COMPANY UPDATE

2026. 8. 3

Finance/Consumer Goods Team

Hyein Lee
Analyst
hyeining.lee@samsung.com

▶ AT A GLANCE

BUY

Target price	**KRW100,000**	**24.2%**
Current price	**KRW80,500**	
Market cap	KRW3.1t/USD2.2b	
Shares (float)	38,307,075 (35.0%)	
52-week high/low	KRW86,100/KRW59,500	
Avg daily trading value (60-day)	KRW7.8b/ USD5.5m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
F&F (%)	4.3	10.1	15.2
Vs Kospi (%pts)	34.0	-12.8	-43.3

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	100,000	90,000	11.1%
2026E EPS	12,559	12,559	0.0%
2027E EPS	12,580	12,580	0.0%

▶ SAMSUNG vs THE STREET

No of estimates	10
Target price	98,800
Recommendation	4.0

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

Scan to go to
Research Center report database

F&F (383220)

2Q review: Temporary setback but trajectory intact

- F&F reported a 2Q operating profit that missed consensus by 12%, due to weaker-than-anticipated sales growth at its China operations and increased advertising spends.
- Unlike the slightly disappointing 2Q, we expect sales and profit growth to accelerate in 2H.
- We raise our target 11% to KRW100,000 (8x P/E) and maintain BUY.

WHAT'S THE STORY?

2Q operating profit misses consensus by 12%: F&F reported 2Q sales of KRW399.6b (up 6% y-y) and an operating profit of KRW86.5b (up 3% y-y). Both fell short of consensus by 3% and 12%, respectively, as: 1) Chinese operations grew sales by just 4% (vs our estimated 8%) due to strategic shipment adjustments made to manage dealership inventory levels in China; and 2) advertising costs swelled 32% y-y to KRW25.7b (6.4% of sales). However, since the company typically spends 5-6% of annual sales on marketing, the pressure from advertising costs relative to sales should ease in 2H. By business, sales at: 1) MLB Adult Korea were up 12%; 2) MLB Kids Korea were up 20%; 3) Discovery were down 5%; 4) Chinese operations were up 4%; and 5) Hong Kong operations were up 19%.

Sales and profit growth to accelerate in 2H: Unlike the slightly disappointing 2Q, we expect sales and profit growth to accelerate in 2H. We believe: 1) MLB's sales in Korea will maintain double-digit growth, amid booming inbound tourism; 2) MLB's retail sales in China are holding up well, so when the company winds down shipment adjustments, sales from its Chinese operations can grow faster; and 3) Discovery's store openings in China will be concentrated in the fall-winter season, with initial sales volume likely to help speed up earnings.

Raising target price to KRW100,000 (based on 8x P/E) and maintaining BUY: Raising our earnings estimates, we revise up our target price by 11% KRW100,000 (based on 8x forward P/E). We maintain our BUY rating.

SUMMARY 2Q26 RESULTS

(KRWb)	2Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	399.6	5.5	(28.8)	(2.2)	(3.1)
Operating profit	86.5	2.9	(43.6)	(11.7)	(12.0)
Pre-tax profit	92.8	7.9	(65.4)	13.5	(11.9)
Net profit	73.0	16.5	(63.0)	21.4	2.8
Margins (%)					
Operating profit	21.6				
Pre-tax profit	23.2				
Net profit	18.3				

Source: Company data, Fnguide, Samsung Securities estimates

VALUATION SUMMARY

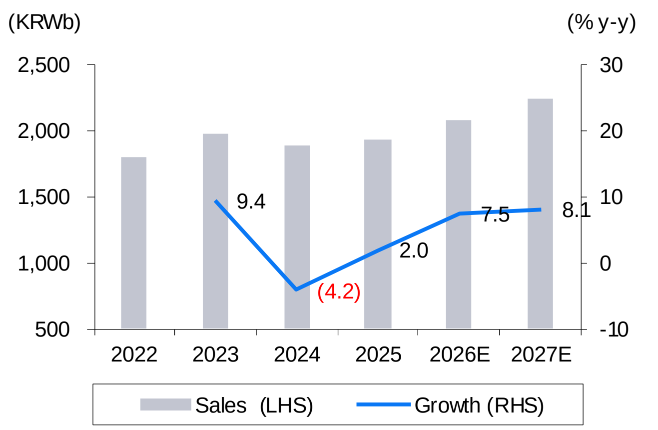
	2025	2026E	2027E
Valuation (x)			
P/E	6.6	6.4	6.4
P/B	1.4	1.3	1.1
EV/EBITDA	4.7	4.4	3.7
Div yield (%)	3.9	4.0	4.0
EPS growth (% y-y)	10.6	20.7	0.2
ROE (%)	23.2	23.2	19.7
Per-share data (KRW)			
EPS	10,404	12,559	12,580
BVPS	50,123	60,420	70,035
DPS	2,700	3,242	3,247

