

Refrigeration Electrical Engineering Corp (REE)
ADD (Maintained)
(+24.7%)

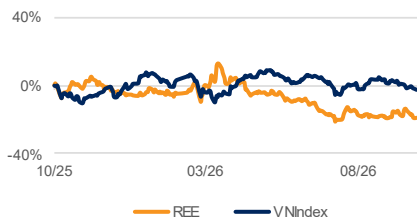
Current Price	VND45,400
52Wk High/Low	VND62,350/43,850
Target Price	VND56,600
Previous TP	VND66,640
TP vs Consensus	-5.6%
Upside	24.7%
Dividend Yield	1.9%
Total stock return	26.6%

Growth rating	Positive
Value rating	Positive
ST Technical Analysis	Negative

Market Cap	USD1.08bn
3m Avg daily value	USD800,000
Avail Foreign Room	USD0.0mn
Outstanding Shares	623mn
Fully diluted O/S	623mn

	REE	Peers	VNI
P/E TTM	9.3x	11.0x	11.9x
P/B Current	1.1x	1.6x	1.9x
ROA	8.0%	4.9%	2.4%
ROE	12.9%	17.7%	6.5%

*as of 10/13/2026

Share Price performance


Performance (%)	1M	3M	12M
REE	0.2%	-4.1%	-19.3%
VNIIndex	-4.1%	-5.9%	-1.5%

Ownership

Platinum Victory Pte.Ltd	41.7%
Nguyen Thi Mai Thanh	12.2%
Others	46.1%

Business Description

REE specializes in electrical engineering, energy, and property. The company currently owns a total capacity of around 1 GW, mostly in hydropower and wind power. It also provides EPC services for power projects and develops commercial and residential properties.

Analyst(s):

Tuan Nguyen Pham Anh

Tuan.nguyennh11@vndirect.com.vn

Wind power to drive earnings recovery from 2027

- We reiterate our ADD rating with a target price of VND56,600/share, implying 24.7% upside and a 1.9% dividend yield.
- We lower our target price by 15%, mainly reflecting downward revisions to power segment cash flow forecasts amid the adverse impact of the El Niño cycle.
- REE is currently trading at a TTM P/E of 9.3x, below its five-year average of 12.8x, which we consider attractive given the company's positive outlook.

Financial Highlights

- 1H26 net profit (NP) rose 9.0% YoY, mainly driven by stronger M&E earnings on the back of project completion and provision reversals, alongside higher office leasing income from increased occupied space.
- We forecast 2H26 NP to decline 11.2% YoY, with growth in the M&E and office leasing businesses partially offsetting weaker power earnings. Looking ahead to 2027, we expect NP to increase 10.7% YoY, mainly supported by new wind power projects and revenue recognition from carried-forward M&E contracts.

Investment Thesis
New wind projects to drive power earnings recovery amid El Niño headwinds

We expect REE-attributable power NP to recover 18.4% YoY in 2027, mainly driven by new wind power projects in Tra Vinh. Tra Vinh V1-4 and V1-3 Phase 2 are expected to contribute for a full year, while V1-5 and V1-6 Phase 2 should begin contributing from 2Q27. These capacity additions are forecast to lift wind power NP by 92.1% YoY. Meanwhile, El Niño is expected to weigh on hydropower output through 2H26 and early 2027. Nevertheless, tighter hydropower supply should support competitive market electricity prices, partially offsetting the impact of unfavorable hydrological conditions.

Large carried-forward backlog and new contracts underpin M&E growth

We forecast M&E revenue to increase 39.0%/36.6% YoY in 2H26/2027, driven by accelerated construction and revenue recognition from accumulated contracts. New contract awards exceeded VND5.86tn (USD226mn) in 1H26, including major projects such as the An Khanh Data Center, Ngoc Trai Theater and developments in Phu Quoc. Accordingly, we forecast carried-forward backlog to reach nearly VND8.0tn (USD309mn) entering 2027, with ~89% of FY27 M&E construction revenue backed by contracts signed by end-2026.

Improving E.town 6 occupancy to support office leasing earnings

We forecast REE-attributable office leasing NP to increase 16.2%/5.0% YoY in 2026/27, driven by higher occupied space and lower financing costs. We expect E.town 6 to achieve average occupancy of 75%/85% in 2026-27, while existing buildings maintain approximately 95%, lifting portfolio-wide occupancy to 91%/93%. Meanwhile, declining outstanding debt at E.town should reduce office leasing interest expenses by 27.8%/29.2% in 2026/27, supporting margin expansion and stable earnings.

Attractive valuation given the company's solid prospects

REE currently trades at a TTM P/E of 9.3x, below its five-year historical average of 12.8x. We believe this valuation provides room for upside as earnings contributions from new wind projects, M&E project execution and improving office occupancy become increasingly visible. Our ADD rating is underpinned by earnings growth from existing assets and projects already incorporated into our forecasts. Potential new power investments could offer additional upside once their investment returns become clearer.

	12-24A	12-25A	12-26E	12-27F
Revenue growth	-2.2%	19.4%	6.0%	24.6%
EPS growth	-8.9%	27.0%	-1.3%	10.7%
Gross margin	37.2%	37.7%	32.5%	30.8%
Net profit margin	23.7%	25.2%	23.5%	20.9%
P/E (x)	18.2	12.9	11.2	10.2
Rolling P/B (x)	1.9	1.6		
ROAE	11.0%	12.7%	11.7%	12.3%
Net debt to equity	21.2%	31.5%	39.4%	61.3%

Source: VNDIRECT RESEARCH

Results Recap: Higher power prices, water volumes support earnings

Figure 1: 2Q26 results review

VNDbn	2Q26	%YoY	1H26	%YoY	1H26/FY26F
Net sales	2,426	-3.5%	4,897	6.9%	40.5%
- Power	1,270	10.9%	2,664	9.5%	49.9%
- Water	3	-95.0%	51	-51.6%	42.2%
- Property / Office leasing	316	-28.7%	629	-13.8%	31.0%
- M&E	837	-3.2%	1,553	18.2%	33.8%
Gross profit	919	7.7%	1,965	9.0%	44.1%
SG&A	186	11.9%	322	15.2%	41.2%
Net financial income / (expenses)	(16)	-80.4%	(54)	-66.9%	11.3%
Affiliates income	169	-24.1%	343	-5.5%	36.8%
PBT	885	6.7%	1,939	12.3%	47.4%
Net profit	632	1.5%	1,346	9.1%	45.4%
- Power	270	13.1%	695	6.6%	49.2%
- Water	99	4.5%	190	17.9%	48.6%
- Property / Office leasing	127	-41.4%	254	-20.6%	31.8%
- M&E	48	106.9%	89	112.8%	36.2%
GPM	37.9%	3.9% pts	40.1%	0.8% pts	
NPM	26.1%	1.3% pts	27.5%	0.6% pts	

Source: VNDIRECT RESEARCH

Higher power prices offset lower hydropower output

2Q26 power NP rose 13.1% YoY to VND270bn (USD10.3mn). In 1H26, hydropower output fell 9.5% YoY, but hydropower NP increased 11.6% on a 30% rise in average market prices and lower financial expenses. Wind output grew 12.1% on favorable wind conditions and the new contribution from Duyen Hai V1-4. As a result, 1H26 power NP increased 6.6% YoY to VND695bn (USD26.7mn).

