

Vietnam: Technology

19 January 2024

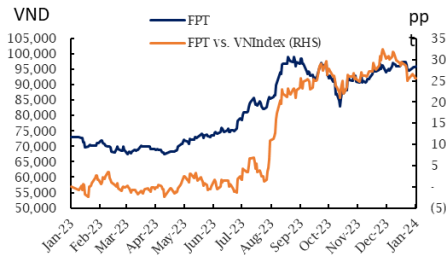
BUY

TP upside (downside) +26.3%

Close 18 Jan 2024

Price **95,600**
12M Target **120,740**

Share price performance relative to VNI



Market cap (USD mn)	4.973
6M ADT (USD mn)	8.2
Outstanding shares (mn)	1270
Free float (%)	64.2
FINI ownership (%)	49
FOL Room (%)	0
Major shareholders (%)	35.7
2024 Net debt/equity (%)	Net cash
2024 BVPS (VND)	27,049
2024 P/B (x)	3.6
2024 PE (x)	15.8

Financial outlook

Year to Dec	2022A	2023E	2024E	2025E
Sales (VND bn)	44,010	53,609	66,726	84,764
EPS (VND)	4,657	6,080	7,930	9,996
ROE (%)	22.7	23.9	26.8	28.9
Div. yield (%)	2.1	2.1	2.1	2.1

Sources: Bloomberg, Company data, Yuanta Vietnam

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Bloomberg code: YUTA

FPT Corporation (FPT VN) Technology & edu biz blooming

Event

2023 preliminary results: Technology and education segments posted strong growth, and signed contract value rose sharply, indicating a promising outlook for the P&L in 2024 and beyond.

Details

2023 preliminary revenue reached VND 52.6 tn (+19.6% YoY) and pre-tax profit was VND 9,2 tn, up +20.1% YoY. FPT fulfilled 99% of our revenue forecast and 101% of full-year guidance; and 97.8% of our PBT forecast (102% of guidance). Tech and education posted double-digit growth while telecommunications growth was modest.

- **Technology** recorded revenue of VND 31,449 bn (+22.1% YoY), underpinned by strong momentum from foreign IT Services (+28.4%). PBT rose +23.6% YoY to reach VND 4.1 tn
- **Education and others** posted VND 5,363bn in 2023 revenue (+52.5% YoY) while segment PBT reached VND 2,005bn (+35.6% YoY). Education and others revenue reached 92% of our admittedly generous forecast.
- **Telecommunication** revenue reached VND 15.8trillion (+7.3% YoY) while PBT was VND 3 trillion (+7.3% YoY).

Strong earnings momentum persisted without substantial contribution from JVs and associates, we think. The FRT stake and the Synnex tie-up typically contribute ~VND400bn to FPT's full-year earnings, but JVs and Associates only added VND18bn in 9M23.

Strategy of shifting to large deals appears to be successful. FPT signed 37 large contracts in 2023 (+19.4% YoY).

Earnings momentum picked up in 4Q23. Preliminary 4Q23 revenue reached VND 14.7tn (+6.8% QoQ / +12.7% YoY). 4Q23 PBT reached VND2,435bn (+0.2% QoQ / +22.4% YoY). As a reminder, 3Q23 PBT growth was lower at +19.8% YoY, so we believe that earnings momentum is picking up despite the flat sequential PBT.

Expanding geographical reach to fuel future growth. FPT expanded its geographical reach by acquiring three US companies and one EU firm in 2023, thereby substantially increasing its technology and sales capacity. FPT's 2023 acquisitions comprised Intertec (US) in February, Landing AI (US) in October, Cardinal Peak (US) in November, and Aosis (France) in December.

We reiterate BUY with TP of VND 120,740, implying 28.3% TSR. FPT remains our top single stock idea in Vietnam.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

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