

BAFAR: 1Q25 Results

Favorable results with double digit revenue and EBITDA growth; the expansion and digitalization process moves forward

BAFAR B	BUY
Target Price (MXN\$)	\$ 162.00
Current Price (MXN\$)	\$ 94.00
Min / Max (L12M)	\$ 93.00 - 117.0
Expected Dividend (MXN\$)	\$ 0.94
Expected Return	73.3%
Market Cap (MXN\$ Mn)	29,652
Enterprise Value (MXN\$ Mn)	46,790
Outstanding Shares (Mn)	315.4
Float	20.0%
ADTV (MXN\$ Mn)	\$ 0.05

Opinion and recommendation

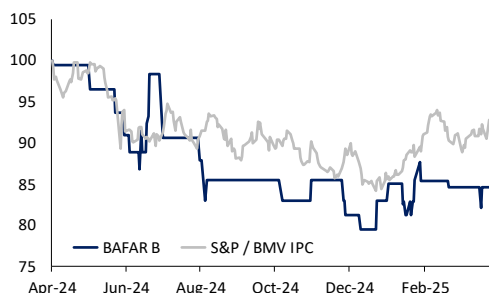
BAFAR reported another very positive quarter, driven primarily by its food division and Fibra Nova. Results were in line with our revenue and EBITDA projections and exceeded our net profit forecast. We reiterate our BUY recommendation with a MXN\$162.0/share target price.

We believe that BAFAR's outlook is solid due to the investments the company is making in the expansion and digitalization of its businesses. Furthermore, the stock's valuation is attractive, with a forward EV/EBITDA of 8.5x and estimated P/E of 9.8x.

1Q25 Results

BAFAR's revenues registered a significant 17.0% YoY increase, to a record level of MXN\$7.74 billion, practically in line with our estimates. The food division was the main driver with a 15.8% revenue growth, driven by higher export volumes and average prices in both Mexico and the U.S. Additionally, Fibra Nova's revenue advanced 27.4% due to continued portfolio expansion, new contracts, adjustments in rents per square foot, and a favorable FX effect. Sales from the agribusiness business were 139.4% higher on stronger walnut and grape volumes. Revenue from the financial division increased 13.2% thanks to higher underwriting.

BAFAR's gross profit was up 3.7% YoY, while gross margin contracted 380 bps to 29.7% due to higher raw material prices and an unfavorable FX effect. However, operating expenses remained stable despite the digitalization process, resulting in a favorable 15.3% YoY EBITDA growth to MNX\$1.29 billion. The EBITDA margin contracted 30 bps to 16.7%.



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April 28th, 2025

Net income decreased 18.5% YoY to MXN\$769.6 million, due to higher financial expenses and lower FX gains. However, this figure significantly exceeded our projections.

Digitalization Process

BAFAR has continued to move forward in its digitalization process, which included the SAP implementation in the supply chain, the launch of the Salesforce CRM Service platform, and the implementation of virtual assistants (Gen AI) in several business areas.

Dividend

Shareholders approved the payment of a MXN\$300 million in kind dividend with a 1.0% yield against the current market cap. The company will make this payment with treasury shares.

(Figures in Millions of MXN\$)	1Q25	1Q25E	Diff.	1Q24	Chg.
Revenues	7,741	7,621	1.6%	6,618	17.0%
Gross Profit	2,301	2,562	-10.2%	2,218	3.7%
EBITDA	1,294	1,327	-2.5%	1,123	15.3%
<i>EBITDA Margin</i>	<i>16.7%</i>	<i>17.4%</i>		<i>17.0%</i>	
Financial Gains	25	9	176.9%	234	-89.5%
Financial Cost	-216	-251	-14.1%	-142	51.8%
Net Profit	770	673	14.3%	945	-18.5%

Discounted Cash Flow Model

Figures in MXN\$ Mn)	2026E	2027E	2028E	2029E	2030E	Perp.
OPERATING PROFIT	5,328	6,091	6,964	7,939	9,043	9,534
Tax Rate	25%	27%	27%	27%	27%	30%
Tax Shield	-1,332	-1,645	-1,880	-2,144	-2,442	-2,860
NOPLAT	3,996	4,446	5,084	5,796	6,601	6,674
Depreciation	1,030	1,082	1,136	1,192	1,252	1,320
Working Capital Changes	-420	-503	-559	-621	-689	-727
CAPEX	-4,260	-4,361	-4,429	-4,604	-4,703	-4,959
FCFF	346	663	1,231	1,763	2,461	2,308
Perpetuity Growth Rate						5.4%
PV of Explicit Period (2026 - 2030E)						4,886
Perpetuity Value						101,228
PV of Perpetuity Value						64,830
Enterprise Value						69,716
Net Debt						18,615
Market Value						51,101
<i>Outstanding Shares</i>						315
Target Price						P\$ 162.00
Current Market Price						P\$ 94.00
Potential Return Incl. Dividends						73.3%
Forward EV/EBITDA						11.1x
Forward P/E						15.2x
Average Cost of Debt						4.4%
LT Tax Rate						30.0%
After-Tax Cost of Debt						3.1%
Cost of Equity						12.3%
Market Risk Premium						6.0%
Risk-Free Rate						9.6%
Beta						0.46
% Total Debt						49.7%
% Capital						50.3%
WACC						7.7%

