COMPANY UPDATE

2026. 2. 12

Finance/Consumer Goods Team

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F&F (383220)

4Q review; China growth outlook turns cautious

- F&F reported in-line 4Q25 sales and operating profit, with y-y growth.
- While the China business is expected to see slower y-y growth in 2026 due to lower Discovery store expansion targets and a high base effect, the domestic business is expected to keep improving led by the recovery in the domestic apparel market.
- As we keep our earnings forecasts unchanged, we maintain our target price and BUY rating.

AT A GLANCE

BUY

Target price	KRW95,000	29.4%
Current price	**KRW73,400**	
Market cap	KRW2.8t/USD1.9b	
Shares (float)	38,307,075 (35.0%)	
52-week high/low	KRW82,700/KRW57,200	
Avg daily trading value (60-day)	KRW7.7b/ USD5.3m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
F&F (%)	14.7	15.6	8.4
Vs Kospi (%pts)	-1.8	-30.8	-48.6

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	95,000	95,000	0.0%
2025E EPS	10,366	9,332	11.1%
2026E EPS	10,164	10,127	0.4%

SAMSUNG vs THE STREET

No of estimates	8
Target price	95,250
Recommendation	4.0

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

WHAT'S THE STORY?

4Q25 sales and operating profit in line with consensus: F&F reported in-line 4Q results showing sales of KRW575.3b (up 5% y-y) and operating profit of KRW132.9b (up 10% y-y). Domestically, MLB Adult sales came in at KRW92.6b (up 5% y-y), MLB Kids KRW22b (up 1% y-y), and Discovery KRW142.6b (down 22% y-y). Domestic sales continued to grow, driven by improved consumer sentiment and strong sales of hit items, particularly in the MLB brand. Overseas, the China business posted sales of KRW247.2b (up 15% y-y) and the Hong Kong business KRW23b (up 13% y-y), reaffirming the competitiveness of the MLB brand in Greater China. Meanwhile, the higher growth in operating profit compared to sales was due to: 1) an increased portion of the China business (having a lower SG&A costs) in total sales (up from 45% in 2024 to 49% in 2025); and 2) improved store efficiency in the domestic and China MLB operations following the closure of underperforming stores

(Continued on the next page)

SUMMARY 4Q25 RESULTS

(KRWb)	4Q25	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	575.3	5.3	21.3	-0.4	1.1
Operating profit	132.9	10.4	3.8	-0.6	-2.5
Pre-tax profit	210.4	48.9	55.5	37.3	39.7
Net profit	157.1	48.4	56.0	34.9	33.1
Margins (%)					
Operating profit	23.1				
Pre-tax profit	36.6				
Net profit	27.3				

Source: Company data, Fnguide, Samsung Securities estimates

VALUATION SUMMARY

	2024	2025E	2026E
Valuation (x)			
P/E	5.8	6.6	7.2
P/B	1.3	1.4	1.2
EV/EBITDA	4.2	4.6	4.3
Div yield (%)	3.1	2.9	3.0
EPS growth (% y-y)	-15.2	10.2	-2.0
ROE (%)	25.3	23.0	19.0
Per-share data (KRW)			
EPS	9,408	10,366	10,164
BVPS	41,565	50,361	58,748
DPS	1,700	2,000	2,200

China growth to slow, but domestic consumption recovery remains positive: We forecast the company's China business to see slower y-y growth in 2026, given: 1) lower-than-expected Discovery store expansion plans; and 2) a more conservative shipment strategy for the MLB in 2026. The company has set a 2026 Discovery store expansion target of 40 stores in China, which is lower than the initial target of 100 stores set at beginning-2025 (later revised to 60). Additionally, given that the strong growth in Chinese distributor-bound sales in 2025 points to increased inventory levels at those distributors, the company plans to adopt a more conservative approach to product shipments in 2026, aligning with the pace of inventory depletion. However, domestic brands should continue the recovery trend seen in 2H25, supported by improving domestic consumption. In fact, recent apparel company earnings reports indicate that January sales recovery was even steeper than in 4Q25.

