

Buy (from Add)

Target price: VND39,300 (from VND41,400)
 Up/downside: 23.8%

Share price (VND) (as of 7 Nov 2025) 31,750

Bloomberg code	BAF VN
52-week range (VND)	22,450-38,050
Trading value (5D) (VNDmn)	40,282
Market cap. (VNDbn)	9,653
Market cap. (USDmn)	367
Shares outstanding (mn)	304
Total FOL share room (mn)	143
Current FOL share room (mn)	9.97
Foreign ownership limit	39.0%
Foreign owned ratio	43.8%
Free float	65.5%
Major shareholder	Siba Holdings (31.5%)

Source: Company, HSC Research estimates

Share price performance



Share price (%)	-1 mth	-3 mth	-12 mth
Ordinary shares	(9.16)	(8.90)	39.3
Relative to index	(4.93)	(13.4)	1.24
Relative to sector	-	-	-

Source: Company, FactSet

HSC vs. consensus

EPS adj. (VND)	HSC	Cons	% diff
2025F	1,945	2,150	(9.6)
2026F	2,703	3,440	(21.4)
2027F	3,699	4,069	(9.1)

Source: Bloomberg, HSC Research estimates

Company description

A rapidly growing livestock company with a fully integrated Feed-Farm-Food value chain

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Leaner and meaner; upgrade to Buy

- We upgrade BAF to Buy (from Add) despite lowering our TP by 5.1% to VND39,300 on lower earnings forecasts following weaker-than-expected 3Q25 results, which were pulled down by a surge in SG&A due to flooding.
- We expect BAF's operational efficiency to strengthen given its new shape; we thus inch up GPM forecasts for FY25-27 by 1.2ppt on avg. This said, we cut our net profit forecasts by 15.9% on avg., impacted by our more conservative view re. extreme weather. Our new forecasts still suggest a solid 3-year CAGR of 51% (previously: 57%).
- Off 9% in the past 1M, BAF now trades on a 1Y rolling fwd EV/EBITDA of 5.5x, 1.4 SDs below its average of 7.8x (data since Jan-22).

Event: In-depth 3Q25 review

BAF's 3Q25 net profit fell a full 66% y/y to VND21bn on a 14% y/y decline in sales, though revenue from higher-margin farming – now BAF's key business – rose 33% y/y in the period, lifting GPM to 23.2%. Earnings were weighed down by a disappointing 73% surge in SG&A expenses from higher transport and training costs. As a reminder, BAF exited the low margin agri-trading business from beginning 2025. Through 9M25, BAF's reported net profit accounted for 56% of our pre-results FY25F – disappointing.

Impact: Cutting FY25-27 net profit forecasts by 15.9% on avg.

BAF's changing business mix was reflected in a higher GPM in 9M25 of 23.9% (vs 12.9% in 9M24); reviewing this, we inch up our FY25-27 GPM forecasts by 1.2ppt. on avg. However, we cut our overall FY25-27 net profit forecasts by an average of 15.9%, impacted by our higher SG&A and financial expenses assumptions reflecting our more conservative view after serious flooding during Sep-Oct.

We now project FY25 net sales of VND5,079bn (off 8.5% y/y; cut by 10.6%) and net profit of VND565bn (up 75% y/y; cut by 13.6%). Meanwhile, our new FY26-27 net profit forecasts – following cuts of 23% and 11%, respectively – suggest growth of 42.3% and 36.9%.

Valuation and recommendation

Off 9% in the last 1M, BAF is currently trading on a 1Y rolling forward EV/EBITDA of 5.5x, 1.4 SDs below its average of 7.8x (data since Jan-22). Following our downward earnings revisions and a rolling forward of our valuation basis to end-FY26, we trim our TP by 5.1% to VND39,300, suggesting 24% upside and valuing BAF at EV/EBITDA of 11.6x (FY25) and 7.9x (FY26).

We upgrade BAF to Buy. Though we take a somewhat more conservative view, we continue to see strong growth outlook over the next two years, as BAF's expansion in the farming segment will continue to support profitability.

