

REE Corp (REE)

Facing short-term challenges

December 15, 2023

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3Q23 revenue and profit decreased YoY

Refrigeration Electrical Engineering Corporation (REE) recorded VND465 billion in 3Q NPAT (-44.2% YoY) on revenue of VND1,962 billion (-12.2% YoY). The energy segment, accounting for a large proportion of the total revenue (55%), only reached VND895 billion (-25.1% YoY). This hit hard on 3Q overall performance of the corporation, while other business segments maintained stable operations.

Renewable energy offset the decline in hydroelectricity output

Hydropower output reached 4,083 million kWH (-14.16% YoY) in 3Q as the water reserve was low compared to the average of many years. We believe that this segment will continue to be under pressure when El Nino continues. We maintain the view that the business results of the power segment will recover thanks to (1) Pha Lai thermal power plant improving profits when operating again; (2) REE adding more capacity after investing in renewable energy projects; and (3) current renewable energy plants operating stably.

E town 6 should boost the revenue from the real estate segment in 2024

NPAT of the office leasing segment was flat at VND411 billion as a slight increase in rents during the period offset the decrease in occupancy rates. The progress of E-town 6 is slower than expected, so we changed the forecast REE recording revenue from E-town 6 to 2024 instead of 4Q23 as in the previous report. Bo Xuyen residential area project (Thai Binh) officially started construction and is expected to complete phase 1 by December 31.

BUY recommendation with target price of VND72,600/share

Based on SOTP valuation, business prospects and possible risks, we recommend BUY for REE shares with the target price at VMD72,600 apiece.

Buy maintain

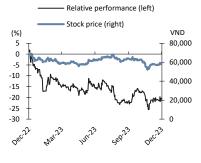
Target price	VND72,600
Upside	28%
Current price (Dec 15, 2023)	VND56,700
Consensus target price	VND70,900
Market cap (VNDbn/USDbn)	26,279/1.09

Trading data		
Free float		35.2%
3M avg trading value	(VNDbn/USDmn)	61.47/2.5
Foreign ownership		49.0%
Major shareholder	Platinum Victory Pl	ΓΕ LTD (31.05%)

Share price performance					
(%)	1M	3M	6M	12N	
Absolute	3.1	-6.9	-4.4	-14.9	
Relative	1.0	1.3	-5.8	-21.9	

Forecast earnings & valuation

Forecast earnings & valuation						
FY-end	2021A	2022A	2023F	2024F		
Net revenue (VNDbn)	5,810	9,372	9,379	9,910		
EBIT (VNDbn)	1,855	3,663	3,266	3,403		
NPAT of the parent (VNDbn)	1,855	2,693	2,421	3,261		
EPS (VND)	6,003	7,576	6,781	9,133		
EPS growth (%)	14.3	26.2	-10.0	35.0		
P/E (x)	12.1	10.6	10.7	8.0		
EV/EBITDA (x)	13.0	8.7	8.7	8.0		
P/B (x)	1.4	1.5	1,2	1.0		
ROE (%)	13.1	18.3	14.2	14.0		
Dividend yield (%)	0.4	2.0	2.1	2.3		



Source: Bloomberg, KB Securities Vietnam

3Q23 business performance

3Q23 revenue and profit decreased YoY

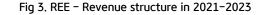
Refrigeration Electrical Engineering Corporation (REE) recorded VND465 billion in 3Q NPAT (-44.2% YoY) on revenue of VND1,962 billion (-12.2% YoY). The energy segment, accounting for a large proportion of the total revenue (55%), only reached VND895 billion (-25.1% YoY). This hit hard on 3Q overall performance of the corporation, while other business segments maintained stable operations.

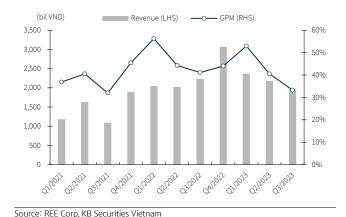
Table 1. REE - 9M23 business performance

