COMPANY UPDATE

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SPG (058610)

Manufacturing diverse reducer solutions

- SPG is the only Korean company capable of producing harmonic, RV, and planetary reducers.
- We expect it to enjoy stable profitability ahead of the full-blown expansion of the humanoid robot market.
- Building on its reducer expertise, SPG is now entering the quasi-direct drive (QDD) actuator market.

▶ AT A GLANCE

Not rated

Target price	n/a
Current price	KRW131,200
Market Cap	KRW2.9t/USD2.0b
Shares (float)	22,177,360 (62.0%)
52-week high/low	KRW158,100/KRW19,440
Avg daily trading value (60-day)	KRW132.4b/ USD89.4m

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
SPG (%)	-4.4	362.0	414.5
Vs Kosdaq (%pts)	-6.3	240.8	226.8

▶ SAMSUNG vs THE STREET

No of estimates	n/a
Target price	n/a
Recommendation	n/a

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

WHAT'S THE STORY?

Company profile: SPG, founded in 1991 and listed on the Kosdaq in 2002, specializes in manufacturing geared motors and fan motors. These two core drivers of its business account for 30% and 65% of total sales, respectively. Geared motors, used primarily in automated production lines, are produced in small-batch, high-variety formats and maintain operating margins of around 10%. Fan motors, commonly found in white goods such as refrigerators, are manufactured at scale with lower margins of 2-3%. While SPG's new business—precision reducers for robotics—currently contributes only 3% of sales, revenue in this segment is growing steadily. In 2025, SPG posted sales of KRW341.7b and an operating profit of KRW17.9b, making it one of the rare Korean robotics companies consistently profitable through its core operations.

Proven technical expertise in reducer technology: SPG's reducers are now standard components in Rainbow Robotics' collaborative robots and the humanoid model RB-Y1, earning strong credibility for performance and reliability. SPG also supplies planetary reducers to leading Korean quadruped robot makers, building a solid domestic reference base that positions it well for global expansion. SPG is the only Korean firm capable of producing all three major types of robotic reducers: planetary, harmonic, and cycloidal. This rare capability enables end-to-end support—single-source supply and service tailored to each robot's specific drive requirements. Since robotic reducers typically need replacement every 3-5 years, SPG capitalizes on this recurring demand by offering overhaul and replacement services to customers struggling with supply shortages or price increases from other suppliers. Even as the humanoid robot market remains in its early stages, SPG can generate stable cash flow from this aftermarket opportunity.

(Continued on the next page)

SPG Direct Drive (SDD) actuator launch presents clear path to growth: SPG has developed a quasi-direct-drive (QDD) actuator it calls SPG Direct Drive (SDD)—an integration of planetary gears and a motor—designed to overcome the persistent limitation of conventional actuators: short operational cycles due to servo motor overheating. Its proprietary "Shieldering" technology blocks heat transfer, enabling significantly longer continuous operation than competing products. The firm is aiming to sell 5,000 SDD actuators in 1H26, initially focusing on domestic humanoid robotics startups, with plans to expand globally through international trade shows. SPG has already secured a contract with the Korea Institute of Machinery & Materials to supply 1,000 units, which is enough for roughly 20 humanoid robots.

View: SPG's share-price performance in 1H26 should largely hinge on market reception of its new SDD actuators and on actual order volumes.

Income statement

Year-end Dec 31 (KRWb)	2020	2021	2022	2023	2024
Sales	**355**	**416**	**440**	**394**	**388**
Cost of goods sold	292	349	364	331	325
Gross profit	**63**	**68**	**76**	**63**	**64**
Gross margin (%)	17.6	16.3	17.3	16.0	16.4
SG&A expenses	44	44	51	47	51
Operating profit	**18**	**24**	**25**	**16**	**12**
Operating margin (%)	5.1	5.7	5.8	4.1	3.2
Non-operating gains (losses)	**-2**	**2**	**-4**	**-3**	**2**
Financial profit	0	1	0	0	0
Financial costs	3	2	3	4	3
Equity-method gains (losses)	1	1	-0	-1	1
Other	-1	2	0	1	4
Pre-tax profit	**16**	**26**	**22**	**13**	**14**
Taxes	2	3	2	2	1
Effective tax rate (%)	10.8	10.3	10.2	12.9	8.4
Profit from continuing operations	14	23	20	11	13
Profit from discontinued operations	0	0	0	0	0
Net profit	**14**	**23**	**20**	**11**	**13**
Net margin (%)	4.0	5.5	4.5	2.8	3.4
Net profit (controlling interests)	13	23	20	11	13
Net profit (non-controlling interests)	1	0	0	0	0
EBITDA	24	30	33	23	19
EBITDA margin (%)	6.8	7.1	7.4	5.8	4.9
EPS (parent-based) (KRW)	644	1,053	888	496	591
EPS (consolidated) (KRW)	674	1,053	888	496	591
Adjusted EPS (KRW)*	644	1,053	888	496	591