Year end: December	12-23A	12-24A	12-25F	12-26F	12-27F
EBITDA adj. (VNDbn)	247	775	1,127 ▼	1,709 ▼	2,296
Reported net profit (VNDbn)	26.9	323	591 ▼	822 ▼	1,125 ▼
EPS adj. (VND)	187	1,350	1,945 ▼	2,703 ▼	3,699 ▼
DPS (VND)	-	-	-	-	-
BVPS (VND)	13,223	12,264	13,984	16,761 ▼	20,560 ▼
EV/EBITDA adj. (x)	25.6	12.3	10.6	7.35	6.06
P/E adj. (x)	169	23.5	16.3	11.7	8.58
Dividend yield (%)	-	-	-	-	-
P/B (x)	2.40	2.59	2.27	1.89	1.54
EPS adj. growth (%)	(97.6)	620	44.1	39.0	36.8
Ret. on avg. equity (%)	1.48	13.4	16.5	17.6	19.8

Note: Use of ▲ ▼ indicates that the item has changed by at least 5%.
 Source: Bloomberg, HSC Research estimates

Cutting estimates, but lifting rating to Buy on val'n

9M25 GPM was strong at 23.2% (vs. 17% in 3Q24 and 22.9% in 2Q25), reflecting BAF's changing business mix. However, floods here in late Sep to mid-Oct caused additional costs for storm prevention, herd relocation, and transportation of feed and materials to farms, pushing up SG&A and weighing on profits. Looking ahead, we expect BAF's GPM to continue to improve, supported by higher utilization and capacity expansion. However, we cut our FY25-27 net profit forecasts by an average of 15.9%; notably, we up our SG&A/sales assumption as a precaution against increasingly extreme weather. Our revised forecasts still imply a solid 3-year net profit CAGR of 51% (previously: 57%). We slightly lower our target price by 5% to VND39,300 but upgrade the stock to Buy, offering 24% upside potential.

3Q25 earnings review: Weak on surge in SG&A expenses

BAF reported weak 3Q25 results, posting a net profit of VND21bn, down 66% y/y, while net sales declined 14% y/y to VND1,136bn. The decline in sales was mainly attributed to the company's full exit from the agri-trading business since early 2025. In contrast, revenue from the farming segment rose 33% y/y, contributing 100% of total revenue in 3Q25 compared to 65% in 3Q24.

3Q25 GPM remained solid at 23.2% (vs. 17.0% in 3Q24 and 22.9% in 2Q25), supported by the absence of thin-margin agri-trading activities. However, net profit was pressured by lower sales and an unexpected 73% y/y increase in SG&A expenses to VND178bn, driven by a 28.2% y/y rise in transportation costs to VND89bn, a 91% y/y surge in staff expenses to VND35bn, and a 98% y/y increase in other expenses to VND27bn. According to management, transportation costs rose due to the movement and segregation of pig herds for newly opened farms and the transport of feed and materials, while higher staff expenses reflected training and capacity-building for upcoming farm operations, and other expenses increased partially related to typhoon prevention efforts.

For 9M25, total sales reached VND3,647bn (off 7% y/y, 64% of our pre-results FY25F), while net profit came to VND363bn, up 69% y/y (56% of our pre-results FY25F) driven by strong performance in the farming business and firm domestic pig prices. GPM improved to 23.9% from 12.9% in 9M24, as the company fully exited the low-margin agri-trading segment starting from beg-2025.

Figure 1: 3Q25 and 9M25 results, BAF

GPM increased significantly as BAF fully exited the low-margin agri-trading business

VNDbn	3Q24	3Q25	Growth y/y	9M24	9M25	Growth y/y
Net sales	1,314	1,136	-14%	3,927	3,647	-7%
Cost of goods sold	(1,091)	(872)	-20%	(3,418)	(2,776)	-19%
Gross profit	223	264	18%	509	871	71%
GPM	17.0%	23.2%	37%	12.9%	23.9%	84%
Net financial income	(51)	(63)	23%	(147)	(187)	27%
SG&A	(103)	(178)	73%	(185)	(316)	71%
SG&A/sales ratio	7.8%	15.6%	100%	4.7%	8.7%	84%
Operating profit	69	24	-66%	177	369	109%
Net other income	(2)	3	-264%	98	11	-89%
Profit before tax	67	26	-61%	275	380	38%
Net profit	60	21	-66%	214	363	69%

Source: Company data

Looking ahead: Upward pressure on pork prices in the next 3-6 months due to flood and disease impacts

Early assessment of flood impacts

During late Sep-mid Oct, consecutive tropical storms and depressions (including Typhoon Ragasa, Typhoon Bualoi, and Typhoon Matmo) have severely affected the northern and northern central regions of Vietnam bringing prolonged heavy rainfall and large-scale flooding. The prolonged inundation has caused significant damage to the swine industry, with many farms submerged, washed away, or severely damaged, and

key farming infrastructure destroyed. Although there has been no official nationwide assessment of pig herd losses as well as number of damaged farms, initial local reports suggest notable disruption in livestock production in affected provinces.

