COMPANY UPDATE

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EV/Mobility Team

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AT A GLANCE

BUY

Target price	KRW550,000	6.8%
Current price	**KRW515,000**	
Market cap	KRW41.5t/USD30.0b	
Shares (float)	80,585,530 (72.6%)	
52-week high/low	KRW712,000/KRW198,100	
Avg daily trading value (60-day)	KRW280.4b/ USD202.8m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Samsung SDI (%)	20.3	22.2	138.4
Vs Kospi (%pts)	20.2	8.9	12.8

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	550,000	550,000	0.0%
2026E EPS	1,793	1,793	0.0%
2027E EPS	10,424	10,424	0.0%

SAMSUNG vs THE STREET

No of estimates	19
Target price	694,842
Recommendation	4.0

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

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Samsung SDI (006400)

Samsung Display stake disposal to ease funding burden

- Samsung SDI is planning to secure KRW4.5t in cash through the partial divestment of its stake in Samsung Display.
- It should use the proceeds to accelerate the expansion of energy storage system (ESS) capacity in North America, following the termination of its JV with GM.
- While the sale of only a portion of the stake—rather than all of its holdings—may disappoint, it is positive in that it alleviates near-term funding pressures.

WHAT'S THE STORY?

To sell portion of Samsung Display stake, securing KRW4.5t in cash: On Aug 21, following market close, Samsung SDI disclosed that it has resolved to sell one-third of its stake in Samsung Display (13m shares) back to the company itself for KRW4.5t in cash. The transaction is scheduled to settle on Aug 27. As of end-June, Samsung SDI held a 15.2% stake in Samsung Display, with a book value of KRW13.8t. After selling a portion of its Samsung SDI shares, Samsung SDI's remaining stake should stand at 10.2%, with an estimated fair value of approximately KRW9.1t.

To use proceeds to fund North American ESS capacity expansion: According to the disclosure, the purpose of the divestment is "to secure funding for investments aimed at securing future growth drivers." Previously, on Aug 11, Samsung SDI announced its decision to terminate a JV agreement with GM and to acquire GM's 49.99% stake in SDI-GM Synergy Cells, transitioning the entity into a wholly owned subsidiary—a move enabling Samsung SDI to rapidly scale up production capacity in North America to meet surging demand for energy storage systems (ESS). It is expected to use the KRW4.5t in cash obtained from Samsung Display stake sale to accelerate this expansion.

(Continued on the next page)

SUMMARY FINANCIAL DATA

(KRWb)	2025	2026E	2027E	2028E
Revenue	13,267	16,114	20,691	25,349
Operating profit	-1,722	292	1,237	1,869
Net profit (adj)	-585	737	1,242	1,680
EPS (adj) (KRW)	-8,325	1,793	10,424	15,128
EPS (adj) growth (% y-y)	nm	nm	481.4	45.1
EBITDA margin (%)	0.8	15.5	17.1	16.6
ROE (%)	-3.2	0.7	3.8	5.3
P/E (adj) (x)	n/a	287.2	49.4	34.0
P/B (x)	1.0	1.8	1.8	1.7
EV/EBITDA (x)	314.4	22.2	16.6	14.6
Dividend yield (%)	0.0	0.0	0.0	0.0

Source: Company data, Samsung Securities estimates

Partial divestment still positive as it alleviates near-term funding pressure: While the partial divestment may fall short of market expectations—given that Samsung SDI had consistently signaled its intent to sell its entire stake in Samsung Display, which carried a book value of KRW13.8t at end-2Q—the transaction still represents a positive development: by converting a portion of its non-core asset into cash, Samsung SDI has alleviated near-term funding pressure for its North American capacity expansion.

