

Biwase (BWE)

Environmental services support favorable outlook

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In 2Q2025, revenue rose 28% YoY, while NPAT-MI surged 123% YoY to VND303 billion, marking the highest level since 2021

The commercial operation of Phase 3 of the Nhi Thanh water plant has boosted water supply revenue

BWE commenced construction of its second waste-to-energy plant amid rising waste treatment in Binh Duong

Higher regulated tariffs for food waste composting support better cost recovery

We upgrade BWE to BUY with a target price of VND56,000/share

In 2Q2025, BWE disclosed revenue of VND1,325 billion (+28% YoY / +43% QoQ) and NPAT-MI of VND303 billion (+123% YoY / +87% QoQ), the highest quarterly NPAT-MI since 2021. Water supply volume contracted 5% YoY to 49 million m³ as the Nhi Thanh water plant (Phase 1&2) operated at full capacity and weaker industrial production reflected global tariff headwinds.

At the end of August 2025, Phase 3 of the Nhi Thanh water plant officially commenced operations, raising total capacity to 120,000 m³/day. We forecast Nhi Thanh (Phase 1-3) to deliver water supply revenue of VND205 billion (+23% YoY) in 2025 and VND238 billion in 2026 (+16% YoY).

BWE has also started construction of its second waste-to-energy plant, designed to process 500 tons of waste/day and generate 12MW of electricity. This project, expected to reach full generation capacity from 2027, should lift waste treatment revenue to VND923 billion (+14% YoY) and support a 6% CAGR through 2030.

We project waste treatment revenue and gross profit at VND750 billion / VND811 billion (+14% / +8% YoY) for 2025 and VND109 billion / VND121 billion (+70% / +11% YoY) for 2026, supported by upward adjustments in regulated tariffs for food waste composting that more fully reflect operating costs.

Based on FCF and EV/EBITDA, KBSV upgrade BWE to BUY with a target price of VND56,000/share, 15.5% higher than the closing price on September 19, 2025.

Buy change

Target price	VND 56,000
Upside	15.5%
Current price (Sep 19, 2025)	VND 48,500
Consensus target price	VND 58,000
Market cap (VNDtn/USDbn)	10.7/0.4

Forecast earnings & valuation

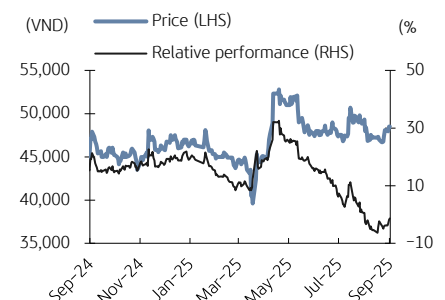
FY-end	2023	2024	2025F	2026F
Net revenue (VNDbn)	3,526	3,959	4,320	4,386
Operating income/loss (VNDbn)	980	1,050	1,107	1,096
NPAT-MI (VNDbn)	682	661	799	764
EPS (VND)	2,902	2,411	2,916	2,789
EPS growth (%)	-9.2	-16.9	20.9	-4.4
P/E (x)	16.9	20.4	16.3	16.4
P/B (x)	2.0	2.1	1.8	1.6
ROE (%)	13.7	12.0	13.1	11.8
Dividend yield (%)	2.7	2.6	2.9	3.9

Trading data

Free float	28.1%
3M avg trading value (VNDbn/USDmn)	9.8/0.4
Foreign ownership	8.5%
Major shareholder	Thu Dau Mot Water (TDM, 37%)

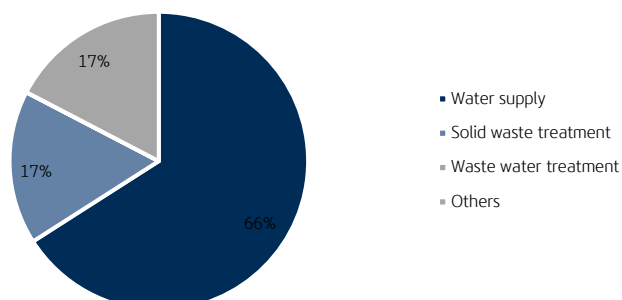
Share price performance

(%)	1M	3M	6M	12M
Absolute	1.8	8.9	11.3	3.2
Relative	-21.1	-16.6	11.7	-27.2



Source: Bloomberg, KB Securities Vietnam

Revenue composition (2024)



Source: Binh Duong Water – Environment 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

Nhi Thanh is expected to deliver VND205 billion in 2025F (+23% YoY) in water supply revenue and sustain a 15% CAGR through 2030 following the commercial operation of Phase 3.