	9M22	9M23	+/-%YoY	KBSV's notes
Revenue (VNDbn)	6,301	6,505	3.2%	
M&E	1,657	2,081	26%	Revenue grew over the same period thanks to the company recording revenue from mechanical and electrical projects and solar power construction.
Real estate & office leasing	773	801	4%	Revenue from office leasing increased thanks to a modest gain in rents.
Electricity and water	3,871	3,623	-6%	Revenue from the power segment went down because hydropower output fell. However, revenue growth of solar power (+12% YoY) and wind power (+17% YoY) compensated for the decline in hydropower. CGM price decreased by 12% YoY in 3Q.
Gross profit (VNDbn)	2,963	2,788	-6%	
Gross profit margin (%)	47%	43%		
SG&A costs (VNDbn)	-338	-411	22%	
% SG&A/revenue (%)	5%	6%		
Operating income (VNDbn)	2,838	2,362	-17%	
Financial income (VNDbn)	142	165	16%	
Financial expenses (VNDbn)	-696	-788	13%	
Profit/loss from joint ventures (VNDbn)	765	607	-21%	
Other income (net, VNDbn)	-22	14	-164%	
Profit before taxes (VNDbn)	2,816	2,375	-16%	
Profit after taxes (VNDbn)	2,545	2,143	-16%	

Source: REE Corp, KB Securities Vietnam

Fig 2. REE - Revenue & GPM in 2021-2023 (VNDbn, %)







Source: REE Corp, KB Securities Vietnam

Renewable energy offset the decline in hydroelectricity

Hydropower output reached 4,083 million kWH (-14.16% YoY) in 3Q as the water reserve was much lower than the average of many years, leading to a decline in electricity output, especially plants in the Northern region. We believe that this segment will continue to be under pressure when El Nino continues in 2024.

Regarding the thermal power segment, output improved to 862 million kWh (+11.2% YoY) in 3Q thanks to unit S6 of Pha Lai thermal power plant operating again since the beginning of September. In addition, input material prices were stable compared to 3Q22.

Renewable energy during the period maintained stable operation. Wind power output in 9M23 reached 273 million kWh (+14.1% YoY) thanks to improved wind speed. Solar power recorded 227 million kWh (+9% YoY) as rooftop solar power (REE SE) and Thac Mo solar power recorded output increases of 13% and 15% YoY, respectively.

We maintain the view that the business results of the power segment will recover thanks to (1) Pha Lai thermal power plant improving profits when operating again; (2) REE adding more capacity after investing in renewable energy projects; and (3) current renewable energy plants operating stably.

E town 6 should boost the revenue from the real estate segment in 2024

NPAT of the office leasing segment was flat at VND411 billion as a slight increase in rents during the period offset the decrease in occupancy rates. The occupancy rate of the office leasing reached an average of 96% in 9M23, which is lower than 98% recorded in 9M22.

We believe that there is still room for the office leasing segment to grow as businesses tend to move from the high-end offices to the lower segment. However, the progress of E-town 6 is slower than expected. The construction of the 15th floor has been completed, and floors B5 to 12 are under construction. It is expected that the topping out would be held at the end of October 2023, and the project can reach the maximum occupancy rate in January 2024. Therefore, we changed the forecast REE recording revenue from E-town 6 to 2024 instead of 4Q23 as in the previous report.

Regarding real estate segment, Bo Xuyen residential area project (Thai Binh) – phase 1 officially started construction (shared parking garage, infrastructure and 45 low–rise houses) in early July 2023. It is expected that by December 31, the construction of phase 1 will be finished. However, we still maintain a cautious view about the current real estate market, so we have not included this project in the pricing model until further information.

Forecast & valuation

Table 4. REE - 2023-2024F results

	2022	2023	+/-%YoY	2024	+/-%YoY	KBSV's notes
Revenue (VNDbn)	9,372	9,379	0%	9,910	6%	
M&E	2,816	3,297	17%	3,578	9%	 Revenue growth in 2023 will mainly be recorded from newly signed projects in 2022. We expect the recovery of the construction sector will help the M&E grow slightly in 2024.
Real estate & office leasing	1,037	1,139	10%	1,453	28%	- E-town 6 is expected to strongly boost the revenue of the office leasing segment. It is assumed that the average rent of E-town is USD29/m2/month The revenue from the real estate project in Thai Binh should be recorded in 2024.
Electricity and water	5,519	4,942	-10%	4,879	-1%	 Hydropower may continue to face difficulties as El Nino continues in 2024 and hits the production of this group. We expect the thermal power segment to rebound in 2024 thanks to the completed repairs of Pha Lai Thermal Power Plant and stable input costs. We assume REE will add capacity from wind power and rooftop solar power in 2024. Current renewable energy plants operate stably.
Gross profit (VNDbn)	4,330	3,982	-8%	4,160	4%	
Gross profit margin (%)	46%	42%		42%		
SG&A costs (VNDbn)	667	716	7%	757	6%	
% SG&A/revenue (%)	7%	8%		8%		
Operating income (VNDbn)	3,985	3,489	-12%	3,999	15%	
Financial income (VNDbn)	466	187	-60%	218	17%	
Financial expenses (VNDbn)	-942	-953	1%	-757	-21%	
Profit/loss from joint ventures (VNDbn)	1,077	958	-11%	933	-3%	
Other income (net, VNDbn)	44	0		0		
Profit before taxes (VNDbn)	3,878	3,489	-10%	3,999	15%	
Profit after taxes (VNDbn)	3,515	3,161	-10%	3,623	15%	

