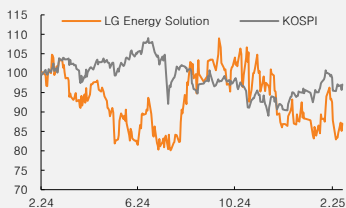


(Maintain)	Buy
Target price	W480,000
Current price (3/11/25)	W341,000
Upside	40.8%

OP (25F, Wbn)	1,933
Consensus OP (25F, Wbn)	1,656
EPS growth (25F, %)	TTB
Market EPS growth (25F, %)	16.6
P/E (25F, x)	116.3
Market P/E (25F, x)	9.2
KOSPI	2,537.60

Market cap (Wbn)	79,794
Shares (mn)	234
Free float (%)	17.6
Foreign ownership (%)	4.5
Beta (12M)	1.22
52-week low (W)	321,000
52-week high (W)	436,500

(%)	1M	6M	12M
Absolute	3.0	-15.8	-16.9
Relative	1.9	-15.9	-13.5



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LG Energy Solution

Strong customer base and product portfolio to stand out amid uncertainty

Maintain TP of W480,000; our top pick in the sector

We maintain our Buy rating and target price of W480,000 on LG Energy Solution (LGES) and continue to recommend the stock as our top pick in the battery sector. Despite still-weak industry conditions, we expect LGES to deliver relatively solid quarterly earnings thanks to its strong customer/product portfolio.

1Q25 preview: Earnings to be more resilient than feared

For 1Q25, we expect the company to deliver revenue of W6.2tr (-4% QoQ; 6% above our previous estimate) and operating profit of W127bn (swinging to black QoQ; W233bn above our previous estimate of -W106.0bn). We revised up our forecasts to reflect: 1) the start of cylindrical battery shipments from the Nanjing plant (for Tesla's new Model Y) in March; 2) stronger-than-expected EV demand in Europe early this year (particularly for Volkswagen models); and 3) the ongoing stabilization of key metal prices (which should support gradual margin improvement).

Bottoming of metal prices to support a gradual order recovery

Key leading indicators for battery prices continue to stabilize. Lithium prices have moved sideways since Sep. 2024, and nickel and cobalt prices have recently risen due to supply risks stemming from resource nationalism in key countries. Although a sustained uptrend in battery cell prices looks unlikely, the risk of further declines in 2H25 appears to be subsiding. Given that battery cell prices adjust to metal price changes with a lag (and seem unlikely to decline further from current levels), we expect inventory restocking to pick up, particularly among customers with solid demand and production targets.

EV policies to shape medium/long-term demand

As EV policies in Europe and the US should shape the medium/long-term demand outlook, related events are likely to drive short-term share price volatility. In Europe, most demand-boosting measures in the EU's automotive action plan are set to take effect in 2026, likely supporting a medium/long-term demand recovery. In the US, the policy direction will become clearer once details of the upcoming budget reconciliation package are confirmed (likely in April-May). Overall, we expect policy-related uncertainties to ease in 1H25, leading to ASP stabilization and gradual demand (i.e., shipment volume) improvement from 2H25.

(Dec.)	2022	2023	2024	2025F	2026F
Revenue (Wbn)	25,599	33,745	25,620	28,146	36,792
OP (Wbn)	1,214	2,163	575	1,933	3,769
OP margin (%)	4.7	6.4	2.2	6.9	10.2
NP (Wbn)	767	1,237	-1,019	686	1,755
EPS (W)	3,305	5,287	-4,354	2,932	7,501
ROE (%)	5.7	6.4	-4.9	3.2	7.7
P/E (x)	131.8	80.9	-	116.3	45.5
P/B (x)	5.4	5.0	3.9	3.7	3.4
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

