COMPANY UPDATE

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EV/Mobility Team

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Sangsin Energy Display Precision (091580)

NDR takeaways: Three opportunities

- Sangsin Energy Display Precision (Sangsin EDP) held a non-deal roadshow (NDR) with domestic institutional investors on Apr 13.
- Increasing demand for the prismatic battery form factor coupled with the trend towards larger ESS cells should present Sangsin EDP with client diversification opportunities.
- Its sales growth and profit recovery underpin its attractive valuation.

WHAT'S THE STORY?

Favorable industry trends and product diversification opportunities: Sangsin Energy Display Precision's (Sangsin EDP) business strategy is designed to capitalize on the following four industry trends. First, the prismatic battery form factor portion out of the total EV battery sales volume is increasing. The company estimates that the portion rose from 26% in 2021 to 43% in 2025. Second, ESS batteries are trending towards larger prismatic formats. ESS LFP batteries, currently available in 273 Ah configurations, are already larger than typical EV batteries and are likely to grow even larger. Third, 46-pi cylindrical cells are increasingly being adopted. Five times bigger than traditional cylindrical cells, they pack in more energy, spurring major EV makers to begin integrating them. Manufacturing 46-pie cylindrical battery cans should create additional sales opportunities for Sangsin EDP—they require extra components such as current interrupt device (CID), insulation, and gaskets. Fourth, battery cell makers are preparing to mass produce prismatic lithium-manganese-rich (LMR) battery cells. Sangsin EDP has the potential to benefit from growth of the LMR market.

(Continued on the next page)

SUMMARY FINANCIAL DATA

(KRWb)	2022	2023	2024	2025
Revenue	291	302	245	250
Operating profit	33	30	(7)	9
Net profit (adj)	24	26	1	2
EPS (adj) (KRW)	1,804	1,924	47	151
EPS (adj) growth (% y-y)	37.6	6.6	(97.5)	217.9
EBITDA margin (%)	15.3	14.5	4.2	11.8
ROE (%)	21.9	19.5	0.4	1.3
P/E (adj) (x)	8.3	8.2	156.3	86.9
P/B (x)	1.6	1.5	0.6	1.1
EV/EBITDA (x)	5.3	5.3	15.9	9.1
Dividend yield (%)	0.8	0.8	1.3	0.8

Source: Company data, Samsung Securities estimates

AT A GLANCE

Not Rated

Target price	n/a
Current price	KRW27,350
Market cap	KRW364.5b / USD246.75m
Shares (float)	13,328,219 (71.3%)
52-week high/low	KRW27,350/KRW6,950
Avg daily trading value (60-day)	"KRW7.7b/ USD5.2m"

ONE-YEAR PERFORMANCE

	1M	6M	12M
Sangsin EDP (%)	47.8	124.5	262.7
Vs Kosdaq (%pts)	46.2	67.4	121.6

SAMSUNG vs THE STREET

No of estimates	n/a
Average target price (KRW)	n/a
Average rating	n/a

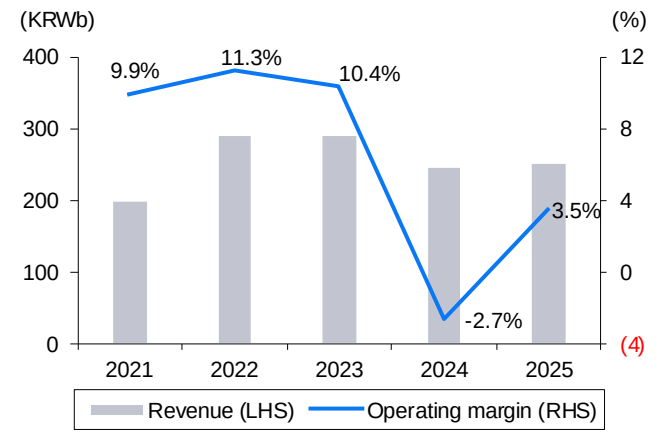
※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

Die technology opens path to client diversification: Leveraging its proprietary die technology, Sangsin EDP uses a 'deep drawing' process to manufacture battery cans without welding—it can produce the largest-diameter cans in Korea as a result. The company looks set to bolster its position in the North American ESS market, considering the ongoing shift towards non-China supply chains and a growing preference for prismatic form factors. As more ESS makers transition to prismatic cells, Sangsin EDP—already a trusted supplier of prismatic cell components—looks to be well placed to broaden its customer base.

