COMPANY UPDATE

2025. 11. 18

Scan to go to
Research Center report database

Shinheung SEC (243840)

3Q results beat thanks to strong BBU demand

- Shinheung SEC reported 3Q earnings that beat market consensus.
- We expect the firm's earnings to improve in 2026 amid improving business conditions for small N-CID (used in battery backup units) and rising demand for ESS.
- We raise our target price to KRW6,800, and keep the stock at BUY.

EV/Mobility Team

JungHoon Chang
Senior Analyst
jhooni.chang@samsung.com

Kim Won Young
Research Associate
wonyoung10.kim@samsung.com

AT A GLANCE

BUY

Target price	KRW6,800	29%
Current price	KRW5,270	
Market cap	KRW203.2b/USD139.37m	
Shares (float)	38,558,235 (42.8%)	
52-week high/low	KRW6,090/KRW3,800	
Avg daily trading value (60-day)	KRW4.4b/ USD3.0m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Shinheung SEC (%)	-4.7	30.8	-5.2
Vs Kosdaq (%pts)	-9.3	5.0	-28.0

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	6,800	5,800	17.2%
2025E EPS	-133	-92	44.6%
2026E EPS	146	186	-21.5%

SAMSUNG vs THE STREET

No of estimates	1
Target price	5,800
Recommendation	4.0

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

WHAT'S THE STORY?

3Q review: Shinheung SEC posted 3Q consolidated sales of KRW100.2b and an operating profit of KRW2.7b (vs FnGuide-based consensus of a KRW2.2b operating profit). Large square cans bore the brunt of weak end demand, while large-battery cap assembly sales fell 6% y-y, holding up relatively better. Meanwhile, small N-CID continued to show q-q improvement in 3Q, which we attribute to rising demand for relatively higher-priced products used in battery backup units (BBU).

Business conditions for BBU-use small N-CID improving: Looking ahead to 4Q, we believe large square cans will suffer while large-battery cap assemblies will see rising demand from North America in relation to ESS but falling orders from Europe ahead of the end of the year. Therefore, small N-CID sales growth should remain intact, but we forecast the firm's 4Q sales to decline 3% q-q to KRW97.1b for an operating margin of 1%. In 2026, we forecast the firm's sales to grow 20% y-y to KRW485.5b amid rising ESS-use product shipments at its client and growing demand for small N-CID. On top of this, the firm's cost-cutting drive should bolster its operating profit to KRW20b in 2026.

(Continued on the next page)

SUMMARY 3Q RESULTS

(KRWb)	3Q25	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	100.2	9.0	-2.4	-14.3	-14.3
Operating profit	2.7	101.6	26.2	-23.0	-22.9
Pre-tax profit	5.9	nm	nm	nm	n/a
Net profit	3.3	nm	nm	3,703.1	n/a
Margins (%)					
Operating profit	2.7				
Pre-tax profit	5.9				
Net profit	3.3				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2024	2025E	2026E
Valuations (x)			
P/E	10.6	n/a	36.0
P/B	0.6	0.7	0.7
EV/EBITDA	7.7	9.7	7.4
Div yield (%)	1.3	1.3	1.3
EPS growth (% y-y)	-29.1	nm	nm
ROE (%)	6.3	-1.7	1.9
Per-share data (KRW)			
EPS	481	-133	146
BVPS	7,920	7,721	7,802
DPS	66	66	66

Raising target price; maintaining BUY: We raise our target price to KRW6,800 (based on 46.1x P/E). Although we cut our 2026 EPS forecast from KRW186 to KRW146, we note that the peer group's P/E has risen. We maintain our BUY rating on the stock, expecting sales and profitability to grow amid improving business conditions for BBU-use small N-CID and rising ESS-bound shipments at its client.

Quarterly results

(KRWb)	3Q25	3Q24	2Q25	Chg	
				(% y-y)	(% q-q)
Sales	100.2	91.9	102.7	9.0	-2.5
Operating profit	2.7	1.3	2.1	101.9	26.4
Pre-tax profit	5.9	-4.5	-11.6	Turned pos	Turned pos
Net profit	3.3	-2.5	-12.2	Turned pos	Turned pos
Margins (%)					
Operating profit	2.7	1.5	2.1		
Pre-tax profit	5.9	-4.9	-11.3		
Net profit	3.3	-2.7	-11.9		

Source: Company data

Revisions to full-year forecasts

(KRWb)	2025E			2026E		
	Old	New	Diff (%)	Old	New	Diff (%)
Sales	429.7	403.5	-6.1	540.1	485.5	-10.1
Operating profit	3.5	1.5	-56.4	22.3	20.1	-10.2
Pre-tax profit	-4.4	-6.3	nm	9.9	7.8	-21.3
Net profit	-4.2	-6.0	nm	8.4	6.6	-21.3

