

**Vietnam: Technology**
**29 Sep 2023**
**FPT VN**
**BUY**
**TP upside +28.4%**
**Close 28 Sep 2023**

 Price VND 94,000  
 12M Target VND 120,740

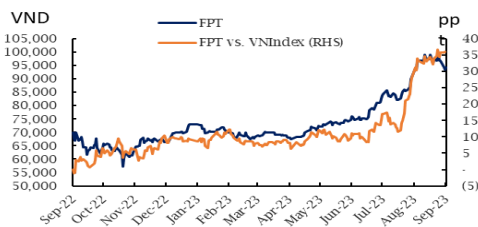
**What's new?**

- ▶ Proven ability to unlock developed market customer base.
- ▶ FPT's cost advantages and service capabilities are the key attractions.
- ▶ Education (18% of YTD PAT) is now FPT's fastest growing segment.
- ▶ The shares are up +35% YTD, and a near-term correction is possible.

**Our view**

- ▶ The IT services business should continue to grow globally given cost advantages.
- ▶ But education is especially attractive given strong growth and high gross margins.
- ▶ We expect FPT to consistently deliver 20%-plus ROE over the long term.
- ▶ Initiate with BUY and target price of VND 120,740, implying TSR of 30.5%.

**Company profile:** FPT provides a wide range of value-added services in Technology (58% revenue), Telecommunications (33%) and Education (9%). FPT is Vietnam's leading IT services provider by far, with USD 1 billion in international sales in 2022. In addition, FPT is Vietnam's third largest telecommunications services company, and it is among a handful of firms that have established educational facilities to support a skilled workforce.

**Share price performance relative to VNI**


Market cap (USD mn)	4,892
6M avg. daily turnover (USD mn)	7.04
Outstanding shares (mn shares)	1,270
Free float (%)	64.2
FINI ownership (%)	49
Major shareholders (%)	35.7
Asset/Equity (x)	2.0
2024E PER (x)	15.5
2024E P/B (x)	3.5
Trading platform	HOSE
FOL Room (%)	0

**Financial outlook (VND bn)**

Year to Dec	2022A	2023E	2024E	2025E
Sales	44,010	53,609	66,726	84,764
Op. profit	6,795	9,952	12,035	15,049
Net profit	5,310	6,488	8,470	11,050
EPS (VND)	3,818	4,657	6,080	7,930
EPS chg (%)	22.9	22.0	30.5	30.4
P/E (x)	24.7	20.2	15.5	11.9
ROE (%)	22.7	23.9	26.8	28.9
Div. yield (%)	2.1	2.1	2.1	2.1
DPS (VND)	2,000	2,000	2,000	2,000

**Source: Bloomberg, Fiiopro, Yuanta Vietnam**
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Bloomberg code: YUTA

**FPT CORPORATION (FPT VN)**
**Multi-year Growth Engine Powered by Tech & Education**

**Proven ability to deliver IT services to global markets.** Japan revenues expanded by 12.5% CAGR in 2017–2022 to account for 17% of 2022 total sales. FPT has also unlocked the US market, posting +50% YoY revenue growth to account for 13% of total sales in 2022.

**FPT's cost advantage is a key attraction.** FPT's COGS-per-employee of USD25k considerably lower than the peer median of USD32k. The company's relatively low ratios of revenue- and COGS-per-employee demonstrate that it is a low-cost IT services provider.

**Education is the next profit driver,** as a fast-growing and high-margin business. Full-time students have reached 100k, an increase of 5x in just 5 years. Underpinned by aggressive capex and facility expansion, education PBT should expand by 45.6% CAGR over the next five years to account for 42% of consolidated revenue in 2027.

**Yuanta vs the Street.** Our PATMI forecasts are above the consensus by 9.8% for 2024E and by 16.0% for 2025E, likely due to our positive view on growth for the high-margin education business. Our fair valuation estimate is 29% higher than the median target price (source: Bloomberg).

**We initiate coverage with BUY** and target price of VND120,740 based on FCFF (50% weighting) and PER comps (50%). FPT has consistently delivered 20%-plus ROE over the past four years, driven in part by high asset turnover, with strong operating cashflow and a net-cash balance position. We forecast FPT's 2023E ROE to reach 23.5% ROE, which is substantially higher than that of the regional peer median of 18.7%.

**In the short term, timing is everything.** The stock has risen by +35% YTD even following the ~7% correction over the last three weeks. Of course, the current correction could continue in the days ahead, and if so we would take it as an excellent opportunity for investors to buy this multi-year growth story in IT services (for the world) and education (for Vietnam). Simply put, FPT is among Vietnam's most attractive stocks.

**ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.**

Yuanta does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

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## FPT: A multi-year growth story

**FPT is Vietnam's number one IT services exporter by far, with over USD 1 billion in annual export sales.**

**Technology & education.** FPT is Vietnam's premier technology services firm and also provides excellent (and profitable) exposure to the adult education sector. FPT's primary business operations comprise technology (software), telecommunications, and education. It is Vietnam's number one IT services exporter by far, with USD 1bn in annual export turnover accounting for 45% of the nation's total IT services exports. In establishing this dominant position, FPT has clearly demonstrated a strong ability to capture growing global demand for outsourced IT services.

**Proven ability to unlock new markets by targeting large customer deals.** FPT has successfully unlocked the US market with 50% YoY revenue growth in 2022, accounting for 13% of total revenues. Japan remains its largest export market. In addition, FPT has implemented a strategic shift to focus on large clients, which should enable FPT to continue posting solid growth going forward. Specifically, large contract sizes (defined as higher than USD 5mn per contract) accounted for 7% of total signed revenue contracts in 1H23, up from 5% in FY2022E.

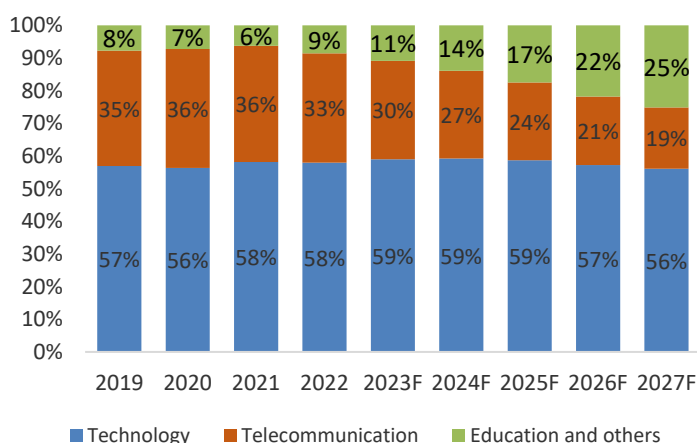
**Low cost advantage allows FPT to win contracts worldwide.** FPT's revenue per employee reached USD40,952 in 2022, substantially lower than the USD55,702 median of similarly sized listed peers in the same period. Additionally, FPT's COGS per employee is just USD 24,977, well below the peer median of USD 32,270 in the same period. We believe that this relatively low revenue/COGS per employee indicates FPT's status as a low-cost supplier. This cost leadership is a key competitive advantage, in our view.

**Education is the next growth driver.** FPT is widely (and correctly) seen as Vietnam's premier technology stock, but education – not IT services – is its fastest growing business. Education segment revenues expanded by ~53% YoY and PBT soared by ~63% YoY in 2022.

As such, education accounted for 11% of 2022 revenues, which generated attractive PBT margin of 32%. In 2023, FPT has allocated 29% of its 2023 investment budget for education, equivalent to VND 1.7 trillion and up by +113% YoY. Following this clear commitment to investment in education, we expect this segment to deliver revenue CAGR of 43.0% in 2022–2027, and we forecast it to account for 25% of consolidated revenue in 2027.

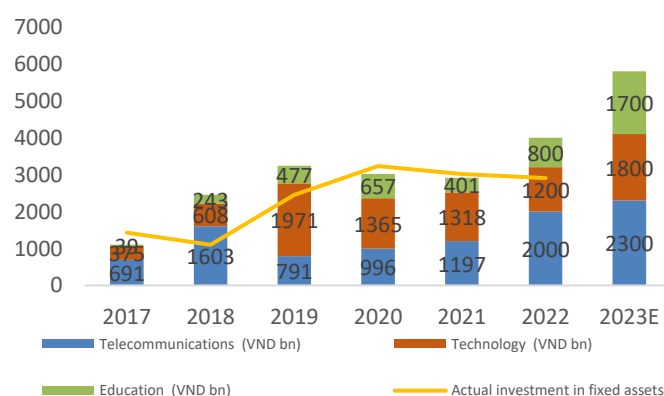
**Aggressive investment to foster growth.** We forecast FPT's CAPEX to reach VND 8.6 trillion in 2027, equivalent to 22.4% CAGR in the next five years. FPT's 2023 investment plan implies +80% YoY growth with a focus on education, which should boost its net profit margin going forward. In other words, FPT has allocated 29% of its 2023 investment budget for education, equivalent VND 1.7 trillion and up by +113% YoY.

**Fig.1: Revenue mix: Education to take a bigger slice**



Source: Yuanta Vietnam

**Fig. 2: Investment in education has expanded sharply**



Source: Yuanta Vietnam

**Turnaround for the retail consumer associate FRT?** FPT offers exposure to Vietnam’s consumer retail business via associate FPT Retail ([FRT VN](#), BUY), in which FPT holds a 46% stake. This business operates two consumer electronics retail chains (accounting for 69% of consolidated sales in 2022) and a pharmacy chain (31% of total sales – but also the key growth driver for the future).

