COMPANY UPDATE

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Tech Team

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SungEel HiTech (365340)

Metal prices stronger than expected

- We now believe SungEel HiTech's operating loss narrowed significantly q-q in 1Q26.
- It should become profitable in 2Q on strong metal prices. The European recycling market environment is favorable to the company.
- We raise our target price to KRW92,000 and maintain BUY rating.

WHAT'S THE STORY?

1Q preview: We now believe SungEel HiTech will log 1Q sales of KRW65.3b and an operating loss of KRW700m (way better than consensus of KRW4.7b in operating loss). The probably solid results are attributable to: 1) stronger-than-expected metal prices in 1Q; and 2) a rise in the volume of black mass (being fed into the firm's recycling system) from late last quarter.

Revising up 2026 and 2027 earnings estimates: The company is highly likely to become profitable in 2Q, backed by continued strength in metal prices (nickel prices up 12%, cobalt up 1%, and lithium up 15% since end-March) and increasing inputs of black mass under the existing contract. According to BNEF, Europe's annual growth rate for recyclable battery materials is projected to reach 31% by 2030 (well above China's 14%). As European battery regulations drive regional production capacity expansion, the volume of end-of-life battery scrap volume, required for recycling efficiency, is set to grow sharply. Moreover, with Europe's new rules banning exports of black mass to non-OECD countries since last year, SungEel's access to black mass available for recycling is likely to expand stably. Against this backdrop, we revise up our operating profit forecasts: from KRW2.9b to KRW7.3b for 2026, and from KRW15.5b to KRW18.1b for 2027.

(Continued on the next page)

SUMMARY FINANCIAL DATA

(KRWb)	2025	2026E	2027E	2028E
Revenue	195	357	435	491
Operating profit	-55	7	18	22
Net profit (adj)	-81	16	20	20
EPS (adj) (KRW)	-6,364	1,251	1,463	1,503
EPS (adj) growth (% y-y)	nm	nm	17.0	2.7
EBITDA margin (%)	-8.8	11.9	11.8	10.9
ROE (%)	-47.0	11.8	12.4	11.3
P/E (adj) (x)	n/a	53.2	45.5	44.3
P/B (x)	3.9	6.0	5.3	4.7
EV/EBITDA (x)	n/a	31.0	25.3	23.7
Dividend yield (%)	0.0	0.0	0.0	0.0

Source: Company data, Samsung Securities estimates

AT A GLANCE

BUY

Target price	KRW92,000	38.3%
Current price	KRW66,500	
Market cap	KRW816.13b/USD543.98m	
Shares (float)	12,921,115 (67.5%)	
52-week high/low	KRW84,500/KRW30,250	
Avg daily trading value (60-day)	KRW5.8b/ USD3.9m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
SungEel HiTech (%)	-16.4	68.4	91.1
Vs Kosdaq (%pts)	-11.9	33.1	24.7

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	92,000	73,000	26.0%
2026E EPS	1,251	1,341	-6.8%
2027E EPS	1,463	1,167	25.3%

SAMSUNG vs THE STREET

No of estimates	4
Target price	76,500
Recommendation	4.0

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

Raising target price to KRW92,000 and maintaining BUY: We increase our target price by 26% to KRW92,000, reflecting our revised EPS forecast (from KRW1,211 to KRW1,357) and a rise in the peer group's average 2026 P/E (from 60x to 67x). We reiterate our BUY rating in light of strong metal prices and a favorable, regulatory-driven supply environment for black mass in Europe.

