COMPANY UPDATE

2026. 6. 18

EV/Mobility Team

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▶ AT A GLANCE

BUY

Target price	KRW210,000	49.4%
Current price	**KRW140,600**	
Market cap	KRW5.7t/USD3.8b	
Shares (float)	40,567,943 (71.7%)	
52-week high/low	KRW213,000/KRW48,400	
Avg daily trading value (60-day)	KRW144.5b/ USD95.5m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
L&F (%)	-12.2	18.5	190.5
Vs Kospi (%pts)	-25.8	-45.7	-3.3

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	210,000	250,000	-16.0%
2026E EPS	282	282	0.0%
2027E EPS	2,529	2,529	0.0%

▶ SAMSUNG vs THE STREET

No of estimates	23
Target price	246,739
Recommendation	4.0

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

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L&F (066970)

2H outlook: Technical leadership and attractive valuation

- L&F's key investment highlights for 2H26 include growing sales of cylindrical cathode material—supported by increasing demand for 2170 and 46-series battery cells—as well as its milestone as the first Korean company to begin commercial LFP cathode material production in 4Q26.
- The company has technological leadership in both cylindrical high-nickel cathode material and LFP cathode material. It is attractively valued, trading at a 2026 EV/EBITDA multiple that is 57-66% below those of peers.
- We lower our target price by 16%, reflecting a compression in peer multiple amid recent sector-wide stock price weakness. But the company's fundamentals are actually strengthening backed by robust demand. We maintain our BUY rating.

WHAT'S THE STORY?

View—Technological leadership and attractive valuation: We lower our target price for L&F by 16% (from KRW250,000 to KRW210,000), reflecting a compression in peer multiple (from 34.6x to 27.3x) amid recent sector-wide stock price weakness. Yet, the company's sales volume outlook has been upgraded on robust demand. It is on track to become the first Korean firm to commence commercial production of LFP cathode material in 2H26, highlighting its technological leadership. It is attractively valued, trading at 27.1x 2026 EV/EBITDA or a 57-66% discount to domestic peers—Posco Future M (63.3x) and Ecopro BM (79.3x). We maintain our BUY rating.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2025	2026E	2027E	2028E
Revenue (KRWb)	2,155	3,608	4,207	4,779
Operating profit (KRWb)	-157	245	242	290
Net profit (adj) (KRWb)	-535	12	104	159
EPS (adj) (KRW)	-14,393	282	2,529	3,868
EPS (adj) growth (% y-y)	nm	nm	797.0	52.9
EBITDA margin (%)	-3.3	9.1	9.0	9.5
ROE (%)	-77.0	1.7	13.9	18.1
P/E (adj) (x)	n/a	498.7	55.6	36.4
P/B (x)	5.4	8.1	7.0	5.9
EV/EBITDA (x)	n/a	22.1	18.7	15.0
Dividend yield (%)	0.0	0.0	0.0	0.0

Source: Company data, Samsung Securities estimates

Outlook (1) Strong sales of cylindrical cathode material: LG Energy Solution's share of Tesla's battery procurement has increased from 23% in 2024 to 33% this year, while CATL's share declined from 34% to 24%. Prioritization of LFP batteries for ESS applications continues to support sales growth in the EV segment for LG Energy Solution and its key cathode material supplier L&F. Additionally, with a customer's launch of 46-series battery production, L&F is expanding sales of 46-series cathode material under a near-monopoly position in the supply chain.

Outlook (2) Imminent commercialization of LFP cathode material: The company has completed its LFP cathode material production facility and plans to commence operations in 4Q26, starting with an initial capacity of 30,000 tonnes, targeting 60,000 tonnes by next year. As the first Korean company to commercialize LFP cathode material, it will gain a rare position as a non-Chinese supplier in the North American ESS market. This is likely to drive increased supply inquiries from both existing and new customers.

2Q26 preview—surprisingly strong demand: We expect 2Q sales to rise 30% q-q to KRW962.8b, surpassing the FnGuide consensus of KRW828b by 16%. We forecast operating profit at KRW47.3b (for an operating margin of 4.9%), just 3% below the KRW49b consensus—essentially in line. The dollar-denominated ASP is seen rising 13% q-q, consistent with prior estimates. However, sales volume is poised to surprise with a 13% q-q growth, exceeding our prior forecast (6% q-q growth), driven by stronger-than-anticipated demand for cylindrical cathode material.

