COMPANY UPDATE

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SungEel HiTech (365340)

Opportunities from metal price recovery, European volume growth

- We expect SungEel HiTech to see ASPs improve and losses narrow in 4Q, driven by surges in cobalt and lithium prices.
- The company's procurement volumes in Europe are likely to expand as European companies seek to comply with 2025 EU waste battery recycling rate targets.
- Improved utilization from increased input of European volumes should drive a turnaround to full-year profitability in 2026.

AT A GLANCE

Not rated

Target price	n/a
Current price	**KRW42,250**
Market Cap	KRW516.95b/USD350m
Shares (float)	12,235,446 (66.9%)
52-week high/low	KRW47,700/KRW30,000
Avg daily trading value (60-day)	KRW2.0b/ USD1.3m

ONE-YEAR PERFORMANCE

	1M	6M	12M
SungEel HiTech (%)	4.3	26.5	5.1
Vs Kosdaq (%pts)	2.2	7.3	-19.9

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	Not rated		
Target price	n/a		
2025E EPS	n/a		
2026E EPS	n/a		

SAMSUNG vs THE STREET

No of estimates	2
Target price	50,500
Recommendation	4.0

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

WHAT'S THE STORY?

Rising cobalt and lithium prices to lift ASPs and reduce losses: As of November, one of the major changes in SungEel HiTech's business environment is the sharp increase in prices of key metal materials. Cobalt has surged 39% since end-September, while lithium has risen 24%. Although nickel prices slid 4%, the increase in prices of other metals—which account for nearly half of recycled products—supports expectations for higher ASPs in 4Q and q-q earnings gains.

Utilization rises on EU battery rules, expanded procurement volumes: EU battery regulations require the continent to achieve a 65% lithium battery recycling rate by year-end. In addition, regulations prohibit the export of black mass—the key feedstock for recycling—to non-OECD countries. As a result, SungEel HiTech is expected to secure approximately 11,000 tonnes annually from major European recyclers. Reflecting this, utilization is highly likely to improve to around 75% in 2026 (from around 50% in 3Q25).

(Continued on the next page)

SUMMARY FINANCIAL DATA

(KRWb)	2021	2022	2023	2024
Revenue	147	270	247	136
Operating profit	17	48	(8)	(71)
Net Profit	(9)	39	25	(112)
EPS (adj) (KRW)	n/a	n/a	n/a	n/a
EPS (adj) growth (%)	nm	nm	nm	nm
EBITDA margin (%)	17.4	21.5	2.2	(36.7)
ROE (%)	(13.9)	19.6	8.3	(43.0)
P/E (adj) (x)	n/a	n/a	n/a	n/a
P/B (x)	n/a	n/a	n/a	n/a
EV/EBITDA (x)	1.5	(0.5)	30.1	n/a
Dividend yield (%)	n/a	n/a	n/a	n/a

Source: Company data, Samsung Securities estimates

Expect losses to narrow from 4Q, profitability to improve in 2026: Until 3Q, SungEel HiTech struggled to improve profitability amid: 1) weak utilization among major customers supplying key raw materials; and 2) declining metal prices. This raised the firm's financial burden, and its debt ratio climbed from 288% in 2Q to 325% in 3Q—and this remains a risk factor. However, in 4Q, losses are likely to narrow thanks to ASP hikes linked to changes in metal prices. Next year, meanwhile, as procurement volumes contracted in 2H25 are fully input, a full-year turnaround to profitability is likely. FnGuide consensus has the firm posting 2025 sales of KRW194.7b and an operating loss of KRW48.6b, but a turn to an operating profit of KRW6.8b in 2026 on sales of KRW275.6b.

