

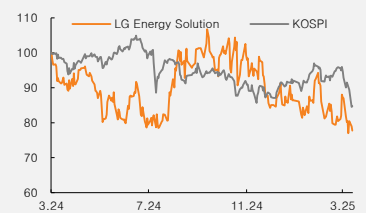
(Maintain)	Buy
Target price	₩480,000
Current price (4/8/25)	₩318,000
Upside	50.9%

OP (25F, Wbn)	2,109
Consensus OP (25F, Wbn)	1,593

EPS growth (25F, %)	TTB
Market EPS growth (25F, %)	25.0
P/E (25F, x)	94.4
Market P/E (25F, x)	8.5
KOSPI	2,334.23

Market cap (Wbn)	74,412
Shares (mn)	234
Free float (%)	17.6
Foreign ownership (%)	4.3
Beta (12M)	1.04
52-week low (W)	315,000
52-week high (W)	436,500

(%)	1M	6M	12M
Absolute	-6.2	-27.1	-14.7
Relative	3.0	-19.0	-0.7



Mirae Asset Securities Co., Ltd.

Chuljoong Kim
chuljoong.kim@miraeasset.com

Minhui Kang
minhui.kang@miraeasset.com

LG Energy Solution

Top-tier players to continue to outperform

Maintain TP of ₩480,000; our top pick in the sector

We maintain our Buy rating and target price of ₩480,000 on LG Energy Solution (LGES). For 1Q25, the company reported operating profit of ₩374.7bn (swinging to profit QoQ), significantly above our recently raised estimate (₩127bn). Even taking into account favorable factors such as the front-loading of orders (due to US policy uncertainties) and the won's weakness, we believe LGES delivered a standout performance within the sector. We expect the company to sustain robust earnings momentum thanks to its early investments in the US and strong customer/product portfolios.

1Q25 review: Earnings surprise

For 1Q25, LGES posted revenue of ₩6.3tr (-2.9% QoQ) and operating profit of ₩374.7bn (swinging to profit QoQ), exceeding our estimates. Advanced manufacturing production credit (AMPC) recognition came in at ₩457.7bn (vs. our estimate of ₩312bn), as shipments from the Ultium and Michigan plants increased amid the conversion of some lines from EV to ESS battery production.

We estimate that about ₩50bn of the operating profit beat can be attributed to the higher USD/KRW rate, and some one-off gains may have also contributed to the strong result. However, we think the fundamental drivers of LGES's earnings surprise were its proactive investments in the US, flexible line conversion in response to fast-changing market demand, well-diversified product portfolio, and strong bargaining power. We believe the global rechargeable battery industry remains in survival-of-the-fittest mode, with order wins increasingly being concentrated among top-tier players.

Underlying competitiveness to remain largely intact even amid policy changes

Downstream customers are likely to adjust their strategies in response to ongoing policy developments related to tariffs, the EU's automotive industry action plan, and the US Inflation Reduction Act (IRA). However, we believe that tariffs could have a limited impact on EV penetration, given that prices will rise across all vehicle types (not only EVs). Higher tariffs on Chinese battery products should also work to LGES's advantage, as it has already made significant investments in the US (giving it a competitive edge in order wins). We expect policy uncertainties to ease in 2Q25, once details of demand stimulus measures under the European action plan and final changes to IRA provisions are confirmed. Accordingly, we expect the global battery market to bottom out in 1H25.

(Dec.)	2022	2023	2024	2025F	2026F
Revenue (Wbn)	25,599	33,745	25,620	27,471	35,377
OP (Wbn)	1,214	2,163	575	2,109	3,591
OP margin (%)	4.7	6.4	2.2	7.7	10.2
NP (Wbn)	767	1,237	-1,019	788	1,631
EPS (W)	3,305	5,287	-4,354	3,369	6,971
ROE (%)	5.7	6.4	-4.9	3.7	7.2
P/E (x)	131.8	80.9	-	94.4	45.6
P/B (x)	5.4	5.0	3.9	3.4	3.2
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

