COMPANY UPDATE

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EV/Mobility Team

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LG Energy Solution (373220)

2Q review: Profit recovery intact despite ESS hiccups

- In line with its preliminary announcement on Jul 7, LG Energy Solution reported a 2Q operating profit of KRW113.3b (better by KRW321.1b q-q), below both the consensus (KRW203.4b) and our forecast (KRW226.1b).
- We cut our target price by 10% to reflect peer multiple compression. Short-term earnings are likely to lag expectations, but with 1Q likely marking the trough, the trajectory of profit improvement remains intact. We maintain our BUY rating.

AT A GLANCE

BUY

Target price	KRW460,000	43.8%
Current price	KRW320,000	
Market cap	KRW74.9t/USD52.1b	
Shares (float)	234,000,000 (20.3%)	
52-week high/low	KRW514,000/KRW300,500	
Avg daily trading value (60-day)	KRW188.9b/ USD131.4m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
LG Energy Solution (%)	-11.6	-19.6	-18.6
Vs Kospi (%pts)	34.0	-24.9	-52.6

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	460,000	510,000	-9.8%
2026E EPS	-3,217	-1,065	nm
2027E EPS	9,778	10,749	-9.0%

SAMSUNG vs THE STREET

No of estimates	22
Target price	549,591
Recommendation	4.0

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

WHAT'S THE STORY?

View - even with ESS growth pains, profits still on upward track: In light of recent peer valuation compression and a 9% cut to our 2027 EPS forecast, we reduce our target price for LG Energy Solution by 10% from KRW510,000 to KRW460,000 (based on the average of P/E and P/B valuations). Short-term earnings are likely to lag expectations, due to ongoing bottlenecks in ESS battery pack production; however, these constraints will likely be resolved by 4Q26. With 1Q26 likely marking the trough, the trajectory of profit improvement remains intact. We maintain our BUY rating.

2Q results miss consensus: In line with its preliminary announcement on Jul 7, LGES reported a 2Q operating profit of KRW113.3b (better by KRW321.1b q-q), below both the consensus of KRW203.4b (FnGuide) and our forecast of KRW226.1b. Compared to our estimates, the EV battery business and IRA AMPC underperformed, while the small battery and ESS businesses did relatively well. The ESS strength is largely attributable to reciprocal tariff refunds (estimated around KRW80b).

(Continued on the next page)

SUMMARY 2Q RESULTS

(KRWb)	2Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	7,560.2	48.0	15.3	0.0	5.2
Operating profit	113.3	228.9	nm	0.0	-44.3
Pre-tax profit	-127.8	nm	nm	nm	nm
Net profit	-328.6	nm	nm	nm	nm
Margins (%)					
Operating profit	1.5				
Pre-tax profit	-1.7				
Net profit	-4.3				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuations (x)			
P/E	n/a	n/a	32.7
P/B	4.3	3.8	3.4
EV/EBITDA	33.6	17.6	8.9
Div yield (%)	0.0	0.0	0.0
EPS growth (% y-y)	nm	nm	nm
ROE (%)	-5.2	-3.8	11.1
Per-share data (KRW)			
EPS	-4,585	-3,217	9,778
BVPS	86,391	83,174	92,953
DPS	0	0	0

