ASEAN SECURITIES
CÔNG TY CỔ PHẦN CHỨNG KHOÁN ASEAN

INITIATION REPORT

DABACO GROUP (HSX: DBC)

LONG-TERM GROWTH FROM CAPACITY EXPANSION

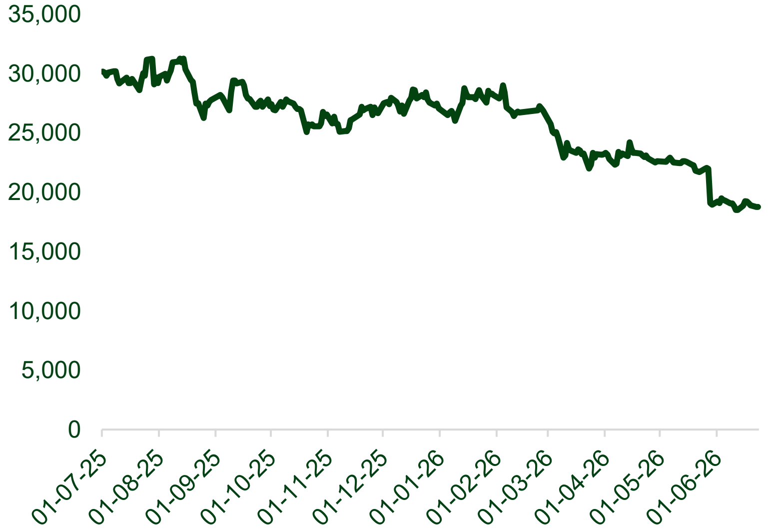
RECOMMENDATION: MARKET PERFORM [+3%]

ASEANSC Research | Q2/2026

SUMMARY

Key data (July 3, 2026)	
Exchange:	HSX
Current price:	**18,500**
EPS:	3,184
P/E:	5.8x
Book value (VND bn)	21,930
P/B:	0.8x
20D ADTV:	1,110,341
Shares outstanding:	431,046,499
Market cap (VND bn):	8,017

Share price performance over the past year



Source: ASEANSC Research

Investment recommendation:

We recommend **MARKET PERFORM** for **DBC** with a 12-month target price of VND19,100/share (+3% vs the current market price), based on the P/E valuation method.

Investment thesis:

We forecast 2026 revenue to grow to around VND16.4tn (+9.0% YoY), while PBT is forecast at VND1.3tn (-22.0% YoY). Revenue growth should be driven by higher volumes in both pig farming and animal feed, while earnings decline from a high 2025 base as live hog prices normalize and feed input costs rise. Specifically:

- **Pig farming: DBC is expected to lift revenue through herd expansion and higher sales volume. The structural shift from smallholders to scaled producers after ASF, together with stricter Livestock Law requirements, should support market-share gains. New farms in Quang Ninh, Thanh Hoa, Lao Cai, Quang Tri and Thai Nguyen underpin the target of over 80,000 sows and around 2mn commercial pigs per year before 2028.**
- **Animal feed: Although the feed market is mature, DBC still has room to grow via market-share gains and rising internal demand from its integrated farming system. The Nghi Xuan feed mill, expected to start operations in 2026, should lift total capacity to around 1.7mn tonnes/year, creating room for volume growth and better utilization.**
- **Completing the 3F+ value chain and improving input self-sufficiency: Phase 2 of the vegetable oil crushing plant is expected to come onstream in 2026, tripling crushing capacity, increasing internal raw material supply, reducing import dependence and improving operating efficiency across the 3F chain.**

Key watchpoints:

- **Higher feed input cost risk: Corn, wheat and soybean meal prices are forecast to recover in 2026-2027, while live hog prices are expected to ease. This could limit DBC’s ability to pass through input costs and pressure margins.**
- **Live hog price and ASF risks: DBC’s earnings remain highly exposed to live hog prices and ASF. Deeper hog price declines or a prolonged outbreak could cause revenue and profit to miss forecasts.**

CONTENTS

1. Introduction:

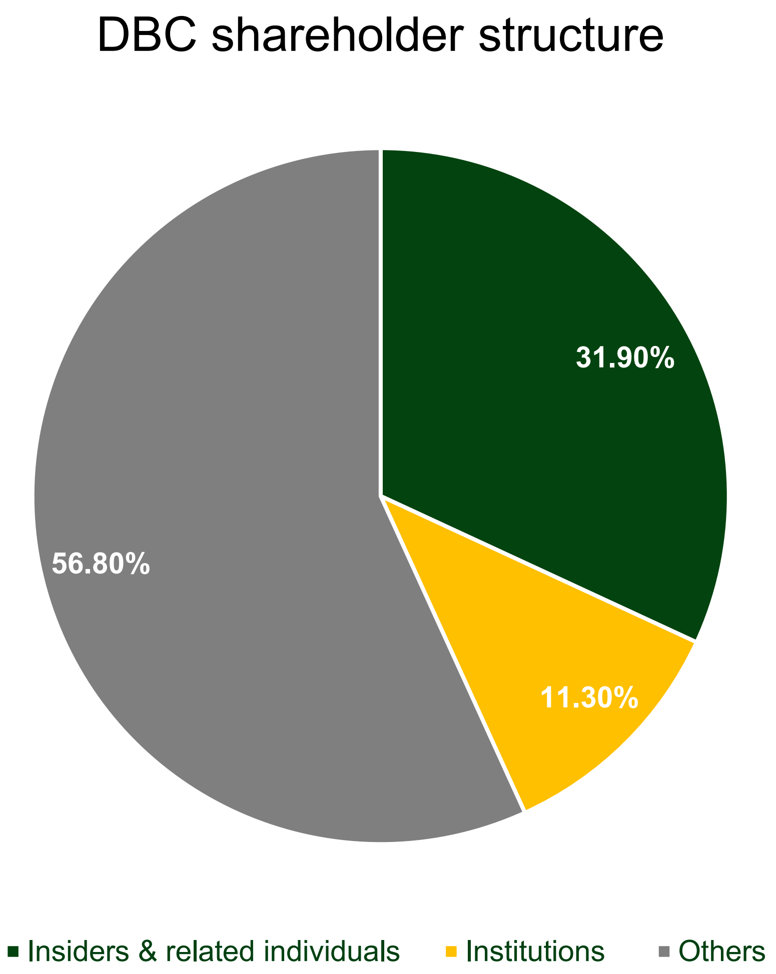
- Dabaco Group is an agriculture and food company and one of Vietnam's leading groups developing an integrated 3F value chain (Feed - Farm - Food). Its core businesses include animal feed production, breeding and livestock/poultry farming, and food processing and distribution.
- DBC owns and operates an integrated infrastructure platform, including feed mills, high-tech farms, a vegetable oil crushing plant, and slaughtering/food-processing complexes. This supports the domestic food supply chain and improves feed raw material self-sufficiency.

Development history

1. 1996-2004: Established as Ha Bac Agricultural Products, operating in livestock/poultry breeding and animal feed, laying the foundation for an integrated agribusiness model.
2. 2005-2015: Equitized in 2005 and renamed Bac Ninh Agricultural Products JSC; listed on HNX in 2008; gradually completed the Feed-Farm-Food value chain.
3. 2019-present: Transferred listing to HOSE; expanded the 3F+ chain with investments in vegetable oil crushing, high-tech farming, breeding research, vaccines and supporting businesses.

