

REE Corporation (HSX: REE)

Growth momentum reignited

- 1Q25 NP grew 27% yoy, driven by strong performance in the power and water segments, offsetting weaker results in M&E and real estate.
- 2025 NP to rise 29% yoy, supported by real estate and power segments. 2026-27 NP grow modestly, while marking a new investment phase for RE power.
- Reiterate **ADD** with higher target price of VND88,000/share.

1Q25 Recap: Power segment as key driver for bottom line growth

1Q25 revenue increased 13% yoy, driven by a 26% yoy rebound in the power segment from a low base. Revenue from the M&E segment declined by 17.9% yoy as large-scale contracts have yet to reach the revenue recognition stage. The real estate and office leasing segment posted a modest 9% yoy growth, supported by higher leasing price and the handover of The Light Square. Gross profit rose by 28% yoy, thanks to the strong performance of hydropower. Financial income surged 57% yoy, primarily due to increased interest income, while financial expenses dropped 15% yoy, supported by a decline in both debt levels and interest expenses. Associates' profit rose 16% yoy, underpinned by contributions from hydropower and water segments. NP reached VND611bn, up 27% yoy, in line with MBS's forecast.

Outlook 2025–2027: Power and real estate to be the main growth engine

There are no major changes in our 2025–27 earnings forecasts compared to the previous report. Net profit slightly adjusted by +3.4%/-2.8%/+0.6%, respectively, translating to growth rates of 29.8%/0.2%/10.1% yoy due to: 1) Upward revision in real estate revenue reflecting gains from the transfer of The Light Square apartment block in 2025, offset a lower occupancy rate for E.Town 6; 2) 10% increase in M&E revenue for 2025, based on a higher-than-expected backlog.

In 2025, the main NP's growth drivers to be The Light Square and E.Town 6 projects, along with a notable recovery in hydropower from a low base. However, NP growth is expected to decelerate in 2026–2027 as REE has yet to announce concrete plans for near-term expansion. Nonetheless, with regulatory frameworks for RE being actively improved, we believe REE is well-positioned to benefit in the next growth phase. The company is expected to continue ramping up investments in RE power, particularly wind power and floating solar.

Reiterate ADD with higher TP of VND88,000/share

Using an SOTP valuation approach, we revise our TP up 12% from the previous forecast, driven by: 1) Rolling the DCF base year to 2025; 2) Including the Duyen Hai wind power and the residential portion of The Light Square into valuation model. With the RE sector entering an active growth phase, REE's business outlook should be re-rated, especially given its recent participation in multiple project tenders in Tra Vinh and Quang Tri. The target 2025 P/E is ~14.0x, which is below the 1-year average of 16.1x, indicating further upside potential in our view.

VNDbn	2024	2025	2026	2027
Revenue	8,395	10,492	10,104	10,906
Net profit	1,993	2,588	2,594	2,855
Revenue growth	-2.2%	25.0%	-3.7%	7.9%
Net profit growth	-8.9%	29.8%	0.2%	10.1%
Gross margin	37.2%	38.8%	38.9%	38.4%
EBITDA margin	44.0%	43.9%	45.6%	44.1%
ROAE (%)	9.5%	10.9%	9.8%	9.7%
ROAA (%)	5.6%	6.8%	6.5%	6.8%
EPS (VND/share)	4,232	5,507	5,519	6,075
BVPS (VND/share)	44,640	50,496	56,347	62,782

Sources: REE, MBS Research

ADD

Target price

VND 88,000

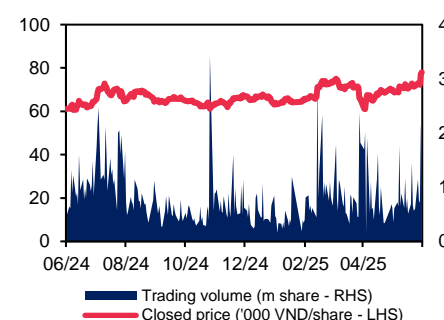
Upside

15%

Key changes in the report

Revised 2025/26/27 Net profit by +3.4%/-2.8%/+0.6% versus previous report

Price performance



Sources: FiinPro, MBS Research

Current price (VND)	77,100
52W High (VND)	77,300
52W Low (VND)	60,660
Market Cap (VNDbn)	36,739
P/E (TTM)	17.3
P/B	1.9
Dividend yield (%)	1.5
Foreign ownership (%)	49

Sources: <https://s24.mbs.com.vn/>

Ownership

Platinum Victory PTE.ltd	41.6%
Nguyen Thi Mai Thanh	12.8%
Nguyen Ngoc Hai	5.5%
HFIC	5.3%
Others	34.8%

Sources: <https://s24.mbs.com.vn/>

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REE Corporation (HSX: REE)