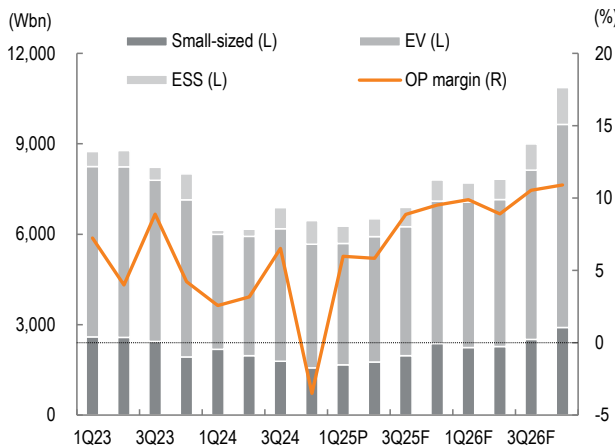
Table 1. Quarterly and annual earnings

(Wbn, %)

	1Q25P	2Q25F	3Q25F	4Q25F	1Q26F	2Q26F	3Q26F	4Q26F	2024	2025F	2026F
Revenue	6,265	6,514	6,889	7,802	7,695	7,821	8,997	10,864	25,620	27,471	35,377
Small-sized batteries	1,671	1,757	1,970	2,372	2,240	2,270	2,513	2,909	7,511	7,770	9,932
EV	4,024	4,167	4,283	4,729	4,824	4,881	5,613	6,736	16,274	17,203	22,054
ESS	570	590	636	702	632	670	870	1,219	1,834	2,498	3,390
OP	375	380	611	743	762	697	948	1,184	575	2,109	3,591
Small-sized batteries	35	54	65	92	94	85	115	148	167	247	442
EV	-73	-43	37	84	111	142	199	311	-831	5	762
ESS	-46	-6	19	35	13	33	52	85	-240	3	184
IRA credit	458	375	490	531	544	436	582	640	1,480	1,854	2,203
OP margin	6.0	5.8	8.9	9.5	9.9	8.9	10.5	10.9	2.2	7.7	10.2
Small-sized batteries	2.1	3.1	3.3	3.9	4.2	3.7	4.6	5.1	2.2	3.2	4.5
EV	-1.8	-1.0	0.9	1.8	2.3	2.9	3.5	4.6	-5.1	0.0	3.5
ESS	-8.0	-1.0	3.0	5.0	2.0	5.0	6.0	7.0	-13.1	0.1	5.4
EBITDA	1,289	1,295	1,596	1,728	1,824	1,759	2,095	2,332	3,617	5,908	8,010
Small-sized batteries	252	270	282	310	311	303	333	366	1,019	1,115	1,313
EV	562	591	735	782	879	910	1,043	1,156	1,476	2,670	3,987
ESS	18	58	89	105	89	110	137	170	-9	269	506
IRA credit	458	375	490	531	544	436	582	640	1,480	1,854	2,203

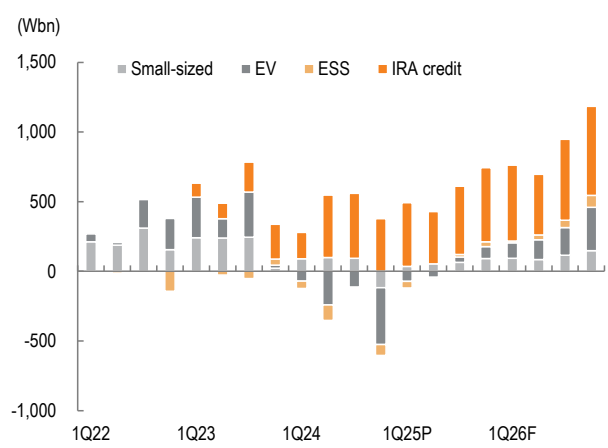
Source: Company data, Mirae Asset Securities Research

Figure 1. Quarterly revenue and OP margin trends



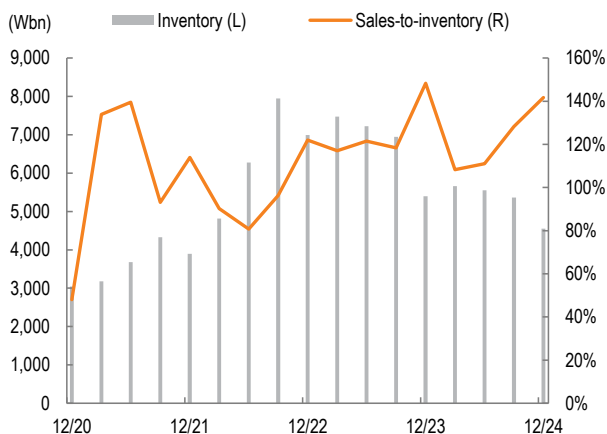
Source: Company data, Mirae Asset Securities Research