Source: DBC, ASEANSC Research

2. DBC shareholder structure:

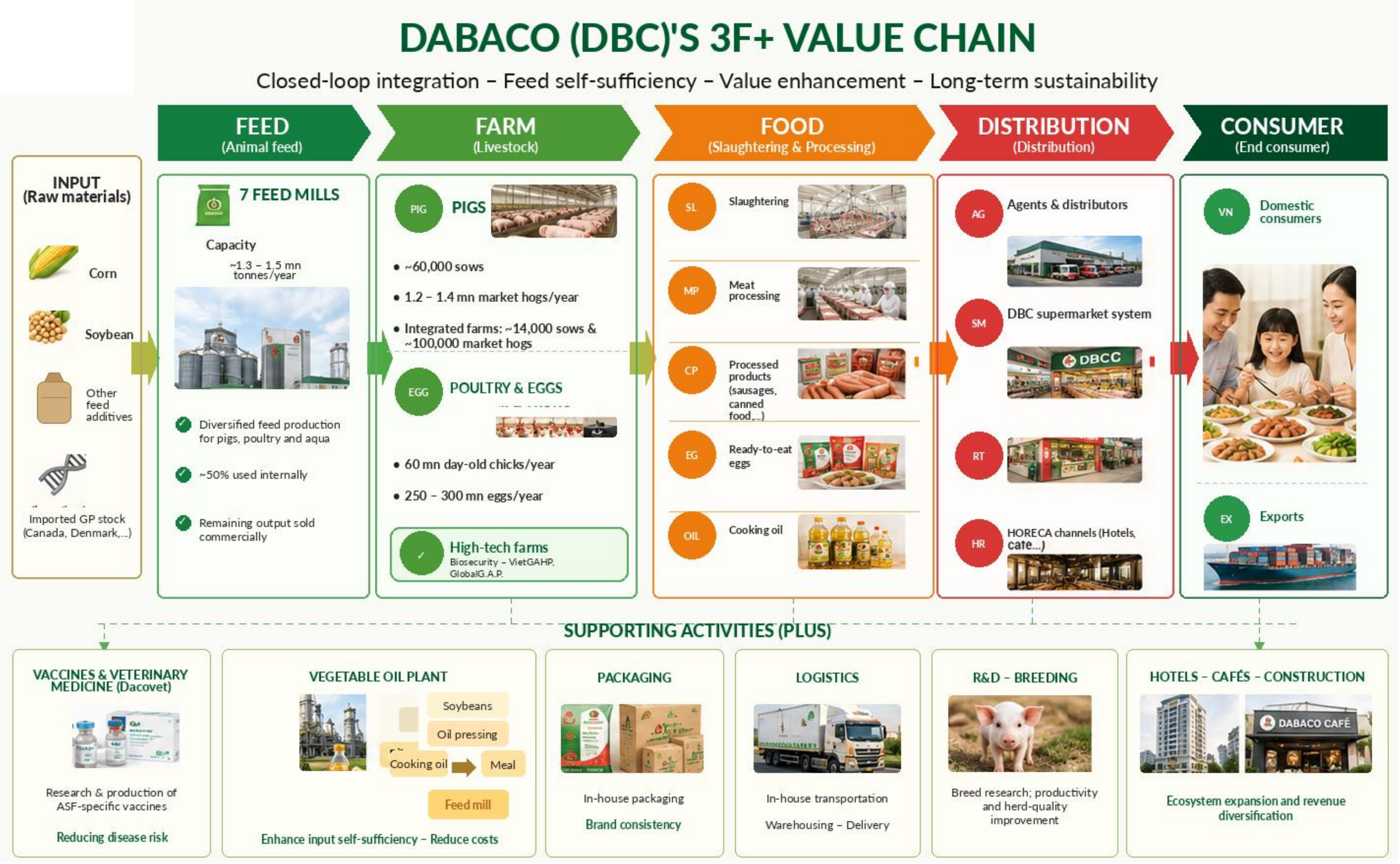


Source: DBC, ASEANSC Research

- **DBC's shareholder base is relatively fragmented. Insiders and related individuals hold around 31.9% of charter capital, of which Chairman Nguyen Nhu So owns 23.9% and remains the only core controlling shareholder. Domestic and foreign financial institutions hold a modest 11.3%, while other minority shareholders account for 56.8%.**
- **This structure reflects DBC's origin as a State-owned enterprise that was equitized in 2005 and widely listed, leading to a highly dispersed free float. The structure gives management flexibility to execute its integrated 3F+ (Feed-Farm-Food) strategy without conflicts among major shareholder groups or hostile takeover risks. However, the absence of a large strategic institutional shareholder also creates funding pressure as DBC enters a new expansion phase. The company is implementing a series of large high-tech farm projects with significant capex needs (target sow herd of over 80,000), which requires more long-term debt and increases cash-flow pressure rather than direct support from large investment institutions.**

3. DBC business model - Value chain

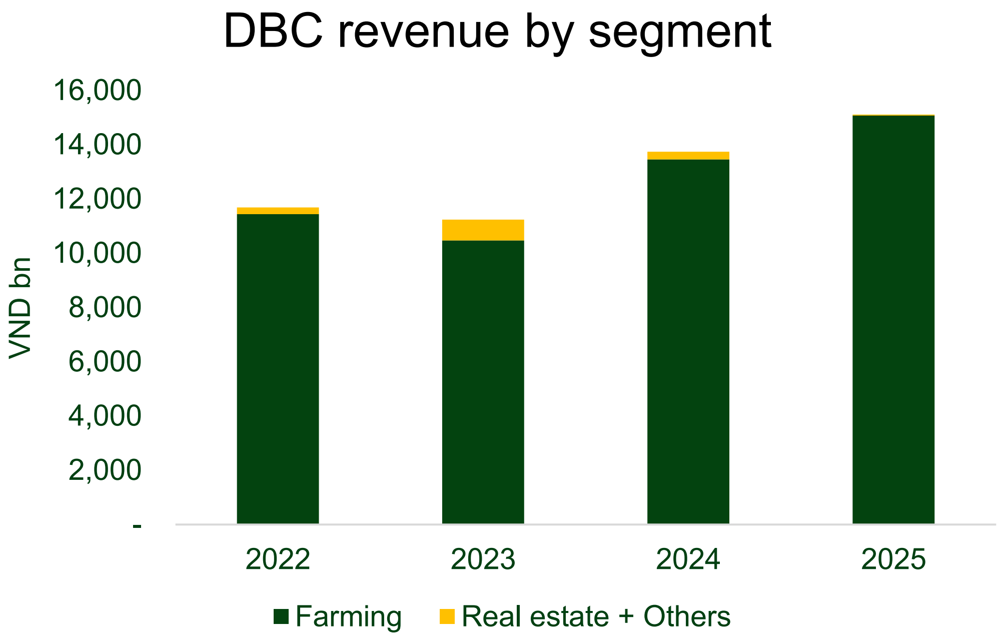
DBC operates as a vertically integrated agriculture-food business. It controls most stages from raw materials to end-products under the 3F+ chain, while expanding into supporting activities such as vaccines, oil crushing and packaging to improve self-sufficiency, reduce operating risk and enhance efficiency. Its core competitive advantages are cost control, biosecurity and monetization of the integrated value chain, although earnings remain exposed to the hog price cycle and imported raw material cost volatility.

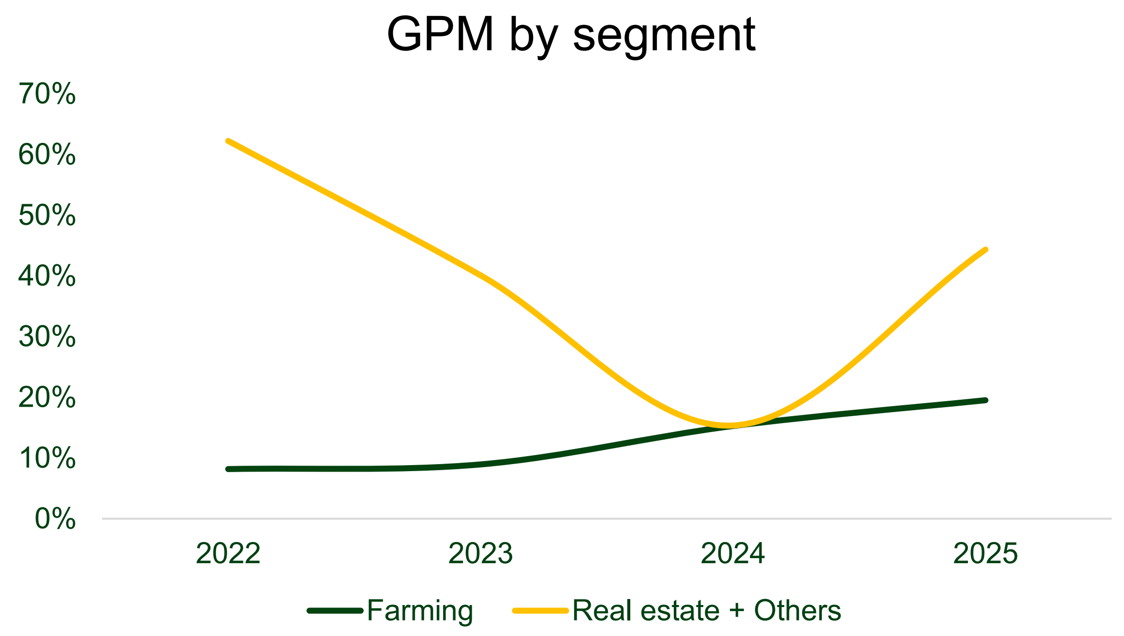


Source: DBC, ASEANSC Research

3. DBC business model - Earnings performance

- **During 2022-2025, DBC's revenue maintained a positive growth trend, rising from around VND11.5tn to nearly VND15.0tn despite a slight decline in 2023 before a strong recovery over the next two years. The core growth driver was livestock farming, which consistently dominated the revenue mix and expanded on favorable live hog prices and higher sales volume. Real estate and other activities made only minor contributions and fluctuated depending on project development and handover schedules.**
- **GPM by segment diverged clearly in 2022-2025. Real estate and other activities recorded very high margins in 2022 before declining sharply and bottoming in 2024, then recovering significantly in 2025 as higher-margin projects were recognized. By contrast, the farming segment's GPM stayed low in 2022-2023 but improved steadily over the past two years, reflecting favorable selling prices and better input cost control, becoming the main driver of profitability.**





Source: DBC, ASEANSC Research

4. SWOT

Strengths

- Integrated 3F+ model creates a competitive edge: DBC controls the value chain from feed to breeding and farming. This helps secure supply, control quality and reduce production cost volatility.
- Leading farming scale and production capacity in Vietnam

Weaknesses

- High dependence on imported raw materials: Around 60-65% of feed inputs such as corn and soybean are still imported.
- Profit remains exposed to the hog price cycle: Despite diversification, pig farming remains the key profit driver. When live hog prices fall or disease shifts supply-demand dynamics, DBC's earnings can fluctuate sharply.