1Q preview

(KRWb)	1Q26	1Q25	4Q25	Chg	
				(% y-y)	(% q-q)
Sales	65.3	33.4	53.4	95.7	22.2
Operating profit	(0.7)	(15.5)	(9.3)	To remain neg	To remain neg
Pre-tax profit	(4.2)	(17.7)	(9.1)	To remain neg	To remain neg
Net profit	(6.3)	(17.2)	(14.0)	To remain neg	To remain neg
Margins (%)					
Operating profit	(1.0)	(46.4)	(17.5)		
Pre-tax profit	(6.4)	(53.0)	(17.0)		
Net profit	(9.7)	(51.4)	(26.2)		

Source: Company data, Samsung Securities estimates

Revisions to full-year forecasts

(KRWb)	2026E			2027E		
	Old	New	Diff (%)	Old	New	Diff (%)
Sales	326.6	356.5	9.2%	331.2	435.0	31.3%
Operating profit	2.9	7.3	154.6%	15.5	18.1	17.2%
Pre-tax profit	(11.4)	(7.2)	n/a	3.7	5.6	50.8%
Net profit	17.1	16.5	-3.5%	14.9	19.6	31.9%

Source: Samsung Securities estimates

Results and forecasts

(KRW)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2025	2026E	2027E
Revenue	33.4	64.0	43.8	53.4	65.3	89.1	93.6	108.5	96.1	108.7	111.6	118.5	194.6	356.5	435.0
Operating income	-15.5	-17.4	-12.3	-9.3	-0.7	1.8	3.0	3.1	2.9	4.3	5.6	5.3	-54.5	7.3	18.1
Operating margin (%)	-46.4	-27.2	-28.1	-17.5	-1.0	2.0	3.2	2.9	3.0	4.0	5.0	4.5	-28.0	2.0	4.2

Source: Company data, Samsung Securities estimates

Target-price calculation

(KRW)		Note
EPS	1,357	2026E-2027E average
Target P/E (x)	67.1	2026E peer* average
Fair price per share	91,000	
Target price	**92,000**	
Current price	**77,000**	As of May 8 close
Upside (%)	19.5	

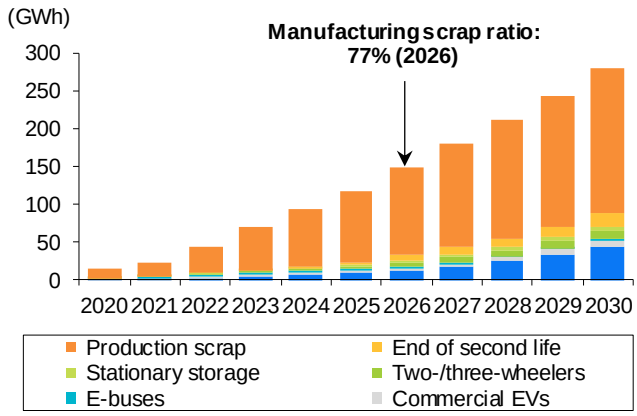
Note: *Excludes outliers with P/E multiples exceeding 200x; based on secondary battery materials value chain
Source: Bloomberg, Samsung Securities estimates

EV/EBITDA valuation (reference)

(KRWb)		Note
EBITDA	42.5	2026E
Target Multiple (x)	39.7	2026E peer* average
Enterprise value (A)	1,687.0	
Net debt (B)	475.1	2026E
Equity value (A+B)	1,211.8	
Fair price per share (KRW)	95,477	
Target price	**96,000**	
Current price	**77,000**	As of May 8 close
Upside (%)	**24.7**	

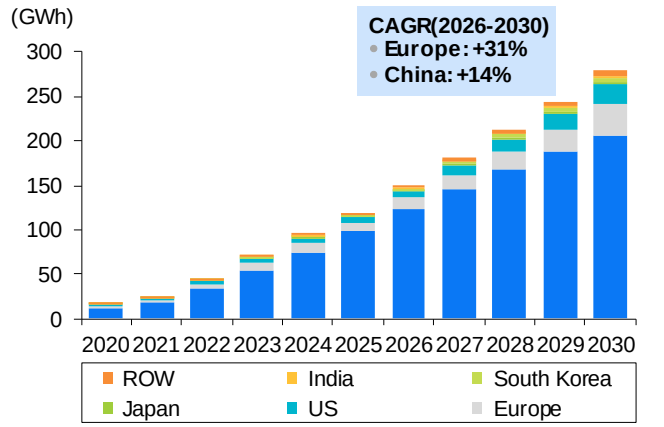
Note: *Based on rechargeable battery materials value chain
Source: Bloomberg, Samsung Securities estimates

