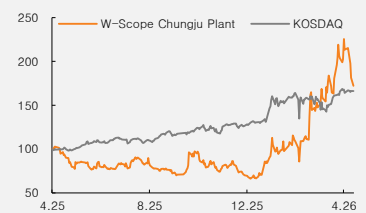


(Maintain)	Buy
Target price	▲ W26,000
Current price (5/11/26)	W15,750
Upside	65.1%

OP (26F, Wbn)	-44
Consensus OP (26F, Wbn)	-
EPS growth (26F, %)	RR
Market EPS growth (26F, %)	224.0
P/E (26F, x)	-
Market P/E (26F, x)	8.4
KOSDAQ	1,207.34

Market cap (Wbn)	533
Shares (mn)	34
Free float (%)	64.5
Foreign ownership (%)	2.8
Beta (12M)	1.12
52-week low (W)	6,070
52-week high (W)	20,650

(%)	1M	6M	12M
Absolute	-6.4	111.7	81.7
Relative	-15.2	55.0	8.7



Mirae Asset Securities Co., Ltd.

Chuljoong Kim
chuljoong.kim@miraeasset.com

Sehoon Jung
sehoon.jung@miraeasset.com

W-Scope Chungju Plant

Likely to climb back toward 2022-23 earnings levels

Lift TP to W26,000

We lift our target price for W-Scope Chungju Plant (WCP) by 18% to W26,000. As quarterly earnings appear to be entering a recovery cycle, we switched back to a P/E valuation (vs. P/B previously), applying a target P/E of 24x (the average 2022-23 multiple) to our 2028F EPS estimate.

For 2028, we forecast operating profit at W64bn and EBITDA at W168bn, exceeding the previous peak levels achieved in 2022 (operating profit of W58bn and EBITDA of W103bn). We expect shipments to recover steadily, supported by: 1) aggressive order expansion by key downstream customers (ESS segment in North America and EV segment in Europe); and 2) utilization improvements driven by potential new customer additions (Tesla, SK, LG, etc.) over the next two years. We also believe the ASP down-cycle is over, considering: 1) accelerating price increases among leading global (Chinese) suppliers; and 2) mix improvements from shipments of high-wettability products (for dry-process 4680 batteries).

With quarterly losses continuing, the stock could remain volatile for the time being. That said, we believe WCP offers significant upside relative to small/mid-cap peers, given its improving earnings trajectory and valuation discount vs. domestic rivals. We also note that leading Chinese peers continue to re-rate higher.

1Q26 review: Utilization and profitability begin to recover

For 1Q26, WCP posted revenue of W42.8bn (+58% QoQ) and an operating loss of W20.5bn (narrower loss QoQ). Shipments to a key customer (for EV and small-sized batteries) resumed during the quarter, supporting a meaningful QoQ improvement in utilization and reductions in both operating and EBITDA losses. In late 2Q26, the company is expected to begin shipments for its key customer's North American ESS (LFP) line, likely accelerating the recovery in utilization and profitability.

ASP uptrend continues amid further rise in Chinese wet-process separator prices

Leading Chinese suppliers continue to raise wet-process separator prices. Notably, the price of 9μm wet-process separators has surged 28% from last year's trough levels (supported by Chinese government measures to curb excessive competition), with the uptrend continuing even during the typically weak early months of the year (+2.4% MoM in March; +3.5% MoM in April). We expect the uptrend in global wet-process separator ASPs to continue through 2H26, driven by: 1) upgrades in material specifications for Chinese ESS batteries under the government's Public Notice No. 114 (dry-process → wet-process separators); 2) continued supply control measures in China; and 3) upward revisions to end-market demand forecasts amid the US-Iran conflict.

(Dec.)	2024	2025	2026F	2027F	2028F
Revenue (Wbn)	322	111	243	379	600
OP (Wbn)	-71	-128	-44	21	64
OP margin (%)	-22.0	-115.3	-18.1	5.5	10.7
NP (Wbn)	-72	-162	-83	2	36
EPS (W)	-2,142	-4,789	-2,464	70	1,070
ROE (%)	-7.3	-17.4	-9.6	0.3	4.2
P/E (x)	-	-	-	225.0	14.7
P/B (x)	0.4	0.2	0.6	0.6	0.6
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	Notes
2028F EPS (W)	1,070	Avg. 2022-23 P/E
Target P/E (x)	24	
Target price (W)	26,000	
Current price (W)	15,750	
Upside (%)	65	

