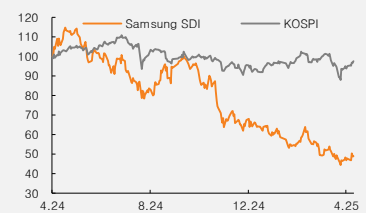


(Maintain)	Buy
Target price	W280,000
Current price (4/25/25)	W185,100
Upside	51.3%

OP (25F, Wbn)	204
Consensus OP (25F, Wbn)	119
EPS growth (25F, %)	3.9
Market EPS growth (25F, %)	26.7
P/E (25F, x)	20.9
Market P/E (25F, x)	9.2
KOSPI	2,546.30

Market cap (Wbn)	12,728
Shares (mn)	81
Free float (%)	75.1
Foreign ownership (%)	31.4
Beta (12M)	1.31
52-week low (W)	168,100
52-week high (W)	434,201

(%)	1M	6M	12M
Absolute	-6.4	-41.3	-54.3
Relative	-3.8	-40.4	-52.8



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Samsung SDI

ESS/cylindrical batteries stand out amid overall weakness

Maintain TP at W280,000; gradually accumulate shares

We maintain our target price of W280,000 on Samsung SDI. While the company continues to report weak earnings due to tepid EV demand at a key customer, positives include: 1) higher-than-expected profitability in the ESS battery segment; and 2) a gradual recovery in cylindrical battery demand (from ESS battery backup units and certain power tool makers). We believe both revenue and operating profit bottomed in 1Q25, and the stock's 12-month forward P/B is hovering around the 25-year low. Taking into account the recently announced rights offering, we recommend gradually accumulating shares from a medium/long-term perspective.

1Q25 review: Revenue beats expectations; OP weakens as expected

For 1Q25, Samsung SDI reported revenue of W3.2tr (-15% QoQ) and an operating loss of W434.1bn (remaining in the red QoQ). Revenue exceeded our estimate (W2.7tr) on a favorable USD/KRW rate and stronger-than-expected shipments of EV, ESS, and cylindrical batteries. However, operating losses widened QoQ, as utilization remained low. Meanwhile, advanced manufacturing production credit (AMPC) recognition reached W109.4bn due to the start of operations at the North American joint venture with Stellantis.

Despite the overall earnings weakness, two positive developments stood out: 1) profitability in the ESS battery segment held up well (OP margin estimated at 6%) despite a seasonal drop in sales; and 2) cylindrical battery demand showed signs of a recovery. In 2Q25, shipments should start to recover on increased demand for battery backup units from AI data centers and restocking demand from some power tool makers. Accordingly, we expect 2Q25 revenue to grow 13% QoQ to W3.6tr and operating loss to narrow to W104.8bn, supported by resilience in ESS batteries (OP margin forecast: 7%) and cylindrical batteries (revenue growth forecast: +34% QoQ).

External uncertainties (tariffs, etc.) vs. low valuation

While external uncertainties (tariffs, IRA revisions, etc.), sluggish quarterly results, and the upcoming rights offering have hurt investor sentiment, we note that the stock's valuation (P/B) is hovering around the 25-year trough level. From a medium/long-term perspective, we recommend gradually accumulating shares, as: 1) 1Q25 likely marked a bottom for earnings; and 2) the firm is actively taking orders for/investing in new battery formats (4680 cells, LFP batteries, etc.).

(Dec.)	2022	2023	2024	2025F	2026F
Revenue (Wbn)	20,124	21,437	16,592	16,495	20,970
OP (Wbn)	1,808	1,545	363	204	1,772
OP margin (%)	9.0	7.2	2.2	1.2	8.5
NP (Wbn)	1,952	2,009	599	736	1,946
EPS (W)	27,736	28,547	8,515	8,845	20,695
ROE (%)	12.5	11.5	3.1	3.5	8.4
P/E (x)	20.9	16.2	28.5	20.9	8.9
P/B (x)	2.4	1.7	0.8	0.8	0.7
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. Samsung SDI: Quarterly and annual earnings

(Wbn, %)