Balance sheet

Year-end Dec 31 (KRWb)	2020	2021	2022	2023	2024
Current assets	**191**	**256**	**244**	**241**	**268**
Cash & equivalents	13	18	22	32	28
Accounts receivable	92	126	112	113	100
Inventories	78	92	97	83	123
Other current assets	9	19	14	13	17
Fixed assets	**97**	**109**	**110**	**106**	**130**
Investment assets	3	3	2	1	2
Tangible assets	88	90	93	92	115
Intangible assets	4	6	3	3	3
Other long-term assets	2	10	12	11	11
Total assets	**288**	**365**	**354**	**347**	**398**
Current liabilities	**125**	**151**	**131**	**119**	**119**
Accounts payable	51	51	37	39	49
Short-term debt	48	78	72	61	59
Other current liabilities	26	22	22	20	11
Long-term liabilities	**19**	**21**	**10**	**9**	**24**
Bonds & long-term debt	10	10	0	0	10
Other long-term liabilities	9	11	10	9	14
Total liabilities	**144**	**172**	**141**	**128**	**143**
Owners of parent equity	**145**	**193**	**213**	**219**	**254**
Capital stock	10	11	11	11	11
Capital surplus	49	60	65	65	55
Retained earnings	76	97	111	117	135
Other	9	26	27	26	53
Non-controlling interests' equity	**0**	**0**	**0**	**0**	**0**
Total equity	**145**	**193**	**213**	**219**	**254**
Net debt	65	79	61	36	39

Cash flow statement

Year-end Dec 31 (KRWb)	2020	2021	2022	2023	2024
Cash flow from operations	**15**	**-16**	**22**	**35**	**11**
Net profit	14	23	20	11	13
Non-cash profit and expenses	14	11	18	14	11
Depreciation	6	6	7	7	7
Amortization	0	0	0	0	0
Other	8	5	11	7	4
Changes in A/L from operating activities	-10	-46	-9	17	-11
Cash flow from investments	**-10**	**-7**	**-6**	**-7**	**-9**
Change in tangible assets	-5	-5	-6	-5	-7
Change in financial assets	-0	-0	0	-2	-2
Other	-5	-1	-0	0	-0
Cash flow from financing	**-8**	**27**	**-12**	**-18**	**-9**
Change in debt	-7	22	-14	-13	1
Change in equity	0	11	5	0	-10
Dividends	-2	-3	-5	-4	-4
Other	1	-3	2	-1	5
Change in cash	-3	6	4	11	-4
Cash at beginning of year	15	13	18	22	32
Cash at end of year	13	18	22	32	28
Gross cash flow	**28**	**34**	**38**	**25**	**24**
Free cash flow	**10**	**-21**	**16**	**30**	**4**

Financial ratios

Year-end Dec 31	2020	2021	2022	2023	2024
Growth (%)					
Sales	12.6	17.3	5.8	-10.6	-1.3
Operating profit	75.6	30.2	8.3	-37.3	-22.8
Net profit	107.0	62.8	-14.1	-44.1	19.3
Adjusted EPS**	81.0	63.4	-15.7	-44.1	19.3
Per-share data (KRW)					
EPS (parent-based)	644	1,053	888	496	591
EPS (consolidated)	674	1,053	888	496	591
Adjusted EPS**	644	1,053	888	496	591
BVPS	7,212	8,886	9,627	9,871	11,459
DPS (common)	150	250	200	200	150
Valuations (x)					
P/E***	12.9	11.3	19.4	72.6	39.6
P/B***	1.2	1.3	1.8	3.6	2.0
EV/EBITDA	9.8	11.6	13.5	36.6	29.1
Ratios (%)					
ROE	9.7	13.6	9.7	5.1	5.5
ROA	5.0	7.0	5.5	3.1	3.5
ROIC	7.6	8.8	8.5	5.3	4.1
Payout ratio	22.4	23.7	22.5	40.3	25.4
Dividend yield (common)	1.8	2.1	1.2	0.6	0.6
Net debt to equity	44.6	41.0	28.5	16.4	15.4
Interest coverage (x)	7.7	11.2	7.7	4.4	4.2

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

Source: Company data, Samsung Securities estimates

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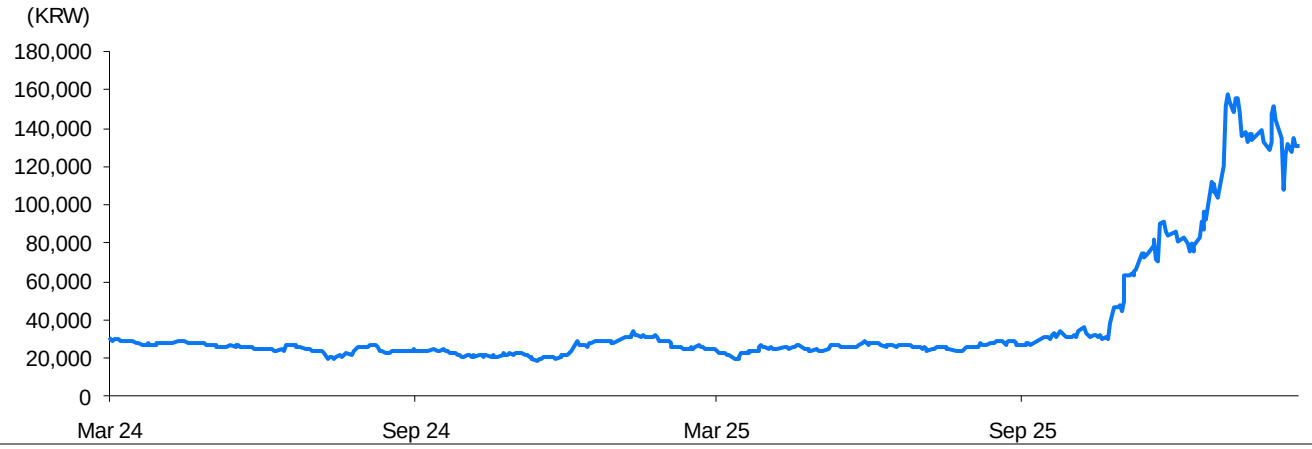
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2026/3/13
Recommendation	Not Rated
Target price (KRW)	n/a
Gap* (average)	
(max or min)**	

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

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Industry

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
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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 2025.12.31

BUY(85.8%)·HOLD(14.2%)·SELL(0%)

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