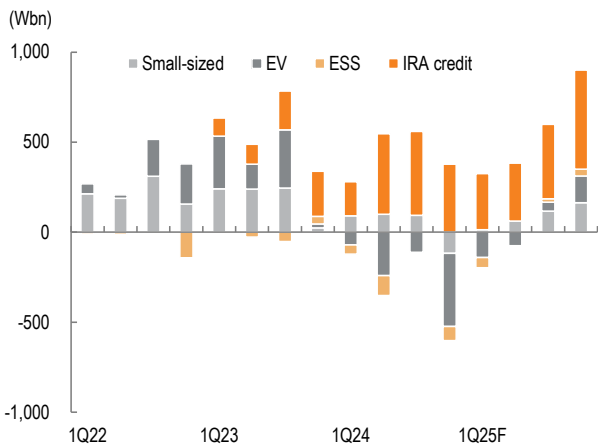
Table 1. Quarterly and annual earnings

(Wbn, %)

	1Q25F	2Q25F	3Q25F	4Q25F	1Q26F	2Q26F	3Q26F	4Q26F	2024	2025F	2026F
Revenue	6,189	6,432	7,152	8,372	7,926	8,328	9,310	11,229	25,620	28,146	36,792
Small-sized batteries	1,658	1,775	2,082	2,541	2,316	2,437	2,699	3,124	7,511	8,056	10,577
EV	3,969	4,080	4,406	5,067	4,984	5,233	5,756	6,907	16,274	17,521	22,879
ESS	562	578	665	764	626	658	855	1,197	1,834	2,569	3,336
OP	127	307	598	900	652	767	962	1,388	575	1,933	3,769
Small-sized batteries	13	62	117	164	123	148	190	230	167	355	691
EV	-142	-76	49	148	127	185	205	387	-831	-20	904
ESS	-56	0	20	38	13	33	51	84	-240	2	181
IRA credit	312	321	413	550	390	401	516	688	1,480	1,596	1,994
OP margin	2.1	4.8	8.4	10.8	8.2	9.2	10.3	12.4	2.2	6.9	10.2
Small-sized batteries	0.8	3.5	5.6	6.4	5.3	6.1	7.0	7.4	2.2	4.4	6.5
EV	-3.6	-1.9	1.1	2.9	2.5	3.5	3.6	5.6	-5.1	-0.1	3.9
ESS	-10.0	0.0	3.0	5.0	2.0	5.0	6.0	7.0	-13.1	0.1	5.4
EBITDA	1,042	1,222	1,583	1,885	1,714	1,830	2,109	2,536	3,617	5,732	8,188
Small-sized batteries	230	279	334	381	340	366	407	448	1,019	1,223	1,562
EV	493	559	747	846	894	953	1,050	1,232	1,476	2,645	4,129
ESS	7	63	90	108	89	110	136	168	-9	268	503
IRA credit	312	321	413	550	390	401	516	688	1,480	1,596	1,994

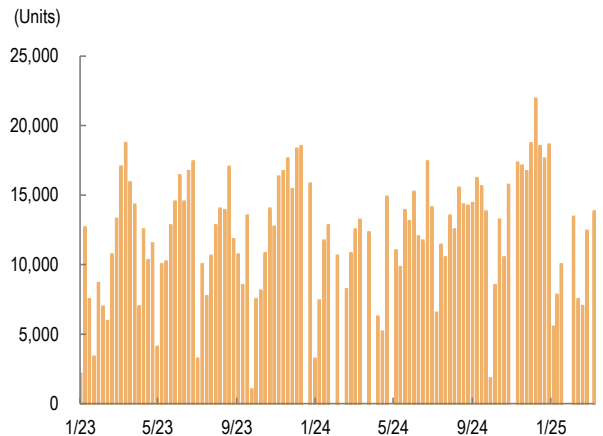
Source: Company data, Mirae Asset Securities Research

Figure 1. Quarterly OP margin trends and forecasts



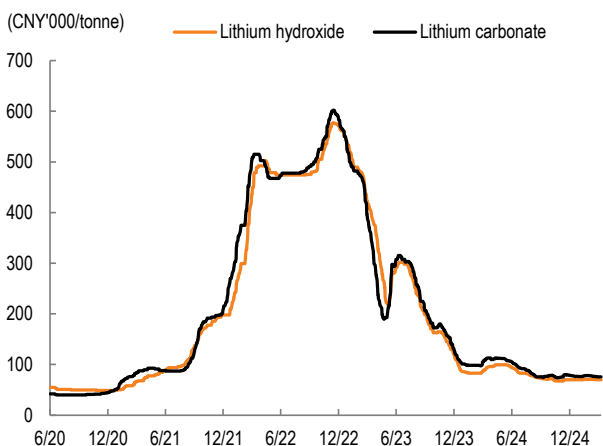
Source: Company data, Mirae Asset Securities Research

