[FLASHNOTE]

Refrigeration Electrical Engineering

04/05/2022

TICKER	**REE**
RATING	**NOT RATING**

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COMPANY INFORMATION

Industry	Industrial Engineering
Stock Exchange	HOSE

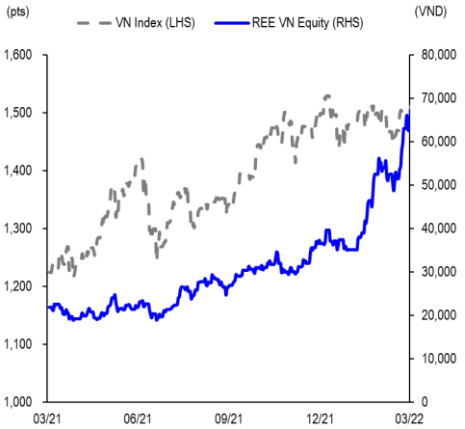
STOCK TRADING DATA

VN INDEX	1,524.7
Market Cap. (bn VND)	25,497.0
Outstanding Shares (1mn)	309.0
Free Floating Shares (1mn)	132.0
52-week High (VND)	80,800
52-week Low (VND)	44,091
Avg. Trading Volume (mn)	1.89
Avg. Reading T/O (bn VND)	134

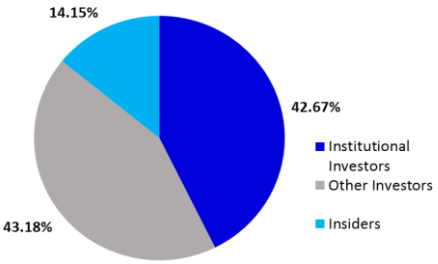
STOCK PERFORMANCE

(%)	3M	6M	12M
Absoulute	7.1	27.7	59.2
Percentage	5.2	16.2	21.0

STOCK PRICE PERFORMANCE



SHAREHOLDER STRUCTURE



INVESTMENT THESIS

1. REE's 2021 Financial Performance

- In 2021, REE's revenue reached VND5,810bil (+3.0% YoY, only completed 83.8% of the 2021 plan), with VND1,855bil NPAT (+14.0% YoY, exceeding 4.9% of the 2021 plan). The Energy segment mainly contributed to REE's business result, with revenue increasing 151% YoY thanks to the being on operation of Thuong Kon Tum hydropower project and Loi Hai 2 and Phu Loi 2 wind power plants.
- Revenue from M&E segment decreased by 47.7% YoY due to the Covid-19 epidemic and social distancing, many signed projects have been temporarily delayed. Revenue from real estate and office leasing also decreased by 5.0% YoY since in 2021, people tend to work from home, resulted in the formation of new habits to work online. Many companies might maintain this habit to save operating costs in the following years.

2. REE's 2022 Business Plans

REE targets its 2022 revenue of VND9,280bil (+60.7% YoY), with VND2,064bil NPAT (+11.3 percent YoY), mainly focusing on the growth from M&E and water segments. The chairwoman set an ambition to reach the revenue of 1 billion USD after 5 years.

R&E segment: REE aims to achieve total new contract value of VND 5,000 billion in 2022. However, this segment will face many competitors. Plus, the high cost of raw materials also reduces the profit margin of this segment. REE will also focus on projects with complex structures such as Long Thanh Airport, 5-star hotels.

Real estate segment: REE continues to collaborate with SaigonRes to complete legal documents and deploy infrastructure construction of commercial housing project in Phu Hoi in 2022. Moreover, REE Land will concentrate on medium-sized residential land projects or medium-sized projects with complete legal documents. Regarding the Etown 6 project, the REE's chairwoman is targeting on hybrid companies base, a young and dynamic generations, so the rental cost will be higher than Etown 5. It is expected that Etown 6 can be operated in the third quarter of 2023.

Energy segment: Renewable energy is the strategic segment of REE. In 2022, REE Energy aims to increase 100 MW capacity. Wind power projects in Ninh Thuan are still not at full capacity since they have to give way to the power transmission during the day for solar power projects, making their operating efficiency not high. Regarding coal-fired power, REE has already had divesture plans. Currently it only owns Ninh Binh and Pha Lai plants, with a commitment not to stop investing in thermal power in the future.

Water segment: REE Water continues to maintain the orientation of M&A companies in the industry. REE also monitors opportunities in the areas of waste treatment and incineration in large urban areas, minimum of 2,000 tons of waste per day.

Investment and financing plan: It was informed that in 2022, REE will invest about VND1,200bil to rooftop solar power projects, 30% financed by equity and 70% of debt. Besides, REE also mentioned that the loan for Etown 6 project has been approved and financed up to 65% by HSBC.

A new breeze in the BOD: Mr. Mark Andrew Hutchinson - an expert in the field of renewable electricity, just joins the BOD of REE. Currently, he is holding the position of Chairman of the Global Wind Energy Council. His contribution is expected to enhance the efficiency of REE's thermal electricity projects.

FINANCIAL INFORMATION

	2018	2019	2020	2021
Sales (bn VND)	**5,101**	**4,890**	**5,640**	**5,810**
OP (bn VND)	915	946	1,239	1,854
Operating profit margin	17.9	19.4	22.0	31.9
NP (bn VND)	**1,784**	**1,639**	**1,628**	**1,855**
Net profit margin	35.0	33.5	28.9	31.9
BVPS (VND)	30,056	33,533	37,059	52,929
PER(x)	5.4	6.9	9.3	11.5
PBR(x)	1.0	1.1	1.3	1.6
ROE(%)	21	17	15	15
EPS (VND)	5,754	5,286	5,251	6,003

(*) Database information provided by Bloomberg

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