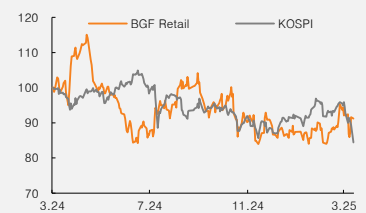


(Maintain)	Buy
Target price	W140,000
Current price (4/7/25)	W108,000
Upside	29.6%

OP (25F, Wbn)	261
Consensus OP (25F, Wbn)	271
EPS growth (25F, %)	1.2
Market EPS growth (25F, %)	25.0
P/E (25F, x)	9.4
Market P/E (25F, x)	8.5
KOSPI	2,328.20

Market cap (Wbn)	1,867
Shares (mn)	17
Free float (%)	47.7
Foreign ownership (%)	28.5
Beta (12M)	0.17
52-week low (W)	99,400
52-week high (W)	136,200

(%)	1M	6M	12M
Absolute	4.7	-2.4	-7.7
Relative	15.2	9.5	7.6



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BGF Retail

Resilient share performance expected

1Q25 preview: Unfavorable weather hurt customer traffic

For 1Q25, we expect BGF Retail to post below-consensus results, with revenue of W2.01tr (+3% YoY) and operating profit of W29.5bn (-10% YoY). Amid unfavorable weather, industry-wide foot traffic at convenience stores declined 2% YoY in January and 5% YoY in February and likely continued to decline slightly in March.

We estimate convenience store revenue at W1.99tr (+2% YoY). Although net store additions (+4% YoY) were in line with expectations—putting the firm on track to meet its full-year target of 700—same-store sales (SSS) likely fell 2% YoY due to sluggish traffic. Harsh winter weather (with heavy snowfall and severe cold in January and February) dampened Lunar New Year holiday demand, and cold snaps/erratic weather continued to weigh on traffic in March. We estimate convenience store operating profit fell 20% YoY to W26.8bn (OP margin of 1.4%), hurt by weaker SSS as well as product mix deterioration (lower share of food/general merchandise sales due to slower foot traffic and higher share of cigarette sales).

Meanwhile, the “other” segment is likely to post solid revenue of W28bn (+630% YoY) and operating profit of W2.7bn (swinging to profit; OP margin of 10%) thanks to the consolidation of BGF Networks, partially offsetting the weakness in core operations.

Solid fundamentals; resilient share performance expected

While 1Q25 earnings and SSS growth are likely to disappoint, we see limited further downside to shares. Excluding the weather-driven decline in foot traffic, other metrics such as spending per customer and net store additions were largely in line with expectations. In particular, store openings (previously a point of concern) remain on track to meet the firm’s target. Once weather conditions stabilize, we expect the firm to return to its historical growth trajectory (i.e., mid-single-digit growth in net store additions and convenience store revenue and low-single-digit SSS growth).

BGF Retail is currently trading at a 12-month forward P/E of 9x, near the lower end of its historical range and in line with the sector average. Of note, the valuation premium traditionally assigned to convenience stores (due to their higher growth potential vs. other offline retail channels) appears to have been fully unwound due to slowing SSS growth. All in all, we believe earnings and valuation have limited downside and expect the stock to stay relatively resilient.

(Dec.)	2023	2024	2025F	2026F	2027F
Revenue (Wbn)	8,195	8,699	9,106	9,503	9,922
OP (Wbn)	253	252	261	275	288
OP margin (%)	3.1	2.9	2.9	2.9	2.9
NP (Wbn)	196	195	198	210	221
EPS (W)	11,331	11,295	11,430	12,137	12,799
ROE (%)	19.2	17.3	15.9	15.3	14.6
P/E (x)	11.6	9.1	9.4	8.9	8.4
P/B (x)	2.1	1.5	1.4	1.3	1.2
Dividend yield (%)	3.1	4.0	3.8	4.2	4.2

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

Table 1. Annual earnings and forecasts

(Wbn)