F&F: Earnings forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26P	3Q26E	4Q26E	2024	2025	2026E	2027E
Sales	506	379	474	575	561	400	501	616	1,896	1,934	2,078	2,247
MLB Adult (Korea+duty free)	84	84	70	93	91	94	75	105	343	331	365	372
MLB Kids (Korea+duty free)	19	18	15	22	22	21	16	25	74	73	84	101
MLB Export	190	129	339	199	160	120	360	207	619	856	846	890
Discovery	88	66	50	143	84	63	49	148	439	343	344	367
China	259	171	284	247	303	178	298	265	858	960	1,043	1,169
Asia	21	16	17	23	26	19	20	28	75	77	93	100
Gross profit	330	259	313	394	368	281	327	423	1,247	1,292	1,399	1,506
Operating profit	124	84	128	133	153	86	143	155	451	469	538	583
Net profit	83	63	101	155	198	73	100	111	356	401	481	482
(% to sales)												
Gross profit	65.2	68.3	66.1	68.5	65.6	70.4	65.2	68.6	65.8	66.8	67.3	67.0
Operating profit	24.4	22.2	27.0	23.1	27.4	21.6	28.6	25.1	23.8	24.2	25.9	26.0
Net profit	16.3	16.5	21.2	26.9	35.2	18.3	19.9	17.9	18.8	20.7	23.2	21.4
Chg (% y-y)												
Sales	(0.3)	(3.2)	5.2	5.3	10.9	5.5	5.7	7.1	(4.2)	2.0	7.5	8.1
MLB Adult (Korea+duty free)	(7.2)	(8.9)	(2.0)	4.6	7.8	11.7	8.0	13.7	(17.9)	(3.5)	10.5	1.8
MLB Kids (Korea+duty free)	(7.7)	0.6	4.3	0.9	16.2	19.7	10.6	11.7	(13.3)	(0.9)	14.6	19.7
MLB Export	23.3	78.7	32.1	46.1	(15.9)	(7.0)	6.3	4.0	(10.2)	38.5	(1.2)	5.1
Discovery	(17.3)	(24.1)	(19.8)	(21.9)	(0.6)	(4.7)	(2.2)	3.6	(5.5)	(21.9)	0.1	6.8
China	8.2	10.5	13.5	15.4	17.2	4.0	5.0	7.0	5.5	12.0	8.6	12.0
Asia	(6.6)	(6.8)	7.9	13.4	25.0	19.6	19.6	19.6	(2.9)	2.0	21.1	7.4
Gross profit	(0.8)	(4.6)	10.0	10.0	11.5	8.7	5.9	7.3	(7.4)	3.6	8.3	7.7
Operating profit	(5.1)	(8.5)	18.2	10.4	24.2	2.9	12.0	16.4	(18.3)	4.0	14.8	8.4
Net profit	(14.3)	(15.3)	26.2	46.2	139.3	16.5	(0.7)	(28.5)	(16.2)	12.6	20.1	0.2

