



FPT Flash note - OUTPERFORM

October 24, 2024



Ms. Chi Luong

(+84 28) 7300 7000 - Ext: 1042

chihtk@acbs.com.vn

Earnings Flash note

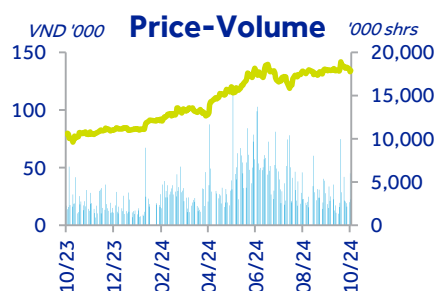
Recommendation **OUTPERFORM**
HSX: FPT
Technology

Target price (VND)	148,600
Market price (VND)	134,300
Expected share price return	10.7%
Expected dividend yield	1.5%
Expected total return	12.2%

Stock performance (%)

	YTD	1M	3M	12M
Absolute	61.5	0.1	6.9	70.7
Relative	47.8	-0.2	3.2	52.2

Source: Bloomberg



Ownership

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

Stock Statistics 23-Oct-2024

Bloomberg code	FPT VN
52-week range (VND)	71,826-142,800
Shares O/S (m)	1,471
Mkt cap (VND bn)	197,270
Mkt cap (USD m)	7,744
Est. Foreign room left (%)	2.7
Est. free float (%)	86.0
3m avg daily vol (shrs)	3,871,499
VND/USD	25,473
Index: VNIIndex / HNX	1264.70/225.39

FPT CORPORATION (FPT VN)

The company sustained healthy growth in 9M2024 driven by solid performance of the global IT services segment. Looking forward to 2025, the vigorous outlook persists given 23% YoY EBT growth. Maintain an **OUTPERFORM** rating with a target price at VND148,600/share at the end of 2025.

FPT announced net revenue at VND45,241bn (+19.3% YoY) and EBT at VND8,111bn (+19.8% YoY) in 9M2024, in line with our expectations.

The **global IT services** segment [Revenue/EBT: VND22,668bn (+28.6% YoY)/VND3,614bn (+25.7% YoY)] upheld its momentum, driving the company's performance on the back of rosy growth in most of its major markets (e.g Japan +30.4% YoY, APAC +36.6% YoY). Revenue from digital transformation services jumped by 35% YoY, bringing in 46% of the segmented revenue in 9M2024.

The **domestic IT services** segment [VND5,296bn (+8.6% YoY)/VND197bn (-23.7% YoY)] has yet made much progress on its results. The slide in EBT was explained by investments in some new products and the fact that sales contribution from hardware (which offer low profit margins) was still high.

The **telecom services** segment [VND12,320bn (+9.2% YoY)/VND2,547bn (+14.9% YoY)] strengthened profitability thanks to better cost control and an increase in ARPU, despite stable top line growth. The **online advertising** segment [+16.2% YoY/+45.4% YoY] bounced back from the low base last year due to a shrinkage in firms' advertising budget in light of the challenging economy. As one of FPT's fast-growing arms, the **education** segment continued to deliver vibrant revenue growth of 20% YoY.

Profit from affiliates surged by 15 times to VND276bn (primarily fueled by FRT's recovery), contributing to the overall EBT in 9M2024. Meanwhile, financial profit slid by 40.3% YoY owing to lower interest income and dividends.

Quick comment: We maintain our net revenue and EBT projections for FPT in 2024 at VND63,419bn (+20.5% YoY) and VND11,037bn (+19.9% YoY). The respective growth is projected at 20.5% YoY and 23.1% YoY in 2025. **Our target price for FPT at YE2025 is VND148,600/share, equivalent to a total return of 12.2%.**

	2022	2023	2024F	2025F	2026F
Net Sales (VNDbn)	44,010	52,618	63,419	76,415	91,294
Growth	23.4%	19.6%	20.5%	20.5%	19.5%
EBITDA (VNDbn)	8,235	10,540	12,444	14,700	17,512
EBITDA margin	18.7%	20.0%	19.6%	19.2%	19.2%
NPATMI (VNDbn)	5,310	6,465	7,903	9,900	12,380
Growth	22.4%	21.7%	22.2%	25.3%	25.0%
EPS (bonus-adjusted, VND)	3,342	4,046	4,911	6,121	7,616
Growth	22.1%	21.1%	21.4%	24.6%	24.4%
ROE	27.2%	28.1%	28.8%	29.5%	29.6%
ROA	10.1%	11.6%	13.0%	15.9%	19.5%
ROIC	36.7%	40.7%	48.7%	55.8%	64.2%
Net debt/EBITDA (times)	(0.9)	(1.0)	(1.1)	(1.4)	(1.6)
EV/EBITDA (times)	19.4	15.2	12.9	10.9	9.1
EV/Sales (times)	3.6	3.0	2.5	2.1	1.8
PER (times)	40.2	33.2	27.3	21.9	17.6
PBR (times)	7.0	6.8	6.6	5.4	4.3
DPS (VND)	2,000	2,000	2,000	2,000	2,000
Dividend yield (%)	1.5%	1.5%	1.5%	1.5%	1.5%