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SWOT

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Opportunities

- Shift from smallholders to scaled producers: After ASF, many smallholders exited the market, while biosecure, scaled producers such as DBC are expected to continue gaining share.
- Rising demand for safe and processed food: Higher income per capita and demand for traceable food support growth.

Threats

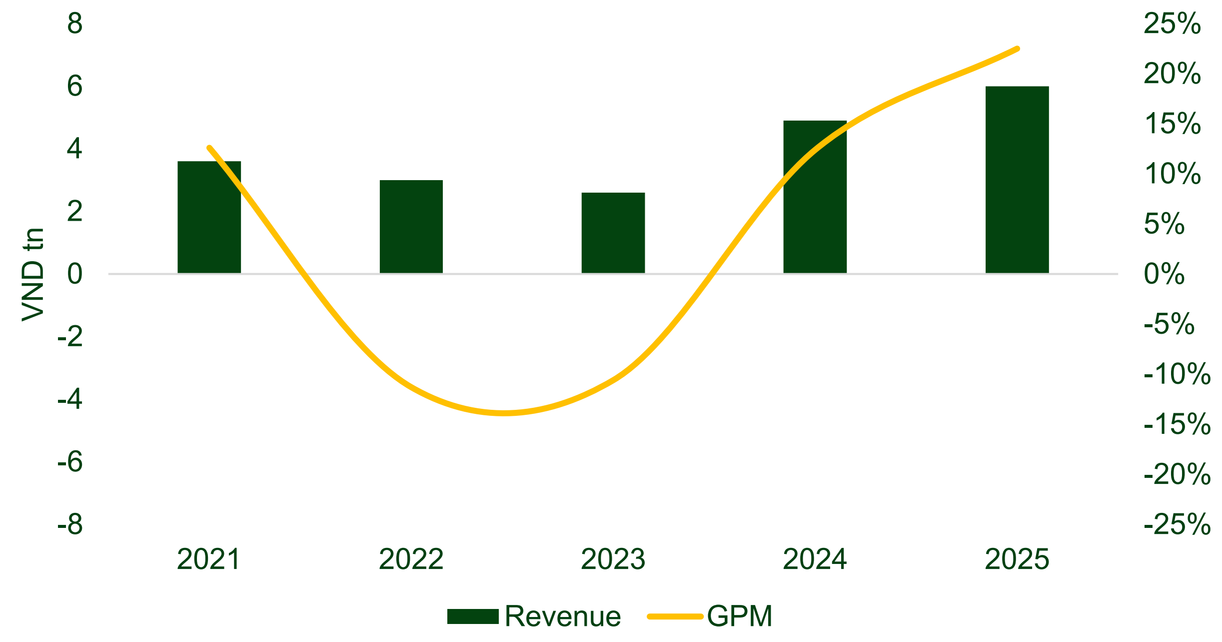
- Input price volatility and FX risk: Corn, soybean and other feed inputs are affected by weather, geopolitics and global supply chains.
- Disease and sector competition risks: ASF, avian flu and other diseases remain recurring risks for the livestock industry.

Source: DBC, ASEANSC Research

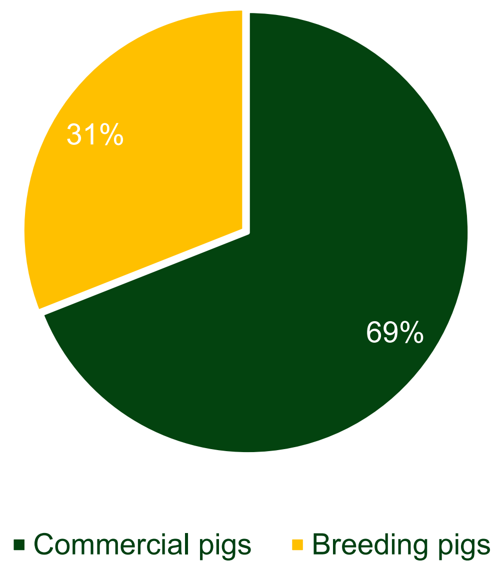
1. Pig farming: Impacted by ASF and the sector's long-term structural shift

- Pig farming is DBC's core business, comprising two main subsegments: commercial pigs (around 69% of revenue) and breeding pigs (31%). Both are materially affected by disease developments, especially ASF, while benefiting from the structural market-share shift from smallholders to scaled producers.
- Over the long term, pig farming revenue should sustain growth on DBC's herd expansion and capacity growth. However, annual revenue and earnings may still fluctuate with the industry cycle, as disease can alter supply-demand balance and directly affect live hog prices and product ASPs.

Pig farming business performance



Pig farming revenue mix



Source: DBC, ASEANSC Research estimates

1. Pig farming: Impacted by ASF and the sector's long-term structural shift

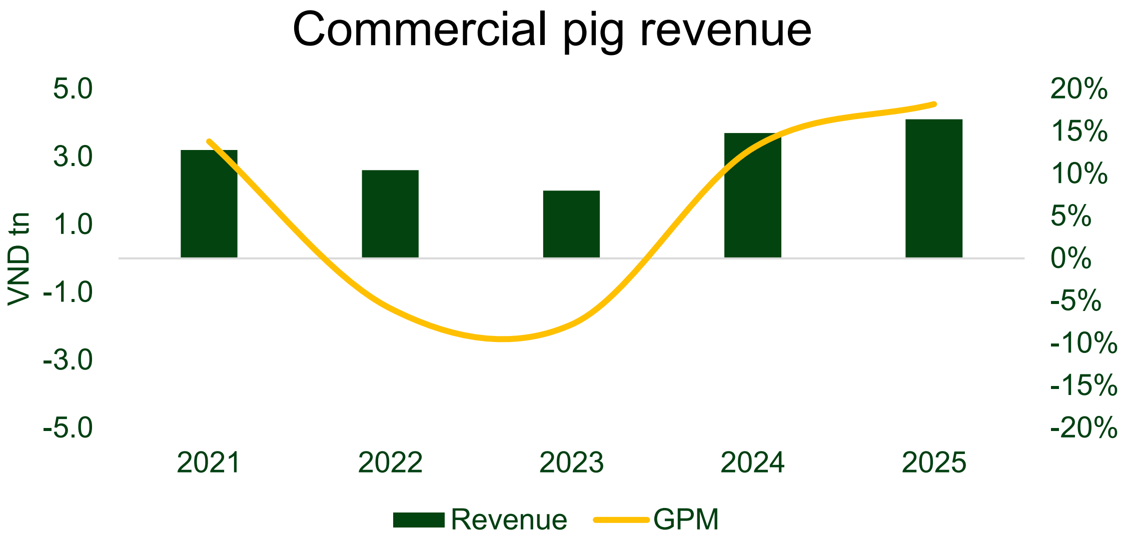
1.1. Commercial pig segment

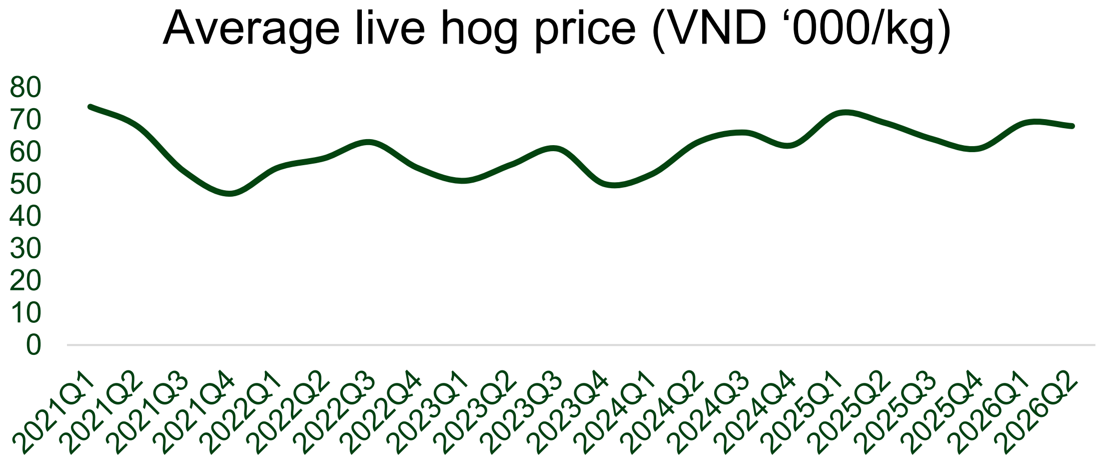
ASP

- **DBC's pig ASP generally moves in line with market live hog prices, reflecting livestock supply-demand dynamics. Due to the restocking lag, supply typically responds slowly to demand changes or shocks such as ASF, causing live hog prices to fluctuate sharply in the short term.**

