SECTOR UPDATE

2026. 8. 25

EV/Mobility Team

JungHoon Chang
Senior Analyst
jhooni.chang@samsung.com

Scan to go to
Research Center report database

Rechargeable Batteries (OVERWEIGHT)

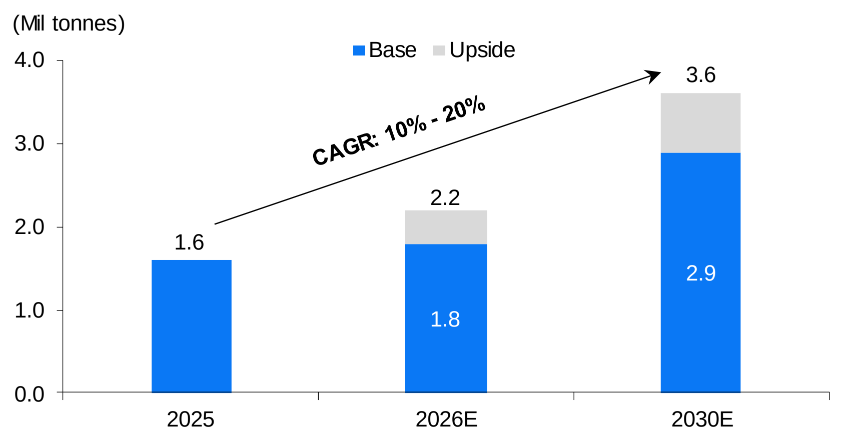
Dialogue with the market #59: Albemarle's lithium market outlook; futures price rebound

- Albemarle, the world's leading lithium market player, believes lithium supply will struggle to keep pace with rising demand.
- Lithium futures prices have rebounded since August.
- If companies rush to stock up on lithium during peak season, supplies may run short, pushing prices higher.

WHAT'S THE STORY?

Introduction: In this, the 59th report in our Dialogue with the Market series, we examine Albemarle's outlook on the lithium market. With lithium prices correcting from their May peak, the world's top lithium producer offered key insights into market direction during its latest earnings call. At a time when global battery makers are growing more optimistic about the ESS market, how does the supplier at the upstream end of the rechargeable battery value chain view downstream EV and ESS demand? Albemarle's outlook on lithium prices, combined with recent lithium futures price trends, may provide a clearer sense of where prices are headed following the three-month correction.

Albemarle: Global lithium demand outlook



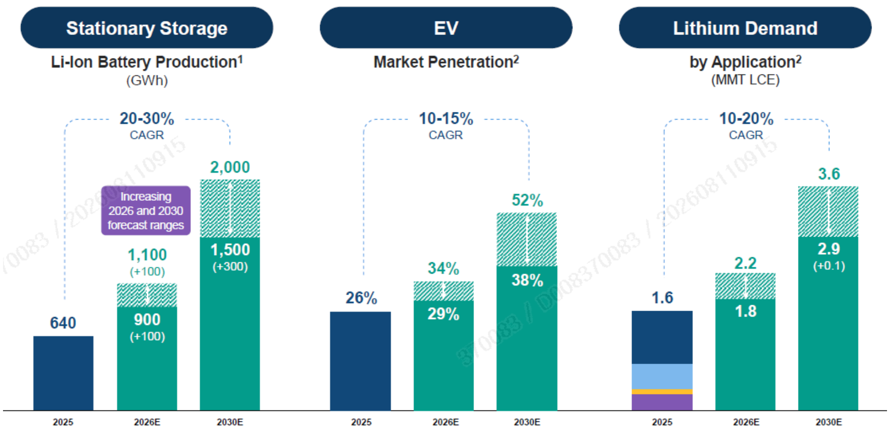
Note: *Lithium carbonate basis
Source: Albemarle

(Continued on the next page)

Albemarle, world's top lithium producer, sees tightening lithium supply-demand dynamics: Albemarle noted during last week's 2Q earnings call that lithium demand growth continues to outpace supply growth. While lithium demand is projected to rise 45% y-y to 2.2m tonnes in 2026, driven by strong ESS demand, progress on new supply projects remains sluggish. As a result, lithium carbonate inventories in the market have fallen below three weeks' worth of supply, and Albemarle's own inventory levels stand at 19% of sales—below the historical norm of 25%.

