KIS Viet Nam Securities Corporation

Earnings Review

12 Nov 2025

REE CORPORATION. (REE)

M&E segment drives solid profit expansion

· 3Q25 – Earnings surge on M&E strength
· 4Q25F - Power segment holds back growth
· Maintain the HOLD recommendation

Facts: 3Q25 - Solid profit growth

In 3Q25, REE recorded revenue of VND2,552bn (+26% yoy and +2% qoq), mainly driven by the M&E and power segments (figure 1).

Gross profit (GP) reached VND932bn (+36% yoy, figure 5), equivalent to a gross margin (GM) of 36.5% (+2.6%p yoy, figure 5). Consequently, NPAT came in at VND825bn (+47% yoy, figure 6), supported by (i) GM improvement; (ii) financial income rising 63% yoy to VND102bn; and (iii) despite G&A expenses increasing 14% yoy to VND125bn. Details by segment are as follows:

- ***Power segment:*** Revenue and GP reached VND1,265bn (+25% yoy, figure 1) and VND617bn (+2% yoy), respectively.
    - ***Hydro power:*** Production reached 2,149mn kWh (+26% yoy, figure 2), thanks to favorable weather conditions as the neutral phase is expected to persist until Sep-2026 (figure 8, 10). Accordingly, revenue and NPAT were VND809bn (+28% yoy, figure 3) and VND311bn (+31% yoy), respectively.
    - ***Solar power:*** Revenue was VND72bn (+18% yoy, figure 3), supported by higher average selling prices due to a still-elevated exchange rate, despite flat production. Consequently, NPAT rose to VND21bn (+40% yoy, figure 4) thanks to the reversal of corporate income tax (CIT) provisions related to tax incentives.
    - ***Wind power:*** Revenue recorded VND184bn (+25% yoy, figure 3) with production of 80mn kWh (+19% yoy, figure 2), benefiting from the neutral phase and improved selling prices. As a result, NPAT surged to VND42bn (+133% yoy, figure 4) due to these positive factors and a low base in 3Q24.
- ***Water segment:*** Revenue reached VND19bn (-42% yoy, figure 1) due to slightly lower clean water demand despite a 53% yoy rise in wholesale water prices. However, thanks to lower depreciation and financial costs, NPAT increased to VND91bn (+28% yoy).
- ***M&E segment:*** Revenue stood at VND969bn (+37% yoy, figure 1), mainly driven by REE M&E (VND782bn; +42% yoy) and REE Pro (VND77bn; +71% yoy). As REE started to recognize profit from several projects, NPAT reached VND68bn (+28% yoy).
- ***Real estate segment:*** Revenue and NPAT were VND299bn (+6% yoy, figure 1) and VND147bn (+35% yoy), respectively.

12M rating	**HOLD (Maintain)**
12M TP	
Up/Downside	

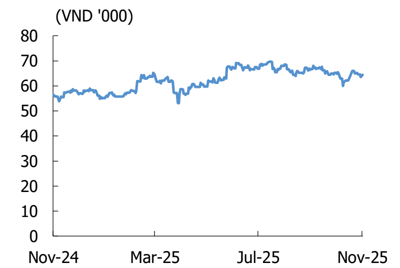
Stock data

VNIndex (12 Nov, pt)	1,632
Stock price (12 Nov, VND)	64,500
Market cap (USD mn)	1,326
Shares outstanding (mn)	542
52-Week high/low (VND)	69,700/53,044
6M avg. daily turnover (USD mn)	2.19
Free float / Foreign ownership (%)	38.2/49.0
Major shareholders (%)	
Platinum Victory PTE	41.46
Nguyen Thi Mai Thanh	12.83

Performance

	1M	6M	12M
Absolute (%)	(1.1)	7.5	14.3
Relative to VNIndex (%p)	5.4	(21.4)	(19.2)

Stock price



Source: Bloomberg

- *Office leasing:* Revenue recorded VND298bn (+10% yoy, figure 1) thanks to higher average rental rates. Consequently, NPAT reached VND127bn (+18% yoy) due to improved GM and cost optimization.
- *Property development:* Revenue was VND1bn (-92% yoy, figure 1), as REE did not recognize sales from the Bo Xuyen project. However, NPAT reached VND20bn (10x yoy) after REE completed a partial divestment from Saigon Real Estate JSC.