Higher consumption volumes supported water earnings

2Q26 water NP increased 4.5% YoY to VND99bn (USD3.8mn), bringing 1H26 NP up 17.9% YoY to VND190bn (USD7.3mn). In 1H26, treated-water volume rose 5.8% YoY to 260.7 million m³, mainly driven by a 25% increase in Song Da water consumption in Hanoi following the completion of Phase 2. Clean-water distribution volume grew 5.1% YoY, supported by demand growth of 5.4% in Ho Chi Minh City and 4.0% in Khanh Hoa. Meanwhile, consolidated water revenue declined as TK Plus had yet to recognize revenue from its ongoing projects, while most of REE's core water earnings were recorded through associates.

Lack of residential handovers weighed on property earnings

2Q26 property revenue and NP fell 28.7% and 41.4% YoY to VND316bn (USD12.1mn) and VND127bn (USD4.9mn), respectively. In 1H26, office-leasing revenue increased on slightly higher rental rates and occupancy. However, property-development revenue dropped from VND174bn (USD6.7mn) to VND1bn (USD40,000) due to the absence of additional handovers at The Light Square. As a result, property NP declined 20.6% YoY to VND254bn (USD9.8mn).

M&E earnings improved from a low base

2Q26 M&E revenue edged down 3.2% YoY to VND837bn (USD32.1mn), while NP rose 106.9% YoY from a low base to VND48bn (USD1.8mn). In 1H26, segment revenue and NP increased 18.2% and 112.8% YoY to VND1.6tn (USD59.5mn) and VND89bn (USD3.4mn), respectively, driven by project recognition and receivables provision reversals. New contracts reached VND5.9tn (USD225.7mn) in 1H26, mainly from the An Khanh Data Center and Ngoc Trai Theatre projects.

2H26-27 Outlook: M&E and office leasing to support 2026 earnings, with power recovery expected from 2027

Figure 2: FY26-27 earnings forecast revision

VNDbn	Actual FY25A	Old FY26	New FY26	New FY27	%Δ FY26	Comment
Total revenue	10,012	12,079	10,619	13,233	-12.1%	
% YoY	19.4%	14.4%	5.9%	24.6%		
- Power	4,979	5,338	4,464	5,293	-16.4%	We lower our forecasts to reflect weaker hydropower generation and revised commissioning schedules for new projects. Tra Vinh V1-3 Phase 2 is expected to achieve COD by end-2026, while Tra Vinh V1-5 & V1-6 Phase 2 should begin contributing from 2Q27.
- Office leasing	1,155	1,330	1,295	1,324	-2.6%	We revise E.town 6's occupancy ramp-up assumptions, with average occupancy projected at 75%/85% in 2026/27. Higher occupied space should support office leasing revenue growth of 11.1%/2.2% YoY in 2H26/2027.
- Residential property	282	699	123	183	-82.4%	Amid weaker residential market liquidity and elevated financing costs weighing on purchasing demand, we adopt more conservative assumptions for sales and handovers at The Light Square in 2H26–2027.
- Water	174	121	117	122	-3.8%	
- M&E	3,520	4,591	4,620	6,311	0.6%	We slightly raise our forecasts, supported by a substantial carried-forward backlog and VND5.87tn (USD227mn) in new contracts signed in 1H26. Execution and revenue recognition from these contracts should drive revenue growth of 39.0%/36.6% YoY in 2H26/2027.
Gross profit	3,775	4,459	3,457	4,085	-22.5%	
Gross margin (%)	37.7%	36.9%	32.6%	30.9%	-4.4% pts	
SG&A expenses	(775)	(781)	(751)	(855)	-3.8%	
EBIT	3,000	3,679	2,706	3,230	-26.4%	
Net financial expense	(293)	(476)	(283)	(521)	-40.5%	We lower our 2026 forecast, supported by financial income and an estimated VND82bn (USD3.2mn) gain from the divestment of the Su Pan 2 project. In 2027, net financial expenses are expected to increase 84.2% YoY as interest expenses on newly commissioned wind power projects are recognized following COD.
Affiliates income (power & water)	840	932	893	959	-4.2%	We forecast a 7.3% increase in 2027, mainly driven by improving earnings at PPC, SBH and TMP, additional contributions from SGR, and higher water output at VCW following the capacity expansion of the Song Da water treatment plant.
Net profit	2,529	2,965	2,496	2,763	-15.8%	
% YoY	26.9%	10.2%	-1.3%	10.7%		
- Power	1,412	1,413	1,151	1,362	-18.6%	
- Office leasing	460	608	534	561	-12.1%	
- Residential property	54	192	57	74	-70.1%	
- Water	355	390	397	418	1.7%	
- M&E	164	247	214	301	-13.2%	

Source: VNDIRECT RESEARCH

M&E, office leasing to support 2H26 earnings; wind power drives 2027 recovery

In 2H26, accumulated backlog should support higher construction and revenue recognition in the M&E business, while additional space occupied at E.town 6 will underpin office leasing earnings. These two segments are expected to partially offset weaker power earnings as El Niño weighs on hydropower output. We forecast 2H26 revenue to increase 5.3% YoY, while REE-attributable NP declines 11.2% YoY.

Looking ahead to 2027, we expect new wind power projects coming online in the Duyen Hai area of Vinh Long to drive an 18.4% YoY recovery in power NP. Meanwhile, execution of carried-forward contracts should lift M&E NP by 40.6% YoY, while improving occupancy at E.town 6 is expected to support 5.0% YoY growth in office leasing NP. Together, these three drivers should lift consolidated NP by 10.7% YoY.

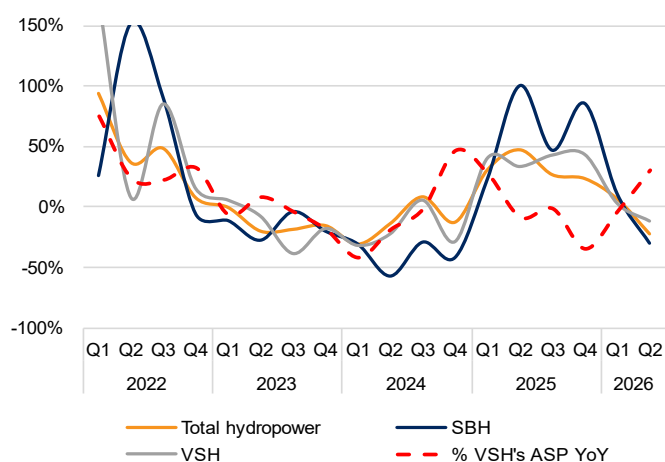
Power: Hydropower faces headwinds, while wind drives 2027 earnings recovery

With El Niño expected to negatively affect hydropower plant performance, we believe REE's 328 MW wind power development portfolio will become the key earnings growth driver for its power business. We forecast power NP to recover 18.4% YoY in 2027 following an 18.5% YoY decline in 2026.