L&F: EV/EBITDA valuation

(KRWb)	2026E EBITDA	Multiples (x)	EV	Details
Operating value (A)				
Cathode materials	380	27.3	10,366	Peer (global cathode materials firms*); **revised down from 34.6x**
Total	**380**	**27.3**	**10,366**	**12-month forward EBITDA; revised up by 10% (from KRW344b)**
Asset value (B)			**139**	30% discount to book value
Net debt (C)			**1,553**	End-2026E; **Assuming full conversion of BW**
Fair market capitalization (D=A+B-C)			**8,952**	
Shares outstanding ('000)			42,316	**Assuming full conversion of BW**
Fair price (KRW)			211,542	
Fair market value per share (KRW)			**210,000**	**Revised down by 16% from KRW250,000**
Current price			140,600	As of Jun 17 close
Upside (%)			49.4	
2025 implied P/E (x)			744.9	
2026 implied P/E (x)			83.0	
2025 implied P/B (x)			12.1	
2026 implied P/B (x)			10.5	

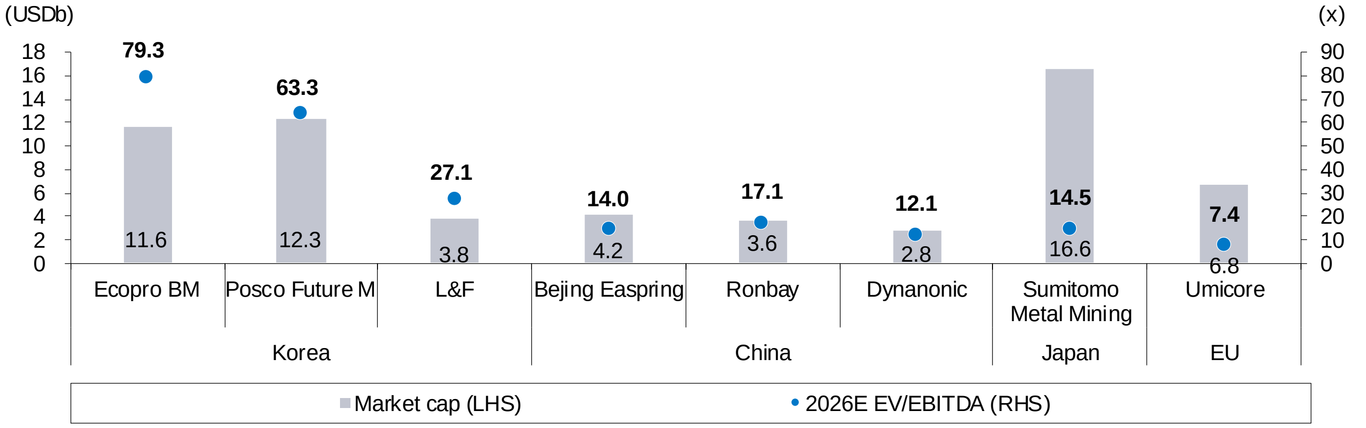
Note: * Ecopro BM, Posco Future M, Cosmo Advanced Materials, Beijing Easpring, Ronbay
Source: Bloomberg, Samsung Securities estimates

L&F: Quarterly results

(KRWb)	2Q26E	1Q26	2Q25	Consensus	Diff (%)		
					(% q-q)	(% y-y)	Consensus
Sales	963	740	520	828	30.2	85.1	16.3
Operating income	47	117	-121	49	-59.6	To turn pos	-3.3
Pre-tax income	30	-56	-145	36	To turn pos	To turn pos	-17.7
Net income	25	-65	-113	33	To turn pos	To turn pos	-23.5
Attributable to parent	25	-65	-112	34	To turn pos	To turn pos	-25.9
Margins (%)							
Operating income	4.9	15.9	-23.3	5.9			
Pre-tax income	3.1	-7.5	-27.9	4.4			
Net income	2.6	-8.8	-21.6	3.9			
Attributable to parent	2.6	-8.8	-21.5	4.1			