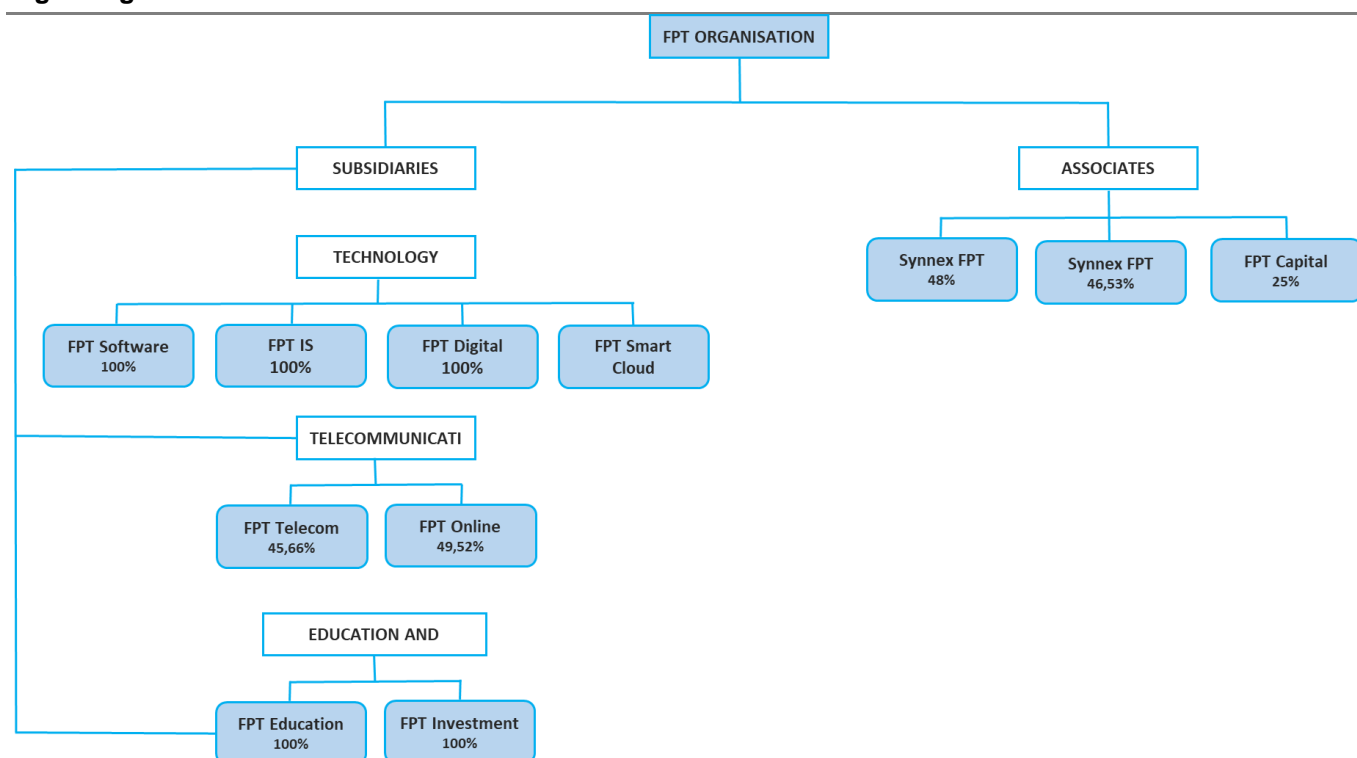
Yuanta Consumer Analyst Di Luu recently [initiated coverage](#) on FRT with a BUY rating. She expects a strong recovery in FRT’s financial performance in 2024 with a +253% YoY increase in PATMI driven by a resumption of strong economic growth from this year’s cyclical slowdown, as well as continued outperformance from the retail pharmacy chain, which is already the nation’s No.1 modern pharmacy chain.

**Other associates?** In addition, FPT owns 48% of electronics distributor Synnex FPT, a tie-up with Taiwan logistics/distribution services provider Synnex Technology (2347 TT, [HOLD-Underperform](#), Covered by Calvin Wei).

FPT also holds a 25% stake in asset management firm FPT Capital, a VND211bn investment that is not meaningful in terms of valuation of the group, but still presents exposure to an interesting industry that is set to expand rapidly in the years ahead.

Overall, we expect profit from associates to decline by –5.6% YoY in 2023, largely drive by FRT, before recovering in 2024 with a +37.8% YoY jump.

**Fig. 3: Organizational chart**



Source: FPT

**Stock view – The valuation is still cheap, based on its superior fundamentals**

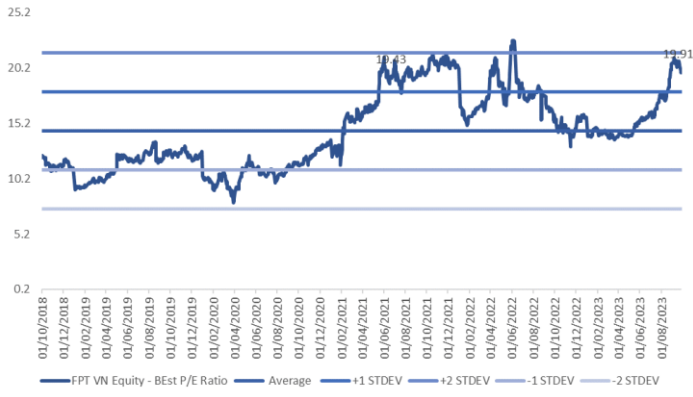
FPT has posted consistent 20%–plus PATMI growth over the last 2 years despite the global economic turbulence and various domestic shocks. ROE has also remained above 20% in 2019–2022, with strong net cash position and reduced leverage.

We forecast 23.5% ROE in 2023E, which is significantly higher than that of the regional peer median of 20.9%. FPT is trading at a 2024E PER of 16.4x, which is substantially lower than the regional peer average of 19.6x.

FPT has advanced by 35% YTD, outperforming the VNIndex by 21%. In hindsight, we see this outperformance as justified given the company’s strong fundamentals.

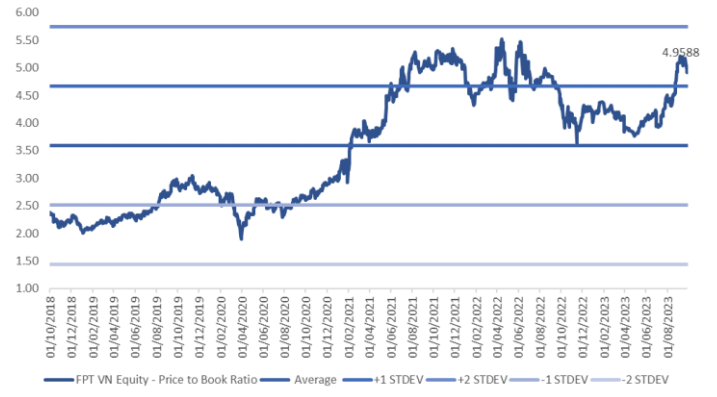
However, FPT is now trading at nearly +2 standard deviations above its historical mean PE ratio, which suggests the short-term risk that the stock may have become overheated. We would see a healthy correction as an excellent opportunity to buy.

**Fig.4: Historical 12-month forward P/E band**



Source: Bloomberg, Yuanta Vietnam

**Fig.5: Historical 12-month P/B band**



Source: Bloomberg, Yuanta Vietnam

## Education: The next profit growth driver

Education is a critical business for FPT. Not only does it generate the highest profit margin of any segment, but it also provides synergies to the company's other businesses by training human talent – FPT's key resource, both now and in the future.

**We expect education revenue to reach VND 28.2tn by 2027, equivalent to 43.0% CAGR in 2022–2027**

Underpinned by aggressive investment and strong demand, we expect education revenue to reach VND 28.2tn by 2027, equivalent to 43.0% CAGR in 2022–2027. In addition, we forecast segment PBT CAGR of 45.6% CAGR in 2022–2027. Thus, we expect segment PBT to reach VND 9,863bn in 2027, at which point it should account for 40% of FPT's blended PBT.

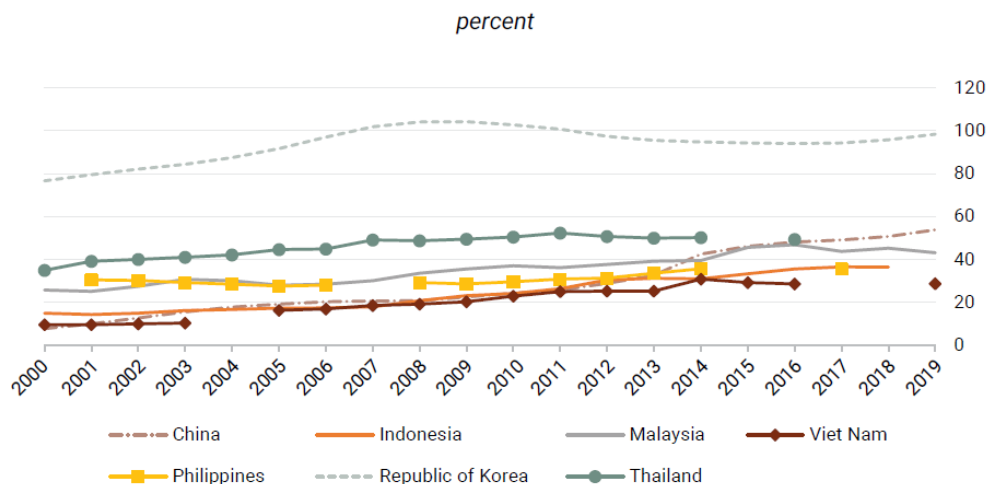
**Fast growing business.** Education is FPT's fastest growing business. Its number of full-time students has reached 100,000 after expanding by 5 times in the past 5 years. The segment posted ~42% YoY revenue growth in 6M2023. FPT Education also generates PBT margin of ~36% in 6M2023, which is the highest profit margin of any of FPT's business segments.

**Need for tertiary education improvement is paramount.** We believe that the education sector overall has tremendous room for growth in the years ahead. Vietnam's 100mn population includes 20 million aged between 6–17 and another 10 million children below 6 years old. But while Vietnam excels in primary and secondary education, the results of tertiary education (in terms of scholars graduating with practical job-skills) have been rather less spectacular.

The World Bank (2022) has reported that as of 2019, 1.9% of the population was enrolled in universities (1.67mn people), much lower than that of Malaysia (4.0%), and South Korea (3.8%). Similarly, Vietnam's gross enrolment rate [we need to define this] in tertiary education was only 28.6% in 2019, far below that of South Korea (>98%), China (>53%), and Malaysia (43%). The World Bank report's conclusion is that Vietnam needs to substantially boost investment in tertiary education to become a knowledge-based economy.

**Fig.6 Gross Enrollment rate**

**Figure 2.2. Tertiary Education GER in Vietnam and Selected Countries, 2000–19**



Source: World Bank

**There is a need for high-quality education.** Within the emerging middle class, demand for high-quality education is huge. Vietnam ranks in the bottom third of the 140 countries listed in the World Economic Forum's 2018 Competitiveness Index on skills relevance of university graduates as reported by employers.

The World Bank's report titled "Educate to grow in 2022" points out that improvement to the quality and relevance of pedagogy in higher education institutions has been slow, and Vietnam needs to urgently reform its tertiary education system to boost its quality, increase its relevance, and broaden access to a greater number of potential students.

**FPT is in an excellent position to provide education that is relevant to the high-tech workforce of the future**

**FPT is in an excellent position to provide education that is relevant to the high-tech workforce of the future.** FPT's technology expertise puts the firm in an ideal position to provide customized education services. And its human resources needs (as well as profit from tuition) give it every incentive to do so. As such, FPT continues to expand its wide-ranging educational ecosystem covering all levels with diverse majors and strengthen its presence throughout the provinces and cities nationwide.

Notably, our discussions with private sector education consultants indicate that the skill sets developed by FPT Education students are seen as relevant and attractive by the human resources-dependent tech services industry. Such graduates are likely to remain in-demand (by FPT itself and others), thus incentivizing continued growth in enrollments.

By contrast, the same consultants indicate that a key drawback for student overachievers lies in the school prestige factor, which naturally swings in favor of the nation's major universities. Matriculation in such schools is seen as a more exclusive accomplishment, despite the frequently less-than-compelling practical results. This is an interesting cultural factor but we don't see it as particularly unusual in the region (or world); nor do we think it is a substantial problem for FPT Education going forward.