Source: REE Corp, KB Securities Vietnam

Valuation: BUY recommendation with target price of VND72,600/share We use the SOTP to give a BUY recommendation for REE stock with a target price of VND72,600/share, equivalent to an upside of 28% compared to the closing price on December 15, 2023.

- Power segment: We use DCF method because we think it is suitable for the
 ability of power projects to generate cash flow. However, the electricity
 distribution segment accounts for a small proportion, so we evaluate it with
 book value. Our model does not include new expansion projects of
 subsidiaries and member companies and new wind power projects of REE
 due to the lack of detailed information.
- Office leasing segment: For current projects, we use the 8.5% return rate method and assume an occupancy rate of about 98%. For the E-town 6 project, we use DCF method.
- M&E and water: We apply the P/E valuation to these two segments, based on the four-year average P/E of similar companies in each industry.

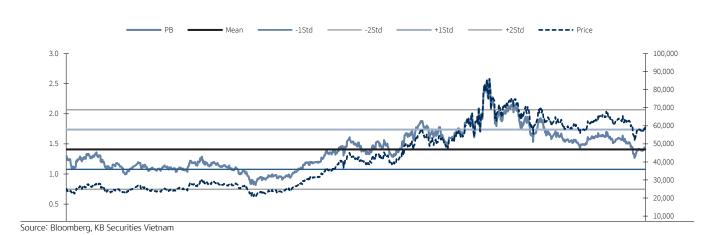
In addition, we apply a 10% discount to reflect the specific risks of REE being a multi-industry corporation.

Table 5. REE - Final valuation

Pricing	Method	Project NPV	Ownership	Value of REE
Power				23,322
Hydropower	DCF	36,660	23-50%	15,399
Thermal	DCF	5,141	24-30%	1,301
Solar power	DCF	1,714	99.99%	1,714
Wind electricity	DCF	5,270	50-100%	4,784
Power distribution (DTV)	BV	124	66.29%	124
Office leasing				8,642
Current projects	Return	7,908	100%	7,908
Etown 6	DCF	734	100%	734
M&E	P/E	979	100%	979
Water	P/E	3,390	20-44%	3,390
Total value				36,647
Owner equity				32,998
Multi-industry group discount				10%
Reasonable value				29,698
Number of outstanding shares (million shares)				409
Stock value				72,600
Current price (December 15, 2023)				56,700
Unside				28%

Source: KB Securities Vietnam

Fig 6. REE - P/B in 2018-2023 (x)



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REE - 2021A-2024F financials