- **In 2025, pig prices were affected by both supply and demand factors.**

- On the supply side, growth in slaughter pig supply slowed in H2. However, sales mainly comprised underweight pigs sold to avoid disease, together with low-cost inventory from companies, which dragged down overall prices (per Agromonitor).
- Demand temporarily weakened on disease concerns, as USDA cut its 2025 pork consumption forecast by around 3% vs its April 2025 estimate. However, after smallholder panic selling ended, supply tightened due to herd reductions earlier in the year, allowing live hog prices to recover strongly from December and average around VND70,000/kg in Q2 2026.





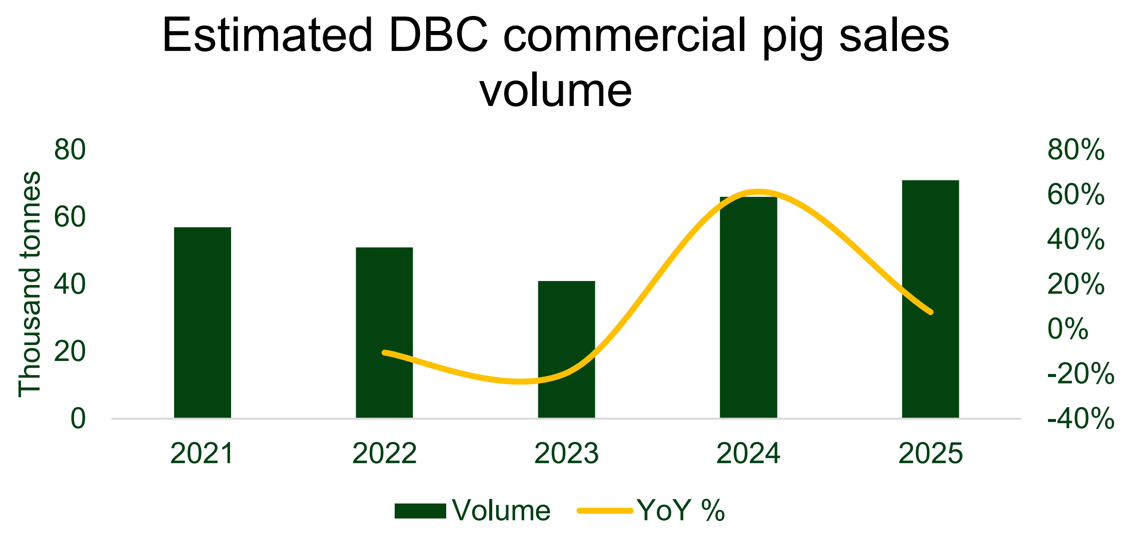
Source: DBC, ASEANSC Research estimates

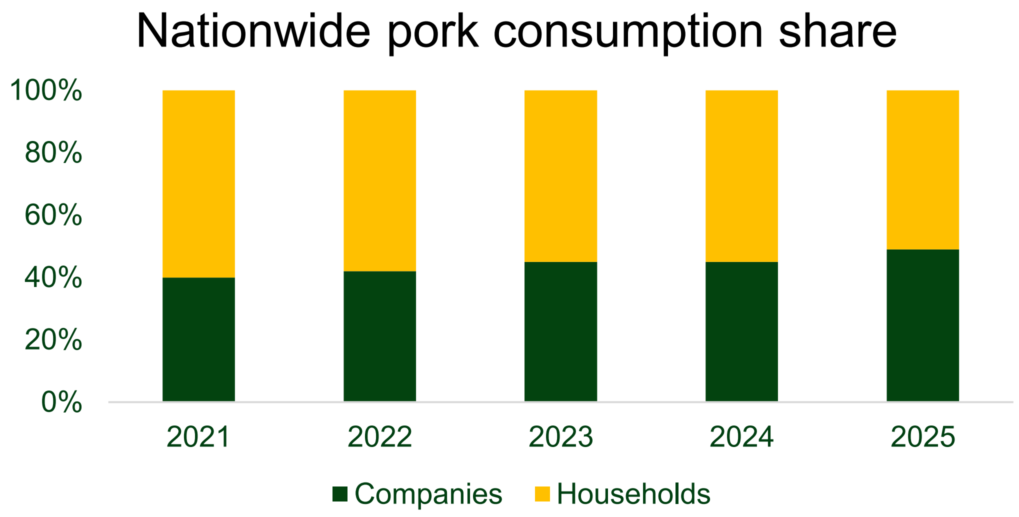
1. Pig farming: Impacted by ASF and the sector's long-term structural shift

1.1. Commercial pig segment

Volume

- **DBC's volume growth is supported by the market-share shift from smallholders to scaled producers. Prolonged ASF has reduced household supply, as smallholders have limited financial capacity and weaker biosecurity. DBC's integrated farming system, stringent biosecurity and self-sufficient breeding capacity enable stable operations and volume expansion when the market faces supply shortages.**
- **Stricter regulations also accelerate industry restructuring. From Jan 1, 2025, several requirements under the 2018 Livestock Law on farming-zone planning, stocking density, environmental standards and traceability took effect, increasing compliance costs for smallholders. This drives a shift toward centralized farms or partnerships with large companies, creating opportunities for DBC to raise output and gain share.**





Source: DBC, ASEANSC Research estimates

1. Pig farming: Impacted by ASF and the sector's long-term structural shift

1.2. Breeding pig segment

- **DBC's breeding pig revenue has maintained strong growth in recent years, mainly driven by breeding herd expansion. In the short term, segment performance depends on demand for breeding pigs from farmers and DBC's supply capacity.**

- **In 2025, breeding pig revenue reached around VND1.85tn (+48.2% YoY), driven by both higher volume and ASP. Sales volume increased around 16.0% YoY on two drivers. First, complex ASF developments led many farmers to avoid self-restocking and instead buy weaned pigs for finishing to reduce disease risk. This is reflected in the continued decline in the national sow herd, especially among smallholders, while slaughter pig output still rose YoY. We expect this driver to gradually fade as disease is controlled and farmers return to restocking. Second, DBC continued expanding its breeding herd, with sows and replacement gilts up around 15-16% vs end-2024, improving supply capacity and supporting revenue growth.**