In the short term, flooding has disrupted supply chains in directly impacted areas. Pork supply in 3Q25 rose sharply as farmers rushed to sell pigs during floods to avoid following disease outbreaks to recover capital, causing domestic pork prices to drop sharply during the quarter. However, over the next 3-6 months, pork farming households will need to rebuild and repair their facilities and restock herds post damage. Among small-scale farmers, some may exit the industry entirely due to a lack of financial capacity to restore barns or relocate to safer areas in preparation for future floods. As a result, domestic pork supply is likely to tighten, coinciding with the peak consumption season ahead of the Lunar New Year (in about three months). Therefore, we expect upward pressure on pork prices in 4Q25.

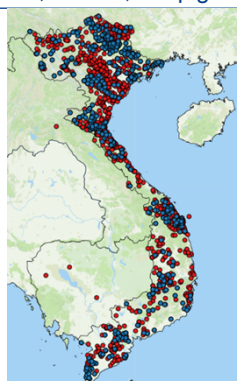
This could benefit BAF in the coming quarters (and would represent an upside risk to our estimates), as the recent flood and disease impacts were minimal, and the company has effectively maintained its hog herd in line with the plan. In the medium to long term, the decline of smallholder production will likely continue, creating opportunities for larger commercial farms and enterprises to expand market share.

Africa swine fever impacts

The African swine fever (ASF) outbreak intensified in 2025 due to prolonged rainy and flood conditions, especially during the 2Q25 and 3Q25. According to the Department of Livestock Production and Animal Health, in the first nine months of 2025, 2,040 ASF outbreaks were reported across all 34 provinces and cities, resulting in the culling of nearly 1 million pigs – an 88% y/y increase in the number of outbreaks (vs. 1,084 in 9M24) and a 13.8x y/y surge in the number of pigs lost to death and culling.

Figure 2: ASF outbreaks in Vietnam 1/1/2024-31/10/2024

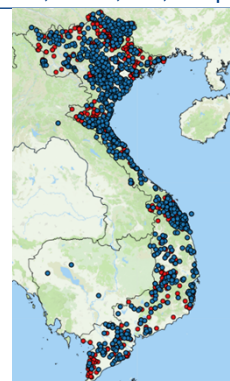
10M24: 1,085 outbreaks, est. 67,273 pig loss



Source: FAO (blue dot: confirmed outbreak, red dot: suspected)

Figure 3: ASF outbreaks in Vietnam 1/1/2025-31/10/2025

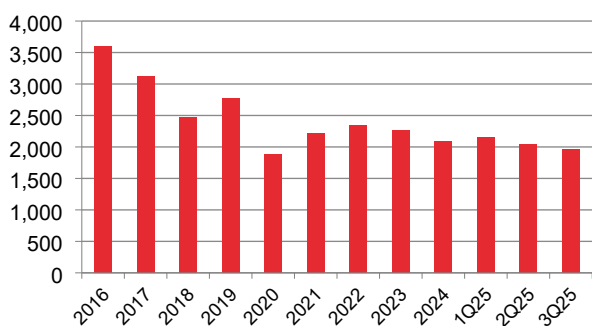
10M25: 2,040 outbreaks, est. 1,000,000 pig loss



Source: FAO (blue dot: confirmed outbreak, red dot: suspected)

Figure 4: No. of productive sow, Vietnam

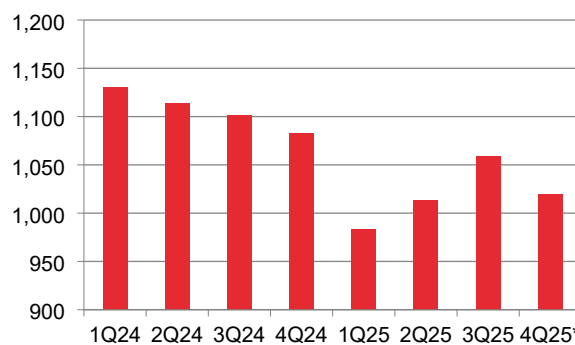
As end 3Q25, the sow herd reduced to the lowest level since 2021, implying a supply pressure in next 3-6M



Source: Agromonitor

Figure 5: Live hog volume (000 tonnes), Vietnam

Live hog volume is projected to decline 6% y/y on 4Q25, underlying by flood and ASF diseases in 2Q25 and 3Q25



Source: Agromonitor

As a consequence of both flooding and ASF, Vietnam's breeding sow herd has been significantly affected, declining to 1.964 million heads, down 9% YTD and marking the lowest level since 2021. The sharp contraction of the sow herd is expected to weigh on live hog supply over the next 3-6 months. This also signals strong upward pressure on domestic pork prices in the coming months due to tightening supply. This could also lead to upside in our BAF forecasts as the company continues to effectively maintain its hog herd.

