

Biwase (BWE)

Benefitting from lower raw water costs

December 17, 2025

Sector Analyst Nguyen Viet Anh

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3Q revenue dropped 4% YoY, but NP-MI surged 50% YoY growth

3Q25 revenue and NPAT-MI of Biwase (BWE) respectively reached VND903 billion (-4% YoY/-32% QoQ) and VND264 billion (45% YoY/-13% QoQ). Water supply in Binh Duong slightly decreased 3% to 48 million m³ due to less active industrial production amid tariff concerns.

A downward adjustment in water purchase prices will support BWE's growth, strengthening cash flow during a period of strong investment

During the period, Thu Dau Mot Water (TDM) reduced the selling prices of raw water to BWE, thereby improving BWE's profit margin to 46% (+2ppts YoY). We raised our forecast for GPM in the water supply segment to 60% in 2025 and 2026 and then lowered it down to the multi-year average of 56% due to the expectation that TDM will cease the subsidized price mechanism.

Biwase Long An (LAW) is investing in a new pipeline project, expanding its water supply infrastructure

KBSV expects that when the project becomes operational, it will increase the water supply capacity of Nhi Thanh Water Plant – Phase 3, generating VND205/VND238 billion (+23%/16% YoY) in 2025/2026 revenue.

BUY rating – Target price VND56,200/share

Combining the FCFF and EV/EBITDA valuation methods, KBSV recommends BUY for BWE with a target price of VND56,200, equivalent to an expected return of 21.9% compared to the closing price on December 16, 2025.

Buy maintain

Target price VND56,200

Upside	21.9%
Current price (Dec 16, 2025)	VND46,100
Consensus target price	VND60,033
Market cap (VNDtn/USDbn)	10.1/0.4

Forecast earnings & valuation

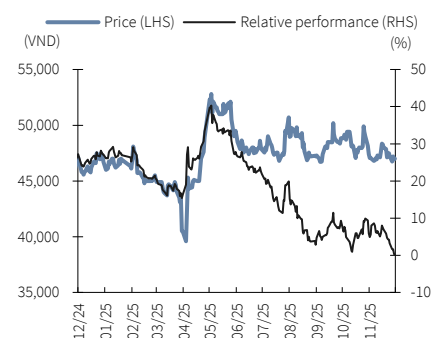
FY-end	2023	2024	2025F	2026F
Net revenue (VNDbn)	3,526	3,959	4,269	4,358
Operating income/loss (VNDbn)	980	1,050	1,140	1,197
NPAT-MI (VNDbn)	682	661	808	854
EPS (VND)	2,902	2,411	2,953	3,121
EPS growth (%)	-9.2	-16.9	22.5	5.7
P/E (x)	16.9	20.4	19.0	17.4
P/B (x)	2.0	2.1	2.1	1.9
ROE (%)	13.7	12.0	13.2	13.0
Dividend yield (%)	2.7	2.6	2.5	3.3

Trading data

Free float	28.1%
3M avg trading value (VNDbn/USDmn)	7.5/0.3
Foreign ownership	7.6%
Major shareholder	Thu Dau Mot Water (TDM, 37%)

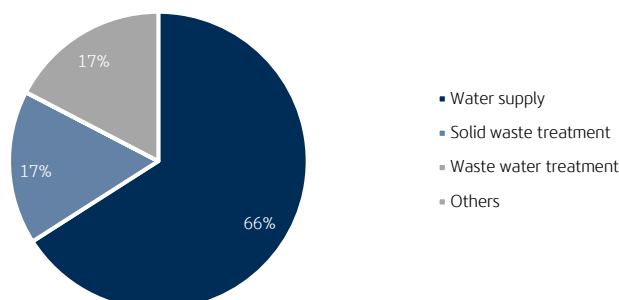
Share price performance

(%)	1M	3M	6M	12M
Absolute	-3.6	1.2	11.5	9.9
Relative	-5.3	-2.3	-19.7	-25.1



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

Notes

Nhi Thanh Water Plant – Phase 3, has become operational, which should bring in VND205 billion (+23% YoY) in 2025 revenue and maintain an average growth rate of 15% until 2030.

Please find more details in [2Q25 Update](#)

The household waste treatment segment, with its leading position, benefits from the price ceiling increase policy, helping 2025F revenue and gross profit reach VND728 billion and VND98 billion respectively (+11%/55% YoY).