Samsung Securities

- **Small batteries:** Its small-battery business recorded estimated sales of KRW2.46t (up 23% q-q) and an operating profit of KRW166.2b (up 24% q-q) for a margin of 6.8%. US dollar-based ASP rose 2% q-q (after falling 2% q-q in 1Q). Shipment volume grew 18% q-q (on top of a 2% q-q rise in 1Q), thanks to increasing demand for low-speed EVs in Asia and robust shipment volumes to a leading EV manufacturer.
- **EV batteries:** The EV battery business registered estimated sales of KRW3.02t (up 3% q-q) and an operating loss of KRW241.9b (narrower by KRW678.1b q-q) for a margin of -8% (narrower by 2.5%pts q-q). Sales volume increased 22% q-q, sharply reversing from a 25% q-q decline in 1Q. This improvement was primarily driven by stronger sales volume outside the US (up 24% q-q), with a notable recovery in demand from Europe. While compensation payments were received from a client, they declined slightly q-q. As the compensation is tied to facility repurposing, its contribution to profit relative to sales was limited.
- **ESS:** We estimate the ESS business saw sales of KRW2.08t (up 29% q-q) and an operating loss of KRW52b (wider by KRW169.6b q-q), for a margin of -2.5%. ESS sales volume growth (33% q-q) was strong, supported by sustained higher utilization rates at the new North American plant. However, bottlenecks in battery pack assembly negatively impacted profitability, as in 1Q. Nevertheless, the recognition of reciprocal tariff refunds (estimated at approximately KRW80b) helped narrow the loss. The battery pack bottlenecks are likely to begin easing in 3Q and be fully resolved by 4Q.
- **IRA AMPC:** The Advanced Manufacturing Production Credits (AMPCs; created under the US Inflation Reduction Act) that LGES recognized in 2Q were KRW241b (up 27% q-q), short of our estimate (KRW296.5b) by 19%—AMPCs are tied to US factory production/sales volume, which grew an estimated 22% q-q to 5.7GWh. EV battery shipments remained flat q-q (0.4 → 0.3 GWh), even as operations started at a JV with Hyundai Motor, while ESS shipments continued strong growth (4.3 → 5.4 GWh).

3Q results to miss consensus: We forecast a 3Q operating profit of KRW239.5b (up 111% q-q), which would be 48% below consensus (KRW460b; FnGuide). The operating profit reflects an estimated operating profit of KRW134b (down 19% q-q; OPM of 5.4%) from the small battery business, an operating loss of KRW143.3b (narrower by KRW98.6b q-q; OPM of -4%) from the EV battery business, an operating loss of KRW139.5b (wider by KRW87.5b q-q; OPM of -4.8%) from the ESS business, and KRW388.3b (up 61% q-q; on sales volume expanding an estimated 59% q-q to 9 GWh) in IRA AMPC. We estimate the shipment volume of small batteries will increase an additional 6% q-q (after a 22% q-q rise in 2Q), driven by strong demand for low-speed EVs in Asia. The shipment volume of EV batteries is likely to expand 20% q-q, following a 22% q-q increase in 2Q. Sales volume in the US are projected to surge 233% q-q following the restart of a JV with GM, while volume elsewhere is likely to grow 15% q-q driven by expanded demand from European customers. The sales volume of ESS will likely rise another 55% q-q, as the new North American factory ramps up to maximum utilization, but battery pack bottlenecks are likely to keep the business in the loss.

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

(KRW)	Value	Note
P/E valuation		
12MF net profit (KRWb)	2,288	Based on the average net profit attributable to controlling shareholders for 2027
Total number of shares ('000)	234,000	
12MF EPS	9,778	Based on the average net profit attributable to controlling shareholders for 2027; **Revised down by 9% from KRW10,749**
Target P/E (x)	41.3	Trading at an 70% premium to global peers (CATL, BYD, Eve Energy, Samsung SDI); **Revised up from 47.8x**
Fair value per share (A)	**403,564**	
P/B valuation		
12MF book value (KRWb)	21,751	Based on the average equity attributable to controlling shareholders for 2027
Total number of shares ('000)	234,000	
12MF BVPS	92,953	Based on the average equity attributable to controlling shareholders for 2027; **Revised down by 3% from KRW96,076**
Target P/B (x)	5.5	Trading at an 70% premium to global peers (CATL, BYD, Eve Energy)
Fair value per share (B)	**509,248**	
Average fair value per share [(A+B)/2]	**456,406**	
Target price (KRW)	**460,000**	**Revised down by 10% from KRW510,000**
Current price (KRW)	320,000	As of Jul 30 close
Upside (%)	43.8	
2026 implied P/E (x)	nm	
2027 implied P/E (x)	47.0	
2026 implied P/B (x)	5.5	
2027 implied P/B (x)	4.9	