Income statement

Year-end Dec 31 (KRWb)	2020	2021	2022	2023	2024
Sales	**66**	**147**	**270**	**247**	**136**
Cost of goods sold	65	120	201	225	173
Gross profit	**1**	**27**	**69**	**22**	**(37)**
Gross margin (%)	1.4	18.5	25.4	9.1	(27.2)
SG&A expenses	7	10	20	31	34
Operating profit	**(6)**	**17**	**48**	**(8)**	**(71)**
Operating margin (%)	(9.5)	11.4	17.9	(3.4)	(52.4)
Non-operating gains (losses)	**(5)**	**(27)**	**1**	**(3)**	**(17)**
Financial profit	1	2	10	10	16
Financial costs	6	29	10	10	23
Equity-method gains (losses)	0	2	2	(4)	(5)
Other	1	(1)	(1)	1	(4)
Pre-tax profit	**(11)**	**(10)**	**50**	**(12)**	**(88)**
Taxes	(8)	(1)	10	(37)	24
Effective tax rate (%)	72.3	9.1	21.0	316.5	(27.3)
Profit from continuing operations	(3)	(9)	39	25	(112)
Profit from discontinued operations	0	0	0	0	0
Net profit	**(3)**	**(9)**	**39**	**25**	**(112)**
Net margin (%)	(4.5)	(6.0)	14.5	10.2	(82.6)
Net profit (controlling interests)	(3)	(9)	39	25	(110)
Net profit (non-controlling interests)	(0)	0	(0)	0	(2)
EBITDA	(1)	26	58	6	(50)
EBITDA margin (%)	(1.0)	17.4	21.5	2.2	(36.7)
EPS (parent-based) (KRW)	n/a	n/a	n/a	n/a	n/a
EPS (consolidated) (KRW)	n/a	n/a	n/a	n/a	n/a
Adjusted EPS (KRW)*	n/a	n/a	n/a	n/a	n/a

Balance sheet

Year-end Dec 31 (KRWb)	2020	2021	2022	2023	2024
Current assets	**38**	**76**	**215**	**146**	**127**
Cash & equivalents	11	22	105	30	23
Accounts receivable	3	9	14	17	13
Inventories	21	40	56	60	68
Other current assets	3	5	41	39	24
Fixed assets	**107**	**124**	**205**	**429**	**553**
Investment assets	1	5	33	25	33
Tangible assets	95	107	154	346	491
Intangible assets	0	0	0	3	0
Other long-term assets	11	12	19	54	28
Total assets	**145**	**200**	**421**	**575**	**679**
Current liabilities	**61**	**57**	**89**	**120**	**253**
Accounts payable	3	18	19	15	13
Short-term debt	27	24	39	78	158
Other current liabilities	31	14	31	28	82
Long-term liabilities	**66**	**34**	**41**	**131**	**201**
Bonds & long-term debt	44	23	30	108	178
Other long-term liabilities	22	10	11	22	24
Total liabilities	**128**	**90**	**129**	**251**	**455**
Owners of parent equity	**17**	**109**	**291**	**309**	**203**
Capital stock	3	4	6	6	6
Capital surplus	13	111	256	256	257
Retained earnings	0	(9)	31	56	(55)
Other	2	2	(1)	(9)	(5)
Non-controlling interests' equity	**0**	**0**	**(0)**	**15**	**21**
Total equity	**17**	**109**	**291**	**324**	**225**
Net debt	104	39	(28)	151	368

Cash flow statement

Year-end Dec 31 (KRWb)	2020	2021	2022	2023	2024
Cash flow from operations	**(0)**	**12**	**43**	**(4)**	**(55)**
Net profit	(3)	(9)	39	25	(112)
Non-cash profit and expenses	5	35	24	(14)	70
Depreciation	6	9	10	13	21
Amortization	0	0	0	0	0
Other	(1)	26	14	(27)	49
Changes in A/L from operating activities	(1)	(12)	(19)	(11)	(9)
Cash flow from investments	**(29)**	**(21)**	**(111)**	**(185)**	**(164)**
Change in tangible assets	(29)	(20)	(56)	(190)	(173)
Change in financial assets	1	(0)	(4)	(9)	5
Other	(1)	(1)	(50)	13	5
Cash flow from financing	**38**	**19**	**151**	**117**	**211**
Change in debt	43	(54)	21	113	204
Change in equity	n/a	n/a	n/a	n/a	n/a
Dividends	0	0	0	0	0
Other	n/a	n/a	n/a	n/a	n/a
Change in cash	8	11	83	(74)	(7)
Cash at beginning of year	2	11	22	105	30
Cash at end of year	11	22	105	30	23
Gross cash flow	**2**	**26**	**63**	**12**	**(42)**
Free cash flow	**(29)**	**(7)**	**(14)**	**(193)**	**(229)**