Please find more details in [2Q25 Update](#)

Larger capital contributions to Vinh Long Water Supply and Tan Hiep Water will strongly boost business performance, with estimated profit contributions from associated companies in 2025/2026 reaching VND128.7/157.6 billion (+194%/22% YoY).

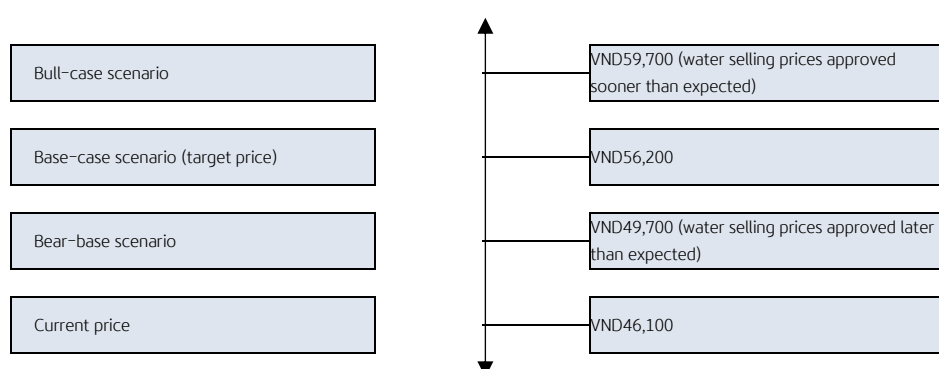
Please find more details in [2Q25 Update](#)

Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Revenue	4,269	4,358	1%	-1%	4,330	4,683	-1%	-7%
EBIT	1,140	1,197	3%	9%	1,201	1,366	-5%	-12%
NP after MI	808	854	1%	12%	859	1,085	-6%	-21%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



Base-case scenario: catalysts

- 1) 2025F water supply volume: +2%
- 2) Water prices: 1% CAGR from 2027

Bull-case scenario: upside risk

- 1) 2025F water supply volume: +5%
- 2) Water prices: 3% CAGR from 2027

Bear-case scenario: downside risk

- 1) 2025F water supply volume: -1%
- 2) Water prices: 1% CAGR from 2028

Business performance

3Q revenue dropped 4% YoY, but NP-MI surged 50% YoY growth

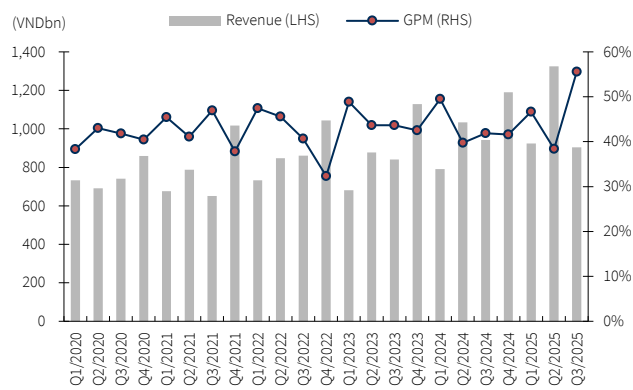
3Q25 revenue and NPAT-MI of Biwase (BWE) respectively reached VND903 billion (-4% YoY/-32% QoQ) and VND264 billion (45% YoY/-13% QoQ). Water supply in Binh Duong slightly decreased 3% to 48 million m³ due to less active industrial production amid tariff concerns.