FY25-27 earnings forecast revisions

We revise down our FY25-27 estimates by an average of 9.8% for net sales and 15.9% for net profit. The adjustments in our FY25F-27F sales mainly reflect revisions to revenue projections from farming and feed sales based on actual 9M25 results and an average upward revision of 2.3% in live hog prices. Meanwhile, our downward revisions to net profit – by an average of 15.9% – are primarily driven by higher assumptions for net financial expenses and SG&A costs – reflecting our addition caution re. increasingly extreme weather, following actual 9M25 numbers – against impacts of its changing business mix (lower overall volume, higher 2025-27 GPM forecasts – up by an average of 1.2 percentage points).

FY25 net sales are now projected at VND5.079bn (down 8.5% y/y; a cut of 10.6%) and net profit is now forecast at VND565bn, up 75% y/y but a cut of 13.6%. Our new estimates and the 9M25 actuals together imply 4Q25 net sales of VND1,432bn, down 16.4% y/y (though farming sales, the only source of revenue in the quarter, is seen as increasing by 37% y/y), and 4Q25 net profit of VND202bn, up 96% y/y.

FY26 and FY27 net profit are expected to grow at 42.3% y/y to VND804bn and 36.9% y/y to VND1,100bn, respectively (after respective cuts of 23% and 11%).

Figure 6: Old and new FY25-27 earnings forecasts, BAF

3-yr net profit CAGR is now expected at 50.5% (previously; 57%)

VNDbn	2025				2026				2027			
	Old	New	Growth y/y	Revision	Old	New	Growth y/y	Revision	Old	New	Growth y/y	Revision
Net sales	5,680	5,079	-8.5%	-10.6%	8,146	7,289	43.5%	-10.5%	10,728	9,839	35.0%	-8.3%
Net profit	654	565	75.1%	-13.6%	1,046	804	42.3%	-23.1%	1,237	1,100	36.9%	-11.0%

Source: HSC Research

Figure 7: Old and new FY25-27 sales assumptions, BAF

3-yr farming sales CAGR is seen at 45.1%, underpinned by a 39% CAGR in live hog volume

VNDbn	2025				2026				2027			
	Old	New	Growth y/y	Revision	Old	New	Growth y/y	Revision	Old	New	Growth y/y	Revision
Farming sales	5,280	4,804	60.2%	-9.0%	7,496	6,792	41.4%	-9.4%	9,601	9,158	34.8%	-4.6%
Hogs ('000)	755	755	35.6%	0.0%	1,154	1,102	45.9%	-4.5%	1,521	1,497	35.8%	-1.6%
ASP (VND'000/kg)	57	58	8.3%	2.3%	57	58	0.0%	2.3%	57	58	0.0%	2.3%
Feed	130	103	-95.6%	-21.2%	22	146	N/m	565.3%	69	321	120.1%	363.8%
Others	269	172	N/m	-35.9%	628	351	103.8%	-44.0%	1,058	359	2.2%	-66.0%

Source: HSC Research

Figure 8: Old and new FY25-27 GPM and SG&A/sales ratio assumptions, BAF

We (1) lift our FY25-27 net financial expense forecasts by 14.6% on average, (2) increase our SG&A/sales ratio assumptions by 1.9 basis points on average, and (3) raise our GPM forecasts by 1.2 basis points on average

VNDbn	2025				2026				2027			
	Old	New	Growth y/y	Revision	Old	New	Growth y/y	Revision	Old	New	Growth y/y	Revision
GPM	23.7%	23.9%	10.6ppt	0.2ppt	24.7%	25.6%	1.7ppt	0.9ppt	23.0%	25.5%	0.0ppt	2.6ppt
Net financial expenses	(255)	(249)	23.8%	-2.5%	(306)	(374)	50.2%	22.0%	(388)	(483)	29.4%	24.4%
SG&A/sales ratio	5.3%	7.7%	3.1ppt	2.4ppt	5.3%	7.0%	-0.7ppt	1.7ppt	5.3%	7.0%	0.0ppt	1.7ppt
EBITDA margin	27.4%	26.1%	10.2ppt	-1.3ppt	27.9%	28.3%	2.2ppt	0.4ppt	26.8%	28.1%	-0.3ppt	1.2ppt
Net margin	11.5%	11.1%	5.3ppt	-0.4ppt	12.8%	11.0%	-0.1ppt	-1.8ppt	11.5%	11.2%	0.2ppt	-0.3ppt

Source: HSC Research

Upgrade to Buy on valuation

Following our downward earnings revisions and a rolling forward of our valuation basis to end-26, we trim our TP by 5.1% to VND39,300, suggesting 24% upside and valuing BAF at EV/EBITDAs of 11.6x (FY25) and 7.9x (FY26). We upgrade our rating to Buy; see a strong growth outlook over the next two years, as BAF's expansion in the farming segment will continue to support profitability.

