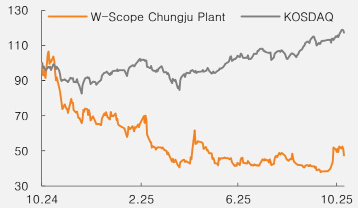
MIRAE ASSET Securities

Equity Research
October 31, 2025

(Maintain)	Buy
Target price	▼ W13,000
Current price (10/30/25)	W8,040
Upside	61.7%

OP (25F, Wbn)	-112
Consensus OP (25F, Wbn)	-
EPS growth (25F, %)	RR
Market EPS growth (25F, %)	27.0
P/E (25F, x)	-
Market P/E (25F, x)	14.9
KOSDAQ	890.86
Market cap (Wbn)	272
Shares (mn)	34
Free float (%)	63.5
Foreign ownership (%)	5.7
Beta (12M)	1.44
52-week low (W)	6,410
52-week high (W)	17,590

(%)	1M	6M	12M
Absolute	21.8	-12.3	-52.3
Relative	15.1	-29.4	-60.5



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393890 KQ · Batteries

W-Scope Chungju Plant

Long-term potential deserves attention

Lower TP to W13,000

We lower our target price for W-Scope Chungju Plant (WCP) to W13,000 (from W19,000), applying a 50% discount to the P/B of competitor SK IE Technology (SKIET). We believe a discount is warranted due to the current survival-of-the-fittest market environment, which favors top-tier players/first movers. That said, WCP's valuation has already fallen to around 0.3x P/B. If the company demonstrates earnings resilience and proves its viability as a latecomer, current levels could offer meaningful upside for medium/long-term investors.

We expect WCP to deliver gradual earnings improvement from 2026, supporting a normalization in its valuation. Key drivers of improvement will likely include: 1) a rebound in China's domestic separator prices (amid the government's campaign to ease overproduction/excessive price competition); and 2) the potential start of separator supply to Samsung SDI for ESS batteries.

Stabilizing separator prices in China

Signs are emerging that Chinese separator producers—whose aggressive output has fueled global oversupply—are starting to scale back production. In August, several leading Chinese separator names held a meeting concerning wet- and dry-process separator supply, during which they agreed to: 1) restrict sales below cost levels; and 2) suspend new capacity expansion plans for the next two years while focusing on improving efficiency at existing lines. Following the meeting, prices for 7μm and 9μm wet-process products began to rebound in early September. While the rebound is not yet strong enough to materially improve fundamentals, it nevertheless marks an exit from the extreme price down-cycle that has persisted over the past three years.

Aided by China's campaign to address overcapacity and rebounding separator prices, peer P/Bs have started to recover (from 1.0x to 1.7x for Yunnan Energy New Material and from 0.7x to 1.1x for SKIET), but WCP's P/B remains at around 0.3x, leaving it deeply undervalued.

Potential ESS-related volume growth

A recovery for WCP ultimately depends on Samsung SDI, its key customer. Demand trends for Samsung SDI's EV and ESS batteries are currently moving in opposite directions, with ESS showing strong growth. For WCP, the start of separator supply for Samsung SDI's North American ESS operations—which we think could materialize in 2Q26—is the key variable in terms of the pace and magnitude of a shipment/earnings recovery.

(Dec.)	2023	2024	2025F	2026F	2027F
Revenue (Wbn)	305	322	127	230	333
OP (Wbn)	46	-71	-112	-32	21
OP margin (%)	15.1	-22.0	-88.2	-13.9	6.3
NP (Wbn)	54	-72	-117	-33	22
EPS (W)	1,591	-2,142	-3,458	-988	659
ROE (%)	5.5	-7.3	-12.4	-3.7	2.5
P/E (x)	28.0	-	-	-	12.2
P/B (x)	1.5	0.4	0.3	0.3	0.3
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Notes: Under non-consolidated K-IFRS; NP is attributable to owners of the parent
Source: Company data, Mirae Asset Securities Research estimates

Table 1. TP calculation

	Value	Note
2026F BPS	26,153	
Target P/B (x)	0.5	50% discount to SKIET's P/B
Target price (W)	13,000	
Current price (W)	8,040	
Upside (%)	61.7	

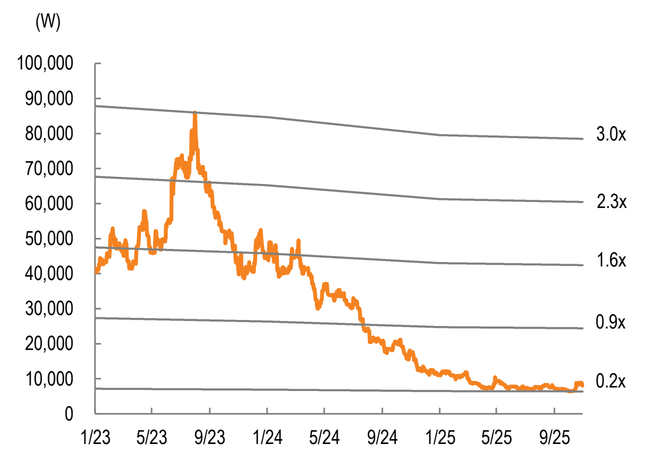
Source: Mirae Asset Securities Research

Table 2. Quarterly and annual earnings forecasts (Wbn, %)