Earnings turnaround driven by process improvement and cost innovation: In 2024, Sangsin EDP recorded an operating loss due to weakening demand. But in 2025, it returned to profit by: 1) making process improvements, which cut its defect rate for prismatic battery cans from 4.5% to 1.3%; and 2) reducing the amount of oil needed during production, which lowered its material costs.

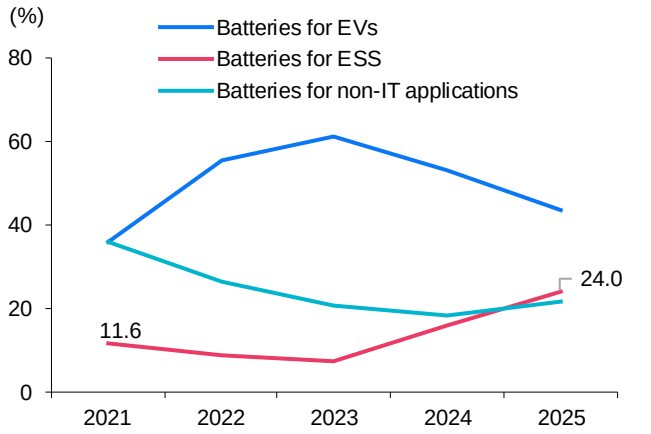
Valuation appeal to grow after growth and profit recover: Based on the company's 2026 guidance (30% sales growth and a mid-to-high single-digit operating margin), the current stock price (as of Apr 14 close) implies it is trading at a 2026 P/E of 16.4x (assumes 30% sales growth, a 7% operating margin, and a 25% effective corporate tax rate). The company's valuation looks attractive—its peers in the rechargeable battery sector (excluding Korean materials/parts firms with P/Es above 200x, which are considered outliers) are trading at an average 2026 P/E of 54x.

Sangsin EDP: Sales and operating margin



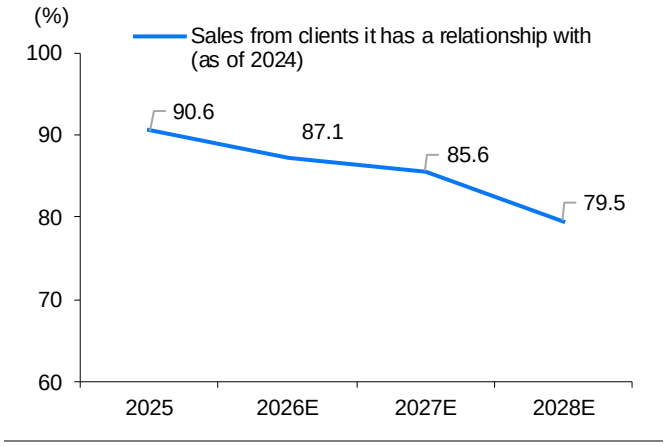
Source: Company data

Sangsin EDP: Change in sales mix



Source: Company data

Sangsin EDP: Customer diversification outlook



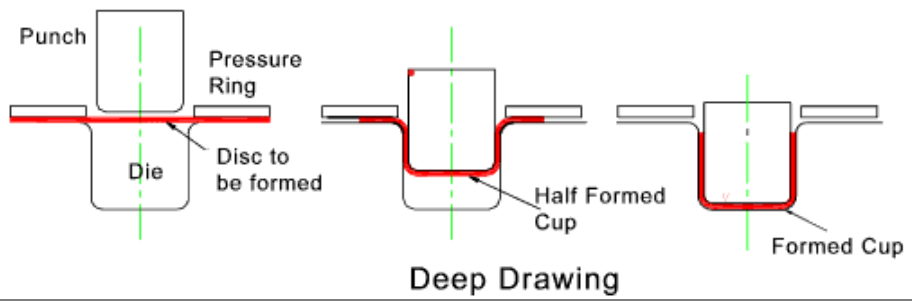
Source: Company data

Key supply chains for cylindrical and prismatic battery can components, by cell manufacturer

