

**BAF Viet Nam Agriculture JSC (BAF)**

**ADD (Maintain)**

**CONSUMER GOODS**

Current Price	VND26,750
52Wk High/Low	VND25,450/17,300
Target Price	VND32,000
Previous TP	VND27,500
TP vs Consensus	N/a
Upside	20.8%
Dividend Yield	0.1%
Total stock return	20.9%

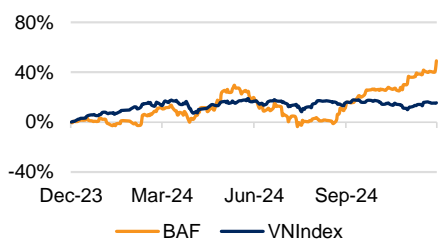
Growth rating	Positive
Value rating	Positive
ST Technical Analysis	<a href="#">Positive</a>

Market Cap	USD251.2mn
3m Avg daily value	USD2.9mn
Avail Foreign Room	USD120.1mn
Outstanding Shares	239.0mn
Fully diluted O/S	239.0mn

	BAF	Peers	VNI
P/E TTM	34.8x	12.3x	14.8x
P/B Current	2.3x	1.5x	1.7x
ROA	2.7%	2.9%	2.1%
ROE	8.5%	8.2%	12.5%

\*as of December 19, 2024

**Share Price performance**



Share price (%)	1M	3M	12M
Ordinary shares	14.8	33.8	49.5
Relative to index	4	0.1	15.9

**Ownership**

Siba Holdings	35.9%
Bui Huong Giang	3.0%
Others	61.1%

**Business Description**

Established in 2017, BAF focuses on the porker value chain with three animal feed factories and 25 farms with over 300,000 pig heads, ranking it among the top five largest livestock companies in Vietnam. The company aims to be among the top three largest 3F listed companies in terms of total herd size by 2030.

**Analyst(s):**



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**Capacity expansion for sustainable growth**

- We reiterate our ADD rating with 20.8% upside. We increased our TP by 16.4% while the share price has increased 17.8% since our last report.
- Our TP increased due to EPS adjustment and rolling our valuation model to 2025.
- Forward EV/EBITDA of 7.7x is 28.5% below the global Feed-Farm-Food peer average.

**Financial Highlights**

- 3Q24 net revenue increased 7.8% YoY to VND1.3tn (USD51.8mn) while gross profit increased 55.7% YoY to VND223bn (USD8.8mn), leading to a 5.2% pts YoY expansion in gross margin as BAF shifts to its 3F segment.
- SG&A increased 21.3% YoY due to higher labor costs due to the higher number of farms.
- We forecast net profit to surge 12.6x/46.9% for FY24/25.

**Investment Thesis**

**Average swine price to stay high until 1H25**

Swine prices rose significantly in December, reaching VND64,200/kg, and are expected to remain high through 1H25 due to the new livestock law, which will reduce supply from small-scale farms, and ongoing African Swine Fever outbreaks leading to higher culls. Prices should stabilize as larger, more hygienic farms become less affected by disease, preventing extreme fluctuations in swine price.

**The Animal husbandry law opens opportunities to increase market share**

A shift in the livestock industry structure in 4Q24 is taking place as the Livestock Law No.32/2018/QH14 will take effect in January 2025. We believe this creates opportunities for market share expansion for large-scale livestock companies because many facilities will cease livestock farming as they have not secured land to build farms within the designated planning areas. Furthermore, AFS caused large losses for small-scale farms, leaving them unable to compete with larger farming companies.

**Capacity expansion to boost sales volume**

We forecast a 38.1% YoY increase in sales volume, driven by rapid herd expansion and gaining market share from small-scale farms. In 4Q24, BAF will open five new farms, adding 90,000 pigs and 7,400 sows, bringing its total to 37 farms. BAF also completed the acquisition of seven livestock companies in November 2024, with plans to build farms holding 5,000 sows or 30,000 pigs each. By 2025, BAF aims to launch four more farms, bringing the total to 48.

**Optimizing farming processes creates long-term growth momentum**

The collaboration between BAF and Muyuan Group in implementing the six-tier pig farming model helps optimize space, increase productivity, and reduce costs. The application of modern farming technology improves management efficiency, lowers feed costs, minimizes disease risks, while also enhancing product quality. We believe this provides a sustainable competitive advantage, enabling BAF to grow steadily over the long term.

	12-23A	12-24E	12-25F	12-26F
Revenue growth	(26.6%)	8.2%	6.4%	8.5%
EPS growth	(90.6%)	657.7%	46.9%	17.0%
Gross margin	6.6%	14.7%	17.0%	17.9%
Net profit margin	0.5%	6.0%	8.3%	9.0%
P/E (x)	140.9	18.6	12.7	10.8
Rolling P/B (x)	2.0	2.3	2.1	2.2
ROAE	1.3%	18.0%	20.3%	23.9%
Net debt to equity	92.5%	60.7%	52.4%	35.3%

Source: VNDIRECT RESEARCH

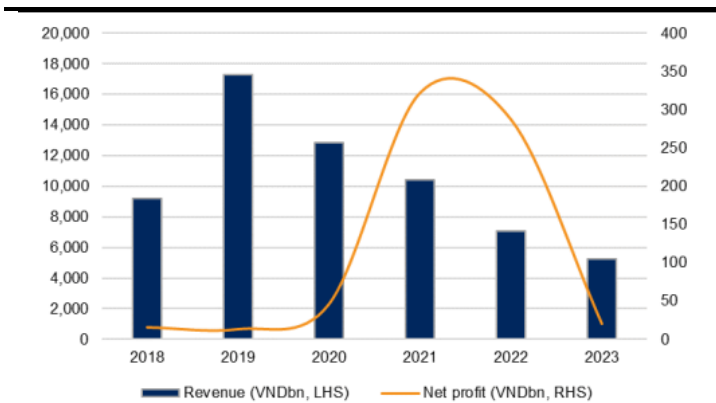
## Company Profile: A rising star in 3F (Farm, Feed and Food) business

BAF Viet Nam Agriculture Joint Stock Company (BAF) was established in April 2017 with an initial charter capital of VND30bn (USD1.2mn), The company was listed on the Ho Chi Minh Stock Exchange in December 2021.

