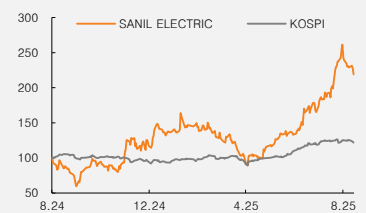


(Maintain)	Buy
Target price	▲ W140,000
Current price (8/20/25)	W109,000
Upside	28.4%

OP (25F, Wbn)	162
Consensus OP (25F, Wbn)	181
EPS growth (25F, %)	37.3
Market EPS growth (25F, %)	23.5
P/E (25F, x)	24.7
Market P/E (25F, x)	12.0
KOSPI	3,130.09

Market cap (Wbn)	3,319
Shares (mn)	30
Free float (%)	39.5
Foreign ownership (%)	10.9
Beta (12M)	1.23
52-week low (W)	29,650
52-week high (W)	130,100

(%)	1M	6M	12M
Absolute	13.9	54.4	147.7
Relative	16.0	30.9	113.4



Mirae Asset Securities Co., Ltd.

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Sanil Electric

Relatively insulated from tariff pressures

2Q25 review: Revenue and OP beat consensus

For 2Q25, Sanil Electric reported above-consensus results, with revenue of W128.3bn (+71% YoY) and operating profit of W46.3bn (+89% YoY; OP margin of 36.1%). Operating profit was solid despite FX headwinds and tariff-related costs (W5bn). New orders fell to W92.4bn (-19% YoY, -45% QoQ), but the decline was largely attributable to temporary delays in order placements by US grid operators seeking to avoid tariffs. Importantly, orders bound for North America still accounted for over 80% of the total, underscoring continued robust demand in the region. The order backlog stood at W419.5bn (+39% YoY, -9% QoQ). With tariff uncertainties now largely resolved, we expect order flow to normalize in 2H25.

Steel tariffs to have a relatively limited impact

In 2Q25, gross margin expanded to 49% (+5%p YoY), supported by volume growth and the start-up of a highly automated new plant. With production capacity set to ramp up further in 2H25 and transformer orders continuing to rise, we expect both top- and bottom-line growth to continue in 2025-26. We also expect the company to see a relatively limited impact from tariffs on steel derivative products, as less than 2% of its order backlog is exposed to affected categories. Moreover, its core product lineup consists primarily of oil-immersed low-voltage distribution transformers rather than ultra-high-voltage transformers (10MVA+), leaving it relatively insulated from additional tariff risks.

Maintain Buy and raise TP to W140,000

We maintain our Buy rating on Sanil Electric and raise our target price by 56% to W140,000 (from W90,000), reflecting a change in our valuation base year (from 2025 to 2026). For our target multiple, we applied a 10% premium to the 2026F global peer average P/E, reflecting the company's stronger fundamentals vs. global peers. The stock is trading at a 12-month forward P/E of 18x, a 14% discount to the sector average (21x). With data center ESS demand driving rapid growth in the share of high-value specialty transformers, we believe the case for a valuation premium is strengthening; as such, we see room for further upside.

(Dec.)	2022	2023	2024	2025F	2026F
Revenue (Wbn)	118	215	334	464	609
OP (Wbn)	13	47	109	162	221
OP margin (%)	11.0	21.9	32.6	34.9	36.3
NP (Wbn)	1	39	84	134	183
EPS (W)	164	8,807	3,214	4,411	6,016
ROE (%)	1.7	47.0	29.9	27.1	28.6
P/E (x)	-	-	21.3	24.7	18.1
P/B (x)	-	-	4.8	6.0	4.6
Dividend yield (%)	-	-	0.6	0.4	0.4

Notes: Under non-consolidated K-IFRS; NP is attributable to owners of the parent

Source: Company data, Mirae Asset Securities Research estimates

Table 1. Sanil Electric: 2Q25 review

(Wbn)

	2Q24	1Q25	2Q25			Mirae Asset	Diff. (%)	Consensus	Diff. (%)
			Actual	QoQ (%)	YoY (%)				
Revenue	75	99	128	29.6	70.5	122	5.2	106	20.7
OP	25	38	46	23.5	89.0	41	12.9	36	30.1
NP	17	31	37	19.8	120.2	31	20.8	29	29.8
OP margin (%)	32.6	37.9	36.1			33.6		33.5	
Net margin (%)	22.6	31.6	29.2			25.4		27.1	
Revenue by business									
Power grid	33	45	38	-14.9	15.8	Power grid: Demand for pad-mounted transformers used in industrial applications remains steady			
Renewable energy/ESS	36	50	87	73.9	142.8	Renewable energy/ESS: Growth focused on transformers for solar power and data center BESS			
Other	6	4	3	-29.7	-56.5	Other: Impact of strategic production cuts			
Export share (%)	91.8	96.1	97.9						