Hydropower: Higher selling prices to cushion earnings amid El Niño-driven output pressure

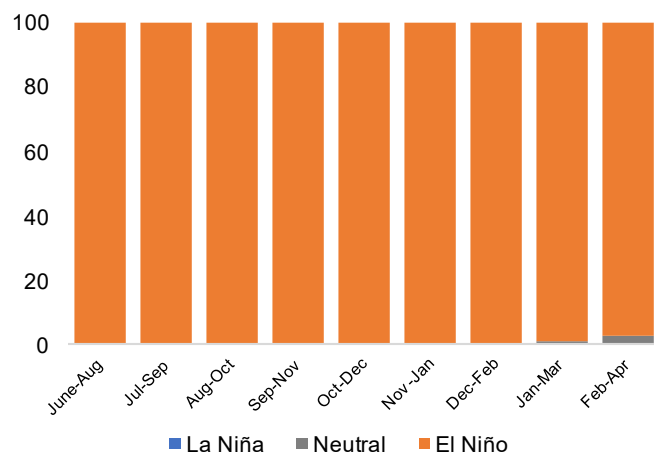
The World Meteorological Organization (WMO) forecasts a nearly 100% probability of El Niño conditions persisting through February 2027, prolonging pressure on water availability and reservoir storage ahead of the dry season. Vietnam's National Center for Hydro-Meteorological Forecasting expects October 2026 rainfall in the South Central and Central Highlands regions to be 5–20% below the long-term average, while rainfall in the northern mountainous region could be 5–20% above average. Given REE's significant hydropower exposure to the Central and Central Highlands regions, we expect the company to remain vulnerable to El Niño through mid-2027. Accordingly, we forecast hydropower generation to decline 27% YoY in 2H26 and remain subdued in 2027.

Figure 3: Hydropower generation declined despite improving selling prices in 1H26



Source: COMPANY REPORTS, VNDIRECT RESEARCH

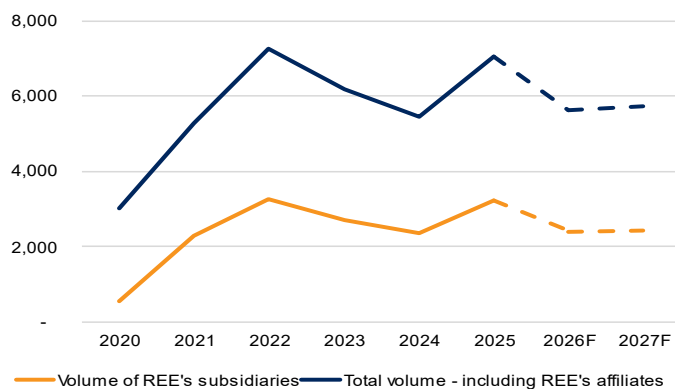
Figure 4: El Niño is expected to persist into early 2027, weighing on hydropower generation



Source: IRI, VNDIRECT RESEARCH

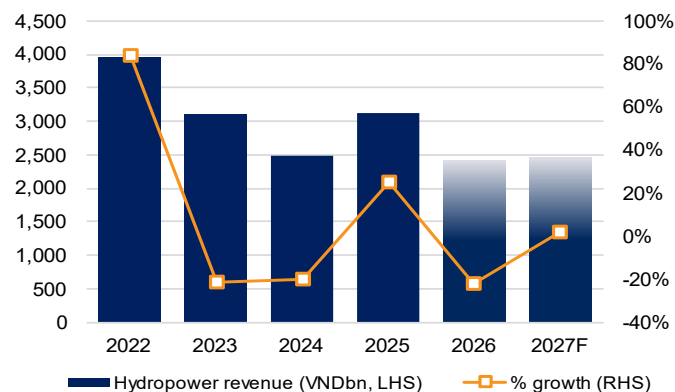
Lower hydropower generation amid rising electricity demand should prompt the system operator to dispatch more high-cost thermal power sources, including coal-fired and gas-fired plants, thereby supporting competitive market electricity prices. Higher selling prices could partially offset weaker output in hydropower revenue. However, the benefit to individual plants depends on the proportion of electricity settled at market prices rather than contracted tariffs. On this basis, we assume a 1.5% increase in average selling prices for most hydropower plants in 2027, helping cushion portfolio earnings under unfavorable hydrological conditions.

Figure 5: REE's hydropower volume forecast (million kWh)



Source: COMPANY REPORTS, VNDIRECT RESEARCH

Figure 6: REE's hydropower revenue forecast (VNDbn)



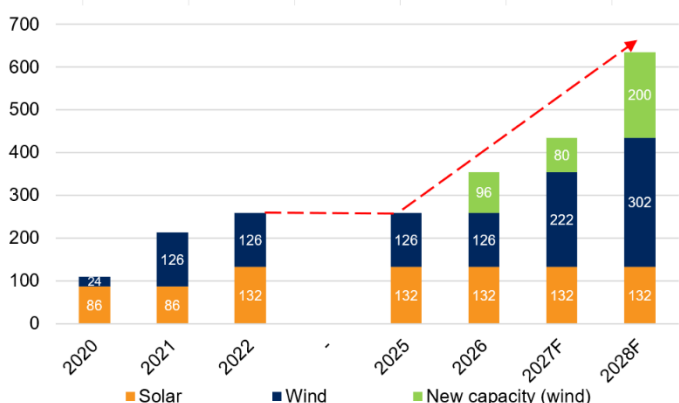
Source: COMPANY REPORTS, VNDIRECT RESEARCH

Renewable energy: Wind power to drive medium- and long-term growth

We maintain our positive outlook for REE's renewable energy business, with new wind power projects expected to be the main growth drivers over 2026-28. Their earnings contributions should increase progressively as the projects commence operations.

- In 2026, the Tra Vinh V1-4 wind farm (48 MW), which commenced operations in March, is expected to support generation growth in 2H26. We forecast wind power output to increase 29.8% YoY in 2H26, driving a 25.7% YoY increase in renewable energy revenue. In addition, Tra Vinh V1-3 Phase 2 (48 MW) is expected to commence operations toward year-end, establishing a higher earnings base for 2027.
- In 2027, we expect Tra Vinh V1-5 and V1-6 Phase 2 (80 MW) to begin contributing from 2Q27. Together with full-year contributions from Tra Vinh V1-4 and V1-3 Phase 2, which commenced operations in 2026, we forecast wind power output to surge 83.5% YoY, lifting renewable energy revenue by 57.8% and wind power NP by 92.1% YoY. This should support an 18.4% YoY recovery in overall power NP.
- In 2028, we expect the Phu Cuong 1A and 1B wind power projects (200 MW) to be completed and contribute to REE's earnings for the full year. Alongside the full-year contribution from Tra Vinh V1-5 and V1-6 Phase 2, we forecast wind power generation to grow a further 72.6% YoY.