Source: Samsung Securities estimates

Target-price calculation

(KRW)		Note
EPS	146	2026E EPS
Target P/E (x)	46.1	30% discount to 2025E average of peer group (materials, equipment, parts) (10%pt discount for being a component maker; 20%pt discount for heavy reliance on single client)
Fair value per share	6,760	
Target price	**6,800**	
Current price	5,430	As of Nov 14 close
Upside (%)	25.2%	

Source: Bloomberg, Samsung Securities estimates

Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025E	2026E
Sales	**147.9**	**114.1**	**91.9**	**78.9**	**103.5**	**102.7**	**100.2**	**97.1**	**80.2**	**101.8**	**143.6**	**160.0**	**432.8**	**403.5**	**485.5**
Small cylindrical CID	31.7	29.8	14.9	11.7	11.0	18.9	21.5	24.2	19.9	23.9	28.8	26.8	88.1	75.6	99.4
Large square cap assembly	101.3	71.4	68.0	58.6	83.5	76.0	71.5	68.6	53.9	71.9	107.9	125.8	299.2	299.6	359.5
Large square can	12.3	6.9	5.0	3.4	3.1	2.8	1.1	0.7	2.1	1.3	1.5	0.2	27.6	7.7	5.1
Small cylindrical NS assembly	2.0	3.8	3.7	4.5	4.1	3.9	4.7	2.8	3.4	3.8	4.3	5.6	14.1	15.5	17.1
Other	0.6	2.1	0.3	0.7	1.8	1.1	1.3	0.8	0.9	1.0	1.1	1.4	3.6	5.0	4.3
Operating profit	**10.2**	**6.1**	**1.3**	**-4.5**	**-4.3**	**2.1**	**2.7**	**1.0**	**2.4**	**4.1**	**7.2**	**6.4**	**13.2**	**1.5**	**20.1**
Operating margin (%)	6.9	5.4	1.5	-5.8	-4.1	2.1	2.7	1.0	3.0	4.0	5.0	4.0	3.0	0.4	4.1

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**540**	**433**	**403**	**485**	**598**
Cost of goods sold	453	382	366	423	517
Gross profit	**87**	**51**	**37**	**62**	**81**
Gross margin (%)	16.0	11.8	9.2	12.8	13.5
SG&A expenses	43	38	35	42	51
Operating profit	**44**	**13**	**2**	**20**	**29**
Operating margin (%)	8.1	3.0	0.4	4.1	4.9
Non-operating gains (losses)	**-8**	**9**	**-8**	**-12**	**-12**
Financial profit	3	1	1	1	1
Financial costs	15	18	19	18	18
Equity-method gains (losses)	0	0	0	0	0
Other	5	26	10	5	5
Pre-tax profit	**36**	**22**	**-6**	**8**	**17**
Taxes	5	1	-0	1	3
Effective tax rate (%)	12.9	2.3	5.0	15.0	15.0
Profit from continuing operations	31	22	-6	7	15
Profit from discontinued operations	0	0	0	0	0
Net profit	**31**	**22**	**-6**	**7**	**15**
Net margin (%)	5.7	5.1	-1.5	1.4	2.5
Net profit (controlling interests)	31	22	-6	7	15
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	89	71	58	74	80
EBITDA margin (%)	16.4	16.3	14.4	15.2	13.4
EPS (parent-based) (KRW)	679	481	-133	146	326
EPS (consolidated) (KRW)	679	481	-133	146	326
Adjusted EPS (KRW)*	679	481	-133	146	326

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**254**	**208**	**168**	**213**	**269**
Cash & equivalents	110	113	54	76	100
Accounts receivable	95	33	59	71	88
Inventories	43	53	45	54	66
Other current assets	6	10	10	12	14
Fixed assets	**586**	**667**	**661**	**632**	**607**
Investment assets	1	1	1	1	2
Tangible assets	575	650	644	615	590
Intangible assets	1	2	2	2	2
Other long-term assets	9	14	14	14	14
Total assets	**840**	**876**	**829**	**846**	**875**
Current liabilities	**305**	**289**	**251**	**263**	**280**
Accounts payable	31	23	25	30	37
Short-term debt	181	193	193	193	193
Other current liabilities	92	74	34	41	50
Long-term liabilities	**197**	**228**	**228**	**229**	**231**
Bonds & long-term debt	185	217	217	217	217
Other long-term liabilities	13	12	11	13	14
Total liabilities	**502**	**517**	**479**	**492**	**511**
Owners of parent equity	**338**	**358**	**349**	**353**	**365**
Capital stock	23	23	23	23	23
Capital surplus	166	166	166	166	166
Retained earnings	145	161	152	156	168
Other	5	9	9	9	9
Non-controlling interests' equity	**0**	**0**	**0**	**0**	**0**
Total equity	**338**	**358**	**349**	**353**	**365**
Net debt	290	343	363	342	319

