COMPANY UPDATE

2026. 5. 19

Finance/Consumer Goods Team

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F&F (383220)

Strong 1Q prompts higher full-year guidance

• F&F delivered a 1Q earnings surprise, with sales and operating profit exceeding consensus by 6% and 14%, respectively.
• Reflecting the strong 1Q results, the company raised its full-year 2026 growth guidance from 4–5% to approximately 7%.
• With an 8% upward revision to our 2026 EPS estimate, we raise our target price by 6% to KRW90,000.

1Q operating profit surpasses consensus by 14%: F&F reported 1Q revenue of KRW560.9b (up 11% y-y) and an operating profit of KRW153.5b (up 24% y-y; for an operating margin of 27%), both exceeding consensus by 6% and 14%, respectively. The upside was driven by: 1) improved consumer sentiment in Korea and China; 2) increased inbound consumption due to rising foreign tourist arrivals and a weaker won; and 3) a pre-selling effect from select accessory products (eg, shoes, hats) in its China subsidiary. Operating profit growth was further amplified by operating leverage from revenue expansion, coupled with strategic initiatives including rationalization of underperforming stores, reduced discounting, and increased full-price sales. By business, sales at: 1) MLB Adult were up 15% (domestic) but down 7% (duty-free); 2) MLB Kids up 17% (domestic) and 8% (duty-free); 3) Discovery down 3% (domestic); and 4) China up 17%.

Raising full-year guidance reflecting 1Q strength: The company raised its full-year growth guidance in response to the strong 1Q performance. The previously stated guidance of 4–5% for overall company growth, as well as for MLB (domestic) and China subsidiary growth, has been revised to approximately 7%. While the magnitude of the revision may appear conservative (vs 1Q's robust growth), it reflects cautious assumptions accounting for ongoing geopolitical risks originating from the Middle East. Notably, most key business segments delivered double-digit growth in 1Q, and similar momentum is expected to continue into 2Q.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW90,000	10.4%
Current price	**KRW81,500**	
Market cap	KRW3.1t/USD2.1b	
Shares (float)	38,307,075 (35.0%)	
52-week high/low	KRW86,100/KRW59,500	
Avg daily trading value (60-day)	KRW7.0b/ USD4.7m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
F&F (%)	21.8	12.0	18.5
Vs Kospi (%pts)	0.4	-41.1	-58.6

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	90,000	85,000	5.9%
2026E EPS	11,279	11,279	0.0%
2027E EPS	12,144	12,144	0.0%

SAMSUNG vs THE STREET

No of estimates	8
Target price	98,625
Recommendation	4.0

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

SUMMARY 1Q26 RESULTS

(KRWb)	1Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	560.9	10.9	-2.5	0.0	6.0
Operating profit	153.5	24.2	15.5	0.0	13.9
Pre-tax profit	268.6	142.7	28.0	0.0	100.9
Net profit	197.6	139.3	27.7	0.0	84.5
Margins (%)					
Operating profit	27.4				
Pre-tax profit	47.9				
Net profit	35.2				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuations (x)			
P/E	6.6	7.2	6.7
P/B	1.4	1.4	1.2
EV/EBITDA	4.7	4.7	3.9
Div yield (%)	3.9	2.7	3.1
EPS growth (% y-y)	10.6	8.4	7.7
ROE (%)	23.2	21.1	19.4
Per-share data (KRW)			
EPS	10,404	11,279	12,144
BVPS	50,123	58,950	69,162
DPS	2,700	2,200	2,500