Table 1. BWE – 9M25 performance updates

(VNDbn)	3Q24	3Q25	+/-%YoY	9M24	9M25	+/-%YoY	Notes
Revenue	942	903	-4%	2,768	3,153	14%	
Water supply	617	689	12%	1,945	2,037	5%	Phase 3 of Nhi Thanh Water Plant has boosted water supply capacity.
Waste treatment	146	90	-38%	382	439	15%	
Wastewater treatment	0	0	0%	1	194	27,111%	
Others	180	124	-31%	441	482	9%	
Water supply volume (mn m ³)	50	48	-3%	149.2	142.8	-4%	Water consumption for industrial production and household use in Binh Duong decreased.
Gross profit	395	502	27%	1,198	1,442	20%	
Water supply	354	435	23%	1,117	1,189	6%	Lower water selling prices from TDM helped the company improve gross profit.
Waste treatment	7	31	348%	19	83	346%	
Wastewater treatment	0	0	-65%	-1	62	n/a	
Others	34	37	9%	64	109	69%	
<i>Gross profit margin (GPM)</i>	<i>42%</i>	<i>56%</i>	<i>14ppts</i>	<i>43%</i>	<i>46%</i>	<i>2ppts</i>	
Financial income	53	117	121%	116	224	93%	The income mostly came from divestment in subsidiaries and recognition of dividends.
Financial expenses	-79	-118	49%	-301	-368	22%	
Profit from joint ventures & associates	14	-3	-120%	18	73	304%	The loss from Tan Hiep Water JSC was estimated at VND51 billion in 3Q25 (equivalent to a VND22 billion decrease in the value of BWE's associated company).
SG&A	-171	-158	-8%	-469	-514	10%	
Operating income/loss	211	340	61%	562	858	53%	
Other income	-7	-6	-14%	-28	-25	-11%	
Profit before taxes (PBT)	214	342	60%	569	873	53%	
Net profit after taxes (NPAT)	191	281	47%	511	748	46%	
NPAT-MI	182	264	45%	497	715	44%	
<i>NPAT margin</i>	<i>20%</i>	<i>31%</i>	<i>11ppts</i>	<i>18%</i>	<i>24%</i>	<i>5ppts</i>	

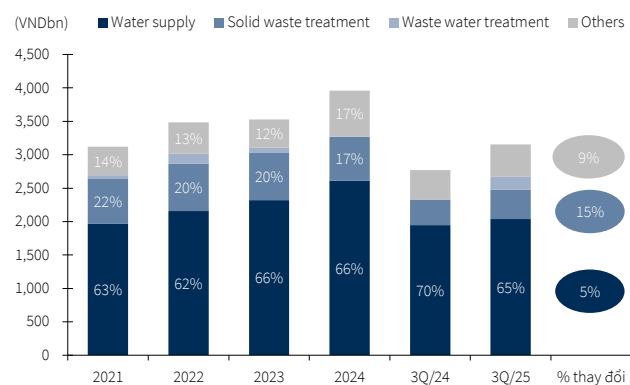
Source: Binh Duong Water – Environment Corporation, KB Securities Vietnam

Fig 2. BWE – Revenue, GPM in 2021–2025 (VNDbn, %)



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

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

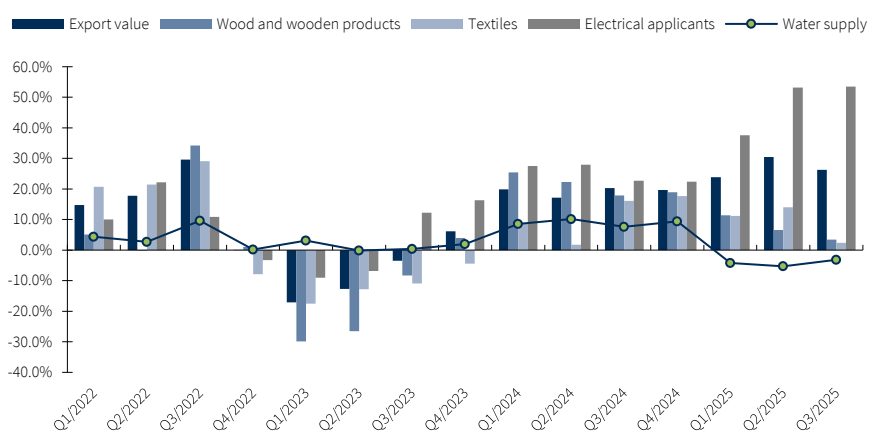


Source: Binh Duong Water – Environment Corporation, KB Securities Vietnam

Water consumption in Binh Duong has not yet shown signs of recovery, but the long-term outlook is positive thanks to the plan to expand industrial park areas

