

REE CORPORATION. (REE)

Profit gains through cost reduction

4Q24 - Profit surges - M&E booms

- REE recorded a revenue of VND2,334bn (+15% yoy, figure 1). The main reason comes from an improvement in M&E and Water segments.
- Hence, gross profit and NPAT amounted to VND1,015bn (+10% yoy) and VND883bn (+37% yoy, figure 2), respectively, driven by (i) a 67% yoy surge in financial revenue to VND108bn, (ii) a 37% yoy decline in G&A expenses to VND197bn, and (iii) a 1,760% yoy increase in other income to VND8bn.

Detailed operation of the plants:

- **Power:** In 4Q24, revenue and NPAT remained stable at VND1,298bn (+5% yoy, figure 1) and VND405bn (+5% yoy, figure 2), respectively. The growth was helped by a 41% yoy rise in the full market price (FMP, figure 7) and better operating leverage, even though output fell by 11% (4Q24: 2,929mn kWh, figure 3).
- **Water:** The water segment maintained stable growth, as the commercial water volume of Song Đa plants improved compared to the same period. As a result, revenue and NPAT stood at VND70bn (+775% yoy, figure 1) and VND71bn (+13% yoy, figure 2), respectively.
- **M&E:** Revenue grew strongly by 21% yoy to VND694bn (figure 1), while NPAT rebounded to VND78bn (4Q23: -VND76bn, figure 2), benefiting from the Long Thanh – Đông Nai airport project and newly signed contracts (figure 4), besides a portion of the profit from the reversal of provisions for doubtful receivables in 4Q24.
- **Real estate:** Revenue record at a VND273bn (+11% yoy, figure 1), as estimated improvement in the selling price of the office leasing segment, revenue record VND272bn (+3% yoy). However, NPAT dropped 20% yoy to VND113bn (figure 2) hit by additional depreciation costs and low the occupancy rate of the office leasing segment in 4Q24 (figure 5).

	2020A	2021A	2022A	2023A	2024A
Sales (VND bn)	5,640	5,810	9,372	8,570	8,384
chg. (% YoY)	15	3	61	(9)	(2)
Operating profit (VND bn)	1,239	1,854	3,663	2,954	2,429
Net profit (VND bn)	1,714	2,135	3,515	2,787	2,726
EPS (VND)	5,251	5,960	7,527	5,322	4,219
chg. (% YoY)	0	14	26	(29)	(21)
EBITDA (VND bn)	2,631	6,519	6,073	5,188	4,690
PE (x)	6.4	6.4	11.1	8.3	11.6
EV/EBITDA (x)	15.8	18.1	10.3	11.3	16.6
PB (x)	1.2	1.2	1.3	1.3	1.7
ROE (%)	14.9	15.0	18.7	13.3	11.0
Dividend yield (%)	-	4.7	3.9	4.3	-

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

Source: Finpro-X, KIS Research

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12M rating **Non-rated**

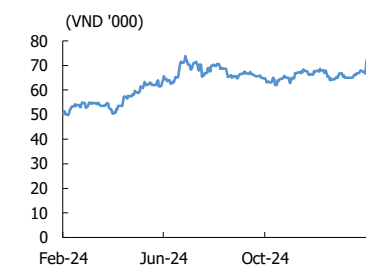
Stock Data

VNIndex (19 Feb, pt)	1,287
Stock price (19 Feb, VND)	72,200
Market cap (USD mn)	1,333
Shares outstanding (mn)	471
52-Week high/low (VND)	73,900/49,719
6M avg. daily turnover (USD mn)	1.58
Free float / Foreign ownership (%)	38.2/49.0
Major shareholders (%)	
Platinum Victory Pte. Ptd	41.42
CM-Nguyen Thi Mai Thanh	12.85
Nguyen Ngoc Hai	5.47

Performance

	1M	6M	12M
Absolute (%)	8.2	2.7	42.5
Relative to VNIndex (%p)	5.2	(0.2)	35.5

Stock price trend



Source: Bloomberg

In terms of Bo Xuyen-Thai Binh project: According to the business statement, we estimated that the Bo Xuyen – Thai Binh project did not sell any units in 4Q24. For whole year of 2024, REE sold 06 units, recording VND80bn since the launch in May 2024.

