FPT Update – BUY

7-Aug-26

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Company Update

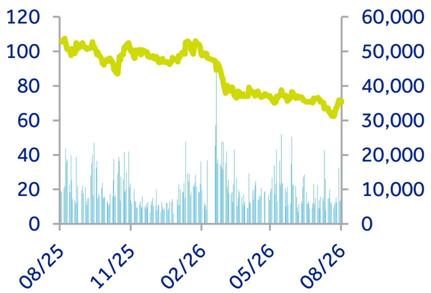
Recommendation	**BUY**
	HSX: FPT
	Technology
Target price (VND)	**100,000**
Current price (VND)	**70,800**
Expected share price return	41.2%
Expected dividend yield	2.8%
Expected total return	**44.0%**

Stock performance (%)

	YTD	1M	3M	12M
Absolute	-25.1	-3.2	-2.2	-30.9
Relative	-25.5	0.7	3.4	-45.4

Source: Bloomberg

Price-Volume



Ownership

Mr. Binh Truong	6.9%
SCIC	5.7%
QT Ltd.Co.	3.7%

Stock Statistics	**Aug 7th, 2026**
Bloomberg code	**FPT VN**
52-week range (VND)	61,500-109,500
Shares O/S (m)	1,714
Mkt cap (VND bn)	121,374
Mkt cap (USD m)	4,599
Foreign room left (%)	21.3
Est. free float (m)	89.5
3m avg daily vol (shrs)	9,382,334
VND/USD	26,394
Index: VNIndex / HNX	1768.06/293.4

FPT CORPORATION (FPT VN)

The company announced stronger 2Q results driven by the core global IT service segment. The highlight is robust expansion in signed revenue, attributed to longer-term contracts signed. We maintain our EBT projection at VND11,787bn (+16.6% YoY). However, given lower peer PERs and higher cost of equity, we revised down our target price to VND100,000/share by YE2026, 17% lower than the prior update. Rating BUY.

Net revenue and EBT growth heightened to 16.4% YoY and 20% YoY in 2Q2026 (1Q2026: 8.7% YoY and 16.2% YoY) on a like-for-like basis (LFL), bringing 1H results to VND26,269bn and VND5,714bn, respectively, in line with our expectations.

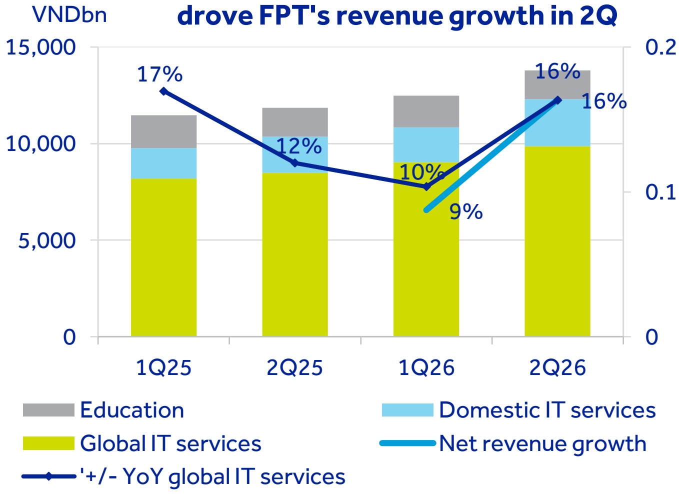
Growth came as a result of better performance in global IT services, complemented by domestic IT services and a continued robust momentum in affiliates (e.g. FRT). The global IT service segment rose by 16.3% YoY in net revenue and 19.3% YoY in EBT in 2Q fueled by the recognition of backlog secured in late 2025 and some recovery in its major markets. Domestic IT services leapt on improvements in the public sector, enterprises and initial modest profits from AI factories, especially the cluster in Vietnam, with a utilization rate of 90%.

Signed revenue is a highlight for jumping by 46% in 2Q and 32% YoY to VND26,338bn in 1H2026, explained by winning longer-term contracts (2-3 years) in its major markets (if excluding these contracts, signed revenue increased by approx.20% YoY in 1H). Growth primarily derived from Japan, Europe and some rebound in the US. Healthy backlog growth should support the global IT service segment in subsequent quarters; nonetheless, revenue recognition is expected to occur progressively because of longer duration of the contracts.