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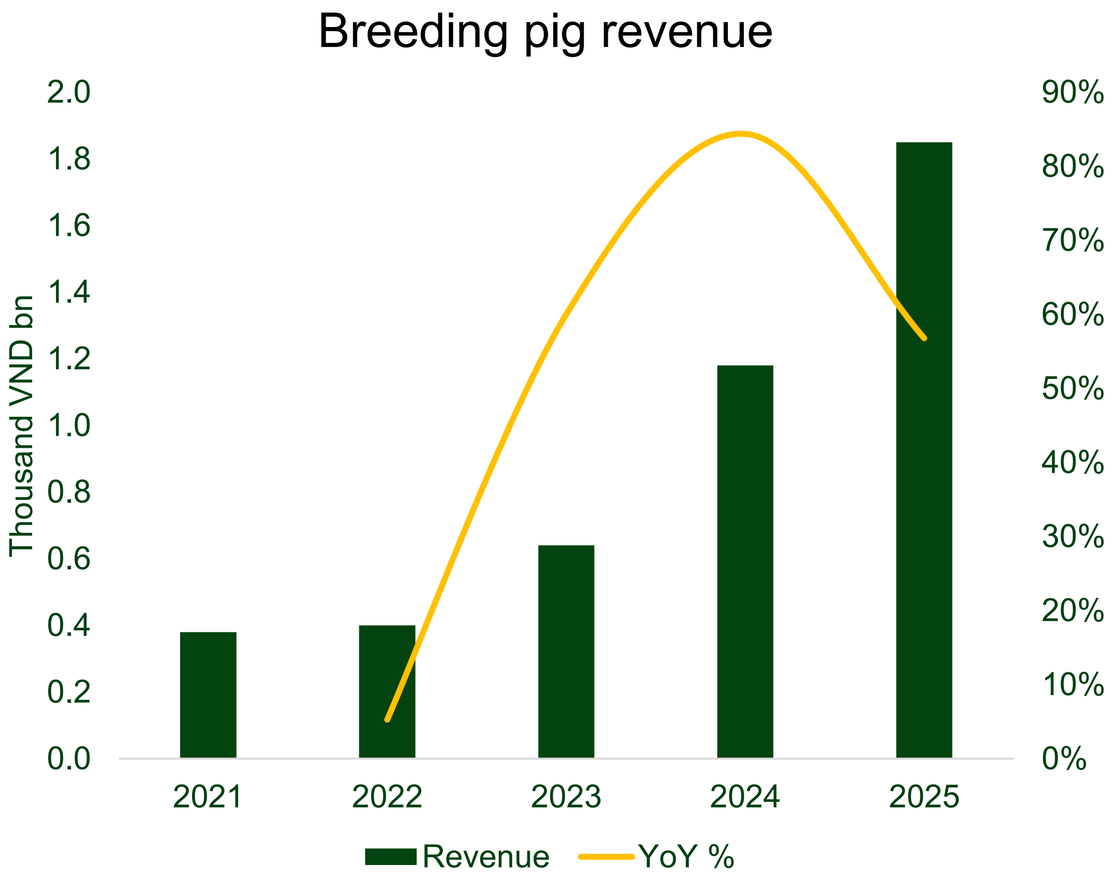
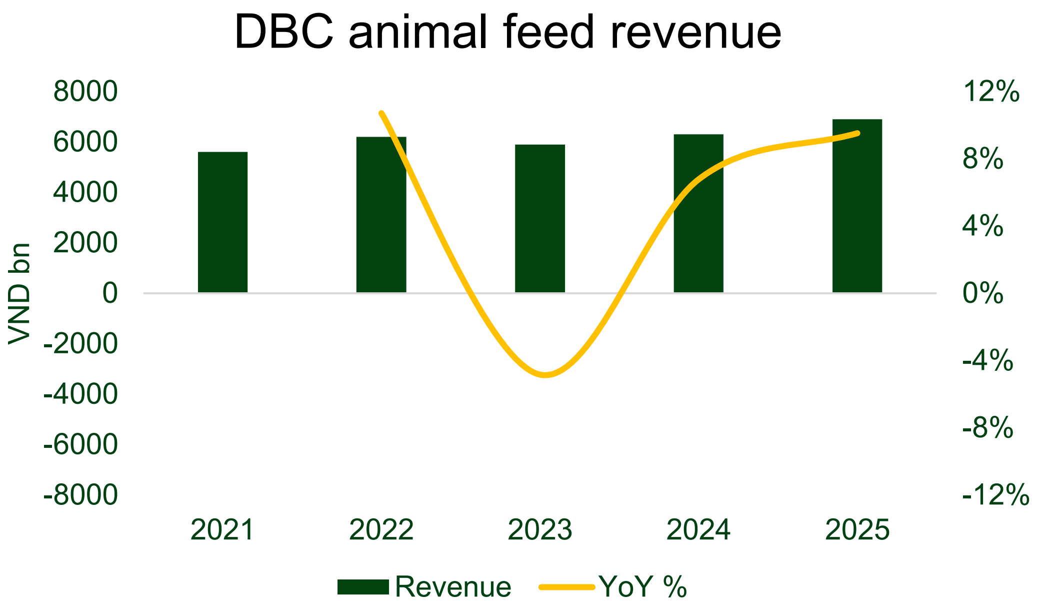
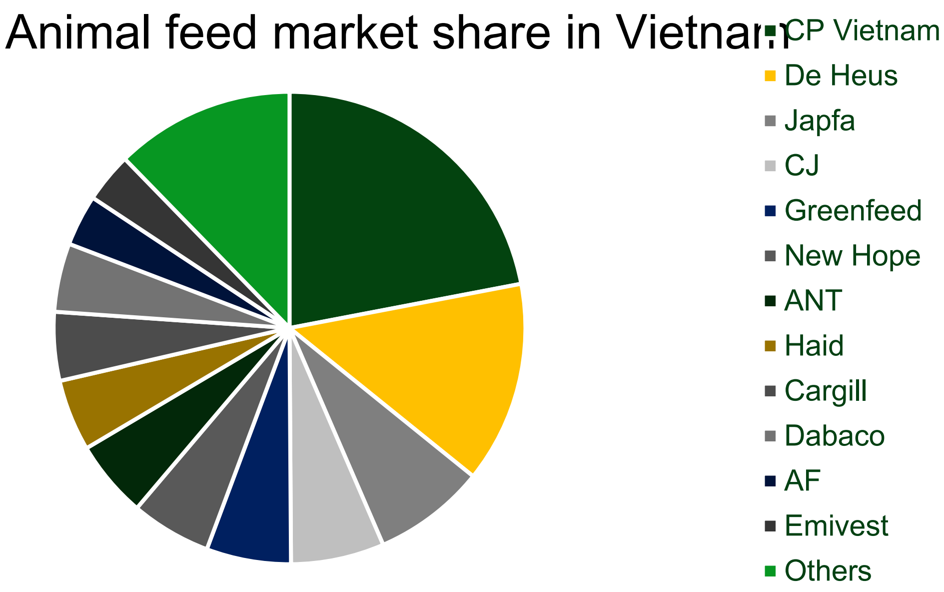


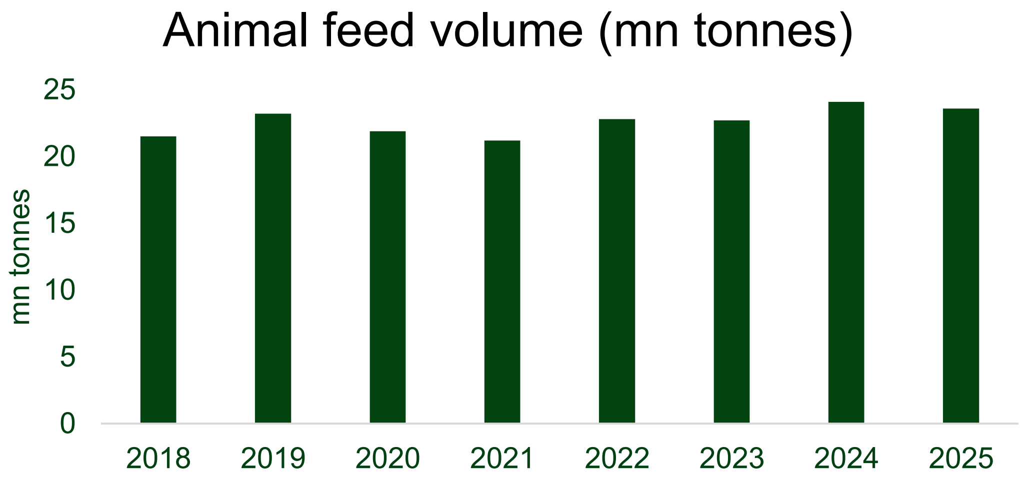
Source: DBC, ASEANSC Research estimates

2. Animal feed: Mature market; revenue growth mainly from share gains

- Vietnam's animal feed market is mature, with many players and limited product differentiation. Competition is high; CP Vietnam leads but only holds slightly over 20% market share, with the rest split among many players. Accordingly, industry volume has grown slowly, with animal feed output rising from around 21mn tonnes in 2018 to nearly 24mn tonnes in 2025 (CAGR around 1.6%). DBC's revenue growth therefore mainly comes from gaining share through distribution expansion, product quality improvement and cost optimization, rather than strong industry demand growth.







