Shinhan Securities



BAF Vietnam Agriculture JSC

[Vietnam / Food and beverages]

Bloomberg Ticker (BAF VN) | Reuters Ticker (BAF.HM)

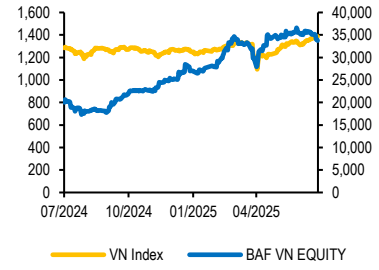
HOLD

Initiation Coverage

Target price (12 months)	**37,800 VND**
Current price (09/07/25)	33,650 VND
Upside/downside	12.3%

VNINDEX		1,431
P/E market		11.7
Market Cap (bn VND)		10,230
Outstanding shares (mn)		304
Free-Floating (mn)		238
52-Wk High/Low (VND)		37,300/17,050
90-day avg. trading volume (mn)		4.05
90-day avg. turnover (bn VND)		143
Foreign ownership (%)		3.82
Major shareholders (%)	Siba Holdings	31.47

Performance	3M	6M	12M
Absolute (%)	19.5	25.6	63.0
Relative to VN-Index (%)	-11.3	10.7	52.3



Source: Bloomberg

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Please click or scan

Shift at the right time

Initiate coverage with HOLD call and target price at VND 37,800

BAF Agriculture JSC (HOSE: BAF) is a company operating in the agriculture and livestock sectors. The company is continuously working to complete its 3F (Farm - Feed - Food) closed-loop model to achieve comprehensive control from raw materials, breeding stock, and farming to meat processing and distribution to consumers. Using the FCFF (Free Cash Flow to Firm) and P/E (Price-to-Earnings) valuation methods, we initiate coverage on BAF with a HOLD recommendation and a target price of VND 37,800 (representing an expected return of 12.3%). We believe the company's profits will be supported by high pig prices and stable raw material costs for animal feed. Additionally, the strategy to expand herd size, especially with the implementation of the Animal Husbandry Law, is expected to help the company quickly broaden its market share.

Animal Husbandry Law creates opportunities for businesses to expand markets

Effective since 2025, the Animal Husbandry Law with its regulations on farming zones and animal density has created entry barriers for new players and is helping to reshape the industry's structure. This presents a golden opportunity for businesses with existing advantages in technology, farm infrastructure, and cost efficiency to scale up and capture market share from smaller, individual farmers.

Stable raw material prices for animal feed

BAF produces animal feed primarily using corn, soybean meal, and wheat, imported from South America, the US, and the Black Sea region. These raw materials account for up to 70% of production costs in the hog farming industry. Import prices for key animal feed ingredients like soybeans, wheat, and corn have remained at a low level compared to the past three years. This is a supporting factor that helps keep animal feed prices stable, thereby bolstering the profit margins of both businesses and individual farmers.

Pig prices expected to remain high until end of 2025

Pig prices began to tick up in mid-2024, partly due to livestock zoning regulations and recovering consumption. Currently, prices are holding steady at 67–70 thousand VND/kg. Given the current scarcity of breeding stock, the supply is unlikely to increase significantly. Therefore, we anticipate pig prices will remain relatively high until the end of 2025, which will continue to support healthy gross profit margins for businesses operating in the pig farming sector.

Shifting business focus to livestock: a sound strategy

From its traditional agricultural trading activities, BAF is gradually transitioning its focus to pig farming. It's achieving this by aggressively pursuing M&A of farms and rapidly increasing its herd size. In a favorable industry landscape, we believe BAF's expansion strategy is a logical step that will help the company improve its profitability and optimize capital utilization.

Risks: (1) Risk of diseases; (2) Environmental risks, including climate and natural disasters impacting livestock; (3) Fluctuations in pig prices; (4) Legal and policy risks; (5) Volatility of input material prices; (6) Interest rates risk.

Year to Dec.	2022	2023	2024	2025F	2026F
Revenue (bn VND)	**7,083**	**5,199**	**5,641**	**5,274**	**8,357**
OP (bn VND)	365	150	503	955	1,483
NP (bn VND)	**288**	**31**	**319**	**648**	**1,113**
EPS (VND)	1,998	157	1,556	2,121	3,638
BPS (VND)	12,041	13,178	12,244	15,061	18,699
OPM	5.2	2.9	8.9	18.1	17.7
NPM	4.1	0.6	5.7	12.3	13.3
ROE	**16.5**	**1.7**	**13.2**	**17.2**	**21.6**
PER (x)	9.4	140.7	16.2	17.8	10.4
PBR (x)	1.5	1.9	2.3	2.5	2.0

Source: Company data, Shinhan Securities Vietnam

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Company background

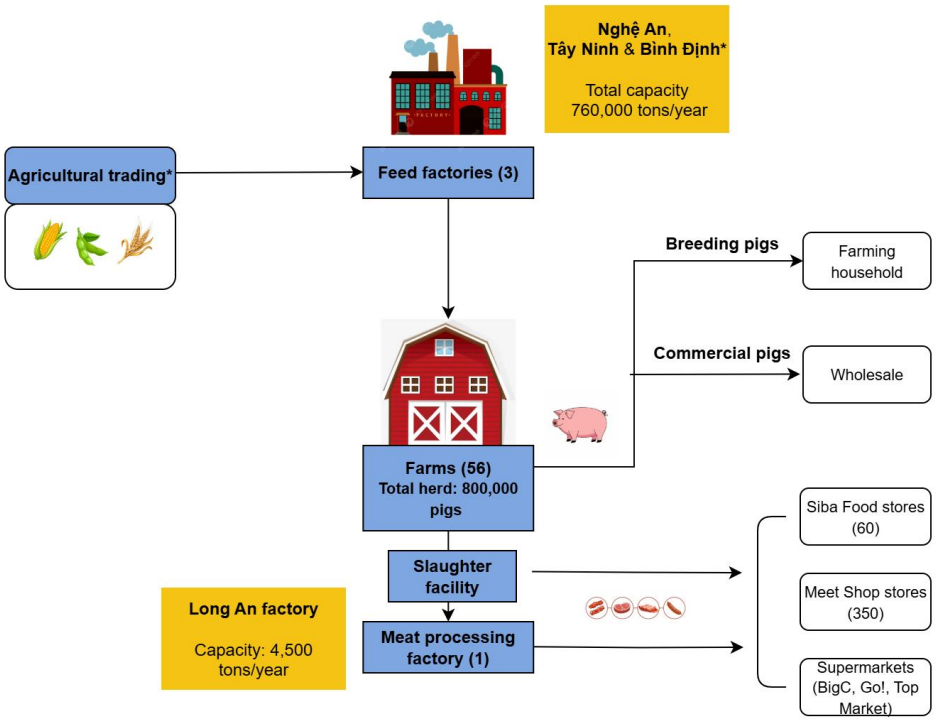
1. History of establishment and development

BAF Vietnam Agriculture Joint Stock Company was established in 2017 with the charter capital of 100 billion VND. Initially, the company focused on its traditional segment - which was agricultural trading, then expanded to pig farming by putting the first farms into operation in 2018.

In 2021, the company officially completed IPO and listed on the HOSE exchange; at the same time, it contributed capital to an affiliated company, Siba Food Vietnam Joint Stock Company, whose main business is supermarket and food systems. Thus, BAF has taken another step into the consumer market through a system of stores and 350 Meatshop points. Pork in SIBA FOOD supermarkets is 100% branded BaF (BaF Meat).

From 2021 to present, the company has focused on M&A activities of farms and expanding the livestock scale, while shifting its business focus to the pig farming and gradually narrowing down the agricultural trading sector. The company possesses a complete closed 3F process, from animal feed production (Feed) - pig farming with modern farm model (Farm) - to processing and distributing clean food to the market (Food).

BAF's business model (Q1/2025)



Source: BAF, Shinhan Securities Vietnam

* Binh Dinh Animal Feed Factory started construction in March 2025 and is expected to be operational by the end of 2025

* BAF gradually reduced the proportion of agricultural trading to focus on the pig farming sector. By Q1/2025, the company no longer recorded revenue from the agricultural trading sector.

2. Farms and factories

As of April 2025, BAF owns 56 livestock farms across the country, 2 animal feed factories in Nghe An and Tay Ninh with a total designed capacity of 460,000 tons/year; and has just started construction of a third animal feed factory in Binh Dinh with a capacity of 300,000 tons/year and is expected to come into operation by the end of 2025.

In addition, BAF also owns Long Hau processing plant in Long An province with a capacity of 4,500 tons/year. BAF's signature product is "vegetarian porks", with pigs fed with 100% vegetarian bran, ensuring the supply of clean and safe food to consumers. BAF's upcoming strategy is to focus on producing higher value-added processed meat products such as spring rolls and sausages, while promoting brand awareness.