Investment thesis and Recommendation

Investment thesis

- REE operates a multi-sector model with core focus on essential utility services—including power generation, clean water supply, and office leasing. The company maintains a robust portfolio of subsidiaries and associates with efficient capital allocation, reflected in an average ROE of 15%, outperforming industry peers.
- 2025's growth led by the launch of the Light Square low-rise residential project and the commissioning of E.Town 6 office building. In addition, the power and water segments are expected to recover from a low base in 2024, supporting a 26% yoy net profit increase.
- From 2026 onward, key government policy rollouts—including the RE pricing framework and the implementation plan for PDP8 (adjusted)—create a strong foundation for REE to expand capacity in renewables. Current projects under development include Duyen Hai Wind (48MW) and Tra Khuc 2 Hydropower (30MW). As a leading player in Vietnam's renewable energy sector, REE is well-positioned to win additional projects. The company is actively bidding for approximately 250MW in Tra Vinh and Quang Tri, showcasing its strategic commitment to expanding RE capacity through 2030. With a solid track record in power plant development and operations, we see REE has competitive advantages to win these projects.
- With main focus on sustainable growth, REE's robust cash flow and high liquidity enable the company to proactively make investment decisions and manage capital efficiently, ensuring optimal returns. We believe REE is a suitable investment opportunity within a defensive sector strategy, thanks to its solid financial position, effective profitability, and a stable EPS growth forecast of 13% CAGR over 2025–27.

Downside risks:

- If actual earnings growth falls short of expectations, ROE may decline, making the stock less attractive to investors.
- Risks in RE project bidding: 1) bidding processes may be delayed due to ongoing provincial mergers by the government; 2) High competition may increase the risk of losing tenders.

Reiterate ADD with higher TP of VND88,000/share

We maintain an ADD rating with target price of VND88,000/share, representing an upside potential of 15%, including dividend yield. The valuation is based on the Sum-of-the-Parts (SOTP) method, with the target price revised up by 12% compared to the previous forecast. This reflects: 1) Higher cash reserves and roll of the DCF base year to 2025; 2) Inclusion of the Duyen Hai wind power project and gains from the transfer of The Light Square's commercial apartment into the valuation model. Looking ahead, REE's recent participation in bidding for ~250MW of renewable projects in Tra Vinh and Quang Tri underlines its position as a leading renewable energy developer in Vietnam. This opens up significant potential to expand capacity during 2026–2030, laying the foundation for future earnings growth. As such, any price corrections should be viewed as attractive buying opportunities for investors.

Figure 1: SOTP summary

Unit: VNDbn	Method	Multiple	Adjusted NAV	Ownership (%)	NAV by ownership	Comment
Hydropower						
VSH	DCF	WACC: 8.9%	19,795	53%	10,408	Apply DCF valuation method for subsidiaries; WACC = 8.9% (COE:12%; LTG: 1%)
TBC	DCF	WACC: 8.9%	4,864	60%	2,938	
Nam Ban 2	DCF	WACC: 8.9%	839	100%	839	
TMP	PE	12.0x	4,403	43%	1,877	Apply P/E valuation for hydropower associates portfolio. We set 2025 multiple of 12.0x, reflecting segment average.
CHP	PE	12.0x	4,054	24%	981	
SBH	PE	12.0x	4,445	26%	1,145	
ISH	PE	12.0x	1,008	34%	346	
Binh Dien Hydro	BV			25%	146	
SHP	BV			11%	204	
RE power						
Phu Lac 1,2; Loi Hai 2	DCF	WACC: 8.9%	3,556	50%	1,778	Apply DCF valuation method for subsidiaries; WACC = 8.9% (COE:12%; LTG: 1%)
Tra Vinh V1-3	DCF	WACC: 8.9%	2,670	100%	2,670	
Rooftop solar	DCF	WACC: 8.9%	748	100%	748	
Dien Hai Wind power	DCF	WACC: 8.9%	1,874	70%	1,312	
Thermal power						
PPC	PE	12.0x	5,180	20%	1,041	Apply current P/E, reflecting stable outlook
DTV (retail power)	BV			66%	76	
Clean Water						
Water process	PE	10.0x	-	38%	2,927	Apply a P/E multiple of 10x, aligned with the current industry average, to reflect the group's stable growth prospects.
Water distribution	PE	10.4x	2,665	32%	908	
TK plus (consulting)	BV			65%	11	
Property segment						
Office leasing	Cap rate	8%	9,212	99%	9,119	
The Light Square (Thai Binh)	NPV	12%	282	100%	282	
SGR	BV			29%	271	
M&E	EV/EBITDA	8.0x	1,993	100%	1,993	
VIB	BV				1,166	
					-	
(+) Cash & cash equivalent					7,198	
(-) Debt					9,227	
Equity value					41,458	
No of share outstanding (m share)					471	
Share price (VND/share)					88,021	
Rounded share price (VND/share)					88,000	