Income Statement (VND billion)	2021	2022	2023F	2024F	Balance Sheet (VND billion)	2021	2022	2023F	20241
Net sales	5,810	9,372	9,379	9,910	CURRENT ASSETS	31,827	33,914	36,460	37,880
Cost of sales	-3,500	-5,042	-5,397	-5,750	Cash and cash equivalents	6,806	8,573	11,017	11,828
Gross Profit	2,310	4,330	3,982	4,160	Short-term investments	1,831	1,151	3,608	4,21
Financial income	466	187	218	420	Accounts receivable	914	1,749	1,836	1,928
Financial expenses	-707	-942	-953	-757	Inventories	2,987	4,013	3,443	3,584
of which: interest expenses	-663	-883	-839	-667	LONG-TERM ASSETS	800	1,409	1,183	1,19
Gain/(loss) from joint ventures (from 2015)	774	1,077	958	933	Long-term trade receivables	25,021	25,341	25,443	26,052
Selling expenses	-85	-89	-138	-146	Fixed assets	37	33	33	33
General and admin expenses	-370	-578	-578	-611	Investment properties	16,058	15,842	15,397	15,502
Operating profit/(loss)	2,388	3,985	3,489	3,999	Long-term incomplete assets	406	549	549	54
Other incomes	25	44	0	0	Long-term investments	1,570	1,457	1,546	1,63
Other expenses	12	151	0	0	TOTAL ASSETS	308	583	0	
Net other income/(expenses)	13	-107	0	0	LIABILITIES	15,469	14,711	14,186	12,06
Income from investments in other entities	0	0	0	1	Current liabilities	4,062	4,086	4,128	4,17
Net accounting profit/(loss) before tax	2,401	3,878	3,489	3,999	Trade accounts payable	660	650	904	96
Corporate income tax expenses	-264	-363	-328	-376	Advances from customers	822	810	948	88
Net profit/(loss) after tax	2,135	3,515	3,161	3,623	Short-term unrealized revenue	1,234	1,455	1,105	1,12
Minority interests	280	823	740	362	Short-term borrowings	11,407	10,625	10,058	7,88
Attributable to parent company	1,855	2,693	2,421	3,261	Long-term liabilities	0	0	0	
					Long-term trade payables Long-term advances from	0 216	0 216	0 216	21
Margin ratio	***	***	2005	202.47	customers				
	2021	2022	2023F	2024F	Unrealized revenue	10,740	9,946	9,379	7,20
Gross profit margin	39.8%	46.2%	42.5%	42.0%	Long-term borrowings	16,358	19,204	22,274	25,81
EBITDA margin	47.3%	52.2%	45.4%	44.2%	OWNER'S EQUITY	3,101	3,564	3,566	3,56
EBIT margin	31.9%	39.1%	34.8%	34.3%	Paid-in capital	1,050	1,050	1,050	1,05
Pre-tax profit margin	41.3%	41.4%	37.2%	40.4%	Share premium	8,964	10,705	13,034	16,21
Operating profit margin	41.1%	42.5%	37.2%	40.4%	Undistributed earnings	187	187	187	18
Net profit margin	36.8%	37.5%	33.7%	36.6%	Minority interests	3,056	3,697	4,437	4,79
Cash Flow Statement (VND billion)	2021	2022	2023F	2024F	Key ratios (x, %, VND)				
Net profit/(loss) before tax	2,400	3,879	3,489	3,999	Multiple	12.1	10.6	10.7	8
Depreciation and amortisation	893	1,225	992	975	P/E	12.1	10.6	10.7	8
Profit/loss from investing activities	-989	-989	-989	-989	P/E diluted	1.4	1.5	1.2	1
Interest expense	673	888	844	671	P/B	3.9	3.1	2.8	2
Operating profit/(loss) before changes in	2,767	5,003	4,336	4,656	.,,5	1.4	1.5	1.2	1
Norking Capital					P/S				
(Increase)/decrease in receivables	30	-771	570	-141	P/Tangible Book	14.7	18.2	5.9	6
(Increase)/decrease in inventories	78	-623	226	-14	P/Cash Flow	13.0	8.7	8.7	8
									10
Increase/(decrease) in payables	-854	126	254	63	EV/EBITDA	19.2	11.6	11.4	
Increase/(decrease) in payables (Increase)/decrease in prepaid expenses	-854 -99	126 0		63 0	EV/EBITDA EV/EBIT	19.2 12.1	11.6 10.6		8
(Increase)/decrease in prepaid expenses Net cash inflows/(outflows) from operating			254		EV/EBIT			11.4	8
(Increase)/decrease in prepaid expenses Net cash inflows/(outflows) from operating	-99 1,525	1,569	254 0 4,401	3,869		12.1	10.6	11.4 10.7	