Source: Bloomberg, Samsung Securities estimates

LG Energy Solution: Quarterly results

(KRWb)	2Q26P	1Q26	2Q25	Consensus	Samsung	Diff (%)			
						(% q-q)	(% y-y)	Consensus	Samsung
Sales	7,560	6,555	6,056	7,184	7,887	15.3	24.8	5.2	-4.1
Operating profit	113	-208	492	203	226	Turned pos	-77.0	-44.3	-49.9
Pre-tax profit	-128	-859	-27	-24	65	Remained neg	Remained neg	Remained neg	Turned neg
Net profit	-329	-944	91	76	58	Remained neg	Turned neg	Turned neg	Turned neg
Attributable to parent	-303	-676	-297	2	-0	Remained neg	Remained neg	Turned neg	Remained neg
Margins (%)									
Operating profit	1.5	-3.2	8.1	2.8	2.9				
Pre-tax profit	-1.7	-13.1	-0.4	-0.3	0.8				
Net profit	-4.3	-14.4	1.5	1.1	0.7				
Attributable to parent*	-4.0	-10.3	-4.9	0.0	-0.0				

Note: *Our estimates
Source: Company data, FnGuide, Samsung Securities estimates

LG Energy Solution: Quarterly results, by division

(KRWb)	2Q26P	1Q26	2Q25	Chg (% q-q)	Chg (% y-y)
Sales	**7,560**	**6,555**	**6,056**	**15.3**	**24.8**
Small batteries	2,457	1,999	1,552	22.9	58.3
EV batteries	3,024	2,950	4,087	2.5	-26.0
ESS	2,079	1,606	417	29.5	399.1
Operating profit	**113**	**-208**	**492**	**Turned pos**	**-77.0**
Small batteries	166	134	92	24.1	80.6
EV batteries	-242	-310	-91	Remained neg	Remained neg
ESS	-52	-222	0	Remained neg	Turned neg
IRA AMPC	241	190	491	27.0	-50.9
Pre-tax profit	-128	-859	-27	Remained neg	Remained neg
Net profit	**-329**	**-944**	**91**	**Remained neg**	**Turned neg**
Margins (%)					
Operating profit	1.5	-3.2	8.1		
Small batteries	6.8	6.7	5.9		
EV batteries	-8.0	-10.5	-2.2		
ESS	-2.5	-13.8	0.0		
Pre-tax profit	-1.7	-13.1	-0.4		
Net profit	-4.3	-14.4	1.5		

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%**	**29%**	**50%**	**63%**	**77%**	**83%**	**86%**	**86%**	
Michigan (100%)	80%	80%	80%	29%	60%	14%	28%	48%	78%	83%	88%	90%	
Michigan ESS (100%)					31%	85%	69%	79%	94%	94%	94%	94%	
Ultium Cells #1 (50%)		25%	43%	59%	47%	3%	17%	32%	52%	62%	66%	66%	
Ultium Cells #2 (50%)				21%	22%	30%	97%	97%	97%	97%	97%	97%	
L-H Battery (50%)					0%	7%	75%	90%	95%	95%	95%	95%	
Nextstar Energy (51%)						56%	91%	91%	91%	91%	91%	91%	
Arizona (100%)						1%	21%	49%	74%	89%	94%	94%	
HL-GA Battery (50%)							31%	23%	43%	63%	73%	73%	
LGES US battery production													
Total	**4**	**7**	**15**	**31**	**33**	**31**	**71**	**108**	**143**	**154**	**160**	**160**	
Michigan (100%)	4	4	4	1	3	1	4	7	12	12	13	13	
Michigan ESS (100%)					5	17	27	44	52	52	52	52	
Ultium Cells #1 (50%)		3	11	25	21	1	8	14	23	28	30	30	
Ultium Cells #2 (50%)				4	4	5	10	10	10	10	10	10	
L-H Battery (50%)						1	8	9	10	10	10	10	
Nextstar Energy (51%)						6	10	10	10	10	10	10	
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**	**924**	**2,541**	**4,599**	**6,021**	**4,862**	**3,340**	**1,673**	**26,715**
Battery cell			517	1,074	1,110	770	2,169	3,796	4,996	4,055	2,792	1,399	22,676
Battery module			0	7	48	154	372	803	1,025	807	548	275	4,039
LGES IRA tax credit benefits (total; KRWb)													
Total			**677**	**1,480**	**1,647**	**1,322**	**3,507**	**5,979**	**7,827**	**6,321**	**4,342**	**2,175**	**35,275**
Battery cell			677	1,470	1,578	1,101	2,994	4,934	6,494	5,272	3,629	1,818	29,968
Battery module			0	10	69	220	513	1,044	1,332	1,049	713	357	5,307
LGES IRA tax credit benefits (controlling interests; USDm)													
Total			**329**	**314**	**492**	**746**	**2,188**	**4,021**	**5,167**	**4,105**	**2,802**	**1,404**	**21,568**
Battery cell			329	307	443	597	1,865	3,281	4,219	3,358	2,294	1,150	17,844
Battery module			0	7	48	149	322	740	948	748	508	254	3,725
LGES IRA tax credit benefits (controlling interests; KRWb)													
Total			**427**	**408**	**639**	**970**	**2,844**	**5,228**	**6,717**	**5,337**	**3,643**	**1,825**	**28,039**
Battery cell			427	399	577	777	2,425	4,266	5,484	4,365	2,983	1,495	23,197
Battery module			0	9	63	194	419	962	1,232	972	660	331	4,842
Present value* of IRA tax credit benefits (controlling interests; KRWb)													
Total			**427**	**408**	**639**	**924**	**2,580**	**4,516**	**5,526**	**4,182**	**2,718**	**1,297**	**23,218**
Battery cell			427	399	577	740	2,199	3,685	4,512	3,420	2,226	1,062	19,247
Battery module			0	9	63	185	380	831	1,014	761	493	235	3,971