Sources: REE, MBS Research

Figure 2: Peer comparison

Company name	Ticker	Current price	Target price	Rcm.	Mkt cap	P/E (x)		P/B (x)		EV/EBITDA (x)		ROE (%)	
						Bloomberg	LC\$	LC\$	US\$m	TTM	2025	Current	2025
M&E													
Sunway Construction Group Bhd	SCGB MK	2	NA	NR	1,819	33.2	26.0	7.9	7.6	27.5	17.0	25.2	16.9
Hai Phong Electromechanical JSC	DHP VN	11,500	NA	NR	4	8.7	na	0.7	na	2.0	na	7.6	na
SEAREFICO JSC	SRF VN	9,010	NA	NR	12	30.9	na	0.8	na	24.4	na	2.7	na
MCG Energy and Real Estate JSC	MCG VN	1,800	NA	NR	4	na	na	1.0	na	32.8	na	(3.9)	na
Average						24.3	26.0	2.6	7.6	21.7	17.0	7.9	16.9
Power													
Central Hydropower JSC	CHP VN	34,250	NA	NR	193	12.4	na	2.5	na	9.0	na	15.9	na
Gia Lai Electricity JSC	GEG VN	15,900	NA	NR	219	14.5	na	1.4	na	7.7	na	9.8	na
Vinh Son - Song Hinh Hydropower	VSH VN	49,000	NA	NR	445	16.3	na	2.4	na	8.8	na	15.1	na
Da Nhim - Ham Thuan Hydropower	DNH VN	44,000	NA	NR	714	20.5	na	3.6	na	13.2	na	17.3	na
Average						15.9	na	2.5	na	9.7	na	14.5	na
Water													
Binh Duong Water JSC	BWE VN	47,850	NA	NR	404	20.8	10.6	2.1	1.6	9.5	8.5	10.1	16.7
Thu Dau Mot Water JSC	TDM VN	56,000	NA	NR	237	21.5	29.4	2.5	2.4	16.8	21.6	11.8	12.4
Gia Dinh Water Supply JSC	GDW VN	33,100	NA	NR	12	9.1	na	1.6	na	3.7	na	18.5	na
Song Da Water Investment JSC	VCW VN	32,500	NA	NR	94	na	na	2.0	na	16.3	na	(7.4)	na
Average						17.1	20.0	2.0	na	11.6	15.1	8.3	14.6
Conglomerate													
PC1 Group JSC	PC1 VN	22,600	29,200	ADD	310	20.1	12.2	1.5	1.3	7.3	6.9	7.4	13.2
GELEX Group JSC	GEX VN	35,000	NA	NR	1,213	17.8	23.3	2.2	2.1	7.3	na	13.1	na
Ha Do Group JSC	HDG VN	26,450	32,700	ADD	342	31.5	10.9	1.4	1.2	8.5	6.3	4.6	11.5
Average						23.1	15.5	1.7	1.5	7.7	6.6	8.3	12.4
REE Corp	REE VN	77,000	88,000	ADD	1,392	17.1	14.3	1.8	1.5	11.0	10.1	9.5	10.9

Sources: Bloomberg, MBS Research

1Q25 Business recap

Power segment as key driver for bottom line growth

Figure 3: Summary of 1Q25 REE's business results

Unit: VNDbn	1Q25	1Q24	%yoy	% versus forecast	Comment
Revenue	2,068	1,837	13%	21%	Revenue rose 13% yoy, supported by strong performance in the power segment.
M&E	449	547	-17.9%	14%	1Q25 revenue fell 18% yoy, mainly due to delayed revenue recognition from projects still in the construction phase—particularly the Long Thanh Airport project. New contract backlog declined 76% yoy, as 1Q24 had an unusually high volume of large contract signings.
Power	1,288	1,023	26%	28%	Power segment revenue increased 26% yoy, driven by a 54% yoy rebound in hydropower, recovering from a low base in 2024, while renewable energy (RE) revenue remained stable.
Water	45	4	1025%	30%	Water segment revenue posted a strong increase, with the design consulting subsidiary completing several projects. However, its contribution remains marginal, totaling only VND45bn.
Office leasing & property	286	263	9%	15%	- Office leasing revenue was flat (+3.1% yoy). E.Town 6 is still in the early stages of leasing with a slow fill-up rate, while occupancy rates at other buildings declined slightly by 1.4%pts yoy. - Real estate revenue from The Light Square reached VND15bn (1 unit delivered). The company still has ~45 units remaining, expected to be handed over throughout 2025.
COGS	1,118	1,096	2%		
Gross profit	950	741	28%	25%	Gross profit rose 28% yoy, outpacing revenue growth, thanks to a 6%pts improvement in gross margin, largely driven by the strong recovery in the power segment.
%GPM	46%	40%	6d%		
SG&A	113	115	-1%	17%	
Financial income	110	70	57%	28%	Financial income surged 57% yoy, mainly due to a 184% yoy increase in interest income from deposits.
Financial expenses	191	223	-15%	24%	Financial expenses decreased 15% yoy, supported by a 15% drop in interest expenses.
Associates' profit	140	121	16%	18%	Profit from associates rose 16% yoy, driven by strong earnings from power and water affiliates.
Minority interest	205	68	200%	41%	
Net profit	611	480	27%	24%	As a result, net profit grew 27% yoy, achieving 25% of the full-year target, and was in line with MBS's forecast.
M&E	19	24	-21%	15%	
Power	413	238	74%	28%	
Water	66	67	-1%	22%	
Office leasing & property	103	133	-23%	12%	1Q25 NP dropped 23% yoy amid positive revenue growth mainly due to additional cost from new Office while occupancy rate is still at low level.
EPS (VND/share)	1,298	1,020	27%	24%	

Sources: REE, MBS Research

2025-27 Outlook: A new cycle for RE power development

2025-27 Business plan: Sustainable earnings growth

In 2025, REE targets a 22% yoy increase in revenue to VND10,248bn and a 21.7% yoy increase in net profit to VND2,427bn, primarily driven by the real estate segment as new projects commence operations. The NP target is 6.6% lower than our forecast, which reflects our more optimistic expectation for hydropower recovery, especially given the segment's stronger-than-expected 1Q25 performance. For 2025, the company maintains a dividend policy of 10% in cash and 15% in shares, equivalent to a ~1.5% yield.