Figure 2. Quarterly OP breakdown



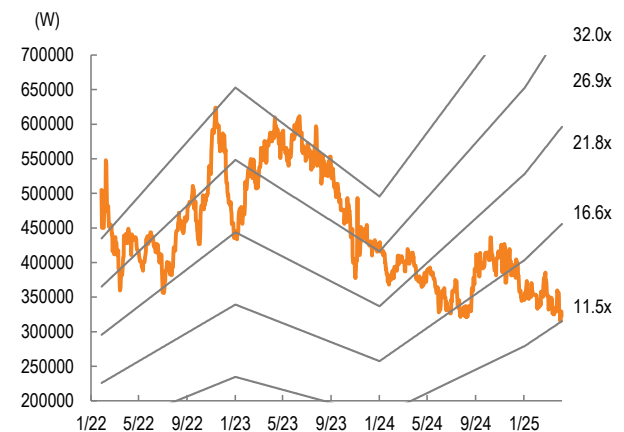
Source: Company data, Mirae Asset Securities Research

Figure 3. Inventory trends



Source: QuantiWise, Mirae Asset Securities Research

Figure 4. 12-month forward EV/EBITDA band chart



Source: QuantiWise, Mirae Asset Securities Research

LG Energy Solution (373220 KS)

Income statement (summarized)

(Wbn)	2023	2024	2025F	2026F
Revenue	33,745	25,620	27,471	35,377
Cost of revenue	28,802	22,214	22,626	29,239
GP	4,943	3,406	4,845	6,138
SG&A expenses	3,457	4,311	4,590	4,750
OP (adj.)	2,163	575	2,109	3,591
OP	2,163	575	2,109	3,591
Non-operating profit	-120	-226	-274	-341
Net financial income	-138	-341	-536	-610
Net income from associates	-32	-49	-40	-40
Pretax profit	2,043	349	1,835	3,250
Income tax	405	10	352	617
Profit from continuing operations	1,638	339	1,483	2,632
Profit from discontinued operations	0	0	0	0
NP	1,638	339	1,483	2,632
Attributable to owners	1,237	-1,019	788	1,631
Attributable to minority interests	401	1,357	695	1,001
Total comprehensive income	1,911	3,217	1,483	2,632
Attributable to owners	1,468	915	631	1,121
Attributable to minority interests	443	2,302	852	1,512
EBITDA	4,450	2,141	5,908	8,010
FCF	-5,479	-7,287	-2,003	559
EBITDA margin (%)	13.2	8.4	21.5	22.6
OP margin (%)	6.4	2.2	7.7	10.2
Net margin (%)	3.7	-4.0	2.9	4.6

Balance sheet (summarized)

(Wbn)	2023	2024	2025F	2026F
Current assets	17,208	15,327	16,788	22,955
Cash & equivalents	5,069	3,899	2,322	2,812
AR & other receivables	5,648	5,516	7,006	9,756
Inventory	5,396	4,552	5,815	8,096
Other current assets	1,095	1,360	1,645	2,291
Non-current assets	28,229	44,979	47,714	50,325
Investments in associates	224	62	75	105
PP&E	23,655	38,350	41,751	44,502
Intangible assets	876	1,285	1,083	914
Total assets	45,437	60,307	64,502	73,280
Current liabilities	10,937	12,055	14,058	18,597
AP & other payables	3,094	2,705	3,272	4,556
Short-term financial liabilities	3,219	2,491	2,492	2,492
Other current liabilities	4,624	6,859	8,294	11,549
Non-current liabilities	10,126	17,285	17,994	19,600
Long-term financial liabilities	7,790	12,901	13,901	13,901
Other non-current liabilities	2,336	4,384	4,093	5,699
Total liabilities	21,064	29,340	32,052	38,198
Equity attributable to owners	20,201	21,117	21,905	23,536
Capital stock	117	117	117	117
Capital surplus	17,165	17,165	17,165	17,165
Retained earnings	2,364	1,397	2,186	3,817
Minority interests	4,173	9,850	10,545	11,546
Shareholders' equity	24,374	30,967	32,450	35,082

Cash flow statement (summarized)