Figure 2. Tesla EV insurance registrations in China



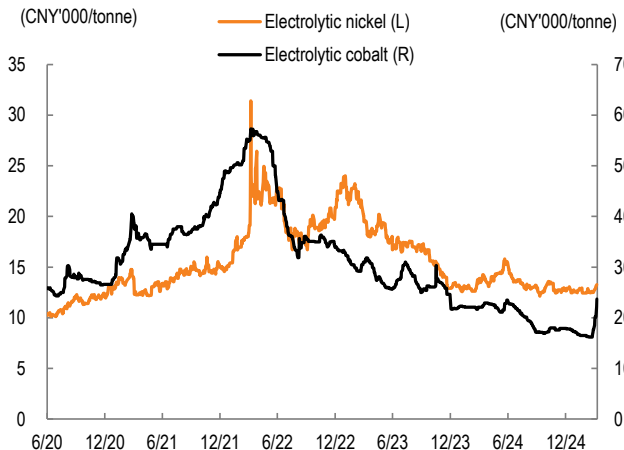
Source: CnEVPost, Mirae Asset Securities Research

Figure 3. Lithium spot price trends



Source: ICC Battery, Mirae Asset Securities Research

Figure 4. Nickel and cobalt price trends



Source: ICC Battery, Mirae Asset Securities Research

LG Energy Solution (373220 KS)

Income statement (summarized)

(Wbn)	2023	2024	2025F	2026F
Revenue	33,745	25,620	28,146	36,792
Cost of revenue	28,802	22,214	23,094	30,232
GP	4,943	3,406	5,052	6,560
SG&A expenses	3,457	4,311	4,715	4,786
OP (adj.)	2,163	575	1,933	3,769
OP	2,163	575	1,933	3,769
Non-operating profit	-120	-226	-270	-263
Net financial income	-138	-341	-533	-532
Net income from associates	-32	-49	-40	-40
Pretax profit	2,043	349	1,663	3,506
Income tax	405	10	317	666
Profit from continuing operations	1,638	339	1,346	2,840
Profit from discontinued operations	0	0	0	0
NP	1,638	339	1,346	2,840
Attributable to owners	1,237	-1,019	686	1,755
Attributable to minority interests	401	1,357	660	1,084
Total comprehensive income	1,911	3,217	1,346	2,840
Attributable to owners	1,468	915	573	1,209
Attributable to minority interests	443	2,302	773	1,631
EBITDA	4,450	2,141	5,732	8,188
FCF	-5,479	-7,287	-1,015	2,089
EBITDA margin (%)	13.2	8.4	20.4	22.3
OP margin (%)	6.4	2.2	6.9	10.2
Net margin (%)	3.7	-4.0	2.4	4.8

Balance sheet (summarized)

(Wbn)	2023	2024	2025F	2026F
Current assets	17,208	15,327	17,789	24,754
Cash & equivalents	5,069	3,899	3,305	5,327
AR & other receivables	5,648	5,516	6,978	9,358
Inventory	5,396	4,552	5,742	7,701
Other current assets	1,095	1,360	1,764	2,368
Non-current assets	28,229	44,979	47,719	49,328
Investments in associates	224	62	81	109
PP&E	23,655	38,350	41,751	43,502
Intangible assets	876	1,285	1,083	914
Total assets	45,437	60,307	65,509	74,082
Current liabilities	10,937	12,055	14,903	19,138
AP & other payables	3,094	2,705	3,511	4,709
Short-term financial liabilities	3,219	2,491	2,492	2,492
Other current liabilities	4,624	6,859	8,900	11,937
Non-current liabilities	10,126	17,285	18,293	19,792
Long-term financial liabilities	7,790	12,901	13,901	13,901
Other non-current liabilities	2,336	4,384	4,392	5,891
Total liabilities	21,064	29,340	33,196	38,930
Equity attributable to owners	20,201	21,117	21,803	23,557
Capital stock	117	117	117	117
Capital surplus	17,165	17,165	17,165	17,165
Retained earnings	2,364	1,397	2,083	3,839
Minority interests	4,173	9,850	10,510	11,595
Shareholders' equity	24,374	30,967	32,313	35,152