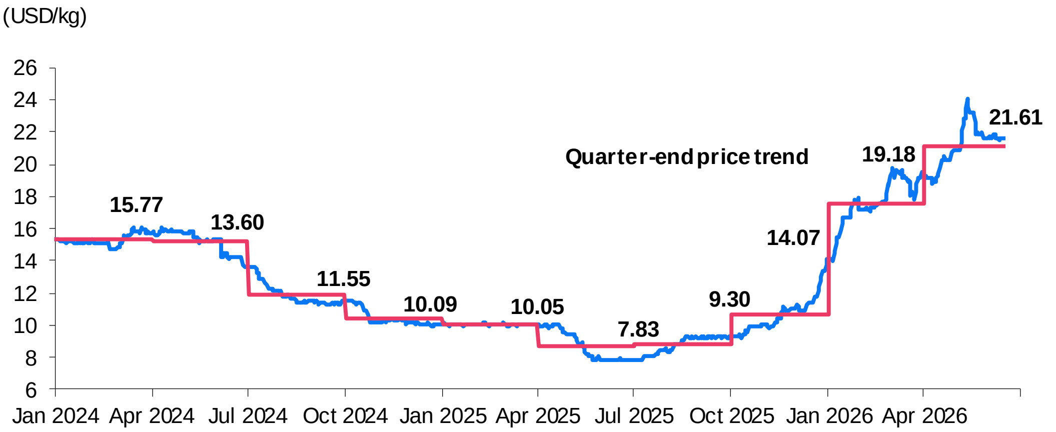
Source: Company data, FnGuide, Samsung Securities estimates

Global cathode material companies: 2026E EV/EBITDA



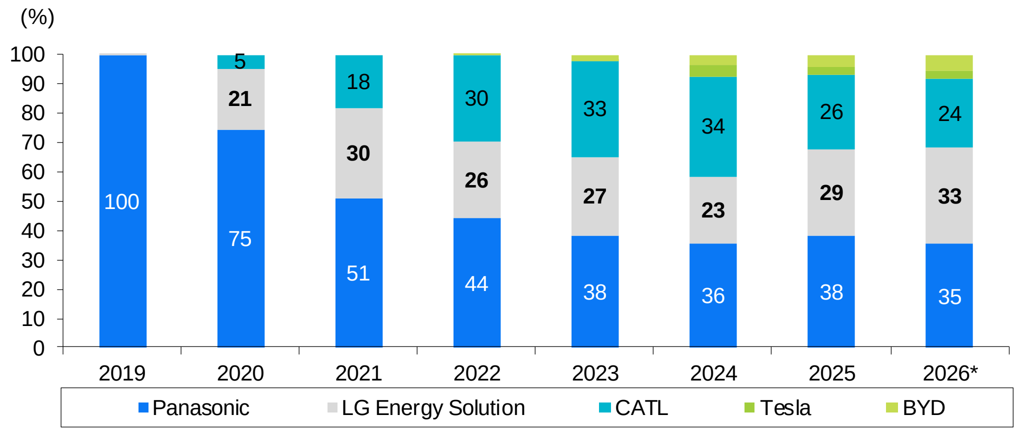
Source: Bloomberg, Samsung Securities

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



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

Companies supplying batteries to Tesla and portion of Tesla's needs they meet



Source: EV Volumes, Samsung Securities

L&F: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (average)	1,453	1,401	1,387	1,452	1,467	1,496	1,440	1,380	1,365	1,423	1,446	1,380
Sales	**365**	**520**	**652**	**618**	**740**	**963**	**982**	**924**	**1,907**	**2,155**	**3,608**	**4,207**
Growth (% q-q)	-0.2	42.6	25.4	-5.3	19.7	30.2	2.0	-6.0				
Growth (% y-y)	-42.6	-6.3	85.5	69.1	102.8	85.1	50.6	49.5	-58.9	13.0	67.4	16.6
EBITDA	**-118**	**-99**	**44**	**101**	**137**	**68**	**64**	**60**	**-495**	**-72**	**329**	**380**
Growth (% q-q)	Remainedneg	Remainedneg	Turnedpos	128.4	35.2	-50.2	-6.4	-6.2				
Growth (% y-y)	Remainedneg	Remainedneg	Turnedpos	Turnedpos	Turnedpos	Toturnpos	44.0	-40.9	Remainedneg	Remainedneg	Toturnpos	15.5
Operating profit	**-140**	**-121**	**22**	**82**	**117**	**47**	**43**	**38**	**-559**	**-157**	**245**	**242**
Growth (% q-q)	Remainedneg	Remainedneg	Turnedpos	272.8	42.2	-59.6	-9.5	-11.6				
Growth (% y-y)	Remainedneg	Remainedneg	Turnedpos	Turnedpos	Turnedpos	Toturnpos	93.7	-54.1	Remainedneg	Remainedneg	Toturnpos	-1.5
Pre-tax income	-145	-145	-102	-176	-56	30	15	46	-520	-568	36	123
Growth (% q-q)	Remainedneg	Remainedneg	Remainedneg	Remainedneg	Remainedneg	Toturnpos	-48.8	205.2				
Growth (% y-y)	Remainedneg	Remainedneg	Remainedneg	Remainedneg	Remainedneg	Toturnpos	Toturnpos	Toturnpos	Remainedneg	Remainedneg	Toturnpos	244.8
Net profit	**-111**	**-113**	**-118**	**-193**	**-65**	**25**	**13**	**39**	**-381**	**-535**	**12**	**104**
Growth (% q-q)	Remainedneg	Remainedneg	Remainedneg	Remainedneg	Remainedneg	Toturnpos	-48.8	205.2				
Growth (% y-y)	Remainedneg	Remainedneg	Remainedneg	Remainedneg	Remainedneg	Toturnpos	Toturnpos	Toturnpos	Remainedneg	Remainedneg	Toturnpos	798.7
Controlling net profit	-111	-112	-118	-192	-65	25	13	39	-378	-534	11	103
Margins (%)												
EBITDA	-32.4	-19.1	6.8	16.4	18.5	7.1	6.5	6.5	-26.0	-3.3	9.1	9.0
Operating profit	-38.4	-23.3	3.4	13.3	15.9	4.9	4.4	4.1	-29.3	-7.3	6.8	5.7
Pre-tax income	-39.9	-27.9	-15.6	-28.4	-7.5	3.1	1.5	5.0	-27.2	-26.3	1.0	2.9
Net profit	-30.5	-21.6	-18.1	-31.2	-8.8	2.6	1.3	4.2	-20.0	-24.8	0.3	2.5