(Wbn)	2023	2024	2025F	2026F
Operating cash flow	4,444	5,112	4,997	7,559
NP	1,638	339	1,483	2,632
Non-cash income/expenses	3,607	4,984	4,727	5,686
Depreciation	2,150	2,856	3,598	4,249
Amortization	137	190	201	170
Other	1,320	1,938	928	1,267
Chg. in working capital	-277	691	-326	468
Chg. in AR & other receivables	-165	664	-1,371	-2,478
Chg. in inventory	1,934	984	-1,262	-2,282
Chg. in AP & other payables	-927	-924	567	1,284
Income tax	-726	-515	-352	-617
Cash flow from investing activities	-9,719	-12,065	-6,521	-7,000
Chg. in PP&E	-9,821	-12,324	-7,000	-7,000
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	-1,577	490
Beginning balance	5,938	5,069	3,899	2,322
Ending balance	5,069	3,899	2,322	2,812

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

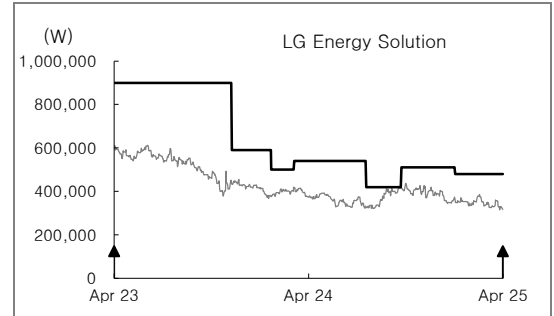
	2023	2024	2025F	2026F
P/E (x)	80.9	-	94.4	45.6
P/CF (x)	19.1	15.3	12.0	8.9
P/B (x)	5.0	3.9	3.4	3.2
EV/EBITDA (x)	24.7	48.0	16.8	12.4
EPS (W)	5,287	-4,354	3,369	6,971
CFPS (W)	22,414	22,748	26,540	35,549
BPS (W)	86,328	90,240	93,609	100,580
DPS (W)	0	0	0	0
Dividend payout ratio (%)	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0
Revenue growth (%)	31.8	-24.1	7.2	28.8
EBITDA growth (%)	45.6	-51.9	175.9	35.6
OP growth (%)	78.2	-73.4	266.5	70.3
EPS growth (%)	60.0	TTR	TTB	106.9
AR turnover (x)	6.8	5.1	4.9	4.7
Inventory turnover (x)	5.4	5.2	5.3	5.1
AP turnover (x)	8.3	7.7	7.6	7.5
ROA (%)	3.9	0.6	2.4	3.8
ROE (%)	6.4	-4.9	3.7	7.2
ROIC (%)	6.7	1.5	3.7	5.9
Debt-to-equity ratio (%)	86.4	94.7	98.8	108.9
Current ratio (%)	157.3	127.1	119.4	123.4
Net debt-to-equity ratio (%)	24.1	37.1	43.4	38.7
Interest coverage ratio (x)	6.9	1.0	3.3	5.5

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	83.98%	6.63%	8.84%	0.55%
Investment banking services	88.24%	0%	11.76%	0%

* Based on recommendations in the last 12-months (as of March 31, 2025)

Disclosures

As of the publication date, Mirae Asset Securities Co., Ltd. has acted as a liquidity provider for equity-linked warrants backed by shares of LG Energy Solution as an underlying asset; other than this, Mirae Asset Securities has no other special interests in the covered companies.

Analyst certification

The research analysts who prepared this report (the "Analysts") are registered with the Korea Financial Investment Association and are subject to Korean securities regulations. They are neither registered as research analysts in any other jurisdiction nor subject to the laws or regulations thereof. Each Analyst responsible for the preparation of this report certifies that (i) all views expressed in this report accurately reflect the personal views of the Analyst about any and all of the issuers and securities named in this report and (ii) no part of the compensation of the Analyst was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report. Mirae Asset Securities Co., Ltd. ("Mirae Asset Securities") policy prohibits its Analysts and members of their households from owning securities of any company in the Analyst's area of coverage, and the Analysts do not serve as an officer, director, or advisory board member of the subject companies. Except as otherwise specified herein, the Analysts have not received any compensation or any other benefits from the subject companies in the past 12 months and have not been promised the same in connection with this report. Like all employees of Mirae Asset Securities, the Analysts receive compensation that is determined by overall firm profitability, which includes revenues from, among other business units, the institutional equities, investment banking, proprietary trading, and private client divisions. At the time of publication of this report, the Analysts do not know or have reason to know of any actual, material conflict of interest of the Analyst or Mirae Asset Securities except as otherwise stated herein.

