909.1	9,163.9	10,666.9	14,003.8
Electronic materials	195.9	218.2	231.8	236.7	222.0	277.7	300.1	305.9	274.1	348.5	378.7	375.2	882.6	1,105.8	1,376.5
Operating profit	-434.1	-397.8	-591.3	-299.2	-155.6	-73.5	14.3	122.3	155.7	232.6	391.2	418.9	-1,722.4	-92.4	1,198.3
Batteries	-452.4	-430.8	-630.1	-338.5	-176.6	-107.0	-36.4	80.1	114.9	176.7	322.9	359.9	-1,851.8	-239.8	974.4
LIB (IT)	-224.6	-72.9	-48.1	-95.6	-86.8	-30.4	10.6	22.3	21.2	22.2	51.1	42.2	-441.2	-84.2	136.8
LIB (EV+ESS)	-227.8	-357.9	-582.0	-242.8	-89.8	-76.6	-47.0	57.8	93.7	154.5	271.8	317.7	-1,410.6	-155.6	837.6
IRA (AMPC)	109.4	66.4	19.5	79.8	80.5	102.9	104.8	352.1	353.0	372.4	415.7	411.1	275.1	640.4	1,552.2
Electronic materials	18.3	33.0	38.8	39.3	21.0	33.5	50.7	42.2	40.8	55.8	68.2	59.0	129.4	147.4	223.9
Operating margin (%)	-13.7	-12.5	-19.4	-7.8	-4.4	-2.0	0.4	2.6	3.5	4.8	7.4	7.4	-13.0	-0.6	5.9
Batteries	-15.2	-14.5	-22.3	-9.3	-5.3	-3.1	-1.0	1.8	2.8	3.9	6.6	6.8	-15.0	-1.6	5.2
Electronic materials	9.3	15.1	16.7	16.6	9.5	12.1	16.9	13.8	14.9	16.0	18.0	15.7	14.7	13.3	16.3

Source: Company data, Samsung Securities estimates

Target-price calculation

(KRWb)	Note
Operating value	47,708
Established business*	8,879
LIB (IT)	6,792 2027E weighted average EBITDA x peer group 2026E EV/EBITDA
ECM*	2,087 2027E weighted average EBITDA x peer group 2026E EV/EBITDA
New growth business	38,829
LIB (EV, ESS)**	38,829 2027E weighted average EBITDA x peer group 2026E EV/EBITDA
Non-operating value	10,586
Listed subsidiaries	1,707 As of Jun 10, 2026
Unlisted subsidiaries***	3,301 50% discount to consolidated book value at end-2025
Samsung Display	5,577 50% discount to consolidated book value at end-2025
Net debt	11,218 End-2026 forecast
Net asset value	47,076
Discount (%)	0%
NAVPS	684,593
Target price (KRW)	680,000
Current price (KRW)	496,500 As of Jun 10, 2026
Upside (%)	37.0

Note: *Applied the peer group average multiple by division to the 2027E weighted average EBITDA (Small-sized batteries 12.7x, Electronic materials 7x);

** Applied the peer group average multiple by division to the 2027E weighted average EBITDA (12.7x);

*** Excluding Samsung Display

Source: Bloomberg, Samsung Securities estimates

AMPC estimates and reflected estimates of non-controlling interest net income

		2024	2025	2026E	2027E
Estimated AMPC	Capacity (Cell) Based on Year-End Design Capacity (GWh)				
	Michigan (Pack)	3	3	3	3
	SPE 1	33	33	37	37
	GM JV				-
	Utilization Rate				
	Michigan (Pack)	86%	41%	25%	10%
	SPE 1	1%	12%	26%	68%
	GM JV				0%
	Production Output (GWh)				
	Michigan (Pack)	3	1	1	0
	SPE 1	0	4	10	25
	GM JV	-	-	-	-
	AMPC Credit (USD/kWh)				
	Cell	35	35	35	35
	Module/Pack	10	10	10	10
AMPC Reflected Amount					
AMPC(USDm)	66	192	448	1,134	
AMPC(KRWb)	90	275	640	1,552	
Net Income (KRWb)	576	-585	369	1,209	
Non-Controlling Interest Net Income Estimates					
Controlling Interest Net Income	599	-649	74	834	
Non-Controlling Interest Net Income	-24	65	295	375	
AMPC_Non-Controlling Interest Net Income Amount	9	105	151	329	

