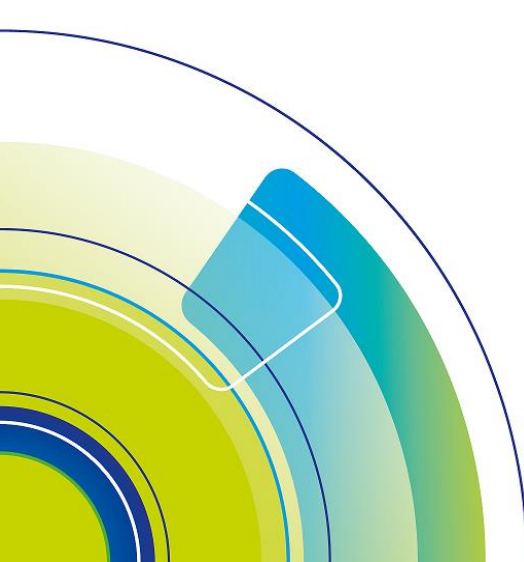




FPT Flash note - BUY

October 23, 2023



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Earnings Flash note

Recommendation

BUY

HSX: FPT

Technology

Target price (VND)

114,155

Market price (VND)

92,900

Expected share price return

22.8%

Expected dividend yield

2.2%

Expected total return

25.0%

Stock performance (%)

	YTD	1M	3M	12M
Absolute	42.0	-4.0	15.8	47.7
Relative	32.7	3.8	23.1	39.8

Source: Bloomberg



Ownership

Mr. Binh Truong (Chrm)	7.0%
SCIC	5.8%
Macquarie Group	4.6%

Stock Statistics 20-Oct- 2023

Bloomberg code	FPT VN
52-week range (VND)	53,304-100,800
Shares O/S (m)	1,270
Mkt cap (VND bn)	117,853
Mkt cap (USD m)	4,771
Est. Foreign room left (%)	0.0
Est. free float (%)	85.1
3m avg daily vol (shrs)	2,019,658
VND/USD	24,700
Index: VNIndex / HNX	1108.03/228.02

FPT CORPORATION (FPT VN)

The company maintained strong performance in 9M2023, driven by a solid growth momentum in the global IT services segment, which was quite in line with our expectations. Reiterate our **BUY** rating and move target price to 2024 at VND114,155/share.

FPT announced 9M2023 revenue of VND37,927bn (+22.4% y/y) and EBT of VND6,768bn (+19.5% y/y), completing 70% and 74% of our full-year projections, respectively.

The **global IT services** segment (Revenue/EBT growth: +30.8%/+29.9% y/y) remained the company's key driver in 9M2023. This was thanks to growth in all of its major markets, including Japan (+44.1% y/y), APAC (+37.6%), the US (+14.2%), and Europe (+18.6%), fuelled by investments in IT services and digital transformation, especially Japan post COVID-19. Revenue from digital transformation (DX) services jumped by 46% y/y, capturing 43.7% of the segmented revenue in 9M2023.

The **domestic IT services** segment (+9.9%/-32.0% y/y) improved in terms of revenue growth compared to that in 1H2023 though EBT did not move in the same direction. The segment's weak performance was attributed to a curb or delay in enterprises' IT spending amid the tough economy.

The **telecom services** segment (+10.1%/+15.0% y/y) maintained stable revenue and EBT growth in 9M2023, while the **online advertising** segment (-26.8%/-65.9%) still reported lacklustre results due to a reduction in companies' advertising budget in light of the tough economy. The **education** segment continued to post splendid revenue growth of 43% y/y.

Financial profit increased by 38% y/y, to VND625bn (mostly thanks to interest income and dividend), contributing to the company's EBT growth. Meanwhile, profit from affiliates tumbled by 95% y/y, which might result from FRT's poor performance.

Quick comment: Ending 9M2023, FPT completed 75% of the company's EBT target and 74% of our projections. Looking to 2024, our projections for FPT's net revenue and EBT are VND64,199bn (+19.2% y/y) and VND11,048bn (+21.1% y/y). **Our target price for FPT by the end of 2024 is VND114,155/share, equivalent to a total return of 25%.** Further details will be given in the next update report.

	2021	2022	2023F	2024F	2025F
Net Sales (VNDbn)	35,657	44,010	53,879	64,199	76,896
Growth (%)	19.5%	23.4%	22.4%	19.2%	19.8%
EBITDA (VNDbn)	6,665	8,235	10,397	12,184	14,591
EBITDA margin	18.7%	18.7%	19.3%	19.0%	19.0%
Net Profit (VNDbn)	4,338	5,310	6,439	7,935	9,935
Growth (%)	22.6%	22.4%	21.3%	23.2%	25.2%
EPS (bonus-adjusted, VND)	3,147	3,843	4,614	5,658	7,048
Growth (%)	21.3%	22.1%	20.1%	22.6%	24.6%
ROE	25.8%	27.2%	28.0%	28.6%	29.1%
ROA	9.1%	10.1%	12.3%	15.0%	18.5%
Net debt/EBITDA (times)	-0.9	-0.9	-1.0	-1.2	-1.5
EV/EBITDA (times)	11.6	9.4	7.4	6.3	5.3
PER (times)	29.5	24.2	20.1	16.4	13.2
PBR (times)	4.7	4.8	4.7	3.9	3.1
DPS (VND)	2,000	2,000	2,000	2,000	2,000
Dividend yield (%)	2.2%	2.2%	2.2%	2.2%	2.2%

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DISCLAIMER

Our Recommendation System

BUY: Expected prospective total return (including dividends) in VND will be 20% or more within 12 months

OUTPERFORM: Expected prospective total return (including dividends) in VND will be from 10% to 20% within 12 months

NEUTRAL: Expected prospective total return (including dividends) in VND will be from -10% to 10% within 12 months

UNDERPERFORM: Expected prospective total return (including dividends) in VND will be from -20% to -10% within 12 months

SELL: Expected prospective total return (including dividends) in VND will be less than -20% within 12 months

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