Cash flow statement (summarized)

(Wbn)	2023	2024	2025F	2026F
Operating cash flow	4,444	5,112	5,985	8,089
NP	1,638	339	1,346	2,840
Non-cash income/expenses	3,607	4,984	4,689	5,657
Depreciation	2,150	2,856	3,598	4,249
Amortization	137	190	201	170
Other	1,320	1,938	890	1,238
Chg. in working capital	-277	691	799	791
Chg. in AR & other receivables	-165	664	-1,292	-2,127
Chg. in inventory	1,934	984	-1,189	-1,959
Chg. in AP & other payables	-927	-924	806	1,198
Income tax	-726	-515	-317	-666
Cash flow from investing activities	-9,719	-12,065	-6,521	-6,000
Chg. in PP&E	-9,821	-12,324	-7,000	-6,000
Chg. in intangible assets	-101	-111	0	0
Chg. in financial assets	-114	-277	479	0
Other	317	647	0	0
Cash flow from financing activities	4,355	5,382	0	1
Chg. in financial liabilities	2,895	4,383	0	1
Chg. in equity	0	0	0	0
Dividends	0	0	0	0
Other	1,460	999	0	0
Chg. in cash	-869	-1,170	-594	2,022
Beginning balance	5,938	5,069	3,899	3,305
Ending balance	5,069	3,899	3,305	5,327

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

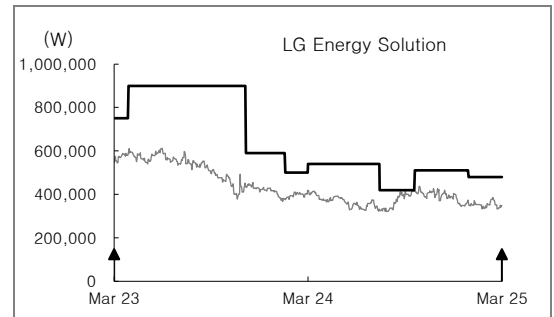
	2023	2024	2025F	2026F
P/E (x)	80.9	-	116.3	45.5
P/CF (x)	19.1	15.3	13.5	9.6
P/B (x)	5.0	3.9	3.7	3.5
EV/EBITDA (x)	24.7	48.0	18.3	12.7
EPS (W)	5,287	-4,354	2,932	7,501
CFPS (W)	22,414	22,748	25,789	36,312
BPS (W)	86,328	90,240	93,173	100,674
DPS (W)	0	0	0	0
Dividend payout ratio (%)	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0
Revenue growth (%)	31.8	-24.1	9.9	30.7
EBITDA growth (%)	45.6	-51.9	167.7	42.8
OP growth (%)	78.2	-73.4	235.9	95.0
EPS growth (%)	60.0	TTR	TTB	155.8
AR turnover (x)	6.8	5.1	5.0	5.0
Inventory turnover (x)	5.4	5.2	5.5	5.5
AP turnover (x)	8.3	7.7	7.4	7.4
ROA (%)	3.9	0.6	2.1	4.1
ROE (%)	6.4	-4.9	3.2	7.7
ROIC (%)	6.7	1.5	3.5	6.3
Debt-to-equity ratio (%)	86.4	94.7	102.7	110.7
Current ratio (%)	157.3	127.1	119.4	129.3
Net debt-to-equity ratio (%)	24.1	37.1	40.5	31.5
Interest coverage ratio (x)	6.9	1.0	3.0	5.8

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (₩)
LG Energy Solution (373220)	01/09/25	Buy	480,000
	09/30/24	Buy	510,000
	07/26/24	Buy	420,000
	03/13/24	Buy	540,000
	01/30/24	Buy	500,000
	11/17/23	Buy	590,000
	04/10/23	Buy	900,000
	11/14/22	Buy	750,000



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	84.62%	7.14%	8.24%	0%
Investment banking services	85.71%	0%	14.29%	0%

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

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