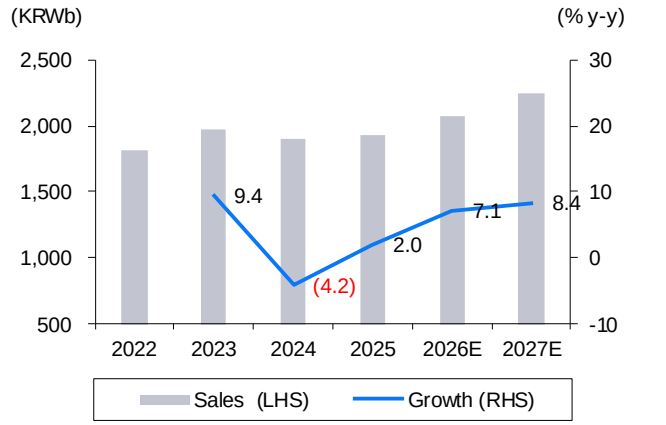
Raising target price to KRW90,000: Reflecting the stronger-than-expected 1Q results, we raise our 2026 EPS estimate by 8% and revise up our target price by 6% from KRW85,000 to KRW90,000. The target P/E multiple remains unchanged at 8x, incorporating continued geopolitical risks from the Middle East. If geopolitical tensions ease and the sustainability of earnings growth is confirmed, however, a re-rating of valuation should be possible.

F&F: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26P	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
Sales	506	379	474	575	561	411	498	602	1,896	1,934	2,072	2,243
MLB Adult (Korea+duty free)	84	84	70	93	91	89	72	97	343	331	348	355
MLB Kids (Korea+duty free)	19	18	15	22	22	19	15	22	74	73	78	86
MLB Export	190	129	339	199	160	144	360	207	619	856	870	956
Discovery	88	66	50	143	84	66	50	150	439	343	345	367
China	259	171	284	247	303	184	295	255	858	960	1,037	1,162
Asia	21	16	17	23	26	20	21	29	75	77	96	104
Gross profit	330	259	313	394	367	281	325	413	1,247	1,292	1,387	1,506
Operating profit	124	84	128	133	153	92	133	137	451	469	515	565
Net profit	83	63	101	155	198	55	87	92	356	401	433	466
Margins (%)												
Gross profit	65.2	68.3	66.1	68.5	65.5	68.5	65.2	68.6	65.8	66.8	67.0	67.2
Operating profit	24.4	22.2	27.0	23.1	27.4	22.3	26.6	22.8	23.8	24.2	24.9	25.2
Net profit	16.3	16.5	21.2	26.9	35.2	13.5	17.5	15.4	18.8	20.7	20.9	20.8
Chg (% y-y)												
Sales	(0.3)	(3.2)	5.2	5.3	10.9	8.4	5.0	4.7	(4.2)	2.0	7.1	8.3
MLB Adult (Korea+duty free)	(7.2)	(8.9)	(2.0)	4.6	7.8	5.6	2.5	5.2	(17.9)	(3.5)	5.4	2.0
MLB Kids (Korea+duty free)	(7.7)	0.6	4.3	0.9	16.2	7.7	1.2	(1.1)	(13.3)	(0.9)	6.0	10.3
MLB Export	23.3	78.7	32.1	46.1	(15.9)	11.5	6.3	4.0	(10.2)	38.5	1.6	9.9
Discovery	(17.3)	(24.1)	(19.8)	(21.9)	(5.3)	(0.6)	(0.9)	4.9	(5.5)	(21.9)	0.5	6.5
China	8.2	10.5	13.5	15.4	17.2	8.0	4.0	3.0	5.5	12.0	8.0	12.0
Asia	(6.6)	(6.8)	7.9	13.4	24.9	24.9	24.9	24.9	(2.9)	2.0	24.9	8.3
Gross profit	(0.8)	(4.6)	10.0	10.0	11.4	8.7	5.2	4.9	(7.4)	3.6	7.4	8.6
Operating profit	(5.1)	(8.5)	18.2	10.4	24.2	9.1	3.5	3.3	(18.3)	4.0	9.9	9.7
Net profit	(14.3)	(15.3)	26.2	46.2	139.3	(11.4)	(13.4)	(40.3)	(16.2)	12.6	8.0	7.7