Figure 4: REE 2025-27 Outlook revision

VNDbn	2025	%yoy	%Δ	2026	%yoy	%Δ	2027	%yoy	%Δ	Comment
Revenue	10,492	25.0%	5.2%	10,104	-3.7%	-4.2%	10,906	7.9%	-2.5%	
Power	4,702	9.7%	3.6%	5,139	9.3%	4.8%	5,327	3.7%	3.4%	
Water	143	25.0%	-4.5%	151	6.0%	-4.5%	160	6.0%	-4.5%	
Real estate	2,068	69.1%	7.0%	1,421	-31.2%	-5.2%	1,588	11.7%	0.9%	2025 revenue revised up by 7%, reflecting income from the transfer of the condominium portion of the <i>Thai Binh Light Square</i> project, while E.Town 6's occupancy rate was revised down from 50% to 30%.

M&E	3,579	24.3%	10.1%	3,393	-5.2%	-7.0%	3,830	12.9%	-4.3%	M&E revenue adjusted up by 10%, in line with the company's plan and higher-than-expected newly signed backlog. 2026 revenue revised down by 7%, based on the expectation that new contract signings will decline from the high base of 2024–2025, leading to a slight revenue contraction.
COGS	6,408	21.8%	5.9%	6,159	-3.9%	-6.1%	6,708	8.9%	-4.2%	
Gross profit	4,073	30.4%	6.7%	3,934	-3.4%	-1.3%	4,186	6.4%	-2.2%	
%GPM	39%			39%			38%			
SG&A	846	21.6%	3.5%	785	-7.3%	-0.4%	870	10.9%	-0.3%	2025/2026/2027 net profit adjusted by +3.4% / -2.8% / +0.6%, mainly reflecting changes in the real estate and M&E segments.
Financial income	375	18.0%	-3.0%	460	22.7%	-7.4%	567	23.3%	1.2%	
Financial expenses	802	1.5%	-0.8%	784	-2.2%	4.0%	748	-4.6%	1.3%	
Associates' profit	797	11.1%	-2.5%	835	4.8%	-0.3%	872	4.3%	-0.4%	
Net profit	2,588	29.8%	3.4%	2,594	0.2%	-2.8%	2,855	10.1%	0.6%	
Power	1,249	24.1%	-0.9%	1,361	9.0%	1.7%	1,396	2.6%	5.0%	
Water	321	20.6%	1.2%	359	11.8%	0.9%	388	8.1%	0.7%	
Real estate	874	53.5%	6.1%	663	-24.1%	-5.3%	774	16.8%	2.8%	
M&E	174	16.6%	14.5%	174	0.3%	-6.5%	187	7.5%	-4.1%	

Sources: REE, MBS Research

Power segment: New price framework unlocks new growth phase

Hydropower: Stable outlook with Neutral phase to dominate in 2025

According to Vietnam's National Center for Hydro-Meteorological Forecasting, ENSO is expected to remain in a neutral phase with a 55–90% probability through the end of the year, and nationwide rainfall is forecast to be in line with historical averages. Accordingly, hydropower output is projected to increase by 13% yoy in 2025, primarily due to the low base in 2024. This projection remains consistent with our prior outlook. Looking ahead to 2026–27, hydropower output is expected to remain at a prudent 3-year average level, with modest growth of +1.1% yoy and -0.5% yoy, respectively—unchanged from previous forecasts.

On the pricing front, we maintain our view that average selling prices will remain stable in 2025, supported by an unchanged Qc ratio of 98% and no significant policy shifts in the electricity market. Our long-term assumption remains a ~2% annual increase in selling prices for 2025–2027.

Figure 5: Power segment 2025–27 forecast

Unit: VNDbn	2024	2025	%yoy	2026	%yoy	2027	%yoy
Output* (million kWh)	9,960	10,611	6.5%	11,091	4.5%	10,844	-2.2%
Hydropower	4,980	5,617	12.8%	5,682	1.1%	5,654	-0.5%
Wind power	364	364	0.0%	462	26.8%	514	11.4%
Solar rooftop	136	140	3.0%	145	3.2%	145	0.0%
Retail power	342	360	5.2%	379	5.3%	402	6.0%
Coal-fired power	4,138	4,130	-0.2%	4,425	7.1%	4,130	-6.7%
Revenue (consolidated)	4,286	4,702	9.7%	5,139	9.3%	5,327	3.7%
Hydropower	2,497	2,814	12.7%	2,967	5.4%	2,948	-0.6%
Wind power	795	814	2.4%	1,017	24.8%	1,139	12.1%
Solar rooftop	271	290	7.2%	306	5.3%	312	2.0%
Retail power	723	783	8.3%	850	8.5%	928	9.2%
Coal-fired power	-	-		-		-	
NPAT (consolidated)	1,075	1,249	16.2%	1,361	9.0%	1,396	2.6%
Hydropower	838	988	17.9%	1,048	6.1%	1,066	1.7%
Wind power	183	189	3.2%	219	15.7%	229	4.7%
Solar rooftop	71	79	11.1%	94	18.8%	105	12.4%
Retail power	0	1	1212.3%	0	-72.7%	2	374.4%
Coal-fired power	67	87	30.3%	95	9.3%	90	-4.8%

(*) Total output by power plant before adjustment for ownership

Sources: REE, MBS Research

The new pricing framework for renewable energy opens up significant long-term opportunities for REE's capacity expansion ambitions.

During the 2025–2027 period, we expect renewable energy output from existing plants to remain stable, thanks to the prioritization of dispatch for this energy source and REE's minimal exposure to capacity curtailment risks.

We view REE's outlook favorably in the next phase of renewable energy development, particularly as the official pricing framework for renewable power has just been issued. This is accompanied by the approval of several key policy measures, including the implementation roadmap for the revised PDP8 and mechanisms for energy project auctions.

For wind power, we believe the upcoming cycle will be vibrant, as the new selling prices are considered attractive—approximately 17% higher than the transitional pricing scheme. For solar power, investors remain cautious, citing that current tariff levels are not sufficiently attractive. In our view, solar projects in the coming period will only be viable for companies with genuine capabilities in project operation and execution. This is supported by the fact that investment costs have dropped significantly—by about 20–30% compared to 2020. As a result, developers will need to assess investment opportunities more carefully. For REE specifically, with its advantage of owning large-reservoir hydropower plants, the company is aiming to invest in floating solar projects.

Currently, REE is participating in the tendering of several wind power projects with an estimated total capacity of ~250MW in Tra Vinh and Quang Tri, underscoring its strong commitment to the next growth phase. Given REE's leading capabilities in project development and operations, the company holds a solid competitive edge in this stage. We have not yet factored these potential projects into our valuation model, as final investment decisions are still pending. However, we view this as a highly positive signal for REE's medium- and long-term growth. In terms of its current project pipeline, REE and its subsidiaries are investing in: Duyen Hai Wind Power (50MW); Tra Khuc 2 Hydropower (30MW); Thac Ba 2 Hydropower (19MW), these are expected to be operational during the 2025–2027 period

Figure 6: REE's power portfolio: Existing and pipeline projects

Project	Capacity (MW)	Ownership (%)	Capacity by ownership (MW)	Location	Progress
Hydropower	1,401		551		
VSH	356	53%	187	Binh Dinh - Phu Yen	
TBC	120	60%	72	Yen Bai	
Muong Hum	35	80%	28	Lao Cai	
Nam Ban 2	22	100%	22	Lai Chau	
TMP	210	43%	89	Binh Phuoc	Include a 50MWp solar farm
SBH	220	26%	57	Phu Yen, Gia Lai	
ISH	51	34%	17	Binh Phuong	
CHP	220	24%	53	Hue	Include a 50MWp solar farm
Binh Dien Hydro	44	26%	11	Hue	
SHP	123	11%	14	Lam Dong	
Tra Khuc 2*	30	100%	30	Quang Ngai	Expect to operate from 2027
Thac Ba 2*	19	70%	13	Yen Bai	Expect to operate from 2025
Thermal power	1,140		269		
PPC	1,040	23%	239	Hai Duong	

NBP	100	30%	30	Ninh Binh	
RE power	244		205		
Rooftop solar	118	100%	118		
Phu Lac 1	24	50%	12	Binh Thuan	
Phu Lac 2	25	50%	13	Binh Thuan	
Loi Hai 2	29	50%	15	Binh Thuan	
Tra Vinh V1-3	48	100%	48	Tra Vinh	
Duyen Hai	48	70%	34	Tra Vinh	Expect to operate from 2027
Tra Vinh V1-3 phase 2*	48	100%	48	Tra Vinh	Under auctioning process
Tra Vinh V1-5, V1-6*	80	100%	80	Tra Vinh	Under auctioning process
Quang Tri Win 1&2	96	50%	48	Quang Tri	Under auctioning process
Total capacity	2,785		1,025		
Total additional capacity	2,962		1,230		

Sources: REE, MBS Research

Figure 7: The new pricing framework presents a significant opportunity for REE to expand its installed capacity, with a strategic focus on floating solar and onshore wind projects.

Đơn vị: USD/kWh			FIT1	FIT2	Transitional	2025 framework (USD)	2025 framework (VND)
Solar system without BESS	Floating solar	North	9.4	7.7	4.6	6.6	1,685.8
		South Central				5.2	1,336.1
		South				4.8	1,228.2
	Solar farm	North	9.4	7.1	4.6	5.4	1,382.7
		South Central				4.3	1,107.1
		South				3.9	1,012.0
Solar system with BESS	Floating solar	North	9.4	7.7	4.6	7.3	1,876.6
		South Central				5.8	1,487.2
		South				5.3	1,367.1
	Solar farm	North	9.4	7.1	4.6	6.1	1,572.0
		South Central				4.9	1,257.1
		South				4.5	1,149.9
Onshore wind power		North		8.5	6.2	7.6	1,959.4
		South Central				7.0	1,807.4
		South				7.2	1,840.3
Nearshore wind power				9.8	7.1	7.7	1,987.4

Sources: REE, MBS Research

Real estate segment to be the key growth driver in 2025

Office leasing: E.Town 6 as the main contributor

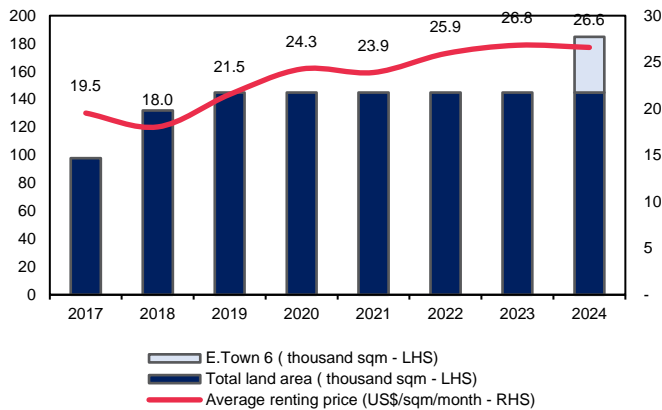
We revised down our occupancy rate assumption for E.Town 6 in 2025, reflecting slower-than-expected uptake in 1Q25. The growing trend of remote work and cost-cutting for premium-grade office buildings have been the main headwinds affecting leasing activity at this property.

For REE's existing portfolio, average occupancy declined to 92.4% in 2024, with no clear signs of recovery. We expect this rate to remain stable throughout 2025, and to gradually improve from 2026 onward under a cautious outlook.

As a result, we forecast office leasing revenue to grow by 13.1%/17.5%/11.7% yoy in 2025/26/27. However, net profit growth will be more modest, at 4%/20%/17% yoy, due to the impact of higher cost from E.Town 6, coupled with the slower-than-expected occupancy ramp-up. This leads to a downward revision in profit of 12%/9%/0.7% compared to our previous estimates.

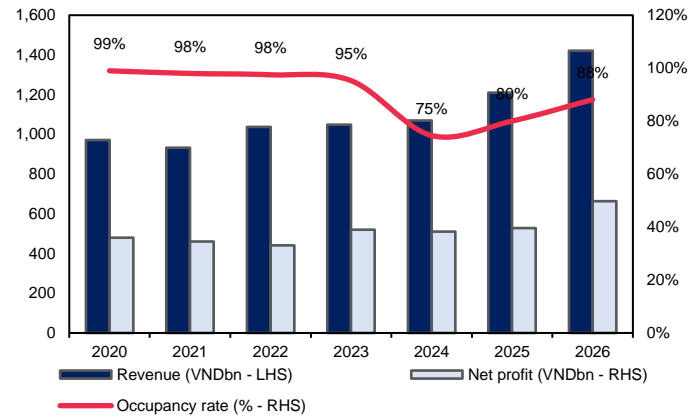
In 2025, REE is also planning to invest in a new office building project, Phuoc Huu, located in Thu Duc City, Ho Chi Minh City. The project is expected to begin operations in 2027. We will incorporate this development into our valuation model once more detailed information becomes available.

Figure 8: With the commencement of E.Town 6, REE's total leasable office space will increase to 181,652 sqm, contributing to long-term rental income growth



Sources: REE, MBS Research

Figure 9: 2025 NP is expected to grow modestly due to cost pressures and a lower-than-expected occupancy rate at E.Town 6. However, profitability is projected to reaccelerate from 2026 onward



Sources: REE, MBS Research

Residential property: The Ligh Square to be fully handover in 2025

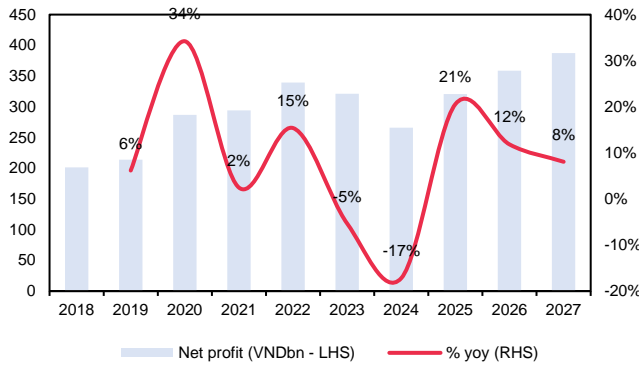
In 2025, REE plans to complete handover of all 45 low-rise units at the *Thai Binh Light Square* project. Estimated selling prices range from VND180–200 million/m², or approximately VND15–20bn per unit.

For the commercial apartment portion, the company intends to transfer the project, which is expected to generate VND427bn in revenue, based on our estimates. This projection is derived from the planned land area of ~3,357 m² and the current market land price of ~VND120m psm. The revenue from this transfer is expected to be recognized in 2Q25. Overall, the project is expected to contribute VND932bn in revenue and VND346bn in net profit, implying a net margin of 25%.

Water segment: Growth driven by VCW's capacity expansion phase 2

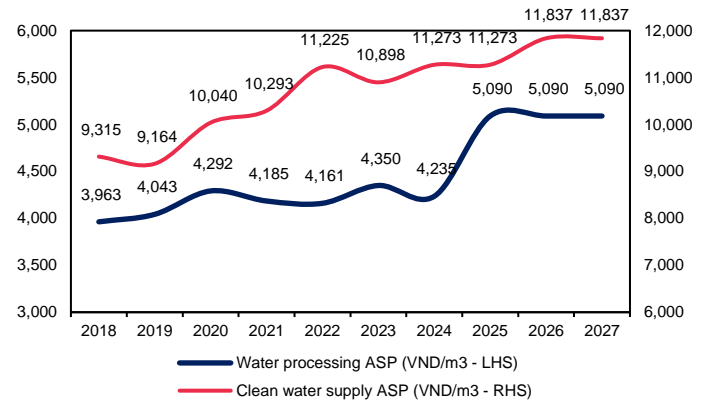
We maintain our net profit forecasts for the water segment during 2025–27, with expected yoy growth of 20.6%/11.8%/8.1%. In 2025, the key growth driver is the capacity expansion project at VCW, which is set to double capacity from 300,000 m³/day to 600,000 m³/day, and is expected to come online in 2H25. In 1Q25, VCW was also approved for a 50% water tariff increase, raising the rate to VND 7,767/m³, reflecting increased operating costs tied to the commissioning of a new pipeline project in 2024. As a result, VCW is expected to return to profitability in 2025 with an estimated VND45bn in net income, up from a net loss in 2024. Net profit is then projected to grow by 90% yoy in 2026 and 47% yoy in 2027, as the plant ramps up to full capacity.

Figure 10: The water segment's profit outlook remains positive, driven by the capacity expansion of VCW's water treatment plant, expected to be operational from 2H25.



Sources: REE, MBS Research

Figure 11: Selling prices expected to increase in 2025, supported by a 20% tariff hike approved for VCW, and rising average prices at KHW due to tourism demand recovery in Khanh Hoa.



Sources: REE, MBS Research

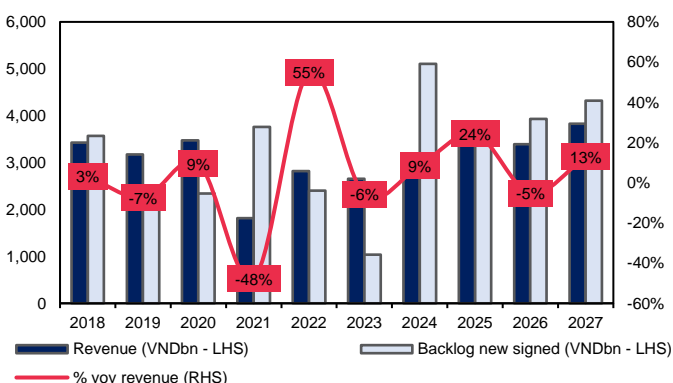
M&E segment: Robust backlog to secures future workload

Revenue and net profit forecasts for the M&E segment in 2025–27 have been revised by +10.1%/-5.2%/-4.3% and +14.5%/-6.5%/-4.1%, respectively, compared to previous estimates. This adjustment reflects a larger-than-expected backlog, notably from the Long Thanh International Airport project, as well as a clearer recovery in the real estate market.

In 2025, the segment carries forward a backlog of approximately VND5,500bn (+393% yoy), of which VND2,534bn comes from Long Thanh Airport alone. With this strong order book, the company is confident in achieving its 2025 targets of VND3,542bn (+23% yoy) in revenue and VND165bn (+10.7% yoy) in net profit.

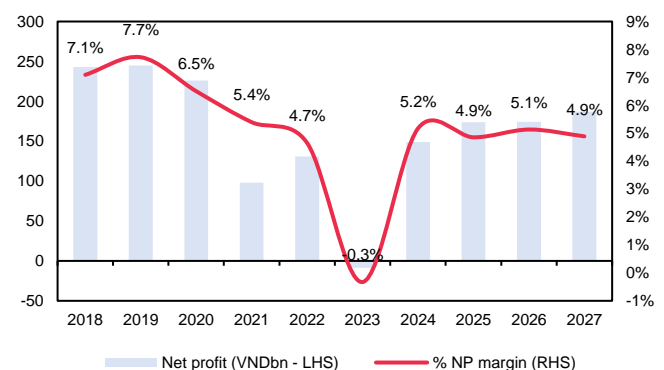
Looking ahead to 2026–27, REE will continue its strategy of focusing resources on high-end projects, including key state-funded infrastructure developments and premium real estate and hospitality properties. In this context, with the government accelerating public investment and regulatory barriers easing significantly—especially in Ho Chi Minh City's real estate market—we forecast revenue growth of +24.3%/-5%/+12.9% yoy for 2025–27. Corresponding net profit growth is projected at +17%/+0.3%/+7.5% yoy.

Figure 12: A significant backlog carried over from 2024 provides a strong base for 2025 revenue growth. However, we expect this level to be unsustainable in 2026, after returning to normalized trajectory by 2027.



Sources: REE, MBS Research

Figure 13: Net profit in 2025 may decline slightly as the company accelerates execution of the Long Thanh International Airport project, before stabilizing from 2026–2027.