Financial ratios

Year-end Dec 31	2020	2021	2022	2023	2024
Growth (%)					
Sales	33.4	123.3	83.3	(8.3)	(44.9)
Operating profit	nm	nm	186.6	nm	nm
Net profit	nm	nm	nm	(35.5)	nm
Adjusted EPS**	nm	nm	nm	nm	nm
Per-share data (KRW)					
EPS (parent-based)	n/a	n/a	n/a	n/a	n/a
EPS (consolidated)	n/a	n/a	n/a	n/a	n/a
Adjusted EPS**	n/a	n/a	n/a	n/a	n/a
BVPS	n/a	n/a	n/a	n/a	n/a
DPS (common)	n/a	n/a	n/a	n/a	n/a
Valuations (x)					
P/E***	n/a	n/a	n/a	n/a	n/a
P/B***	n/a	n/a	n/a	n/a	n/a
EV/EBITDA	n/a	1.5	(0.5)	30.1	n/a
Ratios (%)					
ROE	(16.2)	(13.9)	19.6	8.3	(43.0)
ROA	(2.4)	(5.1)	12.6	5.1	(17.9)
ROIC	(1.7)	12.4	21.2	5.6	(18.4)
Payout ratio	n/a	n/a	n/a	n/a	n/a
Dividend yield (common)	n/a	n/a	n/a	n/a	n/a
Net debt to equity	596.8	35.7	(9.5)	46.6	163.7
Interest coverage (x)	(2.1)	2.7	17.5	(2.3)	(8.1)

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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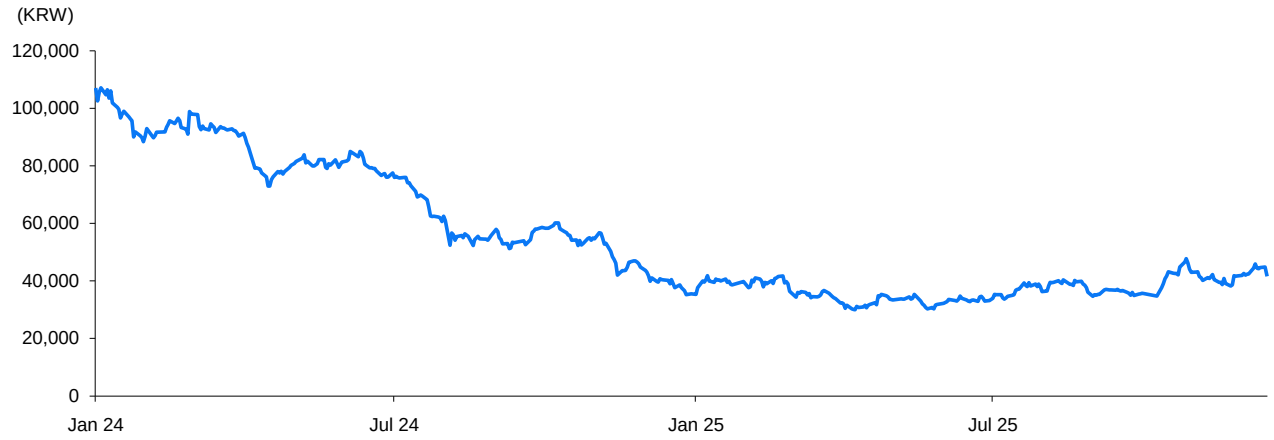
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2025/12/16
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 2025.09.30

BUY(83.5%)·HOLD(16.5%)·SELL(0%)

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