Figure 7: REE's renewable energy capacity is expected to increase by 23%/46% in 2027/28 (MW), including only projects under development



Source: COMPANY REPORTS, VNDIRECT RESEARCH

Figure 8: REE's power project portfolio and selected potential projects

	Capacity (MW)	Expected COD	Estimated investment (VNDbn)	Status
Hydropower projects				
Tra Khuoc 2	30	2027	1,200	Under construction
Wind power projects				
Duyen Hai 2 – V1-3 Phase 2	48	4Q26	2,257	Under development
Duyen Hai 3 – V1-5 & V1-6 Phase 2	80	2027	3,864	Under development
Phu Cuong 1A & 1B	200	2028	9,140	Construction commenced on May 19, 2026
Tra Vinh V3-5	96	2028–30	N/A	Potential project
Tra Vinh V3-7	200	2028–30	N/A	Potential project
Tra Vinh V1-4 Phase 2	48	2030	N/A	Proposed
Vinh Tan (Vinh Phuoc, Can Tho)	200	TBD	N/A	Investment policy approval sought
Nam Bo 3 – Offshore wind	500	2031–35	N/A	LiDAR wind measurements underway
Potential floating solar projects under PDP8				
Song Dinh Reservoir	200	2028–29		
Song Ba Ha Reservoir	220	2028–29		

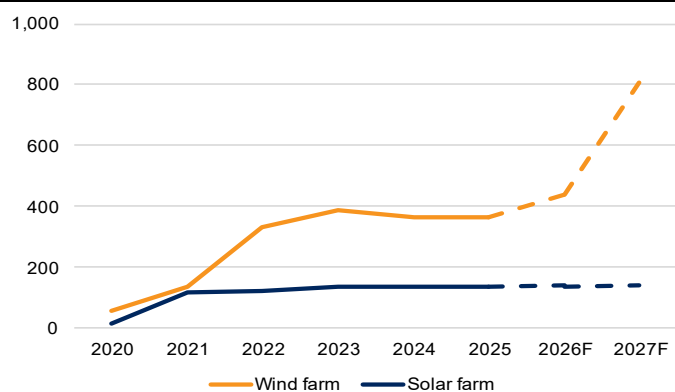
Source: COMPANY REPORTS, PDP8 revised, VNDIRECT RESEARCH

Over the longer term, REE has additional capacity expansion opportunities toward 2030 across two potential project groups:

- **Nearshore wind and floating solar:** Potential projects include Tra Vinh V1-4 Phase 2 (48 MW), Tra Vinh V3-5 (96 MW), Tra Vinh V3-7 (200 MW) and Vinh Tan (200 MW), alongside floating solar projects at Song Dinh (200 MW) and Song Ba Ha (220 MW) reservoirs.
- **Large-scale offshore wind:** The Nam Bo 3 offshore wind project (500 MW) could provide REE with an opportunity to expand into larger-scale, more capital-intensive renewable energy development.

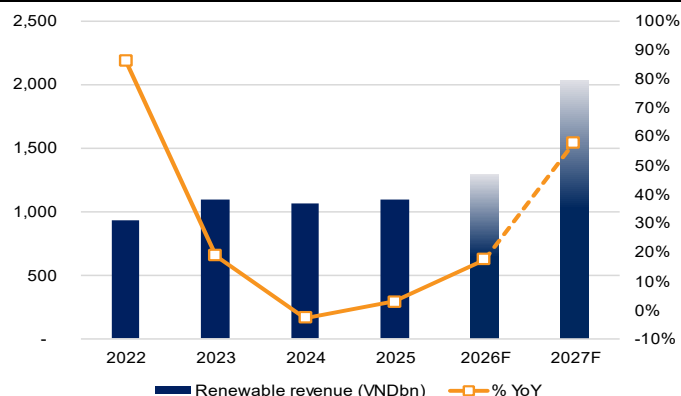
We view this pipeline as a foundation for REE's long-term growth but have not incorporated these potential projects into our forecasts or valuation given uncertainties surrounding investment schedules, commissioning timelines and electricity offtake arrangements. Our current valuation therefore reflects projects already under development, while the longer-term pipeline could provide additional upside as investment plans become more concrete.

Figure 9: REE's renewable energy generation forecast (million kWh)



Source: COMPANY REPORTS, VNDIRECT RESEARCH

Figure 10: REE's renewable energy revenue forecast



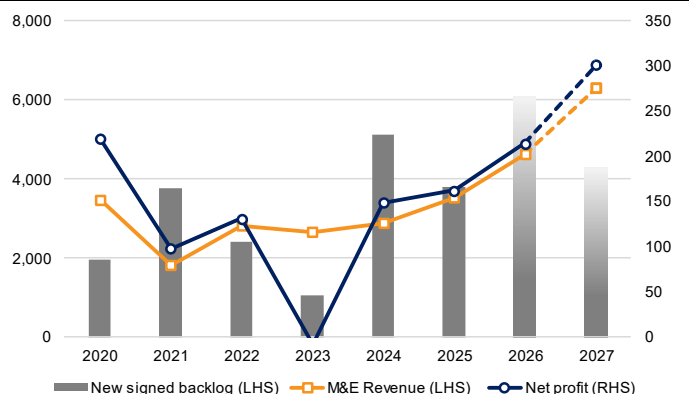
Source: COMPANY REPORTS, VNDIRECT RESEARCH

M&E: Long Thanh to drive 2H26 revenue, while new contracts strengthen growth visibility

We maintain a positive outlook for REE's M&E business, supported by a substantial carried-forward backlog and new contracts across data centers, public infrastructure and tourism developments. This diversified contract portfolio provides revenue visibility for 2026-27 while reducing the company's dependence on the execution schedule of any single large-scale project.

In 2H26, we forecast M&E revenue/NP to increase 39.0%/2.4% YoY, driven by construction progress and revenue recognition from contracts carried forward from 2025, alongside contributions from newly secured projects. This should lift FY26 revenue/NP by 31.3%/30.6% YoY. In particular, we expect the Long Thanh International Airport passenger terminal M&E package to remain a major revenue contributor in 2H26 as construction work progresses.

Figure 11: New contract awards underpin M&E revenue and earnings growth in 2026-27 (VNDbn)



Source: COMPANY REPORTS, VNDIRECT RESEARCH

Figure 12: Major M&E projects and implementation progress

Project	Project owner / Location	Project details & status
Long Thanh International Airport Passenger Terminal (LTIA)	ACV; Dong Nai	- Terminal floor area of approximately 373,000 m ² , with a capacity of 25 million passengers/year; - System completion and testing underway, targeting commercial operations in December 2026
An Khanh Data Center	Viettel; Hanoi	- Total site area of 1.9 ha, designed capacity of 60 MW; first block covering approximately 20,000 m ² of floor area and accommodating 2,400 racks; - Phase 1 topped out on January 27, 2026; data center management system installation commenced in August 2026
Ngoc Trai Theater and Thematic Arts & Culture Park	Sun Group; Hanoi	- Total complex area of approximately 19.1 ha, with investment exceeding VND12tn; - Foundation and basement works largely completed, progressing to steel structure construction; completion expected in 2027
Phu Quoc Project Cluster	Phu Quoc	- M&E contracts secured; construction progress of individual projects within REE's portfolio has yet to be confirmed
Phu Ninh Resort	Quang Binh	- M&E contract secured; construction progress and handover schedule have yet to be confirmed

Source: COMPANY REPORTS, VNDIRECT RESEARCH

Looking ahead to 2027, growth visibility is strengthened by VND5.87tn (USD226.5m) in new contract awards secured during 1H26, including the An Khanh Data Center, Ngoc Trai Theater and Thematic Arts and Culture Park, several projects in Phu Quoc, and the Phu Ninh resort development. Accordingly, we forecast carried-forward backlog to reach VND7.91tn (USD305.2m) entering 2027, supporting revenue/NP growth of 36.6%/40.6% YoY.

Over the medium to long term, we expect investments in data centers, public infrastructure and energy projects to create additional opportunities for REE M&E, given the growing demand for integrated electrical, cooling and control systems. These projects typically involve complex technical requirements and high reliability standards, favoring established contractors with a proven track record in large-scale developments such as REE. We therefore believe REE is well positioned to expand its contract portfolio and replenish revenue as existing projects approach completion.

