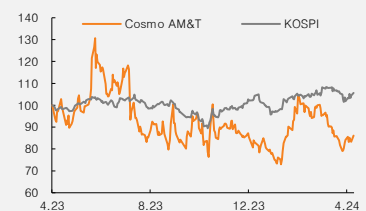


(Maintain)	Buy
Target price	W200,000
Current price (4/29/24)	W152,600
Upside	31.1%

OP (24F, Wbn)	42
Consensus OP (24F, Wbn)	40
EPS growth (24F, %)	34.9
Market EPS growth (24F, %)	72.1
P/E (24F, x)	131.2
Market P/E (24F, x)	11.1
KOSPI	2,687.44

Market cap (Wbn)	4,961
Shares (mn)	33
Free float (%)	70.2
Foreign ownership (%)	13.6
Beta (12M)	0.88
52-week low (W)	129,300
52-week high (W)	231,646

(%)	1M	6M	12M
Absolute	-4.6	3.4	-11.5
Relative	-2.5	-11.4	-17.6



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Cosmo AM&T

Cathode materials revenue to see full-fledged growth in 2H24

Retain TP of W200,000

We maintain our target price of W200,000 for Cosmo AM&T. We see revenue growth accelerating in 2H24, led by single-crystal cathode materials. We also expect the company to add new products and customers in 2H24, including: 1) mid-nickel (NCM6) cathode materials for Samsung SDI; and 2) NMX cathode materials for SK On. End-market players are actively seeking supplier diversification to ensure stable materials supply and improve bargaining power over the medium to long term. While Cosmo AM&T is a late entrant (and thus needs to prove its mass production capabilities), we believe it will outpace competitors in revenue growth, backed by growth in both shipment volume (market share gains) and ASP (mix improvements).

1Q24 review: Cathode materials revenue surges 69% QoQ

For 1Q24, Cosmo AM&T reported revenue of W122.1bn (+38% QoQ) and operating profit of W5.3bn (-33% QoQ). Cathode materials revenue surged 69% QoQ to W89bn on revenue recognition for single-crystal cathode materials supplied to LG Chem. That said, we estimate OP margin slumped to 2% (from 4% in 4Q23), as spreads narrowed due to lower metal prices.

2H24 outlook: Improvements in ASP/shipments and addition of new customers

We forecast earnings to expand meaningfully from 2H24. The firm's production capacity is likely to jump to 100,000 tonnes by end-2024 (from 20,000 tonnes at end-2023) with the addition of a new production line in 2Q24. Single-crystal cathode materials supplied to LG Chem should continue to drive shipment growth. In addition, we expect ASP to climb in 3Q24, considering that metal prices (lithium, nickel, etc.) likely bottomed in February/March. Notably, the company will likely see faster ASP growth than rivals thanks to product mix improvements (high-nickel products).

Expectations for new products

Expectations for new products remain intact. We see orders materializing in 2H24, including for mid-nickel (NCM6) cathode materials (from Samsung SDI) and NMX cathode materials (from SK On). While Cosmo AM&T is a late entrant (and thus needs to prove its mass production capabilities), we believe it will outpace competitors in revenue growth. Sector-wide weakness should continue to weigh on the stock in the near term, but the medium/long-term outlook remains positive. We reiterate our Buy recommendation.

(Dec.)	2022	2023	2024F	2025F	2026F
Revenue (Wbn)	486	630	888	2,078	4,140
OP (Wbn)	32	32	42	116	232
OP margin (%)	6.6	5.1	4.7	5.6	5.6
NP (Wbn)	28	27	38	103	188
EPS (W)	896	863	1,163	3,164	5,789
ROE (%)	12.1	7.4	7.6	18.1	26.4
P/E (x)	57.1	170.8	131.2	48.2	26.4
P/B (x)	6.3	10.0	9.6	8.0	6.1
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent
Source: Company data, Mirae Asset Securities Research estimates

Table 1. Valuation table

		Notes
2026F EPS (W)	5,789	2025F → 2026F
Target P/E (x)	35	
Target price (W)	200,000	
Current price (W)	152,600	
Upside (%)	31.1	

Source: Mirae Asset Securities Research

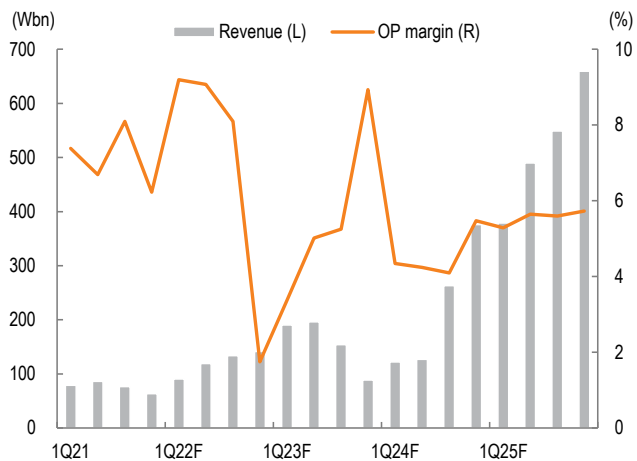
Table 2. Quarterly and annual earnings

(Wbn, %)

