COMPANY UPDATE

2026. 8. 10

EV/Mobility Team

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L&F (066970)

2Q review; LFP cathode demand to strengthen

- L&F reported a 2Q operating profit of KRW20.8b, down 82% q-q and missing consensus of KRW46.8b by 56%, due to deferral of some sales to 3Q and inventory valuation losses from declining metal prices.
- Although we cut our target price for the stock to reflect a decline in peer multiples, we maintain our BUY rating, factoring in the anticipated ramp-up of LFP cathode sales in 2H and stronger-than-expected customer demand.

AT A GLANCE

BUY

Target price	KRW130,000	44.1%
Current price	**KRW90,200**	
Market cap	KRW3.7t/USD2.6b	
Shares (float)	40,683,260 (71.8%)	
52-week high/low	KRW213,000/KRW61,300	
Avg daily trading value (60-day)	KRW57.3b/ USD40.4m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
L&F (%)	-9.3	-20.7	24.1
Vs Kospi (%pts)	10.9	-35.6	-36.0

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	130,000	210,000	-38.1%
2026E EPS	168	282	-40.4%
2027E EPS	2,209	2,529	-12.7%

SAMSUNG vs THE STREET

No of estimates	14
Target price	185,571
Recommendation	3.9

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

WHAT'S THE STORY?

View—Stronger-than-expected demand for LFP cathode materials: We cut our target price for L&F by 38% to KRW130,000, reflecting: 1) a 9% downward revision to our 12-month EBITDA estimate (from KRW380b to KRW347b); and 2) a compression in peer multiples following the correction in domestic cathode stock prices. We, however, maintain BUY, as: 1) despite consistently setting new quarterly sales records over the past two to three quarters and achieving the highest utilization rate among domestic cathode producers, the company's 2027 EV/EBITDA multiple remains significantly below the domestic industry average (15.9x vs 42.1x); 2) demand from Korean battery manufacturers for domestically sourced LFP cathode materials has strengthened noticeably over the past one to two months (a development lending positive credibility to the company's upward revisions of its 2026–2027 sales targets); and 3) interest from new customers to expand capacity is accelerating, signaling stronger-than-expected long-term demand for LFP cathode materials—nb, full-scale production ramp-up in 3Q should catalyze renewed investor momentum.

(Continued on the next page)

SUMMARY 2Q RESULTS

(KRWb)	2Q26	Chg (% y-y)	Chg (% q-q)	Diff (%) Samsung	Diff (%) Consensus
Sales	885.0	70.2	19.7	-8.1	-2.7
Operating profit	20.8	nm	-82.3	-56.0	-55.6
Pre-tax profit	47.2	nm	nm	59.0	208.3
Net profit	52.9	nm	nm	111.7	107.5
Margins (%)					
Operating profit	2.4				
Pre-tax profit	5.3				
Net profit	6.0				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuations (x)			
P/E	n/a	536.8	40.8
P/B	5.4	5.2	4.6
EV/EBITDA	n/a	19.9	14.8
Div yield (%)	0.0	0.0	0.0
EPS growth (% y-y)	nm	nm	1,214.6
ROE (%)	-77.0	1.0	12.4
Per-share data (KRW)			
EPS	-14,393	168	2,209
BVPS	17,482	17,237	19,515
DPS	0	0	0

2Q review—Below consensus: L&F reported 2Q revenue of KRW885b, up 20% q-q and in line with consensus. However, operating profit came in at KRW20.8b (down 82% q-q; for an operating margin of 2.4%), missing both consensus (KRW46.8b, FnGuide) and our estimate (KRW47.6b). The miss was primarily driven by one-off inventory write-downs totaling KRW14b (up KRW106.6b q-q; largely due to impairment on lithium carbonate and hydroxide inventories). ASP rose approximately 12% q-q, with high-nickel product ASP up 10% q-q and mid-nickel product ASP up 25% q-q. Sales volume increased 8% q-q, below our estimate of up 13% q-q, due to the deferral of some sales into 3Q. Notably, high-nickel sales grew 11% q-q, setting a new all-time high, driven by expanded shipments to leading EV makers. In contrast, mid-nickel sales declined 14% q-q, resulting in a sales mix of 88% high-nickel and 12% mid-nickel products.

