

Biwase (BWE)

Delayed water price increases

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BWE recorded NPAT of VND163 billion (-9% YoY / +6.5% QoQ) on revenue of VND924 billion (+17% YoY / -22% QoQ)

In 1Q2025, BWE delivered revenue of VND924 billion (+17% YoY / -22% QoQ) and NPAT of VND163 billion (-9% YoY / +6.5% QoQ) mainly due to rising financial expenses. Water supply volume slightly declined to 45 million m³ as Biwase Long An reached maximum capacity and could no longer contribute to growth.

Clean water consumption in Binh Duong province is projected to grow at a 1% CAGR from 2027

We are revising our water supply volume growth forecast for 2025/2026 down to 0%, due to concerns over the impact of tariffs on business operations and clean water demand in Binh Duong province. From 2027 onward, as business challenges ease, clean water consumption is expected to grow at a compound annual growth rate (CAGR) of 1%. Consequently, revenue and gross profit from the water supply segment are projected at VND2,638 billion and VND1,492 billion, down 7% and 10% from prior estimates, respectively.

BWE increased its equity stake in Vinh Long Water Supply JSC to 33.7%

The increased stake in Vinh Long Water Supply JSC (VLW) enables BWE to expand its water supply capacity, contributing to a sharp rise in profit from associates, which is expected to reach VND153 billion (up 250% YoY) this year.

Water prices are expected to remain flat from 2023 and 2024 levels

Water prices will remain unchanged in 2025. We are maintaining the current pricing for 2026 and applying a 1% CAGR from 2027 onward, reflecting reduced corporate affordability for utility services as a result of tariff impacts.

We downgrade BWE to NEUTRAL with a target price of VND51,800/share

Using a combination of FCF and EV/EBITDA valuation methods, we are downgrading BWE to NEUTRAL with a target price of VND51,800, implying an expected return of 8.7% compared to the closing price on June 20, 2025.

Neutral change

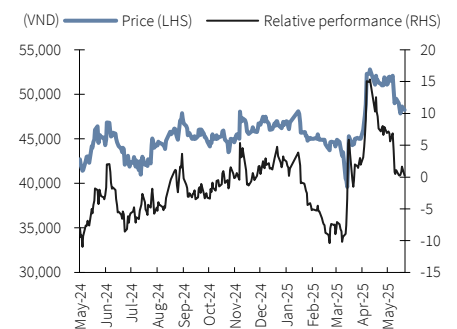
Target price	VND51,800
Upside	8.7%
Current price (Jun 20, 2025)	VND47,650
Consensus target price	VND66,800
Market cap (VNDtn/USDbn)	10.4/0.4

Trading data	
Free float	28.4%
3M avg trading value (VNDbn/USDmn)	5.6/0.2
Foreign ownership	11.6%
Major shareholder	Thu Dau Mot Water (TDM, 37%)

Share price performance				
(%)	1M	3M	6M	12M
Absolute	4.5	-4.5	10.9	10.4
Relative	1.5	-13.1	10.2	6.5

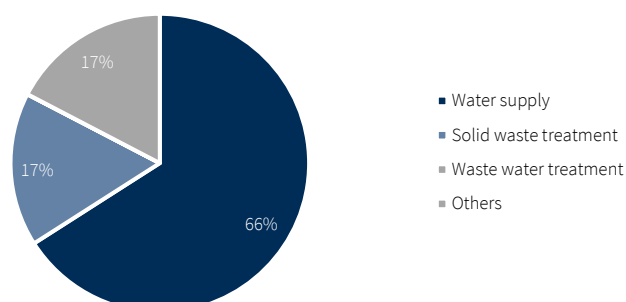
Forecast earnings & valuation

FY-end	2023	2024	2025F	2026F
Net revenue (VNDbn)	3,526	3,959	4,150	4,242
Operating income/loss (VNDbn)	980	1,050	1,037	1,038
NPAT-MI (VNDbn)	682	661	737	801
EPS (VND)	2,902	2,411	2,691	2,925
EPS growth (%)	-9.2	-16.9	11.6	8.7
P/E (x)	16.9	20.4	17.7	15.6
P/B (x)	2.0	2.1	1.8	1.6
ROE (%)	13.7	12.0	12.2	12.4
Dividend yield (%)	2.7	2.6	2.9	3.9



Source: Bloomberg, KB Securities Vietnam

Revenue composition (2024)



Source: Binh Duong Water – Enviroment Corporation, KB Securities Vietnam

Business operation

Binh Duong Water – Environment Corporation (BWE) is the exclusive clean water provider in Binh Duong, commanding a 100% market share. The company has also expanded into wastewater and solid waste treatment, aiming to develop a comprehensive regional environmental infrastructure ecosystem.

