FPT Update- BUY

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Company Update

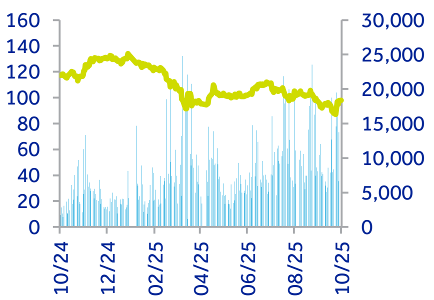
Recommendation	**BUY**
	HSX: FPT
	Technology
Target price (VND)	**122,400**
Current price (VND)	**98,000**
Expected share price return	24.9%
Expected dividend yield	2.0%
Expected total return	**26.9%**

Stock performance (%)

	YTD	1M	3M	12M
Absolute	-25.5	-1.8	-12.1	-15.0
Relative	-57.9	-3.8	-23.3	-51.3

Source: Bloomberg

Price-Volume



Ownership

Mr. Binh Truong (Chrm)	6.9%
SCIC	5.7%

Stock Statistics	**Oct 27th, 2025**
Bloomberg code	**FPT VN**
52-week range (VND)	85,043-135,652
Shares O/S (m)	1,704
Mkt cap (VND bn)	166,944
Mkt cap (USD m)	6,313
Foreign room left (%)	12.6
Est. free float (m)	89.5
3m avg daily vol (shrs)	10,977,090
VND/USD	26,351
Index: VNIndex / HNX	1652.54/265.3

FPT CORPORATION (FPT VN)

Although a slowdown in global IT services still weighed on the company's net revenue growth in 3Q2025, improvements in signed revenue promise to warm up the segmented performance in the following quarters. Meanwhile, the telecom segment continued to underpin the overall EBT. We maintained our target price for the stock at VND122,400/share by 1H2026. BUY.

Net revenue and EBT climbed by 8.2% YoY and 16% YoY in 3Q2025, bringing FPT's 9M2025 figures to VND49,887bn (+10.3% YoY) and VND9,540bn (+17.6% YoY), respectively. A jump of 229% YoY in financial profit along with 35.8% YoY in profits from affiliates contributed to propel the EBT. Global IT and telecom services remain the company's two pillars.

The global IT services segment witnessed a significant improvement of 42% YoY in signed revenue in 3Q, though net revenue and EBT growth – 10% and 5.9% YoY respectively in 3Q – were still depressed by low signed revenue in previous quarters. Digital transformation services (DX), the crucial drivers occupying 48% of the segmented revenue, grew by 24.6% YoY in 3Q and 19% YoY in 9M. AI Factories in both Vietnam and Japan have yet to record notable enhancement.

The telecom services segment sustained as the bright spot propping up the overall results, generating an EBT upturn of 26.3%% YoY in 3Q and 21.3% YoY in 9M. Revenue growth of 11.5% YoY in 9M was bolstered by an encouraging 15% YoY surge in broadband services fueled by market share, subscriber, and price increases.

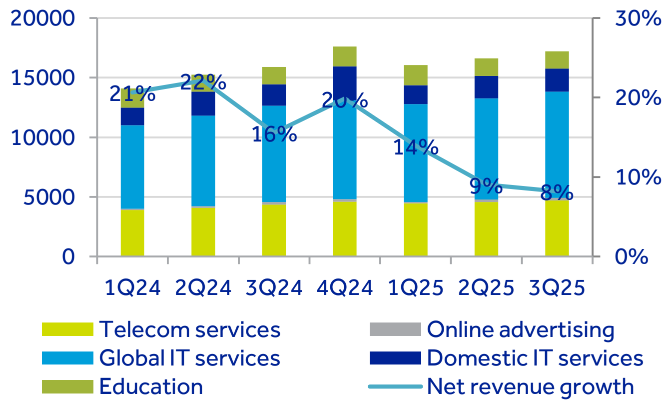
Other subordinate segments, such as domestic IT services and education, supported the overall EBT growth despite muted revenue. Domestic IT services delivered a 32% YoY rise in EBT in 9M (largely driven by a 3Q provision reversal) while net revenue climbed up 1.6%. The segment has recently found an encouraging momentum in government projects (while the banking sector and enterprises stayed dim), which are expected to support its performance in the coming time. Meanwhile, the education business remained sluggish, as anticipated by the company, with modest enrolment growth attributed to rising competition from public schools likely to persist into next year.