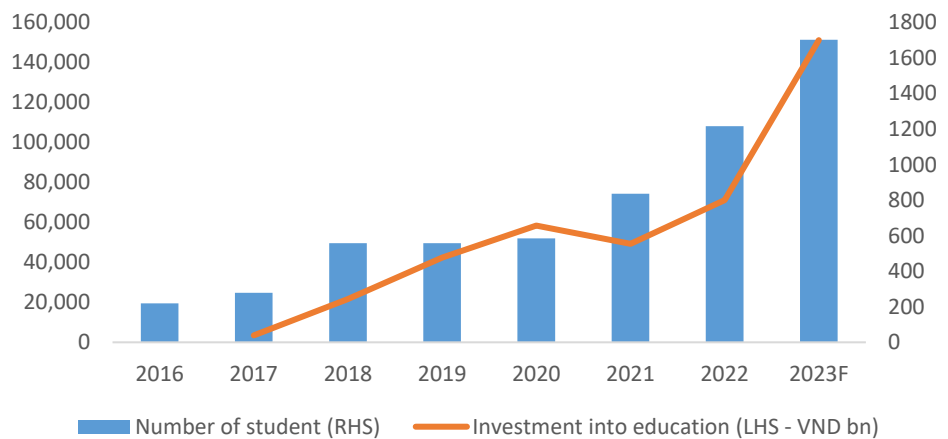
**Heavy investment in education to maintain strong growth.** We believe that education is FPT's next major growth driver. Expansion in this sector should be supported by FPT's heavy investment in education in recent years.

FPT sets out 29% of its 2023 investment budget for education, equivalent VND 1,700bn and growth of +113% YoY. Segment capex has posted CAGR of a whopping +87.6% in 2017-2023F. FPT launched 2 new high schools in 2022 and targets 7 more new high schools nationwide in 2023.

We expect the number of students to expand by +42% CAGR in 2022-2027, at which point we project the number to reach 615,000. We forecast education revenue to grow by +46.5% YoY in 2023, a key driver of our expected earnings growth given that the education segment's PBT margin of 35% is the highest of any of FPT's business segments.

**Expansion in education sector should be supported by FPT's heavy investment in education in recent years**

**Fig. 7 Number of student expanded by CAGR of 33% in 2016-2022 period**



Source: FPT, Yuanta Vietnam

**Scaling up significantly.** Specifically, FPT Education plans to scale up its campuses in areas such as Hai Phong, Bac Ninh, Bac Giang, and Ha Nam to build up a skilled workforce, contribute to local socioeconomic development, and secure its own future sustainability.

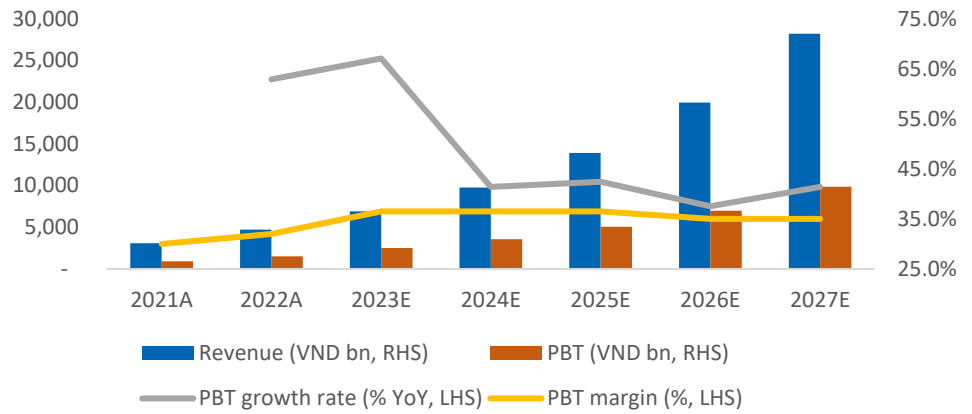
FPT has met with officials to expand its education facilities in Binh Duong province, a key FDI hub, with the development of "FTP Technology Education Urban Area". As such, Binh Duong is likely to become FPT's largest hub in the southern region.

In September, FPT University established the Department for Semiconductors and Circuits, which aims to train high-quality human resources for this industry and engage in semiconductor research.

With strong demand from prospective students and FPT’s responsive investment, we expect education revenue to reach VND 28.2tn by 2027, equivalent to +43.0% CAGR in 2022–2027.

In addition, we forecast segment PBT CAGR of +45.6% CAGR in 2022–2027. Thus, we expect segment PBT to reach VND 9,863bn in 2027, at which point it should account for 40% of FPT’s blended PBT.

**Fig. 8 We forecast education revenue CAGR of 35.4% in 2022-27E.**



Source: FPT, Yuanta Vietnam



## Technology segment remains a core growth driver too

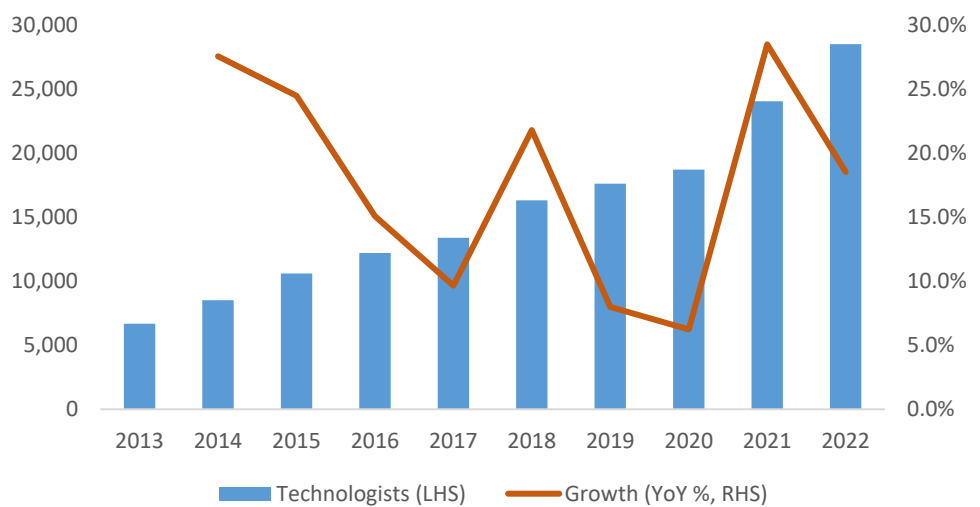
**Technology business is the fastest growing business segment, with revenue CAGR of 17.4% in 2019–22.**

Technology accounted for 59% of 2022 total revenue after growing at 17.4% CAGR in 2019–2022. 7M2023 new order volume of the company's global IT services segment reached VND 16,695bn, up by +21.4%YoY.

We expect growth to remain solid going forward and forecast technology revenue to deliver 24.5% CAGR in 2022–2027. Our positive view is supported by FPT's 1) cost competitiveness; 2) expanding IT capacity via aggressive capex; and 3) strategic shift to large-scale clients.

**FPT's large scale in IT services is supported by c.28k technologists employed as at end-2022, up by +19% YoY.** The number of employed technologist grew by 16.3% CAGR in 2017–2022, and this aggressive staffing strategy has underpinned the overall growth of the technology business.

**Fig. 9 Growth supported by aggressive hiring of technologists**



Source: FPT, Yuanta Vietnam

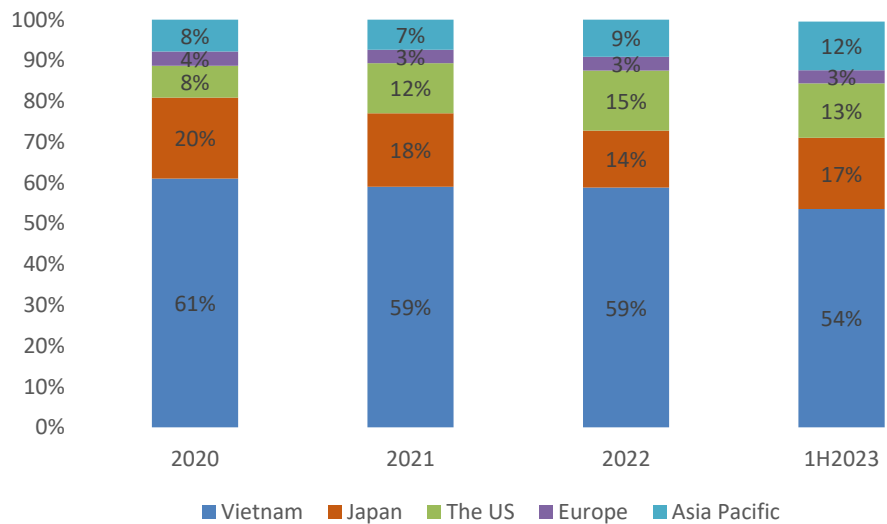
**Building a strong worldwide footing.** As a global technological enterprise, FPT has a system of 290 offices and branches in 29 countries and territories worldwide. The firm's technological infrastructure covers all of Vietnam's provinces and major urban centers.

FPT is penetrating to new markets by opening more offices in Latin America, North America, the Middle East, and Eastern Europe with the goal of increasing service capacity and availability to global customers.

**FPT has proven ability to unlock new markets: Japan, US**

**Proven ability to unlock new markets.** FPT has conquered the Japanese market, which is now its largest export market and accounted for 17% of 1H23 revenue, as presented in the figure below. FPT was also successful in unlocking the US market in 2021–2022, and US revenues are now growing more rapidly than those of Japan. Specifically, revenue from the US grew by 50% YoY to reach 15% of total revenues in 2022, making it the largest external market last year. However, in 1H23, the US accounted for 13% of revenue, less than that of Japan.

**Fig. 10: Revenue breakdown by geographic area**



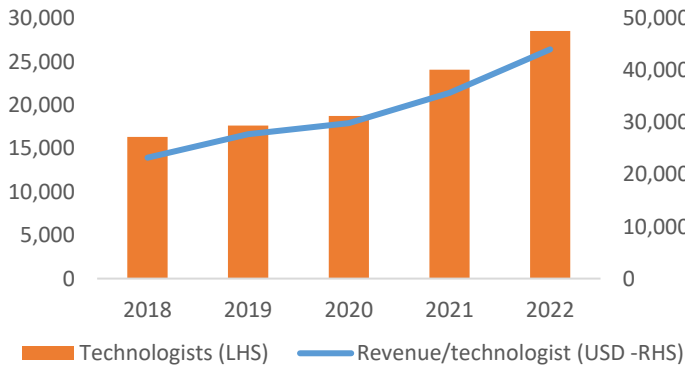
Source: FPT, Yuanta Vietnam

**FPT's low-cost advantages can be demonstrated by its relatively low per-employee revenue and COGS**

**Cost advantage is FPT's key value proposition for global customers.** We believe that FPT's low-cost advantages can be demonstrated by its relatively low per-employee revenue and COGS, which should enable FPT to win the competition.