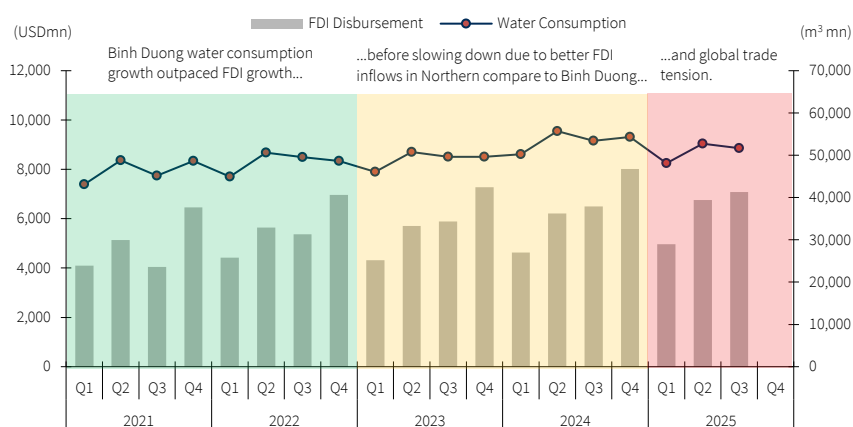
In 3Q25, the export value of electronic components continued to grow at double-digit rates, while Binh Duong's key export items, including garments, wood, and wood products, have showed no signs of recovery. This further dampened Binh Duong's industrial production activities, leading to a decrease in water consumption for production. Accordingly, we have adjusted down BWE's clean water supply in Binh Duong in 2025/2026 to 197.7/199 million m³ (–1.1%/0.1% YoY) to reflect the subdued business results in the first three quarters of the year. Looking ahead to 2027, we expect that easing trade tensions will help lure FDI back to Vietnam and improve occupancy rates in new industrial parks in Binh Duong, including Bau Bang and Cay Truong. This will be a key driver for the region's clean water consumption to achieve a CAGR of 7% until 2030.

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



Source: General Statistics Office of Vietnam, KB Securities Vietnam

Fig 5. Vietnam – FDI disbursement nationwide vs water consumption in Binh Duong (USDmn, mn m³)



Source: General Statistics Office of Vietnam, KB Securities Vietnam

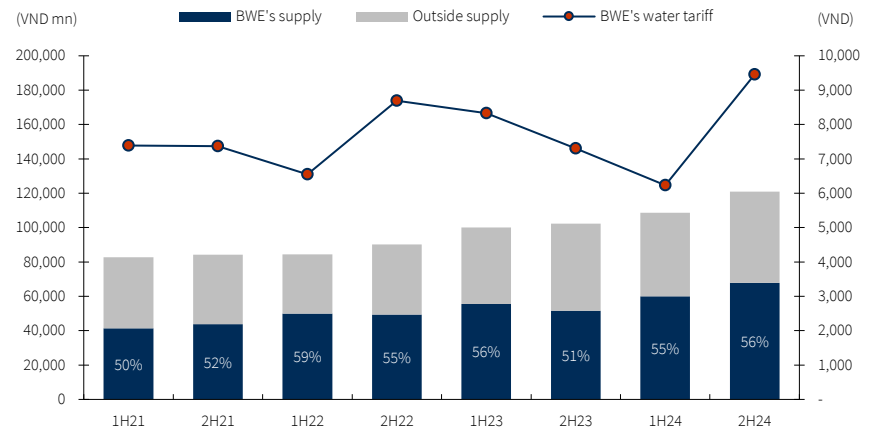
Water supply segment: Lower raw water prices will support BWE's growth and strengthen cash flow during the major investment phase

In the first three quarters of 2025, to support BWE's business operations amidst declining water consumption and the lack of adjustments to retail water prices, TDM reduced the price of raw water sold to BWE, thereby improving BWE's profit margin to 46% (+2 ppts YoY). The total cost of raw water from the two treatment plants in Bau Bang and Di An, owned by TDM, regularly accounts for 40%–50% of BWE's total water production costs. Therefore, lower water selling prices will support BWE's business growth in the short term, while also supporting cash flow for the company to implement expansion investment projects in Binh Duong and the water project in Long An. We raised our forecast for GPM in the water supply segment to 60% in 2025 and 2026 and then lowered it down to the multi-year average of 56% due to the expectation that TDM will cease the subsidized price mechanism.

LAW has invested in a new pipeline project, expanding its water supply infrastructure

In mid-November, the expansion project of the clean water pipeline, valued at VND791 billion, commenced construction and is expected to be operational from April 30, 2026. Once operational, the pipeline will serve to distribute clean water from the Nhi Thanh – Phase 3 to residential and industrial areas in Ben Luc, Can Giuoc, Can Duoc, Thu Thua, and major industrial zones in Tay Ninh province, meeting the clean water consumption needs of the region at 105,000 m³/day by 2030 and ranging from 150,000–160,000 m³/day by 2050. Therefore, we expect that the project will increase the water supply capacity of the Nhi Thanh Water Plant – Phase 3, thereby generating VND205/238 billion (+23%/16% YoY) in 2025/2026F revenue.