Table 1. Quarterly earnings snapshot in 3Q25 (VND bn, %, %p)

	3Q24	4Q24	1Q25	2Q25	3Q25	QoQ	YoY
Sales	2,029	2,336	2,068	2,514	2,552	2	26
OP	633	973	897	828	937	13	48
OP margin (%)	31.2	41.7	43.4	33.0	36.7	3.7	5.5
EBT	633	982	898	829	927	12	46
NPAT	562	882	817	739	825	12	47

Source: FiinPro-X, Company data, KISVN

Pros & cons: 4Q25F - Power segment softens earnings

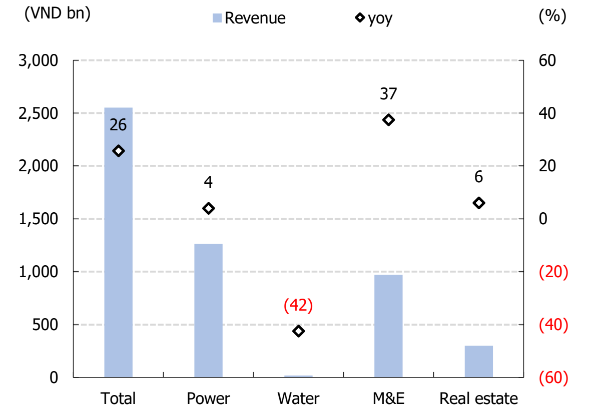
In 4Q25F, we anticipate that REE could experience results that are not optimistic, with the main driver coming from M&E segments:

- ***Power segment:*** We estimate that in 4Q25F, REE's power segment may deliver weak performance, mainly due to a 10-20% yoy decline in the average selling price, in which FMP price (accounting for 2% of revenue) is expected to drop 50% yoy. Although production could improve notably as water inflows to reservoirs accumulated to November 2025 maintain an upward trend, the improvement may not be sufficient to offset the decline in selling prices.
- ***Water segment:*** The 4Q25F outlook is expected to remain stable, driven by sustained water consumption demand, as discussed above.
- ***M&E segment:*** We believe the M&E segment's outlook shows positive results thanks to expectations of newly signed contracts in the first 9 months of 2025 with ~VND3,407bn (+179% yoy).
- ***Real estate segment:*** We expect the segment's outlook to improve slightly in 4Q25F, supported by a higher occupancy rate in the office leasing segment (4Q24: 80%). However, the Light Square project is likely to remain weak during the quarter. Hence, we believe REE may fall short of its full-year growth target for this segment in 2025.

Action: Maintain the HOLD recommendation

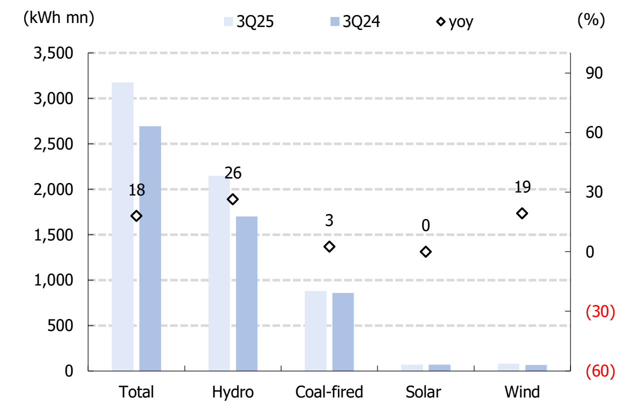
We believe that REE has a positive in the mid, and long-term. However, in the short term, we believed that REE's market price has almost reflected its intrinsic value. Therefore, we maintain a **HOLD** recommendation for REE in 2025F.

Figure 1. The M&E segments drove revenue growth at 37% yoy in 3Q25



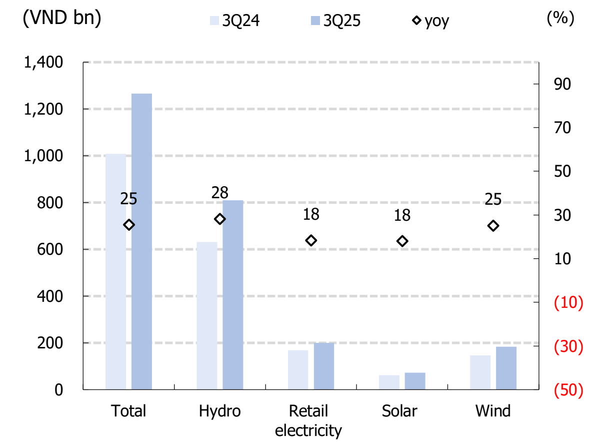
Source: Company data, FiinPro-X, KIS Research