	1Q25	2Q25	3Q25F	4Q25F	1Q26F	2Q26F	3Q26F	4Q26F	2024	2025F	2026F
Revenue	16.3	38.2	32.9	39.1	36.0	41.2	66.9	86.0	322.1	126.5	230.1
OP	-30.4	-26.0	-29.1	-26.4	-22.6	-16.5	1.5	5.6	-70.9	-111.9	-31.9
Pretax profit	-33.4	-28.0	-29.2	-26.5	-22.8	-16.8	1.0	5.1	-69.2	-117.1	-33.4
NP	-33.4	-28.0	-29.2	-26.5	-22.8	-16.8	1.0	5.1	-72.2	-117.0	-33.4
OP margin	-186.9	-68.2	-88.3	-67.4	-62.8	-40.1	2.3	6.6	-22.0	-88.4	-13.9
Pretax profit	-205.7	-73.3	-88.6	-67.8	-63.2	-40.7	1.5	5.9	-21.5	-92.6	-14.5
Net margin	-205.2	-73.3	-88.6	-67.8	-63.2	-40.7	1.5	5.9	-22.4	-92.5	-14.5
Growth (QoQ/YoY)											
Revenue	-7.3	134.8	-13.7	18.8	-7.9	14.3	62.5	28.5	5.4	-60.7	81.9
OP	RR	RR	RR	RR	RR	RR	TTB	264.4	31.0	57.7	32.0
Pretax profit	RR	RR	RR	RR	RR	RR	TTB	417.9	-226.7	69.3	-71.5
NP	RR	RR	RR	RR	RR	RR	TTB	417.9	-234.7	62.1	-71.4

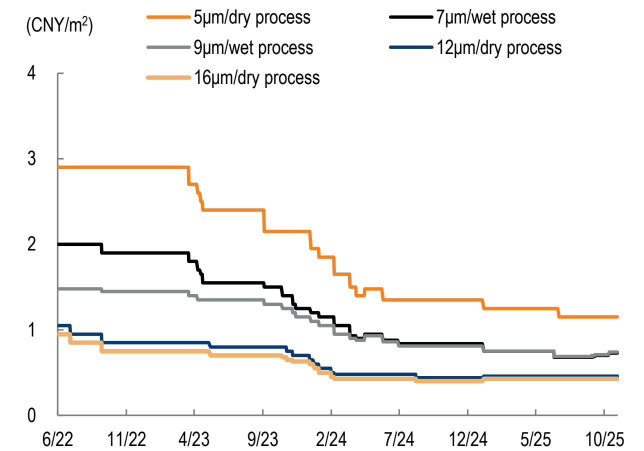
Source: Mirae Asset Securities Research

Figure 1. 12-month forward P/B band chart



Source: QuantiWise, Mirae Asset Securities Research

Figure 2. Chinese separator price trends



Source: ICC Battery, Mirae Asset Securities Research

W-Scope Chungju Plant (393890 KQ)

Income statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Revenue	**322**	**127**	**230**	**333**
Cost of revenue	**375**	**224**	**247**	**296**
GP	**-53**	**-97**	**-17**	**37**
SG&A expenses	**18**	**14**	**15**	**17**
OP (adj.)	**-71**	**-112**	**-32**	**21**
OP	**-71**	**-112**	**-32**	**21**
Non-operating profit	**2**	**-5**	**-1**	**1**
Net financial income	-4	-20	-21	-19
Net income from associates	0	0	0	0
Pretax profit	-69	-117	-33	22
Income tax	3	0	0	0
Profit from continuing operations	-72	-117	-33	22
Profit from discontinued operations	0	0	0	0
NP	**-72**	**-117**	**-33**	**22**
Attributable to owners	-72	-117	-33	22
Attributable to minority interests	0	0	0	0
Total comprehensive income	**-34**	**-86**	**-33**	**22**
Attributable to owners	-34	-86	-33	22
Attributable to minority interests	0	0	0	0
EBITDA	-10	-53	30	91
FCF	-538	-237	-77	76
EBITDA margin (%)	-3.1	-41.7	13.0	27.3
OP margin (%)	-22.0	-88.2	-13.9	6.3
Net margin (%)	-22.4	-92.1	-14.3	6.6

Balance sheet (summarized)