(Increase)/decrease in prepaid expenses Net cash inflows/(outflows) from operating activities Purchases of fixed assets and other long	-99	0 1,569 -738	254 0 4,401 -938	0 3,869 -793	EV/EBIT	13.1%	18.3%	11.4 10.7 14.2%	14.0
(Increase)/decrease in prepaid expenses Net cash inflows/(outflows) from operating activities Purchases of fixed assets and other long erm assets Proceeds from disposal of fixed assets	-99 1,525	1,569	254 0 4,401	3,869	EV/EBIT Operating performance	12.1	10.6	11.4 10.7	14.0
(Increase)/decrease in prepaid expenses Net cash inflows/(outflows) from operating activities Purchases of fixed assets and other long term assets Proceeds from disposal of fixed assets Loans granted, purchases of debt	-99 1,525 -3,912	0 1,569 -738	254 0 4,401 -938	0 3,869 -793	EV/EBIT Operating performance ROE	13.1%	18.3%	11.4 10.7 14.2%	14.0° 9.6°
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(Increase)/decrease in prepaid expenses Net cash inflows/(outflows) from operating octivities Purchases of fixed assets and other long erm assets Proceeds from disposal of fixed assets Loans granted, purchases of debt instruments Collection of loans, proceeds from sales of debts instruments Investments in other entities Proceeds from divestment in other entities Dividends and interest received let cash inflows/(outflows) from investing octivities Proceeds from issue of shares Payments for share returns and epurchases	-99 1,525 -3,912 1 -904 1,489 -224 247 1,291 -2,013 121 0	0 1,569 -738 27 -2,155 2,114 -738 0 722 -768 1	254 0 4,401 -938 0 0 0 0 433 -492 0	0 3,869 -793 0 0 0 0 0 260 -520 0	EV/EBIT Operating performance ROE ROA ROIC Financial structure Cash Ratio Quick Ratio Current Ratio LT Debt/Equity LT Debt/Total Assets Debt/Equity	13.1% 6.7% 6.8% 0.7 1.4 1.7 0.7 34% 8%	10.6 18.3% 10.4% 12.2% 0.7 1.7 2.1 0.5 29% 8%	11.4 10.7 14.2% 8.7% 11.0% 1.3 2.2 2.7 0.4 26% 5%	14.0 9.6 11.1 1 2 2 0 19
(Increase)/decrease in prepaid expenses Net cash inflows/(outflows) from operating activities Purchases of fixed assets and other long erm assets Proceeds from disposal of fixed assets Loans granted, purchases of debt instruments Collection of loans, proceeds from sales of debts instruments Investments in other entities Proceeds from divestment in other entities Dividends and interest received Net cash inflows/(outflows) from investing activities Proceeds from issue of shares Payments for share returns and repurchases Proceeds from borrowings	-99 1,525 -3,912 1 -904 1,489 -224 247 1,291 -2,013 121 0 3,972	0 1,569 -738 27 -2,155 2,114 -738 0 722 -768 1 0 1,827	254 0 4,401 -938 0 0 0 0 433 -492 0	0 3,869 -793 0 0 0 0 0 260 -520 0	EV/EBIT Operating performance ROE ROA ROIC Financial structure Cash Ratio Quick Ratio Current Ratio LT Debt/Equity LT Debt/Total Assets Debt/Equity Debt/Total Assets	13.1% 6.7% 6.8% 0.7 1.4 1.7 0.7 34% 8%	10.6 18.3% 10.4% 12.2% 0.7 1.7 2.1 0.5 29% 8% 4%	11.4 10.7 14.2% 8.7% 11.0% 1.3 2.2 2.7 0.4 26% 5% 3%	14.0 9.6 11.1 1 2 2 0 19 4
(Increase)/decrease in prepaid expenses Net cash inflows/(outflows) from operating activities Purchases of fixed assets and other long erm assets Proceeds from disposal of fixed assets Loans granted, purchases of debt instruments Collection of loans, proceeds from sales of debts instruments Investments in other entities Proceeds from divestment in other entities Dividends and interest received Net cash inflows/(outflows) from investing activities Proceeds from issue of shares Payments for share returns and repurchases Proceeds from borrowings