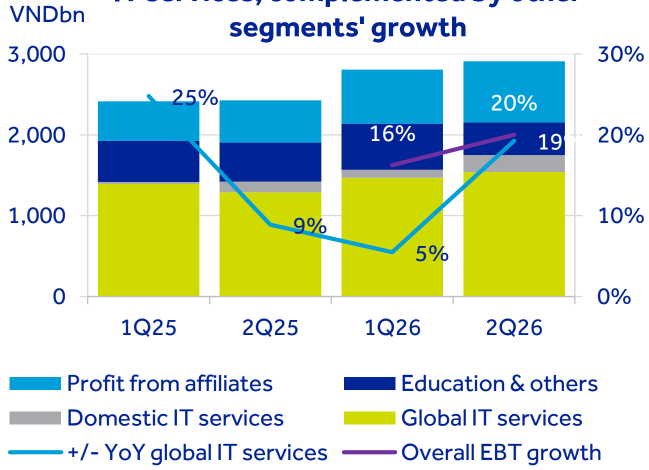
We maintain our EBT projection at VND11,787bn (+16.6% YoY). For a longer outlook, the driving forces may remain the global IT services, with supports from its major markets and the company's strategy to shift to higher positions in the value chain, such as playing the role of main contractor, partnering with big tech giants to provide AI transformation services. Although the high-growth base of 20%+ YoY p.a like previous periods has not been expected to return in 1-2 coming years, we expect the company may still generate a decent EBT upturn of 14-17% YoY p.a.

	2024	2025	2026F	2027F	2028F
Net Sales (VNDbn)	62,849	70,113	57,486	66,719	77,706
Growth	*19.4%*	*11.6%*	*-18.0%*	*16.1%*	*16.5%*
EBT (VNDbn)	11,070	13,044	11,787	13,473	15,756
Growth	*20.3%*	*17.8%*	*-9.6%*	*14.3%*	*16.9%*
NPATMI (VNDbn)	7,857	9,376	10,596	12,097	14,129
Growth	*21.5%*	*19.3%*	*13.0%*	*14.2%*	*16.8%*
EPS (bonus-adjusted, VND)	4,275	5,156	5,798	6,586	7,654
Growth	*21.5%*	*20.6%*	*12.5%*	*13.6%*	*16.2%*
ROE	28.7%	28.3%	26.4%	25.1%	24.4%
ROA	12.9%	12.8%	11.6%	11.7%	13.0%
ROIC	51.9%	55.7%	39.0%	32.7%	34.2%
Net debt/EBITDA (times)	(1.3)	(1.3)	(1.1)	(1.4)	(1.7)
EV/Sales (times)	8.2	7.1	10.6	9.2	7.9
EV/EBITDA (times)	1.6	1.5	1.8	1.5	1.3
PER (times)	16.6	13.7	12.2	10.8	9.3
DPS (VND)	4.1	3.3	2.8	2.3	1.9
Dividend yield	2,000	2,000	2,000	2,000	2,000

Stronger performance in global IT services drove FPT's revenue growth in 2Q

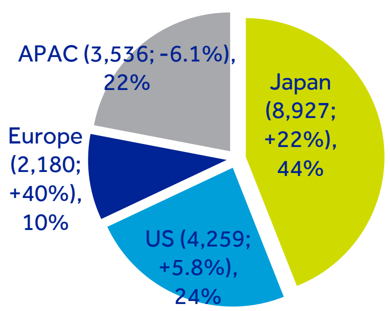


EBT growth reflected recovered global IT services, complemented by other segments' growth