Fig 6. BWE, LAW – The proportion of BWE in LAW's total raw water cost (%)



Source: Binh Duong Water – Environment Corporation, Long An Water Supply Sewerage, KB Securities Vietnam

Forecast & valuation

Table 7. BWE – 2025–2026F financial results

(VNDbn, %)	2024	2025F	+/-%YoY	2026F	+/-%YoY	Assumptions
Revenue	3,960	4,269	8%	4,358	2%	
Water supply	2,616	2,622	0%	2,681	2%	
Waste treatment	658	728	11%	803	10%	
Wastewater treatment	-1	231	n.a	186	-19%	
Others	687	687	0%	687	0%	
Water supply volume (mn m ³)	216	218	1%	222	2%	
Gross profit	1,688	1,837	9%	1,909	4%	
Water supply	1,500	1,581	5%	1,610	2%	
Solid waste treatment	64	99	55%	136	38%	
Wastewater treatment	-4	29	n.a	34	18%	
Others	128	128	0%	128	0%	
<i>GPM</i>	<i>43%</i>	<i>43%</i>	<i>0 ppt</i>	<i>44%</i>	<i>1 ppt</i>	
Financial income	132	151	14%	173	14%	
Financial expenses	-494	-529	7%	-585	11%	
Shared profits from associates	44	129	195%	158	22%	The forecast was lowered by VND24 billion compared to the previous forecast due to lower-than-expected business results from affiliated companies in 3Q.
SG&A	-644	-697	8%	-711	2%	
Operating income/loss	737	903	23%	954	6%	
Other income	-42	-36	-16%	-36	0%	
PBT	737	903	23%	954	6%	
NPAT	661	808	22%	854	6%	
NPAT-MI	639	781	22%	826	6%	
<i>NPAT margin</i>	<i>17%</i>	<i>19%</i>	<i>2 ppts</i>	<i>20%</i>	<i>1 ppt</i>	

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

We maintained our BUY recommendation on BWE with a price target of VND56,200

Regarding market developments, BWE is currently trading around its five-year average EV/EBITDA, reflecting the less favorable short-term outlook for the water supply segment. However, we believe the prospects of the environmental segment (including wastewater and solid waste) and the strategy of diversifying water supply areas will offset the less positive business results.

Combining the FCFF and EV/EBITDA valuation methods, KBSV keeps our BUY rating for BWE with a target price of VND56,200/share, corresponding to an expected return of 21.9% vs the closing price on December 16. The target EV/EBITDA for the valuation is 8.8x, equal to the company's five-year average, reflecting the improvement in business results from the environmental segment and the benefits from reduced raw water prices from TDM the water supply segment in the short term. With the above target price, the stock is valued at a P/B ratio of 2.1x/1.8x for 2025 and 2026, consistent with an improved ROE of 13.5%.

Table 8. BWE – 2025F–2030F FCFF forecast

(VNDbn)	2025	2026	2027	2028	2029	2030
Operating profit	808	854	861	991	1,145	1,333
(+) Depreciation	677	670	702	684	630	582
(+) Interest expense x (1-t)	393	471	487	493	480	469
(+/-) Change in working capital	700	-14	-152	-76	-86	-95
(-) CAPEX	-1,855	-940	-710	-365	-365	-365
FCFF	571	869	973	1,488	1,547	1,621
PV of FCFF	569	794	816	1,124	1,058	1,004
PV of explicit period						5,365
PV of terminal value						9,952
Enterprise value						15,317
(+) Cash & cash equivalents						1,564
(+) Investments in associates and financial assets						2,030
(-) Net debt and minority interest						-7,015
Equity value						11,897
Equity value per share (rounded) (VND)						54,096

Source: KB Securities Vietnam

Table 9. 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	8.3
Terminal growth rate	1%

Source: KB Securities Vietnam

Table 10. BWE – EV/EBITDA valuation

(VNDbn)	Value
EBITDA 2025F–2027F (average)	1,854
Target EV/EBITDA multiple	8.8
Enterprise value (EV)	16,222
(+) Cash & short-term investments	1,564
(+) Financial investments	2,030
(-) Net debt	-6,819
(-) Minority interest	-196
Equity value	12,802
Shares outstanding (mn shares)	219.9
Equity value per share (rounded)	58,210