Source: Company data, Samsung Securities estimates

F&F: Sales and growth

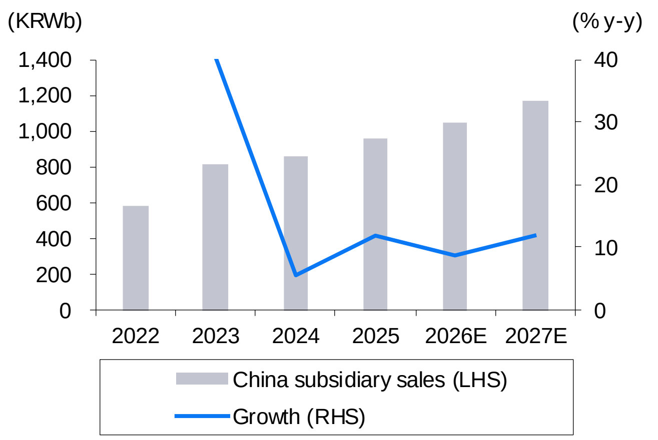


Source: Company data, Samsung Securities estimates

F&F: operating profit and operating margin

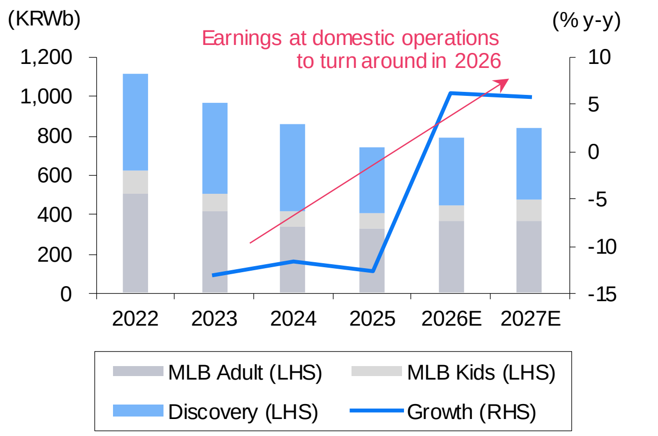
Source: Company data, Samsung Securities estimates

China subsidiary: Sales and growth



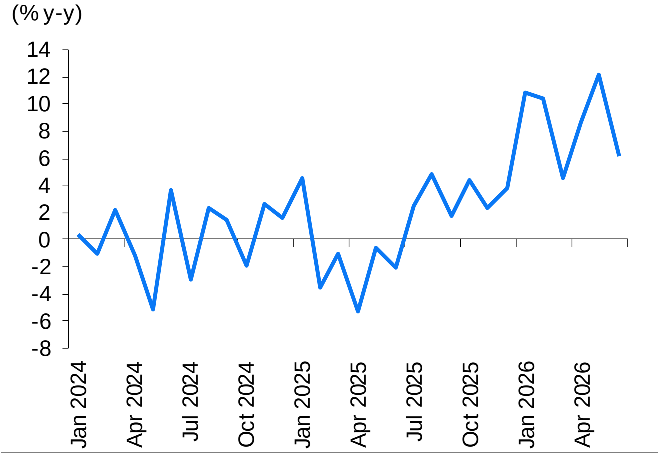
Source: Company data, Samsung Securities estimates

Sales and growth in Korea



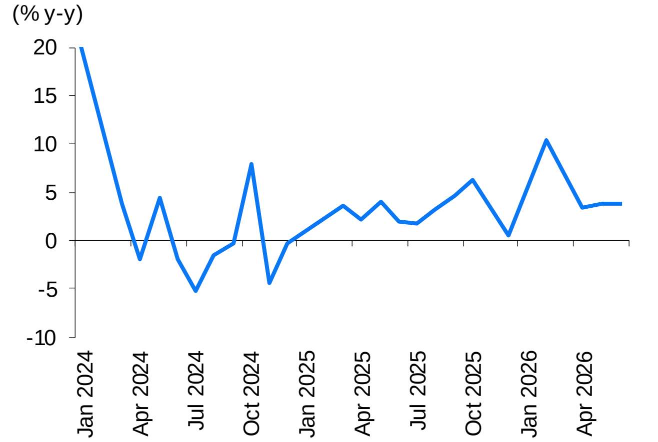
Source: Company data, Samsung Securities estimates