	1Q25	2Q25F	3Q25F	4Q25F	1Q26F	2Q26F	3Q26F	4Q26F	2025F	2026F
Revenue	3,177	3,581	4,268	5,469	4,589	4,742	5,361	6,279	16,495	20,970
Batteries	2,981	3,384	4,038	5,185	4,366	4,513	5,117	6,019	15,587	20,015
Small-sized (IT)	750	970	1,058	1,177	1,035	1,100	1,247	1,473	3,955	4,856
Mid/large-sized (EV/ESS)	2,231	2,414	2,980	4,007	3,331	3,413	3,869	4,546	11,632	15,160
EM	196	197	230	284	222	229	244	259	907	954
OP	-434	-105	283	460	277	346	495	655	204	1,772
Batteries	-562	-231	146	298	125	166	276	358	-350	924
Small-sized (IT)	-233	-46	26	45	43	55	82	107	-207	287
Mid/large-sized (EV/ESS)	-329	-185	119	252	82	111	194	250	-142	637
EM	18	30	34	47	23	33	36	40	129	132
Other	109	97	104	115	128	147	184	257	425	716
OP margin	-13.7	-2.9	6.6	8.4	6.0	7.3	9.2	10.4	1.2	8.5
Batteries	-18.8	-6.8	3.6	5.7	2.9	3.7	5.4	5.9	-2.2	4.6
Small-sized (IT)	-31.1	-4.7	2.5	3.9	4.2	5.0	6.5	7.3	-5.2	5.9
Mid/large-sized (EV/ESS)	-14.7	-7.7	4.0	6.3	2.5	3.2	5.0	5.5	-1.2	4.2
EM	9.3	15.0	14.6	16.7	10.5	14.3	14.8	15.3	14.2	13.8

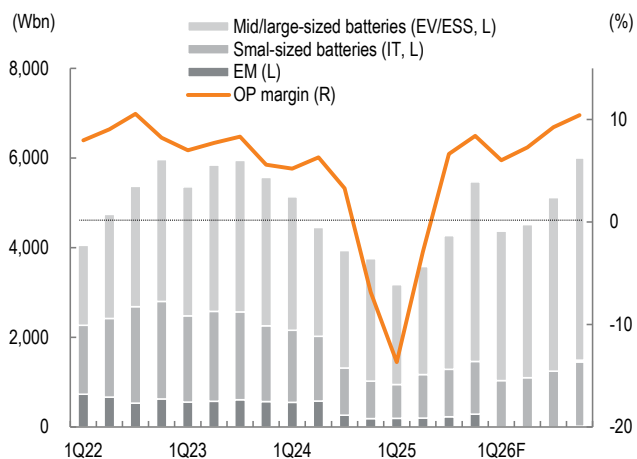
Source: Company data, Mirae Asset Securities Research

Figure 1. 12-month forward P/B



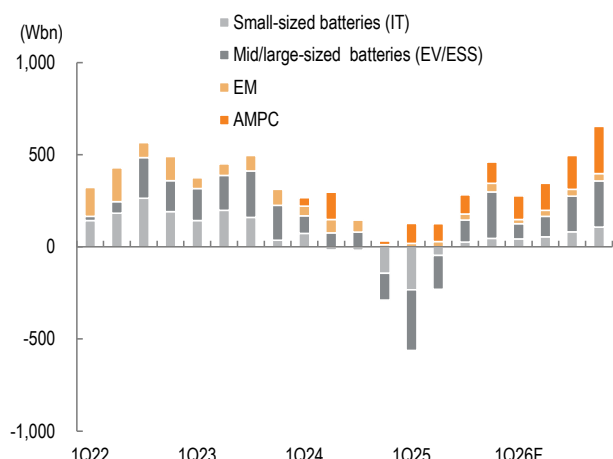
Source: QuantiWise, Mirae Asset Securities Research

Figure 2. Quarterly revenue and OP margin



Source: Company data, Mirae Asset Securities Research

Figure 3. Quarterly OP breakdown



Source: Company data, Mirae Asset Securities Research

Samsung SDI (006400 KS)

Income statement (summarized)

(Wbn)	2023	2024	2025F	2026F
Revenue	21,437	16,592	16,495	20,970
Cost of revenue	17,655	13,499	12,678	15,037
GP	3,782	3,093	3,817	5,933
SG&A expenses	2,237	2,820	3,612	4,161
OP (adj.)	1,545	363	204	1,772
OP	1,545	363	204	1,772
Non-operating profit	837	164	624	638
Net financial income	-194	-281	-287	-274
Net income from associates	1,017	801	855	897
Pretax profit	2,382	527	828	2,410
Income tax	403	7	37	361
Profit from continuing operations	1,979	520	791	2,048
Profit from discontinued operations	87	55	0	0
NP	2,066	576	791	2,048
Attributable to owners	2,009	599	736	1,946
Attributable to minority interests	57	-24	55	102
Total comprehensive income	2,132	1,480	791	2,048
Attributable to owners	2,095	1,322	541	1,400
Attributable to minority interests	37	158	250	648
EBITDA	3,273	2,148	2,324	4,290
FCF	-1,945	-6,409	-1,959	-330
EBITDA margin (%)	15.3	12.9	14.1	20.5
OP margin (%)	7.2	2.2	1.2	8.5
Net margin (%)	9.4	3.6	4.5	9.3

Balance sheet (summarized)