BAF's business activities initially focused on trading agricultural products, but in March 2019, BAF reset its entire farming system and expanded its business into Feed and Food. According to management, agricultural trading had potential but created many challenges for a new business like BAF. Therefore, from the beginning of 2020, the company decided to change its strategy and now operates a vertically integrated Farm, Feed and Food (3F) system. Currently, BAF operates three animal feed factories for internal demand and 28 farms with capacity of 300,000 pig heads and aims to build two meat processing facilities in Binh Phuoc and Hoa Binh with capacity of 240 porkers/hour.

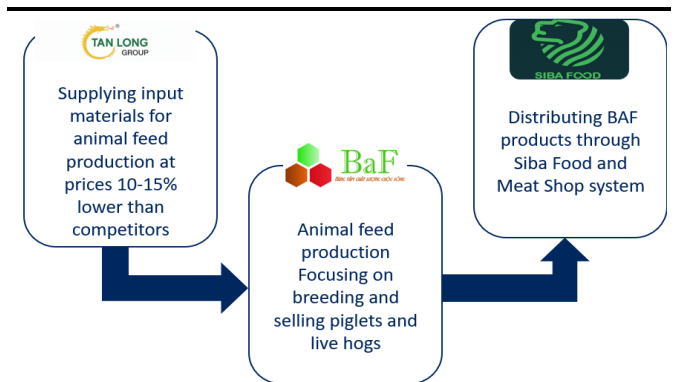
BAF forms part of Tan Long Group's ecosystem - the leader in animal feed ingredient imports in Vietnam. Tan Long not only trades agricultural products, but also invests in a closed value chain of livestock products. BAF is the key for Tan Long Group to enter the 3F business. Thanks to support from Tan Long Group, BAF can access raw materials at reasonable and stable prices. Therefore, the cost of BAF's animal feed is 10-15% lower than competitors, according to management.

Figure 1: BAF's revenue and net profit in 2018-23



Sources: VNDIRECT RESEARCH, COMPANY REPORT

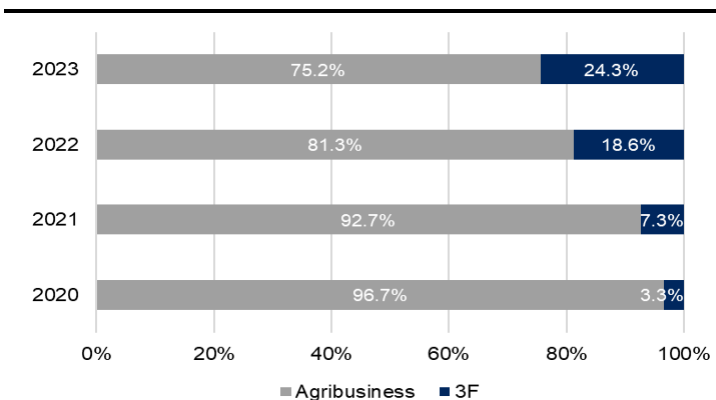
Figure 2: Tan Long Group's ecosystem



Sources: VNDIRECT RESEARCH, COMPANY REPORT

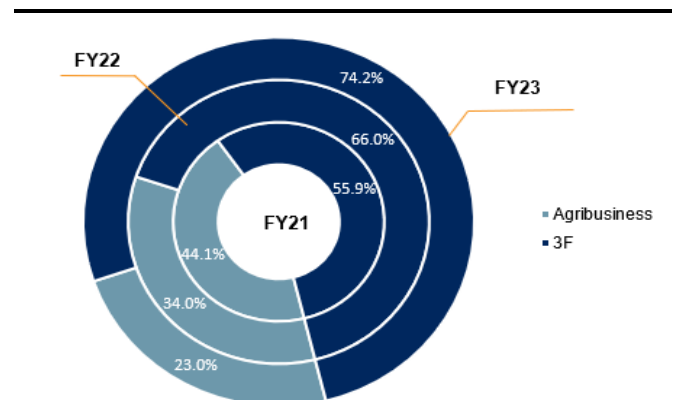
Agricultural trading contributed the largest proportion of 2023 revenue at 74.9%, followed by the 3F segment with 24.6%. However, the 3F segment contributed 74.2% of gross profit with a higher gross margin of 19.6% compared to 2.0% in the agricultural trading segment.

Figure 3: BAF's net revenue distributed by segment (unit: %)



Sources: VNDIRECT RESEARCH, COMPANY REPORT

Figure 4: BAF's gross profit distributed by segment (unit: %)



Sources: VNDIRECT RESEARCH, COMPANY REPORT

## Results Recap: Gross margin on the rise

Figure 5: 3Q24 earnings results

VNDbn	3Q24	% YoY	9M24	% YoY	FY24F	9M24/2024	9M23/2023
Net sales	1,314	7.8%	3,927	8.3%	5,624	69.8%	69.7%
Agribusiness	464	-44.9%	1,644	-38.5%	2,437	67.4%	68.0%
3F	850	124.5%	2,283	146.0%	3,184	71.7%	71.8%
Gross profit	223	55.7%	509	70.2%	829	61.4%	87.1%
SG&A	61	21.3%	185	33.6%	256	72.3%	71.7%
Net financial expenses	(42)	3.7%	(147)	77.6%	(145)	101.5%	70.7%
PBT	69	68.0%	275	364.0%	424	64.8%	236.7%
NPAT-MI	61	51.3%	215	306.1%	339	63.3%	195.7%
GPM	17.0%	5.2% pts	12.9%	4.7% pts	14.7%	-1.8% pts	1.6% pts
NPM	4.6%	1.3% pts	5.5%	4.0% pts	6.0%	-0.6% pts	0.9% pts

Sources: VNDIRECT RESEARCH, COMPANY REPORT

### Strong 3F revenue growth boosted total revenue growth

BAF's net revenue increased 7.8% YoY to VND1.3tn (USD51.8mn) in 3Q24, in which:

- Agribusiness trading revenue, representing ~35.3% of total sales (compared to 69% in 3Q23) plunged 44.9% YoY, in line with the company's strategy of scaling down the agribusiness to focus on the 3F business.
- Meanwhile, 3F revenue jumped 124.5% YoY to VND850bn (USD33.6mn), mainly thanks to a 121.8% YoY increase in sales volume and a 1.9% YoY increase in average selling price. In 3Q24, the average swine price increased 10% YoY due to concerns of tightening supply as AFS broke out while BAF's selling price only increased 1.9% YoY, in line with our expectation. Compared to 2Q24, 3F revenue declined 5.0% QoQ, driven by a significant drop in selling prices, which fell 20.9% QoQ, surpassing the average market swine price decrease of 2.3% QoQ. We believe this sharp decline was influenced by BAF also selling culled sows, which were priced 30%-40% lower than live hogs. In contrast, sales volume increased substantially by 20.1% QoQ, partially offsetting the impact of the lower prices.

