SECTOR
UPDATE

2026. 4. 8

EV/Mobility Team

JungHoon Chang
Senior Analyst
jhooni.chang@samsung.com

Scan to go to
Research Center report database

Rechargeable Batteries (OVERWEIGHT)

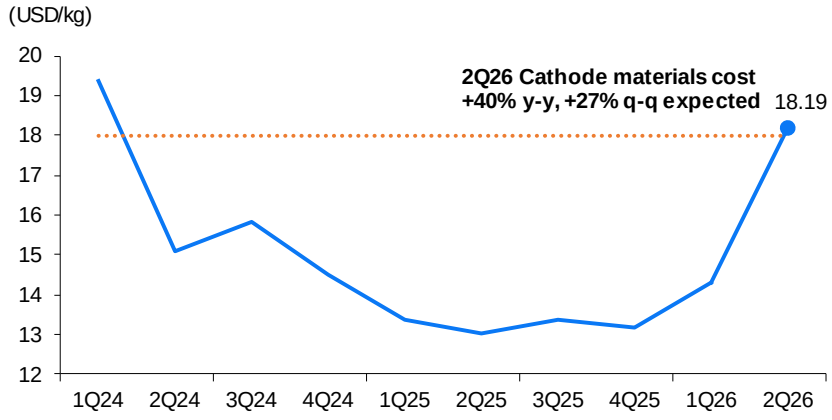
Dialogue with the market #52: Cathode materials prices to surge

- Cathode materials prices are likely to surge 40% y-y in 2Q.
- Sustained strength in lithium, cobalt, and other key metals continues to push cathode material prices higher.
- Cathode materials exports declined y-y in February, and it is still too early to be optimistic about a demand recovery.

WHAT'S THE STORY?

Introduction: In this, the 52th report in our Dialogue with the Market series, we examine cathode material pricing—a topic that had receded from recent discussions. While escalating geopolitical tensions in Iran have renewed concerns over supply chain risks and rising costs, the upward pressure on cathode prices began well before these developments. Key battery metals have already driven significant cost increases. Although strong downstream demand might have signaled a healthy rebound in fundamentals, market signals remain mixed—and this sentiment is reflected in the latest cathode export data.

Cathode material price (cost basis): Price to rise 40%y-y (+27%q-q) in 2Q



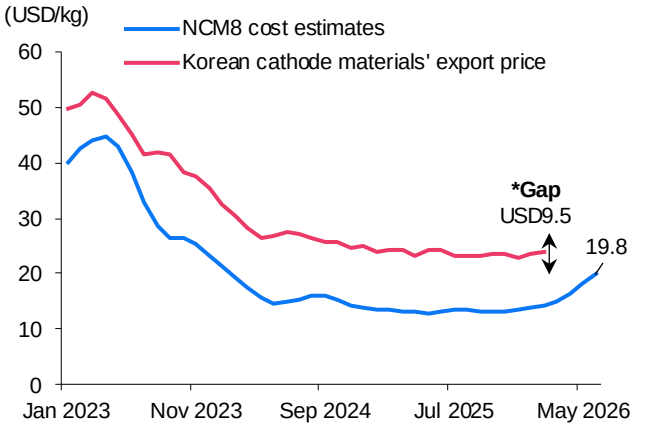
Source: Bloomberg, Samsung Securities

(Continued on the next page)

Cathode material prices to surge 40% y-y in 2Q: Our cost model for NCM8 cathode material estimates 2Q prices at USD18/kg (up 40% y-y and 27% q-q), marking the highest level since 1Q24. Given that export prices include processing costs and margins—typically adding roughly USD10/kg to raw material costs—ASP could reach USD28/kg in 2Q, up from USD23.8 in February. This would be the first time since 1Q23 that cathode material production costs have risen by more than 40%. The surge follows sharp, recent spikes in lithium, nickel, and cobalt prices since 2H25. Our model shows a 7% y-y increase in 1Q26, and a 40% y-y jump in 2Q26 now looks increasingly likely.