Disclaimers

This report was prepared by Mirae Asset Securities, a broker-dealer registered in the Republic of Korea and a member of the Korea Exchange. Information and opinions contained herein have been compiled in good faith and from sources believed to be reliable, but such information has not been independently verified and Mirae Asset Securities makes no guarantee, representation or warranty, express or implied, as to the fairness, accuracy, completeness, or correctness of the information and opinions contained herein or of any translation into English from the Korean language. In case of an English translation of a report prepared in the Korean language, the original Korean language report may have been made available to investors in advance of this report.

The intended recipients of this report are sophisticated institutional investors who have substantial knowledge of the local business environment, its common practices, laws, and accounting principles, and no person whose receipt or use of this report would violate any laws or regulations or subject Mirae Asset Securities or any of its affiliates to registration or licensing requirements in any jurisdiction shall receive or make any use hereof.

This report is for general information purposes only and is not and shall not be construed as an offer or a solicitation of an offer to effect transactions in any securities or other financial instruments. The report does not constitute investment advice to any person, and such person shall not be treated as a client of Mirae Asset Securities by virtue of receiving this report. This report does not take into account the particular investment objectives, financial situations, or needs of individual clients. The report is not to be relied upon in substitution for the exercise of independent judgment. Information and opinions contained herein are as of the date hereof and are subject to change without notice. The price and value of the investments referred to in this report and the income from them may depreciate or appreciate, and investors may incur losses on investments. Past performance is not a guide to future performance. Future returns are not guaranteed, and a loss of original capital may occur. Mirae Asset Securities, its affiliates, and their directors, officers, employees, and agents do not accept any liability for any loss arising out of the use hereof.

Mirae Asset Securities may have issued other reports that are inconsistent with, and reach different conclusions from, the opinions presented in this report. The reports may reflect different assumptions, views, and analytical methods of the analysts who prepared them. Mirae Asset Securities may make investment decisions that are inconsistent with the opinions and views expressed in this research report. Mirae Asset Securities, its affiliates, and their directors, officers, employees, and agents may have long or short positions in any of the subject securities at any time and may make a purchase or sale, or offer to make a purchase or sale, of any such securities or other financial instruments from time to time in the open market or otherwise, in each case either as principals or agents. Mirae Asset Securities and its affiliates may have had, or may be expecting to enter into, business relationships with the subject companies to provide investment banking, market-making, or other financial services as are permitted under applicable laws and regulations.

No part of this document may be copied or reproduced in any manner or form or redistributed or published, in whole or in part, without the prior written consent of Mirae Asset Securities. For further information regarding company-specific information as it pertains to the representations and disclosures in this Appendix 1, please contact compliance@miraeasset.us.com or +1 (212) 407-1000.

Distribution

United Kingdom: This report is being distributed by Mirae Asset Securities (UK) Ltd. in the United Kingdom only to (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), and (ii) high net worth companies and other persons to whom it may lawfully be communicated, falling within Article 49(2)(A) to (E) of the Order (all such persons together being referred to as "Relevant Persons"). This report is directed only at Relevant Persons. Any person who is not a Relevant Person should not act or rely on this report or any of its contents.

United States: Mirae Asset Securities is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This report is distributed in the U.S. by Mirae Asset Securities (USA) Inc., a member of FINRA/SIPC, to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6(b)(4) under the U.S. Securities Exchange Act of 1934, as amended. All U.S. persons that receive this document by their acceptance hereof represent and warrant that they are a major U.S. institutional investor and have not received this report under any express or implied understanding that they will direct commission income to Mirae Asset Securities or its affiliates. Any U.S. recipient of this document wishing to effect a transaction in any securities discussed herein should contact and place orders with Mirae Asset Securities (USA) Inc. Mirae Asset Securities (USA) Inc. accepts responsibility for the contents of this report in the U.S., subject to the terms hereof, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through Mirae Asset Securities. The securities described in this report may not have been registered under the U.S. Securities Act of 1933, as amended, and, in such case, may not be offered or sold in the U.S. or to U.S. persons absent registration or an applicable exemption from the registration requirements.

