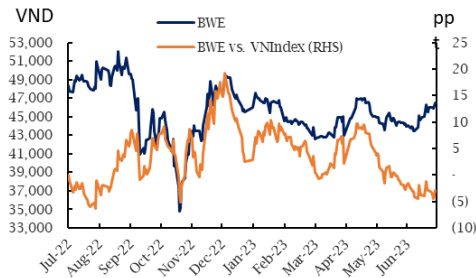


**BUY**
**TP upside (downside) +52.6%**
**Close 27 Jul 2023**

 Price **46,450**  
 12M Target **70,902**
**Share price performance relative to VNINDEX**


Market cap (USD mn)	378
6M ADT (USD k)	160
Outstanding shares (mn)	192.9
Free float (%)	32.3
FINI ownership (%)	18.7
FOL Room (%)	30.3
Major shareholders (%)	52.3
2024 Net debt/equity (%)	11.3%
2024 BVPS (VND)	30.758
2024 P/B (x)	1.5
2024 P/E (x)	6.7
2024 EV/EBITDA (x)	4.3

**Financial outlook**

Year to Dec	2022A	2023E	2024E	2025E
Sales (VND bn)	3,483	4,028	4,631	5,099
EPS (VND)	3,851	4,877	6,912	6,103
ROE (%)	17.6	20.6	25.5	19.9
Div. yield (%)	3.0	4.3	5.4	6.5

Sources: Bloomberg, Company data, Yuanta Vietnam

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Bloomberg code: YUTA

**BIWASE (BWE VN)**
**Expanding geographical reach**
**Event**

BWE's 1H23 PATMI declined by -7.5% YoY to VND 350.3 bn as gross profit margin contracted by -50 bps to 45.9%.

**Details**

**2Q23 Revenue ticked up +3.5% YoY to VND 876bn.** 2Q23 PATMI rose by +3.8% YoY, slightly higher than revenue growth. The modest increase was driven by a -25.4% fall in financial expenses to VND 43.6bn offset by a -2ppt drop in gross margin to 43.6%.

**6M23 revenue slid by -1.4% YoY to VND 1,558 bn.** The core water business was stable with sales volume up by +1.4% YoY to 90.6 mn cubic meters.

**BWE did not report VND 88 bn in solid waste treatment revenue** in its YTD P&L but we expect it to book this revenue in 2H23.

**6M23 PATMI declined by -7.5% YoY to VND 350.3 bn.** 1H23 gross profit margin contracted by 50 bps to 45.9%, although this was offset by the -15% YoY fall in net financial expenses to VND 75.5bn.

Key matrix	2Q21	2Q22	1H22	1H23
Revenue (VND bn)	847.0	876.9	1,580.4	1,557.5
Revenue growth (%)		3.5%		-1.4%
Gross margin	45.6%	43.6%	46.4%	45.9%
Gain/Loss from JVs	16	28	-5	8
PATMI	202	210	379	350
Profit growth (%)		3.8%		-7.5%

Souce: Fiinpro, YSVN

**Increased gearing.** 1H23 net debt to equity reached 98%, up 29ppt YoY from 69% in 1H22. BWE has completed its purchase of water companies in Long An province, thus expanding its operational reach into Vietnam's 3<sup>rd</sup> largest province by FDI.

**Increased water capacity.** The company's water capacity reached 822,000 cubic meters per day, up by +8% YoY, following the acquisition of the water companies in Long An.

**Our View**

**BWE has increased its ownership of BIWASE Long An JSC to 91.6%**, up from 25.4% in May. This presents upside risk to our long-term consolidated earnings forecasts.

**We reiterate BUY** with target price of VND 70,902 per share.

**ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.**

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