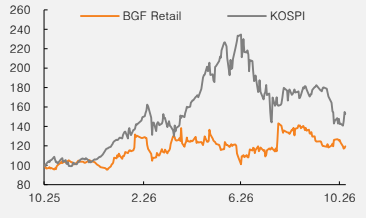
MIRAE ASSET Securities

Equity Research
October 30, 2026

(Initiate)	**Buy**
Target price	**W185,000**
Current price (10/29/26)	W127,800
Upside	44.8%

OP (26F, Wbn)	328
Consensus OP (26F, Wbn)	303
EPS growth (26F, %)	23.0
Market EPS growth (26F, %)	278.0
P/E (26F, x)	9.2
Market P/E (26F, x)	5.4
KOSPI	5,937.66
Market cap (Wbn)	2,209
Shares (mn)	17
Free float (%)	54.3
Foreign ownership (%)	39.9
Beta (12M)	-0.22
52-week low (W)	102,000
52-week high (W)	153,100

(%)	1M	6M	12M
Absolute	-3.6	-3.9	23.7
Relative	11.5	8.3	-15.0



Mirae Asset Securities Co., Ltd.

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282330 KS · Retail

BGF Retail

Store network advantage and improving product margins

Initiate coverage with Buy rating and TP of W185,000

We initiate coverage of BGF Retail with a Buy rating and target price of W185,000. Our investment case rests on three factors: 1) the company has continued net store additions while competitors have closed underperforming locations, widening its store network advantage at a time when consumer spending is recovering; 2) sales to foreign shoppers rose 60% YoY and accounted for more than 20% of same-store sales (SSS) growth in 2Q26; and 3) a lower tobacco sales share and higher foreign customer sales have improved the merchandise mix, lifting gross margin to a record 19.1% in 2Q26. Our target price is based on a P/E of 10.8x—the average 12-month forward P/E in 2024—and 2027F EPS of W17,131.

Smaller rivals' retreat benefits the two market leaders

Korea's convenience store market is split among four major players: CU (35.2%), GS25 (33.8%), 7-Eleven (20.7%), and Emart24 (10.3%). The two smaller players have posted losses for four consecutive years, limiting their ability to invest in product development and store facilities. Meanwhile, BGF Retail (CU) has been the only operator to continue adding stores on a net basis since 2025. Without changing location, switching a store to the CU brand can lift sales by 10%, increasing the incentive for franchisees to switch. The quality of new store openings is also improving: in 2Q26, new stores' average daily sales reached 100.4% of those at existing stores, up 6.6%p YoY. Meanwhile, the share of new stores at premises leased by BGF Retail fell 5.9%p, reducing the company's up-front investment burden.

Foreign customers boost traffic and margins

SSS grew 4.2% in 2Q26, led by a 3% increase in customer traffic. Sales to foreign shoppers jumped 60%, accounting for more than 20% (approximately 0.9%p) of SSS growth. Tobacco accounts for just over 10% of foreign shoppers' purchases, well below the roughly 37% share for Korean customers. Therefore, as foreign customer sales grow, the merchandise mix improves. The recorded foreign shopper sales mix was 2.2% in 2Q26, but the actual share is likely higher. In a channel where the average transaction value is only around W7,000, cash payments are common, making customer nationality harder to identify. Notably, BGF Retail aims to grow sales to foreign customers through separate initiatives targeting tourists and foreign residents.

Gross margin improvement becoming structural

Gross margin reached 19.1% in 2Q26, its highest level since listing, supported by a 1.2%p decline in the tobacco mix and higher sales of food and processed food. If weather patterns continue to make 2Q conditions more summer-like, the selling season for high-margin beverages and ice cream could lengthen. In 2Q26, sales of CU-exclusive ice cream and beverage products grew 30.6% and 13.6%, respectively. We expect these mix shifts to persist, supporting margins. Slower new store openings by competing channels, including budget coffee chains and unmanned convenience stores, also support this view. Of note, our operating profit forecasts exceed the consensus by 11% for 2H26 and 16% for 2027.