Figure 2. Hydropower production rose by 26% yoy as the water flow at the reservoir remained stable



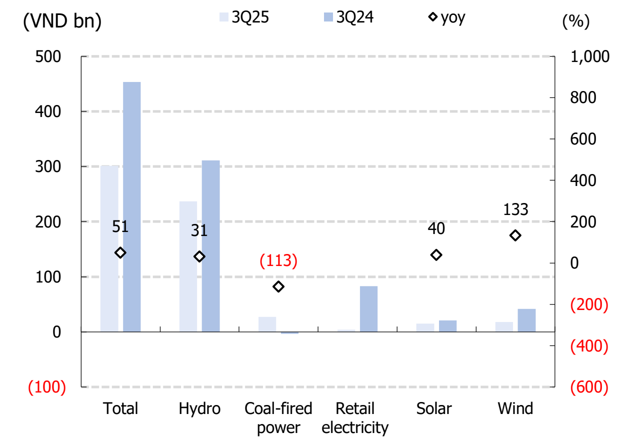
Source: Company data, FiinPro-X, KIS Research

Figure 3. Power revenue was mainly driven by hydropower and wind power



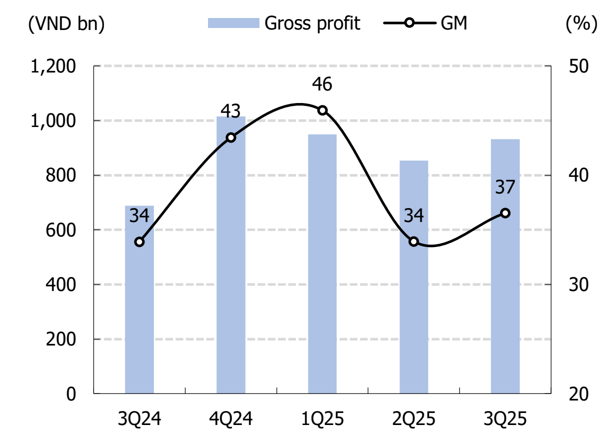
Source: Company data, FiinPro-X, KIS Research

Figure 4. The wind segment's profit rose by as much as 133% yoy in 3Q25



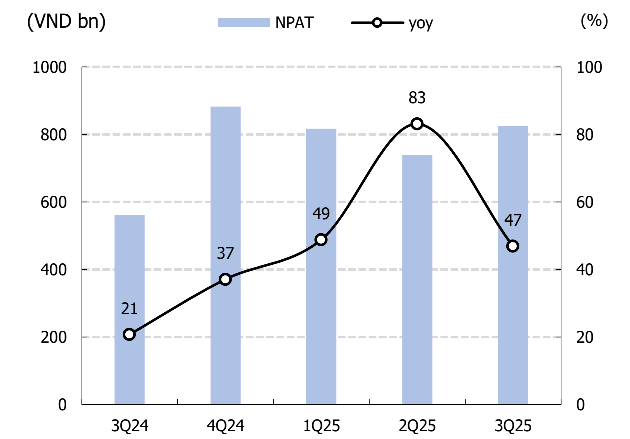
Source: Company data, FiinPro-X, KIS Research

Figure 5. ... gross profit recorded VND932bn, up gross margin to 37% (+3%p yoy)