### Higher 3F contribution pushed gross margin higher

BAF's 3Q24 gross profit increased 55.7% YoY to VND223bn (USD8.8mn), leading to a 5.2% pts YoY expansion in gross margin. We believe this was mainly thanks to an increase in the contribution from the 3F segment to total gross profit from 91.1% in 3Q23 to 99.2% in 3Q24.

### Rapid farm expansion put pressure on interest expenses

In 4Q24, BAF plans to put five additional farms into operation in Quang Ninh, Thanh Hoa, and Dak Nong, with a total scale of 90,000 pigs and 7,400 sows, raising the total number of farms to 37. In our view, the company's rapid farm expansion put pressure on interest expenses, which increased 29.7% YoY.

In addition, SG&A increased 21.3% YoY mainly due to higher labor costs as a result of more farms. Thus, net profit surged 51.3% YoY to VND61bn (USD2.4mn) in 3Q24.

For 9M24, BAF's revenue and net profit rose 8.3%/306.1% YoY, respectively, fulfilling 69.8%/63.3% of our full-year forecast. 4Q is usually the peak season for pork consumption, thus we expect BAF's net profit to accelerate in 4Q24.

**Figure 6: 3Q24 balance sheet**

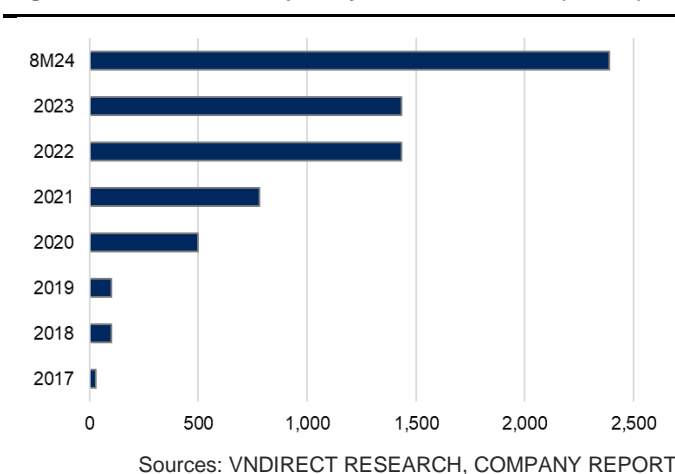
VNDbn	3Q23	4Q23	1Q24	2Q24	3Q24
Cash	71	108	45	810	90
A/R Days	123	68	55	31	19
Inventory Days	110	86	140	143	166
A/P Days	215	130	168	138	133
Capex	(21)	(24)	(5)	(16)	(20)
Depreciation	20	20	20	20	20
Fixed Assets	878	883	867	863	862
Net Debt / Equity (x)	1.1	1.2	1.2	1.2	0.8

Sources: VNDIRECT RESEARCH, COMPANY REPORT

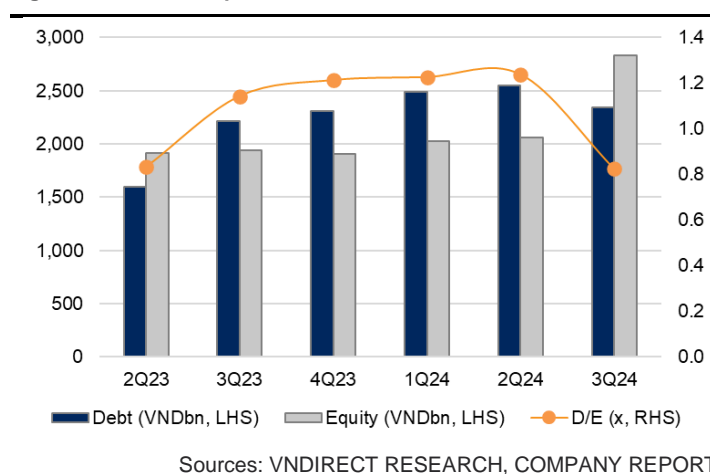
Both average receivable days and payable days declined significantly from 123/215 days in 3Q23 to 19/133 days in 3Q24, respectively, mainly due to the company's strategic plan of narrowing its agribusiness segment. Based on the company's financial report, most of the receivables and payables are related to the company's customers in the agriculture business, which plunged 78.7%/37.2% YoY in 3Q24 following a 44.9% YoY decrease in agribusiness revenue. Meanwhile, inventory days increased from 110 days to 166 days due to the rise in pork inventory as the company expands its 3F segment.

On the other hand, BAF's D/E ratio improved in 3Q24 to 0.8x from 1.1x in 3Q23 and 1.2x in 2Q24. In 2024, BAF has continuously increased its capital. In May 2024, the company raised its charter capital from VND1.4tn (USD56.6mn) to VND1.6tn (USD66.2mn), and further increased it to VND2.3tn (USD94.2mn) in August 2024. We believe that the company is still effectively utilizing the increased capital, with the ROE ratio rising from 2.0%/1.6% in 3Q23/2Q24, respectively, to 2.1% in 3Q24.