(Wbn)	2024	2025F	2026F	2027F
Current assets	**247**	**179**	**366**	**463**
Cash & equivalents	60	28	62	150
AR & other receivables	142	109	221	227
Inventory	42	35	77	79
Other current assets	3	7	6	7
Non-current assets	**1,563**	**1,749**	**1,688**	**1,618**
Investments in associates	0	0	0	0
PP&E	1,543	1,727	1,666	1,597
Intangible assets	3	5	4	3
Total assets	**1,810**	**1,928**	**2,054**	**2,081**
Current liabilities	**333**	**339**	**469**	**472**
AP & other payables	66	44	53	54
Short-term financial liabilities	259	278	378	378
Other current liabilities	8	17	38	40
Non-current liabilities	**509**	**670**	**700**	**702**
Long-term financial liabilities	498	646	646	646
Other non-current liabilities	11	24	54	56
Total liabilities	**842**	**1,009**	**1,169**	**1,173**
Equity attributable to owners	**969**	**919**	**885**	**907**
Capital stock	17	19	19	19
Capital surplus	875	909	909	909
Retained earnings	27	-90	-124	-101
Minority interests	**0**	**0**	**0**	**0**
Shareholders' equity	**969**	**919**	**885**	**907**

Cash flow statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Operating cash flow	**-16**	**-47**	**-77**	**76**
NP	-72	-117	-33	22
Non-cash income/expenses	93	76	71	77
Depreciation	60	58	61	69
Amortization	1	1	1	1
Other	32	17	9	7
Chg. in working capital	-28	12	-93	-5
Chg. in AR & other receivables	-37	36	-111	-6
Chg. in inventory	14	7	-42	-2
Chg. in AP & other payables	-2	-36	9	0
Income tax	-6	0	0	0
Cash flow from investing activities	**-523**	**-184**	**11**	**12**
Chg. in PP&E	-522	-190	0	0
Chg. in intangible assets	0	0	0	0
Chg. in financial assets	1	0	-1	0
Other	-2	6	12	12
Cash flow from financing activities	**495**	**197**	**100**	**0**
Chg. in financial liabilities	498	166	100	0
Chg. in equity	3	36	0	0
Dividends	0	0	0	0
Other	-6	-5	0	0
Chg. in cash	**-28**	**-32**	**34**	**88**
Beginning balance	88	-2	28	62
Ending balance	60	28	62	150

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

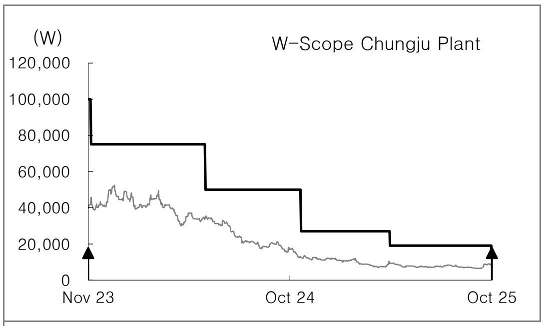
	2024	2025F	2026F	2027F
P/E (x)	-	-	-	12.2
P/CF (x)	18.0	-	7.2	2.7
P/B (x)	0.4	0.3	0.3	0.3
EV/EBITDA (x)	-	-	41.6	12.6
EPS (W)	-2,142	-3,458	-988	659
CFPS (W)	616	-1,206	1,112	2,930
BPS (W)	28,622	27,141	26,153	26,812
DPS (W)	0	0	0	0
Dividend payout ratio (%)	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0
Revenue growth (%)	5.6	-60.7	81.8	45.0
EBITDA growth (%)	TTR	RR	TTB	207.5
OP growth (%)	TTR	RR	RR	TTB
EPS growth (%)	TTR	RR	RR	TTB
AR turnover (x)	3.0	1.2	1.5	1.6
Inventory turnover (x)	5.4	3.3	4.1	4.3
AP turnover (x)	11.1	10.4	20.6	17.6
ROA (%)	-4.6	-6.3	-1.7	1.1
ROE (%)	-7.3	-12.4	-3.7	2.5
ROIC (%)	-5.2	-6.4	-1.7	1.1
Debt-to-equity ratio (%)	86.9	109.9	132.1	129.3
Current ratio (%)	74.3	52.7	78.0	98.1
Net debt-to-equity ratio (%)	72.0	97.5	108.6	96.3
Interest coverage ratio (x)	-12.9	-5.1	-1.4	0.9

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
W-Scope Chungju Plant (393890)	10/31/25	Buy	13,000
	04/30/25	Buy	19,000
	11/20/24	Buy	27,000
	05/31/24	Buy	50,000
	11/06/23	Buy	75,000
	05/09/23	Buy	100,000



Stock ratings		Sector ratings	
Buy	Expected 12-month return: +20% or greater	Overweight	Expected to outperform the market over 12 months
Hold	Expected 12-month return: Greater than -10% and less than +10%	Neutral	Expected to perform in line with the market over 12 months
Sell	Expected 12-month return: -10% or less	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	78.61%	1.73%	19.08%	0.58%
Investment banking services	84.62%	0%	15.38%	0%

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

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