

(Maintain)	Buy
Target price	▲ W180,000
Current price (11/6/25)	W127,700
Upside	41.0%

OP (25F, Wbn)	-217
Consensus OP (25F, Wbn)	-231
EPS growth (25F, %)	RR
Market EPS growth (25F, %)	31.0
P/E (25F, x)	-
Market P/E (25F, x)	14.2
KOSPI	4,026.45

Market cap (Wbn)	4,638
Shares (mn)	39
Free float (%)	68.7
Foreign ownership (%)	14.9
Beta (12M)	2.18
52-week low (W)	47,800
52-week high (W)	147,000

(%)	1M	6M	12M
Absolute	73.0	95.0	11.0
Relative	52.5	23.9	-29.3



Mirae Asset Securities Co., Ltd.

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L&F

Minimal US EV exposure and clear ESS growth

Lift TP to W180,000 (from W110,000)

We raise our target price on L&F to W180,000 and retain the stock as our top pick in the battery materials sector. Given the diverging demand trends between the EV and ESS segments, we believe it is reasonable to value these businesses separately and have thus switched to an SOTP-based valuation. We value the high-nickel cathode materials (EV-related) business at W5tr and the LFP cathode materials (ESS-related) business at W1.6tr.

We believe that any dip following the listing of new shares (from the exercise of BWs) should be viewed as a buying opportunity. L&F's minimal exposure to the North American EV market should support earnings stability. Moreover, given its early investments in North American ESS-use LFP cathode materials, the company should be among the first to benefit from robust ESS market growth. Even after the stock's recent rally, there is still room to narrow the market cap/valuation gap with key competitors.

Minimal risk from US EV demand slowdown

While the broader sector is focused on the growth potential of the North American ESS segment, many companies face risks from slowing North American EV demand, which could affect near-term and 2026 earnings outlooks. However, L&F is the only Korean battery materials producer with minimal exposure to the North American EV market. L&F faces no direct earnings risk from potential volume declines at Tesla driven by reduced US subsidies, as Panasonic is Tesla's exclusive supplier in the US. In the markets L&F does serve—including Europe and China—demand trends are likely to remain positive, given: 1) the resumption of subsidies in Europe; and 2) new model launches in China (Model YL, Model Y/3+, etc.). Indeed, while LG Energy Solution's overall EV battery shipments are projected to fall more than 20% QoQ in 4Q25, its cylindrical battery shipments to Tesla (for which L&F supplies materials) are likely to increase 15% QoQ.

Valuing the ESS LFP cathode materials business

We value L&F's ESS-related LFP business at W1.6tr. Following the OBBBA's enactment in early July, two key structural trends have emerged: 1) rising downstream ESS demand in North America; and 2) an increasing shift away from the Chinese value chain, especially for high-cost materials. Based on the timelines for potential rivals' investments in ESS-use LFP cathode materials, L&F appears to be at least one year ahead in terms of commercial readiness. At present, we believe L&F is the only battery materials producer under our coverage with clear visibility on ESS-related earnings over the next two years (e.g., capacity and customers). We maintain the stock as our top pick in battery materials.

(Dec.)	2023	2024	2025F	2026F	2027F
Revenue (Wbn)	4,644	1,907	2,226	3,081	4,175
OP (Wbn)	-222	-559	-217	151	214
OP margin (%)	-4.8	-29.3	-9.7	4.9	5.1
NP (Wbn)	-194	-378	-303	73	143
EPS (W)	-5,372	-10,416	-8,357	1,999	3,939
ROE (%)	-16.4	-41.7	-54.1	16.3	25.9
P/E (x)	-	-	-	63.9	32.4
P/B (x)	6.7	4.1	11.2	9.5	7.3
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. SOTP valuation

		Value	Notes
Cathode materials (Wbn)	EV	5,005	Target P/E of 35x applied to 2027F earnings
	ESS (LFP)	1,607	Target P/E of 70x applied to 2028F earnings
Fair value (Wbn)		6,612	
Shares ('000)		36,416	
Target price (W)		180,000	

Source: Company data, Mirae Asset Securities Research

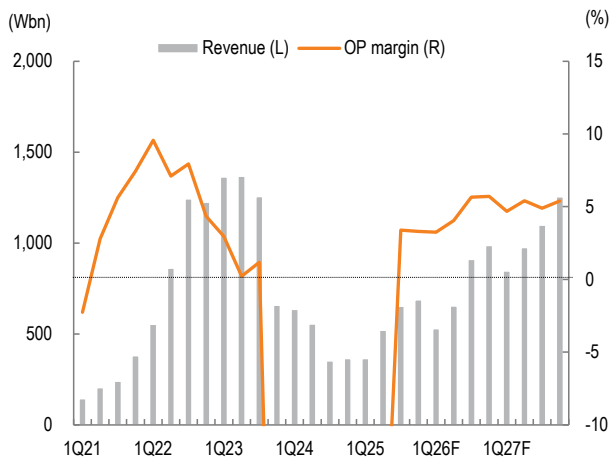
Table 2. Quarterly and annual earnings

(Wbn, %)

