

8 Apr 2022

FPT Corporation (FPT)

AGM Briefing: Maintain growth momentum

On April 7th, FPT made an AGM presentation briefing for the 2022F business plan and the long-term business expansion plan.

Positive 2022F guidance as usual

- FPT sets 2022F guidance of VND42.4tn revenue (+19% yoy), and VND7.6tn PBT (+20.2% yoy), this growth guidance is similar to 2021.
- Particularly, per management, the 2022F revenue estimate consists of some key contributors: Technology of VND24.9tn (+21.1% yoy), Telecommunications of VND14,6tn (+14.8% yoy) and Education, Investment & Others of VND2.96tn (32.5% yoy)
- The 2022F PBT guidance comprises of Technology with VND3,360bn (+19.3% yoy), Telecommunications with VND2,812bn (+17.4% yoy), and Education, Investment & Others with VND1,446tn (+28.4% yoy).
- In 1Q22, the company announced preliminary revenue and NPAT are VND9.5tn (+26% yoy) and VND1.7tn-1.8tn (26-28% yoy), respectively.
- In 2Q22F, FPT is going to pay a cash dividend with 20% at par (10% was paid in 2021) and a stock dividend at 100:20 ratio from undistributed earnings in 2021.
- Shareholders approved a 20% cash dividend at par from undistributed earnings in 2022F based on new outstanding shares after the stock dividend.
- Shareholders elected a new board of directors with two new independent members who have many experienced years in the IT sector.
- FPT has not yet planned to increase room for foreign investors owing to issues related to telecom, journalism, and network security. Currently, FPT's FOL is 49%.

12M rating **Non-rated**

12M TP **N.A**

Up/Downside **N.A**

Stock Data

VNIndex (04 Apr, pt)	1,502
Stock price (04 Apr, VND)	113,300
Market cap (USD mn)	4,441
Shares outstanding (mn)	908
52-Week high/low (VND)	113,300/67,790
6M avg. daily turnover (USD mn)	7.69
Free float / Foreign ownership (%)	84.2/49.0
Major shareholders (%)	
Truong Gia Binh	7.05
SCIC	5.83
Macquarie Bank Limited Obu	4.73

Performance

	1M	6M	12M
Absolute (%)	20.8	13.2	65.2
Relative to VNIndex (%p)	20.5	3.5	42.2

Stock price trend



	2017A	2018A	2019A	2020A	2021A
Sales (VND bn)	42,659	23,214	27,717	29,830	35,657
chg. (% YoY)	7.9	(45.6)	19.4	7.6	19.5
Operating profit (VND bn)	3,167	3,122	4,147	4,605	5,415
Net profit (VND bn)	2,932	2,620	3,135	3,538	4,337
EPS (VND)	4,981	3,333	4,235	3,992	4,204
chg. (% YoY)	15.0	(33.1)	27.1	(5.7)	5.3
EBITDA (VND bn)	4,206	4,286	5,501	6,095	7,059
PE (x)	22.7	34.0	26.8	28.4	27.0
EV/EBITDA (x)	0.6	1.6	2.6	2.6	2.6
PB (x)	4.5	4.7	4.6	4.8	4.8
ROE (%)	28.6	23.1	24.8	25.0	26.7
Dividend yield (%)	2.2	2.5	1.9	2.1	2.2

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

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Technology segment still has potential

- FPT's management said that technology will still maintain its position as the core business, leading the growth in the 2022F-2024F strategy.
- In which, Digital Transformation (DX) is the strongest growth engine for 3 next years. DX lures many big domestic companies driven by its competitive edges. FPT built successfully DX system for Coteccons (CTD VN, Non-rated) within 100 days in 2021 and signed a contract with Dat Xanh Group (DXG VN, BUY), Thien Long Group (TLG VN, Non-rated) to go live in 2022F.
- Per FPT, 64 provinces have a 1% of the budget for DX from 2023F, and FPT could account for about 30% of the average market share, besides state-owned competitors including Viettel and Vietnam Post and Telecommunication company.
- The revenue of the Software Outsourcing segment made up 85% of the total foreign technology business but only 20% of domestic. FPT expects that Japan, the biggest foreign market, will recover strongly in 2022F with a growth rate of 20% yoy.
- FPT started to invest in infrastructure for Blockchain and Metaverse, two potential areas that will be the keys in the IT sector in the new few years, per management.

Telecom segment stays solid

- FPT increased Capex for Telecom in 2H21 to expand international broadband due to high online demand during the Covid-19 pandemic.
- FPT concentrates to improve broadband quality to make a competitive advantage for cable TV.
- The company launched Foxpay E-wallet in 2021.

Education

- FPT has 5 universities in 6 high schools and is working with over 20 provinces to expand its network and six provinces have reached agreements.

Valuation

Based on 2022F guidance, 12MF PE is trading at 22.6x, higher than the 1-year median of 21.3x, and 12MF PB is 4.1x, lower than the 1-year median of 4.9x.

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