SECTOR UPDATE

2025. 12. 17

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Batteries (365340)

2026 outlook: Searching for a breakthrough

- Shares have returned to their 2023 levels and have likely passed bottom.
- Our EV sales volume outlook is neutral, though thematic opportunities look persuasive in 2026 thanks to rising prices.
- We upgrade the rechargeable battery sector to OVERWEIGHT

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WHAT'S THE STORY?

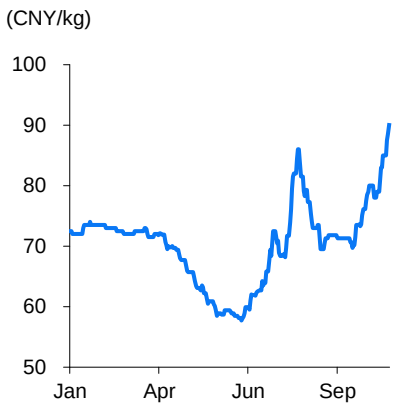
2025 review—shares rebound after correcting: Following a 71% fall over Jul 2023 to May 2025, prices rebounded in 2H25 to levels seen in early-2023, driven by: 1) a European demand recovery (amid tightening CO_2 regulations); 2) aggressive EV buying in the US (before tax credits expired); and 3) improving sentiment towards growth of the North American ESS segment.

2026 automakers' strategies and supply chains: Over Jan-Sep, sales growth stood out at LGES (+39% y-y) and SK On (+21% y-y) but decreased at Samsung SDI (-12% y-y), reflecting base effects and the growing use of Chinese batteries in Europe. Automakers have delayed their new EV releases (due to the cancellations of EV tax credits), while Europe is seeing a rise in the launches of mid- to low-priced EVs.

2026 EV/ESS outlook: EV battery demand is set to grow 21% in 2026, while ESS battery demand should rise 46%. US EV demand may remain weak but Korean ESS players should benefit from anti-China policies and tariffs. China's ESS growth may shrink the lithium supply glut, and Europe faces tighter battery and CO_2 regulations.

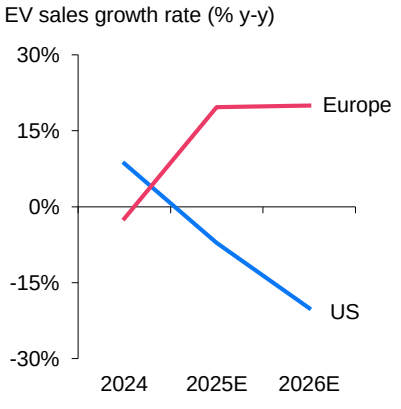
Investment view—Upgrade to OVERWEIGHT: Despite weak US EV demand, we point out that ESS growth, the switch away from Chinese suppliers, improving lithium supply-demand dynamics, and ample market liquidity all support an OVERWEIGHT outlook towards the rechargeable battery sector.

Positive change in price



Note: Based on lithium carbonate
Source: Bloomberg

EV volume neutral



Source: EV Volumes, Samsung Securities

▶ AT A GLANCE

Samsung SDI (006400 KS, 293,500)		
Target price	KRW350,000	19.3%
BUY		
Posco Future M (003670 KS, 210,000)		
Target price	KRW280,000	33.3%
BUY		
Ecopro BM (247540 KQ, 165,500)		
Target price	KRW160,000	-3.3%
HOLD		
L&F (066970 KS, 118,200)		
Target price	KRW180,000	52.3%
BUY		
Shinheung SEC (243840 KQ, 5,540)		
Target price	KRW6,800	22.7%
BUY		
SungEel HiTech (365340 KQ, 42,250)		
Target price	n/a	
Not Rated		

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Posco Future M (003670) | Pins hopes on anode materials

Ecopro BM (247540) | Maintain a wait-and-see stance

L&F (066970) | Fundamentals improve in 3Q; momentum to be sustained

Shinheung SEC (243840) | 3Q results beat thanks to strong BBU demand

SungEel HiTech (365340) | Opportunities from metal price recovery, European volume growth

2025 review

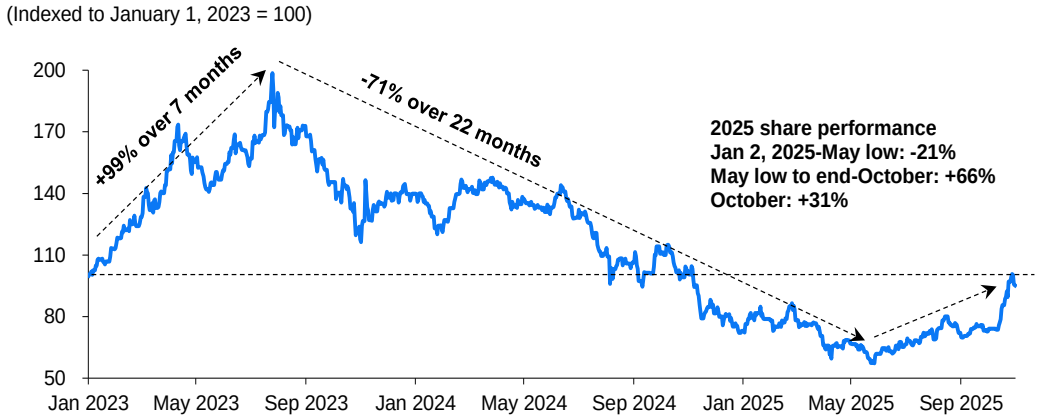
Shares hit bottom in May

Shares rebound to Jan 2023 levels after bottoming in May: Shares in the Korean rechargeable battery value chain jumped 99% over Jan-Jul 2023 before sliding for the next 22 months (bottoming in May). They began rebounding in June and rose 66% through end-October, returning to levels last seen in Jan 2023. The rally in October was responsible for more than half of the 66% gain over Jun-Oct 2025.

Behind the recent rally (Jun-Oct 2025) lied an improvement in investor sentiment (vs an improvement in the fundamentals)—*eg*, rising anticipation towards the new government in Korea (which took power in June), the removal of uncertainty over OBBBA (implemented in July), and the rebound in lithium prices (following halts to mining operations in China).

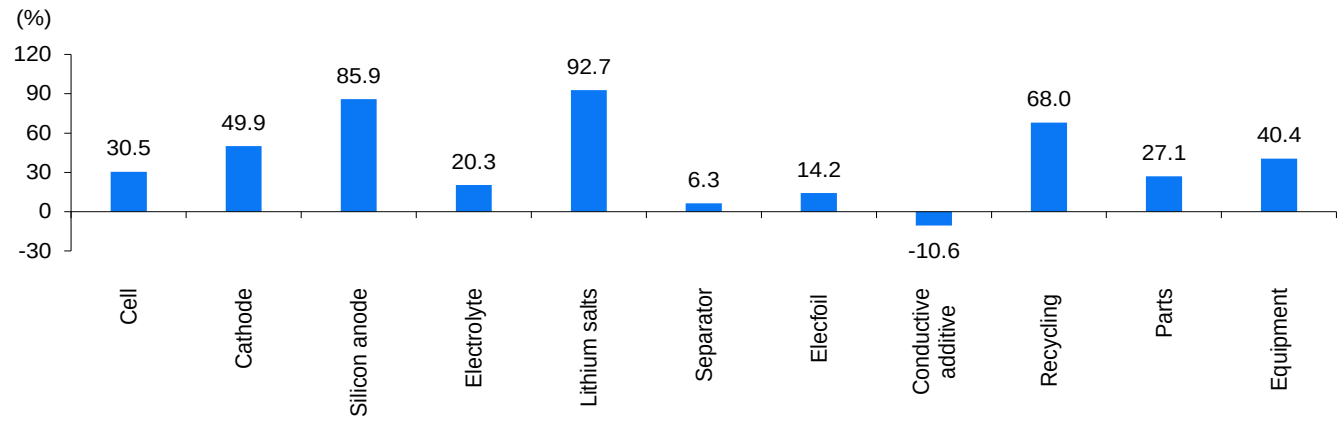
Of note, shares in the value chain surged 31% in October led by a hike in stock market liquidity (as evidenced by an increase in customer deposits at brokers), the trade deal between Korea and the US, anticipation for more ESS orders in North America, and the rising popularity of the AI theme. Shares returned to where they sat in Jan 2023.

Korean battery sector performance over last three years



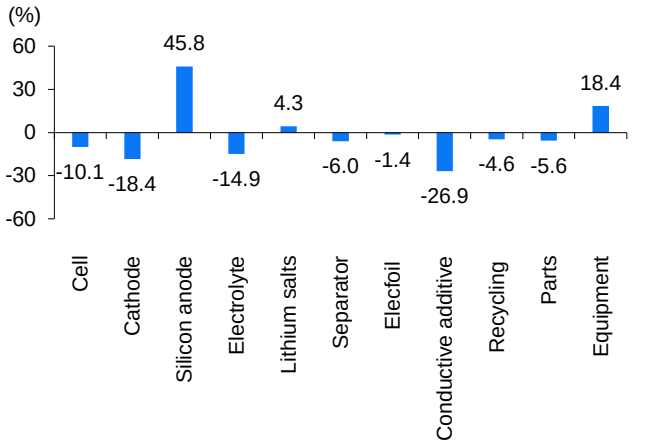
Source: Bloomberg, Samsung Securities

Korean battery value chain: Annual sub-sector performance



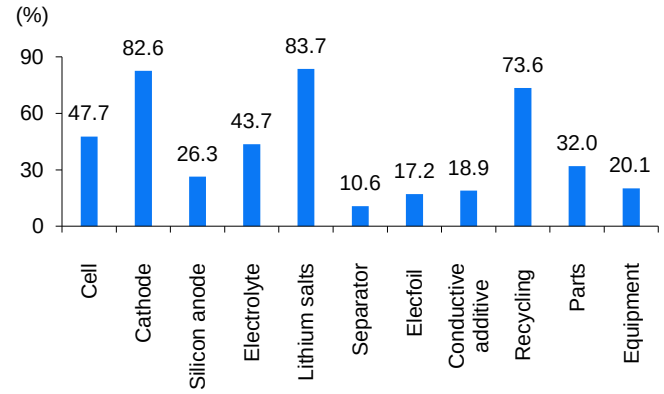
Note: As of Oct 31 close
Source: QuantiWise

Korean battery value chain: 1H* sub-sector performance



Note: *Jan 2 - Jun 30
Source: QuantiWise

Korean battery value chain: 2H* sub-sector performance



Note: *Jul 1 to Oct 31
Source: QuantiWise

Global EV sales volume in 2025: 1) demand rebounds in Europe; and 2) EV mandate abolished in US

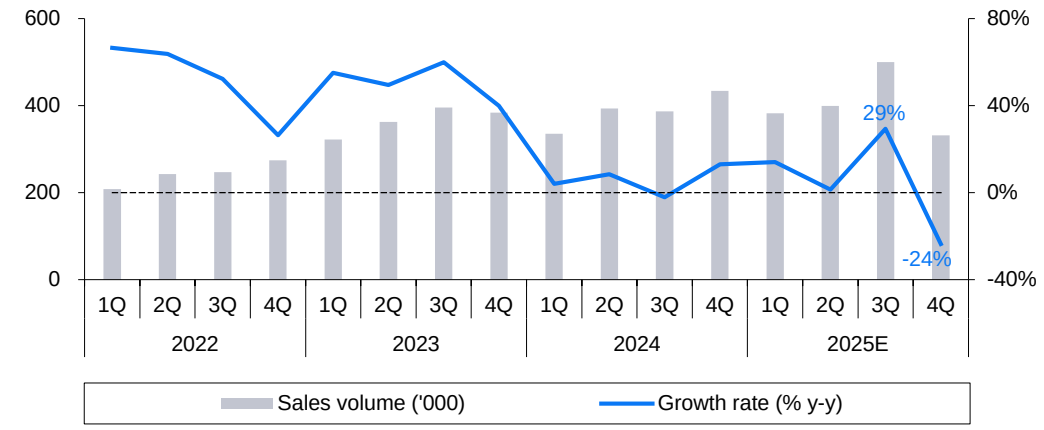
2025 global EV sales volume affected by EU's CO_2 emission standards and US termination of IRA EV tax credits: According to EV Volumes, the global EV sales volume climbed 30% y-y over Jan-Sep 2025 to 15.67m units, breaking down as follows: 1) up 31% y-y in China; 2) up 32% y-y in Europe (vs flat in 2024; rising in 2025 thanks to the EU's CO_2 emission standards); and 3) up 12% y-y in the US (on a surge in EV demand ahead of the termination of the IRA EV tax credits on Sep 30). The BNEF forecasts the US EV sales volume will fall 24% q-q in 4Q.

Global EV shipments

('000 units)	Jan-Sep 2023	(%)	Jan-Sep 2024	(%)	Jan-Sep 2025	(%)
Global	9,800	38	12,018.47	23	15,668.93	30
China	5,626	33	7,527.54	34	9,859.75	31
Europe	2,351	33	2,356.49	0	3,102.72	32
US	1,051	53	1,140.01	8	1,281.32	12

Note: BEV, PHEV
Source: EV Volumes, Samsung Securities

US EV sales volume to fall 24% m-m in 4Q25 due to US EV tax credit expiring

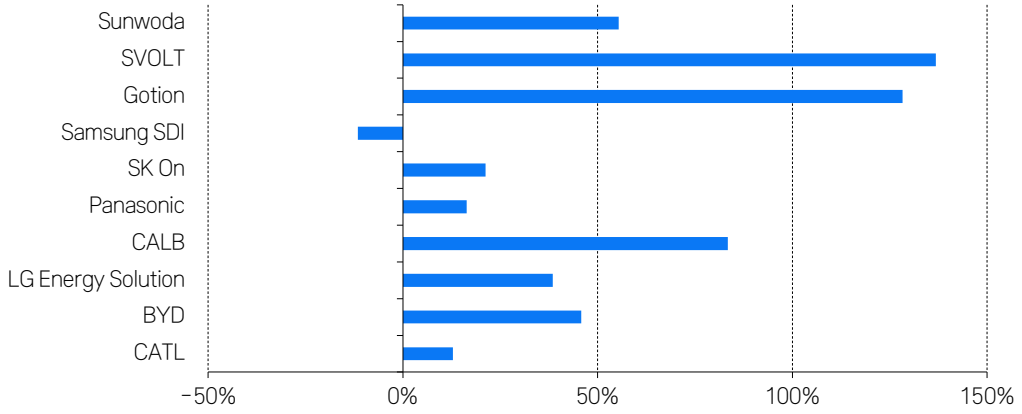


Source: Bloomberg NEF

By battery maker, Chinese tier-2 players (*eg*, CALB, Gotion, and SVOLT) enjoyed high installation growth of 80-130% y-y over Jan-Sep 2025 and booked notable market-share gains (vs tier-1 players), which we owe to their aggressive pricing policy in China. Korea's top-three cell makers put in varying performances, despite favorable market conditions in Europe and North America—*eg*, installations up 38% y-y over Jan-Sep 2025 at LG Energy Solution (LGES; thanks to a 98% y-y hike in shipments to GM) but down 12% y-y at Samsung SDI (due to weak sales volume at its clients BMW and VW).

Meanwhile, Chinese cell makers' market share in Europe jumped from 20% in 2023 to 31% in 2024 and 44% in 2025 (average ytd). The figure reached as high as 51% in September. While CATL's market share remained stable at 33%, BYD's share climbed to 12% (vs 7% in 2024), led by client diversification and an aggressive pricing strategy.

Battery installation growth over Jan-Sep 2025: Rapid expansion by Chinese tier-2 players



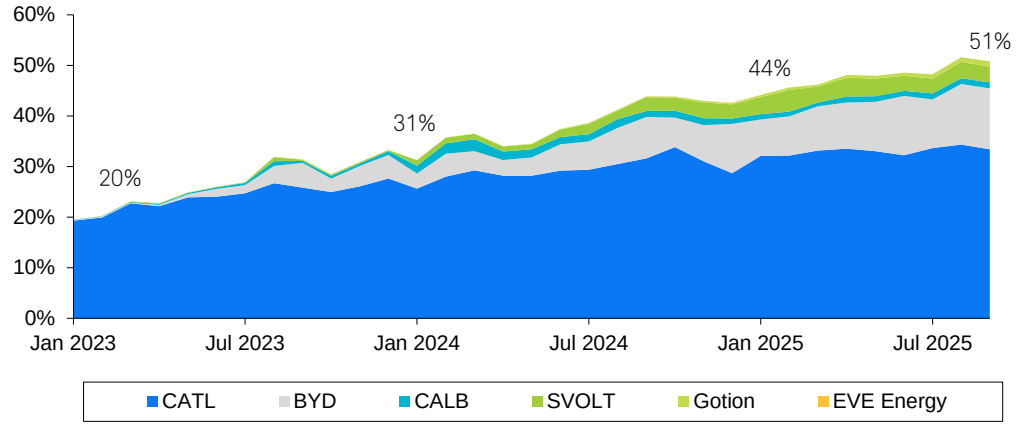
Source: EV Volumes

Top-6 battery cell makers: Battery cell installations, by client

		Biggest client	2nd-biggest client	3rd-biggest client	Other	Total
LGES	Client	VW Group	Tesla	GM		
	Sales portion (%)	28	24	20	28	100
	Installations (MWh)	27,932	23,949	20,357	28,001	100,240
	Chg (% y-y)	*29*	*18*	*98*		*38*
Samsung SDI	Client	BMW Group	Stellantis	VW Group		
	Sales portion (%)	42	17	14	27	100
	Installations (MWh)	9,406	3,779	3,241	5,966	22,394
	Chg (% y-y)	*0*	*65*	*-39*		*-12*
SK On	Client	Hyundai Motor	VW Group	Ford		
	Sales portion (%)	50	23	17	11	100
	Installations (MWh)	15,538	7,042	5,189	3,357	31,125
	Chg (% y-y)	*6*	*95*	*8*		*21*
CATL	Client	Geely Auto Group	VW Group	Tesla		
	Sales portion (%)	12	11	9	69	100
	Installations (MWh)	28,492	25,561	21,011	167,103	242,166
	Chg (% y-y)	*32*	*116*	*-37*		*13*
BYD	Client	BYD	Xiaomi	Xiaopeng		
	Sales portion (%)	78	7	5	10	100
	Installations (MWh)	119,508	11,065	7,246	15,721	153,541
	Chg (% y-y)	*31*	*200*	*1,005*		*46*
Panasonic	Client	Tesla	Toyota Motor	Subaru		
	Sales portion (%)	82	14	2	2	100
	Installations (MWh)	37,880	6,565	902	783	46,131
	Chg (% y-y)	*20*	*0*	*-5*		*16*

Note: Cumulative January-September basis; customers measured by installed volume
Source: EV Volumes

Portion of EVs sold in Europe that come with batteries made by Chinese firms



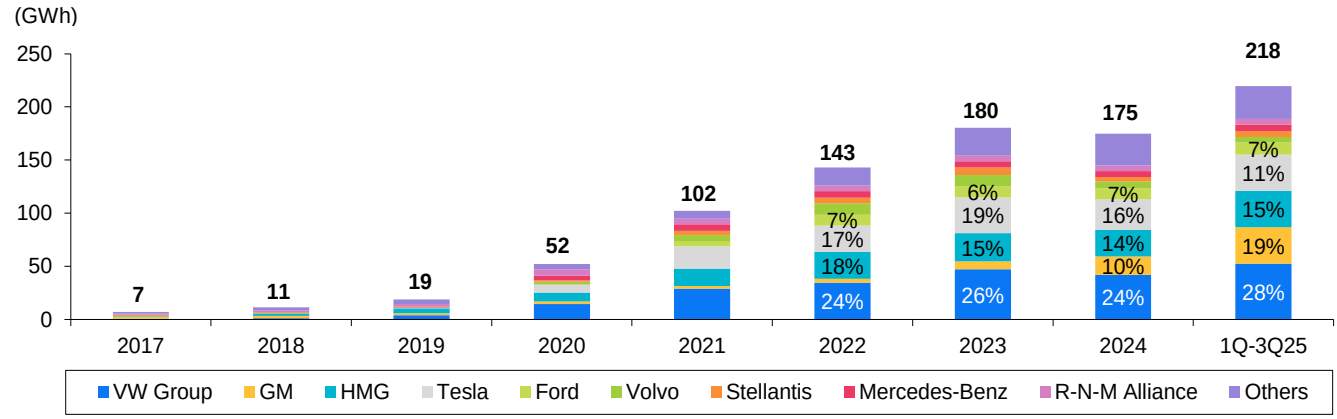
Source: EV Volumes

2026: Automakers' sales strategies and issues for cell supply chains

Top-three Korean cell makers and their clients' EV sales volumes

Top-three Korean cell makers—LGES and SK On rebounding, Samsung SDI suffering: EV battery installations (GWh) at the top-three Korean cell makers diverged over Jan-Sep 2025. While the figures at LGES and SK On grew y-y, that at Samsung SDI shrank y-y. These disparate performances are partially attributable to base effects—LGES achieved 68% of its 2024 installations over January-September, SK On 73%, and Samsung SDI 77%.

Top-three Korean cell makers: Total installations (by year) and clients as portion of installations



Source: EV Volumes, Samsung Securities

Top-three Korean cell makers: Sales, by client

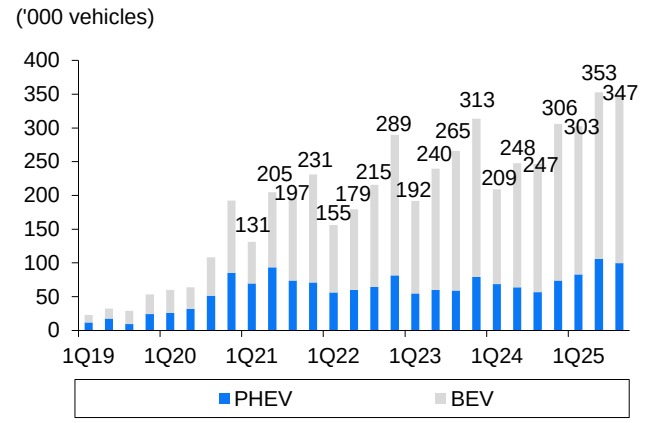
(GWh, %)	2023		2024			2024		Jan-Sep 2025		
	Sales volume	Portion of sales	Sales volume	Portion of sales	Growth rate (% y-y)	Sales volume	Portion of sales	Sales volume	Portion of sales	Growth rate (% y-y)
LG Energy Solution	**105.8**	**100**	**106.9**	**100**	**1.0**	**72.4**	**100**	**100.2**	**100**	**38.5**
VW Group	33.4	32	31.0	29	-7.1	21.7	30	27.9	28	28.5
Tesla	33.9	32	28.8	27	-14.9	20.2	28	23.9	24	18.5
GM	7.5	7	17.3	16	130.9	10.3	14	20.4	20	98.3
Hyundai Motor	3.3	3	5.3	5	58.4	3.7	5	9.6	10	162.0
R-N-M Alliance	5.2	5	5.3	5	2.7	3.8	5	3.8	4	-1.5
Geely-Volvo Car Group	11.0	10	6.2	6	-43.7	4.5	6	3.8	4	-16.3
Ford	4.3	4	3.1	3	-28.0	2.3	3	2.6	3	12.9
Mercedes-Benz Group	2.9	3	1.9	2	-32.1	1.5	2	1.5	1	-1.2
Stellantis	2.4	2	1.6	1	-33.6	1.3	2	0.8	1	-38.6
Others	2.0	2	6.3	6	217.4	3.0	4	6.0	6	95.7
SK On	**38.2**	**100**	**34.9**	**100**	**-8.5**	**25.7**	**100**	**31.1**	**100**	**21.2**
Hyundai Motor	23.1	60	19.6	56	-15.1	14.6	57	15.5	50	6.1
VW Group	5.9	15	4.6	13	-22.3	3.6	14	7.0	23	94.7
Ford	5.7	15	7.2	20	26.3	4.8	19	5.2	17	7.7
Mercedes-Benz Group	3.1	8	3.5	10	15.2	2.5	10	3.1	10	22.7
Others	0.5	1	0.1	0	-84.0	0.1	0	0.2	1	319.2
Samsung SDI	**36.4**	**100**	**33.0**	**100**	**-9.4**	**25.3**	**100**	**22.4**	**100**	**-11.5**
BMW Group	13.2	36	12.7	38	-4.0	9.4	37	9.4	42	-0.1
Stellantis	4.5	12	2.8	9	-37.9	2.3	9	3.8	17	64.7
VW Group	8.0	22	6.6	20	-17.6	5.4	21	3.2	14	-39.4
Rivian Automotive	6.7	18	5.3	16	-21.2	4.4	17	2.1	9	-51.5
Tata-JLR	1.2	3	1.6	5	32.7	1.2	5	1.1	5	-11.8
Others	2.8	8	4.0	12	44.9	2.7	11	2.8	12	3.9

Source: EV Volumes, Samsung Securities

Sales strategy, by automaker: VW Group

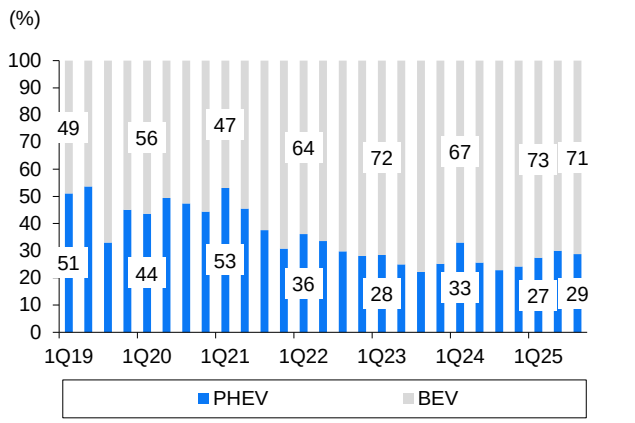
VW Group's EV sales volume recovering thanks to BEVs: VW Group's EV sales volume (comprising PHEVs + BEVs) climbed 42.5% y-y over Jan-Sep 2025 (vs Jan-Sep 2024) to 1.002m units—impressive, considering that the group recorded its first-ever EV sales volume decline in full-year 2024 (-0.2% y-y) following robust growth in 2023 (+20.3%). In detail, its PHEV sales volume grew 52.8% y-y and its BEV sales volume expanded 38.7% y-y.

VW Group: EV sales volume



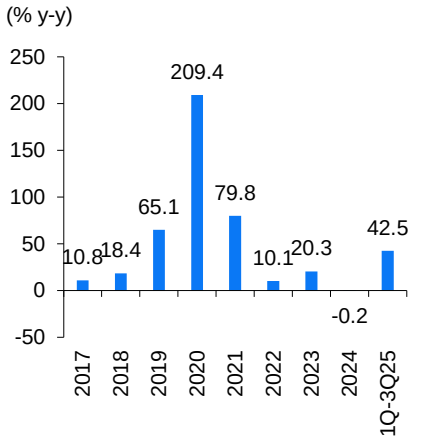
Source: EV Volumes, Samsung Securities

VW Group: PHEV + BEV sales portion



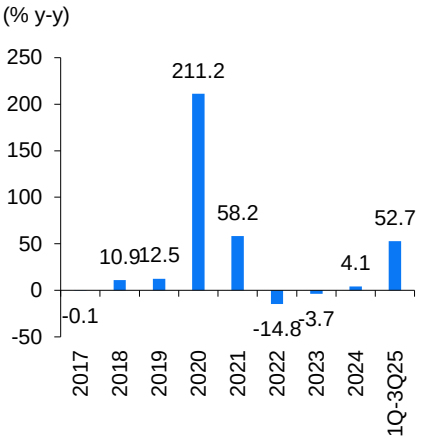
Source: EV Volumes, Samsung Securities

VW Group: EV sales volume



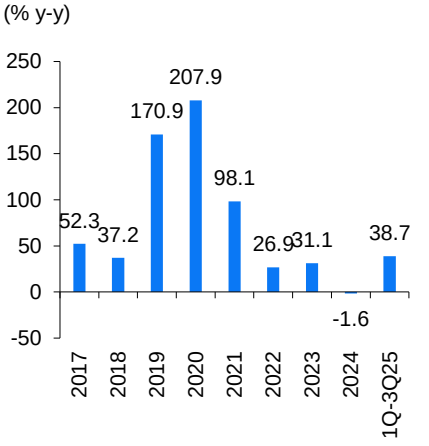
Source: EV Volumes, Samsung Securities

VW Group: PHEV sales volume



Source: EV Volumes, Samsung Securities

VW Group: BEV sales volume



Source: EV Volumes, Samsung Securities

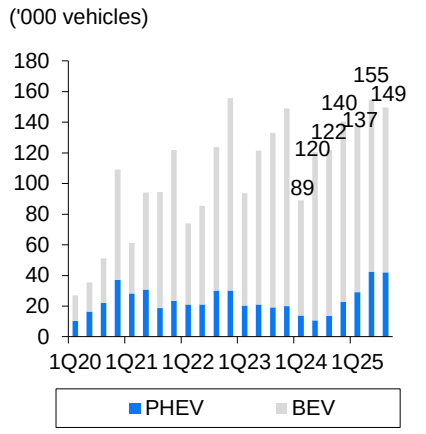
VW Group: EV sales volume, by major model

Model	Battery supplier*	2023			2024			Jan-Sep 2025		
		Sales volume	Growth rate (% y-y)	Portion of sales (%)	Sales volume	Growth rate (% y-y)	Portion of sales (%)	Sales volume	Growth rate (% y-y)	Portion of sales (%)
VW ID.4 BEV	LGES (Europe) / SK On (North America, Europe) / CATL (China, Europe)	192,930	10.6	19.1	168,286	-12.8	16.7	116,089	-7.9	11.6
VW ID.3 BEV	LGES (Europe) / CATL (China, Europe)	139,268	78.9	13.8	149,813	7.6	14.8	90,190	-15.3	9.0
Audi Q4 e-tron BEV	LGES (Europe) / SK On (China, Europe) / CATL (China, Europe)	110,584	105.7	10.9	107,414	-2.9	10.6	65,470	-18.3	6.5
Audi Q6 e-tron BEV	Samsung SDI (Europe) / CATL (China, Europe)				15,082		1.5	63,408	1412.6	6.3
Skoda Elroq BEV	LGES (Europe)				47			60,055		6.0
Skoda Enyaq BEV	LGES (Europe)	80,699	49.6	8.0	80,328	-0.5	8.0	57,393	11.2	5.7
VW ID.7	LGES (Europe) / SK On (Europe) / CATL (China, Europe)	2,393		0.2	39,691	1558.6	3.9	55,367	146.0	5.5
VW Tiguan PHEV	CATL (Europe)	24,197	-0.8	2.4	22,659	-6.4	2.2	45,444	297.3	4.5
VW ID.Buzz	SK On (Europe)	28,543	387.0	2.8	29,724	4.1	2.9	43,070	110.4	4.3
Cupra Born BEV	LGES (Europe)	44,388	36.0	4.4	41,978	-5.4	4.2	33,243	12.3	3.3
Others		387,907	-7.1	38.4	353,958	-8.8	35.1	372,394	48.5	37.2
Total	**Total**	**1,010,909**	**20.3**	**100.0**	**1,008,980**	**-0.2**	**100.0**	**1,002,123**	**42.5**	**100.0**

Source: EV Volumes, Samsung Securities

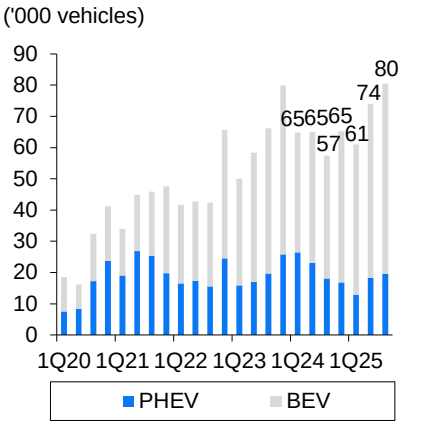
VW Group's EV sales volume, by brand: VW Group's EV sales volume over Jan-Sep 2025 rose 43% y-y, backed by new rollout effects for its various marques (VW, Skoda, and Cupra).