Samsung SDI: Key details of Samsung Display stake disposal disclosure

Category	Item	Details
Transfer details	Transferred shares (mil)	13.1
	Value of transferred shares (KRWt)	**4.45**
Post-transfer share & stake	Shares held after transfer (mil)	26.8
	Post-transfer stake (%)	**10.22**
Purpose of transfer		To secure investment funds for future growth drivers
Counterparty		Samsung Display
Payment of transaction	Payment method	Cash
	Payment timing	Scheduled for Aug 27, 2026

Source: Samsung SDI

Content of announcement concerning the Samsung SDI-GM North American battery JV

Item	Announcement details
Total investment size	**Approx. USD3.5b (KRW4.7t)**
Equity structure	Samsung SDI (50.01%) + GM (49.99%)
Production capacity	27 GWh (initially)

Note: Based on the 2024 announcement

Source: Media reports compilation, Samsung Securities analysis

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**16,592**	**13,267**	**16,114**	**20,691**	**25,349**
Cost of goods sold	13,499	11,805	11,640	14,110	16,956
Gross profit	**3,094**	**1,462**	**4,475**	**6,581**	**8,393**
Gross margin (%)	18.6	11.0	27.8	31.8	33.1
SG&A expenses	2,820	3,459	4,182	5,344	6,524
Operating profit	**363**	**-1,722**	**292**	**1,237**	**1,869**
Operating margin (%)	2.2	-13.0	1.8	6.0	7.4
Non-operating gains (losses)	**253**	**798**	**483**	**315**	**342**
Financial profit	1,129	762	31	18	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**	**776**	**1,552**	**2,211**
Taxes	7	-489	39	310	531
Effective tax rate (%)	1.1	52.9	5.0	20.0	24.0
Profit from continuing operations	520	-875	737	1,242	1,680
Profit from discontinued operations	55	290	0	0	0
Net profit	**576**	**-585**	**737**	**1,242**	**1,680**
Net margin (%)	3.5	-4.4	4.6	6.0	6.6
Net profit (controlling interests)	599	-649	147	857	1,244
Net profit (non-controlling interests)	-24	65	590	385	437
EBITDA	2,148	105	2,505	3,545	4,201
EBITDA margin (%)	12.9	0.8	15.5	17.1	16.6
EPS (parent-based) (KRW)	8,288	-8,325	1,793	10,424	15,128
EPS (consolidated) (KRW)	7,959	-7,497	8,965	15,107	20,443
Adjusted EPS (KRW)*	8,288	-8,325	1,793	10,424	15,128

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**10,334**	**8,740**	**9,299**	**11,462**	**14,365**
Cash & equivalents	1,885	1,804	555	407	821
Accounts receivable	2,729	2,146	2,960	3,762	4,609
Inventories	2,879	2,936	3,532	4,402	5,393
Other current assets	2,841	1,854	2,252	2,891	3,542
Fixed assets	**30,263**	**33,515**	**36,652**	**41,222**	**45,439**
Investment assets	11,187	12,808	15,283	19,261	23,309
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**	**45,950**	**52,684**	**59,804**
Current liabilities	**10,856**	**9,795**	**9,629**	**11,795**	**13,988**
Accounts payable	906	1,071	1,465	1,881	2,304
Short-term debt	5,394	3,915	4,115	4,715	5,315
Other current liabilities	4,557	4,809	4,049	5,199	6,369
Long-term liabilities	**8,174**	**8,890**	**11,591**	**14,916**	**18,162**
Bonds & long-term debt	5,064	5,493	7,493	9,693	11,793
Other long-term liabilities	3,111	3,397	4,097	5,223	6,368
Total liabilities	**19,030**	**18,685**	**21,219**	**26,711**	**32,150**
Owners of parent equity	**19,766**	**21,443**	**22,014**	**22,871**	**24,115**
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	12,236	13,093	14,337
Other	1,628	2,349	2,774	2,774	2,774
Non-controlling interests' equity	**1,801**	**2,127**	**2,717**	**3,102**	**3,539**
Total equity	**21,567**	**23,570**	**24,731**	**25,973**	**27,654**
Net debt	9,679	9,061	11,001	13,896	16,128

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**-138**	**792**	**2,118**	**3,223**	**3,556**
Net profit	576	-585	737	1,242	1,680
Non-cash profit and expenses	2,397	1,910	1,642	2,177	2,493
Depreciation	1,795	2,012	2,143	2,254	2,291
Amortization	80	91	70	53	41
Other	522	-193	-571	-130	162
Changes in A/L from operating activities	-2,622	-142	35	433	304
Cash flow from investments	**-4,920**	**-1,999**	**-2,967**	**-3,007**	**-2,609**
Change in tangible assets	-6,263	-3,048	-2,900	-2,900	-2,500
Change in financial assets	428	-39	-67	-107	-109
Other	915	1,089	0	-0	-0
Cash flow from financing	**5,544**	**865**	**736**	**2,818**	**2,719**
Change in debt	5,941	-668	736	2,818	2,719
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	-1,249	-148	414
Cash at beginning of year	1,524	2,138	1,804	555	407
Cash at end of year	1,885	1,804	555	407	821
Gross cash flow	**2,972**	**1,325**	**2,379**	**3,419**	**4,174**
Free cash flow	**-6,409**	**-2,274**	**-782**	**323**	**1,056**