**Figure 7: BAF increased capital by 66.6% YoY in 2024 (VNDbn)**



**Figure 8: D/E ratio improved in 3Q24**



## FY24-25 outlook

### FY24-25 earnings forecast revision

Figure 9: FY24-25 earnings forecast revision

Unit: VNDbn	FY23	Old		New				Comments
		FY24	FY25	FY24	% yoy	FY25	% yoy	
<b>Net revenue</b>	<b>5,199</b>	<b>5,102</b>	<b>4,495</b>	<b>5,624</b>	<b>8.2%</b>	<b>5,981</b>	<b>6.4%</b>	
Agribusiness	3,934	2,995	1,819	2,437	-38.0%	1,476	-39.4%	
3F business	1,291	2,105	2,674	3,184	146.6%	4,502	41.4%	We revise up sale volume in 2025 by 7.4% compared to the previous forecast as we have added new farms from the companies that BAF acquired through M&A in November 2024.
<b>Gross profit</b>	<b>343</b>	<b>692</b>	<b>702</b>	<b>829</b>	<b>141.4%</b>	<b>1,014</b>	<b>22.4%</b>	
Gross margin	6.6%	13.6%	15.6%	14.7%	8.1% pts	17.0%	2.2% pts	
<b>SG&amp;A</b>	<b>193</b>	<b>188</b>	<b>180</b>	<b>245</b>	<b>27.0%</b>	<b>281</b>	<b>14.9%</b>	
SG&A as % revenue	3.7%	3.7%	4.0%	4.4%	0.6% pts	4.7%	0.3% pts	
<b>EBIT</b>	<b>151</b>	<b>504</b>	<b>523</b>	<b>584</b>	<b>288.0%</b>	<b>733</b>	<b>25.5%</b>	
EBIT margin	2.9%	9.9%	11.6%	10.4%	7.5% pts	12.3%	1.9% pts	
<b>Financial expenses</b>	<b>(155)</b>	<b>(147)</b>	<b>(122)</b>	<b>(180)</b>	<b>15.8%</b>	<b>(175)</b>	<b>-2.8%</b>	
Interest expense	(141)	(147)	(122)	(180)	27.2%	(175)	-2.8%	
<b>Tax</b>	<b>(6)</b>	<b>49</b>	<b>57</b>	<b>85</b>	<b>N/a</b>	<b>88</b>	<b>3.7%</b>	
Tax rate	-23.7%	13.0%	13.0%	20.0%	N/a	15.0%	-5.0% pts	
<b>Net profit</b>	<b>27</b>	<b>331</b>	<b>380</b>	<b>339</b>	<b>1160.4%</b>	<b>498</b>	<b>46.9%</b>	Net profit forecast increase 7.6% compared to the previous report
Net margin	0.5%	6.5%	8.5%	6.0%	5.5% pts	8.3%	2.3% pts	

Sources: VNDIRECT RESEARCH, COMPANY REPORT

### Positive outlook in livestock industry

#### Effective Animal husbandry law opens door to increase market share

We observed a shift in the livestock industry structure in 4Q24 as the Livestock Law No.32/2018/QH14 is scheduled to take effect in January 2025. Accordingly, small-scale farmers are relocating their farms out of residential areas with the deadline of December 31, 2024. We believe this creates opportunities for market share expansion for large-scale livestock company due to: 1) many facilities ceasing livestock farming as they have not secured land to build farms within the designated planning areas; and 2) the impact of African Swine Fever, which caused significant losses for many livestock farms, especially small-scale ones, leaving them unable to compete with larger farming companies.

According to the Department of Agriculture and Rural Development of Dong Nai, by the end of November, there were 1,979 facilities that have either ceased livestock farming or relocated. Of these, a total of 1,971 facilities have stopped livestock farming. As of the end of October, the total pig population reached over two million heads (accounting for nearly 10% of the national herd), decreasing nearly 9% YoY.

#### Average swine price stays high until 1H25

In December 2024, the average swine price increased 32.0% YoY/4.3% MoM/29.3% YTD to VND64,200/kg. We expect swine prices to stay high through 1H25 due to:

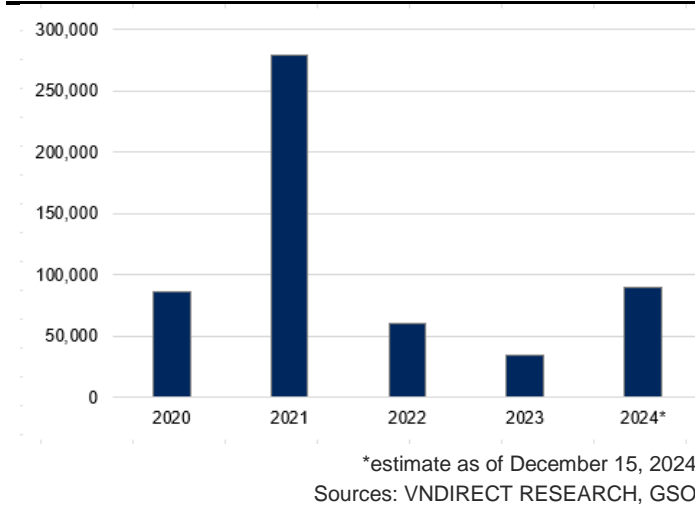
- The potential short-term impact on supply, as the livestock law effective from 2025 will lead to a significant reduction in supply from small-scale household farms (which account for nearly 50% of the total pork supply to the market). Currently, many companies are still associated with household farmers for output consumption, so the supply from these companies may not be able to immediately fill the gap in supply.
- In addition, the African Swine Fever outbreak has been complex, leading to an uncertain short-term supply outlook. Vietnam reported



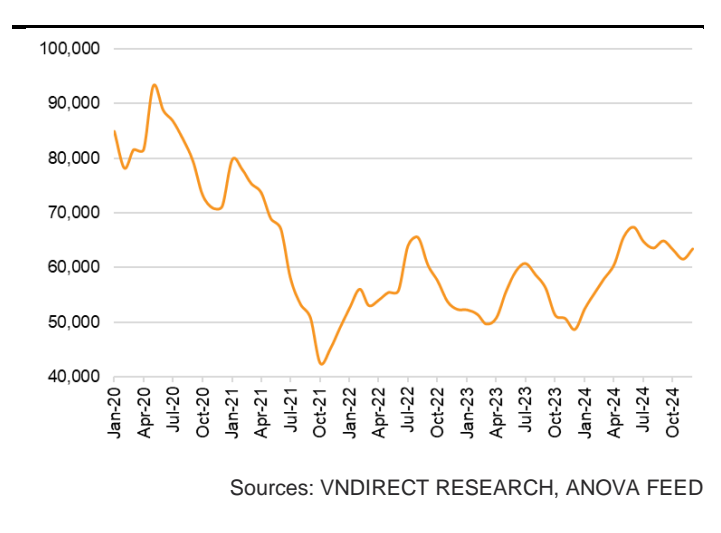
1,575 cases across 48 provinces and cities as of December 15, resulting in the death and culling of 89,341 pigs (2.6x higher than in 2023).