We project net revenue and EBT for FPT at VND70,892bn (+12.8% YoY) and VND12,956bn (+17% YoY) in 2025, 1% higher than our prior update. The respective growth was projected at 14.4% YoY and 15.1% YoY for 2026.

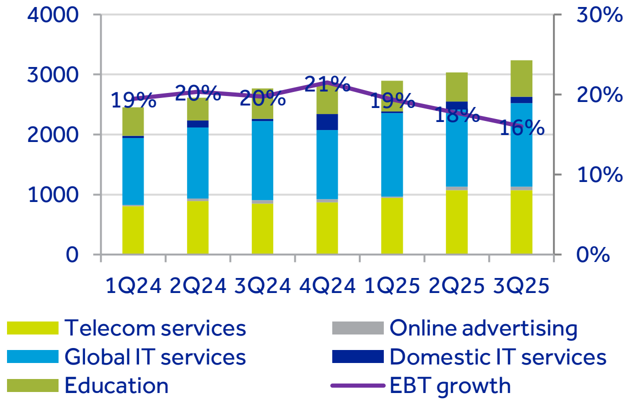
	2023	2024	2025F	2026F	2027F
Net Sales (VNDbn)	52,618	62,849	70,892	81,114	94,063
Growth	*19.6%*	*19.4%*	*12.8%*	*14.4%*	*16.0%*
EBT (VNDbn)	9,203	11,070	12,956	14,917	17,358
Growth	*20.1%*	*20.3%*	*17.0%*	*15.1%*	*16.4%*
NPATMI (VNDbn)	6,465	7,857	9,391	10,765	12,657
Growth	*21.7%*	*21.5%*	*19.5%*	*14.6%*	*17.6%*
EPS (bonus-adjusted, VND)	3,518	4,275	5,039	5,747	6,723
Growth	*21.1%*	*21.5%*	*17.9%*	*14.1%*	*17.0%*
ROE	28.1%	28.7%	28.6%	27.2%	26.4%
Net debt/EBITDA (times)	(1.0)	(1.3)	(1.2)	(1.4)	(1.7)
EV/EBITDA (times)	14.3	12.1	10.5	9.2	8.1
PER (times)	27.9	22.9	19.4	17.1	14.6
PBR (times)	5.0	4.8	4.7	3.9	3.2
DPS (VND)	2,000	2,000	2,000	2,000	2,000
Dividend yield	2.0%	2.0%	2.0%	2.0%	2.0%

Humble results extended in 3Q2025

Slower growth in net revenue...



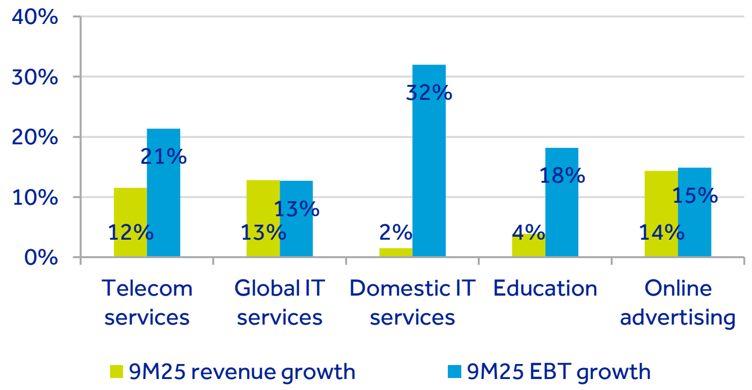
...and EBT extended in 3Q2025



Source: FPT; ACBS

FPT's net revenue climbed by 10.3% YoY, to VND49,887bn, and EBT rose by 17.6% YoY, to VND9,540bn, in 9M2025. A jump of 229% YoY in financial profit (to VND1,228bn, thanks to interest income, exchange rate gains and dividend) along with 35.8% YoY in profits from affiliates (to VND374bn) contributed to propel the EBT.

Growth by segment

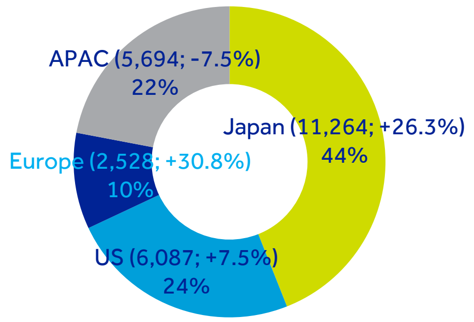


Source: FPT; ACBS

The global IT and telecom services segments are FPT's two key pillars. The deceleration in 9M2025 were largely attributed to the global IT services segment.