Recent M&A activities

No	Companies	Location	Capacity
1	Green Forest Production Co., Ltd.	Đăk Lăk	28,000 sows and 320,000 pigs
2	Khuyen Nam Tien Livestock Co., Ltd.	Đăk Lăk	2,500 sows and 30,000 pigs
3	Tuyet Hoa Đắk Lắk Co., Ltd.	Đăk Lăk	5,600 sows
4	Thanh Sen HT-QT JSC	Quảng Trị	3.600 sows
5	Hoang Kim HT-QT JSC	Quảng Trị	3,600 sows
6	Viet Thai HT JSC	Quảng Trị	36,000 pigs
7	Hoang Kim QT JSC	Quảng Trị	36,000 pigs
8	Toan Thang HT JSC	Quảng Trị	36,000 pigs
9	Xuan Nghi Phat Co., Ltd.	Tây Ninh	7,500 sows
10	Hoa Phat Bon Co., Ltd.	Gia Lai	36,000 pigs
11	Thanh Xuan Clean Agriculture Development JSC	Thanh Hóa	2,400 sowsi
12	Nhat Quyet Livestock Co., Ltd.	Bình Phước	4,500 sows
13	Minh Phat Livestock Co., Ltd.	Bình Phước	4,500 sows

Source: Company data, Shinhan Securities Vietnam

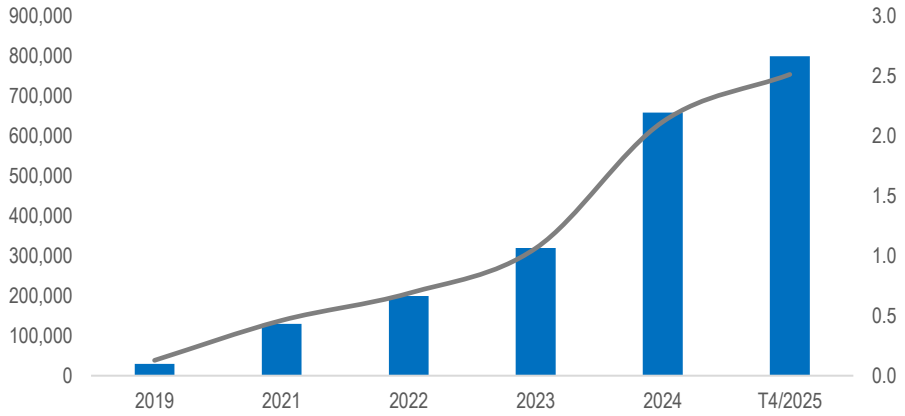
In September 2024, BAF announced its strategic partnership with Muyuan Group (China) - one of the largest pig farming enterprises in the world. The highlight of the partnership is the transfer of information technology and the application of Artificial Intelligence (AI) in the operation of pig farms, helping the company achieve its goal of expanding its scale to 450,000 sows and 10 million commercial pigs by 2030. The modern multi-storey pig farm system will help reduce farming costs and land funds, estimated to reduce land costs by 50-70% compared to the traditional single-storey pig farm model, while improving the farming environment with advanced biosecurity measures.

Thanks to increased M&A activities, BAF's total herd size has grown rapidly, with a total herd of 800,000 pigs as of April/2025; of which there are about 75,000 sows - ranking 5th in the Vietnamese pig market.

Muyuan's Multi-Story Farm in Henan Province – China



BAF's total herd size* (head count)



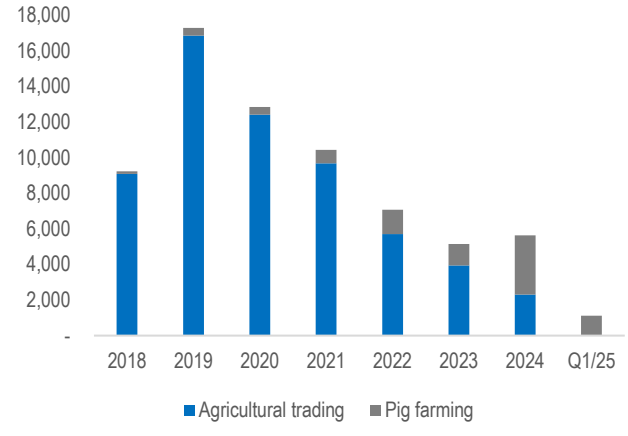
Source: Company data, Vietnam Livestock, Shinhan Securities Vietnam
(*) Total herd includes sows and commercial pigs

3. Revenue decreased due to the narrowing of agricultural trading segment but profit increased sharply thanks to business restructuring

Revenue decreased in the 2019 – 2023 period because the company proactively restructured its business operations, gradually narrowed the agricultural sector, and increased M&A activities of farms to expand its livestock scale. From accounting for almost all revenue, the proportion of agricultural revenue reduced to only 41% in 2024. Meanwhile, livestock revenue grew rapidly with a compound growth rate (CAGR) = 70% in the 2019-2024 period and reached 3,328 billion VND in 2024. The shift in business structure has helped gross profit margin improve significantly, from 1.3% in 2019 to 12.7% in 2024.

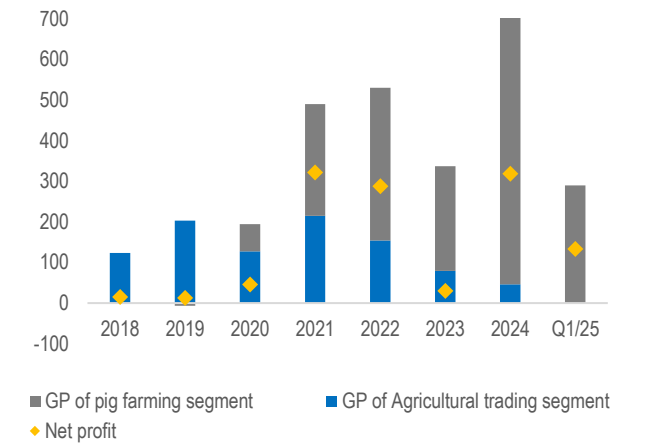
In 2024, Vietnam's livestock industry experienced a strong recovery after the difficulties faced in 2023. The price of live pigs increased significantly, from VND 50,000/kg at the beginning of the year to approximately VND 68,000 - 73,000/kg by the end of the year. Overall for 2024, live pig prices rose by 31% to 35% compared to 2023. As a result, BAF recorded a peak net profit of VND 319 billion, largely thanks to contributions from its livestock segment.

Revenue in 2018-2024 period (bil VND)



Source: Company data, Shinhan Securities Vietnam

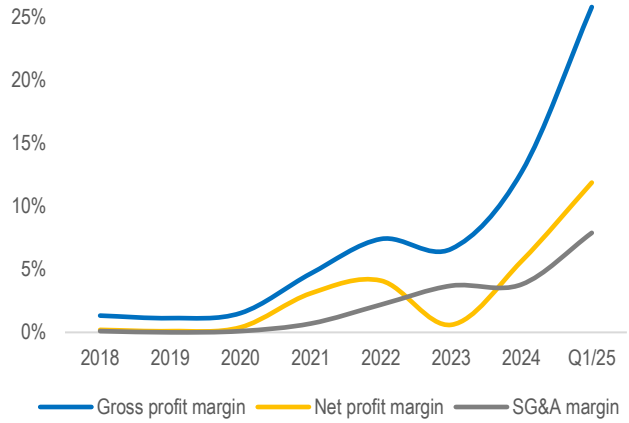
Profit in 2018-2024 period (bil VND)



Source: Company data, Shinhan Securities Vietnam
GP: Gross profit

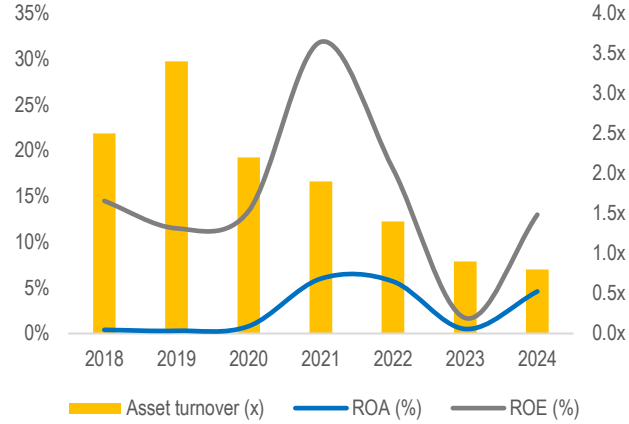
Net profit margin has also significantly improved over time. However, in 2023 alone, the net profit margin declined to 0.6%. This was due to the dual pressure of decreased revenue amid tightening consumer sentiment and high interest expenses, which resulted in net profit shrinking to only 30 billion VND, a nearly 90% YoY decrease.