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**56**	**67**	**33**	**50**	**51**
Net profit	31	22	-6	7	15
Non-cash profit and expenses	62	55	74	72	71
Depreciation	45	57	56	53	51
Amortization	0	0	0	0	0
Other	17	-2	18	18	20
Changes in A/L from operating activities	-19	11	-18	-11	-14
Cash flow from investments	**-157**	**-88**	**-50**	**-26**	**-26**
Change in tangible assets	-165	-87	-50	-25	-25
Change in financial assets	-0	-3	0	-1	-1
Other	9	2	0	-0	0
Cash flow from financing	**126**	**16**	**-41**	**-2**	**-1**
Change in debt	140	58	-38	1	2
Change in equity	1	-0	0	0	0
Dividends	-3	-4	-3	-3	-3
Other	-12	-38	0	0	0
Change in cash	26	3	-58	22	24
Cash at beginning of year	84	110	113	54	76
Cash at end of year	110	113	54	76	100
Gross cash flow	**93**	**77**	**68**	**79**	**85**
Free cash flow	**-112**	**-21**	**-17**	**25**	**26**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	13.0	-19.8	-6.8	20.3	23.1
Operating profit	40.7	-69.8	-88.5	1,219.3	46.8
Net profit	57.8	-29.0	nm	nm	122.8
Adjusted EPS**	57.7	-29.1	nm	nm	122.8
Per-share data (KRW)					
EPS (parent-based)	679	481	-133	146	326
EPS (consolidated)	679	481	-133	146	326
Adjusted EPS**	679	481	-133	146	326
BVPS	7,407	7,920	7,721	7,802	8,062
DPS (common)	86	66	66	66	66
Valuations (x)					
P/E***	13.8	10.6	n/a	36.0	16.1
P/B***	1.3	0.6	0.7	0.7	0.7
EV/EBITDA	7.4	7.7	9.7	7.4	6.5
Ratios (%)					
ROE	9.6	6.3	-1.7	1.9	4.1
ROA	4.1	2.6	-0.7	0.8	1.7
ROIC	6.9	1.9	0.2	2.4	3.7
Payout ratio	10.8	11.6	-42.3	38.4	17.2
Dividend yield (common)	0.9	1.3	1.3	1.3	1.3
Net debt to equity	85.9	95.6	103.9	96.8	87.3
Interest coverage (x)	2.9	0.7	0.1	1.1	1.6

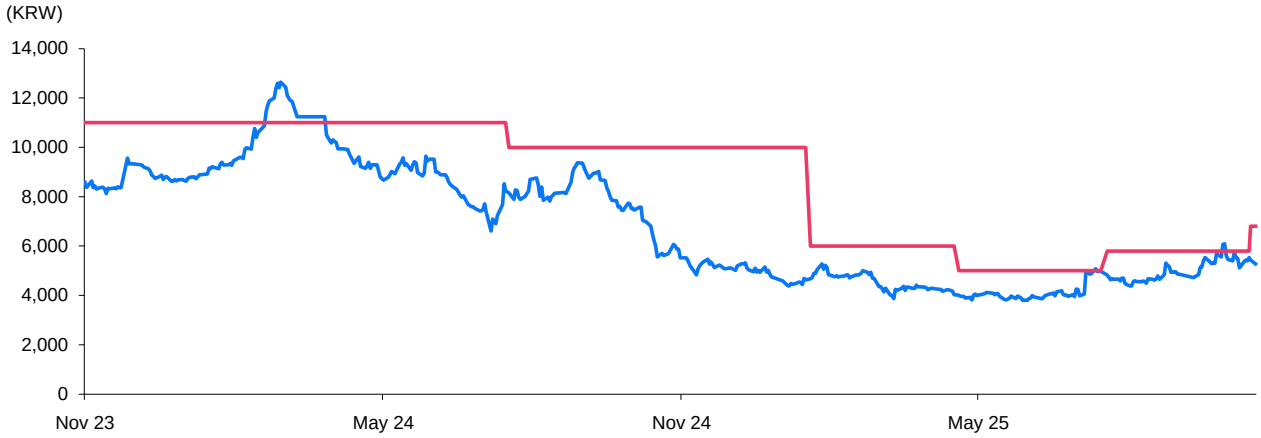
Note: *Excluding one-off items;
**Fully diluted, excluding one-off items;
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