Mixed performance in the global IT services segment

The global IT services' revenue by market in 9M2025



Source: FPT; ACBS

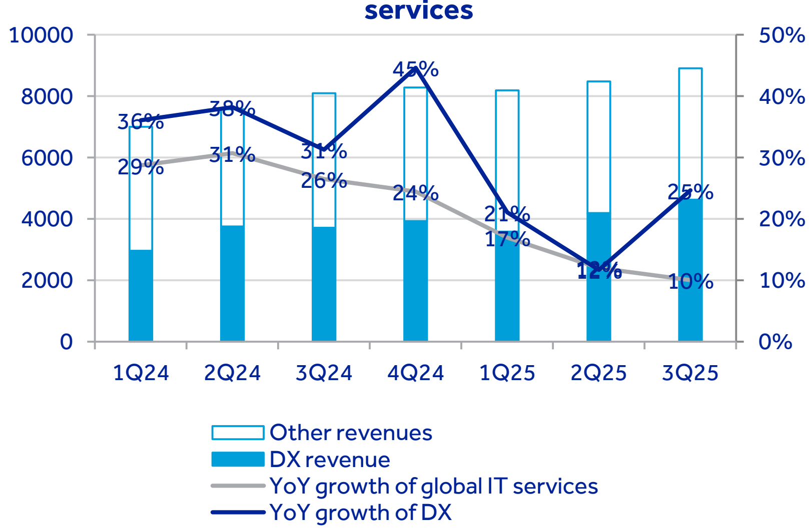
The slowdown occurred in the US (3Q: +6% YoY) and APAC (3Q: -14.5% YoY) – together capturing 45% of the segmented revenue. According to the company's observations, the US market showed mixed signals as some new clients still hesitate in investments while the company also gained a new large contract here.

APAC's decline was driven by weakness in Singapore and South Korea since the beginning of the year. Nevertheless, some early signs of recovery in APAC were noted.

The largest market Japan stayed resilient with 23.1% YoY growth in 3Q, fostered by demand for digital transformation, especially modernizing legacy and old systems of major financial institutions.

The European market performed solidly (+40.8% YoY) – with all of major markets like Germany, the UK posting double-digit growth – thanks to a low base and M&A activity and promotion to deepen the company's presence. This market starts to show interest in investing in new technologies, AI, etc. after a cautious period.