	2022	2023	2024	2025F	2026F	2027F
Revenue	7,616	8,195	8,699	9,106	9,503	9,922
Convenience stores	7,578	8,132	8,592	8,957	9,350	9,764
Other	38	63	107	148	154	158
OP	252	253	252	261	275	288
Convenience stores	249	241	230	235	248	260
Other	3	12	21	26	27	28
Pretax profit	254	248	245	257	272	287
NP	194	196	195	198	210	221
OP margin (%)	3.3	3.1	2.9	2.9	2.9	2.9
Revenue growth (% YoY)	12.3	7.6	6.2	4.7	4.4	4.4
OP growth (% YoY)	26.6	0.3	(0.6)	3.7	5.4	4.7
NP growth (% YoY)	31.1	1.2	(0.3)	1.2	6.2	5.5

Source: Company data, Mirae Asset Securities Research

Table 2. Quarterly earnings and forecasts

(Wbn)

	1Q24	2Q24	3Q24	4Q24	2024	1Q25F	2Q25F	3Q25F	4Q25F	2025
Revenue	1,954	2,203	2,326	2,216	8,699	2,014	2,309	2,449	2,334	9,106
Convenience stores	1,950	2,174	2,291	2,177	8,592	1,987	2,269	2,411	2,291	8,957
Other	4	29	35	39	107	28	40	38	42	148
OP	33	76	91	52	252	30	78	95	59	261
Convenience stores	33	69	82	45	230	27	70	86	53	235
Other	-1	7	9	6	21	3	7	9	7	26
Pretax profit	31	74	89	51	245	28	77	93	58	257
NP	23	58	70	43	195	22	59	72	45	198
OP margin (%)	1.7	3.5	3.9	2.3	2.9	1.5	3.4	3.9	2.5	2.9
Revenue growth (% YoY)	5.6	5.0	5.4	8.6	6.2	3.1	4.8	5.3	5.3	4.7
OP growth (% YoY)	(11.8)	(2.4)	4.8	1.1	(0.6)	(9.5)	1.9	3.7	15.0	3.7
NP growth (% YoY)	(15.5)	(1.7)	(0.2)	12.6	(0.3)	(6.6)	0.8	2.9	3.2	1.2

Source: Company data, Mirae Asset Securities Research

Table 3. Valuation table

(W)

	Notes
12MF EPS	11,613
Target P/E (x)	12 30% premium to the retail sector avg.; new store additions remain on track
Fair value per share	135,871
Target price	140,000
Current price	108,000
Upside (%)	29.6

Source: Mirae Asset Securities Research

BGF Retail (282330 KS)

Income statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Revenue	8,699	9,106	9,503	9,922
Cost of revenue	7,073	7,412	7,733	8,069
GP	1,626	1,694	1,770	1,853
SG&A expenses	1,374	1,432	1,496	1,564
OP (adj.)	252	261	275	288
OP	252	261	275	288
Non-operating profit	-7	-4	-3	-1
Net financial income	-23	-8	9	23
Net income from associates	-1	-1	-1	-1
Pretax profit	245	257	272	287
Income tax	50	59	63	66
Profit from continuing operations	195	198	210	221
Profit from discontinued operations	0	0	0	0
NP	195	198	210	221
Attributable to owners	195	198	210	221
Attributable to minority interests	0	0	0	0
Total comprehensive income	181	198	210	221
Attributable to owners	181	198	210	221
Attributable to minority interests	0	0	0	0
EBITDA	767	641	583	554
FCF	550	453	334	302
EBITDA margin (%)	8.8	7.0	6.1	5.6
OP margin (%)	2.9	2.9	2.9	2.9
Net margin (%)	2.2	2.2	2.2	2.2

Balance sheet (summarized)

(Wbn)	2024	2025F	2026F	2027F
Current assets	1,052	1,399	1,686	1,938
Cash & equivalents	325	634	889	1,106
AR & other receivables	243	256	265	277
Inventory	212	223	233	244
Other current assets	272	286	299	311
Non-current assets	2,351	2,193	2,106	2,062
Investments in associates	18	19	20	21
PP&E	834	662	562	503
Intangible assets	79	76	74	73
Total assets	3,403	3,592	3,792	4,000
Current liabilities	1,296	1,364	1,424	1,487
AP & other payables	0	0	0	0
Short-term financial liabilities	537	565	590	615
Other current liabilities	759	799	834	872
Non-current liabilities	922	924	926	928
Long-term financial liabilities	881	881	881	881
Other non-current liabilities	41	43	45	47
Total liabilities	2,218	2,289	2,350	2,415
Equity attributable to owners	1,184	1,303	1,442	1,585
Capital stock	17	17	17	17
Capital surplus	322	322	322	322
Retained earnings	831	958	1,097	1,240
Minority interests	0	0	0	0
Shareholders' equity	1,184	1,303	1,442	1,585