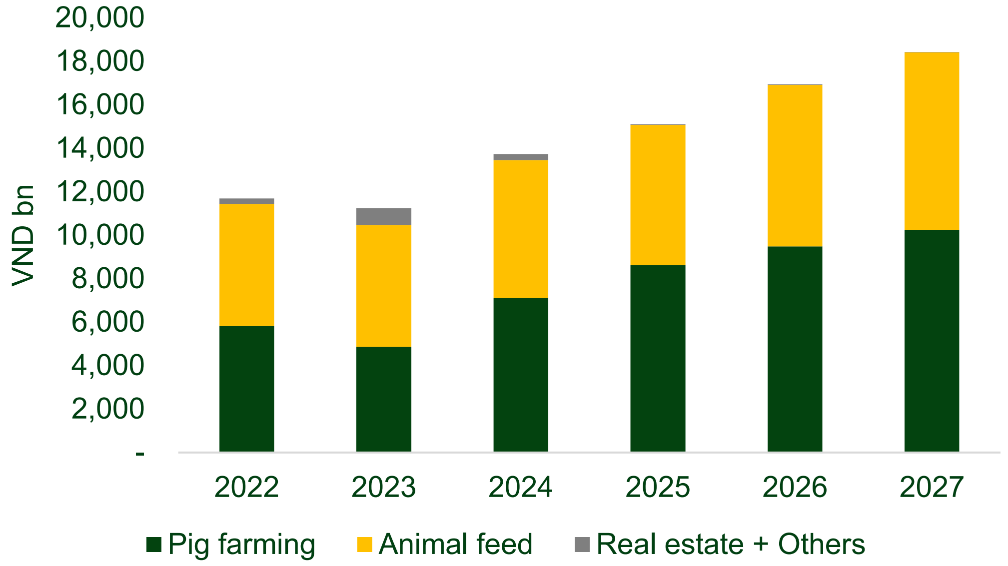
Source: DBC, ASEANSC Research estimates

DBC Q1 2026 results overview: Earnings pressured by lower live hog prices and higher feed costs

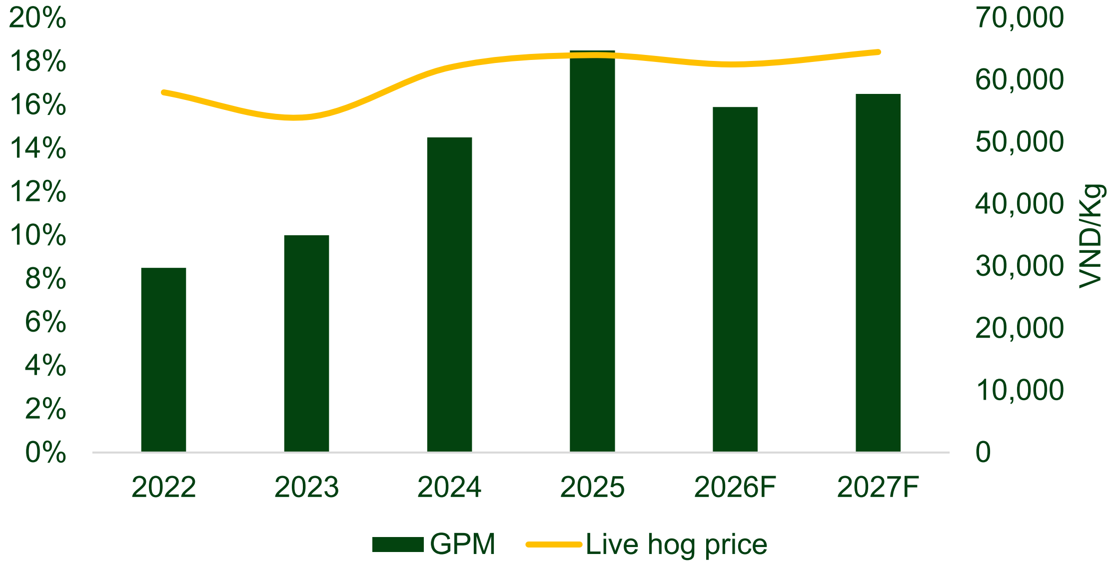
Unit: VND bn	Q1/2026	YoY %	Summary
Revenue	**4,307**	**+14%**	**Animal feed sales volume increased**
Pig farming & animal feed	4,302	+15%	
Real estate	0.5	-20%	
GPM	**20%**	**26%**	
Pig farming & animal feed	20.3%	-5 dpt	Lower live hog prices and higher input costs compressed GPM
Real estate	11.1%	-48 dpt	
Financial income	16	-15%	
Financial expenses	62	-11%	Down due to short-term debt repayment
Selling expenses	136	+6%	
G&A expenses	114	+7%	
PBT	**402**	**-25%**	

Source: DBC, ASEANSC Research estimates

DBC consolidated revenue forecast



DBC GPM vs live hog price

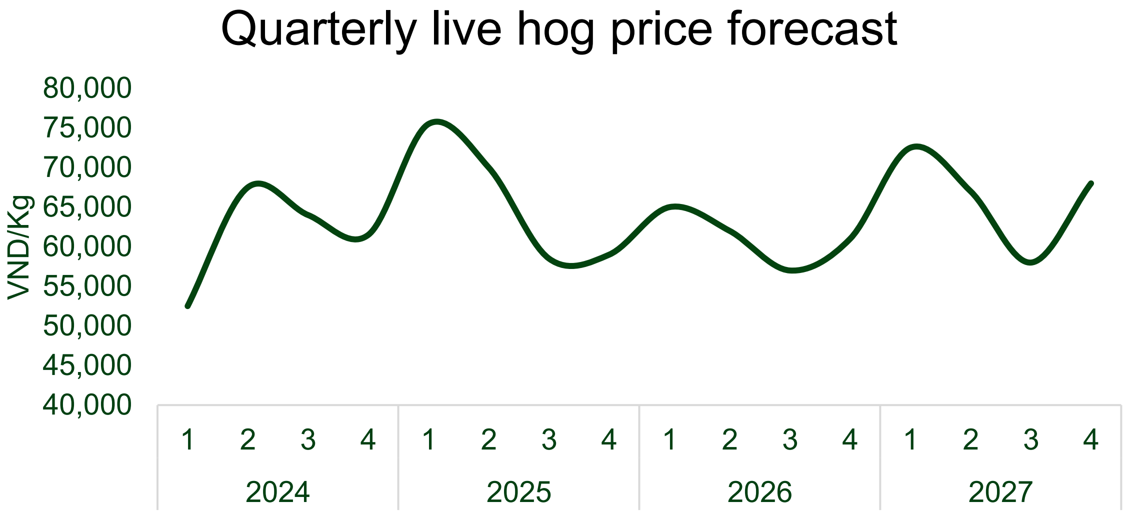


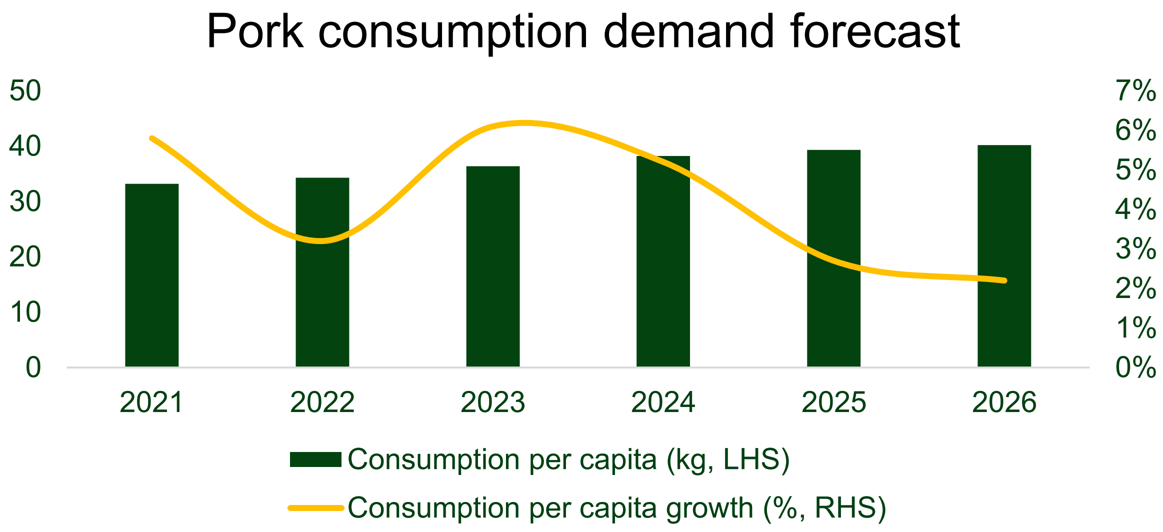
Source: DBC, ASEANSC Research estimates

- **We forecast DBC's consolidated revenue to grow 9% YoY in 2026. Growth will be mainly driven by pig farming as DBC continues herd expansion and increases commercial pig output. Animal feed revenue is also expected to improve as ASPs are adjusted upward in line with higher raw material costs.**
- **We expect DBC's GPM to narrow in 2026-2027 as feed input prices stay elevated while live hog prices ease slightly in 2026 and recover modestly in 2027.** We forecast consolidated GPM to fall from around 18.5% in 2025 to 15.8% in 2026, before recovering to 16.5% in 2027.
- Given the above, 2026 net profit is forecast to decline ~33% YoY to VND1,017bn.

