

# REE CORP. (REE)

12M rating **Non-rated**

## Waiting for the Real Estate story

### The Utilities drove growth in 3Q24

- 3Q24 revenue persisted a 5% yoy to VND2,061bn (Figure 1), fulfilling 63% of KIS forecast, as the occupancy rate of the Etown 6 fell short of our expectations.
- Meanwhile, NPAT surged by 20% yoy to VND561bn (Figure 2, fulfilling 63% of KIS forecast), driven by a 9.6%p yoy (44.9%) gross margin expansion of Power Specifically:
  - o **Utilities:** In particular, revenue growth was sustainable at VND1,041bn (+12% yoy, figure 1) but NPAT growth was more bullish at 21% yoy to VND147bn (Figure 2). Of which, the power segment played the key driver with revenue growth of 16% yoy thanks to 12% yoy hydropower output (1,700mn kWh, figure 3). The La-Nina transition and the Yagi storm boosted water inflow to reservoirs by 43% yoy as of Sep. Hence, Power NPAT rose VND258bn (+32% yoy, figure 2).
  - o **M&E:** Due to provisions for bad debts and new contracts, NPAT subsided 27% yoy (VND38bn, figure 2), despite a flattish revenue (VND705bn, -9% yoy, figure 4).
  - o **Real estate:** Revenue stayed positive at VND282bn (+6% yoy, figure 1). However, NPAT dropped 24% yoy to VND109bn (Figure 2), hit by additional depreciation costs and low the occupancy rate of the Etown 6 project in 3Q24.

### Stock Data

VNIndex (07 Nov, pt)	1,263
Stock price (07 Nov, VND)	63,700
Market cap (USD mn)	1,181
Shares outstanding (mn)	471
52-Week high/low (VND)	73,900/47,066
6M avg. daily turnover (USD mn)	2.39
Free float / Foreign ownership (%)	43.9/49.0
Major shareholders (%)	
Platinum Victory Pte. Ptd	34.79
CM-Nguyen Thi Mai Thanh	12.20
HFIC	7.17

### Performance

	1M	6M	12M
Absolute (%)	(3.2)	12.7	34.8
Relative to VNIndex (%p)	(2.7)	10.1	15.5

### Stock price trend



Source: Bloomberg

	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  
Source: Finpro-X, KIS Research

## NPAT could continue to sustain in 4Q24F

In 4Q24F, we think that REE could grow optimistic due to:

- *Utilities:* According to EVN, the water flow throughout the country keeps upward in 4Q24F and data's the October recorded sustainable yoy. This factor underpins solid growth of REE's hydropower plants in 4Q24F (Figure 5, 6, 7).
- *M&E:* We expect the M&E could deliver positive growth in 4Q24F, benefiting from the Long Thanh International Airport project contract. Total 9M24 contract values skyrocketed by 4x yoy to VND3,902bn.
- *Real estate:* We peg NPAT could spur driven by profits from the Light Square project coupled with increasing occupancy rates at Etown 6.

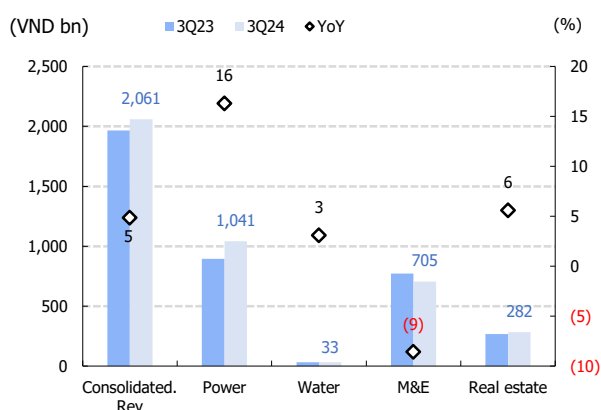
**Table 1. Quarterly earnings snapshot**

(VND bn, %, %p)

	3Q23	4Q23	1Q24	2Q24	3Q24	QoQ	YoY
Sales	1,962	2,065	1,837	2,181	2,061	(7)	5
OP	525	681	595	470	633	35	21
OP margin	26.7	32.9	32.3	21.5	31.2	9.7	4.5
EBT	526	682	599	474	633	34	20
NPAT	465	643	549	403	562	39	21

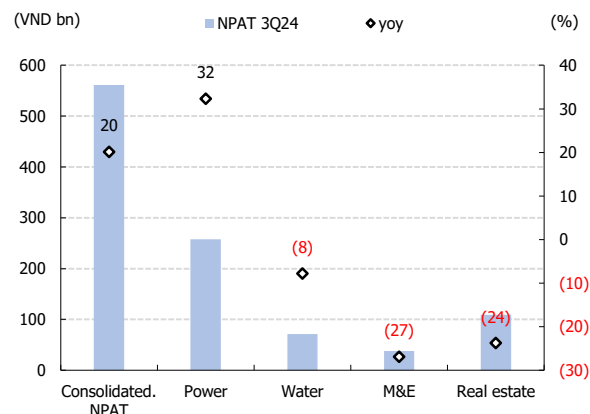
Source: Fiiipro-X, Company data, KIS Research

