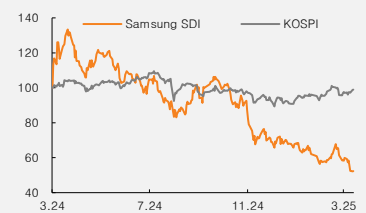


(Maintain)	Buy
Target price	▼ W280,000
Current price (3/18/25)	W190,800
Upside	46.8%

OP (25F, Wbn)	26
Consensus OP (25F, Wbn)	345
EPS growth (25F, %)	-17.3
Market EPS growth (25F, %)	16.7
P/E (25F, x)	27.1
Market P/E (25F, x)	9.5
KOSPI	2,612.34

Market cap (Wbn)	13,120
Shares (mn)	69
Free float (%)	73.7
Foreign ownership (%)	32.3
Beta (12M)	1.30
52-week low (W)	190,400
52-week high (W)	486,000

(%)	1M	6M	12M
Absolute	-12.3	-47.7	-57.0
Relative	-11.8	-48.5	-55.8



Mirae Asset Securities Co., Ltd.

Chuljoong Kim
chuljoong.kim@miraeasset.com

Minhui Kang
minhui.kang@miraeasset.com

Samsung SDI

Focus on strategic direction and low valuation

Cut TP to W280,000

We lower our target price for Samsung SDI to W280,000 (from W530,000). With operating losses widening, we adopted a more conservative valuation approach, switching from EV/EBITDA to a P/B methodology (applying a target P/B of 1x to our 2025F BPS). In the near term, investor sentiment will likely be affected by weak earnings (with operating losses likely to persist through 1H25) and dilution concerns stemming from the planned rights offering.

However, we highlight Samsung SDI's low valuation (trading at a 2025F P/B of 0.7x) as well as potential positive changes in group-level support and the company's conservative investment stance (factors that have contributed to a valuation discount vs. peers). Indeed, Samsung Electronics (SEC) is expected to participate in the rights offering with a contribution of around W400bn (assuming no change in its stake), and Samsung SDI has raised the possibility of selling its stake in Samsung Display (likely to SEC) to raise additional funds. Based on a W58tr asset value (end-2023) for Samsung Display, Samsung SDI's 15.2% stake, and LG Display's valuation (2025F P/B of 0.8x), we estimate that a stake sale could raise roughly W7tr. All in all, given Samsung SDI's current low valuation, we believe investors should weigh the possibility of a short-term bottom.

Proceeds of rights offering to be used for key strategic investments

Samsung SDI is expected to use the proceeds from the W2tr rights offering to fund investments in: 1) a North American joint venture with GM for prismatic batteries; 2) LFP and 4680 production in Hungary; and 3) a domestic all-solid-state battery mother line. We believe the Hungary LFP investment plan is tied to ongoing order discussions with Volkswagen, while the 4680 investment plan is likely aimed at preparing for potential orders from BMW. Meanwhile, the all-solid-state battery mother line (with initial capacity of 1GW) will likely carry out pilot production ahead of potential mass production in 2027.

Sharp operating losses likely inevitable in 1H; look for a gradual recovery in 2H

For 1Q25, we expect Samsung SDI to report revenue of W2.9tr (-24% QoQ) and a wider operating loss of W500.3bn. Weakness will likely continue across most business segments aside from ESS. With major customers such as BMW and Audi undergoing rapid inventory adjustments in 1Q25, a decline in utilization appears inevitable. And while shipments should gradually improve after bottoming in 1Q25, operating losses will likely persist through 2Q25 due to low utilization.

(Dec.)	2022	2023	2024	2025F	2026F
Revenue (Wbn)	20,124	21,437	16,592	14,808	20,265
OP (Wbn)	1,808	1,545	363	26	1,805
OP margin (%)	9.0	7.2	2.2	0.2	8.9
NP (Wbn)	1,952	2,009	599	543	2,040
EPS (W)	27,736	28,547	8,515	7,046	24,812
ROE (%)	12.5	11.5	3.1	2.6	8.7
P/E (x)	21.3	16.5	29.1	27.1	7.7
P/B (x)	2.5	1.8	0.9	0.7	0.6
Dividend yield (%)	0.2	0.2	0.4	0.5	0.5

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

Table 1. TP calculation

		Notes
2025F BPS (Wbn)	276,771	
Target P/B (x)	1.0	
Target price (W)	280,000	
Current price (W)	190,800	
Upside (%)	46.8	

