

REE CORP. (REE)

12M rating **Non-rated**

NPAT dropped as the decline's Utilities segment

Growth from M&E and real estate segments offset the sharp decline in Power segment

- REE recorded a revenue of VND2,181bn (Figure 1), an increase slight of 0.3% compared to the same period, while NPAT reached a decline strongly with VND404bn, a drop 35% yoy (Figure 2). The main reason for this decline was the negative growth in both revenue and NPAT in the utilities segment.
 - o **Utilities:** Revenue of VND911bn (-41% yoy), and NPAT of VND147bn, -60% yoy. A significant drop was primarily caused by hydropower plants during the strong El-Nino phase that lasted in 1H24. This can be seen when hydropower is the only group that has reduced output in the past 6 months (Figure 3).
 - o **M&E:** Revenue of VND929bn, +21% yoy, and NPAT of VND11bn (+22% yoy), driven by growth in air conditioner sales volume and a positive signed contract value of M&E by the beginning of the year (Figure 4).
 - o **Real estate:** Saw revenue of VND331bn, reached growth of 25% yoy, and NPAT of VND161bn, increase slight of 3% yoy due to benefit from the opening of the Light Square project.

	2019A	2020A	2021A	2022A	2023A
Sales (VND bn)	4,890	5,640	5,810	9,372	8,570
chg. (% YoY)	-	15	3	61	(9)
Operating profit (VND bn)	946	1,239	1,854	3,663	2,954
Net profit (VND bn)	1,720	1,714	2,135	3,515	2,787
EPS (VND)	5,275	5,251	5,960	7,527	5,322
chg. (% YoY)	(8.1)	(0.7)	13.9	45.1	(18.7)
EBITDA (VND bn)	2,946	2,631	6,519	6,073	5,188
PE (x)	6.4	6.4	6.4	11.1	8.3
EV/EBITDA (x)	15.7	15.8	18.1	10.3	11.3
PB (x)	1.2	1.2	1.2	1.3	1.3
ROE (%)	16.6	14.9	15.0	18.7	13.3
Dividend yield (%)	4.4	-	1.4	1.3	1.2

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

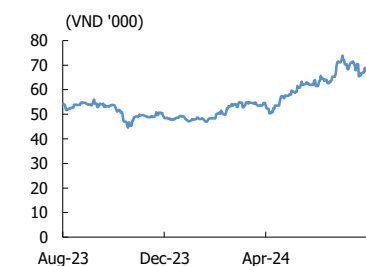
Stock Data

VNIndex (14 Aug, pt)	1,233
Stock price (14 Aug, VND)	68,000
Market cap (USD mn)	1,276
Shares outstanding (mn)	471
52-Week high/low (VND)	73,900/44,585
6M avg. daily turnover (USD mn)	2.87
Free float / Foreign ownership (%)	26.5/49.0
Major shareholders (%)	
Platinum Victory Pte. Ptd	34.79
CM-Nguyen Thi Mai Thanh	12.20
HFIC	7.17

Performance

	1M	6M	12M
Absolute (%)	(4.4)	40.6	25.1
Relative to VNIndex (%p)	(0.7)	36.8	23.5

Stock price trend



Source: Bloomberg

In 2H24F, NPAT is expected to improve due to Utilities segment and the recorded growth of the Etown 6 project

- We believe that the 2H24F NPAT will improve significantly comes from:
 - o **Utilities:** According data's EVN, water flow in regions of the country has shown a strong recovery in early August (Figure 5) due to neutral phase returned. This factor provide positive support for REE's hydropower plants, which are likely to experience significant recovery in the upcoming quarters (Figure 6, 7).

- **M&E:** The possibility of achieving positive growth in 3Q24F due to continued benefits from the Long Thanh International Airport project contract and the value of the contract at VND2,627bn signed in 2Q24 (+15% yoy).
- **Real estate:** NPAT is expected to record significant growth due to Etown 6 becoming operational and profits from the Light Square project.

