SECTOR UPDATE

2026. 8. 28

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Rechargeable Batteries (OVERWEIGHT)

US power infrastructure order to benefit Korean ESS firms

- US President Donald Trump signed an executive order on Aug 26 targeting critical power infrastructure.
- Battery energy storage systems (BESS) are among the equipment subject to review under the order.
- With the US already scaling back procurement of Chinese-made ESS products, the prospect of a full ban on Chinese equipment should create a favorable environment for Korean ESS value-chain companies expanding their US capacity.

WHAT'S THE STORY?

President Trump signs executive order to protect US power grid: US President Donald Trump signed Executive Order 14420 on Aug 26 (US time), declaring a national emergency over vulnerabilities in the US power grid that could be exploited by foreign-made equipment. The order aims to reduce dependence on foreign suppliers for critical components essential to a reliable power supply. It authorizes the Secretary of Energy, in consultation with other cabinet officials, to prohibit transactions involving bulk-power system equipment manufactured overseas if linked to a "Covered Foreign Entity." The Trump administration intends to issue detailed regulations covering implementation within 120 days of the order.

ESS included in scope of review: The executive order identifies transformers, large generators, industrial control systems, inverters, and battery energy storage systems (BESS) as equipment subject to review. Regulatory oversight also extends to software integrated with such equipment, remote access capabilities, and associated maintenance services. However, the scope is limited exclusively to long-distance transmission and high-voltage bulk power systems. Residential and commercial distribution equipment are explicitly excluded.

Positive for Korean ESS value chain: Although no specific country is explicitly named in the executive order, it is widely interpreted as targeting Chinese-made equipment, in view of the Trump administration's consistent focus on Chinese entities. While the precise impact on US ESS supply chains should become clearer after detailed regulations are issued (within the next three months), given the Trump administration's consistent stance, the current trajectory—already reducing procurement of Chinese ESS products—may evolve into a comprehensive restriction. For Korean ESS value-chain companies expanding their US capacity, this development presents a strategic opportunity to strengthen market positioning.

(Continued on the next page)

Executive Order 14420*: Key provisions

Category	Content
Legal basis and proclamation	• Proclamation of a National Emergency and invocation of the International Emergency Economic Powers Act (IEEPA) • Declaration of a national-security emergency: threats to the US power grid posed by power generation equipment manufactured in hostile foreign countries
Prohibition of new transactions	• New transaction ban: Full prohibition of purchase, import, and installation of power grid equipment manufactured by "Covered Foreign Entities" where risks such as sabotage, unauthorized access, remote manipulation, or supply disruption have been identified
Regulated items	• Large transformers for substations, large generators, and industrial control systems • Battery energy storage systems (BESS) and related software/inverters, *etc*
Excluded entities	• Excludes general households and local distribution networks serving commercial buildings
Measures for existing facilities	• Real-time monitoring, grid isolation, removal, and replacement orders for vulnerable foreign-made equipment already in operation
Prioritization of US-made procurement	• Federal power-infrastructure procurement to prioritize US-sourced components (domestic content)

Note: *Signed by President Trump (Aug 26, 2026)
Source: White House, Media, Samsung Securities compilation

Executive Order 14420: Likely beneficiaries among Korea's ESS value chain

Category	Company	Investment points
Cell	LG Energy Solution	Expected to achieve high growth in sales and earnings as the largest ESS system supplier in the US
	Samsung SDI	Expected to accelerate capacity expansion following sale of SDC shares and expansion of US ESS capacity
Materials	Posco Future M	Positioned to benefit from demand for LFP cathode materials as the US seeks to reduce reliance on Chinese supply chains
	L&F	As the first Korean supplier of LFP cathode materials for North American ESS, poised to secure a foothold in the high-growth market
	Sama Aluminium	As a key supplier of ESS anode substrates for LG Energy Solution, sales have begun a high-growth trend
Parts	Sangsin Energy Display Precision	Benefiting from a customer's ESS capacity expansion and the expansion of the prismatic format market
	Shinheung SEC	Expected to benefit from a customer's ESS capacity expansion
ESS components	Seojin System	A key supplier of enclosures for North American and Korean ESS companies, with expanding potential to replace Chinese components.
	Sebang Global Battery	LG Energy Solution: Potential for high sales growth as an ESS battery pack supplier