Property: Office leasing to underpin earnings growth

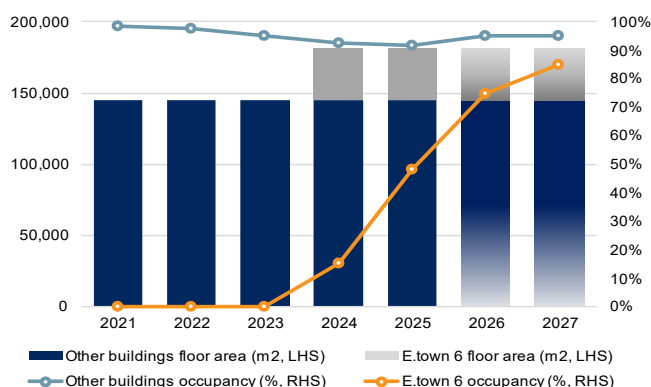
Office leasing: Improving E.town 6 occupancy to enhance operating efficiency

We expect continued demand for office upgrades to support newer, high-quality buildings with green certifications. According to Savills, tenants increasingly favor Grade A/B properties, while CBRE reported that over 80% of relocating tenants in 1H26 chose buildings completed within the previous two to three years. Beyond existing upgrading demand, the development of HCMC's International Financial Center is expected to attract more financial, technology and professional services firms over the medium term. As these companies and related service providers expand their operations, REE's E.town portfolio could benefit from a broader potential tenant base.

Nevertheless, increasing office supply will continue to intensify competition. According to Maison Office, non-CBD Grade A office occupancy stood at 80.4% in 3Q26, with approximately 108,000 m² of additional supply expected to enter the market between 4Q26 and 2028. Against this backdrop, E.town 6 offers a competitive combination of quality and cost, featuring LEED Platinum certification, comprehensive facilities and proximity to Tan Son Nhat International Airport. Its asking rent of approximately USD24–26/m²/month is below the non-CBD Grade A average of USD29.6/m²/month. We believe this

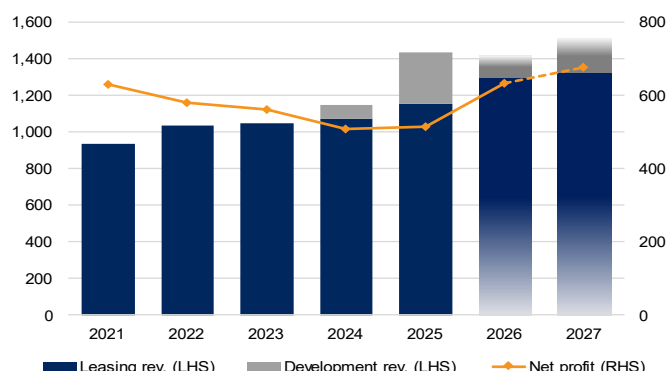
positioning should appeal to tenants seeking higher-quality office space at reasonable costs, although the rental discount should also be assessed alongside service charges and lease terms.

Figure 13: Improving E.town 6 occupancy to enhance office portfolio operating efficiency



Source: COMPANY REPORTS, VNDIRECT RESEARCH

Figure 14: Office leasing remains the main contributor to property earnings, while residential development faces headwinds



Source: COMPANY REPORTS, VNDIRECT RESEARCH

We expect E.town 6's average occupancy to reach 80% in 2H26, bringing its FY26 average to 75%. In 2027, we forecast occupancy to increase to 85%, up 10pts from 2026, supporting further revenue growth from additional occupied space. With existing buildings maintaining occupancy of approximately 95%, portfolio-wide occupancy is expected to reach 93% in 2027.

Higher revenue against a relatively stable depreciation base should improve fixed-cost absorption, allowing earnings to grow faster than revenue. Accordingly, we forecast office leasing revenue/NP to increase 11.1%/16.3% YoY in 2H26 and 2.2%/5.0% YoY in 2027.

Property development: Slow sales absorption delays handovers, with recovery expected from a low base

We believe high-value townhouse products in provincial markets will require more time to be absorbed, given the limited potential buyer base and challenging property market conditions amid elevated interest rates. With sales at The Light Square remaining sluggish, we have adopted more conservative assumptions for property handovers in 2H26 and 2027.

We forecast residential property development revenue to increase 48.3% YoY in 2027 from a low base, although its overall earnings contribution should remain limited. As a result, we expect office leasing to continue driving the bulk of REE's property earnings growth.

Valuation: Maintain ADD rating with a target price of VND56,600/share

We continue to apply a sum-of-the-parts (SoTP) valuation methodology for REE and lower our target price by 15% to VND56,600/share, mainly reflecting: 1) downward revisions to hydropower generation forecasts amid El Niño conditions; 2) updated commissioning schedules for new power projects and revised E.town 6 occupancy assumptions; and 3) a higher WACC and revisions to segment-specific valuation assumptions.

In the near term, we expect stronger M&E activity and increasing occupied office space to support earnings in 2H26. Looking ahead to 2027, contributions from new wind power projects should become a key driver of power earnings recovery. At a 2027F P/E of approximately 10.2x, below REE's five-year historical average of around 12x, we consider the stock attractively valued and maintain our ADD rating.

Figure 15: WACC assumption for DCF

Assumption	
Risk-free rate	4.4%
Beta, Bloomberg	1.0
Equity risk premium	7.9%
Cost of equity	12.3%
Cost of debt	8.5%
Target debt to capital ratio	40.0%
WACC	10.5%

Source: VNDIRECT RESEARCH

Figure 16: SoTP valuation

Methods	Metric	Valuation method
	VNDbn	
Sum-of-the-parts:		
Power	29,008	DCF
Hydropower subsidiaries	18,180	DCF
Hydropower affiliates (excl. Binh Dien Hydro)	3,276	DCF
Rooftop solar	1,305	DCF
Wind power plants	5,893	DCF
PPC	203	DCF
Binh Dien Hydro	151	Book value
Water	4,562	Target P/E at 11.5x
Office leasing	8,584	Cap rate - 9%
Residential property	158	NPV
Property affiliates - SGR	237	Book value
M&E	2,562	Target PE at 11.0x
Holding securities - VIB	1,113	Book value
(-) Debt	10,195	
(+) Cash	6,722	
(-) Minority interest	3,938	
Total equity value	39,166	
Conglomerate discount	10%	
Equity value after discount	35,250	
Share count (million)	623	
Rounded Target price (VND/share)	56,600	

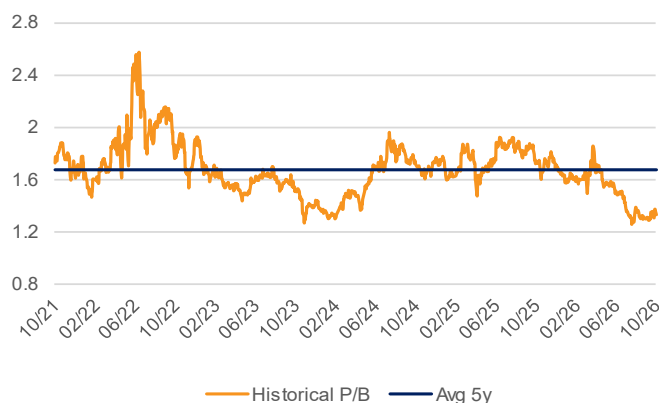
Source: VNDIRECT RESEARCH

Figure 17: REE's historical P/E



Source: BLOOMBERG, VNDIRECT RESEARCH

Figure 18: REE's historical P/B



Source: BLOOMBERG, VNDIRECT RESEARCH

Upside catalysts:

- Higher-than-expected average electricity selling prices and generation output.
- Faster-than-expected occupancy improvement at E.town 6.
- Faster execution and revenue recognition of M&E contracts, alongside stronger receivables collection supporting provision reversals.