Korea: Monthly apparel sales growth



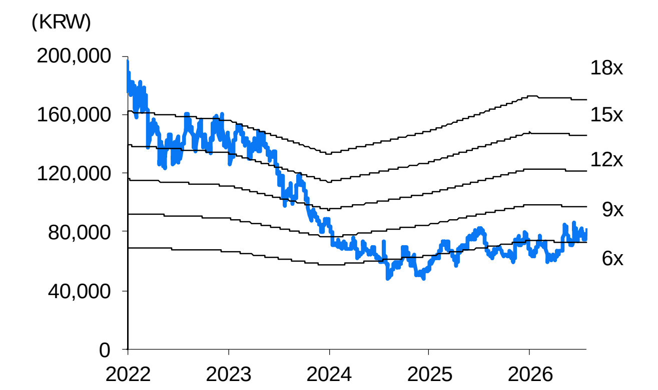
Source: Korea statistics, Samsung Securities

China: Monthly apparel sales growth



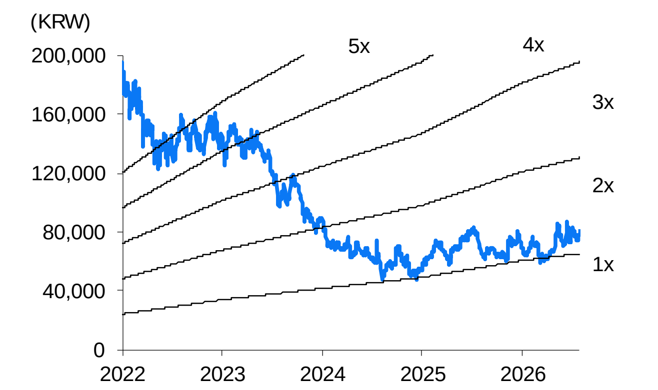
Source: CEIC, Samsung Securities

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)	2024	2025	2026E	2027E	2028E
Sales	**1,896**	**1,934**	**2,078**	**2,247**	**2,397**
Cost of goods sold	649	642	679	740	788
Gross profit	**1,247**	**1,292**	**1,399**	**1,506**	**1,609**
Gross margin (%)	65.8	66.8	67.3	67.0	67.1
SG&A expenses	796	823	861	923	958
Operating profit	**451**	**469**	**538**	**583**	**651**
Operating margin (%)	23.8	24.2	25.9	26.0	27.2
Non-operating gains (losses)	**27**	**73**	**97**	**43**	**30**
Financial profit	37	38	68	49	43
Financial costs	30	43	35	34	40
Equity-method gains (losses)	28	90	-31	40	40
Other	-9	-11	95	-12	-12
Pre-tax profit	**477**	**542**	**635**	**626**	**682**
Taxes	121	141	154	144	157
Effective tax rate (%)	25.4	26.1	24.2	23.0	23.0
Profit from continuing operations	356	401	481	482	525
Profit from discontinued operations	0	0	0	0	0
Net profit	**356**	**401**	**481**	**482**	**525**
Net margin (%)	18.8	20.7	23.2	21.4	21.9
Net profit (controlling interests)	360	399	481	482	525
Net profit (non-controlling interests)	-4	2	0	0	0
EBITDA	552	563	617	669	722
EBITDA margin (%)	29.1	29.1	29.7	29.8	30.1
EPS (parent-based) (KRW)	9,408	10,404	12,559	12,580	13,701
EPS (consolidated) (KRW)	9,292	10,460	12,559	12,580	13,701
Adjusted EPS (KRW)*	9,408	10,404	12,559	12,580	13,701

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**637**	**942**	**1,432**	**1,703**	**2,156**
Cash & equivalents	120	325	771	989	1,396
Accounts receivable	134	151	162	175	186
Inventories	325	403	432	467	497
Other current assets	58	63	67	73	77
Fixed assets	**1,649**	**1,709**	**1,676**	**1,804**	**1,788**
Investment assets	666	742	794	857	912
Tangible assets	501	422	393	461	403
Intangible assets	214	190	181	177	164
Other long-term assets	269	356	309	309	309
Total assets	**2,286**	**2,651**	**3,108**	**3,507**	**3,943**
Current liabilities	**522**	**583**	**658**	**693**	**722**
Accounts payable	103	105	113	122	130
Short-term debt	146	186	233	233	233
Other current liabilities	274	291	312	337	359
Long-term liabilities	**186**	**190**	**185**	**190**	**194**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	186	190	185	190	194
Total liabilities	**709**	**773**	**843**	**882**	**915**
Owners of parent equity	**1,562**	**1,879**	**2,265**	**2,625**	**3,028**
Capital stock	4	4	4	4	4
Capital surplus	318	307	307	307	307
Retained earnings	1,283	1,619	1,999	2,359	2,762
Other	-43	-51	-45	-45	-45
Non-controlling interests' equity	**15**	**0**	**0**	**0**	**0**
Total equity	**1,577**	**1,879**	**2,265**	**2,625**	**3,028**
Net debt	234	39	-365	-580	-984