(Dec.)	2024	2025	2026F	2027F	2028F
Revenue (Wbn)	8,699	9,061	9,533	9,972	10,376
OP (Wbn)	252	254	328	394	438
OP margin (%)	2.9	2.8	3.4	3.9	4.2
NP (Wbn)	195	195	240	296	330
EPS (W)	11,295	11,297	13,897	17,131	19,065
ROE (%)	17.3	15.6	17.2	18.6	18.0
P/E (x)	9.1	9.3	9.2	7.5	6.7
P/B (x)	1.5	1.4	1.5	1.3	1.1
Dividend yield (%)	4.0	3.9	3.2	3.2	3.2

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

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Valuation

We derive our target price of W185,000 by applying a P/E of 10.8x—the average 12-month forward P/E in 2024—to our 2027 EPS estimate of W17,131. We use the 2024 average multiple, when the convenience store sector was growing, to reflect the earnings recovery we expect from improvements in per-store efficiency and product mix. We do not use the 2025 average of 8.8x, which reflected a period of stagnation in the sector. Our 10.8x target multiple is around 26% below the 14.6x average for global convenience store peers (17.5x for Seven & i Holdings; 11.8x for CP All).

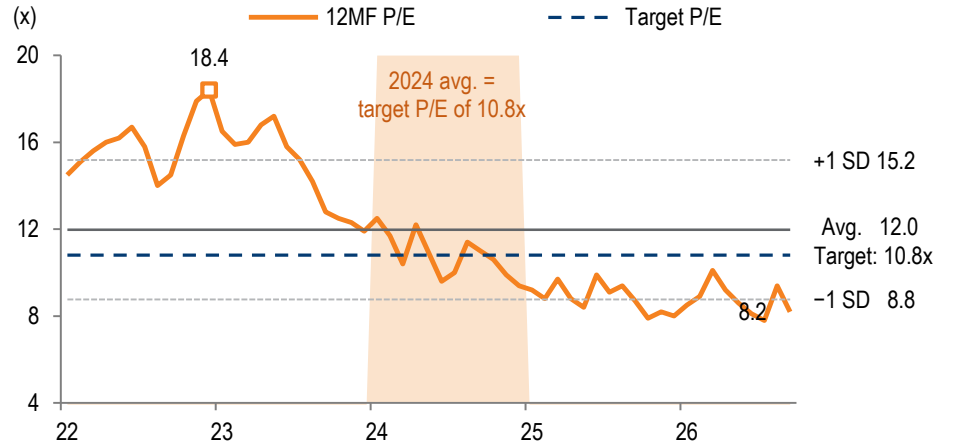
The discount to global peers reflects the limited scope for growth in Korea, where the convenience store market has reached maturity in terms of store count. BGF Retail operates 855 stores overseas, but royalty income from these stores is too small to lift its gross margin by even 0.1%p. The company therefore remains exposed primarily to the Korean market. Convenience stores' share of the broader retail market has also stayed at around 6.1%, indicating that the channel itself is not gaining share.

Table 1. BGF Retail: TP calculation

	Value	Notes
2026F NP attributable to owners of the parent (Wbn)	240.2	
2026F EPS (W)	13,897	Shares outstanding: 17,284,000
2027F EPS (W)	17,131	
Current price (W)	127,700	Oct. 26 closing price
Current P/E (x)	7.5	Based on 2027F EPS (9.2x based on 2026F EPS)
Target P/E (x)	10.8	Avg. 12MF P/E in 2024 (vs. 8.8x in 2025 amid sector stagnation)
TP (W)	185,000	
Upside (%)	44.9	

Source: Mirae Asset Securities Research

Figure 1. BGF Retail: 12-month forward P/E (target P/E of 10.8x)



Notes: Our P/E series is calculated by dividing month-end market cap by the sum of NP attributable to owners of the parent for four quarters beginning with the relevant quarter; we reconstructed historical multiples using available results and our forecasts, and they therefore differ from the consensus-based forward P/E at each historical date; the shaded area denotes 2024; the avg. and ±1 SD are calculated over Jan. 2022–Sep. 2026