1Q25F – Expect growth from M&E and power segments

In 1Q25F, we think that REE could grow optimistic due to:

- *Power*: Based on EVN data, we observed that the water flow at reservoirs in February 2025 improved, rising 10% yoy. Besides, according to NOAA forecasts, La-Niña could have a strong impact until March 2025 (figure 5). Therefore, we anticipate that the hydropower group could benefit from this factor in 1Q25F.
- *M&E*: We expect the M&E continue growing in 1Q25F, benefiting from the Long Thanh International Airport project contract as total 2024 backlog values skyrocketed by 3x yoy to VND4,447bn (figure 4).
- *Real estate*: We peg NPAT could spur driven by profits from the Light Square project coupled with increasing occupancy rates at Etown 6.

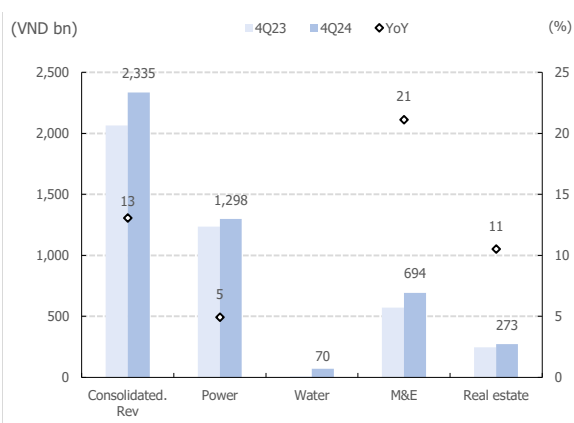
Table 1. Quarterly earnings snapshot in 4Q24

(VND bn, %, %p)

	4Q23	1Q24	2Q24	3Q24	4Q24	QoQ	YoY
Sales	2,065	1,837	2,181	2,029	2,334	14.9	12.9
OP	681	595	470	633	976	54.1	43.3
OP margin	33.0	32.4	21.6	31.2	41.8	10.6	8.86
EBT	682	599	474	633	984	55.6	44.4
NPAT	643	549	403	562	883	57.2	37.2

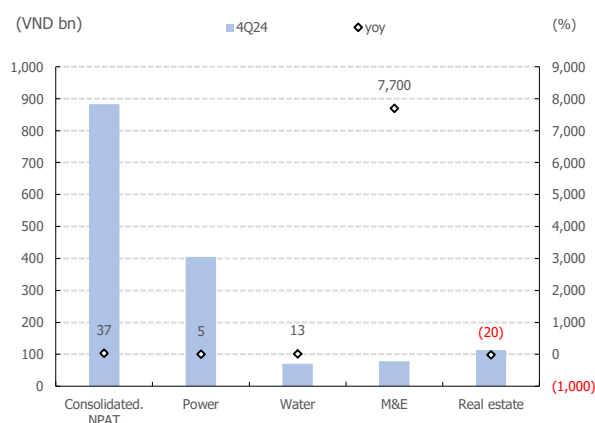
Source: Fiiipro-X, Company data, KIS Research