3Q preview—To miss consensus: We expect L&F's 3Q operating profit to come in at KRW4b (for an operating margin of 0.4%), below consensus of KRW43b (FnGuide). Ternary cathode sales volume is expected to grow 3% q-q, setting another all-time high (sales growth: 4Q25 -2% q-q, 1Q26 +12% q-q, 2Q26 +8% q-q, 3Q26 +3% q-q), but two negatives should weight on results—1) lithium carbonate prices have declined from an average of 21.7/kg in Jun 2026 to 20.5/kg qtd, leading to an estimated additional inventory valuation loss of KRW16.9b; and 2) the recent appreciation of the KRW/USD exchange rate is expected to create a negative lag effect, as higher-cost raw materials purchased under weaker won conditions are now being consumed.

L&F: EV/EBITDA valuation

(KRWb)	Forward EBITDA	Multiples (x)	EV	Details
Operating value (A)				
Cathode materials	347	20.1	6,992	Peer (global cathode materials firms*); revised down from 27.3x
Total	**347**	**20.1**	**6,992**	**12-month-forward EBITDA; revised down by 17% (from KRW380b)**
Asset value (B)			**139**	**30% discount to book value**
Net debt (C)			**1,569**	**End-2026E; Assuming full conversion of BW**
Fair market cap (D=A+B-C)			**5,562**	
Outstanding shares ('000)			42,316	Assuming full conversion of BWs
Fair value per share (KRW)			131,443	
Target price (KRW)			**130,000**	**Revised down by 38% from KRW210,000**
Current price			90,200	As of Aug 7 close
Upside (%)			44.1	
2026 implied P/E (x)			773.7	
2027 implied P/E (x)			58.9	
2026 implied P/B (x)			7.5	
2027 implied P/B (x)			6.7	

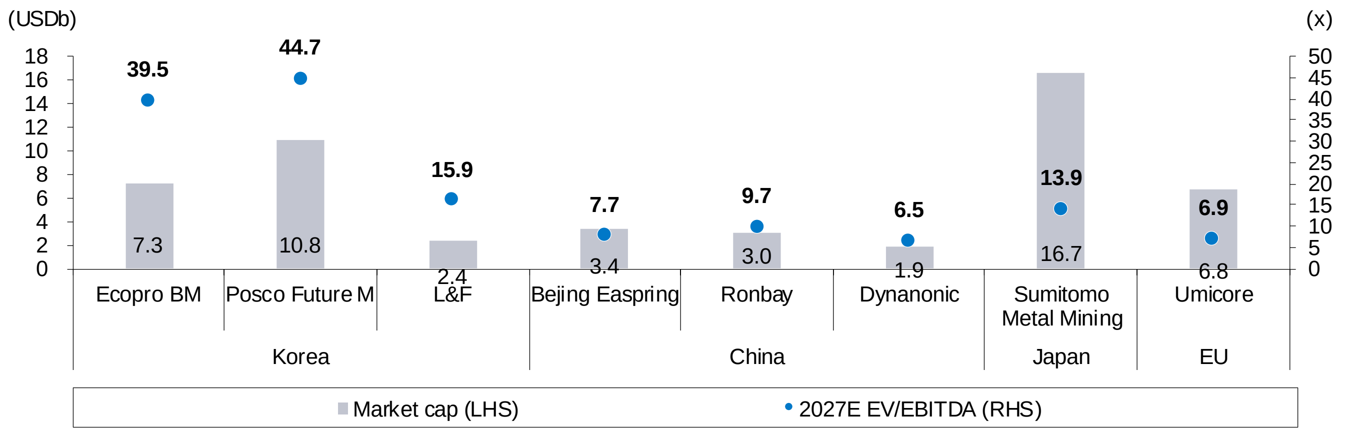
Note: *Ecopro BM, Posco Future M, Cosmo Advanced Materials, Beijing Easpring, Ronbay and Dynanonic
Source: Bloomberg, Samsung Securities estimates