Source: Company data, KRX, Mirae Asset Securities Research estimates

Table 2. Global peer valuations (Wtr, x, %)

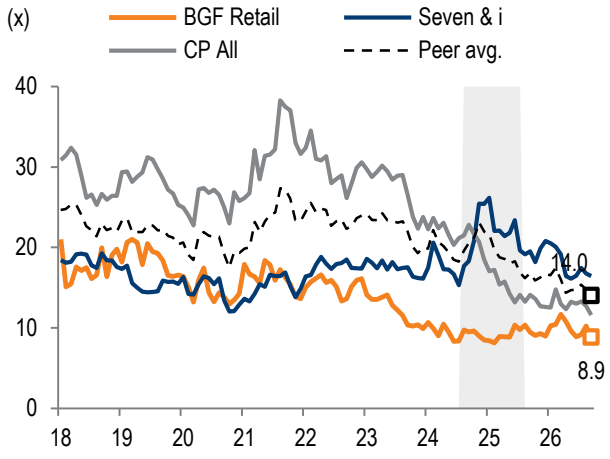
Company	Country	Market cap	Revenue		OP		P/E		P/B		EV/EBITDA		Returns	
			26F	27F	26F	27F	26F	27F	26F	27F	26F	27F	1M	YTD
BGF Retail	Korea	2.2	9.5	9.9	0.31	0.34	9.6	8.5	1.5	1.3	3.6	3.2	-3.9	21.5
Seven & i Holdings	Japan	41.7	89.0	87.7	3.63	3.63	17.3	17.5	1.4	1.3	7.5	7.4	6.5	-5.1
CP All	Thailand	15.4	40.9	42.7	2.23	2.35	12.9	11.8	2.6	2.3	10.1	9.4	0.0	1.1
Couche-Tard	Canada	71.8	116.7	115.6	5.91	6.40	18.2	16.5	3.0	2.9	9.5	8.7	5.4	10.3
Casey's	US	34.5	27.8	27.8	1.51	1.64	33.1	30.2	5.9	5.2	17.1	15.7	17.6	27.4

Notes: Based on Oct. 26 closing prices and Bloomberg consensus estimates (including for BGF Retail); 2026F and 2027F correspond to FY1 and FY2, with Japanese companies that have March year-ends shown on a fiscal-year basis; market cap, revenue, and OP are converted into won.
Source: Bloomberg, Mirae Asset Securities Research

We use the 2024 average multiple rather than the 2025 average because a stagnant convenience store market does not necessarily mean stagnant growth for BGF Retail. CU leads the market with a 35.2% share, followed by GS25 at 33.8%, 7-Eleven at 20.7%, and Emart24 at 10.3%. The two smaller operators have recorded losses for four consecutive years, limiting their ability to invest in product development and store facilities. According to BGF Retail, stores that switched to the CU brand saw sales grow 10% from their pre-conversion levels. This gives franchisees approaching the end of their contracts a stronger incentive to switch to the leading operator. Of note, BGF Retail is the only operator to have continued adding stores on a net basis since 2025, positioning it for market share gains even if the channel as a whole remains stagnant.

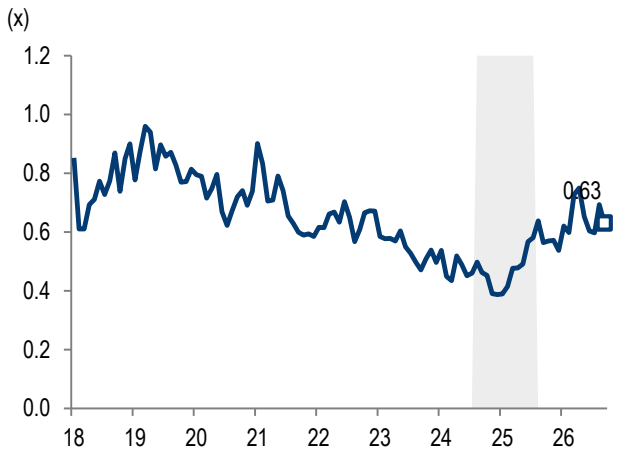
We believe the valuation has yet to fully reflect this advantage. The stock is trading at a 2026F P/E of 9.2x, which appears low relative to its ROE of 17.2%. Its ROE exceeds the peer average of 14.4%, but its P/E is only around two-thirds of the peer average. At 9.2x, the stock is also well below its post-relisting consensus-based average P/E of 13.8x and has only begun to recover from the 2025 average of 8.8x.