Source: Samsung Securities

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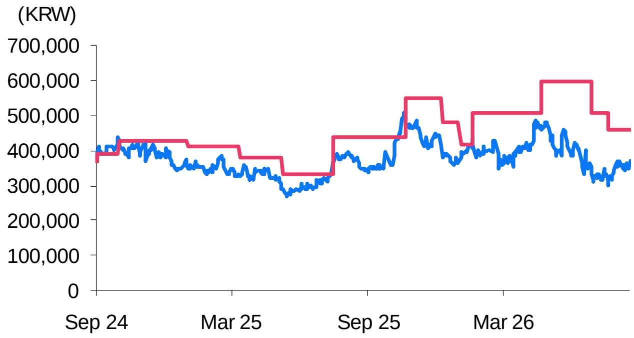
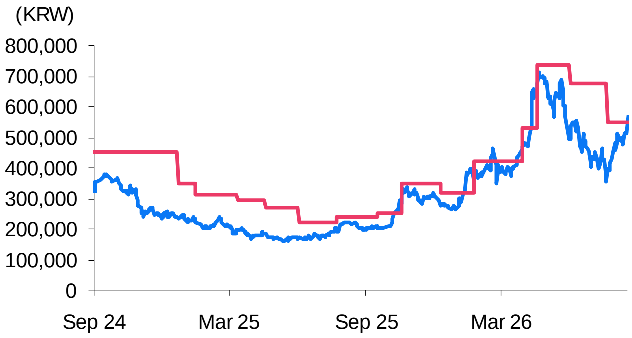
Target price changes in past two years

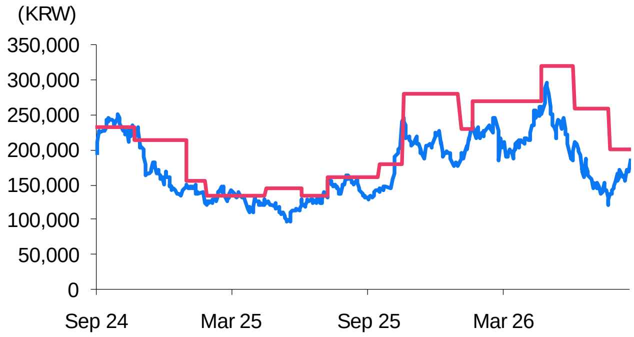
LG Energy Solution



Samsung SDI

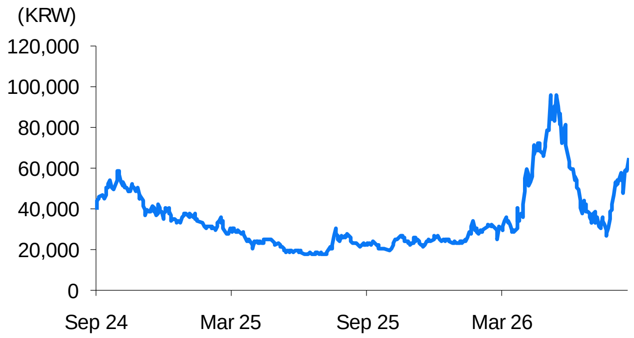


Posco Future M

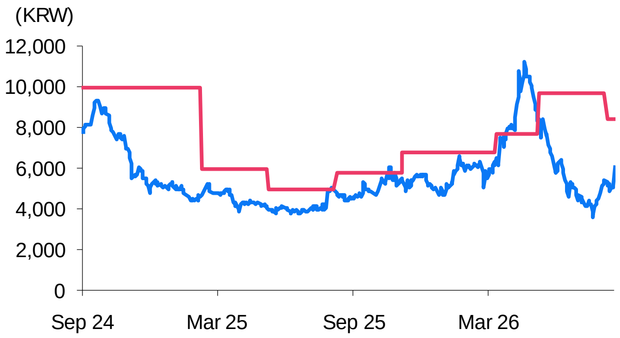


SANGSIN ENERGY DISPLAY PRECISION CO.,LTD

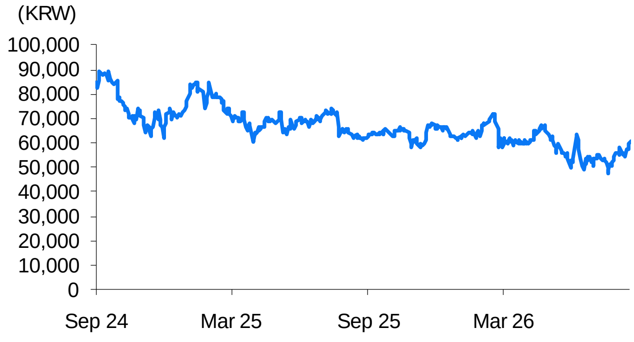
SamaAluminium



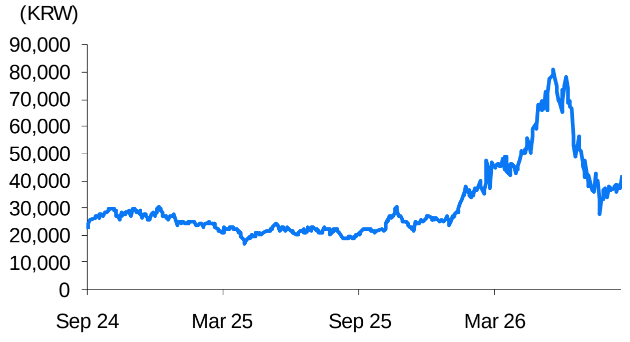
Shinheung SEC



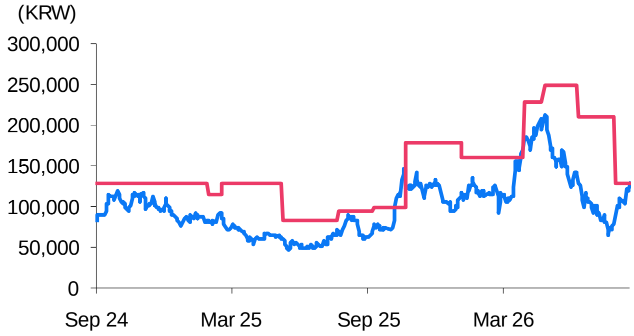
SEBANG GLOBAL BATTERY



SEOJIN SYSTEM CO., LTD



L&F



Rating changes over past two years (adjusted share prices)