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**1,907**	**2,155**	**3,608**	**4,207**	**4,779**
Cost of goods sold	2,371	2,226	3,250	3,852	4,377
Gross profit	**-463**	**-71**	**358**	**355**	**402**
Gross margin (%)	-24.3	-3.3	9.9	8.4	8.4
SG&A expenses	95	86	113	114	112
Operating profit	**-559**	**-157**	**245**	**242**	**290**
Operating margin (%)	-29.3	-7.3	6.8	5.7	6.1
Non-operating gains (losses)	**39**	**-411**	**-210**	**-118**	**-101**
Financial profit	258	47	-51	71	76
Financial costs	244	430	136	150	155
Equity-method gains (losses)	-0	-4	-5	-6	-7
Other	25	-23	-18	-32	-15
Pre-tax profit	**-520**	**-568**	**36**	**123**	**189**
Taxes	-139	-33	24	20	30
Effective tax rate (%)	26.7	5.8	67.7	15.8	15.8
Profit from continuing operations	-381	-535	12	104	159
Profit from discontinued operations	0	0	0	0	0
Net profit	**-381**	**-535**	**12**	**104**	**159**
Net margin (%)	-20.0	-24.8	0.3	2.5	3.3
Net profit (controlling interests)	-378	-534	11	103	157
Net profit (non-controlling interests)	-3	-1	0	1	2
EBITDA	-495	-72	329	380	456
EBITDA margin (%)	-26.0	-3.3	9.1	9.0	9.5
EPS (parent-based) (KRW)	-10,416	-14,393	282	2,529	3,868
EPS (consolidated) (KRW)	-10,493	-14,424	285	2,560	3,915
Adjusted EPS (KRW)*	-10,416	-14,393	282	2,529	3,868

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**1,090**	**1,347**	**1,872**	**2,169**	**2,542**
Cash & equivalents	280	383	892	1,130	1,450
Accounts receivable	180	324	434	470	502
Inventories	575	595	475	486	496
Other current assets	56	45	72	84	95
Fixed assets	**1,710**	**1,787**	**1,953**	**1,952**	**1,921**
Investment assets	184	197	286	323	358
Tangible assets	1,260	1,326	1,405	1,369	1,305
Intangible assets	17	15	12	10	8
Other long-term assets	249	250	250	250	250
Total assets	**2,800**	**3,134**	**3,825**	**4,121**	**4,463**
Current liabilities	**1,552**	**2,060**	**2,735**	**2,924**	**3,106**
Accounts payable	78	325	544	634	720
Short-term debt	813	781	1,181	1,181	1,181
Other current liabilities	661	955	1,010	1,109	1,204
Long-term liabilities	**524**	**397**	**402**	**404**	**406**
Bonds & long-term debt	502	379	379	379	379
Other long-term liabilities	22	18	23	25	27
Total liabilities	**2,076**	**2,457**	**3,137**	**3,329**	**3,512**
Owners of parent equity	**714**	**673**	**684**	**787**	**944**
Capital stock	18	20	20	20	20
Capital surplus	702	693	693	693	693
Retained earnings	-23	-76	-64	38	195
Other	16	36	36	36	36
Non-controlling interests' equity	**10**	**4**	**4**	**5**	**7**
Total equity	**723**	**677**	**688**	**792**	**951**
Net debt	1,570	1,655	1,553	1,393	1,147