Source: Company data, Mirae Asset Securities Research

Table 2. Sanil Electric: Quarterly and annual earnings

(Wbn)

		1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25F	4Q25F	2023	2024	2025F	2026F
Revenue	Total	71	75	80	108	99	128	117	120	215	334	464	609
	Power grid	23	33	37	60	45	38	71	118	53	153	272	403
	Renewable energy/ESS	40	36	39	36	50	87	17	14	144	152	168	177
Growth (%)	Total	33	53	32	109	40	71	47	10	81	56	39	31
	Power grid	241	121	207	215	98	16	93	95	256	190	78	48
	Renewable energy/ESS	-6	20	-11	31	25	143	7	-131	88	5	11	5
OP	Total	23	25	28	34	38	46	40	39	47	110	163	221
	YoY (%)	95	90	63	609	61	89	43	14	107	135	49	36
	OP margin (%)	33	33	35	31	38	36	34	32	22	33	35	36
NP	Total		16	17	23	27	31	37	33	33	39	84	134
	YoY (%)	-	-	-	-	90	120	44	21	5,480	114	60	36
	Net margin (%)	23	23	29	25	32	29	28	27	18	25	29	30

Source: Company data, Mirae Asset Securities Research estimates

Table 3. Sanil Electric: Earnings forecast revisions

(Wbn)

	Previous		Revised		% chg.		Notes
	25F	26F	25F	26F	25F	26F	
Revenue	464	609	464	609	0.0	0.0	Reflected 2Q25 earnings
OP	159	210	163	221	2.3	5.2	Reflected earnings growth trend
NP attr. to owners of the parent	133	176	134	183	1.0	4.1	Reflected OP adjustments

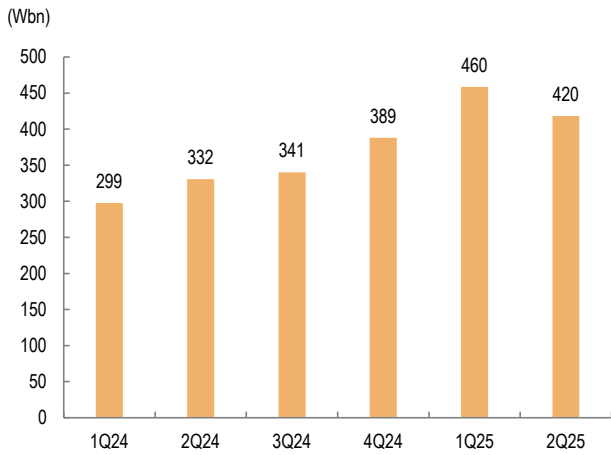
Source: Mirae Asset Securities Research

Table 4. Sanil Electric: P/E valuation

	Value	Notes
2026F EPS attr. to owners of the parent (W)	6,016	
Target P/E (x)	24	10% premium to 2026F global peer avg.
Target market cap (Wbn)	4,396	
Shares outstanding ('000)	30,445	
Target price (W)	140,000	
Current price (W)	109,000	
Upside	28.4%	