REE has just successfully purchased two power projects

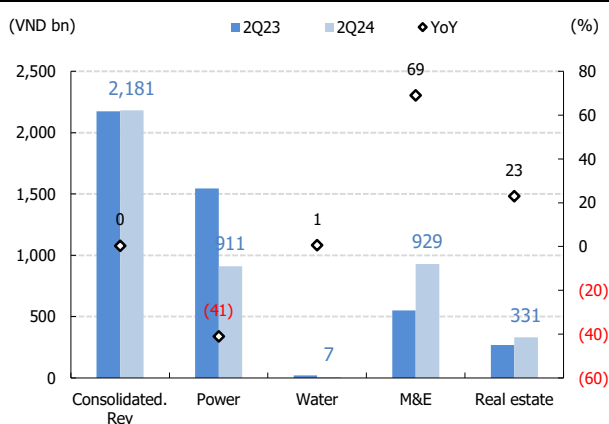
- REE successfully acquired 100% of the shares of Tra Khuc 2 Hydropower plant (30MW) with an investment capital ~VND1,200bn in 1Q24. The project is scheduled to begin construction in June 2024, with the average annual electricity output expected to reach 120mn kWh.
- In addition, REE has invested VND2,200bn to acquire a 70% stake in the Duyen Hai Wind power project (48MW). The project is expected to achieve COD in 1Q26F, with an anticipated average annual electricity output of 150mn kWh.

Table 2. List of new renewable energy projects

STT	Project	MW	Average power Output	COD	Total investment
1	+ Tra Khuc 2 hydropower	30	120	2026F	1,200
2	+ Duyen hai wind power	48	150	1Q26F	2,200

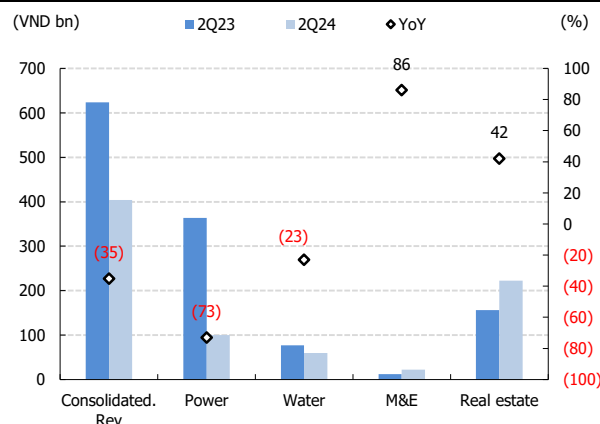
Source: EVN, KISVN

Figure 1. Consolidated revenue reach VND2,181bn, mainly contributed by M&E and Real estate segment



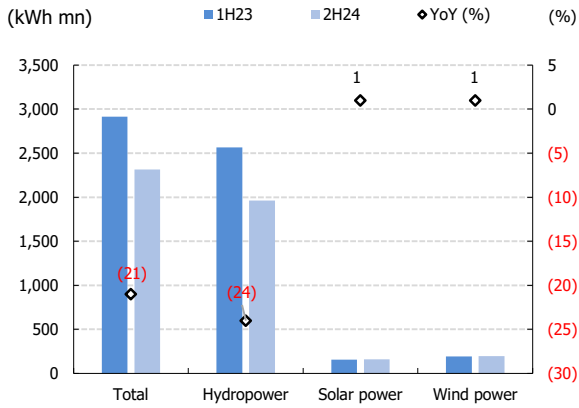
Source: Company data, KISVN

Figure 2. NPAT in 2Q24 decreased by 35% yoy due to impacts from the power segment



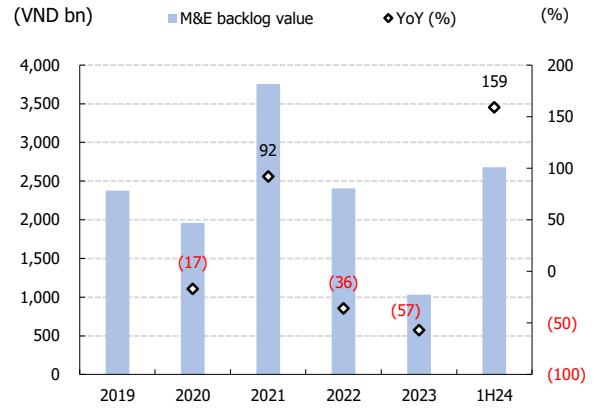
Source: Company data, KISVN

Figure 3. The output's REE in 2H24 decreased 21% yoy due to impact from hydropower plants