Source: Company data, Samsung Securities Estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	16,592	13,267	15,929	20,237	24,694
Cost of goods sold	13,499	11,805	11,886	13,810	16,534
Gross profit	3,094	1,462	4,043	6,427	8,160
Gross margin (%)	18.6	11.0	25.4	31.8	33.0
SG&A expenses	2,820	3,459	4,135	5,229	6,358
Operating profit	363	-1,722	-92	1,198	1,802
Operating margin (%)	2.2	-13.0	-0.6	5.9	7.3
Non-operating gains (losses)	253	798	481	312	342
Financial profit	1,129	762	29	16	21
Financial costs	1,603	1,054	314	363	439
Equity-method gains (losses)	801	838	866	760	760
Other	-74	252	-100	-100	0
Pre-tax profit	616	-924	389	1,511	2,145
Taxes	7	-489	19	302	515
Effective tax rate (%)	1.1	52.9	5.0	20.0	24.0
Profit from continuing operations	520	-875	369	1,209	1,630
Profit from discontinued operations	55	290	0	0	0
Net profit	576	-585	369	1,209	1,630
Net margin (%)	3.5	-4.4	2.3	6.0	6.6
Net profit (controlling interests)	599	-649	74	834	1,206
Net profit (non-controlling interests)	-24	65	295	375	424
EBITDA	2,148	105	2,120	3,506	4,134
EBITDA margin (%)	12.9	0.8	13.3	17.3	16.7
EPS (parent-based) (KRW)	8,288	-8,325	898	10,145	14,672
EPS (consolidated) (KRW)	7,959	-7,497	4,491	14,702	19,827
Adjusted EPS (KRW)*	8,288	-8,325	898	10,145	14,672

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	-138	792	1,739	3,170	3,492
Net profit	576	-585	369	1,209	1,630
Non-cash profit and expenses	2,397	1,910	1,625	2,172	2,477
Depreciation	1,795	2,012	2,143	2,254	2,291
Amortization	80	91	70	53	41
Other	522	-193	-588	-136	145
Changes in A/L from operating activities	-2,622	-142	24	414	291
Cash flow from investments	-4,920	-1,999	-2,962	-3,001	-2,604
Change in tangible assets	-6,263	-3,048	-2,900	-2,900	-2,500
Change in financial assets	428	-39	-62	-101	-104
Other	915	1,089	0	0	0
Cash flow from financing	5,544	865	735	2,817	2,718
Change in debt	5,941	-668	735	2,817	2,718
Change in equity	0	1,646	0	0	0
Dividends	-70	-70	0	0	0
Other	-327	-43	-0	0	0
Change in cash	361	-334	-1,464	36	527
Cash at beginning of year	1,524	2,138	1,804	340	376
Cash at end of year	1,885	1,804	340	376	903
Gross cash flow	2,972	1,325	1,994	3,380	4,106
Free cash flow	-6,409	-2,274	-1,161	270	992

Note: *Excluding one-off items;

**Fully diluted, excluding one-off items;

***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	10,334	8,740	8,983	11,189	14,097
Cash & equivalents	1,885	1,804	340	376	903
Accounts receivable	2,729	2,146	2,926	3,680	4,490
Inventories	2,879	2,936	3,491	4,306	5,254
Other current assets	2,841	1,854	2,226	2,828	3,450
Fixed assets	30,263	33,515	36,490	40,827	44,870
Investment assets	11,187	12,808	15,121	18,866	22,740
Tangible assets	17,707	19,241	19,998	20,643	20,853
Intangible assets	668	584	515	461	421
Other long-term assets	701	883	856	856	856
Total assets	40,597	42,255	45,474	52,016	58,967
Current liabilities	10,856	9,795	9,565	11,639	13,764
Accounts payable	906	1,071	1,448	1,840	2,245
Short-term debt	5,394	3,915	4,115	4,715	5,315
Other current liabilities	4,557	4,809	4,002	5,085	6,205
Long-term liabilities	8,174	8,890	11,545	14,805	18,001
Bonds & long-term debt	5,064	5,493	7,493	9,693	11,793
Other long-term liabilities	3,111	3,397	4,052	5,111	6,207
Total liabilities	19,030	18,685	21,110	26,444	31,765
Owners of parent equity	19,766	21,443	21,941	22,775	23,981
Capital stock	357	416	416	416	416
Capital surplus	5,002	6,589	6,589	6,589	6,589
Retained earnings	12,780	12,089	12,163	12,997	14,203
Other	1,628	2,349	2,774	2,774	2,774
Non-controlling interests' equity	1,801	2,127	2,423	2,797	3,221
Total equity	21,567	23,570	24,363	25,572	27,202
Net debt	9,679	9,061	11,218	13,933	16,054