LG Energy Solution

Date	2024/7/25	9/11	10/10	2025/1/10	3/21	5/19	7/25	10/31	12/18	2026/1/12	1/29	4/30
Recommendation	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	BUY	HOLD	HOLD	HOLD	BUY	BUY
Target price (KRW)	370000	390000	430000	410000	380000	335000	440000	550000	480000	420000	510000	600000
Gap* (average)	-3.89	5.00	-9.14	-14.77	-12.67	-10.19	-12.74	-19.50	-21.65	-3.83	-20.82	-32.15
(max or min)**	11.35	0.38	-0.70	-5.98	-5.26	9.85	16.82	-11.91	-18.65	2.62	-5.00	-19.50
Date	7/7	7/30										
Recommendation	BUY	BUY										
Target price (KRW)	510000	460000										
Gap* (average)	-36.54											
(max or min)**	-31.76											

Samsung SDI

Date	2024/7/30	2025/1/2	1/24	3/21	4/28	6/11	8/1	9/26	10/28	12/19	2026/2/3	4/8
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	450355	352452	313291	293710	270000	220000	240000	250000	350000	320000	420000	530000
Gap* (average)	-31.99	-33.69	-32.91	-37.37	-37.02	-18.49	-12.36	-5.25	-11.76	-2.27	-3.82	3.33
(max or min)**	-15.76	-30.69	-22.81	-30.50	-32.00	-6.36	-6.25	17.20	-3.57	23.91	10.95	24.34
Date	4/28	6/11	7/31									
Recommendation	BUY	BUY	BUY									
Target price (KRW)	740000	680000	550000									
Gap* (average)	-14.96	-32.14										
(max or min)**	-3.78	-18.38										

Posco Future M

Date	2024/7/26	10/31	2025/1/9	2/4	4/25	6/12	6/19	7/18	9/24	10/27	2026/1/12	1/29
Recommendation	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	232636	213249	155090	135704	145397	135704	135704	160000	180000	280000	230000	271000
Gap* (average)	-5.42	-21.06	-8.54	-4.86	-22.52	-11.07	-4.71	-9.28	-3.74	-26.75	-9.45	-18.72
(max or min)**	7.71	-37.32	-2.62	9.29	-13.20	-9.21	2.43	2.00	34.44	-13.93	4.13	-2.95
Date	4/30	6/15	7/31									
Recommendation	BUY	BUY	BUY									
Target price (KRW)	320000	260000	200000									
Gap* (average)	-26.42	-38.12										
(max or min)**	-7.50	-19.42										

Sangsin Energy Display Precision

Date	2026/8/28
Recommendation	Not rated
Target price (KRW)	n/a
Gap* (average)	
(max or min)**	

Sama Aluminium

Date	2026/8/28
Recommendation	Not rated
Target price (KRW)	n/a
Gap* (average)	
(max or min)**	

Shinheung SEC

Date	2024/8/16	2025/2/17	5/19	8/18	11/14	2026/3/20	5/18	8/18
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	10000	6000	5000	5800	6800	7700	9700	8400
Gap* (average)	-34.18	-24.39	-17.81	-13.48	-17.63	13.87	-43.95	

(max or min)**	-6.30	-12.17	1.60	5.00	-2.65	46.75	-12.89

Sebang Global Battery

Date	2026/8/28
Recommendation	Not rated
Target price (KRW)	n/a
Gap* (average)	
(max or min)**	

Seojin System

Date	2026/8/28
Recommendation	Not rated
Target price (KRW)	n/a
Gap* (average)	
(max or min)**	

L&F

Date	2024/8/7	2025/2/6	2/25	5/19	7/31	9/17	10/30	2026/1/13	4/7	5/4	6/18	8/7
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	130000	115000	130000	83000	95000	100000	180000	160000	230000	250000	210000	130000
Gap* (average)	-25.00	-26.56	-48.64	-34.18	-22.96	-5.18	-33.95	-23.13	-17.90	-37.01	-55.28	
(max or min)**	-8.15	-20.26	-33.77	-13.25	-4.74	47.00	-21.33	6.63	-9.13	-15.00	-38.76	

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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SELL Expected to decrease in value by 15% or more within 12 months

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

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 2026.06.30

BUY (85.5%)·HOLD (14.5%)·SELL (0%)

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