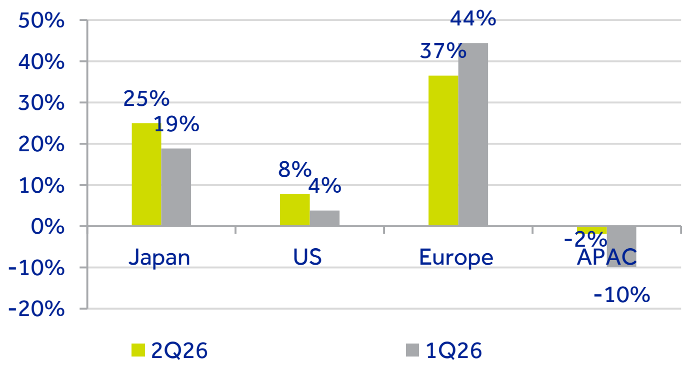


Strong growth in 2Q2026 was driven by the core global IT service segment, complemented by domestic IT services and affiliate earnings (with FRT and FOX reporting 2Q EBT growth of 174% and 12% YoY, respectively).

FPT's revenue from global IT services by market in 1H2026

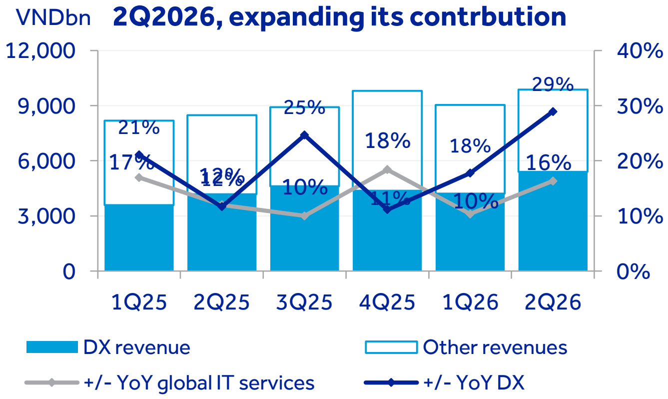


FPT's most major markets reported improvements in revenue growth in 2Q2026

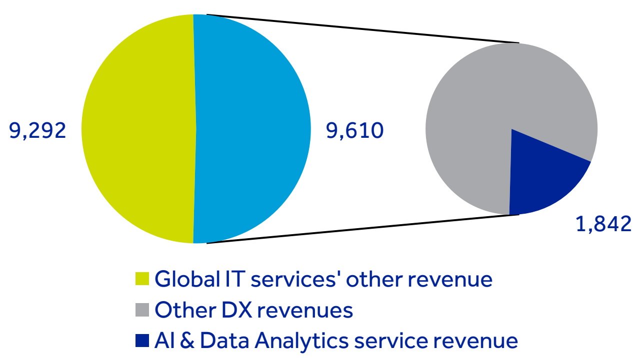


The global IT services segment growth was still primarily fuled by the Japanese market, along with improvements in others, although the APAC has not restored growth.

DX revenue strengthened growth in 2Q2026, expanding its contrbution



AI & Data Analytics services captured 19% of DX revenue in 1H2026



Source: FPT; ACBS

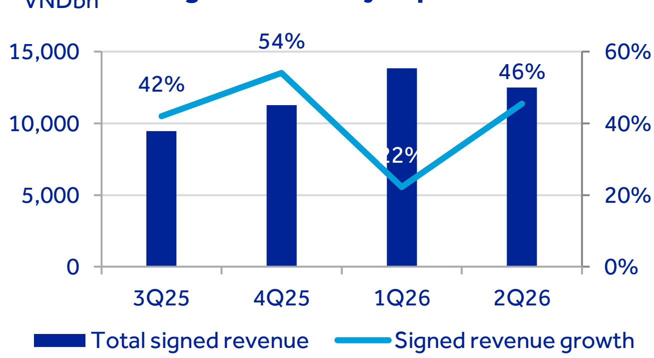
DX revenue jumped by 29% YoY in 2Q and 24% YoY in 1H2026, attributed to demand for new technologies including AI & Data Analytics and Cybersecurity.

Outlook and Valuation

We maintain our EBT projection at VND11,787bn (+16.6% YoY) in 2026. In addition to the key drivers in the technology division, the telecom division, which is now recorded as an affiliate, is expected to sustain stable cashflow while FRT is forecast to deliver vibrant results.