DX was the main source revenue of global IT services

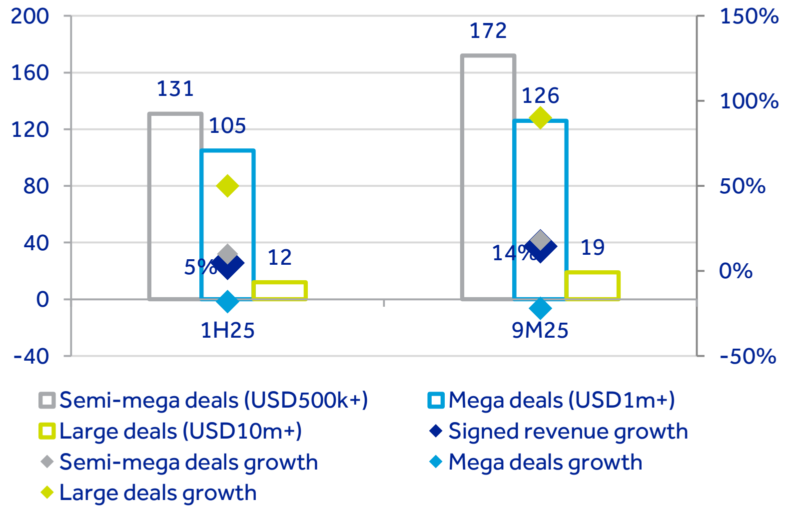


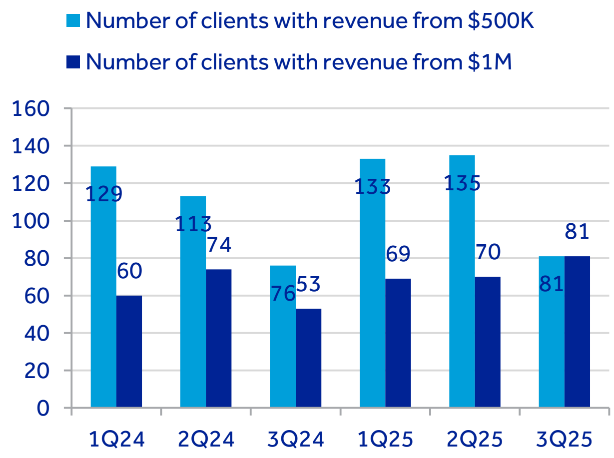
Source: FPT; ACBS

Digital transformation (DX) still made up the bulk of 48% of global IT services revenue. The services continued to enjoy strong growth of 19% YoY on high demand from their markets (e.g Japan, Europe, etc.) in 9M. Major services include cloud (accounting for 40% of DX revenue in 2024), product engineering and AI/data analytics (each occupying 10-15%), etc.

Improvements in signed revenue promise to warm up global IT services

Global IT services' signed revenue by deal size



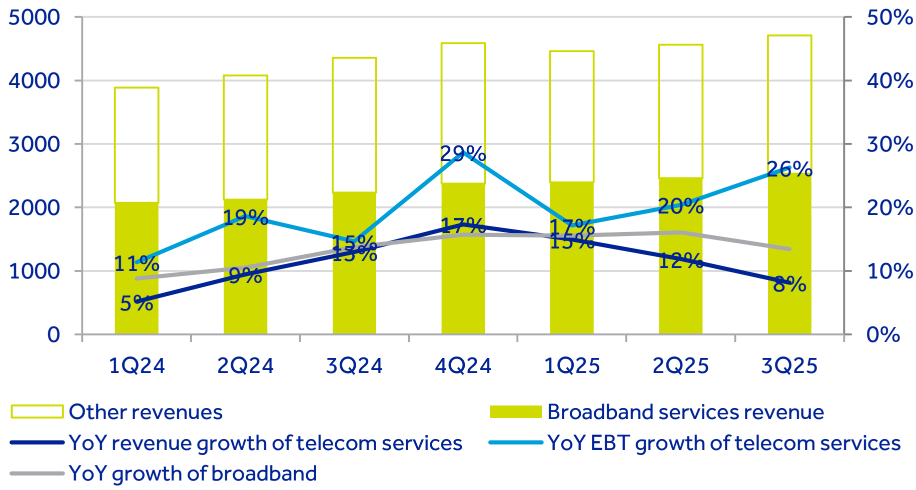


Source: FPT; ACBS

Signed revenue grew by 42% YoY in 3Q, bringing the 9M growth to 14.4% YoY. In 3Q, FPT signed a five-year contract worth USD256m with a leading energy conglomerate in Asia – the largest deal in FPT's history – contributing to heighten its signed revenue.

The telecom services segment supported the overall results

Telecom services delivered steady growth momentum



Source: FPT; ACBS

As the second largest pillar and with vibrant EBT growth of 21.3% YoY on an 11.5% YoY net revenue increase in 9M, the telecom services segment provided the main support for the overall results.

Forecast and valuation

We project net revenue and EBT for FPT at VND70,892bn (+12.8% YoY) and VND12,956bn (+17% YoY) in 2025. The respective growth was projected at 14.4% YoY and 15.1% YoY for 2026. Using SOTP approach, our target price for FPT by 1H2026 is VND122,400/share.