Downside risks:

- Lower-than-expected electricity generation.
- Delays in commercial operations of new power projects or lower-than-assumed electricity selling prices.
- Weaker-than-expected sales absorption at The Light Square.
- Slower M&E backlog growth amid persistent property market challenges, potentially leading to additional doubtful debt provisions.

Figure 19: Peer comparison

Company name	Ticker	Mkt cap	Rev growth (%)	Net D/E	P/E (x)		P/B(x)		EV/EBITDA (x)		ROE (%)	
	Bloom berg	USDmn	FY25	%	TTM	5Y Avg.	FY25	Current	FY25	TTM	TTM	FY25
Mechanical & Electrical Engineering (M&E)												
Hai Phong Electrical Mechanical JSC	DHP VN	3.8	7.0	-34.5	8.5	7.6	N/A	0.6	N/A	2.0	7.5	N/A
Sunway Construction Group Bhd	SCGB MK	0.4	-31.1	-172.3	23.5	23.3	23.4	16.1	7.7	24.9	51.6	33.9
Average		2.1	-12.0	-103.4	16.0	15.5	23.4	8.3	7.7	13.4	29.5	33.9
Power												
PetroVietnam Power Corporation	POW VN	1482.1	116.1	26.3	14.5	6.4	7.9	0.9	0.9	4.9	16.1	12.3
Central Hydropower JSC	CHP VN	160.5	-47.8	-7.2	10.7	11.9	N/A	2.0	N/A	6.6	17.2	N/A
Gia Lai Electricity JSC	GEG VN	388.0	-7.0	116.9	11.4	13.2	10.5	1.0	0.7	7.4	7.5	7.0
Vinh Son - Song Hinh Hydropower JSC VSH VN		377.1	14.8	31.2	12.1	10.5	N/A	1.9	N/A	6.2	18.5	N/A
Average		601.9	19.0	41.8	12.2	10.5	9.2	1.5	0.8	6.3	14.8	9.6
Water												
Binh Duong Water - Environment JSC	BWE VN	392.0	-7.8	94.5	13.1	9.9	9.7	1.5	1.4	8.2	16.0	15.4
Thu Dau Mot Water JSC	TDM VN	275.2	-10.4	29.7	32.1	63.3	36.0	3.5	N/A	39.5	5.6	N/A
Gia Dinh Water Supply JSC	GDW VN	10.2	1.2	-16.1	8.5	8.1	N/A	1.6	N/A	3.0	19.8	N/A
Average		225.8	-5.6	36.0	17.9	27.1	22.9	2.2	1.4	16.9	13.8	15.4
Diversified Businesses												
PC1 Group JSC	PC1 VN	307.1	-30.6	75.9	14.2	7.8	9.8	1.2	1.0	5.9	16.4	12.0
Ha Do Group JSC	HDG VN	227.9	-16.6	31.0	24.0	6.4	N/A	0.9	N/A	4.9	14.2	N/A
Average		267.5	-23.6	53.5	19.1	7.1	9.8	1.0	1.0	5.4	15.3	12.0
Weighted Average of Power, Water and M&E Sectors		274.3	-5.6	7.0	16.3	15.0	16.3	3.3	2.7	10.5	18.4	17.7
REE Corp	REE VN	1101.0	-3.5	8.5	12.8	10.8	10.3	1.3	1.2	7.7	12.8	11.4

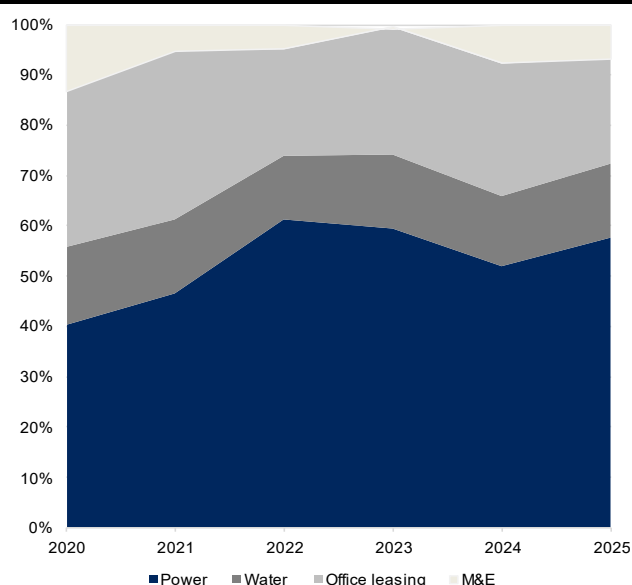
Source: BLOOMBERG, VNDIRECT RESEARCH (data as of October 12, 2026)

Appendix 1: Company Profile

Refrigeration Electrical Engineering Corporation (REE) was established in 1977 with an initial focus on mechanical and electrical engineering (M&E). The company has subsequently diversified into property and essential utility services. In 2020, the Board of Directors decided to restructure REE into a holding corporation, with subsidiaries and affiliates organized across four key business segments: M&E, property, power and water.

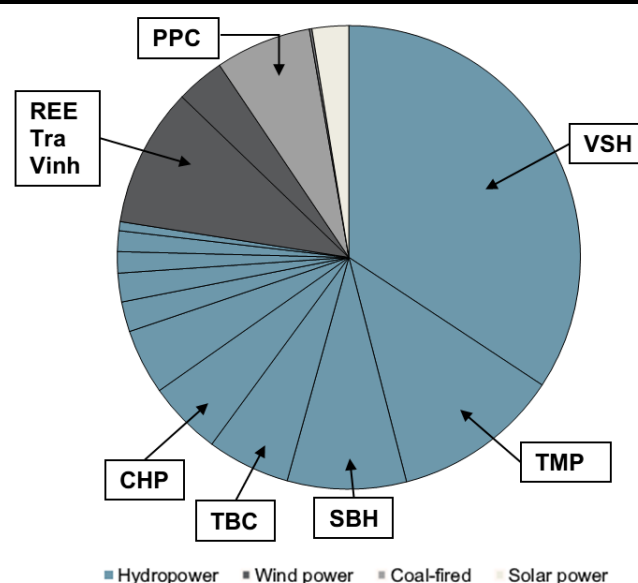
REE has invested in the utilities sector (power and water) since 2010 and has developed a diversified portfolio of subsidiaries and affiliates. As of 1H26, the company's total power portfolio capacity reached 3,158 MW, of which REE's ownership-adjusted capacity amounted to 1,389 MW, spanning hydropower, coal-fired power and renewable energy.