Sensitivity Analysis of the Target Price, EV/EBITDA vs. EBITDA

	-10%	-5%	<i>Original</i>	+5%	+10%
Projected EBITDA	5,722	6,040	6,358	6,676	6,994
Target EV/EBITDA					
9.6x	112.41	122.08	131.76	141.44	151.12
10.1x	121.48	131.66	141.84	152.02	162.20
10.6x	130.55	141.23	151.92	162.60	173.29
11.1x	139.62	150.81	162.00	173.19	184.38
11.6x	148.69	160.38	172.07	183.77	195.46
12.1x	157.76	169.96	182.15	194.35	206.55

Sensitivity Analysis of the Target Price, P/E vs. Net Profit

	-10%	-5%	<i>Original</i>	+5%	+10%
Projected Net Profit	3,021	3,189	3,357	3,525	3,693
Target P/E					
12.2x	117.06	123.57	130.07	136.57	143.08
13.2x	126.64	133.68	140.71	147.75	154.78
14.2x	136.22	143.79	151.35	158.92	166.49
15.2x	145.80	153.90	162.00	170.10	178.20
16.2x	155.37	164.01	172.64	181.27	189.90
17.2x	164.95	174.12	183.28	192.44	201.61

(Figures in Millions of MXN\$)

INCOME STATEMENT	2024	2025E	2026E	2027E	2028E	2029E	2030E
Revenues	28,491	32,300	35,500	39,647	44,295	49,506	55,333
Cost of Sales	-19,571	-22,440	-24,627	-27,464	-30,639	-34,195	-38,164
Gross Profit	8,920	9,859	10,874	12,183	13,656	15,312	17,169
General Expenses	-5,756	-5,826	-6,149	-6,760	-7,384	-8,124	-8,878
Operating Profit	4,354	4,654	5,328	6,091	6,964	7,939	9,043
Depreciation and Amortization	-853	-981	-1,030	-1,082	-1,136	-1,192	-1,252
EBITDA	5,207	5,635	6,358	7,172	8,099	9,132	10,295
Financial Gains	57	55	45	50	56	63	70
Financial Cost	-2,427	-884	-897	-942	-984	-1,051	-1,102
Pre-Tax Profit	1,984	3,825	4,476	5,199	6,036	6,951	8,011
Income Tax & Profit Sharing	67	-824	-1,119	-1,404	-1,630	-1,877	-2,163
Net Profit	2,051	3,001	3,357	3,795	4,406	5,074	5,848
BALANCE SHEET	2024	2025E	2026E	2027E	2028E	2029E	2030E
TOTAL ASSETS	41,596	45,647	49,481	53,594	58,939	64,587	70,479
Current Assets	7,199	8,204	8,974	9,906	10,945	12,105	13,395
LT Assets	34,397	37,443	40,507	43,687	47,993	52,483	57,083
TOTAL LIABILITIES	23,284	25,529	26,770	27,950	29,888	31,611	32,977
ST Liabilities	6,719	6,785	8,026	7,206	7,144	6,867	6,733
LT Liabilities	16,565	18,744	18,744	20,744	22,744	24,744	26,244
Total Debt	17,627	20,033	21,062	21,984	23,635	25,039	26,050
Net Debt	16,712	18,615	19,493	20,232	21,678	22,851	23,603
TOTAL CAPITAL	18,312	20,278	22,883	25,828	29,248	33,185	37,723
Stockholder's Equity	14,209	16,026	18,085	20,412	23,114	26,226	29,812
CASH FLOW STATEMENT	2024	2025E	2026E	2027E	2028E	2029E	2030E
Net profit	2,051	3,745	4,476	5,199	6,036	6,951	8,011
Inv. Related Activities	1,609	1,316	1,508	1,664	1,835	2,023	2,230
Pre-Tax Cash Flow	3,660	4,695	4,619	4,981	4,433	5,003	5,637
Working Capital Changes	-720	-363	-420	-503	-559	-621	-689
Operating Cash Flow	2,940	4,333	4,199	4,478	3,874	4,382	4,948
Investment Cash Flow	-5,168	-5,339	-4,159	-4,255	-4,317	-4,485	-4,577
Financing Cash Flow	1,856	1,515	115	-35	654	339	-107
Net Incr. (Decr.) in Cash & Temp. Inv.	-371	507	155	189	211	236	263
Beg. of Period Cash and Temp. Inv.	1,286	915	1,418	1,568	1,752	1,958	2,188
End of Period Cash and Temp. Inv.	915	1,418	1,568	1,752	1,958	2,188	2,447

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