VW Group: VW (brand) EV sales volume



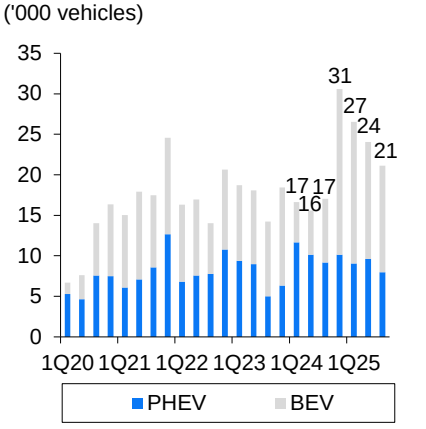
Source: EV Volumes, Samsung Securities

VW Group: Audi EV sales volume



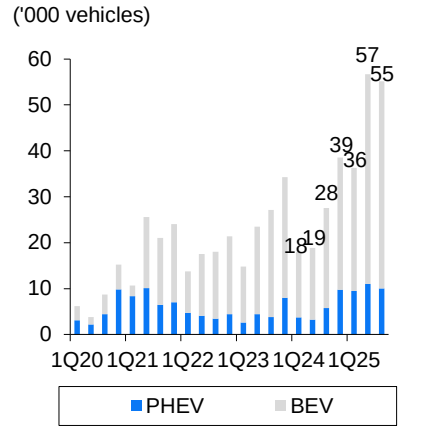
Source: EV Volumes, Samsung Securities

VW Group: Porsche EV sales volume



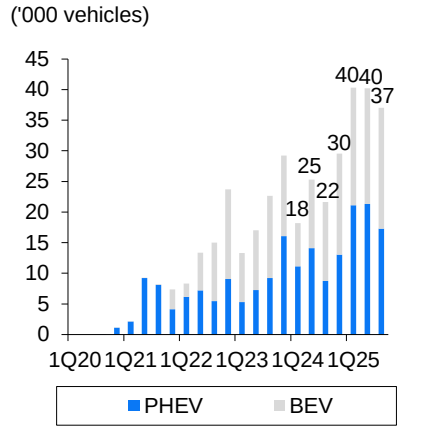
Source: EV Volumes, Samsung Securities

VW Group: Skoda EV sales volume



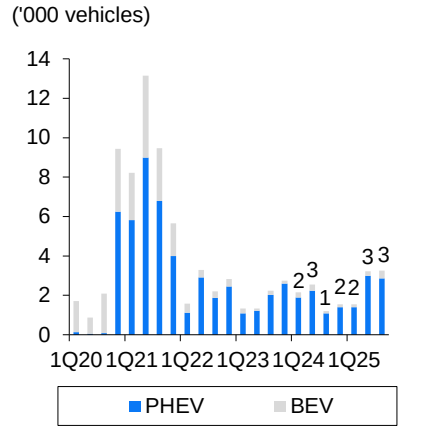
Source: EV Volumes, Samsung Securities

VW Group: Cupra EV sales volume



Source: EV Volumes, Samsung Securities

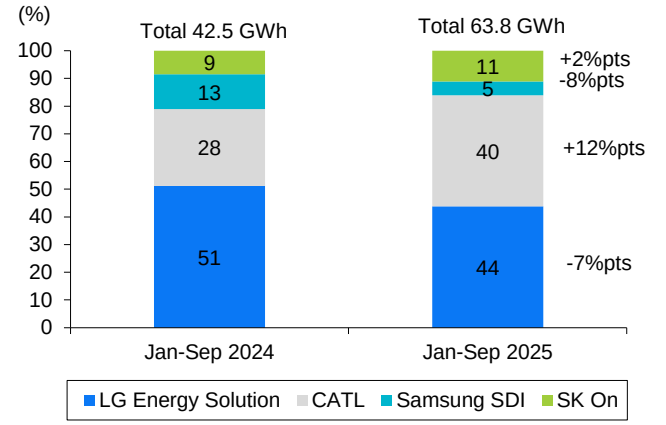
VW Group: Other EV sales volume



Source: EV Volumes, Samsung Securities

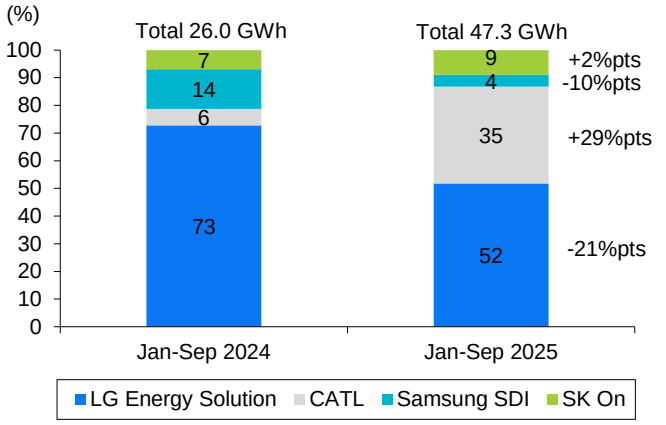
VW Group—new model effects: CATL supplied the most batteries for VW Group's new models (spanning multiple brands), followed by SK On. In contrast, LGES and Samsung SDI experienced a sharp drop in their presence within VW Group. CATL met 40% of VW Group's global market needs in 2025 (Jan-Sep basis; vs 28% in full-year 2024), LGES and Samsung SDI's portion with VW Group slumped to 44% (vs 51% in 2024) and 5% (13%), respectively. The changes in the supply portions to VW Group in Europe were especially dramatic. CATL's met 6% of the group's battery needs in 2024 and 35% in 2025 (January-September basis), while LGES's tumbled from 73% to 52% and Samsung SDI's fell from 14% to 4%.

VW Group: Portion of global battery needs met, by supplier



Source: EV Volumes, Samsung Securities

VW Group: Portion of European battery needs met, by supplier



Source: EV Volumes, Samsung Securities

VW Group: New model launch effects, by major model in 2025

(Units)	Model	Battery supplier	Battery capacity (kWh)	Jan-Sep 2024 sales	Jan-Sep 2025 sales
Audi	Audi A5 PHEV	CATL	26	6	4,063
	Audi A6 e-tron BEV	**CATL**	**100**	**56**	**22,368**
	Audi Q6 e-tron BEV	**CATL**	**83 / 100**	**3,798**	**49,680**
		Samsung SDI	**100**	**394**	**13,728**
	Audi Q8 PHEV	Samsung SDI	26	2,589	4,770
Cupra	Cupra Leon PHEV	CATL	26	3,897	19,559
		Samsung SDI	13	8,039	0
	Cupra Tavascan BEV	**LG Energy Solutions**	**82**	**1,522**	**24,570**
	Cupra Terramar PHEV	CATL	26	8	18,683
Porsche	**Porsche Macan BEV**	**CATL**	**100**	**2,421**	**31,607**
Skoda	**Skoda Elroq BEV**	**LG Energy Solutions**	**55 / 63 / 82**	**0**	**60,055**
	Skoda Kodiaq PHEV	CATL	26	2,978	19,784
	Skoda Superb PHEV	CATL	26	2,865	10,144
		Samsung SDI	13	496	0
VW	VW Caddy Cargo PHEV	CATL	26	6	6,069
		Samsung SDI	10	101	0
	VW e-Transporter BEV	SK On	77	0	1,721
	VW Golf PHEV	CATL	26	2,045	21,140
		Samsung SDI	13	3,209	0
	VW ID.7 BEV	**CATL**	**91**	**0**	**4,531**
		LG Energy Solutions	**82 / 91**	**16,172**	**43,886**
		SK On	**82**	**0**	**5,631**
	VW ID.BUZZ Cargo BEV	**SK On**	**84 / 91**	**20,466**	**43,070**
	VW ID.Unyx BEV	CATL	82	0	6,409
	VW Multivan PHEV	CATL	26	0	8,809
		Samsung SDI	13	5,441	0
	VW Passat PHEV	CATL	26	7,093	18,244
		Samsung SDI	13	533	0
	VW Tayron PHEV	CATL	26	335	11,522
	VW Tiguan PHEV	CATL	26	9,280	45,444
		Samsung SDI	13	2,159	0

Note: * Parentheses denote region of production
Source: EV Volumes, Samsung Securities

2026 new release schedule reflects worsening US market conditions: According to VW Group's 2026 EV rollout plan, more new models will be released in Europe and China, but no releases are planned for the US. In Europe, the group intends to broaden its mid- to low-priced EV lineup (*ie*, EVs featuring LFP batteries), supported by the introduction of a new battery concept (unified cell) and the group's MEB+ platform. In China, its focus will likely be on regaining market share via rolling out a wider range of models across multiple segments.

In the US, however, the end of the EV subsidy program has led not only to the cancellation of the launch of the VW ID.7 (previously planned for 2025) but also to delays in the rolling out of some other EVs (originally scheduled for 2027 but now pushed back to 2028 or later). Given the ongoing uncertainties surrounding US EV demand, we do not rule out the possibility of further launch delays.

LFP-based EVs to hit the market in earnest in 2026: The EV rollout plan shows that VW Group still plans to launch multiple new EVs next year in Europe and China. The most notable change (vs prior EV rollouts) is the full-scale rollout of LFP battery versions (alongside the commercialization of the MEB+ platform (its upgraded platform)). The upcoming VW ID.2 (the first EV to be built on the new MEB+ platform) is set to be launched in 2026. The carmaker also plans to sequentially add lower-cost LFP battery versions of the ID.3, ID.4, and ID.7 (all of which currently feature ternary batteries).

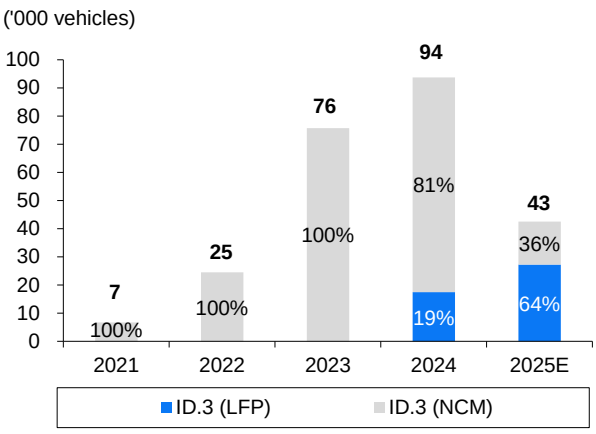
Along with the MEB+ platform, VW Group should begin large-scale production of unified cell batteries (a prismatic standardized battery cell format). Unified cell batteries should use LFP chemistry, with supply coming not only from the group's battery subsidiary PowerCo but also from its strategic Chinese partner Gotion. In its Product & Tech Update announced in September, the group outlined plans to expand unified cell batteries beyond LFP chemistry to include sodium-ion batteries for entry-level EVs. For its scalable systems platform (SSP; next-generation EV platform), VW Group is also focusing its attention on LFP batteries, targeting better cost efficiency. In short, the share of LFP batteries within the group's battery mix should continue to increase over the longer term.

VW Group: MEB vs MEB+ platforms

	MEB platform	MEB+ platform
Launch date	2019 (*eg*, ID.3)	2026 (*eg*, ID. Polo)
Drivetrain	Rear-wheel-drive oriented	Addition of front-wheel-drive based layout
Battery Type	Mainly NCM	Addition of LFP
Manufacturing Method	Cell-to-Module	Cell-to-Pack
LFP Adoption Plan (Timing/Region)	VW ID.3 (2024/China) VW ID.UNYX 06 (2025/China)	VW ID. Polo / ID. Cross (2026/Europe) Cupra Raval (2026/Europe) Skoda Epiq (2026/Europe)

Source: VW Group, Samsung Securities

China: VW ID.3 sales



Source: EV Volumes, Samsung Securities

VW Group: BEV rollout schedule

	North America	Europe	China
2021	Audi e-tron GT Audi Q4 e-tron VW ID.4	Audi e-tron GT Audi Q4 e-tron Cupra Born	Audi e-tron VW ID.3 VW ID.4 VW ID.6
2022		VW ID.5 VW ID.Buzz	Audi Q5 e-tron Audi Q4 e-tron
2023	Audi Q8 e-tron/SQ8 e-tron	Audi Q8 e-tron / SQ8 e-tron ID.7 / ID.7 Tourer	VW ID.7
2024	VW ID. Buzz Audi Q6 e-tron/SQ6 e-tron Porsche Macan EV	Audi Q6 e-tron / SQ6 e-tron Audi A6 e-tron / S6 e-tron Cupra Tavascan Porsche Macan EV	Porsche Macan EV
2025E	Audi A6 e-tron / S6 e-tron	VW Transporter Skoda Elroq Skoda Enyaq facelift	VW ID. UNYX 06 Audi A6L e-tron Audi Q6L e-tron Audi E5 Sportback
2026E		Skoda Mid-size Crossover EV Skoda Epiq (LFP added) VW ID. Polo / ID. Cross (LFP added) Audi Q2 e-tron VW Electric Compact SUV Cupra Raval (LFP added) **Porsche Cayenne Electric (early launch; 2027→2026)**	Jetta Electric Compact Sedan Jetta Electric SUV VW ID. CODE **VW ID. UNYX 07 (added)** VW ID. UNYX 08 VW ID.ERA VW ID. AURA Audi Mid-to Large-size EV Audi Mid-size EV
2027E	Audi Electric Large-size SUV Audi Q8 e-tron / SQ8 e-tron *VW ID.4 facelift*	VW ID. EVERY 1 Audi Q8 e-tron / SQ8 e-tron ***VW ID.4 facelift (postponed; 2026→2027)*** ***VW ID.5 facelift (added)***	Audi Mid-size SUV
2028E	**Scout Terra (postponed; 2027→2028)** **Scout Traveler (postponed; 2027→2028)**		***Audi Q5 e-tron facelift (added)***
2029E	**Audi Full-size EV (postponed; 2028→2029)** **Audi A4 e-tron (added)**	**ID. Golf (added)** **VW ID.3 (postponed; 2027→2029)** **Audi A4 e-tron (postponed; 2028→2029)** **Audi Full-size EV (postponed; 2028→2029)**	
2030E	**VW ID Compact SUV (postponed; 2027→2030)**	**Skoda Estate EV (postponed; 2028→2030)** **Audi Electric Full-size SUV (postponed; 2028→2030)** **Porsche Electric Full-size SUV (postponed; 2028→2030)**	

Note: Indicate the launch of facelift versions using italic formatting.

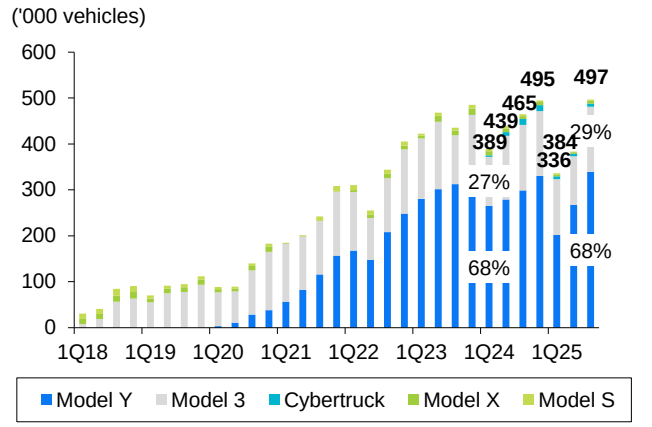
Source: Marklines, Samsung Securities

Sales strategy, by automaker: Tesla

Sales volume falls for all models: Tesla's EV sales volume reached 1.217m units over Jan-Sep 2025, down 5.9% y-y from the 1.293m units booked over Jan-Sep 2024. After seeing 38-40% growth in EV sales volume *pa* in 2022 and 2023, Tesla's sales volume shrank 1.3% in full-year 2024.

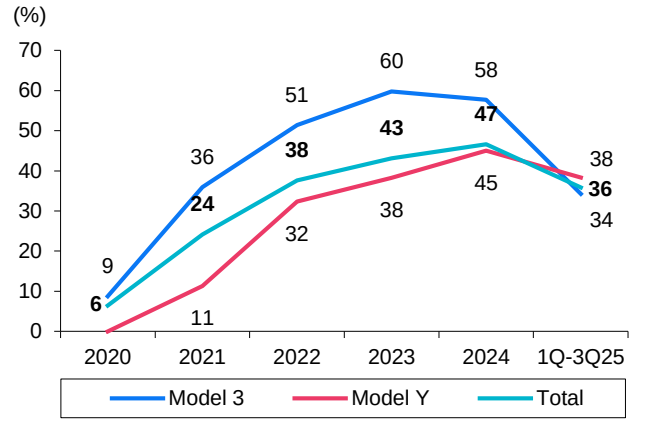
Sales portion of LFP battery-installed EVs slips for three reasons: The portion of Tesla vehicles featuring LFP batteries expanded through end-2024 before falling rapidly in 2025 (Jan-Sep basis). Tesla's LFP battery EV sales volume fell 30.9% over Jan-Sep 2025 to 436,000 units (vs 631,000 units over Jan-Sep 2024), while its sales volume of EVs featuring NCM (including NCMA) and NCA batteries rose 17.2% (from 278,000 units to 325,000 units) and 18.5% (from 384,000 units to 455,000 units), respectively. As such, the LFP battery portion of Tesla's EV sales volume fell to 36% over Jan-Sep 2025 after jumping from 38% in 2022 to 47% in full-year 2024. The decline stemmed from: 1) the effect of President Trump's heavy tariffs on China; 2) the rapid growth of Tesla's energy business (allocating more LFP batteries to its ESS operation); and 3) its bringing ternary batteries to more models. Tesla intends to overcome its sales slump by launching derivative models of its popular EVs in China (*eg*, the Model 3+ and Model Y L). As these derivative models will require improvements in either battery capacity or driving range, they are all likely to feature ternary batteries.

Tesla: Sales volume, by model



Source: EV Volumes, Samsung Securities

Tesla: Portion of EVs powered by LFP batteries



Source: EV Volumes, Samsung Securities

New model launch schedule for 2026; commercialization of mid- to low-end models and Cybercab: The biggest event for Tesla's 2026 new vehicle launch schedule should be the rolling out of mid- to low-end models (*eg*, the Redwood) and the Cybercab. The mid-to low-end models—which were originally scheduled to enter production in 2025—will likely be launched in 2026, though no detailed launch plans have been released. Moreover, the Cybercab (Tesla's robotaxi), which was first disclosed in 2024, should begin mass-production and hit the market in 2Q26, ushering in the full-blown opening of the robotaxi commercialization era. Commercialization of the Cybercab should prove meaningful—it points to the creation of a new demand source (autonomous driving) for batteries.

Tesla: EV sales volume, by major model

Model	Battery supplier*	2023			2024			Jan-Sep 2025		
		Sales volume	Growth rate (% y-y)	Portion of sales (%)	Sales volume	Growth rate (% y-y)	Portion of sales (%)	Sales volume	Growth rate (% y-y)	Portion of sales (%)
Model Y	Panasonic (North America) / BYD (Europe) / CATL (China) / LGES (China/Europe)	1,213,056	57.3	67.0	1,173,920	-3.2	65.7	808,173	-4.2	66.4
Model 3	Panasonic (North America) / CATL (North America, China) / LGES (China)	530,302	11.3	29.3	528,669	-0.3	29.6	369,756	-4.5	30.4
Cybertruck	Tesla (North America)	35			37,775	107,828.6	2.1	18,392	-26.2	1.5
Model X	Panasonic (North America)	42,384	45.9	2.3	29,868	-29.5	1.7	13,131	-42.9	1.1
Model S	Panasonic (North America)	25,354	-32.7	1.4	17,720	-30.1	1.0	7,203	-47.5	0.6
Total		**1,811,131**	**37.8**	**100.0**	**1,787,952**	**-1.3**	**100.0**	**1,216,656**	**-5.9**	**100.0**

Note: * Parentheses denote region of production
Source: EV Volumes, Samsung Securities

Tesla: EV rollout schedule

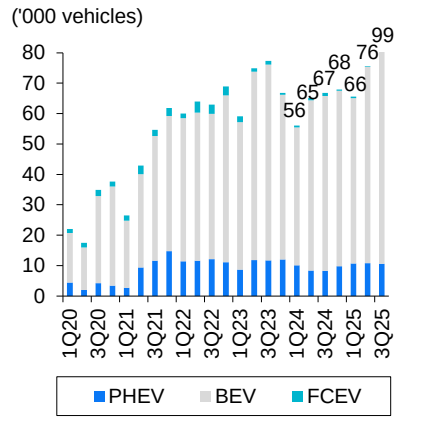
	North America	Europe	China
2021	*Model S refresh* *Model X refresh*	Model Y	Model Y
2022		*Model S refresh* *Model X refresh*	
2023	Cybertruck	*Model 3 refresh (Highland)*	*Model S refresh* *Model X refresh* *Model 3 refresh (Highland)*
2024	*Model 3 refresh (Highland)*		
2025E	*Model Y refresh (Juniper)* Roadster	*Model Y refresh (Juniper)*	*Model Y refresh (Juniper)*
2026E	Compact car (Redwood) Cybercab	Compact car (Redwood)	Compact car (Redwood)
2027E	Model H		
2028E			

Note: Indicate the launch of facelift versions using italic formatting.
Source: Marklines, Samsung Securities

Sales strategy, by automaker: HMG

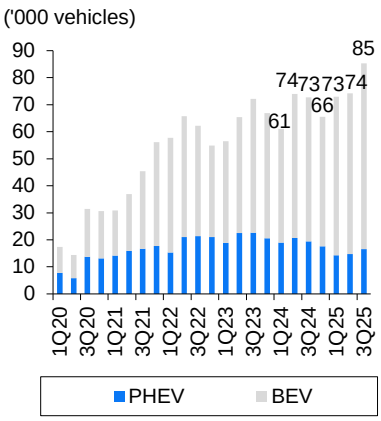
HMG's EV sales volume reached 481,000 units over Jan-Sep 2025 (+19.1% y-y; vs Jan-Sep 2024). Its EV sales volume grew in 2022 (+43%) and in 2023 (+8.6%) before falling in full-year 2024 (-2.8%) for the first time. After seeing its EV sales volume growth slow over 2022-2024, HMG has witnessed a recovery this year.

HMG: HMC's EV sales volume



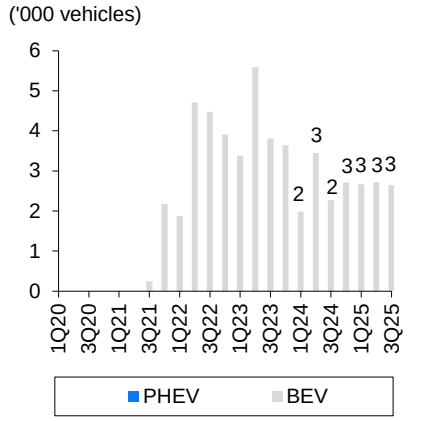
Source: EV Volumes, Samsung Securities

HMG: Kia's EV sales volume



Source: EV Volumes, Samsung Securities

HMG: Genesis's EV sales volume



Source: EV Volumes, Samsung Securities

HMG: EV sales volume, by major model

Model	Battery suppliers*	2023			2024			Jan-Sep 2025		
		Sales volume	Growth Rate (% y-y)	Portion of sales (%)	Sales volume	Growth rate (% y-y)	Portion of sales (%)	Sales volume	Growth rate (% y-y)	Portion of sales (%)
Hyundai Ioniq 5 BEV	SK On (Korea/North America)	102,065	2.4	18.4	103,469	1.4	19.2	82,822	12.0	17.2
Kia EV3 BEV	LGES (Korea)				18,875		3.5	77,605	870.1	16.1
Hyundai Kona BEV	CATL (Korea/Europe)	59,352	0.1	10.7	61,594	3.8	11.4	38,408	-19.2	8.0
Kia EV6 BEV	SK On (Korea/Europe)	80,346	2.1	14.5	67,236	-16.3	12.5	37,968	-27.4	7.9
Hyundai Casper BEV	LGES (Korea)				8,010		1.5	32,084	813.0	6.7
Hyundai Tucson PHEV	SK On (Korea/Europe)	34,465	2.0	6.2	31,702	-8.0	5.9	26,265	12.7	5.5
Kia Sportage PHEV	SK On (Korea/Europe)	38,365	55.9	6.9	39,551	3.1	7.3	25,859	-13.0	5.4
Kia EV9 BEV	SK On (Korea/North America)	12,801		2.3	40,756	218.4	7.5	25,699	-15.3	5.3
Hyundai Ioniq 6 BEV	LGES (Korea)	40,586	247.3	7.3	32,997	-18.7	6.1	22,869	-6.3	4.8
Kia Niro BEV	CATL (Korea)	60,641	137.8	10.9	45,050	-25.7	8.3	16,122	-58.1	3.4
Others		126,814	-28.8	22.8	90,588	-28.6	16.8	95,113	31.9	19.8
Total		**555,435**	**8.6**	**100.0**	**539,828**	**-2.8**	**100.0**	**480,814**	**19.1**	**100.0**

Note: * Parentheses denote region of production

Source: EV Volumes, Samsung Securities

Visible new-car effects vs aging of key models: HMG's EV sales volume trends, by model, have one key trait—*ie*, strong sales of its two key new models (Kia's EV3 and HMC's Casper BEV) have more than offset the aging effects of HMG's other EV models. The sales volume increase of Kia's EV3 (+70,000 units to 78,000 units vs 8,000 units over Jan-Sep 2024) and HMC's Caper BEV (+29,000 units to 32,000 units vs 3,000 units over Jan-Sep 2024) has powered HMG's overall EV sales volume growth this year (+77,000 units to 481,000 units vs 404,000 units over Jan-Sep 2024). Sales of HMG's other EVs have been weak due to their aging, which negative trend is intensifying. Kia's EV6 sales volume dipped 27.4% over Jan-Sep 2025 (vs -16.3% over Jan-Sep 2024), and Kia's EV9 sales volume shrank 15.3% (vs +218.4% over Jan-Sep 2024; the EV was rolled out in 2023).

New model launch schedule for 2026—Kia and Genesis to be key drivers: HMG's new-car launches in 2025 have been driven by Kia. In 2026, HMG's new-car effects should be led by Kia and the Genesis marque (HMC's luxury vehicle brand). Kia plans to launch the EV4 globally and release the EV2 and EV8. Genesis plans to launch the GV90 after a long *hiatus*. HMC has abolished its plan of releasing the Ioniq 4 in 2026—it now only plans to roll out the Ioniq 3 in Europe in 2026.

HMG: BEV rollout schedule

	North America	Europe	China
2021	Hyundai Ioniq 5	Hyundai Ioniq 5 Kia EV6	
2022	Genesis G80 Genesis GV60 Kia EV6 Kia Niro	Genesis GV70 Genesis GV60 Kia Niro Genesis G80	
2023	Genesis GV70 Hyundai Ioniq 6 Kia EV9 Hyundai Kona	Hyundai Kona Hyundai Ioniq 6 Kia EV9	Kia EV5
2024		Kia EV3 Hyundai Casper	
2025E	Hyundai Ioniq 9 Kia EV6 facelift Genesis GV60 facelift Genesis GV70 facelift	Kia EV4, Kia EV5, Kia PV5 Hyundai Ioniq 9 Hyundai Casper crossover Genesis GV60 facelift, GV70 facelift Hyundai Ioniq 6 facelift Kia EV6 facelift	**Kia EV3 (cancelled)** **Hyundai Ioniq 9 (cancelled)** Hyundai EO
2026E	**Kia EV3 (postponed; 2025→2026)** Kia EV4 Kia EV8 Kia PV5 **Hyundai Ioniq 4 (cancelled)** Genesis GV90 **Genesis Mid-size Electric sedan (cancelled)**	**Kia EV8 (postponed; 2025→2026)** Kia EV2 **Hyundai Ioniq 3 (early launch; 2027→2026)** **Genesis Mid-size Electric sedan (cancelled)** Genesis GV90	**Kia EV4 (postponed; 2025→2026)** **Hyundai Ioniq 4 (cancelled)**
2027E	**Hyundai Ioniq 3 (cancelled)** Kia PV7	**Kia EV6 (added)** Kia PV7 **Genesis GV60 (added)**	**Hyundai Ioniq 3 (cancelled)**
2028E	Kia PV1 **Kia EV6 (added)** **Hyundai Ioniq 5 (added)** **Genesis GV60 (added)**	Kia PV1 **Hyundai Ioniq 5 (added)**	
2029E	**Kia Electric Pickup truck (postponed; 2026→ 2029)** **Hyundai Ioniq 6 (added)**	**Kia EV7 (postponed; 2025→2029)** **Hyundai Ioniq 6 (added)**	**Kia EV7 (postponed; 2026→2029)** **Kia EV5 (added)**
2030E	**Kia EV9 (added)** **Genesis G80 (added)**	**Kia EV9 (added)** **Genesis G80 (postponed; 2028→2030)**	

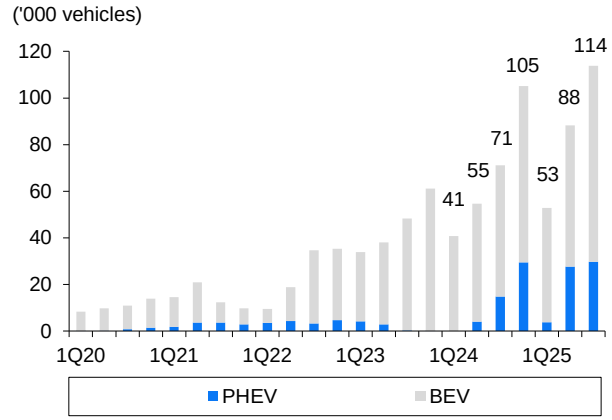
Source: Marklines, Samsung Securities

Sales strategy, by automaker: GM

Sales volume up y-y led by new-car effects in China and US: GM's EV sales volume (excluding sales of the brands belonging to its JV in China, such as Baojun and Wuling) hit 254,000 units over Jan-Sep 2025 (+52.9%; vs 167,000 units over Jan-Sep 2024), extending the strength seen in 2023 (+84.3%) and full-year 2024 (+49.9%).

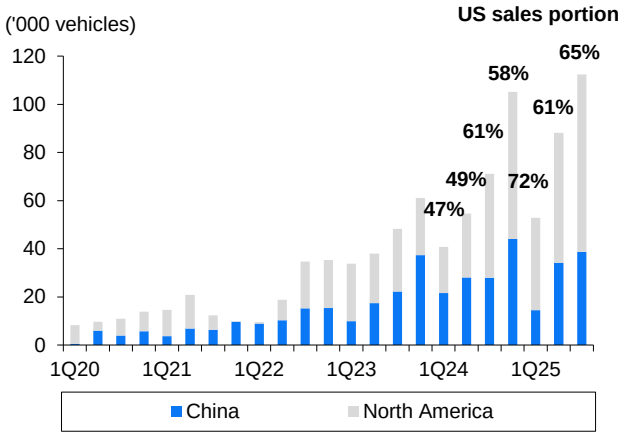
GM's EV sales volume in North America (where its EVs feature batteries made by its JV with LGES) has been growing at a rapid pace. But over the next 12-18 months, its sales volume should prove soft. With the US terminating the IRA EV tax credits (USD7,500/EV) on Sep 30, EV sales in the US have likely plunged (since October). Indeed, GM's EV sales hit just 10,707 units in October (-58% m-m and +10% y-y). According to foreign media reports, GM's two JV plants with LGES (in Ohio and Tennessee) will stop operations from Jan 2026 until mid-2026. GM's EV sales should reach their nadir in 1H26.