Source: Mirae Asset Securities Research

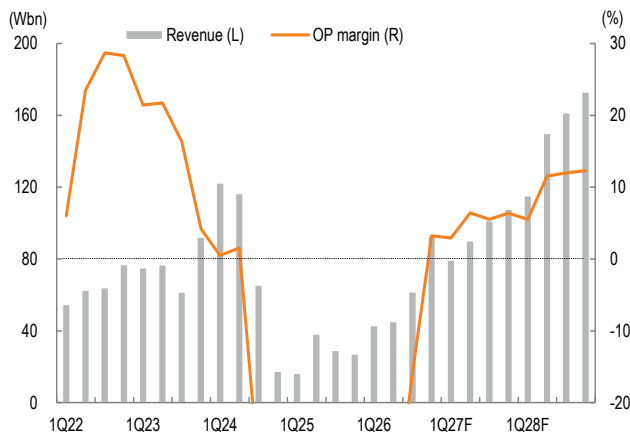
Table 2. Quarterly and annual earnings forecasts

(Wbn, %)

	1Q26	2Q26F	3Q26F	4Q26F	1Q27F	2Q27F	3Q27F	4Q27F	2026F	2027F	2028F
Revenue	42.9	45.3	61.8	92.6	79.5	90.1	101.4	107.8	242.6	378.8	599.9
OP	-20.5	-16.9	-9.9	3.0	2.3	5.8	5.6	6.9	-44.3	20.6	64.3
Pretax profit	-48.2	-20.7	-13.6	-0.8	-2.3	1.4	1.3	2.4	-83.4	2.8	41.2
NP	-48.2	-20.7	-13.6	-0.8	-2.3	1.4	1.1	2.1	-83.4	2.4	36.2
OP margin	-47.8	-37.3	-16.0	3.2	2.9	6.4	5.5	6.4	-18.3	5.4	10.7
Pretax profit	-112.4	-45.8	-22.1	-0.9	-2.9	1.5	1.3	2.2	-34.4	0.7	6.9
Net margin	-112.4	-45.8	-22.1	-0.9	-2.9	1.5	1.1	2.0	-34.4	0.6	6.0
Growth (QoQ/YoY)											
Revenue	58.6	5.5	36.4	50.0	-14.2	13.3	12.6	6.3	119.3	56.2	58.4
OP	RR	RR	RR	TTB	-22.4	148.5	-2.7	22.7	32.0	-146.5	32.0
Pretax profit	RR	RR	RR	RR	RR	TTB	-6.5	85.2	-48.3	-103.4	1,361.8
NP	RR	RR	RR	RR	RR	TTB	-17.7	85.2	-48.5	-102.8	1,428.7