Investment Catalysts

Notes

BWE's dominant position in Binh Duong's water infrastructure provides a stable source of cash flow. Its vertically integrated water supply chain underpins sustainable long-term growth, with gross profit projected at VND1,489/1,492 billion, representing 88%/87% of total gross profit in 2025/2026.

Please find more details [here](#)

Water prices are expected to remain flat at 2023 and 2024 levels through 2026, followed by a 1% CAGR starting in 2027. NPAT is forecast at VND737/801 billion in 2025/2026 (+ 12%/+8.7% YoY).

Please find more details below

An increased stake in Vinh Long Water Supply JSC and Tan Hiep Water Investment JSC is expected to enhance profit contributions from associates, which are projected to reach VND152/160 billion in 2025/2026 (up 250% and 5% YoY, respectively).

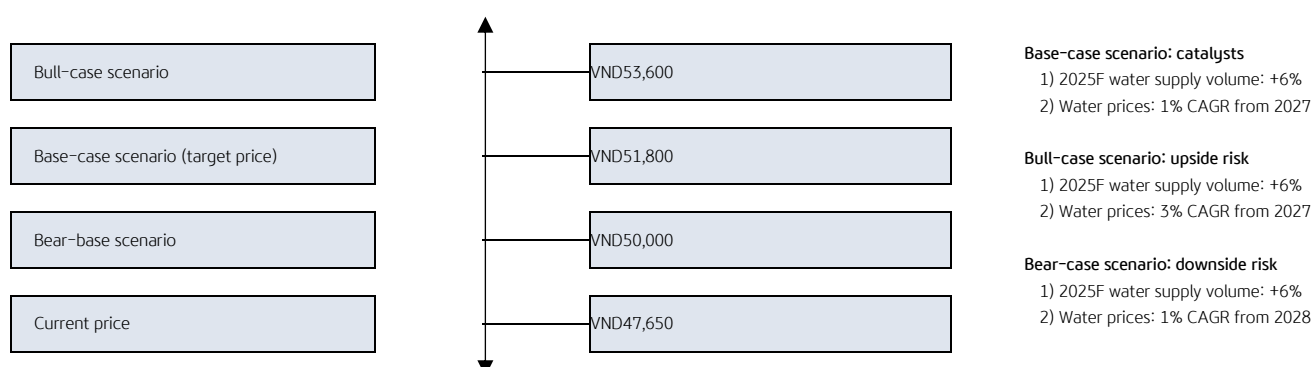
Please find more details below

Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Revenue	4,150	4,242	-1%	-9%	4,243	4,698	-2%	-10%
EBIT	1,037	1,038	-15%	-25%	1,256	1,444	-17%	-28%
NP after MI	737	801	-17%	-27%	823	1,044	-10%	-23%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



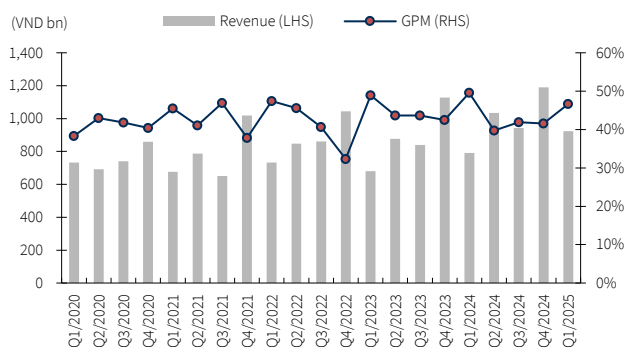
Business performance

Table 1. BWE – 1Q2025 financial results

(VNDbn)	1Q2024	1Q2025	+/-%YoY	Notes
Revenue	792	924	17%	
– Water supply	627	646	3%	Primarily driven by a 7% increase in average water prices, supported by a higher share of industrial consumption and a decline in residential demand.
– Solid waste treatment	91	67	–26%	
– Wastewater treatment	3	77	2,285%	Mainly due to the first recognition of retrospective wastewater treatment revenue from 2023–2024 totaling VND76 billion.
– Others	71	134	90%	
Water supply volume (million m ³)	47	45	–4%	
Gross profit	392	431	10%	
– Water supply	359	366	2%	
– Solid waste treatment	3	11	257%	
– Wastewater treatment	–2	27	n.a	
– Others	32	27	–17%	
Gross profit	50%	47%	–3 pts	
Financial income	23	53	132%	
Financial expenses	–85	–123	45%	Largely attributed to a foreign exchange loss from revaluing end-of-period balances, which rose by over VND30 billion.
Shared profits from associates	7	–9	–236%	
SG&A expenses	–141	–165	17%	
Operating income/loss	197	188	–4%	
Other income	–10	–10	–2%	
Profit before tax (PBT)	198	191	–4%	
Net profit after tax (NPAT)	180	163	–9%	
NPAT–MI	179	148	–18%	
NPAT margin	23%	18%	–5 pts	