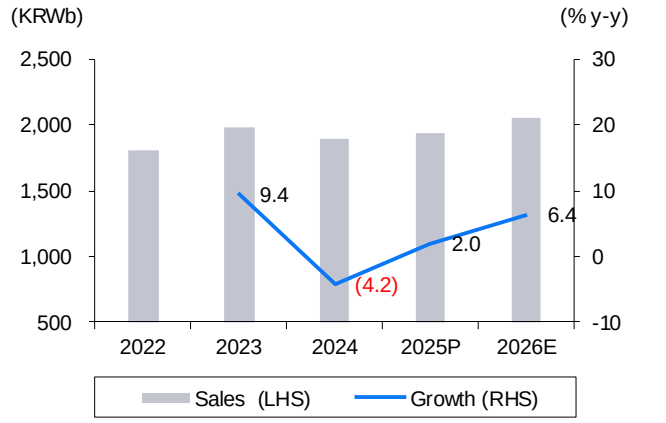
Maintaining BUY: While the 2026 China guidance is somewhat disappointing, the faster-than-expected recovery in domestic earnings is expected to offset the slowdown in China growth. As we only fine-tune our 2026 earnings estimates, we maintain our BUY rating and target price.

F&F: Earnings forecast

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25P	2024	2025E	2026E	2027E
Sales	**507**	**391**	**451**	**547**	**506**	**379**	**474**	**575**	**1,896**	**1,934**	**2,058**	**2,242**
MLB Adult (Korea+duty free)	91	92	71	89	84	84	70	93	343	331	338	337
MLB Kids (Korea+duty free)	21	18	14	22	19	18	15	22	74	73	76	78
MLB Export	154	72	257	136	190	129	339	199	619	856	919	1,010
Discovery	107	87	63	183	88	66	50	143	439	343	362	384
China	239	155	250	214	259	171	284	247	858	960	1,004	1,125
Asia	22	17	16	20	21	16	17	27	75	81	84	87
Gross profit	**332**	**271**	**285**	**358**	**330**	**259**	**313**	**394**	**1,247**	**1,292**	**1,379**	**1,506**
Operating profit	**130**	**92**	**108**	**120**	**124**	**84**	**128**	**133**	**451**	**469**	**502**	**555**
Net profit	**96**	**74**	**80**	**106**	**83**	**63**	**101**	**157**	**356**	**403**	**399**	**430**
(Margins %)												
Gross profit	65.6	69.3	63.2	65.6	65.2	68.3	66.1	68.5	65.8	66.8	67.0	67.2
Operating profit	25.7	23.5	24.0	22.0	24.4	22.2	27.0	23.1	23.8	24.2	24.4	24.8
Net profit	19.0	18.9	17.7	19.4	16.3	16.5	21.2	27.3	18.8	20.8	19.4	19.2
Chg (% y-y)												
Sales	**1.9**	**(3.5)**	**(8.5)**	**(6.2)**	**(0.3)**	**(3.2)**	**5.2**	**5.3**	**(4.2)**	**2.0**	**6.4**	**8.9**
MLB Adult (Korea+duty free)	(18.1)	(15.4)	(18.2)	(20.1)	(7.2)	(8.9)	(2.0)	4.6	(17.9)	(3.5)	2.1	(0.2)
MLB Kids (Korea+duty free)	(6.8)	(23.7)	(8.6)	(12.4)	(7.7)	0.6	4.3	0.9	(13.3)	(0.9)	4.2	2.5
MLB Export	1.3	(25.2)	(11.4)	(9.7)	23.3	78.7	32.1	46.1	(10.2)	38.5	7.3	9.9
Discovery	(4.2)	(1.0)	(10.8)	(6.3)	(17.3)	(24.1)	(19.8)	(21.9)	(5.5)	(21.9)	5.3	6.3
China	14.9	10.3	(4.0)	4.6	8.2	10.5	13.5	15.4	5.5	12.0	4.6	12.0
Asia	15.5	(10.2)	(13.3)	(4.1)	(6.6)	(6.8)	7.9	34.0	(2.9)	7.5	3.7	3.3
Gross profit	**(3.3)**	**(4.6)**	**(13.7)**	**(7.6)**	**(0.8)**	**(4.6)**	**10.0**	**10.0**	**(7.4)**	**3.6**	**6.7**	**9.3**
Operating profit	**(12.5)**	**(16.9)**	**(27.1)**	**(16.4)**	**(5.1)**	**(8.5)**	**18.2**	**10.3**	**(18.3)**	**4.0**	**7.1**	**10.6**
Net profit	**(19.0)**	**(15.4)**	**(33.0)**	**6.2**	**(14.3)**	**(15.3)**	**26.2**	**48.1**	**(16.2)**	**13.1**	**(0.8)**	**7.6**