Source: Mirae Asset Securities Research

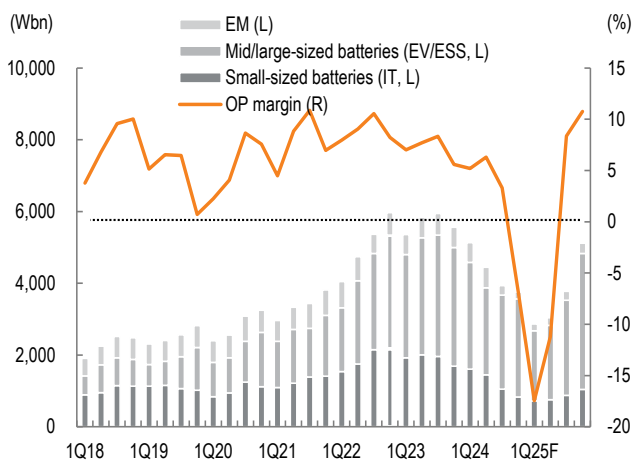
Table 2. Quarterly and annual earnings

(Wbn, %)

	1Q25F	2Q25F	3Q25F	4Q25F	1Q26F	2Q26F	3Q26F	4Q26F	2024	2025F	2026F
Revenue	2,868	3,041	3,777	5,121	4,254	4,578	5,225	6,207	17,271	14,808	20,265
Batteries	2,679	2,830	3,530	4,829	4,015	4,331	4,959	5,921	15,691	13,868	19,226
Small-sized (IT)	729	759	873	1,043	961	1,046	1,213	1,502	4,937	3,404	4,722
Mid/large-sized (EV/ESS)	1,950	2,071	2,657	3,786	3,055	3,285	3,746	4,419	10,754	10,464	14,504
EM	190	211	247	293	239	247	266	287	1,580	940	1,039
OP	-500	-340	316	551	275	362	521	647	421	26	1,805
Batteries	-574	-467	123	320	87	159	261	341	2	-598	848
Small-sized (IT)	-201	-173	14	66	40	56	75	112	-105	-295	283
Mid/large-sized (EV/ESS)	-373	-293	109	254	47	103	186	229	106	-303	565
EM	6	23	36	49	25	28	34	43	203	114	131
Other	67	104	156	182	163	175	226	263	216	509	827
OP margin	-17.4	-11.2	8.4	10.8	6.5	7.9	10.0	10.4	2.4	0.2	8.9
Batteries	-21.4	-16.5	3.5	6.6	2.2	3.7	5.3	5.8	0.0	-4.3	4.4
Small-sized (IT)	-27.6	-22.8	1.6	6.3	4.1	5.3	6.2	7.5	-2.1	-8.7	6.0
Mid/large-sized (EV/ESS)	-19.1	-14.2	4.1	6.7	1.5	3.1	5.0	5.2	1.0	-2.9	3.9
EM	3.4	10.8	14.7	16.8	10.6	11.2	12.8	15.1	12.9	12.2	12.6

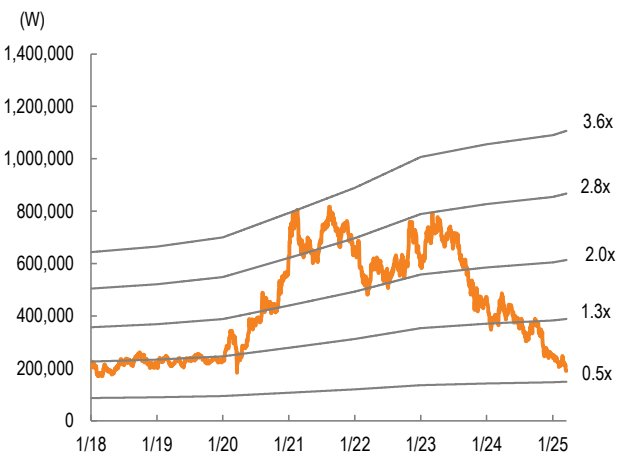
Source: Company data, Mirae Asset Securities Research

Figure 1. Earnings to remain weak through 1H25



Source: Company data, Mirae Asset Securities Research

Figure 2. 12-month forward P/B band chart



Source: QuantiWise, Mirae Asset Securities Research

Samsung SDI (006400 KS)

Income statement (summarized)

