SECTOR UPDATE

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Batteries (OVERWEIGHT)

EV Pulse: Ford pivots, signaling ESS supply growth in US

- On Dec 16, Ford discontinued the F-150 Lightning and scrapped plans to launch a large electric truck. Instead, it plans to introduce hybrids such as EREV and mid-to-low-priced EVs.
- The Kentucky plant will shift from EV batteries to ESS, securing 20 GWh of capacity, targeting shipments from 2027.
- EV launch delays due to changes in US EV policy and the use of battery plants for ESS production are expected to gradually spread to other carmakers.

WHAT'S THE STORY?

Ford revises its EV strategy: Ford will discontinue the F-150 Lightning and significantly revise its EV business strategy, planning total spending of USD19.5b (approximately KRW29t). To improve profitability, the company will focus on a customer-centric strategy, scrap plans for large-segment EV launches, and instead prioritize trucks, vans, low-priced EVs, and the ESS business.

Spending plan: Of the USD19.5b, some USD12.5b is expected to be executed in 2025 and USD7b from 2026. A total of USD8.5b will be used for asset impairment and amortization in Ford's EV division (Model e), while USD6b will be allocated to gains and losses related to the disposal of BOSK, its JV with SK On. Of the total, USD5.5b is cash costs and USD14b non-cash costs.

Change #1—Hybrid expansion: Ford plans to expand its lineup of profitable ICE and hybrid models and targets hybrids, EREV, and EVs to account for 50% of global sales by 2030 (up from 17% currently).

Change #2—Launch of new budget-friendly models: Through the launch of ICE trucks and vans, Ford plans to hire several thousand new employees in the US over the coming years. Based on its Universal EV Platform, the firm intends to focus on developing smaller and cheaper EVs, with the first model on this platform planned as a mid-sized pickup truck that will launch in 2027.

Change #3—Co-development with Renault in Europe: On Dec 9, Ford and Renault signed a strategic partnership to jointly develop two models based on Renault's EV platform, Ampere. As with the past sharing of VW's MEB platform, Ford aims to collaborate with competitors in non-core markets to target the EV market. It plans to launch new models in Europe from early 2028.

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Change #4—ESS business entry: Ford plans to manufacture and sell ESS using its own plants in Kentucky (the BOSK plant) and Michigan (an LFP battery plant that licenses CATL's LFP technology), as well as leading LFP technology. The Kentucky plant, formerly the BOSK JV facility, is also estimated to convert its production lines by licensing CATL's LFP technology, with an investment of USD2b earmarked for the next two years. The plant will produce prismatic LFP battery cells and modules, 20-foot DC container systems, and ESS of over 5 MWh. Ford is aiming to secure 20 GWh of capacity and to begin commercialization in 2027.

Implication #1—ESS suppliers to grow from 2027: Currently, US production capacity capable of supplying LFP-based ESS batteries totals only 26.5 GWh across two companies: LG Energy Solution (16.5 GWh) and Tesla (10 GWh). However, by 2027, capacity is expected to expand rapidly to 105 GWh across six companies: LG Energy Solution (40 GWh), Tesla (10 GWh), Samsung SDI (24 GWh), SK On (4 GWh), Envision AESC (7 GWh), and Ford (20 GWh).

Implication #2—Time to validate technological capability: As discussed above, many companies have announced plans for mass-production of ESS LFP batteries in the US, but four of the six companies expected to operate in 2027 are new entrants lacking experience in mass-production of these products. As a result, if quality issues arise after operations begin in 2027, achieving the expected profitability may be difficult, and there is also a risk of failing to produce the planned volumes. Accordingly, 2027 is expected to be a period in which LFP mass-production technology is validated in the US.

Ford: Planned pre-tax special items related to EV strategy adjustment

(USDb)	EBIT		Cash	
	2025	2026&2027 a/	2025	2026&2027 a/
Model e asset impairment/ program asset write-down	-8.5			
BOSK JV disposal	-3.0	-3.0		-0.5
Additional program-related expenses	-1.0	-4.0		-5.0
Total pre-tax special items	**-12.5**	**-7.0**		**-5.5**
Total impact	**-19.5**		**-5.5**	

Source: Company data, Samsung Securities

Ford: EV-related capital reallocation plan

Source: Company data, Samsung Securities

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