- The reduction in smallholder farms will help prevent panic selling during disease outbreaks, as 3F farms with better hygiene standards are less affected by diseases. As a result, this will help stabilize prices and prevent excessive fluctuations.

**Figure 10: Total dead and culled pigs due to the AFS increased strongly in 2024 (unit: pigs)**



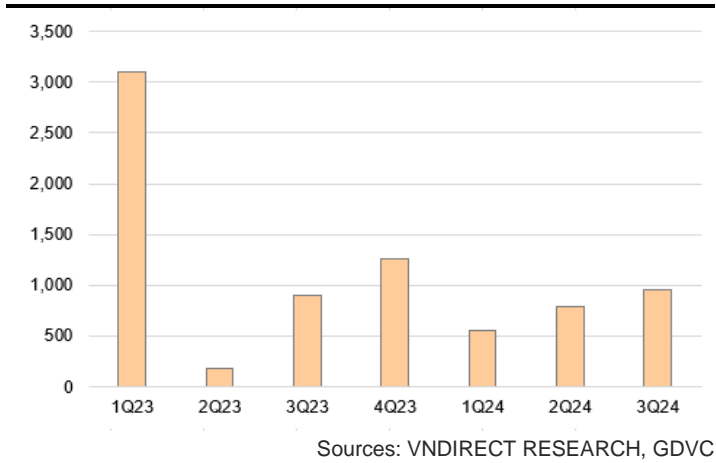
**Figure 11: Average swine price from Jan-20 to Dec-24 (unit: VND/kg)**



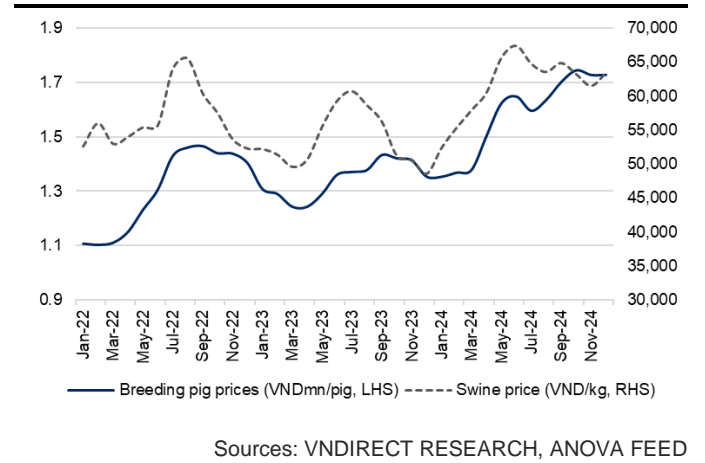
After that, swine prices may adjust slightly in 2H25 as:

- Pork supply may return by the end of 2Q25 as 3F companies are making efforts to repopulate pig heads in late 2024 to compensate for the supply gap after the livestock law takes effect.
- Q3 is typically the low season for consumption during the year.

**Figure 12: The number of imported breeding pigs increased in 3Q24 (unit: pigs)**



**Figure 13: The increase in breeding pig prices in 3Q24 indicates rising demand for breeding pigs**



**Animal feed price likely to remain stable**

Animal feed prices experienced five price reductions in 2023, followed by three reductions in 2024. In the base case, we expect animal feed prices to remain stable in 2025 as input material prices decrease slightly. In 2025, the World Bank projects a year-on-year decrease of 1.9%, 1.1%, and 2.2% in wheat, corn, and soybean meal prices, respectively, due to a brighter global production outlook.

**Company outlook: Keeping focus on 3F business**

**Slight revenue growth...**

We expect 3F revenue to increase 41.4% YoY in FY25 due to:

- We forecast sales volume to rise 38.1% YoY thanks to: 1) a rapid herd expansion rate; and 2) gaining more market share from small-scale farms. In 4Q24, the company plans to put an additional five farms into operation in Quang Ninh, Thanh Hoa, and Dak Nong with a total scale of 90,000 pigs and 7,400 sows, raising the total number of farms to 37. At the same time, BAF completed M&A of seven livestock companies in November 2024. According to management, these are companies with land reserves and are in the process of finalizing legal procedures to build farms (with a scale of 5,000 sows or 30,000 pigs each farm, based on our estimate). In 2025, BAF also intends to launch four new farms with a scale of 17,500 sows and 132,000 pigs. As the result, we estimate the total number of farms will reach 48 in 2025. Management has said that total capex for building new farms may reach VND3.0tn (USD123mn) in 2025.
- We expect BAF's selling price to increase 3.3% YoY in FY25, higher than the increase in the average swine price on the market of 1.0% YoY. In FY24, BAF's selling price was lower than the average swine price as BAF sold culled sows (which sold for 30%-40% less than the average swine price on the market). We believe the company will increase pork production in 2025, and with fewer culled pigs, this will lead to prices increasing faster than the market.

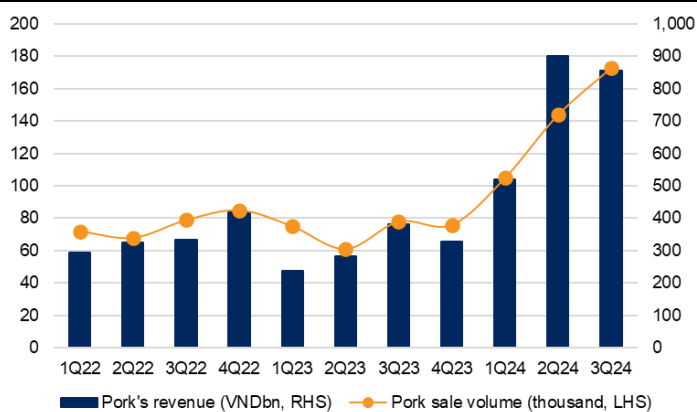
Meanwhile, we forecast revenue from agribusiness will decline 39.4% YoY in FY25, following a 38.0% YoY decrease in FY24. We believe this is in line with the company's strategy to scale down the agribusiness segment in the long term. In summary, we forecast BAF's revenue to increase 6.4% YoY in FY25.

