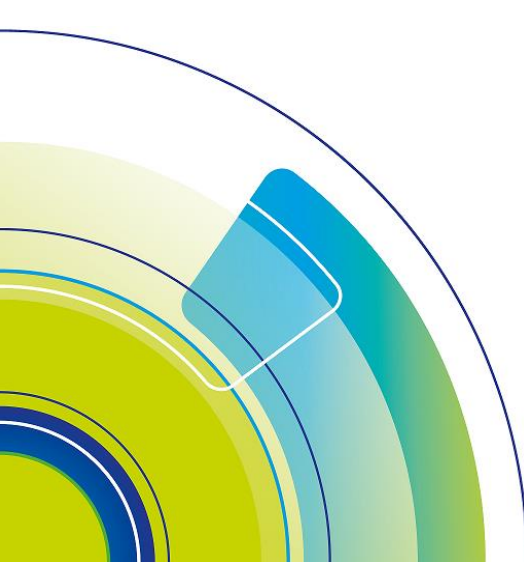




FPT Flash note - BUY

January 29, 2024



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Earnings Flash note

Recommendation

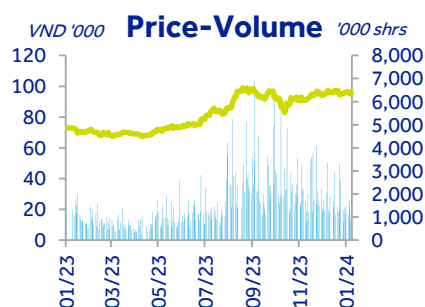
BUY
HSX: FPT
Technology

Target price (VND)	116,117
Market price (VND)	95,900
Expected share price return	21.1%
Expected dividend yield	2.1%
Expected total return	23.2%

Stock performance (%)

	YTD	1M	3M	12M
Absolute	-0.6	-1.3	10.5	34.5
Relative	-5.1	-6.3	-1.5	26.4

Source: Bloomberg



Ownership

Mr. Binh Truong (Chrm)	6.1%
SCIC	5.0%

Stock Statistics 26-Jan-2024

Bloomberg code	FPT VN
52-week range (VND)	67,043-100,800
Shares O/S (m)	1,270
Mkt cap (VND bn)	121,282
Mkt cap (USD m)	4,903
Est. Foreign room left (%)	0.0
Est. free float (%)	85.9
3m avg daily vol (shrs)	2,016,905
VND/USD	24,735
Index: VNIndex / HNX	1178.6/229.3

FPT CORPORATION (FPT VN)

The company maintained vivid growth in 2023 driven by solid performance of the global IT services segment, in line with our forecast. Reiterate **BUY** rating at a target price of VND116,117/share.

FPT announced FY2023 net revenue at VND52,618bn (+19.6% YoY) and EBT at VND9,203bn (+20.1% YoY), completing 98% and 100% of our projections, respectively.

The **global IT services** segment [Revenue/EBT: VND24,288bn (+28.4% YoY)/VND3,782bn (+27.1% YoY)], the company's key earner and growth driver, completed its target of USD1bn of revenue in 2023 and is set to reach USD5bn in 2030. The segment reported growth in all of its major markets, including Japan [+43.4% YoY (52.2% JPY-based); contributing 39% to the segmented revenue], the US [(+8.6% YoY; 29%], APAC [+37.7%; 25%], and Europe [+21.9% YoY; 7%]. This was attributed to rising investments in IT services, particularly digital transformation (DX), especially in Japan post COVID-19. FPT's revenue from digital transformation services jumped by 42% YoY, bringing in nearly 43% of the segmented revenue in 2023.

The **domestic IT services** segment [VND7,161bn (+4.6% YoY)/VND379bn (-2.5% YoY)] experienced a tough year in 2023 due to a curb or delay in enterprises' IT spending amid the tough economy, although there were some improvements toward the last months of the year.

The **telecom services** segment [VND15,186bn (+8.8% YoY)/VND2,895bn (+15.4% YoY)] retained stable revenue and EBT growth, while the **online advertising** segment [-20.0%/-54.2% YoY] posted lacklustre results due to a shrinkage in companies' advertising budget in light of the tough economy. The **education** segment continued to generate splendid revenue growth of 31% YoY. FPT expanded its network of training facilities in over 20 provinces and cities, with 145,000 learners.

Financial profit increased by 98.6% YoY (mostly thanks to interest income), contributing to the company's EBT growth. Meanwhile, profit from affiliates tumbled by 84.3% y/y, which might primarily result from FRT's sluggish performance.

Quick comment: We maintain our net revenue and EBT projections for FPT in 2024F at VND63,129bn (+20.0% YoY) and VND11,006bn (+19.6% YoY). **Our target price for FPT for the next 12 months is VND116,117/share, equivalent to a total return of 23.2%.**

	2022	2023U	2024F	2025F	2026F
Net Sales (VNDbn)	44,010	52,618	63,129	76,505	91,773
Growth	23.4%	19.6%	20.0%	21.2%	20.0%
EBITDA (VNDbn)	8,235	10,506	12,048	14,490	17,283
EBITDA margin	18.7%	20.0%	19.1%	18.9%	18.8%
Net Profit (VNDbn)	5,310	6,471	7,947	9,976	12,357
Growth	22.4%	21.8%	22.8%	25.5%	23.9%
EPS (bonus-adjusted, VND)	3,843	4,636	5,666	7,078	8,723
Growth	22.1%	20.6%	22.2%	24.9%	23.2%
ROE	27.2%	28.1%	28.7%	29.2%	28.8%
ROA	10.1%	11.6%	13.0%	16.1%	19.7%
ROIC	36.7%	40.7%	48.0%	56.0%	65.6%
Net debt/EBITDA (times)	(0.9)	(1.0)	(1.2)	(1.5)	(1.8)
EV/EBITDA (times)	13.5	10.6	9.3	7.7	6.4
PER (times)	25.0	20.7	16.9	13.5	11.0
PBR (times)	5.0	4.9	4.0	3.2	2.6
DPS (VND)	2,000	2,000	2,000	2,000	2,000
Dividend yield (%)	2.1%	2.1%	2.1%	2.1%	2.1%

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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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