



FPT Flash note - BUY

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Flash note

Recommendation

BUY

HSX: FPT

Technology

Target price (VND)

139,200

Market price (VND)

107,900

Expected share price return

29.0%

Expected dividend yield

1.9%

Expected total return

30.9%

Stock performance (%)

| | YTD | 1M | 3M | 12M |
|----------|-------|-------|-------|------|
| Absolute | -29.0 | -17.9 | -26.3 | 11.3 |
| Relative | -24.0 | -9.2 | -23.8 | 10.0 |

Source: Bloomberg



Ownership

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

Stock Statistics 17-Apr-25

| Bloomberg code | FPT VN |
|----------------------------|----------------|
| 52-week range (VND) | 94,696-156,000 |
| Shares O/S (m) | 1,471 |
| Mkt cap (VND bn) | 159,170 |
| Mkt cap (USD m) | 6,122 |
| Est. Foreign room left (%) | 7.1 |
| Est. free float (%) | 77.9 |
| 3m avg daily vol (shrs) | 6,566,143 |
| VND/USD | 26,000 |
| Index: VNIIndex / HNX | 1201.56/208.97 |

FPT CORPORATION (FPT VN)

❖ The stock market has recently mentioned the information that SCIC will transfer its ownership (50.2%) in FPT Telecom (Upcom: FOX; a subsidiary of FPT despite a 45.7% stake) to Ministry of Public Security (MoPS). If this comes true, we find there are two probable scenarios to take place: 1) the transfer does not alter FPT's power to govern FOX's financial and operating policies, which means no changes in consolidation of FOX's financial statements into FPT as well as FPT's top and bottom lines structure; 2) MoPS holds the power to govern FOX's financial and operating policies. In this case, FOX is no longer listed as a subsidiary but an affiliate of FPT. Accordingly, FPT's revenue will record the absence of FOX contribution; however, there is no impact on FPT's NPATMI because FPT's current NPATMI also excludes minority interest at FOX.

❖ FPT held 2025 AGM with some key points as follow:

2025 business plan was set at VND75,400bn (+20% YoY) in net revenue and VND13,395bn (+21% YoY) in EBT. However, the company also noted the possibility of making a revision on these if needed, in view of the global economic instability. As one of preparations to cope with this situation, FPT has reviewed to curb 30% costs that do not directly serve their businesses.

The Technology division keeps expanding growth opportunities from such fields as AI, semiconductor, automotive, digital transformation and green transformation.

The global IT services segment aims to sustain growth across all markets, with a continued target on large customers. Regarding the establishment of an office in Saudi Arabia late 2024, FPT believes the Middle East & Arabia markets are attractive for their abundant financial power but limited labor. The company has made some investments in these markets in the past three years and recently succeeded in establishing decisive relationships for further growth. A joint venture is under consideration to facilitate digital transformation here and lure investments in data centers from these markets. In addition, focuses on development of "Made by FPT" products and technologies and building human resources persist.

| | 2023 | 2024 | 2025F | 2026F | 2027F |
|---------------------------|--------|--------|--------|--------|---------|
| Net Sales (VNDbn) | 52,618 | 62,849 | 73,354 | 86,928 | 103,055 |
| Growth | 19.6% | 19.4% | 16.7% | 18.5% | 18.6% |
| EBT (VNDbn) | 9,203 | 11,070 | 12,907 | 15,538 | 18,902 |
| Growth | 20.1% | 20.3% | 16.6% | 20.4% | 21.7% |
| NPATMI (VNDbn) | 6,465 | 7,857 | 9,044 | 11,062 | 13,674 |
| Growth | 21.7% | 21.5% | 15.1% | 22.3% | 23.6% |
| EPS (bonus-adjusted, VND) | 4,046 | 4,916 | 5,591 | 6,805 | 8,370 |
| Growth | 21.1% | 21.5% | 13.7% | 21.7% | 23.0% |
| ROE | 28.1% | 28.7% | 27.5% | 27.6% | 27.6% |
| ROA | 11.6% | 11.9% | 12.5% | 15.1% | 18.6% |
| ROIC | 40.7% | 51.9% | 57.8% | 67.1% | 80.2% |
| Net debt/EBITDA (times) | (1.0) | (1.3) | (1.5) | (1.7) | (2.0) |
| EV/EBITDA (times) | 11.5 | 9.7 | 8.6 | 7.2 | 6.1 |
| PER (times) | 26.7 | 21.9 | 19.3 | 15.9 | 12.9 |
| PBR (times) | 5.5 | 5.3 | 4.4 | 3.6 | 2.9 |
| DPS (VND) | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Dividend yield (%) | 1.9% | 1.9% | 1.9% | 1.9% | 1.9% |

Broadband and data center services are emphasized in the Telecom division. The delayed data center in Thu Duc city is expected to go into operation late 2025. The entry of Starlink may hardly hamper the telecom segment's growth for its small scale and the fact that satellite telecom network is typically deployed in places where terrestrial telecom network is unable to approach.

The Education division extends the strategy of expanding its network both horizontally and vertically, including introduction of mini school model to broaden coverage.

The AI business is expected to grow by 30-50% p.a in the next 5 years. FPT is currently offering AI infrastructure, AI platforms & applications (2024 revenue: USD15m) and AI services (2024 revenue: USD40m). The company believes that the emergence of low-cost AI models (e.g DeepSeek) will accelerate the deployment of AI, creating more opportunities for IT companies. With expectations of increasing demand for AI Factories, FPT sees likelihood to raise their number of AI Factories – in 2024, FPT made investments in AI Factories in Vietnam and Japan – in the future.

Comment: Although we find that FPT, as a service provider, may not be hit directly by the US's higher tariff policies, indirect impacts may emerge as companies may delay or shrink their IT budgets, given concerns about global economic downturn and potential tariffs on the technology industry. The semiconductor segment and some tech devices are exempted from the US's reciprocal tariffs for the time being, but reckoned to be subject to a separate tariff system that could be introduced by the US in the coming time to repatriate the semiconductor and advanced tech supply chains. This could trigger a delay or reduction in investments for the industry's segments, including data centers and AI-related developments, until uncertainties diminish.

We revise our net revenue projection for the company in 2025 to VND73,354bn (+16.7% YoY), still primarily driven by the Global IT services (+22.6% YoY), and EBT to VND12,907bn (+16.6% YoY), down by 2% and 3% from the prior update, respectively, considering those potential impacts on the company's businesses. **Our target price for the stock by the end of 2025 is VND139,200/shr, 4% lower than the prior update.**

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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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