Source: Company data, Samsung Securities estimates

F&F: Sales and growth

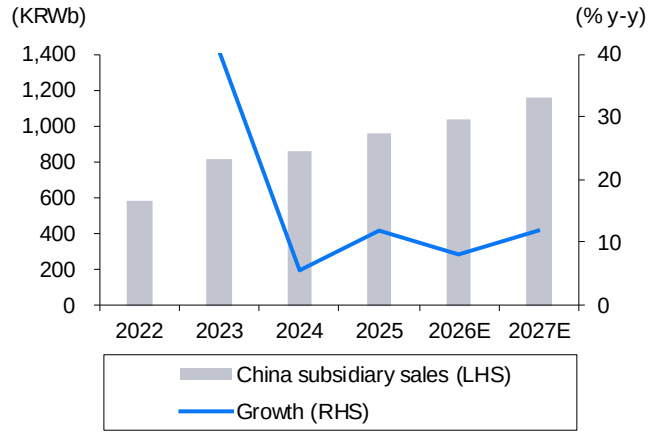


Source: company data, Samsung Securities estimates

F&F: Operating profit and operating margin

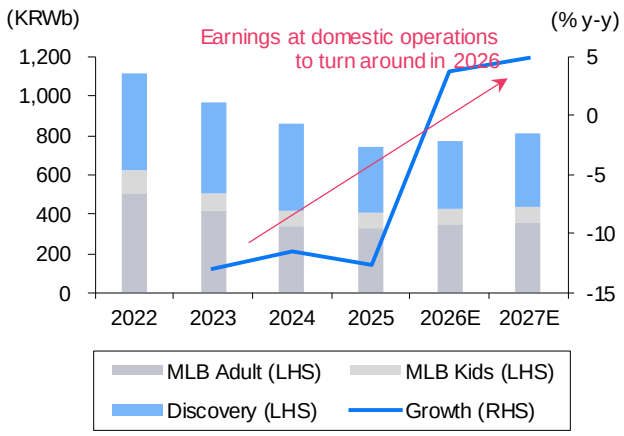
Source: company data, Samsung Securities estimates

China subsidiary: Sales and growth



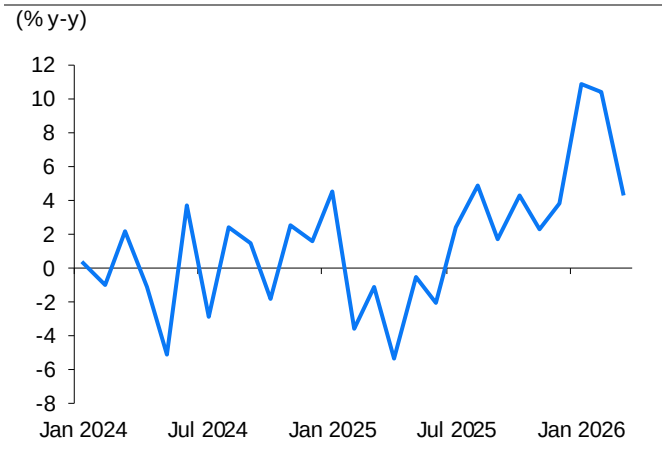
Source: company data, Samsung Securities estimates

Sales and growth in Korea



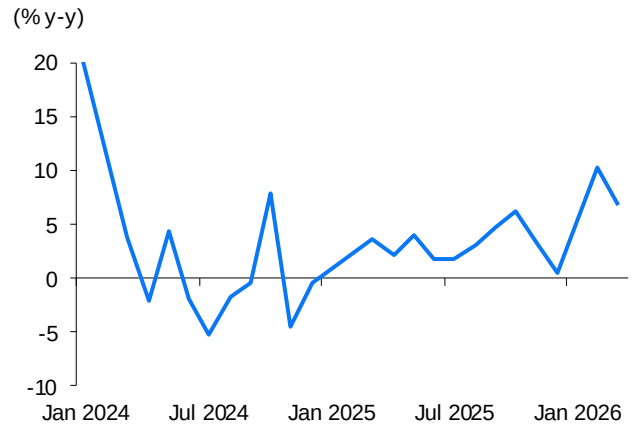
Source: company data, Samsung Securities estimates