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	1Q26	2Q26P	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (average)	1,453	1,401	1,387	1,452	1,467	1,502	1,440	1,380	1,365	1,423	1,447	1,380
Sales	**6,723**	**6,056**	**6,065**	**6,474**	**6,555**	**7,560**	**8,986**	**9,732**	**25,620**	**25,319**	**32,833**	**45,308**
Growth (% q-q)	4.2	-9.9	0.2	6.7	1.2	15.3	18.9	8.3				
Growth (% y-y)	9.7	-1.7	-11.8	0.4	-2.5	24.8	48.2	50.3	-24.1	-1.2	29.7	38.0
Small batteries	1,710	1,552	1,653	1,976	1,999	2,457	2,498	2,450	7,363	6,891	9,404	10,258
Growth (% q-q)	5.6	-9.2	6.5	19.5	1.2	22.9	1.7	-1.9				
Growth (% y-y)	-21.4	-16.0	-3.9	22.0	16.9	58.3	51.1	24.0	-22.9	-6.4	36.5	9.1
EV batteries	4,568	4,087	3,784	3,068	2,950	3,024	3,582	3,709	16,408	15,508	13,265	14,563
Growth (% q-q)	8.9	-10.5	-7.4	-18.9	-3.9	2.5	18.5	3.6				
Growth (% y-y)	22.2	2.0	-15.3	-26.8	-35.4	-26.0	-5.3	20.9	-24.5	-5.5	-14.5	9.8
ESS	445	417	628	1,431	1,606	2,079	2,906	3,572	1,849	2,920	10,163	20,488
Growth (% q-q)	-30.4	-6.4	50.8	127.8	12.3	29.5	39.8	22.9				
Growth (% y-y)	107.4	35.2	-8.7	124.0	261.0	399.1	362.6	149.7	-24.5	57.9	248.1	101.6
EBITDA	**1,231**	**1,375**	**1,519**	**913**	**887**	**1,330**	**1,650**	**2,057**	**3,621**	**5,037**	**5,924**	**11,496**
Growth (% q-q)	94.3	11.7	10.5	-39.9	-2.8	50.0	24.0	24.7				
Growth (% y-y)	50.8	47.8	22.4	44.1	-28.0	-3.3	8.6	125.4	-18.6	39.1	17.6	94.1
Operating profit	**375**	**492**	**601**	**-122**	**-208**	**113**	**240**	**569**	**575**	**1,346**	**714**	**4,443**
Growth (% q-q)	Turned pos	31.3	22.2	Turned neg	Remained neg	Turned pos	111.4	137.6				
Growth (% y-y)	138.1	151.9	34.1	Remained neg	Turned neg	-77.0	-60.2	To turn pos	-73.4	134.0	-46.9	522.1
Small batteries	111	92	115	126	134	166	134	131	195	444	566	685
Growth (% q-q)	Turned pos	-17.1	24.8	9.7	6.3	24.1	-19.4	-1.9				
Growth (% y-y)	41.2	42.3	48.9	Turned pos	20.6	80.6	16.7	4.3	-74.3	128.1	27.4	21.2
EV batteries	-107	-91	87	-488	-310	-242	-143	-36	-880	-599	-731	-62
Growth (% q-q)	Remained neg	Remained neg	Turned pos	Turned neg	Remained neg	Remained neg	To remain neg	To remain neg				
Growth (% y-y)	Remained neg	Remained neg	Turned pos	Remained neg	Remained neg	Remained neg	To turn neg	To remain neg	Turned neg	Remained neg	To remain neg	To remain neg
ESS	-87	0	34	-93	-222	-52	-139	-29	-219	-146	-442	313
Growth (% q-q)	Remained neg	Turned pos	81,331.0	Turned neg	Remained neg	Remained neg	To remain neg	To remain neg				
Growth (% y-y)	Remained neg	Turned pos	49,214.9	Remained neg	Remained neg	Turned neg	To turn neg	To remain neg	Turned neg	Remained neg	To remain neg	To turn pos
AMPC	458	491	365	333	190	241	388	503	1,480	1,647	1,322	3,507
Growth (% q-q)	21.3	7.2	-25.5	-8.9	-43.0	27.0	61.1	29.4				
Growth (% y-y)	142.2	9.6	-21.6	-11.8	-58.6	-50.9	6.2	51.0	118.7	11.3	-19.8	165.3
Pre-tax profit	**365**	**-27**	**553**	**-476**	**-859**	**-128**	**414**	**174**	**349**	**414**	**-399**	**3,620**
Growth (% q-q)	4.5	Turned neg	Turned pos	Turned neg	Turned neg	Remained neg	To turn pos	-58.0				
Growth (% y-y)	63.7	Turned neg	63.0	Remained neg	Turned neg	Remained neg	-25.1	To turn pos	-82.9	18.7	To turn neg	To turn pos
Net profit	**227**	**91**	**536**	**-772**	**-944**	**-329**	**373**	**157**	**339**	**81**	**-743**	**3,228**
Growth (% q-q)	-33.1	-60.0	491.7	Turned neg	Turned neg	Remained neg	To turn pos	-58.0				
Growth (% y-y)	6.8	Turned pos	-4.5	Remained neg	Turned neg	Turned neg	-30.4	To turn pos	-79.3	-76.1	To turn neg	To turn pos
Attributable to parent	-146	-297	247	-877	-676	-303	229	-3	-1,019	-1,073	-753	2,288
Margins (%)												
EBITDA	18.3	22.7	25.0	14.1	13.5	17.6	18.4	21.1	14.1	19.9	18.0	25.4
Operating profit	5.6	8.1	9.9	-1.9	-3.2	1.5	2.7	5.8	2.2	5.3	2.2	9.8
Small batteries	6.5	5.9	6.9	6.4	6.7	6.8	5.4	5.4	2.6	6.4	6.0	6.7
EV batteries	-2.4	-2.2	2.3	-15.9	-10.5	-8.0	-4.0	-1.0	-5.4	-3.9	-5.5	-0.4
ESS	-19.5	0.0	5.4	-6.5	-13.8	-2.5	-4.8	-0.8	-11.9	-5.0	-4.3	1.5
Pre-tax profit	5.4	-0.4	9.1	-7.4	-13.1	-1.7	4.6	1.8	1.4	1.6	-1.2	8.0
Net profit	3.4	1.5	8.8	-11.9	-14.4	-4.3	4.2	1.6	1.3	0.3	-2.3	7.1

