

## REE Q3-2022 Earning Release – Impressive results thanks to strong performance in the Energy Segment

REE Q3-2022 revenue reached 2,233 bn VND, **+104% YoY**, while gross profit increased even further **+165% YoY** (918 bn VND) as the cost of goods sold (COGS) grew at just **+76% YoY**. The underlying reasons were partially thanks to REE's evolving revenue structure in which the energy sector is outpacing the M&E segment, specifically hydroelectricity and wind power (new Thuong Kon Tum hydro plant of VSH and three wind projects were fully commercially operational in 2022). These fields created better gross profit margin compared to other REE's businesses, such as M&E, which eventually helps improve the company's margins in general (More details in our full [REE's report](#)). In addition, the real estate and M&E segments also contributed to the advancement of Q3-2022 REE's revenue and profit thanks to the normalization of economy post COVID-19 as construction projects in the M&E field resumed and there were no retail discounts (c.20% in Q3-2021) for tenants in the office space affected. Last but not least, the Q3-2022 net earnings achieved 680 bn VND, **+161% YoY**.

REE 9M2022 revenue achieved 2,964 bn VND, **+61% YoY**. Gross profit reached 2,964 bn VND, **+104% YoY**, and earnings 1,972 bn VND profit after tax, **+85% YoY**, completing 69% of our forecast.

Unit: bn VND	Q3-2021	Q3-2022	YoY	9M2021	9M2022	YoY
Revenue	1,093	2,233	104%	3,915	6,303	61%
COGS	746	1,314	76%	2,462	3,338	36%
Gross profit	347	919	165%	1,453	2,965	104%
Interest Expenses	184	222	21%	467	649	39%
Minority Interests	7	154	2100%	149	574	285%
Net parent profit	261	680	161%	1,065	1,972	85%

Sources: ACBS, REE

**Comments:** We expect REE will continue to post strong performance in Q4-2022 thanks in part to the favourable conditions – La Nina was forecasted to be prolonged until the end of 2022, which creates more precipitation and is beneficial to REE's hydro portfolio. Furthermore, the stable earnings from water and office leasing segments together with the resumption of construction activities in the M&E field after the pandemic would further enhance an impressive growth of REE's performance.

In Q3-2022, REE's board of Management (BOM) repaid 250 bn VND bonds issued in 2017 that were maturing in 2022; the company's net debt to equity ratio: 63% compared to 73% at the end of 2021. During the quarter, REE also bought an additional 4 million VSH shares, taking the total ownership to 52%

# FLASH NEWS – REE Q3 Earnings

31/10/2022



Unit: bn VND	Q3-2021	Q3-2022	YoY	9M2021	9M2022	YoY	REE 2022F	ACBS 2022F	ACBS Forecast Completion
<b>M&amp;E</b>	254	762	200%	1,319	1,656	26%	3,930	2,481	67%
<b>Real Estate</b>	194	263	36%	687	774	13%	1,026	924	84%
<b>Power</b>	620	1195	93%	1,858	3,807	105%	4,138	3,699	103%
<b>Water</b>	25	14	-44%	48	64	33%	154	124	52%
<b>Revenue</b>	<b>1,093</b>	<b>2,234</b>	<b>104%</b>	<b>3,912</b>	<b>6,301</b>	<b>61%</b>	<b>9,247</b>	<b>7,229</b>	<b>87%</b>
<b>M&amp;E</b>	4	43	975%	72	91	26%	214	148	61%
<b>Real Estate</b>	90	178	98%	334	462	38%	550	552	84%
<b>Power</b>	95	379	298%	467	1,184	154%	1,024	2,055	58%
<b>Water</b>	79	87	10%	210	248	18%	307	302	82%
<b>Net profit</b>	<b>268</b>	<b>686</b>	<b>156%</b>	<b>1,083</b>	<b>1,985</b>	<b>83%</b>	<b>2,061</b>	<b>2,875</b>	<b>69%</b>

Sources: ACBS, REE

**Associate, Research Department**  
**Toan Pham**

[toanpd@acbs.com.vn](mailto:toanpd@acbs.com.vn)

## CONTACTS

### Ho Chi Minh City Head Office

41, Mac Dinh Chi, Dist. 1, Ho Chi Minh City  
Tel: (+84 28) 3823 4159  
Fax: (+84 28) 3823 5060

### Hanoi Office

10 Phan Chu Trinh, HoanKiem Dist., Ha Noi  
Tel: (+84 24) 3942 9395  
Fax: (+84 24) 3942 9407

## RESEARCH DEPARTMENT

### Director - Head of Research

#### Tyler Cheung

(+84 28) 38 234 876  
[tyler@acbs.com.vn](mailto:tyler@acbs.com.vn)

### Associate Director

#### Gigi Nguyen Binh

(+84 28) 3823 4159 (x250)  
[giaonbt@acbs.com.vn](mailto:giaonbt@acbs.com.vn)

#### Manager– Property

##### Truc Pham

(+84 28) 3823 4159 (x303)  
[trucptt@acbs.com.vn](mailto:trucptt@acbs.com.vn)

#### Manager– Financials

##### Hung Cao

(+84 28) 3823 4159 (x326)  
[hungcv@acbs.com.vn](mailto:hungcv@acbs.com.vn)

#### Associate – Consumer- related, Technology

##### Chi Luong

(+84 28) 3823 4159 (x327)  
[chiltk@acbs.com.vn](mailto:chiltk@acbs.com.vn)

#### Associate– Oil & Gas

##### Hung Phan

(+84 28) 3823 4159 (x354)  
[hungpv@acbs.com.vn](mailto:hungpv@acbs.com.vn)