(Wbn)	2023	2024	2025F	2026F
Revenue	21,437	16,592	14,808	20,265
Cost of revenue	17,655	13,499	11,735	14,946
GP	3,782	3,093	3,073	5,319
SG&A expenses	2,237	2,820	3,046	3,514
OP (adj.)	1,545	363	26	1,805
OP	1,545	363	26	1,805
Non-operating profit	837	164	645	721
Net financial income	-194	-281	-292	-263
Net income from associates	1,017	801	881	969
Pretax profit	2,382	527	671	2,526
Income tax	403	7	99	379
Profit from continuing operations	1,979	520	572	2,147
Profit from discontinued operations	87	55	0	0
NP	2,066	576	572	2,147
Attributable to owners	2,009	599	543	2,040
Attributable to minority interests	57	-24	29	107
Total comprehensive income	2,132	1,480	572	2,147
Attributable to owners	2,095	1,322	391	1,468
Attributable to minority interests	37	158	181	679
EBITDA	3,273	2,148	2,286	4,658
FCF	-1,945	-6,409	-2,207	144
EBITDA margin (%)	15.3	12.9	15.4	23.0
OP margin (%)	7.2	2.2	0.2	8.9
Net margin (%)	9.4	3.6	3.7	10.1

Cash flow statement (summarized)

(Wbn)	2023	2024	2025F	2026F
Operating cash flow	2,104	-138	2,193	4,144
NP	2,066	576	572	2,147
Non-cash income/expenses	1,498	2,397	1,581	2,329
Depreciation	1,660	1,795	2,187	2,799
Amortization	68	80	73	54
Other	-230	522	-679	-524
Chg. in working capital	-938	-2,622	431	310
Chg. in AR & other receivables	-484	-272	-993	-789
Chg. in inventory	-134	252	-1,048	-833
Chg. in AP & other payables	-120	-1,278	330	262
Income tax	-398	-236	-99	-379
Cash flow from investing activities	-4,105	-4,920	-4,077	-3,721
Chg. in PP&E	-4,037	-6,263	-4,400	-4,000
Chg. in intangible assets	-12	-85	0	0
Chg. in financial assets	-77	428	-4	-58
Other	21	1,000	327	337
Cash flow from financing activities	903	5,544	1,946	-68
Chg. in financial liabilities	578	5,941	13	10
Chg. in equity	0	0	2,000	0
Dividends	-72	-70	-67	-79
Other	397	-327	0	1
Chg. in cash	-1,090	361	-51	1,071
Beginning balance	2,614	1,524	1,885	1,834
Ending balance	1,524	1,885	1,834	2,905

Source: Company data, Mirae Asset Securities Research estimates

Balance sheet (summarized)

(Wbn)	2023	2024	2025F	2026F
Current assets	9,187	10,334	12,476	15,377
Cash & equivalents	1,524	1,885	1,834	2,905
AR & other receivables	3,048	2,883	3,933	4,767
Inventory	3,297	2,879	3,928	4,761
Other current assets	1,318	2,687	2,781	2,944
Non-current assets	24,852	30,263	33,457	34,744
Investments in associates	9,996	10,187	11,205	11,317
PP&E	11,893	17,707	19,920	21,121
Intangible assets	859	668	595	541
Total assets	34,039	40,597	45,933	50,120
Current liabilities	8,519	10,856	12,436	13,692
AP & other payables	3,480	2,192	2,990	3,625
Short-term financial liabilities	2,894	6,550	6,563	6,573
Other current liabilities	2,145	2,114	2,883	3,494
Non-current liabilities	5,613	8,174	9,261	10,124
Long-term financial liabilities	2,905	5,190	5,190	5,190
Other non-current liabilities	2,708	2,984	4,071	4,934
Total liabilities	14,132	19,030	21,697	23,816
Equity attributable to owners	18,511	19,766	22,407	24,367
Capital stock	357	357	416	416
Capital surplus	5,002	5,002	6,943	6,943
Retained earnings	12,336	12,780	13,256	15,217
Minority interests	1,396	1,801	1,829	1,937
Shareholders' equity	19,907	21,567	24,236	26,304