Compliance notice

- As of 11/17 2025, the covering analyst(s) did not own any shares, or debt instruments convertible into shares, of any company covered in this report.
- As of 11/17 2025, Samsung Securities' holdings of shares and debt instruments convertible into shares of each company covered in this report would not, if such debt instruments were converted, exceed 1% of each company's outstanding shares.
- This report has been prepared without any undue external influence or interference, and accurately reflects the views of the analyst(s) covering the company or companies herein.
- All material presented in this report, unless specifically indicated otherwise, is under copyright to Samsung Securities.
- Neither the material nor its content (including copies) may be altered in any form, or by any means transmitted, copied, or distributed to another party, without prior express written permission from Samsung Securities.
- This memorandum is based upon information available to the public. While we have taken all reasonable care to ensure its reliability, we do not guarantee its accuracy or completeness. This memorandum is not intended to be an offer, or a solicitation of any offer, to buy or sell the securities mentioned herein. Samsung Securities shall not be liable whatsoever for any loss, direct or consequential, arising from the use of this memorandum or its contents. Statements made regarding affiliates of Samsung Securities are also based upon publicly available information and do not necessarily represent the views of management at such affiliates.
- This material has not been distributed to institutional investors or other third parties prior to its publication.

Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/11/15	2024/5/16	8/16	2025/2/17	5/19	8/18	11/14
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	11000	11000	10000	6000	5000	5800	6800
Gap* (average)	-12.23	-22.22	-34.18	-24.39	-17.81	-13.48	
(max or min)**	14.91	-12.36	-6.30	-12.17	1.60	5.00	

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

Samsung Securities uses the following investment ratings*

Company

BUY	Expected to increase in value by 15% or more within 12 months and is highly attractive within sector
HOLD	Expected to increase/decrease in value by less than 15% within 12 months
SELL	Expected to decrease in value by 15% or more within 12 months

Industry

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
NEUTRAL	Expected to outperform/underperform market by less than 5% within 12 months
UNDERWEIGHT	Expected to underperform market by 5% or more within 12 months

* Note: Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

Percentage of ratings in 12 months prior to 2025.09.30

BUY(83.5%)·HOLD(16.5%)·SELL(0%)

Global Disclosures & Disclaimers

General

This research report is for information purposes only. It is not and should not be construed as an offer or solicitation of an offer to purchase or sell any securities or other financial instruments or to participate in any trading strategy. This report does not provide individually tailored investment advice. This report does not take into account individual client circumstances, objectives, or needs and is not intended as recommendations of particular securities, financial instruments or strategies to any particular client. The securities and other financial instruments discussed in this report may not be suitable for all investors. The recipient of this report must make its own independent decisions regarding any securities or financial instruments mentioned herein and investors should seek the advice of a financial adviser.

This report may not be altered, reproduced, distributed, transmitted or published in whole or in part for any purpose. References to "Samsung Securities" are references to any company in the Samsung Securities, Co., Ltd. group of companies.

Samsung Securities and/or other affiliated companies, its and their directors, officers, representatives, or employees may have long or short positions in any of the securities or other financial instruments mentioned in this report or of issuers described herein and may purchase and/or sell, or offer to purchase and/or sell, at any time, such securities or other financial instruments in the open market or otherwise, as either a principal or agent. Any pricing of securities or other financial instrument contained herein is as of the close of market for such day, unless otherwise stated. Opinions and estimates contained herein constitute our judgment as of the date of this report and are subject to change without notice.

The information provided in this report is provided "AS IS". Although the information contained herein has been obtained from sources believed to be reliable, no representation or warranty, either expressed or implied, is provided by Samsung Securities in relation to the accuracy, completeness or reliability of such information or that such information was provided for any particular purpose and Samsung Securities expressly disclaims any warranties of merchantability or fitness for a particular purpose. Furthermore, this report is not intended to be a complete statement or summary of the securities, markets or developments referred to herein.