L&F: Quarterly results

(KRWb)	2Q26	1Q26	2Q25	Consensus	Samsung	Diff			
						(% q-q)	(% y-y)	Consensus	Samsung
Sales	885.0	739.6	520.1	910.0	966.8	19.7	70.2	-2.7	-8.5
Operating income	20.8	117.3	-121.2	46.8	47.6	-82.2	Turned pos	-55.5	-56.2
Pre-tax income	47.2	-55.5	-145.2	15.3	30.0	Turned pos	Turned pos	208.0	57.4
Net income	52.9	-65.3	-112.6	25.5	25.2	Turned pos	Turned pos	107.5	109.9
Attributable to parent	53.4	-65.4	-111.9	10.7	25.2	Turned pos	Turned pos	399.2	111.8
Margins (%)									
Operating income	2.4	15.9	-23.3	5.1	4.9				
Pre-tax income	5.3	-7.5	-27.9	1.7	3.1				
Net income	6.0	-8.8	-21.6	2.8	2.6				
Attributable to parent	6.0	-8.8	-21.5	1.2	2.6				

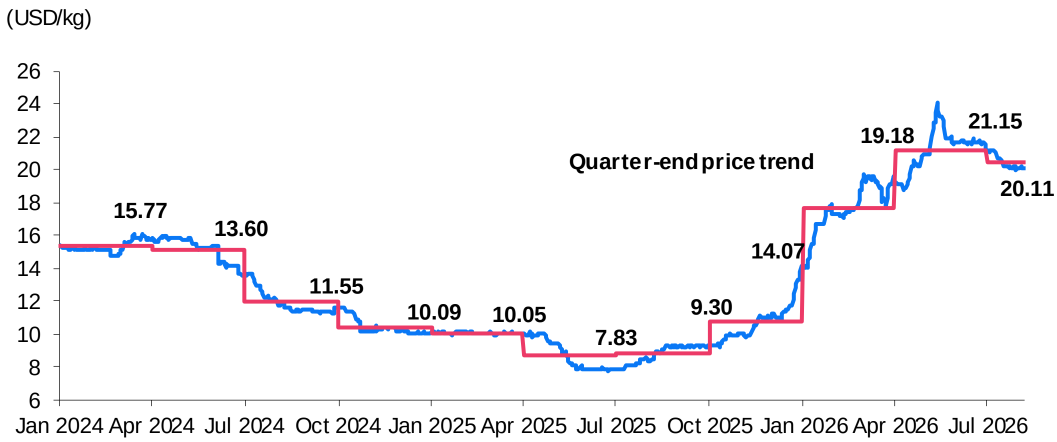
Source: Company data, FnGuide, Samsung Securities estimates

Global cathode material producers: 2027E EV/EBITDA



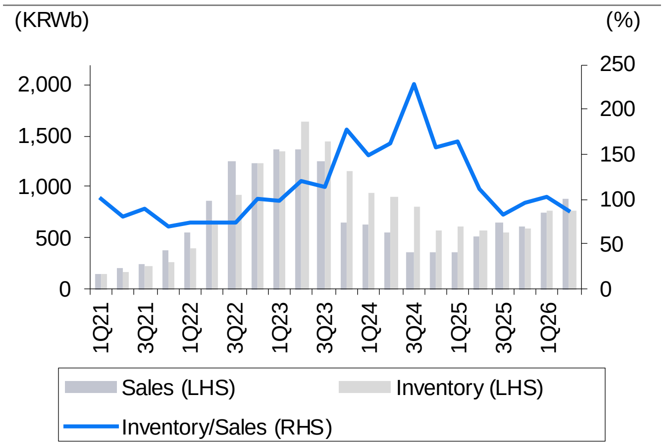
Source: Bloomberg, Samsung Securities

China market: Lithium carbonate prices (99.5% min CIF China)



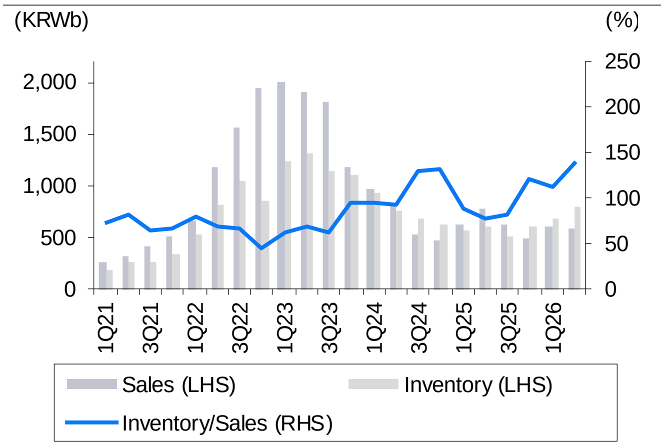
Source: KOMIS, Samsung Securities

L&F: Quarterly revenue and inventory



Source: FnGuide, Samsung Securities

Ecopro BM: Quarterly revenue and inventory



Source: FnGuide, Samsung Securities

L&F: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	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	**365**	**520**	**652**	**618**	**740**	**885**	**987**	**912**	**1,907**	**2,155**	**3,524**	**4,342**
Growth (% q-q)	-0.2	42.6	25.4	-5.3	19.7	19.7	11.6	-7.7				
Growth (% y-y)	-42.6	-6.3	85.5	69.1	102.8	70.2	51.4	47.6	-58.9	13.0	63.5	23.2
EBITDA	**-118**	**-99**	**44**	**101**	**137**	**41**	**25**	**61**	**-495**	**-72**	**264**	**347**
Growth (% q-q)	Remainedneg	Remainedneg	Turnedpos	128.4	35.2	-70.0	-40.1	148.9				
Growth (% y-y)	Remainedneg	Remainedneg	Turnedpos	Turnedpos	Turnedpos	Turnedpos	-44.4	-39.5	Remainedneg	Remainedneg	Toturnpos	31.4
Operating profit	**-140**	**-121**	**22**	**82**	**117**	**21**	**4**	**41**	**-559**	**-157**	**183**	**244**
Growth (% q-q)	Remainedneg	Remainedneg	Turnedpos	272.8	42.2	-82.2	-80.7	905.8				
Growth (% y-y)	Remainedneg	Remainedneg	Turnedpos	Turnedpos	Turnedpos	Turnedpos	-81.8	-50.9	Remainedneg	Remainedneg	Toturnpos	33.8
Pre-tax income	**-145**	**-145**	**-102**	**-176**	**-56**	**47**	**-21**	**43**	**-520**	**-568**	**13**	**100**
Growth (% q-q)	Remainedneg	Remainedneg	Remainedneg	Remainedneg	Remainedneg	Turnedpos	Toturnneg	Toturnpos				
Growth (% y-y)	Remainedneg	Remainedneg	Remainedneg	Remainedneg	Remainedneg	Turnedpos	Toremainneg	Toturnpos	Remainedneg	Remainedneg	Toturnpos	663.5
Net profit	**-111**	**-113**	**-118**	**-193**	**-65**	**53**	**-19**	**37**	**-381**	**-535**	**6**	**88**
Growth (% q-q)	Remainedneg	Remainedneg	Remainedneg	Remainedneg	Remainedneg	Turnedpos	Toturnneg	Toturnpos				
Growth (% y-y)	Remainedneg	Remainedneg	Remainedneg	Remainedneg	Remainedneg	Turnedpos	Toremainneg	Toturnpos	Remainedneg	Remainedneg	Toturnpos	1,257.1
Controlling net profit	-111	-112	-118	-192	-65	53	-19	37	-378	-534	7	90
Margins (%)												
EBITDA	-32.4	-19.1	6.8	16.4	18.5	4.6	2.5	6.7	-26.0	-3.3	7.5	8.0
Operating profit	-38.4	-23.3	3.4	13.3	15.9	2.4	0.4	4.4	-29.3	-7.3	5.2	5.6
Pre-tax income	-39.9	-27.9	-15.6	-28.4	-7.5	5.3	-2.1	4.7	-27.2	-26.3	0.4	2.3
Net profit	-30.5	-21.6	-18.1	-31.2	-8.8	6.0	-1.9	4.1	-20.0	-24.8	0.2	2.0