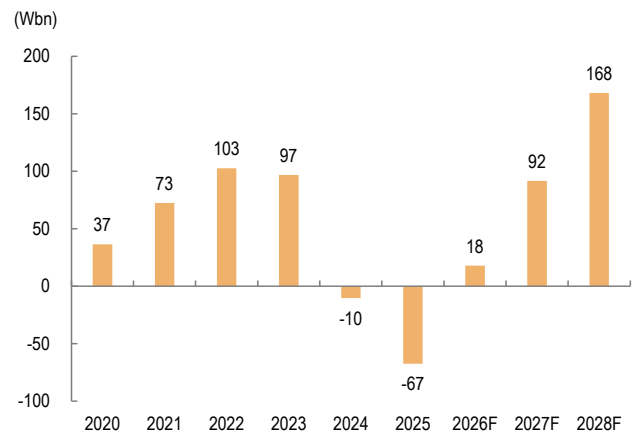
Source: Mirae Asset Securities Research

Figure 1. Revenue and OP margin outlook



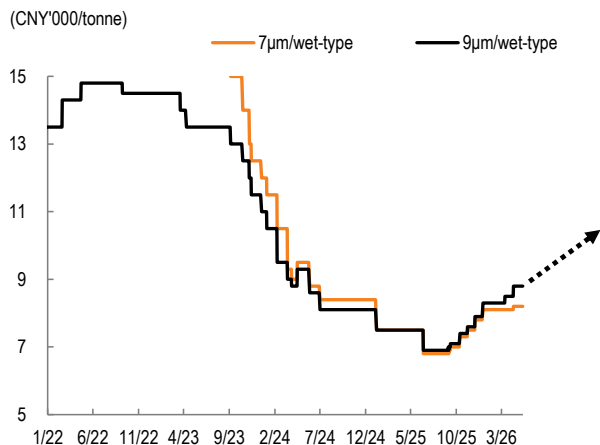
Source: Mirae Asset Securities Research

Figure 2. EBITDA outlook



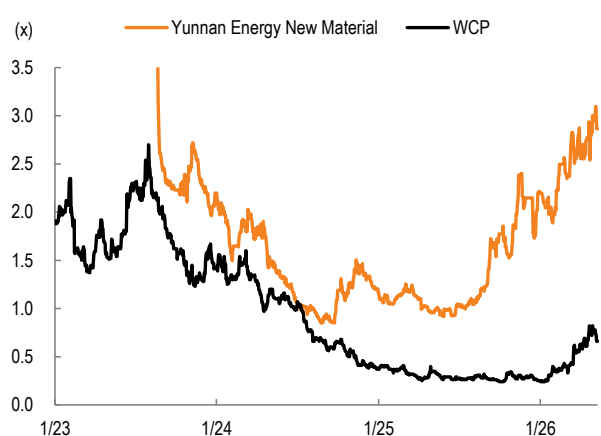
Source: Mirae Asset Securities Research

Figure 3. Chinese wet separator price trends



Source: Mirae Asset Securities Research

Figure 4. 12-month forward P/B: Yunnan vs. WCP



Source: QuantiWise, Wind, Mirae Asset Securities Research

W-Scope Chungju Plant (393890 KQ)

Income statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Revenue	111	243	379	600
Cost of revenue	224	268	336	500
GP	-113	-25	43	100
SG&A expenses	14	19	22	36
OP (adj.)	-128	-44	21	64
OP	-128	-44	21	64
Non-operating profit	-33	-39	-18	-23
Net financial income	-27	-23	-22	-23
Net income from associates	0	0	0	0
Pretax profit	-161	-83	3	41
Income tax	1	0	0	5
Profit from continuing operations	-162	-83	2	36
Profit from discontinued operations	0	0	0	0
NP	-162	-83	2	36
Attributable to owners	-162	-83	2	36
Attributable to minority interests	0	0	0	0
Total comprehensive income	-74	-83	2	36
Attributable to owners	-74	-83	2	36
Attributable to minority interests	0	0	0	0
EBITDA	-67	18	92	168
FCF	-255	-77	-44	9
EBITDA margin (%)	-60.4	7.4	24.3	28.0
OP margin (%)	-115.3	-18.1	5.5	10.7
Net margin (%)	-145.9	-34.2	0.5	6.0

Cash flow statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Operating cash flow	-27	-77	56	109
NP	-162	-83	2	36
Non-cash income/expenses	97	77	85	124
Depreciation	59	61	70	103
Amortization	1	1	1	1
Other	37	15	14	20
Chg. in working capital	62	-47	-10	-23
Chg. in AR & other receivables	58	-145	-31	-122
Chg. in inventory	22	-17	-6	-27
Chg. in AP & other payables	-20	30	7	30
Income tax	0	0	0	-5
Cash flow from investing activities	-207	100	-14	-101
Chg. in PP&E	-227	100	-20	-100
Chg. in intangible assets	0	0	0	0
Chg. in financial assets	-3	-9	-2	-9
Other	23	9	8	8
Cash flow from financing activities	199	-60	3	12
Chg. in financial liabilities	221	-60	3	12
Chg. in equity	0	0	0	0
Dividends	0	0	0	0
Other	-22	0	0	0
Chg. in cash	-33	3	44	20
Beginning balance	60	27	30	74
Ending balance	27	30	74	94

Source: Company data, Mirae Asset Securities Research estimates

Balance sheet (summarized)

(Wbn)	2025	2026F	2027F	2028F
Current assets	137	331	419	615
Cash & equivalents	27	30	74	94
AR & other receivables	80	225	255	379
Inventory	21	38	44	71
Other current assets	9	38	46	71
Non-current assets	1,809	1,648	1,597	1,595
Investments in associates	0	0	0	0
PP&E	1,787	1,626	1,576	1,572
Intangible assets	5	4	3	2
Total assets	1,945	1,979	2,016	2,210
Current liabilities	376	513	547	695
AP & other payables	50	170	198	318
Short-term financial liabilities	319	319	322	334
Other current liabilities	7	24	27	43
Non-current liabilities	675	615	615	625
Long-term financial liabilities	658	598	598	598
Other non-current liabilities	17	17	17	27
Total liabilities	1,051	1,128	1,162	1,321
Equity attributable to owners	894	851	853	890
Capital stock	17	17	17	17
Capital surplus	875	875	875	875
Retained earnings	-136	-219	-217	-181
Minority interests	0	0	0	0
Shareholders' equity	894	851	853	890