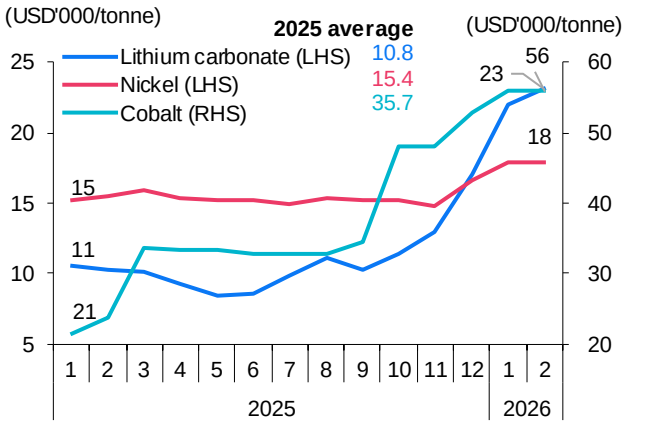
Drivers behind rising metal prices: Recent price gains in metal prices reflect a combination of policy changes, supply constraints, and surging demand. Lithium prices, which started at USD10/kg in Jan 2025, climbed to over USD23/kg by Feb 2026. This was driven by China's aggressive push to expand energy storage systems (ESS), alongside growing EV and ESS demand in Europe—spurring Chinese producers to front-load purchases. Meanwhile, low-cost lithium mines were already running at full capacity, and global inventories remained low, leaving little buffer against tight supply. The situation intensified in February when Zimbabwe—the world's fourth-largest lithium producer—suspended exports of lithium concentrate, reigniting volatility. Cobalt prices, at USD21/kg in Jan 2025, have more than doubled to over USD56/kg in Feb 2026, largely due to strict export quotas imposed by the Democratic Republic of Congo, the world's leading cobalt producer. Nickel, which had hovered around USD15/kg throughout 2025, rose to USD18/kg by February. The increase followed Indonesia's announcement of production cuts—its status as the world's top nickel producer gave the move significant weight—and was amplified by China's strong demand for production of batteries and stainless steel, supported by domestic economic stimuli.

Monthly export price of cathode materials vs NCM8 cost



Note: *Difference between February cathode material export price and our estimated NCM8 cost
Source: BNEF

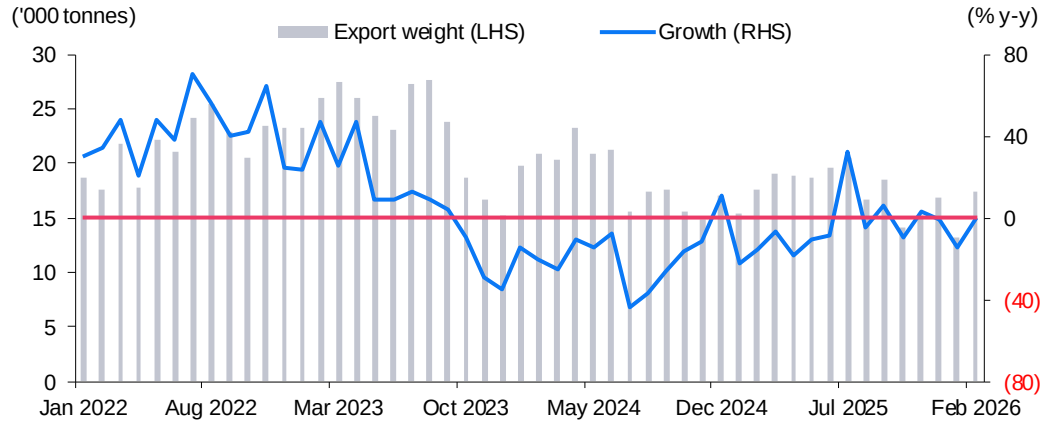
Significant metal price increases began in 2H25



Source: BNEF

Cathode materials firms' utilization rates yet to recover: In February, cathode material exports totaled 17m tonnes. While up 33% from January's 13m tonnes, the figure is down 0.7% y-y and still well below Feb 2022 levels. This is due to weak EV sales in the US, a key downstream market for Korean cathode materials suppliers, coupled with low utilization rates among major EV manufacturers. Industry stakeholders are waiting to see if demand picks up by mid-2Q, making it difficult to be optimistic about a near-term recovery in cathode materials firms' capacity utilization.

Monthly export weight of cathode material and y-y growth



Source: KITA

Implications for rechargeable battery industry: Given that cathode material prices are linked to metal price fluctuations, the pricing environment for cathode materials manufacturers in 2Q could be fairly favorable for improving earnings. However, since most companies have significantly expanded their production capacity beyond actual demand, low utilization rates are limiting margin improvements—meaning price increases alone are not enough to declare a clear turnaround in the cathode materials industry. While individual companies may experience different conditions based on their mix of EV-making customers and regional exposure, from an investment perspective, it will be critical in 2Q to monitor whether US EV demand recovers or if US-based cell manufacturers begin to ramp up their capacity utilization rates.

Compliance notice

- 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 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.

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