Albemarle raises global lithium-ion ESS battery production outlook: Albemarle's management acknowledged that grid-scale energy storage demand had been underestimated, revising its 2026 forecast for ESS battery production upward by 100 GWh to a range of 900GWh to 1,100GWh (representing y-y increases of 41% to 72%). It also raised the lower bound of its 2030 ESS battery production forecast by 300 GWh, setting the new floor at 1,500 GWh.[1]

Albemarle: Upward revision of 2026E and 2030E ESS market forecasts



Note: * ESS battery shipment data covers lithium-based batteries
Source: ICC Sino, Lira, Albemarle

Lithium futures rise in August as strong downstream demand meets producer maintenance periods: Lithium prices fell 3.5% in July, marking a 30% correction from the ytd high of CNY195.5/kg (May 12). This decline is attributed to supply-side concerns, including the resumption of lithium concentrate exports from Zimbabwe and the restart of CATL's Jianxiawo lithium mine, which heightened anxiety in the lithium trading market. However, despite price volatility, downstream demand remains robust, and industry-wide inventory levels are observed to be low.

According to SunSirs, lithium carbonate futures prices reversed course in August, climbing over CNY10,000/tonne in one week—from a monthly low of CNY136,000/tonne to CNY148,000/tonne. Demand remains robust, while key producers—including China Minmetals Resources, Tianhua Xinneng, and Jiuling Lithium Industry—have scheduled maintenance shutdowns for their lithium carbonate production lines over August-September, signaling potential supply constraints in the near term.

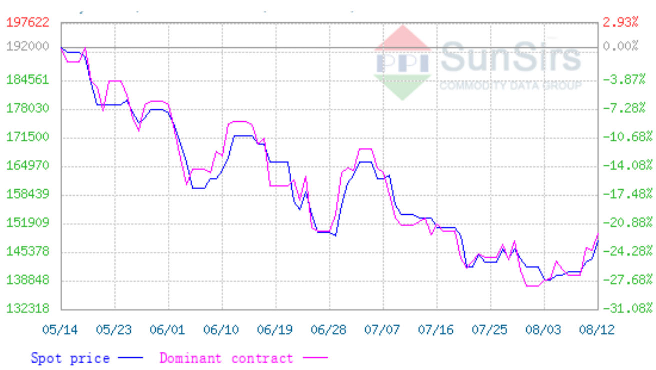
[1] Divergent ESS market forecasts: BNEF projects global ESS installations to reach 459 GWh in 2026, while Albemarle presents its own outlook based on market data from ICC Sino and Lira.

According to our assessment, the restart rate of CATL's Jianxiawo lithium mine— which triggered the lithium price correction—remains low. Additionally, certain lithium mines in Yichun, China, which ceased operations in May, have yet to resume production. As such, the risk of oversupply in 2H feared by the market appears low. Also considering seasonally stronger demand and the likelihood of proactive inventory building, lithium prices could reach new ytd highs amid tightening supply conditions.

Lithium price trend and key events

Note: From Jul 1, 2025 – Jul 31, 2026
Source: Bloomberg, Samsung Securities

Lithium carbonate futures prices rebounded in August



Source: SunSirs

Implications for Korean rechargeable battery industry—reversal in lithium prices could turn sentiment around: After reaching a peak in mid-May, lithium prices entered a three-month correction, triggering a sharp sell-off across Korea's rechargeable battery value chain. This was because price expectations, which underpin the value chain's fundamentals, grew cautious in response to the decline in lithium prices. Therefore, if Albemarle's forecast of the lithium supply-demand environment proves accurate, and if recent production levels among Chinese mining firms fail to alleviate the tight supply conditions, lithium prices could shift toward strength in 2H. This development is worth noting, as it could positively shift investor sentiment toward the rechargeable battery industry.

Compliance notice

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.

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