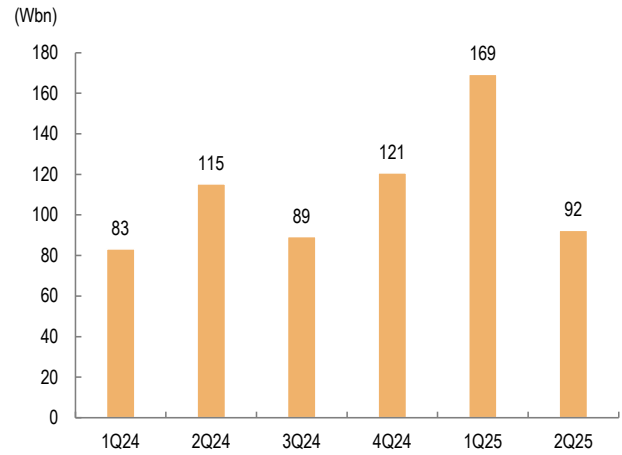
Source: Mirae Asset Securities Research

Figure 1. Sanil Electric: Order backlog



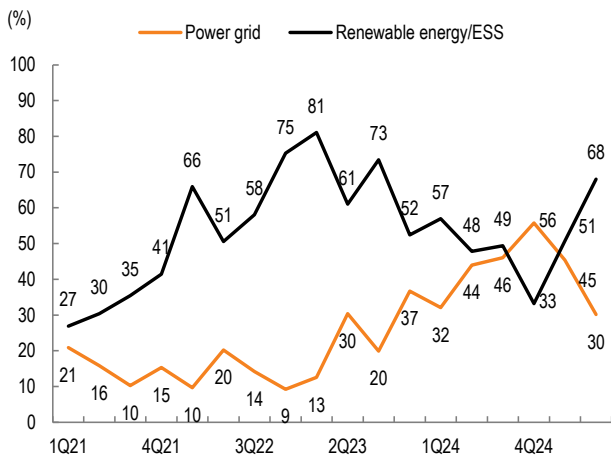
Source: Company data, Mirae Asset Securities Research

Figure 2. Sanil Electric: New orders



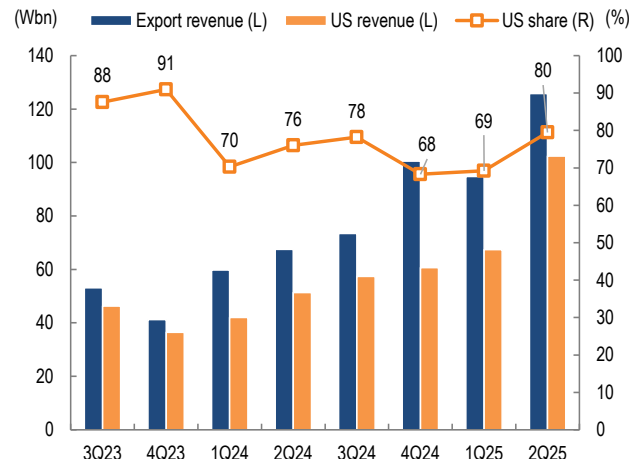
Source: Company data, Mirae Asset Securities Research

Figure 3. Sanil Electric: Revenue share by business



Source: Company data, Mirae Asset Securities Research

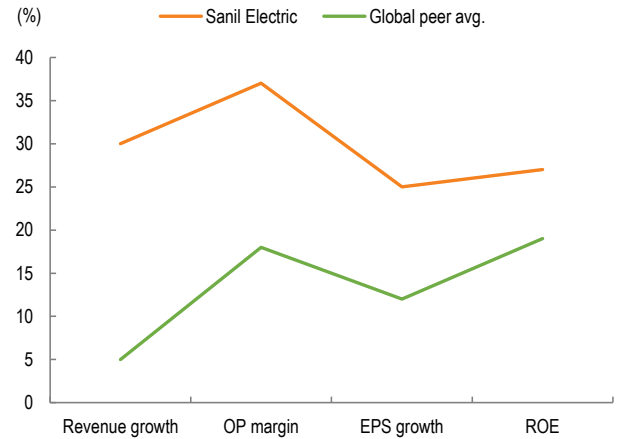
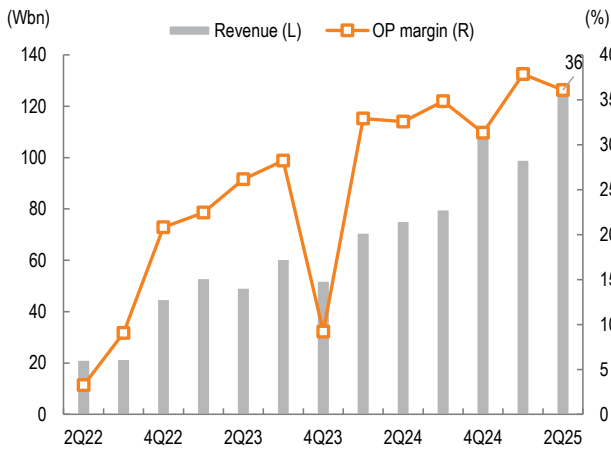
Figure 4. Sanil Electric: Export revenue and US revenue share



Source: Company data, Mirae Asset Securities Research

Figure 5. Sanil Electric: Revenue and OP margin

Figure 6. Sanil Electric: Comparison of fundamentals (2026F)