Municipal solid waste treatment revenue and gross profit should reach VND750 billion (+14% YoY) and VND109 billion (+70% YoY) in 2025F on a higher regulated tariff for food waste composting.

Additional capital injections into Vinh Long Water Supply JSC and Tan Hiep Water Investment JSC will boost earnings, with profit contributions from associates estimated at VND153 billion (+250%) in 2025F and VND160 billion (+5% YoY) in 2026F.

Notes

Please find more details below

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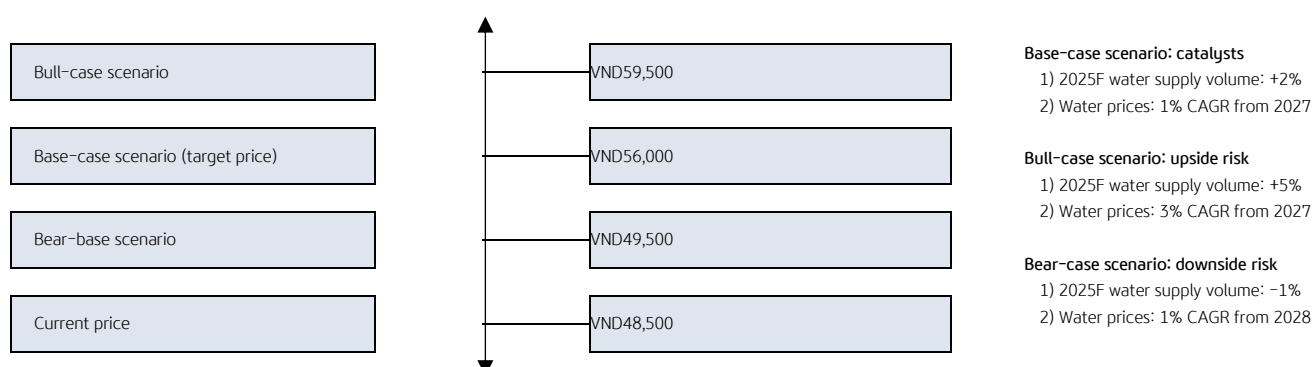
Please find more details [here](#)

Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Revenue	4,320	4,386	6%	3%	4,311	4,702	0%	-7%
EBIT	1,107	1,096	7%	6%	1,218	1,385	-9%	-21%
NP after MI	799	764	8%	-5%	820	1,106	-3%	-31%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