GM: EV sales volume, by type



Note: Excludes brands under SGMW (Baojun, Wuling), in which GM is the second largest shareholder (44% stake)
Source: EV Volumes, Samsung Securities

GM: EV sales volume, by region



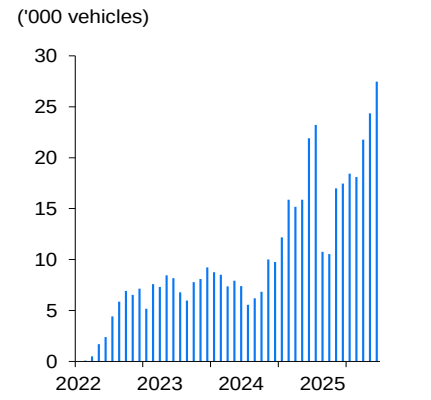
Note: Excludes brands under SGMW (Baojun, Wuling), in which GM is the second largest shareholder (44% stake)
Source: EV Volumes, Samsung Securities

GM: EV sales volume, by major model

Model	Battery suppliers*	2023			2024			Jan-Sep 2025		
		Sales volume	Growth rate (% y-y)	Portion of sales (%)	Sales volume	Growth rate (% y-y)	Portion of sales (%)	Sales volume	Growth rate (% y-y)	Portion of sales (%)
Chevrolet Equinox BEV	LGES (Mexico/China)				47,780		17.6	61,662	241.3	24.2
Buick GL8 PHEV	Zenergy (China)				46,499		17.1	59,432	235.3	23.3
Chevrolet Blazer BEV	LGES (Mexico)	670		0.4	28,710	4185.1	10.6	22,567	18.9	8.9
Buick Electra E5 BEV	CATL (China)	30,399		16.8	19,531	-35.8	7.2	19,952	58.9	7.8
Cadillac Lyriq BEV	LGES (US) / CATL (China)	14,486	471.9	8.0	33,614	132.0	12.4	19,604	-18.5	7.7
GMC Hummer SUV BEV	LGES (US)	3,495	309.3	1.9	16,026	358.5	5.9	14,306	42.6	5.6
Cadillac Optiq BEV	LGES (Mexico) / CATL (China)				2,400		0.9	12,959	543.1	5.1
Chevrolet Silverado BEV	LGES (US)	461		0.3	9,366	1931.7	3.4	11,476	80.9	4.5
GMC Sierra BEV	LGES (US)				1,788		0.7	7,292	1784.2	2.9
Cadillac Escalade IQ BEV	LGES (US)				751		0.3	6,681		2.6
Others		131,814	38.8	72.7	65,360	-50.4	24.0	18,927	-66.5	7.4
Total		**181,325**	**84.3**	**100.0**	**271,825**	**49.9**	**100.0**	**254,858**	**52.9**	**100.0**

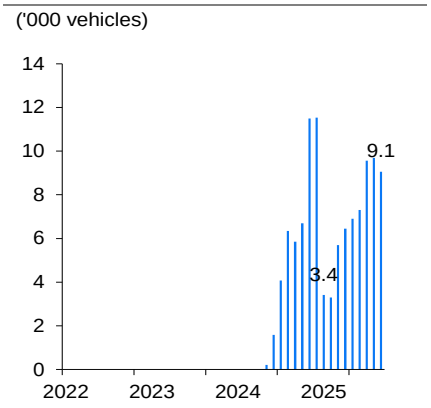
Note: * Parentheses denote region of production
Source: EV Volumes, Samsung Securities

North America: GM's total EV sales volume



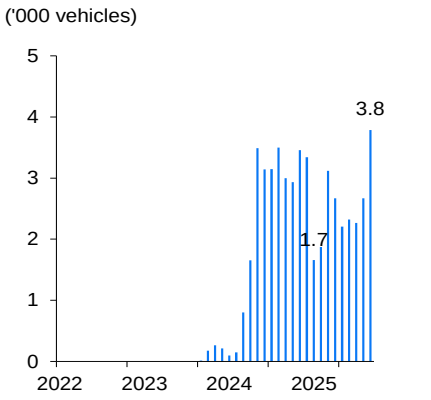
Source: EV volumes, Samsung Securities

North America: Sales volume of Chevrolet Equinox BEV



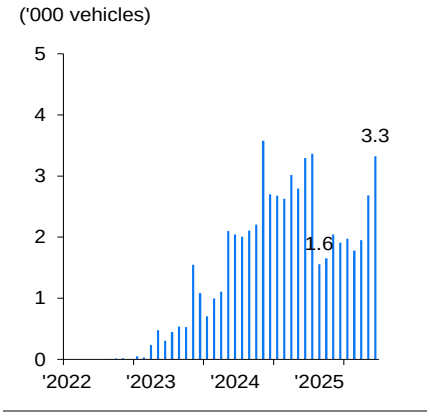
Source: EV volumes, Samsung Securities

North America: Sales volume of Chevrolet Blazer BEV



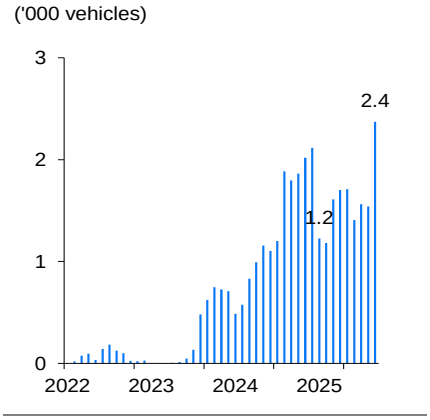
Source: EV volumes, Samsung Securities

North America: Sales volume of Cadillac Lyriq BEV



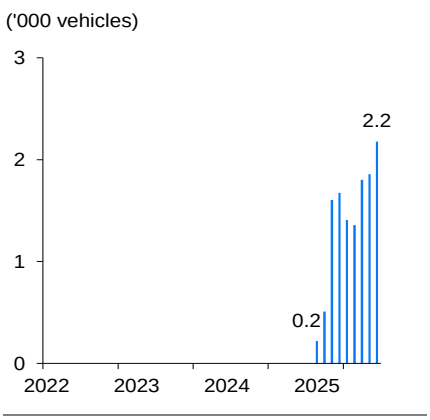
Source: EV volumes, Samsung Securities

North America: Sales volume of GMC Hummer BEV



Source: EV volumes, Samsung Securities

North America: Sales volume of Cadillac Optiq BEV



Source: EV volumes, Samsung Securities

New model launch schedule for 2026—sharp cuts centered on US: As stated already, GM plans to halt operation at its two JV battery plants in 1H26. Its 2026 new-car lineup now shows its strong determination to cut EV production—its new-car launch plan for 2026 has been toned down significantly vs its plan six months ago. Its 6-model rollout plan for 2026 has been scrapped in its entirety, and its rollout plan for the Chevrolet Bolt EV has been delayed from end-2025 to 2026. Factoring in the termination of the IRA EV tax credits and the resultant worsening of its cost competitiveness, GM has scrapped the plan of: 1) concurrently rolling out EV versions of its newly-launched ICE vehicles (*eg*, the GMC Canyon and GMC Savana); and 2) releasing EV-dedicated models (the Cadillac Compact electric sedan, Buick Compact electric crossover, Chevrolet EV sedan, and the Chevrolet Express EV).

The scrapping of the launch plan centers on EV models that are likely the most sensitive to the ending of the tax credit (USD7,500/EV). Most of the cancellations are mid-sized sedans or crossover models, for which the subsidy portion of the EV price would have been high. In other words, the rolling out of EVs that are most sensitive to subsidies should be pushed back, or those EVs should use low-end batteries. To utilize its battery production capacity, GM is likely to roll out various large EVs. GM has kept its 2027 new EV rollout plan (three EV models) intact—*ie*, its plan to release the Chevrolet Suburban EV, Chevrolet Tahoe EV, and the GMC Yukon, all three of which are large-sized autos.

The most notable 2026 launch should be the return of the Bolt EV to North America. Initially a flagship EV model, it was discontinued at end-2023 but should be relaunched in 1H26. However, the new model is likely to use LFP batteries rather than batteries (high nickel) made by its JV Ultum Cells, as cheaper component sourcing has become more imperative for price-sensitive smaller cars (after the US EV tax credit expired in September). Because there is currently no US supply chain for EV-use LFP batteries, the model will initially use imported LFP batteries made by CATL, transitioning to US sourcing once LFP supply chains in the US have been established (likely in 2027). As a result, even though the Bolt EV is entering a high-volume segment, its launch is unlikely to benefit Korean battery makers in 2026.

GM: BEV rollout schedule

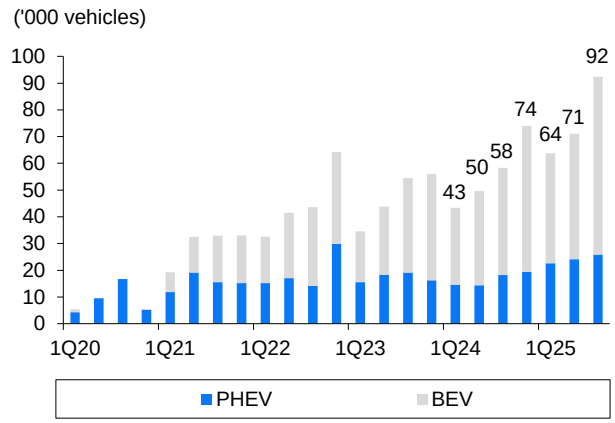
	North America	Europe	China
2021	Chevrolet Bolt EUV GMC Hummer EV Pickup Chevrolet Brightdrop 600		*Baojun KiWi EV* *Wuling Nano EV*
2022	Cadillac Lyriq Cruise AV		Cadillac Lyriq *Wuling Air EV*
2023	Chevrolet Silverado EV Chevrolet Blazer EV GMC Hummer EV SUV Chevrolet Brightdrop 400	Cadillac Lyriq	*Baojun Yep* Buick Electra E5 *Wuling Bingo* Buick Electra E4 *Baojun Yunduo* *Wuling Xingguang*
2024	GMC Sierra EV Chevrolet Equinox EV Cadillac Escalade IQ		Cadillac Optiq *Baojun Yep PLUS* *Wuling Hongguang EV* *Wuling Xingguang S* *Baojun Yunhai* *Wuling Bingo PLUS* *Wuling Yangguang*
2025E	Cadillac Optiq Cadillac Vistiq Cadillac Celestiq		**Chevrolet Equinox EV (cancelled)** *Wuling Hongguang MINI EV 4-Door* *Wuling Sunshine EV* *Baojun Xiangjing* **Buick Electra Encasa (added)** ***Wuling Bingo S (added)*** ***Wuling Xingguang 560 (added)*** ***Wuling Xingguang 730 (added)***
2026E	**Chevrolet Bolt EV (postponed; 2025→2026)** **Cadillac Compact electric sedan (cancelled)** **Buick Compact electric crossover (cancelled)** **GMC Canyon EV (cancelled)** **Chevrolet EV sedan (cancelled)** **Chevrolet Express EV (cancelled)** **GMC Savana (cancelled)**		**Cadillac Vistiq (added)** **Buick Electra SUV (added)** ***Baojun Huajing S (added)***
2027E	Chevrolet Suburban EV Chevrolet Tahoe EV GMC Yukon		***Baojun KiWi EV (cancelled)***
2028E	**Cadillac Mid-size electric sedan (cancelled)** **Chevrolet Corvette EV (cancelled)** **Light Commercial EV Van (added)**		***Baojun Yep (added)*** ***Wuling Nano EV (cancelled)***
2029E	**Cadillac Lyriq (added)**		***Wuling Air EV (added)*** ***Wuling Bingo (added)***
2030E			

Note: Brands under SGMW (Baojun, Wuling), in which GM is the second largest shareholder (44% retained) are italicized.
Source: Marklines, Samsung Securities

Sales strategy, by automaker: Ford

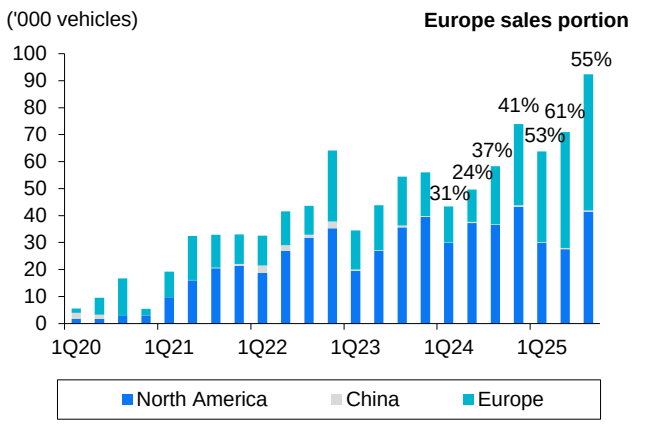
Ford—new-car effects in Europe: Ford's EV sales volume rose 50.2% y-y to 227,000 units over Jan- Sep 2025 (vs 151,000 units over Jan-Sep 2024). After surging 54.6% in 2022, the US automaker's EV sales grew just 3.8% in 2023 before accelerating to 19.3% in full-year 2024 and 50.2% over Jan-Sep 2025.

Ford: EV sales volume, by type



Source: EV Volumes, Samsung Securities

Ford: EV sales volume, by region



Source: EV Volumes, Samsung Securities

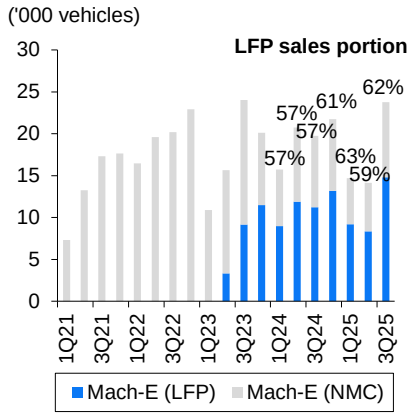
Ford: EV sales volume, by major model

Model	Battery suppliers*	2023			2024			Jan-Sep 2025		
		Sales volume	Growth rate (% y-y)	Portion of sales (%)	Sales volume	Growth rate (% y-y)	Portion of sales (%)	Sales volume	Growth rate (% y-y)	Portion of sales (%)
Ford Mustang Mach-E BEV	CATL/ LGES (Mexico)	70,737	-10.7	37.5	77,998	10.3	34.6	52,616	-6.4	23.2
Ford Kuga / Escape PHEV	Samsung SDI (US/Europe)	63,609	-4.5	33.7	55,135	-13.3	24.5	44,440	7.2	19.6
Ford Explorer (Europe) BEV	CATL (Europe)	3		0.0	15,872	528966.7	7.0	30,594	427.6	13.5
Ford F-150 Lightning BEV	SK On (US)	27,983	79.1	14.8	37,963	35.7	16.9	24,793	-3.1	10.9
Ford Puma BEV	LGES (Europe)				3			12,272		5.4
Ford E-Transit Van BEV	SK On (US/ Europe)	20,796	92.8	11.0	22,455	8.0	10.0	11,436	-30.3	5.0
Ford Capri BEV	CATL (Europe)				1,931		0.9	11,410		5.0
Ford Transit Custom PHEV	Samsung SDI (Europe)				3,614		1.6	9,882	929.4	4.3
Ford E-Transit Custom BEV	SK On (Europe)				1,968		0.9	8,156	116414.3	3.6
Ford Tourneo Custom PHEV	Samsung SDI (Europe)	15	-85.1	0.0	1,404	9260.0	0.6	6,666	2289.2	2.9
Others		5,661	-40.5	3.0	6,912	22.1	3.1	14,933	227.6	6.6
Total		**188,804**	**3.8**	**100.0**	**225,255**	**19.3**	**100.0**	**227,198**	**50.2**	**100.0**

Note: * Parentheses denote region of production

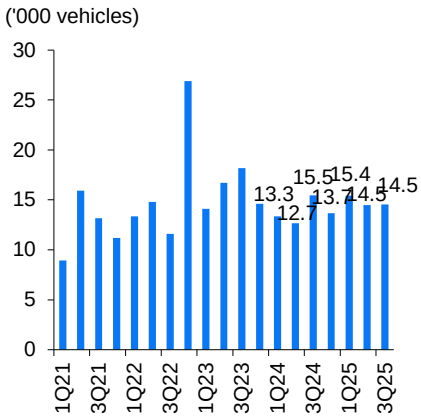
Source: EV Volumes, Samsung Securities

Ford Mach-E BEV: EV sales volume, by battery chemistry



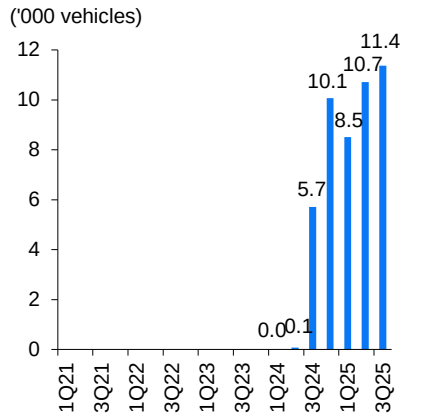
Source: EV Volumes, Samsung Securities

Ford: Sales volume of Escape PHEV



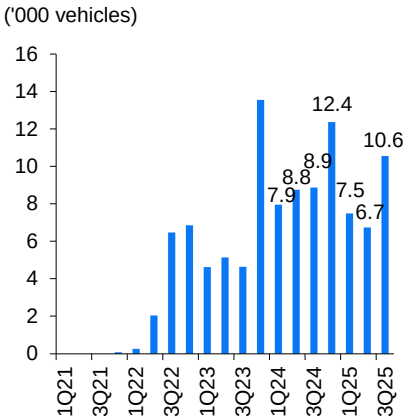
Source: EV Volumes, Samsung Securities

Ford: Sales volume of Explorer BEV



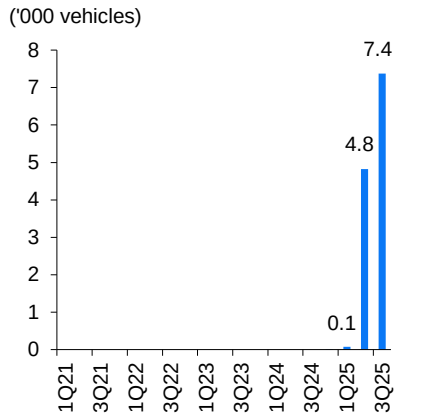
Source: EV Volumes, Samsung Securities

Ford: Sales volume of F-150 Lightning



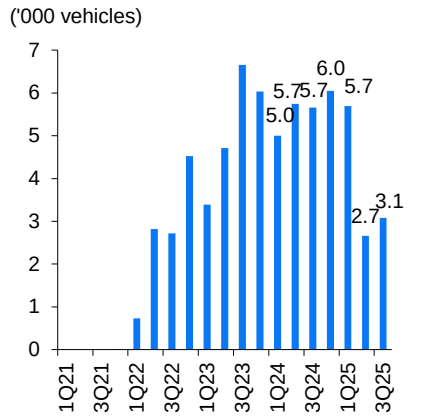
Source: EV Volumes, Samsung Securities

Ford: Sales volume of Puma BEV



Source: EV Volumes, Samsung Securities

Ford: Sales volume of E-Transit Van BEV



Source: EV Volumes, Samsung Securities

2026 new model schedule—no new launches outside of Europe: Apart from one model in Europe, Ford has no new EV launches planned for 2026. Having released six new EVs in Europe last year and one in 2025, the company is enjoying new model effects in the form of sales growth. Only one new model is expected to be debuted next year (the redesigned E-Transit in Europe). In contrast, the company has no new model launches scheduled for next year in the US (its home market).

Battery JV starts production amid limited new-car releases: BlueOval SK, a joint venture (JV) between Ford and SK On, originally aimed to build three battery plants in the US: Two in Kentucky and one in Tennessee. The Kentucky plant #1 (37 GWh; the Kentucky plant #2 has been postponed) came online in August, while the Tennessee plant (45 GWh) is on track to start commercial operations in 2026. SK On has already shifted battery manufacturing (for batteries for use in the F-150 Lightning and E-Transit) from its North American plant (in Georgia) to the Kentucky plant #1. But as EV demand has plunged following the expiry of the US EV tax credit, and further as Ford plans to launch just one EV in 2026, it remains unclear as to whether: 1) utilization at the Kentucky plant #1 will be ramped up quickly; and 2) the Tennessee plant will start commercial operations in 2026 as planned.

Ford: BEV rollout schedule

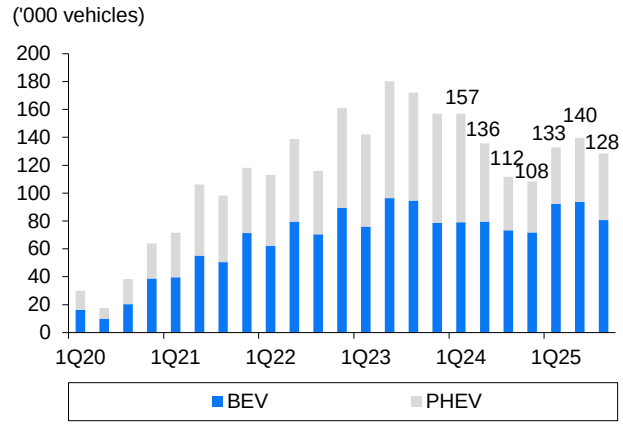
	North America	Europe	China
2021	Ford Mustang Mach-E	Ford Mustang Mach-E	Ford Mustang Mach-E
2022	Ford F-150 Lightening Ford E-Transit	Ford E-Transit	
2023			
2024		Ford E-Transit Custom Ford Explorer EV Ford Capri Ford E-Tourneo Custom Ford E-Tourneo Courier Ford E-Transit Courier	
2025E		Ford Puma EV	
2026E		**Ford E-Transit EV (added)**	
2027E	**Lincoln Aviator EV (cancelled)** **Ford Explorer EV (cancelled)** Ford Mid-size Electric pickup **Ford Mustang Mach-E (added)**		**Ford Mustang Mach-E (added)**
2028E	**Lincoln Corsair-E (postponed; 2026→2028)** **Next-generation Electric pickup (postponed; 2027→2028)** **Compact electric SUV (added)** **Ford E-Transit EV (added)**	**Ford Mustang Mach-E (added)**	
2029E			
2030E			

Source: Marklines, Samsung Securities

Sales strategy, by automaker: Stellantis

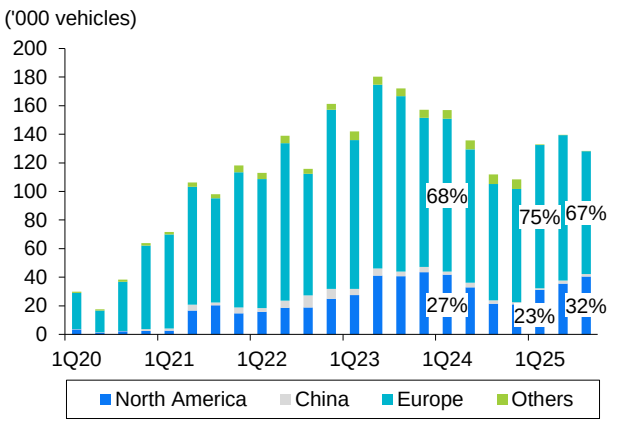
Stellantis concentrates on EV sales before US tax credit expires: Stellantis' EV sales volume fell 0.9% y-y to 401,000 units over Jan-Sep 2025 (vs 404,000 units over Jan-Sep 2024). After expanding 34.3% in 2022 and 23.8% in 2023, its EV sales decreased 21.3% in full-year 2024 (the weakest performance among major automakers) and has fallen further ytd (Jan-Sep basis). Its sales volume over Jan-Sep 2025 for BEVs rose 14.9% y-y to 267,000 units (vs 232,000 units over Jan-Sep 2024) but dipped 22.2% y-y for PHEVs (from 172,000 units to 134,000 units).

Stellantis: EV sales volume, by type



Source: EV Volumes, Samsung Securities

Stellantis: EV sales volume, by region



Source: EV Volumes, Samsung Securities

Stellantis: EV sales volume, by major model

Model	Battery suppliers*	2023			2024			Jan-Sep 2025		
		Sales volume	Growth rate (% y-y)	Portion of sales (%)	Sales volume	Growth rate (% y-y)	Portion of sales (%)	Sales volume	Growth rate (% y-y)	Portion of sales (%)
Jeep Grand Cherokee PHEV	Samsung SDI (US)	50,846	530.5	7.8	32,803	-35.5	6.4	39,190	40.0	9.8
Citroen e-C3 BEV	SVOLT (Europe/India)	2,416		0.4	13,812	471.7	2.7	39,186	530.9	9.8
Jeep Wrangler PHEV	Samsung SDI (US)	76,285	43.2	11.7	61,567	-19.3	12.0	38,372	-20.8	9.6
Peugeot e-208 BEV	CATL (Europe)	51,186	3.9	7.9	39,332	-23.2	7.7	17,824	-46.1	4.4
Fiat 500 BEV	Samsung SDI (Europe)	66,659	-0.5	10.2	33,196	-50.2	6.5	17,760	-35.7	4.4
Peugeot e-2008 BEV	CATL (Europe)	25,461	-13.2	3.9	24,442	-4.0	4.8	16,882	-13.9	4.2
Peugeot e-3008 BEV	BYD/ACC (Europe)	1		0.0	14,781	1478000.0	2.9	16,319	75.1	4.1
Opel/Vxh. Corsa-e BEV	CATL (Europe)	34,353	18.4	5.3	22,307	-35.1	4.3	14,587	-19.4	3.6
Jeep Avenger BEV	CATL (Europe)	12,608	1260700.0	1.9	17,303	37.2	3.4	11,073	-18.9	2.8
Jeep Wagoneer S BEV	Samsung SDI (Mexico)	0		0.0	202		0.0	11,000	19198.2	2.7
Others		382,627	27.1	58.7	285,878	-25.3	55.7	217,905	-4.6	54.4
Total		**651,596**	**23.2**	**100.0**	**512,820**	**-21.3**	**100.0**	**400,908**	**-0.9**	**100.0**

Note: * Parentheses denote region of production
Source: EV Volumes, Samsung Securities

2026 new model schedule—some launches postponed: Stellantis began selling its new EVs built on a dedicated platform (STLA) in 2024. But due to weaker than expected sales and the elimination of US EV tax credits further pressuring profitability, it delayed the launch of some new models originally planned for 2026. The US is the region most affected by automakers' schedule adjustments. Of the four new models originally planned for 2026, two (Alfa Romeo E-Giulia and Alfa Romeo E-Stelvio) have been pushed back to 2028.

JV plants with Korean battery makers repurposed for ESS production: Despite postponed new launches and weaker-than-expected sales of new models, Stellantis has brought online its JV battery plants with Samsung SDI (US; up to 34 GWh of capacity) and LGES (Canada; up to 50 GWh). But due to sluggish EV sales, the JV battery plants with Samsung SDI and LGES are being reconfigured to produce ESS batteries. At the JV plant with Samsung SDI, ternary (NCA) and LFP ESS battery capacity will be raised to 30 GWh by end-2026. The JV plant with LGES is slated to commence LFP ESS battery production in Nov 2026, and the plant's capacity is expected to be raised to around 15 GWh.

North American ESS line strategy to be followed by other automakers: The repurposing taking place at Stellantis' JV plants with Korean battery makers (EV batteries → ESS batteries) is expected to serve as a benchmark for many automakers for two reasons. First, automakers would be able to quickly maximize IRA AMC benefits. Plant utilization must be quickly ramped up to receive the IRA AMPC, which credit is available only until end-2032. With EV demand expected to remain weak over the next 1-2 years, prioritizing ESS battery production, an area where demand is currently strong, can help maximize subsidy receipts. Second, automakers would be able to accumulate mass-production experience in LFP batteries. There is currently no US LFP battery production capacity for EVs—most existing facilities are for high-nickel batteries. As global EV demand falls short of expectations and clients increasingly shift towards lower-cost battery solutions, early experience in LFP battery production (even if for ESS applications) should provide a strategic advantage when building a US LFP supply chain for EVs. As a result, more automakers investing in North America are likely to convert portions of their battery plants into ESS-use LFP production lines.

Stellantis: BEV rollout schedule

	North America	Europe
2021		Opel/Vxh Combo electric / Opel/Vxh Movano-e Citroen e-Berlingo / Fiat E-Ducato Peugeot E-Partner / Peugeot E-Rifter
2022		Citroen e-C4 X / Citroen e-Jumper / e-Relay Opel Rocks-e / Fiat E-Doblo Fiat E-Scudo / Fiat E-Ulysse
2023		Peugeot E-308 / E-308 SW Opel/Vxh Astra-e / Opel/Vxh Astra Sports Tourer Electric Jeep Avenger Electric / Fiat 600e
2024	Ram ProMaster EV Fiat 500e	*Maserati Grecale Folgore BEV (STLA Large)* *Peugeot e-5008 (STLA Medium)* / Peugeot e-408 *Peugeot e-3008 (STLA Medium)* *Opel Grandland-e (STLA Medium)* Citroen e-C3 / e-C3 Aircross Alfa Romeo Junior Electric / Fiat Topolino Lancia Ypsilon EV
2025E	**Jeep Cherokee EV (STLA Large) (cancelled)** *Dodge Charger Daytona (STLA Large)* *Jeep Recon (STLA Large)* *Jeep Wagoneer S (STLA Large)*	*Citroen Ami / Fiat Tipo Electric (STLA Small)* *DS N8 (STLA Medium)* *DS N4 E-Tense (STLA Medium)* Fiat Grande Panda **Peugeot E-Expert (added)** Opel/Vxh. Frontera-e *Jeep Compass (STLA Medium)*
2026E	*Chrysler Mid-size crossover SUV (STLA Large)* *Dodge Mid-size crossover SUV (STLA Large)*	***DS 7 Electric (STLA Medium) (postponed; 2025→2026)*** ***Peugeot E-208 (STLA Small) (added)*** *Jeep Renegade EV (STLA Small)* ***Opel Corsa Electric (STLA Small) (added)*** *Lancia Gamma (STLA Medium) / DS 5 Crossback (STLA Medium)*
2027E	*Jeep Renegade EV (STLA Small)* *Alfa Romeo Full-size EV (STLA Large)* *Ram Mid-size pickup (STLA Frame)* Chrysler Pacifica EV Jeep Wagoneer/Wagoneer L EV Jeep Grand Wagoneer/Grand Wagoneer L *Dodge Durango (STLA Large)*	***Peugeot E-2008 (STLA Small) (added)*** ***Alfa Romeo E-Giulia (STLA Large) (postponed; 2026→2027)*** ***Alfa Romeo E-Stelvio (STLA Large) (postponed; 2026→2027)*** *Citroen e-C4 (STLA Medium)* ***DS 3 E-Tense (STLA Medium) (added)*** ***Fiat 500e (STLA Small) (added)***
2028E	*Jeep Wrangler EV (STLA Large)* ***Alfa Romeo E-Giulia (STLA Large) (postponed; 2026→2028)*** ***Alfa Romeo E-Stelvio (STLA Large) (postponed; 2026→2028)*** ***Ram Full-size SUV (STLA Frame) (added)***	*Lancia Delta (STLA Medium)* *Citroen e-C4 X (STLA Medium)*
2029E		
2030E		

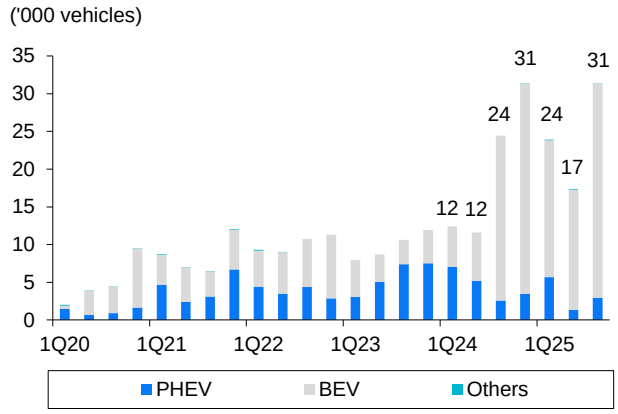
Note: Vehicles built on dedicated EV platform (STLA) italicized.