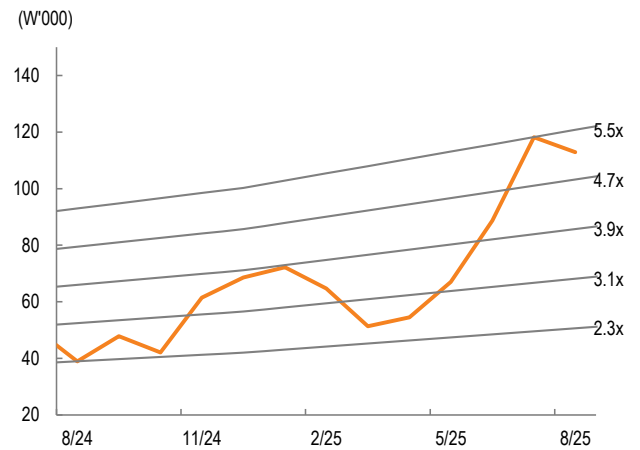
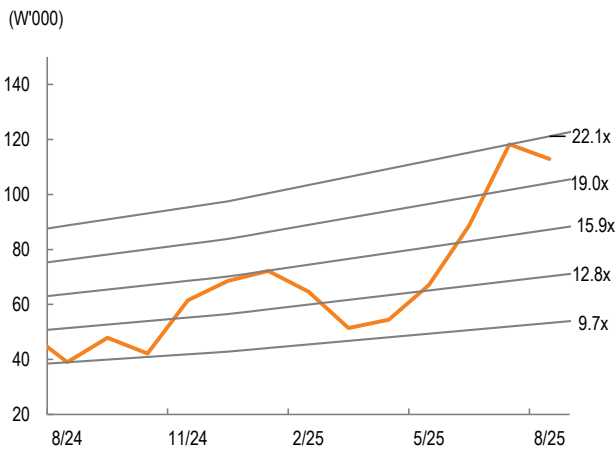


Source: Company data, Mirae Asset Securities Research

Source: Company data, Bloomberg, Mirae Asset Securities Research

Figure 7. 12-month forward P/E band chart

Figure 8. 12-month forward P/B band chart



Source: Mirae Asset Securities Research

Source: Mirae Asset Securities Research

Sanil Electric (062040 KS)

Income statement (summarized)

(Wbn)	2023	2024	2025F	2026F
Revenue	215	334	464	609
Cost of revenue	137	190	254	345
GP	78	144	210	264
SG&A expenses	31	34	48	43
OP (adj.)	47	109	162	221
OP	47	109	162	221
Non-operating profit	1	-4	7	9
Net financial income	-2	0	6	9
Net income from associates	0	0	0	0
Pretax profit	48	105	169	230
Income tax	10	22	34	47
Profit from continuing operations	38	84	134	183
Profit from discontinued operations	1	0	0	0
NP	39	84	134	183
Attributable to owners	39	84	134	183
Attributable to minority interests	0	0	0	0
Total comprehensive income	52	83	134	183
Attributable to owners	52	83	134	183
Attributable to minority interests	0	0	0	0
EBITDA	49	112	166	226
FCF	12	-74	81	69
EBITDA margin (%)	22.8	33.5	35.8	37.1
OP margin (%)	21.9	32.6	34.9	36.3
Net margin (%)	18.1	25.1	28.9	30.0

Balance sheet (summarized)

(Wbn)	2023	2024	2025F	2026F
Current assets	103	305	433	591
Cash & equivalents	21	62	101	129
AR & other receivables	32	96	125	184
Inventory	44	60	76	112
Other current assets	6	87	131	166
Non-current assets	88	187	205	256
Investments in associates	0	0	0	0
PP&E	81	168	186	237
Intangible assets	0	1	1	1
Total assets	191	493	638	848
Current liabilities	53	53	77	113
AP & other payables	23	14	23	33
Short-term financial liabilities	11	11	7	11
Other current liabilities	19	28	47	69
Non-current liabilities	12	6	6	9
Long-term financial liabilities	8	0	0	0
Other non-current liabilities	4	6	6	9
Total liabilities	65	58	83	122
Equity attributable to owners	126	434	555	726
Capital stock	2	15	15	15
Capital surplus	23	230	230	230
Retained earnings	70	148	269	440
Minority interests	0	0	0	0
Shareholders' equity	126	434	555	726

Cash flow statement (summarized)