Margins in 2018-2024 period



Source: Company data, Shinhan Securities Vietnam
*SG&A: Selling, general and administration costs

Operational efficiency



Source: Company data, Shinhan Securities Vietnam

4. Increased capital-raising to fund expansion activities

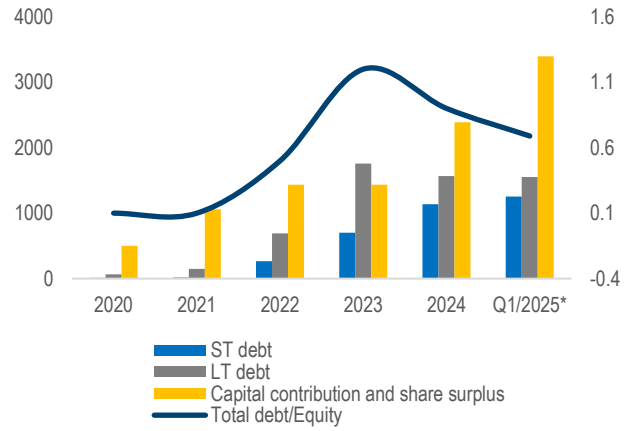
To finance the expansion of its farms and pig herds, BAF has significantly increased its borrowing and undertaken capital-raising activities. Total short-term and long-term debt rose sharply during the 2020-2024 period, causing the Debt-to-Equity ratio to increase significantly to 0.9 in 2024.

Recent capital-raising activities:

- In March 2023: BAF issued VND 600 billion in convertible bonds to IFC with a coupon interest rate of 5.25% per annum and a 7-year term. These bonds can be converted into common shares at any time before March 15, 2029 (first maturity date) and March 15, 2030 (final maturity date), or converted into a loan with an interest rate of 10.5% per annum.
- In May 2025: BAF also completed a private placement of 65 million shares at VND 15,500 per share, raising an additional VND 1,007 billion in capital. These shares are eligible for trading from March 27, 2026.

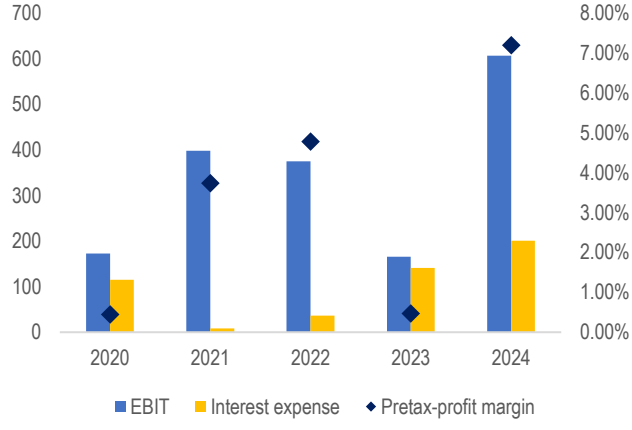
Given the relatively high leverage in its capital structure, interest expense is a significant factor impacting the company's profitability, especially if the interest rate environment is unfavorable or during volatile business years.

Increased capital raising to fund expansion activities



Source: Company data, Shinhan Securities Vietnam
(*) Estimated capital increase due to stock private placement in May 2025 included

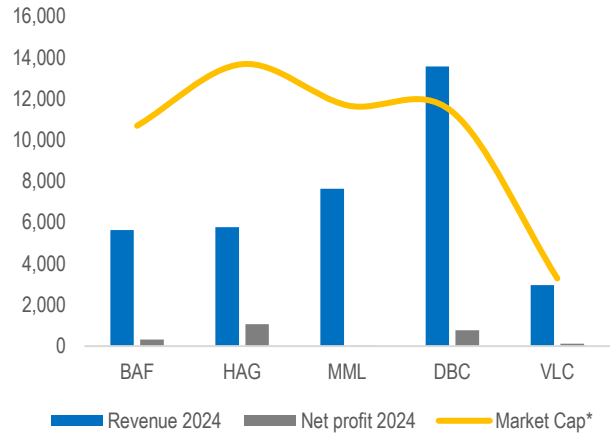
Interest expense (bil VND)



Source: Company data, Shinhan Securities Vietnam

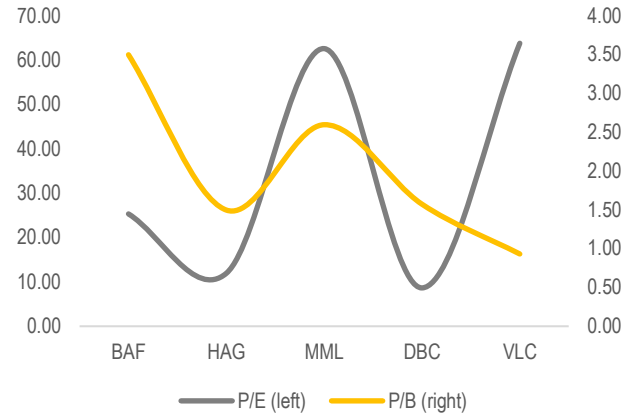
5. Compare to peers in the industry

Company size (bil VND)



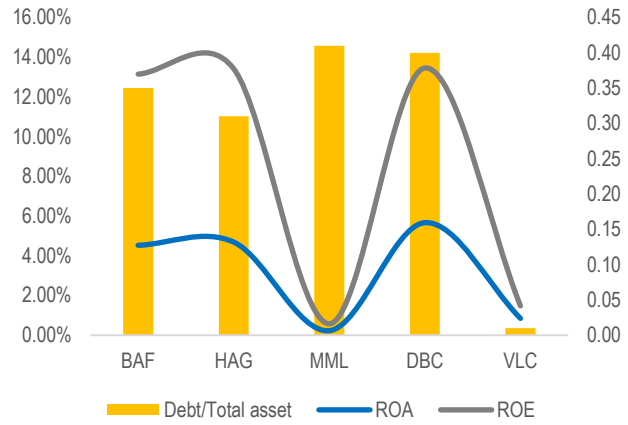
Source: Fiinpro, Shinhan Securities Vietnam
*Data as of 04/07/2025

Valuation indicators



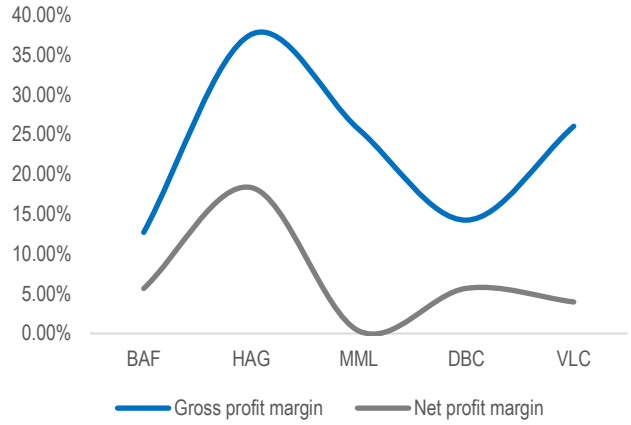
Source: Fiinpro, Shinhan Securities Vietnam
*Data as of 04/07/2025

Operantional Performance Index (FY2024)



Source: Fiinpro, Shinhan Securities Vietnam

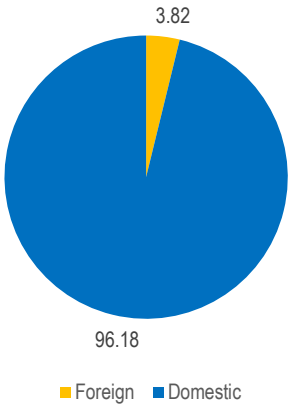
Profit Margin (FY2024)



Source: Fiinpro, Shinhan Securities Vietnam

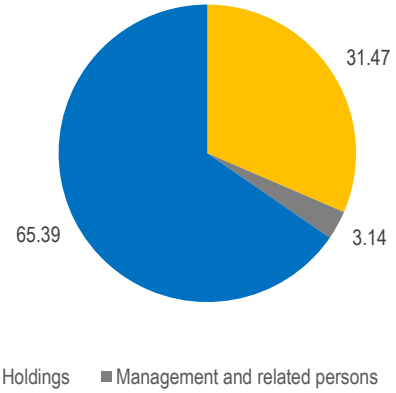
6. Ownership structure

Domestic and foreign ownership as of 04/07/2025 (%)



Source: Fiinpro, Shinhan Securities Vietnam

Shareholder ownership as of 04/07/2025 (%)



Source: Fiinpro, Shinhan Securities Vietnam

Investment theses & Catalysts

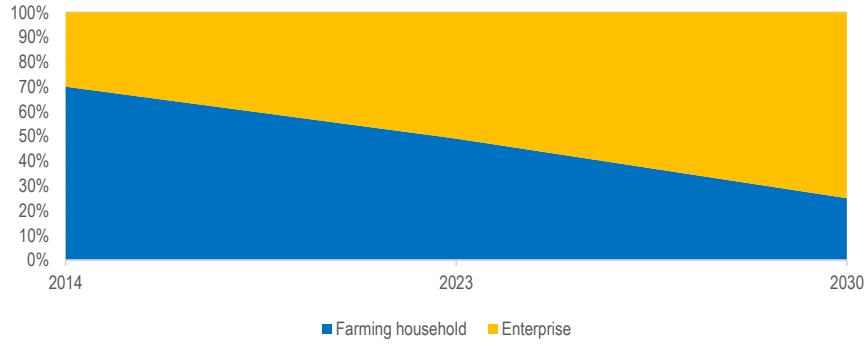
1. Animal Husbandry Law creates advantages for businesses to expand market share

The Animal Husbandry Law, enacted in 2018 and effective from 2020, prohibits livestock farming in unauthorized areas within cities, towns, and residential zones. This law mandated that localities had five years from its effective date—meaning until January 1, 2025—to relocate non-compliant farming facilities.