Key valuation metrics/ratios

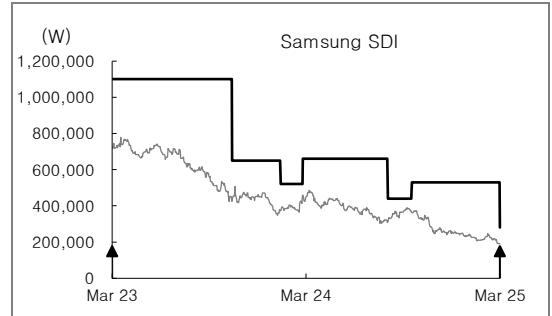
	2023	2024	2025F	2026F
P/E (x)	16.5	29.1	27.1	7.7
P/CF (x)	9.3	5.9	6.8	3.5
P/B (x)	1.8	0.9	0.7	0.6
EV/EBITDA (x)	11.6	13.4	10.9	5.1
EPS (W)	28,547	8,515	7,046	24,812
CFPS (W)	50,637	42,230	27,930	54,449
BPS (W)	267,915	285,746	276,771	300,624
DPS (W)	1,000	1,000	1,000	1,000
Dividend payout ratio (%)	3.2	11.4	13.5	3.6
Dividend yield (%)	0.2	0.4	0.5	0.5
Revenue growth (%)	6.5	-22.6	-10.8	36.9
EBITDA growth (%)	0.1	-34.4	6.4	103.8
OP growth (%)	-14.5	-76.5	-92.9	6,874.6
EPS growth (%)	2.9	-70.2	-17.3	252.2
AR turnover (x)	8.1	5.9	4.6	4.9
Inventory turnover (x)	6.6	5.4	4.4	4.7
AP turnover (x)	8.2	8.9	11.0	10.9
ROA (%)	6.4	1.5	1.3	4.5
ROE (%)	11.5	3.1	2.6	8.7
ROIC (%)	9.6	1.9	3.1	8.0
Debt-to-equity ratio (%)	71.0	88.2	89.5	90.5
Current ratio (%)	107.8	95.2	100.3	112.3
Net debt-to-equity ratio (%)	18.4	44.9	40.3	33.0
Interest coverage ratio (x)	5.6	1.1	0.1	4.9

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
Samsung SDI (006400)	03/19/25	Buy	280,000
	10/04/24	Buy	530,000
	08/20/24	Buy	440,000
	03/13/24	Buy	660,000
	01/31/24	Buy	520,000
	11/01/23	Buy	650,000
	04/28/23	One year	1,100,000
	04/28/22	Buy	1,100,000



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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Mirae Asset Securities International Network

Mirae Asset Securities Co., Ltd. (Seoul)

One-Asia Equity Sales Team
Mirae Asset Center 1 Building
26 Eulji-ro 5-gil, Jung-gu, Seoul 04539
Korea

Tel: 82-2-3774-2124

Mirae Asset Securities (USA) Inc.

810 Seventh Avenue, 37th Floor
New York, NY 10019
USA

Tel: 1-212-407-1000

Mirae Asset Securities (Singapore) Pte. Ltd.

6 Battery Road, #11-01
Singapore 049909
Republic of Singapore

Tel: 65-6671-9845

Mirae Asset Investment Advisory (Beijing) Co., Ltd

2401B, 24th Floor, East Tower, Twin Towers
B12 Jianguomenwai Avenue, Chaoyang District
Beijing 100022
China

Tel: 86-10-6567-9699

Ho Chi Minh Representative Office

7F, Saigon Royal Building
91 Pasteur St.
District 1, Ben Nghe Ward, Ho Chi Minh City
Vietnam

Tel: 84-8-3910-7715

Mirae Asset Securities (HK) Ltd.

Units 8501, 8507-8508, 85/F
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Tel: 852-2845-6332

Mirae Asset Wealth Management (Brazil) CCTVM

Rua Funchal, 418, 18th Floor, E-Tower Building
Vila Olimpia
Sao Paulo - SP
04551-060
Brazil

Tel: 55-11-2789-2100

Mirae Asset Securities (Vietnam) LLC

7F, Saigon Royal Building
91 Pasteur St.
District 1, Ben Nghe Ward, Ho Chi Minh City
Vietnam

Tel: 84-8-3911-0633 (ext.110)

Beijing Representative Office

2401A, 24th Floor, East Tower, Twin Towers
B12 Jianguomenwai Avenue, Chaoyang District
Beijing 100022
China

Tel: 86-10-6567-9699 (ext. 3300)

Mirae Asset Capital Markets (India) Pvt Ltd

1st Floor, Tower 4, Equinox Business Park,
LBS Marg, Off BKC, Kurla (West), Mumbai - 400 070
India

Tel: 91-22-62661300 / 48821300

Mirae Asset Securities (UK) Ltd.

41st Floor, Tower 42
25 Old Broad Street,
London EC2N 1HQ
United Kingdom

Tel: 44-20-7982-8000

PT. Mirae Asset Sekuritas Indonesia

District 8, Treasury Tower Building Lt. 50
Sudirman Central Business District
Jl. Jend. Sudirman, Kav. 52-54
Jakarta Selatan 12190
Indonesia

Tel: 62-21-5088-7000

Mirae Asset Securities Mongolia UTsK LLC

#406, Blue Sky Tower, Peace Avenue 17
1 Khoroo, Sukhbaatar District
Ulaanbaatar 14240
Mongolia

Tel: 976-7011-0806

Shanghai Representative Office

38T31, 38F, Shanghai World Financial Center
100 Century Avenue, Pudong New Area
Shanghai 200120
China

Tel: 86-21-5013-6392