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**399**	**355**	**362**	**549**	**579**
Net profit	356	401	481	482	525
Non-cash profit and expenses	202	183	129	226	218
Depreciation	79	80	65	72	58
Amortization	23	14	14	14	13
Other	101	89	50	140	148
Changes in A/L from operating activities	-24	-105	-123	-18	-15
Cash flow from investments	**-453**	**-32**	**113**	**-151**	**-1**
Change in tangible assets	-435	-24	-22	-140	0
Change in financial assets	15	-9	-1	-1	-1
Other	-34	1	136	-9	1
Cash flow from financing	**-45**	**-115**	**-78**	**-116**	**-117**
Change in debt	102	20	42	5	4
Change in equity	-0	-10	0	0	0
Dividends	-65	-64	-101	-122	-122
Other	-82	-61	-19	0	0
Change in cash	-100	206	446	218	407
Cash at beginning of year	220	120	325	771	989
Cash at end of year	120	325	771	989	1,396
Gross cash flow	**558**	**584**	**610**	**708**	**743**
Free cash flow	**-36**	**331**	**340**	**409**	**579**

Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation
Source: Company data, Samsung Securities estimates

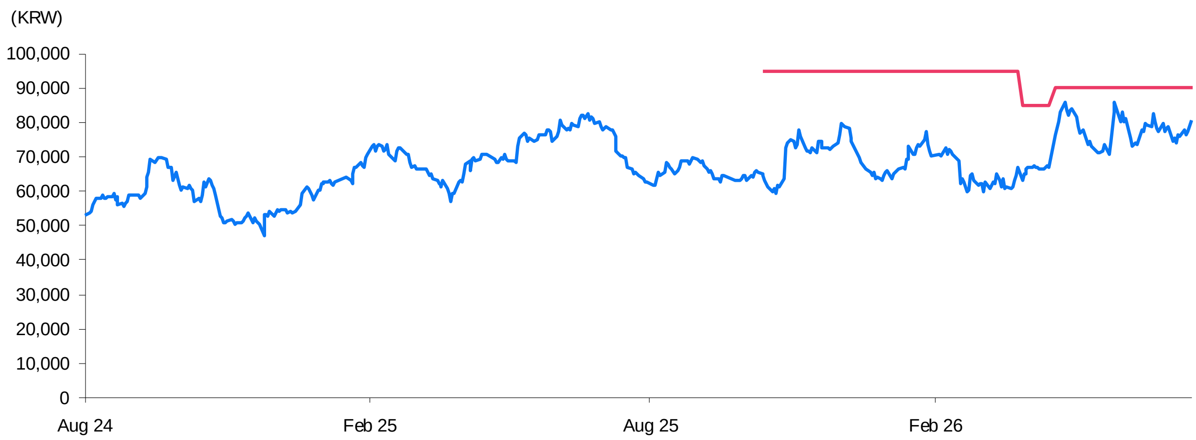
Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	-4.2	2.0	7.5	8.1	6.7
Operating profit	-18.3	4.0	14.8	8.4	11.7
Net profit	-16.2	12.6	20.1	0.2	8.9
Adjusted EPS**	-15.2	10.6	20.7	0.2	8.9
Per-share data (KRW)					
EPS (parent-based)	9,408	10,404	12,559	12,580	13,701
EPS (consolidated)	9,292	10,460	12,559	12,580	13,701
Adjusted EPS**	9,408	10,404	12,559	12,580	13,701
BVPS	41,565	50,123	60,420	70,035	80,790
DPS (common)	1,700	2,700	3,242	3,247	3,537
Valuations (x)					
P/E***	5.8	6.6	6.4	6.4	5.9
P/B***	1.3	1.4	1.3	1.1	1.0
EV/EBITDA	4.2	4.7	4.4	3.7	2.9
Ratios (%)					
ROE	25.3	23.2	23.2	19.7	18.6
ROA	16.6	16.2	16.7	14.6	14.1
ROIC	37.1	31.1	38.1	40.8	44.8
Payout ratio	17.7	25.4	25.3	25.3	25.3
Dividend yield (common)	3.1	3.9	4.0	4.0	4.4
Net debt to equity	14.9	2.1	-16.1	-22.1	-32.5
Interest coverage (x)	38.1	40.1	43.3	43.4	48.0