Figure 20: REE's NP contribution by business segment, reflecting relatively stable earnings across its portfolio



Source: VNDIRECT RESEARCH

Figure 21: REE's power earnings mix, with hydropower remaining the dominant contributor



Source: VNDIRECT RESEARCH

Figure 22: REE's power portfolio

Power source	Company/Power plant	REE ownership (%)	Capacity (MW)	Reference generation (million kWh/year)	Commissioning year	Location
Hydropower	Vinh Son – Song Hinh (VSH)	52.58	356	1,473	1994–2021	Binh Dinh, Phu Yen, Kon Tum
	> Vinh Son	52.58	66	305	1994	Song Con (Binh Dinh)
	> Song Hinh	52.58	70	354	2001	Song Hinh (Phu Yen)
	> Thuong Kon Tum	52.58	220	814	2021	Dak Nghe River (Kon Tum)
	Thac Ba (TBC)	60.42	120	444	1975	Thac Ba Reservoir (Yen Bai)
	Muong Hum	79.9	34.8	157	2011	Ngoi Phat River (Lao Cai)
	Thac Ba 2	35.61	18.9	70.2	2025	Chay River (Yen Bai)
	Nam Ban 2	100	22	84	2018	Lai Chau
	Thac Mo (TMP)	42.6	170	670	1995	Be River (Binh Phuoc)
	Song Ba Ha (SBH)	25.8	220	835	2009	Ba River (Phu Yen)
	Srok Phu Mieng (ISH)	34.3	51	201	2007	Be River (Binh Phuoc)
	A Luoi (CHP)	24.2	170	649	2012	A Luoi (Hue)
	Binh Dien (BDH)	25.5	44	181	2009	Huu Trach River (Hue)
	Southern Hydropower (SHP)	11.1	122.5	550	2010	Lam Dong
	Pha Lai (PPC)	20.12	1,040	5,900	1986	Chi Linh (Hai Duong)
Coal-fired power						
Solar power	REE Solar	100	132	198	2020	Multiple provinces
	Thac Mo Solar	42.6	50	100	2020	Binh Phuoc
	Cu Jut Solar	24.2	50	100	2019	Cu Jut (Dak Nong)
Onshore wind power	Thuan Binh Wind Power (three wind farms)	50	78	205	2016–2021	Binh Thuan, Ninh Thuan
	> Phu Lac 1	50	24	62	2016	Tuy Phong (Binh Thuan)
	> Phu Lac 2	50	25.2	65	2021	Tuy Phong (Binh Thuan)
	> Loi Hai 2	50	28.8	78	2021	Thuan Bac (Ninh Thuan)
Nearshore wind power	Tra Vinh V1-3 Phase 1	100	48	158	2021	Duyen Hai (Tra Vinh)
	Tra Vinh V1-4	70	48	150	2026	Duyen Hai (Tra Vinh)
Electricity retail	Tra Vinh Power Development (DTV)	66.3	—	—	—	Tra Vinh

Source: VNDIRECT RESEARCH

Figure 23: REE's water investment portfolio comprises five water treatment companies, four water distribution companies and one consulting company (TK Plus). All are REE affiliates except TK Plus, which is a subsidiary.

Business activity	Company	Ticker	Location	REE ownership (%)	Investment value (VNDbn)	Capacity (m ³ /day)
Water production	Thu Duc Water B.O.O	BOO	Thu Duc, HCMC	42.07	334.9	300,000
	Saigon Clean Water	SWIC	Thu Duc, HCMC	40	413.4	300,000
	Tan Hiep Water	THW	Tan Hiep, HCMC	32	151.4	300,000
	Song Da Clean Water Investment	VCW	Hoa Binh	35.95	947.6	600,000
	Suoi Dau Water Supply and Sewerage	—	Khanh Hoa	20	37.4	30,000
Water distribution	Thu Duc Water Supply	TDW	Thu Duc, HCMC	44.17	115.3	—
	Gia Dinh Water Supply	GDW	HCMC	20.05	33.2	—
	Nha Be Water Supply	NBW	Nha Be, HCMC	20.02	45.3	—
	Khanh Hoa Water Supply and Sewerage	KHW	Khanh Hoa	43.88	310.4	—
Consulting	TK Plus	TK+	HCMC	65	—	—

Source: VNDIRECT RESEARCH

REE currently owns a portfolio of eight Grade A/B office buildings, with total floor area of approximately 182,000 m², all located in HCMC. The office buildings have historically maintained high occupancy rates of around 98% annually. The E.town complex is situated in a non-central area of HCMC.

Figure 24: REE office building portfolio

Building name	Ownership	Operation date	Grade	Location
E.Town 1	100%	2002	B 364	Cong Hoa, Tan Binh District, HCMC
E.Town 2	100%	2007	B 364	Cong Hoa, Tan Binh District, HCMC
E.Town 3	100%	4Q08	B 364	Cong Hoa, Tan Binh District, HCMC
E.Town 4	100%	4Q08	B 364	Cong Hoa, Tan Binh District, HCMC
REE Tower	100%	2011	B 9	Doan Van Bo, District 4, HCMC
E.Town Central	100%	Dec-17	A 11	Doan Van Bo, District 4, HCMC
E.Town 5	100%	3Q19	B 364	Cong Hoa, Tan Binh District, HCMC
E.Town 6	100%	2Q24	A 364	Cong Hoa, Tan Binh District, HCMC

Source: VNDIRECT RESEARCH

Appendix 2: Financial Statements and Key Ratios

Income statement

(VNDbn)	2021A	2022A	2023A	2024A	2025A	2026F	2027F
Net revenue	5,810	9,372	8,570	8,384	10,012	10,619	13,233
Cost of sales	(3,500)	(5,042)	(4,860)	(5,260)	(6,236)	(7,162)	(9,148)
Gross Profit	2,310	4,330	3,710	3,124	3,775	3,457	4,085
SG&A expenses	(456)	(667)	(756)	(696)	(775)	(751)	(855)
Operating profit	1,854	3,663	2,954	2,428	3,000	2,706	3,230
Operating EBITDA	3,707	5,330	4,724	4,359	5,051	5,157	5,848
Depreciation and amortization	893	1,225	1,264	1,298	1,385	1,398	1,622
Operating EBIT	2,814	4,105	3,460	3,060	3,666	3,759	4,226
Interest income	466	187	227	318	447	529	450
Financial expense	(707)	(942)	(1,016)	(791)	(740)	(812)	(971)
Net other income	13	(107)	14	15	(27)	(44)	(75)
Income from associates & JVs	774	1,077	877	717	840	893	959
Pre-tax profit	2,400	3,879	3,056	2,688	3,520	3,272	3,593
Tax expense	(264)	(363)	(269)	(292)	(369)	(406)	(417)
Net profit	1,855	2,693	2,188	1,993	2,529	2,496	2,763
Adj. net profit to ordinary	1,855	2,693	2,188	1,993	2,529	2,496	2,763

Balance sheet

(VNDbn)	2021A	2022A	2023A	2024A	2025A	2026F	2027F
Cash and equivalents	1,831	1,151	3,023	5,636	3,046	3,818	1,373
Short term investments	914	1,749	1,132	1,060	4,652	4,434	4,434
Accounts receivable	2,987	4,013	3,780	3,130	4,192	3,995	4,690
Inventories	800	1,409	1,354	1,277	1,524	1,512	1,901
Other current assets	275	251	235	183	288	406	526
Total current assets	6,806	8,573	9,524	11,286	13,701	14,165	12,924
Fixed assets	15,992	15,771	14,845	13,890	14,059	16,047	20,032
Total investments	6,261	6,491	6,560	6,199	6,312	6,105	6,263
Other long-term assets	2,768	3,080	3,982	4,988	6,002	7,545	11,177
Total assets	31,827	33,915	34,912	36,362	40,075	43,862	50,396
Short-term debt	1,234	1,455	1,238	1,254	1,473	2,217	2,860
Accounts payable	660	650	619	724	1,258	1,048	1,269
Other current liabilities	2,169	1,981	2,087	2,091	2,417	2,671	3,478
Total current liabilities	4,062	4,086	3,945	4,070	5,147	5,937	7,607
Total long-term debt	10,740	9,946	9,505	9,143	9,380	11,525	14,882
Other liabilities	667	679	693	695	751	904	1,049
Share capital	3,101	3,564	4,097	4,710	5,417	6,229	6,229
Retained earnings reserve	10,201	11,942	13,221	14,190	15,530	15,537	16,969
Shareholders' equity	15,120	17,966	19,352	21,026	23,371	24,070	25,432
Minority interest	3,056	3,697	3,452	3,555	3,850	3,730	3,660
Total liabilities & equity	31,827	33,915	34,912	36,362	40,075	43,862	50,396