	1Q24P	2Q24F	3Q24F	4Q24F	1Q25F	2Q25F	3Q25F	4Q25F	2023	2024F	2025F
Revenue	122	127	263	376	379	490	549	659	630	888	2,078
Particulate materials	94	101	231	341	347	456	518	627	535	766	1,948
Film	28	26	32	36	32	34	31	33	94	122	130
% of revenue	100	100	100	100	100	100	100	100	100	100	100
Particulate materials	77	79	88	91	92	93	94	95	85	86	94
Film	23	21	12	9	8	7	6	5	15	14	6
OP	5	5	11	21	20	28	31	38	32	42	116
OP margin	4.3	4.2	4.1	5.5	5.3	5.6	5.6	5.7	5.1	4.7	5.6
QoQ growth											
Revenue	37.6	4.0	107.1	43.1	0.7	29.3	12.1	20.1	29.7	41.1	133.9
Particulate materials	63.4	6.6	129.5	47.5	1.9	31.5	13.5	21.0	38.3	43.2	154.2
Film	-10.5	-5.1	21.8	11.4	-10.7	5.2	-6.8	5.2	-4.3	29.3	6.3
OP	-33.1	1.5	100.0	91.2	-2.8	38.1	11.2	22.9	-0.6	30.3	176.3

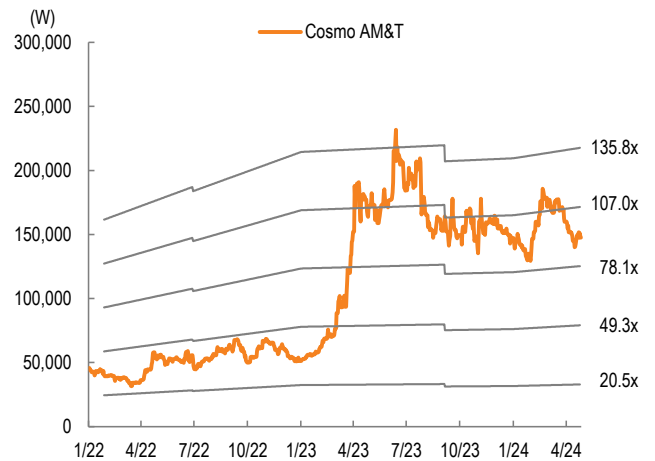
Source: Company data, Mirae Asset Securities Research

Figure 1. Quarterly earnings trends



Source: Company data, Mirae Asset Securities Research

Figure 2. 12-month forward EV/EBITDA band chart



Source: QuantiWise, Mirae Asset Securities Research

Cosmo AM&T (005070 KS)

Income statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Revenue	630	888	2,078	4,140
Cost of revenue	571	813	1,907	3,817
GP	59	75	171	323
SG&A expenses	26	33	54	91
OP (adj.)	32	42	116	232
OP	32	42	116	232
Non-operating profit	-3	5	13	3
Net financial income	-2	6	12	3
Net income from associates	-1	0	0	0
Pretax profit	29	47	129	235
Income tax	2	9	26	47
Profit from continuing operations	27	38	103	188
Profit from discontinued operations	0	0	0	0
NP	27	38	103	188
Attributable to owners	27	38	103	188
Attributable to minority interests	0	0	0	0
Total comprehensive income	23	38	103	188
Attributable to owners	23	38	103	188
Attributable to minority interests	0	0	0	0
EBITDA	48	70	155	277
FCF	-131	-88	-96	-48
EBITDA margin (%)	7.6	7.9	7.5	6.7
OP margin (%)	5.1	4.7	5.6	5.6
Net margin (%)	4.3	4.3	5.0	4.5

Balance sheet (summarized)

(Wbn)	2023	2024F	2025F	2026F
Current assets	296	790	1,254	2,221
Cash & equivalents	60	151	133	37
AR & other receivables	67	208	365	711
Inventory	166	424	743	1,447
Other current assets	3	7	13	26
Non-current assets	377	567	747	941
Investments in associates	4	17	30	59
PP&E	368	540	702	857
Intangible assets	2	2	2	2
Total assets	673	1,358	2,001	3,161
Current liabilities	162	565	963	1,842
AP & other payables	113	478	837	1,631
Short-term financial liabilities	37	39	40	43
Other current liabilities	12	48	86	168
Non-current liabilities	32	275	418	512
Long-term financial liabilities	19	219	319	319
Other non-current liabilities	13	56	99	193
Total liabilities	194	841	1,381	2,354
Equity attributable to owners	479	517	619	808
Capital stock	33	33	33	33
Capital surplus	338	338	338	338
Retained earnings	82	120	222	411
Minority interests	0	0	0	0
Shareholders' equity	479	517	619	808

