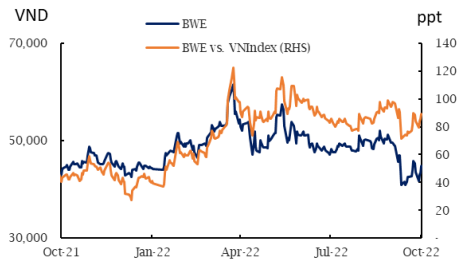


BUY
TP upside (downside) +58.1%
Close 27 Oct 2022
Price VND44,850
12M Target VND70,902
Share price performance relative to VNINDEX

Source: Bloomberg

Market cap (USD mn)	395
6M ADT (USD mn)	0.65
Outstanding shares (mn)	193
Free float (%)	32.3
FINI ownership (%)	17.6
Major shareholders (%)	67.7
2022E asset/equity (x)	1.8
BVPS (VND)	24,092
2022E P/B (x)	1.5
2022E P/E (x)	10.3
2022E EV/EBITDA (x)	5.6
FOL	31.5

Source: Fiinpro, Bloomberg, YSVN
Financial outlook

Year to Dec	2021E	2022E	2023E	2024E
Sales (VND bn)	3,119	3,531	4,028	4,631
EPS (VND)	3,337	3,903	4,877	6,912
ROE (%)	20.4	18.8	20.6	25.5
Div. yield (%)	2.9	3.1	4.5	5.6

Source: YSVN
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BIWASE (BWE VN)
Maintaining the growth momentum

BWE's 3Q22 revenue grew by +32% YoY due to soaring water consumption and waste processing. BWE suggests that extra revenue may be booked in 4Q22 due to incomplete contracts.

Key Takeaways

3Q22 PATMI increased by 24.0% YoY to VND196.7bn on soaring revenue and increased share of profit from associates, which more than offset reduced gross profit margin and increased opex.

3Q22 revenue rose by 32% YoY to VND860bn. BWE attributes the increase to sharply higher water consumption and wastewater processing revenues.

Share of profit from associates rose by 96% YoY to VND 15.5bn following the CTW and Can Tho 2 acquisitions, which occurred earlier this year.

3Q22 gross profit margin declined by 6.3 ppt to 40.6%. SG&A expenses reached VND 125.2bn, up by 23.6% YoY. This increase was less than the company's revenue growth, so the SG&A-to-revenue ratio slid by 1.1 ppt to 14.6%.

9M22 revenue rose by 16.1% YoY to VND 2.3tn, which is partly attributable to the 5% YoY increase in water output to 135.6 million cbm. 9M22 gross margin was flat YoY at 44.4%, while YTD PATMI rose by 13.8% YoY to reach VND 576.1bn.

BWE has fulfilled 70% of our 2022E PATMI forecast of VND 820bn.

Potential revenue of VND93.1bn may be booked in 4Q22 from waste processing due to an incomplete contract, according to BWE.

Water consumption in Binh Duong has ample room for growth due to the recovery of investment and residential development in Binh Duong. According to BWE, Binh Duong province attracted USD 2.6bn in FDI through 9M22, up by 72% YoY, with the arrivals of Lego (USD 1 bn) and Pandora. In addition, several residential areas are driving increased demand, including Astral City Binh Dương and Artisan Park (developed by Gamuda Land).

BWE's share price has fallen by -27% since its peak in April 2022, which we attribute to the weak overall stock market conditions. However, BWE's fundamentals remain solid as exhibited by the largely positive 3Q22 and YTD results. At the current price, BWE is trading at an attractive 2023E PER multiple of 9.2x despite +25% expected 2023 EPS growth, for a PEG ratio of just 0.37x.

We reiterate BUY with target price of VND 70,902 per share, implying TSR of 62.5%.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

Yuanta does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

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Ratings Definitions

BUY: We have a positive outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors add to their position.

HOLD–Outperform: In our view, the stock's fundamentals are relatively more attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

HOLD–Underperform: In our view, the stock's fundamentals are relatively less attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

SELL: We have a negative outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors reduce their position.

Under Review: We actively follow the company, although our estimates, rating and target price are under review.

Restricted: The rating and target price have been suspended temporarily to comply with applicable regulations and/or Yuanta policies.

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