(Wbn)	2023	2024	2025F	2026F
Operating cash flow	35	16	104	125
NP	39	84	134	183
Non-cash income/expenses	28	33	34	43
Depreciation	3	3	4	5
Amortization	0	0	0	0
Other	25	30	30	38
Chg. in working capital	-27	-86	-36	-63
Chg. in AR & other receivables	-6	-59	-28	-58
Chg. in inventory	-13	-19	-16	-36
Chg. in AP & other payables	4	-12	7	7
Income tax	-3	-15	-34	-47
Cash flow from investing activities	-16	-173	-66	-88
Chg. in PP&E	-23	-90	-22	-56
Chg. in intangible assets	0	0	0	0
Chg. in financial assets	5	-50	-17	-32
Other	2	-33	-27	0
Cash flow from financing activities	-2	198	0	-9
Chg. in financial liabilities	-23	-7	-3	3
Chg. in equity	23	220	0	0
Dividends	0	-5	0	-13
Other	-2	-10	3	1
Chg. in cash	17	41	39	28
Beginning balance	4	21	62	101
Ending balance	21	62	101	129

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

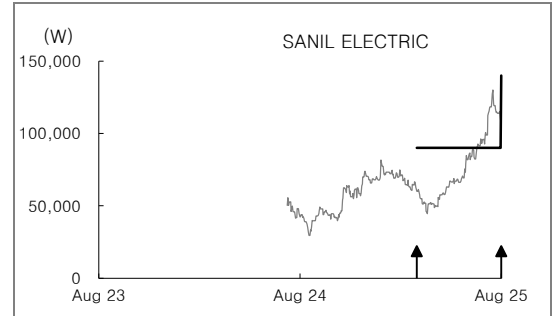
	2023	2024	2025F	2026F
P/E (x)	-	21.3	24.7	18.1
P/CF (x)	-	15.3	19.7	14.7
P/B (x)	-	4.8	6.0	4.6
EV/EBITDA (x)	-	17.7	18.7	13.5
EPS (W)	8,807	3,214	4,411	6,016
CFPS (W)	15,233	4,495	5,523	7,418
BPS (W)	26,290	14,263	18,237	23,834
DPS (W)	947	420	420	420
Dividend payout ratio (%)	11.6	15.3	9.5	7.0
Dividend yield (%)	0.0	0.6	0.4	0.4
Revenue growth (%)	81.3	55.7	38.8	31.3
EBITDA growth (%)	230.3	126.8	48.3	36.0
OP growth (%)	259.7	134.4	48.7	36.0
EPS growth (%)	5,268.8	-63.5	37.3	36.4
AR turnover (x)	7.2	5.3	4.2	4.0
Inventory turnover (x)	5.4	6.4	6.8	6.5
AP turnover (x)	7.6	13.7	21.9	18.3
ROA (%)	24.7	24.5	23.7	24.7
ROE (%)	47.0	29.9	27.1	28.6
ROIC (%)	38.2	42.0	41.9	45.3
Debt-to-equity ratio (%)	51.9	13.5	15.0	16.8
Current ratio (%)	195.1	580.6	565.1	525.2
Net debt-to-equity ratio (%)	-3.5	-23.6	-38.9	-37.6
Interest coverage ratio (x)	26.2	54.9	0.0	0.0

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (₩)
Sanil Electric (062040)	08/21/25	Buy	140,000
	03/21/25	Buy	90,000



Stock ratings

Buy	Expected 12-month return: +20% or greater
Hold	Expected 12-month return: Greater than -10% and less than +10%
Sell	Expected 12-month return: -10% or less

Sector ratings

Overweight	Expected to outperform the market over 12 months
Neutral	Expected to perform in line with the market over 12 months
Underweight	Expected to underperform the market over 12 months

As of May 12, 2025, the Trading Buy rating category has been removed from our investment rating system.

Stocks expected to deliver a 12-month return between +10% and less than +20% may be rated either Buy or Hold at the discretion of the research analyst.

Rating and TP history: Share price (—), TP (—), Not Rated (■), Buy (▲), Trading Buy (■), Hold (●), Sell (◆)

* Our investment rating is a guide to the expected return of the stock over the next 12 months.

* Outside of the official ratings of Mirae Asset Securities Co., Ltd., analysts may call trading opportunities should technical or short-term material developments arise.

* The TP was determined by the research analyst through valuation methods discussed in this report, in part based on estimates of future earnings.

* TP achievement may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions.

Ratings distribution and investment banking services

	Buy	Trading Buy	Hold	Sell
Ratings distribution	84.91%	5.59%	8.94%	0.56%
Investment banking services	88.89%	0%	11.11%	0%

* Based on recommendations in the last 12-months (as of June 30, 2025)

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