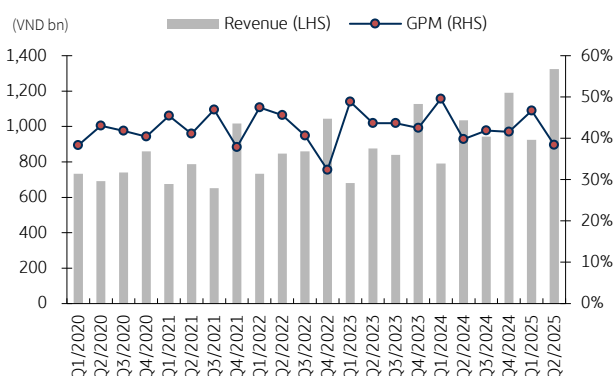
Business performance

Table 1. BWE – 1H2024–1H2025 financial results

(VNDbn)	2Q2024	2Q2025	+/-%YoY	1H2024	2H2025	+/-%YoY	Notes
Revenue	1,034	1,325	28%	1,826	2,249	23%	
Water supply	701	702	0%	1,328	1,348	2%	
Waste treatment	146	282	93%	236	349	48%	Waste treatment revenue surged thanks to effective business expansion.
Wastewater collection & treatment	-3	118	n.a	0	194	43,993%	This was mainly driven by the recognition of VND157 billion in retrospective revenue from 2H2023 and 2024.
Other	190	224	17%	261	358	37%	
Water supply volume (mn m ³)	52	49	-5%	99	94	-5%	
Gross profit	411	509	24%	803	940	17%	
Water supply	404	388	-4%	763	754	-1%	Surging outsourced services and supplies costs (+43% YoY) and staff costs (+44% YoY) drove a contraction in water supply gross margin.
Waste treatment	8	40	379%	12	51	345%	
Wastewater collection & treatment	1	35	2,772%	-1	62	n.a	
Other	-2	45	n.a	30	72	139%	
<i>Gross profit margin (GPM)</i>	<i>40%</i>	<i>38%</i>	<i>-1 pts</i>	<i>44%</i>	<i>42%</i>	<i>-2 pts</i>	
Financial income	40	54	35%	63	108	70%	Driven by dividend income of VND29 billion in 1H2025
Financial expenses	-137	-127	-8%	-222	-250	12%	Driven by a nearly VND20 billion reduction in foreign exchange losses
Profit from joint ventures & associates	-3	85	n.a	4	76	2,031%	Driven by BWE's increased stake in Vinh Long Water Supply JSC from 17% to 29% and a profit contribution of VND30.2 billion from Tan Hiep Water Investment JSC in 1H2025
SG&A	-157	-191	22%	-297	-356	20%	
Operating income/loss	154	329	114%	351	518	48%	
Other income	-11	-9	-17%	-21	-19	-10%	
Profit before tax (PBT)	158	340	116%	356	531	49%	
Net profit after tax (NPAT)	140	305	118%	320	468	46%	
NPAT-MI	136	303	123%	315	450	43%	
<i>NPAT margin</i>	<i>14%</i>	<i>23%</i>	<i>9 pts</i>	<i>18%</i>	<i>21%</i>	<i>3 pts</i>	

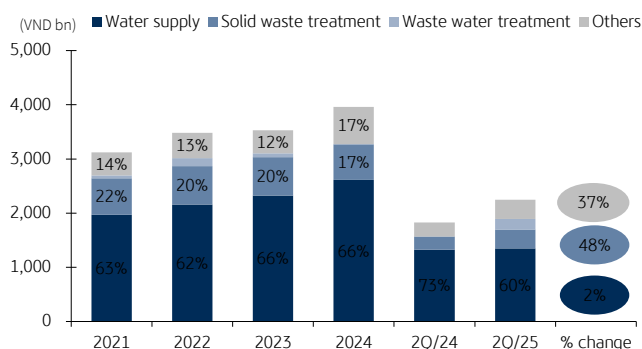
Source: Binh Duong Water – Environment Corporation, KB Securities Vietnam

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



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

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

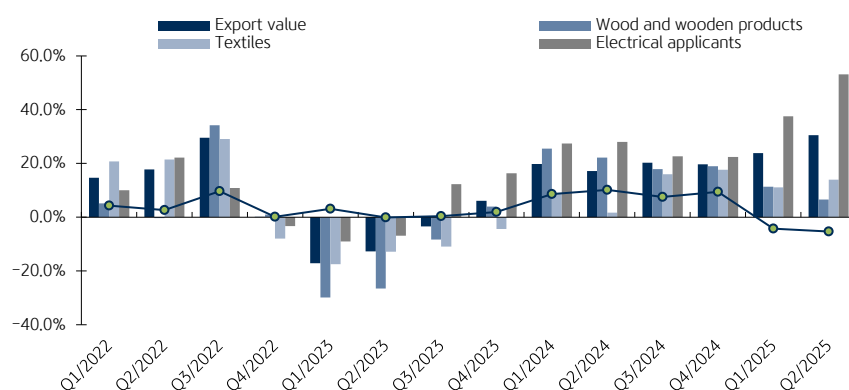


Source: Binh Duong Water – Environment Corporation, KB Securities Vietnam

Water supply revenue is forecast to rise 2% YoY in 2025, supported by recovering consumption in Binh Duong as trade tensions ease

Following the announcement of the US President Donald Trump's decision to suspend import tariffs on goods from trade partners (April 9–July 9), including Vietnam, companies in Binh Duong accelerated shipments of key exports such as wood and wood products, textiles & garments, and electronic components ahead of the tariff deadline. However, local clean water consumption recorded negative growth for two consecutive quarters—falling below even Covid-19 levels—due to: (i) limited remaining growth potential in Binh Duong's water market, (ii) the Nhi Thanh water plant (Phase 1&2) already running at full capacity, and (iii) an export mix shifting toward electronic components, which consume less water than wood processing and textile & garment industries, both of which have showed. That said, we expect easing trade tensions to stabilize manufacturing activity, supporting a recovery in water consumption in Binh Duong. This underpins a slight upward revision to our water supply revenue forecast to VND2,649 billion / VND2,699 billion (+2% / +2% YoY) for 2025/2026, up VND11 billion / VND14 billion from our previous estimates.