Our assumptions include:

- We cut our FY25-27 net profit estimates by 15.9% on average, mostly on financial and SG&A costs.
- We use a 4.0% risk-free rate, an 8.75% market risk premium, and a 1.0 beta (unchanged); together, these come to a WACC of 11.7% (unchanged). Our terminal growth rate is maintained at 2%.
- We now use a valuation basis of end-FY26 (from mid-26 previously).

Figure 9: FCFF calculation, BAF

VNDbn	2025	2026	2027	2028	2029	2030
EBIT	824	1,354	1,825	1,883	1,933	2,121
Tax	(19)	(173)	(237)	(242)	(240)	(281)
Unlevered net income	805	1,181	1,588	1,641	1,693	1,840
Plus: D&A	266	334	442	526	606	646
Less: Capex	(1,085)	(1,001)	(1,601)	(1,301)	(1,201)	(701)
Less: WC increase	67	173	(493)	(19)	(24)	(366)
UFCF	52	687	(64)	847	1,074	1,418

Source: HSC Research

Figure 10: WACC calculation, BAF

	Value
Risk-free rate	4.0%
Equity risk premium	8.75%
Beta (x)	1.0
Cost of equity	12.8%
Average interest rate	12.4%
CIT	17.6%
After-tax cost of debt	10.2%
Weight of debt	40.0%
WACC	11.7%

Source: HSC Research

Figure 11: DCF calculation, BAF

	Unit	Value (at end-FY26)
Terminal growth rate		2.0%
PV of CFs through FY30	VNDbn	5,480
PV of terminal value	VNDbn	8,935
Total PV	VNDbn	14,416
Plus: Cash + short-term investments	VNDbn	1,121
Less: Gross debt, adjustment	VNDbn	(3,584)
Equity value	VNDbn	11,952
Shares o/s	mn	304
Fair value	VND/share	39,300

Source: HSC Research

Figure 12: TP sensitivity to terminal growth rate and risk-free rate (VND), BAF

	Risk-free rate	Terminal growth rate				
		0%	1%	2%	3%	4%
3.0%		35,900	38,400	41,400	45,100	49,900
3.5%		35,200	37,500	40,300	43,800	48,200
4.0%		34,500	36,700	39,300	42,500	46,600
4.5%		33,800	35,900	38,400	41,400	45,200
5.0%		33,200	35,200	37,500	40,300	43,800

Source: HSC Research

Valuation context

Off 9% in the last 1M, BAF is now trading on a 1-year rolling forward EV/EBITDA of 5.5x, 1.4 SDs below its historical average of 7.8x.

Figure 13: Rolling 1Y forward EV/EBITDA, BAF
 Currently trading at 5.5x (based on our estimates)...

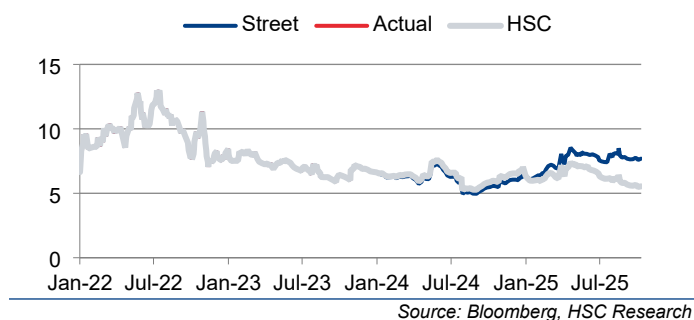


Figure 14: Std. devs. from mean, BAF
 ... 1.4 SDs below its historical average of 7.9x



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- Buy: Expected to rise by more than 20% on an absolute basis in the next 12 months
- Add: Expected to rise by between 5% and 20% on an absolute basis in the next 12 months
- Hold: Expected to rise or decline by less than 5% on an absolute basis in the next 12 months
- Reduce: Expected to decline by between 5% and 20% on an absolute basis in the next 12 months
- Sell: Expected to decline by more than 20% on an absolute basis in the next 12 months



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