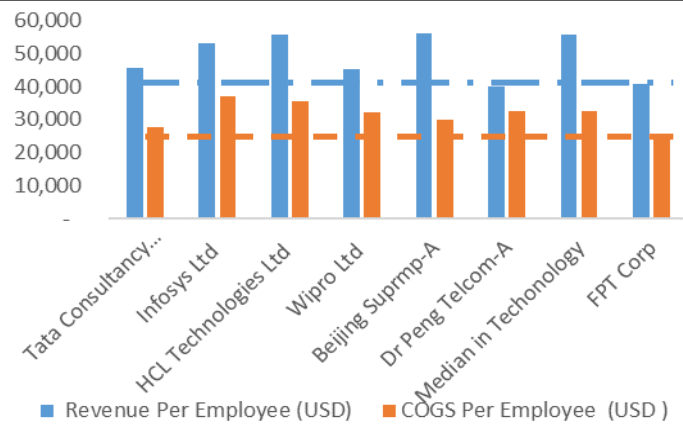
Specifically, FPT's revenue per employee reached USD 40,952 in 2022, which is substantially lower than the median of similarly-sized listed peers, which is USD 55,702. In addition, FPT's COGS-per-employee is also significantly lower than peers' at just USD 24,977, significantly lower than the peer median of USD 32,270.

**Fig.11: FPT's revenue per employee**



Source: FPT, Yuanta Vietnam

**Fig. 12: Revenue per employees of FPT vs peers**



Source: Bloomberg, Yuanta Vietnam

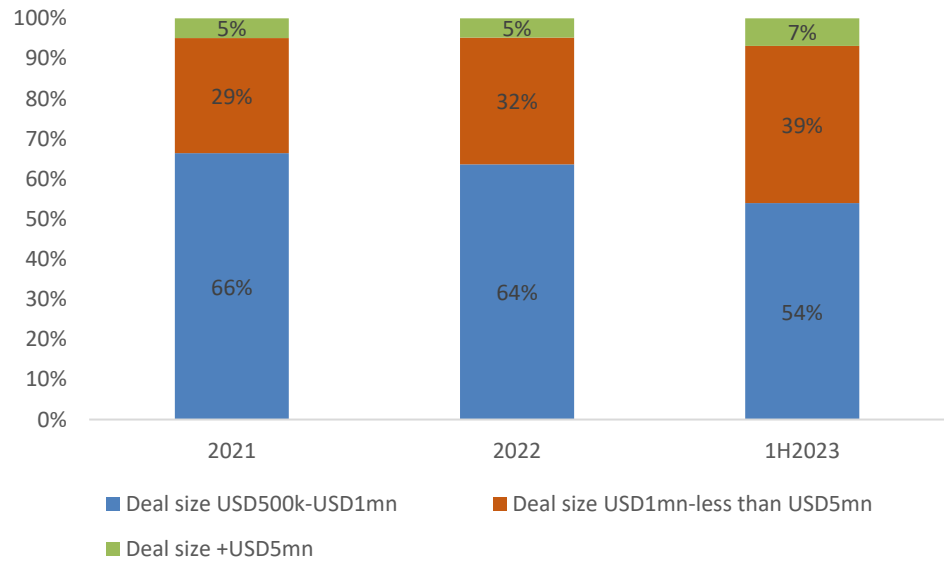
**FPT's strategic shift to larger clients should support its long-term growth.**

**Enhanced technology capabilities enable larger contract wins.** FPT's strategic shift to larger clients should support its long-term growth. Deals of the USD 1mn category (i.e., those valued at +USD 1mn to less than USD 5mn) and those above +USD 5mn are increasingly taking a larger share of the total revenue pie.

For example, deals sized at more than USD1mn currently account for 39% of total clients, up from 32% in 2022; Deals sized above USD5mn account for 7% of total clients, up from 5% in 2022.

We believes this shift is a key driver of technology revenue growth: 6M2023 IT sales rose by +25.1% YoY vs 23.5% YoY in 6M2022 resulting in +17.4% CAGR in 2019-2022 period.

**Fig. 13: Deal size above +USD1mn and +USD5mn are increasingly accounting for a bigger share of the total revenue pie**



Source: FPT, Yuanta Vietnam

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## Telecommunications business

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**FPT Telecom is Vietnam's third largest player in the sector, just behind SOE giants Viettel and VNPT.**

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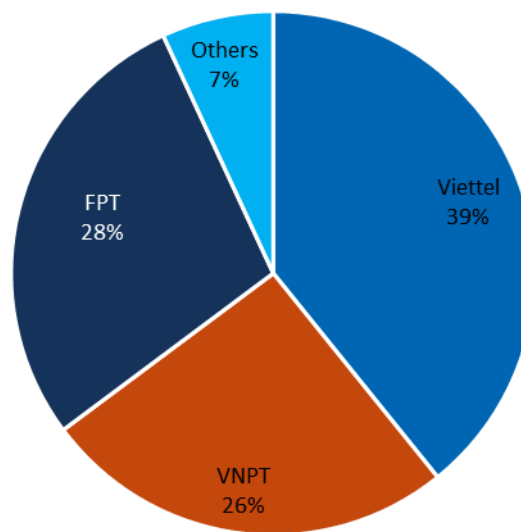
FPT Telecom is Vietnam's third largest player in the sector, just behind SOE giants Viettel and VNPT. The telecommunication business segment comprises fixed broadband; fast-growing pay television services, which FPT is a key player, smart home products, digital media ecosystem. The telecommunication businesses accounts for 33% of the FY2022 total revenue, generate generous 19% profit before tax margin.

FPT is the second largest fixed broadband provider with 28.3% market share in terms of the number of contracts, just behind Viettel (46%), followed by VNPT (25.6%) in 2022, according to survey carried out by International Data Group (IDG). FPT Telecom ranks third among domestic players in terms of data center market share, just behind VNPT IDC (8 centers) and Viettel IDC (5 centers). In addition, FPT play is the top 3 streaming services in terms of Share of Voice, just behind Netflix, Vieon.

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**Fig.14 Fixed internet broadband market share as at end 2022**

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Source: Ministry of Information and Communications

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**Telecom segment earnings growth has mainly been driven by pay television services (i.e., FPT Play), which rose by 25.9% YoY in 2022**

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Telecom segment earnings growth has mainly been driven by pay television services (i.e., FPT Play), which rose by 25.9% YoY (fulfilling 100.7% annual guidance) in 2022. This was partly underpinned by 20% YoY growth in subscriber numbers as well as slightly higher ARPU. The growth is significantly stronger than 15.6% YoY increase in corporate telecom services.

By the end of 2021, Vietnam has 17 million Pay TV subscribers, of which OTT was 3.7 million, 3.5 times that of 2020 (1 million). The size of the market in terms of revenue is about VND 9 trillion. FPT stated that it has ~35 million subscribers, which we assume includes non-paying subscribers. Thus, we assume that FPT has about 3 million paying subscribers, accounting for about 17.6% market share.

In a survey carried out by Younet Media in 2021, FPT ranked as the third largest player in the streaming market in terms of share of voice (9.5%), behind Vieon (15.9%), and Netflix (24.0%). Share of voice is a marketing metric that allows observers to compare awareness of one brand against that of its competitors.

FPT Play has a diversified content with 15,000 hours of content and 200 channels, which allows it to provide customized service packages to attract new users. In our opinion, the service's content is more innovative and attractive than that of Viettel and most of the conventional state TV channels.

**New law to stimulate demand for data centers, a growing market that is undersupplied in Vietnam**

**New law to stimulate demand for data centers**, a growing market that is undersupplied in Vietnam. FPT Telecom currently ranks third in terms its market share among domestic data center providers, well behind Viettel IDC (13 centers with 9,000 racks – a position that it will likely retain given its plan to invest VND 10 trillion to 17,000 racks by 2025) as well as the No. 2 player VNPT IDC (8 data centers). As discussed in the industry landscape section below, MNCs have to store Vietnamese users in domestic facilities, triggers demand for data centers.

FPT claims to be the only domestic data center in Vietnam to have achieved the US-based Uptime Institute’s TIER III Standard, providing the highest level of data security and availability for customers by achieving ISO 20000 (ITIL) Tier iii, iso 27001 (BS7799) and ISO 9001:2000. FPT is also investing in undersea cables to enhance the domestic network infrastructure and data centers.

**FPT Telecom is also expanding its technology capacity in data centers to capture growing demand.**

FPT Telecom is also expanding its data center capacity to capture that market’s soaring growth in Vietnam. Specifically, FPT has four data centers: three of thee data centers are operational and the fourth is under construction in District 9 of HCMC.

Total current capacity is 8000 m2 and 2455 racks. FPT plans to expand its capacity by 62.9% to 4,000 racks by 2025 with the new FPT Data Center in District 9, HCMC. The management expect that it will partially launch the new center in 2024 going forward. The management expects that the utilization to reach 100% quickly following the completed project’s commercial launch.

Revenue from data centers reached USD 15mn in 2022 (0.8% total revenue). By 2025, we expect data centers to generate USD 38mn (1.1% total revenue), equivalent to 38.4% CAGR in 2022–2025.

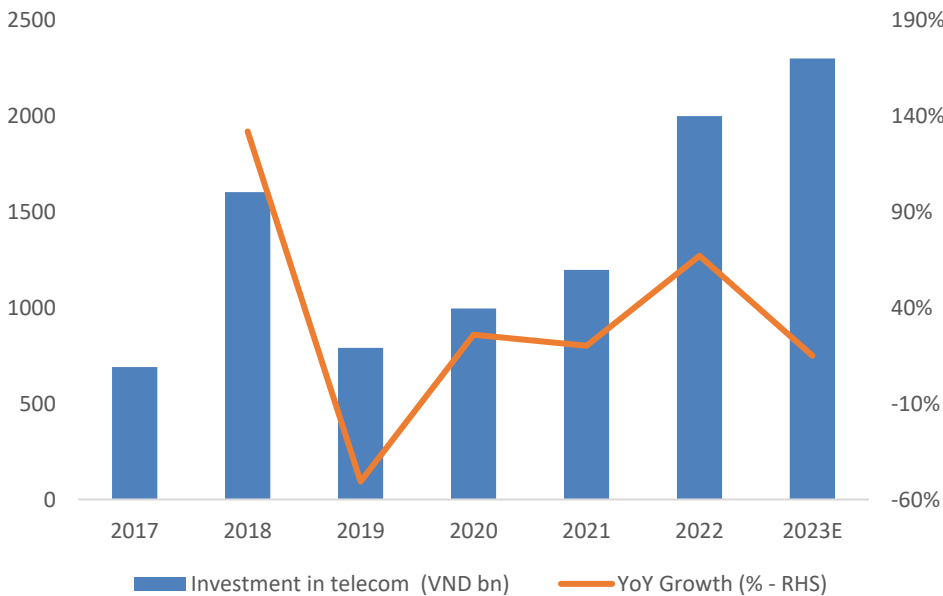
**Fig.15: Revenue from data centers: We expect +38% CAGR in 2022-2025**

Data center	2022A	2023E	2024E	2025E
Revenue (VND bn)	345	540	673	915
Racks	1600	2455	3000	4000
Revenue per rack (VND/bn)	0.216	0.220	0.224	0.229
% total revenue	0.78%	1.01%	1.01%	1.08%

Source: FPT, Yuanta Vietnam

**Investment in telecom segment has risen at CAGR of 22% in 2017–2023**, the escalated over the last three years at 20% in 2021, 67% in 2022 and 15% in 2023E, much of which to telecom infrastructure, data centers to meet high demand for bringing businesses online or digital transformation.