Consequently, the implementation of the Law has forced thousands of domestic farming facilities to relocate or cease operations. This creates an entry barrier and makes small-scale farming less viable. This "mass relocation" also helps reshape the agricultural sector, offering opportunities for businesses to expand their market share. **Businesses generally hold an advantage over individual farmers in terms of farming techniques, housing, and input costs, often resulting in lower cost of goods sold**. BAF's average production cost is around VND 47,000/kg (2024), whereas farmers' costs are higher, ranging from VND 52,000–53,000/kg. This gives businesses a relative advantage over small-scale farmers, especially in a fluctuating live pig market.

Indeed, the industry structure is shifting towards enterprises, as the market share of individual farming households has been steadily shrinking, particularly after the African Swine Fever (ASF) and COVID-19 pandemics. It's estimated that household market share has significantly declined over the past decade, narrowing from 70% in 2014 to 49% in 2023, and is projected to account for only 25% by 2030.

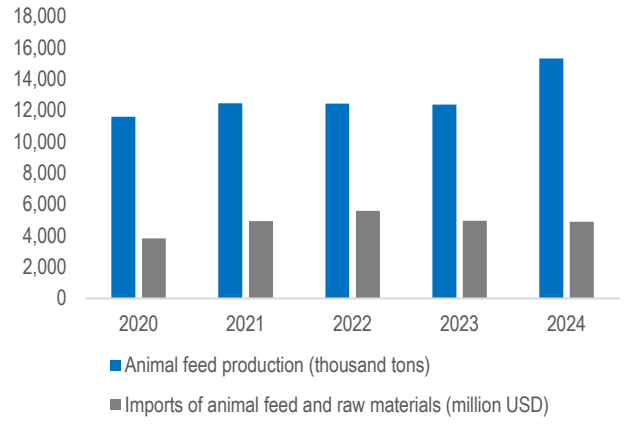
Market share shift from households to livestock enterprises



Source: BAF, Securities Vietnam

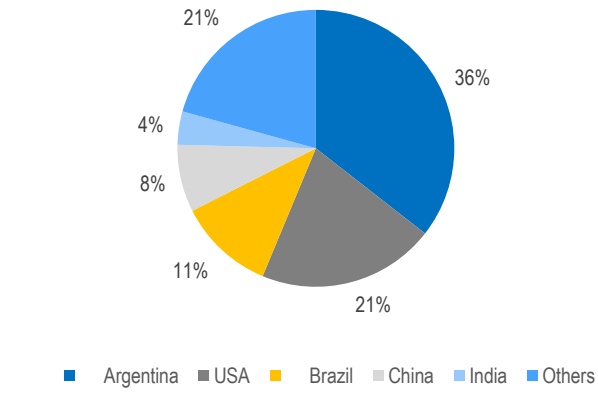
2. Raw material prices for animal feed production have remained stable

Animal feed production and import data



Source: GSO, Shinhan Securities Vietnam

Animal feed import structure by market in 2024

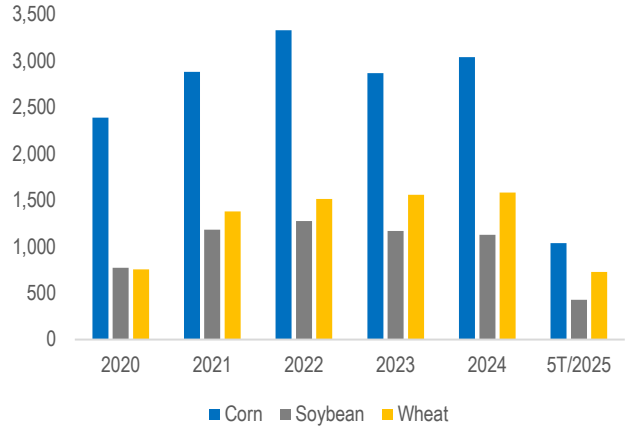


Source: GSO, Shinhan Securities Vietnam

The Vietnamese livestock industry still can't fully self-supply its input materials and remains dependent on imported animal feed and raw ingredients like corns, soybeans, animal protein, and bone meal. In 2024, the country produced over 15.3 million tons of animal feed, while also importing $4.9 million worth of animal feed and raw materials. Key import markets include Argentina, the US, and Brazil (as shown in the chart).

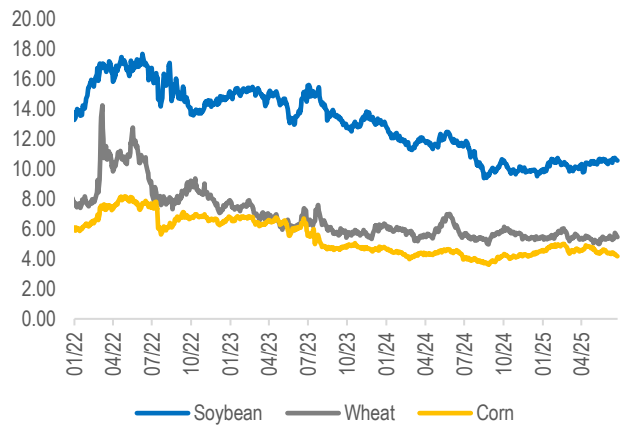
BAF produces animal feed primarily using corn, soybean meal, and wheat imported from South America, the US, and the Black Sea region. Animal feed constitutes up to 70% of the production cost in the pig farming industry. Therefore, fluctuations in raw material prices are a crucial factor impacting profit margins.

Import value of some animal feed ingredients (million USD)



Source: GSO, Shinhan Securities Vietnam

Price of animal feed ingredients (USD/bushel)



Source: Bloomberg, Shinhan Securities Vietnam

The import prices of key raw materials for animal feed production such as soybeans, wheat, and corn are currently at their low levels in the past three years. This is a supportive factor helping animal feed prices remain stable, which in turn benefits the profit margins of both businesses and individual farmers.

Import of animal feed raw materials - first 5 months of 2025

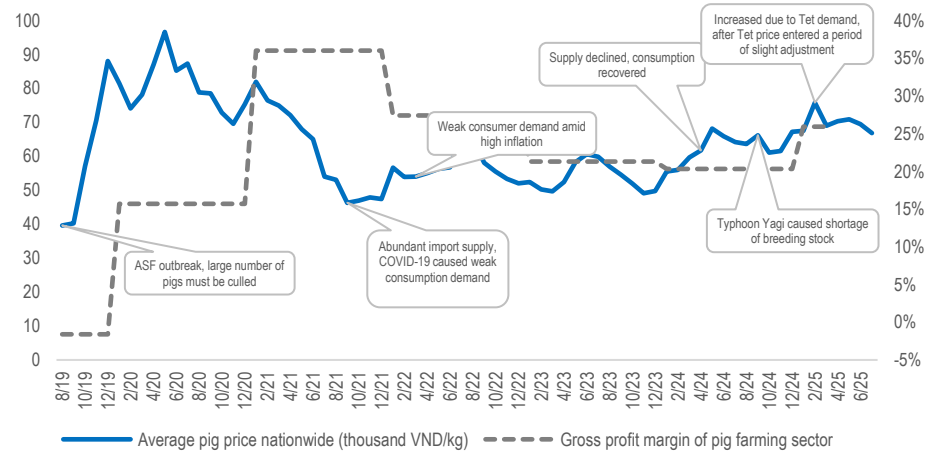
Raw Material	Imported Volume (thousand tons)	Imported Value (million USD)	Average Import Price	Vs. Same Period 2024
Corn	3,900	1,020	260.3 USD/tấn	+3.3%
Soybean	903.4	416.9	461.5 USD/tấn	-12.6%
Wheat	2,740	728.9	265.9 USD/tấn	-3.4%

Source: Department of Livestock Production

3. Pig prices are expected to remain high until end of 2025

As of the beginning of July, live pig prices across Vietnam ranged from VND 67,000 – 70,000/kg, with a national average of VND 67,000/kg.