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



Source: General Statistics Office of Vietnam, KB Securities Vietnam

Water supply: Nhi Thanh (Phase 3) (120,000 m³/day) and Can Gio 3 (Phase 1) (25,000 m³/day) were put into operation

At end-August 2025, Phase 3 of the Nhi Thanh water plant officially commenced operations, raising total capacity to 120,000 m³/day. With a total investment of over VND1,100 billion, the project will timely meet rising clean water demand for residents in Ben Luc, Can Giuoc, Can Duoc, Thu Thua, and several major industrial zones. We forecast Nhi Thanh to deliver water supply revenue of VND205 billion (+23% YoY) in 2025 and VND238 billion in 2026 (+16% YoY).

Despite setbacks from the Covid-19 pandemic and management team challenges, BWE consolidated resources and successfully launched Phase 1 of the Can Tho 3 water plant (50,000 m³/day) at half of its designed capacity, boosting BWE's water supply capacity by an additional 7%. As of 2Q2025, the project had recorded work-in-progress of around VND110 billion (~30% of planned total investment) and will proceed with Phase 2 after raising charter capital to above VND100 billion. We have not yet factored this project into our valuation model, pending further information on its operations and performance.

Waste treatment: Construction of a 12MW waste-to-energy plant is underway, with commercial operation targeted for 2027

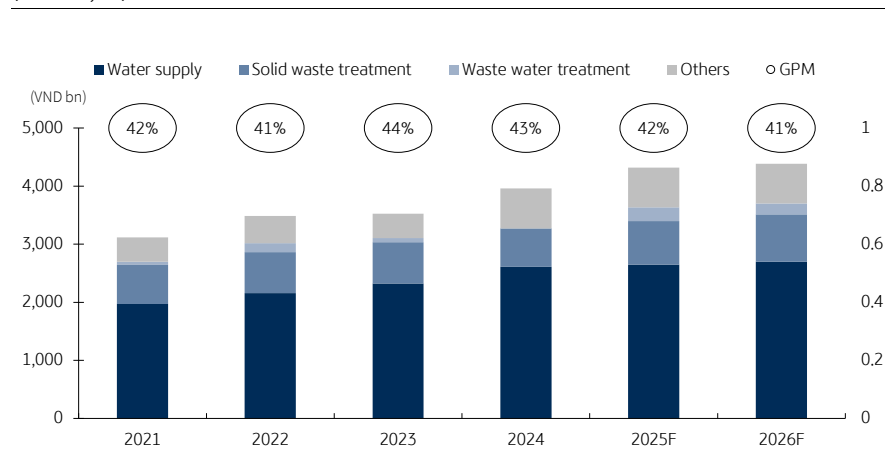
Following the successful operation of its first 5MW waste-to-energy plant in January 2024, BWE has broken ground on its second waste-to-energy project amid rising waste treatment demand in Binh Duong. The new facility will be developed in two phases, with Phase 1 involving a total investment of USD45 million (~VND1,150 billion), designed to process 500 tons of waste per day and generate 12MW of electricity. Equipment deliveries are scheduled between July 2025 and March 2026, with completion targeted for 2025–2026. Applying the 2025 regulated tariff for solid waste power (VND2,575/kWh), we expect the project to reach full generation capacity from 2027, lifting waste treatment revenue to VND923 billion (+14% YoY) and supporting a 6% revenue CAGR through 2030.

Higher regulated tariffs for food waste composting support better cost recovery

On June 27, 2025, the Binh Duong People's Committee announced a new tariff cap for municipal solid waste treatment services in the province. Based on the technical-economic norms for solid waste treatment published by the Ministry of Agriculture and Environment, the ceiling was set at VND567,116/ton for food waste composting and VND229,929/ton for other waste. With a leading market share in municipal solid waste treatment in Binh Duong, we believe BWE stands to benefit from this upward revision, as the company currently operates composting capacity of up to 920,000 tons per year—sufficient to process 100% of local waste volume.