**Fig.16 Investment in telecommunication posted +22% CAGR in 2017-23E**

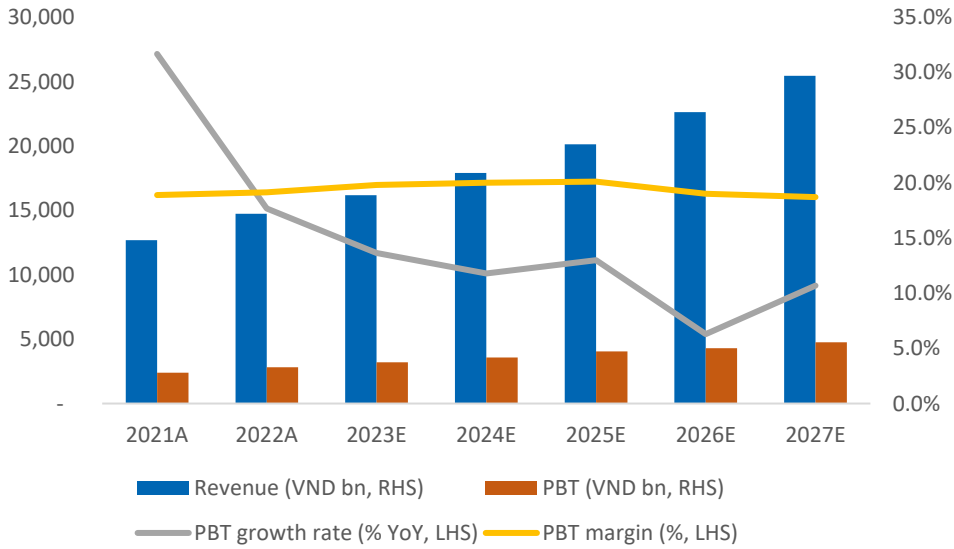


Source: FPT, Yuanta Vietnam

**Our revenue growth forecast in 2022– 2027 for telecom business is 11.5% CAGR substantially lower than the management expectation.**

**The telecom business has been growing at 15% CAGR (2019–2022).** Management targets telecom segment revenue and profit growth of +20% per annum in the next three years to achieve USD 1bn in 2025, driven by AI, big data, and analytics. While we hope that the telecom business can achieve the high growth target backed by FPT’s commitment of continuous investment in new technologies, we remains conservative in our forecasted. Our revenue growth forecast in 2022– 2027 for telecom business is 11.5% CAGR driven by improved ARPU, moderate user growth, substantially lower than the management expectation.

**Fig.17: Telecommunication profitability should remain stable**



Source: FPT, Yuanta Vietnam

## Industry landscape: Ample room for growth

**Gartner projects worldwide IT spending increase by 5.5% YoY in 2023 and 8.6% YoY in 2024 to reach USD 5.04tn in 2024**

Worldwide IT spending is projected to increase by 5.5% YoY in 2023 and 8.6% YoY in 2024 to reach USD 5.04tn in 2024, according to the latest forecast by Gartner. The research agency argues that despite continued global economic turbulence, all regions are projected to post positive IT spending growth this year, as firms push forward with digital business initiatives -- in part as a response to the challenges created by the economic turmoil itself.

**Specifically, software services should see double-digit growth** in 2023 as enterprises prioritize their competitive advantages through increased productivity, automation, and other software-driven transformation initiatives.

**FPT is part of this megatrend.** The company is Vietnam's first domestic enterprise to generate USD 1 billion in overseas sales of technology services and solutions, and it accounts for a whopping 45% of total IT services exports from Vietnam.

**AI spending to increase by 26.7% CAGR in 2022–2026.** IDC forecasts global spending on AI, including software, hardware, and services for AI-centric systems, will expand by four-year CAGR of 26.7% to reach USD 118 bn by 2026.

As tempting as it is to discuss FPT as an AI play amid the bubbling global narrative surrounding artificial intelligence, we hesitate to do so given the relatively minor impact on the company's revenues in the near term. However, the stock is probably Vietnam's best listed proxy on the theme due to its AI service offerings, which are very likely to expand along with demand in the years ahead.

**Cloud services to grow by 21.7% YoY in 2023 to reach USD 597bn,** according to the latest forecast from Gartner. Their researchers argue that the current inflationary pressures and macroeconomic conditions are having a push-and-pull effect on cloud spending, as discussed above. However, cloud computing will continue to be a bastion of safety and innovation, supporting growth through uncertainty due to its agile, elastic, and scalable nature. Data centers, the core infrastructure of the cloud, should also benefit from this structural growth in cloud use and spending.

**Global AI spending to increase by 26.7% CAGR in 2022–2026.**

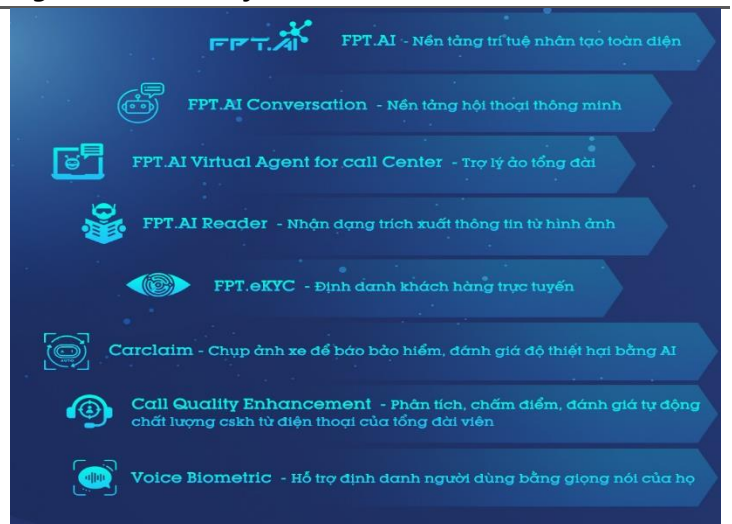
**Cloud services to grow by 21.7% YoY in 2023 to reach USD 597bn.**

**Fig. 18: Projected cloud spending [USD mn]**

Spending on Cloud	2021A	2022E	2023E	2 YEAR CAGR
Cloud Business Process Services (BPaaS)	54,952	60,127	65,145	9%
Cloud Application Infrastructure Services (PaaS)	89,910	110,677	136,408	23%
Cloud Application Services (SaaS)	146,326	167,107	195,208	16%
Cloud Management and Security Services	28,489	34,143	41,675	21%
Cloud System Infrastructure Services (IaaS)	90,894	115,740	150,254	29%
Desktop-as-a-Service (DaaS)	2,059	2,539	3,104	23%
<b>Total Market</b>	<b>412,632</b>	<b>490,333</b>	<b>591,794</b>	<b>20%</b>

Source: Gartner, Yuanta Vietnam

**Fig. 19: FPT AI Ecosystem**



Source: FPT, Yuanta Vietnam

**Global data center market to post double-digit growth.** We expect data centers to remain a key focus of global corporate capital and cost allocation going forward. Gartner estimates that spending on data center systems worldwide reached USD 212bn in 2022, up by +11.1% YoY and far higher than the +3% increase in total IT spending last year.

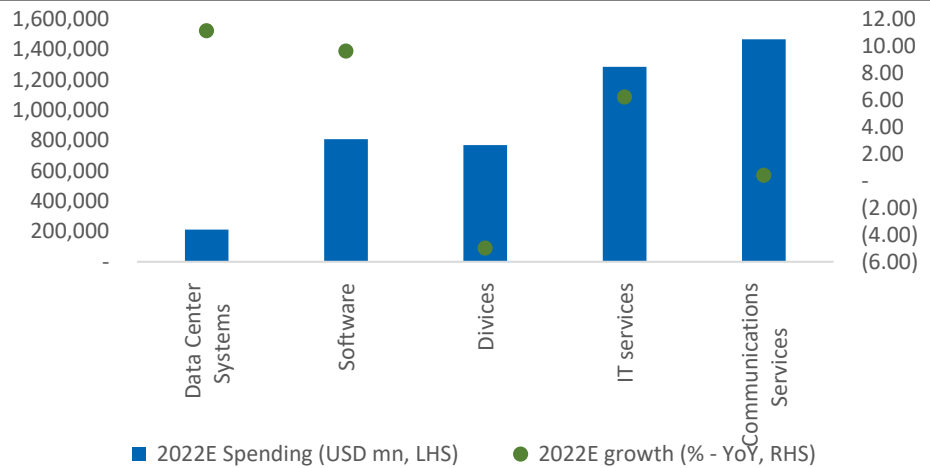
**Vietnam's new cybersecurity law requires corporations to physically store Vietnamese users' data within Vietnam's borders**

The data center services industry in Vietnam is crowded, but we believe the sector still has ample room for growth due to trends in regulation.

We reckon that foreign companies have roughly an 80% share of the domestic data center market, which is dominated by Amazon Web services (33%), Google (21%), and Microsoft (21%). Domestic companies thus account for just 20% market share.

However, Vietnam's new cybersecurity law effective since Oct 1, 2022 requires corporations to physically store Vietnamese users' data within Vietnam's borders. As a result, large corporations including Apple, Facebook, and YouTube must use data centers that are located in Vietnam. Compliance may be uneven at first, but overall the law should stimulate demand for datacenters in the long run.

**Fig.20 Data center revenues in 2022 (USD mn)**



Source: Gartner, Yuanta Vietnam

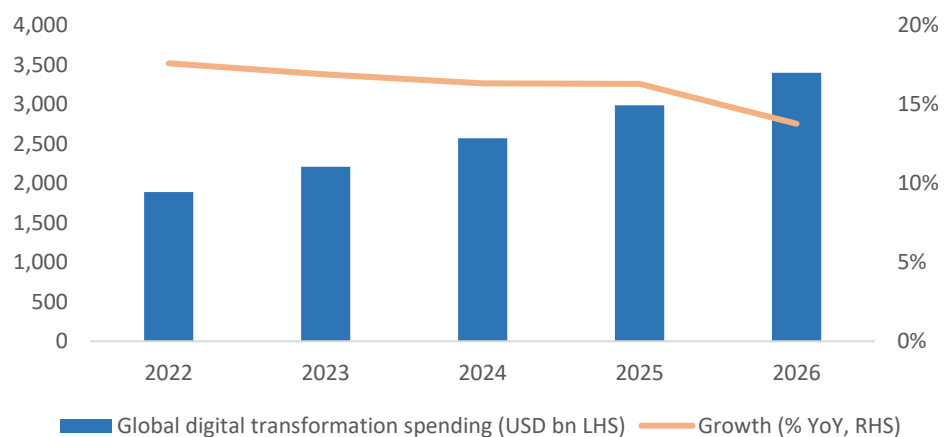
**Digital transformation helps companies navigate** through the various macroeconomic uncertainties confronting the world in the post-pandemic / post-QE / post-globalization world.