Correlation between average pork price nationwide (left) and gross profit margin of livestock sector (right)



Source: AnovaFeed, Company data, Shinhan Securities Vietnam

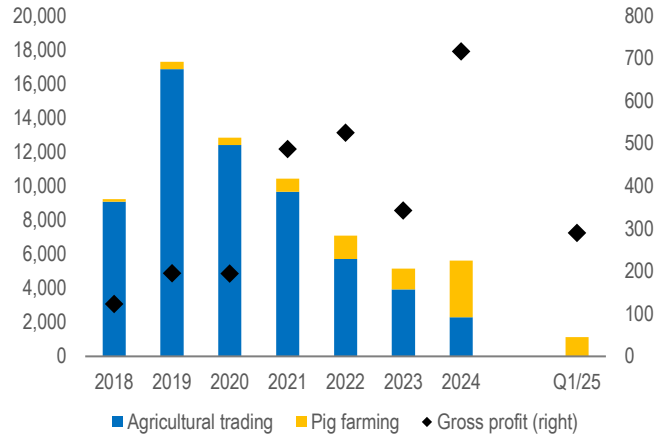
Live pig prices in Vietnam have been relatively volatile over the past five years. In 2019, African Swine Fever (ASF) first appeared in Vietnam and rapidly spread nationwide, causing significant damage to the pig farming industry. Over 6 million pigs were culled that year, making farmers hesitant to restock and simultaneously leading to a supply shortage. This pushed pig prices to soar, peaking at VND 100,000/kg in May 2020. By 2021, as the disease was largely brought under control, prices cooled down, settling around VND 50,000/kg by year-end.

Pig prices began to rise again in mid-2024, partly due to new regulations on farming zones and a recovery in consumption. Currently, prices are anchored at VND 67,000 – 70,000/kg. **Given the current scarcity of breeding stock, we believe that supply will be challenged to increase sharply. Therefore, we anticipate that pig prices will remain sustained through the end of 2025, providing strong support for healthy gross profit margins for livestock businesses**.

4. Shifting business focus to livestock farming helps improve profit margins

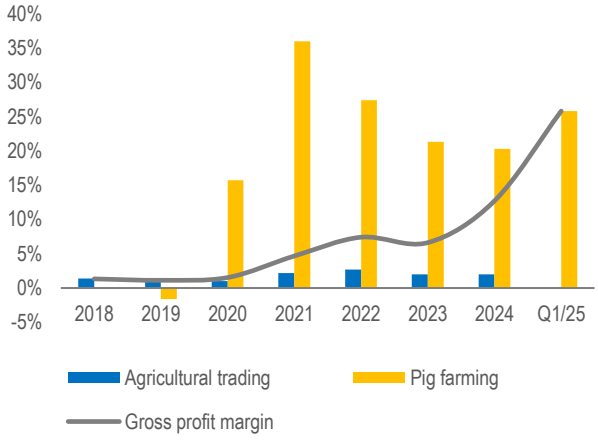
BAF's traditional business involved trading agricultural products, which historically yielded a low gross profit margin (ranging around 1-3%). In this segment, the company purchased animal feed ingredients and distributed them to animal feed manufacturers in Vietnam. In contrast, the livestock farming segment boasts a significantly higher gross profit margin, fluctuating between 15-35% depending on market conditions.

Revenue and gross profit structure (bil VND)



Source: Company data, Shinhan Securities Vietnam

Gross profit margins



Source: Company data, Shinhan Securities Vietnam

Recognizing the immense potential of the livestock farming segment, the company has proactively restructured its business model, gradually phasing out its agricultural product trading division while simultaneously increasing M&A activities for farms to expand its livestock operations. From contributing almost all of the company's revenue, the share of the agricultural product segment dropped to just 41% in 2024. Meanwhile, livestock farming revenue grew rapidly with a CAGR of 70% from 2019 to 2024, reaching a record VND 3,328 billion in 2024. This shift in revenue structure has significantly improved the gross profit margin, from 1.3% in 2019 to 12.7% in 2024. We believe this is a strategic move that allowed the company to seize opportunities from the Livestock Law, rapidly expand its market share, and increase capacity.

Notably, **BAF plans to completely cease agricultural product trading activities from 2025 to focus all resources on developing the livestock farming segment**. Q1/2025 data shows that the company no longer records revenue from agricultural product trading. All revenue in Q1/2025 came from the livestock farming segment, and the gross profit margin also improved to 25.8% (compared to 10.3% in the same period last year).

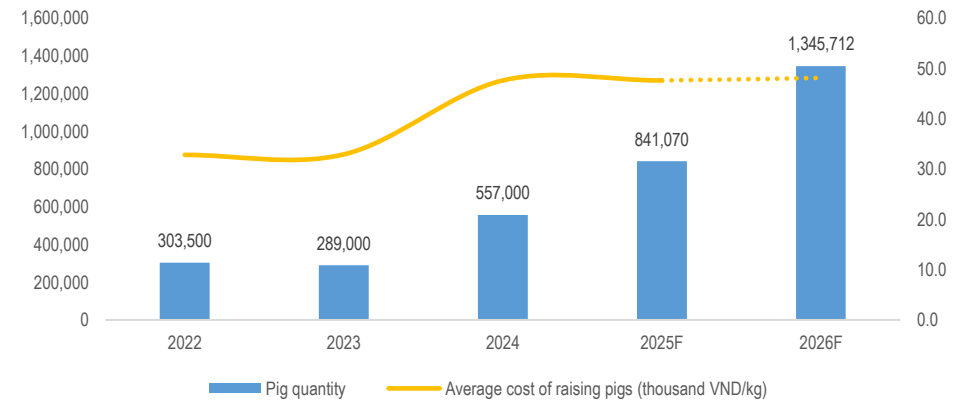
Update on Q1/2025 and Estimates

Update on Q1/2025

Bil VND	Q1/2025	Q1/2024	Change (YoY)	Note
Net revenue	**1,124**	**1,248**	**-9.9%**	
Agricultural trading	-	764		*Stopped this segment in Q1/25*
Pig farming	1,124	481	133.7%	*The live pig price in Q1 remained high, above VND 70,000/kg, with sales volume reaching 160,000 pigs (+60% YoY)*
Gross profit	**290**	**127**	**128.3%**	
Agricultural trading	-	18		
Pig farming	290	109	166.1%	
Other profit	2.7	98		*Q1/24 recorded revenue generated from sales of real estate*
Net profit	**134**	**119**	**12.6%**	
Gross profit margin	25.8%	10.2%	15.6%	
Agricultural trading	-	2.4%		
Pig farming	25.8%	22.7%	3.1%	*Stable raw material prices for animal feed production and high pig prices contributed to an improved gross profit margin.*
SG&A margin	7.9%	3.8%	4.1%	
Net profit margin	11.9%	9.5%	2.4%	

With BAF's strategy to aggressively expand its herd size, we expect BAF's pig farming revenue to grow by 58.5% in 2025, reaching VND 5,274 billion, assuming commercial pig output increases to 841,070 heads. Simultaneously, the gross profit margin is projected to improve to 24.1% thanks to (1) a complete focus of resources on the livestock farming segment and (2) an average pig price increase of 5% YoY in 2025. However, as revenue from the agricultural product segment will no longer be recognized, total Net Revenue is expected to see a slight decrease compared to 2024.

Forecast of commercial pig quantity (head counts)



Source: Company data, Shinhan Securities Vietnam estimates
* Assuming the average slaughter weight of pigs is 100 kg

Forecast revenue (bil VND) and gross profit margin (%)



Source: Company data, Shinhan Securities Vietnam

Forecasted revenue and profit of BAF

(Unit: VND billion)	2023	2024	2025F	2026F	2027F
Net Revenue	5,199	5,641	5,274	8,357	12,744
Gross profit	343	716	1,271	1,884	2,574
Operating profit	33	302	761	1,300	1,851
Net profit	30	319	649	1,113	1,587
Profit margin (%)					
Gross profit margin	6.6	12.7	24.1	22.5	20.2
Operating profit margin	0.6	5.4	14.4	15.6	14.5
Net profit margin	0.6	5.7	12.3	13.3	12.5
Growth (%YoY)					
Net Revenue	-26.6	8.5	-6.5	58.5	52.5
Gross profit	-34.7	108.7	77.5	48.2	36.6
Operating profit	-90.4	815.2	152.0	70.8	42.4
Net profit	-89.6	963.3	103.4	71.5	42.6

Source: Company data, Shinhan Securities Vietnam estimates

Recommendation and Valuation

Recommended HOLD with target price VND 37,800

We've initiated coverage on BAF Vietnam Agriculture JSC with a target price of VND 37,800, representing a 12.3% upside from the current market price.