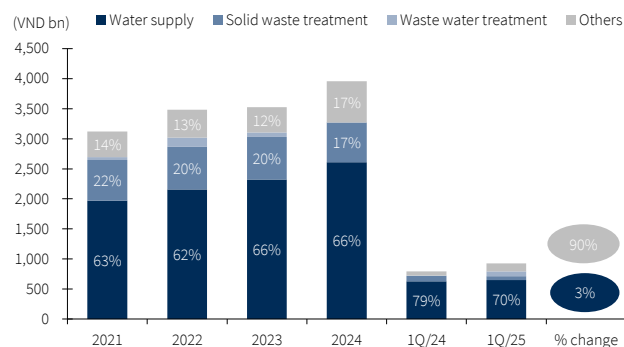
Source: Binh Duong Water – Enviroment Corporation, KB Securities Vietnam

Fig 2. BWE – Revenue, gross profit margin in 2021–2025 (VNDbn, %)



Source: Binh Duong Water – Enviroment Corporation, KB Securities Vietnam

Fig 3. BWE – Revenue composition in 2021–2025 (VNDbn)



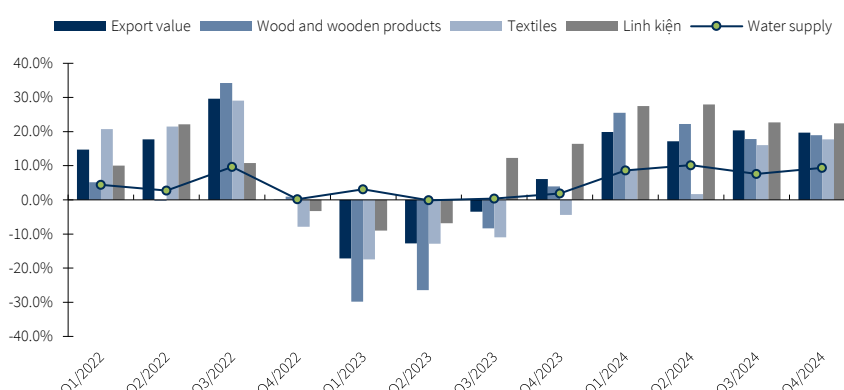
Source: Binh Duong Water – Enviroment Corporation, KB Securities Vietnam

Clean water consumption in Binh Duong is largely independent of broader macroeconomic trends

Historically, clean water consumption in Binh Duong has proven insulated from broader macroeconomic factors. This is primarily due to two reasons: (i) stable demand (Water is essential for production, ensuring consistent demand regardless of economic fluctuations), and (ii) urbanization support (Rapid and ongoing urbanization in the region continuously supports consumption). However, we believe that newly imposed tariffs on exports to the U.S. market will negatively affect manufacturing activities. Consequently, in a scenario where GDP growth declines by 2%, water consumption for industrial use is expected to grow by only 1–2% YoY during 2025–2026.

Looking ahead, continued infrastructure development in Binh Duong is likely to attract further industrial investment, supporting a positive long-term outlook for the water supply sector. Starting in 2027, we maintain our annual clean water consumption growth forecasts at 6.9% for industrial use, 5.4% for residential use, and 5% for the services sector.

Fig 4. Binh Duong – Correlation between export growth & water consumption (%)



Source: Binh Duong Statistical Office, KB Securities Vietnam

Wastewater treatment gross profit reached VND27 billion thanks to the initial recognition of retrospective revenue from the 2023–2024 period

Revenue and gross profit from wastewater treatment rose sharply to VND77 billion and VND27 billion, respectively, primarily due to the first recognition of VND76.4 billion in retrospective wastewater treatment revenue. This amount is part of a larger VND157.8 billion in revenue from the 2023–2024 period that had not been previously recorded. We expect the remaining amount to be recognized in 2025, which supports maintaining our previous forecasts for wastewater treatment revenue and gross profit at VND131 billion and VND27 billion, respectively.