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**25,620**	**23,672**	**32,833**	**45,308**	**54,827**
Cost of goods sold	22,214	19,440	26,337	32,820	38,034
Gross profit	**3,406**	**4,232**	**6,496**	**12,488**	**16,792**
Gross margin (%)	13.3	17.9	19.8	27.6	30.6
SG&A expenses	4,311	4,533	5,782	8,045	9,695
Operating profit	**575**	**1,346**	**714**	**4,443**	**7,097**
Operating margin (%)	2.2	5.7	2.2	9.8	12.9
Non-operating gains (losses)	**-227**	**-932**	**-1,113**	**-823**	**-609**
Financial profit	1,048	1,018	128	285	555
Financial costs	1,261	1,104	953	944	991
Equity-method gains (losses)	-49	-2	-2	-2	-2
Other	35	-844	-286	-162	-171
Pre-tax profit	**349**	**414**	**-399**	**3,620**	**6,488**
Taxes	10	333	344	393	703
Effective tax rate (%)	2.9	80.5	-86.3	10.8	10.8
Profit from continuing operations	339	81	-743	3,228	5,785
Profit from discontinued operations	0	0	0	0	0
Net profit	**339**	**81**	**-743**	**3,228**	**5,785**
Net margin (%)	1.3	0.3	-2.3	7.1	10.6
Net profit (controlling interests)	-1,019	-1,073	-753	2,288	4,400
Net profit (non-controlling interests)	1,357	1,154	10	939	1,385
EBITDA	3,621	3,391	5,924	11,496	15,468
EBITDA margin (%)	14.1	14.3	18.0	25.4	28.2
EPS (parent-based) (KRW)	-4,354	-4,585	-3,217	9,778	18,803
EPS (consolidated) (KRW)	1,447	345	-3,174	13,793	24,720
Adjusted EPS (KRW)*	-4,354	-4,585	-3,217	9,778	18,803