IDC estimates that global digital transformation (DX) spending will reach USD3.4 trillion in 2026, representing a four-year (2022-2026) CAGR of 16.3%. Their analysts reckon that 30% of worldwide DX spending going forward will be attributable to discrete & process manufacturing industries, in which robotics, autonomic operations, and self-healing assets are among the leading use cases.

**FPT also benefits from global DX trend. The company's DX revenue grew by +40% YoY in 1H23.**

FPT also benefits from this trend. The company's DX revenue grew by +40% YoY in 1H23.

**Fig. 21: Global digital spending to grow by 16.3% CAGR in 2023E-2026E**



Source: IDC, Yuanta Vietnam



**Vietnam's digital economy is the fastest growing in Asia toward 2026**

**Vietnam's digital economy is the fastest growing in Asia.** By 2026, Asia is predicted to have three of the world's five fastest-growing digital economies, with Vietnam and India in first and second place, respectively according to FT and technology research firm Omdia. Specifically, Vietnam YoY growth hit 9.3% YoY in 2024, 8.9% YoY in 2025, and 8.7% in 2026. The FT-Omdia performance measures fall into five broad categories: connectivity, devices, entertainment, payment; and enterprise expenditure.

In absolute term, Vietnam's digital economy hit USD 23 billion in 2022 and is on track for USD 49 billion by 2025, equivalent to 20.8% CAGR (2022-2025) and driven by a booming e-commerce sector, according to a report titled *E-conomy SEA 2022: Through the waves, towards a sea of opportunity*, which was collaboratively published by Google, Temasek, and Bain.

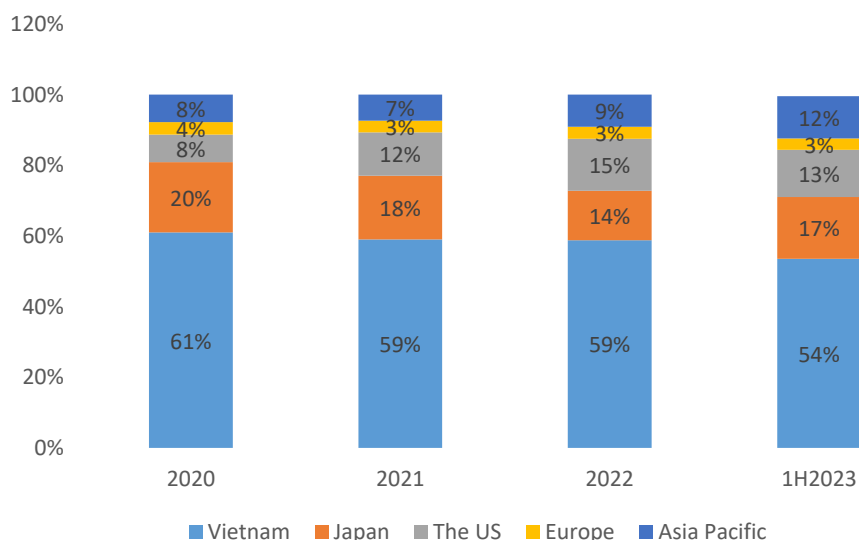
**The government's targets the digital economy to account for 20% of GDP by 2025** (~USD 80bn) and 30% of GDP by 2030 (~USD 120bn). This represents substantial growth from current levels (i.e., 14.3% of GDP in 2022). Prime Minister Pham Minh Chinh is also chairman of the national digital transformation initiative, indicating the degree of urgency and intensity placed on these efforts.

**The national strategy also sets out aggressive growth targets for public services**, including the 2025 target for 80% of public services to be accessible through various digital platforms including mobile devices (100% by 2030) vs nearly nil right now; and for 70-90% of provincial, district, and ward-level government procedures to be processible online.

**FPT has a strong track record of supporting the digital transformation of public services and thus beneficial to government digital economy development.** By the end of 2022, FPT has been cooperating and providing digital transformation services for 24 provinces out of 63 provinces across the country: including An Giang, Nam Định, Quảng Trị, Hưng Yên.

**Ability to unlock new markets.** FPT has conquered Japan market, which is the largest IT export market of the company. Growth extended in 1H23 as revenue from Japan grew by +39.1% YoY. FPT was also successful in 2021-2022 in unlocking the US market, which is now outgrowing the Japanese market at +50% YoY revenue growth in 2022, accounting for 35% of FPT's global IT service revenue, still slightly behind Japan's at 39% of related revenue for the company.

**Fig. 22: Revenue breakdown by geographic area**



Source: FPT, Yuanta Vietnam

**We expect FPT's capex to post +22.4% CAGR over the next five years to foster growth**

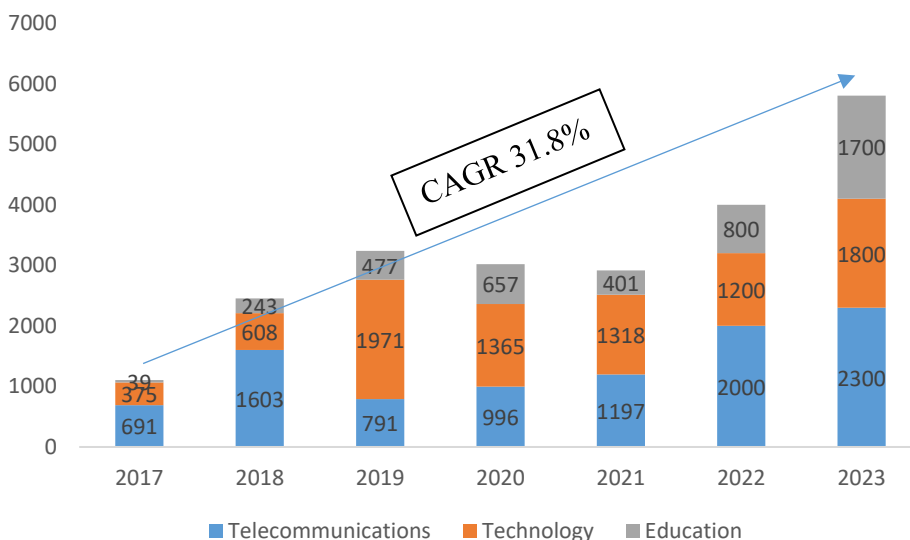
**Heavy investment to foster future growth.** FPT's budget for total capital expenditure in 2023 to reach VND 5.8 trillion, up +45% YoY, implying 2017–2023 CAGR of +31.8%. Going forward, we expect FPT's capex to post +22.4% CAGR over the next five years and to reach VND 8,843bn in 2027.

The company's 2023 capex budget is 39% allocated to the telecommunications segment, 31% to technology, and 29% education accounts for 29% of the company's budget.

FPT is investing heavily in developing its new products, platforms, and IT solutions for core technologies such as cloud, AI, and blockchain. It is also focusing on expanding its sales channels in various domains in Vietnam and abroad.

**Capex budget reflects the commitment to education.** For 2023, FPT budgets VND1.7 trillion or 29% of its total 2023 investment budget for high-margin education, representing an increase of +113% YoY. As such, FPT has increased its investment in education by 88% CAGR in 2017–2023. This emphasis on the high-margin education business should help to boost PBT margins going forward.

**Fig. 23: Heavy capital expenditure to foster strong growth**

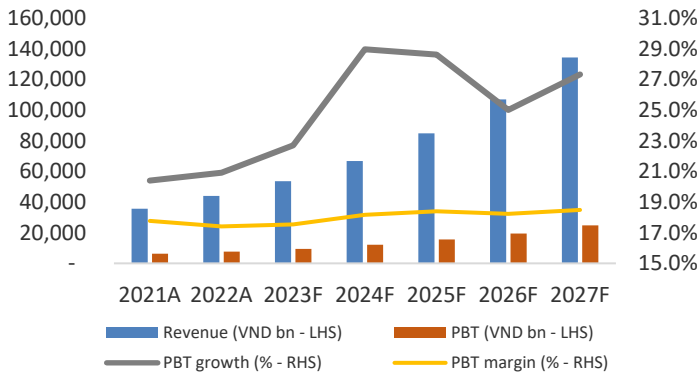


Source: FPT, Yuanta Vietnam

# Financial analysis: strong financial position

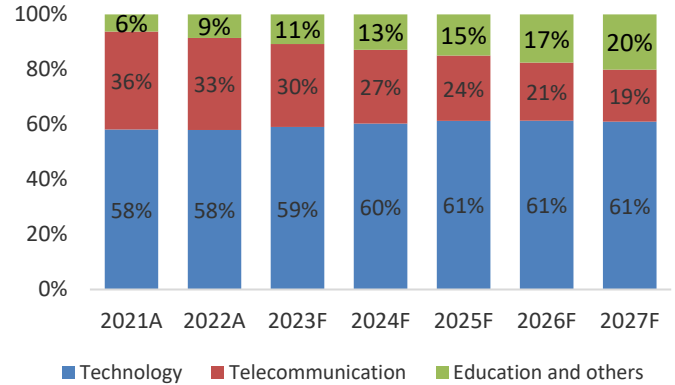
We expect FPT to post consolidated sales CAGR of 25.0% in 2022–2027, driven by technology and education. We also see strong potential for improvement in PBT margin going forward as the high margin education business outgrows the rest of the other businesses in terms of sales and PBT.

**Fig. 24: EBITDA should deliver 16.9% CAGR in 2020-25E**



Source: FPT, Yuanta Vietnam

**Fig. 25: Revenue mix assumptions**



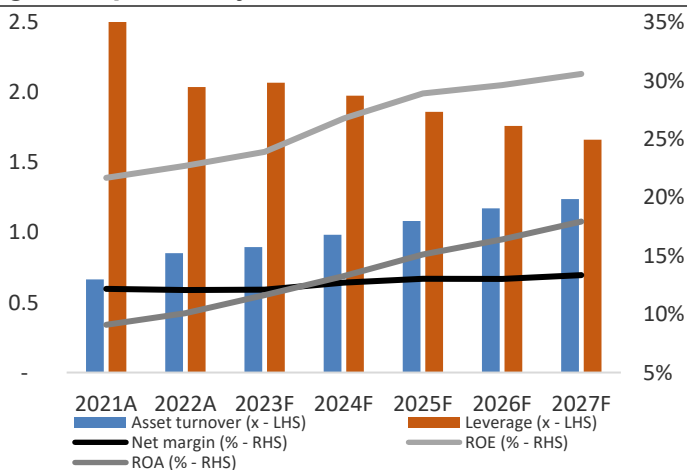
Source: FPT, Yuanta Vietnam

**Profitability has improved along with enhanced efficiency.** Since 2019, FPT's profitability ratios have gradually improved, underpinned by increased asset turnover and net margin. We expect this improvement to extend into 2023 and beyond. We forecast that FY2023E ROE of 23.6%, substantially higher than that of the regional peer median ROE of 20%.

**A relatively healthy financial position.** FPT significantly reduced its leverage in 2022, possibly as a rational response to increased interest rates. We expect FPT to continue to deleverage in the next few years, despite the considerable expected capex during the same period.