Battery recycling resource scale, by application



Note: End of second life refers to batteries that have already undergone second-life use and can no longer be utilized as batteries
Source: BNEF

Available recycling resource scale, by region



Source: BNEF

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**136**	**195**	**357**	**435**	**491**
Cost of goods sold	173	226	308	367	413
Gross profit	**-37**	**-31**	**48**	**68**	**78**
Gross margin (%)	-27.2	-16.0	13.6	15.6	15.9
SG&A expenses	34	23	41	50	56
Operating profit	**-71**	**-55**	**7**	**18**	**22**
Operating margin (%)	-52.4	-28.0	2.0	4.2	4.6
Non-operating gains (losses)	**-17**	**-20**	**-14**	**-13**	**-11**
Financial profit	16	16	1	2	3
Financial costs	23	30	26	26	27
Equity-method gains (losses)	-5	-2	0	0	0
Other	-4	-4	10	12	13
Pre-tax profit	**-88**	**-75**	**-7**	**6**	**11**
Taxes	24	6	-24	-14	-9
Effective tax rate (%)	-27.3	-8.0	330.0	-250.0	-80.0
Profit from continuing operations	-112	-81	16	20	20
Profit from discontinued operations	0	0	0	0	0
Net profit	**-112**	**-81**	**16**	**20**	**20**
Net margin (%)	-82.6	-41.4	4.6	4.5	4.1
Net profit (controlling interests)	-110	-78	16	19	19
Net profit (non-controlling interests)	-2	-3	1	1	1
EBITDA	-50	-17	42	51	53
EBITDA margin (%)	-36.7	-8.8	11.9	11.8	10.9
EPS (parent-based) (KRW)	-9,085	-6,364	1,251	1,463	1,503
EPS (consolidated) (KRW)	-9,281	-6,606	1,299	1,519	1,560
Adjusted EPS (KRW)*	-9,085	-6,364	1,251	1,463	1,503

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**127**	**134**	**216**	**292**	**363**
Cash & equivalents	23	25	24	59	101
Accounts receivable	13	21	39	47	53
Inventories	68	52	95	116	131
Other current assets	24	37	59	69	77
Fixed assets	**553**	**586**	**565**	**541**	**513**
Investment assets	33	19	28	32	35
Tangible assets	491	543	513	485	454
Intangible assets	0	2	2	2	2
Other long-term assets	28	22	22	22	22
Total assets	**679**	**721**	**781**	**833**	**876**
Current liabilities	**253**	**331**	**370**	**399**	**420**
Accounts payable	13	13	24	29	33
Short-term debt	158	204	204	204	204
Other current liabilities	82	114	141	165	182
Long-term liabilities	**201**	**235**	**241**	**244**	**246**
Bonds & long-term debt	178	209	209	209	209
Other long-term liabilities	24	26	32	35	37
Total liabilities	**455**	**567**	**611**	**643**	**666**
Owners of parent equity	**203**	**127**	**143**	**162**	**181**
Capital stock	6	6	6	6	6
Capital surplus	257	259	259	259	259
Retained earnings	-55	-132	-116	-97	-78
Other	-5	-6	-6	-6	-6
Non-controlling interests' equity	**21**	**27**	**28**	**28**	**29**
Total equity	**225**	**154**	**171**	**190**	**210**
Net debt	368	474	475	451	417

