

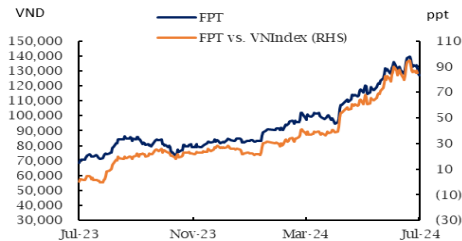
BUY

TP upside (downside) +14.8%

Close 19 July 2024

Price 126,000
12M Target 144,660

Share price performance relative to VNI



Market cap (USD mn)	7.600
6M ADT (USD mn)	25.9
Outstanding shares (mn)	1460
Free float (%)	85.0
FINI ownership (%)	45.3
FOL Room (%)	3.7
Major shareholders (%)	15.0
2025 Net debt/equity (%)	Net cash
2025 BVPS (VND)	27.975
2025 P/B (x)	4.5
2025 PE (x)	18.1

Financial outlook

Year to Dec	2023A	2024E	2025E	2026E
Sales (VND bn)	52,618	66,479	84,931	108,245
EPS (VND)	4,641	5,352	6,978	9,150
ROE (%)	23.4	27.1	30.1	32.0
Div. yield (%)	1.6	1.6	1.6	2.0

Sources: Bloomberg, Company data, Yuanta Vietnam

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Bloomberg code: YUTA

FPT Corporation (FPT VN) Profit growth escalates in 2Q24

Event

FPT posted solid QoQ earnings growth in 2Q24. The company has been successful in shifting to large deals (+USD 5mn), thus bringing 6M2024 signed revenue to an increase of +22.4% YoY.

Details

Successful shift to large contracts. 6M2024 signed revenue rose by +22.4% YoY to reach VND18.7tn. Specifically, FPT secured 27 large deals (contract value +USD 5mn or more), double that of 6M2023. Medium size deals (+USD 1–5mn) reached 112, +51.4% YoY. Larger-sized contracts should support growth of global IT services sales.

2Q24 revenue rose by +8% QoQ / +22% YoY to reach ~VND 15.3 tn.

2Q24 PBT grew by +5% QoQ / +23% YoY to reach ~VND 2.3tn. The 2Q24 PBT growth represents continued momentum vs. the 1Q24 YoY expansion of +19.5% YoY.

1H2024 revenue increased by +21.4% YoY to reach VND29.3tn.

6M2024E PBT rose by +19.8% YoY to reach VND 5.2 tn.

1H24 segment P&L breakdown:

- **Technology:** Revenue was VND18.1tn (+27.3% YoY), while PBT reached VND2.5tn (+24.8% YoY). Within this subcategory, Global IT services revenue rose by +29.8% YoY driven by Japan (+35.2% YoY) and APAC (+31.9% YoY).
- **Education and others:** Revenue reached VND3.0tn (+32.2% YoY), while PBT was VND987bn (+20.4% YoY).
- **Telecommunications:** Revenue reached VND8.2tn (+7.3% YoY), while PBT was VND 1.8tn (+16.2% YoY).

Japan is the key driver of Global IT services. FPT doubled its Japanese customer base and service portfolio with the March acquisition of Next Advanced Communications NAC Co, Ltd (NAC), a Japanese IT services company. This deal has been a key driver of the company's 6M2024 revenue growth from Japan of +35.2% YoY.

We reiterate BUY with TP of VND 144,660, implying +16.4% TSR. FPT remains our top single stock idea in Vietnam. The stock has advanced by +54% YTD, and a continued correction is not impossible. However, FPT is trading at 2025E PER of 18.9x and 2026E PER of 14.4x, which is still relatively cheap considering expected earnings CAGR of 20%. FOL room is now 54.3 million shares (3.8% of outstanding shares), or around c.US\$290 million of foreign availability.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

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HOLD–Outperform: In our view, the stock's fundamentals are relatively more attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

HOLD–Underperform: In our view, the stock's fundamentals are relatively less attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

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