Repayment of borrowings	-99 1,525 -3,912 1 -904 1,489 -224 247 1,291 -2,013 121 0 3,972 -2,340	1,569 -738 27 -2,155 2,114 -738 0 722 -768 1 0 1,827 -2,734	254 0 4,401 -938 0 0 0 0 433 -492 0 0 0 -917	0 3,869 -793 0 0 0 0 260 -520 0 0 -2,153	EV/EBIT Operating performance ROE ROA ROIC Financial structure Cash Ratio Quick Ratio Current Ratio LT Debt/Equity LT Debt/Total Assets Debt/Total Assets ST Liabilities/Equity	12.1 13.1% 6.7% 6.8% 0.7 1.4 1.7 0.7 34% 8% 4% 0.2	10.6 18.3% 10.4% 12.2% 0.7 1.7 2.1 0.5 29% 8% 4% 0.2	11.4 10.7 14.2% 8.7% 11.0% 1.3 2.2 2.7 0.4 26% 5% 3% 0.2	14.0 9.6 11.1 1 2 2 0 19 4 3
(Increase)/decrease in prepaid expenses Net cash inflows/(outflows) from operating activities Purchases of fixed assets and other long erm assets Proceeds from disposal of fixed assets Loans granted, purchases of debt instruments Collection of loans, proceeds from sales of debts instruments Investments in other entities Proceeds from divestment in other entities Dividends and interest received Net cash inflows/(outflows) from investing activities Proceeds from issue of shares Payments for share returns and repurchases Proceeds from borrowings	-99 1,525 -3,912 1 -904 1,489 -224 247 1,291 -2,013 121 0 3,972 -2,340 0	1,569 -738 27 -2,155 2,114 -738 0 722 -768 1 0 1,827 -2,734 0	254 0 4,401 -938 0 0 0 0 433 -492 0 0 0 -917	0 3,869 -793 0 0 0 0 260 -520 0 0 -2,153 0	EV/EBIT Operating performance ROE ROA ROIC Financial structure Cash Ratio Quick Ratio Current Ratio LT Debt/Equity LT Debt/Total Assets Debt/Equity Debt/Total Assets	12.1 13.1% 6.7% 6.8% 0.7 1.4 1.7 0.7 34% 8% 4% 0.2 0.1	10.6 18.3% 10.4% 12.2% 0.7 1.7 2.1 0.5 29% 8% 4% 0.2 0.1	11.4 10.7 14.2% 8.7% 11.0% 1.3 2.2 2.7 0.4 26% 5% 3% 0.2	14.0.9.6.9.9.11.1.1.1.1.1.1.1.1.1.1.1.1.1.1.
(Increase)/decrease in prepaid expenses Net cash inflows/(outflows) from operating activities Purchases of fixed assets and other long term assets Proceeds from disposal of fixed assets Loans granted, purchases of debt instruments Collection of loans, proceeds from sales of debts instruments Investments in other entities Proceeds from divestment in other entities Dividends and interest received Net cash inflows/(outflows) from investing activities Proceeds from issue of shares Payments for share returns and repurchases Proceeds from borrowings Repayment of borrowings	-99 1,525 -3,912 1 -904 1,489 -224 247 1,291 -2,013 121 0 3,972 -2,340 0 -86	1,569 -738 27 -2,155 2,114 -738 0 722 -768 1 0 1,827 -2,734 0 -574	254 0 4,401 -938 0 0 0 433 -492 0 0 0 -917 0 -535	0 3,869 -793 0 0 0 0 260 -520 0 0 -2,153 0 -589	EV/EBIT Operating performance ROE ROA ROIC Financial structure Cash Ratio Quick Ratio Current Ratio LT Debt/Equity LT Debt/Total Assets Debt/Total Assets ST Liabilities/Equity	12.1 13.1% 6.7% 6.8% 0.7 1.4 1.7 0.7 34% 8% 4% 0.2 0.1 0.9	10.6 18.3% 10.4% 12.2% 0.7 1.7 2.1 0.5 29% 8% 4% 0.2 0.1 0.8	11.4 10.7 14.2% 8.7% 11.0% 1.3 2.2 2.7 0.4 26% 5% 3% 0.2 0.1	14.0 9.6 6 11.1 1 1 1 2 2 2 C C C C C C C C C C C C C
(Increase)/decrease in prepaid expenses Net cash inflows/(outflows) from operating activities Purchases of fixed assets and other long term assets Proceeds from disposal of fixed assets Loans granted, purchases of debt instruments Collection of loans, proceeds from sales of debts instruments Investments in other entities Proceeds from divestment in other entities Dividends and interest received Net cash inflows/(outflows) from investing activities Proceeds from issue of shares Payments for share returns and repurchases Proceeds