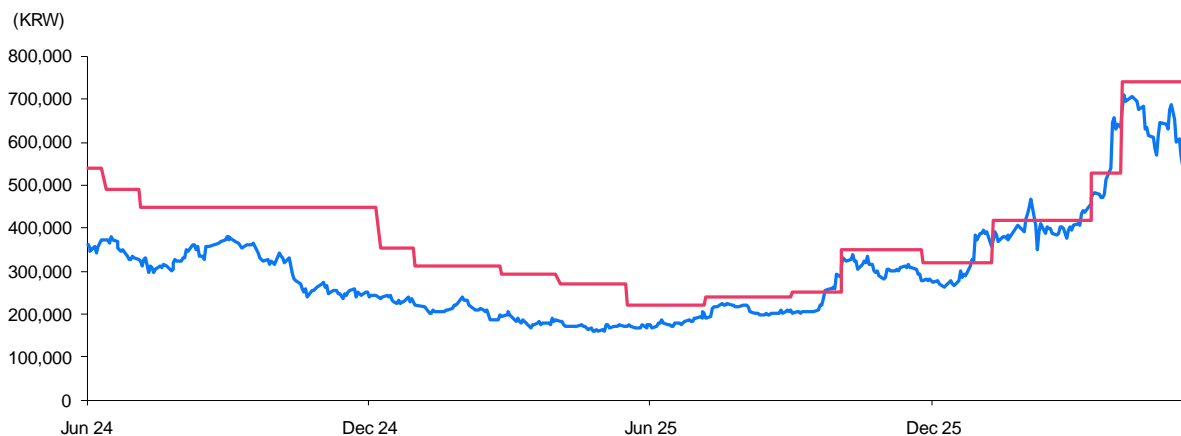
Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	-22.6	-20.0	20.1	27.0	22.0
Operating profit	-76.5	nm	nm	nm	50.4
Net profit	-72.1	nm	nm	227.4	34.9
Adjusted EPS**	-70.2	nm	nm	1,029.6	44.6
Per-share data (KRW)					
EPS (parent-based)	8,288	-8,325	898	10,145	14,672
EPS (consolidated)	7,959	-7,497	4,491	14,702	19,827
Adjusted EPS**	8,288	-8,325	898	10,145	14,672
BVPS	287,707	272,485	278,815	289,412	304,738
DPS (common)	973	0	0	0	0
Valuations (x)					
P/E***	29.2	n/a	555.1	49.1	34.0
P/B***	0.8	1.0	1.8	1.7	1.6
EV/EBITDA	13.4	314.4	25.6	16.3	14.5
Ratios (%)					
ROE	3.1	-3.2	0.3	3.7	5.2
ROA	1.5	-1.4	0.8	2.5	2.9
ROIC	1.9	-4.8	-0.4	3.8	5.2
Payout ratio	10.9	0.0	0.0	0.0	0.0
Dividend yield (common)	0.4	0.0	0.0	0.0	0.0
Net debt to equity	44.9	38.4	46.0	54.5	59.0
Interest coverage (x)	1.1	-5.5	-0.3	3.3	4.1

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Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/1/30	6/20	7/8	7/30	2025/1/2	1/24	3/21	4/28	6/11	8/1	9/26	10/28
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	597210	538468	489517	450355	352452	313291	293710	270000	220000	240000	250000	350000
Gap* (average)	-32.48	-32.88	-28.53	-31.99	-33.69	-32.91	-37.37	-37.02	-18.49	-12.36	-5.25	-11.76
(max or min)**	-20.33	-29.27	-22.10	-15.76	-30.69	-22.81	-30.50	-32.00	-6.36	-6.25	17.20	-3.57
Date	12/19	2026/2/3	4/8	4/28	6/11							
Recommendati	BUY	BUY	BUY	BUY	BUY							
on												
Target price (KRW)	320000	420000	530000	740000	680000							
Gap* (average)	-2.27	-3.82	3.33	-14.96								
(max or min)**	23.91	10.95	-11.23	-32.91								

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
- HOLD** Expected to increase/decrease in value by less than 15% within 12 months
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Industry

- OVERWEIGHT** Expected to outperform market by 5% or more within 12 months
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* 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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