Key valuation metrics/ratios

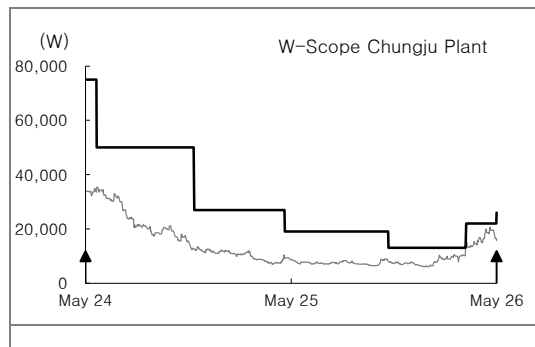
	2025	2026F	2027F	2028F
P/E (x)	-	-	225.0	14.7
P/CF (x)	-	-	6.1	3.3
P/B (x)	0.2	0.6	0.6	0.6
EV/EBITDA (x)	-	79.0	14.9	8.0
EPS (W)	-4,789	-2,464	70	1,070
CFPS (W)	-1,926	-202	2,588	4,731
BPS (W)	26,430	25,148	25,218	26,288
DPS (W)	0	0	0	0
Dividend payout ratio (%)	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0
Revenue growth (%)	-65.6	118.9	56.2	58.4
EBITDA growth (%)	RR	TTB	413.3	83.5
OP growth (%)	RR	RR	TTB	212.8
EPS growth (%)	RR	RR	TTB	1,428.7
AR turnover (x)	1.1	1.6	1.6	1.9
Inventory turnover (x)	3.5	8.2	9.2	10.4
AP turnover (x)	9.3	9.8	7.4	7.8
ROA (%)	-8.6	-4.3	0.1	1.7
ROE (%)	-17.4	-9.6	0.3	4.2
ROIC (%)	-7.3	-2.5	1.0	3.3
Debt-to-equity ratio (%)	117.5	132.5	136.2	148.4
Current ratio (%)	36.4	64.5	76.5	88.5
Net debt-to-equity ratio (%)	105.9	103.1	97.7	92.0
Interest coverage ratio (x)	-4.6	-1.8	0.9	2.6

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
W-Scope Chungju Plant (393890)	05/11/26	Buy	26,000
	03/18/26	Buy	22,000
	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



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	80.84%	0%	18.56%	0.6%
Investment banking services	86.67%	0%	13.33%	0%

* Based on recommendations in the last 12-months (as of March 31, 2026)

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Mirae Asset Securities International Network

Mirae Asset Securities Co., Ltd. (Seoul)

One-Asia Equity Sales Team
Mirae Asset Center 1 Building
26 Eulji-ro 5-gil, Jung-gu, Seoul 04539
Korea

Tel: 82-2-3774-2124

Mirae Asset Securities (USA) Inc.

810 Seventh Avenue, 37th Floor
New York, NY 10019
USA

Tel: 1-212-407-1000

Mirae Asset Securities (Singapore) Pte. Ltd.

6 Battery Road, #11-01
Singapore 049909
Republic of Singapore

Tel: 65-6671-9845

Mirae Asset Investment Advisory (Beijing) Co., Ltd

2401B, 24th Floor, East Tower, Twin Towers
B12 Jianguomenwai Avenue, Chaoyang District
Beijing 100022
China

Tel: 86-10-6567-9699

Ho Chi Minh Representative Office

7F, Saigon Royal Building
91 Pasteur St.
District 1, Ben Nghe Ward, Ho Chi Minh City
Vietnam

Tel: 84-8-3910-7715

Mirae Asset Securities (HK) Ltd.

Units 8501, 8507-8508, 85/F
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong SAR
Tel: 852-2845-6332

Mirae Asset Wealth Management (Brazil) CCTVM

Rua Funchal, 418, 18th Floor, E-Tower Building
Vila Olimpia
Sao Paulo - SP
04551-060
Brazil
Tel: 55-11-2789-2100

Mirae Asset Securities (Vietnam) LLC

7F, Saigon Royal Building
91 Pasteur St.
District 1, Ben Nghe Ward, Ho Chi Minh City
Vietnam

Tel: 84-8-3911-0633 (ext.110)

Beijing Representative Office

2401A, 24th Floor, East Tower, Twin Towers
B12 Jianguomenwai Avenue, Chaoyang District
Beijing 100022
China

Tel: 86-10-6567-9699 (ext. 3300)

Mirae Asset Capital Markets (India) Pvt Ltd

1st Floor, Tower 4, Equinox Business Park,
LBS Marg, Off BKC, Kurla (West), Mumbai - 400 070
India

Tel: 91-22-62661300 / 48821300

Mirae Asset Securities (UK) Ltd.

41st Floor, Tower 42
25 Old Broad Street,
London EC2N 1HQ
United Kingdom

Tel: 44-20-7982-8000

PT. Mirae Asset Sekuritas Indonesia

District 8, Treasury Tower Building Lt. 50
Sudirman Central Business District
Jl. Jend. Sudirman, Kav. 52-54
Jakarta Selatan 12190
Indonesia
Tel: 62-21-5088-7000

Mirae Asset Securities Mongolia UTsk LLC

#406, Blue Sky Tower, Peace Avenue 17
1 Khoroo, Sukhbaatar District
Ulaanbaatar 14240
Mongolia

Tel: 976-7011-0806

Shanghai Representative Office

38T31, 38F, Shanghai World Financial Center
100 Century Avenue, Pudong New Area
Shanghai 200120
China

Tel: 86-21-5013-6392