Our valuation combines the P/E (Price-to-Earnings) and DCF (Discounted Cash Flow) methods, each weighted at 50%. For the P/E method, we gathered data from comparable companies in the domestic and Asia-Pacific area. The average P/E of these companies (excluding BAF) is 19.2x. When combined with an estimated 2025 EPS (Earnings Per Share) of VND 2,121, our target price expectation is VND 40,723.

Compare to peers

Ticker	Company name	Country	Market Cap (bil VND)	P/E (TTM)	EPS growth (TTM- YoY)	ROE (TTM)
HAG VN Equity	Hoàng Anh Gia Lai	Vietnam	13,957	12.18	-36.0%	13.4%
DBC VN Equity	Tập đoàn DABACO	Vietnam	11,479	8.73	130.5%	19.0%
MML VN Equity	Masan MEATLife	Vietnam	11,092	59.40	160.5%	4.3%
300498 CH Equity	Wens Foodstuff Group Co L-A	China	423,686	8.26	N/A	26.6%
CPF TB Equity	Charoen Pokphand Foods Pub	Thailand	144,305	6.53	N/A	8.5%
Average	19.2x					
EPS 2025F (VND)	2,121					
Target price (VND)	**40,723**					

Source: Fiinpro, Bloomberg, Shinhan Securities Company

For the FCFF (Free Cash Flow to Firm) method, we used the 10-year Vietnamese government bond yield of 3.1% as the risk-free rate. Beta was calculated based on the historical price data correlation between BAF and VNINDEX. Based on these assumptions, BAF's target price using the FCFF method is estimated at VND 34,828.

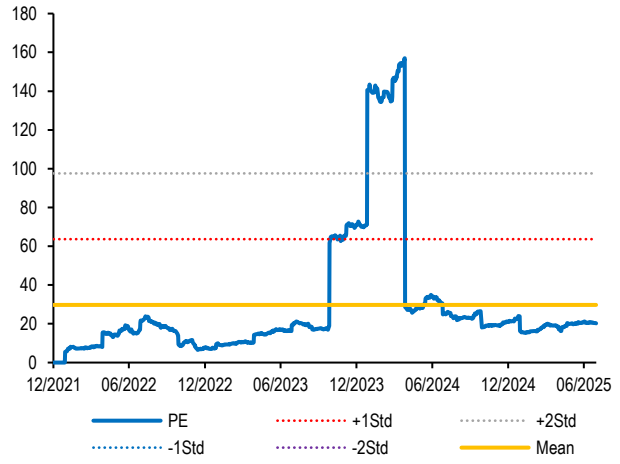
Weighted Average Cost of Capital (WACC)	
WACC	**9.8%**
Risk-free rate	3.1%
Equity risk premium	8.35%
Beta	0.84
Debt cost	8.6%
The cost of equity	10.1%
Debt-to-equity ratio	0.22
Total debt (bil VND)	2,210

Source: Company data, Shinhan Securities Vietnam

FCF valuation					
Unit: billion VND	**2025F**	**2026F**	**2027F**	**2028F**	**2029F**
Net profit	649	1,113	1,587	2,144	2,971
Plus: Depreciation & Amortization	253	313	357	388	407
Plus: After-tax interest expense	186	180	161	152	160
Minus: CapEx	(1,076)	(980)	(873)	(861)	(936)
Minus: Change in working capital	(403)	(421)	(489)	(1,231)	(1,435)
Free Cash Flow (FCF)	(391)	205	743	592	1,167
Discount rate	0.95	0.87	0.79	0.73	0.66
PV of FCF	1,596				
Long-term growth rate	2.0%				
Present value of long-term value	10,072				
Enterprise value	11,668				
Debt	2,210				
Cash and cash equivalents	1,141				
Minority interest	10.7				
Number of shares outstanding (billion units)	0.30402				
Target price (VND)	**34,828**				

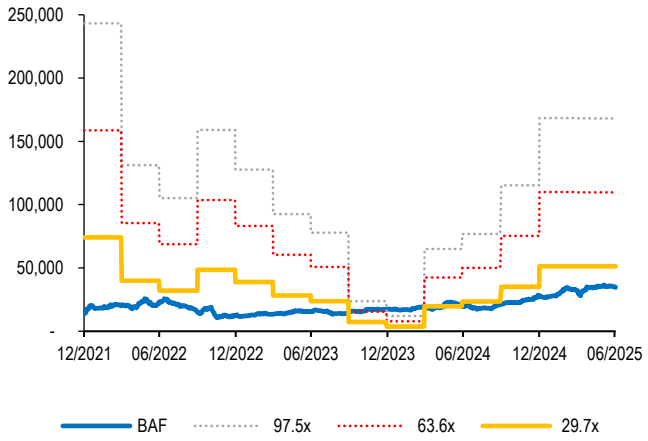
Source: Company data, Shinhan Securities Vietnam

PER of BAF



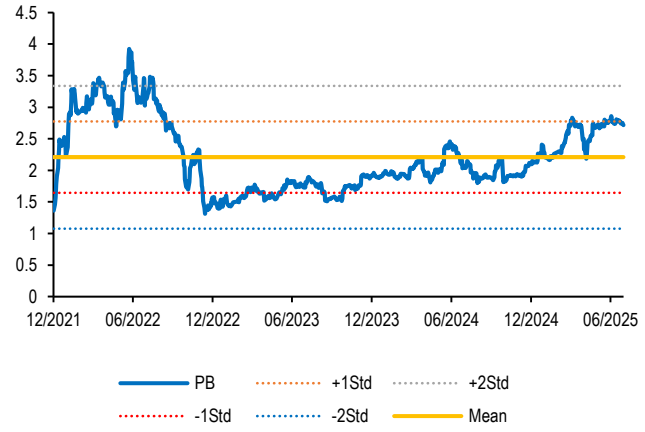
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PER band of BAF



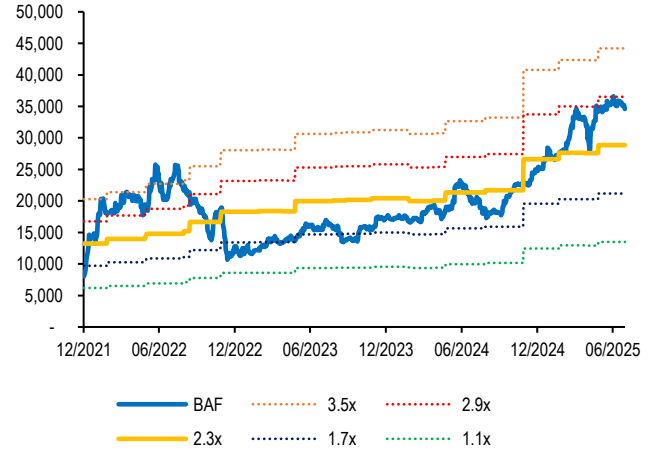
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PBR of BAF



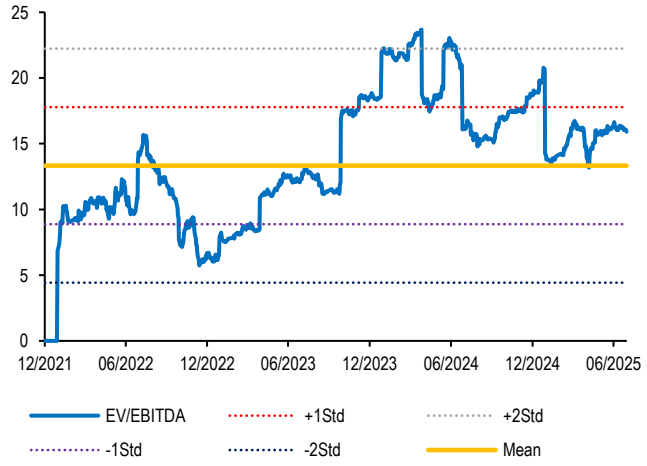
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PBR band of BAF



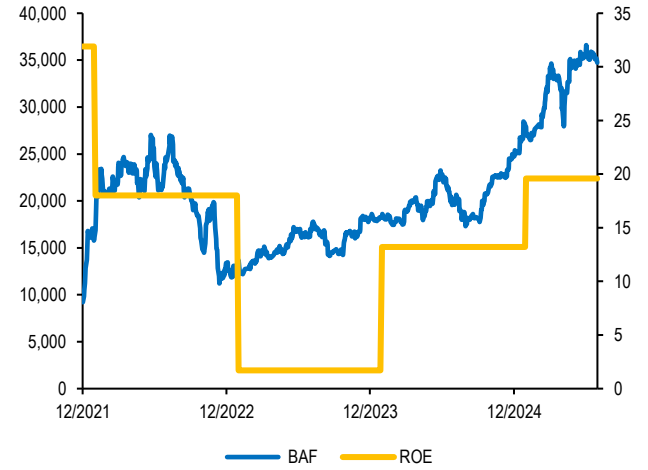
Source: Bloomberg, Company data, Shinhan Securities Vietnam