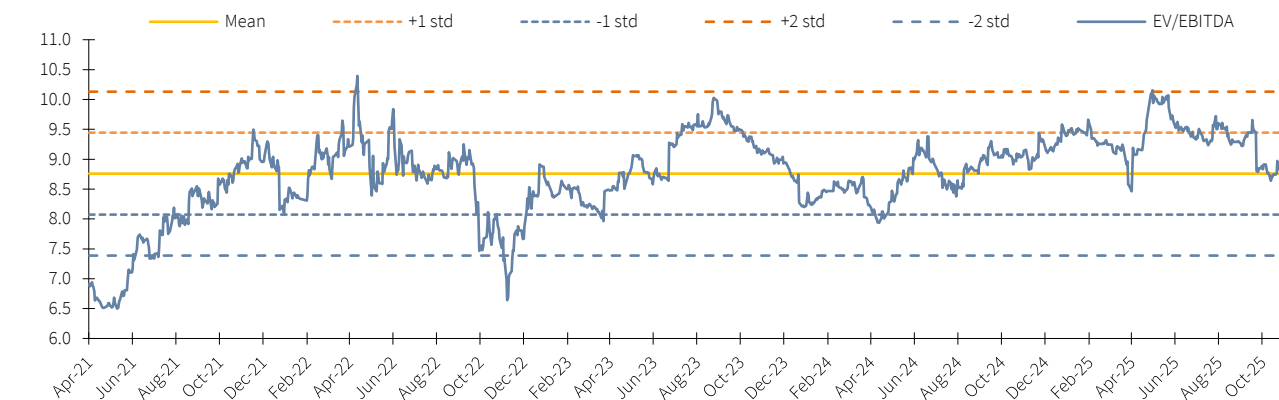
Source: KB Securities Vietnam

Table 11. BWE – Valuation results

Method	Forecast price	Weight	Weighted price
FCFF	51,000	50%	27,048
EV/EBITDA (8.8x)	61,000	50%	29,105
Target price (rounded)			56,200
Upside			21.9%

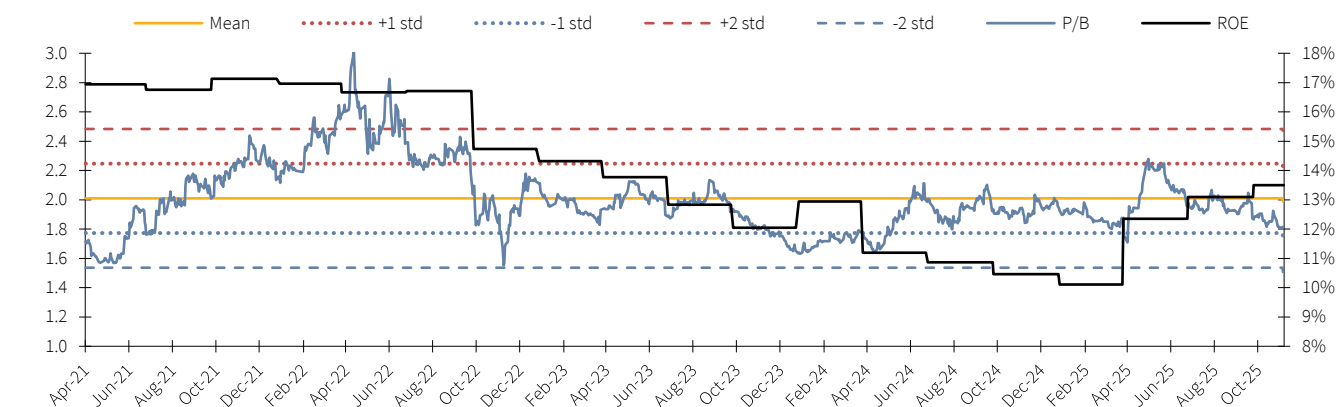
Source: KB Securities Vietnam

Fig 12. BWE – EV/EBITDA in 2021–2025



Source: Bloomberg, KB Securities Vietnam

Fig 13. BWE – P/B, ROE in 2021–2025



Source: Bloomberg, KB Securities Vietnam

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Investment ratings & definitions

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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