from borrowings Repayment of borrowings Finance lease principal payments Dividends paid Interests, dividends, profits received	-99 1,525 -3,912 1 -904 1,489 -224 247 1,291 -2,013 121 0 3,972 -2,340 0	1,569 -738 27 -2,155 2,114 -738 0 722 -768 1 0 1,827 -2,734 0	254 0 4,401 -938 0 0 0 0 433 -492 0 0 0 -917	0 3,869 -793 0 0 0 0 260 -520 0 0 -2,153 0	EV/EBIT Operating performance ROE ROA ROIC Financial structure Cash Ratio Quick Ratio Current Ratio LT Debt/Equity LT Debt/Total Assets Debt/Total Assets ST Liabilities/Equity ST Liabilities/Total Assets	12.1 13.1% 6.7% 6.8% 0.7 1.4 1.7 0.7 34% 8% 4% 0.2 0.1	10.6 18.3% 10.4% 12.2% 0.7 1.7 2.1 0.5 29% 8% 4% 0.2 0.1	11.4 10.7 14.2% 8.7% 11.0% 1.3 2.2 2.7 0.4 26% 5% 3% 0.2	14.0 9.6 6 11.1 1 1 1 2 2 2 C C C C C C C C C C C C C
(Increase)/decrease in prepaid expenses Net cash inflows/(outflows) from operating activities Purchases of fixed assets and other long term assets Proceeds from disposal of fixed assets Loans granted, purchases of debt instruments Collection of loans, proceeds from sales of debts instruments Investments in other entities Proceeds from divestment in other entities Dividends and interest received Net cash inflows/(outflows) from investing activities Proceeds from issue of shares Payments for share returns and repurchases Proceeds from borrowings Repayment of borrowings Finance lease principal payments Dividends paid Interests, dividends, profits received Net cash inflows/(outflows) from financing	-99 1,525 -3,912 1 -904 1,489 -224 247 1,291 -2,013 121 0 3,972 -2,340 0 -86	1,569 -738 27 -2,155 2,114 -738 0 722 -768 1 0 1,827 -2,734 0 -574	254 0 4,401 -938 0 0 0 433 -492 0 0 0 -917 0 -535	0 3,869 -793 0 0 0 0 260 -520 0 0 -2,153 0 -589	Coperating performance ROE ROA ROIC Financial structure Cash Ratio Quick Ratio Current Ratio LT Debt/Equity LT Debt/Total Assets Debt/Equity Debt/Total Assets ST Liabilities/Equity ST Liabilities/Total Assets Total Liabilities/Equity	12.1 13.1% 6.7% 6.8% 0.7 1.4 1.7 0.7 34% 8% 4% 0.2 0.1 0.9	10.6 18.3% 10.4% 12.2% 0.7 1.7 2.1 0.5 29% 8% 4% 0.2 0.1 0.8	11.4 10.7 14.2% 8.7% 11.0% 1.3 2.2 2.7 0.4 26% 5% 3% 0.2 0.1	14.0 9.6 6 11.1 1 1 2 2 2 0 0 19 4 4 3 3 0 0 0 0 0 0 0
(Increase)/decrease in prepaid expenses Net cash inflows/(outflows) from operating activities Purchases of fixed assets and other long term assets Proceeds from disposal of fixed assets Loans granted, purchases of debt instruments Collection of loans, proceeds from sales of debts instruments Investments in other entities Proceeds from divestment in other entities Dividends and interest received Net cash inflows/(outflows) from investing activities Proceeds from issue of shares Payments for share returns and repurchases Proceeds from borrowings Repayment of borrowings Finance lease principal payments Dividends paid Interests, dividends, profits received Net cash inflows/(outflows) from financing activities	-99 1,525 -3,912 1 -904 1,489 -224 247 1,291 -2,013 121 0 3,972 -2,340 0 -86 0	1,569 -738 27 -2,155 2,114 -738 0 722 -768 1 0 1,827 -2,734 0 -574	254 0 4,401 -938 0 0 0 0 433 -492 0 0 -917 0 -535	0 3,869 -793 0 0 0 0 0 260 -520 0 0 -2,153 0 -589 0	Operating performance ROE ROA ROIC Financial structure Cash Ratio Quick Ratio Current Ratio LT Debt/Equity LT Debt/Total Assets Debt/Total Assets ST Liabilities/Equity ST Liabilities/Total Assets Total Liabilities/Equity Total Liabilities/Equity	12.1 13.1% 6.7% 6.8% 0.7 1.4 1.7 0.7 34% 8% 4% 0.2 0.1 0.9	10.6 18.3% 10.4% 12.2% 0.7 1.7 2.1 0.5 29% 8% 4% 0.2 0.1 0.8	11.4 10.7 14.2% 8.7% 11.0% 1.3 2.2 2.7 0.4 26% 5% 3% 0.2 0.1	14.0 9.6 11.1 1 2 2 0 0 19 4 3 0 0 0 0