Samsung Securities does not undertake that investors will obtain any profits, nor will it share with investors any investment profits. Samsung Securities, its affiliates, or any of its and their affiliates, directors, officers, employees or agents disclaim any and all responsibility or liability whatsoever for any loss (direct or consequential) or damage arising out of the use of all or any part of this report or its contents or otherwise arising in connection therewith. Information and opinions contained herein are subject to change without notice. Past performance is not indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned in this report. For investment advice, trade execution or other enquiries, clients should contact their local sales representative. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of Samsung Securities. Any analysis contained herein is based on numerous assumptions. Different assumptions may result in materially different results. Samsung Securities is under no obligation to update or keep current the information contained herein. Samsung Securities relies on information barriers to control the flow of information contained in one or more areas or groups within Samsung Securities into other areas or groups of Samsung Securities. Any prices stated in this report are for information purposes only and do not represent valuations for individual securities or other financial instruments. Samsung Securities makes no representation that any transaction can or could have been effected at those prices and any prices contained herein may not reflect Samsung Securities' internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by Samsung Securities or any other source may yield substantially different results. Additional information is available upon request.

For reports to be distributed to US:

Securities research is prepared, issued and exclusively distributed by Samsung Securities Co., Ltd., an organization licensed with the Financial Supervisory Service of South Korea. This research may be distributed in the United States only to major institutional investors as defined in Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended, and may not be circulated to any other person otherwise. All transactions by U.S. investors involving securities discussed in this report must be effected through Samsung Securities (America) Inc., a broker-dealer registered with the U.S. Securities & Exchange Commission and a member of the Financial Industry Regulatory Authority/SIPC, and not through any non-U.S. affiliate thereof. The analysts listed [on the front of this report] are employees of Samsung Securities Co., Ltd., or a non-U.S. affiliate thereof, and are not registered/qualified as research analysts under applicable U.S. rules and regulations and may not be subject to U.S. restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account.

For reports to be distributed to UK:

This report is not an invitation nor is it intended to be an inducement to engage in investment activity for the purpose of section 21 of the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA"). To the extent that this report does constitute such an invitation or inducement, it is directed only at (i) persons who are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as amended) of the United Kingdom (the "Financial Promotion Order"); (ii) persons who fall within Articles 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order; and (iii) any other persons to whom this report can, for the purposes of section 21 of FSMA, otherwise lawfully be made (all such persons together being referred to as "relevant persons").

Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons. Persons who are not relevant persons must not act or rely on this report.

For reports to be distributed to Korea:

This report is for private circulation only, not for sale, and is issued and distributed only to persons permitted under the laws and regulations of Korea.

For reports to be distributed to Singapore:

This report is provided pursuant to the financial advisory licensing exemption under Regulation 27(1)(e) of the Financial Advisers Regulation of Singapore and accordingly may only be provided to persons in Singapore who are "institutional investors" as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore. This report is intended only for the person to whom Samsung Securities has provided this report and such person may not send, forward or transmit in any way this report or any copy of this report to any other person.

Analyst certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of such analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research report. The analyst(s) principally responsible for the preparation of this research report receives compensation based on determination by research management and senior management (not including investment banking), based on the overall revenues, including investment banking revenues of Samsung Securities Co., Ltd. and its related entities and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

Copyright © 2010 Samsung Securities Co., Ltd.. All rights reserved. This report or any portion hereof may not be reprinted, sold or redistributed without the prior written consent of Samsung Securities America Inc

Samsung Securities

SAMSUNG SECURITIES

Samsung Electronics Bldg., 11, 74-gil,
Seochodae-ro, Seocho-gu, Seoul, Korea 06620
Tel: 02 2020 8000 / www.samsungpop.com

Family Center: 1588 2323

Voice Of Customer: 080 911 0900

**For more information,
please call our sales representatives:**

LONDON

Samsung Securities Europe Limited
1st Floor, 30 Gresham Street, London EC2V 7PG UK
Tel. 44-207-776-4311
Fax. 44-203-837-9219

NEW YORK

Samsung Securities America Limited
1330 Avenue of the Americas. 10th Floor. New York,
NY 10019
Tel: 1-212-972-2454
Fax: 1-212-972-2704

HONG KONG

Samsung Securities (Asia) Limited
Suite 4511, Two International Finance Center,
8 Finance Street, Central, Hong Kong
Tel: 852-3411-3608
Fax: 852-2114-0290

BEIJING

Samsung Securities Beijing Representative Office
Rm. 910, The Exchange Building No 118 JianGuo Lu, Chao
Yang District, Beijing, China
Tel: 86-10-6522-1855 (extension 7891)
Fax: 86-10-6522-1855 (extension 7889)

TOKYO

Samsung Securities Tokyo Representative Office
#106-8532 19F, Roppongi T-Cube 3-1-1,
Roppongi Minato-ku Tokyo, Japan
Tel: 81-3-6333-2952
Fax: 81-3-6333-2953

Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA