



REE Flash News – OUTPERFORM

November 8, 2024



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Flash News

Recommendation

OUTPERFORM

HoSE: REE

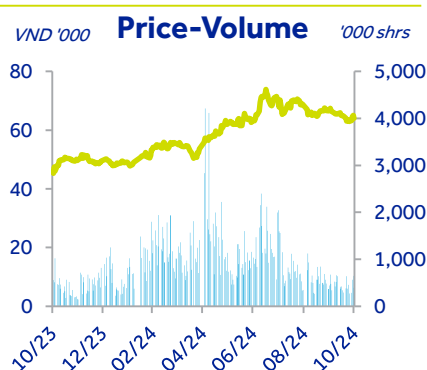
Electricity

Target price (VND)	70,400
Current price (VND)	64,500
Expected share price return	9.1%
Expected dividend yield	1.6%
Expected total return	10.7%

Stock performance (%)

	YTD	1M	3M	12M
Absolute	31.8	-2.4	-7.8	39.1
Relative	18.1	-0.2	-9.5	15.9

Source: Bloomberg



Ownership

Platinum Victory PTE.Ltd	35.7%
Nguyen Thi Mai Thanh	12.8%
ETF DCFMVN DIAMOND	5.6%

Stock Statistics

07-Nov-24

Bloomberg code **REE VN**

52-week range (VND)	44,087 – 75,700
Shares O/S (m)	471
Mkt cap (VND bn)	30,192
Mkt cap (USD bn)	1,206
Foreign room left (%)	0.0
Est. free float (%)	43.9
3m avg daily vol (shrs)	653,526
VND/USD	25,030
Index: VNIIndex / HNX	1,259.8/227.5

REE CORPORATION (HoSE: REE)

REE reported +3.4% YoY in revenue to VND2,029 bn in Q3/2024, accompanied by +6.9% YoY in NPATMI to VND480 bn. Cumulative 9M2024, NPATMI reached VND1,316 bn, -21.8% YoY, fulfilling 55% of the 2024's company target and 54% of our forecast. Although the results fell short of our projections, we maintain our forecast for REE, given anticipation a strong rebound in Q4/2024, driven by the energy segment as the La Nina phenomenon intensifies towards the year-end, with a target price of VND 70,400/share.

REE's revenue +3.4% YoY in Q3/2024, driven by growth in real estate segment (VND282 bn, +5.6% YoY) due to the commencement of Etown 6; and the energy segment (VND1,008 bn, +12.6% YoY) supported by favorable hydrological conditions as the ENSO cycle shifted towards Neutral and La Nina phases. NPATMI reached VND480 bn, +6.9% YoY, benefiting from improved gross margin to 33.9% from 33.3% in Q3/2023 and a decrease in finance expenses (Q3/2024: VND185 bn, -33.0% YoY; with interest expenses -20.6% YoY to VND 181 bn).

For 9M2024, revenue -7.0% YoY to VND6,047 bn, primarily due to -17.6% YoY in the energy segment (VND3,569 bn) as a result of the El Niño phenomenon in the first two quarters, and most REE's energy mixed is hydropower. The gross margin contracted to 34.9% from 42.9% in 9M2023, leading to -21.8% YoY in NPATMI to VND1,316 bn.

Quick conclusion: While REE's 9M2024 performance fell slightly short of our expectation, we remain optimistic about a rebound in Q4/2024, supported by the La Nina cycle which is expected to benefit the hydropower segment, enabling REE to meet both its 2024 plan and our forecast. Therefore, we maintain our forecast and valuation for REE with a target price of VND70,400/share, representing total expected return of 10.7%.

	2021	2022	2023	2024F	2025F
Net Sales (VNDbn)	5,810	9,372	8,570	8,999	9,936
Growth	3.0%	61.3%	-8.6%	5.0%	10.4%
EBITDA (VNDbn)	2,748	4,888	4,218	4,445	4,900
Growth	47.3%	52.2%	49.2%	49.4%	49.3%
NPAT (VNDbn)	2,136	3,515	2,786	2,878	3,626
Growth	24.7%	64.6%	-20.7%	3.3%	26.0%
EPS (bonus-adjusted, VND)	3,924	5,690	4,626	5,188	6,442
Growth	13.8%	45.0%	-18.7%	12.1%	24.2%
ROE	13.1%	18.3%	13.4%	12.6%	14.3%
ROA	6.7%	10.4%	8.0%	8.0%	9.5%
Net debt/EBITDA (x)	3.4	1.7	1.6	1.2	0.6
EV/EBITDA (x)	14.3	7.9	8.7	8.0	6.8
P/E (x)	26.3	8.1	10.8	10.5	8.3
P/B (x)	1.3	1.5	1.4	1.3	1.2
Dividend (VND)	1,000	1,000	1,000	1,000	1,000
Dividend yield	1.6%	1.6%	1.6%	1.6%	1.6%

Q3/2024 REE's Performance

Unit: bn VND	Q3/2023	Q3/2024	YoY	9M2023	9M2024	YoY
Revenue	1,962	2,029	3.4%	6,505	6,047	-7.0%
Gross profit	654	687	5.0%	2,789	2,108	-24.4%
<i>Gross margin</i>	<i>33.3%</i>	<i>33.9%</i>		<i>42.9%</i>	<i>34.9%</i>	
Financial Revenue	49	63	28.6%	166	223	34.3%
Financial Expenses	276	185	-33.0%	787	611	-22.4%
<i>Interest Expenses</i>	<i>228</i>	<i>181</i>	<i>-20.6%</i>	<i>723</i>	<i>557</i>	<i>-23.0%</i>
Administrative Expenses	97	110	13.4%	347	380	9.5%
NPATMI	449	480	6.9%	1,683	1,316	-21.8%
<i>NPATMI's margin</i>	<i>22.9%</i>	<i>23.7%</i>		<i>25.9%</i>	<i>21.8%</i>	

Sources : REE, ACBS

REE's Segment

Unit: bn VND	Q3/2023	Q3/2024	YoY	9M2023	9M2024	YoY
Revenue	1,962	2,029	3.4%	6,505	6,047	-7.0%
M&E	767	705	-8.1%	2,080	2,186	5.1%
Real Estate	267	282	5.6%	796	875	9.9%
Energy	895	1,008	12.6%	3,569	2,941	-17.6%
Water	32	34	6.3%	59	45	-23.7%
NPATMI	449	480	6.9%	1,683	1,316	-22.0%
M&E	41	37	-9.8%	68	72	5.9%
Real Estate	143	110	-23.1%	422	396	-6.2%
Energy	195	258	32.3%	931	602	-35.3%
Water	77	72	-6.5%	262	197	-24.8%

Sources: REE, ACBS

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DISCLAIMER

Our Recommendation System

BUY: prospective 12 month VND total return (including dividends) will be more than 20%.

OUTPERFORM: prospective 12 month VND total return (including dividends) will be 10% to 20%.

NEUTRAL: prospective 12 month VND total return (including dividends) will be -10% to 10%.

UNDERPERFORM: prospective 12 month VND total return (including dividends) will be will be -20% to -10%.

SELL: prospective 12 month VND total return (including dividends) will be lower than -20%.

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