Meanwhile, as no tariff has yet been issued for waste-to-energy treatment, BWE has proposed applying an allowed profit margin of 5–10% based on actual costs. Under our conservative scenario, we incorporate only the new composting tariff into our valuation model, which results in forecast waste treatment revenue of VND750 billion in 2025 (+14% YoY) and VND811 billion in 2026 (+8% YoY), with gross profit of VND109 billion and VND121 billion (+70% / +11% YoY), respectively.

Fig 5. BWE – Revenue, gross profit margin across business segments in 2021–2026F (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	4,320	9%	4,386	2%	
Water supply	2,601	2,650	2%	2,699	2%	
Waste treatment	659	750	14%	811	8%	2025F & 2026F: Revised up by VND57 billion / VND82 billion versus our previous estimates, driven by higher waste treatment tariffs and customer base growth. 2025F: Revised up by VND102 billion versus our previous forecast, supported by accelerated wastewater treatment fee collection in 1H2025.
Wastewater collection & treatment	0	233	n.a	189	-19%	
Other	687	687	0%	687	0%	
Water supply volume (m ³)	213	217	2%	221	2%	
Gross profit	1,679	1,812	8%	1,812	0%	
Water supply	1,490	1,499	1%	1,509	1%	
Waste treatment	64	109	70%	121	11%	
Wastewater collection & treatment	-3	75	n.a	54	-28%	
Other	128	128	0%	128	0%	
Gross profit margin (GPM)	43%	42%	-1 ppts	41%	-1 ppts	
Financial income	132	151	14%	172	14%	
Financial expenses	-494	-529	7%	-586	11%	Financial expenses are expected to increase, reflecting interest expenses from the Nhi Thanh Phase 3 project entering operation.
Shared profits from associates	44	153	250%	160	5%	
SG&A	-644	-705	10%	-716	2%	
Operating income/loss	737	893	21%	854	-4%	
Other income	-42	-36	-16%	-36	0%	
PBT	737	893	21%	854	-4%	
NPAT	661	799	21%	764	-4%	
NPAT-MI	639	773	21%	739	-4%	
NPAT margin	17%	18%	2 ppts	17%	-1 ppts	

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

We upgrade BWE to BUY with a target price of VND56,000/share

Following a sharp de-rating from +2SD of its 5-year average EV/EBITDA—driven by weak short-term prospects in the water supply segment—BWE now trades around +1SD of its 5-year average. We believe the long-term growth outlook of the environmental segment (wastewater collection and treatment and solid waste treatment) combined with the company's strategy to diversify its water supply footprint will offset the near-term slowdown in water supply, supporting our investment thesis on BWE.

Using a combination of FCFF and EV/EBITDA, we upgrade BWE to BUY with a target price of VND56,000/share, implying 15.5% upside versus the closing price on September 19, 2025. Our target EV/EBITDA multiple of 8.5x—equivalent to the company's 5-year average—reflects stronger earnings contribution from the environmental segment, offsetting near-term deceleration in water supply. Our target price implies 1.8x/1.6x P/B for 2025/2026, consistent with ROE improving to 12–13%.

Table 7. BWE – 2025F–2030F FCFF forecast

(VNDbn)	2025	2026	2027	2028	2029	2030
Operating profit	799	764	858	951	1080	1232
(+) Depreciation	677	670	702	684	630	582
(+) Interest expense x (1-t)	393	472	487	493	480	469
(-) Change in working capital	661	-36	-107	-88	-98	-108
(-) CAPEX	-1855	-940	-710	-365	-365	-365
FCFF	523	758	1015	1448	1478	1519
PV of FCFF	511	681	837	1,053	974	907
PV of explicit period						4,964
PV of terminal value						9,737
Enterprise value						14,701
(+) Cash & cash equivalents						1,558
(+) Investments in associates and financial assets						1,957
(-) Net debt and minority interest						-7,014
Equity value						11,203
Equity value per share (rounded) (VND)						51,000

Source: KB Securities Vietnam

Table 8. BWE – FCFF model assumptions

Assumption	Value
Risk-free rate	4.7%
Beta	1.05
Equity risk premium	8.4%
Forecast duration	5
Weighted average cost of capital (WACC)	9.5%
Target EV/EBITDA multiple	7
Terminal growth rate	1.5%