Compliance notice

- As of 7/31 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 7/31 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.
- This report has been prepared without any undue external influence or interference, and accurately reflects the views of the analyst(s) covering the company or companies herein.
- All material presented in this report, unless specifically indicated otherwise, is under copyright to Samsung Securities.
- Neither the material nor its content (including copies) may be altered in any form, or by any means transmitted, copied, or distributed to another party, without prior express written permission from Samsung Securities.
- This memorandum is based upon information available to the public. While we have taken all reasonable care to ensure its reliability, we do not guarantee its accuracy or completeness. This memorandum is not intended to be an offer, or a solicitation of any offer, to buy or sell the securities mentioned herein. Samsung Securities shall not be liable whatsoever for any loss, direct or consequential, arising from the use of this memorandum or its contents. Statements made regarding affiliates of Samsung Securities are also based upon publicly available information and do not necessarily represent the views of management at such affiliates.
- This material has not been distributed to institutional investors or other third parties prior to its publication.

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	8/3
Recommendation	BUY	BUY	BUY	BUY
Target price (KRW)	95000	85000	90000	100000
Gap* (average)	-28.10	-21.50	-13.37	
(max or min)**	-16.11	-20.35	-4.33	

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 2026.06.30

BUY(85.5%)·HOLD(14.5%)·SELL(0%)

Global Disclosures & Disclaimers

General

This research report is for information purposes only. It is not and should not be construed as an offer or solicitation of an offer to purchase or sell any securities or other financial instruments or to participate in any trading strategy. This report does not provide individually tailored investment advice. This report does not take into account individual client circumstances, objectives, or needs and is not intended as recommendations of particular securities, financial instruments or strategies to any particular client. The securities and other financial instruments discussed in this report may not be suitable for all investors. The recipient of this report must make its own independent decisions regarding any securities or financial instruments mentioned herein and investors should seek the advice of a financial adviser.

This report may not be altered, reproduced, distributed, transmitted or published in whole or in part for any purpose. References to "Samsung Securities" are references to any company in the Samsung Securities, Co., Ltd. group of companies.

Samsung Securities and/or other affiliated companies, its and their directors, officers, representatives, or employees may have long or short positions in any of the securities or other financial instruments mentioned in this report or of issuers described herein and may purchase and/or sell, or offer to purchase and/or sell, at any time, such securities or other financial instruments in the open market or otherwise, as either a principal or agent. Any pricing of securities or other financial instrument contained herein is as of the close of market for such day, unless otherwise stated. Opinions and estimates contained herein constitute our judgment as of the date of this report and are subject to change without notice.

The information provided in this report is provided "AS IS". Although the information contained herein has been obtained from sources believed to be reliable, no representation or warranty, either expressed or implied, is provided by Samsung Securities in relation to the accuracy, completeness or reliability of such information or that such information was provided for any particular purpose and Samsung Securities expressly disclaims any warranties of merchantability or fitness for a particular purpose. Furthermore, this report is not intended to be a complete statement or summary of the securities, markets or developments referred to herein.

Samsung Securities does not undertake that investors will obtain any profits, nor will it share with investors any investment profits. Samsung Securities, its affiliates, or any of its and their affiliates, directors, officers, employees or agents disclaim any and all responsibility or liability whatsoever for any loss (direct or consequential) or damage arising out of the use of all or any part of this report or its contents or otherwise arising in connection therewith. Information and opinions contained herein are subject to change without notice. Past performance is not indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned in this report. For investment advice, trade execution or other enquiries, clients should contact their local sales representative. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of Samsung Securities. Any analysis contained herein is based on numerous assumptions. Different assumptions may result in materially different results. Samsung Securities is under no obligation to update or keep current the information contained herein. Samsung Securities relies on information barriers to control the flow of information contained in one or more areas or groups within Samsung Securities into other areas or groups of Samsung Securities. Any prices stated in this report are for information purposes only and do not represent valuations for individual securities or other financial instruments. Samsung Securities makes no representation that any transaction can or could have been effected at those prices and any prices contained herein may not reflect Samsung Securities' internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by Samsung Securities or any other source may yield substantially different results. Additional information is available upon request.