Source: Marklines, Samsung Securities

Sales strategy, by automaker: Honda

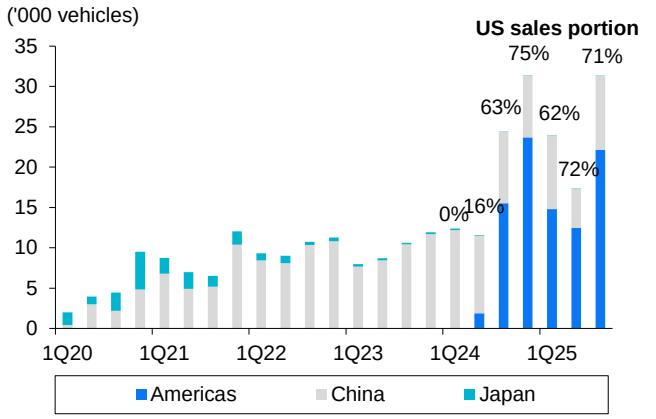
Honda—North America new-car effects continue: Honda's EV sales volume rose 49.9% y-y over Jan- Sep 2025 to 73,000 units (vs 48,000 units over Jan-Sep 2024). After decelerating to -2.8% in 2023, its EV sales grew 103.4% in full-year 2024 and remained resilient over Jan-Sep 2025 (+49.9% y-y) thanks to sustained new-model effects.

Honda: EV sales volume, by type



Source: EV Volumes, Samsung Securities

Honda: EV sales volume, by region



Source: EV Volumes, Samsung Securities

Honda: EV sales volume, by major model

Model	Battery suppliers*	2023			2024			Jan-Sep 2025		
		Sales volume	Growth rate (% y-y)	Portion of sales (%)	Sales volume	Growth rate (% y-y)	Portion of sales (%)	Sales volume	Growth rate (% y-y)	Portion of sales (%)
Honda Prologue BEV	LGES (Mexico)				33,549		42.0	37,326	160.7	51.4
Acura ZDX BEV	LGES (US)				7,506		9.4	11,915	287.5	16.4
Honda CR-V PHEV	CATL (China)	10,541	1.0	26.9	8,361	-20.7	10.5	4,675	-39.0	6.4
Honda Accord PHEV	CATL (China)	6,961		17.7	6,400	-8.1	8.0	3,114	-30.6	4.3
Honda e:NS1 BEV	CATL (China)	6,232	10.8	15.9	2,112	-66.1	2.6	2,568	60.8	3.5
Honda e:NP2 BEV	CATL (China)				2,694		3.4	2,359	55.4	3.3
Honda Ye S7 BEV	CATL (China)							2,233		3.1
Others		15,498	-36.3	39.5	19,170	23.7	24.0	8,376	-46.9	11.5
Total		**39,232**	**-2.8**	**100.0**	**79,792**	**103.4**	**100.0**	**72,566**	**49.9**	**100.0**

Note: * Parentheses denote region of production
Source: EV Volumes, Samsung Securities

2026 new model schedule—slower push into North American market: Compared with six month ago, Honda's 2026 EV launch schedule has not changed much. However, the company now sees a higher likelihood of delays for certain models and has a more conservative sales target even for its new models. Honda planned to launch a dedicated EV platform (Honda Zero) next year and make a strong push into North America, but recently discontinued the Acura ZDX (an EV) after just one year in production (after) the US EV tax credit expiry. The firm also stated that it has no plans to introduce sub-USD30,000 mass-market EVs in the US before 2030 and will instead prioritize launching low- to mid-priced EVs in Japan, Europe, and India. This explains why Honda's new models, the Super-N and 0 Alpha, have only been confirmed for release in Europe in 2026 and 2027, respectively.

Honda-LGES JV plant to begin commercial operations in 2026: We are paying attention to Honda, despite its limited presence in the US, as its battery JV with LGES (L-H Battery Company; 51% owned by LGES, 49% by Honda) is scheduled to begin commercial operations in 2026. A total of KRW6t has been committed by the two companies to establish battery capacity of up to 40 GWh, which plant should begin production in 1H26. But its initial utilization should be less than 25% (10 GWh) given the worsened EV demand outlook in the US. Similar to other automakers, to make up for the lack of EV demand, Honda is likely to consider partially repurposing the plant for ESS battery production.

Honda: BEV rollout schedule

	North America	Europe	China
2021			
2022			Honda e:NS1 Honda e:NP1
2023		Honda e:Ny1	
2024	Honda Prologue Acura ZDX		Honda e:NS2 Honda e:NP2 Honda Lingxi L
2025E			Honda Ye S7 Honda Ye P7 Honda Ye GT
2026E	*Acura RSX (Honda Zero)* *Honda 0 Saloon (Honda Zero)* *AFEELA 1 (Honda Zero)* *Honda 0 SUV (Honda Zero)*	*Honda 0 Saloon (Honda Zero)* *Honda 0 SUV (Honda Zero)* **Honda Super-N (added)**	Honda e:N Coupe
2027E	AFEELA Electric SUV *Honda Full-size electric SUV (Honda Zero)*	**Honda 0 Alpha (added)**	
2028E	AFEELA Compact EV		
2029E			**Honda e:NS1 (added)** **Honda e:NP1 (added)**
2030E		**Honda e:Ny1 (added)**	**Honda e:NS2 (added)** **Honda e:NP2 (added)** **Honda Lingxi L (added)**

Note: Vehicles based on dedicated EV platforms (Honda Zero) are italicized.
Source: Marklines, Samsung Securities

2026 market outlook and industry issues

2026 EV battery & ESS market outlook

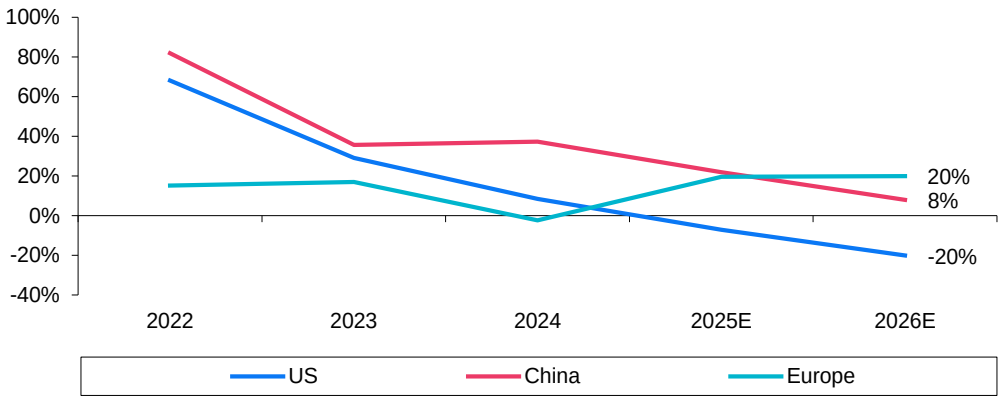
xEV battery demand to increase 21% in 2026

Global EV sales volumes to hit 23.52m units in 2026: As of November, our autos team forecasts global EV sales will rise 22% to 21.5m units in 2025 (+21% vs 2023). 2025 EV sales in: 1) China should remain strong, surpassing our previous forecast of 20.43m units; 2) Europe should expand to 3.7m units; and 3) the US should contract 7% (as the repeal of EV mandates should impact sales in 4Q25).

Our autos team also forecasts that the global EV sales volume will rise 9.4% to 23.52m units in 2026. Growth in China should slow to 8% due to the nation's high EV penetration and the country's anti-involution initiatives. EV sales in Europe should maintain robust growth (+20%) thanks to automakers pushing EV sales there to meet 2026 CO_2 emissions targets. The US market, however, is likely to shrink 20% due to the high base (aggressive buying before tax credits expired) and minimal new EV rollouts.

The global xEV battery market (including HEVs) should expand around 11% to USD144.1b in 2026, as: 1) battery demand should grow 21% from 1.3 TWh in 2025 to 1.6 TWh in 2026; and 2) battery ASPs (based on battery packs) should fall 8.5% from USD100/kWh in 2025 to USD91/kWh in 2026 due to the widespread adoption of cost-competitive LFP batteries and greater economies of scale across the battery supply chain.

Annual EV sales growth trends, by region



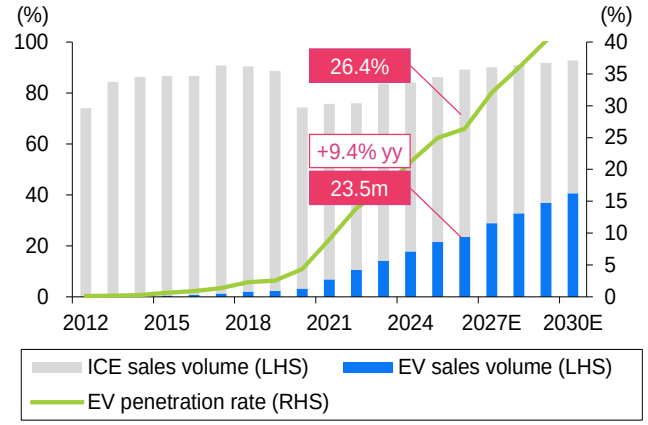
Source: EV Volumes, Samsung Securities estimates

EV sales volume, growth rates, and EV battery market

(Mil vehicles)		2022	2023	2024	2025E	2026E
EV	**Global**	**10.6**	**14.2**	**17.8**	**21.5**	**23.5**
	Chg (% y-y)	55.3	34.5	25.3	20.7	9.4
	US	**1.1**	**1.5**	**1.6**	**1.5**	**1.2**
	Chg (% y-y)	68	29	9	-7	-20
	China	**6.2**	**8.4**	**11.5**	**14.0**	**15.2**
	Chg (% y-y)	82	36	37	22	8
	Europe	**2.7**	**3.2**	**3.1**	**3.7**	**4.4**
	Chg (% y-y)	15	17	-2	20	20
EV battery	**xEV battery demand (GWh)**	**617.3**	**846.6**	**1,050.7**	**1,336.8**	**1,617.2**
	Chg (% y-y)	56.0	37.1	24.1	27.2	21.0
	ASP (USD/kWh)*	**166**	**144**	**115**	**100**	**91**
	Chg (% y-y)	7.1	-13.3	-20.1	-13.2	-8.5
	Market size (USDb)	**102.5**	**121.9**	**120.8**	**133.5**	**147.8**
	Chg (% y-y)	67.0	19.0	-0.9	10.5	10.7

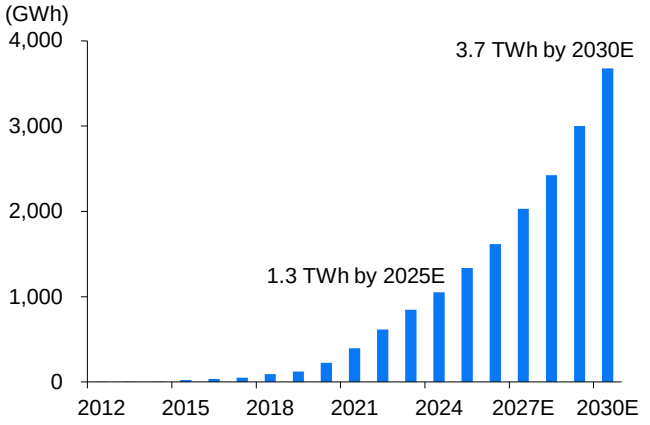
Note: Based on battery pack
Source: EV Volumes, BNEF, Samsung Securities estimates

Global EV market outlook



Source: EV Volumes, Samsung Securities estimates

Global xEV battery shipment outlook



Source: EV Volumes, Samsung Securities estimates

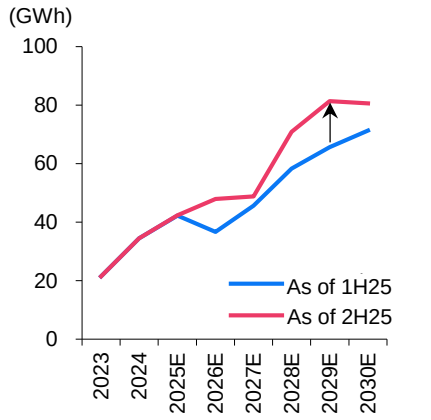
Global ESS battery market to grow 46%

ESS market expanding faster than EV battery market; China accounts for 53% of global ESS demand: According to BNEF, the global ESS market will grow 34% to 247 GWh in 2025 and 46% to 360 GWh in 2026. By region, China is expected to account for 53% of the ESS market in 2025 and 46% in 2026, while Europe should account for 19% and 21%, respectively. BNEF has also revised up its 2026 ESS forecast by 40% compared to the estimate it made in 1H25, with over half of the upward revision attributable to stronger ESS demand in China.

Growth of the ESS market is being driven by policies: 1) China's reinforced ESS installation mandates; 2) easing US trade-related uncertainties; 3) accelerated US project launches (to qualify for tax credits); and 4) a growing number of large-scale grid projects in Europe. After 2025, Europe's ESS market should transition from residential storage to grid-scale applications and keep growing through 2030.

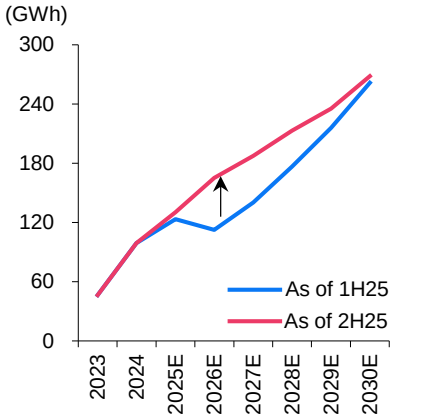
The ESS portion of the EV/ESS market (combined) should edge up from 16% in 2025 to 18% in 2026 before gradually declining. Global EV/ESS battery demand (excluding e-mobility applications) should increase from 1.6 TWh in 2025 to 2 TWh in 2026. While the US market (EV/ESS market combined) should shrink in 2026 on sluggish EV demand, the European EV/ESS market (combined) should post the highest growth rate in the world thanks to new ESS deployments.

Change in US ESS demand outlook



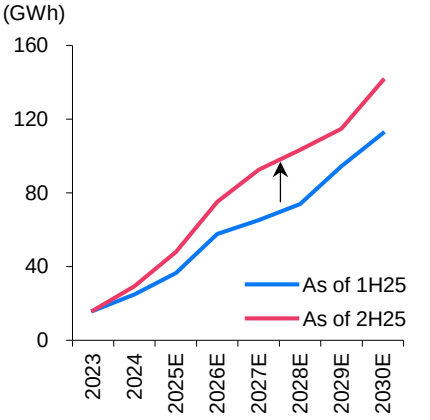
Source: BNEF

Change in China ESS demand outlook



Source: BNEF

Change in Europe ESS demand outlook



Source: BNEF

Global EV and ESS battery demand outlook

	Demand (GWh)	2022	2023	2024	2025E	2026E
Global	EV	617.3	846.6	1,050.7	1,336.8	1,617.2
	ESS	37.1	96.0	183.8	247.1	359.9
	Growth (% y-y)		159	91	34	46
	ESS portion	6	10	15	16	18
	EV+ESS	654.4	942.6	1,234.6	1,584.0	1,977.0
	Growth (% y-y)		44	31	28	25
US	EV	76.6	98.6	114.5	108.8	87.5
	ESS	12.1	21.5	34.5	42.4	48.0
	Growth (% y-y)		78	61	23	13
	ESS portion	14	18	23	28	35
	EV+ESS	88.7	120.0	149.0	151.1	135.5
	Growth (% y-y)		35	24	1	-10
China	EV	272.0	372.1	496.9	633.3	751.3
	ESS	12.3	46.5	99.1	130.4	165.1
	Growth (% y-y)		278	113	32	27
	ESS portion	4	11	17	17	18
	EV+ESS	284.3	418.6	596.0	763.7	916.4
	Growth (% y-y)		47	42	28	20
Europe	EV	121.2	159.9	164.5	208.2	260.5
	ESS	7.9	16.1	29.3	47.9	75.2
	Growth (% y-y)		103	82	64	57
	ESS portion	6	9	15	19	22
	EV+ESS	129.1	175.9	193.8	256.1	335.7
	Growth (% y-y)		36	10	32	31

Source: BNEF, EV Volumes, Samsung Securities estimates

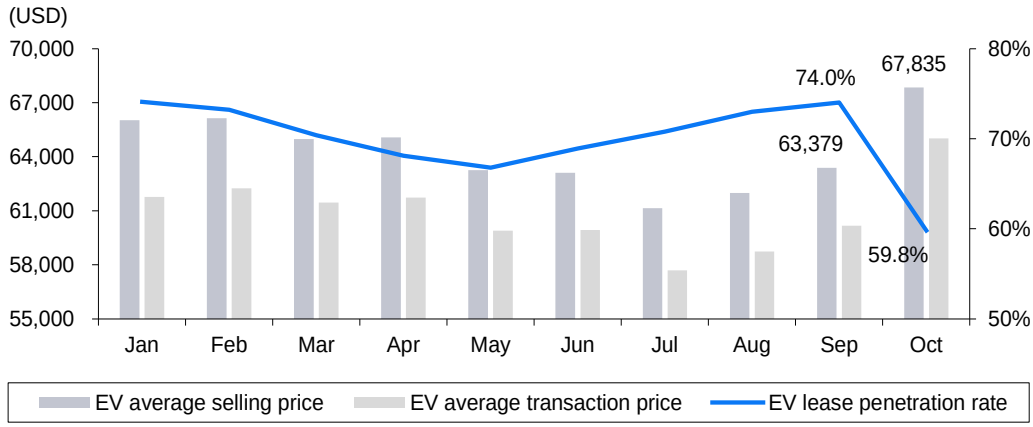
US: EV battery demand sluggish; expectations and reality in the ESS market

US market: 2026 to mark second year after abolishment of EV mandates and tariff rate cuts for Chinese products

US EV battery sales to decline: The impact of the early termination of the IRA EV tax credits (in accordance with the Trump administration's One Big Beautiful Bill Act (OBBBA); effective since early Jul 2025) should be fully reflected in the US EV market from 2026. JD Power data show that the average EV transaction price in September was USD44,908, below the new-vehicle weighted average (comprising ICE and EV autos). Edmunds estimates that the ASP of BEVs in October (right after the tax credit expired) jumped USD4,500 m-m to USD67,835. The EV lease portion (EV leases as a portion of EV sales volume) also tumbled from 74% in September to 59.8% in October.

In response, North American carmakers are scaling back production of weaker EV models (to protect profitability), and are pivoting more aggressively towards hybrids. As such, its looks inevitable that North American carmakers will see their EV sales shrink in 2026. Furthermore, EV battery and component supply chains, both of which are highly exposed to US production, seem destined to suffer from falling utilization unless they can quickly win new clients or redirect capacity to ESS.

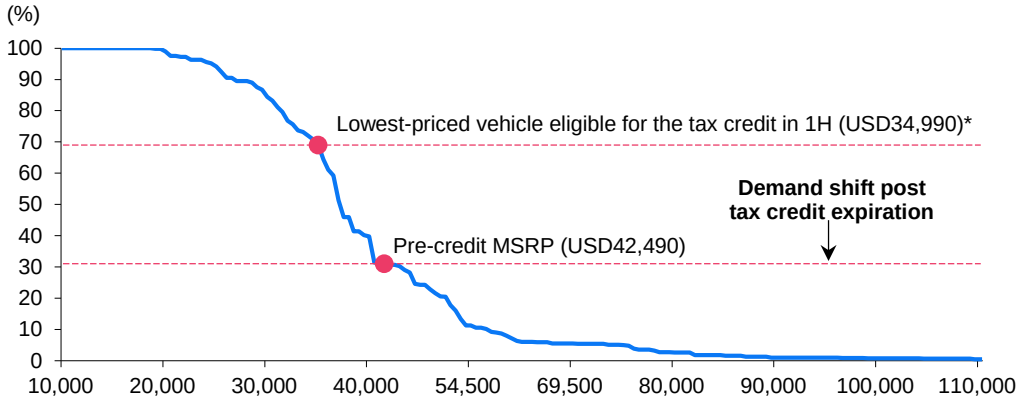
Changes in US BEV pricing and lease penetration in 2025



Source: Edmunds

Demand for EVs after tax credit expiry to drop 38%pts: Based on the roughly 1.3m EVs sold in the US in 2024, eliminating the USD7,500 federal tax credit has likely significantly weakened EV demand from price-sensitive buyers. In 1H25, the lowest-priced EV eligible for the full tax credit was the Tesla Model 3 Long Range with a manufacturer's suggested retail price (MSRP) of USD42,490, which tax credit effectively brought its price down to USD34,990. EVs priced above this level accounted for about 69% of total EV sales in the US in 1H25.

US tax credits expire: Consumer sensitivity to EV prices



Note: * Tesla Model 3 Long Range RWD
Source: BNEF, Samsung Securities estimates

If the tax credit disappears and consumers have to pay the full MSRP, the portion of affordable EVs would drop to roughly 31% (38%pts lower than when the tax credit was available). This estimate is derived only from tax-credit-eligible EVs, so the swing for the overall EV market could be smaller, and additional incentives from automakers may further cushion the blow.

Risk from reducing tariffs on China: After the US-China summit was held alongside the APEC meeting on Oct 30, the US cut the fentanyl tariff on Chinese imports from 20% to 10%, which could slightly improve the economies of US firms sourcing Chinese batteries. Unlike ESS batteries, EV batteries are an area of rivalry between Korean battery makers (specializing in high-nickel ternary batteries) and Chinese battery makers (LFP).

Under the new tariff structure, if US firms import Chinese EV batteries, their total tariff burden would be about 63.4%. Assuming that battery production costs are 20% higher in the US than in China, Chinese battery suppliers could deliver LFP battery packs for around 5% less per kWh than US-made ternary batteries.

Changes in tariffs on Chinese EV and ESS batteries after APEC summit

Tariff	EV batteries	ESS batteries	
	2025	2025	2026
Basic import tariff	3.4%	3.4%	3.4%
Section 301 tariff	25%	7.50%	25%
General tariff on Chinese imports*	10%	10%	10%
Section 232 tariff (effective May 3, 2025)	25%	0% (not applicable)	0% (not applicable)
Reciprocal tariff (effective Apr 3, 2025)	0% (excluded)	10%	10%
Total tariff	63.4%	30.9%	48.4%

Note: Following the US-China summit at APEC on Oct 30, the 'fentanyl tariff' was reduced from 20% to 10%
Source: BNEF, Samsung Securities estimates

Tariff burden scenarios for Chinese EV batteries

Cell type	Global avg price* (USD)	Scenario	US cost increase	Supply chain discount	Adjusted price** (USD)	Tariff rate	Post-tariff price (USD)
NMC 811	90	Scenario 1	10%		99	0%	99
LFP	63			4%	60	63.4%	99
NMC 811	90	Scenario 2	0%		90	0%	90
LFP	63			12%	55	63.4%	90
NMC 811	90	Scenario 3	20%		108	0%	108
LFP	63			0%	63	63.4%	103

Note: *Based on BNEF's 4Q24 average battery price survey;
**Adjusted price reflects US domestic cost increase for NMC811 and supply-chain discount assumptions for LFP
Source: BNEF, Samsung Securities estimates.

Changes in US ESS battery demand

Annual ESS installation rates increasing due to OBBBA, high tariffs on China, PFE rule: US energy storage projects that start construction before end-2033 should remain eligible for the previous level of investment tax credit (ITC). The maximum ITC value should last until 2033, then drop to 75% of the maximum in 2034, 50% in 2035, and expire in 2036. While tax credits for solar and some other clean energy technologies should effectively end after 2027, standalone ESS projects should keep their ITC. However, ESS projects starting construction in 2026 (and beyond) must comply with the Foreign Entity of Concern (FEOC) rule, which requires at least 55% non-FEOC content in 2026, with the threshold rising each year thereafter. As a result, developers are accelerating large utility-scale ESS projects before standards tighten further, and are also increasing their procurement from non-FEOC suppliers (*eg*, Korean manufacturers).

45Y & 48E eligibility requirements: Share of component sourcing from non-FEOC by year

(%)	2025	2026	2027	2028	2029	2030 +
45Y/48E – Solar & wind	0	40	45	Expired	Expired	Expired
48E - ESS	0	55	60	65	70	75

Note: Required share of components sourced from non-FEOC to qualify for 45Y and 48E credits.
Source: BNEF

Against the backdrop of high US tariffs on Chinese ESS, Korean companies are ramping up LFP production capacity in the US—a move aligning well with the needs of US project developers and leading to more long-term supply agreements. LGES has secured an annual ESS supply contract of 12.6 GWh with a North American customer, and Samsung SDI is also reportedly in talks for similar deals. Tesla plans to bring a Megapack 3 factory (annual production capacity of 50 GWh) online near Houston next year. Expanding non-Chinese battery supply chains is an increasingly critical pillar of the US grid-scale storage market.

Change in US tariffs on Chinese ESS batteries vs procurement costs for Korean ESS batteries made in US and Korea (post-APEC)

Tariff	Chinese ESS batteries		Korean ESS batteries	
	2025	2026	Produced in Korea	Produced in US
Base import tariff	3.4%	3.4%		
Section 301 tariff	7.5%	25%		
General tariff on Chinese imports*	10%	10%		
Section 232 tariff (effective May 3, 2025)	0% (not applicable)	0% (not applicable)		
Reciprocal tariff (effective Apr 3, 2025)	10%	10%	15%	
Total tariff	30.9%	48.4%	15%	0%
Price compared to Chinese ESS batteries (2026)			-33.4%	-48.4%

Source: BNEF, Samsung Securities

Status of Tesla's US Megafactories and LFP capacity for ESS in US by three Korean companies

	Company	Region	2025E (GWh)	2026E (GWh)	Note
Megafactory	Tesla	California	40	40	In operation
		Texas	0	50	Mass production in 2H26
ESS cell	Tesla	Nevada	0	10	Mass production in 2H26
	LGES	Michigan	17	30	Pouch-type
	Samsung SDI	Indiana	0	23	Mass production in 4Q26
	SK On	Georgia	0	1	For Flatiron project

Source: Tesla, Press release, Samsung Securities estimates

Tech giants' expectations for ESS market growth vs reality check

Tesla finds ESS utilization more effective than construction of more power plants: Tesla's ESS sales rose 81% y-y in 3Q while its EV sales grew just 7% y-y. At its 3Q conference call, Elon Musk highlighted the energy supply structure in the US, saying that "The US grid is capable of 1 TW steady state, but the average usage is about 0.5 TW." He added that running power plants at night to charge battery packs before discharging them by day (to power AI) would lead to power-output expansion even if no more power plants are built. He stressed the growth potential of the ESS market. What Musk referred to is ESS's load levelling or peak-shift function. ESS is emerging as a solution for power grid efficiency at a time of soaring power demand (due to the expansion of AI data centers).

Key functions and purposes of ESS

Key function	Core purpose	Operating mechanism	Contribution to power system
1. Load levelling	Minimize demand-supply volatility	Charges during low demand and discharges during high demand to flatten the daily load curve	Enables stable power plant operation and maximizes efficiency
2. Peak shift	Reduce peak power demand	Charges during off-peak hours and discharges at peak times to reduce grid load	Lowers electricity costs and alleviates peak infrastructure burden
3. Frequency regulation	Real-time maintenance of power quality (60 Hz)	Discharges at millisecond speed when frequency drops and charges when it rises to maintain 60Hz	Enhances grid responsiveness and maintains optimal power quality
4. Renewable output stabilization	Buffer intermittent generation	Charges during periods of excess solar/wind generation and discharges when output drops	Improves grid absorption capacity for renewables and supports wider adoption
5. Emergency power (uninterruptible power supply replacement)	Uninterruptible power supply during outages	Remains charged and immediately switches to discharge mode during outages	Prevents damage to critical facilities and data loss, ensuring high reliability

Source: Press release, Samsung Securities

Building one gas-fired power plant for peak shifting same cost as installing 7-hour BESS: Electricity providers have compared the economies of expanding power generation capacity versus deploying ESS to meet increasing demand. Excluding the time for obtaining permits and focusing only on cost, a US gas peaker power plant costs about USD1.434m/MWh, while a BESS costs USD0.204m/MWh. This means an ESS with around seven hours of discharge capacity can be installed for a similar investment. An ESS that stores and supplies roughly one-third of daily power demand would improve the cost-effectiveness of the power grid.

However, the picture changes significantly if electricity demand rises sharply (which may happen due to AI data center growth). Gas-fired plants can operate 24/7, while ESSs are limited to one daily cycle (nighttime charging and daytime discharging). As power consumption continues to grow, gas-fired plants, which are able to run around the clock year-round, may be the more advantageous solution.

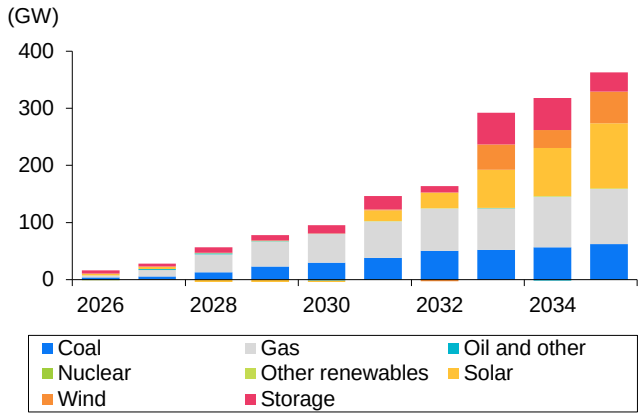
Comparison of capex by power source and ESS price

	Region	Generation capacity	Investment cost	Investment cost per MW (USDt)	Note
LNG CCGT	Korea	1,012 MW	KRW1.3t	899	Tongyeong Eco Power
Gas power	Texas (US)	122 MW	USD175m	1,434	Rock Island Generation Project
ESS				204	4-hour turnkey system

Note: ESS cost is per MWh; assumes a forex of KRW1,430/USD.

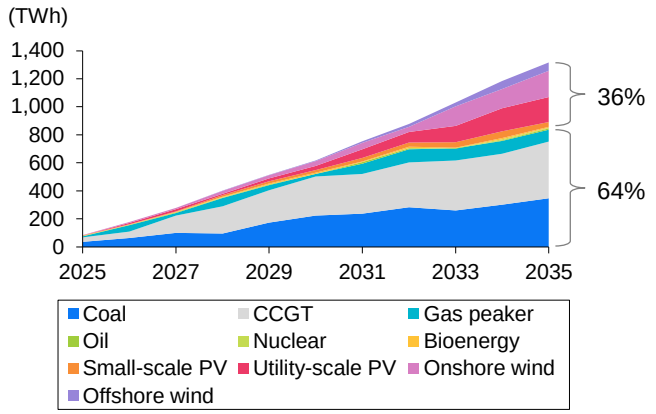
Source: Media, BNEF, Samsung Securities

Data center power demand projections: Additional generating capacity required



Source: BNEF

Data center power supply projections, by source: 63% of power needs to be met by fossil fuels

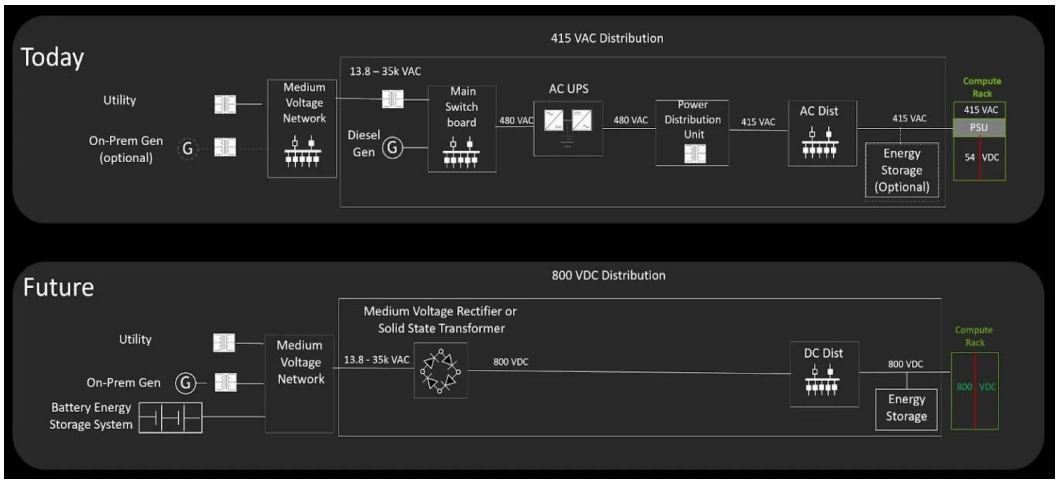


Source: BNEF

Nvidia highlights 800V high-voltage DC architecture: To address the rapidly rising power demand from AI training and inference workloads, Nvidia has proposed an 800V DC power system, replacing the existing 415-480V AC distribution system. Traditional AC architecture suffers additional heat and energy losses at each AC-DC conversion step, whereas an 800V DC system delivers the same power with a lower current, requiring a smaller cable and improving cooling efficiency (by avoiding multiple conversion stages).