**Figure 1. The power segment played the key driver with revenue growth**



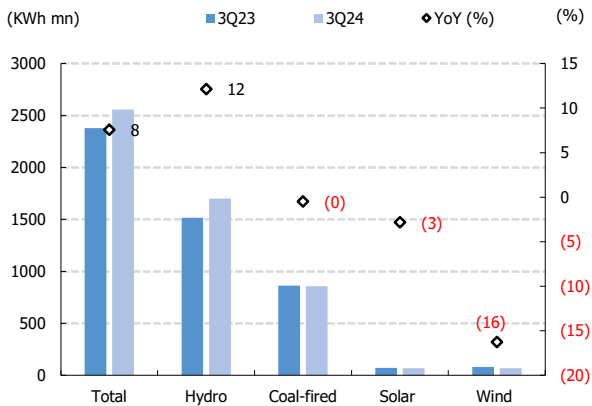
Source: Company data, KIS Research

**Figure 2. NPAT surged by 20% yoy to VND561bn as Power segment growth strongly**



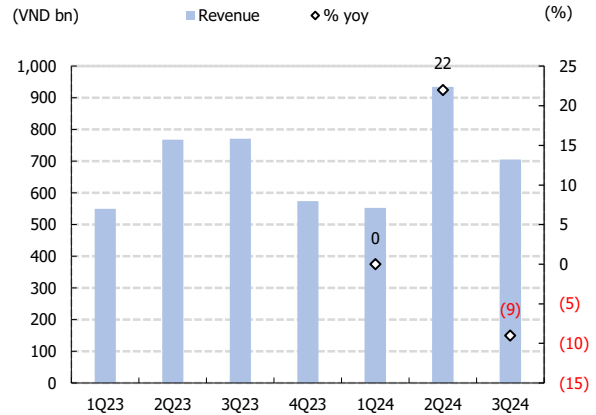
Source: Company data, KIS Research

**Figure 3. The hydropower groups recorded 1,700mn kWh**



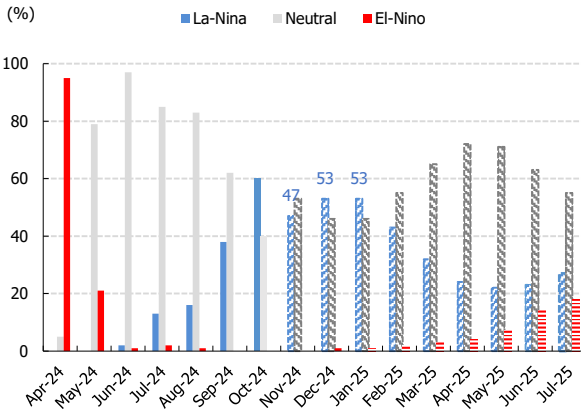
Source: Company data, KIS Research

**Figure 4. Revenue's M&E segment impact from the REE M&E & REE Pro**



Source: Company data, KIS Research

**Figure 5. La-Nina phases expect last to the end of 2025, ~60%**



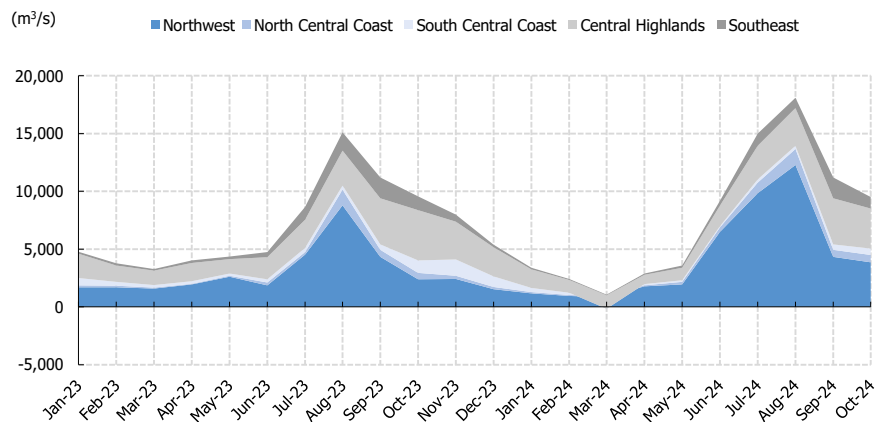
Source: EVN, KIS Research

**Figure 6. CF in Oct of the hydropoeer groups still swelled by 63%, +31% yoy**

	Hydropower	Coal fired	Gas fired	Oil fired	Solar	Wind
Oct-24	63%	52%	22%	0%	33%	19%
Sep-24	73%	43%	19%	0%	31%	24%
Aug-24	78%	50%	26%	0%	40%	18%
Jul-24	73%	49%	27%	0%	33%	30%
Jun-24	59%	62%	35%	0%	37%	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%
Oct-23	48%	54%	38%	0%	28%	13%
Sep-23	54%	48%	28%	0%	33%	16%
Aug-23	60%	45%	29%	0%	35%	30%
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, KIS Research  
Note: Capacity factor (CF)

**Figure 7. The water flow at the reservoir expect improve as La Niña is predicted to last until the end of 2025**



Source: EVN, KIS Research

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