

FPT: 1Q2022 business results

FPT Corporation (HSX: FPT) maintained its strong growth momentum with revenue of VND9,730bn (+28.3% YoY) and EBT of VND1,779bn (+27.4% YoY) in 1Q2022, completing c.22% of our full-year projections and c.23% of the company's full-year targets. All divisions generated double-digit growth in both revenue and EBT.

FPT's 1Q2022 business results:

| Segments | Revenue (VND bn) | YoY growth | EBT (VND bn) | YoY growth |
|---|------------------|--------------|--------------|--------------|
| Software outsourcing (global IT services) | 4,111 | 29.7% | 667 | 34.9% |
| Domestic IT services | 1,481 | 50.3% | 103 | 75.5% |
| Telecom services | 3,320 | 18.4% | 633 | 20.9% |
| Online advertising | 151 | 24.3% | 68 | 30.2% |
| Education, investments & others | 667 | 31.7% | 308 | 15.1% |
| Total | 9,730 | 28.3% | 1,779 | 27.4% |

Source: FPT

The global IT services segment's revenue and EBT jumped by 29.7% and 34.9% YoY, to VND4,111bn and VND667bn, respectively. Signed revenue increased by 57%. The Japanese market showed improvements with revenue rising by 8.8% YoY. Slow growth in Japanese market in 2021 was attributed to limitations in direct interaction with clients due to COVID-19 and depreciation of the JPY. However, the company targets 20% YoY+ growth for this market in 2022, as the JPY is not expected to depreciate deeper, whereas direct interaction may be boosted again as restrictions in transportation is gradually lifted because the pandemic eases. Other markets continued to post high double-digit revenue growth, namely the US (+60.7%), Europe (+31.4%) and APAC (+41%). Revenue from digital transformation grew by 96.2% YoY.

The domestic IT services segment delivered VND1,481bn (+50.3% YoY) in revenue and VND103bn in EBT (+75.5% YoY). EBT margin was c.7%, compared to c.6% in the same period last year. Made-by-FPT products recorded VND271bn in revenue, up by 104% YoY.

The telecom services segment reported 18.4% YoY growth in revenue, to VND3,320bn, and 20.9% YoY growth in EBT, to VND633bn in 1Q2022. Outperforming the broadband business line's moderate growth, other business lines reported a jump of 28% in revenue and 64% in EBT. The segment's overall EBT margin enhanced to 19.1% from 18.7% in the same period last year, which was explained by PayTV's profit growth.

The education segment continued to see good revenue growth of 38% YoY, to VND961bn.

Comments: The results were in line with our expectations. We maintain our projections that FPT may deliver net revenue and EBT of VND44,203bn and VND8,080bn, up by 24% and 27.5% YoY, respectively, in 2022.

Chi Luong

chiluk@acbs.com.vn

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