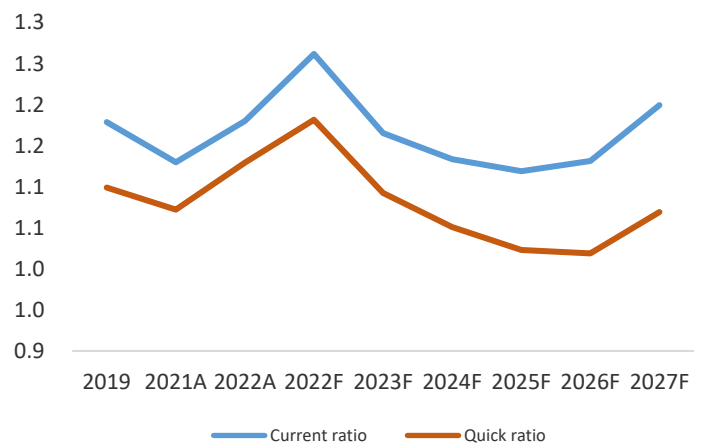
FPT recorded VND1.9 tn investment in associates, which includes VND 803bn for its 46% stake in FRT. But we believe that the accounting-based book value of all these assets understates their market values. For example, the FRT stake carries a market-based value of VND 4.5tn, which is 5.6x higher than the value recorded in FPT's balance sheet.

**Fig. 26: Dupont Analysis**



Source: FPT, Yuanta Vietnam

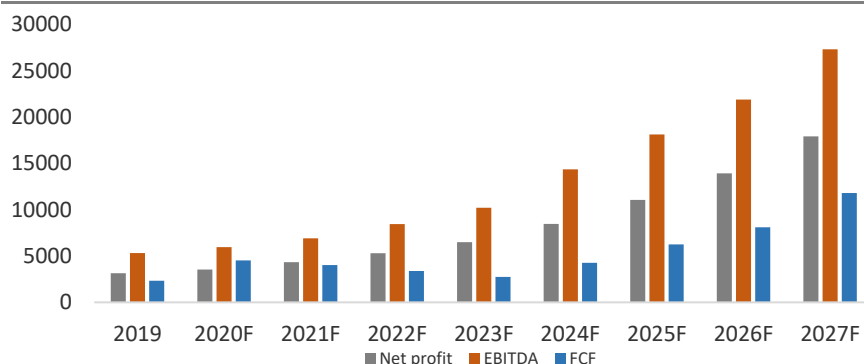
**Fig. 27: Liquidity should remain safe**



Source: FPT, Yuanta Vietnam

**Strong cash flow despite increased capex.** We expect FPT’s free cash flow to remain strong throughout the 2022–2027 period. In 2023, FPT’s capex budget surged by 80% YoY, primarily due to the high-margin education segment, which should boost net profit margin going forward. FPT sets out 29% of its 2023 investment budget for education, equivalent VND 1,700bn and up by 113% YoY. We expect total capex investment to grow by 22.4% CAGR in over the next 5 years to reach VND 8,843bn by 2027.

**Figure 28: Sizeable expected capex to drive future growth**



Source: FPT, Yuanta Vietnam

### YTD performance update

**FPT reported 8M2023 PATMI of VND 4,086 bn, up by +19.9% YoY**

**8M23 PATMI grew by +19% YoY.** FPT reported 8M23 PATMI of VND 4,086 bn, up by +19.9% YoY. The bottom line growth was mainly attributable to strong revenue growth of 22.4% YoY to reach VND 28,429 bn. All segments reported strong growth.

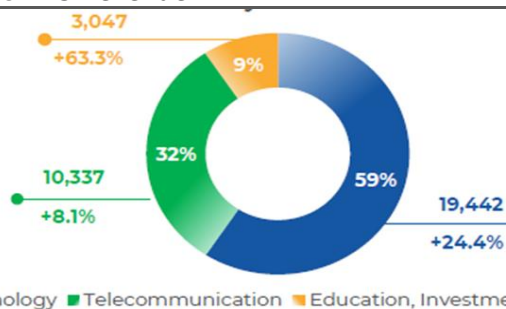
Technology is leading the profit growth YTD. 8M23 technology revenue rose by 24.4% YoY to reach VND 19,442 bn, accounting for 59% of revenue during the period. In addition, technology PBT reached VND 2,740 bn, up by +24.0% YoY.

Education posted strong 8M2023 earning growth as well. Education and other revenue jumped by +63.3% YoY to reach VND 3,047bn in 8M23. Meanwhile, education segment PBT rose by 37.1% YoY to reach VND 1,113bn. 8M23 PBT margin remains high at 36.5%, the highest among FPT’s various business segments.

Telecommunications services revenue remains stable YTD. 8M23 segment revenue grew by 8.1% YoY to reach VND 10,337 bn. Segment PBT increased by 6.2% to reach VND 2,050 bn.

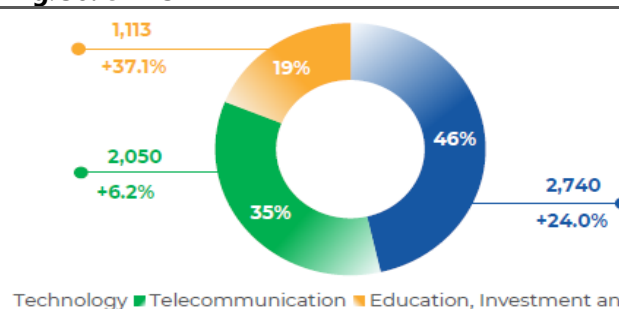
By geographical breakout, Japan posted strong revenue growth of 41.3% YoY despite JPY depreciation, which management attributes to increased demand for digital transformation services. FPT has actively implemented currency hedging and adjusted its selling prices to respond to fluctuations in the Japanese yen to ensure stable growth for its Japan business.

**Fig.29: 8M23 Revenue mix**



Source: FPT, Yuanta Vietnam

**Fig. 30: 8M23 PBT mix**



Source: FPT, Yuanta Vietnam

## Valuation and Risks

We initiate coverage with a **BUY recommendation** and target price of VND 120,740 based on a weighted approach comprising FCFF (50%) and PER multiple (50%), implying TSR of 30.5%.

### Valuation

Our target price of VND 120,740 is based on a weighted approach comprising our FCFF model (50%), and comparable PER multiples (50%). Our target price implies a 2024E PER of 19.9x and 2025E PER of 15.2x, which we view as reasonable given FPT's status as Vietnam's premier technology stock and its attractive long-term growth story.

**Fig.31: Valuation**

Valuation methods	Target Price	Weight	Upside
FCFF	122,318	50%	30.1%
PER Multiple	119,161	50%	26.8%
<b>Overall</b>	<b>120,740</b>	<b>100%</b>	<b>28.4%</b>

Source: Yuanta Vietnam

### FCFF methodology

Our FCFF valuation assumptions include WACC of 9.7%. This conservative valuation is based on cost of debt of 7%, cost of equity of 12.8%, and modest terminal growth of 3%.

**Fig.32: FCFF Valuation**

FCFF	2023E	2024E	2025E	2026E	2027E	2028E	2029E		
EBIT	8,381	11,775	15,078	18,349	23,266	27,780	32,658	Present value FCF 2023-2029	47,274
<i>Less: Tax</i>	(1,437)	(1,853)	(2,383)	(2,979)	(3,793)	(4,563)	(5,399)	Terminal value	176,004
<i>add: Depreciation</i>	2,174	2,584	3,034	3,530	4,050	4,596	5,169	PV of terminal value	101,968
<i>less: FCInvestment (Capex)</i>	(5,800)	(6,960)	(7,656)	(8,422)	(8,843)	(9,285)	(9,749)	Total present value	149,241
<i>less: WCInvestment</i>	(572)	(1,274)	(1,813)	(2,376)	(2,888)	(2,930)	(3,437)	<i>less: debt</i>	(16,848)
Free cash flow	2,747	4,272	6,260	8,102	11,792	15,599	19,243	<i>Add: cash</i>	22,944
<b>Present value</b>	<b>2,747</b>	<b>3,900</b>	<b>5,219</b>	<b>6,167</b>	<b>8,195</b>	<b>9,898</b>	<b>11,148</b>	Equity value	155,338
								Outstanding shares (000)	1,270
								<b>Intrinsic value/share</b>	<b>122,318</b>

Source: Yuanta Vietnam

We believe FPT should provide investors with exposure to a multi-year growth story. This positive view is baked into our model's projections out to 2029, but the sensitivity analysis presented below indicates that our FCFF-based valuation is still conservative given modest terminal growth of 3%.

We believe that FPT's strong growth momentum should extend beyond 2029 based on the company's aggressive expansion in its most profitable businesses (i.e., technology and education).

**Fig. 33: Sensitivity analysis**

		Terminal growth					
		122,318	2%	2.50%	3.0%	3.50%	4%
	11.70%	81,568	84,082	86,884	90,029	93,581	
	10.70%	92,988	96,460	100,382	104,849	109,982	
<b>WACC</b>	9.52%	110,971	116,241	122,318	129,405	137,774	
	8.70%	127,899	135,185	143,748	153,959	166,342	
	7.70%	155,862	167,165	180,873	197,845	219,404	

Source: Yuanta Vietnam

## PER comparables

We apply a target PER multiple of 19.6x, which is the median valuation among FPT's regional peers. Again, this is arguably conservative given that we expect FPT's ROE to reach 25%, substantially higher than street estimates for the regional peers. From a purely theoretical perspective, FPT's superior profitability would suggest that a substantial valuation premium to its regional peers might be more appropriate.

**Fig. 34: Regional peers' PER multiples**

Ticker	Name	Country	Mkt Cap (USD)	Gross Margin (%)	Operating Margin (%)	FY2023E P/E Ratio (x)	FY2024E P/E (x)	5 Year AVR P/E (x)
HCLT IN Equ	HCL Technolo	India	38,770	-	18.2	19.7	18.0	17.9
Wpro IN Equ	Wipro Ltd	India	26,229	28.7	14.9	18.3	16.5	18.9
TLKM IJ Equ	Telkom Indone	Indonesia	24,154	-	26.7	13.8	13.1	18.3
601919 CH E	Cosco Shippin	China	19,967	44.3	41.0	-	9.0	-
LTIM IN EQU	L&T Infotech L	India	18,611	-	16.2	29.5	25.9	30.1
TechM IN Equ	Tech Mahindra	India	14,201	28.5	11.4	21.6	17.7	-
MPHL IN EC	Mphasis Ltd	India	5,615	-	15.6	26.2	23.5	24.0
PSYS IN EQU	Persistent Sys	India	4,774	-	14.9	32.1	27.8	30.1
TEL PM Equi	Pldt Inc	Philippines	4,646	92.9	(2.7)	8.9	8.2	15.3
OFSS IN Equ	Oracle Financi	India	4,218	-	42.0	-	15.5	16.1
T MK Equity	Telekom Mala	Malaysia	4,164	-	16.7	16.8	14.0	29.7
Coforge IN E	Coforge Ltd	India	3,971	-	12.8	30.8	27.5	30.0
TDC MK Equ	Time Dotcom	Malaysia	2,263	59.4	34.5	23.1	20.8	20.9
SSOF IN EQU	Sonata Softwa	India	1,748	-	7.3	22.7	20.3	19.0
BSOFT IN EC	Birlasoft Ltd	India	1,587	-	9.1	23.2	20.2	17.5
300036 CH E	Beijing Suprm	China	1,457	46.5	(25.6)	36.5	27.6	-
ZENT IN EQU	Zensar Tech L	India	1,419	-	6.8	23.4	19.6	14.1
<b>MEDIAN</b>			<b>32,500</b>	<b>94,576.7</b>	<b>33.8</b>	<b>29.5</b>	<b>19.6</b>	<b>18.6</b>
FPT VN Equi	FPT Corp	VN	4,762	39.0	15.4	21.0	16.4	15.5

Source: Yuanta Vietnam

## Risks to our call

**Economic slowdown could lead to IT spending cuts.** The potential global economic slowdown might imply reduced IT spending among IT services customers. However, we believe that an IT spending slump might not occur in a global recession. This is because firms might increase their outsourced IT spending as they seek to cut costs and continue to implement digitalization strategies to improve their operational efficiencies.