Hong Kong: This report is distributed in Hong Kong by Mirae Asset Securities (HK) Limited, which is regulated by the Hong Kong Securities and Futures Commission. The contents of this report have not been reviewed by any regulatory authority in Hong Kong. This report is for distribution only to professional investors within the meaning of Part I of Schedule 1 to the Securities and Futures Ordinance of Hong Kong (Cap. 571, Laws of Hong Kong) and any rules made thereunder and may not be redistributed in whole or in part in Hong Kong to any person.

India: This report is being distributed by Mirae Asset Capital Markets (India) Private Limited ("MACM") in India to the customers based in India and is personal information only for those authorised recipient(s). MACM is inter alia a Securities and Exchange Board of India ("SEBI") registered Research Analyst in India and is not registered outside India. MACM and Mirae Asset, Korea are group entities. MACM makes no guarantee, representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of the information and opinions contained herein. The user assumes the entire risk of any use made of this information. This report has been provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipient must read the entire Appendix 1 to the report carefully for Important Disclosures & Disclaimers.

All other jurisdictions: Customers in all other countries who wish to effect a transaction in any securities referenced in this report should contact Mirae Asset Securities or its affiliates only if distribution to or use by such customer of this report would not violate applicable laws and regulations and not subject Mirae Asset Securities and its affiliates to any registration or licensing requirement within such jurisdiction.

Mirae Asset Securities International Network

<p>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</p> <p>Tel: 82-2-3774-2124</p>	<p>Mirae Asset Securities (HK) Ltd. Units 8501, 8507-8508, 85/F International Commerce Centre 1 Austin Road West Kowloon Hong Kong</p> <p>Tel: 852-2845-6332</p>	<p>Mirae Asset Securities (UK) Ltd. 41st Floor, Tower 42 25 Old Broad Street, London EC2N 1HQ United Kingdom</p> <p>Tel: 44-20-7982-8000</p>
<p>Mirae Asset Securities (USA) Inc. 810 Seventh Avenue, 37th Floor New York, NY 10019 USA</p> <p>Tel: 1-212-407-1000</p>	<p>Mirae Asset Wealth Management (Brazil) CCTVM Rua Funchal, 418, 18th Floor, E-Tower Building Vila Olimpia Sao Paulo - SP 04551-060 Brazil</p> <p>Tel: 55-11-2789-2100</p>	<p>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</p> <p>Tel: 62-21-5088-7000</p>
<p>Mirae Asset Securities (Singapore) Pte. Ltd. 6 Battery Road, #11-01 Singapore 049909 Republic of Singapore</p> <p>Tel: 65-6671-9845</p>	<p>Mirae Asset Securities (Vietnam) LLC 7F, Saigon Royal Building 91 Pasteur St. District 1, Ben Nghe Ward, Ho Chi Minh City Vietnam</p> <p>Tel: 84-8-3911-0633 (ext.110)</p>	<p>Mirae Asset Securities Mongolia UTsk LLC #406, Blue Sky Tower, Peace Avenue 17 1 Khoroo, Sukhbaatar District Ulaanbaatar 14240 Mongolia</p> <p>Tel: 976-7011-0806</p>
<p>Mirae Asset Investment Advisory (Beijing) Co., Ltd 2401B, 24th Floor, East Tower, Twin Towers B12 Jianguomenwai Avenue, Chaoyang District Beijing 100022 China</p> <p>Tel: 86-10-6567-9699</p>	<p>Beijing Representative Office 2401A, 24th Floor, East Tower, Twin Towers B12 Jianguomenwai Avenue, Chaoyang District Beijing 100022 China</p> <p>Tel: 86-10-6567-9699 (ext. 3300)</p>	<p>Shanghai Representative Office 38T31, 38F, Shanghai World Financial Center 100 Century Avenue, Pudong New Area Shanghai 200120 China</p> <p>Tel: 86-21-5013-6392</p>
<p>Ho Chi Minh Representative Office 7F, Saigon Royal Building 91 Pasteur St. District 1, Ben Nghe Ward, Ho Chi Minh City Vietnam</p> <p>Tel: 84-8-3910-7715</p>	<p>Mirae Asset Capital Markets (India) Pvt Ltd 1st Floor, Tower 4, Equinox Business Park, LBS Marg, Off BKC, Kurla (West), Mumbai - 400 070 India</p> <p>Tel: 91-22-62661300 / 48821300</p>	