For a longer outlook, the driving forces likely remain the global IT services, with supports from a resilient momentum in the Japanese market (the most major market that FPT gains advantages of long-established relationship), Europe and a gradual rebound in the US market (demand recovering across key accounts), underpinned by demand for AI integration, legacy modernization and cybersecurity, etc. Healthy backlog growth should support FPT's global IT service segment in subsequent quarters; nonetheless, revenue recognition is expected to occur progressively because of longer duration of the contracts.

Signed revenue jump in 1H2026



Source: FPT; ACBS

Despite lingering concerns about AI threatening jobs of software engineers and IT service providers, we sustain our view that the picture does not seem totally dark, given the collaborative model where AI accelerates routine implementation while humans devote resources for higher-value tasks and skills. Demand for outsourcing IT services persists as outsourcing model offers benefits over internal technology teams, such as economies of scale (large teams of AI engineers, AI infrastructure, computational capabilities, efficient management of token consumption), multi-platform optimization, and governance. Furthermore, AI creates new demand for AI infrastructure, development of AI agents, modernizing legacy systems with AI, cybersecurity, etc.).

However, a number of tasks may reduce and IT providers are changing the way they deliver IT services, phasing out traditional tasks while capturing new ones and offering end-to-end integration solutions. To navigate this transformation, FPT is shifting toward higher-margin activities in the value chain, upgrading workforce, boosting consulting services, building AI models for specific demand rather than investing costly big platforms like global tech giants, and applying AI internally to heighten productivity. This strategic pivot, combined with market tailwinds – such as global clients adopting diversification strategy (e.g. China+1/India+1) allocating their work among partners in various regions rather than relying on a single country, rapid adaptability (e.g. to various cultures), high customer satisfaction, and a young, dynamic workforce – may help solidify the competitive edge of FPT and the broader Vietnamese IT sector.

Despite still small, FPT's AI & Data Analytics services grew by 54% YoY to VND1,842bn, capturing 19% of DX revenue and 10% of global IT services' revenue in 1H2026, while revenue per staff in global IT services increased by c.10% in 1H2026. AI factories reached c.USD12m in 1H2026 and a utilization rate of 90%, which may be expanded in the future after the company collects customer demand. The company's shift to higher positions also recorded advances, especially in the Japanese market, e.g. FPT plays as the main contractor in an accounting system modernization contract for a Japanese automotive manufacturer while its partner Hitachi plays as project coordinator, in contrast with the previous practice. The partnership with tech giants is also expanded to leverage mutual resources to provide comprehensive outcomes in AI transformation services.

Using SOTP approach, our target price for FPT by the end of 2026 is VND100,000/share.

Peer comparison	**Market Cap (USD bn)**	**P/E**
INFOSYS LTD	50	15.8
TATA CONSULTANCY SVCS LTD	92.5	17.7
HCL TECHNOLOGIES LTD	38.4	21.0
WIPRO LTD	19.4	14.8
EXLSERVICE HOLDINGS INC	5.3	21.3
MPHASIS LTD	4.9	25.2
Median		**19.3**
FPT	**4.7**	**12.1**

FPT FINANCIALS MODEL	**Price (VND):**	**70,800**	**Target (VND):**	**100,000**	**Mkt cap (VND bn):**	**121,374**