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	-22.6	-20.0	21.5	28.4	22.5
Operating profit	-76.5	nm	nm	323.1	51.1
Net profit	-72.1	nm	nm	68.5	35.3
Adjusted EPS**	-70.2	nm	nm	481.4	45.1
Per-share data (KRW)					
EPS (parent-based)	8,288	-8,325	1,793	10,424	15,128
EPS (consolidated)	7,959	-7,497	8,965	15,107	20,443
Adjusted EPS**	8,288	-8,325	1,793	10,424	15,128
BVPS	287,707	272,485	279,749	290,638	306,441
DPS (common)	973	0	0	0	0
Valuations (x)					
P/E***	29.2	n/a	287.2	49.4	34.0
P/B***	0.8	1.0	1.8	1.8	1.7
EV/EBITDA	13.4	314.4	22.2	16.6	14.6
Ratios (%)					
ROE	3.1	-3.2	0.7	3.8	5.3
ROA	1.5	-1.4	1.7	2.5	3.0
ROIC	1.9	-4.8	1.2	3.9	5.4
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	44.5	53.5	58.3
Interest coverage (x)	1.1	-5.5	0.9	3.4	4.3

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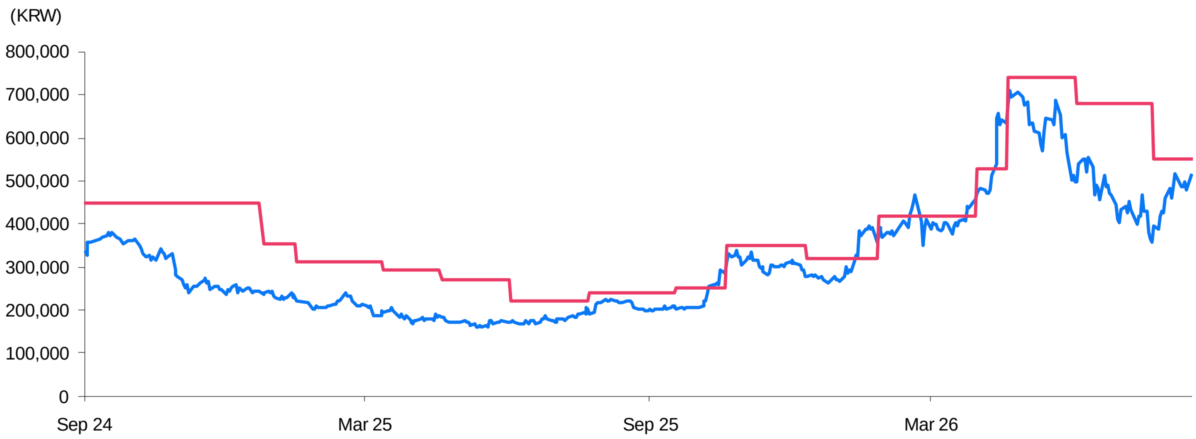
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/7/30	2025/1/2	1/24	3/21	4/28	6/11	8/1	9/26	10/28	12/19	2026/2/3	4/8
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	450355	352452	313291	293710	270000	220000	240000	250000	350000	320000	420000	530000
Gap* (average)	-31.99	-33.69	-32.91	-37.37	-37.02	-18.49	-12.36	-5.25	-11.76	-2.27	-3.82	3.33
(max or min)**	-15.76	-30.69	-22.81	-30.50	-32.00	-6.36	-6.25	17.20	-3.57	23.91	10.95	24.34

Date	4/28	6/11	7/31
Recommendation	BUY	BUY	BUY
Target price (KRW)	740000	680000	550000
Gap* (average)	-14.96	-32.14	
(max or min)**	-3.78	-18.38	

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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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

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