Sources: REE, MBS Research

Financial statements

Income statement	2024	2025	2026	2027	Cash flow statement	2024	2025	2026	2027
Net revenue	8,395	10,492	10,104	10,906	Pre-tax profit	2,688	3,615	3,678	4,025
Cost of sales	(5,260)	(6,408)	(6,159)	(6,708)	Depreciation & amortization	1,298	1,379	1,456	1,489
Gross profit	3,124	4,073	3,934	4,186	Tax paid	(280)	(437)	(457)	(530)
Gen & admin expenses	(578)	(726)	(658)	(738)	Other adjustments	(167)	(370)	(511)	(691)
Selling expenses	(118)	(120)	(126)	(133)	Change in working capital	981	(620)	14	(350)
Operating profit	2,428	3,227	3,149	3,315	Cash flow from operations	3,784	2,754	3,380	3,144
Operating EBITDA	3,692	4,606	4,605	4,804	Capex	(1,035)	(1,210)	(550)	-
EBIT	2,428	3,227	3,149	3,315	Proceeds from assets sales	5	-	-	-
Interest income	318	375	460	567	Cash flow from investing activities	205	(2,015)	(1,435)	(878)
Financial expense	(791)	(802)	(784)	(748)	New share issuance	28	-	-	-
Net other income	15	18	18	19	Net borrowings	(376)	(745)	(846)	(452)
Income from associates	717	797	835	872	Other financing cash flow	-	-	-	-
Pre-tax profit	2,688	3,615	3,678	4,025	Dividends paid	(1,027)	(471)	(471)	(471)
Tax expense	(292)	(437)	(457)	(530)	Cash flow from financing activities	(1,375)	(1,409)	(1,603)	(1,263)
NPAT	2,396	3,178	3,221	3,496	Cash and equivalents at beginning of period	3,023	5,636	4,966	5,307
Minority interest	(403)	(590)	(627)	(640)	Total cash generated	2,613	670	342	1,002
Net profit	1,993	2,588	2,594	2,855	Cash and equivalents at the end of period	5,636	4,966	5,307	6,309
Ordinary dividends	(1,027)	(471)	(471)	(471)					
Retained earnings	967	2,117	2,123	2,384					
Balance sheet	2024	2025	2026	2027	Key ratios	2024	2025	2026	2027
Cash and equivalents	5,636	4,966	5,307	6,309	Net revenue growth	-2.2%	25.0%	-3.7%	7.9%
Short term investments	1,060	2,240	3,585	5,030	EBITDA growth	-11.7%	24.7%	0.0%	4.3%
Accounts receivables	3,130	4,333	4,307	4,547	EBIT growth	-17.8%	32.9%	-2.4%	5.3%
Inventories	1,277	1,545	1,508	1,662	Pre-tax profit growth	-12.1%	34.5%	1.8%	9.4%
Other current assets	183	284	262	272	Net profit growth	-8.9%	29.8%	0.2%	10.1%
Total current assets	11,286	13,367	14,969	17,821	EPS growth	-8.9%	29.8%	0.2%	10.1%
Tangible fixed assets	13,890	14,206	13,828	12,779					
Intangible fixed assets	71	71	71	71	Gross profit margin	37.2%	38.8%	38.9%	38.4%
Construction in progress	1,453	968	440	-	EBITDA margin	44.0%	43.9%	45.6%	44.1%
Investments in subsidiaries	2,542	2,542	2,542	2,542	Net profit margin	23.7%	24.7%	25.7%	26.2%
Investments in associates	6,199	6,995	7,831	8,703	ROAE	9.5%	10.9%	9.8%	9.7%
Other long-term investments	-	-	-	-	ROAA	5.6%	6.8%	6.5%	6.8%
Other long-term assets	885	1,121	1,099	1,165	ROIC				
Total non-current assets	25,077	25,957	25,854	25,302					
Total assets	36,362	39,324	40,823	43,123	Asset turnover ratio	23.6%	27.7%	25.2%	26.0%
					Dividend payout ratio	51.5%	18.2%	18.2%	0.0%
Short-term borrowings	1,254	1,179	1,216	1,645	D/E	61.9%	57.5%	48.8%	43.2%
Trade accounts payable	724	919	882	905	Net debt to total equity	21.2%	18.8%	12.8%	6.8%
Other payables	2,091	2,849	2,814	2,846	Net debt to asset	13.1%	11.9%	8.6%	0.0%
Total current liabilities	4,070	4,947	4,911	5,396	Interest coverage ratio	3.3	4.0	4.0	4.4
Long-term borrowings	9,143	8,473	7,590	6,709					
Other long-term payables	695	936	889	901	Days account receivable	150	151	156	152
Total long-term liabilities	9,838	9,409	8,479	7,610	Days inventory	91	88	89	90
Total liabilities	13,908	14,356	13,390	13,006	Days account payable	47	52	52	49
Common shares	4,710	4,710	4,710	4,710	Current ratio	2.8	2.7	3.0	3.3
Share premium	-	-	-	-	Quick ratio	2.5	2.4	2.7	3.0
Treasury shares	-	-	-	-	Cash ratio	1.6	1.5	1.8	2.1
Undistributed earnings	12,761	14,879	17,001	19,386					
Investment and development funds	-	-	-	-					
Foreign exchange differences	-	-	-	-	Valuation				
Shareholders' equity	21,026	23,733	26,483	29,508	EPS (VND/share)	4,232	5,507	5,519	6,075
Minority interest	3,555	4,145	4,772	5,412	BVPS (VND/share)	44,640	50,496	56,347	62,782
Total shareholders' equity	22,455	24,969	27,432	30,117	P/E (x)	18.2	14.0	14.0	12.7
Total liabilities & equity	36,362	39,324	40,823	43,123	P/B (x)	1.7	1.5	1.4	1.2

Sources: REE, MBS Research

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Stock Ratings

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Add	The stock's total return is expected to reach 15% or higher over the next 12 months
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.

Sector Ratings

Positive	Stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation
Neutral	Stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Negative	Stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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Founded in May 2000 by the Military Commercial Joint Stock Bank (MB), MB Securities Joint Stock Company (MBS) is one of the first six securities companies in Vietnam. After years of development, MBS has grown into one of the premier brokerage houses in the country. In two consecutive years between 2009 and 2010, MBS leads the brokerage house in terms of market share on both Hanoi Stock Exchange (HNX) and HCMC Stock Exchange (HOSE) and continuously ranked among the Top 5 of market share at both stock exchanges.

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