(VND bn except where stated)	**2024**	**2025**	**2026F**	**2027F**	**2028F**
Total Net Sales	**62,849**	**70,113**	**57,486**	**66,719**	**77,706**
Sales growth (%)	*19.4%*	*11.6%*	*-18.0%*	*16.1%*	*16.5%*
CoGS ex-dep'n	36,791	41,526	38,051	44,115	51,363
Selling expenses	6,116	7,563	4,418	5,130	5,979
G&A expenses	6,898	7,122	5,332	6,246	7,342
Financial revenues (ex. interest income)	729	1,260	553	553	553
Financial expenses (ex. interest expense)	1,260	862	646	646	646
EBITDA	**12,512**	**14,300**	**9,592**	**11,134**	**12,929**
EBITDA margin (%)	*19.9%*	*20.4%*	*16.7%*	*16.7%*	*16.6%*
Depreciation	2,535	2,914	1,820	1,887	1,930
Operating profit	**9,977**	**11,386**	**7,772**	**9,247**	**10,999**
Operating profit margin (%)	*15.9%*	*16.2%*	*13.5%*	*13.9%*	*14.2%*
Other profits/losses	45	92	92	92	92
Profits/Losses from associates	393	658	3,018	3,409	3,836
Net interest expense	(656)	(908)	(905)	(725)	(830)
as % of avg net debt	*4.9%*	*5.2%*	*6.1%*	*5.6%*	*4.5%*
Interest cover (x)	*-15.2*	*-12.5*	*-8.6*	*-12.8*	*-13.3*
Tax	1,642	1,811	1,191	1,376	1,628
Effective tax rate (%)	*15.4%*	*14.7%*	*13.7%*	*13.8%*	*13.8%*
Minority interest	1,571	1,856	-	-	-
NPATMI	**7,857**	**9,376**	**10,596**	**12,097**	**14,129**
Cash earnings	10,392	12,290	12,416	13,984	16,059
Total number of shares	1,471,069,183	1,703,507,121	1,712,024,657	1,720,584,780	1,729,187,704
EPS (VND) (after treasury shares)	**4,916**	**5,156**	**5,798**	**6,586**	**7,654**
Bonus factor (x)	0.87	1.00	1.00	1.00	1.00
Adjusted EPS (VND)	**4,275**	**5,156**	**5,798**	**6,586**	**7,654**
EPS growth (%)	*21.5%*	*20.6%*	*12.5%*	*13.6%*	*16.2%*

KEY CASHFLOW AND BS ITEMS	2024	2025	2026F	2027F	2028F
Increase in working capital	-2,606	999	6,737	481	568
Capex	3,261	5,091	3,054	2,596	2,596
Change in investment in affiliates	174	1,300	8,008	3,237	3,664
Other cashflow items	-619	1,403	196	327	642
Free cash flow	**8,944**	**6,304**	**-5,187**	**7,997**	**9,872**
Share issues	163	1,196	86	86	86
Dividends paid	3,292	4,574	3,424	3,441	3,458
Increase in net debt	-5,816	-2,926	8,525	-4,642	-6,500
Net debt, end of year	**-16,153**	**-19,080**	**-10,555**	**-15,196**	**-21,696**
Shareholders' equity	**29,794**	**36,483**	**43,741**	**52,483**	**63,240**
BVPS (VND)	20,253	21,416	25,549	30,503	36,572
Net debt / equity (%)	*-54.2%*	*-52.3%*	*-24.1%*	*-29.0%*	*-34.3%*
Net debt / EBITDA (x)	*-1.3*	*-1.3*	*-1.1*	*-1.4*	*-1.7*
Total assets	**72,000**	**88,142**	**103,925**	**108,025**	**112,282**

KEY RETURN AND VALUATION RATIOS	2024	2025	2026F	2027F	2028F
ROE	*28.7%*	*28.3%*	*26.4%*	*25.1%*	*24.4%*
ROA	*12.9%*	*12.8%*	*11.6%*	*11.7%*	*13.0%*
ROIC	*51.9%*	*55.7%*	*39.0%*	*32.7%*	*34.2%*
WACC	*12.8%*	*12.8%*	*12.8%*	*12.8%*	*12.8%*
EVA	*39.1%*	*43.0%*	*26.3%*	*19.9%*	*21.4%*
PER (x)	*16.6*	*13.7*	*12.2*	*10.8*	*9.3*
EV/EBITDA (x)	*8.2*	*7.1*	*10.6*	*9.2*	*7.9*
EV/FCF (x)	*11.4*	*16.2*	*-19.7*	*12.8*	*10.3*
PBR (x)	*4.1*	*3.3*	*2.8*	*2.3*	*1.9*
PSR (x)	*1.9*	*1.7*	*2.1*	*1.8*	*1.6*
EV/sales (x)	*1.6*	*1.5*	*1.8*	*1.5*	*1.3*
PEG (x, 3 yr prospective)	*0.9*	*0.9*	*0.9*	*0.7*	*0.9*
Dividend yield	*2.8%*	*2.8%*	*2.8%*	*2.8%*	*2.8%*

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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

DISCLAIMER