Nvidia also stressed that when GPUs run continuously at hundreds of MWh, they generate millisecond-scale power spikes that can stress the grid. Therefore, some form of local ESS is mandatory for system stability. In this scheme, ultra-short fluctuations are managed by capacitors, while second-to-minute swings and backup supply during outages are handled by the 'multi-time-scale' operation of ESS.

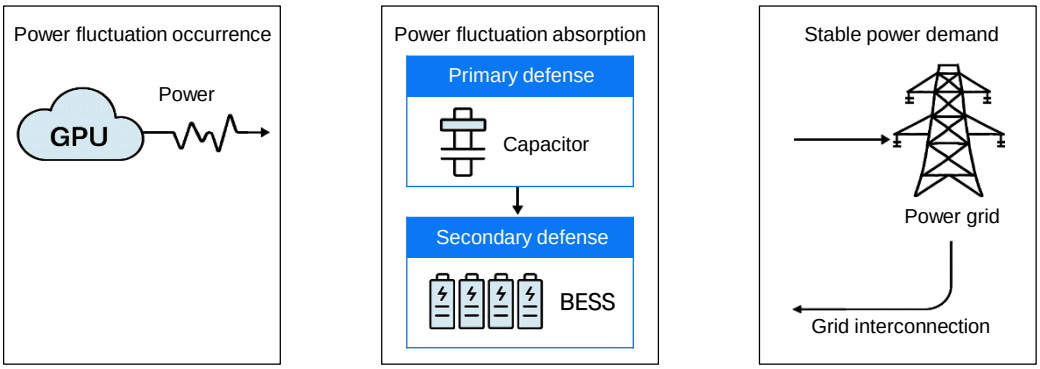
Data center power systems: 415V AC system (top) vs Nvidia's 800V DC system (bottom)



Source: Nvidia

What has grabbed investors' attention is that ESS, which is optional under conventional AC-centric designs, is effectively treated as a core component of the 800V DC architecture. However, it is more reasonable to see the hike in ESS demand (as described by Nvidia) as a consequence of growing AI data center load rather than overly focus on the higher voltage (in and of itself). For a 100 MW data center, the required ESS capacity is broadly similar whether the internal distribution is 400V AC or 800V DC. Yet, if the high-voltage design shows greater power volatility, it may be necessary to lift ESS capacity.

Nvidia: Concept of 'multi-time-scale energy storage'



Source: Samsung Securities

US's ESS demand and Korean battery makers' battery capacity

Top-3 Korean cell makers' ESS capacity in North America at end-2026 to equal 57% of ESS demand in the nation in 2027: Since 2H25, domestic investors have been paying close attention to the US's ESS market, as: 1) President Trump's heavy tariffs on China will likely prompt US buyers to lower their dependency on Chinese batteries; and 2) Korean battery makers have been signing battery more deals with a North American ESS company (presumably Tesla) one after another since September. But forecasts for US ESS demand vary by market research company. Thus, we first estimate US ESS demand based on the average of each research company's estimates, and then compare the figure to the top-3 Korean battery makers' projected end-year ESS capacity in North America. In sum, the top-3 Korean players are expected to have a combined ESS capacity of 61 GWh at end-2026 in North America, which would be 57% of North America's projected ESS demand of 103 GWh in 2027 (or 93% when based on the BNEF's conservative ESS demand estimate of 65 GWh). In other words, Korean players' capacity alone can meet most ESS demand in North America.

Samsung SDI (sharply raising ESS exposure) vs SK On (slow in switching to ESS): With President Trump's heavy tariffs on China triggering realignment of ESS supply chains in North America, Korean battery makers (especially LGES) are rapidly expanding their ESS capacity in the US. Samsung SDI, which was slow in terms of expanding EV-use battery capacity, said during its 3Q conference call in October that it will switch all of the remaining capacity at its JV in North America to ESS production, indicating that the ESS portion of its total battery capacity will rise to 80% in 2026. In contrast, SK On has been slow in switching to ESS batteries. Although it has signed a deal with Flatiron Energy Development (a US renewable company) to supply 1 GWh of ESS products and secured priority negotiation rights for up to 7.2 GWh-scale ESS projects that Flatiron is pursuing across the US by 2030, its ESS exposure should take up just 2% of its total 2026 battery capacity in North America.

North America: ESS demand forecasts

(GWh)		2024	2025	2028	2030	2025-2030 CAGR	2024-2028 CAGR
Market research firms	BNEF	35	45	61	76	11%	15%
	SNE Research	78	97	n/a	179	13%	n/a
Cell makers	Samsung SDI	n/a	80	n/a	130	10%	n/a
	LGES	60	n/a	150*	n/a	n/a	26%

Note: *110 GWh previously
Source: BNEF, company data, media, Samsung Securities

Korean cell makers' US capacity vs ESS demand in US

(GWh)	2023	2024	2025E	2026E	2027E
LGES	45	70	82	102	
LGES ESS	0	0	17	32	
Samsung SDI	0	8	17	38	
Samsung SDI ESS	0	0	7	30	
SK On	22	22	31	50	
SK On ESS	0	0	0	1	
Total US capacity (year-end installed basis)	67	100	130	190	
Total ESS capacity	**0**	**0**	**24**	**61**	
US ESS demand	58	75	84	95	108
Lagging ratio of cell capacity vs US ESS demand (1-year lag)*	**0**	**0**	**0**	**25**	**57**

Note: * JV plant with GM is expected to start operations after 2027. ** Average of BNEF and SNE Research estimates applied. CAGR of 13% assumed for 2025–2027.
Sources: BNEF, Samsung Securities estimates

US shifting supply chains away from China

US automakers striving to secure non-Chinese suppliers: Since the implementation of the OBBBA, US automakers have increasingly called for the exclusion of Chinese-made parts & raw materials from autos produced in the US. For instance, GM has told its suppliers to remove Chinese-made parts (from their supply chains) in their entirety by early 2027. Tesla reportedly aims to replace all of the Chinese-made components in its US-built autos within the next 1-2 years.

The 'de-Chinafication' strategy is in line with the US government's China policy. The US government has tightened not only its tax credits but also tariff regulations on Chinese-made LFP batteries and core components (items for which the US is heavily dependent on China). For instance, the US Department of Commerce in July imposed preliminary anti-dumping duties of 93.5% on anode-grade graphite imported from China, with a final ruling set for December. US automakers are under growing pressure to move their supply chains out of China. In this regard, Korean players that are exposed to segments previously dominated by Chinese firms should benefit in terms of attracting new clients and orders.

Battery materials value chain: US dependence on Chinese-made components

(%)	Product	China dependence*
Cathode	LFP cathode material	100
	Lithium hydroxide	82.7
	NCM precursor	94.1
Anode	Natural graphite	97.6
	Synthetic graphite	98.8
Electrolyte	Electrolyte salt (LiPF6)	na

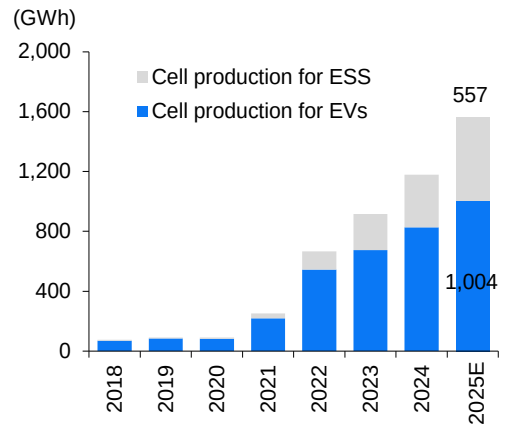
Note: * KITA 2024 China import share statistics on a volume basis
(LFP cathode materials and electrolyte salts are Samsung Securities estimates)
Source: Korea International Trade Association (KITA), Samsung Securities estimates

China—Expansion of ESS portion and new ESS policy

Chinese battery makers rapidly increasing ESS production

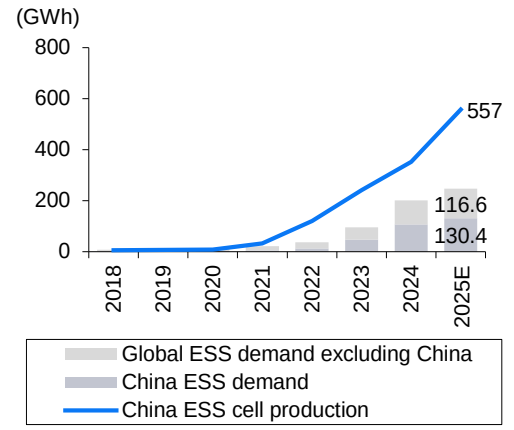
China's ESS cell production: 1) equivalent to more than 50% of EV cell production; and 2) 2.3x greater than global ESS demand. Growth in terms of demand for EV batteries is slowing in China now that its EV penetration has topped 50%. In contrast, demand for ESS batteries (led by explosive growth of the LFP ESS market) is rapidly growing, with the nation's ESS cell production now accounting for 1/3 of global lithium battery production. According to BNEF, China's EV- and ESS-use battery production surpassed 1 TWh and 557 GWh (55% of the former), respectively, in 2025, making 2025 the first year that ESS-use battery production accounted for more than 50% of EV-use battery production. China's ESS cell production capacity is 2.3x greater than global (excluding China) ESS demand. As ESS cells cannot be converted to EV cells, it appears that China's ESS cell inventory is growing quickly.

China battery cell production: ESS at 55% of EV level



Source: BNEF

China ESS cell production vs ESS demand

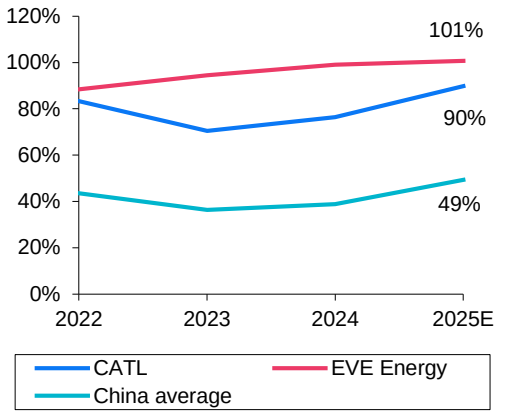


Source: BNEF

Utilization at key battery makers rebounds, led by anti-involution policy and rising orders from abroad: Chinese battery makers, which saw an average utilization rate of 40% in 1H25, will likely have a full-year 2025 average utilization rate of 50%, led by the government's anti-involution policy and growing orders from abroad in 2H25—*eg*, orders placed with CATL and EVE Energy. The likely rebound in utilization owes to a surge in ESS demand (since 2H24; a seller's market). CATL's ESS production accounts for 24% of its total, while EVE Energy's stands at 59%—we believe the difference explains EVE Energy's higher overall utilization rate.

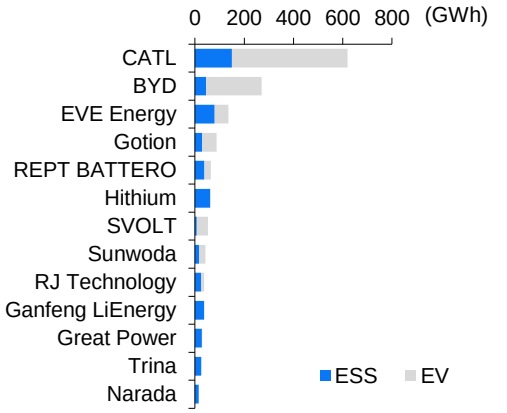
Meanwhile, China's Ministry of Industry and Information Technology (MIIT) has indicated that it will include companies with high utilization rates in its scope of government approvals, proposing a minimum utilization of 50%. This would widen the disparity in utilization between SMEs (excluding tier-1 and tier-2 players). Amid a prolonged supply glut, SMEs (which are having difficulty securing overseas clients) should come under increasing pressure to consolidate and restructure.

Utilization at Chinese battery makers



Source: BNEF

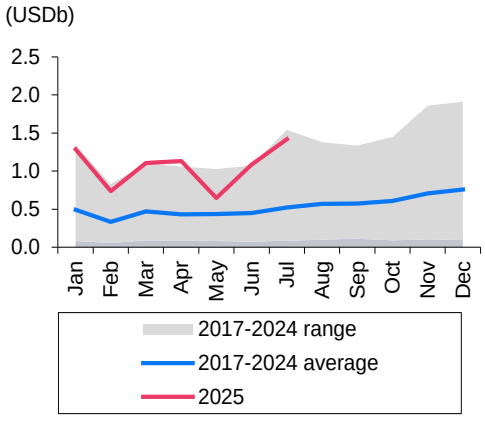
2025 cell production, by application



Source: BNEF

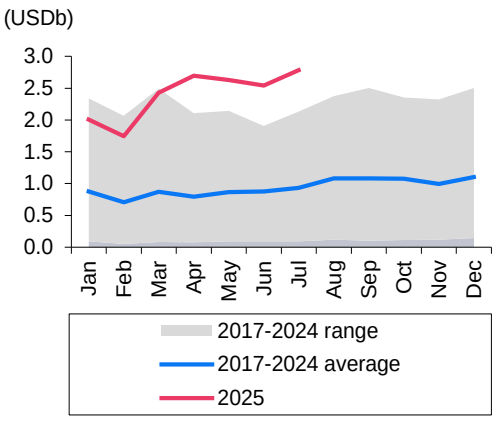
A look at trade trends show that Chinese battery makers are increasing exports, especially to Europe, led by growing demand for low-end LFP batteries. In contrast, their shipments to the US have remained sluggish—*eg*, sharply down in May on President Trump's heavy tariffs on China and due to the trade tension between the US and China.

China: Battery exports to US



Note: Including EVs, ESS, and residential batteries
Source: BNEF

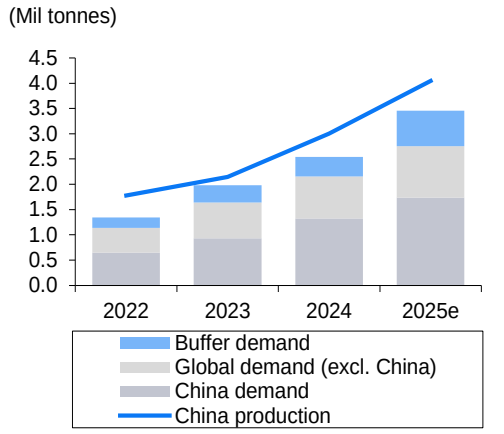
China: Battery exports to Europe



Note: Including EVs, ESS, and residential batteries
Source: BNEF

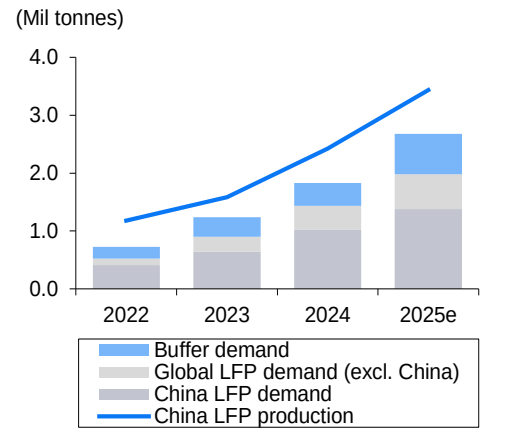
Oversupply in China's cathode materials market: Amid the continued increase in China's battery production, Chinese cathode manufacturers (as they compete fiercely to survive) have continued to expand capacity and ship aggressively—their capacity now far exceeds global demand. LFP, in particular, has a global oversupply rate of 28%, noticeably higher than the industry-wide average of 17%, which is the result of excessive expansions amid expectations that EV- and ESS-use LFP would see robust demand growth. As a result, the LFP portion of China's cathode materials production is likely to expand from 60% in mid-2022 to 80% in 2025. As the LFP-driven oversupply deepens, those with low utilization rates will be more vulnerable to price-cutting pressure from cell makers and automakers, making profitability deterioration unavoidable.

China cathode production vs global demand



Note: Total charging demand adjusted for the gap between China MIIT statistics and private-sector data
Source: BNEF

China LFP cathode production vs global demand



Note: Total charging demand adjusted for the gap between China MIIT statistics and private-sector data
Source: BNEF

China plans to build out ESS

China unveils action plan for large-scale construction of new ESS facilities: The 'Special Action Plan for Large-Scale Construction of New Energy Storage' (2025-2027; released by the National Development and Reform Commission (NDRC) and the National Energy Administration (NEA)) aims to scale up the nation's ESS capacity to 180 GW by end-2027. This would represent a doubling of the nation's capacity within two years (installed ESS capacity as of 1H25 was 95 GW (222 GWh)). As a result, CITIC has raised its 2025-2027 outlook for new Chinese ESS installations to 140 GWh (2025), 190 GWh (2026), and 230 GWh (2027), surpassing BNEF's outlook (130 GWh, 165 GWh, 187 GWh).

In Feb 2025, China introduced a new policy (Document #136) that scrapped ESS mandates for renewable energy plants in order to steer the renewable energy market towards market-driven competition. After all, the mandate (requiring solar and other renewable energy projects include ESS) did little more than reduce the degree to which renewables were turned off. The latest action plan is designed to provide multiple revenue streams for ESS projects (*eg*, capacity-based pricing). As a result, we expect a rise in standalone ESS models that generate revenue through energy sales and capacity payments.

China: New energy storage guidelines to achieve 180 GW target by 2027

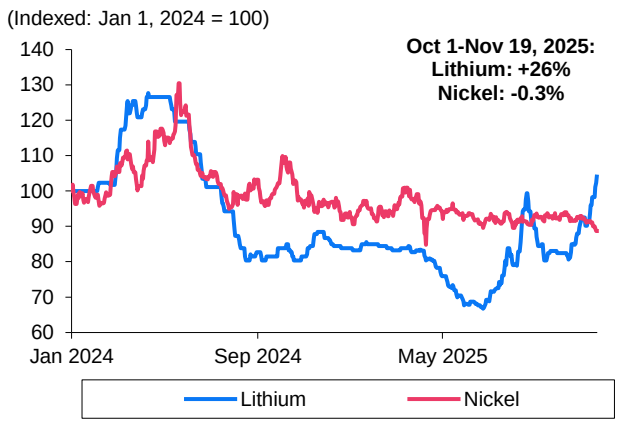
	Details
New application areas	Explore new uses of energy storage, including renewable energy bases in deserts and barren lands
New business models	Develop new opportunities such as virtual power plants and direct green power trading between producers and consumers
Participation in the power market	Encourage energy storage participation in real-time markets and mid-to-long-term forward trading
Capacity compensation mechanism	Establish capacity compensation framework for storage facilities
Expansion of ancillary service participation	Promote participation in ancillary services such as frequency regulation and backup power

Source: NDRC, BNEF, Samsung Securities

Metal demand growing

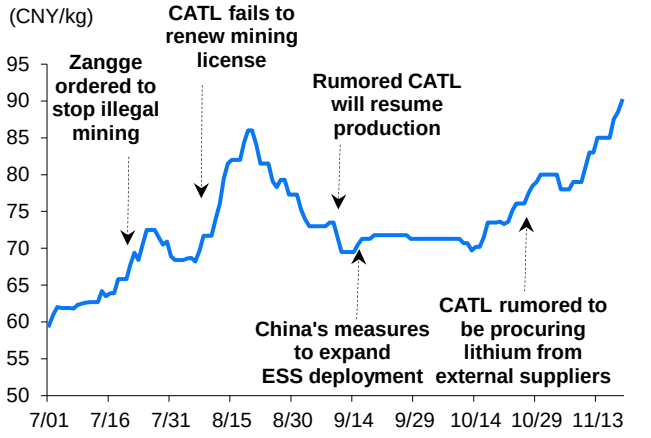
Lithium price rebounding since September and Gangfeng Lithium's upbeat outlook: Lithium prices have shown greater volatility in 2H25. Prices rose over July-August on concerns about production halts at Chinese mines, and China's announcement of ESS expansion policies in mid-September have fueled expectations of an easing of the lithium oversupply, extending the price rally into October. According to CITIC, Chinese battery makers are operating ESS production lines at full steam, and much of their 2026 volume has already been sold. Combined with a recovery in residential ESS demand in Australia and Eastern Europe, unit cell prices are expected to rise. High utilization rates are spurring lithium demand from miners, pointing to a sustained rebound in lithium prices.

Lithium price vs nickel price



Note: As of Nov 19 close
Source: Bloomberg

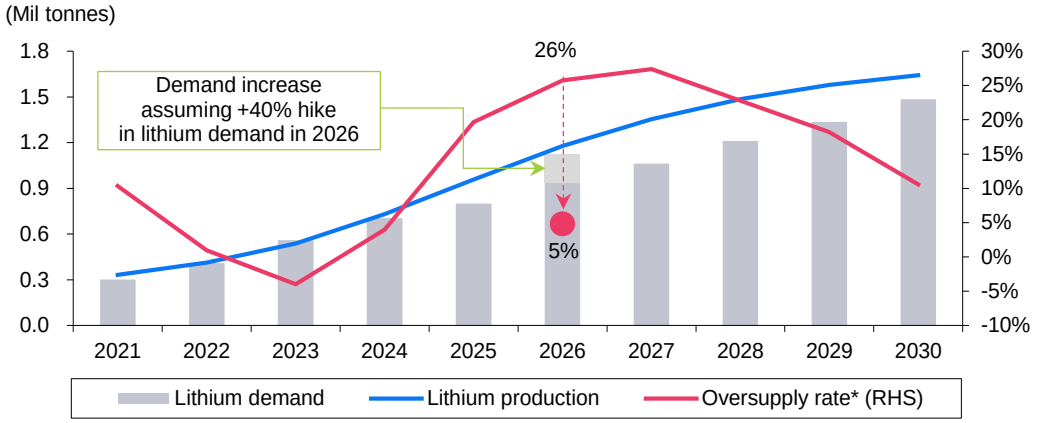
Lithium prices since July



Note: As of Nov 19 close
Source: Bloomberg

According to Chinese media reports, Gangfeng Lithium expects lithium demand in 2026 to increase 30%, and suggests that if demand rises 40%, prices could reach CNY150,000-200,000 per tonne. BNEF forecasts 2026 supply and demand at 1.18m tonnes and 0.94m tonnes, respectively—indicating a 26% oversupply burden. However, 40% demand growth would put demand at 1.12m tonnes, resulting in just a 5% oversupply. The question is where (in which region and in which segment—*eg*, Chinese ESS) might this 40% demand surge concentrate.

Lithium carbonate balance under scenario demand grows 40% in 2026



Note: * Oversupply ratio = share of operating lithium supply capacity relative to lithium demand
Source: BNEF, Samsung Securities

Europe: Battery regulation enforcement and CO_2 compliance

Beginning to comply with lithium battery recycling rate mandate

Regulation requires 65% recycling rate for lithium batteries: Under EU battery regulations, the lithium battery recycling efficiency target will be 65% at end-2025. The EU in July published new rules for calculating and verifying recycling efficiency and the recovery of materials from waste batteries. As such, European recycling companies are stepping up efforts to achieve the mandated targets. EV makers and battery makers must transfer spent batteries to recycling companies, and the recycling companies are required to meet the specific recycling thresholds.

In March, the European Commission added shredded battery waste, known as black mass, to its list of hazardous waste materials, and banned export of black mass to non-OECD countries. This increases the likelihood that Korean recycling firms will secure more black mass in Europe. Indeed, SungEel HiTech, has reportedly signed a deal with a European pre-processing firm to take 12,000 tonnes of black mass pa. Increases in battery production and EV sales in Europe will inevitably result in more scrapped batteries. To comply with the recycling mandate, the supply of black mass should continue to rise.

EU: Recycling efficiency and material recovery rate targets for waste batteries

	Definition	Target
Recycling efficiency (RE)	Ratio of recycled useful materials to total waste battery mass	By end-2025 (LiB: 65%) → By end-2030 (LiB: 70%)
Material recovery rate (RM)	Recovery rate of specific metals (lithium, nickel, cobalt, copper, lead)	By end-2027 (Co: 90%, Ni: 90%, Cu: 90%, Li: 50%) → By end-2030 (Co: 95%, Ni: 95%, Cu: 95%, Li: 80%)

Source: Regulation (EU) 2023/1542

Classification and types of black mass

	Source	Pre-treatment process	Output	Post-treatment process
End-of-Life	Batteries collected after used by consumers	Crushing and sorting	Black mass	→ Recovery of Li, Ni, Co, Mn through subsequent smelting and hydrometallurgical processes
Production scrap	Defective products and off-cuts from electrode/cell manufacturing	Crushing and sorting	Black mass	→ Recovery of Li, Ni, Co, Mn through subsequent smelting and hydrometallurgical processes

Source: Regulation (EU) 2023/1542, EU Commission Q&A on the Battery Regulation, industry cases (Umicore, Redwood, Li-Cycle, etc.)

Europe's policy shift and carbon emission mandate

Germany's fiscal spending yet to materialize despite high hopes: In our 2H25 outlook report, we noted that Germany's ruling party had successfully pushed for radical constitutional amendments that paved way for massive fiscal spending. Expectations were high that significant financial resources would go into environment-friendly projects (similar to the IRA). But amid recent instability in the European political and fiscal environment, concrete fiscal spending plans at scale remain vague.

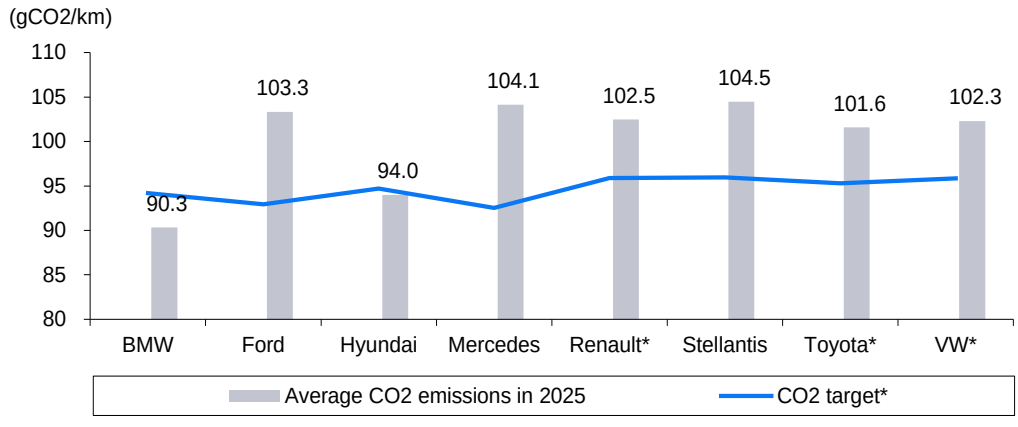
Compliance pressure on automakers driving EV sales growth: The EU has softened its stance on 2025 CO_2 emissions targets, granting carmakers a three-year window (2025-2027) to comply and avoid penalties. But this year's EV sales growth in Europe has proved to be the strongest among the major global markets, as automakers face a cumulative regulatory burden if they fail to reduce their CO_2 emissions each year. As long as EU regulations remain in place, automakers that fail to meet CO_2 standards through 2027 will be forced to increase their EV sales (as a portion of their total sales). To ease cost pressure, they should increasingly adopt lower-cost batteries (*eg*, LFP, mid-nickel).

EU: Changes and amendments to passenger vehicle CO_2 emission regulations

Target year	CO_2 emission standard* (g/km)	Target	Amendment
2015	130		
2020	95**		
2025	**93.6**	**15% reduction vs 110.1 g in 2021**	**Compliance allowed on an average basis for 2025–2027**
2030	49.5	55% reduction vs 110.1 g in 2021	
2035	0	100% elimination of emissions	

Note: Targets for 2015 and 2020 are based on NEDC standards; targets from 2025 onward are based on WLTP standards.
** WLTP standard equivalent: 115 g/km
Source: European Parliament, ICCT, T&E, Samsung Securities

CO_2 emission targets for automakers in 2025



Note: Target based on WLTP
Source: BNEF

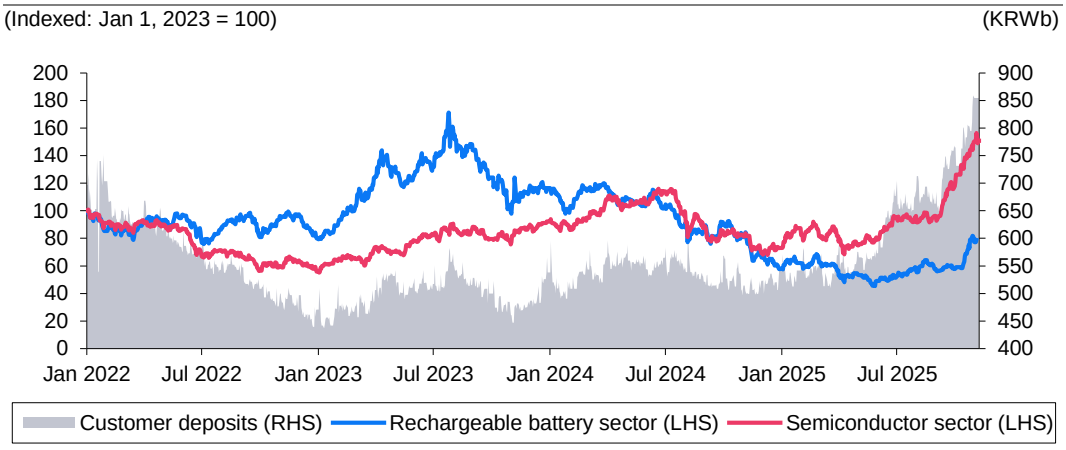
Sector investment strategy for 2026

Upgrading sector to OVERWEIGHT

2026 outlook neutral on volume, positive on price: From a volume perspective, even if US ESS demand grows, US EV sales are bound to fall in 2026 due to the elimination of the tax credits. Korean battery makers' utilization hikes in Europe are also likely to be limited, given Chinese firms' aggressive forays into the region. From a pricing perspective, economies of scale could create some downward price pressure, but lithium prices may continue their rebound in 4Q25 (supported by China's ESS expansion policies), raising expectations for ASP growth. There is also the potential for some clients front-loading orders, which—together with lithium-led price rises—could boost investor sentiment.

2026 to be supported by strong market liquidity: After a two-year downturn, the equity market is once again drawing in capital. So, regardless of their weak fundamentals, rechargeable battery stocks are likely to see downside support. Over 2022-early 2023, the equity market was weak overall as customer deposits (at brokers) declined amid semiconductor sluggishness. But the rechargeable battery sector was relatively resilient, and liquidity flows into the sector triggered a bubble-like rally. Today, the semiconductor industry looks healthy, the policy environment is supportive, and customer deposits (at brokers) have surged to all-time highs. Capital is beginning to flow back into the rechargeable battery sector. While market dynamics are difficult to predict, as long as this environment is maintained, share prices will likely form strong support at levels higher than in 1H25.