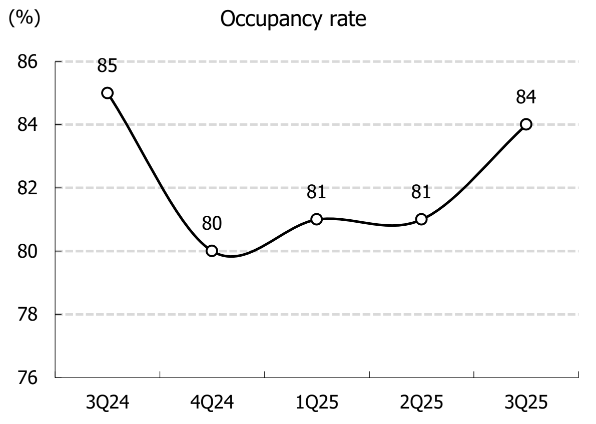
Source: EVN, KIS Research

Figure 6. NPAT grew strongly by 47% yoy in 3Q25



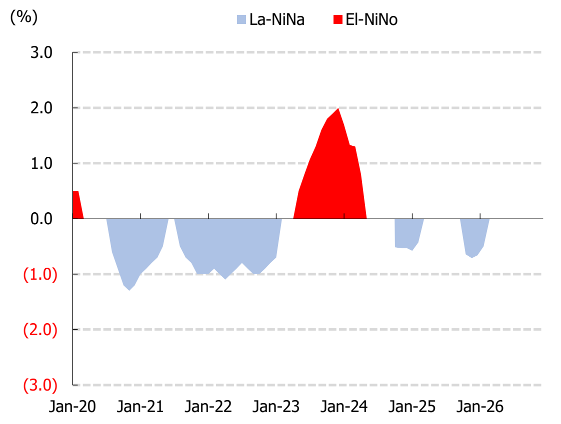
Source: NOAA, KIS Research

Figure 7. Office leasing occupancy rate estimated to drop to 84% in 3Q25



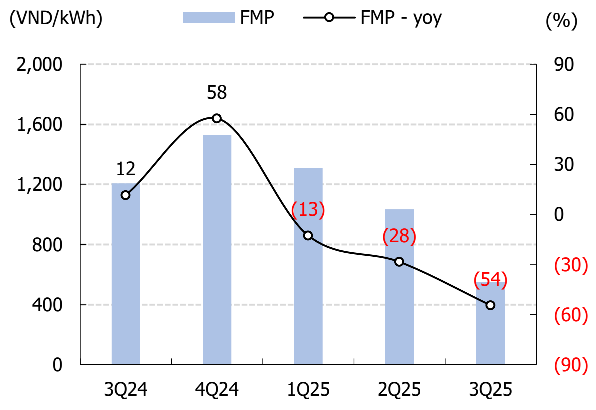
Source: EVN, KIS Research

Figure 8. According to NOAA, the neutral phase expect last to the September - 2026



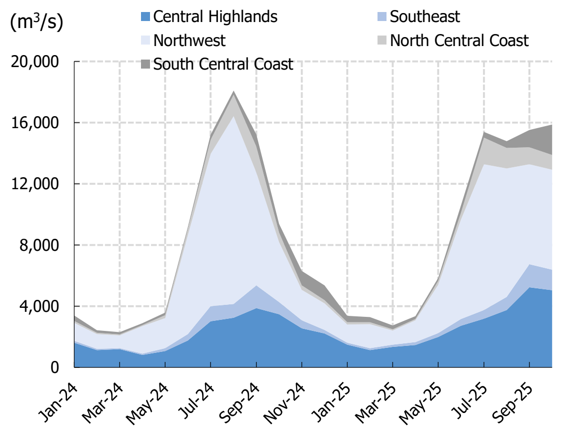
Source: EVN, KIS Research

Figure 9. The FMP shows a trend continues to drop strongly at 54% yoy



Source: EVN, KIS Research

Figure 10. The water flow shows a positive trend as support from the neutral phase, expect last to the September 2026



Source: EVN, KIS Research

■ **Company overview**

Refrigeration Electrical Engineering Corporation (REE) is a multi-sector business group established in 1977. After transitioning from a state-owned enterprise to a public company through equitization in 1993, REE became the first company to be listed on the Vietnamese stock exchange in 2000. Currently, REE operates in the fields of energy, water and environment, real estate, and M&E services.

Balance sheet

(VND bn)

FY-ending Dec.	2024F	2025F	2026F	2027F	2028F
Current assets (Adj.)	11,286	11,989	14,824	16,328	19,303
Cash & cash equivalent	5,636	6,370	9,209	10,601	13,533
Accounts & other receivables	3,130	2,952	2,996	3,073	3,102
Inventory	1,277	1,400	1,347	1,379	1,390
Non-current assets (Adj.)	5,650	5,619	5,614	5,727	5,770
Fixed Asset	13,961	12,774	11,589	10,403	9,215
Investment assets	6,199	6,199	6,199	6,199	6,199
Others	4,917	4,837	4,653	4,481	4,292
Total assets	36,362	35,799	37,264	37,411	39,009
Advances from customers	999	1,129	1,146	1,175	1,186
Unearned revenue	5	-	-	-	-
Trade payables	724	819	831	852	860
Others	1,088	1,230	1,248	1,280	1,292
ST debt & bond	1,254	467	1,888	1,888	1,888
LT debt & bond	9,143	7,242	5,341	3,440	2,999
Total liabilities	13,908	11,672	11,251	9,453	9,051
Controlling interest	18,900	20,572	22,459	24,403	26,403
Capital stock	4,710	4,710	4,710	4,710	4,710
Capital surplus	1,013	1,013	1,013	1,013	1,013
Other Reserves	416	416	416	416	416
Retained earnings	12,761	14,434	16,320	18,264	20,265
Minority interest	3,555	3,555	3,555	3,555	3,555
Shareholders' equity	22,455	24,127	26,013	27,958	29,958