Cash flow statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Operating cash flow	769	653	534	502
NP	195	198	210	221
Non-cash income/expenses	593	602	362	309
Depreciation	506	372	300	258
Amortization	9	8	8	7
Other	78	222	54	44
Chg. in working capital	28	16	16	15
Chg. in AR & other receivables	20	-9	-8	-8
Chg. in inventory	-35	-11	-10	-10
Chg. in AP & other payables	56	0	0	0
Income tax	-55	0	-63	-66
Cash flow from investing activities	-346	-313	-277	-273
Chg. in PP&E	-218	-200	-200	-200
Chg. in intangible assets	-5	-5	-6	-6
Chg. in financial assets	0	-28	-25	-26
Other	-123	-80	-46	-41
Cash flow from financing activities	-400	-43	-284	-201
Chg. in financial liabilities	-10	28	25	26
Chg. in equity	0	0	0	0
Dividends	-71	-71	-71	-78
Other	-319	0	-238	-149
Chg. in cash	22	309	256	217
Beginning balance	302	325	634	889
Ending balance	325	634	889	1,106

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

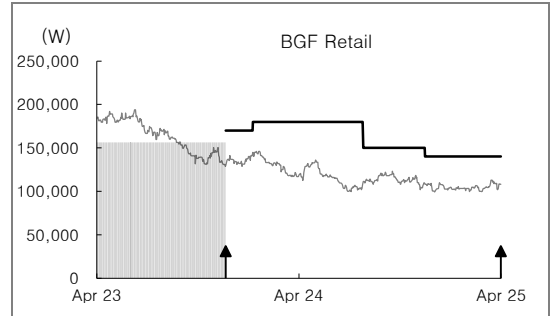
	2024	2025F	2026F	2027F
P/E (x)	9.1	9.4	8.9	8.4
P/CF (x)	2.2	2.3	3.3	3.5
P/B (x)	1.5	1.4	1.3	1.2
EV/EBITDA (x)	3.4	3.8	3.8	3.6
EPS (W)	11,295	11,430	12,137	12,799
CFPS (W)	45,601	46,275	33,067	30,678
BPS (W)	68,611	75,470	83,509	91,811
DPS (W)	4,100	4,100	4,500	4,500
Dividend payout ratio (%)	36.3	35.9	37.1	35.1
Dividend yield (%)	4.0	3.8	4.1	4.1
Revenue growth (%)	6.2	4.7	4.4	4.4
EBITDA growth (%)	5.0	-16.4	-9.1	-5.0
OP growth (%)	-0.6	3.7	5.4	4.7
EPS growth (%)	-0.3	1.2	6.2	5.5
AR turnover (x)	50.0	52.7	52.5	52.5
Inventory turnover (x)	44.7	41.8	41.6	41.6
AP turnover (x)	0.0	0.0	0.0	0.0
ROA (%)	5.9	5.6	5.7	5.7
ROE (%)	17.3	15.9	15.3	14.6
ROIC (%)	11.6	12.2	14.2	15.8
Debt-to-equity ratio (%)	187.3	175.7	163.0	152.3
Current ratio (%)	81.1	102.5	118.4	130.4
Net debt-to-equity ratio (%)	72.6	43.5	22.6	7.7
Interest coverage ratio (x)	4.9	5.1	5.2	5.4

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
BGF Retail (282330)	11/22/24	Buy	140,000
	08/02/24	Buy	150,000
	01/16/24	Buy	180,000
	11/28/23	Buy	170,000



Stock ratings

Buy	Expected 12-month performance: +20% or greater
Trading Buy	Expected 12-month performance: +10% to +20%
Hold	Expected 12-month performance: -10% to +10%
Sell	Expected 12-month performance: -10% or worse

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

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	83.98%	6.63%	8.84%	0.55%
Investment banking services	88.24%	0%	11.76%	0%

* Based on recommendations in the last 12-months (as of March 31, 2025)

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