FPT FINANCIALS MODEL	Price (VND):	98,000	Target (VND): 122,400	Mkt cap (VND bn):	166,944
(VND bn except where stated)	2023	2024	2025F	2026F	2027F
Total Net Sales	**52,618**	**62,849**	**70,892**	**81,114**	**94,063**
Sales growth (%)	*19.6%*	*19.4%*	*12.8%*	*14.4%*	*16.0%*
CoGS ex-dep'n	30,203	36,791	41,469	47,522	55,379
Selling expenses	5,243	6,116	7,578	8,140	9,321
G&A expenses	6,435	6,898	7,447	8,646	10,159
Financial revenues (ex. interest income)	688	729	1,316	734	633
Financial expenses (ex. interest expense)	886	1,260	1,319	1,185	1,185
EBITDA	**10,540**	**12,512**	**14,395**	**16,355**	**18,652**
EBITDA margin (%)	*20.0%*	*19.9%*	*20.3%*	*20.2%*	*19.8%*
Depreciation	2,287	2,535	2,897	3,261	3,537
Operating profit	**8,254**	**9,977**	**11,498**	**13,094**	**15,115**
Operating profit margin (%)	*15.7%*	*15.9%*	*16.2%*	*16.1%*	*16.1%*
Other profits/losses	91	45	45	45	45
Profits/Losses from associates	42	393	574	647	734
Net interest expense	(816)	(656)	(839)	(1,131)	(1,464)
as % of avg net debt	*9.4%*	*4.9%*	*5.1%*	*5.6%*	*5.4%*
Interest cover (x)	*-10.1*	*-15.2*	*-13.7*	*-11.6*	*-10.3*
Tax	1,415	1,642	1,891	2,324	2,704
Effective tax rate (%)	*15.6%*	*15.4%*	*15.3%*	*16.3%*	*16.3%*
Minority interest	1,323	1,571	1,674	1,828	1,997
NPATMI	**6,465**	**7,857**	**9,391**	**10,765**	**12,657**
Cash earnings	8,752	10,392	12,288	14,026	16,194
Total number of shares	1,269,968,875	1,471,069,183	1,703,507,121	1,712,024,657	1,720,584,780
EPS (VND) (after treasury shares)	**4,652**	**4,916**	**5,039**	**5,747**	**6,723**
Bonus factor (x)	0.76	0.87	1.00	1.00	1.00
Adjusted EPS (VND)	**3,518**	**4,275**	**5,039**	**5,747**	**6,723**
EPS growth (%)	*21.1%*	*21.5%*	*17.9%*	*14.1%*	*17.0%*

KEY CASHFLOW AND BS ITEMS	2023	2024	2025F	2026F	2027F
Increase in working capital	-1,398	-2,606	2,024	-219	-317
Capex	3,949	3,261	4,892	3,949	3,949
Change in investment in affiliates	-98	174	846	476	563
Other cashflow items	-197	-619	-313	-376	-436
Free cash flow	**6,102**	**8,944**	**4,213**	**9,445**	**11,562**
Share issues	73	163	85	86	86
Dividends paid	2,931	3,292	3,407	3,424	3,441
Increase in net debt	-3,245	-5,816	-891	-6,106	-8,207
Net debt, end of year	**-10,337**	**-16,153**	**-17,045**	**-23,151**	**-31,358**
Shareholders' equity	**24,974**	**29,794**	**35,864**	**43,290**	**52,592**
BVPS (VND)	19,665	20,253	21,053	25,286	30,566
Net debt / equity (%)	*-41.4%*	*-54.2%*	*-47.5%*	*-53.5%*	*-59.6%*
Net debt / EBITDA (x)	*-1.0*	*-1.3*	*-1.2*	*-1.4*	*-1.7*
Total assets	**60,283**	**72,000**	**77,178**	**78,499**	**79,593**

KEY RETURN AND VALUATION RATIOS	2023	2024	2025F	2026F	2027F
ROE	*28.1%*	*28.7%*	*28.6%*	*27.2%*	*26.4%*
ROA	*11.6%*	*11.9%*	*12.6%*	*13.8%*	*16.0%*
ROIC	*40.7%*	*51.9%*	*53.7%*	*50.6%*	*55.5%*
WACC	*12.8%*	*12.8%*	*12.8%*	*12.8%*	*12.8%*
EVA	*27.8%*	*39.0%*	*40.9%*	*37.8%*	*42.7%*
PER (x)	*27.9*	*22.9*	*19.4*	*17.1*	*14.6*
EV/EBITDA (x)	*14.3*	*12.1*	*10.5*	*9.2*	*8.1*
EV/FCF (x)	*24.7*	*16.9*	*35.8*	*16.0*	*13.0*
PBR (x)	*5.0*	*4.8*	*4.7*	*3.9*	*3.2*
PSR (x)	*3.2*	*2.7*	*2.4*	*2.1*	*1.8*
EV/sales (x)	*2.9*	*2.4*	*2.1*	*1.9*	*1.6*
PEG (x, 3 yr prospective)	*1.4*	*1.3*	*1.2*	*1.1*	*0.8*
Dividend yield	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*

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DISCLAIMER

Our Recommendation System

BUY: prospective 12 month VND total return (including dividends) will be more than 20%.
OUTPERFORM: prospective 12 month VND total return (including dividends) will be 10% to 20%.
NEUTRAL: prospective 12 month VND total return (including dividends) will be -10% to 10%.
UNDERPERFORM: prospective 12 month VND total return (including dividends) will be will be -20% to -10%.
SELL: prospective 12 month VND total return (including dividends) will be lower than -20%.

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