Source: Company data, Samsung Securities estimates

F&F: Sales and growth

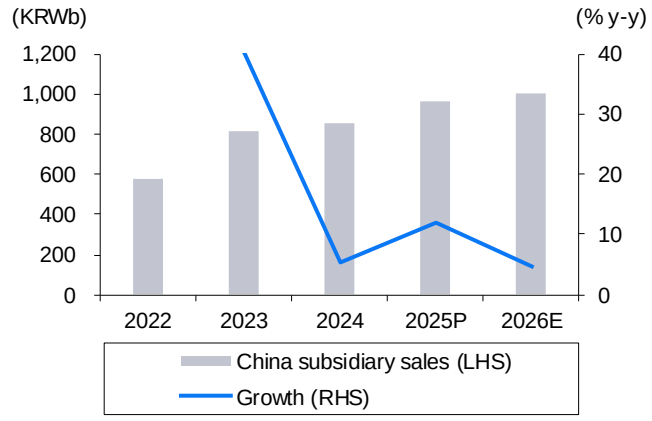


Source: Company data, Samsung Securities estimates

F&F: Operating profit vs operating margin

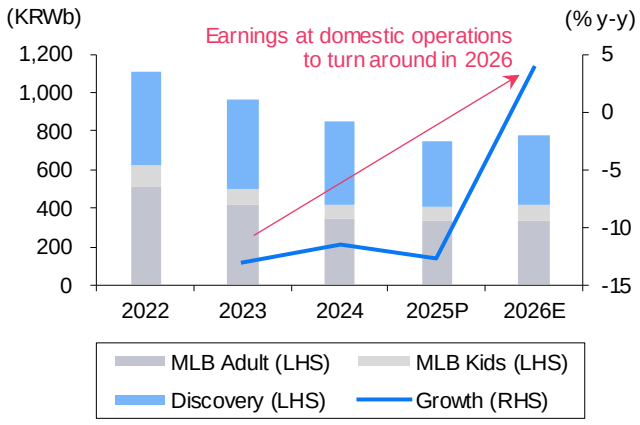
Source: Company data, Samsung Securities estimates

Chinese subsidiary: Sales vs growth



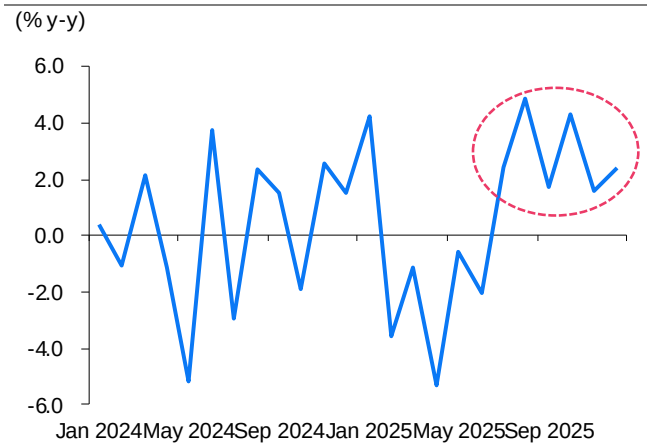
Source: Company data, Samsung Securities estimates

F&F: Domestic sales vs growth



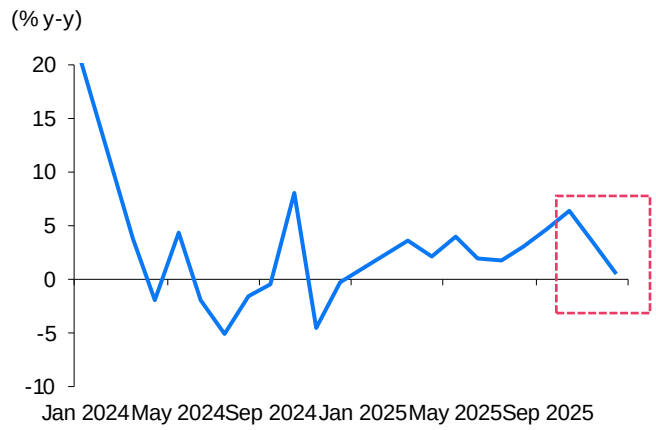
Source: Company data, Samsung Securities estimates