(Wbn)	2023	2024	2025F	2026F
Current assets	9,187	10,334	12,954	14,876
Cash & equivalents	1,524	1,885	1,762	2,286
AR & other receivables	3,048	2,883	4,200	4,822
Inventory	3,297	2,879	4,195	4,815
Other current assets	1,318	2,687	2,797	2,953
Non-current assets	24,852	30,263	33,606	35,220
Investments in associates	9,996	10,187	11,205	11,317
PP&E	11,893	17,707	20,060	21,596
Intangible assets	859	668	595	541
Total assets	34,039	40,597	46,560	50,096
Current liabilities	8,519	10,856	12,839	13,775
AP & other payables	3,480	2,192	3,194	3,666
Short-term financial liabilities	2,894	6,550	6,566	6,574
Other current liabilities	2,145	2,114	3,079	3,535
Non-current liabilities	5,613	8,174	9,538	10,181
Long-term financial liabilities	2,905	5,190	5,190	5,190
Other non-current liabilities	2,708	2,984	4,348	4,991
Total liabilities	14,132	19,030	22,376	23,956
Equity attributable to owners	18,511	19,766	22,327	24,183
Capital stock	357	357	416	416
Capital surplus	5,002	5,002	6,671	6,671
Retained earnings	12,336	12,780	13,449	15,305
Minority interests	1,396	1,801	1,856	1,958
Shareholders' equity	19,907	21,567	24,183	26,141

Cash flow statement (summarized)

(Wbn)	2023	2024	2025F	2026F
Operating cash flow	2,104	-138	2,441	3,670
NP	2,066	576	791	2,048
Non-cash income/expenses	1,498	2,397	1,401	2,060
Depreciation	1,660	1,795	2,047	2,464
Amortization	68	80	73	54
Other	-230	522	-719	-458
Chg. in working capital	-938	-2,622	572	198
Chg. in AR & other receivables	-484	-272	-1,246	-588
Chg. in inventory	-134	252	-1,315	-621
Chg. in AP & other payables	-120	-1,278	414	195
Income tax	-398	-236	-37	-361
Cash flow from investing activities	-4,105	-4,920	-4,102	-3,707
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	-29	-44
Other	21	1,000	327	337
Cash flow from financing activities	903	5,544	1,678	-83
Chg. in financial liabilities	578	5,941	16	8
Chg. in equity	0	0	1,728	0
Dividends	-72	-70	-67	-91
Other	397	-327	1	0
Chg. in cash	-1,090	361	-123	524
Beginning balance	2,614	1,524	1,885	1,762
Ending balance	1,524	1,885	1,762	2,286

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

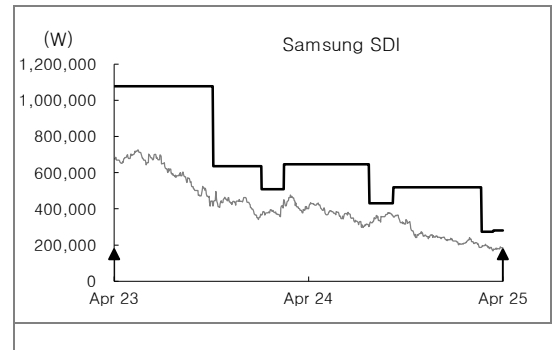
	2023	2024	2025F	2026F
P/E (x)	16.2	28.5	20.9	8.9
P/CF (x)	9.1	5.7	7.0	4.2
P/B (x)	1.7	0.8	0.8	0.7
EV/EBITDA (x)	11.6	13.4	10.6	5.6
EPS (W)	28,547	8,515	8,845	20,695
CFPS (W)	50,637	42,230	26,332	43,689
BPS (W)	267,915	285,746	241,136	260,868
DPS (W)	1,000	1,000	1,000	1,000
Dividend payout ratio (%)	3.2	11.4	11.3	4.3
Dividend yield (%)	0.2	0.4	0.6	0.6
Revenue growth (%)	6.5	-22.6	-0.6	27.1
EBITDA growth (%)	0.1	-34.4	8.2	84.6
OP growth (%)	-14.5	-76.5	-43.7	766.6
EPS growth (%)	2.9	-70.2	3.9	134.0
AR turnover (x)	8.1	5.9	4.9	4.9
Inventory turnover (x)	6.6	5.4	4.7	4.7
AP turnover (x)	8.2	8.9	11.4	10.6
ROA (%)	6.4	1.5	1.8	4.2
ROE (%)	11.5	3.1	3.5	8.4
ROIC (%)	9.6	1.9	4.6	7.2
Debt-to-equity ratio (%)	71.0	88.2	92.5	91.6
Current ratio (%)	107.8	95.2	100.9	108.0
Net debt-to-equity ratio (%)	18.4	44.9	40.7	35.5
Interest coverage ratio (x)	5.6	1.1	0.6	4.8

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
Samsung SDI (006400)	04/10/25	Buy	280,000
	03/19/25	Buy	274,129
	10/04/24	Buy	518,888
	08/20/24	Buy	430,775
	03/13/24	Buy	646,162
	01/31/24	Buy	509,097
	11/01/23	Buy	636,371
	04/28/23	One year	
	04/28/22	Buy	



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)

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