REE Corporation (REE)

4Q25 earnings decline due to provision expenses – [Missed]

- 4Q25 net profit decreased 8.7% YoY to VND619bn (USD23.6mn) due to a surge in provision expenses.
- FY25 NP was slightly below our expectations at 94% of our full-year forecast.
- We see minimal pressure on our target price of VND76,600, which we will update after further review.

4Q25 power was largely flat due to higher output but a lower selling price

4Q25 power revenue inched down 1.3% YoY to VND1.3tn (USD48.7mn) due to the mixed impact of: 1) higher hydropower output (+23% YoY) due to favorable hydrological conditions particularly in the central region (eg, VSH: +43% YoY, SHB: +85% YoY); but 2) lower wind and solar output (-13%/-6% YoY); and 3) lower ASP due to a significantly lower FMP price. At the bottom line, power net profit (NP) also inched down 1.6% YoY to VND398bn (USD15.1mn), contributing 64% of REE's total NP.

Property NP declined to loss on property development

4Q25 property revenue grew 13.6% YoY to VND310bn (USD11.8mn) but NP declined 58% YoY to VND47bn (USD1.8mn) due to growth in the office leasing segment but a loss in property development.

- Office leasing revenue increased 11.4% YoY to VND302bn (USD11.5mn) and leasing NP increased 12.4% YoY to VND109bn (USD4.1mn), mainly due to a higher occupancy rate at E.town 6.
- Property development recorded negligible revenue of only VND8bn (USD304,000) in 4Q25 due to the continuing delay in the Light Square project. However, REE reported a net loss of VND62bn (USD2.4mn), likely due to provision expenses.

Stronger M&E revenue driven by LTIA project, but profit remained modest

In 4Q25, REE recorded a 66% YoY decrease in newly-signed backlog to VND402bn (USD15.3mn), taking FY25 newly-signed backlog to VND3.8tn (USD145mn). 4Q25 M&E revenue surged 78.4% YoY to VND1.2tn (USD47mn) as the LTIA project entered its peak season. However, M&E NP eased 30.6% YoY to VND54bn (USD2.0mn) due to a lack of provision reversal as took place in 4Q24.

Water segment was a bright spot last quarter

Water NP grew 48% YoY to VND103 (USD3.9mn) in 4Q25 as water volume increased 7.6% YoY and Viwasupco's NP turned positive from a loss in 4Q24.

NP was slightly below our expectation

Overall, 4Q25 NP decreased 8.7% YoY to VND619bn (USD23.6mn) mainly due to provision expense of VND90bn (USD3.4mn). This led FY25 NP to grow 26.9% YoY to VND2.5tn (USD96mn), slightly below our expectation at 94% of our full-year forecast.

VNDbn	4Q25	%YoY	FY25	%YoY	FY25A/FY25F
Net sales	**2,878**	**23.2%**	**10,012**	**19.4%**	**94.9%**
- Power	*1,282*	*-1.3%*	*4,979*	*17.4%*	*94.6%*
- Water	*49*	*-30.1%*	*174*	*52.3%*	*122.1%*
- Property / Office leasing	*310*	*14.0%*	*1,338*	*16.3%*	*95.6%*
- M&E	*1,237*	*78.4%*	*3,521*	*22.2%*	*93.9%*
Gross profit	**1,040**	**2.4%**	**3,775**	**20.8%**	**92.1%**
SG&A	330	41.3%	765	9.7%	108.3%
Net financial income / (expenses)	(47)	-44.9%	(291)	-38.4%	69.7%
Affiliates income	234	-15.4%	839	17.0%	92.3%
PBT	864	-12.0%	3,519	31.0%	91.2%
Net profit	**619**	**-8.7%**	**2,528**	**26.9%**	**94.0%**
- Power	*398*	*-1.6%*	*1,412*	*40.2%*	*94.1%*
- Water	*103*	*48.2%*	*355*	*32.8%*	*99.4%*
- Property / Office leasing	*47*	*-58.2%*	*513*	*0.8%*	*84.6%*
- M&E	*54*	*-30.6%*	*164*	*9.8%*	*91.3%*
GPM	36.1%	-7.3% pts	37.7%	0.4% pts	
NPM	21.5%	-7.5% pts	25.3%	1.5% pts	

DISCLAIMER

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