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**-55**	**-23**	**12**	**34**	**37**
Net profit	-112	-81	16	20	20
Non-cash profit and expenses	70	61	36	44	46
Depreciation	21	37	35	33	31
Amortization	0	0	0	0	0
Other	49	23	1	11	15
Changes in A/L from operating activities	-9	12	-39	-19	-14
Cash flow from investments	**-164**	**-33**	**-17**	**-11**	**-4**
Change in tangible assets	-173	-33	-5	-5	0
Change in financial assets	5	-5	-12	-6	-4
Other	5	4	-0	0	0
Cash flow from financing	**211**	**58**	**13**	**17**	**12**
Change in debt	204	112	13	17	12
Change in equity	1	2	0	0	0
Dividends	0	0	0	0	0
Other	6	-56	-0	0	0
Change in cash	-7	2	-1	35	42
Cash at beginning of year	30	23	25	24	59
Cash at end of year	23	25	24	59	101
Gross cash flow	**-42**	**-20**	**52**	**63**	**66**
Free cash flow	**-229**	**-59**	**7**	**29**	**37**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	-44.9	42.9	83.2	22.0	12.9
Operating profit	nm	nm	nm	149.6	23.5
Net profit	nm	nm	nm	19.1	2.7
Adjusted EPS**	nm	nm	nm	17.0	2.7
Per-share data (KRW)					
EPS (parent-based)	-9,085	-6,364	1,251	1,463	1,503
EPS (consolidated)	-9,281	-6,606	1,299	1,519	1,560
Adjusted EPS**	-9,085	-6,364	1,251	1,463	1,503
BVPS	16,747	10,382	11,060	12,523	14,025
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E***	n/a	n/a	53.2	45.5	44.3
P/B***	2.1	3.9	6.0	5.3	4.7
EV/EBITDA	n/a	n/a	31.0	25.3	23.7
Ratios (%)					
ROE	-43.0	-47.0	11.8	12.4	11.3
ROA	-17.9	-11.5	2.2	2.4	2.4
ROIC	-18.6	-10.0	-2.7	10.2	6.6
Payout ratio	0.0	0.0	0.0	0.0	0.0
Dividend yield (common)	0.0	0.0	0.0	0.0	0.0
Net debt to equity	163.7	307.3	278.5	237.0	198.0
Interest coverage (x)	-8.1	-2.4	0.3	0.7	0.8

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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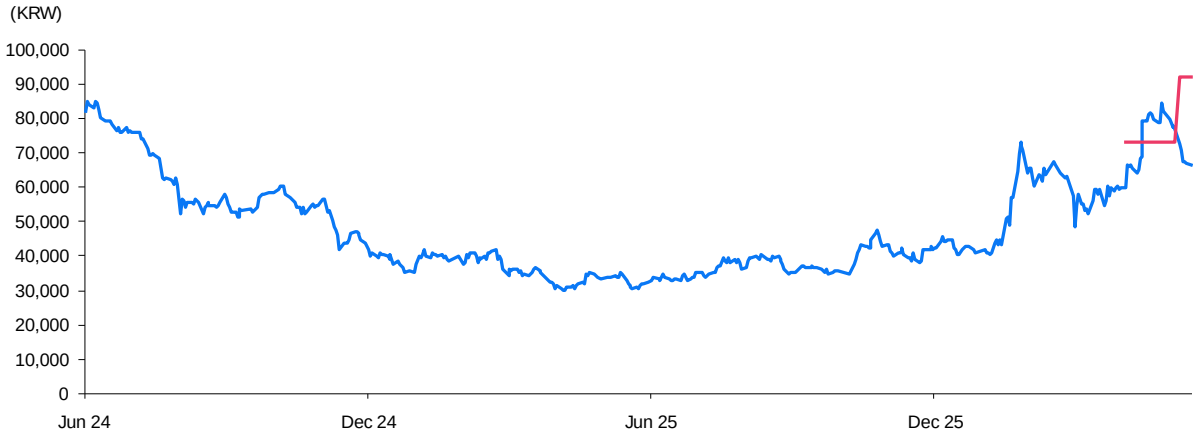
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2026/4/6	5/11
Recommendation	BUY	BUY
Target price (KRW)	73000	92000
Gap* (average)	2.70	
(max or min)**	15.75	

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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BUY	Expected to increase in value by 15% or more within 12 months and is highly attractive within sector
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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
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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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