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**15,327**	**18,412**	**20,656**	**33,009**	**48,300**
Cash & equivalents	3,899	3,779	361	5,002	14,409
Accounts receivable	4,944	4,311	5,980	8,252	9,985
Inventories	4,552	4,350	6,034	8,327	10,076
Other current assets	1,932	5,971	8,282	11,429	13,830
Fixed assets	**44,979**	**48,736**	**49,086**	**47,939**	**44,850**
Investment assets	1,272	1,522	1,784	2,141	2,413
Tangible assets	38,350	40,795	41,844	40,433	37,151
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**	**69,742**	**80,948**	**93,150**
Current liabilities	**12,055**	**16,785**	**17,019**	**22,383**	**26,454**
Accounts payable	2,705	2,153	2,986	4,120	4,986
Short-term debt	1,291	2,681	2,681	2,681	2,681
Other current liabilities	8,058	11,952	11,352	15,582	18,787
Long-term liabilities	**17,285**	**21,041**	**24,144**	**26,758**	**29,105**
Bonds & long-term debt	12,641	15,513	17,530	18,665	19,883
Other long-term liabilities	4,644	5,528	6,614	8,093	9,222
Total liabilities	**29,340**	**37,826**	**41,163**	**49,141**	**55,559**
Owners of parent equity	**21,116**	**20,216**	**19,463**	**21,751**	**26,151**
Capital stock	117	117	117	117	117
Capital surplus	17,165	17,165	17,165	17,165	17,165
Retained earnings	1,397	332	-421	1,868	6,268
Other	2,437	2,602	2,602	2,602	2,602
Non-controlling interests' equity	**9,850**	**9,106**	**9,116**	**10,056**	**11,440**
Total equity	**30,967**	**29,322**	**28,579**	**31,807**	**37,591**
Net debt	11,493	18,690	20,433	16,945	8,748

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**5,112**	**4,432**	**3,874**	**9,374**	**13,458**
Net profit	339	81	-743	3,228	5,785
Non-cash profit and expenses	4,984	5,524	6,445	8,213	9,492
Depreciation	2,856	3,414	4,951	6,811	8,142
Amortization	190	278	259	243	229
Other	1,939	1,832	1,235	1,160	1,122
Changes in A/L from operating activities	691	-365	-651	-886	-676
Cash flow from investments	**-12,065**	**-10,881**	**-6,456**	**-5,868**	**-5,247**
Change in tangible assets	-12,324	-10,758	-6,000	-5,400	-4,860
Change in financial assets	-277	-167	-250	-341	-260
Other	536	44	-206	-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	-3,419	4,641	9,407
Cash at beginning of year	5,069	3,899	3,779	361	5,002
Cash at end of year	3,899	3,779	361	5,002	14,409
Gross cash flow	**5,323**	**5,604**	**5,702**	**11,441**	**15,277**
Free cash flow	**-7,287**	**-6,402**	**-2,126**	**3,974**	**8,598**