Figure 1. The M&E segment played the key driver in revenue growth



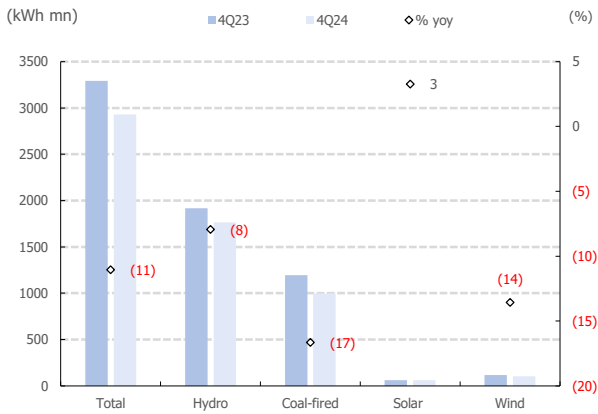
Source: Company data, KIS Research

Figure 2. NPAT surged by 37% yoy to VND883bn as M&E segment growth strongly



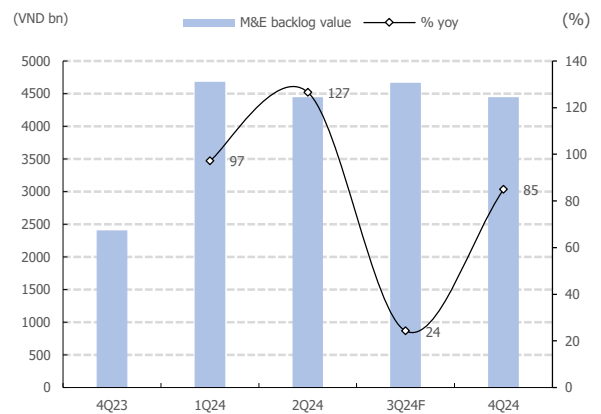
Source: Company data, KIS Research

Figure 3. The power segment decreased slightly 11% yoy due to the water flow record low level in 4Q24



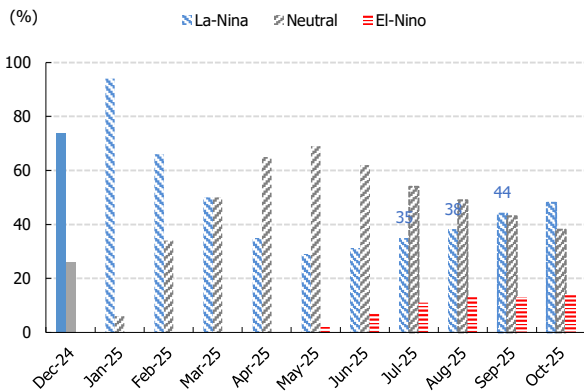
Source: Company data, KIS Research

Figure 4. The backlog value boosted strongly in 2024, benefiting from the Long Thanh-Dong Nai airport



Source: Company data, KIS Research

Figure 5. La Niña phases are expected to last until March 2025, ~55% of probability



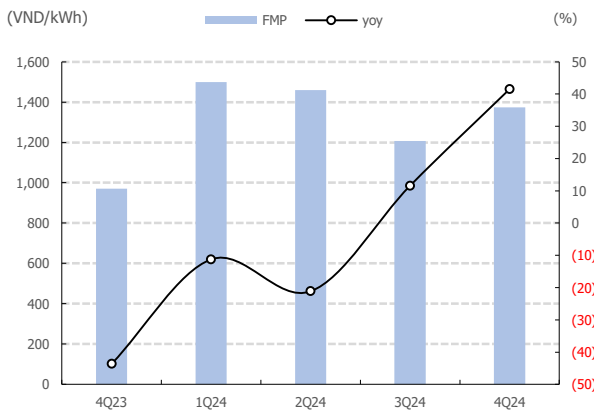
Source: REE, KIS Research estimated

Figure 6. CF in 4Q24 of the hydropower groups is still no improvement yet

CF	Hydro	Coal	Gas	Oil	RE	Solar	Wind
1Q23	31	50	45	0	21	19	24
2Q23	29	68	59	7	19	21	16
3Q23	52	54	34	2	18	18	18
4Q23	44	57	34	0	18	15	20
1Q24	21	65	38	0	23	19	26
2Q24	36	74	42	6	18	21	16
3Q24	75	48	24	0	20	20	20
4Q24	46	62	27	1	20	17	23

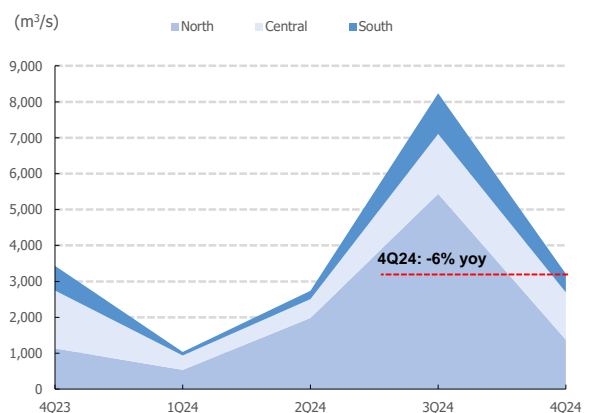
Source: NOAA, KIS Research
Note: Capacity factor (CF)

Figure 7. The FMP in 4Q24 rose to 41% yoy, support positive for growth's REE in 4Q24



Source: POW, KIS Research

Figure 8. The water flow at the reservoir in 4Q24 is still not improved, -6% yoy



Source: EVN, KIS Research

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