Equity stake increase in Vinh Long Water Supply JSC may add VND26.5 billion to net profit

In May 2025, BWE successfully increased its equity stake in Vinh Long Water Supply JSC (VLW) to 33.7% through a put-through transaction at a per-share price of over VND25,000, representing an 11% discount to the June 12 closing market price. Starting from 2Q, VLW will be accounted for as an associate, contributing an estimated VND26.5 billion to BWE's profit—VND13.7 billion higher than the previous forecast, thanks to the increased ownership. Profit from associates and joint ventures is projected at VND152/160 billion in 2025/2026, reflecting growth of +250%/+5% YoY, respectively.

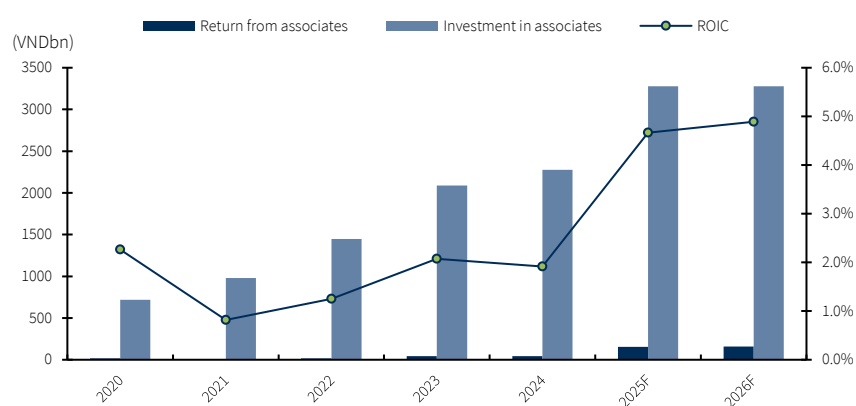
The ongoing delay in water price increases has slightly dampened BWE's growth

On April 21, 2025, the People's Committee of Binh Duong Province issued Decision No. 1095/QĐ-UBND, approving the residential clean water tariff applicable for 2025. Compared to the previous pricing schedule announced in 2024, the new tariff remains unchanged, with no adjustment made.

Under a conservative scenario, we maintain our assumption that water prices will remain flat through 2026, followed by a 1% CAGR starting in 2027, reflecting the negative impact of tariffs on business operations and corporate affordability for utility services.

NPAT for 2025 and 2026 has been revised down by 15% and 25% from previous forecasts, to VND759 billion and VND828 billion, respectively.

Fig 5. BWE – Shared profits from associates (VNDbn)



Source: Binh Duong Water – Environment Corporation, KB Securities Vietnam

Forecast & Valuation

Table 6. BWE – 2024A–2026F financial results

(VNDbn)	2024	2025F	+/-%YoY	2026F	+/-%YoY	Notes
Revenue	3,948	4,150	5%	4,242	2%	
Water supply	2,601	2,638	1%	2,686	2%	Our downward revision is due to unchanged water prices and a projected 5.2% YoY decline in industrial water consumption.
Solid waste treatment	660	693	5%	729	5%	
Wastewater treatment	0	131	n.a	140	7%	Our upward revision is driven by the recognition of unbilled revenue from the 2023–2024 period.
Others	687	687	0%	687	0%	
Water supply volume (m ³)	213	216	1%	219	2%	Water consumption volumes for the industrial, residential, and service segments are expected to change by –5.2% / +4.8% / +5.0% YoY in 2025, and –5.2% / +4.9% / +5.0% YoY in 2026, respectively.
Gross profit	1,680	1,715	2%	1,730	1%	
Water supply	1,490	1,492	0%	1,501	1%	
Solid waste treatment	65	67	3%	68	3%	
Wastewater treatment	–3	27	n.a	33	20%	Compared to earlier projections, we deducted the cost of goods sold (COGS) related to previously unrecognized revenue, resulting in a downward revision of gross profit from wastewater treatment.
Others	128	128	0%	128	0%	
<i>Gross profit margin (GPM)</i>	<i>43%</i>	<i>41%</i>	<i>–1 ppts</i>	<i>41%</i>	<i>–1 ppts</i>	
Financial income	132	151	14%	172	14%	
Financial expenses	–494	–529	7%	–486	–8%	
Shared profits from associates	44	153	250%	160	5%	Driven by increased profit contributions from Tan Hiep Water Investment JSC at end-2024 and Vinh Long Water Supply JSC.
SG&A	–644	–677	5%	–692	2%	
Operating income/loss	737	824	12%	895	9%	
Other income	–42	–36	–16%	–36	0%	
PBT	737	824	12%	895	9%	
NPAT	661	737	12%	801	9%	
NPAT–MI	639	713	12%	775	9%	
NPAT margin	17%	18%	1 ppts	19%	1 ppts	