EV/EBITDA of BAF



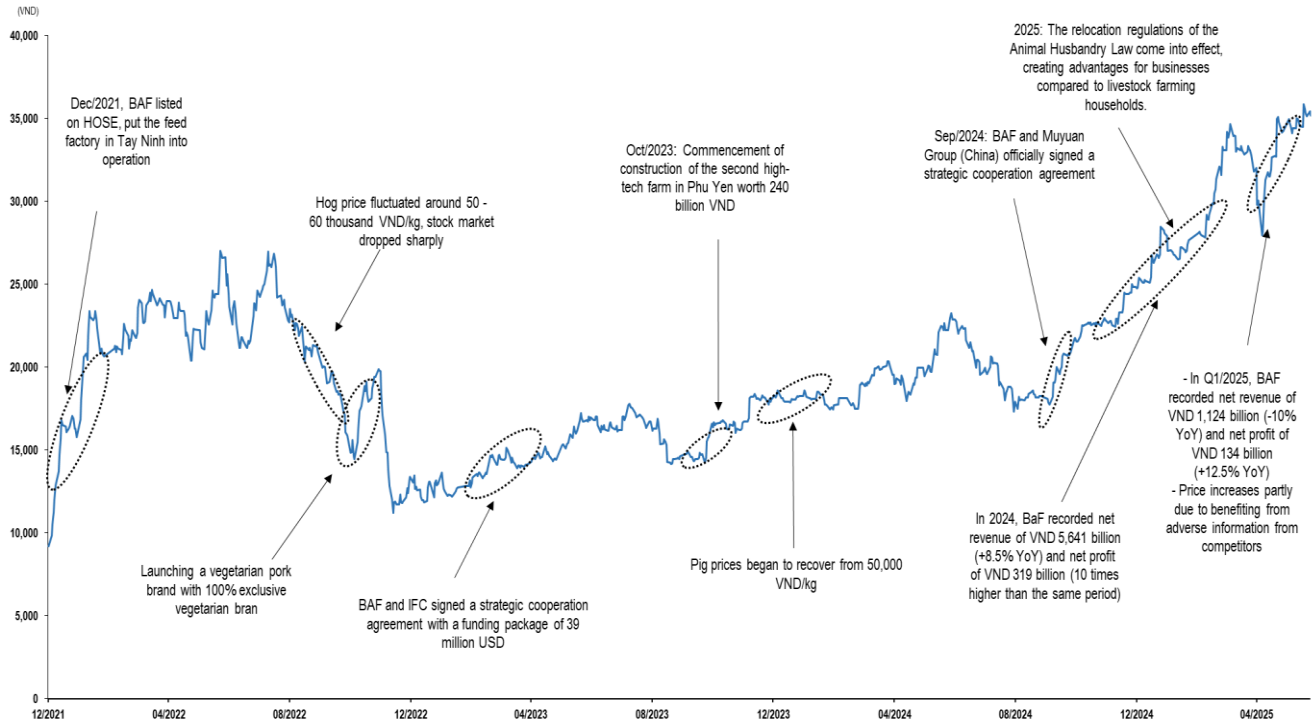
Source: Bloomberg, Company data, Shinhan Securities Vietnam

Price and ROE of BAF



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Key events chart of BAF



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Risks

Risks of diseases

Diseases are one of the biggest risks that directly affect the production and business performance of livestock enterprises. Infectious diseases such as African swine fever (ASF), PRRS (Porcine reproductive and respiratory syndrome) or Foot-and-mouth disease can cause serious damage, reduce pig herds, increase disease prevention and culling costs. In addition, diseases also cause fear among consumers, which can lead to a decrease in consumption in the short term. Although vaccines have been developed and biosecurity control measures have been applied, the risk of disease outbreaks is always present, especially in the context of harsh weather conditions.

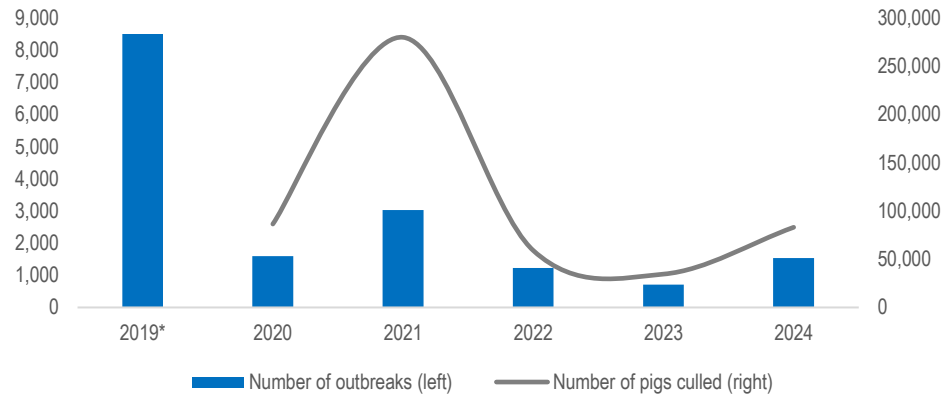
Typical diseases of the herds

Diseases	Symptoms	Impact	Vaccination status
African Swine Fever (ASF)	High fever, loss of appetite, skin hemorrhages, rapid death	Very severe – nearly 100% mortality rate	Commercial vaccines are available for pigs, but not yet for breeding sows and boars; vaccination is not yet widespread.
Porcine Reproductive and Respiratory Syndrome (PRRS)	Reduced reproductive performance, immunosuppression, and secondary infections	Severe - impacts reproduction and growth	Vaccines are available.
Foot-and-Mouth Disease (FMD))	Blisters, lameness, reduced meat production	Severe	Vaccines are available but require periodic injection every 4-6 months.
Hemorrhagic Septicemia	High fever, cyanosis, sudden death	Severe to moderate	Vaccines are available.

Source: Shinhan Securities Vietnam compiled

African Swine Fever (ASF) can be considered the most dangerous disease. It first appeared in Vietnam in February 2019 in Hung Yen and quickly spread nationwide, causing immense damage to pig farmers. An estimated over 6 million pigs were culled in 2019, with about 8,500 outbreaks across 62 out of 63 provinces and cities. Currently, ASF is largely under control thanks to commercially licensed vaccines and increasingly stringent biosecurity measures. However, there's still a risk of re-outbreaks due to uneven vaccination rates among small-scale farms.

ASF developments over the years



Source: Vietnam Livestock, Shinhan Securities Vietnam
(*) In 2019, about 6 million sick pigs were culled

Environmental risks – climate and natural disasters impacting livestock

Environmental risks, particularly those related to climate and natural disasters, significantly impact the livestock farming industry. Fluctuations such as prolonged heatwaves, severe cold, and floods don't just stress pigs, reduce their immunity, and make them more susceptible to disease; they also severely affect farm infrastructure, water sources, and feed supplies. Furthermore, prolonged flooding after heavy rains can contaminate the farming environment, increasing the risk of disease outbreaks. This leads to substantial losses for farmers, impacting both the number of animals and the costs of treatment and restocking.

Most recently, Typhoon Yagi in 2024 made landfall in the northern provinces, causing severe damage. It destroyed thousands of farm sheds, swept away livestock, and disrupted the animal feed supply chain, leading to a localized increase in live pig prices in some areas.

Relocating pigs from flooded farms in Bac Ninh province during Typhoon Yagi



Source: Vietnam Livestock, Shinhan Securities Vietnam

Risk of Live Pig Price Fluctuations

The risk of live pig price fluctuations is one of the biggest challenges for livestock farming businesses. Live pig prices in Vietnam typically fluctuate cyclically, influenced by domestic supply and demand, raw material costs, disease outbreaks, and seasonal factors. When supply significantly increases or consumption is weak, pig prices can drop sharply, leading to a decline in profit margins. Heavy reliance on the domestic market, while pork exports remain limited, makes this risk even more concerning. This forces businesses to constantly adjust their production scale, selling prices, and inventory policies flexibly in order to cope with pig price fluctuations.

Legal and Policy Risks

Legal and policy risks in livestock farming arise from changes in regulations related to environmental protection, biosecurity, disease prevention, land use, and farm construction. Businesses and individual farmers may face difficulties in obtaining investment licenses, conducting environmental impact assessments, or changing land use purposes, especially for the relatively new muti-storey farm models. Additionally, policies on import incentives or investment preferential treatment for FDI (Foreign Direct Investment) enterprises can also affect the competitiveness of domestic livestock businesses.