**.... while net profit maintains double-digit growth**

We forecast BAF's net profit to jump 46.9% YoY in FY25 due to:

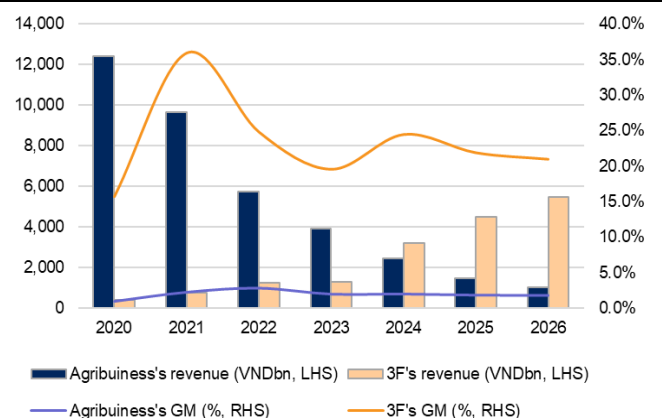
- Revenue increasing 6.4% YoY mainly thanks to 3F revenue growth.
- Gross margin expanding 2.2% pts YoY with a higher contribution from the 3F segment.
- SG&A expenses increasing 14.9% YoY in FY25 due to higher labor costs, following the expansion of the farm system.

**Figure 14: BAF's pork sales volume and revenue by quarter**



Sources: VNDIRECT RESEARCH, COMPANY REPORT

**Figure 15: We expect 3F segment to drive long-term growth**



Sources: VNDIRECT RESEARCH, COMPANY REPORT

## Valuation: Reiterate ADD with higher TP of VND32,000

Our valuation is based on an equal weighting of DCF and EV/EBITDA methods. We revised up our TP by 16.4% due to the mixed impact of:

- The nine-year DCF model being impacted by: 1) FY25 EPS forecast adjustments of 7.6%; and 2) a higher WACC from 7.3% to 7.5% as we decrease our risk-free rate from 2.78% to 2.63% (based on the 10-year bond yield as of September 30) while we change the % weight of debt in the capital structure. We apply an equity risk premium of 7.78% based on [Damodaran's update](#) in July 2024.
- EV/EBITDA method: Rolling valuation to FY25

**Potential re-rating catalysts include:** 1) higher-than-expected demand for meat products, and 2) higher-than-expected swine prices.

**Downside risks include:** 1) lower-than-expected meat consumption in Vietnam, 2) slower-than-expected construction progress of new farms, and 3) the prices of key animal foods rising faster than expected.

Figure 16: Valuation summary

Methodology	Price	Weight	Weighted price
FCFF	31,901	50%	15,951
EV/EBITDA	31,000	50%	15,500
Average price			31,451
<b>Target price</b>			<b>31,500</b>
Implied 2025 P/E			22.2

Source: VNDIRECT RESEARCH

Figure 17: Valuation: Multiples (EV/EBITDA)

EBITDA 2025F (VNDbn)	1,016
Target EV/EBITDA (x)	9.0
Total debt (VNDbn)	2,449
Minority interest (VNDbn)	0
Cash & Equivalent (VNDbn)	709
Equity value (VNDbn)	<b>7,401</b>
Total share outstanding (mn)	238.7
<b>Implied share price 2025 (VND)</b>	<b>31,000</b>

Source: VNDIRECT RESEARCH

Figure 18: Assumptions

Cost of Capital	
Beta	0.8
Market Risk Premium	7.8%
Risk Free Rate	2.6%
Cost of Equity	8.5%
Cost of Debt	7.9%
Corporate Tax Rate	20.0%
WACC	7.5%

Source: VNDIRECT RESEARCH

Figure 19: Target price (DCF)

DCF Method	Amount	Unit
PV of Free Cash Flows	5,040	VNDbn
PV of Terminal Value	4,030	VNDbn
<b>Enterprise value</b>	<b>9,070</b>	<b>VNDbn</b>
Net debt (VNDbn)	(1,454)	VNDbn
Equity Value	7,616	VNDbn
Shares	239	million
<b>Price per share</b>	<b>31,901</b>	<b>VND/share</b>

Source: VNDIRECT RESEARCH

Figure 20: DCF Valuation - Free cash flow to firm (unit: VNDbn)

	4Q24E	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F
<b>EBIT</b>	<b>309</b>	<b>733</b>	<b>835</b>	<b>867</b>	<b>855</b>	<b>839</b>	<b>814</b>	<b>784</b>	<b>707</b>
Depreciation & Amortization	82	283	338	370	396	424	453	485	518
Capex	(296)	(832)	(549)	(323)	(262)	(278)	(294)	(312)	(331)
(Increase)/Decrease in Working Capital	(125)	125	133	178	231	245	266	288	316
<b>Free Cash Flow (FCF)</b>	<b>(29)</b>	<b>309</b>	<b>757</b>	<b>1,091</b>	<b>1,221</b>	<b>1,231</b>	<b>1,239</b>	<b>1,245</b>	<b>1,210</b>
Tax	(21)	(88)	(103)	(113)	(111)	(112)	(106)	(103)	(90)
<b>Free Cash Flows to Firm</b>	<b>(50)</b>	<b>221</b>	<b>654</b>	<b>978</b>	<b>1,109</b>	<b>1,119</b>	<b>1,133</b>	<b>1,142</b>	<b>1,120</b>
Terminal Value									8,286
<b>PV of FCFF</b>	<b>(49)</b>	<b>202</b>	<b>556</b>	<b>773</b>	<b>816</b>	<b>765</b>	<b>721</b>	<b>676</b>	<b>617</b>
PV of Terminal Value									4,243