Income statement

(VND bn)

FY-ending Dec.	2024F	2025F	2026F	2027F	2028F
Net sales	8,384	9,476	9,619	9,864	9,958
COGS	5,260	5,766	5,550	5,679	5,727
Gross profit	3,124	3,710	4,069	4,185	4,230
SG&A	696	666	666	682	689
Operating profit	2,428	3,043	3,403	3,502	3,541
Financial income	318	353	414	485	558
Interest income	158	213	274	345	418
Financial expenses	791	765	757	811	811
Interest expenses	738	63	55	109	109
Other non-operating profit	50	-	-	-	-
Gains (Losses) in associates, subsidiaries and JV	717	717	717	717	717
Earnings before tax	2,722	3,348	3,777	3,893	4,005
Income taxes	(6)	(7)	(8)	(8)	(9)
Net profit	2,728	3,356	3,785	3,902	4,014
Net profit of controlling interest	1,993	3,356	3,785	3,902	4,014
EBITDA	4,688	4,829	5,251	5,423	5,537

Cash flow

(VND bn)

FY-ending Dec.	2024F	2025F	2026F	2027F	2028F
C/F from operations	3,818	5,484	5,541	5,502	5,566
Net profit	2,722	3,348	3,777	3,893	4,005
Depreciation	1,298	1,417	1,419	1,420	1,422
Net incr. in W/C	3,854	5,177	5,539	5,640	5,681
C/F from investing	(869)	(379)	(322)	(252)	(179)
Capex	(830)	(30)	(34)	(35)	(35)
Incr. in investment	(39)	(349)	(288)	(217)	(144)
C/F from financing	(1,724)	(4,371)	(2,379)	(3,858)	(2,455)
Incr. in equity	(1,347)	-	-	-	-
Incr. in debts	3,452	(787)	1,421	-	-
Dividends	-	(1,683)	(1,899)	(1,957)	(2,014)
C/F from others	0	-	-	-	-
Increase in cash	1,225	734	2,839	1,391	2,932

Key financial data

FY-ending Dec.	2024F	2025F	2026F	2027F	2028F
EPS	4,232	7,124	8,037	8,284	8,522
BPS	40,126	43,677	47,682	51,810	56,057
DPS	2,123	3,574	4,032	4,156	4,275
Growth (%)					
Sales growth	(2.2)	13.0	1.5	2.6	0.9
OP growth	(17.8)	25.3	11.8	2.9	1.1
NP growth	(2.1)	23.0	12.8	3.1	2.9
EPS growth	(8.9)	68.3	12.8	3.1	2.9
EBITDA growth	(17.8)	25.3	11.8	2.9	1.1
Profitability (%)					
OP margin	29.0	32.1	35.4	35.5	35.6
NP margin	32.5	35.4	39.4	39.6	40.3
EBITDA margin	29.0	32.1	35.4	35.5	35.6
ROA	7.7	9.3	10.4	10.4	10.5
ROE (excl MI)	11.0	17.0	17.6	16.7	15.8
Dividend yield	2.9	4.9	5.5	5.7	5.8
Dividend payout ratio	54	37	46	50	50
Stability					
Net debt (VND bn)	4,761	1,339	(1,981)	(5,273)	(8,646)
Net debt/equity (%)	21	6	(8)	(19)	(29)
Valuation (X)					
PE	12.7	10.3	9.1	8.9	8.6
PB	1.8	1.7	1.5	1.4	1.3
EV/EBITDA	17.2	13.7	12.3	11.9	11.8

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- BUY: Expected total return will be 15% or more
- Hold: Expected total return will be between -5% and 15%
- Sell: Expected total return will be -5% or less
- KIS Vietnam Securities Corp. does not offer target prices for stocks with Hold or Sell ratings.

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