Source: Binh Duong Water – Environment Corporation, KB Securities Vietnam

We downgrade BWE to NEUTRAL with a target price of VND51,800/share

BWE's share price has rebounded strongly following a prior losing streak driven by concerns over tariff-related developments, reflecting investor expectations of stable earnings supported by a resilient business model that is relatively insulated from broader macroeconomic volatility. However, the stock is trading above +1 standard deviation of its 5-year average EV/EBITDA, suggesting that much of the positive market sentiment may have been priced in. As such, new entry should be considered during market pullbacks or corrections. Based on FCF and EV/EBITDA valuation methods, we recommend NEUTRAL for BWE, with a target price of VND51,800/share, 8.7% higher the closing price on June 20, 2025. This target price incorporates an EV/EBITDA multiple of 7.5x, 1 standard deviation below the company's 5-year average, given lower-than-previously-forecast net profit due to delayed water price adjustments.

Table 7. BWE – FCFF valuation

(VNDbn)	2025	2026	2027	2028	2029	2030
NPAT	737	801	916	1066	1214	1393
(+) Depreciation	677	670	616	569	529	493
(+) Interest expense * (1-t)	393	361	359	351	336	314
(-) Change in working capital	706	-42	-81	-88	-97	-106
(-) CAPEX	-1625	-365	-365	-365	-365	-365
FCFF	737	1254	1241	1270	1314	1367
PV of FCFF	706	1,106	1,009	897	846	803
Total PV						5,367
PV of terminal value						9,267
Enterprise value (EV)						14,635
(+) Cash & cash equivalents						1,559
(+) Investment in associates						1,926
(-) Net debt & minority interest						-7,012
Equity value						11,107
Value per share						50,502

Source: KB Securities Vietnam

Table 8. BWE – FCFF model assumptions

Model assumptions	Value
Risk-free rate	4.7%
Beta	1.05
Equity risk premium	8.4%
Forecast duration	5
WACC	9.5%
Target EV/EBITDA	7
Terminal growth	1.5%

Source: KB Securities Vietnam

Table 9. BWE – EV/EBITDA valuation

(VNDbn)	Value
2025F EBITDA	2,029
2025F EV/EBITDA	7.50
Total	15,217
(+) Cash & short-term investments	1,559
(+) Financial investment	1,926
(-) Net debt	-6,819
(-) Minority interest	-193.53
Equity value	11,689
Number of shares outstanding (million shares)	219.9
Value per share (VND/share)	53,149

Source: KB Securities Vietnam

Table 10. BWE – Valuation results

Valuation method	Derived price	Weight	Weighted price
FCFF	50,502	50%	25,251
EV/EBITDA (7.5x)	53,149	50%	26,574
Target price (rounded)			51,800
Upside			8.7%

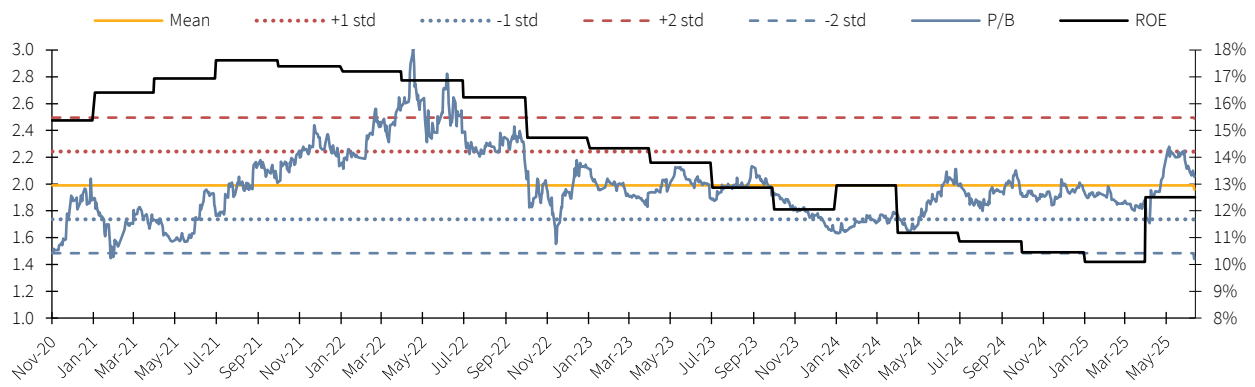
Source: KB Securities Vietnam

Fig 11. BWE – EV/EBITDA in 2020–2025



Source: Bloomberg, KB Securities Vietnam

Fig 12. BWE – P/B, ROE in 2020–2025



Source: Bloomberg, KB Securities Vietnam

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(Based on the expectation of price gains over the next 6 months)

Buy:	Neutral:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(Based on the assessment of sector prospects over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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