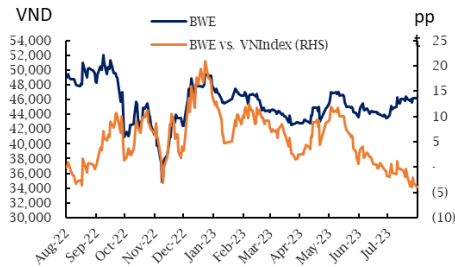


BUY
TP upside (downside) +53.5%
Close 4 Aug 2023

 Price **46,200**
 12M Target **70,902**
Share price performance relative to VNINDEX


| | |
|--------------------------|--------|
| Market cap (USD mn) | 376 |
| 6M ADT (USD k) | 170 |
| 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) | 6.6 |
| 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)
Aggressive expansion to foster future growth
Event

We attended BWE's analyst meeting in Binh Duong province on Friday. BWE discussed their ongoing expansion of water supply capacity and geographical reach.

Details

Completion of the Long An water acquisition. BWE has increased its ownership of BIWASE Long An JSC to 91.6%, up from 25.4% in May, which completes its acquisition of a group of water companies in Long An, Vietnam's 3rd largest province by FDI.

BWE plans to double the Long An designed capacity to 120,000 cbm per day, with capex of VND 1000bn. The company states that market demand is sufficient to allow it to quickly reach 100% capacity utilization given the prevalence of salt infusion in Long An's current water supply. Management did not disclose its government-approved retail prices in Long An, but they expressed confidence that the price will ensure stable profitability.

BWE plans to expand Gia Tan Water JSC capacity by three times to 200,000 cbm per day. BWE owns 31.5% of Gia Tan Water in Dong Nai province, which expects strong demand given the 200,000 ha of industrial land area in Dong Nai.

Targeting circular waste management. BWE outlined its plan to use all its waste for biogas-fueled thermal power, construction materials, and compost fertilizers. As such, management says that no waste will be dumped starting from Aug 1. Specifically, BWE has completed 80% of the construction of a 840 MT-per-day compost fertilizer plant, doubling its total compost fertilizer design capacity to 1,680 MT/day. Also, BWE's production of electricity from biogas has reached 5MW.

Water supply and waste management demand in Binh Duong is stable. Management estimates that the demand for water and solid waste management volume should deliver +10% growth per annum in normal business conditions. The water sale volume growth in 1H23 was more modest at +1.4% YoY, but BWE expects stronger growth in 2H23 in line with the recovery of industrial production.

We reiterate BUY on BWE with target price of VND 70,902 per share as detailed in our Sep 2022 [initiation report](#). The recent acquisitions present upside risk to our long-term consolidated earnings forecasts, as discussed in our 2Q23 results [note](#).

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

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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.

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