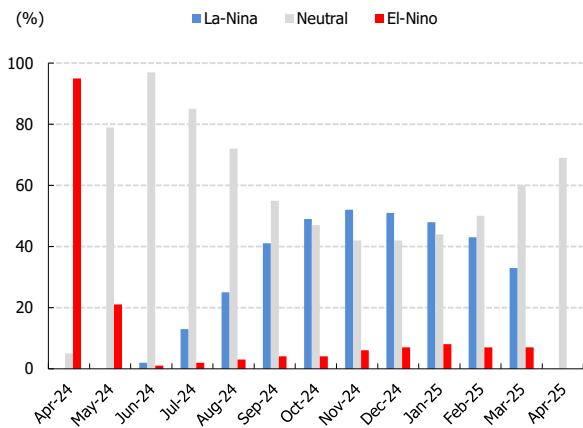
Source: REE, KISVN

Figure 4. M&E backlog value increased robustly thanks to new contract in 1H24



Source: REE, KISVN

Figure 5. Neutral phase official returned, expect output hydropower plants of REE growth yoy



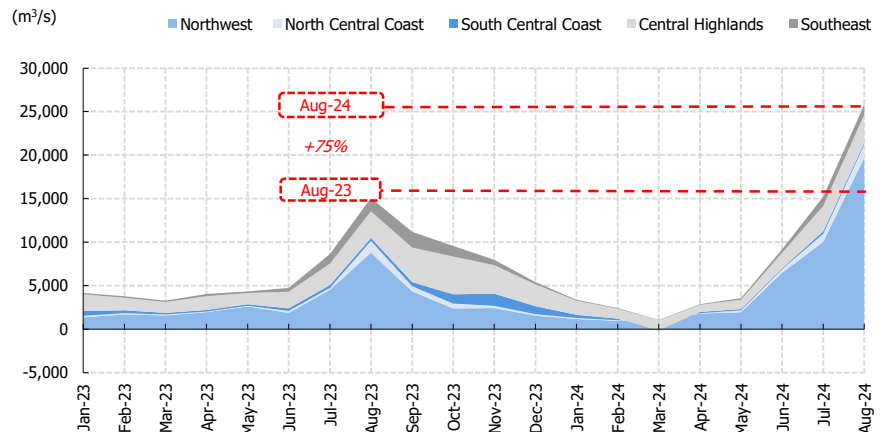
Source: EVN, KISVN

Figure 6. The hydrological situation is better in early August 24. This support for REE's hydropower plants in 3Q24F

	Hydropower	Coal fired	Gas fired	Oil fired	Solar	Wind
Aug-24	77%	49%	28%	0%	23%	22%
Jul-24	73%	49%	27%	0%	31%	30%
Jun-24	58%	62%	35%	0%	35%	21%
May-24	26%	79%	44%	7%	36%	13%
Apr-24	22%	81%	46%	10%	41%	9%
Mar-24	16%	74%	44%	0%	36%	34%
Feb-24	18%	58%	36%	0%	33%	30%
Jan-24	27%	64%	34%	0%	31%	44%
Aug-23	63%	42%	22%	0%	42%	33%
Jul-23	37%	67%	45%	5%	27%	19%
Jun-23	28%	70%	48%	3%	35%	17%
May-23	27%	70%	77%	5%	39%	20%
Apr-23	32%	63%	53%	13%	38%	15%
Mar-23	28%	60%	51%	0%	39%	28%
Feb-23	33%	51%	49%	0%	36%	35%
Jan-23	32%	39%	34%	0%	26%	32%

Source: NOAA, KISVN

Figure 7. The water flow into the lake in early August 24 has shown significant improvement, recorded growth 75% yoy



Source: EVN, KISVN

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