Korea: Monthly apparel sales growth



Source: Korea statistics, Samsung Securities

China: Monthly apparel sales growth



Source: CEIC, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**1,896**	**1,934**	**2,072**	**2,243**	**2,455**
Cost of goods sold	649	642	685	737	801
Gross profit	**1,247**	**1,292**	**1,387**	**1,506**	**1,653**
Gross margin (%)	65.8	66.8	67.0	67.2	67.3
SG&A expenses	796	823	872	941	984
Operating profit	**451**	**469**	**515**	**565**	**669**
Operating margin (%)	23.8	24.2	24.9	25.2	27.3
Non-operating gains (losses)	**27**	**73**	**73**	**69**	**73**
Financial profit	37	38	35	35	42
Financial costs	30	43	44	45	48
Equity-method gains (losses)	28	90	95	90	90
Other	-9	-11	-12	-12	-12
Pre-tax profit	**477**	**542**	**588**	**633**	**742**
Taxes	121	141	156	168	196
Effective tax rate (%)	25.4	26.1	26.4	26.4	26.4
Profit from continuing operations	356	401	433	466	546
Profit from discontinued operations	0	0	0	0	0
Net profit	**356**	**401**	**433**	**466**	**546**
Net margin (%)	18.8	20.7	20.9	20.8	22.2
Net profit (controlling interests)	360	399	432	465	545
Net profit (non-controlling interests)	-4	2	1	1	1
EBITDA	552	563	621	683	759
EBITDA margin (%)	29.1	29.1	30.0	30.5	30.9
EPS (parent-based) (KRW)	9,408	10,404	11,279	12,144	14,230
EPS (consolidated) (KRW)	9,292	10,460	11,297	12,163	14,252
Adjusted EPS (KRW)*	9,408	10,404	11,279	12,144	14,230

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**637**	**942**	**1,197**	**1,523**	**2,037**
Cash & equivalents	120	325	551	822	1,276
Accounts receivable	134	151	158	171	186
Inventories	325	403	422	458	498
Other current assets	58	63	66	71	78
Fixed assets	**1,649**	**1,709**	**1,787**	**1,885**	**1,867**
Investment assets	666	742	776	842	914
Tangible assets	501	422	470	506	430
Intangible assets	214	190	185	181	168
Other long-term assets	269	356	356	356	356
Total assets	**2,286**	**2,651**	**2,984**	**3,408**	**3,904**
Current liabilities	**522**	**583**	**581**	**617**	**656**
Accounts payable	103	105	110	120	130
Short-term debt	146	186	166	166	166
Other current liabilities	274	291	305	331	359
Long-term liabilities	**186**	**190**	**192**	**197**	**203**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	186	190	192	197	203
Total liabilities	**709**	**773**	**774**	**814**	**858**
Owners of parent equity	**1,562**	**1,879**	**2,210**	**2,592**	**3,044**
Capital stock	4	4	4	4	4
Capital surplus	318	307	307	307	307
Retained earnings	1,283	1,619	1,949	2,332	2,784
Other	-43	-51	-51	-51	-51
Non-controlling interests' equity	**15**	**0**	**1**	**1**	**2**
Total equity	**1,577**	**1,879**	**2,210**	**2,594**	**3,046**
Net debt	234	39	-204	-472	-921