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**1,907**	**2,155**	**3,524**	**4,342**	**4,777**
Cost of goods sold	2,371	2,226	3,235	3,985	4,356
Gross profit	**-463**	**-71**	**289**	**357**	**421**
Gross margin (%)	-24.3	-3.3	8.2	8.2	8.8
SG&A expenses	95	86	106	112	106
Operating profit	**-559**	**-157**	**183**	**244**	**315**
Operating margin (%)	-29.3	-7.3	5.2	5.6	6.6
Non-operating gains (losses)	**39**	**-411**	**-170**	**-144**	**-111**
Financial profit	258	47	-51	33	54
Financial costs	244	430	135	151	155
Equity-method gains (losses)	-0	-4	-5	-6	-7
Other	25	-23	22	-20	-2
Pre-tax profit	**-520**	**-568**	**13**	**100**	**204**
Taxes	-139	-33	7	12	25
Effective tax rate (%)	26.7	5.8	50.6	12.2	12.2
Profit from continuing operations	-381	-535	6	88	179
Profit from discontinued operations	0	0	0	0	0
Net profit	**-381**	**-535**	**6**	**88**	**179**
Net margin (%)	-20.0	-24.8	0.2	2.0	3.7
Net profit (controlling interests)	-378	-534	7	90	183
Net profit (non-controlling interests)	-3	-1	-0	-2	-4
EBITDA	-495	-72	264	347	419
EBITDA margin (%)	-26.0	-3.3	7.5	8.0	8.8
EPS (parent-based) (KRW)	-10,416	-14,393	168	2,209	4,498
EPS (consolidated) (KRW)	-10,493	-14,424	159	2,158	4,394
Adjusted EPS (KRW)*	-10,416	-14,393	168	2,209	4,498

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**1,090**	**1,347**	**1,844**	**2,147**	**2,443**
Cash & equivalents	280	383	865	1,086	1,342
Accounts receivable	180	324	427	477	501
Inventories	575	595	482	498	506
Other current assets	56	45	71	86	95
Fixed assets	**1,710**	**1,787**	**1,950**	**1,998**	**2,021**
Investment assets	184	197	281	331	358
Tangible assets	1,260	1,326	1,407	1,406	1,404
Intangible assets	17	15	12	10	8
Other long-term assets	249	250	250	250	250
Total assets	**2,800**	**3,134**	**3,795**	**4,145**	**4,463**
Current liabilities	**1,552**	**2,060**	**2,709**	**2,969**	**3,107**
Accounts payable	78	325	531	655	720
Short-term debt	813	781	1,181	1,181	1,181
Other current liabilities	661	955	997	1,134	1,206
Long-term liabilities	**524**	**397**	**402**	**405**	**406**
Bonds & long-term debt	502	379	379	379	379
Other long-term liabilities	22	18	23	26	27
Total liabilities	**2,076**	**2,457**	**3,111**	**3,374**	**3,514**
Owners of parent equity	**714**	**673**	**680**	**770**	**953**
Capital stock	18	20	20	20	20
Capital surplus	702	693	693	693	693
Retained earnings	-23	-76	-69	21	204
Other	16	36	36	36	36
Non-controlling interests' equity	**10**	**4**	**3**	**1**	**-3**
Total equity	**723**	**677**	**683**	**771**	**950**
Net debt	1,570	1,655	1,569	1,454	1,254

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**281**	**-29**	**321**	**255**	**322**
Net profit	-381	-535	6	88	179
Non-cash profit and expenses	-77	369	211	251	275
Depreciation	60	82	79	101	102
Amortization	3	3	3	2	2
Other	-140	284	130	148	171
Changes in A/L from operating activities	776	209	243	75	44
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**	**396**	**106**	**56**
Change in debt	-179	185	396	106	56
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	482	221	256
Cash at beginning of year	241	280	383	865	1,086
Cash at end of year	280	383	865	1,086	1,342
Gross cash flow	**-457**	**-166**	**217**	**338**	**453**
Free cash flow	**73**	**-167**	**161**	**155**	**222**