Source: KB Securities Vietnam

Table 9. BWE – EV/EBITDA valuation

(VNDbn)	Value
EBITDA 2025F–2027F (average)	1,979
Target EV/EBITDA multiple	8.5x
Enterprise value (EV)	16,818
(+) Cash & short-term investments	1,558
(+) Financial investments	1,957
(-) Net debt	-6,819
(-) Minority interest	-195.55
Equity value	13,320
Shares outstanding (mn shares)	219,9288
Equity value per share (rounded)	61,000

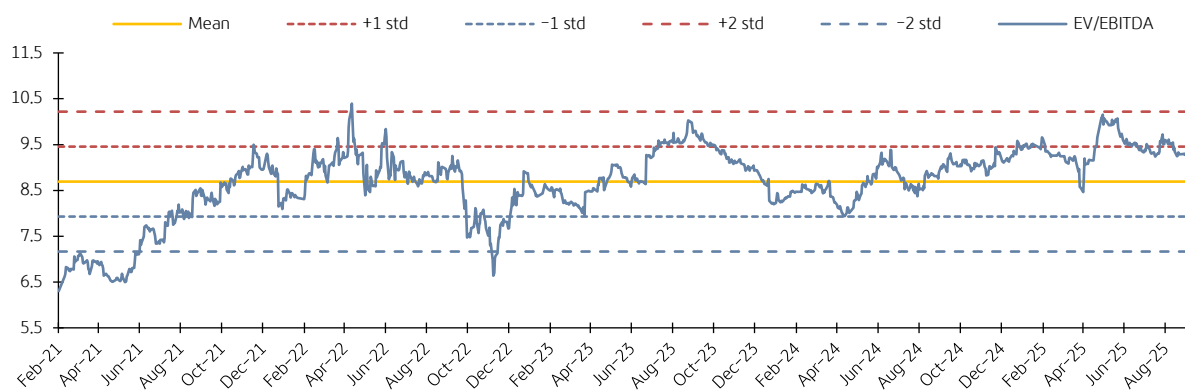
Source: KB Securities Vietnam

Table 10. BWE – Valuation results

Method	Implied price	Weight	Weighted price
FCFF	51,000	50%	25,500
EV/EBITDA (8.5x)	61,000	50%	30,500
Target price (rounded)			56,000
Upside			15.5%

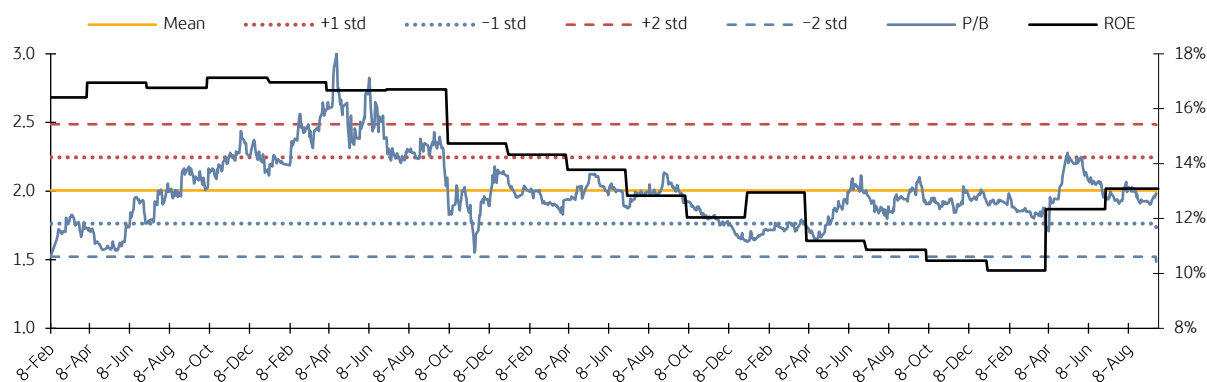
Source: KB Securities Vietnam

Fig 11. BWE - EV/EBITDA in 2021-2025



Source: Bloomberg, KB Securities Vietnam

Fig 12. BWE - P/B, ROE in 2021-2025



Source: Bloomberg, KB Securities Vietnam

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Investment Ratings for Stocks

(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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