CONTACTS

Ho Chi Minh City Head Office

117 Nguyen Dinh Chieu, Dist. 3, Ho Chi Minh City
Tel: (+84 28) 7300 7000
Fax: (+84 28) 7300 3751

Hanoi Office

10 Phan Chu Trinh, Hoan Kiem Dist., Ha Noi
Tel: (+84 4) 3942 9395
Fax: (+84 4) 3942 9407

RESEARCH DEPARTMENT

Head of Research

Trang Do

(+84 28) 7300 7000 (x1041)
trangdm@acbs.com.vn

Manager – Properties

Truc Pham
(+84 28) 7300 7000 (x1043)
trucptt@acbs.com.vn

Manager – Financials

Hung Cao
(+84 28) 7300 7000 (x1049)
hungcv@acbs.com.vn

Manager – Retail, Technology

Chi Luong
(+84 28) 7300 7000 (x1042)
chiltk@acbs.com.vn

Associate – Oil & Gas Hung Phan

(+84 28) 7300 7000 (x1044)
hungpv@acbs.com.vn

Associate – Industrials

Trung Tran
(+84 28) 7300 7000 (x1045)
trungtn@acbs.com.vn

Associate – Macro & Money Market

Minh Trinh Viet
(+84 28) 7300 7000 (x1046)
minhtvh@acbs.com.vn

Associate - Logistic

Hung Nguyen
(+84 28) 7300 7000 (x1047)
hungnt@acbs.com.vn

Associate – Utilities

Toan Pham
(+84 28) 7300 7000 (x1051)
toanpd@acbs.com.vn

Associate – Construction

Dat Do
(+84 28) 7300 7000 (x1047)
datdt@acbs.com.vn

Analyst – Technical

Huu Vo
(+84 28) 7300 7000 (x1052)
huvvp@acbs.com.vn

Analyst – Market data

Anh Mai
(+84 28) 7300 7000 (x1110)
anhmd@acbs.com.vn

INSTITUTIONAL CLIENT DIVISION

Director

Huong Chu

(+84 28) 7300 7000 (x1083)
huongctk@acbs.com.vn
groupis@acbs.com.vn

Associate

Thanh Tran

(+84 28) 7300 6879 (x1120)
thanhtt@acbs.com.vn

Associate

Huynh Nguyen

(+84 28) 7300 6879 (x1088)
huynhntn@acbs.com.vn

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

Analyst Certification(s)

We, the author(s) of this report, hereby certify (1) that the views expressed in this research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Important Disclosures

ACBS and/or an affiliate thereof (hereby collectively called ACBS) did or may seek to do business with companies covered in this report as its routine business. ACBS's proprietary trading accounts may have a position in such companies' securities. As a result, the investor should be aware that ACBS may have a conflict of interest from time to time.

ACBS produces a variety of research products including, but not limited to, fundamental analysis, equity-linked analysis, quantitative analysis, and trade ideas. Recommendations contained in one type of research product may differ from recommendations contained in other types of research products, whether as a result of differing time horizons, methodologies, or otherwise.

Disclaimer

This report is provided for information purposes only. ACBS makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any data included in this report. ACBS will not treat unauthorized recipients of this report as its clients. Prices shown (if any) are indicative and ACBS is not offering to buy or sell or soliciting offers to buy or sell any financial instrument. **Without limiting any of the foregoing and to the extent permitted by law, in no event shall ACBS, nor any affiliate, nor any of their respective officers, directors, partners, or employees have any liability for (a) any special, punitive, indirect, or consequential damages; or (b) any lost profits, lost revenue, loss of anticipated savings or loss of opportunity or other financial loss, even if notified of the possibility of such damages, arising from any use of this report or its contents.** Other than disclosures relating to ACBS, the information contained in this report has been obtained from sources that ACBS believes to be reliable, but ACBS does not represent or warrant that it is accurate or complete. The views in this report are subject to change, and ACBS has no obligation to update its opinions or the information in this report.

Some parts of this report reflect the assumptions, views and analytical methods of the analysts who prepared them, and ACBS is not responsible for any error of their works and assumptions. ACBS may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report.

The analyst recommendations in this report reflect solely and exclusively those of the author(s), and such opinions were prepared independently of any other interests, including those of ACBS. This report does not constitute personal investment advice or take into account the individual financial circumstances or objectives of the investors who receive it. The securities discussed herein may not be suitable for all investors. ACBS recommends that investors independently evaluate each issuer, securities or instrument discussed herein and consult any independent advisors they believe necessary. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including changes in market liquidity). The information herein is not intended to predict actual results, which may differ substantially from those reflected. Past performance is not necessarily indicative of future results.

This report may not be distributed to the public media or used by the public media without prior written consent of ACBS. Otherwise it will be considered as illegal. The breacher shall compensate fully to ACBS any loss or damage which arises from such breach (if any).

In the event that the distribution and/or receipt of this report is prohibited by the investor's jurisdiction, the investor shall dismiss this report immediately otherwise it will be at his/her own risks.

ACBS does not provide tax advice and nothing contained herein should be construed to be tax advice. Accordingly, the investors should seek advice based on their particular circumstances from an independent tax advisor. This report may contain links to third-party websites. ACBS is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this report and is not incorporated by reference into this report. The inclusion of a link in this report does not imply any endorsement by ACBS. Access to any third-party website is at the investor's own risks, and the investor should always review the terms and privacy policies at third-party websites before submitting any personal information to them. ACBS is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

© Copyright ACBS (2024). All rights reserved. No part of this report may be reproduced in any manner without the prior written permission of ACBS.