Company	Cylindrical Can Supply Chain	Prismatic Can Supply Chain
LG Energy Solution	(KR) LT Precision, Dongwon Systems; (CN) Kedali	None
Samsung SDI	(KR) Sangsin IDP, Dongwon Systems; (CN) Kedali	(KR) Sangsin EDP, Sinheung SEC

Source: Media, Samsung Securities

Deep drawing technology



Source: Roymech

Income statement

Year-end Dec 31 (KRWb)	2021	2022	2023	2024	2025
Sales	**198**	**291**	**302**	**245**	**250**
Cost of goods sold	160	235	245	220	213
Gross profit	**38**	**56**	**57**	**25**	**37**
Gross margin (%)	19.2	19.3	18.9	10.3	14.7
SG&A expenses	18	23	27	32	28
Operating profit	**20**	**33**	**30**	**(7)**	**9**
Operating margin (%)	9.9	11.3	10.0	(2.7)	3.5
Non-operating gains (losses)	**3**	**(3)**	**(1)**	**4**	**(9)**
Financial profit	2	0	1	2	0
Financial costs	2	2	4	5	6
Equity-method gains (losses)	0	0	0	0	0
Other	4	(1)	3	7	(3)
Pre-tax profit	**23**	**30**	**30**	**(3)**	**0**
Taxes	5	6	3	(4)	(2)
Effective tax rate (%)	23.7	18.7	11.7	122.2	n/a
Profit from continuing operations	18	24	26	2	6
Profit from discontinued operations	0	0	0	(1)	(4)
Net profit	**18**	**24**	**26**	**1**	**2**
Net margin (%)	8.9	8.4	8.7	0.3	0.8
Net profit (controlling interests)	18	24	26	1	2
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	30	45	44	10	30
EBITDA margin (%)	15.1	15.3	14.5	4.2	11.8
EPS (parent-based) (KRW)	1,311	1,804	1,924	47	151
EPS (consolidated) (KRW)	1,311	1,804	1,924	47	151
Adjusted EPS (KRW)*	1,311	1,804	1,924	47	151

Balance sheet

Year-end Dec 31 (KRWb)	2021	2022	2023	2024	2025
Current assets	**94**	**127**	**153**	**123**	**115**
Cash & equivalents	30	41	82	62	50
Accounts receivable	33	46	39	19	27
Inventories	24	28	25	31	26
Other current assets	6	13	7	11	12
Fixed assets	**107**	**117**	**137**	**195**	**220**
Investment assets	2	1	3	2	2
Tangible assets	102	112	130	184	204
Intangible assets	1	2	1	1	1
Other long-term assets	3	3	3	8	13
Total assets	**201**	**244**	**291**	**318**	**336**
Current liabilities	**86**	**108**	**130**	**136**	**142**
Accounts payable	20	29	26	25	18
Short-term debt	48	54	84	97	105
Other current liabilities	17	25	20	14	19
Long-term liabilities	**14**	**14**	**14**	**28**	**34**
Bonds & long-term debt	11	13	11	26	26
Other long-term liabilities	2	1	3	2	8
Total liabilities	**99**	**122**	**144**	**164**	**176**
Owners of parent equity	**101**	**122**	**147**	**154**	**160**
Capital stock	7	7	7	7	7
Capital surplus	38	38	38	38	38
Retained earnings	56	79	103	99	99
Other	1	(2)	(2)	9	16
Non-controlling interests' equity	**0**	**0**	**0**	**0**	**0**
Total equity	**101**	**122**	**147**	**154**	**160**
Net debt	32	32	18	63	96