	1Q25	2Q25	3Q25	4Q25F	1Q26F	2Q26F	3Q26F	4Q26F	2025F	2026F	2027F
Revenue	364.8	520.1	652.3	688.6	529.2	654.4	910.0	987.1	2,225.8	3,080.7	4,175.1
OP	-140.3	-121.1	22.1	22.7	17.2	26.4	51.5	56.4	-216.6	151.4	213.7
Pretax profit	-145.4	-145.2	-101.6	46.0	0.3	10.5	35.6	39.5	-346.3	85.9	170.0
NP	-110.9	-111.9	-117.2	36.6	0.3	8.9	30.1	33.3	-303.5	72.6	143.1
OP margin	-38.4	-23.3	3.4	3.3	3.2	4.0	5.7	5.7	-9.7	4.9	5.1
Pretax margin	-39.9	-27.9	-15.6	6.7	0.1	1.6	3.9	4.0	-15.6	2.8	4.1
Net margin	-30.4	-21.5	-18.0	5.3	0.1	1.4	3.3	3.4	-13.6	2.4	3.4
Growth (QoQ/YoY)											
Revenue	-0.1	42.6	25.4	5.6	-23.2	23.7	39.1	8.5	16.7	38.4	35.5
OP	RR	RR	TTB	2.5	-24.3	54.1	94.7	9.6	RR	TTB	41.1
Pretax profit	RR	RR	RR	TTB	-99.3	3,222.5	239.1	10.8	RR	TTB	97.9
NP	RR	RR	RR	TTB	-99.3	3,222.5	239.1	10.8	RR	TTB	97.1

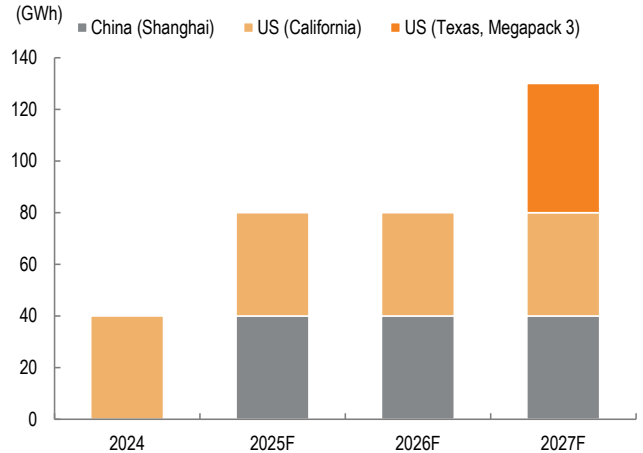
Source: Company data, Mirae Asset Securities Research

Figure 1. L&F: Quarterly earnings trends



Source: Company data, Mirae Asset Securities Research

Figure 2. Tesla to add ESS production capacity in Texas



Source: Tesla, Mirae Asset Securities Research

L&F (066970 KS)

Income statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Revenue	1,907	2,226	3,081	4,175
Cost of revenue	2,371	2,353	2,832	3,845
GP	-464	-127	249	330
SG&A expenses	95	89	98	117
OP (adj.)	-559	-217	151	214
OP	-559	-217	151	214
Non-operating profit	39	-129	-65	-44
Net financial income	-101	0	-66	-64
Net income from associates	0	-1	0	0
Pretax profit	-520	-346	86	170
Income tax	-139	-41	13	26
Profit from continuing operations	-381	-305	73	145
Profit from discontinued operations	0	0	0	0
NP	-381	-305	73	145
Attributable to owners	-378	-303	73	143
Attributable to minority interests	-3	-1	0	1
Total comprehensive income	-384	-305	73	145
Attributable to owners	-381	-303	73	144
Attributable to minority interests	-3	-1	0	1
EBITDA	-495	-138	232	313
FCF	73	-345	-23	133
EBITDA margin (%)	-26.0	-6.2	7.5	7.5
OP margin (%)	-29.3	-9.7	4.9	5.1
Net margin (%)	-19.8	-13.6	2.4	3.4