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**399**	**355**	**526**	**565**	**615**
Net profit	356	401	433	466	546
Non-cash profit and expenses	202	183	260	283	276
Depreciation	79	80	92	104	76
Amortization	23	14	15	14	13
Other	101	89	153	165	187
Changes in A/L from operating activities	-24	-105	-10	-19	-20
Cash flow from investments	**-453**	**-32**	**-147**	**-151**	**-2**
Change in tangible assets	-435	-24	-140	-140	0
Change in financial assets	15	-9	-1	-1	-2
Other	-34	1	-7	-10	-0
Cash flow from financing	**-45**	**-115**	**-118**	**-77**	**-88**
Change in debt	102	20	-17	5	6
Change in equity	-0	-10	0	0	0
Dividends	-65	-64	-101	-82	-94
Other	-82	-61	0	-0	0
Change in cash	-100	206	225	271	454
Cash at beginning of year	220	120	325	551	822
Cash at end of year	120	325	551	822	1,276
Gross cash flow	**558**	**584**	**692**	**749**	**822**
Free cash flow	**-36**	**331**	**386**	**425**	**615**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	-4.2	2.0	7.1	8.3	9.4
Operating profit	-18.3	4.0	9.9	9.7	18.5
Net profit	-16.2	12.6	8.0	7.7	17.2
Adjusted EPS**	-15.2	10.6	8.4	7.7	17.2
Per-share data (KRW)					
EPS (parent-based)	9,408	10,404	11,279	12,144	14,230
EPS (consolidated)	9,292	10,460	11,297	12,163	14,252
Adjusted EPS**	9,408	10,404	11,279	12,144	14,230
BVPS	41,565	50,123	58,950	69,162	81,206
DPS (common)	1,700	2,700	2,200	2,500	2,500
Valuations (x)					
P/E***	5.8	6.6	7.2	6.7	5.7
P/B***	1.3	1.4	1.4	1.2	1.0
EV/EBITDA	4.2	4.7	4.7	3.9	2.9
Ratios (%)					
ROE	25.3	23.2	21.1	19.4	19.3
ROA	16.6	16.2	15.4	14.6	14.9
ROIC	37.1	31.1	34.0	35.5	42.3
Payout ratio	17.7	25.4	19.1	20.1	17.2
Dividend yield (common)	3.1	3.9	2.7	3.1	3.1
Net debt to equity	14.9	2.1	-9.2	-18.2	-30.2
Interest coverage (x)	38.1	40.1	43.0	44.0	51.3

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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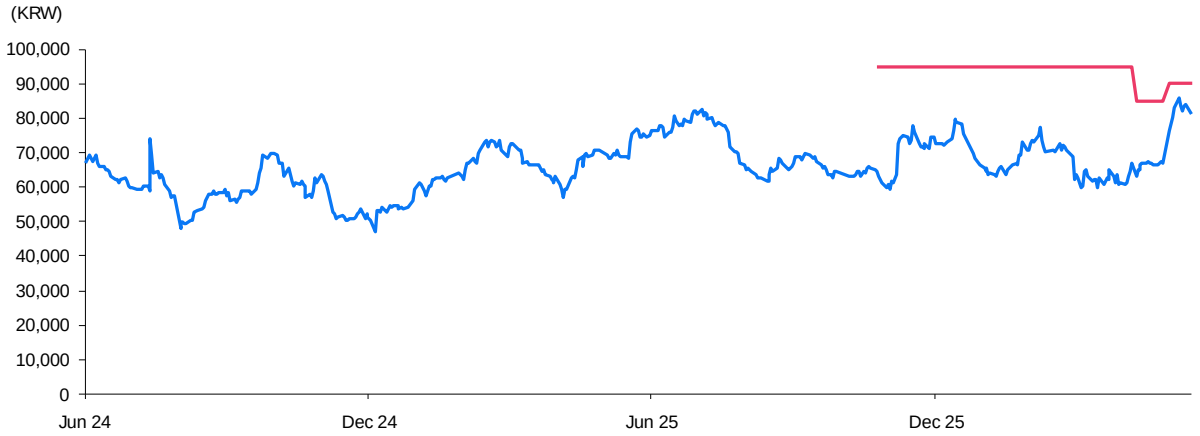
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2025/10/29	2026/4/13	5/4
Recommendation	BUY	BUY	BUY
Target price (KRW)	95000	85000	90000
Gap* (average)	-28.10	-21.50	
(max or min)**	-16.11	-20.35	

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

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Percentage of ratings in 12 months prior to 2026.03.31

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