(Increase)/decrease in prepaid expenses Net cash inflows/(outflows) from operating activities Purchases of fixed assets and other long term assets Proceeds from disposal of fixed assets Loans granted, purchases of debt instruments Collection of loans, proceeds from sales of debts instruments Investments in other entities Proceeds from divestment in other entities Dividends and interest received Net cash inflows/(outflows) from investing activities Proceeds from issue of shares Payments for share returns and repurchases Proceeds from borrowings Repayment of borrowings Finance lease principal payments Dividends paid Interests, dividends, profits received Net cash inflows/(outflows) from financing activities Net increase in cash and cash equivalents Cash and cash equivalents at the beginning	-99 1,525 -3,912 1 -904 1,489 -224 247 1,291 -2,013 121 0 3,972 -2,340 0 -86 0 1,667 1,179	1,569 -738 27 -2,155 2,114 -738 0 722 -768 1 0 1,827 -2,734 0 -574 0 -1,481 -680	254 0 4,401 -938 0 0 0 0 433 -492 0 0 0 -917 0 -535 0 -1,452 2,457	0 3,869 -793 0 0 0 0 0 260 -520 0 0 -2,153 0 -589 0 -2,742	Operating performance ROE ROA ROIC Financial structure Cash Ratio Quick Ratio Current Ratio LT Debt/Equity LT Debt/Total Assets Debt/Equity Debt/Total Assets ST Liabilities/Equity ST Liabilities/Total Assets Total Liabilities/Total Assets Activity ratios Account Receivable Turnover	12.1 13.1% 6.7% 6.8% 0.7 1.4 1.7 0.7 34% 8% 4% 0.2 0.1 0.9 0.5	10.6 18.3% 10.4% 12.2% 0.7 1.7 2.1 0.5 29% 8% 4% 0.2 0.1 0.8 0.4	11.4 10.7 14.2% 8.7% 11.0% 1.3 2.2 2.7 0.4 26% 5% 0.2 0.1 0.6 0.4	14.0 9.6 11.1 1 1 2 2 2 0 0 0 0 0 0 0 0
(Increase)/decrease in prepaid expenses Net cash inflows/(outflows) from operating activities Purchases of fixed assets and other long term assets Proceeds from disposal of fixed assets Loans granted, purchases of debt instruments Collection of loans, proceeds from sales of debts instruments Investments in other entities Proceeds from divestment in other entities Dividends and interest received Net cash inflows/(outflows) from investing activities Proceeds from issue of shares Payments for share returns and repurchases Proceeds from borrowings Repayment of borrowings Finance lease principal payments Dividends paid Interests, dividends, profits received Net cash inflows/(outflows) from financing activities Net increase in cash and cash equivalents	-99 1,525 -3,912 1 -904 1,489 -224 247 1,291 -2,013 121 0 3,972 -2,340 0 -86 0 1,667	0 1,569 -738 27 -2,155 2,114 -738 0 722 -768 1 0 1,827 -2,734 0 -574 0 -1,481	254 0 4,401 -938 0 0 0 0 433 -492 0 0 0 -917 0 -535 0	0 3,869 -793 0 0 0 0 0 260 -520 0 0 -2,153 0 -589 0	Operating performance ROE ROA ROIC Financial structure Cash Ratio Quick Ratio Current Ratio LT Debt/Equity LT Debt/Total Assets Debt/Total Assets ST Liabilities/Equity ST Liabilities/Total Assets Total Liabilities/Total Assets Total Liabilities/Total Assets	13.1% 6.7% 6.8% 0.7 1.4 1.7 0.7 34% 8% 4% 0.2 0.1 0.9	10.6 18.3% 10.4% 12.2% 0.7 1.7 2.1 0.5 29% 8% 4% 0.2 0.1 0.8 0.4	11.4 10.7 14.2% 8.7% 11.0% 1.3 2.2 2.7 0.4 26% 5% 0.2 0.1 0.6 0.4	14.0° 9.6°

Source: REE Corp, KB Securities Vietnam

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Investment ratings & definitions

Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Hold:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Undernerform the market

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