Sources: VNDIRECT RESEARCH, COMPANY REPORTS



Figure 21: Peer comparison (data as of December 19, 2024)

Company	Country	TTM net		TTM Net		YoY Debt/equity	ROE	TTM P/E	Adj.P/E	LQ P/B	EV/EBITDA adjusted	
		Mkt cap USDmn	revenue USDmn	YoY %	profit USDmn							
Charoen Pokphand Foods PCL	Thailand	5,385	16,249	(3.0)	544	N/a	1.7	6.9	15.6	12.3	0.8	13.4
Thai Union Group PCL	Thailand	1,513	3,893	(1.0)	(346)	N/a	1.0	(23.1)	11.9	9.3	1.1	11.3
DABACO Vietnam Group JSC	Vietnam	371	514	17.4	22	N/a	0.9	9.6	15.9	15.9	1.5	9.2
Masan MeatLife Corp	Vietnam	297	295	46.0	(23)	(165)	1	(7.4)	N/a	N/a	1.5	N/a
HAGL JSC	Vietnam	511	249	(16.1)	77	88.3	0.8	25.8	7.4	7.4	1.6	10.1
Henan Shuanghui Investment & D	China	12,390	8,034	(10.2)	635	(23.0)	0.5	22.6	20.1	18.4	4.5	N/a
Average			4,872	5.5	152	(33)	1	8.2	15.6	12.3	1.5	10.7
Median			2,204	(2.0)	50	(23.0)	1.0	5.7	14.2	12.7	1.8	11.0
<b>BAF Viet Nam Agriculture JSC</b>	<b>Vietnam</b>	<b>219</b>	<b>227</b>	<b>(0.1)</b>	<b>7.2</b>	<b>222.1</b>	<b>1.2</b>	<b>8.5</b>	<b>33.1</b>	<b>33.1</b>	<b>2.4</b>	<b>7.7</b>

Sources: VNDIRECT RESEARCH, BLOOMBERG

Figure 22: Sensitivity of valuation assumption

Terminal growth rate	Cost of equity						
	7.0%	7.5%	8.0%	8.5%	9.0%	9.5%	10.0%
0.5%	38,503	36,442	34,569	32,865	31,277	29,828	28,492
1.0%	38,783	36,622	34,674	32,902	31,265	29,774	28,408
1.5%	39,102	36,819	34,775	32,932	31,240	29,702	28,303
<b>2.0%</b>	<b>39,462</b>	<b>37,037</b>	<b>34,879</b>	<b>32,948</b>	<b>31,189</b>	<b>29,602</b>	<b>28,165</b>
2.5%	39,885	37,279	34,988	32,953	31,118	29,472	27,989
3.0%	40,396	37,560	35,097	32,936	31,009	29,296	27,767
3.5%	41,037	37,891	35,210	32,894	30,858	29,066	27,482

Sources: VNDIRECT RESEARCH, BLOOMBERG

## Income statement

(VNDbn)	2019A	2020A	2021A	2022A	2023A	2024E	2025F
Net revenue	17,288	12,846	10,434	7,083	5,199	5,624	5,981
Agribusiness	16,863	12,415	9,671	5,732	3,934	2,437	1,476
3F	621	522	1,018	1,229	1,291	3,184	4,502
Cost of sales	(17,092)	(12,650)	(9,947)	(6,558)	(4,856)	(4,795)	(4,967)
<b>Gross Profit</b>	<b>196</b>	<b>195</b>	<b>488</b>	<b>525</b>	<b>343</b>	<b>829</b>	<b>1,014</b>
Gen & admin expenses	(8)	(15)	(54)	(88)	(100)	(114)	(129)
Selling expenses	(9)	(17)	(70)	(160)	(193)	(245)	(281)
Operating profit	187	179	418	366	151	584	733
Operating EBITDA	193	196	450	424	255	784	1,016
Depreciation and amortization	6	17	32	59	105	200	283
<b>Operating EBIT</b>	<b>187</b>	<b>179</b>	<b>418</b>	<b>366</b>	<b>151</b>	<b>584</b>	<b>733</b>
Interest income	7	4	5	8	38	23	32
Financial expense	(180)	(119)	(32)	(31)	(155)	(180)	(175)
Net other income	3	(6)	0	(5)	(9)	(4)	(4)
Income from associates & JVs	0	0	(1)	1	0	0	0
<b>Pre-tax profit</b>	<b>16</b>	<b>58</b>	<b>390</b>	<b>339</b>	<b>25</b>	<b>424</b>	<b>586</b>
Tax expense	(3)	(12)	(69)	(51)	6	(85)	(88)
<b>Net profit</b>	<b>13</b>	<b>46</b>	<b>322</b>	<b>288</b>	<b>30</b>	<b>339</b>	<b>498</b>

## Balance sheet

(VNDbn)	2019A	2020A	2021A	2022A	2023A	2024E	2025F
Cash and equivalents	29	68	241	151	95	175	351
Short term investments	11	17	57	100	327	337	359
Accounts receivable	5,072	3,519	2,765	1,314	890	345	247
Inventories	907	989	1,088	882	1,593	2,081	2,213
Other current assets	0	8	12	27	28	26	28
<b>Total current assets</b>	<b>6,036</b>	<b>4,665</b>	<b>4,330</b>	<b>2,663</b>	<b>3,148</b>	<b>3,196</b>	<b>3,414</b>
Fixed assets	45	213	334	889	1,430	2,205	2,754
Total investments	15	35	44	30	0	0	0
Other long-term assets	115	195	275	570	864	935	994
<b>Total assets</b>	<b>6,338</b>	<b>5,246</b>	<b>5,457</b>	<b>4,729</b>	<b>6,534</b>	<b>7,597</b>	<b>8,495</b>
Short-term debt	1,844	10	15	264	704	649	690
Accounts payable	4,105	4,529	3,774	1,901	2,188	1,575	1,794
Other current liabilities	12	24	49	63	33	121	39
<b>Total current liabilities</b>	<b>5,967</b>	<b>4,616</b>	<b>3,851</b>	<b>2,292</b>	<b>3,011</b>	<b>2,410</b>	<b>2,593</b>
Total long-term debt	60	64	149	693	1,156	1,225	1,232
Other liabilities	192	0	3	2	458	1,163	1,671
Share capital	100	500	780	1,435	1,435	2,387	2,387
Retained earnings reserve	20	66	387	299	325	464	662
<b>Shareholder equity</b>	<b>120</b>	<b>566</b>	<b>1,455</b>	<b>1,743</b>	<b>1,908</b>	<b>2,800</b>	<b>3,001</b>
Minority interest	0	0	0	0	0	0	0
<b>Total liabilities &amp; equity</b>	<b>6,338</b>	<b>5,246</b>	<b>5,457</b>	<b>4,729</b>	<b>6,534</b>	<b>7,597</b>	<b>8,495</b>

