



FPT Flash note - BUY

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AGM Flash note

Recommendation

BUY

HSX: FPT

Technology

Target price (VND)

115,000

Market price (VND)

113,800

Expected share price return

0.8%

Expected dividend yield

1.8%

Expected total return

2.6%

Stock performance (%)

	YTD	1M	3M	12M
Absolute	19.3	3.5	20.2	66.7
Relative	8.1	2.5	11.7	46.7

Source: Bloomberg



Ownership

Mr. Binh Truong (Chrm)	7.0%
SCIC	5.8%

Stock Statistics

10-Apr-24

Bloomberg code	FPT VN
52-week range (VND)	67,391-118,500
Shares O/S (m)	1,270
Mkt cap (VND bn)	145,538
Mkt cap (USD m)	5,866
Est. Foreign room left (%)	0.0
Est. free float (%)	85.9
3m avg daily vol (shrs)	2,572,846
VND/USD	25,170
Index: VNIIndex / HNX	1253.22/237.87

FPT CORPORATION (FPT VN)

FPT held the AGM 2024 with key information as below:

- 2024 business plan: net revenue of VND61,850bn (+17.5% YoY) and EBT VND10,875bn (+18.2% YoY), in line with our projections. The technology division remains the key driver (targeting 21% YoY revenue growth and 25% YoY EBT growth), underpinned by the Global IT services segment. The company employs human resources, technology and growth discipline as the most crucial factors to maintain a growth target of 20% per year for the whole company (leaders/managers that are unable to complete this target are going to be replaced).
- In the 2024-2026 period, FPT aims to exploit such prominent trends as AI, semiconductor, electronic vehicles, digital transformation and green transformation. In addition to developing the current businesses, FPT plans to focus on:
 - Expanding AI ecosystem.
 - Investing to enhance their competence in serving the automotive industry, researching smart solutions and providing integration services for the industry. The company targets a revenue growth rate of 50% per year to achieve USD1bn of revenue from this business in 2030.
 - Expanding services for the semiconductor sector. Firstly, the company targets to complete training 10,000 engineers and associates for the sector in 2030. The company continues with designing chips (though the current products are still simple and offer low profit margins), while the production is still conducted by partners.
- 2024 capex plan of VND6,500bn is used for i) investing in expanding office complexes in major cities along with enhancing technology infrastructure to support business operations; ii) investing in main cable shafts and marine cables, as well as upgrading the quality of domestic telecommunications infrastructure and data center systems and iii) expanding university campuses in major locations like Hanoi, HCMC, and Da Nang, alongside establishing new training facilities in various provinces and cities nationwide.

	2022	2023	2024F	2025F	2026F
Net Sales (VNDbn)	44,010	52,618	63,071	76,182	90,815
Growth	23.4%	19.6%	19.9%	20.8%	19.2%
EBITDA (VNDbn)	8,235	10,540	12,053	14,454	17,179
EBITDA margin	18.7%	20.0%	19.1%	19.0%	18.9%
Net Profit (VNDbn)	5,310	6,465	7,875	9,957	12,282
Growth	22.4%	21.7%	21.8%	26.4%	23.4%
EPS (bonus-adjusted, VND)	3,843	4,652	5,639	7,095	8,708
Growth	22.1%	21.1%	21.2%	25.8%	22.7%
ROE	27.2%	28.1%	28.5%	29.2%	28.8%
ROA	10.1%	11.6%	12.9%	16.1%	19.6%
ROIC	36.7%	40.7%	47.7%	56.2%	65.3%
Net debt/EBITDA (times)	(0.9)	(1.0)	(1.2)	(1.5)	(1.8)
EV/EBITDA (times)	16.3	12.7	11.1	9.3	7.8
EV/Sales (times)	3.0	2.6	2.1	1.8	1.5
PER (times)	29.6	24.5	20.2	16.0	13.1
PBR (times)	5.9	5.8	4.8	3.9	3.1
DPS (VND)	2,000	2,000	2,000	2,000	2,000
Dividend yield (%)	1.8%	1.8%	1.8%	1.8%	1.8%

- Upholding M&A strategy to widen their expertise in different domains and human resources.
- The telecom segment continues to be the key pillar in the telecom division. In which, data service is a focus as a new data center is scheduled to go into operation in District 9, HCMC in 2024 and the company is working to establish another one in the North of Vietnam.
- FPT maintains a cash dividend policy of VND2,000/share for 2023 and plans to issue stock dividend at a ratio of 20:3 (20 old shares will receive 3 new share).
- Preliminary business results in 1Q2024: revenue growth of 20%+ YoY (in which, global IT services generated 25% YoY growth) and EBT growth of nearly 20% YoY.

Quick comment: The stock price increased by 18.7% from our latest update and nearly reached our target price. We have not changed our recommendation and target price for the stock and will update in the next report.

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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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