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**281**	**-29**	**342**	**287**	**377**
Net profit	-381	-535	12	104	159
Non-cash profit and expenses	-77	369	231	293	341
Depreciation	60	82	81	136	164
Amortization	3	3	3	2	2
Other	-140	284	147	155	175
Changes in A/L from operating activities	776	209	256	55	57
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**	**406**	**78**	**74**
Change in debt	-179	185	406	78	74
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	509	238	320
Cash at beginning of year	241	280	383	892	1,130
Cash at end of year	280	383	892	1,130	1,450
Gross cash flow	**-457**	**-166**	**243**	**397**	**500**
Free cash flow	**73**	**-167**	**182**	**187**	**277**

Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation
Source: Company data, Samsung Securities estimates

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	-58.9	13.0	67.4	16.6	13.6
Operating profit	nm	nm	nm	-1.5	20.1
Net profit	nm	nm	nm	798.7	52.9
Adjusted EPS**	nm	nm	nm	797.0	52.9
Per-share data (KRW)					
EPS (parent-based)	-10,416	-14,393	282	2,529	3,868
EPS (consolidated)	-10,493	-14,424	285	2,560	3,915
Adjusted EPS**	-10,416	-14,393	282	2,529	3,868
BVPS	21,264	17,482	17,404	20,013	24,002
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E***	n/a	n/a	498.7	55.6	36.4
P/B***	3.8	5.4	8.1	7.0	5.9
EV/EBITDA	n/a	n/a	22.1	18.7	15.0
Ratios (%)					
ROE	-41.7	-77.0	1.7	13.9	18.1
ROA	-12.4	-18.0	0.3	2.6	3.7
ROIC	-18.2	-7.9	4.4	12.1	15.6
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	225.6	175.8	120.6
Interest coverage (x)	-5.3	-1.3	1.8	1.6	1.9

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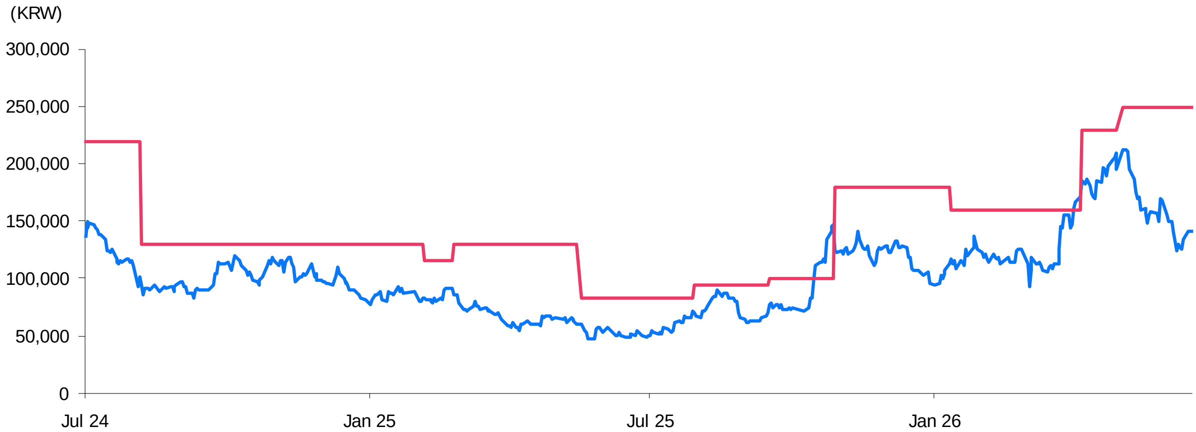
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/4/12	8/7	2025/2/6	2/25	5/19	7/31	9/17	10/30	2026/1/13	4/7	5/4	6/18
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	220000	130000	115000	130000	83000	95000	100000	180000	160000	230000	250000	210000
Gap* (average)	-34.28	-25.00	-26.56	-48.64	-34.18	-22.96	-5.18	-33.95	-23.13	-17.90	-37.01	
(max or min)**	-22.00	-8.15	-20.26	-33.77	-13.25	-4.74	47.00	-21.33	6.63	-9.13	-15.00	

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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Company

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Industry

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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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