Cash flow statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Operating cash flow	-29	112	104	152
NP	27	38	103	188
Non-cash income/expenses	19	31	52	89
Depreciation	16	28	38	45
Amortization	0	0	0	0
Other	3	3	14	44
Chg. in working capital	-70	47	-37	-82
Chg. in AR & other receivables	46	-72	-89	-196
Chg. in inventory	-112	-258	-319	-705
Chg. in AP & other payables	2	276	272	600
Income tax	-5	-9	-26	-47
Cash flow from investing activities	-95	-210	-210	-222
Chg. in PP&E	-102	-200	-200	-200
Chg. in intangible assets	-1	0	0	0
Chg. in financial assets	4	-10	-10	-22
Other	4	0	0	0
Cash flow from financing activities	151	201	101	3
Chg. in financial liabilities	-54	201	101	3
Chg. in equity	204	0	0	0
Dividends	0	0	0	0
Other	1	0	0	0
Chg. in cash	26	90	-17	-96
Beginning balance	34	60	151	133
Ending balance	60	151	133	37

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

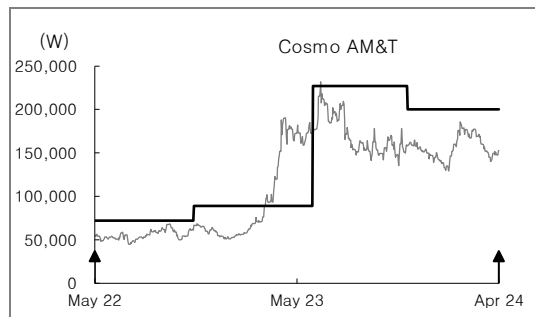
	2023	2024F	2025F	2026F
P/E (x)	170.8	131.2	48.2	26.4
P/CF (x)	100.4	72.0	32.0	17.9
P/B (x)	10.0	9.6	8.0	6.1
EV/EBITDA (x)	99.0	72.4	33.4	19.0
EPS (W)	863	1,163	3,164	5,789
CFPS (W)	1,467	2,119	4,761	8,534
BPS (W)	14,732	15,896	19,060	24,849
DPS (W)	0	0	0	0
Dividend payout ratio (%)	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0
Revenue growth (%)	29.6	41.1	133.9	99.3
EBITDA growth (%)	-0.3	44.7	121.5	79.2
OP growth (%)	-0.5	30.1	176.3	99.8
EPS growth (%)	-3.7	34.9	172.0	83.0
AR turnover (x)	8.4	10.9	12.8	13.6
Inventory turnover (x)	5.9	3.0	3.6	3.8
AP turnover (x)	8.1	3.6	3.8	4.1
ROA (%)	4.8	3.7	6.1	7.3
ROE (%)	7.4	7.6	18.1	26.4
ROIC (%)	7.4	7.0	12.8	18.7
Debt-to-equity ratio (%)	40.5	162.8	223.0	291.4
Current ratio (%)	182.8	139.7	130.2	120.6
Net debt-to-equity ratio (%)	-1.2	19.4	34.5	37.3
Interest coverage ratio (x)	9.2	7.7	9.9	27.3

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
Cosmo AM&T (005070)	11/17/23	Buy	200,000
	05/30/23	Buy	227,200
	10/27/22	Buy	88,905
	04/21/22	Buy	72,111



Stock ratings

Buy	Expected 12-month performance: +20% or greater
Trading Buy	Expected 12-month performance: +10% to +20%
Hold	Expected 12-month performance: -10% to +10%
Sell	Expected 12-month performance: -10% or worse

Sector ratings

Overweight	Expected to outperform the market over 12 months
Neutral	Expected to perform in line with the market over 12 months
Underweight	Expected to underperform the market over 12 months

Rating and TP history: Share price (—), TP (—), Not Rated (■), Buy (▲), Trading Buy (■), Hold (●), Sell (◆)

* Our investment rating is a guide to the expected return of the stock over the next 12 months.

* Outside of the official ratings of Mirae Asset Securities Co., Ltd., analysts may call trading opportunities should technical or short-term material developments arise.

* The TP was determined by the research analyst through valuation methods discussed in this report, in part based on estimates of future earnings.

* TP achievement may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions.

Ratings distribution and investment banking services

	Buy	Trading Buy	Hold	Sell
Ratings distribution	85.36%	9.15%	5.49%	0%
Investment banking services	80.96%	9.52%	9.52%	0%

* Based on recommendations in the last 12-months (as of March 31, 2024)

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