For reports to be distributed to US:

Securities research is prepared, issued and exclusively distributed by Samsung Securities Co., Ltd., an organization licensed with the Financial Supervisory Service of South Korea. This research may be distributed in the United States only to major institutional investors as defined in Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended, and may not be circulated to any other person otherwise. All transactions by U.S. investors involving securities discussed in this report must be effected through Samsung Securities (America) Inc., a broker-dealer registered with the U.S. Securities & Exchange Commission and a member of the Financial Industry Regulatory Authority/SIPC, and not through any non-U.S. affiliate thereof. The analysts listed [on the front of this report] are employees of Samsung Securities Co., Ltd., or a non-U.S. affiliate thereof, and are not registered/qualified as research analysts under applicable U.S. rules and regulations and may not be subject to U.S. restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account.

For reports to be distributed to UK:

This report is not an invitation nor is it intended to be an inducement to engage in investment activity for the purpose of section 21 of the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA"). To the extent that this report does constitute such an invitation or inducement, it is directed only at (i) persons who are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as amended) of the United Kingdom (the "Financial Promotion Order"); (ii) persons who fall within Articles 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order; and (iii) any other persons to whom this report can, for the purposes of section 21 of FSMA, otherwise lawfully be made (all such persons together being referred to as "relevant persons").

Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons. Persons who are not relevant persons must not act or rely on this report.

For reports to be distributed to Korea:

This report is for private circulation only, not for sale, and is issued and distributed only to persons permitted under the laws and regulations of Korea.

For reports to be distributed to Singapore:

This report is provided pursuant to the financial advisory licensing exemption under Regulation 27(1)(e) of the Financial Advisers Regulation of Singapore and accordingly may only be provided to persons in Singapore who are "institutional investors" as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore. This report is intended only for the person to whom Samsung Securities has provided this report and such person may not send, forward or transmit in any way this report or any copy of this report to any other person.

Analyst certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of such analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research report. The analyst(s) principally responsible for the preparation of this research report receives compensation based on determination by research management and senior management (not including investment banking), based on the overall revenues, including investment banking revenues of Samsung Securities Co., Ltd. and its related entities and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

Samsung Securities

SAMSUNG SECURITIES

Samsung Electronics Bldg., 11, 74-gil,
Seochodae-ro, Seocho-gu, Seoul, Korea 06620
Tel: 02 2020 8000 / www.samsungpop.com

Family Center: 1588 2323

Voice Of Customer: 080 911 0900

For more information, please call our sales representatives:

LONDON

Samsung Securities Europe Limited
1st Floor, 30 Gresham Street, London EC2V 7PG UK
Tel. 44-207-776-4311
Fax. 44-203-837-9219

NEW YORK

Samsung Securities America Limited
1330 Avenue of the Americas. 10th Floor. New York,
NY 10019
Tel: 1-212-972-2454
Fax: 1-212-972-2704

HONG KONG

Samsung Securities (Asia) Limited
Suite 4511, Two International Finance Center,
8 Finance Street, Central, Hong Kong
Tel: 852-3411-3608
Fax: 852-2114-0290

BEIJING

Samsung Securities Beijing Representative Office
Rm. 910, The Exchange Building No 118 JianGuo Lu, Chao
Yang District, Beijing, China
Tel: 86-10-6522-1855 (extension 7891)
Fax: 86-10-6522-1855 (extension 7889)

TOKYO

Samsung Securities Tokyo Representative Office
#106-8532 19F, Roppongi T-Cube 3-1-1,
Roppongi Minato-ku Tokyo, Japan
Tel: 81-3-6333-2952
Fax: 81-3-6333-2953