Cash flow statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Operating cash flow	281	-225	77	133
NP	-381	-305	73	145
Non-cash income/expenses	-77	196	159	188
Depreciation	60	76	78	97
Amortization	3	3	3	2
Other	-140	117	78	89
Chg. in working capital	776	-55	-142	-175
Chg. in AR & other receivables	209	-399	-147	-194
Chg. in inventory	589	-183	-106	-106
Chg. in AP & other payables	-88	418	64	57
Income tax	0	-25	-13	-26
Cash flow from investing activities	-240	-134	-94	8
Chg. in PP&E	-208	-120	-100	0
Chg. in intangible assets	-2	0	0	0
Chg. in financial assets	12	6	0	0
Other	-42	-20	6	8
Cash flow from financing activities	-20	278	-71	-71
Chg. in financial liabilities	-179	375	0	0
Chg. in equity	-2	-477	0	0
Dividends	0	0	0	0
Other	161	380	-71	-71
Chg. in cash	38	-86	-88	69
Beginning balance	241	280	193	105
Ending balance	280	193	105	174

Source: Company data, Mirae Asset Securities Research estimates

Balance sheet (summarized)

(Wbn)	2024	2025F	2026F	2027F
Current assets	1,090	1,240	1,424	1,815
Cash & equivalents	280	193	105	174
AR & other receivables	214	403	569	786
Inventory	575	639	746	852
Other current assets	21	5	4	3
Non-current assets	1,710	1,827	1,846	1,747
Investments in associates	136	136	136	136
PP&E	1,260	1,305	1,327	1,229
Intangible assets	17	15	12	10
Total assets	2,800	3,066	3,270	3,562
Current liabilities	1,552	2,194	2,321	2,465
AP & other payables	192	362	468	595
Short-term financial liabilities	1,336	1,788	1,788	1,788
Other current liabilities	24	44	65	82
Non-current liabilities	524	453	457	461
Long-term financial liabilities	519	443	443	443
Other non-current liabilities	5	10	14	18
Total liabilities	2,076	2,647	2,778	2,925
Equity attributable to owners	713	408	481	624
Capital stock	18	18	18	18
Capital surplus	702	225	225	225
Retained earnings	-23	151	224	367
Minority interests	10	11	11	13
Shareholders' equity	723	419	492	637

Key valuation metrics/ratios

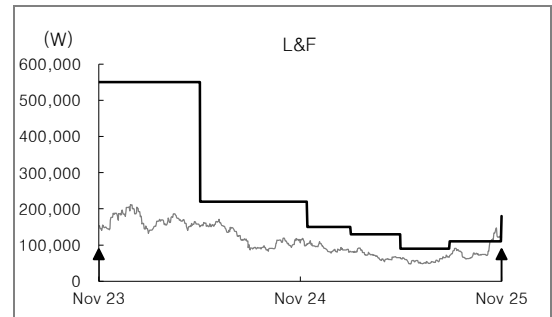
	2024	2025F	2026F	2027F
P/E (x)	-	-	63.9	32.4
P/CF (x)	-	-	20.0	13.9
P/B (x)	4.1	11.2	9.5	7.3
EV/EBITDA (x)	-	-	29.2	21.4
EPS (W)	-10,416	-8,357	1,999	3,939
CFPS (W)	-12,602	-2,999	6,390	9,167
BPS (W)	19,859	11,443	13,441	17,381
DPS (W)	0	0	0	0
Dividend payout ratio (%)	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0
Revenue growth (%)	-58.9	16.7	38.4	35.5
EBITDA growth (%)	RR	RR	TTB	34.8
OP growth (%)	RR	RR	TTB	41.1
EPS growth (%)	RR	RR	TTB	97.1
AR turnover (x)	6.3	8.6	7.5	7.2
Inventory turnover (x)	2.2	3.7	4.4	5.2
AP turnover (x)	21.4	20.8	15.8	16.0
ROA (%)	-12.4	-10.4	2.3	4.2
ROE (%)	-41.7	-54.1	16.3	25.9
ROIC (%)	-18.2	-13.4	6.3	8.4
Debt-to-equity ratio (%)	287.1	631.8	564.5	459.6
Current ratio (%)	70.2	56.5	61.4	73.7
Net debt-to-equity ratio (%)	217.0	485.4	431.3	322.5
Interest coverage ratio (x)	-5.3	0.0	2.1	3.0

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
L&F(066970)	11/07/25	Buy	180,000
	08/05/25	Buy	110,000
	05/08/25	Buy	90,000
	02/07/25	Buy	130,000
	11/20/24	Buy	150,000
	05/10/24	Buy	220,000
	05/30/23	Buy	550,000



Stock ratings

Buy	Expected 12-month return: +20% or greater
Hold	Expected 12-month return: Greater than -10% and less than +10%
Sell	Expected 12-month return: -10% or less

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

As of May 12, 2025, the Trading Buy rating category has been removed from our investment rating system.

Stocks expected to deliver a 12-month return between +10% and less than +20% may be rated either Buy or Hold at the discretion of the research analyst.

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	78.61%	1.73%	19.08%	0.58%
Investment banking services	84.62%	0%	15.38%	0%

* Based on recommendations in the last 12-months (as of September 30, 2025)

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