Korea: Monthly apparel sales growth



Source: Kostat, Samsung Securities

China: Monthly apparel sales growth



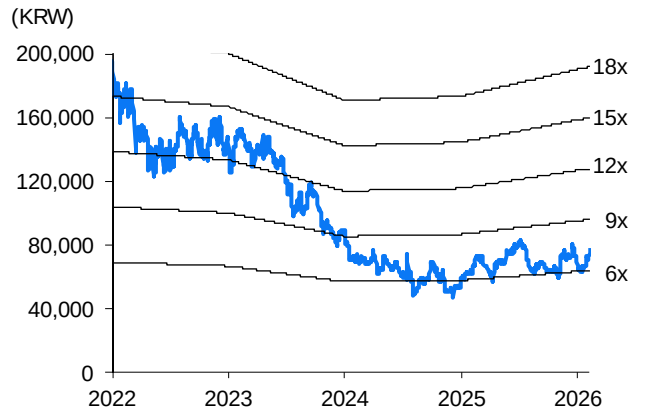
Source: CEIC, Samsung Securities

Global brand peer valuation

Company	Market cap	P/E (x)		EPS Growth (%)		P/B (x)		ROE (%)		Payout ratio (%)	
	(KRWb)	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
F&F	2,965	8.0	7.3	6.8	9.7	1.6	1.4	21.6	20.1	20.9	20.9
Misto Holdings	2,883	13.8	11.3	50.6	19.8	1.5	1.3	11.6	12.5	43.3	38.4
Gamsung	681	19.8	14.2	-	36.8	5.1	3.9	28.1	30.7	-	9.7
Shinsegae International	446	34.5	12.7	(72.0)	172.1	0.5	0.5	1.5	4.1	109.6	40.3
Handsome	472	10.1	8.0	(13.4)	26.7	0.3	0.3	3.1	4.0	35.9	32.6
Korea average		**17.3**	**10.5**	**(7.0)**	**53.0**	**1.8**	**1.5**	**13.2**	**14.3**	**52.4**	**28.4**
Nike	134,535	28.9	39.6	(41.4)	(27.0)	7.0	6.9	23.4	17.4	72.3	100.1
Adidas	48,062	20.4	14.6	80.1	40.0	4.4	3.7	22.2	26.7	39.3	38.8
Lulu Lemon	30,009	12.2	13.5	15.7	(9.4)	4.6	4.2	39.5	33.0	0.0	0.0
Amer Sports	31,888	42.5	33.8	103.3	25.8	3.9	3.5	9.2	10.8	0.0	0.0
Asics	27,698	31.2	26.4	44.7	18.1	11.1	8.6	37.2	36.7	21.8	22.3
Deckers	23,667	19.3	16.7	31.2	15.8	6.8	6.5	37.4	39.4	0.0	0.0
On Holdings	21,317	44.3	26.1	(6.1)	70.0	6.8	5.3	13.9	22.2	0.0	0.0
Under Armour	4,843	28.8	93.6	(47.5)	(69.2)	1.7	2.0	6.7	2.5	0.0	0.0
Mizuno	2,948	19.5	18.2	25.3	7.4	2.0	1.8	10.6	10.2	23.7	23.1
Global average		**27.5**	**31.4**	**22.8**	**7.9**	**5.4**	**4.7**	**22.2**	**22.1**	**17.5**	**20.5**

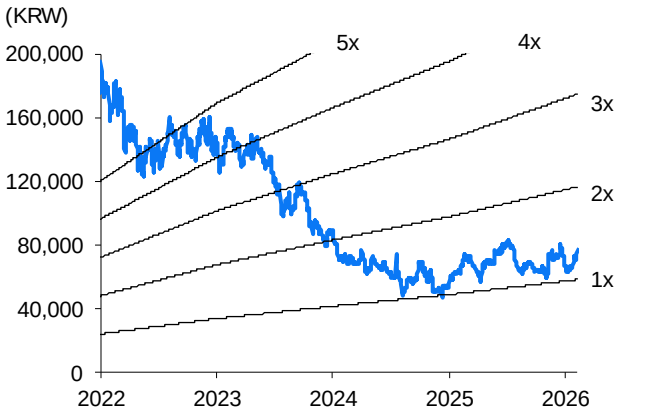
Note: As of Feb 10, 2026
Source: Bloomberg, Samsung Securities