Cash flow statement

(VNDbn)	2021A	2022A	2023A	2024A	2025A	2026F	2027F
Pretax profit	2,400	3,879	3,056	2,688	3,520	3,272	3,593
Depreciation & amortization	893	1,225	1,264	1,298	1,385	1,398	1,622
Tax paid	(230)	(359)	(372)	(280)	(330)	(406)	(417)
Other adjustments	(1,041)	(1,174)	(830)	(904)	(1,107)	(1,284)	(1,365)
Change in working capital	(497)	(2,003)	(302)	981	(756)	136	(177)
Cash flow from operations	1,525	1,569	2,817	3,784	2,711	3,116	3,257
Capex	(3,912)	(738)	(873)	(1,035)	(2,022)	(4,764)	(8,982)
Proceeds from assets sales	1	27	15	5	14	0	0
Others	1,291	722	1,075	1,279	951	487	401
Other non-current assets changes	608	(779)	425	(44)	(3,498)	39	(186)
Cash flow from investing activities	(2,013)	(768)	642	205	(4,556)	(4,237)	(8,768)
New share issuance	121	1	0	28	86	0	0
Shares buyback	0	0	0	0	0	0	0
Net borrowings	1,632	(908)	(701)	(376)	135	2,890	4,000
Other financing cash flow	0	0	0	0	0	0	0
Dividends paid	(86)	(574)	(886)	(1,027)	(966)	(997)	(934)
Cash flow from financing activities	1,667	(1,481)	(1,588)	(1,375)	(745)	1,893	3,066
Beginning cash and equivalents	652	1,831	1,151	3,023	5,636	3,046	3,818
Total cash generated	1,179	(680)	1,872	2,613	(2,590)	772	(2,445)
Ending cash and equivalents	1,831	1,151	3,023	5,636	3,046	3,818	1,373

Key ratios

Valuation Ratios	<u>2021A</u>	<u>2022A</u>	<u>2023A</u>	<u>2024A</u>	<u>2025A</u>	<u>2026F</u>	<u>2027F</u>
EPS (VND)	2,976	4,319	3,510	3,198	4,060	4,007	4,436
P/E (x)	12.6	10.4	11.9	18.2	12.9	11.2	10.2
1-yr PEG	0.3	-0.6	-1.3	0.7	-9.8	1.0	2.6
EV to EBIT	19.7	11.5	12.6	18.4	14.7	15.5	14.9
EV to EBITDA	23.8	15.2	8.8	12.0	10.1	10.2	9.9
Price to Sales	4.0	3.0	3.0	4.3	3.2	2.6	2.1
Price to Book	1.8	1.8	1.5	1.9	1.6	1.3	1.2
Dividend Yield	0.4%	2.0%	3.4%	2.8%	3.0%	3.6%	3.3%
Dividend Payout Ratio	4.6%	21.3%	40.5%	51.5%	38.2%	39.9%	33.8%
Growth Rates	<u>2021A</u>	<u>2022A</u>	<u>2023A</u>	<u>2024A</u>	<u>2025A</u>	<u>2026F</u>	<u>2027F</u>
Net Revenue YoY	3.0%	61.3%	-8.5%	-2.2%	19.4%	6.0%	24.6%
Gross Profit YoY	43.8%	87.4%	-14.3%	-15.8%	20.8%	-8.4%	18.2%
Net Profit YoY	13.9%	45.1%	-18.7%	-8.9%	26.9%	-1.3%	10.7%
EPS YoY	13.9%	45.1%	-18.7%	-8.9%	27.0%	-1.3%	10.7%
Profitability Ratios	<u>2021A</u>	<u>2022A</u>	<u>2023A</u>	<u>2024A</u>	<u>2025A</u>	<u>2026F</u>	<u>2027F</u>
Gross Margin	39.7%	46.2%	43.2%	37.2%	37.7%	32.5%	30.8%
EBITDA Margin	26.4%	29.5%	49.2%	44.4%	43.7%	38.6%	36.6%
Operating Margin	31.9%	39.1%	34.4%	28.9%	29.9%	25.5%	24.4%
Net Profit Margin	31.9%	28.7%	25.5%	23.7%	25.2%	23.5%	20.9%
Return on Avg Assets	7.1%	8.2%	6.4%	5.6%	6.6%	6.0%	5.9%
Return on Avg Equity	15.0%	18.7%	13.3%	11.0%	12.7%	11.7%	12.3%
Leverage Ratios	<u>2021A</u>	<u>2022A</u>	<u>2023A</u>	<u>2024A</u>	<u>2025A</u>	<u>2026F</u>	<u>2027F</u>
Interest Coverage Ratio (EBIT/I)	2.8	4.1	3.1	3.3	4.4	3.5	3.5
EBITDA / (I + Cap Ex)	0.3	1.7	2.3	2.1	1.6	0.7	0.5
Tot Debt/Capital	44%	39%	36%	33%	32%	36%	41%
Tot Debt/Equity	79%	63%	56%	49%	46%	57%	70%
Net Debt/Equity	61%	47%	34%	18%	13%	23%	47%
Liquidity Ratios	<u>2021A</u>	<u>2022A</u>	<u>2023A</u>	<u>2024A</u>	<u>2025A</u>	<u>2026F</u>	<u>2027F</u>
Asset Turnover	0.2	0.3	0.2	0.2	0.3	0.3	0.3
Accounts Receivable Turnover	1.9	2.7	2.2	2.4	2.8	2.6	3.0
A/R DOH	190	136	166	150	132	140	120
Accounts Payable Turnover	5.4	7.7	7.7	7.8	6.3	6.2	7.9
A/P DOH	67	47	48	47	58	59	46
Inventory Turnover	4.4	4.6	3.5	4.0	4.5	4.7	5.4
Inv DOH	84	80	104	91	82	77	68
Current Ratio	1.7	2.1	2.4	2.8	2.7	2.4	1.7
Quick ratio	1.5	1.8	2.1	2.5	2.4	2.1	1.4

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RECOMMENDATION FRAMEWORK

Stock Ratings

Definition:

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.

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.

Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Phuong Hoang Viet – Director of Research and Investment Advisory Center

Email: phuong.hoangviet@vndirect.com.vn

Hai Nguyen Ngoc – Head of Energy and Chemical

Email: hai.nguyenngoc2@vndirect.com.vn

Tuan Nguyen Pham Anh – Analyst

Email: tuan.nguyenanh11@vndirect.com.vn

VNDIRECT Securities Corporation

1 Nguyen Thuong Hien Str – Hai Ba Trung Dist – Ha Noi

Tel: +84 2439724568

Email: research@vndirect.com.vn

Website: <https://vndirect.com.vn>