Figure 2. 12-month forward P/E comparison: BGF Retail vs. global peers



Notes: Peer avg. is the simple avg. of Seven & i and CP All; the shaded area marks the period of the takeover proposal for Seven & i
Source: Bloomberg, Mirae Asset Securities Research

Figure 3. BGF Retail: P/E relative to peers



Notes: Relative P/E is BGF Retail's 12MF P/E divided by the peer avg.; the shaded area marks the period of the takeover proposal for Seven & i, which temporarily lifted the peer avg. and lowered BGF Retail's relative P/E
Source: Bloomberg, Mirae Asset Securities Research

Earnings outlook

We forecast consolidated revenue to rise from W9.06tr in 2025 to W9.53tr (+5.2% YoY) in 2026, W9.97tr (+4.6% YoY) in 2027, and W10.38tr (+4% YoY) in 2028. With store count growing more slowly than in the past, higher sales per store should be the main driver of top-line growth.

We forecast consolidated operating profit to increase from W253.9bn in 2025 to W327.7bn (+29% YoY) in 2026, W393.6bn (+20.1% YoY) in 2027, and W437.6bn (+11.2% YoY) in 2028, with OP margin expanding from 2.8% in 2025 to 4.2% in 2028. Of the roughly 1.4%p improvement in OP margin, we expect 0.6%p to come from a higher gross margin (18.6% in 2025, 18.9% in 2026, and 19.2% in 2028) and about 0.9%p from a lower SG&A expense ratio (15.8% in 2025, 15.5% in 2026, and 15.0% in 2028).

Our forecasts assume that the merchandise mix improvements seen in 2Q26—including a lower tobacco sales share and growth in high-margin categories—will persist. We also assume depreciation expenses will remain flat YoY in 2H26 (as in 1H26), given the smaller share of new stores opening under franchisor-leased arrangements. Meanwhile, we expect depreciation expenses to rise 1% in 2027 and 2% in 2028. These gross margin and depreciation assumptions explain why our operating profit forecasts exceed the consensus by 7% for 2026 and 16% for 2027. On a quarterly basis, we assume gross margin peaks at 19.3% in 3Q26 before declining seasonally to 18.8% in 4Q26.

We forecast net profit attributable to owners of the parent at W240.2bn in 2026, W296.1bn in 2027, and W329.5bn in 2028. EPS should rise from W13,897 in 2026 to W19,065 in 2028.

Table 3. BGF Retail: Annual earnings (Wbn)

	2025	2026F	2027F	2028F
Revenue	9,061	9,533	9,972	10,376
Food	1,214	1,308	1,395	1,480
Processed food	3,890	4,128	4,361	4,581
Tobacco	3,297	3,388	3,477	3,546
Non-food	456	484	506	529
Other/consolidation adj.	203	226	232	239
COGS	7,374	7,728	8,067	8,384
SG&A	1,433	1,477	1,511	1,554
OP	254	328	394	438
OP margin (%)	2.8	3.4	3.9	4.2
Pretax profit	247	316	390	434
NP attributable to owners	195	240	296	330
EPS (W)	11,303	13,897	17,131	19,065

Notes: 2025 EPS is the reported figure; estimates from 2026F onward are based on total shares issued
Source: Company data, Mirae Asset Securities Research

Table 4. BGF Retail: Quarterly and annual earnings (Wbn)