Appendix: Financial Statements

Statement of financial position

Year to Dec. (bn VND)	2022	2023	2024	2025F	2026F
Total assets	**4,729**	**6,534**	**7,449**	**8,930**	**10,781**
Current assets	2,663	3,148	3,081	3,738	4,922
Cash & equivalents	151	95	149	762	371
Short-term financial asset	100	327	291	264	418
Accounts receivable	1,503	1,105	444	892	1,249
Inventories	989	1,088	882	1,593	2,156
Other short-term assets	-80	533	1,315	227	728
Non-current assets	2,066	3,386	4,368	5,192	5,859
Net fixed assets	1,096	1,617	2,394	3,018	3,395
Investment assets	353	902	892	981	936
Other long-term assets	970	1,769	1,974	2,174	2,464
Total liabilities	**2,986**	**4,625**	**4,513**	**4,338**	**5,076**
Current liabilities	2,292	3,011	3,065	2,788	3,771
Accounts payable	1,901	2,188	1,771	1,470	2,330
Short-term borrowings	264	704	1,139	1,170	1,199
Others	127	119	155	148	242
Non-current liabilities	695	1,614	1,449	1,550	1,305
Long-term borrowings	693	1,156	965	1,043	776
Other financial liabilities	2	458	484	507	529
Total shareholders' equity	**1,743**	**1,908**	**2,936**	**4,592**	**5,705**
Capital stock	1,435	1,435	2,390	3,040	3,040
Investment and development fund	0	0	0	358	358
Other capital	9	148	148	151	158
Retained earnings	299	325	398	1,043	2,149
Non-controlling interest equity	0	8	9	11	10
*Total debt	957	1,860	2,104	2,213	1,975
*Net debt (cash)	706	1,438	1,664	1,187	1,186

Statement of cash flow

Year to Dec. (bn VND)	2022	2023	2024	2025F	2026F
Cash flow from operations	(269)	(420)	(292)	497	929
Net profit	288	30	319	649	1,113
D&A expense	59	105	165	253	313
(Gain) from investing activities	36	152	217	216	209
Change in working capital	(649)	(467)	(754)	(403)	(421)
Others	(3)	(240)	(239)	(218)	(285)
Cash flow from investments	(579)	(1,155)	(574)	(1,023)	(1,104)
Change in fixed assets	(505)	(988)	(504)	(1,076)	(980)
Change in investment assets	(86)	(224)	36	27	(154)
Others	12	57	(106)	26	30
Cash flow from financing	758	1,519	920	1,140	(216)
Change in equity	-	138	711	1,008	-
Net borrowing	758	1,381	213	132	(216)
Dividends	-	-	(4)	-	-
Change in total cash	(90)	(56)	54	614	(391)
Beginning cash	241	151	95	149	762
Change in FX rates	-	-	-	-	-
Ending cash	151	95	149	762	371

Source: Company data, Shinhan Securities Vietnam

Statement of comprehensive income

Năm (Tỷ đồng)	2022	2023	2024	2025F	2026F
Year to Dec. (bn VND)	**7,083**	**5,199**	**5,641**	**5,274**	**8,357**
Revenue	-32.1	-26.6	8.5	-6.5	58.5
Growth (%)	(6,558)	(4,856)	(4,924)	(4,003)	(6,473)
COGS	**525**	**343**	**717**	**1,271**	**1,884**
Gross profit	7.4	6.6	12.7	24.1	22.5
GPM (%)	(160)	(193)	(214)	(316)	(401)
SG&A	365	150	503	955	1,483
Operating profit	(12.5)	(58.8)	233.6	90.0	55.3
Growth (%)	5.2	2.9	8.9	18.1	17.7
OPM (%)	**(27)**	**(126)**	**(96)**	**(201)**	**(189)**
Non-operating profit	8	38	22	31	37
Financial income	(31)	(155)	(222)	(225)	(220)
Financial expense	(36)	(141)	(201)	(216)	(209)
In which: interest expenses	(4)	(9)	104	(7)	(6)
Net other non-operating profit	339	25	406	754	1,294
Pre-tax profit	(51)	6	(87)	(106)	(181)
Income tax	**288**	**31**	**319**	**648**	**1,113**
Net profit	(10.6)	(89.5)	952.5	103.4	71.5
Growth (%)	4.1	0.6	5.7	12.3	13.3
NPM (%)	287	26	317	645	1,106
Controlling interest	1	5	2	3	7
Non-controlling interest	**375**	**166**	**607**	**970**	**1,503**
EBIT	(6.0)	(55.7)	265.7	59.8	54.9
Growth (%)	5.3	3.2	10.8	18.4	18.0
EBIT Margin (%)	**434**	**271**	**772**	**1,223**	**1,816**
EBITDA	(6.0)	(37.6)	184.9	58.4	48.5
Growth (%)	6.1	5.2	13.7	23.2	21.7

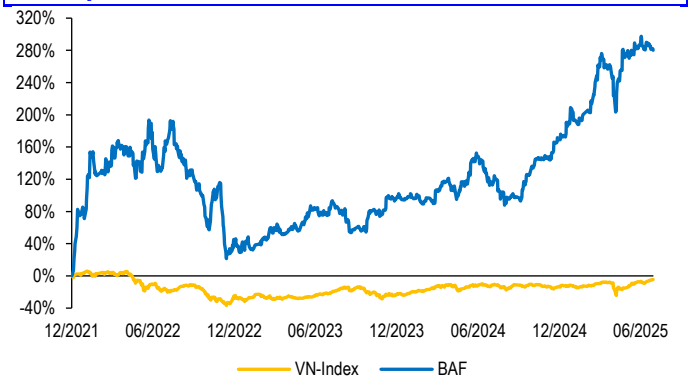
Key ratios

Year to Dec.	2022	2023	2024	2025F	2026F
EPS (VND)	1,998	157	1,556	2,121	3,638
BPS (VND)	12,041	13,178	12,244	15,061	18,699
DPS (VND)	0	0	0	0	0
PER (x)	9.4	140.7	16.2	17.8	10.4
PBR (x)	1.5	1.9	2.3	2.5	2.0
EV/EBITDA (x)	7.9	21.9	14.2	9.5	6.4
Dividend payout ratio (%)	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Profitability					
EBITDA margin (%)	6.1	5.2	13.7	23.2	21.7
OPM (%)	5.2	2.9	8.9	18.1	17.7
NPM (%)	4.1	0.6	5.7	12.3	13.3
ROA (%)	6.1	0.6	4.6	7.9	11.3
ROE (%)	16.5	1.7	13.2	17.2	21.6
Stability					
Debt to equity ratio (%)	54.9	97.5	71.7	48.2	34.6
Cash ratio (%)	11.0	14.0	14.4	36.8	20.9
Interest coverage ratio (x)	10.4	1.2	3.0	4.5	7.2
Activity (%)					
Working capital turnover (times)	163.1	134.0	131.7	162.5	92.2
Inventory turnover (days)	54.8	93.0	139.0	180.1	130.7
Receivable turnover (days)	105.1	77.4	34.9	30.3	35.0

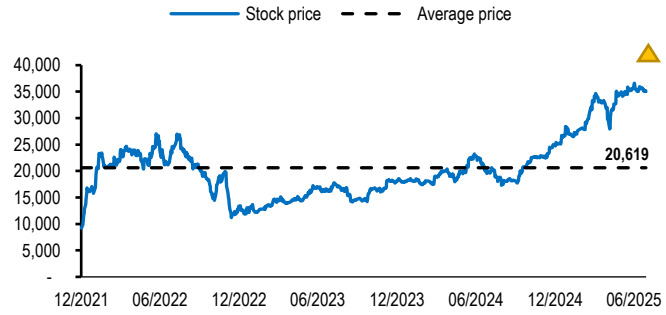
Source: Company data, Shinhan Securities Vietnam

BAF VIETNAM AGRICULTURE JSC (BAF VN)

Stock price



Target price



Date	Rating	TP (VND)	TP gap (%)	
			Average	High/Low
09/07/2025 (Initiation)	HOLD	37,800	40.7	3.3/118.5

Note: Calculation of target price gap based on past 12 months

Shinhan Securities Vietnam

Stock	Sector
◆ **BUY:** Expected 12-month gain of 15% or more ◆ **HOLD:** Expected 12-month loss of 15% to gain of 15% ◆ **SELL:** Expected 12-month loss of 15% or more	◆ **OVERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated BUY ◆ **NEUTRAL:** Based on market cap, largest share of sector stocks under coverage is rated HOLD ◆ **UNDERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated SELL

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