**FX fluctuations.** 40% of FPT's revenue is attributable to its global business, primarily Japan and the United States. As such, FX fluctuations in the yen and dollar can impact the company's quarterly P&L results (both positively and negatively). But this is not a structural risk, and FPT's balance sheet exposure to FX volatility is low given that its USD 279mn in USD-denominated loans are fully hedged.

**Education segment revenues could fail to match our bullish forecasts.** Our positive view on FPT's education businesses are reflected in our relatively strong growth forecasts for this segment, which we believe to be meaningfully above consensus. Specifically, we expect education revenue to reach VND 28.2tn by 2027, equivalent to +43.0% CAGR in 2022–2027. But segment revenues might not meet our expectations given economic turbulence, competition, and possible regulatory risks.

**Competitive risks.** The current regulations are beneficial for local data centers given that they require global conglomerates to store Vietnamese users' data in local facilities. But this also attracted large multinational service providers such as AWS, Google into competition with local businesses.

**Insufficient human resources.** The company's strong growth outlook requires FPT to hire a sufficient number of engineers and other skilled workers to carry out projects: a critical challenge for all IT businesses. FPT has both addressed and benefited from this concern by expanding its education business, which both drives the company's PBT and ensures a supply of suitable talent to meet future demand.

**Stock price risk: A near term correction is possible following the strong YTD rally.** FPT's share price has advanced by 35% YTD (42% at the peak) driven by its strong financial performance and resurgent global interest in technology stocks. The stock has declined by -7% over the last three weeks, but this correction may continue in the near term. If the share price continues to decline, we would take it as an excellent opportunity to buy this multi-year growth story, which -- in our view -- is one of Vietnam's most attractive stocks.

PROFIT AND LOSS (VND bn)					
FY Dec 31 (VND'bn)	2022A	2023E	2024E	2025E	2026E
<b>Revenue</b>	<b>44,010</b>	<b>53,609</b>	<b>66,726</b>	<b>84,764</b>	<b>106,960</b>
<i>Technology</i>	25,521	31,669	40,240	51,939	65,621
<i>Telecommunication</i>	14,730	16,173	17,897	20,121	22,624
<i>Education</i>	4,712	6,901	9,758	13,896	19,929
<i>Others</i>	(945)	(1,134)	(1,168)	(1,191)	(1,215)
Cost of goods sold	(26,842)	(31,863)	(39,878)	(50,898)	(64,358)
<b>Gross profits</b>	<b>17,167</b>	<b>21,746</b>	<b>26,848</b>	<b>33,867</b>	<b>42,601</b>
Operating expenses	(10,373)	(11,794)	(14,813)	(18,818)	(23,745)
<b>Operating profits</b>	<b>6,795</b>	<b>9,952</b>	<b>12,035</b>	<b>15,049</b>	<b>18,856</b>
Net interest expenses	311	521	(391)	(414)	(38)
Net investments Income	484	456	688	863	1,097
Net other incomes	73	42	53	67	85
<b>Pretax profits</b>	<b>7,662</b>	<b>9,401</b>	<b>12,124</b>	<b>15,595</b>	<b>19,494</b>
Income taxes	(1,171)	(1,437)	(1,853)	(2,383)	(2,979)
Minority interests	1,181	1,477	1,801	2,162	2,594
<b>Net profits</b>	<b>5,310</b>	<b>6,488</b>	<b>8,470</b>	<b>11,050</b>	<b>13,921</b>
<i>Core earnings</i>	5,310	6,488	8,470	11,050	13,921
EBITDA	8,628	8,381	14,359	18,112	21,879
EPS (VND)	3,818	4,657	6,080	7,930	9,996

KEY RATIOS					
	2022A	2023E	2024E	2025E	2026E
<b>Growth (%YoY)</b>					
Sales	23.4	21.8	24.5	27.0	26.2
<i>Technology</i>	23.1	24.1	27.1	29.1	26.3
<i>Telecommunication</i>	16.1	9.8	10.7	12.4	12.4
<i>Education</i>	52.6	46.5	41.4	42.4	43.4
<i>Others</i>	10.8	20.0	3.0	2.0	2.0
Operating profit	25.5	46.5	20.9	25.0	25.3
EBITDA	22.2	(2.9)	71.3	26.1	20.8
Net profit	22.4	22.2	30.6	30.5	26.0
EPS (VND)	22.9	22.0	30.5	30.4	26.0
<b>Profitability ratio (%)</b>					
Gross margin	39.0	37.6	39.8	40.0	39.4
Operating margin	15.4	18.6	18.0	17.8	17.6
EBITDA margin	19.6	15.6	21.5	21.4	20.5
Net margin	12.1	12.1	12.7	13.0	13.0
ROA	10.1	11.6	13.3	15.1	16.4
ROE	22.7	23.9	26.8	28.9	29.6
<b>Stability</b>					
Net debt/equity (x)	Net cash	Net cash	Net cash	Net cash	0.1
Int. coverage (x)	10.5	16.2	9.1	11.2	17.3
Int.&ST debt coverage(x)	0.5	0.6	0.8	0.9	1.1
Cash conversion days	41.2	40.9	37.2	36.4	36.4
Current ratio (X)	1.3	1.2	1.1	1.1	1.1
Quick ratio (X)	1.2	1.1	1.1	1.0	1.0
Net cash (VND bn)	7,105	6,096	3,654	1,583	(61)
<b>Efficiency</b>					
Days receivable outstandir	59	57	54	54	54
Days inventory outstandin	24	24	22	22	22
Days payable outstanding	41	40	39	39	39

Source: Company data, Yuanta Vietnam

BALANCE SHEET (VND bn)					
FY Dec 31 (VND'bn)	2022A	2023E	2024E	2025E	2026E
<b>Total assets</b>	<b>51,650</b>	<b>59,880</b>	<b>67,855</b>	<b>78,379</b>	<b>91,321</b>
Cash & cash equivalents	6,440	5,983	6,554	6,914	7,598
ST Investment	13,047	16,961	15,265	13,739	12,365
Accounts receivable	8,503	9,336	11,505	14,482	18,144
Inventories	1,966	2,205	2,680	3,367	4,300
Other current assets	982	802	802	802	802
Net fixed assets	12,033	14,741	19,976	26,341	33,357
Others	8,680	9,851	11,072	12,734	14,754
<b>Total liabilities</b>	<b>26,294</b>	<b>30,937</b>	<b>33,504</b>	<b>36,260</b>	<b>39,432</b>
Current liabilities	24,521	30,286	32,473	35,129	38,191
Accounts payable	3,209	3,809	4,768	6,085	7,695
ST debts	10,904	16,348	17,165	17,970	18,814
Long-term liabilities	1,773	651	1,031	1,131	1,241
Long-term debts	1,478	500	1,000	1,100	1,210
Others	295	151	31	31	31
<b>Shareholder's equity</b>	<b>25,356</b>	<b>28,943</b>	<b>34,351</b>	<b>42,120</b>	<b>51,888</b>
Share capital	10,970	12,699	12,699	12,699	12,699
Treasury stocks	-	-	-	-	-
Others	2,312	2,353	2,353	2,353	2,353
Retained earnings	7,712	9,357	14,538	22,069	31,589
<b>Minority interest</b>	<b>4,310</b>	<b>4,525</b>	<b>4,751</b>	<b>4,989</b>	<b>5,238</b>

CASH FLOW (VND bn)					
FY (VND'bn)	2022A	2023E	2024E	2025E	2026E
<b>Operating cash flow</b>	<b>5,054</b>	<b>8,162</b>	<b>5,897</b>	<b>8,251</b>	<b>10,767</b>
Net income	5,310	6,488	8,470	11,050	13,921
Dep. & amortization	1,619	2,174	2,584	3,034	3,530
Change in working capital	(825)	(572)	(1,274)	(1,813)	(2,376)
Others	(1,050)	72	(3,883)	(4,020)	(4,307)
<b>Investment cash flow</b>	<b>5,757</b>	<b>(12,275)</b>	<b>(4,104)</b>	<b>(6,255)</b>	<b>(7,862)</b>
Net capex	(2,927)	(3,215)	(5,800)	(6,960)	(7,656)
Change in LT investment	(499)	(1,171)	(1,221)	(1,662)	(2,021)
Change in other assets	9,183	(7,888)	2,917	2,366	1,815
Cash flow after invt.	10,811	(4,112)	1,793	1,996	2,905
<b>Financing cash flow</b>	<b>(9,773)</b>	<b>3,655</b>	<b>(1,222)</b>	<b>(1,635)</b>	<b>(2,220)</b>
Change in share capital	1,895	1,729	-	-	-
Net change in debt	(7,714)	4,466	1,317	905	954
Change in other LT liab.	(3,954)	(2,540)	(2,540)	(2,540)	(3,175)
<b>Net change in cash flow</b>	<b>1,038</b>	<b>(457)</b>	<b>571</b>	<b>361</b>	<b>684</b>
Beginning cash flow	5,418	6,440	5,983	6,554	6,914
<b>Ending Cash Balance</b>	<b>6,440</b>	<b>5,983</b>	<b>6,554</b>	<b>6,914</b>	<b>7,598</b>

KEY METRICS					
	2022A	2023E	2024E	2025E	2026E
PE (x)	24.6	20.2	15.5	11.9	9.4
Diluted PE (x)	24.6	20.2	15.5	11.9	9.4
PB (x)	4.7	4.1	3.5	2.8	2.3
EBITDA/share	6,793	6,600	11,306	14,262	17,228
DPS (VND)	2,000	2,000	2,000	2,000	2,500
Dividend yield (%)	2.1	2.1	2.1	2.1	2.7
EV/EBITDA (x)	13.0	13.5	8.1	6.5	5.5
EV/EBIT (x)	16.5	13.5	9.8	7.8	6.5



# Appendix A: Important Disclosures

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