Cash flow statement

Year-end Dec 31 (KRWb)	2021	2022	2023	2024	2025
Cash flow from operations	**19**	**37**	**47**	**(2)**	**8**
Net profit	18	24	26	1	2
Non-cash profit and expenses	17	27	22	12	28
Depreciation	10	12	13	17	21
Amortization	0	0	0	0	0
Other	7	15	8	(5)	7
Changes in A/L from operating activities	(11)	(8)	8	(8)	(15)
Cash flow from investments	**(32)**	**(30)**	**(27)**	**(40)**	**(35)**
Change in tangible assets	(33)	(29)	(31)	(43)	(35)
Change in financial assets	(0)	(0)	(0)	(2)	1
Other	1	(1)	5	5	(1)
Cash flow from financing	**6**	**9**	**22**	**18**	**13**
Change in debt	(3)	12	27	27	20
Change in equity	8	1	0	0	0
Dividends	(1)	(1)	(2)	(2)	(1)
Other	2	(2)	(4)	(7)	(6)
Change in cash	(6)	11	42	(20)	(12)
Cash at beginning of year	36	30	41	82	62
Cash at end of year	30	41	82	62	50
Gross cash flow	**35**	**51**	**48**	**13**	**30**
Free cash flow	**(16)**	**7**	**15**	**(46)**	**(28)**

Financial ratios

Year-end Dec 31	2021	2022	2023	2024	2025
Growth (%)					
Sales	30.2	47.2	3.7	(18.7)	2.0
Operating profit	0.9	66.7	(7.8)	nm	nm
Net profit	102.8	39.8	7.0	(97.6)	214.6
Adjusted EPS**	94.5	37.6	6.6	(97.5)	217.9
Per-share data (KRW)					
EPS (parent-based)	1,311	1,804	1,924	47	151
EPS (consolidated)	1,311	1,804	1,924	47	151
Adjusted EPS**	1,311	1,804	1,924	47	151
BVPS	7,503	9,077	10,904	11,570	12,012
DPS (common)	100	115	120	100	100
Valuations (x)					
P/E***	11.9	8.3	8.2	156.3	86.9
P/B***	2.1	1.6	1.5	0.6	1.1
EV/EBITDA	8.1	5.3	5.3	15.9	9.1
Ratios (%)					
ROE	20.2	21.9	19.5	0.4	1.3
ROA	9.7	11.0	9.8	0.2	0.6
ROIC	13.1	18.8	17.0	3.3	5.6
Payout ratio	7.7	6.3	6.2	208.4	66.3
Dividend yield (common)	0.6	0.8	0.8	1.3	0.8
Net debt to equity	31.1	26.1	12.4	41.1	59.8
Interest coverage (x)	14.2	15.5	8.0	(1.3)	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

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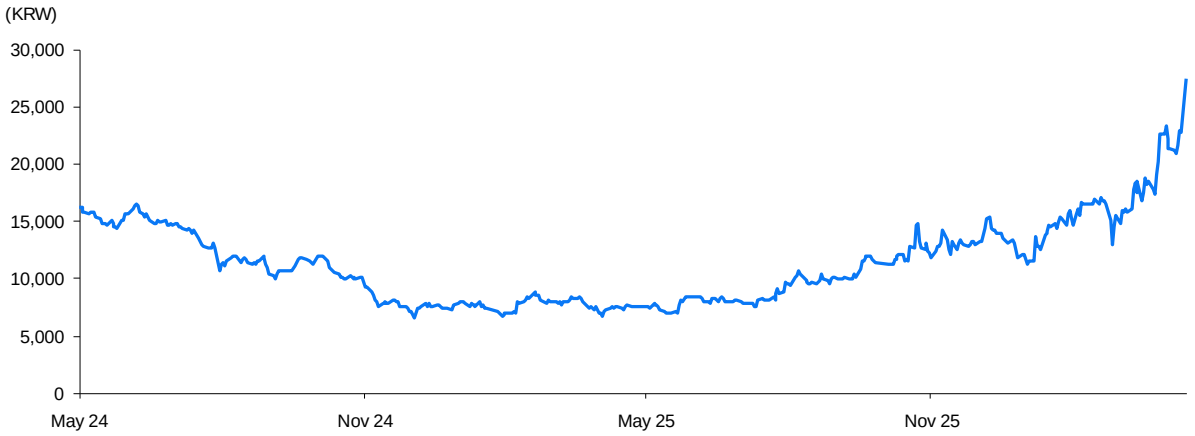
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2026/4/20
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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* 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 2026.03.31

BUY(85.2%)·HOLD(14.8%)·SELL(0%)

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