## Cash flow statement

(VNDbn)	2019A	2020A	2021A	2022A	2023A	2024E	2025F
Pretax profit	16	58	390	339	25	424	586
Depreciation & amortization	6	17	32	59	105	200	283
Tax paid	(2)	(4)	(63)	(18)	(58)	(85)	(88)
Other adjustments	173	131	(26)	68	156	115	195
Change in working capital	(420)	1,633	(207)	(677)	(600)	(498)	125
<b>Cash flow from operations</b>	<b>(230)</b>	<b>1,823</b>	<b>157</b>	<b>(269)</b>	<b>(420)</b>	<b>40</b>	<b>906</b>
Capex	(20)	(192)	(482)	(504)	(1,012)	(974)	(832)
Proceeds from asset sales	0	2	24	0	24	0	0
Others	49	(89)	(179)	(70)	(180)	48	53
Other non-current asset changes	9	2	4	(4)	13	0	0
<b>Cash flow from investing activity</b>	<b>38</b>	<b>(276)</b>	<b>(633)</b>	<b>(579)</b>	<b>(1,155)</b>	<b>(926)</b>	<b>(779)</b>
New share issuance	0	400	280	66	0	95	0
Share buyback	0	0	0	0	0	0	0
Net borrowing	216	(1,908)	89	758	1,381	14	48
Other financing cash flow	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	0
<b>Cash flow from financing activity</b>	<b>216</b>	<b>(1,508)</b>	<b>648</b>	<b>758</b>	<b>1,519</b>	<b>966</b>	<b>48</b>
Beginning cash and equivalents	6	29	68	241	151	95	175
Total cash generated	23	39	173	(89)	(56)	80	175
<b>Ending cash and equivalents</b>	<b>29</b>	<b>68</b>	<b>241</b>	<b>151</b>	<b>95</b>	<b>175</b>	<b>351</b>

## Key ratios

	<u>2019A</u>	<u>2020A</u>	<u>2021A</u>	<u>2022A</u>	<u>2023A</u>	<u>2024E</u>	<u>2025F</u>
<b>Valuation Ratios</b>							
EPS (VND)	1,296	917	2,242	1,998	187	1,420	2,087
Price Earnings	N/a	N/a	6.1	6.2	92.8	18.6	12.7
1-yr PEG	N/a	N/a	0.0	-0.6	-1.0	0.0	0.3
Price to Sales	N/a	N/a	0.3	0.4	0.7	1.1	1.1
Price to Book	N/a	N/a	0.7	1.0	1.3	2.3	2.1
Dividend Yield	N/a	N/a	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend Payout Ratio	N/a	N/a	0.0%	0.0%	0.0%	0.0%	0.0%
	0	0	0	0	0	0	0
<b>Growth Rates</b>							
Net Revenue YoY	87.4%	-25.7%	-18.8%	-32.1%	-26.6%	8.2%	6.4%
Gross Profit YoY	58.5%	-0.3%	149.8%	7.8%	-34.7%	141.4%	22.4%
Net Profit YoY	-16.1%	253.6%	602.0%	-10.9%	-90.6%	1160.4%	46.9%
EPS YoY	-16.1%	-29.3%	144.6%	-10.9%	-90.6%	657.7%	46.9%
	0	0	0	0	0	0	0
<b>Profitability Ratios</b>							
Gross Margin	1.1%	1.5%	4.7%	7.4%	6.6%	14.7%	17.0%
EBITDA Margin	1.1%	1.5%	4.3%	6.0%	4.9%	13.9%	17.0%
Operating Margin	1.1%	1.4%	4.0%	5.2%	2.9%	10.4%	12.3%
Net Profit Margin	0.1%	0.4%	3.1%	4.1%	0.6%	6.0%	8.3%
Return on Avg Assets	0.3%	1.0%	7.3%	6.7%	0.4%	6.0%	7.3%
Return on Avg Equity	14.3%	16.9%	38.7%	21.2%	1.3%	18.0%	20.3%
	0	0	0	0	0	0	0
<b>Leverage Ratios</b>							
Interest Coverage Ratio (EBIT/I)	0.1	0.5	47.3	9.3	0.2	2.4	3.3
EBITDA / (I + Cap Ex)	1.0	0.6	0.9	0.8	0.2	0.7	1.0
Total Debt/Capital	0.9	0.1	0.1	0.4	0.5	0.4	0.4
Total Debt/Equity	15.9	0.1	0.1	0.5	1.0	0.7	0.6
Net Debt/Equity	15.6	(0.0)	(0.1)	0.4	0.8	0.5	0.4
	0	0	0	0	0	0	0
<b>Liquidity Ratios</b>							
Asset Turnover	3.4	2.2	1.9	1.4	0.9	0.8	0.7
Accounts Receivable Turnover	4.3	3.0	3.3	3.5	4.7	9.1	20.2
A/R DOH	84.2	120.4	108.4	103.6	76.3	39.5	17.8
Accounts Payable Turnover	5.7	2.9	2.4	2.3	2.4	2.5	2.9
A/P DOH	63.1	122.8	150.3	155.8	151.6	141.2	122.1
Inventory Turnover	26.0	13.3	9.6	6.7	3.9	2.6	2.3
Inv DOH	13.8	27.0	37.6	54.1	91.7	137.9	155.6
Current Ratio	3.3	456.9	297.6	10.1	4.5	4.9	4.9
Quick Ratio	0.0	1.1	1.8	0.3	0.2	0.3	0.4

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