F&F 12m FWD P/E band



Source: Bloomberg, Samsung Securities

F&F 12m FWD P/B band



Source: Bloomberg, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**1,978**	**1,896**	**1,934**	**2,058**	**2,242**
Cost of goods sold	632	649	642	679	735
Gross profit	**1,346**	**1,247**	**1,292**	**1,379**	**1,506**
Gross margin (%)	68.0	65.8	66.8	67.0	67.2
SG&A expenses	794	796	823	877	951
Operating profit	**552**	**451**	**469**	**502**	**555**
Operating margin (%)	27.9	23.8	24.2	24.4	24.8
Non-operating gains (losses)	**3**	**27**	**74**	**24**	**11**
Financial profit	27	37	40	57	47
Financial costs	27	30	39	34	35
Equity-method gains (losses)	8	28	86	12	10
Other	-5	-9	-13	-11	-12
Pre-tax profit	**555**	**477**	**542**	**526**	**566**
Taxes	130	121	139	126	136
Effective tax rate (%)	23.4	25.4	25.7	24.0	24.0
Profit from continuing operations	425	356	403	399	430
Profit from discontinued operations	0	0	0	0	0
Net profit	**425**	**356**	**403**	**399**	**430**
Net margin (%)	21.5	18.8	20.8	19.4	19.2
Net profit (controlling interests)	425	360	397	389	419
Net profit (non-controlling interests)	-0	-4	6	10	11
EBITDA	626	552	562	606	672
EBITDA margin (%)	31.6	29.1	29.1	29.5	30.0
EPS (parent-based) (KRW)	11,096	9,408	10,366	10,164	10,941
EPS (consolidated) (KRW)	11,095	9,292	10,519	10,426	11,223
Adjusted EPS (KRW)*	11,096	9,408	10,366	10,164	10,941

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**746**	**637**	**974**	**1,209**	**1,500**
Cash & equivalents	220	120	430	615	858
Accounts receivable	120	134	141	154	166
Inventories	341	325	342	373	404
Other current assets	65	58	61	67	72
Fixed assets	**1,259**	**1,649**	**1,691**	**1,800**	**1,894**
Investment assets	654	666	687	750	811
Tangible assets	135	501	444	494	532
Intangible assets	178	214	207	202	197
Other long-term assets	293	269	354	354	354
Total assets	**2,005**	**2,286**	**2,665**	**3,008**	**3,394**
Current liabilities	**487**	**522**	**587**	**603**	**638**
Accounts payable	94	103	108	118	128
Short-term debt	31	146	191	171	171
Other current liabilities	362	274	288	315	340
Long-term liabilities	**201**	**186**	**170**	**173**	**176**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	200	186	170	173	176
Total liabilities	**687**	**709**	**757**	**776**	**814**
Owners of parent equity	**1,291**	**1,562**	**1,888**	**2,202**	**2,539**
Capital stock	4	4	4	4	4
Capital surplus	318	318	318	318	318
Retained earnings	988	1,283	1,616	1,931	2,267
Other	-19	-43	-50	-50	-50
Non-controlling interests' equity	**27**	**15**	**20**	**30**	**41**
Total equity	**1,318**	**1,577**	**1,908**	**2,232**	**2,579**
Net debt	18	234	-46	-246	-484