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	-24.1	-7.6	38.7	38.0	21.0
Operating profit	-73.4	134.0	-46.9	522.1	59.7
Net profit	-79.3	-76.1	nm	nm	79.2
Adjusted EPS**	nm	nm	nm	nm	92.3
Per-share data (KRW)					
EPS (parent-based)	-4,354	-4,585	-3,217	9,778	18,803
EPS (consolidated)	1,447	345	-3,174	13,793	24,720
Adjusted EPS**	-4,354	-4,585	-3,217	9,778	18,803
BVPS	90,240	86,391	83,174	92,953	111,756
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E***	n/a	n/a	n/a	32.7	17.0
P/B***	3.9	4.3	3.8	3.4	2.9
EV/EBITDA	28.4	33.6	17.6	8.9	6.1
Ratios (%)					
ROE	-4.9	-5.2	-3.8	11.1	18.4
ROA	0.6	0.1	-1.1	4.3	6.6
ROIC	1.5	0.6	2.6	7.5	12.0
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	37.1	63.7	71.5	53.3	23.3
Interest coverage (x)	1.0	1.6	0.7	4.7	7.2

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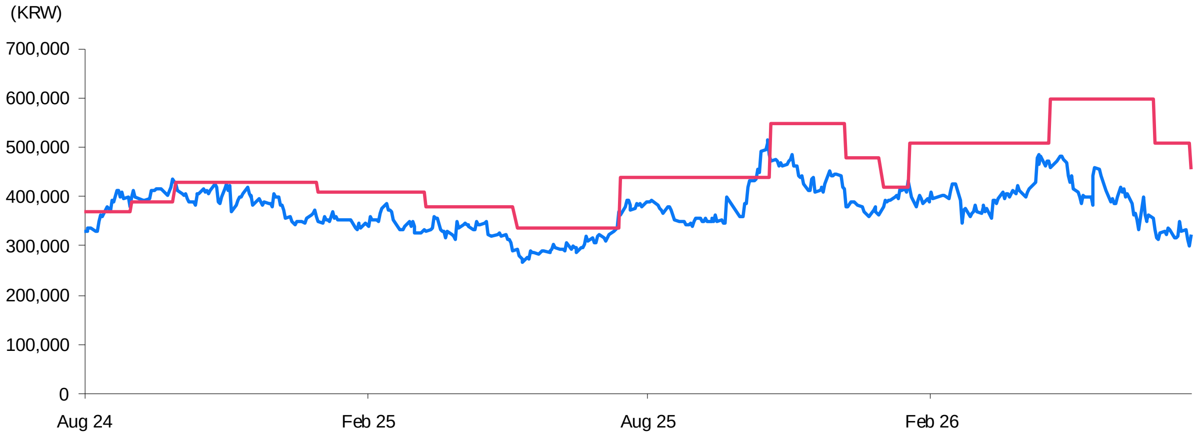
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/7/25	9/11	10/10	2025/1/10	3/21	5/19	7/25	10/31	12/18	2026/1/12	1/29	4/30	7/7	7/30
Recommendation	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	BUY	HOLD	HOLD	HOLD	BUY	BUY	BUY	BUY
Target price (KRW)	370000	390000	430000	410000	380000	335000	440000	550000	480000	420000	510000	600000	510000	460000
Gap* (average)	-3.89	5.00	-9.14	-14.77	-12.67	-10.19	-12.74	-19.50	-21.65	-3.83	-20.82	-32.15	-36.54	
(max or min)**	11.35	0.38	-0.70	-5.98	-5.26	9.85	16.82	-11.91	-18.65	2.62	-5.00	-19.50	-31.76	

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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