1. Pig farming: Volume growth but ASP remains low

- We forecast live hog prices to correct slightly in 2026F after strong volatility from short-term supply-demand factors. In late Q4 2025, prices fell sharply as ASF spread widely and extreme weather encouraged farmers to accelerate herd sales. In Q1 2026, prices rebounded quickly and approached VND78,000-80,000/kg at times on temporary supply shortages and stronger Lunar New Year demand. Quarterly average prices were around VND70,000/kg (-nearly 3% YoY) before cooling to around VND64,000-66,000/kg as supply normalized.
- Over the medium to long term, we believe hog prices remain supported by rising consumption demand. According to OECD, Vietnam's pork consumption is expected to grow around 3.6-3.8% p.a., supported by population, income and food consumption growth. As an essential product with low economic-cycle elasticity, pork demand should remain stable, providing a sustainable outlet for livestock companies over the long term.



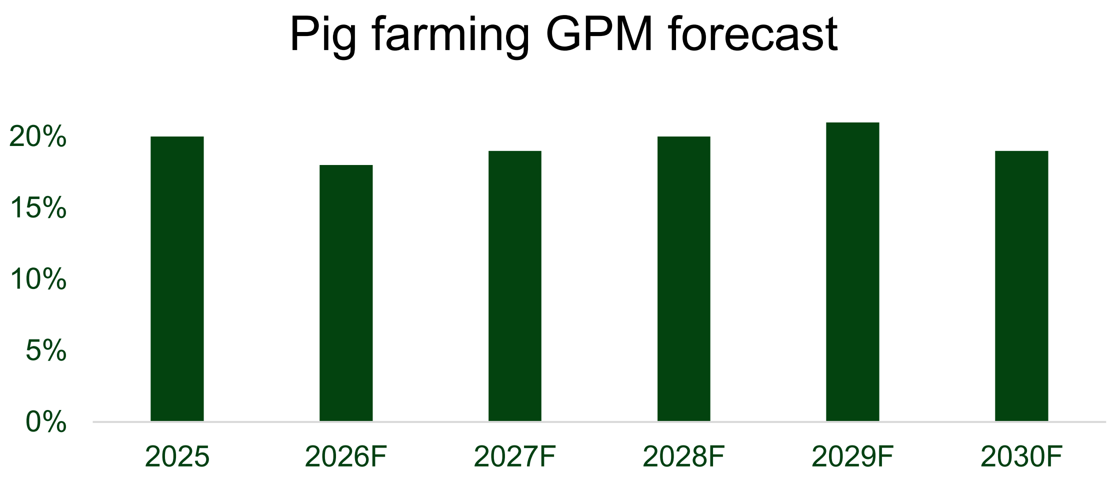


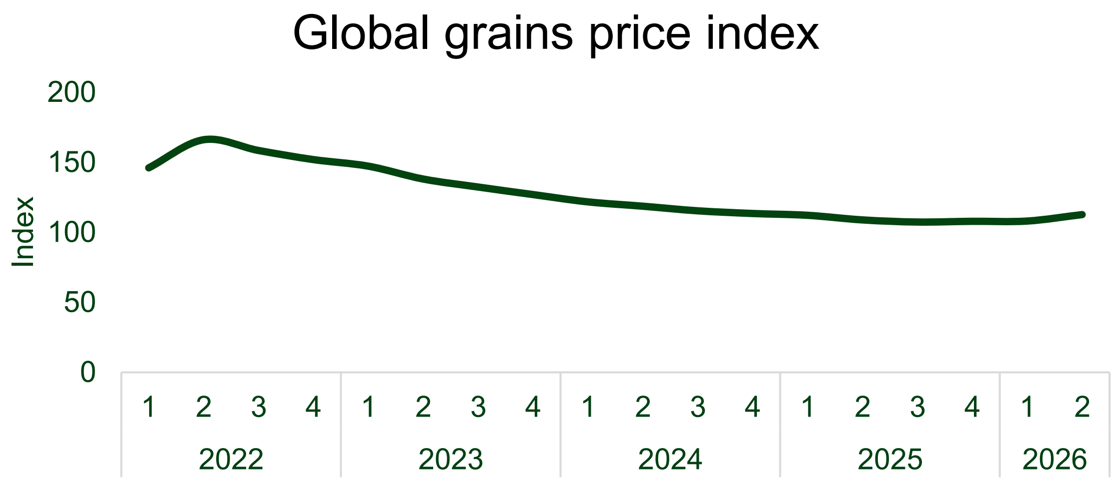
Source: DBC, ASEANSC Research estimates

1. Pig farming: Volume growth but ASP remains low

GPM

- We forecast pig farming GPM to fall by around 2 ppts YoY to 18% in 2026F, mainly because live hog price growth is insufficient to offset input cost pressure. Feed raw material costs are estimated to increase around 1.0% YoY, reflecting a recovery in global grain prices as supply normalizes after oversupply, export inventories decline in some major producing countries, and weather risks continue to affect output prospects. In the World Bank Commodity Markets Outlook (Apr 2026) base case, the Grains Index is expected to rise around 2% in both 2026 and 2027, with corn and wheat prices recovering while soybean meal falls only slightly before stabilizing.
- From 2027F onward, we maintain a cautious view and forecast GPM to fluctuate mainly with the live hog price cycle, while feed raw material costs are assumed to rise around 1-2% p.a. This reflects our expectation that global agricultural prices will enter a more stable phase after the sharp correction in 2023-2025, with less support from favorable supply and input-cost conditions than in previous years.





Source: DBC, World Bank, ASEANSC Research estimates

2. Animal feed: Raw material prices increase in 2026

Input material prices

- **We forecast DBC's feed raw material costs to increase slightly by around 2% YoY in 2026F**, reflecting a recovery in key input prices after a sharp correction.
- **According to the World Bank Commodity Markets Outlook (Apr 2026), corn is expected at around USD203/tonne in 2026 (+around 3% YoY) and USD206/tonne in 2027. Wheat is forecast at around USD243/tonne in 2026 (+nearly 3%) and USD246/tonne in 2027. Soybean meal is expected to decline to around USD297/tonne (-around 3% YoY) on ample supply from the 2025-2026 crop year, before recovering slightly to around USD300/tonne in 2027. Overall, corn and wheat are expected to recover as global oversupply eases, while soybean meal remains pressured by high crushing output.**

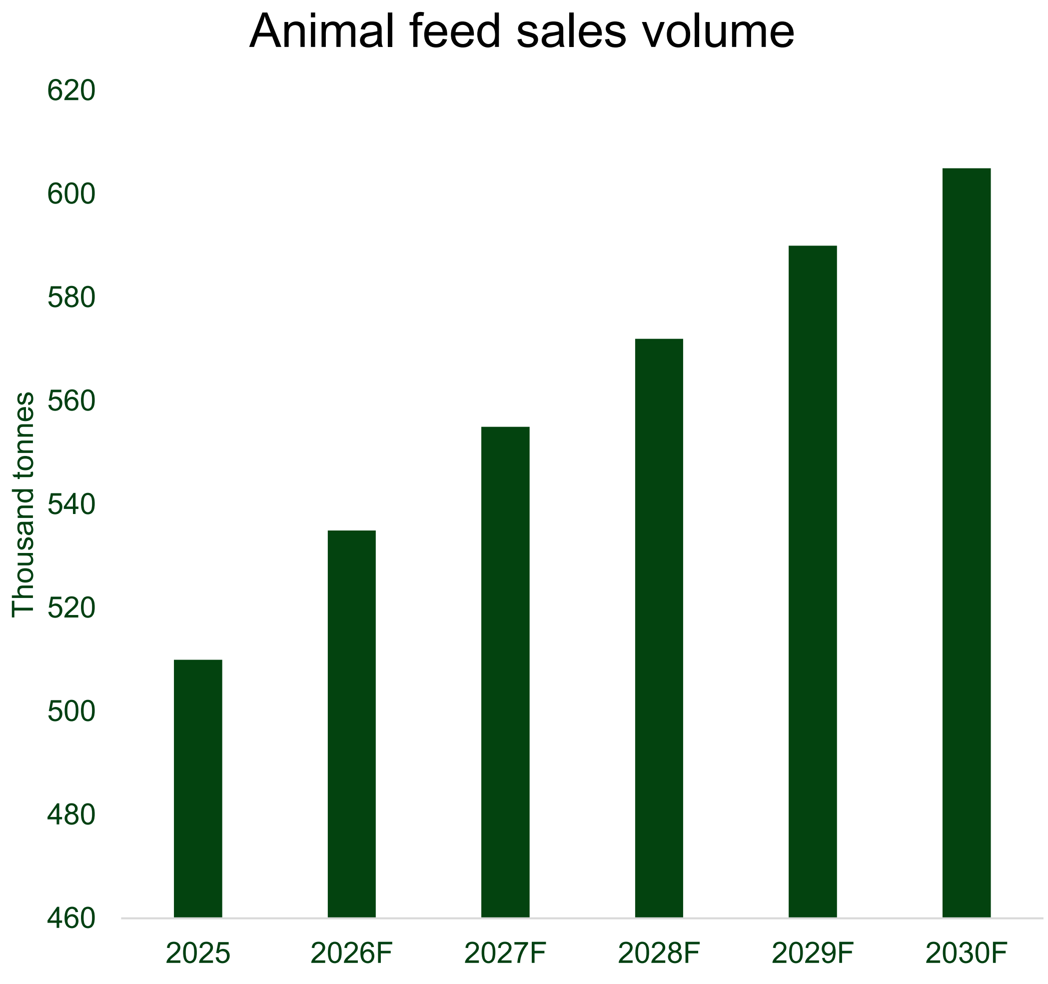
Commodity	2025/26	2026/27	Key trend
Corn	~USD4.25-4.35/bushel	4.40 USD/bushel	Slightly higher from low levels as inventory pressure eases and technical rebounds occur.
Wheat	~USD5.70-5.90/bushel	6.00 USD/bushel	Slightly higher, reflecting weather concerns and tighter supply in some regions.
Soybean	~USD11.10-11.25/bushel	11.40 USD/bushel	Moderate increase, supported by demand and localized supply shortages.
Soybean meal	~USD300-305/short ton	USD310/short ton	Stable to slightly higher, tracking the soybean crushing market.