	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26F	4Q26F	2024	2025	2026F	2027F
Revenue	2,016	2,290	2,462	2,292	2,120	2,427	2,561	2,426	8,699	9,061	9,533	9,972
Food	271	302	325	317	295	327	344	342	1,139	1,214	1,308	1,395
Processed food	849	994	1,068	979	895	1,064	1,122	1,047	3,801	3,890	4,128	4,361
Tobacco	755	830	893	820	763	864	911	851	3,184	3,297	3,388	3,477
Non-food	101	112	120	124	109	119	125	131	467	456	484	506
Other.	41	52	56	54	59	53	58	55	107	203	226	232
COGS	1,647	1,861	1,998	1,868	1,729	1,963	2,067	1,970	7,073	7,374	7,728	8,067
SG&A	347	360	367	360	353	379	375	370	1,374	1,433	1,477	1,511
OP	23	69	98	64	38	85	119	86	252	254	328	394
OP margin (%)	1.1	3.0	4.0	2.8	1.8	3.5	4.6	3.5	2.9	2.8	3.4	3.9
Pretax profit	17	67	99	64	38	75	118	85	245	247	316	390
NP attributable to owners	13	53	79	50	29	57	89	65	195	195	240	296

Source: Company data, Mirae Asset Securities Research

BGF Retail (282330 KS)

Income statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Revenue	**9,061**	**9,533**	**9,972**	**10,376**
Cost of revenue	**7,374**	**7,728**	**8,067**	**8,384**
GP	**1,687**	**1,805**	**1,905**	**1,992**
SG&A expenses	**1,433**	**1,477**	**1,511**	**1,554**
OP (adj.)	**254**	**328**	**394**	**438**
OP	**254**	**328**	**394**	**438**
Non-operating profit	**-7**	**-12**	**-4**	**-4**
Net financial income	-19	8	-12	-12
Net income from associates	1	0	0	0
Pretax profit	247	316	390	434
Income tax	52	76	94	104
Profit from continuing operations	195	240	296	330
Profit from discontinued operations	0	0	0	0
NP	**195**	**240**	**296**	**330**
Attributable to owners	195	240	296	330
Attributable to minority interests	0	0	0	0
Total comprehensive income	**200**	**235**	**296**	**330**
Attributable to owners	200	235	296	330
Attributable to minority interests	0	0	0	0
EBITDA	789	862	932	985
FCF	529	530	602	643
EBITDA margin (%)	8.7	9.0	9.3	9.5
OP margin (%)	2.8	3.4	3.9	4.2
Net margin (%)	2.2	2.5	3.0	3.2

Balance sheet (summarized)

(Wbn)	2025	2026F	2027F	2028F
Current assets	**1,180**	**1,345**	**1,564**	**1,822**
Cash & equivalents	414	467	650	875
AR & other receivables	278	285	298	310
Inventory	216	228	239	248
Other current assets	273	365	377	389
Non-current assets	**2,376**	**2,387**	**2,458**	**2,519**
Investments in associates	19	20	21	22
PP&E	887	975	1,040	1,095
Intangible assets	74	65	55	47
Total assets	**3,556**	**3,732**	**4,023**	**4,341**
Current liabilities	**1,328**	**1,344**	**1,405**	**1,462**
AP & other payables	796	813	850	884
Short-term financial liabilities	368	362	378	393
Other current liabilities	164	169	177	184
Non-current liabilities	**915**	**912**	**915**	**918**
Long-term financial liabilities	849	842	842	842
Other non-current liabilities	65	69	72	75
Total liabilities	**2,243**	**2,255**	**2,320**	**2,380**
Equity attributable to owners	**1,313**	**1,477**	**1,702**	**1,961**
Capital stock	17	17	17	17
Capital surplus	322	322	322	322
Retained earnings	959	1,128	1,353	1,612
Minority interests	**0**	**0**	**0**	**0**
Shareholders' equity	**1,313**	**1,477**	**1,702**	**1,961**