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**477**	**399**	**376**	**468**	**521**
Net profit	425	356	403	399	430
Non-cash profit and expenses	205	202	169	212	241
Depreciation	67	79	79	89	102
Amortization	7	23	14	15	14
Other	132	101	76	108	124
Changes in A/L from operating activities	-13	-24	-49	-16	-15
Cash flow from investments	**-100**	**-453**	**-51**	**-142**	**-151**
Change in tangible assets	-23	-435	-58	-140	-140
Change in financial assets	-0	15	-0	-1	-1
Other	-77	-34	7	-1	-10
Cash flow from financing	**-261**	**-45**	**-56**	**-89**	**-77**
Change in debt	-1	102	30	-14	5
Change in equity	4	0	-0	0	0
Dividends	-61	-65	-64	-75	-82
Other	-203	-82	-22	0	0
Change in cash	118	-100	310	185	243
Cash at beginning of year	102	220	120	430	615
Cash at end of year	220	120	430	615	858
Gross cash flow	**630**	**558**	**572**	**612**	**670**
Free cash flow	**454**	**-36**	**318**	**328**	**381**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	9.4	-4.2	2.0	6.4	8.9
Operating profit	5.1	-18.3	4.0	7.1	10.6
Net profit	-4.0	-16.2	13.2	-0.9	7.6
Adjusted EPS**	-3.8	-15.2	10.2	-2.0	7.6
Per-share data (KRW)					
EPS (parent-based)	11,096	9,408	10,366	10,164	10,941
EPS (consolidated)	11,095	9,292	10,519	10,426	11,223
Adjusted EPS**	11,096	9,408	10,366	10,164	10,941
BVPS	33,834	41,565	50,361	58,748	67,730
DPS (common)	1,700	1,700	2,000	2,200	2,500
Valuations (x)					
P/E***	8.0	5.8	6.6	7.2	6.7
P/B***	2.6	1.3	1.4	1.2	1.1
EV/EBITDA	5.5	4.2	4.6	4.3	3.5
Ratios (%)					
ROE	38.4	25.3	23.0	19.0	17.7
ROA	23.8	16.6	16.3	14.1	13.4
ROIC	76.7	37.1	31.6	34.7	36.5
Payout ratio	15.3	17.7	18.9	21.2	22.4
Dividend yield (common)	1.9	3.1	2.9	3.0	3.4
Net debt to equity	1.3	14.9	-2.4	-11.0	-18.8
Interest coverage (x)	47.8	38.1	39.9	40.7	41.9

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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- As of 2/11 2026, the covering analyst(s) did not own any shares, or debt instruments convertible into shares, of any company covered in this report.
- As of 2/11 2026, Samsung Securities' holdings of shares and debt instruments convertible into shares of each company covered in this report would not, if such debt instruments were converted, exceed 1% of each company's outstanding shares.
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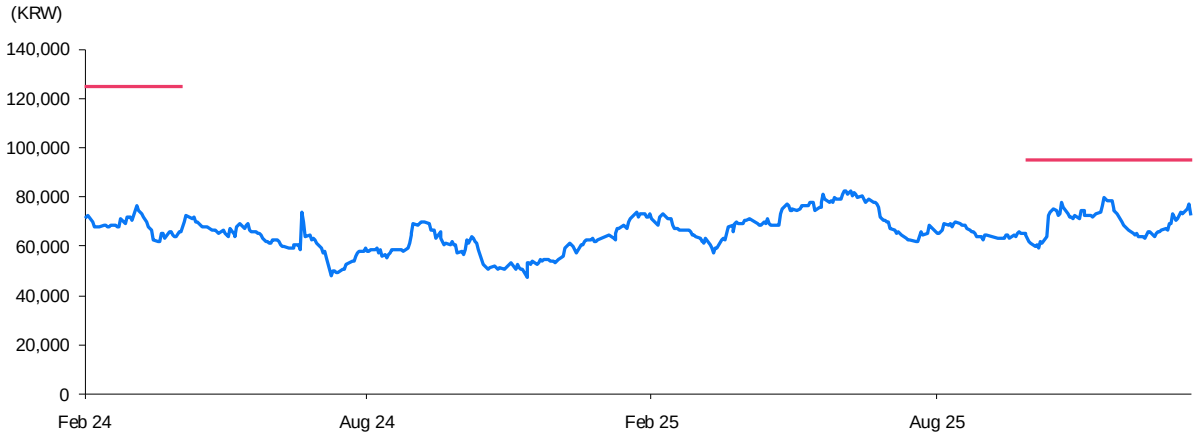
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/10/23	2025/10/29
Recommendation	BUY	BUY
Target price (KRW)	125000	95000
Gap* (average)	-38.07	
(max or min)**	-23.44	

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

Samsung Securities uses the following investment ratings*

Company

BUY	Expected to increase in value by 15% or more within 12 months and is highly attractive within sector
HOLD	Expected to increase/decrease in value by less than 15% within 12 months
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 2025.12.31

BUY(85.8%)·HOLD(14.2%)·SELL(0%)

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