A flow-driven market phase



Note: Semiconductors: KRX semiconductor index; Rechargeable batteries: In-house index based on 34 value-chain stocks
Source: Bloomberg, Samsung Securities

EV weakness to be partially offset by ESS, and lithium prices may rebound in 2026—upgrading to OVERWEIGHT: Korean rechargeable battery shares, after correcting for 22 months since peaking in Jul 2023, rebounded sharply through Oct 2025, recovering to Jan 2023 levels. Looking ahead to 2026, demand for Korean EV batteries is expected to be weak in both Europe and the US, though demand for ESS batteries should stay solid (particularly in the US). In the US, EV demand is likely to contract due to the rollback of EV mandates. However, ongoing efforts to establish non-Chinese supply chains suggest that Korean materials suppliers have a good chance to secure new orders. In Europe, despite EV demand being tied to CO_2 regulatory compliance, aggressive Chinese market entry is likely to limit utilization improvements for Korean battery makers in the region. That said, as oversupply conditions gradually ease and lithium prices recover, mid- to long-term battery ASP improvements (amid a rebound in investor sentiment) look likely. We therefore upgrade the Korean rechargeable battery sector from NEUTRAL to OVERWEIGHT.

Themes to play on include ESS AMPC, supply chain shift away from China, form-factor changes, and EU battery regulation: In 2026, we recommend investors adopt a theme-based approach rather than a bottom-up approach to the Korean rechargeable battery sector. Samsung SDI stands out—it should record earnings growth on the back of ESS capacity additions and despite weak US EV demand. Cathode materials suppliers will likely see their utilization improve slowly, but we like L&F as it has no US exposure, and further as it is preparing for LFP mass-production. Posco Future M and Foosung stand to benefit from a shift in US supply chains away from China, while Sangsin EDP (component maker) and mPlus (equipment maker) are favorably positioned to benefit from battery form-factor changes. SungEel HiTech deserves attention, as tightening EU battery regulations should increase battery recycling demand, boosting its utilization.

2026 Investment Themes for Korea's Rechargeable Battery Industry

2026 theme	Top picks	Investment rationale
Growth of North American ESS market	Samsung SDI	One of three major Korean battery players; Its North American capacity has the lowest US EV exposure and the highest ESS exposure at 80%
	L&F	No exposure to US EV demand; rising expectations towards the start of mass-production of LFP cathode materials
De-Chinaization of supply chain	Posco Future M	Beneficiary of de-Chinaization of US graphite anode market; opportunities for Korean precursor producer expected to emerge
	Foosung	Korea's only mass producer of lithium salt ($LiPF_6$), which material the US has a high dependence on China; opportunity to expand customer base
Shift to prismatic form factor	Sangshin EDP	Opportunity to add more housing component customers in line with the expansion of the prismatic form factor in North America
	M-Plus	Beneficiary of assembly equipment retrofit demand to respond for North American prismatic form factor
European battery regulations	SungEel HiTech	Beneficiary of increased black mass volume in Europe and the emergence of non-Chinese post-treatment companies

Source: Samsung Securities

COMPANY UPDATE

2025. 10. 29

EV/Mobility Team

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Senior Analyst
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Scan to go to
Research Center report database

Samsung SDI (006400)

To raise ESS battery production capacity in North America

- Samsung SDI reported consensus-missing 3Q results.
- The expansion of ESS battery production capacity at its JV with a North American automaker should result in increased ESS orders and increased AMPC contribution to earnings.
- We raise our target price on the stock to KRW350,000 and maintain our BUY rating on it.

AT A GLANCE

BUY

Target price	KRW350,000	12.2%
Current price	**KRW312,000**	
Market cap	KRW25.1t/USD17.5b	
Shares (float)	80,585,530 (72.6%)	
52-week high/low	KRW341,193/KRW160,200	
Avg daily trading value (60-day)	KRW151.8b/ USD105.6m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Samsung SDI (%)	54.1	69.4	-8.6
Vs Kospi (%pts)	30.1	7.7	-40.4

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	350,000	250,000	40.0%
2025E EPS	-816	-9,733	nm
2026E EPS	8,438	10,897	-22.6%

SAMSUNG vs THE STREET

No of estimates	17
Target price	247,353
Recommendation	3.9

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

WHAT'S THE STORY?

3Q review—Misses consensus: Samsung SDI reported poor 3Q results showing sales of KRW3.1t and an operating loss of KRW591.3b (vs FnGuide consensus of an operating loss of KRW339.2b). Even considering the absence of booking of the anticipated compensation from European automakers (related to poor EV sales in Europe; about KRW100b), the results were poor, hit by increased fixed-cost burden (amid weak EV-use battery shipments). Meanwhile, the ESS unit—which was expected to hit a BEP—turned to an operating loss y-y due to Trump's tariffs.

Decides to expand ESS battery production at North American JV: At the 3Q conference call, the company also mentioned its ESS strategy. Citing the unfavorable EV market conditions in the US, it said that its JV (SPE) with a North American automaker will increase the ESS portion of its total capacity. The JV's ESS LFP battery capacity was originally estimated at 12 GWh by 2026, but now, the company has decided to allocate the JV's last line to ESS LFP production, with the line's mass-production set for 4Q. All told, the company's ESS capacity in the US should reach 30 GWh (including its ESS NCA battery capacity of 7 GWh)—or 80% of the JV's total capacity of 38 GWh. The move—aided by rising ESS demand—should bring in more AMPC to the company.

(Continued on the next page)

SUMMARY 3Q RESULTS

(KRWb)	3Q25	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	3,051.8	-6.3	-4.0	-0.7	-5.2
Operating profit	-591.3	nm	nm	nm	nm
Pre-tax profit	-429.6	nm	nm	nm	nm
Net profit	5.7	-97.5	nm	nm	nm
Margins (%)					
Operating profit	-19.4				
Pre-tax profit	-14.1				
Net profit	0.2				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2024	2025E	2026E
Valuation (x)			
P/E	29.2	n/a	37.0
P/B	0.8	1.1	1.1
EV/EBITDA	13.4	57.2	11.0
Div yield (%)	0.4	0.3	0.3
EPS growth (% y-y)	-70.2	nm	nm
ROE (%)	3.1	-0.3	3.1
Per-share data (KRW)			
EPS	8,288	-816	8,438
BVPS	287,707	277,018	284,858
DPS	973	973	973

Cutting 2025 earnings forecasts: We now forecast the company to post a 2025 operating loss of KRW159.5b. Despite the booking of compensation (deferred from 3Q) and ESS earnings improvement in 4Q, the company should still suffer due to the widened operating loss in 3Q (especially in the EV unit). Regarding 2026, we forecast the company's sales and operating profit to come in at KRW15.6t and KRW875.1b (27% lower than our previous forecast of KRW1.2t), respectively, due to the poor EV market, despite the projected hike in AMPC in the ESS unit.

Raising target price to 350,000 and reiterating BUY: We raise our target price for the company by 40% to KRW 350,000. Although we cut our 2025 earnings forecasts, we reflect the hike in industry peers' EV/EBITDA multiple from 12.7x previously to 13.9x and cut our valuation discount (related to EV demand risk) to 30% to factor into the likely hike in ESS expansion-driven AMPC. We maintain our BUY rating. Although EV market conditions remain tough, we forecast the company to win more ESS orders from US ESS developers (in need to secure non-Chinese ESS battery makers) thanks to its aggressive ESS LFP capacity expansion in the US—a factor also positive for its shares.

3Q review

(KRWb)	3Q25P	3Q24	2Q25	Chg	
				(% y-y)	(% q-q)
Sales	3,051.8	3,256.8	3,179.4	-6.3	-4.0
Operating profit	-591.3	72.4	-397.8	To turn neg	To remain neg
Pre-tax profit	-429.6	219.3	-347.2	To turn neg	To remain neg
Net profit	5.7	230.4	-166.7	-97.5	To turn pos
Margins (%)					
Operating profit	-19.4	2.2	-12.5		
Pre-tax profit	-14.1	6.7	-10.9		
Net profit	0.2	7.1	-5.2		

Source: Company data, Samsung Securities

Revisions to full-year forecasts

(KRWb)	2025E			2026E		
	Old	New	Diff (%)	Old	New	Diff (%)
Sales	13,142.3	13,059.8	-0.6	16,394.7	15,638.6	-4.6
Operating profit	-1,176.2	-1,595.0	nm	1,198.6	875.1	-27.0
Pre-tax profit	-1,037.2	70.7	nm	1,365.5	1,156.0	-15.3
Net profit	-622.3	42.4	nm	1,092.4	924.8	-15.3

Source: Samsung Securities estimates

Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25P	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025E	2026E
Sales	4,816.2	4,085.9	3,935.6	3,754.5	3,176.8	3,179.4	3,051.8	3,651.8	3,596.0	3,710.0	3,899.0	4,433.6	16,592.1	13,059.8	15,638.6
Batteries	4,581.8	3,872.9	3,672.0	3,564.6	2,980.9	2,961.2	2,820.0	3,400.1	3,339.3	3,414.7	3,557.6	4,096.4	15,691.3	12,162.1	14,408.1
LiB (IT)	1,613.5	1,228.1	863.4	690.3	641.6	833.7	875.2	936.5	842.3	799.9	823.7	864.9	4,395.3	3,287.0	3,330.9
LiB (EV+ESS)	2,968.3	2,644.8	2,808.6	2,874.3	2,339.3	2,127.5	1,944.8	2,463.6	2,497.0	2,614.8	2,733.9	3,231.5	11,296.0	8,875.1	11,077.2
Electronic materials	234.4	213.0	263.5	190.0	195.9	218.2	231.8	251.8	256.6	295.3	341.4	337.1	900.8	897.7	1,230.5
Operating profit	249.1	240.9	129.9	-256.7	-434.1	-397.8	-591.3	-171.8	18.2	111.9	249.6	495.4	363.2	-1,595.0	875.1
Batteries	214.5	208.0	63.5	-268.3	-452.4	-430.8	-630.1	-215.1	(23.5)	63.3	189.8	448.1	217.6	-1,728.4	677.7
LIB (IT)	72.6	86.0	-19.0	-138.1	-224.6	-72.9	-48.1	-9.4	8.4	12.0	24.7	17.3	1.5	-354.9	62.4
LIB (EV+ESS)	95.1	112.3	73.0	106.2	-337.3	-424.3	-601.5	-266.4	-146.7	-67.8	30.8	150.7	386.6	-1,629.5	-33.0
IRA (AMPC)	46.8	9.6	9.4	13.9	109.4	66.4	19.5	60.7	114.7	119.1	134.3	280.1	79.8	256.0	648.2
Electronic materials	34.6	32.9	66.4	11.6	18.3	33.0	38.8	43.3	41.8	48.7	59.8	47.2	145.5	133.4	197.4
Operating margin (%)	5.2	5.9	3.3	-6.8	-13.7	-12.5	-19.4	-4.7	0.5	3.0	6.4	11.2	2.2	-12.2	5.6
Batteries	4.7	5.4	1.7	-7.5	-15.2	-14.5	-22.3	-6.3	(0.7)	1.9	5.3	10.9	1.4	-14.2	4.7
Electronic materials	14.8	15.5	25.2	6.1	9.3	15.1	16.7	17.2	16.3	16.5	17.5	14.0	16.2	14.9	16.0

Source: Company data, Samsung Securities estimates

Target-price calculation

(KRWb)		Note
Operating value	33,807	
Established business*	11,247	
LIB (IT)	8,856	2025E-2026E EBITDA weighted avg
ECM*	2,392	2025E-2026E EBITDA weighted avg
New growth business	22,560	
LIB (EV, ESS)**	22,560	2025E-2026E EBITDA weighted avg
Non-operating value	6,340	
Listed subsidiaries	1,083	As of Sep 25 close
Unlisted subsidiaries	420	30% discount to 2024 book value
Samsung Display	4,837	2024 book value
Net debt	6,696	End-2025E
Net asset value	33,451	
Discount (%)	30%	Risk of slowdown in market (30%)
NAVPS	340,517	
Target price (KRW)	350,000	
Current price (KRW)	285,000	As of Oct 27 close
Upside (%)	22.8	

Note: *Calculated by applying peer average EV/EBITDA multiples (13.9x for the LIB (IT) unit, and 8.5x for ECM) to our 2025-2026 weighted average EBITDA forecasts for each division;
**Calculated by applying the peer average EV/EBITDA multiple (13.9x) to our 2025-2026 weighted average EBITDA forecast
Source: Bloomberg, Samsung Securities estimates

AMPC estimates and reflection on net profit (non-controlling interests)

		2024	2025E	2026E	2027E
AMPC estimates	**Capacity (cell) based on installations (at year-end)**				
	Michigan (pack)	3	3	3	3
	SPE 1	33	33	33	33
	GM JV			27	27
	Utilization rate				
	Michigan (pack)	88%	44%	76%	88%
	SPE 1	0%	11%	32%	61%
	GM JV				4%
	Output				
	Michigan (pack)	3	1	2	3
	SPE 1	0	4	11	20
	GM JV	-	-	-	1
	AMPC credit (USD/kWh)				
	Cell	35	35	35	35
	Module/pack	10	10	10	10
	AMPC reflection				
	AMPC (USDm)	59	183	498	1,112
	AMPC (KRWb)	80	256	648	1,429
Net profit (non-controlling interests) estimates	**Net profit (KRWb)**	576	42	925	2,111
	Net profit (controlling interests)	599	-64	694	1,731
	Net profit (non-controlling interests)	-24	106	231	380
	AMPC net profit (non-controlling interests)	3	97	179	349

Source: Samsung SDI, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**21,437**	**16,592**	**13,060**	**15,639**	**20,518**
Cost of goods sold	17,655	13,499	12,413	12,089	14,344
Gross profit	**3,782**	**3,094**	**646**	**3,550**	**6,174**
Gross margin (%)	17.6	18.6	4.9	22.7	30.1
SG&A expenses	2,237	2,820	2,241	2,674	3,493
Operating profit	**1,545**	**363**	**-1,595**	**875**	**2,682**
Operating margin (%)	7.2	2.2	-12.2	5.6	13.1
Non-operating gains (losses)	**924**	**219**	**1,666**	**281**	**96**
Financial profit	958	1,129	104	145	135
Financial costs	1,157	1,603	465	514	608
Equity-method gains (losses)	1,017	801	627	650	570
Other	105	-108	1,400	0	0
Pre-tax profit	**2,469**	**582**	**71**	**1,156**	**2,778**
Taxes	403	7	-532	231	667
Effective tax rate (%)	16.3	1.2	-752.0	20.0	24.0
Profit from continuing operations	1,979	520	-798	925	2,111
Profit from discontinued operations	87	55	840	0	0
Net profit	**2,066**	**576**	**42**	**925**	**2,111**
Net margin (%)	9.6	3.5	0.3	5.9	10.3
Net profit (controlling interests)	2,009	599	-64	694	1,731
Net profit (non-controlling interests)	57	-24	106	231	380
EBITDA	3,273	2,148	595	3,333	5,520
EBITDA margin (%)	15.3	12.9	4.6	21.3	26.9
EPS (parent-based) (KRW)	27,788	8,288	-816	8,438	21,059
EPS (consolidated) (KRW)	28,574	7,959	544	11,250	25,682
Adjusted EPS (KRW)*	27,774	8,288	-816	8,438	21,059

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**9,187**	**10,334**	**12,620**	**13,241**	**15,672**
Cash & equivalents	1,524	1,885	5,747	5,011	4,875
Accounts receivable	2,875	2,729	2,205	2,641	3,465
Inventories	3,297	2,879	2,431	2,911	3,819
Other current assets	1,490	2,841	2,236	2,678	3,513
Fixed assets	**24,852**	**30,263**	**29,884**	**33,024**	**38,210**
Investment assets	11,394	11,187	8,998	10,597	13,620
Tangible assets	11,893	17,707	19,579	21,169	23,368
Intangible assets	859	668	606	558	520
Other long-term assets	705	701	701	701	701
Total assets	**34,039**	**40,597**	**42,504**	**46,265**	**53,882**
Current liabilities	**8,519**	**10,856**	**10,309**	**10,257**	**12,312**
Accounts payable	2,119	906	1,190	1,425	1,870
Short-term debt	2,298	5,394	5,394	5,594	6,194
Other current liabilities	4,103	4,557	3,725	3,239	4,249
Long-term liabilities	**5,613**	**8,174**	**8,489**	**11,453**	**14,981**
Bonds & long-term debt	2,850	5,064	6,014	8,514	11,164
Other long-term liabilities	2,763	3,111	2,475	2,939	3,817
Total liabilities	**14,132**	**19,030**	**18,798**	**21,710**	**27,293**
Owners of parent equity	**18,511**	**19,766**	**21,800**	**22,416**	**24,071**
Capital stock	357	357	416	416	416
Capital surplus	5,002	5,002	6,943	6,943	6,943
Retained earnings	12,336	12,780	12,649	13,266	14,921
Other	817	1,628	1,791	1,791	1,791
Non-controlling interests' equity	**1,396**	**1,801**	**1,907**	**2,138**	**2,518**
Total equity	**19,907**	**21,567**	**23,706**	**24,555**	**26,589**
Net debt	3,665	9,679	6,696	9,090	12,435

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**2,104**	**-138**	**2,070**	**2,631**	**4,185**
Net profit	2,066	576	42	925	2,111
Non-cash profit and expenses	1,498	2,397	1,938	2,394	3,394
Depreciation	1,660	1,795	2,128	2,410	2,801
Amortization	68	80	62	48	37
Other	-230	522	-252	-64	556
Changes in A/L from operating activities	-938	-2,622	465	-102	-194
Cash flow from investments	**-4,105**	**-4,920**	**-3,942**	**-4,042**	**-5,080**
Change in tangible assets	-4,037	-6,263	-4,000	-4,000	-5,000
Change in financial assets	-77	428	58	-42	-80
Other	9	915	0	-0	0
Cash flow from financing	**903**	**5,544**	**2,776**	**1,608**	**3,184**
Change in debt	578	5,941	842	1,685	3,260
Change in equity	0	0	2,000	0	0
Dividends	-72	-70	-67	-77	-77
Other	396	-327	-0	-0	0
Change in cash	-1,090	361	3,862	-736	-136
Cash at beginning of year	2,614	1,524	1,885	5,747	5,011
Cash at end of year	1,524	1,885	5,747	5,011	4,875
Gross cash flow	**3,564**	**2,972**	**1,980**	**3,319**	**5,505**
Free cash flow	**-1,945**	**-6,409**	**-1,930**	**-1,369**	**-815**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	6.5	-22.6	-21.3	19.7	31.2
Operating profit	-14.5	-76.5	nm	nm	206.5
Net profit	1.3	-72.1	-92.6	2,080.0	128.3
Adjusted EPS**	2.9	-70.2	nm	nm	149.6
Per-share data (KRW)					
EPS (parent-based)	27,788	8,288	-816	8,438	21,059
EPS (consolidated)	28,574	7,959	544	11,250	25,682
Adjusted EPS**	27,774	8,288	-816	8,438	21,059
BVPS	269,440	287,707	277,018	284,858	305,882
DPS (common)	973	973	973	973	973
Valuations (x)					
P/E***	16.6	29.2	n/a	37.0	14.8
P/B***	1.7	0.8	1.1	1.1	1.0
EV/EBITDA	11.6	13.4	57.2	11.0	7.3
Ratios (%)					
ROE	11.5	3.1	-0.3	3.1	7.4
ROA	6.4	1.5	0.1	2.1	4.2
ROIC	9.6	1.9	-4.2	2.9	7.5
Payout ratio	3.3	10.9	-118.1	10.8	4.3
Dividend yield (common)	0.2	0.4	0.3	0.3	0.3
Net debt to equity	18.4	44.9	28.2	37.0	46.8
Interest coverage (x)	5.6	1.1	-3.4	1.7	4.4

Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

COMPANY UPDATE

2025. 10. 28

EV/Mobility Team

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Posco Future M (003670)

Pins hopes on anode materials

- Posco Future M reported consensus-beating 3Q results.
- As for 4Q, although we cut our cathode material shipment forecast (bound for North American clients) for the company, we foresee improvement in the anode material business environment.
- We raise our target price for the company to KRW280,000, and maintain our BUY rating.

WHAT'S THE STORY?

3Q results beat consensus: Posco Future M reported 3Q consolidated sales of KRW874.8b and an operating profit of KRW66.7b, the latter beating FnGuide consensus of KRW25.7b. The 3Q strength owed to: 1) hikes in utilization rate and profitability thanks to normalization of precursor production at the Gwangyang factory and a hike in Ultium Cells-bound N86 shipments (despite weakness in NCA shipments); and 2) one-off gains (of about KRW32b), such as recovery of inventory revaluation losses and raw material revaluation losses (the latter thanks to metal price hike). As for the anode material unit, we estimate that its losses narrowed q-q, despite contraction of purchases from domestic clients, led by recovery of inventory revaluation losses (thanks to improvement in production yields).

Cathode material shipment to stagnate q-q in 4Q; anode material business environment to improve: We forecast the company's cathode material shipment to fall 31% q-q in 4Q, with N86 shipments (bound for a North American client) set to fall q-q due to the Sep 30 expiration of the IRA EV tax credits. We thus cut our 2025 cathode material shipment forecast for the company from 54,600 tonnes to 46,300 tonnes. Regarding the anode material unit, we note that the company on Oct 14 announced a natural graphite anode supply deal with a global automaker (worth KRW671b; over 2027-2031) and we expect the company to win additional orders from North American automakers, with the US set to announce final anti-dumping & countervailing duties on Chinese anode imports in December.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW280,000	14.1%
Current price	**KRW245,500**	
Market cap	KRW21.8t/USD15.2b	
Shares (float)	88,946,220 (36.4%)	
52-week high/low	KRW245,500/KRW97,028	
Avg daily trading value (60-day)	KRW81.5b/ USD56.9m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Posco Future M (%)	73.7	96.6	11.6
Vs Kospi (%pts)	45.5	23.8	-28.7

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	280,000	180,000	55.6%
2025E EPS	132	24	450.0%
2026E EPS	969	1,002	-3.3%

SAMSUNG vs THE STREET

No of estimates	9
Target price	175,500
Recommendation	3.6

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

SUMMARY 3Q RESULTS

(KRWb)	3Q25	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	874.8	-5.2	32.4	-0.4	-0.6
Operating profit	66.7	4,777.2	8,525.1	64.2	160.0
Pre-tax profit	57.3	nm	nm	335.2	295.6
Net profit	46.4	nm	nm	187.0	297.4
Margins (%)					
Operating profit	7.6				
Pre-tax profit	6.6				
Net profit	5.3				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2024	2025E	2026E
Valuations (x)			
P/E	n/a	1,858.9	253.4
P/B	3.7	7.3	7.1
EV/EBITDA	77.6	72.1	55.5
Div yield (%)	0.0	0.0	0.0
EPS growth (% y-y)	nm	nm	633.4
ROE (%)	-8.0	0.4	2.8
Per-share data (KRW)			
EPS	-2,655	132	969
BVPS	37,162	33,518	34,487
DPS	0	0	0

Raising target price to KRW280,000; maintaining BUY: We raise our target price for the company by 56% to KRW280,000, as we reflect the hike in industry peers' P/B multiple from 2.2x to 3.3x. We maintain our BUY rating. Despite the likely q-q fall in N86 shipments (bound for North American clients) in 4Q, the company should enjoy a hike in shipments over the medium to long term led by stabilization of precursor mass-production. Its valuation premium should also receive a boost, with the US set to announce final anti-dumping & countervailing duties on Chinese anode imports in December.

3Q review

(KRWb)	3Q25P	3Q24	2Q25	Chg	
				(% y-y)	(% q-q)
Sales	874.8	922.8	660.9	-5.2	32.4
Operating profit	66.7	1.4	0.8	4,775.0	8,521.2
Pre-tax profit	57.3	-26.0	-43.9	Turned pos	Turned pos
Net profit	46.4	-1.2	-35.5	Turned pos	Turned pos
Margins (%)					
Operating profit	7.6	0.1	0.1		
Pre-tax profit	6.5	-2.8	-6.6		
Net profit	5.3	-0.1	-5.4		

Source: Company data, Samsung Securities estimates

Revisions to full-year forecasts

(KRWb)	2025E			2026E		
	Old	New	Diff (%)	Old	New	Diff (%)
Sales	3,396.7	3,338.2	-1.7	4,775.1	4,631.9	-3.0
Operating profit	73.0	99.4	36.1	193.1	188.6	-2.4
Pre-tax profit	2.5	14.2	nm	107.9	104.3	-3.4
Net profit	2.2	12.0	nm	97.1	93.9	-3.4

Source: Samsung Securities estimates

Target-price calculation

(KRW)		Note
BVPS	35,982	2027E BVPS
Target P/B (x)	7.5	130% premium to 2025E average of cell & materials peers (130% is the highest premium at which shares traded between Sep 22, 2024 and Sep 22, 2025)
Fair value per share	270,667	
Target price	**280,000**	
Current price	242,000	Oct 24 close
Upside (%)	15.7	

Source: Bloomberg, Samsung Securities estimates

Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25p	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025E	2026E
Consolidated sales	1138.4	915.5	922.8	723.2	845.4	660.9	874.8	759.3	980.4	1146.8	1228.3	1276.4	3699.9	3338.2	4631.9
Base materials	356.8	322.2	339.8	341.4	339.8	345.5	341.4	348.2	330.8	337.4	347.6	354.5	1360.1	1374.9	1370.4
Energy materials	781.7	593.3	583.0	381.9	505.6	315.5	533.4	411.0	649.6	809.3	880.8	921.8	2339.9	1963.3	3261.5
Cathode materials	732.5	548.1	562.2	354.7	494.4	352.2	598.9	383.1	623.1	778.8	841.2	872.3	2203.3	1828.6	3115.4
Anode materials	49.3	50.3	24.6	30.1	39.1	42.3	25.4	27.9	26.5	30.5	39.6	49.5	154.3	134.7	146.1
Consolidated operating profit	37.9	2.7	1.4	-41.3	17.2	0.8	66.7	14.6	30.6	44.7	58.2	55.1	0.7	99.4	188.6
Base materials	12.8	1.4	17.2	6.2	14.8	26.3	19.2	15.7	13.2	16.9	19.1	17.7	37.6	76.1	66.9
Energy materials	25.1	1.3	-15.8	-47.5	2.4	-25.6	47.4	-1.0	17.4	27.9	39.0	37.4	-36.9	23.3	121.6
Consolidated operating margin (%)	3.3	0.3	0.1	-5.7	2.0	0.1	7.6	1.9	3.1	3.9	4.7	4.3	0.0	3.0	4.1
Base materials (%)	3.6	0.4	5.1	1.8	4.4	7.6	5.6	4.5	4.0	5.0	5.5	5.0	2.8	5.5	4.9
Energy materials (%)	3.2	0.2	-2.7	-12.4	0.5	-8.1	8.9	-0.2	2.7	3.4	4.4	4.1	-1.6	1.2	3.7

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**4,760**	**3,700**	**3,338**	**4,632**	**6,081**
Cost of goods sold	4,503	3,464	3,023	4,149	5,441
Gross profit	**257**	**236**	**315**	**483**	**640**
Gross margin (%)	5.4	6.4	9.4	10.4	10.5
SG&A expenses	221	235	215	294	382
Operating profit	**36**	**1**	**99**	**189**	**258**
Operating margin (%)	0.8	0.0	3.0	4.1	4.2
Non-operating gains (losses)	**-52**	**-433**	**-85**	**-84**	**-97**
Financial profit	203	222	24	22	15
Financial costs	176	235	89	106	112
Equity-method gains (losses)	-31	-95	-15	0	0
Other	-49	-324	-5	-0	-0
Pre-tax profit	**-16**	**-432**	**14**	**104**	**161**
Taxes	-21	-201	2	10	16
Effective tax rate (%)	127.6	46.4	15.0	10.0	10.0
Profit from continuing operations	4	-231	12	94	145
Profit from discontinued operations	0	0	0	0	0
Net profit	**4**	**-231**	**12**	**94**	**145**
Net margin (%)	0.1	-6.3	0.4	2.0	2.4
Net profit (controlling interests)	29	-212	11	86	133
Net profit (non-controlling interests)	-24	-19	1	8	12
EBITDA	173	185	365	486	569
EBITDA margin (%)	3.6	5.0	10.9	10.5	9.4
EPS (parent-based) (KRW)	359	-2,655	132	969	1,495
EPS (consolidated) (KRW)	55	-2,893	144	1,055	1,629
Adjusted EPS (KRW)*	359	-2,655	132	969	1,495

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**2,412**	**2,113**	**2,207**	**2,616**	**2,922**
Cash & equivalents	390	644	676	526	207
Accounts receivable	758	469	554	768	1,009
Inventories	917	768	760	1,055	1,385
Other current assets	348	231	217	267	322
Fixed assets	**3,923**	**5,820**	**6,835**	**7,304**	**7,566**
Investment assets	291	200	181	247	321
Tangible assets	3,359	5,160	6,202	6,611	6,805
Intangible assets	41	45	36	30	24
Other long-term assets	232	416	416	416	416
Total assets	**6,335**	**7,932**	**9,042**	**9,920**	**10,489**
Current liabilities	**1,396**	**1,570**	**1,071**	**1,444**	**1,857**
Accounts payable	262	299	253	351	461
Short-term debt	352	185	235	285	335
Other current liabilities	782	1,086	582	808	1,061
Long-term liabilities	**2,327**	**3,042**	**4,639**	**5,049**	**5,060**
Bonds & long-term debt	2,218	2,938	4,538	4,938	4,938
Other long-term liabilities	109	104	101	111	122
Total liabilities	**3,723**	**4,612**	**5,710**	**6,493**	**6,917**
Owners of parent equity	**2,350**	**2,970**	**2,981**	**3,067**	**3,200**
Capital stock	39	39	39	39	39
Capital surplus	1,457	1,459	1,459	1,459	1,459
Retained earnings	998	761	772	858	991
Other	-144	711	711	711	711
Non-controlling interests' equity	**261**	**350**	**351**	**359**	**371**
Total equity	**2,611**	**3,321**	**3,333**	**3,426**	**3,571**
Net debt	2,716	2,989	4,167	4,765	5,132

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**-445**	**671**	**118**	**168**	**207**
Net profit	4	-231	12	94	145
Non-cash profit and expenses	272	465	337	380	413
Depreciation	129	174	258	290	306
Amortization	9	10	8	7	6
Other	135	280	71	83	101
Changes in A/L from operating activities	-616	473	-175	-223	-250
Cash flow from investments	**-1,031**	**-1,810**	**-1,297**	**-709**	**-510**
Change in tangible assets	-1,351	-2,034	-1,300	-700	-500
Change in financial assets	12	1	3	-9	-10
Other	308	223	-0	0	-0
Cash flow from financing	**1,592**	**1,375**	**1,208**	**456**	**57**
Change in debt	1,637	527	1,208	456	57
Change in equity	3	2	0	0	0
Dividends	-24	-22	0	0	0
Other	-24	868	0	0	0
Change in cash	108	255	32	-149	-319
Cash at beginning of year	281	390	644	676	526
Cash at end of year	390	644	676	526	207
Gross cash flow	**277**	**233**	**349**	**474**	**558**
Free cash flow	**-1,797**	**-1,371**	**-1,182**	**-532**	**-293**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	44.2	-22.3	-9.8	38.8	31.3
Operating profit	-78.4	-98.0	13,680.2	89.8	36.6
Net profit	-96.4	nm	nm	679.6	54.4
Adjusted EPS**	-75.7	nm	nm	633.4	54.4
Per-share data (KRW)					
EPS (parent-based)	359	-2,655	132	969	1,495
EPS (consolidated)	55	-2,893	144	1,055	1,629
Adjusted EPS**	359	-2,655	132	969	1,495
BVPS	29,410	37,162	33,518	34,487	35,982
DPS (common)	242	0	0	0	0
Valuations (x)					
P/E***	968.7	n/a	1,858.9	253.4	164.2
P/B***	11.8	3.7	7.3	7.1	6.8
EV/EBITDA	177.5	77.6	72.1	55.5	48.0
Ratios (%)					
ROE	1.2	-8.0	0.4	2.8	4.2
ROA	0.1	-3.2	0.1	1.0	1.4
ROIC	-0.3	0.0	1.3	2.3	3.0
Payout ratio	67.4	0.0	0.0	0.0	0.0
Dividend yield (common)	0.1	0.0	0.0	0.0	0.0
Net debt to equity	104.0	90.0	125.0	139.1	143.7
Interest coverage (x)	0.7	0.0	1.1	1.8	2.3

Note: *Excluding one-off items;
**Fully diluted, excluding one-off items;
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

COMPANY UPDATE

2025. 11. 5

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Ecopro BM (247540)

Maintain a wait-and-see stance

- Ecopro BM reported a 3Q consensus-beating operating profit, but the figure would have hit just a BEP excluding one-offs.
- Its shipments should fall q-q in 4Q. We cut our 2025 shipment and earnings forecasts for the company.
- Although we raise our target price for the company to KRW160,000, we maintain HOLD on the stock considering unfavorable business conditions.