Source: USDA, World Bank, ASEANSC Research estimates

2. Animal feed: Raw material prices increase in 2026

Sales volume

- We forecast DBC's animal feed sales volume to post a CAGR of around 3.4% in 2026F-2030F, mainly driven by herd expansion and recovery in the livestock sector. In 2026F, volume is expected to rise around 4.8% YoY as restocking improves with ASF gradually controlled. This is around 1.1 ppts higher than USDA's forecast for Vietnam animal feed demand growth, mainly as DBC maintains competitive pricing while input costs remain low.
- For 2027F-2030F, we expect DBC's animal feed volume to grow steadily at a CAGR of around 3.0%. Growth is supported by continued improvement in meat consumption, with OECD forecasting pork and poultry consumption to rise by around 3.6% and 3.2% p.a., respectively, supporting herd expansion. However, feed volume growth is expected to lag meat demand growth due to (1) the shift to scaled farming, which improves feed conversion ratios and reduces feed consumption per unit of output, and (2) DBC's likely gradual ASP adjustment as input costs return to a mild 1-2% p.a. uptrend rather than the sharp declines seen in 2024-2025.



Source: DBC, ASEANSC Research estimates

3. Capacity expansion supports long-term growth

Farm	Area	Capex	Progress
Trieu Phong, Quang Tri	64	950	Completion in 2027
Dinh Hoa, Thai Nguyen	48	665	Planned
Bao Yen, Lao Cai	42	560	Completion by end-2026
Nhu Xuan, Thanh Hoa	39	913	Operation in early 2027
Dong Trieu, Quang Ninh	30	544	Completion by end-2026
Thanh Mai, Thai Nguyen	25	450	Planned
Ngoc Lac, Thanh Hoa	20	408	Completion by end-2026

Source: USDA, World Bank, ASEANSC Research estimates

- DBC is entering a new growth cycle through herd expansion, laying the foundation for medium-term revenue and volume growth, although execution still depends on the livestock cycle.
- The main driver is investment in large-scale farms in Quang Ninh, Thanh Hoa, Lao Cai, Quang Tri and Thai Nguyen, enabling rapid herd expansion when market conditions are favorable. DBC targets 80,000 sows and 2mn commercial pigs/year before 2028, with its sow herd expected to exceed 80,000 by end-2027.
- In addition to farming expansion, DBC continues investing in the 3F chain to improve raw material self-sufficiency. Phase 2 of the oil crushing plant is expected to start operations in Mar 2026, tripling crushing capacity, while the 200,000-tonne/year Nghi Xuan feed mill is expected to start operations in Jul-Aug 2026, lifting total feed capacity to around 1.7mn tonnes/year.
- Real estate and industrial park projects such as Dabaco Van An, Dabaco Ly Thai To and Lac Ve Industrial Cluster are not included in our valuation model due to long implementation timelines to 2029 and insufficient information to quantify earnings contribution.

1. Earnings forecast summary

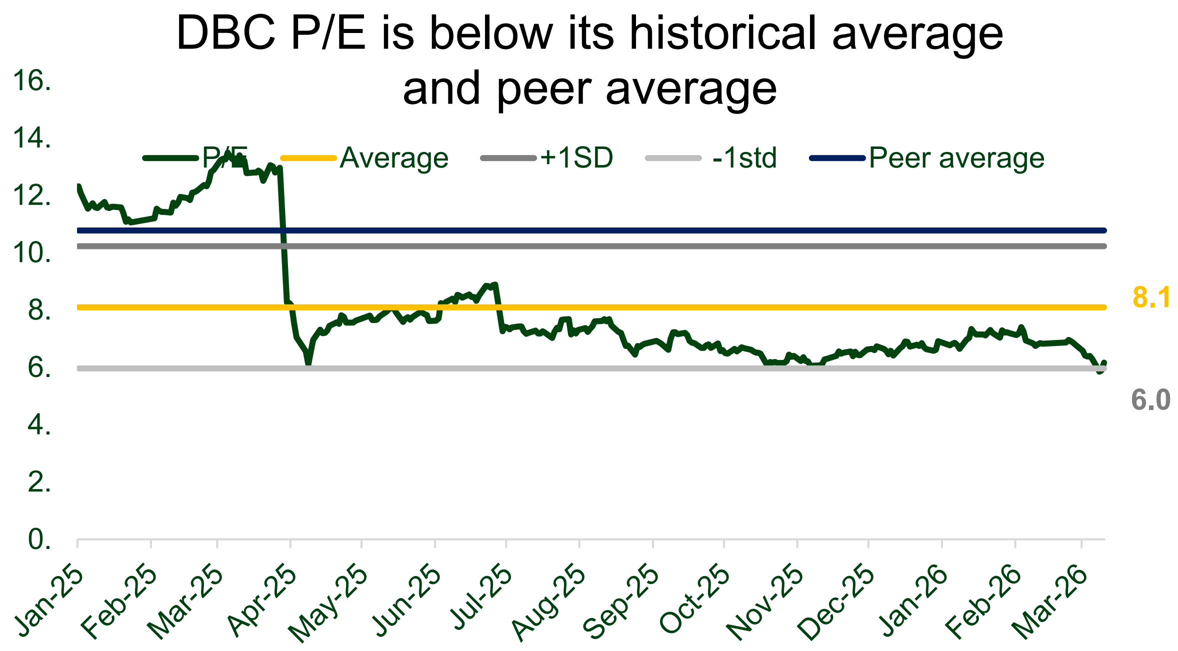
Unit: VND bn	2026F	YoY %	Key assumptions summary
Revenue	**16,434**	**+9%**	
Pig farming & animal feed	16,409	+9%	Revenue growth mainly from higher commercial pig volume and animal feed sales through share gains, plus partial pass-through of higher feed input costs into ASPs. Live hog prices are lower YoY.
Real estate	25	-40%	
GPM			
Pig farming & animal feed	15.8%	-4 ppts	GPM declines due to higher feed raw material prices and lower live hog prices.
Real estate	44%	0 ppts	
Financial income	75	-4%	Similar to 2025
Financial expenses	-243.2	-7%	Lower due to reduced debt balance
Selling expenses	-555	+9%	In line with revenue growth
G&A expenses	-486	+9%	In line with revenue growth
PBT	**1,271**	**-22%**	

Source: ASEANSC Research

2. Valuation and rating:

P/E method	
Average P/E	8.x
2026F NPAT (VND bn)	1,017
2026F EPS (VND/share)	2,359
Fair value (VND/share)	19,100

- **VALUATION. Based on the P/E method, ASEANSC derives a fair value for DBC of VND19,100/share, 3% above the current market price. Our target P/E is 8.x, broadly in line with DBC's 2-year historical average.**
- **RATING. We recommend MARKET PERFORM for DBC with a one-year investment horizon.**



DBC fair value sensitivity table

2026F NPAT	P/E 7.x	P/E 8.1x	P/E 9.x
VND900bn	14,616	16,912	18,791
VND1,017bn	16,516	**19,111**	21,234
VND1,100bn	17,864	20,671	22,967

Source: ASEANSC Research

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