Cash flow statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Operating cash flow	**771**	**781**	**854**	**895**
NP	195	240	296	330
Non-cash income/expenses	617	625	641	661
Depreciation	524	523	529	539
Amortization	10	11	10	8
Other	83	91	103	113
Chg. in working capital	2	0	22	20
Chg. in AR & other receivables	-19	0	-9	-8
Chg. in inventory	-3	-13	-10	-10
Chg. in AP & other payables	8	19	30	27
Income tax	-50	-82	-94	-104
Cash flow from investing activities	**-272**	**-350**	**-275**	**-272**
Chg. in PP&E	-238	-251	-252	-252
Chg. in intangible assets	-1	-1	0	0
Chg. in financial assets	10	-10	-25	-23
Other	-42	-88	2	2
Cash flow from financing activities	**-409**	**-379**	**-396**	**-398**
Chg. in financial liabilities	-16	-13	17	15
Chg. in equity	0	0	0	0
Dividends	-71	-71	-71	-71
Other	-322	-295	-342	-342
Chg. in cash	**89**	**53**	**183**	**225**
Beginning balance	325	414	467	650
Ending balance	414	467	650	875

Key valuation metrics/ratios

	2025	2026F	2027F	2028F
P/E (x)	9.3	9.2	7.5	6.7
P/CF (x)	2.2	2.6	2.4	2.2
P/B (x)	1.4	1.5	1.3	1.1
EV/EBITDA (x)	3.0	3.1	2.6	2.3
EPS (W)	11,297	13,897	17,131	19,065
CFPS (W)	47,024	50,078	54,232	57,304
BPS (W)	76,070	85,560	98,593	113,561
DPS (W)	4,100	4,100	4,100	4,100
Dividend payout ratio (%)	36.3	29.5	23.9	21.5
Dividend yield (%)	3.9	3.2	3.2	3.2
Revenue growth (%)	4.2	5.2	4.6	4.0
EBITDA growth (%)	2.8	9.3	8.1	5.7
OP growth (%)	0.9	29.0	20.1	11.2
EPS growth (%)	0.0	23.0	23.3	11.3
AR turnover (x)	50.4	49.5	50.3	50.2
Inventory turnover (x)	42.4	43.0	42.7	42.6
AP turnover (x)	12.0	12.2	12.2	12.2
ROA (%)	5.6	6.6	7.6	7.9
ROE (%)	15.6	17.2	18.6	18.0
ROIC (%)	12.7	15.7	18.5	20.2
Debt-to-equity ratio (%)	170.8	152.7	136.3	121.4
Current ratio (%)	88.9	100.1	111.3	124.6
Net debt-to-equity ratio (%)	43.9	28.9	14.7	1.6
Interest coverage ratio (x)	5.6	28.5	16.0	15.8

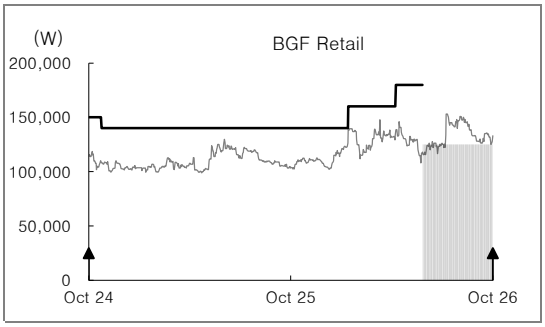
Source: Company data, Mirae Asset Securities Research estimates

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
BGF Retail (282330)	10/30/26	Buy	185,000
	06/26/26	No Coverage	
	05/08/26	Buy	180,000
	02/11/26	Buy	160,000
	11/22/25	One year	140,000
	11/22/24	Buy	140,000
	08/02/24	Buy	150,000



Stock ratings		Sector ratings	
Buy	Expected 12-month return: +20% or greater	Overweight	Expected to outperform the market over 12 months
Hold	Expected 12-month return: Greater than -10% and less than +10%	Neutral	Expected to perform in line with the market over 12 months
Sell	Expected 12-month return: -10% or less	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	89.66%	0%	9.77%	0.57%
Investment banking services	92.86%	0%	7.14%	0%

* Based on recommendations in the last 12-months (as of September 30, 2026)

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