WHAT'S THE STORY?

3Q review—Operating profit beats consensus, but would have hit just a BEP excluding one-offs: Ecopro BM reported 3Q consolidated sales of KRW625.3b and an operating profit of KRW50.7b, the latter beating consensus of KRW44b and in line with our forecast of KRW50b. Shipments dipped 20% q-q, as expected, hit by poor sales at clients (battery cell makers). Meanwhile, operating profit included multiple sizable one-offs: 1) revaluation gains on its subsidiary's 10% stake in PT ESG New Energy Material (an Indonesian nickel refining company); 2) gains on the ESG investment (the sum of 1) and 2) stood at KRW41.8b); and 3) reversal (KRW9b) of inventory revaluation allowance. Excluding the one-offs, operating profit would have hit just a BEP.

Cutting 2025 shipment and earnings forecasts: We forecast the company's cathode material shipments to fall 15% q-q in 4Q, as although its high-nickel NCA shipments bound for North America should rise thanks to the start of ESS production at Ecopro EM's clients, its clients' (cell makers) shipments to US automakers should fall due to the termination of the IRA EV tax credits (Sep 30). As such, we cut: 1) our 2025 shipment forecast for the company from 78,000 tonnes to 72,000 tonnes; and 2) our 2025 sales and operating profit forecasts by 6% and 2%, respectively, to KRW2.5t and KRW111.9b. A possibility exists that the company incurs a one-off loss (eg, a depreciation cost; related to adjustment of useful life for tangible assets, such as equipment) in 4Q.

(Continued on the next page)

SUMMARY 3Q RESULTS

(KRWb)	3Q25	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	625.3	19.8	-19.8	0.1	-16.8
Operating profit	50.7	nm	3.5	1.4	15.3
Pre-tax profit	37.6	nm	31.3	27.1	25.9
Net profit	49.3	nm	43.9	72.4	89.0
Margins (%)					
Operating profit	8.1				
Pre-tax profit	6.0				
Net profit	7.9				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2024	2025E	2026E
Valuations (x)			
P/E	n/a	n/a	1,665.7
P/B	6.3	9.3	9.3
EV/EBITDA	164.7	72.8	75.0
Div yield (%)	0.0	0.0	0.0
EPS growth (% y-y)	nm	nm	nm
ROE (%)	-6.3	-0.7	0.6
Per-share data (KRW)			
EPS	-987	-127	97
BVPS	17,517	17,379	17,476
DPS	0	0	0

AT A GLANCE

HOLD

Target price	KRW160,000	-1.1%
Current price	**KRW161,800**	
Market cap	KRW15.8t/USD11.0b	
Shares (float)	97,801,344 (54.2%)	
52-week high/low	KRW182,000/KRW81,200	
Avg daily trading value (60-day)	KRW114.0b/ USD79.3m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Ecopro BM (%)	39.1	54.8	-11.1
Vs Kosdaq (%pts)	28.3	20.6	-27.6

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	HOLD	HOLD	
Target price	160,000	120,000	33.3%
2025E EPS	-127	-83	53.0%
2026E EPS	97	102	-4.9%

SAMSUNG vs THE STREET

No of estimates	19
Target price	137,000
Recommendation	3.6

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

Raising target price to KRW160,000, but maintaining HOLD: We raise our target price for the stock by 33% to KRW160,000, as: 1) we reflect the 42% hike in its peers' P/B multiple from 2.1x to 3x; and 2) we now apply a valuation premium of 207% to its peers (vs 213%, previously). We maintain our HOLD rating, as: 1) its shipments should fall in the near term; and 2) clients' ESS LFP capacity expansion should barely benefit the company (centered on high-nickel ternary cathode materials).

3Q review

(KRWb)	3Q25P	3Q24	2Q25	Chg	
				(% y-y)	(% q-q)
Sales	625.3	521.9	779.7	19.8	-19.8
Operating profit	50.7	-41.2	49.0	Turned pos	2.0
Pre-tax profit	37.6	-72.3	28.6	Turned pos	3.3
Net profit	49.3	-49.5	34.3	Turned pos	-16.6
Margins (%)					
Operating profit	8.1	-7.9	6.3		
Pre-tax profit	6.0	-13.9	3.7		
Net profit	7.9	-9.5	4.4		

Source: Company data, Samsung Securities estimates

Revisions to full-year forecasts

(KRWb)	2025E			2026E		
	Old	New	Diff (%)	Old	New	Diff (%)
Sales	2,694.2	2,531.9	-6.0	3,123.3	2,901.0	-7.1
Operating profit	114.4	111.9	-2.2	108.4	104.9	-3.2
Pre-tax profit	42.6	41.2	-3.3	22.1	21.1	-4.4
Net profit	40.5	61.9	52.7	19.9	19.0	-4.4

Source: Samsung Securities estimates

Target-price calculation

(KRW)		
BVPS	17,452	2025E-2026E weighted average
Target P/B (x)	9.1	207% premium to 2025E average of peer group (cell & materials companies) (207% is the stock's average premium over Oct 31, 2024-Oct 31, 2025)
Fair value per share	159,535	
Target price	**160,000**	
Current price	164,900	As of Nov 3 close
Upside (%)	-3.0%	

Source: Bloomberg, Samsung Securities estimates

Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25P	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025E	2026E
Sales	970.5	809.5	521.9	464.9	629.8	779.7	625.3	497.2	519.6	620.5	802.7	958.2	2,766.9	2,531.9	2,901.0
Battery materials	970.5	809.5	521.9	464.9	629.8	779.7	625.3	497.2	519.6	620.5	802.7	958.2	2,766.9	2,531.9	2,901.0
Operating income	6.7	3.9	-41.2	-3.5	2.3	49.0	50.7	9.9	7.8	18.6	40.1	38.3	-34.1	111.9	104.9
Operating margin (%)	0.7	0.5	-7.9	-0.7	0.4	6.3	8.1	2.0	1.5	3.0	5.0	4.0	-1.2	4.4	3.6

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**6,901**	**2,767**	**2,532**	**2,901**	**3,800**
Cost of goods sold	6,607	2,672	2,301	2,661	3,410
Gross profit	**293**	**95**	**231**	**240**	**389**
Gross margin (%)	4.3	3.4	9.1	8.3	10.2
SG&A expenses	137	129	119	136	176
Operating profit	**156**	**-34**	**112**	**105**	**213**
Operating margin (%)	2.3	-1.2	4.4	3.6	5.6
Non-operating gains (losses)	**-78**	**-59**	**-71**	**-84**	**-94**
Financial profit	190	113	21	28	32
Financial costs	241	175	102	121	137
Equity-method gains (losses)	7	0	0	0	0
Other	-35	4	10	10	10
Pre-tax profit	**78**	**-93**	**41**	**21**	**119**
Taxes	23	-34	-21	2	12
Effective tax rate (%)	29.6	37.1	-50.0	10.0	10.0
Profit from continuing operations	55	-59	62	19	107
Profit from discontinued operations	0	0	0	0	0
Net profit	**55**	**-59**	**62**	**19**	**107**
Net margin (%)	0.8	-2.1	2.4	0.7	2.8
Net profit (controlling interests)	-9	-97	-12	10	86
Net profit (non-controlling interests)	63	38	74	10	21
EBITDA	249	76	247	241	366
EBITDA margin (%)	3.6	2.7	9.7	8.3	9.6
EPS (parent-based) (KRW)	-89	-987	-127	97	877
EPS (consolidated) (KRW)	559	-598	633	194	1,096
Adjusted EPS (KRW)*	-89	-987	-127	97	877

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**2,443**	**1,378**	**1,990**	**2,384**	**2,925**
Cash & equivalents	513	499	675	877	951
Accounts receivable	767	142	416	477	624
Inventories	1,109	616	789	904	1,185
Other current assets	55	120	110	126	165
Fixed assets	**1,918**	**2,946**	**3,161**	**3,175**	**3,323**
Investment assets	18	22	22	22	24
Tangible assets	1,824	2,793	3,012	3,028	3,177
Intangible assets	14	19	15	13	10
Other long-term assets	62	111	111	111	111
Total assets	**4,362**	**4,324**	**5,151**	**5,559**	**6,248**
Current liabilities	**2,131**	**1,297**	**1,464**	**1,651**	**1,961**
Accounts payable	734	204	429	492	644
Short-term debt	1,073	769	869	969	1,069
Other current liabilities	324	324	166	190	247
Long-term liabilities	**631**	**1,049**	**1,648**	**1,850**	**2,122**
Bonds & long-term debt	592	1,025	1,625	1,825	2,090
Other long-term liabilities	39	24	23	25	32
Total liabilities	**2,762**	**2,347**	**3,112**	**3,501**	**4,083**
Owners of parent equity	**1,371**	**1,712**	**1,700**	**1,709**	**1,795**
Capital stock	49	49	49	49	49
Capital surplus	914	915	915	915	915
Retained earnings	375	275	263	273	358
Other	34	473	473	473	473
Non-controlling interests' equity	**228**	**265**	**339**	**349**	**370**
Total equity	**1,599**	**1,977**	**2,039**	**2,058**	**2,165**
Net debt	1,314	1,426	1,809	1,905	2,191

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**21**	**670**	**47**	**149**	**119**
Net profit	55	-59	62	19	107
Non-cash profit and expenses	408	119	195	232	269
Depreciation	89	106	131	133	151
Amortization	4	4	3	3	2
Other	316	9	60	96	116
Changes in A/L from operating activities	-384	650	-230	-100	-245
Cash flow from investments	**-673**	**-1,022**	**-327**	**-126**	**-276**
Change in tangible assets	-756	-1,024	-350	-150	-300
Change in financial assets	30	-24	2	-4	-9
Other	54	26	21	27	32
Cash flow from financing	**847**	**323**	**455**	**180**	**231**
Change in debt	879	121	556	301	368
Change in equity	36	1	0	0	0
Dividends	-44	0	0	0	0
Other	-24	201	-102	-121	-137
Change in cash	192	-13	175	202	74
Cash at beginning of year	320	513	499	675	877
Cash at end of year	513	499	675	877	951
Gross cash flow	**463**	**61**	**257**	**251**	**376**
Free cash flow	**-736**	**-354**	**-303**	**-1**	**-181**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	28.8	-59.9	-8.5	14.6	31.0
Operating profit	-59.0	nm	nm	-6.3	103.3
Net profit	-79.9	nm	nm	-69.3	464.0
Adjusted EPS**	nm	nm	nm	nm	802.4
Per-share data (KRW)					
EPS (parent-based)	-89	-987	-127	97	877
EPS (consolidated)	559	-598	633	194	1,096
Adjusted EPS**	-89	-987	-127	97	877
BVPS	14,043	17,517	17,379	17,476	18,353
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E***	n/a	n/a	n/a	1,665.7	184.6
P/B***	20.5	6.3	9.3	9.3	8.8
EV/EBITDA	119.4	164.7	72.8	75.0	50.2
Ratios (%)					
ROE	-0.6	-6.3	-0.7	0.6	4.9
ROA	1.4	-1.3	1.3	0.4	1.8
ROIC	4.5	-0.7	4.8	2.5	4.7
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	82.2	72.1	88.7	92.6	101.2
Interest coverage (x)	2.2	-0.4	1.1	0.9	1.6

Note: *Excluding one-off items;
**Fully diluted, excluding one-off items;
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

COMPANY UPDATE

2025. 10. 30

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L&F (066970)

Fundamentals improve in 3Q; momentum to be sustained

- L&F reported a 3Q operating profit of KRW22.1b, up KRW143.3b q-q and beating consensus of KRW7.8b, led by a profitability gain (driven by utilization rate hike) and recovery of lithium inventory revaluation losses.
- As for 4Q, the company should post an operating profit of KRW13.3b (for an operating margin of 2.1%; in line with consensus of KRW14.1b). It should remain in the black q-q, despite absence of one-offs, thanks to rising shipments to a leading EV maker.
- Reflecting the hike in industry peers' 2026 EV/EBITDA multiple from 22.8x to 35.7x, we raise our target price for the stock to KRW180,000. Despite its recent share-price run-up, we see the stock (vs rivals) still holds solid fundamentals and momentum.

WHAT'S THE STORY?

3Q results beat consensus: L&F reported 3Q sales of KRW652.3b (up 25% q-q; in line with consensus) and an operating profit of KRW22.1b (up KRW143.3b q-q; beating FnGuide consensus of an operating profit of KRW7.8b; for an operating margin of 3.4%). Its one-offs hit KRW16.7b—ie, KRW23.4b in recovery of lithium inventory revaluation losses and KRW6.7b in costs. Its ASP fell about 5% q-q—ASP of high-nickel products fell 7% q-q and that of mid-nickel products dipped 3% q-q. Its sales volume kept recovering visibly, up 39% q-q—sales volume of high-nickel products jumped 33% q-q led by continual hike in new product shipment to a leading EV maker, and sales volume of mid-nickel products climbed 76% q-q thanks to EV demand recovery in Europe (nb, high- and mid-nickel products take up 85% and 15% of the company's total sales, respectively).

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW180,000	44.3%
Current price	KRW124,700	
Market cap	KRW4.5t/USD3.1b	
Shares (float)	36,316,174 (68.7%)	
52-week high/low	KRW147,000/KRW47,800	
Avg daily trading value (60-day)	KRW64.2b/ USD44.8m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
L&F (%)	67.8	92.4	11.1
Vs Kospi (%pts)	40.6	20.4	-29.5

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	180,000	100,000	80.0%
2025E EPS	-9,651	-9,651	0.0%
2026E EPS	2,579	2,579	0.0%

SAMSUNG vs THE STREET

No of estimates	16
Target price	106,063
Recommendation	3.9

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

SUMMARY 3Q RESULTS

(KRWb)	3Q25	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	652.3	85.5	25.4	0.0	-2.4
Operating profit	22.1	nm	nm	-0.1	184.7
Pre-tax profit	-101.5	nm	nm	nm	nm
Net profit	-118.3	nm	nm	nm	nm
Margins (%)					
Operating profit	3.4				
Pre-tax profit	-15.6				
Net profit	-18.1				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2024	2025E	2026E
Valuations (x)			
P/E	n/a	n/a	48.4
P/B	3.8	6.3	5.5
EV/EBITDA	n/a	n/a	25.1
Div yield (%)	0.0	0.0	0.0
EPS growth (% y-y)	nm	nm	nm
ROE (%)	-41.7	-50.9	13.2
Per-share data (KRW)			
EPS	-10,416	-9,651	2,579
BVPS	21,264	19,747	22,537
DPS	0	0	0

4Q preview—Results to meet consensus: We forecast the company's 4Q operating profit to come in at KRW13.3b (for an operating margin of 2.1%), in line with FnGuide consensus of KRW14.1b. Its ASP should fall 3% q-q due to a decline in wholesale lithium price at clients, but its sales volume should keep rising, up 1% q-q, led by rising shipments of new products to a leading EV maker, despite slowdown of mid-nickel product sales.

View—Improvement in fundamentals and momentum to continue: We raise our target price for the stock from KRW100,000 to KRW180,000 to reflect the hike in industry peers' 2026 EV/EBITDA multiple from 22.8x to 35.7x. The stock's rapid rally—up 102% over the past month—and the resultant share-price volatility risk can be a risk factor, but we note that the company will keep enjoying improvement in both fundamentals and momentum (vs rivals). Having no exposure to the US' EV market, the company is barely affected by the early termination of the IRA EV tax credits (fundamentals). The company should become the only domestic player to produce LFP battery-use cathode materials in 2026—a differentiating point, as demand for non-Chinese-made LFP cathode materials is on the rise due to a hike in ESS demand forecasts in the US and the IRA revision (momentum). We thus maintain our BUY rating on the stock.

Table 1. L&F: EV/EBITDA valuation

(KRWb)	2026E EBITDA	Multiples (x)	EV	Details
Operating value (A)				
Cathode materials	242	35.7	8,629	Peer (a 5% discount compared to global cathode materials firms *); **revised up from 22.8x**
Total	**242**	**35.7**	**8,629**	**2026E EBITDA; revised up by 1% from KRW240b**
Asset value (B)			**135**	30% discount to book value
Net debt (C)			**1,279**	End-2025E; **Assuming full conversion of BW**
Fair market capitalization (D=A+B-C)			**7,485**	
Shares outstanding ('000)			42,316	**Assuming full conversion of BW**
Fair price (KRW)			176,884	
Fair market value per share (KRW)			**180,000**	**Revised up by 80% from KRW100,000**
Current price			147,000	As of Oct 29 close
Upside (%)			22.4	
2025 implied P/E (x)			nm	
2026 implied P/E (x)			69.8	
2025 implied P/B (x)			9.1	
2026 implied P/B (x)			8.0	

Note: * Priced at a 5% discount to domestic peers, despite trading at a premium to the global average (Ecopro BM, Posco Future M, Cosmo Advanced Materials, Beijing Easpring, Ronbay)

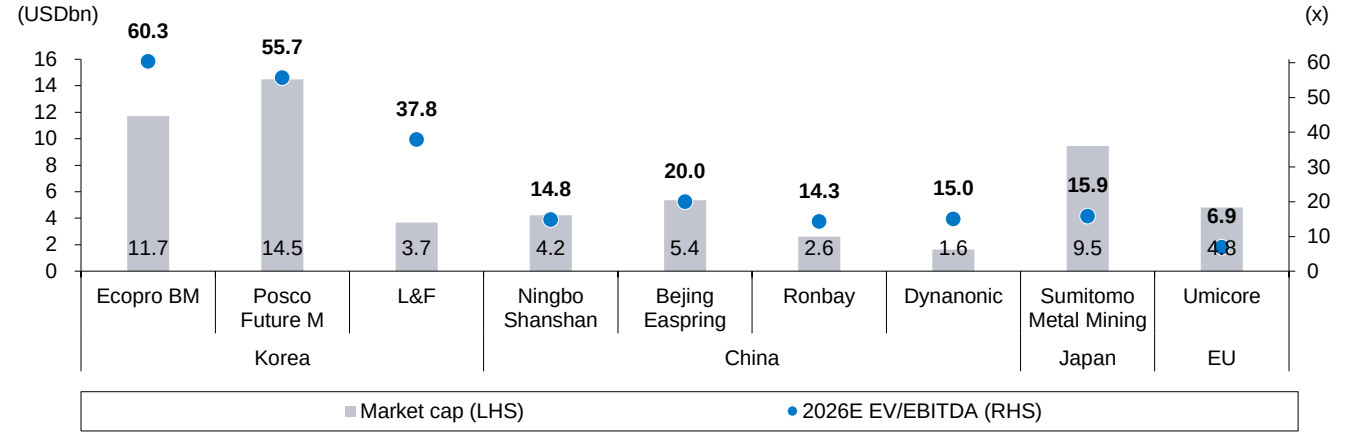
Source: Bloomberg, Samsung Securities estimates

Table 2. L&F: Quarterly results

(KRWb)	3Q25	2Q25	3Q24	Consensus	Samsung	Diff			
						(% q-q)	(% y-y)	Consensus	Samsung
Sales	652	520	352	668	654	25.4	85.5	-2.4	-0.3
Operating income	22	-121	-72	8	18	To turn pos	To turn pos	185.0	24.0
Pre-tax income	-102	-145	-123	-1	11	To remain neg	To remain neg	To remain neg	To turn neg
Net income	-118	-113	-77	0	9	To remain neg	To remain neg	To turn neg	To turn neg
Attributable to parent	-118	-112	-76	-2	9	To remain neg	To remain neg	To remain neg	To turn neg
Margins (%)									
Operating income	3.4	-23.3	-20.6	1.2	2.7				
Pre-tax income	-15.6	-27.9	-35.1	-0.2	1.6				
Net income	-18.1	-21.6	-21.9	0.0	1.4				
Attributable to parent	-18.1	-21.5	-21.6	-0.3	1.4				

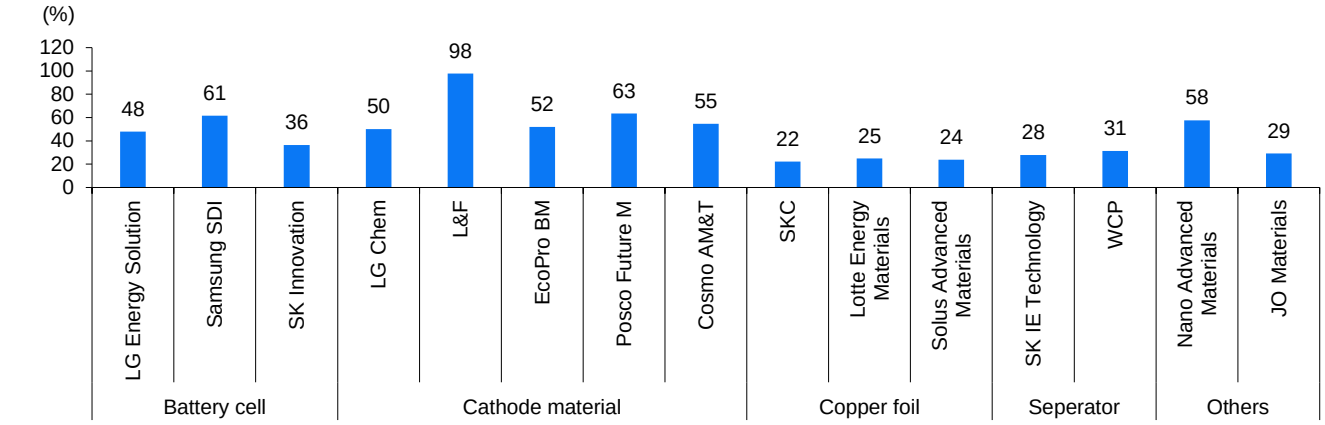
Source: Company data, FnGuide, Samsung Securities estimates

Global cathode material producers: 2026E EV/EBITDA



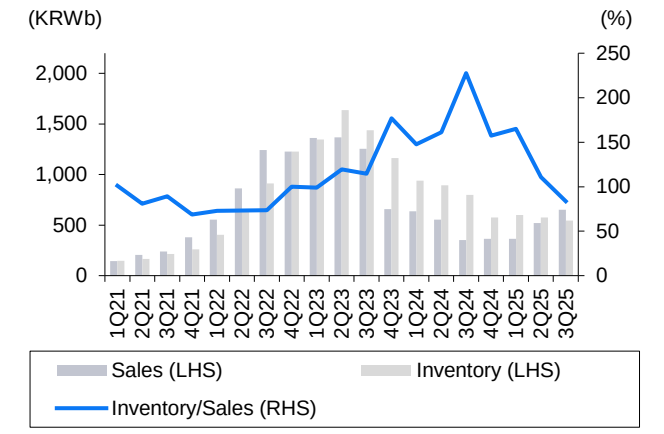
Source: Bloomberg, Samsung Securities

Korean battery value chain: Share-price performances (Oct 1-29, 2025)



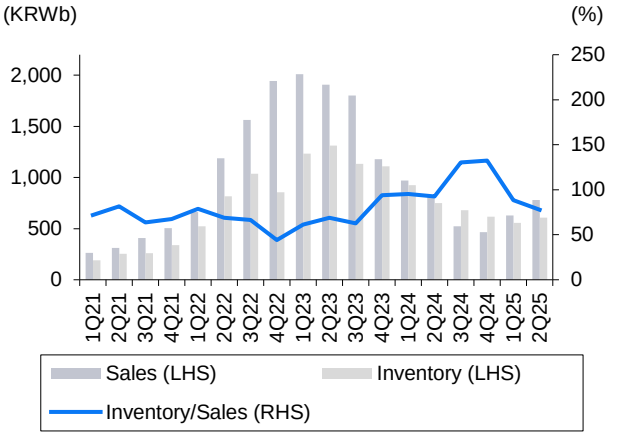
Source: FnGuide, Samsung Securities

L&F: Quarterly revenue and inventory



Source: FnGuide, Samsung Securities

Ecopro BM: Quarterly revenue and inventory



Source: FnGuide, Samsung Securities

Table 3. L&F: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2023	2024	2025E	2026E
KRW/USD (average)	1,453	1,401	1,387	1,390	1,370	1,350	1,330	1,310	1,306	1,365	1,408	1,340
Sales	**365**	**520**	**652**	**638**	**615**	**630**	**694**	**740**	**4,644**	**1,907**	**2,175**	**2,679**
Growth (% q-q)	-0.2	42.6	25.4	-2.2	-3.5	2.3	10.3	6.5				
Growth (% y-y)	-42.6	-6.3	85.5	74.6	68.7	21.1	6.4	16.0	19.5	-58.9	14.0	23.2
EBITDA	**-118**	**-99**	**44**	**38**	**49**	**56**	**69**	**68**	**-176**	**-495**	**-135**	**242**
Growth (% q-q)	Remained neg	Remained neg	Turned pos	-14.1	28.4	14.9	22.5	-0.7				
Growth (% y-y)	Remained neg	Remained neg	Turned pos	To turn pos	To turn pos	To turn pos	55.3	79.4	Turned neg	Remained neg	To remain neg	To turn pos
Operating profit	**-140**	**-121**	**22**	**13**	**24**	**30**	**42**	**41**	**-222**	**-559**	**-226**	**137**
Growth (% q-q)	Remained neg	Remained neg	Turned pos	-40.0	78.4	28.8	38.3	-3.2				
Growth (% y-y)	Remained neg	Remained neg	Turned pos	To turn pos	To turn pos	To turn pos	90.5	207.5	Turned neg	Remained neg	To remain neg	To turn pos
Pre-tax income	**-145**	**-145**	**-102**	**-12**	**17**	**24**	**36**	**34**	**-296**	**-520**	**-374**	**111**
Growth (% q-q)	Remained neg	Remained neg	Remained neg	To remain neg	To turn pos	39.8	48.8	-3.8				
Growth (% y-y)	Remained neg	Remained neg	Remained neg	To remain neg	To turn pos	To turn pos	To turn pos	To turn pos	Turned neg	Remained neg	To remain neg	To turn pos
Net profit	**-111**	**-113**	**-118**	**-9**	**13**	**19**	**28**	**27**	**-195**	**-381**	**-322**	**86**
Growth (% q-q)	Remained neg	Remained neg	Remained neg	To remain neg	To turn pos	39.8	48.8	-3.8				
Growth (% y-y)	Remained neg	Remained neg	Remained neg	To remain neg	To turn pos	To turn pos	To turn pos	To turn pos	Turned neg	Remained neg	To remain neg	To turn pos
Controlling net profit	-111	-112	-118	-9	14	20	30	29	-194	-378	-350	94
Margins (%)												
EBITDA	-32.4	-19.1	6.8	6.0	7.9	8.9	9.9	9.2	-3.8	-26.0	-6.2	9.0
Operating profit	-38.4	-23.3	3.4	2.1	3.8	4.8	6.1	5.5	-4.8	-29.3	-10.4	5.1
Pre-tax income	-39.9	-27.9	-15.6	-1.9	2.8	3.8	5.1	4.6	-6.4	-27.2	-17.2	4.1
Net profit	-30.5	-21.6	-18.1	-1.5	2.2	2.9	4.0	3.6	-4.2	-20.0	-14.8	3.2

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**4,644**	**1,907**	**2,175**	**2,679**	**3,601**
Cost of goods sold	4,784	2,371	2,309	2,450	3,257
Gross profit	**-140**	**-463**	**-134**	**229**	**345**
Gross margin (%)	-3.0	-24.3	-6.2	8.5	9.6
SG&A expenses	83	95	92	91	108
Operating profit	**-222**	**-559**	**-226**	**137**	**236**
Operating margin (%)	-4.8	-29.3	-10.4	5.1	6.6
Non-operating gains (losses)	**-73**	**39**	**-148**	**-26**	**-73**
Financial profit	49	258	-36	68	49
Financial costs	106	244	109	121	136
Equity-method gains (losses)	-0	-0	-0	-0	-0
Other	-16	25	-3	28	14
Pre-tax profit	**-296**	**-520**	**-374**	**111**	**164**
Taxes	-101	-139	-53	25	37
Effective tax rate (%)	34.1	26.7	14.1	22.5	22.5
Profit from continuing operations	-195	-381	-322	86	127
Profit from discontinued operations	0	0	0	0	0
Net profit	**-195**	**-381**	**-322**	**86**	**127**
Net margin (%)	-4.2	-20.0	-14.8	3.2	3.5
Net profit (controlling interests)	-194	-378	-350	94	138
Net profit (non-controlling interests)	-1	-3	29	-8	-11
EBITDA	-176	-495	-135	242	327
EBITDA margin (%)	-3.8	-26.0	-6.2	9.0	9.1
EPS (parent-based) (KRW)	-5,372	-10,416	-9,651	2,579	3,804
EPS (consolidated) (KRW)	-5,389	-10,493	-8,856	2,366	3,491
Adjusted EPS (KRW)*	-5,372	-10,416	-9,651	2,579	3,804

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**1,969**	**1,090**	**977**	**1,464**	**1,663**
Cash & equivalents	241	280	228	713	828
Accounts receivable	426	180	192	214	251
Inventories	1,163	575	494	460	483
Other current assets	139	56	63	76	100
Fixed assets	**1,382**	**1,710**	**1,798**	**1,886**	**1,961**
Investment assets	130	184	203	239	305
Tangible assets	1,120	1,260	1,331	1,385	1,396
Intangible assets	12	17	15	13	11
Other long-term assets	120	249	249	249	249
Total assets	**3,351**	**2,800**	**2,775**	**3,350**	**3,624**
Current liabilities	**1,747**	**1,552**	**1,548**	**2,036**	**2,181**
Accounts payable	143	78	89	110	148
Short-term debt	718	813	1,213	1,613	1,613
Other current liabilities	886	661	246	313	420
Long-term liabilities	**494**	**524**	**525**	**526**	**529**
Bonds & long-term debt	466	502	502	502	502
Other long-term liabilities	28	22	23	24	27
Total liabilities	**2,241**	**2,076**	**2,073**	**2,562**	**2,710**
Owners of parent equity	**1,097**	**714**	**663**	**757**	**895**
Capital stock	18	18	21	21	21
Capital surplus	704	702	999	999	999
Retained earnings	358	-23	-373	-279	-141
Other	17	16	16	16	16
Non-controlling interests' equity	**13**	**10**	**39**	**31**	**20**
Total equity	**1,110**	**723**	**702**	**788**	**914**
Net debt	1,775	1,570	1,579	1,512	1,431

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**-375**	**281**	**-138**	**249**	**235**
Net profit	-195	-381	-322	86	127
Non-cash profit and expenses	15	-77	124	219	222
Depreciation	44	60	89	102	89
Amortization	2	3	2	2	2
Other	-32	-140	33	114	131
Changes in A/L from operating activities	-24	776	101	69	29
Cash flow from investments	**-561**	**-240**	**-151**	**-146**	**-88**
Change in tangible assets	-482	-208	-160	-157	-100
Change in financial assets	-16	12	-0	-0	-0
Other	-64	-44	9	11	12
Cash flow from financing	**1,050**	**-20**	**257**	**419**	**34**
Change in debt	1,056	-179	-43	419	34
Change in equity	39	-2	300	0	0
Dividends	-17	0	0	0	0
Other	-28	160	0	0	0
Change in cash	121	38	-52	485	115
Cash at beginning of year	120	241	280	228	713
Cash at end of year	241	280	228	713	828
Gross cash flow	**-180**	**-457**	**-197**	**305**	**349**
Free cash flow	**-857**	**73**	**-298**	**92**	**135**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	19.5	-58.9	14.0	23.2	34.4
Operating profit	nm	nm	nm	nm	72.4
Net profit	nm	nm	nm	nm	47.5
Adjusted EPS**	nm	nm	nm	nm	47.5
Per-share data (KRW)					
EPS (parent-based)	-5,372	-10,416	-9,651	2,579	3,804
EPS (consolidated)	-5,389	-10,493	-8,856	2,366	3,491
Adjusted EPS**	-5,372	-10,416	-9,651	2,579	3,804
BVPS	32,742	21,264	19,747	22,537	26,651
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E***	n/a	n/a	n/a	48.4	32.8
P/B***	6.2	3.8	6.3	5.5	4.7
EV/EBITDA	n/a	n/a	n/a	25.1	18.3
Ratios (%)					
ROE	-16.4	-41.7	-50.9	13.2	16.7
ROA	-6.1	-12.4	-11.5	2.8	3.6
ROIC	-6.2	-18.2	-10.5	5.8	10.1
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	159.9	217.0	225.0	192.0	156.5
Interest coverage (x)	-2.8	-5.3	-2.3	1.2	1.9

Note: *Excluding one-off items;
**Fully diluted, excluding one-off items;
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

COMPANY UPDATE

2025. 11. 18

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Shinheung SEC (243840)

3Q results beat thanks to strong BBU demand

- Shinheung SEC reported 3Q earnings that beat market consensus.
- We expect the firm's earnings to improve in 2026 amid improving business conditions for small N-CID (used in battery backup units) and rising demand for ESS.
- We raise our target price to KRW6,800, and keep the stock at BUY.