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	63.5	23.2	10.0
Operating profit	nm	nm	nm	33.8	28.9
Net profit	nm	nm	nm	1,257.1	103.7
Adjusted EPS**	nm	nm	nm	1,214.6	103.7
Per-share data (KRW)					
EPS (parent-based)	-10,416	-14,393	168	2,209	4,498
EPS (consolidated)	-10,493	-14,424	159	2,158	4,394
Adjusted EPS**	-10,416	-14,393	168	2,209	4,498
BVPS	21,264	17,482	17,237	19,515	24,154
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E***	n/a	n/a	536.8	40.8	20.1
P/B***	3.8	5.4	5.2	4.6	3.7
EV/EBITDA	n/a	n/a	19.9	14.8	11.8
Ratios (%)					
ROE	-41.7	-77.0	1.0	12.4	21.2
ROA	-12.4	-18.0	0.2	2.2	4.2
ROIC	-18.2	-7.9	5.0	12.6	16.9
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	229.6	188.6	132.1
Interest coverage (x)	-5.3	-1.3	1.4	1.6	2.0

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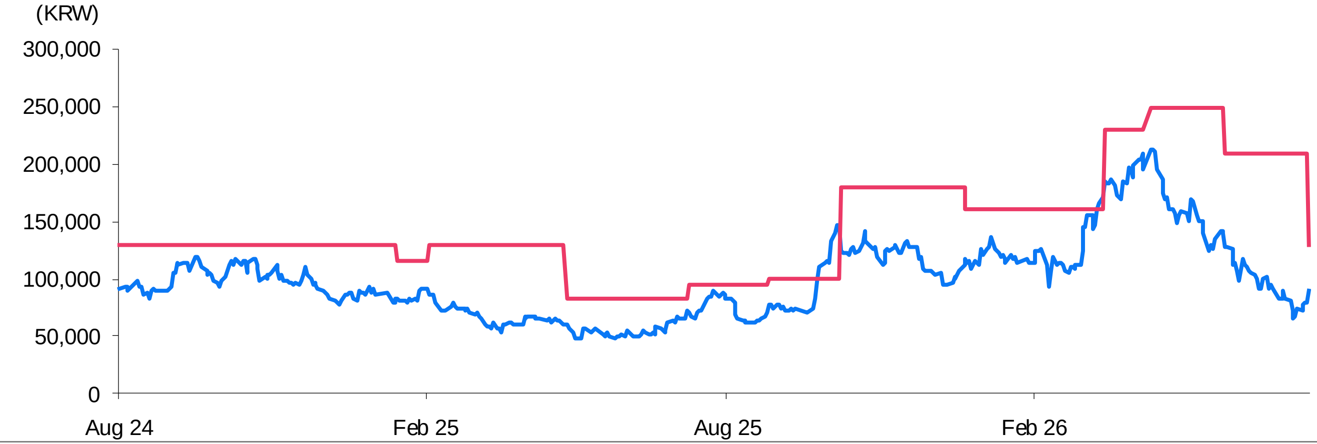
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/8/7	2025/2/6	2/25	5/19	7/31	9/17	10/30	2026/1/13	4/7	5/4	6/18	8/7
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	130000	115000	130000	83000	95000	100000	180000	160000	230000	250000	210000	130000
Gap* (average)	-25.00	-26.56	-48.64	-34.18	-22.96	-5.18	-33.95	-23.13	-17.90	-37.01	-55.28	
(max or min)**	-8.15	-20.26	-33.77	-13.25	-4.74	47.00	-21.33	6.63	-9.13	-15.00	-38.76	

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

Samsung Securities uses the following investment ratings*

Company

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
SELL Expected to decrease in value by 15% or more within 12 months

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 2026.06.30

BUY (85.5%)·HOLD (14.5%)·SELL (0%)

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