#### Associate – Consumer-related, Media

##### Trung Tran

(+84 28) 3823 4159 (x351)  
[trungtn@acbs.com.vn](mailto:trungtn@acbs.com.vn)

#### Associate – Construction materials

##### Huy Huynh

(+84 28) 3823 4159 (x325)  
[huyha@acbs.com.vn](mailto:huyha@acbs.com.vn)

#### Associate – Energy

##### Toan Pham

(+84 28) 3823 4159 (x325)  
[toanpd@acbs.com.vn](mailto:toanpd@acbs.com.vn)

#### Associate –Macro

##### Hoa Nguyen

(+84 28) 3823 4159 (x352)  
[hoant@acbs.com.vn](mailto:hoant@acbs.com.vn)

#### Associate – Macro

##### Minh Trinh

(+84 28) 3823 4159 (x352)  
[minhtvh@acbs.com.vn](mailto:minhtvh@acbs.com.vn)

#### Analyst – Technical

##### Phuoc Luong

(+84 28) 3823 4159 (x354)  
[phuocld@acbs.com.vn](mailto:phuocld@acbs.com.vn)

#### Analyst – Technical

##### Huu Vo

(+84 28) 3823 4159 (x354)  
[huvvp@acbs.com.vn](mailto:huvvp@acbs.com.vn)

### Associate Director – Institutional sales

#### Huong Chu

(+84 28) 3824 6679  
[huongctk@acbs.com.vn](mailto:huongctk@acbs.com.vn)

#### Customer Support Institutional Client

##### Thanh Le

(+84 28) 3823 4798  
[thanhln@acbs.com.vn](mailto:thanhln@acbs.com.vn)

#### Trader

##### Thanh Tran

(+84 28) 3824 7677  
[thanhtt@acbs.com.vn](mailto:thanhtt@acbs.com.vn)

#### Trader

##### Phuong Chu

(+84 28) 3823 4159 (x357)  
[phuongctm@acbs.com.vn](mailto:phuongctm@acbs.com.vn)

#### Trader

##### Dung Ly

(+84 28) 3823 4159 (x313)  
[dungln.hso@acbs.com.vn](mailto:dungln.hso@acbs.com.vn)

#### Trader

##### Nhi Nguyen

(+84 28) 3823 4159 (x315)  
[nhinp@acbs.com.vn](mailto:nhinp@acbs.com.vn)

## DISCLAIMER

### Analyst Certification(s)

We, the author(s) of this report, hereby certify (1) that the views expressed in this research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

### Important Disclosures

ACBS and/or an affiliate thereof (hereby collectively called ACBS) did or may seek to do business with companies covered in this report as its routine business. ACBS's proprietary trading accounts may have a position in such companies' securities. As a result, the investor should be aware that ACBS may have a conflict of interest from time to time.

ACBS produces a variety of research products including, but not limited to, fundamental analysis, equity-linked analysis, quantitative analysis, and trade ideas. Recommendations contained in one type of research product may differ from recommendations contained in other types of research products, whether as a result of differing time horizons, methodologies, or otherwise.

### Disclaimer

This report is provided for information purposes only. ACBS makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any data included in this report. ACBS will not treat unauthorized recipients of this report as its clients. Prices shown (if any) are indicative and ACBS is not offering to buy or sell or soliciting offers to buy or sell any financial instrument. **Without limiting any of the foregoing and to the extent permitted by law, in no event shall ACBS, nor any affiliate, nor any of their respective officers, directors, partners, or employees have any liability for (a) any special, punitive, indirect, or consequential damages; or (b) any lost profits, lost revenue, loss of anticipated savings or loss of opportunity or other financial loss, even if notified of the possibility of such damages, arising from any use of this report or its contents.** Other than disclosures relating to ACBS, the information contained in this report has been obtained from sources that ACBS believes to be reliable, but ACBS does not represent or warrant that it is accurate or complete. The views in this report are subject to change, and ACBS has no obligation to update its opinions or the information in this report.

**Some parts of this report reflect the assumptions, views and analytical methods of the analysts who prepared them, and ACBS is not responsible for any error of their works and assumptions. ACBS may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report.**

The analyst recommendations in this report reflect solely and exclusively those of the author(s), and such opinions were prepared independently of any other interests, including those of ACBS. This report does not constitute personal investment advice or take into account the individual financial circumstances or objectives of the investors who receive it. The securities discussed herein may not be suitable for all investors. ACBS recommends that investors independently evaluate each issuer, securities or instrument discussed herein and consult any independent advisors they believe necessary. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including changes in market liquidity). The information herein is not intended to predict actual results, which may differ substantially from those reflected. Past performance is not necessarily indicative of future results.

**This report may not be distributed to the public media or used by the public media without prior written consent of ACBS. Otherwise it will be considered as illegal. The breacher shall compensate fully to ACBS any loss or damage which arises from such breach (if any).**

In the event that the distribution and/or receipt of this report is prohibited by the investor's jurisdiction, the investor shall dismiss this report immediately otherwise it will be at his/her own risks.

ACBS does not provide tax advice and nothing contained herein should be construed to be tax advice. Accordingly, the investors should seek advice based on their particular circumstances from an independent tax advisor. This report may contain links to third-party websites. ACBS is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this report and is not incorporated by reference into this report. The inclusion of a link in this report does not imply any endorsement by ACBS. Access to any third-party website is at the investor's own risks, and the investor should always review the terms and privacy policies at third-party websites before submitting any personal information to them. ACBS is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

**© Copyright ACBS (2022). All rights reserved. No part of this report may be reproduced in any manner without the prior written permission of ACBS.**