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WHAT'S THE STORY?

3Q review: Shinheung SEC posted 3Q consolidated sales of KRW100.2b and an operating profit of KRW2.7b (vs FnGuide-based consensus of a KRW2.2b operating profit). Large square cans bore the brunt of weak end demand, while large-battery cap assembly sales fell 6% y-y, holding up relatively better. Meanwhile, small N-CID continued to show q-q improvement in 3Q, which we attribute to rising demand for relatively higher-priced products used in battery backup units (BBU).

Business conditions for BBU-use small N-CID improving: Looking ahead to 4Q, we believe large square cans will suffer while large-battery cap assemblies will see rising demand from North America in relation to ESS but falling orders from Europe ahead of the end of the year. Therefore, small N-CID sales growth should remain intact, but we forecast the firm's 4Q sales to decline 3% q-q to KRW97.1b for an operating margin of 1%. In 2026, we forecast the firm's sales to grow 20% y-y to KRW485.5b amid rising ESS-use product shipments at its client and growing demand for small N-CID. On top of this, the firm's cost-cutting drive should bolster its operating profit to KRW20b in 2026.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW6,800	29%
Current price	KRW5,270	
Market cap	KRW203.2b/USD139.37m	
Shares (float)	38,558,235 (42.8%)	
52-week high/low	KRW6,090/KRW3,800	
Avg daily trading value (60-day)	KRW4.4b/ USD3.0m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Shinheung SEC (%)	-4.7	30.8	-5.2
Vs Kosdaq (%pts)	-9.3	5.0	-28.0

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	6,800	5,800	17.2%
2025E EPS	-133	-92	44.6%
2026E EPS	146	186	-21.5%

SAMSUNG vs THE STREET

No of estimates	1
Target price	5,800
Recommendation	4.0

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

SUMMARY 3Q RESULTS

(KRWb)	3Q25	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	100.2	9.0	-2.4	-14.3	-14.3
Operating profit	2.7	101.6	26.2	-23.0	-22.9
Pre-tax profit	5.9	nm	nm	nm	n/a
Net profit	3.3	nm	nm	3,703.1	n/a
Margins (%)					
Operating profit	2.7				
Pre-tax profit	5.9				
Net profit	3.3				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2024	2025E	2026E
Valuations (x)			
P/E	10.6	n/a	36.0
P/B	0.6	0.7	0.7
EV/EBITDA	7.7	9.7	7.4
Div yield (%)	1.3	1.3	1.3
EPS growth (% y-y)	-29.1	nm	nm
ROE (%)	6.3	-1.7	1.9
Per-share data (KRW)			
EPS	481	-133	146
BVPS	7,920	7,721	7,802
DPS	66	66	66

Raising target price; maintaining BUY: We raise our target price to KRW6,800 (based on 46.1x P/E). Although we cut our 2026 EPS forecast from KRW186 to KRW146, we note that the peer group's P/E has risen. We maintain our BUY rating on the stock, expecting sales and profitability to grow amid improving business conditions for BBU-use small N-CID and rising ESS-bound shipments at its client.

Quarterly results

(KRWb)	3Q25	3Q24	2Q25	Chg	
				(% y-y)	(% q-q)
Sales	100.2	91.9	102.7	9.0	-2.5
Operating profit	2.7	1.3	2.1	101.9	26.4
Pre-tax profit	5.9	-4.5	-11.6	Turned pos	Turned pos
Net profit	3.3	-2.5	-12.2	Turned pos	Turned pos
Margins (%)					
Operating profit	2.7	1.5	2.1		
Pre-tax profit	5.9	-4.9	-11.3		
Net profit	3.3	-2.7	-11.9		

Source: Company data

Revisions to full-year forecasts

(KRWb)	2025E			2026E		
	Old	New	Diff (%)	Old	New	Diff (%)
Sales	429.7	403.5	-6.1	540.1	485.5	-10.1
Operating profit	3.5	1.5	-56.4	22.3	20.1	-10.2
Pre-tax profit	-4.4	-6.3	nm	9.9	7.8	-21.3
Net profit	-4.2	-6.0	nm	8.4	6.6	-21.3

Source: Samsung Securities estimates

Target-price calculation

(KRW)		Note
EPS	146	2026E EPS
Target P/E (x)	46.1	30% discount to 2025E average of peer group (materials, equipment, parts) (10%pt discount for being a component maker; 20%pt discount for heavy reliance on single client)
Fair value per share	6,760	
Target price	**6,800**	
Current price	5,430	As of Nov 14 close
Upside (%)	25.2%	

Source: Bloomberg, Samsung Securities estimates

Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025E	2026E
Sales	**147.9**	**114.1**	**91.9**	**78.9**	**103.5**	**102.7**	**100.2**	**97.1**	**80.2**	**101.8**	**143.6**	**160.0**	**432.8**	**403.5**	**485.5**
Small cylindrical CID	31.7	29.8	14.9	11.7	11.0	18.9	21.5	24.2	19.9	23.9	28.8	26.8	88.1	75.6	99.4
Large square cap assembly	101.3	71.4	68.0	58.6	83.5	76.0	71.5	68.6	53.9	71.9	107.9	125.8	299.2	299.6	359.5
Large square can	12.3	6.9	5.0	3.4	3.1	2.8	1.1	0.7	2.1	1.3	1.5	0.2	27.6	7.7	5.1
Small cylindrical NS assembly	2.0	3.8	3.7	4.5	4.1	3.9	4.7	2.8	3.4	3.8	4.3	5.6	14.1	15.5	17.1
Other	0.6	2.1	0.3	0.7	1.8	1.1	1.3	0.8	0.9	1.0	1.1	1.4	3.6	5.0	4.3
Operating profit	**10.2**	**6.1**	**1.3**	**-4.5**	**-4.3**	**2.1**	**2.7**	**1.0**	**2.4**	**4.1**	**7.2**	**6.4**	**13.2**	**1.5**	**20.1**
Operating margin (%)	6.9	5.4	1.5	-5.8	-4.1	2.1	2.7	1.0	3.0	4.0	5.0	4.0	3.0	0.4	4.1

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**540**	**433**	**403**	**485**	**598**
Cost of goods sold	453	382	366	423	517
Gross profit	**87**	**51**	**37**	**62**	**81**
Gross margin (%)	16.0	11.8	9.2	12.8	13.5
SG&A expenses	43	38	35	42	51
Operating profit	**44**	**13**	**2**	**20**	**29**
Operating margin (%)	8.1	3.0	0.4	4.1	4.9
Non-operating gains (losses)	**-8**	**9**	**-8**	**-12**	**-12**
Financial profit	3	1	1	1	1
Financial costs	15	18	19	18	18
Equity-method gains (losses)	0	0	0	0	0
Other	5	26	10	5	5
Pre-tax profit	**36**	**22**	**-6**	**8**	**17**
Taxes	5	1	-0	1	3
Effective tax rate (%)	12.9	2.3	5.0	15.0	15.0
Profit from continuing operations	31	22	-6	7	15
Profit from discontinued operations	0	0	0	0	0
Net profit	**31**	**22**	**-6**	**7**	**15**
Net margin (%)	5.7	5.1	-1.5	1.4	2.5
Net profit (controlling interests)	31	22	-6	7	15
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	89	71	58	74	80
EBITDA margin (%)	16.4	16.3	14.4	15.2	13.4
EPS (parent-based) (KRW)	679	481	-133	146	326
EPS (consolidated) (KRW)	679	481	-133	146	326
Adjusted EPS (KRW)*	679	481	-133	146	326

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**254**	**208**	**168**	**213**	**269**
Cash & equivalents	110	113	54	76	100
Accounts receivable	95	33	59	71	88
Inventories	43	53	45	54	66
Other current assets	6	10	10	12	14
Fixed assets	**586**	**667**	**661**	**632**	**607**
Investment assets	1	1	1	1	2
Tangible assets	575	650	644	615	590
Intangible assets	1	2	2	2	2
Other long-term assets	9	14	14	14	14
Total assets	**840**	**876**	**829**	**846**	**875**
Current liabilities	**305**	**289**	**251**	**263**	**280**
Accounts payable	31	23	25	30	37
Short-term debt	181	193	193	193	193
Other current liabilities	92	74	34	41	50
Long-term liabilities	**197**	**228**	**228**	**229**	**231**
Bonds & long-term debt	185	217	217	217	217
Other long-term liabilities	13	12	11	13	14
Total liabilities	**502**	**517**	**479**	**492**	**511**
Owners of parent equity	**338**	**358**	**349**	**353**	**365**
Capital stock	23	23	23	23	23
Capital surplus	166	166	166	166	166
Retained earnings	145	161	152	156	168
Other	5	9	9	9	9
Non-controlling interests' equity	**0**	**0**	**0**	**0**	**0**
Total equity	**338**	**358**	**349**	**353**	**365**
Net debt	290	343	363	342	319

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**56**	**67**	**33**	**50**	**51**
Net profit	31	22	-6	7	15
Non-cash profit and expenses	62	55	74	72	71
Depreciation	45	57	56	53	51
Amortization	0	0	0	0	0
Other	17	-2	18	18	20
Changes in A/L from operating activities	-19	11	-18	-11	-14
Cash flow from investments	**-157**	**-88**	**-50**	**-26**	**-26**
Change in tangible assets	-165	-87	-50	-25	-25
Change in financial assets	-0	-3	0	-1	-1
Other	9	2	0	-0	0
Cash flow from financing	**126**	**16**	**-41**	**-2**	**-1**
Change in debt	140	58	-38	1	2
Change in equity	1	-0	0	0	0
Dividends	-3	-4	-3	-3	-3
Other	-12	-38	0	0	0
Change in cash	26	3	-58	22	24
Cash at beginning of year	84	110	113	54	76
Cash at end of year	110	113	54	76	100
Gross cash flow	**93**	**77**	**68**	**79**	**85**
Free cash flow	**-112**	**-21**	**-17**	**25**	**26**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	13.0	-19.8	-6.8	20.3	23.1
Operating profit	40.7	-69.8	-88.5	1,219.3	46.8
Net profit	57.8	-29.0	nm	nm	122.8
Adjusted EPS**	57.7	-29.1	nm	nm	122.8
Per-share data (KRW)					
EPS (parent-based)	679	481	-133	146	326
EPS (consolidated)	679	481	-133	146	326
Adjusted EPS**	679	481	-133	146	326
BVPS	7,407	7,920	7,721	7,802	8,062
DPS (common)	86	66	66	66	66
Valuations (x)					
P/E***	13.8	10.6	n/a	36.0	16.1
P/B***	1.3	0.6	0.7	0.7	0.7
EV/EBITDA	7.4	7.7	9.7	7.4	6.5
Ratios (%)					
ROE	9.6	6.3	-1.7	1.9	4.1
ROA	4.1	2.6	-0.7	0.8	1.7
ROIC	6.9	1.9	0.2	2.4	3.7
Payout ratio	10.8	11.6	-42.3	38.4	17.2
Dividend yield (common)	0.9	1.3	1.3	1.3	1.3
Net debt to equity	85.9	95.6	103.9	96.8	87.3
Interest coverage (x)	2.9	0.7	0.1	1.1	1.6

Note: *Excluding one-off items;
**Fully diluted, excluding one-off items;
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

COMPANY UPDATE

2025. 12. 17

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SungEel HiTech (365340)

Opportunities from metal price recovery, European volume growth

- We expect SungEel HiTech to see ASPs improve and losses narrow in 4Q, driven by surges in cobalt and lithium prices.
- The company's procurement volumes in Europe are likely to expand as European companies seek to comply with 2025 EU waste battery recycling rate targets.
- Improved utilization from increased input of European volumes should drive a turnaround to full-year profitability in 2026.

WHAT'S THE STORY?

Rising cobalt and lithium prices to lift ASPs and reduce losses: As of November, one of the major changes in SungEel HiTech's business environment is the sharp increase in prices of key metal materials. Cobalt has surged 39% since end-September, while lithium has risen 24%. Although nickel prices slid 4%, the increase in prices of other metals—which account for nearly half of recycled products—supports expectations for higher ASPs in 4Q and q-q earnings gains.

Utilization rises on EU battery rules, expanded procurement volumes: EU battery regulations require the continent to achieve a 65% lithium battery recycling rate by year-end. In addition, regulations prohibit the export of black mass—the key feedstock for recycling—to non-OECD countries. As a result, SungEel HiTech is expected to secure approximately 11,000 tonnes annually from major European recyclers. Reflecting this, utilization is highly likely to improve to around 75% in 2026 (from around 50% in 3Q25).

(Continued on the next page)

SUMMARY FINANCIAL DATA

(KRWb)	2021	2022	2023	2024
Revenue	147	270	247	136
Operating profit	17	48	(8)	(71)
Net Profit	(9)	39	25	(112)
EPS (adj) (KRW)	n/a	n/a	n/a	n/a
EPS (adj) growth (%)	nm	nm	nm	nm
EBITDA margin (%)	17.4	21.5	2.2	(36.7)
ROE (%)	(13.9)	19.6	8.3	(43.0)
P/E (adj) (x)	n/a	n/a	n/a	n/a
P/B (x)	n/a	n/a	n/a	n/a
EV/EBITDA (x)	1.5	(0.5)	30.1	n/a
Dividend yield (%)	n/a	n/a	n/a	n/a

Source: Company data, Samsung Securities estimates

AT A GLANCE

Not rated

Target price	n/a
Current price	KRW42,250
Market Cap	KRW516.95b/USD350m
Shares (float)	12,235,446 (66.9%)
52-week high/low	KRW47,700/KRW30,000
Avg daily trading value (60-day)	KRW2.0b/ USD1.3m

ONE-YEAR PERFORMANCE

	1M	6M	12M
SungEel HiTech (%)	4.3	26.5	5.1
Vs Kosdaq (%pts)	2.2	7.3	-19.9

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	Not rated		
Target price	n/a		
2025E EPS	n/a		
2026E EPS	n/a		

SAMSUNG vs THE STREET

No of estimates	2
Target price	50,500
Recommendation	4.0

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

Expect losses to narrow from 4Q, profitability to improve in 2026: Until 3Q, SungEel HiTech struggled to improve profitability amid: 1) weak utilization among major customers supplying key raw materials; and 2) declining metal prices. This raised the firm's financial burden, and its debt ratio climbed from 288% in 2Q to 325% in 3Q—and this remains a risk factor. However, in 4Q, losses are likely to narrow thanks to ASP hikes linked to changes in metal prices. Next year, meanwhile, as procurement volumes contracted in 2H25 are fully input, a full-year turnaround to profitability is likely. FnGuide consensus has the firm posting 2025 sales of KRW194.7b and an operating loss of KRW48.6b, but a turn to an operating profit of KRW6.8b in 2026 on sales of KRW275.6b.

Income statement

Year-end Dec 31 (KRWb)	2020	2021	2022	2023	2024
Sales	**66**	**147**	**270**	**247**	**136**
Cost of goods sold	65	120	201	225	173
Gross profit	**1**	**27**	**69**	**22**	**(37)**
Gross margin (%)	1.4	18.5	25.4	9.1	(27.2)
SG&A expenses	7	10	20	31	34
Operating profit	**(6)**	**17**	**48**	**(8)**	**(71)**
Operating margin (%)	(9.5)	11.4	17.9	(3.4)	(52.4)
Non-operating gains (losses)	**(5)**	**(27)**	**1**	**(3)**	**(17)**
Financial profit	1	2	10	10	16
Financial costs	6	29	10	10	23
Equity-method gains (losses)	0	2	2	(4)	(5)
Other	1	(1)	(1)	1	(4)
Pre-tax profit	**(11)**	**(10)**	**50**	**(12)**	**(88)**
Taxes	(8)	(1)	10	(37)	24
Effective tax rate (%)	72.3	9.1	21.0	316.5	(27.3)
Profit from continuing operations	(3)	(9)	39	25	(112)
Profit from discontinued operations	0	0	0	0	0
Net profit	**(3)**	**(9)**	**39**	**25**	**(112)**
Net margin (%)	(4.5)	(6.0)	14.5	10.2	(82.6)
Net profit (controlling interests)	(3)	(9)	39	25	(110)
Net profit (non-controlling interests)	(0)	0	(0)	0	(2)
EBITDA	(1)	26	58	6	(50)
EBITDA margin (%)	(1.0)	17.4	21.5	2.2	(36.7)
EPS (parent-based) (KRW)	n/a	n/a	n/a	n/a	n/a
EPS (consolidated) (KRW)	n/a	n/a	n/a	n/a	n/a
Adjusted EPS (KRW)*	n/a	n/a	n/a	n/a	n/a

Balance sheet

Year-end Dec 31 (KRWb)	2020	2021	2022	2023	2024
Current assets	**38**	**76**	**215**	**146**	**127**
Cash & equivalents	11	22	105	30	23
Accounts receivable	3	9	14	17	13
Inventories	21	40	56	60	68
Other current assets	3	5	41	39	24
Fixed assets	**107**	**124**	**205**	**429**	**553**
Investment assets	1	5	33	25	33
Tangible assets	95	107	154	346	491
Intangible assets	0	0	0	3	0
Other long-term assets	11	12	19	54	28
Total assets	**145**	**200**	**421**	**575**	**679**
Current liabilities	**61**	**57**	**89**	**120**	**253**
Accounts payable	3	18	19	15	13
Short-term debt	27	24	39	78	158
Other current liabilities	31	14	31	28	82
Long-term liabilities	**66**	**34**	**41**	**131**	**201**
Bonds & long-term debt	44	23	30	108	178
Other long-term liabilities	22	10	11	22	24
Total liabilities	**128**	**90**	**129**	**251**	**455**
Owners of parent equity	**17**	**109**	**291**	**309**	**203**
Capital stock	3	4	6	6	6
Capital surplus	13	111	256	256	257
Retained earnings	0	(9)	31	56	(55)
Other	2	2	(1)	(9)	(5)
Non-controlling interests' equity	**0**	**0**	**(0)**	**15**	**21**
Total equity	**17**	**109**	**291**	**324**	**225**
Net debt	104	39	(28)	151	368

Cash flow statement

Year-end Dec 31 (KRWb)	2020	2021	2022	2023	2024
Cash flow from operations	**(0)**	**12**	**43**	**(4)**	**(55)**
Net profit	(3)	(9)	39	25	(112)
Non-cash profit and expenses	5	35	24	(14)	70
Depreciation	6	9	10	13	21
Amortization	0	0	0	0	0
Other	(1)	26	14	(27)	49
Changes in A/L from operating activities	(1)	(12)	(19)	(11)	(9)
Cash flow from investments	**(29)**	**(21)**	**(111)**	**(185)**	**(164)**
Change in tangible assets	(29)	(20)	(56)	(190)	(173)
Change in financial assets	1	(0)	(4)	(9)	5
Other	(1)	(1)	(50)	13	5
Cash flow from financing	**38**	**19**	**151**	**117**	**211**
Change in debt	43	(54)	21	113	204
Change in equity	n/a	n/a	n/a	n/a	n/a
Dividends	0	0	0	0	0
Other	n/a	n/a	n/a	n/a	n/a
Change in cash	8	11	83	(74)	(7)
Cash at beginning of year	2	11	22	105	30
Cash at end of year	11	22	105	30	23
Gross cash flow	**2**	**26**	**63**	**12**	**(42)**
Free cash flow	**(29)**	**(7)**	**(14)**	**(193)**	**(229)**

Financial ratios

Year-end Dec 31	2020	2021	2022	2023	2024
Growth (%)					
Sales	33.4	123.3	83.3	(8.3)	(44.9)
Operating profit	nm	nm	186.6	nm	nm
Net profit	nm	nm	nm	(35.5)	nm
Adjusted EPS**	nm	nm	nm	nm	nm
Per-share data (KRW)					
EPS (parent-based)	n/a	n/a	n/a	n/a	n/a
EPS (consolidated)	n/a	n/a	n/a	n/a	n/a
Adjusted EPS**	n/a	n/a	n/a	n/a	n/a
BVPS	n/a	n/a	n/a	n/a	n/a
DPS (common)	n/a	n/a	n/a	n/a	n/a
Valuations (x)					
P/E***	n/a	n/a	n/a	n/a	n/a
P/B***	n/a	n/a	n/a	n/a	n/a
EV/EBITDA	n/a	1.5	(0.5)	30.1	n/a
Ratios (%)					
ROE	(16.2)	(13.9)	19.6	8.3	(43.0)
ROA	(2.4)	(5.1)	12.6	5.1	(17.9)
ROIC	(1.7)	12.4	21.2	5.6	(18.4)
Payout ratio	n/a	n/a	n/a	n/a	n/a
Dividend yield (common)	n/a	n/a	n/a	n/a	n/a
Net debt to equity	596.8	35.7	(9.5)	46.6	163.7
Interest coverage (x)	(2.1)	2.7	17.5	(2.3)	(8.1)

Note: *Excluding one-off items;
**Fully diluted, excluding one-off items;
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

Compliance notice

- As of 12/16 2025, Samsung Securities shared group affiliation with Samsung SDI.
- As of 12/16 2025, Samsung Securities' holdings of shares and debt instruments convertible into shares of SANGSIN ENERGY DISPLAY PRECISION CO.,LTD would, if such debt instruments were converted, exceed 1% of the outstanding shares.
- During the six months prior to 12/15 2025, Samsung Securities had participated as an underwriter in one or more securities issuances (rights offerings) by Samsung SDI.
- As of 12/15 2025, the covering analyst(s) did not own any shares, or debt instruments convertible into shares, of any company covered in this report.
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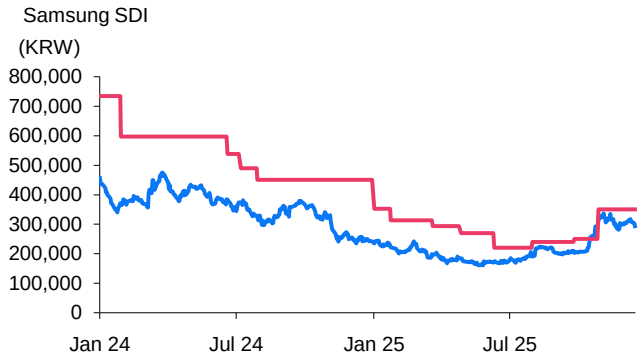
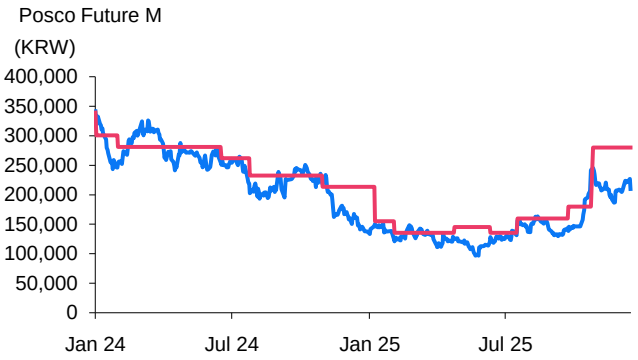
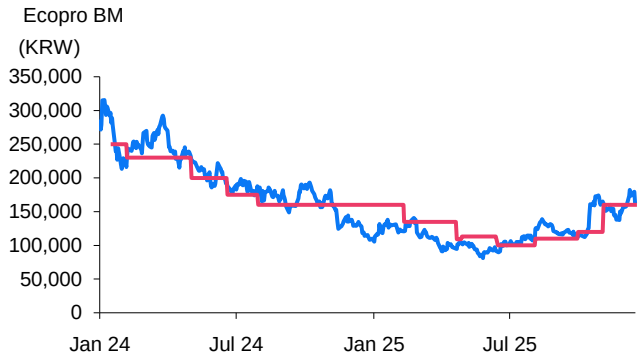
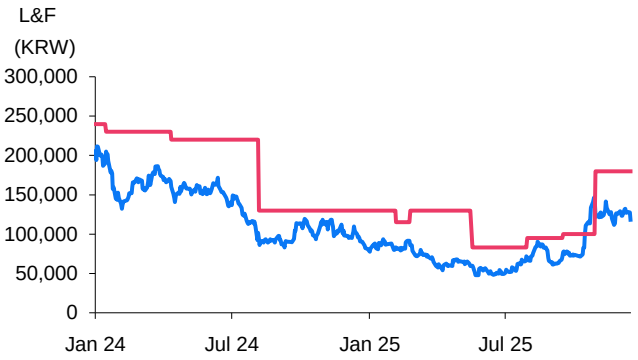
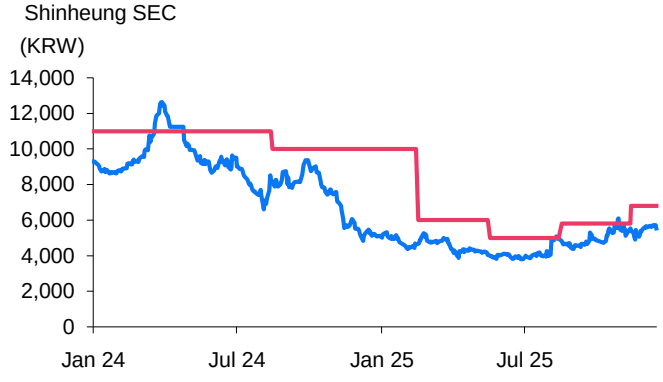
Target price changes in past two years

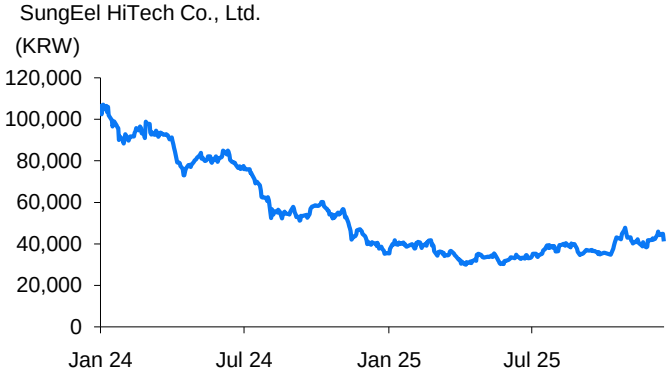












Rating changes over past two years (adjusted share prices)

Samsung SDI												
Date	2023/10/26	2024/1/30	6/20	7/8	7/30	2025/1/2	1/24	3/21	4/28	6/11	8/1	9/26
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	734275	597210	538468	489517	450355	352452	313291	293710	270000	220000	240000	250000
Gap* (average)	-41.99	-32.48	-32.88	-28.53	-31.99	-33.69	-32.91	-37.37	-37.02	-18.49	-12.36	-5.25
(max or min)**	-32.53	-20.33	-29.27	-22.10	-15.76	-30.69	-22.81	-30.50	-32.00	-6.36	-6.25	17.20
Date	10/28											
Recommendation	BUY											
Target price (KRW)	350000											
Gap* (average)												
(max or min)**												
Posco Future M												
Date	2023/10/24	2024/1/3	2/1	6/18	7/26	10/31	2025/1/9	2/4	4/25	6/12	6/19	7/18
Recommendation	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	BUY
Target price (KRW)	339260	300488	281101	261715	232636	213249	155090	135704	145397	135704	135704	160000
Gap* (average)	-10.58	-6.09	-0.90	-4.96	-5.42	-21.06	-8.54	-4.86	-22.52	-11.07	-4.71	-9.28
(max or min)**	5.14	-19.03	15.86	1.11	7.71	-37.32	-2.62	9.29	-13.20	-9.21	2.43	2.00
Date	9/24	10/27										
Recommendation	BUY	BUY										
Target price (KRW)	180000	280000										
Gap* (average)	-3.74											
(max or min)**	34.44											
Ecopro BM												
Date	2023/9/26	2024/1/19	2/7	5/3	6/20	7/31	2025/2/11	4/22	4/29	6/16	8/5	10/1
Recommendation	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD
Target price (KRW)	280000	250000	230000	200000	175000	160000	135000	109000	113000	100000	110000	120000
Gap* (average)	-4.83	-8.15	9.11	2.69	5.86	-5.72	-16.65	-5.96	-17.12	4.70	12.17	26.06
(max or min)**	17.50	-14.60	-6.52	-7.10	-0.57	-34.06	4.30	-4.13	-7.52	14.70	2.73	45.08
Date	11/4											
Recommendation	HOLD											
Target price (KRW)	160000											
Gap* (average)												
(max or min)**												
L&F												
Date	2023/10/24	2024/1/16	4/12	8/7	2025/2/6	2/25	5/19	7/31	9/17	10/30		
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY		
Target price (KRW)	240000	230000	220000	130000	115000	130000	83000	95000	100000	180000		
Gap* (average)	-28.79	-28.21	-34.28	-25.00	-26.56	-48.64	-34.18	-22.96	-5.18			
(max or min)**	-11.88	-12.39	-22.00	-8.15	-20.26	-33.77	-13.25	-4.74	47.00			
Shinheung SEC												
Date	2023/11/15	2024/5/16	8/16	2025/2/17	5/19	8/18	11/14					
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY					
Target price (KRW)	11000	11000	10000	6000	5000	5800	6800					
Gap* (average)	-12.23	-22.22	-34.18	-24.39	-17.81	-13.48						
(max or min)**	14.91	-12.36	-6.30	-12.17	1.60	5.00						
SungEel HiTech Co., Ltd.												
Date	2025/12/16											
Recommendation	Not Rated											
Target price (KRW)	n/a											
Gap* (average)												
(max or min)**												

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

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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 2025.09.30

BUY(83.5%)·HOLD(16.5%)·SELL(0%)

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